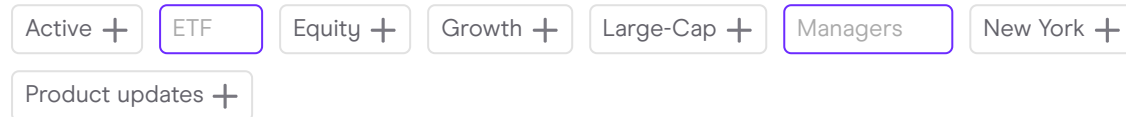


13 JUN 2024 Jennifer Grybowski

IndexIQ axes non-transparent structure

Firm attempts to revive large growth duo

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IndexIQ is ditching the non-transparent structure just two years after launching two products in the space.

The subsidiary of the \$725bn New York-based NYLIM will change the structure of its only non-transparent products, the \$33 IQ Winslow Large Cap Growth ETF (IWLG) and the \$11m IQ Winslow Focused Large Cap Growth ETF (IWFG), to transparent August 28.

Both products carry bronze Morningstar ratings, analysts pointing to the management team at Winslow Capital Management team including Patrick Burton, Peter Dlugosch, CIO Justin Kelly and Steve Hamill as the primary driver of a recent upgrade.

Both funds launched in June 2022 and have struggled to gain flows traction since inception.

However, both have seen excellent performance with trailing returns between 40% and 45% over the past year, ranking in the top quartile of Morningstar's large growth category.

The non-transparent space itself has tried to get off the ground since 2020, but the 48 ETFs in the space only together carry \$7.6bn, led in AuM by the \$1.8bn Fidelity Blue Chip Growth ETF (FBCG). Only four other funds have an AuM of \$500m-plus.

Collectively, the tranche has seen \$1.3bn in inflows over the past year, again led by FBCG with \$733m in the door.

Two-thirds of non-transparent ETFs are large cap and 15 of them are in the large growth space where FBCG and T. Rowe Price with its \$639m T. Rowe Price Blue Chip Growth ETF (TCHP) and \$193m T. Rowe Price Growth Stock ETF (TGRW) have seen most of the flows action this year.

In other news, New York Life Investments will rebrand its funds to reflect the “NYLI” name, including all IQ funds.