Wealth Management & Private Banking

Thursday 10 June 2021 - Virtual

THE FINAL AGENDA

The Context:

When we met back in November, we were trying to persuade people to look to a post pandemic landscape, but as we were still in the midst of it all and it was difficult to do so.

By the time we reach June, we should well and truly be on our way. Indeed, we are tantalisingly close to the end date of the 21st June when the shackles will allegedly be completely removed!! We will have to wait and see.

In the meantime, we have sought to identify the big issues you are currently grappling with.

The Format:

For those of you unfamiliar with A Meeting of Minds, the virtual event is a half day made up of of interactive roundtables which seek to address the big issues; keynotes from external speakers to inspire and enlighten in a different way; and networking.

The Roundtables:

The following is the final agenda.

You will be invited to choose the three roundtables in which you would like to participate. The goal is to provide you with a tailored experience. The roundtables are one hour long and interactive. As we abide by the rules of Chatham House, all participants are encouraged to speak openly and freely.

They will take place via the Owen James Hub via Zoom with, typically, circa 15 people around the virtual table.

The sessions are introduced by an expert. This introduction will usually last about 10 minutes before the conversation is opened up to the group by an experienced facilitator, with the goal being that everyone gets a chance to voice their opinions! We want the roundtable to be as interactive and engaging as possible.

Networking:

A key element of A Meeting of Minds is the networking. It is proving slightly more challenging to recreate in the virtual world however we do plan to run online drinks in the afternoon and will provide an incentive to take part. We will then invite you to join different Zoom rooms to continue the conversation with your peers.

Confirmed Topics:

THE GREATER GOOD

1. NAVIGATING A PATH TO NET-ZERO – PRACTICAL CONSIDERATIONS FOR MEETING YOUR CLIENT COMMITMENTS

October was a big month for net zero announcements in the UK. On 6 October, The PM used the Conservative Party conference to unveil the first part of the Government's plans to 'make the UK the world leader in green energy', including £160 million of support to upgrade ports and infrastructure in Northern England to 'hugely increase our offshore wind capacity'.

Two days later, the £55 billion BT Pension Scheme committed to achieving net zero carbon emissions across its entire portfolio by 2035, bringing forward by ten years an earlier commitment to reach that target. The UK's largest corporate pension scheme in October also became the 30th member of the UN-backed Net Zero Asset Alliance, an international group of institutional investors representing a collective $5 trillion of assets under management that have committed to transition their portfolios to net zero emissions by 2050.

Setting a net zero portfolio goal is the easy part. For various stakeholders - policymakers, investors, insurers, the man or woman on the street - the simple question of how to deliver on that promise leads to challenging answers.

2050 is only 30 years away, and many of the actions and regulations needed to support this transition need to happen in the next five years. While much uncertainty remains, some preliminary conclusions can already be drawn.

In this session we'll discuss how can we help clients to get there and the implications on portfolio management.

Expert: Pete Drewienkiewicz, Chiel Investment Officer, Global Assets, **Redington**

2. CLIMATE INVESTING: ALIGINING ESG STRATEGIES WITH THE PARIS AGREEMENT

For all the environmental, social and governance challenges companies face today, there is one which unites them all – a challenge dwarfing all others in its urgency. 'E' for the environment; we are already late – but not too late.

As asset managers and investors, we still have the power to change the world by helping to shift trillions of dollars towards climate-friendly investments.

But…

- What should the primary objectives be when building ESG portfolios?
- How could the EUs new benchmark regulations bring about a revolution?
- What does it mean to align your business with a 1.5ºC scenario?
- Can publishing index temperatures help investors make better choices?

Expert: Matthieu Mouly, Chief Client Officer, **Lyxor Asset Management**

3. GREEN BONDS – HOW TO FIND, MATERIAL, INTENTIONAL, AND TRANSFORMATIONAL IMPACT IN LIQUID MARKETS WHILE AVOIDING GREENWASHING

- Rishi Sunak's announcement of the upcoming green gilt has elevated the Green Bond Market in the minds of UK investors. This rapidly expanding market offers real, measurable impact without sacrificing liquidity or moving too far along the risk spectrum, but questions remain about its nascent structure, self-labelling, and issuer concerns which all lead to the potential for greenwashing.

- We will discuss the merits of green bonds as an asset class, the potential pitfalls when selecting bonds and the positive impact they can have within a portfolio. By delving into the asset class with a green bond pioneer we'll discuss how to avoid greenwashing and the implications of this at issue, issuer, and fund level.

- True impact investing is still a relatively new concept and while boundaries are still being drawn, things like the EU Sustainable Financial Disclosure Regulation (SFDR) intend to help, but while we're still at the self-labelling stage how do you know who to trust? Is an article 9 really a 9?

In this session we'll discuss:

- The Green Bond market, where it is and where it is going
- How to spot green washing at the bond and issuer level and why this takes extensive experience
- How can I trust my manager? Greenwashing at the fund level, taxonomy and SFDR.

Expert: Bram Bos, Co-Lead Portfolio Manager Green Bonds, **NN Investment Partners**

TECHNOLOGY

4. HOW GAMIFICATION BOOSTS DIGITAL ENGAGEMENT FOR FINANCIAL INSTITUTIONS.

- Thanks to Covid 19, your clients have become accustomed to communicating with you digitally. It is remarkable how Zoom is so mainstream. Indeed, some clients may favour using the tech rather than catch that strange transportation device called a train to travel to London.
- The key here is to develop empathetic and engaging digital offerings. For potential and existing clients alike, digital needs to be multi-channel and offer the user multiple ways to engage with you on their own terms. To do this empathetically, many Financial Institutions are turning to gamified digital experiences to keep customers engaged as their relationship progresses.
- The combination of a smart digital experience enhanced with the behavioural science dynamics of gamification and decision theory is a winning strategy. It keeps clients close, more informed and engaged – from onboarding and right through the client lifecycle. It also ensures a greater degree of digital empathy, meaning every experience is unique to and resonates with the individual.
- In a world where financial institutions are competing for attention, these dynamics are crucial to ensuring you remain at the forefront. If deployed successfully, digitally empathetic experiences will help drive loyalty, engagement, and profitability – and ensure you stand out in a very crowded field.

Expert: Alessandro Tonchia, Head of Strategy, Private Banking & Wealth, **InvestCloud**

5. AI: A MEGATREND FOR ALL SEASONS'

AI is a powerful force that could have the potential to impact every industry. During today's discussion, we will ground ourselves in what AI represents today, what certain companies are doing to take advantage of the technology, and how the economic landscape has been evolving.

More specifically we will look to address some of these key topics in the AI space.

- Dimensions of AI: Computer Vision, Natural Language Processing, Neural Networks, Deep Learning, Genetic Algorithms, etc.
- Power of Framing Questions or Issues as Prediction Problems
- Is the Flywheel also a Moat?
- Real Use Case 1: Robotic Process Automation
- Real Use Case 2: Natural Language Processing
- Efficiency of Running AI Models vs. Investment in AI
- To IPO or to Stay Private, the Quintessential Question

Expert: Christopher Gannatti, Head of Research, Europe, **WisdomTree Europe**

6. OPERATIONAL RESILIENCE – IT'S ALL ABOUT YOUR CLIENTS. BUT LET'S FACE IT, THE MOST OBVIOUS POINTS OF WEAKNESS ARE VERY LIKELY TO BE CONNECTED TO YOUR TECH! AND IT'S NOT JUST YOUR TECH, YOU HAVE TO CONSIDER THE THIRD PARTIES WITH WHOM YOU WORK.

- After the year we have had, you will be pretty up to speed with just how resilient your operations proved to be. How did it go? Presumably you can readily respond to the Regulator's demands for a clearly documented strategy to fend off future shocks?
- The FCA is keen to identify the potential for firms to cause "intolerable levels of harm to their consumers or market integrity" and it believes that you, the business, are best placed to identify what defines important business services. However, the FCA has proposed some factors to consider e.g., it suggests that firms consider the consumers that are affected. The more consumers affected and the greater their vulnerability, the more likely the relevant service would be considered important.
- Secondly, firms need to set impact tolerances. These tolerances would quantify the maximum level of disruption a service could withstand in terms of severe and plausible scenarios.
- Regulators believe mindsets will shift by setting impact tolerance levels from a mindset of risk management towards one of accepting that some disruption of businesses is inevitable.
- According to the consultation papers, duration of delivery must always be considered. Volume for example is another key consideration. As an example, a firm would not tolerate a less than 10% of normal operating capacity for more than one week.
- So how about a discussion around how well-prepared you are for future shocks. Lessons learned and all that

Expert: Senior representative, **EY**

THE PEOPLE FACTOR

7. VULNERABLE CLIENTS- IS THE CURRENT GUIDANCE FROM THE FCA ENOUGH?

This February the FCA has published their final guidance clarifying its expectations of firms on the fair treatment of vulnerable customers. What do we think?

- Is this latest guidance any better?
- How should wealth managers and private banks apply the guidance?
- What next steps does your business need to take?

To start with, the FCA's latest Financial Lives Survey on the impact of coronavirus showed that 27.7 million adults in the UK had characteristics of vulnerability. Looking at the percentage of population considered vulnerable, how does your client base compare? Most believe their numbers are too low so how should we spot and record?

Expert: Jessica Reed, Charlotte Fraser and Richard McDermott, Partners, **Farrer & Co**

8. RECRUIT, TRAIN AND KEEP…

One of the positives from the pandemic for many has been the adoption of remote working and we are not only referring to the happy employees that don't have to spend hours commuting anymore.

Remote work has enabled companies to embrace diversity and inclusion by hiring people from different socioeconomic, geographic, and cultural backgrounds and with different perspectives—which can be challenging to accomplish when recruiting is restricted to a certain specific locale that not everyone wants, or can afford, to live near.

In this session we will discuss:

- How have you changed your hiring strategies to take advantage of the new situation? Or maybe you think post-lockdown working from home will revert to be a perk instead of a right?
- What do you need to know about U.K. labour market trends and recruiting across borders in a post-Brexit environment?
- Where are the next generation of financial planners coming from? What is the role of UK universities?
- What do young people take into account when seeking a worthwhile long-term career? Is our industry attractive enough?

YOUR PROPOSITION

9. BECAUSE GOLD IS FOR MORE THAN WEARING…

This session will offer you the opportunity to consider gold as part of your strategic asset allocation. It will look at:

- The gold market from a historical perspective.
- How does gold sits within the macro economic outlook.
- A look at the demand and supply fundamentals.
- Finally, a consideration of market sentiment and the more general outlook.

Expert: George Milling-Stanley, Chief Gold Strategist, **State Street Global Advisors**

10. MANAGING FIXED INCOME RISK IN A REFLATIONARY ENVIRONMENT

- The past 40 years have been characterised by steadily falling inflation, and negative yields now account for large proportions of the investment-grade universe.

- Over the past decade, the duration of corporate bonds has been increasing while yields have been decreasing. "It looks like a crocodile's jaws opening and, to my mind, I wouldn't want my hand to be in there when it starts to snap shut," says **Jon Mawby**, head of investment-grade credit at Pictet Asset Management.

- What happens if we get a regime shift from low-growth, low-inflation, long supply chains to shorter supply chains, higher inflation, and potentially higher growth?

- That would have tremendous repercussions for how you approach credit investment because it's going to turn the last 40 years on its head in the way that people think about using credit products and think about risk management.

Expert: Jon Mawby, Head of Investment-grade credit, **Pictet Asset Management**

11. THE RISE OF PRIVATE MARKETS. PWC FORECASTS THAT PRIVATE FUND ASSETS WILL GROW FROM £4.2 TO £5.5 TRILLION IN 2025, REPRESENTING 10% OF GLOBAL AUM. ARE YOU READY?

- Providing a comprehensive private markets fund solution for a wealth manager's professional investor clients is becoming a highly valued part of the investment offering. For a wealth manager, it is a challenge to navigate this market.

- Gaining access to the world's best private markets funds demands scale to meet the investment minimums required, GP relationship management and specialist due diligence. Providing sufficient, regular access to the world's best private markets fund managers is essential for diversified portfolios.

- Understanding and catering for the regulatory and operational complexities of private markets takes dedicated and very costly human and systems resources. Often the commercial model is difficult to justify for a wealth manager.

- The advice of the wealth manager, a robust understanding of the long liquidity profile of private funds and a strong suitability process, are all key.

- The use of platform technology that brings access to the world's best private markets fund managers, seamlessly collating a large number of smaller professional investors to invest in their funds is attractive for both sides. A proposition that offers scale and accessibility as well as the potential of liquidity.

Expert: Adam Harrison, Managing Director of Investor Relations, **Titanbay**

Thank you for reading this far! Hope it has got you thinking! If you have any other ideas or angles you feel should be considered for discussion, we would love to hear from you. Do please email sofiaaldatz@owenjamesgroup.com or charliemartin@owenjamesgroup.com.

Thank you.