

Media Release

BlackRock Projects Global Bond ETF Assets to Reach \$5 Trillion by 2030

Faster investor adoption and novel bond ETF applications driving 23% annual growth rate

NEW YORK, May 18, 2022 – Despite the most challenging fixed income market in decades, BlackRock projects that global bond exchange-traded funds (ETFs) assets under management (AUM) will triple to \$5 trillion by 2030.¹

The extreme market volatility in the early days of the pandemic reinforced the versatility of bond ETFs. As a result, over the past two years more wealth managers have put bond ETFs at the center of their portfolios and institutional adoption of bond ETFs has broadened and deepened.

“Bond ETFs have revolutionized fixed income investing as they provide instant access at transparent prices to hundreds of bond market exposures in ways that are accessible to all investors,” said **Salim Ramji, Global Head of ETF and Index Investments at BlackRock**. “Bond ETFs have grown by proving to be useful and resilient investment tools during various market conditions including near-zero interest rates, pandemic-related market stresses and inflationary pressures. Bond ETFs have overcome many tests, and they have become the catalyst of a more modern, more digital and more transparent bond market.”

Driving a Third Decade of Bond ETF Growth

BlackRock pioneered bond ETFs 20 years ago and what started as four products has grown 23% annually into a \$1.7 trillion industry with more than 1,400 products.² Despite this growth, bond ETFs comprise just 2% of the \$124 trillion fixed income asset class.³

“The global bond ETF industry is growing faster than we expected, propelled by self-reinforcing and enduring adoption trends from our clients during the pandemic era,” said **Carolyn Weinberg, Global Head of Product for ETF and Index Investments**. “We believe that the next wave of growth is just beginning. While much of this growth will come from increased adoption of existing products, we are excited for the innovations that incorporate more active management – which we believe will grow five times to \$1 trillion in assets by 2030.”

BlackRock’s new paper [*All systems go*](#), published today, identifies four trends that we believe will help drive further adoption of bond ETFs, with details on trading dynamics, ETF usage patterns, market structure evolution, and implementation strategies of new investment concepts.

¹ BlackRock projections are subject to change and there is no guarantee any projections will come to pass.

² Bond ETF average annualized growth rate of 23.4% compares with open-end mutual fund growth rate of 9.5% in the five years ended Dec. 31, 2021. Simfund for U.S. MFs (as of December 2021), Broadridge for non-US MFs (as of November 2021), BlackRock GBI iShares for global ETFs (as of December 2021).

³ Current global bond market size: Bank of International Settlements, Securities Industry and Financial Markets Association estimates found in 2021 SIFMA Capital Markets Fact Book, July 28, 2021; See also: BlackRock, “Transforming the Bond Markets with Fixed Income ETFs,” July 2021.

1. Building blocks in evolved 60/40 portfolios: Bond ETFs' market share in the fund industry is 24% compared to 14% five years ago as more investors are blending bond ETFs with active strategies, moving from one type of fixed income exposure to another, reframing the traditional 60/40 portfolio and bond construction in the process.⁴
2. Tools for seeking active returns: Institutional clients—from pensions funds to active managers—are among the fastest-growing adopters as they turn to bond ETFs to adapt their portfolios to changing market conditions, price individual bonds and portfolios, reduce transaction costs, manage liquidity, and hedge risk.

Further tailwinds come from recent regulatory changes in the U.S., putting bond ETFs on a more level playing field with individual bonds and allowing U.S. insurers to use ETFs more freely.⁵ Eight of the 10 largest U.S. insurers use bond ETFs, and five of them started using them after the volatile markets of March 2020.⁶

3. Increasingly precise sources of potential returns: The number of bond ETFs available to trade has doubled since 2015 with the industry expanding investor choice from tracking broad market segments to providing more targeted exposures by region, credit risk or maturity to offering advanced strategies that incorporate active management.⁷

Investors are implementing these strategies alongside traditional bond ETFs, individual bonds and other fixed income instruments, and BlackRock believes this next generation of more active bond ETFs can reach \$1 trillion in AUM by 2030, up from about \$200 billion today.⁸

4. Catalysts for modernizing bond markets: Market structure changes amid the 2008–2009 global financial crisis prompted the first wave of bond ETF adoption. Since then, the growth of bond ETFs and their ecosystem has helped drive advances in electronic trading and algorithmic pricing of individual bonds, improving transparency and liquidity in underlying bond markets. Electronic trading volumes in U.S. investment grade bonds at the end of March 2022 accounted for 36% of total traded volumes for those bonds, up from 21% in early 2019.⁹

Meanwhile, electronic trading volumes of European corporate bonds grew 61% between 2017 and 2020, reflecting the needs for smaller institutions, such as asset managers and wealth managers to seek alternative means of fixed income market access.¹⁰

For more information and to learn more about bond ETFs, individual and institutional investors [can click here](#).

⁴ Source: Morningstar Direct, Bloomberg, BlackRock as of 12/31/21. US Fixed Income AUM & Trading Activity: 2021 Review, Published January 2022 by BlackRock

⁵ BlackRock, “Unlocking new opportunities: How the evolving regulatory and market environment is creating new opportunities for insurers to use fixed income ETFs,” April 14, 2022.

⁶ S&P Global Intelligence, BlackRock analysis of filings with the National Association of Insurance Commissioners (NAIC) and the Securities and Exchange Commission.

⁷ Source: Morningstar Direct, Bloomberg, BlackRock as of 12/31/21. US Fixed Income AUM & Trading Activity: 2021 Review, Published January 2022 by BlackRock

⁸ BlackRock, Bloomberg (as of April 15, 2022).

⁹ Source: Coalition Greenwich (as of March 31, 2022).

¹⁰ Source: Coalition Greenwich (as of March 31, 2022).

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iShares unlocks opportunity across markets to meet the evolving needs of investors. With more than twenty years of experience, a global line-up of 900+ exchange traded funds (ETFs) and \$3.15 trillion in assets under management as of March 31, 2022, iShares continues to drive progress for the financial industry. iShares funds are powered by the expert portfolio and risk management of BlackRock.

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