

A Meeting of Minds - Advisory Distributors XXIII

Tuesday 4 July 2017 – Pennyhill Park, London Road, Bagshot, Surrey GU19 5EU

SCHEDULE OF THE DAY

Sandringham	0815-0900	Breakfast	Informal networking over breakfast
Balmoral	0900-0915	Presentation	Welcome and the outputs of the Financial Adviser marketplace research project – Evie Owen, Owen James
Balmoral	0915-1000	Presentation	Negotiating for Britain – as the UK undertakes its most important negotiation in recent years, Tim Cullen, Associate Fellow at Said Business School and Director of the Oxford Programme on Negotiation, will share some of his insights into the way in which the Government should proceed. Who knows there may be lessons for you to take back as well.
	1000-1110	Working Session 1	
Balmoral	1110-1130	Coffee	Apple and BlackBerry time!
Balmoral	1130-1215	Structured networking	Mini meetings – an opportunity to exchange business cards
	1215-1325	Working Session 2	
The Library	1325-1430	Luncheon	A seated formal luncheon
Balmoral	1430-1515	Coffee and Presentation	The changing face of talent acquisition – Mark Miles, European Head of Wealth Management, Aon
	1515-1625	Working Session 3	
Balmoral	1625-1645	Afternoon tea	Apple and BlackBerry time!
Balmoral	1645-1730	Presentation	Making change happen in your business, achieve remarkable things – Dean van Leeuwen, Co-founder and Chief Exploration Officer, TomorrowToday
Stuart Loggia	1730-1930	Fizz flows	Time for some networking; some checking in; some farewells and some mini down time ...
The Library	1930-2130	Dinner	Dinner
	2130 onwards		Feet up, prop up, night- night or wave goodbye!

THE FOLLOWING DAY

Brasserie Restaurant	0700-1000	Breakfast	At your leisure...
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Advisory Distributors – Tuesday, 4 July 2017

Pennyhill Park Hotel, London Road, Bagshot GU19 5EU

THE SUBJECT MATTER

SESSION TITLE (THE FULL DESCRIPTION OF EACH SESSION CAN BE FOUND BELOW)	
ALL ABOUT THE CUSTOMER	
1.	CLIENT ENGAGEMENT: THE SECRET TO A LONG AND HAPPY RELATIONSHIP
2.	WHAT DO INVESTORS ADVISOR CLIENTS REALLY CARE ABOUT- ARE YOU IN SYNC?
3.	THE GROWING NEED FOR ADVICE
YOUR BUSINESS	
4.	GROWING YOUR BUSINESS AND PUTTING YOUR MONEY TO WORK - THE POWER OF ASSET ALLOCATION AND BEING PRODUCT AGNOSTIC
YOUR PROPOSITION	
5.	IS IT POSSIBLE TO PROTECT YOUR INVESTMENTS IN SUCH AN UNPREDICTABLE POLITICAL CLIMATE?
6.	THE SNOWBALL EFFECT – THROUGH THE EYES OF AN INVESTMENT MANAGER
7.	ARE YOUR CLIENTS GETTING VALUE FOR MONEY?
8.	WILL M&A ACTIVITY BE AFFECTED BY THE FCA'S DEVELOPMENTS?
9.	A SOLUTION FOR THOSE CLIENTS YOU CANNOT COMMERCIALY AFFORD TO WORK WITH?
RETIREMENT	
10.	WHEN THE FIRE IS RAGING AROUND YOU, WHERE WILL YOU JUMP?
11.	RISK – SO MUCH HAS CHANGED SINCE THE PENSION FREEDOMS AND ARE YOU TICKING THE SUITABILITY BOX?
TECHNOLOGY	
12.	HOW TO BE A DIGITAL WINNER
REGULATION	
13.	IS REGULATION COMING TO GET YOU?... AGAIN!!
BIGGER PICTURE	
14.	IN SEARCH OF UTOPIA - WHAT DOES THE PERFECT PLATFORM LOOK LIKE AND HOW DO WE GET THERE TO ENSURE TRANSPARENCY AND GREATER CUSTOMER OUTCOMES?
15.	WHAT SUPPORT ARE ADVISORS LOOKING FOR FROM A NETWORK IN TODAY'S WORLD?
FOR YOU PERSONALLY	
16.	CLEARING YOUR MIND

ALL ABOUT THE CUSTOMER

I. CLIENT EXPERIENCE: IS TECHNOLOGY THE SECRET TO A LONG AND HAPPY RELATIONSHIP

First of all, are we all clear on the difference between client experience and client service?

A survey by Bloomberg Businessweek found that “delivering a great client experience” has become a top strategic objective. The challenge here is that even though it’s a high priority, many companies are failing.

Client expectations are higher than ever and word of mouth travels fast! And as the client becomes even more empowered, it increases the importance of their experience. But achieving that is not so easy in an age of digital disruption, intensifying competition and rapidly evolving service expectations.

This is an area that needs constant nurturing and care and with a greater focus on client experience strategy, companies will realise a positive impact on client loyalty, higher retention and increased revenues.

Appealing to the younger generation of current and ‘future wealthy’ clients and prospects, while still resonating with the older guard, will be crucial to advisor distributors’ long-term growth and profitability.

That means giving clients more of what they want, when they want it. Can embracing technology be the solution to:

- Faster and easier onboarding processes.
- Rapid and responsive access to and interactions with their advisor.
- On-demand access to a broad range of self-service capabilities, including trading and investment management tools.
- A highly customised experience offering real-time financial information on their device of choice, anytime and anywhere.
- Personalized, easy-to-digest communications that address their needs, concerns and interests.

In this session we’ll be analysing what a great client experience looks like, how to build it and how the use of technology might help you achieve the goal (from robo to social media and marketing). Vincent Tiseo will also add a US perspective to the discussion, what lessons can be learned from America?

Expert: Vincent Tiseo, Managing Director, Global Head of Business Practices, GSAM

2. WHAT DO INVESTORS ADVISOR CLIENTS REALLY CARE ABOUT- ARE YOU IN SYNC?

This session reviews the results from an end investor survey conducted by Dimensional Fund Advisors, which elicited responses from nearly 19,000 individuals. The survey is designed to provide insight into the motivations, preferences, and attitudes clients hold when considering their relationship with an advisor.

Attendees will gain insight into how different client segments make decisions regarding why they selected an advisor, what is important for an ongoing relationship, and how clients measure the perceived value advisors deliver.

The session is designed to have a high degree of interaction between attendees in order to learn from both the material presented as well as gain additional insight from their peers.

*Expert: Steven Greenfield, Regional Director, Dimensional Fund Advisors Ltd
Paul Catt-Camfield, Regional Director & Vice President, Dimensional Fund Advisors Ltd*

3. THE GROWING NEED FOR ADVICE

The coming opportunity in professional financial advice.

Individuals and families are enjoying greater freedom and greater opportunity in the way they provide for their longer-term life goals. But there are challenges, too.

Vanguard's experience, backed by extensive research both in the US and the UK, suggests that good quality financial advice will be a significant factor in improving the chances of investment success.

But what do advisors need to do to make the critical difference for their clients?

Expert: Neil Cowell, Head of Retail Sales, Vanguard

YOUR BUSINESS

4. GROWING YOUR BUSINESS AND PUTTING YOUR MONEY TO WORK - THE POWER OF ASSET ALLOCATION AND BEING PRODUCT AGNOSTIC

What is missing to support you growing your business, BlackRock will talk through the power of asset allocation and being product agnostic, what really matters is your outcome and meeting your objectives.

This session will explore how;

You can work closely with your business partners to build a robust relationship to build assets and grow your revenue.

You can access world class value add services such as:

- Product innovation
- Portfolio Analysis
- Macro themes and scenarios

Expert: Pollyanna Harper, Head of iShares UK Intermediary Sales, BlackRock iShares

YOUR PROPOSITION

5. IS IT POSSIBLE TO PROTECT YOUR INVESTMENTS IN SUCH AN UNPREDICTABLE POLITICAL CLIMATE?

Recent political uncertainty in the US has made its mark on capital markets with a setback following the concerns around potential obstruction of justice in the Trump administration.

In this session, we will assess the impact of political haziness in the US and beyond as well as the significance of the outcome of the UK election and monetary policy decisions for markets.

We will discuss why it remains difficult to incorporate political uncertainty into everyday investment decision-making.

Expert: Larry Hatheway, Group Chief Economist and Head of, GAM Investment Solutions

6. THE SNOWBALL EFFECT – THROUGH THE EYES OF AN INVESTMENT MANAGER

The dictionary definition of the Snowball Effect is a “situation where something once small and relatively insignificant grows exponentially at a swift pace, engulfing everything in its path”.

For those of us working in this industry for the last few years, this may sound like an appropriate description of what we have lived through. The changing face of advice, the rise of DFMs, active / passive, the role of platforms and the (re) emergence of vertical integration are well trodden paths. But what is the likely impact on how clients’ have their money managed and the demands made on investment managers?

In this session Schroders will introduce some of their research (and some from others too).

Expert: James Rainbow, Co-Head of UK Intermediary, Schroders

7. ARE YOUR CLIENTS GETTING VALUE FOR MONEY?

The FCA is unconvinced that investors are getting value for money as often as they should.

Why? In their Asset Management Market Study interim report they ask some big questions which many are saying could herald a new RDR...

The FCA sees good value as: risk adjusted returns, net of fees plus value added services. It calls out ‘closet trackers’ in particular as a potential source of high costs and low value. They also point to the delivery of return through low cost passives as potentially better value for money.

This session discusses these key issues:

- Are asset managers and by extension advisors, sufficiently clear on the objectives of a fund, such that investor expectations are clear?
- Are your investment benchmarks always clear and appropriate?
- Do managers, and by extension advisors, always report clearly against them, net of fees?
- How do you prove your clients are getting value for money?
- How do you recommend active funds and still ensure you meet the new standard emerging from the Regulator?

Expert: Ben Goss, Co-Founder & CEO, Dynamic Planner

Tim Davis, Director Financial Advice & Wealth Firms, Dynamic Planner

8. WILL M&A ACTIVITY BE AFFECTED BY THE FCA'S DEVELOPMENTS?

As we all know at every level of the distribution chain, the FCA are investigating whether investment solutions are in the best interest for clients and whether they represent value for money.

But are the following FCA's developments going to impact your M&A activity?

- In November 2016 the FCA produced its interim report on the Asset Management Market Study.
- In February 2017 the FCA produced its supervision review report: Acquiring clients from other firms.
- In April 2017 the FCA announced it is launching a market study to investigate competition between platform providers.

Let's discuss how will these studies impact on your M&A activity:

- Communication to clients at the point of acquisition – are you able to consistently show that clients' needs were suitably considered?
- Original firm advice – have you told your acquired clients who is responsible for the original advice and how they can complain?
- Services offered to acquired clients – have you explained to your acquired clients the services you offer and the charges for these services?
- Client agreements – are the original client agreements of the acquired firm still valid?
- Are you safer acquiring the company or the assets?
- Replacement business – is it suitable, clearly explained and in the customers' best interests?
- How will the platform review impact on M&A activity?

9. A SOLUTION FOR THOSE CLIENTS YOU CANNOT COMMERCIALY AFFORD TO WORK WITH?

You have segmented your client base and decided at what level it becomes commercially unacceptable to maintain a relationship.

What can you do? Write them a nice letter and introduce them to your friendly robot? Suggest they pop along the high street to see the local teller? Or team up with your fellow distributors to put together an aggregated solution which is affordable and which means you retain the relationship for when they become more attractive?

This session will explore the options. Anyone feeling like being a team player?

RETIREMENT

10. WHEN THE FIRE IS RAGING AROUND YOU, WHERE WILL YOU JUMP?

With all the major markets hitting new highs, we question how long the global equity bull-run will continue and ask what the potential upsides are in relation to potential losses.

- How can investors achieve their goals no matter what the world throws at them?
- Are your advisors geared up to deliver bad news when markets turn the other way?
- What is the propensity for loss amongs your clients?
- Are they long-term visionary?

We look into the challenges investors face if they are looking for income, growth or both and examine if traditional assets can deliver their requirements without putting additional risk on the table. What is the customer journey to a sustainable income: wants, needs, risks.

- Is there an alternative for investors in the shape of 'real assets'?
- Is this asset class becoming mainstream?
- How do these assets perform in relation to traditional equities and bonds?
- What are the risks and potential returns in this area?
- Would a Centralised Retirement Proposition do the same as CIPs have done for businesses?

Expert: Jonathan Arthur, Product Specialist, Architas Multi Manager

II. RISK – SO MUCH HAS CHANGED SINCE THE PENSION FREEDOMS AND ARE YOU TICKING THE SUITABILITY BOX?

Since pension freedoms in 2013, things have changed dramatically. 94% of retirees by case count and 88% by asset value took Investment and Longevity risk off the table pre Freedoms. Annuities out sold drawdown by 12:1 being drawdown a niche product; now drawdown sales are twice that of annuities by case count. Although much has changed, but some things have not in that clients have no more ‘assets’ than they had before Freedoms, and they therefore have no more capacity for loss than they had pre-Freedoms.

As a result of pressures created in the post-RDR environment, effective client segmentation is seen by many advisors as critical in running an efficient practice today. As a result we have seen an evolution from ‘Balanced Managed’ funds through to the ubiquitous ‘Risk Managed Funds’ used today (approximately £100 bn now invested in this area). Another emerging trend is that portfolio volatility has historically been used as the sole measure of risk, and many providers in the market have developed the way they articulate and manage risk within these ‘Risk Managed Portfolios.’

This session will explore:

- **An overview of the general risk trends in the current pension landscape?**
- **Where does the risk sit?** – With drawdown leaving all of the 3 key retirement risks on the table, who is carrying/sharing the liability for these risks?
- **Costs & charges?** – What makes up the ongoing fund charges (OCFs) and how does this compare to other costs and options available to clients?
- **How have the componentry of Multi Assets Funds have changed?** - This is obviously critical from a due diligence perspective?
- **What’s out there?** –Some advisors believe that too many annuity products are being withdrawn from market and that there is a lack of innovation in the market since pension freedoms. However, others believe that the difference now is that there is no silver bullet and that it is a case of shopping around and combining all the options out there. What are the different investment approaches taken and how they are used to create a blend of investments to suit clients’ investment outcomes?
- **How can ‘Risk Managed Funds’ be applied with clients?** – Particularly in reference to the post retirement market where U shape retirement is probably the biggest change and does mean that individuals can have more flexibility if they plan correctly. With the much spoken about sequencing risk in the immediate years pre and post ‘flexible retirement’ looks very challenging for asset allocation. Whilst this is an advice heavy period it’s likely that many individuals won’t be able to afford it. So a de risking strategy that is not the old lifestyle strategy needs to be considered.

Expert: James Tothill, Head of Third Party Sales, Aviva Investors

TECHNOLOGY

12. HOW TO BE A DIGITAL WINNER

“It is counterintuitive but as you go up the wealth scale, tech engagement increases because it saves time.” – A wise delegate at the previous Meeting.

Becoming a ‘Digital Winner’ can mean any number of things, however, there are a number of core concepts that can make success easier to achieve.

- What building blocks need to be in place to ensure digital success?
- The importance of defining and tracking your outcomes- what and why are you digitising?
- What options exist for delivery- which model is right and what mix?

Expert: Andrew Boniface, Digital Solutions Director, SEI

REGULATION

13. IS REGULATION COMING TO GET YOU?... AGAIN!!

Let’s talk about the new acronyms the regulator is adding to the list - MIFID II and GDPR.

While many consider that the large networks and nationals have resources to throw at this area, it’s not just a question of manpower and extra admin. Many firms not yet appreciating the significant impact these regulations will have on their operating models.

GDPR, marks a significant step up in companies’ data protection requirements

- Penalties for failure under GDPR are also significantly higher with fines of up to 4% of turnover for firms that suffer a security breach. At the last Meeting it was pointed out that under GDPR, Tesco would have faced a fine of £1.9bn for its security breach.
- Organisations have until May 2018 to understand the implications of GDPR and identify the gaps; assess its impact and design/implement an action plan; and ensure and demonstrate the effectiveness of your data protection improvement program.

‘MiFID II’ , based on Investec’s survey of 94 intermediaries at the end of last, is likely to encourage firms to review their business models in a bid to become more efficient.

- The survey also indicated more than two-fifths (42%) of advisors expect to review their fee structures to provide greater transparency, while 38% believe MiFID II will encourage advisors to de-risk their business by reviewing their level of professional indemnity cover.

BIGGER PICTURE

14. IN SEARCH OF UTOPIA - WHAT DOES THE PERFECT PLATFORM LOOK LIKE AND HOW DO WE GET THERE TO ENSURE TRANSPARENCY AND GREATER CUSTOMER OUTCOMES?

With the lines between asset managers, advisors, platforms and DFMs continuing to blur and Platforms struggling to answer to industry demands; We need to think, what is the future of Platforms? Starting by asking what does a good platform look like?

This session will design Platform Utopia. And doing so it will answer some of the important questions in everyone's minds:

- How can platforms provide up-to-date information in order to help advisors assess whether a platform is suitable for their clients.
- With MiFID II coming into play how can smaller platforms develop a post-MiFID II proposition?
- Can the squeezed middle survive or are we moving into a world of macro players?
- How easy can you move assets from platform without upsetting the regulator?

Expert: Jon Dabinett, Senior Vice President - Global Wealth Management, EMEA, PIMCO

15. WHAT SUPPORT ARE INTERMEDIARIES LOOKING FOR FROM A NETWORK IN TODAY'S WORLD?

It seems Networks are thriving at the moment, for example Openwork announced that they have more than 2,000 advisors in its network for the first time in five years. The growth has brought its group advisor numbers to a record 3,200.

As of 30 March 2017 there were 2,006 advisors in its core network, which excludes its protection business Owl and nationwide IFA firm 2plan wealth management.

However, incoming regulations could see network members 'disappearing' from the Financial Conduct Authority's register, raising the risk clients will be left confused about the right of their advisor to practice.

From next year the senior managers regime will apply to all firms in the financial services sector – including advisors. When it comes into effect, only senior managers will be listed on the Financial Conduct Authority's register.

This has raised concerns about how networks will be affected, with the prospect that their members might not be listed at all if their network becomes their “senior manager”, on the grounds that it does its members' compliance.

Will this change the way advisor see Networks, why do advisors join? Is it the access to PI cover, their training, the pooled buying power, their collective services?

Also, how will mixed ownership affect the Networks?

FOR YOU PERSONALLY

16. CLEARING YOUR MIND

An opportunity to gain clarity of mind on the most important issues for you right now - business, personal and career - through structured dialogue with a human dynamics specialist. The session will be individual and highly bespoke. This is a fifteen minute meeting.

Expert: Paradox