

**Investment Behaviors and Attitudes,
and Selected Business Data and Demographics,
of Financial Advisors**

2012 – Q4

Executive Summary and Data Overview



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You were one of 2,521 financial advisors who participated in our in-depth survey regarding advisor investing behaviors and attitudes about working with investment companies for Q4 2012, as well as other aspects of your business. We appreciate your valuable time and effort participating in what, to our knowledge, is the most extensive research of its kind.

We have some different data for you this time around. Here is an executive summary of key findings and an overview of data.

EXECUTIVE SUMMARY

Clients

- Almost half of clients are over 60
 - The average advisor/firm reports that 48% of clients are over 60.
- Advisors expect a majority of clients to retire no earlier than 67.
 - 43%: before 67
 - 24%: at 67
 - 23%: between 68-70
 - 10%: 71 and older
- Individual advisors (not on a team) averaged around one new client per month
 - The average advisor signed 13 new clients in the past year.
 - The number is skewed a little north due to the insurance channel.
 - Teams averaged 24 new clients in the past year.

Assets Under Management

- Individual advisors (not a team) continue to see AUM decrease, while teams remain stable.
 - The average advisor managing assets independently manages \$60m, representing a continuation of the decline since 2010.
 - The average advisor team manages \$167m, which has remained stable since the first half of 2011.
 - 77% of advisors identified as being part of a team.

Portfolio Management

- Average aggregate portfolio mix for advisors changed little over the past six months.

Advisor Rankings of Asset Management Companies

- PIMCO, followed by Dimensional Fund Advisors and Franklin Templeton, topped the rankings of firms with the highest percentage of “advocates”--advisors who do business with the firm and would strongly recommend the firm to a friend or colleague.

DATA OVERVIEW

1. Percentage of Clients Over 60
2. Expected Retirement Age of Clients
3. New Clients Added in Past 12 Months
(Individuals and Teams)
4. Average AUM
(Individuals and Teams)
5. Aggregate Portfolio Mix
6. Selected Advisor Rankings of Asset Management Companies
 - a) Most Advocates for the Firm
 - b) Most Advocates for the Firm's External Wholesalers
 - c) Most Advocates for the Firm's Internal Wholesalers
 - d) Trustworthy/Ethical
 - e) Dedicated to Advisors
 - f) External Wholesaler's Knowledge About Their Firm's Products
 - g) External Wholesaler's Ability to Help Build Advisor's Business
 - h) External Wholesaler's Tailored Approach Based on Your Needs
7. Demographics
 - a) Gender
 - b) Type of Firm
 - c) Tenure level

1. Percentage of Clients Over 60

	% of Clients
Reg. B/D	53.1%
Wires	50.1%
All	47.5%
Indie B/D	45.5%
Indie RIA	45.3%
Insurance	40.0%

2. Expected Retirement Age of Clients

	<67 yrs	67 yrs	68-70 yrs	71+ yrs
Wires	40.7%	22.7%	24.4%	12.2%
Indie RIA	43.8%	20.8%	24.5%	10.9%
All	43.1%	23.6%	22.8%	10.4%
Reg. B/D	40.7%	25.5%	23.5%	10.3%
Indie B/D	45.7%	23.6%	21.2%	9.5%
Insurance	42.3%	26.8%	21.7%	9.2%

3. New Clients Added in Past 12 Months (Individuals and Teams)

	Individuals (Not on a Team)	Teams
Insurance	22.1	45.2
Reg. B/D	15.5	23.3
All	13.3	24.2
Wires	10.7	14.9
Indie B/D	10.7	23.4
Indie RIA	7.6	19.6

4. Average AUM (Individuals and Teams)

	Individuals (Not on a Team)	Teams
Wires	132m	283m
Indie RIA	62m	219m
All	60m	167m
Reg. B/D	63m	161m
Indie B/D	32m	80m
Insurance	11m	59m

5. Aggregate Portfolio Mix

	Mutual Funds (wrap)	Mutual Funds (non- wrap)	Stocks & Bonds	VAs	SMA's	ETFs	Cash & Equiv .	Fixed Ann.	Alt. Invst.	Perm. Life	Other
All	21.1%	18.6%	15.1%	12.7%	8.0%	7.8%	4.9%	4.0%	3.7%	3.6%	0.4%
Wires	24.4%	11.9%	22.9%	7.3%	12.6%	8.9%	6.3%	0.7%	3.9%	0.6%	0.6%
Reg. B/D	21.5%	19.0%	26.1%	8.6%	6.7%	5.9%	5.6%	1.6%	2.9%	1.1%	0.9%
Indie B/D	23.9%	19.2%	10.1%	18.0%	7.4%	6.1%	3.8%	3.5%	4.6%	3.1%	0.3%
Indie RIA	13.9%	27.2%	14.9%	4.4%	6.2%	16.9%	6.0%	4.6%	3.6%	2.3%	0.1%
Insur- ance	14.9%	17.3%	3.1%	25.0%	4.4%	2.0%	2.7%	11.7%	1.2%	17.2%	0.4%

6. Selected Advisor Rankings of Asset Management Companies

The survey addressed 22 firms in depth: American Funds, BlackRock, Columbia, Dimensional Fund Advisors, Fidelity Advisors, Franklin Templeton, Guggenheim Investments, Invesco, iShares, Ivy Funds, John Hancock, JPMorgan Asset Management, MFS Asset Management, Natixis, OppenheimerFunds, PIMCO, PowerShares, Putnam Investments, SPDR ETFs, T.Rowe Price, Vanguard, Virtus Investments.

Here are the top rated firms in various categories:

a) Most Advocates for the Firm

PIMCO, DFA, Franklin Templeton

(highest percentage of advisors that would strongly recommend the firm to a friend or colleague)

b) Most Advocates for the Firm's External Wholesalers

DFA, MFS, OppenheimerFunds

(highest percentage of advisors that would strongly recommend the firm's external wholesaler to a friend or colleague)

c) Most Advocates for the Firm's Internal Wholesalers

DFA, JPMorgan, PIMCO

(highest percentage of advisors that would strongly recommend the firm's internal wholesaler to a friend or colleague)

d) Trustworthy/Ethical

American Funds, Franklin Templeton, DFA

e) Dedicated to Advisors

American Funds, DFA, Franklin Templeton

f) External Wholesaler's Knowledge About Their Firm's Products

DFA, Franklin Templeton, IVY Funds

g) External Wholesaler's Ability to Help Build Advisor's Business

DFA, BlackRock, JPMorgan

h) External Wholesaler's Tailored Approach Based on Your Needs

DFA, Fidelity Advisors, JPMorgan

7. Demographics

The 2,521 financial advisors surveyed are a good representation of the industry. Advisors from every state in the US participated, representing all backgrounds, ages, tenure levels, firm types, business models, business sizes, and business types.

a) Gender

Male: 83%

Female: 17%

b) Type of Firm

Independent B/D: 36%

Traditional Wires: 22%

Independent RIAs: 15%

Regional B/Ds: 11%

Insurance: 10%

Other Bank/Trust: 5%

Other: 2%

c) Tenure level

Under 10yrs: 20%

10-19 yrs: 38%

Over 20 yrs: 42%