

## **ADVISORY DISTRIBUTORS**

### **Monday 24 June (dinner)/Tuesday 25 June – the Meeting of Minds**

Tylney Hall Hotel, Ridge Ln, Rotherwick, Hook RG27 9AZ

### **THE SUBJECT MATTER**

In anticipation of A Meeting of Minds which will take place on Tuesday 25 June with a dinner on the preceding evening, this document sets out the subjects which will be tabled for discussion.

#### **The format:**

Following the success of holding the dinner on the preceding evening last November, we will repeat that on this occasion. So dinner will take place on Monday 24 June and the Meeting of Minds will take place the following day finishing at 4.30.

The day is a blend of:

- **Keynote** sessions geared to encouraging new thinking – typically from outside the industry;
- **Roundtables** – small facilitated groups addressing the carefully researched agenda. The whole day is Chatham House and therefore participants are able to speak openly and freely.
- Plenty of **networking** opportunities including the formal dinner and luncheon during the Meeting itself.

Accommodation is available at a subsidised rate.

#### **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 usually last 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 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. ACCORDING TO A SPECIALIST IN GENERATIONAL BEHAVIOUR, MILLENNIALS CONSIDER HUMAN SERVICE TO BE THE LUXURY END OF THE MARKET. SURPRISED? ARE YOU GEARED UP TO DEAL WITH EACH GENERATION? LET'S NOT FORGET IT IS A FAMILY AFFAIR AT THE END OF THE DAY.

- Over the next 30 years, an estimated £5.5 trillion is due to be passed between generations in the UK. As things stand, the bulk of those transfers will involve beneficiaries who are not yet advised, but need to be.
- The industry is well aware of this looming problem but it would seem that little is being done to address it.

So, what steps do you need to take? What's the best way to engage with each generation in a profitable way?

- Is your workforce up to the task? Do you have a diversity recruitment strategy in place to mirror the client you are trying to relate to? If you were trying to deal with an SME, you would have an entrepreneur on your team to ensure they can better relate to your entrepreneurial clients and the challenges they are facing.
- Why is common sense often not common practice?

In this session Vincent will shed some light on how advisers are dealing with these same issues in the US.

*Expert: Vincent Tiseo, Goldman Sachs Asset Management*

### 2. TRUST AND REPUTATION. HARD WON EASILY LOST.

Onora O'Neil, a philosopher speaking about trust: "trustworthiness is a combination of competency and honesty."

We all trust David Attenborough... but why? Is it his passion, his in depth knowledge, his communication skills, his grey hairs?

- A decade on from the financial crisis, how do you engender trust in your firm when the wider financial services industry has been tainted so much?
- How do you maintain trust in the digital age when there's less face-to-face contact?
- How can the trusted relationship you have with your clients be passed on to future generations of clients?
- Maybe it is a case of changing the lexicon. In bygone days the defence industry was known as the war industry... maybe a bit of a radical comparison ... but you get the drift.
- What do you say you do when people ask you? "We help you save money for your retirement." Or are you all bracketed as "bankers" with all its current connotations.

*Expert: Andrew Pike, NS&I*

### 3. HOW STICKY ARE YOUR CLIENTS? CEMENTING CLIENT LOYALTY AS WELL AS INCOME.

- While clients have always had the ability to vote with their feet, or with their wallets, they now have more power to influence not only what they buy, but also what others buy.
- They have become both critics and creators, demanding a more personalised service and expecting to be given the opportunity to shape the products and services they consume.
- As a result, a gap is emerging between clients' expectations and the ability of business to meet them. Businesses are struggling to keep pace with an ever more fickle client.
- In this session we'll discuss how advisers can start to close this gap. Start by thinking do you offer your clients value add services?
- How holistic is your approach, do you look after "all" your clients' money? Do you offer help with international payments if clients are buying/investing in an overseas asset, transferring salary or paying for overseas school/college fees? What about cash management and providing interest on funds on account?
- Can we learn from other industries?

*Expert: Currencies Direct*

#### **4. CAPTURING YOUR CUSTOMERS' ATTENTION – IT IS AFTER ALL A FINITE RESOURCE**

As everyone wanders around staring at their phones ... flicking between Instagram, Facebook, LinkedIn et al, how on earth do you capture their attention? And even if you do – how long can you hold on to it for?

“Attention is focused mental engagement on a particular item of information. Items come into our awareness, we attend to a particular item, and then we decide whether to act.” Yeah right!

According to a respected digital culture expert, the modern attention economy is increasingly one where the consumer product costs virtually nothing to reproduce and the problem facing the supplier of the product lies in adding valuable intangibles that cannot be reproduced at any cost. He identifies these intangibles as:

- Immediacy - priority access, immediate delivery
- Personalisation - tailored just for you
- Interpretation - support and guidance
- Authenticity - how can you be sure it is the real thing?
- Accessibility - wherever, whenever
- Embodiment - books, live music
- Patronage - Paying simply because it feels good
- Findability - "When there are millions of books, millions of songs, millions of films, millions of applications, millions of everything requesting our attention — and most of it free — being found is valuable."

A bit of a challenge then.

*Expert: Grant Leboff, Sticky Marketing Club*

#### **YOUR BUSINESS**

#### **5. THE FUTURE OF ADVICE – HOW AUTOMATION IS CHANGING WHAT WE DO**

- Automation is rapidly colonising great tracts of human economic activity. Up to half the jobs in a developed economy could be absorbed into automated solutions.
- Already, since 2000, 50—70% of the tasks associated with 1,000 occupations have changed due to automation. This has allowed much more time to be spent on uniquely human tasks – activity which has grown by 50% since 2000.
- How will the new world of automation affect financial advisers? Investment is pouring into fintech, which is already changing the face of financial advice with a number of different offerings.
- Robo-advice offers a pure automated-only advice service. Hybrid services combine automation with a degree of personalised online contact.
- What do advisers need to do remain relevant? The wide-ranging Vanguard 2018 UK Adviser-Client Survey is among the most recent and in-depth studies of what advice in the UK will look like in years to come.
- The survey demonstrated that, to move the dial from good to great, advisers need to combine trust with satisfaction.
- Deeper analysis reveals the key human attributes advisers need to develop to push trust and satisfaction to the highest levels. We will share!

*Expert: Georgina Yarwood and Roy Wilkinson, Vanguard*

#### **6. ATTRACTING AND RETAINING TALENT TO MEET YOUR GOALS: STRUCTURING YOUR APPROACH FOR GROWTH**

A key challenge within the advisory and wealth profession is that of recruiting and retaining the best individuals to support firm growth. Organisations with higher levels of employee engagement demonstrate lower staff turnover and absenteeism, higher productivity and 21% higher profitability\*.

Utilising various sources, including advisory and wealth firm data collected from around the globe, over recent editions of the Dimensional Advisor Benchmarking study, we will discuss some key ideas:

- What are the ways of thinking about structuring an employee value proposition?
- What is the role of compensation, and how do firms structure it across different roles?
- Which other factors support employee engagement?
- Are different approaches required according to the firm's desired balance of client acquisition v client servicing?

\*Gallup, 2017

**Expert:** Steven Greenfield and Martyn Chappell, Dimensional Fund Advisors

## 7. AGILE IS SO THE NEW BUZZ WORD.... SO HOW ABOUT A FUN WORKSHOP TO ENSURE YOU UNDERSTAND HOW IT WORKS?

Agile /'adʒaɪl/

Relating to or denoting a method of project management, that is characterised by the division of tasks into short phases of work and frequent reassessment and adaptation of plans.

If you have heard of 'agile' but are not sure what it is or how it works, this session is a must. You will participate in a fun, interactive simulation which will leave you with a practical understanding of the process and ways of working that you can apply to deliver outcomes faster, more efficiently, more effectively whilst reducing risk.

**Expert:** Vikram Jain, JCURV

## • INNOVATIVE DISTRIBUTION CHANNELS. FRIEND OR FOE? IS 'INNOVATION' TODAY ALWAYS EQUATED WITH 'DISRUPTION'?

- Will the 'Digital You' be the ultimate arbiter for the selection of future financial propositions? The 'Digital You' having full information, the ability to choose, and control of your communication media thereby effectively creating 'Market Segments of One'.
- Does the Regulatory environment and the broader risk culture provide the necessary framework and guidance to facilitating outstanding customer and client outcomes?
- Will the winners of the future be 'Disruptors' or 'Fast Followers'?
- What 'bets' should be placed to find the successful distribution and marketing models over the next three years?

**Expert:** Matt Ward, AKG

## TECHNOLOGY

### 8. CYBER SECURITY: YOU ARE ONLY AS STRONG AS YOUR WEAKEST LINK

- Organisations face myriad threats, which continuously evolve to present them with new challenges. One such evolving 'moving target' is cyber security – a subset of business resilience. It is being discussed by stakeholders at all levels, which suggests the industry needs a mind shift change to be able to adequately tackle the issues surrounding response, regulation and recovery.
- "Ecosystems are now much bigger, boundaries are fuzzy and details more complex to deal with... There is a growing need to have a whole firm response – from C-suite to each individual – "because you are only as strong as your weakest link"- wise words from a previous roundtable participant.
- Ultimately, risk cannot be avoided so we need to develop a 'risk- radar' and learn how to mitigate and minimise.

## INVESTMENT

### 9. OVER THE YEARS 'SMOOTHED' INVESTMENT SOLUTIONS HAVE BECOME INCREASINGLY POPULAR IN THE UK ADVISER MARKET. WHAT ISSUES DO THESE SOLVE OR CREATE FOR ADVISER FIRMS, WHAT IS A 'SMOOTHED' PRODUCT AND DO THEY ACTUALLY OFFER GENUINE CLIENT BENEFITS ABOVE AND BEYONDS A TYPICAL INVESTMENT SOLUTION?

With over £10bn of assets being funnelled into these solutions in 2018 alone, they now represent over

£50bn of AuM across a limited number of providers, with some saying this is presenting a concentration risk in the market. In our session we will look to provide some clarity around what can sometimes be a very misunderstood market, which on the face of it seems a fairly straightforward concept.

- How much does the smoothing cost? Are there any guarantees?
- What sort of client doesn't need one?
- Why is there surprise when they go down through a fund price adjustment?
- How well understood are the mechanism for price adjustments?
- Does one size fit all; are there issues around shoe-horning?
- How should they be used within a segmented client bank?

In this session we will give you our view on the 'smoothed' market, how these strategies may fit within in a centralised investment proposition and take a look at the smoke signals coming out from the regulator?

*Expert: James Tothill, AVIVA*

## **10. MODERN PHILANTHROPY MADE SIMPLE – A LOOK AT IMPACT INVESTING.**

- It's simple, why not do well by doing good? A more principled approach to investing is sweeping investment markets.
- No longer is it enough that the investment schemes investors commit to, such as ethical funds, just avoid social damage. Nor are they happy to give up their financial returns to support companies that make a positive impact.
- The UK impact market has grown strongly over the past few years and is now worth £2bn with £600m of annual deal flow. Institutional investors were the early adopters, but individual investors are a growing part of this trend and their involvement is only set to accelerate.
- So what do advisers need to do to capitalise on this growing trend and ensure their clients' portfolios are appropriately exposed to impact investing?.

*Expert: Tim Brown, Senior SRI Specialist, Janus Henderson*

## **11. PLUGGING INTO THE CRYPTO OPPORTUNITY. HOW ARE OTHER ADVISORY FIRMS DEALING WITH CRYPTO?**

Now that the FCA's Cryptoassets Taskforce has published its report on the UK's approach to cryptoassets, this session will explore:

- The opportunities and risks they present.
- How other Advisory firms are servicing clients with crypto wealth?
- How your clients might be using crypto to launder money.
- How it can be applied in client life events?
- How is crypto taxed and regulated?

## **12. DELIVERING A SEAMLESS INVESTMENT JOURNEY**

- What are the next-generation investment platforms?
- Cutting out the noise: what are the trends for simplifying end-to-end customer experiences?
- Which elements can be personalised?
- Developing user-friendly interfaces: what are the strategies for success?
- The evolution of platforms: who are the players successfully innovating in this space, and what sets them apart?
- Fast, reliable, simple: what roles will AI and RPA have to play in this transformation of platforms?
- And looking to the future, what other services might platforms provide in years to come?

### 13. THE EVOLUTION OF MULTI-ASSET

- Do traditional multi-asset funds still serve their purpose?
- Do risk profiles still work for clients or could we be doing it better?
- What could make the outsourced option more appealing to advisers and more appropriate for clients?
- We would like to discuss ways in which multi-asset funds could be more bespoke for each individual client and whether the risk profiling tools are adequate.

*Expert: Nick Samouilhan, Solutions Strategist in the Multi-Asset division, T. Rowe Price*

### 14. INVESTMENT PRODUCTS OF THE FUTURE: WHAT CAN BE EXPECTED?

- According to the 2019 Investment Management Outlook published by Deloitte, investment managers are pursuing a variety of organic and inorganic strategies to achieve their overall objectives. AI has graduated from a buzzword to an enabler that offers differentiated capabilities across the investment value chain.
- In the past, we have discussed the role of AI algorithms in understanding market patterns and making investment decisions. The technology has now found promising applications in enhancing wealth advisory services, offering customised portfolios and digitising customer service.
- Aside from expanding capabilities across the value chain, investment managers have worked to keep their product offering from becoming stale. For example, the availability of products with an investment mandate that complies with ESG issues is seeing a strong uptick.
- A new pricing model for passive funds has emerged: the announcement of a no-fee fund was a seismic shift for the industry. With other investment managers also following suit with the launch of zero-commission platforms, a firm's revenue-generation focus now moves towards securities lending, order-flow payments, and shareholder-servicing fees.

### 15. MIFID II – THE LETTERS ARE OUT – IS THE VERDICT IN? IS CLIENT REACTION AFFECTING YOUR BUSINESS? ARE THEY CHANGING THEIR INVESTMENT PREFERENCES AND IS THIS AFFECTING YOUR PROFITABILITY?

- Thanks to the greater transparency required under MiFID II, the wealth management product offering and pricing model is changing towards “under contract arrangements” with separate and explicit charges for advice, which in turn need to be broken down into product manufacturing costs, distribution sales and advisory costs.
- This in turn can be broken down into three main categories: pricing related questions, manufacturing related questions and distribution and product mix related questions.
- So what impacts are you seeing as a result of this brave new transparent world? Is it changing clients' investment preferences?
- Do you analyse the products you offer your clients to understand which are proving most profitable?
- As you seek to identify those products which add to profit margins and why, you need to develop a methodology for reporting profitability across the spectrum of products?
- This session will field an expert on how product mix optimisation can positively affect profitability.

## REGULATION

### 16. WORKING WITH SOLICITORS IN 2019 AND BEYOND

The Solicitors Regulation Authority, under its initiative 'Looking to the Future', is driving considerable change for individual solicitors and, crucially, firms of solicitors. The new landscape offers greater and more obvious opportunities for the quality financial advisory business that can grasp the changes and assist their solicitor connections.

The session will look to discuss the following:

- The background to the SRA's programme of changes.
- The SRA Handbook and Rules to come in the summer of 2019 but published already.
- The rules on third party referrals.
- The significance of the new Code of Conduct for 'firms' and not just individual solicitors.
- The New 'Fixed Pricing' and Transparency rates and how financial advisers can help with this.
- New flexibility for solicitors to offer 'non-reserved' legal work outside of the SRA Regulated

environment – perhaps within a financial advisory practice.

*Expert: Dave Seager, SIFA*

### **17. THE CLOCK IS TICKING... ARE YOU READY FOR THE SENIOR MANAGERS REGIME?**

- Last time we met, the final rules for the regime had already been published, we went through it and discussed next steps... so six months down the line let's gauge readiness.
- Do you have the correct people in SM positions - selection, election or conscription?
- Do you have the evidence to support decisions?
- Could this be the biggest catalyst for change in business models that we have seen in a number of years?
- How should you deal with Appointed Representative firms which are exempt from the legislation?
- Timetable for change and implementation?

**If you have got this far, thank you!**