



# The Guide to Outsourcing Investment Management

Whether you're considering outsourcing for the first time or wondering how other advisors are getting the most out of outsourcing in their businesses, this eBook is your guide to outsourcing investment management for your firm.





## What is investment management outsourcing?

Like any type of outsourcing, you offload time-demanding tasks to a person or provider outside of your firm. In the case of investment management, outsourcing typically includes the following four aspects of investment management:

- Ongoing due diligence
- Portfolio construction
- Pre-built portfolios for a range of client needs
- Custom portfolios for high-net-worth clients

Outsourced investment management services are provided by a Turnkey Asset Management Platform (TAMP), which may provide additional support, such as practice management resources, retirement services, tax planning, and access to strategies and partnerships that could be challenging to achieve alone.

Can outsourcing investment management services—and other tasks—boost business growth, client retention, and personal happiness?

In this eBook, you'll find a practical guide to assess your needs and transform your business based on research from over 750 financial advisors.

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# Why do financial advisors outsource?



## Seven reasons to outsource

1. Deliver better investment solutions for clients
2. Serve more clients
3. Focus time on other business activities
4. Implement a more consistent approach across clients and/or advisors in a practice
5. Build a more enduring practice (e.g., succession planning)
6. Increase the value of a practice
7. Make business more portable in case of a future broker-dealer or custodian change



“ It’s easy and most importantly good for the clients.<sup>1</sup>

– Advisor, Independent Broker-Dealer

“ 1. Better use of my time  
2. Better client retention  
3. More networking activity.<sup>2</sup>

– Advisor, Independent Broker-Dealer

# How does outsourcing impact a financial advisor's business?

Nearly all financial advisors reported benefits in one or more of these four key areas as a result of working with an outsourcing provider.

## 98%

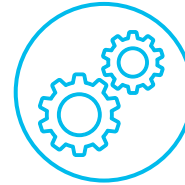
### Investment Management



- Greater oversight of portfolios
- Improved investment performance for clients
- Access to a broader range of investment products

## 99%

### Business Efficiency and Growth



- Growth in total assets
- Easier compliance/audit process
- Lower operating costs
- Higher business valuation

## 94%

### Client Relationships



- Increased retention
- Acquisition of new/higher quality clients
- Increased referrals
- Stronger client relationships

## 97%

### Career and Personal Life



- Better work-life balance
- Higher career satisfaction
- Higher personal income

% of advisors citing at least one benefit in each category

“

*Better oversight,  
performance reporting,  
better expertise in  
investment management.<sup>1</sup>*

– Advisor, Independent Broker-Dealer



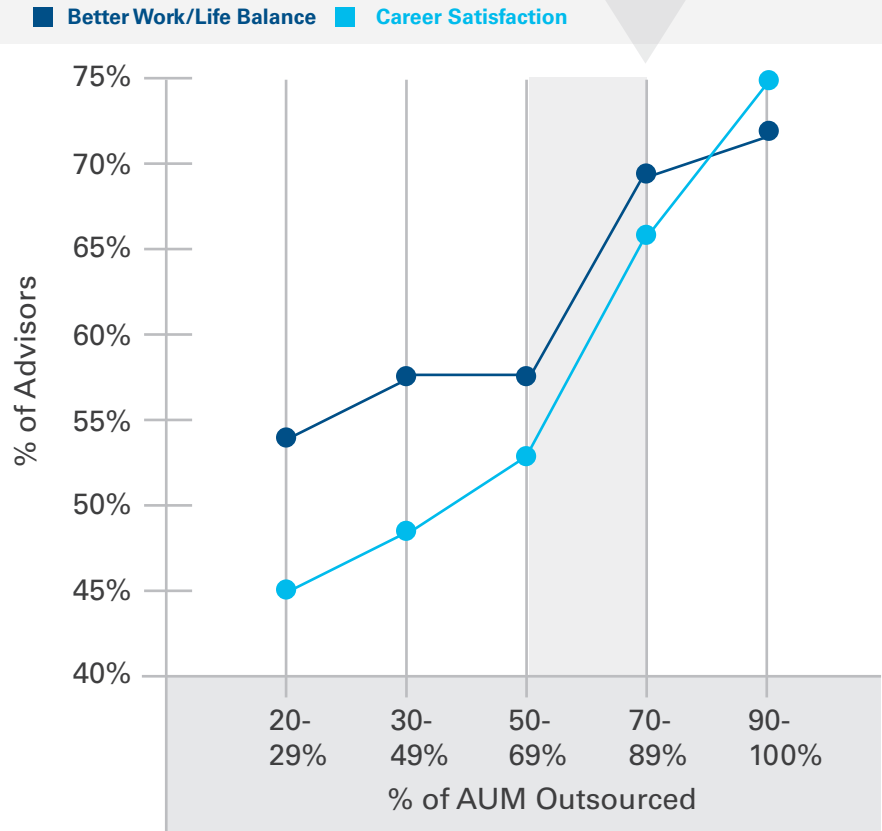
# How much are advisors outsourcing?

The more financial advisors outsource the more they benefit from outsourcing. Financial advisors who outsource varying levels were asked how they benefitted from outsourcing. Here are the tipping points—the percentage of assets outsourced that increases the likelihood of gaining the benefit.

Tipping Points	
% of AUM Outsourced	Benefits
90%	Stronger Client Relationships
70%	Acquisition of High Quality Clients Growth in Total Assets Higher Business Valuation Higher Personal Income Better Work/Life Balance Career Satisfaction
50%	Greater Oversight of Portfolios Access to New Categories of Products Client Retention Client Referrals

## How is the tipping point found?

The greatest leap in percent of advisors benefitting is the tipping point. In the example below, it's at 70% of AUM outsourced.



# What can advisors outsource easily?

Running an advisory practice is a multi-faceted endeavor where some tasks may be easier to outsource than others.



Four out of five financial advisors plan to increase their share of assets outsourced over the next three years.

Tasks that are unique to you and your offering are going to be more difficult to outsource because these tasks typically can only be delivered by you or your team.

# Can outsourcing help you?

When making the decision to outsource, consider these questions as you assess your business needs to determine what will be the right fit for your clients, your business, and you.

## Value Proposition

### What do your clients value most in their relationship with you?

Identify your unique value proposition. How can you increase your value? Do you have the resources to serve more clients while maintaining or increasing the value you provide for your clients?

## Business Activities

### How do you spend your time?

Make a list of your practice's business activities, then determine where you are most impactful or gain the most satisfaction. If you're having a hard time identifying how your time is spent, ask about our time-management workshops for financial advisors.

## Internal Resources

### Do you have the internal resources to support business activities?

Once you have a complete list of tasks, map that list of tasks to your internal resources. You may find that certain back-office tasks assigned to your staff can be outsourced, freeing time to focus on the activities that help your business grow.

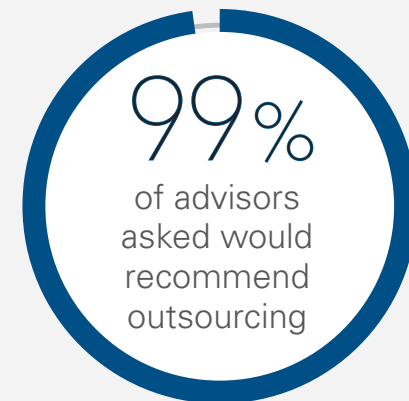
## Career Satisfaction

### Are you satisfied with your career?

Think about what matters most to you and whether you're dedicating the amount of time you want to them.

## Capture more high-net-worth (HNW) clients

With the backing of a large investment management firm, you have access to resources that can help you enhance your client value proposition and better serve HNW clients who seek more varied and complex services, such as cash and lending solutions, trust services, and charitable solutions.



### Q: Why are you likely to recommend investment management outsourcing?

“Ability to secure higher net worth clients and allow more time to focus on these clients within my practice.

– Advisor, Independent RIA

# Choosing the right outsourcing provider

TAMP platforms vary in how much flexibility, guidance, due diligence, and variety that they offer, as well as their supportive services.

## Basic solutions and services

- Portfolio management
- Due diligence
- Investment product range for HNW or SMB owners
- Online platform for advisors and clients

## Additional solutions, services, and resources

- Practice management consulting and services
- Retirement solutions and services
- Financial planning resources
- Estate planning resources
- Tax planning resources
- Guidance on charitable giving
- Client-ready white-labeled content support

## Transition Services

Whether you're starting a new practice or simply moving your book of business, does the firm set you up for success?

- Transition plan, including timeline and budget
- Business setup (for new independent RIA firms)
- Compliance and legal support
- Tech and marketing support



“

*My financial planning practice is now set up to transition all clients to third-party managers.<sup>1</sup>*

– Advisor, Independent Broker-Dealer



# Business consulting support

Growing an advisory practice requires a broad range of offerings and solutions to serve a larger and more diverse clientele. You may want access to a team of business consultants who have helped countless advisors scale and grow, or through acquisitions and mergers.

## Business Strategy & Planning



- Business assessments
- Economic modeling
- Strategic and valuation planning
- Goal and progress monitoring

## Client Experience & Operations



- Client segmentation
- Services model
- Client opportunity review
- Technology assessment resources

## Marketing Your Business

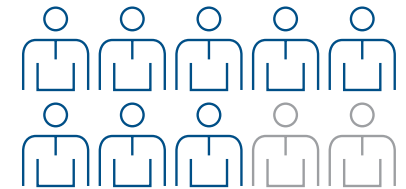


- Value proposition
- Target client profile
- Marketing plan
- Referral management
- Center of influence process

## Empowering Your Team



- Organizational structure
- Compensation strategy and incentive plans
- Hiring and onboarding
- Performance reviews



**Eight out of ten**  
advisors surveyed  
**wish they had  
outsourced sooner**



*I'm able to scale better since I'm receiving actual help with proposals, marketing, and training. I can better leverage my time to go out and gather more new assets in addition to converting previous client assets.<sup>1</sup>*

— Advisor, Independent Broker-Dealer

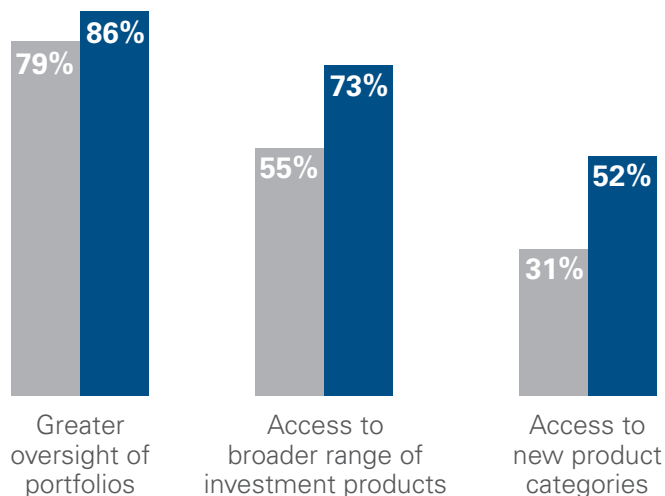


# The AssetMark advantage

Advisors who use AssetMark as their primary outsourcing provider report several key benefits.

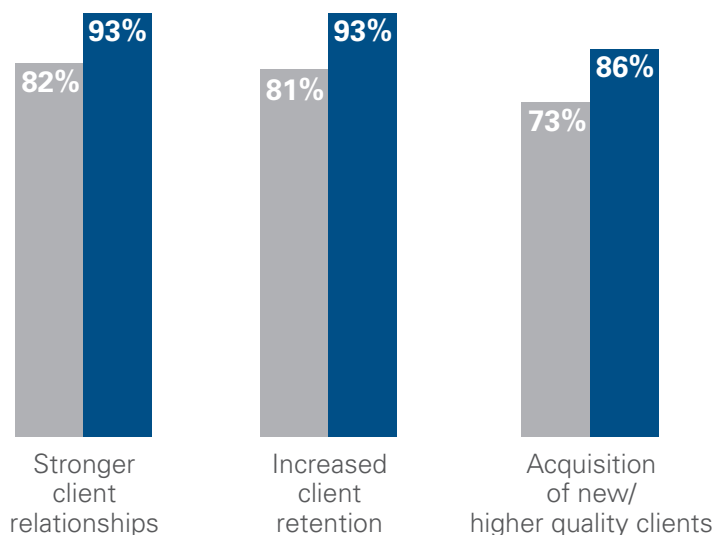
## Better investment solutions

■ Non-AssetMark Advisors  
■ AssetMark Advisors\*



## Better client relationships

■ Non-AssetMark Advisors  
■ AssetMark Advisors\*



\*Advisors who use AssetMark as their primary outsourcing provider.

“

*It frees up time to focus on providing a “Wow” experience for clients. It gives the opportunity for better results. The customer experience for my clients with AssetMark has been exceptional.*

– Advisor, Independent Broker-Dealer

“

*Having the support of AssetMark has increased my confidence and allowed me to enhance other parts of my client experience.*

– Advisor, Independent RIA

“

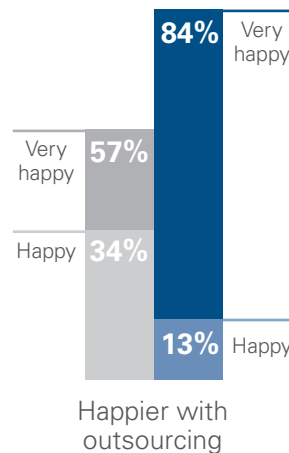
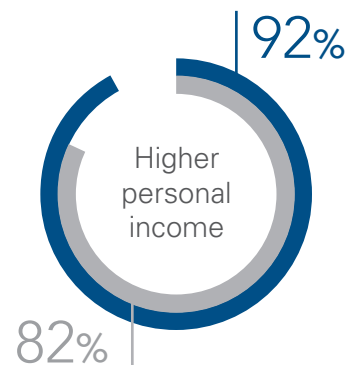
*Outsourcing investment management allows us to maintain a high level of investment quality/service while spending more time coaching clients on the hard decisions in their lives.*

– Advisor, Independent Broker-Dealer



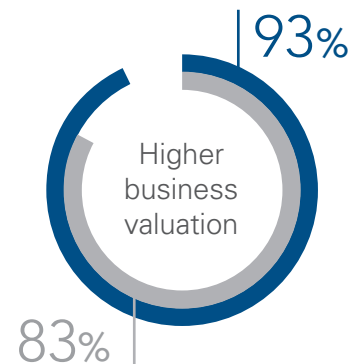
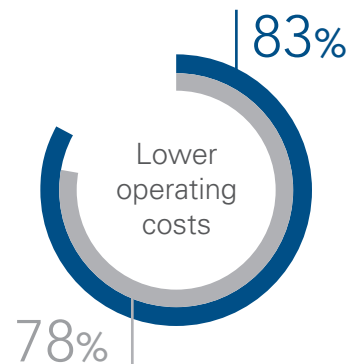
## Better personal benefits

■ Non-AssetMark Advisors  
■ AssetMark Advisors\*



## Better business efficiency and growth

■ Non-AssetMark Advisors  
■ AssetMark Advisors\*



\*Advisors who use AssetMark as their primary outsourcing provider.



*I have seen the value over the last 6 years of using AssetMark as my TAMP. Partnering with them allows me to spend more time with clients and prospects as I continue to build my business.*

– Advisor, Independent Broker-Dealer

Ready to make a change?  
Contact our team at  
[AssetMark.com](https://AssetMark.com)





## About this study

The *Impact of Outsourcing* study was conducted in partnership with 8 Acre Perspective, an independent research firm, and represents the second installment of original research conducted by AssetMark in 2019.

757 financial advisors participated in the study, completing an online survey between September and October 2021. Participants included 581 advisors who outsource investment management and 176 who do not. All participating advisors are owners/principals/partners at firms in the independent broker-dealer, insurance, and independent RIA channels.

All participants have the following characteristics:

- 7+ years tenure as a financial advisor
- Up to \$500 million in total assets under management
- At least 30% of total assets under management is fee-based business
- At least 50% of total assets under management is from individual retail investors

Those who outsource investment management have at least 20% of their assets outsourced to a third party (broker-dealer, model provider, and/or TAMP).

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### Important Information

This is for informational purposes only, is not a solicitation, and should not be considered investment, legal or tax advice. The information in this report has been drawn from sources believed to be reliable, but its accuracy is not guaranteed and is subject to change. Investors seeking more information should contact their financial advisor. Financial advisors may seek more information by contacting AssetMark at 800-664-5345.

All quotes were provided as part of an independent nationwide survey on outsourcing investment management. All views expressed in the quotes are solely the views of the anonymous financial advisor participants and do not reflect or express the views of AssetMark.

Tipping point data is the result of a third-party research study on the past experiences of financial advisors. It is not an indicator of future financial advisor experiences. This data represents reports by financial advisors outsourcing investment management in the greater market and is not specific to advisors who primarily outsource with AssetMark.

**Investing involves risk, including the possible loss of principal. Past performance does not guarantee future results.** Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns. There is no guarantee that a diversified portfolio will outperform a non-diversified portfolio. No investment strategy, such as asset allocation, can guarantee a profit or protect against loss. Actual client results will vary based on investment selection, timing, market conditions, and tax situation. It is not possible to invest directly in an index. Indexes are unmanaged, do not incur management fees, costs and expenses and cannot be invested in directly. Index performance assumes the reinvestment of dividends.

Investments in equities, bonds, options, and other securities, whether held individually or through mutual funds and exchange-traded funds, can decline significantly in response to adverse market conditions, company-specific events, changes in exchange rates, and domestic, international, economic, and political developments.

<sup>1</sup> Q: "What are the reasons you plan to increase the percentage of total assets that you outsource?"

<sup>2</sup> Q: "What are the reasons you are likely to recommend investment management outsourcing to other financial advisors?"

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