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FOR IMMEDIATE RELEASE

Advisers embrace cash and fixed income amid historically fast interest rate hike

- **Advisers' recent experience and stated intentions suggest cash/fixed income is likely to remain a strong asset allocation story for some time**
- **Advisers increasingly scrutinise performance and cost when choosing products**
- **Calls grow louder for face-to-face interaction with product issuers**

15th November 2023, Sydney – Leading financial services industry research firm *Investment Trends* releases its 16th edition of the **2023 Adviser Product & Marketing Needs Report**. Providing an in-depth analysis of advisers' evolving investment product needs and communication preferences, while taking a deep dive into their relationships with fund managers, this year's edition highlights:

Advisers' allocation to cash and fixed income has surged to a combined 15% of new client inflows in 2023, up from 12% in 2022, and is expected to continue growing if advisers follow through with their intentions. This shift comes as one in four advisers acknowledge the significant impact of yield considerations and recessionary fears in their approach to portfolio construction.

"With the backdrop of the most accelerated rate hike cycle in recent history (domestically and in most OECD countries), the pendulum has certainly fully swung the other way, reigniting demand for cash and fixed income as asset classes of choice", said Irene Guiamatsia, Head of research at Investment Trends.

The study also reveals 24% of advisers are aiming to (further) boost their allocation to cash/fixed income in the next 12 months – the 24% is up from 14% in 2022 and the highest in three years. Advisers also plan to expand the breadth of products they use (20% cite), with ETFs and managed accounts poised to continue to benefit from those intentions.

Advisers are increasingly selective when deciding on a product provider to recommend to their clients. Three features in particular – performance, low cost, and active management expertise – have become vastly more important in the past two years.

Guiamatsia emphasised, "The primary factor for preferring a fund manager continues to be the manager's investment philosophy, and it's vitally important to communicate this clearly. But advisers have stepped up the amount of scrutiny they place on both performance and fees."

Conversely, subpar performance and a lack of trust continue to be leading factors prompting advisers to have discontinued or contemplate discontinuing their association with a fund manager for new client inflows.

As most of the workforce shifts back to face-to-face as the preferred engagement format, advisers are increasingly calling for a return to traditional engagement models, including BDM visits and in-person events like roadshows, conferences or breakfast/lunch briefings.

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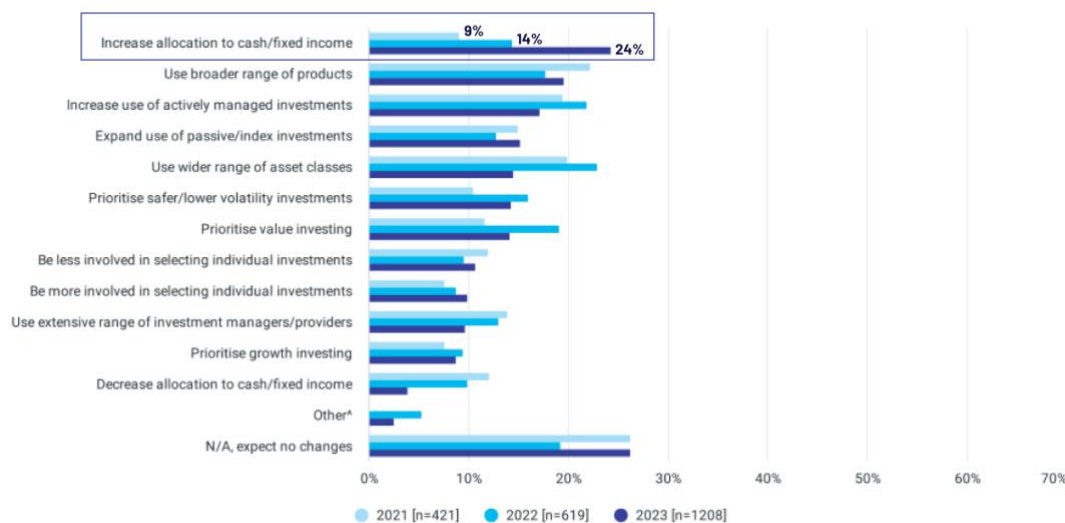
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“Advisers tell us they currently receive more contact from product issuers than they would like. While this is the expected outcome of a wide (and growing) product range, it certainly underscores the need to make each interaction with advisers count,” concludes Guiamatsia.

Trend: Intended changes in approach to portfolio construction over the next year

Q17 In the next 12 months, do you intend to do anything differently regarding asset allocation and investment selection for clients? (Multiple responses permitted) Among financial advisers



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Notes to the editor

About the report:

In its 16th edition, the *Investment Trends 2023 Adviser Product & Marketing Needs Report* provides a detailed analysis of advisers’ evolving investment product needs and communication preferences, while taking a deep dive into their relationships with fund managers. This report is based on a survey of 1,275 financial advisers conducted from June to July 2023.

About Investment Trends:

Based in Sydney Australia, Investment Trends is a global industry research firm that provides business insights and decision support to the world’s leading financial services organisations. Investment Trends delivers independent, deep insights research on the behaviours, preferences and needs of retail investors and intermediaries for the financial services companies that serve them across Australia, the UK, France, Germany, Spain, Hong Kong, Singapore, the UAE and the US. With over 20 years of experience in researching the retail wealth management and global broking markets, we have provided new insights and decision-making support to over 130 leading financial service businesses globally. Investment Trends’ clients include global banking organisations, financial advice providers, fund managers, super funds, investment platform providers, all major online brokers and CFD providers as well as industry regulators and industry associations.