

Build scale in your business

## How disciplined is your investment strategy?

As the advisory industry undergoes unprecedented change having a **Disciplined Investment Strategy** will be a critical driver of success for the future. Advisors who streamline their product offering will create efficiency, capacity and may have **better risk management** from both a regulatory and client satisfaction standpoint.

### AVERAGE SECURITIES MANAGED

# of products

**450**<sup>1</sup>



# of mutual funds

**148**<sup>1</sup>



# of individual securities

**256**<sup>1</sup>



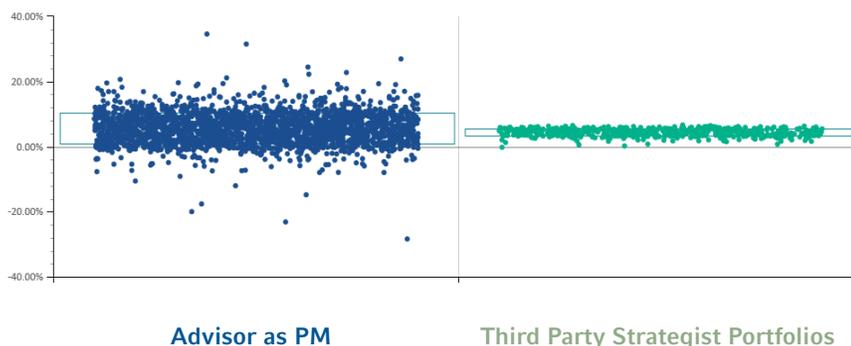
## Where do you stand compared to your peers?

Advisors typically use more products across their client accounts than they realize.

- Assume the average time it takes to conduct product due diligence is approximately 5 hours per security<sup>2</sup>. 450 securities x 5 hours equates to **over 2200 hours each year** spent on investment management decisions alone.
- That's the equivalent of a full-time job and is time that could instead be invested in enhancing client relationships.
- Are you able to articulate with conviction your investment management process?

## What are the risks of an oversized product inventory?

There is much debate around professionally managed third-party model portfolios vs. advisor-built portfolios and which is better for investors and advisors. Let's take a look at the dispersion of returns between advisor-built portfolios and professionally managed third-party model portfolios<sup>3</sup>.



### Professionally Managed Third-Party Portfolios offer

- Lower dispersion means more consistency for clients with similar risk/return profiles
- A better experience for the client
- Easier to articulate results
- More time to focus on what your clients value most

<sup>1</sup> These averages are from 448 inventory analyzers processed by Russell Investments between 2017 - 2021. This information is used for illustrative purposes only.

<sup>2</sup> This is a hypothetical example and for illustrative purposes only.

"Cerulli Associates estimates that 22% of assets overseen by advisors would be better served by model portfolios created outside their practices."<sup>4</sup>



## Potential benefits of professionally managed third-party model portfolios

# 1

### Client satisfaction.

Third-party model portfolios offer a sound investment process focused on delivering returns to reach investment goals at an appropriate level of risk. This peace of mind increases client satisfaction and reduces concerns around fees.

# 2

### Risk mitigation.

Third-party models may help ensure that the quality of advice clients receive is at the highest level possible at all times. If advice quality and consistency wavers, firms and practices may open themselves to future litigation and a higher risk of losing clients.

# 3

### Advisor satisfaction.

Leveraging model portfolio options provides increased choice and greater flexibility on how you deliver value to your clients. They allow you to focus more on what your clients value most—the relationship. By creating a more efficient practice you will be able to articulate your investment management process with conviction.

# 4

### Net new advisory assets.

For many advisors, the powerful combination of client satisfaction, advisor satisfaction, and risk mitigation typically leads to a growth of advisory assets, which ultimately elevates the value of the practice over time. Less time managing portfolios means more to grow the business.

## Best practices in selecting a third-party partner



### Experience

Growth of third-party model portfolios over the past few years has resulted in many new and first-time entrants into the model portfolio market. Consider if they have an actual track record vs. back-tested performance.



### Expertise

Do they have the depth and breadth of required capabilities?

- Institutional, time-tested approach
- Representative client list
- Core Capabilities
  - Capital Market Forecasting
  - Portfolio Construction
  - Portfolio Implementation
- Manager research
- Factor Investing



### Alignment

Select partners whose portfolio outcomes align with your client's investment goals

- Retirement Accumulation
- After-tax Wealth
- Income Generation and Protection

## How Russell Investments can help – next steps



Explore a **custom analysis** of your inventory



Competitive analysis, **performance and insights**



**Insights for designing and constructing** customized scalable model portfolios



**Expert advice and consulting deep dives** to help with messaging and positioning

## Why consider partnering with Russell Investments

### EXPERIENCE & EXPERTISE



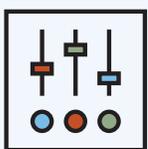
86 years ago

Founded as a small brokerage firm by Frank Russell



53 years ago

Providing **asset allocation** and **manager research** to some of the world's largest pension plans



37 years ago

We use our institutional expertise to build **multi-asset model portfolios** for advisors serving individual investors

### RESOURCES



Partnership

Dedicated regional teams with expertise in investments solutions offering many years of combined experience in North America



Efficiency

Business Solutions focused on helping advisors grow and build the practice of future



Access

Marketing materials and resources for advisors and investors

### OUTCOME-ORIENTED SOLUTIONS



For Investors & Advisors

A suite of outcome-oriented solutions designed and managed with investors – and advisors – in mind



Maximize

Solutions designed to maximize growth by capitalizing on active management opportunities



After-Tax

Solutions designed to maximize after-tax return and deliver yield-based income at an attractive total cost

### Russell Investments Resources

- Market Commentary
- Custom Proposals
- Portfolio Commentary, Positioning and Model Creation
- Portfolio Management Support
- Access to Capital Market Experts
- Client Communication Resources

## Learn more!

Russell Investments has partnered with advisors for more than 20 years to help them build thriving practices—through all types of market environments. We are here for you today, too. Connect with your dedicated Russell Investments regional team to learn more about how we can help you. For more information please contact us at [888.509.1792](tel:888.509.1792) or visit [russellinvestments.com/ca](https://russellinvestments.com/ca)

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<sup>3</sup> Source: Investnet Analytics. Performance data from more than 31,000 accounts in the Moderate/Moderate Growth risk tier, spanning January 1, 2017, to December 31, 2019. Past performance is no guarantee of future results. Each risk tier contains strategic managed solutions with similar equity and fixed income allocations. The Moderate risk tier consists of strategic managed solutions with a target 60/40 equity/fixed income split. The Moderate Growth risk tier consists of strategic managed solutions with a target 73/27 equity/fixed income split.

<sup>4</sup> <https://www.riintel.com/article/b1glr3qsmq3b9d/model-portfolios-are-the-next-big-opportunity-for-asset-managers> (Aug 6, 2019)

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Date of first publication: October 2020 Revised: November 2022 RETAIL-03612 (EXP-11-2023)