

## Vanguard ETFs rate high

[By Jessica Toonkel](#)

January 30, 2011 6:01 am ET

Affluent investors increasingly are turning to exchange-traded funds over mutual funds, and when it comes to their sentiments about the providers of those ETFs, clients rate The Vanguard Group Inc. above all others.

### Advertisement

As of October, three-quarters of investors owned mutual funds, down 19% from 2006, according to a new study by Cogent Research LLC. Conversely, the percentage of investors who own ETFs has jumped from 7% to 11% over the past four years.

The average allocation that an investor made to mutual funds dropped to 44%, Cogent found, down from 53% four years ago. During the same period, the average allocation to ETFs jumped to 16%, from 11%.

The fund company positioned to benefit the most from this trend is Vanguard, which had the highest “investor favorability” score among mutual fund providers and ETF providers.

“These findings from investors tend to reflect what we know about net asset flows in the business,” said John Meunier, a principal at Cogent. “Vanguard is picking up net flows in both these product areas.”

Last year, Vanguard saw \$81.1 billion in total net inflows, \$35.4 billion of which went into its ETFs, according to the firm.

BlackRock Inc.'s iShares came in second in terms of investor favorability among ETF providers, and Invesco PowerShares Capital Management LLC was third, up from sixth place last year.

In September, Cogent released a study showing that advisers rated Vanguard as their favorite ETF provider.

The company's latest study is based on responses from a sample of 4,000 investors with at least \$100,000 in investible assets.