Putnam Social Advisor Survey 2023

Key findings

February 2023
Background and methodology

• 1,043 U.S. financial advisors surveyed who have been advising retail clients for more than 2 years, conducted online from October 2022 to January 2023

• Respondents included proportional representation of the U.S. financial advisor population reflecting gender, age, tenure, and channel

• This is the eighth iteration of the Putnam survey, conducted in partnership with NMG Consulting
  – Two smaller pulse surveys were conducted in 2020 and 2021 to bridge pre- and post-pandemic results

• A brief follow-up questionnaire was fielded among a subset of 100 respondents in January 2023 to corroborate specific findings
Advisors’ use of social media increased during the pandemic 😊
94% of financial advisors are using social media for business
More advisors are using social media for business than ever

Advisors using social media

Business use

Personal use

Do not use any social media

2.01 Which, if any, of the following social networks have you utilized by active participation, or by passively consuming content, for business and/or personal purposes during the past year?

*2020 and 2021 studies did not measure the overall percentage of advisors using social media for business

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LinkedIn has affirmed its position as the network of preference. Advisors have all but abandoned Facebook and Twitter, a trend that began at the start of the pandemic.
Many advisors have stopped using Facebook, Twitter, and other social networks for business

Use of social networks for business

<table>
<thead>
<tr>
<th>Year</th>
<th>LinkedIn</th>
<th>Facebook</th>
<th>Twitter</th>
<th>YouTube</th>
<th>Instagram</th>
<th>Reddit</th>
<th>Snapchat</th>
<th>Tik Tok</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>5%</td>
<td>22%</td>
<td>22%</td>
<td>16%</td>
<td>36%</td>
<td>8%</td>
<td>8%</td>
<td>18%</td>
</tr>
<tr>
<td>2014</td>
<td>6%</td>
<td>22%</td>
<td>22%</td>
<td>16%</td>
<td>36%</td>
<td>8%</td>
<td>8%</td>
<td>18%</td>
</tr>
<tr>
<td>2015</td>
<td>71%</td>
<td>59%</td>
<td>49%</td>
<td>40%</td>
<td>31%</td>
<td>24%</td>
<td>21%</td>
<td>23%</td>
</tr>
<tr>
<td>2016</td>
<td>80%</td>
<td>59%</td>
<td>49%</td>
<td>40%</td>
<td>31%</td>
<td>24%</td>
<td>21%</td>
<td>23%</td>
</tr>
<tr>
<td>2017</td>
<td>80%</td>
<td>59%</td>
<td>49%</td>
<td>40%</td>
<td>31%</td>
<td>24%</td>
<td>21%</td>
<td>23%</td>
</tr>
<tr>
<td>2018</td>
<td>80%</td>
<td>59%</td>
<td>49%</td>
<td>40%</td>
<td>31%</td>
<td>24%</td>
<td>21%</td>
<td>23%</td>
</tr>
<tr>
<td>2019</td>
<td>80%</td>
<td>59%</td>
<td>49%</td>
<td>40%</td>
<td>31%</td>
<td>24%</td>
<td>21%</td>
<td>23%</td>
</tr>
<tr>
<td>2020</td>
<td>80%</td>
<td>59%</td>
<td>49%</td>
<td>40%</td>
<td>31%</td>
<td>24%</td>
<td>21%</td>
<td>23%</td>
</tr>
<tr>
<td>2021</td>
<td>80%</td>
<td>59%</td>
<td>49%</td>
<td>40%</td>
<td>31%</td>
<td>24%</td>
<td>21%</td>
<td>23%</td>
</tr>
<tr>
<td>2022</td>
<td>91%</td>
<td>71%</td>
<td>69%</td>
<td>59%</td>
<td>38%</td>
<td>23%</td>
<td>22%</td>
<td>21%</td>
</tr>
</tbody>
</table>

Change since 2021
- LinkedIn: -
- Facebook: -27
- Twitter: -32
- YouTube: -32
- Instagram: -36
- Reddit: -23
- Snapchat: -22
- Tik Tok: -19

Marketing Rule 11/4/2022
As a result, LinkedIn has become the primary network for 4 out of 5 advisors

38% of advisors use LinkedIn exclusively
But it’s not because LinkedIn is the most effective network. **Compliance** is the driver. 😐
Compliance — not effectiveness — is driving the use of LinkedIn

46% of advisors say LinkedIn is the only network allowed by their firm.
Advisors are seeing social media differently post-pandemic and post-Marketing Rule 🤔
The significance of social media in marketing efforts has declined

Advisors saying social media plays a significant role in their overall marketing efforts

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>86%</td>
</tr>
<tr>
<td>2019</td>
<td>80%</td>
</tr>
<tr>
<td>2020</td>
<td>79%</td>
</tr>
<tr>
<td>2021</td>
<td>76%</td>
</tr>
<tr>
<td>2022</td>
<td>-46%</td>
</tr>
<tr>
<td>One year from now</td>
<td>48%</td>
</tr>
</tbody>
</table>

But there is cause for some optimism
And compliance policies are a driver

Reasons advisors are not expecting social media to play a significant role in marketing

- **Company compliance policies or securities regulations**
  - 2017: 40%
  - 2018: 36%
  - 2019: 35%
  - 2020: 38%
  - 2021: 53%
  - 2022: 52%

- **Social media has not been effective for my marketing efforts**
  - 2017: 29%
  - 2018: 30%
  - 2019: 32%
  - 2020: 38%
  - 2021: 21%
  - 2022: 36%

- **I will not have a business need for social media one year from now**
  - 2017: 19%
  - 2018: 16%
  - 2019: 22%
  - 2020: 12%
  - 2021: 9%
  - 2022: 14%
“Much more restrictive with what we can send directly to clients and/or post on social media.”

“Limiting the type of content we can post and actions we can take with other posts.”

“We can only use firm monitored systems for LinkedIn and Facebook.”
Far fewer advisors are seeing success from social media today
After several years of finding success gaining clients through social media, fewer advisors say it is helping them today

% of advisors who gained clients

Average reported AUM gain

<table>
<thead>
<tr>
<th>Year</th>
<th>% of Advisors</th>
<th>Average AUM Gain</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>86%</td>
<td>$4.1</td>
</tr>
<tr>
<td>2018</td>
<td>92%</td>
<td>$4.5</td>
</tr>
<tr>
<td>2019</td>
<td>88%</td>
<td>$5.5</td>
</tr>
<tr>
<td>2020</td>
<td>89%</td>
<td>$6.3</td>
</tr>
<tr>
<td>2021</td>
<td>81%</td>
<td>$4.7</td>
</tr>
<tr>
<td>2022</td>
<td>51%</td>
<td>$3.8</td>
</tr>
</tbody>
</table>

Note: Annual market fund flows into long-term mutual funds, ETFs, and managed accounts from ISS Market Intelligence Simfund, 2022

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After several years of finding success gaining clients through social media, fewer advisors say it is helping them today.

Note: Annual market fund flows into long-term mutual funds, ETFs, and managed accounts from ISS Market Intelligence Simfund, 2022

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Marketing Rule 11/4/2022
Advisors are not seeing the efficiencies they once did from social media compared with traditional prospecting.

Social media improved efficiency for networking activities compared to traditional methods.

Social media shortened time to convert prospects to customers.

Note: Annual market fund flows into long-term mutual funds, ETFs, and managed accounts from ISS Market Intelligence Simfund, 2022.
The market is down and the regulatory environment has changed.
### Advisors playing defense
- S&P down 20% in 2022
- $332.3B in fund outflows

### Wirehouses fined
- FINRA imposed fines on 16 firms totaling $1.1B for using text messaging on personal devices for business

### SEC marketing rule went into effect
- 92% of compliance professionals reported they did not see their using more social media for marketing purposes in light of the new Marketing Rule*

*Hearts & Wallets Investor Quantitative Database.*
The Marketing Rule prompted a meaningful number of firms to revise their social media policies

Policies and procedures revised due to new marketing rule

- Process for reviewing marketing materials: 62%
- Training e.g. frequency, topics: 57%
- Recordkeeping: 40%
- Firm use of social media: 33%
- Employee personal use of social media: 24%

2022 Investment Management Compliance Testing Survey.
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The majority of advisor firms do not anticipate using more social media for marketing

Firms using more social media after new Marketing Rule

“More restrictions on what can be posted to social accounts. Limited inventory of firm approved content.”

“Further oversight of LinkedIn activities. Compliance review of all activities on the site.”

2022 Investment Management Compliance Testing Survey.
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Advisors can – and do – grow their business using social media, but it takes **action** and **attitude**.
2022 success stories

“In the case of a large client, I was able to stop them from cashing out their investments near the market bottom.

This led to nearly a dozen referrals from the client to family and friends and resulted in several new clients.”

Use of social media messaging
2022 success stories

“I was able to get information out to a greater portion of folks to calm fears and encourage long-term thinking.

I had clients reach out with their thanks, and pass along my commentary to friends, which resulted in new clients.”

Advisor-authored network updates

Use of social media messaging
Advisors who leaned into LinkedIn gained clients during the pandemic

LinkedIn use since February 2020
(Advisors using LinkedIn for business)

- **Gained clients**: 55% Increased, 40% Stayed the same, 5% Decreased
- **Did not gain clients**: 30% Increased, 59% Stayed the same, 10% Decreased

Overall, 62% of advisors who gained clients say they have increased their use of social media since the start of the pandemic.
Those who focus on resonant content are seeing success

Time spent per week creating/sourcing original content

<table>
<thead>
<tr>
<th>Average hours per week</th>
<th>Gained clients</th>
<th>Did not gain clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 hours or more</td>
<td>7%</td>
<td>4%</td>
</tr>
<tr>
<td>2 to less than 5 hours</td>
<td>24%</td>
<td>12%</td>
</tr>
<tr>
<td>1 to less than 2 hours</td>
<td>52%</td>
<td>53%</td>
</tr>
<tr>
<td>Less than 1 hour</td>
<td>-13%</td>
<td>-32%</td>
</tr>
</tbody>
</table>

68% of advisors who gained clients created their own, original content, vs. 46% of advisors who did not see success.
Being bullish pays off

Expectations of social media’s significance to marketing efforts one year from now

- Gained clients: 65% Significant, 15% Not significant, 4% Neutral
- Did not gain clients: 32% Significant, 46% Not significant, 26% Neutral

+33%
# Profile: The successful social advisor

<table>
<thead>
<tr>
<th></th>
<th>Gained clients</th>
<th>Did not gain clients</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median age</td>
<td>41</td>
<td>43</td>
<td>-2</td>
</tr>
<tr>
<td>Average AUM ($M)</td>
<td>$149</td>
<td>$145</td>
<td>+3%</td>
</tr>
<tr>
<td>Using a LinkedIn premium membership like sales navigator</td>
<td>33%</td>
<td>13%</td>
<td>+20</td>
</tr>
<tr>
<td><strong>Times per month using social media for business</strong></td>
<td>35 times</td>
<td>18 times</td>
<td>+94%</td>
</tr>
<tr>
<td>Time spent on social media/week</td>
<td>1.8 hours</td>
<td>1.0 hour</td>
<td>+80%</td>
</tr>
<tr>
<td>Increased use since pandemic</td>
<td>62%</td>
<td>34%</td>
<td>+28</td>
</tr>
<tr>
<td><strong>Time spent on content/week</strong></td>
<td>1.1 hours</td>
<td>0.6 hours</td>
<td>+83%</td>
</tr>
<tr>
<td>Created own content</td>
<td>68%</td>
<td>46%</td>
<td>+22</td>
</tr>
<tr>
<td><strong>Expect social media to be significant one year from now</strong></td>
<td>65%</td>
<td>32%</td>
<td>+33%</td>
</tr>
</tbody>
</table>
The 2023 Putnam Investments Survey of Financial Advisors’ Use of Social Media, conducted online in conjunction with NMG Consulting, included 1,043 financial advisors across the United States who have advised retail clients for at least two years or more. Respondents included proportional representation of the U.S. financial advisor population reflecting gender, age, tenure, and channel from independent and regional broker-dealers to nationwide planning firms, wirehouses, insurance firms, and RIAs. Advisors were queried about AUM and assets gained via social marketing in ranges; median and average samples are based on range midpoints.

Financial advisors: Consult with your firm’s compliance department and be fully aware of its policies and procedures before you engage in any social media activities or alter your public profile.
For informational purposes only. Not an investment recommendation

Request a prospectus, or a summary prospectus if available, from your financial representative or by calling Putnam at 1-800-225-1581. The prospectus includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

Putnam Retail Management

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