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RETAIL INVESTOR ETF ACTIVITY

YOANN ABADIE, EDOUARD CHATILLON, MICHEL DEGRYSE, PATRICIA DOS SANTOS

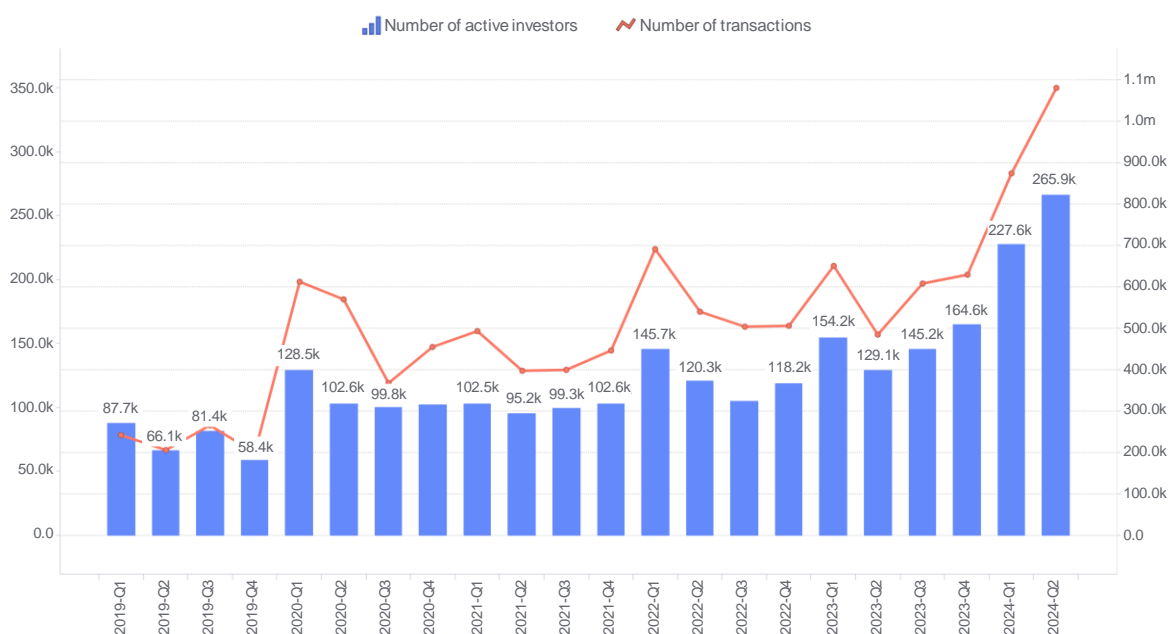
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SUMMARY

In the first half of 2024, the AMF noted an increase in the number of active investors in exchange traded funds (ETFs), as highlighted in its Active Retail Investor Dashboard¹. On the basis of these initial findings, the AMF decided to carry out a more in-depth analysis and used data from MiFIR reporting² to obtain more granular information about the characteristics of this trend and the profiles of the investors concerned. The AMF saw **a fourfold increase in the number of French retail ETF investors between the second quarter of 2019 and the second quarter of 2024**. The number of transactions also rose sharply, in proportion to the number of French investors active in ETFs, to 1.1 million in the second quarter of 2024.

Number of French retail investors who have bought or sold ETFs at least once (in thousands, per quarter) and number of transactions



This study focuses on ETFs and compares, where necessary, investment in ETFs, which are essentially based on equity indices, with direct investment in equities.

¹ Active Retail Investor Dashboard (hereafter, 'Investor Dashboard') No. 14 of April 2024 and No. 15 of July 2024.

² Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012. The data taken from the MiFIR reporting is hereafter referred to as 'AMF Source'.

It is important to note that **this study is based on a different data scope than the Investor Dashboard**: the data in this study covers all transactions received by the AMF since 2019 on ETFs, equities and rights currently under the AMF's jurisdiction³, and it includes both French and European investors trading in equities and/or ETFs under the AMF's jurisdiction. In contrast, the scope of the Investor Dashboard (ID) covers all securities traded using French intermediaries and the French subsidiaries of foreign intermediaries, regardless of the nationality of the issuer of the security and the investor.

Comparison between the scope of the study and the scope of the Investor Dashboard (in millions of transactions)

		ETFs		Shares and rights	
		French investors	European investors (excluding FR)	French investors	European investors (excluding FR)
Scope of the study	Scope of the study only: transactions in securities under the AMF's jurisdiction with EU investment firms outside France.	1.3m	34.2m	20.8m	68.9m
	Common scope: transactions in securities under AMF jurisdiction with French investment firms	10.0m	0.4m	153.8m	4.7m
Scope the ID	ID scope only: transactions in securities outside the AMF's jurisdiction, with French investment firms.	1.8m	0.2m	22.5m	2.7m

As the table above illustrates, the scope of this study is much broader than that of the Investor Dashboard⁴. This makes it possible to ascertain whether there are differences between the behaviour of French investors and that of their European peers in terms of equities and ETFs under French jurisdiction. However, the comparison is drawn between the transactions of French investors trading in ETFs under French jurisdiction and those of European investors trading in ETFs under French jurisdiction. It does not therefore include ETFs under the jurisdiction of authorities other than the AMF.

With regard to ETFs: the study takes into account ETFs on foreign indices (e.g. US indices) when these fall under the jurisdiction of the AMF due to their liquidity on a French market, but does not include ETFs on foreign indices traded at European level when the relevant market for the latter is not in France. In contrast, ETFs on French indices will all be included, as the AMF has jurisdiction over them.

Consequently, 164.5 million transactions falling outside the AMF's jurisdiction have been excluded from the scope of this study (even if they are carried out via a French investment services provider (ISP) or a subsidiary of a French ISP). This accounts for one third of the ETF transactions reported to the AMF.

³ The AMF has jurisdiction over an instrument if this instrument is traded on a French market and the French market is the most relevant in terms of liquidity. The AMF's jurisdiction therefore extends to financial instruments whose underlier may be a foreign index, for example a US index, as it suffices that the instrument is traded on a French market and this French market is considered relevant in terms of liquidity. The scope of the transaction reports received by the AMF is broader: the AMF receives reports about transactions carried out by French investment firms or their foreign subsidiaries, as well as those for which the AMF has jurisdiction. See Appendix: Study data.

⁴ 86% of the scope of the Investor Dashboard falls within the scope of this study. The remaining 14% of the Investor Dashboard covers ETFs and equities outside the AMF's jurisdiction.

To simplify reading, in this study, shares, rights and ETFs falling under French jurisdiction, will be referred to as 'French shares and ETFs', and 'European investors' will refer to all European investors, excluding French investors.

The following findings emerge from this study:

- 266,300 French investors traded in ETFs in the second quarter of 2024, twice as many as in the second quarter of 2023. This is due to an unprecedented influx of new⁵ ETF investors in the first two quarters of 2024, with three times as many new investors as in the previous year.
- Attracted by new intermediaries as much as by long-standing market participants, new investors under the age of 35 accounted for a very large part of the growth in the number of ETF investors in the first half of 2024. More generally, the study shows that the average age of ETF investors has continued to fall, and now stands at 41.3 years, well below the average age of equity investors (52.3 years), once again underlining young peoples' propensity to invest in ETFs. Overall, 45% of active French investors aged between 25 and 35 traded ETFs in the first half of 2024. In 2019, this figure was only 11.7%.
- While 3.4 times more European investors trade in French ETFs than French investors, the French are proportionally more likely to trade in French ETFs than Europeans (0.39% of the French population as a whole compared with 0.26% of the European population), revealing a form of national bias. In other words, French investors tend to favour investments in French instruments.
- While in 2019, new French investors' first stock market transaction consisted almost exclusively of buying shares, in just five years, their market entry behaviour has become much closer to that of Europeans. More than a third of French investors in the youngest age groups (the under 45s) trading for the first time now choose ETFs.
- Although this varies depending on the age of the investor, the median number of ETF transactions per French investor is four per year, comparable to that for equities. Moreover, the median amounts invested in equities and ETFs increase progressively with the age of the investor. However, there is one notable difference between investing in equities and ETFs: while the majority of equity investors both buy and sell, the majority of ETF investors predominantly buy ETFs, and increasingly so over the years. This difference seems to be due to the over 75s category, who are mainly sellers of equities.
- Only 16.5% of French ETF investors invest in leveraged ETFs (or inverse ETFs), which multiply the trends of the index they are tracking, both upwards and downwards. For almost half of these investors, it is even the only type of ETF traded. Although four times less numerous than investors in unleveraged ETFs, French investors in leveraged ETFs trade, on average, for total amounts that are twice as large as those traded in traditional ETFs. This is due to the intensity of trading in leveraged ETFs by a limited number of investors: almost 60% of these trades are made by investors who trade more than 50 times per quarter. However, these extremely active investors comprise only a very small proportion of ETF investors: less than 2% of leveraged ETF investors, or 0.33% of all ETF investors.
- French investors make little use of fractional investment in ETFs compared with their European peers. Only 11% of French investors trade in fractions of ETFs, while 49% of European investors use them. In addition, European investors' use of fractional ETFs has been rising consistently between 2019 and today. Finally, and quite logically, the amounts traded on fractional ETFs are considerably lower.

⁵ A new investor is a retail investor who has carried out at least one buy transaction for the first time since 1 January 2018, the date when MiFIR reporting began.

- ETFs allow investors to diversify their investments by using benchmark indices to gain exposure to different global markets. The data from this study shows that, in terms of net flows (buy - sell), investment is mainly focused on global and US indices up to the age of 65, and, above that age, investment remains more measured in global and US indices, with an exit from European indices.

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PRESENTATION OF THE STUDY

The aim of this publication is to study the increase in the number of active ETF investors seen in the first half of 2024, and to determine the nature of this change, the profiles of these new investors, their trading methods and the characteristics of the most frequently traded ETFs.

The scope of this study encompasses all the MiFIR transactions received for these instruments when these fall under the AMF's jurisdiction. This study differs from earlier ones insofar as it compares the investments made by French investors with those of their European peers for a scope covering those French equities and ETFs for which the AMF has full transaction data. We have also chosen to compare, where necessary, investments in ETFs, which are essentially based on equity indices, with investments in equities.

The analysis focuses on three areas: the quantitative elements of the increase in the number of ETF investors, the profiles of these investors and finally the characteristics of their transactions.

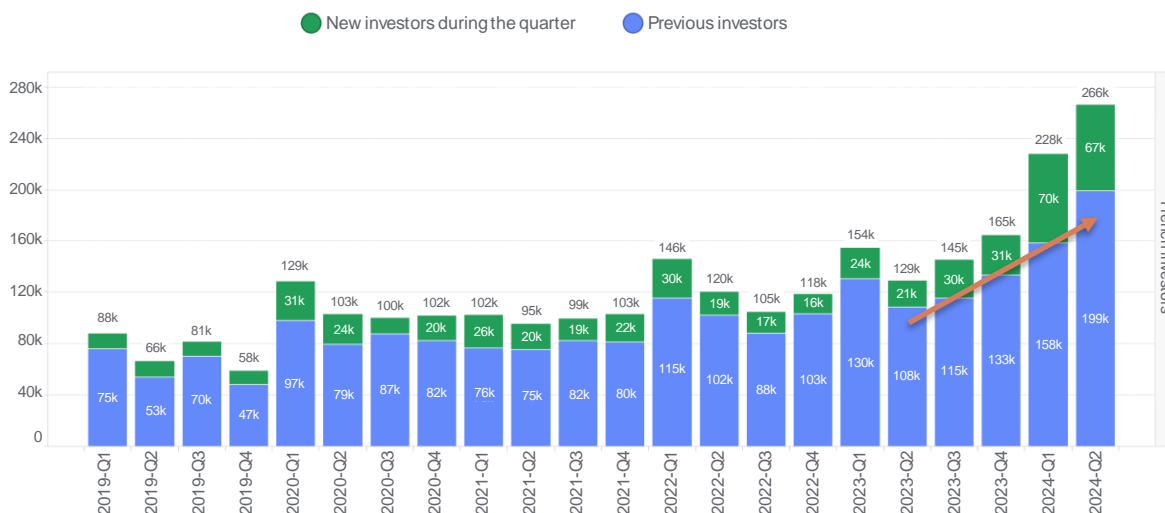
To recap, in its studies, the AMF defines an active investor as being one who has carried out at least one transaction (buy or sell) during the period in question. An investor who is inactive for a year will therefore not be counted for the year in question, even if they hold securities in their portfolio.

Finally, the study is based on data from the first quarter of 2019 to the second quarter of 2024 and therefore only covers the first half of 2024.

1. RETAIL INVESTORS ARE INCREASINGLY ACTIVE IN ETFs

Based on transaction data received by the AMF for ETFs under French jurisdiction, Graph 1 shows the number of retail investors who made at least one buy or sell transaction in the quarters from 2019 to the 2nd quarter of 2024.

Graph 1: French investors active in ETFs by quarter (in thousands)

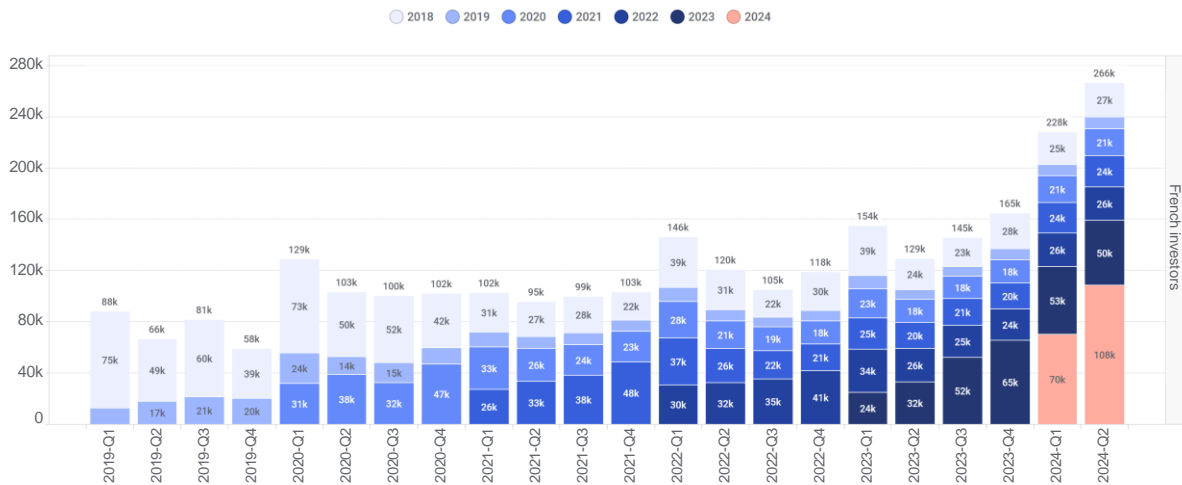


As we can see from Graph 1, **266,300 French investors traded ETFs in the second quarter of 2024, 2.06 times more than a year earlier**, although their number had been rising steadily in previous years, but without having posted such growth since the COVID crisis.

This sudden increase between 2023 and 2024 is partly due to **an unprecedented influx of new ETF investors** and the activity of previously active investors. The first two quarters of 2024 saw the arrival of 70,000 and 67,000 new investors respectively, around three times more than the previous year.

A study of the change in the number of active ETF investors by year of arrival, illustrated by Graph 2, also shows that the **new investors arriving in 2023 and 2024 tend to continue trading more frequently in subsequent quarters**. During 2023 and 2024, almost one in two investors continued to trade, compared with an average of just under one in five in previous years.

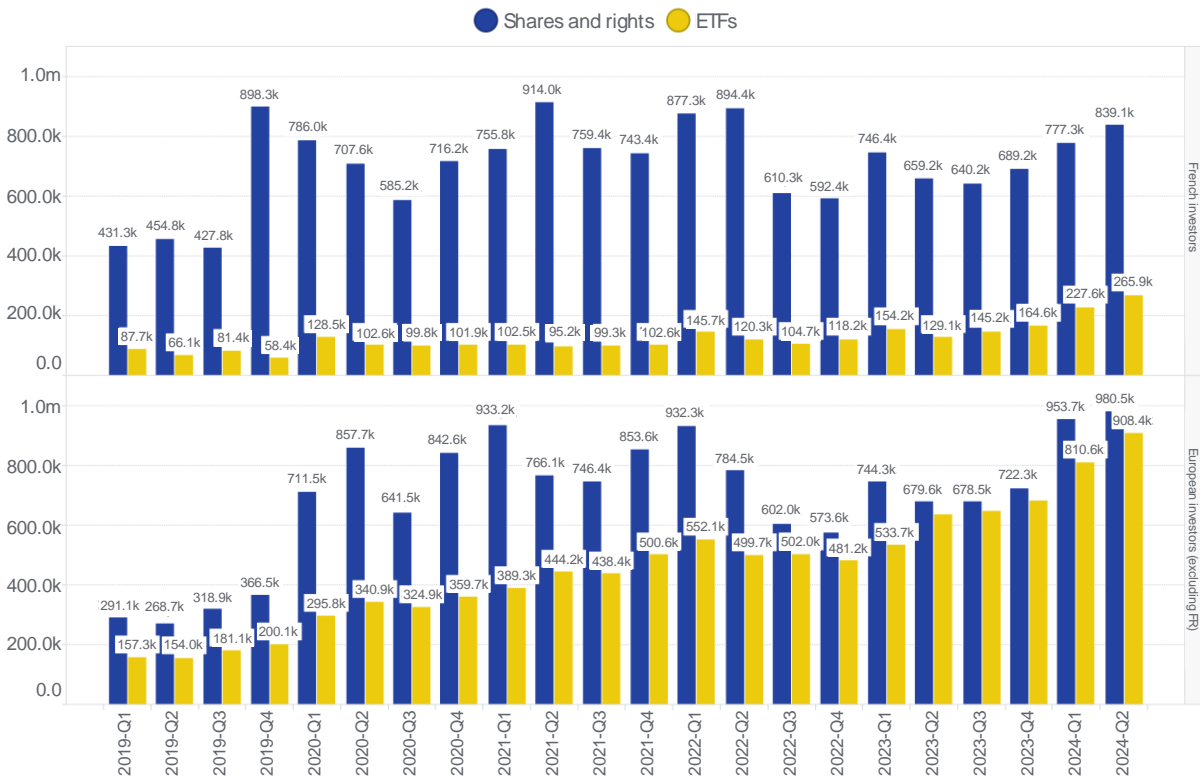
Graph 2: Number of French investors active in ETFs by year of arrival (in thousands)



A detailed study of these figures by financial market participant shows a surge in investor transactions made through traditional intermediaries, accompanied by the commercial breakthrough of new market participants among clients aged under 35 (see investor profile), which have strongly driven the growth in the number of ETF investors over the last two quarters.

Much can be learnt from the change in the number of French and European investors in ETFs compared with equities, as Graph 3 shows:

Graph 3: Number of retail investors who have made at least one buy or sell transaction (in thousands, by quarter)



This graph shows a steady growth in the number of ETF investors, both French and European, in contrast to the variability in the number of equity investors, which is influenced by, but not perfectly correlated with, market trends.

It also sheds an interesting light on European investment: while more French people invest directly in French equities than in French ETFs, since 2023 almost as many European investors have been investing in French ETFs as in French equities. Europeans now show as much appetite for ETFs as for equities, while the French show a strong preference for equities over ETFs. For French equities, the breakdown by investor nationality shows that German investors are in the lead, closely followed by French investors. However, this difference should be read in the context of the respective populations.

Table 1: Proportion of investors in relation to the total population in Q2 2024

	French investors		European (excluding FR) investors	
	Shares	ETFs	Shares	ETFs
Number of investors (in millions)	0.839	0.266	0.981	0.908
Population (in millions)⁶	68.4		380.8	
Percentage of investors	1.23%	0.39%	0.26%	0.24%

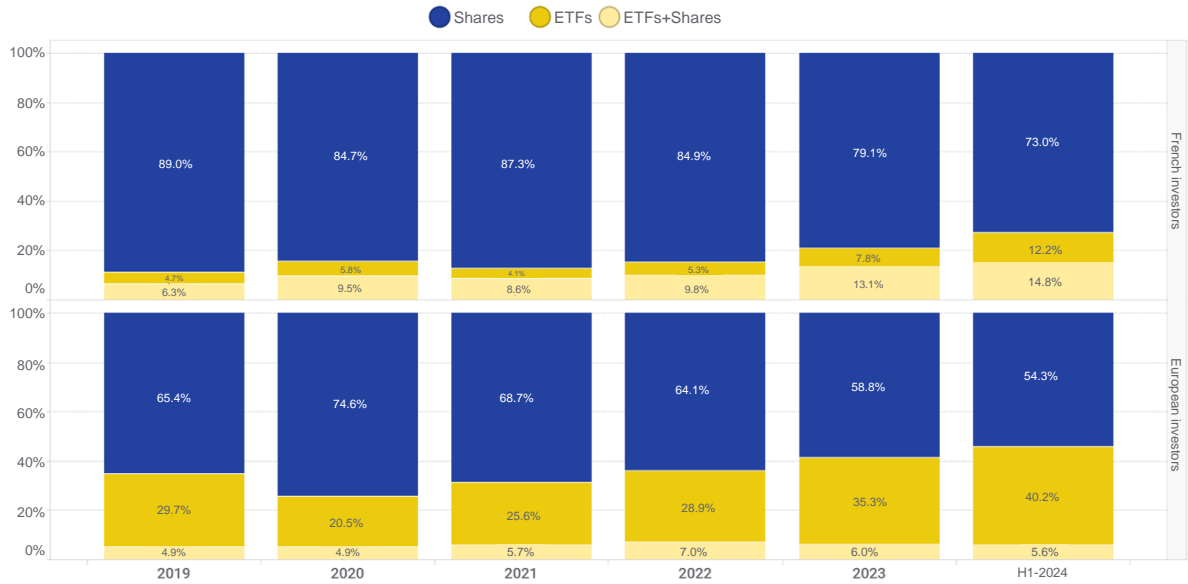
The number of investors for the second quarter of 2024 expressed as a proportion of the population shows that French investors are three times more likely to invest in French equities than in ETFs, while their European peers are just as likely to invest in either asset class. This difference seems to point to a known investment bias – the national bias: French investors appear more inclined to invest in French equities, as they have better knowledge of the companies listed on the French market, compared with European investors.

With regard to ETF investments, it should be noted that 3.4 times as many foreign investors as French investors trade in ETFs, and that more than 60% of them are German investors.

Thus, while the number of French ETF investors is clearly lower than that of European investors, it is growing much faster. This can be seen in Graph 4, which highlights the composition of investors' portfolios, and allows us to distinguish between investors who are solely active in equities, solely in ETFs, and those who invest in both.

⁶ Data observed on 1 January 2024, according to Eurostat.

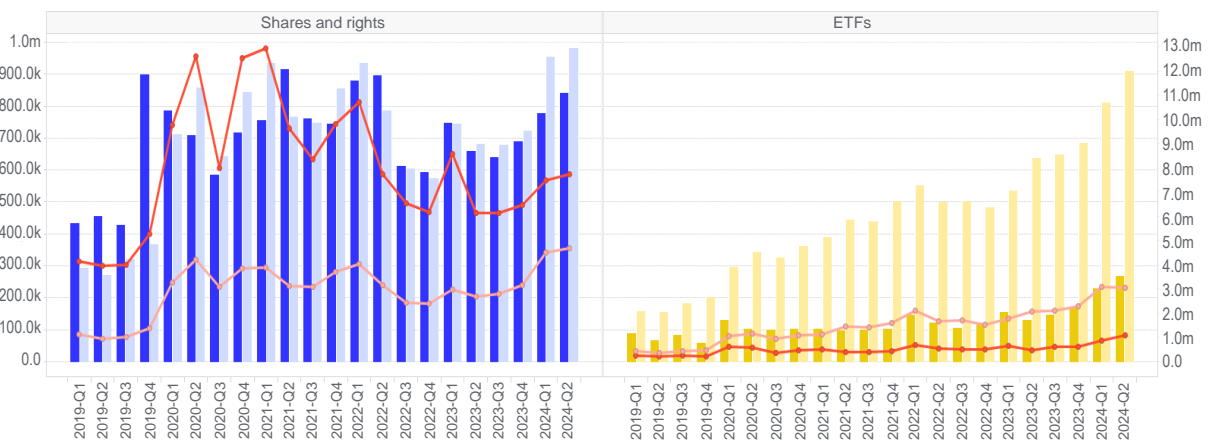
Graph 4: Breakdown of investors by instruments traded (by year)



From Graph 4 we can see that, since 2021, the proportion of investors trading in French ETFs has increased, rising from 12.7% in 2021 to 27% in the first half of 2024. A quarter of French investors now use ETFs and three quarters invest exclusively in equities. The change in this proportion is much more marked among French investors than among European investors: the proportion of French investors trading ETFs increased by more than 104% between 2021 and 2024, compared with an increase of 46% among European investors.

Graph 5 shows the change in the number of French and European investors since 2019 (left-hand axis), as well as the number of transactions they carried out over the period (right-hand axis).

Graph 5: Change in the number of retail investors who have made at least one buy or sell transaction (in thousands, per quarter) and the number of associated transactions



As far as equities are concerned, despite the fact that the number of French retail investors is equivalent to that of European investors, we see that French investors trade more frequently than European investors.

Furthermore, the number of equity transactions made by investors is changing in a contrasting way:

- for French investors, it rose from 17.4 million in 2019 to 27.3 million in 2023, an increase of 57%;
- for European investors, it rose even more sharply from 4.5 to 11.6 million between 2019 and 2023, an increase of 158%.

The number of transactions by European equity investors could catch up with that of French investors if this trend continues.

For ETFs, the number of French investors rose by 323% between the first quarter of 2019 and the first quarter of 2024, while the number of European investors rose by 415%.

The number of transactions investors made in ETFs is growing faster than for equities and rose:

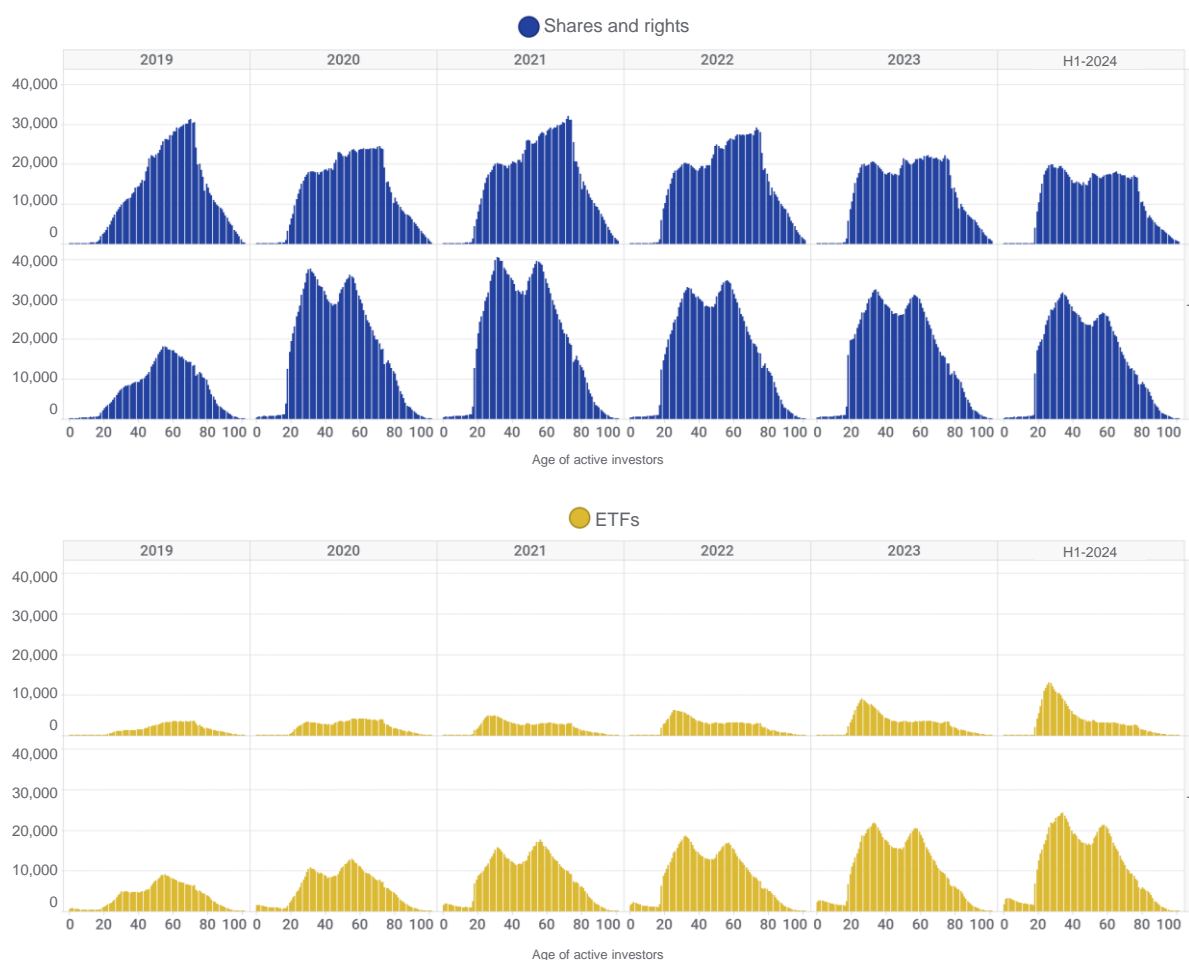
- for French investors from 0.9 million in 2019 to 2.4 million in 2023, an increase of 167%;
- for European investors, from 1.7 million in 2019 to 8.3 million in 2023, an increase of 388%.

Thus, the increase in the number of ETF transactions made by French investors appears to be more measured than that of European investors.

2. ETF INVESTOR PROFILE

The strong growth in the number of ETF investors in recent years raises questions as to their characteristics, as to how they compare with investors in other asset classes and as to how French investors differ from other European investors.

Graph 6: Number of active French and European investors by age, instrument type and year



As regards equities, the breakdown of the number of French investors by age has become much more homogenous between 2020 and the first half of 2024, whereas in 2019, the number of active investors rose linearly from age 25 to age 75. This trend continued in the first half of 2024, during which the number of French investors by age group stabilises at a plateau of around 17,000 investors for ages between 25 and 75.

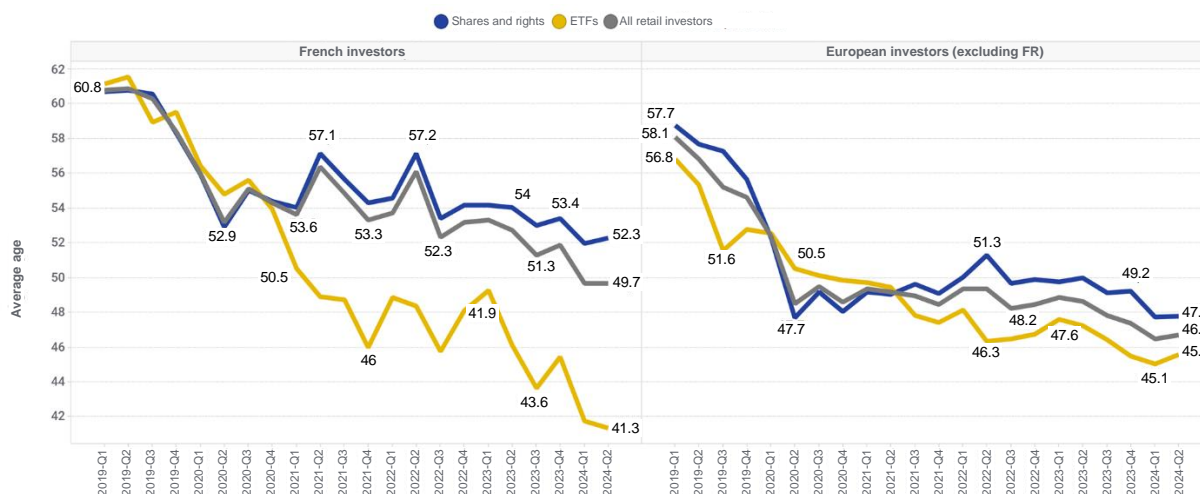
ETFs, meanwhile, have attracted massively younger investors: the number of French investors aged between 20 and 45 has risen steadily between 2019 and the first half of 2024, with a peak of investors aged around 26. In addition, a more detailed analysis shows that in the first half of 2024, the most frequently traded securities by the under-30s are three specific equities, closely followed by four ETFs.

The ETF boom among the younger generations can also be seen in the population of active European investors. Their age distribution is fairly similar whether they are active in equities or ETFs, with the emergence of two peaks of interest (around the ages of 33 and 55) from 2020 onwards.

While in 2019 the under-35s (from all European nationalities) accounted for 12% of investors within the scope of the study, this figure had risen to 30% in 2024. As regards French investors, the proportion of under-35s has tripled from 9% to 30% of this population, while the figure for Europeans has doubled from 14% to 30%.

This rejuvenation is particularly visible in Graph 7 below, which shows the average age of investors since 2019, by instrument type.

Graph 7: Change in the average age of active retail investors since 2019 by instrument type



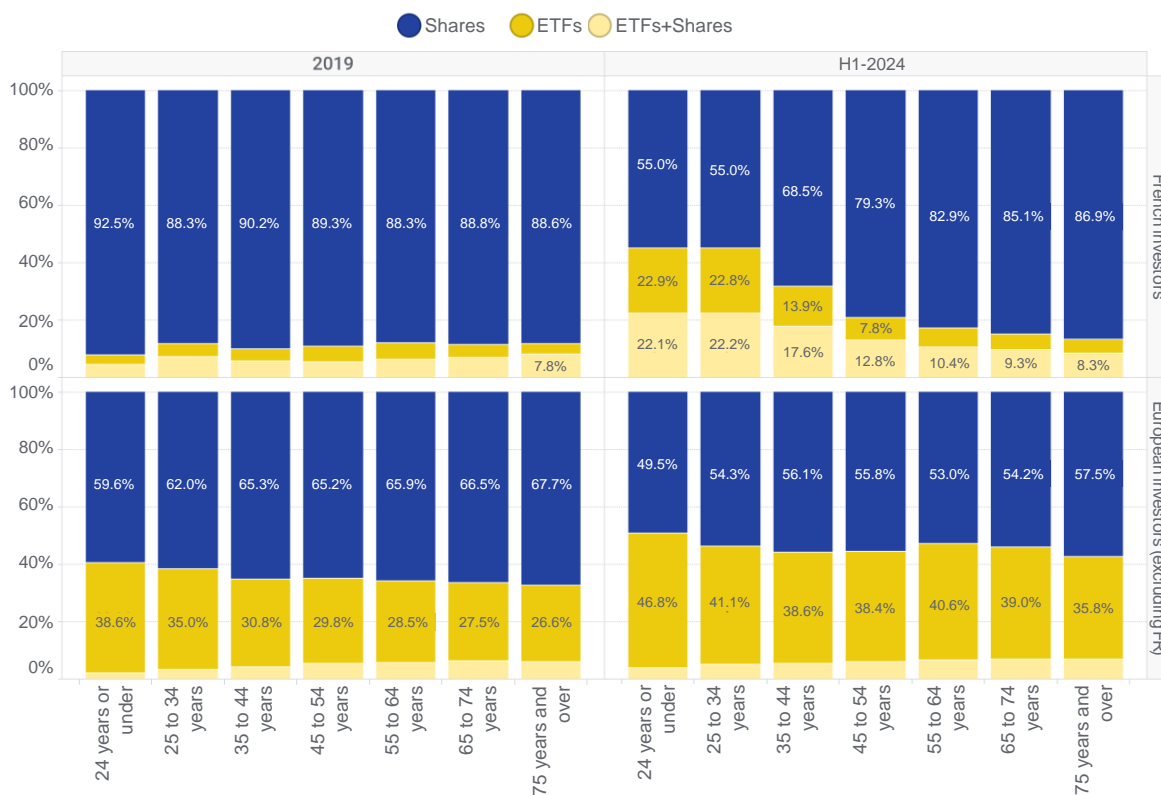
Between 2019 and the first half of 2024, the landscape of active French investors has become much younger, with the average age falling by 11.1 years. This phenomenon is more spectacular for ETFs, with a rejuvenation of 19.8 years over the period. Equities are no exception to this trend, with a drop of 8.4 years. This trend is all the more remarkable given that the average age in France has risen from 41.7 to 42.6 over the past five years⁷. This testifies therefore to the arrival of a large number of new young investors over the period.

European investors are three years younger, and the fall in their average age is greater, with a decrease of 11.4 years over the period. However, the rejuvenation for ETFs is much less marked than among French investors, with a drop of 11.2 years, while investors in equities are now 9.9 years younger.

The rejuvenation of the investor population is also clearly visible in Graph 8, which shows the breakdown of the number of investors by the basket of instruments traded and investor age group.

⁷ Average age of the population published by INSEE in 2019 and 2024.

Graph 8: Breakdown of investors by age group and basket of instruments



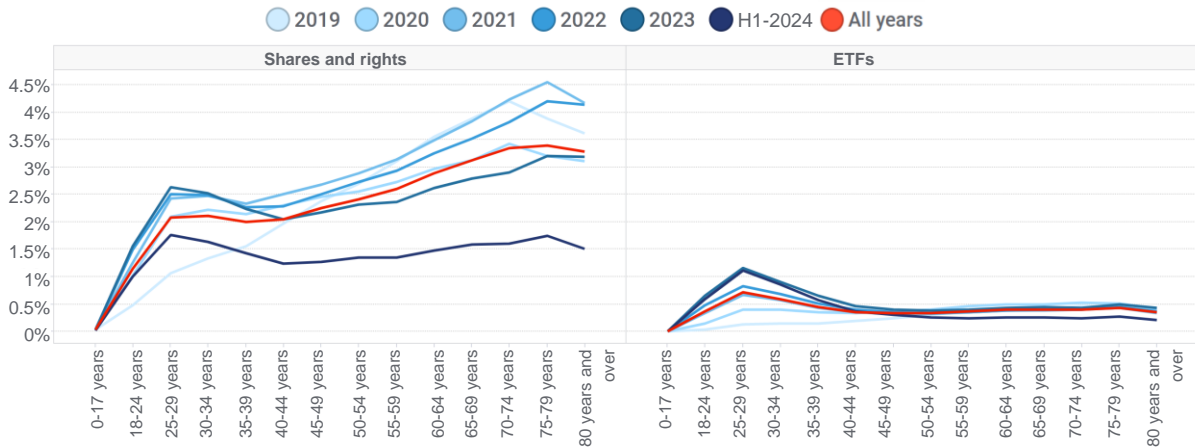
During the first half of 2024, 45% of French investors aged between 25 and 35 years traded ETFs, compared with just 11.7% in 2019, which is extremely significant. This very strong investor momentum for ETFs can be seen up to the age of 45, while investment in ETFs increases only slightly in the older age brackets.

As far as European investors are concerned, the youngest age groups were already active in 2019, resulting in less striking growth: in 2019, the proportion of European investors who traded in ETFs, all age groups combined, was 34.6% compared with 45.8% in the first half of 2024.

The change among French investors seems particularly marked, which leads us to find it relevant to analyse the proportion of investors trading ETFs as a proportion of the French population⁸. Graph 9 shows the year-on-year change, since 2019, in the proportion of the French population, by age group, that has traded in equities and ETFs.

⁸ French population data is taken from the INSEE age pyramids prepared each year.

Graph 9: Change per year in the share of the French population who traded in equities and ETFs

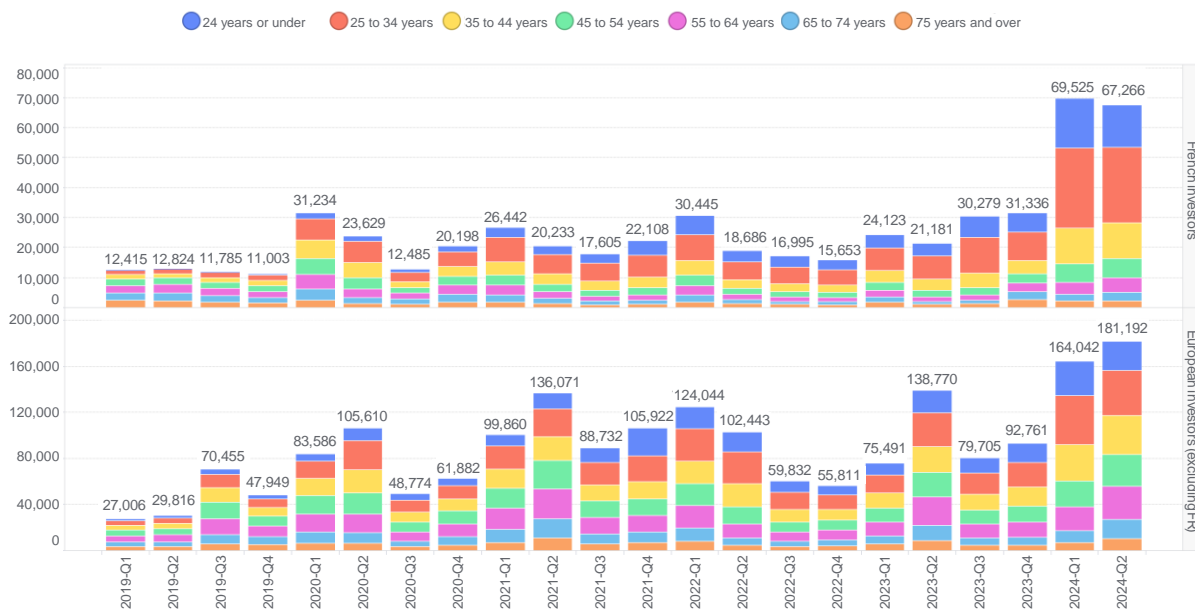


On average, investors who have traded in equities account for 2.1% of the French population. Further analysis by age group shows a proportional increase in this percentage with age. Nevertheless, a drop in those aged over 40 can be seen from 2023 onwards.

However, this statistic is very different for ETFs. Over the age of 40, the rate of active investors has stabilised at 0.4% of the French population, whereas it has risen sharply since 2019 for age groups under 40. In fact, in the first half of 2024, more than 1% of the youngest age groups were active in ETFs under the AMF's jurisdiction, in particular the 25-29 age group (since the 2024 data only cover six months, the proportion of investors active over the whole of 2024 will be much higher).

Graph 10 clearly shows the impact of younger people among new investors.

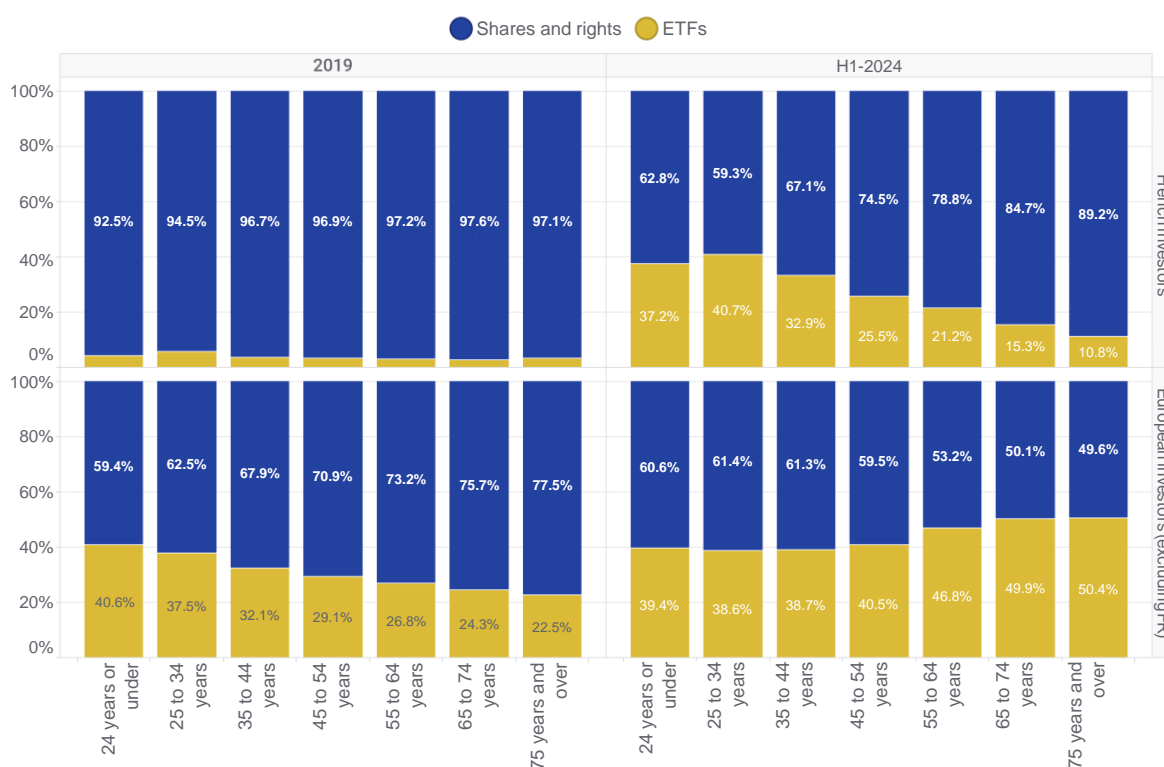
Graph 10: Annual change in the number of new ETF investors, by age group



After the sharp rise in the number of investors in the first quarter of 2020, coinciding with the COVID crisis, the number of new French and European ETF investors seems to follow a certain pattern (with peaks in the first quarter for the French and the second quarter for other Europeans), while also following a relatively moderate trend over the period from 2020 to 2023.

On the other hand, the number of new ETF investors has been growing spectacularly in 2024: it has more than doubled (+122%) among the French between the last quarter of 2023 and the first quarter of 2024, and increased by 77% among other Europeans. This trend is all the more remarkable among French investors, as it is mainly driven by the under-35s.

Graph 11: Which instrument is the first for new investors?



In 2019, the first transaction of new French investors was to buy a share, regardless of the investor's age group. However, the change in this statistic between 2019 and the first half of 2024 for French investors is astonishing: in the space of five years, their market entry behaviour has changed, particularly among younger investors. In fact, more than a third of French investors in the youngest age groups (under 45) who are trading for the first time are choosing ETFs, whereas this proportion was virtually zero in 2019. The proportion of investors choosing ETFs for their first transaction decreases with age from the age of 45, but in all cases remains well above that observed in 2019.

Among European investors, the choice of instrument for the first transaction was strongly correlated with age in 2019: more than one investor in three aged under 35 entered the markets with ETFs, while among the over-64s, more than three investors in four chose equities. Between 2019 and the first half of 2024, this market entry behaviour has remained relatively stable among the youngest investors, around 40% of whom choose ETFs as their first investment. For the older age groups, however, ETFs are now as popular as equities, whereas equities were the preferred choice in 2019. Finally, for the over-65s, equities and ETFs are equal in terms of first investment.

3. CHARACTERISTICS OF ETF INVESTMENTS

3.1. TRADING METHODS

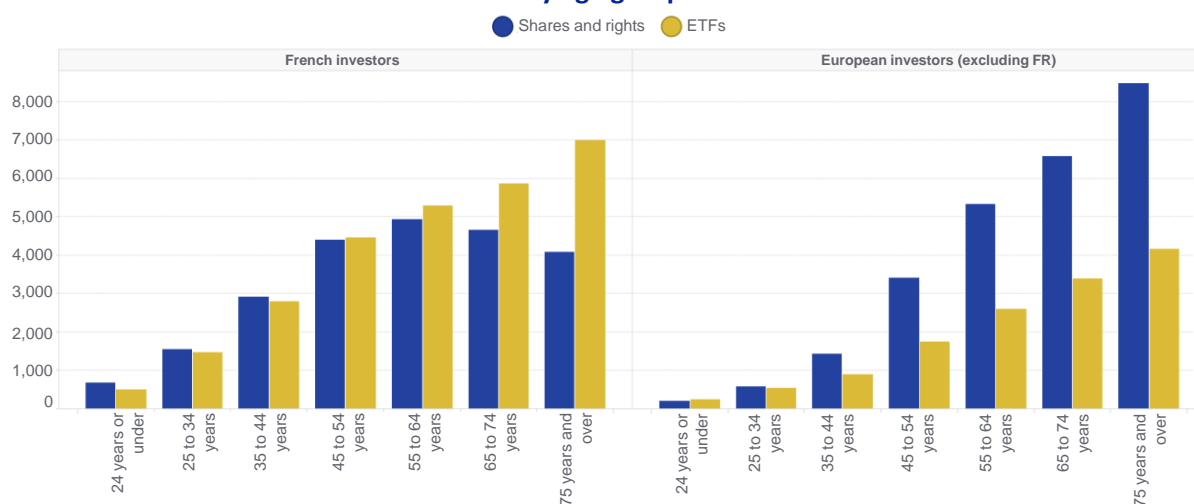
In terms of the number of transactions made per investor, we have opted for an analysis based on the median rather than the mean, which would be more sensitive to the extremes of the sample. In addition, it should be noted that new investors arriving during the course of the year have the effect of lowering the following results. It is on this basis that the following observations are made:

- Overall, the French carry out as many ETF transactions per year as they do in equities: the median number of transactions per year is four for the 25-44 age group and three for the other age groups. The detailed data also shows that the COVID crisis had no impact on this figure for ETFs, but did encourage a greater number of transactions per investor in equities;
- European investors, in turn, make a median of two share transactions a year and between three and five ETF transactions (the most active being investors aged between 25 and 44).

While the French tend to trade equities more often than their European counterparts, the opposite is true for ETFs. This is furthermore in line with the results previously presented in Graph 5, which depicted a higher number of ETF transactions among European investors.

Graph 12 below shows the median annual amounts (in euros) traded (from all the transactions received since 2019) by investor age group.

Graph 12: Investors' median annual amounts per transaction (in euros) by age group



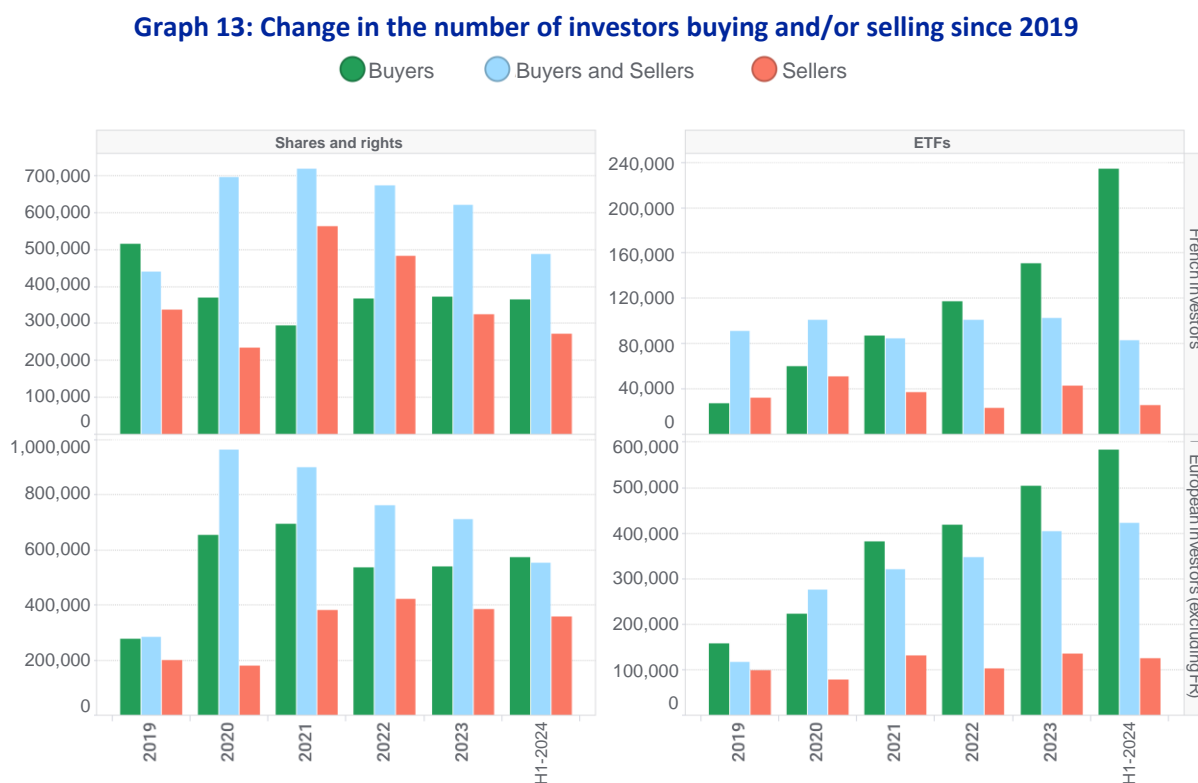
Firstly, the median annual amounts traded, both in equities and ETFs, increase with age.

Furthermore, European investors tend to trade ETFs more frequently than French investors, but they invest smaller amounts than French investors.

An interesting line of analysis consists of observing whether, over the course of a calendar year, investors position themselves solely as a buyer or as a seller, or whether they adopt mixed behaviour:

- 'buyers' acquired financial assets and did not dispose of them during the year; conversely, 'sellers' disposed of securities without acquiring any;
- 'buyers and sellers' disposed of and acquired at least one asset during the year.

Thus, Graph 13 below shows the change since 2019 in investor numbers on the basis of these three different behaviours.

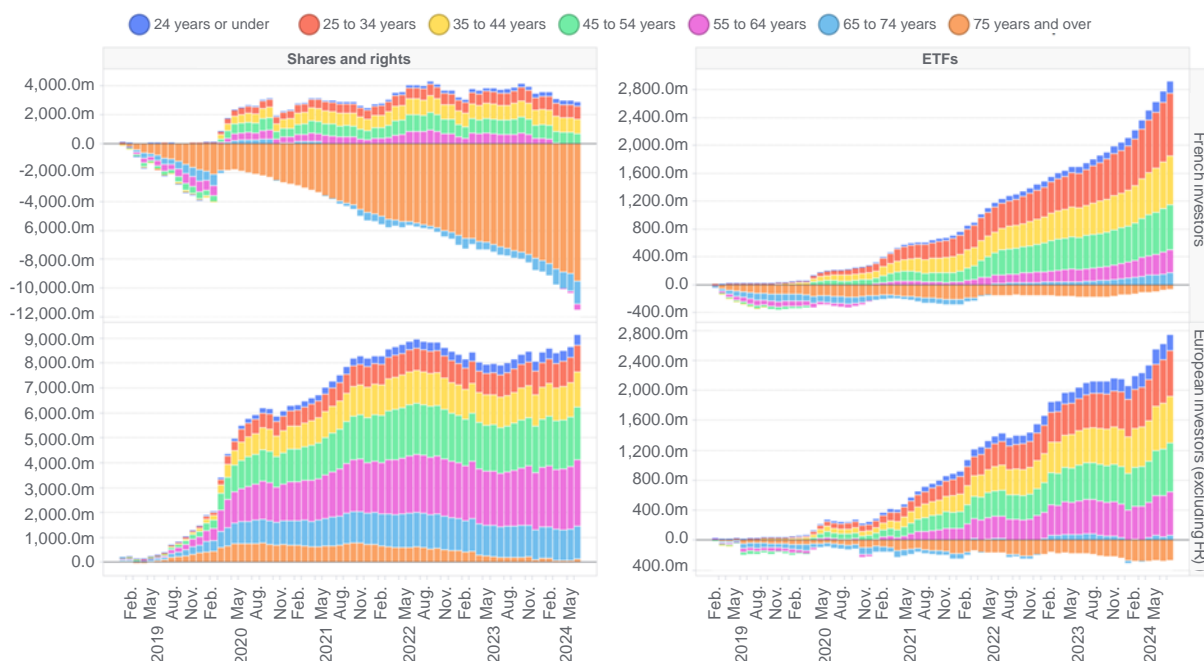


In terms of equities and rights, more investors are positioned as buyers than sellers, and even more have opted for a dynamic approach in which buying and selling follow one another over the course of the same year.

ETF behaviour is quite different: retail investors are more likely to be buyers. Since 2019, the 'buyers' category has continued to grow, even when the markets were trending downwards.

Moreover, this trend for buying ETFs can also be seen in the net flows (buy-sell) traded by investors. Graph 14 below illustrates the change since 2019 (but calculated since 2018) in the cumulative net flows made by investors, by age group.

Graph 14: Change in cumulative net flows (in thousands of euros) since 2019, by age group



The COVID pandemic boosted buy flows among French and European investors in both equities and ETFs, with the notable exception of French investors aged over 75, whose cumulative flows are exclusively sell-focused for French equities, unlike their European peers. However, this finding should be qualified by the fact that the AMF only has only transaction data from 2018 onwards, so the buy transactions made by the over-75s prior to that date are not taken into account. These negative flows observed among the over-75s partly reflect the transmission of wealth, which is particularly visible in this age group.

Since 2019, French under 75s have been investing in equities in an increasing but variable way from year to year, while their investments in ETFs have been increasing in a very regular fashion. As regards European investors, the flows were almost entirely positive over the period, for both equities and ETFs.

Furthermore, the disinvestment in ETFs observed here is primarily being carried out by investors aged 75 and over, both for French investors and their European counterparts, and 60% of positive flows are made by investors aged under 44.

3.2. TRADITIONAL ETFS AND LEVERAGED ETFS

Another line of analysis is to highlight certain specific features of the ETFs in our scope of study. First, our analysis will focus on the investor population based on the type of ETF traded, depending on whether it is leveraged or not. As a reminder, leveraged ETFs (or inverse ETFs) multiply the trends of the index they track, both upwards and downwards. Hereafter, the term ‘leveraged’ will be used to refer to both positively leveraged ETFs (hereafter double leverage indicated by ‘2x’ in the key) and inverse ETFs (hereafter indicated by ‘-1x’ for inverse single leverage or ‘-2x’ depending on their leverage in the keys).

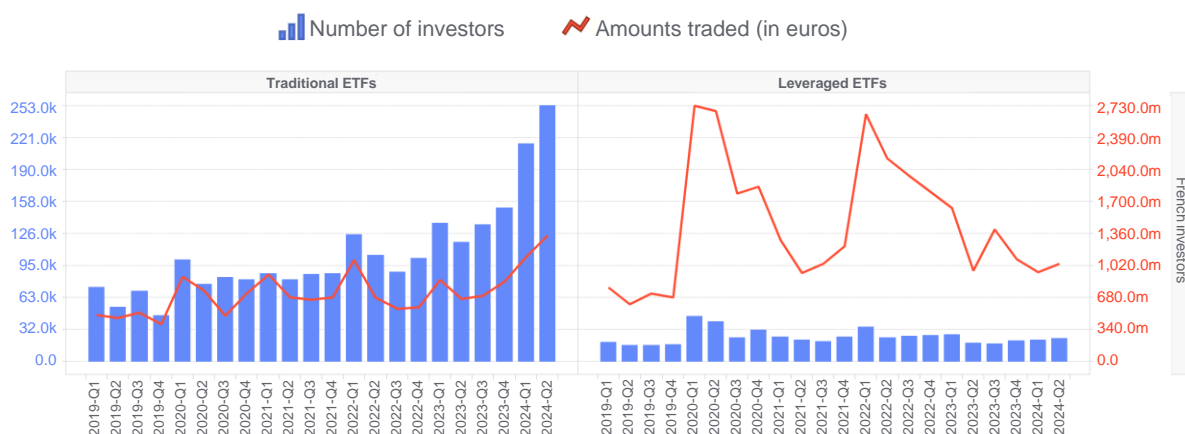
As the scope of the transactions received by the AMF only extends to those securities under its jurisdiction, comparisons with European investors can only be drawn from certain angles.

A study of the transactions reveals that, **among French investors, 83.6% trade only in traditional ETFs, 7.7% only in leveraged ETFs and 8.8% in both** (i.e. 545,000, 50,000 and 57,000 investors respectively over the period).

Taking into account both investors who only trade in leveraged ETFs and those who also trade in traditional ETFs, 16.5% of French ETF investors use leveraged ETFs. These investors, however, account for around one third of the transactions carried out by French investors.

First of all, it should be noted that the same investor may be counted several times in the graphs and tables relating to leverage below, since they may trade both traditional ETFs and leveraged ETFs, including 1x and 2x or inverse ETFs.

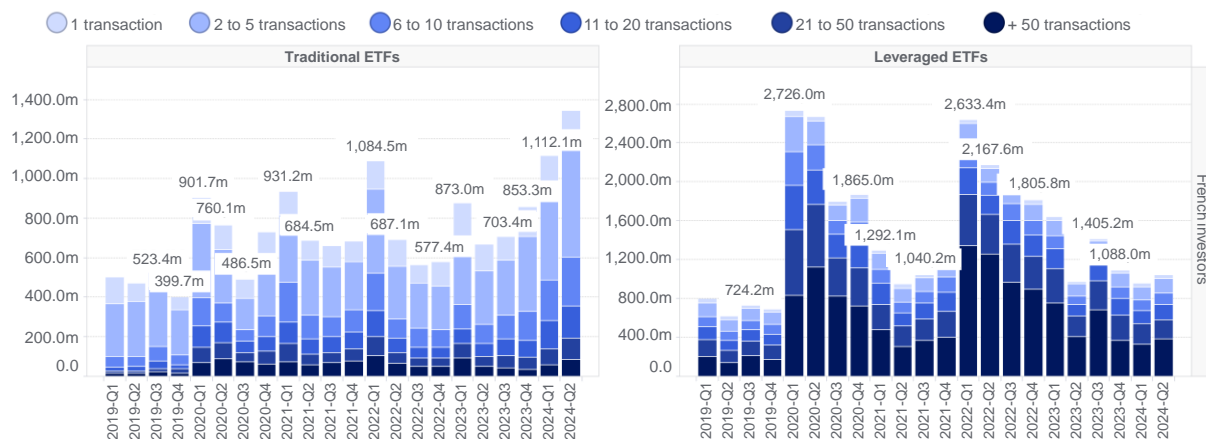
Graph 15: Change in the number of French investors and amounts traded (in thousands of euros) since 2019 in traditional ETFs and leveraged ETFs



Thus, we can see that the growth in the number of investors has been driven by unleveraged ETFs, where the number of French investors is rising steadily. It is more difficult to observe a trend in the number of investors trading leveraged ETFs, which appears to be relatively stable.

Changes in the ETF market appear to be contrasting. In fact, one of the most noteworthy points of Graph 15 is that the number of French investors is on average four times greater for traditional ETFs, while the amounts traded are on average double for leveraged ETFs. These differences in amounts seem to stem from the fact that a small proportion of investors carry out a very large number of transactions in non-traditional ETFs, and appear to be speculative. This last point can clearly be seen in Graph 16, which shows the amounts traded by French investors broken down by the number of transactions they carried out during the quarter.

Graph 16: Breakdown of amounts (in thousands of euros) traded by French investors by activity profile



We can see a difference in ETF behaviour:

- around 85% of investors in traditional ETFs (i.e. 93,000 investors) account for almost 60% of the amounts traded and they make between one and five transactions per quarter;
- for leveraged ETFs, extremely active traders (making more than 50 transactions per month) account for more than 30% of the amounts traded, however **these investors represent only 2% of this investor population** (i.e. around 150 investors per quarter of the leveraged investors), whereas, on average, more than 75% of investors in this ETF class make no more than five transactions per quarter;
- It should also be noted that this last category of investors is particularly active when the market is more volatile, such as in the 1st quarter of 2020 with the start of the COVID crisis, or in the 1st quarter of 2022 with the outbreak of the war in Ukraine.

Consequently, there are more investors seeking to invest in traditional ETFs, trading with a long-term investment horizon, than retail investors looking to profit from intra-day volatility. This is one of the reasons why leveraged ETFs appear to be held for shorter periods than traditional ETFs, as shown below:

Table 2: Median ETF holding period, by leverage

Leverage ⁹	French investors		European investors (excluding FR)	
	Number of active investors since 2018	Median holding duration (in days)	Number of active investors since 2018	Median holding duration (in days)
1	624,496	282	2,276,556	358
-1	20,064	204	52,761	146
2	51,732	80	39,385	138
-2	73,943	70	125,867	48

⁹ '1' stands for no leverage, '-1' x1 inverse leverage, '2' x2 positive leverage and '-2' x2 inverse leverage.

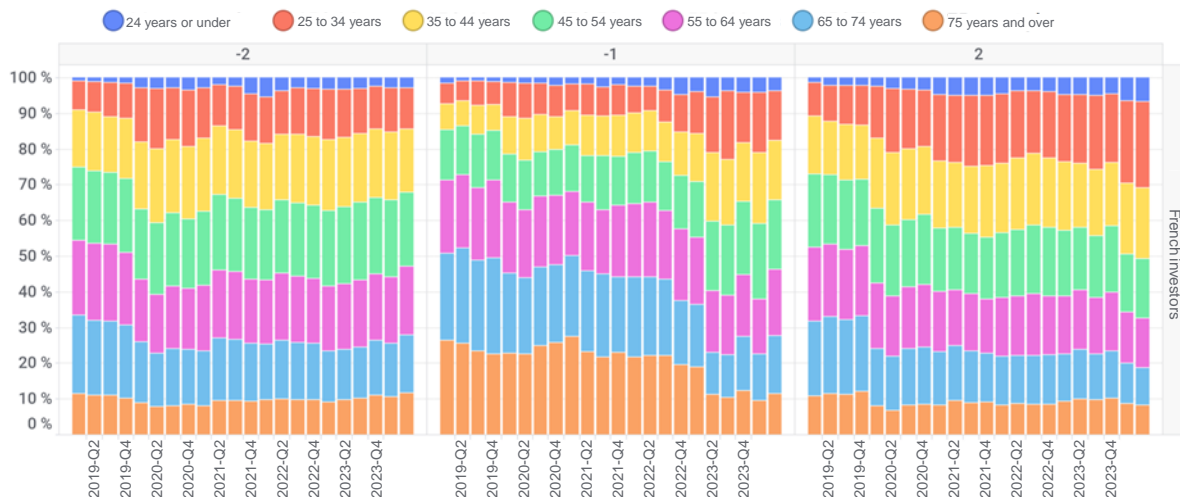
As mentioned above, an investor can be counted several times in this table, as they can invest in each of the levers presented here. Looking at the median holding periods for ETFs, leveraged ETFs appear to be held for significantly less time than traditional ETFs:

- French investors hold traditional ETFs (leverage 1x) for a median of just over nine months, compared with just over two months for ETFs with a leverage of 2x or -2x;
- This difference is even more marked among European investors: traditional ETFs are held for a median of around one year, compared with just over one month for -2x leveraged ETFs.

A more detailed analysis shows that 26% of investors in -2x leveraged ETFs have already carried out buy and sell transactions on these instruments in the same day, while this figure falls to 3% for traditional ETFs. This information confirms that leveraged ETFs are more often used for very short-term transactions.

In addition, it seems appropriate to look at the age of the investors trading leveraged ETFs, and to see whether this type of investment is in particular reserved for one age group rather than another. Thus, Graph 17 illustrates the change since 2019 in the breakdown of the number of investors by age group and leverage ratio.

Graph 17: Breakdown by age group of French investors in leveraged ETFs, by leverage effect¹⁰



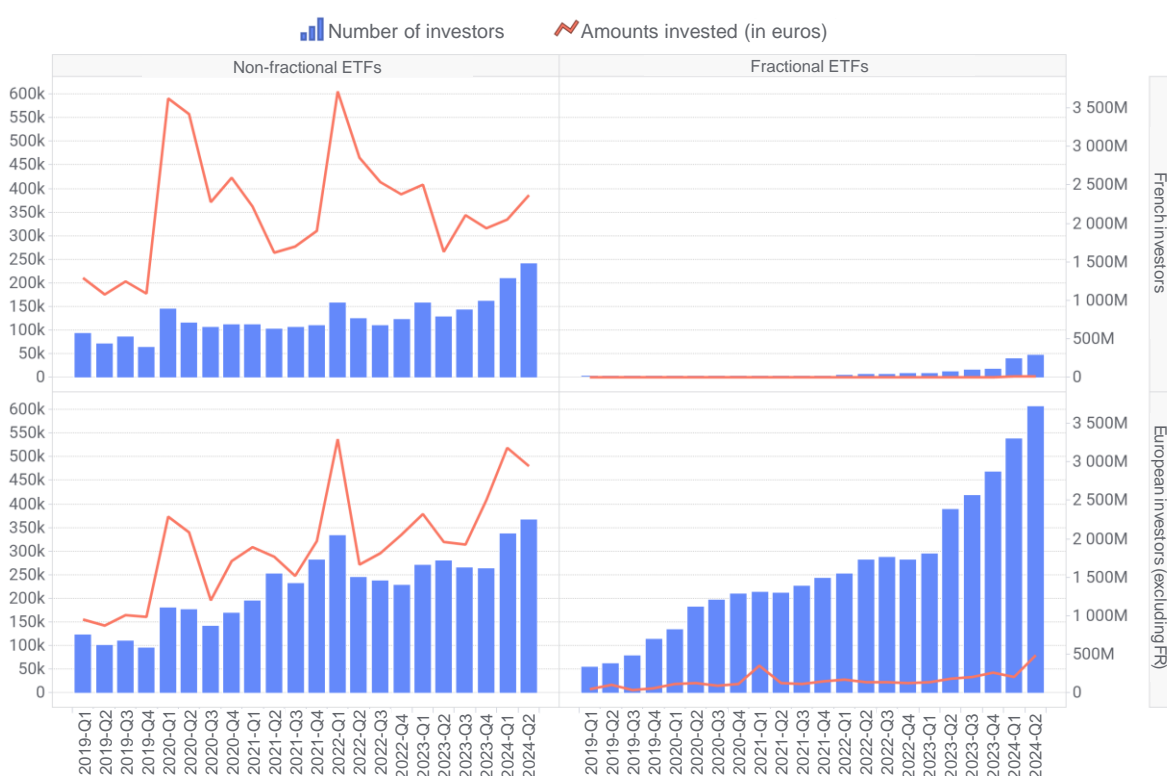
An overall analysis of investors' age by leverage shows that under-24s account for 4.7% of leveraged investors, and those aged between 25 and 34 account for 17.2%, whereas these **age groups represent 9% and 28% of the number of ETF investors respectively**. Younger age groups therefore tend to be more cautious in their use of leveraged ETFs than their elders. Nevertheless, over time, there has been an upward trend, as these age groups are increasingly trading in leveraged ETFs.

¹⁰ '-2' stands for x2 inverse leverage, '-1' stands for x1 inverse leverage and '2' stands for x2 positive leverage.

3.3. FRACTIONAL ETFs

A second line of analysis is to study the behaviour of retail investors based on whether they invest on a fractional basis (consisting of buying a fraction of the financial instrument) or not. The results we see in this section for the French are very different from those for other Europeans, and for good reason: French intermediaries do not widely offer this service, although this situation is likely to change in the future. This comparison is based on the scope of instruments under AMF jurisdiction; it also enables us to assess the proportion of fractional investment in French instruments, and therefore excludes other instruments in which investors may take positions.

Graph 18: Change in the number of investors (in thousands of euros) and amounts traded (in millions of euros), by ETF type



Here, it should be noted here that an investor may be counted twice, since they can make a fractional investment as well as a non-fractional investment. Thus, since 2019:

- 89.2% of French investors have never made a fractional investment in ETFs, 6.1% have only made fractional investments and 4.7% have used both investment methods;
- 51.2% of European investors have never made a fractional investment, while 33.8% have only done so, and 15% have made both types of investment.

This same trend can also be observed in terms of the number of transactions, as only 6.3% of transactions carried out by French investors are for fractional investments, whereas this figure rises to 61.8% for other Europeans.

Fractional investment has been attracting increasing numbers of European investors since 2019: their number increased 11-fold between the first quarter of 2019 and the second quarter of 2024. Furthermore, while European investors are more likely to invest in fractional ETFs than in non-fractional ones, the amounts traded through

fractional investment are much lower than through non-fractional investment: on average (since 2019) the total amount traded by all European investors in fractional ETFs is €157 million per quarter, compared with €1,907 million per quarter for non-fractional ETFs.

French investors trade almost exclusively on a non-fractional basis, although there has been a slight upward trend in fractional investment in recent months. This investment method, which favours investing a lesser amount and potentially greater diversification, is particularly popular among retail investors who wish to invest small sums on a regular basis through scheduled investment plans. Its recent rapid growth among French investors suggests that it has significant potential on the European market, even though the commercial offering is not uniform across European countries.

The table below highlights some of the specific features of French and European fractional investment, in particular the median number of transactions per year and the median amounts per transaction.

Table 3: Median annual number of transactions and amounts per transaction (in euros), by investment type

Order type	French investors			European investors (excluding FR)		
	Median annual number of transactions ¹¹	Median amount per transaction	Number of investors	Median annual number of transactions ¹¹	Median amount per transaction	Number of investors
Non-fractional ETFs	3	943.49	619,689	2	638.83	1,494,805
Fractional ETFs	4	13.00	74,731	8	33.03	1,102,379

Here, it should be noted that a retail investor may have used both types of investment over the period, and therefore fall under both table rows.

The French and Europeans have a fairly similar approach to non-fractional investment, in terms of both the median amount per transaction and the median number of transactions per year.

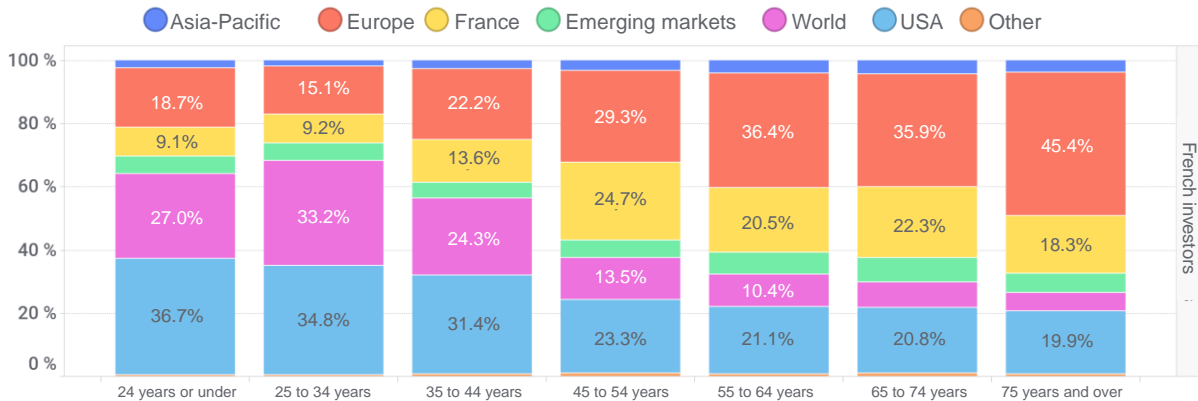
The most notable difference is in terms of fractional investment. The median amounts traded by Europeans are almost three times higher than those traded by the French (€33 versus €13 respectively), and orders are placed more regularly (with a median of eight trades per year versus four respectively). These figures can be explained in part by the success of scheduled investment plans among European investors.

¹¹ The median annual number of transactions is calculated on the basis of the full years covered by the scope of the analysis, i.e. from 2019 to 2023, excluding 2024 as only the first half of the year is available.

3.4. ETF BENCHMARK INDICES BY GEOGRAPHICAL AREA

Finally, we examined investors' ETF choices based on the geographical area of their benchmark indices. This analysis excludes leveraged ETFs whose underlier is almost exclusively domestic for French investors.

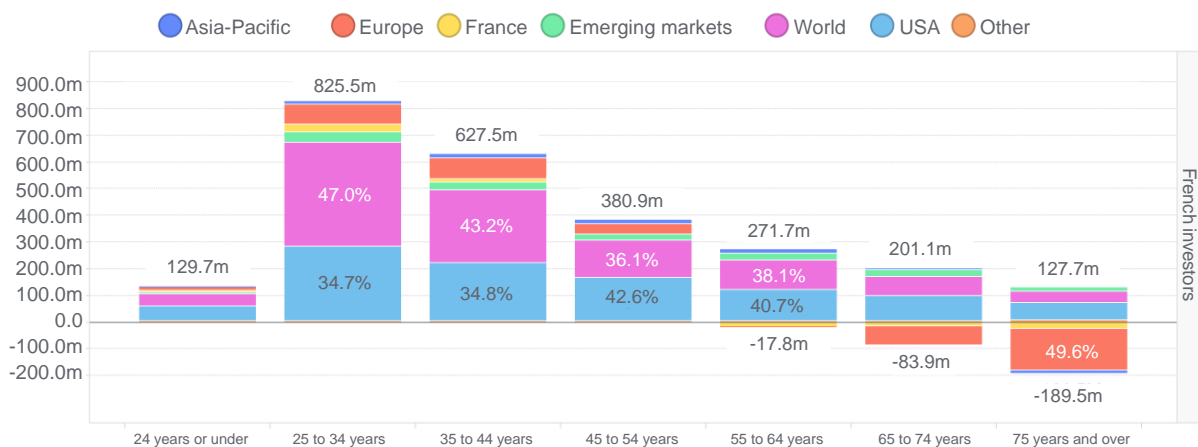
Graph 19: Breakdown of amounts traded by age category and geographical area for traditional ETFs



We can see different behaviour patterns by age group for the investors trading ETFs under the AMF's jurisdiction. The amounts traded by French investors in the youngest age groups are mostly associated with US and global indices: between 31% and 37% of the amounts traded by the under 45s are in ETFs on US indices, and between 24% and 33% in ETFs on global indices. However, among the oldest age groups, the amounts traded by French investors are mainly in European and French indices (between 36% and 45% of the amounts traded by the over-54s), and are split relatively evenly between French and US indices (between 18% and 22% of the amounts traded by the over-54s).

Graph 20 below shows the breakdown of net flows for traditional ETFs by geographical area and age group.

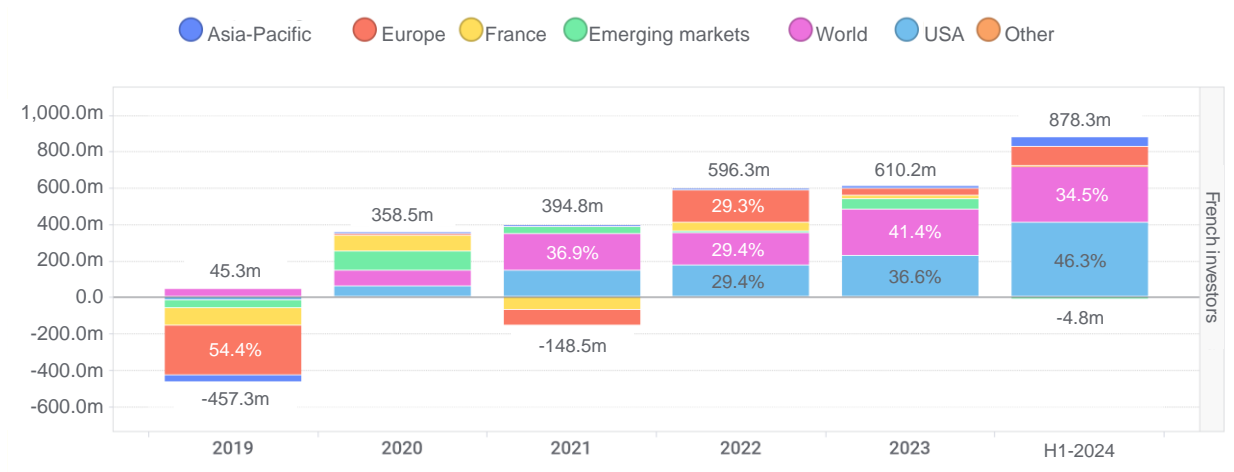
Graph 20: Breakdown of net flows (in euros) for traditional ETFs by age category and geographical area



Here, almost all the flows are positive, with the exception of the oldest age groups. In addition, the flows from investors aged under 75 are almost exclusively positive, while those from investors aged over 74 tend to fall, even leading to disinvestment, particularly in European ETFs.

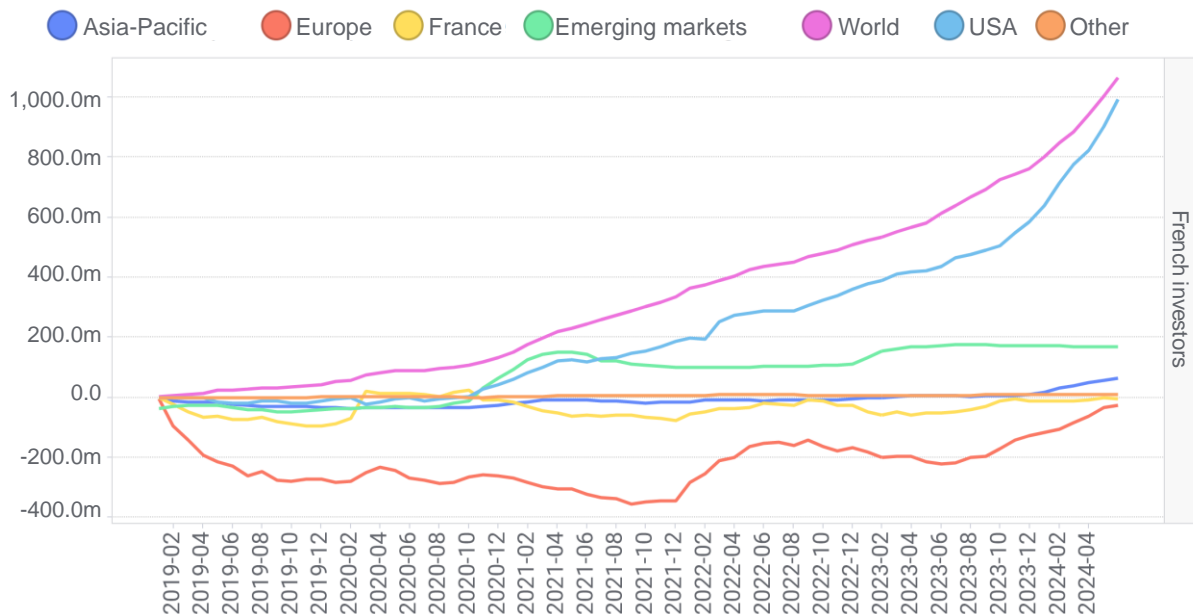
If we look at the year-on-year change, we see that some years are more favourable to investment and others to disinvestment.

Graph 21: Change in net flows (in euros) by geographical area for traditional ETFs



While at the start of the period, trading showed net disinvestment, since 2020 we have primarily seen net positive flows from French investors, and particularly in US and global indices, as previously. Moreover, net investment has been rising steadily since 2020.

Graph 22: Change in cumulative net flows (in euros) by geographical area for traditional ETFs



In addition, in recent years, French investors have tended to sell their European-indexed ETFs and buy global and US indices.

3.5. REVIEW OF THE MOST FREQUENTLY TRADED ETFS

Analysing the most actively traded ETFs over the last 12 months of our analysis period (i.e. between July 2023 and June 2024) using various criteria leads us to make a number of findings, which are presented below.

Of the ETFs that attracted the most investors:

- the ETFs preferred by the largest number of investors are those based on indices from the four geographical areas highlighted above: World, Europe, Emerging Markets and the USA;
- an ETF indexed to emerging markets tops the ranking and was bought and/or sold by 13% of active investors (French and European). Of these 13%, almost all are European investors. Although this ETF was traded by the largest number of investors in 2023, it accounted for only 1.5% of the amounts traded;
- the second most popular ETF in 2023, with 9% of active investors, aims to replicate the performance of a global index. This ETF accounted for around 4% of the amounts traded over the period, i.e. twice as much as the previous one, but with a smaller number of investors.

If the ranking is calculated based on amounts traded, the results are completely different:

- the ETFs at the top of the ranking are leveraged or inverse ETFs based on French indices.

Finally, when the ranking of ETFs is analysed in terms of net flows, very different results can be seen again:

- the most bought ETF is based on an emerging markets index and accounted for 8% of the inflows seen over the 12 months, more than 60% of which came from French investors;
- the most sold ETF replicates the performance of an index based on European government bonds. Flows for this ETF accounted for around 8% of all negative flows over the period, almost all of which came from sales by European investors.

APPENDIX: STUDY DATA

Under Article 26 of the MiFIR Regulation¹², European regulators collect reports of the transactions in financial instruments executed by European investment firms (either directly or through an approved reporting mechanism¹³).

Between the reports received by the AMF directly from French investment firms and those received via the European Transaction Reporting Exchange Mechanism (TREM¹⁴), the AMF has access to exhaustive information about transactions for the two following scopes:

- transactions carried out by an investment firm established in France (including French subsidiaries of foreign investment firms);
- transactions carried out on a financial instrument (FI) that is under the AMF's jurisdiction¹⁵.

This scope, which is broader than that of the Investor Dashboard¹⁶ published by the AMF, was chosen for this study, as it enables us to observe the behaviour of European investors, including French investors.

By way of a reminder, the table below summarises the scope of the transactions for which the AMF receives a report:

	Investment firms established in France		Investment firms established outside France	
	FI FR	Other FI*	FI FR**	Other FI
French retail investors	YES	YES	YES	NO***
Non-French retail investors	YES	YES	YES	NO

The following comments and additional information apply to this table:

* Transactions for these FIs are routed by the AMF, via TREM, to the relevant European competent authority.

** Transactions for these FIs are routed by the reporting authority, via TREM, to the AMF.

*** Although these transactions involve French investors, they are not visible to the AMF. Consequently, the AMF does not currently have direct, automated access¹⁷ to transactions carried out by French retail investors in instruments that do not fall under French jurisdiction under Article 26 of the MiFIR Regulation, when these investors use the services of investment firms not established in France (e.g. a French investor dealing in a US share through an intermediary established in another European country).

¹² Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012.

¹³ ARM.

¹⁴ TREM, or the Transaction Reporting Exchange Mechanism, is the IT tool put in place by ESMA to enable competent authorities to inform each other of transactions that fall within their jurisdiction, when these transactions are carried out by investment firms that these competent authorities do not supervise.

¹⁵ The AMF has jurisdiction over an instrument if this instrument is traded on a French market and the French market is the most relevant in terms of liquidity.

¹⁶ The Investor Dashboard covers the more restricted scope of only those reports submitted by investment firms established in France.

¹⁷ This data can be obtained from the competent national authority on request.