



ODDO BHF
ASSET MANAGEMENT

RETHINKING THE ETF

A vehicle, not a strategy

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First and foremost, this is a matter of definition. ETFs are still often equated with passive management, even though this view is now widely regarded as outdated. In fact, **an ETF is simply a vehicle—a “container” —that can be used regardless of the underlying investment strategy.**

What is innovative is not the instrument itself, but with which content it is combined. **Active ETFs now make it possible to embed active management strategies** in a format previously reserved for index tracking.

This brings **the role of the fund manager back into focus**: security selection, asset allocation, and risk management, pursued with a clear objective of delivering long-term outperformance relative to an index.

A RAPIDLY GROWING MARKET... WITH A STRONG NEED FOR CLARIFICATION

The data point to **a rapid adoption rate**, but there is still considerable room for expansion. According to Morningstar, assets under management in active ETFs in Europe increased **from €30 billion in 2023 to just**

under €77 billion by the end of 2025, with a projected growth to over \$1 trillion by 2030.

Along with this momentum, there is a strong need for education. Many investors still view ETFs as the opposite of active management, even though the **two approaches are now complementary.**

This is precisely where asset management firms come into play: to explain that **active ETFs are not a disruption to the distribution framework for active management**, but rather an evolution.

A CONCRETE RESPONSE TO INVESTORS' CHALLENGES

The growing interest in active ETFs can be attributed to their ability to address various structural challenges in asset allocation.

- First: **accessibility and flexibility.** ETFs are listed on stock exchanges and can be traded continuously at transparent prices during trading hours.
- Second: **transparency.** Portfolio holdings are regularly disclosed, offering insight into exposures and cost structure.



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- Added to this is **the potential to generate alpha over the long term**— that is, to outperform a benchmark index cost-effectively.

This combination makes active ETFs hybrid instruments, suitable both as **strategic building blocks** and for **tactical purposes**.

As with any investment fund, ETFs – including active ETFs – involve a risk of capital loss.

A PARADIGM SHIFT FOR INVESTORS

Investors face a dual challenge: understanding these **new instruments** on the one hand and **integrating them effectively into an overarching allocation strategy** on the other.

Active ETFs do not replace traditional funds. Instead, they **broaden the existing toolkit** with a wide range of use cases, from core portfolio exposure and tactical adjustments to diversification.

In this context, education becomes critical. What matters is distinguishing between the investment vehicle and the investment strategy, understanding the sources of value creation, and identifying appropriate applications.

Beneath this lies a broader: **the adaptation of active management to new investor needs while staying true to its core principles**.

By combining precision, agility, and active management, active ETFs are, in our view, redefining portfolio construction. A gradual yet transformative change.

Learn more about our Active ETF offering:

<https://am.oddo-bhf.com/fr-en/non-professional-investor/oddo-bhf-active-etf/>

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