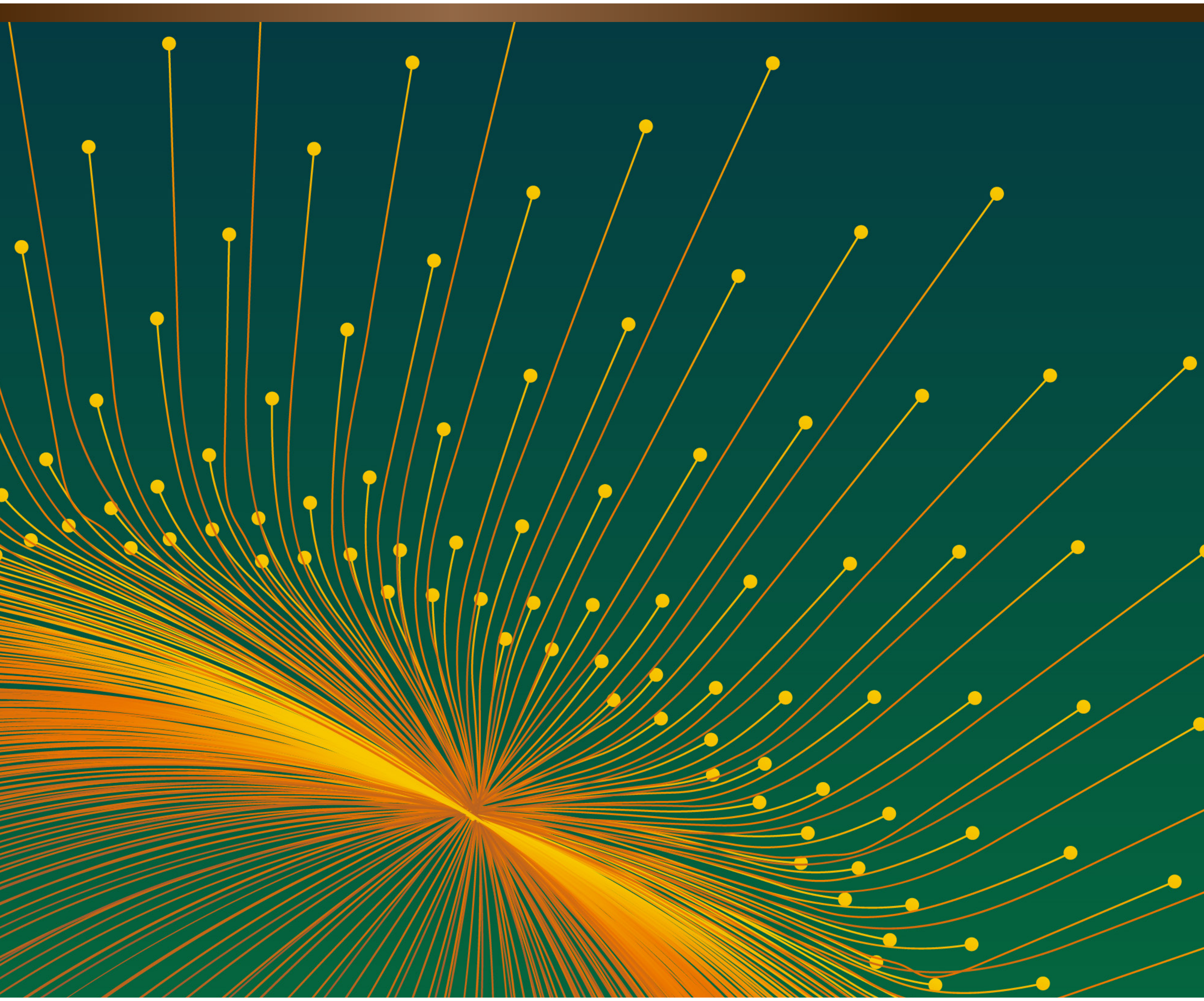
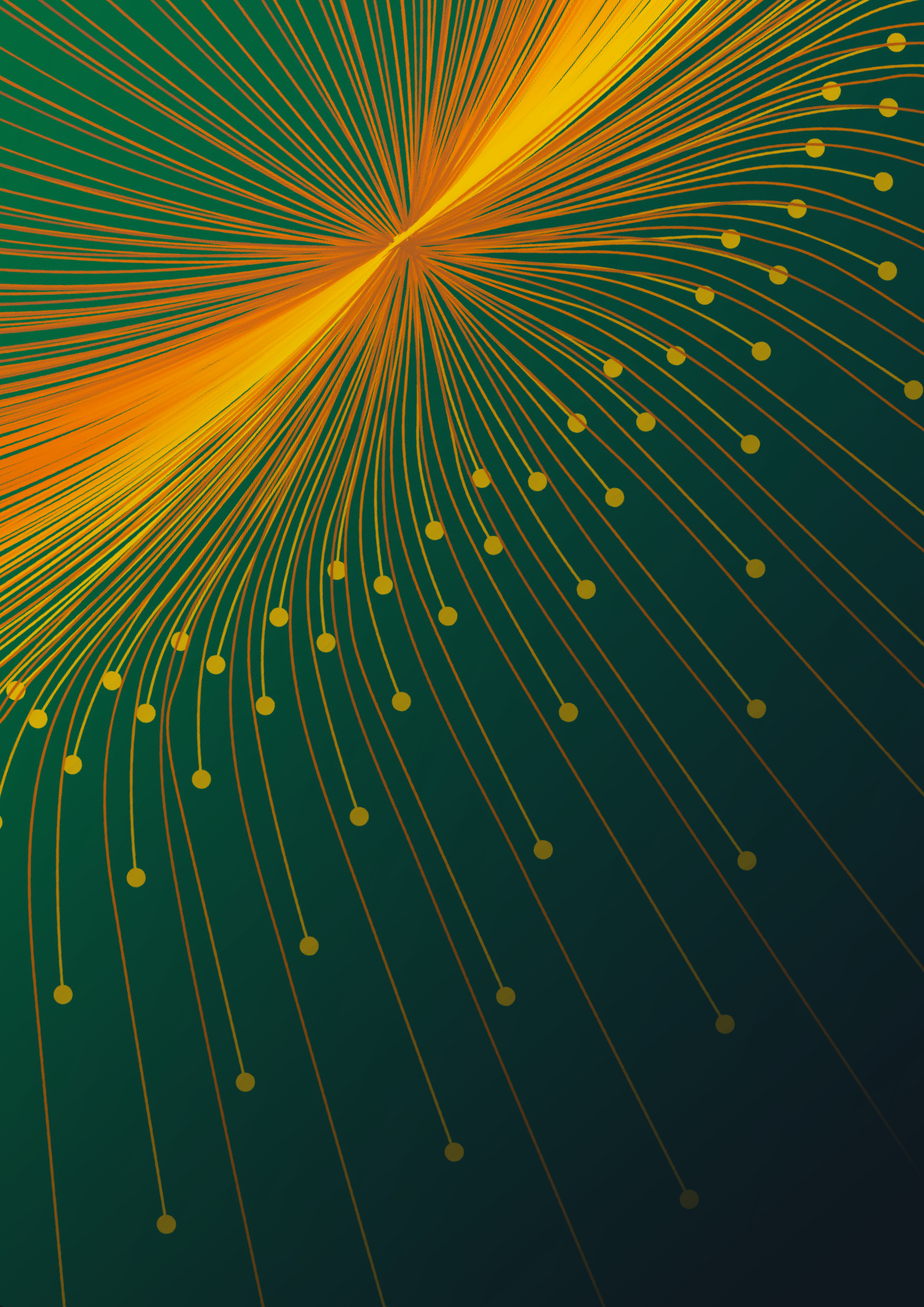
Australia’s ETF Boom: An Inside Look

Australia and Asia are witnessing significant ETF growth, driven by active strategies, expanding retail participation, and regulatory innovation. As competition intensifies and markets evolve across Asia, these trends are reshaping the investment landscape and unlocking new opportunities for issuers and investors.



June 2026

J.P.Morgan



ETF Overview Down Under

Australia's exchange-traded fund (ETF) market continues to exceed all forecasts, having surpassed \$300bn (AUD) in 2025, months ahead of expectations. The market ended 2025 with assets at a record high of \$324bn (AUD), a staggering increase of 43.2% year-over-year with a 10-year compound annual growth rate (CAGR) of 28.7%[1]. These numbers underscore the industry's resilience and investor appetite, signaling continued ETF growth momentum in Australia, a trend that mirrors dynamics across Asia.

Whilst Australia's ETF Assets Under Management (AUM) is only about a third of Japan's and less than one quarter of China's[2], Australia's established regulatory innovations make it a well-seasoned ecosystem that can become the third-largest ETF market in APAC. There is no shortage of strong contenders, though.

In this paper, we examine the various comparative advantages Australia has in the ETF sector and explore the diverse drivers boosting the ETF market across the region. How Australia fares against Taiwan, South Korea, and even India will depend on how well each nation can adapt from a regulatory perspective to attract retail and institutional investors. The competitive landscape across Asia has driven greater market sophistication, prompting countries to enhance their regulatory frameworks in an attempt to capture a larger share of the rapidly expanding ETF sector.

[1] *ETFGI Asia Pacific (ex-Japan) ETFs industry insights report, December 2025*

[2] *Ibid.*

Active ETFs Offer New Avenues for Growth in Australia

Passive ETFs in Australia still reign supreme, constituting the lion's share of total assets and net new flows.

In fact, whilst 2025 net new flows into ETFs were up 51% (vs. prior year) to $52bn (AUD)[3], some 70% of all net flows were concentrated amongst the top three passive issuers[4]. Passive ETFs have maintained a particularly strong appeal because of their affordability: research by EY[5] highlighted the ongoing importance of fee compression, with 62.2% of ETF flows in Australia allocated to just 93 passive ETFs with fees between 0 and 25 bps[6]. Similarly, this same group of ETFs holds more than 50% of total industry assets in Australia[7].

That said, active ETFs have emerged as an increasingly significant source of Australia's ETF momentum, taking center stage in the listing floors.

Whilst passive ETFs still dominate Australia's ETF industry in terms of AUM and fund count, actively managed ETFs with specialised and tailored investment strategies are making substantial inroads towards boosting the nation's thriving ETF ecosystem.

In addition, a number of traditional passive managers either entered the active ETF space in 2025 or added to their existing ranges, demonstrating confidence in the growth potential of active ETFs.

It is clear that whilst active ETFs in Australia do face strong competition from established passive managers, the growing diversity of active strategies is a positive development for the ETF landscape – driving greater choice and innovation for investors. Most notably, across APAC, active ETFs in Australia continued to lead the way in 2025, accounting for more than 57% of APAC active ETF AUM[8].

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[3] *ETFGI Asia Pacific (ex-Japan) ETFs industry insights report, December 2025, December 2024*

[4] *Betashares Australian ETF Review 2025, Betashares, January 14, 2026*

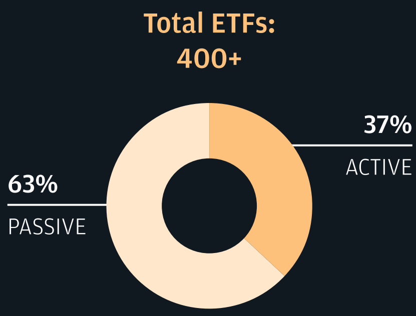
[5] *EY - Australian exchange-traded funds (ETFs) market overview - September 2025*

[6] *Ibid.*

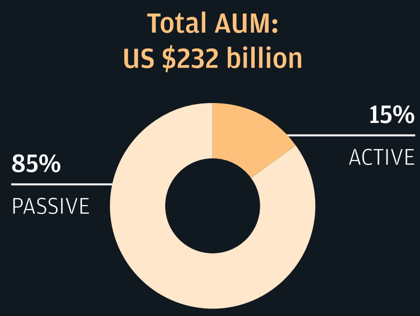
[7] *Ibid.*

[8] *PWC ETFs 2030 - Capitalising on disruptive innovation*

The Australian ETF Universe



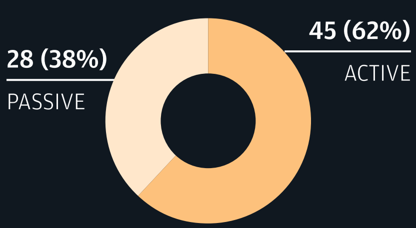
Source: TrackInsight Global ETF Survey, May 2025



Source: ETFGI December 2025

Australian ETFs in 2025

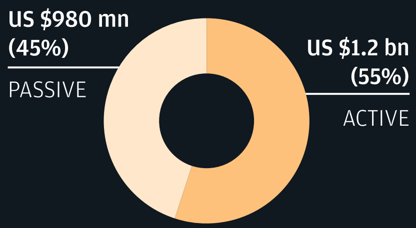
NUMBER OF NEW LISTINGS



Active ETFs comprised 45 out of 73 new listings(62%).

Source: CBOE Monthly funds report December 2025

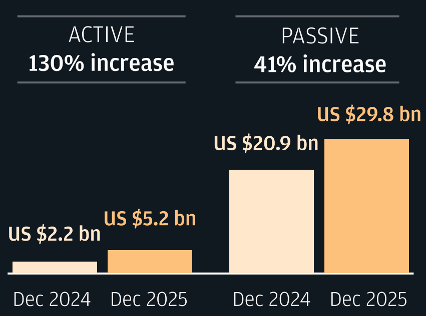
TOTAL FLOWS IN NEW LISTINGS



These 45 active strategies attracted more than 55% of flows into newly listed products.

Sources: CBOE Monthly funds report December 2025, Bloomberg Data

CHANGE IN TOTAL FLOWS



Source: ETFGI December 2025

By the numbers...

438
Exchange Traded Products trading on the ASX & CBOE

73
issuers of ETFs in Australia

Source: ETFGI December 2025

Momentum From Self-Managed Super Funds (SMSF)

Beyond the rise of active ETFs, SMSFs further showcase Australia's financial innovation and have also played a significant role in driving the growth of its ETF industry.

As detailed in J.P. Morgan's 2025 Future of Superannuation report[9], Australia ranks 55th in global population, yet its retirement system, currently the world's fourth largest with $4.3 trillion in assets, is projected to rank second largest by 2031. Undoubtedly, this represents a significant opportunity for ETFs.

As at June 2025, SMSFs accounted for more than $1 trillion in assets, just under a quarter of total superannuation assets[10]. Some 315,000 of the nearly 650,000 total SMSFs now hold at least one ETF, with ETF allocations in SMSFs topping out at a record high of 12%[11]. This surge of allocations to ETFs has been most pronounced amongst newly established SMSFs[12], where allocations continue to grow and the value proposition of ETFs is increasingly recognized[13].

Whilst ETFs might not yet be the preferred investment of choice for large institutional investors in Australia, their expanding role and growing allocations within the broad distribution channel of SMSFs position Australia's ETF market for significant, and continued, growth.

[9] *Future of Superannuation Report, J.P. Morgan, October 28, 2025*

[10] *Quarterly superannuation performance statistics highlights, APRA, September 2025*

[11] *New SMSF trustees propel uptake of financial advice, Vanguard, May 28, 2025*

[12] *Class 2026 Half Year Benchmark Report Finding, Class, February 18, 2026*

[13] *2025 Annual Benchmark Report, Class, September 2025*

Regulatory Tailwinds

Whilst active ETFs and SMSFs have recently propelled the ETF industry forward, Australia's long established track record of innovation helped create a solid foundation for it to evolve. Australia's ETF market may not rival the scale of others on the global stage — such as the U.S. — yet it is worth examining how Australia's regulatory environment has encouraged active managers to enter and compete in the ETF ecosystem in ways that precede American developments.

Australia has long permitted ETF share classes and dual-access structures, which let asset managers pool listed and unlisted classes in a single fund. These drive scale and lower costs, while carrying forward performance history, expanding distribution, and accelerating time to market. As chronicled in J.P. Morgan's whitepaper "The Rise of ETF Share Classes of Mutual Funds"[14], the share-class model is gaining global traction—especially after broader U.S. approval in 2025 and Ireland's naming changes in 2024[15]. Australia's experience, as such, can offer valuable lessons for other markets.

In addition, Australia was ahead of the curve in approving semi-transparent ETFs. Following the Australian Securities and Investments Commission (ASIC) review into market integrity concerns associated with certain internal market making practices in 2019, the Material Portfolio Information (MPI) model emerged as a popular entry point for active managers under the external market making model[16]. Now widely adopted by new issuers, the MPI allows issuers to publish select or disguised holdings on a daily basis, alleviating active managers' fears of having their strategies replicated. Whilst the long-term success of the semi-transparent ETFs remains to be seen, other jurisdictions such as Luxembourg and Ireland have also recently moved to allow semi-transparent ETFs, though uptake in these markets remains limited.

With Australia's booming retail investor base, clear naming labels were also mandated back in April 2024. Following the 12-month migration period, all ETFs must now include a secondary label of 'Active' or 'Complex', ensuring that true-to-label trading names are used, ultimately boosting investor confidence and protection. From an issuer perspective, this too can improve distribution efforts and time to market. Consistent naming labels ensure platforms and research houses can easily map a specific product type to their existing frameworks and screening tools, and clear labels can also aid model portfolio inclusion, as advisors can easily assess whether the products fit into an existing strategy.

[14,15] The Rise of ETF Share Classes of Mutual Funds, J.P. Morgan, May 2025

[16] Outcomes of review into internal market making for quoted managed funds, ASIC, December 11, 2019

A Point of Comparison

ETF AUM YEAR-END TOTALS 2025

$13.4tn (USD)
in U.S.

$517bn (USD)
in Ireland

$210.5bn (USD)
in Australia

Source: ETFGI December 2025

Other Factors Driving the Rise of ETFs in Australia

Advisor channels: Advisor ETF adoption is rising. ~2/3 use ETFs and allocate >25% of client inflows to them, led by HNW advisors. Adoption could exceed 80% in 2026.*

Thematic/commodity ETFs: Strong performance through 2025 into early 2026, boosted by higher commodity prices and macro uncertainty.

Active fixed income: As hybrids phase out by 2032, income and subordinated-debt ETFs are gaining popularity.

Master/feeder/wrapper structures: Growing use to access global strategies more simply – issuers benefit from faster launches and lower costs via offshore portfolio management.

Hedged ETFs: Increasing appeal as a lower-cost way to manage currency risk amid a weaker USD.

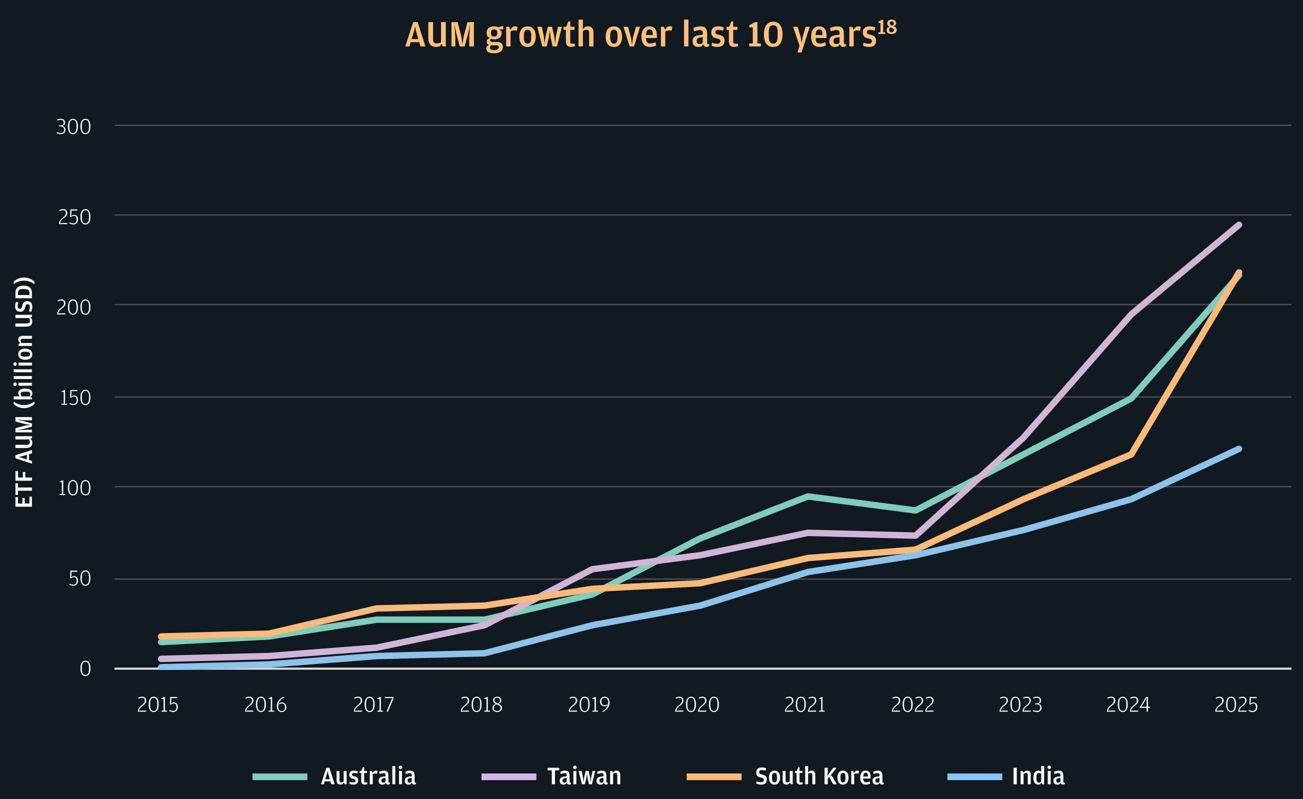
Multi-asset ETFs: Positioned for growth, especially for new/time-poor investors seeking diversified, institutional grade solutions.

**Advisers funnelling quarter of client flows into ETFs, Money Management, January 20, 2026*

The ETF Picture Across APAC

Within APAC, competition is heating up between markets. As at the end of 2025, China ($861.2bn USD) and Japan ($712.5bn USD)[17] lead the way in terms of ETF AUM in the region, but there is a fierce contest for the third spot, with Taiwan, Australia, and South Korea all in close contention whilst India also demonstrates immense potential.

Just as each market is competing for its position as a leader in the broader APAC region, global asset managers are also stepping up in their plans to seize a piece of the growing APAC ETF market and seeking the best market entry point.



[17] *ETFGI Asia Pacific (ex-Japan) ETF and ETF Industry Insights, December 2025*

[18] *Ibid.*

Taiwan

Taiwan, which currently has the third-largest ETF AUM in APAC, is poised for further growth.

Following the approval of active ETFs at the end of 2024, the market witnessed a wave of new activity in 2025; several leading global asset managers entered Taiwan for the first time, whilst multiple domestic players launched active products for the first time, bringing the total number of actively listed products to 19 at the end of 2025[19].

Whilst many cite challenges that global asset managers will face entering this market, it is clear that their desire to enter the Taiwan ETF market is still a positive step forward for the overall industry. The convergence of both local and international managers through active ETFs is the perfect storm for the overall Taiwan ecosystem – as trusted domestic managers demonstrate their confidence in the growth potential of active ETFs, and global managers bring their expertise, scale, and operational efficiency to the local market. Both are working in tandem to create a competitive, diversified, and more mature market, ultimately strengthening Taiwan's competitiveness on a global scale[20].

The growth of ETF assets in Taiwan is also spurred by robust retail investor demand, which accounts for more than 70% of the total investor base[21]. Demographic trends are also beginning to emerge, as younger investors tend to favour broad index and thematic ETFs, with older investors opting for high dividend ETFs that distribute monthly income.

Fueled by a surging retail demand, a conducive regulatory landscape, and the dynamic interplay between global and domestic managers, Taiwan has solidified its place in the ETF marketplace as a center for innovation, diversity, and global competitiveness.

South Korea

Given South Korea's position as a global leader in manufacturing across technology, automotives, chips and semi-conductors, it is no surprise that South Korea's ETF market, with baskets including equities from those thriving sectors, observed such a strong 2025.

ETF AUM grew around 75% in 2025, up from $118bn (USD) in 2024 to $206bn (USD)[22], and South Korea will now have its eye on surpassing Australia and Taiwan in the coming months.

However, the significant growth of its ETF sector has not been without challenges. Whilst AUM continues to accelerate, there have been growing pains within the market as product proliferation continues. In 2025, there were 253 new ETFs listings but 157 ETF closures (up 76% from 89 de-listings in 2024[23]). The majority of the de-listings were smaller-scale ETFs that were unable to compete with larger counterparts that operate at scale and with lower fees.

$210.5bn (USD)

Australia ETF AUM

$206bn (USD)

South Korea ETF AUM

Source: ETFGI, as at Dec 31, 2025

[19] *[Taiwan Stock Exchange (TWSE)](#)*

[20] *The Current Landscape of Active ETF Issuance in Taiwan: From Innovation to Breakthrough, TWSE, August 20, 2025*

[21] *Navigating growth: strategies for success in the Asia-Pacific ETF market, EY, June 2025*

[22] *ETFGI Asia Pacific (ex-Japan) ETFs industry insights report, December 2025, December 2024*

[23] *ETFGI Asia Pacific (ex-Japan) ETFs industry insights report, December 2025*

Yet fee compression is not the only deciding factor. A clear first-mover advantage has also emerged in South Korea, where, much like in the U.S., early entry can mean long-term dominance[24]. Despite delivering a relatively high total expense ratio compared to peers tracking the same index, the very first ETF listed in South Korea (in 2002) has maintained its market leading position in terms of AUM for nearly two decades[25].

Whilst ETFs have emerged as the vehicle of choice for South Korean investors, there is also a growing trend for investors to access offshore ETFs. As at June 2025, international ETFs listed in Korea accounted for approximately $53.8bn (USD), but offshore ETFs providing international exposures (held by Korean investors) totaled approximately $35.3bn (USD) with more than $26bn (USD) flowing into these ETFs in the past five years[26]. Favourable tax treatment for offshore ETFs, in addition to the opportunity to access ETFs deemed riskier in the local market (such as 2x leverage and inverse ETFs, along with single-stock ETFs), have attracted South Korean investors to these offshore ETFs.

South Korea's ETFs market is booming, but as competition intensifies and investor preferences evolve, the next phase of growth will hinge on innovation, global connectivity, and the ability to adapt to shifting regulatory and tax landscapes.

India

India's ETF market is also undergoing significant growth, and whilst it has not yet achieved the same AUM as Australia, South Korea, or Taiwan, it has still demonstrated impressive progress over the past decade, achieving a 10-year CAGR of 44.5%[27].

The market remains heavily weighted towards domestic equities and commodities, with commodity ETFs observing a stellar 2025, capitalizing on the surging price of both gold and silver, and accounting for 48% of net new flows in 2025[28].

Government initiatives in India initially played a key role in driving the growth of the ETF industry, when the Employees' Provident Fund Organisation (EPFO) began allocating 5% of its total investments into ETFs for divestment opportunities to promote wider awareness and acceptance[29]. The 5% allocation has since grown to 15%[30], providing a major boost to ETF demand and liquidity.

More recently, retail participation has seen significant growth, with a 634% increase in retail account openings since 2020[31]. This surge has been driven by rising financial literacy, digital trading platforms, and a younger investor base seeking low-cost, transparent investment options.

Regulatory efforts, such as the introduction of the 'Lite Framework' in September 2024 have also helped to promote passive ETFs in India. However, restrictions on foreign equities, non-traditional asset classes, and active ETFs continue to limit diversification opportunities for investors.

As India's ETF market continues its rapid ascent, unlocking diversification and easing regulatory barriers will be key to India's global competitiveness. As one of the world's largest economies, India has great potential to grow its ETF market.

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[24] *An Analysis of Competitive Fee Reductions in Korea's ETF Market, Korea Capital Market Institute, June 10, 2025*

[25] *Ibid.*

[26] *Increasing Demand for Overseas-Listed ETFs in Korea: Causes and Policy Challenges, Korea Capital Market Institute, September 2, 2025*

[27] *ETFGI Asia Pacific (ex-Japan) ETFs industry insights report, December 2025*

[28] *Ibid.*

[29] *Ion's Sandeep Sabnani and DSP's Anil Ghelani discuss the rise of ETFs in India, ION, Nov. 11, 2024*

[30] *IAASGYAN, Exchange Traded Funds*

[31] *EY JPM APAC Report, October 2024*

Looking Ahead

In 2026 as markets across Australia and APAC demonstrate robust ETF growth, the region is poised to continue to thrive.

In Australia, the regulatory environment is innovative and supportive for new managers entering the market place, but there may be a saturation point.

The active vs. passive debate will continue, even amidst the recent momentum of new active listings. New active managers must carefully evaluate their long-term strategy; the initial listing is just the tip of the iceberg. Long-term success requires a well-defined strategy that incorporates ongoing capital markets services, a focused distribution and sales plan, and platform strategies, all underpinned by strong operational and Securities Services support.

Advisors will continue allocating to ETFs, and with the sustained rise of digital platforms and data-driven advice, we can anticipate that the use of ETFs will continue to grow, allowing advisors to focus on true value-add services.

Across Asia – from Taiwan and South Korea to India – competition will increase as each market continues its growth trajectory. With globalisation and interconnectivity key amongst Asian markets, it is clear that cross listings, whether through exchange partnerships or master/feeder structures, will continue. This will provide investors with a broad range of international exposures, allowing them to tap into growth opportunities across the region with greater efficiency and flexibility.

Australia's journey highlights valuable lessons for global markets – demonstrating that adaptability, investor-centric solutions, and regulatory foresight are key drivers of sustained ETF success. The progress seen in Australia, and throughout Asia, is fostering a more mature and interconnected ETF landscape, paving the way for continued evolution and opportunity across global markets.

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