

# Growth in ETFs

## Market Insights & Tips for Launching an Exchange Traded Fund



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Mike, according to Morningstar Direct, US ETF assets at the end of December were just over \$8.1 trillion across 3,200+ funds. ETF asset inflows in 2023 were nearly \$600 billion. ETFs continued to take market share from mutual funds in 2023, despite high flows into money market funds.

**Can you tell us a bit more about what we saw in 2023 in the ETF marketplace?**

Of course. We saw stock ETFs lead all broad category groups with the bulk of inflows in 2023, but bond ETFs grew at a faster rate. Investors opted for growth-stock funds over value strategies and faster-growing sector portfolios over cheaper ones. Defined-outcome ETFs brought solid inflows into alternatives. There was a lot of growth in the Active ETF marketplace. Assets invested in Active ETFs have grown to over \$530 billion at the end of 2023, representing only 5.3% of all ETF assets but received 21.9% of the ETF asset flows in 2023. Active ETFs dominated new ETF fund launches. The market ended the year with over 1,300 active ETFs from 263 issuers and of the 263 issues, 61 were new to the ETF marketplace.

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Very interesting, Mike.

**Now, how has the growth in Active ETF launches impacted Ultimus?**

Over the past 3 years, we've experienced a significant increase in ETF assets under administration. We have assisted over 30 new ETF logos to come to market and we are one of the largest ETF administrators in the United States. Our client base consists of established mutual fund managers entering the ETF market, RIAs and investment managers new to the registered product space, and established clients expanding their offerings to include ETFs. Our deep industry experience allows us to provide customized solutions to our clients to launch their ETFs in a timely and efficient manner.

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One of the considerations for investment advisors when launching an ETF is whether to do so in a standalone trust or a series trust.

**What are some benefits of a Series Trust?**

We have a lot of experience with series trusts as Ultimus sponsors nine of them. A series trust structure provides fund sponsors with a turnkey solution where you can use an established trust with an experienced board, Chief Compliance Officer (CCO), and established service partners that can provide optionality in choosing custody, audit and counsel (custody, admin, counsel and audit.) Due to the nature of a series trust, your start-up costs will be lower and time to market quicker. You also benefit from increased efficiencies, as funds in the trust share directors/trustees, CCOs, and other officers as required by the SEC and they share the costs of those services with other funds that are in the trust.

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**In regards to the launch process, what are some key aspects that Ultimus assists with?**

With more than 30 ETF fund launches in the past 3 years, we've perfected our ETF Onboarding & Project Management Services to help advisers successfully launch an ETF. We share industry best practices and provide deep dive educational sessions with new ETF advisers so they understand the ETF ecosystem, including reviewing operational workflows for efficiencies and potential enhancements. In addition, we carefully help coordinate the initial filings, provide industry introductions, plus track and complete launch milestones to ensure a smooth and timely launch. Finally, we leverage technology to connect with key players in the ETF ecosystem, and that technology provides efficiency, straight-through processing, and aggregation and distribution of fund data to market participants while helping to streamline the launch process.

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Joe Bree

As Senior Vice President, Business Development Joe Bree focuses on a collaborative, consultative approach to educating advisers on the comprehensive suite of services that Ultimus offers for registered commingled investment products. Throughout his career, Joe has been focused primarily in the investment management industry with positions across the fund servicing spectrum including as Fund Accounting Team Leader, Fund Administration Manager, Financial Operations Principal, Director, Treasurer, CFO, and Senior Global Strategic Account Executive.



Mike Prendergast

In the role of Senior Vice President, ETF Senior Product Specialist, Mike provides strategic leadership for Ultimus' growing ETF business. He provides support to critical areas such as product development, operations and business development. Prior to joining Ultimus, Mike held senior management roles with JPMorgan Chase Bank and State Street Bank and Trust Company where he managed ETF product and technology, strategic business line development, and daily operations covering custody and fund accounting services for mutual funds, ETFs, and complex fund structures.

## About Ultimus

Ultimus Fund Solutions is a leading provider of full-service, tech-enhanced fund administration, accounting, middle office, and investor solutions to support the launching and servicing of registered funds, private funds and public plans.

Whether you're looking to outsource administration for a new fund, or considering transitioning existing funds, or need middle office operational support, Ultimus serves as a seamless extension of your firm – a partner in your growth. Partnering with Ultimus gives you direct access to best-in-class, tech-enabled administration services with people who specialize in understanding operational success.

We offer customized and flexible solutions to fit the specific needs of each client, maximizing the quality and service that you, and your shareholders and investors deserve.

## Contact Us

For more insights, visit [ultimusfundsolutions.com](https://ultimusfundsolutions.com).

We look forward to speaking with you.

Please contact us today at [inquiry@ultimusfundsolutions.com](mailto:inquiry@ultimusfundsolutions.com).

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