



2025 MIDYEAR REVIEW

# Global ETF megatrends

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# Introduction

**ETFs continue to power financial markets globally, with 2025 midyear flows into ETFs exceeding US\$0.9 trillion<sup>1</sup> – a 25 percent increase over the midpoint of 2024, which itself set a new benchmark for the highest ETF inflows on record (US\$1.9 trillion).**

As the largest global ETF service provider,<sup>2</sup> we have a unique perspective on the market that comes from decades of experience and innovation. This perspective provides the foundation for our annual [megatrends](#) paper published at the beginning of each year where we identify trends and make predictions about the year ahead.

At the start of this year, we identified four key themes that we expected would drive ETF growth in 2025, including:

1. The global expansion and innovation of active management
2. Increasing adoption of digital asset/cryptocurrency strategies
3. Government/regulatory changes enabling expanded ETF adoption
4. The acceleration of retail adoption

As we examine the global ETF market mid-year, we see these megatrends clearly unfolding.

On the global expansion and innovation front, 2025 has seen 68 investment managers file for actively managed share class ETFs in the United States.<sup>3</sup>

Of these filers, 34 are State Street clients and four planned “early adopters” have requested that we establish launch teams. In Europe, share class is gaining traction, with [Eurizon Asset Management](#)<sup>4</sup> launching a tranche of listed/unlisted products. Additionally, we have five clients in Europe who are actively working with us on share class launches. In Asia Pacific, Taiwan has seen the launch of its [first active ETF](#) by Nomura,<sup>5</sup> quickly followed by several other asset managers, and we are currently working with several asset managers to launch active ETFs there.

The lead story of digital assets in 2025 has been the incredible rise of BlackRock’s IBIT. Now the largest cryptocurrency ETF, IBIT is at a record-setting US\$75 billion in assets (of which US\$52 billion has come from net inflows in less than a year), expanding its Bitcoin aspirations for the year to Canada and Europe. However, Canada has been the true pioneer of the expanding digital currency assets in North America with the launch of Solana and XRP coins this year. The US has seen over 40 filings for an array of non-approved coins however, to date we have not seen an expansion beyond Bitcoin, Ethereum and Solana ETFs.

Additionally, we are seeing launches of digital strategies rolled into more complex management via Buffer ETFs, covered Call ETFs and long/short ETFs all based on an underlying digital asset. The SEC took a big step by releasing [comprehensive guidance](#)<sup>6</sup> for the launch of future cryptocurrency ETFs. They are also working on a second piece of guidance that could dramatically reduce the exchange listing process by migrating from the current Rule 19b-4 process to generic listing standards.

From a government/regulatory standpoint we are seeing global change enabling more flexibility. The Central Bank of Ireland amended its ETF [portfolio transparency requirements](#)<sup>7</sup> for active ETFs from a daily requirement to quarterly. In Canada, the Office of the Superintendent of Financial Institutions updated its 2025 [LICAT guidance](#)<sup>8</sup> enabling insurance firms to hold fixed-income ETFs with the same capital treatments as holding the bonds directly. This should lead to increased adoption of fixed-income ETFs in insurance firm portfolios.

In South Korea, the Financial Services Commission roadmap lays out a strategy to [launch spot ETFs](#)<sup>9</sup> backed by digital assets, with a target rollout in the second half of 2025.

Retail trading in ETFs continues to expand globally. A proxy for retail in the US is the use of low-cost ETFs vs. their higher fee brethren used by traders and tactical institutional investors. Of the four ETFs tracking the S&P 500 index, the three cheapest (SPLG, IVV, VOO) have gained US\$82 billion in net inflows, while the more expensive version (SPY) had US\$27 billion in outflows.<sup>10</sup>

In Europe, ETF issuers are accelerating distribution agreements with digital retail brokers as younger investors are embracing the ETF investment wrapper as a tool for wealth accumulation. Additionally, firms including BNP, Fineco, GSAM, HSBC, Invesco, Nordea, Schroders, SSIM and UBS have either entered or announced entry into the active ETF market in Europe in the first half of 2025.

<sup>1</sup> ETFGI Global ETF Insights, June 30, 2025

<sup>2</sup> ETFGI Global ETF Insights - June 30, 2025 and State Street internal research

<sup>3</sup> SEC.gov

<sup>4</sup> Eurizon Capital Management

<sup>5</sup> TWSE Press Release 2025/5/5

<sup>6</sup> SEC Crypto Asset Exchange-Traded Products

<sup>7</sup> CBI UCITs Q&A 12 April 2025

<sup>8</sup> OSFI LICAT guidelines 2025

<sup>9</sup> Yonhap News FSC prepares a plan to introduce a digital asset ETF in the second half of the year




<sup>10</sup> ETFGI U.S. ETF Insights, June 30, 2025

# State Street's 2025 predictions:





## A midyear score card

As evidenced by record assets under management and flows so far in 2025, many of our predictions are certainly on track or have been met. But just how good do they look at the halfway point?

### North America

Prediction	Current status	Comments
Spot crypto products will expand to cover the top 10 coins based on market cap.	 Not yet	To date, the US has approved BTC, ETH, SOL. Canada has approved BTC, ETH, SOL, XRP. There are 40+ filings for various spot crypto products covering 10+ digital assets with the regulator.
Crypto ETFs will expand to multi-coin products well beyond BTC and ETH.	 Not yet	Grayscale received initial approval in July 2025 for conversion of GDLC (holding BTC, ETH, SOL, XRP, ADA). The conversion is awaiting SEC approval.
Digital asset ETF AUM will grow larger than precious metals ETF AUM by the end of 2025.	 Not yet	US precious metal \$197B + Canada \$3B = \$200B. US crypto \$146B + Canada \$6B = \$152B.






Prediction	Current status	Comments
Approval of in-kind capabilities for digital assets.	 Not yet	Proposals to allow in-kind trading for spot crypto products have been filed. At the recent Bitcoin Policy Summit, SEC commissioner Hester Peirce suggested the interest in the mechanism and SEC approval may come at some point.
ETF share classes will not launch in 2025. We expect the first products in the first half of 2026.	 On track	Exemptive relief application approval deadlines are targeted for a September approval.
ETF share classes will receive blanket approval instead of individual approvals.	 On track	Most outstanding exemptive relief applications have been amended to align.
Active ETFs in the US will collect over 30 percent of all inflows in the US.	 On track	Active ETFs are currently trending to approximately 39 percent of ETF inflows.
Active ETFs will eclipse total AUM of US\$1 trillion by the end of Q1.	 Nailed it	Active ETFs exceeded US\$1 trillion in assets for the first time on March 26.

Prediction	Current status	Comments
Three ETF providers will eclipse US\$200 billion in AUM.	 Nailed it	Dimensional Fund Advisors, First Trust and JP Morgan exceeded US\$200 billion.
Three new top 50 active managers will enter the ETF arena in 2025.	 On track	Two more of the top 50 active managers (Lazard and Russell Investment) entered the ETF marketplace in 2025.
Active fixed-income will come close to parity with passive fixed-income net flows in 2025.	 Doesn't look good	Passive FI flows = US\$111B. Active FI flows = US\$75B.
Canadian active ETF AUM eclipses US\$150 billion by year end.	 On track	Active AUM US\$144B. Tracking to US\$167B.

## APAC

Prediction	Current status	Comments
At least three US\$100 billion asset managers will enter the ETF market.	 On track	First Sentier and PIMCO have entered the Australian active ETF market.
Australia will experience inflows in excess of US\$30 billion.	 Not yet	Australia ETF inflows are currently trending toward US\$28 billion.
Australia will expand its ETF cryptocurrency market by another coin.	 Not yet	Bitcoin and Ethereum are offered. Solana is not approved yet.
China will become the largest ETF market in the Asia-Pacific region.	 On track	Based on asset and flow trends, China is heading toward exceeding the Japan ETF market by year end.
China ETF assets under management will exceed US\$700 billion.	 On track	China ETF AUM is US\$600 billion, trending towards US\$745 billion.
Japan will see the entry of two new global ETF issuers.	 Not yet	To date, there have been no new entrants to the ETF market.







Prediction	Current status	Comments
South Korea active ETFs will exceed 33 percent of the total ETF market.	 On track	Active ETFs make up 31.8 percent of the total ETF market.
South Korea total AUM will exceed US\$150 billion.	 Nailed it	ETF assets have exceeded US\$150 billion.
Taiwan will see five issuers launch active ETFs.	 Nailed it	AllianceBernstein, Allianz, Capital, CTBC Ark, Nomura and Uni-President have launched active ETFs.
Taiwan ETF AUM will exceed US\$250 billion.	 On track	Total ETF assets are trending toward US\$263 billion.
Taiwan ETF assets will account for 75 percent of the total investment trust fund market.	 On track	ETF assets have exceeded 67 percent of the total investment trust fund market.

## Europe

Prediction	Current status	Comments
The European ETF market will experience 25 percent growth and assets under management will exceed US\$2.8 trillion.	 On track	European ETP market stands at US\$2.74 trillion (19.5 percent growth). At the current rate, assets will exceed US\$2.8 trillion.
European new ETF product launches will exceed 400.	 Not yet	New launches at 198, slightly below pace for 400 for the year.
European active ETF launches will have the highest percentage of overall launches.	 On track	Active ETF launches are currently tied with passive equity ETF launches for the highest percentage.
Europe will see growth in issuer-led and other white label solutions for new market entrants.	 On track	Allfunds and Velocity confirmed plans for H2 client rollout.
Europe will see at least 10 new entrants launching active ETFs or expanding from passive to active ETFs.	 Nailed it	Amerant, Eldridge, Eurizon, Fineco, GSAM, iM Global, Jupiter, Leo Wealth, Tidal Investments, UBS, Ultramarin.

Prediction	Current status	Comments
Europe will see the majority of its new entrants coming to market with primarily active ETFs.	 <b>Nailed it</b>	90 percent of the new entrants have come to market with active strategies.
Europe will see at least two of its new entrants employ a listed / unlisted share class model.	 <b>On track</b>	Eurizon leveraged a listed / unlisted share class model.
Europe will see the approval of reduced portfolio transparency requirement expanded to Ireland.	 <b>On track</b>	In April, the CBI relaxed its daily portfolio transparency requirements. As of yet, no products are live in the market.
Europe will see active ETFs account for 4 percent of assets under management and 10 percent of net inflows.	 <b>Doesn't look good</b>	Assets under management remain at 3 percent and net inflows at 8 percent.
Europe will see an ETF issuer expand into unlisted funds via share class.	 <b>Not yet</b>	No, but some public filings are now embedding language to allow for such structures (future proofing).

Prediction	Current status	Comments
Retail adoption will continue to accelerate, with ownership rates increasing from 20-25 percent to 30-35 percent across the continent and the UK.	 Not yet	Too early to tell.
At least one new entrant will launch a product in the digital asset ETP space.	 Nailed it	HanETF, iShares
Digital asset growth will lag other jurisdictions based on crypto assets remaining an ineligible asset within the guise of the Eligible Assets Directive.	 On track	5 percent AUM growth, made up of 6 percent flows and -1 percent performance. Lags wider ETP market performance (in aggregate terms).
The first issuer will receive approval to launch a tokenized ETF.	 Not yet	No tokenized ETF approvals to date.

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