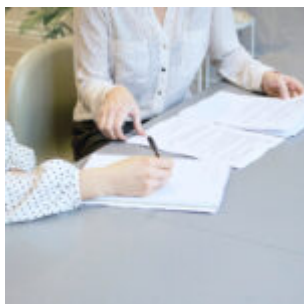


Growing Your High Net Worth Business in 2023



With the market events of 2022 still lingering in the rear-view mirror, attracting new client prospects — especially those in the high net worth space — can be even harder to do.

But recent articles and published studies point to a few emerging client segments in the high net worth space that are worth focusing efforts on. And, according to the research, those segments are currently underserved by the industry.

It's no secret that women investors have been steadily growing their share of the wealth picture, over the past several years, particularly in the high net worth space. Next gen investors — a broad term that includes millennials (roughly speaking, anyone born between 1981-1996, depending on who you ask) and a few younger, newly-minted wealthy Gen Zs (born after 1996, depending on who you ask) are another group of investors accumulating meaningful wealth. According to Capgemini's 2022 World Wealth Report, these two groups, while deemed as emerging, high-potential client segments, are only being actively marketed by 27% of the responding firms in the study. *

And finally, according to recent report by McKinsey, a segment of affluent investors with both a traditional financial advisor and at least one self-directed account, known as hybrid affluent investors, are emerging into the HNW space.**

For financial advisors who can tailor their business to meet the needs of these 3 segments of clients, there is a viable opportunity to grow their business in the year ahead.

Women are living longer and accumulating significant wealth.

Over the past decade, women investors have been quietly emerging to now hold roughly one-third of total US household investable assets — approximately \$12 trillion. Women outnumber and tend to outlive men in the US, positioning them to be on the receiving end of the impending multigenerational wealth transfer. Over the next several years, women are set to inherit an estimated \$30 trillion in transferred wealth.**

There are opportunities to address the needs of women investors, particularly when it comes to providing value-added services and creating a more holistic approach to wealth. Women investors often focus on long-term goals and are more likely to take a values-based investment approach.

Advisors should focus their business on including:

- A holistic approach to wealth management
- Expertise and services for specialized needs such as tax management, trusts, and estate planning
- Personalized investment solutions such as ESG and direct indexing

Ever-connected next-gen investors are entering the high-net-worth space.

According to a recent Cerulli report, over the next two decades, wealth transferred will total \$84.4 trillion, allocating approximately \$72.6 trillion to heirs — largely consisting of next-gen investors — with \$11.9 trillion being donated to charity. That same report notes that only 13% of that cohort plans to retain the services of their parents' financial advisor.***

That influx of wealth will increase the number of next-gen investors in the high-net-worth space, giving advisors opportunity to focus on serving those types of clients.

Advisors should focus their business on including:

- Proactive tax management services and solutions
- Values-based investing, charitable options and digital assets
- Education and inclusion of family members in the wealth planning process
- A service model that consists of both digital and personal engagement

Hybrid affluent investors want the best of both worlds.

A February 2022 report from McKinsey defined the “hybrid affluent investor” as someone with one or more self-directed accounts, as well as a traditional financial advisor. This segment made up one-third of affluent investors (households with \$250k – \$2 million in investable assets) in 2021, an increase of 9% in just 3 years.

While direct investing continues to be an affordable path for many investors, the value of human financial advice and engagement has been defined and proven.

Advisors should focus their business on including:

- Integration of innovative technology tools such as client portals
- Clarity and transparency in fees and the value of human advice
- A service model that consists of both digital and personal engagement

Advisors should evaluate their client engagement strategies to effectively capture the opportunities of these emerging client segments. According to Capgemini’s 2022 World Wealth Report, high-net-worth investors are placing a high value on some of the following:

- Personalized services and a boutique approach
- Financial advisors who serve as a central point of expertise across specific needs and interests.
- Improved client experiences

As high-net-worth investors are becoming more actively engaged in their own wealth management, they still prioritize personalization and human connection, increasing the demand for a more hybrid service model from advisors.

Advisors can leverage Orion’s full breadth of integrated technology and investment solutions to do just that. Wealth Advisory is a suite of tailored wealth

portfolios and services designed exclusively for high-net-worth investors and Orion Custom Indexing can help advisors deliver more personalized investment experiences to their clients.

Learn more about how Orion can help you tap into new high-net-worth opportunities and grow your business in the year ahead.

* “Wealth Management Firms are Missing the Target on Next Wave Client Segments”, [WealthManagement.com](https://www.wealthmanagement.com), June 2022

** US Wealth Management: A Growth Agenda for the Coming Decade, McKinsey & Company, February 2022

*** Cerulli Anticipates \$84 Trillion in Wealth Transfers Through 2045, Cerulli Associates, January 2022

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