

The State of US Retail

Spring 2025 key trends in the US retail channels

Broadridge Data & Analytics

Empowering asset management distribution with unique analytics and actionable insights

Analytics Toolkits



PRODUCT & STRATEGY



OPPORTUNITY TARGETING



DISTRIBUTION INTELLIGENCE



FINANCE & OPERATIONS



MARKETING & BRAND

Key Questions

- What are the largest and fastest growing market segments?
- What product & pricing strategies are succeeding?
- Who are the key competitors in these segments?

- Which advisors should we target and how?
- Which of our products should we position and why?
- Which advisors need specialist coverage?

- What is our distributor and office-level market share and how is it changing over time?
- How effective is our distribution relative to peers?
- Where are we not winning our fair share?

- How are sales trending and how are team members performing?
- Are we compensating the team inline with our sales commission policy?
- Are we accurately managing distribution expenses?

- How is our brand viewed in the marketplace relative to competitors?
- Who's viewing our website and how can we translate to effective lead generation?

Broadridge Products

Global Market Intelligence

Global Demand Model

Global Pricing Intelligence

Advisor Seg & Scoring

Opportunity Hunter

Signals & Ticker Intent

Market Analytics

Mutual Funds

Closed-End Funds

ETFs

Model Portfolios

Equity SMAs

Sales Analytics

Intermediary Oversight

Wholesaler Compensation

Fund Buyer Focus

FB50

IP Match

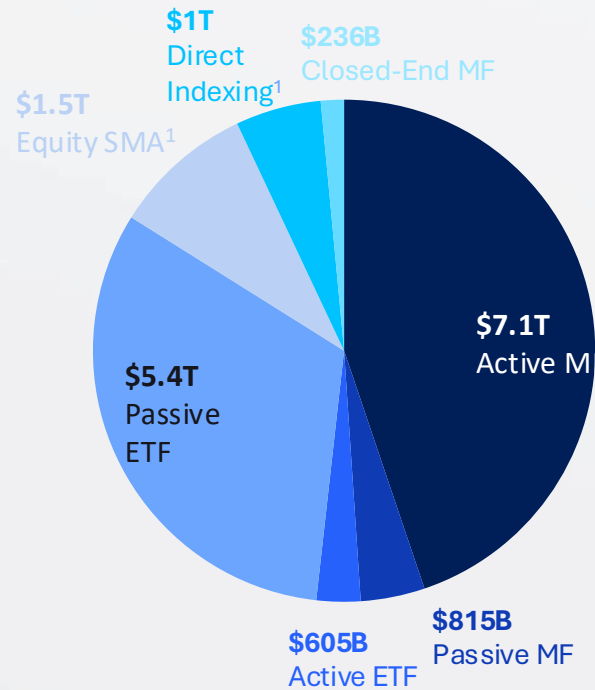
What's behind today's numbers

Broadridge conducts qualitative and quantitative research throughout the year

OUR RETAIL ASSET COVERAGE

\$16.6T

Assets tracked across mutual funds, ETFs, equity SMAs, and direct indexing as of year-end 2024



TRENDED ADVISOR AND INVESTOR SURVEYS

1,000+

Financial advisors surveyed each year across all retail channel

2,000+

Investors surveyed each year

TRENDED

Broadridge has been surveying advisors and investors for 3+ years to establish trended data across key questions

REPRESENTATIVE

Advisors surveyed are a representative sample of the intermediated marketplace across the wirehouse, broker dealer, and RIA channels

UNBIASED

Our tenured team of survey design and fielding experts aims to minimize bias through utilization of industry best practices

TIMELY

Conducting multiple surveys each year ensures that we keep our finger on the pulse of advisor and investor sentiment

¹Estimates based on equities holdings in accounts with 15+ equities, assets greater than \$250k, and no single equity making up more than 10% of equity assets

Spring 2025 Key Trends

Secular forces continue to drive change across the distribution ecosystem



Active ETFs continue to gain assets and advisor mindshare, though a rising tide will not lift all boats

- Vehicle allocations differ dramatically across channels
- 43% of advisors believe that most (if not all) of their MF business will be replaced by ETFs
- Achieving escape velocity (\$100M AUM) in year 1 is critical to future success



Alternative demand remains strong, but propensity varies significantly across markets

- Demand is spread across a large swath of strategies
- Advisors cite client suitability, education, and ease of implementation as primary challenges to using Alts
- Profiling and identifying individual buying unit propensity is key



Advisor teaming continues to be a critical distribution challenge for managers

- 60% of Teams take a hybrid approach to managing client assets
- Asset manager relationships tend to be with multiple team members vs. a single dedicated point of contact
- Engagement and tailored communication most frequently cited as opportunities for managers



Advisor appetite for engagement with new asset managers is historically difficult

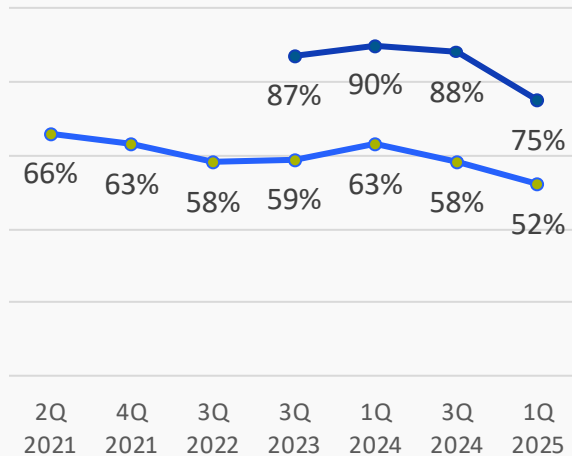
- Asset concentration remains high – 52% of AUM is held with an advisors' top 3 asset managers
- On average advisors have only added 2 new asset managers in the last two years, with 24% of advisors adding none
- Product content tailored to an advisor's practice is key in breaking through

Advisor confidence experienced precipitous declines in early 2025

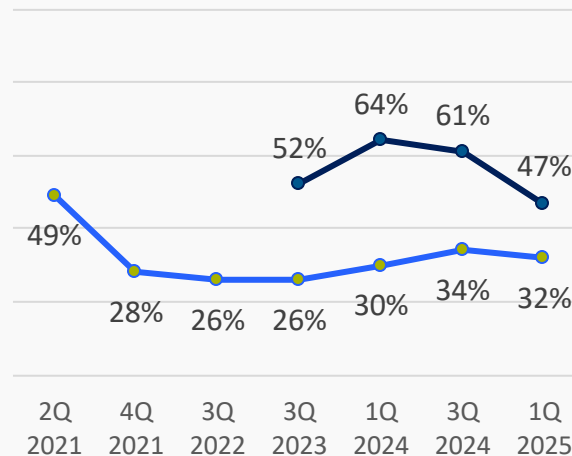
Both Advisor and Investor confidence declined this period with advisor confidence collapsing in key areas

Outlook 12 Months from Now % Very/Somewhat Positive (T2B) Trends

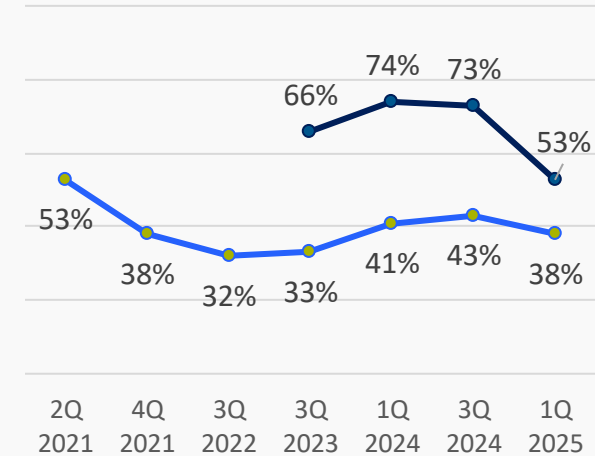
Advisors: Your Practice's Revenue
Investors: Your Personal Finances



The U.S. Economy



The U.S. Stock Market



45% of Investors feel more anxious about their finances as compared to two years ago

S&P hit a 2025 high on Feb-19th before reversing course and falling 10% by Mar-13th

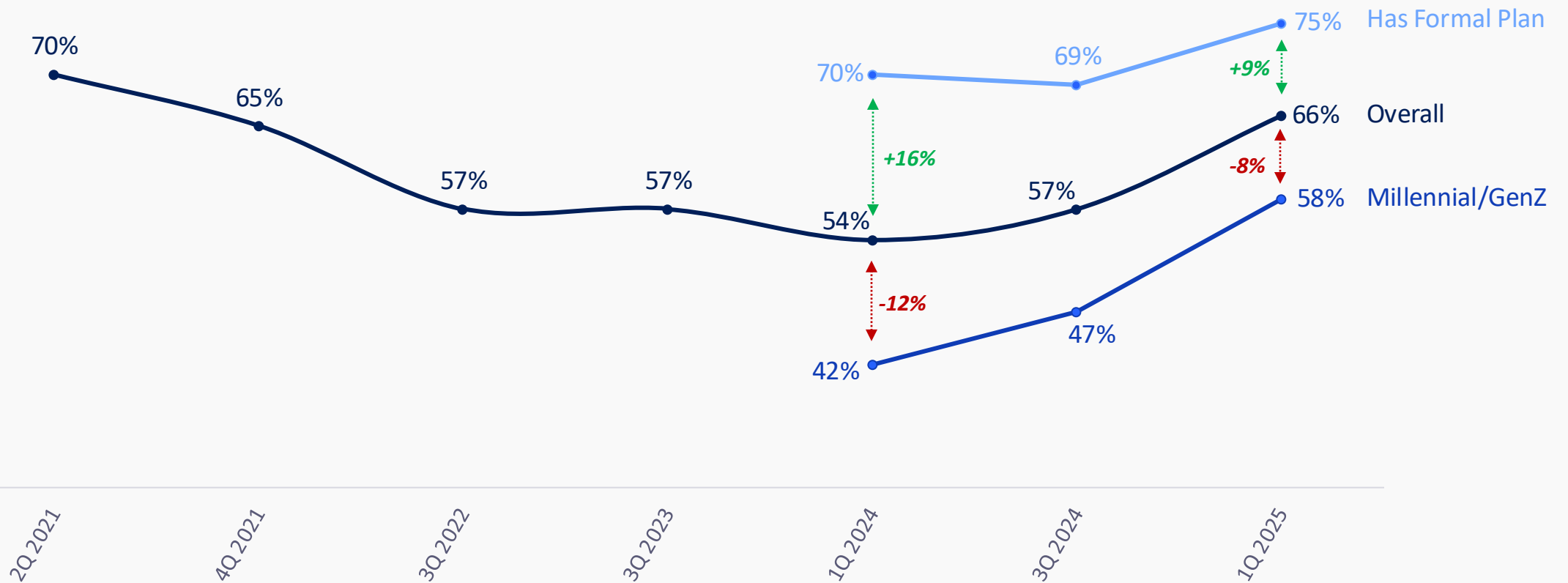
■ Advisors ■ Investors

Despite declining confidence Investor satisfaction with their advisors spiked

Younger Investors experienced the largest increases in advisor satisfaction over the past 18 months

Percent of Investors “Very Satisfied” with Financial Advisor

Base: Has a financial advisor



Q14. Overall, how satisfied are you with your financial advisor? Base: Has a financial advisor (N=640)

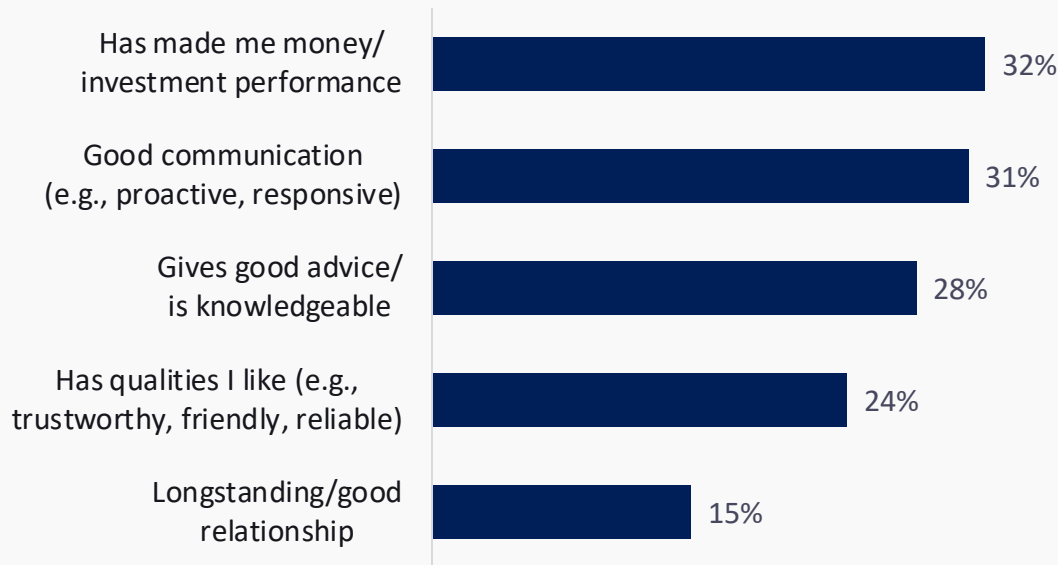
Source: Q1 2025 Investor Survey

Communication is a key driver of satisfaction

While satisfaction is multifaceted, dissatisfaction seems to be largely driven by communication gaps

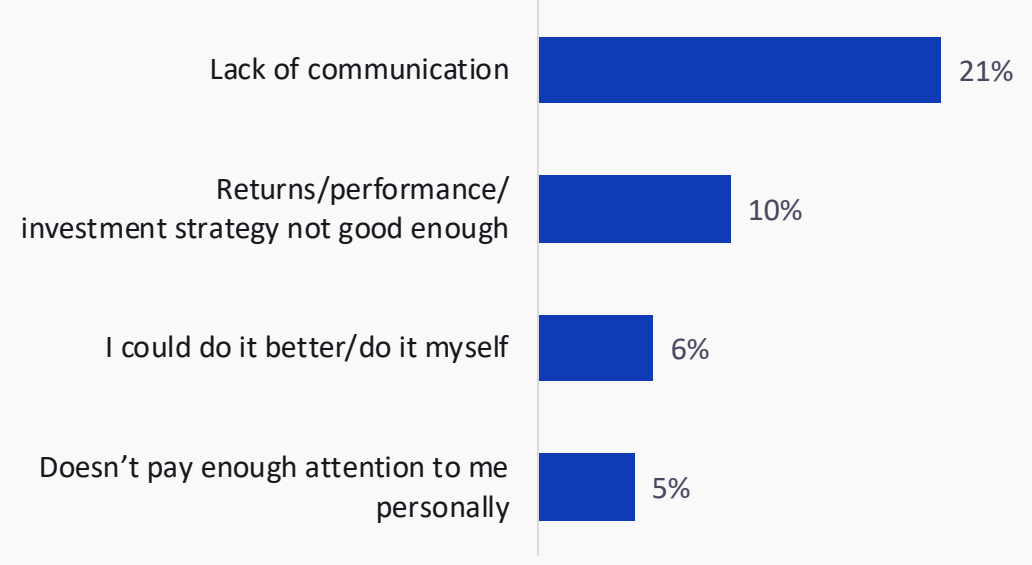
Reasons for “Very Satisfied”

% of respondents (coded open-end responses)
Base: “Very Satisfied” with FA (N=421)



Reasons for Less Than “Very Satisfied”

% of respondents (coded open-end responses)
Base: Less than “Very Satisfied” with FA (N=219)



“She actively reaches out to me to go over my portfolio or when she notices I haven't met with her in a while.”

-Millennial, HNW

“He has developed a very comprehensive financial plan for us for retirement and we are happy with the return on investment.”

-Gen X, HNW

“Good communication and I can contact them by phone, text or email. They invest in many different ways, not just stocks.”

-Boomer, Mass Affluent

“I am satisfied with my portfolio, but I want him to check in with me more frequently with detailed updates.”

-Millennial, Mass Market

“My FA retired and I don't care for his replacement. He is not as involved and doesn't communicate well.”

-Boomer, Mass Affluent

“They are very passive. They don't really care about my needs. I could take it or leave it with their service.”

-Millennial, Mass Affluent

Q15. What are the main reasons you are [SATISFACTION RESPONSE] with your financial advisor? Base: Has a financial advisor (N=640)

Source: Q1 2025 Investor Survey

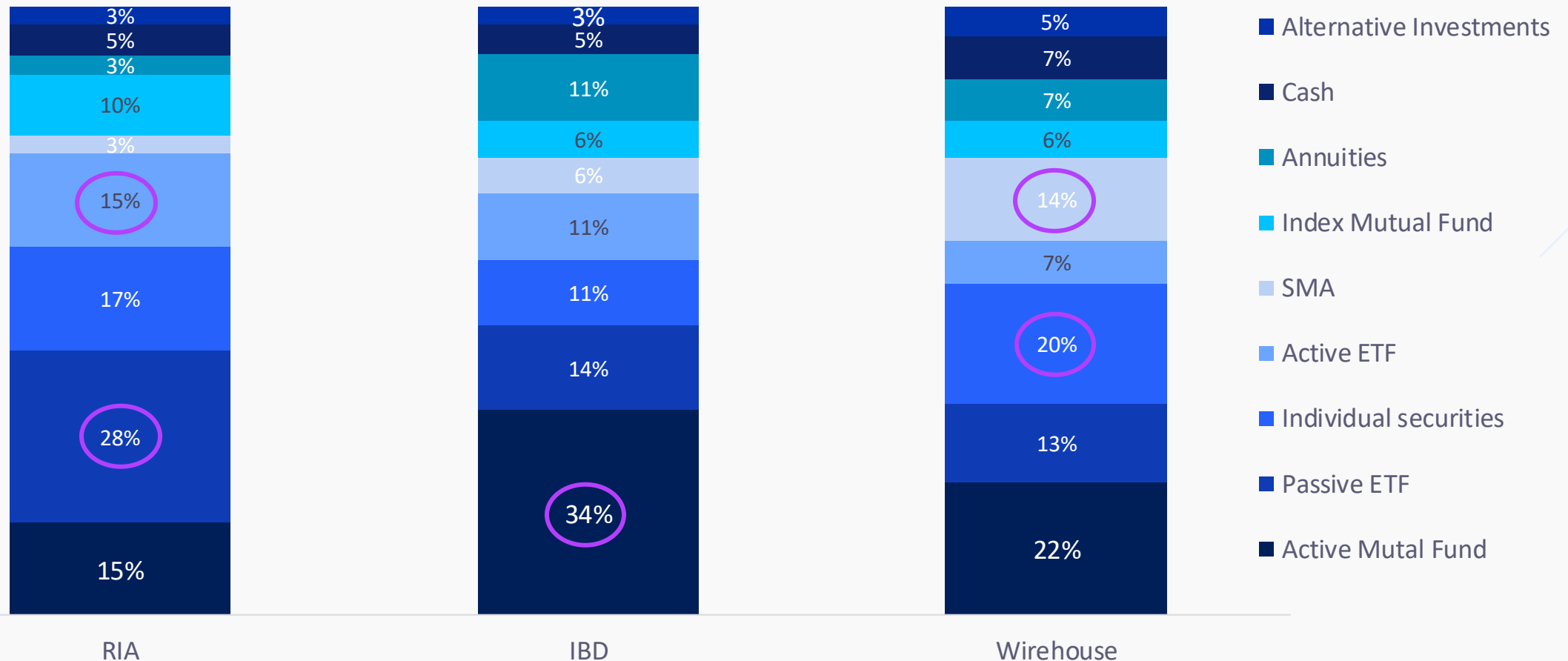
Section I **Product Allocations**

Section II **Distribution Trends**

Vehicle allocations differ dramatically across channels

IBD advisors still average 34% in active mutual funds (#1) vs. only 15% in amount RIAs (#4)

Average % of Advisors' AUM in Product Categories



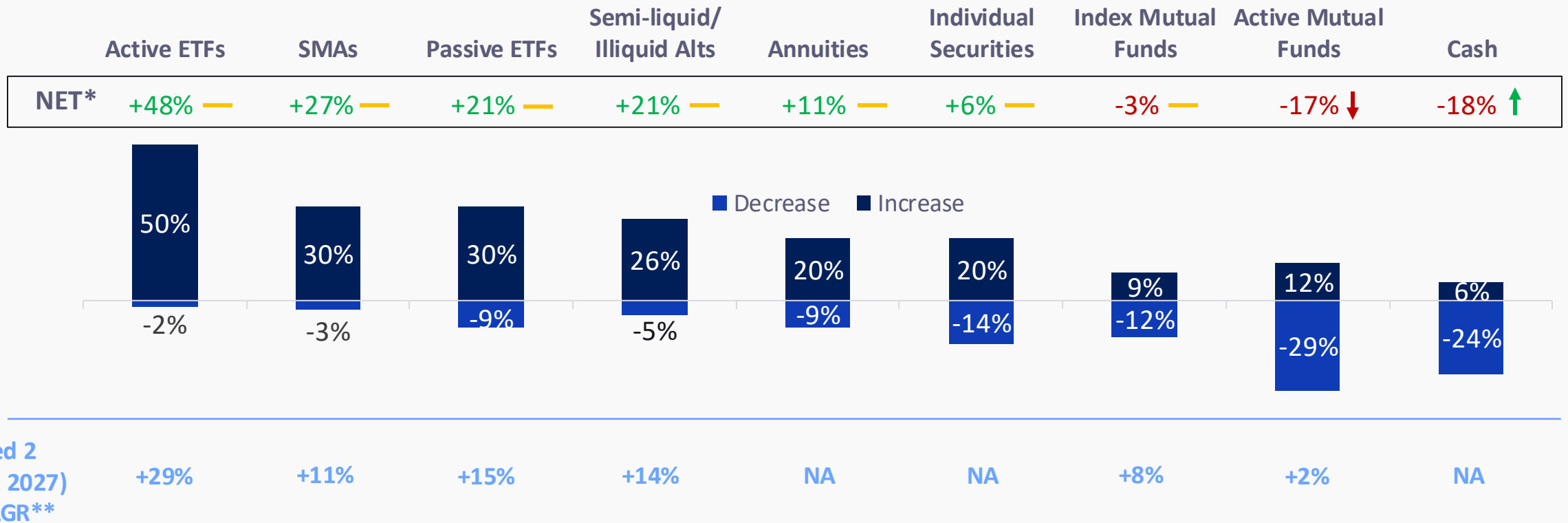
QS4: As best you can estimate, what percent of your AUM is in each of the following product categories? N = 425

Source: Q1 2025 Advisor Survey

Advisor sentiment continues to shift away from mutual funds

Demand for US mutual funds is cooling vis-à-vis more efficient and customizable delivery methods

Net Expected Change in Product Allocations Over Next 2 Years



* NET: % planning to increase minus % planning to decrease

Q1: Looking ahead over the next two years, how do you expect your allocations to the product categories below to change, if at all? N = 425

**Source: Broadridge Global Demand Model

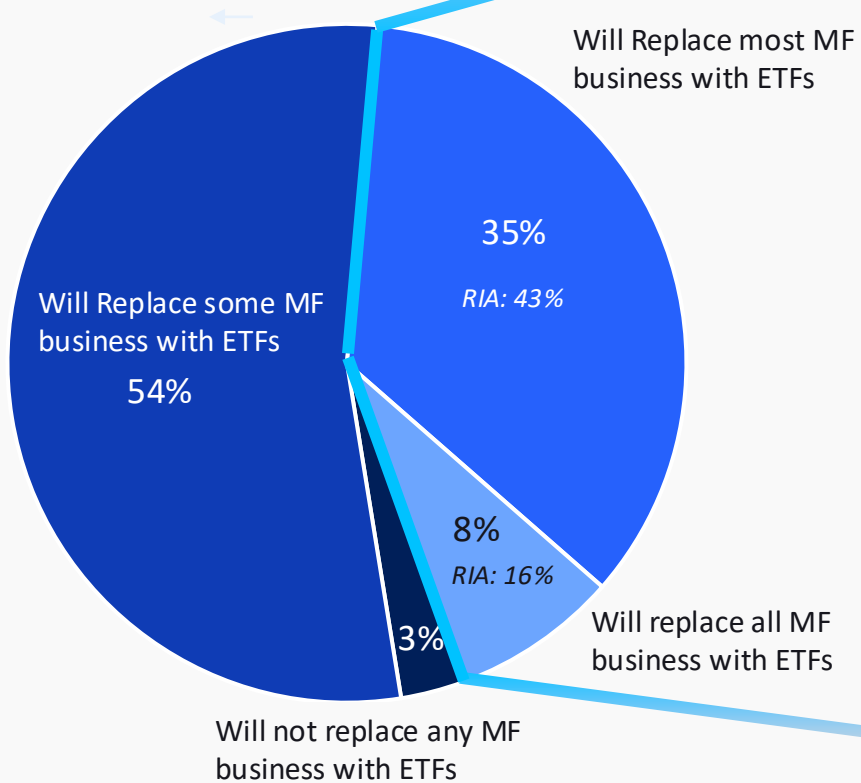
Source: Q1 2025 Advisor Survey

Growth in ETFs is being fueled by mutual fund replacement

43% of advisors believe that most (if not all) of their mutual fund business will be replaced by ETFs

Expected Shift in Mutual Funds and ETF Use Over Time

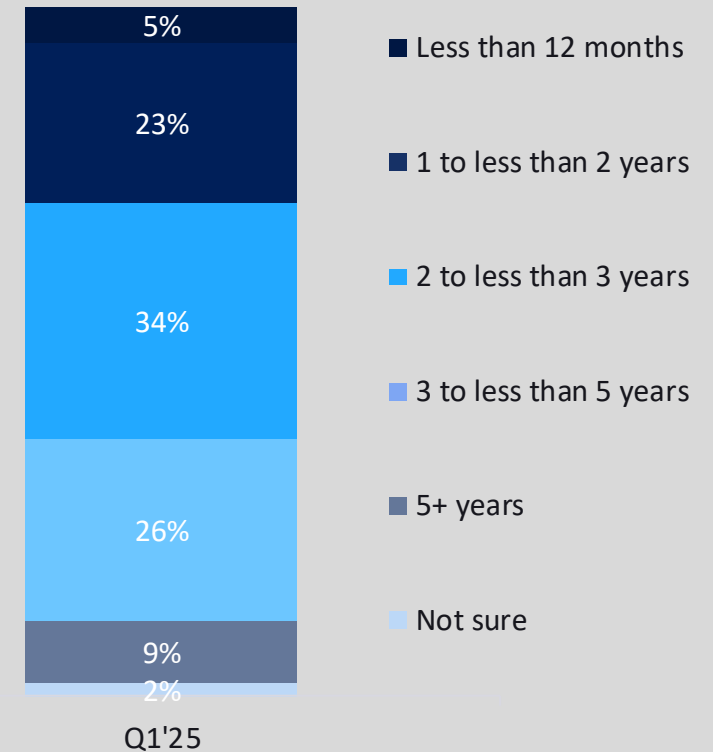
Base: Use active ETFs or do not use but plan to (82% of FAs)



Expected Time to Transition Mutual Fund Business to ETFs

Base: Expect to replace all/most MF business with ETFs (43% of FAs)

Mean:
2.9 years



N4: Over time, how do you expect your use of mutual funds and ETFs to shift? Base: Use active ETFs or do not use but plan to (N = 349)

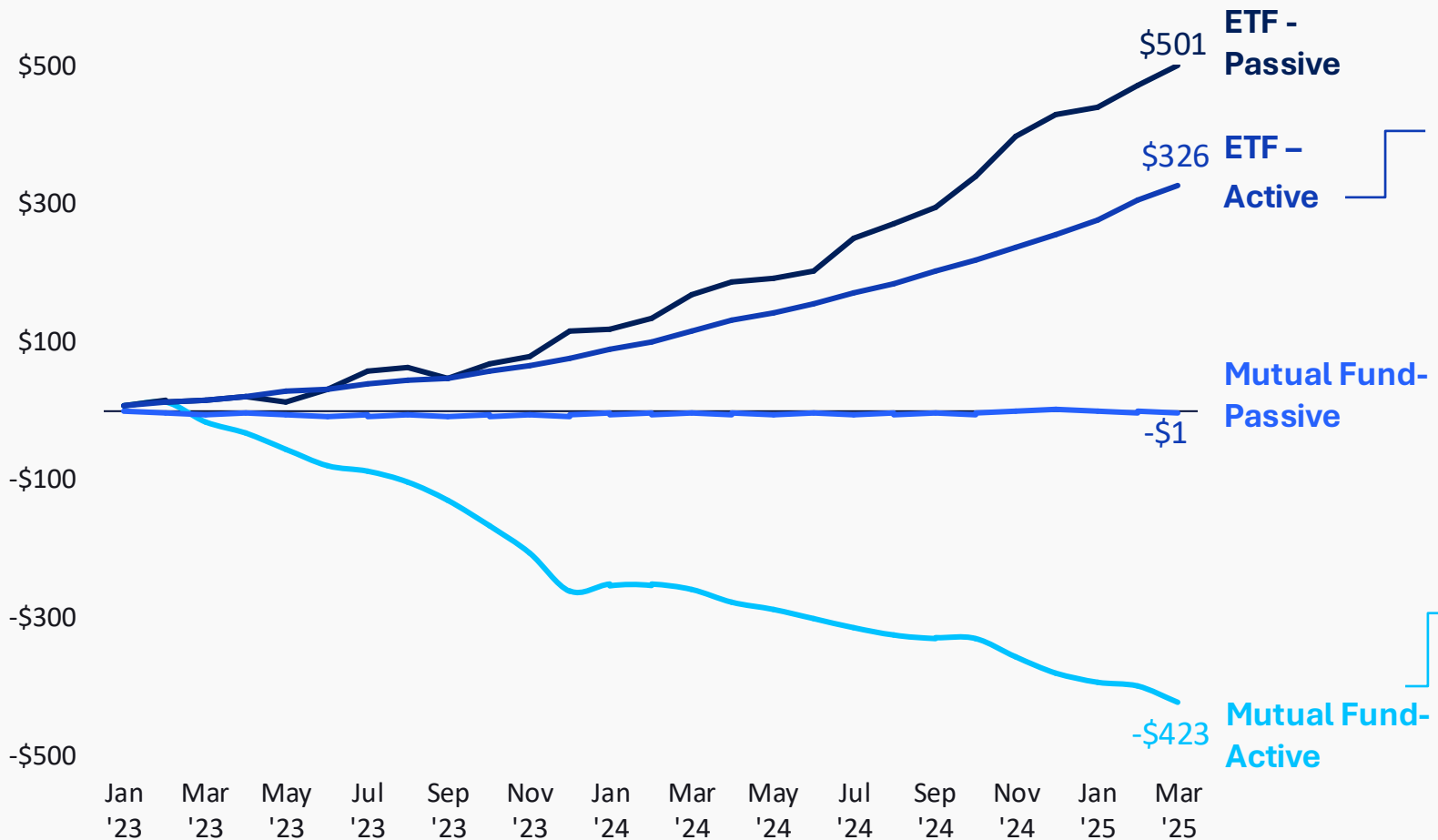
N5: About how long do you expect this transition will take? Base: Expect to replace all/most MF business with ETFs (N = 149)

Source: Q1 2025 Advisor Survey

Active ETF growth continues to accelerate through Q1 2025...

Growth is broad, coming from thematic trades as well as traditional categories

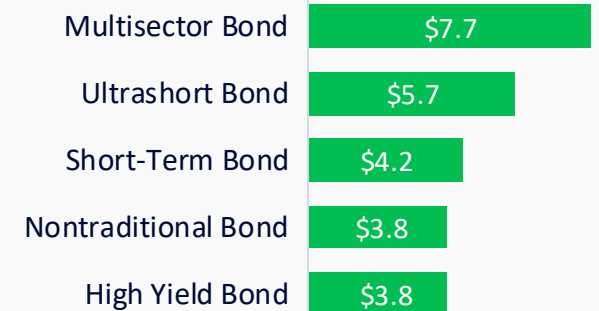
Cumulative Net Flows by Vehicle/Strategy (\$B)



Mar '25 YTD Active ETF Net Inflows (\$B): Top 5 Categories



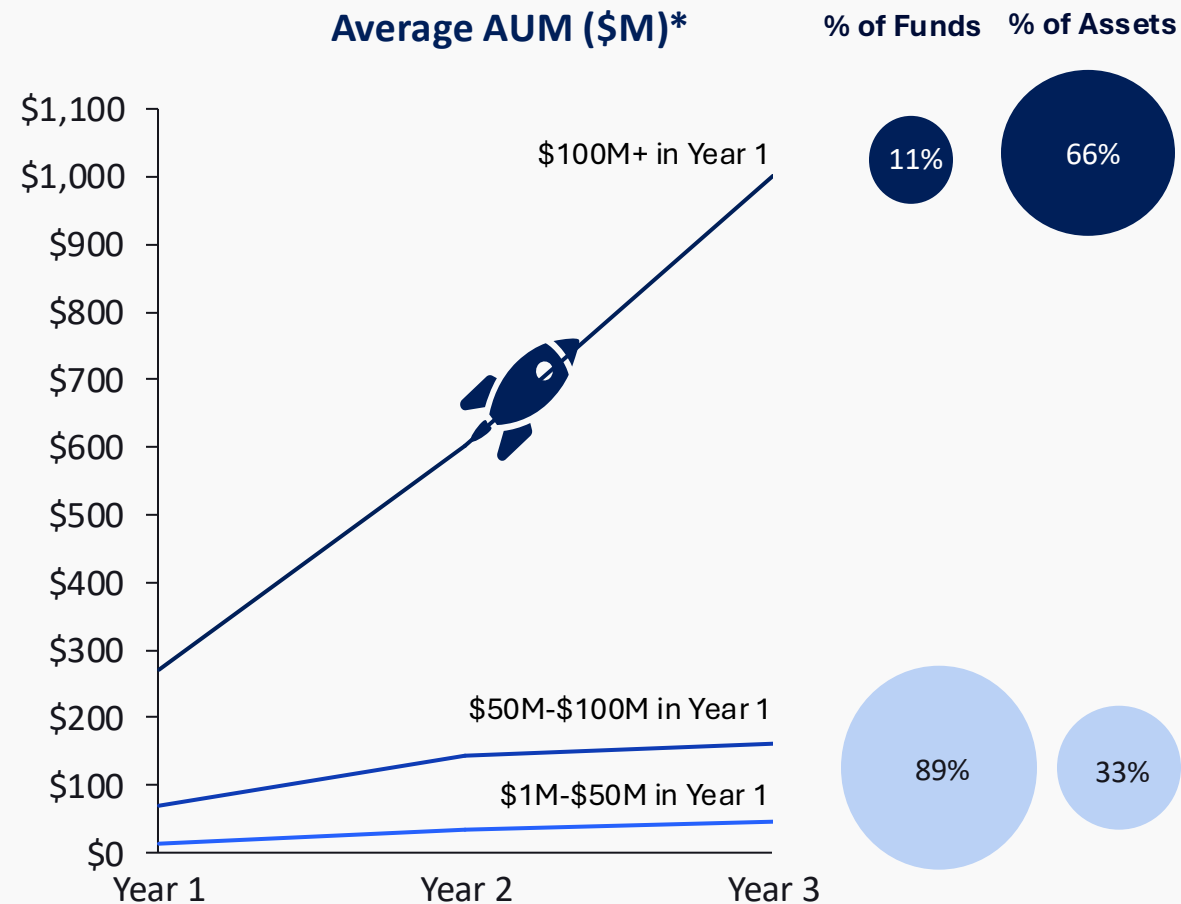
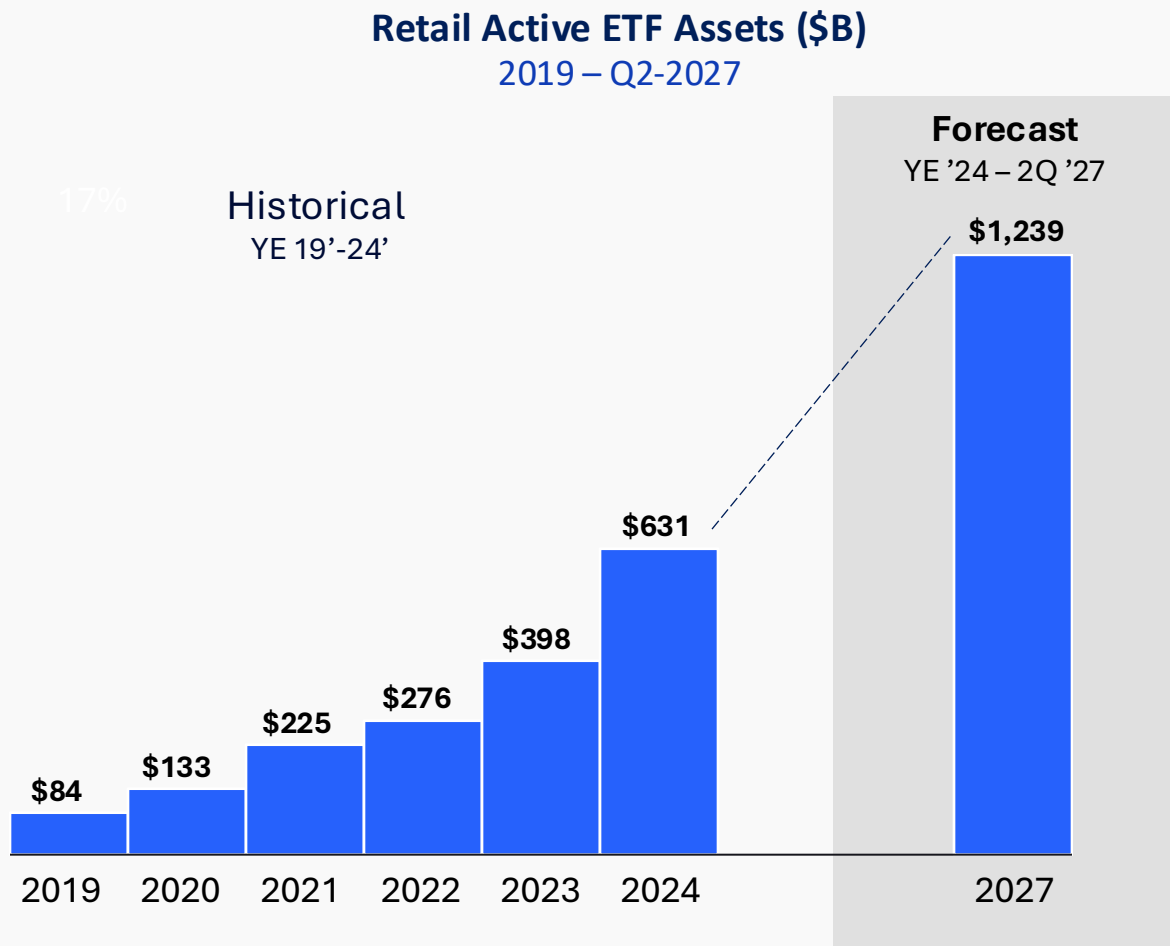
Mar '25 YTD Active Mutual Fund Net Inflows (\$B): Top 5 Categories



Source: Broadridge Global Market Intelligence, Funds Americas (Wirehouse, BD, and RIA)

...with further growth forecast for the foreseeable future

Although growth is highly concentrated in funds that reach 'escape velocity' in their first year



*Based on time from Active ETF launch. Includes Active ETFs with a full 3 years since launch only (814 ETFs).

Source: Broadridge Global Market Intelligence, Funds Americas (Wirehouse, BD, and RIA). Broadridge Global Demand Model

Keys to a successful active ETF launch

What can we learn from those funds that reach 'escape velocity' to date?

Go with the Flow: Be aware of barriers to entry and follow the opportunity

Success hinges on robust distribution, particularly within Registered Investment Advisor (RIA) channels, which account for the majority of active ETF assets. Managers must align with the right distributors and tailor outreach to platform-specific dynamics, recognizing that entry barriers are higher in broker-dealer and wirehouse channels.

Pick a Lane: Understand the factors that have driven successful Active ETF Launches

Leading managers have thrived by leveraging one or more of the following: unique investment strategies (e.g., innovation, income), proprietary distribution channels and strong brand identity. While hitting on all three is unlikely, identifying and doubling down on one's inherent strengths is essential.

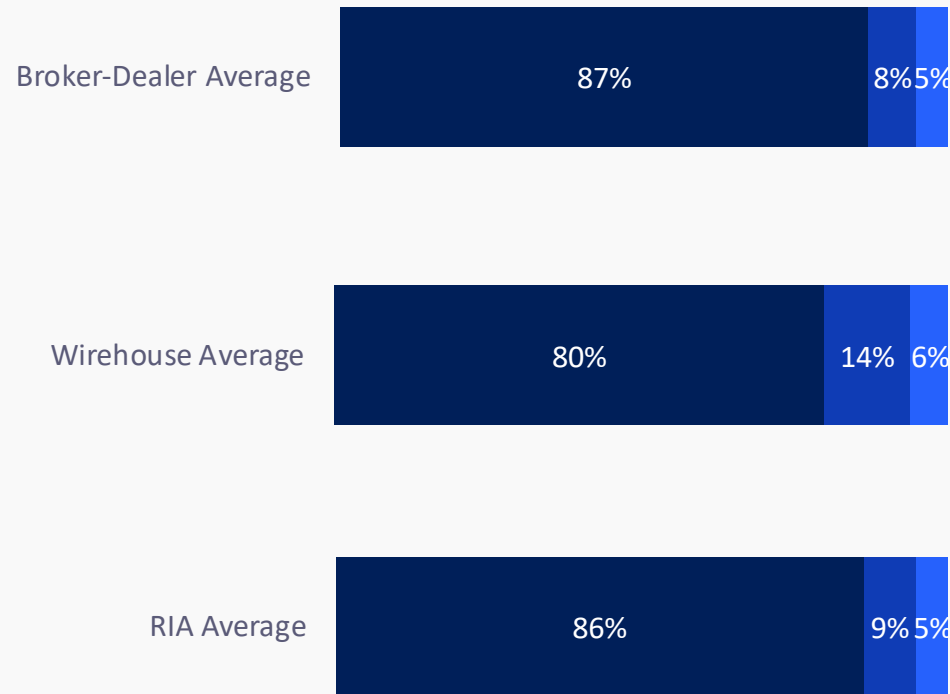
Less is More: Leverage data to identify advisors most likely to help achieve scale quickly

Focused engagement with high-potential advisors who already use active ETFs significantly improves conversion and gross sales. By prioritizing advisor scoring and segmentation, managers can better allocate resources and boost early momentum.

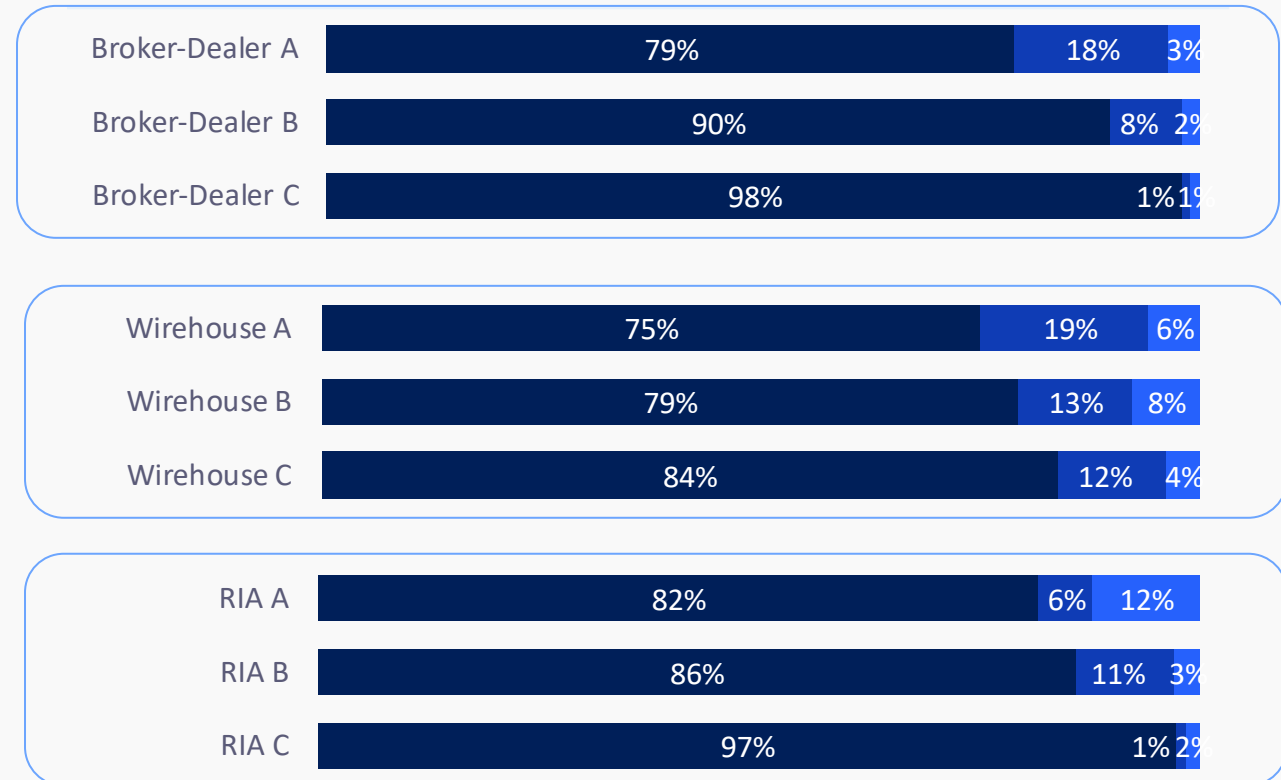
SMA's represent the second largest growth opportunity in the retail channels...

Firm usage of both equity managed accounts and direct indexing varies dramatically

Percentage of Assets by Product for Retail Channels



Percentage of Assets by Product for Select Distributors



Mutual Funds & ETFs
 Equity SMA*
 Direct Indexing*

*Estimates based on equities holdings in accounts with 15+ equities, assets greater than \$250k, and no single equity making up more than 10% of equity assets

...but challenges to further adoption remain

Tax efficiency and quality of investment management are key drivers of continued growth

Main Reasons FAs Use SMAs

Base: Use SMAs (48% of FAs)



N1: What are the main reasons that you use SMAs? Rank your top 3. Base: Use SMAs (N = 203)

Main Reasons FAs Do Not Use SMAs

Base: Do not use SMAs (52% of FAs)



N2: What are the main reasons you do not use SMAs? Base: Do not use SMAs (N = 222)

Source: Q1 2025 Advisor Survey

Demand for alternatives is spread across a broad swath of strategies

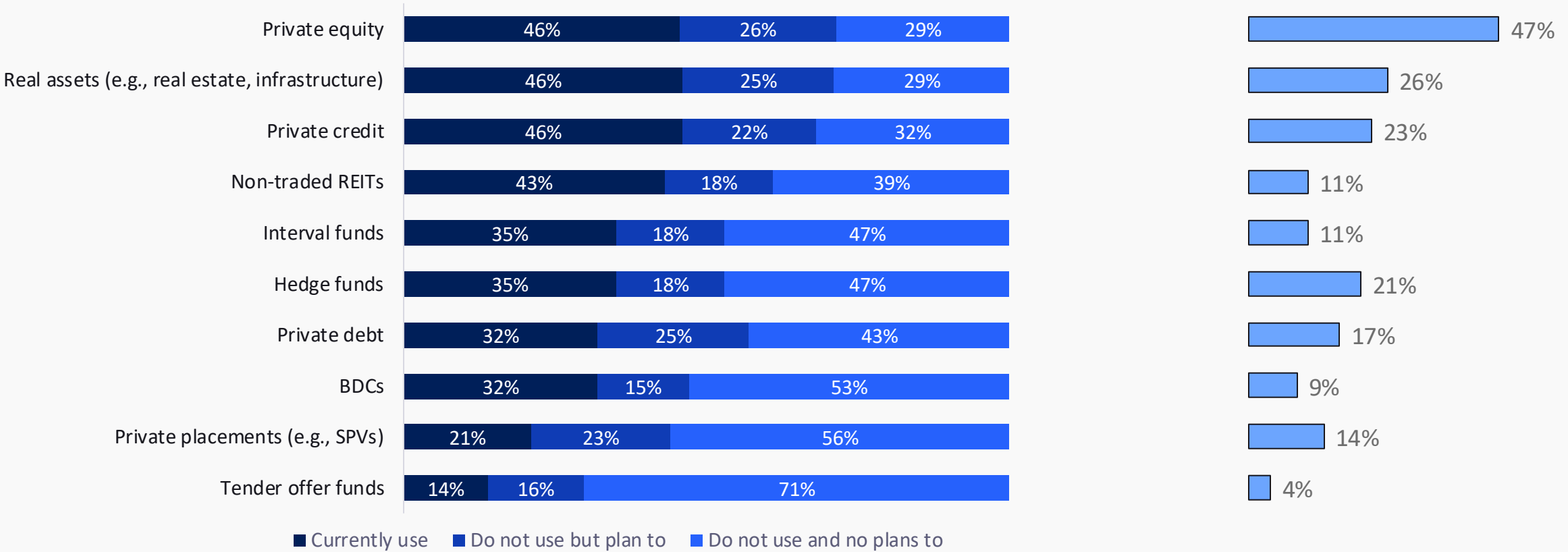
Despite recent launches, retail advisors continue to demand expanded product choice in key strategies

Use of Alternative Investment Products

Base: Use alts or do not use but plan to (51% of FAs)

Alternative Investment Categories with more demand for Product Choice/Availability

Base: Use alts or do not use but plan to (51% of FAs)



N7: Which of the following semi-liquid / illiquid alternative investment products do you [IF USE ALTS: currently use or] plan to use? Base: Use alts or do not use but plan to (N = 217)

N8: For which of the alternative investment categories below do you wish there was greater product choice/availability? Base: Use alts or do not use but plan to (N = 217)

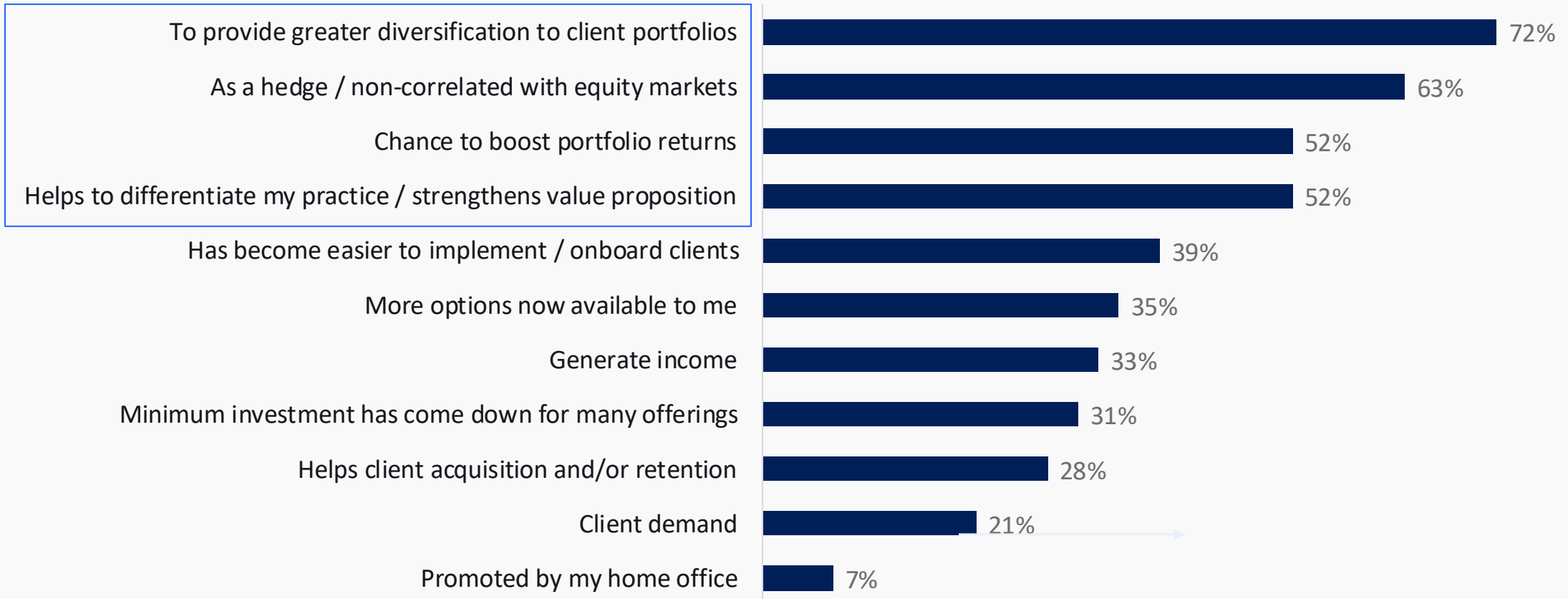
Source: Q1 2025 Advisor Survey

Growth in alternatives is largely being driven by portfolio diversification...

Only 21% of advisors say that they're increasing alternative allocation due to client demand

Reasons FA Pls to Increase Allocations to Alternative Investments

Base: Plan to increase allocations to semi-liquid and/or illiquid alts (26% of FAs)



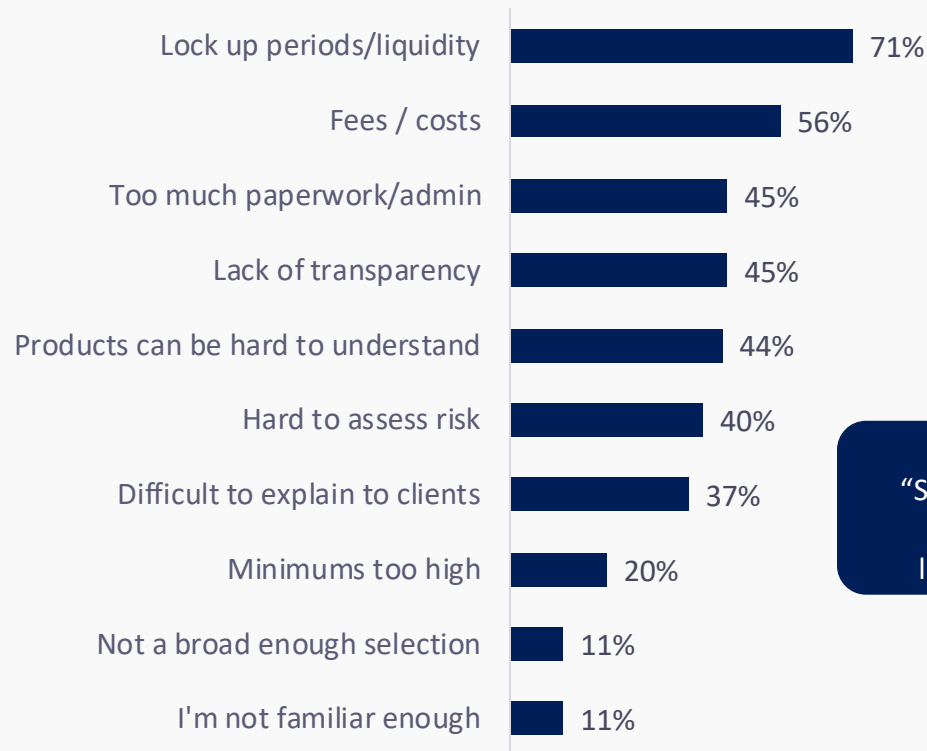
...however significant headwinds remain to continued alternatives growth

Lack of investor education, lockup periods, and high fees are noted as key challenges

Advisors

Challenges in Using, Evaluating or Selecting Alternative Investments

Base: Use semi-liquid and/or illiquid alts or do not use but plan to (51% of FAs)

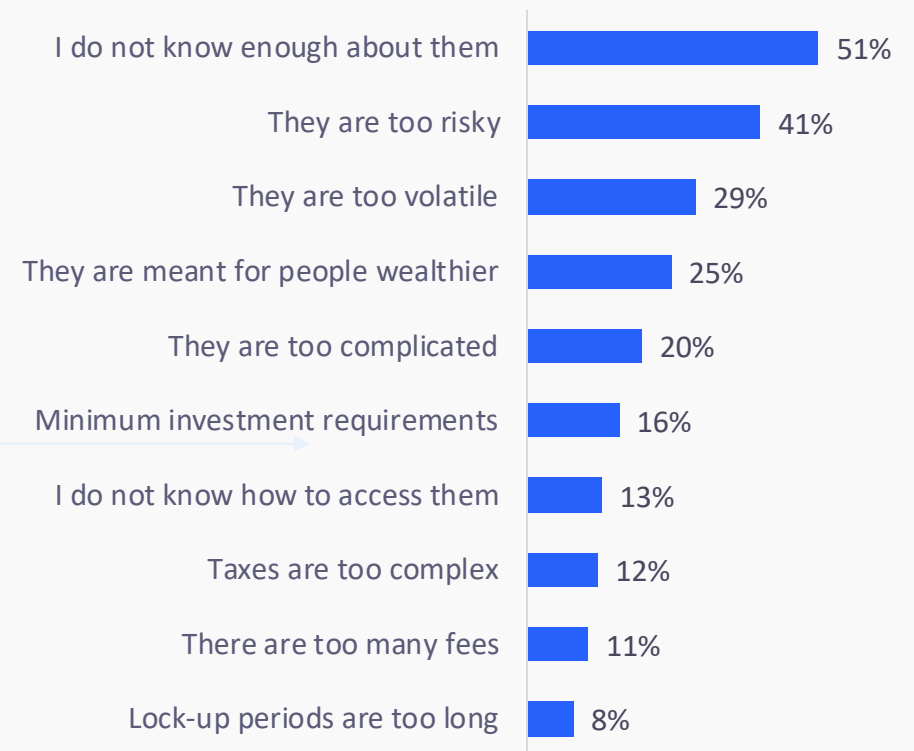


45% of advisors "Strongly Agree" that their clients have limited knowledge

Investors

Reasons For Not Investing In Alternative Investments

Base: Aware of alts but do not invest in alts



N12: What are the challenges in using, evaluating or selecting alternative investments (semi-liquid or illiquid)? Base: Use semi-liquid and/or illiquid alts or do not use but plan to (N = 217)

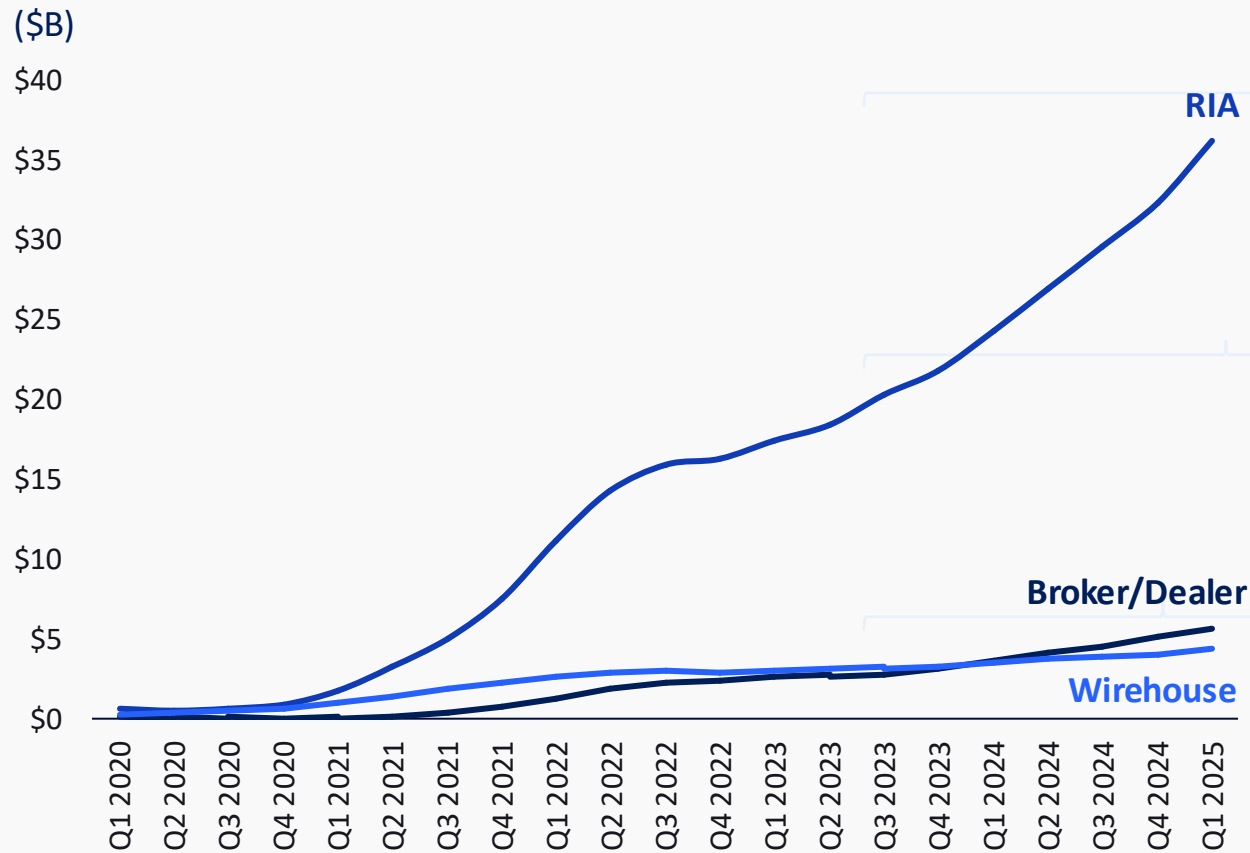
Q40. [NEW IN W7] Which of the following are reasons why you do not currently hold alternative investments in your portfolio? Base: Aware of alts but do not invest in alts (N=830)

Source: Q1 2025 Advisor Survey

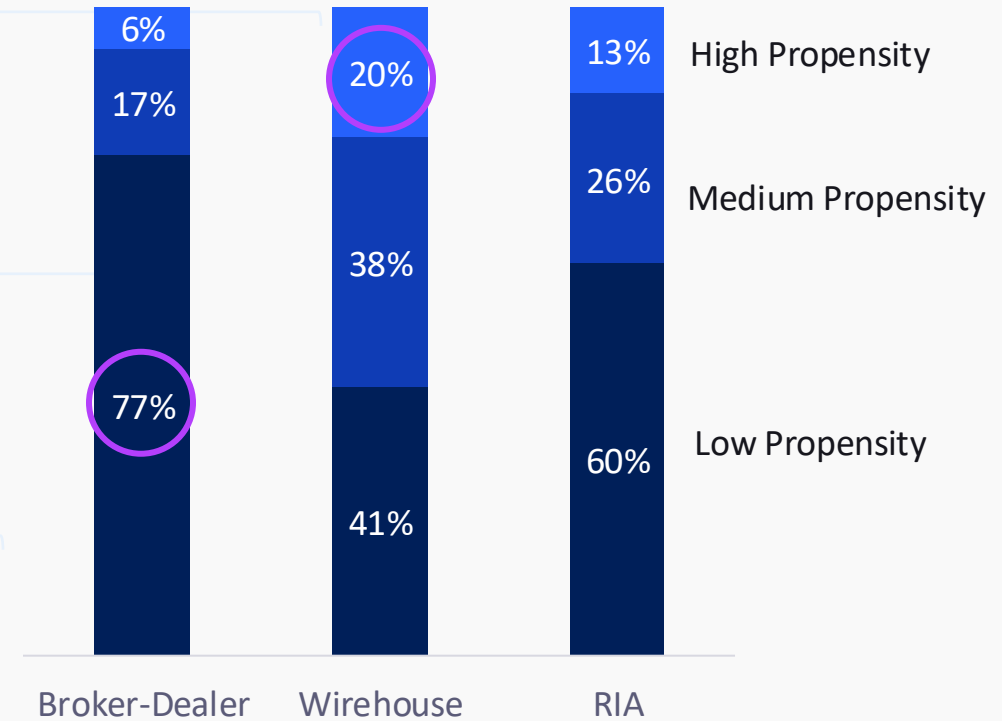
Alternatives growth and propensity varies significantly by channel

Firm and buying unit segmentation is more important than ever given the top-heavy alternatives propensity

Interval Fund Historical Cumulative Net Flows by Channel



Percent of Buying Unit Population based on Propensity to do Alternatives Business*



Source: Broadridge GMI and Data & Analytics

*Based on average account size, % of larger accounts and estimated use of Equity SMAs. Excludes buying units with no propensity

Section I Product Allocations

Section II Distribution Trends

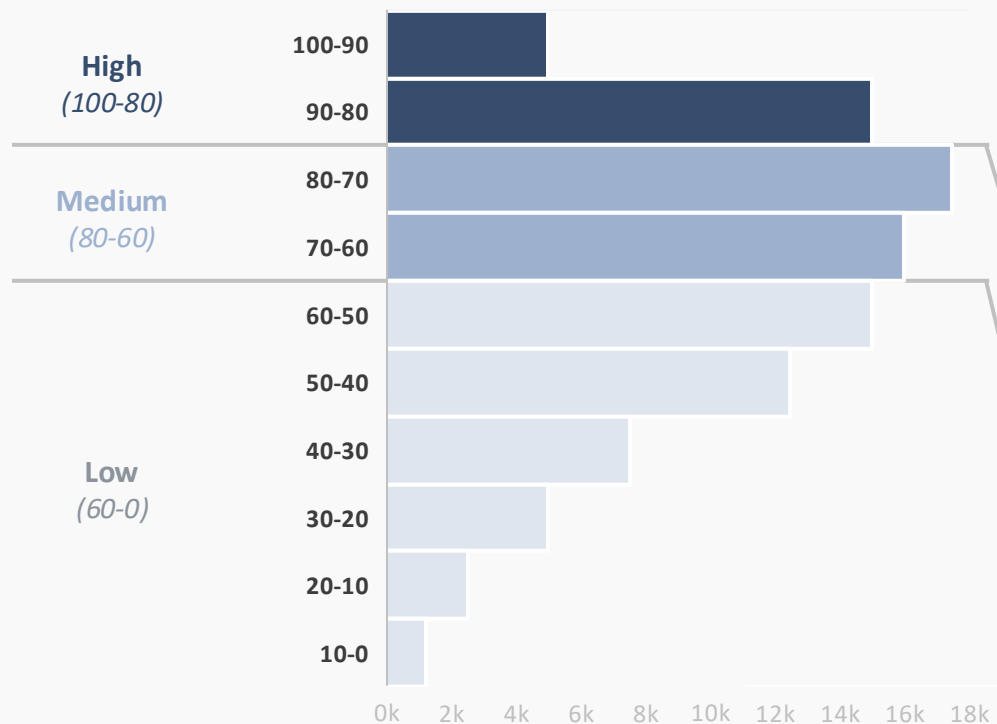
Evolving asset manager coverage models

As margins compress and expectations grow, managers are looking to improve distribution efficiency

Distribution of asset opportunity across buying units

By decile of buying unit overall scores (generic value and influenceability)

Score segments Number of Buying Units per segment



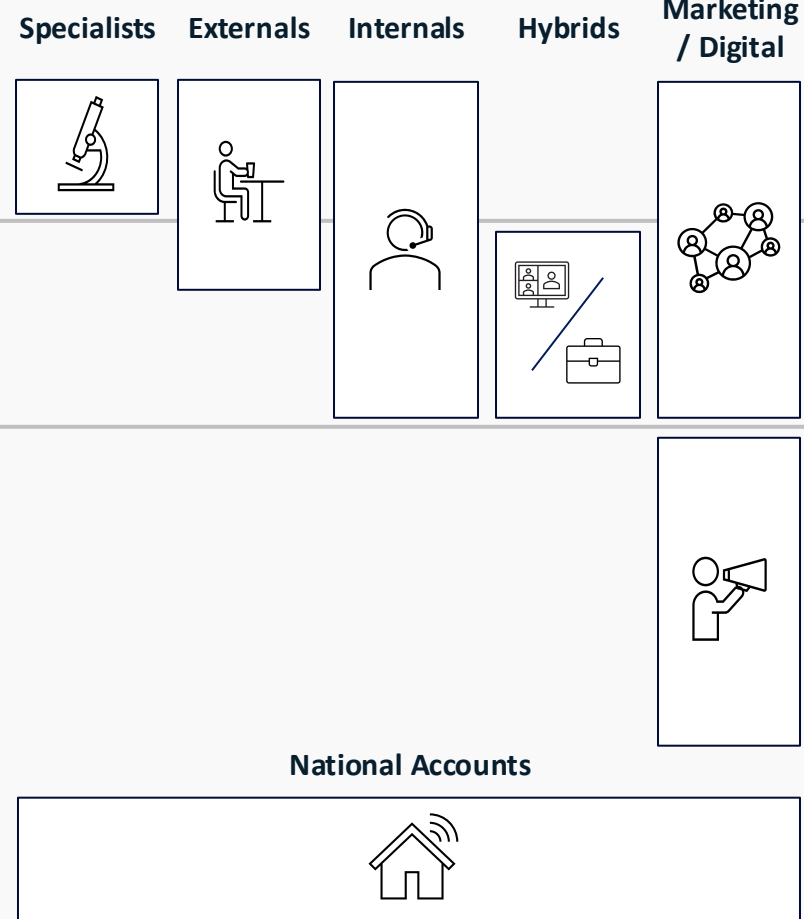
% of Priority AUM



% of Buying units



Coverage



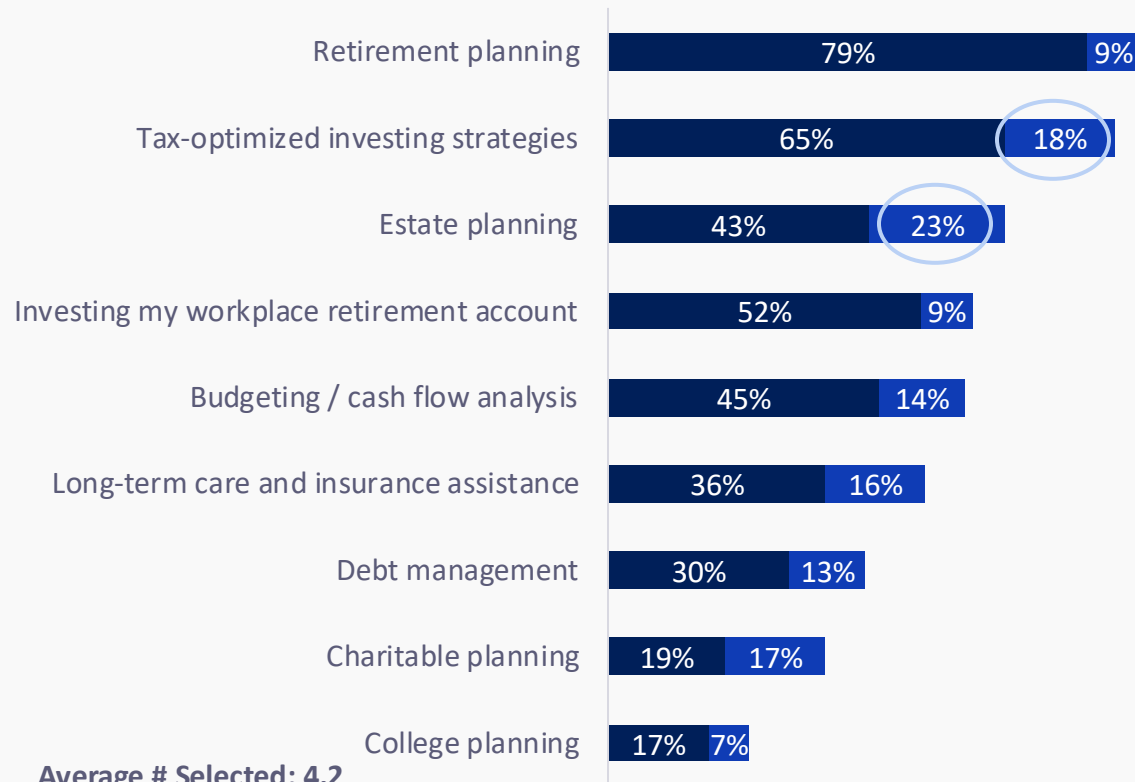
Tax optimization and estate planning remain critical advice gaps

23% of investors with an FA that want advice on estate planning are not receiving it today

Top categories of advice and guidance for investors

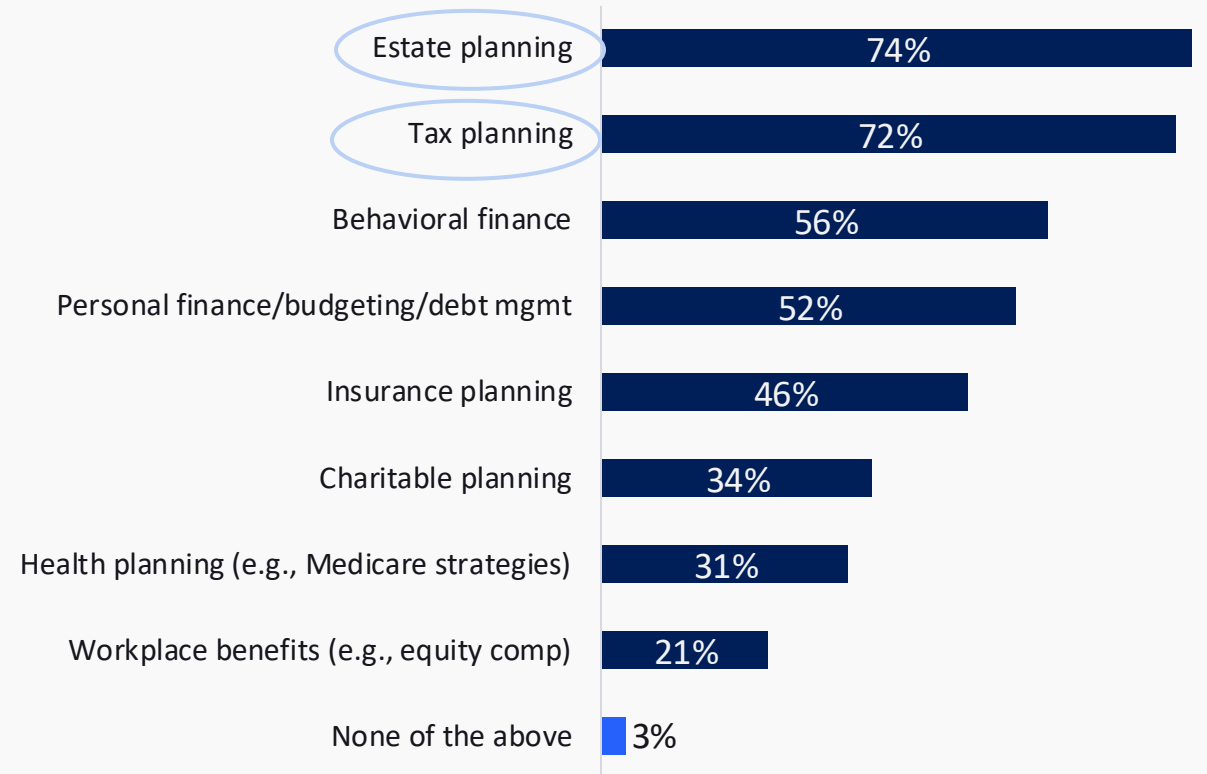
Base: Has a financial advisor

■ Yes, Receive Advice ■ No, but would like them to



Q17. In which of the following areas does your financial advisor or someone in your financial advisor's office provide you with advice and guidance? (Base: Has a financial advisor (N=640))

Areas where advisors think it will be critical to have strong expertise/capabilities



N21: Looking ahead for your practice, in which of the following areas do you believe it will be critical to have strong expertise/capabilities? Base: Total (N = 425)

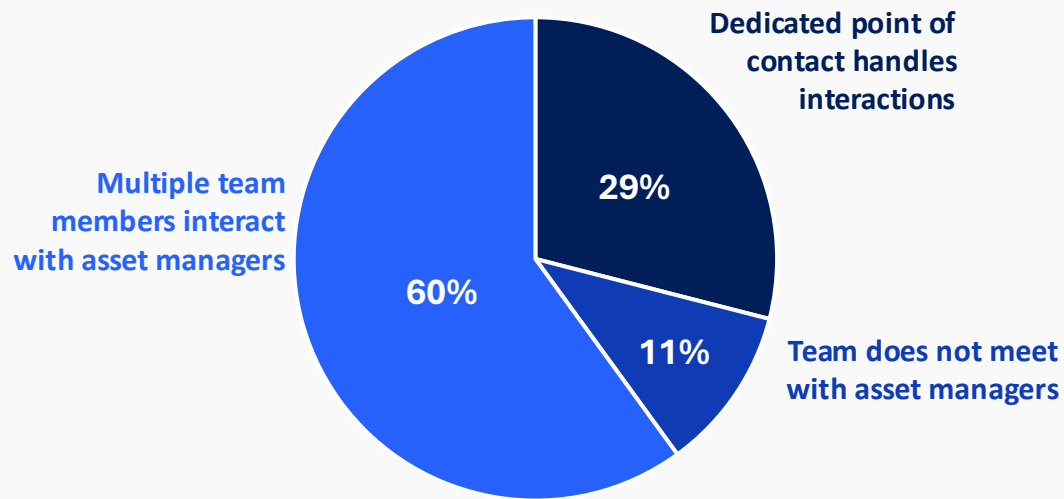
Source: Q1 2025 Advisor Survey

Advisor teaming continues to be a critical distribution challenge for managers

60% of teamed advisors say that they have multiple team members regularly meet with asset managers

Team practices have **5 advisors** on average
89% of teams still meet with asset managers

Asset manager relationships tend to be with **multiple team members**, not a dedicated point of contact



60% of Teams take a **hybrid approach** to how they manage client assets

Exclusively manage assets collectively as a team:	29%
Exclusively manage assets by individual advisors:	11%
Mix of both:	60%

According to FAs, managers can best service teams by focusing on: **Engagement and Communication** (e.g., provide updates as needed, concise/easy to read formats, customization, relationship development)



Need to be in contact. Help us understand where their product belongs in our portfolios. -IBD, \$100M < \$200M AUM

Just keep in touch and make us aware of anything major going on at their firms. - Wirehouse, \$500M+ AUM



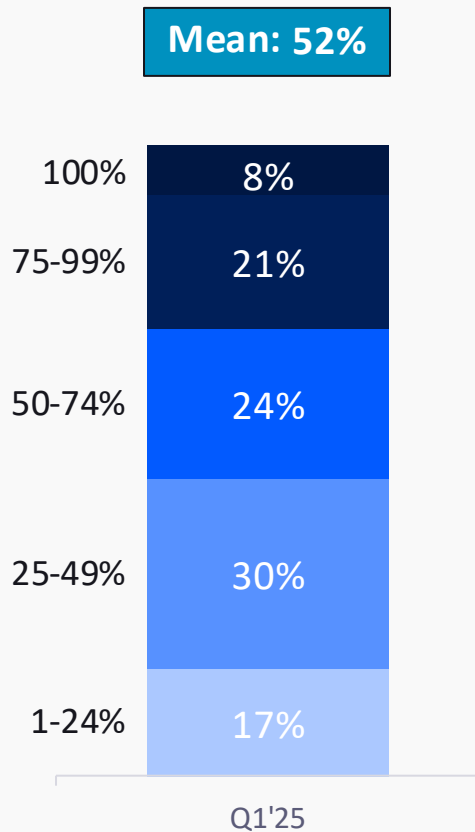
Q22: Including you, how many financial advisors are part of your team?
QN17: What statement below best describes your team's approach to meeting with asset managers?
QN19: Approximately what percentage of the practice's AUM is managed collectively by the team vs. by individual advisors? - Mean % Summary

Source: Q1 2025 Advisor Survey

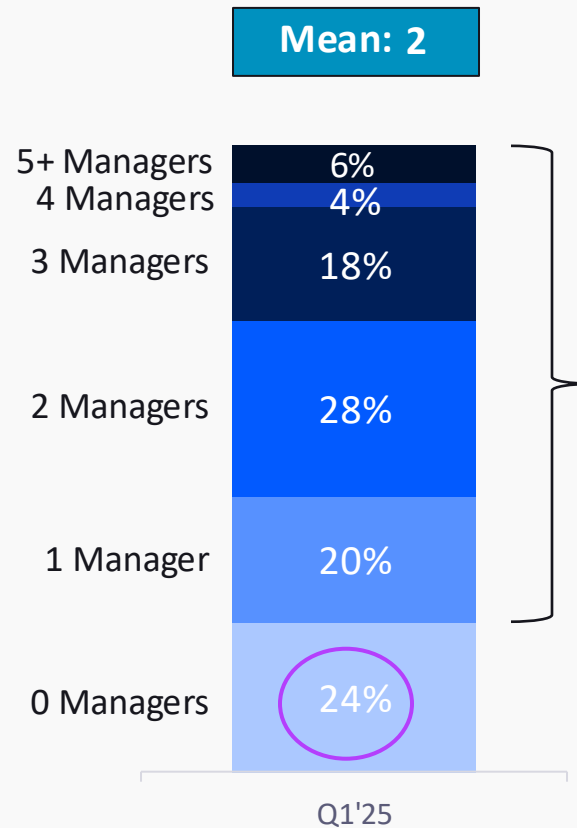
Asset concentration makes it harder than ever to break through to prospects

44% of advisors have added 1 or fewer new asset managers to their portfolio over the past two years

% of AUM Held with Top Three Asset Managers



of New Asset Managers Added in Past Two Years



% of advisors that meet with 5 or fewer managers regularly

Base: Have added 1+ new asset manager in the past 2 years

RIA:	51%
Wirehouse:	50%
IBD:	42%

Q: Approximately what percent of your assets under management (AUM) is held with your top three asset management firms? Base: Total (N = 421)

Q: How many new asset managers have you added in the past 2 years? By new asset manager, we mean a manager you had not worked with in the prior three years. Base: Total (N = 425)

N23 How many asset managers do you regularly engage with? Base: Have added 1+ new asset manager in the past 2 years (N = 322)

Source: Q1 2025 Advisor Survey

Product content tailored to an advisor practice is key in breaking through

69% of advisors ranked 'product content tailored to my practice' as the most valuable content from AMs

Reasons FA Took a Meeting with an Asset Manager They Did Not Have a Prior Relationship With

Open-End – Top Mentions

Base: Have added 1+ new asset manager in the past 2 years



- An offering specialized in the AI driven Data Center stocks. I like the positive cash flow ETFs. I reached out for information on their Mexico ETF. We dove deeper into their alternative investment offerings.*
- My own research finds them to be best in class. I met them at a due-diligence event, the only way I add new managers.*
- Barrons 2024 award winner; we met at conference. Demonstrated superior performance in down market periods.*
- Internal called to introduce new product. It sounded interesting. Impressive presentation during lunch. The wholesaler is excellent.*
- An advisor in the office recommended him. A fellow advisor's experience with firm.*



N24: Who is the most recent asset manager you took a meeting with that you did not have a prior relationship with? What are the reasons you took this meeting? (Open-end) Base: Have added 1+ new asset manager in the past 2 years (N = 322)

Source: Q1 2025 Advisor Survey

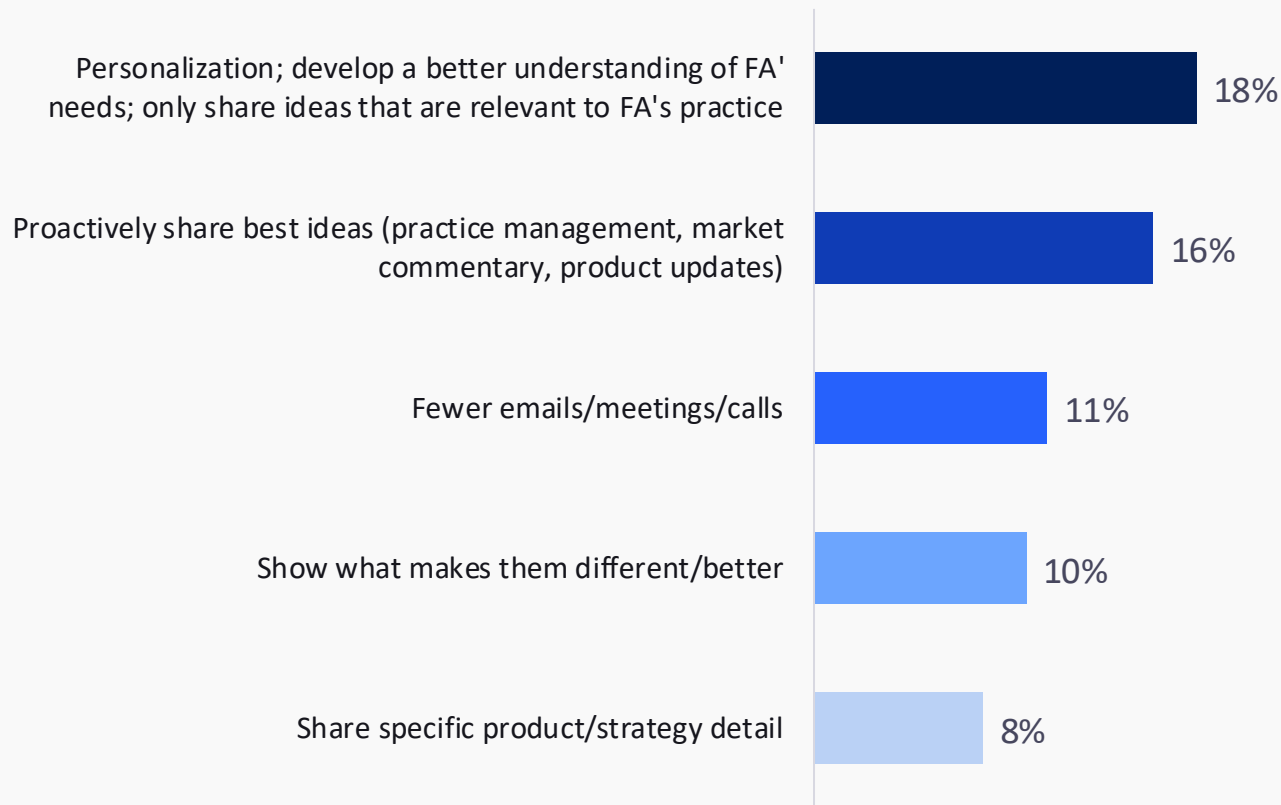
Lack of personalization and proactiveness continue to drive discontent

Advisors expect a higher level of customization with fewer touch points to facilitate such deep learning

What do Advisors Wish Asset Managers Would Do Differently/Better When Reaching Out

Open-End – Top Mentions

Base: Have added 1+ new asset manager in the past 2 years



- Learn how we manage money; don't discuss products that don't apply.
- Understand our business and find a niche within what we do.
- Present your product in a framework fitted to my practice and goals.
- A monthly email of their highest conviction ideas or funds
- Share practice ideas and creative ways to grow our book.
- Offer to help support our practice with small client events..
- Less email. I cannot get over how much direct marketing that I receive.
- Fewer requests for appointments.
- Reach out personally rather than from an appointment setter.
- Talk about one thing you do well. I don't want to hear about 50 things.
- Provide a rationale for what makes your products unique.
- Be more prepared to discuss advantages over other competition.
- Give more specific examples of how a solution worked for someone.
- Explain their methodology and rationale for their approach.
- Greater transparency and connectivity to PMs.



N26: More broadly, what do you wish asset managers would do differently or better when reaching out to you? (Open-end) Base: Have added 1+ new asset manager in the past 2 years (N = 322)

Source: Q1 2025 Advisor Survey



Ready for Next