

Meeting investors' increasing expectations? It's complicated.

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As the financial environment grows more complex, advisors need to uncover new ways to deliver on their clients' needs.

Business is changing for financial advisors. Investors are increasingly looking to their advisors to offer a wide range of services that address their unique situations. At the same time, advisors are facing the added pressure of navigating a complex regulatory landscape and an ever-evolving capital markets environment.

We recently gathered a panel of our own experts to discuss these challenges in an Asset TV MASTERCLASS — and examined some of the headwinds financial advisors are confronting today:

- Investors are demanding greater transparency, lower costs and an expanded value proposition from their financial advisors.
- Fiduciary risk is increasing. Regulators are moving toward a uniform standard of care.
- Today's capital markets environment poses a number of unique challenges that may require new portfolio solutions.

How advisors can position themselves for success:

Given this challenging backdrop, many advisors are turning to model portfolios created by investment managers that offer different asset mixes designed to deliver a target return and risk level. This approach allows advisors to spend more time deepening their client relationships and expanding their services. Relying on the expertise of an investment manager to drive asset allocation and security selection can help advisors meet fiduciary

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responsibilities. And, an investment manager with rigorous risk management controls may help decrease volatility and improve risk-adjusted returns. Our panel identified specific elements of model portfolio design that they believe help meet clients' goals — like generating income and managing volatility — through a combination of risk allocation, active and passive implementation, global multi-asset diversification and an adaptive approach.

Bottom line

The financial advisory industry has evolved. Clients' needs have expanded, regulatory pressures have increased, and capital markets have changed. Besides focusing on thoughtful, goal-oriented portfolio construction, advisors should consider outsourcing investment management responsibilities to third-party asset managers as a way to address the evolving landscape.



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