

Independent Advisors Add Over \$13B of Net New ETF Assets in Q1 2016, According to Broadridge Financial Solutions

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LAKE SUCCESS, N.Y., April 28, 2016 /PRNewswire/ -- Independent broker dealers (IBDs) and registered investment advisors (RIAs) continued to invest in passive investment products, increasing net new assets in exchange-traded funds (ETFs) by more than \$13 billion in the first quarter of 2016, according to data released today by [Broadridge Financial Solutions, Inc.](#) (NYSE: BR) via its [Fund Distribution Intelligence](#). Individual investors also increased their holding of ETFs with an additional \$3.7 billion of net new ETF assets coming from the discount brokerage channel during the first quarter. The wirehouse channel was the only retail channel with negative net new ETF flows during the first quarter, with a decrease of \$13 billion.

Broadridge's Fund Distribution Intelligence now measures ETF and long-term mutual fund net new assets by channel, which enables us to better gauge asset velocity (movement of assets within a defined period) for third party distributors. While long-term mutual funds and ETF net new assets were only down slightly during the first quarter, Broadridge measured asset movement throughout the three month period. The RIA channel, as an example, ended the quarter relatively flat in overall net new assets while experiencing monthly asset fluctuation three to four times higher than in the past four quarters.

In the first quarter of 2016, overall ETF assets increased by 2.4 percent to \$2.3 trillion, but net new assets decreased by 0.68 percent, a decrease of \$15 billion. Net new flows for long-term mutual funds showed a similar pattern, with total assets from third party financial intermediaries increasing by 1 percent to \$7.3 trillion in the first quarter, but with a decrease of net new assets of \$11 billion. The IBD channel saw the biggest decline in long-term funds, decreasing by nearly \$37 billion in net new assets in the first quarter, indicating that much of the gain in ETFs was likely coming from mutual funds.

"The trends we've been following for the past several quarters have continued – including the increased use of ETFs and passive investment products across retail distribution, as well as the growth of assets managed by independent advisors. Our analysis indicates the volatility in the markets during the first quarter of 2016 resulted in increased velocity of money being reallocated within client portfolios," said Frank Polefrone, senior vice president of Broadridge's data and analytics business.

Additional key findings include:

- Net new assets of ETFs for retail channels – RIA, IBD, wirehouse and discount B/D – were up by \$3 billion in the first quarter, while net new assets for institutional channels – private bank, bank and trust – were down by \$18 billion.
- Net flows for retail ETFs were up by \$3 billion versus a decrease of \$43 billion for retail long-term funds.
- Net new flows for retail long-term funds were down by \$43 billion, while institutional long-term fund net flows increased by \$32 billion.
- Retail ETFs saw increased assets across fixed income, alternative and commodity products, while equity, convertibles and allocation product assets were down.
- Retail channels saw decreased assets in all major investment categories during the first quarter, with the exception of commodities.

Broadridge's [Fund Distribution Intelligence](#) comprises the most complete sales and asset data collection in the industry, creating transparency into more than \$9 trillion of long-term mutual fund and ETF assets across a majority of mutual fund distributors.

About Broadridge

Broadridge Financial Solutions, Inc. (NYSE:BR) is the leading provider of 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 on average \$5 trillion in fixed income and equity trades per day. Broadridge employs approximately 7,400 full-time associates in 14 countries.

For more information about Broadridge, please visit www.broadridge.com.

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