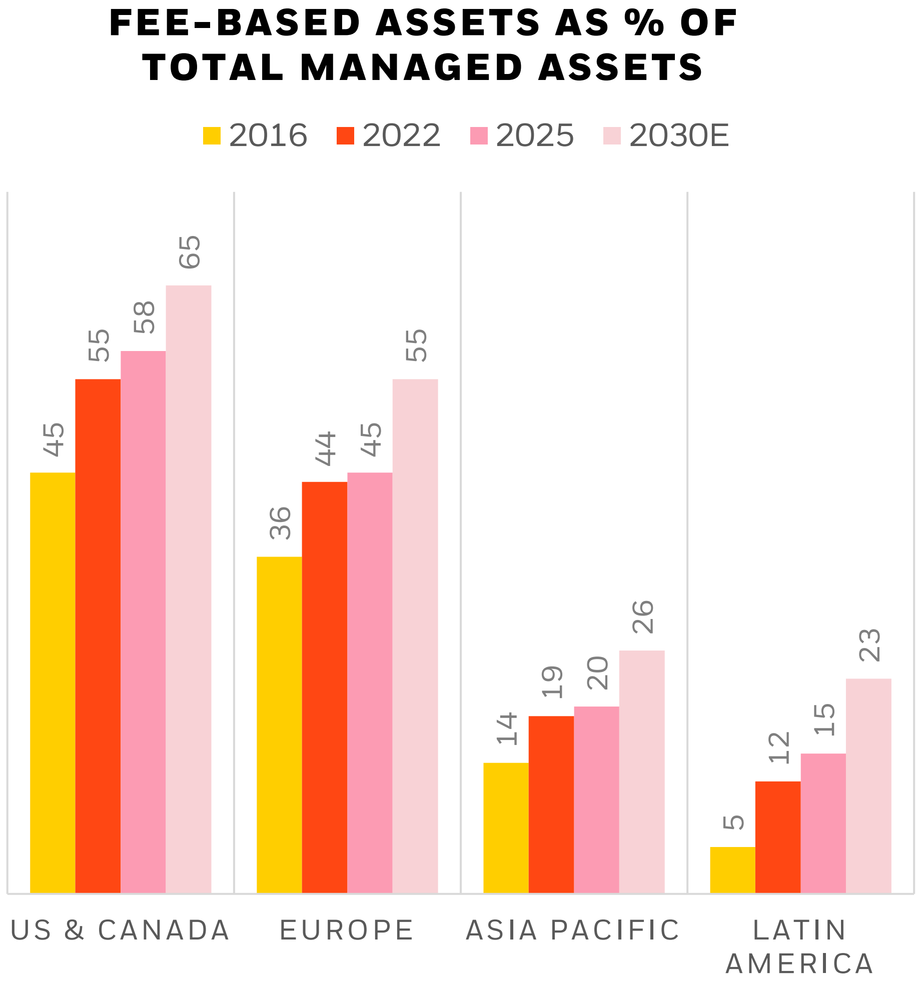
BlackRock

Brokerage to Advisory

The fee-based revolution is global – at very different stages



What's driving it

Regulation (MiFID II), technology lowering costs, demand for transparency, and fee compression forcing advisors to justify value through holistic services — not just investment selection.

The pricing reality

83% of advisors will charge <1% for $5M+ clients by 2026. Average UHNW fee: 66bps. Commission revenue: 23% and declining. The response: expand services (tax, estate, planning) without raising fees.

So what

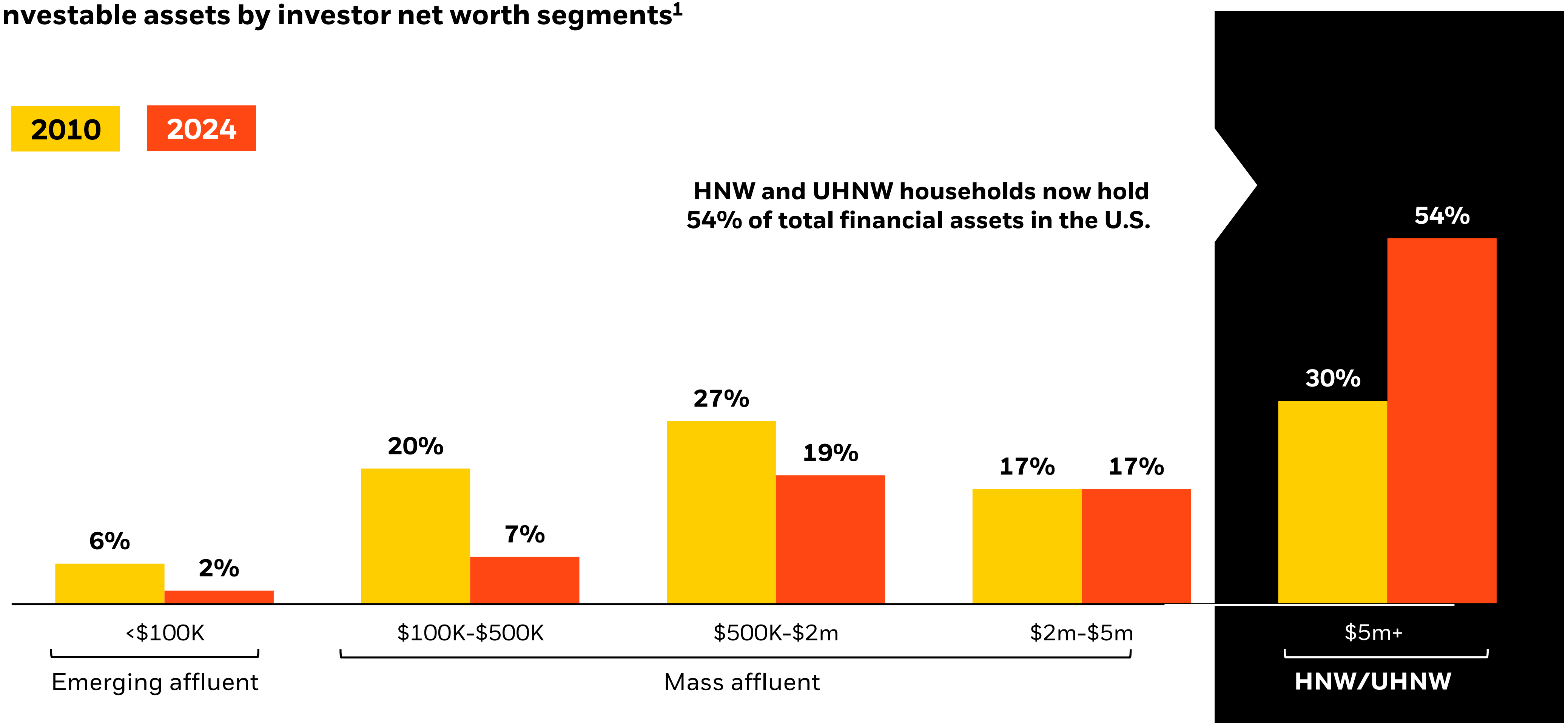
The fee-based transition isn't just a pricing change — it's a structural shift in who the advisor is. From product seller to wealth architect. And regions at 15% fee-based (like LatAm) have 20 years of growth ahead.

Source: BLK Analysis; Broadridge Global Market Intelligence, 2024; Cerulli LatAm Distribution Dynamics, 2025; InvestmentNews/Cerulli Fee Study, 2026

Wealth is concentrating up market

The clients you have built your business on are not the ones who will double it moving forward.

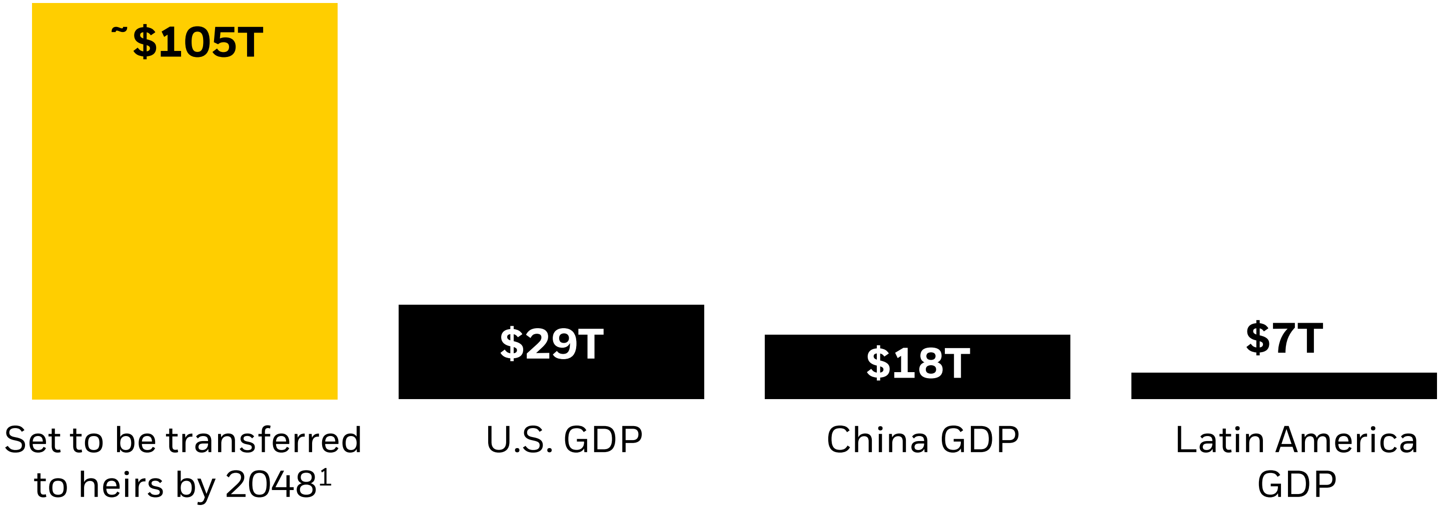
Investable assets by investor net worth segments[1]



1. Cerulli U.S. High-Net Worth and Ultra High-Net Worth Markets, 2025.

Focus on where assets are going: the next generation

Pay attention to where assets are today and where they are moving in the future.



An opportunity to gain *and* retain assets:

70% of adult children are likely to leave their parents' advisor when they receive their inheritance.[2]

Wealth transfer planning strategies

What are you doing today to provide durable, intergenerational support for your clients and their families?

Develop multi-generational wealth transfer plans

Recruit younger advisors to build relationships

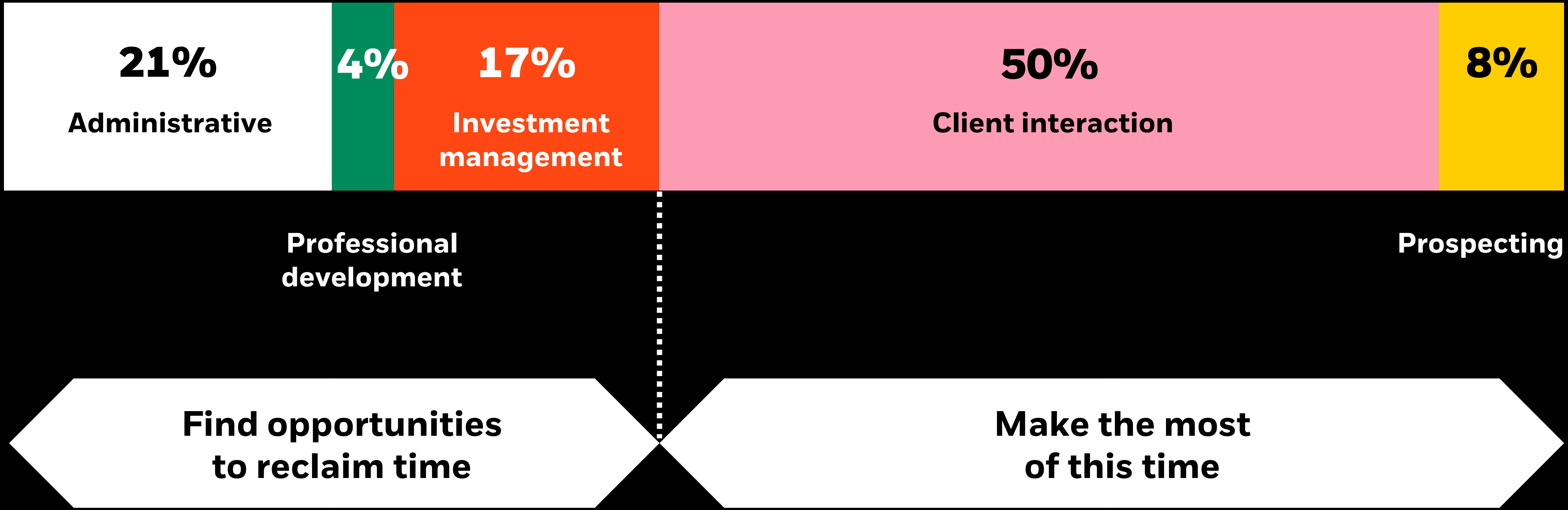
Consider investment vehicles for wealth transfer events

1. Cerulli U.S. High-Net Worth and Ultra High-Net Worth Markets, 2025. GDP data sourced from World Bank: https://data.worldbank.org/indicator/NY.GDP.MKTP.CD.

2. Cerulli, "The Cerulli Edge: U.S. Advisor Edition," 3Q 2021

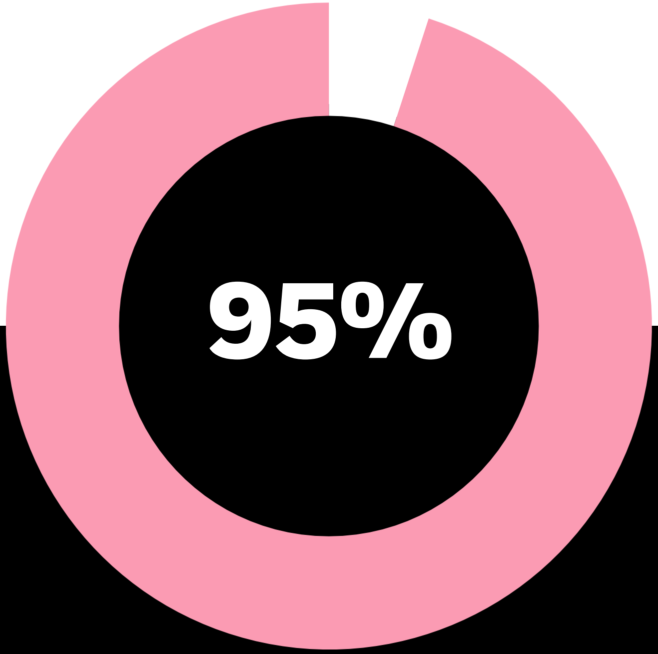
Where do you spend your time?

As you do more with your clients, reorient your business and investments based on what matters to them and will drive growth for your business.

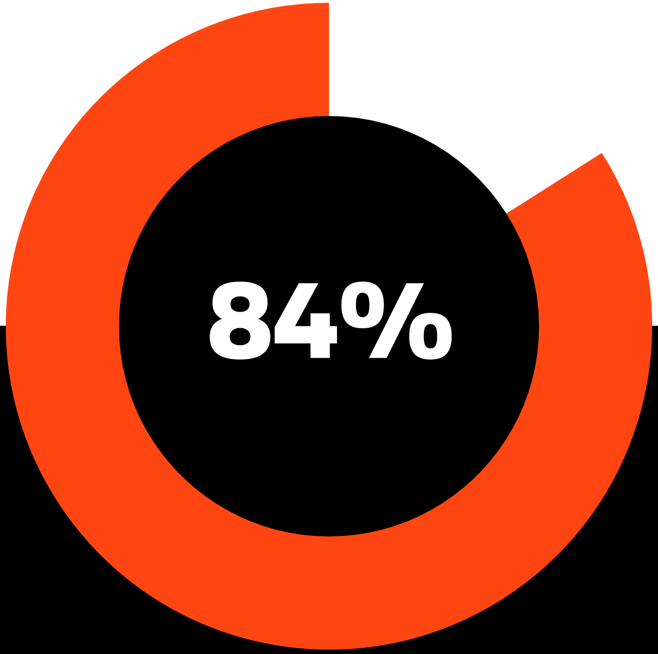


Source: Cerulli U.S. Advisor Metrics 2023.

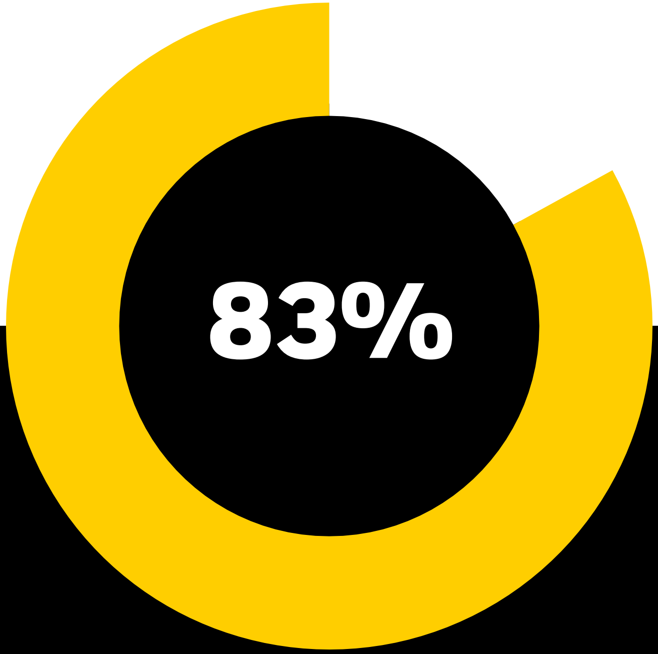
Advisors + portfolio design partnerships



of advisors affirm they have a
better work-life balance



of advisors report
higher business valuations



of advisors document
stronger client relationships

Source: AssetMark, Impact of Outsourcing 2022. Statistics refer to advisors who outsourced at least 20% of their assets to a third party vs. advisors who do not outsource investments. 757 financial advisors participated in the study, completing an online survey between September and October 2021. Participants included 581 advisors who outsource investment management and 176 who do not. All participating advisors are owners/principals/partners at firms in the independent broker-dealer, insurance, and independent RIA channels. All participants have the following characteristics: • 7+ years tenure as a financial advisor • Up to $500 million in total assets under management • At least 30% of total assets under management is fee-based business • At least

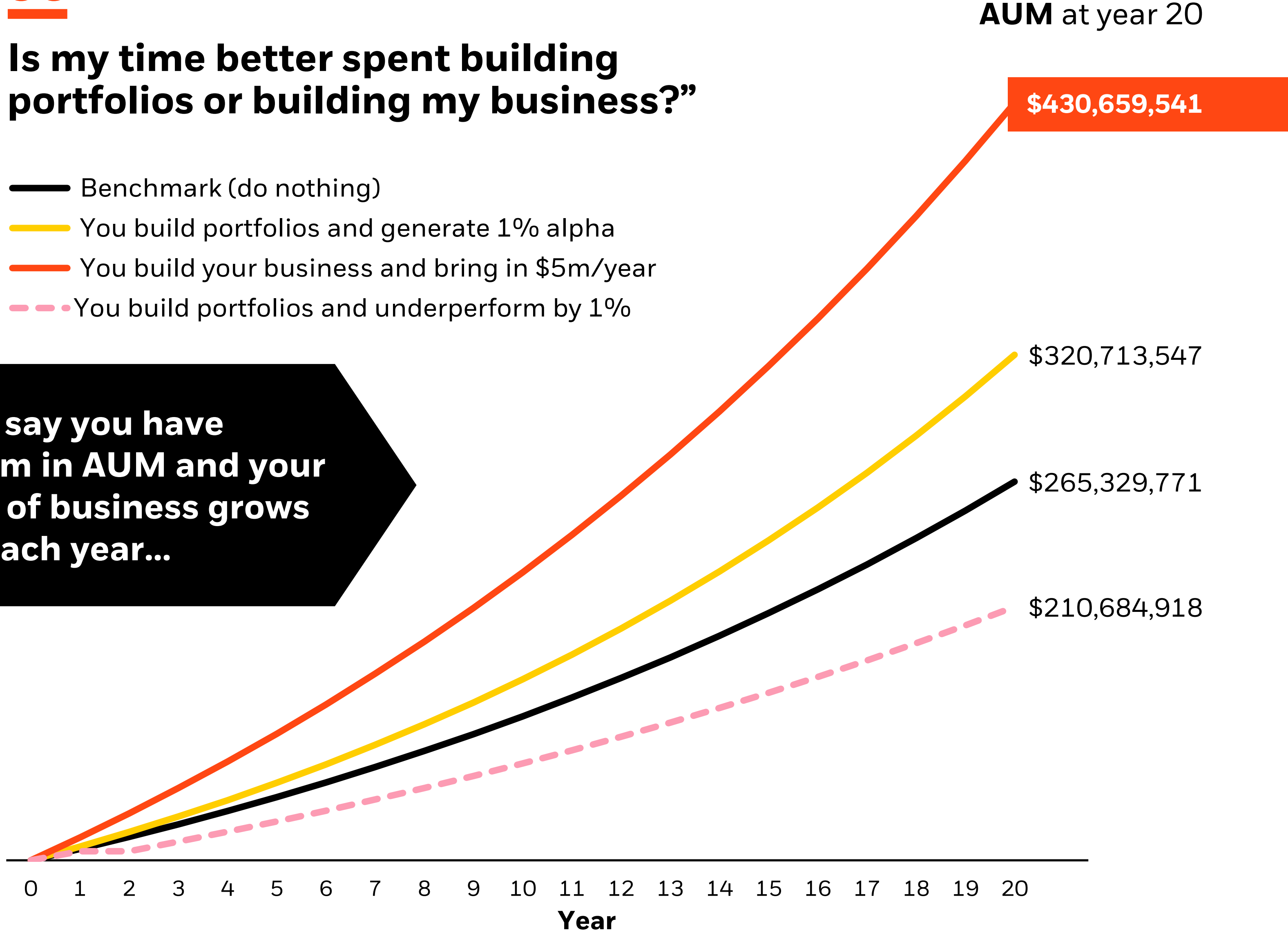
The opportunity cost of managing portfolios: what could you do with 200 hours?

Structuring your investment framework can help transform your practice by giving you back more than 200+ hours a year.[1]

“

Is my time better spent building portfolios or building my business?”

Let’s say you have $100m in AUM and your book of business grows 5% each year...



1. Cerulli Associates, “The Cerulli Report | U.S. Asset Allocation Model Portfolios 2022. The study reports that advisors using model portfolios can reduce investment management and admin from 51 to 40% of their time, and increase client-facing activities from 44 to 53% of their time. Time savings estimation assumes 10% time savings x a 45hr work week x 50 weeks per year = 225hrs saved

The Benefits of Advisory

- Provide greater Access
- Increase your Opportunity
- Annuitize your Growth

Create greater business efficiency

Embrace a new model of portfolio management

Experienced advisors are reluctant to outsource portfolio management as they see it as central to their competitive positioning.

“

My value is tied intrinsically to my security selection skills”

But according to industry research...

...executives have concerns with this approach

Firm executives' biggest compliance concerns surrounding RPM programs

82% of advisors building portfolios underperform

79% of advisors stray away from clients' risk objective

71% of advisors lack investment policy statement

Forward-thinking advisors:

“

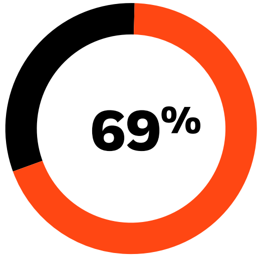
My value is tied to time spent with clients and building my business”

Source: FundFire. Brokerage Home Offices Prod Rep-as-PM Advisors Toward Model Portfolios. Data sourced from Cerulli Associates.

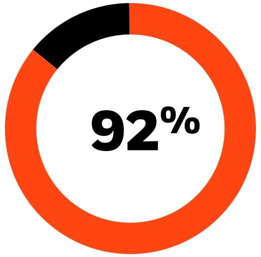
Advisors appreciate a steady hand

We surveyed financial advisors outsourcing to models during the COVID-19 crisis to see how they fared.

Models enabled advisors to weather the storm

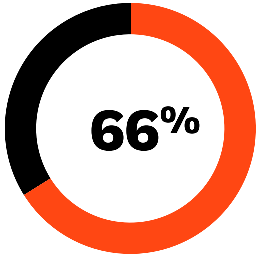


Didn't panic and **stayed the course** amidst the selloff

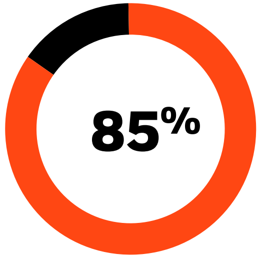


Believe outsourcing to **models stabilized their practice** this year

...and capitalize on opportunities



Spent most or all of their **excess time with clients** and prospects



Won new business during the crisis

It's difficult to find the time to be a good portfolio manager AND a good advisor to your clients during volatile markets.

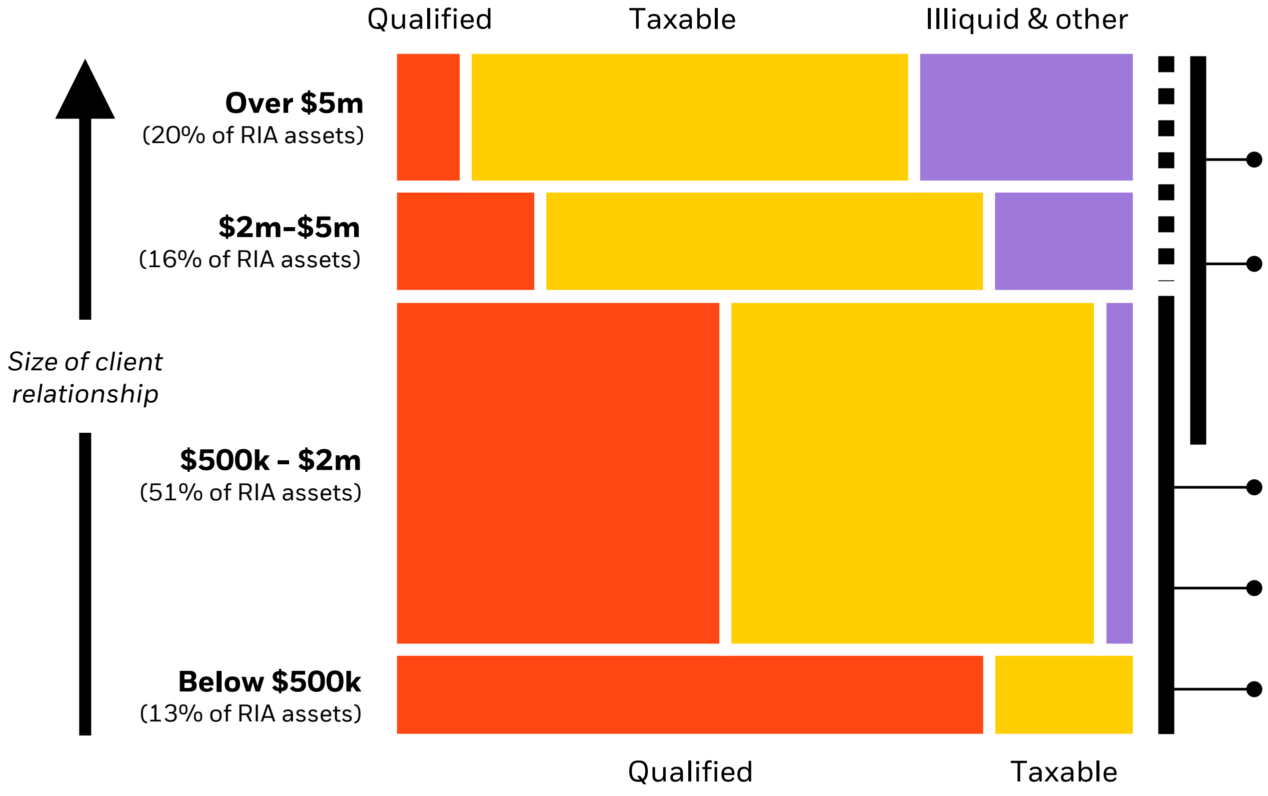
Source: BlackRock, Inc., 5/11/2020., based on responses from financial advisor model outsourcers to a 15-question survey conducted by BlackRock during the week of 5/4/2020. BlackRock collected responses from approximately 305 financial advisors across more than 10 independent and wire channel firms.

Monitor and communicate with discipline

Spending extra time where it matters most

Models can help scale your qualified accounts, freeing up time to spend on the taxable portfolios and alternative strategies that are the biggest focuses for larger clients.

Cerulli breakdown of RIA industry AUM by client wealth segment



End-to-end solutions

Solutions that seek to meet the needs of each wealth segment of your practice

Private markets

Separately managed accounts

- After-tax investing
- Concentrated stock
- Values-aligned investing

Active ETFs

Tax overlays and trading

Continuum of investment approaches with models

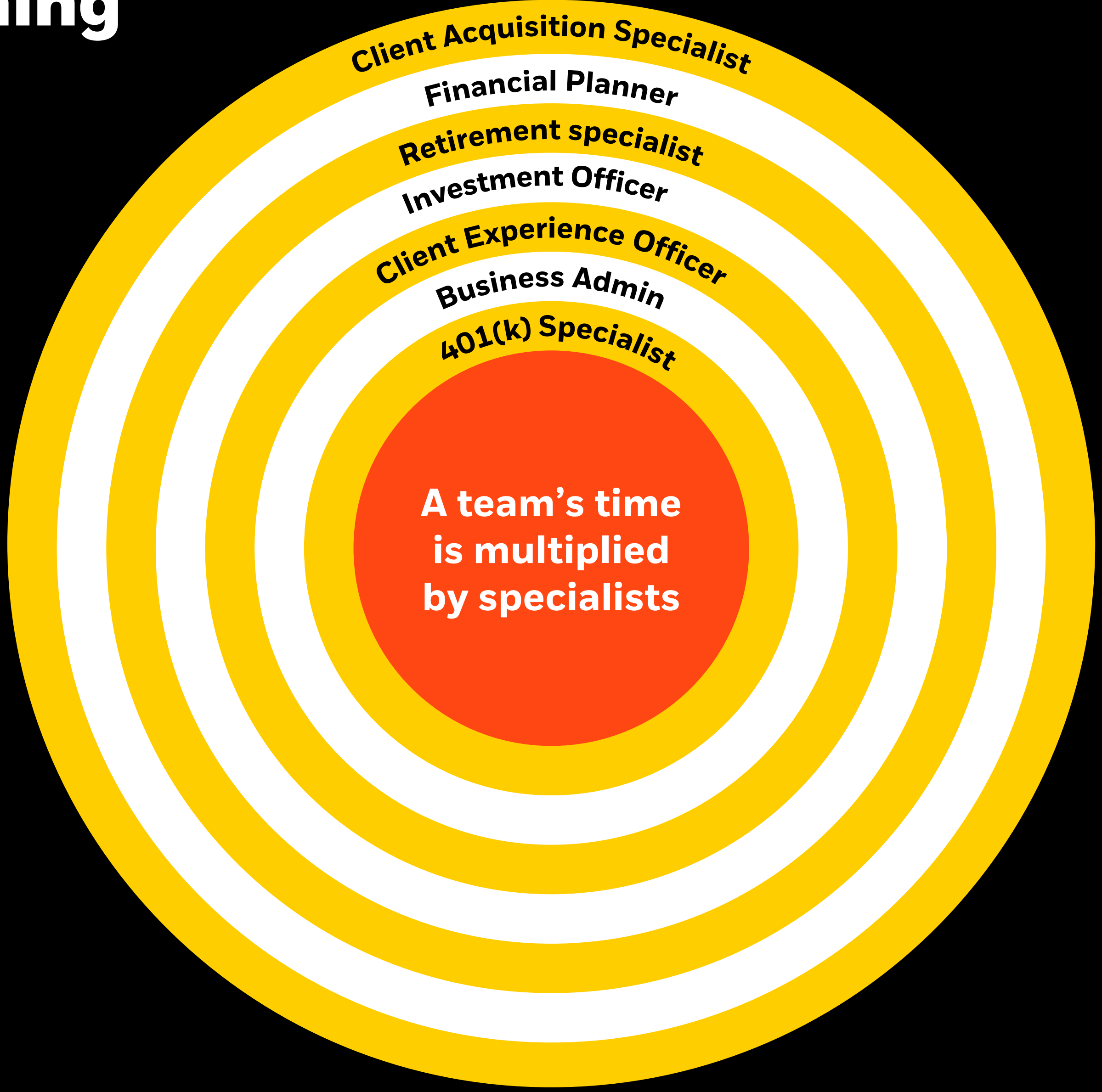
You choose how to scale up:
Build it, customize it or buy it

Source: BlackRock. For illustrative purposes only.

Multiply your impact by teaming with specialists

A sole practitioner's time is often divided

For illustrative purposes only.



Client expectations continue to grow

Continue searching for ways to enhance your value proposition to new and existing clients.

Services commonly offered by U.S. advisors[1]

- Retirement income planning
- Retirement accumulation planning
- Education funding
- Insurance
- Cash management budgeting
- Intergenerational wealth planning
- Elder care planning
- Estate planning
- Tax planning
- Charitable planning
- Business planning
- Trust services
- Third-party lending product evaluation
- Concierge and lifestyle services

~7 average number of services offered

42% of advisors offer intergenerational wealth planning

Don't add services for the sake of adding them.

Be intentional to add scale while differentiating your service model.

1. Cerulli U.S. Advisor Metrics 2024. Average number of services offered includes financial planning and advanced planning services.

Deliver what your clients need

1

Good returns & understandable fees

2

A high level of trust and ethical conduct

3

To feel understood by their advisor

Investment approach + **Business efficiency** + **Trust**

For illustrative purposes only.

The BlackRock Partnership Experience

We partner with top advisors along five dimensions – pick the areas where we can complement you best.

01 Insights

"I want the latest market insights from teams building real portfolios."

Access to regular, in-depth insights means **less noise** and **more time** spent with clients.

02 Technology

Powered by Aladdin®

"I want access to the best portfolio analytics."

Our advisor tools help you make **informed decisions quickly** and clearly communicate them to clients.

03 Product choice

"I want the best range of products and insights on how to choose them."

Invest your way. Our range of solutions **empower you with choice** and allow us to take a consultative approach with clients.

04 Portfolio design

"I want to simplify and scale my investment process."

From hands-on portfolio managers to wealth outsources, however you prefer to scale, **we have an offering and service model for you.**

05 Business consulting

"I want to grow my business but need fresh ideas to get started."

Leverage our team of experts and breadth of resources to **help unlock your business's potential.**

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