

Fidelity and Vanguard Lead in Shareholder Awareness in Investment Products and Asset Managers Metrics Report

One in Five Can't Name Products Owned or Firms Behind Them

(September 18, 2018, Rye, NY) – As consumers struggle with basic awareness about investment product ownership, **Fidelity** and **Vanguard** stand out for consumers who know the products they own and the firms who make them in a new report from **Hearts & Wallets**, the source for retail investor data and insights.

The report, *Investment Products & Asset Managers: Building Product Relevancy Through Consumer Insights*, is an insight module drawn from the latest fielding of the Hearts & Wallets Investor Quantitative™ Database (IQ™ Database) and analyzes consumer awareness and ownership of investment products along with awareness of asset allocation and asset managers. The report is written by Hearts & Wallets subject matter experts with decades of operating experience in retail finance, consumer packaged goods and technology development, and acumen honed at the nation's finest business schools. The IQ™ Database is recognized as the largest single dataset on U.S. retail consumer attitudes, behaviors and buying patterns with over 40,000 U.S. households.

Awareness Gap

Consumer ability to name the investment products they own is improving with a recent uptick in product awareness, after a sustained decline since 2011. Eight in 10 consumers can name the products they own, even with a 10-percentage-point increase over the past two years. For products, consumers were asked to identify ownership of cash, CDs, mutual funds, ETFs, individual stocks, bonds, annuities or other products.

Much of the uptick is driven by consumers with the least money, often with large cash holdings. Consumers with under \$100,000 in investable assets increased product ownership awareness by 15 percentage points from 63 percent to 78 percent in the last two years as compared to a nearly flat awareness level for consumers with over \$100,000 during the same time.

“Helping consumers become more aware of product ownership can give them more control of their financial future, and really, increase their overall financial literacy,” Laura Varas, CEO and founder of Hearts & Wallets said. “Firms have a wonderful opportunity to stand out among commoditized offerings that are only differentiated on price. Consumers tell us that are really confused not only about products, but also about the firms that create them.”

Tops in Shareholder Awareness

Many mutual fund/ETF owners aren't sure who their asset managers are. One in five can't name any asset managers whose funds for whom they are certain they are shareholders. Many owners can name, on average, three fund families they are definitely shareholders of and five fund families that they think they may be shareholders of but are unsure. Hearts & Wallets has created a shareholder awareness score to measure the ratio of shareholders who are definitely sure of ownership.

Product and Shareholder Awareness/2

Fidelity and Vanguard have the highest Hearts & Wallets Shareholder Awareness Score, which tracks consumer certainty by fund family. Over the past three years, Shareholder Awareness Score has improved most at **Wells Fargo Funds (Wells Fargo NYSE: WFC)**, **iShares (BlackRock)**, Vanguard, Fidelity and **American Century**.

Many well-respected asset managers have shareholder awareness scores of less than a third. For many, intermediaries handle sales. Some asset managers may have made a strategic decision to not spend money on direct communications with shareholders, and some firms may feel they can't be responsible for general consumer confusion.

"Fidelity and Vanguard have the highest Hearts & Wallets Shareholder Awareness Score at 70 percent with other top firms for awareness coming in around 50 percent," Amber Katris, Hearts & Wallets Subject Matter Expert and report author, said. "This measure provides a great snapshot of firms that have formed a strong bond with their shareholders."

Trends for Asset Managers

Not all shareholders are alike. Analyses of fund shareholders within the report reveal only a few of many competitive data points and insights within the IQ™ Database. For example, J.P. Morgan Funds shareholders are younger than those of selected other firms, with a mean breadwinner age of 45. Capital Group shareholders say they are more likely than other selected firms to find retirement planning difficult, while Vanguard shareholders are the least likely to have difficulty with "getting started saving and investing."

"Out of the thousands of investment products offered, consumers remember ones that solve their problems," Varas said. "Asset managers can build awareness for products and their firms, especially with insights on unique shareholder attributes in comparison to competitors. Firms can also raise visibility through consumer products approaches, including offering online comparisons of products by feature and price, and providing engaging communications. Being a shareholder establishes a special relationship. Asset managers have earned the right to communicate with their shareholders if they want."

Methodology

Investment Product & Asset Managers: Building Product Relevancy Through Consumer Insights is a report drawn from the insight module in the Hearts & Wallets Investor Quantitative™ Database (IQ™ Database). The report provides a comprehensive overview of product ownership and awareness by U.S. consumers as well as awareness of asset allocation and asset managers.

About Hearts & Wallets

Hearts & Wallets is a data and consulting firm focused on understanding the drivers behind retail investor decision making. Combining a consumer marketing framework with financial services operating experience, the company is a catalyst for consumer-driven innovation in retail investing and saving. Hearts & Wallets works with leading financial providers to improve the effectiveness of their marketing communications, solution design and service delivery. For more information visit www.heartsandwallets.com.

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