



THE RISE OF BESPOKE INVESTMENT SERVICES

WHY ADVISERS ARE TURNING TO
TAILORED PORTFOLIOS TO MEET
COMPLEX CLIENT NEEDS

Adviser research — white paper

INTRODUCTION

Retirement planning, tax changes and growing client expectations are changing the shape of advice. Bespoke investment management is fast becoming a core part of how advisers deliver value.

This paper explores the findings of new research commissioned by Rathbones into adviser attitudes toward bespoke investment services. Based on interviews with 100 financial advisers across the UK, the results highlight a growing appetite for more personalised investment strategies – particularly at or near retirement.

CLIENTS ARE GETTING WEALTHIER WITH MORE COMPLEX NEEDS

Today’s clients are arriving at retirement with more wealth and more diverse needs. Many have multiple tax wrappers, legacy assets and specific investment preferences. They want reassurance that their portfolio is aligned not just to a risk profile, but to a life plan. Increasingly, they also want more personal service.

Retirement isn’t just a technical transition – it’s often an emotional one. Clients want clarity, control and reassurance as they step into this new chapter.

Advisers expect the number of clients with investable assets of £250,000 or more to rise from 21% today to 25% over the next three years. While not every client will meet that threshold, the number of individuals with higher wealth is rising steadily. Government data estimates median household wealth in the UK at nearly £300,000, with the top 10% of households holding more than £1.2 million¹.

With that growth comes greater complexity – and an increasing need to manage portfolios in a way that supports long-term planning, income flexibility and intergenerational priorities.

WHY BESPOKE IS GAINING GROUND

Bespoke services give advisers a way to respond to this complexity with confidence. Portfolios can be built around each client’s tax position, income goals, investment preferences and legacy considerations. It’s a highly personal approach that complements advice and strengthens relationships.

Importantly, bespoke services are designed to fit around the adviser’s recommendations – not override them. They enhance the advisory relationship by freeing up time for the conversations that matter most.

More than 90% of advisers say they now manage up to a quarter of client assets through bespoke portfolios. Among those, over half say they manage between 5% and 15% of client assets in this way, while another 42% manage between 15% and 25%.

All advisers surveyed said they expect an increase in the use of bespoke over the next two years. One in five expect growth of 5% to 15%, while nearly two-thirds forecast a rise of 15% to 25%. Another 14% expect growth of 25% to 50%, indicating strong momentum.

Nearly all (97%) of advisers expect a resurgence in the use of bespoke portfolios managed by third-party investment managers over the next three years, reflecting a shift in adviser business models and client expectations.

MORE THAN 90% OF ADVISERS SAY THEY NOW MANAGE UP TO A QUARTER OF CLIENT ASSETS THROUGH BESPOKE PORTFOLIOS.

¹Household total wealth in Great Britain April 2020 to March 2022/ Office for national statistics (24 January 2025)

THE AUTUMN BUDGET: ACCELERATING THE SHIFT

Recent tax changes have added fresh urgency to the case for personalisation. Following the 2024 Autumn Budget - the biggest tax-raising Budget in a generation - advisers say managing portfolios for growth and tax efficiency has become more difficult.

Capital gains tax (CGT) was a particular focus. Although the most dramatic pre-Budget predictions didn't materialise, the increase from 10% and 20% to 18% and 24% is already having an effect. Nearly all (96%) of advisers surveyed say CGT changes are fuelling greater demand for bespoke services, particularly for clients in or nearing retirement.

The ability to rebalance and switch investments without triggering unnecessary CGT liabilities is a key advantage. Bespoke portfolios allow for more controlled rebalancing and better tax planning, helping to mitigate unwanted gains and support smoother withdrawals.

Clients are also becoming more receptive to the idea of paying for this kind of tailored service. Some 97% of advisers say it's easier to justify the cost of bespoke portfolios compared with off-the-shelf models.

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DECUMULATION AND THE VALUE OF ADVICE

The shift from accumulation to decumulation is one of the most significant transitions in a client's financial life. It's also where advisers add the most value - guiding decisions around income, longevity, tax and legacy.

Our research shows bespoke services are playing an increasing role in this phase. Advisers say they are more likely to use bespoke portfolios for clients approaching or in retirement, with 59% using them during decumulation compared with 41% during accumulation.

Breaking that down further, 39% of advisers are more likely to use bespoke for clients in the years leading up to retirement, 15% for those recently retired and 5% for those who have been retired for some time. This is the point where practical and emotional risks intersect. Clients may worry about running out of money, needing care or wanting to gift to children.

Bespoke portfolios help manage the specific risks that emerge in retirement, including:

- Sequencing risk - the risk of withdrawing after a market fall
- Inflation risk - preserving spending power over 20 to 30 years
- Withdrawal risk - taking too much, too soon
- Longevity risk - planning for an uncertain lifespan
- Behavioural risk - helping clients stay invested through market volatility
- Bespoke allows for greater flexibility, more active risk management and portfolios that evolve with changing needs.





WIDER INVESTMENT CHOICE, STRONGER RELATIONSHIPS

Bespoke services also give clients access to a broader investment universe. Direct equities, bonds, investment trusts, AIM shares and specialist strategies such as sustainable or thematic investments are increasingly in demand. All advisers surveyed said access to exchange-traded funds is a key driver of interest, with over 90% also highlighting demand for investment trusts and AIM shares.

Each client gains a dedicated investment manager who works in partnership with their adviser, providing ongoing oversight, support and personalised portfolio decisions.

Advisers also report stronger engagement from clients. Some 85% say their relationships have improved since introducing bespoke services, with nearly a quarter saying those relationships are now significantly stronger.

Advisers are also meeting with clients more often – 85% say meeting frequency has increased, with 19% describing the increase as dramatic.

All advisers reported positive client feedback after introducing bespoke, with 35% saying most clients are “very happy” with the move – a clear indicator that clients value the level of attention and expertise bespoke brings.

While some firms found the transition to bespoke services relatively smooth – 51% said it wasn’t difficult – others acknowledged the need for thoughtful integration. Nearly half (48%) said introducing third-party investment management came with challenges, underlining the importance of choosing a well-aligned provider.

Bespoke is also good for business. Nearly all (95%) say profitability has improved since adopting a bespoke approach and 97% say it has enabled them to take on more clients.

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THE OUTLOOK:
DEMAND AND
EXPECTATIONS
ARE RISING

Bespoke investment management is no longer just for the ultra-wealthy. It's becoming an integral part of how advisers manage complexity, meet regulatory expectations and deliver more personalised outcomes.

Even advisers who do not currently offer bespoke services expect that to change. All surveyed say they plan to introduce bespoke within four years, with nearly half planning to do so within the next two. At the same time, advisers expect the threshold for entry to increase. While bespoke is typically offered from £250,000, 46% of advisers say their firm sets the bar at £400,000. Most expect that minimum to rise, with 28% forecasting a 15% increase and more than half expecting a rise of 15% to 25%.

It's a clear sign of where the market is heading - and why now is the time to consider how bespoke fits into their proposition.

A TIMELY
OPPORTUNITY

These findings highlight the shift taking place in adviser-led investment services. As client needs become more nuanced, expectations are rising. Bespoke investment management offers a way to meet those expectations with depth, care and clarity - supporting both client outcomes and adviser businesses.

Whether clients are planning for retirement, navigating a tax change or thinking about the next generation, a more tailored investment approach can help advisers support them with confidence - with Rathbones by their side.

For more information, please speak to your usual Rathbones contact or visit www.rathbones.com

SOURCES

¹Household total wealth in Great Britain April 2020 to March 2022/
Office for national statistics (24 January 2025)

Rathbones commissioned the independent research agency PureProfile to survey 100 UK IFAs and financial planners, including 75 who currently offer bespoke investment management or discretionary fund management services.

RATHBONES

ABOUT RATHBONES

Rathbones Group Plc (Rathbones), through its subsidiaries, is one of the UK's largest providers of investment management services for individuals, charities and professional advisers. This includes discretionary investment management, unit trusts, tax planning, trust and company management, financial advice and banking services. Rathbones manages £109.2 billion of assets (as of 31 December 2024), of which £15.8 billion is managed by Rathbones Asset Management Limited (as of 31 December 2024). Rathbones has over 3,500 people in 23 UK locations and the Channel Islands.

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