

# BNY MELLON EXCHANGE TRADED FUNDS SYMPOSIUM

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We've seen a number of trends in the market, I think some of the more interesting things is after a number of years of probably some regulatory strictness, the regulators have opened up to being more open and new and different conversations about types of products are coming. I think one of the more important innovations that is working its way through are non-transparent active managed funds utilizing different structures. I think you're going to see more in the way of smart beta products where people are looking at different factors and coming up with new and novel indices to provide investors with access that's less correlated to the general market than what's out there and so certainly those things are coming down. I think China Interbank Bond Market, providing access to the Chinese bond market directly, all these products are probably coming in the next three to six months and should provide, again, investors with an opportunity to gain access to products sets that they haven't had in the past. I think again non-transparent active products are very hot. I think smart beta and some of the factor based investments, I think one of the larger topics now is FX hedging on top of broad portfolios.

So what you're seeing now in the market is a lot of fluctuation in the currencies, a lot of devaluation in currencies because different markets are worried about deflation over the next six to eight months. And so top of mind is still gaining exposure to emerging and frontier markets, but they want to do so without getting a fluctuation of the currency. So currency hedged products are very popular with more and more coming to market and more folks are adopting them because of some of the issues that you're seeing with the global macro environment.

We do continue to see more and more retail investors adopt these products. Whether it's they're doing it themselves through a non-transaction feed platform like you see at Schwab or Raymond James or some of these others where folks are able to go in and invest in small dollar increments and do it on their own. You're seeing a lot of investors adopt ETFs through that type of environment. Again modern portfolios, so strategists who manage kind of a mild portfolio and put those out there for investors to follow. It's giving them the tools and kind of the expertise that you would normally see in traditional institutional asset management. It's allowing individual investors to have that same professional access and utilize ETFs as the building blocks for doing that.



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