

# NEWS

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## **FSI Benchmarking Survey Shows Member Firms Sustaining Success while Riding Waves in Headwinds**

WASHINGTON, D.C. [September 2, 2015] – Results of the FSI 2015 Financial Performance Benchmarking Survey conducted by the Financial Services Institute (FSI) in partnership with independent consulting firm Strategy & Resources LLC, indicate that independent financial advisory firms are achieving sustainable growth through innovation and effective execution.

“We have identified several trends that are of particular interest,” said FSI President and CEO Dale Brown, CAE. “Member firms are supporting hybrid business models as the default choice in terms of advisor affiliation models. We also see considerable support for advisor-owned RIAs and the creation of product or platforms delivered through the member firm. Additionally, member firms report a material decline in client complaints. Finally, we see an expansion of practice management in support of advisor succession needs.”

### **PROFITABLE BUSINESSES**

Data from this year’s survey indicate member firms continue to find ways to maintain profitable businesses despite multiple distractions. These distractions – emerging competitive threats, regulatory activism, margin compression, and changing consumer and advisor preferences – served as a catalyst, which rewarded innovation and effective execution among FSI member firms.

CEOs of participating FSI member firms were asked their views on a variety of industry trends, including M&A Activity, investing and consumer trends, regulatory activism, and support of team-based practice models.

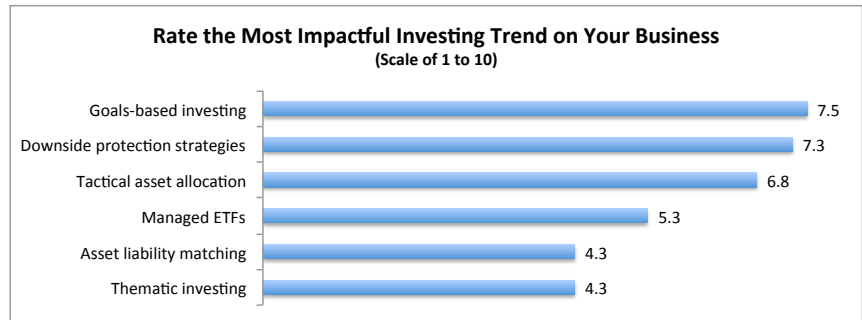
### **SURVEY HIGHLIGHTS**

In terms of the outlook for the value of financial services firms, optimism continues as 57 percent of respondents believe the upward trend in firm valuations and M&A activity will continue, although perhaps at a somewhat muted pace.

Goals-based investing and downside protection strategies rank among the top two most important trends (Fig. 1). Goals-based investing is an investment methodology where advisors and their clients measure their progress towards the specific life goals such as saving for children’s education or building a retirement nest-egg, rather than focusing on generating the highest possible portfolio return or beating the market.

**Figure 1**

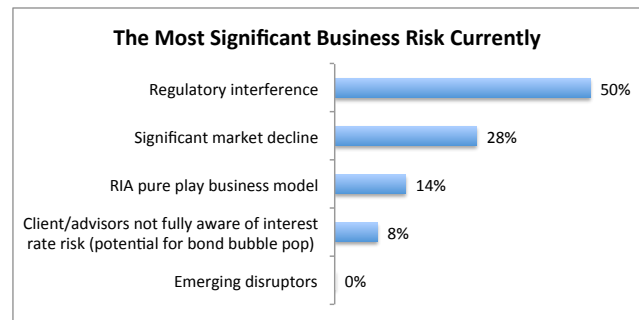
A number of firms have developed client-facing tools for advisors to use, focused on communicating the clients’ progress toward their personal financial objectives in place of, or in addition to, the traditional performance benchmarks (Figure 1).



“We see significant interest in downside protection strategies among advisors, particularly for those serving the emerging affluent client segment,” said Matt Lynch, Managing Partner of Strategy & Resources LLC. “More broadly, we observe increased interest in liquid alternatives coming down market where advisors working with mass affluent and middle market clients are seeking solutions for this asset class.”

**Figure 2**

In terms of the most significant business risk, there is overwhelming agreement that potential regulatory actions rank among the top concerns by nearly a 2:1 margin (Figure 2).



**FSI MISSION**

Formed in January 2004, the Financial Services Institute’s mission is to create a healthier regulatory environment for independent financial services firms and their affiliated independent financial advisors through aggressive and effective advocacy, education, and public awareness. FSI sponsors two annual benchmarking studies, FSI Financial Performance and FSI Compensation. Conducted by industry veteran Matt Lynch and his team at Strategy & Resources LLC, these benchmarking studies serve as an integral part of the FSI’s commitment to the success of its independent financial services firm members.

FSI member firms utilize this annual benchmarking survey to:

1. Diagnose the financial performance of their firm relative to their peers
2. Evaluate the competitive strength of their affiliation model
3. Identify and interpret industry trends
4. Compare staff compensation against benchmarks

## **ABOUT THE FINANCIAL SERVICES INSTITUTE**

The Financial Services Institute (FSI) is the only organization advocating solely on behalf of independent financial advisors and independent financial services firms. Since 2004, through advocacy, education and public awareness, FSI has successfully promoted a more responsible regulatory environment for more than 100 independent financial services firm members and their 160,000+ affiliated financial advisors – which comprise over 60% of all producing registered representatives. FSI effects change through involvement in FINRA governance as well as constructive engagement in the regulatory and legislative processes, working to create a healthier regulatory environment for its members so they can provide affordable, objective advice to hard-working Main Street Americans. For more information, please visit [www.financialservices.org](http://www.financialservices.org).

## **ABOUT STRATEGY & RESOURCES LLC**

Strategy & Resources LLC is an independent financial services consulting firm. Managing Partner Matt Lynch and his resource partners work with financial services companies, focusing on corporate-level strategy, resource optimization and change management. Additional services include board retreats, succession planning, M&A strategies and post-merger integration plans, and benchmarking studies. For more information, please visit [www.strategyandresources.com](http://www.strategyandresources.com).

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