



Why PIMCO's brand is most sterling and Powershares, Vanguard and ProShares are fast-gaining

Bill Gross' thought leadership may contribute to advisors' feelings of confidence and security

Emotions of investors need to be addressed in three areas

by **Matthew Robinson** tags: [Fidelity Investments](#) | [Vanguard](#) | [PIMCO](#) | [American Funds](#) | [John Meunier](#) | [Cogent](#)

PIMCO leads all other mutual fund providers in creating strong connections among RIAs, according to a Cogent Research survey of more than 1,500 financial advisors. PIMCO earned the top spot, with 16% of RIAs saying they felt a strong connection to the brand, followed by Vanguard at 13%, and Fidelity Investments and American Funds both at 11%.

John Meunier, the principal of Cogent who oversaw the study, says he is not surprised PIMCO nabbed the top spot.

“Advisors certainly have a strong affinity for PIMCO, helped no doubt by the fact that fixed income solutions have recently been paramount in the minds of both advisors and investors — and we see that reflected in recent flow data. But the brand itself is strong, and advisors obviously feel a connection that goes beyond current market conditions.”

Among all advisors, American Funds, Franklin Templeton and BlackRock topped the personal connection category in mutual funds with 19%, 14% and 8%, respectively. Fidelity Advisor Funds and PIMCO rounded out the top five with 7% and 6%.

BlackRock's iShares still rule the ETF world with 35% of all advisors saying they have the best personal connection with the brand, but the giant asset manager only gained 3% from 2009. Invesco's PowerShares moved up to 18% from 11%. Both ProShares and late-comer Vanguard doubled from 4% to 8%. See [Coming from behind, Vanguard is gobbling up ETF market share](#).

“Advisors have increasing affinity for Vanguard ETFs as a result of our lower costs, broadly diversified portfolios, and precise tracking,” said Joshua Grandy, a Vanguard spokesperson, last month.

Mushier world

Meunier says the recipe for affinity goes beyond this neat Vanguard grid into the mushier world of emotions. Bill Gross's [co-founder and co-chief investment officer of Pacific Investment Management Company LLC of Newport Beach, Calif.] highly regarded thought leadership contributes significantly to advisors' feeling of confidence, he adds.

“An advisor’s connection with a provider has a strong emotional dimension, mainly consisting of three components; a sense of confidence — feeling the company is strong, stable and reliable, a sense of security — feeling safe and supported in the investment recommendations they make to clients, and worth — feeling valued by the provider as an advisor and as an individual. PIMCO — and Vanguard — are obviously successfully evoking these emotions among RIAs. Contributing to or driving these emotions are a whole host of provider actions and activities.”

Strongest Advisor Connections

Mutual Fund Rankings:

1. American Funds
2. Franklin Templeton Funds
3. BlackRock Funds
4. Fidelity Investments
5. PIMCO Funds

ETF Rankings:

1. iShares
2. PowerShares
3. ProShares
4. Vanguard
5. Spiders/State Street

Variable Annuity Rankings:

1. Prudential
2. Jackson National
3. Sun Life Financial
4. Lincoln National
5. AXA/MONY

Source: Cogent Research Advisor Touchpoints 2010 TM

Cogent Research chart showing brands that advisors favor

RIAs prefer email to office visits when communicating with providers. By far the most most effective communication method of wholesalers to RIAs is email (76%) followed by visits (9%), then webinar invitations (9%). Far above the overall average of 49% for email the next largest was visits at 37%. RIAs prefer e-mail correspondence.

The 20-minute survey asked advisors directly which firms they felt most connected to. Advisors wrote out words they associated with the provider then ranked those terms on a scale of personal connection.

Among all advisors, American Funds, iShares, and Prudential Financial lead other providers in creating strong connections with individual advisors. American Funds topped the mutual fund list; iShares was number one in ETFs; and Prudential lead all providers with its variable annuities.