

Front Office – Are Firms Getting Value for Money?

Tuesday 21st May 2019 • London

With thanks to our Sponsors and Partners

CAPCO

 **OBJECTWAY**

 **bitarisk.**
BETTER INTELLIGENCE THROUGH ANALYSIS

 **BNY MELLON** | **PERSHING**

Wedlake Bell

 **WEALTH
DYNAMIX**



THE **WEALTH** MOSAIC

 **thewealthnet**
Essential wealth management information

PARKWELL
Management Consultants Ltd

ITDUK
IT Support & Services

Compeer
LIMITED



NIRAL ASHVIN PAREKH WEALTH & ASSET MANAGEMENT, CAPCO





RESEARCH INTO QUALITY OF SERVICE

What has been behind the success in business of wealth management?

What trends might lead the future to look different?

What might lead the future to arrive faster than we might expect?

WHAT HAS BEEN BEHIND THE SUCCESS IN WEALTH MANAGEMENT?

- Is it investment returns?

Not quite...only **25% of clients said they would leave if returns did not improve**, but how many leave due to poor performance?

- Is it administrative excellence?

Sort of...**70% of clients more or less happy with the service received**

- Is it the client themselves?

Think we are getting somewhere...**70% of client think their wealth managers listen to their opinion and needs**

- What is the X-factor then?

Relationship and trust...more than **60% of clients agree that their wealth management firms are client centric**

WHAT TRENDS MIGHT LEAD THE FUTURE TO LOOK DIFFERENT?

Slow transition to new clients ...

Inheritance transfer values peak for investors aged **55 to 64**, **more than 7 times** that received in the 25-34

who have different values and...

Less loyal to advisers from a previous generation and more inclined to do something about a poor service

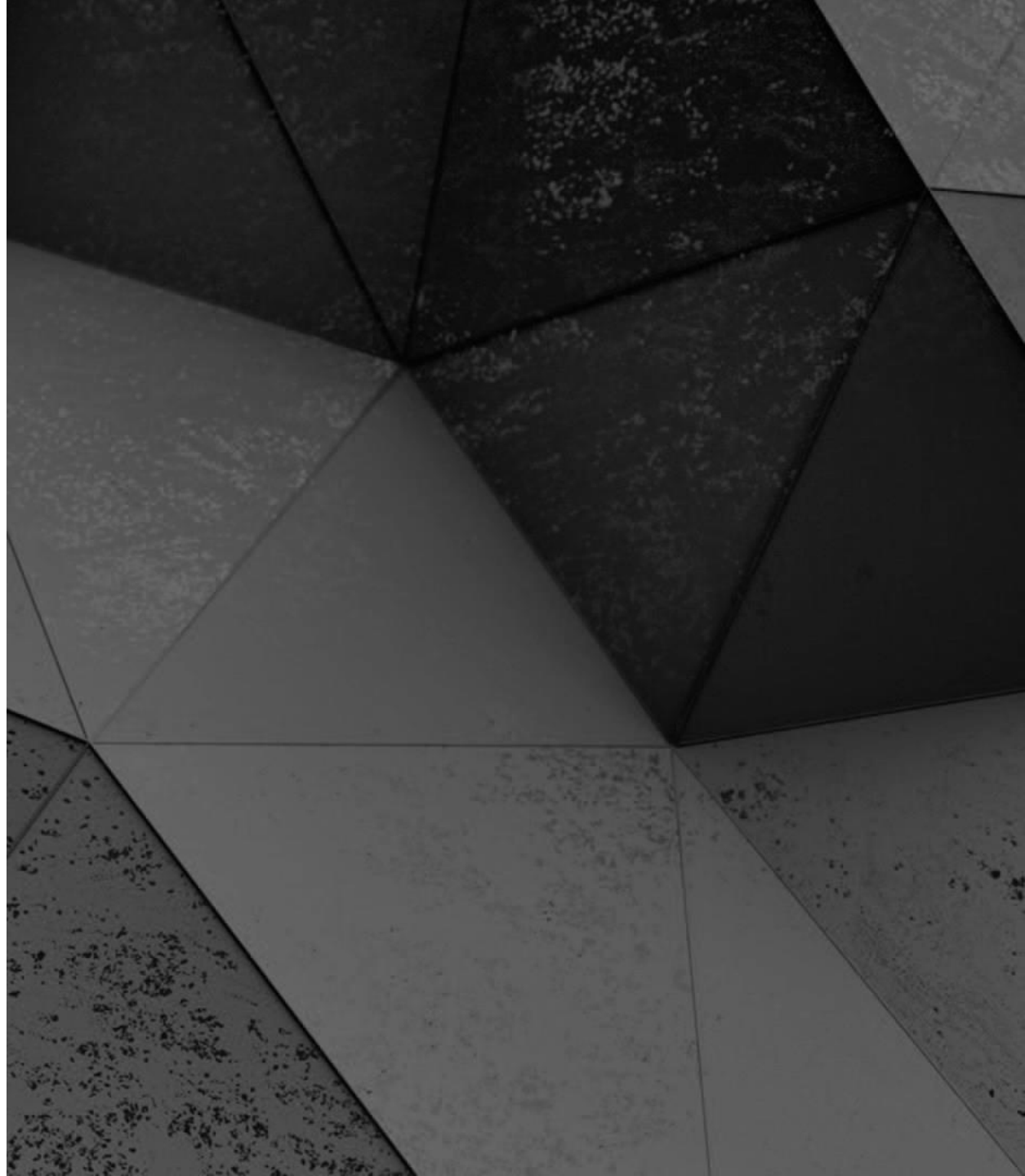
..have new expectations on service delivery

WHAT MIGHT LEAD THE FUTURE TO ARRIVE FASTER THAN WE MIGHT EXPECT?

- Will new entrants may destabilise the existing service model?
- Do big banks will have a role to play?
- Will price wars put pressure on DFM service delivery?
- Will we have material mis-selling, as a side effect from 'scale-seekers'?



THANK YOU





21st May 2019

Boosting Front Office productivity by adopting the Objectway WealthTech Suite



ALBERTO CUCCU
CEO - OBJECTWAY LTD



WHY FRONT OFFICE PRODUCTIVITY MATTERS



EXPENSIVE RESOURCE

Front office staff costs represent 30% of total revenues of WM firms



PROFITABILITY

An improvement in front office productivity alone makes the difference between making profit or loss



THE EVOLUTION OF FRONT OFFICE



Can technology help?



ASKS FOR GREATER USE OF TECHNOLOGY

More time
serve

ASKS TO IMPLEMENT OR IMPROVE CRM SYSTEM

Faster onboarding and stronger relations



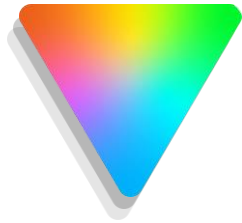
ASKS FOR MORE DIGITISATION



INVESTMENT OPTIMISER



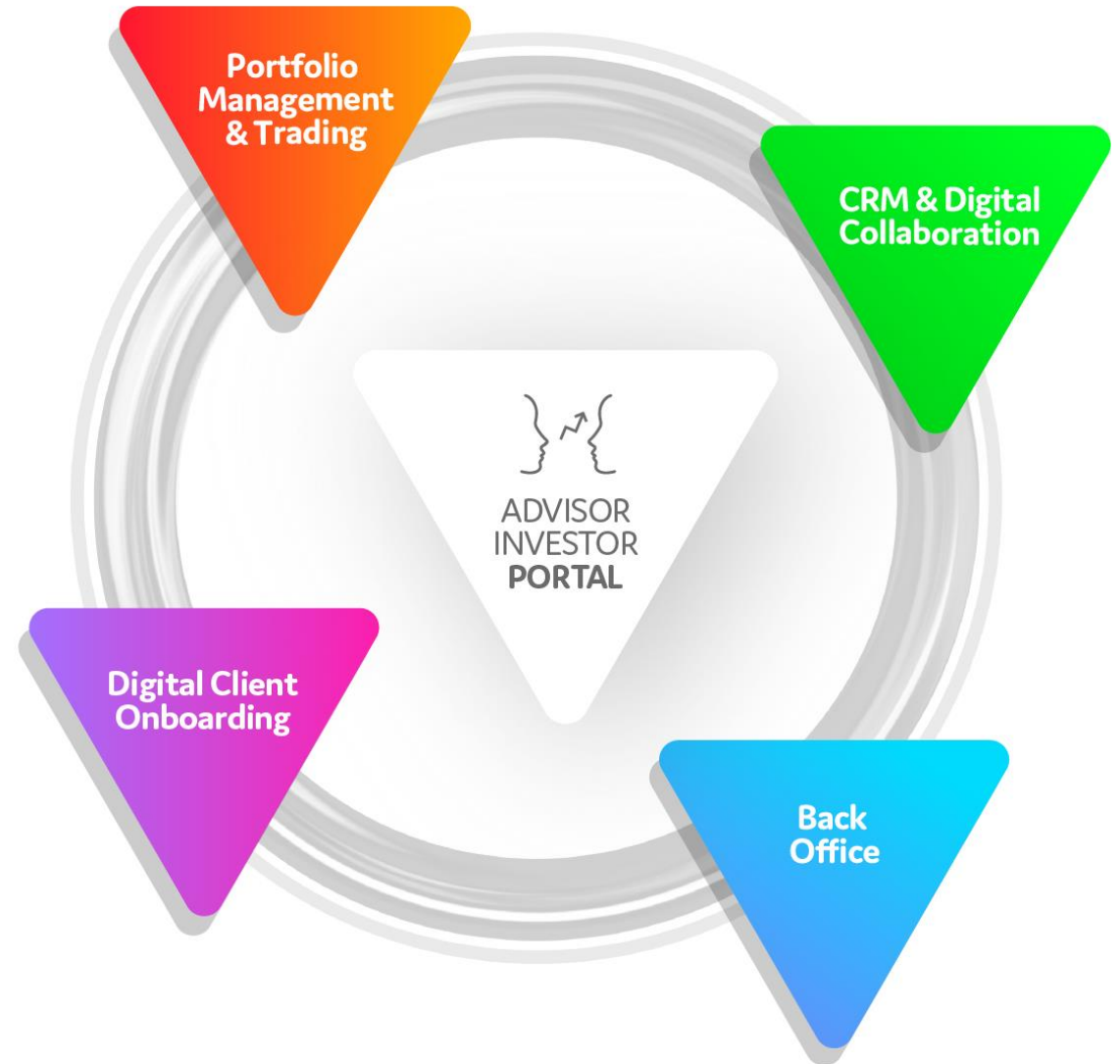
THE NEXT GENERATION DIGITAL PLATFORM



OBJECTWAY

WEALTHTECH SUITE

End-to-end Client & Investment
Management Experience





BOOSTING FRONT OFFICE PRODUCTIVITY



ADVISOR

- Integrated multi-device Advisor Portal
- Fast client onboarding in meetings
- Real-time compliance checks
- Proposals powered by AI engines
- One-click personalised reporting
- Sales pipeline management
- Digital collaboration tools
- AI empowered portfolio management
- Workflow tools
- Collaborative Hybrid Advisory



CLIENTS

- Investor Portal and Mobile Apps
- Anytime, anywhere reporting & trading
- Digital collaboration with Advisor
- Video conferencing, chats, screensharing
- AI assisted self profiling and investing
- Personalised research and content
- Collaborative Hybrid Advisory



OBJECTWAY
WEALTHTECH SUITE



OPERATIONS

- Management analytics
- Automation of compliance
- Compliance dashboards
- Investment back-office management



BOOSTING ADVISOR PRODUCTIVITY

eXimius

Search something

ADVANCED SEARCH

Vodafone Gro...
2.07 GBP
+0.32% 14:30:00

Apple
104.73 USD
-0.06% 14:30:00

Microsoft
53.59 USD
-1.31% 14:30:00

ING Group
11.45 EUR
+2.67% 14:30:00

Unicredit
3.92 EUR
+0.07% 14:30:00

★

📄

🔍

🔔

Zarate Calderon

🔌

🏠

Model | 15938140A

Portfolio | 9521185

Client | Frank Marx

+

Search results

Frank Marx

January 10, 1965 (63 years)

SEGMENT

Execution Only

LAST CONTACT DATE

23/03/2019

TCO%

1.1%

YTD GAIN/LOSS

\$ 24,560

↑

YTD PERFORMANCE

2.4%

↑

CONTACT INFORMATION

✉ sarah.miller@objectway.com

📞 Business
615-555-1833

📍 12 The Heat
TS20 2XZ
Stockton -on-Teas
Country Durham
United Kingdom

🏠 Home
855-555-1232

📱 Mobile
012-345-6789

TOTAL WEALTH

35%

20%

16%

12%

5%

TOTAL
2,678,641.70
EUR

● EQUITIES

28,639,987.32 EUR

● DERIVATES

23,630.00 EUR

● BONDS

9,993.69 EUR

● LIQUIDITY

3,043.37 EUR

● OTHER

1,987.32 EUR

SECURITY QUESTIONS & ANSWERS

Question	Answer
What's the colour of your eyes?	Blue
What's your maiden name?	Hendrixx
What's your birthplace?	Sydney
What's your wedding day?	30 august 2000

PROVIDED SERVICES

004665 Defensive ISA	Frank Marx Portfolio	1,298,360.00 EUR	+0.98%
004665 Moderate SIPP	Frank Marx Portfolio	1,298,360.00 EUR	0.00%
004665 Aggressive Nominee	Frank Marx Portfolio	1,298,360.00 EUR	-0.12%
004665 Defensive ISA	Frank Marx Portfolio	1,298,360.00 EUR	+0.98%

HOUSEHOLD & OTHER RELATIONS

Zoe Marx-d'Aragon

Spouse

61 yrs (March 12, 1967)

Ella Marx

Daughter

18 yrs (June 3, 2000)

Marc Marx

Son

24 yrs (August 4, 1995)

Tim Lamont

Accountant

63 yrs (January 10, 1965)

ENGAGEMENTS

Payment Out from eXimius

-25,000 GBP - HSBC

Monday, January 28, 2019

1:08 PM

Executed order from eXimius

BUY Glaxo - 125 units

Thursday, January 24, 2019

1:10 PM

User Message from Gonzalo Enterrios

Expiry of W8/W9 message

Thursday, January 24, 2019

10:38 AM

Phone Call from Michael Beckers

Raised a question regarding missing document in the inbox. Verified and solved the issue during the call.

Friday, January 18, 2019

11:12 AM

+ CREATE

✓ REPORTING ✗ RTP ✓ RSP

OBJECTWAY

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15



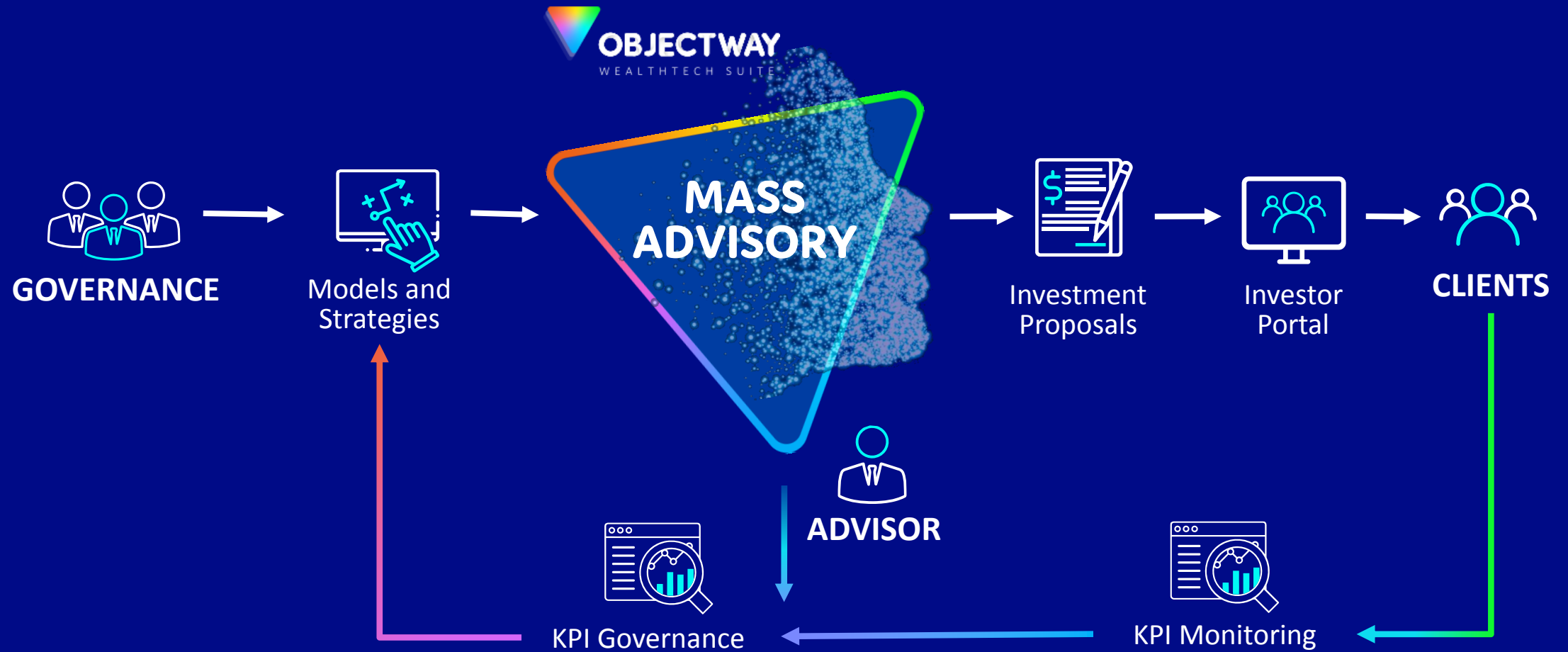
BOOSTING ADVISOR PRODUCTIVITY

The screenshot displays the eXimius application interface. At the top, there's a search bar and navigation tabs for 'Model' and 'Portfolio'. The main section shows the client's profile for Frank Marx, including his photo, name, and date of birth (January 10, 1965, 63 years old). Below this is the 'CONTACT INFORMATION' section, which lists an email address (sarah.miller@objectway.com), a physical address (12 The Heat, TS20 2XZ, Stockton-on-Tees, Country Durham, United Kingdom), and a map of the location. The 'PROVIDED SERVICES' section lists four service entries, each with a code (004665), a name (Defensive | ISA), a description (Frank Marx Portfolio), and a value (1,298,360.00 EUR). At the bottom, there is a '+ CREATE' button.

- **STP onboarding** and account opening
- Contact details & identification, **KYC / suitability**, source of wealth & funds
- **Risk appetite** via external provider, **investment objective** & selection
- Step by step process with **validations**
- Follow-up and **reminders** on each steps
- **Deposit money** within onboarding
- **Monitor and control** onboarding workflow stages



BOOSTING ADVISORY WITH AUGMENTED INTELLIGENCE





BOOSTING ADVISORY WITH AUGMENTED INTELLIGENCE

Intelligent Optimiser

- Quantitative investment proposal creation
- Constraints management
- Optimised solutions and suitable investment proposals

Budget Definition and Monitoring

- Global budget definition
- Budget per campaign
- Campaign monitoring: budget and operational KPIs

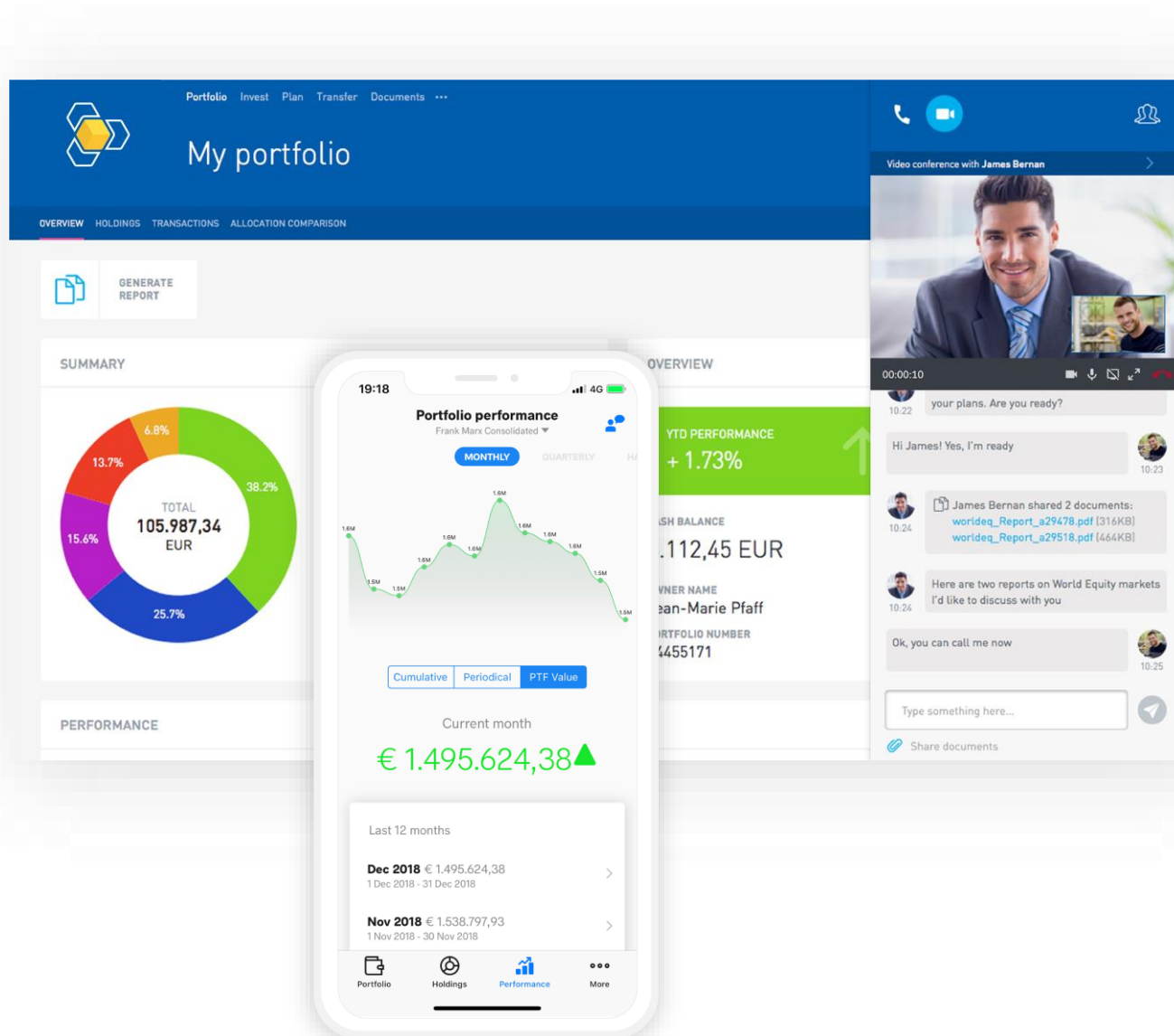


Investment Campaign Management

- Assisted and automated campaign creation
- Customer segments and benchmark management
- Support of external lead management platform
- Bulk analysis



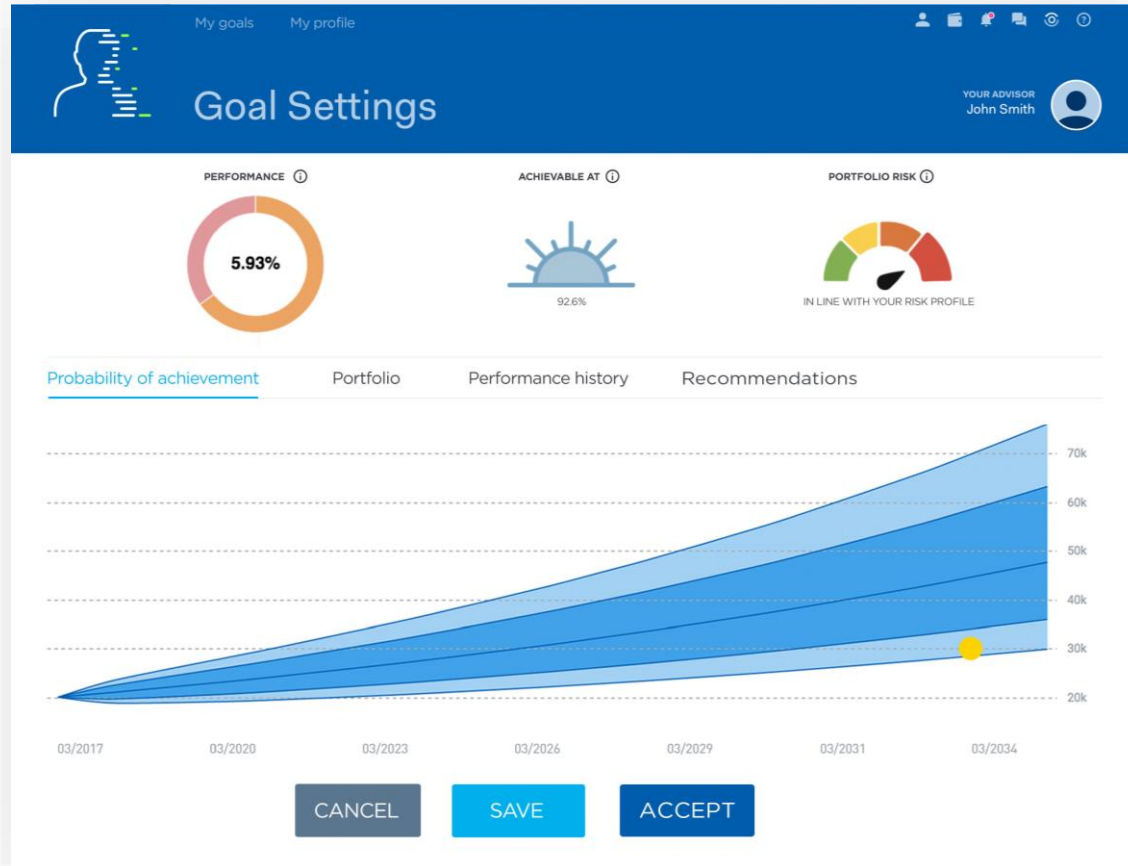
BOOSTING INVESTOR ENGAGEMENT WITH INTEGRATED CLIENT FACING TECHNOLOGY



- **Omnichannel and omni-device** digital experience platform
- Lean portal with a widget framework to deliver **an enjoyable and seamless user experience**
- Real-time remote **collaboration across all channels and devices**
- Overview of clients' portfolios, **reporting and interaction**
- **Online self-service** transaction functionality



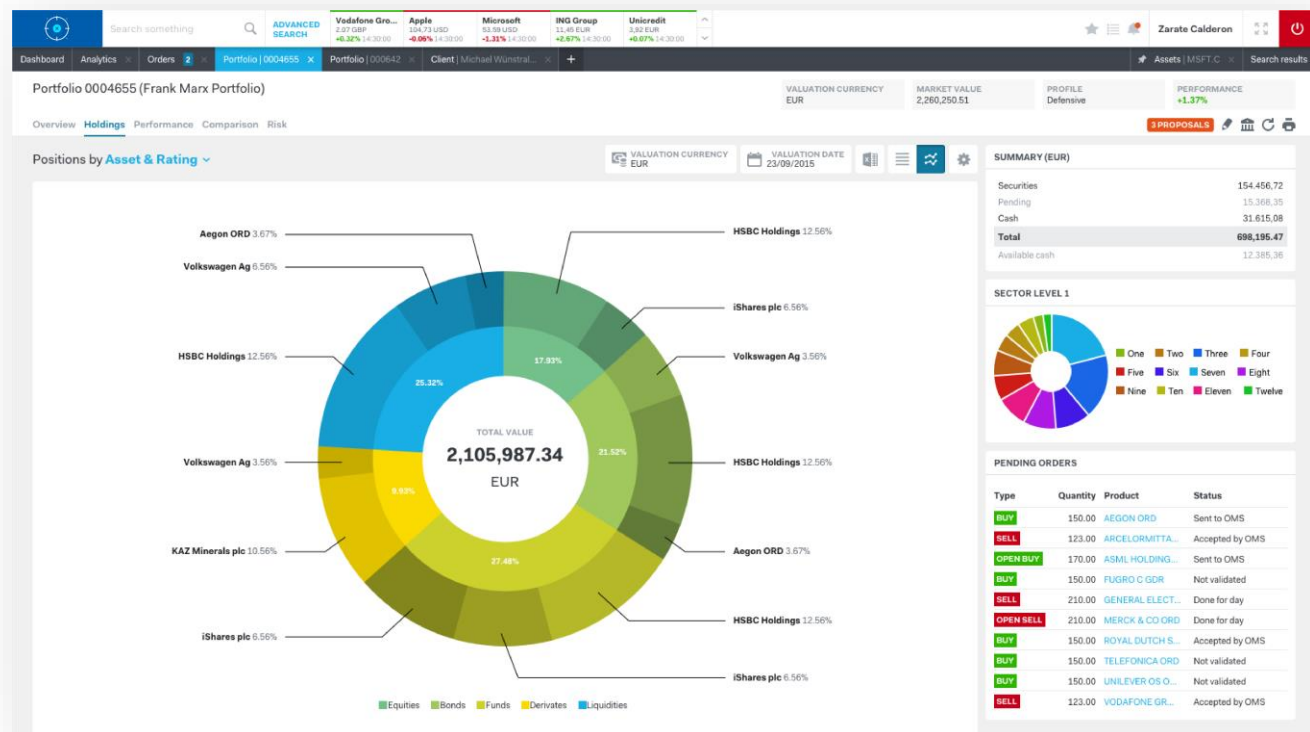
BOOSTING INVESTOR ENGAGEMENT WITH INTEGRATED CLIENT FACING TECHNOLOGY



- Best-in-class models based on an a **holistic client-centric** advisory approach
- Enhanced advisory process combining **digital and human interaction**
- **Tailored proposals** on customers' needs, financial goals, risk attitudes, what-if investment scenarios
- **Real-time** remote **collaboration** across all channels and devices



BOOSTING PERFORMANCE WITH BEST IN CLASS PORTFOLIO MANAGEMENT



- **Up-to-date and real-time** portfolio **analysis**, modelling, rebalancing, monitoring
- **Performance contribution and attribution**, measurement and benchmarking
- **Online trading** and **order management**, real-time connectivity and direct link to markets
- **Overview** of **portfolio** performance, risk, asset allocations, holdings and transaction details




OBJECTWAY



BNY MELLON | PERSHING



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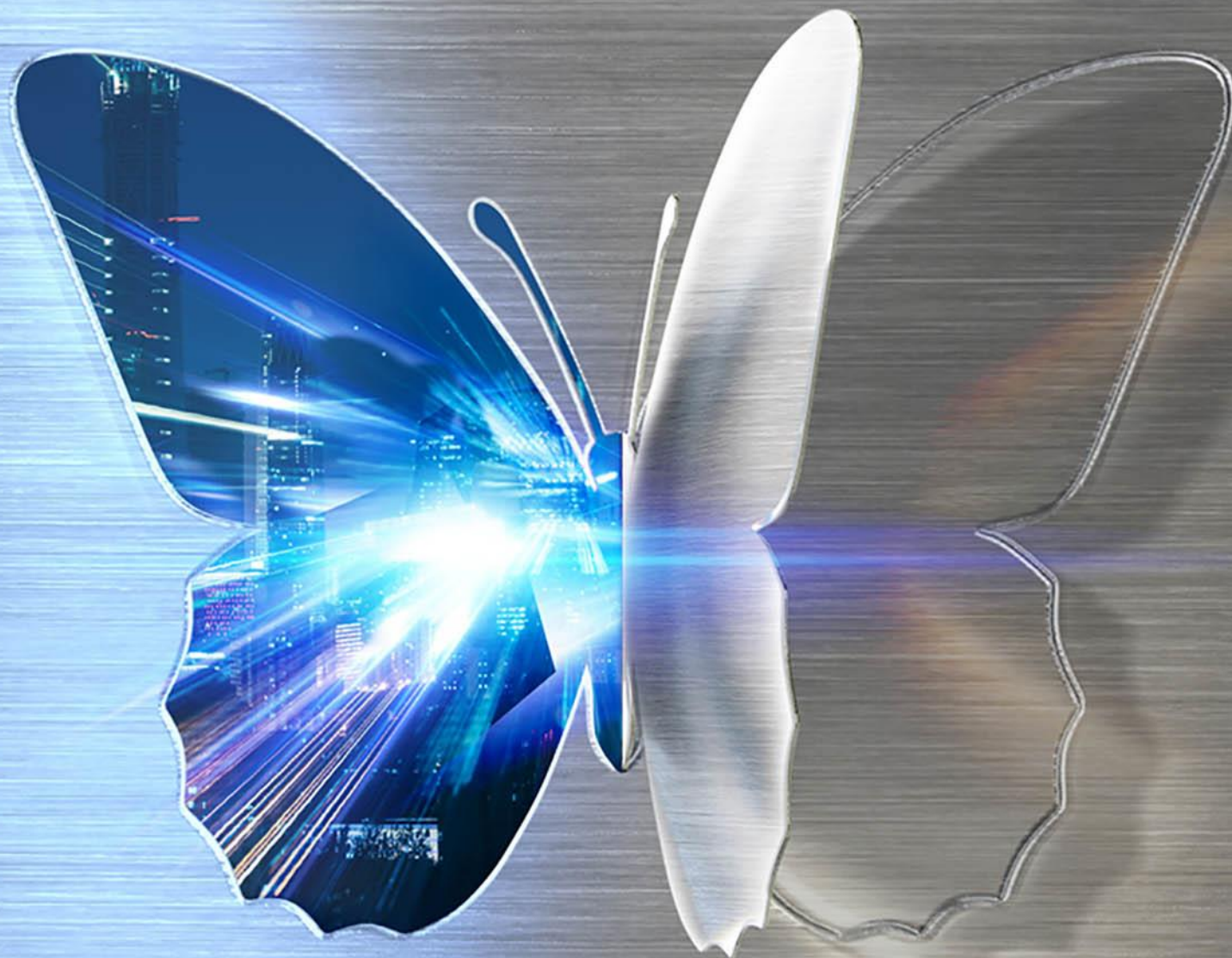
The Quiet Revolution

Transformation | Implemented Brilliantly

Matthew Lonsdale

Relationship manager

May 2019



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Apparently, I need my business to be digital...(but what does that mean?)

Digital is technology that enables your business to operate **more efficiently** through its engagement with your clients, or through your internal processes, but ideally through both



I'm still not convinced I need my business to be digital!

Today's private client industry is built upon good client relationships, many of which are developed face to face

- Will this continue?
- Will good service alone combat inevitable price compression?
- Do millennials matter?
- Will regulatory costs ever stop rising?
- What will your business look like in 5 years time?



Buying technology is not a silver bullet

Digital transformation needs to be delivered as part of a well thought-out strategy



Capture productivity as front-end customer experience gets digitised



Harvest idle capacity from digitisation and fund new initiatives with the savings



Extend digitisation to non-customer facing operations

Source: McKinsey Banks and the digital flywheel: An engine for ongoing value capture June 2018

Our digital transformation



**Custody and asset
servicing for wealth
management firms**



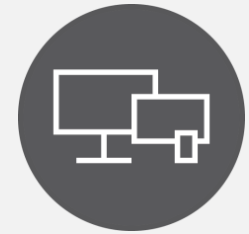
**Unfettered access to
global investment
markets**



**Portfolio
Management
technology—merging
science with art**



**Web-based client
relationship
management
technology**



**Investor portal with
enhanced
communication
capabilities**

Using technology to create efficiency and enhance our clients' proposition

Our digital transformation

Custody

Improve earnings quality with a variable cost model

Reduce the capex required keep up with regulatory change and technology advances

Redistribute resources from internal facing to client centric roles

Access to markets

No idle head count in quiet trading periods

Reduces business costs - data, exchange memberships and regulatory reporting

Truly global multi-asset investment access

Portfolio management technology

Good investment ideas are destroyed by poor investment implementation

Efficient implementation reduces ongoing portfolio costs

Reduce the time required to create and place orders

CRM technology

Reduces the effort required to manage client information

Efficient administrative processes reduce business costs

Electronic documentation vs hard copy

Investor portal

Enhances the client experience

Gives some administrative control to investors

Can help firms increase the ratio of client to front office professionals

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Thank you!


COMPEER
FRONT OFFICE 2019 – ARE FIRMS GETTING
VALUE FOR MONEY?

HOSTED BY WEDLAKE BELL, LLP

TEAM MOVES – STRATEGIES FOR PROTECTING YOUR
HUMAN CAPITAL




CONTEXT

- 
- Regulatory changes = increased costs.
 - Increased costs = consolidation in the market for economies of scale.

Are you an acquirer or being acquired?

One (cheap) way to acquire a business is via a
team move/team lift-out.

PROTECTING YOUR HUMAN CAPITAL

- 
- Review contracts and policies.
 - Define ‘Confidential Information’ and keep it *CONFIDENTIAL*.
 - Have appropriate post termination *restrictive covenants*.
 - Include covenants designed to *hamper* team moves.
 - Consider use of ‘*Garden Leave*’ clauses.
 - Use *IT policies* to help prevent theft of Confidential Information.

INJUNCTIONS

- The *nuclear weapon* in the arsenal of tools to enforce contractual terms.
- An injunction = a *court order* preventing the team, key members of it from *joining and working* for the new putative employer.
- Proceedings issued against: former employees/team **AND** the putative new employer.
- Costs – legal, experts, management time, reputational harm.

NB. The taking of client lists = theft of personal data = *a criminal offence* under DPA 2018

■ Culture – equality, diversity and inclusion = competitive advantage **BUT** *only if the power of the culture wins against the culture of power*

Remuneration:

- Deferred payment
- Clear policy that bonuses designed to reward past performance **AND** *promote loyalty*
- Bonuses – small % in cash, the balance deferred
- Good leaver/bad leaver provisions
- Claw back

Chimes with:

- FCA focus on equality
- Remuneration rules
- SM & CR

CONTACT



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E: rbreedy@wedlakebell.com

A modern interior space featuring a large glass wall. On the left, a dark grey reception desk holds a vase of pink orchids. The glass wall is covered in faint architectural sketches of classical buildings. In the center, the text "ANY QUESTIONS?" is displayed. To the right, there are two white tufted armchairs, a floor lamp with a dark shade, and a view of a brick building outside.

ANY QUESTIONS?

Front Office – Are Firms Getting Value for Money?

Tuesday 21st May 2019 • London

Networking Break



Are Firms Getting Value for Money ?

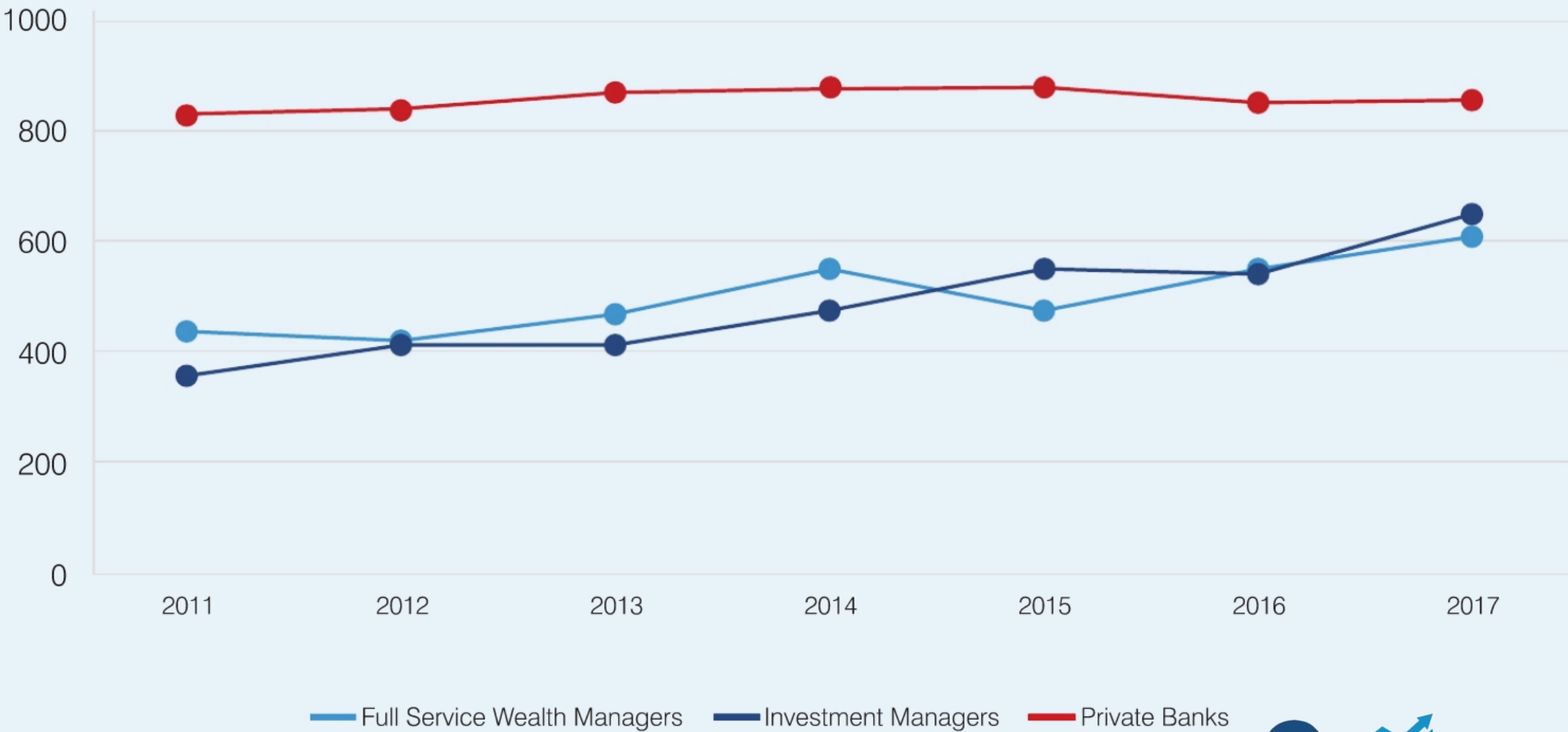
A review of Front Office Costs and value received by Wealth Managers

Are front office departments becoming more, or less, efficient in providing value for money?

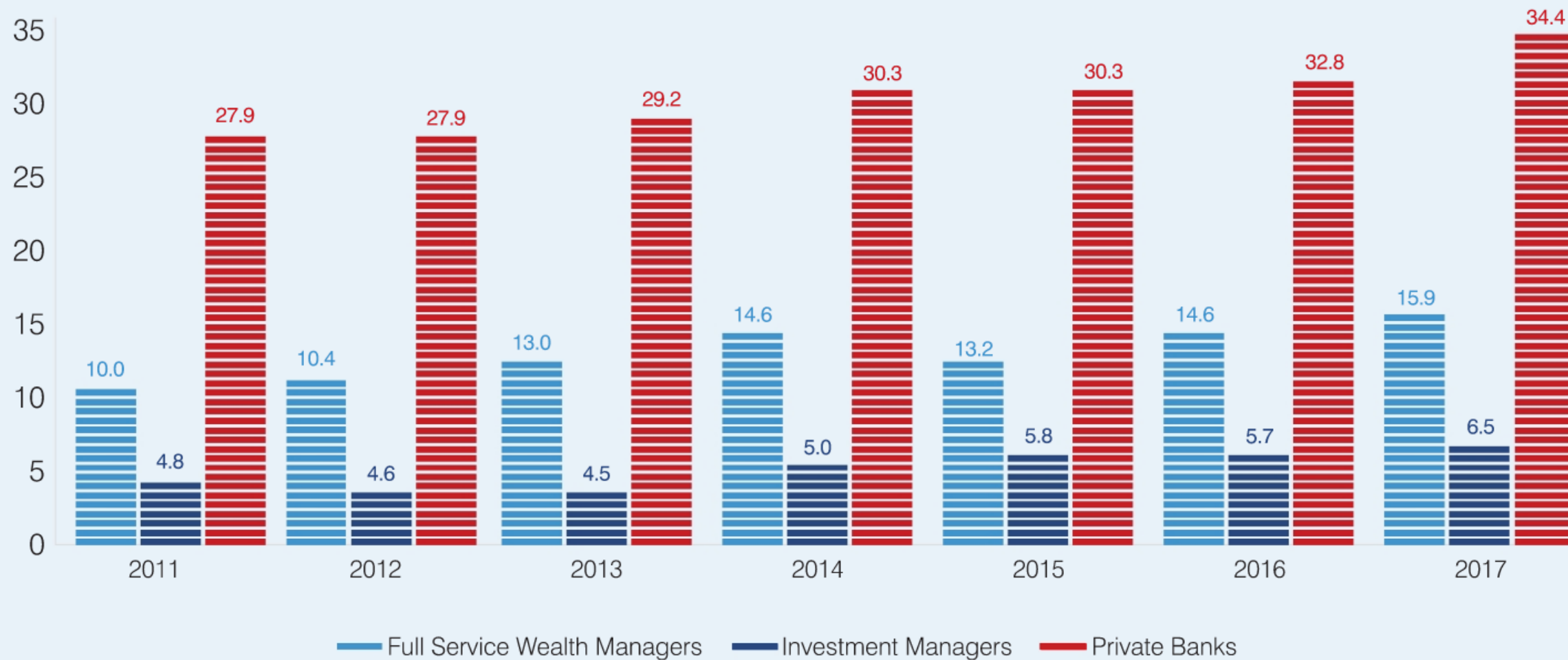
How much do firms vary in the value which they are receiving?

What are the more efficient firms doing differently to others to obtain this value?

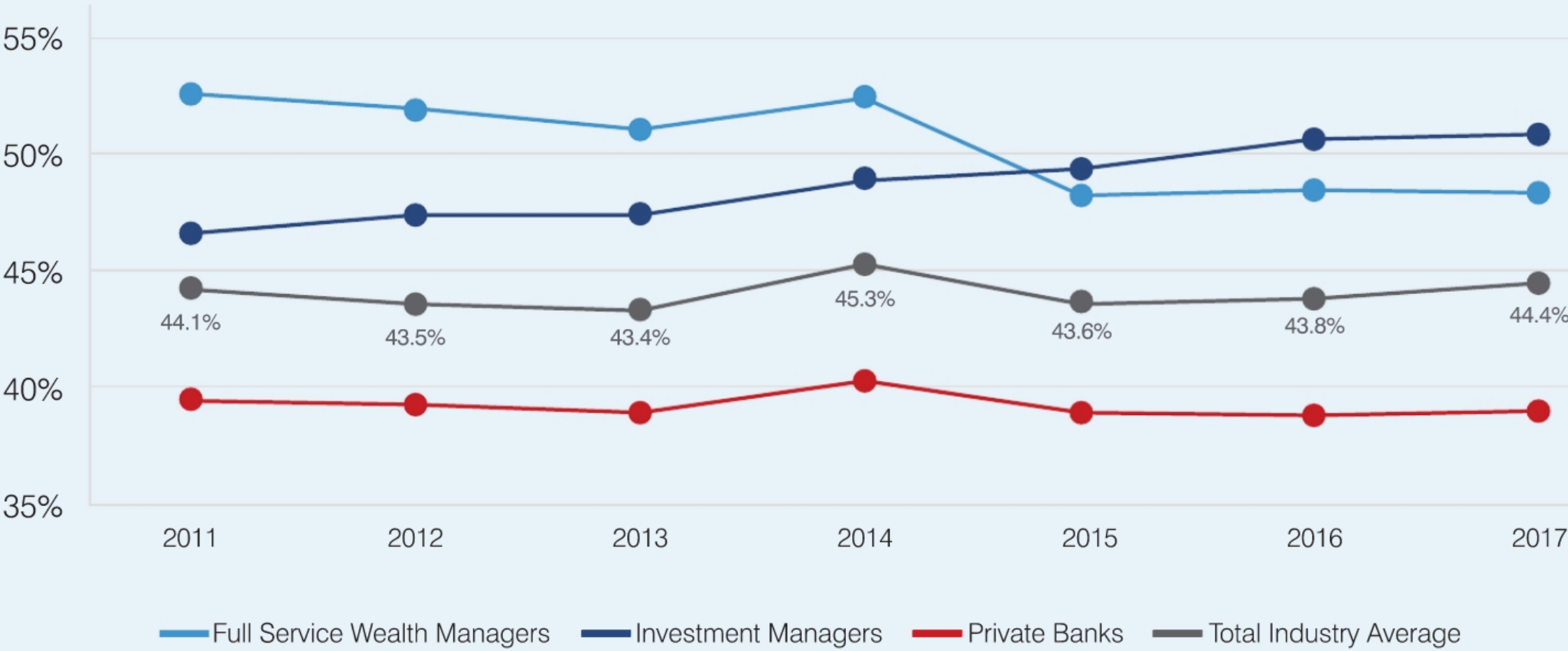
Industry Total: Front Office Department Costs (£m)



Average Front Office Department Costs (£m)



Front Office Department Costs as % of Total Costs



Total Managed Investment Revenue (£bn)



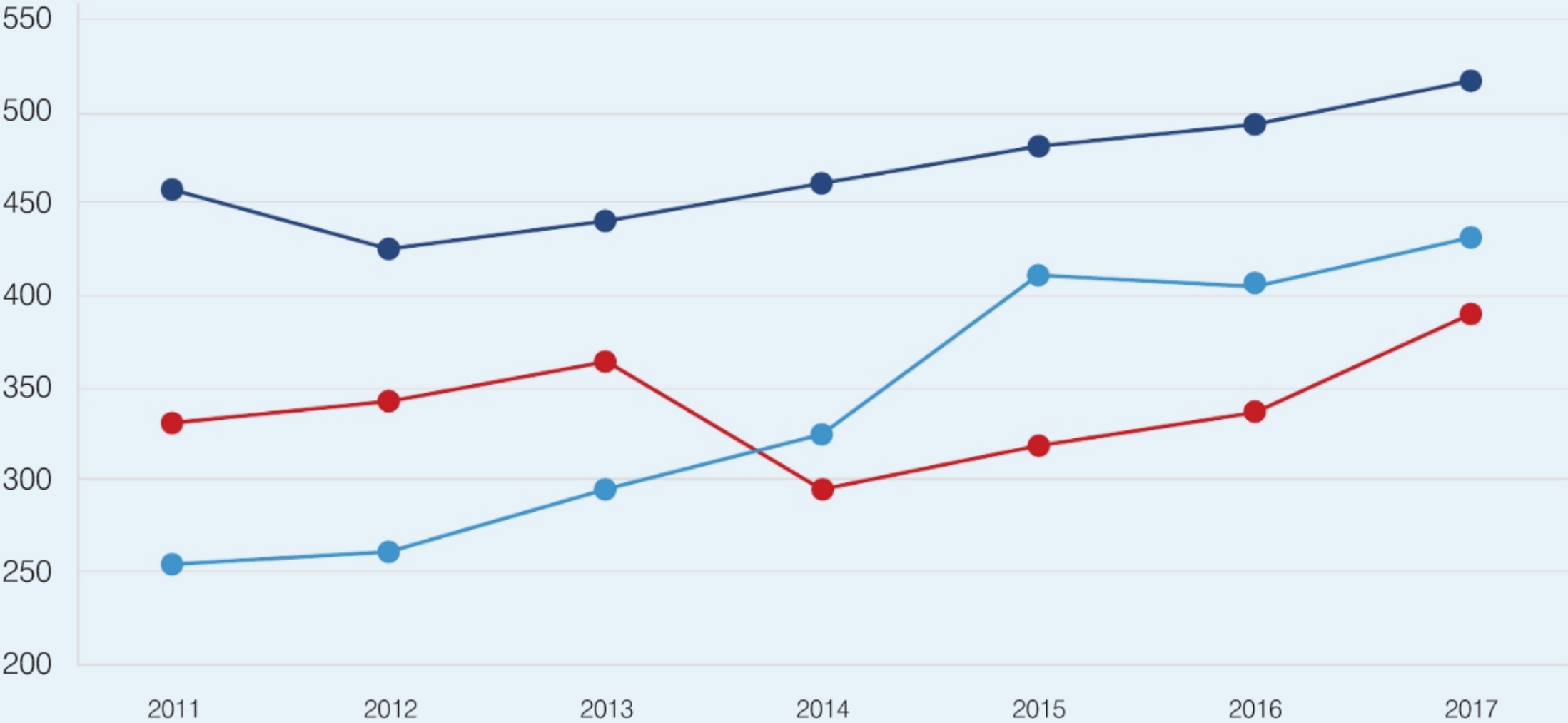
Front Office Costs as % of Managed Investment Revenue



MANAGED ASSETS PER FRONT OFFICE PROFESSIONAL (FOP) (£m)

	2014	2017	Change
Full Service Wealth Managers	42.17	63.01	+49%
Investment Managers	68.01	83.22	+22%
Private Banks	52.16	62.75	+20%
All Wealth Managers	53.19	68.36	+29%

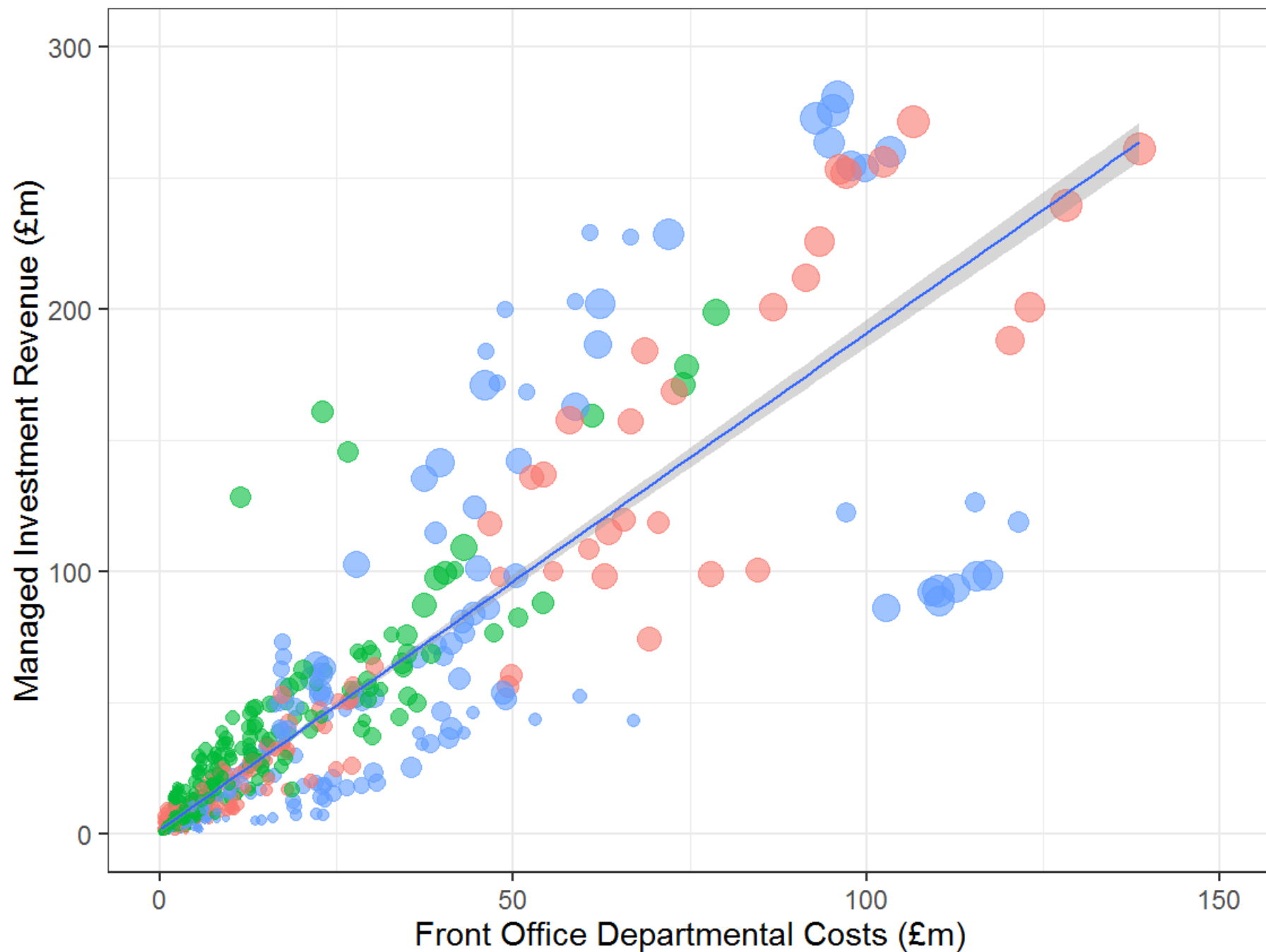
Managed Revenue Per Front Office Professional (£k)



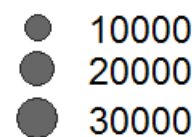
Full Service Wealth Managers Investment Managers Private Banks

How much do firms vary in the value which they receive?

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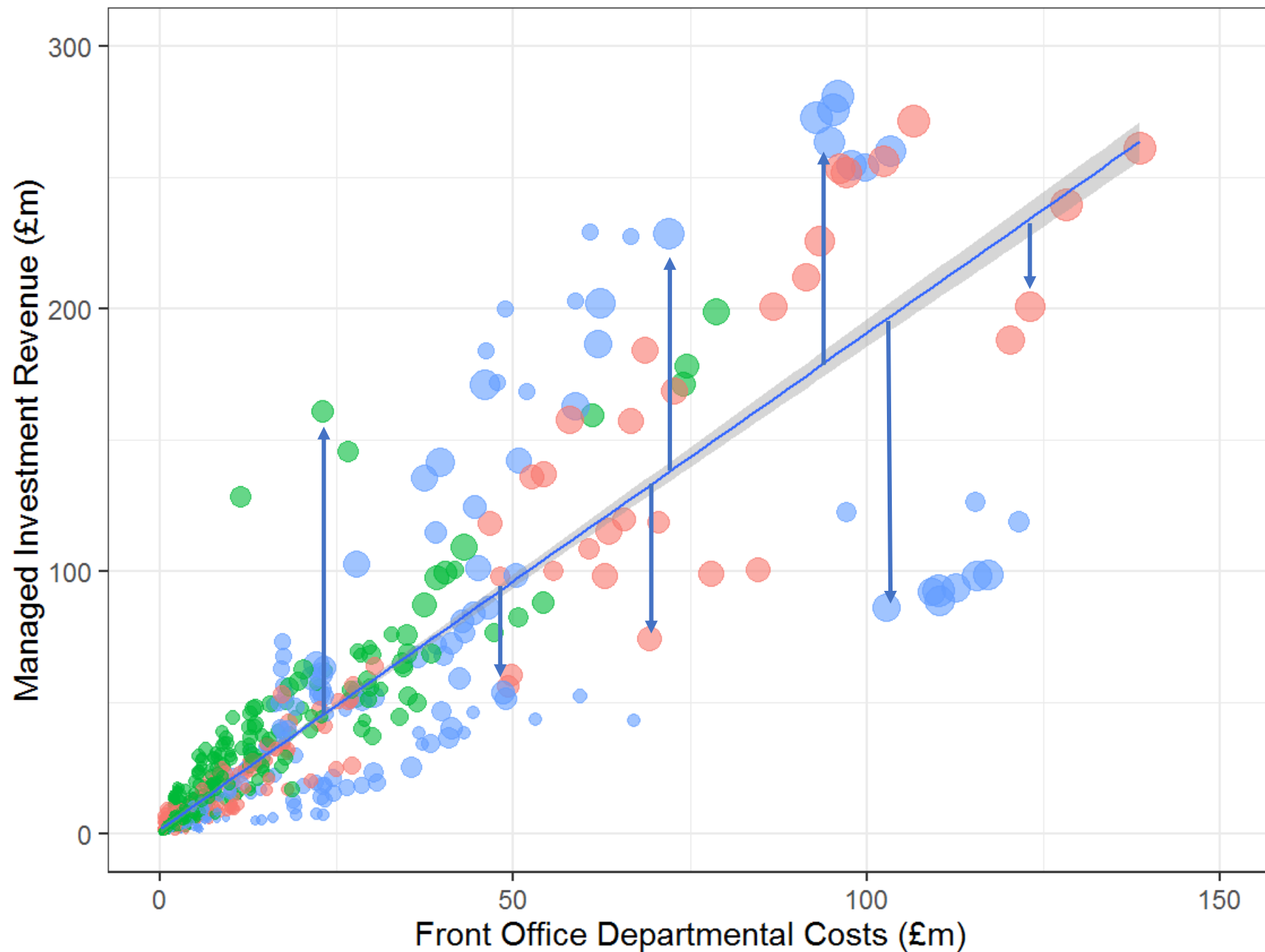


Total Investment Assets (£m)



Business Peer Group





Total Investment Assets (£m)

- 10000
- 20000
- 30000

Business Peer Group

- Full Service Wealth Managers
- Investment Managers
- Private Banks



Model = (Managed Investment Revenue) ~ (Front Office Departmental Cost)

(also accounting for differences in **AUM, peer group, total accounts, total staff, total costs**)

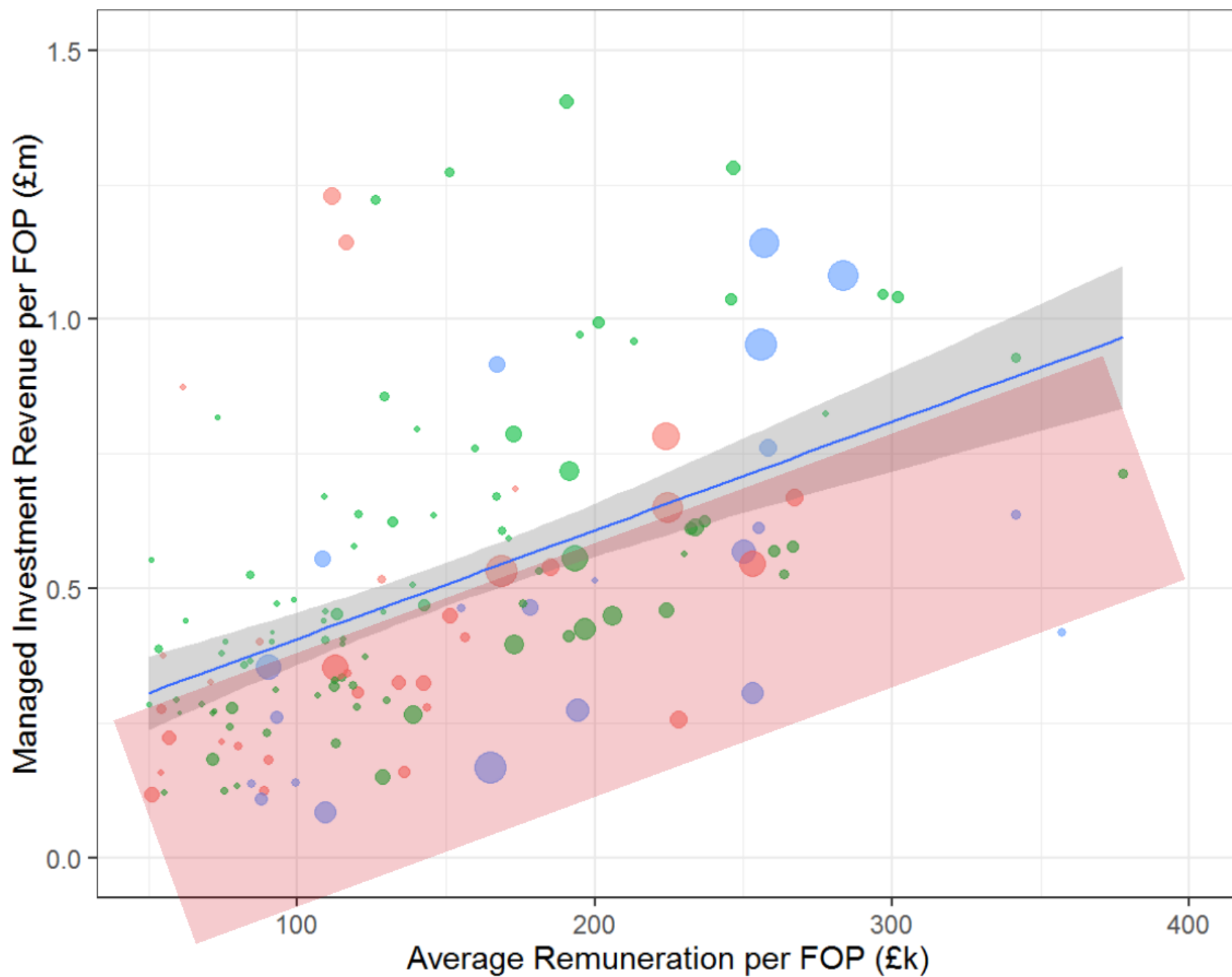
Model = (Managed Investment Revenue) ~ (Front Office Departmental Cost)

(also accounting for differences in **AUM, peer group, total accounts, total staff, total costs**)

For every £1 increase in overall spend on Front Office, the aim should be to increase managed investment revenue by a ***minimum*** of £4.18

1 : 4.18





Total Investment Assets (£m)

- 10000
- 20000
- 30000

Business Peer Group

- Full Service Wealth Managers
- Investment Managers
- Private Banks

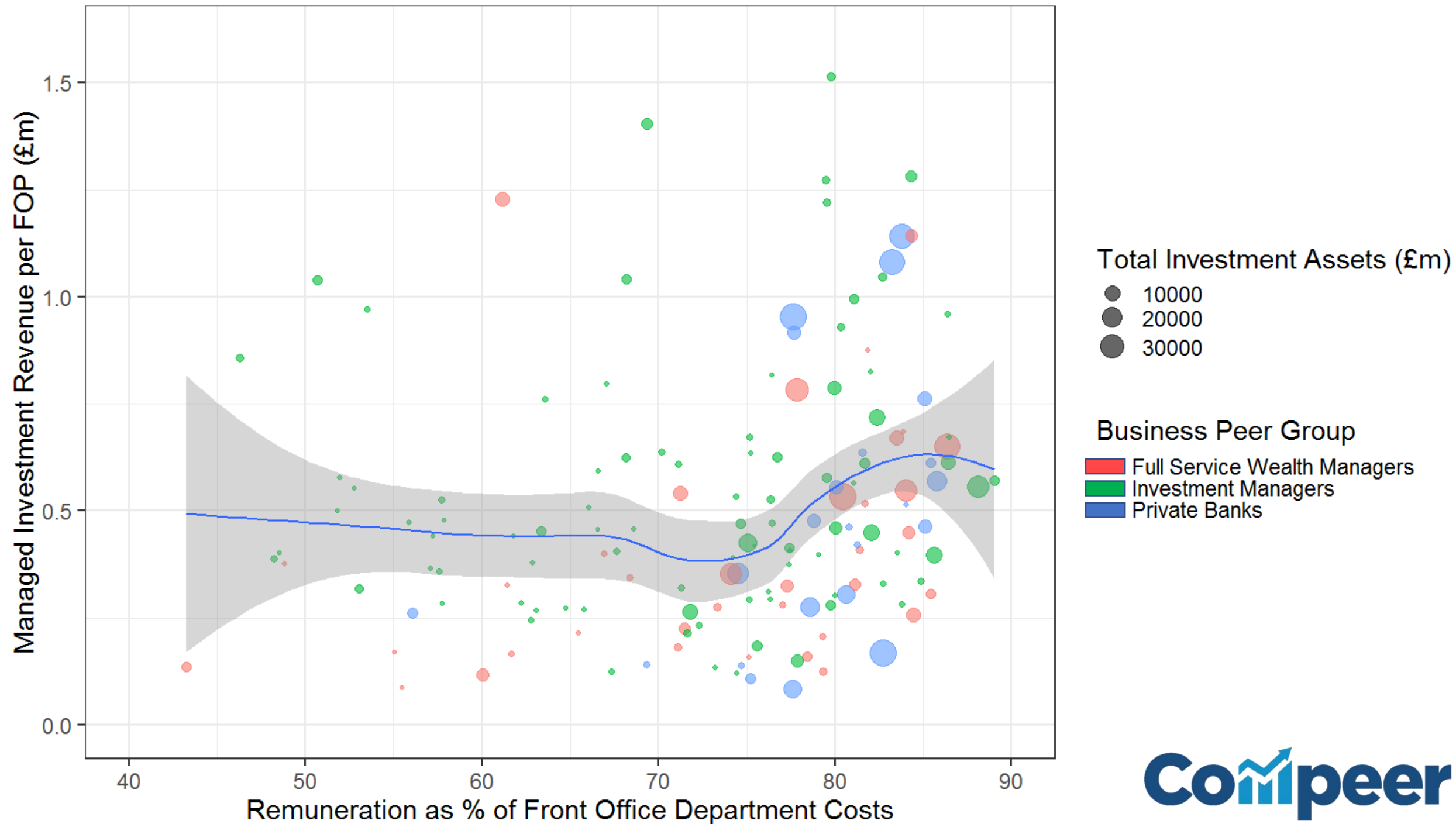


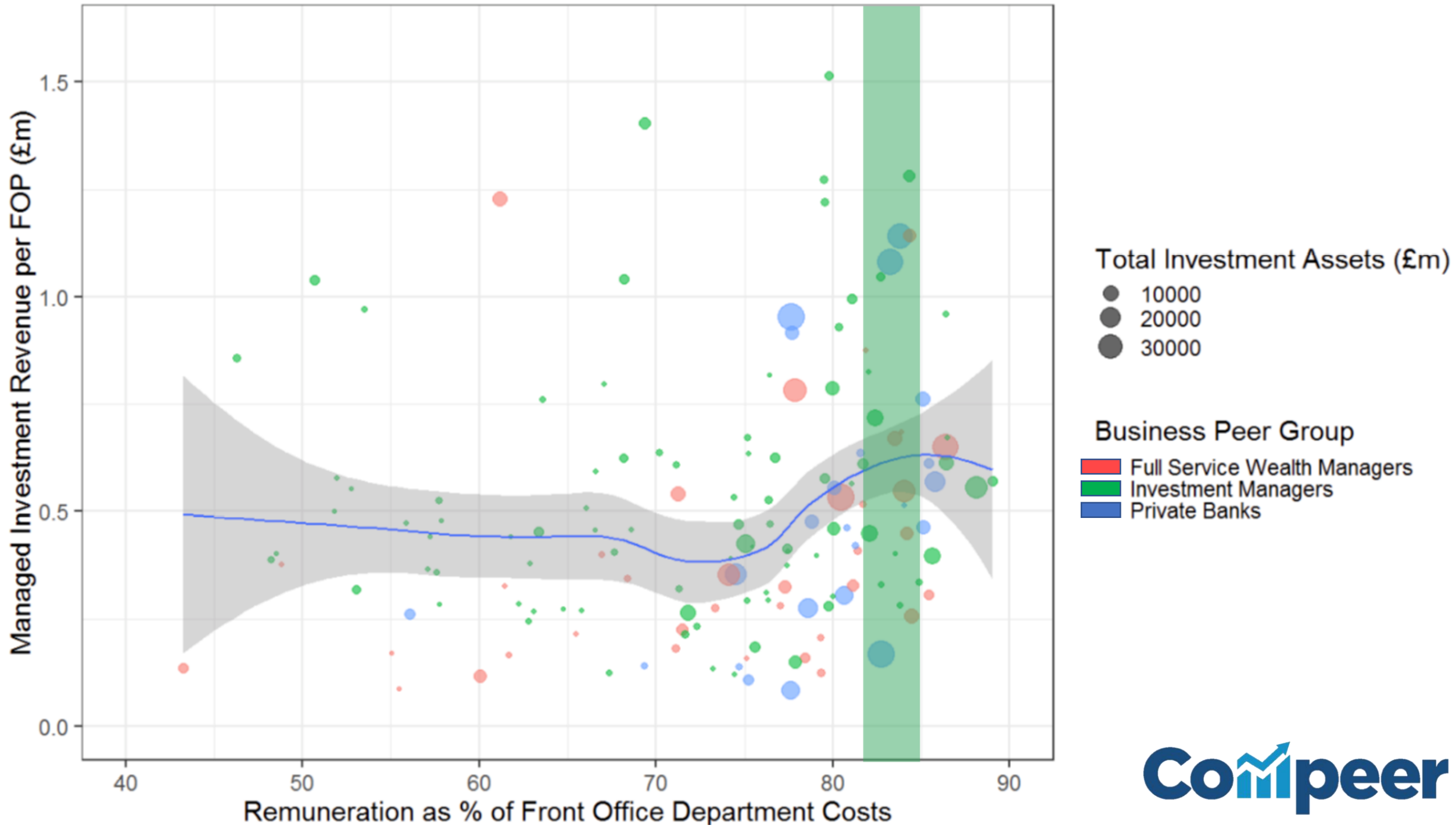
How much of Front Office costs should be remuneration vs. other costs?

'Other costs' meaning IT hardware, Information Services, Property & Facilities fees, staff expenses

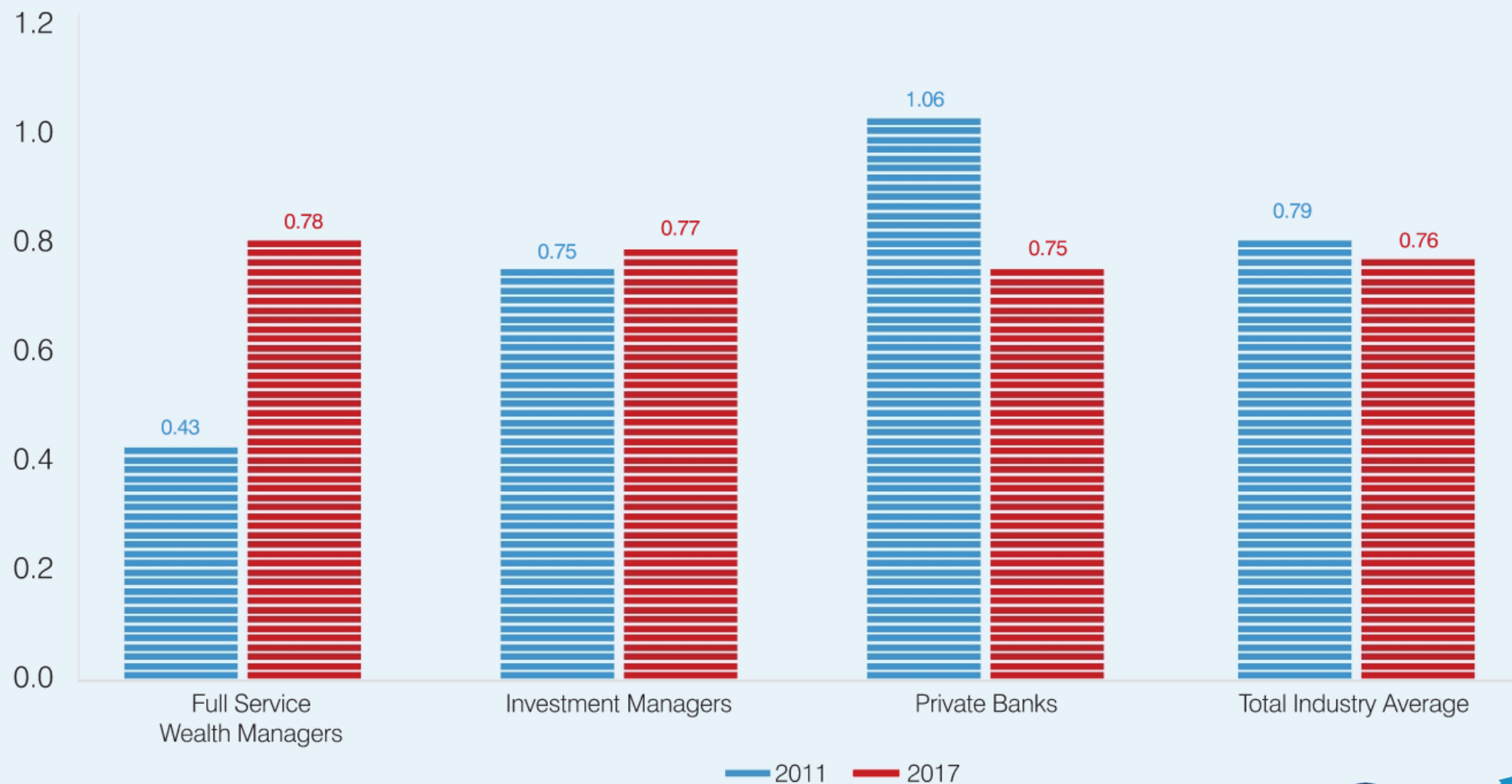
Average = 79% Remuneration , 21% other costs

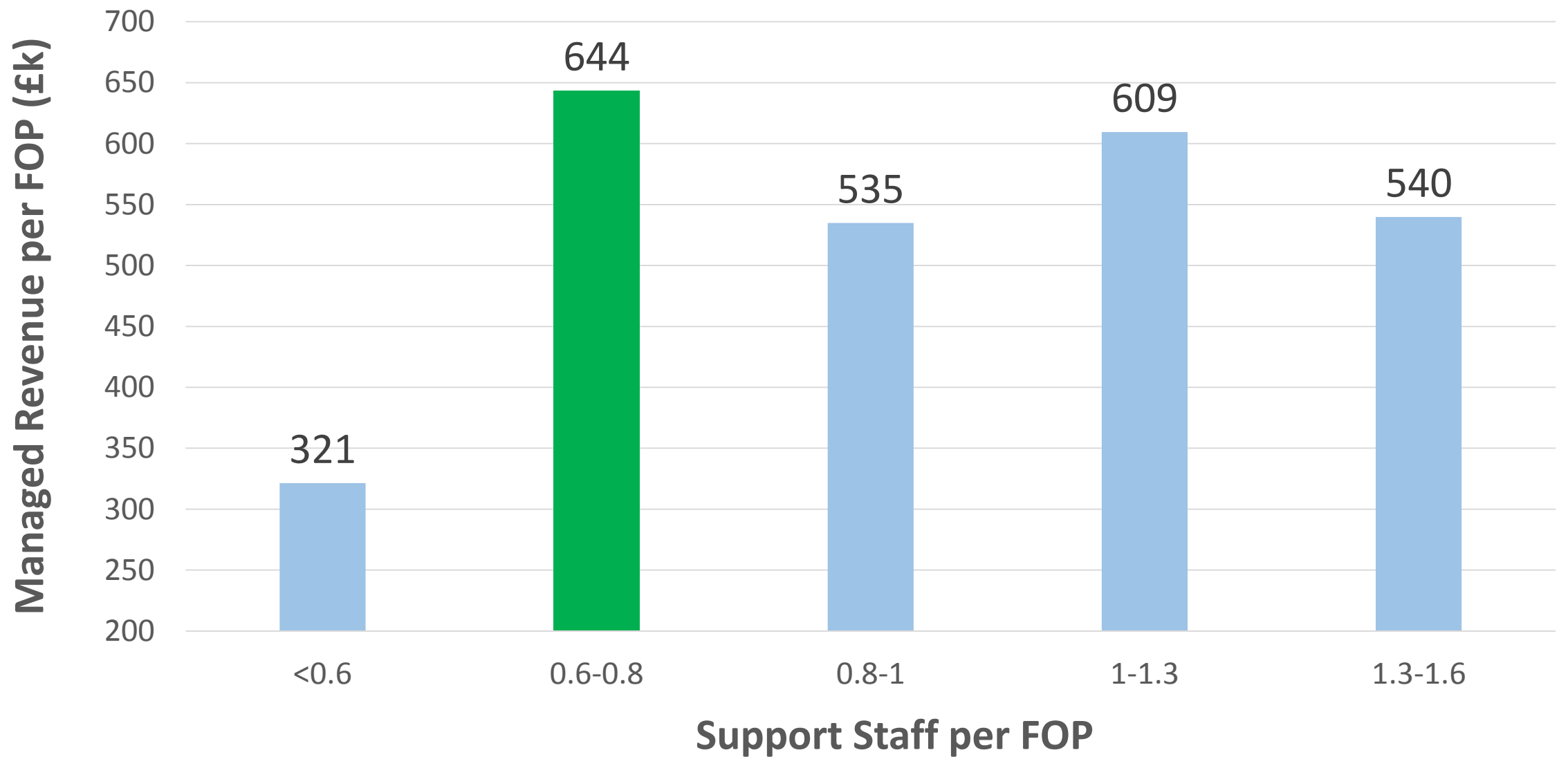
Is there an optimal balance?





Support Staff Per Front Office Professional





	AuM Range	Revenue Generated Range	London Median Total Package (£)	Regional Median Total Package (£)
Portfolio Managers (Level 1)	£200m +	£1.6m +	400,000	309,440
Portfolio Managers (Level 2)	£160m - £200m	£1.2m - £1.6m	272,925	247,798
Portfolio Managers (Level 3)	£100m - £160m	£800k - £1.2m	211,805	194,212
Portfolio Managers (Level 4)	£40m - £100m	£300k - £800k	114,200	114,843
Portfolio Managers (Level 5)	<£40m	<£300k	73,378	61,534
Client Relationship Managers (Level 1)	£200m +	£1.6m +	298,400	250,758
Client Relationship Managers (Level 2)	£160m - £200m	£1.2m - £1.6m	159,750	164,000
Client Relationship Managers (Level 3)	£100m - £160m	£800k - £1.2m	127,013	128,662
Client Relationship Managers (Level 4)	£40m - £100m	£300k - £800k	88,738	79,700
Client Relationship Managers (Level 5)	<£40m	<£300k	61,544	53,644

	London Median Total Package (£)	Regional Median Total Package (£)
Financial Planning Team Leader /Consultant	138,611	141,295
Senior Financial Planner	96,671	85,780
Financial Planner	72,270	51,636
Junior Financial Planner	52,107	48,000
Paraplanner	42,768	37,322
Head Investment Manager (Unit Trusts)	257,750	156,000
Investment Manager (Unit Trusts))	131,420	83,000
Trainee/Junior Fund Manager (Unit Trusts)	48,025	39,499

Conclusions

Front Office costs on the rise but so is value

Wide variance across the industry in all productivity measures

To ascertain value, managed revenue needs to be 4x Front Office Costs

Ideal balance between remuneration and non staff investments is 80-85% remuneration

Firms trending towards the optimal level of Support staff per Front Office Professional



Living in a VUCA world...

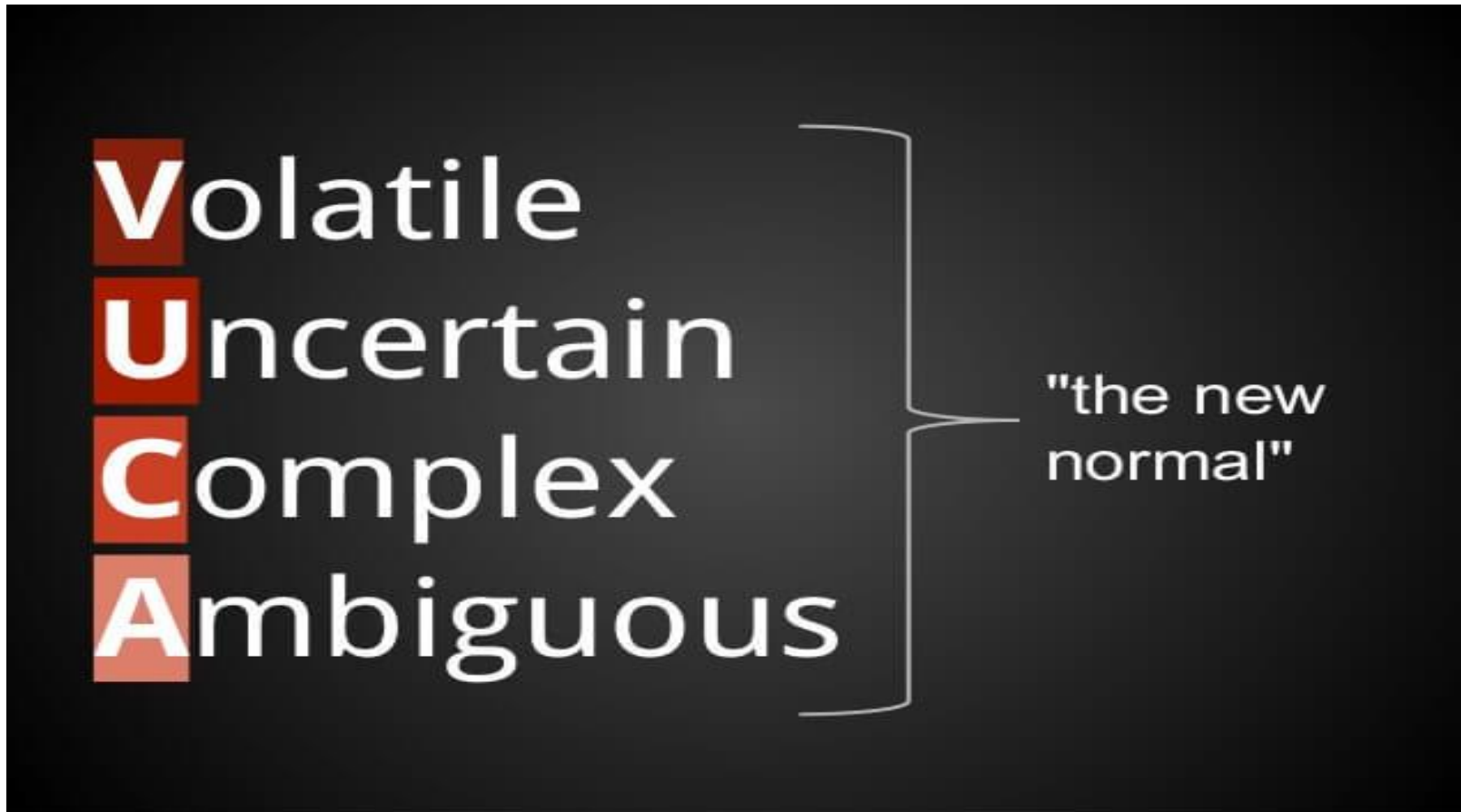
Delivering infinite value, positive externalities and transparency

Jonathan Gamble
Head of Intermediaries
May 2019



- established 1995 and since 2002 ARC has been an independent, privately-owned firm
- with a team of c.60 staff, ARC operates from offices in London, Guernsey & Jersey
- provides investment consulting & research services to an international client base
- has a history of innovation, introducing a steady stream of industry initiatives

Today we are living in a VUCA world



Philosophy & Business Leadership – Paul Gibbons

Today we are living in a VUCA world

	Volatility	Uncertainty	Complexity	Ambiguous
<i>Characteristic</i>	Challenge is unexpected or unstable but also may be of unknown duration; not always hard to understand and knowledge is often available	Despite a lack of other information, the events basic cause and effect are known, Change is possible but not a given	Situation has many interconnected parts and variables; some information is available and can be predicted but the volume or nature of it can be overwhelming	Causal relationships are completely unclear. No precedent exists and face unknown unknowns
<i>Example</i>	Price fluctuations after natural disaster	Competitors pending product launch impacts future of business and marketplace	Undertake business in many countries, unique regulatory environments, cultural values etc	Enter new or emerging markets to launch products outside core competencies

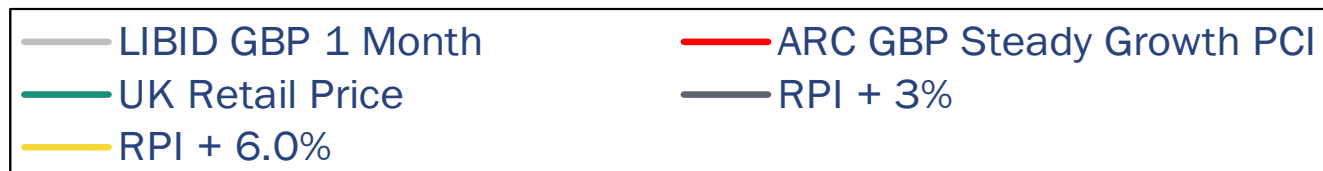
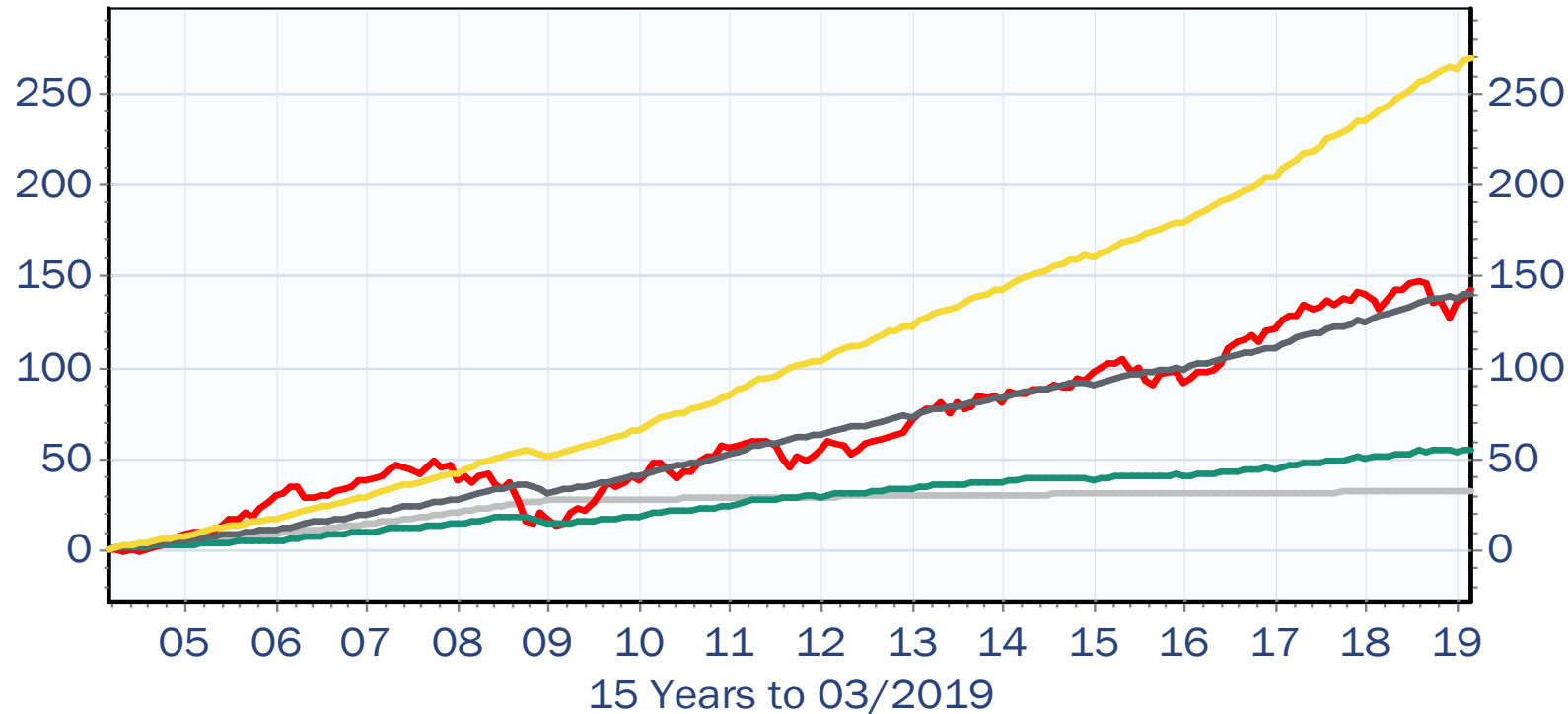
Harvard Business Review – Nathan Bennett and G. James Lemoine

Today we are living in a VUCA world

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<i>Example</i>	Price fluctuations after natural disaster	Competitors pending product launch impacts future of business and marketplace	Undertake business in many countries, unique regulatory environments, cultural values etc	Enter new or emerging markets to launch products outside core competencies
<i>Approach</i>	Devote Resources Find Cost effective solutions	Invest in information Collect interpret & share	Develop Specialists Discover partnerships	Design experiments Lessons and Knowledge

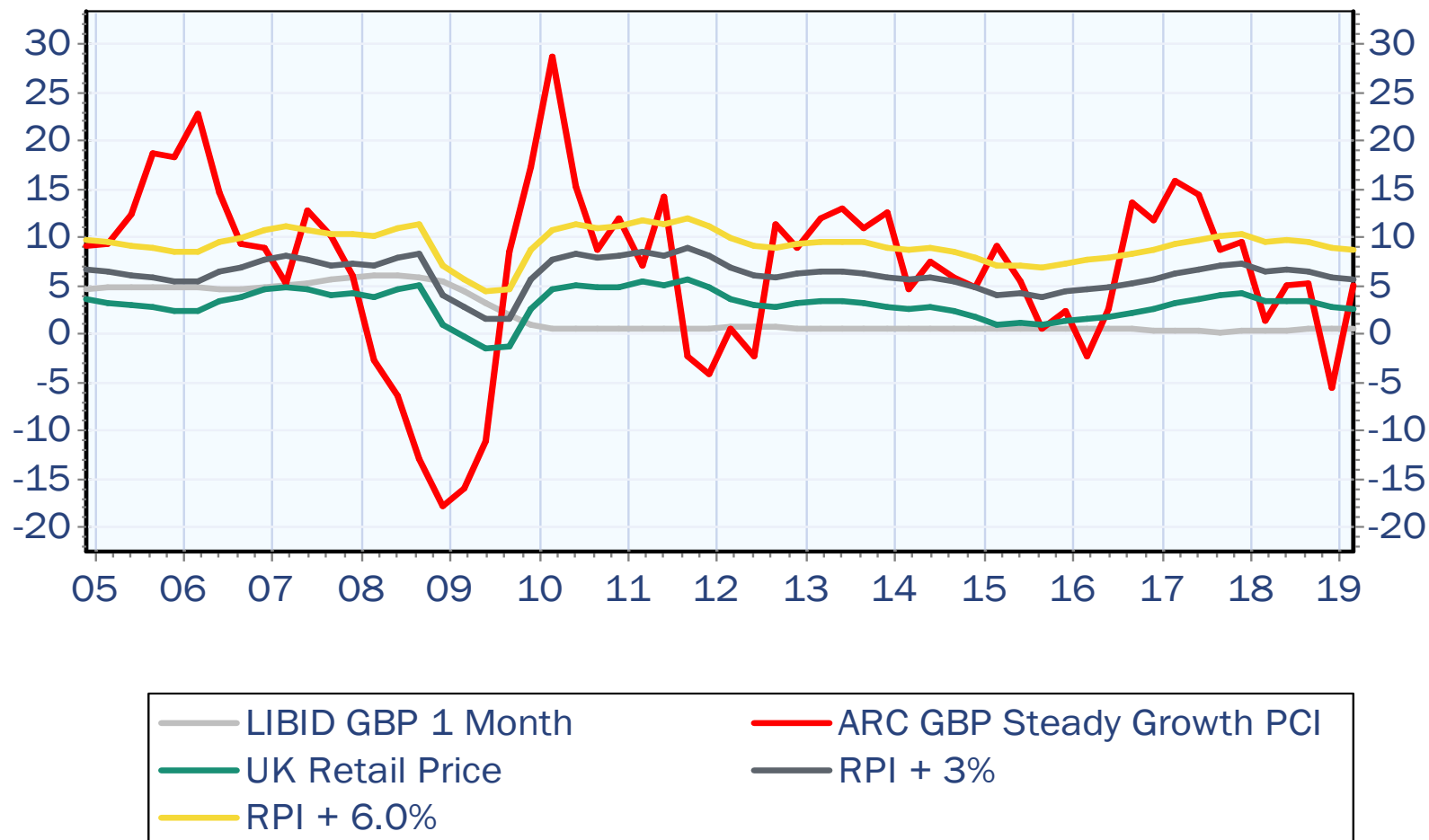
What clients are told....

Mar 2004 to Mar 2019 (15 Year) Returns



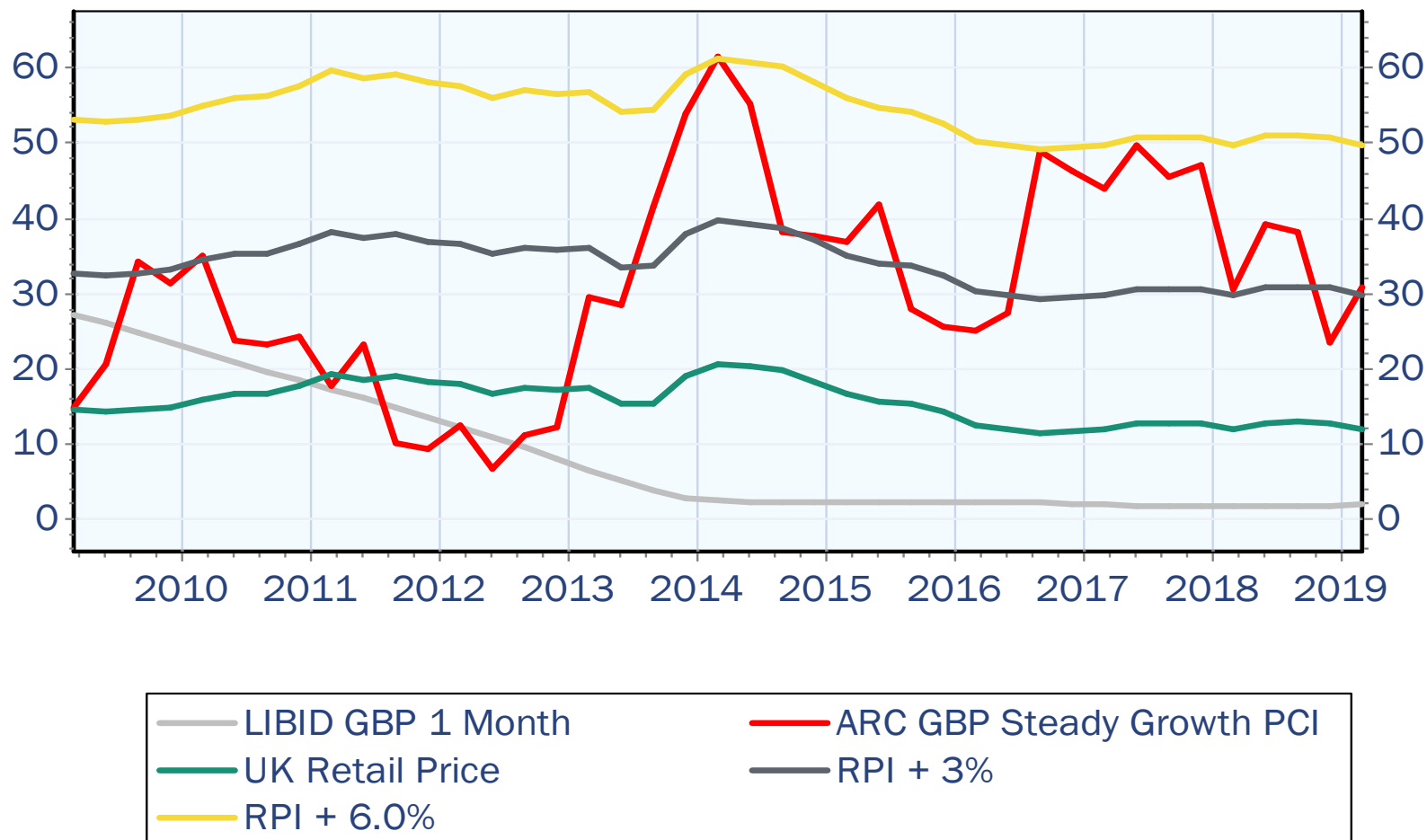
What they experience.....?

12 Month Rolling Returns to Mar 2019



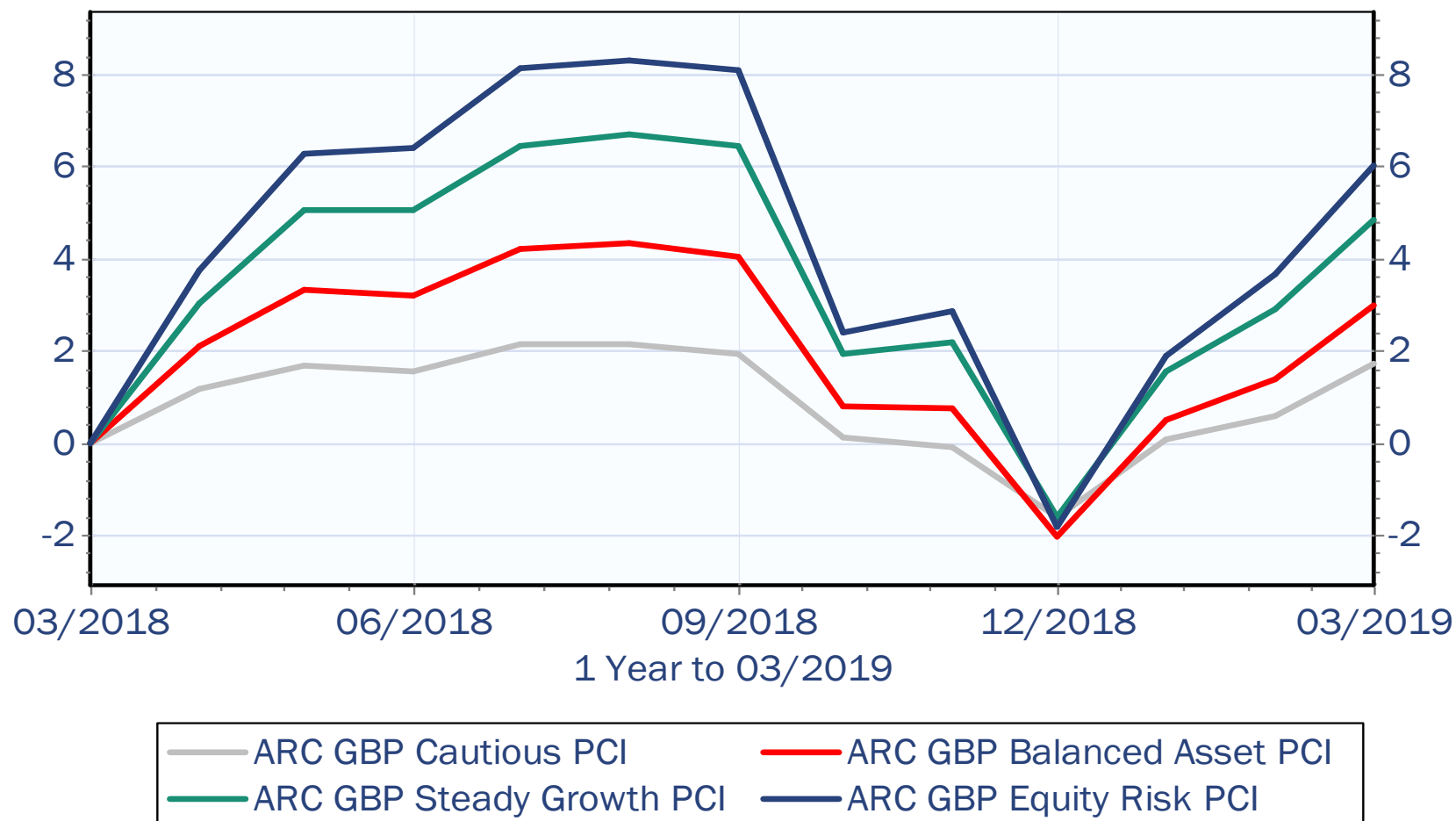
But surely 5 years?

60 Month Rolling Returns to Mar 2019

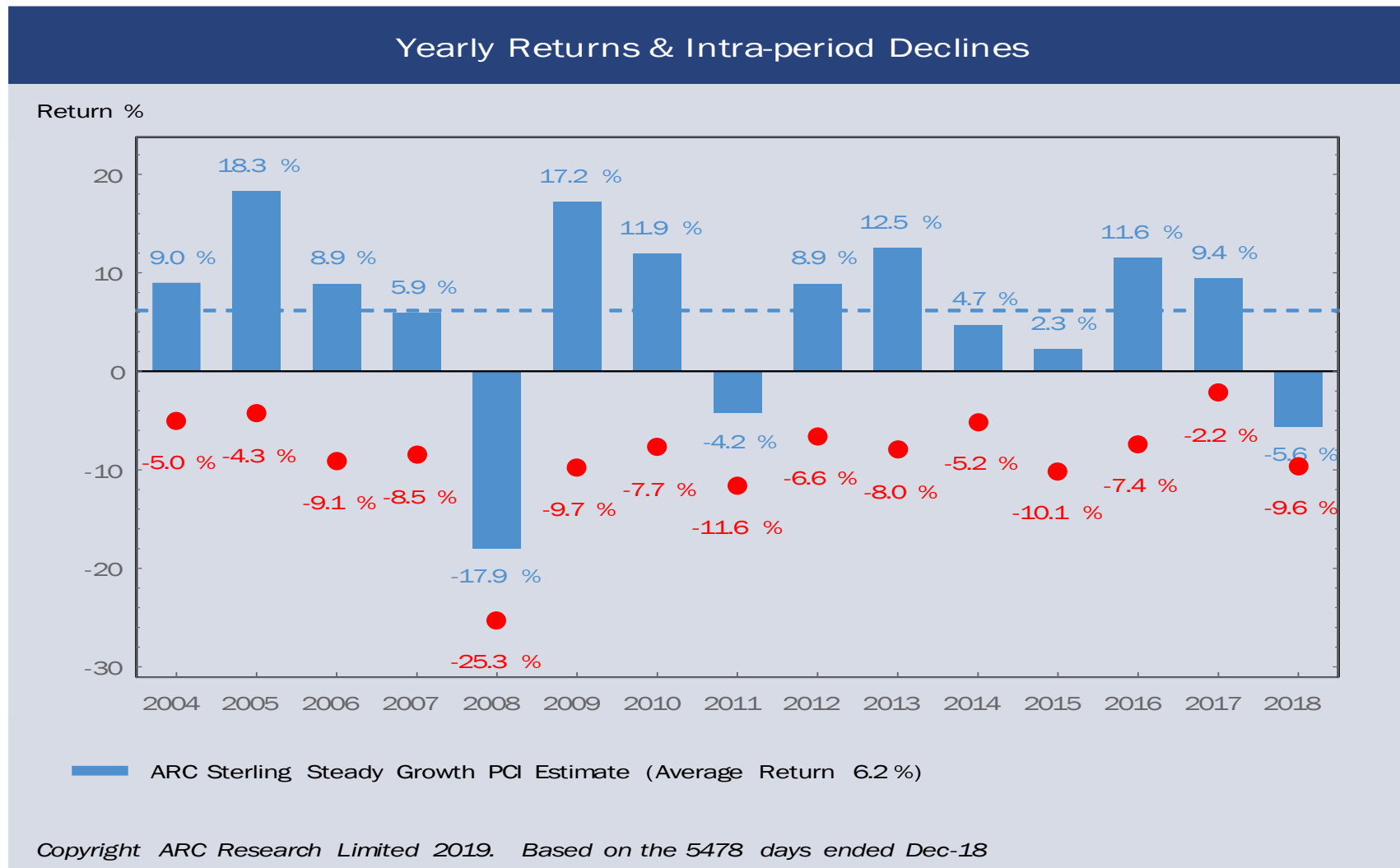


Recent performance

1 Year Performance to Mar 2019

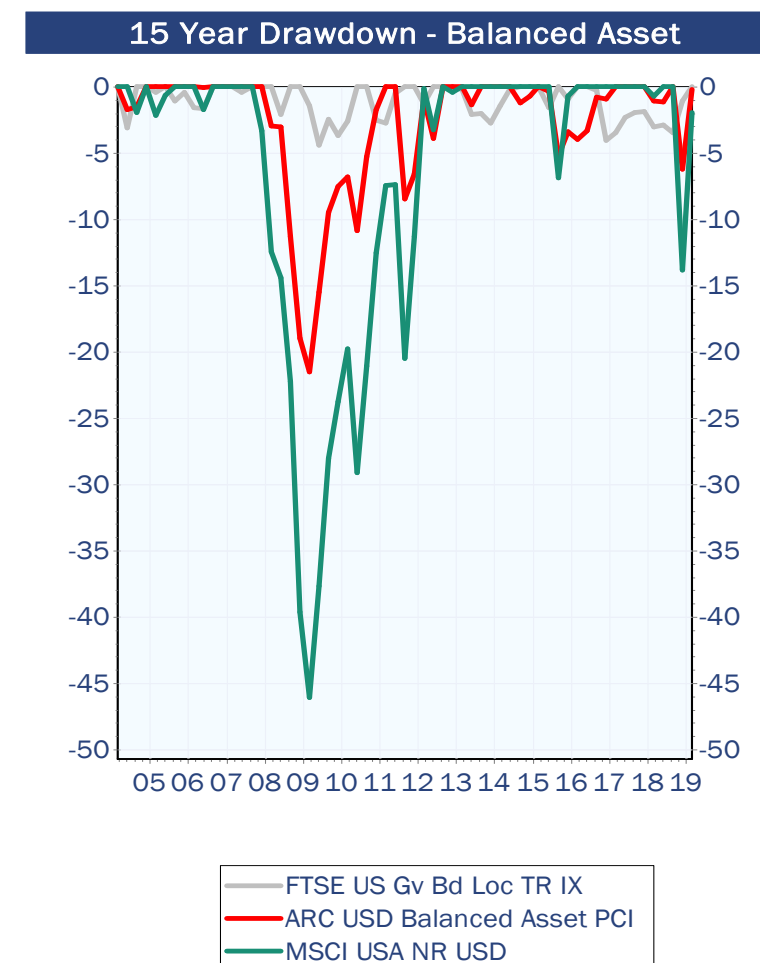


Yearly Returns and Drawdowns



Investment Risk, Riscum & Risq

Model Portfolio Strategy	Russian Debt Crisis & LTCM Collapse Aug '98 - Sep '98 (%)	Technology Bubble Bursting Apr '00 - Sep '01 (%)	Economic Slowdown & Recession Apr '02 - Sep '02 (%)	Financial Crisis Nov '07 - Feb '09 (%)	Ten Year USD Performance Ended Mar 2019 (%)
Cautious	(2.1)	1.7	0.5	(17.6)	39.2
Balanced Asset	(5.4)	(10.0)	(6.5)	(30.7)	63.8
Steady Growth	(8.6)	(19.4)	(12.6)	(41.0)	94.7
Equity Risk	(10.9)	(26.7)	(17.0)	(47.0)	127.2
US Govt Bonds	5.5	17.6	12.2	13.3	26.6
US Equities	(9.0)	(29.3)	(28.4)	(50.9)	311.7



What does good look like?

BE A YARDSTICK OF
QUALITY.
SOME PEOPLE AREN'T
USED TO AN
ENVIRONMENT
WHERE EXCELLENCE
IS EXPECTED.
-STEVE JOBS

InspiratioanalThinkTank.Com

Today's best practice is tomorrow's benchmark and the day after tomorrow's regulatory requirement...and its coming....

SRA – Code of Conduct – Referrals

A Standard for Due Diligence



Services & Minimum
Investments

At a Glance

Total AUM	£24.3bn		
Founded	1827		
Firm Type	Investment Manager		
Key employee turnover	Low		
Managed Fund Range	£5,000	Master Portfolio £flexible	Bespoke Portfolio £100,000



Due Diligence

Questionnaire

Investec Wealth & Investment
Ltd

December 2017

www.suggestus.com

1 Company Background

- 1.1 Company Information
- 1.2 Company Structure
- 1.3 Corporate Governance
- 1.4 Regulation & Insurance
- 1.5 Resourcing
- 1.6 Compensation of Personnel

2 Investment Services & Processes

- 2.1 Investment Activities
- 2.2 Discretionary Client Relationships
- 2.3 Investment Philosophy
- 2.4 Investment Proposition
- 2.5 Investment Performance
- 2.6 Investment Process
- 2.7 Investment Tailoring
- 2.8 Investment Risk Management
- 2.9 Fund Investment

3 Client Administration

- 3.1 Custody
- 3.2 Fees & Charges
- 3.3 Client Reporting
- 3.4 Tax Considerations

4 Systems & Service Providers

- 4.1 Systems
- 4.2 Service Providers

Direct Free Access...

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POWERED BY ASSET RISK CONSULTANTS

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The Investment Research Platform

We believe information should be free and knowledge should be shared. This is why, in partnership with the investment community, we created Suggestus, a free information resource for the investing public, charities and professional wealth advisers.

Create an Account

Home / Investment Managers

All ARC 3D Managers
Currently 29 managers listed

Managers with all 3 ARC qualifications

bordier 1044
Bordier & Co UK PLC
£.000 RC

BROOKS MACDONALD
Brooks Macdonald Asset Mgmt
£.000 RC

CANACCORD 1044
Canaccord Genuity Wealth Management
£.000 RC

CAZENOVE 1044
Cazenove Capital Management
£.000 RC

Home / Dashboard

Welcome to Suggestus

What would you like to do? You can create a client risk profile, see how the industry is performing, find a suitable manager, explore manager due diligence or get a portfolio performance report.

Create New Client Risk Profile Find An Investment Manager Generate A Client Performance Report

Explore Manager Due Diligence View This Featured Managers Explore Annual Industry Performance

LATEST NEWS

- January 2016 - TM CORNO SELECT 8 Class Issued Feb 16
- Canaccord - Investment Market Update - January 2016 Feb 9
- Bordier (UK) Quarterly Investment Review - Winter 2016 Feb 2

View all news



INVESTOR RISK
PROFILING



PRIVATE CLIENT &
CHARITY INDICES



INVESTMENT
MANAGER
RESEARCH



PORTFOLIO
PERFORMANCE
REPORTING

Positive Externalities..

Due Diligence Questionnaires

Show all

FILTER

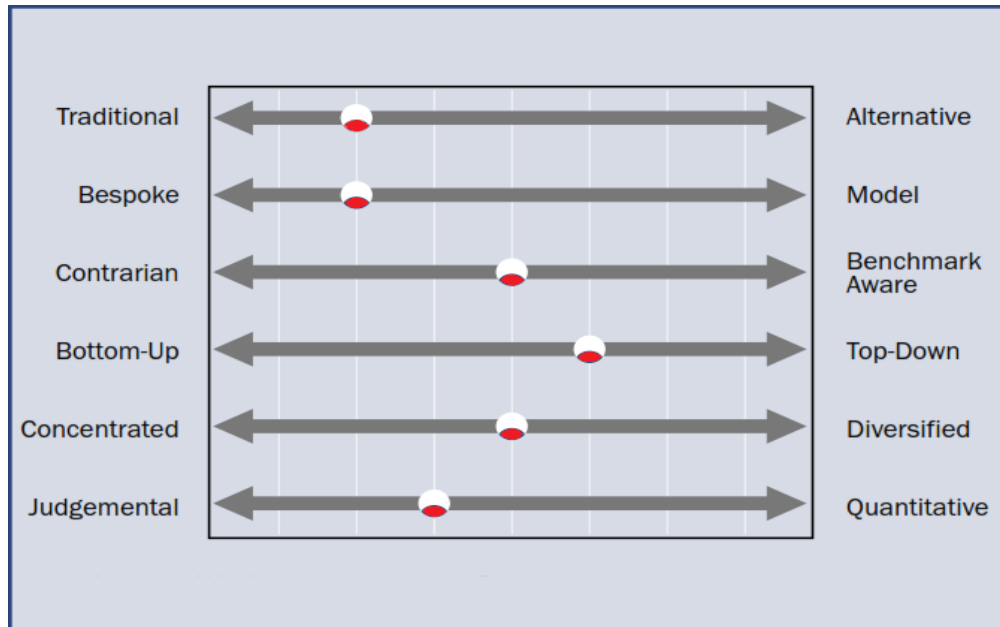


Clear Search

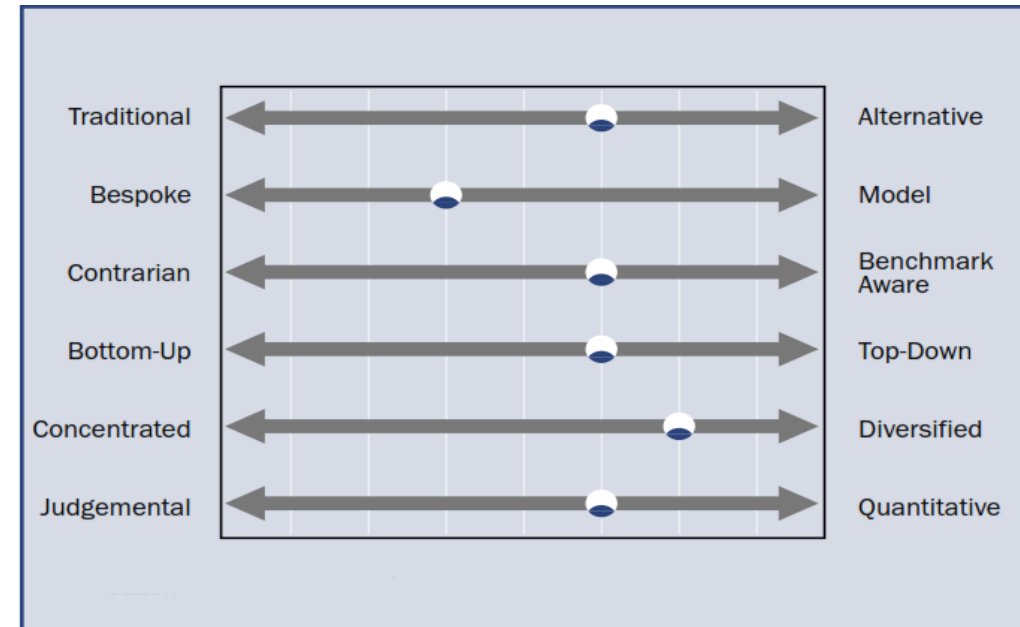
Showing 181 of 181

Manager ↑	ARC ?	PCI ?	Charity ?	DDQ	DDQ Date
Aberdeen Standard Capital - Conventional Featured Manager	3D	✓	-		December 2018
Aberdeen Standard Capital - Target Return Featured Manager	3D	✓	-		December 2018
Adam & Company plc Featured Manager	3D	✓	✓		March 2018
Arbuthnot Latham & Co Limited Featured Manager	-	✓	-		December 2017
Ashburton Investments Featured Manager	3D	✓	-		August 2018
Barclays, Wealth & Investment Management Featured Manager	3D	✓	✓		May 2019
Blankstone Sington Limited Featured Manager	-	✓	✓		January 2017
Bordier & Cie (UK) Featured Manager	3D	✓	-		December 2018
Brewin Dolphin Ltd Featured Manager	3D	✓	✓		April 2018
Brooks Macdonald Featured Manager	3D	✓	-		July 2018
Canaccord Genuity Wealth Management Featured Manager	-	✓	-		December 2016

Investment Managers Style



Adviser Red



Adviser Blue

Style assessment for Client

DFM Style Guidance

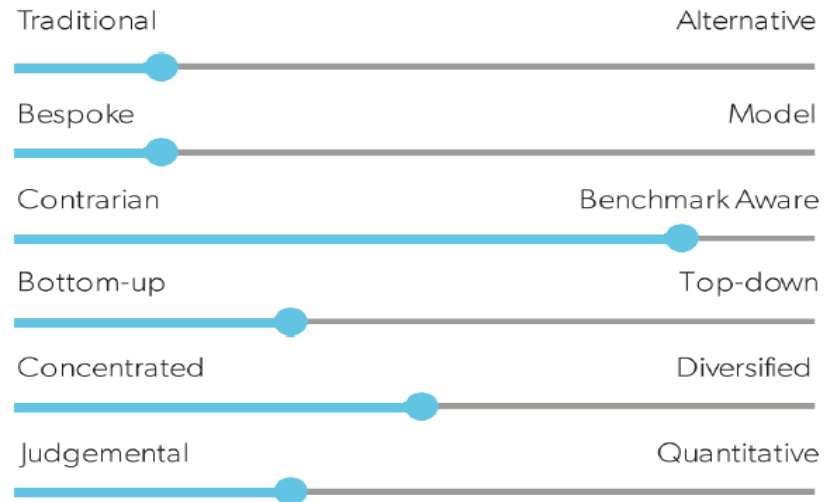


Style Assessment Questionnaire

Question		Strongly Agree	Agree	No firm view	Disagree	Strongly Disagree	
The costs / risks associated with investing in alternative asset classes outweigh the potential benefits	Traditional						Alternative
An individual portfolio manager should be allowed, or able, to deviate from the "house view"	Significant (Bespoke)						Minimal (Model)
A portfolio's benchmark should serve as a guide to the investment decisions made in order to ensure a consistent performance pattern	Benchmark Aware						Contrarian
Investment decisions should be based more on how individual companies might respond to the market conditions rather than how current events might shape those market conditions	Bottom-up						Top-down
Managers should concentrate on a small collection of their most strongly held views, rather than diversifying across a range of ideas with less conviction	Concentrated						Diversified
A manager's experience and instincts should be given precedence over analysis and computation	Judgmental						Quantitative

Manager Style

ARC Style Assessment



ARC View

The history of such venerable names as Rensburg, Carr, Sheppards, Crosthwaite, Williams de Broë now sits under the Investec umbrella as the independent Wealth & Investment arm of the FTSE listed bank. Their traditional, client centric service model remains, as does a high level of accessibility evidenced through a number of longstanding regional offices.

What has changed with the arrival of a larger scale business is the depth of central research and expertise brought to bear on client accounts. This reinforces the traditional strengths of UK bonds and equities, and extends capabilities in the international and alternative asset class spheres. However, the personal manager/client relationship is still paramount, and the degree to which the more contemporary elements are integrated into individual portfolios reflects managers' judgement.

- asset class mix generally utilised by the manager
- portfolio will reflect unique personal circumstances
- influence of benchmark on investment decisions
- viewpoint for asset allocation and selection decisions
- weight of individual holdings in a portfolio
- major input into the overall investment process



**Investec Wealth & Investment
Limited**

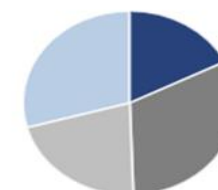
www.investecwin.co.uk

Transparency to the industry

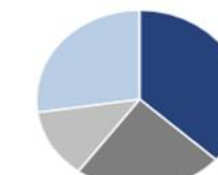


ASSET RISK CONSULTANTS
Inferred Asset Allocation

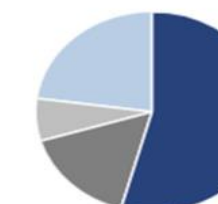
GBP Cautious PCI
0-40% Relative Risk



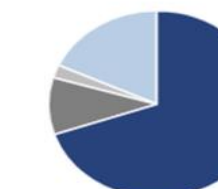
GBP Balanced Asset PCI
40-60% Relative Risk



GBP Steady Growth PCI
60-80% Relative Risk



GBP Equity Risk PCI
80-110% Relative Risk



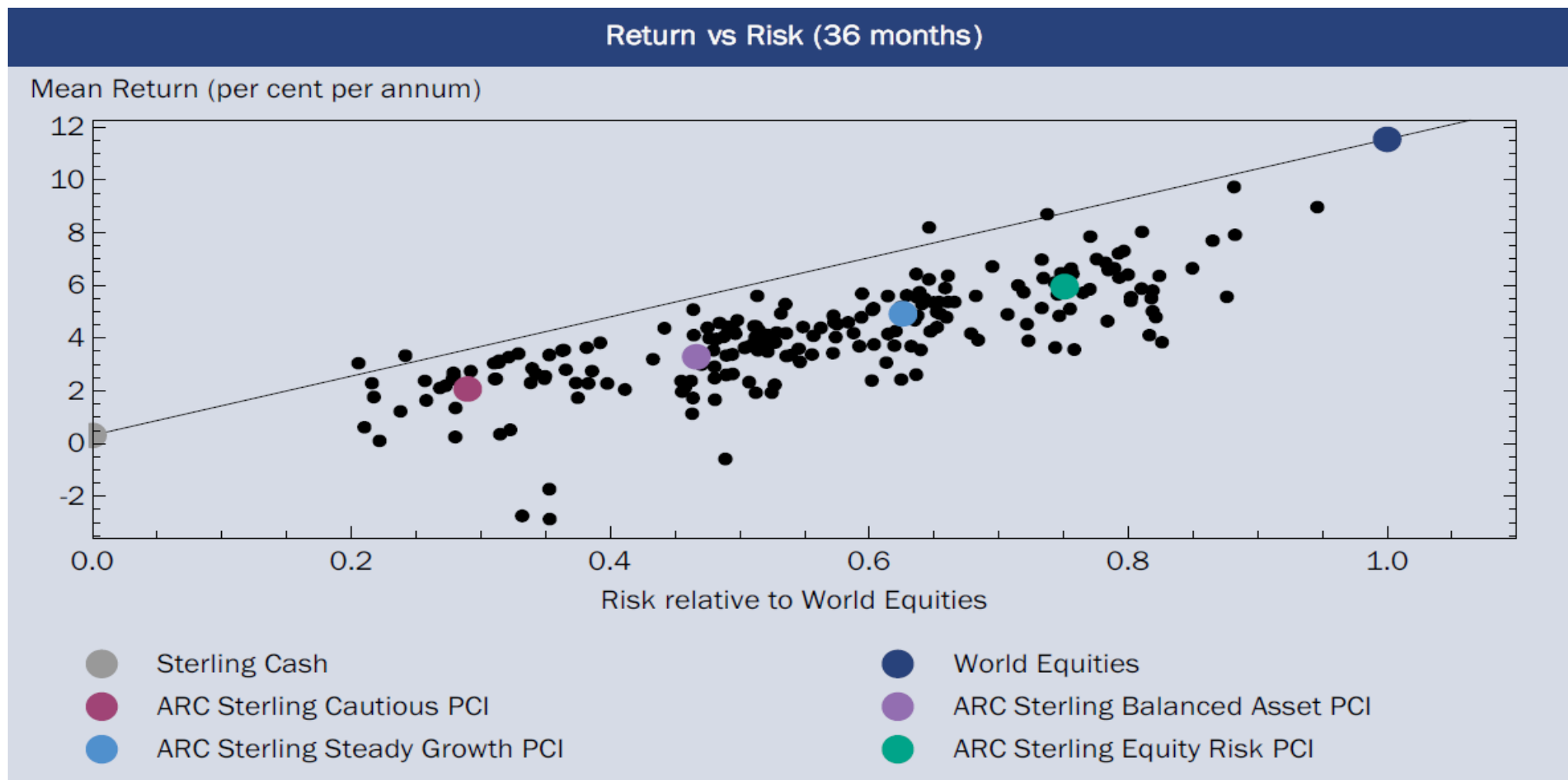
■ Cash ■ Equities ■ Fixed Income ■ Other

Private Client Index (PCI)	Risk relative to World Equities	Tolerance Bands after Initial Allocation	PCI Volatility (3 Years)	Median Volatility (3 Years)
ARC Sterling Cautious PCI	0 – 40%	0 – 50%	2.9	3.2
ARC Sterling Balanced Asset PCI	40 – 60%	30 – 70%	4.7	5.0
ARC Sterling Steady Growth PCI	60 – 80%	50 – 90%	6.4	6.4
ARC Sterling Equity Risk PCI	80 – 110%	70 – 120%	7.6	8.0

Private Client Index (PCI)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	YTD
ARC Sterling Cautious PCI	(2.0)	1.5	0.4	(3.5)	(3.6)
ARC Sterling Balanced Asset PCI	(3.1)	3.2	0.8	(5.9)	(5.1)
ARC Sterling Steady Growth PCI	(4.1)	5.0	1.3	(7.6)	(5.6)
ARC Sterling Equity Risk PCI	(4.8)	6.4	1.6	(9.2)	(6.5)

Private Client Index (PCI)		Last Quarter	YTD	1 Year	3 Years	5 Years	10 Years
ARC Sterling Cautious PCI	25 th Percentile	(2.6)	(2.7)	(2.7)	9.3	15.8	56.3
	75 th Percentile	(3.9)	(4.1)	(4.1)	5.6	10.4	41.3
ARC Sterling Balanced Asset PCI	25 th Percentile	(5.3)	(4.1)	(4.1)	13.2	21.4	81.2
	75 th Percentile	(6.4)	(5.7)	(5.7)	8.5	14.7	65.5
ARC Sterling Steady Growth PCI	25 th Percentile	(6.9)	(4.9)	(4.9)	16.7	24.9	102.4
	75 th Percentile	(8.0)	(6.3)	(6.3)	12.3	17.3	84.3
ARC Sterling Equity Risk PCI	25 th Percentile	(8.7)	(5.5)	(5.5)	21.1	30.7	126.8
	75 th Percentile	(10.0)	(7.5)	(7.5)	16.1	24.3	111.7

Place performance into Context



First, choose your universe ?

£ \$ € CHF CAD UK Charity

Now tell us how much you typically have invested in equities ?

20% 30% 40% 50% 60% 70% 80% 90% 100%

We think you should be compared with this peer group

Cautious (0% - 35%) Balanced Asset (35% - 55%) Steady Growth (55% - 75%) Equity Risk (Over 75%)

Typical equity exposure in brackets

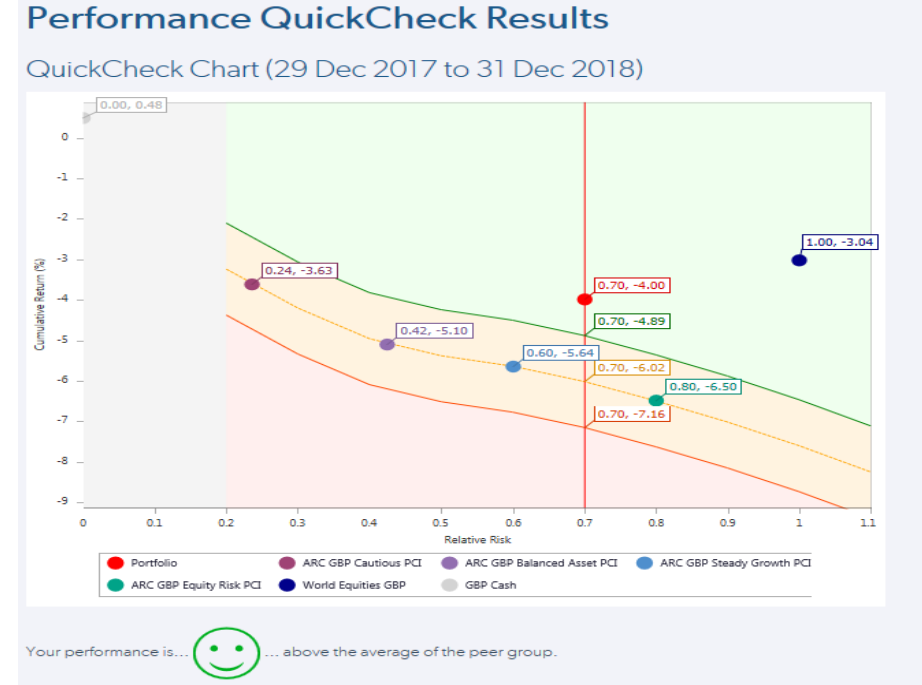
Now enter the performance & over what time period ?

Start Date: 12/2017 End Date: 12/2018 Selected Period: 12 months

☐ I have daily data

My portfolio's net cumulative return was: -4 % ☐ Use annualised returns

Tell us who looks after your investment portfolio

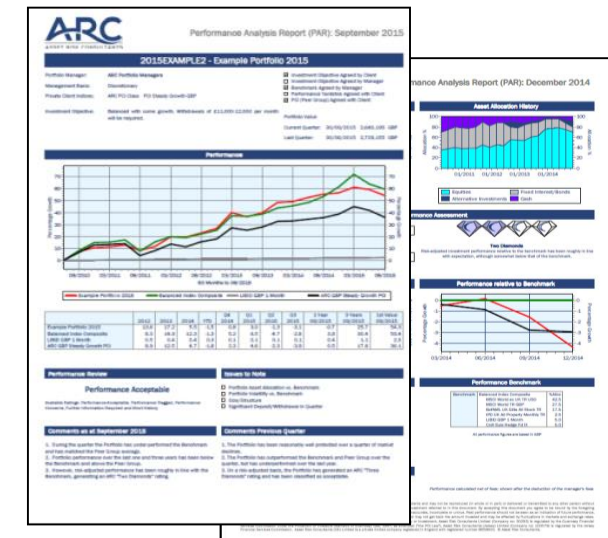


Outcome	Return (%)	Result (%)
	> (4.9)	(4.0)
	(7.2) - (4.9)	
	< (7.2)	

Visit www.suggestus.com/quick-check

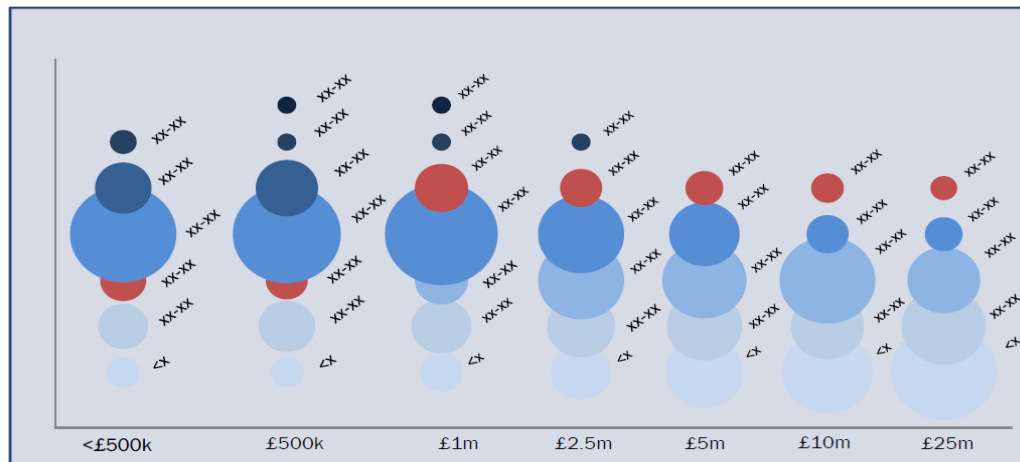
Efficient Performance Reporting

Private Client Index (PCI)	Q4 2016	YTD
ARC Euro Cautious PCI	0.1	1.6
ARC Euro Balanced Asset PCI	1.3	1.2
ARC Euro Steady Growth PCI	2.8	2.2
ARC Euro Equity Risk PCI	4.1	2.2



Reporting	Basic (Excel)	Advanced (Portfolio Peer Review)	Excellence (Independent Third Party Analysis & Review)
Input	Figures from Manager or Suggestus	Input data and select comparators	Portfolio data loaded independently
Output	Single period snapshot	Report with analysis	Report with analysis and guidance
Data	Simple performance	'Electronic' valuation data	'Electronic' valuation data linked with admin data

But what about Fees.....



Fee Range of Universe – AMC

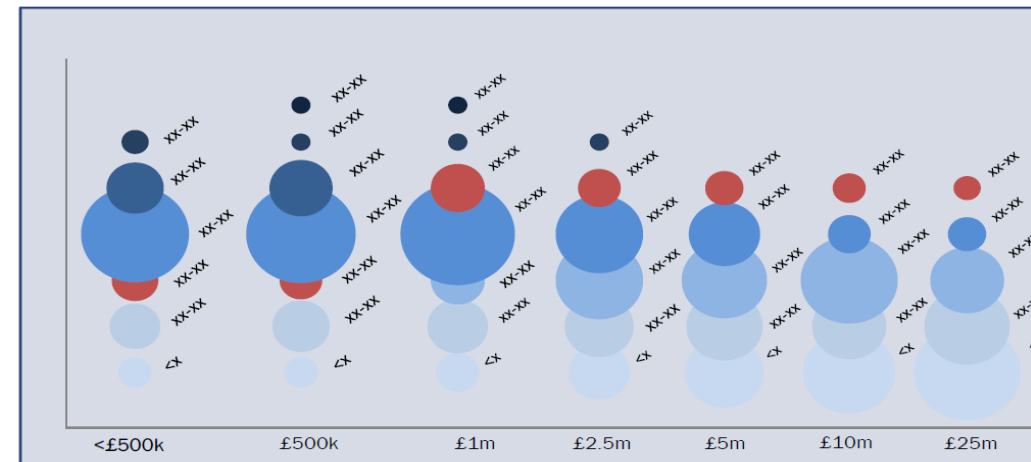
	<£500k	£500k	£1m	£2.5m	£5m	£10m	£25m
25 th Percentile							
50 th Percentile							
75 th Percentile							

Fee Range of PCI Peer Group – AMC

	<£500k	£500k	£1m	£2.5m	£5m	£10m	£25m
25 th Percentile							
50 th Percentile							
75 th Percentile							

AMC Averages

	<£500k	£500k	£1m	£2.5m	£5m	£10m	£25m
Universe Average							
PCI Peer Group Average							



Fee Range of Universe – TER

	<£500k	£500k	£1m	£2.5m	£5m	£10m	£25m
25 th Percentile							
50 th Percentile							
75 th Percentile							

Fee Range of PCI Peer Group – TER

	<£500k	£500k	£1m	£2.5m	£5m	£10m	£25m
25 th Percentile							
50 th Percentile							
75 th Percentile							

TER Averages

	<£500k	£500k	£1m	£2.5m	£5m	£10m	£25m
Universe Average							
PCI Peer Group Average							

What Fees Am I Paying?

- A fair fee ensures that the provider of a service receives remuneration for the services rendered that the recipient of those services deems to be reasonable



- The ARC Fair Fee Formula recognises that price and value are different. A fair fee is not the same as a low fee

Living in a VUCA world for Financial Services

	Volatility	Uncertainty	Complexity	Ambiguous
<i>Characteristic</i>	Challenge is unexpected or unstable but also may be of unknown duration; not always hard to understand and knowledge is often available	Despite a lack of other information, the events basic cause and effect are know, Change is possible but not a given	Situation has many interconnected parts and variables; some information is available and can be predicted but the volume or nature of it can be overwhelming	Causal relationships are completely unclear. No precedent exists and face unknown unknowns
<i>Approach</i>	Devote Resources Find Cost effective solutions	Invest in information Collect interpret & share	Develop Specialists Discover partnerships	Design experiments Lessons and Knowledge
<i>Examples</i>	Pragmatic Vision Portfolio Reporting	Positive Externalities Due Diligence Library	Develop Excellence PCI's	Be Innovative QuickCheck



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Questions?



Jonathan Gamble

Head of Intermediaries



Jonathan joined ARC in 2001. Jonathan has been key in developing relationships with intermediaries, advising on and reviewing investment portfolios of Intermediaries (Trustees, Lawyers, Accountants, larger IFA networks and Wealth Managers). These portfolios consist of both discretionary managed portfolios as well as those of a more advisory nature. In addition, he has over eight years' experience as Non-Executive Director on a number of AIM and London listed investment companies.

Following an Economics degree from the London School of Economics, Jonathan joined Morgan Stanley International in London, trading foreign exchange. Two years later he moved to Sydney where he worked for Société Générale, being promoted to SG's Regional Chief Dealer in Singapore. After moving to Paris, he attended INSEAD. On completing his MBA (Distinction), Jonathan launched an electronic derivative-trading platform with venture capital backing.

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Front Office – Are Firms Getting Value for Money?

Tuesday 21st May 2019 • London

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attending*

