AssetMark Issues its 2021 Predictions for the Financial Advisory Industry

Concord, Calif.—January 21, 2020—AssetMark (NYSE: AMK) today announced its 2021 outlook for the financial advisory industry. While the advisor-client dynamic has undergone a dramatic transformation in the past year, many in the industry agree the pandemic merely accelerated many of the trends that were already contributing to this shift prior to 2020. In many ways, 2021 will see a continuation of those trends:

- **Investors Will Continue to Demand More**
  One of the biggest factors that will continue to transform how advisors serve clients are investors themselves. Demand for advice is growing--40% of investors say they need more advice than ever before--but advisors will still have to be extra savvy in demonstrating their value to generate and convert leads into clients.[1] Trustworthiness will increasingly matter, with transparency rated as a top factor in choosing an advisor.[2] Investors will choose advisors who employ technology to create digital experience, holistic, goals-based information, and relevant insights that clients can access whenever and wherever they need it.

- **Advisors Should Expect Some Client Turnover**
  After a year in which advisors had to manage client expectations through high volatility while pivoting to serve clients digitally, clients will grade their advisors on how well they've done by either sticking with them or going elsewhere as the pandemic begins to subside in 2021. While some advisors will experience bigger client losses than they're used to, others will find themselves gaining new clients like never before. The focus on "generating alpha" has been superseded by truly understanding the client's goals and dreams--and continuously demonstrating that understanding. Even advisors who struggled to pivot during 2020 can rebound by embracing technology, constantly looking for new and better ways to digitize their services to create deeper interactions, and aggressively marketing their new capabilities.

- **Technology Will Continue to Transform the Advisor-Client Relationship**
  Digital-first capabilities will continue to power more advisor-investor interactions, fanned by growing investor and advisor comfort levels as well as technologies that will continue to deliver new capabilities for greater engagement, trust, and success. Static quarterly reports, for instance, will give way to interactive, goal-based discussions supported by dynamic reporting options.

- **Advisor Practices Will Continue to Grow**

Despite nearly a year of high volatility, many advisor practices have grown and will continue to do so with independent broker dealers, hybrid/independent RIAs, large $1B+ firms, and independent/hybrid RIA channels leading the charge. Fee-based revenue will contribute 69% of total advisors' gross production[3], but the growth of individual practices will also depend on their ability to specialize, differentiate, and embrace digitization throughout the business--particularly in client servicing, marketing and lead generation.

- **More Advisors Will Break Away from Their Brokerages**
  Expect the journey toward independence to accelerate as hybrid and fee-only RIAs continue to demonstrate the benefits of breaking away and the success of evolving business models, giving more advisors the confidence to step out on their own. While well-known brands have provided comfortable cover, the freedom to make their own technology decisions and create their own brands will likely prove a more attractive offer for more entrepreneurial advisors.

- **Investor Interest in ESG Will Grow Despite Advisor Reluctance**
  While the Biden Administration is likely to try to roll back the Labor Department's rule implemented this year to discourage environmental, social, and governance investing in retirement plans, the dramatically accelerating flows suggest a larger trend towards impact investing, though advisor interest remains relatively low. With growing investor demand for ESG investment opportunities--sustainable index mutual funds and ETFs doubled in assets under management over the last three years to $250 billion[4]--we think this is an area that advisors should not ignore with investors.

AssetMark provides customized, end-to-end technology solutions and expertise to support and guide advisor businesses at every stage for increased value, growth, and performance. To request a consultation, click here.

[1]Cerulli U.S. Retail Investor Advice Relationships (2020)
[2]Cerulli US Retail Investor (2019)
[3]PriceMetrix State of Wealth Management (2020)
[4]Morningstar Passive Sustainable Funds: The Global Landscape (Sept. 2020)

About AssetMark Financial Holdings, Inc.

AssetMark is a leading provider of extensive wealth management and technology solutions that help financial advisors meet the ever-changing needs of their clients and businesses. Through AssetMark, Inc., its investment adviser subsidiary registered with the U.S. Securities and Exchange Commission, AssetMark operates a platform that brings together fully integrated technology, personalized and scalable service, and curated investment solutions to support financial advisors and their businesses. For more than 20 years, AssetMark has focused on offering the solutions and services that help financial advisors grow. AssetMark had $67 billion in platform assets as of September 30, 2020. For more information visit assetmark.com.

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