

Voice of the Adviser

A lens on financial adviser sentiment
Q1 2025

Key headlines

1

Economic Overview

Confidence in the UK economy remains low, with only one in eight (13%) expecting it to get better over the next 12 months. The US has also dropped significantly as a strong investment opportunity, while current volatility has also led to a rise in advisers citing supporting clients through economic uncertainty as a challenge for them.

2

Investing in 2025

Geopolitics is driving four in five advisers (81%) to think volatility will rise this year and there is an expectation investors will decrease investment amounts and think more long-term as a result. Regarding ISAs, most advisers think relaxing the ISA allowance would have a positive effect on investments, while cryptocurrency remains an area advisers are strongly against.

3

Investment and business confidence dampens

Optimism for investment opportunities continues to decline (30% vs. 33% in Q4 2024), with more advisers still thinking investing amount will be down (23%) than up (13%). Despite this, more advisers say their business is going well (65% vs 61% in Q4 2024) as market uncertainty drives clients to advisers for support

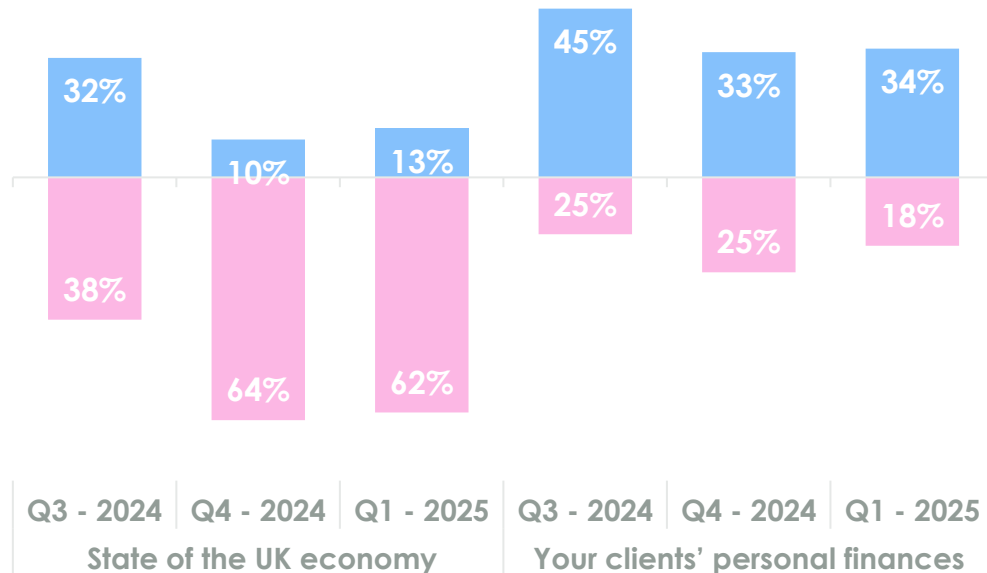
Economic Overview

UK economic confidence had hardly recovered from a Q4 decline, with Europe replacing the US as the best current buying opportunity.

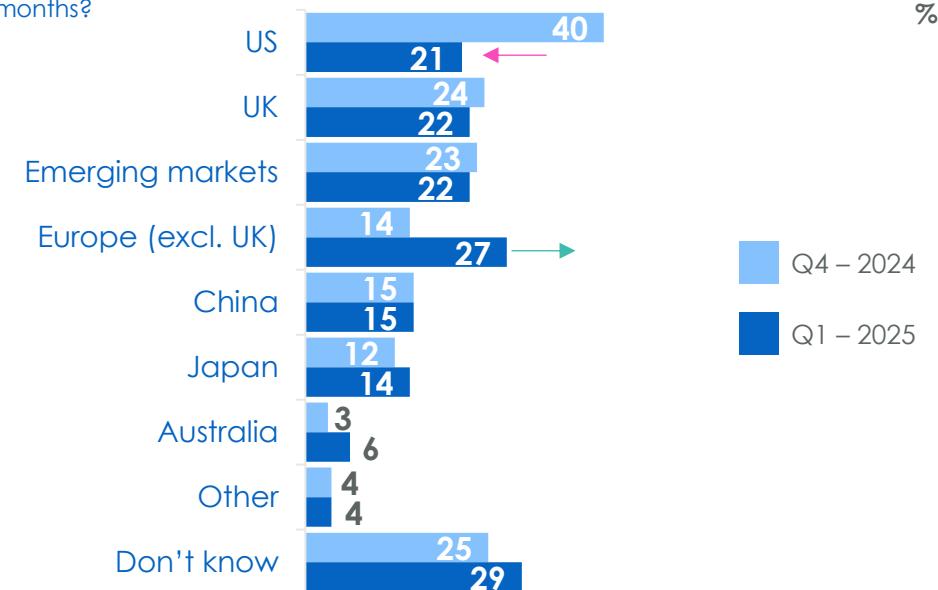
Confidence in UK outlook remains very low. Only 13% of IFAs expect improvement to the UK economy over the next 12 months while 62% expect it to worsen. After a significant decline from Q3 to Q4 last year, there had only been marginal improvement at the start of 2025.

Optimism for the US market following Donald Trump's election win has quickly and sharply declined following his first few months in office. Despite this, advocacy of the UK market has remained flat – dropping to 22% from 24% in Q4. Europe had replaced the US as the top market for the next 12 months, supported by almost double the number of advisers since the end of last year.

Q - Over the next 12 months, do you expect the following to get better or worse?

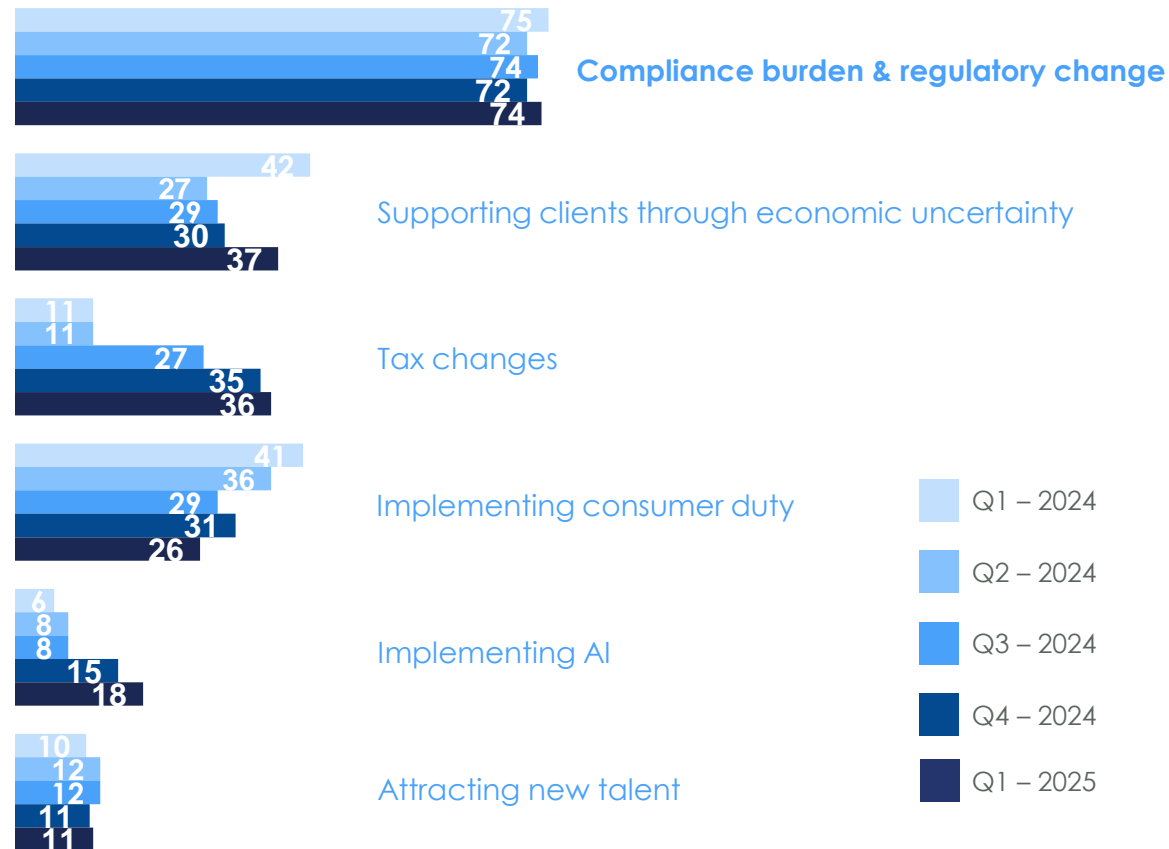


Q - Which markets do you think present the best buying opportunities for the next 12 months?



Supporting clients through uncertainty has risen as a top challenge this quarter, although this is not necessarily seen as bad for business

Q - What are the biggest challenges your firm is facing at the moment?



"Increased regulatory burden makes it hard to scale quickly and efficiently"

"Taking a pragmatic view, with much uncertainty around but still expecting some opportunities."

"Although I expect turnover and sales to increase the effect of Tax, NICS & corporation will hinder."

"Feels like a global recession may be on the cards"

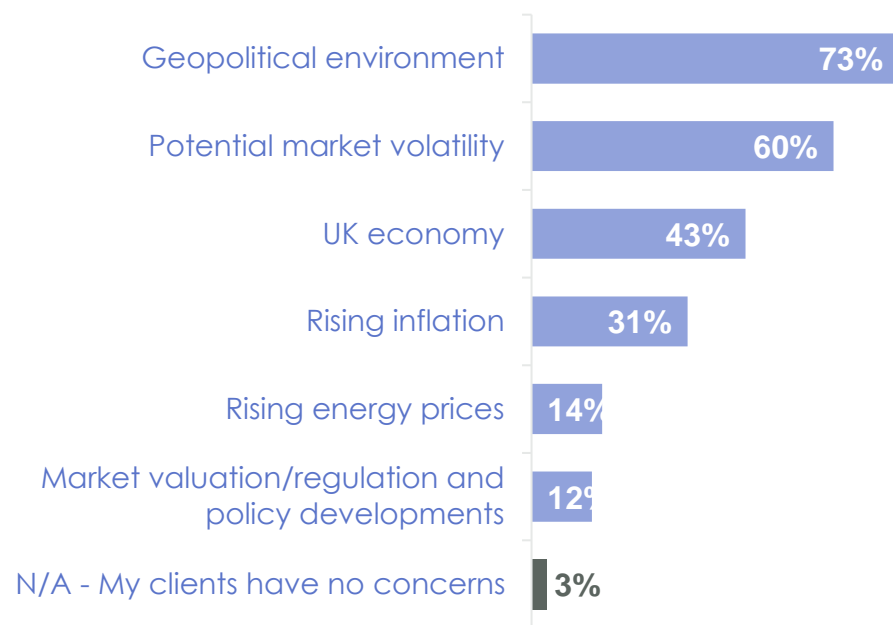
"At the moment it seems as though we are in limbo and no one is sure what is the best thing to do."

Investing in 2025

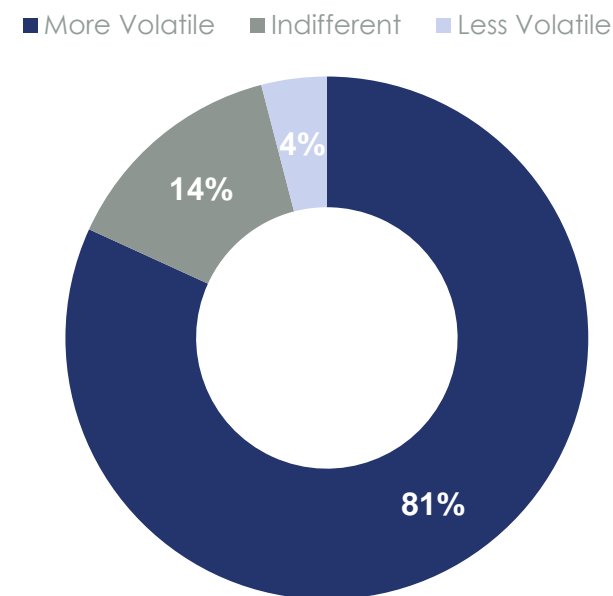
Four in five advisers anticipate heightened market volatility in the coming year, with geopolitical tensions identified as the primary driving factor.

The vast majority of IFAs expect more volatility this year compared to the previous 12 months, including over a third (36%) expecting a lot more turbulence. This potentially has positive effects for advisers however, as half (50%) of those expecting more volatility, expect investors to take more advice as a result.

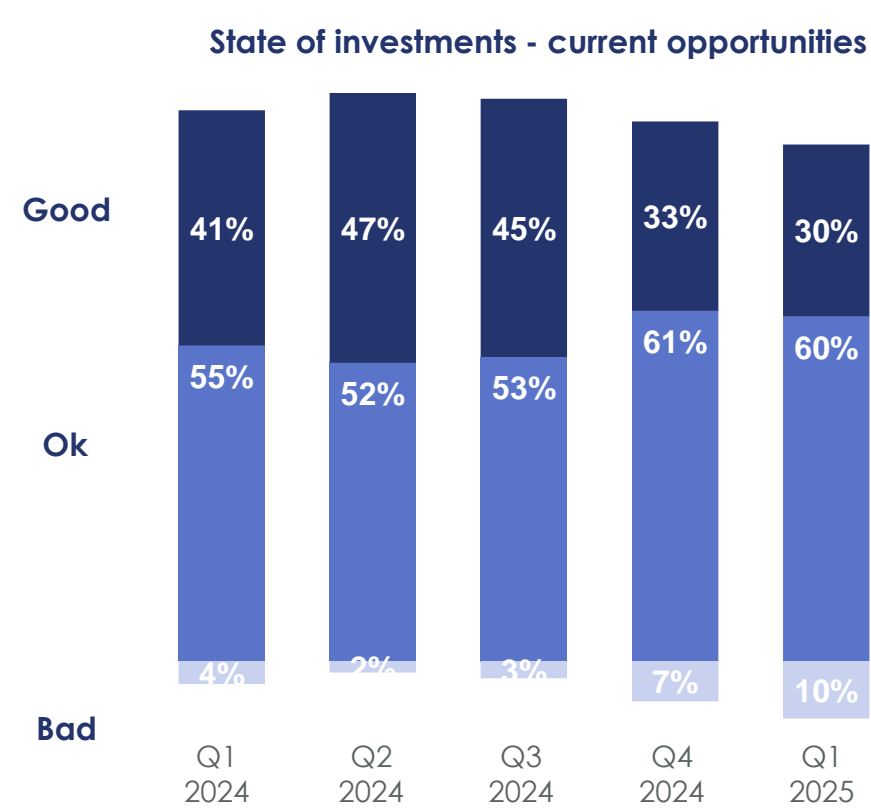
Concern over events impacting investments of clients/investors



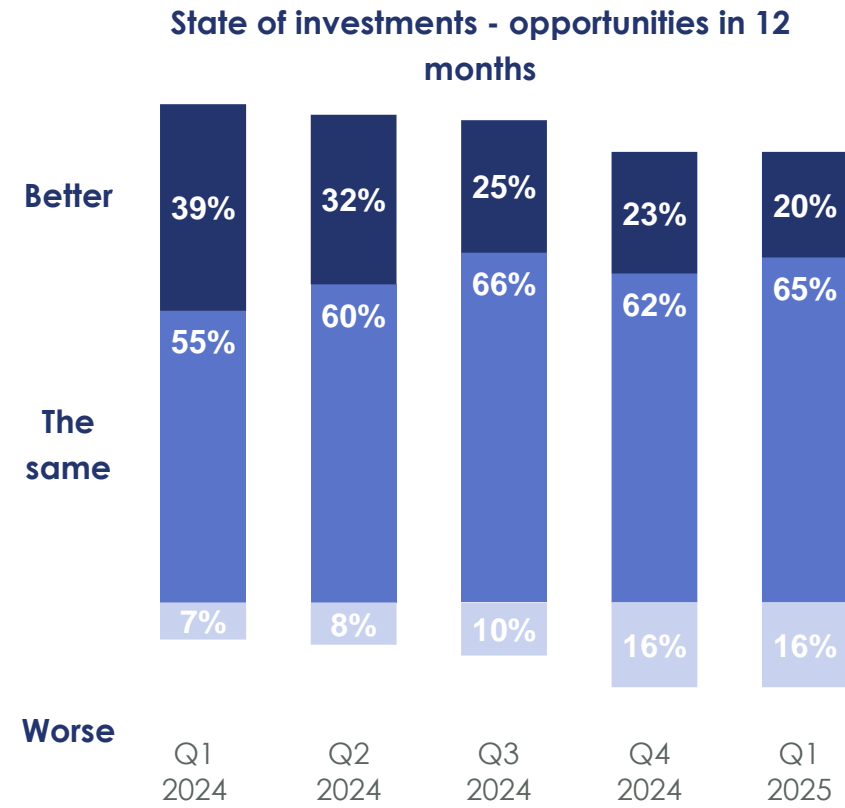
Volatility of investments in the next 12 months vs the previous 12 months



As a result, adviser investment sentiment for now and the future continues to drop to new lows in 2025



Q - How would you rate current investment opportunities?

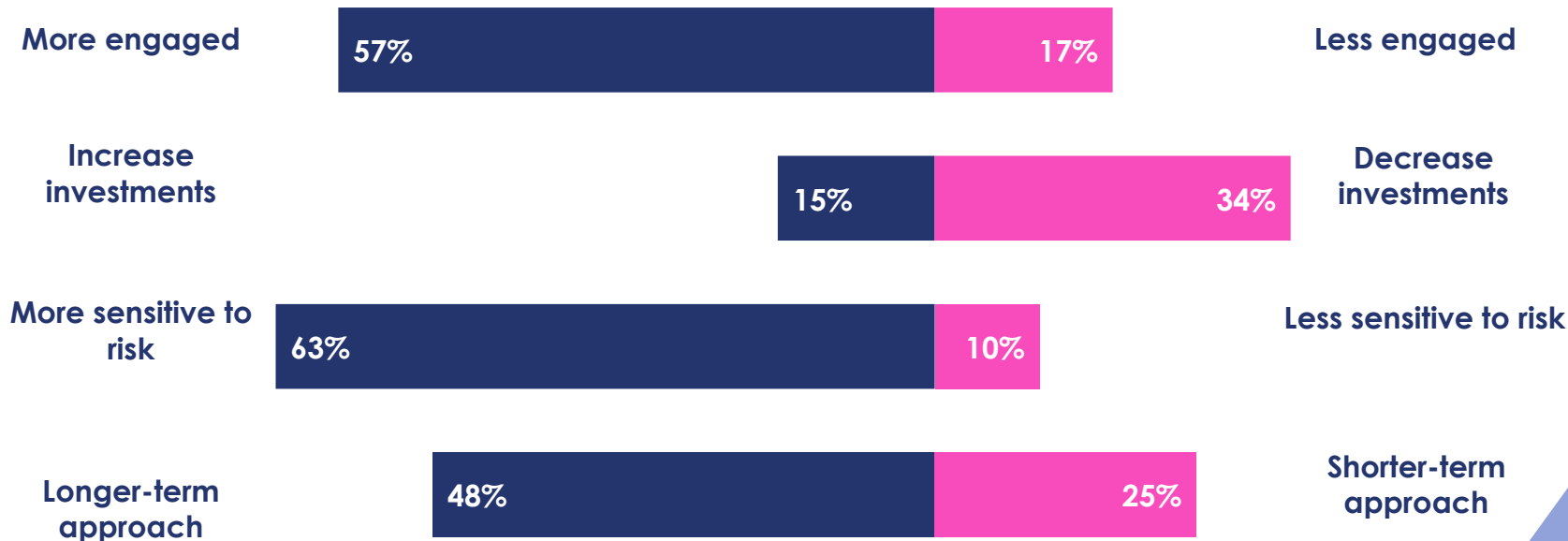


Q - How would you rate investment opportunities to be in next 12 months?

In the midst of market volatility, advisers expect investors to become more sensitive to risk, invest less, and think more long term.

Over half (57%) would expect investors to be more engaged in the current market circumstances, while two thirds (63%) think they will be more sensitive to risk.

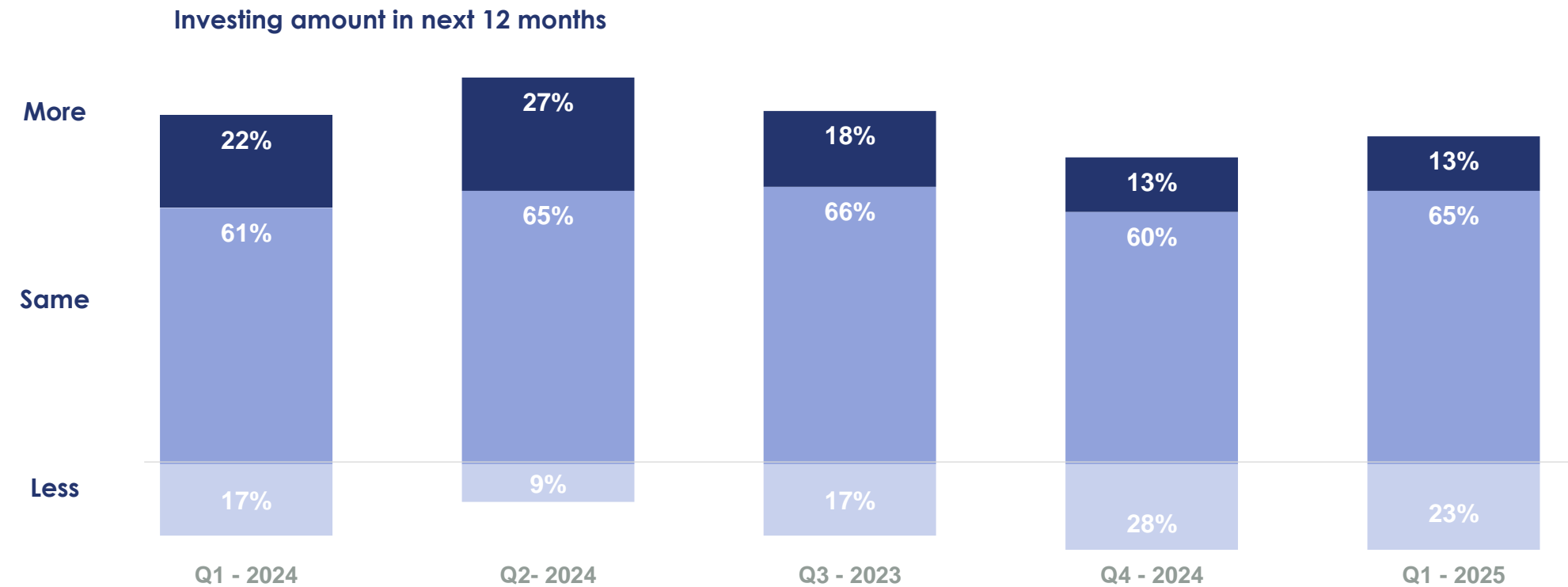
A third (34%) think investment amounts will decrease, with nearly half (48%) expecting a longer-term approach.



Q - How will clients/investors respond if market volatility increases in the next 12 months?

IFAs continue to expect more clients to decrease investments than increase them in the next 12 months, although the margin has decreased

IFAs think investment amounts will marginally stabilise, with nearly two thirds expecting investment amounts to not change. Despite this, nearly a quarter (23%) think investments will drop, 10% more than those who think it will increase.

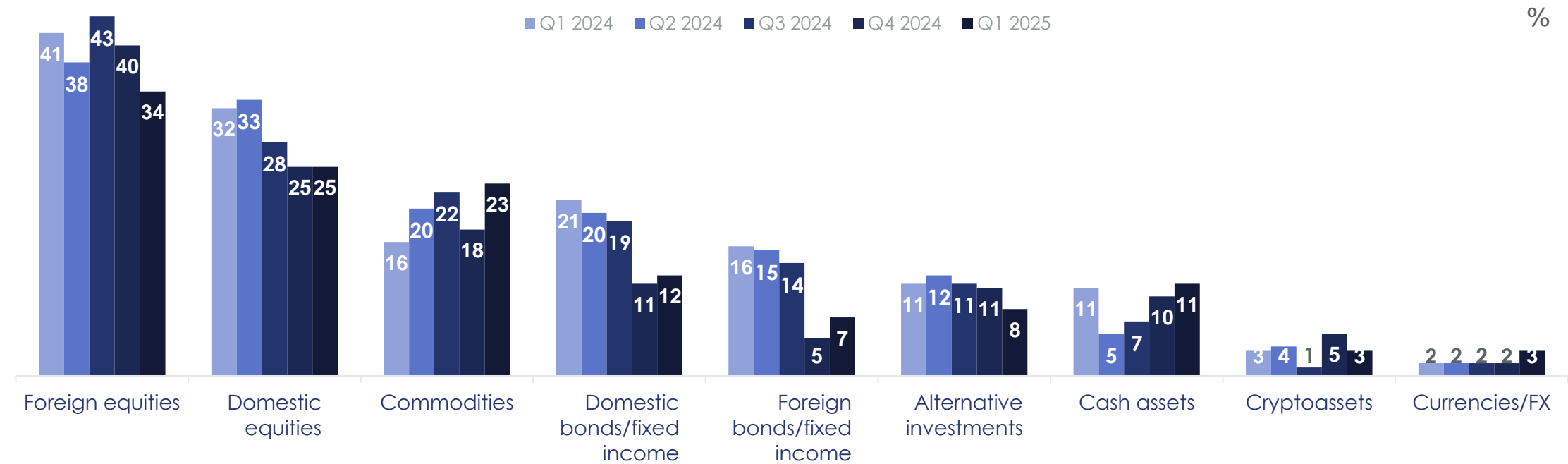


Q - Do you/ your clients expect to invest more or less over the next 12 months?

And confidence in foreign equities is declining over time

While foreign equities are considered the best asset class, this sentiment has steadily decreased quarter by quarter. Meanwhile, there's increasing interest in commodities, which shows growth from 16% to 23% year on year, suggesting IFA are shifting toward more tangible assets as potentially safer investments in the upcoming year.

Best asset classes in the next 12 months



Q - Which asset classes do you think present the best buying opportunities for the next 12 months?

Trust and a lack of regulation are the key reasons behind two thirds of advisers having a negative view of cryptocurrency

Only 5% of IFAs have a positive view of cryptocurrency, with two thirds feeling negative about it. A majority of those with a negative view cite, trust, a lack of regulation, safety, and the risk from fraud as a reason for holding this opinion.

Positive vs negative views of cryptocurrency

Positive

5%

21%

66%

Negative

Reasons for a negative view of cryptocurrency



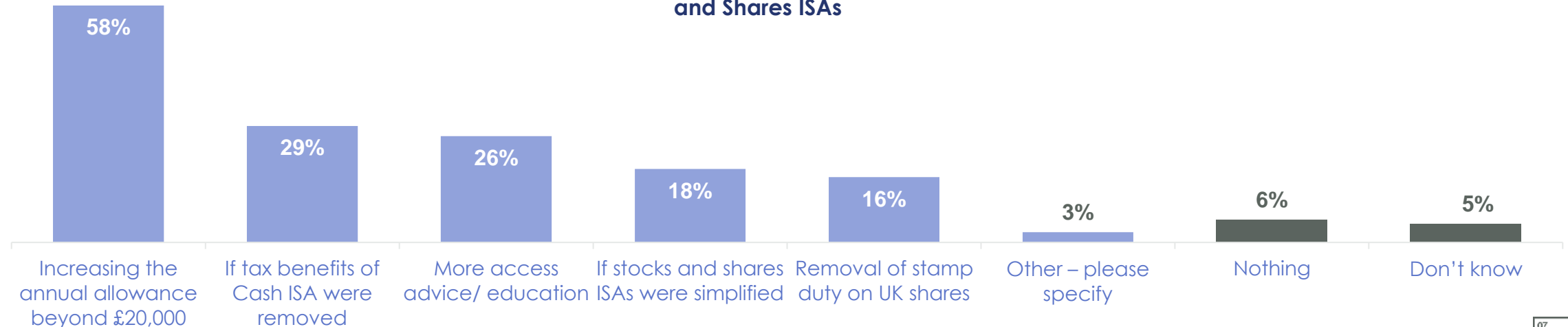
Amid ISA season, nearly half think scrapping the ISA allowance would have a positive impact on investing in them

A majority also think increasing the allowance would increase investments in Stocks and Shares ISAs, while education and the removal of Cash ISA tax benefits are also cited.

Likelihood to invest if the annual ISA allowance is scrapped/reduced



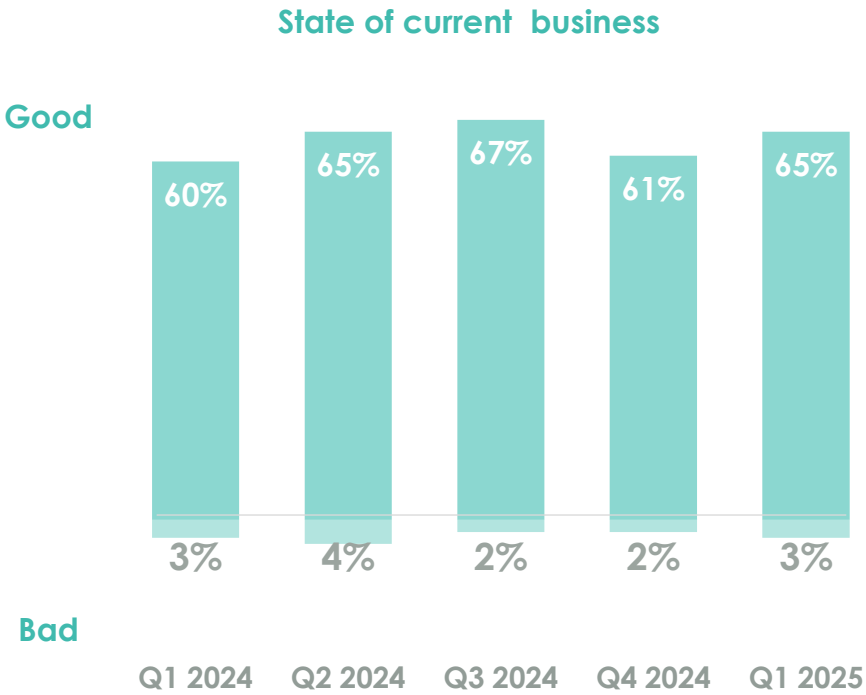
Actions to encourage clients to invest in Stocks and Shares ISAs



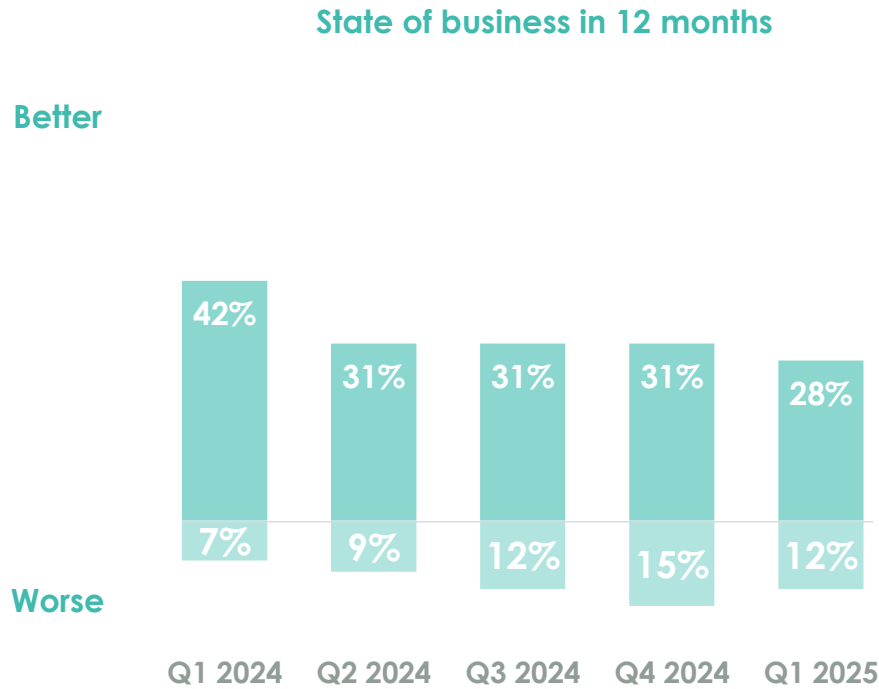
IFA business confidence

IFA business confidence has recovered this quarter, however, there is less optimism for the future than in previous waves

Nearly two thirds of IFAs feel their current business is good, returning to levels seen in the middle of 2024. However, less than three in ten now feel their company will be better in the next 12 months, continuing a consistent decline.



Q - How would you rate the current state of your business?

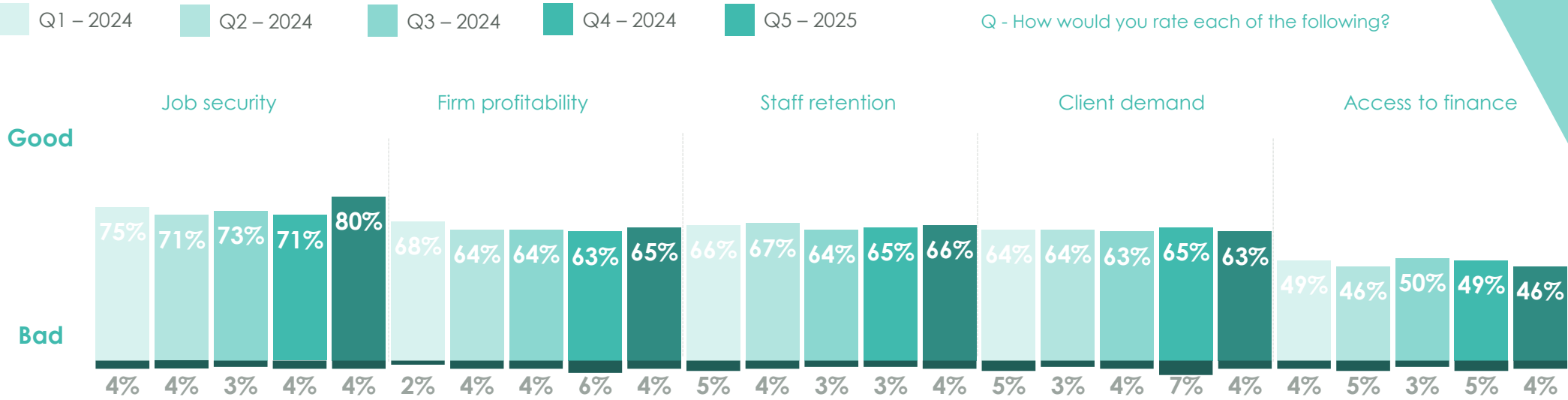


Q - How do you expect business to be in the next 12 months?

Confidence in job security has reached an all time high, while most other firm metrics have remained stable

Four in five IFAs are now confident about their own job security while nearly two thirds feeling the same about firm profitability, amid uncertainty around the world.

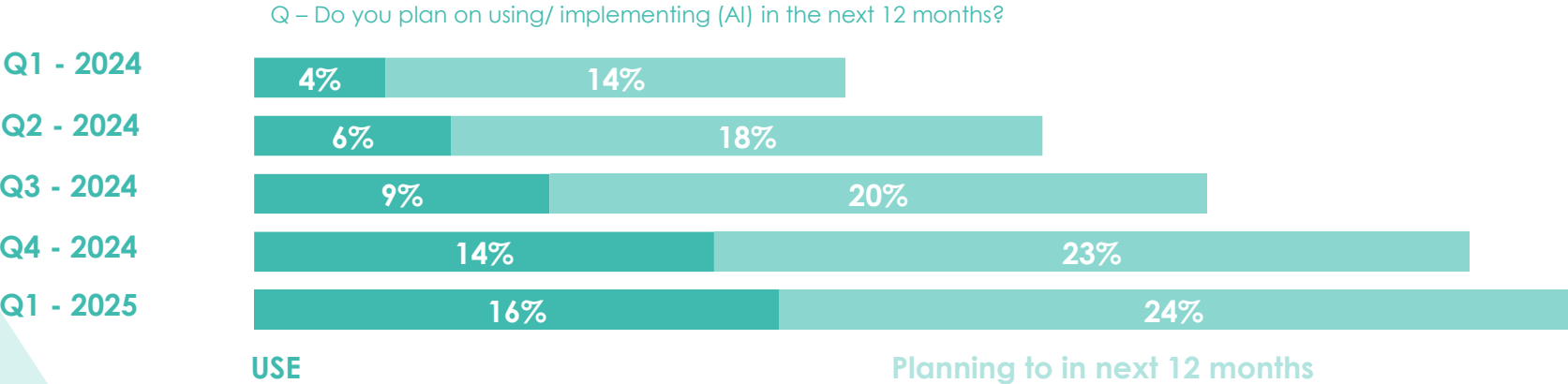
Seven in ten IFAs say they are open to new clients, but are not actively seeking them, client demand is also positive with 63% describing it as good, a marginal drop from Q4 2024, but largely unchanged in the last year.



AI usage continues to increase into 2025

Two-fifths of IFAs (40%) are beginning to introduce AI into their work, with 16% currently using it and 24% planning to, a number that has continually increased each quarter since the start of 2024.

Around one-fifth (21%) see AI as a risk, the lowest level seen so far. However, with more and more firms beginning to use AI, there has also been a drop in those seeing AI as an opportunity (from 56% to 44%).



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