May 2023

Enhancing Client Relationships and Capacity to Drive Growth

Practice Innovation Index

Invesco | Powered by CERULLI ASSOCIATES

Foreword

The Practice Innovation Index is a digital analytics tool built to benchmark key traits and characteristics of financial practices across four key areas: business development, wealth management, client service, and practice management. Its methodology leverages more than 10 years of Cerulli Associates ("Cerulli") survey data to analyze where your practice ranks among peers and provides a customized roadmap designed to help you expand your business.

This innovative tool goes beyond benchmarking your practice based on its assets and revenue; it evaluates your practice holistically to identify relative strengths and opportunities with the goal of helping you deliver better business and client service outcomes.

The Practice Innovation Index was created by bringing together the power of Cerulli's leading research and the strength of Invesco Global Consulting's robust financial professional business-building programs. As your practice is faced with increasing business complexity and client demands, Invesco Global Consulting is committed to being your partner of choice to help you strengthen your practice, so that you can focus on your clients.

It's all part of Invesco Total CX—the total client experience—an all-in-one platform of tools, coaching, and content designed to help you connect with clients, enhance your business, and optimize portfolios.

A Focus on Client Service

In Invesco's view, the three keys to high performance in any profession are talent, expertise, and capacity. You can have a remarkably talented team that has honed and refined its skills over decades, but if your team is trying to serve too many clients, it will possibly be stretched to overcapacity—which invariably leads to compromised service levels and negative experiences.

With Cerulli's support, Invesco has the data to provide insight into financial professionals' productivity challenges, time allocation, coverage ratios, and more. As a result, your practice can be evaluated against these key metrics in an effort to help you implement strategies to segment, streamline, stratify, and systematize your client service initiatives. Invesco Global Consulting can help you work to bridge the gap between "knowing" and "doing" by crafting a detailed action plan for how you can strive to get from where you are today, to where you want to be.

This white paper leverages self-reported insights from practices that participated in the Practice Innovation Index as well as Cerulli's broader research findings throughout 2022. This is designed to allow Invesco and Cerulli to provide context around what some of the best practices are doing to help mitigate the challenges and how the business environment has accelerated the need to implement new strategies.

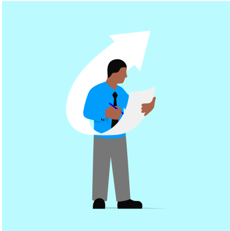
We are dedicated to helping you manage your practice efficiently and communicate with your clients effectively with customized strategies for new business development, wealth management, practice management and client service.

To learn more about how we can work to help you solve your evolving practice challenges and support your growth objectives, contact your Invesco representative.

Email IGC at igc@invesco.com

May 2023

How does it work? Your practice through the lens of a house



New Business Development

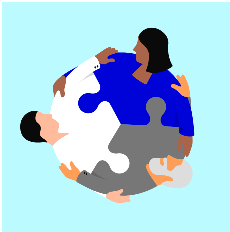
Create a consistent flow of new clients through:

- Strategic partnerships
- Consistent client referrals
- Social prospecting

Wealth Management

Implement a comprehensive wealth management strategy by integrating:

- Deep discovery processes
- Wealth management implementation
- Comprehensive annual review structure



Client Service

Craft an exceptional client experience by implementing:

- Segmentation strategy
- Service stratification model
- Client communication structure

Practice Management

Construct a high-performance practice by instituting:

- Synergistic team structure
- Collaborative culture
- Long-term succession planning

May 2023

Methodology

The Practice Innovation Index begins with an assessment of the financial practice, benchmarking the top-performing financial professionals in four key areas of their practices. Responses are scored and benchmarked by the Practice Innovation Index's proprietary methodology, which is powered by Cerulli's data from over 3,000 financial professionals. Each question is scored against the benchmark, and results are shown for each of the four categories and in aggregate, highlighting how the financial practice ranks among peers. Financial professionals are then shown a customized roadmap designed to leverage their strengths and address opportunities for improvement.

Approximately 1,050 financial professionals, across all channels and practice-types, participated in the Practice Innovation Index in 2022. Key findings from these validated participant responses are presented throughout this white paper and are sourced as Practice Innovation Index diagnostic survey results.

This white paper also draws from *The Cerulli Report—U.S. Advisor Metrics 2021* and Cerulli's financial advisor survey, which collects responses across fully licensed financial advisors in multiple channels including wirehouses, national and regional B/Ds, independent B/Ds, independent RIAs, hybrid RIAs, retail bank B/Ds and insurance B/Ds.

All information collected is presented in aggregate form, and proprietary survey information is not directly attributed to participants or their firms.

To learn more, please visit the Practice Innovation Index website and the Invesco Total CX page.

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Executive Summary

- To increase productivity, wealth management teams need to, in our view, formalize client segmentation and communication strategies, define clear responsibilities, and focus on their highest-valued client relationships. We have found that low productivity is most often a result of serving too many non-ideal clients, a lack of formal processes and documentation, and ineffective delegation to or empowerment of staff members.

- Although one-quarter of Practice Innovation Index respondents admit to having an unsegmented client service model, 48% of respondents have implemented a customized model based on defined client segmentations, allowing them to tailor client experiences more effectively.[1]

- Greater than one-third (37%) of all practices that participated in the Practice Innovation Index structure their team members' responsibilities to account for individual talent and skill sets. The likelihood of practices implementing this specialized structure increases in correlation to practice AUM, including 47% of practices managing greater than $1 billion in AUM.[1]

- One-third of Practice Innovation Index participants cite an average of 100 to 200 clients per wealth manager, which is well-aligned with broader industry trends. However, another 33% of Practice Innovation Index respondents report averages greater than 200 clients.[1]

- We have found that well-defined roles that are adhered to and augmented by structured communication policies allow senior staff to prioritize platinum clients while ensuring that all clients, regardless of their assigned segmentation levels, receive a predictable and consistent cadence of impactful touchpoints whether digital or in-person.

- Nearly one-third (32%) of Practice Innovation Index respondents managing greater than $1 billion in AUM use a pod-based approach to meet with clients at least 11 times per year.[1] Wealth managers will likely need to reconsider how to structure and increase the effectiveness of client meetings because many clients will opt for a mix of digital and in-person meetings going forward.

[1] Source: Practice Innovation Index diagnostic survey results of 1,043 participants, 7/13/2021-12/30/2022

High Productivity: Segmentation and Prioritization

Key Findings

- **Financial professional productivity is most often impeded by attempting to serve too many non-ideal clients (64%), lack of process mapping and documentation (52%), and ineffective delegation to staff (52%).[1]**
- **We have seen that implementing a segmentation strategy can help practices increase their capacity, reallocate their time to higher-value clients, and provide professional development opportunities for younger staff members on the team.**
- **Nearly half (48%) of Practice Innovation Index respondents have implemented a customized client service model based on platinum, gold, and silver segmentation. However, 27% of respondents have a generic service model that treats all clients relatively the same.[2]**

[1] Sources: *The Cerulli Report—U.S. Advisor Metrics 2021*, Cerulli Associates, in partnership with the Investments & Wealth Institute and the Financial Planning Association® (FPA®)

[2] Source: Practice Innovation Index diagnostic survey results of 1,043 participants, 7/13/2021-12/30/2022

To increase productivity, financial professionals need to, in our view, create capacity and prioritize their most valuable client relationships with a segmented approach to client service.

The financial services industry faces significant challenges coming out of the COVID-19 pandemic. As markets become increasingly challenging to navigate and client expectations evolve, we have seen that more time is needed to run a successful practice, placing greater pressure on wealth managers' bandwidth. In order to meet these heightened demands, we believe wealth managers need to think strategically about how to maintain and enhance their productivity.

According to Cerulli's survey of practice management professionals, the most prevalent productivity challenges center around serving too many non-ideal clients, ineffective process mapping, delegation, use of technology tools, and difficulty scaling services across client segments. To overcome these productivity hurdles and continue to grow their practices, we believe wealth managers need to evaluate how to minimize strains on their capacity. We have seen that most productive practices are able to prioritize proactive relationship management for their most valued clients by stratifying client service, leveraging technology to reduce the amount of time spent on administrative tasks, and delegating to support staff more efficiently. Amid greater demand for financial guidance and evolving client preferences, financial professionals need to, in our view, design and implement a thoughtful client service model—augmented by technology—for their teams to unlock room for growth.

Particularly in the early stages of their careers, it can be difficult for wealth managers to turn away clients as capacity is not as much of a concern, and it can be easy to justify taking on new clients who may not be the perfect fit for their practices. However, as their practices grow, we have seen that it becomes imperative to narrow their focus and deploy their time and resources more selectively. In our view, financial professionals should prioritize their most valuable (*e.g.,* platinum) clients and consider turning away non-ideal clients or handing off certain responsibilities to junior staff members. Offloading client service functions for more time-consuming clients creates additional capacity for business development by freeing up wealth managers' time to focus on developing new client relationships and better serving target clientele. This potentially enables the practice to elevate the experience for their best clients and provide professional development opportunities for younger staff and support roles.

> **To take our client service to the next level, our firm has adopted an annual client appreciation day for our top platinum clients and their families, where we host a social event or private dinner with a guest speaker and give personalized gifts to each client to thank them.”**
>
> – Independent RIA

In our experience, segmenting clients and identifying which ones should receive the most proactive and high-touch support can be helpful in determining the optimal client service strategy. A client segmentation exercise typically begins by defining a target client type and identifying existing clients who fit that profile. It can be based on a range of factors, beyond just AUM or account size, and can include clients' total household net worth, revenue generated, life stage, referrals, or behavioral tendencies. Based on these factors, advisors categorize their clients into tiers (*e.g.*, platinum-gold-silver) and then align each tier with an appropriate service model. Additionally, some wealth managers create client personas (*e.g.*, business owners) for a unique subset of their client bases that may share a similar set of needs, allowing them to then tailor their approach even further.

We have seen that proper segmentation helps wealth managers deliver an optimal service level and frequency of communication for each client segment. For example, platinum tier clients may have access to a senior partner and receive invitations to exclusive quarterly events, while gold tier clients are assigned a more junior wealth manager and invited to an annual appreciation event. An effective client segmentation strategy ultimately, in our view, helps practices determine how they allocate their limited time and capacity across a growing business. It has been our experience that identifying the most appropriate client segments helps firms better customize their client service approach and recognition level to give clients a more personalized experience, which can be a key competitive differentiator.

Advisor Productivity Challenges, 2021

Summary of Challenges

01. Serving too many non-ideal clients

02. Lack of process mapping and documentation

03. Ineffective delegation to staff

04. Ability to fully use technology tools

05. Scaling services offerings across client segments

06. Inconsistent procedures across multiple advisors within the same practice

07. Limited integration of technology platforms

08. Management of operational responsibilities

09. Targeting a broad, generalist client base

10. Advisor focusing on too many opportunities

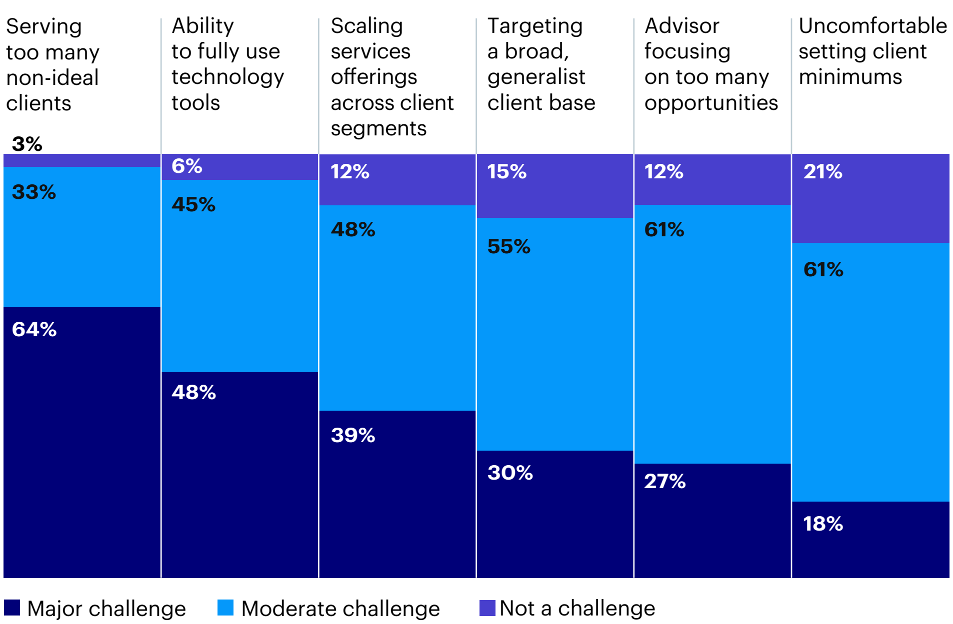
11. Outsourcing investment selection or model creation to home offices or third party

12. Uncomfortable setting client minimums

13. Management of compliance responsibilities

14. Supporting aging clients with greater service needs

Primary Challenges Breakdown

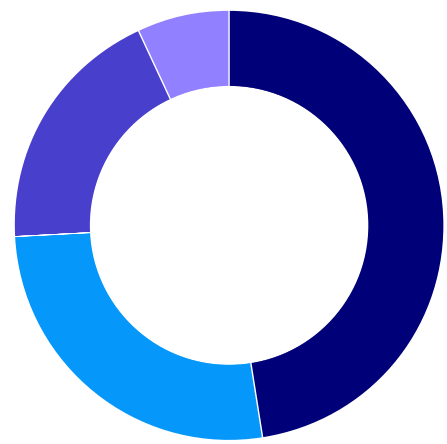


Sources: *The Cerulli Report—U.S. Advisor Metrics 2021,* Cerulli Associates, in partnership with the Investments & Wealth Institute and the Financial Planning Association® (FPA®) Association® (FPA®) | Analyst Note: Data is based on survey responses from practice management professionals.

Practice Innovation Index Data

According to results from the Practice Innovation Index, the most common ways of structuring client service include[1]:

Customized service model based on client segmentation	**48%**
Generic service model that treatsall clients the same	**27%**
Personalized service model that reflects platinum clients' unique needs	**19%**
Personalized service model that leverages a pod-based service structure	**7%**



18%

of practices managing greater than $1 billion in AUM use a personalized service model that leverages technology and a pod-based service structure.[1]

55%

of practices with a core market between $2 million and $5 million use a customized service model based on platinum, gold, and silver segmentation.[1]

[1] Source: Practice Innovation Index diagnostic survey results of 1,043 participants, 7/13/2021-12/30/2022

Section Two

Maximizing Time with Clients

Reallocating wealth managers' time to more impactful client-facing activities and redistributing the remaining responsibilities across the team helps fuel growth.

Key Findings

- **Wealth managers spend the majority (53%) of their time on client-facing activities, with client meetings accounting for 21%—the highest time allocation of any single activity.[1]**
- **On average, wealth managers spend 22% of their time on administrative tasks, including managing day-to-day operations, compliance, and other activities.[1]**
- **We have seen that wealth managers can effectively manage their time by creating structured roles, selectively offloading non-ideal clients and delegating operational tasks across their teams.**
- **Among respondents who completed the Practice Innovation Index, 37% divide their team members' roles and responsibilities so that they factor in talent and skill sets.[2]**

[1] Sources: *The Cerulli Report—U.S. Advisor Metrics 2021*, Cerulli Associates, in partnership with the Investments & Wealth Institute and the Financial Planning Association® (FPA®)

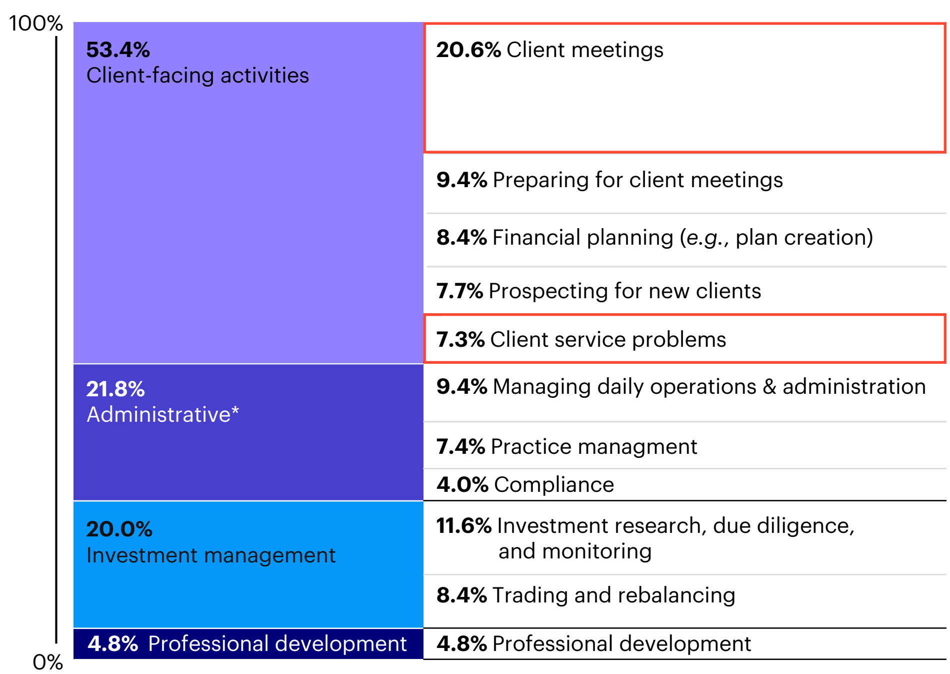
[2] Source: Practice Innovation Index diagnostic survey results of 1,043 participants, 7/13/2021-12/30/2022

A key challenge and common side effect of a growing practice is, in our experience, the tight constraints it places on wealth managers' time. To prevent overwhelming wealth managers and subsequently eroding the client experience, we believe teams must remain vigilant about safeguarding their time. To understand how financial professionals manage their time, Cerulli analyzed how much time they spend across a range of categories. Currently, on average, wealth managers report spending the majority (53%) of their time on client-facing activities and dealing with client service problems, but also spend an average of 22% on administrative activities (*e.g.*, operations, compliance, paperwork).

In a capacity-constrained environment, wealth managers need to, in our view, be thoughtful about how they allocate their time across these functions and look for ways to maximize time spent on revenue-generating activities. We have seen that financial professionals who can prioritize value-add client-facing activities and spend less time on administrative tasks are more likely to increase productivity by growing AUM.

By leveraging technology, wealth management practices can create automated workflows to streamline standard client service processes and communication procedures (*e.g.*, onboarding, account transfers, activity alerts) that reduce the administrative burden on senior team members.

Time Allocation, 2021
All Advisors



*1.1% of administrative time was reported as "Other"

Sources: *The Cerulli Report—U.S. Advisor Metrics 2021*, Cerulli Associates, in partnership with the Investments & Wealth Institute and the Financial Planning Association® (FPA®)

The most productive wealth managers within our firm are not spending their time behind the desk on administrative tasks or researching individual stocks; instead, they are spending the majority of their time on client-facing activities that add the most value, including in-person client meetings, reviewing financial plans, and helping clients understand progress towards their goals.”

– Branch Manager at Independent B/D

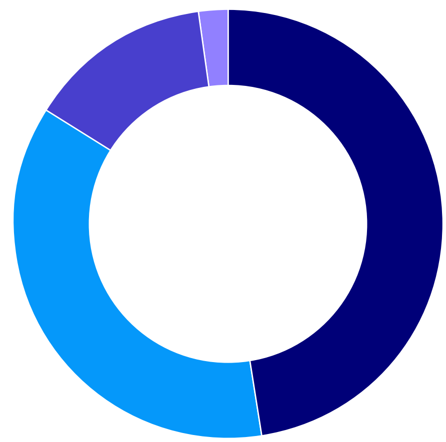
Additionally, we believe wealth managers should consider how to strategically delegate tasks to junior team members, leverage technology and selectively shed non-ideal client relationships that are no longer of value. This may allow wealth managers and other senior staff members to take greater control over their own time, provide better client service, and develop stronger client relationships. While surrendering any degree of day-to-day control—especially over longtime client accounts—can be a difficult hurdle to overcome, it is, in our view, a crucial element to the sustainable growth of a practice.

Senior team members in practices with $500 million or more in AUM and those that serve a core market above $5 million spend the least amount of time on administrative activities because they are the most likely to be adequately staffed with specialists and administrative roles with defined responsibilities. Moving upmarket is one of several potentially effective ways to increase productivity, but it requires significant expertise and infrastructure to service HNW investors’ more complex problems and investment needs.

Practice Innovation Index Data

According to Practice Innovation Index respondents, team members’ roles and responsibilities within their practice are[1]:

Well-defined and accretive	**47%**
Factor in talent and skill sets	**37%**
Not well-defined	**14%**
Firewalled to foster execution	**2%**



47%

of practices managing greater than $1 billion in AUM divide their team members’ roles and responsibilities so that they factor in talent and skill sets.[1]

40%

of practices with a core market between $2 million and $5 million structure their team members’ role and responsibilities to be well-defined and accretive.[1]

[1] Source: Practice Innovation Index diagnostic survey results of 1,043 participants, 7/13/2021-12/30/2022

Section Three

Optimizing Coverage Ratios

Staying disciplined in the number of clients served potentially enriches client experiences, business efficiencies, and opportunities for growth.

Key Findings

Across all practices in the industry, on average, senior financial professionals manage 161 client relationships.[1]

Practice Innovation Index respondents report that, on average, there are three wealth managers in a practice, supported by an additional three specialists and administrative staff.[2]

According to results from the Practice Innovation Index, practices that work with UHNW clientele (with an average client size of $10 million or more in this case) do not typically exceed 50 clients per wealth manager.[2]

Given that client-facing activities typically consume the majority of practices' time, it is our view that maintaining a manageable number of client relationships per financial professional ensures that teams stay focused on their target markets. We believe client-to-financial professional ratios do—and should—fluctuate based on key attributes, including core market focus, staffing, specific niches, and service models.

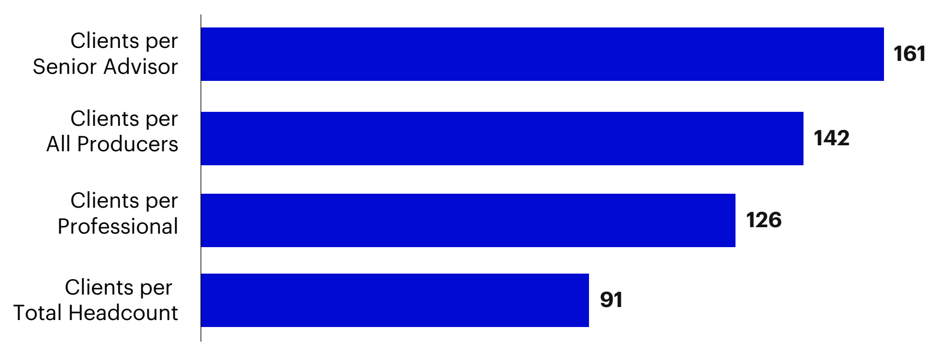
Across the entire industry, on average, practices serve 161 clients per senior financial professional. Wirehouse and independent RIA practices that service UHNW families often limit this ratio closer to 50:1. Low rates are also observed among smaller teams and solo practitioners that are not at scale to serve more investors, without compromising service quality or straining employee bandwidth. Client segmentation, streamlined digital workflows, and a team-based approach to relationship management can, in our view, help financial professionals achieve lower client coverage ratios.

Understandably, HNW- and UHNW-oriented practices are most likely, as we have seen, to have well-defined client segmentations and lower client-to-professional ratios due to the complex needs and resource demands of their client base. They are among the most likely to be adequately staffed with dedicated specialists and junior producing professionals. High AUM doesn't always equate to working upmarket, but 40% of teams with AUM greater than $500 million (*i.e.*, mega-teams) focus on clients with investable assets above $5 million. Compared to the industry average of 14%, over one half of these mega-teams have a minimum staff size of 10, including an average of three senior and one producing junior financial professionals, and a dedicated financial planner.

In our experience, specialists with clear responsibilities enable a business model that distributes client needs across several members of the team. This doesn't necessarily mean that the practice will take on more clients. Instead, it is our view that the team structure empowers deeper relationships among a limited number of families, which enhances each client experience. We have seen that selective but effective use of technology (*e.g.*, CRM, account aggregation, planning software) also helps increase productivity and walletshare.

Client Coverage Ratios, 2021

Average Number of Clients



Sources: *The Cerulli Report—U.S. Advisor Metrics 2021,* Cerulli Associates, in partnership with the Investments & Wealth Institute and the Financial Planning Association® (FPA®) | Analyst Note: Clients per senior advisor also includes principals/owners. Clients per producer then includes producing junior advisors. Clients per professional includes all producers plus service/support advisors, financial planning specialists/paraplanners, investment personnel, and other professionals. Total headcount includes all staff.

[1] Sources: *The Cerulli Report—U.S. Advisor Metrics 2021*, Cerulli Associates, in partnership with the Investments & Wealth Institute and the Financial Planning Association® (FPA®)

[2] Source: Practice Innovation Index diagnostic survey results of 1,043 participants, 7/13/2021-12/30/2022

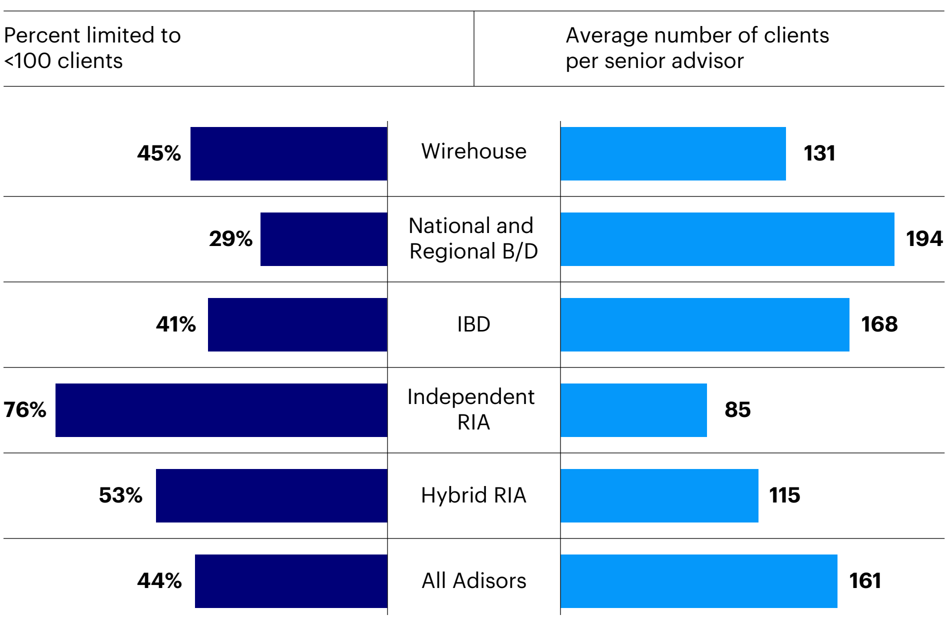
While client-to-professional ratios are always relative, all practices should, in our view, be mindful not to diminish client outcomes or exceed staff capacity. To strike this balance, teams can establish formal client segmentations that factor in the complexities and needs of individual clients. During this process, smaller or less profitable accounts can be let go or referred out.

For practices staffed with junior financial professionals, clients straddling the line or those in lower tiers can be reassigned. Although some teams fear that clients will view it as a demotion, these reassignments potentially benefit everyone involved and may actually reduce attrition when framed appropriately. Next-generation talent receives hands-on opportunities for professional development, while clients may receive attention, services, and even fee structures better suited for their needs. We have seen that when this process is executed correctly, all staff members should now have had the time to deploy their expertise and energy accordingly. In turn, profit margins, retention rates, and referrals improved—in parallel with increased productivity and growth opportunities, internally.

During discussions with staff members and firm leaders, Cerulli noted that most practices that limit the number of client relationships they serve generally have one thing in common: they are able to focus on clients who they enjoy working with most. Not only does this enrich profitability, but it also keeps productivity, team morale, and client touchpoints strong—all of which potentially drives growth.

> **"As the business grew, ending relationships made sense, but it felt unnatural. So, we reassigned a dozen smaller accounts to two young talented teammates. Then, we instituted a minimum fee across all accounts [in dollars], which we knew our five smallest accounts just couldn't justify. They ended up firing us, which was the best outcome for everyone involved."**
>
> – RIA managing $1.4 billion

Senior Advisors' Client Coverage Ratios, 2021



Sources: *The Cerulli Report—U.S. Advisor Metrics 2021,* Cerulli Associates, in partnership with the Investments & Wealth Institute and the Financial Planning Association® (FPA®) | Analyst Note: Clients per senior includes principals/owners and senior advisors.

Practice Innovation Index Data

According to results from the Practice Innovation Index regarding staffing and client-to-financial professional ratios[1]:

3:3

On average, there are three wealth managers in a practice, supported by an additional three specialists and administrative staff.[1]

$1 Billion+ Practices

on average have 13 staff members, including seven wealth managers and six specialists and administrative roles.[1]

33%

of Practice Innovation Index participants reported an average of 100 to 200 clients per wealth manager on the team, although another 33% reported averages greater than 200 clients.[1]

54%

of practices focused on clients with greater than $10 million in assets report less than 50 clients per wealth manager.[1]

[1] Source: Practice Innovation Index diagnostic survey results of 1,043 participants, 7/13/2021-12/30/2022

Section Four

Client Touchpoints: Balancing Quality With Quantity

Developing and implementing a proactive client engagement strategy can be, in our experience, a powerful tool to strengthen relationships and increase practices' capacity and quality of client service.

Key Findings

- **In our experience, structured communication policies (*e.g.*, pod-based) allow senior staff to prioritize platinum clients while ensuring that all clients, regardless of segment, receive a predictable and consistent cadence of impactful touchpoints.**
- **Practices should, in our view, aim for at least two in-person client meetings per year, given that we have seen that most clients will opt for a mix of digital and live meetings going forward.**
- **One-third of Practice Innovation Index respondents meet 8 to 10 times per year with their platinum clients on average; these contacts are scheduled and delivered by multiple team members.[1]**
- **We believe wealth managers will likely need to reconsider how to structure and increase the effectiveness of in-person client meetings due to increased comfort with digital engagement models, post-pandemic.**

Developing a structured client engagement strategy can be a powerful tool to strengthen relationships and the quality of client service. We have seen that effective communication can be the difference between a client leaving a practice and providing a referral to a friend or family member. For example, proactively calling clients or sending email updates explaining recent economic events may help clients feel confident that their assets are being effectively managed. We believe teams should leverage technology to stay connected and communicate with clients through both traditional and digital channels.

On average, practices email their ideal clients (*i.e.*, tier 1 or platinum clients) 19 times a year, which remains the most common method of communication. More than two-thirds of practices send client emails either weekly (24%) or monthly (46%), which often include necessary service-related updates, reminders, and notices of problem resolution.

Similar to how emails have reduced outbound phone calls for standard updates and reminders, social media may reduce the volume of non-individualized emails. Social media use is, by far, the most bifurcated method of communication. In 2021, nearly half (42%) of teams posted weekly or monthly, while 44% did not use it at all. For some practices, compliance or regulation restrictions are just not worth the perceived hassle. Also, unless posts are unique, it is difficult to stand out among thousands of posts in the feeds of moderate-to-heavy social media users.

> **"To date, we haven't dared to post anything beyond prepackaged market commentary provided by our firm. It's helpful, but it can feel generic and flat without context. That said, it certainly cuts down on emails, which no one complains about, plus the design of the posts is slicker than emails."**
>
> – Wirehouse Practice managing $740 million

While alternative communication mediums have universally slowed the reliance on phone calls, it will likely remain a key touchpoint for financial professionals. Nearly three-quarters (71%) of practices report talking to their clients over the phone no less than on a quarterly basis, with another 15% aiming for a semi-annual frequency. We believe it's also important to consider how, post-pandemic, the lines have blurred between phone calls and virtual meetings. Not all situations require a call from a senior team member. We have seen that a client segmentation strategy, supported by a structured communication model

[1] Source: Practice Innovation Index diagnostic survey results of 1,043 participants, 7/13/2021-12/30/2022

Most Common Annual Touchpoints, 2021

*Most common frequency (%)

Touchpoint	Average contacts per year	Most common frequency
Email	19	46% *send monthly
Social Media	14	44% *do not use
Outgoing Phone Calls	11	39% *call quarterly
Remote Review Meetings	5	33% *remotely meet quarterly
In-Person Meetings	4	35% *meet semi-annually

Sources: *The Cerulli Report—U.S. Advisor Metrics 2021*, Cerulli Associates, in partnership with the Investments & Wealth Institute and the Financial Planning Association® (FPA®)
Analyst Note: Responses include all advisors across all intermediary channels and segments. Respondents were asked how often they contact an ideal client each year via the following touchpoints.

(e.g., pod-based), may allow senior team members to prioritize platinum clients while ensuring that all clients, regardless of segment, receive a predictable and consistent cadence of impactful touchpoints.

Practices appear to agree that there is no replacement for in-person meetings with high-value clients and families. Teams across the industry report an average of four in-person and five remote meetings a year among all ideal clients, although a growing number are meeting in-person just once (33%) or twice (30%) a year. One-third of Practice Innovation Index respondents reported meeting an average of eight to 10 times per year, virtually or in-person, with their platinum clients. Going forward, we believe wealth managers will likely need to reconsider how to increase the personalization of in-person client meetings. Adjustments made throughout the pandemic will likely not disappear; clients still value face-to-face meetings, but hybrid engagements will persist as clients continue to opt for digital meetings as well.

Naturally, many clients will continue to value in-person investment, liability, and performance reviews. Others will likely remain comfortable receiving those updates in a digital format and prefer that in-person meetings focus on more sensitive and personal events such as monitoring financial plans, business transition services, learning about new capabilities, and wealth transfer planning. We have seen that practices working upmarket often conduct team-based meetings, including specialists and other centers of influence.

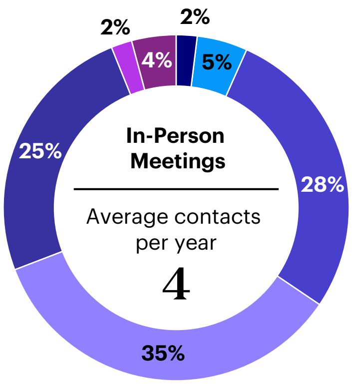
In our experience, if clients are open to the concept, family meetings can be an effective way to build relationships with clients' beneficiaries, which is critical as wealth transfers from the Baby Boomer and older generations continue to unfold. Wealth managers often can't wait until an estate is being settled. Including more members in meetings now not only potentially enables teams to better serve families by accounting for needs and aspirations across multiple generations, but it also helps prevent client attrition when the primary wealth holder passes away. Many teams have focused on adding younger professionals to help in these processes because they may be well-positioned to engage next-generation clients.

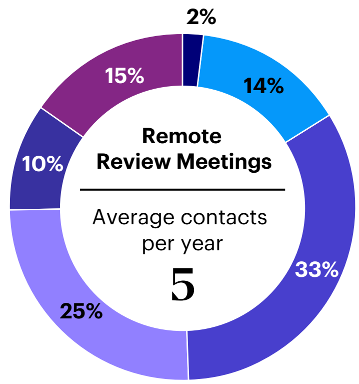
We believe all of these elements further highlight the advantages of client segmentation. Not only will a sound segmentation strategy likely streamline the actual mode of communicating across a large number of individual families, but it may also help determine the frequency and depth of different client communications and events. Moreover, it potentially creates opportunities to set internal expectations. Senior team members can focus on less frequent, more in-depth and personalized touchpoints, while junior members handle standard, repeatable updates and reminders.

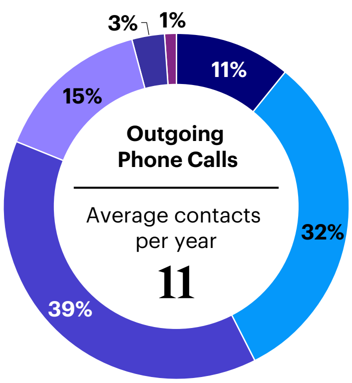
> **Just recently, a client didn't show to a meeting in our office that was prepped with lunch. Ten minutes after our scheduled meeting time, we noticed an email asking for their Zoom link. While we hope that digital meetings don't replace all [in-person] meetings, we get it; it's the reality we live in now, and there are advantages. Now, it's us that needs to adapt—not our clients."**
>
> – IBD Practice managing $550 million

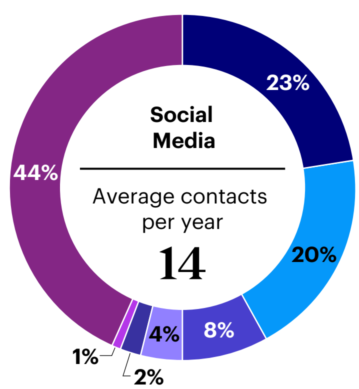
Frequency of Client Touchpoints, 2021

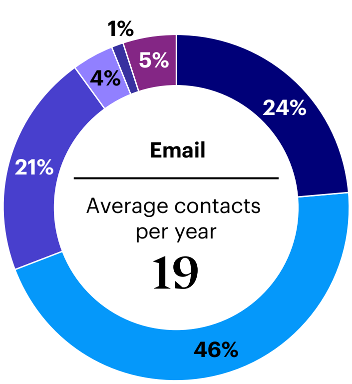
Weekly	Annually
Monthly	Every other year
Quarterly	Don't use
Semi-annually	

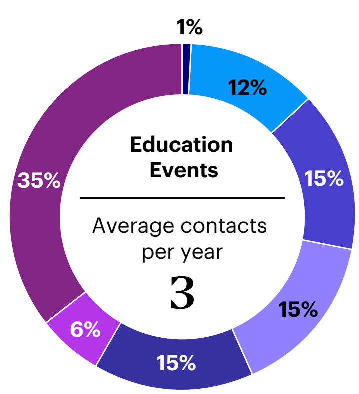










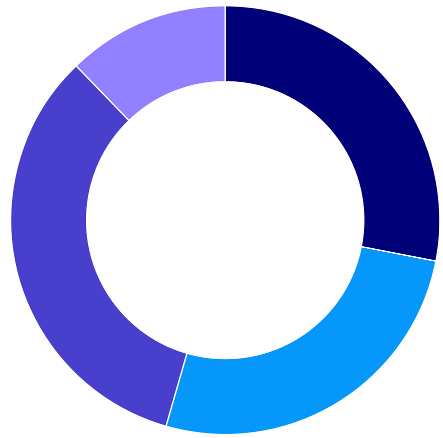


Sources: *The Cerulli Report—U.S. Advisor Metrics 2021,* Cerulli Associates, in partnership with the Investments & Wealth Institute and the Financial Planning Association® (FPA®) | Analyst Note: Respondents were asked how often they contact an ideal client each year via the following touchpoints.

Practice Innovation Index Data

According to results from the Practice Innovation Index, participating practices meet with their platinum clients in-person or virtually[1]:

Up to 4 times per year	28%
Between 5 and 7 times per year	26%
Between 8 and 10 times per year	33%
More than 11 times per year	12%



32%

of practices managing greater than $1 billion in AUM use a pod-based approach to meet with clients at least 11 times per year.[1]

57%

of practices focused on affluent clients (between $2 million and $5 million) meet more than eight times per year.[1]

[1] Source: Practice Innovation Index diagnostic survey results of 1,043 participants, 7/13/2021-12/30/2022

Invesco

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.

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- **Choose the right words** with resources designed to deepen trust and client scripts backed by studies on effective language.
- **Build client confidence** with resources to help clients adopt sound investing principles and stick with their plans.
- **Share market insights** on the latest trends and policies impacting global markets.

Enhance your business

- **Benchmark your practice** with our first-of-its-kind[1] diagnostic - the Practice Innovation Index - powered by Invesco and Cerulli Associates.
- **Create a reliable new business pipeline** with research-based processes to help you drive referrals and cultivate new business.
- **Drive efficiency in your practice** with leading resources designed to create capacity, motivate your team, and develop a succession strategy.

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- **Strengthen your investment process** with tools and expertise to help you craft portfolios that sync your clients wealth plan and purpose.
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- **Draw from a range of potential solutions**, including 1000+ investment strategies across asset classes and vehicles.

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1 800 370 1519

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1 800 421 4023

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It is important to remember that any outside business activity including referral networks be conducted in accordance with your firm's policies and procedures. Should you have any questions on these programs, please consult your branch manager and/or compliance representative for additional information.

It is important to remember that social media activities must be conducted in accordance with your firm's policies and procedures. Before proceeding, please consult your branch manager and/or compliance representative for additional information.

Holistic wealth is a concept that elevates and emphasizes the importance of collecting experiences (as opposed to just money), engaging in meaningful work, and having more control over your daily life. Holistic wealth also includes developing financial savvy and independence, leading a life of purpose, and establishing a spiritual practice.

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Cerulli Associates defines high-net-worth (HNW) as $5 million or greater in investable assets and ultra-high-net-worth (UHNW) as $20 million or greater in investable assets.

Cerulli Associates utilizes the term "advisor(s)" instead of "financial professional(s)."

All data created by Invesco Global Consulting unless otherwise noted.

Note: Not all products, materials or services available at all firms. Financial professionals should contact their home offices.

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