

INSIGHT OF THE WEEK

Passive Fuelling Transformative Changes at Wirehouses

Q1 2018 Asset Mix (%) and Flows (\$Bn) into Active and Passive Strategies at Wirehouses



Broadridge Insights

YTD the wirehouse channel has experienced \$113Bn positive flows for passive and outflows of \$232Bn for active strategies

Wirehouse firms have long been considered the most powerful distribution outlets for asset managers' full range of offerings. The four firms that comprise this group (Merrill Lynch, Morgan Stanley, Wells Fargo and UBS) collectively account for 49,000 advisors or 22% of current producers, as tracked by Broadridge's proprietary database of more than 220,000 FAs.

Total client assets at wirehouses now tally \$7.9 trillion of which \$2.9 trillion or 37% is accounted for by managed account programs (up from 24% in 2009) that embody client demand for consultative advice in a fee-based arrangement. Broadridge expects fee-programs at wirehouses to accelerate now that the DOL Rule has been vacated and attention can turn back to building out unified managed account programs which enable a product-agnostic experience for both FAs and clients alike. Such programs draw heavily on passive products. And while passive funds currently account for a growing 34% share of wirehouses' total \$1.96 trillion in MF and ETF, the dichotomy reflected by positive flows into passive (and outflows from active) reflects key trends that will continue to shape the distribution landscape.

Data drawn from our Market Analytics product

Market Analytics provides unparalleled insight into the U.S. market

- Fund and ETF data for all third-party distribution channels
- Advanced visualization and analytics capabilities
- Pre-built dashboards empower sales teams with tools to drive decisions
- Customizable with your own dashboards, visualizations, and analytics
- Ability to integrate CRM activity data for display and analysis

Broadridge

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For more information about our data or insights on this topic
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