

Advisory Distributors

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

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RUNNING THE BUSINESS

1. HOW DO YOU DECIDE WHICH PLATES TO KEEP ON SPINNING AND WHICH TO DROP?

- Financial advisory firms 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? Indeed what about those clients who sit on your books but who are currently unable, or do not want to, pay a substantial fee for your advice?
- 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.

Expert: BlackRock iShares

2. SO ARE YOU PROVIDING YOUR INVESTORS WITH VALUE FOR MONEY?

- 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?
- 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
- 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?
- 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.

Expert: Charles Mackinnon, Investment Director. Tilney

3. THE DANGERS OF CYBER-CRIME ARE BECOMING EVER MORE REAL. ARE YOU TAKING THE THREAT SERIOUSLY ENOUGH?

- As questions remain around the veracity of the US election result; the rerun of the Kenyan election due to malpractice; and your appointment at the local GP gets affected – the cyber threat is now mainstream. And on a personal front, how many emails do you delete because you suspect they may be fake?
- You may feel your firm is well-protected but don't get complacent! Cyber criminals are working on new techniques for getting through the security of organisations, including yours. They are doing this so that they can cause damage, access sensitive data and steal intellectual property. They are becoming more sophisticated and harder to defeat and as old sources of cyber threat fade, new sources will emerge to take their place.
- This session will presume that you have the foundations in place, that your cyber security is dynamic and better aligned and already integrated into key business processes. It will instead address the real opportunity which comes from getting ahead by focusing on the unknowns – the future and your business's broader ecosystem.
- You can start building capabilities before they are needed and begin to prepare for those unknown threats which you don't yet know you don't know about ...

4. QUANTIFYING THE INTANGIBLE – COMMUNICATING AND CHARGING THE RIGHT FEE

- As you seek to build a sustainable business for the future, you have to calculate how your advice charges should be structured, justify your fees and ensure the service being charged for is being delivered.
- According to FCA data, a percentage of investment-based charging is still the most common among advisers, with 47% charging on that basis; and the truth is that there are not a lot of new exciting charging structures. It is just like pre-RDR but with a different name.
- What is the best way to demonstrate value through transparent pricing?
- Are there any pricing structures there breaking the mould?

Expert: Andre Lennon-Smith, PIMCO

YOUR PROPOSITION

5. HOW TO BUILD A DIFFERENTIATED LIFETIME WEALTH STRATEGY FOR TODAY'S MARKETS?

- 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 the then niche drawdown products by 12:1. Now drawdown sales are twice that of annuities by case count. Despite these changes, clients have no more 'assets' than they did before Freedoms, and therefore no more capacity for loss.
- As a result of pressures created in the post-RDR environment, effective client segmentation is seen by many advisers as critical in running an efficient practice today. Another emerging trend is that portfolio volatility has historically been used as the sole measure of risk.

This session will explore:

- How investors will achieve their goals no matter what the world throws at them?
- What are the key risks?
- Costs, charges and regulation – how does this impact on a lifetime wealth strategy?
- What's currently available in the market?
- What does this mean for your centralised investment proposition and how do you build a differentiated proposition?

Expert: Mark Hayhoe, Investment Specialist, Russell Investments

6. WHY A CENTRALISED RETIREMENT PROPOSITION IS THE RIGHT BUSINESS MOVE

- CRP as an extension of a well thought out CIP
- Customer journey to a sustainable income: wants, needs, risks
- What does this mean for your firm's bottom line?
- The toolset: supporting your clients every step of the way

Expert: Jonathan Arthur, Product Specialist, Architas

7. HAVE YOU WORKED OUT WHAT YOUR BOOK OF CLIENTS WILL LOOK LIKE IN 10 – 15 YEARS? AND INDEED WHAT THEIR ATTITUDE TO WEALTH MIGHT BE?

- Do you have a strategy to attract the clients of the future? Indeed, have you considered what you would like those clients to look like?
- Do you focus on attracting the fairer sex? According to The Telegraph (sorry!), Hargreaves Lansdown says that just 37% of their 800,000 clients are women.
- And always with an eye on the future, what about those millennials?
- Millennials vs Gen Z, Mars vs Venus, HNWIs vs Family Offices.
- What are they all thinking and how can you align your business to support intergenerational wealth transfers?
- To win hearts and minds we need to connect with what clients really care about. As an industry we need to be on the front foot and should be asking our clients what their wealth is for and providing the tools and advice to do it
- This session explores how by having an insight into these trends and beliefs you can differentiate your business

whilst ensuring you are investing for the future of your clients, your business and the planet!

Expert: Sandra Carlisle, Head of Responsible Investment, HSBC Global Asset Management

DIGITAL

8. IS THERE SUCH A THING AS A "GOOD" DIGITAL EXPERIENCE FOR A CUSTOMER

- This session will look to challenge some of the headlines surrounding direct to consumer business and digital engagement. It will be addressing three core questions:
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- What can we learn from attitudinal segmentation compared to traditional demographic segmentation, and how should that impact digital service provision?
- Do customers really want digital advice or do they crave a digital money management solution with a human to provide the advice?
- Are we really seeing digital advice or it is digital investment risk matching?

Expert: James Rawson, Head of Direct Distribution, Invesco Perpetual

9. 3D – DISRUPTING DISTRIBUTION WITH DATA

The UK is already an environment where personal data is being democratised and opened up. Open banking is probably the best example of this but closer to home, the pension dashboard is a clear signal of how the market will change.

As a result, consumers are being placed in the centre of the market and will be empowered with data and insight to expect a different relationship with their financial adviser, life company provider or fund manager.

New powerful consumer brands will enter the market and become important players in the value chain. They will seek to control the customer relationship and have the greatest influence over customer buying decisions. How is your business going to react to this market dislocation?

Will this be an opportunity or a threat for you and specifically how your strategy will:

- Create a deeper digital relationship with customers whilst ensuring compliance with GDPR;
- Demonstrate immediate value exchange for customers so that you can obtain and retain data consent;
- Understand customers buying behaviours and preferences so that you can participate in ‘the market of one’;
- Improve customer experiences by implementing digital solutions to outdated paper processes; and
- Safeguard customers from the real threat of cybercrime and digital identity theft

Customer digital expectations are high; does your proposition match their expectations?

Expert: Richard Howells, Head of Wealth Life & Pensions, UK & Ireland, Experian

REGULATION

10. INSTEAD OF GROANING AT ALL THE REGULATORY DEMANDS MADE UPON YOUR BUSINESS BY MIFID II, WHY NOT TURN THEM INTO A POSITIVE OPPORTUNITY TO REVIEW YOUR BUSINESS PRACTICES?

This session will take a practical look at those areas of your business which might benefit from a “refresh” as you seek to comply with the demands of MiFID II. As you focus on providing transparency and value for money in all things, this session will focus on:

- Your messaging and branding – how you communicate with your clients
- Preparation for client conversations – adopting a planning and sequencing strategy
- Client segmentation and service models – are they aligned to what clients value and to what you can deliver?

Expert: Marie-Laure Humbert, Executive Director, Business Practices, Goldman Sachs Asset Management

11. GDPR – LET’S DO THE DETAIL

This is your opportunity - what does GDPR mean in practice for financial advisory firms? 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 existing customers and new customers.

“It will affect even the pen and parchment client partnerships that some IFAs have.” Crikey!

Time to buckle down and look at the detail.

12. OPEN BANKING – THE OPPORTUNITY FOR ADVISORY FIRMS – BETTER GET READY!

- When the Payment Services Directive 2 (PSD2) comes into play in 2018, the banks will no longer be the only Account Information Service Providers (AISPs). PSD2 will call on banks to give third party providers (TPPs) such as fintech companies, other emerging banks, retailers, telcos and indeed financial advisory firms secure access to customer accounts (with customer consent).
- From the client’s perspective, the opening of the payments market to new providers will widen consumer choice, lower transaction fees and improve convenience.
- From the advisory firm’s perspective, it will provide major opportunities to reduce costs, improve efficiency and offer clients extra services.
- Your clients will authorise you to access data from the AISPs and this knowledge combined with the data provided by the Pensions Dashboard will give you a holistic view of their financial affairs – indeed and more!
- It will greatly enhance fact-finding, and future needs analysis will be modelled with greater accuracy. Better get ready.

YOUR CLIENTS

13. CLIENT CARE AND COMMUNICATING RISK – A CONFUSING CONUNDRUM?

- Targeted, thoughtful communication can create real benefit with clients but how can you make your mark in a data-rich digital environment? What sets you apart as a business and how are you engaging with clients? How are you harnessing the unique insight you have into each and every client you engage with? From an investment perspective specifically, how confident are you than one bad year won’t undo ten good?
- In this session we will discuss what, how and when we should be communicating risk, how can we manage past, present and future expectations and shape client perceptions. We will touch on behavioral bias and financial education whilst focusing on building a robust and respected communication strategy. We will look at portfolio modelling and where we should focus our attention with global equity markets at near record highs and bond yields at near record lows.
- Evidence suggests very few clients understand the relationship between fixed interest returns and changes in interest rates. With so many being recipients of strong fixed interest returns for over 30 years and with others in Life-styling strategies transitioning their assets into long term gilts prior to NRD what is the best way to tackle this subject?
- Having increasingly used volatility as a measure of risk, is this appropriate in a stretched world? Central Bank policy has been supportive to markets and most investors’ portfolios have benefitted accordingly but where next, what can clients expect or anticipate? Managing future expectations is much easier when everything is coming up roses but far more difficult when times are tough. Memories can be short, so what do we communicate, how and crucially when?
- This session will be strictly strategic in nature with no product solution or angle. Expect a debate with an investment bias but with clear client communication at the core.

Expert: Dave Robson, Head of Retail, Carmignac

14. IS IT TIME TO HELP THE MILLENNIALS AND THE FOLLOWING GENERATIONS BOTH UNDERSTAND AND BENEFIT FROM FINANCIAL SERVICES?

- Millennials are likely to be the first generation since the turn of the last century to be financially worse off than the previous generation. This is in large part due to the overhang from the financial crisis, which has led to salary stagnation; the unaffordability of UK housing; and maybe as a result of Brexit. And it is only going to get worse as

university students leave with overwhelming levels of debt. Maybe a few political statements in there... but everyone must agree that it is tough and that the financial services industry needs to work with them to engage them and ensure they understand the world of FS and how they can turn that knowledge to their advantage.

- As a result of all of the above, their focus is more on debt products rather than any savings, pensions or investments. However there is a positive in that the introduction of auto-enrolment has made them aware of what they need to do ... it is just a question of when they can afford to do it.
- So how to engage with them? At the last Meeting, it was agreed that Millennials are much more inclined to be influenced by the 'gamification' of other purchasing decisions and so FS providers should be looking at online communities and social media to enhance their product distribution. Their expectations are driven from other online transaction experiences such as Amazon. They also have very little patience and no sense of loyalty so the initial online experience has to be slick and seamless. "Instant gratification" might be a bit shallow but it is definitely how they see the world.
- As Open Banking comes in and the tech boys get on the front foot offering lots of gismos with aggregated views of their overall financials, this lack of loyalty means that the doors are open to lots of new players to enter the market. Can the legacy brands fight back?
- Vice have done a lot of work in understanding how to engage with Millennials. Our expert will provide some pointers.

Expert: Mark Adams, Senior Vice President, Vice

YOUR PEOPLE

15. WIDENING THE SEARCH FOR TALENT

- 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.

OUT THERE!

16. 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 organisation 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.
- Reorganise your workforce by project. Organising 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 people want to think and where they want to pour ideas into your company.
- Millennials value a voice over a steady income! They want to make a difference.
- And should we worry about hot desking?

Thank you for reading so far. We hope this has at least got you thinking about the subjects you would like to see included on the final agenda in November. It is your Meeting, so do let us have your thoughts: email evieowen@owenjamesgroup.com; telephone: 01483 862692 or postcard – not fussy!