BVI Research

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German ETF investors favour broad global indices

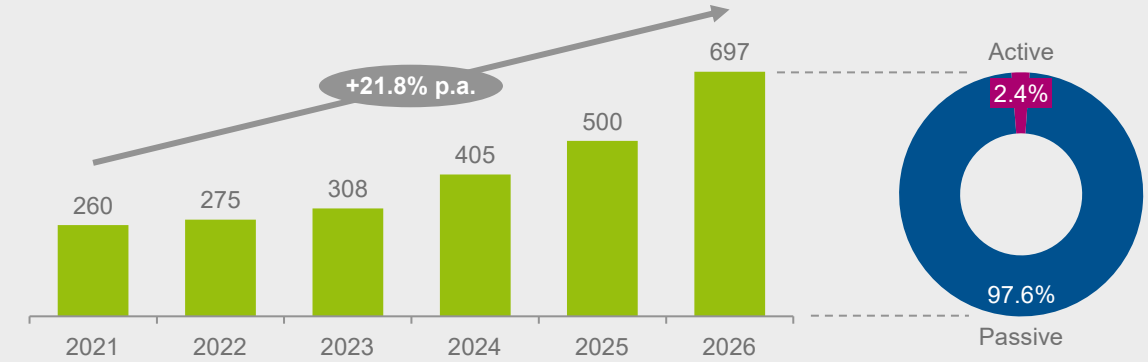
This third part of the BVI research series on the German ETF market examines the indices tracked by ETFs held in German portfolios. One striking feature is the high degree of concentration among a small number of index providers and index families. Investors can choose from several thousand exchange-traded funds, including a large number of actively managed ETFs. Nevertheless, the vast majority of assets are invested in passive products tracking a small number of market-capitalisation-weighted indices. This also helps to explain the investment exposures identified in the second part of the series, in particular the high weighting of US equities.

ETF market growth is driven by index investments

ETFs have become a key driver of growth in the German fund market. At the end of June 2026, ETFs accounted for one in three euros invested by German investors in retail funds. According to Clearstream, German investors' ETF holdings amounted to EUR 697 billion. This represents an increase of almost EUR 200 billion within one year. This growth was partly driven by the very strong performance of global equity markets. As ETFs invest predominantly in equities and frequently have a global investment focus, they benefited particularly from the record highs reached by international indices as a result of the technology and AI boom. At the same time, German investors, and retail investors in particular, continued to invest substantially in ETFs. According to BVI statistics, net inflows between mid-2025 and mid-2026 amounted to around EUR 70 billion.[1]

Passive investments account for the overwhelming majority of ETF assets. Around 98 per cent of ETF assets are invested in strategies that systematically track a market index such as Germany's DAX or the US S&P 500. Alongside these well-established indices, however, ETFs available on the German market now track around 2,000 other indices. These include sector, thematic and factor indices in the equity segment, as well as a wide variety of currency and maturity variants of bond indices. Selecting a product therefore already requires an active investment decision. Genuinely active ETFs, meaning products whose investment decisions are not determined by an index, continue to play only a minor role. They account for a market share of 2.4 per cent. However, the range of products is expanding rapidly. More than 40 per cent of active ETFs are no more than twelve months old.

ETF shares held by German investors in EUR billion



As at 30 June each year

Source: Clearstream

[1] As not all ETF providers participate in the BVI statistics, this figure is likely to underestimate actual net inflows.

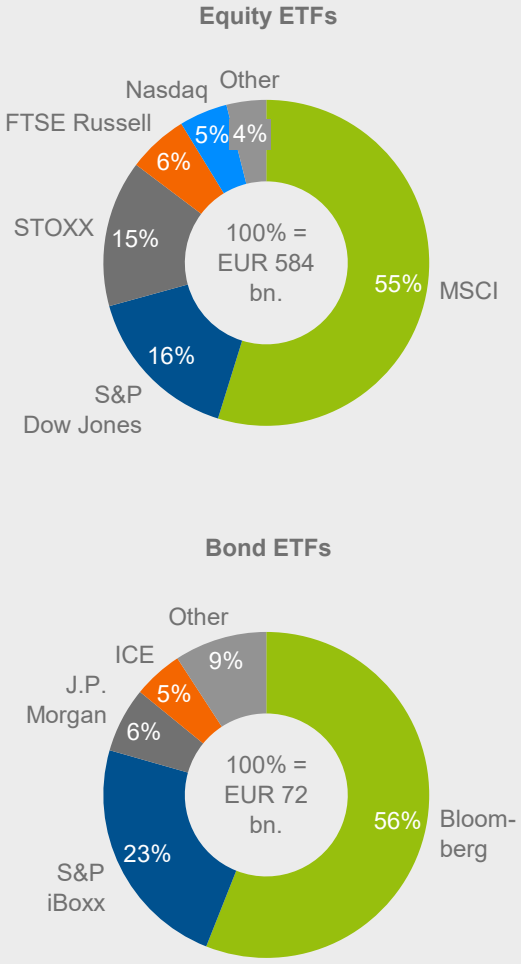
A small number of index providers shape the market

Which indices and providers are particularly popular with German investors? This question can be answered using data collected by BVI in cooperation with Clearstream and leading ETF providers. Together, these data cover almost 85 per cent of the market. The figures are extrapolated to the overall market using data from Morningstar Direct and publicly available sources.

The market for ETF indices is highly concentrated. In the equity segment, MSCI alone accounts for more than half of the overall market, with assets of EUR 320 billion. It is followed by S&P Dow Jones, STOXX, FTSE Russell and Nasdaq. Indices from these five providers account for EUR 561 billion of the total EUR 584 billion held by German investors in passive equity ETFs. Different providers dominate the bond index segment, although this market is similarly concentrated. Bloomberg is the market leader, with assets of EUR 40 billion and a market share of 56 per cent. Bloomberg has a particularly strong position in aggregate bond ETFs and in products investing in corporate or inflation-linked bonds. The second major provider is S&P iBoxx, with EUR 17 billion, followed by J.P. Morgan and ICE. Solactive, meanwhile, occupies a special position in the money market ETF segment, accounting for around 76 per cent of assets.

Concentration among a small number of providers facilitates product standardisation and comparability. The widespread use of indices such as the Euro STOXX 50 and the S&P 500, discussed below, therefore contributes significantly to the perception of ETFs as transparent and readily understandable portfolio building blocks. At the same time, this concentration creates barriers to market entry, as established brands are used as reference standards by investors, ETF providers and the wider public. A prominent example is the MSCI World, which has become synonymous with global investing in the minds of many investors. This also increases the market's dependence on decisions taken by a small number of index providers. Questions relating to index construction can have political implications because such decisions may result in a substantial reallocation of capital. One example is the industry practice of classifying markets as "Developed Markets", "Emerging Markets" or "Frontier Markets". Only companies listed in a Developed Market qualify for inclusion in the leading indices. Some companies therefore also take potential eligibility for index inclusion into account when choosing where to list their shares. Another consequence is that none of the more than 2,000 commercial indices used by ETFs on the German market focuses predominantly on companies from all EU Member States. Instead, these indices cover only parts of the European market, such as the countries in the euro area. BVI therefore advocates the development of an index family covering companies from across the EU. Such an index family would help to strengthen capital market integration and raise the visibility of European companies.

Market shares of index providers in ETFs held in Germany



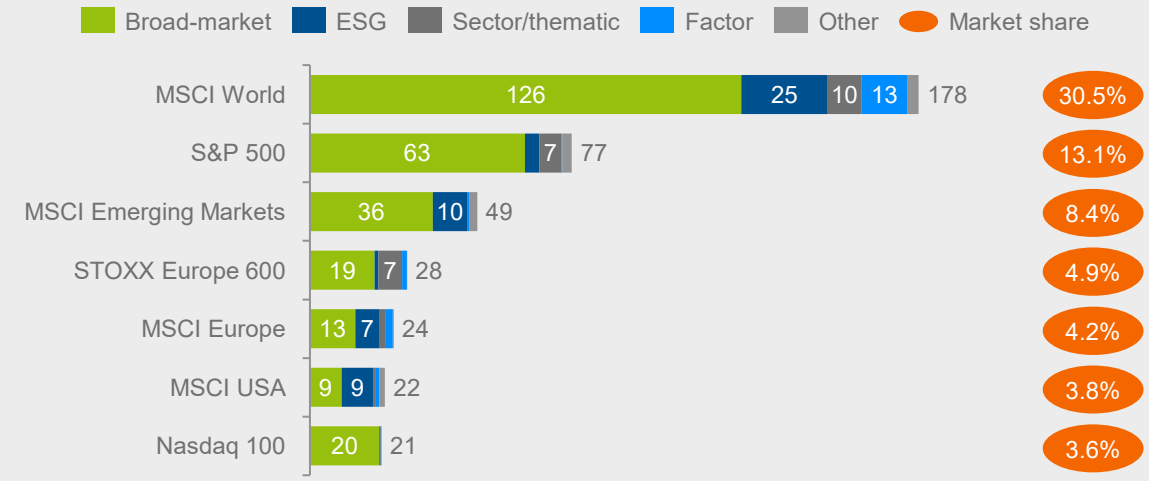
As at 30 June 2026

Almost one-third of assets held in equity ETFs is invested in products tracking the MSCI World

The strong market position of MSCI indices in the equity ETF segment is primarily due to the widespread use of the MSCI World family. A total of 330 products based on this index family are available on the German market. They differ, for example, in whether they distribute or accumulate income, in their replication method and weighting approach, and in their focus on particular themes or sectors. These funds account for EUR 178 billion, or around 30 per cent of the total assets held by German investors in equity ETFs. The dominance of the MSCI World is therefore considerably more pronounced than in the overall European market, where products belonging to this index family account for just under 20 per cent of assets. One major reason is likely to be the importance of retail investors, who hold more than two-thirds of ETF assets in Germany. ETF providers, the media and consumer information sources frequently present the MSCI World as a core component of a simple and broadly diversified global equity portfolio. These considerations tend to be less relevant for professional investors, who often manage their portfolios in a more differentiated manner. They are therefore more likely to use specialised mandates or combine a range of fund building blocks.

The second-largest index family by assets is the S&P 500 family. German investors hold EUR 77 billion in products tracking an S&P 500 index, corresponding to a market share of 13 per cent. It therefore plays a somewhat smaller role in the German market than in Europe overall, mirroring the greater importance of the MSCI World in Germany. The third most popular index family is the MSCI Emerging Markets. It accounts for well over 80 per cent of assets held in emerging-market equity ETFs and is often combined with investments in a developed-market index. By contrast, the landscape of European equity indices is considerably more heterogeneous. The STOXX Europe 600 and MSCI Europe each have a market share of between 4 and 5 per cent. Indices focusing on the euro area, such as the Euro STOXX 50 and MSCI EMU, also play a role. Products tracking the MSCI ACWI or the FTSE Global All Cap, which are broadly diversified across developed and emerging markets and sometimes also across large and small caps, have so far remained overshadowed by the MSCI World – despite increasing media attention.

Equity ETFs held in Germany by index family in EUR billion

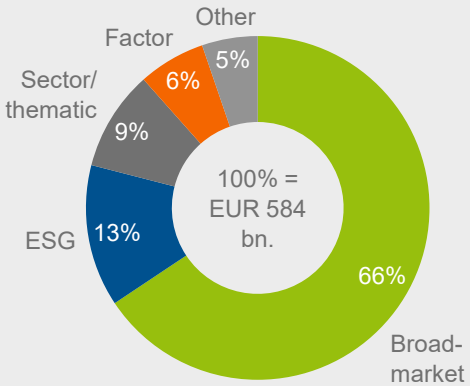


As at 30 June 2026

The distribution by investment strategy also shows that German investors continue to use ETFs predominantly for broadly diversified core allocations. Around EUR 383 billion, or 66 per cent of equity ETF assets, is invested in conventional products tracking market-capitalisation-weighted market indices. These products offer substantial benefits to investors. The weighting of individual constituents reflects their market valuation and therefore approximates a neutral market portfolio. Such indices are also particularly straightforward and cost-efficient to replicate because the weights adjust largely automatically in response to market movements. Their transparent

methodology and widespread use have also made them important reference points for capital markets. However, market-capitalisation weighting also means that companies which are already large and highly valued automatically receive high index weights. This results in portfolio concentration in particular markets, sectors and individual stocks. The high portfolio weights of US equities and, in particular, large technology companies documented in the second part of this research series are therefore not solely attributable to investor preferences. They are also a direct consequence of index construction. Moreover, even a market-capitalisation-weighted index is based on a range of construction decisions. Choosing such an index therefore remains, at least in part, an active investment decision.

Equity ETFs held by German investors by investment strategy



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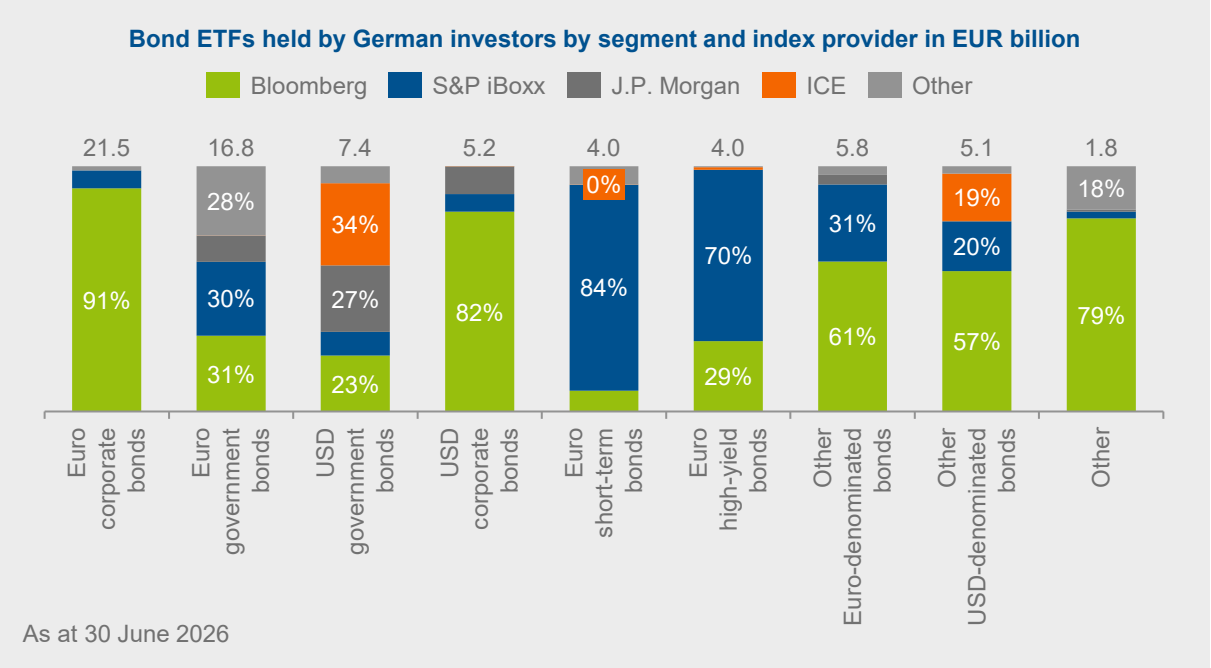
ETFs are also used to implement strategies that go beyond tracking standard indices. These strategies are generally based either on selecting a subset of the respective equity universe or on applying an alternative weighting methodology to the constituent securities. With assets of EUR 79 billion and a market share of 13 per cent, ESG strategies represent the largest segment outside conventional market indices. Sector or thematic ETFs, for example those investing in defence or AI companies, and factor strategies, such as a focus on dividend-paying stocks, play a considerably smaller role, accounting for 9 per cent and 6 per cent respectively. Other or unclassified strategies account for a further 5 per cent of assets.[2] Sustainability, thematic and factor strategies frequently build on established market indices by adding selection or weighting rules, rather than being implemented through separate benchmark families. The distribution of assets within the MSCI World family illustrates this particularly clearly. Alongside EUR 126 billion invested in broad-market products, a further EUR 52 billion is held in strategy variants within the family.

No dominant indices in the bond segment

No benchmark in the bond market has achieved a position comparable to that of the MSCI World. While equity investors frequently make a conscious choice in favour of a particular index family, bond ETF investors generally focus primarily on the underlying market segment. One reason is the considerably greater complexity of bond markets. Bonds differ simultaneously according to issuer, credit quality, maturity, currency, region and other characteristics. As a result, numerous specialised market segments and a wide variety of reference indices have emerged. In the bond market, the focus is therefore often on index providers rather than on individual benchmarks.

This is also reflected in the structure of the market. Bloomberg dominates the German bond ETF market as a whole, with a market share of more than 50 per cent. However, this position is based on a large number of individual index products. The most widely used index family, the Bloomberg Euro Aggregate Corporate, has assets of EUR 6.5 billion, corresponding to a market share of just under 9 per cent. The provider landscape varies considerably across segments. Euro corporate bonds, with assets of EUR 21.5 billion, are the largest individual bond segment among German ETF investors and are almost entirely dominated by Bloomberg indices (with a market share of around 90 per cent). Euro government bond ETFs, with assets of EUR 16.8 billion, are

[2] Where indices combine several investment strategies, they have been assigned to the strategy that has the greater influence on portfolio composition.



distributed much more broadly among several providers. In addition to Bloomberg, S&P iBoxx, J.P. Morgan and FTSE Russell play significant roles in this segment. Furthermore, certain providers have particularly strong positions in individual niches. Examples include ICE in US government bonds and S&P iBoxx in euro short-term as well as euro high-yield bonds. The bond index market is therefore shaped by a small number of large index providers, but also displays significantly greater specialisation at segment level than the equity index market.

The composition of German investors' portfolios also demonstrates their departure from a neutral global bond portfolio. Around 70 per cent of bond ETF assets are invested in euro indices. US dollar-denominated benchmarks, with assets of EUR 17.7 billion, or around one-quarter of the market, are the only significant foreign-currency positions. All other currencies combined account for only around EUR 2 billion. German investors also frequently hedge foreign-currency risk. In the case of US dollar indices, around 35 per cent of assets are currency-hedged. While German ETF investors seek global diversification in equities, their bond investments are therefore dominated by euro-denominated assets and hedged foreign-currency positions.

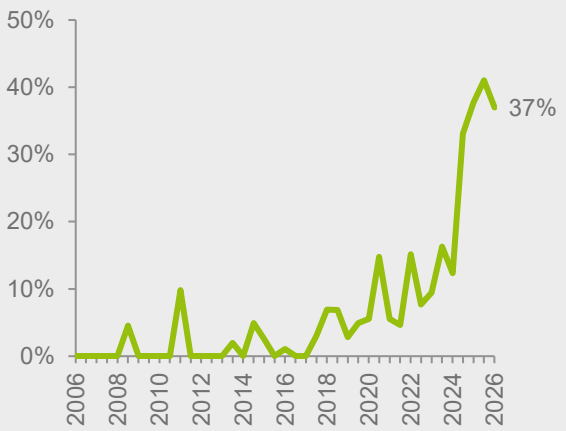
Active ETFs are often closely aligned with broad-market indices

Alongside products that passively track a market index, active ETFs have also gained a foothold in the market. ETFs are increasingly perceived as a fund structure for a range of investment approaches, rather than being equated solely with passive and low-cost investing. The ETF structure has a number of distinctive features. It differs from conventional retail funds primarily in terms of exchange trading and the associated market infrastructure. One consequence is that ETFs are purchased through different distribution channels from conventional funds, including online banks and neobrokers. The ETF structure therefore gives asset managers access to different customer segments. Furthermore, the term "ETF" has become a brand in its own right that many investors associate with cost-efficient investing. Active managers can also benefit from this positive perception.

Until now, the availability of data has limited the scope for a robust analysis of the German active ETF market. Expanded cooperation between BVI and Clearstream now provides comprehensive information on German investors' holdings of active ETFs for the first time. At the end of June 2026, German investors' holdings of active ETFs amounted to EUR 16.6 billion, corresponding to 2.4 per cent of the overall ETF market. Active ETFs

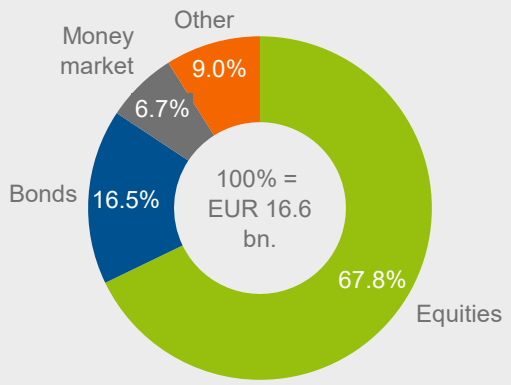
therefore remain a small market segment, but they are growing rapidly. Until a few years ago, almost all newly launched products were passive. Today, four in ten new ETFs are actively managed. The asset-class composition of active ETFs differs very little from that of the broader ETF market. Equity strategies account for the largest share, with assets of EUR 11.2 billion, or just under 68 per cent. Bond ETFs account for EUR 2.7 billion, or slightly more than 16 per cent, while money market ETFs account for EUR 1.1 billion, or around 7 per cent. The remaining almost 9 per cent is distributed across multi-asset, commodity and other strategies.

Share of active ETFs in products launched during the respective period



As information on the volumes held by German investors is frequently unavailable at individual product level, holdings that are not directly reported have been estimated on the basis of assets under management at European level and observable market shares. This extrapolation provides an approximate breakdown by product segment. The available data indicate that many active equity ETFs nevertheless remain closely aligned with established indices. Numerous large products fall into the “Research Enhanced” ETF category. They remain closely aligned with well-known benchmarks such as the MSCI World, the S&P 500 or comparable broad-market indices. Their objective is frequently not to change the underlying portfolio allocation fundamentally, but to enhance the portfolio through limited active overweight and underweight positions. Metrics such as volatility remain broadly in line with those of the reference index. Most active equity ETFs therefore appear to be variants of passive investment strategies, while some products have a substantially stronger active component. In the bond segment, many products deviate more substantially from their benchmarks. These strategies generally aim to manage duration, credit or currency risks actively. However, because of these data gaps, the precise prevalence of strategies with a high level of active risk in the German market cannot be determined.

Active ETFs held by German investors by investment focus



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The growing role of active products is one of several factors driving substantial change in the German ETF market. Additional momentum is likely to come from the forthcoming introduction of the Altersvorsorgedepot, a retirement investment account that represents a paradigm shift towards greater capital market orientation in private pension provision. Several asset managers have announced their intention to enter the ETF market in connection with this development. However, it remains unclear whether they will also convert existing active funds into ETFs. Given the large number of new product launches and average ongoing charges of only around 20 basis points, the question also arises whether the market will consolidate at product and provider level over the medium term.

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