

Morningstar  
Wealth Solutions

## Five ways an investment partner can help you grow your practice



## What You'll Learn

How the support of an investment partner can help give you more face time with clients

How working with an investment partner can benefit your business and your clients

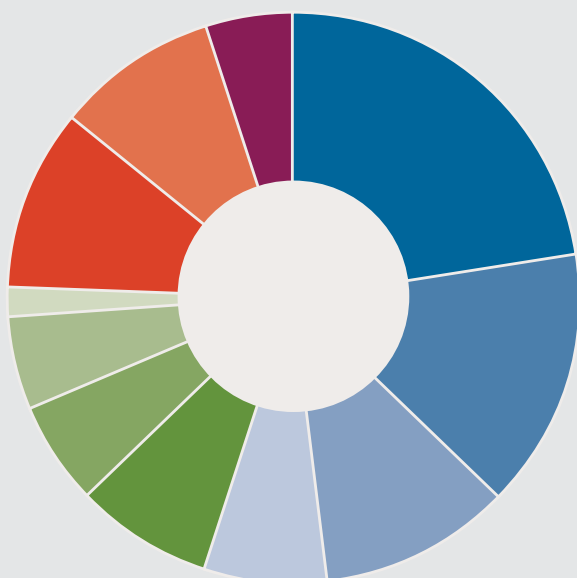
How an investment partner lets you sit on the same side of the table as your clients; evaluating strategies and performance in a purely objective capacity

How an investment partner may help you switch from managing assets to managing wealth

Like most advisers, you may often find yourself pressed for time, with seemingly not enough hours in the day to effectively run your practice and position your business for growth. Research<sup>1</sup> shows that advisers aren't able to dedicate enough time to relationship building, finding that they spend the bulk of their days on investment-related tasks, designating only 15% of their day to client-facing activities. Imagine if that burden was lessened.

Would you rather enable your team to spend more time with clients, building stronger relationships and looking for opportunities to increase your assets under management? Some firms similar to yours are doing just that by partnering with an established investment partner, outsourcing everything from establishing an asset allocation strategy and implementing portfolio decisions to providing risk management and ongoing oversight or outsourcing elements of the investment process.

## How do advisers divide their time?



# 15%

of day in client-facing activities

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## Meeting specific needs or goals

Our Behavioural Science Team found that the most common reasons a person hires an adviser were due to 'discomfort handling finances' and help with meeting 'a specific need or goal'. Both of these result in significant time dedicated to fact finding and ongoing support.

<sup>1</sup> <https://www.investmentnews.com/opinion/the-money-value-of-spending-time-with-clients/243613>

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## Five key benefits of working closely with an outsourced investment partner:

### 1. They can help you solve capacity issues.

Each client is unique. They have different goals, timelines, family circumstances. So there are many reasons it can be difficult, and sometimes not cost effective, to create individualised plans with the level of customisation many clients expect. Factor in the additional time it takes to keep that plan current, evaluate securities, assess different fund managers and investment vehicles, reallocate and rebalance, and so on.

Free up time to win and meet with more clients.

Many practices and networks have in-house specialists who take on some or all of the investment-management process, such as reviewing funds, maintaining a recommended funds list or designing model portfolios. But is this team cost-effective and scalable for your practice? Building your client base may mean expanding your staff, adding to fixed costs and training requirements.

Firms who work with an outsourced investment partner aren't expected to shoulder the investment management burden alone. An investment partner can work with you on building out client segment offerings as per regulatory requirements. You can concentrate on growing your business, knowing you can lean on your investment management provider to adapt to new or changing demands.

### 2. You gain access to knowledgeable and experienced investment professionals.

Financial markets are always changing and the range of investment opportunities continues to evolve. It can be a huge challenge to evaluate all of these and assess their suitability for your clients. We're stepping into a new era of central bank interest rate policy, which will lead to key decisions needing to be made from a portfolio construction perspective.

In terms of business scalability and meeting the needs of a growing client base, some choose to hire an investment team, train them in their investment philosophy and process, and manage them. However, by working with an outsourced investment partner, you can gain access to a ready made, multi-disciplinary team with a proven track-record.

Your investment partner can support you with knowledge from the industry through their interactions with platforms, risk profiling agencies, third party fund managers to name a few. Your clients also gain access to experienced investment professionals, trading and rebalancing their investments based off a stated investment objective and using a consistent methodology.

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### 3. Share the regulatory burden.

You can act in your clients' best interests — and they recognise it — whilst sharing the regulatory burden with your chosen investment partner.

Some firms may think that working with an investment partner means giving up control. In practice though, you still define the investment objectives and transparency into how the investment team is working to meet them. As a partner, you'll receive this in the form of investment committee meetings and day to day interactions with a dedicated team.

With regular communication from your chosen investment partner, you and your clients can stay informed, so you can collaborate and make strategic adjustments as needed, just as you would have done before.

And with formal governance, documentation, and strategy performance reviews, an investment team can help you meet regulatory responsibilities.

### 4. Move toward becoming a more holistic wealth manager.

It's possible that, by focusing on managing assets, you are primarily evaluated by investment performance. Using an investment partner allows you to adopt a more neutral position. You'll have the opportunity to sit on the same side of the table as the client and evaluate strategies and performance in a purely objective capacity.

You can focus your attention on helping your clients set meaningful goals, while showing ways to achieve them, and helping them stick to their financial plans. Using a third party to help manage one area of clients' finances allows you to emphasise the importance of other areas, such as how to consider spending and saving money. These are factors that can aid in making a difference in financial health.

### 5. Free up time for client interactions.

And last but certainly not least — get to spend more time with clients. When actively managing investments on your clients' behalf, it's likely that you'll spend a large portion of your working week hands-on portfolio tracking and trading client investments. That's time spent in front of a computer instead of talking with clients about their different goals, changing financial circumstances, and thoughts on market conditions, suitability, and risk.

Reducing the time you spend on investment decisions and portfolio construction can give you more time to spend elsewhere. This can mean opportunities to work on other client needs, the possibility to deliver more personalised service or simply the capacity to take on more clients.

Shifting your firm from managing investments to managing relationships can require an adjustment, as some may think that if they're not managing a portfolio, they're not justifying their fee. However, a trusted investment partner will provide regular ongoing narrative to support your client interactions, further enhancing the time you spend with clients.

### Weigh the options.

Finding the right outsourced investment partner to work with to help your clients achieve their financial goals is a big decision. However, it can help you free up time for client-facing activities, tap into the knowledge and experience of a third-party provider, and potentially help enhance your position as the client's overall wealth manager — all of which can help your business.

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## Where to start

If you're contemplating making the switch, consider these factors before you take the first steps.



### **Size up your services**

Take a high-level look at your practice to see where you excel, and where the opportunities are. If you had more time, how could those opportunities help you grow your business?



### **Evaluate where your competitive advantage truly lies—and delegate everywhere else**

Do your clients work with you because of your investing acumen or does your value come from your ability to help them define their financial goals and create a plan that helps them achieve those goals?



### **Build a practice with lasting recurring value**

An adviser's true value usually stems from your client relationships—understanding their appetites for risk, their tendency to chase performance, and the limits of their investment knowledge. You can help provide the guidance, discipline, and experience that they may lack, and this can be worth just as much as the actual investment decisions.



### **Cultivate deeper bonds: educate and communicate**

To help underline your value, demonstrate it. Reach out to your clients to help them truly connect the dots between their investments and their goals. Strive to be the bridge between performance spreadsheets and their long-term aspirations.



### **Pick the right providers**

Look for an outsourced investment partner who has the same investment philosophy as your business and can also add wider support to demonstrate value.



### **Plan your consultation process**

Take your time! Choosing an outsourced investment partner should be a long-term decision to help your clients and practice achieve their long-term goals. Our in-house consultation team can help guide you through your decision-making process.

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### Redefining success with clients

When thinking about your discussions with clients, here are a few points you may want to consider:

- ▶ Most advisers monitor clients' financial plans and adjust them to changing circumstances on an ongoing basis. By working with an outsourced investment partner, you may find time for more regular check-ins and personal attention to help ensure clients are comfortable with the current risk level in their investments and that they are still on track to meet their financial goals.
- ▶ Each client's benchmark is highly personal. Clients may know what they want to achieve as investors, and if they focus too closely on their own returns relative to an index or some other pool of securities, they may not take the whole picture into account.



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