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**Advisor Perspectives Releases Study of Index Fund Usage  
by Registered Investment Advisors**

*High- and Ultra-High Net Worth Investors are Indexing only 3.8% of Marketable Securities*

**LEXINGTON, MA – June 5, 2007** – Advisor Perspectives today released a study showing that high- and ultra-high net worth (HNW/UHNW) investors, whose assets are managed by Registered Investment Advisors (RIAs), are indexing only 3.8% of their marketable securities. This is in stark contrast to overall data for individual investors. According to Burton Malkiel, author of *A Random Walk Down Wall Street* and a leading proponent of index funds, individual investors in total index 10-15% of their assets. The study's data shows that wealthy investors using a financial advisor employ active management, in the form of separately managed accounts and actively managed mutual funds, for the vast majority of their assets.

The Advisor Perspectives study is based on the firm's proprietary database, which consists of approximately \$50 billion in assets coming from RIAs serving HNW and UHNW clients. The database is segmented by account size, and the average account size in the tier representing the largest accounts is \$3.7 million, ensuring that the results accurately reflect the investments of HNW and UHNW investors.

The study's other significant findings include:

- HNW and UHNW investors have 23.8% of mutual fund assets in index funds and exchange traded funds (ETFs). This is in excess of the mutual fund industry average of 10.8% of mutual fund assets in index funds. However, the finding means that only 3.8% of their total assets are indexed, since mutual funds represent only 15.8% of those assets.
- Only 1.0% of assets are indexed to broad-based U.S. market indices (the Dow, S&P, or broader market indices). The remaining 2.8% is indexed to international markets and to subsections of the U.S. markets.
- Wealthy investors make significantly greater use of ETFs than do other investors. Indexed ETFs comprise 78% of index funds in the study, as compared to 36% for the mutual fund industry.
- Barclays, a recognized leader in the ETF market, is the leading mutual fund company in the database, with 12.8% of mutual fund assets.

The database reflects investments in marketable securities and does not include alternative investments (e.g., venture capital, private equity, hedge funds, etc.). If alternative investments were included, the portion of assets indexed would be further reduced.

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## Advisor Perspectives Study-2

“Wealthy investors use financial advisors to achieve returns in excess of the market, through their expertise in asset allocation and fund selection,” commented Robert Huebscher, CEO of Advisor Perspectives. “Wealthy investors are sophisticated enough to invest in index funds on their own, so it’s not that surprising that advisors are using separately managed accounts and actively managed funds to achieve superior results. Now we know the extent to which they are doing this.”

For more information, including a copy of the study, please visit [www.advisorperspectives.com](http://www.advisorperspectives.com).

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