

# ETFBOOK

## 2025 European ETF Market Landscape Report

A Milestone Year as the Market Surpasses  
\$3 Trillion in Assets under Management



# Executive Summary

2025 marked a defining milestone for the European ETF industry. For the first time, total **assets under management (AuM) surpassed \$3 trillion**, underscoring the market's scale, resilience and continued adoption across institutional and retail investors alike. Record net inflows, strong market performance and sustained product innovation combined to accelerate the pace of growth, reinforcing ETFs' role as **core building blocks in modern portfolio construction**.

Beyond asset growth, the year also highlighted a clear evolution in how ETFs are being used. Investors increasingly relied on the ETF wrapper not only for broad market exposure, but for more precise implementation of **regional, sector and thematic allocations, active strategies, and risk management tools such as currency and duration hedging**. At the same time, rising trading volumes and broader participation demonstrated ETFs' expanding function as efficient vehicles for **liquidity and price discovery**, particularly during periods of market stress.

This report distils ETFBOOK data into the key metrics, behavioural shifts and structural trends that shaped the European ETF landscape in 2025. Together, these insights point to a market that is not only larger, but **more sophisticated, more versatile, and more integral to how investors allocate capital and manage risk**.



**Disclaimer:**

In this report, we analyse European UCITS ETFs, ETPs, ETCs, and crypto ETNs, which we collectively refer to as "ETPs".



# 1

2025 European ETF Market Landscape Report

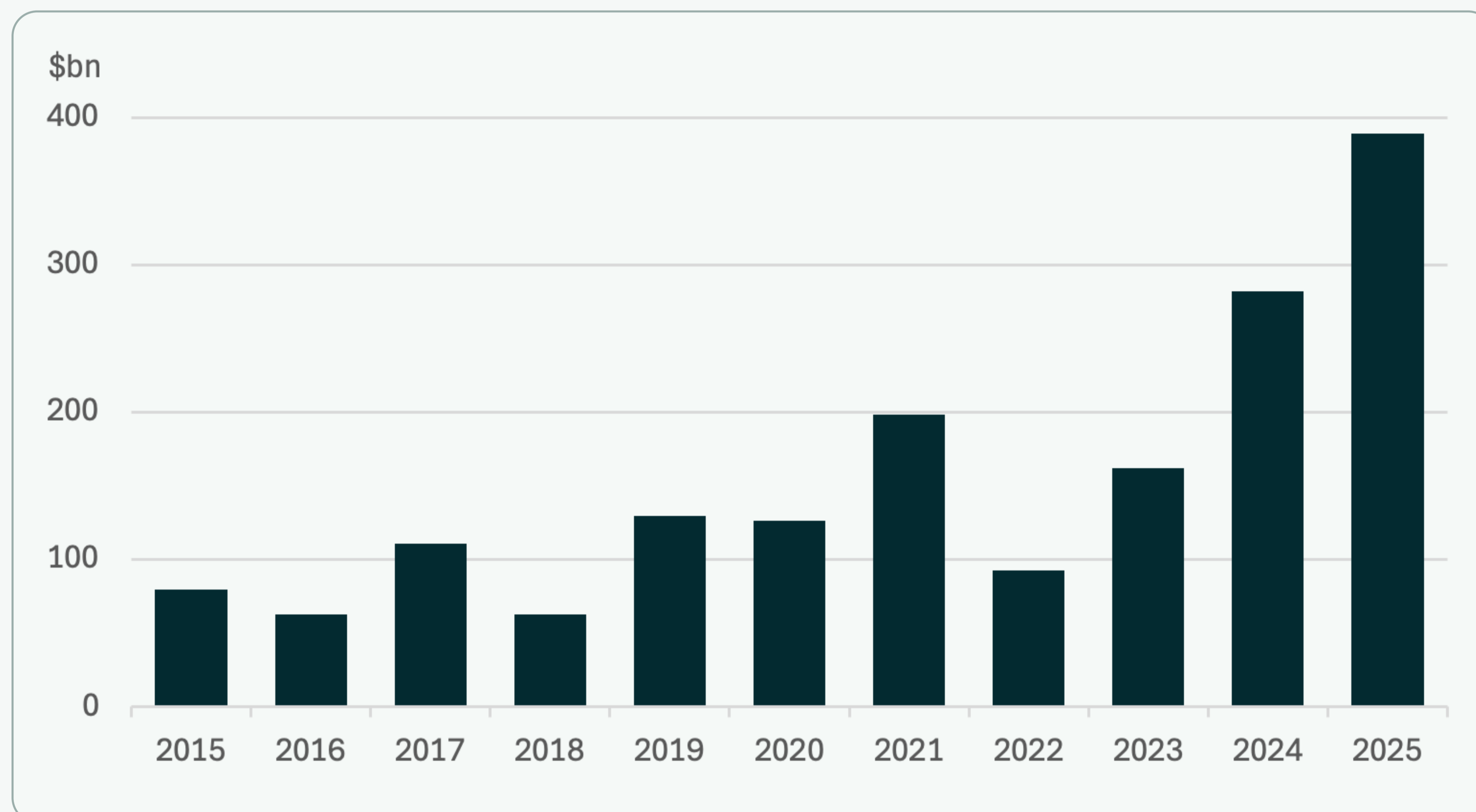
# The 5 Most Important ETF Market Metrics and Trends of 2025

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# Market Size and Growth Dynamics: The Fast Track to \$3 Trillion

2025 was a record-breaking year for the European ETP market. Net inflows reached **\$390 billion**, the highest annual total on record. Combined with strong market performance, these flows propelled European ETP assets beyond **\$3 trillion in AuM** at unprecedented speed.

CHART 1A: ANNUAL NET FLOWS IN EUROPEAN ETPS (USD BN)



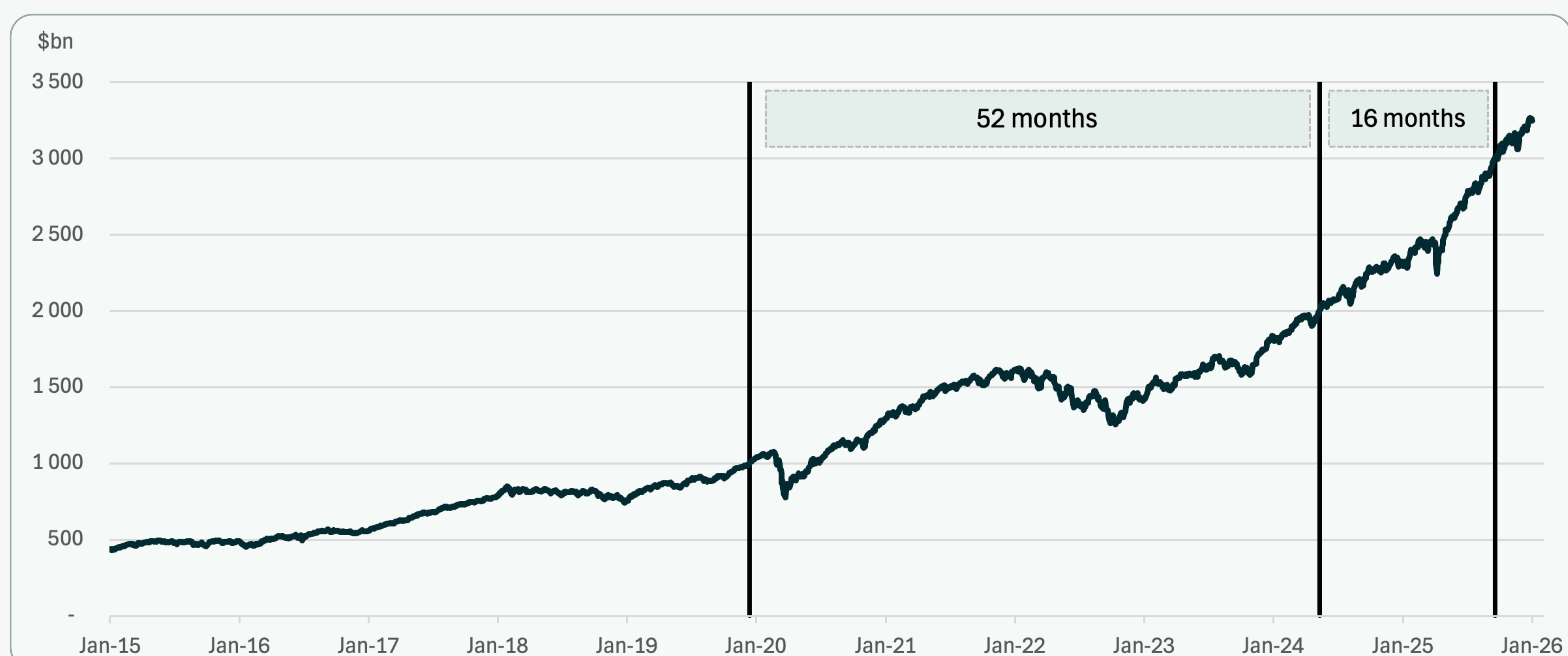
## Growth Is Accelerating

The pace of asset accumulation has increased dramatically:

- **\$1 trillion** reached in **December 2019**
- **\$2 trillion** reached in **May 2024** (52 months later)
- **\$3 trillion** reached in **September 2025** – just **16 months** after crossing \$2 trillion

This compression in time highlights a step-change in ETP adoption, reflecting both structural demand and increased confidence in ETPs as core portfolio instruments.

CHART 1B: HISTORICAL EVOLUTION OF EUROPEAN ETPS ASSETS UNDER MANAGEMENT (USD MN)

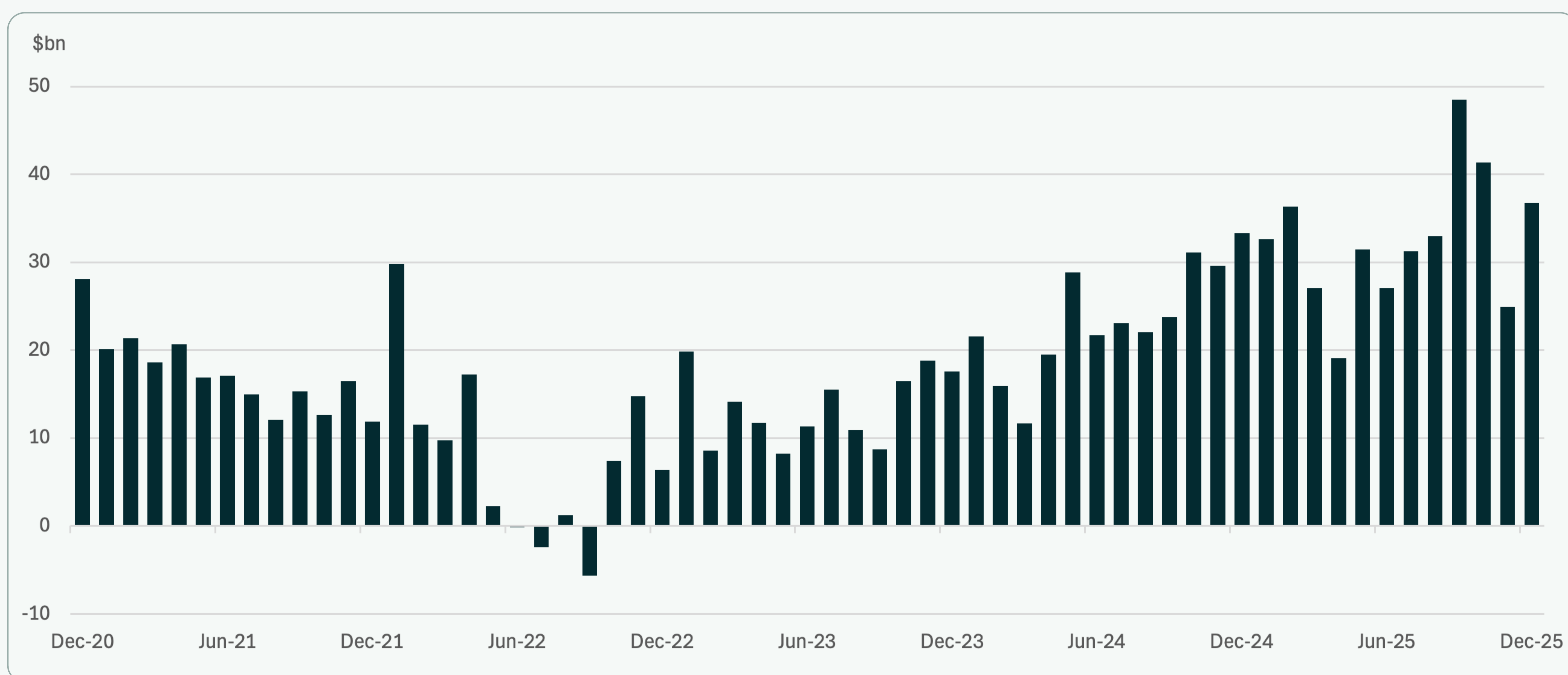


# Persistent Resilience: Flows Stayed Positive Through Volatility

European ETPs recorded their **39th consecutive month of net inflows** in December 2025, underscoring the continued structural adoption of the ETP wrapper across portfolios.

Although flows were softer in the first half of the year, largely due to uncertainty surrounding April's tariff announcements, momentum rebounded sharply in the second half. September and October delivered **record monthly inflows of approximately \$45 billion each**, closing the year on a strong note.

CHART 2A:EUROPEAN ETPS MONTHLY NET FLOWS (USD BN)

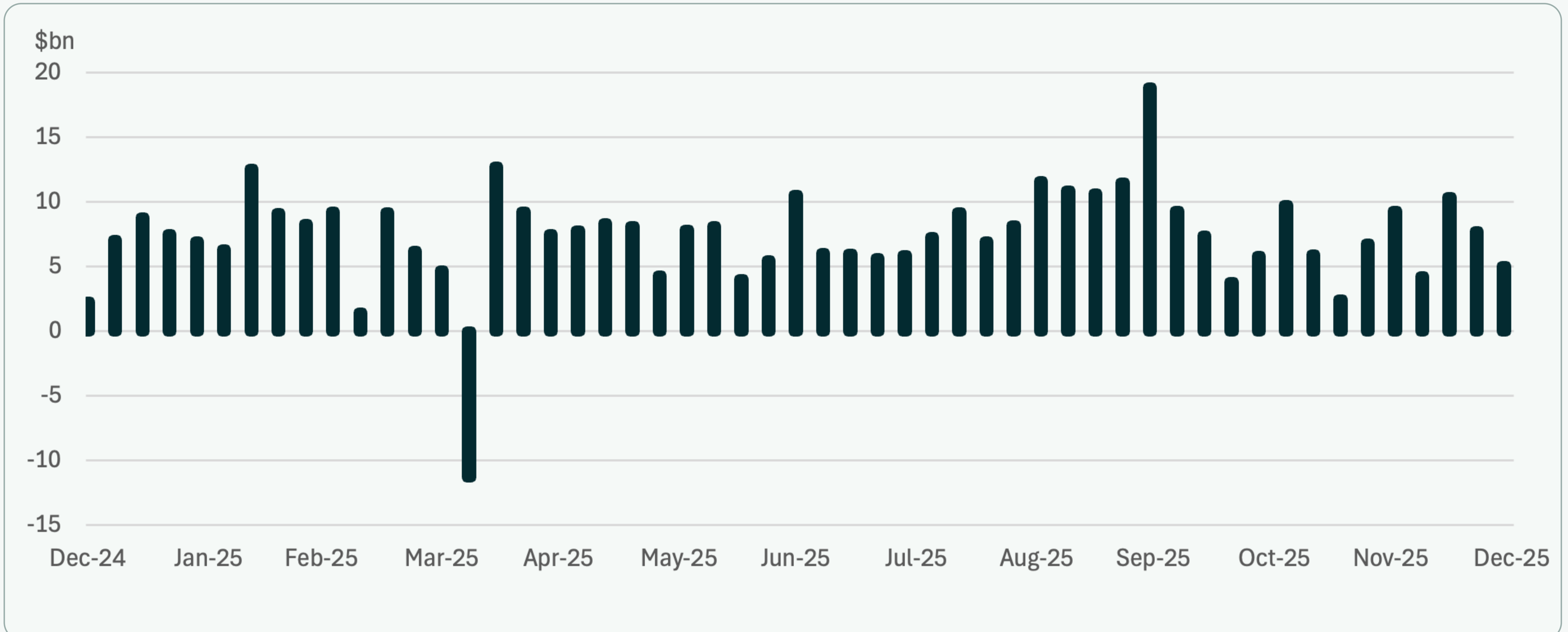


## Volatility Did Not Break the Trend

Weekly data reinforces this resilience. Of the **52 weeks in 2025**, only **one** recorded net outflows, coinciding with the peak of tariff-driven volatility in the second week of April. However, the setback was brief, as flows rebounded the following week with nearly **\$13 billion inflows**, marking the **second-largest weekly inflow of the year**.

# Persistent Resilience: Flows Stayed Positive Through Volatility

CHART 2B: EUROPEAN ETPS WEEKLY NET FLOWS (USD BN)



As seen in previous episodes of heightened market volatility, rather than exiting markets altogether, investors increasingly used ETPs to **reposition portfolios** in order to align with evolving conditions and opportunities. The breadth and granularity of the ETF market enabled tactical reallocations – notably a rotation away from US-focused equity ETFs toward European strategies in the first half of the year (more on that in Chapter 6).

# Asset Class Composition and Capital Allocation

All six asset classes recorded **positive net new money** in 2025, for a **total of \$390bn**.

- **Equity ETFs: +\$282bn**
- **Fixed Income ETFs: +\$91bn**
- **Commodity ETCs: +\$11.8bn**
- **Crypto, Multi-asset and Alternatives:** modest but positive inflows (~\$4bn combined **NNM**)

**TABLE 3A: KEY METRICS BY ASSET CLASS**

Asset Class	Funds (Count)	Classes (Count)	Listings (Count)	AuM (USD mn)	AuM (%)	Total Net Flows (%)	AuM (%) 2025	AuM (%) 2024
<b>Total</b>	<b>3 360</b>	<b>5 535</b>	<b>19 894</b>	<b>3 246 779</b>	<b>100,00</b>	<b>100.00</b>	<b>100,00</b>	<b>100,00</b>
Equity	1 944	2 951	12 231	2 327 262	71,68	72.51	71,68	71,03
Fixed Income	700	1 797	5 220	666 605	20,53	23.29	20,53	22,39
Commodity	329	384	1 167	227 379	7,00	3.03	7,00	5,53
Cryptocurrency	295	296	943	16 740	0,52	0.73	0,52	0,77
Multi-Asset	32	42	189	5 790	0,18	0.26	0,18	0,17
Alternatives	60	65	144	3 003	0,09	0.18	0,09	0,10

## Flows vs. Market Share

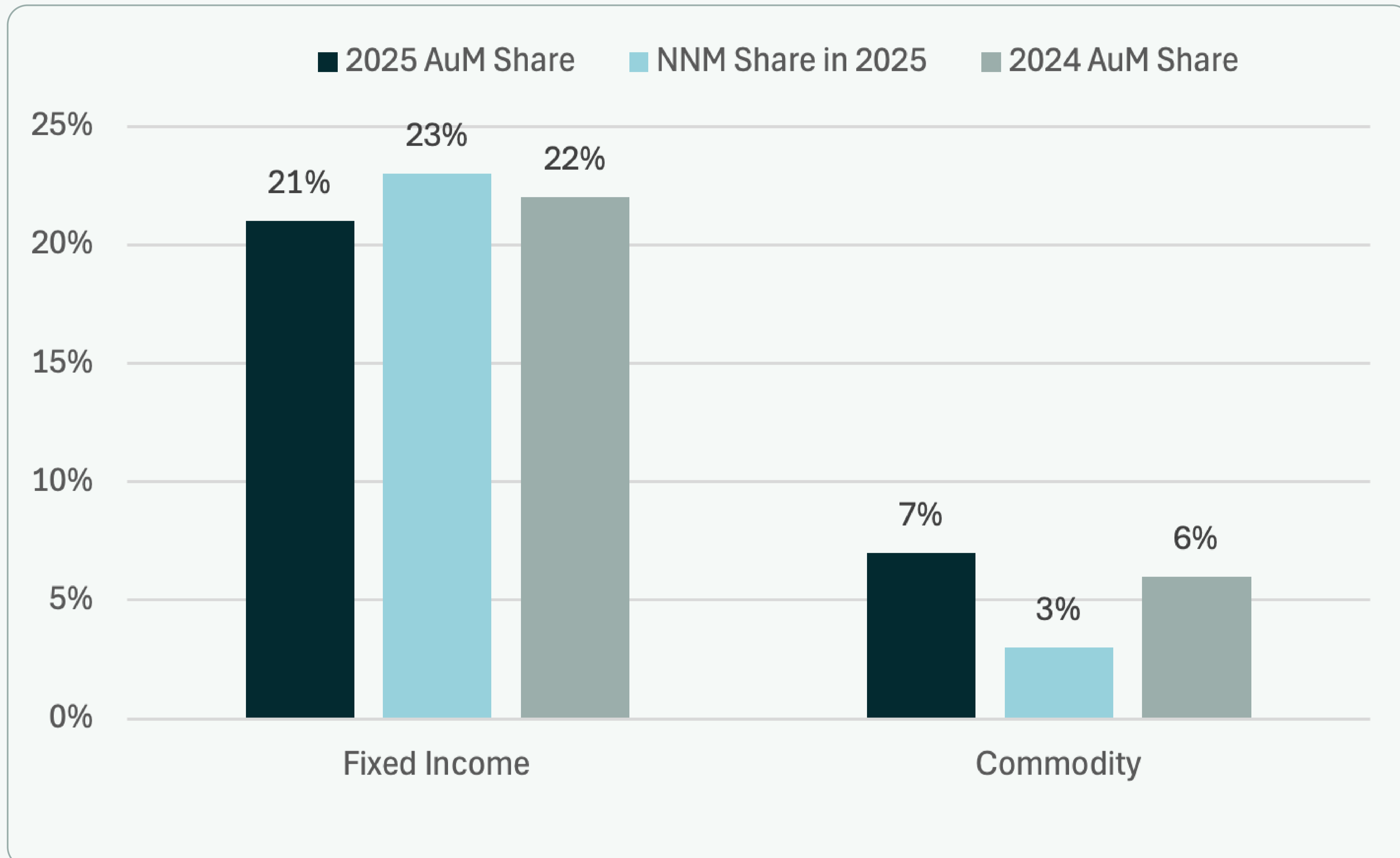
- Equity ETFs accounted for **just over 72.5% of net flows**, closely aligned with their **71.6% share of AuM**, reaffirming their role as the core building block of ETF portfolios.
- Fixed income ETFs attracted **23.3% of flows**, exceeding its **20.6% AuM share**, reflecting sustained demand for income and defensive characteristics.

Interestingly, despite strong inflows, fixed income's AuM share declined by year-end, as returns lagged other asset classes, which is a reminder that it is a combination of performance and flows that drives asset shares.

## Commodities: Performance-Driven Growth

Commodity ETCs entered 2025 with **5.5% of total AuM** but captured only **~3% of net flows**, which comes as a surprise given that 2025 was dominated by headlines about precious metals. Despite this, their share of total assets rose to **~7%**, driven primarily by strong **performance** rather than new allocations.

CHART 3B: CHANGES IN AUM SHARE AND NNM SHARE FOR SELECTED ASSET CLASSES



## Inside Fixed Income: Safety and Yield Coexist

Within fixed income:

- **Ultra-short duration ETFs** attracted strong inflows, reflecting elevated geopolitical risk and investor caution despite a rate-cutting environment typically favouring longer duration.
- **High Yield ETFs** experienced temporary outflows during April's turmoil but recovered steadily through year-end, illustrating a balance between risk aversion and yield-seeking.

CHART 3C: NET FLOWS BY FIXED INCOME SUBCLASS (USD BN)

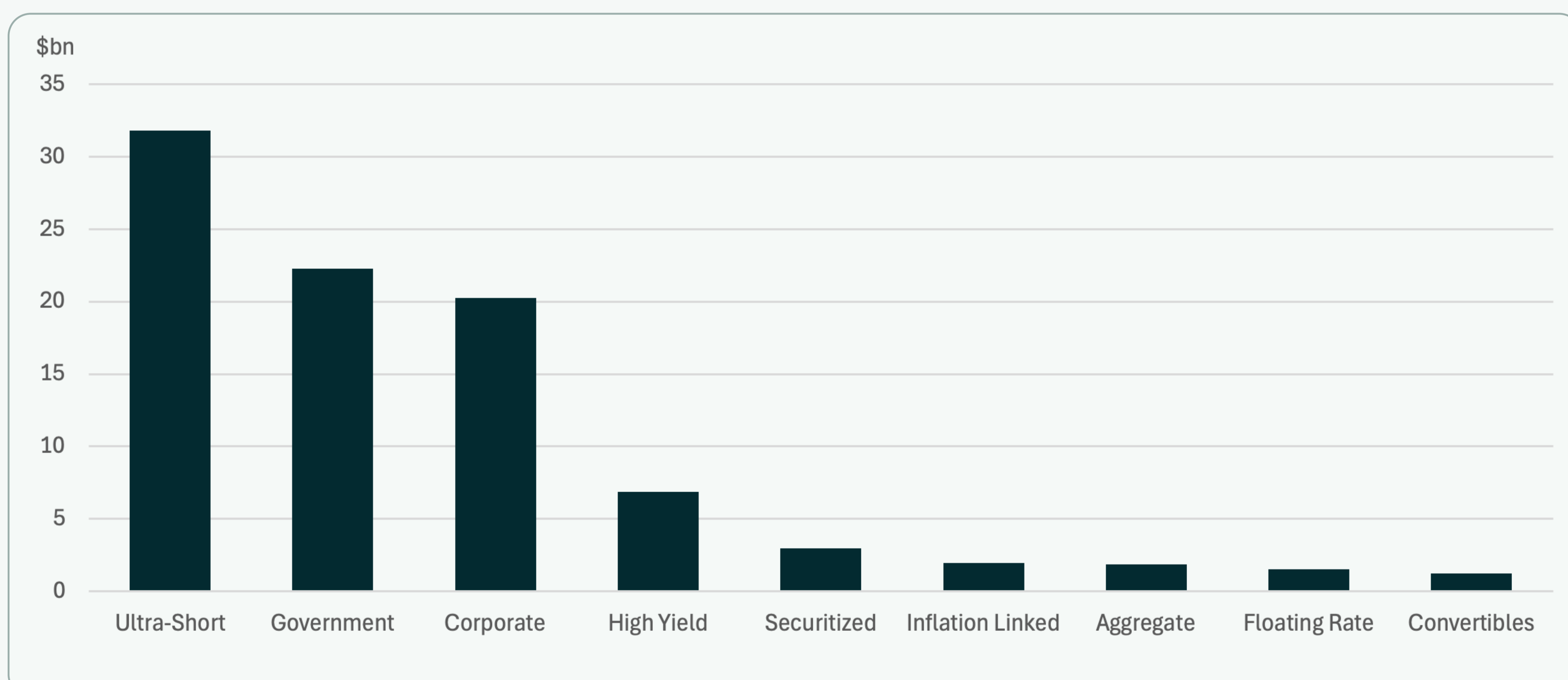
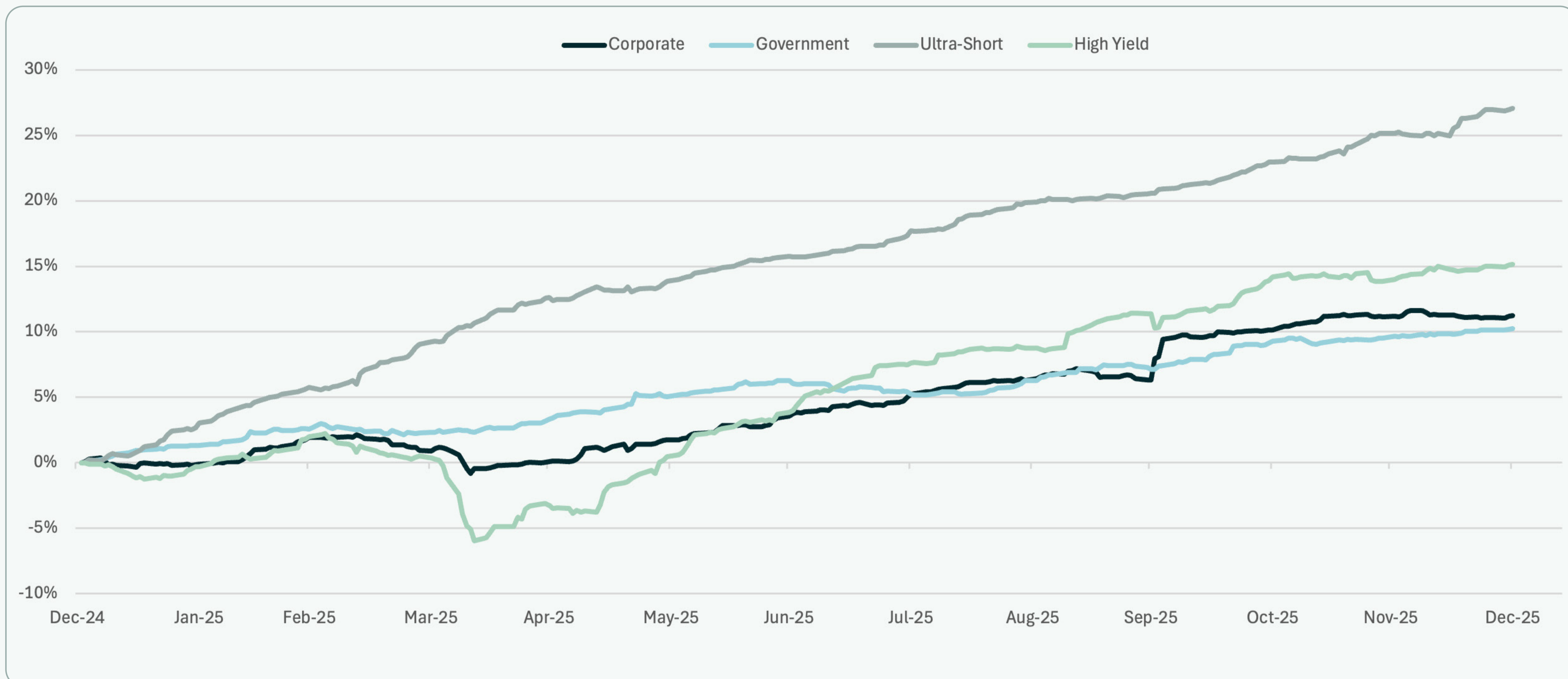


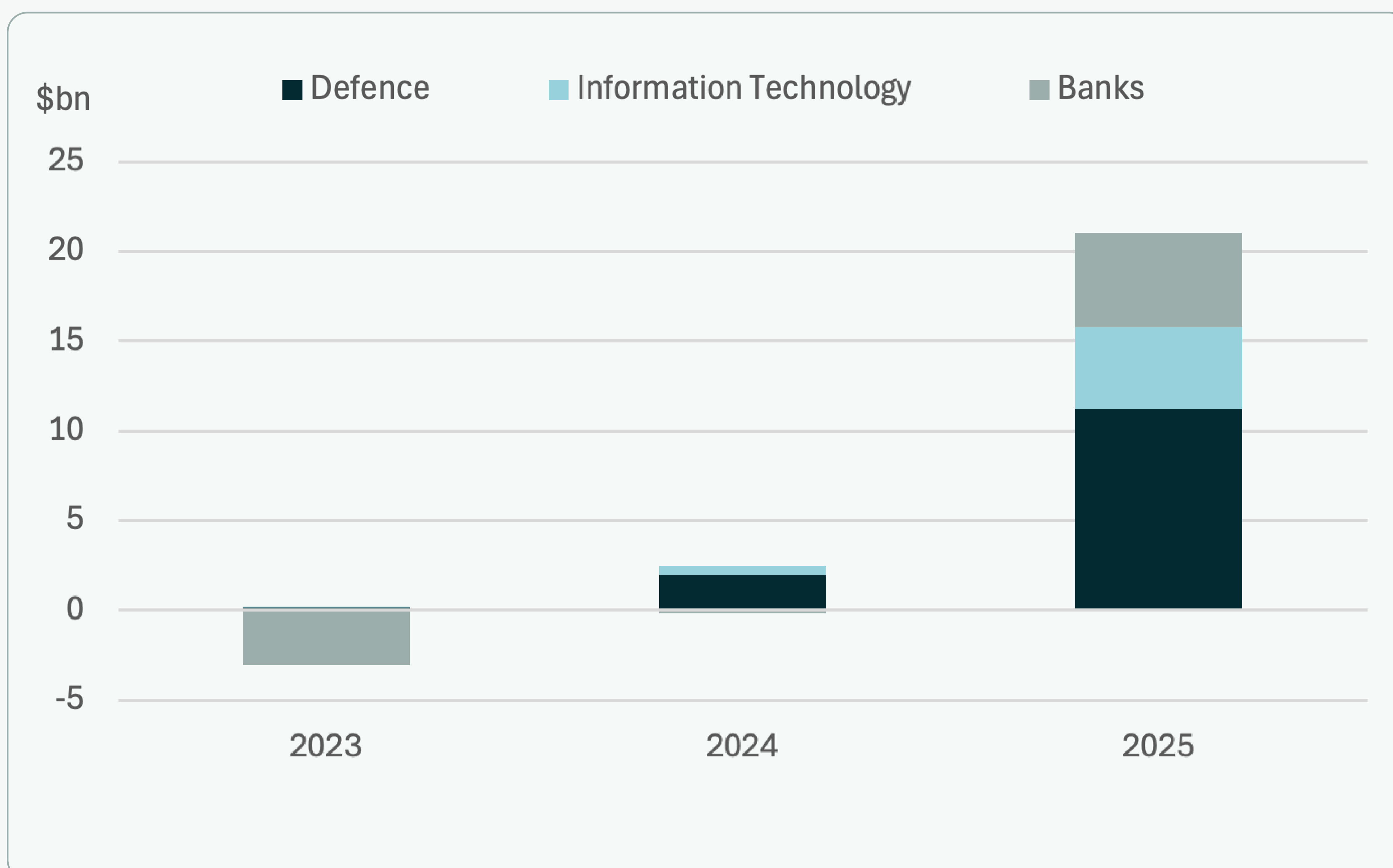
CHART 3D: CUMULATIVE NET FLOWS AS % OF AUMS FOR SELECTED FIXED INCOME SUBCLASSES



## Equities: Sector and Theme Demand Accelerates

Thematic and sector equity ETFs saw a sharp resurgence. Defence, Banks, and IT-focused funds collectively attracted ~\$21bn in 2025, up from just \$2.3bn in 2024, highlighting renewed appetite for targeted exposures.

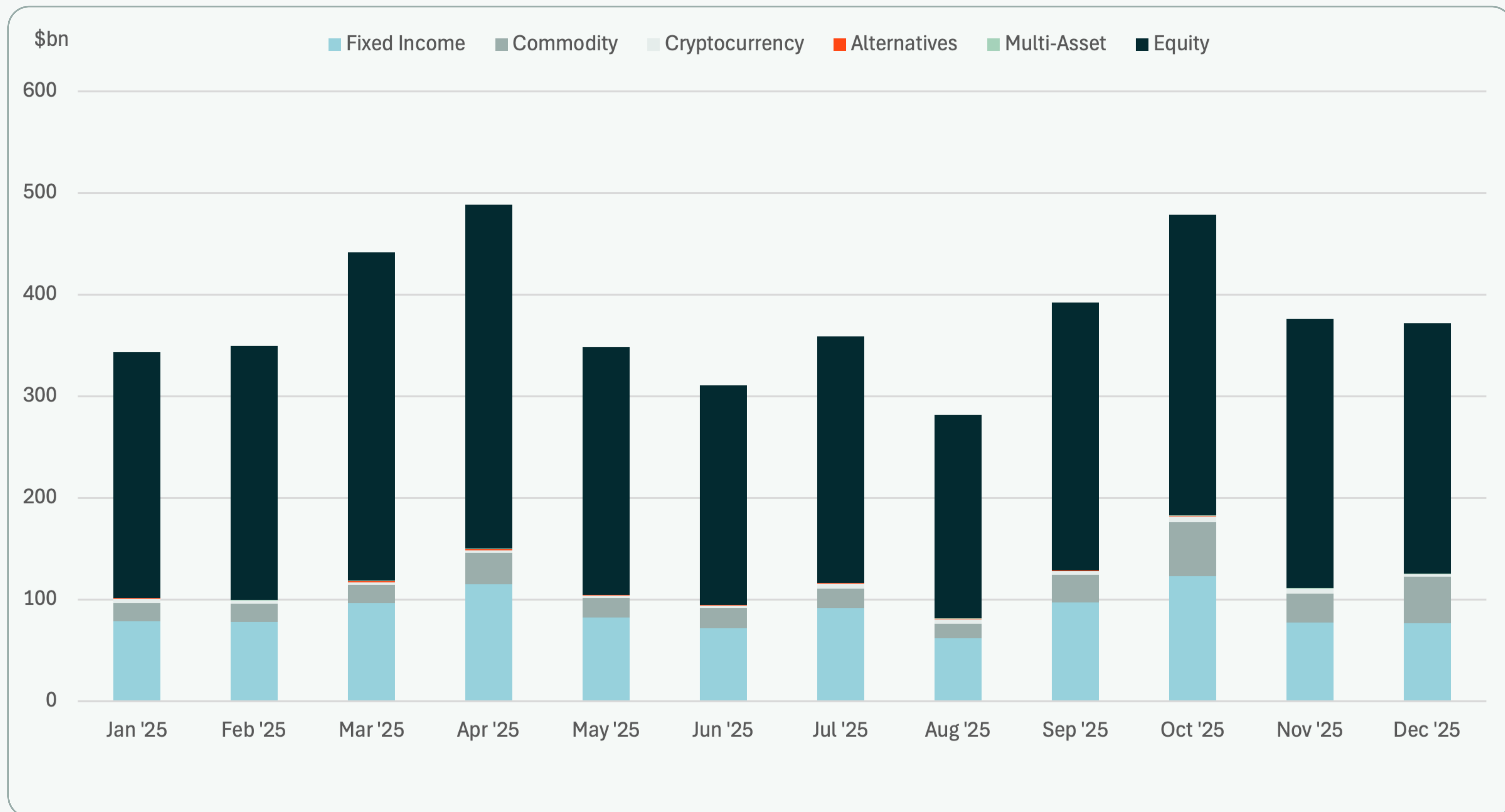
CHART 3E: NET FLOWS FOR SELECTED EQUITY CATEGORIES (USD BN)



# Liquidity, Cost and Trading Efficiency in Stressed Markets

Periods of market stress tend to coincide with higher trading volumes and 2025 was no exception. The April tariff episode triggered a spike in ETF trading activity, reinforcing ETFs' role as **liquidity and price-discovery tools** during volatile conditions.

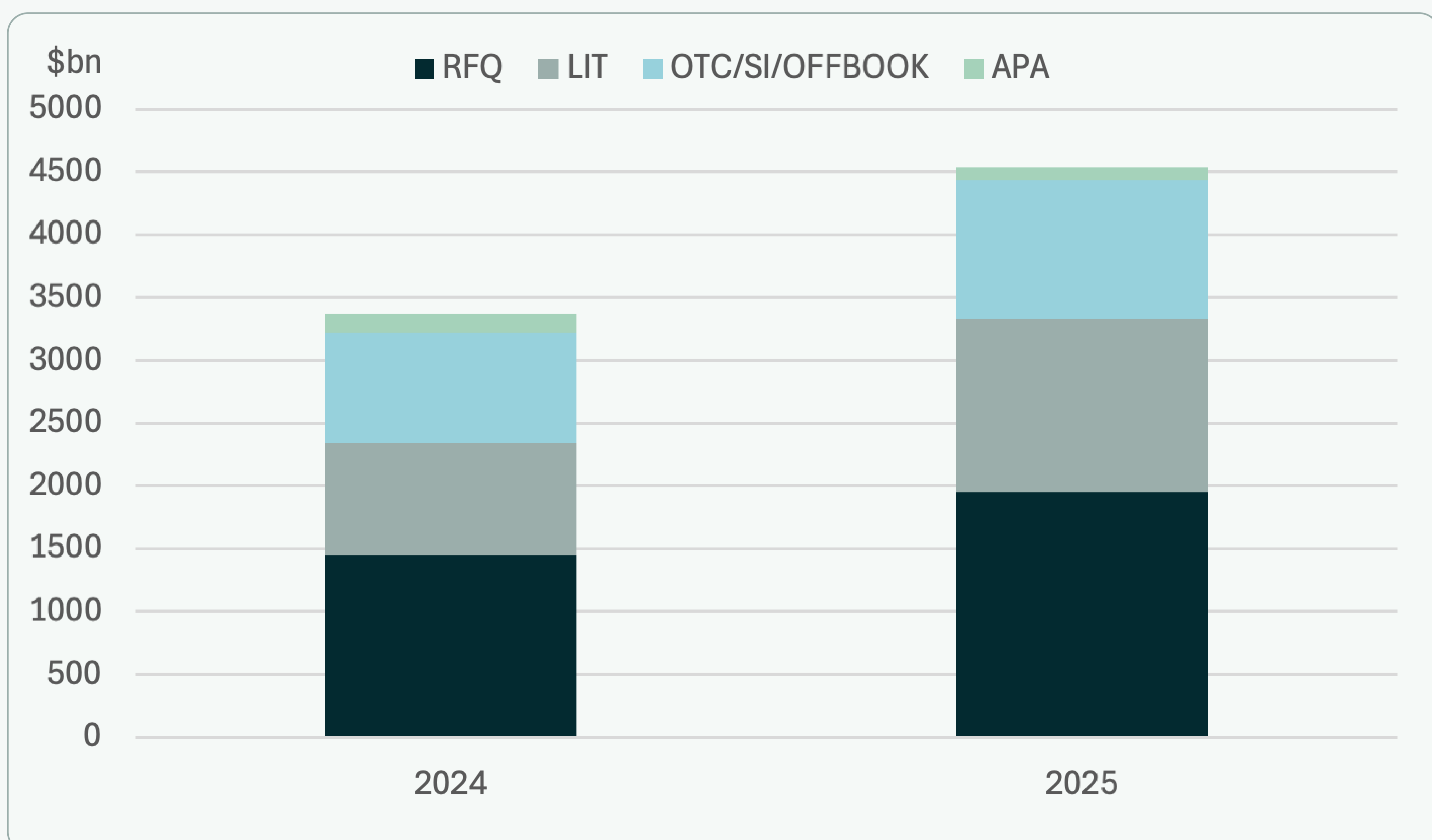
**CHART 4A: TRADING VOLUME BY ASSET CLASS (USD BN)**



## Trading Volumes Surge

Total ETF trading volume rose from **\$3.4tn in 2024 to \$4.5tn in 2025**, a **33% year-on-year increase**.

**CHART 4B: TRADING VOLUME BY TRADE CATEGORY (USD BN)**

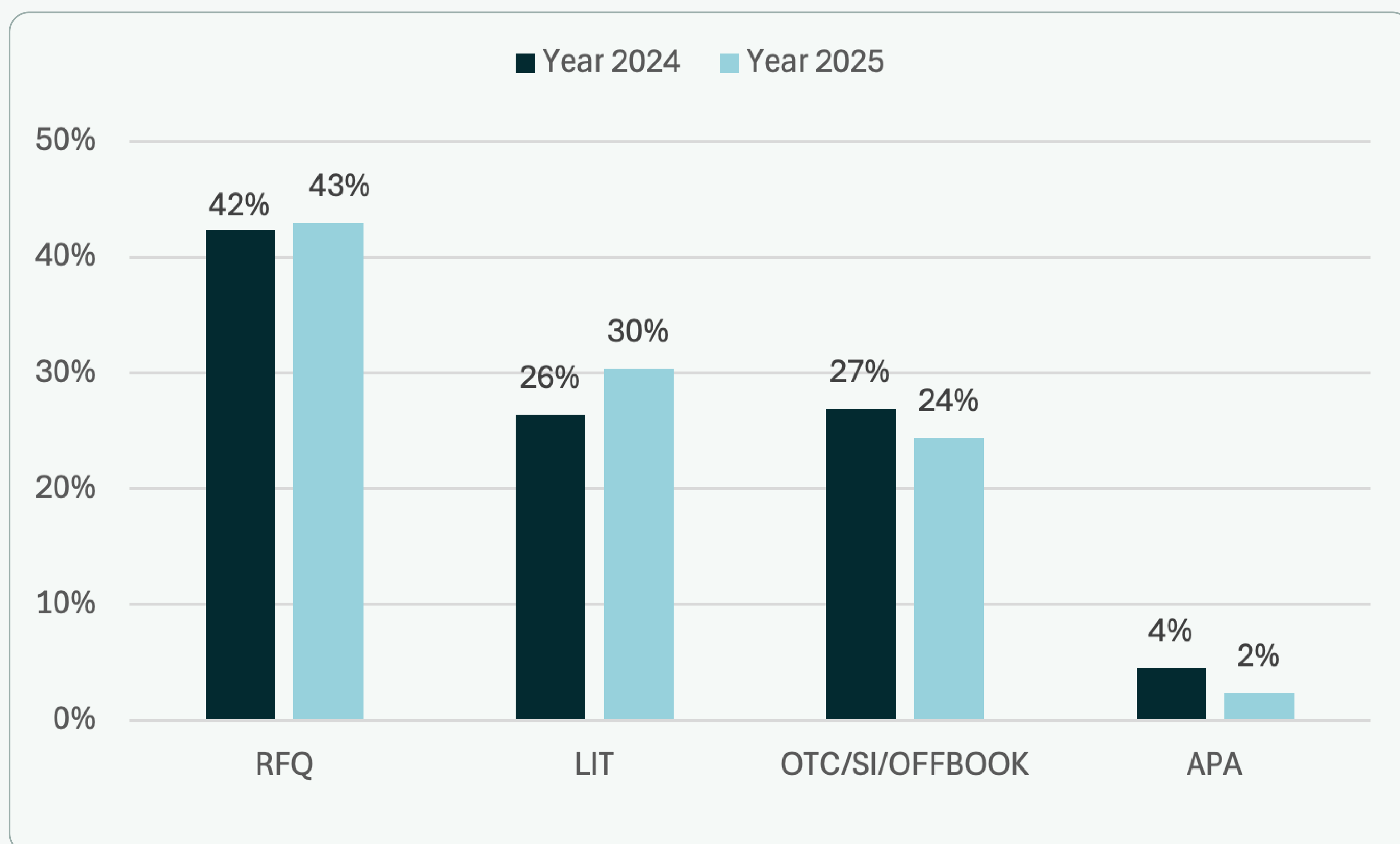


## Retail Participation Is Growing

- RFQ trading remained dominant, accounting for ~**43%** of total volume.
- **LIT trading** volume rose sharply to **30.4%** of the total (from ~26–27% in 2024).
- The share of OTC trading volume declined to **24.4% in 2025, down from 26.8% in 2024**

If LIT trading is viewed as a proxy for retail usage, this shift suggests that **retail ETF adoption is accelerating**, even in a volatile market environment.

CHART 4C: SHARE OF TRADING VOLUME BY CATEGORY PER YEAR



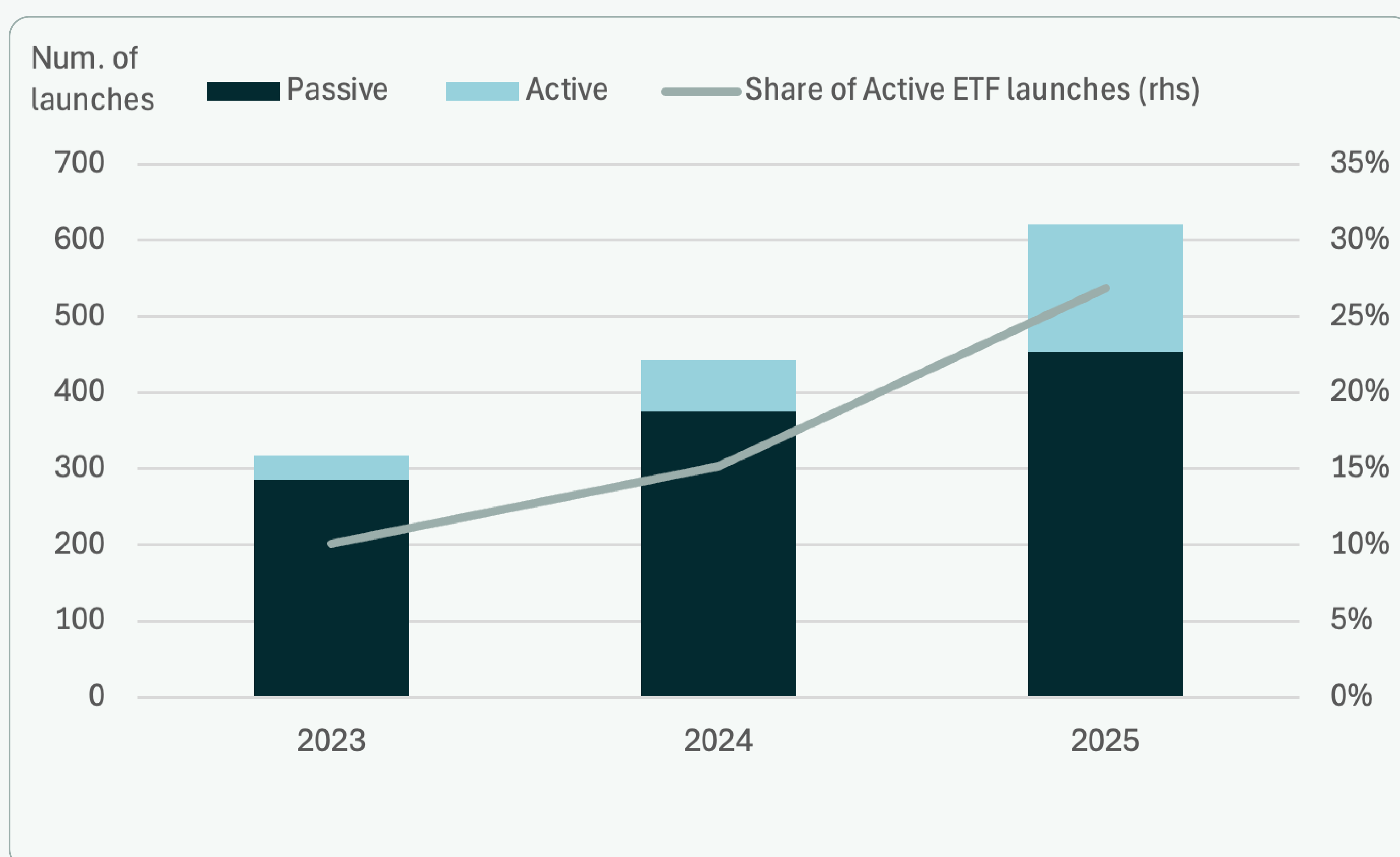
# Record Number of Launches and a Clear Shift Toward Active Products

ETF innovation accelerated to record levels in 2025.

A total of **621 new ETPs launched** in 2025, nearly double the 317 recorded in 2023, marking a strong pace of product development.

While passive strategies dominate in absolute terms, active strategies drove much of that growth. **Active ETP launches jumped from 32 to 167 in just two years**, lifting their share of new supply from **10% to 27%**. In practical terms, **one in four new ETPs is now actively managed**, which is a meaningful shift for a market long defined by passive beta.

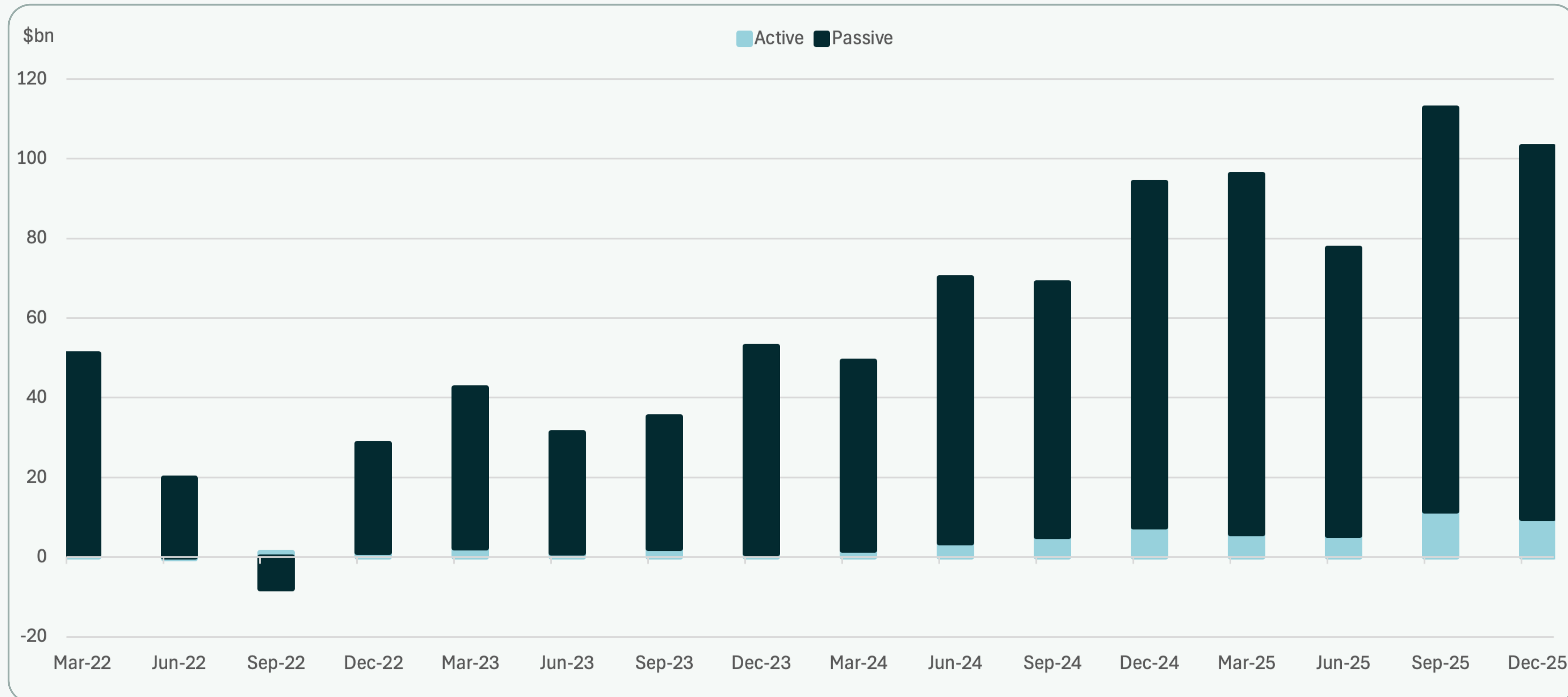
CHART 5A: NEW ETP LAUNCHES BY TYPE PER YEAR



Flows tell the same story. While passive products still absorb the majority of assets, **active ETFs captured steadily rising net inflows throughout the year**, with quarterly allocations reaching high single-digit billions. This is clear evidence that adoption is investor-led, not just issuer-driven.

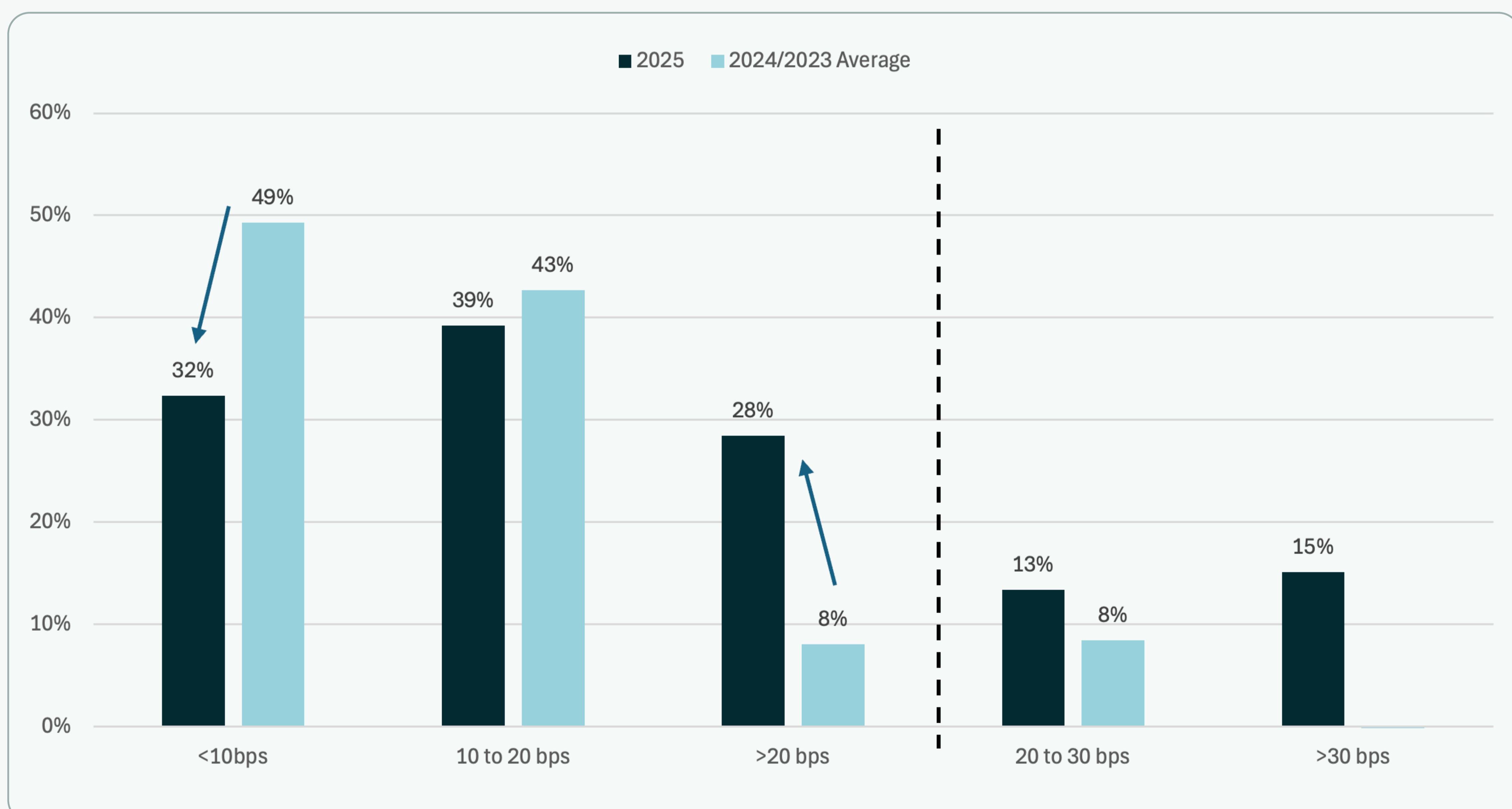
# Record Number of Launches and a Clear Shift Toward Active Products

CHART 5B: NET FLOWS BY TYPE (USD BN)



Pricing dynamics are evolving too. The lowest-fee tiers remain predominantly passive, but **higher-TER bands gathered increasing share of net new money**, particularly in the 20–30 bps and 30+ bps ranges. Investors are showing a growing willingness to **pay for differentiated exposures**, rather than focusing solely on cost.

CHART 5C: PERCENTAGE OF NET FLOWS BY TER GROUP



At the same time, **competition broadened** as numerous established asset managers entered the ETF space for the first time, underlining how the ETF wrapper is becoming a standard delivery format across the industry.

# Record Number of Launches and a Clear Shift Toward Active Products

TABLE 5D: OVERVIEW OF NEW MARKET ENTRANTS IN 2025

Provider	Product launches
Eurizon Capital S.A	21
Schroders	5
Allsolutions ETF	4
M&G	4
NORDEA ETF	3
iMGP	3
Swisscanto	3
Dimensional	2
Columbia Threadneedle	2
Ofi Invest	2
Inyova	1
Indépendance AM	1
Palmer Square ETFs	1
Active Core Asset Management	1
Eldridge	1
Morgan Stanley Garnet Funds	1
CREDIT MUTUEL	1



# 2

2025 European ETF Market Landscape Report

# The 3 Most Prominent Market Shifts Shaping European ETFs in 2025

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# A Weaker Dollar and the Return of Regional Diversification

For much of the past decade, US equities dominated global ETF allocations. Strong relative growth and tech-led performance kept flows concentrated in North America-focused products.

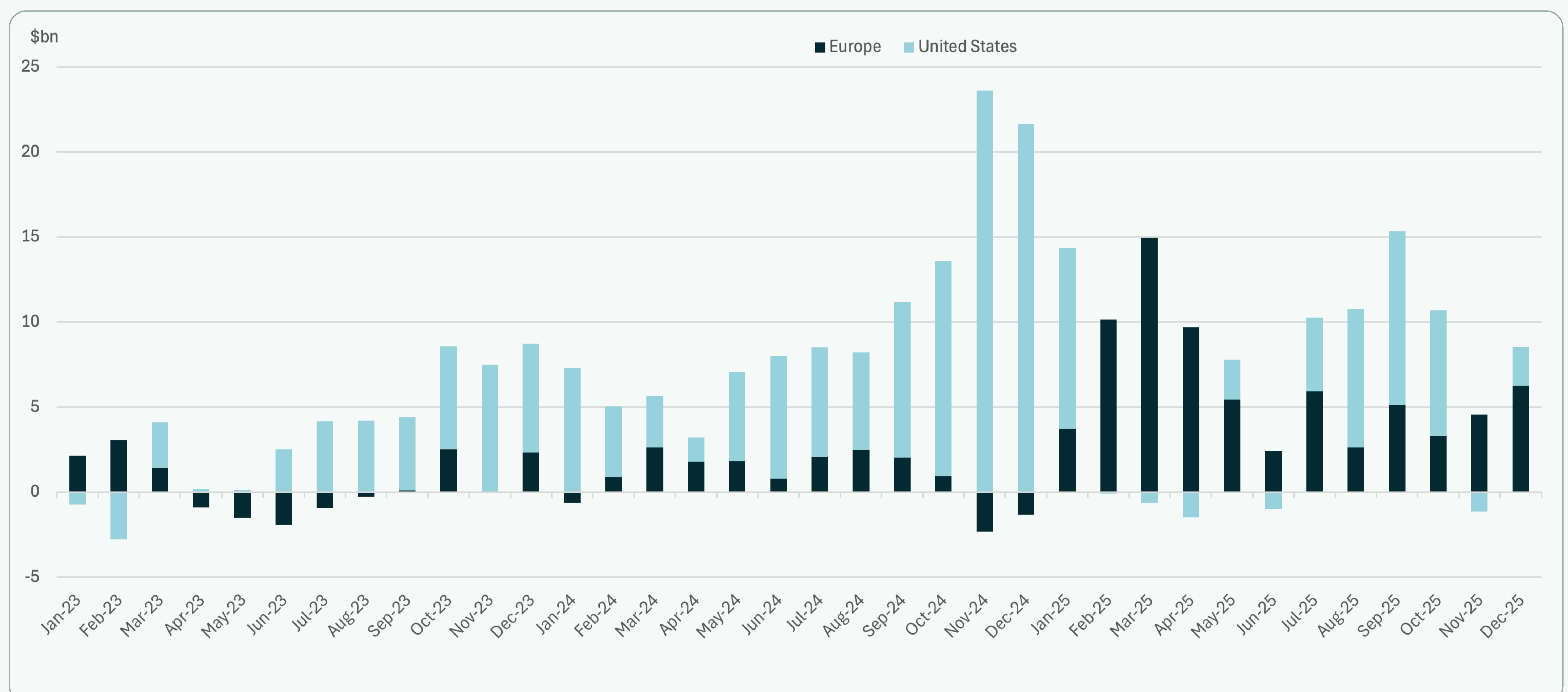
While US still plays the dominant role in global capital markets and ETF client's portfolios, in 2025 we have seen a shift in interest.

## Flows reveal a rotation

When equity ETF flows are segmented by geography, a clear rebalancing emerges:

- Momentum into US-focused products softened
- Europe-focused ETFs recorded multiple months of **\$10–15bn inflows**
- Allocations broadened beyond a single regional growth engine

CHART 6A: NET FLOWS FOR EUROPEAN AND US EQUITY ETFs (USD BN)



The shift reflects a reassessment of relative opportunities. Europe entered the year with lower valuations and improving fundamentals, while elevated concentration in US mega-cap technology increased diversification concerns.

Rather than abandoning US exposure, investors began **rebalancing more deliberately across regions.**

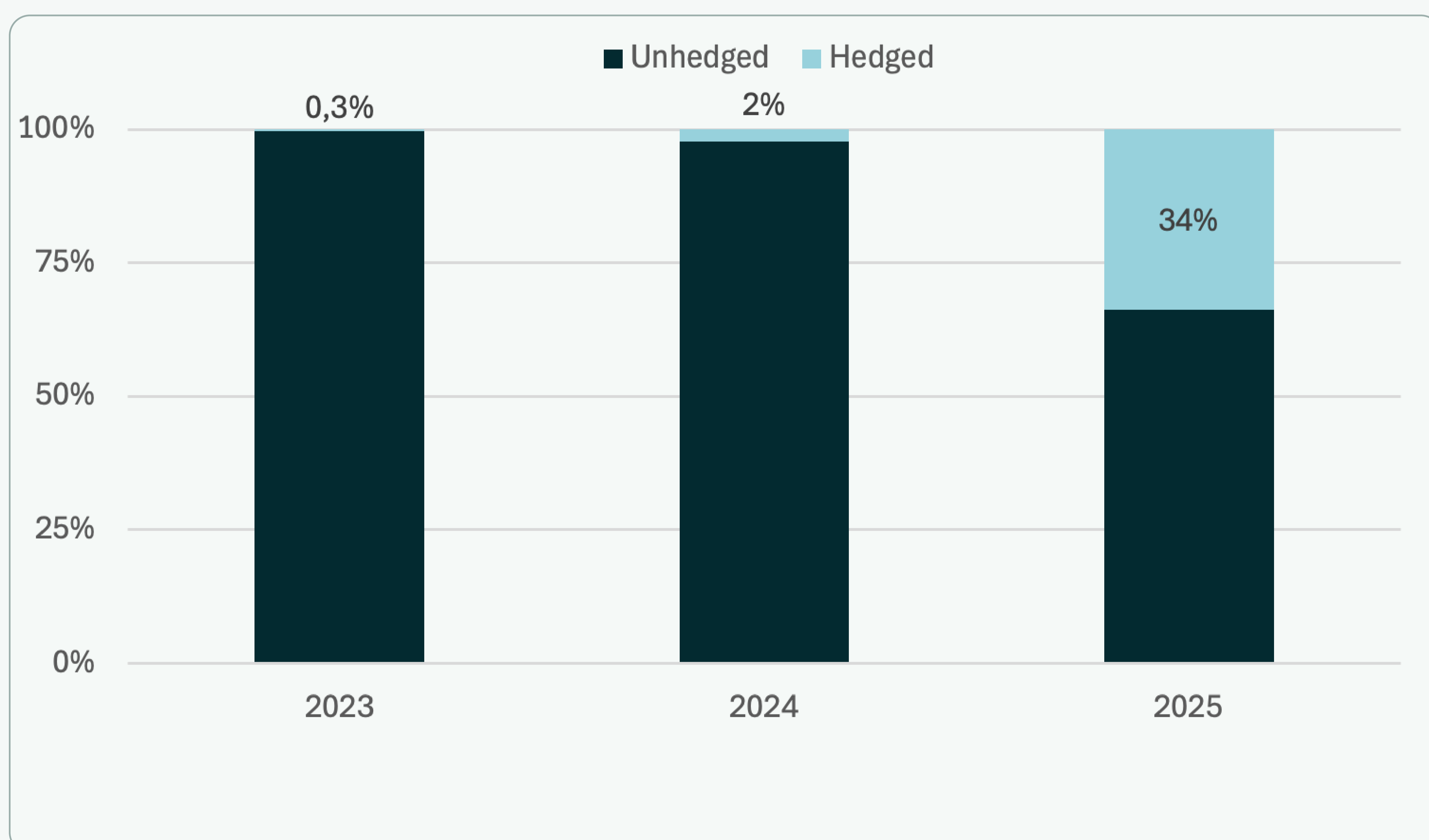
# A Weaker Dollar and the Return of Regional Diversification

## FX risk moves to centre stage

Currency dynamics amplified this trend.

As the US dollar weakened, foreign-exchange effects increasingly eroded local-currency returns for European investors. In response, ETF flows show a sharp repositioning between **hedged and unhedged US exposures**, with hedged products capturing **~34% of flows in 2025**, up from just **2% in 2024**.

CHART 6B: SHARE OF NET FLOWS IN HEDGED US EQUITY ETFS



What was once a niche implementation choice has become a core portfolio decision. Hedging is no longer treated as a marginal tweak. It is increasingly integrated into **standard allocation frameworks**, particularly as falling rate differentials reduce hedging costs.

## What it signals:

ETFs are being used not just to allocate capital geographically, but to actively manage currency and concentration risk. This is a clear sign of a more sophisticated and risk-aware investor base.

# Beyond Technology: A Broader Set of Winners Emerges

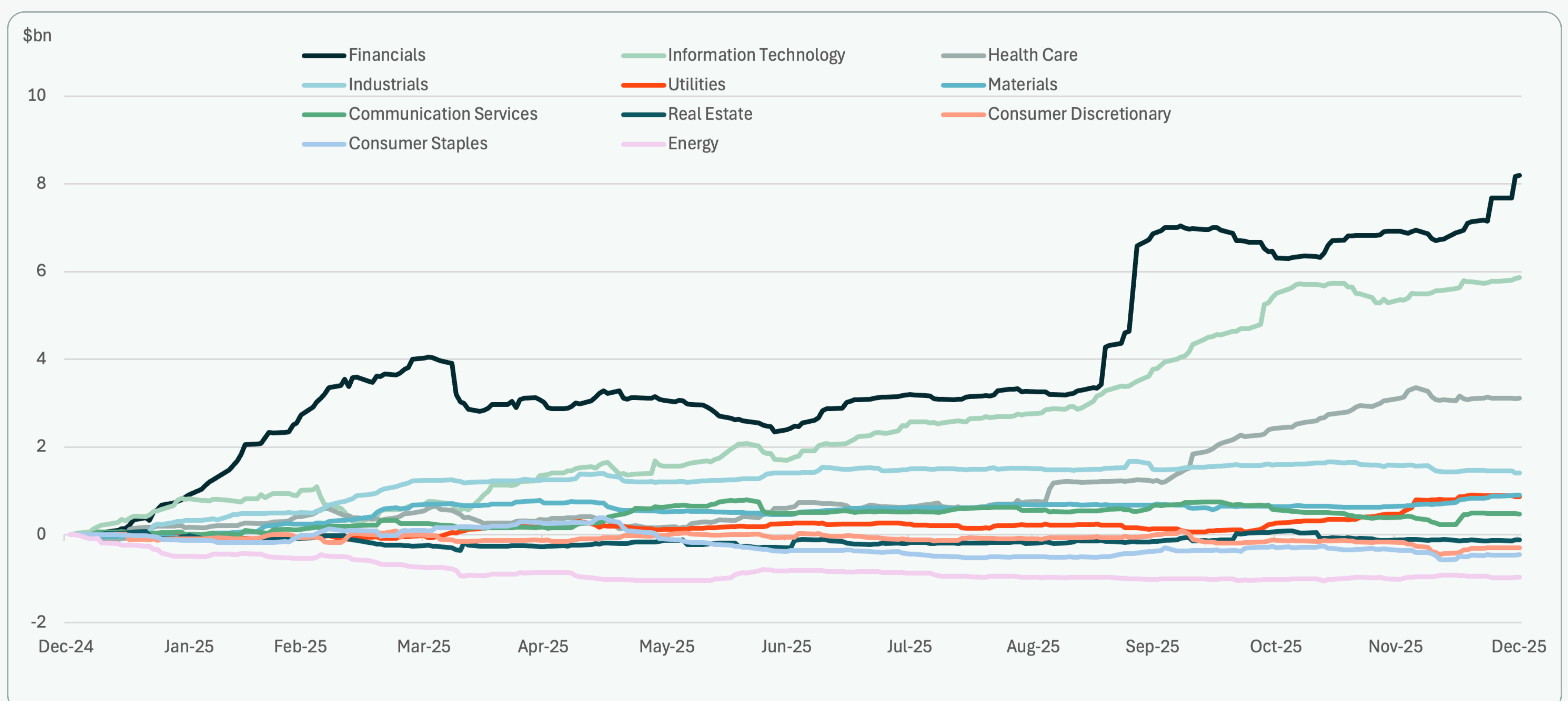
While 2025 will likely be remembered as the year dominated by AI and the broader technology theme, **performance leadership has not been confined to that segment alone.** Across sectors, **European banks delivered some of the strongest returns within the broader peer group.**

What stands out even more is how closely **investor behaviour mirrored this performance.** **Flows into financial-focused ETFs have been substantial,** suggesting that capital has followed relative returns rather than remaining narrowly concentrated in technology.

At the end of 2024, Financials represented **15.6% of assets** within equity sector ETFs; by the end of 2025, **that share had climbed to 23%.** Even more striking, the sector **captured 43% of total sector ETF inflows,** which is nearly **double its market weight.**

This highlights that, **despite the dominance of the AI narrative, other sectors have attracted disproportionately strong investor interest.**

CHART 7A: CUMULATIVE NET FLOWS IN EQUITY SECTOR ETFs (USD MN)



# Beyond Technology: A Broader Set of Winners Emerges

TABLE 7B: KEY METRICS BY ASSET SUBCLASS CATEGORY

Asset Subclass Category	Funds (Count)	Share Classes (Count)	Listings (Count)	AuM (USD mn)	AuM (%)	Total Net Flows (%)	AuM (%) Dec '24
Total	245	309	1402	137 731,00	100.00	100.00	100.00
Information Technology	42	52	252	46 436,89	33.71	30.81	34.37
Financials	32	39	179	31 618,53	22.95	43.07	15.62
Health Care	20	27	137	17 495,31	12.70	16.47	13.09
Real Estate	31	52	186	12 915,94	9.38	-0.59	12.39
Energy	20	23	127	5 920,26	4.30	-5.11	6.58
Industrials	16	18	83	5 834,61	4.24	7.39	3.51
Communication Services	16	18	79	4 132,31	3.00	2.52	3.06
Consumer Staples	18	21	95	3 764,16	2.73	-2.40	4.14
Utilities	12	14	67	3 469,61	2.52	4.60	2.15
Materials	18	21	94	3 180,53	2.31	4.79	1.80
Consumer Discretionary	20	24	103	2 962,85	2.15	-1.54	3.28

## What it signals:

The breadth of products available within the ETF wrapper now enables investors to implement tactical positioning across sectors and thematic exposures. Years of innovation and product development have expanded the toolkit to address an increasingly wide range of client needs.

# Precious metal ETCs shine bright

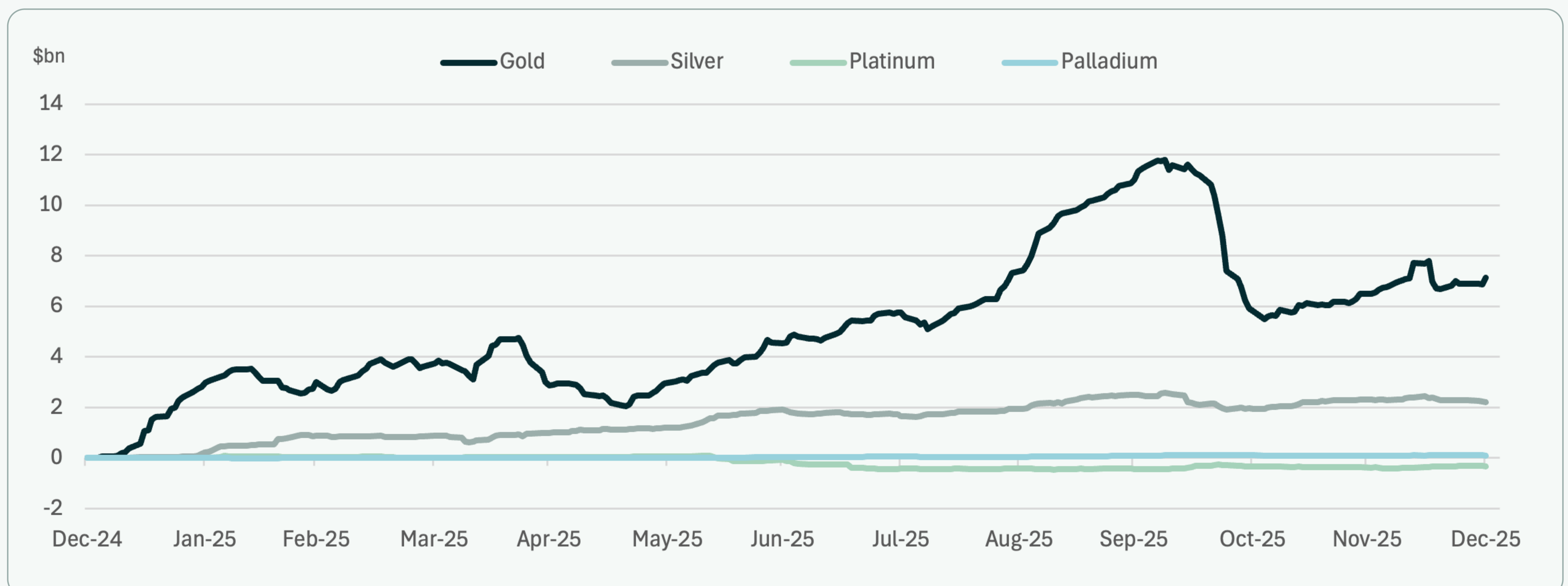
After several years on the sidelines, commodities regained relevance in 2025.

Heightened geopolitical uncertainty, persistent inflation concerns and strong precious metal performance pushed the asset class back into focus. But beneath the headlines, ETC flows reveal a more nuanced story than a simple "gold rally."

TABLE 8A: KEY METRICS BY SUBCLASS CATEGORY

Asset Subclass Category	Funds (Count)	Share Classes (Count)	Listings (Count)	AuM (USD mn)	AuM (%)	Total Net Flows (%)	AuM (%) 2024
Total	330	384	1 159	227 378,52	100.00	100.00	100.00
Gold	51	65	191	178 384,53	78.45	60.37	78.67
Diversified	71	107	354	20 754,75	9.13	20.07	12.14
Silver	22	26	82	20 575,23	9.05	18.68	4.90
Platinum	9	9	30	2 304,40	1.01	-2.77	0.97
Copper	16	16	43	1 676,32	0.74	-0.98	0.99
WTI Crude Oil	20	20	59	971,43	0.43	1.67	0.66
Brent Crude Oil	21	21	59	780,96	0.34	1.00	0.55
Palladium	9	9	25	585,73	0.26	0.85	0.20
Natural Gas	20	20	54	300,49	0.13	0.49	0.24

CHART 8B: CUMULATIVE NET FLOWS FOR PRECIOUS METAL ETCS (USD BN)



# Precious metal ETCs shine bright

Gold remained the dominant force within the segment. With approximately **\$178bn in assets**, it represents nearly **80% of total commodity ETC AuM** and attracted **\$7.1bn of inflows** during the year. Yet despite this prominence, gold captured only **60.3% of net new money**, well below its existing market share. Flow patterns over the year show a brief period of profit-taking in gold following its strong run, which suggests active rebalancing at the end of the year. Overall, it's important to note that much of gold's AuM growth was driven by **price appreciation rather than fresh allocations**.

Additionally, in 2025 we have seen how capital broadened across the commodity spectrum.

Silver gathered a **disproportionate 18.7% of flows**, significantly above its AuM share, while **diversified commodity ETCs** captured **over 20% of total net inflows** despite accounting for only ~9% of assets. Investors increasingly looked at broad-based commodities exposure, pointing at demand for diversification across the commodities spectrum.

Taken together, these trends point to a shift in how commodities are being used. In addition to being used for portfolio diversification or crisis hedges, 2025 flows indicate that investors are integrating commodities more deliberately for **tactical bets and inflation buffers**.

## What it signals:

Commodity ETCs now play multiple roles in portfolios, from opportunistic allocations to core portfolio building blocks. As a result, some investors gravitate toward diversified exposures that enhance long-term resilience, while others favour single-asset strategies that more directly reflect their market views.

# Conclusion and Outlook:

## From Scale to Sophistication

Crossing \$3 trillion in assets is a symbolic milestone for the European ETF market. But the deeper story of 2025 is not just scale, it is maturity.

Throughout the year, investor behaviour pointed to a more sophisticated and deliberate use of ETFs:

- Flows remained resilient even during volatility
- Allocations rotated across regions and currencies
- Sector exposures broadened beyond technology
- Commodities re-emerged as strategic diversifiers
- Active strategies gained meaningful traction
- ETFs proved their role as the market's primary liquidity vehicle

In short, ETFs are no longer used solely as low-cost beta instruments. They are increasingly **precision tools for portfolio construction, risk management and tactical positioning.**

### Looking ahead to 2026

**Several trends appear structural rather than cyclical:**

- **Continued growth of active ETFs** as investors seek differentiated outcomes
- **Greater adoption among retail investors**, supported by rising LIT trading volumes
- **More targeted allocations through sector**, thematic and regional products
- **Broader use of hedged and outcome-oriented strategies** as risk management becomes more central
- **Ongoing product innovation** as more managers adopt the ETF wrapper

If these dynamics persist, the next phase of expansion will likely be driven less by simple asset growth and more by **how deeply ETFs are embedded into portfolio construction across investor types.**



The European ETF market has entered a new chapter, one defined not just by scale, but by greater versatility, strategic use, and deeper integration into how investors access markets.

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