



2025 RIA ETF TRENDS REPORT



Analysis of
ETFs in the RIA
Channel

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INTRODUCTION



The RIA ETF market continues to evolve, with advisors leveraging ETFs for portfolio diversification, cost efficiency, and tactical positioning. As of December 31, 2024, U.S.-listed exchange-traded funds (ETFs) reached approximately \$10.69 trillion in assets under management, according to the Investment Company Institute's January 2025 ETF Data Watch report, highlighting ETFs' growing dominance in investment portfolios. With RIAs playing an increasingly critical role in ETF adoption, understanding their allocation trends is essential for issuers looking to refine distribution strategies and capture market share.

The AdvizorPro 2025 RIA ETF Trends Report provides a detailed analysis of a sample of 4,768 RIAs with 13F filings allocated to ETFs in 2024, tracking fund adoption, issuer growth, and portfolio shifts. This report highlights the fastest-growing ETF issuers, emerging product trends, and turnover dynamics, offering insights into where advisors are expanding allocations, rebalancing holdings, or shifting away from certain strategies. These findings provide a view of how advisor-driven ETF adoption is evolving in response to market conditions and client demands.

EXECUTIVE SUMMARY

AdvizorPro's 2025 RIA ETF Trends Report analyzes how registered investment advisors (RIAs) allocated to ETFs from Q4 2023 to Q4 2024, highlighting key industry shifts such as the transition away from mutual funds, increased demand for risk-managed strategies, and the growing adoption of thematic and alternative investments. The continued expansion of U.S.-listed ETFs underscores their dominance as a preferred investment vehicle for advisors, with RIAs playing an increasingly central role in shaping market trends. Understanding how RIAs structure their portfolios is essential for issuers looking to refine distribution strategies and stay competitive in an evolving investment landscape.

- **Thematic & Alternative ETFs Gain Traction** – Digital asset ETFs saw fast growth, with crypto-related funds up dramatically, while structured income and options-based ETFs gained significant advisor interest.
- **RIAs Are Expanding ETF Usage** – The average number of ETFs per firm rose 14%, with two-thirds of RIAs increasing allocations, highlighting a preference for diversification over concentration.
- **Market Share Is Shifting Among Issuers** – While iShares, Vanguard, and SPDR maintain dominance, firms like JPMorgan, Dimensional, and First Trust are seeing rapid growth, reflecting increased advisor demand for active and factor-based strategies.
- **High ETF Turnover Signals Active Portfolio Management** – Over half of ETF positions changed in 2024, indicating that RIAs are tactically reallocating portfolios to adapt to evolving market conditions.

As ETF adoption accelerates within the RIA space, issuers must focus on product innovation, liquidity, and advisor education to capture market share in a rapidly evolving investment landscape.

ETF Issuers with the Largest RIA Market Penetration

Tracking RIA Adoption of Leading ETF Issuers (Q4 2023 - Q4 2024)

This analysis examines the ETF issuers with the largest footprint in RIA portfolios and the growth in the number of RIA firms holding their ETFs over the past year. The data highlights which issuers have the broadest adoption among RIAs and where advisor interest is expanding.

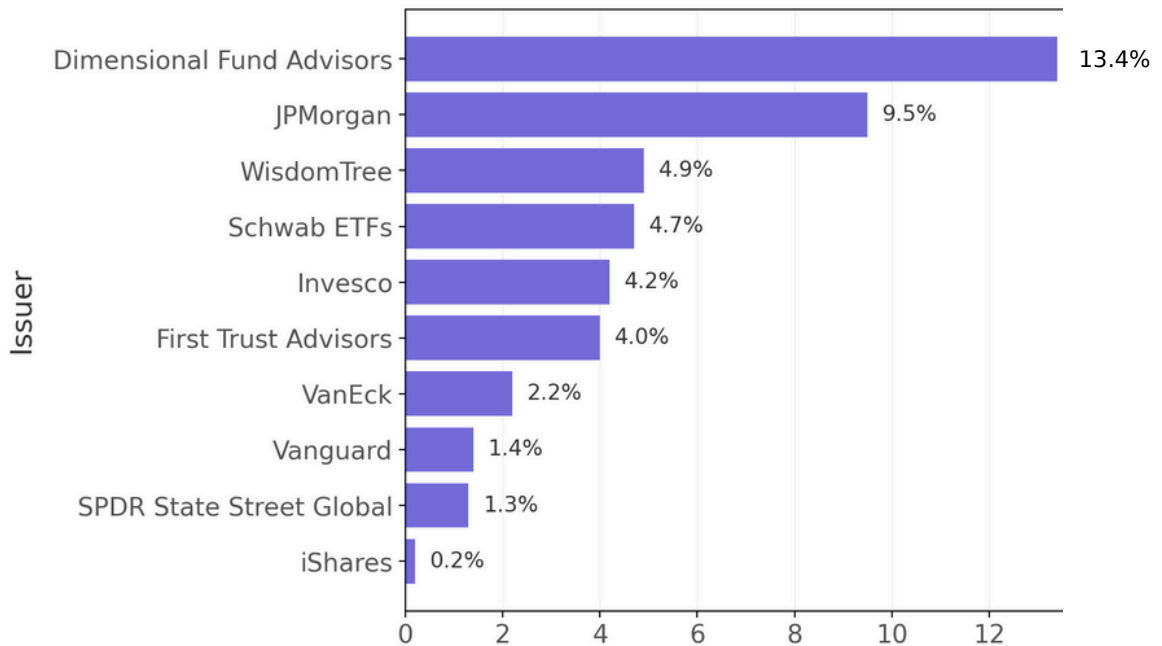
Industry leaders iShares, SPDR State Street, and Vanguard remain dominant, with thousands of RIAs allocating to their ETFs. However, mid-sized issuers like Dimensional Fund Advisors, JPMorgan, and WisdomTree saw the strongest growth, reflecting rising demand for active, factor-based, and alternative ETF strategies.

ETF Issuer Adoption & Growth Among RIAs

ISSUER	RIAs Q4 2023	RIAs Q4 2024	RIA GROWTH (#)	RIA GROWTH (%)
iShares	4,393	4,405	12	0.3%
SPDR State Street Global	4,237	4,292	55	1.3%
Vanguard	3,904	3,960	56	1.4%
Invesco	3,395	3,538	143	4.2%
Schwab ETFs	2,519	2,638	119	4.7%
First Trust Advisors L.P.	1,803	1,876	73	4.1%
JPMorgan	1,712	1,875	163	9.5%
VanEck	1,821	1,861	40	2.2%
WisdomTree	1,583	1,661	78	4.9%
Dimensional Fund Advisors	1,380	1,566	186	13.5%

Key Takeaways

- **Industry Leaders Maintain Strong RIA Adoption** – iShares, SPDR State Street, and Vanguard continue to dominate RIA portfolios, benefiting from strong liquidity, low fees, and broad market exposure.
- **Mid-Sized ETF Issuers Are Expanding Rapidly** – While large issuers still dominate in total adoption, Dimensional Fund Advisors, JPMorgan, and WisdomTree saw the strongest growth, highlighting increased advisor demand for active, systematic, and alternative ETF strategies.
- **Traditional Leaders See Slower Growth** – While iShares, SPDR, and Vanguard remain the most widely held issuers, their growth rates (under 1.5%) lag behind smaller competitors, indicating a maturing market for passive ETFs and increased competition from issuers focused on differentiated strategies.



Top 10 Fastest-Growing ETF Issuers Among RIAs

ETF issuers with the highest percentage growth in RIA allocators over the past year (Q4 2023 - Q4 2024)

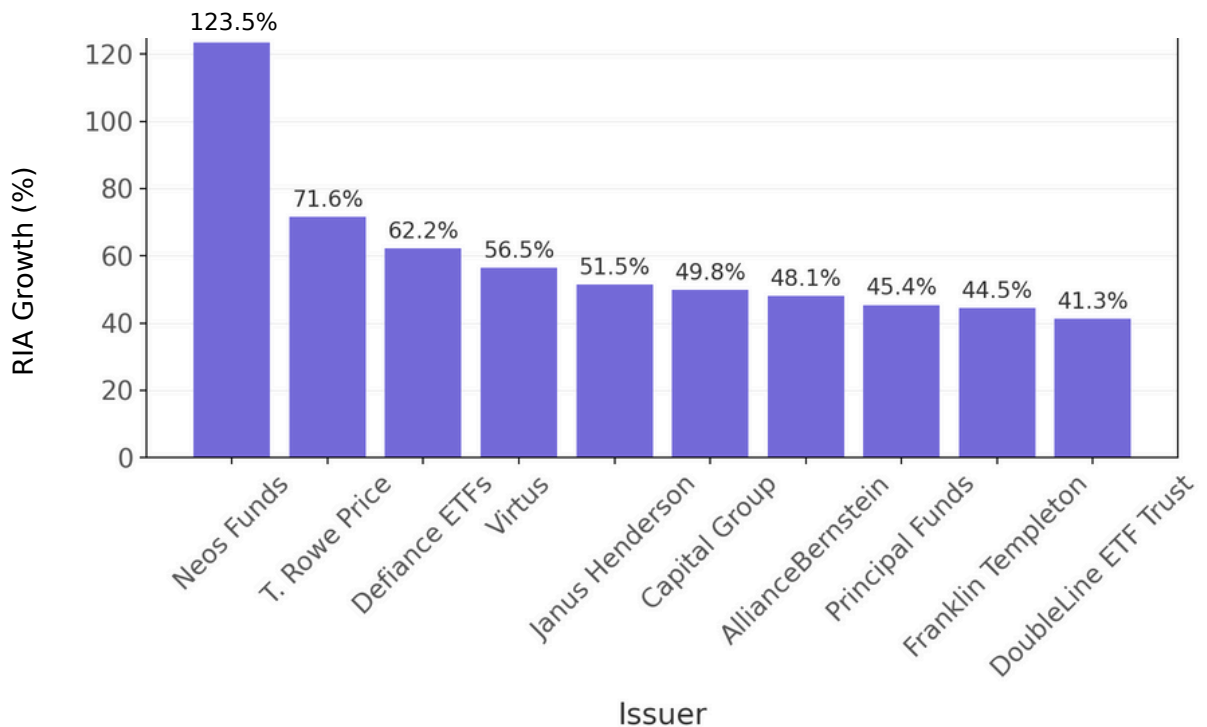
This analysis highlights the 10 ETF issuers experiencing the highest percentage growth in the number of RIA allocators from Q4 2023 to Q4 2024. The rankings are based on the year-over-year percentage change, with issuers required to have a minimum of 50 RIA allocators in Q4 2023 to be included in the analysis.

Top 10 ETF Issuers Gaining Traction with RIAs

ISSUER	RIAs Q4 2023	RIAs Q4 2024	RIA GROWTH (#)	RIA GROWTH (%)
Neos Funds	85	190	105	123.5%
T. Rowe Price	250	429	179	71.6%
Defiance ETFs	90	146	56	62.2%
Virtus	177	277	100	56.5%
Janus Henderson	506	767	261	51.6%
Capital Group	469	703	234	49.9%
AllianceBernstein	83	123	40	48.2%
Principal Funds	77	112	35	45.5%
Franklin Templeton	494	714	220	44.5%
DoubleLine ETF Trust	92	130	38	41.3%

Key Takeaways

- **Specialized ETFs Are Capturing RIA Demand** – Neos Funds leads growth, reflecting increasing RIA interest in tax-efficient and options-based ETF strategies.
- **Traditional Asset Managers Are Expanding Their ETF Presence** – T. Rowe Price and Capital Group demonstrate how established firms are successfully transitioning mutual fund clients to ETFs.
- **Active & Thematic ETFs Are Gaining Traction** – Defiance ETFs and Virtus highlight the growth in demand for actively managed and thematic investment strategies.
- **Fixed Income ETFs Continue to Grow** – DoubleLine ETF Trust likely signals ongoing advisor interest in fixed income ETFs, especially as rate volatility remains a market factor.
- **Broader Industry Shift Toward ETF Adoption** – RIA ETF allocations are increasing across multiple asset classes, reinforcing the long-term industry transition away from traditional vehicles like mutual funds.



Top 10 Fastest Growing ETFs Among RIAs

ETFs with the highest percentage growth in RIA allocators over the past year (Q4 2023 – Q4 2024)

This analysis highlights the 10 ETFs with the highest percentage growth in RIA allocators from Q4 2023 to Q4 2024. The rankings are based on year-over-year percentage change, with ETFs required to have a minimum of 50 RIA allocators in Q4 2023 to be included.

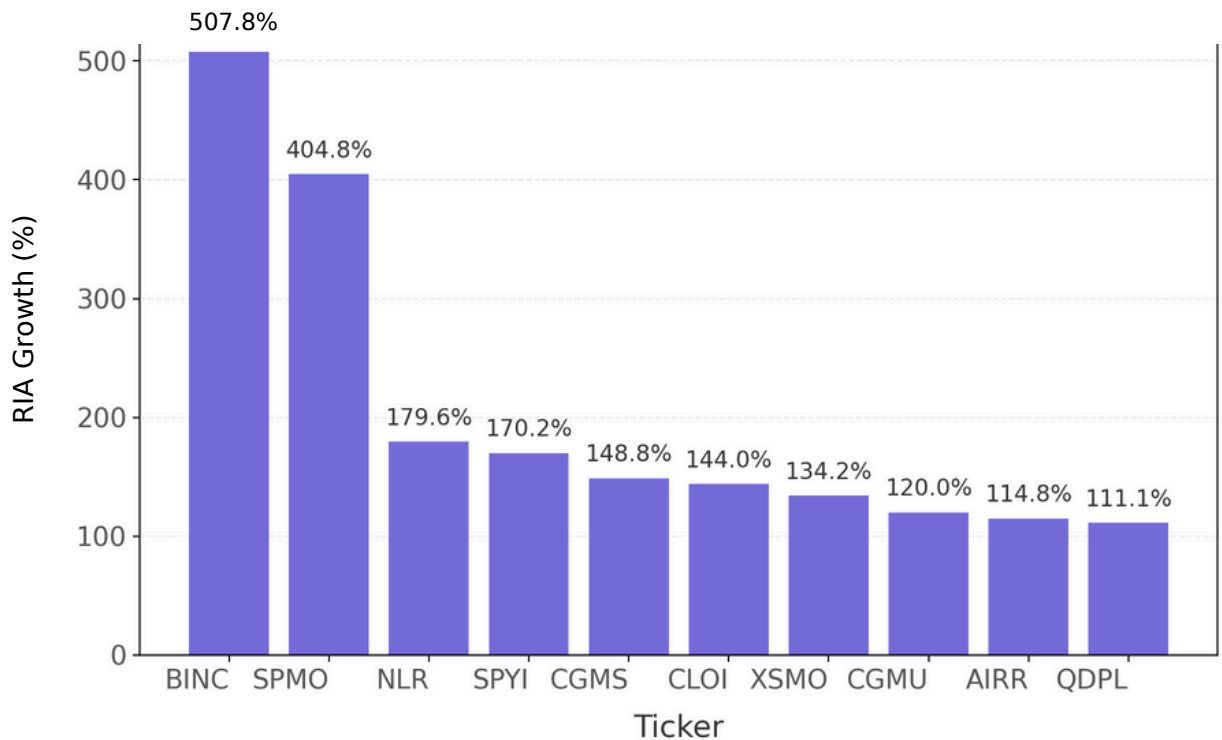
The data reveals strong RIA interest in multisector bond, derivative income, and growth-oriented equity ETFs, with notable adoption in macro-driven and thematic strategies. The fastest-growing ETFs span fixed income, small- and large-cap growth, and sector-focused funds, reflecting shifts in advisor priorities amid market volatility and evolving economic conditions.

Top 10 ETFs with the Fastest RIA Adoption

TICKER	ISSUER	MORNINGSTAR CATEGORY	RIAs Q4 2023	RIAs Q4 2024	RIA GROWTH (#)	RIA GROWTH (%)
BINC	BlackRock	Multisector Bond	77	468	391	507.8%
SPMO	Invesco	Large Growth	63	318	255	404.8%
NLR	VanEck	Miscellaneous Sector	54	151	97	179.6%
SPYI	Neos Funds	Derivative Income	57	154	97	170.2%
CGMS	Capital Group	Multisector Bond	82	204	122	148.8%
CLOI	VanEck	Ultrashort Bond	50	122	72	144.0%
XSMO	Invesco	Small Growth	82	192	110	134.2%
CGMU	Capital Group	Muni National Intern	80	176	96	120.0%
AIRR	First Trust Advisors L.P.	Industrials	128	275	147	114.8%
QDPL	Pacer	Large Blend	54	114	60	111.1%

Key Takeaways

- **Bond ETFs Are Driving RIA Growth** – RIAs are heavily allocating to fixed income, with BlackRock's BINC and Janus Henderson's JAAA leading in multisector and ultrashort bond categories, reflecting demand for yield and rate risk management.
- **Active & Thematic ETFs Are Gaining Momentum** – RIAs are embracing alternative income and high-growth themes, with Neos Funds' SPYI and Defiance ETFs' QTUM seeing strong adoption in derivative income and tech-focused strategies.
- **Growth-Oriented Strategies Are Expanding** – Invesco's SPMO and XSMO highlight increasing RIA demand for active and factor-driven growth investing across large- and small-cap equities.
- **Sector-Specific ETFs Are Gaining Traction** – First Trust's AIRR among others show that RIAs are using ETFs to capture macroeconomic and industry-specific trends.



Top 10 ETF Categories with the Highest RIA Growth

Morningstar categories with the largest increase in RIA allocators over the past year (Q4 2023 – Q4 2024)

This analysis ranks the top 10 Morningstar categories by the percentage increase in RIAs allocating to them for the first time between Q4 2023 and Q4 2024. This reflects new advisor adoption of these categories rather than increased allocations from existing investors. The data highlights which investment themes and asset classes gained the most traction among RIAs over the past year.

The strongest growth came from municipal bonds, equity hedging, digital assets, and trading-oriented strategies, reflecting a mix of risk management, alternative income generation, and tactical positioning trends.

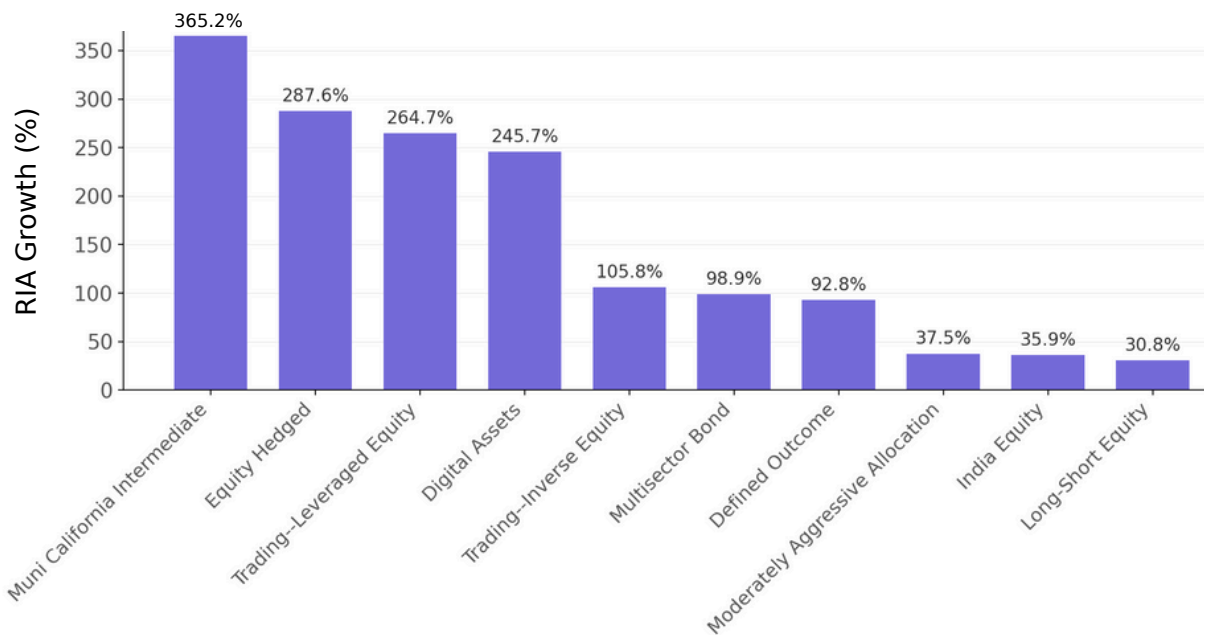
Notably, Digital Assets ETFs surged 246%, signaling a sharp rise in advisor confidence in crypto-related products. This trend aligns with a broader shift in RIA portfolios, where digital asset ETF exposure has grown in 2024. Meanwhile, Equity Hedged and Leveraged Trading ETFs also saw significant increases, suggesting advisors are actively managing risk and volatility in response to market conditions.

Top 10 ETF Categories with the Highest RIA Growth

MORNINGSTAR CATEGORY	RIAs Q4 2023	RIAs Q4 2024	RIA GROWTH (#)	RIA GROWTH (%)
Muni California Intermediate	23	107	84	365.2%
Equity Hedged	81	314	233	287.7%
Trading--Leveraged Equity	34	124	90	264.7%
Digital Assets	442	1,528	1,086	245.7%
Trading--Inverse Equity	17	35	18	105.9%
Multisector Bond	490	975	485	99.0%
Defined Outcome	265	511	246	92.8%
Moderately Aggressive Allocation	32	44	12	37.5%
India Equity	604	821	217	35.9%
Long-Short Equity	227	297	70	30.8%

Key Takeaways

- **RIAs Are Becoming More Tactical in ETF Allocations** – The surge in Equity Hedged, Leveraged Trading, and Defined Outcome ETFs suggests that advisors are actively managing risk and positioning portfolios for market volatility rather than relying on broad passive exposures.
- **Demand for Alternative & Non-Traditional Assets Is Growing** – The 246% increase in Digital Assets ETFs indicate that advisors are diversifying client portfolios with alternative strategies beyond traditional equities and bonds.
- **Fixed Income Remains a Core Allocation Focus** – Significant growth in Municipal Bonds and Multisector Bond ETFs highlights ongoing advisor interest in yield enhancement, tax efficiency, and duration flexibility amid shifting rate expectations.
- **Thematic & Global Investing Are on the Rise** – The expansion of India Equity and Global Large-Stock Growth ETFs suggests that RIAs are looking beyond U.S. markets to capture macro-driven opportunities.
- **ETF Issuers Must Differentiate to Capture Advisor Interest** – Advisors are gravitating toward structured, actively managed, and targeted strategies, signaling that product innovation—rather than just low fees—is a key factor in ETF adoption.



Growing Adoption of Thematic ETFs Among RIAs

Growth in Thematic ETF Adoption Among RIAs (Q4 2023 – Q4 2024)

Thematic ETFs are seeing strong growth among RIAs, reflecting increasing investor demand for specialized exposure in technology, digital assets, and alternative strategies. Our analysis highlights the top 10 thematic ETFs that experienced the highest growth in appearances in RIA portfolios from Q4 2023 to Q4 2024.

The data reveals surging adoption of digital asset ETFs, led by IBIT, GBTC and ETHE, as well as notable increases in technology-focused ETFs like SMH and VGT. The growth of equity-hedged strategies (HELO) and industrials-focused ETFs (AIRR) underscores a shift toward macro-driven investment themes, where advisors are balancing growth-oriented allocations with risk-managed solutions.

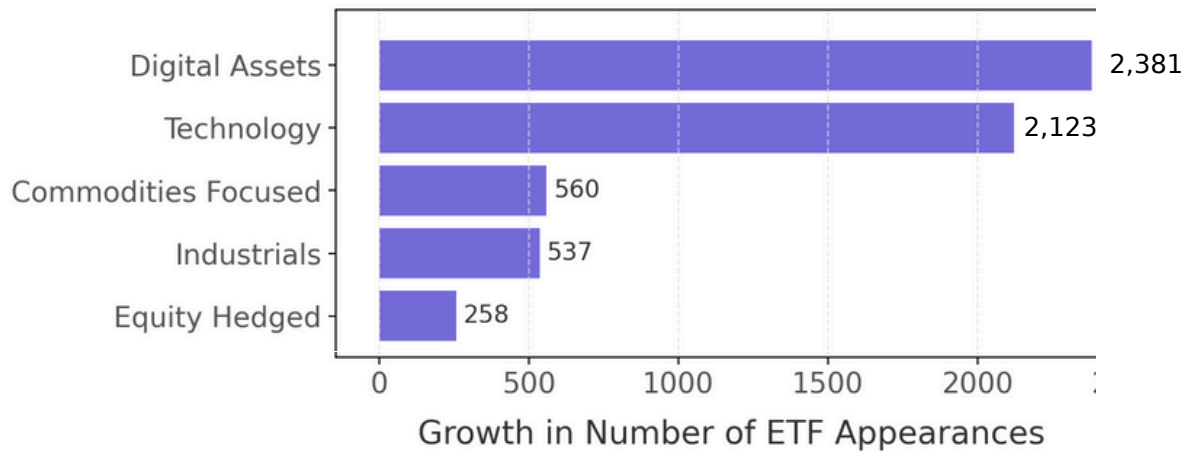
Top 10 Thematic Categories by Growth

MORNINGSTAR CATEGORY	RIAs Q4 2023	RIAs Q4 2024	RIA GROWTH (#)	RIA GROWTH (%)
Digital Assets	810	3,191	2,381	293.9%
Technology	12,469	14,592	2,123	17.0%
Commodities Focused	5,925	6,485	560	9.4%
Industrials	4,180	4,717	537	12.8%
Equity Hedged	84	342	258	307.1%

Top 10 Thematic ETFs Gaining RIA Adoption

TICKER	MORNINGSTAR CATEGORY	RIAs Q4 2023	RIAs Q4 2024	RIA GROWTH (#)	RIA GROWTH (%)
IBIT	Digital Assets	0	846	846	0.00%
GBTC	Digital Assets	39	628	589	1510.26%
SMH	Technology	571	816	245	42.90%
ETHE	Digital Assets	19	261	242	1273.70%
BITB	Digital Assets	0	175	175	0.00%
VGT	Technology	1,227	1,396	169	13.77%
HELO	Equity Hedged	45	212	167	371.10%
IAU	Commodities Focused	973	1,129	156	16.03%
AIQ	Technology	143	285	142	99.30%
AIRR	Industrials	115	255	140	121.73%

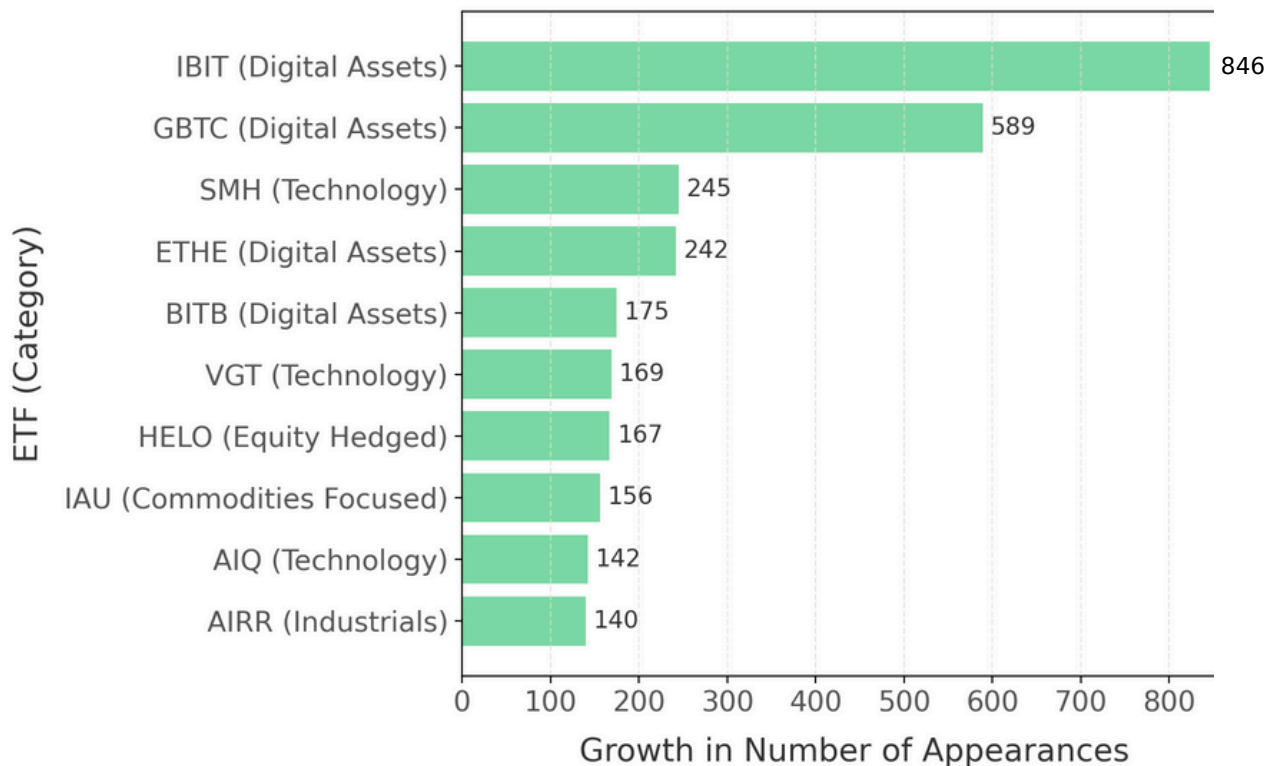
Top 10 Thematic Categories by Growth in ETF Appearances:



Key Takeaways

- **Thematic ETFs Are Becoming a Core Part of RIA Portfolios** – Historically seen as niche or tactical allocations, thematic ETFs are now being integrated into long-term investment strategies, reflecting growing advisor confidence in sector-specific and trend-driven funds.
- **Crypto & Digital Assets Are No Longer Fringe Investments** – The massive growth in GBTC and ETHE suggests that regulatory clarity and institutional adoption are accelerating RIA interest in crypto ETFs, making them a more permanent part of portfolios.
- **Macro Trends Are Driving Thematic ETF Adoption** – From semiconductors (SMH) to industrials (AIRR), advisors are using thematic ETFs to capture long-term economic and technological shifts, rather than just chasing short-term momentum.
- **ETF Issuers Must Differentiate in a Crowded Market** – As thematic ETFs gain adoption, issuers must offer unique exposure, strong liquidity, and clear value propositions to stand out in an increasingly competitive landscape.

Top 10 Thematic ETFs by Growth in Appearances:



Top 10 High-Fee ETFs Gaining RIA Allocators

ETFs in the top 10% of expense ratios with the highest RIA growth over the past year (Q4 2023 – Q4 2024)

This analysis identifies the top 10 ETFs with the highest percentage increase in RIA allocators among high-fee ETFs, defined as those in the top 10% of expense ratios. The ETFs included had at least 50 RIA allocators in Q4 2024.

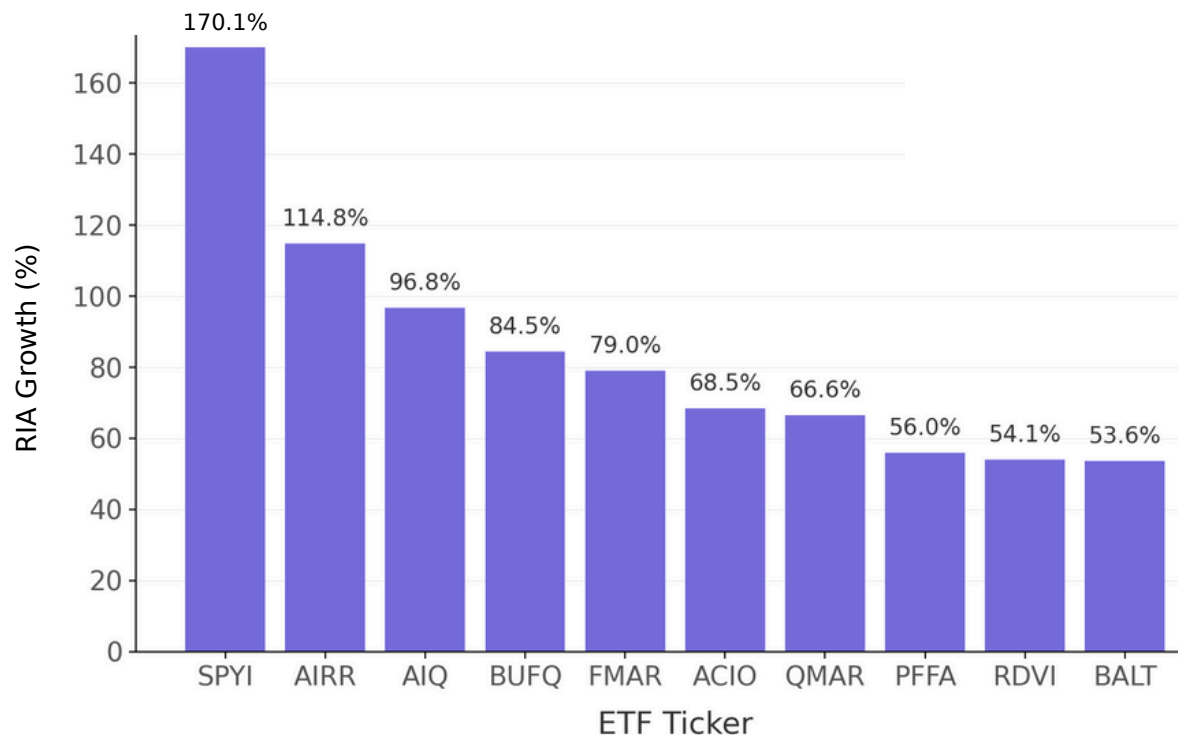
The data highlights strong growth in income-focused, options-based, and alternative strategy ETFs, despite their higher fees. Advisors appear increasingly willing to pay for strategies that offer enhanced yield, volatility management, or thematic exposure, particularly in an uncertain market environment.

High-Fee ETFs with the Fastest RIA Growth

TICKER	ISSUER	MORNINGSTAR CATEGORY	Expense Ratio	RIAs Q4 2023	RIAs Q4 2024	RIA GROWTH (#)	RIA GROWTH (%)
SPYI	Neos Funds	Derivative Income	0.68%	57	154	97	170.18%
AIRR	First Trust Advisors L.P.	Industrials	0.70%	128	275	147	114.84%
AIQ	Global X Funds	Technology	0.68%	158	311	153	96.84%
BUFQ	First Trust Advisors L.P.	Options Trading	1.10%	71	131	60	84.51%
FMAR	First Trust Advisors L.P.	Options Trading	0.85%	62	111	49	79.03%
ACIO	APTUS ETFs	Options Trading	0.79%	54	91	37	68.52%
QMAR	First Trust Advisors L.P.	Options Trading	0.90%	51	85	34	66.67%
PFFA	Virtus	Preferred Stock	2.52%	91	142	51	56.04%
RDVI	First Trust Advisors L.P.	Derivative Income	0.75%	133	205	72	54.14%
BALT	Innovator ETFs	Options Trading	0.69%	97	149	52	53.61%

Key Takeaways

- **RIAs Are Willing to Pay for Income & Risk Management** – Despite higher fees, income-focused and options-based ETFs are attracting advisors seeking yield enhancement and downside protection in volatile markets.
- **Options-Based Strategies Are Driving Growth** – Five of the top 10 high-fee ETFs use options trading or derivative income strategies, reflecting RIAs' increasing use of structured products to manage risk and generate income.
- **Sector & Thematic ETFs Remain Competitive** – Global X's AIQ and First Trust's AIRR highlight sustained RIA demand for technology and industrials exposure, reinforcing interest in sector-based allocations.
- **First Trust Dominated High-Fee Growth** – With five ETFs on the list, First Trust is leading among high-fee issuers.
- **Fee Sensitivity Remains Selective** – RIAs are proving willing to pay higher fees for specialized, actively managed, or enhanced-income ETFs, while commoditized strategies continue to face fee compression.



Top 10 Newly Launched ETFs Gaining RIA Adoption

The fastest-growing ETFs introduced within the last three years based on RIA adoption (Q4 2023 – Q4 2024)

This analysis highlights the top 10 ETFs launched within the past three years that experienced the largest increase in RIA allocator adoption from Q4 2023 to Q4 2024. These ETFs are ranked by absolute RIA allocator growth, with a minimum of 50 RIA allocators in Q4 2023.

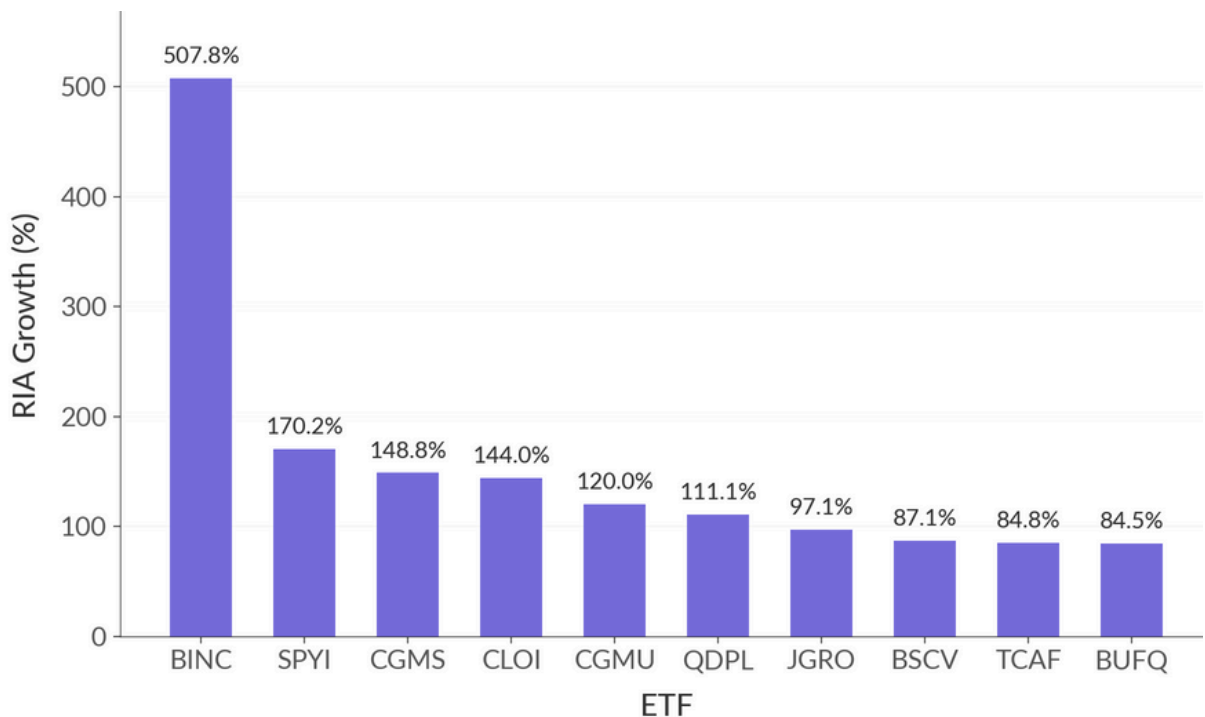
The data highlights growing RIA demand for yield-focused, macro-driven, and specialized equity ETFs. Fastest-growing funds include derivative income, trend-following, and municipal bond strategies, reflecting interest in risk-adjusted returns and tax efficiency. Large-blend equity ETFs are also gaining traction, signaling demand for active and factor-based strategies in core portfolios.

Top Growing Newly Launched ETFs Among RIAs

TICKER	ISSUER	MORNINGSTAR CATEGORY	RIAs Q4 2023	RIAs Q4 2024	RIA GROWTH (#)	RIA GROWTH (%)
BINC	BlackRock	Multisector Bond	77	468	391	507.8%
SPYI	Neos Funds	Derivative Income	57	154	97	170.2%
CGMS	Capital Group	Multisector Bond	82	204	122	148.8%
CLOI	VanEck	Ultrashort Bond	50	122	72	144.0%
CGMU	Capital Group	Muni National Interm	80	176	96	120.0%
QDPL	Pacer	Large Blend	54	114	60	111.1%
JGRO	JPMorgan	Large Growth	103	203	100	97.1%
BSCV	Invesco	Target Maturity	62	116	54	87.1%
TCAF	T. Rowe Price	Large Blend	132	244	112	84.9%
BUFQ	First Trust Advisors L.P.	Options Trading	71	131	60	84.5%

Key Takeaways

- **BlackRock Dominates the RIA Growth Race** – BINC's extraordinary 507.8% RIA growth demonstrates BlackRock's ability to rapidly scale new ETF offerings, particularly in the fixed income space where advisors are seeking yield alternatives.
- **Income-Focused ETFs Capture Significant Advisor Interest** – Capital Group's CGMS (148.8% growth) and CGMU (120% growth) alongside Neos Funds' SPYI (170.2% growth) reflect RIAs' strong demand for innovative income solutions across fixed income and derivative strategies.
- **RIAs Are Rapidly Adopting Specialized Fixed Income Solutions** – VanEck's CLOI (144% growth) and other fixed income ETFs in the top performers list highlight advisors' search for specialized bond exposures amid the evolving interest rate environment.
- **Large Asset Managers Successfully Competing in the ETF Innovation Race** – JPMorgan's JGRO (97.1% growth) and T. Rowe Price's TCAF (84.9% growth) demonstrate that established asset managers are effectively launching ETFs that quickly gain RIA adoption.
- **ETF Issuers Finding Success Across Multiple Investment Categories** – The diverse Morningstar categories represented in the top performers (from Multisector Bond to Options Trading) indicate RIAs are willing to adopt new ETFs across various investment strategies.



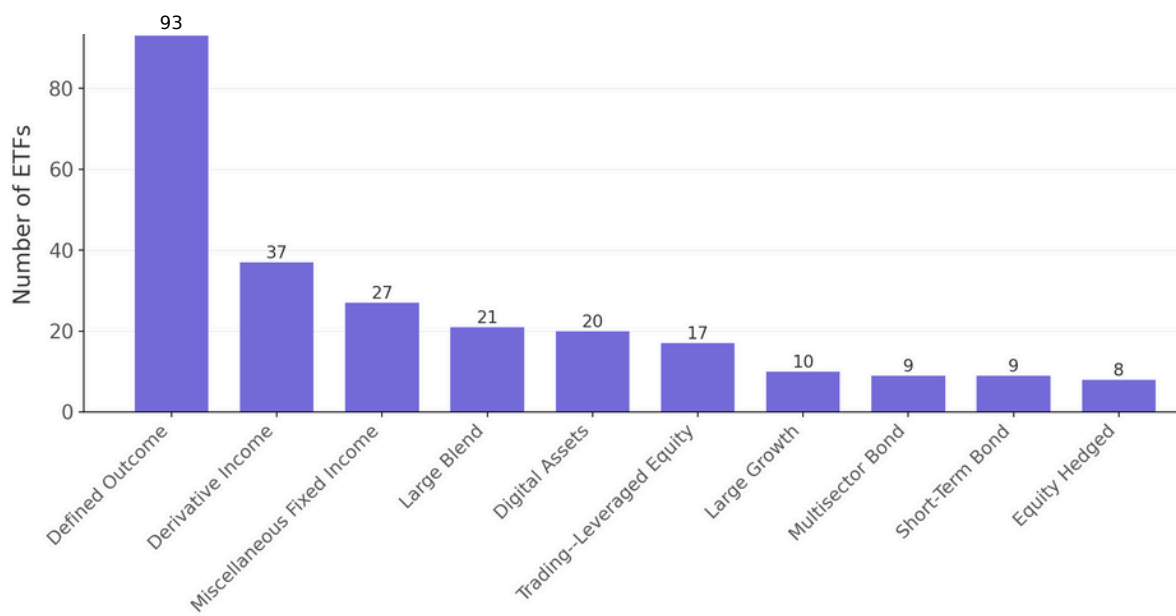
New ETFs Entering RIA Portfolios for the First Time

ETFs that appeared in RIA 13F filings for the first time in the latest quarter (Q4 2024)

This analysis identifies new ETFs that appeared in RIA 13F filings for the first time in Q4 2024, capturing the expansion of product adoption within the advisor community. A total of 667 unique ETFs were newly introduced into RIA portfolios compared to Q4 2023, reflecting a growing willingness among advisors to integrate newly launched funds.

Number of new ETFs in Q4 2024 RIA 13F filings: **667**

- Defined Outcome: **93**
- Derivative Income: **37**
- Miscellaneous Fixed Income: **27**
- Large Blend: **21**
- Digital Assets: **20**
- Trading--Leveraged Equity: **17**
- Large Growth: **10**
- Multisector Bond: **9**
- Short-Term Bond: **9**
- Equity Hedged: **8**



Key Takeaways

- **RIAs Are Embracing New ETFs** – A sizable 667 ETFs appeared in RIA portfolios for the first time in Q4 2024, signaling growing advisor openness to innovative and niche strategies.
- **Risk-Managed Strategies Lead New Allocations** – Defined Outcome ETFs had the most first-time RIA adopters, reinforcing advisor demand for structured downside protection amid market volatility.
- **Income-Focused ETFs Continue to Gain Traction** – Derivative Income and Miscellaneous Fixed Income highlight sustained RIA interest in enhanced-yield solutions, particularly in a high-rate environment.
- **Broad-Market & Thematic Strategies Are Also Growing** – Large Blend and Digital Assets suggest advisors are selectively adding core and speculative exposures, aligning with broader diversification trends.

Are RIAs Concentrating or Diversifying ETF Allocations?

Tracking the change in the average number of ETFs held per RIA firm over the past year (Q4 2023 - Q4 2024)

This analysis examines whether RIAs are concentrating their investments in fewer ETFs or diversifying across more offerings. By tracking the average number of ETFs per firm, we can assess whether advisors are consolidating holdings into select funds or broadening their exposure across multiple products.

From Q4 2023 to Q4 2024, RIAs significantly increased their ETF holdings, indicating a shift toward greater diversification. The average ETF count per firm rose 14.01%, and more than two-thirds (66.97%) of firms expanded their ETF allocations, suggesting that advisors are spreading risk and capturing opportunities across a broader range of funds.

ETF Holdings Per RIA (Q4 2023 - Q4 2024)

METRIC	Q4 2023	Q4 2024	CHANGE (%)
Average ETF Count	73	81.3	14.0%
Average ETFs Added	37	41	10.8%

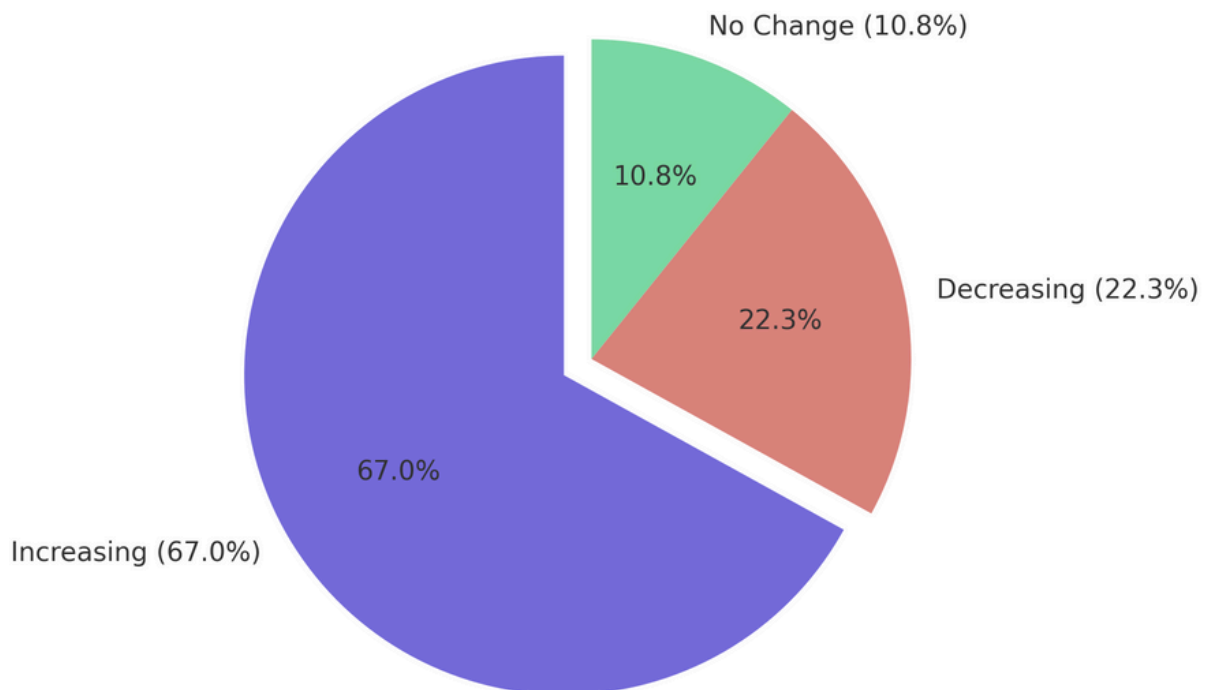
ETF Allocation Changes Among RIAs

CATEGORY	VALUE
Increased ETF Count	66.9%
Decreased ETF Count	22.2%
Maintained ETF Count	10.7%

Key Takeaways

- **RIAs Are Expanding Their ETF Holdings** – The 14.0% increase in the average number of ETFs per firm suggests advisors are diversifying portfolios rather than concentrating assets in fewer funds.
- **Diversification Is a Key Strategy** – With 67% of RIAs adding ETFs, advisors appear to be spreading risk across multiple asset classes, factor strategies, and themes, aligning with the industry-wide trend toward multi-ETF portfolio construction.
- **Broad Market & Thematic Exposure Drive Expansion** – The rise in ETF count aligns with growing adoption of thematic, alternative income, and tactical funds, as RIAs seek exposure to AI, digital assets, structured income, and hedged strategies.
- **ETF Issuers Must Differentiate to Capture Expanding Allocations** – While advisors are adding more ETFs, competition for assets remains high.

ETF Allocation Changes Among RIAs



ETF Turnover Trends Among RIAs

Measuring how frequently RIAs added or removed ETFs from their portfolios over the past year (Q4 2023 – Q4 2024)

ETF turnover among RIAs provides insight into how frequently advisors adjust their ETF allocations—whether by adding new funds, removing existing holdings, or maintaining stable positions. By analyzing turnover rates, we can assess the balance between active reallocation and long-term ETF retention within RIA portfolios.

Our analysis of 4,768 RIA firms revealed an average ETF turnover ratio of **51.4%**, meaning that over half of ETF holdings changed between Q4 2023 and Q4 2024. This includes:

- **44.9%** of ETFs being newly added, indicating strong advisor interest in new products and portfolio adjustments.
- **19.6%** of ETFs being dropped, showing that some ETFs fail to retain advisor interest over time.
- The median turnover ratio of **40.0%** suggests that while a portion of RIAs actively trade ETFs, many maintain relatively stable allocations.

ETF Turnover Analysis

METRIC	VALUE
Average Turnover Ratio	51.4%
Median Turnover Ratio	40.0%
Average ETFs Added	44.9%
Median ETFs Added	24.9%
Average ETFs Dropped	19.6%
Median ETFs Dropped	12.4%

Key Takeaways

- **RIAs Are Becoming More Tactical in ETF Allocations** – The surge in Equity Hedged, Leveraged Tradin, and Defined Outcome ETFs suggests that advisors are actively managing risk and positioning portfolios for market volatility rather than relying on broad passive exposures.
- **Demand for Alternative & Non-Traditional Assets Is Growing** – The 246% increase in Digital Assets ETFs indicate that advisors are diversifying client portfolios with alternative strategies beyond traditional equities and bonds.
- **Fixed Income Remains a Core Allocation Focus** – Significant growth in Municipal Bonds and Multisector Bond ETFs highlights ongoing advisor interest in yield enhancement, tax efficiency, and duration flexibility amid shifting rate expectations.
- **Thematic & Global Investing Are on the Rise** – The expansion of India Equity and Global Large-Stock Growth ETFs suggests that RIAs are looking beyond U.S. markets to capture macro-driven opportunities.
- **ETF Issuers Must Differentiate to Capture Advisor Interest** – Advisors are gravitating toward structured, actively managed, and targeted strategies, signaling that product innovation—rather than just low fees—is a key factor in ETF adoption.

Metrics Calculation

These metrics assess how frequently RIAs adjust their ETF holdings, indicating trends in portfolio turnover, fund adoption, and retention.

Turnover Ratio:

- Measures how often ETFs are swapped out in a portfolio
- Formula: $(\text{Added ETFs} + \text{Dropped ETFs}) \div (\text{Average number of ETFs held})$
- High ratio = frequent changes; Low ratio = stable portfolio

ETF % Added:

- Shows what percentage of new ETFs were added compared to previous holdings
- Formula: $\text{Added ETFs} \div \text{Previous ETFs}$
- High percentage = actively adding new ETF types

ETF % Dropped:

- Shows what percentage of ETFs were removed compared to previous holdings
- Formula: $\text{Dropped ETFs} \div \text{Previous ETFs}$
- High percentage = actively removing ETFs from portfolio

These metrics highlight whether RIAs actively trade or maintain long-term ETF positions.

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