
Managed wealth exceeds \$46 trillion in US: Cerulli

By Editorial Staff Thu, Nov 1, 2018

'As asset managers look to the future of product development and strategy, they should carefully evaluate... the increased demand for low-cost index options, fee pressure, and commoditization,' a Cerulli analyst said.

The U.S. professionally managed wealth market surpassed \$46 trillion in total assets during 2017, increasing 14.9% year over year. The split of assets between institutional and retail clients continues to shift toward retail, closing 2017 with 47.8% attributed to retail channels, according to a new report from Cerulli Associates.

Retail assets have largely outpaced institutional client assets in terms of growth over the last decade. This can be attributed to greater equity exposure in retail channels, and to increasing amounts of assets migrating from institutional channels to retail channels (e.g., individual retirement account rollovers).

In addition, institutional asset owners (corporate defined benefit and state and local defined benefit plans) hold a significant amount of fixed-income assets, which have not performed as well as equities due to extended periods of low interest rates. Opportunity continues to exist in the institutional channels, but asset managers cannot afford to ignore the development and distribution of retail products.

“As asset managers look to the future of product development and strategy, they should carefully evaluate several key factors,” said Brendan Powers, senior analyst at Cerulli Associates, in a press release. “These include increased demand for low-cost index options, fee pressure, and commoditization.”

The report cites expanded investment vehicle offerings, increased use of environmental, social, and governance (ESG) factors, and broadened deployment of multi-asset-class solutions as trends to watch for product innovation and distribution.

In terms of distribution, the institutional space is becoming increasingly consultant-intermediated, while the financial intermediary channels are increasingly influenced by broker/dealer home-office and registered investment advisor custodian professional buyers.

Cerulli’s latest report, “The State of U.S. Retail and Institutional Asset Management 2018: Evaluating Channel Opportunities to Increase Assets,” provides an overview of the aggregate U.S. asset management landscape, benefitting both U.S. asset managers and

those seeking distribution opportunities in the U.S. It explores all distribution channels, client segments, and product vehicles, with a focus on the interaction between the retail and institutional marketplaces.

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