

# U.S. Intermediary Distribution 2023

*Seeking Differentiation Through Digital Engagement*

## OVERVIEW & METHODOLOGY

This annual report focuses on the distribution of investment products through financial advisors, providing a sourcebook to asset managers seeking to maximize product distribution through intermediaries across all channels in the U.S.

The report includes over 10 years of market sizing of advisor-controlled assets by channel, rankings of the industry's largest distributors, and forward-looking projections of marketshare by channel. It provides comprehensive data on advisor portfolio construction and product use trends. It also provides benchmarking and competitive insights related to asset manager distribution strategy, staffing structure and compensation, and distributor relationships.

Data for this report is compiled from annual proprietary surveys, with responses from over 2,000 advisors, as well as asset manager sales and strategy leaders, heads of key accounts, key accounts managers, and wholesalers. Findings in this report also come from interviews with distribution leaders and broker/dealer executives, along with various partnerships and associations. The proprietary data in this report is supplemented with government and third-party sources.

## USE THIS REPORT TO

- Gain insight into the challenges that asset managers face as they engage financial advisors
- Evaluate distribution teams' enhanced focus on digital engagement and the increased use of data analytics
- Assess the effect that product development has on advisor portfolio construction and product use
- Understand the impact of increasingly expensive strategic partnerships with B/Ds and registered investment advisors (RIAs)

## QUESTIONS ANSWERED

- How are distribution teams strategically using digital marketing and what are the biggest challenges they face?
- In what ways do distribution executives anticipate enhanced digital marketing capabilities will alter strategy going forward?
- Which trends in portfolio construction do advisors believe will be prominent over the next few years?
- How is the continued advisor movement toward independence impacting asset manager distribution strategy?
- What resources are distribution executives dedicating to strategic partnerships?

## PRODUCT DETAILS

### Included with Purchase

- Digital report in PDF format
- Unlimited online firm-wide access
- Exhibits in Excel
- Key findings
- Analyst support
- Interactive Report Dashboards

### Interactive Report Dashboards

*Interact and explore select report data with Cerulli's visualization tool.*

**Financial Advisor: Distribution Strategy:** View historical and projected U.S. advisor headcount and advisor-managed assets by channel. Analyze assets by select product type and average AUM per advisor. Benchmark Cerulli's advisor-managed asset projections against customizable user projections with inputs for market return and changes in advisor movement.

**Financial Advisor: Products and Portfolio Construction:** Assess how advisors report their allocation of total client assets among various product types and learn the methods advisors use to construct client portfolios.

**Wholesaler Profile:** Uncover the average number of advisors and prospects wholesalers cover within their territory and understand on which activities advisors spend their time.

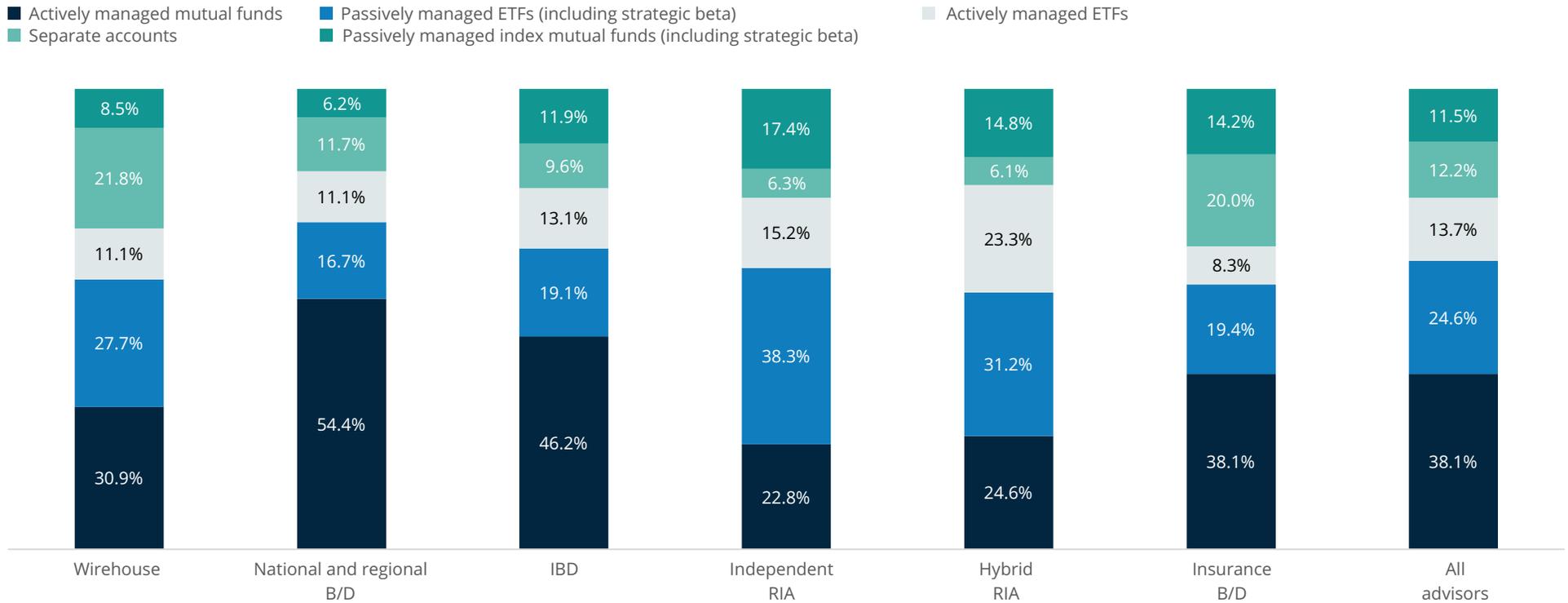
**Wholesalers: Advisor Relationships:** Discover the sources of new advisor prospects, most valuable resources provided to advisors, and reasons a relationship/mandate was terminated.

**Wholesalers: Distribution Strategy:** Find out which strategies are a top focus for heads of key accounts and distributions executives over the next three to five years.

**Broker/Dealer Leaderboards:** Examine leaderboards showing broker/dealer firms ranked by assets and advisor headcount.

**Exhibit 5.06 - Part 1**  
**Advisor-Reported Allocation to Active and Passive Products, 2023**

Source: Cerulli Associates



- Advisors currently allocate 64% to active mutual funds, ETFs, and separate accounts, while allocating 36% to passive mutual funds and ETFs.
- Independent RIAs are currently allocating the most (55.7%) to passive strategies, followed by hybrid RIAs (46%) and wirehouse firms (36.2%).
- National and regional B/Ds (77.2%) and independent B/Ds (68.9%) are allocating the most to actively managed funds, ETFs, or separate accounts.

# Table of Contents: Expanded

<b>Methodology</b>	<b>16</b>
<b>Executive Summary</b>	<b>18</b>
Distribution Executives: Digital Engagement Challenges, 2023	18
Distribution Executives: Advisor Engagement Priorities, 2023	18
Marketshare of Advisor Headcount and Assets, 2022	19
Advisors: Greatest Challenges, 2023	19
Distribution Executives: Best Channel Opportunities for Distribution, 2023	20
Median Data Package Costs by Channel	20
<b>Report Authors</b>	<b>21</b>
<b>Chapter 1: Seeking Differentiation Through Digital Engagement</b>	<b>22</b>
<i>Assessing Digital Engagement Challenges</i>	24
Exhibit 1.01. Distribution Executives: Digital Engagement Challenges, 2023	24
Exhibit 1.02. Distribution Executives: Difficulty of Digitally Engaging Advisors by Channel, 2023	25
<i>Current Effectiveness</i>	26
Exhibit 1.03. Distribution Executives: Effectiveness of Wholesaler Coverage Strategy, 2023	26
Exhibit 1.04. Distribution Executives: Important Advisor Characteristics for Digital Engagement, 2023	27
Exhibit 1.05. Distribution Executives: Firm Effectiveness at Digital Engagement Activities, 2023	28
<i>Advisor Preferences</i>	29
Exhibit 1.06. Advisor Technology Use, 2023	30
Exhibit 1.07. Advisor Technology Challenges, 2023	30
Exhibit 1.08. Advisor Technology User Practice Attributes, 2023	31
<i>Considerations Going Forward</i>	32
Exhibit 1.09. Distribution Executives: Future Initiatives, 2023	34

**Chapter 2: Advisor Sizing ..... 36**

Exhibit 2.01 - Part 1. Description of Advisor Channels, 2022. .... 38

Exhibit 2.01 - Part 2. Description of Advisor Channels, 2022. .... 39

Exhibit 2.02 - Part 1. Overview of Advisor Channels, 2022 ..... 40

Exhibit 2.02 - Part 2. Overview of Advisor Channels, 2022 ..... 41

Exhibit 2.03. Assets by Intermediary Segment, 2017–2022. .... 42

Exhibit 2.04. Marketshare of Advisor Headcount and Assets, 2022. .... 43

Exhibit 2.05. Advisor Headcount, 2012–2022 ..... 44

Exhibit 2.06. Advisor Headcount Marketshare, 2012–2022. .... 45

Exhibit 2.07. Advisor-Managed Assets, 2012–2022. .... 46

Exhibit 2.08. Advisor-Managed Asset Marketshare, 2012–2022. .... 47

Exhibit 2.09. Advisor Productivity, 2012–2022. .... 48

Exhibit 2.10. Advisor Productivity Index (PX), 2012–2022 ..... 49

Exhibit 2.11. Projected Advisor Headcount, 2022–2027E ..... 50

Exhibit 2.12. Projected Advisor Headcount Marketshare, 2022–2027E. .... 51

Exhibit 2.13. Projected Asset Marketshare, 2022–2027E. .... 52

**Chapter 3: Product Sizing ..... 53**

Exhibit 3.01 - Part 1. Product Sizing by Channel, 2022. .... 55

Exhibit 3.01 - Part 2. Product Sizing by Channel Databank, 2022. .... 56

Exhibit 3.02. Product Sizing by Year, 2012–2022. .... 57

Exhibit 3.03 - Part 1. Mutual Fund Sizing by Channel, 2012–2022 ..... 58

Exhibit 3.03 - Part 2. Mutual Fund Sizing Databank, 2012–2022. .... 59

Exhibit 3.04 - Part 1. Individual Securities Sizing by Channel, 2012–2022. .... 60

Exhibit 3.04 - Part 2. Individual Securities Sizing Databank, 2012–2022 ..... 61

Exhibit 3.05 - Part 1. ETF Sizing by Channel, 2012–2022 ..... 62

Exhibit 3.05 - Part 2. ETF Sizing Databank, 2012–2022. .... 63

Exhibit 3.06 - Part 1. Variable Annuity Sizing by Channel, 2012–2022 ..... 64

Exhibit 3.06 - Part 2. Variable Annuity Sizing Databank, 2012–2022 ..... 65

Exhibit 3.07 - Part 1. Separate Accounts Sizing by Channel, 2012–2022 ..... 66

# Table of Contents

---

Exhibit 3.07 - Part 2. Separate Accounts Sizing Databank, 2012–2022 .....	67
Exhibit 3.08 - Part 1. Advisor-Sold DC Sizing by Channel, 2012–2022 .....	68
Exhibit 3.08 - Part 2. Advisor-Sold DC Sizing Databank, 2012–2022.....	69
<b>Chapter 4: Distribution Channels .....</b>	<b>70</b>
Exhibit 4.01. Top-25 Broker/Dealers by Advisor Headcount, 2022.....	72
Exhibit 4.02 - Part 1. Top-25 Broker/Dealer Firms by Assets Under Management, 2022 .....	73
Exhibit 4.02 - Part 2. Top-25 Broker/Dealer Firms by Assets Under Management, 2022 .....	74
Exhibit 4.03 - Part 1. Channel Segments, 2022 .....	75
Exhibit 4.03 - Part 2. Channel Segments, 2022 .....	76
Exhibit 4.04 - Part 1. Top-25 Broker/Dealers by Assets Under Management, 2022.....	77
Exhibit 4.04 - Part 2. Top-25 Broker/Dealers by Assets Under Management, 2022.....	78
Exhibit 4.05. Wirehouses by Assets Under Management, 2022 .....	79
Exhibit 4.06. National and Regional B/Ds by Assets Under Management, 2022 .....	80
Exhibit 4.07 - Part 1. IBDs by Assets Under Management, 2022.....	81
Exhibit 4.07 - Part 2. IBDs by Assets Under Management, 2022.....	82
Exhibit 4.08. Retail Bank B/Ds by Assets Under Management, 2022.....	83
Exhibit 4.09. Insurance B/Ds by Number of Advisors, 2022 .....	84
Exhibit 4.10. Retail-Focused RIA Firms, Assets, and Advisors, 2012–2022.....	85
Exhibit 4.11. Hybrid RIA Asset Breakdown, 2012–2022 .....	86
<b>Chapter 5: Advisor Portfolio Construction and Product Use .....</b>	<b>87</b>
Exhibit 5.01 - Part 1. Advisor Portfolio Construction Process, 2023.....	90
Exhibit 5.01 - Part 2. Advisor Portfolio Construction Process Databank, 2023.....	91
Exhibit 5.01 - Part 3. Advisor Portfolio Construction Process Databank, 2023.....	92
Exhibit 5.02 - Part 1. Advisor-Reported Portfolio Discretion Breakdown, 2023 vs. 2025E .....	93
Exhibit 5.02 - Part 2. Advisor-Reported Portfolio Discretion Breakdown Databank, 2023 vs. 2025E .....	94
Exhibit 5.02 - Part 3. Advisor-Reported Portfolio Discretion Breakdown Databank, 2023 vs. 2025E .....	95
Exhibit 5.03 - Part 1. Advisor-Reported Product Mix Percent Change, 2023 vs. 2025E.....	96
Exhibit 5.03 - Part 2. Advisor-Reported Product Mix Databank, 2023 vs. 2025E .....	97
Exhibit 5.03 - Part 3. Advisor-Reported Product Mix Databank, 2023 vs. 2025E .....	98

# Table of Contents

---

Exhibit 5.04 - Part 1. Advisor Investment Product Use, 2023 .....	99
Exhibit 5.04 - Part 2. Percent of Advisors Using Investment Products Databank, 2023 .....	100
Exhibit 5.04 - Part 3. Percent of Advisors Using Investment Products Databank, 2023 .....	101
Exhibit 5.05 - Part 1. Advisors: Average Client Portfolio Asset Allocation, 2023 vs. 2025E .....	102
Exhibit 5.05 - Part 2. Advisors: Average Client Portfolio Asset Allocation Databank, 2023 vs. 2025E .....	103
Exhibit 5.06 - Part 1. Advisor-Reported Allocation to Active and Passive Products, 2023 .....	104
Exhibit 5.06 - Part 2. Advisor-Reported Allocation to Active and Passive Products Databank, 2023 .....	105
Exhibit 5.07. Advisor-Reported Use of ETFs by Asset Class, 2023 .....	106
Exhibit 5.08 - Part 1. Advisor Beliefs about Active and Passive Management, 2023 .....	107
Exhibit 5.08 - Part 2. Advisor Beliefs about Active and Passive Management Databank, 2023 .....	108
<b>Annuity Section .....</b>	<b>109</b>
Exhibit 5.09. Variable Annuity Market Sizing Funnel, 2022 .....	110
Exhibit 5.10. Advisors Licensed to Sell Variable Annuity Products by Channel, 2022 .....	111
Exhibit 5.11. Advisors Currently Holding Variable Annuities by Channel, 2022 .....	112
Exhibit 5.12. Active Variable Annuity Sellers by Tier and Channel, 2022 .....	113
Exhibit 5.13. Variable Annuity Sales, 2022 .....	114
Exhibit 5.14. Variable Annuity Contracts by Tier and Channel, 2022 .....	115
Exhibit 5.15. Marginal Variable Annuity Sales by Tier and Channel, 2022 .....	116
Exhibit 5.16. Number of Variable Annuity Contracts Sold in the Past 12 Months Databank, 2023 .....	117
Exhibit 5.17. Number of Fixed-Indexed Annuity Contracts Sold in the Past 12 Months Databank, 2023 .....	118
Exhibit 5.18. Number of Registered Index-Linked Annuity (RILA) Contracts Sold in Past 12 Months Databank, 2023 .....	119
Exhibit 5.19 - Part 1. Advisors: Benefits of Emerging Annuity Designs Databank, 2023 .....	120
Exhibit 5.19 - Part 2. Advisors: Benefits of Emerging Annuity Designs Databank, 2023 .....	121
Exhibit 5.20. Advisors: Reasons for Not Recommending Variable Annuities, 2023 .....	122
Exhibit 5.21. Advisors: Reasons for Not Recommending Registered Index-Linked Annuities (RILAs), 2023 .....	123
Exhibit 5.22. Advisors: Allocations to Other Insurance Products Databank, 2023 .....	124

<b>Chapter 6: Distribution Strategy</b>	<b>125</b>
Exhibit 6.01. Distribution Executives: Best Opportunities for Distribution, 2023	128
Exhibit 6.02. Demand for Products and Strategies, 2023	129
Exhibit 6.03. Advisors: Greatest Challenges, 2023	130
Exhibit 6.04. Advisor Engagement Priorities, 2023	131
Exhibit 6.05. Billion-Dollar RIA Resource Allocation, 2023	132
Exhibit 6.06. Distribution Executives: Dedicated Coverage for Large RIAs, 2023	133
Exhibit 6.07. Wholesalers: State of Distribution, 2023	134
Exhibit 6.08. Wholesalers: Average Territory Size, 2023	135
Exhibit 6.09. Wholesaler Time and Budget Allocation Dashboard, 2023	136
Exhibit 6.10. Wholesaler Activity Dashboard, 2023	137
Exhibit 6.11. Advisors: Average Number of Weekly Conversations with Wholesalers, 2023	138
Exhibit 6.12. Wholesalers: Top Sources of Advisor Prospects, 2023	139
Exhibit 6.13. Advisors: Most Valuable Wholesaler Resources, 2023	140
Exhibit 6.14. Advisors: Frequency of Use of Asset Manager Content, 2023	141
Exhibit 6.15 - Part 1. Advisors: Reasons for Choosing an Asset Manager, 2023	142
Exhibit 6.15 - Part 2. Reasons Advisors Choose an Asset Manager Databank, 2023	143
Exhibit 6.16 - Part 1. Reasons Advisors Terminated a Relationship or Mandate, 2023	144
Exhibit 6.16 - Part 2. Reasons Advisors Terminated a Relationship or Mandate, 2023	145
<b>Chapter 7: Staffing and Compensation</b>	<b>146</b>
Exhibit 7.01. Median Salesforce Headcount, 2023	148
Exhibit 7.02 - Part 1. Expected Sales Staffing Plans, 2025E	149
Exhibit 7.02 - Part 2. Expected Sales Staffing Plans Databank, 2025E	150
Exhibit 7.02 - Part 3. Expected Sales Staffing Plans Databank, 2025E	151
Exhibit 7.03. Wholesaling Headcount, 2023	152
Exhibit 7.04. Key Account Staffing, 2023 vs. 2025E	153
Exhibit 7.05. Wholesaler Compensation Dashboard, 2023	154
Exhibit 7.06. Breakdown of Key Account Manager Compensation, 2023	155

- Chapter 8: Strategic Relationships ..... 156**
  - Exhibit 8.01. Greatest Key Accounts Challenges, 2023 ..... 159
  - Exhibit 8.02. Top Strategic Partnership Initiatives, 2023 ..... 160
  - Exhibit 8.03. Time Allocation Dashboard, 2023. .... 161
  - Exhibit 8.04. Professional Buyer Coverage, 2023 ..... 162
  - Exhibit 8.05. Challenges Seeking Platform Placement, 2023. .... 163
  - Exhibit 8.06. Challenges Seeking Model Placement, 2023. .... 164
  - Exhibit 8.07 - Part 1. Strategic Partnership Costs Dashboard, 2023. .... 165
  - Exhibit 8.07 - Part 2. Annual Strategic Marketing Costs Databank, 2023 ..... 166
  - Exhibit 8.08. Future of Strategic Partnership Costs, 2023 ..... 167
- Glossary ..... 168**
- Company Index ..... 174**

## Company Index

Addepar, 32  
Ameritas, 84  
Ares Management, 35  
Benjamin F. Edwards & Company, 80  
BlackRock, 158  
Broadridge, 157  
CAIS, 88  
Centaurus Financial, 81  
Chase, 26, 83  
Delta Data, 32  
Edward Jones, 71, 72, 77  
FP Transitions, 71  
Franklin Templeton, 147  
HubSpot, 33  
iCapital, 32, 35, 88  
InvestCloud, 32  
InvestX, 88  
J.P. Morgan, 26, 77, 80  
John Hancock, 21  
KKR, 35  
Lincoln Financial Network, 70, 84  
LPL Financial, 27, 70-72, 81, 83  
Marketo, 33  
Merrill Lynch, 70, 79, 158  
Morgan Stanley, 79  
Northern Trust, 35  
Northwestern Mutual, 84  
OneVest, 32  
Principal, 81  
Raymond James, 17, 37, 71  
State Street, 35  
Stifel, 71  
TradePMR, 71  
UBS, 71  
Wells Fargo, 27, 79  
William Blair, 80