Marketing the Fiduciary Standard to the Mass Market

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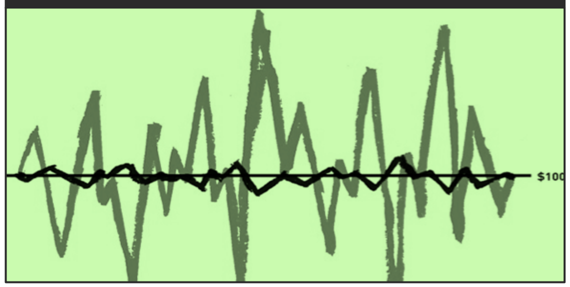
Today's Agenda

- What are investors thinking about?
- How is the industry marketing to meet those needs?
- Is there a way to change investor perceptions?

It’s a tough world…

Low interest rates

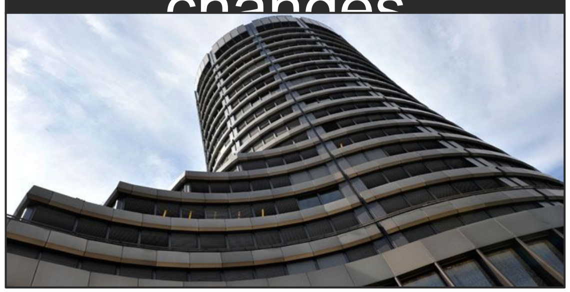
Volatile markets



Struggling US economy

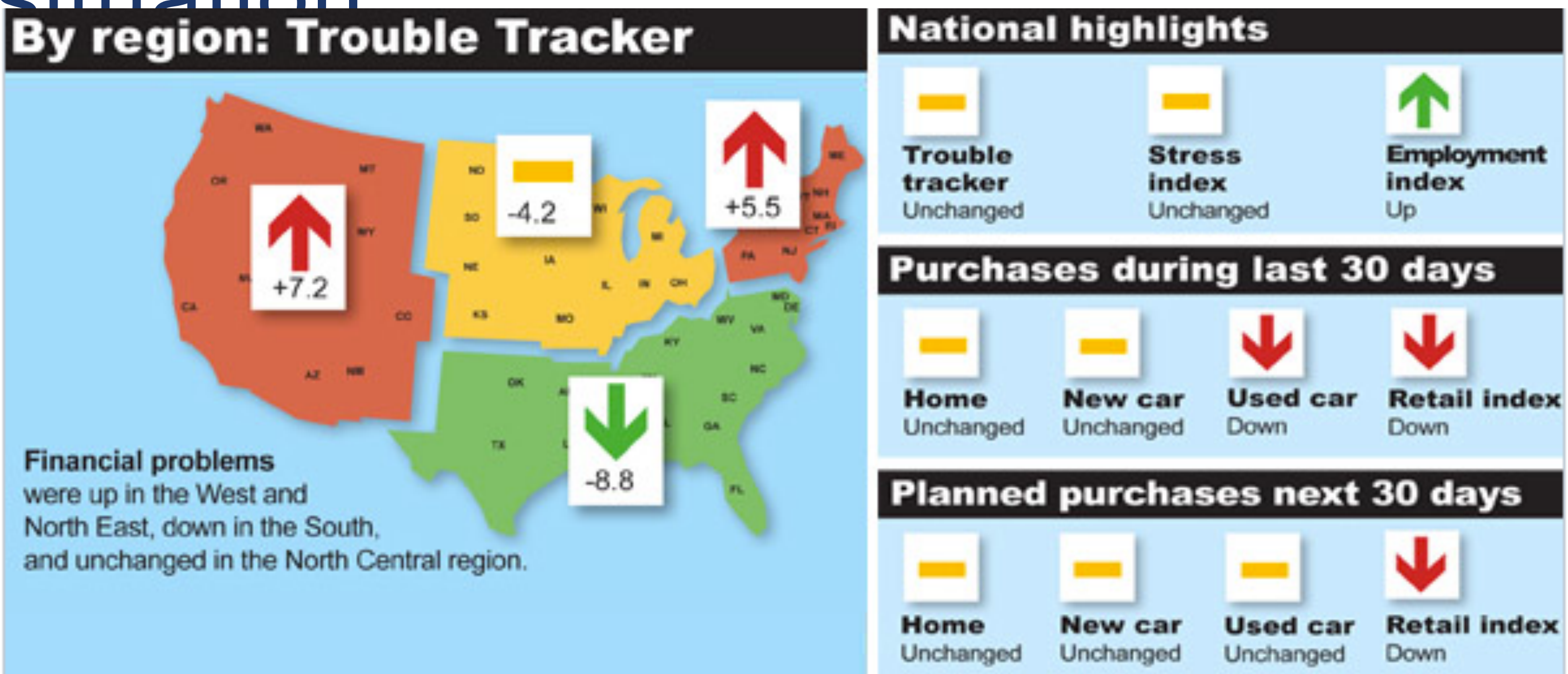
Poor political sentiment

Regulation changes



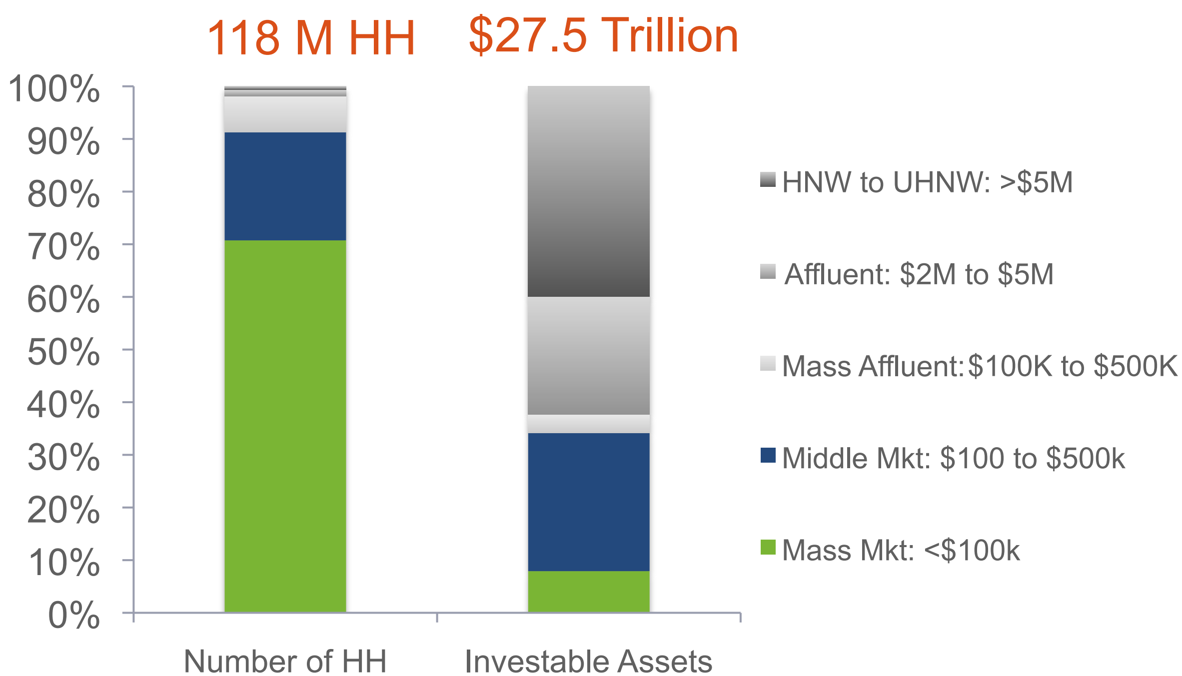
Eurozone crisis

Americans Skeptical about economic situation



Source: Consumer Reports, January 2013

And, there are a lot of people that need advice



HH (000)	Assets ($ BN)
724	$8,354
1,496	$4,675
8,066	$7,342
24,155	$5,484
83,220	$1,654

Source: Cerulli 2012

SO HOW HOW DO INVESTORS SEE THE INDUSTRY?

Data suggests that most investors place a high degree of trust in their individual advisor

Source: Cerulli Quantitative Update Retail Investor Provider Relationships 2011

But Numerous factors have eroded trust in the financial services industry

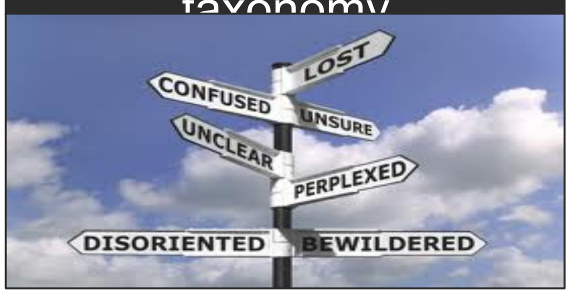
Global economic meltdown

Isolated cases of Fraud

Wall street bailouts & bonuses

Opaque regulatory environment

Unclear industry taxonomy



Confusing disclosures

Investors don't know what they don't know

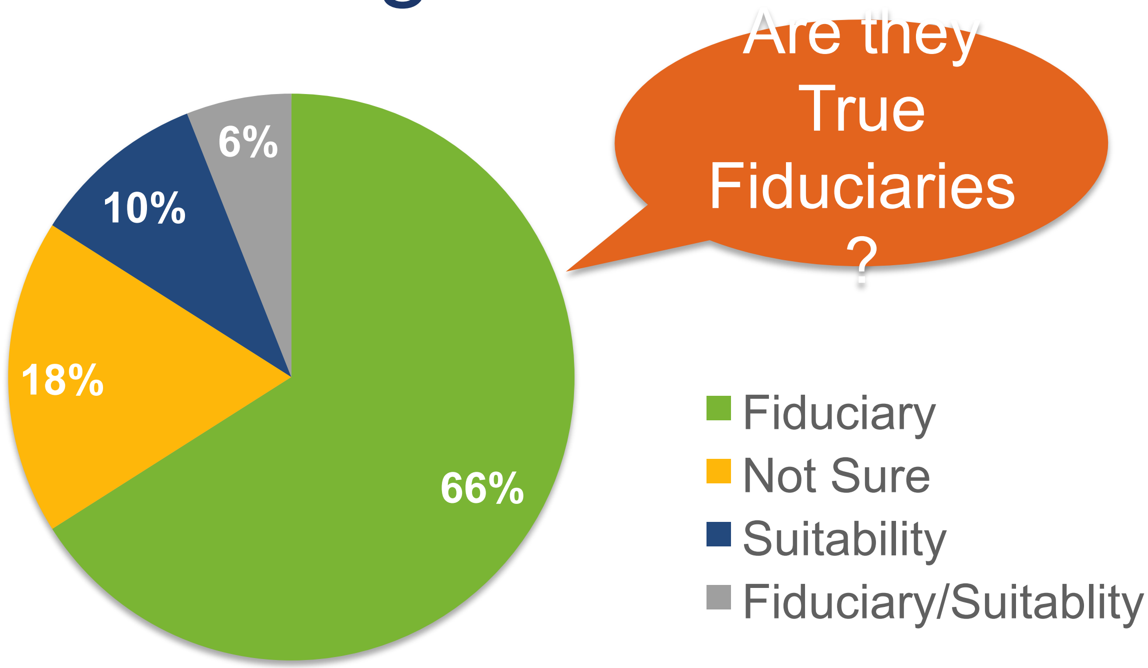
<20% of investors understand disclosed conflicts of interest

60% of investors said that learning that their advisor operated with of conflicts of interest would cause them to **seriously question the advice** they were being given.

>300 investors said disclosure statements are **confusing**, **too long**, and contain **unknown terms**

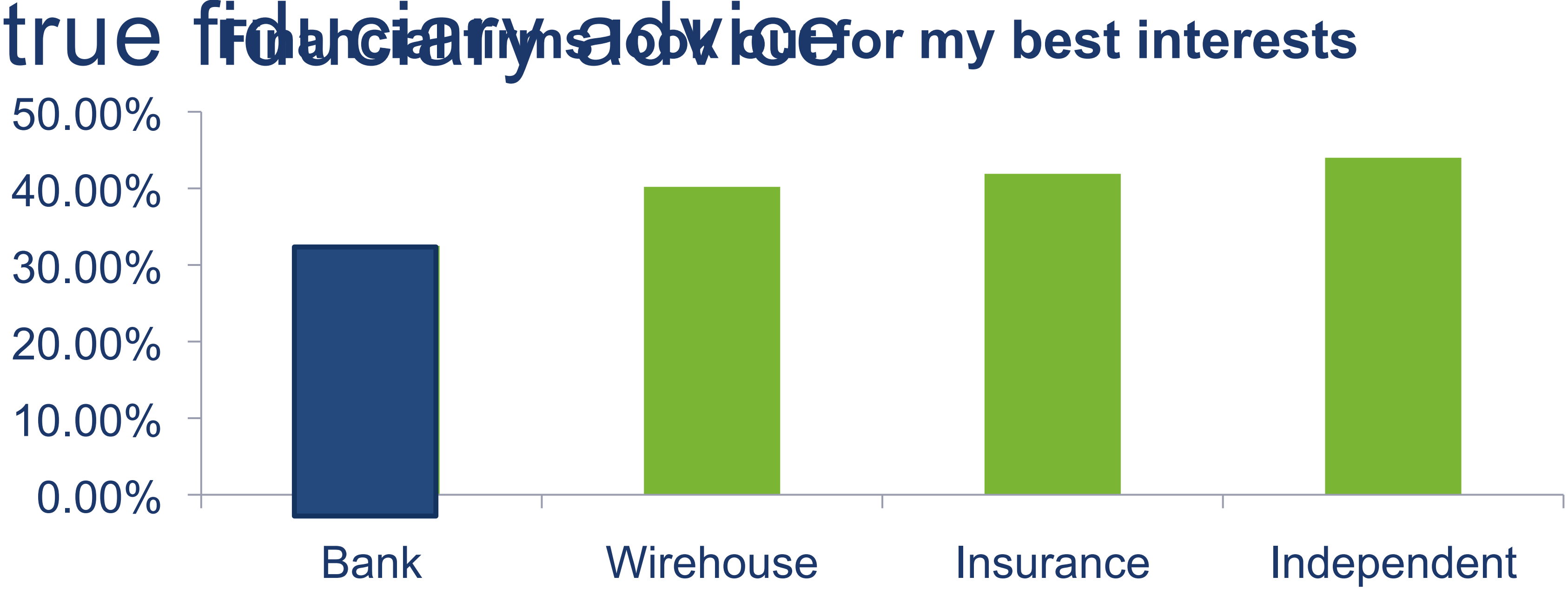
Source: Siegel and Gale Survey, ADV subsection, conducted on behalf of the Securities Exchange Commission, July 26, 2012

Yet 2/3 of Investors *believe* their provider is acting in their best interest



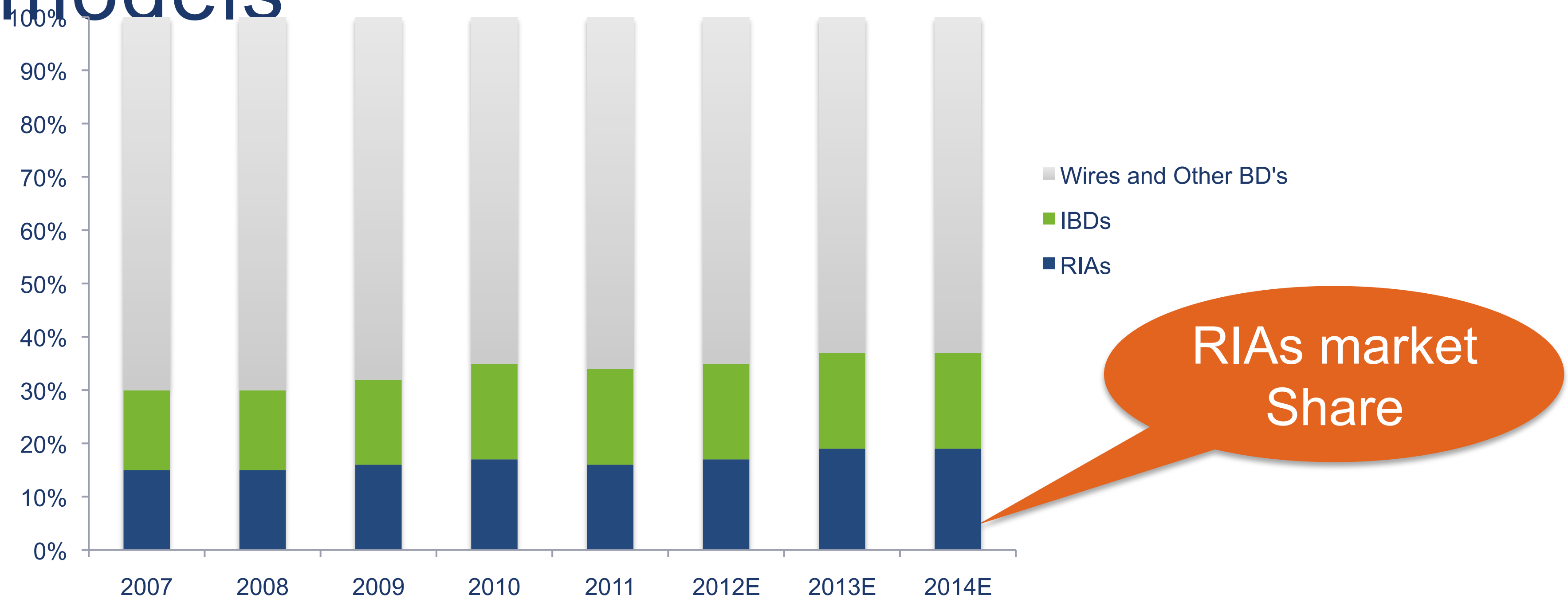
Source: Cerulli Associates US Edge 2012

And investors can't distinguish between models where they can get true fiduciary advice



Source: Cerulli RIA Marketplace 2012

So they still go to the traditional models



Source: Cerulli 2011, 2012

Why?

84%
of investors
do not know
Independent RIAs
even exist

Source: TD Ameritrade

LET’S TAKE A LOOK AT HOW THE INDUSTRY COMMUNICATES WITH INVESTORS

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Big marketing budgets make it difficult for consumers to determine

Merrill Lynch

J.P.Morgan

Lincoln Financial Group®

John Hancock® the future is yours

Scottrade®

Bank of America®

Wirehouses focus on their resources
an

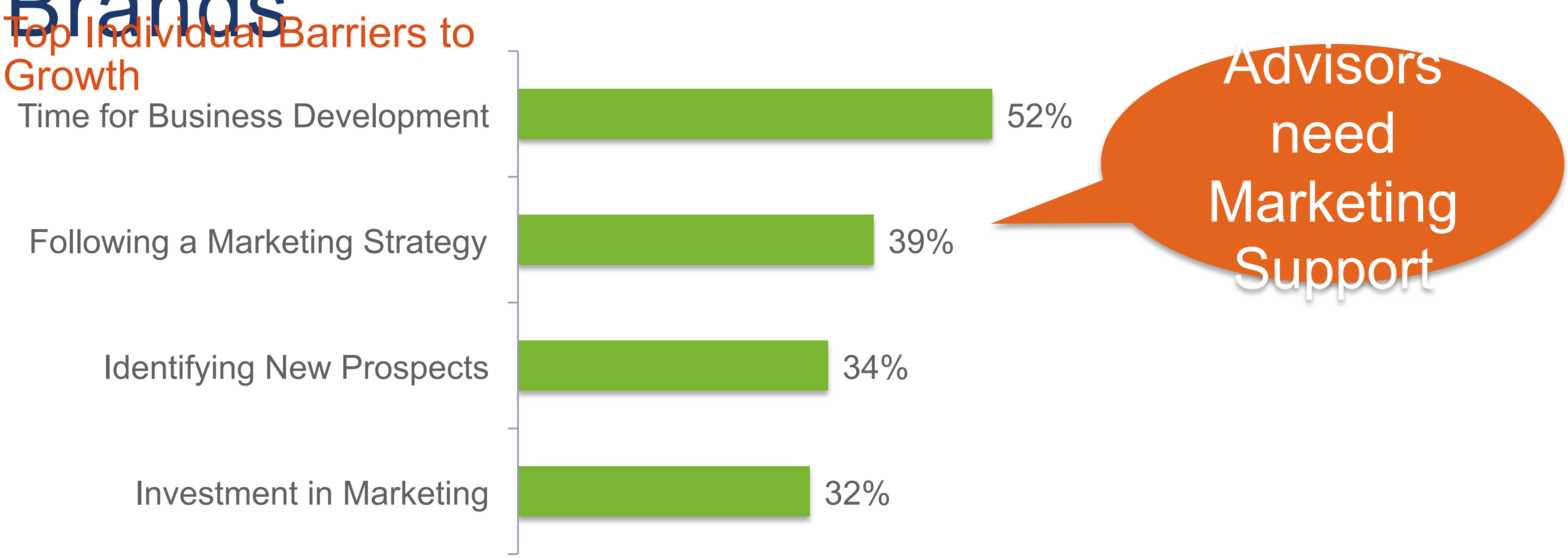
Insurance companies focus on products

[redacted]

[redacted]

And other companies focus on technology to DIY

RIAs don't have the time or resources to Develop and Grow their Brands



Source: 2011 RIA Benchmarking Study from Charles Schwab

Where Is the brand for the firms that are putting Investors first?

IS THERE ANOTHER WAY?

How can we change Investors' Perceptions?

EDUCATE Investors

EMPOWER Investors

Attract Investors

What messages might resonate?

Duty

Advisor adheres to the highest level of duty and loyalty to clients – they always put client interests ahead of their own.

Safeguards

Advisor keeps client assets safe from fraud and keep client information private.

Professionalism

Advisor operates their businesses at the highest level of professionalism in the industry.

But it won’t happen without a brand

Brand Campaign Goal

Build awareness of the brand as the ultimate stamp for advisors who are operating in their clients’ best interests and who meet the *Standards of Excellence*

“Vision without action is merely a Dream.
Action without vision Just passes the time.
Vision with action can Change the world.”

– Joel barker, futurist

Investors deserve more and only RIAs can make it happen