

THE REAL VALUE OF ADVICE: UNDERSTANDING WHAT MATTERS MOST TO INVESTORS

By PPS Investments

Financial advisers play a vital role in guiding investors towards their financial aspirations. To excel in this role, a deep understanding of what truly matters to investors is crucial. A research report by Morningstar, “Understanding What Investors Value in a Financial Advisor,” provides valuable insights that can empower advisers to build stronger client relationships and deliver exceptional value.

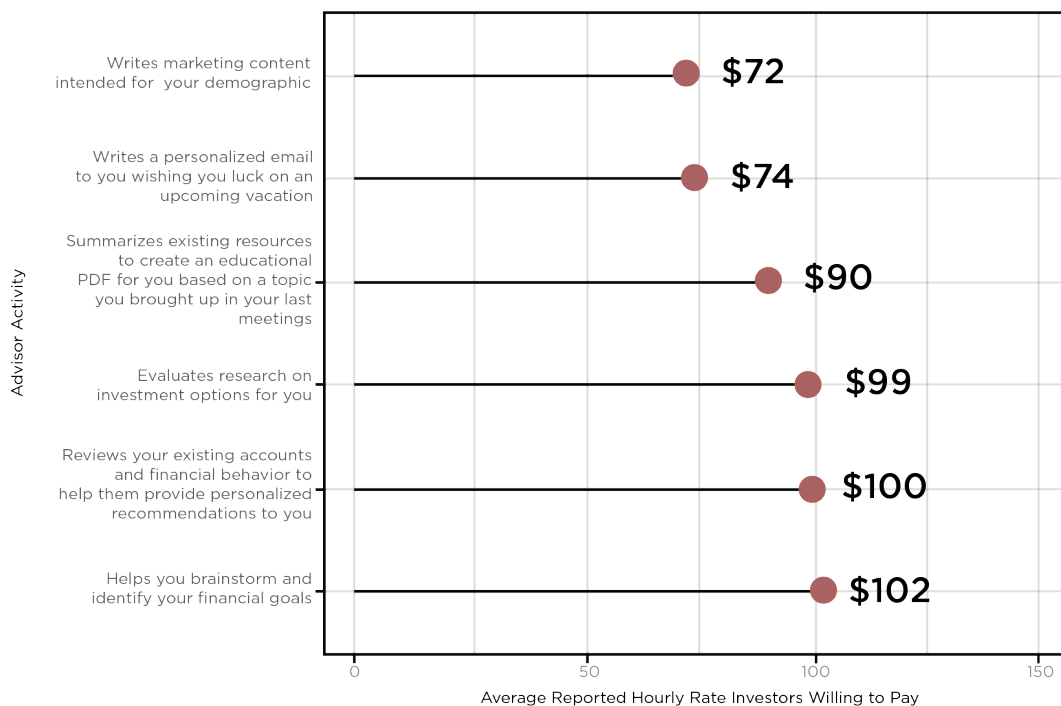
The study highlights that while investors appreciate expertise and investment returns, their core priority is achieving their financial goals. They highly value advisers who assist them in defining and strategising for these goals. This underscores the importance of probing beneath the surface to uncover clients’ true motivations and aspirations.

As the research suggests, advisers can move beyond standard inquiries by asking deeper, more personal questions. Understanding a client’s life vision, family dynamics, and long-term ambitions provides a richer context for financial planning. For instance, instead of simply asking about retirement age, explore what that retirement lifestyle truly looks like for the client. What are their passions? What legacy do they want to leave? This deeper understanding enables advisers to offer more tailored and meaningful advice, fostering stronger client loyalty.

The research emphasises that the quality of the adviser-client relationship is paramount. This involves ongoing, in-depth conversations to adapt to evolving client needs and goals. Encourage regular check-ins that go beyond portfolio performance reviews. Use these opportunities to discuss life changes, shifts in priorities, and any new concerns your clients may have. By consistently engaging at a deeper level, advisers can ensure their guidance remains relevant and impactful in their clients’ lives.

The findings point to several key areas that investors value: reliable advice, goal-based planning, behavioural coaching, and personalised support. Notably, one study found that investors reported the highest willingness to pay for an adviser who helps them brainstorm and identify their financial goals. This clearly indicates the value clients place on this foundational aspect of financial planning.

AVERAGE HOURLY RATE PER TASK



Source: Morningstar Behavioural Research (2024).

Ultimately, for financial advisers in South Africa, truly understanding what investors value is about building trust and providing personalised support that extends beyond mere investment performance. By embracing these insights, advisers can strengthen their client relationships and reinforce their role as indispensable partners in their clients' financial journeys.

At PPS Investments, we understand that achieving desired investment outcomes is fundamental for professionals to realise their life goals. Leveraging our deep understanding of professionals, backed by data insights into their unique investment outcome requirements, PPS Investments crafts hyper-personalised solutions. This enables financial

advisers to confidently partner with us, knowing that the investment solutions are aligned with the specific needs of the professionals they serve. Consequently, advisers can dedicate more of their time and expertise to the aspects their clients value most, such as in-depth financial planning and acting as a behavioural coach to keep clients focused on their long-term objectives. By partnering with PPS Investments, financial advisers can further strengthen their client relationships and demonstrate their value as comprehensive financial partners.

Reference:

Morningstar Behavioral Research. (2024). *Understanding What Investors Value in a Financial Advisor*.

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