
Advisers feel confidence and caution, survey shows

By Editorial Staff Thu, Apr 30, 2020

While most advisers say that social-distancing hasn't hampered their ability to serve clients, 'they acknowledge a negative impact on revenues and profitability,' according to a new report from Practical Perspectives.

Financial advisers generally feel confident in their abilities to weather the current crisis, but they feel some pressure on their own revenues and profitability and are uncertain about the future, according to a new [report](#) from the syndicated research firm [Practical Perspectives](#).

The report is based on a survey of 525 independent advisers, full-service advisers and Registered Investment Advisors (RIAs). It was conducted during the first week of April 2020 by Practical Perspectives CEO Howard Schneider, who has been tracking adviser sentiment for many years.

The most common portfolio adjustments by advisers were to raise cash allocations, shift money from more aggressive stocks to less volatile, dividend-paying stocks, and decrease equity allocation overall, the survey showed.

Full service advisers (60%) were the ones most likely, by as much as 10 percentage points, to raise cash allocations. Independent advisers (44%) were most likely to shift toward dividend-paying stocks and RIAs (39%) were most likely to reduce equity exposure generally.

Regarding the future, "Nearly three in four advisers, or 74%, believe markets will be higher compared to end of March 2020," Schneider's report on the survey said. "However, a plurality of advisers expect the improved return will not recapture the full extent of the decline and performance will still be negative year-to-date six months from now.

"Only one in 10 advisers are optimistic that markets will recover and be positive for the year six months from now," the report added. "An additional one in six advisers expect a recovery in markets to be flat for the year by end of September. A similar share of advisers are more pessimistic and expect markets to be lower over the next six months."

While most advisers said that social-distancing and quarantining haven't hampered their ability to serve clients, "they do acknowledge the negative impact upon key practice metrics, notably revenues and profitability," the report said. "How a projected decline in the

financial strength of advisor practices plays out over time may accelerate consolidation and the exodus of small practitioners from the industry.”

For a copy of the report, click [here](#).

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