

The Future of Advice

Our latest survey reveals how advisor business models and practices will change — and the implications for asset managers.



In the past decade several trends converged to significantly reshape how advisors work and the way they interact with clients.

Most prominently, we've seen a move toward fee-based compensation and holistic financial planning, propelled in part by a heightened fiduciary focus. At the same time, the 'Amazonization' of everything has transformed client expectations. Now clients increasingly demand 'high-touch' service enabled by simple, intuitive technology. Meanwhile, the rise of robo-advisory platforms has required advisors to reimagine how they grow their businesses, deliver value and differentiate themselves.

WHAT'S NEXT FOR ADVISORS?

We asked advisors how they plan to navigate an era marked by lower fees, rising client expectations and sophisticated technology.

Our survey revealed a blend of pessimism and optimism, as advisors report shifting practice management activities to create more time for one-on-one client interaction. Advisors also report heavier reliance on model portfolios and ETFs. They also plan to expand services and pursue more holistic financial planning.

Asset managers who understand these changes can more effectively design solutions while providing the support and tools advisors need.

BOARDRIDGE INSIGHTS

In partnership with 8 Acre Perspective, Broadridge conducted a survey* of 300 financial advisors with at least \$10M AUM, revealing how advisor work is evolving in these areas:

- Practice structure and time allocation
- Financial planning activities
- Perceptions of fiduciary responsibilities
- Professional outlook
- Preferred investment options
- Desired support from asset managers

** Survey was administered prior to the onset of the coronavirus COVID-19 pandemic in North America.*

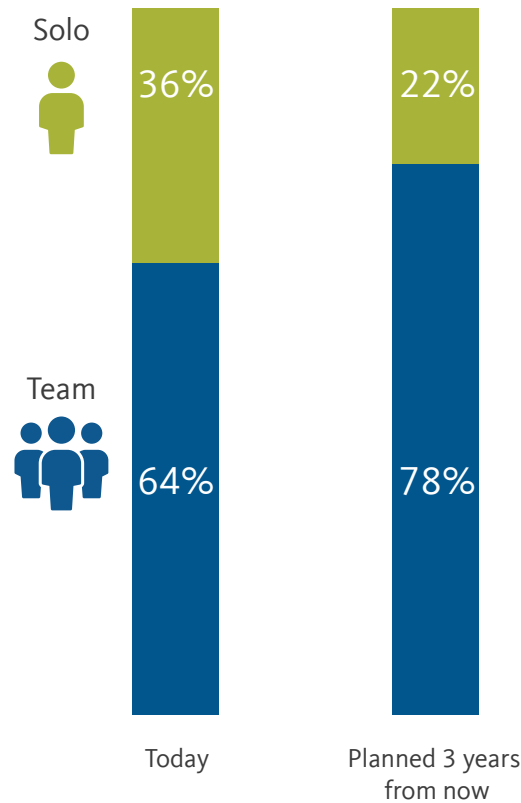
Given margin and regulatory pressure, advisors need economies of scale to grow their practices. That's why some solo practitioners are joining teams and larger offices. We expect the trend toward specialization and team-based structures will continue in the next few years.

40% of solo advisors plan to form or join a team in next 3 years.

Solo practices will continue to decline as advisors leverage team structures.

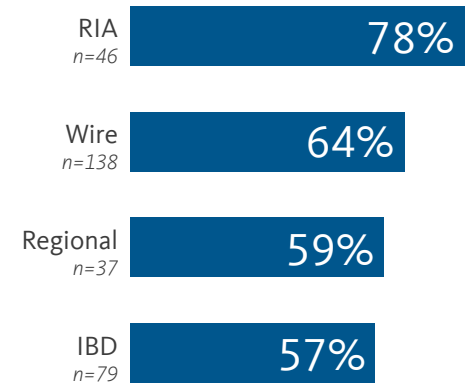
PLAN STRUCTURE

% of advisors



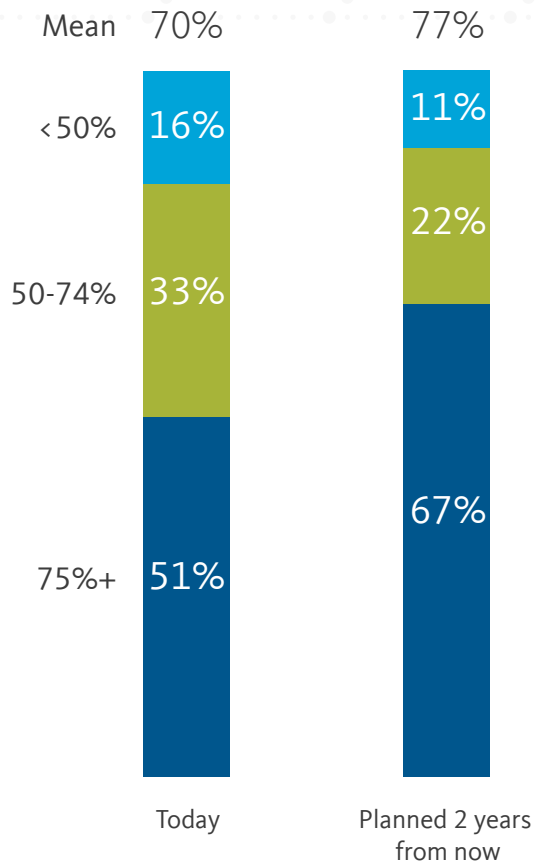
ADVISORS IN THE RIA CHANNEL ARE MOST LIKELY TO BE PART OF A TEAM

% of advisors working on teams

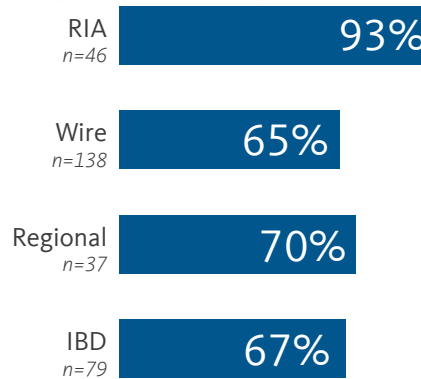


Advisor compensation is heavily fee-based today. Advisors expect this will increase further in the future.

% OF AUM THAT IS FEE-BASED



MEAN % FEE-BASED BY CHANNEL (TODAY)



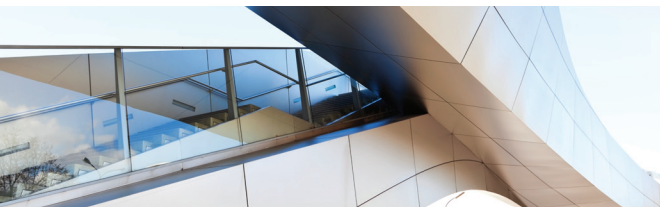
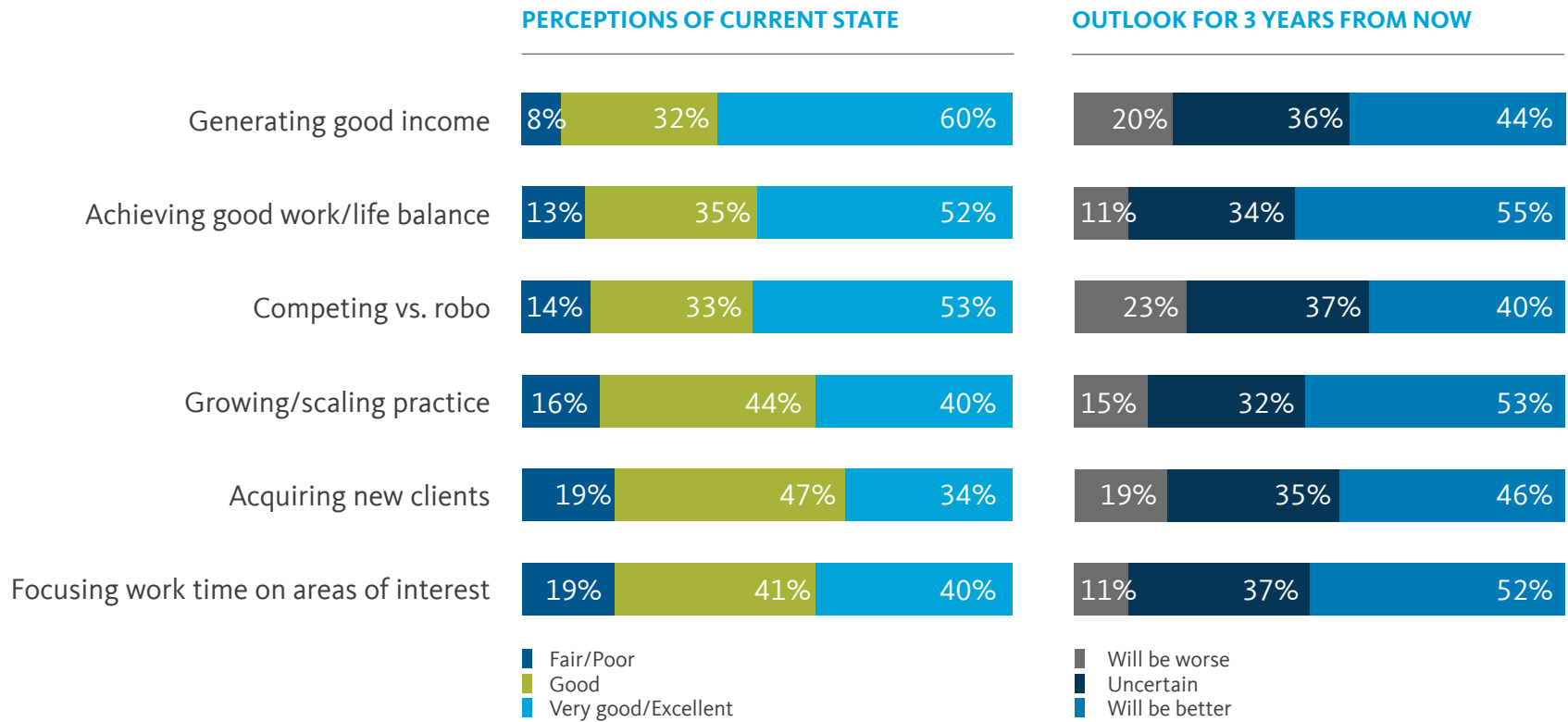
BY TEAM STRUCTURE



2/3
of advisors believe

75%+
of their income will be fee-based
two years from now.

Fewer than half of advisors express optimism about their prospects for long-term business growth.

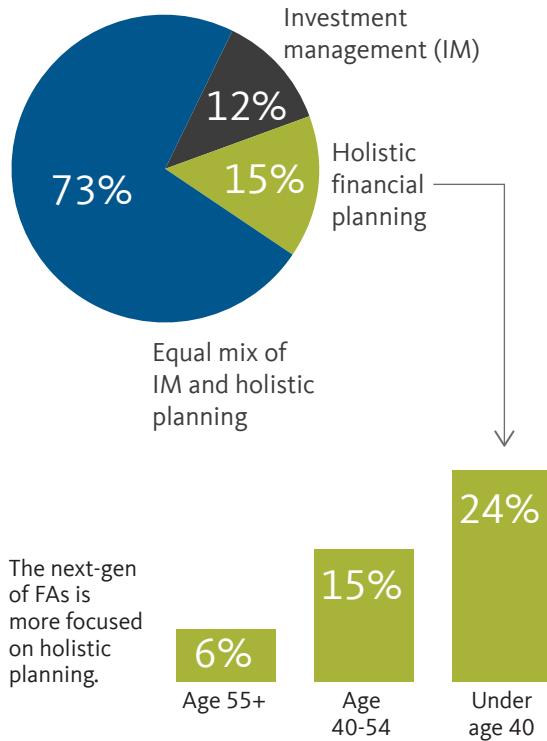


Advisors are likely to increase focus on practice goals related to holistic financial planning to help increase income and differentiate from low-cost digital options.

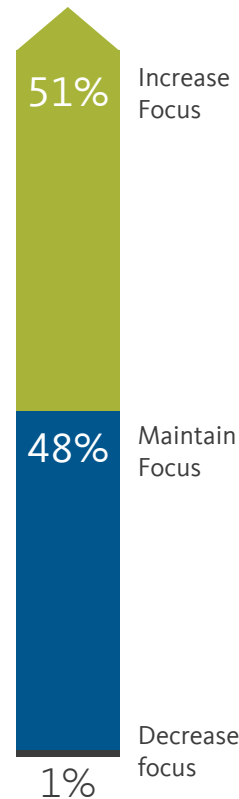
NEXT-GENERATION FINANCIAL ADVISORS

The activities of advisors under the age of 40 tell us a lot about the future of financial advice. Among other things, younger advisors are far more likely to work on a team and focus on holistic financial planning. These differences likely reflect ongoing fee and industry pressures. Team-based practice models enable economies of scale for marketing and business growth. At the same time, younger advisors started their practice in a digital age — they need to stand apart in an era that provides easy access to low-cost digital platforms.

THE MAIN VALUE I PROVIDE CLIENTS IS...

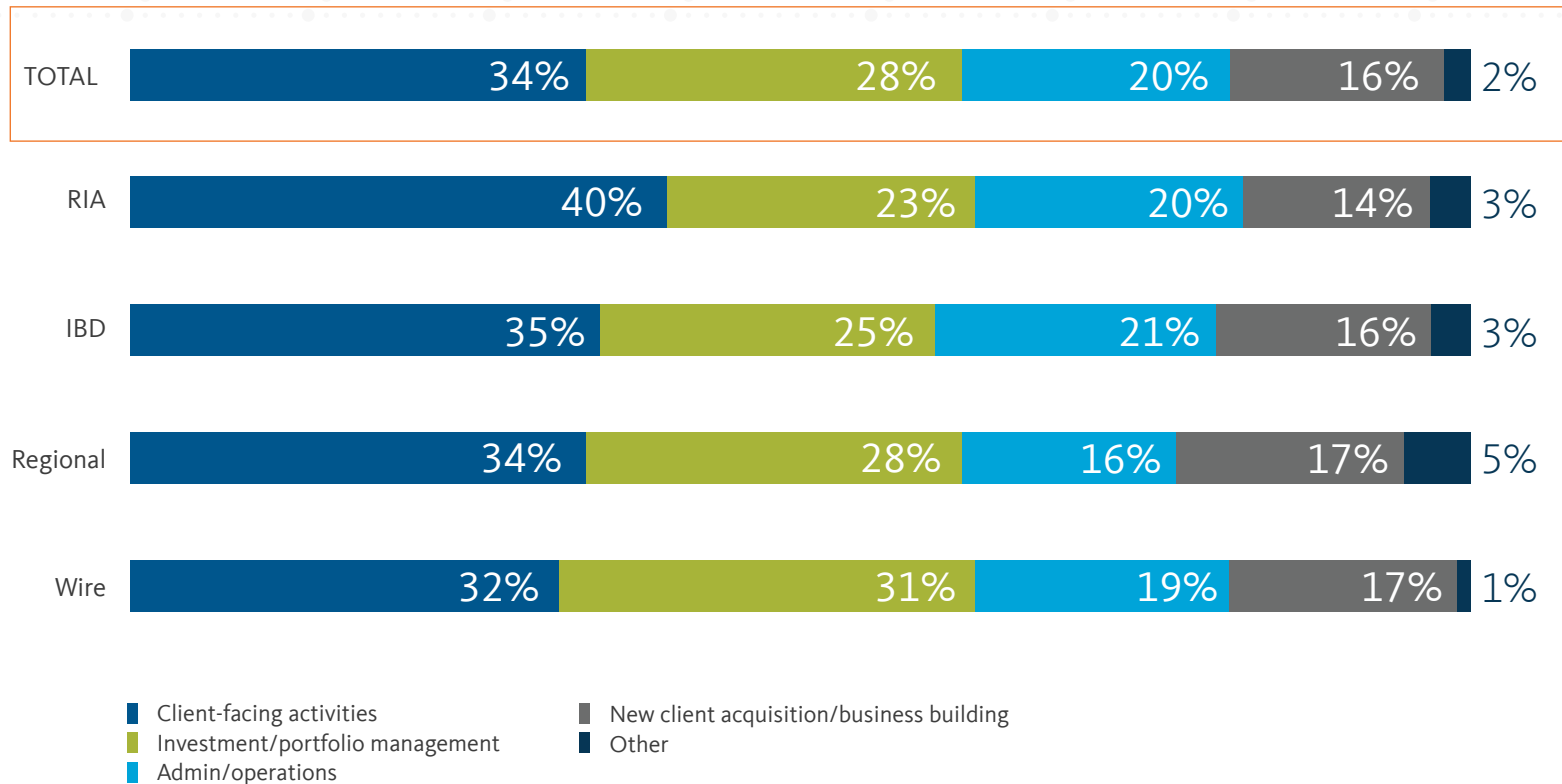


PRACTICE GOALS RELATED TO HOLISTIC FINANCIAL PLANNING



Today advisors manage a myriad of administrative tasks, limiting available time for client-facing activities.

AVERAGE TIME ALLOCATION



In an evolving financial landscape, advisors clearly recognize a need to allocate more time to client facing and business building activities.

DESIRED CHANGE TO TIME ALLOCATION

	Allocate more time	Allocate less time
New client acquisition/ business building	68%	3%
Client-facing activities	66%	1%
Investment/ portfolio mgmt.	21%	16%
Admin/ operations	1%	81%

MAIN MOTIVATIONS FOR REALLOCATING TIME

Base: Would ideally allocate time differently (N=273)

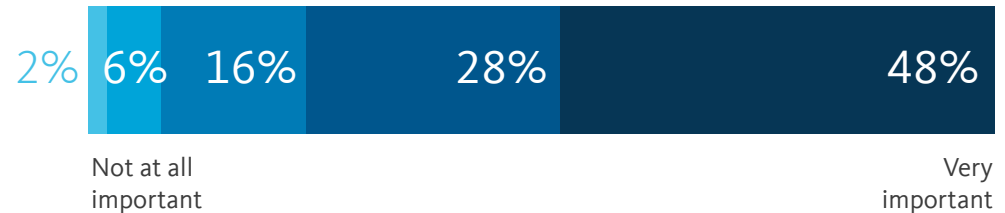


Most advisors believe their clients value a fiduciary and, in fact, most advisors have been asked whether they are a fiduciary. They say the trend is clear: Clients want to work with advisors who are committed to putting their interests first and can demonstrate knowledge in the area of fiduciary responsibility.

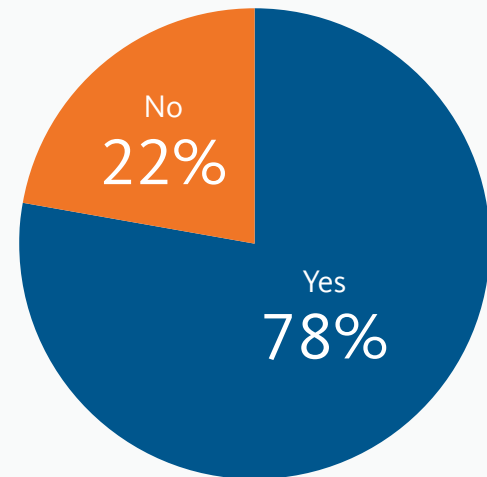
Advisors acknowledge that clients are focused on fiduciary responsibility.

IMPORTANCE TO CLIENTS THAT YOU ACT AS FIDUCIARY

Three quarters of FAs believe clients value an advisor that acts as a fiduciary

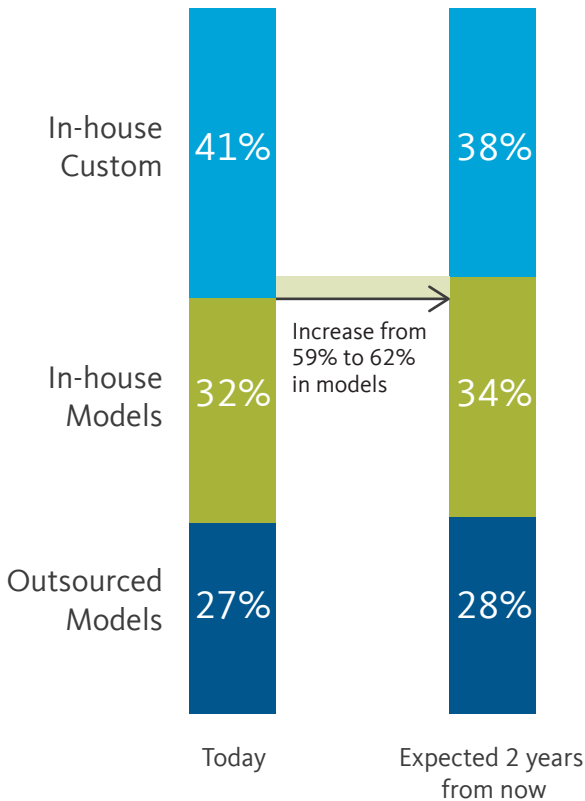


Have clients asked whether you are a fiduciary?

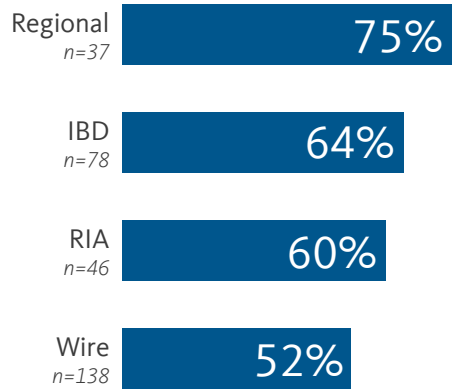


Advisors continue to favor model portfolios.

DISTRIBUTION OF INDUSTRY ASSETS



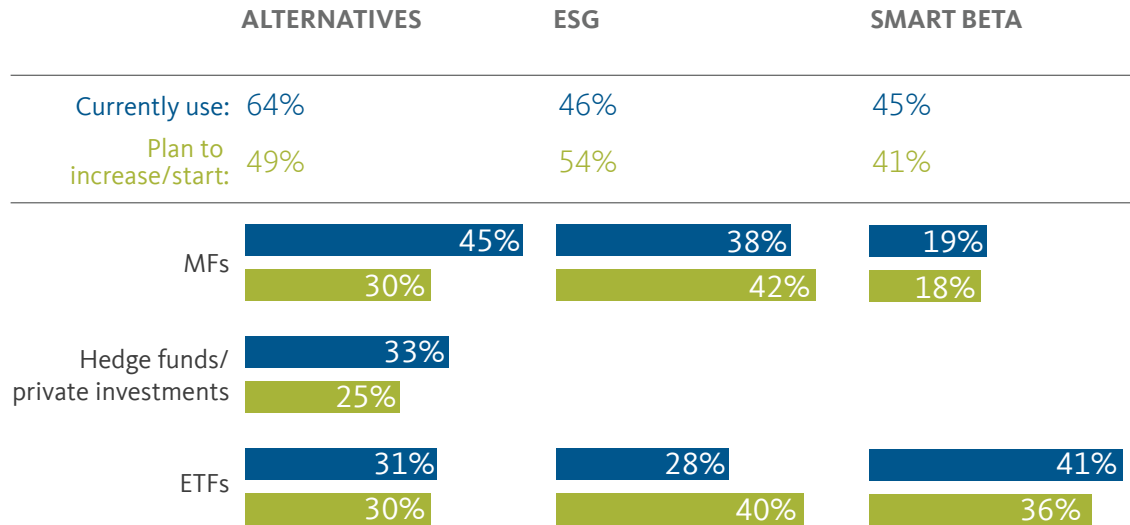
PROPORTION OF ASSETS IN MODELS



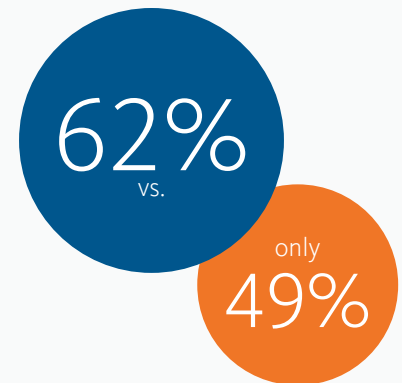
Model portfolios are not merely a trend — they’ve become industry standard. Here’s why:

- Home offices can exert greater control over investment processes, helping to boost portfolio performance and improve asset retention.
- Investors can access superior investment management at a comparatively lower cost.
- Advisors leverage models to focus on strengthening relationships and growing their business.

The majority of advisors increasingly plan to integrate ESG funds as an investment solution for clients.



Advisors with a high net worth client base (more than half of clients are \$1M+) are most likely to increase usage of ESG.



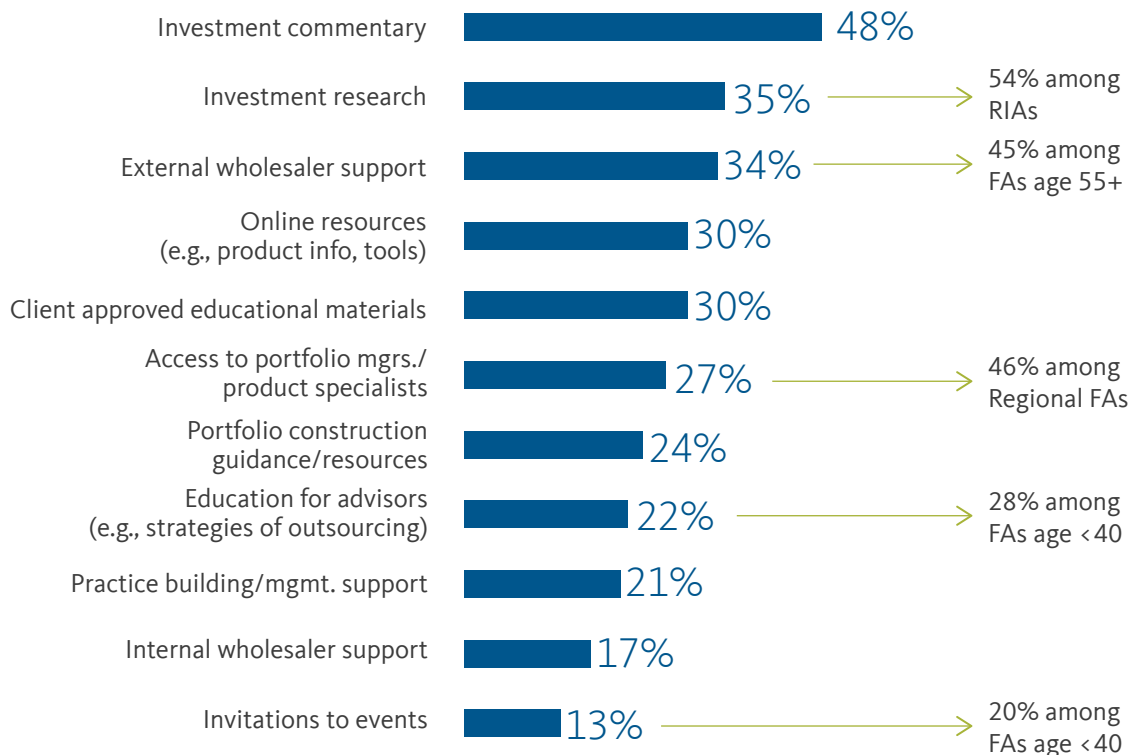
among FAs for whom less than half their client base is \$1Million+



Nearly all advisors are open to adding asset managers to their lineup, though 7 in 10 only add selectively. Asset managers need to find a way to break through.

ASSET MANAGERS SUPPORT VALUED MOST

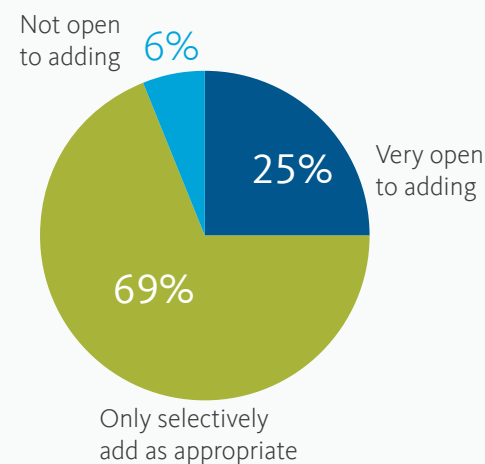
% ranking in top three



BOARDRIDGE INSIGHTS

There's a clear opportunity for asset managers to create stronger connections by delivering a steady stream of unique insight and market perspective. By prioritizing original research, asset managers can empower advisors with the expertise they need to inform their clients and fulfill fiduciary obligations.

APPROACH TO ADDING ASSET MANAGERS



Advisors say they'd also welcome content beyond product, including material to help with practice management and portfolio construction.

CONTENT/SUPPORT AREAS OF INTEREST FROM ASSET MANAGERS

% Very/Somewhat Interested



“The advisor’s business model continues to evolve as they adapt to changes in the product landscape, regulatory environment and customer needs. Change brings an opportunity for asset managers to rethink and retool their distribution strategy in pursuit of new and deeper relationships.”

–**MATT SCHIFFMAN, PRINCIPAL,**
DISTRIBUTION INSIGHT, BROADRIDGE
FINANCIAL SOLUTIONS, INC.

PREFERRED WAY TO RECEIVE CONTENT/SUPPORT FROM ASSET MANAGERS

% ranking top three – Top Mentions



**NAVIGATE COMPLEX MARKETS
WITH CONFIDENCE**

80K

funds tracked globally

\$70T

assets globally

\$15T

intermediary-held funds and ETFs

\$5T

intermediary-held ETF AUM

Broadridge Distribution Insight

SEE YOUR TRUE MARKET OPPORTUNITY ACROSS ACTIVE AND PASSIVE PRODUCTS — INCLUDING MUTUAL FUNDS AND ETFs.

Broadridge Distribution Insight delivers the analytics and strategic expertise asset managers need to stay in front of fast-moving trends and make more informed, confident decisions. Track asset flows, measure market share, identify opportunities and benchmark sales performance across U.S. and global markets. Partnering side-by-side, we'll help create a distribution strategy to execute on every opportunity.

For more insights, contact matthew.schiffman@broadridge.com
or visit: broadridge.com/resource/distribution-insight

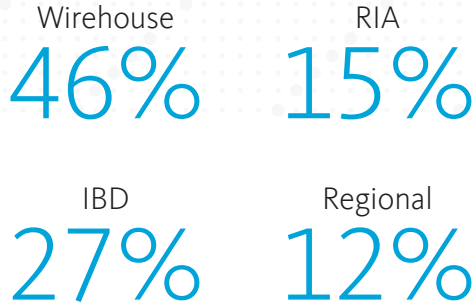


Study Methodology

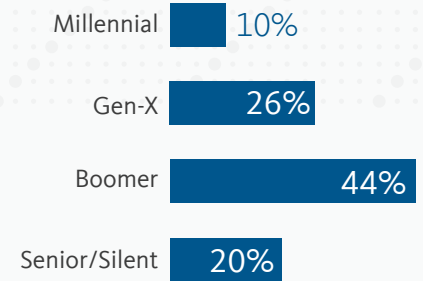
300 financial advisors who met the following criteria:

- Work in Wire, Regional, IBD or RIA channel
- \$10M+ AUM
- 20%+ of AUM is in mutual funds and/or ETFs

CHANNEL



AVERAGE DISTRIBUTION OF CLIENTS BY GENERATION



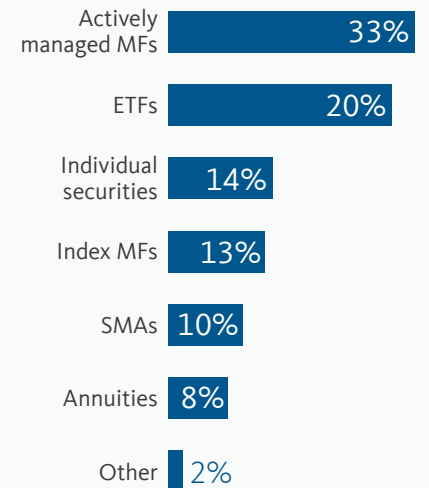
AUM (MILLIONS)



AVERAGE DISTRIBUTION BY CLIENT WEALTH



AVERAGE DISTRIBUTION OF AUM BY PRODUCT



For more insights, contact matthew.schiffman@broadridge.com
or visit: broadridge.com/resource/distribution-insight

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