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J.P. Morgan, T. Rowe, Legg Climbs in Advisor Rankings

By Hannah Glover September 27, 2011

Advisor commitment to **J.P. Morgan Funds**, **T. Rowe Price** and **Legg Mason** has rocketed upward in the last year, while devotion to brands like **The Hartford**, **Dodge & Cox** and **Eaton Vance** stumbled.

Dimensional Fund Advisors once again topped the list this year. **J.P. Morgan**, which did not appear on last year's list, stole the No. 2 spot, replacing **BlackRock**, which slid to sixth place in 2011. **Pimco** maintained third place, according to a recent Advisor Brandscape report from **Cogent Research**.

The rankings show significant shifts in advisor sentiment toward brands across the industry. The research firm defines commitment as a combination of advisor loyalty to a brand and momentum, or advisors' sentiments about their likelihood to do business with a fund company in the future. Cogent surveyed 1,643 retail advisors across the wirehouse, broker-dealer, registered investment advisor (RIA) and bank trust channels for the report, and based the rankings on the combined indexed scores of those metrics.

"Last year, there was significant opportunity in the marketplace with active managers," says John Meunier, a principal with Cogent. Volatile and uncertain markets in the past three years have intensified advisor focus on consistency and performance in the long and mid term, he says. Firms that can provide both the performance and the insight advisors need to share with their clients can engender greater loyalty and ultimately greater wallet share, he says.

In fact, fund firms as a whole gained wallet share between 2010 and 2011. The percentage of advisors who say they use mutual funds increased from 95% to 97%, while the proportion of assets those users allocated to mutual funds went from 35% to 39% of their total books, according to Cogent.

Cementing commitment now is important because while advisors have relied more on mutual funds in recent years, 50% of those surveyed said they expect to trim back their allocations in the future. That means competition for advisor attention will increase with time. "Building loyalty and momentum today is a simple matter of survival," Meunier says.

Making A Commitment

Cogent surveyed 1,643 advisors across all channels. The research firm asked advisors to respond to questions about brand loyalty and plans to do business with firms in the future. Based on those responses, Cogent created an index, and the rankings below.

Firm	2011 Rank	2010 Rank
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DFA	1	1
J.P. Morgan Funds	2	N/A
PIMCO	3	3
Vanguard	4	5
Franklin Templeton	5	6
BlackRock	6	2
T. Rowe Price	7	14
American Funds	8	4
Russell	9	9
Fidelity Investments/Advisor	10	13
Legg Mason	11	17
Columbia Funds	12	8
OppenheimerFunds	13	10
Janus	14	16
MFS Investment Management	15	15
Hartford Mutual Funds	16	7
Invesco Funds	17	N/A
Eaton Vance	18	12
Dodge & Cox	19	11
Dreyfus	20	23
American Century	21	21
AllianceBernstein	22	20
Putnam Investments	23	19
DWS Investments	24	22

Source: Cogent Research Advisor Brandscape 2011

Jed Laskowitz, managing director and head of U.S. distribution at J.P. Morgan Funds, says that core to the firm's approach to winning advisor loyalty and attention is its Market Insights program, which includes regular market commentary, in-depth economic analysis, conference calls, and information and perspectives advisors can share with their own clients.

The firm's ability to respond rapidly, especially in times of volatility and uncertainty, has boosted the program's popularity, he says. "We have found that advisors have viewed it as a source of facts, unbiased advice and perspective that they can rely on," he says. "We want to help them communicate with their clients." Last Friday, for example, J.P. Morgan hosted a call to offer perspective on the European debt crisis and more than 4,000 advisors dialed in.

The firm has also invested heavily in training its army of more than 200 sales people, who deliver the Market Insights program to frontline advisors, he says.

Aside from ascending through the rankings, J.P. Morgan has also deepened its market penetration since 2009, when 13% of the advisors surveyed said they used J.P. Morgan products. This year 20% said they use J.P. Morgan Funds, according to Cogent. Year-to-date the firm has drawn \$15.2 billion in new assets, making it the top-selling firm, after **Pimco** and **Vanguard**, according to data from **Morningstar**.

In part, that strong sales momentum comes from the types of products J.P. Morgan offers, including the [Income Builder](#) fund, launched five years ago, and a suite of absolute-return, commodity, multi-asset class and other alternative strategies. "We believe that we have been ahead of a number of trends in the market," Laskowitz says. Flexible-mandate and solutions-oriented products help advisors address the needs of uncertain markets, while the

Market Insights program helps provide context, he says.

With \$136 billion under management as of the end of August, J.P. Morgan is the ninth-largest manager of open-end stock and bond mutual funds, according to data from Morningstar. "We believe we are in the beginning stages of our ability to have a more meaningful place in the U.S. mutual fund industry," Laskowitz says.

American Funds remains the industry kingpin when it comes to market penetration, with 78% of advisors surveyed saying that they use the Los Angeles-based firm's products and 35% saying that American Funds is their primary provider, says Cogent's Meunier. But when it comes to commitment, the firm's standing slipped from fourth place to eighth between 2010 and 2011, according to the report.

Firm spokesman Chuck Freadhoff says the firm is pleased to maintain its strong grip on the market but continues to work hard to earn advisor loyalty. In the past 18 months, he says, American Funds has accelerated the speed with which it provides market insights through things like video interviews with members of the investment team that can be produced within 48 hours.

T. Rowe Price attributes its climb in the rankings, to a degree, to its ability to get information to advisors quickly and in the manner they prefer, says George Riedel, head of intermediary distribution at the firm. The Baltimore-based firm rose from 14th place in 2010 to seventh in Cogent's 2011 commitment rankings. Although the firm's market penetration increased only 1%, to 19%, in the past year, Cogent saw an increase in the number of advisors who considered T. Rowe Price their primary provider.

That coincides with a shift in T. Rowe's approach to serving financial advisors. Last year the firm invested in new systems that gave them better insight into the advisors who used their products. Whereas in the past, the firm called mainly on the gatekeepers at these platforms, better data has allowed the firm to better segment the advisors who use its funds and how they prefer to be contacted, and to become more proactive, Riedel says.

The firm has four external wholesalers, six internals and two sales managers calling on these advisors. (A separate team serves RIAs, bank trust advisors and third-party administrators).

Next year, the firm plans to continue to build out its sales analytics capabilities. Understanding the behavior and buying of advisors will inform future plans for approaching advisors. That could include, for example, a centralized advisor think tank to help field questions about asset allocation, he says. Riedel also anticipates adding wholesaling staff, although he declined to offer specific numbers.

"We are making sure that we create a service model that delivers a message that we are here, we are in the game, and we're willing to serve," Riedel says.

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