

ETF SHOWCASE

Outlook 2026

Upcoming launches
and the investor wishlist



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INTRODUCTION

Jamie Gordon
Editor
ETF Stream

Welcome to ETF Showcase, the only comprehensive breakdown of ETF launches in Europe over the previous quarter.

In the latest edition of this report, we uncover the launch trends that defined 2025 – from defence to CLOs to downside protection ETFs – and plot a course for product development in the year ahead.

We hear from JP Morgan Asset Management on how the role of active ETFs will evolve and L&G on how to capture the artificial intelligence theme beyond US mega caps.

ETF Stream journalists then reveal upcoming launches – from reimagining mid cap weighting to IG credit spread widening – and get first-hand reactions from fund selectors about whether these new offerings add value to their portfolios.

Finally, we asked our ETF Buyers Club members to reveal an attractive tactical allocation for 2026 and the product they would like to see launched.

Against a backdrop of record inflows and accelerating asset growth, this guide will help buyers navigate the dizzying array of strategies crossing their desks and what exposures are in focus for asset managers.



AUTHOR:

Ebru Sofuoglu
Head of Content
ETF Stream

State of the market 2025

All data used in the following charts is sourced from ETFbook



European ETFs booked another year of record

inflows despite a backdrop of tariff uncertainty. As the continent's ETF market marks its 25th anniversary, it comfortably crossed the \$3trn asset milestone for the first time. Eamonn O'Callaghan, global head of ETF product at CACEIS, highlighted the acceleration of the industry: "Since 2005, ETF assets have been doubling every five years and all signs point to continued growth." He added that forecasts from market pundits point to a European ETF market of over €6trn by 2030, while cautioning that "there is still a long road ahead of us in terms of asset growth in Europe".

According to Detlef Glow, global head of ETF research at LSEG Lipper, the European ETF

industry is "on its way to reach a new record of annual inflows" at the end of 2025. He said: "The inflows over the course of October (€39.6bn) drove the overall inflows in ETFs in Europe up to €282.2bn for the year 2025 so far."

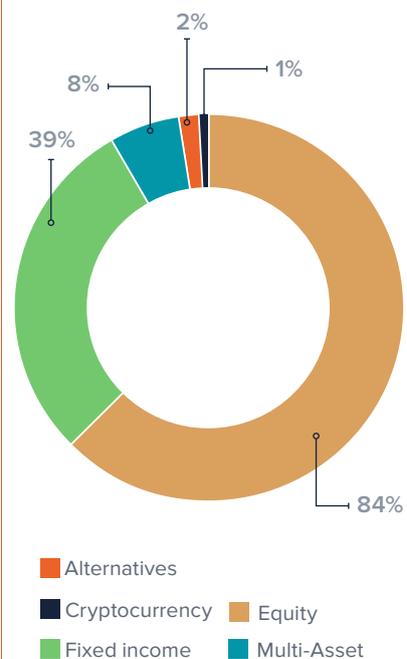
Against this backdrop, a few themes have dominated portfolios with active ETFs being the most prominent.

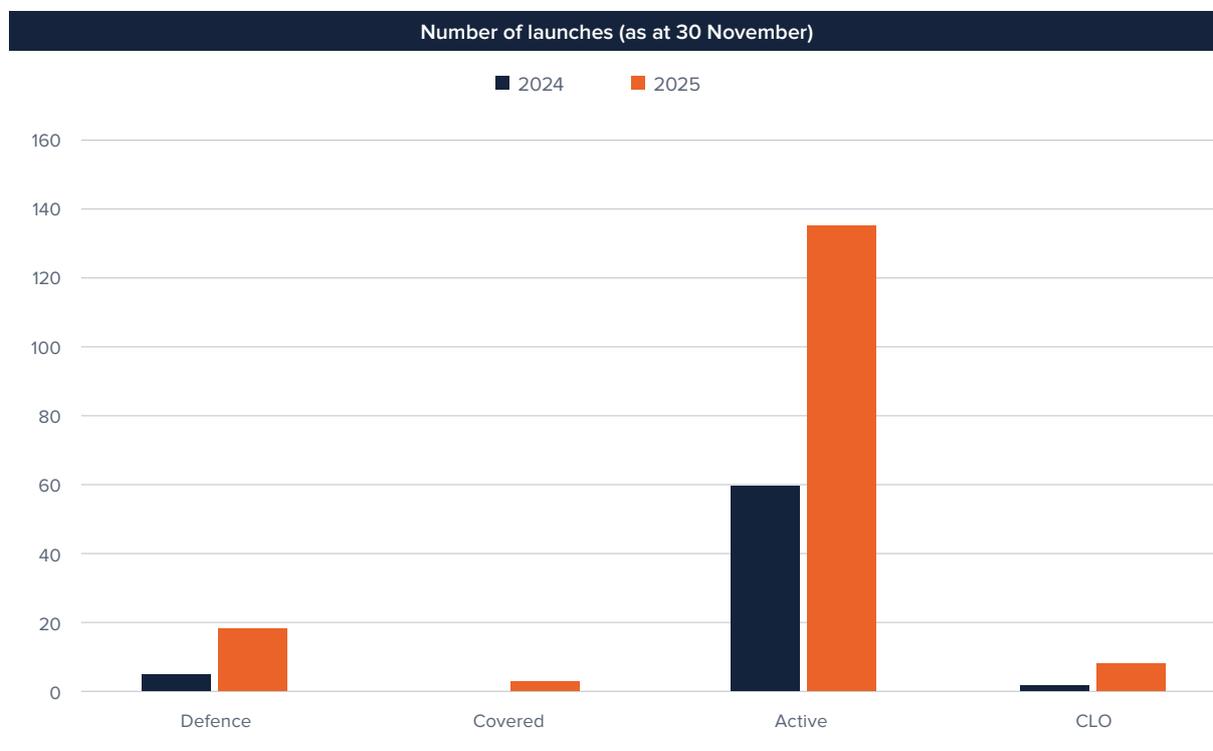
This shift marked a new phase of maturity for Europe's active ETF market, as large asset managers who had previously resisted launching ETFs began re-wrapping long-standing strategies which had previously been exclusive to mutual funds and segregated mandates. This drove a sharp increase in the number of launches from 60 in 2024 to 134 in 2025.

Most of the active launches

were in equity, followed by fixed income and multi-asset strategies.

Number of active ETF launches in 2025 by asset class





Olivier Paquier, global head of ETF sales at AXA Investment Management, said: “Fixed income and active are a nice blend, probably a nicer blend than with any other type of asset class.” He explained that fixed income markets are far more complex than equities, with hundreds of thousands of instruments compared to roughly 9,000 listed stocks globally.

However, investors remain cautious. In our annual ETF Pulse survey in partnership with JP Morgan Asset Management, investors cited lack of track record, limited product offering and performance concerns as the top three challenges for using active

fixed income ETFs.

Defence was another theme at the forefront. With governments rewriting fiscal rules, NATO defence spending targets rising and the EU committing €800bn to modernisation, investors started to view defence as a structural investment theme and issuers took notice. The number of launches rose from four in 2024 to 17 by the end of November 2025. Hector McNeil, co-founder and co-CEO of HANetf, said: “Investors increasingly recognise that security and sustainability are not opposing forces – they are interlinked.”

The WisdomTree Europe Defence UCITS ETF saw the

second highest inflows of all new launches in 2025, attracting \$3.5bn by the end of November, versus \$5.9bn total flows into defence ETFs cumulatively.

Alongside thematic equity exposure, investors also increased allocations to income-oriented strategies.

Another rising theme was collateralised loan obligation (CLO) ETFs. With European CLO ETFs attracting nearly \$1.6bn combined inflows by December 2025, the asset class is moving from niche allocation to a mainstream income strategy for investors. The number of launches increased from two in 2024 to nine in 2025.

2025 top 10 launches by flows (as at 30 November)

Fund Name	Flows sub fund level (USD m) as at 30 Nov 2025
SPDR® BLOOMBERG 1-5 YEAR U.S. CORPORATE BOND UCITS ETF	5031
WISDOMTREE EUROPE DEFENCE UCITS ETF	3539
ISHARES MSCI WORLD EX-USA UCITS ETF	2928
BETAPLUS ENHANCED GLOBAL SUSTAINABLE EQUITY UCITS ETF	2162
AMUNDI GLOBAL TREASURY BOND UCITS ETF	1358
XTRACKERS S&P 500 SWAP II UCITS ETF	1054
BETAPLUS ENHANCED GLOBAL DEVELOPED SUSTAINABLE EQUITY UCITS ETF	1004
BNP PARIBAS EASY € OVERNIGHT UCITS ETF	728
AMUNDI MSCI WORLD SCREENED UCITS ETF	717
INVESCO S&P 500 EQUAL WEIGHT SWAP UCITS ETF	676

Denis Struc, portfolio manager at Janus Henderson Investors, noted the importance of staying invested across a diversified fixed income portfolio, where CLOs can play a useful role “in an environment where duration may be declining but will remain volatile”. In this context, AAA-rated CLOs in particular are emerging as an attractive option offering cash-based returns, attractive yields and resilience through market cycles.

Meanwhile, covered call strategies and buffer ETFs have enjoyed blockbuster popularity in the US after finding a home in retirement portfolios where seasoned investors tend to value regular income streams and lower downside risk. Issuers such as Global X, First Trust, JP Morgan and BlackRock have tried to replicate their US option-

based ETF success by bringing the same product set across to Europe. As at 30 November, covered call strategies have attracted \$3.1bn compared to \$272m for buffer ETFs.

Hamilton Reiner, portfolio manager and CIO of US core equities at J.P. Morgan Asset Management, explained: “By

design, covered call strategies [...] give away some of the upside potential of the equity market in exchange for the certainty of income today. That said, we can still provide our clients with a portion of the upside. We do this by writing out-of-the-money call options and by laddering and staggering their implementation.”

Monthly flows by theme in 2025 (m USD)



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INTERVIEW WITH:

Hugh Gimber
Global Market Strategist
J.P. Morgan Asset Management

Travis Spence
Global Head of ETFs
J.P. Morgan Asset Management

How to position for 2026: J.P. Morgan on market expectations, risks, and portfolio construction

Where do you see performance and investor demand opportunities across asset classes in 2026?

Gimber: With more and more fuel being added to the economic engine through government spending and lower interest rates, global activity should regain momentum and broaden regionally as we move through 2026.

Within the global equity universe, Europe in particular stands to benefit. The enormous fiscal stimulus announced by Germany in 2025 should start to feed through into economic data, while the southern European

recipients of the EU's Recovery Fund are already performing well. The region is also benefiting from monetary stimulus: the ECB was quick to lower rates as inflation risks receded, and credit growth has turned higher as a result. Despite a strong run, the discount for European stocks relative to the US remains close to all-time wides, and positioning remains light after years of outflows.

What are options to protect against tail risks?

Gimber: While our base case sees the expansion continuing, such unprecedented levels of peacetime stimulus are not

without risks. History suggests that excessive stimulus typically shows up in one of two ways: 1) asset bubbles, and/or 2) inflation.

Investors will need to embrace a wide range of tools to mitigate against the risk that one of these more problematic scenarios emerges.

If a shift in AI sentiment is the trigger for a downturn in equity markets, we would expect global government bonds to perform strongly. Corporates would not be the only ones impacted, with consumers also hit by a reversal of the wealth effect that has seen rising equity markets support consumer spending in recent

years. Central banks would likely need to cut rates by more than markets are currently pricing, putting downward pressure on the yields of high-quality bonds around the globe.

Inflation is a trickier scenario to prepare for, with stocks and bonds likely to come under pressure simultaneously as 2022 showed. Real assets like timber and infrastructure are typically the best hedge against higher inflation, but if private markets are not accessible, a defensive shift within equity allocations will likely be necessary. This could involve a tilt towards less cyclical sectors, or the use of derivative strategies that look to protect against market downside.

Which tools can be used for gaining targeted exposure and how do JPMAM strategies differentiate from other players in their field?

Spence: Given the expected environment into 2026 – higher growth that will broaden regionally and lower bond yields, but with elevated valuations and concentrated equity indices – we believe investors should be focused on 3 things: diversifying equities exposures, rethinking fixed income allocations and adding duration and considering strategies that will provide downside protection if volatility increases. Active ETFs have emerged as one of the most

effective tools for investors seeking targeted exposure in today's fast-changing markets. The active management component enables portfolio managers to swiftly adjust allocations in response to shifting market dynamics, policy changes, or new opportunities, while the ETF structure ensures liquidity, accessibility, and real-time transparency—qualities that are especially valuable during periods of market stress. J.P. Morgan Asset Management offers a comprehensive suite of 40 active ETFs, spanning strategies such as European equities using our time-tested Research Enhanced Index (REI) approach, euro-denominated and global government bonds, as well as innovative options-based equity premium income and hedged equity ETFs.

What truly sets our active ETFs apart is the depth and breadth of our fundamental research. While many competitors rely primarily on systematic or quantitative models, our active ETFs are built on the insights of more than 250 research analysts worldwide, covering equities, fixed income, and multi-asset strategies. Our commitment to research is reflected in our annual investment of over \$480m in research and \$575m in technology, ensuring that our portfolio managers have the best tools and information at their

disposal. This robust foundation allows our active ETF platform to deliver differentiated results and adapt to market developments more effectively than many other providers.

Where would that strategy fit within an investor's portfolio construction for that exposure?

Spence: J.P. Morgan Asset Management's active ETF range is designed to serve as core building blocks for investors' asset allocation needs. Our Equity REI suite includes 14 active ETFs covering both developed and emerging markets, while our fixed income offering now features 16 active ETFs across a variety of sectors and geographies. This breadth enables investors to construct fully diversified portfolios using our active ETFs as foundational holdings. In addition, our innovative Equity Premium Income and Hedged Equity Laddered Overlay ETFs can be incorporated as complementary strategies to remain invested in equity markets either with lower volatility or explicit downside protection. By integrating these active ETFs, investors gain the flexibility to tailor their portfolios to specific objectives and market conditions, while benefiting from the expertise and research-driven approach that distinguishes JPMAM's platform.

The home of active ETFs

As Europe's leading active ETF manager¹ we are active, not reactive. Each one of our diverse range of over 30 active UCITS ETFs is powered by deep research and cutting-edge technology, all backed by a century-long commitment to active management.

Transform your investment strategy with **active ETFs** from **J.P. Morgan Asset Management**.

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INTERVIEW WITH:

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Head of Pooled Index Investment Specialists
L&G – Asset Management

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Showcasing: L&G Artificial Intelligence UCITS ETF

Where do you see performance and investor demand opportunities across asset classes in 2026?

Investors are still looking to diversify their risk away from US equities, which has become increasingly concentrated: the top 10 holdings make up over 40% of the S&P 500.¹

As a result, assets offering

diversification² or a potential safe haven in the event of an equity market selloff have been in demand throughout 2025 – most notably gold.

We expect to see further interest in gold and gold miners due to multiple possible rates cuts expected over the coming 12 months; L&G's economists expect four or five cuts over this

period. Geopolitical uncertainties also remain high, which has historically led to heightened investors' demand for perceived safe-haven assets.

Having said that, the S&P 500 is at all-time highs, making it psychologically difficult for investors to diversify away. In Q3 2025 earnings for the US, 83% of S&P 500 companies that have

¹ Sources: Bloomberg as at 30/09/2025, ² It should be noted that diversification is no guarantee against a loss in a declining market.

reported beat earnings per share (EPS) estimates. EPS growth for these companies is running at +16% year on year, surprising positively by 9%. S&P 500 index companies are still performing despite the slight slowdown observed over recent quarters, and the US continues to house the world's most profitable companies.

Putting all of this together, FOMO – the fear of missing out – is a very relevant theme, particularly around AI growth, and it presents a conundrum for investors who only know of AI via US mega-caps.

We believe the answer to

this lies in the fact that AI is a lot more than the 'magnificent seven'. It spans across industries, and goes beyond infrastructure and semiconductors. It is important to look at this theme as a global one and as a whole, rather than focusing on a few subsegments to capture the wider growth potential.

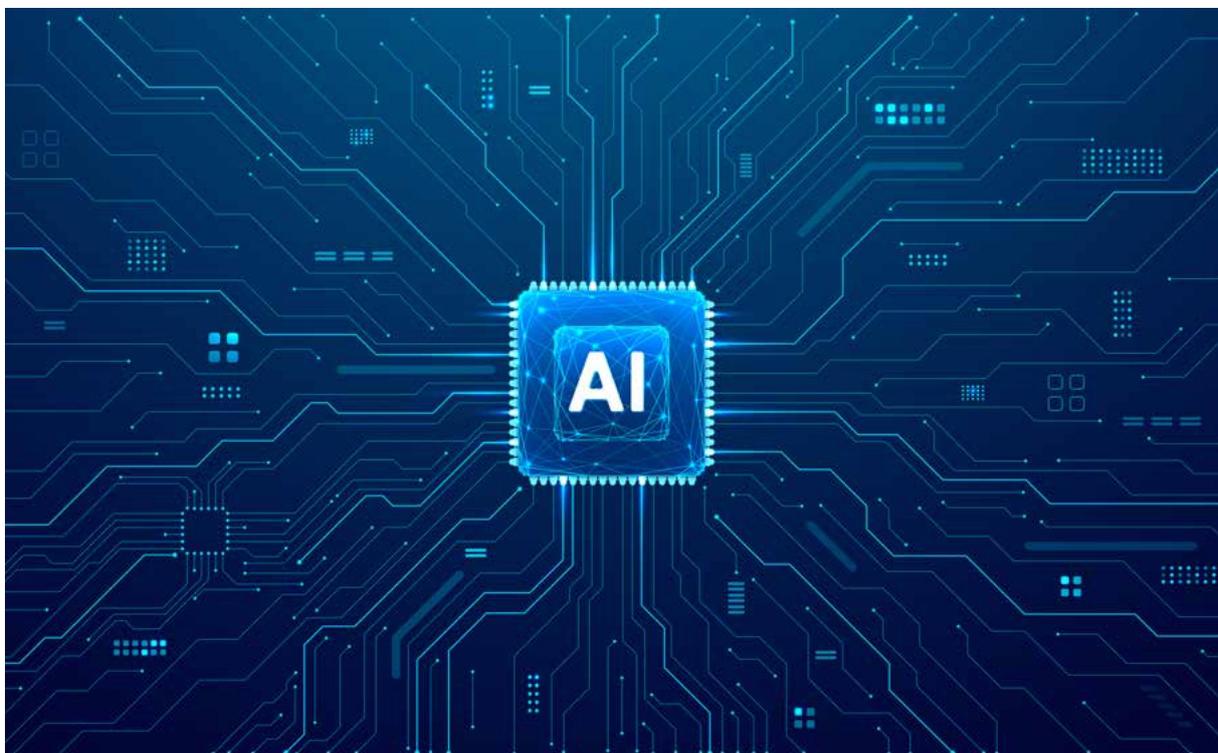
Which segment of AI are you most excited about and why?

AI is a global phenomenon, not a regional one. Companies tend to be incorporated in the US as a large part of the workforce is there. But despite the country of domicile, those companies earn

revenues from across the globe: 73% US domiciliation vs 55% revenues coming from the US.

As a result, we expect AI growth to reflect current global GDP trends and divisions, with the US, China and Europe the driving forces, while also capturing growth elsewhere through distributed applications. Sovereign independence requirements will also drive domestic AI investment into data centres, as we are seeing play out now. Increasing adoption in consumer, enterprise and cross-industry applications can also be expected to drive growth.

In terms of the segments and





sectors we believe are highly significant, we would highlight the following:

- **Datacentre capex diversification:** diversification beyond NVIDIA* to Google GPUs, AMD* and custom AI chips, shift from general-purpose to application-specific processing architectures
- **Open-source distributed intelligence:** State-of-the-art small, local models, often open-source, are creating distributed intelligence layers
- **Enterprise deployment acceleration:** Adoption is expanding from testing to full deployment phases. Complex AI systems are driving demand for robust oversight tools,

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FOMO – the fear of missing out – is a very relevant theme, particularly around AI growth, and it presents a conundrum for investors who only know of AI via US mega-caps.

creating entirely new categories of essential infrastructure for explainability, security and compliance

- **The inference economy:** AI infrastructure is expanding beyond traditional data centres into interconnected systems (edge devices, specialised processors and distributed networks)
- **Next-generation interface revolution:** Multi-modal AI adoption through earbuds, augmented reality, wrist controllers and ambient computing is creating new platforms that transcend existing market-leading interfaces like smartphones, laptops, and tablets.

As AI scales, we believe the following will take on exponentially greater importance:

- **Semiconductors:** Clearly, without semiconductor technology we would not have computers. Even within semiconductors, we are seeing more efficient chips and models used in data centres and at the edge
- **Cloud:** AI works best when it is accessible and connected for maximum availability and real time information. The cloud provides elastic training and inference capacity, model

hosting with service level objectives, and simple access to data sources through standardised connectors. This spans data centre capex globally

- **Network and security:** Within the cloud, and on edge devices, information needs to travel safely and securely on hardware and software, in transit and at rest. Multisensory data collection will increasingly drive direct actions autonomously, with real world implications, so this subsector will become one of the most important facets operating behind the scenes for society.
- **Big data/analytics:** Just as we use tools to monitor and improve our current world across corporate and government functions, AI and humans need to store, manage, access and explain what is happening. This supports performance tracking, bias and drift monitoring, and regulatory reporting

Which tools can be used to target these segments and how do your strategies differentiate from other players in their field?

The L&G Artificial Intelligence UCITS ETF has several differentiating features.

First, it has a carefully constructed schema to define relevant companies for potential inclusion. This allows us to focus on infrastructure providers and



applications which are first in line to invest heavily into AI applied in the field, leading to productivity in a more direct way.

Next, our ETF features a modified equal weight structure

Subsector weighting

Applications & Services	28%
Business Process	8%
Ecommerce	8%
Healthcare	7%
Consumer	3%
Factory Automation	2%
Infrastructure	72%
Semiconductor	27%
Network & Security	19%
Cloud Providers	13%
Big Data/Analytics	9%
Cognitive Computing	5%

as opposed to market cap weighting. This aims to capture the full theme instead of trying to pick the winners, basing the weighting on the leadership of the company in the theme and its revenues from AI. As of the end of September 2025, the highest weight in any single company is 3.6%, demonstrating the diversified nature of this fund.

Finally, we believe the ETF's



global approach helps to provide exposure to the key players, because AI companies capture global revenues. As stated above, AI companies tend to be incorporated in the US as a large part of the workforce is there. But despite the country of domicile, those companies earn revenues from across the globe.

Where would that strategy fit within an investor's portfolio construction for that exposure?

The L&G Artificial Intelligence UCITS ETF has a low overlap with core equity indices: just 15% with the S&P 500 and 14% with the MSCI World, meaning it provides an almost entirely different set of exposures. It's

noteworthy that the overlap of our ETF is much lower than that of peer funds – this is a result of its modified equal-weight scheme in contrast with the more common market cap weighting approach.

In terms of where the ETF should sit within a portfolio, it is designed to capture growth, so would sit naturally in the equity growth bucket.

We believe AI is a key long-term theme that is changing the way we live and work. It is therefore understandable that investors want to choose a strategy that provides exposure to the companies powering this trend while mitigating the risk of a narrow AI-related leadership in market cap weighted indices.

* For illustrative purposes only. Reference to a particular security is on a historic basis and does not mean that the security is currently held or will be held within an L&G portfolio. The above information does not constitute a recommendation to buy or sell any security.

Key Risks:

The value of an investment and any income taken from it is not guaranteed and can go down as well as up, and the investor may get back less than the original amount invested. Past performance is not a guide to future performance. Assumptions, opinions, and estimates are provided for illustrative purposes only. There is no guarantee that any forecasts made will come to pass.

- As the Index includes micro, small and medium-sized publicly traded companies, the ETF is subject to the risk that such companies may be more vulnerable to adverse business or economic events and greater and more unpredictable price changes than larger companies or the stock market as a whole.
- The ETF is subject to the risks associated with technology-focused companies that are particularly vulnerable to rapid developments in technology (which may leave their products out-of-date), government regulation and competition from domestic and foreign competitors who may have lower production costs. Such companies may also have difficulties establishing and maintaining patents, copyrights, trademarks and trade secrets relating to their products which could negatively affect their value.

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UPCOMING LAUNCH:

Amundi euro credit spread widening ETF

In this segment we preview a yet-to-launch ETF, providing a high-level view of its strategy and some initial thoughts from professional investors.



AUTHOR:

Jamie Gordon
Editor
ETF Stream

Product name:

Amundi EUR Credit Spread Widening UCITS ETF

Strategy overview:

- Unlike typical long Euro IG credit portfolios that benefit from credit spreads tightening, the objective of the indexing strategy is to provide a positive exposure to Euro Investment Grade credit spread widening.
- Clients targeted are those who want to benefit from financing conditions getting more expensive for Euro IG corporates, which results in wider credit spreads.
- The benefit of the strategy is to provide a simple and systematic inverse exposure to the standard broad Euro IG market with a duration-neutral design.

Buyer views:



JAISAL PASTAKIA,
investment director,
Handelsbanken

I perfectly understand the thinking behind such a strategy. Corporate spreads are at their tightest in many years; it stands to reason that investors will want to hedge against an event where spreads begin to widen. But, as always it comes down to what scenario are investors trying to position for and execution.

For historic context, we invested in DWS ETFs in 2011 where the underlying was a short CDS contact (and therefore long credit). Also available on their bench was an ETF giving exposure to long CDS (and therefore short credit). I am assuming that Amundi is thinking along the lines of something similar to a long CDS product, so I feel I can speak with some experience here.

Investors need to understand the credit spreads in Europe tend to trade tighter than those of the US; I suspect this speaks to a more pro-bond product investor base. Also, investors need to consider the environment they want to position for and how much “convexity” they are getting with such a product. In a more normal

“risk off” event that sees equities correct five to 10% and spreads widen a little, I suspect a long CDS product will do little in terms of mitigating losses elsewhere in portfolios. Indeed, an investor may have come away from post Liberation Day risk-off period disappointed with returns from a long CDS product.

To get a compelling payoff you would need to see a scenario where credit risk becomes elevated, specifically where expectations for default risk outright rises, so something akin to a GFC or European Sovereign crisis. In the post covid cycle, however, corporate balance sheets are in robust shape which means we would not expect a sizable jump in default rates. If investors are therefore worried about European borrowing costs rising, the simple solution would be to therefore reduce their exposure.

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It is an interesting proposition because most credit strategies are built to benefit when corporate balance sheets are strengthening. This flips that logic and offers investors a way to express a view that financing costs will bite harder in Europe.

Nathan Sweeney, CIO of multi-asset, Marlborough



NATHAN SWEENEY,
CIO of multi-asset,
Marlborough

It is an interesting proposition because most credit strategies are built to benefit when corporate balance sheets are strengthening. This flips that logic and offers investors a way to express a view that financing costs will bite harder in Europe.

As many investors are now looking ahead to 2026, the timing could be spot on. Take Germany, for example, rising competition from China is putting pressure on its export-led economy and that could translate into weaker earnings and tighter financing conditions for corporates.

The duration-neutral design is especially useful. It means the strategy is genuinely about spreads, not a call on interest rates. I see that as a cleaner way of playing the theme.

UPCOMING LAUNCH:

L&G global mid cap ETF

In this segment we preview a yet-to-launch ETF, providing a high-level view of its strategy and some initial thoughts from professional investors.



AUTHOR:

Jamie Gordon
Editor
ETF Stream

Product name:

L&G MSCI World Mid Cap UCITS ETF

Strategy overview:

- The ETF will track the MSCI World Mid Cap index which captures 778 constituents across 23 developed markets. The index covers around 15% of the free float-adjusted market cap of each country, versus 85% of the market cap of each of these countries for the 1,321 constituents of the MSCI World index.
- The mid cap index has significantly different country and sector weights versus its parent MSCI World index, with the US and Japan representing 60.6% and 10.1% of the former and 72.5% and 5.5% of the latter.
- Likewise, the industrials sector becomes the sector in the midcap index, seeing its weight almost double from 10.9% to 20.1%. Meanwhile, tech is heavily reduced from 27.3% to 12.1%.
- The weight of the top 10 constituents in the mid cap index amount to 4.7% combined, versus 27.8% for the parent index.
- The mid cap index overweights low size, low volatility and value factors relative to the parent index while being underweight quality and momentum.

Buyer views:



JUERGEN FRITZEN,
managing partner at
Crossflow Financial
Advisors

Since the beginning of 2023 the MSCI World index has significantly outperformed the Mid Cap index due to its high weighting in information technology. This high US and IT weighting can be interpreted as either an opportunity or a risk. If this high concentration is seen as a risk, the new ETF offers the chance to increase diversification. Compared to the large cap index, the MSCI World Mid Cap has a significantly higher weighting in the sectors of industrials, real estate and utilities and a correspondingly lower weighting in the information technology sector. In addition, the US share in the Mid Cap Index is more than 10% lower than in the large cap index.

It is also noteworthy that the p/e ratio of the Mid Cap index was regularly higher than that of the MSCI World between 2009 and 2022, but has been exactly the opposite since then. Some equity researchers see this as an opportunity for next year. However, it should be borne in mind that this story is not new and has led to significant

underperformance compared to the large cap index in the recent past.



TERRY MCGIVERN,
senior research
analyst, AJ Bell

Whilst we know global trackers sell well, particularly amongst retail audience, at AJ Bell Investments we work on a regional equity building block approach, with market cap classed as a tactical lever we could pull on that specific region. So, it is unlikely to be a fund that we would use in our ranges, as we would use dedicated regional midcap funds and then can be far more targeted around the sectors and industries that we would be exposed to. Investors

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Compared to the large cap index, the MSCI World Mid Cap has a significantly higher weighting in the sectors of industrials, real estate and utilities and a correspondingly lower weighting in the information technology sector.

Juergen Fritzen, managing partner at Crossflow Financial Advisors

in this L&G fund would need to be aware that an MSCI World Mid Cap index tracking fund would be significantly exposed to the US at around a 60% weighting and although this is not as extreme as US exposure in an MSCI large cap index approach, which would be over 70%, it is still significant and will skew the sector profile investors are then exposed to, with Industrials (20%) being the largest sector and IT still significantly weighted. Contrast that with UK mid caps, for instance, where financials would be easily the largest sector (28% of FTSE 250) and consumer staples the next largest (14%).

On mid caps generally though, they are an interesting area for 2026, as they carry attractive valuations, often show a higher interest rate sensitivity than mega/large caps, which can mean that they benefit more in a rate cut environment and with a withdrawal from peak globalisation, which seems to be the case since Covid and under the Trump presidency, more domestic economy type businesses should be well placed to benefit. With allocators likely still cautious about piling further into Tech/Mag-7 type names, I am sure there will be interest in mid caps, both globally and on a regional basis, over the next 12 months.



The ETF Buyer wishlist

We asked investors which ETF could be a compelling tactical allocation and what ETF product developments they would like to see in 2026.



JÜRGEN FRITZEN, managing partner,
Crossflow Financial Advisors GmbH

An equity ETF with “genuine” emerging market exposure beyond the giants could be a good idea for a new ETF issue. After the broad emerging market index (MSCI Emerging Markets) significantly outperformed developed markets for the first time since 2017 in 2025 (15.15% vs. 6.90% YTD), a differentiated allocation strategy is recommended for 2026. Conventional EM indices are dominated by China, Taiwan, India and South Korea, which account for almost 60% of the total. This concentration entails specific risks: Taiwan and South Korea, as de facto developed

economies, are highly cyclical in relation to the semiconductor sector, China is subject to ongoing geopolitical discount factors, and the Indian market is trading at historically high valuation levels.

Excluding these heavyweights shifts the focus to the fundamental growth potential of the ‘next generation’/true emerging markets. Investors thus participate more directly in structural drivers such as favourable demographics, raw material wealth and the effects of supply chain diversification (friendshoring). Markets such as Mexico, Brazil, Indonesia and Vietnam often offer more attractive valuations and lower correlation with the technology indices of industrialised countries.



CHRISTOPHE JOYE, passive and smart beta analyst, Lombard Odier & Cie SA

It is very difficult for me to say what I would like to see launched in 2026. I think that on the passive side we already have what we need; it would be more on the active ETF side where we have a lot of possibilities. If I have to give an answer, I would say a Global Natural Resources product. But it is not a recurring request on my part.

In terms of products to invest in today, currently, the only specific request I have received is for ETFs with a covered call overlay to enhance income, particularly on US equities, or buffer ETFs. At this stage, these are mainly offered by Global X and First Trust.



STEPHAN KEMPER, chief investment strategist at BNP Paribas Wealth Management

Products to invest in include MSCI Latin America and the S&P 100 Equal Weight. From a new-launch perspective, interesting ideas would be a tracker on dividend futures of major indices, as well as ETFs focused on geographical revenue exposure, such as EU large caps with low USD exposure.



NATHAN SWEENEY, multi-asset CIO, Marlborough

Looking ahead to 2026, it is worth remembering that it will be a US mid-term election year, which historically brings higher volatility as markets second-guess political outcomes. That tends to mean slightly more caution from investors.

Income therefore will be a smart tactical allocation, as it keeps investors engaged while providing something tangible and predictable during periods when sentiment is jumpy. A well-diversified global equity income ETF would fit that dynamic particularly well.

Where the market is missing something is a complete income ETF suite. Most providers give you the odd US or Asian income option, but there is not a single range that an allocator could use to build a full global income solution, covering US, UK, Europe, Japan, Asia and Emerging Markets.

Ideally that suite would have modest income enhancement and, importantly, equal monthly distributions, enabling allocators to build a clear, client-friendly income proposition with consistent payments, which matters a lot more when volatility picks up.

