COGENT RESEARCH

Domestic Large-Cap Funds Aside, Multiple Firms Are Battling for Advisors' Attention

Cambridge, Mass., (November 15, 2010) – In a new report released this week by Cogent Research it was revealed that Domestic Large-Cap funds is the only category of equities with a clear "go-to" leader. No single fund company dominates among advisors seeking Mid-Cap, Small-Cap, or international product offerings. This, and other findings, are included in *Advisor Trends in Asset Class Mix 2010™,* a report based on a nationally representative survey of over 1,400 registered advisors.

Virtually all advisors who use mutual funds include Large-Cap Growth (97%) or Value (97%) funds in their lineup. In these two areas, American Funds, the overwhelming favorite, is considered the "go-to" provider by 39% and 31% of advisors respectively. Meanwhile, BlackRock, which is American Funds' nearest competitor in these two asset classes, is named as the "go-to" fund provider by a quarter as many, or only 7% and 6% of advisors respectively. American Funds' dominance is evident in all channels with the exception of the RIA channel, where Vanguard Group, Fidelity Investments, and, to a lesser extent, DFA (Dimensional Fund Advisors) mount formidable challenges to American Funds.

Moving into the Mid-Cap and Small-Cap asset classes, a very different picture and a much broader set of competitors begins to emerge. For example, across all six style boxes comprised of Small- and Mid-Cap categories, Fidelity Investments and Franklin Templeton are just a few points behind American Funds for advisors who name them as "go-to" providers in these categories. In addition, Franklin Templeton shows particular strength among Regional and Bank channel advisors.

"There's obviously a lot more competition for both mindshare and shelf space in asset classes outside of the Large-Cap arena," said Tony Ferreira, Managing Director of Cogent's Wealth Management practice. "There are at least a half dozen fund companies that are in the hunt within the Mid- and Small-Cap fund space."

According to Ferreira, the competition heats up even further within specific asset classes and channels. "Take The Hartford and Lord Abbett, for example. Among Regionals, these two players match or surpass what a number of larger competitors, including American Funds, are doing in all three Mid-Cap categories."

For international equity funds, American Funds and Franklin Templeton were named most often, specifically by 25% and 17% of advisors respectively as their "go-to" provider. However, in a clear indication of the specialized, fractured, and "boutique" nature of the category, beyond those two providers there are at least 30 contenders each with their own small piece of the pie.

Pointing to an important opportunity for fund companies to step into these still relatively unchartered waters, Ferreira notes that international equities have grown to where they now represent about a fifth of advisors' total mutual fund book of business. "It isn't everyday that we find "Other" to be the third biggest manager in an asset class."

About Cogent Research

Cogent Research helps clients gain clarity, obtain perspective, and formulate direction on critical business issues. Founded in 1996, Cogent provides custom research, syndicated research products, and evidence-based consulting to leading organizations in the financial services, life sciences, and consumer goods industries. Through quality research, advanced analytics, and deep industry knowledge, Cogent Research delivers data-driven solutions and strategies that enable clients to better understand customers, define products, and shape market opportunities in order to increase revenues and grow the value of their products and brands.

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