

## **Giving Advisers What They Want**

### **by Jeffrey Briskin**

For successful investment advisers, the story behind a fund's success is as important as the results themselves. And when it comes to communications from active asset managers, they want insights and market intelligence, not promotion and product pitch. They want more direct interaction with fund managers and researchers, and are highly resistant to contacts from wholesalers who treat them like prospects rather than investment partners and peers.

These are the few of the key findings from research conducted by Briskin Consulting principal Jeffrey Briskin in April and May 2017 with a dedicated panel of 97 highly successful registered investment advisers (RIAs).

The research was conducted through surveys, email communications, and telephone conversations. All of the participants work for independent RIA firms, have at least ten years of advisory experience, and manage \$25 million or more million in total assets for their clients.

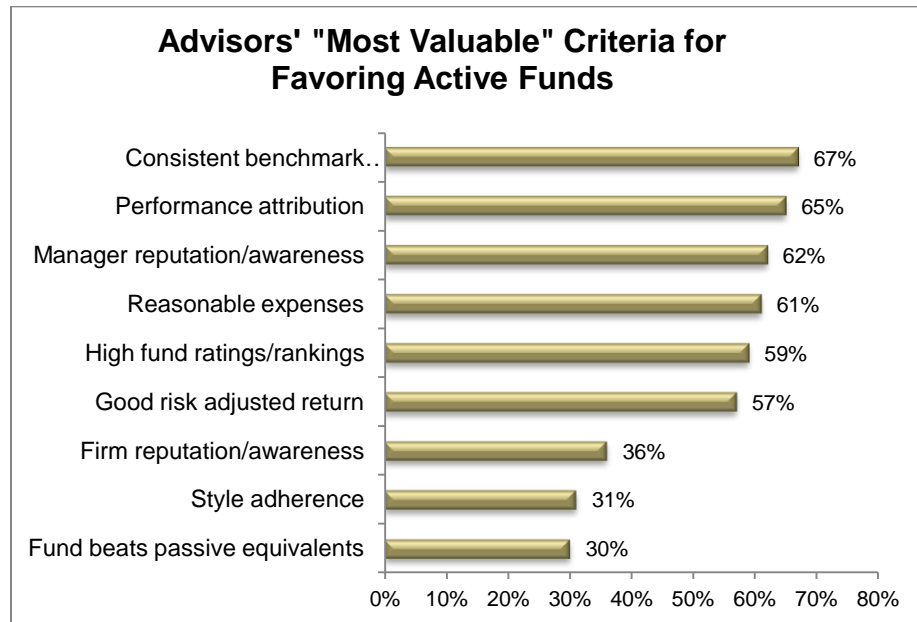
A few key demographics:

- All participants work for independent RIA firms.
- 61 participants manage total client assets between \$25-\$100 million.
- 36 manage more than \$100 million in total assets for clients.
- Mass affluent and high net worth investors and retirees and near-retirees are their dominant client segments.
- 31 serve as advisers for one or more defined contribution plans.
- 84 have at least one professional designation such as CFP®, CFA®, AIF®/AIFA® and CIMA®.
- All participants use individual stocks and bonds, actively-and-passively managed mutual funds and ETFs with their clients.
- 57 use separate account strategies with their clients.

This white paper explores a selection of findings from this research that focus on the information and resources provided by asset management companies that give investment advisers a more favorable—or unfavorable—perception of a firm and its products.

## “Who” and “Why” is as Important as “How”

When it comes to evaluating and selecting active mutual funds, the “story” behind performance is as important as the metrics themselves.



When asked which criteria advisers consider to be “critically important” for considering a particular mutual fund, advisers say that detailed performance attribution—why particular decisions made by fund managers generated alpha—is almost as important as the numbers themselves.

Advisers think that the reputation of the fund’s manager is more important than reasonable fund expenses and solid industry rankings. Interestingly enough, advisers’ awareness of the particular fund shop is less important, which is good news for smaller firms. And, less than a third consider it important that an active fund outperforms a passively managed equivalent.

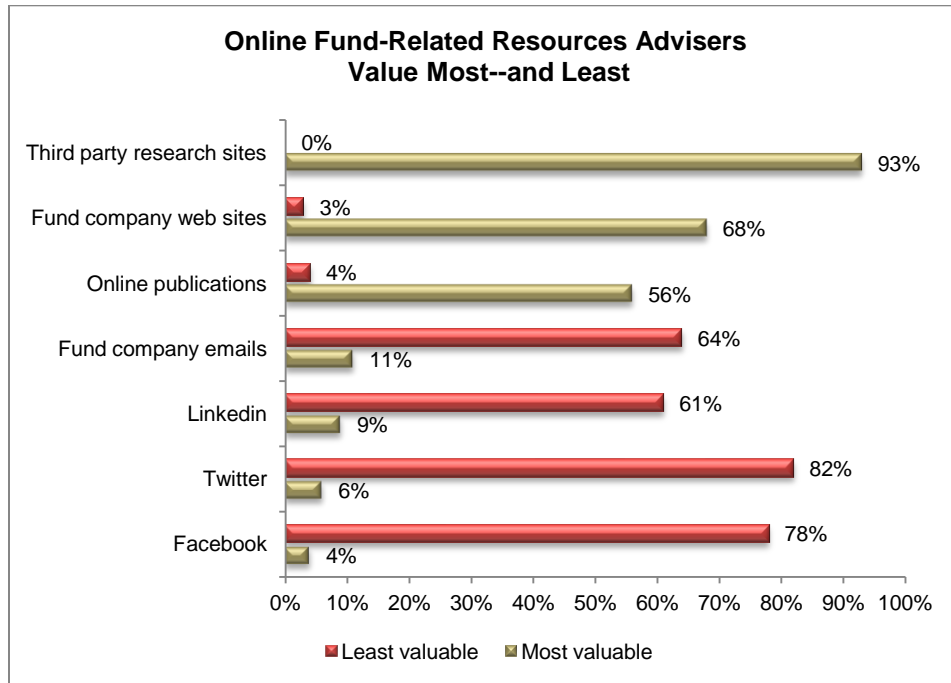
Note that only responses considered important by 30% or more of participants are shown here. Some that didn’t meet this threshold included tax efficiency (28%), and whether the fund’s research methodology is primarily fundamental (27%) vs. quantitative (24%)

*“Good performance alone isn’t enough. I want proof that returns come from skill, not than lucky dice rolling.”*

—D.S., Wilkes-Barre, PA

## For Fund-Related Research, Websites are Critical

In spite of industry-wide prognostications that social media will replace web sites as the primary source advisors use to conduct research, participants express the opposite view.



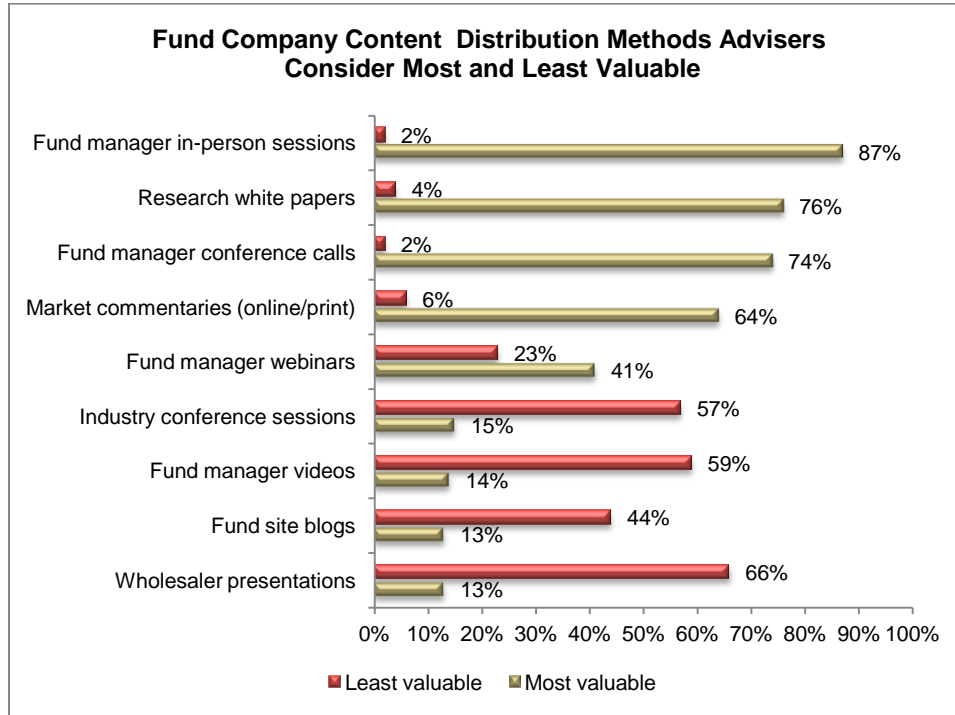
When asked which online fund resources they found “valuable” or “most valuable” the overwhelming majority chose third party research sites like Morningstar and Lipper Leaders. Fund company web sites are also very important resources. Conversely, most consider social media sites to be the least useful. And nearly two thirds expressed their displeasure with the huge numbers of marketing emails they receive from asset managers.

*“I don’t have time for glorified commercials, Tweets and other online gimmicks. Just give me facts and data I can’t get anywhere else.”*

*—J.A, Wallingford, CT*

## The Messenger is as Important as the Message

Asset managers use many different means of delivering content. But RIAs are most likely to pay attention to insights delivered directly by fund managers and analysts.



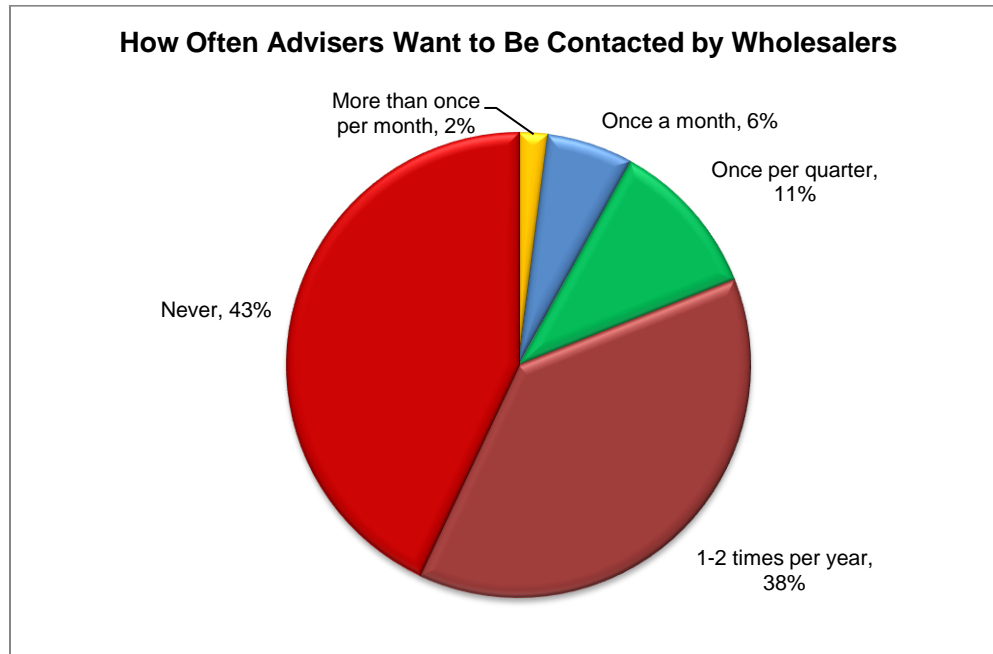
Nearly all would relish the opportunity to meet with members of the investment team, a privilege rarely offered. But most still value bylined white papers on investment related topics, market commentaries, and live conference calls. Smaller percentages value webinars and fund manager videos, mainly because of the time constraints and technical issues they often face when trying to access multimedia content. Many participants complained that most fund manager videos are too long and seem more like scripted versions of written commentaries. Similar complaints were made about wholesaler presentations, which many felt were canned presentations where the presenter wasn't prepared to answer tough questions.

*“Fund managers and analysts need to spend more time on the front lines with advisers. If advisers understand a manager’s methods and views, they’re more likely to consider his or her fund over one where they don’t have the opportunity to interact with management.”*

—R.M, Dayton, OH

## The Diminishing Role of the Wholesaler

Mutual fund wholesalers were once welcome in most advisory firms as a valued source of fund information and sales ideas. This is no longer the case.



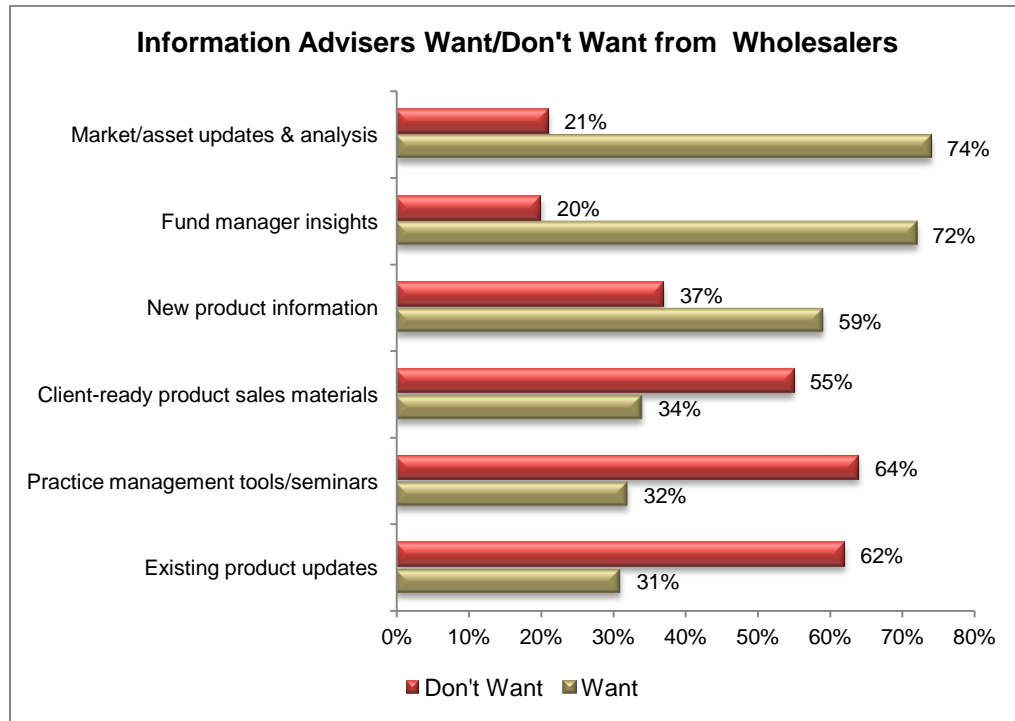
The ability of advisers to access most of these resources online, along with the massive ongoing migration of wholesalers' most receptive target audience—wirehouse brokers—to independent RIA firms, has reduced the relevancy of the wholesaler's role. Most RIAs either don't want to hear from them at all or no more than once or twice per year. And, as we will see, each contact needs to offer something of incredible value if the wholesaler doesn't want to be added to the adviser's "do not contact" list.

*"Every week I get at least five cold calls from wholesalers pitching expensive long/short funds or other crazy stuff. If they spent one minute researching me or my firm they'd know I run a mostly a passive shop and only use active funds with low fees and good long-term track records. They waste my time and theirs."*

*—J.H., Torrance, CA*

## Making Each Contact Count

What do the 57% of RIAs who are still willing to be contacted by wholesalers want them to offer? Not surprisingly, they want timely insights and information on new products, not sales pitches.



RIAs want wholesalers to serve as proxies for fund managers, rather than salespeople, and expect them to be able to answer tough questions about these products rather than “refer them back” to investment teams. They’re also willing to learn about new products, but are less interested in updates on products they already know about. One interesting finding is the apparent lack of interest in practice management-related topics. For years presentations on sales, client communication and marketing were almost guaranteed to open doors for wholesalers, but today most advisers can get this kind of information elsewhere.

*“If the [wholesaler] acts as the voice of the research team, rather than the sales and marketing team, I’ll listen.”*

—W.B. Boulder. CO

## Conclusion

In an environment of increasing commoditization and competition in the asset management industry and ongoing decentralization in the advisory profession, investment companies need to demonstrate the validity of their processes and personnel as well as performance. Firms can achieve this by:

- Understanding each advisor's business before they contact them;
- Providing opportunities for advisers to interact with fund managers and analysts;
- Making advisor websites a valuable and timely research resource; and
- Delivering value with every email and telephone contact.

For more information on how cost-effective marketing can help your firm achieve these objectives, contact Briskin Consulting at [jeffbriskin@hotmail.com](mailto:jeffbriskin@hotmail.com).

---

*Briskin Consulting is an independent strategic marketing and content development firm dedicated to helping asset managers and advisors gain and retain client relationships.*