RESEARCH
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iCapital NETWORK

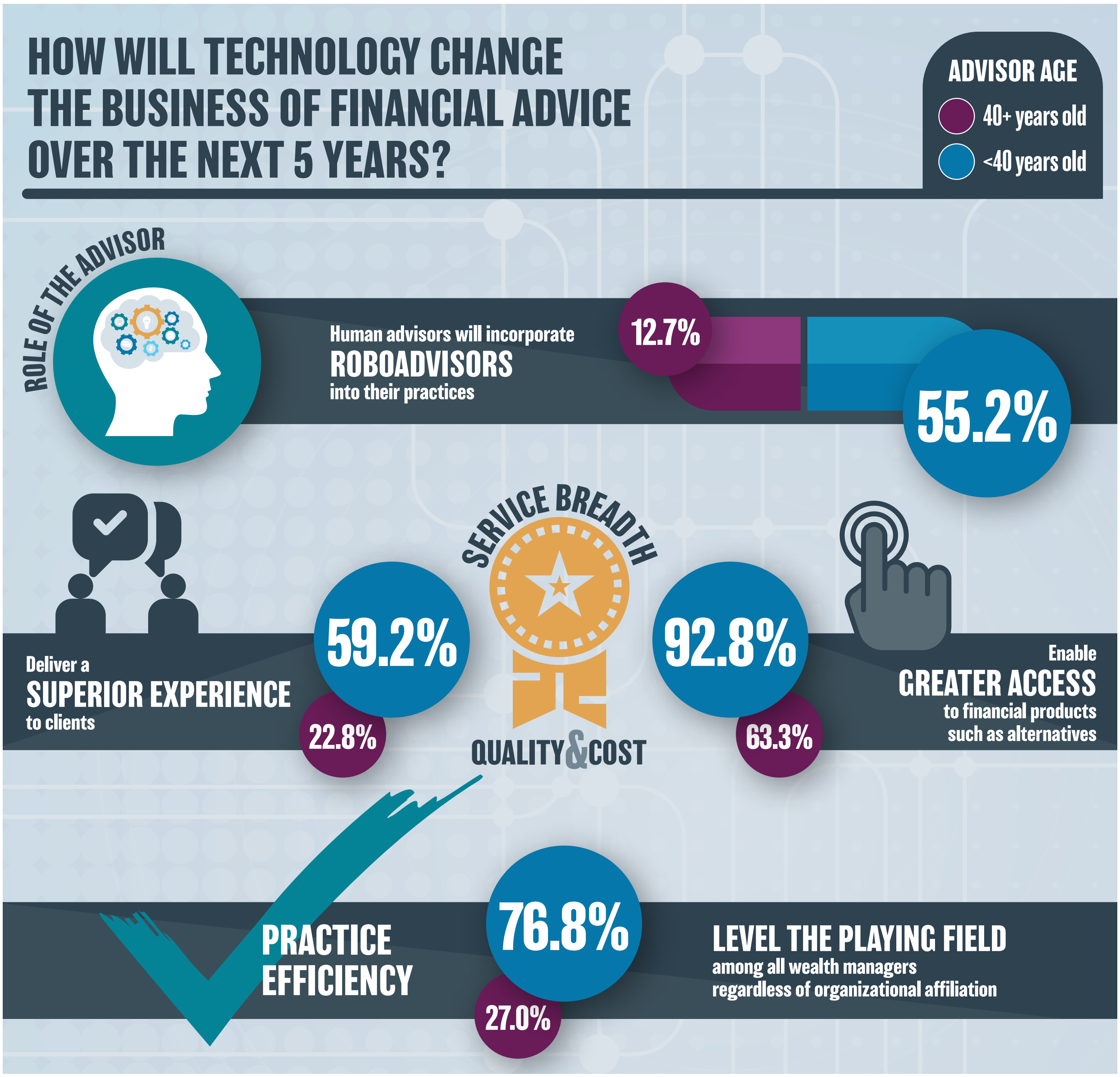
YOUNGER ADVISORS SEE TECHNOLOGY AS THE KEY TO COMPETITIVENESS

No doubt, it's a challenging time to be a wealth manager. Despite the substantial market growth over the last few years – and the benefits thereof – wealth managers have seen their practices become vulnerable to forces not easily overcome by a rising market. RIAs are looking to retain assets at risk to inter-generational wealth transfer and the fee pressure driven by burgeoning interest in passive investing. They need to invest in growth at the very time when some see their revenues in decline. The answer? The word whispered among many younger advisors is "Technology".

In an industry dominated by advisors over 50 years old, younger upstarts are looking to technology for a competitive edge and to erode the advantages offered by larger firms. In fact, a whopping 76.8% of advisors under age 40 believe that technology will level the playfield among wealth managers over the coming five years compared to just 27% over 40.

Hence, while older, more established advisors are a bit more dubious of the value technology enhancements can bring to their practice — their younger counterparts are eager to find the solutions that will allow them to expand their services, scale their practices, and build client loyalty.

And while no advisors seem to think that RoboAdvisors will replace them, iCapital Networks' recent survey of more than 375 wealth managers revealed a meaningful difference in how they expect integrating technology will benefit their business — based on their age.



HOW WILL TECHNOLOGY CHANGE THE BUSINESS OF FINANCIAL ADVICE OVER THE NEXT 5 YEARS?		Advisor Age <40	Advisor Age 40+
Role of the Advisor	RoboAdvisors will replace human Advisors	0%	0%
	Human advisors will incorporate RoboAdvisors into their practices	55.2%	12.7%
	Change the role of the Advisor from portfolio management toward client acquisition and service	40.8%	15.1%
Service Breadth, Quality and Cost	Deliver a superior experience to clients (communication, information, education)	59.2%	22.8%
	Enabling greater access to financial products (such as alternatives)	92.8%	63.3%
	Support holistic planning including insurance, taxes, legal real estate and other non-investment financial activities	63.2%	18.5%
	Provide quality interfaces that will drive client loyalty	47.2%	4.2%
	Meaningfully lower the cost of investment management services	44.8%	11.2%
Practice Efficiency	Help build relationships with professionals that can refer clients	68.4%	18.9%
	Level the playing field among all wealth managers regardless of organizational affiliation	76.8%	27.0%

Clearly, the iCapital Network Research demonstrates that younger wealth managers see game-changing possibilities in the benefits technology can bring to the practice of money management, creating opportunities to focus more of their energy on delivering the personalized service their clients demand. creating a service model that can help them thrive in a changing marketplace.

"Technology can not provide the personalized, expert counsel and recommendations that a seasoned advisor can offer an investor." said **Tom Fortin, Chief Operating Officer** of iCapital Network. "But as advisors strive to scale their practices without sacrificing service quality, the right technology can augment the advisors' efficiency and scope – and help deliver the client experience their investors require."

METHODOLOGY: BENCHMARKING ADVISORS AND TECHNOLOGY

- This study was conducted in the Fall of 2018 with more than 375 advisory professionals inquiring about their expectations regarding the use of technology within their advisory practices and the benefits they anticipate technology might bring.

- Of the advisors surveyed, about half (46.1%) operate within independent broker dealers, slightly over a quarter (29.4%) service clients at "wirehouses" (large bank brokerages or private banks), and approximately a quarter (24.5%) are RIAs.

- The population surveyed falls into 2 age categories: Those under age 40 (32.6%) and those above 40 years of age (67.4%).

- The Assets Under Management (AUM) of the population surveyed distribute as follows: <$300K (59.4%), >$300K (40.6%).

The survey was conducted on behalf of iCapital Network by RA Prince & Associates, Inc., a globally-recognized research and consulting firm specializing in the study of private wealth creation and management.

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