Asset managers focus on advisor behavior: Cerulli

By Editorial Staff *Thu, Sep 6, 2018*

'Just 53% of practices with assets under management (AUM) between $50 million and $100 million in-source their investment decision making,' said Ed Louis, a senior analyst at Cerulli, in a release.

The pool of advisors that wholesalers can influence is shrinking and becoming more sophisticated and a number of firms have chosen to re-evaluate the way their wholesaler maps are drawn because of the blurring of channel lines, according to new research from Cerulli Associates.

More than two-thirds (69%) of asset managers now operate with a primarily de-channelized sales force. "Just 53% of practices with assets under management (AUM) between $50 million and $100 million in-source their investment decision making," said Ed Louis, a senior analyst at Cerulli, in a release. "However, this number jumps to more than 70% for those with $250 million or more in AUM."

"These practices are increasingly made up of advisor teams with specialized roles, a systematic investment process, and a focus on providing holistic financial planning and wealth management services," Louis added. "Additionally, the lines that historically divided the broker/dealer (B/D) channel are blurring as these trends around teaming and planning move downmarket. While these advisor teams offer their own unique value proposition to clients, the biggest difference can often lie in how they leverage home-office infrastructure."

Cerulli believes that for many asset managers, especially those with a focused lineup or limited resources, if top clients and prospects all exhibit similar behavior, it is more efficient to invest in a single sophisticated professional to manage those relationships in a region.

"The ability that asset managers now possess to leverage data analytics makes it easier to identify and focus wholesalers' efforts on those key opportunities of advisors who insource portfolio construction and away from less productive opportunities," explains Louis. "The majority (74%) of asset managers currently employ dedicated data analytics staff."

Cerulli's latest report, "U.S. Intermediary Distribution 2018: A Holistic Approach to Wholesaling," examines how asset managers are adapting to the changing points of influence over advisor portfolio construction decisions, the effects that platform rationalization and fee pressure have had on relationships between asset managers and broker/dealers, and the importance of effective coordination between the different arms of distribution to maximize opportunities at focus partner firms.