

The graphic features a white line chart overlaid on a collage of images: a green stock market board with 'Sell' orders, a car, a 'FORECLOSURE' sign, and a 'FOR SALE' sign. A price list on the right shows 'Regular 407 9/10', 'Plus 417 9/10', and 'Premium 427 9/10'. The Advisor BrandScape logo is in the top right corner.

**ADVISOR
BRANDSCAPE™
2009**

**Measuring the Impact of Brand and Loyalty
on Revenue in the Advisor Marketplace**

RIA Channel Overview

ADVISOR BRANDSCAPE METHODOLOGY

- Online survey of a representative sample of 1,529 U.S. financial advisors in April 2009
- Results weighted to reflect universe of advisors with >\$5M in AUM across five channels
- Advisor qualifications:
 - ✓ Registered Representative or RIA
 - ✓ Provide financial and investment advice/planning services for investors
 - ✓ Minimum AUM of \$5M+
 - ✓ Licensed to sell registered securities (e.g. mutual funds, stocks, VAs, etc.)
- Distribution by channel and AUM is as follows:

Distribution Channel	% of Respondents
National	31% (n=478)
Regional	10% (n=157)
Independent	39% (n=611)
Bank	10% (n=134)
RIA	10% (n=149)

AUM	% of Respondents
<\$25M	36% (n=555)
\$25-<\$50M	25% (n=385)
\$50-<\$100M	19% (n=298)
\$100M+	19% (n=287)

RIA Channel Overview

RIA CHANNEL OVERVIEW

There are approximately 28,000 RIAs in the U.S. today, representing nearly 10% of financial advisors nationally.

NUMBER OF ADVISORS 2007 vs. 2009

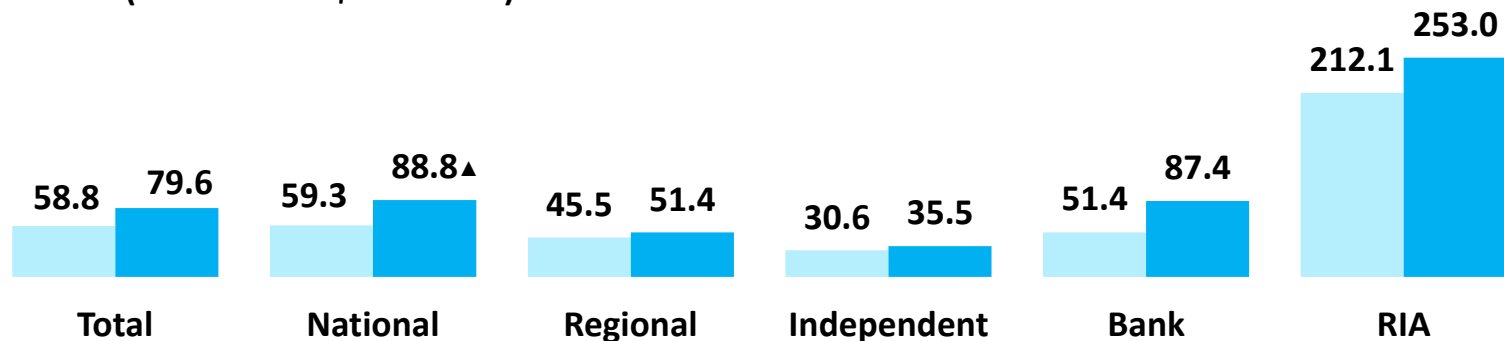
Channel Affiliation	Estimated # of Advisors 2007	Estimated # of Advisors 2009	Change
Independent	122,500	116,500	-6,000
National	93,000	98,000	+5,000
Bank	47,000	51,000	+4,000
Regional	34,000	31,000	-3,000
RIA	30,000	28,000	-2,000
Total	326,500	324,500	-2,000

Source: Discovery Registered Representative and RIA Databases

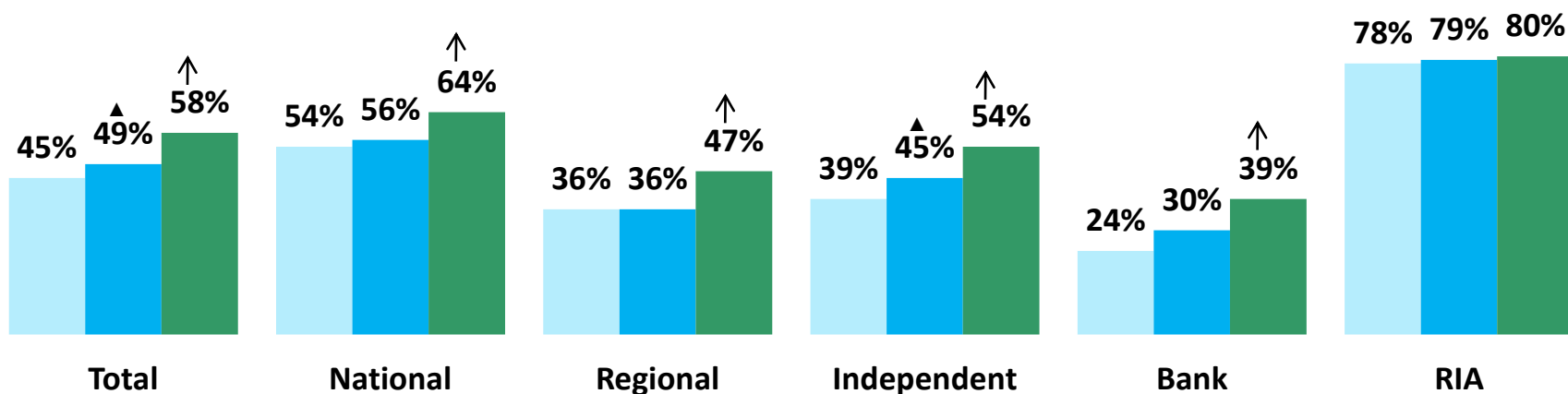
RIA CHANNEL OVERVIEW

Overall, RIAs have larger books of business than their peers and generate the vast majority of their compensation from asset-based fees.

ADVISOR AUM (AVERAGE IN \$MILLIONS)



PERCENT OF COMPENSATION FROM ASSET-BASED FEES



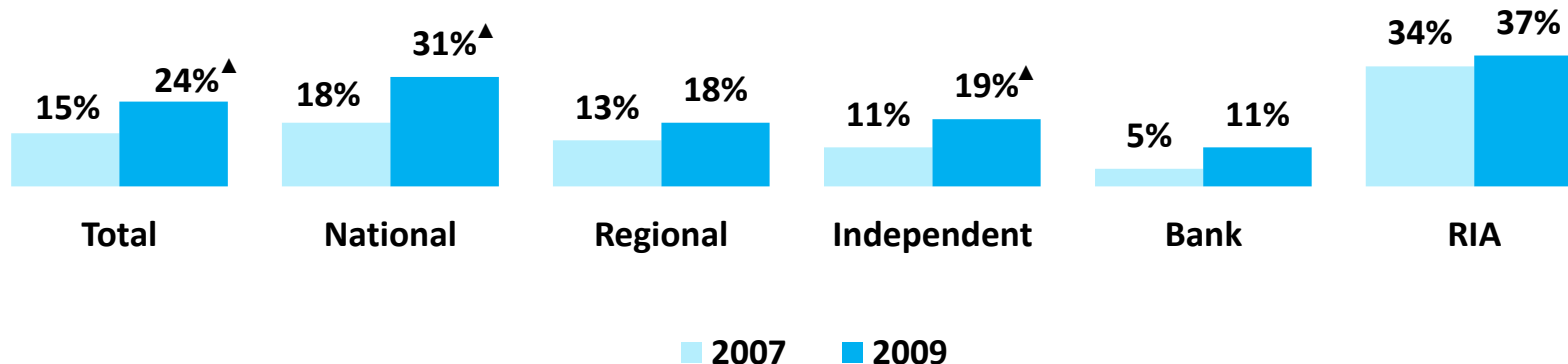
↑↓ = Considerable change using same sample comparison
 ▲/▼ = Significant change from 2007

■ 2007 ■ 2009 ■ 2011

RIA CHANNEL OVERVIEW

RIAs are more likely than advisors in other channels to work in a team-based practice, where more than one advisor helps to co-manage the book of business.

TEAM-BASED ADVISORS 2007 vs. 2009



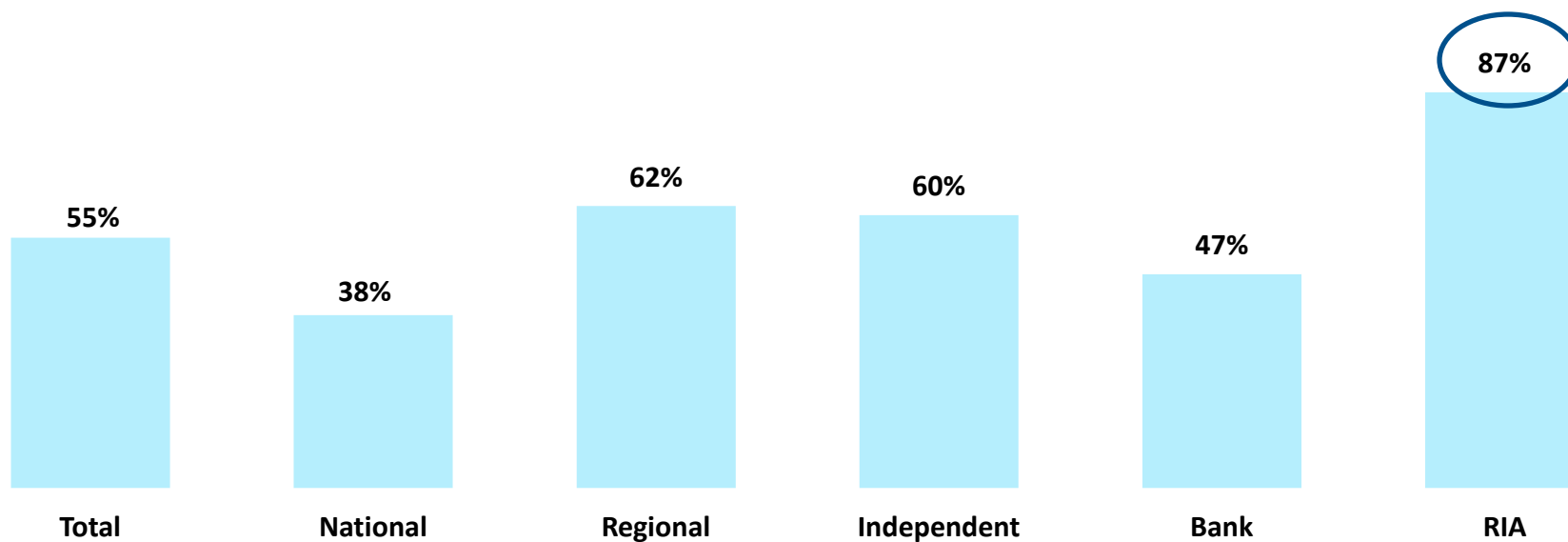
▲/▼ = Significant change from 2007

RIA Potential Growth in Channel

RIA POTENTIAL GROWTH IN CHANNEL

Just over half of all advisors are satisfied with their current employer, but nearly all RIAs are happy with “their” firms.

ADVISOR SATISFACTION WITH CURRENT FIRM (PERCENT TOP 3 BOX SATISFACTION)

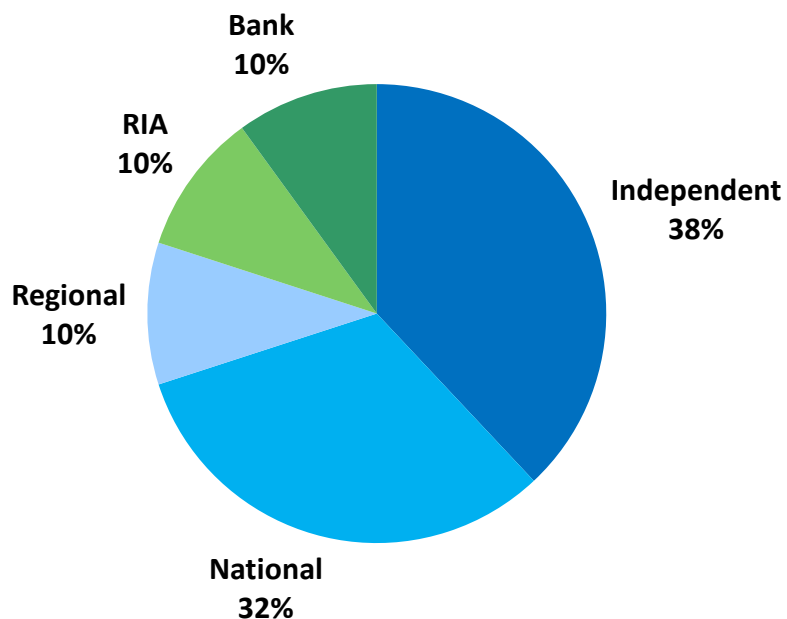


RIA POTENTIAL GROWTH IN CHANNEL

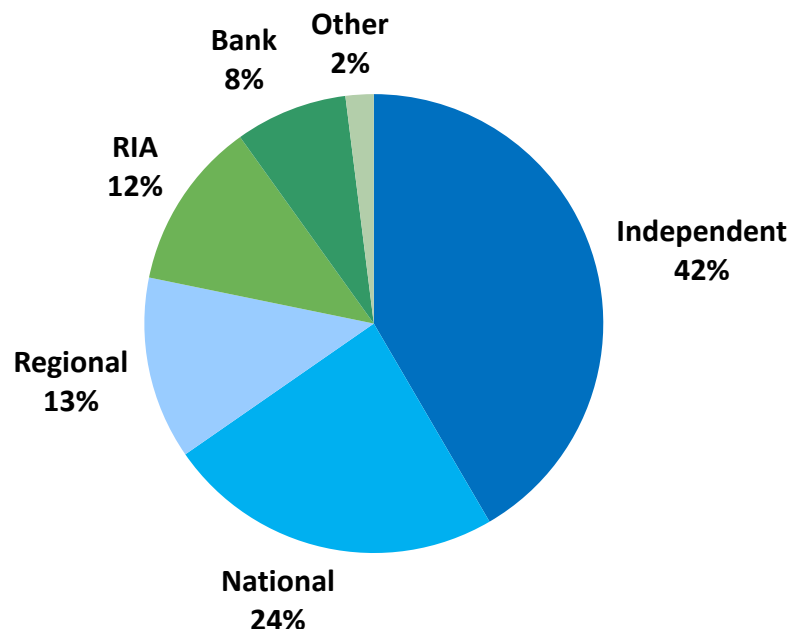
Based on advisors' intention to switch to the RIA channel, this channel has the potential to grow 20% over the next two years yielding approximately \$300+ billion gain in assets.

ADVISOR AFFILIATION 2009-2011

**CURRENT CHANNEL LANDSCAPE
(2009)**



**POTENTIAL FUTURE CHANNEL LANDSCAPE
(2011)**



Using the median AUM as a proxy, RIAs currently manage over \$750 billion in assets, and when top performers from other channels likely to switch are accounted for, the total market opportunity exceeds \$1 trillion.

▲/▼ = Significant change from 2007

RIA Book Of Business Overview

RIA BOOK OF BUSINESS OVERVIEW

RIAs tend to attract a slightly younger but wealthier boomer clientele. An average RIA client has just over \$1M in investable assets, which is nearly 40% higher than other channels.

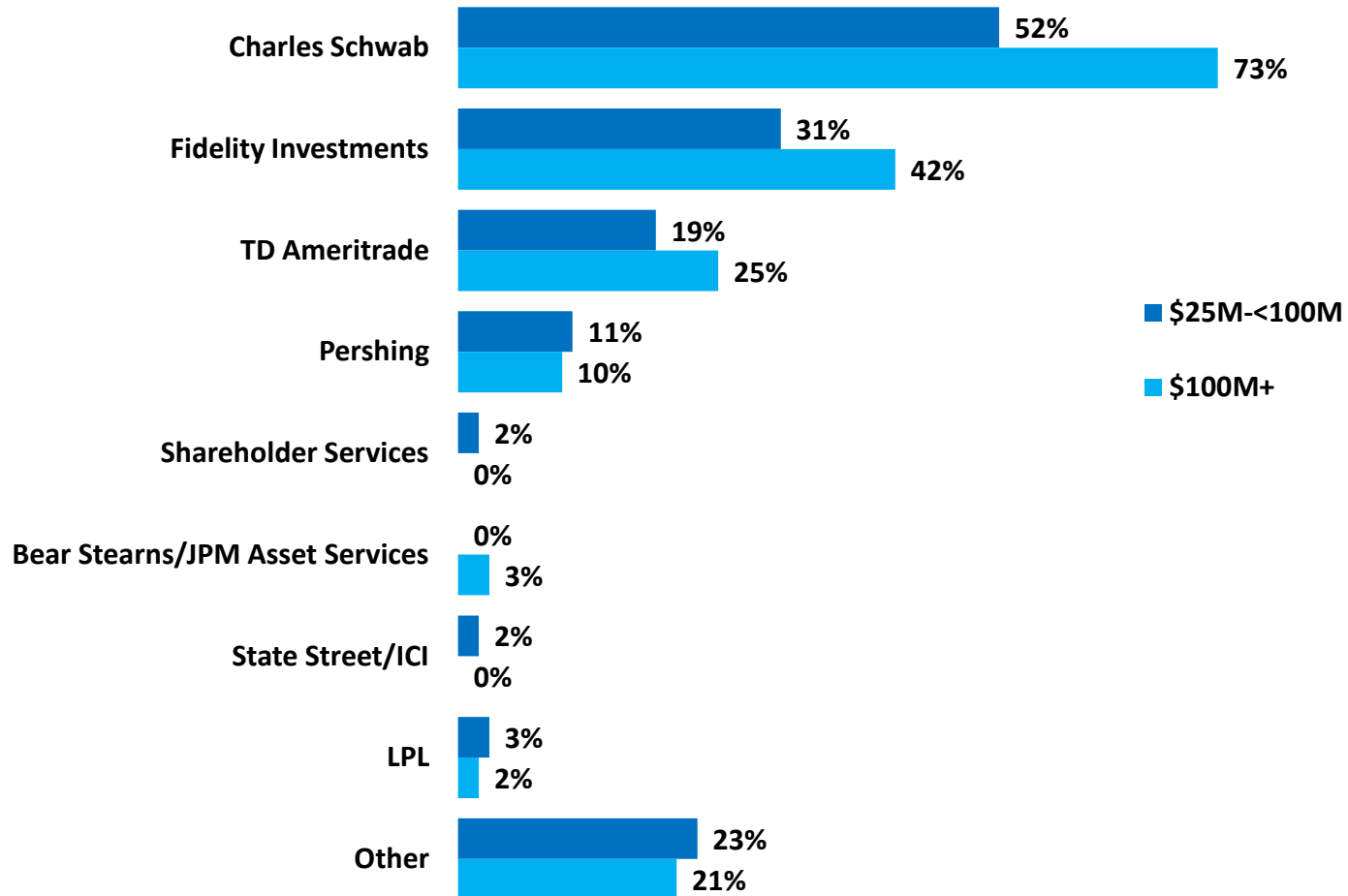
ADVISOR CLIENT DEMOGRAPHICS

Averages	Total	National	Regional	Independent	Bank	RIA
% with Majority of Clients Age:						
25-44	7%	4%	5%	9%	7%	7%
45-54	27%	24%	24%	29%	23%	32%
55-64	51%	53%	51%	49%	52%	49%
65 or older	16%	19%	20%	13%	17%	12%
Mean	57.1	58.3	58.3	56.0	57.3	56.2
% with Majority of Clients With Investable Assets:						
<\$100K	12%	6%	12%	18%	19%	2%
\$100K-<\$500K	59%	57%	69%	61%	57%	46%
\$500K-<\$2M	25%	33%	18%	18%	21%	40%
\$2M+	4%	4%	1%	3%	2%	12%
Mean	\$632K	\$725K	\$475K	\$522K	\$527K	\$1.04M

RIA BOOK OF BUSINESS OVERVIEW

RIAs are most likely to use Charles Schwab, Fidelity, and TD Ameritrade as custodian services providers.

PENETRATION AMONG CUSTODIAN SERVICES PROVIDERS



RIA Product Usage Overview

RIA PRODUCT USAGE OVERVIEW

RIAs use a variety of products, but are more likely to sell ETFs and shun annuities relative to other channels

PERCENT OF ADVISORS SELLING EACH PRODUCT

2009	National	Regional	Independent	Bank	RIA	RIA AUM Allocation
Mutual Funds	93%	96%	96%	91%	93%	34%
Individual Securities	96%	97%	74%	84%	81%	18%
Separately Managed Accounts	68%	37%	33%	34%	19%	7%
Variable Annuities	79%	86%	91%	78%	32%	6% ▲
Exchange Traded Funds	71% ▲	57% ▲	43%	30%	70% ▲	15% ▲
Fixed Annuities	31% ▲	42% ▲	47%	73% ▲	16%	1%
Fixed Index Annuities	3%	9% ▲	19%	12%	8%	-
Life Insurance (VUL, UL)	26%	49% ▲	50%	32%	13%	-

▲/▼ = Significant change from 2007

RIA PRODUCT USAGE OVERVIEW

RIAs have different product attitudes, particularly when it comes to fees, use of product wholesalers, and intent to consolidate providers.

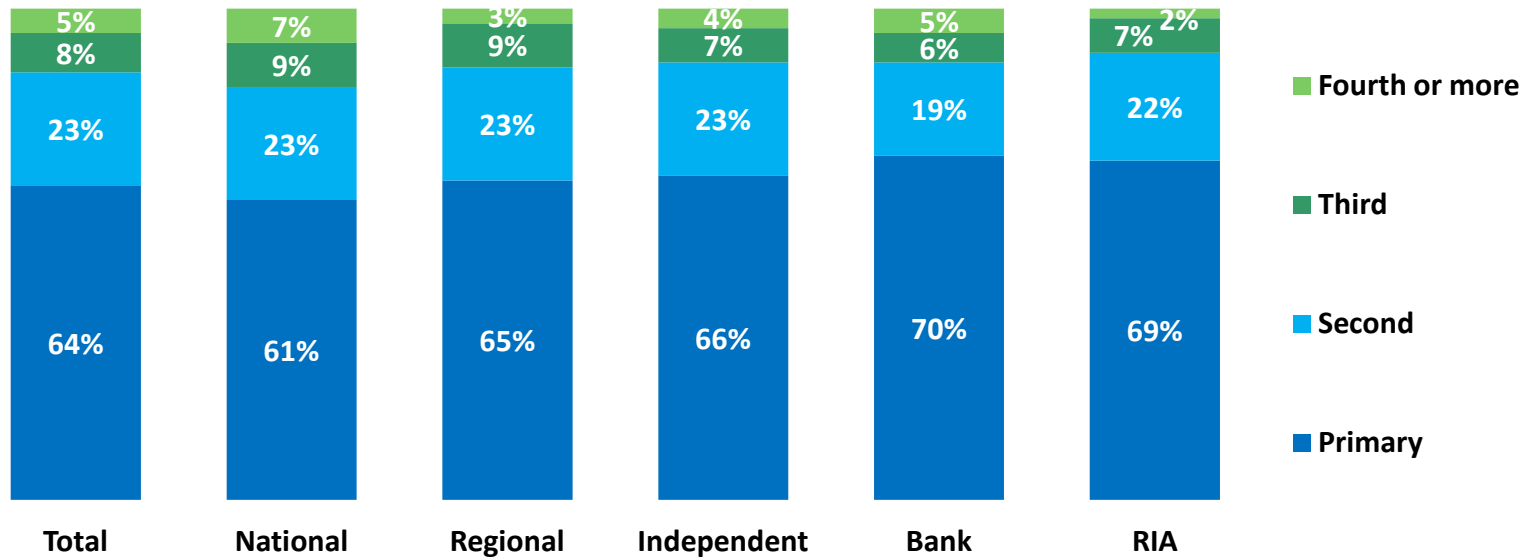
ADVISOR INVESTMENT PRODUCT ATTITUDES (PERCENT TOP 2 BOX AGREE WITH STATEMENT)

Statement	Total	National	Regional	Independent	Bank	RIA
I am extremely conscious of product fees and expenses	72%	70%	67%	70%	77%	86%
I consider product wholesalers to be an important source for marketing ideas and sales support	52%	48%	57%	60%	60%	18%
The higher fees associated with active investment management are worth the price	45%	47%	50%	45%	42%	36%
My clients' assets are consistently moving towards lower risk products/allocations	41%	44%	35%	41%	47%	31%
I am likely to consolidate the number of product providers I work with	36%	45%	33%	36%	24%	22%

RIA PRODUCT USAGE OVERVIEW

RIAs tend to isolate more of their dollars with a “primary” product provider, like ETF companies where the primary ETF provider garners nearly 7 in 10 ETF dollars....

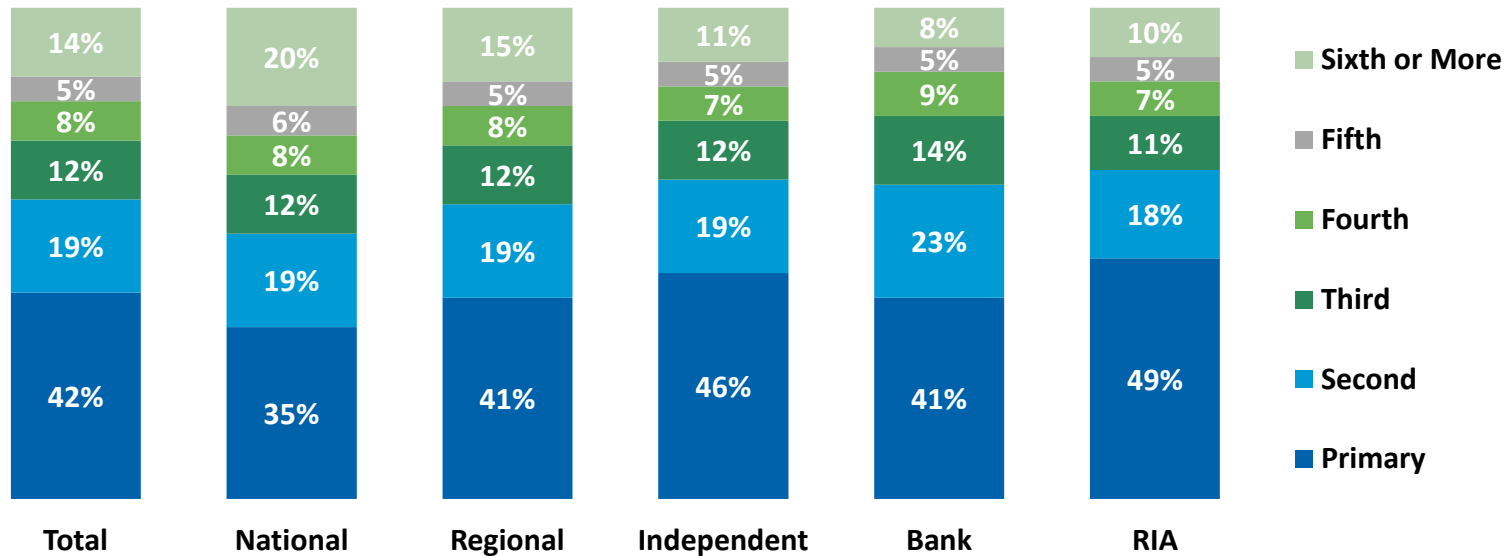
ASSET DISTRIBUTION ACROSS TOP ETF PROVIDERS



RIA PRODUCT USAGE OVERVIEW

...and where the primary mutual fund provider in the RIA practice garners half of mutual fund dollars.

ASSET DISTRIBUTION ACROSS TOP MUTUAL FUND PROVIDERS



RIA PRODUCT USAGE OVERVIEW

No-load (low expense) mutual fund providers are more likely to be utilized by fee-conscious RIAs.

PENETRATION AMONG MUTUAL FUND COMPANIES BY CHANNEL

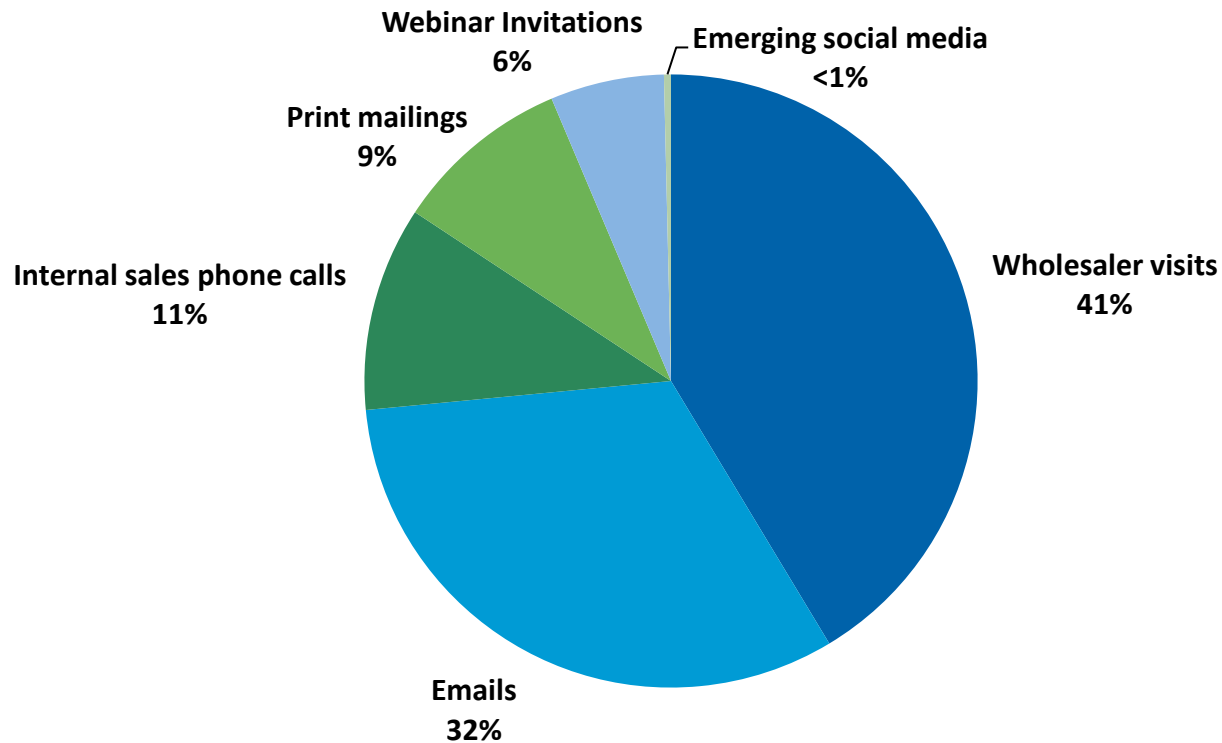
Rank	Firm	National	Regional	Independent	Bank	RIA
1	American Funds	87%	82%	89%	86%	53%
2	Franklin Templeton	61%	70%	64%	83%	23%
3	PIMCO	58%	45%	40%	34%	56%
4	OppenheimerFunds	41%	58%	54%	34%	24%
5	Fidelity Investments/Advisor Funds	37%	36%	44%	47%	50%
6	BlackRock	57%	20%	25%	27%	17%
7	MFS Investment Management	38%	28%	33%	26%	11%
8	Davis Funds	43%	30%	24%	24%	16%
9	Eaton Vance	35%	31%	25%	18%	8%
10	AllianceBernstein	31%	27%	27%	15%	13%
11	Columbia Management	28%	28%	25%	19%	27%
12	Dodge & Cox	25%	19%	25%	19%	39%
13	John Hancock Funds	26%	27%	28%	22%	7%
14	Lord Abbett	39%	34%	18%	5%	6%
15	Putnam Investments	19%	26%	29%	26%	4%
16	Van Kampen	26%	33%	20%	23%	8%
17	The Hartford	27%	33%	18%	21%	9%
18	Calamos	27%	14%	19%	12%	20%
19	Vanguard	12%	12%	17%	5%	51%
20	Invesco Aim	16%	19%	17%	28%	8%

RIA Touchpoint Overview

RIA TOUCHPOINTS OVERVIEW

Wholesaler visits, followed by e-mails, are the most effective direct modes overall to “communicate” a firm’s brand imagery.

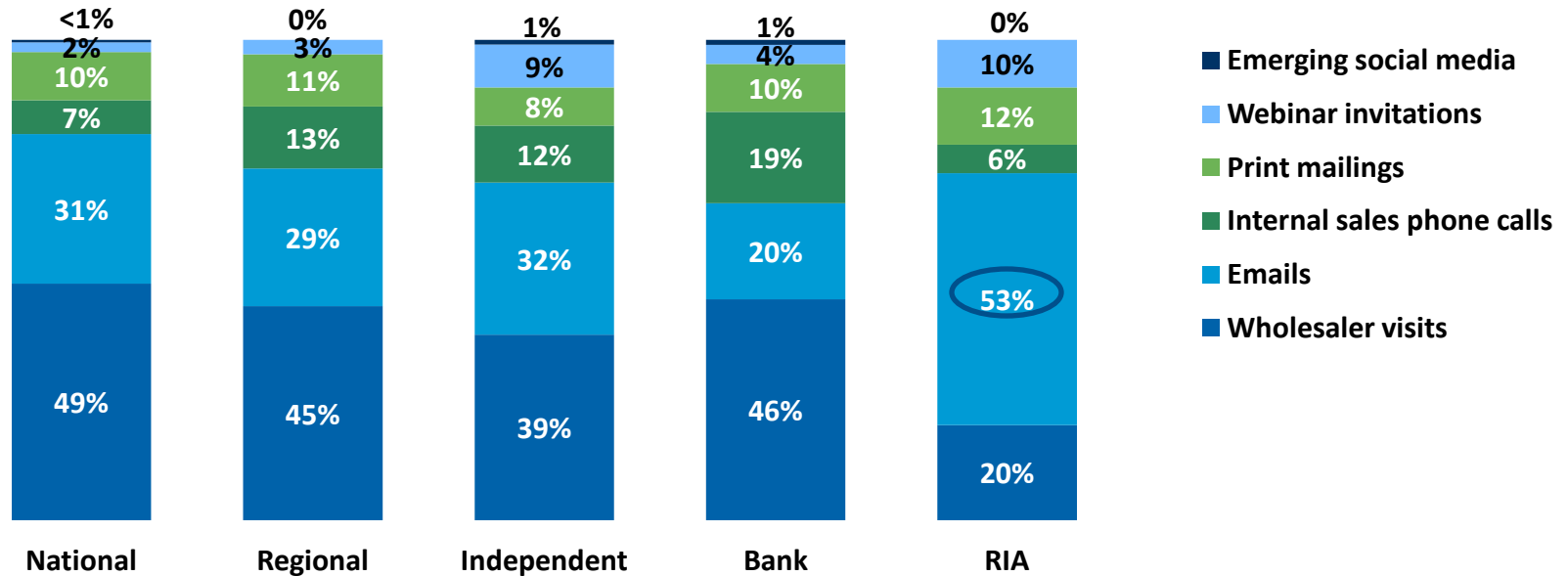
MOST EFFECTIVE COMMUNICATION MODE



RIA TOUCHPOINTS OVERVIEW

The most effective mode of communications varies somewhat by channel, particularly among RIAs where email is the predominant communication channel.

MOST EFFECTIVE COMMUNICATION MODE BY CHANNEL



RIA TOUCHPOINTS OVERVIEW

RIAs prefer an “email” touch over wholesaler conversations for new products...

EFFECTIVENESS OF COMMUNICATIONS MODES BY GOAL BY CHANNEL

LEARNING ABOUT A NEW PRODUCT

	Total	National	Regional	Independent	Bank	RIA
Wholesaler visits	52%	63%	51%	50%	66%	21% ▼
Emails	23%	25%	26%	18%	12% ▼	47% ▲
Print mailings	11%	7%	12%	12%	18%	10%
Webinar invitations	8%	2%	2%	12%	0%	17% ▲
Internal sales phone calls	6%	3%	10%	8%	4%	6%
Emerging social media	0%	0%	0%	0%	0%	0%

▲/▼ = Significant from Total

RIA TOUCHPOINTS OVERVIEW

...for staying up-to-date on product changes...

EFFECTIVENESS OF COMMUNICATIONS MODES BY GOAL BY CHANNEL

KEEPING YOU UP-TO-DATE ON CHANGES TO EXISTING PRODUCTS

	Total	National	Regional	Independent	Bank	RIA
Emails	42%	38%	40%	43%	20% ▼	65% ▲
Wholesaler visits	30%	37%	27%	30%	27%	11% ▼
Internal sales phone calls	17%	14%	19%	18%	33%	4% ▼
Print mailings	8%	10%	11%	4%	12%	10%
Webinar invitations	4%	1%	3%	5%	8%	9%
Emerging social media	0%	0%	0%	0%	0%	0%

▲/▼ = Significant from Total

RIA TOUCHPOINTS OVERVIEW

...and as a means to learn sales ideas.

EFFECTIVENESS OF COMMUNICATIONS MODES BY GOAL BY CHANNEL

PROVIDING SALES IDEAS OR TIPS TO SELL PRODUCTS TO A CLIENT

	Total	National	Regional	Independent	Bank	RIA
Wholesaler visits	47%	54%	61%	42%	65%	18% ▼
Emails	30%	28%	17%	31%	17%	54% ▲
Internal sales phone calls	10%	8%	8%	12%	11%	8%
Webinar invitations	6%	3%	5%	10%	3%	6%
Print mailings	6%	7%	9%	5%	3%	14%
Emerging social media	0%	0%	0%	0%	0%	0%

▲/▼ = Significant from Total

IMPLICATIONS

- Product development must incorporate a simple, low cost, and “no load” pricing design when applicable in order to increase interest and application in RIA’s book of business/platform
 - Firms must clearly test pricing and feature trade-offs in order to understand potential for product adoption and price sensitivity
- RIAs are loyal to a few number of product providers - loyalty and retention research must be conducted on an ongoing basis.
- Distribution and sales must be fully fluent in the product and investment mechanics of their respective products. RIAs prefer and expect to discuss the solution with a product “expert,” and not necessarily with with a sales representative.
- The marketing mix should take into account RIA’s preference for emails, webinars, and internal support. Secondary support should be provided by external sales staff.

CLOSING THANKS

We look forward to continuing to fuel strategic insights through both custom and syndicated research efforts.

Please direct any questions to:

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