



Broadridge Data and Analytics

North American Insights *Riding the Wave of Retail*

Powered by the Global Demand Model

AI enabled analytics on the future of the global
asset management industry

2024 Edition





Built on best-in-class market data sources, fortified by expert research

A quantitative and qualitative approach to total market sizing

GLOBAL Market Intelligence

Asset flow coverage of 100k+ global retail funds and ETFs and over US \$50trn global third-party addressable institutional assets.

GLOBAL Pricing Intelligence

Detailed price information on 500k+ global ETF and fund share classes, and 100k+ institutional mandates at an agreement level.



Dedicated team of analysts and industry experts across three continents



Bottom-up, channel-by-channel sizing across markets



Standardized methodologies, with localization where required



Output verification with internal and external expert network

Regulator & Asset Owner Publications

Public regulatory filing disclosures

Third-Party Vendor Data

Morningstar, Refinitiv, Prequin & more



Executive Summary

The industry is continuing to transform as new client segments, investment capabilities and vehicles drive an increasingly large part of the revenue pool



1) North American assets set to reach \$61T by 2026

As markets work to recover following a period of destabilization, we expect third party, professional managed assets to grow healthily at 9% p.a. over the next three years.



2) Active ETFs go from strength to strength

Active ETFs are expected to double over the next three years to just shy of \$1 trillion driven almost entirely by retail investors.



3) Concentration is king within US retail

Retail assets in the US are concentrated among the top 10 distributors. Within those distributors, assets are concentrated among their top 5 asset manager relationships.



4) Adopt a partnership approach to drive retail growth

Selecting distributors that match your capabilities and offerings and then aligning your resources to develop and support those relationships will be key to driving growth.



5) Alternatives and solutions drive institutional revenue

While trailing in assets, alternative products are expected to continue to outpace traditional products in terms of organic growth and have the highest projected revenue.

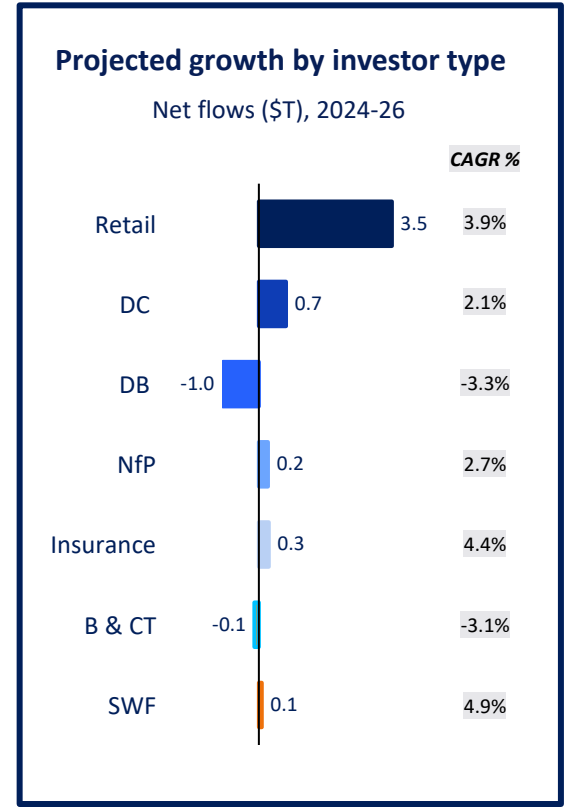
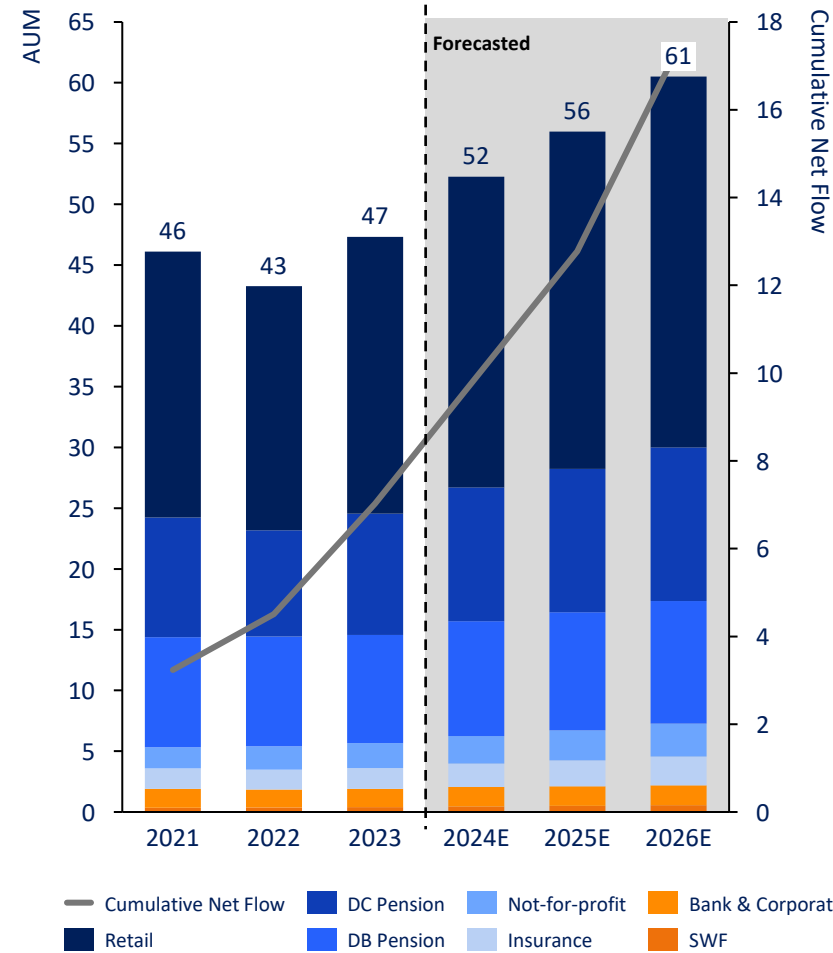


North America shows resilience in the face of market disruption

- North America is projected to continue its growth path both in terms of assets and net flows despite the volatile backdrop. The region is set to grow by 2% p.a. organic growth between 2024-26 generating close to \$3T in net flow.
- The real driver of growth in absolute terms will be retail, expected to rake in an extra \$3.5T of new money to investment vehicles over the next 3 years.
- However, cornerstone North American investors such as DB pension schemes are set to shrink materially, as they mature and reach end of life strategies.

North American AUM and cumulative net flows

\$ Trillion



Source: Broadridge Demand Model

Note: Channel growth includes on US and Canadian investor types and is the projected 3Y annualized growth.



The mutual fund is under pressure in the North America

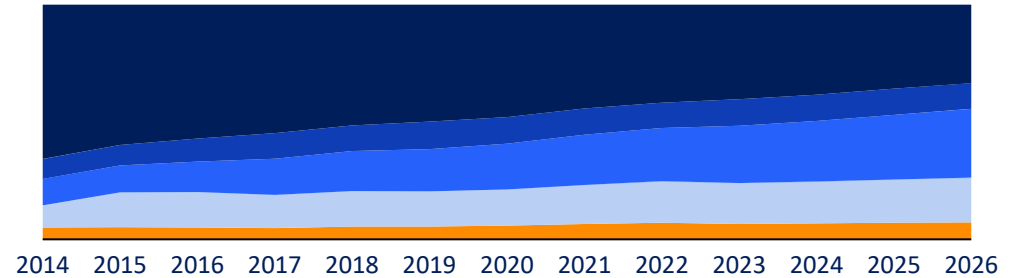
- Demand for personalization, liquidity and transparency is driving SMA and ETF vehicle 'wallet share' in the North American retail market.
- Relative to retail in other markets, North America has seen a significant decrease in the proportion of asset in active mutual funds as investors have embraced low-cost products with beta exposure.
- Active mutual funds market share has declined by ~40% over the past decade and we expect it to decline an additional ~20% through 2026.

Global AUM vehicle evolution for Equity, Fixed Income and Multi-Asset

% of AUM

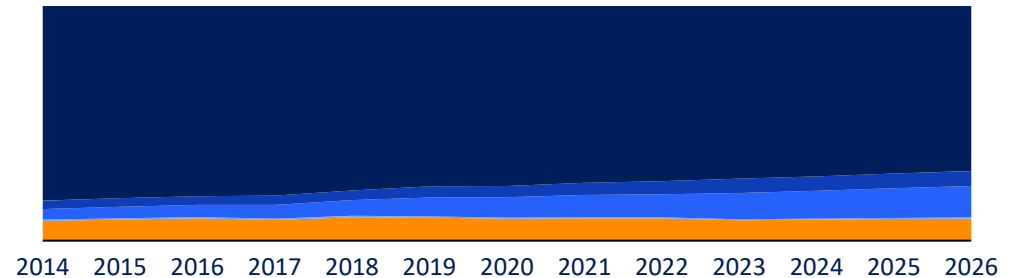
North American Retail

US mutual funds are facing a shrinking 'wallet share' as ETFs and SMAs rise



Retail (ex-North America)

Active ETFs are still relatively nascent outside of the US – but fast-growing digital channels and increases in ETF availability and range



Source: Broadridge Demand Model

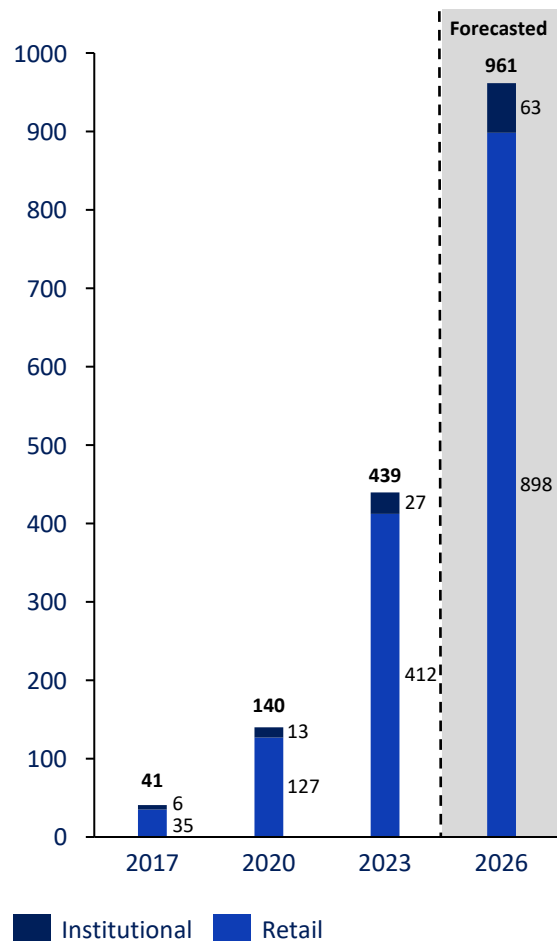


Active ETFs go from strength to strength

- Although active ETFs only equate to ~\$440B in total assets for North America, the projected growth suggests assets will more than double to ~\$1T by 2026 (24% p.a. organic growth CAGR).
- The uptick in active ETF assets has and will largely be driven by retail investors, looking for a perceived cheaper alternative to mutual funds with the added incentive of tax efficiency for US investors.
- Of the 15 largest active ETF products (by Q4 2023 AUM), only 1 was projected to be in outflow between 2024-26.

Growth in active ETF assets over time

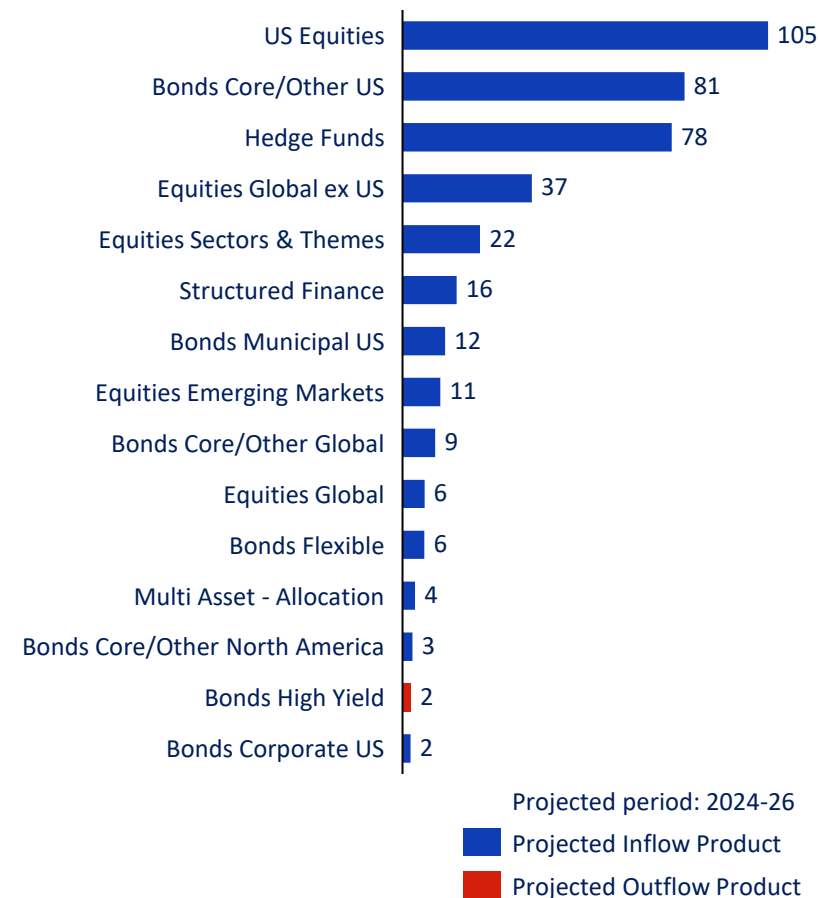
AUM \$ Billion



Source: Broadridge Demand Model
Note: Analysis includes only US and Canadian investors.

Top 15 products and future growth indicator

AUM \$ Billion, Retail active ETFs, Q4 2023



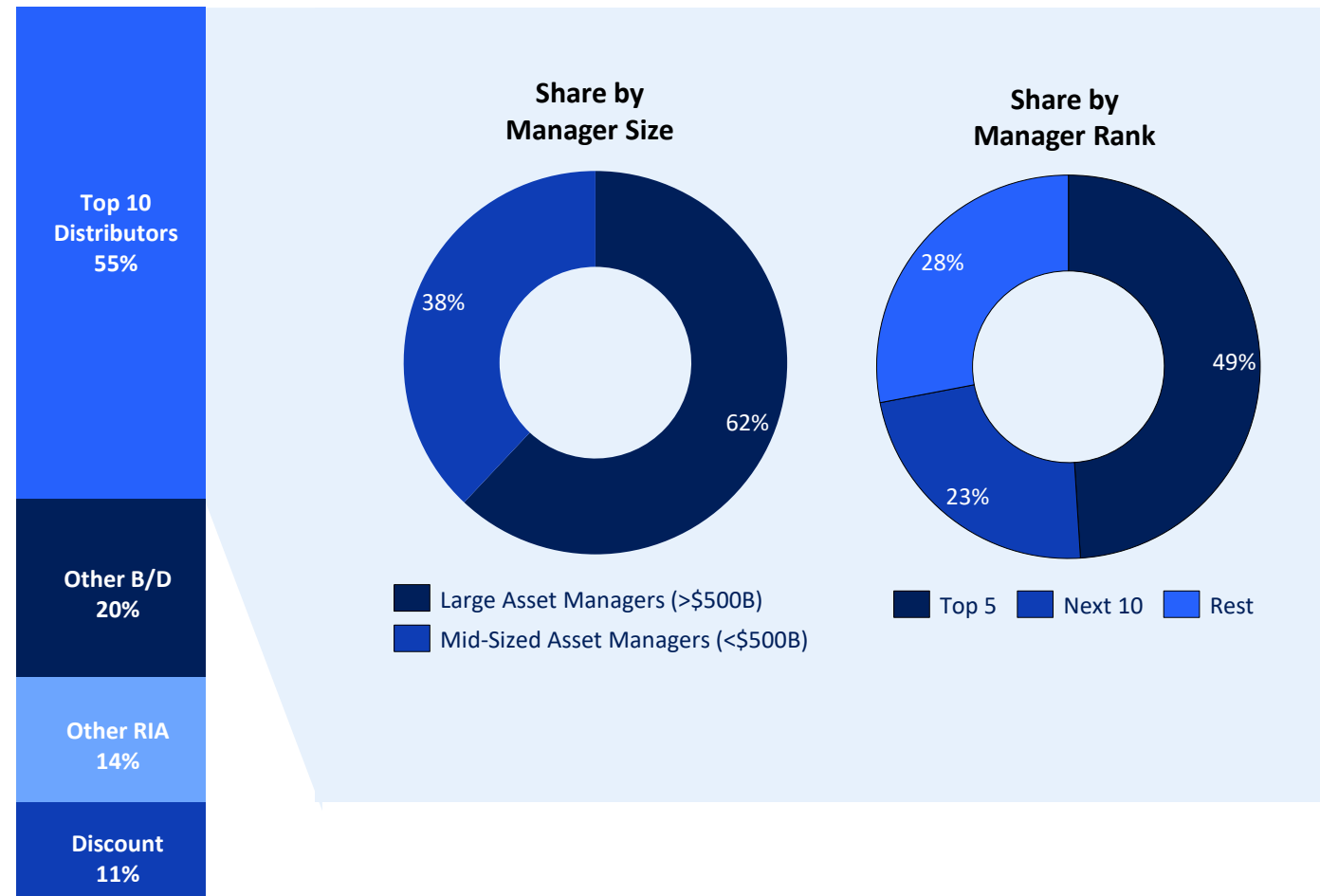


Concentration is king as offerings become commoditized

- The top 10 distributors control over half (55%) of the entire US retail market active products.
- Managers with AUM >\$500B oversee almost two-thirds of the assets for the top 10 distributors.
- Within the top 10 distributors, the managers ranked as their top 5 firms by AUM account for approximately 50% of their assets.
- Competition among mid-sized managers is going to intensify as distributors seek to simplify and streamline offerings. Boutiques with strong value propositions and truly differentiated products can remain relevant, but must be focused in their approach.

US Retail Active AUM

Mutual Funds, ETFs, SMAs by Distributor Groups, Manager Size, and Manager Rank at Distributor



Source: Broadridge Market Analytics



Selectively adopting a partnership approach drives growth

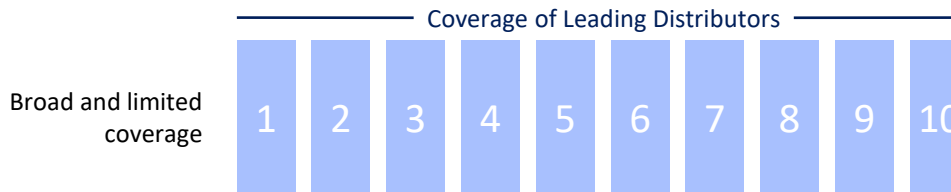
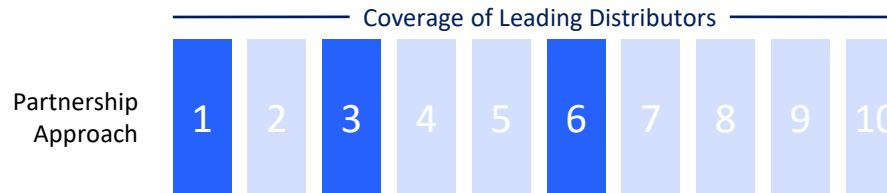
- Large asset managers can allocate resources to effectively cover the leading 10 distributors...
- ...but for mid-sized players, a more focused distributor strategy proves more successful as distributors seek to consolidate relationships and demand more from their partnerships.
- Mid-sized managers adopting a partnership approach outgrew their peers by almost 2:1.
- Managers are increasingly leveraging a data-driven and rules-based approach to help identify and monitor progress with distributors and advisors to maximize the impact of scarce distribution resources.

Distributor coverage by manager size

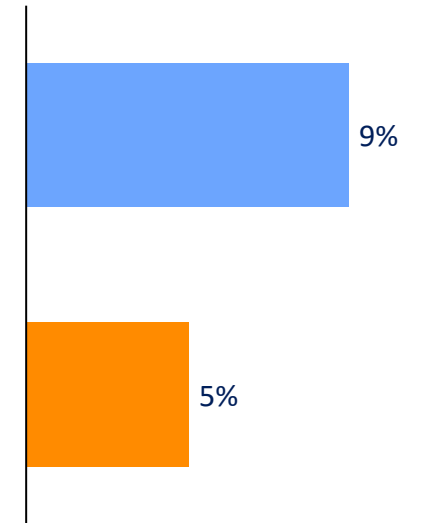
Large Asset Managers



Mid-Sized Asset Managers



AuM Growth Rates 2020 to 2023



Source: Broadridge Data & Analytics

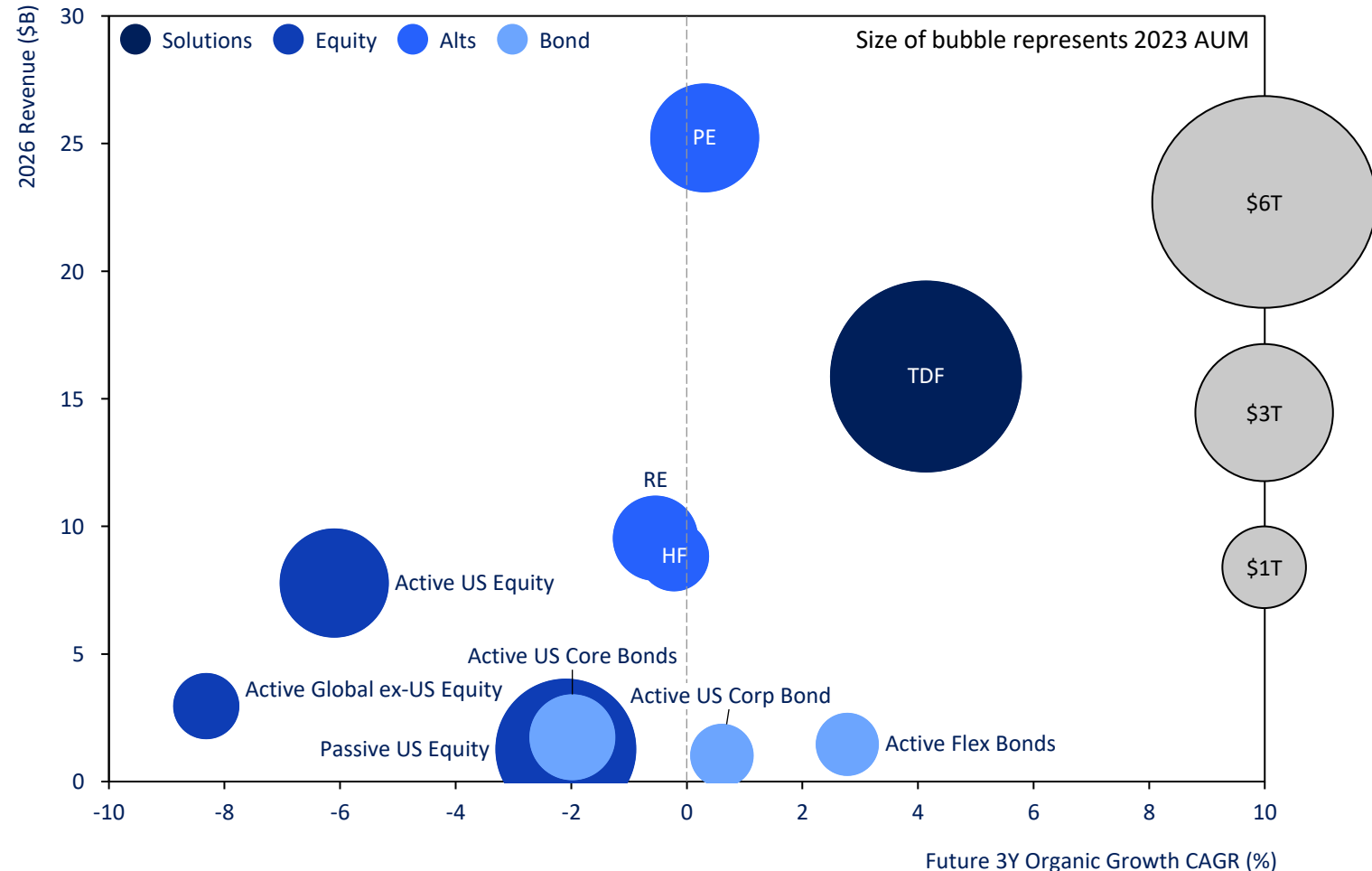


Alternatives and solutions to drive institutional revenue

- The decline of DB assets and the continued migration toward solutions in DC will put pressure on traditional equity offerings.
- Of the top 10 products in Q4 2023 by AUM, we predict only 4 will experience positive growth from 2024-26: target date funds, PE, active US corporate bonds and flexible bonds.
- Despite lower AUM levels, alternatives are predicted to capture a disproportionate amount of revenue by 2026, with PE projected to generate \$25B in total revenues in 2026.

Top 10 Institutional Products by AUM

Projected 3Y organic growth and 2026 revenue



Source: Broadridge Demand Model
 Note: Analysis includes only US and Canadian institutional investors.



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