
THE INVISIBLE INFLUENCERS SHAPING OUR PROFESSION – A LOOK AT THE ADVISOR BUSINESS MODEL FROM CARSON GROUP

Ron Carson – Founder and CEO of Carson Group
06/07/2019

For our Advisor Insights series, we have asked guest bloggers from established financial advisory firms to provide their views on the market and changes in the industry. Carson Group is an independent family of companies that includes Carson Wealth, Carson Coaching and Carson Group Partners, led by Barron's Hall of Fame advisor Ron Carson. We asked him to participate in a Q&A around current trends in the market and the industry.

WisdomTree: What are some of the risks you're seeing in the market today?

Carson: We believe there has been some risk creep in portfolios today—especially when it comes to fixed income. Some investor portfolios, without an advisor considering their interests, have increased portfolio risk in the search for [yield](#). We think this approach is potentially exposing some clients to an unnecessary risk.

WisdomTree: What would you see as a potential solution?

Carson: We believe there are a number of ways to smooth out returns and enhance portfolios in a systematic way. Using a bucket approach, advisors can attach different time horizons to different buckets of assets, so, for example, the first few years of withdrawals can be taken care of while the rest of the portfolio has time to grow. We believe this approach could help to more effectively manage risks while better enabling clients to pursue their short- and long-term needs.

WisdomTree: What is your take on some of the current market events—for example, China?

Carson: We have been talking about China for a long time. And while it looked like there might be a deal, there hasn't been—at least for now. Some of the risk of no deal being signed is priced in already, but if no deal occurs, we expect additional pressure on stocks. Ultimately, we believe there will be some kind of a trade deal with China because the U.S. needs them and they need the U.S., but we are also competitors. Even if there is a deal, we expect to see flare-ups going forward.

WisdomTree: What other market concerns do you have?

Carson: We believe there's always a risk when one country, style or sector has been outperforming for a long time. Currently, the U.S. has been doing well for a good,

long time. And in the U.S., growth and technology stocks have been outperforming for a long time, too. Our concern is whether or not investors have pushed it too far. Because recession risks are rising, we need to be prepared, because the market could react strongly to any economic number that misses.

WisdomTree: So where do you see the opportunities outside the U.S.?

Carson: We believe that some pockets of valuation have been created. Our individual stocks continue to find values. While Europe has some structural challenges, the market could react well if they do end up making positive changes. Emerging markets are fairly attractive to us, but we believe investors should make sure they are truly diversified.

Industry Trends

WisdomTree: What are some of the key trends and challenges advisors are facing today?

Carson: Advisors face a “perfect storm” with multiple factors influencing the future of our profession. From an aging advisor population and fee compression to the cost of technology, the looming possibility of a down market and rising expectations from our clients, advisors have so much to contemplate in the growth of their businesses. Another invisible influence we’ve seen is the changing regulatory environment and how these shifts in standards are molding business models. From assessing whether or not the proposed DOL changes will make their return to meeting fiduciary requirements—and everything in between – advisors must operate at a more efficient and effective level than ever.

WisdomTree: Expanding on the factor of industry regulation, how do you see advisors navigating the changing environment?

Carson: Advisors have enough hats to wear each and every day to keep their businesses afloat. It’s our belief that advisors always operate in their clients’ best interests. To do so, of course, can be time-consuming and draining, especially if you are responsible to take it all on as a solo advisor. This is where advisors can get so much value from partnering with a firm that can provide much of the backend operations and infrastructure the advisor needs, so they are able to focus on better serving their clients and attracting new business. Partnering with the “right fit” organization can allow advisors to leverage:

1. Proven processes that are already in line with compliance regulations
2. Professionals whose job it is to stay on top of changing regulations
3. Pre-approved marketing materials and value-added content

We believe all of this—and more—is absolutely critical in order for advisor teams to focus on growth while also serving as true fiduciaries.

WisdomTree: What about fee compression—do you believe it’s still a concern for advisors?

Carson: Fee compression is one of those factors that is operating under the radar

for most advisors. They see top-line growth with good market performance and inflated fees, while the cost of running a firm continues to rise. Not to mention, investors are better educated on what they should be paying and are demanding more value for every dollar spent. The value advisors provide is no longer in investment management. That is table stakes. Firms should consider a planning-centric approach that opens the door to being a more well-rounded financial coach overseeing all areas of a client's financial life—and tying all activity back to their own personalized goals and outcomes. We believe this approach helps to reinforce an advisor's intangible value while doing a better job of maintaining client emotions in the midst of market volatility. We're practically one market correction away from exposing those who haven't built their business in this holistic way.

WisdomTree: How do you see technology helping advisors?

Carson: In our opinion, many advisors today are being constrained or distracted by their ability—or inability—to serve clients well. Most firms operate on the outdated systems and antiquated technology of yesteryear. Too many are trying to rearrange the furniture while the roof is on fire. They're simply not seeing the danger they're in when considering how much it takes to build a robust offering that can compete with client expectations. And this is where technology falls front and center. The right technology can give clients a frictionless experience that delights and showcases value beyond a doubt. It's why we've spent more than \$70 million on our ecosystem in the past few years. Using a bionic approach (technology that highlights the human element) can enable advisors to elevate their client experience by:

- Better serving clients where they are
- Better articulating the intangible value advisors provide
- Driving more meaningful interactions

Equipping your firm with the right technology can help advisors not only serve more clients, but do so more effectively—all while enriching the advisor-client relationship. And that is how technology can reinforce trust and transparency, which is the ultimate goal of any client-centric advisor.

Important Risks Related to this Article

Diversification does not eliminate the risk of experiencing investment losses.

This material contains the opinions of the author, which are subject to change, and should not to be considered or interpreted as a recommendation to participate in any particular trading strategy, or deemed to be an offer or sale of any investment product, and it should not be relied on as such. There is no guarantee that any strategies discussed will work under all market conditions. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This material should not be relied upon as research or investment advice regarding any security in particular. The user of this information assumes the entire risk of any use made of the information provided herein.

This material has been prepared without regard to the individual financial circumstances and objectives of any investor, and the appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Investors and their advisors should consider the investors' individual financial circumstances,

investment time frame, risk tolerance level and investment goals. Investors should consult with their own advisors before engaging in any transaction.

Neither WisdomTree nor its affiliates, nor Foreside Fund Services, LLC, or its affiliates provide tax or legal advice. Investors seeking tax or legal advice should consult their tax or legal advisor. Unless expressly stated otherwise, the opinions, interpretations or findings expressed herein do not necessarily represent the views of WisdomTree or any of its affiliates.

WisdomTree makes no representation as to the suitability of any advisor, including the advisor providing this information, and WisdomTree does not endorse, recommend or guarantee the services of any advisor, including the advisor providing this information. WisdomTree urges each investor to carefully evaluate any advisor whom such investor may consider hiring, and such investor is responsible for monitoring the advisor's investment performance, fees and all other aspects of such relationship. WisdomTree will not supervise or monitor the advisor's activities or an investor's account, nor is WisdomTree responsible for the selection or performance of an investor's investments.

WisdomTree has no discretionary authority or control with respect to how any advisor manages an investor's investment assets. WisdomTree disclaims any responsibility or liability for any damages arising from an investor's decision to engage the services of an advisor, and encourages each investor hiring an advisor to ask about the advisor's relationship with WisdomTree and whether it has any arrangements with WisdomTree or its affiliates (such as the opportunity to provide information on WisdomTree's website), which may cause the advisor to recommend WisdomTree ETFs over other investments.

The information included herein is for informational purposes and is intended for use by advisors. Some of this content may not be applicable to general public. Carson Partners offers investment advisory services through CWM, LLC, an SEC Registered Investment Advisor. Carson Coaching and CWM, LLC are separate but affiliated companies and wholly-owned subsidiaries of Carson Holdings, LLC. Carson Coaching does not provide advisory services.

WisdomTree and Foreside Fund Services, LLC, are not affiliated with the entities mentioned.

For standardized performance and the most recent month-end performance click [here](#) NOTE, this material is intended for electronic use only. Individuals who intend to print and physically deliver to an investor must print the monthly performance report to accompany this blog.

For more investing insights, check out our [Economic & Market Outlook](#)

view the online version of this article [here](#).

IMPORTANT INFORMATION

U.S. investors only: Click [here](#) to obtain a WisdomTree ETF prospectus which contains investment objectives, risks, charges, expenses, and other information; read and consider carefully before investing.

There are risks involved with investing, including possible loss of principal. Foreign investing involves currency, political and economic risk. Funds focusing on a single country, sector and/or funds that emphasize investments in smaller companies may experience greater price volatility. Investments in emerging markets, currency, fixed income and alternative investments include additional risks. Please see prospectus for discussion of risks.

Past performance is not indicative of future results. This material contains the opinions of the author, which are subject to change, and should not to be considered or interpreted as a recommendation to participate in any particular trading strategy, or deemed to be an offer or sale of any investment product and it should not be relied on as such. There is no guarantee that any strategies discussed will work under all market conditions. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This material should not be relied upon as research or investment advice regarding any security in particular. The user of this information assumes the entire risk of any use made of the information provided herein. Neither WisdomTree nor its affiliates, nor Foreside Fund Services, LLC, or its affiliates provide tax or legal advice. Investors seeking tax or legal advice should consult their tax or legal advisor. Unless expressly stated otherwise the opinions, interpretations or findings expressed herein do not necessarily represent the views of WisdomTree or any of its affiliates.

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or component of any financial instruments or products or indexes. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each entity involved in compiling, computing or creating any MSCI information (collectively, the “MSCI Parties”) expressly disclaims all warranties. With respect to this information, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including loss profits) or any other damages (www.msci.com)

Jonathan Steinberg, Jeremy Schwartz, Rick Harper, Christopher Gannatti, Bradley Krom, Tripp Zimmerman, Michael Barrer, Anita Rausch, Kevin Flanagan, Brendan Loftus, Joseph Tenaglia, Jeff Weniger, Matt Wagner, Alejandro Saltiel, Ryan Krystopowicz, Jianing Wu, and Brian Manby are registered representatives of Foreside Fund Services, LLC.

WisdomTree Funds are distributed by Foreside Fund Services, LLC, in the U.S. only. You cannot invest directly in an index.

DEFINITIONS

yield: The income return on an investment. Refers to the interest or dividends received from a security that is typically expressed annually as a percentage of the market or face value.