Press Release
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Institutional Investors Are Rapidly Expanding Usage of ETFs

New Cerulli research, in collaboration with Invesco, shows North American asset owners' adoption of ETFs has doubled in five years, as investors seek liquidity, efficiency, and access to previously hard to reach strategies

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BOSTON and ATLANTA, April 21, 2026 – Cerulli Associates and Invesco Ltd. (NYSE: IVZ) announced today the publication of a first-of-its-kind research report into the exchange-traded fund (ETF) usage of institutional asset owners. The study, titled Inside Institutional ETF Adoption – How asset owners are broadening use cases, surveyed 31 institutional decision makers in North America with at least US$1B in assets under management (AUM) in 4Q 2025 and 1Q 2026. In addition, Cerulli developed a custom U.S. and Canadian institutional asset owner ETF market sizing to supplement its robust, proprietary institutional asset owner survey data set, combining quantitative market sizing with qualitative insights.

The research found that institutional asset owners – including public and corporate defined benefit plans, endowments, foundations, insurance general accounts, and health and hospital systems – **have nearly doubled their ETF usage over the past five years, with assets reaching approximately $337B in 2025**. More specifically, institutional asset owner ETF holdings grew at a 14.4% five-year compound annual growth rate (CAGR) from 2020 to 2025, significantly outpacing the broader U.S. institutional market, which grew at a 5% CAGR over the same period.

Institutional asset owners are now allocating to ETFs as both a core portfolio holding and in an operational or tactical manner. According to the study, institutions expect to continue expanding ETF use across both strategic and operational applications. **Nearly half of institutional ETF users expect to increase their ETF allocations over the next 24 months,** while 16% of current non-users plan to begin using ETFs during that period. Primary factors for increased adoption of ETFs as core portfolio tools include:

- Improved liquidity
- Operational efficiency
- An expanded menu of ETFs across asset classes
- Longer performance track records
- Ability to deploy capital quickly in one diverse product
- Lower fees
- Asset owners partnering with ETF issuers to bring new, innovative products to market

"As asset managers remain dedicated to developing new ETFs – most notably actively managed strategies and esoteric index exposures – it is important for asset owners to keep a pulse on the pace of innovation and how those new products can be used within portfolios." says Brendan Powers, Director of Product Development Research at Cerulli. "We believe the use cases for ETFs institutional adoption will continue to grow especially for investment teams seeking to increase team capacity, address liquidity concerns, access unique investment strategies, and co-manufacture desired exposures," he concludes.

Index tracking ETFs remain an important foundational vehicle, with most institutional asset owners allocating to index equity products such as market-cap weighted or equal-weighted core equity ETFs. While demand for these strategies remains strong, Cerulli research finds that more institutional asset allocators are broadening their ETF usage and are considering active ETFs – especially within active fixed-income – as products approach their three- and five-year track records. As institutional adoption of ETFs continues, the whitepaper highlights several other areas beyond active ETF usage that are poised to expand. ETFs that access unique areas of the market, such as cryptocurrency, bank loans, or emerging markets, offer an efficient way for institutions to gain exposure. The research also explores case studies where asset owners have partnered with an asset manager to develop and seed new ETFs.

"Our research clearly shows that institutional investors are no longer experimenting with ETFs, they are utilizing them to build core positions and make strategic adjustments to their portfolios," said Garrett Glawe, Head of Asset Owner & Consultant ETF Specialists at Invesco. "Our asset owner clients are using ETFs to gain turnkey exposure to different asset classes and geographies, address concentration concerns in the US equity market, and build public proxies for private markets."

Inside Institutional ETF Adoption – How asset owners are broadening use cases is the only research of its kind focused exclusively on the U.S. and Canadian institutional ETF landscape, providing asset allocators, consultants, and market participants with a detailed roadmap for how institutional ETF use is evolving – and where it is headed next. The report is available at invesco.com/rethinkETFs.

About Invesco Ltd.
Invesco Ltd. is one of the world's leading asset management firms serving clients in more than 120 countries. With US$2.2 trillion in assets under management as of Dec. 31, 2025, we deliver a comprehensive range of investment capabilities across public, private, active, and passive. Our collaborative mindset, breadth of solutions and global scale mean we're well positioned to help retail and institutional investors rethink challenges and find new possibilities for success. For more information, visit www.invesco.com.

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