CERULLI QUANTITATIVE UPDATE SUBSCRIPTION

ADVISOR METRICS 2009

December 2009

This annual report provides in-depth analysis of the U.S financial advisor landscape. It offers comprehensive sizing by headcount and AUM across channels, including firm-specific insight. It gives detailed analysis of advisor attributes, books of business, practices, and portfolio construction processes to help asset managers and other service providers serve advisors' needs. It also addresses retail RIA clearing and custody providers. Data comes from proprietary surveys of more than 50 broker/dealers,100 asset managers, and 1,900 individual advisors.

This report allows firms to:

- Project the size of the advisor marketplace by headcount and AUM to 2012
- Target investors based on their addressable assets
- Gauge the opportunity of advisors by channel, practice type, and core market
- Fine-tune managed account program offerings to address advisor needs
- Anticipate upcoming developments in product demand and usage
- Examine advisors' portfolio construction processes
- Gain insight into advisors' employment preferences
- Engineer retirement products to address retirement income
- Understand the evolving dynamics of the financial advisors landscape

New This Year:

- Advisor career path and migration trends
- Advisor headcount and assets by channel including projections through 2012
- Insight into advisor-client relationships
- Retirement income trends
- Advisor use of passive versus actively managed investment products
- Advisor productivity ratings

Table of contents, user examples, and sample exhibits are included in this attachment.

INSIDE LOOK:

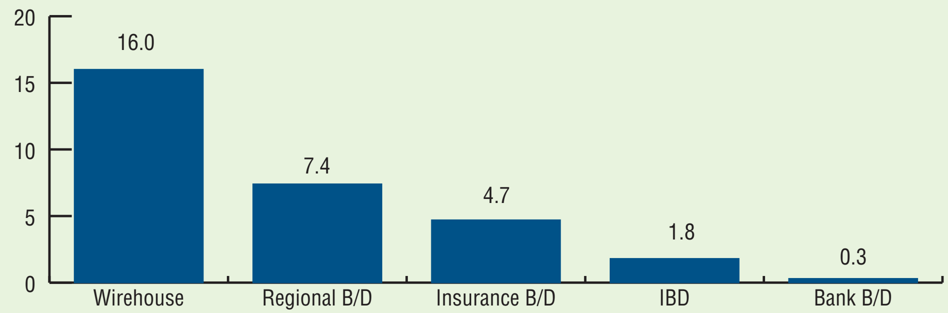
Exclusive data:

- Advisor market sizing by headcount and AUM to 2012
- Product usage by advisors across channels, practice types, and core markets
- Advisor firm switching preferences and actions
- How advisors use and charge for managed account programs
- RIA clearing and custody metrics
- Advisor productivity ratings by channel

Key findings:

- Retail financial advisors managed $8.3 trillion in client assets as of year-end 2008, down from $11.2 trillion in 2007.
- The majority of advisors, especially those in the insurance regional, and wirehouse channels, believe active managers can consistently outperform indexes.
- Nearly three-quarters of advisors believe that financial planning helps them build stronger client relationships.
- Marketshare for dually registered advisors will increase from 5% to 12% over the next five years.

Sample Exhibit: Average Branch Concentration of Advisors by Channel, 2008



See inside for sources.

CERULLI ASSOCIATES

Report purchase includes:

- 5 hardcopies
- Online access
- Exhibits in Excel format
- Key findings in PDF format
- PowerPoint presentation of highlights
- Web recording of analyst presentation

For pricing, please contact:
Marketing & Business Development
CAmarketing@cerulli.com
+1 617-437-0084

WWW.CERULLI.COM

New in 2009: Quantitative Updates are now subscription-based and include online access to a database of prior annual releases of this report, related Thematic Reports, and a data supplement updating select exhibits.

See page 3 for more details.

Cerulli Associates
Boston • Singapore • London

December 2009

ADVISOR METRICS 2009

USER EXAMPLES:

The following are examples of how this report can be applied to business planning and strategic decision-making:

Scenario 1: An asset management firm that has long focused on the wirehouse channel recognizes the trend toward independence and seeks insight that will help it develop a strategy for addressing migrating advisors. ***Cerulli Quantitative Update: Advisor Metrics 2009*** provides answers to the following questions:

- What are some reasons advisors are changing firms?
- What products are most frequently used in independent channels?
- How many assets are controlled by independent channels, and how are these channels expected to grow in the next four years?
- How does advisor productivity level vary across channels?

Scenario 2: A mutual fund firm is considering launching ETFs and seeks information on advisor product usage and portfolio construction practices. The report ***Cerulli Quantitative Update: Advisor Metrics 2009*** answers the following questions:

- How much of advisors' business is placed with active versus passively managed products?
- Which channels and practice types have the highest usage of ETFs?
- Which channels value passive management the most?
- How do advisors use ETFs in the portfolio construction process?

Scenario 3: A broker/dealer is seeking insight that will help them with recruiting efforts. They need to understand current migration trends to attract new advisors. The report ***Cerulli Quantitative Update: Advisor Metrics 2009*** answers the following questions:

- Where are advisors in each channel most likely to move to?
- What are the primary reasons advisors leave their current firm?
- What is the average number of firms an advisor has worked for?
- How important is the managed account platform for advisors in transition?

MORE INFORMATION:

To learn how to apply this report to your firm's unique needs, please contact:

Marketing & Business Development
+1 617-437-0084
CAmarketing@cerulli.com

CERULLI QUANTITATIVE UPDATE SUBSCRIPTION

ADVISOR MARKETS 2009

Report purchase includes:

- 5 hardcopies
- Online access
- Exhibits in Excel format
- Key findings in PDF format
- PowerPoint presentation of highlights
- Web recording of analyst presentation

NEW: Quantitative Updates are now subscription-based. Your purchase includes online access to a database of prior report releases, related Thematic Reports, and a data supplement.

A subscription to ***Cerulli Quantitative Update: Advisor Metrics 2009*** remains active through 3/15/2011 and includes online access to the seven related reports below at no cost. See the green Purchase tab on www.cerulli.com for more information on these reports.

- Cerulli Quantitative Update: Advisor Metrics 2008
- Cerulli Quantitative Update: Advisor Metrics 2007
- Cerulli Quantitative Update: Advisor Metrics 2006
- Cerulli Quantitative Update: Advisor Metrics 2005
- Cerulli Quantitative Update: Advisor Satisfaction Metrics 2004
- Value of Advice 2003
- Transitioning from Commissions to Fee-Based Pricing: Issues and Strategies 2003

Please contact me about this report.
Fax completed form to +1 617-437-1268.

Name: ______________________

Title: ______________________

Email: ______________________

Phone: ______________________

Firm: ______________________

Division or Business Unit Name: ______________________

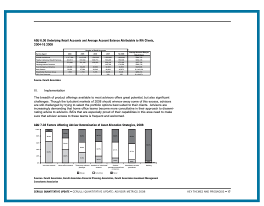
____

Please contact **Marketing & Business Development** to learn more about pricing.
+1 617-437-0084
CAmarketing@cerulli.com

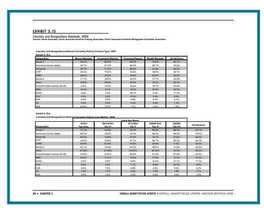
Special Feature:

To view a thumbnail view of the contents of this report, please visit our website at **www.cerulli.com.**

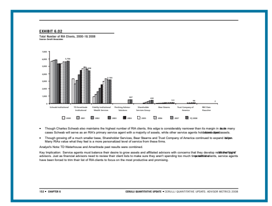
Go to Reports and click on ‘view’ next to the report title.



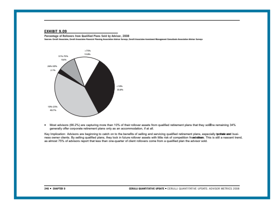
Page 217



Page 86



Page 152



Page 246

CERULLI ASSOCIATES
One Exeter Plaza
Boston, MA 02116
Tel: +1 617 437 0084

28 Maxwell Road
Singapore 069120
Tel: +65 6327 4045

11-15 Betterton Street
London WC2H 9BP
Tel: +44 20 7470 8817

WWW.CERULLI.COM

TABLE OF CONTENTS

Table of Contents - Overview

Introduction & Methodology . . . .
Key Themes & Prognosis . . . .
Chapter 1: Financial Advisor Market Sizing . . . .
Chapter 2: Advisor Attributes . . . .
Chapter 3: Advisor Practices . . . .
Chapter 4: Advisor Client Relationships . . . .
Chapter 5: Advisor Career Paths . . . .
Chapter 6: Retail RIAs and Service Providers . . . .
Chapter 7: Portfolio Construction . . . .
Chapter 8: Managed Accounts . . . .
Chapter 9: The Planning and Retirement Continuum . . . .

Table of Contents - Expanded

Chapter 1: Financial Advisor Market Sizing . . . .
All Broker/Dealer Channels
Exhibit 1.01. Intermediary Matrix, 2009 . . . .
Exhibit 1.02. Assets and Marketshare by Channel, 2007-2008 . . . .
Exhibit 1.03. Assets by Product by Channel, 2008 . . . .
Exhibit 1.04. Historical Count and Share of Total Advisors by Channel, 2004-2008 . . . .
Exhibit 1.05. Marketshare of Advisors vs. Marketshare of Assets by Channel, 2008 . . . .
Exhibit 1.06. Projected Experienced Advisor Moves, 2009 . . . .
Exhibit 1.07. Projected Channel Asset Gain and Loss Tied to Experienced Advisor Movement by Channel, 2009 . . . .
Exhibit 1.08. Projected Advisor Headcount Marketshare by Channel, 2008-2012E . . . .
Exhibit 1.09. Projected Asset Marketshare by Channel, 2008-2012E . . . .
Exhibit 1.10. Advisor Productivity Index (PX) by Channel, 2007-2012E . . . .
Exhibit 1.11. Top-25 Broker/Dealers by Advisor Headcount, 2004-2008 . . . .
Exhibit 1.12. Broker/Dealer Networks, 2008 . . . .
Exhibit 1.13. Broker/Dealer Sub-Segments, 2009 . . . .
Exhibit 1.14. Average Branch Concentration by Channel, 2008 . . . .
Wirehouse Broker/Dealers
Exhibit 1.15. Wirehouse Broker/Dealers by Advisor Headcount, 2004-2Q 2009 . . . .
Bank Broker/Dealers
Exhibit 1.16. Top-15 Bank Broker/Dealer Programs by Advisor Headcount, 2004-2008 . . . .
Exhibit 1.17. Selected Bank Third-Party Marketers by Advisor Headcount, 2004-2008 . . . .

Exhibit 1.18. Selected Bank Broker/Dealer Program Platform Reps, 2008 . . . .
INDEPENDENT BROKER/DEALERS
Exhibit 1.19. Top-30 Independent Broker/Dealers by Advisor Headcount, 2004-2008 . . . .
Exhibit 1.20. Advisors by Independent Broker/Dealer Segment, 2004-2008 . . . .
INSURANCE BROKER/DEALERS
Exhibit 1.21. Top-15 Insurance Broker/Dealers by Advisor Headcount, 2004-2008 . . . .
Exhibit 1.22. Advisors by Insurance Segment, 2004-2008 . . . .
REGIONAL BROKER/DEALERS
Exhibit 1.23. Top-15 Regional Broker/Dealers by Advisor Headcount, 2004-2008 . . . .
Exhibit 1.24. Advisors by Regional Segment, 2004-2008 . . . .
REGISTERED INVESTMENT ADVISORS
Exhibit 1.25. Retail-Focused RIA Matrix, 2008
Exhibit 1.26. Retail-Focused RIA Assets by Segment, 2004-2008 . . . .
Exhibit 1.27. Retail-Focused RIA Firms by Segment, 2004-2008 . . . .
Exhibit 1.28. Retail-Focused RIA Firms, Assets, and Advisors by Affilation Model, 2004-2008 . . .

CHAPTER 2: ADVISOR ATTRIBUTES . . . .
Exhibit 2.01. Advisor Age by Channel, 2009 . . . .
Exhibit 2.02. Advisor Age Databank, 2009 . . . .
Exhibit 2.03. Advisor Tenure By Channel, 2009 . . . .
Exhibit 2.04. Advisor Tenure Databank , 2009 . . . .
Exhibit 2.05. Advisor Channel by Core Market, 2009 . . . .
Exhibit 2.06. Advisor Channel Databank, 2009 . . . .
Exhibit 2.07. Advisor Assets Under Management by Channel, 2009 . . . .
Exhibit 2.08. Advisor Assets Under Management Databank, 2009 . . . .
Exhibit 2.09. Licenses and Designations Advisors Currently Hold by Channel, 2009 . . . .
Exhibit 2.10. Licenses and Designations Databank, 2009 . . . .
Exhibit 2.11. Advisors by Revenue Source, 2003-2009 . . . .
Exhibit 2.12. Advisor Revenue Source Databank, 2009 . . . .
Exhibit 2.13. Advisor Compensation by Channel, 2009 . . . .
Exhibit 2.14. Advisor Compensation Databank, 2009 . . . .
Exhibit 2.15. Advisor Time Allocation by Channel, 2009 . . . .
Exhibit 2.16. Advisor Time Allocation Databank, 2009 . . . .
Exhibit 2.17. Advisors' Business Mix by Channel, 2009 . . . .
Exhibit 2.18. Advisor Business Mix Databank, 2009 . . . .

CHAPTER 3: ADVISOR PRACTICES . . . .
Exhibit 3.01. Practice Type Definitions . . . .
Exhibit 3.02. Advisor Perceived vs. Actual Practice Type, 2009 . . . .
Exhibit 3.03. Advisor Practice Type by Channel, 2009 . . . .

Exhibit 3.04. Advisor Practice Type by Core Market, 2009
Exhibit 3.05. Advisor Practice Type by Compensation Type, 2009
Exhibit 3.06. Advisor Business Model Comparison, 2009
Exhibit 3.07. Advantages to Working as Part of an Advisor Team, 2009
Exhibit 3.08. Advisor Satisfaction with Being Part of a Team, 2009
Exhibit 3.09. Main Catalyst for Formation of Advisor Teams , 2009
Exhibit 3.10. Overall Advisor Team Configuration by Channel, 2009
Exhibit 3.11. Overall Advisor Team Configuration Databank, 2009
Exhibit 3.12. Advisor Team Product Decisions, 2009
Exhibit 3.13. Advisor Team Product Decisions Databank, 2009
Exhibit 3.14. Advisor Team Staffing by Channel, 2009
Exhibit 3.15. Advisor Team Staffing Databank, 2009
Exhibit 3.16. Source of Advisor Technology, 2009
Exhibit 3.17. Source of Advisor Technology Databank, 2009
Exhibit 3.18. Advisor Satisfaction with Technology by Source of Technology, 2009
Exhibit 3.19. Advisors' Most Desired Technology Change, 2009

Chapter 4: Advisor Client Relationships
Exhibit 4.01. Cerulli Wealth Tiers, 2009
Exhibit 4.02. Change in Aggregate Household Net Worth, 2007-3Q 2009E
Exhibit 4.03. Retail Addressable Markets by Net Worth Range, 3Q 2009E
Exhibit 4.04. Distribution of U.S. Households by Investable Asset Range, 1989-3Q 2009E
Exhibit 4.05. Household Investable Assets by Asset Type and Investable Asset Range, 3Q 2009E
Exhibit 4.06. Household Non-Financial Assets by Asset Type and Investable Asset Range, 3Q 2009E
Exhibit 4.07. Household Liabilities by Liability Type and Investable Asset Range, 3Q 2009E
Exhibit 4.08. Advisor Core Market by Channel, 2009
Exhibit 4.09. Advisor Core Market Databank, 2009
Exhibit 4.10. Number of Clients Per Advisor Practice by Channel, 2009
Exhibit 4.11. Number of Clients Per Advisor Practice Databank, 2009
Exhibit 4.12. Client Age Demographics by Channel, 2009
Exhibit 4.13. Client Age Demographics Databank, 2009
Exhibit 4.14. Client Net Worth by Channel, 2009
Exhibit 4.15. Client Net Worth Databank, 2009
Exhibit 4.16. Services Currently Provided by Channel, 2009
Exhibit 4.17. Services Currently Provided Databank, 2009
Exhibit 4.18. Typical Annual Advisor Touchpoints by Channel, 2009 - Part 1
Exhibit 4.18. Typical Annual Advisor Touchpoints by Channel, 2009 - Part 2
Exhibit 4.19. Reasons for Client Acquisitions and Departures, 2009

Exhibit 4.20. Advisors' Greatest Competition for Clients, 2009 . . . .
Exhibit 4.21. Advisor and Investor Concerns for Financial Well-Being, 2009 . . . .
Exhibit 4.22. Advisor and Investor Economic Concerns, 2009 . . . .
Exhibit 4.23. Client Segmentation Strategies by Core Market, 2009 . . . .
Exhibit 4.24. Methods of Segmenting Clients by Core Market, 2009 . . . .
Exhibit 4.25. Client Sensitivity to Fees by Channel, 2009 . . . .

Chapter 5: Advisor Career Paths . . . .
Exhibit 5.01. Source of New Advisors by Channel, 2009 . . . .
Exhibit 5.02. Advisors' Previous Profession by Channel, 2009 . . . .
Exhibit 5.03. Advisors' Previous Profession by Core Market, 2009 . . . .
Exhibit 5.04. Channel of Advisor's First Firm by Decade Advisor Entered Industry, 2009 . . . .
Exhibit 5.05. Number of Firms Advisors Have Worked For by Channel, 2009 . . . .
Exhibit 5.06. Advisor's Preferred Channel if Advisor Left Current B/D, 2009 . . . .
Exhibit 5.07. Actual Advisor Channel Shifts, 2009 . . . .
Exhibit 5.08. Channel Advisor Joined by Advisor Core Market, 2009 . . . .
Exhibit 5.09. Primary Reason Advisor Switched B/Ds by Current Channel, 2009 . . . .
Exhibit 5.10. Breakdown of Clients Moving with Advisor by Channel, 2009 . . . .

Chapter 6: Retail RIAs and Service Providers . . . .
Exhibit 6.01. Retail-Focused RIA Market Segmentation, 2008 . . . .
Exhibit 6.02. Share of Retail-Focused RIA Firms and Assets by Segment and AUM, 2008 . . . .
Exhibit 6.03. RIA Assets by Product, 2007-2008 . . . .
Exhibit 6.04. Advisor Opinion of Dually Registered Business Model, 2009 . . . .
Exhibit 6.05. Services Used by RIAs at Service Agent by AUM, 2009 . . . .
Exhibit 6.06. Services Used by RIAs at Service Agent by Practice Type, 2009 . . . .
Exhibit 6.07. Importance of Factors in Advisors Choosing a Service Agent by Primary Service Agent, 2009 . . . .
Exhibit 6.08. Importance of Factors in Advisors Choosing a Service Agent by AUM, 2009 . . . .
Exhibit 6.09. Reasons an RIA would Leave a Service Agent by AUM, 2009 . . . .
Exhibit 6.10. Service Agents: Total RIA Client Assets by Service Agent, 2000-2Q 2009 . . . .
Exhibit 6.11. Service Agents: Total Number of RIA Clients, 2000-2Q 2009 . . . .
Exhibit 6.12. Service Agents: Average RIA Client Assets, 2Q 2009 . . . .
Exhibit 6.13. Service Agents: Retail Accounts and Average Balances Attributable to RIA Clients, 2004-2Q 2009 . . . .

Chapter 7: Portfolio Construction . . . .
Exhibit 7.01. Advisor Attitudes Toward Active and Passive Management by Channel, 2009 . . . . . .
Exhibit 7.02. Advisor Allocation to Actively and Passively Managed Products by Channel, 2009 . . . .

Exhibit 7.03. Factors Affecting Advisor Determination of Asset Allocation Strategies, 2009 . . . . . .
Exhibit 7.04. Advisor Determination of Asset Allocation Strategies by Channel, 2009 . . . .
Exhibit 7.05. Strategies That Would Ease the Portfolio Construction Process, 2009 . . . .
Exhibit 7.06. Advisor Methods of Risk Assessment, 2009 . . . .
Exhibit 7.07. Role of B/D (or Service Agent) in Portfolio Construction Process by Channel, 2009 . . . .
Exhibit 7.08. Role of B/D (or Service Agent) in Portfolio Construction Process Databank, 2009 . . . .
Exhibit 7.09. Advisors Who Outsource Any of the Portfolio Construction Process by Channel, 2009 . . . .
Exhibit 7.10. Advisors Who Outsource Any of the Portfolio Construction Process Databank, 2009 . . . .
Exhibit 7.11. Advisor Usage of Portfolio Construction Strategies, 2009 . . . .
Exhibit 7.12. Advisor Usage of Portfolio Construction Strategies by Channel, 2009 . . . .
Exhibit 7.13. Number of Asset Managers Used by Advisors by Channel, 2009 . . . .
Exhibit 7.14. Most Important Factors in Choosing to Invest with an Asset Manager by Channel, 2009 . . . .
Exhibit 7.15. Percent of Advisors Using Various Investment Products by Channel, 2009 . . . .
Exhibit 7.16. Advisor Product Mix by Channel, 2009 . . . .
Exhibit 7.17. Advisor Product Mix Databank, 2009 . . . .
Exhibit 7.18. Advisor-Reported Projected Change in Product Mix by Channel, 2009-2010E . . . . . .
Exhibit 7.19. Advisor-Reported Projected Product Mix by Channel, 2010E . . . .
Exhibit 7.20. Advisor's Opinions of Retirement Income Mutual Funds, 2009 . . . .
Exhibit 7.21. Reasons Advisors Employ Alternative Investments, 2009 . . . .

Chapter 8: Managed Accounts . . . .
Exhibit 8.01. Managed Account Definitions, 2009 . . . .
Exhibit 8.02. Total Managed Account Assets, 1997-2Q 2009 . . . .
Exhibit 8.03. Expected Future Use of Fee-Based Managed Accounts by Channel, 2009 . . . .
Exhibit 8.04. Expected Future Use of Fee-Based Managed Accounts Databank, 2009 . . . .
Exhibit 8.05. Reasons Advisors Use Fee-Based Managed Accounts by Channel, 2009 . . . .
Exhibit 8.06. Advisor Opinion of Managed Account Types, 2009 . . . .
Exhibit 8.07. Advisor Usage of Managed Account Types, 2009 . . . .
Exhibit 8.08. Factors for Selecting Specific Managed Account Programs by Channel, 2009 . . . . . .
Exhibit 8.09. Advisor Opinions of Unified Managed Accounts by Channel, 2009 . . . .
Exhibit 8.10. Advisor Opinions of Unified Managed Accounts Databank, 2009 . . . .
Exhibit 8.11. Percentage of Client Assets Held in Managed Accounts by Channel, 2009 . . . .
Exhibit 8.12. Percentage of Client Assets Held in Managed Accounts Databank, 2009 . . . .
Exhibit 8.13. Advisor Access to Types of Managed Account Programs by Channel, 2009 . . . .
Exhibit 8.14. Advisor Access to Types of Managed Account Programs Databank, 2009 . . . .

Exhibit 8.15. Managed Account Program Advisors Would Use for Specific Managed Account Balances, 2009 . . . .
Exhibit 8.16. Fee Advisors Would Charge for Specific Managed Account Balances, 2009 . . . .
Exhibit 8.17. Fee Advisors Would Charge for Specific Managed Account Balances by Channel, 2009-Part 1 . . . .
Exhibit 8.17. Fee Advisors Would Charge for Specific Managed Account Balances by Channel, 2009-Part 2 . . . .
Exhibit 8.18. Primary Reason For Discounting Managed Account Fees by Channel, 2009 . . . .
Exhibit 8.19. Importance of Managed Account Platform if Considering Firm Change, by Channel, 2009 . . . .
Exhibit 8.20. Perception of Insurance Wrappers in Managed Account Programs by Channel, 2009 . . . .
Exhibit 8.21. Most Effective way to Learn about New Managed Account Programs by Channel, 2009 . . . .

Chapter 9: The Planning and Retirement Continuum . . . .
Exhibit 9.01. Potential Benefits of Extending Financial Planning Services to Clients, 2009 . . . .
Exhibit 9.02. Major Challenges to Increasing Financial Planning Engagements, 2009 . . . .
Exhibit 9.03. Percentage of Clients Receiving Modular or Comprehensive Planning Advice, 2009-2011E . . . .
Exhibit 9.04. Advisor Methods to Target Rollovers, 2009 . . . .
Exhibit 9.05. Factors to Help Capture Additional Rollovers, 2009 . . . .
Exhibit 9.06. Advisor Obstacles to Providing Retirement Income Advice, 2Q 2009 . . . .
Exhibit 9.07. Advisor Usage of Retirement Income Products and Strategies, 2009 . . . .
Exhibit 9.08. Advisor Usage of Retirement Income Products and Strategies by Channel, 2009 - Part 1 . . . .
Exhibit 9.08. Advisor Usage of Retirement Income Products and Strategies by Channel, 2009 - Part 2 . . . .
Exhibit 9.09. Changes to Retirement Income Startegies Based on Market Conditions, 2009 . . . . . .
Exhibit 9.10. Advisor Opinion of Most Important Factors in Retirement Income Plans, 2009 . . . . .
Exhibit 9.11. Advisor Opinion of Importance of Risk Factors Facing Retirees, 2009 . . . .
Exhibit 9.12. Elements Addressed In Retirement Income Plans, 2009 . . . .
Exhibit 9.13. Primary Advisor Retirement Income Methodology, 2009 . . . .
Exhibit 9.14. Advisor Usage of Variable Annuities for Retirement Income, 2009 . . . .
Exhibit 9.15. Average Retirement Plans Assets Under Management, 2009 . . . .
Exhibit 9.16. Most Important Factors for Choosing a Defined Contribution Plan Provider, 2009 . . . .

Introduction & Methodology

Cerulli Quantitative Update: Advisor Metrics 2009 is the fifth report in an annual series, which is the outcome of ongoing research and analysis of the advisor marketplace by Cerulli Associates. The report focuses on advisor trends and consumer information, including market sizing, advisor product usage and preferences, and advice delivery. ***Advisor Metrics 2009*** leverages CA's continuous research and analysis of the marketplace, including proprietary surveys of more than 50 broker/dealers and more than 100 asset managers. In addition, this report relies heavily on CA's growing database of advisor surveys, which includes more than 1,500 individual advisor surveys conducted through CA's proprietary survey engine. The proprietary data in this report is supplemented with government sources (FDIC, Federal Reserve, Department of Labor, etc.), as well as third-party sources (Strategic Insight, Morningstar, etc.).

Advisor Metrics 2009 is designed to serve as a stand-alone publication, but also as a complement to other publications, specifically the ***Cerulli Quantitative Update: Intermediary Markets 2009***, which focuses on financial products and product distribution. Each exhibit includes charts and commentary, including the important tactical ramifications for asset managers, broker/dealers, and advisors. The report is designed as a business planning tool, and additional support leveraging this data-in the form of customized workshops and other presentations-is also available.

In general, CA's opinions and perspective are shaped by a robust methodology that includes:

- **Industry understanding**: All Cerulli analysts come to the firm with a background shaped by relevant experience at leading financial services firms, which contributes to the internal pool of industry knowledge fed by more than 15 years of proprietary research and consulting.
- **Quantitative analysis**: CA maintains an online, password-protected survey engine as part of a voluntary, information-sharing relationship whereby participants complete confidential surveys in exchange for an aggregate summary of key findings. All information is presented in aggregate form, and proprietary survey information is not directly attributed to participants.
- **Qualitative research**: Cerulli analysts annually conduct background research interviews with industry executives and advisors in a confidential manner, which allows for candid commentary regarding the state of the advisor markets and potential future trends.

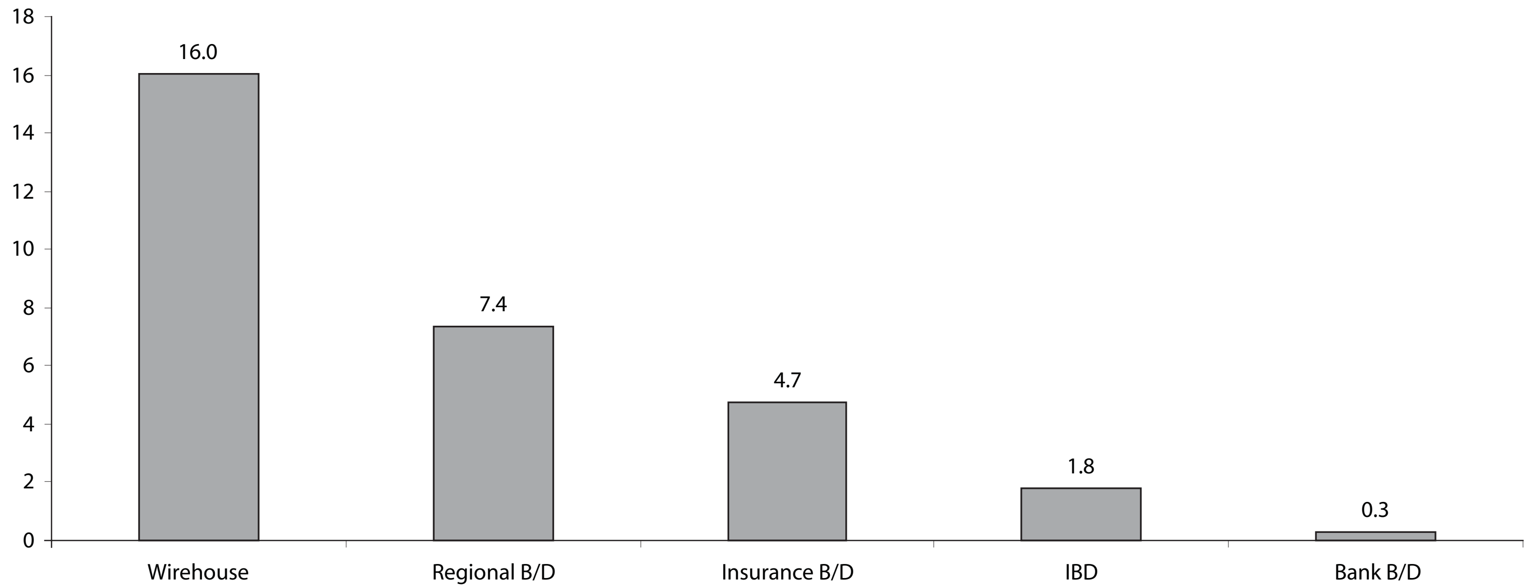
SAMPLE SECTION
from

CERULLI QUANTITATIVE UPDATE: ADVISOR METRICS 2009

EXHIBIT 1.14

Average Branch Concentration by Channel, 2008

Sources: Securities Industry and Financial Markets Association, Investment News, Financial Planning, Bank Insurance Market Research Group, National Regulatory Services, Standard and Poor's Money Market Directories, Cerulli Associates



- **Wirehouse firms maintain the most concentrated branches, with 16.0 advisors per branch, on average.** In contrast, IBDs and banks offer the least concentrated branches, with only 1.8 and 0.3 advisors per branch, respectively.

Key Implication: Branch concentration is an important consideration for wholesalers. A wholesaler may spend an afternoon visiting multiple advisors at a single wirehouse branch. To put in face time with an equivalent number of IBD advisors requires significantly more travel time and more coordination. Because of this, distribution into wirehouse and regional firms remains a critical aspect of any asset manager's business. However, as more advisors (and assets) transition to independence, addressing the IBD advisor is increasingly important for asset managers. IBD firms can provide much needed support to their key asset manager relationships by supplying lists of advisors who are selling the asset managers' products, as well as lists of advisors likely to use the product, allowing wholesalers to better target their efforts with IBD advisors. For example, LPL has a reputation for offering significant support to key asset management partners by providing lists of top-producing advisors in varying products. Alternatively, for asset managers that are not key distribution partners, a strong CRM system is critical to track and target advisor touches. In addition, asset managers may need to rely more heavily on internal or hybrid staff to identify targets before sending out external wholesalers.

EXHIBIT 2.15

Advisor Time Allocation by Channel, 2009

Sources: Cerulli Associates, in partnerships with the College for Financial Planning, the Financial Planning Association, the Investment Management Consultants Association, and Morningstar

Advisor Activity	Bank	Wirehouse	Regional	Insurance	IBD	Dually Registered	RIA	All Advisors
Client-facing activities	**58.8%**	**53.9%**	**56.3%**	**55.2%**	**51.9%**	**52.2%**	**45.1%**	**53.6%**
Meeting with current clients	26.9%	26.5%	29.0%	26.9%	26.7%	24.5%	22.2%	26.7%
New client acquisition	20.3%	16.0%	16.3%	16.9%	14.9%	15.4%	12.2%	15.9%
Client service problems	11.6%	11.3%	11.1%	11.3%	10.3%	12.2%	10.7%	11.0%
Administrative	**19.5%**	**15.0%**	**16.7%**	**23.8%**	**22.3%**	**22.6%**	**24.8%**	**20.5%**
Office administration and management	6.3%	5.0%	7.0%	8.2%	8.4%	8.8%	8.9%	7.4%
Compliance	7.5%	5.4%	5.9%	8.9%	7.6%	8.2%	6.5%	7.2%
Dealing with operations/back office	5.0%	3.2%	2.5%	5.2%	4.4%	3.6%	5.6%	4.2%
Other	0.7%	1.4%	1.3%	1.5%	1.9%	2.0%	3.8%	1.7%
Investment management	**14.7%**	**24.2%**	**20.3%**	**12.6%**	**17.5%**	**18.5%**	**23.4%**	**18.2%**
Research/due diligence	7.3%	11.1%	9.7%	6.8%	9.8%	9.7%	13.1%	9.4%
Trading and asset management	7.4%	13.1%	10.5%	5.8%	7.7%	8.8%	10.3%	8.8%
Training/professional development	**6.9%**	**6.9%**	**6.7%**	**8.4%**	**8.3%**	**6.7%**	**6.7%**	**7.6%**

- **Advisors in the employee channels (bank, wirehouse, regional and insurance) are all able to devote over 42% of their time to meeting with current or prospective clients.** The greater support offered at the branch- or home-office level in these channels allows advisors to spend less time on administrative tasks than advisors in more independent channels.
- **Exhibit 2.16.b** - Advisors serving the highest wealth tiers (those clients with $10m and above in net worth) devote the highest percentage of time (24%) to pursuing new clients. While each client relationship can be very lucrative in this market, adding new clients is an extended process with clients often making preliminary inquiries with a number of firms rather than acting on a sole recommendation as is more common in lower wealth tiers.

Key Implication: The typical financial advisor is asked to fill a number of roles throughout a day. Though most advisors devote the greatest percentage of their time to meeting with current or potential clients, at least 50% of advisors' time across channels is spent on other activities. Freeing more time for advisors to focus on revenue growth through client facing activities is a fertile area for asset managers and others looking to provide value-added content. This approach can be especially effective in the more independent channels that lack some of the B/D support systems that traditionally address this topic.