

What Advisors Should Know About Third-Party Models

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This article is relevant to financial professionals who are considering offering model portfolios to their clients. If you are an individual investor interested in WisdomTree ETF Model Portfolios, please inquire with your financial professional. Not all financial professionals have direct access to these model portfolios.

In my previous blogs, I discussed [what your clients really think about third-party models](#) and [what they really think about you, their advisor](#). The bottom line is that clients welcome models and tend to think better of advisors who use them.

And while advisors may be using their own models, we discovered that there may be some challenges with this approach, as well as some advantages to using third-party models with their clients.

Advisors' models may need to be modernized

Though many advisors have their own models, the majority were built a long time ago. We also discovered that many advisors would have opted for third-party models instead of building their own had they been available at the time.

- 75% of self-built models were developed between 5 and 15 years ago (53% more than 10 years ago)
- 82% of advisors agreed or strongly agreed that if third-party models had been around when they began, they would have started with them instead of developing their own

Third-party models could provide many benefits to advisors' practice

We found that advisors often appreciate the advantages third-party models can provide to their practice, including the help to meet increasing regulations.

- 92% believe models could help improve the efficiency of their practice
- 90% believe models provide a defined process that can help with increasing regulatory scrutiny
- 66% of advisors believe their practice could better handle fee compression if they implement third-party models

Third-party models help advisors provide benefits to their clients

Our research also uncovered that the majority of advisors believe using models could provide many advantages to their clients.

- 94% of advisors believe models enable them to apply institutional-quality research and analysis to their clients' portfolios
- 90% believe models provide an efficient way to share their investment strategies with clients
- 90% believe models will help them create a consistent client experience

Using third-party models in your practice could provide benefits for both you and your clients. They could help grow your business and meet your clients' needs more effectively.

For more information on our model portfolios, please visit our [website](#).

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