

Decoding ETF perceptions

Investor Survey by

YouGov®

ETF

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Study Background

- Mirae Asset Investment Managers (India) Pvt. Ltd. (the AMC) is a diversified asset manager providing innovative passive investment solutions to clients with an aim to cater their investment needs
- The AMC is looking to create a research driven knowledge piece around consumer understanding and investments in ETF and share the findings with Industry and investors
- With this context, YouGov conducted a quantitative survey, among ~2109 respondents - to understand insights around consumer's awareness, knowledge & understanding of ETFs as well as their preferences. This report is of the key findings from the same



Research Methodology & Study Design

Online survey using YouGov’s India panel; Responses were collected from 2109 respondents which included – ETF Owners, Intenders as well as category non-intenders/ rejectors, using a quota-based sampling approach for representation of different age groups, genders and target markets.

Target group & Sample Design

Gender
 Males (80%),
 Females (20%)

Age
 22 – 35 years 40%
 36 – 45 years 40%
 46 – 55 years 20%

NCCS - A*

Usership:

- Investors of any of – Mutual funds/ Stocks/ ETF
- Aware of ETF (100%)
- Owners of ETF (50%)
- Rest 50% will be a mix of intenders/ non-intenders/ category rejectors, etc. (natural fallout – no quotas maintained within the 50%)

Zone	City	Sample
East	Kolkata	169
East	Patna	105
East	Bhubaneswar	105
North	Delhi NCR	169
North	Lucknow	148
North	Jaipur	148
North	Indore	105
South	Hyderabad	169
South	Bangalore	169
South	Chennai	169
South	Kochi	105
West	Mumbai	169
West	Ahmedabad	127
West	Pune	148
West	Surat	105
Total Sample		2109

*NCCS stands for New Consumer Classification System which is used to classify respondents & can be used to check for affluence. The classification is dependent on 2 variables - the level of education of the chief wage earner in the family and the number of consumer durables owned by the household.

T1 cities: Delhi, Kolkata, Mumbai, Chennai, Bangalore, Hyderabad
 T2 cities: Lucknow, Jaipur, Indore, Patna, Pune, Ahmedabad, Surat, Kochi
 T3 cities: Bhubaneswar

SECTION 1: PROFILING THE AUDIENCE



Section 1: Profiling The Audience

T2 cities show a higher inclination to ETF investments; 36-45 age group have a higher number of owners, while the older age group of 46-55 age group have a high non-intenders proportion

Some key differences between the cohorts

Tiers	Total	Owners	Intenders	Non-intenders
		A	B	C
Base	2109	1055	428	627
Tier 1	48%	45%	53% A	50% A
Tier 2	47%	51% BC	40%	44%
Tier 3	5%	5%	6%	6%

Age groups	Total	Owners	Intenders	Non-intenders
		A	B	C
Base	2109	1055	428	627
22 to 35	40%	40%	40%	40%
36 to 45	40%	45% BC	39% C	32%
46 - 55	20%	15%	21% A	28% AB

Each group is represented by a letter (A/B/C etc.). The grey highlighted scores indicate that they are significantly better/higher compared to the groups whose letters are mentioned beside the grey highlighted score. For e.g. here, for the table on the left, 51% is significantly higher compared to Intenders (B) & Non-intenders (C). We can read this as follows: tier 2 cities have a higher proportion of Owners vs. intenders or non-intenders.

What is significance testing?

Significance testing is done to determine if the differences between two scores is statistically valid or not. This calculation also takes into account the sample (base) of each group being compared..

T1 cities: Delhi, Kolkata, Mumbai, Chennai, Bangalore, Hyderabad

T2 cities: Lucknow, Jaipur, Indore, Patna, Pune, Ahmedabad, Surat, Kochi

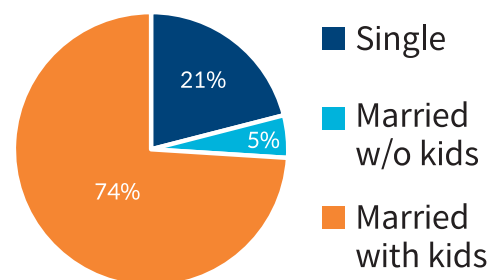
T3 cities: Bhubaneswar

A,B,C indicates significantly higher scores compared to the other cohorts at 95%CL

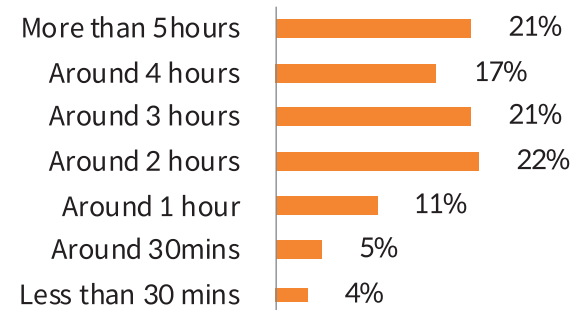
Section 1: Profiling The Audience

Owners are seen to have a higher household income, married with kids & own a higher end smartphone. Being high on investing, they are seen to use Money control app more than any of the other groups. They are seen to have a higher liking towards OTT apps like APV & Disney Hotstar vs other user groups.

Marital status



Hours spent on the internet



Base: Owners – 1055

P1. Roughly, how many hours a day do you spend on the Internet / Media for personal usage only?

P2. Which all business or investment apps / websites do you use regularly?

P3. Which of the following social media platforms do you use regularly use, apart from WhatsApp?

P4. Which of the following OTT apps / video streaming apps do you regularly use to watch videos/movies etc.?

P6. Could you please let me know the cost of your smartphone?

*The Investment apps, OTT apps and Social media apps mentioned herein is basis the response received from the audience during the survey and it does not constitute any recommendation by the AMC.

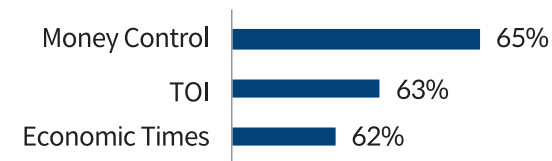
Who are the ETF Owners?



49% have a Net household income of 1 lac & above

37% own a smartphone in the 31-50K price range

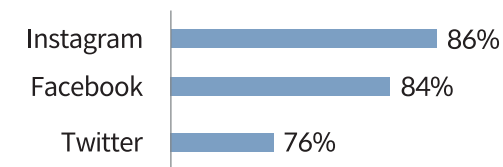
Top Investment apps used*



Top OTT apps used*



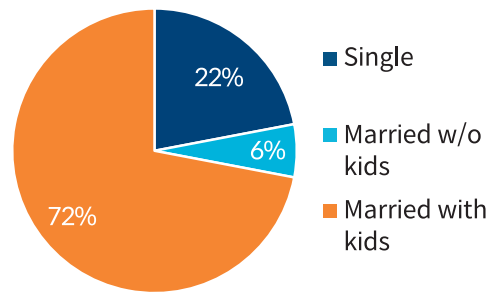
Top social media apps used*



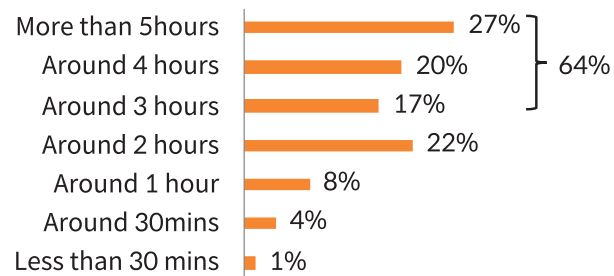
Section 1: Profiling The Audience

Intenders are also seen to have a higher household income, married with kids but own a lesser expensive smartphone compared to owners. Their app usage remains similar to other user cohorts. YouTube is seen to be the top OTT app consumed.

Marital status



Hours spent on the internet



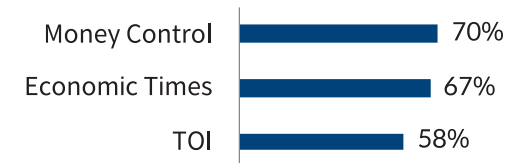
Who are the ETF Intenders?



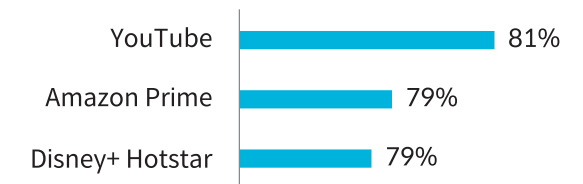
41% have a Net household income of 1lac & above

34% own a smartphone in the 21-30K price range

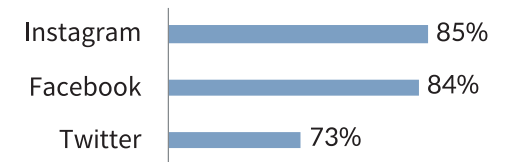
Top Investment apps used*



Top OTT apps used*



Top social media apps used*



Base: Owners – 428

P1. Roughly, how many hours a day do you spend on the Internet / Media for personal usage only?

P2. Which all business or investment apps / websites do you use regularly?

P3. Which of the following social media platforms do you use regularly use, apart from WhatsApp?

P4. Which of the following OTT apps / video streaming apps do you regularly use to watch videos/movies etc.?

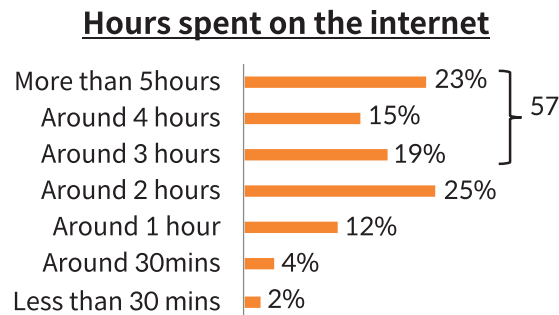
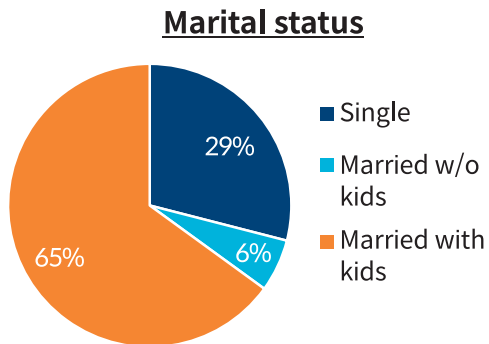
P6. Could you please let me know the cost of your smartphone?

*The Investment apps, OTT apps and Social media apps mentioned herein is basis the response received from the audience during the survey and it does not constitute any recommendation by the AMC.

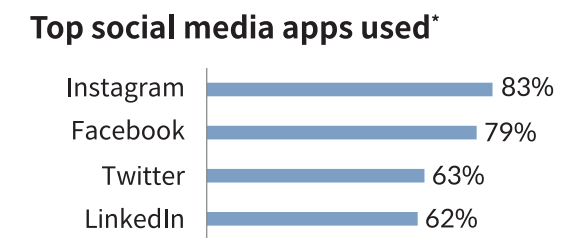
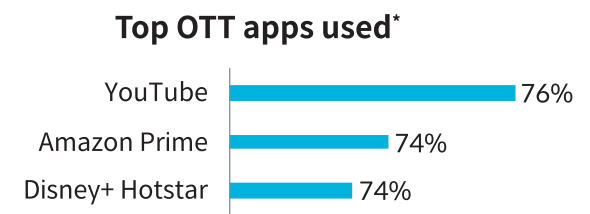
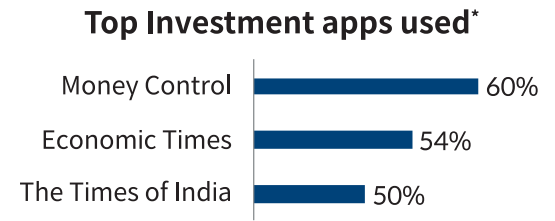
Section 1: Profiling The Audience

Non-intenders are seen to have the lower household income vs. other user groups & have a higher proportion of singles. Even they own a lesser expensive smartphone compared to owners & their app usage remains similar to other user cohorts. YouTube is the top OTT app used.

Who are the ETF Non-intenders?



37% have a Net household income of 1lac & above
33% own a smartphone in the 21-30K price range



Base: Owners – 627

- P1. Roughly, how many hours a day do you spend on the Internet / Media for personal usage only?
- P2. Which all business or investment apps / websites do you use regularly?
- P3. Which of the following social media platforms do you use regularly use, apart from WhatsApp?

- P4. Which of the following OTT apps / video streaming apps do you regularly use to watch videos/movies etc.?
- P6. Could you please let me know the cost of your smartphone?

*The Investment apps, OTT apps and Social media apps mentioned herein is basis the response received from the audience during the survey and it does not constitute any recommendation by the AMC.

SECTION 2: UNDERSTANDING GENERAL INVESTMENT BEHAVIOUR

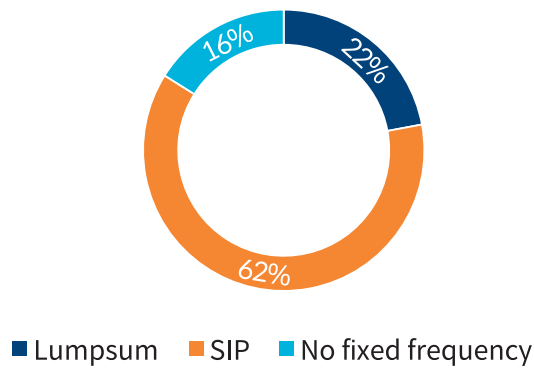


Section 2: Understanding General Investment Behaviour

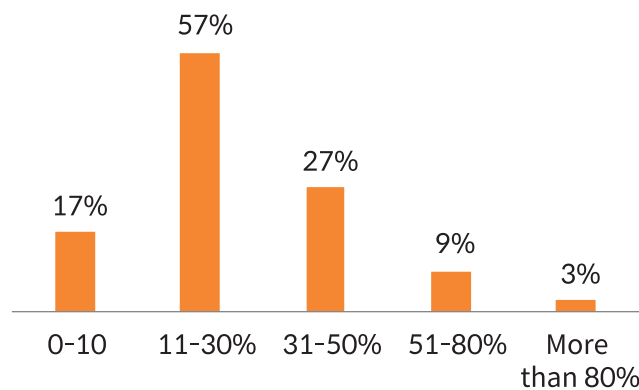
Majority of the people like to invest systematically through SIPs. Close to 60% invest somewhere between 11-30% of their monthly salary.

How do people invest?

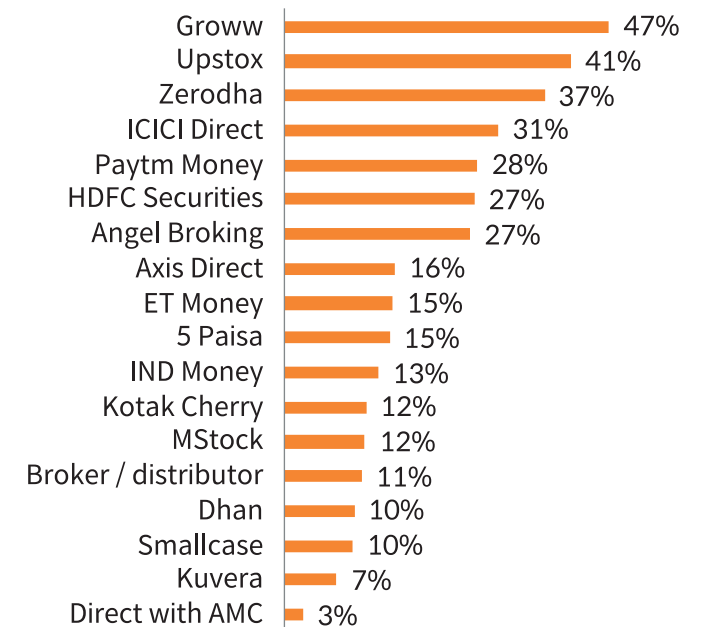
Frequency of investing



% of monthly salary invested



Apps/platforms* used to make investments



Base: 2109

M1. How often do you make investments in any of the investment instruments like mutual funds, stocks, ETFs, etc.?

M2. How much of your monthly salary do you invest in any of the investment instruments like mutual funds, stocks, ETFs, fixed deposits etc.?

M3. Which of the following apps/ platforms do you use to make your investments?

*The Investment apps, OTT apps and Social media apps mentioned herein is basis the response received from the audience during the survey and it does not constitute any recommendation by the AMC.

Section 2: Understanding General Investment Behaviour

Not surprisingly, Owners of ETF are seen to be more investment savvy, invest more & are seen to use the investment apps much more compared to others, while Non-intenders invest less than 10% & have no fixed frequency for investing.

Differences between cohorts

Frequency of investing	Total	Owners	Intenders	Non-intenders
		A	B	C
Base	2109	1055	428	627
Lumpsum	22%	25% C	24% C	16%
SIP	62%	63%	61%	61%
No fixed frequency	16%	12%	15%	23% AB

% of monthly salary invested	Total	Owners	Intenders	Non-intenders
		A	B	C
Base	2109	1055	428	627
Less than 10%	17%	11%	18% A	27% AB
11-30%	57%	55%	62% A	58%
31-50%	27%	37% BC	21% C	15%
51-80%	9%	14% BC	5%	3%
More than 80%	3%	4% BC	2% C	0%

Apps/platforms* used to make investments	Total	Owners	Intenders	Non-intenders
		A	B	C
Base	2109	1055	428	627
Groww	47%	52% C	49% C	35%
Upstox	41%	51% BC	40% C	26%
Zerodha	37%	42% BC	34%	31%
ICICI Direct	31%	35% BC	28%	24%
Paytm Money	28%	33% BC	25%	20%
HDFC Securities	27%	35% BC	23% C	17%
Angel Broking	27%	30% C	29% C	19%
Axis Direct	16%	21% BC	13%	9%
ET Money	15%	21% BC	13% C	7%
5 Paisa	15%	21% BC	11% C	7%
IND Money	13%	18% BC	12% C	7%
Kotak Cherry	12%	16% BC	9%	6%
MStock	12%	18% BC	8% C	3%
Broker / distributor	11%	14% BC	10%	7%
Dhan	10%	15% BC	6%	4%
Smallcase	10%	15% BC	7% C	4%
Kuvera	7%	12% BC	6% C	2%
Direct with AMC	3%	1%	3% A	4% A

Each group is represented by a letter (A/B/C etc.). The grey highlighted scores indicate that they are significantly better/higher compared to the groups whose letters are mentioned beside the grey highlighted score. For e.g. here, for the table on the top left, 23% is significantly higher compared to Owners (A) & Intenders (B). We can read this as follows: A higher % of non-intenders are seen to have no fixed investing frequency vs. owners/intenders

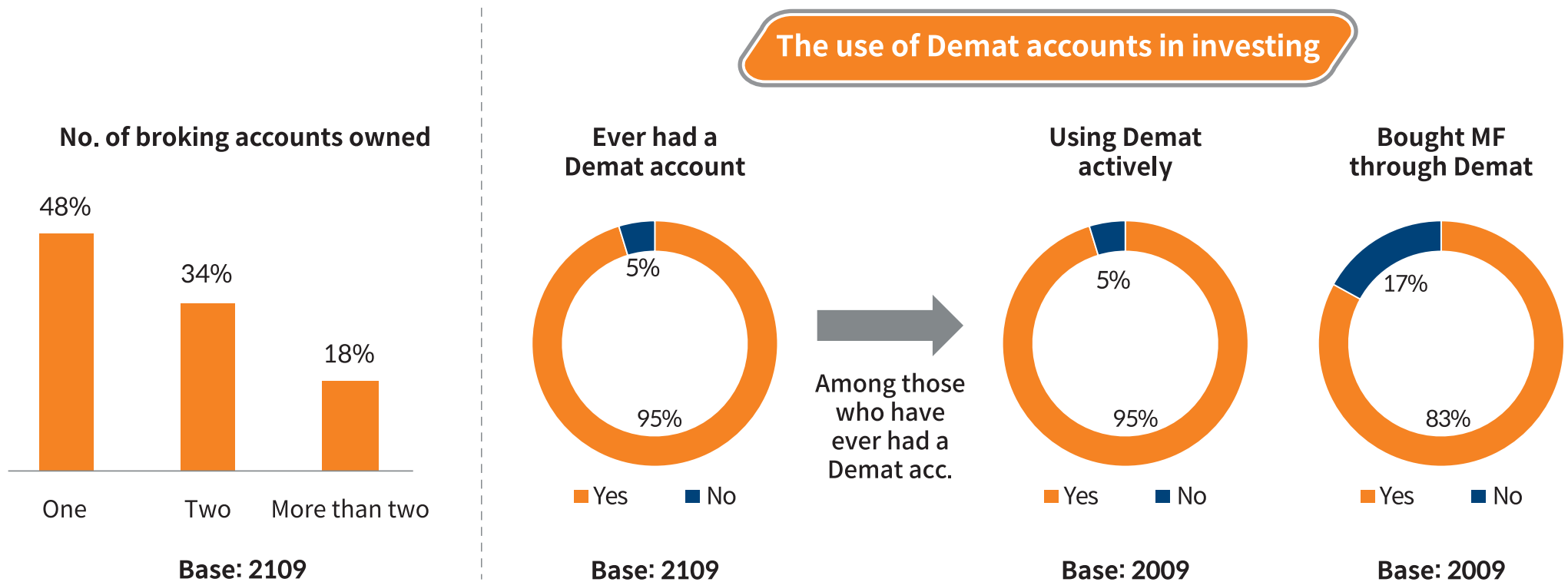
What is significance testing?

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Section 2: Understanding General Investment Behaviour

Close to 50% people only have 1 broking account; Almost everyone owns a Demat account & use it actively. More than 80% of those who own a Demat account have used it to buy MFs



M4. Have you ever had a Demat account for yourself?
M4.i. How many Broking accounts do you have?

M5. Do you still actively use your Demat account?
M5.i. Have you ever bought MF through your Demat account?

Section 2: Understanding General Investment Behaviour

In continuation with what we saw earlier, non-intenders are the least investment savvy, while owners are the most savvy with a higher number of owners having even more than 2 demat accounts, having bought MFs using their Demat accounts as well as using it actively compared to others

Differences between cohorts

Ever had a Demat account

	Total	Owners	Intenders	Non-intenders
		A	B	C
Base	2109	1055	428	627
Yes	95%	97% C	96% C	92%
No	5%	3%	4%	8% AB

Ever had a Demat account

	Total	Owners	Intenders	Non-intenders
		A	B	C
Base	2009	1026	409	574
Yes	95%	98% BC	94%	92%
No	5%	2%	6% A	8% A

Ever had a Demat account

	Total	Owners	Intenders	Non-intenders
		A	B	C
Base	2109	1055	428	627
1	48%	41%	51% A	57% A
2	34%	38% C	34%	28%
More than 2	18%	22% BC	15%	14%

Ever had a Demat account

	Total	Owners	Intenders	Non-intenders
		A	B	C
Base	2009	1026	409	574
Yes	83%	92% BC	80% C	69%
No	17%	8%	20% A	31% AB

Each group is represented by a letter (A/B/C etc.). The grey highlighted scores indicate that they are significantly better/higher compared to the groups whose letters are mentioned beside the grey highlighted score. For e.g. here, for the table on the top left, 8% is significantly higher compared to Owners (A) & Intenders (B). We can read this as follows: A higher % of non-intenders have never had a Demat account compared to owners/intenders

What is significance testing?

Significance testing is done to determine if the differences between two scores is statistically valid or not. This calculation also takes into account the sample (base) of each group being compared..

SECTION 3: PEOPLE'S UNDERSTANDING THE ETF CATEGORY

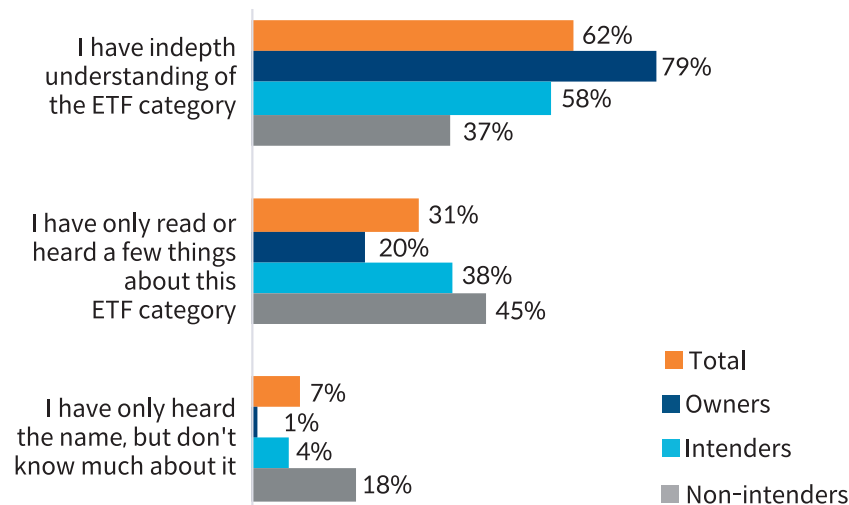


Section 3: People's Understanding The ETF Category

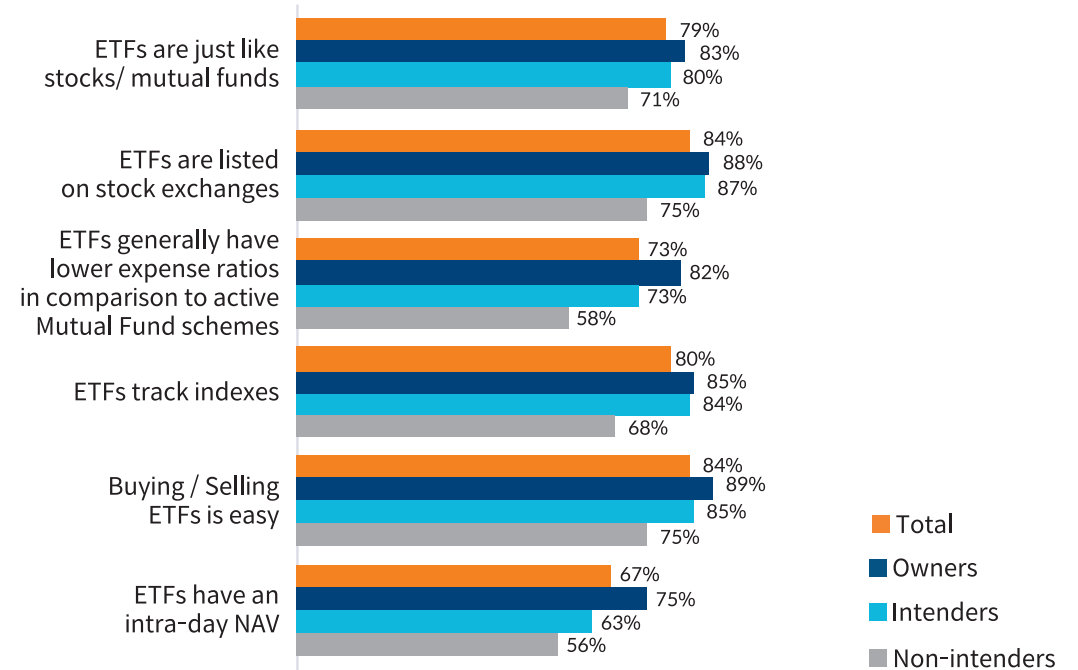
6 out of 10 people claim to have in depth understanding of ETFs, majority of which are ETF owners; while intenders also seem to have a good understanding, non-intenders show some lack in understanding

How much do people know about ETFs?

Familiarity with ETFs



Level of understanding – Top box (Agree)



Base: Total – 2109, Owners – 1055, Intenders – 428, Others - 627

N1. How would you describe your familiarity with ETF as an investment instrument?

N2_new. Which of the following statements about ETF do you agree/ don't know/ disagree with?

Section 3: People's Understanding The ETF Category

While statements around ETFs being listed on stock exchanges or their similarity to MFs are seen to be common knowledge even among those with low familiarity, statements around post market hour trading & intra-day Nav are seen to be understood only by those having an in depth knowledge about the instrument

Familiarity x Level of understanding (top box)		ETFs are just like stocks/ mutual funds	ETFs are listed on stock exchanges	ETFs generally have lower expense ratios in comparison to active Mutual Fund Schemes	ETFs track indexes	Buying / Selling ETFs is easy	ETFs have an intra-day NAV
		A	B	C	E	F	G
Level of Familiarity ↓	Base	1661	1771	1541	1684	1777	1411
	I have in depth understanding of the ETF category	65%	67%	70% A	68%	68%	73% AB EF
	I have only read or heard a few things about this ETF category	31% DG	30% DG	28%	29% DG	29% DG	25%
	I have only heard the name, but don't know much about it	4% CEG	4% CEG	2%	2%	3%	2%

N1. How would you describe your familiarity with ETF as an investment instrument?

N2_new. Which of the following statements about ETF do you agree/ don't know/ disagree with?

A,B,C indicates significantly higher scores compared to the other cohorts at 95%CL

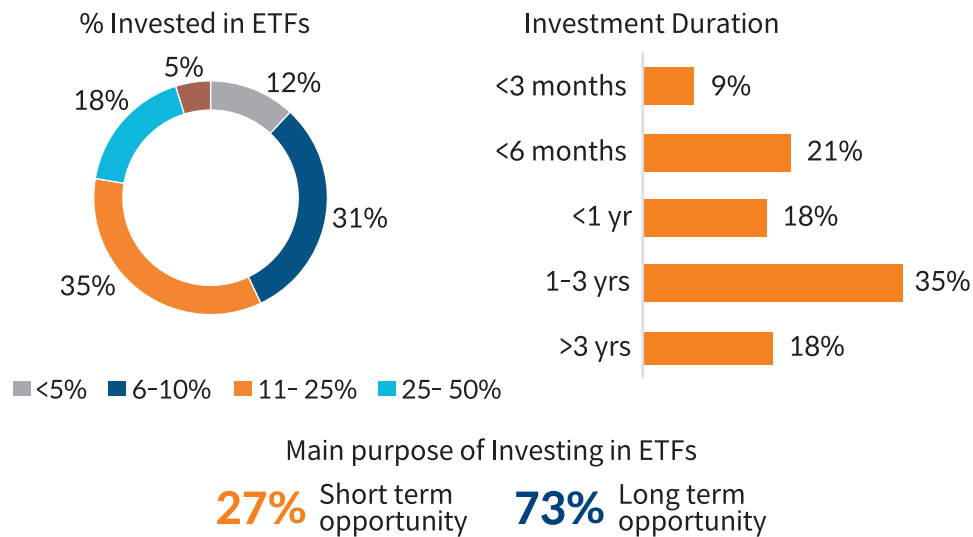
Section 3: People's Understanding The ETF Category

While owners who understand ETFs better are seen to invest more (11-25% of the total invested amount), intenders who are still exploring the ETF category seem to be a bit cautious, majorly looking to invest only 6-10% in ETFs.

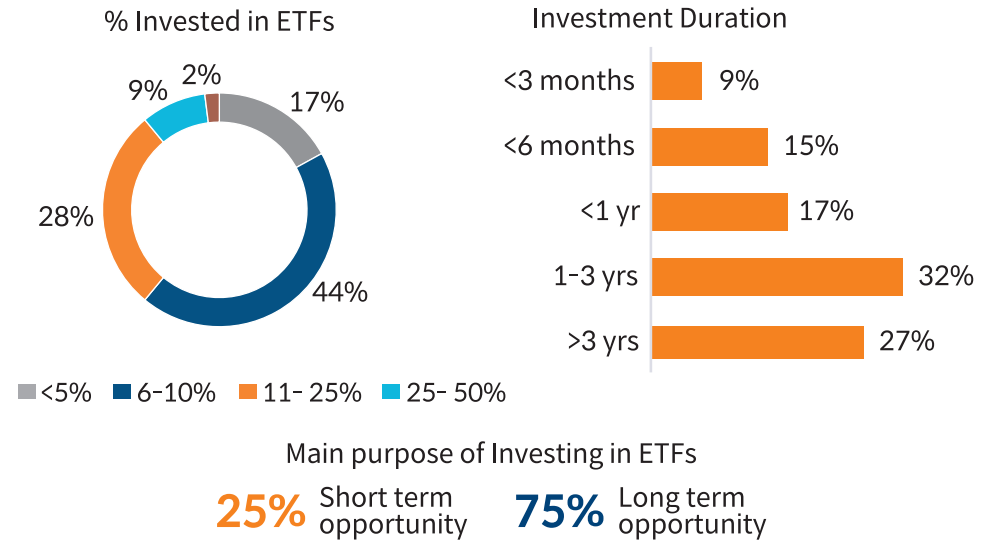
The duration of investment, however, is consistent across both the user groups – 1 to 3 years.

How do people invest in ETFs?

OWNERS



INTENDERS



Base: Total – 2109, Owners – 1055, Intenders – 428

N3.i. Out of your total investment amount, what percentage have you invested in ETFs?

N4.i. How long do you typically stay invested in an ETF?

N5.i. What would you say is the main purpose for you investing in an ETF?

SECTION 4: DRIVERS, TRIGGERS & BARRIERS



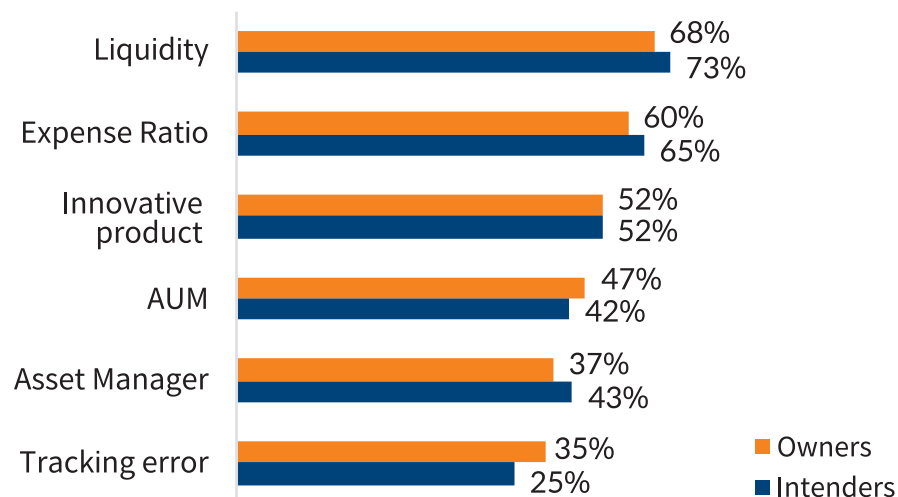
Section 4: Drivers, Triggers & Barriers

Notably, we see intenders placing higher importance on common factors like liquidity, expense ratio & asset manager compared to owners – possibly due to their limited knowledge.

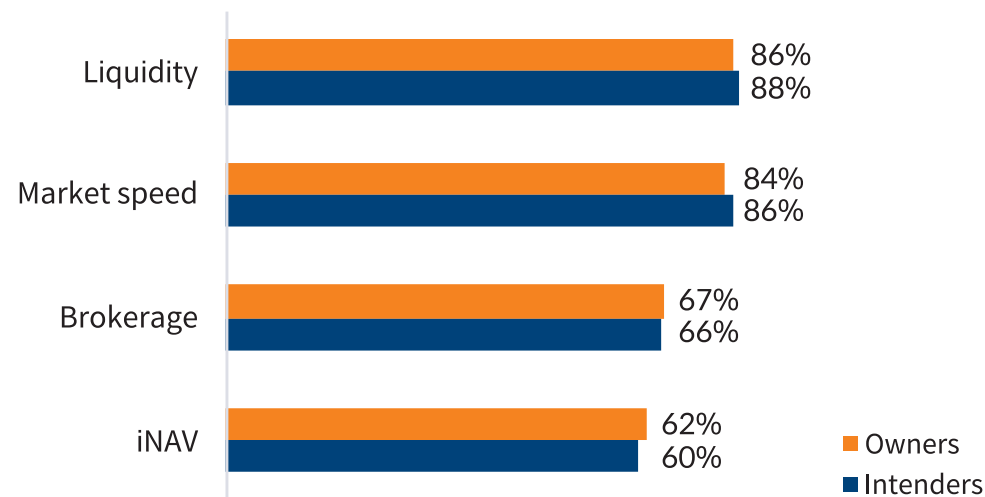
Liquidity is seen as the most important factor for both owners as well as intenders, but when it comes to ETF transactions, market speed is another important factor looked for by both the groups

Important factors looked for in an ETF

Important factors for ETF selection – Rank 1+2+3



Important factors for ETF transactions – Rank 1+2+3



Base: Owners – 1055, Intenders – 428

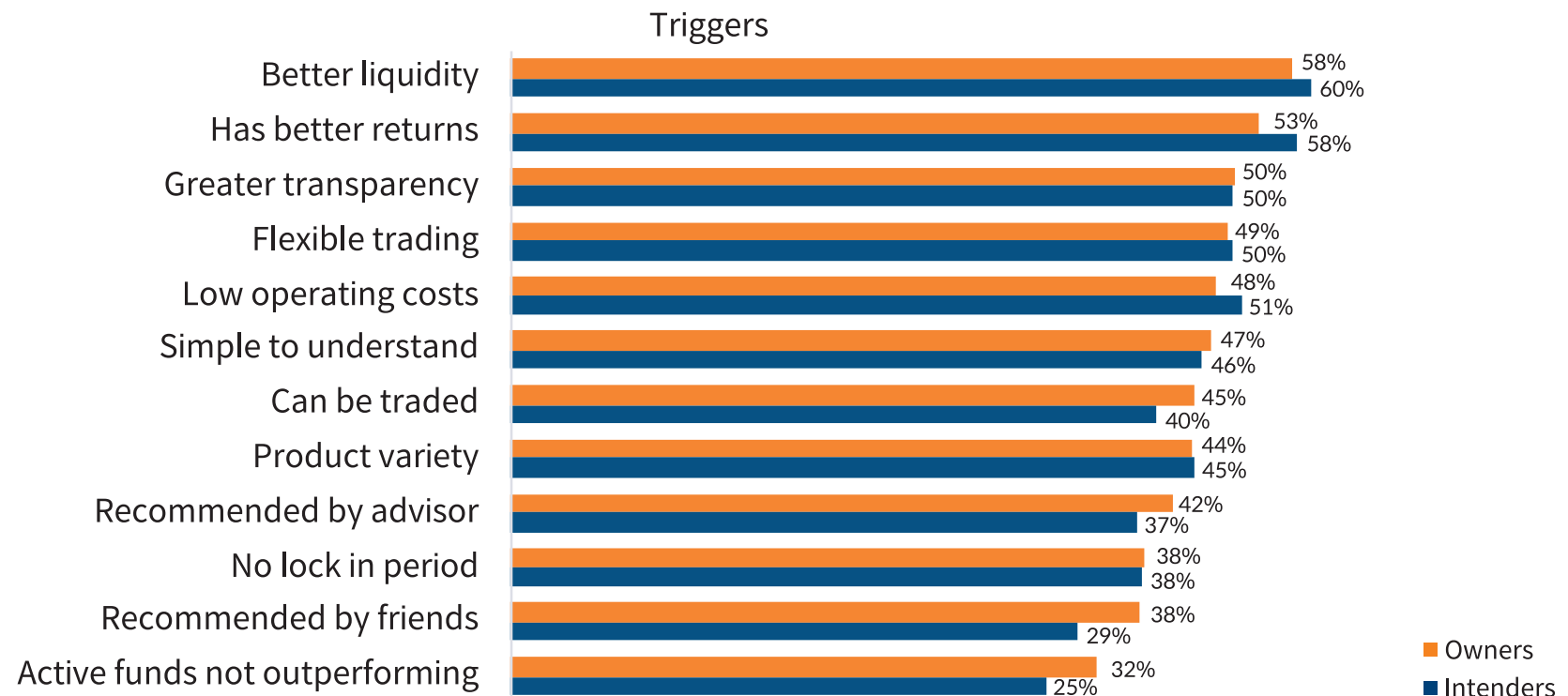
N8. Rank the following criteria in order of what is important to you when you select an ETF for investing?

A7_new. Please rank the following factors in order of importance of what you look for while transacting in ETFs?

Section 4: Drivers, Triggers & Barriers

Liquidity is a key factor for ETF consideration and is one of the top triggers followed by better returns

Triggers & Barriers for investing in ETF



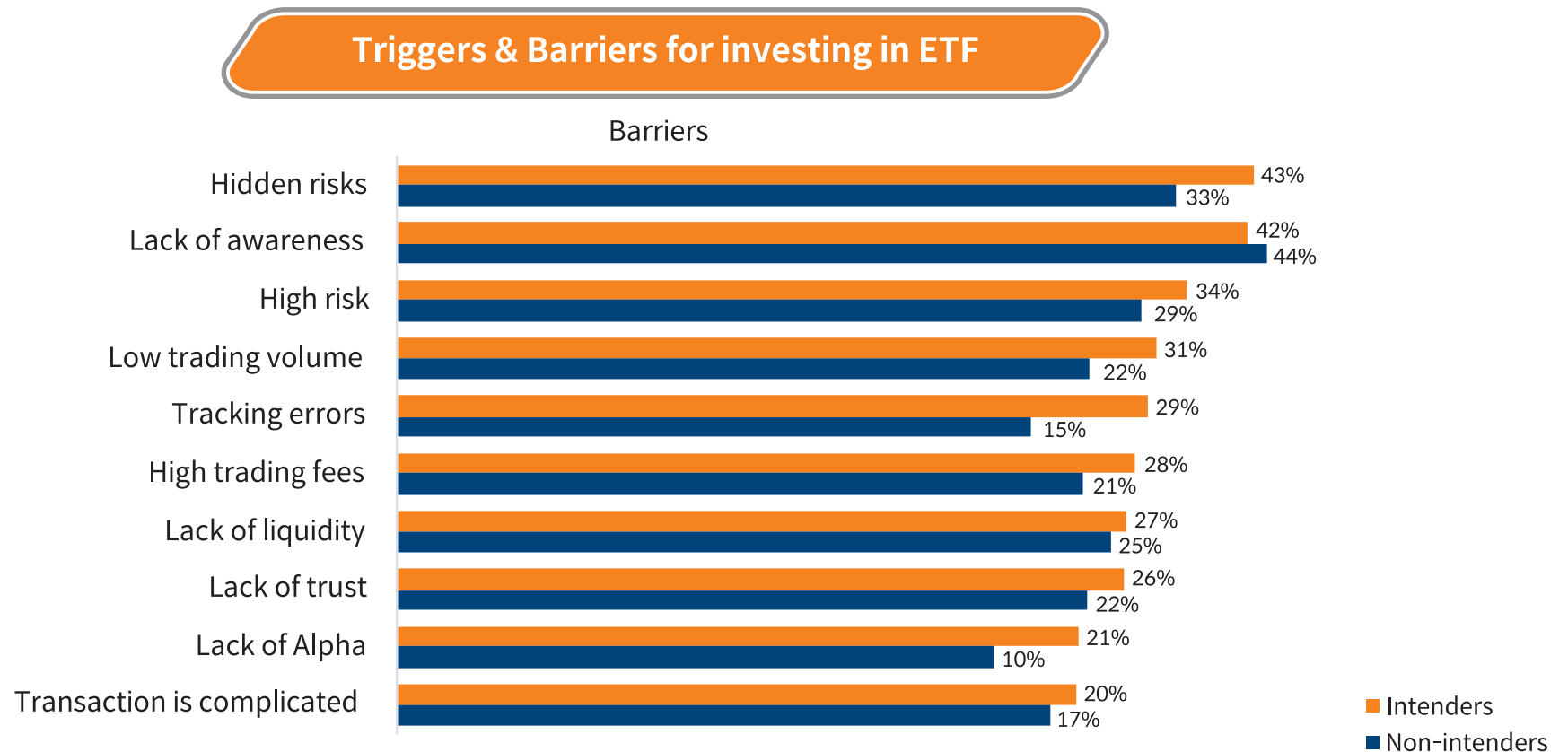
Base: Owners – 1055, Intenders – 428

B1. Which of the following statements best describe your reason(s) for choosing to invest in an ETF?

B2. Which of the following statements best describe your reason(s) for intending to invest in an ETF?

Section 4: Drivers, Triggers & Barriers

Lack of sufficient knowledge about the ETF category & unclear understanding of hidden costs form the key barriers for intenders as well as non-intenders. Interestingly, lack of trust or complicated process is not one of the top barriers



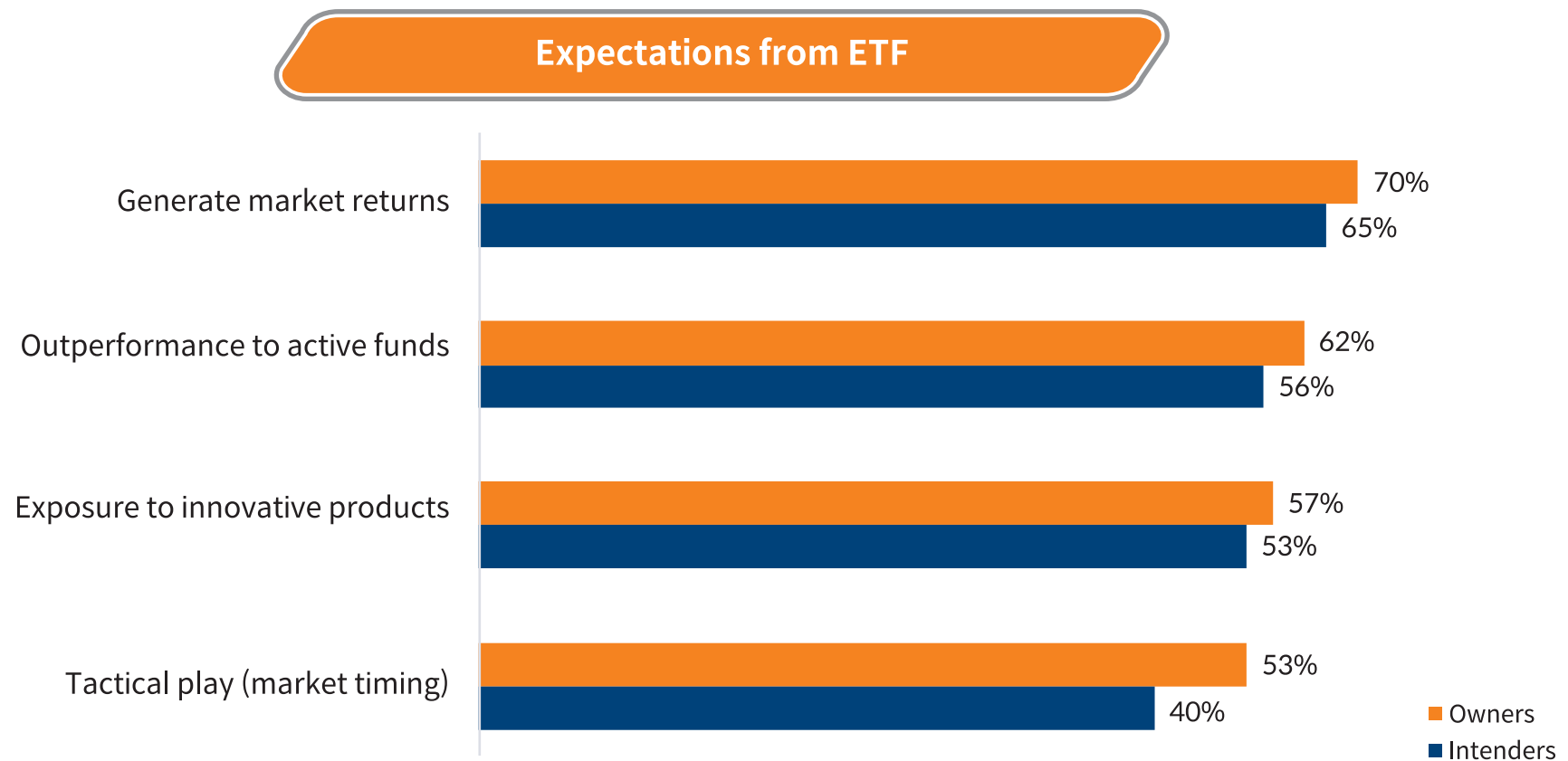
Base: Owners – 1055, Intenders – 428

B3. Which of the following statements best describe your reason(s) for not investing in an ETF so far?

B4. Which of the following statements best describe your reason(s) for not even intending to investing in an ETF?

Section 4: Drivers, Triggers & Barriers

The key expectations from ETFs is generating returns followed by outperforming active funds



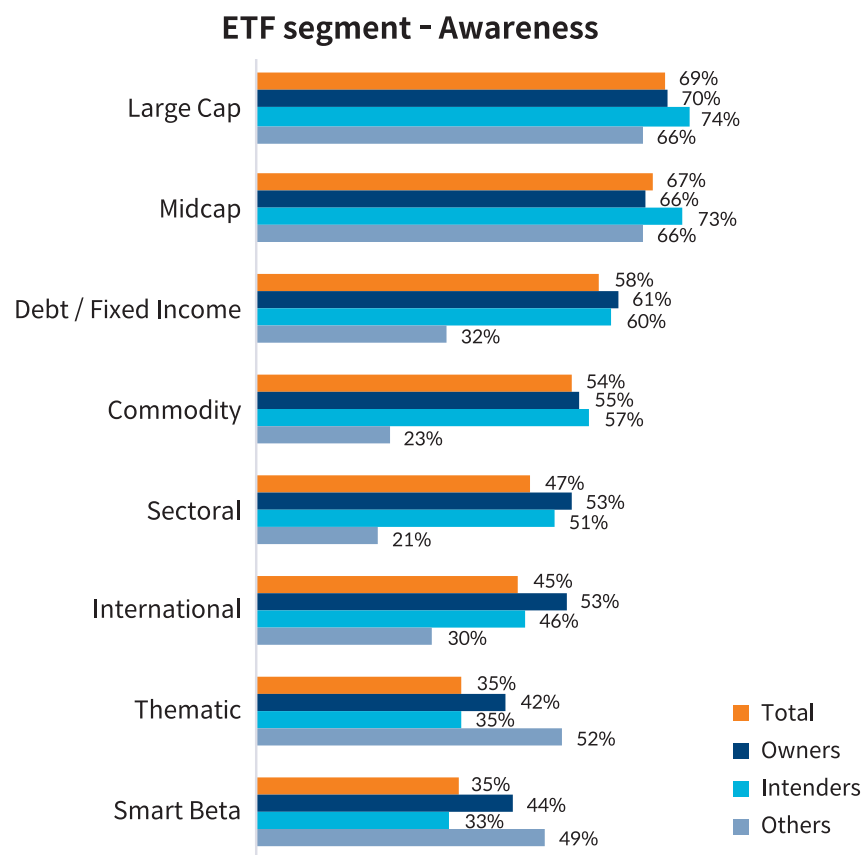
Base: Owners - 1055, Intenders - 428
B5. What are your expectations by investing in ETFs?

SECTION 5: ETF SEGMENTS & TYPES



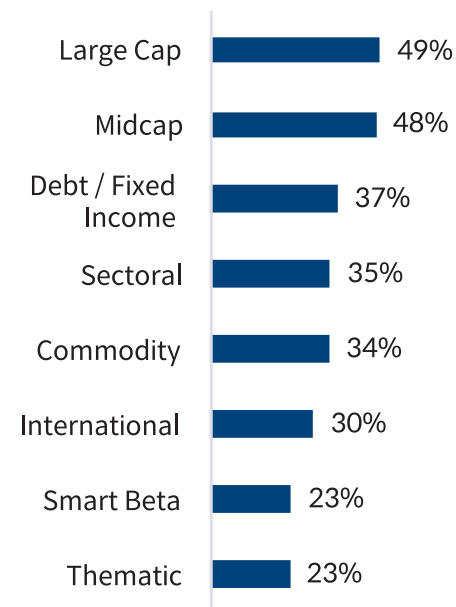
Section 5: ETF Segments & Types

Owners have the highest awareness for the different ETF segments; Large cap & mid cap are the top segments in terms of awareness, ownership as well as preference.



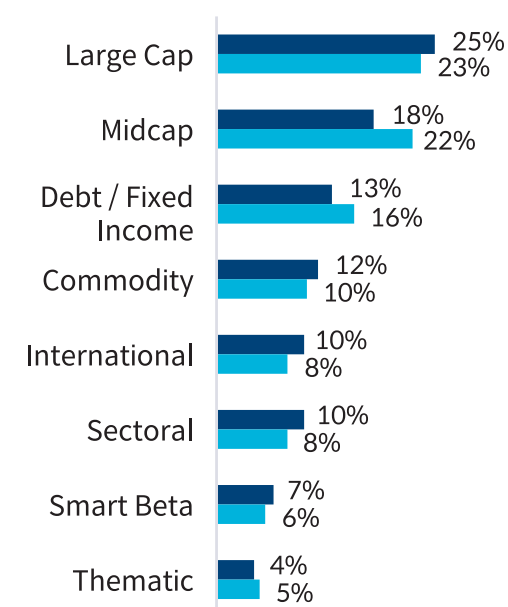
Preference for ETF segments

ETF segment - Currently invested



(Asked to Owners only)

ETF segment - Most preferred



(Asked to Owners & Intenders only)

Base: Total - 2109, Owners - 1055, Intenders - 428, Others - 627

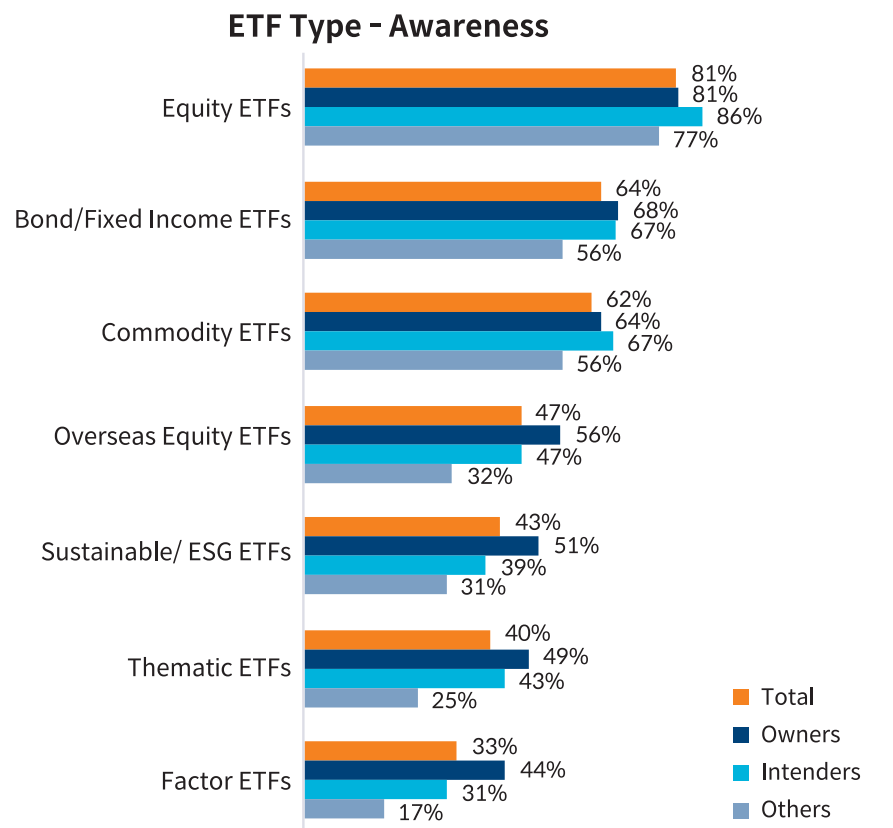
N7.a. Which of the following ETF segments are you aware of?

N7.ii. Which of the following ETF segments are you currently invested in?

N7.iii. Which of the following ETF segments do you prefer the most?

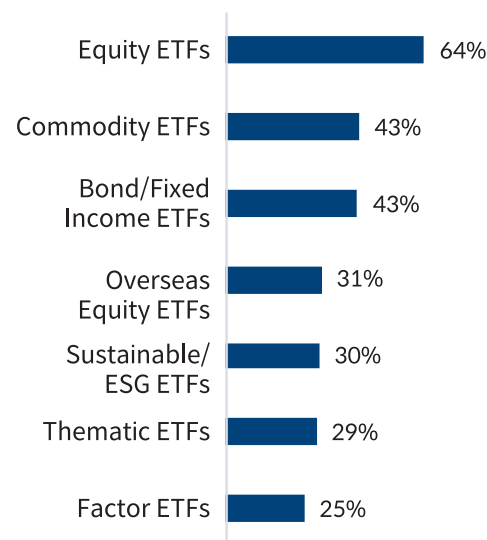
Section 5: ETF Segments & Types

Equity ETFs have the highest awareness, followed by ownership as well as preference. Interestingly, compared to owners, intenders show a higher preference for bond/fixed income ETFs



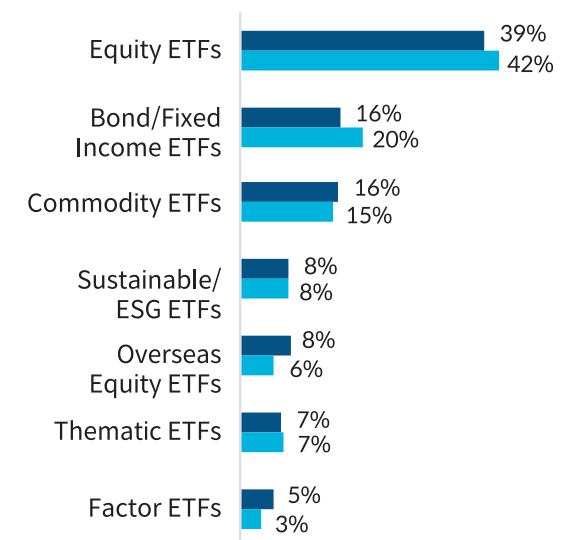
Preference for ETF types

ETF Type – Currently invested



(Asked to Owners only)

ETF Type – Most preferred



(Asked to Owners & Intenders only)

Base: Total – 2109, Owners – 1055, Intenders – 428, Others – 627

A1. Which of the following types of ETFs are you aware of? Please select all ETF types you are aware of.

A2. Which of the following types of ETF do you own currently?

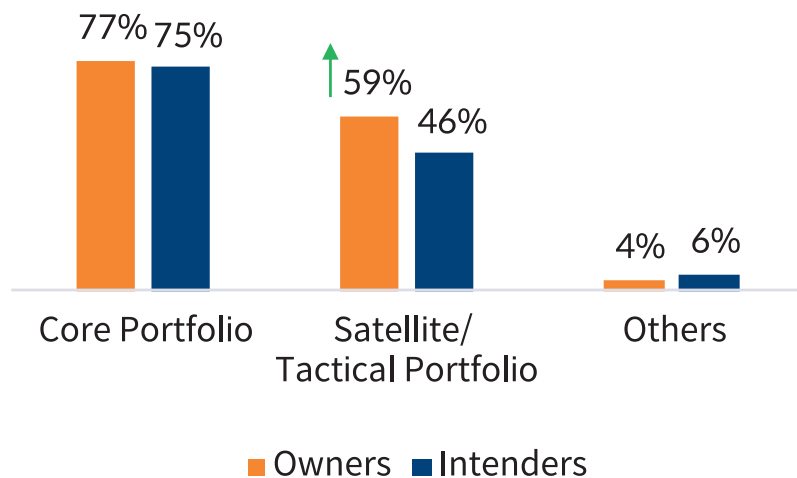
A3_new. Which of the following type of ETF do you prefer the most?

Section 5: ETF Segments & Types

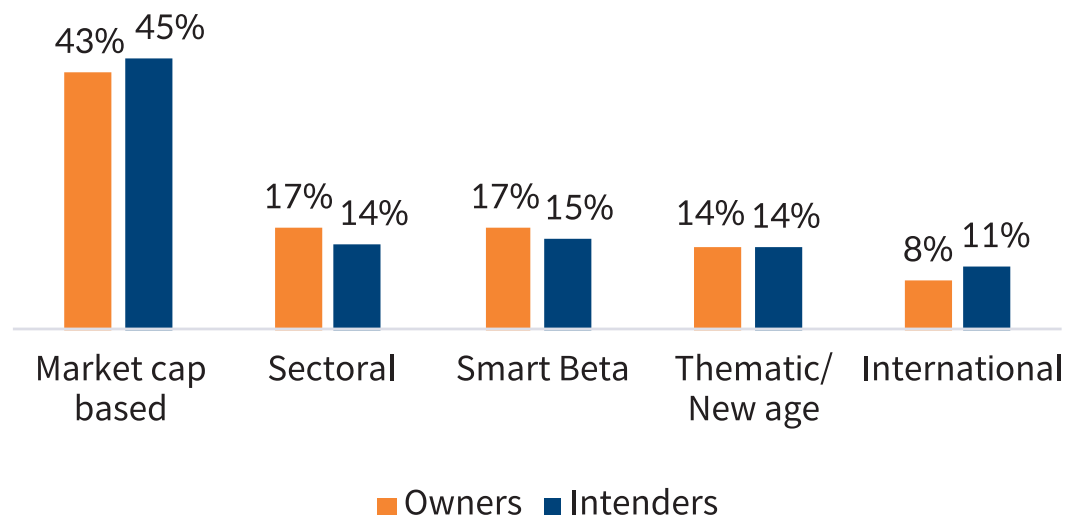
Core portfolio is the top ETF investment strategy, while satellite portfolio is more popular among the owners vs. intenders. Both the groups find market cap based category more exciting for their investments

ETF Strategy & most exciting category

ETFs investment strategy



Most exciting ETF category



Base: Owners – 1055, Intenders – 428

A4. How do you use ETFs in your investment strategy?

A5. How do you intend to use ETFs in your investment strategy?

A6_new. Which ETF category currently excites you the most?

↑ Significantly higher compared to the other group at 95% CL

Section 5: ETF Segments & Types

Third party sites (personal finance) & social media are the top sources of awareness for ETFs, followed by TV & Newspapers/ magazines

Sources of awareness for ETFs

	Scores [^]
3rd party sites (personal finance)	48%
Social media	46%
TV	43%
Newspapers/ Magazines	42%
Company website	40%
Family/ Friends/ Colleagues	37%
Digital Influencers/Blogs	36%
Agent/ Advisor	36%
Video apps/sites like Netflix, APV etc.	35%
Hoardings/ Billboards	33%
Airport- Hoardings/ Billboards	32%

^{*}This is a derived metric basis the sources of awareness question, which was asked brand wise

[^]The Investment apps, OTT apps and Social media apps mentioned herein is basis the response received from the audience during the survey and it does not constitute any recommendation by the AMC.

SECTION 6: SUMMARY, RECOMMENDATIONS & WAY FORWARD



Summary (1/2)

General investment behaviour:

- Majority of the people prefer SIPs, investing anywhere between 11-30% & actively using Demat accounts as well as buying Mutual funds through them.
 - Owners of ETFs are seen to be more investment savvy, invest more & engage more with investment apps
 - We see a clear distinction between non-intenders & the other user groups, with non-intenders being the least investment savvy, investing the least, engaging the least with investment apps & having a higher % of people who have never owned a Demat account

Understanding of ETFs:

- While at an overall level we see more than 60% in depth understanding of ETFs, this is highly skewed towards owners; while intenders also seem to have a good understanding, non-intenders show some lack in understanding
- In terms of how they approach their ETF investments, again we see owners investing more while intenders seem to be trading with caution

Drivers, Trigger & Barriers for ETFs:

- When it comes to the important factors driving ETF selection & transaction, liquidity & market speed are the important factors
- Intenders place a higher importance on common factors like liquidity, expense ratio & asset manager compared to owners – possibly due to their limited knowledge.
- Liquidity along with being a key factor for ETF consideration is also one of the top triggers followed by better returns; Lack of awareness & hidden costs form the key barriers.
- Interestingly, even for a relatively new ETF category, lack of trust or complicated process is not one of the top barriers

Summary (2/2)

Preference for different ETF segments & types:

- By virtue of having more knowledge on the ETF category, the awareness for ETF segments & types are highest among owners vs. intenders
- Large & mid cap segments & Equity ETF type are on top in terms of awareness, ownership as well as preference
- While core portfolio is the top ETF investment strategy, satellite portfolio is more popular among owners vs. intenders.
- Both the groups find market cap based category more exciting for their investments

Profiling the audience:

- T2 cities & 36-45 age group show a higher % of ETF owners; while the older age group of 46-55 age group have a higher non-intenders proportion
- Owners have a higher HH income, are married with kids & also own a higher end smartphone; Intenders are also seen to have a higher household income, married with kids but own a lesser expensive smartphone compared to owners.
- Non-intenders on the other hand are seen to have the lower household income, consists of more singles & own a lesser expensive smartphone

Recommendations & Way forward

Need of the hour:

- There is a clear need to build more awareness around ETFs as an ETF category.
- Since trust is not a major barrier here, once the audience is educated on the ETF category, we may see a surge in the number of investments in ETF.

Who is our Target audience:

- Tier 2 cities present the largest opportunity of growth for the category
- People in the 36-45 age group, married with kids & having a fairly higher income are more likely to invest in ETFs
- Having said that, with proper awareness & understanding, intenders could be the next source of growth for ETFs as an investment ETF category

Ensuring effective communications:

- In terms of category communication, 3rd party sites (personal finance) as well as social media is seen to play a key role.
- Having a TV presence or advertising through Newspapers & Magazines could also prove to be effective to reach the target audience
- YouTube is another medium that can be used, especially given that both intenders & non-intenders use it extensively

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