

Clients Curious about ESG, Crypto, and Cannabis Investing

IN ADDITION to asking financial planners what investment vehicles they currently use in client portfolios (see the table on this page), the FPA 2019 Trends in Investing survey also asked planners what investing topics are top of mind for clients. While the effects of volatility on their portfolio was the most common topic clients inquired about over the last six months (70 percent), many planners also fielded questions from clients about investing in marijuana or cannabis stocks/companies (55 percent), ESG investing (35 percent), and cryptocurrencies (25 percent).

The survey, conducted by the *Journal* and the FPA Research and Practice Institute™, was fielded in April and received 392 online responses from financial planning professionals who offer clients investment advice and/or implement investment recommendations. Access the full survey report at FPAJournal.org.

A note about SMAs. For the first time in 2019, the Trends in Investing survey added “separately managed accounts” to the list of investment vehicle options. More than a quarter (26 percent) of survey respondents currently use or recommend separately managed accounts, and 9 percent indicated they plan to increase their use of SMAs over the next 12 months. It will be interesting to see in future surveys if the use/recommendation of SMAs increases as 2019 survey participants anticipate.

Which Investment Vehicles Do You Currently Use/Recommend with Your Clients?

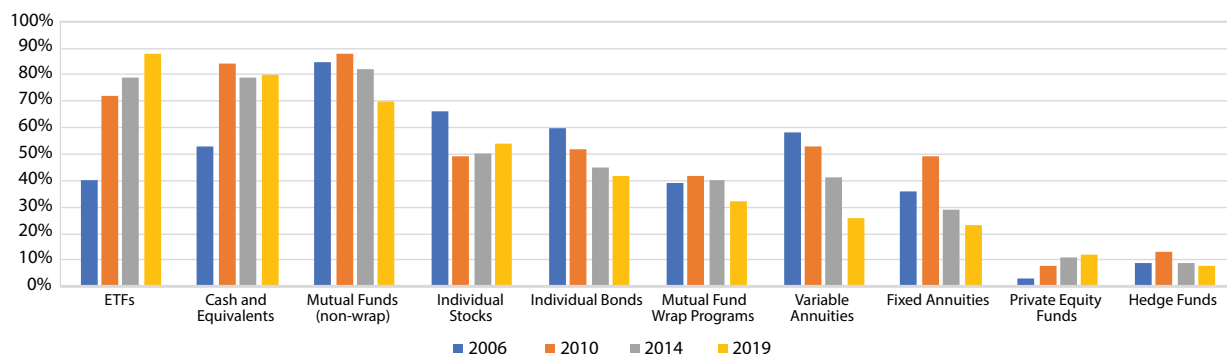
Survey respondents could select all that apply. Results have been ordered here by highest percentage.

Exchange-Traded Funds (ETFs)	88%
Cash and Equivalents	80%
Mutual Funds (non-wrap)	70%
Individual Stocks	54%
Individual Bonds	42%
Mutual Fund Wrap Program(s)	31%
Variable Annuities (immediate and/or deferred)	26%
Separately Managed Accounts	26%
ESG Funds	26%
Fixed Permanent Life Insurance	24%
Fixed Annuities (immediate and/or deferred)	23%
Individually Traded REITs	20%
Indexed Annuities	15%
Variable Permanent Life Insurance	14%
Non-Traded REITs	13%
Other Alternative Investments (bought directly)	13%
Private Equity Funds	12%
Structured Products	11%
Options	9%
Hedge Funds (bought directly)	8%
Precious Metals	5%
Other	4%
Cryptocurrencies	0%

Source: FPA 2019 Trends in Investing Survey

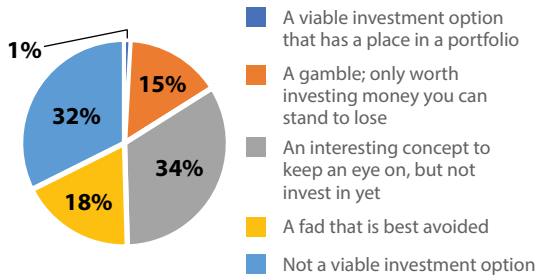
Changes to Investment Usage, 2006–2019

Q: Which investment vehicles do you currently use/recommend with your clients? (select all that apply)



Source: FPA Trends in Investing Surveys (not all options are displayed here, only ones comparable year-over-year; respondents could select all that apply).

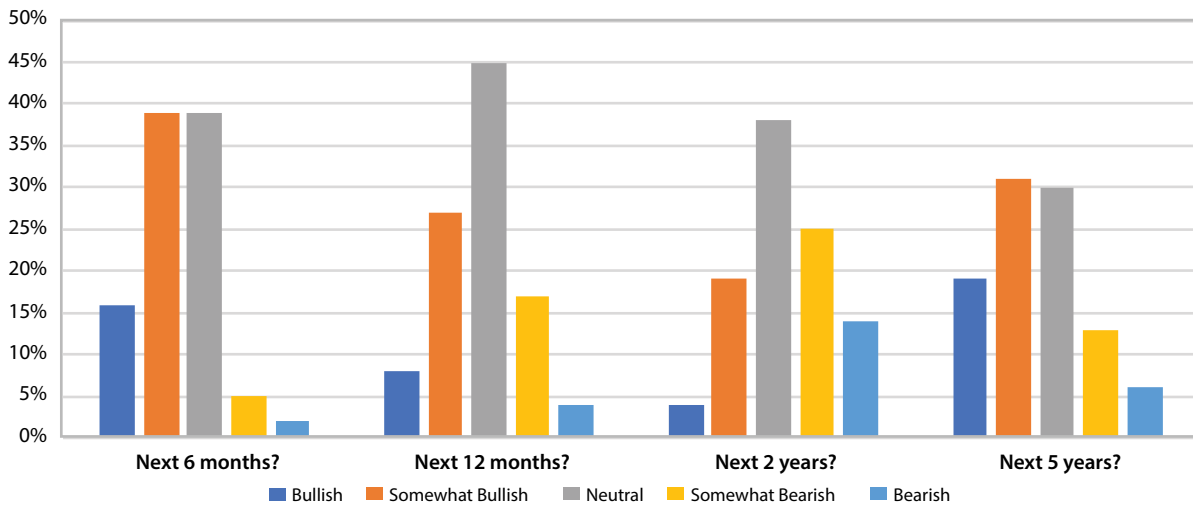
Q: What is your opinion of cryptocurrencies as an investment?



Clients Curious, but Planners Wary of Crypto

PLANNERS CONTINUE to be cautiously watching the cryptocurrency space, with about one-third (34 percent) of survey respondents indicating they consider cryptocurrencies an interesting concept, but not something to invest in, yet. This is a slight uptick from the 29 percent who held this opinion last year.

Q: What is your economic outlook for the...



Source: FPA 2019 Trends in Investing Survey

ACTIVE VS. PASSIVE

ALTHOUGH THE MAJORITY of planners continue to favor a blend of active and passive management, 2019 results show a continued uptick in a passive approach. Twenty-nine percent of survey respondents said passive management provides the best overall investment performance (taking costs into account)—the largest percentage since 2014.

Q: In general, which type of management do you think provides the best overall investment performance taking into account costs associated with each management style?

