

ChatETP

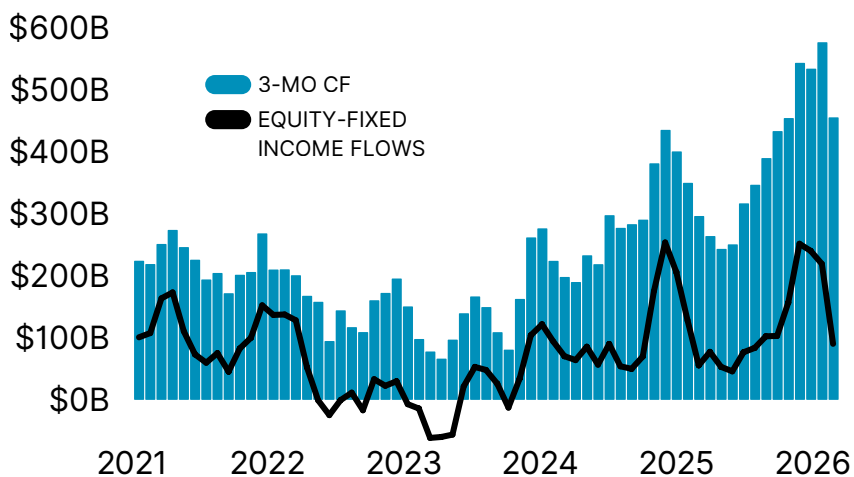
March Highlights

- Equal weight ETFs are outperforming market cap weighted funds.
- Liquidated funds' age has plummeted to around one year driven by single stock delistings.
- Retail buying of ETFs is still positive but down 27% from February.

The State of the Market

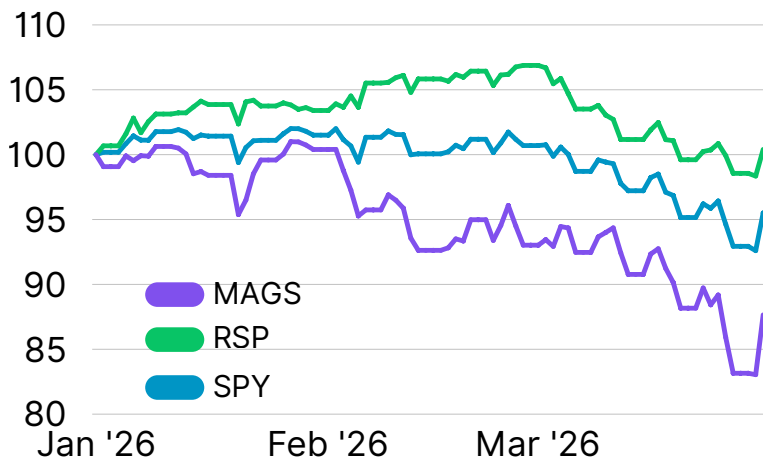
As tensions went hot in the Middle East, March ETP performance slowed the momentum of a record breaking quarter. Through the end of first quarter, fund flows are up over 27% year over year. The trends cropping up earlier in the year - rotations from technology into physical world, and industrials, and buying heading ex-US - seem to have solidified heading into the second quarter of this year. Investors are making active bets and positioning their portfolios.

Rolling Three Month CF vs. Equity - Fixed Income Cashflows



Fixed income is continuing to see flows with money market funds experiencing another double digit organic growth month. Investors aren't selling yet, but their buying is moving in different directions. Fixed income buying is higher than ever with over \$170B of cashflows in March alone. The delta between fixed income and equity fund flow is in decline as overall cashflow has slowed, signaling increased investor apprehension. Levels are not negative but have cooled. The market is conflicted on what direction to break out in as it is overloaded with news of conflict, instability in private markets, AI advancement, along with the possibility of AI bubbles. The big losers of this moment are broad equity ETFs, particularly those invested exclusively in the United States. IVV, SPY, and QQQ have experienced over \$50B in outflows year to date. In contrast, Vanguard's VOO has nearly \$20B in inflows, showcasing the importance of strong distribution.

Performance of RSP vs SPY vs MAGS

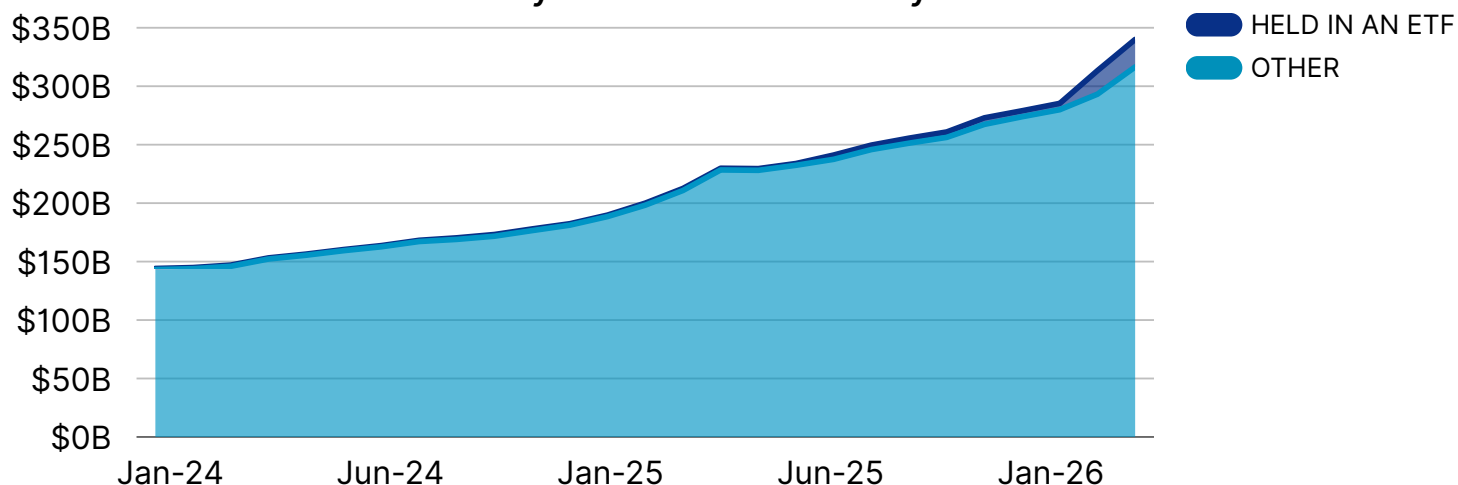


Outflows from broad equity are buoyed by the underperformance of the Mag-7. Investors are aware that mega caps have had an incredible run over the first half of the 2020's and what goes up may eventually come down. While the S&P 500 is down nearly 5%, the equal weighted S&P 500 is slightly up for the year. Worried that the cracks forming may solidify, investors are moving to the sidelines or away from megacap exposure to more specific plays.



Money Market Flows Rise as Investors Seek Safe Havens

AUM of US Money Market ETFs Held by ETFs

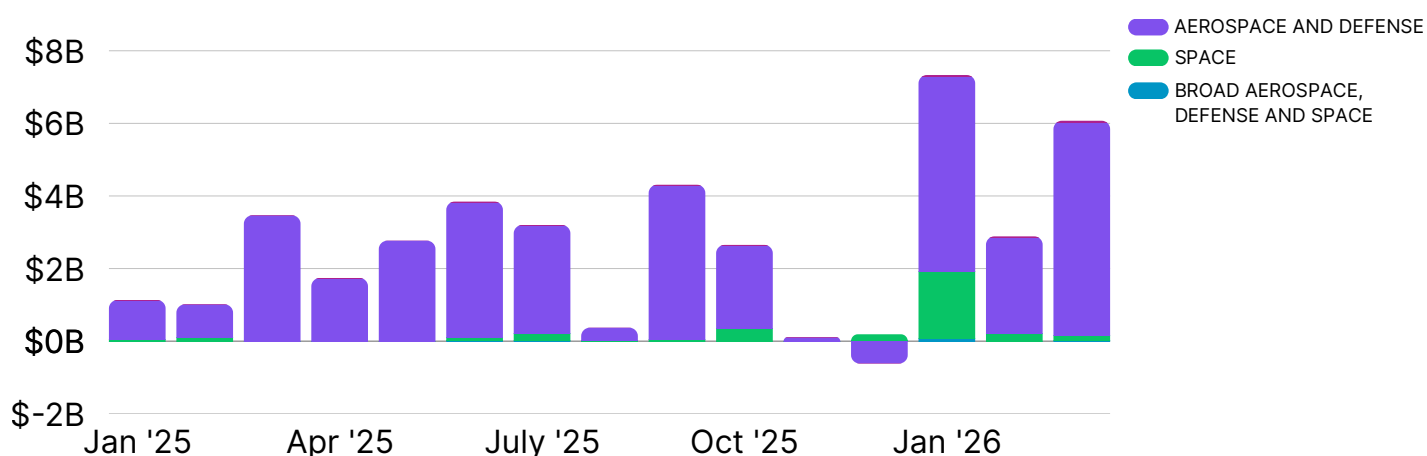


Money market funds have had an incredible start to the year with over 15% in YTD organic growth due to several factors. Money market funds currently have relatively high yield despite the lower rate regime. Favorable yields are compounded by the uncertainty in the market. As incredibly low risk tools, investors can comfortably sit in money market funds while avoiding turbulence. ETF issuers have noticed the increased interest and have been launching money market funds over the past year.

ETF issuers like Proshares and Simplify have also begun using money market ETFs as cash management tools. Proshares launched the Proshares GENIUS Money Market ETF (IQMM) and it is now held by several of their funds to centralize cash management. Simplify has done the same with SBIL. They are also structuring these money market ETFs to be used in tokenization. IQMM was designed intentionally to back stable coins 1:1 under the GENIUS act with highly liquid assets.

Aerospace and Defense Sees Renewed Interest

Aerospace, Defense, and Space One Month Cashflows



Globally market share of cashflow to industrial ETFs has increased in 2026 and aerospace and defense is driving the bulk of that increase, capturing 69% of flows headed towards industrial equity ETFs. Aerospace and defense had its largest ever monthly inflow of \$5.9B. This month's flows were led by the iShares Defense Industrials Active ETF (IDEF) which captured over \$3.4B in flows. Investors are looking at the growing tensions globally and the increase in defense spending and placing bets on the trend continuing. Issuers have noticed and responded to interest in aerospace and defense growing. The number of ETFs in the category has gone from nine to sixteen in the past year.

The U.S. Retail Report

March was defined by the convergence of a major geopolitical crisis, entrenched inflation, and elevated market volatility, leading to retail investor allocation preferences shifting quickly during the month. Where investors adopted a diversification and momentum posture from November to February, March activity started to return to the mean. Net buying activity dropped 26% from February, with investors allocating to core equity, fixed income funds as well as towards the hot sauce category.

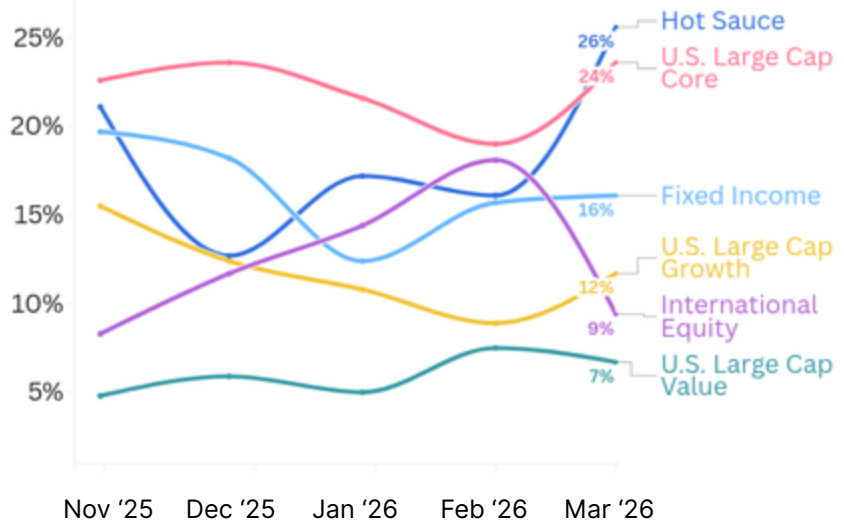
International equity has begun to lose its luster for retail investors as share of net buying returned to Q4 2025 levels. Institutional and retail have diverged. Retail is returning to hot sauce and is shying away from a more diversified approach. The other major difference between the two is levels of investment in money market funds. Retail is minimally investing in money market funds while institutional investors are starting to look for safe havens.

In January 2026, precious metals combined for 10.7% of all retail net buying, but by March, it had dropped to a share of 0.2%. Self directed investors completely cooled off on what was their third-largest allocation in January, following the trend in the broader market.

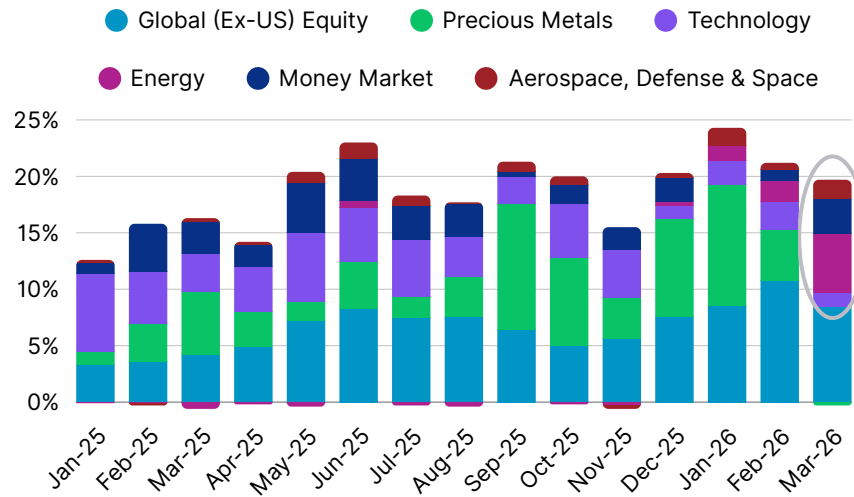
Energy ETFs under both the Commodities and Hot Sauce umbrellas saw substantial jumps in retail interest with oil and natural gas ETFs gathering the lion's share of net buying. Sector Energy experienced net selling negative in November with a -0.1% share but swung to 2.3% share by March. When combined with Theme Equity, energy accounted for nearly 3.8% of all March net buying, up from essentially zero five months ago, suggesting retail investors are aggressively pricing in supply disruptions.

International Equity Loses Momentum

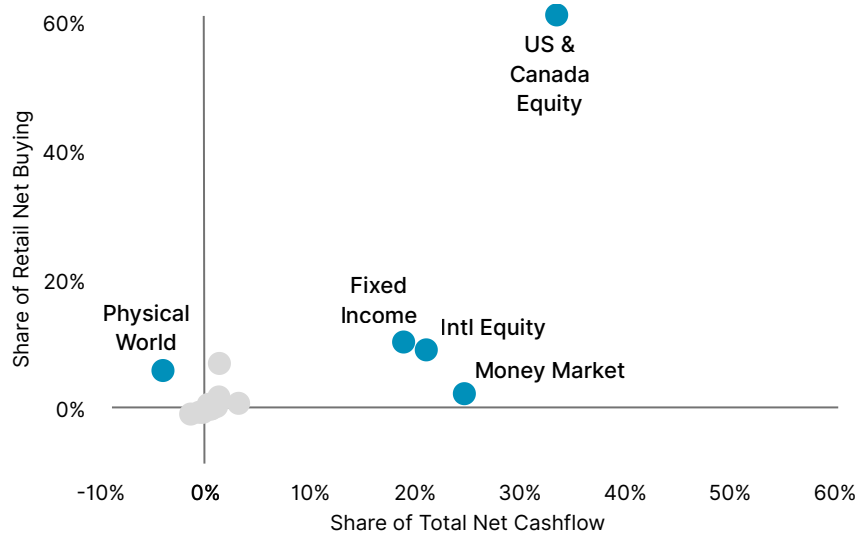
Monthly Share of Net Buying Activity



Energy's Share of Net Buying Jumps In March

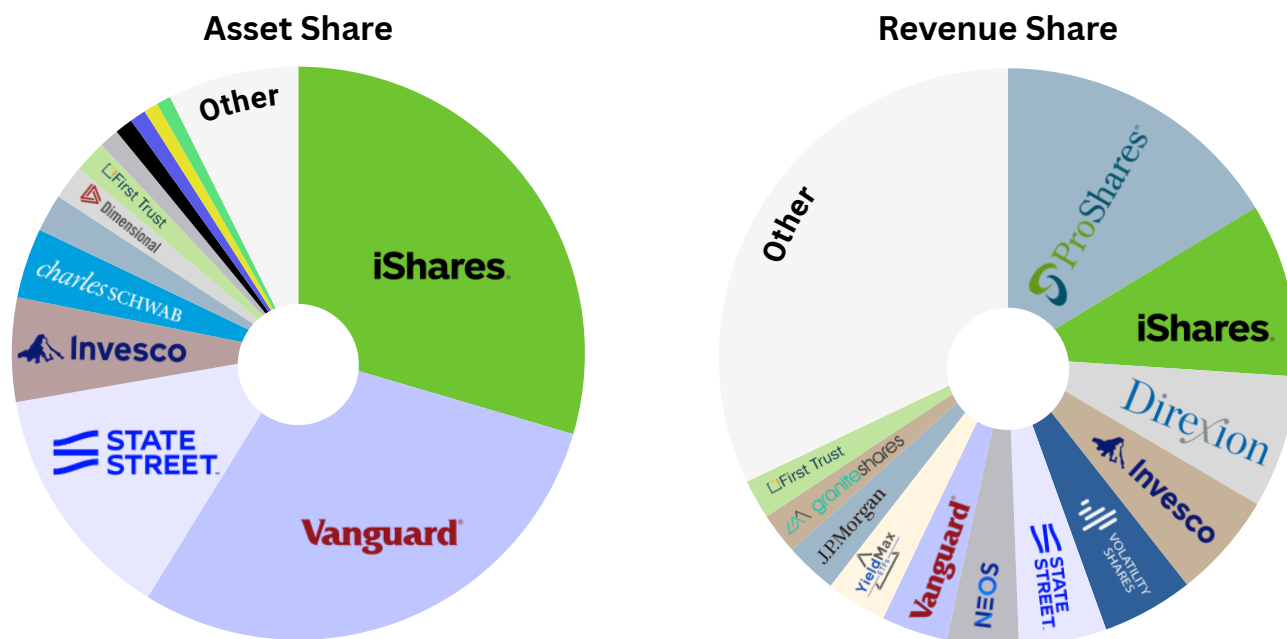


March Retail Net Buying vs ETP Market Net Cashflow



A Tale of Two Shares: Issuer Revenue vs Issuer Assets

One-Year Market Share of Retail Net Buying by AUM and Revenue



Source: Nasdaq ETF Market Intelligence, Data as of 3/19/26

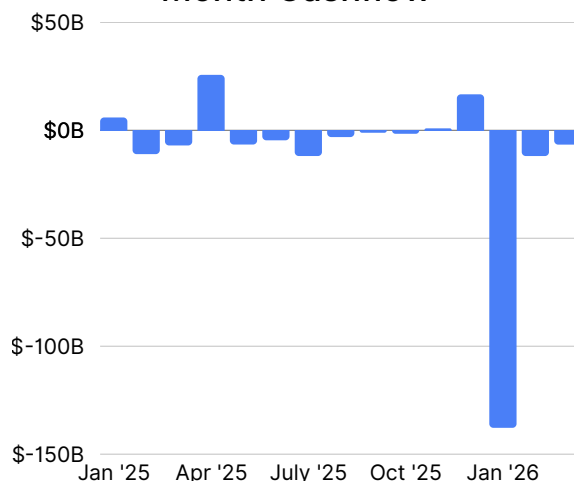
The ETF retail landscape remains dominated by a handful of issuers that collectively control over 70% of total AUM, with Vanguard consistently capturing the largest share of retail net buying (around 27% over the last 2 years) driven by its ultra-low expense ratios. A notable shift is underway as issuers focusing on hot sauce category of funds such as Neos Funds, YieldMax ETFs, Defiance, Volatility Shares and REX Shares are experiencing strong revenue growth, reflecting surging self directed investor demand for income-oriented and alternative strategies that have higher expense ratio.

Meanwhile, several established players, including State Street, Vanguard, ProShares, and Direxion, are seeing their share of retail net buying decline suggesting a redistribution of investor attention toward newer, higher-conviction offerings. Revenue concentration favors high-fee issuers, as firms with expense ratios above 0.75% generate outsized retail revenues relative to their AUM, while the long tail of hundreds of smaller issuers collectively experiences persistent net selling.

China Continues to Sell off Broad Equity Funds

After nearly \$140B in selling from broad equity ETFs by Chinese national accounts in January, outflow from broad equity ETFs in China have continued, albeit at a slower pace. February saw \$12B in outflows and March saw \$6.6B. The selling was purported to be for the purpose of artificially cooling demand in Chinese markets and creating a more sustainable, less frantic bull market. The overall downtrend within broad equity seems to have naturally dropped demand regardless of selling by the national accounts. The CSI 300 is down around 4% on the year, slightly outperforming the broader U.S. market. Similarly to U.S. investors, Chinese investors are buying thematics. Sector, thematic, and commodity funds are the only high level categories to receive significant inflows this year.

China Broad Equity ETFs One-Month Cashflow



Source: Nasdaq ETF Market Intelligence, Morningstar Data as of 3/31/26



New Kids on the Block

US ETP Threads | Ranked Launches and Filings by Nasdaq ETP Taxonomy

	Q1-25	Q2-25	Q3-25	Q4-25	Q1-26	Apr-26*	May-26*
1	Equity Option Overlay	Equity Option Overlay	Equity Option Overlay	Single Stock	Single Stock	Theme Equity	Equity Option Overlay
2	Single Stock	Fundamental Factors	Single Stock	Equity Option Overlay	Fixed Income	Equity Option Overlay	Single Stock
3	Fixed Income	Single Stock	Fixed Income	Fixed Income	Equity Option Overlay	Fundamental Factors	Theme Equity
4	Fundamental Factors	Fixed Income	Fundamental Factors	Fundamental Factors	Fundamental Factors	Sector Equity	Fundamental Factors
5	Income Factors	Signal Factors	Signal Factors	Cryptocurrency	Theme Equity	Fixed Income	Fixed Income

*April/May 2026 launch numbers are estimates using SEC filings data and average launch rate.

U.S. Filing Trends

52 issuers filed for 327 funds this month. Within option overlay funds an interesting trend is starting to emerge. In prior years, the majority of option overlay funds had broad equities as their underlying exposure. Recently, there are an increasing number of filings using a theme as the underlying exposure like the Kurv Gold & Mining Enhanced Income ETF. The broad equity option overlay space has become increasingly crowded and with thematics on an upswing issuers are seeing it as an underdeveloped space that is ripe for the picking.

A fifth of funds filed were filed with the help of a white labeler. The majority of white labeler filings are single stock funds but they are also filing for factor funds. The issuers on the single stock side tend to be more established while issuers filing for factor products tend to have a limited or nonexistent lineup of ETFs and are entering the space for the first or second time.

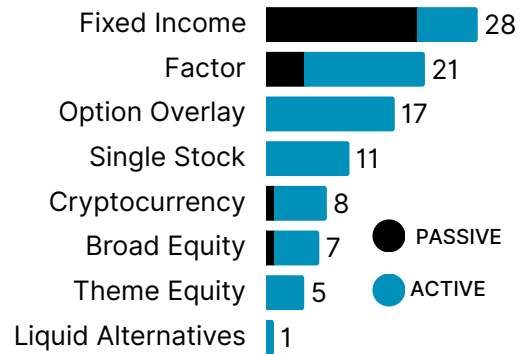
Delistings are Getting Younger

Liquidated funds' age at the time of delisting have drastically decreased in the first quarter of 2026. Historically, funds that liquidate tend to delist around the age of three years when issuers have a clearer view of if an ETF is going to gain institutional footholds. However, as markets have evolved and retail has become much more involved with ETFs, issuer behavior is changing.

23 of the 58 delistings this year so far were single stock funds while only nine of the 191 last year were single stock. The choppy markets over the past few months likely contributed but the other factor is the expected buyer. Single stock products are almost exclusively designed for retail so there isn't the same delay where platforms are looking for three year history and issuers may have more immediate feedback that they feel confident acting on and shutting down the fund.

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US PRODUCTS
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Active vs. Passive US Launches



Median US Liquidation Age By Year

