ETF Insights 2026

FROM FLOWS TO BEHAVIOUR

How registry, servicing and digital signals reveal the next phase of ETF growth and why experience matters

MUFG Corporate Markets
A division of MUFG Pension & Market Services

MUFG

Contents

Introduction

The Australian ETF market has entered a new phase of maturity.

Over the past decade, the industry's story has largely been defined by growth: more funds, more assets, more investors and broader product choice.

ETF adoption has accelerated across both retail and advised channels, transforming ETFs from niche investment vehicles into core portfolio-building tools for Australian investors. As the market matures, however, growth alone no longer tells the full story. For issuers, the next challenge is not simply attracting investors but understanding how investors behave once they arrive.

235+
ETF products covered by our unique registry dataset

1.9m
investors analysed across the market

4
stages of the ownership journey examined

Beyond growth

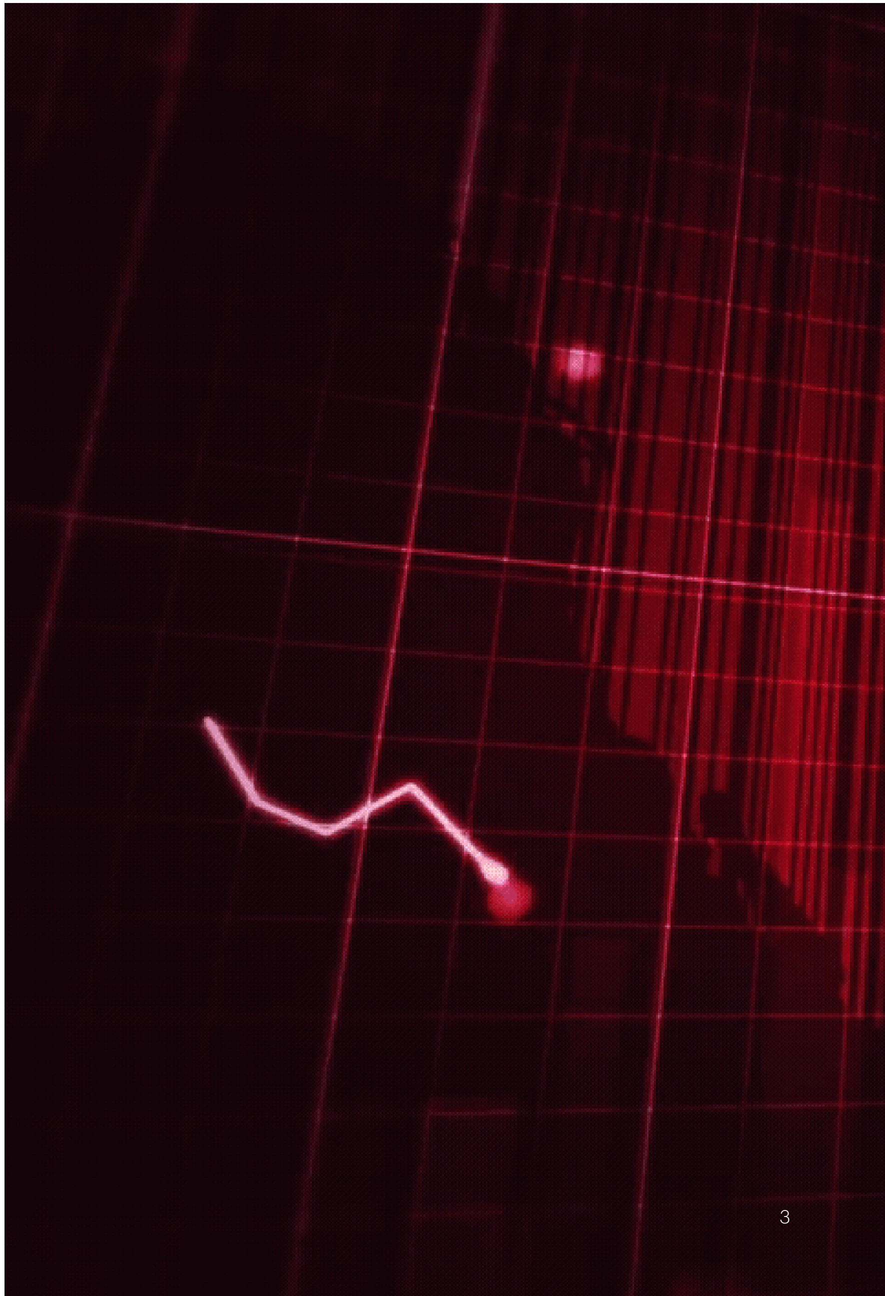
This report moves beyond traditional measures of market growth to explore the behavioural signals that sit beneath them.

Behavioural signals

Using our proprietary registry, servicing and digital engagement data, this report examines how investors interact with ETF products throughout their ownership journey: from initial adoption and portfolio construction through to distributions, reinvestment, interactions and channel selection.

Why it matters

The findings reveal a market that is becoming more sophisticated, more engaged and increasingly influenced by factors beyond simple product cost. For issuers, these signals provide a valuable lens into investor engagement, retention and future growth opportunities.



Scene Setting: Why Behaviour Matters Now

The Australian ETF market continues to experience strong structural growth, but the nature of that growth is changing. Our inaugural ETF Insights 2025 publication focused primarily on investor growth, portfolio composition, demographics, diversification and asset allocation trends. Those insights helped explain who ETF investors were and how the market was expanding. The next stage of market evolution requires a different lens.

As ETFs become increasingly embedded within investor portfolios, the key questions shift from participation to behaviour. Understanding how investors interact with ETF products after purchase is becoming just as important as understanding why they purchased them in the first place.

3x

ETF-only investors have **more than tripled** since 2020

2x

Investors holding both ETFs and direct shares have **almost doubled** over the same period

ETF participation continues to **grow faster** than the broader investor population.*

The full figures are set out in Chapter 1.

At the same time, investor behaviour is becoming more dynamic. Investors are diversifying across multiple products and issuers, increasing trading activity, adopting global investment exposures and engaging with ETFs as long-term portfolio building blocks rather than standalone positions. As a result, issuers increasingly need to understand:

1. How investors construct and evolve portfolios
2. What drives reinvestment behaviour
3. How servicing interactions reveal investor friction
4. Whether digital engagement improves investor connectivity
5. How fees, pricing and product design influence investor choice
6. How distribution models are changing through listed and unlisted access channels

The answers to these questions are often invisible through traditional market datasets. Registry data provides a deeper and different perspective. Unlike market flow data, registry data captures investor actions throughout the ownership lifecycle, revealing how investors behave after purchase, how they respond to distributions, how they interact with service channels and how they engage with digital ecosystems. This all provides a more detailed insight into the investor and their journey. The chapters that follow explore the investor journey, highlighting the behavioural signals shaping the next phase of ETF growth and the opportunities they create for issuers seeking to deepen investor engagement and improve long-term outcomes.

Questions this report sets out to answer

Do ETFs improve retail portfolio formation?

Chapter 1

Are ETFs being used primarily as a building block and portfolio tool?

Chapters 1 & 4

How do investors manage ETF distributions?

Chapter 2

Does product proliferation improve choice, or make selection and servicing more complex?

Chapters 4 & 5

Chapter 1 | From Adoption to Portfolio Construction

For much of the past decade, the ETF story has been one of adoption. Investors embraced ETFs as a low-cost, accessible and diversified way to access financial markets, and what began as a relatively small segment of the Australian investment landscape has become one of the fastest-growing areas of the market.

Today, however, the story is no longer simply about adoption. The data suggests investors are increasingly using ETFs as core portfolio-building tools rather than supplementary products. ETF ownership is expanding not only in scale but in depth, with investors allocating larger portions of their portfolios to ETF exposures, broadening across asset classes and incorporating ETFs alongside traditional direct share holdings.

From a value perspective, ETF assets have grown significantly faster than most traditional market segments over the past several years. While ASX20 exposures remain the largest pool of investor capital, ETF assets have experienced the strongest relative growth, evolving from one of the smallest asset categories in 2018 to a segment now comparable in size to ASX50 and ASX100. This reflects a structural change in behaviour and portfolio construction, not simply market performance.

A structural shift in participation

Since 2020:

ETF-only investors have **increased by**

254%

Investors holding both ETFs and direct shares have **increased by**

95%

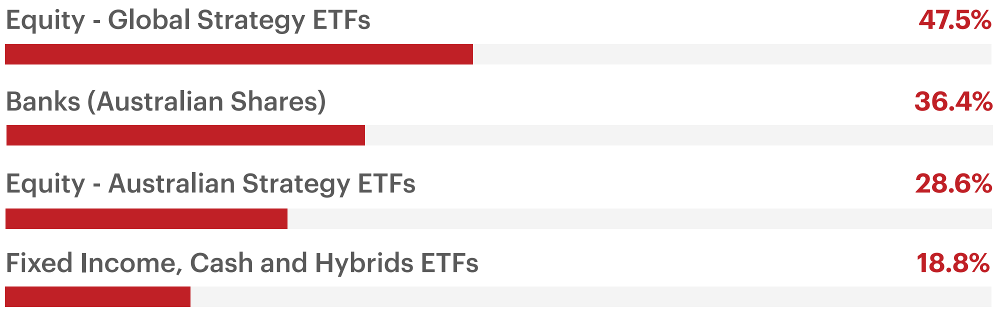
Shares-only investors have **grown in absolute numbers** but declined from 85.1% to 72.7% of the investor base

During FY2025-2026, overall investor growth was 2.6% across our registry base, yet ETF participation increased from 25.8% to 27.3% of investors. ETF-only investors grew to 17.2% during the same period, reinforcing the role of ETFs as a driver of investor growth. Investors are not abandoning direct share ownership they are increasingly integrating ETFs into broader portfolio strategies, using them to complement existing holdings, gain diversified exposure and access markets difficult to replicate through individual securities.

Portfolio composition has reversed

In 2020, most investor portfolios remained heavily concentrated in direct Australian equity exposures, particularly large-cap domestic sectors such as Banks, Resources and Industrials. ETFs were often used as supplementary holdings around a core of individual shares. By 2026, that relationship has reversed. **ETF exposures now account for approximately two-thirds of the combined ETF and share portfolio.**

Our aggregated data shows that the four largest allocations across an investor's portfolios composition of ETFs and shares are now:



The dominance of global equity exposure is particularly noteworthy: investors are increasingly seeking broad international diversification through ETFs, reducing reliance on direct domestic share selection while maintaining targeted exposure to core Australian sectors such as Banking.

The emergence of a core-and-satellite approach

A useful way to interpret this shift is through a core and satellite framework, a portfolio construction approach traditionally associated with institutional and advised investors. Under this model, broad market exposures form the portfolio core, while more targeted investments are used as satellite allocations to target specific views or enhance diversification.

The ETF allocation data increasingly resembles this structure. **Approximately two-thirds of ETF assets are concentrated in Global Equity and Fixed Income strategies**, while much of the remaining allocation sits within Australian Equity exposures. Rather than constructing portfolios security by security, investors appear to be adopting a more strategic asset allocation approach, using ETFs as scalable building blocks to gain broad market exposure efficiently.

> ***What began as a vehicle for accessing individual market segments is increasingly being used to construct diversified portfolios that resemble institutional investment frameworks.***

Diversification is extending beyond issuers

The growth in ETF participation has also changed how investors interact with issuers.

Historically

One provider, with positions built within that product suite over time

Today

Products across multiple issuers, selected on exposure, strategy and portfolio fit rather than loyalty

As product ranges expand and investor knowledge improves, exposure selection increasingly outweighs issuer selection. For issuers, competitive advantage will be determined less by product availability alone and more by the ability to create differentiated propositions, strong investor experiences and effective engagement throughout the ownership lifecycle.

The investor relationship does not end at acquisition

Investor onboarding does not end once a holding is established. However, many investors continue to provide updated information and engage with administrative processes long after their initial investment, reinforcing a theme that recurs throughout this report.

Across FY2025-2026, investors took on average 231 days to provide their email address, 119 days to provide their TFN and 20 days to provide their payment information.

Email - 231 days

TFN - 119 days

Payment information - 20 days

What the data tells us

The ETF growth story is increasingly becoming a portfolio-construction story. Investors are allocating larger proportions of their portfolios to ETFs, expanding beyond domestic equities and using ETF products to achieve specific portfolio outcomes rather than simply gain market exposure. The modern ETF investor is more diversified, more engaged and more sophisticated than the investor of just a few years ago.

Key Takeaways

1 Portfolio formation, not just adoption.
ETFs now make up roughly two-thirds of the combined ETF and share portfolio and are used as primary building blocks.

2 Diversification is the dominant use case.
Allocations cluster in broad global equity and fixed income exposures, resembling institutional core and satellite construction.

3 Success depends on understanding behaviour.
Issuers must understand not just how many investors enter, but how they build portfolios and engage over time.

Chapter 2 | The Income Moment

Distributions, DRP and the first action after purchase

For most investors, the first distribution is the first meaningful interaction with an investment after the initial purchase. Unlike the investment decision itself (often driven by product selection, advice or market views), the first distribution requires an active choice about what happens next. Whether that choice is to reinvest, receive cash, provide payment instructions or take no action, the first payment acts as a behavioural trigger that can influence future engagement with both the product and the issuer.

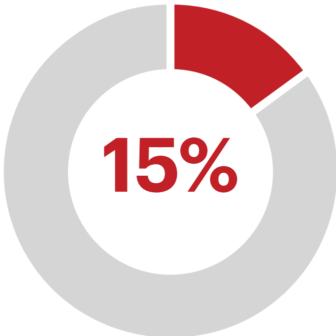
The first distribution as an engagement event

The first distribution is frequently the point at which investors establish how they intend to interact with a product going forward. For some, it is the moment they elect to participate in a Distribution Reinvestment Plan (DRP) and begin compounding returns; for others, it is when they provide payment instructions, update account details or engage with issuer communications for the first time. Viewed this way, distributions become far more than income events, they are engagement events that influence both investor behaviour and the quality of issuer held data. The first payment therefore serves as a gateway to several important outcomes:

1. Increased Distribution Reinvestment Plan participation and long-term compounding
2. Collection of missing investor information such as payment instructions and TFNs
3. Improved investor data information
4. Greater investor engagement with issuer communications
5. Creating a positive interaction with the issuer

DRP remains a minority behaviour, but a committed one

Across the ETF investor base, approximately 350,000 investors currently participate in a DRP, around 15% of eligible investors. At first glance this suggests reinvestment remains a minority behaviour.



However, the nature of participation reveals of those investors who participate:

99.6%
elect Full Participation

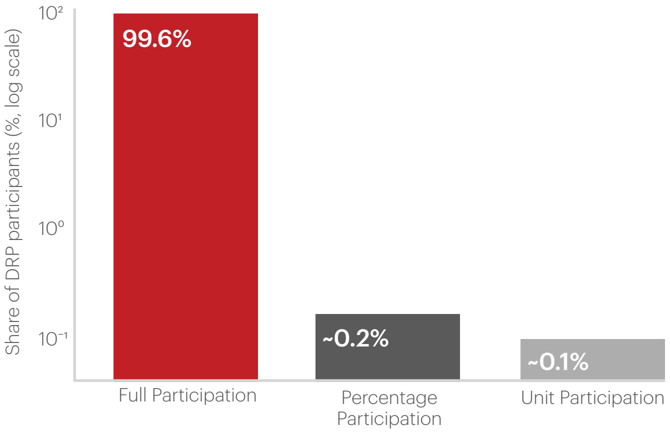
~0.2%
elect Percentage Participation

~0.1%
elect Unit Participation

Once investors decide to reinvest, they overwhelmingly choose to reinvest all eligible distributions. The challenge for issuers is therefore not encouraging existing participants to reinvest more, it is encouraging more investors to make the initial decision to participate.

> ***Participation is characterised by a strong commitment threshold: once crossed, investors generally adopt reinvestment as a long-term behaviour, creating opportunity for issuers.***

Once investors opt in, they commit fully



Distribution design influences investor behaviour

The structure of a DRP has a significant impact on participation. Although only around 5% of ETF funds operate under opt-out participation structures, those products account for a disproportionately large share of total DRP participation:

31.6% of all DRP participants are invested in opt-out structures

68.4% are invested in opt-in structures

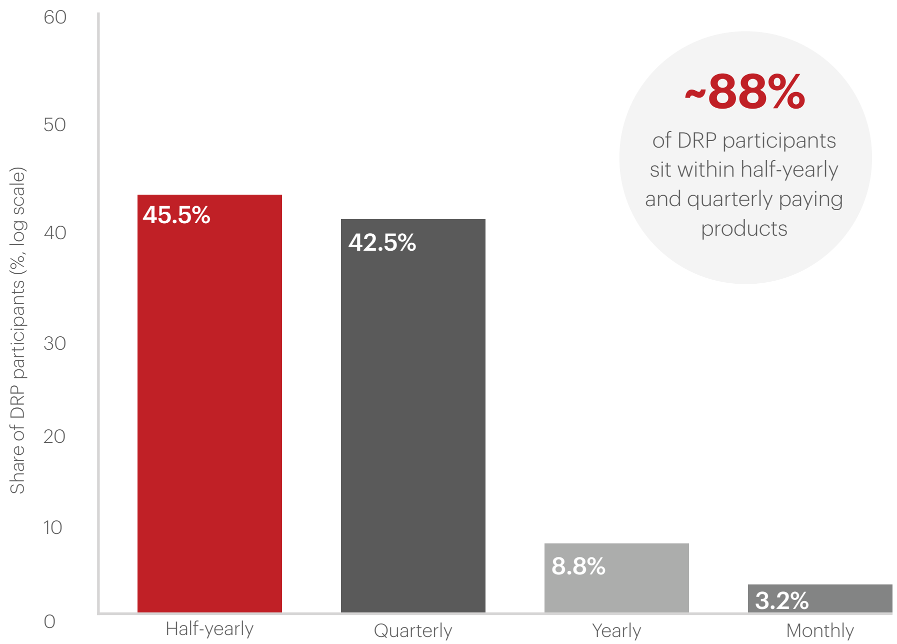
A relatively small number of products therefore generate a significantly larger share of total reinvestment participation. Default settings, election processes and participation mechanics can materially affect reinvestment behaviour, even where underlying investor characteristics are similar.

> ***Distribution Reinvestment Plan design should be viewed less as an administrative configuration and more as a behavioural engagement tool.***

Payment frequency creates engagement opportunities

DRP participation is concentrated within products making regular distributions. More frequent distributions create more opportunities for engagement, communication and behavioural reinforcement, every distribution becomes another touchpoint in the investor relationship.

Reinvestment concentrates in regularly paying products



Consideration should be given to communications opportunities to investors.

The hidden behavioural story: payment instructions

~12%

Approximately 12% of funds currently apply DRP arrangements where investors have not lodged direct-credit details. Payment instructions should not simply be viewed as operational data fields as they represent engagement milestones that strengthen investor connectivity and improve data quality.

Compounding at scale

$140bn+
ETF FUM/AUM reached in recent years

~$168m
of units issued through DRP allocations annually

Despite rapid increases in investor numbers and product availability, reinvestment behaviour has remained resilient and continues to scale alongside industry assets. Every reinvestment collectively creates a significant and growing pool of capital that compounds within the ETF ecosystem. A meaningful proportion of future industry assets originates from reinvestment behaviour rather than new capital inflows alone.

What the data tells us

Distribution design is not administration, it is an investor engagement strategy.

The first distribution is often the first moment at which investors are required to make an active decision after purchase, and that decision influences whether they establish payment instructions, participate in DRP, remain engaged and continue building long-term habits. It is one of the most important behavioural milestones in the ETF ownership journey and one of the most underutilised opportunities available to issuers.

Key Takeaways

1 **The income moment is the engagement moment.**
Design the first distribution deliberately, it sets DRP, payment-instruction quality and long-term engagement.

2 **The lever is the initial election.**
Participants commit fully once they opt in (99.6%), so defaults and opt-out structures matter more than incremental nudges.

3 **Reinvestment compounds industry growth.**
~$168 million of reinvested capital annually shows a material share of growth comes from behaviour, not just new flows.

Chapter 3 | Where the ETF Experience Gets Sticky

Servicing and digital engagement

For most of its history, the ETF story has been told through inflows, assets and holder counts. But once an investor owns the product, a different and more revealing dataset takes over: the record of how they actually interact with their investment. Calls, emails, wait times, app sessions, portfolio setup and API traffic are usually treated as operational exhaust. Read properly, they are one of the clearest available signals of investor friction, education gaps, digital connectivity and future engagement potential.

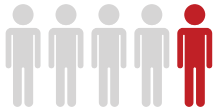
This chapter treats servicing and digital data not as a support appendix, but as an investor experience diagnostic. Where friction is high, growth readiness is low; where connectivity is strong, issuer engagement becomes more efficient and more scalable.

Engagement is now overwhelmingly digital and ETF investors lead it

~12%	~40%
of all Investor Centre users are ETF related	of all ETF investors are active on Investor Centre

That headline understates their engagement, because ETF investors adopt the platform at more than twice the rate of everyone else. ETF ownership is, in effect, a leading indicator of digital engagement, which reframes servicing from a cost line into a connectivity opportunity.

This digital skew aligns with the demographic shift flagged at the ETF Insight Forum, we held earlier this year, where younger investors arriving through digital brokerage and mobile-first platforms were identified as a defining feature of the market's next phase. The registry data is now consistent with that behaviour rather than merely predicting it.



The generational skew is visible market-wide: ASX reports that nearly **one in five** Gen Z investors now hold ETFs, and younger Australians are a primary driver of new participation, the same cohort behind the mobile-first engagement seen in our registry.
[Source: ASX FY26 media release, July 2026]

That mobile-first usage shows up in the channel mix: historically, app log-ins ran ahead of desktop, but the data shows this has recently switched, with desktop sessions now overtaking app log-ins on average. The crossover may reflect investors moving from casual balance checking on mobile to more deliberate, task-based sessions such as portfolio setup, account maintenance and distribution elections. Either way, digital engagement is deepening, not just widening.

The app is where engagement gets sticky

~96% of active users are mobile, not tablet

Both platforms grew strongly over the year, pointing to broadening adoption rather than a single platform story.

	Total Users	New Users	Returning Users
Mobile Traffic	96.87%	96.21%	97.33%
Tablet Traffic	3.61%	3.79%	3.34%

Figure 3.1 — App traffic this year: mobile dominates (~97% of users), with returning users (190,769) comfortably outnumbering new users (114,767).

The more valuable signal sits in the engagement mix. Of those ~250,000 mobile users, returning users made up more than three-quarters of activity, comfortably outweighing new users. Most app engagement is coming from investors who have visited before, the difference between reach and retention. A base that returns this consistently is exactly the base most receptive to distribution reminders, reinvestment prompts and account-maintenance nudges delivered in-app, and MUFG Corporate Markets is building these engagement capabilities into the app to give issuers further opportunities to connect with investors.

Self-service is becoming the default - and it is dominated by one question

~200k ETF related API requests recorded

~91% of all API activity is balance enquiries

Our Investor Centre API data reveals several behavioural patterns. Approximately 200,000 ETF related API requests were recorded, of which balance enquiries account for roughly 91% of all activity, with pricing enquiries second and statements, transaction requests and payments making up the small remainder. When platforms or other authorised parties reach for real-time, machine-served data, they are overwhelmingly asking a single question: what is a holding worth right now. APIs are currently used primarily to monitor rather than transact, but with additional API availability released recently, such as distribution, AMMA and PES data and statements, there is clear opportunity for connecting parties to drive service efficiencies and benefits for their underlying clients.

Investment in intelligent automation delivers three important advantages:

1. Faster responses for investors, with assistance available 24/7
2. Improved service quality, with specialists focused on complex enquiries
3. Scalable support, particularly during peak activity periods

Growth creates servicing demand and it clusters predictably

39,700 interactions handled over FY25/26

11 ETF relevant contact centre queues, aggregated monthly

Digital self-service has not removed the need for human servicing; it has concentrated it. The raw volume matters less than its shape, because the queries cluster in the same few places every time.

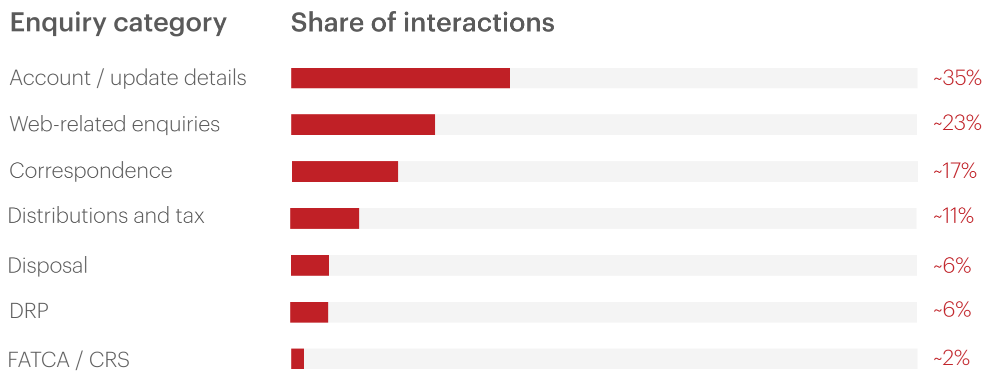


Figure 3.2 — ETF contact-centre interactions by enquiry category (11 ETF-relevant queues; ~39,700 interactions, FY25/26).

Two patterns stand out. First, holding maintenance and web-access enquiries together account for close to 60% of all contact. These are onboarding, authentication and "how do I use the platform" interactions (not investment interactions) and they are the most preventable and automatable.

“Mia”, our AI agent in Investor Centre

MUFG Corporate Markets recently and successfully has introduced “Mia” our Ai agent into the Investor Centre, to deliver faster responses, greater efficiency and a more seamless s experience by combining intelligent automation with specialist expertise. Mia has been designed to handle simple frequently asked questions in clear, conversational language and to deliver responses in concise, easy-to-understand formats. The technology guides investors towards practical outcomes, helping them quickly locate information or complete simple tasks creating a positive experience.

With distributions, tax and DRP enquiries together representing roughly one in six interactions, this directly reinforces Chapter 2’s argument that the distribution event is one of the most engagement intensive moments in the investor journey.

The consistency is the insight. Whether investors call, email or log-in, they are asking about the same three things: my holding, my distribution/AMMA and my account details. Servicing demand is therefore highly predictable, which makes it highly addressable.

Service levels: why fast resolution matters more as the market scales

As investor numbers grow and queries concentrate into a few predictable, friction heavy categories, the speed and quality of first-contact resolution become a genuine engagement lever rather than a backoffice metric. These are not routine calls, they cluster around the moments that shape whether an investor stays engaged, such as registering a portfolio, acting on a distribution or updating details.

> ***For issuers, a fast, resolution focused contact centre is part of the retention infrastructure of a maturing ETF book. Maintaining high first-contact resolution, now watched alongside monthly sentiment tracking is what allows servicing quality to scale with growth.***

The email channel tells the same story in miniature

~60%

Operational email volumes echo the pattern. Of ETF operational emails categorised by event type, around 60% related to holding and transaction enquiries, followed by distribution payment queries, DRP elections, web-access issues, and a long tail of account administration items (bank-account updates, TFN requests, AMMA and FATCA/CRS queries). Whether investors pick up the phone, open the app or send an email, the same three questions surface again.

What the data tells us

The ETF investor journey does not end at purchase, it changes channel. As participation grows, investors increasingly expect immediate access to portfolio information, gravitate to mobile self-service, and overwhelmingly turn to human channels to answer more complex questions for onboarding, account maintenance and distribution events. Convenience, connectivity and real-time access are no longer differentiators and is now a minimum for a product offering.

Key Takeaways

1 **Attack the avoidable 60%.**
Account maintenance and web-access enquiries dominate human servicing and are the most automatable; MUFG Corporate Markets is reducing these through self-service and AI-enabled solutions.

2 **Meet investors in the self-service channel.**
Investors engage most through mobile-first self-service, yet it is used least for proactive engagement, embedding reminders and nudges where investors already are turns monitoring into engagement. MUFG Corporate Markets is actively developing AI-enabled and agentic self-service within Investor Centre, and embedding proactive, mobile-first nudges to address these opportunities.

3 **Treat servicing data as a scorecard.**
Track contact themes, digital engagement, DRP election behaviour, payment-detail completeness and distribution-period contact spikes.

Chapter 4 | Value Beyond Cost: How Investors Choose

One of the most persistent assumptions in investment markets is that investors simply choose the cheapest available product. At face value the logic is compelling: ETFs built much of their success on transparency, accessibility and cost efficiency, and over long horizons even small fee differences compound. Yet the data suggests the reality is considerably more nuanced. While cost remains important, investor behaviour appears to be shaped by a broader assessment of value, exposure, portfolio role, accessibility, investment objective and perceived outcome. Investors do not appear to optimise solely for cost; they optimise for value.

Investors buy exposures before they buy products

The strongest indicator of investor demand is not management fees but the exposure a product provides. Across the ETF market, assets remain heavily concentrated in a small number of broad portfolio-building exposures.

Almost 88% of industry assets sit in three broad exposures

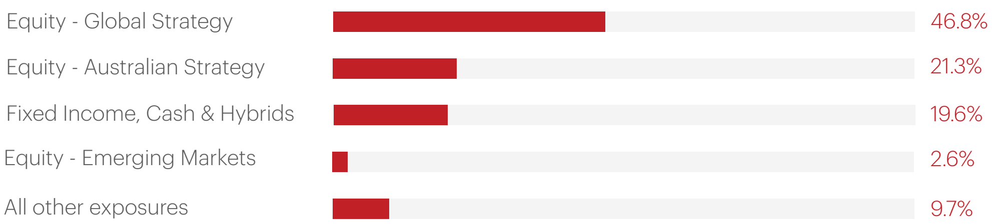


Figure 4.1 — Share of total industry FUM/AUM by exposure category. The three largest exposures account for almost 88% of assets. Source: ETF registry statistics (Funds by Exposure).

Together the top 3 categories account for almost 88% of total industry assets. Investors appear to begin with a portfolio objective and then seek products capable of delivering it, exposure selection often precedes product selection. An investor seeking global diversification first decides that global equity exposure is required, then compares options; cost enters the decision only after the exposure has been selected. Products therefore compete not only on fees but on their ability to solve portfolio-construction problems.

Fees matter, but not in the way many expect

The relationship between fees and demand is not linear.

Fee band (labelled quartile)	Measurable MER (% p.a.)	FUM/AUM	Investors
1st - Lowest fees	MER < 0.25%	$68bn	564k
2nd	0.25% to < 0.44%	$33bn	305k
3rd	**0.44% to < 0.69%**	**$33.9bn**	**889k**
4th – Highest fees	MER ≥ 0.69%	$4.9bn	106k

$68bn

in FUM/AUM sits in the lowest-fee products

889k

investors in the third fee quartile - almost half of all ETF investors

If investors selected purely on fees, participation would concentrate in the lowest-cost products. Instead, investor numbers are highest outside the lowest-fee category, suggesting investors are willing to pay moderate fees where they perceive additional value through differentiated exposures, specialist strategies or thematic opportunities. The market increasingly rewards value propositions rather than simply low-cost propositions.

> ***External flow data frames both sides of this picture. On the low cost end, roughly 62% of ETF flows have gone to about 93 passive ETFs priced between 0 and 25 bps, and that same group holds more than half of total industry assets, yet around 70% of net flows concentrate among just the top three passive issuers, underscoring that scale and brand, not price alone, drive asset gathering.***
>
> ***[Source: J.P. Morgan, "Australia's ETF Boom" (June 2026), citing EY]***

FUM/AUM concentrate in lower-fee products but mid-fee products attract more investors

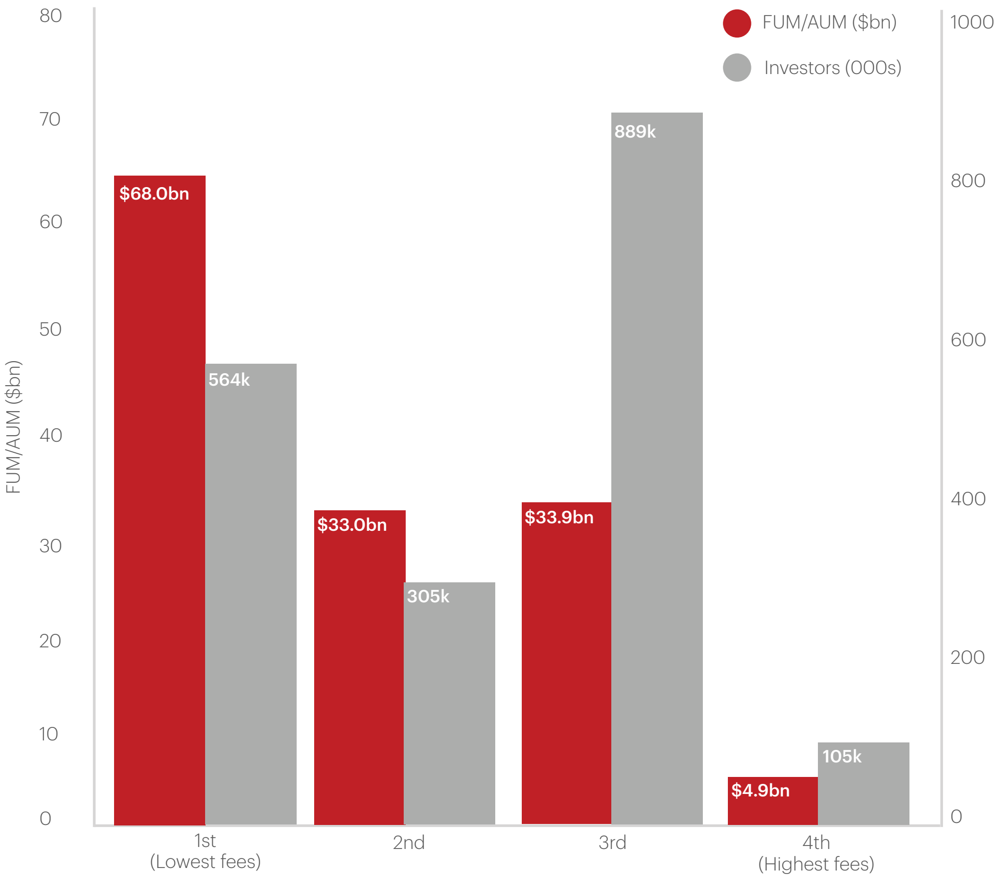


Figure 4.2 — FUM/AUM ($bn) versus investor numbers (000s) by management-fee quartile. Assets peak in the lowest-fee quartile; investor numbers peak in the third. Source: ETF registry statistics (FUM/AUM and holders by MER category).

Asset growth and investor growth tell different stories

Asset growth and investor growth are not the same thing. Viewed through average assets per investor, the distinction sharpens.

Average investor balance vary across fee tier

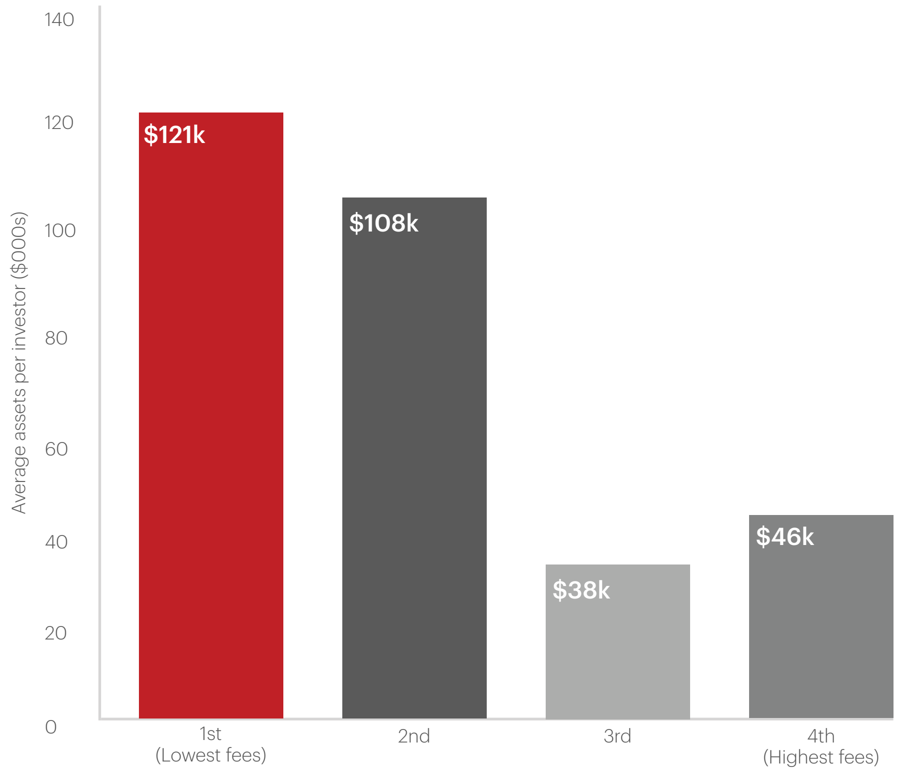


Figure 4.3 — Average assets per investor by management-fee quartile. Lower-fee quartiles hold materially larger balances per investor. Source: ETF registry statistics (Sum of FUM/AUM ÷ holders by MER category)

The lowest-fee segment have attracted larger balances per investor, while the third quartile attracts significantly more investors at lower average balances. The market is driven by two distinct engines: asset gathering products (broad market exposure, large portfolio allocations, core holdings) and investor acquisition products (specialist or thematic exposures with smaller balances but far larger participation).

Success can no longer be measured through a single metric.

Accessibility and differentiated exposures

Price is only one dimension of accessibility. Platform availability, adviser adoption, trading accessibility, product visibility, minimum investment barriers and simplicity of proposition all shape how easily investors can access a product. Products that combine accessibility with a compelling narrative are particularly well positioned to attract flows, but accessibility alone is not sufficient. **Investors may enter through convenience, but they often remain because of perceived value.**

A defining feature of the modern market is the willingness of investors to move beyond traditional broad market exposures. Many of the fastest growing products are no longer simple market capitalisation strategies: thematic, quality-focused, income-oriented and specialist exposures continue to attract interest despite often carrying higher fees than traditional index products. As adoption increases and knowledge improves, investors are increasingly comfortable using ETFs to express specific investment views and product innovation continues to play an important role in attracting demand.

> ***This is consistent with market-level trends: actively managed and specialist ETFs have become a significant and growing source of momentum despite higher fees, even as low-cost passive ETFs still dominate total assets, mirroring the registry's finding that the strongest investor growth sits outside the lowest-fee quartile.***

What the data tells us

The market is increasingly demonstrating that investors optimise for value rather than cost alone. Low fees remain important, particularly for core allocations, but the strongest investor growth is occurring outside the lowest-fee category while assets remain concentrated in exposures that fulfil a clear portfolio role. Investors are not simply asking "what is the cheapest product?" but "which product best meets my investment objective?" Competitive advantage is likely to be defined less by price leadership and more by the ability to articulate and deliver investor value.

Key Takeaways

1 Exposure leads, price follows.
Investors select a portfolio outcome first, then compare implementation options on cost.

2 Two growth engines, two metrics.
Asset gathering and investor acquisition products succeed differently; a single measure of success no longer works.

3 Differentiation attracts a fee premium.
Investors will pay moderately more for exposures that fill a clear portfolio role.

Chapter 5 | The Infrastructure Behind Growth

How ETF growth translates into operational scale and complexity

Every chapter of this report has traced a different dimension of ETF growth; more investors, larger portfolios, more distributions, more digital engagement.

This chapter turns to what that growth requires to function. Behind every distribution, reinvestment election and record date for a corporate action sits significant operational activity: corporate actions to process, units to issue and redeem, statements to generate, tax to withhold and report, and investors to service across the cycle. These activities rarely feature in market commentary, yet they are where growth becomes operational reality.

Operational volume is growing faster than the investor base

During FY2025-2026:

27.3% ETF participation of all investors	**+21.4%** Corporate actions growth	**+15.1%** Investor touchpoints on record date	**+16.2%** AMMA statements annual	**$3.43bn** Distribution value +12.4% YoY

Operational activity grew across every measure, FY25 → FY26

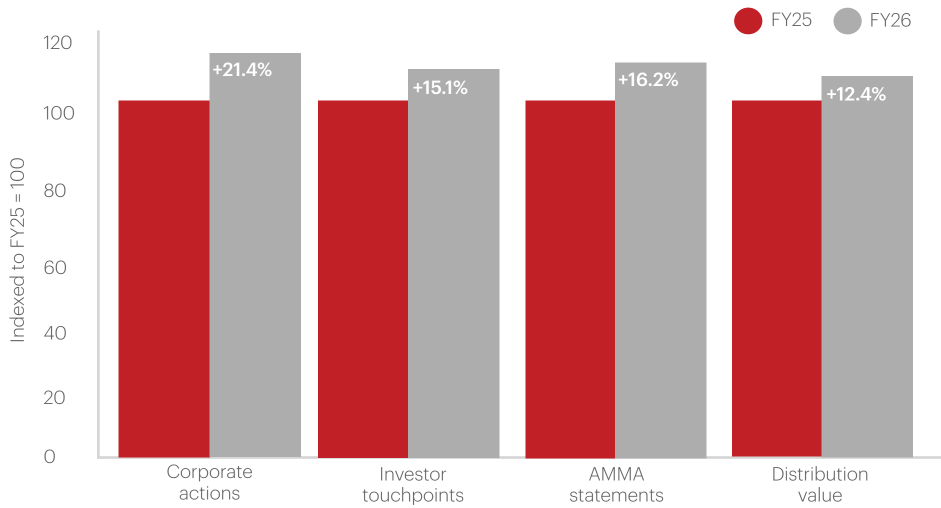
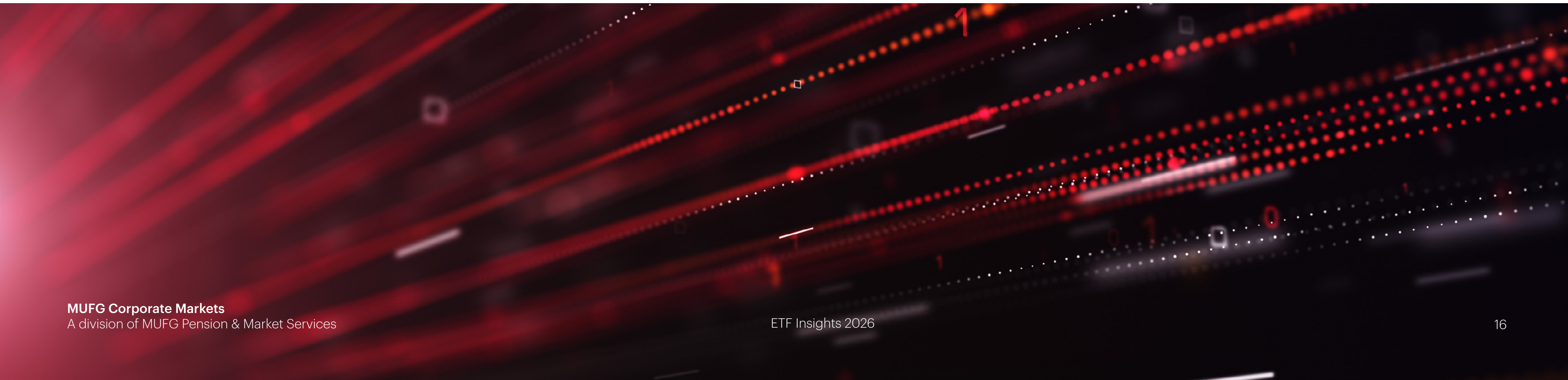


Figure 5.1 — Growth in operational activity, FY2025 vs FY2026 (indexed to FY25 = 100). Source: ETF registry statistics, 2024–2026.



The pattern is revealing. The fastest-growing measure is the number of corporate actions, not their average size. Distribution value per corporate action actually eased slightly (approx. −7%), and investors per corporate action edged lower (approx. −5%). Operational complexity is being driven less by each action getting bigger and more by there being materially more action to process: more funds, more frequent distributions and more discrete corporate actions across the book.

Operational measure	FY25	FY26	YoY
Corporate actions processed	784	952	+21.4%
Investor touchpoints	4.43m	5.10m	+15.1%
AMMA statements (annual)	1.58m	1.84m	+16.2%
Distribution value (gross)	$3.05bn	$3.43bn	+12.4%

Figure 5.2 — Operational scale, FY2025 vs FY2026 (financial years, Jul–Jun). AMMA statements shown on a full-year basis. Source: ETF registry statistics.

> ***Growth is arriving as a proliferation of activity and it is that proliferation, that requires set-up, validation, reconciliation and reporting, that compounds operational load. Critical is having both infrastructure that can rapidly scale and operational experience. Selecting the right partner should be seen as risk minimisation decision.***

Complexity concentrates: the seasonality of servicing load

Operational demand does not arrive evenly. It concentrates sharply around the distribution calendar, and that concentration is one of the defining features of ETF servicing. Investor servicing activity measured by the number of investors on record date across all corporate actions spikes dramatically in the major distribution months.

~48% of annual investor touchpoints in July + January

~42% of distribution value in July alone

Servicing load is highly seasonal: two months carry ~48% of the year

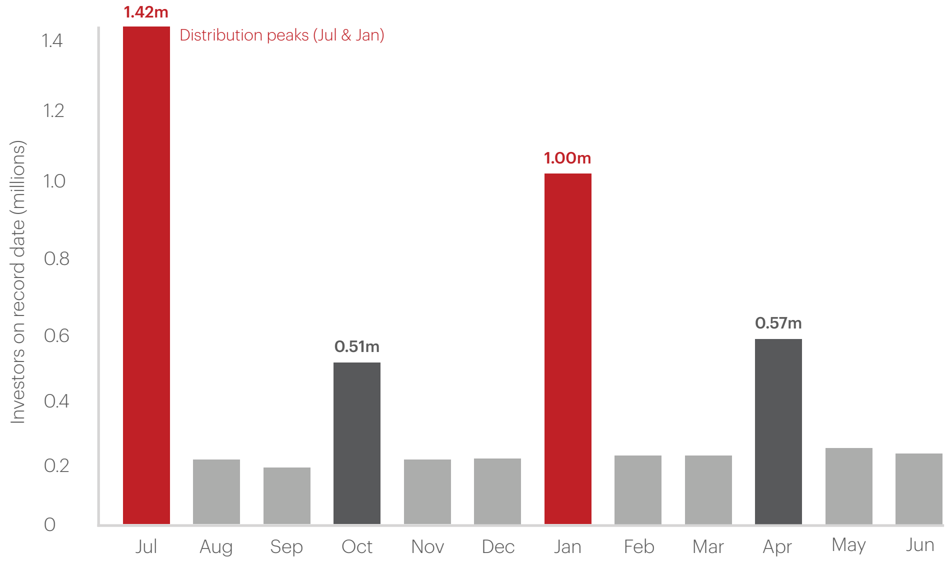


Figure 5.3 — Investors on record date by month across FY2026 (Jul 2025–Jun 2026). July and January distribution peaks carry the majority of annual servicing load.

Across FY2025-2026, the two peak months of July and January alone accounted for nearly 48% of all investor touchpoints for the entire year, with July by itself representing about 42% of total distribution value.

A single month, in effect, carries close to half the year's reporting and payment obligations. Capability cannot be designed around average monthly load; it must be built to absorb the peaks. Managing this peak-to-trough profile efficiently is one of the central operational challenges of a scaling ETF book, and it is precisely where registry scale and automation deliver most value.

Where the work accumulates

Each distribution event sets off a predictable chain of operational activity, and every link scales with growth:

1. Corporate action processing

Each distribution, reinvestment and unit adjustment is a corporate action requiring set-up, validation and execution; 952 were processed in FY2025-2026, up 21% and the fastest-growing measure in the dataset.

2. Unit issuance and redemption

DRP issues new units at each distribution (now channelling roughly $168 million of reinvested capital annually) while primary-market creation and redemption adjust units on issue, all of which must reconcile precisely against the register.

3. Investor election and record-date management

More than five million investor positions were required to be captured accurately across FY2025 - 2026 to determine entitlements. These are the touchpoints that spike in the peak months.

4. Tax withholding and reporting

Withholding calculations, payment and AMMA statement generation carry a growing regulatory obligation. Statement volumes have risen from 1.35 million (2024) to 1.58 million (2025) to 1.84 million (2026), a further +16% year-on-year.

None of this is visible to the investor; it is precisely the infrastructure that only becomes noticeable when it fails. Accuracy, timeliness, resilience and proven experience across this chain are what allow growth to translate into a good investor experience rather than a servicing bottleneck.

The wholesale rails behind participation

Rising participation also flows through the B2B infrastructure that connects the ETF ecosystem. As more investors access ETFs through brokers, platforms and wholesale intermediaries, the transaction rails that support them, including wholesale execution and settlement partners must scale in step.

As volumes grow, the industry is moving from manual, email-based workflows toward API-driven connectivity across registries, custodians, brokers and authorised participants. Wholesale transaction efficiency is becoming as important to the investor experience as any front-end feature, because it determines whether the market can keep settling, reconciling and reporting at scale.

What the data tells us

The operational data reframes ETF growth. Investor growth conceals operational growth of 12–21% across corporate actions, touchpoints, statements and distribution value, and that growth is arriving through more events rather than simply bigger ones. The market is not only busier; it is more complex, more seasonal and more regulated. Operational capability is therefore no longer a back-office consideration; it is a precondition for growth. The providers that can absorb rising event volume, manage sharp seasonal peaks and maintain accuracy across the corporate-action chain will be able to support growth that others cannot.

Key Takeaways

1. **Build for the peak, not the average.**
Distribution seasonality concentrates close to half of annual servicing load into two months; infrastructure must be sized for July and January.

2. **Complexity comes from more events, not bigger ones.**
Corporate actions grew +21%, faster than value or investor numbers, concentrating risk in the volume of discrete events to set up, reconcile and report.

3. **Servicing capability is a differentiator.**
MUFG Corporate Markets' scale, processing infrastructure and registry expertise are built to absorb this rising and increasingly complex operational load.

Chapter 6 | Channel Design and the ETF Distribution Model

Dual-access funds and the listed / unlisted interplay

For most of this report, the story has been about investors, how they build portfolios, respond to distributions and engage through digital channels. This chapter shifts the lens to the product structure itself, and to a design choice that is quietly reshaping how ETFs reach the market that is dual access.

Dual-access funds where the a fund is offered through both the primary (unlisted) and secondary channel (listed) are the clearest expression of how ETF distribution is changing.

? **Today there is a strategic question every issuer now faces:** when does adding a listed channel expand reach, when does it simply relocate flow, and when does it change investor behaviour in ways that matter commercially?

Two channels, one strategy

Listing does not replace the unlisted vehicle, it sits alongside it. Across the dual-access book, the primary (unlisted) channel continues to operate and grow after the listed channel opens, rather than being wound down. The same strategy is made available through two distribution paths simultaneously, each serving a different investor and each generating its own operational footprint. At the individual-fund level the pattern is consistent: the listed line builds steadily after inception while the unlisted base remains substantial, the two channels coexist rather than compete.

The primary market keeps scaling and the listed channel adds to it

+213%	+312%	~47m	~3.8bn
primary channel	secondary channel	listed units recent peak	unlisted issued capital

The clearest signal in the aggregate data is that the two channels are additive, not substitutive. Unlisted issued capital has grown consistently, over five years building from 1.8 billion before settling in the 3.8 billion range.

The listed channel, by contrast, has grown from effectively zero to a recent peak of around 47m units, rapid expansion, but off a far smaller base and on a scale well below the unlisted pool. Over the same period primary channel grew by 213% and the secondary by 312%. Critically, the unlisted channel does not shrink as the listed channel appears; it keeps compounding. For these dual-access funds, listed access is currently incremental reach rather than a replacement channel, opening a new, fast-growing stream of investors without diminishing the established unlisted base.

Unlisted versus Listed FUM/AUM Growth (Monthly)

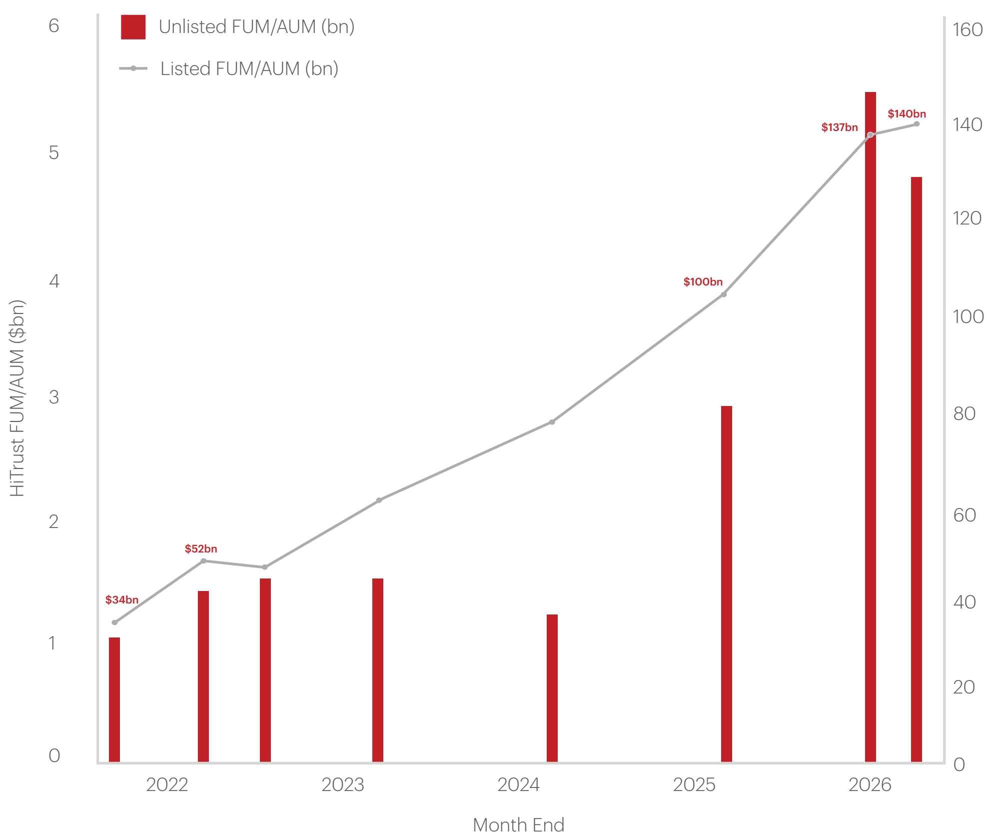
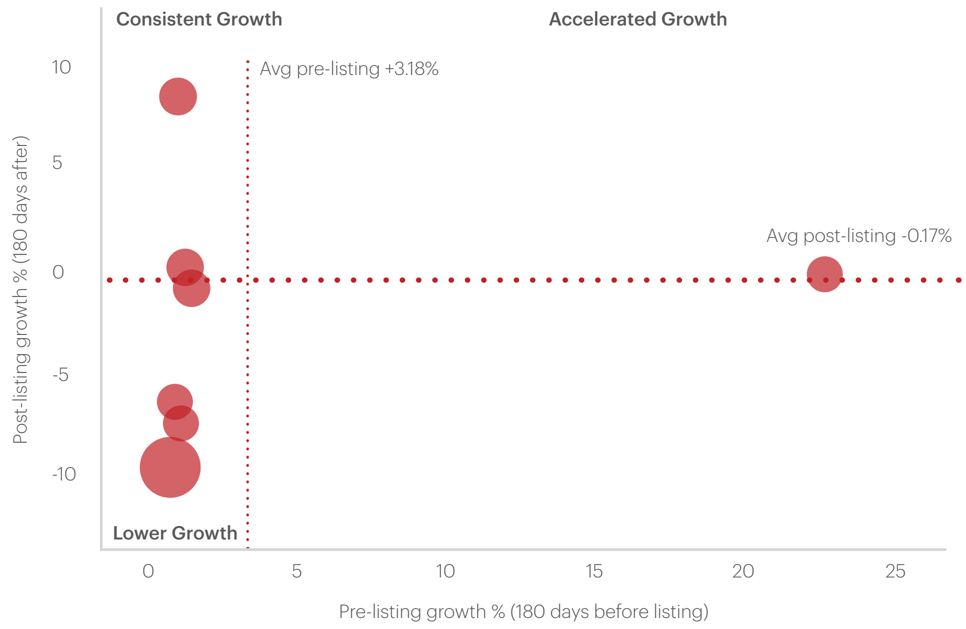


Figure 6.1 —FUM/AUM over time — unlisted (columns) vs listed (line).

Listing is not an automatic growth switch

The pre versus post-listing analysis carries a cautionary message for any issuer who assumes listing is a guaranteed accelerant. Measured over the 180 days before and after each fund's listing, average pre-listing growth was +3.18%, while average post-listing growth was −0.17%. On average, the pace of primary-market growth softened slightly after listing rather than accelerating, but the average conceals dispersion, and the quadrant view is where the real insight lives.

Pre- vs post-listing growth by fund (bubble = fund size)



The quadrants tell the story the average cannot: some funds sit in "accelerated growth," growth after listing; others hold steady in "consistent growth" and a cluster falls into "lower growth," subdued on both sides.

> ***Channel design is a strategic choice, not a growth guarantee, some strategies are demonstrably better suited to a listed wrapper than others.***

A new lens: how quickly funds reach scale

A tangible measure of early momentum is the time each fund takes to accumulate its first +$500k in additional units (applications) from inception, a useful proxy for how quickly a fund gains traction once it is available on the secondary market. Across dual-access funds, the range is noticeable: the fastest funds crossed the +$500k threshold in as little as ~15 days, while the slowest took around 242 days.

Grouped by exposure, the averages were:

Dual-access funds: average time to reach +$500k, by exposure

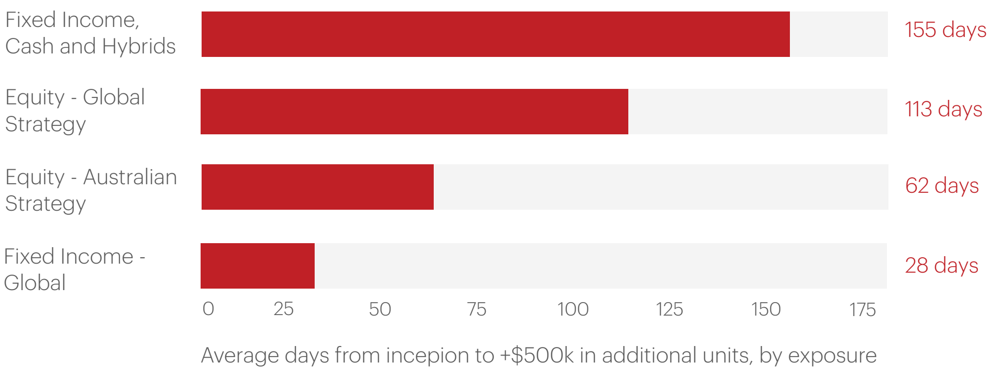


Figure 6.3 — Dual-access funds: average days from inception to +$500k in additional units, by exposure.

Assuming marketing and distribution campaigns were similar, the exposure ranking reveals, global fixed-income strategies reach early scale fastest (~28 days), followed by Australian equity strategies (~62 days), while broad global-equity and blended fixed-income/hybrid strategies take materially longer (~113 and ~155 days respectively). **The data suggests faster-scaling exposures tend to be those meeting a clear, specific portfolio need at launch; broader strategies take longer to accumulate the same early flow.**

Dual access funds: time to +$500k by thematic and strategy type

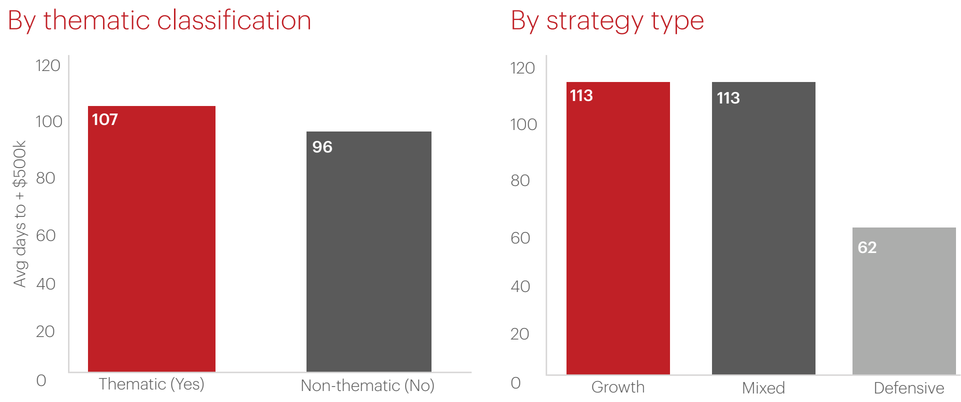


Figure 6.4 — Dual-access funds: time to +$500k by thematic classification and by strategy type.

Cut by theme and type, the differences are more modest but consistent. Once available in the secondary market thematic funds took slightly longer to reach +$500k than non-thematic (~107 vs ~96 days), and defensive strategies reached early scale fastest (~62 days), roughly half the time of growth or mixed strategies (~113 days each). At the point of listing, defensive and income-oriented exposures attract committed early flow more readily, while growth and thematic strategies build their base more gradually.

The broader ecosystem context

Dual-access does not exist in isolation, it is one expression of a wider structural shift. Active strategies have recently accounted for the majority of new ETF launches, and many arrive specifically through dual-access structures that let managers distribute a differentiated strategy across both listed and unlisted channels while leveraging an existing track record.

At the same time, a new generation of digital, mobile-first investors is entering through listed markets, while API-based connectivity is becoming the backbone linking registries, custodians, brokers and authorised participants across both channels. Seen this way, the listed channel is not simply a second share class, it is the point at which a strategy plugs into the digital, real-time, exchange-traded infrastructure that increasingly defines modern investment markets.

The external evidence supports this framing: active ETFs have become a defining source of Australia's ETF momentum, and part of FY26's record growth came specifically from unlisted funds converting into active ETFs, a direct signal that the listed wrapper is becoming a core delivery mechanism for existing strategies rather than only a vehicle for new ones.

What the data tells us

The dual-access data shows a market in transition. The unlisted channel remains the dominant pool of assets and continues to scale; the listed channel is smaller but growing quickly and, on the evidence to date, is adding reach rather than displacing existing flow. Yet listing is not a universal accelerant, post-listing outcomes vary widely, and time to early scale differs sharply by exposure and strategy type. Channel design has become a genuine strategic lever.

Key Takeaways

1 Treat listed access as reach, not rescue.
Listing works best as an amplifier of strategies already gaining traction; it is not a reliable fix for weak demand.

2 Design for coexistence, not migration.
The primary market keeps growing when the secondary market opens; dual-access structures should let both channels scale together on registry infrastructure that handles parallel flows.

3 Match strategy to channel, and set realistic expectations.
Time-to-scale varies from days to nearly a year; defensive and global fixed-income strategies reach early scale fastest, growth and thematic strategies more gradually.

Conclusions

Across this report, one theme recurs: the decisive moments in the ETF relationship happen after purchase, not at it. Growth has given the industry scale; behaviour is what will now separate the issuers who compound that growth from those who simply ride it. Our six chapters point to six practical moves.

1. Build for portfolios, not products

Investors increasingly buy exposures and outcomes, holding ETFs as core building blocks across multiple issuers. Compete on portfolio role and differentiated exposure, not product availability alone. *(Chapters 1 & 4)*

2. Treat the first distribution as an onboarding campaign

The first distribution is the first active decision most investors make, and it sets DRP participation, payment-instruction quality and long-term engagement.

MUFG Corporate Markets is building new engagement functions into its investor platforms by embedding reinvestment prompts, distribution reminders and payment-detail nudges around the income moment, so that this milestone strengthens data quality and retention. *(Chapter 2)*

3. Redesign DRP choice architecture

Once investors opt in they commit fully (99.6% full participation), so the lever is the initial election. Defaults, opt-out structures and payment-frequency touchpoints materially shift outcomes. *(Chapter 2)*

4. Meet investors in self-service and attack the avoidable 60%

Account-maintenance online queries dominate human servicing and are the most automatable, while distribution and tax queries cluster at the income moment.

You need a provider that is actively addressing this by developing engaging AI-enabled and agentic self-service and embedding proactive, mobile-first nudges where investors already are to convert routine interactions into meaningful engagement. *(Chapter 3)*

5. Size capability for the peak, not the average

Nearly half of annual servicing load falls in two months, and operational events are growing far faster than investors. Scale, automation and resilience across the corporate-action chain are now preconditions for growth, not back-office concerns. *(Chapter 5)*

6. Make channel design an explicit strategic choice

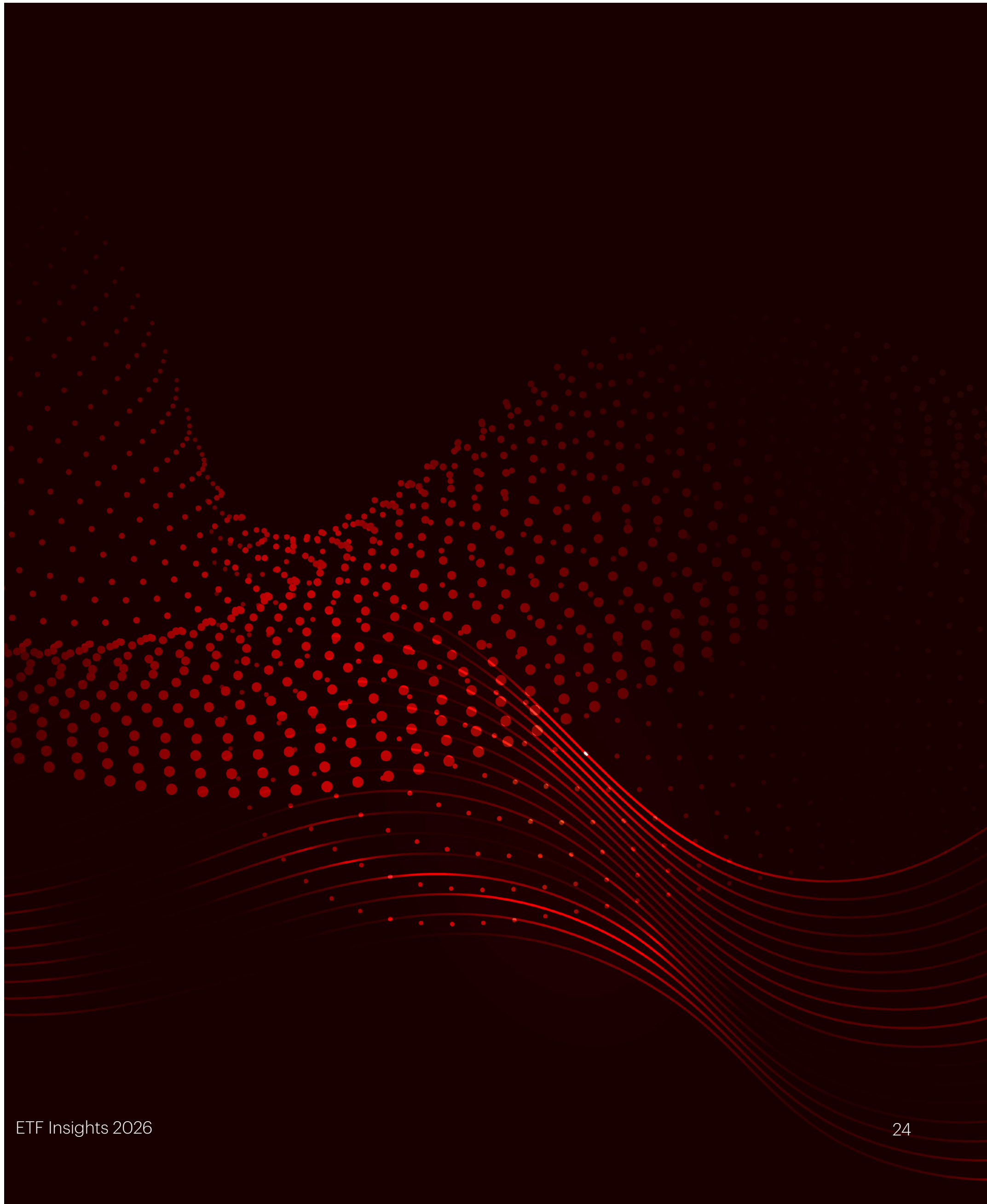
Listed access expands reach but does not rescue weak demand, and time-to-scale varies sharply by exposure. Design dual-access structures for coexistence, and match strategy to channel. *(Chapter 6)*

The connecting insight is that registry, servicing and digital data are the clearest early signals of engagement, retention and growth readiness. At MUFG Corporate Markets, this is precisely the vantage point we bring: the scale, infrastructure, experience and behavioural data to help issuers turn these signals into action. In the next phase of the market, the winners will not simply be those who attract investors, they will be those who understand, engage and keep them.

Sources

Registry, servicing and digital figures throughout this report are drawn from MUFG Corporate Markets' ETF registry dataset (FY2024–FY2026) unless otherwise stated. External market-context figures are drawn from the following publicly available industry sources:

- ASX, Media Release — "ASX ETF market reaches record year milestone" (2 July 2026): FY26 listings (72, a record), assets on ASX, trading activity (+26% YoY), Gen Z participation (~1 in 5) and the forthcoming 2026 Australian Investor Study.
- J.P. Morgan, "Australia's ETF Boom: An Inside Look" (June 2026), citing EY research: active/passive flow split, fee-tier concentration (~62% of flows into ~93 ETFs at 0–25 bps) and top-three passive issuer concentration (~70% of flows).



About Us

MUFG Corporate Markets, is a division of MUFG Pension & Market Service, who are a member of MUFG, a global financial group with offices in over 30 locations.

As Australia's largest ETF registry provider, we bring deep market experience, scale and a proven track record, having supported market-first launches including Australia's first ETF and first active ETF. Today, we partner with boutique managers and some of the world's largest asset managers to help simplify operations, manage risk and support long term growth.

With more than $500 billion in assets under administration and $140 billion in ETFs under administration, we are a leading provider of custody, fund administration and registry services across Australia and New Zealand.

Whether you're launching a new fund, scaling an existing operating model or seeking a provider that can support increasing complexity, MUFG Corporate Markets can help.

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PUBLISHED 3 SEPTEMBER 2026