

# The Evolution of Investment Outsourcing

## Back to the outsourcing future

For professional clients only. Capital at risk.



# Learning objectives

To understand how the challenges faced by advisers gave rise to outsourced investment solutions

To understand how investment outsourcing can improve business efficiency

To understand ways to future proof your business through investment outsourcing

# What investment choice do you prefer?



Multi-asset  
funds

Model  
portfolios

In-house  
selection

# If you outsource investments, why?



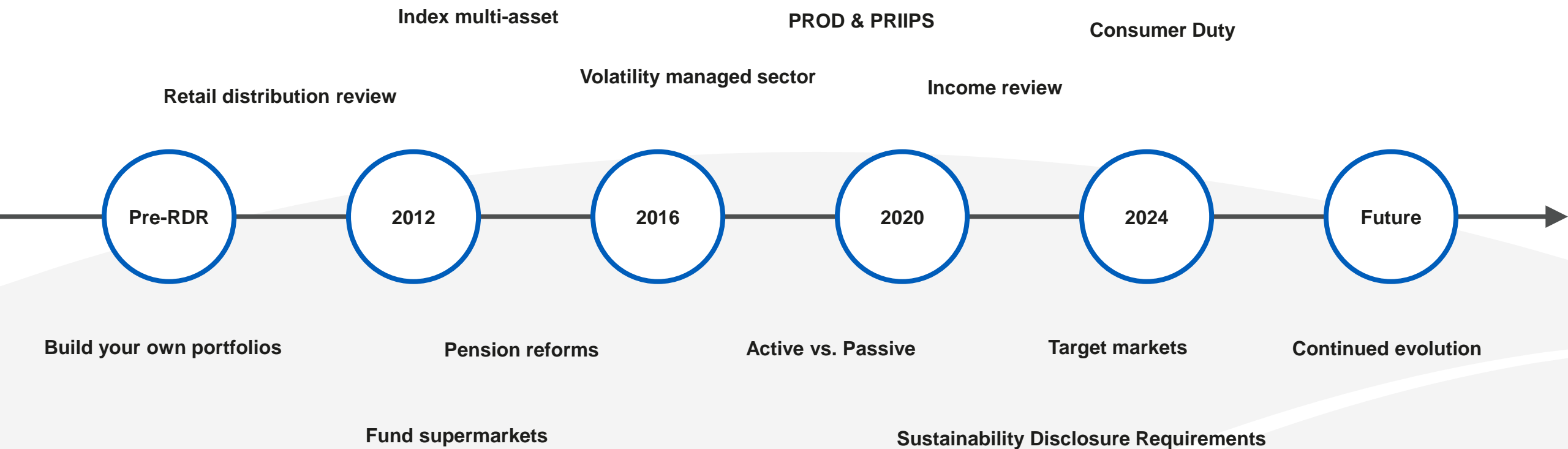
Time  
with clients

Business  
costs

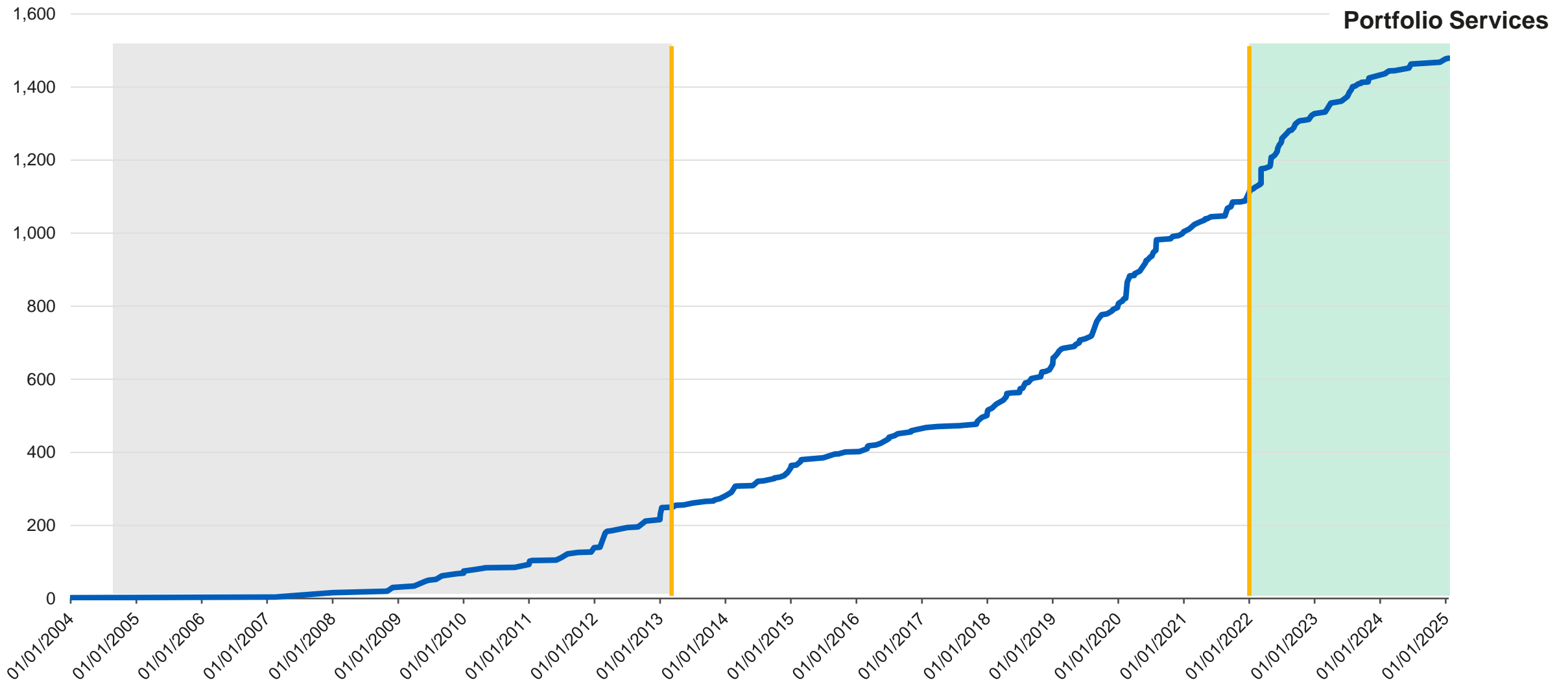
Regulatory  
pressure

Investment  
expertise

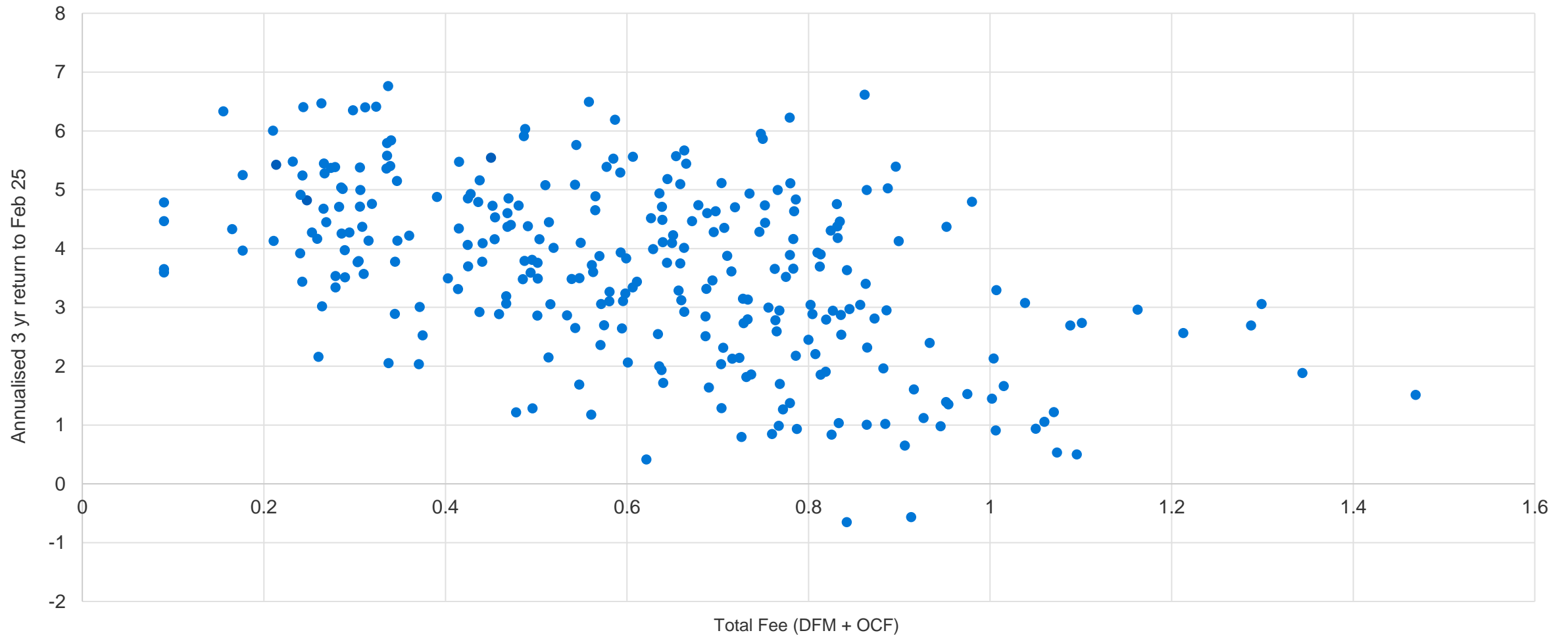
# Evolution of advice



# Investment outsourcing increased



# A diverse range of portfolios





# So why is this the case?

Regulations

Business pressure

Adviser demand



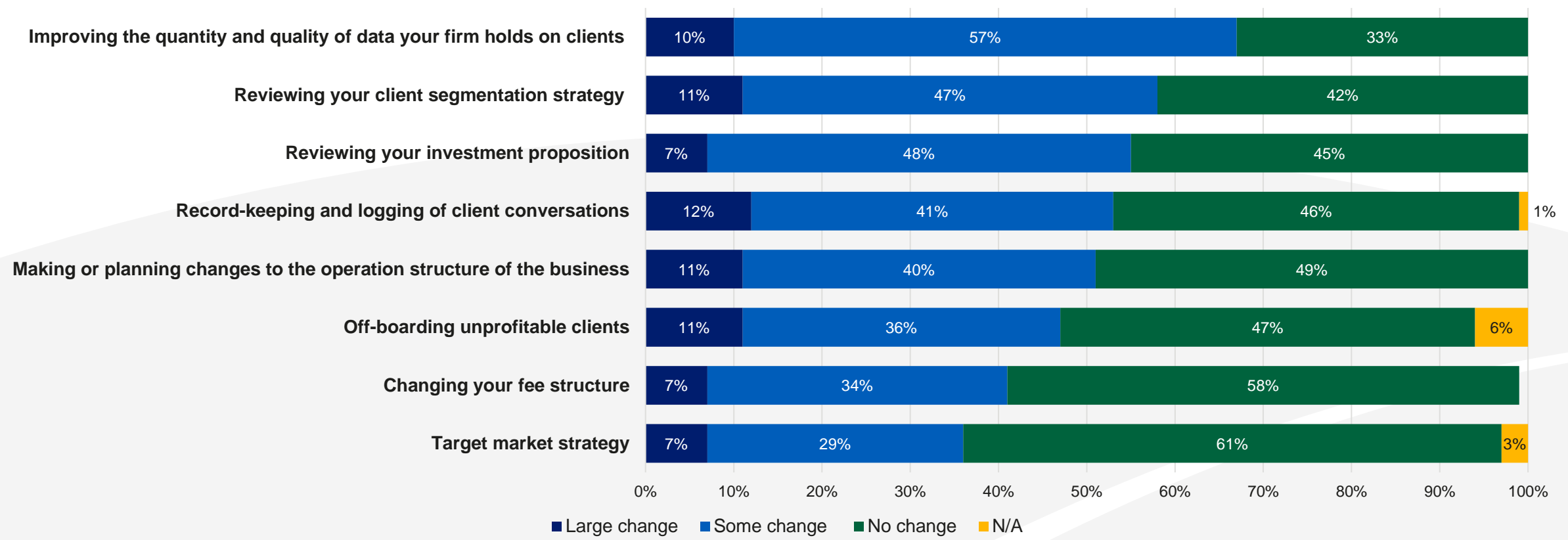


How does investment  
outsourcing improve  
efficiency?



# Consumer Duty prompted most firms to make some changes

Q: To what extent has Consumer Duty prompted changes for the following areas of your business



Source: NextWealth, Financial Advice Business Benchmarks 2024, pg 24.

# Different styles to address the same goal

Investment approach

Tech enablement

Service  
orientation





# The Future of Investment Outsourcing



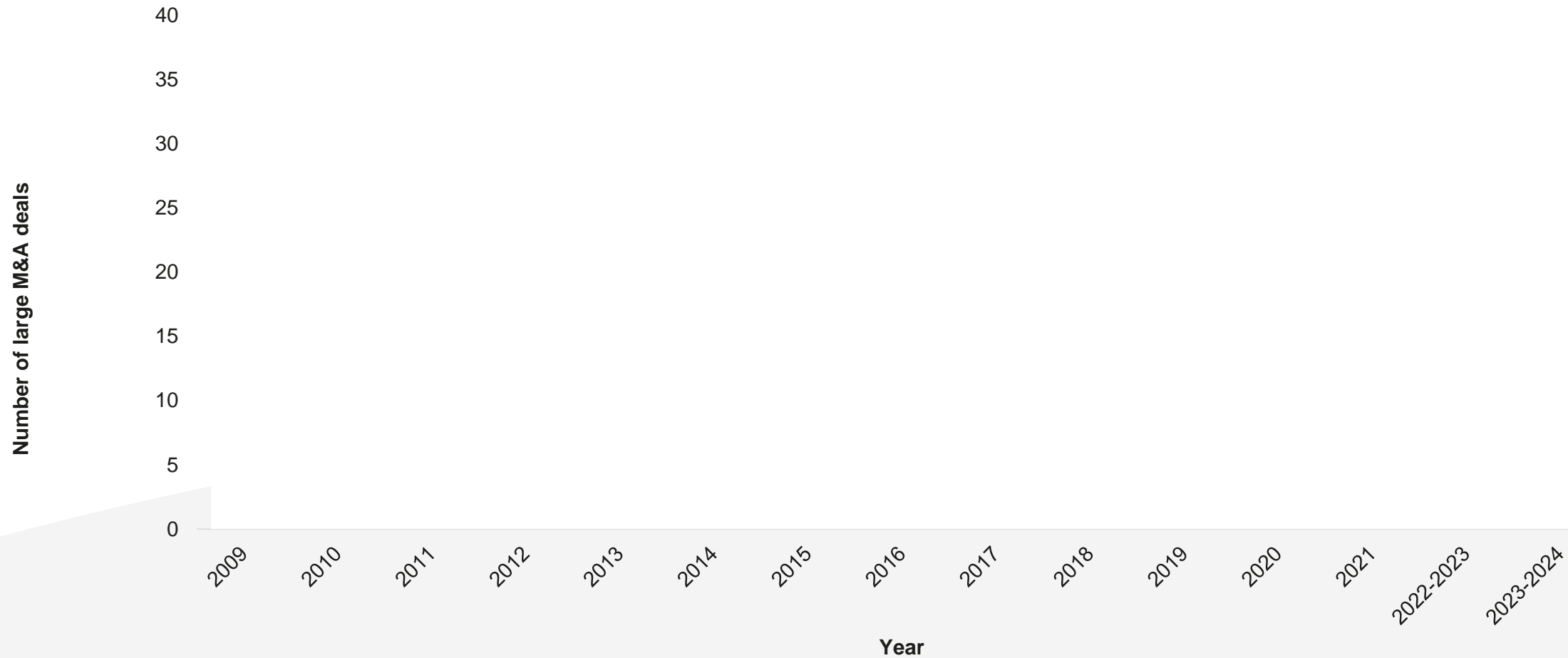
# Future of the investment market

**Consolidation of investment market**

**Changing client demographics**

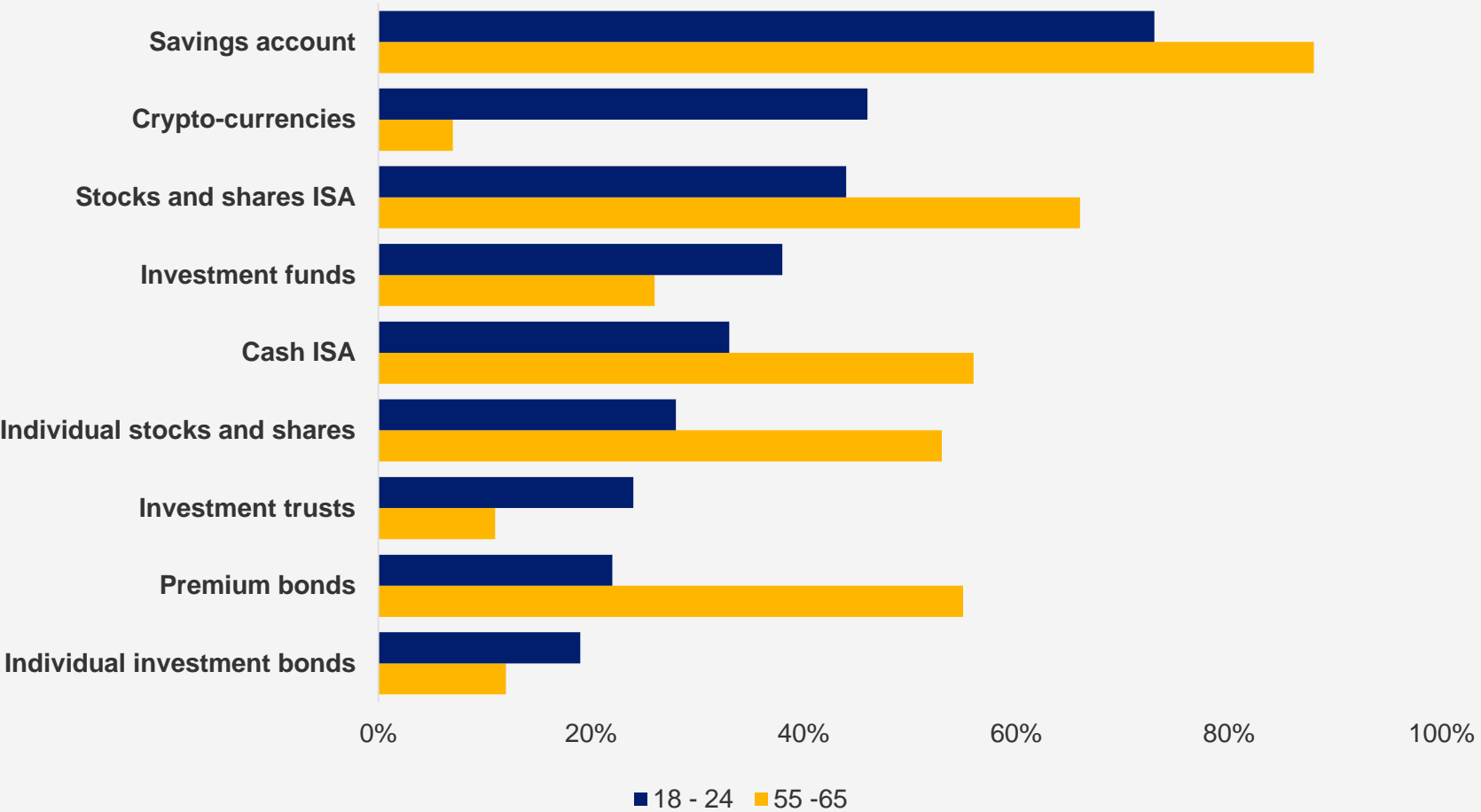
**Investment innovation**

# Consolidation across the investment market





# Changing client demographics



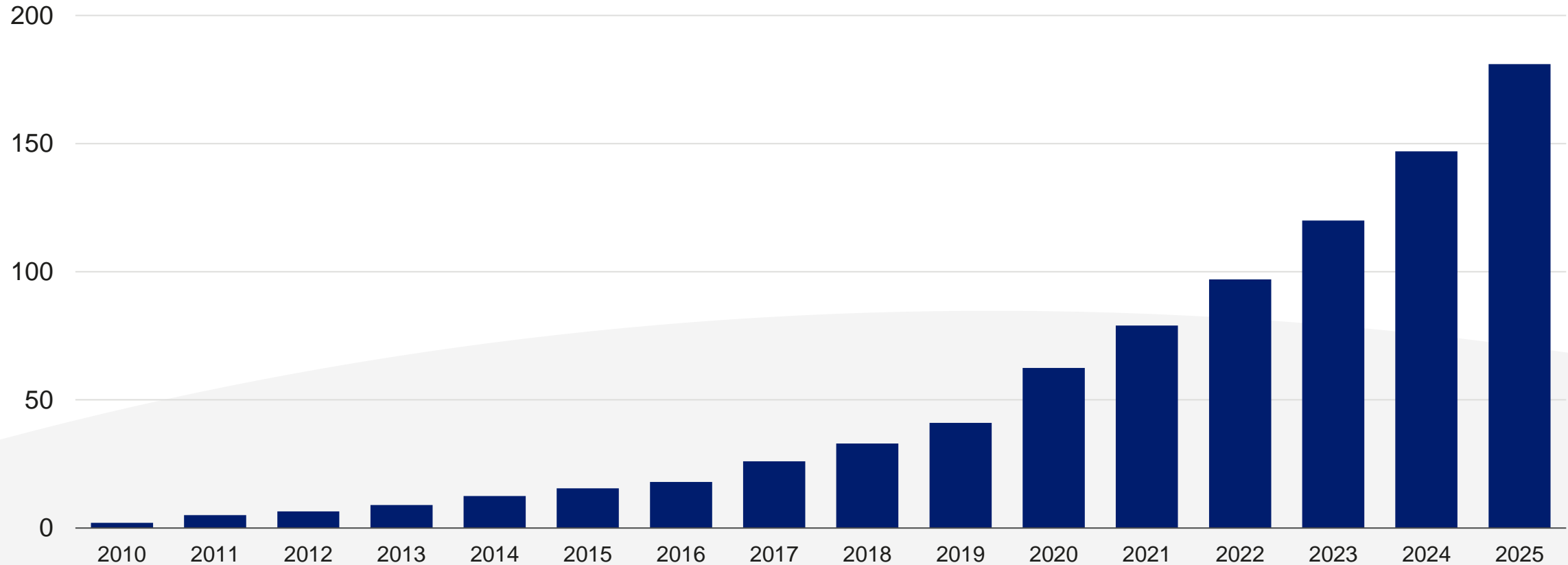
Source: IA investment management in the UK 2023 – 2024 annual survey: Proportion of 18 to 24-year-olds holding different savings and investment products compared with the 55-65 age group (2023).





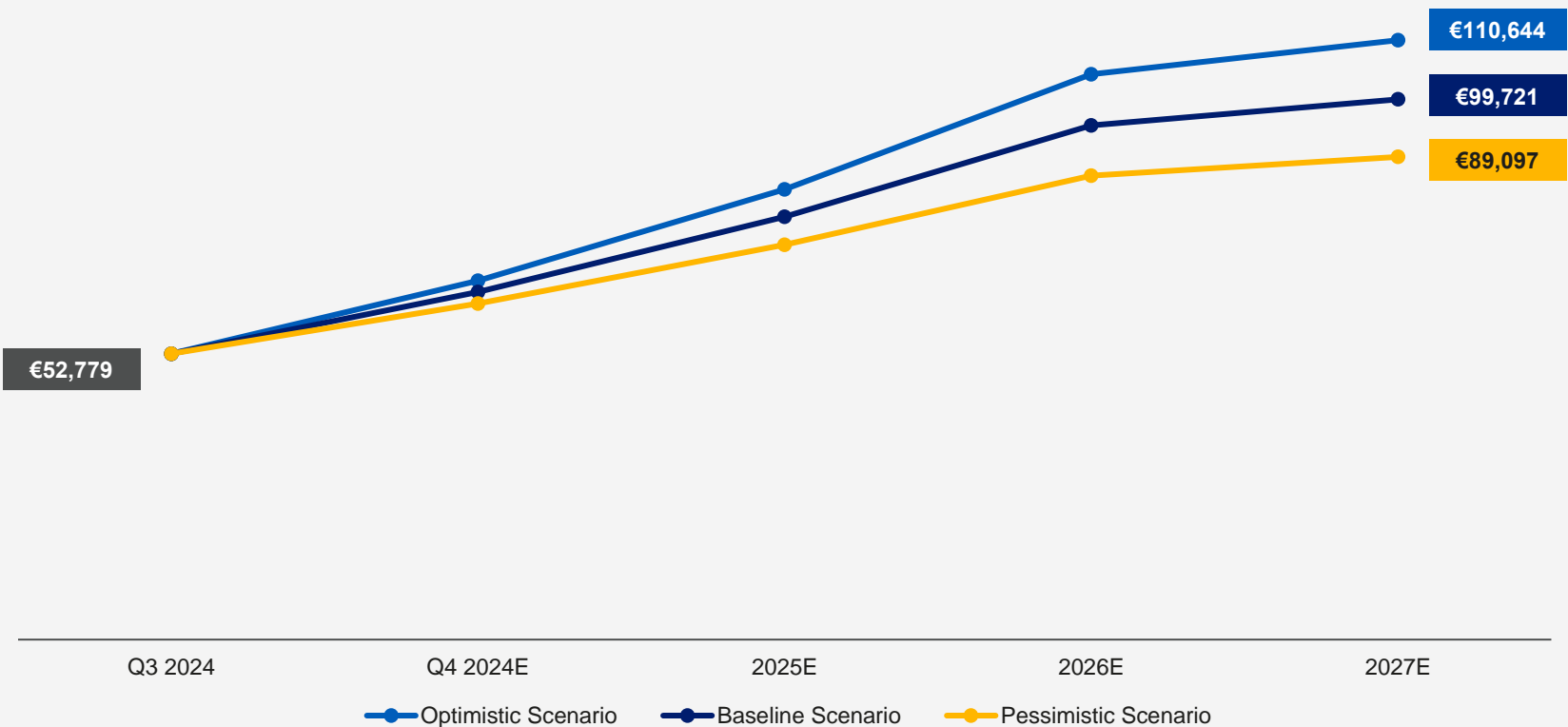
# Changing client demographics

Data generated annually (Zettabytes)



# Predicted growth in Private Markets

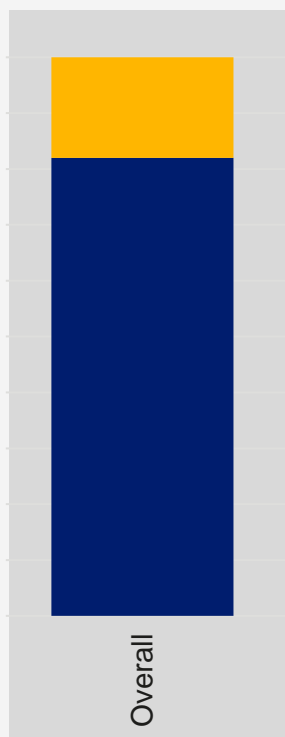
Estimated growth of private market funds



Novantigo private banking and wealth management survey – Private Markets interim update November 2024.  
**Assumptions, opinions, and estimates are provided for illustrative purposes only. There is no guarantee that any forecasts made will come to pass. The value of an investment and any income taken from it is not guaranteed and can go down as well as up, and the investor may get back less than the original amount invested.**

# Predicted growth in Private Markets

Evergreen private markets funds offered to clients<sup>1</sup>



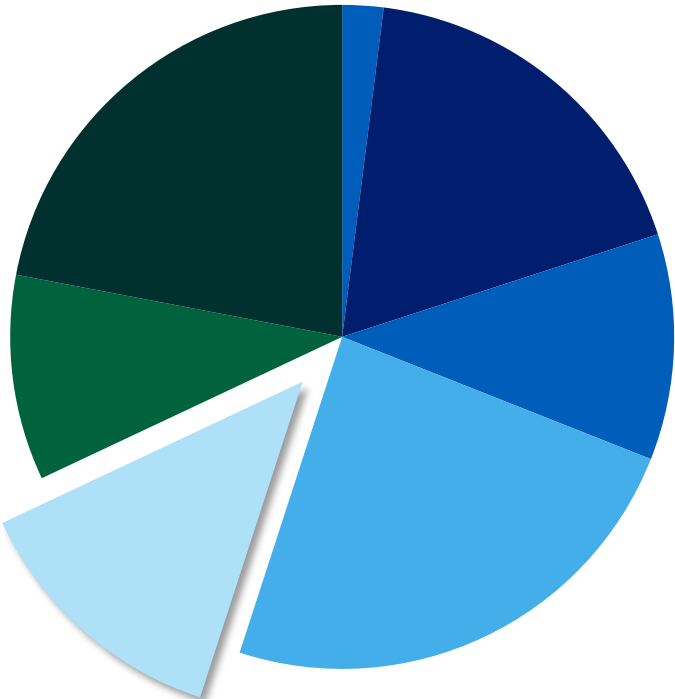
■ Yes ■ No, but plan to in 2025

<sup>1</sup> Analysis note: Participants were asked 'Do you currently offer evergreen/semi-liquid private markets funds to your clients (N=50).'

Novantigo | 2024 Private Assets in Private Wealth Portfolios (Interim Update) : The Secret to Growth. **Assumptions, opinions, and estimates are provided for illustrative purposes only. There is no guarantee that any forecasts made will come to pass. The value of an investment and any income taken from it is not guaranteed and can go down as well as up, and the investor may get back less than the original amount invested.**

# Evolution of outsource portfolios

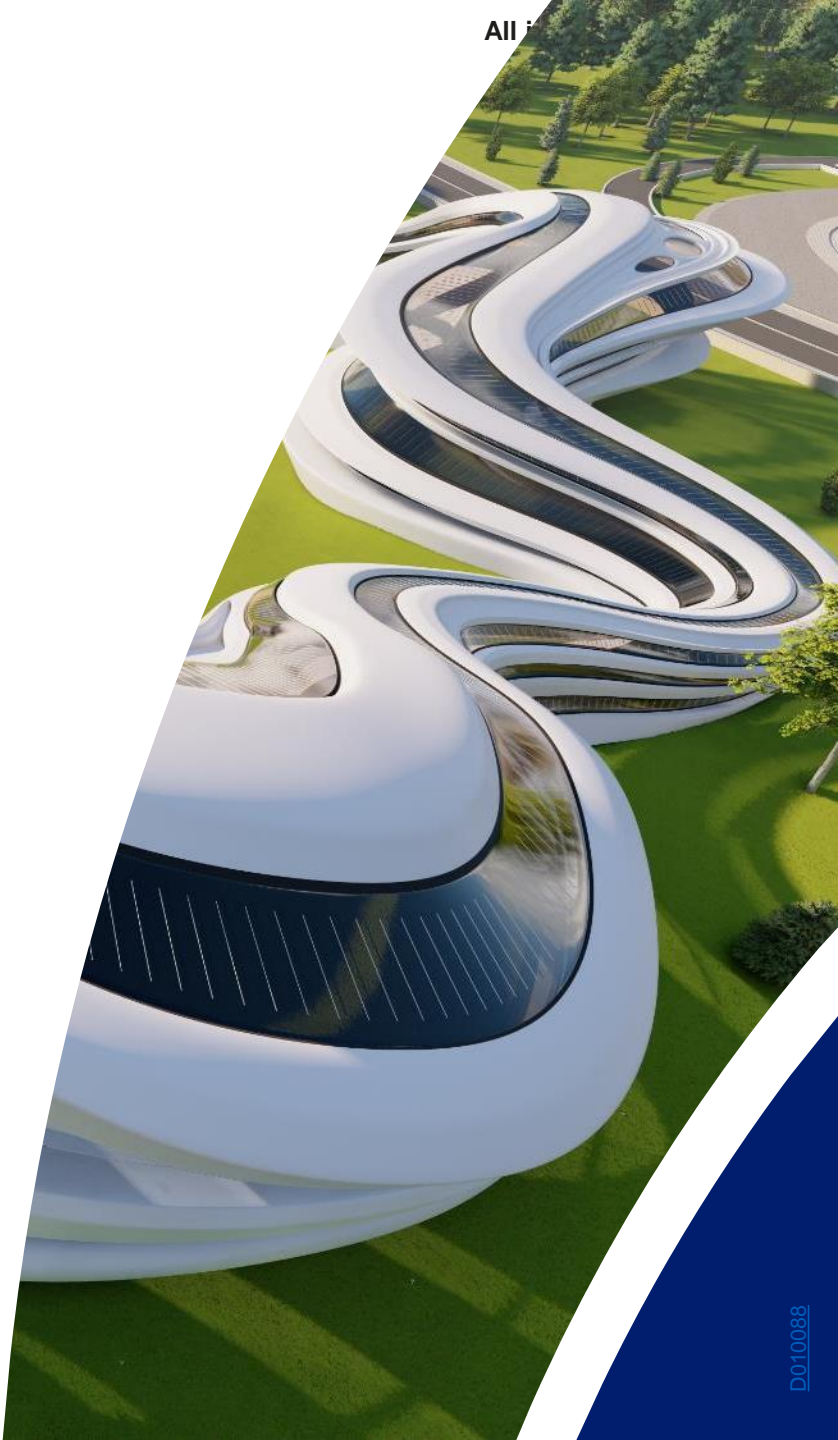
Current DC default allocation



- Cash
- Investment grade corporate bonds
- Index equity
- Government bonds
- Private Markets
- Alternative and active credit
- Listed alternatives



Source: L&G; as at June 2024. Asset allocation of a client at retirement LGIM Lifetime advantage funds.





# Blackstone joins Vanguard to expand into individuals' portfolios

Big asset managers seek to bolster private offerings



Blackstone president Jonathan Gray said the partnership would 'further expand the benefits of private markets' for Vanguard and Wellington's clients © Michael Nagle/Bloomberg



# So what can you do to future proof?

**Review your approach to ongoing advice services and documentation of regulations**

**Adapt your due diligence process to ensure you ask business questions**

**Select a manager who has capabilities to harness changes in client buying habits**

# Learning outcomes

To understand how the challenges faced by advisers gave rise to outsourced investment solutions

To understand how investment outsourcing can improve business efficiency

To understand ways to future proof your business through investment outsourcing



# Why L&G?



# L&G proposition history

Over 45 years managing multi-asset funds, developing a full suite of client solutions

Over  
**2,500**  
global employees



UK's largest  
asset manager

**£1,122 bn**  
Total AUM<sup>1</sup>



**1977**  
L&G starts  
managing  
multi-asset portfolios



**2014**  
Retirement Income  
Multi-Asset Fund



**2018**  
Future World  
Multi-Asset Fund



**2024**  
Private Market  
Access Fund

**A history of innovation and partnerships**

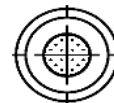
**1836**  
L&G established  
in London



**2013**  
Multi-Index  
Funds



**2015**  
Multi-Asset Target  
Return Fund



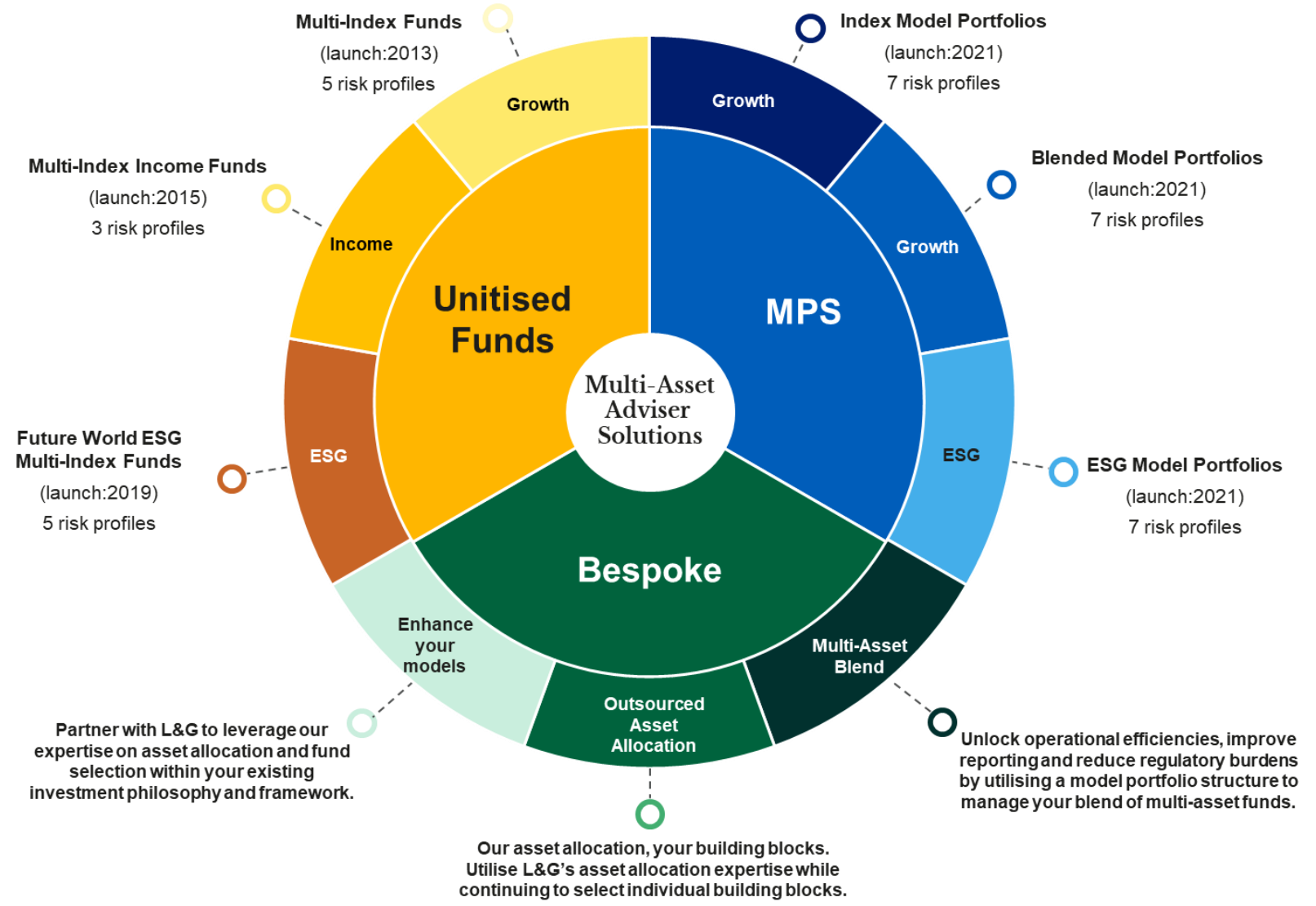
**2021**  
Model Portfolio  
Service



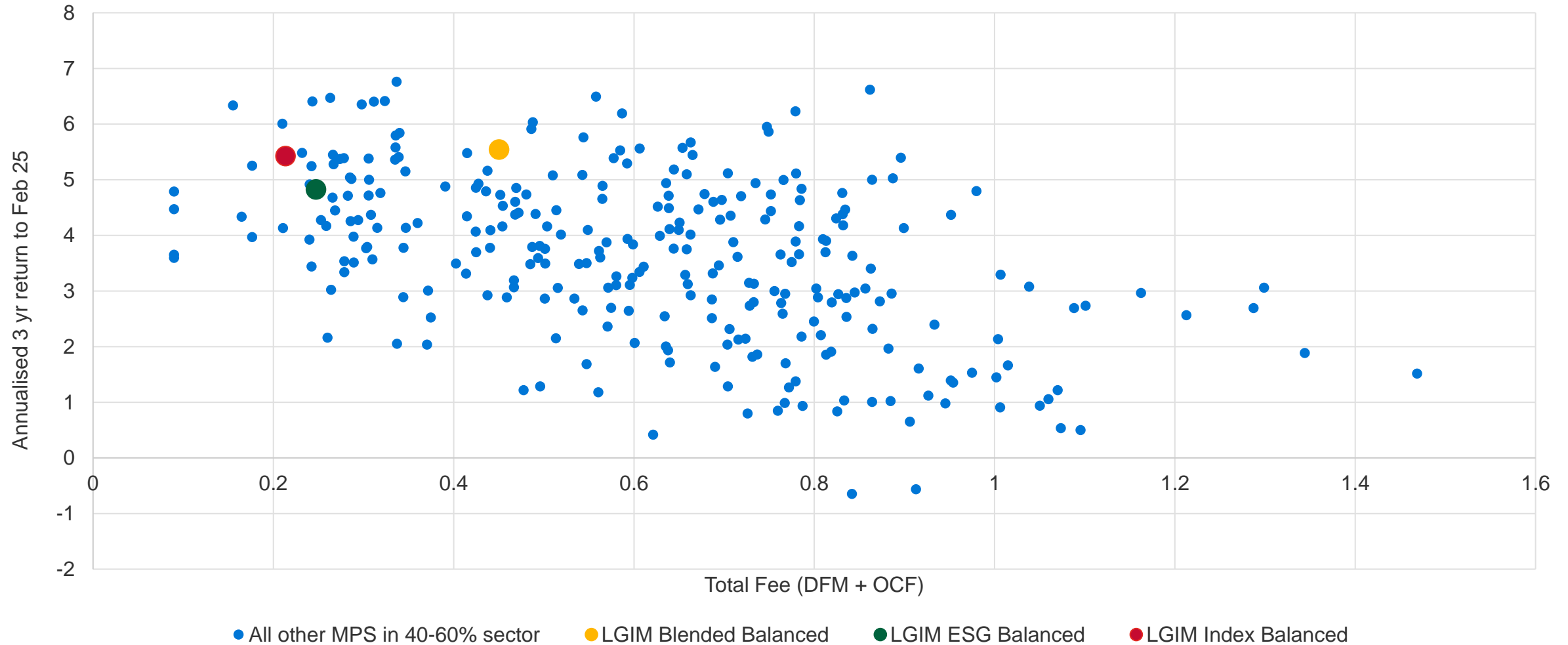
Source: L&G. As at 31 December 2024.

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# Our comprehensive multi-asset proposition



# L&G Model Portfolio Services



# Thank you



# Key Risks

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The value of an investment and any income taken from it is not guaranteed and can go down as well as up, and the investor may get back less than the original amount invested. Past performance is not a guide to future performance.

Investing in financial markets exposes investors to risk. These Funds invests in a wide range of asset classes, predominantly equities and fixed income, typically by investing in other funds. Equities (shares of companies) have a higher risk of being volatile (i.e. going up and down) than most other asset types, particularly in the short term. The Fund's fixed income exposure – usually corporate and government bonds – is particularly sensitive to trends in interest rate movements. The value of the Fund's exposure to this asset class is likely to fall when these interest rates rise (such falls may be more pronounced in a low nominal interest rate environment). The financial strength of a company or government issuing a fixed interest security determines their ability to make some or all of the payments due. If this financial strength weakens, the chances of them not making payments increases and this will reduce the value of the Fund's exposure.

The Fund may also hold assets in currencies that are not denominated in sterling. If the value of these currencies falls compared to sterling this may cause the Fund's value to go down. While the Fund's broad diversification aims to lower risk, each asset class has risks that may impact the value of the Fund. Any objective or target will be treated as a target only and should not be considered as an assurance or guarantee of performance of the Fund or any part of it.

Further details (including relevant risk factors and fund specific risks) are available in the Description of Funds document, which can be obtained from your usual LGIM contact or by visiting [www.lgim.com/descriptionoffunds](http://www.lgim.com/descriptionoffunds)



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### Key risks

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