

Wealth Management & Private Banking

Thursday 16 November 2017

The Lanesborough Hotel, Hyde Park Corner, London SW1X 7TA

FINAL AGENDA

RUNNING THE BUSINESS.....	2
How do you decide which plates to keep on spinning and which to drop?.....	2
How can we combat margin pressures? Is it time to go for growth?.....	2
So are you providing your investors with value for money?.....	2
An overview of the changing shape of the “IFA” world and the commercial opportunity it offers wealth management.....	3
What does your perfect outsourcing partner look like? Perspectives from an Investment Manager and a Service Provider.....	3
Reputation and brand: having decided on your brand values, how do you go about putting them into practice?	3
TAX AND INVESTMENT STRATEGIES	3
Sustainable, Ethical, Engagement, Impact – what is the difference? Light green or dark green, the bottom line is that it is the direction of travel and investing this way is no longer just a good thing to do but the smart thing to do.....	3
The ticking “Res Non Dom” time bomb.....	4
Let’s take a look at the investment horizon for fixed income.....	4
The future of investment advice	4
DIGITAL.....	5
Are there any lessons you can learn from the challenger banks?	5
The science of financial attention	5
Creating an innovation culture.....	5
YOUR PEOPLE.....	5
The future of work.....	5
Widening the search for talent	6
REGULATION – YOU WOULD MISS IT IF WE DIDN’T INCLUDE IT!.....	6
Regulatory update: are you there with MiFID II?.....	6
GDPR – let’s do the detail	6

RUNNING THE BUSINESS

1.	<p>HOW DO YOU DECIDE WHICH PLATES TO KEEP ON SPINNING AND WHICH TO DROP?</p> <ul style="list-style-type: none"> • Wealth managers are becoming experts at spinning plates – lots of them! Whilst you struggle to ensure that you are MIFID II compliant (and indeed everything else compliant), you are also introducing new technology, new propositions and evolving towards a value proposition which will prove profitable and scalable. • Are you going the route of becoming a specialist or are you planning to offer holistic wealth planning? • Will your offering be primarily investment led or financial planning led? • What sort of clients are you looking to have on your books in the future? How will you service them? • How do you take the company with you on the journey? Indeed can you really articulate the new proposition? • This session will consider the different plates spinning – shaping the business model; working out how to get there; and the obstacles along the way. <p><i>Expert: BlackRock iShares</i></p>
2.	<p>HOW CAN WE COMBAT MARGIN PRESSURES? IS IT TIME TO GO FOR GROWTH?</p> <p>As cost income ratios stubbornly stick at between 72 and 75, maybe it is time to move on to the front foot and seek to grow revenues rather than always focusing on how to save money. A bit like the calls to end “austerity”, maybe it is time to go for growth? So what can you do to achieve this increased revenue?</p> <ul style="list-style-type: none"> • Greater data analysis of your client bank to leverage increased revenue through cross selling and upselling; • Demand more of your senior managers: is the industry becoming too risk averse as a result of the Senior Managers’ Regime and hiding behind collective decision making? • Technology efficiencies – they must be kicking in by now! • Broadening your service to offer a more holistic approach? What might that look like? <p><i>Expert: Ceri Smith, Business Development Manager, Avaloq</i></p>
3.	<p>SO ARE YOU PROVIDING YOUR INVESTORS WITH VALUE FOR MONEY?</p> <p>This would appear to be the headline finding from the FCA’s recent Asset Management Market Review. The FCA is recommending that both industry and investor representatives agree a standardised template for costs and charges. So are you working on it?</p> <p>We are not encouraging cartel behaviour! There may however be some validity to discussing the issues around this area? As transparency is key, it could become the big differentiator?</p> <ul style="list-style-type: none"> • All-in fees. This aligns with the requirements of MiFID II and PRIIPs so might be a good starting point. • Do these fees include transaction costs? How does the value chain stack up? • Performance fees - only allowed if the fund outperforms its most ambitious target. Are you up for this? • Rewarding “persistency”. • Platforms – a utility service exerting too much control? • Share classes – are you providing best value? • The use of benchmarks. Investors need to be in a position to identify how their fund performs against the stated objectives. Are you providing them with that access? • And don’t forget the wider disruptive trends affecting client sentiment - from robo-advice, differentiation of service, competitor forces and rising regulatory costs. A complaint at the last Meeting: “there are barely any downward pressures on active management,” this will need to change. <p><i>Expert: Farrers</i></p>

4.	<p>AN OVERVIEW OF THE CHANGING SHAPE OF THE “IFA” WORLD AND THE COMMERCIAL OPPORTUNITY IT OFFERS WEALTH MANAGEMENT</p> <p>Following RDR, adviser business models have changed dramatically and there has been a substantial shift towards outsourcing their investment offering.</p> <p>This session will consider:</p> <ul style="list-style-type: none"> • The numbers behind this trend and the opportunities it holds for wealth managers. • The shift in product trends following the introduction of structured fees for financial advisers and the products that advisers now want from wealth managers. <p><i>Expert: Phil Middleton, Head of UK Intermediary Sales, Schroders</i></p>
5.	<p>WHAT DOES YOUR PERFECT OUTSOURCING PARTNER LOOK LIKE? PERSPECTIVES FROM AN INVESTMENT MANAGER AND A SERVICE PROVIDER.</p> <p>This is an opportunity to hear some experiences from either side of an outsourcing relationship:</p> <ul style="list-style-type: none"> • Having identified the area you want to outsource, how do you go about identifying and selecting the best solution? • What is an optimal operating model? • Managing control and responsibility • The importance of a cultural fit • Nurturing innovation in an outsourced model <p><i>Expert: Farzana Khalil, Client Solutions, Multrees with Andrew Waldren, COO, Sandaie</i></p>
6.	<p>REPUTATION AND BRAND: HAVING DECIDED ON YOUR BRAND VALUES, HOW DO YOU GO ABOUT PUTTING THEM INTO PRACTICE?</p> <p>“Your company reputation is easy to lose, but very hard to gain.” At the last Meeting of Minds, we ran a roundtable on how to go about protecting your business reputation. The introductory quote was made by one of the participants in that roundtable.</p> <p>The group concluded that there were three key steps to be taken to achieve this:</p> <ul style="list-style-type: none"> • Define your brand values and work to deliver them through a collective voice. • Hire the right talent and educate the workforce to carry out your brand’s ambitions. • Bring brand value to the client experience. <p>This session will work through these three steps so that you leave armed with some real world ideas on how to achieve these steps.</p> <p><i>Chair: Mike Foxall, Marketing Consultant, Wealins; Expert: Michael Patrick, Partner Reputation Practice, Farrers</i></p>
TAX AND INVESTMENT STRATEGIES	
7.	<p>SUSTAINABLE, ETHICAL, ENGAGEMENT, IMPACT – WHAT IS THE DIFFERENCE? LIGHT GREEN OR DARK GREEN, THE BOTTOM LINE IS THAT IT IS THE DIRECTION OF TRAVEL AND INVESTING THIS WAY IS NO LONGER JUST A GOOD THING TO DO BUT THE SMART THING TO DO.</p> <ul style="list-style-type: none"> • The world zeitgeist is shifting and investors, particularly the millennials, are demonstrating a greater inclination to invest according to their personal values. This is evidenced by the substantial growth. According to the European SRI Study of 2016, €11 trillion (£9.6 trillion) is currently invested in sustainable and responsible investment across Europe with €1.5 trillion (£1.3 trillion) coming from the UK.

	<ul style="list-style-type: none"> • This session will seek to explain the lexicon which has built up around well-intentioned investing. • Having done that, the group will then drill down into the screening techniques which reassure investors that they are indeed helping the world become healthier, safer and more efficient. • And, what is more, not having to sacrifice returns in order to do so! <p><i>Expert: Peter Michaelis, Head of Sustainable Investment, Liontrust</i></p>
8.	<p>THE TICKING “RES NON DOM” TIME BOMB.</p> <ul style="list-style-type: none"> • The election at the start of the year was interesting for many factors. One of the less obvious ones was the temporary shelving of the legislation that was going to impact non-UK domicile individuals who are living in the UK, and have been for over 15 years. • ALL their worldwide income and gains will soon be taxed in the UK. • The bill is now very much back on the agenda and it’s backdated to the 6th April 2017 as if the election didn’t happen. • So who does this impact? What advice do you give your internationally mobile staff? Your clients? What steps do you need to take to ensure they are getting their affairs in order? • As the deadline is April 2019, the quicker you and your clients start, the easier the “res non dom” time bomb will be to defuse. <p><i>Expert: John Haley, Technical Sales Manager, Utmost Wealth</i></p>
9.	<p>LET’S TAKE A LOOK AT THE INVESTMENT HORIZON FOR FIXED INCOME.</p> <p>As we are now entering the foot hills of interest rate rises, what does that mean for fixed income and the traditional balanced portfolio? After a 30 year period of steady as she goes, the market is beginning to wonder if there is going to be a correction.</p> <p>Our expert from PIMCO, the biggest global fixed income specialist, will talk us through how they see the future for fixed income assets and its role in asset allocation.</p> <p>This is your opportunity to put them through their paces.</p> <p><i>Expert: Tina Adatia, Product Strategist, Solutions Group.</i></p>
10.	<p>THE FUTURE OF INVESTMENT ADVICE</p> <ul style="list-style-type: none"> • As some of the big US fund managers launch their D2C platform, are we now seeing the beginnings of a trend towards a scale digital solution for all those clients who can’t manage to pay for financial advice or maybe don’t want to? • Maybe this is what the next generations of investors are going to be looking for – low touch, data rich and value for money? Or is it a combination of technology backed up by humans when that reassurance is needed? Or do you feel that the wealthy just aren’t interested in this form of engagement? • With the introduction of Open Banking and the public finding it much easier to see their “money” set out in an aggregated way, might the timing be perfect to fit in with that brave new world? • Although an increasingly digitalised offering may drive increased efficiencies overtime, some consumers may expect to see a reciprocal fall in prices, adding further pressure on margins. <p><i>Expert: EY</i></p>

DIGITAL

11. ARE THERE ANY LESSONS YOU CAN LEARN FROM THE CHALLENGER BANKS?

- You will all be familiar with the phrase challenger bank. Think Metro, Monzo, Atom for example.
- It is accepted that challenger banks don't have the cumbersome legacy that the high street banks do. They are more nimble and able to access new technology.
- They are also able to employ savvy, tech friendly people keen to be part of something new and exciting.
- Can you learn from them? Maybe adopt some of their technology?
- Get nimble! Don't spend time worrying about Google entering the world of private wealth get there first.

Expert: Backbase

12. THE SCIENCE OF FINANCIAL ATTENTION

Are we missing something as the relationship between individuals and financial institutions becomes digitised? Do we need to understand how it is affecting the way clients pay attention to their money? Facebook and Amazon routinely study the attention customers pay to their websites. Financial institutions should learn to do the same, benefiting from an emerging science on how we interact digitally with our money.

Expert: Steve Utkus, Principal and Director of the Center for Investor Research, Vanguard

13. CREATING AN INNOVATION CULTURE.

- How do you emerge from the traditional 'command & control' culture of banking into the hallowed uplands of the newer 'collective & collaborative' culture at technology firms? This was the discussion at the last Meeting and it was concluded that a two-pronged approach from both top-down and bottom-up would be the ideal environment for fostering digital innovation. It is important to have senior leadership who reward and recognise employees who create and support digital innovations.
- Quite a few firms utilise business social platforms such as Facebook for Business to successfully create a crowd-sourcing, idea-generation environment, where employees can post their ideas, and anyone including the CEO can 'like' and 'comment' on it. This breaks down hierarchy, enabling good ideas to be put forward and implemented rapidly.
- What about creating an in house innovation hub?

Expert: EY

YOUR PEOPLE

14. THE FUTURE OF WORK

- Apparently there are 3.5m truckers in the US. Enter driverless vehicles and it could have a bit of an effect on their day to day. Staying with the vehicle thing – how are we going to source all that electricity to ensure we can recharge our cars every night! The march of technology will affect all our lives – not least in the work place. So how do we go about preparing for this Brave New World?
- As a starting point, maybe fewer full-time employees. Think about who you need to fit into your organization versus those you can tap into as needed.
- Help employees stay valuable. Artificial intelligence will take on the professions, including medical professionals, accountants and teachers, so employees will need to become creative problem-solvers.
- Reorganize your workforce by project. Organizing by geography or function makes sense in an industrial world, but not in a knowledge world.
- Give people a reason to be excited to work for you. Create an environment where

	<p>people want to think and where they want to pour ideas into your company.</p> <ul style="list-style-type: none"> • Millennials value a voice over a steady income! They want to make a difference. • And we worry about hot desking? <p><i>Expert: EY</i></p>
15.	<p>WIDENING THE SEARCH FOR TALENT</p> <ul style="list-style-type: none"> • As we are all fighting for the bright and ambitious people who can help us drive our organisations forward maybe we need to question the current ways in which we recruit people. • Social mobility appears to have stalled so a spot of circumnavigation might be in order to identify those people who don't normally appear on our radar. • There are now firms out there who can help you identify people who have exceeded their start in life e.g. despite having been entitled to free school dinners (the benchmark for a tough start in life) have made it to one of the top universities and gained a good degree. They will bring a different perspective and, who knows, a greater ambition to succeed. • And having got them, how do you ensure they stick with you? <p><i>Expert: Mark Somers, Founder, Somers Partnership</i></p>
REGULATION – YOU WOULD MISS IT IF WE DIDN'T INCLUDE IT!	
16.	<p>REGULATORY UPDATE: ARE YOU THERE WITH MIFID II?</p> <p>As the deadline of 3 January looms ever closer, how ready are you? An opportunity for a group hug?</p> <p><i>Chair: Tony Maddock, Managing Director, Third Party Distribution; Expert: John Barras, Deputy Chief Executive, PIMFA</i></p>
17.	<p>GDPR – LET'S DO THE DETAIL</p> <ul style="list-style-type: none"> • What does GDPR mean in practice for wealth managers? Crudely speaking, it is about “changing the culture and changing the mind-set around data protection.” It might also help to think in terms of compliance for <i>existing</i> customers and <i>new</i> customers. <p><i>“It will affect even the pen and parchment client partnerships that wealth managers have.” Crikey!</i></p> <ul style="list-style-type: none"> • Time to buckle down and look at the detail. <p><i>Expert: Ian de Freitas, Farrer & Co</i></p>