

discus

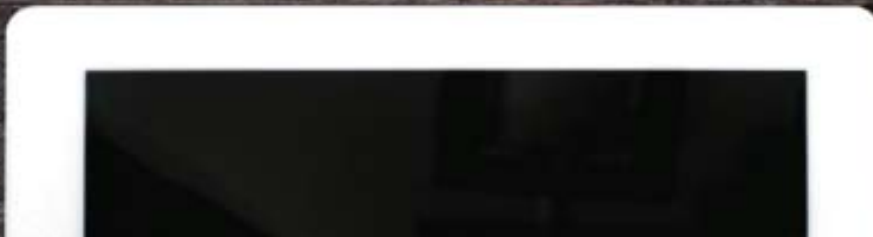
Discretionary Investment Services Coming Under Scrutiny

**a presentation
(& 'DISCUS'sion)**

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TODAY'S AGENDA

UK discretionary landscape

Trends and drivers

Propositions and pricing


Winners and losers

Questions




discretionary landscape



A close-up photograph of a pair of hands cupped together, holding a small, vibrant green seedling with four leaves. The seedling is growing out of a mound of dark, rich soil. The hands are positioned on either side of the plant, with fingers slightly curled. The lighting is soft, highlighting the texture of the soil and the freshness of the plant. The overall tone is nurturing and hopeful.

the UK has seen
unprecedented and
continual growth in the
use of discretionary.



advisers realise the
'old model' of running
advisory models is broken.



outsource or build
discretionary capability in-house?

“Currently only 3% of all firms with discretionary permissions advise retail clients. There is scope to grow this to 10-15% of the market.”

THREESIXTY, March 2016

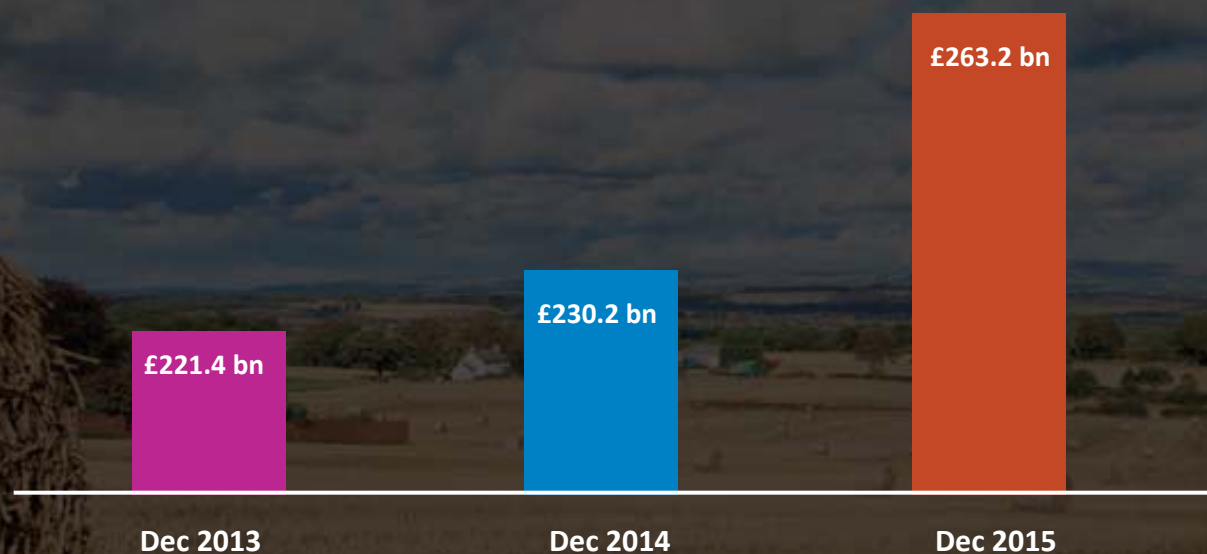


...discretionary lite?

“We had discretionary permissions and elected to take them back. We now partner with a discretionary manager. They sit on our Investment Committee and execute our strategy.”

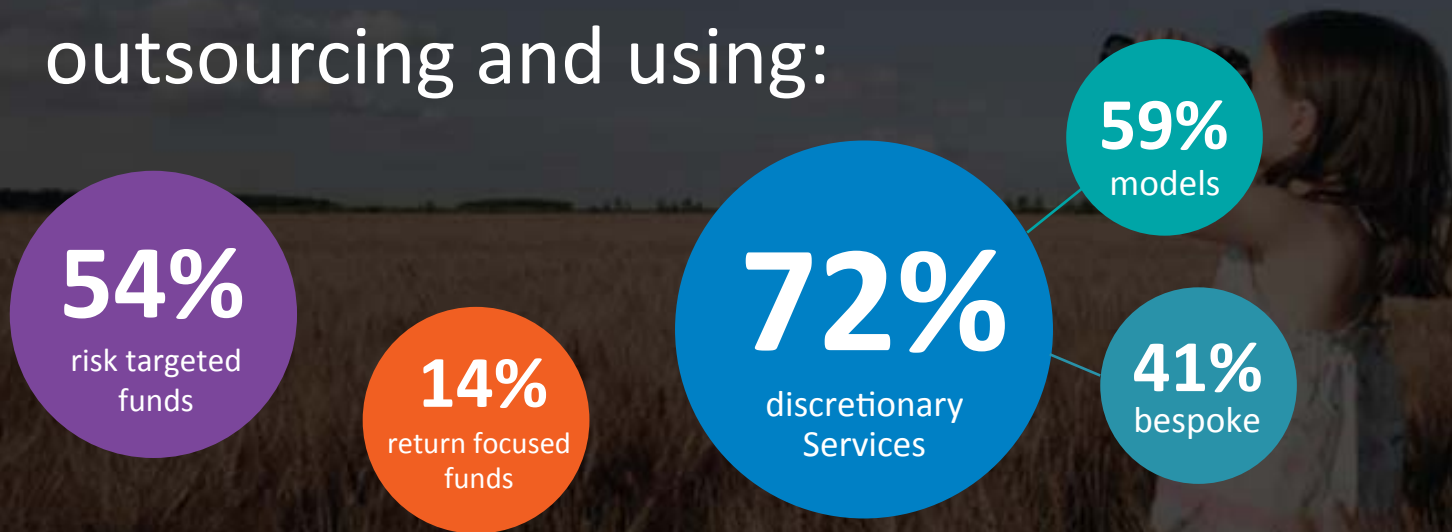
ADVISER, November 2016

the discretionary landscape



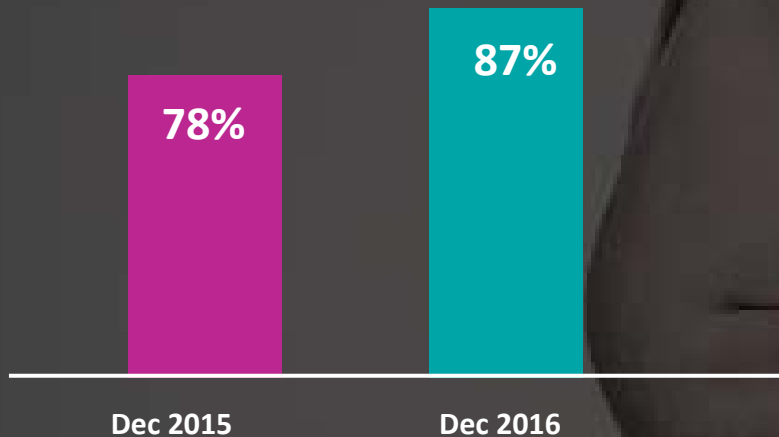
2017

49% of advisers were
outsourcing and using:



FT Adviser, Dec 2016

9 out of 10 advisers are
outsourcing and using
discretionary



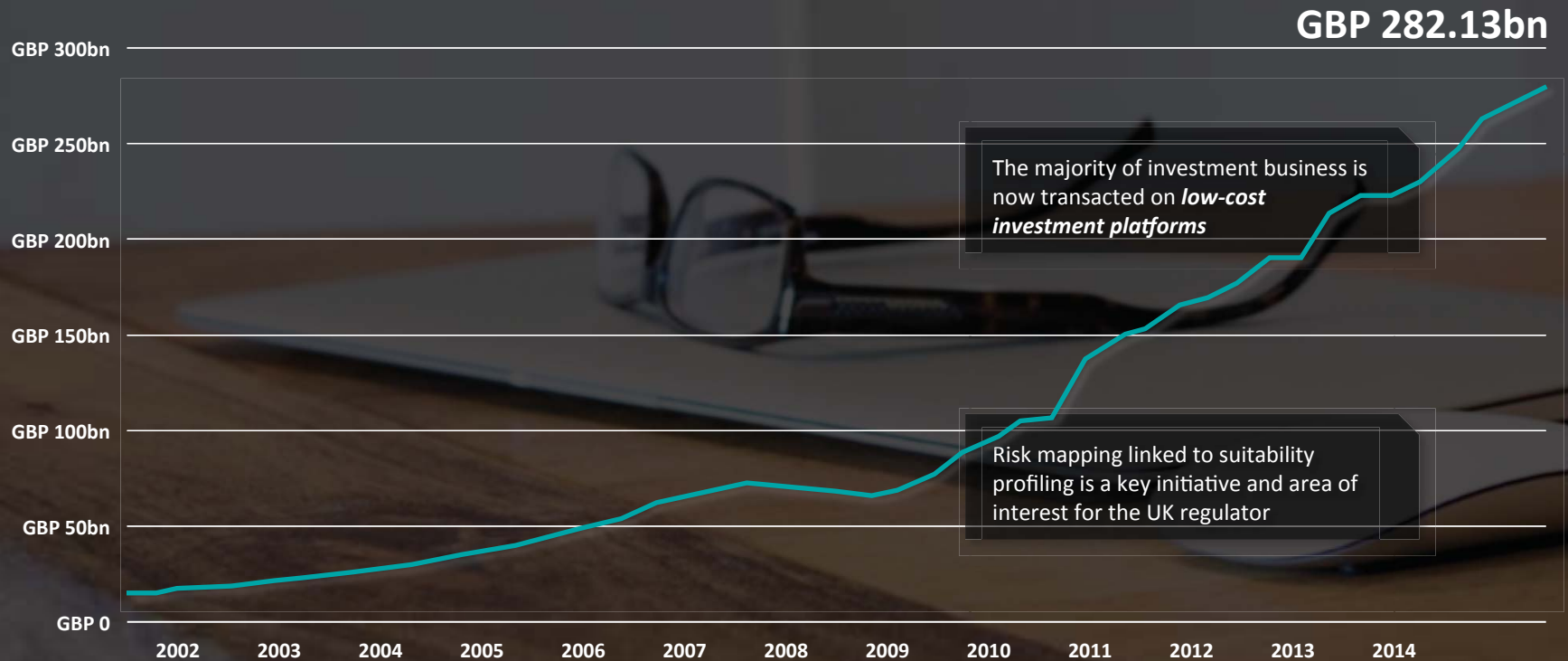
introducing the players (example brands)





trends & drivers

growth in the platform market



growth in platform based solutions

since **2010**

New launches on platforms have vastly exceeded “direct” launches

49%

... use third party
DFM on platform

112


... DFM solutions
on five platforms

40%

... new platform
assets into DFM

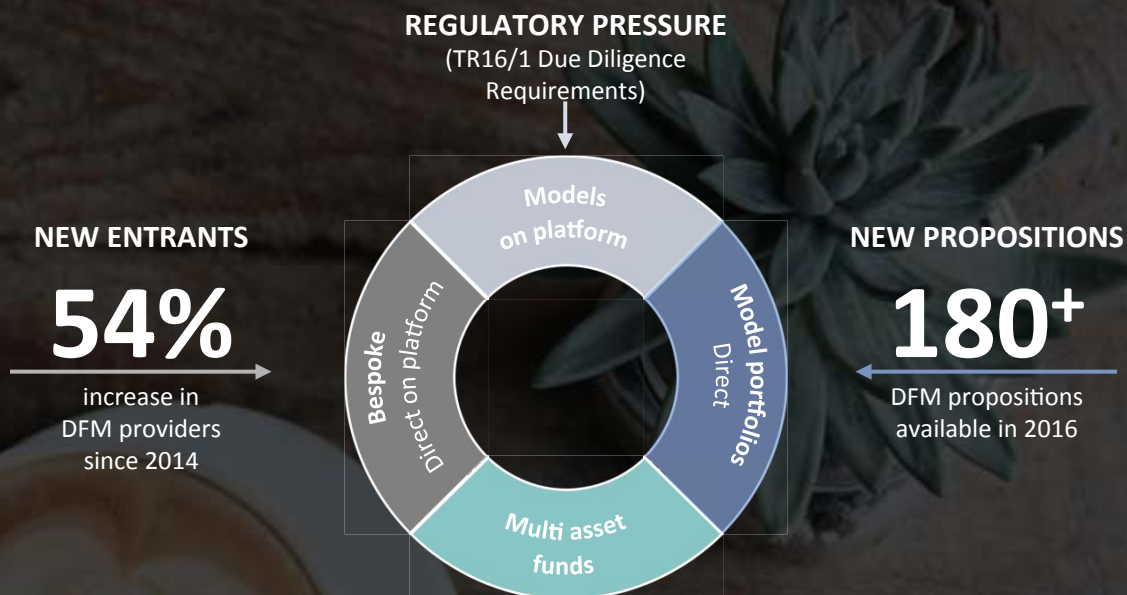
backdrop of regulatory change

RETAIL DISTRIBUTION REVIEW (RDR)	PENSION FREEDOMS	ASSET MANAGEMENT MARKET REVIEW	MIFID II
<ul style="list-style-type: none">• Professional standards• Fee transparency• Ongoing service	<ul style="list-style-type: none">• Remove requirement for annuity at retirement• New income solutions sought	<ul style="list-style-type: none">• Costs• Proposed 'all-in fee' for asset management• Platform competition• Vertical integration	<ul style="list-style-type: none">• Reporting to clients when portfolio drops by 10%• Suitability• Recording calls/email

- 
1. Growth in investment outsourcing to de-risk
 2. Fee compression across the value chain
 3. Growth in Robo-advice (digital) solutions

...increased demand for financial advice

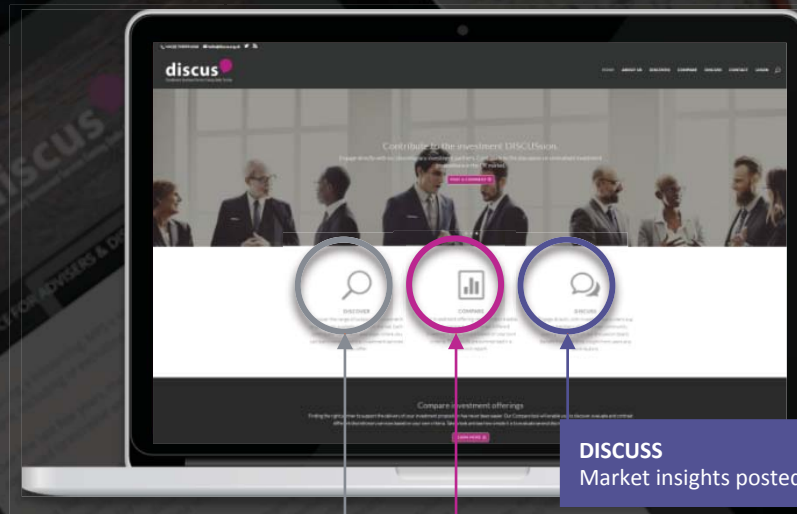
advisers struggle with increased complexity



DFM for different segments?	What criteria should I use?	Who can help?
Pros/ cons of each proposition?	Like for like comparisons?	What is “good” due diligence?
What does each service deliver?	What research resources can I use?	What is the regulator’s view?

introducing DISCUS

(Discretionary Investment Services Coming Under Scrutiny)



DISCUSS

Market insights posted weekly with the ability to add comments

COMPARE

Comparison tool, using the adviser's own criteria

DISCOVER

Dedicated page for each DFM



propositions & pricing

discretionary propositions



BESPOKE PORTFOLIOS

Clients with larger portfolios or more complex needs

Min. £20k, £100k, £500k
Fee. 1.2 to 1.70%



MANAGED PORTFOLIOS

The core of an adviser's offering. On or off platform

Min. £0, £3k, £20k
Fee. 0.6 to 1.2%

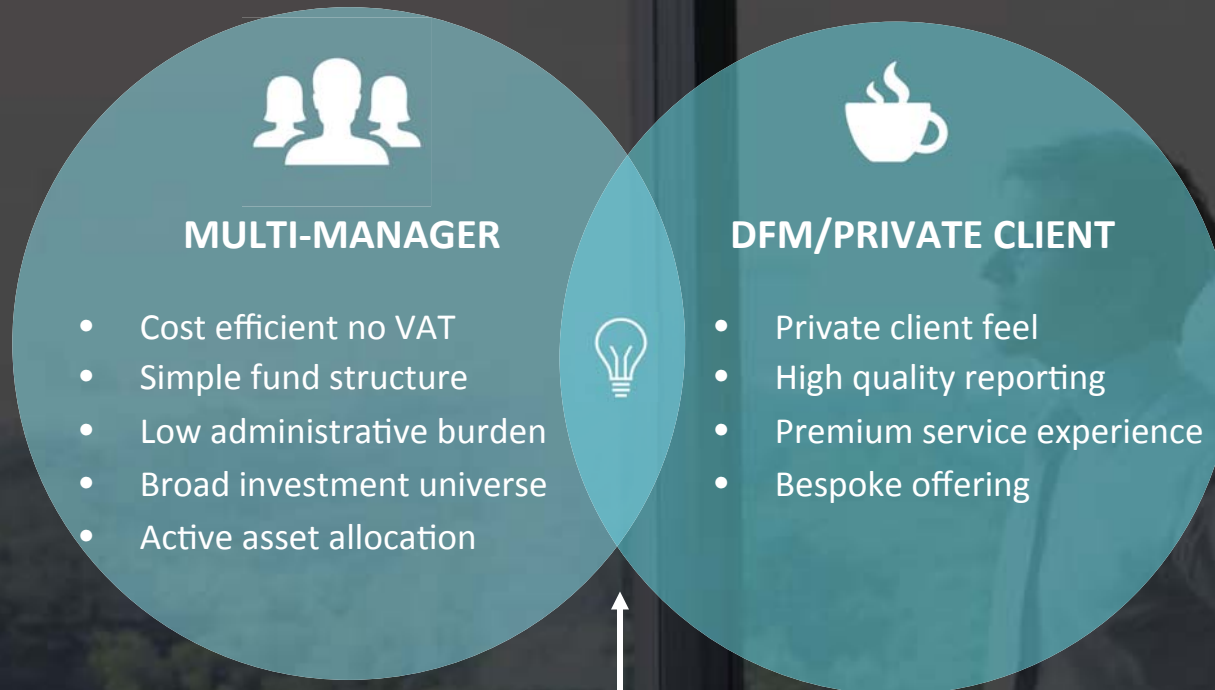


MULTI-MANAGER/MULTI-ASSET

Lower portfolio values, less complex needs. No VAT

Min. £500 to £1k
Fee. 0.5 to 1.5%

discretionary propositions



UNITISED DFM

Multi-manager solution with a DFM service experience

adviser service (and investment) offering

PRIVATE CLIENT SERVICE

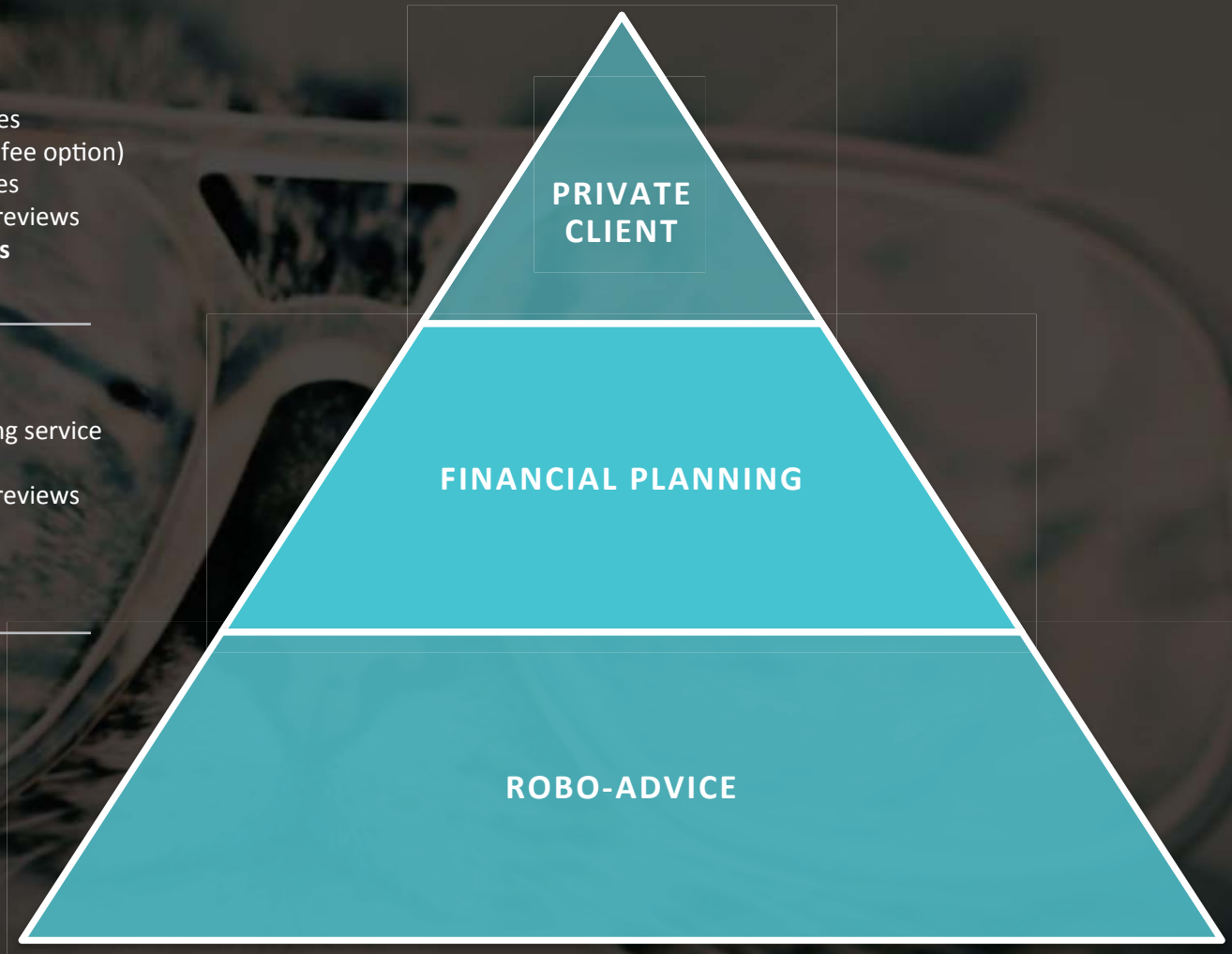
- › Full suite of Private Client services
- › Minimum investment £500k (or fee option)
- › Access to private banking services
- › Quarterly reporting, half yearly reviews
- › **Bespoke discretionary portfolios**

FINANCIAL PLANNING

- › Comprehensive financial planning service
- › Minimum investment £150k
- › Quarterly reporting, half yearly reviews
- › **Managed portfolio service**

ROBO-ADVICE (NON-ADVISED)

- › Non advised service
- › Investments less than £150k
- › Online account management service, fee for any advice
- › **Discretionary funds**



A photograph of two young boys sitting at a wooden table. They are both wearing hats made of a light-colored material, possibly paper or fabric, with several thin, dark wires or sticks protruding from the top. The boy on the left is wearing a white shirt, a blue bow tie, and a grey and blue argyle vest. The boy on the right is wearing a white shirt, a blue bow tie, and a grey cardigan. Both boys are wearing glasses and have a serious expression. A small, dark, rectangular electronic device with wires is on the table between them. The background is a plain, light-colored wall. The text "winners & losers" is overlaid in the center of the image, flanked by two horizontal lines.

winners & losers

the things that matter most

- . **time.** to focus on financial planning, client relationships, building the business
- . **consistency.** across all advisers and client outcomes - creating scale
- . **cost effectiveness.** don't want to pay 'over the odds'
- . **simplicity.** easy to explain and execute



...and don't steal my clients!



essential characteristics (WINNERS)

- ✓ technology enabled
- ✓ operationally efficient
- ✓ accessible (on platform)
- ✓ conflict managed
- ✓ not precious about custody
- ✓ service orientation

...Consistent (does what it says on the tin)



questions
