

## **European financial advisers remain optimistic amidst geopolitical concerns, inflation, and volatility, finds Natixis Investment Managers survey**

- *Financial professionals in Europe and the UK believe they will grow their business at an annualized rate of 10% over the next three years despite market conditions.*
- *Results indicate a majority of those surveyed want to shift the focus of their business from portfolio management to financial planning to strengthen long-term relationships.*

**London, 28 June 2022** – Despite a double-digit correction in stocks and bonds and near double-digit inflation in the first half of 2022, financial professionals across the globe believe they will see their businesses grow over the next year, with 5% growth expected by European and UK financial advisers, according to Natixis Investment Managers' 2022 Financial Professionals survey.

Natixis IM surveyed 1050 financial professionals in Europe and the UK\* including wealth managers, registered investment advisors, financial planners and independent broker dealers. The findings show that many will have an uphill battle to reach their growth ambitions as they adapt investment strategies at the same time as managing ambitious client expectations.

### **Navigating a volatile market environment**

Geopolitics, inflation and volatility are the top three market risks for European and UK financial professionals. Notably, concerns over geopolitical risk strike closest to home, running highest among financial professionals in Europe (78%) and the UK (72%), compared to a global average of 57%.

The war in Ukraine has had a significant impact on inflation, at a time when the global economy was in post-pandemic recovery and energy demand was high. Over two-thirds of financial professionals in Europe (64%) and the UK (68%) see it as a top portfolio risk.

Meanwhile, the volatility experienced in the first half of the year – one of the longest bouts since the financial crisis – represents more uncertainty for financial professionals. Over a third (31%) in Europe see it as a key risk but that number rises to almost half (48%) in the UK.

However, few think the market slide will continue through year-end. On average, financial professionals in Europe project most major indexes will post modest gains by the end of December including: 4.1% (2.2% in the UK) for the S&P 500, while UK professionals anticipate 4.7% gains for the FTSE 100.

**Darren Pilbeam, Head of UK Sales Natixis IM, said,** “Geopolitical turmoil and market volatility have resulted in a perfect storm hitting stock markets and investment portfolios. To grow their businesses, financial professionals will have to adapt. In the short-term they’ll need to reset investment strategies for turbulent markets and emotional clients. In the long-term they’ll need to re-evaluate their market assumptions and determine how much the world has really changed if they are to hit their growth expectations.”

In this volatile environment, and with stock and bond performance correlated and values depressed, alternatives are on the rise. More than three fifths of those surveyed (68% in Europe and 64% in the UK) say the current market conditions make alternative investments, such as infrastructure, private assets and commodities, more attractive. Of all asset classes, financial professionals are most likely to see commodities as increasingly appealing in an inflationary environment (73% of financial professionals in Europe and 61% in the UK).

### Optimistic outlook on the rest of 2022

Despite the current environment, financial advisers believe they can grow their businesses over the next three years, with 10% annualized growth expected by European and UK respondents. With market performance challenging, advisers will need to focus on securing new clients and assets, and optimistically, those surveyed in Europe anticipate adding 25 new clients to their book of business per year, while financial professionals in the UK have a more modest expectation of 16.

To do this, more than half of financial professionals are segmenting their prospects by age in pursuit of new clients and new assets. Overall, 84% of European financial professionals (93% in the UK) are targeting individuals between the age of 50 and 60 while another 54% (86% in the UK) are focused on those between the ages of 60 and 65.

Referrals from clients have been imperative as a way of growing business for financial professionals with 77% in Europe and 91% in the UK surveyed mentioning this. Another 50% in Europe (41% in the UK) believe success will depend on their ability to build relationships with next generation heirs.

Advisers are also focused on improving access to technology (44% in Europe; 38% in the UK) with client-facing apps and customer relationship management tools, as a critical step to ensuring success. Here, the biggest barrier to entry is simply the cost of implementation, according to 47% of advisers in Europe (45% in the UK).

### Delivering value for clients

In the knowledge that market conditions are unlikely to provide the tailwinds that have driven performance over much of the past decade, financial professionals will need to adapt portfolio and business strategies to hit growth expectations. Half of professionals (48% in Europe and 50% in the UK) say in this new environment, success will come down to demonstrating how they deliver value for clients beyond portfolio construction. For this, financial professionals are looking to the following:

- **Model portfolios:** More than eight out of ten (85% in Europe and 82% in the UK) surveyed say they are now using model portfolios in their practice and four-fifths say their clients value them for their financial planning services.
- **Tax Management:** 69% of financial professionals in Europe (76% in the UK), say investors fail to incorporate tax considerations into their investment decisions. Nearly three quarters (73%) of European financial professionals report that minimizing taxes is one of the ways they are looking to demonstrate value to clients, which increases to 91% in the UK.
- **Estate planning:** In the wake of the Covid-19 pandemic, clients are assessing their lives and finances. 59% of advisers in Europe (77% in the UK) say clients are asking "What happens if I die? Have I done enough to provide for my family?"

**James Beaumont, Head of Multi Asset Solutions, Natixis IM said,** *"Financial professionals are adapting their businesses to focus on more than just asset allocation, instead focusing more widely on demonstrating value. On top of this, financial professionals are having to manage anxious clients and temper expectations to avoid emotional selling decisions. They must work hard to keep clients grounded and focused on things that they can control, such as their expectations."*

The full report is available for download at <https://www.im.natixis.com/uk/research/2022-financial-professionals-report>.

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### Notes to Editors

\*750 respondents based in Europe and 300 based in the UK



Natixis Investment Managers 2022 Global Financial Professionals Survey was conducted by CoreData Research between in March and April 2022. Survey included 2,700 financial professionals, including wirehouse advisors, registered investment advisors and independent brokers and dealers, with \$11 trillion in client assets, in 16 countries spanning North America, Europe, the UK, Asia, and Latin America. In the UK, CoreData surveyed 300 financial professionals with a total of \$330 billion in assets and an average of 23 years' industry experience.

#### **About the Natixis Investment Institute**

The [Natixis Investment Institute](#) applies Active Thinking® to critical issues shaping the investment landscape. A global effort, the Institute combines expertise in the areas of investor sentiment, macroeconomics, and portfolio construction within Natixis Investment Managers, along with the unique perspectives of our affiliated investment managers and experts outside the greater Natixis organization. Our goal is to fuel a more substantive discussion of issues with a 360° view of markets and insightful analysis of investment trends.

#### **About Natixis Investment Managers**

Natixis Investment Managers' multi-affiliate approach connects clients to the independent thinking and focused expertise of more than 20 active managers. Ranked among the world's largest asset managers<sup>1</sup> with more than \$1.3 trillion assets under management<sup>2</sup> (€1.2 trillion), Natixis Investment Managers delivers a diverse range of solutions across asset classes, styles, and vehicles, including innovative environmental, social, and governance (ESG) strategies and products dedicated to advancing sustainable finance. The firm partners with clients in order to understand their unique needs and provide insights and investment solutions tailored to their long-term goals.

Headquartered in Paris and Boston, Natixis Investment Managers is part of the Global Financial Services division of Groupe BPCE, the second-largest banking group in France through the Banque Populaire and Caisse d'Épargne retail networks. Natixis Investment Managers' affiliated investment management firms include AEW; AlphaSimplex Group; DNCA Investments;<sup>3</sup> Dorval Asset Management; Flexstone Partners; Gateway Investment Advisers; Harris Associates; Investors Mutual Limited; Loomis, Sayles & Company; Mirova; MV Credit; Naxicap Partners; Ossiam; Ostrum Asset Management; Seeyond; Seventure Partners; Thematics Asset Management; Vauban Infrastructure Partners; Vaughan Nelson Investment Management; and WCM Investment Management. Additionally, investment solutions are offered through Natixis Investment Managers Solutions and Natixis Advisors, LLC. **Not all offerings are available in all jurisdictions.** For additional information, please visit Natixis Investment Managers' website at [im.natixis.com](https://im.natixis.com) | LinkedIn: [linkedin.com/company/natixis-investment-managers](https://linkedin.com/company/natixis-investment-managers).

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<sup>1</sup> Cerulli Quantitative Update: Global Markets 2021 ranked Natixis Investment Managers as the 15th largest asset manager in the world based on assets under management as of December 31, 2020.

<sup>2</sup> Assets under management ("AUM") of current affiliated entities measured as of March 31, 2022 are \$1,320.6 billion (€1,187.6 billion). AUM, as reported, may include notional assets, assets serviced, gross assets, assets of minority-owned affiliated entities and other types of non-regulatory AUM managed or serviced by firms affiliated with Natixis Investment Managers.

<sup>3</sup> A brand of DNCA Finance.