FPA RESEARCH & PRACTICE INSTITUTE

NEWS RELEASE

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Survey Reveals Continued Steady Growth in Financial Adviser Use and Recommendation of Exchange-Traded Funds

2014 Trends in Investing Survey identifies those investment vehicles advisers are using and a long-term positive outlook for the economy

DENVER – Financial adviser use and recommendation of Exchange-Traded Funds (ETFs) continues to grow, outpacing all other investment vehicles, according to a recent survey conducted by the Financial Planning Association's *Journal of Financial Planning* and the FPA Research and Practice Institute™. **The 2014 Trends in Investing Survey** showed that 79 percent of advisers currently use or recommend ETFs with clients, up from just 40 percent in 2006.

The survey – which was fielded in March 2014 and included input from 288 advisers of various backgrounds – has been conducted periodically since 2006 to gain an understanding of the investments advisers are using or plan to use over the coming year. No other investment vehicle has shown more growth in its use than ETFs. Thirty-nine percent of planners surveyed in March indicated they plan to increase their use of ETFs over the next 12 months—the highest anticipated increase among 17 investment vehicles.

Survey results also indicate an overall increased use of cash and equivalents since 2006, when just 53 percent of planners surveyed were using/recommending cash, compared to 79 percent today. Advisers also seem to be moving away from annuities, with 41 percent currently using/recommending variable annuities, compared to a high of 58 percent in both 2006 and 2008. And 29 percent of planners surveyed say they are currently using/recommending fixed annuities with clients, down from a high of 49 percent in 2010.

"The study seems to point to a shift toward investments with greater transparency and liquidity," says Valerie Porter, CFP®, Director of the FPA Research and Practice Institute™. "Perhaps advisers are responding to consumers' demand for lower cost investments that allow them to be more nimble in their investment approach. And I think it's safe to say everyone values cash a little more since last decade's market collapse." Other key survey findings:

- While 50 percent of advisers indicate that they do not plan to decrease the use/recommendation of any investment vehicles in the next 12-months, 15 percent will decrease use of individual bonds and 16 percent will decrease use of non-wrap mutual funds.

- Although the majority of advisers (57 percent) believe a blend of active and passive management provides the best overall investment performance (taking into account costs associated with each style), more advisers are likely to have increased their use of passively managed funds over the last year (30 percent), then actively managed funds (18 percent).

- The survey also showed that advisers maintain a positive long-term economic outlook, with 57 percent "bullish" for the next five years, compared to just 39 percent who are "bullish" over the next six months.

A full report of **The 2014 Trends in Investing Survey** is now available **HERE** and includes additional details and narratives.

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