

Advisors Rely on Specialists for Complex Products

The complexities of the financial services landscape can be confounding for many investors. Financial advisors can use their knowledge to help guide investors through the myriad of available choices and achieve the goals most important to them, such as saving for college or retirement. However, even they will require additional help in understanding the many vehicles and strategies out there. Advisors can lean on specialists provided by asset managers to stay the most up to date and be better prepared to walk clients through their options. ISS Market Intelligence explored this topic in its ISS MI Advisors Pulse Series – Specialists and Teams April 2024 study, which surveyed over 700 advisors in March 2024 about their feelings on specialists and team structures.

Advisors have many demands on their time, often spending more time on client support and broader financial planning than researching the nuances of potential investments. Here is where specialists can provide the largest value to advisors. When asked why they use specialists, 61% of advisors rated product expertise as their top reason, with 82% of advisors

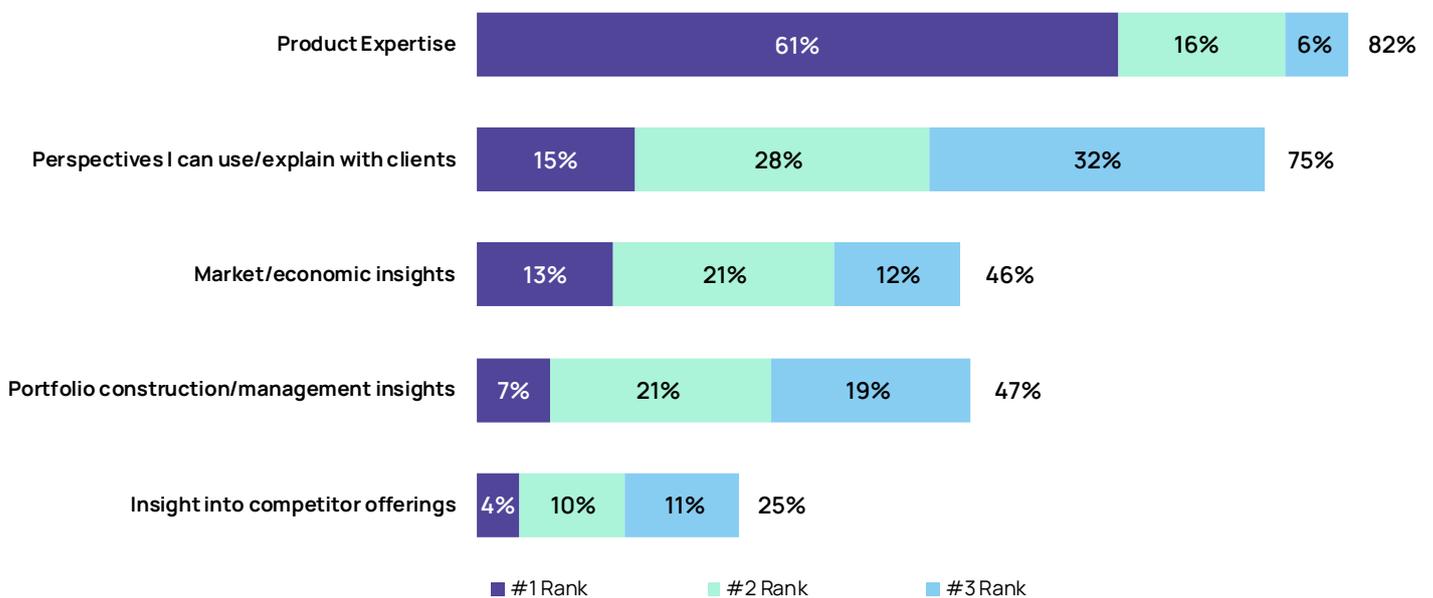
selecting it as one of their top three options, as seen in the chart below. As advisors are seeking out specialists for their deep product knowledge, they understandably are most likely to turn to specialists for more complex products. When asked how important it was for asset managers to provide specialists in various areas, 47% of advisors said that it was extremely important or important for them to do so for annuity specialists, followed by 42% that said so for semi-liquid and illiquid alternative specialists.

The relative importance of alternatives was a topic that varied strongly by channel. As wirehouse advisors are more likely to cite using alternatives, 56% of those advisors said it was extremely important or important for managers to provide alternative specialists, compared to 35% of broker-dealer advisors and 32% of RIA advisors. Advisors expect the interest in those topics to persist in the near future. 28% of advisors said they expect to increase meetings with annuity specialists over the next 12 months, while 27% said the same for alternative specialists and 26% for ETF specialists.

Advisors Lean On Specialists Predominantly for Their Product Expertise

What are the top 3 reasons for using a specialist?

Total % of
Advisors
Selecting



While these specialists focus on the specifics of structures and strategies, they still have much to learn about how advisors operate. When asked about the top challenges of working with specialists, advisors were most likely to cite the specialists' understanding of their business and investment process. 38% of advisors referenced that as their top challenge and 59% of advisors included it as one of their top three. The continued complexity of the investment landscape provides many opportunities for advisors and specialists to continue learning from each other.

To learn more about ISS MI's Advisor Pulse Series, visit <https://page.issmarketintelligence.com/advisor-pulse-series>