

Advisory Distributors

Thursday 24 June 2021

Virtual Event

THE DRAFT AGENDA

The state of play:

- While we would love to see you all in-person, this event will run virtually. Hopefully this will be the last.
- There is no fee to take part and, whilst we operate in the virtual world, no cancellation fee.

This agenda:

- When we held A Meeting of Minds in 2020, the agendas were very much focused on reviewing the impacts of the pandemic and assessing how financial advisory firms had coped, and were coping, with the fall out.
- But it's time to go onwards and upwards so, this agenda will aim to look forward. Firms are now embedding a lot of the changes we have been forced to make at speed as well as re-assessing the future business model and strategy.

The format of the Meeting:

We have amended the running time of the event to ensure that we maximise the engagement of the audience! A full day of Zoom is enough to finish off anyone ...

• **Keynotes:**

- Sessions geared to encouraging new thinking – typically from outside the industry.
- Although the presentations will take place in real time thereby giving people the opportunity to ask questions, the recordings of the keynotes will be made available via the Owen James library. This will enable you to watch them at your leisure.
- One big plus of this new more digitally acceptable world is the opportunity to stream in speakers from across the world – which does broaden the scope.

• **Roundtables:**

- Facilitated interactive roundtables addressing a carefully researched and thought through agenda. As we abide by the rules of Chatham House, all participants are able to speak openly and freely.
- On the day, the roundtables 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 on the subject. This introduction will usually last about 10 minutes before the conversation is opened up to the group, the goal being to ensure that everyone gets stuck in!
- The session facilitator will bring the session to a conclusion, highlighting the key points raised.

Networking:

- The third key element of A Meeting of Minds, the networking, is proving slightly more challenging to replicate... However, as we did last October, we plan to run virtual evening drinks with a bit of an incentive to take part... We will then invite you to join different Zoom rooms to see if we can generate that serendipitous spark of interest in a further conversation...

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YOUR CLIENTS

1. THE POST-PANDEMIC CLIENT

- Last November Tom Johnson from Trajectory told us how, at the outset of the pandemic, they published their expectations of how consumer behaviour, values and attitudes would change.
- They then continued to monitor these shifting behaviours which included evolving perceptions of tech - the digital legacy of lockdown, the death of distance and changing work-life priorities. He was preparing us for what is to come.
- So, did you pay close attention? We agreed businesses must produce new plans to nurture clients and that these will need frequent reviews in the coming months, as circumstances evolve.
- So, what stepping stones did you take or are still planning to take. Two extra lockdowns later, are there new things to learn about the post-pandemic client?

2. UNDERSTANDING CLIENTS' FINANCIAL DECISION-MAKING AND BEHAVIOUR IN A RETIREMENT LANDSCAPE.

- The aim of this session is to understand retirees' financial decision-making. How has the pandemic changed the face of retirement planning?
- This year, clients' impulse to protect what they have is understandably strong. The pandemic outbreak and resulting financial fallout have caused considerable financial stress for many, making it difficult to decide about how and when to retire.
- The pandemic has changed the concept of retirement and how clients make decisions about their plans based on short-term events and circumstances, and for many, this will have long-term consequences for their financial well-being and retirement.
- We all know that in order to get the best retirement planning outcomes, it is now necessary to have a strategy that gives more choice and greater flexibility. But do your clients understand this?
- In this session we will explore how a range of factors including product knowledge, decision-making style and self-confidence influence the financial product choices of retirees.

3. FAMILY MONEY

- According to Kings Court Trust, the sum expected to be passed to the next generation in the UK between 2020-2047 is £5.5trn
- Despite the opportunity to gain new clients and retain assets through intergenerational wealth transfers, a significant number of wealth management firms and corporations have no active business retention strategy. Kings Court Trust's independent research paper, Wealth Transfer in the UK, identified that up to 25% of practices have no such strategy in place.
- At previous Meetings of Minds, we discussed this topic and explained the benefits so we are hoping you are not one of them.
- So, in this session we want to move a step forward and discuss your current strategy. Is it working? Are you taking into account the generational differences? What obstacles have you found on the way?
- The new generations of inheritors are likely to have different expectations in three major dimensions, are you addressing:
 - the type of information available to them and how it is communicated;
 - the methods of delivery of investment services and advice;
 - the investing strategies and deployment of their capital.

4. THE PURPOSE OF MARKETING WILL NOT CHANGE POST COVID-19 BUT YOUR STRATEGY MUST

How are you preparing for life after lockdown?

I know that for some financial advisers the coronavirus crisis has not actually meant too much disruption to working life.

Many have said they have been able to continue working much as normal, just replacing face-to-face client meetings with Zoom or similar. In fact, some have been enjoying it and productivity has gone up.

However, many have found a drop off in new enquiries and have mainly focused on existing clients over new business. The CEO of a network told us that he found some advisers had gone to ground and were writing virtually no new business whereas others were thriving. He had seen a 40% deterioration in the business written year on year.

In this session we'll look into how to attract new clients in this new world:

- How to building a post-pandemic marketing strategy.
- What makes video marketing such a powerful tool for Financial Planners.
- The importance of creating content strategies that can impact the brand's vision.

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

The coronavirus pandemic propelled the number of vulnerable adults in the UK to almost 28m last year prompting warnings of growing financial inequality among the population.

- In July 2020, the FCA published their guidance on vulnerable clients. However many such as Pimfa's senior policy adviser Alex Roberts said what they gave was not 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?
 - Is it compatible with GDPR?
 - 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?

6. HOW FINANCIAL PLANNING CAN SERVE MILLENNIALS

- As a Millennial this is obviously a topic very close to my heart. The fact is that when you do some research you come across things like "The Millennial's guide to post-lockdown financial planning and investment" published by Glamour Magazine. I am not going to lie, this makes me very nervous.
- Don't get me wrong anything that helps younger people get on top of their finances and encourages new (and healthy) money habits is obviously positive, but is a "fashion/gossip" magazine the place to get this advice from? Is the reader's financial knowledge sufficiently up to speed to make the most of this information and make the right decisions?
- Is there not an alternative model for advisers to offer some service. How about an online, low cost life planning, education and budgeting all turned into a simple proposition for Millennial clients?
- At the end of the day, Millennials are probably your clients of the future, why not help them now to get there sooner?

MONEY ISN'T EVERYTHING, BUT...

7. WHAT DOES TODAY'S UNCERTAIN ECONOMIC LANDSCAPE MEAN FOR BUSINESS STRATEGY?

As the world continues to grapple with the spread of Covid-19, the global economic landscape has changed drastically – throwing businesses into uncertain territory and casting doubt over carefully considered future campaigns. This roundtable session is designed to help industry leaders make informed decisions on business strategy by considering the key economic consequences of the pandemic and the likely implications for economies, markets and specific sectors both globally and in the UK.

During the discussion, participants will take a look at:

- The current state of the UK economy and its investment markets.
- How does this compare to the rest of the world?
- Which sectors have been most affected – both positively and negatively?
- How can we expect economies and markets to progress from their current predicament?
- What does the future hold for certain industries?
- How will the UK tackle its mounting debt problem – what are the possible scenarios and implications for business operations?

8. HOME SWEET HOME – THE TAX IMPLICATIONS OF HOME-WORKING FOR INDIVIDUALS AND BUSINESS

- Since the outbreak of COVID-19, homeworking has become the norm for many millions of people.
- A common concern is what, if any, recompense employees can get for any additional costs as a result of their new arrangements. In general, the starting point is to look at the existing rules for home-working, which have been around for some time, but there are also Covid-specific concessions to consider.
- But the implications are not just around the expenses or tax relief employees can claim. Advisers and their clients who move to a more permanent working from home arrangement are leaving themselves open to a potential capital gains tax bill, according to George Bull, senior tax partner at RSM.
- For example, if an adviser or a client has a home office, and this office takes up 10 per cent of the total area of the house, when the house is sold it generates a gain of £100,000, 10 per cent of the gain would be liable for capital gains tax. But if a spare bedroom with a desk is temporarily used as a workspace whilst the employer's office is not accessible this would not restrict the private residence relief available on sale.
- Are you up to speed?

9. AS THE ECONOMY PICKS UP SPEED THROUGH 2021, INVESTORS COULD HAVE TO WRESTLE WITH SOME POST-PANDEMIC INFLATION. ARE YOU PREPARED?

According to Bloomberg, consumers in the world's largest economies totalled £2.1 trillion in extra savings during Covid-related lockdowns. The pandemic has drastically changed consumer behaviour and curtailed spending, however as we exit the pandemic we expect to see a rise in inflation in 2021.

In this session we will share with you how increased consumer spending, dislocated supply chains and money printing by central banks may contribute to this rise in inflation. We will also discuss the impact that higher inflation may have for you and your clients, and some consideration of how you can adjust your portfolios for this potential shift.

YOU AND YOUR BUSINESS

10. FOLLOW THE MONEY THEY SAY.... OR PUT YOUR MONEY WHERE YOUR MOUTH IS....

We've recently run few sessions on ESG and Impact Investment and something that keeps coming up is how following the money is a good indication of the type of business you are investing in. Basically apart from all the other checks you do, you should see where those businesses are investing to see if they put their money where their mouth is... So even if the new ESG Disclosure Obligations didn't take effect in March 2021, we still have a responsibility.

It's time to have a good look in the mirror. Only 7% of Fortune 500 CEOs believe their companies should "mainly focus on making profits and not be distracted by social goals."

"The two most important days in your life are the day you are born and the day you find out why." —Mark Twain

So, what is your company's core reason for being, and where can you have a unique, positive impact on society? Now more than ever, you need good answers to these questions.

Clients and employees expect more from companies than ever before. The majority of employees (71%) are even willing to take a pay cut to work for a company that has a mission they believe in and shared values, according to a workplace culture survey conducted by LinkedIn.

11. HIRE, TRAIN AND KEEP THE RIGHT PEOPLE

And talking about happy employees.....

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 being 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?

12. DON'T LET THE PANDEMIC SINK YOUR COMPANY CULTURE

- We have discussed in the past how your company culture can drive performance and growth in your business. It is also an important part of why employees choose to work for a company and stay long-term too.
- The challenge is, as workforces continue to work from home, at least part-time, on a mass scale, many of the variables that make up corporate culture are not within the control of companies in the same way and to the same degree as they used to be. That is why it is important for business leaders to focus on how COVID-19 is affecting the work experience and what they can do to continue to ensure a positive organisational culture for their staff.
- In this session we'll learn how companies are winning on culture during Covid-19 and shed light on how to manage deterioration or changes in culture that can have potentially damaging effects.

13. PAPER IS SO PASSÉE. DID YOU KNOW THAT THE UK FINANCIAL SERVICES SECTOR STILL SPENDS £1.74BN ON PAPER? MIGHT HELP CHIP AWAY AT THAT COST INCOME RATIO!

- According to a recent EY survey, the UK Financial Services industry still sends out 5.2bn pieces of paper per annum, costing the industry some £1.74bn on paper causing some 2.4m trees to be cut down. The potential for savings here is therefore not insignificant. And that is before you factor in time spent on printing and posting and the associated costs there.
- According to AON's UK Client Experience Benchmark, 44% of your clients receive their investment updates on paper versus 37% online. That is still one heck of a lot of trees.
- This probably doesn't warrant a full roundtable but it does make you think about reducing costs in a different way.

TECHNOLOGY

14. TECHTONICS: TECH, MARKETS AND REGIME CHANGE

Fast-growth tech stocks have dominated markets in recent years. But will they always? We look at how technological disruption is itself contributing to regime change for financial markets. The new regime will require radically different investment strategies to those which have worked so well in recent decades. We'll look at winners and losers in the new era, including the potential fate of those fast growth tech stocks.

15. OPEN BANKING, OPEN FINANCE.

- As your clients have been on this super-fast digital training course, they may be open to interacting with, dare one say, other more disruptive companies when it comes to managing their finances.
- So far Open banking has failed to take off despite obvious advantages of increased transparency and digital control.
- But the FCA is now consulting on expanding the concept to a huge range of financial services including investments and pensions.
- So, what truly are the brakes on innovation in the area?
- This roundtable will discuss the possibilities, opportunities and barriers around the industry

16. THE ROLE OF TECHNOLOGY IN SUSTAINABILITY

Traditional monitoring and evaluation methodologies often do not accurately capture social performance data. Similarly, the criteria against which "impact" or "sustainable" investments are judged may differ from, and be more subjective than, those traditionally deployed for financial investments. We will consider how companies are using technological solutions such as the internet of things to help measure and monitor compliance with sustainability targets and to create objectivity in evaluating sustainable investments

Can AI help ESG investing? Have you heard of sentiment analysis algorithms? These algorithms allow computers to analyze the tone of a conversation, a task that code could not as effectively do. It seems if the promise of these AI technologies is solidified, ESG investing could become more methodical and accessible.

17. WITH MORE DATA CHANGING HANDS AND MORE TECHNOLOGY USED IN DECISION-MAKING, FINANCIAL SERVICES IS A PRIME TARGET FOR CRIMINALS.

And here you have the top five “popular” cybercrimes!

- Phishing.
 - Identity theft.
 - Online harassment.
 - Cyberstalking.
 - Invasion of privacy.
- There are a lot of not very nice people out there. The cost of cybercrime to the UK is estimated at £27bn.
 - Who are these not very nice people? Well, they could be foreign intelligence services, large organised crime, disreputable but legitimate organisations and opportunistic criminals.
 - We will seek an expert to update us on the latest trends. Someone who can also offer us advice as to how to be prepared to combat these not very nice people.

18. CLIENT EXPERIENCE VS COST REDUCTION VS REVENUE GROWTH: A BATTLE FOR BUDGET

- While wealth managers always have (and always will) invest in technology aimed at meeting regulations and improving the cost-income ratio, in recent times they've also channelled significant effort and expenditure into client-facing technologies to digitise and improve the client experience. This has been accelerated by Covid 19 and rightly so, as 85% of HNWI's want more digital interaction from their wealth manager.
- But have relationship managers been overlooked in the drive to achieve digital transformation, despite their critical role in engaging and retaining clients? With so much of an advisers' time spent on repetitive, manual administration tasks, there are plenty of opportunities to invest in technology automation to achieve operational efficiency and redirect their time towards more value-added tasks such as greater client interaction with existing clients and prospecting for new clients to drive revenue creating opportunities.
- How are you leveraging technology to:
 - Engage and grow your existing clients' AUM?
 - Acquire new clients?
 - Reduce costs

YOUR PROPOSITION

19. THE RISE OF PRIVATE MARKETS. CLIENTS SEEKING GREATER RETURNS LOOK FOR ACCESS TO THIS PART OF THE MARKET. HOW DO YOU OFFER IT TO THEM WITHOUT INCURRING COST AND RISK?

- For a wealth manager to navigate this market, understand its complex modus operandi and intercept and interpret data is a challenge.
- These investments are not for everyone and this will not change. 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.
- So, the use of platform technology offering access to a growing number of private investments to a larger pool of buyers and sellers is attractive. Especially as it offers scale and accessibility as well as greater liquidity.
- PwC forecasts that private fund assets will grow from £4.2 to £5.5 trillion in 2025. They will account for 10% of global AUM by 2025. Thus, there will be significant growth in availability of private funds.
- The Holy Grail is deciding how to best embed private funds within the discretionary offering, how that might look reporting wise and how cash drag and cash allocation will look.
- Worth exploring further?

20. MULTI-ASSET APPROACHES TO RISK

It has been over 40 years since the first multi-asset funds were launched in the UK. These funds are in the business of risk management and with over 750 multi-asset funds in the UK market to choose from, their approaches to risk can vary greatly.

What does multi-asset mean to you?

- Is it volatility targeted or peer-grouped?
- Is it UK or globally focused?
- Is it ESG integrated?

These different options can have a huge impact on your client's investment outcome

21. THE GROWING NEED FOR A TAILORED STRATEGY

Regulation and the quest for improved productivity amongst advisers are driving many to adopt more centralised investment propositions. This is particularly the case in decumulation, where new regulations focused on a more narrowly defined set of investor pathways is driving them into a more tightly defined range of investment portfolios.

At previous Meetings of Minds, we have discussed how retirement requires a different investment proposition from accumulation, we even remember someone mentioning not having different investment approaches was like trying to use the same engine in both an SUV and a Formula 1 car! However, there has always been a concern that having too rigid an approach could make it difficult to adapt advice to individual client circumstances and stop advisers from “thinking outside the box”.

In this session we will look at:

- How an adviser can still offer a tailored service within a CIP.
- What might their bespoke needs look like?
- What are the risks associated with managing portfolios in decumulation?
- What is the most efficient way to keep costs down? We all know passive is not always the answer...
- What does this mean for the adviser's bottom line?

Building investment pathways: supporting your clients every step of the way. Sound like a plan?

ALL ABOUT REGULATION

22. OPERATIONAL RESILIENCE AND LOOKING AHEAD.

- As you know the FCA published a discussion paper in July, which closed on 5 October.
- Regulators believe operational resilience poses a risk to the supply of crucial services on which the economy depends, threatens firms' viability and causes harm to consumers and other businesses.
- While banks are the key target for regulatory work in this area, operational resilience is required across the financial services sector.
- One would presume that the pandemic has given you all the perfect opportunity to stress test your operational resilience preparations. So, can you honestly answer the following key questions or is there some work still needed in this area:
 - Has your firm identified its important business services?
 - Has your firm set impact tolerances for each important business service?
 - Has your firm tested its ability to remain within its impact tolerances through a range of severe but plausible disruption scenarios?
 - Has your firm identified the resources that support its important business services?
 - Has your firm developed communication plans for when business services are disrupted?
 - Has your firm demonstrated how it will meet operational resilience requirements?

23. BREXIT- DO YOU EXPECT THE UK AND EU TO SIGN A FINANCIAL SERVICES MOU?

- I heard someone saying that it feels like a hangover from another generation to keep talking about relationships between the UK and EU, but here we are again... there are just too many big questions still unanswered.
- The declaration back from December basically stated that the EU and UK will work together to produce an MOU by March, but we are in April and nothing.
- Can we expect something to be in place by the time we meet in June? This session will be a perfect opportunity to discuss the implications either way.

And what about equivalence? What decisions do you expect this year? Are you one of the optimists expecting a relatively full set?

GREATER GOOD

24. WHAT WAS ESG?, WHAT IS ESG NOW?, AND WHERE IS ESG GOING? EVERYONE'S OPINION IS THE RIGHT ONE, BUT WHERE DO YOU GO FROM HERE?

As investors strive to achieve their sustainability aspirations, creating your own proprietary proposition is more important than ever. But how far does the “E”, the “S”, and the “G” integrate into your business? And what are the most important factors for you? And how far can you make this the differentiator for your business, as an investor and as an employer?

Whilst clients and investors should not be required to sacrifice investment returns in their desire to invest sustainably, at what point does embedding your own system of assessment and appraisal in creating your own proposition and USPs become a priority?

With legislation looking a year or more away in the UK from a process/guidance perspective, there is a mutual agreement that a one-size-fits-all solution does not and should not exist. This alongside the death of the term ‘Greenwashing’ is a matter of fact!

Over the last five years there has been a distinct shift in focus across the ESG universe. Environmental and Governance were the key focus areas initially. However they have become more closely aligned as more environmental elements have become mandatory. There is now a greater focus being given to the “S”, and everything that the Social element brings to the fore?.

So, set against an ever-changing backdrop in this mine field, this session will explore the importance of having your OWN philosophy and proposition which integrates throughout your business and in everything you and your business does - from your own priorities and beliefs through to staff engagement and your client proposition. We will debate the areas which matter to you and your business to help where possible share best practices and ideas to enhance your propositions.

25. HOW WILL FINANCIAL INSTITUTIONS' ROLE FINANCING THE REAL ECONOMY AND SUPPORTING ITS RECOVERY EVOLVE AS WE MOVE FROM THE PANDEMIC “RESPONSE” TO THE “REBUILD” PHASE?

- Can financial services firms emerge stronger post COVID?