

How Financial Advisors Can Attract, Win, and Serve Wealthy Clients in 2024

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ALT EXCHANGE

2024 presents one of the greatest opportunities of all time for financial advisors to win ultra-high-net-worth clients. Between 2023 and 2045, \$84 trillion in assets will be handed down to Millennials and Generation X during The Great Wealth Transfer.

But financial advisors will have to work hard to keep up with the mass transfer of wealth happening into 2024 and beyond. According to **Nasdaq**, an estimated 70 to 88% of heirs inheriting this wealth are likely to fire or change financial advisors. The opportunity though is that there's a massive opportunity for financial advisors to attract and win wealthy clients who will soon be in the market for a trusted advisor to manage their newfound wealth.

But how do advisors attract, win, & retain these wealthy individuals? The key to success for financial advisors in 2024 & beyond lies in understanding the growing prevalence of alternative investments in the portfolios of wealthy investors.



Attracting the Wealthy: Go Beyond Traditional Wealth Management

Understanding the Wealthy Investor's Financial Perspective and Habits

A wealthy investor's financial picture often looks different than most. It's multifaceted in complexity, encompassing intricate investment portfolios, strategic tax planning, and meticulous estate planning.

Their financial landscape extends beyond the conventional, seeking opportunities beyond traditional investments to diversify their portfolios and mitigate risk during market downturns. Their portfolios will blend traditional investments, real assets, private fund holdings, real estate, and often ownership or involvement in businesses.

Additionally, they tend to stay at the forefront of emerging trends, favoring diverse investment strategies that leverage their access, knowledge, & commitment to both traditional and unconventional avenues.

What Wealthy Investors Look for in a Financial Advisor

What do wealthy investors seek from a financial advisor?

Wealthy investors seek a financial advisor who embodies trustworthiness, viewing integrity & reliability as fundamental traits. Beyond a traditional approach, they value advisors with a holistic wealth management strategy that goes beyond singular investments to encompass comprehensive financial planning, including tax optimization, estate planning, and risk management.

Furthermore, they seek advisors capable of understanding and navigating the unique complexities of their financial situations, recognizing that their wealth often comes with intricacies that demand tailored expertise and solutions.

The desire for an exceptional client experience is essential, expecting advisors to go beyond data analysis and provide personalized, engaging interactions. In essence, wealthy investors prioritize advisors who offer a blend of trust, comprehensive strategy, outstanding client experiences, & a deep understanding of the intricacies inherent in managing substantial wealth.

The Importance of Alternative Investments

New research from **Cerulli Associates** reveals that offering alternative investments such as private markets exposure can help advisors attract and retain high-net-worth clients.



Wealthy individuals are increasingly diversifying their investment portfolios, with nearly 50% of assets allocated to alternative investments. To attract such high-net-worth clients, advisors must first comprehend the motivations behind this shift.

Wealthy investors are drawn to alternative investments for various reasons, including portfolio diversification, risk mitigation, and the potential for higher returns.

To stand out in a competitive market, financial advisors need to provide holistic wealth management with the ability to seamlessly integrate alternative investments into their strategy. Integrating alternative investments as a core part of your practice coincides with wealthy investors viewing alternative investments as a core part of their portfolio.

Winning the Wealthy: Strategies for Success

Tailoring Investment Strategies to Individual Goals

Personalized wealth management is crucial for successfully serving wealthy individuals.

Wealthy clients are not a monolithic group; they have diverse financial goals & risk tolerances. Winning their trust requires tailoring investment strategies to align with their individual objectives and values.

One notable example of using capital to support personal values is the rise of sustainable (ESG) investments. According to **Forbes**, there's a \$100 trillion investment opportunity in climate transformation. Renewables are expected to deliver 90% of power generation by 2050, with wind and solar accounting for 70%.



Tailoring to individual clients' needs, goals, and greater values requires a deeper dive into their financial picture & ultimately their clients' lives. Not only will this help generate better financial results for clients, but it will help build better relationships in the long run.

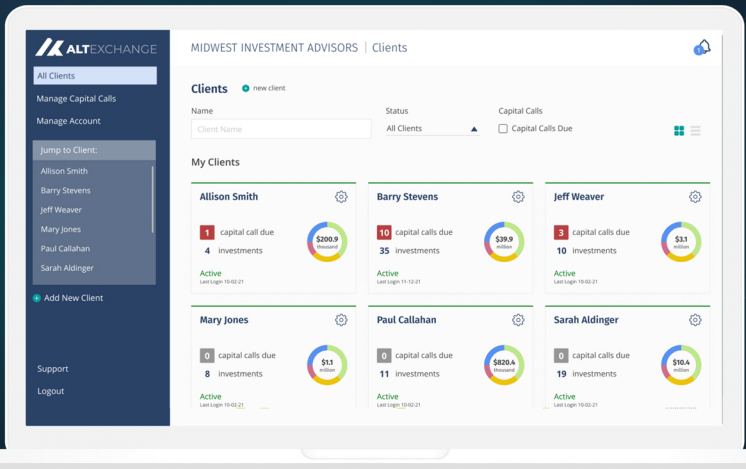
Leveraging Technology for Personalization

An Orion **survey** found that 67% of advisors indicated a clear priority in technology that helps deliver a more personalized client experience, and that 47% of advisors plan to increase client-facing technology investments to save time and money, deliver customized experiences, and drive growth.

Advisors need to leverage the right technology that shows real insights into the data that matters to their wealthy clients.

So what should advisors look for when it comes to directly serving the ultra-wealthy? Look for user-friendly **technology for financial advisors** that streamlines the onboarding process, provides a comprehensive understanding of your clients' financial landscapes, and insights into their full wealth picture with data that represents all investments – not just their traditional portfolio.

Leverage this data to personalize investment recommendations, showcasing your commitment to providing a bespoke wealth management experience.



AltExchange AdvisorVue platform

Building Long-Term Relationships Through Transparency

Transparency is a cornerstone of trust in financial advisory relationships. According to a survey by the CFA Institute, 78% of clients consider trustworthiness the most important attribute of a financial advisor.

AltExchange's reporting capabilities bring transparency to alternative investments with real-time performance metrics and comprehensive insights. By gaining full transparency into your clients' entire wealth picture, you'll be able to foster a transparent and open dialogue with clients and provide better support and recommendations.

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“ Our clients come to us to see the realities of their financial decisions. AltExchange gives us the quantifiable numbers we need to show families to advise whether their investment decisions are in their favor or not. It is a critical step for us to help our clients live their best lives and fulfill our vision to demystify alts. ”

RYAN PARSON
President and CEO of Sunlight Peaks



Serving the Wealthy: Navigating Wealth Together

Monitoring and Adapting to Market Trends

Wealthy clients expect their advisors to be proactive and informed about market trends and continuously reassess portfolios to ensure they align with evolving economic landscapes.

In the 20-year period ending in 2022, **private equity investments** averaged annual returns of 14.75% versus 9.25% for the S&P 500. Additionally, the nearly **\$22.6 trillion** of capital in private markets is expected to rise. High net-worth individuals lead this influx, and need guidance.



Staying informed about the greater financial market as well as having a deep understanding of your existing clients' private investments enables you to adjust strategies promptly, provide the necessary guidance your clients need, and ultimately deliver optimal results.

Streamlining Administrative Processes

Efficiency is key when serving wealthy clients. Position yourself as a forward-thinking advisor who values your clients' time and is dedicated to providing a seamless, efficient experience.

With the right technology, advisors can simplify even the most complex of processes. AltExchange's automation capabilities extend beyond reporting to streamline administrative processes, allowing advisors to manage alternative investments 10 times faster, reduce time collecting and storing tax documents by 70%, and gain the ability to track 100% of clients' wealth – without added manual effort.

Leveraging the right technology to simplify and streamline processes ultimately allows more time and energy dedicated to strategic planning and client engagement.

Providing Holistic Wealth Management

It's clear that wealthy clients seek holistic wealth management that goes beyond traditional investment strategies. Incorporating alternative investments, & assessing broader financial goals such as tax optimization, estate planning, & philanthropy are all areas financial advisors should prioritize when it comes to providing a holistic wealth management experience.



In a competitive market, offering a holistic approach distinguishes financial advisors. Wealthy clients increasingly seek advisors who can navigate the complexities of their financial lives comprehensively, providing a distinct competitive advantage. AltExchange's integrated approach empowers advisors to offer comprehensive wealth management services and provide the proper guidance and support for their whole financial picture.

A holistic wealth management experience allows financial advisors to meet the multifaceted needs of their clients, fostering trust, satisfaction, and long-term success.

If You Take Away One Thing...

Attracting, winning, and better serving the wealthy in 2024 requires a strategic focus on alternative investments. Advisors who can effectively incorporate and manage the often overlooked 50% of wealthy clients' portfolios will position themselves as indispensable partners in the pursuit of financial success for high-net-worth clients.

AltExchange is proud to support financial advisors in helping manage their clients' growing portfolios of alternative investments. If you or your firm are interested in better serving existing clients and winning future clients with transparent, automated alternative investment reporting for a comprehensive over-view of wealth, **we're here to help.**