



Study Confirms Self-Directed Investors Are Driving ETF Popularity and Growth

CAMBRIDGE, MASS., (February 16, 2010) – According to a newly released study by [Cogent Research](#), nearly two-thirds of affluent investors who own ETFs say they purchased these products with no help from an advisor. In light of this, it is not surprising that self-directed investors have higher awareness levels of ETF providers and are more likely to increase their usage in the future. These and other findings are revealed in the 2010 Investor Brandscape™ report based upon a survey of 4,000 affluent investors. The study demonstrates how critical self-directed investors are to the continued acceptance and growth of ETFs. It also points to the challenges facing ETF providers that may be overly dependent on advisor-sold product distribution.

“Given the high engagement level of self-directed investors with ETFs, it’s no wonder that providers are now focused on addressing the needs of this important audience,” said Christy White, Cogent Research Co-Founder and Principal. White points out that one compelling reason for rethinking traditional distribution models is the fact that 40% of current self-directed ETF owners say they plan to increase their use of these products, compared to just 26% of advised ETF owners who expect to do the same.

An unexpected accelerant of the direct distribution model for ETFs is the fact that not only are self-directed investors comfortable buying ETFs, but *advised* investor also believe they can purchase these products without the assistance of their advisor. In fact, nearly one in four advised investors that currently own ETFs say they bought these products on their own.

Self-directed ETF owners, overall, are twice as likely as their advised counterparts to be aware of major ETF providers (38% on average for self-directed; 18% on average for advised). Among the major ETF providers, Vanguard is perhaps best positioned to capitalize on the wave of opportunity among self-directed investors. While awareness of the firm as an ETF provider is currently lower than that of iShares among self-directed investors, those who recognize Vanguard as an ETF provider view the firm much more favorably than those familiar with any other ETF provider. Furthermore, Vanguard garners significantly higher loyalty from its ETF customers than any other provider.

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ETF AWARENESS AND IMPRESSION AMONG SELF-DIRECTED ETF USERS

	Self-Directed ETF Users	
	Aided Awareness	Brand Impression (Top 3 Box)
iShares	64%	45%
Spiders/State Street	47%	41%
Vanguard	46%	60%
PowerShares	41%	39%
ProShares	35%	29%

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“Right now, Vanguard is sitting in the cat bird’s seat when it comes to capturing market share among self-directed ETF investors,” said John Meunier, Cogent Research Co-Founder and Principal. “But with big players like Charles Schwab entering the space, and the recent announcement of a strategic distribution agreement between iShares and Fidelity, it’s pretty obvious everybody wants a piece of the action.”

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