ETF Exchange Podcast

Episode 41 Rough Transcript

Announcer: Hello and welcome to the Fidelity ETF Exchange – powered by FidelityConnects –connecting you to the world of investing and helping you stay ahead.

In this episode of the Fidelity ETF, exchange host Étienne Joncas Bouchard welcomes Dorcas Phillips to the show.

Dorcas is Fidelity International's ETF director.

She speaks to Etienne about what major trends are moving the ETF European market, as well as how the market is structured. She also touches upon the impact of multiple exchanges in other countries, as well as the continued growth in the thematic and ESG space.

This podcast was recorded on June 29th, 2023.

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Étienne Joncas Bouchard: Hello, everyone, and welcome to the Fidelity ETF exchange. I'm your host Étienne Joncas Bouchard, a.k.a EJB. And I'm very glad to be back doing this episode, which is a new take for us. We're going to get perspectives from outside of the Canadian ETF industry. So reaching out to some of our partners internationally at Fidelity, As many of you know, Fidelity is a global firm. We've got resources across the globe working as much on the fund side as on the ETF side, and we're really happy to have a very special guest with us today. But before I get to to our guest, as always, just a little bit of a recap of our previous episode, which was done back in April. So quite, quite a while ago. We apologize for that. But I was on on paternity leave for months. So apologies.

Also, if I sound a little bit tired, I am a little bit sleep deprived these days. But jokes aside, our last episode was great. We had Andre Bruno, our director of ETFs here at Fidelity Investments Canada. We recapped the Canadian industry for Q1, so flows various asset class performances. We also chatted about some of the notable market movements on the fixed income side. So obviously rates being one of those big headlines. We had a discussion on inflation. So if you do want to catch up with that, those episodes, all of our past episodes are available on Fidelity Dossier or on your favorite podcast app under the Fidelity Connect banner. So without further ado, I would love to welcome our guest, Dorcas Phillips, who is director of ETFs for Fidelity International. She's been with Fidelity for seven years now, and prior to joining Fidelity, she was executive director of Europe, Middle East and Africa ETF sales for Morgan Stanley. So a lot a lot of industry knowledge has been around for a while. So we're very happy to have her join us. Dorcas, thank you so much for joining us.

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Dorcas Phillips: Thank you very much for the invitation. Good to be here.

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Étienne Joncas Bouchard: Absolutely. Well, you know, let's just go ahead and get started. I mean, we have, like we said, about 25, 30 minutes to chat. So I'm going to try to throw as many things as possible at you. But really, the objective today is to get a deeper understanding of the international ETF market with an emphasis on Europe, obviously, because I think for the most part, I'd say Canadian investors probably look more to that area when they think international, albeit, you know, Asia is probably an area of growth which we can we can definitely talk about.

But this podcast, for the most part, focuses on Canada, but we're only really a small share of the global market. We're about one fifth the size of the one, you know, overseas, if you will, so including international developed markets. So to give you an idea, there's been about 70 billion of net flows year to date as of end of May. And correct me if I'm wrong, I think something around that for the international market, whereas here in Canada we're around 15 billion. So that's pretty much equal to the size a U.S. total that I was mentioning about 20%. So I don't know if just to start just kind of a 10,000 foot view landscape of the ETF market in your neck of the woods.

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Dorcas Phillips: Yeah, absolutely. So I mean, the European ETF market now is around $1.6 trillion in total, and that's actually doubled over the last five years. So it's an area that's seen significant growth. I mean, we're still, you know, obviously way behind the U.S. and we have, I guess, different challenges versus the U.S. But, you know, we're definitely seeing growth. And if we kind of look at the trajectory, I know everyone kind of independent firms are kind of projecting, you know, we're going to hit that 2 trillion number in in the not too far distant future. I think one of the really fascinating facts, at least for me, for someone who's been involved in the process for a long time, is, you know, obviously the growth. But but more importantly, I think it's the it's the ETF market in terms of the number of products.

So as it currently stands, there's around two and a half thousand exchange traded products available in in Europe. And and within that number that includes, you know, some of the exchange traded certificates and notes, etc.. But, you know, in terms of just exchange traded funds, there's around 2000 products available. So, I mean, that's a that's a pretty big, big number. I think when you're you're in you're a fund selector or you're an investor and you're looking to make a product selection. So it's the growth has been, you know, pretty consistent and rapid in terms of the number of products as well. And then I think, you know, we kind of then take that number and then we look at, you know, the number of listings.

So one of the challenges that we have in Europe is the fragmentation across the various different exchanges where, you know, investors are looking to have a product listed on their local market. So, you know, we don't have this luxury, if you will, of one exchange or currency. You know, we have this this kind of additional layer of fragmentation and an additional layer of complexity. So. Of those 20 ETF products I talked about, we actually have 10,000 listings. So, you know, the the ETF market in terms of the population, if you will, but also from an ETF issuer perspective in terms of ensuring that you have the right amount of visibility within your targeted markets is quite a challenge. So yeah, it's a market that is is growing. There's a lot there's a there's a lot of growth there, but we definitely have some challenges within within that space.

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Étienne Joncas Bouchard: That's really interesting. And you know, like you said, the fragmentation aspect of having various exchanges must cause a challenge not only for for investors, but for for an asset manager like Fidelity, for example, when when coming to to market with products is there, you know, a concentration towards a few of the certain exchanges, like, for example, the one in London or you know, it could be in Germany, is there ones that are much bigger than others that you'd say like say more than 50% would find themselves on a given one?

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Dorcas Phillips: Yeah, it's it's a really good point because actually listing strategy becomes as important a consideration as, you know, product strategy because as I mentioned, you know, you, you want to ensure that you know your target markets or focused markets or markets where you have, you know you know the kind of the biggest kind of a client base. You want to make sure that you have visibility there. You know, I would say historically, you know, there's been a couple of key exchanges. So fidelity is an example as a default will always list on the London Stock Exchange, the Deutscher Borsa in Germany, the SGX Exchange in Switzerland, and the Borsa Italiana in Milan. So then kind of the four exchanges where where we where we really kind of look to ensure that we have have visibility. And this is where I guess the multiple listings comes into place because you then have to have a listing in the right currency and then you have like your share class, hedge check losses, etc.. So, you know, this is kind of where you got this multiple listings off of one particular fund. And but what's been quite interesting, I think, you know, post, post Brexit, you know, London, I would say historically was always the default go to exchange and it's still absolutely a kind of a critical exchange for having visibility and being present. But, you know, we're seeing an emergence of, you know, other exchanges coming to play. And actually there's been some consolidation across some of the exchange exchange houses across Europe. So Euronext example, they have the the Amsterdam exchange, the Paris exchange, etc..

So we're definitely seeing that there's a bit of a shift. And, you know, that strategy of listing and visibility is becoming more important. But that consolidation, I think hopefully will will kind of, you know, guide us in a direction where, you know, where we kind of improve things because one thing that, you know, this fragmentation kind of brings is this lack of visibility around liquidity. You know, I mean, you know, in the US, you know, we kind of have this kind of central pool of liquidity, but this fragmentation that we see means that bizarrely an exchange traded fund in Europe is generally not traded on exchange. You know, they're listed on exchange, but the kind of the activity happens off exchange because this fragmentation of liquidity pools.

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Étienne Joncas Bouchard: Interesting.

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Dorcas Phillips: So, yeah, I think there's definitely a drive to, you know, across the industry to kind of, you know, do what we can to consolidate volumes, provide transparency around volumes and and look at a more efficient kind of strategy for for all of our clients.

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Étienne Joncas Bouchard: Know that makes a lot of sense. And also from an investor standpoint, right. If you're you know, depending on where you are located, I mean, obviously or where your your trading account may be, I imagine then if you if you have a say, say an ETF that's listed in multiple exchanges. It might be more expensive or less expensive to try to give an ETF from a spreads standpoint from.

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Dorcas Phillips: One trip to some.

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Étienne Joncas Bouchard: Yeah. You know, depending on where you are. But then you also have to consider the you know, like you mentioned that you know currencies and you may be paying something for that and then so it is a bit more complicated than I guess in Europe from that standpoint at least. But that's really interesting to see because, I mean, obviously in Canada, I guess we're kind of lucky in a certain way, but I guess unlucky it's pretty much a monopoly. Yeah. The Toronto Stock Exchange, we also have the Neo exchange is just now becoming a bit more popular. But, you know, it is fairly centralized, so it does make our job a bit easier. But that's really interesting. I guess my next question that I have is more with regards to kind of who's buying these products. Right. Because for us in Canada, I mean, it's very hard to see exactly like the split between, say, institutional, you know, retail and then, you know, maybe, let's say, in-between or semi institutional, if you will, with like for example, wealth managers and things like that. Advisors, how the split look like on your end because for us it seems like retail is definitely heavy. Right. With regards to ETFs and do institutions also buy ETFs in Europe?

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Dorcas Phillips: Yeah, I would say we're kind of the total reverse of what you have in your local market right now. So, you know, and again, you know, I think this is a this is where kind of the European market in itself, it kind of operates quite differently. You know, in the US where you obviously in and it sounds like in the same for you guys in Canada you know retail investors are kind of have have been kind of heavily invested in their own investment portfolios and that hasn't really been the case so much in in Europe. But it's it's changing. You know, but to answer your question, in terms of the investors right now, it's dominated by the wholesale channel. So, you know, I guess it would split the market into three different kind of segments, retail, wholesale, you know, you know, your private banks and your kind of asset managers and on the institutional side, kind of insurance and pension funds.

So the wholesale channel is without question the kind of the most dominant section or user sorry and adopters of of ETFs. But retail is becoming a hot topic. You know, it's I there was a recent publication by BlackRock that projected that I think in the next year there'll be 6 million new retail investors in in Europe investing in specifically investing in ETFs. And that's kind of really been driven by, you know, kind of robo advisors and, you know, this kind of new, I guess new take up of technology. And it's a kind of a perfect tool for that, right? I mean, in terms of access and choice, and we just talked about the number of products that are available. And so, you know, they're kind of great. Robo advisors are absolutely adopting ETFs as a vehicle of choice. So that's kind of, you know, bringing in this kind of new, you know, stream of of of retail investors. So and because of this robo advisors technology, it's also kind of increasing the adoption of a person. Investors can take in a little bit more and in involvement in their own kind of pensions and investment. So as it stands, without question, wholesale dominates a space. But you know, retail I think is is the area where we're expecting some growth in the coming years.

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Étienne Joncas Bouchard: That's that's really interesting because I think Canada is a little bit more maybe like what you've just described, where I think historically the wholesale channel has been predominant. But then, you know, you've seen this really big growth in the, you know, DIY investor that, you know, opens a trading account, finds ETFs that they like and then purchases them through through those exchanges.

But it still remains the wholesale channels is quite large, but it also changes the way that asset management firms like Fidelity, though, you know, in terms of new products that are being launched. And then you look at flows, you know, you're you're starting to see more products that are focused for those DIY investors. Like, for example, here we've seen a massive growth in what we, you know, multi-asset type strategies where it's basically these turnkey, you know, all in one type solutions where you get a 6040 mix, it's rebalance automatically, you know, just to really set it and forget it type product. I guess I just kind of planted myself for my first more in-depth questions in terms of products and different lineups and things like that. Is that something that's popular in Europe or are you more really on the standalone solutions type type approach for for now? Maybe it'll come as as that new category grows, if you will.

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Dorcas Phillips: So it's just interesting, I think in terms of the product mix right now, it's still very much in there's kind of standalone building blocks, if you will, and you know that that the choice that you have there is is fast. But the kind of I guess the constructing a portfolio using the ETFs is still very much within. Within the hands of the experts and the robo advisors, etc.. But Multiasset ETFs, you know, I think is is definitely something where there's interest and we've got one or two products available is definitely kind of new and not what fidelity I should hasten to add at this point. But, you know, there there are, you know, a handful of products that do offer that kind of solution. But if we kind of link that back to the previous point about retail investors, you know, you kind of got robo advisors where you can go alone and, you know, as you say, that the kind of the multi asset fully kind of wrapped up solution rebalancing that management piece, you can see that that's attractive if you're setting the vehicle. So at this moment in time, no, but I definitely think it'll be something that we'll see coming.

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Étienne Joncas Bouchard: And just seeing what, you know, I guess one of the main debates that we have, I feel like we have it every single day is active versus passive.

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Dorcas Phillips: Yeah.

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Étienne Joncas Bouchard: And, you know, passive is predominantly been the I guess, the investment style of choice, if you will, for most ETFs in the past. You know, in Canada when I started three years ago, it's about 75, 76% of um, in ETFs domiciled in Canada were passively managed. Now we're down to about 68%. So we've seen a little bit of a gap being reduced, if you will. How's that split looking like overseas?

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Dorcas Phillips: So I hear you and I think it's the same here as we've definitely seen kind of that shift from ETFs being, you know, kind of core benchmark exposure to something a little bit more, I guess, interesting, if you will. So on the active. But but what I would say is that active in Europe means something different to when we talk about certainly in terms of the U.S. ETF in Europe, we have to be transparent and disclose their holdings. So that kind of just that kind of limits the amount of activeness you can bring to a fully transparent product because, you know, effectively a true active fund is not looking to kind of disclose, you know, holdings on a on a daily basis.

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Étienne Joncas Bouchard: Yeah, you don't want to you don't want to tell everybody your secret source, if you will, every at the end of every day. So it makes sense.

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Dorcas Phillips: Exactly. You want to keep that to yourself. But what what they're doing and certainly what entity here in Europe is doing is looking at systematic, active. So one way that we are kind of, you know, looking to kind of lead on that trend is looking at ways that we can systematically incorporate Fidelity's kind of active heritage and IP through approaching our analyst ratings, etc., within a systematic portfolio where obviously we're kind of constraining ourselves and we're pretty transparent around the the approach that we're taking and we're comfortable disclosing our holdings and the other way that we are looking to incorporate our active IP into our ETF solutions is by designing our own indices. So I think that's really important as well. In as much as, you know, we feel quite strongly that, you know, we have this huge kind of amount of expertise and the skill set across the organization which our clients, you know, love us for.

You know, they come to us because they they, they, they they understand and believe in our processes. So being able to construct an index where we are able to inform factor definitions using kind of the expertise from around us, where we're able to, you know, really design the portfolio construct. And based on those kind of those years of of active management and through a kind of very, very transparent rules based index. And that that is kind of fueled by Fidelity's, you know, active business is also very important to us as well. So I'm not sure what that directly answer your question. But you know, it's you know, I think definitely see that, you know, this active piece is key. And, you know, we hear every day of new entrants coming to the market and it's it's typically or certainly an interest looking to come to the market. And it typically out these traditional active managers who are looking at ways to to kind of bring their solutions to a different audience.

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Étienne Joncas Bouchard: Well, I think you bring a great point because you said you're not 100% sure if you answered the question exactly, But it's because also the main reason behind that is because I think there's a still a misunderstanding on what passive means, which, you know, at the heart of at the end of the day, if you will, it's it's cap weighted indices, I think is the way that to look at it. And so if you're building out an index that uses fundamental characteristics, that uses analyst ratings, that uses any other metric that basically not, you know, the size of of a given, you know, equity issuance. Well, you're basically you're creating some active share in a certain way. Yeah.

Whether it's systematically implemented or if there's a portfolio manager making the calls on a daily basis, you're not replicating a benchmark based on its size. So I think that's really interesting and it's a role that we've taken also here at Fidelity Canada with some of our Factor ETF lineup, which we're really happy with and kind of a differentiator in the. Market. And now we actually know now, given the fact we don't have to be fully transparent on disclosures, we actually launched some active mandates recently. So, you know, we're we're entering that space a little bit. But that's interesting to to hear. One area, I think, though, that I think Europe especially has lead is on thematics and the ESG aspect and kind of a well, you know, so for for anyone listening environmental social governance criteria as being implemented in stock selection and and or you know bonds could also be applied in this case but any security, if you will. But adding an overlay of sustainability and you know, I was just looking at the flows, for example, that you had sent me and provided me before we started. And looking at some of the, you know, even the ETFs, we have it Fidelity International, in terms of assets there, there is an appetite for those types of strategies. I don't know if you could expand a bit on that and kind of what's driving that and how that's changed maybe over the past couple of years.

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Dorcas Phillips: Yeah. So I think sustainable investing is, you know, obviously become more and more relevant across the globe. But certainly in Europe, I think it's been driving some of the, you know, certainly the Nordic regions going back, you know, 15, 20 years have been kind of considering sustainability into its investing. So kind of naturally within Europe, the kind of sustainable funds has has kind of grown. But I think what's been really interesting is that sustainability means so many things to such great people, right?

I mean, you know, you talked about the E, the S and the G, you know, what what what's important to you and how do you measure it, You know, And then I think one of the things that has been the evolvement within the space over the last couple of years is just thinking about actually ESG or sustainable investing doesn't necessarily mean just excluding certain business activities. So, you know, like Generation one, sustainability was, you know, they would exclude like certain tobacco stocks or gambling or, you know, the kind of basic kind of base levels of business activities. And that's evolved. And so we're kind of finding we were in like second, third generation of kind of sustainability here. We do have some regulatory kind of guidance s FDR, which kind of classifies, you know, how a fund can you know, how effectively how, how sustainable is a fund and and that there's different kind of ratings. And so, you know, a fund with a basic level of of exclusions on business activities, which, to be fair, is more than enough for some investors. Right. They want to kind of make sure that the core allocations that they're putting to pay are and are kind of aware, socially aware and and then kind of the kind of when you get to like this third generation or certainly some of the the recent launches that we've had here in our fixed income space is looking at sustainability through and being aware of things like the Paris climate.

So being aware around emissions and having a specific emission reduction target within that fund over open over the coming years. So we kind of see this kind of evolution from exclusions to engagement to thinking about more specifically around, you know, things like carbon and and emissions, etc.. So it's definitely a focus. And we are seeing, you know, on a on a weekly basis, new sustainable funds be not. In fact it kind of questioned why a new fund would come to market without some kind of sustainability awareness or inclusion and or existing funds being repurposed to to incorporate, you know, various levels of of sustainability into them. So definitely a question every client meeting, you know, when you talk about a product, you kind of you go in there, this is the product, this is the okay and this is sustainability kind of approach that it takes. It's it's almost like a must have now to to to to investors expect to kind of know how it's been incorporated.

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Étienne Joncas Bouchard: That's that's fascinating because I think we definitely are behind in on that front, if you will, with regards to it being an automatic kind of criteria that is considered when when looking at an investment where it feels like here it can be for certain investors and for some it's still not even on the radar to a certain extent. You know, it's almost hard. One the one thing that I've tried to figure out and maybe maybe you have some insights on your end, is it like is this driven from a top down or from a bottom up? So let's take a pension fund, for example, in the Nordic regions, is it the people managing these pension funds that that really want to emphasize this and show to the people that are, I guess, contributing to the pension? You know, we are doing this in a sustainable way or is it the contributors that are saying we want you? To invest our money with a more sustainable approach, if you will, or consideration and or both.

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Dorcas Phillips: I think. Well, I think it's both. Yeah, maybe that's the easy answer, but I think it is both because initially that's I would say it was definitely driven from top down. You know, I think there's been more pressure generally on on every kind of organization, whether you're in finance, industry or any industry, to demonstrate that you are kind of taking to it. You know, you've been a good corporate, you know, investor citizen, you know, and you have that kind of governance in place. So I think it naturally then lends itself to, you know, if you're an investor, a financial family, you're investing in these companies, are you kind of. Is that also selection criteria for you so that you're actually kind of effectively following your same, you know, the same approach and rules that you have for your own company?

Are you also incorporating that into your kind of pension or that you're kind of, you know, it's being managed by you and investors? And then I think, you know, that was definitely, I think the starting point. But now, you know, we go back to the kind of retail discussion again, I think more general awareness. And, you know, if maybe you went back ten years ago and it may not have been a consideration, but I do think investors now are asking those questions. And, you know, the press and, you know, everything is so visible now, You know, when there's that there's a bad story, everyone knows about it. And I you know, investors would ask themselves some questions if if it you know, if it's a is it a company? Do I want to be invested in that? So and I think it's it's it's driven from top down. But I definitely think that there is, you know, as as we kind of as it evolves and investors are more inclined to be involved.

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Étienne Joncas Bouchard: Some more of a widespread adoption to a certain extent but that's that's interest I think that's kind of what we're seeing here also. And, you know, you're seeing investors even on like in the wholesale side, right? Not necessarily with let's think people, you know, that are contributing to a pension and things like that, you know, going to see their wealth professional and saying what's green and or you know not green in my portfolio, what's socially responsible. It's not so And so I think that's going to continue to evolve as we go forward. And I think it's definitely here to stay for sure. And the way that it looks in tech in five years is probably going to be very different than what it looks like right now.

Yeah, but it's definitely evolved a lot even over the past five years. So that's something to keep an eye on. For anybody listening to this podcast episode, it's probably not going away and there's going to be more new cool investment strategies also that are going to come out with regards to ESG investing. So I'm I'm going to shift gears a little bit here, and I absolutely want to talk about one topic in particular with regards to this is more of an asset mix discussion, if you will, or asset class discussion with with rates where they've gone over the past year, year and a half.

You know, if I'm looking at, you know, the euro area interest rate, the first hikes that you guys have seen since the European banking crisis in 2011, 2012. How has that impacted demand for, say, fixed income strategies and for. So, for example, here we've seen a massive haul of money being brought into cash alternatives, whether that's money market type securities or literally high end like ETFs that take money from investors, put it in high interest savings accounts, and that's your ETF. Is that something that you're seeing on your end? Any comments you have with regards to kind of, I guess, the the impact of these rate hikes on the ETF market, if you will, and inflows?

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Dorcas Phillips: Yeah. So I think in terms of flows for all of the reasons you just mentioned, you know, the the flows that we're seeing are into fixed income. So as an example for the year 2023, up to the end of May, we had the same amount of flows as we saw in in the whole of 2022 in fixed income solutions and taking into consideration as well that, you know, fixed income ETFs at the moment only make up around 25% of the total total volume. So you know, is definitely, as I say, is the area of growth and it's what we're seeing. And ultimately clients are looking for yield. As you say, these kind of like short term, short duration cash plus, if you like, trades are becoming more and more relevant. So you I definitely think that that's going to be the trend that we're going to continue to see in the fixed income space. And as a result of that, it's really important for ETF issuers to have a kind of a diverse range of solutions available to to allow people to to position themselves during these kind of volatile markets. And as you say, it is rising rate environment is it's something we haven't been used to for a while. So yeah, I think we're all kind of acclimatizing ourselves too to what that is and how how we kind of position, you know, our portfolios with kind of the coming years.

So definitely, you know, an area of focus. And of course then on the equity side, you know, maybe a shift to value, you know, is is is something that we we're starting to see and I would expect to see in this kind of this interest rate environment. So and I think it would be fair to say that, you know, certainly investors in the wholesale channel, there's been kind of a bit of a risk of positioning during, you know, the start of 2023. And I think as we move in towards the end of, you know, H2, we'll see, you know, kind of a even more of an allocation to to fixed income. And actually, I think one important observation that I was discussing with someone just last week is that it's actually become kind of a perfect tool for that positioning because many investors are kind of used to kind of buying direct equities. Right. It's it's you know, it's it's easy to do. You can do it through your brokerage account.

Fixed income markets are completely different based, right. You've got to pick your issuer. You've got to pick your bond. You've got to use so much choice and also operationally much more challenging. You may not have the ability to do that. So having a an ETF that allows you to easily allocate yourself to the market during these kind of different kind of market cycles, I think are really key. And that will also, I believe, help with the, you know, the kind of increased demand that we'll see for for the fixed income ETF vehicle.

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Étienne Joncas Bouchard: Yeah, that's really interesting. And it's kind of this so it's you know it feels like there's a lot of rhyming, if you will, with what we're seeing here in terms of in terms of flows, because I think there's been so, so far this year, there's been twice as much flows into fixed income than there has been equities. And for us it's more of a 6530 split ish. And then the rest is in these alternative strategies and all these different different things. But you're definitely seeing a bit of a buying. And what's really interesting actually, which is actually to my great surprise, because the cash alternative side is still accumulating assets, but the short term bond stuff is actually leading assets and then the long term bonds is the one that's gaining. So you're seeing people being proactively adding duration, which is, you know, usually flows tend to be a little bit of a lag because as you mentioned, you see more of a defensive positioning. Since the beginning of 2023.

Markets haven't been that bad over the past 6 to 8 months. Right. So whether you bought bonds back in, you know, in Q4 of last year or equities, you know, you're done pretty well. It's just it seems to be more reactionary. But what we're seeing on the fixed income side is a bit of proactive ness, which is really welcome because, you know, obviously that that's kind of what we're slowly preaching is, you know, if you're if you've got no duration right now, you know, it might not be a bad thing to to progressively start adding some to the portfolio. So really interesting stuff here. Look, I mean, we're already 32 minutes. This has flown by one last quiet. And for you and, you know, we've talked about a few trends here. You know, active passive ESG flows from a different asset class perspective. If there was one trend that you would say, you know, maybe we've left out or that you're keeping an eye on for the next 12, say, 24 months or the next couple of years that you think isn't getting that much attention, but is really, you know, could surprise a lot of people in terms of, you know, where we're heading. Is there something that sticks out?

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Dorcas Phillips: You know, again, I mean, maybe, you know, I would think he was asking the question. I think it's almost about having a broad choice. I think we're going into kind of say unprecedented terms in terms of, you know, the market. It's it's it's not like the last ten years. I mean, you know, just concerns around cost of living and the interest rate, etc.. I think it's having, you know, a broad, diverse range of solutions available to investors. And I also think we touched on it earlier, but we didn't have a chance to talk about it. So maybe that's one for next time. But yes, thematics, you know, I you know, the the the views of investors are changing. I mean, it's not just about equity and which is just not market cap anymore. You know things I and those kind of areas are dominating our lives.

But you know you read any kind of financial press, you know, you're kind of being dominated by, you know, what what's going on, what kind of improvements it's going to have in all of our futures. And therefore, it would kind of make sense to kind of be invested in that in some way. So I think the Matic's, you know, whilst we've seen significant uptick in increase in products, I think it was 50 products launched in Europe last year. And interestingly, on the day that we launched our or the week that we launched our thematic ETFs, there were three Metaverse ETFs launched in the same week. I mean, so I mean, it just kind of shows you that it's kind of like that level of thinking. But I think thematics is where an investor will start to be a little bit more selective. You know, sort of taking on that broad market is being a little bit more, you know, thinking a little bit more about their allocation to kind of certain areas maybe within the market that that would be that would be my guess.

[00:35:42]

Étienne Joncas Bouchard: Awesome. Yeah. So getting more specific, if you will, with certain investment strategies and that's that's really great. I want to thank you so much for your time today. Dorcas. This has been really awesome. Like we said, you know, this has flown by, so I guess we might have to do this again and make you a recurring, you know, our recurring guest from from Fidelity International. And it was really great to have you. So thanks once again.

[00:36:03]

Dorcas Phillips: Thank you very much. Have a good afternoon.

[00:36:05]

Étienne Joncas Bouchard: Thank you. Thank you, everybody, for joining us. We'll catch you next time.

[00:36:11]

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