

Distribution Insight

Distribution Insight Heat Map

GAIN THE DEEP INSIGHTS YOU NEED TO GROW REVENUE, MANAGE RISK AND CONTROL COSTS RELATED TO DISTRIBUTION DRAWN FROM OUR EXCLUSIVE \$25 TRILLION OF DIRECT-SOURCED ASSET DATA.

Asset managers need to adapt to a changing world of shifting investor preferences, lower cost investments, fee for advice, and unprecedented market access. With these changes come new challenges including disruptive distribution, intense competition, complex regulation, and revenue pressure.

Broadridge's Distribution Insight delivers the market data, analytics, and expert commentary you need to see and predict asset trends, assess risks, and locate opportunities across global markets.

Broadridge's proprietary data, drawn from investor holdings, comprises the most complete sales and asset data collection in the industry. This intelligence provides you with critical insight into distribution, product development and sales and marketing opportunities to make strategic decisions in order to effectively allocate resources and accelerate growth.

Business Line	Channel	Total US Net Flows, 2015-2018 Q2 (\$B)					Total	Total AUM, Q2 2018
		MF	ETFs	Sep Acct	Private Funds	CIT		
Retail by Distribution Channel	RIA						-\$63	\$3,003
	Independent/Regional						\$68	\$2,800
	Wirehouse						-\$71	\$2,623
	^Online/Direct						\$339	\$1,709
	Bank						-\$49	\$1,216
Hybrid	*Defined Contribution						\$1,011	\$6,879
	Private Bank						\$141	\$1,967
	Trust Co						-\$43	\$508
Institutional by Client Type	Institutional Other/ Separate Accounts						-\$50	\$5,090
	Defined Benefit						\$152	\$4,563
	Not for Profit: Endowments and Foundations						\$34	\$1,475
	Insurance						-\$1	\$842
Net Sales, 2015 to 2018 Q2							\$1,469	
Cumulative Net Flows 2015-2018 Q2		>25%	10-25%	0-10%				
Percent of Q2 2015 AUM		<0%	n/a or <1% of AUM					

* Defined contribution mutual fund assets are sourced via ICI
 ^The Online/Direct channel captures arrangements where investors establish relationships directly with fund companies (not via FAs) through a combination of a) brokerage platforms b) robo-advisors and c) toll-free phone.

Source: Broadridge Data and Analytics

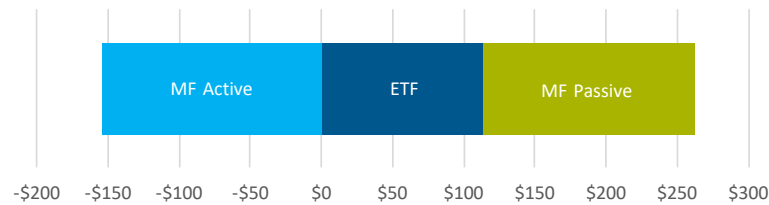
Distribution Insight: Your source for retail and institutional assets and insights globally.

CRITICAL INSIGHT INTO DISTRIBUTION

ETFs are at a tipping point. Growth in the US continues to accelerate, propelled by the popularity of passive investing and demand for niche products. European ETF markets aren't far behind and Asia, still finding its way, is poised to close the gap. Global Market Intelligence delivers the expertly-curated data you need to gain real insight into trends that shape the market. Our unique methodology enables you to attain a comprehensive and accurate picture of market share, asset flows, asset classes, and more. The charts below are just a small sampling of the data visualization and analytics capabilities accessible on the Broadridge Distribution Insight platform.

PRIVATE BANKING AND TRUST FIRMS ARE HEAVIER WEIGHTED IN PASSIVE INVESTMENTS

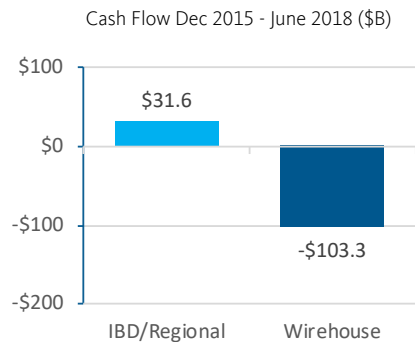
Private Bank and Trust Company Cash Flow Dec 2015 - June 2018 (\$B)



- The private banking and trust channels, which collectively provide investment and fiduciary trust services to HNW individuals, account for 18% of total long-term mutual fund and ETF assets.
- Private Banks experienced strong inflows over the past 30 months, while trust departments had small outflows. Positive flows were driven heavily by ETFs and Index funds, primarily in bond strategies.
- While both of these channels track the overall industry's AUM mix with 70% equity and 30% bond, they diverge significantly by another key metric—the mix of active and passive. Here, private banking and trust firms favor passive at 58% AUM, far heavier than the industry at 38%.

MUTUAL FUND AND ETF ASSETS AND FLOWS FOR BROKER/DEALER CHANNELS

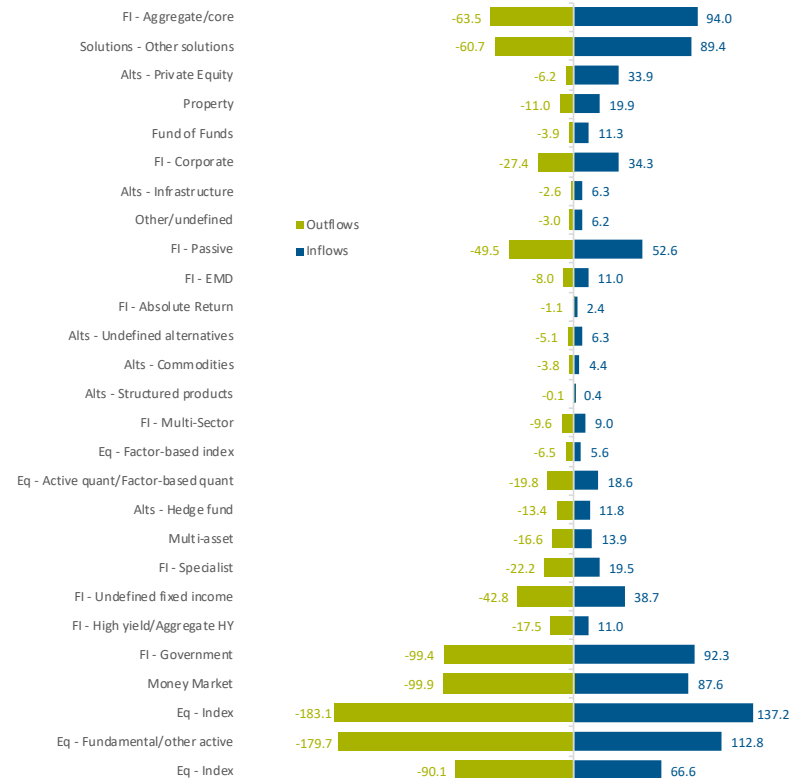
- According to our proprietary database there are more than 1,000 IBD/Regional firms. Although fragmented, there exists a core group of 30 B/Ds that account for 70% of FAs and that serve as an efficient delivery network for asset managers, the largest of which are Edward Jones (16,100), LPL Financial (13,500) and Ameriprise (8,600).
- IBD/Regionals currently account for 58% of the \$4.6 trillion AUM managed in the retail B/D marketplace in June 2018, a share that has held steady since 2015. Cash flow has been similarly flat over the same period, though ahead of net outflows experienced by wirehouses.



GOVERNMENT BONDS REVERSED FROM TOP-5 IN 2017 TO BOTTOM-4 IN H1'18

US H1 2018 Gross Flows By Asset Class (\$B)

The Tax Cut and Job Act of 2017 which was passed in December 2017, prompted institutional investors to rethink the dynamics of portfolio allocations. Government bonds was one of the first asset classes to suffer the negative impact of such bill, as insurance and family office/private banks unloaded munis as these instruments will be less valued with the lowered corporate tax rate.



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