
Assets are concentrated among 'mega' advisors

By Editorial Staff Thu, Feb 28, 2019

"As advisors think more holistically about the nonfinancial, intangible impact they can have on their clients, mega teams [will be] well positioned to compete in this experience-centric model," said Marina Shtyrkov, a Cerulli Associates analyst.

Mega teams—those with \$500 million or more in assets under management (AUM)— make up just 11% of advisor practices, but they service nearly two-thirds of total advisor-managed assets, according to global research and consulting firm, Cerulli Associates.

These teams are concentrated in wirehouses and hybrid registered investment advisors (RIAs), but their influence is steadily growing beyond those channels and throughout the industry. The asset growth of independent RIA mega firms over the past five years (2012-2017) has surpassed that of their smaller peers in the channel. Similarly, among wirehouse practices, mega teams have expanded their collective AUM by 19% over the past five years, while all other AUM tiers ceded assets.

Cerulli anticipates that mega teams will continue to win opportunities for both organic (e.g., client referrals) and inorganic growth (e.g., acquisitions, tuck-in advisors) as advisors seek to reap the advantages of teaming. Currently, more than half (54%) of all advisors operate in a team structure.

"Teaming allows advisors to build specialized roles and responsibilities, thereby delivering broader and deeper advice to clients with more complex financial needs," said Marina Shtyrkov, a research analyst at Cerulli, in a release.

Teaming also enriches the end-client experience because it helps advisors pool resources, integrate next-generation advisors, and support one another's client relationships. Nearly three-quarters (73%) of advisors believe that teaming improves the client experience.

"As advisors begin to think more holistically about the nonfinancial, intangible impact they can have on their clients, they will increasingly compete on the quality of their client experience, and mega teams are well positioned to compete in this experience-centric model," Shtyrkov said.

For asset managers, mega teams represent attractive distribution opportunities. They commonly retain investment decisions and use diverse products and services. At the same time, they are blurring traditional channel lines, causing managers to reassess advisor

coverage. Asset managers need to understand the main point of influence and assess advisor personas to ensure success with this segment.

Also included in Cerulli's latest report, [The Cerulli Report—U.S. Advisor Metrics 2018: Reinventing the Client Experience](#), are detailed analyses of advisor market sizing, attributes, client relationships, broker/dealer support, investment decisions and product use, and practice challenges and growth opportunities.

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