

# PULSE SURVEY

#### **February 2023 Survey Report:**

How Financial Professionals are Operating in 2023

Brought to you by

InspereX

# Table of Contents

Introduction	3
Key Findings	4
Economic, Industry & Client Sentiments	5-7
Office Operations	8-14
Reactions & Actions Due to Market & Economy	15-21
Marketing & Prospecting	22
Barriers	23
Methodology & Demographics	24-26
About InspereX	27



### Introduction

Research: February 2023

InspereX has partnered with Red Zone Marketing to conduct research on how financial professionals are adapting and changing in response to crisis conditions. This is a follow up to the first survey conducted in May 2020, followed by surveys in June 2020, September 2020, December 2020, April 2021, October 2021, and June 2022.





#### **Survey Respondents:**

705 financial professionals from broker-dealers, banks and RIAs were surveyed from February 21-27, 2023. The respondents came from 50 states across urban, suburban and rural locations. The gender breakdown of 15% female, 85% male.



#### **Survey Objective:**

To collect insights designed to help financial professionals navigate through this time of uncertainty and move their business forward.



# Key Findings

The research found that more than half (53%) of surveyed financial advisors expect the S&P 500 to gain at least 10% by the end of the year. Only 11% expect 2023 market returns to be negative, while 36% said the stock market will be flat from where it was in late February.

In addition, 51% of advisors believe that 2023 will be the start of a prolonged bull market in equities. They have become increasingly confident about the US economy – on a scale of one-to-ten (lowest-to-highest) advisors rate their confidence in the economy at level six, up from level five when it was last measured in June 2022.

When asked which asset classes would perform best in 2023, 48% of advisors said equities, 17% said bonds, 9% said cash and cash equivalents and 8% said alternative assets. Only 1% mentioned cryptocurrencies.

Almost half (49%) of advisors said their clients seemed to be more worried than ever about it. It turns out that 62% of advisors believe their clients are not nearly as comfortable with risk compared to what their risk tolerance indicates. And this risk tolerance disconnect may be why advisors also say that market volatility has been good for their business: 76% agree that market volatility has brought new clients to their door.

Respondents also feel mostly supported by their wholesaling partners with the top firms being First Trust, InspereX, and Allianz.





Which of These Do You Believe Will Be the Top Performing Asset Class for 2023?

Answer	%
Equities	48%
Bonds	17%
Cash and cash equivalents	9%
Alternative assets	8%
Commodities	7%
Real assets (real estate, infrastructure, natural resources, land)	6%
Derivatives	2%
Precious Metals	1%
Cryptocurrencies	1%
Currency	1%



### Confidence Level in the Economy



On a scale of 1-10 with 10 being the highest

### Confidence Level in the Financial Services Industry



On a scale of 1-10 with 10 being the highest



# Anxiety Level of Your Clients Towards Investing Right Now



On a scale of 1-10 with 10 being the highest



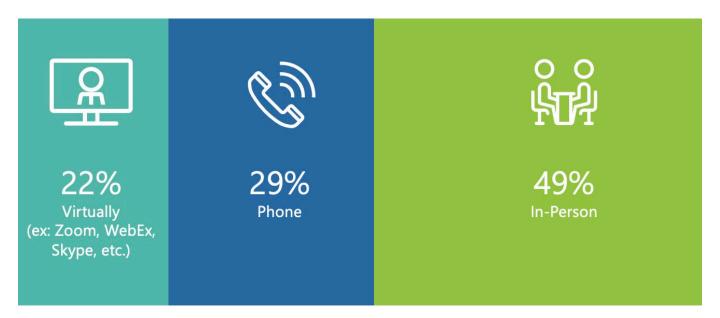
# Returning to the Office

Are you and all your team members back in the office full time?





# What is the Main Way You Are Meeting with Clients Now?





# My Practice is Differentiated By

Service Model

Overall Expertise in the Industry

Financial Planning Expertise

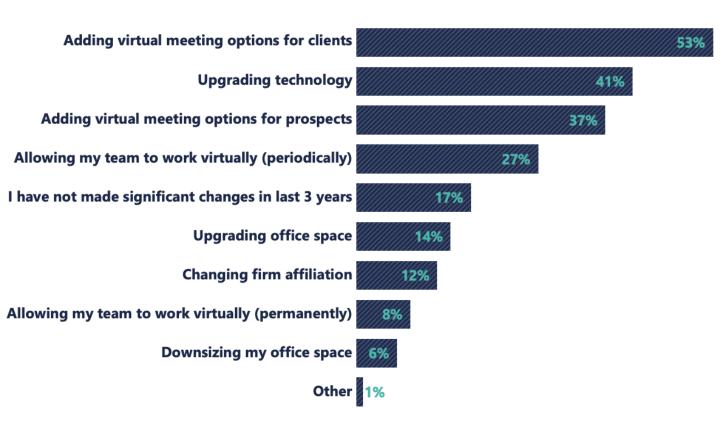
Portfolio Design Expertise

Brand in the Marketplace

Target Market Specialization



# What Are Positive Changes To Your Business Model That You Have Made In The Past 3 Years





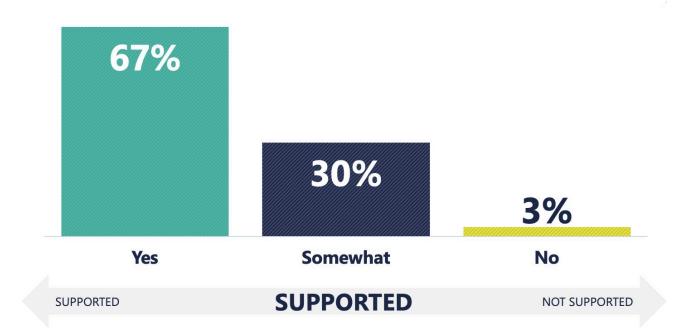
# OF THE 12% THAT CHANGED FIRM AFFILIATION IN THE PAST THREE YEARS

# What Change in Affiliation Did You Make in the Past One Year...

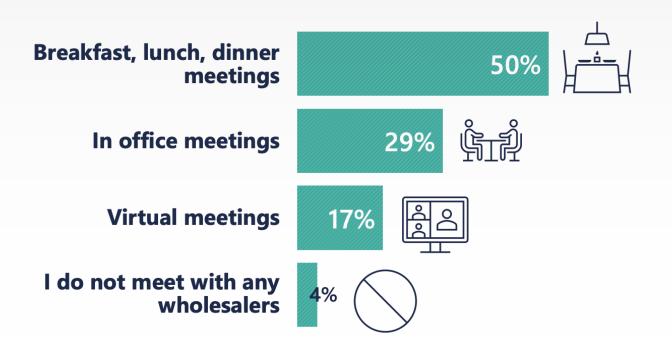
Answer	%
To a different broker dealer	56%
I did not make any changes in the past year	16%
To a different RIA	14%
To a new hybrid structure	13%
I formed an independent RIA	1%



#### Do You Feel Supported By Your Wholesaling Partner?



How Do You Prefer Meeting With Your BEST Wholesaling Partners?





# Wholesaling Firms That Provide the Most Value

1. First Trust

5. Athene

2. InspereX

6. **Brighthouse** 

3. Allianz

7. American Funds

4. JP Morgan

8. Lincoln



As a financial professional, I am MOST worried about...

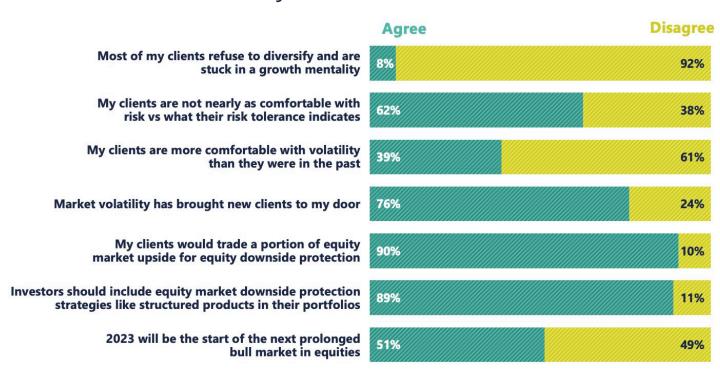


My clients are MOST worried about...

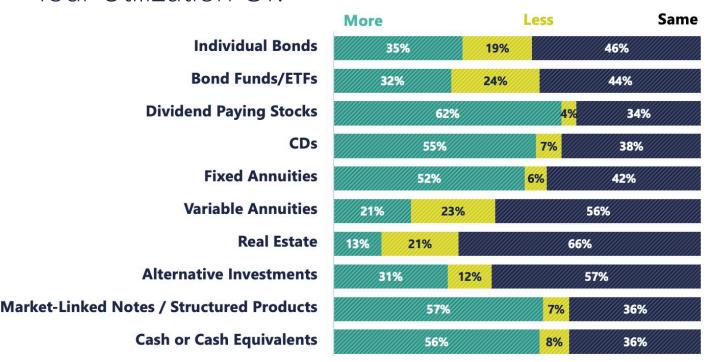




### Market Volatility

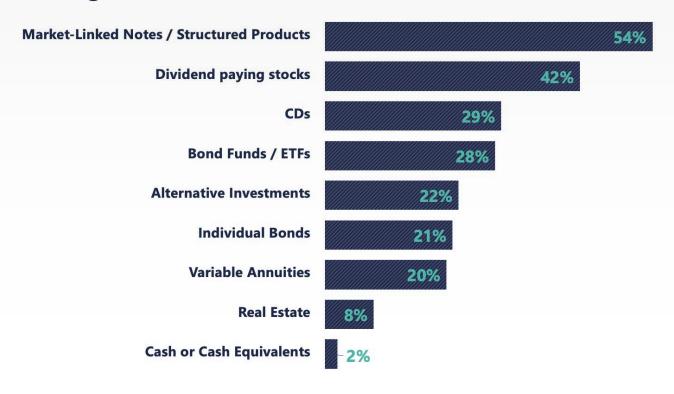


# Has Recent Market Performance Changed Your Utilization Of:





# With Ongoing Market Volatility, What Are You Doing to Minimize Risk In A Portfolio?

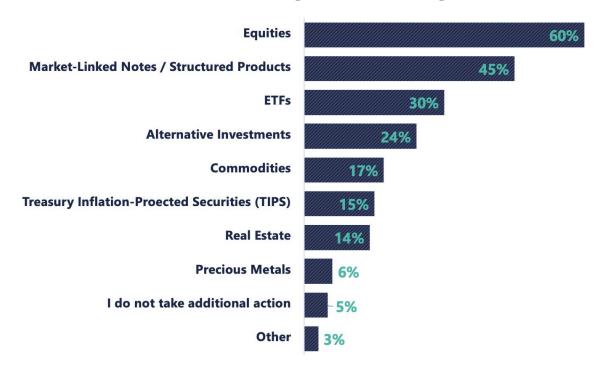


# What Do You Use To Generate Income In A Portfolio?





### How Are You Protecting Clients Against Inflation?



# At What Point Is It Ideal To Add Downside Protection Against Equity Market Losses In A Portfolio?





# Given Continued Market Volatility...



Banks: 37% Clients not worried 63% Client more worried than ever



#### OF THOSE WHO ANSWERED MY CLIENTS ARE NOT WORRIED

# My Clients are Not Worried About Market Volatility Mostly Because of ...

Our already established portfolio strategy	51%
Our financial planning process	39%
We have made changes to their portfolio	10%

#### OF THOSE WHO ANSWERED MY CLIENTS ARE WORRIED

#### Due to My Clients' Worry About Market Volatility, We Have Taken These Steps in Our Practice

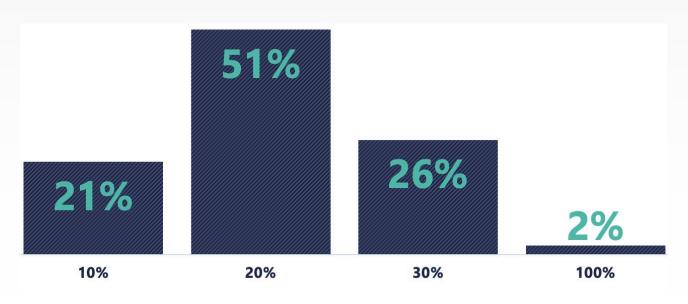
Added investments with downside protection to client portfolios	33%
Increased communication with clients	33%
Greater allocation to fixed income in client portfolios	17%
Increased cash holdings in client portfolios	16%
No changes	1%



#### When Developing a Portfolio for a Client

Answer	%
I structure each portfolio individually for clients	52%
I use our own proprietary firm portfolio models	19%
I use a model developed by my broker dealer	15%
I outsource portfolio development from a third party	14%

# What Would You Recommend As The Ideal Amount Of Equity Market Downside Protection?





# Which Marketing Strategy Has Resulted in the Most New Clients?

MOST NEW CLIENTS BY STRATEGY

#### 1. Referrals Without Asking

- 2. Asking For Referrals From Clients & Strategic Alliances
- 3. In Person Networking
- 4. Virtual Educational Seminars
- 5. Live Client Appreciation Events
- 6. Email Marketing

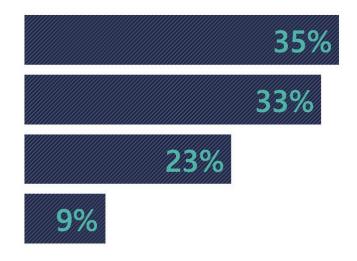
How would you describe your success with virtual prospect meetings in 2022?



I have opened a few new accounts, but not as successful as I hoped

I have closed significant new business through virtual meetings

I have not had success



73% of top asset managers have closed significant business through virtual prospect meetings



# Barriers to Success for Financial Advisors



### February 2023 Survey Methodology

February 21 – 27, 2023

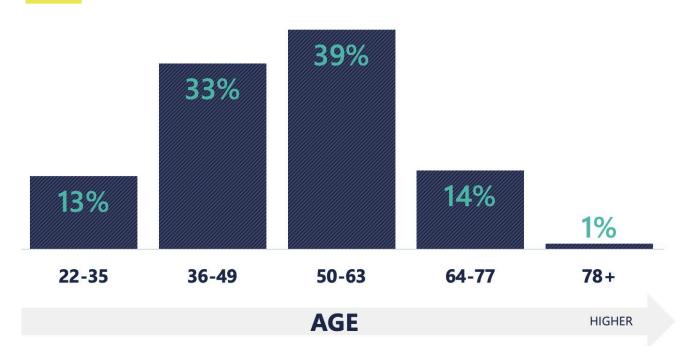
SURVEY COLLECTION

705 Financial Advisors

**RESPONDENTS** 

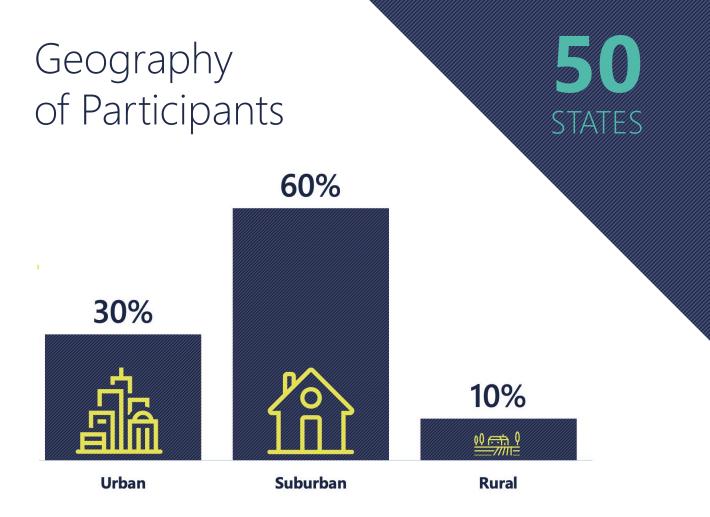


### Age Breakdown

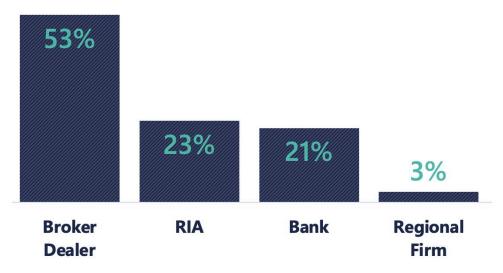




Survey research, design and analysis completed by Red Zone Marketing, February 2023.



### Advisor Affiliation





Assets Under Management (AUM) at end of 2022





## About InspereX

InspereX provides market participants cloud-tech tools and market-linked product education to better execute their trading strategies and manage their portfolios.

Launched in 2021 & rooted in trust, *InspereX* was formed from the merger of *Incapital & 280 CapMarkets*, as a tech pioneer to deliver:

#### BondNav® seeks to deliver clarity & price improvement

- Transparent fixed income markets driven by real-time technology
- Aggregated market access, data insights, and compliance tools
- InspereX is Powered by Innovation While Seeking Best Execution
- Tech-enabled, multi-channel distribution

#### **OUESTIONS?**

Contact InspereX at 888.849.5732 or AdvisorSupport@insperex.com

This presentation has been prepared by InspereX LLC or an affiliate thereof ("InspereX"). This material is for financial institutional or financial advisor use only and may not be distributed to any retail investor or other third-party. This presentation is for general information purposes only and should not be construed as specific tax, legal or investment advice. The information in this presentation is subject to change without notice. InspereX does not warrant the accuracy or completeness of any information contained herein and provides no assurance that this information is, in fact, accurate. Data provided by third-party sources is believed to be reliable and there is no representation or warranty as to the current accuracy of, or liability for, decisions made based on this material. Neither InspereX LLC, its affiliates nor its partners make any representations or guarantees as to the accuracy or completeness of data from third-party sources.

InspereX LLC and its affiliates explicitly disclaim any responsibility for product suitability or suitability determinations related to individual investors. This information should not be regarded by recipients as a substitute for the exercise of their own independent judgment and the information provided herein is not an offer, solicitation or a recommendation to buy, sell or hold any security or investment strategy. There can be no assurance that the investments shown herein were or will be profitable and this material does not take into account any investor's particular investment objectives, financial situation, particular needs, strategies, tax status or time horizon.

The information contained herein does not constitute an offer to sell or a solicitation of an offer to buy securities. Investment products described herein may not be offered for sale in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful or prohibited by the specific offering documentation.

The survey was conducted by Red Zone Marketing, a full-service marketing research consultancy. InspereX LLC and Red Zone Marketing are not affiliated.

©2023 InspereX<sup>SM</sup>. All rights reserved. Securities offered through InspereX LLC, Member FINRA/SIPC. Technology services provided by InspereX Technologies LLC. InspereX LLC and InspereX Technologies LLC are affiliates. InspereX and insperex.com are trademarks of InspereX Holdings LLC.

