
Model Portfolios: Adaptive Solutions for Advisory Growth

2024 Key Findings and Analysis
State Street Global Advisors Research Center

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Study Introduction

Model portfolios have become essential tools for financial advisors, delivering efficiency, scalability, and alignment with evolving client needs. By streamlining portfolio management, advisors can focus on practice growth and providing holistic, planning-based outcomes. Adoption strategies may vary, but model portfolios increasingly enable advisors to balance operational demands with personalized client engagement.

Building on our foundational 2019 study, *Advisory Productivity: Embracing Asset Allocation Models*, this 2024 research, *Model Portfolios: Adaptive Solutions for Advisory Growth*, examines how model portfolios are positioned to address three key challenges: the commoditization of investment management, rising client expectations for personalized financial advice, and the use of technology to create flexible, dynamic solutions for a changing market.

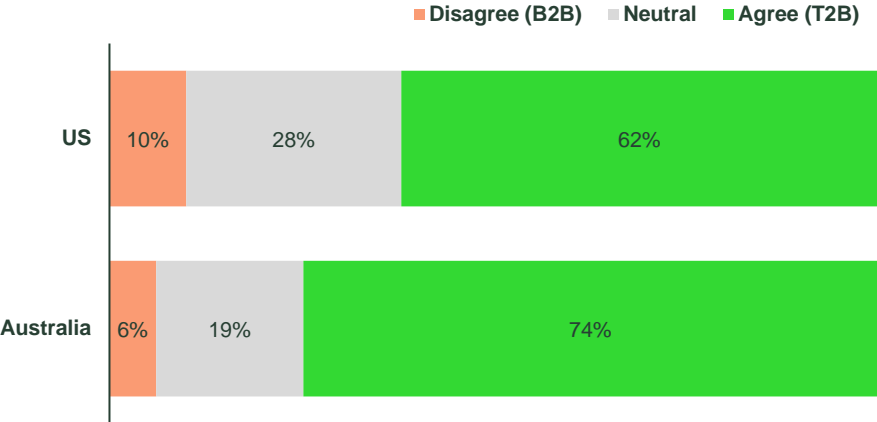
Key Insights

US and Australian Individual Investors

Majority of Investors Agree They Want More Personalized and Comprehensive Advice

Nearly two-thirds of US investors agree they want more personalized advice from their financial advisor that covers a comprehensive view of their financial priorities, and roughly three-quarters of Australian investors agree.

“I want more personalized advice from my financial advisor that covers a comprehensive view of my financial priorities”



Question asked: How much do you agree or disagree with the following statement: “I want more personalized/personalized advice from my financial advisor/adviser that covers a comprehensive view of my financial priorities?(5-point scale 1 “Strongly Disagree” to 5 “Strongly Agree”) Base: Total Sample.

Investors Using More Services from Financial Advisors

US investors' use of retirement/pension planning, tax planning, estate planning and charitable planning has increased significantly.

Australian investors' use of portfolio construction, tax planning, insurance, charitable planning, and behavioral coaching has increased significantly.

Services from Financial Advisor	US		Australia	
	2019 (%)	2024 (%)	2019 (%)	2024 (%)
Investment management	82	83	63	65
Financial planning	75	78	78	72
Retirement/pension planning	57	68	62	50
Portfolio construction	49	48	32	44
Tax planning	27	45	42	59
Estate planning	29	37	25	28
Insurance	23	23	22	36
Business Planning (New to Q2 2024)	—	17	—	16
Charitable planning	10	17	2	10
Behavioral coaching	9	10	2	13
Risk insurance (AU only)	—	—	13	17

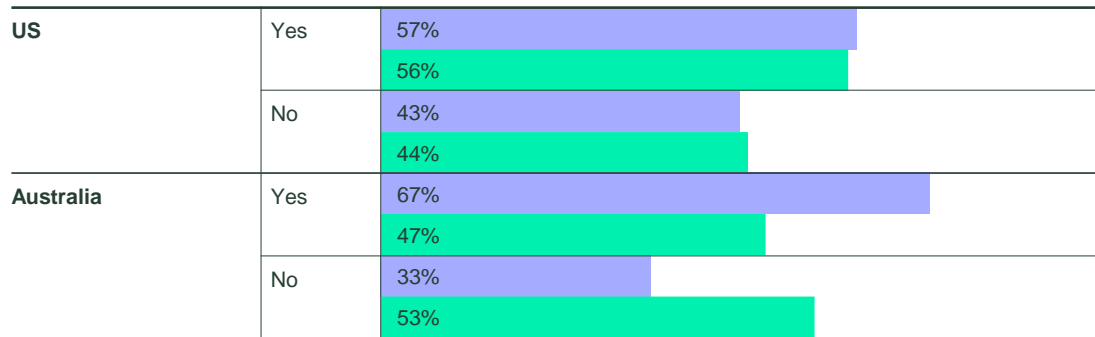
Question asked: What services do you utilize from your financial advisor/adviser? (Select all that apply) Base: Total Sample.

Investors Awareness of Model Portfolios Is Unchanged in US and Significantly Higher in Australia

Among US investors, 43% are not aware of model portfolios, similar to 2019.

Significantly more Australian investors are aware of model portfolios now (67%) than in 2019 (47%).

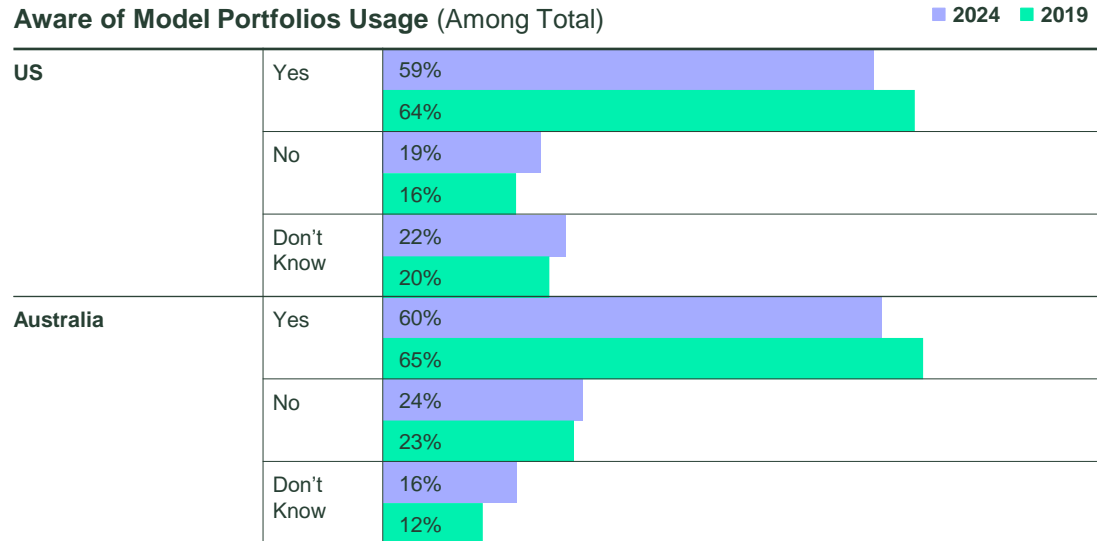
Aware of Model Portfolios (Among Total)



Question asked: (Description in Notes) Is this consistent with what you have heard about model portfolios? (Select one) / Have you heard of this investment vehicle? (Select one) Base: Total Sample.

Among Model-Aware Investors, No Significant Change in Their Awareness of Their Advisor's Usage

The percent of model-aware investors who know their financial advisor uses model portfolios has remained consistent over time, at about 60% in both the US and Australia.

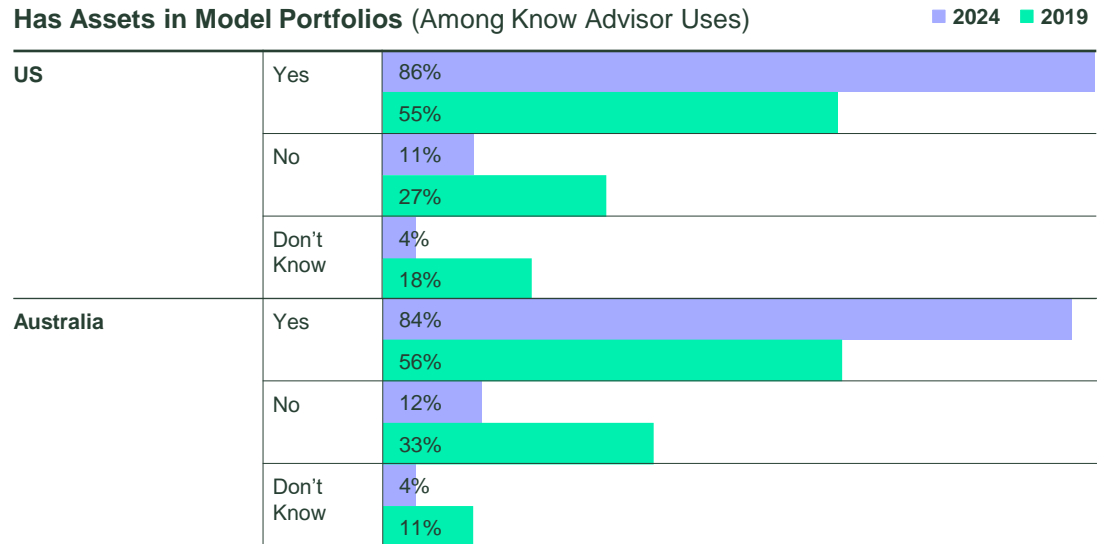


Question asked: Does your advisor/adviser use model portfolios? (Select one) Base: Aware of Model Portfolios.

Among Investors Who Know Their Advisor Uses Models, Significantly More Have Assets in Models Now Than in 2019

86% of US and 84% of Australian investors say they have assets in model portfolios.

In 2019 only 55% of US and 56% of Australian investors did.

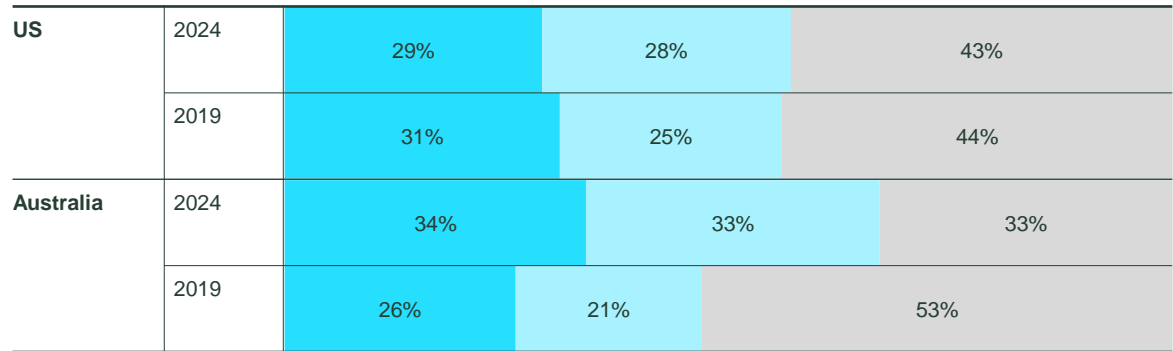


Question asked: Does your advisor/adviser have any or all of your assets in model portfolios? (Select one) Base: Know Advisor Uses Model Portfolios.

About Three-in-Ten Investors Surveyed Know They Have Assets in Models

Roughly one third of US and Australian investors know they have assets in models, and two thirds either do not have assets in models or don't know if they do.

Combined Awareness (Among Total)



- Aware of models, and have assets in models
- Aware of models, but don't have or don't know if have assets in models
- Not aware of models

Investors in US and Australia See Many Benefits to Their Advisors, Having Put Their Assets in Models

More Australian investors say lower fees, portfolio monitoring, and advisor availability are benefits than in 2019. Fewer (79%) say portfolio track record is a benefit than in 2019 (91%).

Benefits of Advisor Having Assets in Model Portfolios	US		Australia	
	2019 (%)	2024 (%)	2019 (%)	2024 (%)
My portfolio has a track record that fits my risk tolerance	87	89	91	79
My advisor can spend more time helping me make more intelligent financial planning decisions	87	89	85	89
My advisor can focus on what really matters to me	89	86	89	87
My advisor can be more flexible to my needs	79	85	83	87
More proactive reporting is provided	76	84	80	89
My portfolio is being constructed by asset managers with more knowledge of the markets	90	81	91	91
Better returns	81	81	83	89
I am better protected by a robust compliance structure	75	77	85	91
There is more robust due diligence on my portfolio	83	75	85	84
Lower fees	76	75	67	81
My portfolio is being monitored more closely than if it was made and managed by my advisor	76	74	74	87
I get exposure to asset classes that are typically difficult to access	6	66	74	80
I get more of my advisor's time	65	63	72	87

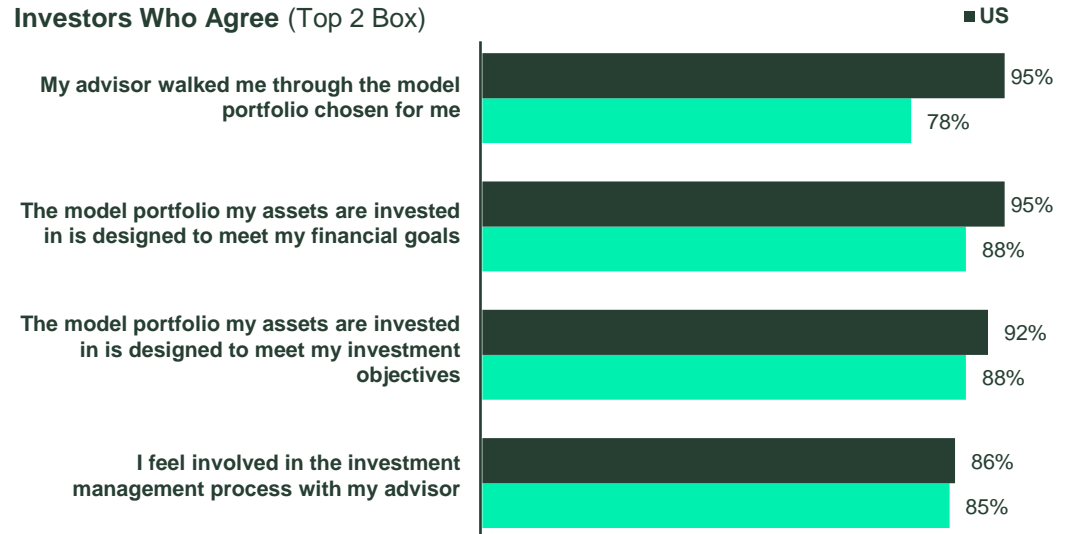
Question asked: Is the following a benefit to you because your advisor/adviser has your assets in a model portfolio? (Select all that apply) Base: Know Assets Are In Model Portfolios.

Investors Who Know They Have Assets in Models Agree Their Advisors Communicate Well

A vast majority of US (95%) and Australian investors (78%) who know they have assets in models say their advisor walked them through the model chosen for them.

Similarly, both US (86%) and Australian investors (85%) say they felt involved in the investment management process.

Investors Who Agree (Top 2 Box)

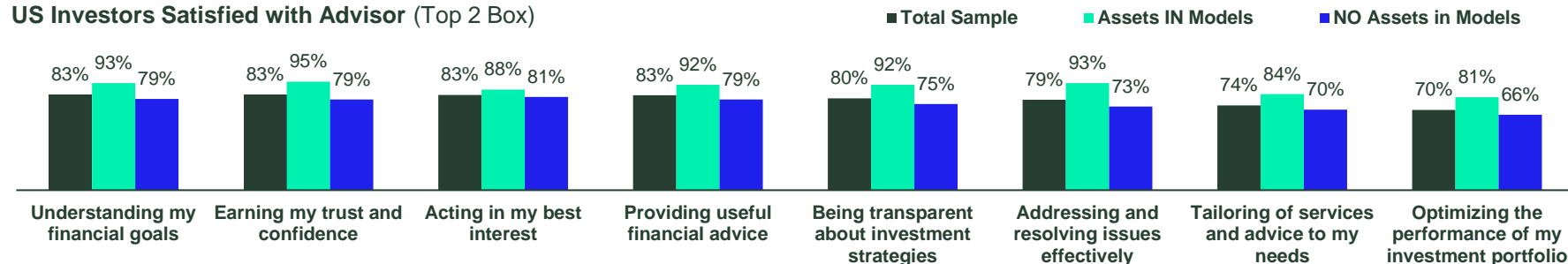


Question asked: Please indicate how much you agree or disagree with the following statements. (5-point scale 1 "Strongly Disagree" to 5 "Strongly Agree") Base: Know Assets Are In Model Portfolios.

US Investors Who Have Assets in Models More Satisfied With Their Financial Advisors Than Those Who Don't

Investors who know their assets are in model portfolios are more likely to be satisfied with all qualities of their financial advisor than investors who don't know or have no assets in model portfolios.

US Investors Satisfied with Advisor (Top 2 Box)

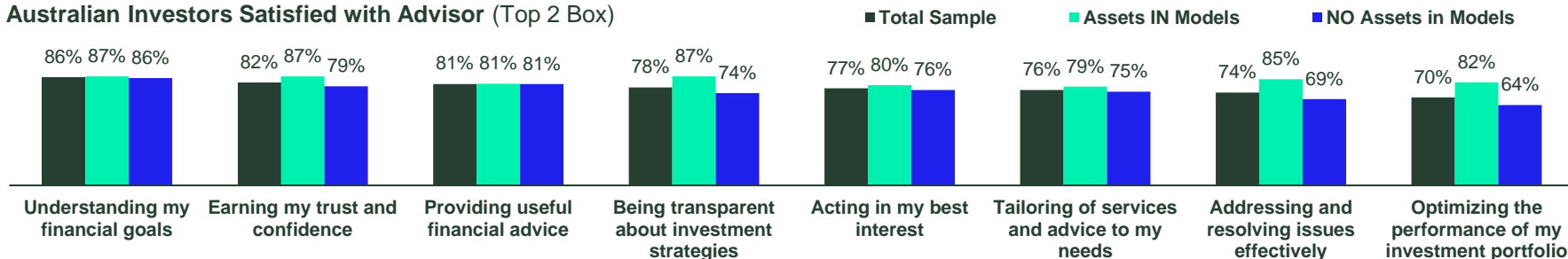


Question asked: How satisfied are you with each of the following qualities of your financial advisor? (5-point scale 1 "Not at All Satisfied" to 5 "Extremely Satisfied") Base: Total Sample.

Australian Investors With Assets in Models More Satisfied With Transparency, Issue Resolution, and Portfolio Optimization

In Australia, investors who know their assets are in model portfolios are significantly more likely to be satisfied with their financial advisor “being transparent about investment strategies,” “addressing and resolving issues effectively,” and “optimizing the performance of my investment portfolio” than investors with who don’t know or have no assets in model portfolios.

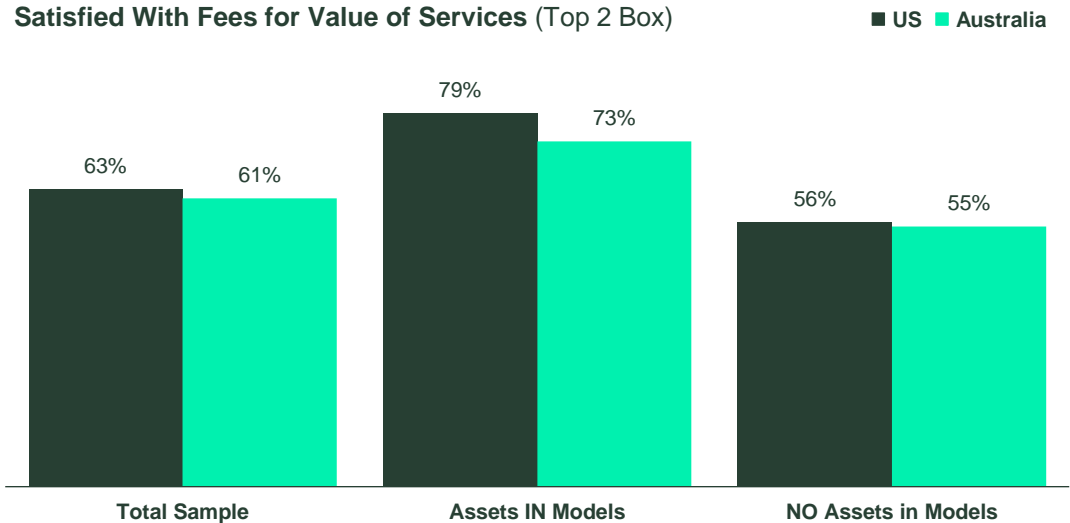
Australian Investors Satisfied with Advisor (Top 2 Box)



Question asked: How satisfied are you with each of the following qualities of your financial advisor? (5-point scale 1 “Not at All Satisfied” to 5 “Extremely Satisfied”) Base: Total Sample.

Investors With Assets in Models Are More Satisfied With the Fees They Pay for the Value of Services They Receive

In the US and Australia, investors with assets in models are significantly more satisfied with the fees they pay for the value of services they receive from advisors.



Question asked: How satisfied are you with the fees you pay for the value of services you receive? (5-point scale 1 "Not at All Satisfied" to 5 "Extremely Satisfied") Base: Total Sample.

US and Australian Investors With Assets in Models More Likely to Recognize Advisor Value Beyond Better Returns and Lower Fees

US and Australian investors with assets in models are more likely to recognize advisor value beyond better returns and lower fees, including appreciating attributes like ‘having more of my advisor’s time’ and ‘advisor being more flexible to my needs.’

Improve Value of Services Received from Advisor	US		Australia	
	Assets IN Models (%)	NO Assets in Models (%)	Assets IN Models (%)	NO Assets in Models (%)
Better returns	55	49	47	50
Having more of my advisor’s time	42	17	44	23
Lower fees	41	48	40	49
My advisor being more flexible to my needs	36	17	33	14
More proactive reporting being provided	34	24	26	22
My portfolio being monitored more closely than if it was made and managed by my advisor	33	15	25	23
My advisor spending more time helping me make more intelligent financial planning decisions	32	18	29	24
My portfolio having a track record that fits my risk tolerance	32	16	34	19
My advisor focusing on what really matters to me	29	19	32	20
Being better protected by a robust compliance structure	27	8	22	15
Getting exposure to asset classes that are typically difficult to access	25	13	22	15
More robust due diligence on my portfolio	22	9	28	15
My portfolio being constructed by asset managers with more knowledge of the markets	21	10	32	13

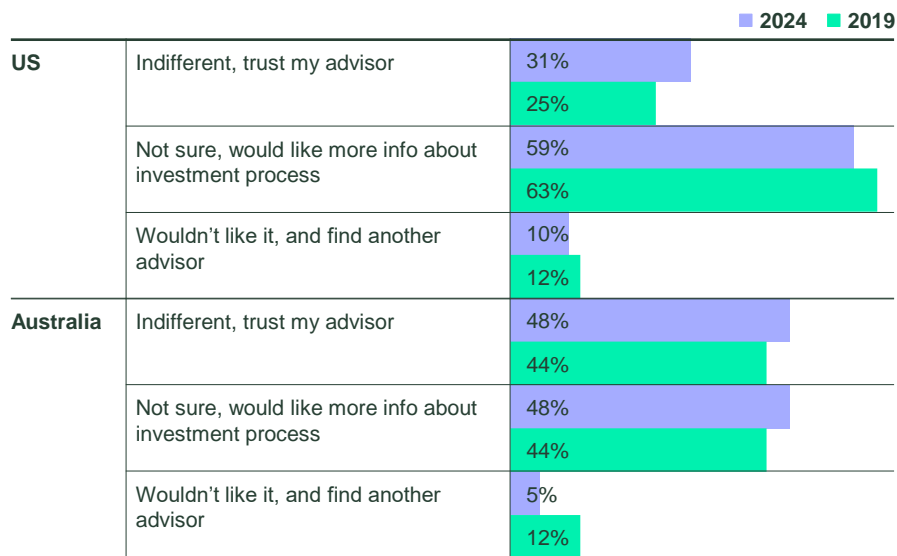
Question asked: Investor Survey: Which, if any, of the following would improve the value of services you receive from your financial advisor? (Select all that apply) Base: Total Sample.

Australians More Open Than US Investors to Having Assets in Model Portfolios

In the US, while about three-in-ten investors are indifferent about having their assets in model portfolios, six-in-ten would like more information about the process, and one-in-ten say they “wouldn’t like it.”

Dissimilarly, in Australia, investors are split, with roughly half either being indifferent or wanting more information, and only one-in-twenty saying they “wouldn’t like it.”

How Investors Feel if Advisor Put Assets in Model Portfolio

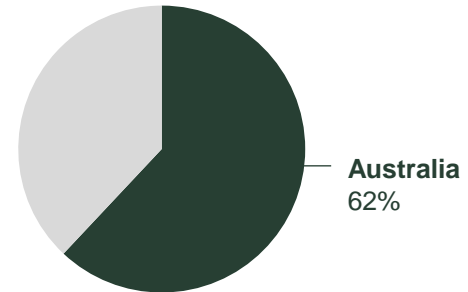
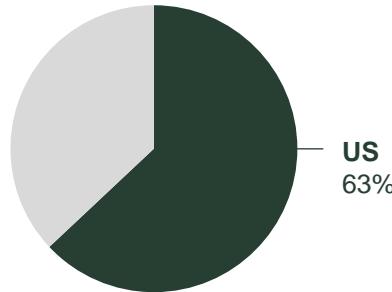


Question asked: How would you feel if your advisor/adviser wanted to put your assets in a model portfolio? (Select one) Base: Aware of Model Portfolios, But Either No or Don't Know Assets Are In Model Portfolios.

Comprehensive Financial Planning From Their Advisor is More Important to Investors Than Portfolio Construction

Nearly two-thirds of US and Australian investors agree with the statement.

“I expect my advisor to deliver comprehensive financial planning, and it doesn’t matter to me if my portfolio is designed by my advisor or a third-party asset manager, like Blackrock or Vanguard” (Top 2 Box Agree)



Question asked: Please indicate how much you agree or disagree with the following statements. (5-point scale 1 “Strongly Disagree” to 5 “Strongly Agree”) Base: Aware of Model Portfolios, But Either No or Don’t Know Assets Are In Model Portfolios.

Investors' Perceived Disadvantages of Having Assets in Model Portfolios Circle Back to Their Lack of Understanding of What They Are Paying for

While 70% of US investors see “lack of individual tailoring to my specific situation” as a disadvantage of models, 65% of Australian investors agree with that disadvantage as well as “advisor would not regularly add value for the fees I’m paying.”

Potential Disadvantage of Advisor Having Assets in Model Portfolios	US		Australia	
	2019 (%)	2024 (%)	2019 (%)	2024 (%)
There would be a lack of individual tailoring to my specific situation	63	70	67	65
My advisor would not deliver the level of personalized service I expect	57	58	53	60
My advisor would not regularly add value for the fees I’m paying	53	56	58	65
My advisor would not have enough control of my portfolio	41	56	60	55
My advisor would not meet my unique goals and needs	49	54	60	63
I would not have enough insight into the investment strategy	41	45	60	52
Investment strategies would be less imaginative	43	37	42	48

Question asked: Do you see the following as a potential disadvantage to you if your advisor/adviser were to put your assets in a model portfolio? (Select all that apply). Base: Aware of Model Portfolios, But Either No or Don't Know Assets Are In Model Portfolios.

Research Methodology

Research Methodology

To help advisory firms achieve growth by aligning with clients' needs and expectations, State Street Global Advisors explored how model portfolios can streamline portfolio management, enhance client trust, and drive business growth through improved service delivery and personalized advice. Our ***Strategic Advantage of Asset Allocation Models*** research, conducted from March to May 2024 by State Street Global Advisors' Research Center in partnership with A2Bplanning and Prodege, followed a three-phase approach, detailed on the next two slides.

The 2024 research builds on the foundation of our 2019 ***Advisor Productivity: Embracing Asset Allocation Models*** study, which examined the usage perceptions and impact that outsourcing portfolio management has on financial advisor value and advisory practice development.

Research Methodology

The *Strategic Advantage of Asset Allocation Models* research, conducted from March to May 2024, followed a three-phase approach:

Phase 1: Subject Matter Expert (SME) Interviews

- Three interviews with SMEs in the United States provided context on current model trends. These conversations informed the development of Phase 2 survey questions. Interviews were conducted on March 26 and April 8, 2024.

Phase 2: Individual Investor Survey

- In the US and Australia, data was collected through an online survey among 250 individual investors in each country, who work with a financial advisor and have investable assets (IA) of USD 500K or more, from May 3-28, 2024.

Important Disclosures

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