

News

Advisers demand more from research houses

Jason Spits

Financial planners believe that managed funds research houses should provide more information on market trends and institutional ownership is a conflict of interest, according to a report due out next month from Brilliant and Investment Trends.



The report, to be produced by joint venture market research project PortfolioPulse, records that 86 per cent of advisers who responded to the group's survey, regarding the quality and range of research provided by research houses, felt they should try to predict major investment trends and changes.

Yet when it came to how that has been done over the past three years only 30 per cent of respondents felt the research houses had rated as 'OK' with 46 per cent and 11 per cent stating they had performed 'badly' or 'very badly', respectively.

Advisers still felt research was valuable with 73 per cent of respondents using managed funds research because it added value while 20 per cent used it because they had to, with six per cent stating they did not use it at all.

A majority of these respondents were also wary about research houses being owned by product providers with 17 per cent stating they were concerned while 76 per cent stated it was a conflict of interest.

Further findings from the survey will be released in April by Portfolio Pulse which has been established by Brilliant, run by Graham Rich, and Investment Trends, headed up by Mark Johnston who was previously senior analyst for wealth management at ACNielsen Consult.

Brilliant director Rich says the purpose of Portfolio Pulse will be to ascertain how financial planners are building portfolios for clients and as part of that the group was seeking information about behaviour of the parties in that process such as dealer group researchers, financial advisers, paraplanners, boutique dealer principals and super fund trustees and executives.

According to Rich there has been no investigation of the drivers behind portfolio construction and Portfolio Pulse will examine how investments are placed on recommended lists, how they are used by advisers including the role of research houses, implemented consulting, asset allocation models and model portfolios.

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