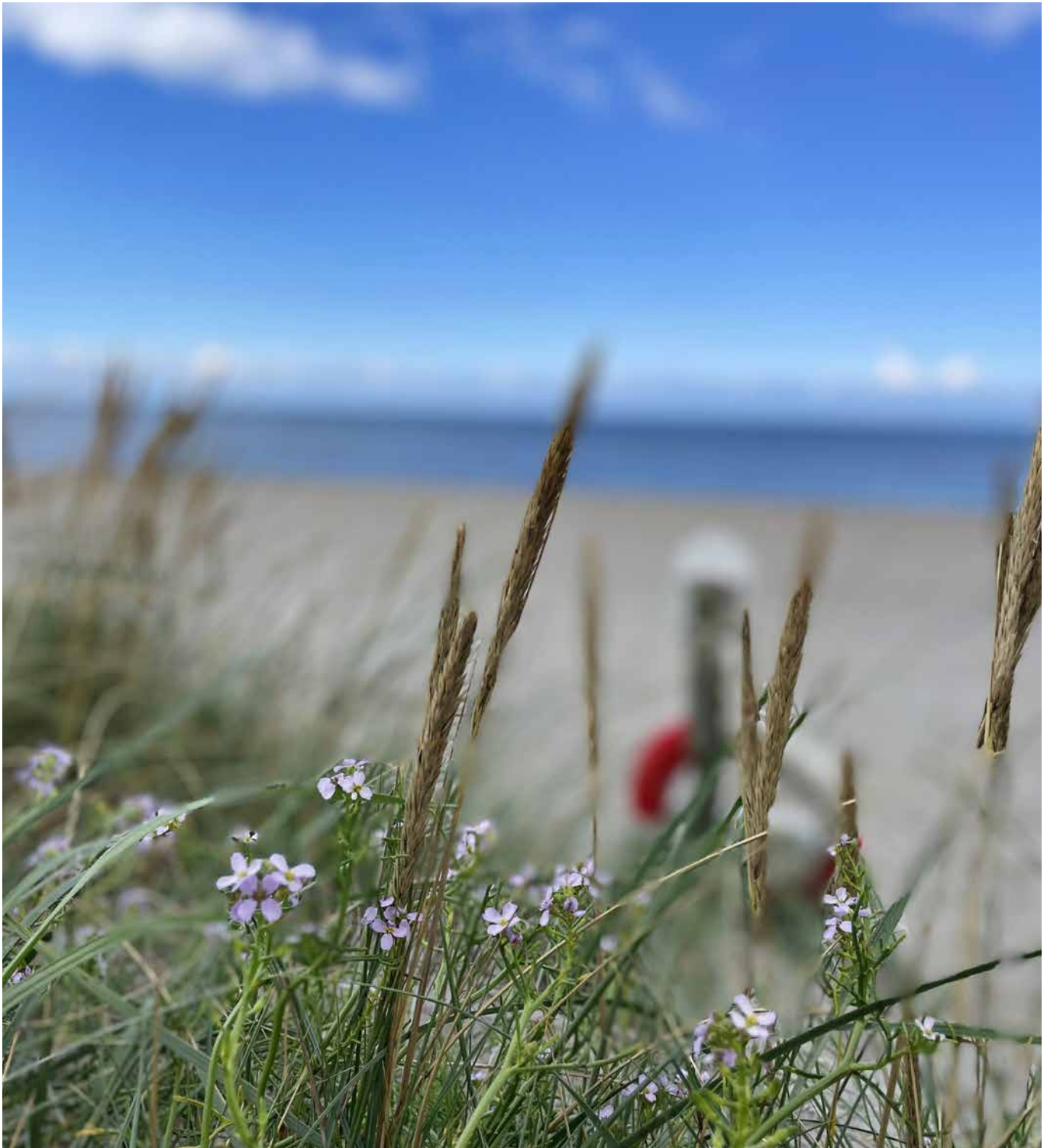


# Nordic ETF Trends 2025

Supplement | Distributed with Nordic Fund Selection Journal #04, 2025



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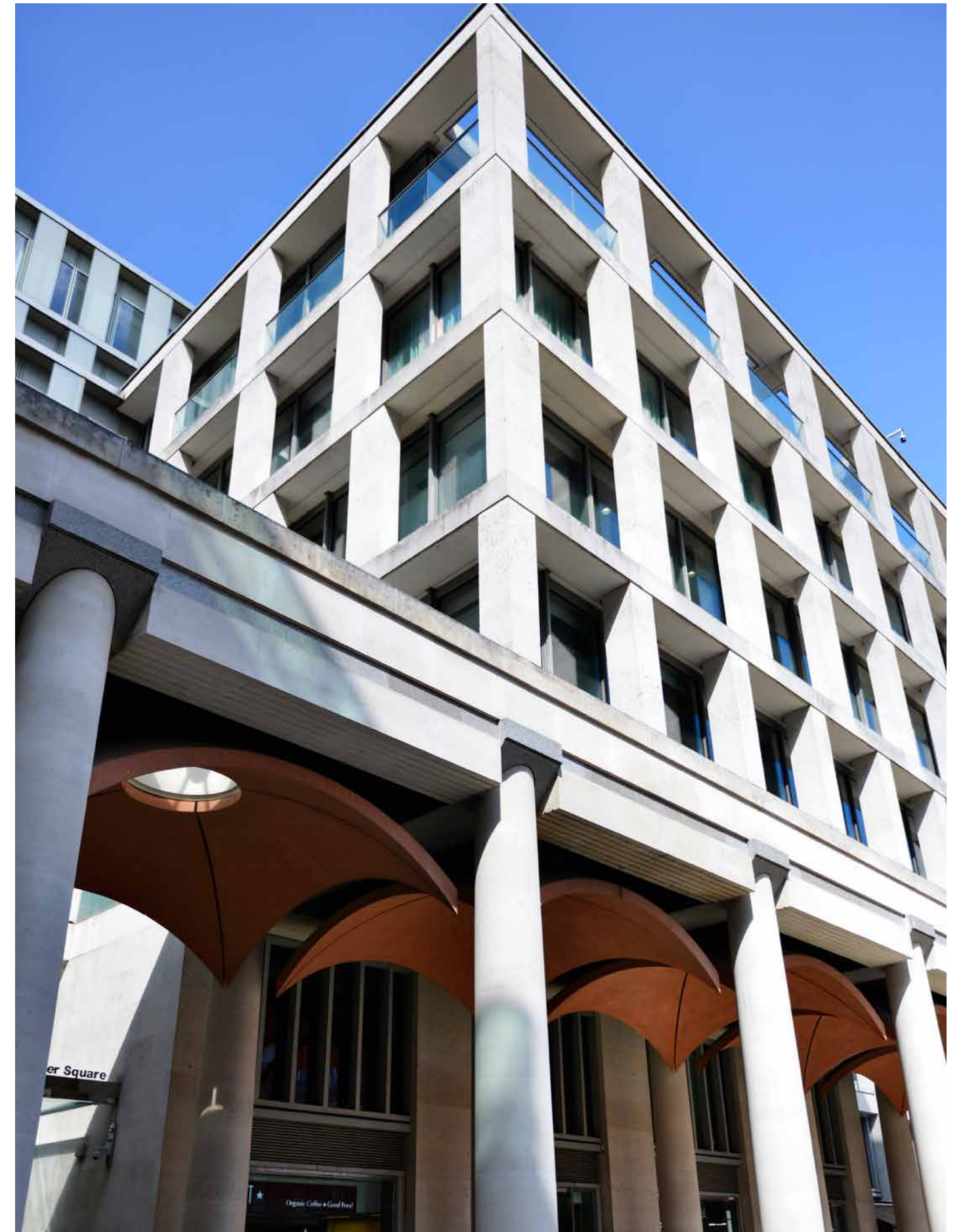
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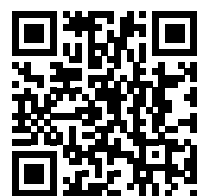
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Janus Henderson  
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J.P.Morgan  
ASSET MANAGEMENT



# ACCESS ALL BACK ISSUES OF NORDIC FUND SELECTION JOURNAL



## They are just good enough...

We hosted the first ETF roundtable in London ten years ago. What became an annual event, hosted both in London but also across the Nordic region, has together with this ETF supplement been an excellent platform to report on the development of the ETF wrapper. At the most recent ETF roundtable, hosted in London in June this year, we discussed the background, current state and future development of ETFs. A summary of that discussion starts on page 6.

A lot has happened over the last ten years and one of the trends benefitting ETFs was highlighted by Brett Pybus, co-head of European iShares at Blackrock. "Instead of roadshowing a specific product, increasingly clients expect engagement on their whole portfolio solution. That creates different buying behaviours and incentives and ETFs fit because it allows portfolio constructors and discretionary portfolio managers to build robust portfolios with granular building blocks."

Michael John Lytle, CEO at Janus Henderson Tabula concluded the discussion by stating: "I don't think ETFs are perfect and there are lots of things that could potentially displace them, but there are several decades of momentum and it's hard to break momentum once you have hundreds, thousands or millions of people starting to do something. There's nothing perfect about ETFs - they're just good enough."

Enjoy the read and please reach out if you have any comments or questions.

Niklas Tell  
Tell Media Group

Ps. For those interested in what was said in previous years, all back issues of this supplement can be found at [tellmediagroup.se](http://tellmediagroup.se).



# Convenience, transparency and accessibility – 10-year anniversary of our ETF roundtable discussion

In June, Tell Media Group gathered experts from across the ETF ecosystem for a discussion on the background, current state and future development of ETFs.

By: **Niklas Tell** Photo: **Christer Salling**

The event was hosted at the London Stock Exchange at Paternoster Square and marked the ten-year anniversary of the annual ETF discussion. The discussion kicked off with Deborah Fuhr, who has been analysing ETFs for 28 years, providing a brief review of the last decades and the key developments for ETFs.

**DEBORAH FUHR:** “The European ETF industry just celebrated its 25th year anniversary and looking back, I remember that many people were very sceptical in the beginning. Distributors were used to being paid to sell products to receive retrocessions and here you come with a product that doesn't offer that. It was a tough start but once people try, they tend to use ETFs more – in larger sizes and in more ways. That's still true today. One big change was of course the RDR in the UK, so banning the payment for selling products, and the similar regulation in the Netherlands. Also, after 2018 it became more difficult to market US-domiciled ETFs across Europe, which helped the growth of UCITS ETFs, which is a product that travels very well, even if there are some challenges. One is the lack of understanding of the liquidity of UCITS ETFs as there is no consolidated tape as there is in the US. Lastly, we must recognise that in Europe, ETFs have mostly been an institutional product, but we're seeing a broadening out to a larger audience of users. It's about just continuing to educate the ecosystem.”

**MICHAEL JOHN LYTLE:** “I think it's important to understand that what happens in the US is not necessarily happening in Europe. It's said that history is rhyming and not repeating, but if we compare ETFs in the US and in Europe, it's not even rhyming. They're very different markets so we should really be talking about US and non-US. When it comes to the non-US development of ETFs, it's about UCITS today. The solution and usage have become far more standardised in the last 10 years as that comes down to a duopoly of Luxembourg and Ireland providing structures. The fact that you have two jurisdictions that are focused on this and that all the rest have dropped away creates a globalisation opportunity. Today we see UCITS ETFs used in Latin America, the MENA region and in Asia, in addition to Europe.”

**NIKLAS TELL: IF THIS WAS THE HISTORY LEADING UP TO THIS POINT, HOW WOULD YOU DESCRIBE THE CURRENT STATE OF THE EUROPEAN, OR UCITS ETF INDUSTRY?**

**BRETT PYBUS:** “I think there are a couple of big things going on. The first is the continued evolution in wealth markets and the way clients are operating. Some of that's driven by regulation but in short, it's about the shift to fee-based portfolios and the end of retrocessions – even if there are still big pockets in Europe and Asia where that's relevant – and that's positive for ETFs. A second trend is the move from product to portfolio, which is inherently interlinked to the first. Instead of roadshowing a specific product, increasingly clients expect engagement on their whole portfolio solution. That creates different buying behaviours and incentives and ETFs fit because it allows portfolio constructors and discretionary portfolio managers to build robust portfolios with granular building blocks. I think we're at this incredible point in time today where we're starting to see people being much more comfortable with the wrapper and much more comfortable with putting more into it. Active ETFs is the easiest example and I'm sure we'll talk about that. But you're seeing a huge amount of innovation in product development and it's great for the industry.”

**NIKLAS TELL: TALKING ABOUT ACTIVE ETFS – THIS IS OBVIOUSLY SOMETHING THAT YOU FOCUS ON VERY MUCH ON AT JPMORGAN.**

**ERKKI RUSI:** “We're an active house and have one of the largest commitments to fundamental research. We are exclusively focused on active management also in ETFs which is a key differentiating point for us, and we have the largest active ETFs both in equities and fixed income globally. We launched our flagship research enhanced index equity ETFs back in 2018 in UCITS format. Today, investors have a track record that they can assess, and they see how the product behaves. This makes it easier for them to use these ETFs as portfolio building blocks. We are also very excited about our fast-growing active fixed income ETF range, which we have been building during the past year with various new ETF launches. We see big opportunities with fixed income



ETFs as investors demand actively managed fixed income building blocks in ETF format.”

**MICHAEL JOHN LYTLE:** “I think it's fair to say that markets move in half steps, not in whole steps. Just as Erkki explained, the active ETFs first focused on reduced tracking error active strategies – so a half step towards truly active. These provide a core exposure with an active component, but with controlled volatility so people can still use them as building blocks within their portfolio. If you go to a fully active strategy, particularly if it has no benchmark and can kind of go anywhere, it becomes very hard to use it as a tool. It also becomes very hard to get a market maker to trade it. Deborah touched on the fact that the UCITS ETF space is a very institutionally driven market with some 85 per cent of the assets being institutional. Even when you look at the 15 per cent that are retail, a lot of that's controlled by professional investors. This means that you can actually have a dialogue with somebody on the other side of the table about what's coming next and you can get very useful feedback from investors about what will work.”

**NIKLAS TELL: WE USED TO TALK ABOUT PASSIVE OR ACTIVE, BUT TODAY I GUESS IT'S MORE ABOUT A SPECTRUM GIVEN THE NUMBER OF DIFFERENT INDICES THERE ARE OUT THERE. FOLLOWING ON FROM THAT, WHAT IS AN ACTIVE ETF AND HOW ACTIVE MUST IT BE?**

**BRETT PYBUS:** “I think if we look at what's happening and why current active ETFs are successful, it's because these types of low tracking-error profile products fit well into those fee-based propositions and they're delivered at an attractive cost proposition. The use case is super clear, and you've got a clear investment objective. However, a lot of the reporting on active ETFs immediately puts people in the mindset of high alpha, unconstrained, go-anywhere products and there are probably relatively few such products in the market today. The other area where I think we will see more

growth going forward is what can be described as exposure products. So, areas of the market where you need to have a few more degrees of freedom in order to deliver a relevant exposure but maybe the data is not quite there in terms of being able to index it as effectively as we would like. CLOs would be one example of this.”

**MICHAEL JOHN LYTLE:** “My response earlier was the equity answer to active. The fixed income answer to active is that there's a lot of stuff that's very hard to deliver in a passive way. Here, active management has the potential to efficiently offer exposure to sub-segments of fixed income that have previously failed to be delivered in this wrapper because the active manager can better deliver that sub-segment. Not delivering alpha but just delivering proper beta. So the answer to what's active in the equity space and what's active in fixed income is fundamentally different.”

**NIKLAS TELL: DEBORAH, HOW DO YOU VIEW THE GROWTH OF ACTIVE ETFS?**

**DEBORAH FUHR:** “If you take a step back, I think it's because people believe in the ETF wrapper. They like it and they want to see more types of solutions in there. It's a natural

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- **DEBORAH FUHR**  
*Managing partner & founder at ETFGI*



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Co-head of European iShares at Blackrock



**ERKKI RUSI**  
Head of ETF distribution for the Nordic Region at JPMorgan Asset Management

development. I remember when I first started, people had this book of ETFs and they handed it over and that was the meeting. Now you come in and talk about what the client is trying to do and how they're trying to do it and usually there is a place for ETFs in that overall solution today. We've even seen how large pension funds have seeded large ETFs to solve for a specific need."

**NIKLAS TELL: BUT IT'S STILL VERY MUCH AN INSTITUTIONAL PRODUCT IN EUROPE?**

**DEBORAH FUHR:** "Yes, but only in Europe. In the US, it's much more financial advisors and everyone has their 401K, so they know about mutual funds and ETFs. I just came back from Australia and they're complaining that institutions don't use it."

**MICHAEL JOHN LYTLE:** "It must also be highlighted that UCITS ETFs remain an institutional product, even as they're passported to various countries and that's because there are further barriers to the distribution of financial products to local retail beyond just the passporting. You obviously have to list it on a local exchange and you have to get into local clearing systems. We are also only able to passport UCITS to some 40 countries. For all other countries, we can only get into their jurisdiction through a private placement exemption and then it's only really easy to get institutional investors qualified. The fact that is driven by institutions means the pricing gets squeezed and everybody gets the institutional share class pricing."

**NIKLAS TELL: I ASSUME THAT IT ALSO DEPENDS ON THE MARKET STRUCTURE. IF YOU ARE A RETAIL CLIENT IN SWEDEN AND GO TO YOUR BANK, I THINK IT'S MORE LIKELY THAT THEY WILL SELL YOU A FUND THAN AN ETF.**

**ERKKI RUSI:** "I think that's exactly the point when it comes to ETFs. Different countries and regions are in different phases of regulation and adaptation. In my previous career, I worked with structured products, and these are always sold on an advised basis with high focus on helping investors to understand the different solutions. When it comes to ETFs, we need to help educate investors and help them understand how to use these products and how to create portfolios. Our Guide to ETFs publication is a great source of insights and helps investors to navigate ETF landscape."

**NIKLAS TELL: I ASSUME THEN THAT THE EASIEST WAY TO ACCESS RETAIL CLIENTS IS THROUGH MODEL PORTFOLIOS OR MANAGED PORTFOLIOS.**

**BRETT PYBUS:** "Distribution is intermediated - that's the punchline. In certain countries, you've got more advanced models or more advanced regulation, which is leading it to be a little bit more ETF friendly. Model portfolios and similar advised solutions where the wealth manager can charge a fee for the value they add and build the portfolio with low-cost building blocks is a great model and typically benefits ETFs. I think that's quite distinct from end investors going direct because we don't have the same investing culture in Europe as you have in, for example, the US. We have a much higher savings rate in Europe, but it's all in cash. So how do we change that culture?"

**MICHAEL JOHN LYTLE:** "I think Europe has USD 17 trillion in bank accounts. That's totally insane because you don't get any returns on that cash. Also, think about what that money could do for investing in European industry. The big question as you say is how we develop a real investment culture in Europe."

**DEBORAH FUHR:** "I think one reason is that we assume that the government will take care of us when we retire. So we put our money in a bank account because we feel like that's safe. Another challenge is getting ETFs onto platforms because



unlike mutual funds, you can't buy a unit of an ETF. Therefore, mutual funds actually work better on many of the platforms. Also, many of the platforms are execution only and I think we need to differentiate information from advice, so that people are informed about products. I think that would be quite helpful."

**BRETT PYBUS:** "We've touched on some of the challenges but there are also areas where we're seeing good progress. If you look at some of the digital players who are challenging the incumbents in a market like Germany, that's interesting and that's driving change."

**MICHAEL JOHN LYTLE:** "I think a challenge in Europe today is that a lot of people have this barbell approach where they have cash in the bank on the one hand and then real estate at the other, which is very illiquid. I think ETFs are great in the middle in the sense that they give you market exposure, but they're liquid and it's clear to the investor that they can get their money back. They can take a hit if the markets are down, but the money isn't gone. If we want to get people out of cash, I think an 'ultra-short', or 'money-market plus' ETF is a great first step along the path into more of a market investment rather than just a pure bank holding."

**NIKLAS TELL: WE TOUCHED ON THE FACT THAT IT'S A BENEFIT OF HAVING INSTITUTIONAL INVESTORS AS CLIENTS FOR ETFS BECAUSE THAT GIVES YOU A SPEAKING PARTNER WHO CAN TELL YOU WHAT THEY WANT. WHAT TRENDS ARE YOU CURRENTLY SEEING?**

**ERKKI RUSI:** "Our focus is on active ETFs, and we see huge opportunities on the fixed income side. We've taken our key actively managed fixed income solutions that we've been managing in a fund format and brought them into the ETF wrapper. It's a big theme and a focus in the discussions we're having, both with institutional clients and when we are connecting with the retail client base. We've been bringing a lot

of new products to the market, but still quite thoughtfully. I think overall, we have a quite complete set of tools for investors to build a diversified portfolio with our active ETFs."

**BRETT PYBUS:** "From an innovation perspective, we've obviously seen a lot in the fixed income space. We should probably touch on crypto and Bitcoin as well because I think that's at the other end of this retail institutional debate. I think we would all argue that retail investors should construct a really well-balanced risk-adjusted portfolio. We've entered the crypto space in the US and Europe now to great interest. We're not expressing a view on the asset class, rather delivering a way to access Bitcoin efficiently and securely. The other area where there's a lot of discussion is private markets and one of my first questions in all those conversations is - does it have to be an ETF? As product people, we like to develop the next thing but at this point in time, the industry really lacks a taxonomy and data. That limits the ability to do anything that's really meaningful today when it comes to private assets in an ETF wrapper. It has traditionally been an institutional offering, but with the development of evergreen structures, such as ELTIFs, we're seeing these products being offered to more broadly in wealth, to the mass-affluent segment and that's positive. I do think we will get there when it comes to ETFs, but I don't know when."

**MICHAEL JOHN LYTLE:** "Illiquid private assets are not going to be put into a UCITS vehicle with daily liquidity because it's incompatible. You can't magic liquidity out of nowhere. On the other hand, you can have traded vehicles on less liquid assets on the basis that someone makes a market. But the market is not based on constantly being able to go back to the well every day to create or get rid of shares. It's based on market makers taking risk. That means that investors in traded vehicles that don't have daily liquidity have to pay the market maker for balance sheet risk of making liquidity in these products. That's the trade off."



**MICHAEL JOHN LYTLE**  
CEO at Janus Henderson Tabula



**DEBORAH FUHR**  
Managing partner & founder at ETFGI

**NIKLAS TELL:** DEBORAH, WHAT ARE SOME OF YOUR REFLECTIONS ON THE DEVELOPMENT OF THE ETF INDUSTRY OVER THE YEARS?

**DEBORAH FUHR:** “The challenge in discussions like these is that we tend to get into the weeds and part of it is my fault because I’ve been living and breathing ETFs for 28 years. With that said, if I take a step back, I think the ETF industry here in Europe has done really well. We’re seeing more investors using ETFs and they like them because in general they’re simple, transparent and cost efficient. I also think the industry has been good in working together to educate people and regulators in many markets know that financial literacy is a big challenge and are starting to address that. There’s a number of tailwinds pushing us forward and if you look globally, we’ve had six years of consecutive net inflows into the ETF industry.”

**NIKLAS TELL:** COMING BACK TO INVESTORS - IS THERE ANYTHING YOU THINK THEY SHOULD FOCUS MORE ON WHEN EVALUATING ETFS?

**BRETT PYBUS:** “With all the product development we’ve seen and with all the new ETF entrants, I think fund selectors, particularly the more sophisticated selectors, have had to change how they look at products. It used to be that selectors looked at ETFs as index products and had a process that was separate from active products. That’s of course changing with the introduction of active ETFs.”

**ERKKI RUSI:** “Many of the investors I meet to discuss ETFs are the same investors who have been doing fund selection on our mutual funds as our ETFs are actively managed. I would say that the process is very similar in terms of assessing the product. One important additional aspect is of course the capital markets - how to trade and understanding the liquidity in ETFs. We focus a lot on education, helping investors and providing guidance. We have large and experienced capital markets team dedicated to this.”

**MICHAEL JOHN LYTLE:** “I think we’re at the beginning of a 10-year cycle of the complete rewrite of asset management because there are a lot of opportunities to make these products a lot more efficient than they’ve ever been. We can launch as many products as we like but clients will only buy the ones that make sense to them. You have to have a proposition that solves a problem for investors. The challenge that we haven’t even begun to address is tokenisation and what that could mean. We’ve talked about the exchange trade structure as being the most open, but the most open structure potentially over the long term once everybody has a digital wallet is tokenisation of everything. The challenge we have in the asset management industry is we’re still running back ends as we did 100 years ago. We stopped writing on paper and moved it to databases, but the process of identifying who owns what asset is still the same. If we could move to a tokenised structure where an asset moves seamlessly from one person to another, with nobody having to log it, we could probably reduce cost by 99 per cent. We don’t know what the timeline is, but it will always be five years out until the day it happens.”

**BRETT PYBUS:** “We’re really discussing on different time horizons here and I do think there are some intermediate steps along the way. I also don’t think ETFs is where there’s the biggest inefficiency.”

**NIKLAS TELL:** WE SEE OUTFLOWS FROM MUTUAL FUNDS AND INTO ETFS, ESPECIALLY IN THE US. WILL MUTUAL FUNDS BE REPLACED BY ETFS?

**BRETT PYBUS:** “I think the dynamics in the US are very different from Europe. In Europe, mutual funds will still be important for a long period of time, largely because of distribution models, incentives and regulation. Also, I don’t think

everything needs to be in an ETF. Private assets is one example. There are constraints to what makes sense in an ETF structure. I think we’re a bit more cautious on the ETF take-over kind of narrative that’s out there.”

**MICHAEL JOHN LYTLE:** “However, the thing that matters is the money in motion. The fact that we have money in mutual funds that’s never been touched and that will stay in there for a very long time doesn’t matter a great deal. What matters is where the new invested money is going. I care more about the people who are out there making new investment decisions.”

**DEBORAH FUHR:** “If you look at the mutual fund industry, the first mutual fund turned 101 in March this year and ETFs globally turned 35. I do think we will still have mutual funds for a long time for a number of reasons, such as the fact that people don’t want to recognise capital gains. I would also like to come back to the question of selecting ETFs. I think investors first have to identify what they want and then make sure that the product actually delivers that because there are a lot of different products out there. There are currently 89 different products globally for the S&P 500, so I think you have to understand what it’s actually delivering to you. I also think you should take advantage of the ecosystem as Erkki said. Speak to the people who trade it - whether it’s the capital markets team at the issuer or the APs and market makers to understand how and when to trade. Quite often banks are sitting on inventory and if you’re trading in size, you might find that someone at the bank is sitting on 50 million and they’re not going to charge you the same amount as if they had to go out and create that amount. There’s an ecosystem in place and people should take advantage of it to make sure they’re acting in the best way possible.”

**NIKLAS TELL:** GIVEN THE FACT THAT THERE ARE SO MANY S&P 500 ETFS - HOW DO YOU DIFFERENTIATE YOURSELVES AS AN ETF PROVIDER?

**MICHAEL JOHN LYTLE:** “There are two different ways. The first is standardisation with everybody offering an S&P 500 ETF and then investors will buy from the provider that they have a relationship with. The second is when you start adding value and moving away from the index and as soon as you get into that space, you’re talking about what IP we have as an organisation and trying to convince you my IP is better than somebody else.”

**ERKKI RUSI:** “Our differentiating factor as an ETF provider is active management. We have experienced strong demand for ETFs that tracks benchmark indices like S&P500 but also provide potential for outperformance. Our US Research Enhanced Index ETF is the first active UCITS ETF with AUM over USD 10 billion. The ETF tracks closely S&P500 index and has historically provided outperformance over the index. We are unique in that we have a great range of solutions across asset classes that have long and strong track record in mutual fund format that we are able to put in an ETF.”

**NIKLAS TELL:** YOU ALL SEEM POSITIVE ON ETFS AND THE GROWTH, BUT WHAT ARE SOME OF THE RISKS THAT COULD PUT A BREAK ON THAT GROWTH?

**MICHAEL JOHN LYTLE:** “I don’t think ETFs are perfect and there are lots of things that could potentially displace them, but there are several decades of momentum and it’s hard to break momentum once you have hundreds, thousands or millions of people starting to do something. There’s nothing perfect about ETFs - they’re just good enough.” ●





## Levler launches ETFs in cooperation with DWS

Swedish investment platform Levler has, in partnership with Xtrackers by DWS, launched six exchange-traded funds (ETFs) on the platform. The new products cover global equities (MSCI World), US equities (S&P500, Russell 2000 and Nasdaq 100) and emerging market equities (MSCI EM) in addition to an AI & big data ETF.

“We have the ambition to continuously broaden our offering and ETFs is a god fit. The popularity of ETFs has increased, and we see that we can offer products that will be appreciated by our customers. In addition, all trading in the ETFs developed together with Xtrackers will

be commission-free until the end of 2026,” says Louise Hagsten, CEO of Levler. She adds that more ETFs will be presented during the fall.

“We are very pleased to list Xtracker’s ETFs on Nasdaq Stockholm together with Levler. By making these ETFs available in Swedish kronor, we enable local investors to gain greater control over their investment process and create the opportunity to diversify their portfolio in a cost-effective and transparent way. We look forward to developing the ETF market in Sweden together,” says Peter Lidblom, Nordic Sales Manager at Xtrackers by DWS. ●

## Invesco launch two actively managed ETFs providing exposure to CLOs

In the beginning of the year, Invesco launched the USD AAA CLO UCITS ETF and the EUR AAA CLO UCITS ETF. The ETFs leverage the combined strength of Invesco’s global private credit and ETF franchises, which are two of the firm’s largest and fastest-growing investment areas.

“Clients choose to partner with Invesco for the depth and breadth of our offering, from asset class and investment

style to the choice of investment vehicle. We have been combining our expertise in private credit and ETF construction successfully for 15 years in the US and we expect the launch of this type of actively managed ETF to drive growth in Europe,” says Stephanie Butcher, co-head of investment at Invesco. ●

## A Brief History of the European ETF Industry

In April Detlef Glow, head of ETF research at LSEG Lipper, published an article providing a brief history of the European ETF industry. He stated that on April 11 2000 the first two exchange-traded funds were listed on Deutsche Börse in Germany. “With this listing, Merrill Lynch International brought a product to Europe which had been established in the US since 1993 and laid the foundation

for the European ETF industry. In addition to Germany, the trading of ETFs also began in Sweden, Switzerland, and the U.K. over the course of the year 2000.” ●

Read more at: [lipperalpha.refinitiv.com/reports/2025/04/monday-morning-memo-a-brief-history-of-the-european-etf-industry/](https://lipperalpha.refinitiv.com/reports/2025/04/monday-morning-memo-a-brief-history-of-the-european-etf-industry/)

## Franklin Templeton launches two new core UCITS ETFs

Earlier this spring, Franklin Templeton announced the launch of two new article 8 indexed ETFs - the Franklin S&P 500 Screened UCITS ETF and the Franklin S&P World Screened UCITS ETF. The new ETFs will list on the Deutsche Börse, London Stock Exchange, Euronext Paris and the Borsa Italiana and will be registered for distribution

in Denmark, Finland and Sweden.

“These new ETFs offer a cost-efficient and transparent way to access core equity exposures with enhanced ESG profiles and reduced carbon footprint, keeping a tight tracking to traditional core indices,” says Caroline Baron, head of ETF distribution EMEA at Franklin Templeton. ●

## Record net inflows to the European ETF industry in 2024

ETFGI, a leading independent research and consultancy firm, reported in January that the ETF industry in Europe gathered a record USD 270.42 billion in net inflows during 2024. Assets invested in the ETFs industry in

Europe increased by 25 per cent in 2024 - going from USD 1.82 trillion at end of 2023 to USD 2.27 trillion at the end of 2024. ●

# ETFs give us the flexibility and liquidity to implement our strategy

**Morten Christensen**, chief operating officer and head of asset management at Oslo-based family office **Aars**, share his thoughts on ETFs.

By: **Niklas Tell**

## COULD YOU PLEASE DESCRIBE HOW YOU ARE CURRENTLY USING ETFs AND HOW THAT HAS CHANGED OVER THE LAST COUPLE OF YEARS?

We use ETFs as building blocks in our multi asset portfolio. We have used ETFs many years, but increasingly so over the last year as a substitute for both passive and active mutual funds.

## HAS THE GROWTH OF ACTIVE ETFS CHANGED YOUR VIEW ON ETFS AND ARE YOU MOSTLY USING ACTIVE OR PASSIVE ETFS TODAY?

Definitely, but so far we've mainly used passive ETFs.

## DO YOU SEE ETFS MAINLY AS A TACTICAL VEHICLE OR A VEHICLE FOR A STRATEGIC ALLOCATION?

We have defined targets for absolute return and risk in the portfolio. Hence, we do not by definition use strategic and tactical allocation but have a strategy that we define as dynamic allocation, which is valuation based. The allocation varies to create the highest probability to reach the defined return target on an annual basis. ETFs give us the flexibility and liquidity to implement our strategy in a cost-efficient way.

## IS THERE ANYTHING CURRENTLY MISSING FROM THE ETF UNIVERSE IN TERMS OF PRODUCTS OR SERVICES?

We see a very rapid development in the universe of ETFs and therefore feel that relevant products are coming faster than we can digest on an ongoing basis.

## WHAT ARE SOME OF THE SHORTAGES AND PROBLEMS WITH THE USE OF ETFS?

As long as we thoroughly try to look into the mechanics of



MORTEN CHRISTENSEN, AARS

each ETF that we are considering, we have so far avoided specific problems. Liquidity could potentially be an issue – but the industry has so far managed in in turbulent market situations like the breakout of Covid and the Ukraine invasion. ●

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