ETFs in Focus: Risk Management Attitudes & Behaviors

2025 Key Findings and Analysis

State Street Global Advisors Group Research Center

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Study Introduction

ETFs in Focus: Risk Management Attitudes & Behaviors

About the ETF Impact Series

For over 30 years, State Street Global Advisors has led ETF innovation, shaping the evolution of index and active investing. Since launching the SPDR S&P 500 ETF Trust (SPY), one trend has remained clear: ETFs continue to expand across equities, fixed income, alternatives, and commodities. Yet beyond that growth, it’s the depth of innovation within the ETF ecosystem that continues to redefine investment strategies.

The ***ETF Impact Series*** explores ETFs’ evolving role in portfolio construction, risk perceptions, and investor behavior. Conducted biannually since 2022, this applied research delivers timely insights into the ETF landscape and key trends shaping portfolio decisions.

2025 ETFs in Focus: Risk Management Attitudes & Behaviors builds on this foundation with a focused look at ETFs as tools for managing risk. Conducted in the intervening year, this research explores how investors are using ETFs to navigate uncertainty, enhance liquidity, and achieve diversification – critical priorities in today’s shifting landscape.

More specifically, the learning objectives include:

On risk and portfolio concerns:

- *How do retail investors and financial advisors think about risk?*
- *What do they see as the biggest portfolio risks over the next 12 months?*
- *How are they currently managing those risks?*
- *How confident are they in their ability to manage risk effectively?*

On alternatives and access:

- *How has the role of alternatives in portfolios changed over time?*
- *What types of alternative strategies and assets are advisors using?*
- *How do advisors access alternatives?*
- *How are ETFs perceived by as a vehicle for accessing alternatives?*

Executive Summary

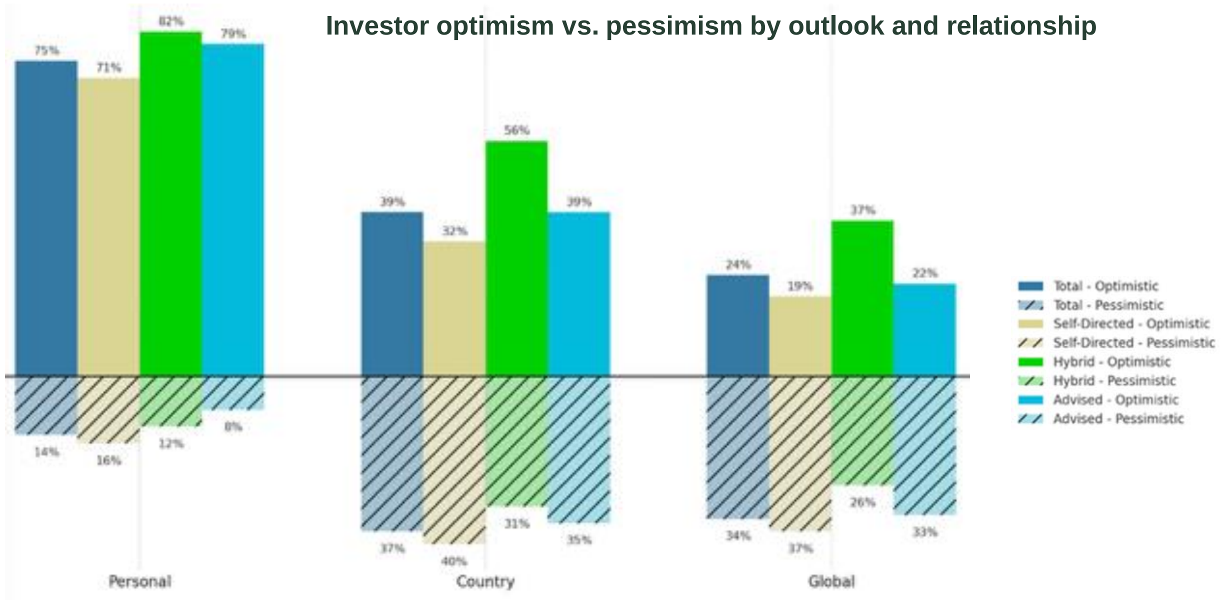
ETFs in Focus: Risk Management Attitudes & Behaviors

Investor Sentiment diverges across Personal and Macro Outlooks

While personal financial optimism holds steady, macroeconomic concerns persist — and may deepen.

Key Takeaway — Investor optimism remains strongest at the personal level, but cracks are forming. Confidence in personal finances held steady at the time of fielding, yet sentiment is increasingly shaped by forces beyond investors' control. Concerns around inflation, market volatility, and economic instability were already in play – recent headlines have only added pressure. As unpredictability persists, confidence may erode further, creating an opportunity for investment professionals to re-anchor investors around long-term goals and provide stability amid uncertainty.

Investor optimism vs. pessimism by outlook and relationship



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Confidence is strongest close to home. 75% of investors are optimistic about their personal outlook, especially those with more assets or an advisory relationships. In contrast, just 39% feel optimistic about the US economy, and only 24% about the global economy.

Advisor outlook send mixed signals. Advisors are more optimistic about macro conditions (62% vs 39%), but show little consensus on portfolio risks – recession, geopolitical instability, and trade tensions all rank high.

Hybrid investors signal both strength and stress. Hybrid investors report the highest optimism across all outlooks – but also higher pessimism, reflecting greater emotional sensitivity to shifting conditions.

Risk awareness is rising.

- 55% of investors say they feel informed about risks.
- Top concerns include trade wars / tariffs (44%), recession (37%), unexpected inflation (34%), and market volatility (34%)

Even before recent volatility, investors signaled discomfort with macro conditions. Looking ahead, the need to deliver stability, flexibility, and long-term alignment will only intensify.

Risk perceptions and mitigation strategies vary — often in ways that challenge alignment

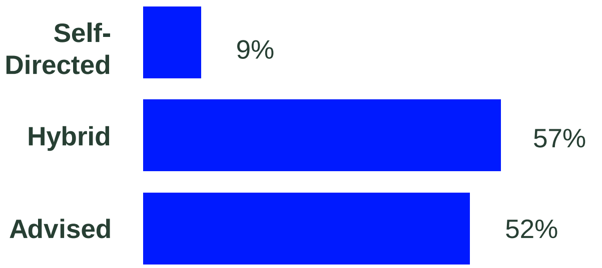
While many investors feel confident in their approach, divergent risk priorities and uncertainty around how best to respond may complicate portfolio decisions

Key Takeaway — Risk is top of mind – but how to manage it vary. Investors remain broadly risk-aware, with confidence highest among those with more assets or advisor relationships. Yet portfolio concerns differ from those of financial professionals. For investors, inflation and tariffs dominate. Advisors focus more on geopolitical instability and macro conditions. These differences may help explain investor unease. Strengthening clarity around risk drivers, tolerance, and mitigation, can help investment professionals better align strategies to goals and expectations.

Risk tolerance skews conservative. Most investors describe themselves as moderate or conservative. Those with lower assets lean conservative, while hybrid investors are slightly more likely to say they're aggressive.

Top risk concerns don't always align. Investors are most concerned about inflation and recession, while advisors prioritize geopolitical instability and economic shocks. This disconnect may lead to missed opportunities to align portfolios with investor expectations.

Use of professional advice by investor type



As market dynamics evolve, effective risk management depends less on reacting to volatility and more on building adaptive strategies. Connecting risk awareness with risk action — like diversification and advice — can help investors stay the course with greater clarity.

Many rely on a single strategy. While 32% of investors use diversification to manage risk, far fewer layer in other approaches. Only 29% rebalance regularly, and just 1 in 3 with higher assets use professional advice – indicating opportunity to support more resilient risk frameworks.

Confidence varies – especially by investor type. Nearly six-in-ten investors are confident in their current strategy (57%), yet confidence drops to 50% among self-directed investors. Hybrid and advised investors show elevated confidence (66%), tied to broader risk approaches.

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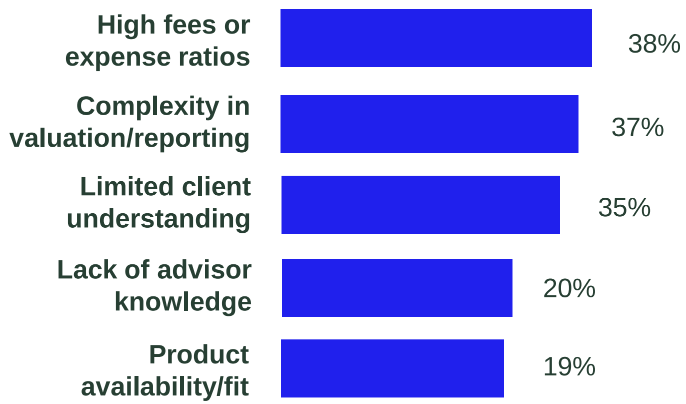
Alternative Investments Gain Traction — but Portfolio Integration is Still Evolving

Advisors recognize the value of alternatives, but integration is slowed by education gaps, complexity, and client fit

Key Takeaway — Alternative investing is maturing – but integration is uneven. Advisors broadly recognize the value of alternatives, particularly for diversification and downside protection. Adoption is strong among current users, and many expect allocations to increase in the coming year. Yet, challenges such as product complexity, limited client understanding, and valuation/reporting concerns create meaningful friction. As more advisors explore alternatives – especially through ETF structures – asset managers have an opportunity to bridge the education and product fit gap.

Top barriers advisors face when using alternatives



As alternative use expands, the next phase isn't about introduction — it's about integration. Advisors need tools, insights, and confidence to scale alternatives with purpose, not just possibility.

Adoption momentum grows. Half of advisors are currently using alternatives, and three in four expect to increase allocations over the next 12-18 months – particularly through ETF strategies.

ETFs support access – but education is key. 81% of advisors say ETFs improve accessibility and transparency for alternatives. Yet perceptions differ little between users and non-users – signally the need for deeper education, not just structural access.

Portfolio roles are expanding. Advisors are using alternatives to reshape portfolios – primarily for diversification and return potential – but motivations run deeper, including reducing public market exposures (45%), seeking new return sources (44%), and enhancing service models (41%)

Advisor confidence hinges on support. Top barriers include complex valuation (37%) and limited client understanding (35%). Many advisors seek support to guide conversations and navigate product selection – particularly as investors show growing interest in simplified solutions that offer broad or bundled access to alternatives.

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Key Insights

Emerging Themes among Retail Investors

Risk perceptions remain high and highly personal

Investor behavior reflects both caution and gaps

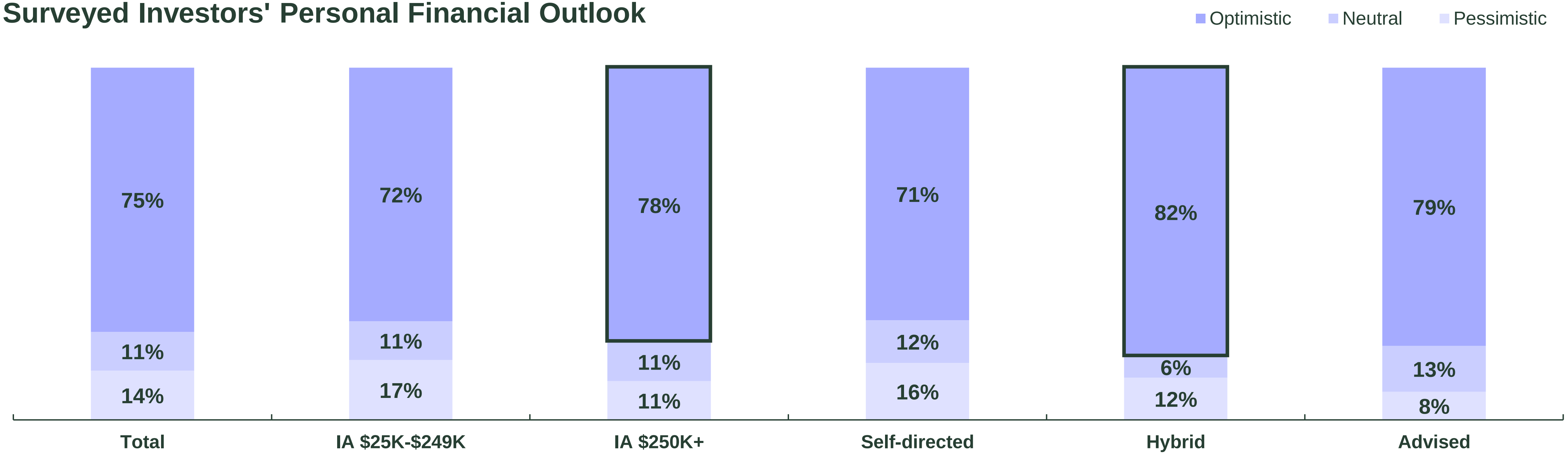
ETFs are redefining access to portfolio resilience

Risk Perceptions and Personalization

Retail Investors Are Optimistic About Their Personal Financial Outlook

Three quarters of investors are optimistic about the personal financial outlook. Investors with higher investable assets ($250K+) or who have an advisory relationship (Hybrid and Advised) are more likely to be optimistic about their personal financial outlook.

Surveyed Investors' Personal Financial Outlook



Question asked: What is your outlook for your financial future over the next 12 months? (11-point scale: -5 “Very Pessimistic” to 5 “Very Optimistic”)
Optimistic = Top 5 Box | Neutral = Middle Box | Pessimistic = Bottom 5 Box | Base: Total.
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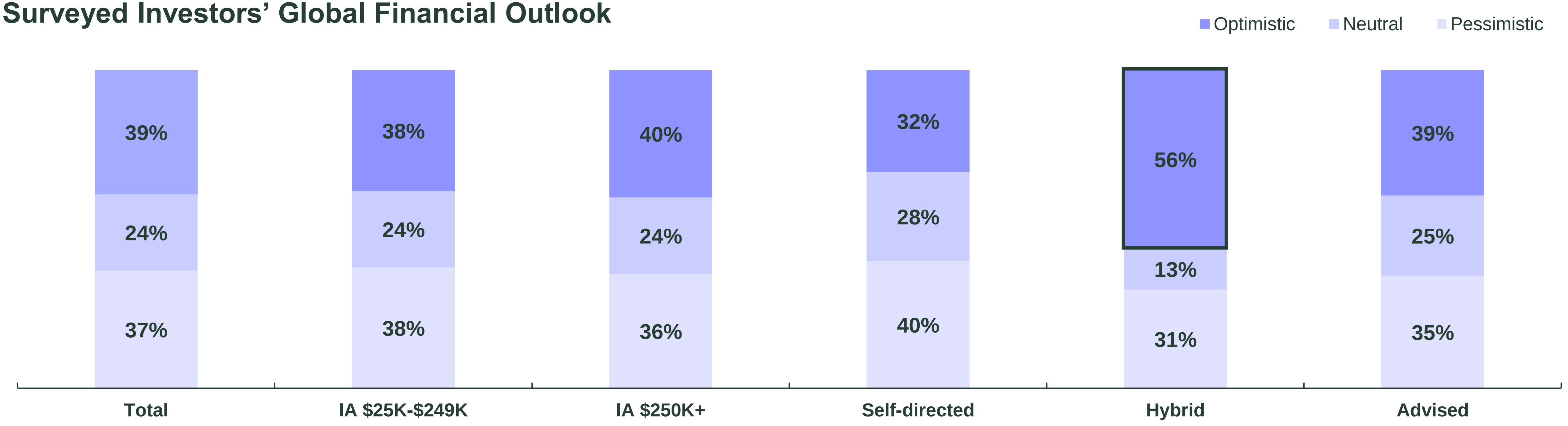
US Retail Investors are Split Between Optimism/Pessimism for their Home Country’s Economic Outlook

About the same percentage of investors are optimistic about the country’s economic outlook as are pessimistic, 39% and 37% respectively. Investable assets has no bearing on optimism or pessimism about the country’s economic outlook. However, Hybrid investors are significantly more likely to be optimistic than Self-directed and Advised investors who are more neutral.

Surveyed Investors’ Global Financial Outlook



Question asked: How do you feel about your country’s economic outlook in the next 12 months? (5-point scale: 1 “Pessimistic” to 5 “Optimistic”)
Optimistic = Top 2 Box | Neutral = Middle Box | Pessimistic = Bottom 2 Box | Base: Total
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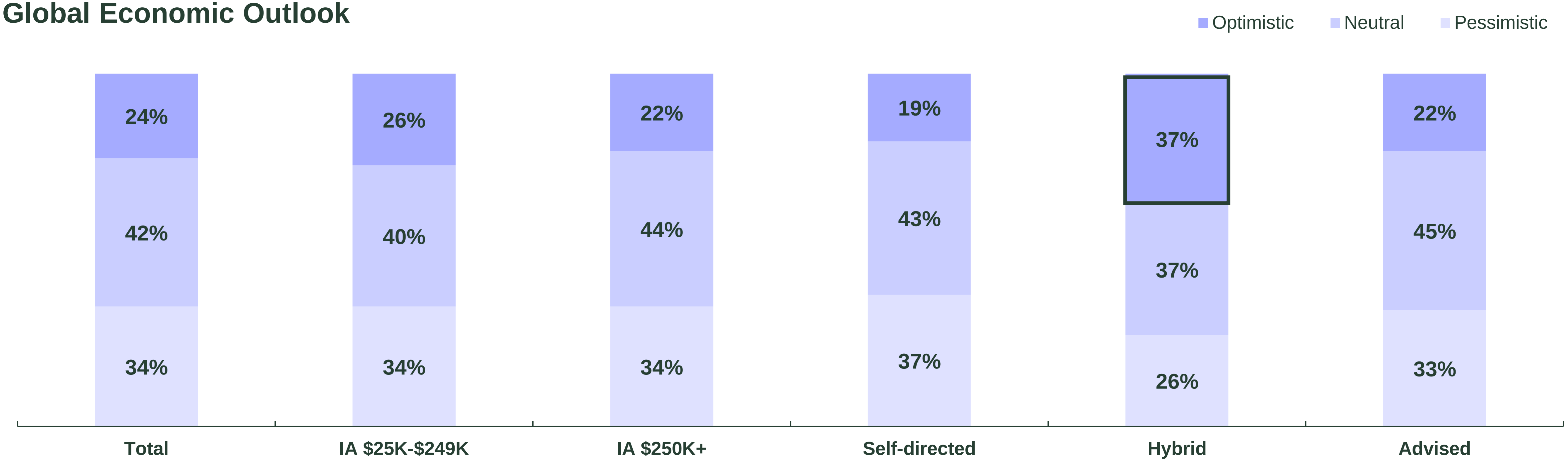
Retail Investors Are Pessimistic About the Global Outlook

With respect to investors' global economic outlook, more are pessimistic than optimistic, and the greatest percent are neutral. Similar to the country's economic outlook, investable assets has no bearing on outlook, but investor type does. Hybrid investors are more likely to be optimistic than Self-directed and Advised investors who are more likely to be pessimistic.

Global Economic Outlook



Question asked: How do you feel about the global economic outlook in the next 12 months? (5-point scale: 1 "Pessimistic" to 5 "Optimistic")
Optimistic = Top 2 Box | Neutral = Middle Box | Pessimistic = Bottom 2 Box | Base: Total
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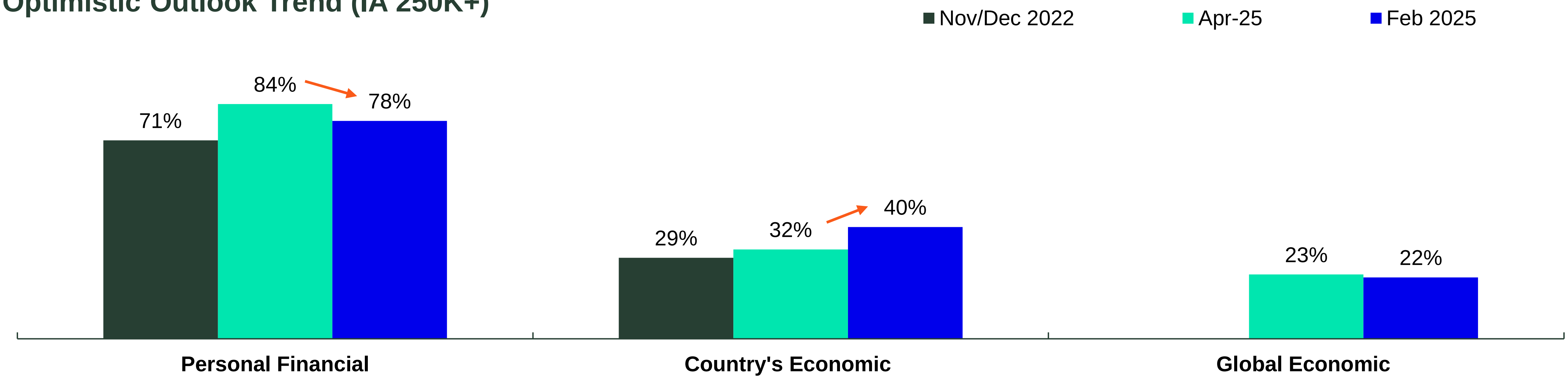
Affluent Investors Are Less Optimistic About Personal Financial Outlook but More Optimistic About Home Country Outlook

After increasing significantly in April 2024, investors' personal financial optimism has decreased, yet not as low at the end of 2022. Conversely, more investors are optimistic about the country's economic outlook than in April 2024. Optimism about the global economy remains stable.

Optimistic Outlook Trend (IA 250K+)



* Due to the sample composition of the ETF Impact studies, trending can only be reported among investors with IA of $250K+.
Questions asked:
What is your outlook for your financial future over the next 12 months? (11-point scale: -5 "Very Pessimistic" to 5 "Very Optimistic") | Top 5 Box Reported | Base: Total
How do you feel about your country's economic outlook in the next 12 months? (5-point scale: 1 "Pessimistic" to 5 "Optimistic") | Top 2 Box Reported | Base: Total
How do you feel about the global economic outlook in the next 12 months? (5-point scale: 1 "Pessimistic" to 5 "Optimistic") | Top 2 Box Reported | Base: Total
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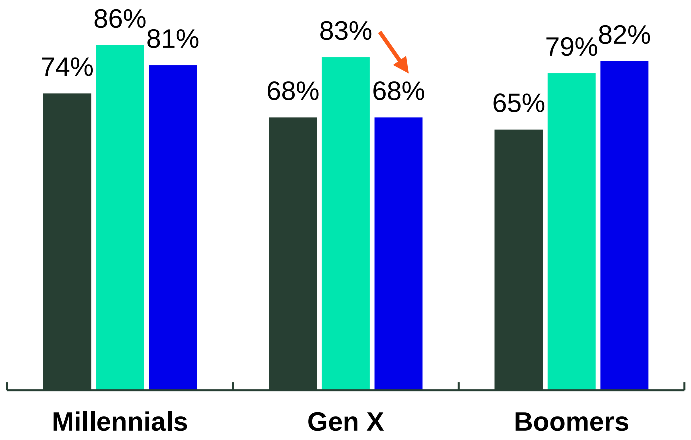
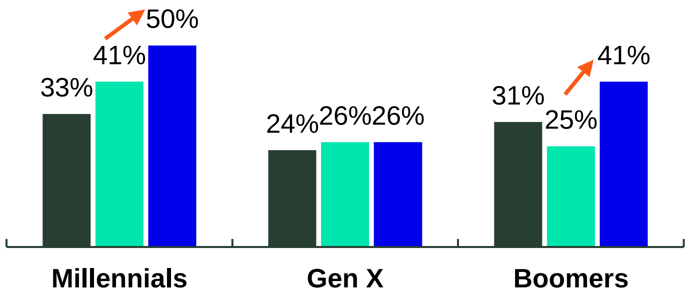
Affluent Gen X Investors Tend To Be Pessimistic, While Millennials/Boomers Lean Optimistic

Among investors with IA of $250K+, it's primarily Gen X who is driving down personal financial optimism, while Millennials and Boomers are driving up optimism about the country's economic outlook. Millennials are also more likely to be optimistic about the global economy than in April 2024.

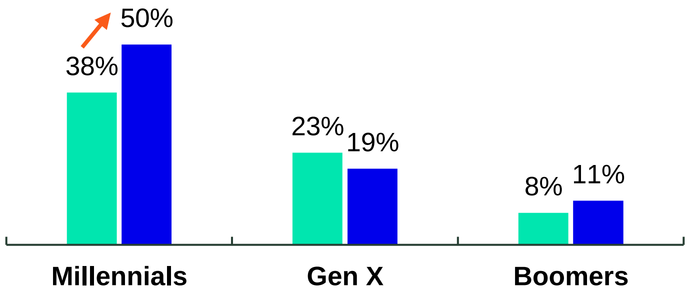
Optimistic Personal Financial Outlook Trend (IA 250K+)



Optimistic Country Economic Outlook Trend (IA 250K+)



Optimistic Global Economic Outlook Trend (IA 250K+)



Questions asked:
What is your outlook for your financial future over the next 12 months? (11-point scale: -5 "Very Pessimistic" to 5 "Very Optimistic") | Top 5 Box Reported | Base: Total
How do you feel about your country's economic outlook in the next 12 months? (5-point scale: 1 "Pessimistic" to 5 "Optimistic") | Top 2 Box Reported | Base: Total
How do you feel about the global economic outlook in the next 12 months? (5-point scale: 1 "Pessimistic" to 5 "Optimistic") | Top 2 Box Reported | Base: Total
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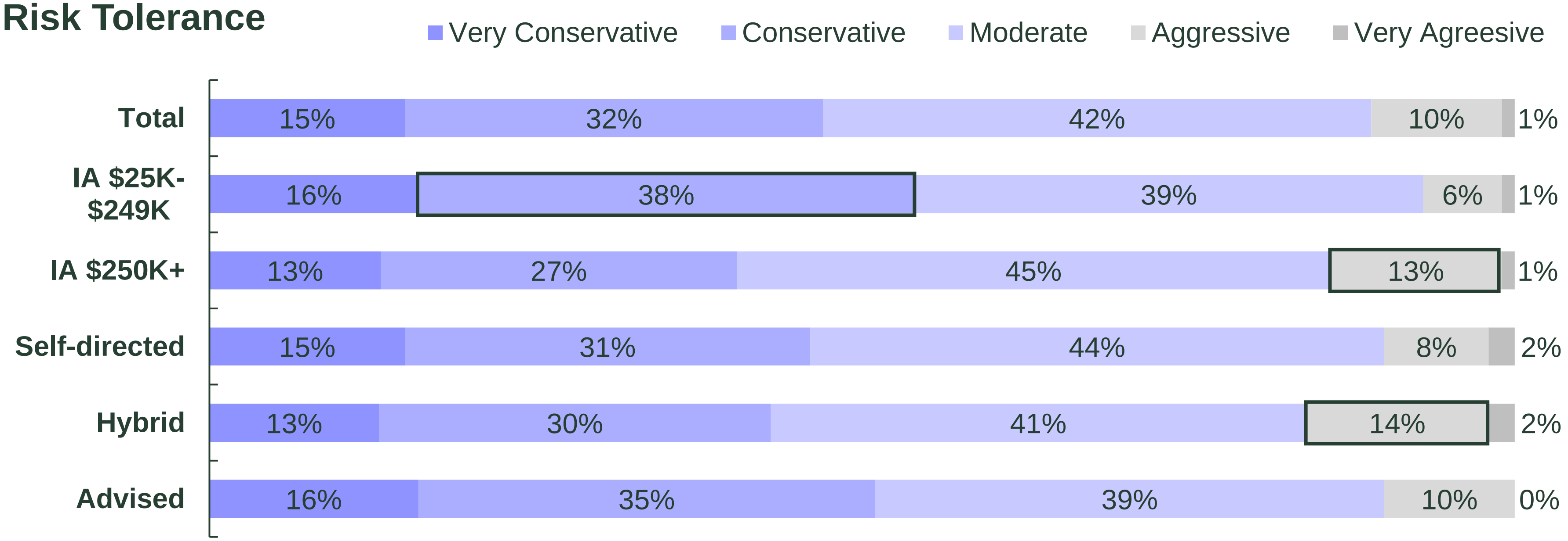
Retail Investors Focused on Moderate to Conservative Risk Tolerance

The majority of investors are moderate or conservative as it relates to risk tolerance. There tends to be more who are conservative among lower investable assets (IA $25K-$249K), while there tends to be more who are aggressive among higher investable assets (IA $250K+). Risk tolerance does not differ significantly by investor type, except that there are more who are aggressive among Hybrid than Self-directed.

Risk Tolerance



Gen X is more likely to be Moderate (50%) and Aggressive (16%) than Boomers (37% and 7% respectively), while Boomers are more likely to conservative (40%) than Gen X (23%).

Question asked: Thinking about your investment portfolio, how would you rate your risk tolerance? Risk tolerance refers to how much risk you are willing to take with your investments, not just how much they fluctuate in value.
Base: Total
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Retail Investors Are Most Concerned About Tariffs Impacting Portfolios

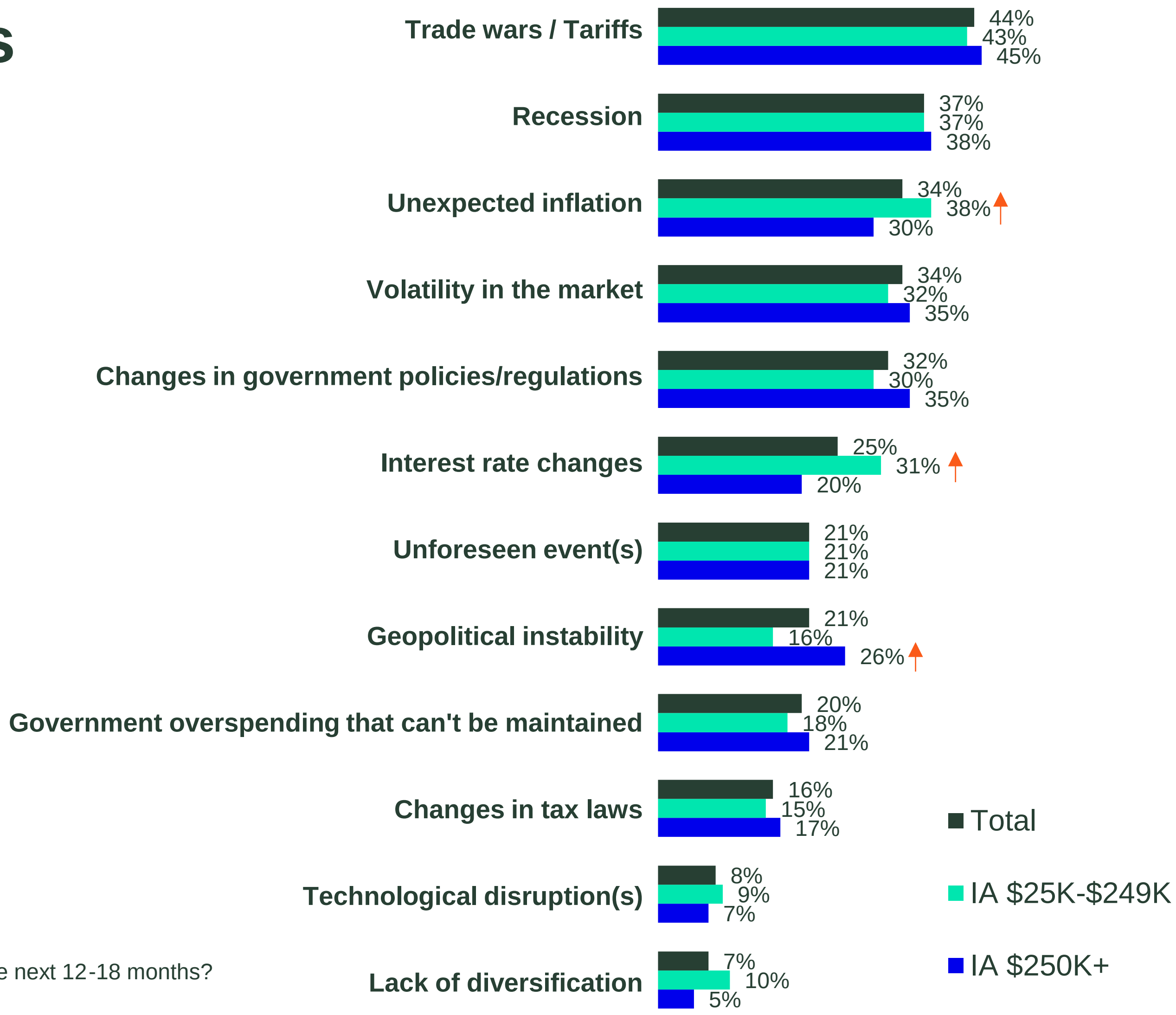
Not surprisingly, given the news cycle, *trade wars/tariffs (44%)* is perceived to be one of the greatest risks to investors' portfolios. This is followed by:

- *recession (37%)*
- *unexpected inflation (34%)*
- *volatility in the market (34%)*
- *changes in government policies/regulations (32%)*

Those at a lower investable asset level (IA $25K-$249K) appear to be more focused on risks that could impact their disposable income and ability to invest, like *unexpected inflation (38%)* and *interest rate changes (31%)*.

More investors with IA of $250K+ than investors with IA of $25K-$249K rank *geopolitical instability (26%)* as one the greatest risks to their portfolios.

Top Three Perceived Risks to Portfolio



Question asked: What do you perceive to be the three greatest risks to your investment portfolio over the next 12-18 months? (Rank order top 3) | Base: Total
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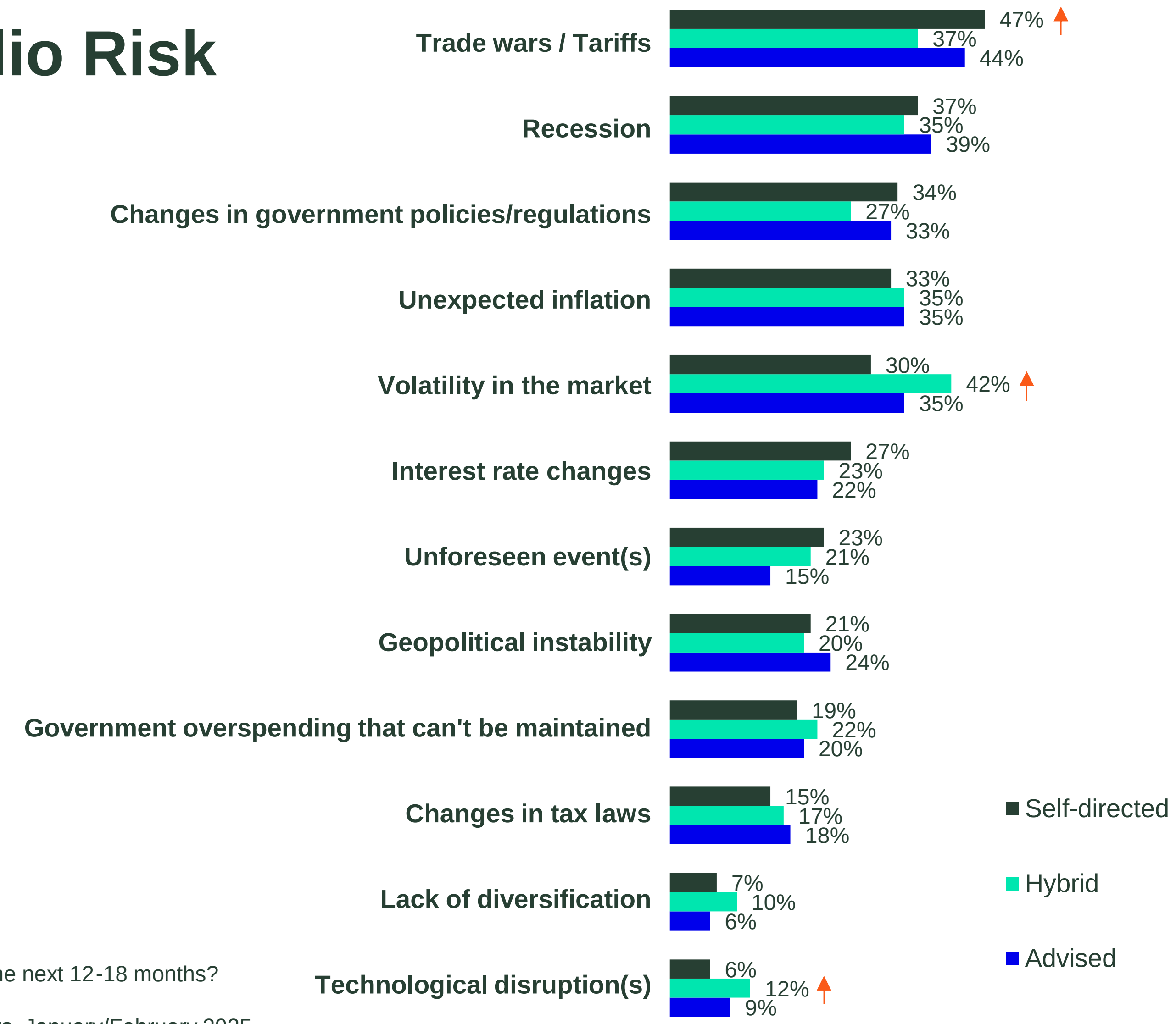
Self-Directed vs. Hybrid Investors Differ in Prioritization of Perceived Portfolio Risk

There are few differences in perceived risks to investment portfolios between the investor types.

Notably, the few are between Self-directed and Hybrid investors. Self-directed investors are more likely than Hybrid investors to perceive *trade wars/tariffs* as a risk, while Hybrid investors are more likely than Self-directed investors to perceive *volatility in the market* and *technological disruptions* as risks.

Top 3 Perceived Risks to Portfolio



Question asked: What do you perceive to be the three greatest risks to your investment portfolio over the next 12-18 months? (Rank order top 3) | Base: Total
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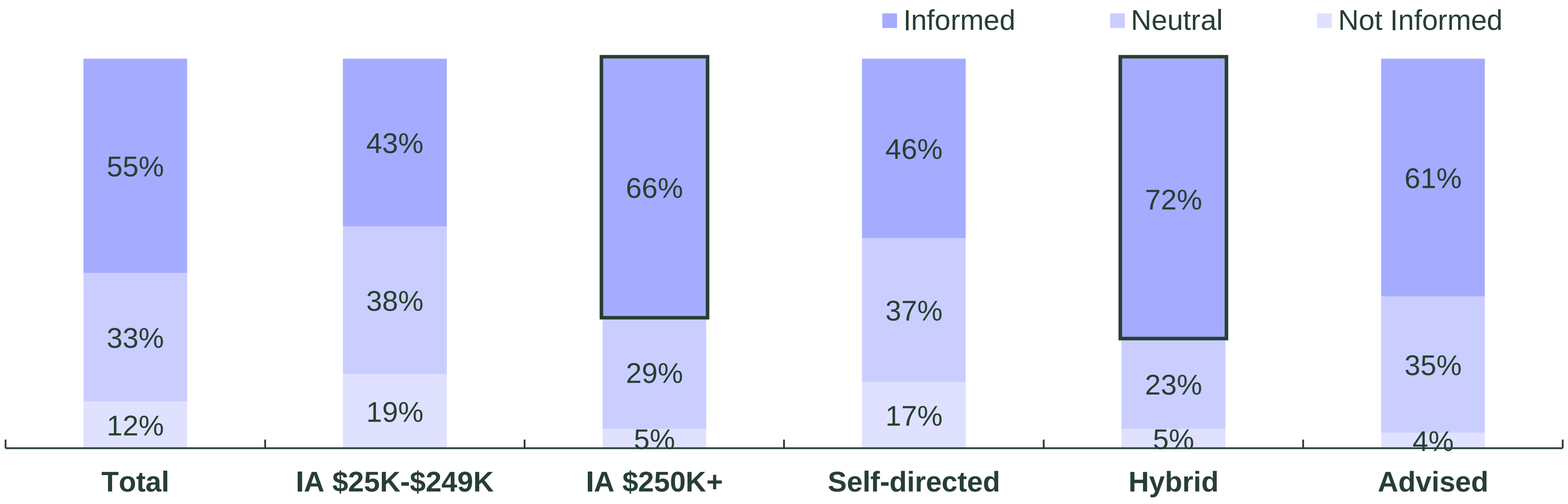
Investor Behavior and Gaps in Action

Affluent Investors and Investors Who Use an Advisor Are More Likely to Feel Informed About Risk

Just over half of investors feel informed about the risks affecting their investment portfolios. More investors with higher investable assets ($250K+) than lower investable assets (IA $25K-$249K) feel informed. More investors who use a financial advisor (Hybrid and Advised) than those who do not (Self-directed) feel informed. Noteworthy, Hybrid investors are most likely to feel informed about the risks affecting their investment portfolios.

Informed About Risk



Boomers are more likely to feel informed about risks affecting their portfolios (63%) than Millennials (52%) and Gen X (49%).

Question asked: How informed do you feel about the risks affecting your investment portfolio? (5-point scale: 1 “Not at all Informed” to 5 “Very Informed”)
Informed = Top 2 Box | Neutral = Middle Box | Not Informed = Bottom 2 Box | Base: Total
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Retail Investors Broadly Approach Managing Risk by Avoiding High Risk Assets and Diversifying

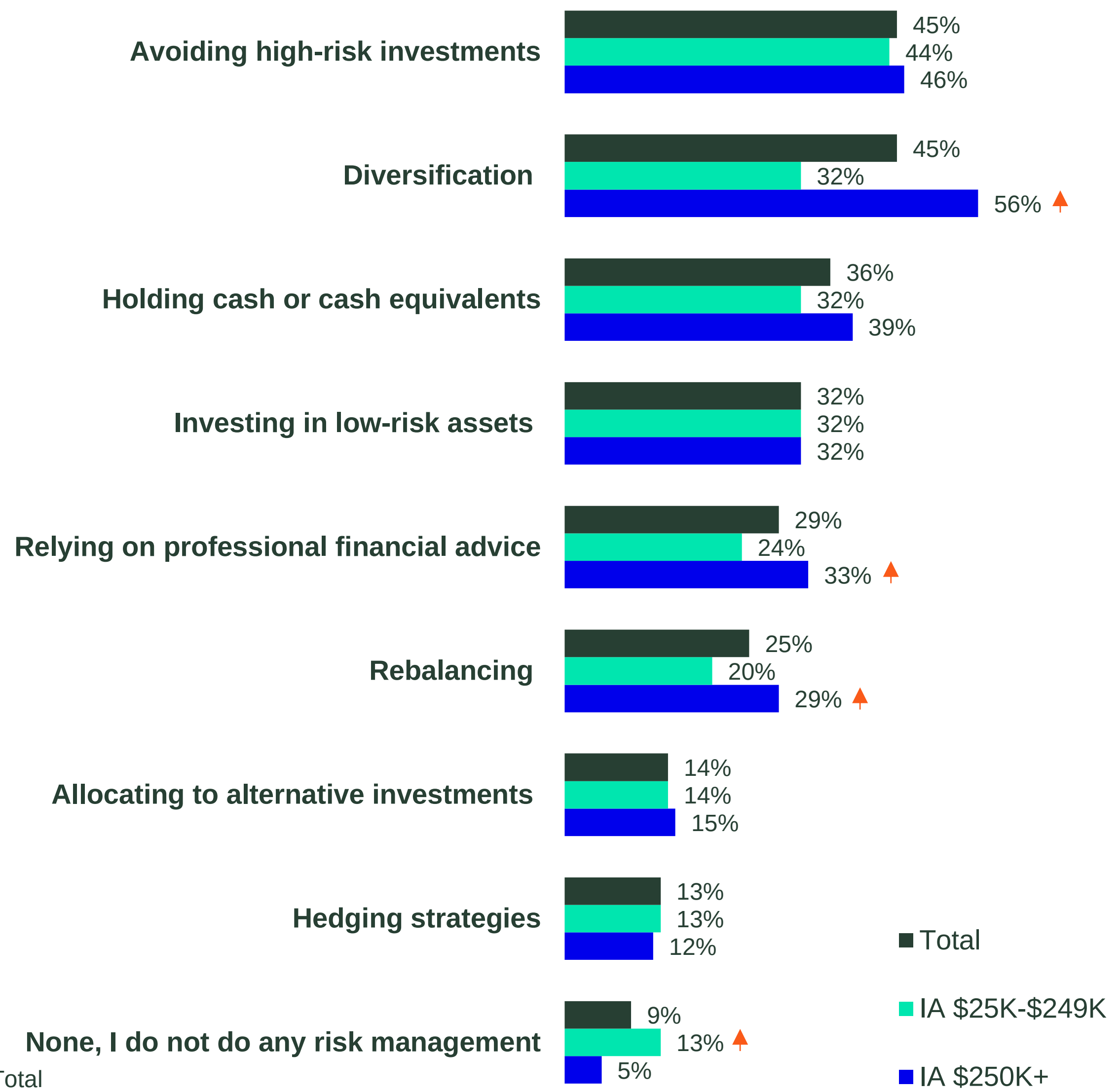
Overall, nearly half of investors are managing risk in their portfolios by *avoiding high-risk investments* and/or *diversification*. Over a third are also managing risk by *holding cash or cash equivalents*.

Investors with IA of $250K+ are doing more to manage risk in their portfolios, particularly *diversification*, *relying on professional financial advice, and rebalancing*.

More than one-in-ten investors with IA of $25K-$249K are not doing anything to manage risk.

Millennials are less likely to hold cash (28%) than Gen X (37%) and Boomers (42%), yet more likely use hedging strategies (23% vs. 7% and 6% respectively). Millennials and Gen X are more likely to allocate to alternative investments (24% and 17% respectively) than Boomers (5%).

Approach to Risk Management



Question asked: How do you approach managing risk in your investment portfolio? (Select all that apply) | Base: Total
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Professional Advice Serves as the Primary Risk Management Approach for Advised/Hybrid Investors

Hybrid investors are doing more than Self-directed and Advised investors to manage risk in their portfolios, including *holding cash or cash equivalents*, *investing in low-risk assets*, *rebalancing*, *allocating to alternative investments*, and *hedging strategies*.

Noteworthy, investors who use a financial advisor (Hybrid and Advised) *rely on professional financial advice* more than any other approach to manage risk in their portfolios.

More than one-in-ten Self-directed investors are not doing anything to manage risk.

Approach to Risk Management

Question asked: How do you approach managing risk in your investment portfolio? (Select all that apply) | Base: Total
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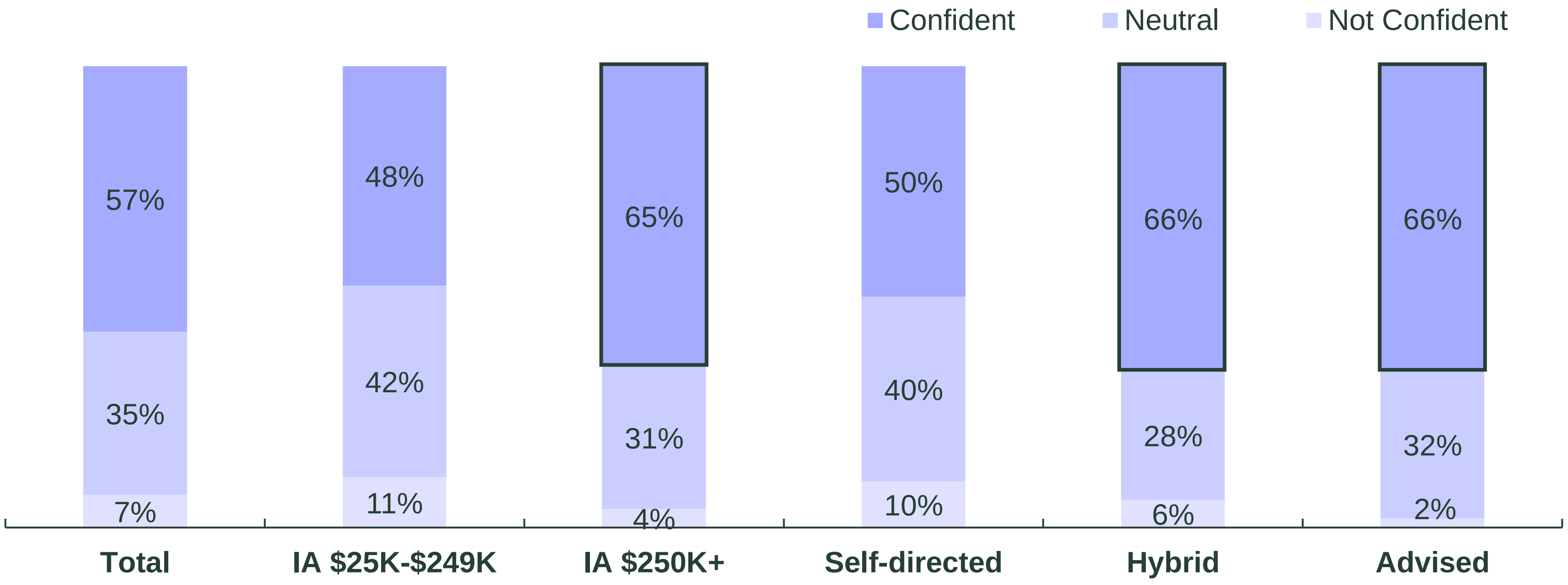
Most Retail Investors Are Confident in Their Risk Mitigation

Nearly six-in-ten investors are confident that their current risk management strategies will effectively mitigate potential losses in their investment portfolios. More investors with higher investable assets ($250K+) and who have an advisory relationship are confident, rather than neutral.

Confidence in Risk Management Approach



Gen X is less likely than both Millennials and Boomers to be confident in their current risk management strategies (45% vs. 58% and 65% respectively).

Question asked: How confident are you that your current risk management strategies will effectively mitigate potential losses in your investment portfolio? (5-point scale: 1 “Not at all Confident” to 5 “Very Confident”)
Confident = Top 2 Box | Neutral = Middle Box | Not Confident = Bottom 2 Box | Base: Performing Risk Management
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Hybrid/Advised Investors Have Better Asset Class Diversity Than The Self-Directed, Who Have Less Exposure to Alternatives

The majority of investors currently have a mix of cash, stocks, and mutual funds in their portfolios, those with IA of $250K+ even more so. More than a third currently have ETFs. Those with IA of $250K+ are also more likely than those with IA of $25K-$249K to have ETFs in their portfolios. Hybrid investors and Advised investors, yet to a lesser degree, are more likely than Self-directed investors to have the different types of investments in their portfolios.

		Investable Assets		Investor Type		
Assets that Surveyed Investors Currently Hold in Their Portfolios	**Total**	**$25K-$249K**	**$250K+**	**Self-directed**	**Hybrid**	**Advised**
Cash	80%	76%	83%	79%	82%	80%
Stocks	73%	65%	79%	65%	88%	76%
Mutual Funds	65%	51%	76%	53%	78%	82%
Net: Alternatives	57%	56%	58%	47%	76%	64%
Real Estate	34%	31%	37%	29%	46%	33%
Commodities other than gold	22%	21%	24%	16%	37%	23%
Cryptocurrency/digital assets	22%	24%	20%	18%	37%	15%
Gold	21%	20%	22%	16%	35%	19%
Hedge Funds	16%	12%	19%	7%	29%	24%
Bonds	52%	41%	62%	42%	69%	64%
ETFs	36%	29%	43%	28%	53%	39%
Net: Private Investments	28%	31%	25%	23%	42%	25%
Private Equity	21%	23%	19%	17%	34%	17%
Private Credit	15%	17%	13%	12%	24%	12%
ESG	13%	9%	15%	7%	26%	13%

Question asked: Please indicate whether or not your current investment portfolio contains each of the following. | Base: Total
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Millennials More Likely to Hold Newer Asset Classes Like Alternatives

The three generations, Millennials, Gen X, and Boomers, are equally as likely to have Cash, Stocks, Mutual Funds, and Bonds in their investment portfolios, however, the younger you are, the more likely you are to have Alternatives, ETFs, Private Investments, and ESG in your investment portfolio.

	Generation		
Assets that Surveyed Investors Currently Hold in Their Portfolios	**Millennials**	**Gen X**	**Boomers**
Cash	78%	79%	81%
Stocks	76%	73%	73%
Mutual Funds	60%	68%	68%
Net: Alternatives	69%	56%	46%
Real Estate	40%	37%	27%
Commodities other than gold	28%	24%	14%
Cryptocurrency/digital assets	41%	19%	5%
Gold	33%	21%	10%
Hedge Funds	26%	14%	8%
Bonds	51%	56%	55%
ETFs	47%	32%	32%
Net: Private Investments	42%	26%	17%
Private Equity	32%	17%	12%
Private Credit	25%	13%	7%
ESG	22%	11%	8%

Question asked: Please indicate whether or not your current investment portfolio contains each of the following. | Base: Total
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Portfolio Allocations to Cash Have Increased Slightly for Affluent Investors

Among investors with IA of $250K+, directionally (not significantly) more have cash in their portfolio and less have stocks in the portfolio compared to April 2024. The percent who have ETFs is stable. In the past, there may have been some confusion among investors between alternatives and private investments because when broken out, significantly more have alternatives and significantly fewer have private investments.

Assets that Surveyed Investors Currently Hold in Their Portfolios	IA of 250K+		
	Nov/Dec-22	Apr-24	Feb-25
Cash	78%	79%	83%
Stocks	83%	84%	79%
Mutual Funds	67%	77%	76%
Net: Alternatives	-	25%	58%
Real Estate	-	-	37%
Commodities other than gold	-	-	24%
Cryptocurrency/digital assets	-	-	20%
Gold	-	-	22%
Hedge Funds	-	-	19%
Bonds	53%	58%	62%
ETFs	40%	45%	43%
Net: Private Investments	33%	37%	25%
Private Equity	-	-	19%
Private Credit	-	-	13%
ESG	15%	17%	15%

Question asked: Please indicate whether or not your current investment portfolio contains each of the following. | Base: Total
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Alternatives and Cash Investments Likely to Have the Largest Growth Potential

Among investors who do not currently invest in each type of investment, alternatives and cash are most likely to be added to portfolios in the next 12 months. Less than one-in-ten investors who do not have ETFs plan to add ETFs to their portfolios. Generally, investors with lower investable assets (IA $25K-$249K) and Hybrid investors are more likely than their counterparts to add the different types of investments to their portfolios.

		Investable Assets		Investor Type		
Assets that Surveyed Investors Currently Hold in Their Portfolios	**Total**	**$25K-$249K**	**$250K+**	**Self-directed**	**Hybrid**	**Advised**
Net: Alternatives	27%	32%	22%	22%	47%	20%
Gold	14%	17%	11%	10%	26%	14%
Commodities other than gold	11%	16%	6%	11%	14%	6%
Real Estate	10%	15%	7%	7%	24%	7%
Cryptocurrency/digital assets	8%	11%	6%	6%	17%	6%
Hedge Funds	6%	9%	3%	4%	15%	4%
Cash	22%	27%	15%	18%	*	*
Stocks	18%	20%	15%	15%	*	*
Bonds	16%	20%	10%	13%	31%	14%
Mutual Funds	10%	13%	7%	6%	*	*
Net: Private Investments	9%	15%	5%	6%	18%	8%
Private Credit	6%	10%	4%	4%	14%	4%
Private Equity	6%	11%	2%	3%	13%	7%
ETFs	7%	7%	6%	4%	24%	0%
ESG	4%	3%	5%	3%	9%	3%

Question asked: Do you plan to add any of the following to your portfolio in the next 12 months? | Base: Aware of Investment But Do Not Currently Invest | *Sample size below 30
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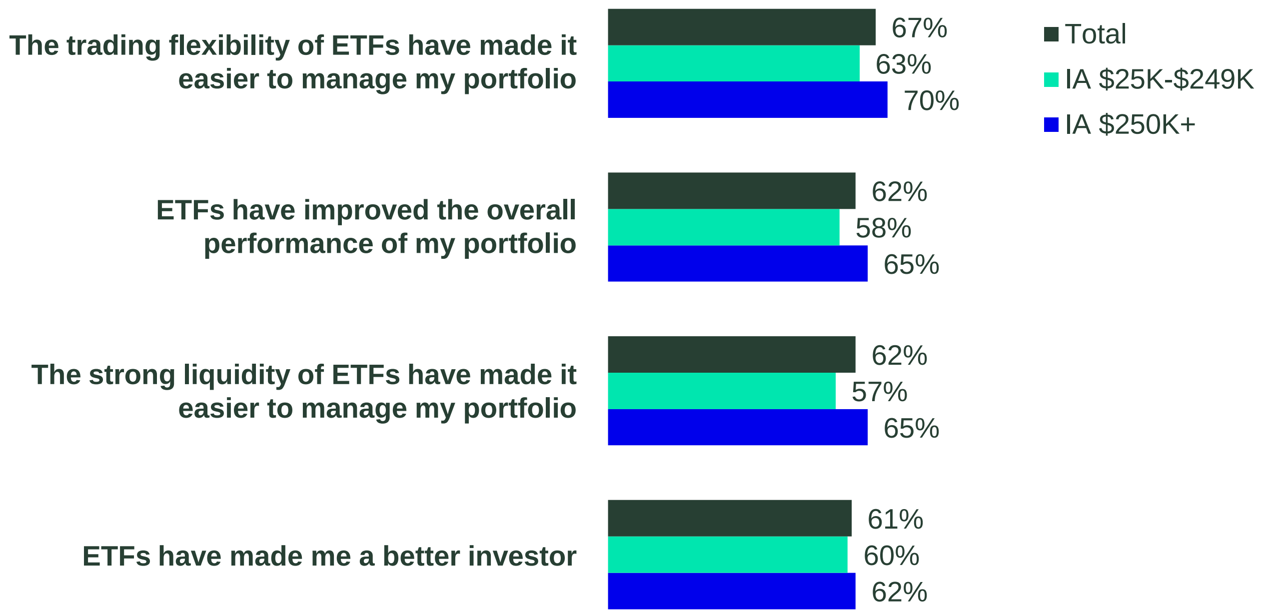
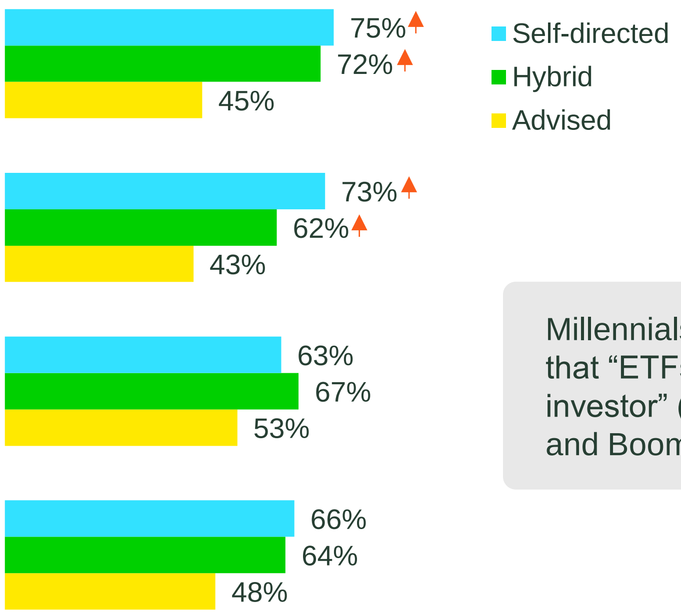
ETFs and the Pursuit of Resilience

Those Who Hold ETFs Positively View ETFs, Especially Self-Directed and Hybrid Investors

The majority of those who currently have ETFs in their portfolio have positive perceptions of the investment vehicle. Investable asset level does not significantly impact investors perceptions of ETFs, however investor type does. Self-directed and Hybrid investors are more likely to agree than Advised investors that *the trading flexibility of ETFs have made it easier to manage my portfolio* and *ETFs have improved the overall performance of my portfolio*.

ETF Perceptions (Agree Summary)





Millennials are more likely to agree that “ETFs have made me a better investor” (72%) than Gen X (58%) and Boomers (52%).

Question asked: How much do you agree or disagree with each of the following statements? (5-point scale: 1 “Disagree Completely” to 5 “Agree Completely”)
Agree = Top 2 Box | Base: Currently Have ETFs in Portfolio
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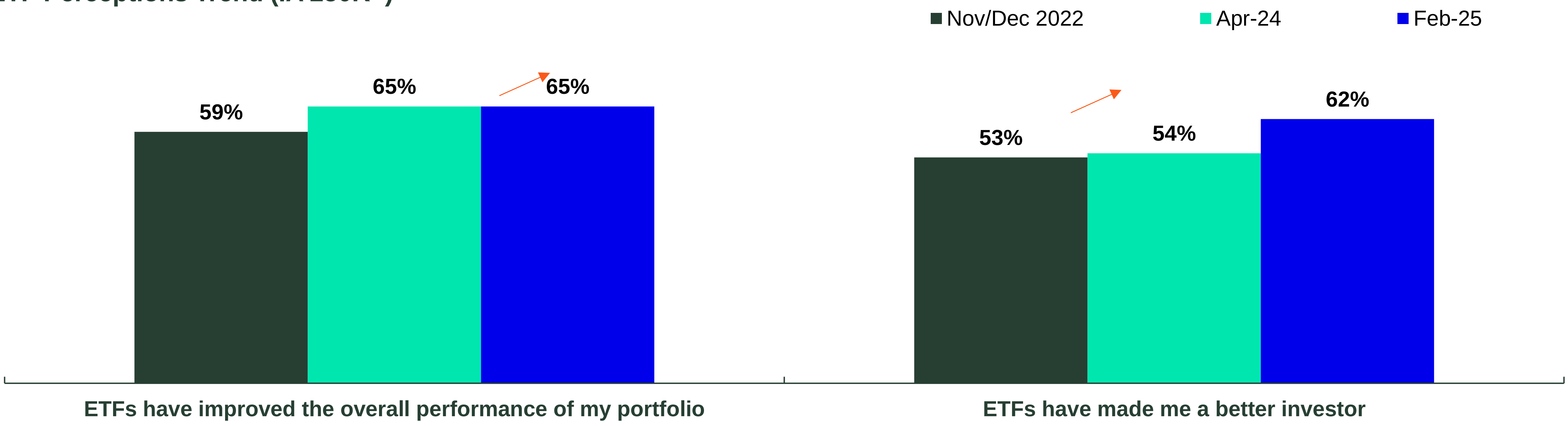
Those Who Invest in ETFs Are More Likely to Believe That ETFs Have Made Them Better Investors

After increasing between the end of 2022 and April 2024, the proportion of investors who agree that *ETFs have improved the overall performance of my portfolio is unchanged*. Conversely, after remaining stable, the percent of investors who agree that *ETFs have made me a better investor* increased in February 2025.

ETF Perceptions Trend (IA 250K+)



Question asked: How much do you agree or disagree with each of the following statements? (5-point scale: 1 “Disagree Completely” to 5 “Agree Completely”)
Agree = Top 2 Box | Base: Currently Have ETFs in Portfolio
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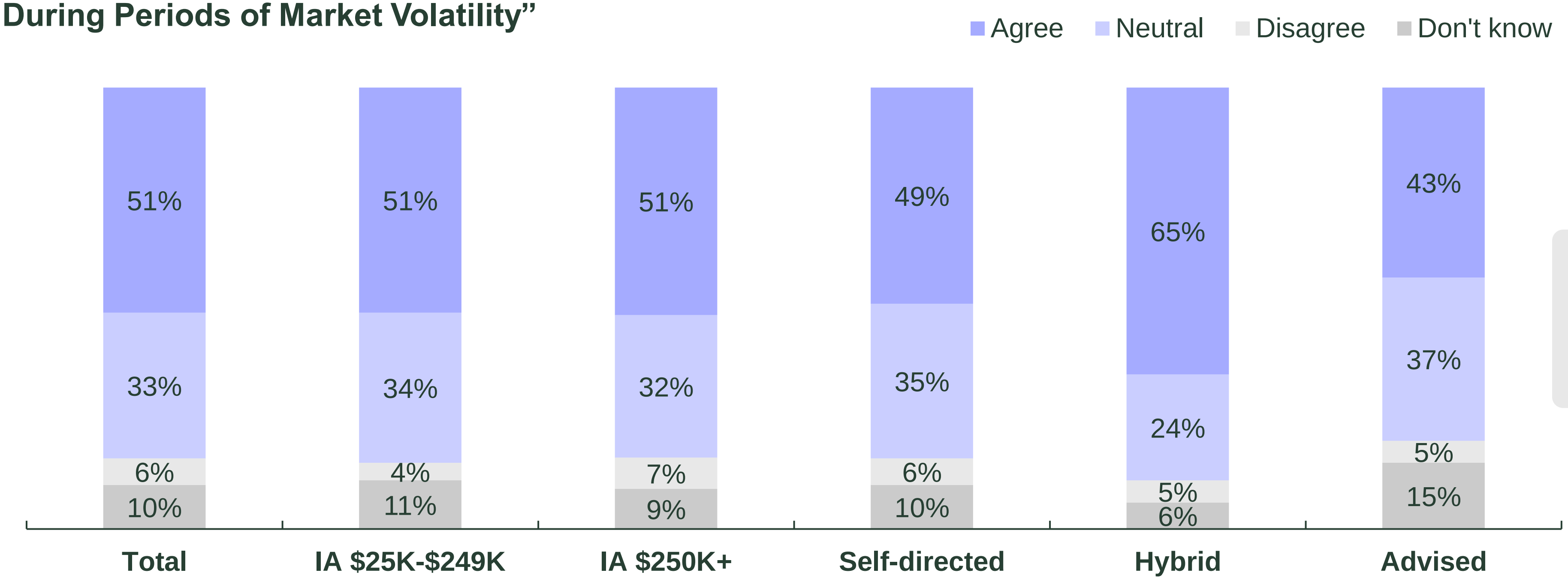
Hybrid Investors More Likely Agree that Alternatives Help Manage Risk

Among investors aware of alternative investments, roughly half agree that *alternative investments provide effective downside protection during periods of market volatility*. Agreement with this statement does not differ between those at different investable asset levels, however, it does by investor type. Hybrid investors are more likely to agree.

"Alternative Investments Provide Effective Downside Protection During Periods of Market Volatility"



The younger you are, the more likely you are to agree with this statement: Millennials (65%), Gen X (52%), and Boomers (38%).

Question asked: How much do you agree or disagree that alternative investments provide effective downside protection during periods of market volatility? (5-point scale: 1 "Disagree Completely" to 5 "Agree Completely")
Agree = Top 2 Box | Neutral = Middle Box | Disagree = Bottom 2 Box | Base: Aware of Alternative Investments
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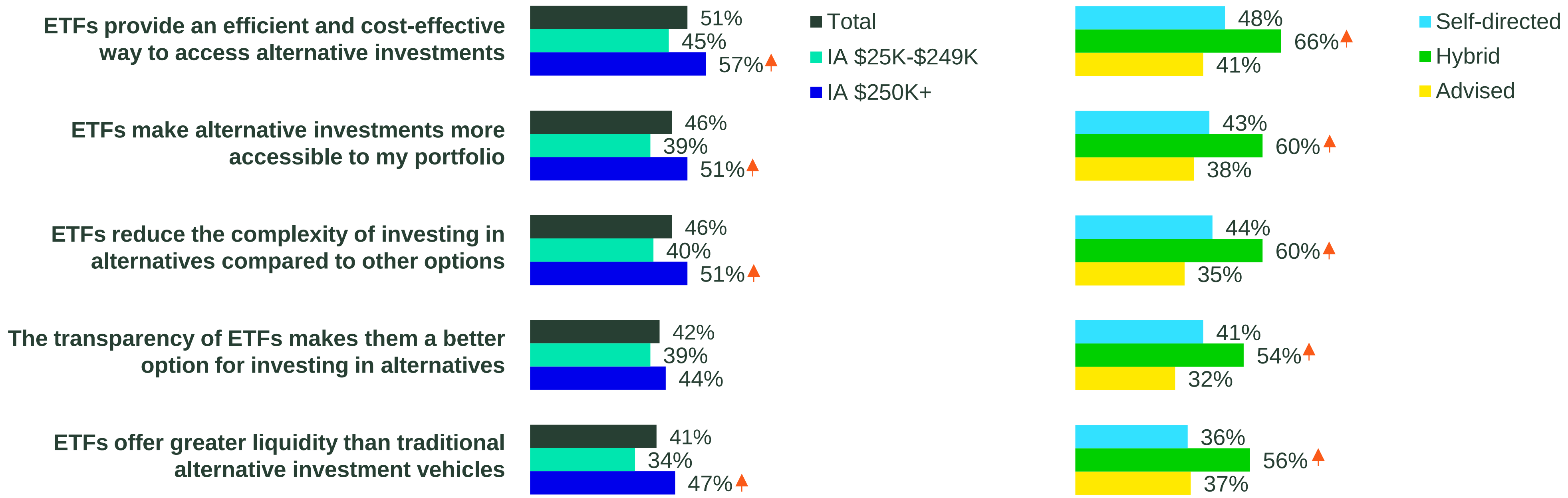
Investors Aware of ETFs Understand the Benefits of ETF Investments

With respect to alternative ETF perceptions, investors aware of ETFs are most likely to agree that ETFs are a cost-effective, more accessible, and less complex way to invest in alternative investments. Generally, investors aware of ETFs with higher investable assets (IA $250K+) and Hybrid investors aware of ETFs have more positive perceptions of alternative ETFs.

Alternative ETF Perceptions (Agree Summary)



Question asked: How much do you agree or disagree with each of the following statements? (5-point scale: 1 “Disagree Completely” to 5 “Agree Completely”)
Agree = Top 2 Box | Base: Aware of ETFs
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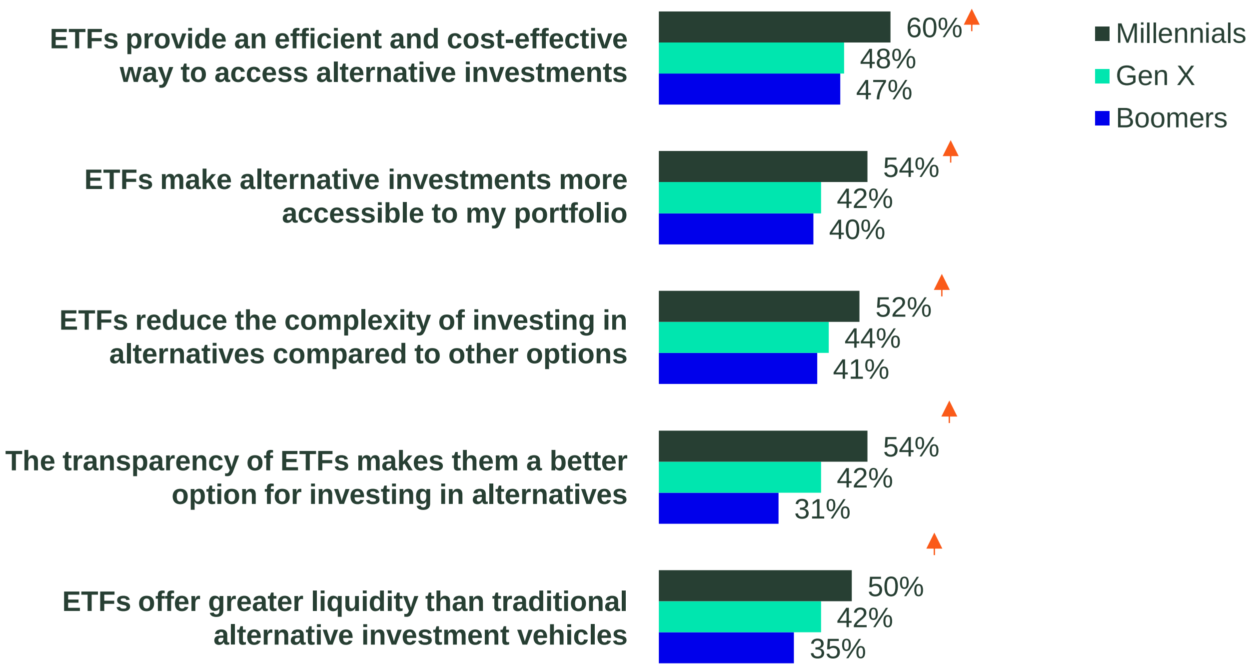
Millennials Aware of ETFs View Them More Positively For Alternatives Exposure Than Older Generations

Among investors aware of ETFs, more Millennials than Gen X and Boomers have positive perceptions of ETFs as an investment vehicle for alternatives.

Alternative ETF Perceptions (Agree Summary)



Question asked: How much do you agree or disagree with each of the following statements? (5-point scale: 1 "Disagree Completely" to 5 "Agree Completely")
Agree = Top 2 Box | Base: Aware of ETFs
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Key Insights

Emerging Themes among Financial Advisors

Uncertainty drives diverse and dynamic risk views

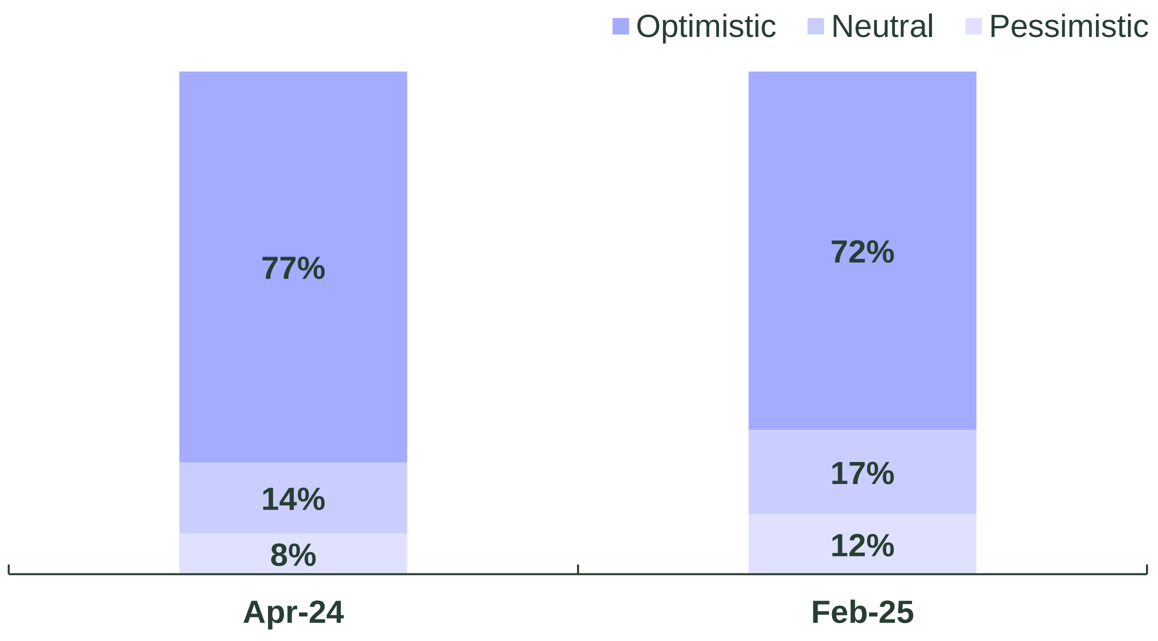
Alternative strategies are central to risk planning

Diverging Views on Portfolio Risk

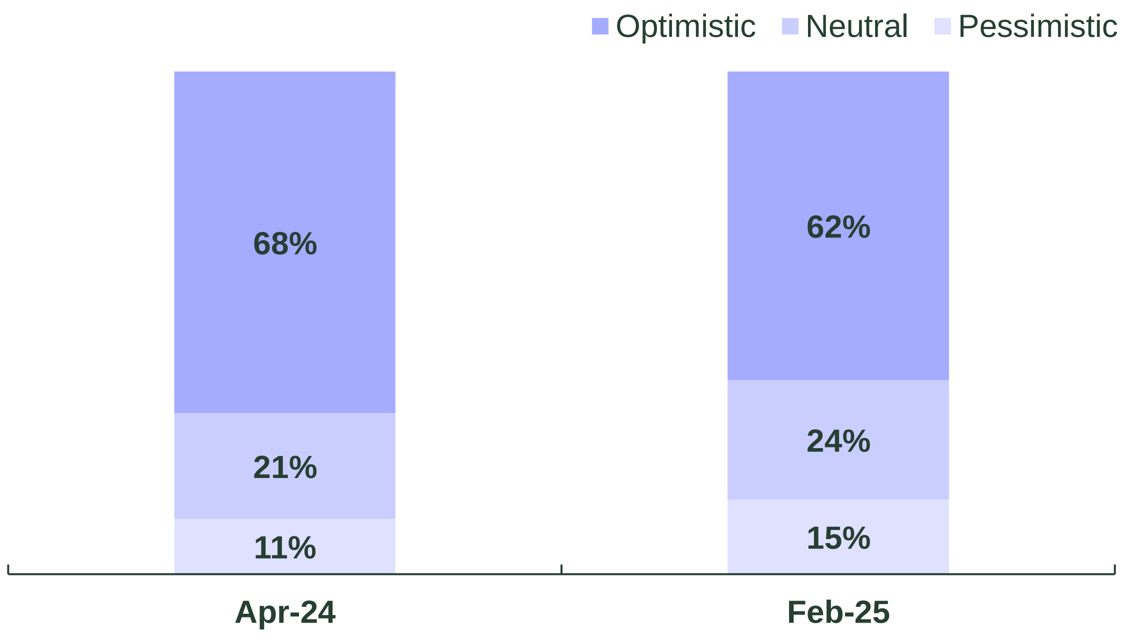
Financial Advisors’ Optimism Towards the Economy is Waning

While optimism for the country’s economic outlook and the global economic outlook is trending down among Financial Advisors, the decreases are not statistically significant.

Country’s Economic Outlook



Global Economic Outlook



Questions asked:
How do you feel about your country’s economic outlook in the next 12 months? (5-point scale: 1 “Pessimistic” to 5 “Optimistic”) | Base: Total
How do you feel about the global economic outlook in the next 12 months? (5-point scale: 1 “Pessimistic” to 5 “Optimistic”) | Base: Total
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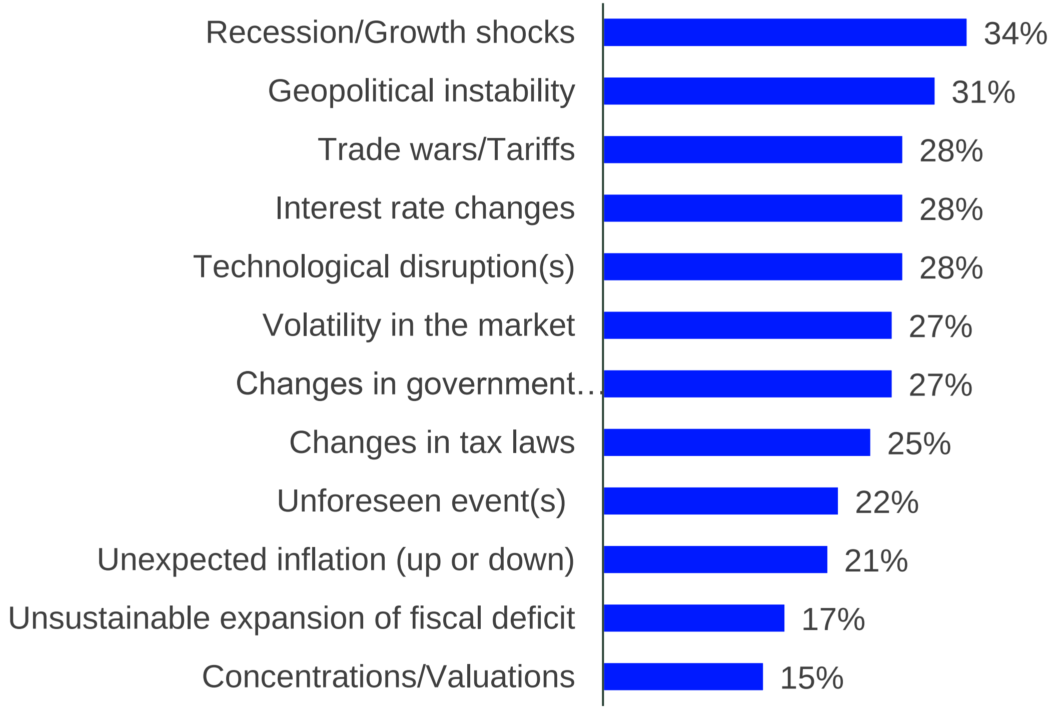
Financial Advisors Are Divided on the Greatest Risks to Portfolios

There is little consensus among Financial Advisors with respect to what will be the greatest risks to portfolios over the next 12-18 months. *Recession/growth* shocks rises to the top, but *geopolitical instability* and many others follow closely. Fewer Financial Advisors are concerned about *unsustainable expansion of fiscal deficit* or *concentrations/valuations*.

Top Three Greatest Risks to Portfolios



Question asked: What do you perceive to be the three greatest risks to portfolios over the next 12-18 months? (Rank order top 3) | Base: Total
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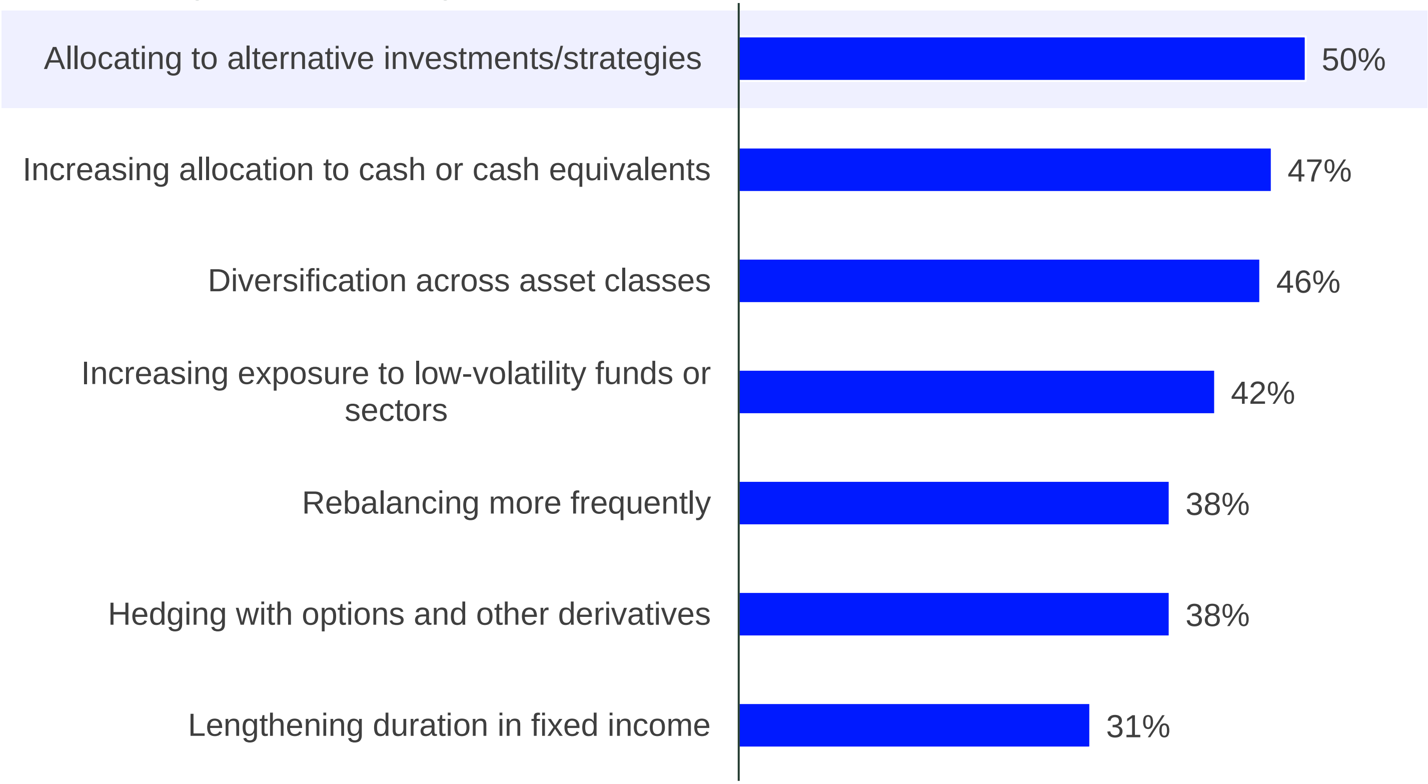
Alternative Strategies in Risk Mitigation

Use of Alternatives Is the Top Risk Management Strategy by Advisors

Half of Financial Advisors are *allocating to alternative investments/strategies* to manage portfolio risk. Nearly half are *increasing allocation to cash or cash equivalents* and/or *performing diversification across asset classes*.

Risk Management Strategies Utilized



Question asked: What strategies are you currently using to manage portfolio risk? (Select all that apply) | Base: Total
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Advisors Primarily Use Alternatives to Reduce Public Market Exposure and Find Better Returns

The two drivers that rise to the top as having a significant influence on Financial Advisors decision to incorporate or increase allocation of alternative investments/strategies into their clients' portfolios are *reduce exposure to public markets* and *alternative sources of return*. However, a handful of drivers follow closely behind, including *enhance the service offering for my clients* and *portfolio diversification*.

Significant Influence on Alternative Investment/Strategy Decisions

Question asked: How much, if at all, do each of he following influence your decision to incorporate or increase allocation of alternative investments/strategies into your clients' portfolios?
(5-point scale: 1 "Not an Influence" to 5 "Significant Influence") | Base: Allocate to Alternative Investments/Strategies
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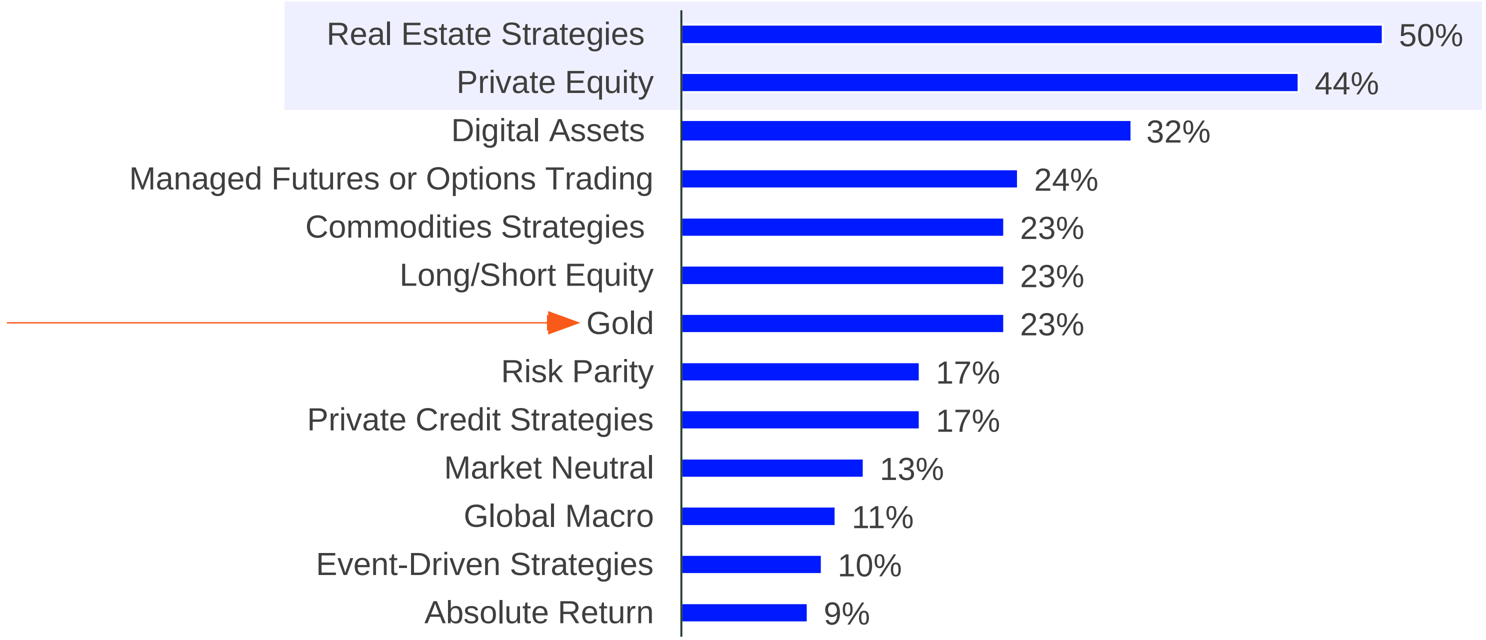
Advisors Who Allocate to Alternatives Most Favor Real Estate Strategies and Private Equity

Half of Financial Advisors who allocate to alternative investment/strategies to manage portfolios risk find *real estate strategies* one of the most effective ways to achieve diversification, reduce risk, and enhance portfolio resilience. *Private equity* follows relatively close behind, and *digital assets* rounds out the top three, yet at a distance.

Top 3 Most Effective Alternative Strategies



Noteworthy, nearly a quarter find *gold* one of the most effective.

Question asked: Which 3 alternative investment strategies do you find most effective to achieve diversification, reduce risk, and enhance portfolio resilience? (Select up to 3)
Base: Allocate to Alternative Investments/Strategies
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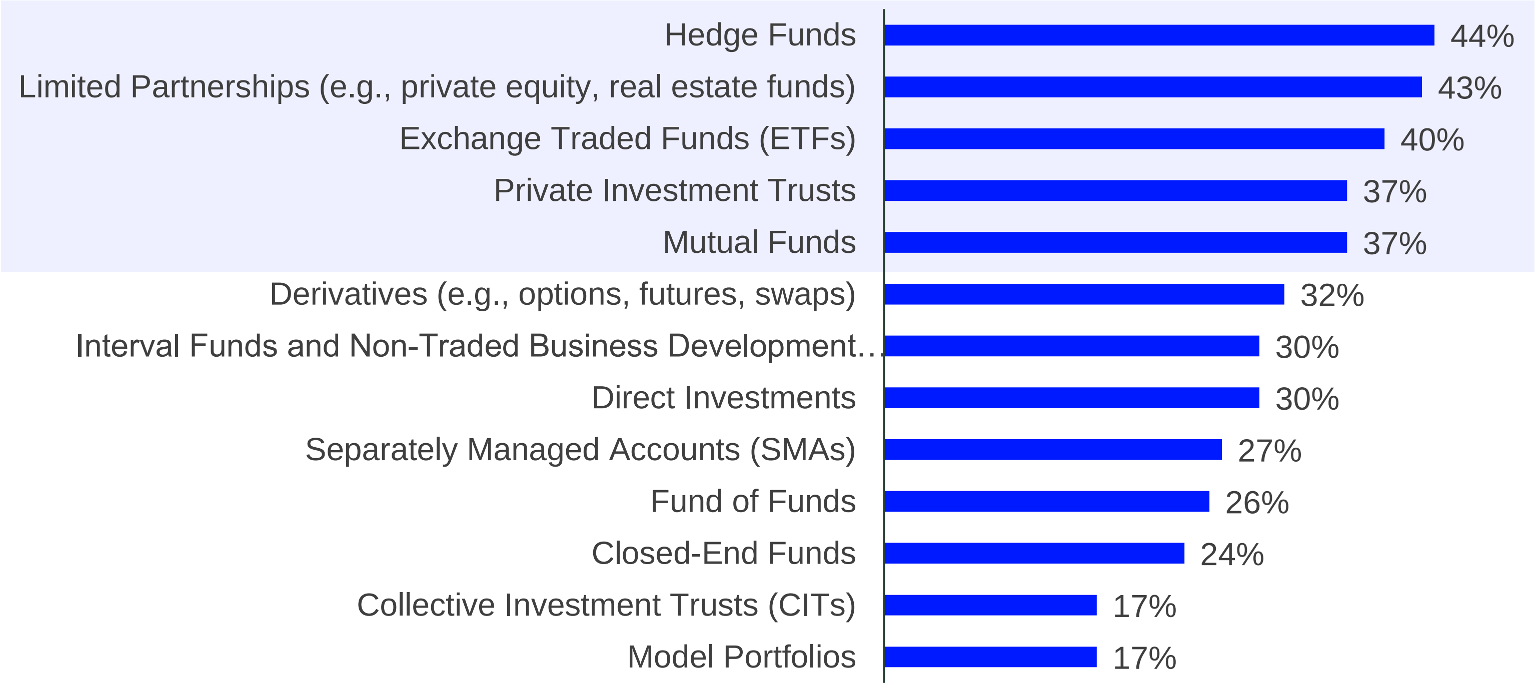
Financial Advisors Typically Use a Few Popular Alternatives Vehicles

On average, Financial Advisors are currently using four different vehicles to access alternative investments. *Hedge funds*, *limited partnerships*, *ETFs*, *private investment trusts*, and *mutual funds* are among the most popular.

Vehicles Utilized to Access Alternative Investments



Question asked: Which of the following investment vehicles do you currently use to access alternative investments? (Select all that apply) | Base: Allocate to Alternative Investments/Strategies
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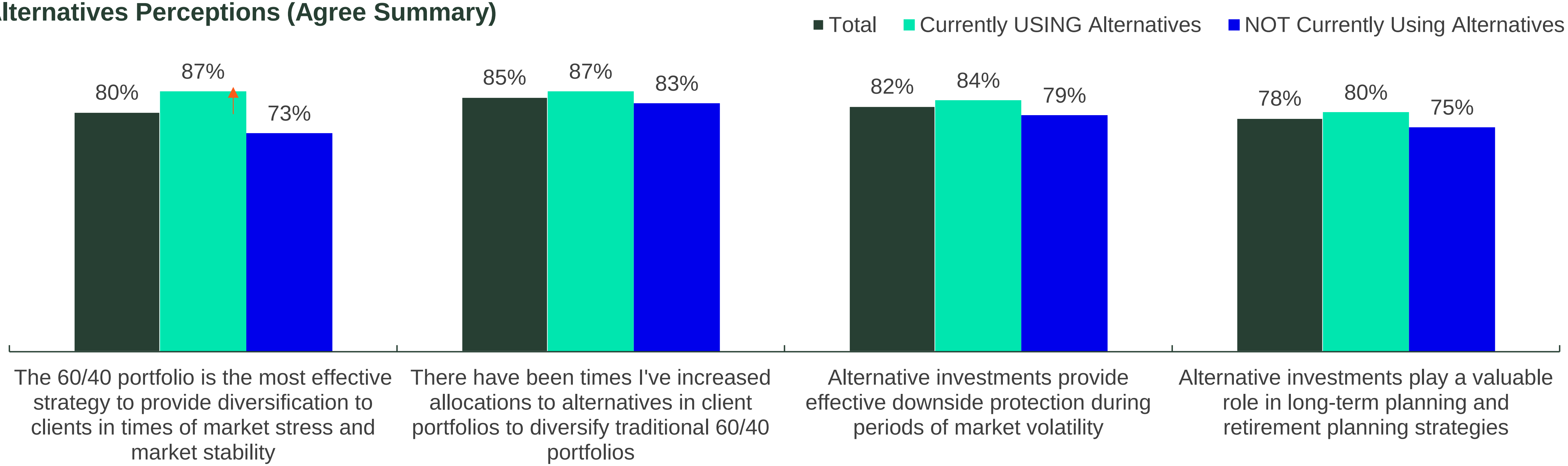
Most Financial Advisors View Alternatives Positively for Managing Risk

Overall, Financial Advisors, both those who currently use alternatives as well as those who do not, have positive perceptions of alternatives. Financial Advisors currently using alternatives are significantly more likely to agree that *the 60/40 portfolio is the most effective*. Noteworthy, more than eight-in-ten Financial Advisors who do not currently use alternatives agree that *there have been times I've increased allocations to alternatives in client portfolios to diversify traditional 60/40 portfolios*.

Alternatives Perceptions (Agree Summary)

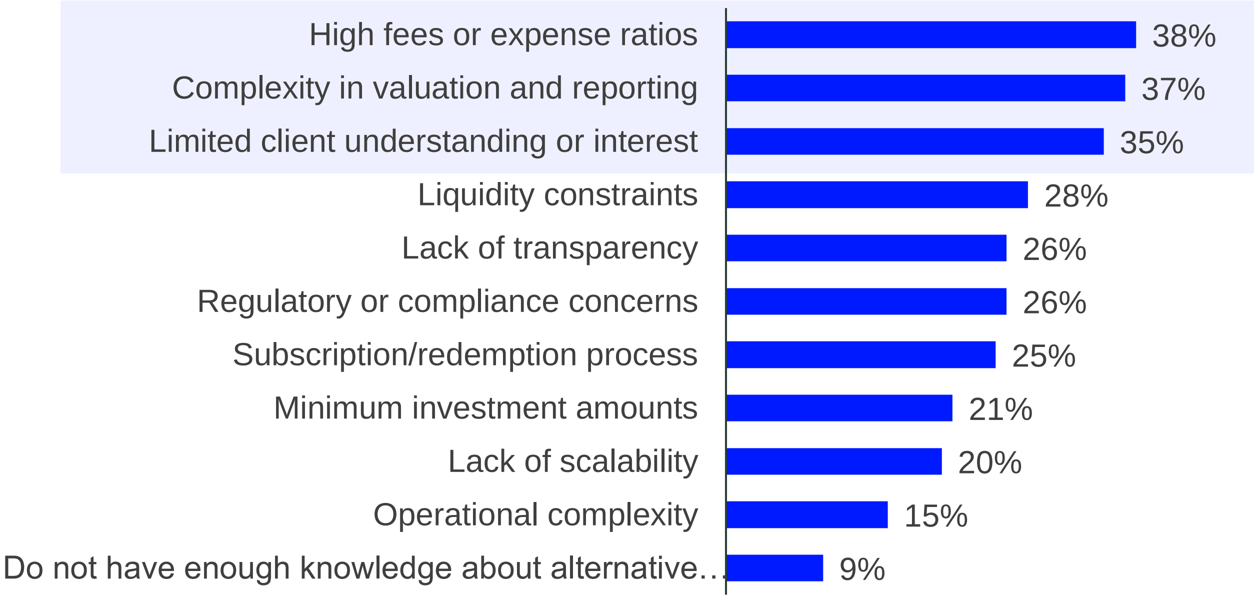


Question asked: How much do you agree or disagree with each of the following? (5-point scale: 1 "Disagree Completely" to 5 "Agree Completely"). Agree = Top 2 Box | Base: Total
State Street Global Advisors Research Center | ETFs in Focus: Risk Management Attitudes & Behaviors, January/February 2025

Advisor Challenges to Utilizing Alternatives Include High Fees, Complex Reporting, and Client Education

More than a third of Financial Advisors cite *high fees or expense ratios*, *complexity in valuation and reporting*, and *limited client understanding or interest* as the biggest challenges they face incorporating alternative investments into portfolios. One-in-ten Financial Advisors admit they “do not have enough knowledge about alternative investments.”

Top Three Biggest Challenges with Alternative Investments

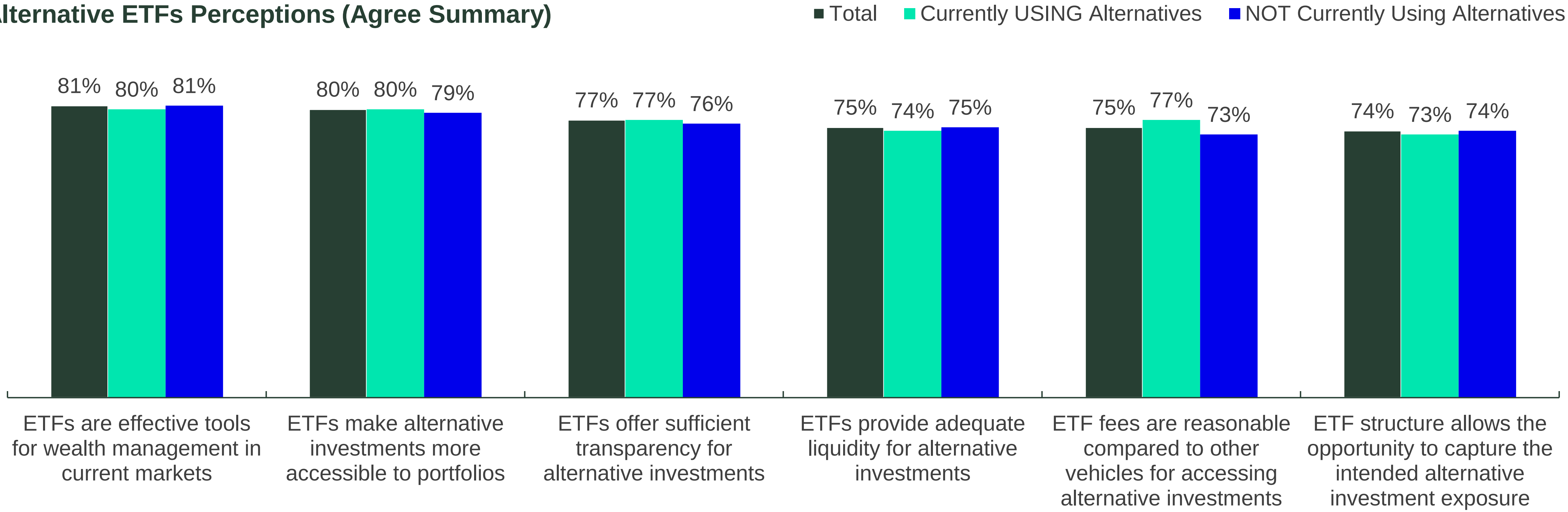


Question asked: What are the 3 biggest challenges you face incorporating alternative investments into portfolios? (Select up to 3) | Base: Allocate to Alternative Investments/Strategies
State Street Global Advisors Research Center | ETFs in Focus: Risk Management Attitudes & Behaviors, January/February 2025

Advisors Are Broadly Positive Towards ETFs as an Alternatives Vehicle

Overall, roughly three-quarters or more Financial Advisors, both those who currently use alternatives as well as those who do not, have positive perceptions of ETFs as a vehicle to access alternative investments.

Alternative ETFs Perceptions (Agree Summary)



Question asked: How much do you agree or disagree with each of the following? (5-point scale: 1 "Disagree Completely" to 5 "Agree Completely")
Agree = Top 2 Box | Base: Total
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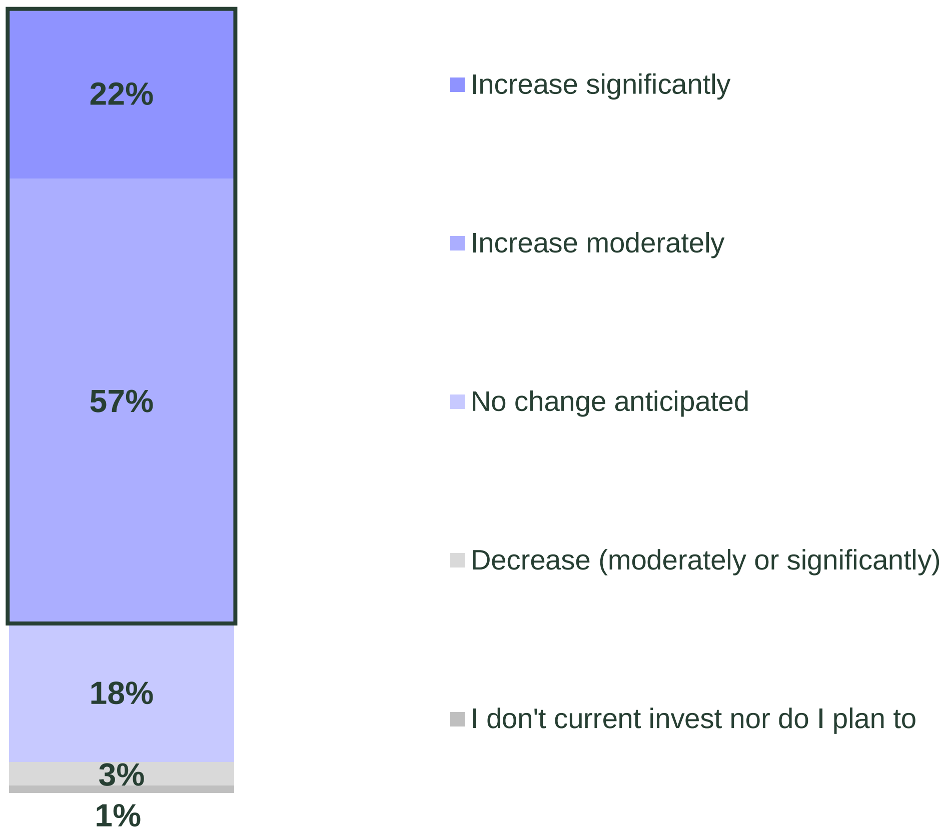
Advisor Allocation to Alternative ETFs Will Likely Increase

More than three-quarters of Financial Advisors plan to increase their allocation to alternative ETF strategies over the next 12-18 months; more than half moderately and less than a quarter significantly.

Less than one-in-twenty financial advisors plan to decrease their allocation to alternative ETF strategies over the next 12-18 months or say that they don’t currently invest in alternative ETF strategies nor plan to do so.

Allocation to Alternative ETF Strategies Over Next 12-18 Months



Question asked: How, if at all, do you plan to change your allocation to alternative ETF strategies over the next 12-18 months? | Base: Total
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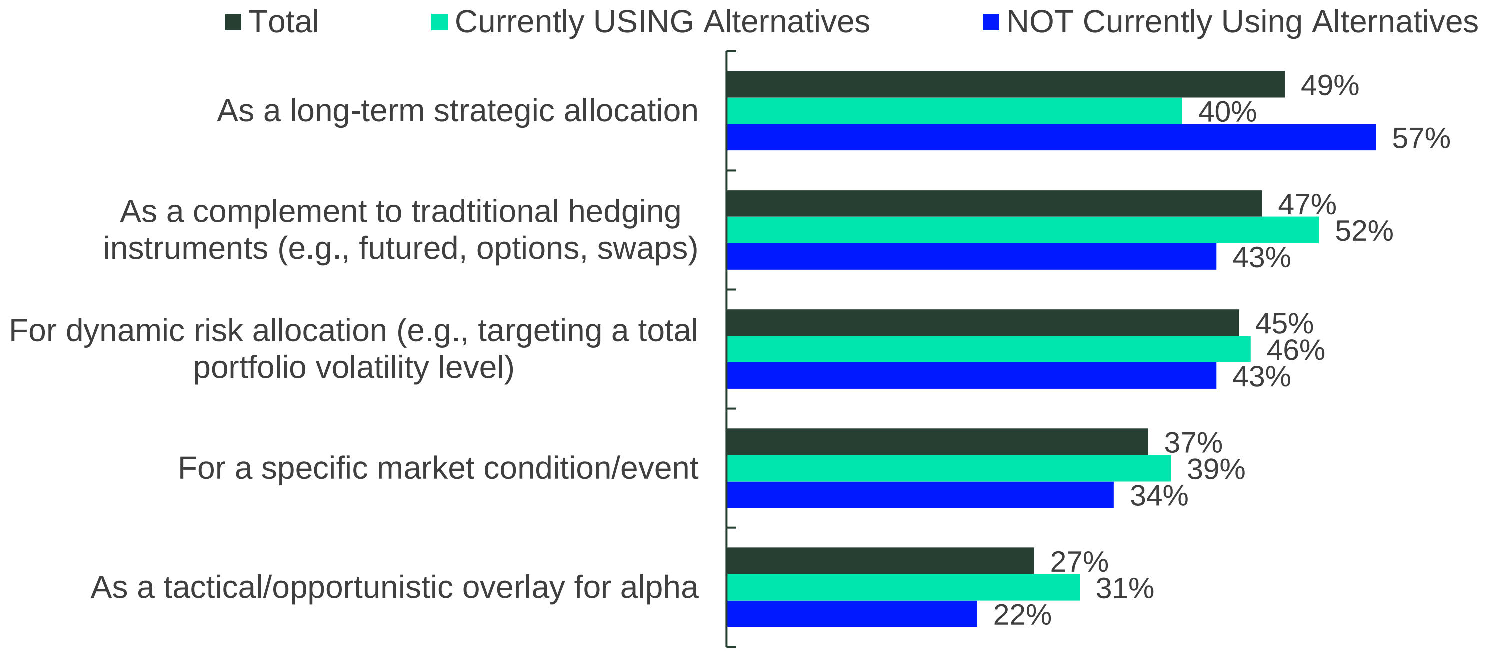
Advisors Tend Towards Alternative ETF Strategies for Risk Management as a Longer-Term Play Than Shorter-Term

Financial Advisors are most likely to use or consider using alternative ETF strategies for risk management *as a long-term strategic allocation*, *as a complement to traditional hedging instrument*, and/or *for dynamic risk allocation*. Financial Advisors not currently using alternatives are significantly more likely to consider using alternative ETF strategies for risk management *as a long-term strategic allocation*.

Alternative ETF Strategies for Risk Management



Question asked: How do you currently use or are you considering using alternative ETF strategies for risk management? (Select all that apply) | Base: Total
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Financial Advisors Agree in Value of a Global Portfolio That Includes Private Markets

Nearly all Financial Advisors say it is important to provide their clients with access to a fully diversified global market portfolio, including private markets.

Financial Advisors give three primary reasons why it's important (in relative order of mention):

1. **Risk Reduction & Stability**

   "A fully diversified portfolio helps mitigate risk by spreading investments across different asset classes, reducing the impact of any single market downturn."

   "Diversification provides stability by ensuring that no single investment can significantly harm the overall portfolio."

2. **Long-term Growth & Returns**

   "Access to global public and private assets ensures clients capture diversified growth, hedge against volatility, and benefit from long-term value creation beyond traditional markets."

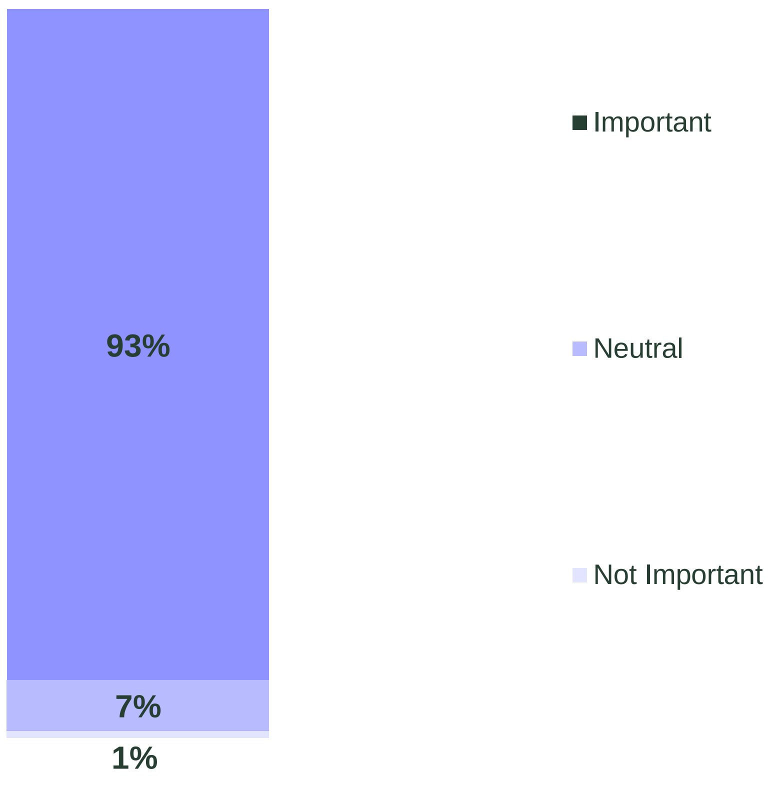
   "Many private investments have longer holding periods which are compatible with long term wealth building techniques and financial objectives."

3. **Client Confidence & Management**

   "The more stable options that are available, the more likely clients will remain confident."

   "It shows how dedicated you are to your clients investment portfolio."

Importance of Global Portfolio, Including Private Markets



Questions asked:
How important is it to provide your clients with access to a fully diversified global market portfolio, including private markets? (5-point scale: 1 "Disagree Completely" to 5 "Agree Completely") | Base: Total
Please explain. | Base: Total
State Street Global Advisors Research Center | ETFs in Focus: Risk Management Attitudes & Behaviors, January/February 2025

Appendix

Study Methodology and Sample

Study Methodology and Sample

State Street Global Advisors Research Center in partnership with field partners, A2BPlanning and Prodege, conducted an online study from January 29 through February 7, 2025 among U.S. Retail Investors and Financial Advisors to explore how investors are using ETFs to navigate uncertainty, enhance liquidity, and achieve diversification — critical priorities in today's shifting landscape.

This survey — ***2025 ETFs in Focus: Risk Management Attitudes & Behaviors*** — conducted in the intervening year, further builds on our biannual research ***ETF Impact Series***.

Retail Investors:

- Data was collected from a nationally representative sample of 500 adults 18+ with investable assets (IA) of $25,000 or more who share or are solely responsible for household financial and investment decisions.
- Data is primarily reported in total, by IA ($25K-$249K vs. $250K+), and by investor type (Self-directed only vs. Hybrid vs. Advised only).
- Generational differences in the data are called out when statistically significant. If not called out, then the differences are not statistically significant. Note: Only Millennials, Gen X, and Boomers have sufficient samples sizes for analysis.

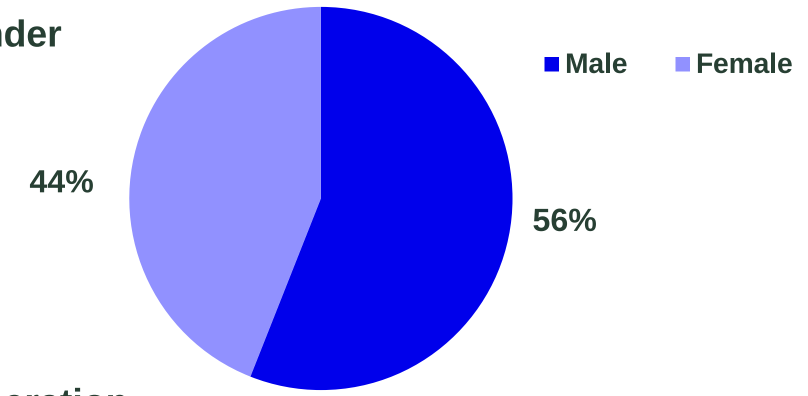
Financial Advisors:

- Data was collected from 200 Financial Advisors with assets under management (AUM) of $25M or more: 90% with AUM of $50M or more.

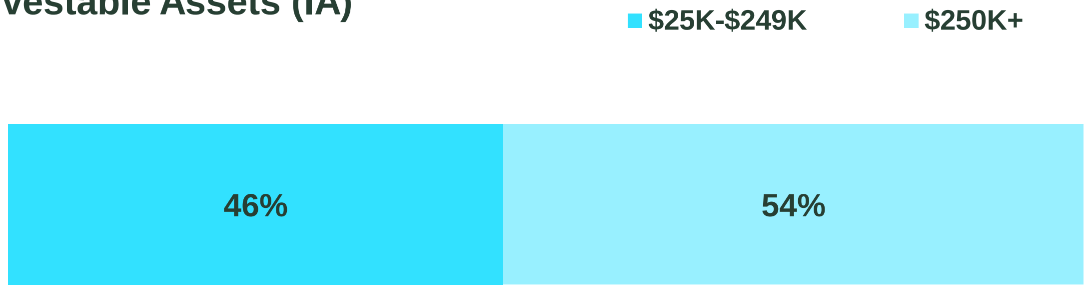
Profile of Retail Investor

Among the nationally representative sample of investors with IA of $25,000 or more who share or are solely responsible for household financial and investment decisions, 56% are male, roughly a third are Millennials, Gen X or Boomers, 54% have IA of $250,000 or more, and 57% are Self-directed only.

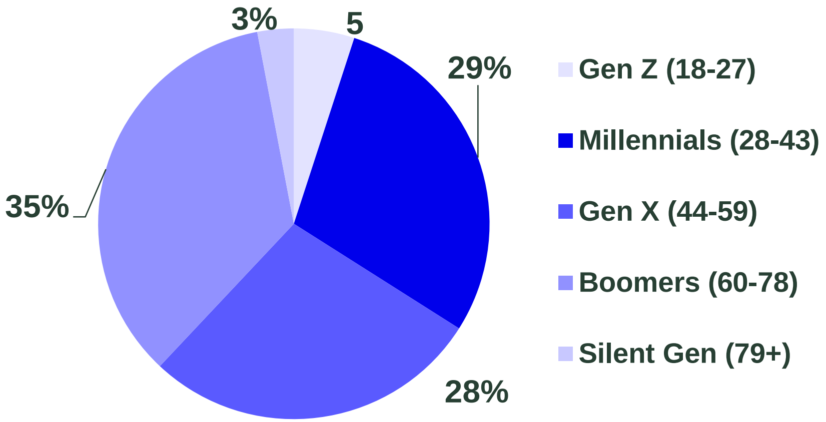
Gender



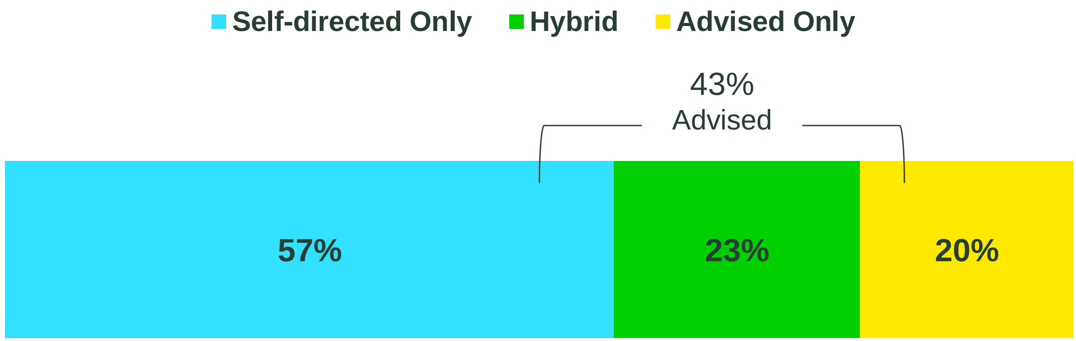
Investable Assets (IA)



Generation



Investor Type



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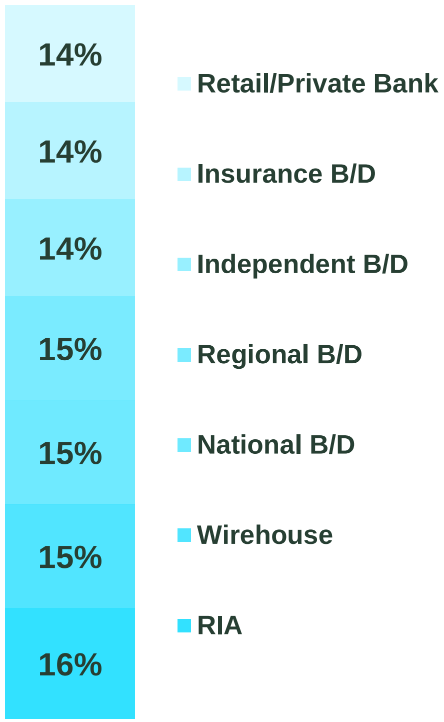
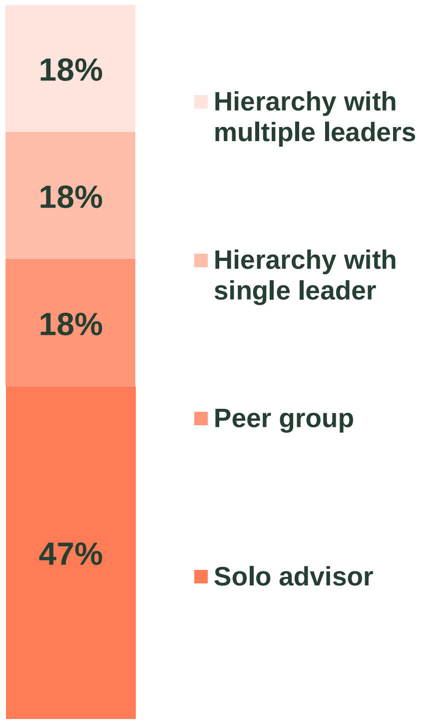
Profile of Financial Advisors

As specified in the sample plan, at least 10% of Financial Advisors are from each firm category. There is a nearly equal balance of Financial Advisors who work solo versus in a team structure. A majority of Financial Advisors in the sample have an AUM between $50M and $249M. Demographics (gender and age) of the Financial Advisors align with the sample plan.

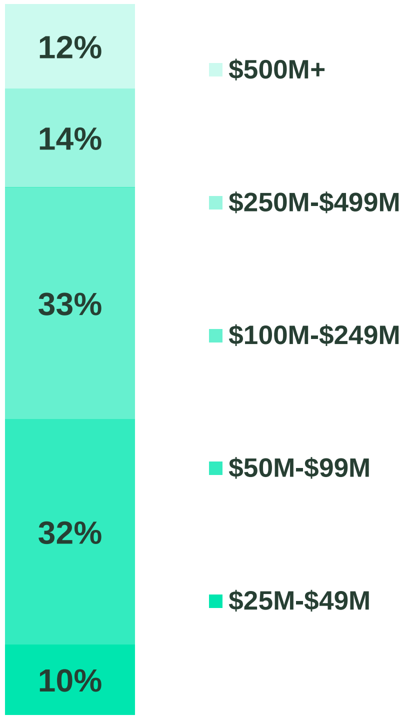
Firm Type



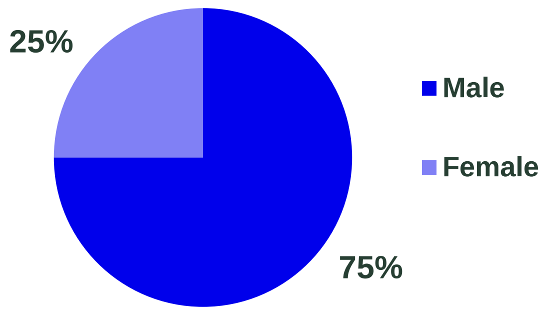
Structure



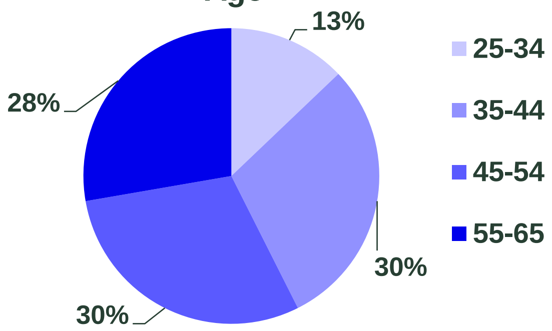
AUM



Gender



Age



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About The State Street Global Advisors Research Center

Turning investor intelligence into strategic advantage

Who We Are

We are a strategic research capability within State Street Global Advisors. Unlike product or market research teams, we focus on how investors think and act – helping institutions, intermediaries, and employer platforms apply insights to drive engagement, planning, and growth. Our work spans investor types, including advised, self-directed, institutional, and workplace retirement segments.

Our Focus Areas

- Investor sentiment & behavioral dynamics
- Advice models and engagement preferences
- Financial security & retirement priorities
- Capital allocation & investment decision patterns

Built for Real-World Use	Grounded in applied research methodologies, our work explores investor attitudes and behavior across channels – yielding insights that inform decisions, not just describe trends.
Client-Ready Intelligence	We translate data into usable insights that support business development, strategic planning, and client engagement across institutional and distribution channels.
Collaborative Enablement	Through direct engagement, custom analysis , and co-created output, we activate insights aligned to partner goals and the clients they serve.

Learn more:

Visit: ssga.com or contact us at CCG_ResearchCenter@ssga.com.

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