Becoming Your Client's Financial MD: A New Advisory Mindset

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Key Takeaways

- Clients value personalized guidance—not just portfolio management.
- Advisors should prioritize their clients' emotional and life-changing needs, rather than spending excessive time on commoditized tasks such as investment selection.
- Outsourcing portfolio management to third-party model portfolios isn't a weakness—it's a way to enhance efficiency and focus on what matters most.

This blog post is the first of a three-part series on WisdomTree's white paper "Becoming Your Client's Financial MD."

In today's rapidly evolving financial landscape, advisors are expected to be more than just portfolio managers. Clients don't just want investment recommendations—they seek a trusted partner who understands their financial needs, offers strategic guidance and provides peace of mind during turbulent times.

The best financial advisors act as Financial MDs—similar to primary care physicians who oversee a patient's health, seeking to ensure they receive the right expertise, treatments and support. This three-part blog series, inspired by my latest white paper, "Becoming Your Client's Financial MD," explores how advisors can adopt this mindset, harness third-party expertise and elevate their practice.

Why Advisors Need to Think Like Financial MDs

Consider a patient undergoing LASIK surgery. With a 96% satisfaction rate, the procedure is highly effective, yet the experience can still feel daunting.1 Patients remain awake throughout, relying on the reassurance of the doctor and medical team to guide them through the process.

The same applies to financial advisors. Even with advanced portfolio analytics and research-driven strategies, clients often feel uncertain about their financial future. They don't just need investment solutions—I believe that they need clear guidance, expertise and a steady hand to navigate financial decisions with confidence.

The question isn't whether advisors should outsource investment management, but rather: What responsibilities do clients expect their advisor to own, and which do they prefer to be handled by experts?

The Three Levels of Client Needs

Much like patients, financial clients have different levels of needs. WisdomTree's proprietary research categorizes client needs into three levels:2

1. Functional Needs: These are the baseline expectations—portfolio management, trading, rebalancing tax efficiency. While essential, these services have become increasingly commoditized through technology and third-party model portfolios.

2. Emotional Needs: Clients want stability and reassurance, particularly during market volatility. They value having an advisors who can provide clarity and confidence in uncertain times.

3. Life-Changing Needs: This is where advisors make their deepest impact—helping clients achieve long-term financial goals, navigate major life transitions and plan for future generations.

By outsourcing functional tasks, such as investment management, to third-party model providers, advisors can free up time to focus on their clients' emotional and life-changing needs—the areas that truly differentiate their practice.

The Shift in Client Expectations

A common concern among advisors is whether outsourcing diminishes their value. In reality, the opposite is true. According to our research:3

• 90% of investors welcome third-party model portfolios in their portfolios.

•70% of investors believe third-party model portfolios will help improve their portfolio performance.

• 68% of investors believe an advisor would be applying a more sophisticated approach to their asset allocation that is backed by extensive research and technology.

This data highlights a key insight: Clients prioritize the expertise of their advisor and view the integration of external resources as a value-add rather than a limitation. Ultimately, clients focus on outcomes, not processes, and they place trust in advisors who leverage the best available tools and expertise to enhance their financial success.

In the next post, we'll explore how third-party model portfolios drive efficiency, improve client retention and unlock new growth opportunities for advisors.

Download the *full white paper* to dive deeper into these insights, and stay tuned for part 2!

Join a Portfolio Solutions Informational Session to learn more about WisdomTree's Portfolio Solutions program and how we're collaborating with advisors like you to build, manage and trade customized Model Portfolios and grow your practice. Click here to register.

1 americanrefractivesurgerycouncil.org/laser-eye-surgery-lasik-success-rate/

2 WisdomTree proprietary research: wisdomtree.com/investments/mac/client-research.

3 Ibid.

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