

HOW DO I COMPARE WEALTH MANAGEMENT FIRMS?

COMPLIMENTARY GUIDE



 find a
wealth manager.com

Introduction

Selecting the right wealth manager is a very important decision.

A good choice results in financial security and long-term peace of mind. A mistake might mean impaired investment performance, higher levels of financial anxiety, unnecessary costs and the chore of finding a replacement.

Until recently, it has been very difficult for people to compare different wealth managers, at least not without hours of online research and telephone calls. The laborious nature of this task has meant wealth managers are often just selected based on word-of-mouth recommendation, perhaps from a friend, colleague or professional contact. Unfortunately, this has meant affluent individuals often end up with wealth managers ill-suited to their needs.

Recognising this problem, Dominic Gamble, a former wealth manager, and Lee Goggin, one of Dominic's clients, co-founded *findaWEALTHMANAGER.com*, a free online service to match clients with the right wealth managers.

The service streamlines the process into four simple steps:

- You complete the configurator, a short online questionnaire
- Our experts identify three managers we think best meet your needs from our panel of over 50 managers
- If you're happy, we arrange for the right person from each company to make contact at a time to suit you
- You decide which feels best – or whether none does. You are under no obligation.

1. Use the online configurator tool to build your profile
2. See the best firms matching your needs
3. Talk to our team to fine-tune your questions & professional match
4. Get connected to your chosen professionals
5. Access the best deal via our partners - save on average £15k in fees per year*

This guide is designed to support those using the *findaWEALTHMANAGER* service and also to help others who are considering using a wealth manager.

It covers the different kinds of wealth managers, explains the different types of service they offer and suggests some useful questions to ask any potential manager.

What Kinds of Wealth Managers are there?

Wealth management takes many forms. Some wealth managers are part of global banking groups or High-Street brands. Some pride themselves on discretion and prefer to keep a low profile.

A few will accept clients with as little as £50,000 to invest while some are only likely to consider individuals with several millions of pounds of investible wealth.

They all exist to help people navigate an increasingly complex financial landscape, providing investment management, tax expertise and guidance topics such as inheritance or retirement.

There are four main types of wealth management provider:

Boutique

Boutique wealth management firms can specialise in tailoring bespoke investment portfolios for clients. Many have a particular investment style. As an investor you may have specific demands, such as ethical investing, that a boutique wealth manager will be equipped to meet.

Advantages: a more personal service and low staff turnover.

Disadvantages: costs may be slightly higher than average and boutiques don't have the same broad range of expertise as an international bank.

Private Bank

Private banks offer traditional banking facilities with high levels of customer service. Alongside wealth management, many offer additional services such as specialist mortgages, asset-backed lending, investment advice and financial planning. A private bank may also give clients

access to private equity deals and initial public offerings via its investment banking arm.

Advantages: exceptional levels of customer care, bespoke products and access to private equity and IPOs.

Disadvantages: the range of expertise available may differ between private banks, making it more difficult to choose.

International Bank

Large multinationals such as Barclays or HSBC have divisions to look after high-net-worth individuals. Because of their global reach, they have access to a full gamut of investment products and services.

Advantages: international expertise and many services available for those with complex financial affairs.

Disadvantages: employees are often moved around so a client's point of contact may change and new relationships have to be built up.

Investment Adviser

An investment adviser is essentially a financial planning partner who helps you to identify your financial goals and create a plan to achieve them. They are likely to accept clients with a lower level of investible wealth than a conventional wealth manager.

Advantages: a first step for those seeking professional advice about their wealth and a few may offer full-service wealth management.

Disadvantages: the role often stops at asset allocation and risk profiling. Additional services are likely to be outsourced at extra cost to the client.

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Types of Service

Each wealth manager is likely to offer three different types of investment service:

- **Discretionary investment management services** – suitable for those with little time or appetite for investing. After assessing your financial goals and how much risk you're willing to take on, your wealth manager will devise and carry out your investment strategy.

KEY POINT: frees you from day-to-day investment decisions and reduces stress levels.

- **Advisory investment management services** – suitable for clients with hands-on investment experience. A wealth manager advises on where and when to invest but the client makes the final decision.

KEY POINT: clients usually need a minimum of around £2 million to access advisory services.

- **Execution-only investment management services** – only suitable for experienced and sophisticated investors. Here a client instructs a wealth manager to buy and sell assets on their behalf.

KEY POINT: execution-only services are usually offered alongside advisory services by private banks and boutiques.

The majority of those who use the *findaWEALTHAMANAGER.com* configurator are looking for discretionary investment management services. But whatever type of wealth manager is required, many investors retain a pot of money to invest themselves, a good means to take a hands-on interest in investment markets without assuming undue risk.

How Do I Interview a Wealth Manager?

Choosing a wealth manager isn't like buying car insurance. Personal contact with the individuals to whom you will entrust your assets is vital. So, once you have a shortlist from *findaWEALTHMANAGER.com* it's time to get introduced, either with a simple telephone call or a meeting.

Personality goes a long way and it is important to have a good relationship with your wealth manager. But however well you get on, relationships can quickly become strained if you're uncomfortable with how your assets are being managed or if performance proves disappointing.

A good wealth manager can give you detailed information on how, when and where they'll invest your assets. They'll be able to support their decisions with facts and figures. Most importantly, they'll help you understand what can be a complex process, so never be nervous about asking if there's anything you don't understand.

Discuss any previous dips in performance they may have experienced, because protecting your assets from stock-market shocks is one of a wealth manager's key responsibilities. Find out how they coped with the market slump immediately following the EU referendum or during 2008/2009, for example.

Bear in mind that it's perfectly natural to see variations in wealth manager performance over time. Constant returns in all market conditions aren't natural at all.

Remember multi-billion-dollar fraudster Bernie Madoff? For decades he claimed constant positive returns in all market conditions while he was, in fact, swindling people out of their life savings.

He was always vague on his activities. This can be a warning sign in financial services. Choose a wealth manager who can answer your questions clearly and concisely.



What Questions Should I Ask?

To help prospective wealth management clients, the *findaWEALTHMANAGER.com* team has come up with a list of questions to ask when meeting wealth managers.

- **What charges do I pay for your services?**

Wealth managers are legally obliged to make their charges completely clear. This includes an annual management charge of between 0.5% to 1% of total assets under management, in addition to charges for buying and selling assets. Some charge performance fees. Tax planning and other services may cost extra.

- **Does my profile match that of existing clients?**

Find out if the firm has experience of helping people with goals and risk profiles similar to yours. This is particularly useful if you have specialist financial planning needs, as might, for example, a professional sportsperson or entrepreneur with international business interests.

- **Will I speak to the person managing my money?**

An investment manager will be responsible for your portfolio, but you may only rarely speak to him or her. Often wealth management firms employ relationship managers to look after the client relationship. These are often skilled personnel too, so there are arguments in favour of both models, but asking the question will force them to be very clear about how they'll make sure your needs are met and how they'll communicate portfolio decisions to you.

- **How many clients do your relationship or investment managers look after?**

This is important as it dictates the amount of time an adviser can spend on each client's portfolio. Client-adviser ratios vary according to the level of wealth each adviser's clients represent and the complexity of their affairs. Those working in the mass affluent market may have a hundred or more clients on their books, while those servicing ultra-high-net-worth individuals may have fewer than 20.

- **How well do you understand my investment profile?**

Does the wealth manager understand your financial circumstances and objectives? Good wealth managers are able to assess clients' true capacity for risk and volatility. They're bound by law to recommend investments that are properly aligned with your profile and needs. Additionally, they must regularly reassess your investment strategy and explain this process.

- **What has your investment performance been historically?**

Past performance can't be relied on as a guide to future performance but a good wealth manager should be able to give examples of how portfolios have performed for clients with profiles similar to yours. What you're looking for is 'outperformance', meaning the degree to which the wealth manager delivered gains in excess of general market rises or an appropriate benchmark index, such as the FTSE100.

- **Which other services do you provide apart from investment management?**

Wealth managers vary considerably. If your affairs are complex and span different international territories, then you'll need a wide range of financial and legal services. Alternatively, you might simply want a wealth manager to grow your assets.

- **What happens if I'm unhappy about something?**

This is an important question. A potential client shouldn't be embarrassed to ask it and a provider should be able to answer easily. It's worth asking about a wealth management firm's complaints procedure if you're unhappy. The quicker any misunderstanding or grievances are settled, the better, even if it means switching wealth manager. There's no sense in staying with a professional if you're not satisfied.

- **How safe is my money?**

A wealth manager does not have title to the assets under management, this sits with a third party, known as a custodian. All custodians have an AAA credit rating so, should a wealth management firm fail, client assets are safe. All institutions on the findaWEALTHMANAGER.com panel are regulated by the Financial Conduct Authority.

In Summary...

In the past, choosing a wealth manager was a haphazard affair, depending largely on word of mouth, professional connections or simple guesswork. This often resulted in clients ending up with wealth managers ill-suited to their needs.

The configurator was designed with the simple goal of enabling people to choose from a shortlist of suitable wealth managers whose services and expertise match their financial requirements.

We estimate that many more people could benefit from wealth management expertise but are put

off by the apparent complexity of the industry and confused by the variety of services available.

Our aim is to demystify wealth management and make it easier to access so that more people reach their financial goals smoothly and cost-effectively.

Use Our Configurator

If you haven't considered using a wealth manager before – or if you haven't reviewed your existing manager to check their competitiveness and suitability – use *findaWEALTHMANAGER.com* to

configure your ideal wealth manager. It will help you can find the right wealth manager at the right firm and ask the right questions.

It takes minutes but the benefits could last a lifetime

How can *findaWEALTHMANAGER.com* Help?

Wealth managers vary in speciality, access to investment products and, of course, competence.

Our free independent service removes the guesswork from finding a wealth manager. The configurator will match you with three potentially suitable wealth managers from a panel of more than 50.

We then arrange for the right person from each company to make contact at a time to suit you. There's no obligation and it's then up to you whether you pursue a relationship.

By speaking to more than one suitable wealth manager, users of *findaWEALTHMANAGER.com* can compare fees and are in a stronger position to get a better deal.

You pay nothing for our service – *findaWEALTHMANAGER.com* is independently owned and we pride ourselves on the objectivity of our matching process. We introduce you to suitable wealth managers but the choice is entirely up to you.

The wealth managers on our panel pay us for the leads we generate out of their marketing budget so no costs are passed on to you.

The fees wealth managers pay us are made up of two parts. They pay an annual fee for membership of our website and they pay an introducer's fee. All wealth managers pay us the same fee, guaranteeing our independence.

Additionally, a wealth manager introduced to client via *findaWEALTHMANAGER.com* understands that they are competing for your business so are more likely to offer more competitive rates.

Even though *findaWEALTHMANAGER.com* is an internet-based service, we offer high levels of customer care, have more than 50 years' experience in the industry and we speak to site users to ensure they have all the guidance they need.

Find the Best Firms, Access the Right Professionals, Get the Best Deal

Get Started

Find A Wealth Manager is an independent service designed to help clients navigate the opaque world of finance and wealth planning. We partner with the leading UK firms who commit to best practice and better value fees. Use our configurator to get matched to the right firm and then our experienced team will help you meet your best placed manager.

Click the box below for the service you require.

<p>READY TO GO</p> <p>Use our configurator to get matched to wealth and investment management firms and have our team provide tailored introductions</p>	<p>FIND OUT MORE</p> <p>Use our information centre packed full of guides, articles and eBooks to increase your knowledge and specific areas of interest</p>	<p>GET IN TOUCH</p> <p>Our team of experts have a combined 70 years industry knowledge. We are straight talking, impartial and there is no obligation</p>
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findaWEALTHMANAGER.com
T: +44 (0) 207 193 5691 | E: ukteam@findawealthmanager.com
A: Alpha House, 100 Borough High Street, London SE1 1LB, UK

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