

# An Inside Look at Exchange-Traded Funds



Exchange-traded funds (ETFs) have been one of the most successful financial innovations in recent years.

Since the introduction of ETFs in the early 1990s, demand for these funds has grown markedly in the United States, as both institutional and individual investors have increasingly found their features appealing.

In the past decade alone, total net assets of ETFs have increased nearly twelvefold, from \$151 billion at year-end 2003 to \$1.8 trillion as of June 2014, as shown in Figure 1.

With the increase in demand, sponsors have offered more ETFs with a greater variety of investment objectives.

Like mutual funds, ETFs are a way for investors to participate in the stock, bond and commodity markets; achieve a diversified portfolio; and gain access to a broad array of investment strategies.

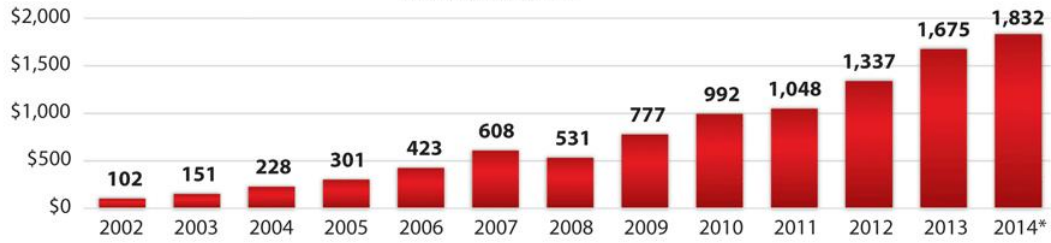
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**Figure 1. Total Net Assets and Number of ETFs**

### Total Net Assets

Year-end 2002-2014\*

Billions of Dollars



### Number of Exchange-Traded Funds (ETFs)

Year-end 2002-2014\*

Number of ETFs

