

BEHAVIOURAL RESEARCH

# How Financial Advisers Can Support Clients Through Market Volatility

Learnings from a panel of  
Financial Advisers

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# Introduction



Financial advisers must face challenging market environments alongside their clients. In fact, helping clients withstand volatile markets is one of the most valuable services an adviser provides.

Even so, there is no “one correct way” to guide clients through market volatility. Instead, advisers must develop their own toolbox to help their clients endure inevitable market volatility by relying on their own experiences (or those of other advisers in their circle) along with a hodgepodge of advice online.

In our research, we set out to help advisers develop a well-rounded approach for guiding clients through rocky markets. To that end, we captured the experiences of a diverse group of advisers who have guided clients through a challenging market. By collecting their experiences, challenges, and lessons, we’ve extracted insights and effective practices to help advisers be better prepared to handle these conversations with their clients when they inevitably happen in the future.



# Study Details



Our sample was sourced from the Morningstar Behavioural Research Circle. This is a panel of advisers who are passionate about helping clients succeed and who understand that psychology and behavioural science play a role in that success.

Advisers in the panel are open to participating in voluntary research studies to advance our understanding and the application of behavioural science in financial advising and practice management.

The study was conducted in June 2025, and advisers were asked to consider their experiences during the most recent case of market volatility (that is, the beginning of 2025, which included the announcement of sweeping tariffs from the USA).

The study sample comprised 47 advisers with a broad array of backgrounds, representing six countries (the UK, the USA, Canada, Australia, South Africa, and India). We heard from advisers ranging from 26 years old to 72 years old (with an average age of 50 years) and who had been practicing financial advising for as little as one year to as many as 40 years (with an average of 19 years' experience). The group also spanned industry channels (56% registered investment advisers, 33% independent broker-dealers, and 11% hybrid) and fee structures (26% of the sampled followed a fee-only model, 18%

assets under management model, 13% commission, and the remainder followed some combination of the three). This varied and wide-ranging group of professionals allowed us to gather insights from different perspectives across the industry from a global perspective.

From the generous contributions of these advisers, we are able to:

- Better understand the patterns in advisers' experiences regarding how clients typically engage with them during market volatility
- Learn from the experiences of advisers on how they manage market volatility with their own clients

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# 01 Patterns in Client Engagement: Who Tends to Reach Out and How?



Contrary to the existing narrative that clients call their adviser in a panic during market volatility, advisers in our sample stated they initiated conversations about the market volatility 58% of the time, on average.

Advisers commonly introduced the topic of market volatility in an email (35%) or during an in-person appointment (36%).

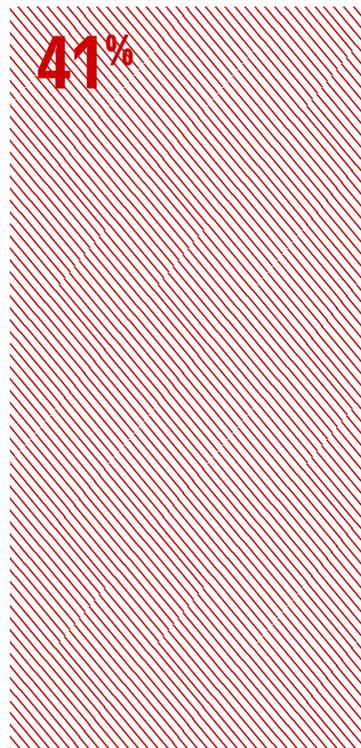
Of those clients who did reach out during volatility, 41% of clients chose to reach out via email. This highlights the importance of having not just talking points prepared but also having them ready in a client-friendly, written format.

## Top channels clients used to reach out:

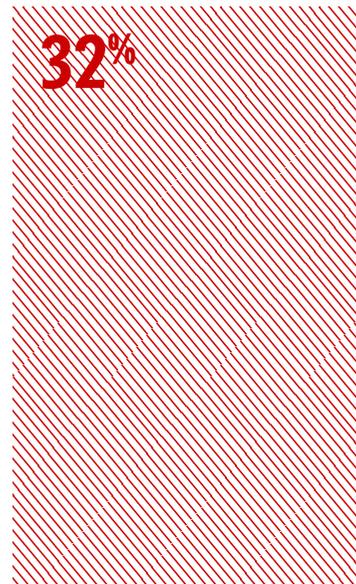
Average percent of clients who reached out per channel



Email



Phone



In-person



01



For advisers, the swings of the market may feel more pressing to you. Your role requires you to closely monitor market fluctuations. Clients, on the other hand, may not be as aware of the goings-on of the market. Thus, when touching base with clients, it might be best to place less emphasis on the present volatility, as there is no need to cause a panic among the clients who may not even be aware that there's cause for concern.

Instead, if you reach out to clients during times of volatility, consider using (1) a general communication to clients, reminding them you are a resource for the long haul, or (2) a personalised communication to anxious clients who you know may need some reassurance.

01

We asked advisers what patterns they noticed in the clients who reached out during volatility. By knowing these patterns, advisers can be prepared for the types of clients who may need more attention during these times.

The largest category of clients is those who have less experience investing or are new to an adviser's practice in general. This suggests that advisers may have to attend to newer clients—regardless of investing experience—as they may lack the preemptive education that helps them feel prepared for market volatility.

Numerous advisers also noted being contacted by clients who are near retirement or an in retirement and are relying on their investments for income. For these clients, the stakes of market volatility are high, as they may not have the time to make up for losses they incur during volatility.

Lastly, about a quarter of advisers noted some clients are just consistent worriers. They serve as a reminder that some clients (even after years of working together) will require handholding during volatility.

These patterns are revealing. They serve as a reminder that clients of all ages may seek guidance when markets get rough. Therefore, advisers shouldn't assume that some clients will or won't need help; instead, advisers should be prepared to provide clients at all stages of the investing journey with meaningful guidance based on their concerns.



### **Patterns in Types of Clients Who Reach Out**

*Percent of adviser participants reporting each client type*

Inexperienced clients who are either new to investing or new to the practice

34%

Clients who are relying on their investments for income

28%

Clients who are worriers or overly cautious

24%

Client who are influenced by media or social connections

14%

Clients who are concerned about risk

7%

Clients who have recently made significant changes to their portfolios

3%

Clients who manage their own funds

3%

## 02 Patterns in Client Engagement: What Clients Want to Talk About During Volatility



When it came to what topics clients typically bring up when discussing market volatility, clients often looked to their advisers as experts who could provide clarity on a confusing situation. They wanted to understand not just the mechanisms behind market volatility but also the impact it would have on their portfolios, lifestyles, and goals.

Our data suggests clients may be missing a contrarian mindset, as investing opportunities were rarely asked about by clients. Though this may not be surprising to advisers, it still warrants pause, as a contrarian mindset can be an antidote to the common behavioural mistakes clients make during market volatility like panic selling.

Furthermore, clients seem to lose focus on their long-term goals and plans, with the topic seldom coming up. Like with the contrarian mindset, refocusing on goals can help clients avoid costly mistakes as they provide clients with a meaningful reason to stay the course. Moreover, progress to goals can be used as a performance metric in lieu of returns, making clients less susceptible to the short-term volatility of returns.

### Topics Brought Up by Clients

Percent of adviser participants reporting topic

**Market Dynamics:** Questions about causes of volatility

47%

**Performance:** Inquire about how their own investments are faring

31%

**Lifestyle:** Concern about the maintenance of their financial security and lifestyles

17%

**Market Expectations:** Ask your opinion on future market performance

14%

**Adjustments:** Ask if they should modify their investments

14%

**Opportunities:** Seek guidance on how to take advantage of volatility

6%

**Goals:** Ask whether volatility will affect their long-term goals and plans

3%

## 02

When preparing for conversations regarding market volatility, advisers should address the concerns clients bring to the table but then steer conversations toward more promising topics. The following are a few ideas to reorient the conversations.

**GIVEN THAT**

---

Clients want to understand the markets

---

Clients want to understand what volatility means for their portfolios and lifestyles

---

Clients need to see the opportunity

---

Clients need to reconnect with their long-term goals

**ADVISERS CAN**

---

Have educational resources on hand to share with clients to guide conversation and aid comprehension

---

Help clients see past this current bout of market volatility by showing graphs demonstrating how investments (and the market in general) have rebounded in the past

---

Help clients adopt a contrarian mindset by finding opportunities that are now at a “discount.” If a client has brought up certain investments in the past, it may be time to revisit them

---

Take time to revisit goals with clients to help remind them of the need to stay steady amid market volatility

# 03 Patterns in Client Engagement: How Clients Feel During Market Volatility



According to our data, advisers may help their clients avoid outsized emotional reactions to market volatility with proper preparation and coaching.

When we asked advisers how they would characterise their clients during market volatility, the majority noted that most of their clients were not scared or worried.

Either these clients have nerves of steel, or their advisers did a good job at inoculating them with the unpredictability of the market. Instead of feeling scared or worried, most advisers said their clients tended to be curious about the market occurrences.

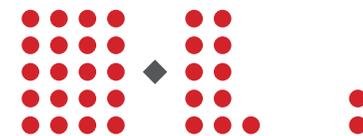
However, we see more evidence here of clients not seeing the opportunity that comes with market volatility, as advisers didn't find that most of their clients were feeling opportunistic.

Overall, advisers' characterisation of their clients shows what these advisers already are doing right (preparing clients for volatility) and what they may need to do more of (help them see long-term opportunities in volatility).

*In general, how would you characterise your clients when they talk about market volatility?*

● Adviser response  
◆ Average adviser response

SCARED



WORRIED



OPPORTUNISTIC



CURIOUS



Describes none of my clients

Describes roughly half of my clients

Describes most of my clients

03

Our sample of advisers at least somewhat recognise the value of addressing behavioural and psychological factors in their clients (as evidenced by participating in our study). Therefore, the low-panic rate of their clients may not be because the industry narrative of clients panicking during market turmoil is wrong but rather because these

particular advisers have incorporated lessons from behavioural science in their practice with their clients. In the following sections, we dive into the tactics these advisers use that may play a role in the overall levelheadedness of their clients even during volatile markets.



# 04 How Advisers Manage Market Volatility: Adviser Tactics



When you walk into a client meeting, what do you have in mind? A **script** you're going to give them to address the issues or a couple of **tactics** you will employ based on how the conversation goes? Both approaches have pros and cons.

A tailored response makes an adviser more responsive to a client and allows them to personalise based on them, but it requires advisers to be very hands-on for all their clients, and key points may get lost in the shuffle.

On the other hand, a set strategy provides a structure that ensures key talking points are delivered by the adviser (or anyone else on their team), but such a script may miss opportunities for delivering the message in a meaningful, personalised way to clients.

In our sample, 68% of advisers said they had a more tailored approach to their conversations about volatility with clients.



04



Instead of sticking to or shying away from one script, advisers can take the best of both worlds. For example, you may develop a checklist of key points to cover during market volatility conversations. The checklist ensures you apply successful tactics to keep an investor on track while tailoring the exact meeting to a client.

A standard firm checklist also allows for the overall process to be replicated by others on your team—strengthening the service your clients receive across the board.



## 04

Both groups tend to lean on similar tactics for guiding clients through volatility regardless of whether they feel their approach is tailored or set. We asked advisers to describe the tactics they use when guiding clients through market volatility. The following table shows the tactics we extracted from these open-ended responses.

**TACTIC**

Proactive Education About Volatility

Education During Volatility

Encourage Long-Term Investing

Let Client Lead

Strategic Review/Adaptation of Client Financial Situation

Reframe Volatility as an Opportunity

Decision-Making Support

**DESCRIPTION**

Educates clients about potential market fluctuations and discusses strategies before volatility occurs.

Educates clients about market volatility and historical performance during volatility. It can be in the form of providing clients with educational resources such as market commentary presentations, newsletters, and articles.

Emphasises the importance of maintaining a long-term perspective when it comes to investing.

Focus on listening or allowing clients to lead discussions about their concerns.

Work with a client to review the plan and adjust where necessary based on current market conditions (for example, considering clients' asset allocation, income needs, life stage, and time horizon).

Encourage clients to view market volatility as an investing opportunity.

Help clients make decisions by managing factors that might affect their decisions, such as their emotions, behaviours, values, personality, and temperament.

## 04

When looking at the tactics used by advisers, there were similarities regardless of whether they took a more set or tailored response.

The two groups reported two of the same tactics in their top three responses: decision-making support and market education.

Advisers from both camps provide their clients with decision-making support by helping them keep their emotions in check, refocusing them on their goals, or addressing other issues that may affect their decisions such as behaviours and personality. Advisers also tend to provide market education in these conversations; advisers report using illustrative content like graphs and slides to help clients understand better the cyclical nature of markets and the value of staying invested.

However, each group can learn from the other by considering the value of incorporating the **top tactics** they don't already share.

Moreover, we found advisers who reported using at least one form of **behavioural coaching** had more opportunistic clients. This preliminary evidence suggests behavioural coaching could help clients think more productively about their opportunities during market volatility. In our sample, 73% of advisers reported using at least one form of behavioural coaching, suggesting there is room for improvement even among advisers who are partial to behavioural science.



### Behavioural Coaching Tactics



- Proactive Education About Volatility
- Education During Volatility
- Encourage Long-Term Investing
- Decision-Making Support

### Top 3 Tailoring Tactics



- 1 Review and adapt clients' plans/portfolios
- 2 Decision-making support
- 3 Market education

### Top 3 Set Strategy Tactics



- 1 Market education
- 2 Decision-making support
- 3 Remind of long-term investing

# 04

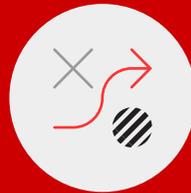


## Lesson for those who tailor:

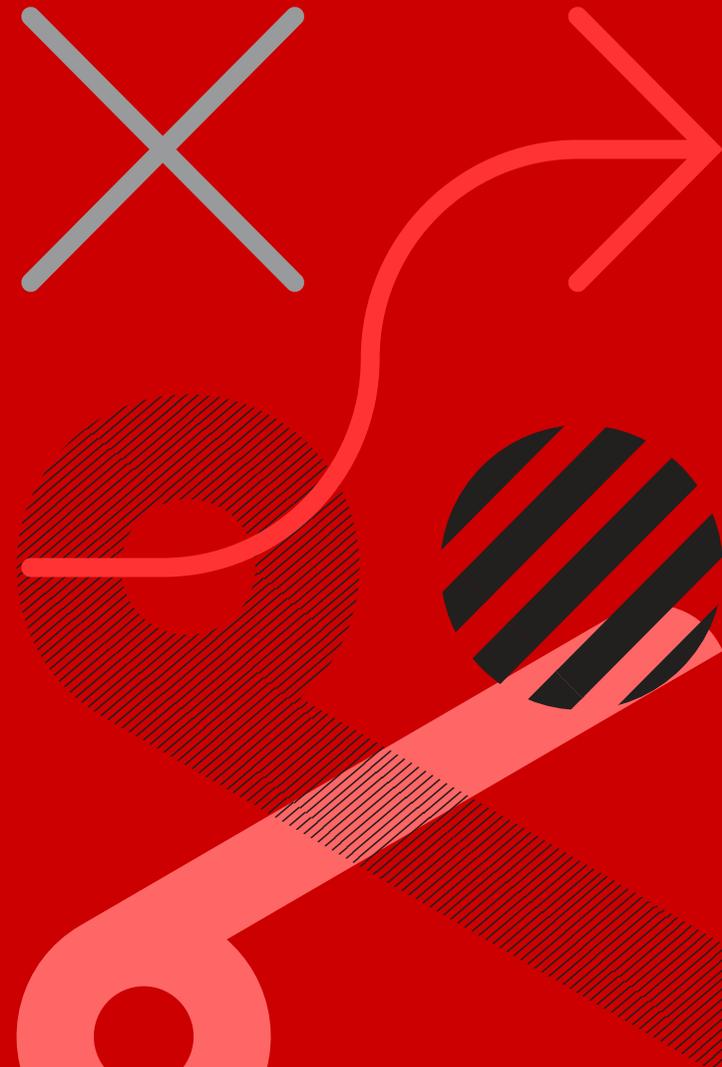


Clients may get overly excited by market volatility (even if they are opportunistic, not fearful), which can increase short-term thinking. Advisers can help clients by detaching them from this myopia by reminding them of the long-term nature of investing. When talking to your clients, keep an eye out for opportunities to remind them of investing for the long haul.

## Lesson for those with a set strategy:



Clients may forget that their portfolio is constructed to account for periods of volatility (especially those who are more hands-off). If you incorporate a plan review into your strategy, you can highlight this fact and show clients they remain on track for their goals—which, in turn, can strengthen their resolve to stick with their plan despite volatility.



# 05 How Advisers Manage Market Volatility: How Advisers Have Changed



In our sample, 20 years was the median length of experience for Financial Advisers. Regardless of whether they were our most or least experienced (40 years and one year, respectively), all advisers felt they had changed how they handled market volatility.

The table on the right shows an overview of the changes advisers reported making as they've gained experience supporting clients through market volatility.

Most of these changes have to do with fine-tuning the human side of the adviser-client relationship, which supports the idea that an adviser role is evolving away from investment management and toward client management.

We see more evidence of this shift when looking at the top changes reported by advisers—improved communication skills, increased confidence in investing expertise, and enhanced reassurance tactics—two of which do not pertain to investments at all.

## CHANGES

Shifted From Investment Focus to Advisory Role

Increased Confidence in Managing Conversations

Enhanced Reassurance Tactics

Improved Communication Skills

Focused on Education and Preparation

Increased Confidence in Investing Expertise

## DESCRIPTION

Shifted conversations to focus less on investments and more on as adviser's role as a financial guide/coach

Improved their ability and confidence when anticipating and managing client needs and concerns during periods of market volatility

Refined their methods of reassuring clients during volatility (for example, leveraging personalised data and conducting proactive outreach)

Improved their communication techniques (for example, prioritising empathy, active listening, using less jargon, and tailoring conversations to the client's understanding)

Prioritised educating and preparing clients for market volatility

Improved their own understanding of market volatility and investing strategies, allowing them to be more confident in their own investing approach

# 06 Tactics to begin making progress on top changes in your own practice



## Improve your communication skills



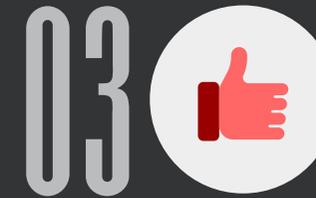
Give yourself an audit. If you have a recording or transcript of a market volatility conversation with clients, take time to review it for places for improvement. When you do, ask yourself the following: When my client expressed concern or fear, did I acknowledge the emotion? If my client spoke about a particular issue or question, did my response demonstrate that I had listened? How often did I use jargon, and did I clarify the meaning when I did? By identifying your weak points in communication, you can make a concentrated effort in the future to improve.

## Gain confidence in your investing knowledge



Pick the brain of a senior adviser. Advisers who had several decades of financial planning under their belt often stated that they had seen it all. If you're not there yet, it can be helpful to hear what other advisers experienced during other bouts of market volatility. What mistakes did they see clients make? How did they think the market downturn would shake out? By borrowing the knowledge from more experienced advisers, you can begin to grow your confidence in the markets and long-term investing by seeing how history doesn't just repeat itself—it repeats itself often.

## Enhance your reassurance tactics



Take note of what works. Advisers often employ multiple tactics to engage clients during volatility (see section above for a few ideas). As you use these tactics, keep track of what yields good outcomes (that is, calmer, more confident clients) and what doesn't. When you have found tactics that are productive, ask yourself what you can do to bring more of this to the situation.

# 07 Conclusion



Market volatility is not just inevitable in markets—it’s inevitable to the financial planning profession. Fortunately, our data suggests advisers are mentally prepared for these conversations; most advisers do not find them to be difficult, exhausting, or anxiety-inducing. Instead, advisers tend to feel these conversations are a rewarding.

However, that does not mean advisers should rest on their laurels and not strive to improve the techniques they use to guide their clients through volatility. We found that advisers may miss the chance to help their clients be more opportunistic during volatility, return to long-term thinking, and refocus on their financial goals. Our data provides preliminary evidence that engaging in behavioural coaching during times of market volatility may help clients adopt a more productive mindset. Furthermore, our findings emphasise the importance of providing decision-making support and market education both before and during market volatility.

## Advisor Mindset During Volatility Conversation

● Adviser response  
◆ Average adviser response

How difficult are conversations with clients about volatility for you?



How burnt out do you feel after conversations with clients about volatility?



How much anxiety do you feel when you talk to clients about volatility?



How rewarding are conversations with clients about volatility?



← NOT AT ALL                      SOMEWHAT                      EXTREMELY SO →

# 07 Conclusion



Our findings also challenge some traditional assumptions about how clients behave during market volatility. Instead of finding overwhelming calls from panicked clients, our advisers reported being the ones to broach the topic of market volatility, not the client.

This calls into question how advisers should reach out proactively to clients during rocky markets. We recommend a more temperate approach so as to not worry clients who weren't worried in the first place. Further, we found traditional demographic factors (like being young) may not be much help when identifying who may need more attention during market volatility. Instead, advisers should focus on where clients are in their client journey to understand how their pain points may differ during volatility.

Although every adviser's experience during market volatility will be varied, collecting and examining those of an aggregate group of advisers allows us to extract actionable insights. The wisdom of the crowd shows immense success on the part of advisers preparing their clients for volatility while also bringing opportunities to advisers to strengthen their own practice by learning from others.



# 08 Develop a Process for Managing Market Volatility Conversations

Market volatility is inevitable, so for Financial Advisers, failing to plan is planning to fail.

For all advisers, developing a process for handling market volatility before, during, and after it can help you provide better support for your clients. For advisers looking to scale, doing so can ensure consistency across your team, defining your office's values and quality of service. **Putting in an hour of work now to develop a process for handling market volatility with your clients can strengthen your practice in the long run.**

To that end, this workbook will help you reflect on your current practices, articulate key tactics, and prepare you to evaluate and update your response to market volatility based on your experiences.

At the end of the workbook, you will have:



A reference sheet of your office's educational materials about market volatility and how it is to be deployed.



A roadmap specific to your practice for client conversations about market volatility rooted in your experience and our research.



A template for evaluating the success of your roadmap for your clients.



Keep your plan in pencil and not ink to ensure that you can continue to grow based on your expertise, your clients' feedback, and ongoing research. In doing so, you ensure your clients are always receiving your best, most up-to-date thinking when they need it most.

# Before



Managing market volatility conversations starts before there is any volatility. Advisers can instill in their clients the education and investing ideology they need to be better prepared for when market volatility strikes.

Once you have clarity on what content you have for your clients to teach them the key lessons you've identified, you should ensure you have a consistent approach for deploying these materials, so no client misses out on this vital preparation.

**Reflection:** *In your opinion, what are the most important lessons about the market and investing values that your clients need to be ready for market volatility?*

**Preparation:** *What materials or conversations have you prepared for clients to instill these lessons? If you don't have them already, what should they look like?*

# Template Reference Sheet for Educational Materials



Prepare a reference sheet for your practice's educational material on market volatility, so you (and anyone else in your office) can teach clients effectively and consistently. Here is a template for you to use. The goal is to ensure that anyone using the reference sheet will know what kind of content is available, where they can access it, how it is to be used, and when it should be brought to clients.

| DESCRIPTION OF CONTENT | WHERE IS IT? | HOW DO YOU USE IT? | WHEN DO YOU USE IT? |
|------------------------|--------------|--------------------|---------------------|
|                        |              |                    |                     |
|                        |              |                    |                     |
|                        |              |                    |                     |
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|                        |              |                    |                     |
|                        |              |                    |                     |

# During



Clients look to advisers as someone who can help them sleep better at night. For many, this peace of mind is achieved through conversations they have with their adviser when the market appears uncertain. Whether you like to take the same approach with all clients or prefer a more tailored approach, you should have a clear roadmap for key talking points and tactics you employ with your clients. To develop your roadmap, first tap into your own knowledge and expertise.

These procedures or tactics you've developed with time and experience are valuable to your clients. They should be combined with other advisers' time-tested tactics to help clients navigate market volatility. In doing so, you will develop a roadmap that can be deployed consistently to help your clients get through market volatility.

**Reflection:** *How have you changed how you handle market volatility conversations with clients over the course of your career?*

**Preparation:** *What procedures or tactics have you begun to employ based on the lessons you've learned? If you haven't developed them yet, what should they look like?*



# Create a roadmap for conversations with clients about volatility continued (Tactics 1-3)

Review the tactics advisers in our research reported using and the ones you already use based on your reflection. Then, fill out how you will employ each tactic during market volatility. If you prefer a set strategy, decide what order you will use them in. If you prepare a tailored approach, decide what will prompt each tactic.

## TACTIC

### Market Education

Educate clients about market volatility and historical performance during volatility by doing things like providing clients with educational resources such as market commentary presentations, newsletters, and articles.

### Strategic Review/Adaptation of Client Financial Situation

Work with a client to review the plan and adjust where necessary based on current market conditions (for example, considering clients' asset allocation, income needs, life stage, and time horizon).

### Decision-Making Support

Help clients make decisions by managing factors that might affect their decisions, such as their emotions, behaviours, values, personality, and temperament.

## ACTION TO TAKE

Example: Leverage the power of visuals by showing clients historical performance charts to demonstrate how the market recovers over time.

Example: Conduct a few retirement projection scenarios to show clients how their portfolio is robust to the ups and downs of the market.

Example: Revisit goal-setting exercises to help clients slow down, recommit to their goals, and adopt a long-term investing focus.



# Create a roadmap for conversations with clients about volatility continued (Tactics 4-6)

Review the tactics advisers in our research reported using and the ones you already use based on your reflection. Then, fill out how you will employ each tactic during market volatility. If you prefer a set strategy, decide what order you will use them in. If you prepare a tailored approach, decide what will prompt each tactic.

## TACTIC

### Strong Communication Skills

Communicate with clients in a way that meets clients' needs, such as by prioritising empathy, active listening, using less jargon, and tailoring conversations to clients' understanding.

### Confidence in Investing Expertise

Have conviction in own investing approach with a strong understanding of market volatility and investing strategies.

### Enhanced Reassurance Tactics

Use refined methods of reassuring clients during volatility like leveraging personalised data and conducting proactive outreach.

## ACTION TO TAKE

Example: Ask clients questions to better understand their views, opinions, and concerns, and guide the conversation accordingly.

Example: Prepare for a meeting by reviewing your investing principles and how they have served you (and your clients) over time.

Example: Help clients schedule how often they check their portfolio or market news to help them manage panic-inducing voices and events.

# After



A good plan is one that is updated based on evidence. The next time there is market volatility, reflect on how your roadmap fared by reviewing it about a month after you begin having conversations with clients about volatility.

Your preliminary reflections act as a starting point to help you find strengths and issues in your roadmap that will be fleshed out with a systematic reflection on the whole process. By keeping your plan written in pencil and not ink, you ensure that you can continue to grow based on your expertise, your clients' feedback, and ongoing research. In doing so, you ensure your clients are always receiving your best, most up-to-date thinking when they need it most.

**Reflection:** *What was something a client said to you during your conversations that stuck with you? Why did it stick with you?*

**Preparation:** *Review your roadmap with the above in mind. Does it indicate that something needs to be included that isn't already there? Does it indicate that part (or all) of your roadmap is successful?*





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