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Advised investors less aware of ETFs than self-directed peers

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March 17, 2009

Individuals who invest for themselves — without the help of a financial adviser — show more awareness and commitment to exchange traded funds than their adviser-directed peers.

According to a survey by Cambridge, Mass.-based Cogent Research LLC of 4,000 investors, 49% of so-called self-directed ETF owners recognized provider Barclays Bank PLC of London, compared with just 24% of advised owners. A higher percentage of self-directed investors than advised investors recognized each of the eight fund companies in the survey.

Self-directed investors are also more loyal to their first ETF provider.

According to the survey, self-directed clients are three times as likely to stay with Barclays' ProShares ETFs as advised investors. The only provider of the eight companies listed with a higher percentage of advised investor loyalty was State Street Global Advisors of Boston.

"This is a very important investor category that is driving usage," said John Meunier, Cogent Research's founder and principal. "They are more committed, and they are more likely to use ETFs."

Of the respondents who owned ETFs, 62% said they were advised, and 38% said they were self-directed. However, self-directed owners allocated 20% more of their portfolios to their ETFs than advised investors, the survey found.

Data for the study were gathered during the last week of October.