

73% of Financial Advisors to Accelerate Asset Allocation to ETFs in 2020, According to New Broadridge Survey

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NEW YORK, Jan. 15, 2020 /PRNewswire/ -- [Broadridge Financial Solutions, Inc.](#) (NYSE: BR), a global Fintech leader, today released results from a new survey of over 500 financial advisors, revealing that ETF demand is predicted to continue increasing in 2020 and that advisors overwhelmingly plan to shift away from actively managed mutual funds.

Eighty-three percent of advisors surveyed increased their asset allocations to ETFs over the past two years, and 73% say they anticipate that their allocation to ETFs will continue to increase in 2020.

Among advisors planning to allocate more assets to ETFs, 55% plan to primarily shift assets away from actively managed equity mutual funds. Fifteen percent plan to primarily shift assets away from individual stocks, followed by passive equity index mutual funds (14%), cash and equivalents (9%) and bonds or fixed income mutual funds (5%).

The likelihood of an advisor shifting from actively managed funds to ETFs increases among younger financial advisors, with 64% of advisors under the age of 40 planning to make this shift.

"As asset managers continue to engage with the next generation of financial advisors, it is critical for them to consider the wind change occurring in product flows," said Matthew Schiffman, Principal at Broadridge Financial Solutions. "Advisors planning to allocate more assets to ETFs next year are most likely to pull away assets from actively managed funds, and it's a shift that's likely to become more pronounced over time as lower fee ETFs continue to draw investors away from higher cost investments."

Variations in ETF Usage Reveal Opportunities for Asset Managers to Rethink Distribution Models

Thirty-six percent of advisors use ETFs primarily for core positions, although usage varies by AUM and channel. Broken down by advisor channel, RIAs are the most likely to use ETFs for core portfolio positions (52%), followed by wirehouse advisors (36%) and IBD/regional advisors (31%). Meanwhile, nearly half (48%) of larger advisors (AUM of \$500M+) use ETFs primarily for core positions.

Heavy ETF users (defined as having over 40% of AUM in ETFs) are more likely to be found within the RIA channel (44%) compared to IBD/regional and wirehouse channels, at 23% and 14% respectively.

Wholesalers and websites are the primary resources advisors use from ETF providers, but usage differs by channel. When researching new products, RIAs were found to be more receptive to digital marketing channels (e.g., webinars), while wirehouse and IBD/regional advisors prefer to leverage wholesalers for product information and selection. Across channels, only 16% of advisors rate existing ETF information and analytical tools, from all sources, as "excellent."

"While assets have shifted into ETFs across the investment landscape, adoption by advisors is not equal across channels, nor is the way advisors research and make decisions for clients," added Schiffman. "This has important implications for asset managers in terms of product development, distribution, marketing and overall advisor engagement. No one-size-fits-all approach exists, but there are clear opportunities for managers to establish mindshare around new products, including non-transparent active ETFs and thematic ETFs."

To download a summary of the survey results, click [here](#).

Methodology

This Broadridge survey was conducted by 8 Acre Perspective Corp. to assess ETF perspectives and trends. A total of 513 financial advisors across wire, regional, IBD and RIA channels completed the survey, which was fielded from November 8 to December 5, 2019. For further details on survey methodology, please contact a Broadridge media representative.

About Broadridge

Broadridge Financial Solutions, Inc. (NYSE: BR), a \$4 billion global Fintech leader, is a leading provider of investor communications and technology-driven solutions to banks, broker-dealers, asset and wealth managers and corporate issuers. Broadridge's infrastructure underpins proxy voting services for over 50 percent of public companies and mutual funds globally, and processes on average more than U.S.\$7 trillion in fixed income and equity securities trades per day. Broadridge is part of the S&P 500® Index and employs over 11,000 associates in 18 countries.

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