

# INVESTMENTS & WEALTH RESEARCH

ISSUE 3  
2023

## Adapting to Growing Private Markets

A PLAYBOOK FOR PRACTICE SUCCESS

*By Daniil Shapiro, CFA®, FRM, CIPM, and Colin Kennedy,  
in partnership with Invesco and Cerulli Associates*



INVESTMENTS & WEALTH INSTITUTE®

© 2023 Investments & Wealth Institute®. Reprinted with permission. All rights reserved.

# Adapting to Growing Private Markets

## A PLAYBOOK FOR PRACTICE SUCCESS

By Daniil Shapiro, CFA®, FRM, CIPM, and Colin Kennedy, in partnership with Invesco and Cerulli Associates

With good reason, alternative investments have been top-of-mind for the wealth management and asset management industries for the past several years. On the back of innovative product development such as exposures via intermittent liquidity structures and technology improvements, e.g., e-signatures and alternative investment platforms such as iCapital and CAIS, advisors have easier access to higher-quality products from top-tier managers than ever before. The improvements in the product set have the benefit of exceptional timing. With both equity and fixed income markets declining in 2022, there is industry recognition of the need for greater diversification<sup>1</sup> than that offered by traditional asset classes, now recognized to be more correlated. A bank advisor managing \$1.1 billion in assets under management (AUM) tells Cerulli, “One reason [for allocating to private markets] is the lack of correlation to public markets. The second reason is 10-year capital market assumptions; broadly speaking, the expectations and forecasts are far better for private assets than for public [assets].”

As private markets grow in importance, e.g., buildout of private credit and replacing bank lending, advisors are looking to the exposures to reduce reliance on public markets perceived as less representative of holistic market performance. Advisors who can provide their clients with access to private market investments can source opportunities from a broader investment universe.

### RESEARCH METHODOLOGY

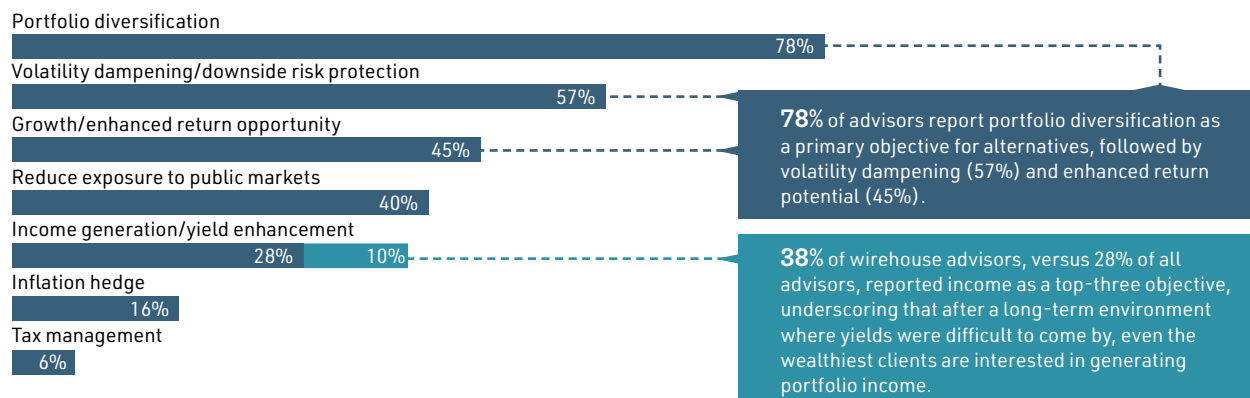
- In Q2 2023, Cerulli Associates, in partnership with the Investments & Wealth Institute (IWI), conducted a comprehensive survey of more than 200 advisors on their use of alternative investments, with a focus on the implementation of the products into their practices. Additional information on the surveyed advisors is included in the appendix.
- Cerulli concurrently held 25 research calls with advisors to gather qualitative insights, including the practice benefits and key challenges associated with their uptake of alternative investment exposures.
- Because of IWI's focus on more sophisticated (greater AUM and higher core market) advisors, the survey responses are skewed toward advisors who are more likely to have allocated a higher-than-average amount of client assets to alternative investments. Although this survey's respondents outpaced that of an average advisor, this playbook also shares insights more broadly to ensure we represent the advisor market at large.

### KEY FINDINGS

- Advisors are planning to increase allocations to alternative investments as they seek to diversify client portfolios and achieve specific objectives, e.g., volatility mitigation, greater income potential.
- By offering an expanded shelf of private market investments, advisors can differentiate their practices, attract high-net-worth (HNW) clients and move upmarket, and consolidate and retain AUM.
- From the start of a relationship, advisors should carefully evaluate which of their clients cannot only financially but behaviorally tolerate illiquid exposures. A careful education and step-by-step implementation process takes place for those clients for whom alternatives are a fit.
- Advisors have more product choices than ever before with the rollout of intermittent liquidity products, e.g., interval funds and non-traded real estate investment trusts. Advisors indicate that they expect to increase allocations to private equity and private debt exposures.
- Given that alternative investments are often complex exposures in newer structures, advisors are faced with a steep educational hurdle for implementing alternative investments. In addition to understanding the products for their own sake, advisors also must be ready to explain the products to their clients.
- Operational hurdles and due diligence challenges remain a barrier to the greater adoption of private market investments, with advisors carefully evaluating the benefits versus trade-offs of implementing them within their client portfolios.

Figure 1

## ALTERNATIVE INVESTMENTS' PORTFOLIO OBJECTIVES, 2023



Analyst note: Advisors were asked to select the top-three investment objectives they are looking to realize with alternative investments.

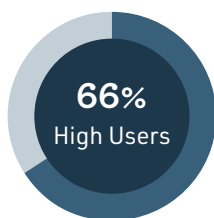
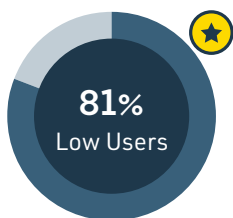
Sources: Cerulli Associates, in partnership with the Investments & Wealth Institute

Figure 2

## EXPOSURES

Advisors more experienced with alternatives use the exposures for more than diversification. Portfolio diversification is a higher priority for low users. Enhanced returns, conversely, are a higher priority for prominent users.

**Portfolio Objective:**  
Portfolio Diversification



**Portfolio Objective:**  
Enhanced Returns

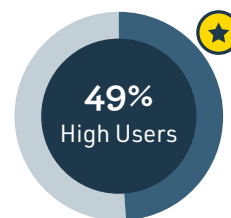
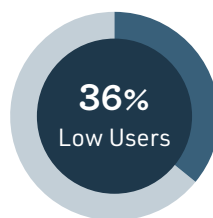


Figure 3

## ALTERNATIVE INVESTMENT ALLOCATION



Analyst note: Advisors were asked, "Across your client portfolios, please estimate their typical asset allocation, how do you expect this to change in the next two years, and what would be the optimal asset allocation? (Optimal Asset Allocation: If there were no investment restrictions and clients had a strong knowledge of alternatives, please estimate the optimal allocation for your core client segment.)" Other buckets provided were equities and fixed income.

Sources: Cerulli Associates, in partnership with the Investments & Wealth Institute

Beyond diversification and client needs, financial advisors surveyed and interviewed by Cerulli list another key reason for implementing alternative investments: Improving and growing their own practices (see figure 1). Advisors recognize that offering private investments to their clients is becoming table stakes; they believe that having a sophisticated product shelf will help them differentiate

their practices, attract additional high-net-worth clients, retain existing assets, and potentially consolidate assets. Although the benefits are apparent, as shown below, implementing alternatives is not always simple. A chief aim of this playbook is to help advisors better understand how use of the exposures benefits their clients and businesses (see figure 2).

Throughout this article, Cerulli categorizes advisors who use alternative investments into three categories: Those with low allocation (<5 percent of portfolio), advisors with medium allocation (5–10 percent of portfolio), and those with high or prominent allocation (>10 percent of portfolio).

## CURRENT STATE OF ALTERNATIVE INVESTMENTS

Despite tremendous media coverage of greater retail advisor flows to non-traded real estate investment trusts (NTRs), private credit, and other private capital exposures, advisor allocations to alternative investments remain low overall (see figure 3). Half of advisors surveyed by Cerulli report an alternatives allocation of 5 percent or less—underscoring that alternatives adoption remains early

stage. The low allocations are not the full story. Prominent users, those reporting an alternatives allocation of more than 10 percent, have an average allocation of 22 percent of their client portfolios in alternative investments, and they plan to increase allocations to 23 percent by 2025. Furthermore, advisors who currently use alternatives are particularly bullish on private market products, with half of respondents (50 percent) indicating that they plan to increase allocations to private equity in the next two years

and 39 percent reporting the same for private debt (see figure 4).

The alternative investment product set is highly evolved from just five years ago. Except for liquid alternatives (mutual funds and exchange-traded funds) offering access to alternatives-like strategies with daily liquidity, all but the wealthiest investors until recently had been shut out of traditional, illiquid alternative exposures. Some interviewed advisors used a prior generation of NTRs;

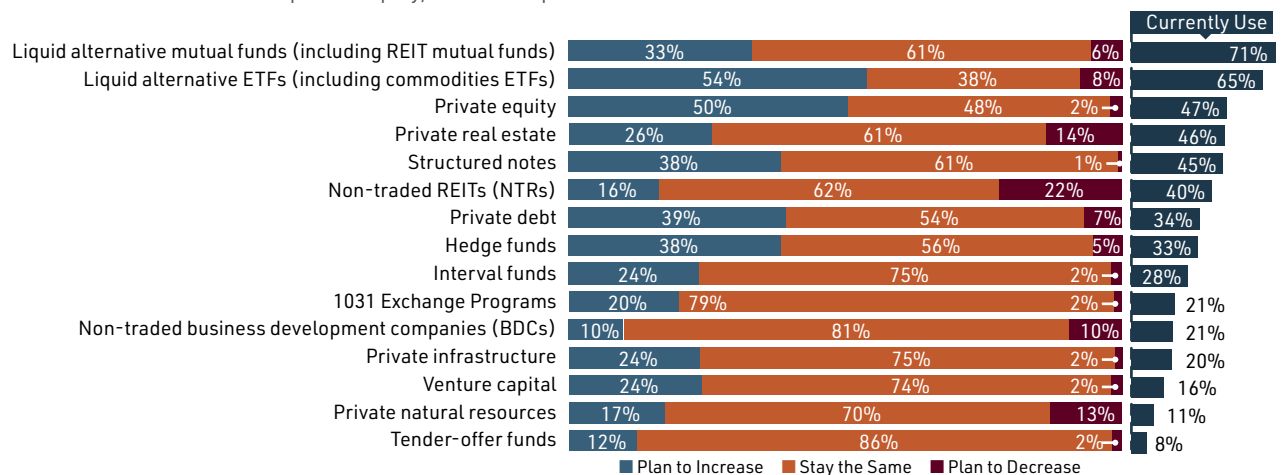
however, the exposures were not provided by the same caliber of managers who offer them today.

The availability of intermittent liquidity products, e.g., NTRs, business development companies (BDCs), and interval funds, that seek to offer monthly or quarterly liquidity with lower minimums and 1099 forms (as opposed to requiring K-1s) have opened and simplified access to a wider variety of practices and end-investors (see figures 5 and 6).

Figure 4

### ALTERNATIVE INVESTMENT PRODUCT USE, 2023

Most surveyed advisors already use liquid alternative mutual funds and exchange-traded funds (ETFs). Half of advisors plan to increase their allocation to private equity, and 39% to private debt.

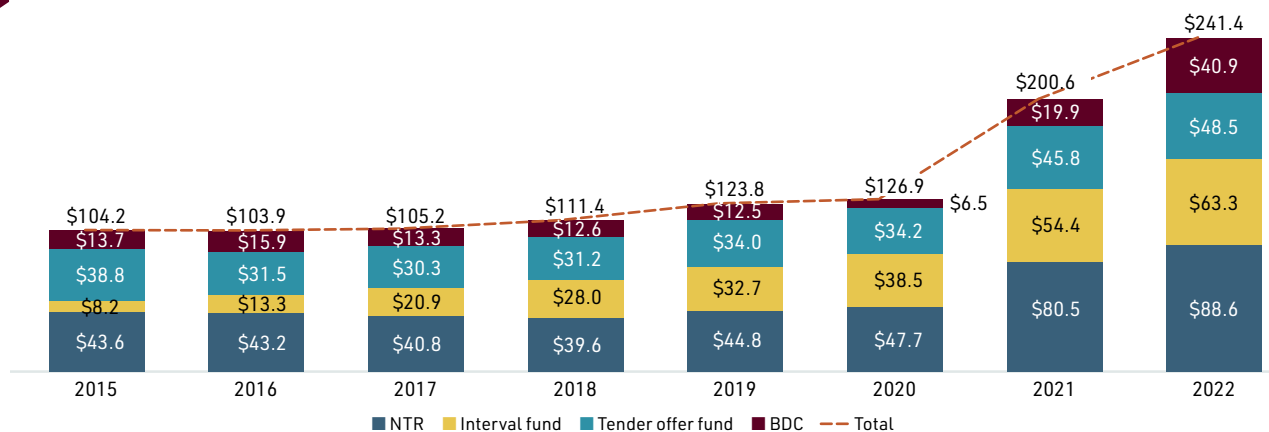


Analyst note: Advisors were asked to select the alternative products they currently use and how they expect them to change over the next two years.

Sources: Cerulli Associates, in partnership with the Investments & Wealth Institute

Figure 5

### NTR, INTERVAL FUND, NON-TRADED BDC, AND TENDER-OFFER FUND ASSETS, 2015-2022 (\$ BILLIONS)

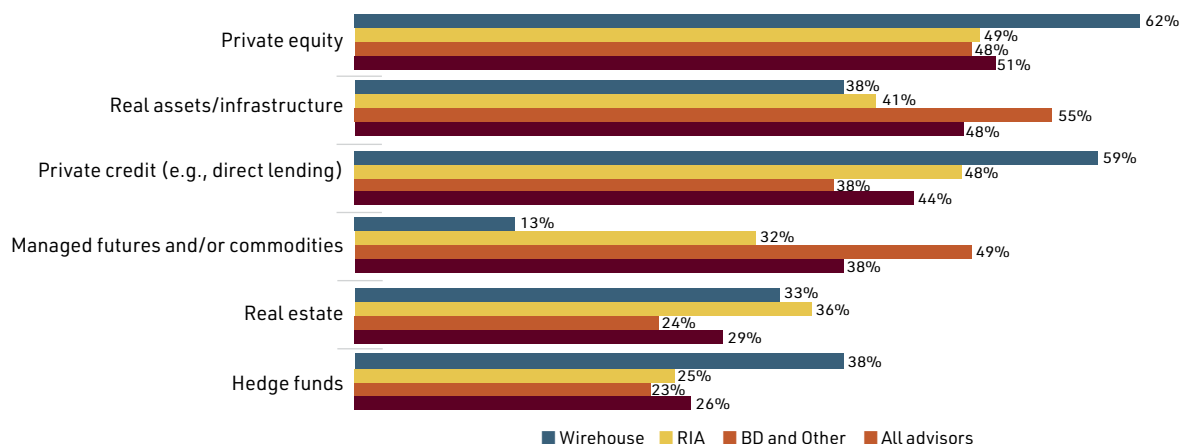


Analyst note: As of Cerulli's 2023 reporting, all funds are presented on a net-assets basis, which excludes the potential inflation of assets via a fund's use of leverage. For NTRs specifically, the methodology excludes leverage and performance returns, and includes depreciation. The NTR assets reported here may therefore be lower than the assets reported by fund sponsors.

Sources: Blue Vault, Interval Fund Tracker, Cerulli Associates

Figure 6

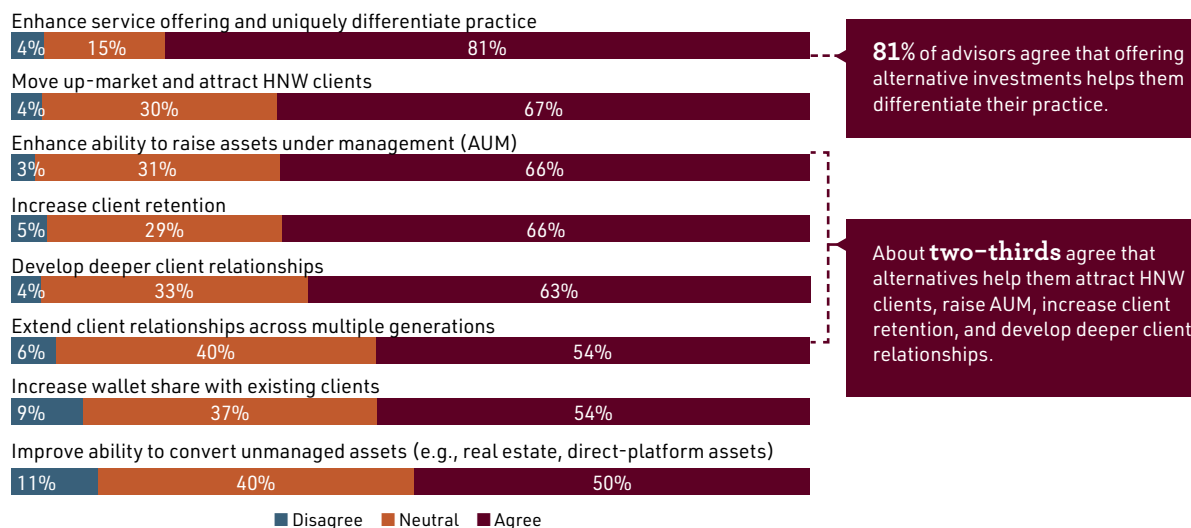
## MOST ATTRACTIVE PRIVATE MARKET EXPOSURES OVER THE NEXT 12 MONTHS, 2023



Analyst note: Advisors were asked to select the top-three alternative exposures they perceive as most attractive in the next 12 months, given the current macro environment.  
Sources: Cerulli Associates, in partnership with the Investments & Wealth Institute

Figure 7

## BUSINESS IMPACT OF INCORPORATING ALTERNATIVE INVESTMENTS, 2023



Advisors were asked, "How does incorporating alternative investments impact the ability to manage and grow your practice?"  
Sources: Cerulli Associates, in partnership with the Investments & Wealth Institute

And structure innovation continues at a breathtaking pace. The managers offering the products are the most venerable firms, ranging from the largest private equity firms and alternatives specialists to more traditional managers whose brands resonate well with a broad swath of clients.

### BENEFITS OF BUILDING A STRONG ALTERNATIVE INVESTMENT PRODUCT SHELF

Advisors recognize that they can use alternative investments to achieve

various outcomes—enhanced return potential, greater income potential, diversification—for clients, while simultaneously enhancing their overall business profiles. As shown in figure 7, implementing alternative investment allocations is a key way that advisors differentiate their practices, and in turn, attract and retain their top clients. "My practice's allocations to alternatives are going to increase over time," an independent registered investment advisor (RIA) with \$300 million in AUM tells Cerulli. "The firms that adapt to

that, either by having the types of relationships to support alternatives or the intellectual capital to manage them, are the ones that are going to win."

Advisors interviewed by Cerulli report four ways in which the use of alternative investments benefits their practices:

**Differentiate.** Offering quality private market exposures can differentiate an advisor's practice from direct platforms and geographic competitors. By targeting specific client needs, e.g., greater

income potential and volatility mitigation, advisors demonstrate that they are sensitive to their clients and fine-tune portfolios to help meet their objectives (see figure 8). Advisors also recognize that their clients are savvier and have a better understanding of financial products and what is available to them versus direct platforms, e.g., Schwab and Fidelity—creating a need to offer exposures and other services that investors would not be able to access on their own. Having a strong alternative product shelf with exposures that investors can't access themselves, but are simultaneously high-quality exposures from managers they trust, likely will prove a strong differentiator.

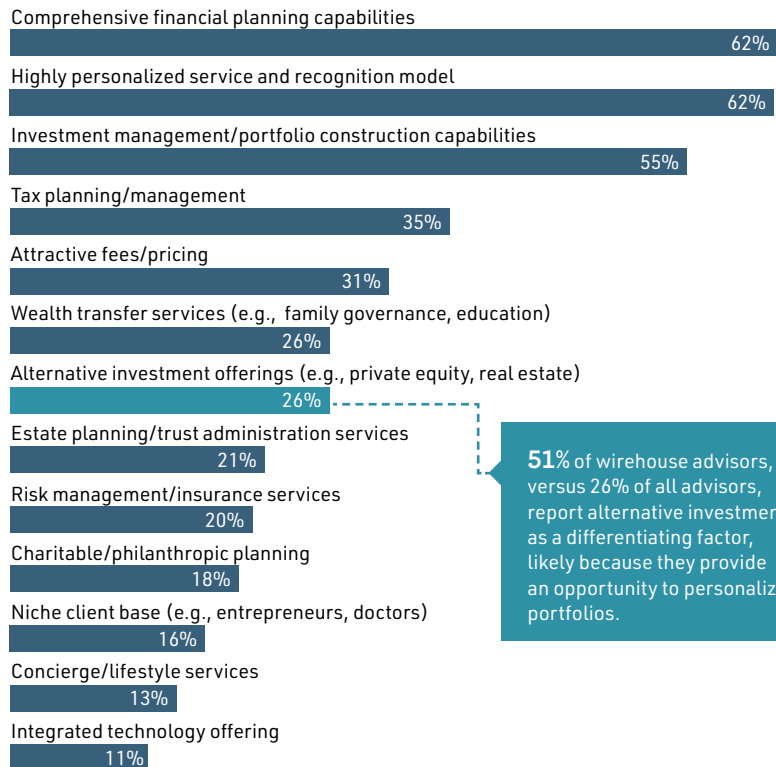
**Attract HNW clients.** Cerulli's conversations with advisors suggest that sophisticated clients value having access to institutional-type, cutting-edge products and may be drawn to a practice for its ability to access high-quality private market offerings. Many advisors interviewed by Cerulli have recognized the opportunity to leverage alternative investments in a bid to position their practices to an upmarket client base. According to an advisor at a bank broker-dealer (BD):

*One of the main selling points of alternatives is to give HNW/UHNW clients a wider range of investment options to choose from. Many of our wealthier clients prefer to invest in non-traditional asset classes given their source of wealth and get excited when they hear about the 'new shiny thing' or new investment opportunities; this has been one of the benefits of bringing clients new alternative investment offerings that they otherwise wouldn't have access to.*

**Consolidate assets.** Some advisors interviewed by Cerulli perceive that clients are leveraging other advisors for segments of portfolios, particularly wealthy clients seeking support with private market exposures. It's possible

Figure 8

## TOP FACTORS DIFFERENTIATING ADVISOR PRACTICES, 2023



Analyst note: Advisors were asked to select the top-five factors differentiating their advisory practice.

Sources: Cerulli Associates, in partnership with the Investments & Wealth Institute

that offering high-quality private market exposures can be used as a way to have those assets brought over, therein increasing the advisor's wallet share. "It's very common for clients to have assets at different places, but we provide a very high level of service and have a good track record of not only gathering more assets, but gathering all assets," a bank advisor managing \$6 billion in assets tells Cerulli.

**Retain.** In addition to opening new client segments, advisors report that offering alternatives can serve as a tool for retention as their clients' wealth and portfolio complexity increase. Alternative investment allocations are most commonly advisor-driven (versus client-driven). However, in cases where it is the clients who are initiating conversations and expressing interest, it may be the wealthier-tier clients the advisor most

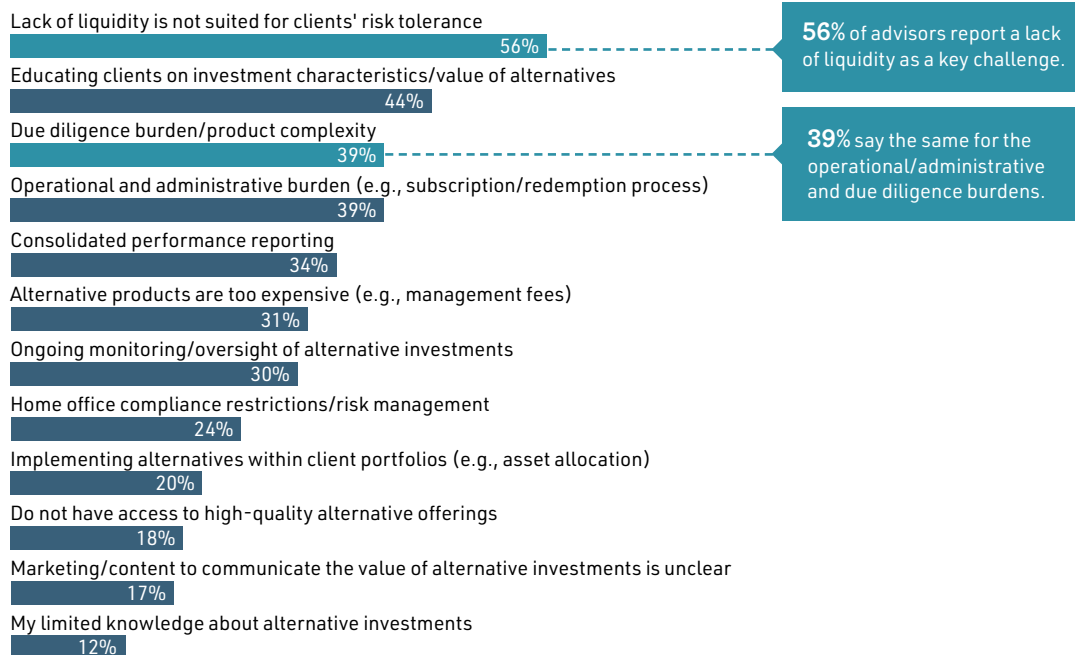
wants to retain. Clients are more likely to stay with an advisor who has an expanded investment menu or has a tier of options best suited for similar investors. Investing in private markets allows advisors to help clients with more complex needs, making assets stickier.

## IMPLEMENTING ALTERNATIVE INVESTMENT ALLOCATIONS

The alternative investment allocation process begins on day one of a client relationship, as the advisor evaluates their client's ability to invest in certain asset classes. In addition to assessing suitability from a financial perspective, advisors also must assess suitability from a behavioral perspective, namely whether or not a client has enough investment knowledge, time horizon, and temperament to give up liquidity. The implementation process is not easy. Advisors need to:

Figure  
9

## CHALLENGES TO INVESTING IN ALTERNATIVE INVESTMENTS, 2023



\* Five percent of respondents gave another answer not listed above.

Analyst note: Advisors were asked to select their top-five most significant challenges they encounter when allocating to alternative investments.

Sources: Cerulli Associates, in partnership with the Investments & Wealth Institute

- Identify clients for whom alternative exposures are suitable.
- Choose alternative asset class exposures to meet specific client objectives.
- Decide on use of specific asset managers, structures, and products/vehicles.
- Identify how they will subscribe to/access the exposure.

Key challenges to the implementation process include the products' lack of liquidity, inherent complexity, and higher fees/expenses (see figure 9). Additionally, even very wealthy clients may be unable to invest in fully illiquid private market strategies; with high investment minimums, building an illiquid private market allocation that is diversified both by strategy and vintage year requires a vast portfolio.

According to a wirehouse advisor, "The reason I haven't ventured down

the liquidity spectrum to intermittent liquidity is three-fold: One, there is an education component, both for the client and the advisor; two, there is a liquidity component that a lot of clients will balk at; and three, there is a bias, not just for the investor, but for the advisor as well." That illiquid offerings—including intermittent liquidity products—are not a fit for many clients remains a key barrier to their greater use, despite the understanding that certain strategies require some degree of illiquidity to help carry out their objectives.

The operational burden for implementing private market exposures—e.g., filing K-1 tax forms, submitting subscription documents, onboarding clients, ongoing maintenance for capital calls, and performance reporting—also remains, although advisors recognize that it has been improved significantly via technological developments such as e-signatures and platforms including iCapital, CAIS, and

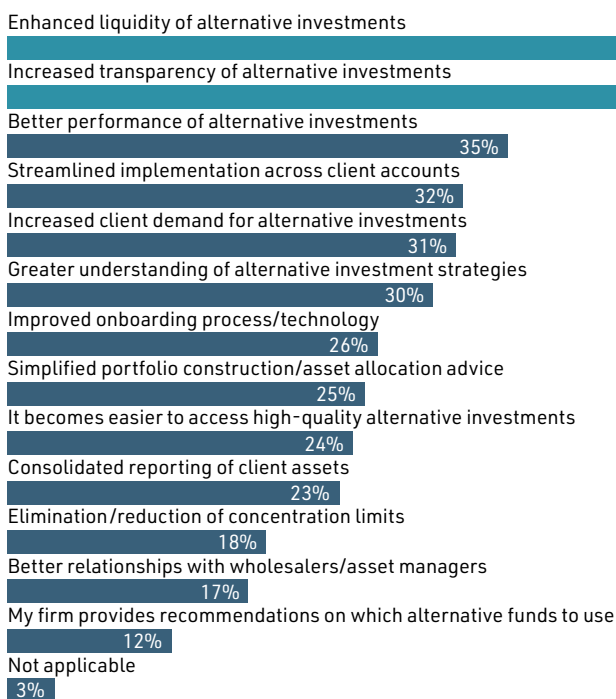
AIX that have streamlined the due diligence and purchase process. "People talk about the paperwork issues all the time, but if you work with CAIS or iCapital, they're going to assist you with that," an independent RIA with \$30 million in AUM an advisor tells Cerulli. "Secondly, if you participate in the alternatives space with just interval funds, then effectively there's no paperwork besides a prospectus. The more people understand the levels to the alternative investment space, the more they will see that it's not as overwhelming as you might expect."

The greater availability of intermittent liquidity (interval funds, NTRs, BDCs) gives advisors far more options. Alternative exposures are now to some degree available in liquid alternative, intermittent liquidity, and completely illiquid formats. The illiquid structures, e.g., a limited partnership and possibly via a master-feeder fund, may be the ones that offer the closest format to



Figure  
10

## FACTORS THAT WOULD DRIVE INCREASED ALTERNATIVES ALLOCATIONS, 2023



56% of advisors would invest more in alternatives if they had greater liquidity—underscoring the importance and potential of a new wave of intermittent liquidity product.

52% of advisors are looking for increased transparency into offerings as they seek to better understand the products, their key features, risks, and benefits.

*Analyst note: Advisors were asked to select all of the factors that would cause them to increase their clients' allocations to alternative investments.*

*Sources: Cerulli Associates, in partnership with the Investments & Wealth Institute*

institutional investing, but it's not evident that the complete lack of liquidity is necessary and worth the incremental return. At the same time, many alternative strategies cannot be carried out in liquid alternative wrappers despite the tremendous draw of the capital remaining accessible. Cerulli believes intermittent liquidity exposures are an important bridge between the two more extreme liquidity profiles but notes that it's important for advisors to be aware that intermittent liquidity product redemptions can be gated.

Client demand for alternatives remains another concern occasionally referenced by advisors. Some tell Cerulli that clients are absolutely asking about the exposures, while others have found it difficult to position the offerings with clients who themselves may have negative perceptions of alternatives and illiquidity. The common thread is that the alternative investments allocation process is primarily advisor-driven with clients relying heavily on their advisors.

With the buildout of more alternative investment options for retail investors—providing a choice of asset classes and risk profiles—advisors now have the benefit of replacing a greater amount of traditional exposures with alternatives (see figure 10). Advisors

can rebalance from equity and fixed income fund exposures, as well as from individual securities holdings; however, alternative investment allocations are more likely to be sourced from newly added client assets and existing cash holdings.

## ADVISOR CASE STUDY

Cerulli interviewed a bank advisor with \$6 billion in AUM and a core market of clients each with more than \$5 million each in assets. The advisor recognized the need to implement more private market exposures into the practice, stating: "I think anyone who doesn't offer private capital in our space is going to get left in the dust ... it provides a certain cachet to your practice. Your practice will look unsophisticated if you're not offering private [investments] and can't speak intelligently about them."

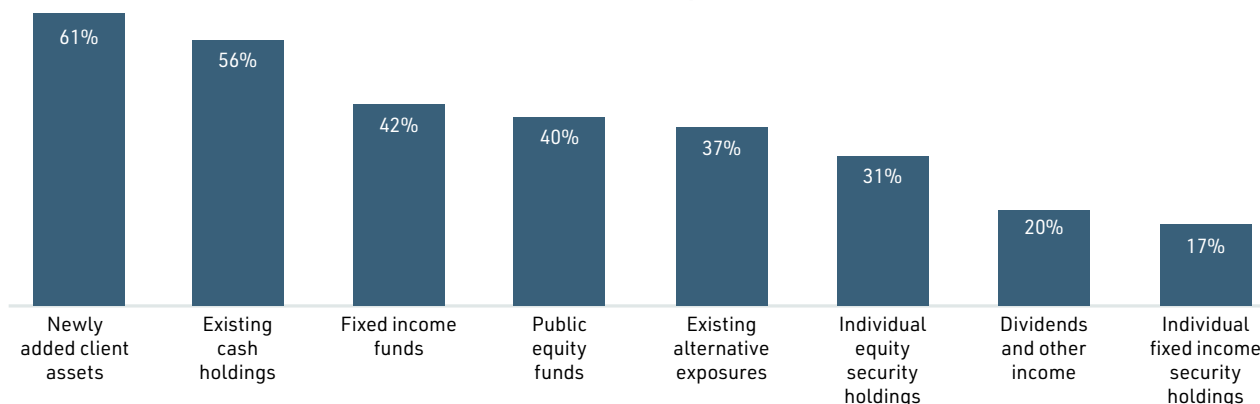
The advisor recognized the benefits and criticality of the exposures to all involved and wanted to significantly increase uptake.

Yet, the same advisor had heavily implemented only a handful of private market products into the practice—with use significantly below target levels. The firm faced some challenges including conducting product due diligence and managing the operational hurdles.



Figure 11

## SOURCES OF ALTERNATIVE INVESTMENT ALLOCATIONS, 2023

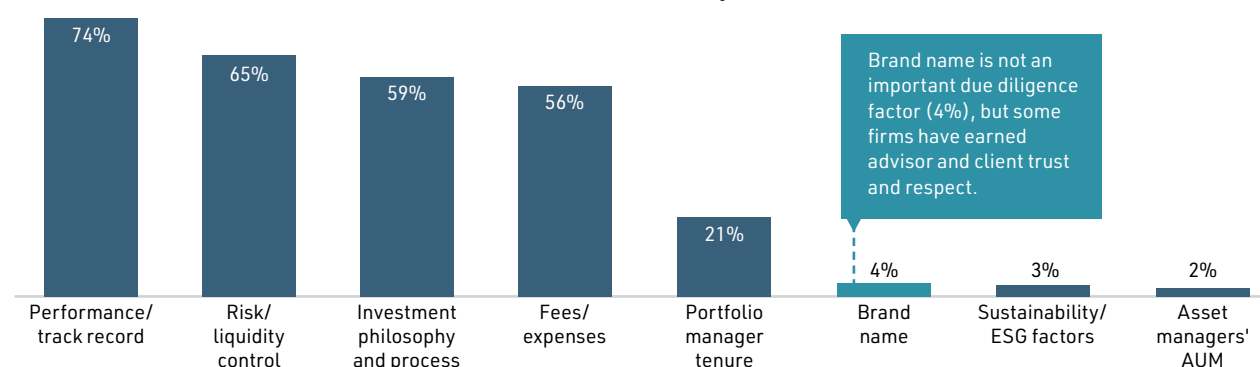


Analyst note: Advisors were asked to select all of the positions from which they are likely to source future alternative investment allocations.

Sources: Cerulli Associates, in partnership with the Investments & Wealth Institute

Figure 12

## TOP ALTERNATIVE INVESTMENT DUE DILIGENCE FACTORS, 2023



Advisors were asked to select their top-three factors when conducting due diligence on alternative investment strategies.

Sources: Cerulli Associates, in partnership with the Investments & Wealth Institute

Although advisors have well-developed processes and frameworks—as well as highly reliable third-party data sources, e.g., Morningstar—for selecting traditional products, conducting due diligence on private market investments requires more nuanced knowledge and expertise. This is a significant lift for firms without investment staff dedicated to the product set. “We have a nine-step process for due diligence,” a bank advisor managing \$6 billion tells Cerulli. “We also had a relationship with an outside consulting firm, and we used their due diligence as well. We have five analysts—either they’ll source those deals or a portfolio strategist or investment consultant in the field can source them.” Advisors without internal staff will have to rely

heavily on the support of their home offices and research and training available via third-party platforms.

An additional barrier is that many of the exposures being brought to market are newer for retail clients, and as such they don’t have track records within the interval fund, BDC, and NTR structures. Many advisors leverage brand and institutional-level reputation as a proxy for the quality of the manager and exposure (see figure 11).

### ALTERNATIVE INVESTMENT EDUCATION ADVISOR EDUCATION

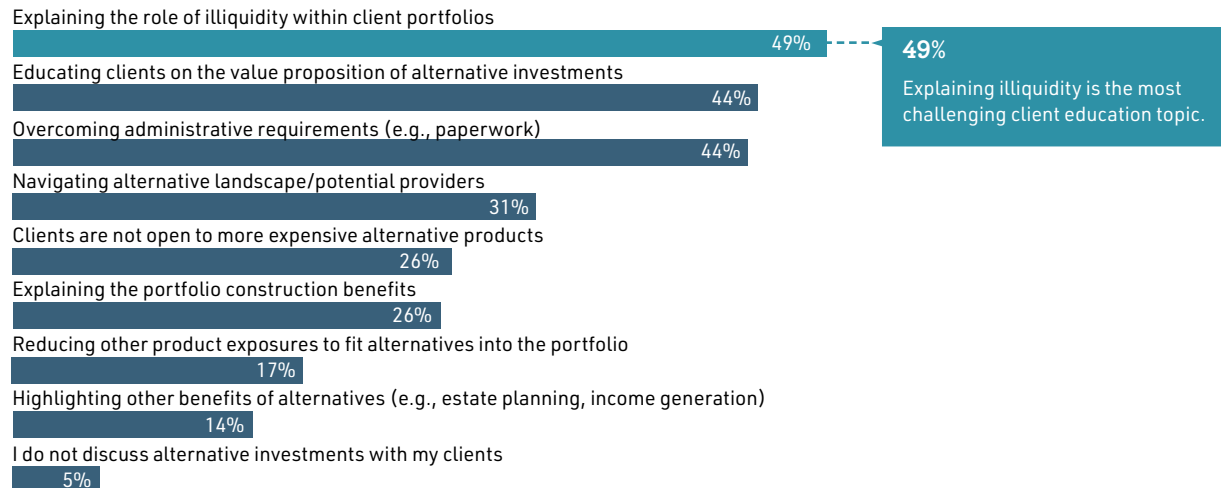
Advisors recognize the need for education as well as due diligence support

as they seek to increase allocations to alternative investments (see figure 12). The magnitude of the education burden depends on the investment savviness of the advisor and the sophistication of the alternative offerings of the firm. Advisors with well-developed alternative investment product shelves will regard education as a challenging but necessary hurdle. Advisors who lack experience in the space often can feel daunted by the task, whether it is due to a lack of understanding or the fear of a bad reaction from clients when presenting the product.

An advisor working for a hybrid RIA with \$1.5 billion in AUM tells Cerulli: “I’m not comfortable with our advisors talking to clients about alternatives yet.

Figure  
13

## MOST CHALLENGING ALTERNATIVE INVESTMENT TOPICS TO ADDRESS WITH CLIENTS, 2023



Analyst note: Advisors were asked, "In terms of alternative investment education, what are the top-three most challenging topics to address with clients?"  
Sources: Cerulli Associates, in partnership with the Investments & Wealth Institute

Education is definitely a pain point. Making sure they're communicating accurately about these structures and products requires a higher level than what is required with traditional asset classes, and I don't know if we're there yet." For practices that are considering offering alternatives but haven't yet, it's important to understand that there is a learning curve for advisors, but there also are plenty of educational resources to support them.

Resources exist to learn the ins-and-outs of alternative investments at both an asset class and structure level, while managers provide specific product insights. Indeed, advisors indicate alternative product specialists/wholesalers and home offices as their preferred sources of education (54 percent and 49 percent, respectively). In terms of useful educational materials, advisors report granular education on alternative investments' liquidity and general education on discussing alternatives with clients as the most helpful (48 percent and 47 percent, respectively). More specific asset-class-level education is a close third, with 41 percent of advisors indicating it as helpful education.

*Despite a wealthy client base, HNW-focused advisors still struggle with education on liquidity. Illiquidity is more present in their clients' portfolios, underscoring the importance of being able to make clients comfortable with the long-term exposures.*

## CLIENT CONVERSATIONS

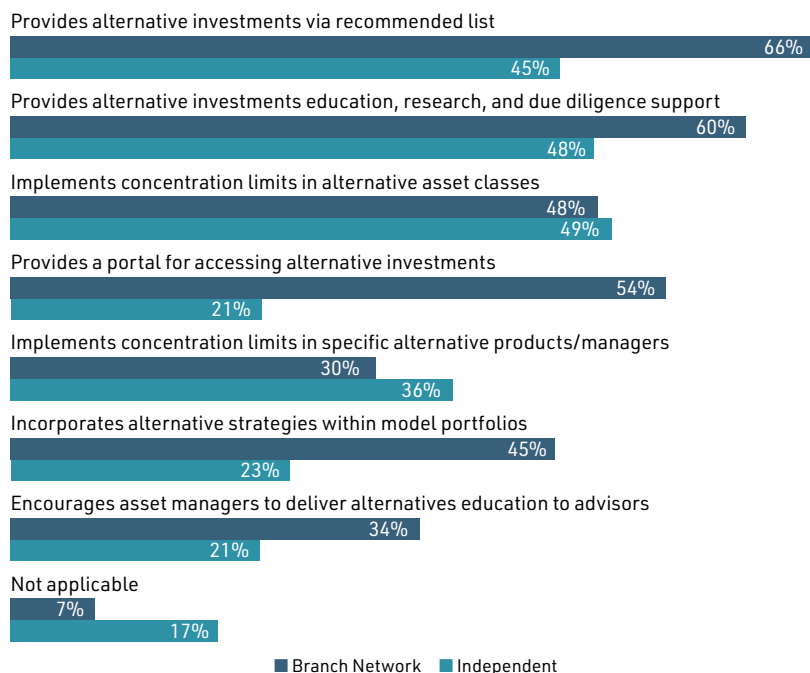
Advisors struggle most with explaining the role of illiquidity in client portfolios, and, surprisingly, heavy users (>10-percent allocation to alternative investments) and HNW-focused advisors struggle with this more than others. Despite these challenges, the processes and experiences of prominent users can serve as a roadmap for advisors who want to incorporate alternatives into their practices but can't quite figure out the way to present it to their clients (see figure 13).

Education permeates into most alternative investment discussions advisors have with clients. An independent RIA advisor with \$850 million in AUM tells Cerulli: "The conversations we have are very tailored, and we try to weave an educational tilt into everything. [I find what works is] presenting them with a spectrum and explaining the pros and cons of each liquidity structure. Taking their temperature. Certain things resonate differently." By continuously weaving education into client conversations, advisors can provide a customized client experience, as the advisor takes the client's pulse on which type of liquidity structure resonates most. Prominent users also discussed the importance of using terms that clients are familiar with to ease the burden of understanding, instead of defaulting to alternative investment jargon.

Wirehouse and national/regional BD home offices often provide a recommended list of products, education/marketing materials, due diligence support, and a portal for accessing alternative investments (see figure 14). Among prominent alternative investment users, 70 percent report receiving

Figure  
14

## HOME-OFFICE APPROACH TO ALTERNATIVE INVESTMENTS BY CHANNEL, 2023



*Analyst note: Branch network advisors work in the wirehouse or national/regional BD channels; insurance and retail bank BD advisors are excluded. Independent advisors operate in the independent RIA, hybrid RIA, and independent BD channels. Advisors were asked to select all of the following options that described how their firm's home office approaches alternative investments.*

*Sources: Cerulli Associates, in partnership with the Investments & Wealth Institute*

alternative investment education via their home-office support. A healthy combination of home-office support and advisor interest is likely to result in heightened alternative investment use. Although the support tools/functions are less frequently offered by their independent channel counterparts, many at-scale RIAs and RIA consolidators also have looked to make alternative investments more accessible and easier to implement within clients' portfolios.

Despite the learning curve when it comes to offering alternative investments, putting in the time and effort to develop a robust offering on the front end means that advisors will be better prepared for future conversations with clients. The same is true for clients; a first-time foray into the alternatives space requires significant client education, but by front-loading that education, subsequent alternatives

offerings will be much easier for that client to digest. According to one national/regional BD: "When you're introducing an investment style to a client, education is most important right out of the gate. But once you've done it once, and the client is on board, the education process is more straightforward." Getting a first-time user to a point of comfort with more illiquid products can take months, if not years, but the education effort is a critical component of helping those clients to potentially benefit from alternative investment opportunities.

### CONCLUSION

Allocating to alternative investments including private markets has never been more important as market conditions coalesce to make diversification, enhanced return potential, volatility mitigation, and income potential more important to clients. Increasingly,

advisors tell Cerulli that they believe practices that do not offer adequate access will be left behind and are looking to increase their allocations.

Cerulli finds that offering a strong alternative investment product shelf can help advisors attract HNW clients and prevent existing clients from moving to more sophisticated practices. The greater implementation of alternative investments is both a defensive (retain existing assets) and offensive (attract new assets) tool at a practice level, and it may prove to be a commonsense way for a practice to move upmarket toward a coveted wealthier client set.

The educational challenges that exist for alternative investments are vast and recognized, including helping advisors understand complex exposures, which they must in turn explain to clients. The good news is that many resources from asset managers and technology platforms, including online learning portals, exist to help advisors learn about alternative asset classes, structures, and individual products that will get them up to speed. Advisors can then use their expertise to provide simple, easy-to-understand explanations to their clients, who must be behaviorally ready to accept illiquidity risk and understand why they are taking it on. ●

To download the report, visit [invesco.com/altsresearch](https://invesco.com/altsresearch).

*Daniil Shapiro, CFA®, FRM, CIPM, co-heads Cerulli's product development practice, where he works on the identification, analysis, and reporting of asset management industry trends with a focus on exchange-traded funds and alternative investments. He earned a BBA in finance and investment from Baruch College. Contact him at [dshapiro@cerulli.com](mailto:dshapiro@cerulli.com).*

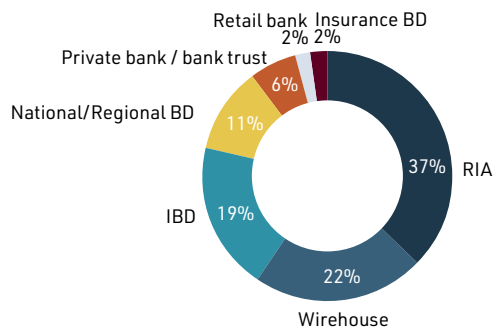
*Colin Kennedy is an analyst on the Cerulli's wealth management team. He earned a BA/BS in quantitative economics from Tuft's University. Contact him at [ckennedy@cerulli.com](mailto:ckennedy@cerulli.com).*

### ENDNOTE

1. Diversification does not ensure a profit or protect against loss.

Figure  
A1

## APPENDIX: ADVISOR SEGMENTATION DATA



Average Years of Experience:

**20 years**

Average Number of Clients:

**321 client relationship per practice**

Average Practice AUM:

**\$663 million**

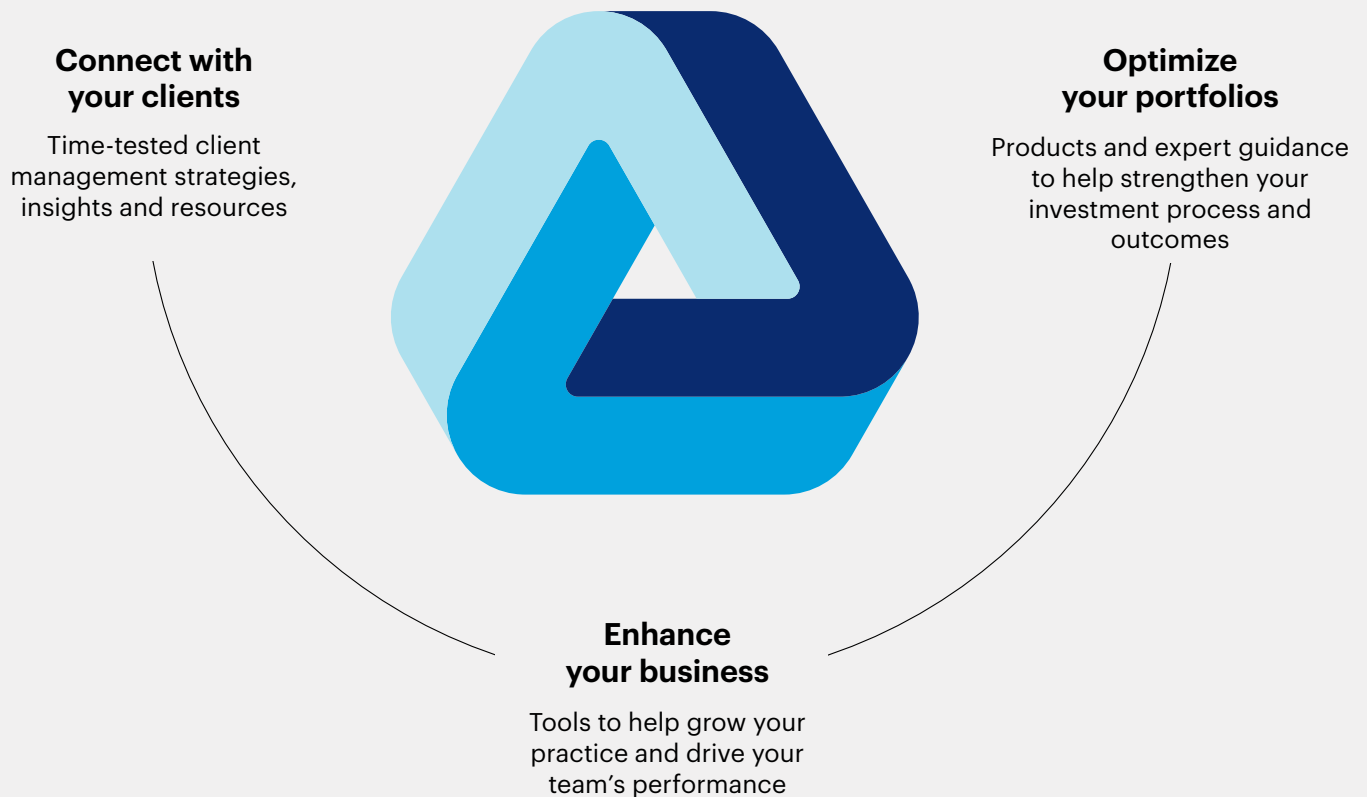
**33%**  
of respondents have a core  
market above \$2 million

**Alts Users:**

- None: 14%
- Low: 32%
- Medium: 32%
- High: 22%



# Invesco Total CX



Invesco Total CX — the Total Client Experience™ — is a powerful platform and partnership with the tools, coaching, and content to help you achieve greater possibilities — all in one place and tailored to your specific needs.

To learn more about Invesco, reach out to your local Invesco Consultant or call our Sales Desk at (800) 998-4246.



**INVESTMENTS & WEALTH INSTITUTE®**

5619 DTC Parkway, Suite 600  
Greenwood Village, CO 80111  
Phone: 303-770-3377  
Fax: 303-770-1812

[www.investmentsandwealth.org](http://www.investmentsandwealth.org)

© 2023 Investments & Wealth Institute®. Reprinted with permission. All rights reserved.

INVESTMENTS & WEALTH INSTITUTE® is a registered mark of Investment Management Consultants Association Inc. doing business as Investments & Wealth Institute. CIMA®, CERTIFIED INVESTMENT MANAGEMENT ANALYST®, CIMC®, CPWA®, CERTIFIED PRIVATE WEALTH ADVISOR®, RMA®, and RETIREMENT MANAGEMENT ADVISOR® are registered certification marks of Investment Management Consultants Association Inc. doing business as Investments & Wealth Institute.