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TD Ameritrade Institutional Survey Shows Signs of Cooling RIA Optimism Amid Heated Markets

RIAs This Summer are Focused on Strategic Planning, Though Confidence in the U.S. Economy and the Financial Markets Has Waned Since January

JERSEY CITY, N.J., Aug. 1, 2017 – Registered investment advisor (RIA) optimism in the U.S. economy, which reached new highs at the start of 2017, has slipped in recent months, according to the TD Ameritrade Institutional¹ Midyear RIA Sentiment Survey.

Sixty percent of RIAs are optimistic about the U.S. economy compared to 68 percent in January, while 56 percent doubt the stock market's momentum will continue through the year-end. For most of the year, the stock market has chugged along hitting all-time highs with low volatility.

Sentiment brightens as RIAs look beyond U.S. borders: 64 percent are optimistic about the global economy, compared with 55 percent at the top of the year.

Government policies are front and center. Nearly half of respondents say a proposed tax plan from President Trump would have the greatest impact on their firms; on the other hand, just 23 percent believe the new DOL Conflict of Interest Rule will have a positive impact their business, compared with 62 percent who believe it will not impact them at all.

Turns out, advisors are staying focused on the things they can control: strategic planning and delivering a superior experience to clients.

"Summer may conjure up images of beaches and barbeques, but for independent advisors, it's business-as-usual," said Tom Nally, president of TD Ameritrade Institutional, provider of brokerage and custody services to more than 5,000 independent RIA firms. "RIAs are using this time of year to stay connected to clients, improve their business and onboard young talent."

Paying No Mind to Sweet Summertime

Contrary to the lazy, hazy image of summer, RIAs maintain a brisk pace with the change of seasons, using the time between Memorial Day and Labor Day to handle operational and planning matters that typically take a backseat. Nearly four in 10 RIAs say they tackle most of their strategic planning work at the time of year, and 36 percent spend more time on technology issues. Roughly 30 percent devote more energy to staff training and development.

RIAs also pride themselves on being accessible to clients. Three-fourths say they maintain the same level of contact or higher with clients in the summer. Though nearly half of RIAs say they take between one to two weeks of vacation time, 67 percent check in with the office at least once a day while out, and 16 percent say they are always working, even if not physically present in the office.

Few RIAs Offer Internships

The survey revealed that RIAs could do more during summer months to cultivate young talent. For example, just one-third hire interns and of these, only 28 percent have a formal internship program in place.

Those who use interns are putting them to good use -- most of the time. The top three jobs for interns involve handling projects that other associates don't necessarily have time to handle, investment research and assistance with marketing and business development.

Most RIAs do not include interns when it comes to client interaction. Just 43 percent of RIAs bring their interns into client or prospect meetings.

"If independent RIAs want to attract the next generation of talent, they may want to expose aspiring young professionals to all aspects of the business," said Nally. "Older clients can see that their investment advisor is developing a deep bench of talent, bringing others along who may one day manage their family's wealth, while younger clients will see someone of their own generation."

When it comes to finding interns, 75 percent of RIAs rely on either their local colleges or word of mouth referrals for candidates. More than half say they create internships for the children of friends and clients.

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About the Survey

The results of TD Ameritrade Institutional 2017 Mid-Year RIA Sentiment Survey are based on a phone survey conducted from June 13 through June 26, 2017 by MaritzCX on behalf of TD Ameritrade Institutional, a division of TD Ameritrade Inc., of 300 registered investment advisors ("RIAs") managing an average of \$166 million in assets. Survey participants were asked to share their views on economy, the outlook for their firms and the RIA market overall. Participants may be clients of TD Ameritrade Institutional and other custodians. The margin of error in this survey is $\pm 5.6\%$.

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Source: TD Ameritrade Holding Corporation