The Cerulli **Report**

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.

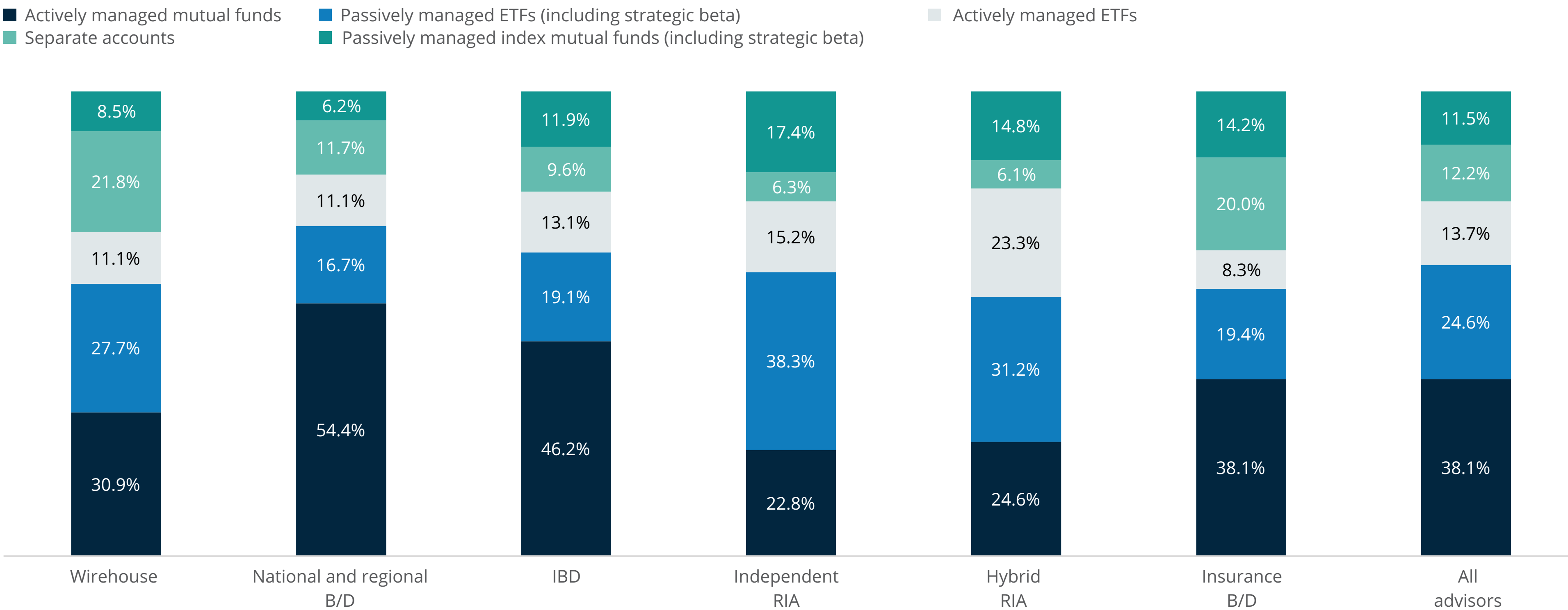
Wholesalers: Distribution Strategy: Find out which strategies are a top focus for heads of key accounts and distributions executives over the next three to five years.

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.

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