

Advisory Distributors

Tuesday 26 June 2018

Pennyhill Park Hotel, London Road, Bagshot, Surrey GU19 5EU

THE SUBJECT MATTER

In anticipation of A Meeting of Minds Wealth Management & Private Banking, this document sets out the subjects which will be tabled for discussion.

A Meeting of Minds – the format:

Each day runs breakfast through drinks and is made up of a blend of:

- **Keynote** sessions geared to encouraging new thinking – typically from outside of the industry;
- **Roundtables** - small facilitated groups addressing a carefully researched agenda. The whole day is Chatham House and therefore participants are able to speak openly and freely.
- Plenty of **networking** opportunities including a formal seated luncheon.
- Some “**me time**” - some optional sessions for you. We thought the art of sleeping might be a good start!

How do the roundtables work?

- On the day, the roundtables take place in a private room with, typically, some 15 people around the table. Tent cards with participants’ names and companies are set out to make it easy to identify your peer group. The sessions are introduced by an expert on the subject. This introduction will last usually about 10 minutes before the conversation is opened up to the table, the goal being to ensure that everyone gets stuck in! The session facilitator will aim to bring the session to a conclusion, highlighting the key points raised.

In summary, your time is precious and our goal is to ensure that if you spend it with us, you spend it in the company of your peers, you address the subjects which matter to you, and all in a time efficient manner.

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YOUR CLIENTS

1. INTERGENERATIONAL WEALTH: MODELLING YOUR FUTURE CLIENT BANK FOR GROWTH

- Many reasons such as DB transfers, property and longer life expectancy, mean that £5.5 trillion* will move hands in the UK between now and 2055. Savvy advisers need to start thinking today about how this shift in assets will affect their clients and their bottom line.
- Does your current client bank reflect these potential changes? We'll look at how analysing your existing data will enable you to predict what may happen if you don't make any changes to your client strategy.
- This new, data driven way at looking at the transfer of intergenerational wealth that everyone is talking about will help us explore insights such as how your AUM may be affected, whilst also discussing action points. These inputs will make sure that you are ready for the great wealth transfer and are not just positioned for growth, but able to maintain your asset base.
- We think this is business critical. Presumably you do too?

*King's Court Trust, 'Passing on the Pounds – The rise of the UK's inheritance economy', 2017.

Expert: Mark Hayhoe, Russell Investments

DIGITAL

2. LOGGING ON AND CHECKING YOUR MONEY IS THE ADULT EQUIVALENT OF SHAKING YOUR PIGGY BANK. HOW DO YOU CONVINCe YOUR CLIENTS TO PAY MORE ATTENTION? WE WILL TAKE A GOOD LOOK AT THE DIGITAL JOURNEY.

- Your clients are very busy and it is difficult to attract their attention.
- They might log on and check the state of their portfolio - which is good - but can you deepen the connection whilst they are there?
- If the markets are down how can you ensure they don't go into panic mode?
- This session will coach you on how to use the data to revolutionise the client journey. Let's talk customisation, optimisation and data visualisation!
- What are they clicking on? What can you learn from their online behaviours?
- Sounds a bit big brother – but you need to know.
- Indeed, do they really want digital advice or do they crave a digital money management solution with a human to provide the advice?

THE FUTURE OF

3. THE FUTURE OF ADVICE IN THE UK

1. With increased regulatory demands, new agile technologies, a generational shift in consumer behaviour and an unprecedented transfer of wealth beginning, what does a future advice business look like to become sustainable?
2. Where might the next wave of competition come from and what can we learn from other markets that might influence where the UK heads to?
3. Given the convergence of asset management and wealth management, what has been our response to support our customer in what could become the fastest and most dramatic reshaping of our combined markets in recent history?

Expert: James Verner, Head of Alternative Distribution Strategies Legg Mason

4. WITH SOCIETY IN SUCH A STATE OF FLUX, HOW ON EARTH CAN YOU PLAN FIVE YEARS AHEAD?

- Today's advisory firms are having to deal with a much more diverse and dynamic society than ever before.
- In the good old days, your client base could be neatly bracketed as the Baby Boomers but now you could be dealing with clients from five different generations. And no I am not going to try and name them!
- You cannot just box them either. Generational behaviours are not neatly definable. There are however some obvious societal trends which encompass all. Everyone wants a better and fairer society. A cleaner healthier environment. They want to work with well-run companies and they want to invest in them. They want total transparency and they want to deal with you in a way that suits them when it suits them.
- You on the other hand will be dealing with more female clients; more LGBT clients; more tech savvy clients. Are you ready for that?
- So you had better get planning and preparing to work with them in the way in which they want. The consumer journey might be part human part digital. How do you work out which part stays human? You need to make sure your business practices pass muster from a corporate governance point of view. And in terms of acquiring new clients – you had better gear up to extending your services to their wider families. No pressure!

Expert: Vincent Tiseo, Director, Global Head of Business Practices, Goldman Sachs Asset Management

5. IS IT GOING TO BE YOU... OR THE ALGORITHM? HOW IS ARTIFICIAL INTELLIGENCE GOING TO AFFECT YOUR BUSINESS?

- Artificial intelligence is making rapid inroads into financial services. We are already seeing algorithms taking over the more basic levels of financial advice and they will increasingly be moving up the food-chain, from specific tasks, such as asset allocation, to fully-fledged turnkey solutions. How should client-facing firms adapt to the new model?
- For those seeking to provide higher value services, the emphasis will increasingly be on developing effective personal relationships. Vanguard has done extensive research in the US and is currently running a large-scale survey in the UK looking at how automation is affecting the future of private wealth services.
- Garrett Harbron has been involved in the studies on both sides of the Atlantic and shares a wealth of experience and insight into how private banking and discretionary wealth management are likely to evolve into the 2020s.

Expert: Garrett Harbron, Investment Strategist, Vanguard

REGULATION

6. WHEN WE MEET, MIFID II, THE SMCR AND GDPR WILL ALL BE IN PLACE. LAWDY WHAT SHALL WE TALK ABOUT? MAYBE DIVERGENCE WILL BE THE MOT DU JOUR.

- Bound to be something to discuss – so consider this an update!

BIG SOCIETY

7. WHERE HAVE WE GOT TO WITH CLOSING THE ADVICE GAP? LET'S TAKE A LOOK AT WHAT IS COMMERCIALY FEASIBLE AND MAYBE CONSIDER WHAT SHOULD BE DONE TO ADDRESS THE GROWING WEALTH DIVIDE. SO A BIT OF BUSINESS COMBINED WITH A BIT OF ALTRUISM – A GAME OF TWO HALVES.

First half:

- According to some recent research from NS&I, 70% of financial advisers are willing to advise people with portfolios of less than £50,000 but 71% of Britons would only consider consulting a financial adviser if they had more than £25,000 to invest.
- So just what is commercially feasible from your point of view? How low can you go so to speak?
- Do we know at what level people feel they can justify the cost of financial advice?
- What strategies can we adopt to ensure we maximise our customer base?

Second half:

- In addition to those who need advice but can't quite afford it, there are those who don't even get close. What can we do to support them?
- Many of the solutions and products on offer are complex and do not fit with how consumers think about their finances. As a result, most evidence suggests that people across the UK have a strong tendency to ignore the future and live for today.
- Part 2 will examine these issues and challenge the group to come up with solutions to help the public's financial well-being.

Expert: Andrew Pike, Head of Intermediary Relationships, NS&I

8. WHAT DOES ESG AND SUSTAINABILITY INVESTING MEAN TO THE UK INVESTOR TODAY?

- ESG is becoming an increasingly important issue within the global investment community today. It is having a significant impact on how we invest on behalf of clients and the structuring of capital markets.
- What does ESG and sustainability investing mean to the UK investor today? Will they be empowered to make informed decisions about their Asset Managers approach to ESG?
- There are a plethora of principles and charters being signed up to, but how do the advisers and clients distil these complex messages in a meaningful way? Is there a danger of superficial 'greenwashing'?
- Also, critically, are investors giving up investment performance to satisfy their investment conscience? Will this wave of ESG enthusiasm pass and soon it will just become a hygiene factor business or a will there be a requirement for 'thematic ESG investment label' at fund level for investors?

Expert: James Tothill, Aviva Investors

YOUR BUSINESS

9. HOW CRUCIAL IS IT TO CONTROL ALL YOUR CLIENT'S WEALTH? MIGHT IT BE A BETTER STRATEGY TO BE YOUR CLIENT'S KEY FINANCIAL ADVISER? (OR PERHAPS PUT LESS SUBTLY: AUM VERSUS ADVICE?)

- Increasing the amount of your client's wealth on which you advise could be seen as an avenue for growth. However the counter argument is that having a smaller share of wealth presents a lower risk to your company and indeed the rest of your clients.
- If you cannot control all your client's wealth, maybe you should aim for the primary share and offer advice on their other investments?

- The introduction of Open Banking should help you achieve greater knowledge of your clients' wealth activity. It should also provide major opportunities to reduce costs, improve efficiency and offer clients extra services. It will greatly enhance fact-finding, and future needs analysis will be modelled with greater accuracy.
- This session will address the issue from all angles - AUM versus advice.
- Indeed – to close this session we should address the question: are you providing your clients with value for money?

10. WHAT NEXT FOR LONG TERM SAVINGS?

When advising a client on a long term savings strategy, choosing the right tax wrapper is just as important as choosing the right investment strategy.

- With changes to pension allowances and uncertainty on tax relief, will we continue to see a move towards an ISA-centric savings policy? How will the government's precarious position and the impact on resources caused by Brexit affect any radical changes to the current regimes?
- Those clients that are able to significantly fund their pensions find themselves restricted by both annual and lifetime allowances. What options are available to meet their retirement income expectations, given that the original allowances were aimed at mirroring the pension that a 2/3rds final salary earnings cap would give?
- The exodus from final salary schemes and the advice around drawdown solutions has focussed the advice community's time and energy, whilst for many consumers their ISA is still deposit based and their major wealth is tied up in the family home.
- If the pension is no longer the "go to" retirement solution, where next?

Expert: Paul Speight, UK Relationship Manager, Canada Life

11. ACHIEVING YOUR EXPECTED GROWTH RATE. IDENTIFYING THE BUSINESS ACTIVITIES WHICH YIELD RESULTS.

- Leveraging data from two major studies commissioned by Dimensional in 2017, participants will take part in focused discussions covering the actions that global advisory firms are taking to achieve their expected revenue growth now and in the future.
- Drawing on the study results of 1,300 global advisory firms, and 19,000 advisory firm clients, the discussion will cover business development and the marketing practices that firms report they undertake, and which of these activities yields results.
- Participants will also discuss the servicing requirements of current longstanding clients and compare and contrast those with the responses from the Millennial generation – where can we observe similarities, and what are some of the key differences? What actions can those firms looking to the next generation of client take to ensure their services are perceived as valuable and attractive.

Experts: Martyn Chappell, Vice President & Steven Greenfield, Regional Director Dimensional Fund Advisors

12. DIRECT LENDING AND PEER TO PEER – WHY IS IT THE FASTEST GROWING ASSET CLASS IN THE WORLD RIGHT NOW?

- With interest rates forecast to remain at record lows, inflation persistently high, and securities 'overvalued' how do you and your clients find income that doesn't leave them exposed to a potential market correction. Is the world of Direct Lending and the sector's new 'Tax Wrappers' worth exploring?
- Over £14bn has been invested by over 250,000 UK retail investors, whilst institutional investors have invested over £0.5trn in the sector - so why has demand risen so dramatically?
- What are the key benefits of the asset class that investors' value and what do investors need to be wary of?
- Is the asset class really uncorrelated?

- What are the risks involved and how are they managed?
- This session will talk you through how to navigate this space and how to make the most of this asset class for your clients.
- It will give you a feel for what good looks like.
- We might even give you a pair of oven mitts.

Expert: *Jake Wombwell-Povey, Chief Executive Officer, Goji*

13. REPUTATION AND BRAND – SLOW TO BUILD AND QUICK TO ERODE – CRISIS MANAGEMENT SCENARIO PLANNING

- With multiple external and internal factors feeding into your brand, marcomms and brand crisis management are likely to rise in importance on your agenda.
- Doing the right thing and being seen doing the right thing becomes ever more critical.
- So is your firm virtue signalling?
- Are you geared up if it all goes horribly wrong?
- This session will offer you the opportunity to practice some scenario planning.

14. IN A WORLD OF VERTICAL INTEGRATION, WHERE DOES VALUE SIT IN THE VALUE CHAIN AND HOW WILL THIS CHANGE?

A look at the different parts of the value chain to understand:

- Who will be the winners and losers?
- Evolving risk and pricing models?
- The impact of sub-advisory, commoditisation and competition.
- How you demonstrate value?
- Where are the gaps and what needs are not currently being met?

15. LOOKING AFTER YOUR OWN PEOPLE – THINK #METOO!

- And whilst we are on the subject of “judgy” – are you looking at your gender pay differentials? Thanks to Hollywood and #MeToo, women are on the march.
- And whilst on the subject of marching women, are your team fully aware of the tough rules around sexual harassment within the office these days?
- Having worked through a case study on sexual harassment with a well known law firm recently, we were traumatised at the potential for your team to be hauled over the tiles in terms of sexual harassment. Some will say it has been a long time coming, others will say it is extreme! Again, it might be worth considering.
- We will field the lawyers! And the smelling salts!

16. AS THE INDUSTRY BATTLES WITH THE DISRUPTIVE IMPLICATIONS OF REGULATION, TECHNOLOGY AND STRUCTURAL REFORM, TIME FOR AN UPDATE ON M&A ACTIVITY

- This session will look at the key deal considerations and the sort of values firms are achieving.

AND SOMETHING FOR YOU

17. A SCIENTIFIC APPROACH TO ANALYSING THE STATE OF YOUR HEALTH AND HOW IT IS IMPACTING YOUR BEHAVIOUR WITHIN YOUR BUSINESS

- Our experts work with Formula 1 teams to ensure their high performance. Imagine applying these techniques to your own teams. Imagine understanding that you are more likely to have the right outcome from a difficult meeting if it takes place in the morning rather than at the end of the day?
- We are all different but taking time to tweak your diet and your exercise regime could make a difference to the bottom line!
- An opportunity to undertake the assessment.

Thank you for reading so far! If you have any thoughts on the above or would like to add your own suggestions, do please call Evie Owen on 01483 862692 or email evieowen@owenjamesgroup.com.