

# Three 2021 Market Trends That Support Independent Advisors

By Sean Gultig and Mark Avers

## EQUITY ADVISOR SOLUTIONS

**Independent advisors rely** on their custodian to deliver a client experience effectively and efficiently. Currently, mergers and acquisitions among big-box custodians have led to limitations and higher minimums for independent advisors. If you're an independent advisor, or thinking about breaking free, you might feel like your freedom of choice is narrowing. But take another look.

A new generation of flexible custodians offers an appealing combination of new technology and advisor support. For many independent advisors, now is the time for an alternative to the big-box custodian. These alternatives, along with three market trends, will help advisors succeed in 2021.

### 3 Ongoing Market Trends That Will Help Financial Advisors in 2021 and Beyond

**Industry-wide Innovation Continues to Provide Choice for Advisors**—The market landscape continues to evolve and this year it's all about cryptocurrency, a new breed of ETFs and a continued interest in alternative assets.

Cryptocurrency has made a big name for itself this year, and advisors are taking notice. Custodians are responding to advisors' requests to trade and custody the asset class. In addition, the ETF space continues to innovate with a few traditional institutional funds converting to an ETF structure. These institutional funds were only available to select advisors, but now the ETFs are just a click away at any custodian. Don't expect a major trend in the short run because the process is not a fit for all funds. As has been the case for the past few years, alternative investments like private equity and debt continue to gain favor among advisor's clients.

As more asset types become available to advisors and their clients, so does the need for a custodian who can custody all assets on one custodial platform.

**Custodian Consolidation**—As big-box custodian consolidation progresses, advisors at these firms are facing increasingly limited options. The flexibility to custody across multiple firms is decreasing. However, more nimble custodians are establishing a foothold in the space with more focused custom solutions. Smaller or newly established RIA firms have more affordable choices than ever. Choices are not just rooted in stripped down custody services but loaded with powerful



front-end technology and rich integrations provided by this new generation of custodians. Technology is fueling advisor business growth and making smaller or startup advisory firms possible and profitable.

**Changes in Client Expectations**—Deepening client relationships as their lives and expectations change is what drives advisors to succeed. These relationships are the beating heart of an advisor's business. Advisors should not have to compromise or put those connections at risk to work with a custodian. As big-box custodians pull back on their support and compete with the advisors they serve, a new generation of custodians is applying its industry and entrepreneurial expertise to meet advisors' evolving needs.

We've made it through a lot in the last year and a half. We've learned to become more flexible, pivot our ways of thinking to meet our clients' evolving expectations, and innovate. Choosing the right custodian can put you in a strong position to meet tomorrow's unknown challenges. ■

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