

Landmark Broadridge Study of More than 40 Million U.S. Retail Investors Highlights the Dramatic Shifts in How Americans Invest

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- Self-directed assets increase to 23% and the share of investors without a college degree exceeds 50%
- ETF usage rose to 47% from 31% in 2018 and is likely to exceed 50% by 2025
- The count of Millennial investors is on a path to overtake that of Gen-X investors, Millennial count increases by 9 percentage points since 2018
- Female investors have higher median assets than male investors at \$52,105 in 2023 compared to men's \$50,271

NEW YORK, May 22, 2024 /PRNewswire/ -- The newest edition of the annual **U.S. Investor Study**, launched today from global Fintech leader **Broadridge Financial Solutions, Inc.** (NYSE: BR), provides critical insight into U.S. retail investor habits and enables asset managers, advisors and investors to deepen their understanding of the national investment landscape. This year's Study reveals key trends such as Gen-Z, Millennial and Gen-X investors steadily increasing their share of assets while assets held by Boomers and the Silent Generation continue to decline, the rising popularity of self-directed investing across generations and Americans' slow but steady breakup with mutual funds as allocations to ETFs and U.S. equities rise.

Broadridge's U.S. Investor Study is the single widest and deepest analysis of American investor behavior, drawing on the activities of more than 40 million individual U.S. investors across mutual funds, ETFs, and individual equities. The unparalleled breadth of the Study provides a powerful lens for financial advisors, fund managers, and policy professionals and delivers valuable insight into the key trends most impacting the investment industry.

"The scope of this report demonstrates the dramatic changes we are seeing in the investment landscape as investor activity and sentiment continue to undergo tectonic shifts," said Dan Cwenar, Head of Broadridge Data and

Analytics. "The rise of younger investors and self-directed investing has led to asset managers, broker-dealers and advisors evolving their practices to better serve a more diverse class of investors across generations. Against this backdrop, it's critical to have a complete understanding of investors' decision-making and appetite for different investments to better inform portfolio customization, customer service and prospecting. Our Study provides key insight into investor habits and sales channels, with the goal of delivering valuable data to inform investment product strategy and investment advice in the year ahead."

The monumental rise of self-directed investing as younger investors seize assets within the channel

Since 2018, there has been a significant surge in the number of investors adopting self-directed investing (online discount investing), with 31% of all investors allocating assets to online discount brokerage platforms, about one-third of whom also have an advisory relationship. Additionally, investors are intentionally increasing their asset ownership via online discount brokerages (up from 14% in 2018 to 23% in 2023).

This contradicts the widely assumed belief that self-directed investing is just for the young and less affluent. In fact, Broadridge's data shows that High-Net-Worth investors lean more heavily on self-directed investing compared to their Mass Market and Mass Affluent cohorts, with nearly 25% of assets in the self-directed channel.

While all generations are leveraging self-directed investing, Gen-Z, Millennial, and Gen-X investors are steadily increasing their assets within the channel, collectively gaining 9 percentage points to 36% at the expense of the Silent Generation and Boomers.

Alongside the rise of self-directed investing and the broader trend of the democratization of investing, this year's Study further exemplifies that younger, less experienced investors are capturing their own piece of the pie. The count of Millennial investors is on a path to overtake the count of their Gen-X predecessors, with the count of Millennials up by 9 percentage points since 2018, jumping from 13% in 2018 to 22% in 2023. In contrast, the count of Boomers saw a 9 percentage point decline.

The average number of investments held across generations continues to increase, with Millennials growing the fastest over a five-year period, increasing from six investments in 2018 to 10 in 2023.

Americans fall out of love with mutual funds as equity investments double

2023 marked the first time that mutual fund assets dropped below equity assets within individual investors' portfolios, with the share of investors owning mutual funds declining from 72% in 2018 to 62% in 2023. Further, the average number of equity investments held by investors doubled from 4 in 2018 to 8 in 2023.

Boomers had the highest allocation to mutual funds in 2023 (39%), compared to younger cohorts who are seeking alternative options, such as ETFs and U.S. equities. Asset ownership in equities has risen among the younger generation of investors since 2018, with Gen-Z doubling from 0.2% to 0.4%, Millennials more than doubling from 2% to 6% and Gen-X jumping from 16% to 24%.

Additional key findings:

- Men make up more than half of investors (51%) and controlled 55% of assets in 2023, up slightly from 54% in 2018. The average male investor is three years younger than the average female investor and perhaps owing to their higher median age, female investors have slightly higher median assets (\$52,105 in 2023 compared to men's \$50,271).
- The democratization of investing has been an overarching trend in asset management in the last decade, and the jump in the use of online discount brokers during the pandemic accelerated the shift. The share of investors without a college degree exceeded 50% for the first time in 2022, reaching 51% in 2023. However, investors who only hold a high school degree still fall significantly behind those with higher levels of education in terms of median assets. Individuals without a college degree held \$28,332 in assets in 2023, compared to \$73,044 for those who completed college and \$148,399 for those who completed graduate school.
- The online discount channel has steadily won a larger share of assets over the last five years (jumping from 14% in 2018 to 23% in 2023) and is on a trajectory to become the second largest distribution channel segment. The Broker-Dealer channel retains the top spot, although its market share has dropped 7% since 2018.

Broadridge's U.S. Investor Study (75+ pages, 100+ exhibits) is one of numerous proprietary reports enabled by Broadridge's Data and Analytics capabilities. Firms use Broadridge's data-driven insights to better understand where their best opportunities are and how to capitalize on them, and ensure they have their resources aligned against the right clients and customers. Firms use the critical perspective to make better, more informed strategic decisions about their businesses.

To view a summary of Broadridge's newest U.S. Investor Study, click [here](#).

Study Methodology

To create this study, Broadridge analyzed de-identified share ownership data derived from Broadridge's proprietary business processes consisting of tens of millions of retail investor households and billions of data points to achieve a unique level of insight into holdings invested through financial intermediaries (broker-dealers, online, RIAs, wirehouses). Broadridge analyzed exchange-traded funds (ETFs), closed-end funds, open-end mutual funds and U.S. equities held in taxable accounts and IRAs for the years ending 2018, 2019, 2020, 2021, 2022 and 2023.

About Broadridge

Broadridge Financial Solutions (NYSE: BR), a global Fintech leader with over \$6 billion in revenues, provides the critical infrastructure that powers investing, corporate governance, and communications to enable better financial lives. We deliver technology-driven solutions that drive business transformation for banks, broker-dealers, asset and wealth managers and public companies. Broadridge's infrastructure serves as a global communications hub enabling corporate governance by linking thousands of public companies and mutual funds to tens of millions of individual and institutional investors around the world. Our technology and operations platforms underpin the daily trading of more than \$10 trillion of equities, fixed income and other securities globally. A certified Great Place to Work®, Broadridge is part of the S&P 500® Index, employing over 14,000 associates in 21 countries.

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