

Fund Distribution Intelligence™ Q4 - 2015

ETF Assets Hit Record \$2.2 Trillion in 2015

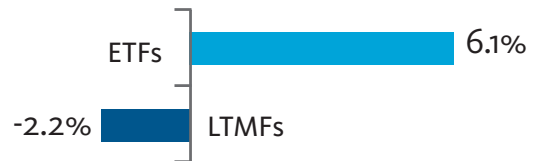
Broadridge's Fund Distribution Intelligence tool comprises the most complete sales and asset data collection in the industry, creating transparency into more than \$9 trillion of long-term mutual fund and ETF assets across 900+ distributors.

Growth of ETFs drives increased allocation of passive products in retail distribution channels

Total exchange-traded fund (ETF) assets hit an all-time high of \$2.2 trillion in 2015, driven by the continued growth in popularity of passive investment vehicles. Comparatively, total long-term mutual fund assets held by financial intermediaries decreased by \$161 billion to \$7.29 trillion in the full year of 2015 (-2.2%), while ETF assets increased by \$124 billion in the same period (6.1%).

ETFs Grow, LTMFs Decline

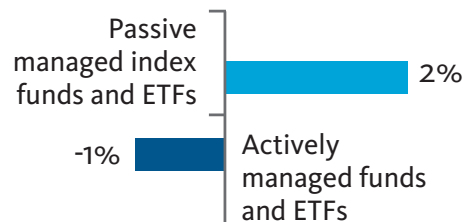
Growth in AUM in All Third-party Channels Q4 '14 to Q4 '15



The increased usage of passive investments across all distribution channels accelerated in 2015. Our analysis shows that passively managed index and ETF assets increased by two percent during 2015, while actively managed funds and ETFs saw a one percent decrease. This trend is expected to continue in 2016, as the increased usage of ETFs and index funds continues for core allocations.

Passively Managed Investments Outpace Active

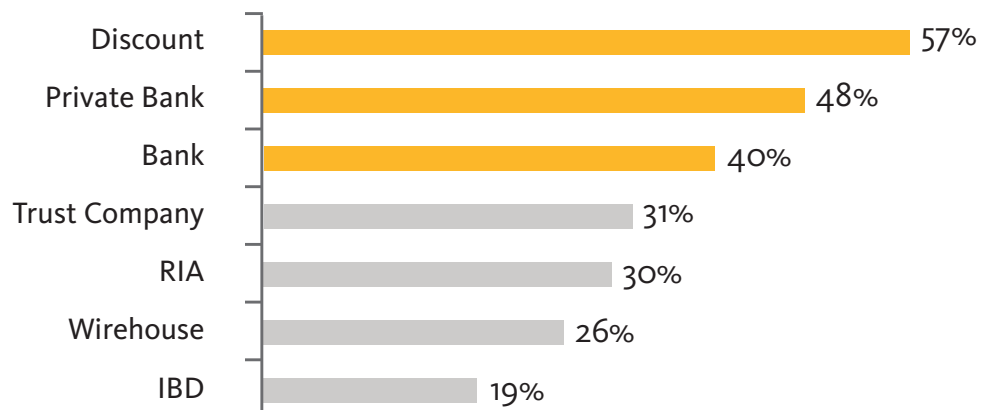
Growth by Asset Type Q4 '14 to Q4 '15



Retail distribution channels experienced a larger increased usage of passive products, with an increase of 2.6 percent, versus institutional channels which increased by 1.6 percent. This increase brought the usage of passively managed products to 31 percent across all channels, a two percentage point market share increase during 2015. Discount brokers (57%), Private Banks (48%) and Banks (40%) came out on top with the highest percentage values of passive managed assets for Q4 2015.

Passive Holdings Highest in Bank and Discount Channels

Passive Managed Assets as % of Total Fund and EFT Q4 '15

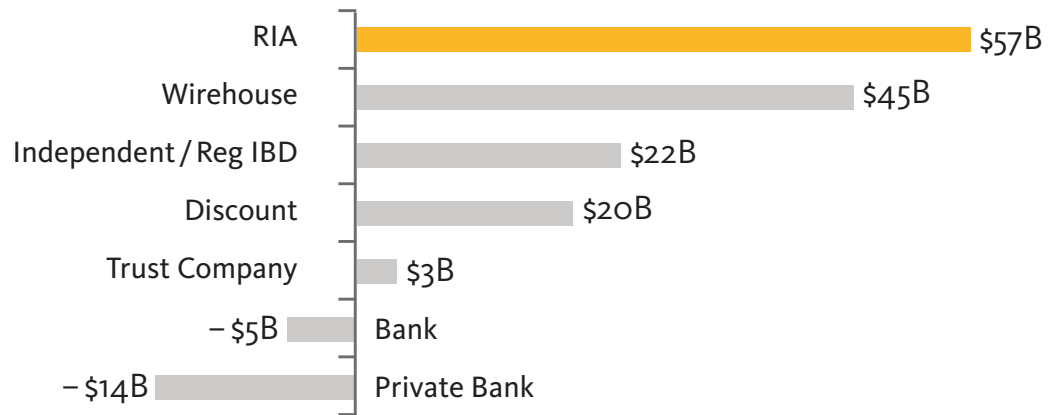


RIAs lead retail channels

With an increased use of both index funds and ETFs by advisors and in model portfolios, passively managed fund and ETF assets increased to 26 percent of overall fund and ETF assets held by retail distributors over the past year. ETF growth remains strongest in the RIA channel at \$57 billion, followed by Wirehouses at \$45 billion. Banks and Private Banks came out on bottom with -\$5 billion and -\$14 billion respectively.

ETF Growth Remains Strongest in RIA Channel

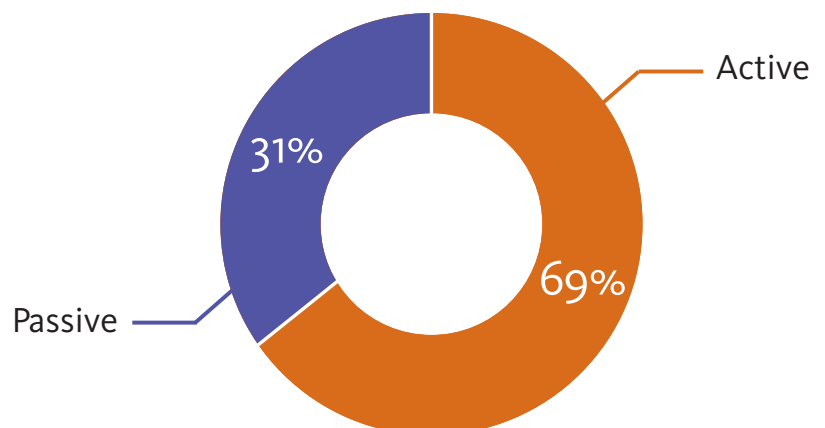
Growth in ETF Distribution Q4 '14 to Q4 '15



The wirehouse channel had the largest decrease of actively managed products among retail channels during 2015, a decline of 4 percent. Alternatively, wirehouse firms had a 2 percent increase of passively managed funds and ETFs during 2015. The only channels with an increase of long-term mutual fund assets in 2015 were the bank, and discount channels, which grew by \$52 and \$29 billion respectively. These channels have the highest usage of passively managed products. However, most assets held are still actively managed (69%) over passive assets (31%).

Most Assets Held Still Actively Managed

Overall Holdings, Passive vs. Active Management Q4 '15



Additional findings in the fourth quarter of 2015:

- Independent broker dealers continue to be the highest users of active funds, holding more than 80 percent in active investments.
- Among retail channels, registered investment advisors (RIAs) and online retail shareholders utilizing discount brokerage firms are the largest users of passive products at 30 and 58 percent respectively.

About Fund Distribution Intelligence™

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About Broadridge

Broadridge is the leading provider of investor communications, technology driven solutions, and data and analytics for broker-dealers, banks, mutual funds and corporate issuers globally. Broadridge's investor communications, securities processing and business process outsourcing solutions help clients reduce their capital investments in operations infrastructure, allowing them to increase their focus on core business activities. With over 50 years of experience, Broadridge's infrastructure underpins proxy voting services for over 90% of public companies and mutual funds in North America, and processes more than \$5 trillion in fixed income and equity trades per day. Broadridge employs approximately 6,700 full-time associates in 14 countries.

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