

ETF Asset Growth up 19%, Driven by Retail Channels According to Broadridge Financial Solutions

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LAKE SUCCESS, N.Y., Nov. 2, 2017 /PRNewswire/ -- Advisors drove significant growth of Exchange Traded Funds (ETFs), almost \$500 billion, over the last twelve months ending September 30, 2017, with 80 percent of the net new assets coming from retail channels, according to data released today by [Broadridge Financial Solutions, Inc.](#) (NYSE: BR) via its [Fund Distribution Intelligence](#). During the third quarter, retail channels captured the majority of net flows with \$195 billion, or 77 percent of all ETF net flows.

In the past twelve months ending September 30, retail channels – RIAs, independent B/Ds, wirehouse firms and online digital platforms – contributed over \$370 billion of net new ETF assets, an increase of 21 percent. Among retail channels, RIAs contributed the largest net flows with \$132 billion, and continues as the largest holder of ETFs with \$874 billion.

"Advisors continue to embrace ETFs for client portfolio allocations across both equity and fixed income products," said Frank Polefrone, senior vice president of Broadridge's data and analytics business. "The dramatic growth of ETFs is driven by the changing distribution landscape, including the increase in the number of fee based advisors, as well as the use of model portfolios that primarily utilize ETFs."

ETF Growth Driven by Advisors in 2017

Fund Distribution Intelligence tracks over eight trillion of ETF and fund assets across the four major retail channels, and approximately 30 percent of those assets are now allocated to ETFs. The majority of net new ETF assets in 2017 flowed to retail distribution channels – RIAs, independent broker/dealers, wirehouse firms, and the online channel.

- Over the past twelve months ending September 30th, net new ETF asset growth increased by \$469 billion, or 19 percent.
- During this period, 80 percent of ETF net flows, \$370 billion, went into retail channels driven by advisors.

Combined net new assets into funds and ETFs from retail channels were up \$854 billion versus \$353 billion for institutional channels.

- The fastest growing channel in an absolute dollar basis for combined fund and ETF assets during the last twelve months ending September 30, 2017 was the RIA channel, up \$314 billion, or 14 percent.
- Net new flows of mutual funds for the online channel increased by \$183 billion, or 38 percent.
- Vanguard and Schwab drive the growth of the online channel, offering a wide range of index and lower fee actively managed funds.

"Even though actively managed funds still control most of the industry's assets, they're falling farther and farther behind in the race for new money and new clients," says Jeff Tjornehoj, Broadridge's director of fiduciary and compliance research. "The divide is particularly acute in U.S. equity products, which for most investors is the core of their portfolio. Active bond funds—which have been much less threatened by passive products—may start to feel the heat if younger investors continue to follow a passive approach as they get closer to retirement."

Broadridge's [Fund Distribution Intelligence](#) comprises the most complete sales and asset data collection in the industry, creating transparency into more than \$12 trillion of long-term mutual fund and ETF assets across a majority of mutual fund distributors.

About Broadridge

Broadridge Financial Solutions, Inc. (NYSE:BR), a \$4 billion global fintech leader, provides investor communications and technology-driven solutions for broker-dealers, banks, mutual funds and corporate issuers globally. Broadridge's investor communications, securities processing and managed services solutions help clients reduce their capital investments in operations infrastructure, allowing them to increase their focus on core business activities. With over 50 years of experience, Broadridge's infrastructure underpins proxy voting services for over 90 percent of public companies and mutual funds in North America, and processes more than \$5 trillion in fixed income and equity trades per day. Broadridge employs approximately 10,000 full-time associates in 16 countries. For more information about Broadridge, please visit www.broadridge.com.

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