FIND YOUR BEST WEALTH MANAGER

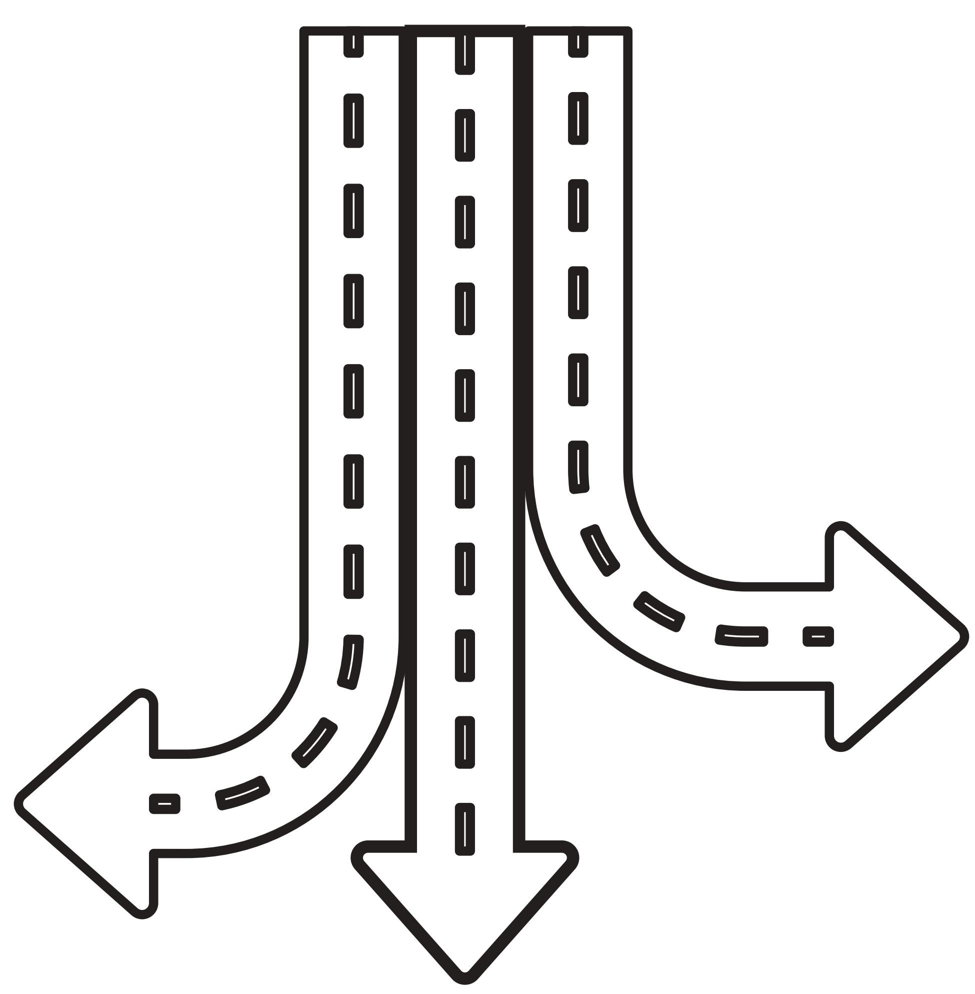
COMPLIMENTARY GUIDE

find a wealth manager.com

DISCRETIONARY OR ADVISORY INVESTING?

Most wealth managers offer investment services under three labels – discretionary, advisory and execution-only. These designate how much control the client is willing to cede to their investment manager. At one end of the spectrum is execution-only, whereby the institution carries out investment decisions the client has made without professional guidance. At the other end is discretionary investment management, which is the most commonly offered service model, and the route around 70% of our users choose: : here, the client sets out an overall strategy for their investments, but hands over day-to-day portfolio management decisions to the professionals.

Choosing the Right Route for Your Needs



Discretionary Services

Your wealth manager makes all the final investment decisions with your oversight

Advisory Services

You make all the final investment decisions with your wealth manager's advice

Execution-Only Services

You make all the decisions, the wealth manager simply executes them

How do Discretionary Services Work?

Discretionary investment management is a popular option for those who have little experience, time or inclination to be closely involved with investing their money.

MOST POPULAR

If you opt for a discretionary service, your wealth manager will work out your investment objectives and risk appetite, and devise an investment plan. They can then construct an investment portfolio that fits your requirements. How much investment you are willing to take, the desired return on that risk, and the asset classes and financial markets you want exposure to will all be professionally addressed.

Your wealth manager takes responsibility for the investment decisions, and makes transactions for you. That is not to say you won’t have complete transparency and oversight in a discretionary relationship; you still set the overall investment strategy, but you then delegate responsibility for its execution to a professional. You will receive in-depth reporting on how your wealth manager is performing, along with regular meetings to discuss progress and revise your strategy.

What is the Difference Between a Wealth Manager, an Investment Manager and a Private Bank?

This short guide explains the differences between wealth managers and which type fits your level of wealth, life-stage and financial aspirations.

> What wealth management is and what you should be paying

> The main types of wealth management services

> The capabilities and specialities of wealth managers, investment managers and private banks

> Which type of wealth manager is right for you

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How do Advisory Services Work?

With an advisory investment management service, your wealth manager will advise you on the a investment strategy, as well as making individual recommendations on opportunities and risks, however, you make the final decisions on how your portfolio is run.

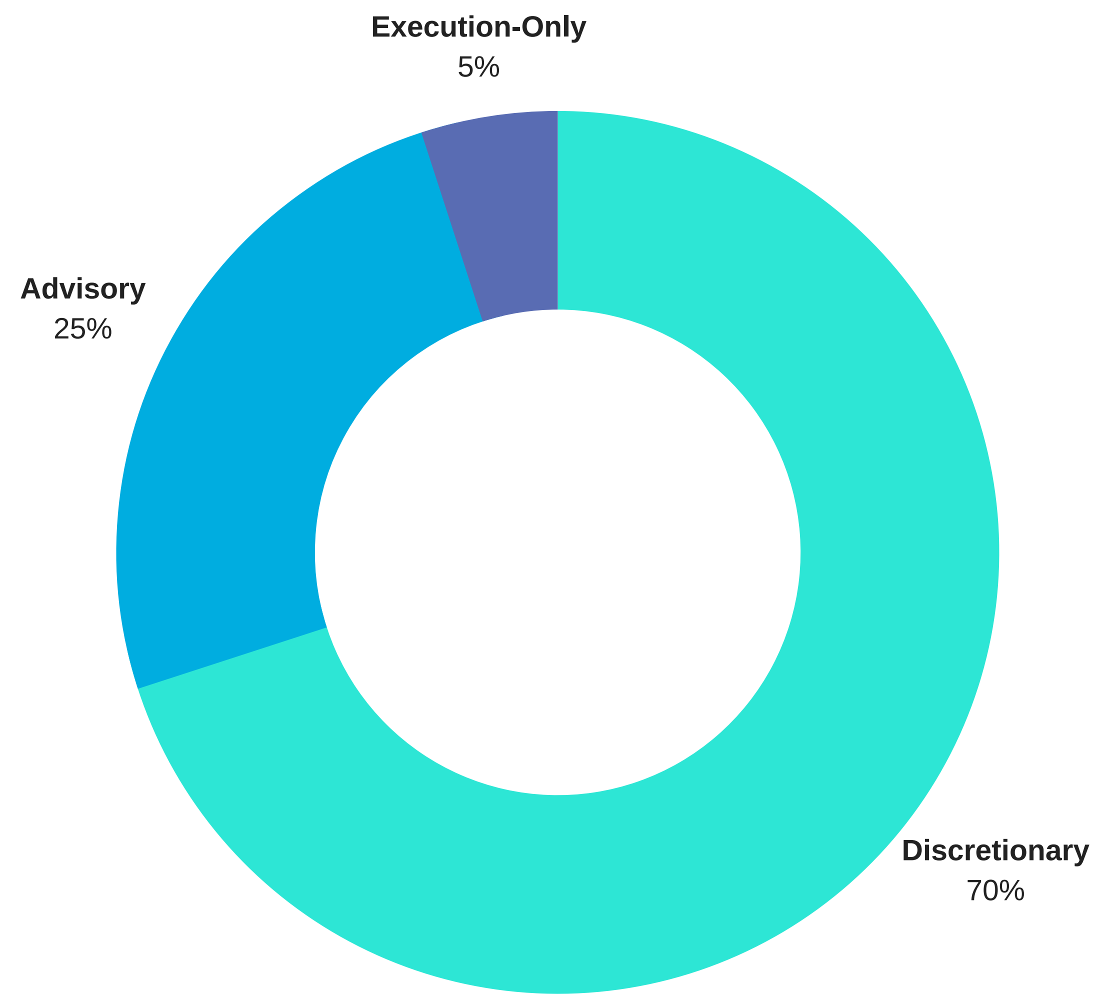
Advisory investment management tends to be the preserve of clients who have a degree of investment knowledge, since ultimate responsibility for investment decisions lies with them. For investors with the requisite expertise, and who want professionals just to serve as a sounding board for their ideas, advisory relationships can garner good results. However, this is a time-intensive option for both wealth manager and client, and requires a large amount of intellectual capital and research resources on the part of the institution. For this reason, most firms will ask for a greater level of investment to access advisory services versus discretionary portfolio management.

Advisory investment management services are offered by large private banks and investment management firms, along with specialist advisory boutiques. Advisory services are on offer through a number of the wealth managers on the findaWEALTHMANAGER.com panel, so just make sure you indicate that is your preference when you take our short questionnaire to find your best-matched wealth managers. Discretionary investment management is a popular option for those who have little experience, time or inclination to be closely involved with investing their money.

DECISIONS, DECISIONS

The extent to which you choose to manage your investments will depend on both practical and personal considerations. You should bear in mind that it is quite normal for clients to transition through different types of relationship if they spend some years with a firm. Some clients begin with an advisory relationship and then grant a discretionary mandate once they've worked with an investment manager for a few years; others start with a discretionary relationship, and then take over managing their investments after they retire and have more free time. There is even the possibility of splitting your overall wealth into smaller pots which can be run on individual lines. These are options you can discuss with your prospective wealth managers when you meet with them.

The Services Selected by our Users



Source: FWM Smart Online Tool

Are BIG Brands or Boutiques Best?

> I worked at several of the world's biggest wealth managers, across a number of countries, over the course of my private banking career - and I can confirm that the UK market is the most diverse by far. The UK's affluent individuals can choose from a huge range of firms which vary significantly in size and shape.

Dominic Gamble,
Co-Founder
findaWEALTHMANAGER.com

Why reputation counts... but a high-profile brand isn't everything

Does size matter? It depends, but a high-profile brand isn't everything; they may be international or domestic, large or small, centuries-old or recently established. And those are just a few headline differences to be drawn between wealth managers. Even the most basic web search will reveal an incredible amount of diversity.

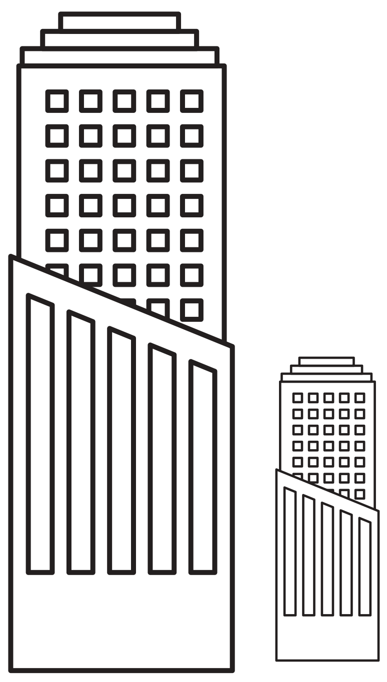
Having this level of choice is a good thing, but it can also make choosing your ideal wealth manager difficult. The sheer number and variety of wealth managers in the UK will surprise many people. What may surprise investors even more is the number of wealth managers with long histories and great reputations operating in the UK which they may never have even heard of. There will be instances where you are aware of a wealth management brand, but know little else about its offering or ethos.

The industry is notoriously opaque and findaWEALTHMANAGER.com was set up to shine a light on it for investors.

While brand recognition gives investors a degree of reassurance, it shouldn't be given undue weight. There are a number of possible reasons why some wealth management institutions are better known than others. Some wealth managers are part of a larger banking group and can borrow from the brand strength of their parent company, and have access to huge multi-channel marketing budgets. Conversely, some wealth managers keep things low-key, as part of providing discreet private client services, while others are so confident of their performance and service they profess that word-of-mouth recommendations suffice.

Advantages of large wealth managers

> Wide service capabilities
> Strong financial institution
> Safety in numbers
> Branch network



Advantages of small wealth managers

> Independent
> Motivated to win your business
> Specialists
> Possibly more attentive service

Looking behind the brand

In wealth management, brand profile isn't a proxy for quality. Of course, it's normal to be influenced by appearances; it's also natural to find some brands more aspirational than others. Some people might view becoming a client of a certain institution as a sign they have "arrived", or hit a milestone in their achievements. It is legitimate to give brand prestige some consideration when weighing up potential wealth managers, but you shouldn't let it completely sway you as there are other important considerations.

A high-pro le brand doesn't guarantee good performance or service, any more than a wealth manager's size does. However, you may find yourself drawn to a firm which is part of a big banking group if it offers significant credit facilities, a wider range of products and services, or a deeper pool of expertise. On the other hand, you may favour a boutique known for outperformance in a certain asset class, or a firm with a regional network so it can be close to clients.

Then we come to "style" of relationship. All wealth managers aim to deliver personal, high-touch service, but how this manifests differs.

So, although some wealth managers are "of the old school" in the way they interact with clients, others are blazing a trail with digital communication methods.

On the one hand, there are a fair few who offer a pared- down service to keep costs low, their glitzier cousins make a point of entertaining clients at glamorous events. There are clients who are happy at both ends of the spectrum; such factors are a matter of taste. Working out what you value (and are willing to pay for) is key to finding the right wealth manager – these go beyond financial facts and considerations of personality and personal preference. We believe the best wealth management partnerships are the result of an objective and subjective match, which is why we recommend our users interview all the wealth managers our smart tool matches them with, so they can identify the one that feels right.

> "While brand recognition gives investors a degree of reassurance, it shouldn't be given undue weight. There are a number of possible reasons why some wealth management institutions are better known than others."

Lee Goggin,
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Ten Key Questions to Ask a Prospective Wealth Manager

CHECKLIST

1. How safe is my money? ☐

2. How long has your firm been established, and who owns the business? ☐

3. How experienced and qualified are the individuals I will be dealing with? ☐

4. How will you go about building an investment portfolio suitable for my needs? ☐

5. What level of investment performance has the firm delivered historically? ☐

6. What is the firm’s approach to managing risk, as a business and in my portfolio? ☐

7. How often can I expect to have contact with my adviser? ☐

8. How many clients does each adviser tend to have? ☐

9. Which other services are you able to provide, other than investment management? ☐

10. Which charges will I pay for your services (and products)? ☐

NOTES: