Professional Paraplanner

The magazine for paraplanners and financial technicians

April 2020

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Professional
Paraplanner

EXPERIENCE COUNTS

As we send this issue of the magazine to the printers, the country has been informed that schools are to close and it seems we are on the cusp of a 'lock down' situation – meaning things are likely to become worse before they get better.

Markets have plummeted and economies are being rocked too. All of which seems like dire straits. This will be particularly so for anyone who started their career post 2009 and who has not experienced a significant stock market crash before. Included will be many investors, as well as some financial advisers, fund managers and paraplanners.

Currently, the FTSE 100 is over 2,500 points below its high and as public fears continue, the index could go lower. Investors will be reacting to the market news with knee-jerk decisions but is this the case for advised clients?

Our Parameters survey this issue (page 12) asked you about your clients' reactions, what your firms are doing and what your concerns are in respect of the short and long-term effects on the markets.

Most paraplanners reported that their firm's clients, while showing some concern through calls and emails, largely were being disciplined, not panicking and remaining in the market. Likewise, the majority of firms had made no changes to clients' portfolios, emphasising the long-term diversified investment message.

As might be expected, paraplanners had concerns about the short-term effect of the Corona virus on markets and economies but very few were seriously concerned about the long-term situation.

For investors it can be very hard, no matter how well drilled by their financial planner, when they see the impact of a significant market downturn on their wealth. Dan Atkinson writes a very good piece (page 10) on the need to empathise with clients in these difficult times while helping them balance their current emotions with historic experience.

In moments of 'crisis', experience counts: Experience of handling stock market volatility, experience of long-term investing, as well as experience of working with clients in times when emotional responses can take hold. Fortunately, within the UK's financial planning and advice firms this kind of experience exists in abundance.

As Mark Carney said, before he left office as Governor of the Bank of England, we're looking at "disruption not destruction". Guiding clients through this most unusual period and out the other side is where this profession can truly demonstrate its value.

Rob Kingsbury,
Editor, *Professional Paraplanner*
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PROFESSIONAL PARAPLANNER EVENTS

Professional Paraplanner is committed to running our event programme this year, including the Technical Insight, Investment Committee and Team Leader Seminars, and we will do so wherever safely possible. If necessary, we will look to postpone events until later in the year. Having the views of experts is going to be essential in the post-virus landscape.

If you are registered for one of our events due to take place in the next few months we will contact you by email closer to the date of the specific seminar to let you know what is happening with that event.

We will also be publishing information when appropriate under the events tab of the Professional Paraplanner website.

Professional Paraplanner Awards

Nominations and entries for the Professional Paraplanner Awards 2020 are now being accepted. We are asking you to nominate the providers who have done the best for you over the past year in selected categories. Only paraplanners can take part in the awards, so your nominations count. Paraplanners can also enter and nominate in one of our six Paraplanner Awards:

- The Paraplanner of the Year Award
- Paraplanning Team of the Year
- Outsourced Paraplanner of the Year
- New Paraplanner of the Year
- Administrator of the Year
- Personality of the Year

You will have received a dedicated email with a link to the Awards form where you can nominate and apply for an entry form for the Paraplanner Awards. Deadline reminder: Entries must be in by 17 April.

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In this issue...

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ACCESS TO INSURANCE

Signposting for vulnerable customers means going beyond TEXAS, says Johnny Timpson, Technical and Industry Affairs manager, Scottish Widows

We are now a few short months on from SMCR being rolled out to intermediary firms and enforcing greater accountability on Senior Managers and certified persons.

It's also five years since our regulator first published *Occasional Paper No. 8: Consumer Vulnerability*[1] to stimulate debate on vulnerability, so that all in our industry better understood the issue and took steps to act appropriately.

Paper No.8 introduced us to three protocols developed by the Royal College of Psychiatrists and Money Advice Trust to assist colleagues in dealing with conversations around vulnerability. One of these is TEXAS[2] – a protocol which would assist colleagues in managing disclosures effectively, including where to signpost customers to internal or external help when appropriate.

The increased need for signposting

Signposting to specialists is a long-established practice in the medical, legal and other professions. It has an increasing role to play in the insurance market given our ageing society, increasing levels of disability, low levels of consumer financial capability and the reduced numbers of financial advisers post the Retail Distribution Review (RDR) and Mortgage Market Review (MMR).

Commitment to signposting

In October 2018, as the Department for Work and Pensions' (DWP) disability champion for insurance (now known as the Cabinet Office Disability Champion for insurance), I hosted a summit at the DWP on improving access to individual, business and group protection insurance. Filling the room were a significant number of leading charities and industry stakeholders who all had one thing in common – a desire to expand access to protection insurance for people with pre-existing medical conditions and/or disabilities.

The meeting resulted in an agreement known as the 'Caxton House Statement', which committed to improving access to protection insurance for those very people and saw the formation of the Access to Insurance Working Group. Its four workstreams – underwriting, workplace, signposting and professionalism – were supported by our Charity and Consumer Body Reference Group.

Industry support

Since the British Insurance Brokers Association (BIBA) has extensive experience of running a signposting agreement on age and insurance and of working with Government, I asked them to lead and chair our cross-sector Working Group and deliver the following outcomes:

- Develop a signposting system for consumers with pre-existing medical conditions or disabilities seeking protection insurance.
- Support consumer groups and charities by providing guidance and advice about protection insurance.
- Obtain commitment from the wider insurance sector to encourage greater signposting support and promotion.

Following a year of discussion and collaboration across the insurance sector, the Working Group was delighted to launch a new signposting agreement for protection insurance on 21 January 2020.

The 34 (and rising) signatories to the 'Agreement on access to protection insurance for people with pre-existing medical conditions and disabilities' comprises both regulated providers of insurance and supporting bodies. The latter will encourage support of the ethos of the agreement and promote its benefits; while providers will signpost customers that they cannot help because of their medical condition or disability towards a firm that can help.

Alan Knowles, managing director of Cura Financial Services and the chair of the Protection Distributors Group, echoed BIBA's passion about the value of specialist brokers by saying: "Specialist firms have the experience and expertise as well as the appetite to find solutions for these people who, because of a medical condition or disability, can find obtaining suitable protection insurance a challenge. The launch of this agreement is great for customers and the insurance industry alike."

How you can get involved

As Cabinet Office Disability Champion for our industry and profession, I ask all colleagues to think about participating in the agreement on access to protection insurance. This is voluntary and will significantly assist those seeking cover. I'm proud that Scottish Widows is committed to improving consumer access to insurance and signposting to specialists where it is in the customers' best interests. For more information on signposting and how to access protection insurance visit the Find Insurance pages at www.biba.org.uk.

[1] fca.org.uk/publications/occasional-papers/occasional-paper-no-8-consumer-vulnerability
[2] fca.org.uk/publication/occasional-papers/occasional-paper-8-practitioners-pack.pdf

You can read Johnny Timpson's monthly blog at www.scottishwidowsprotect.co.uk to get regular insight on all things protection.

WHY DO PARAPLANNERS LEAVE THEIR FIRM?

Can you guess one of the biggest reasons paraplanners want to leave their job? It's an important point and firms need to take action on it, says Lewis Byford, director of Antony George Recruitment

As a Recruitment business we specialise in an incredibly niche sector, focusing our time on engaging and headhunting talent within the financial planning sector.

Everyone is always looking for the best talent, the top 10% if you like. If the top 10% are being looked after properly, who else are we looking for?

We speak with paraplanners literally on a daily basis and aside from the more normal reasons behind a career move, such as a new challenge, better location, advancement within their career, more money, the prestige of the company that they work for or just simply security, would you believe that one of the biggest reasons why paraplanners were moving in 2019 was for a learning and development plan.

Our most recent encounter was with a fantastic candidate that had been with their current firm for over 10 years. They had started at the firm within the client support team (as an administrator) progressed to the team leader of that department until they achieved their Level 4 diploma and then moved in to paraplanning. They had held the title "Trainee Paraplanner" for two years and after discussing what their duties entailed, it was quite clear that they were no longer a trainee. They were on route to Chartered and were the go-to person within the business for technical support, but they felt as though their development plan had stopped and so were unsure as to how they could continue to progress within their career.

After numerous conversations and regular 1-1's with their manager they were feeling slightly unmotivated, undervalued and not as driven because their path was no longer visible.

As soon as an individual's personal goals and/ or career path becomes less visible, they tend to start exploring the market

We questioned what their manager's response was and it was one we hear all too often: "We're really busy at the moment, but it's on our list of things to do.".

What people of a senior level really need to understand is that having a clear Learning and Development (L&D) plan is incredibly important to every single employee within that business. It enables employees to have a clear process that helps and supports their professional development and personal goals, but at the same time it enables the business to identify areas for growth or areas where further development and support is needed.

Up until this point this candidate had been incredibly happy and loyal to their employer. They knew everything about the business and were directly supporting two of the highest producing IFA's with all of their paraplanning needs.

As soon as an individual's personal goals and/or career path becomes less visible, they tend to start exploring the market, searching job boards maybe, speaking with recruiters, making tracks to realign and refocus.

Much of our time is spent coaching candidates, trying to understand what it is they want from their careers, how they plan on getting there and what obstacles they might face upon that journey. In 80% of the time we can help them have better conversations with their managers or directors and improve their current role (not necessarily get them a new one) – and that's still a win our eyes.

In conclusion, here are a couple of things to think about:

- **For managers or directors of businesses** Listen to what your team are looking for. Paraplanners are such an integral part of the business, find out what is most important to them and work with them. If you want to reach out there are some great resources that we can send over for you to implement into your business.
- **For paraplanners** Are you getting frustrated with your employer? Have you tried to have a conversation with your manager/director? Can you pull them aside and explain how you are feeling?

STUDY TIPS

Alan Gow, director of Argonaut Paraplanning and member of the PFS Paraplanner Practitioner Panel, provides some tips and useful practices that have worked for him when studying for exams – especially when getting back in the game

I do not know the origin of the phrase 'teaching your grandmother to suck eggs', and even the wonderful Wikipedia is vague on this topic. But for the purpose of this article, I am going to attempt to share some tips on studying for exams whilst trying to avoid any grandmother/egg issues.

After completing my diploma back in the year (mumbles incoherently), I did my first advanced level exam, G10 (the taxation and trusts exam, as it was at the time). Then I made a mistake. I had two children. They were not the mistake of course, but their arrival led to me getting off the exam train. And boy is it hard to get back on. So, for anyone who is thinking about getting back into exam mode, here are some things I have learned in the course of my recent studies and I hope you find some of it useful.

The first thing I do for each exam is book it. Working to a deadline does wonders for the motivation. This is particularly important if, like me, you have made an art form out of procrastination. When you have spent the money and the deadline is getting closer, it's much easier to open that textbook.

It's really hard to find time to study when you have a day job and if you have any kind of life outside of work. I tend to read the exam book a little bit most days, maybe 30-60 minutes (just before bed works for me) and I highlight anything I want to return to again later as I work through it. I aim to complete my 'first read' about two weeks before the exam date.

In the next week to 10 days I go through the book again, only reading the wording I highlighted. This is usually just revision, but does flag up some sections that have not sunk in yet, so I can focus more on those.

I recommend taking the time to complete all the past papers you can get your hands on. I usually do this about a week before the exam

If there are formulae to learn, I write these out on a separate sheet of paper and test myself on them every now and again. My son loves to grill me on these, which takes away the temptation to cheat when 'self-testing'!

Reading around the subject

The exam textbooks all tell you to read around the topic too. I do this to a degree, usually by focusing on relevant articles in *Professional Paraplanner* and other trade publications. I have never read any of the 'suggested reading' for any given exam; it does not feel like good use of time. I have had exam questions come up on topics that are not covered in the CII book, but I was aware in advance because they came up in a past paper.

I recommend taking the time to complete all the past papers you can get your hands on. I usually do this about a week before the exam, at which point I have more or less finished my learning / revision, but I still have time to polish up on any areas of weakness highlighted by the questions I got wrong. In addition to that, it gets me in the right headspace for the exam, by which I mean I am familiar with the format, rehearsed and ready for the real thing. This will also help you gauge your timing. With the written exams in particular, this will help make sure you do not run out of time.

For the computer-based CII exams, have a play with the online demo before your exam. It lets you practice moving through the questions and flagging those you want to return to later. Whilst you get to do this in the exam room right before you start the actual exam, it's one less thing to worry about if you are familiar with it before you enter the room.

One thing to add, which is more of exam tip than a study technique. I lost a mark on my most recent practice / past paper because I did not answer the question they had actually asked – I answered the one I thought they had asked. It was a calculation, and the answer to my incorrect calculation was listed as one of the multiple-choice options. Examiners are sneaky like that. So my final tip is RTFQ. But best not repeat that to your grandmother!

TIRELESS APPROACH

Kimberley Tyson senior paraplanner at Telford Mann in Kettering, recently received an award for her exam achievements, reflecting a career progression that started when she joined the firm five years ago

Receiving the Simon Wheatley Shield from her local CII branch for her exam achievements, came out of the blue for 27-year-old Kimberley Tyson, senior paraplanner at Telford Mann Pensions & Investments in Kettering. But according to her boss and joint MD at the firm, Jilly Mann, it was well deserved, reflecting her ‘tireless’ approach to achieving qualifications at the highest level – she is now a Chartered Financial Planner and a Fellow of the Personal Finance Society.

It also reflects the importance attributed by the firm of Chartered Financial Planners and Discretionary Investment Managers to paraplanning, having increased the number of paraplanners in the past year to nine, supporting seven financial advisers. Five paraplanners have been recruited in the past year.

The firm encourages its staff to develop and improve, gaining qualifications being a part of that process. “The company invests in us; it provides a study plan, which sets out the exams it thinks we should take and rough targets by which we could achieve them. It also funds all our studies and provides encouragement and support as well as study leave approaching the exams,” Kimberley says.

She joined the company straight from Birmingham University where she studied sports science. It may not seem like it but there are a lot of similarities between sports science and paraplanning, she says. “In simple terms, it’s biology applied to sport. My dissertation was on the effect of exercise on anti-bodies. We collected and analysed the data and then wrote up a report; which is not too dissimilar to compiling a financial plan and suitability report for a client.”

She found the role at Telford Mann (at the time known as Moore Stephens Financial Services) through a recruitment agency and started by typing up meeting notes for the financial advisers.

This, she says, gave her useful insight into the company and what it did, and also was good preparation for the paraplanning role, seeing client circumstances and objectives and the information required when onboarding a new client and undertaking a review for an existing one.

Within nine months of joining the firm she was moved into a paraplanning role. She began

“Some of the cases I’ve worked on which have been the most rewarding have been with younger people who need help growing their wealth and setting objectives for their futures”

by producing the review packs for existing clients, and some of the easier suitability reports, before being given more complicated packs to complete as her knowledge and experience grew. "It was a much nicer way of learning than being thrown in the deep end, and I had support around me to help guide me through it, including the other paraplanners and Jilly (Mann) also checked my work."

Current role

Pensions work tends to dominate Kimberley's current workload – transfers and drawdown requests, plus at this time of year, calculating end-of-tax year pensions contributions – followed by work on investment and also protection. "We see protection as an important part of financial planning. We've had clients that we've arranged life cover for who have left partners behind and it has been a huge weight off their shoulders to know the mortgage can be paid off, for example, helping secure their partner's future."

She receives support from the paraplanning team around her, who will discuss issues as they arise "and the financial advisers all help too. We can bounce things off them."

There are four 'long time' paraplanners in the firm and five who have joined in the last year, who are learning the ropes. Part of Kimberley's role is to support the latter through their training.

The training process follows a similar path to the one she herself took when joining the firm. As an example, she says, "when I am putting together a review pack for a client, I'll talk it through with one of the trainees so they can see what I'm doing and why, and then I'll select a pack for them to do themselves. It's then a process of checking what they have done, giving them more to do and checking, giving feedback and developing their experience and skills from there. It's an ongoing cycle."

How Kimberley structures her day

I'm a morning person, so I like to get the important things done as soon as I can in the day, and I structure my day in that way. The first thing I do is check my emails, as well as my advisers, to see what we may need to respond to urgently. Then I'll check any previous day's work from the trainees. I try to do this at the start of each day so they get the feedback to work on as soon as possible. Then I'll write any suitability reports or review packs that I need to get done.

This usually takes me up to lunchtime. In the afternoon, I'll make any necessary calls to providers, where, for example, I may need information for letters of authority and so on.

At the end of the day, I'll sit down and write a 'To Do' list for the following day. It's rare to get all your list done in a day, but I think it's important to go into the next day knowing what needs to be done. I definitely feel it helps to have this kind of structure to a working day, knowing what you are going to be doing and when; it also allows you to tackle a variety of tasks.

Kimberley also chairs the monthly paraplanner meeting, where the team will discuss any issues or technical items that have arisen during the month. "We have a wallboard and we post anything we want to raise in the meeting on that so we can prepare in advance.

"We're changing our processes all the time as we look to develop and become more efficient. A big development for us has been a change of platform, which started around 18 months ago, and even now we're discovering small quirks that only come to light as you start using the system. Those are the types of issues that will be raised in the meetings, so everyone is aware."

Telford Mann has £550m under management and over 2,500 clients. Accordingly, for efficiency, the paraplanning team makes use of templates where it can, "but we keep the client's objectives and recommendations freestyle so that we can make the reports as personal as possible."

Changing perceptions

Kimberley says she has no desire to be a financial adviser at present. "When I left University, I knew I wanted to have a career where I could develop and grow my knowledge and skills. I can see myself being happy as a paraplanner for many years ahead."

She also believes more firms are recognising the importance of paraplanning to their businesses. "When people think of financial planning they tend to think of financial advisers and not many people realise paraplanning exists. I think often clients don't know what is happening behind the scenes and how much of the work is done by the paraplanning teams in firms. But I see that is changing – paraplanners are being given more responsibilities and taking on more within firms.

"Also, I think a lot of people see financial advice as an area which only helps the retired or very wealthy. But we have a wide spread of clients including younger people. Some of the cases I've worked on which have been the most rewarding have been with younger people who need help growing their wealth and setting objectives for their futures. We've been able to educate them and help them to see what is possible. I think with the changes in pension saving it is going to be more and more important for people to get advice from an earlier age to help them set realistic objectives and plan what they need to do to get there."

In terms of her career, having attained Chartered and Fellowship and after five years of following the qualifications route, what's next? "I will probably take a gap from sitting exams for a while," she says. "But then I'll look round and see what I can do next and which qualifications the company feels will be beneficial for me to do. I want to ensure I keep developing and growing as a paraplanner."

INVESTMENT TRUTHS

Dan Atkinson considers the effects of situations like the Corona virus pandemic and what can be learned from it in terms of relationships with clients

These last few weeks we have been reminded that investment markets definitely go down as well as up. News travels fast and so do viruses. In the thick of things, it can feel like we are out of control. For our clients who are exposed to the media, no matter how rigorous our 'lifeboat drills', it has doubtless been a concerning time.

For me this period has highlighted two truths of which I think paraplanners should be mindful.

1) Experience counts

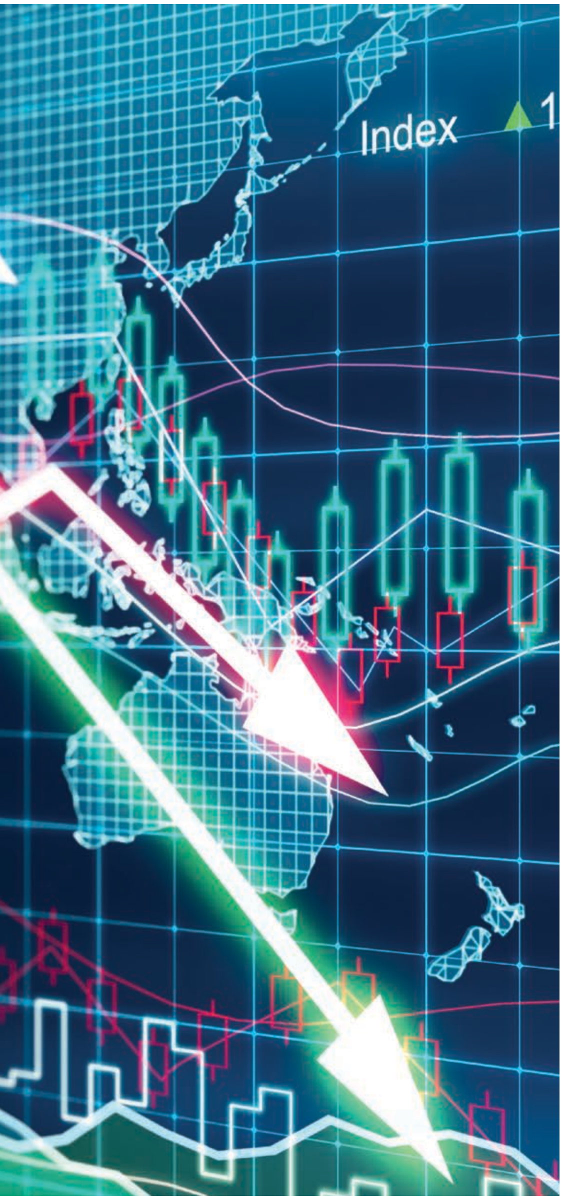
When we ask our clients about investment experience, we are not trying to work out whether they are the next Neil Woodford or Terry Smith. To an extent, we want to understand the complexity of decisions and products that they have used in the past. This might be relevant if we are considering higher risk or complex products. However, it's not just this we want to understand. Past experiences can inform future behaviour.

Recent market conditions have provided a reminder that our investment experiences matter. I remember producing client reviews during 2008/9 with negative returns. I also remember that there was a recovery. I know that some of you will have similar memories and experiences.

However, some of you may not have this experience. What feels 'normal' to you is the relatively low volatility of the past few years. There have been falls but they have tended to be limited and short lived. These might even have been described as 'corrections' as though markets had been 'wrong' when they are just an aggregate measure of price movements over time. The most recent falls and general panic are very different. It's quite natural to feel worried when you read these things. This is exactly what the headlines are designed to do, and our loss aversion kicks in. We are emotional beings, so it's OK to have these emotions. However, the thing that matters is how you behave.

As the money we look after for clients isn't ours, we won't have the same emotional connection with it. So, when we are communicating with clients at times like this, we need to make the effort to consider their emotions

We could let our emotions drive us to sell to cash out of fear that things will get worse. Indeed, they could get worse. However, with the benefit of experience we can remember how it felt in previous times and how staying firm meant we participated in a recovery of values. We can balance our current emotions with our historic experience. The combination



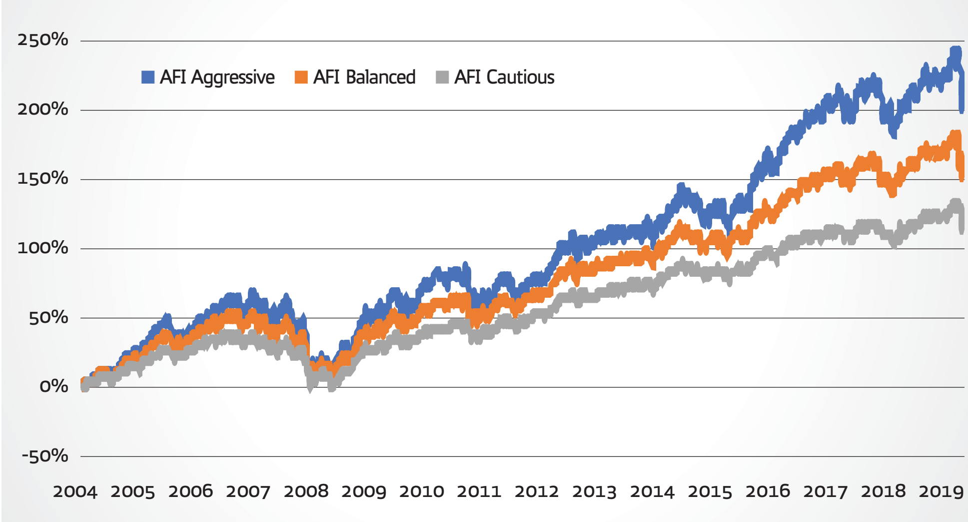
of the experiences and how we react to them is a crucial factor in determining how much risk a client should take.

2) It's easier when it's not your own money

All of the above is great, but it's easy to sound trite. We can pull up charts and quote numbers which support our point. We can run the numbers and cashflow models to demonstrate the long-term impact – or lack of impact – of the short term.

We may well be technically correct. We might even point out opportunities to offset capital losses in the portfolio against long term gains. This could indeed result in the client ending up in a more risk appropriate portfolio whilst paying less tax.

PROVING THE THEORY: AFI INDICES 2004-2020 SOURCE: FE FUNDINFO (TR IN GB)



However, we need to remember that the client has seen the value of their investments reduce. The number on their statement, representing part of their hard earned or inherited wealth, has gone down. These numbers also represent their ability to have the future they are planning for. For many clients there will be an emotional connection – even if they remain cool, calm, and invested.

As the money we look after for clients isn't ours, we won't have the same emotional connection with it. So, when we are communicating with clients at times like this, we need to make the effort to consider their emotions. Combine your technical accuracy with emotional intelligence.

How might we do better?

Firstly, we need to recognise the genuineness of our client's feelings. They are not machines. It's ok to have an emotional response to the impact of market movements on our future financial plans. This is not weakness – it's reality. It's also ok for them to be perfectly fine with the way things are and not panicked, or worried, in the slightest.

Habit 5 from Stephen Covey's book, *7 Habits of Highly Effective People*, is 'Seek first to understand, then to be understood'. Let's make sure we understand what our clients are feeling before we start communicating. Armed with this understanding we can present our technical input more appropriately.

Secondly, I think we need to educate ourselves about how this feels to us. I said earlier that it feels different if it's your own money. One of the benefits of auto enrolment is that most people now have some money invested by default. Investing is more normal than it ever was.

As we are invested, perhaps we should pay attention to what is happening to it? Our investments might be smaller than our clients and we may well have a longer investment horizon. However, if we pay attention to what is happening to our own money, we might better appreciate how clients are feeling. We can build our own emotional library of experiences to reflect back on.

It's entirely possible that by the time you read this the markets have bounced back and Coronavirus is no longer a concern. Whether it is, or isn't, this won't be the only time that markets fall. This is part of the normal experience of investing. Taking the long view, remembering our experiences of the past, we can inform how we react and help our clients maintain their composure. Easy, huh!

www.franklincovey.com/the-7-habits/habit-5.html

PARA-METERS

Our monthly paraplanner survey tracking trends and topical issues

THE TOP 10 IA SECTORS MOST RESEARCHED BY PARAPLANNERS OVER THE PAST MONTH

1 MIXED INVESTMENT 40-85% SHARES	3 MIXED INVESTMENT 0-35% SHARES	5 GLOBAL	7 VOLATILITY MANAGED	9 NORTH AMERICA
2 MIXED INVESTMENT 20-60% SHARES	4 PERSONAL PENSIONS	6 UK ALL COMPANIES	8 GLOBAL EMERGING MARKETS	10 £ CORPORATE BOND

Reaction to Covid-19 Corona virus

Paraplanners report that client reaction to the current market turbulence ranges from at one end considerable concern – " far more than in 2008" with "lots of clients calling to cash in their portfolios or with very severe concerns" – to no reaction, where paraplanners commented along the lines of: "Our clients are long-term investors and are very informed about market movements. I would generally say their view about a sudden market fall is 'when' rather than 'if'."

The majority of paraplanners said their clients were showing some concern. Comments included: "Just a handful have contacted us, so it's great to see the vast majority understand our messages about being disciplined, not panicking and remaining in the market"; "a handful of clients have asked for advice on whether they need to take action"; "those taking withdrawals have reduced or suspended where they are able". Others said the queries had tended to come from new clients rather than those who had been with the firm for a while, and some had asked about life and income protection insurance.

While just over a third of firms had written to or emailed their clients, others were posting blogs or telephoning clients, with some noting that this had helped allay fears and knee-jerk reactions. The majority (65%) said they were dealing with enquiries on an individual basis, with most paraplanners saying that their clients "understand it is all about the long game".

The exception to this is where they have a mandatory requirement to notify clients where their DFM portfolio has dropped by 10% or more during the reporting period, although paraplanners expressed concern that "this not helpful and likely to cause alarm" and "could engender panic".

WHAT HAS BEEN CLIENTS' REACTION TO RECENT MARKET FALLS?	
CONSIDERABLE CONCERN	14%
SOME CONCERNS RAISED	65%
LARGELY UNAFFECTED	16%
NO REACTION EXPRESSED	6%

HAVE CLIENTS ASKED FOR INVESTMENT CHANGES?	
YES	34%
NO	57%
UNSURE	8%

HAVE YOU CONTACTED CLIENTS?	
WRITTEN TO EVERY CLIENT	37%
POSTED OUR VIEWS ON OUR WEBSITE	17%
RESPONDING TO INDIVIDUAL CONCERNS	65%
NO CONTACT NECESSARY AT THIS STAGE	6%

WHAT CONCERNS DO YOU HAVE ABOUT THE EFFECT OF THE CORONA VIRUS?

	NO CONCERN	SOME CONCERN	SERIOUSLY CONCERNED
MARKETS SHORT TERM	7%	43%	50%
MARKETS LONG TERM	65%	32%	3%
GLOBAL ECONOMY SHORT TERM	5%	51%	44%
GLOBAL ECONOMY LONG TERM	57%	39%	5%
UK ECONOMY SHORT TERM	7%	50%	43%
UK ECONOMY LONG TERM	54%	38%	8%

Stay calm and stayed invested

Asked what their firm's investment response had been to the Corona virus events, the vast majority said they had made no changes to clients' holdings but were monitoring the situation and were emphasising the long-term diversified investment message, advising clients that "short-term fluctuations will not affect your financial plan".

Others were rebalancing while some had offered clients the opportunity to de-risk portfolios. Some respondents said that where they had clients in high-risk investments, they were rebalancing portfolios to lower the risk: "We have trimmed exposure to areas of the market which we expect to be most vulnerable, with a view to swiftly deploy cash when we feel it is appropriate to do so."

Also, rather than making lump sum investments, while markets remained volatile and for an uncertain period, they were encouraging drip feeding of money into them.

While one respondent said their firm had moved its DFM clients "out of the market into cash", overall the response to the survey was summed up by: "The virus has had no impact on our investment policy."

Note: The Parameters survey took place over five working days until 17 March 2020.

SURVEY PRIZE DRAW

Congratulations to Lawrence Maksymiw of Coastal, who is the winner of this month's survey prize draw of £50 worth of Amazon vouchers. Don't miss out on your chance to win a similar prize by completing the monthly survey. Keep an eye out for our email. And if you have any questions that you'd like us to pose to your fellow paraplanners, just fill in the section at the end of the survey form.

How private investors see the market

Research in March 2020 by Research in Finance with a panel of UK Private Investors, called *Private Investor Pulse*, sought to ascertain their views on the impact of the Covid-19 Corona virus and how it was affecting their confidence and investment decisions.

The survey was an online quantitative study with 311 private investors carried out from 2 to 11 March. All investors were over the age of 18 and held either an investment fund, ETF, Index tracker, SICAV, offshore fund, investment bond or investment trust and had some amount of money to invest or had invested.

The range of money available to invest ranged from under £10,000 (5%) to over £1million (15%). 24% of respondents had between £100,000 and £250,000 to invest.

At the beginning of March investors were already very clear about the impact COVID-19 would have in the market. Their comments fell under three responses.

1. Volatility expected to continue for the months ahead

- "Short term dip followed by gradual climb back to previous levels over a period of about four to six months, Perhaps further dips on bad news."
- "It already has had an impact. My portfolio is down over 10% as a result. Uncertainty with the virus means that we are due for ongoing volatility in the months ahead."
- "Increased uncertainty and volatility - from my point of view this is a good time to keep watch but probably take no action."

2. Trying to take advantage of lower stock prices

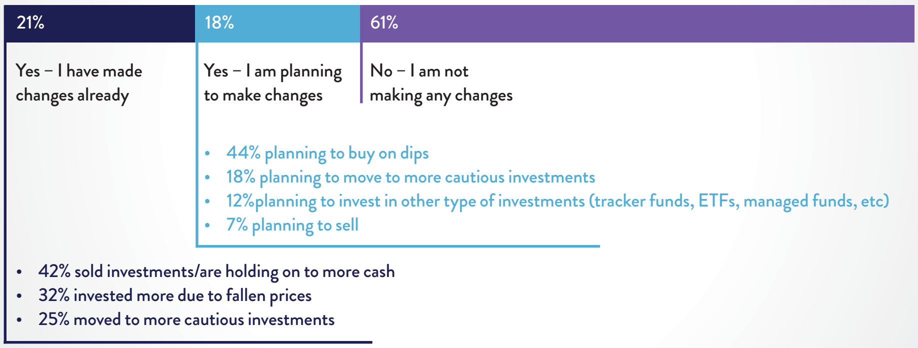
- "In the short term the markets will go down – it could trigger a bear market but I am prepared to ride that out. I intend to stay largely invested or even add to my investments if the market falls further than is justified."
- "[The virus] has already brought share prices down which has impacted on my shares and unit trusts and ISAs. I feel they will drop even more if the outbreak gets worse. I will hold fire and wait for the upturn, which will come. I will invest in more shares though if they drop even more."

3. Confident market will rebound strongly in the long term

- "My own opinion is that this is not a time to sell but to drip feed spare cash into the market. History shows we always survive these troubles."
- "I believe there will be a short- to medium-term decline, with a return to pre-virus rates to follow."

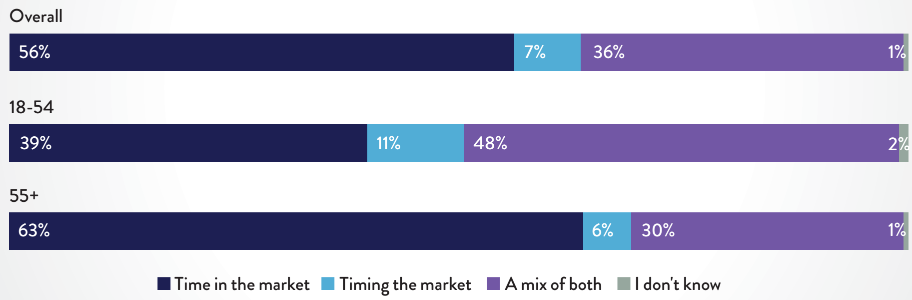
LIKELIHOOD OF MAKING CHANGES TO PORTFOLIOS AS A RESULT OF COVID-19

Three in five investors said they are not planning to make changes to their portfolio despite the significant stockmarket fall caused by the Coronavirus outbreak.



TIME IN THE MARKET VS TIMING THE MARKET

The majority of investors think that time in the market delivers greater returns than timing the market. However, over a third think a mix of both is necessary.



Confidence in UK economy

Very confident	3%
Fairly confident	35%
Neutral	28%
Fairly unconfident	27%
Very unconfident	7%

Confidence in the UK economy had fallen from 55% to 40% since the last survey.

Attitude to Risk

Risk averse	1%
Cautious	13%
Medium	43%
Medium high	37%
High risk	7%

Those taking a more cautious approach had risen slightly from 12% to 14% since the last survey.

CAREER PROGRESSION

When you've reached the top of your game what do you do next? Michelle Hoskin, MD of Standards International, looks at the options and the challenges many people face and provides key questions to be asking others and yourself in this situation

We know the story: you are amazing at your job, you excel in your work and you are a true team player. You are trusted to work by yourself and, best of all, if anything needs doing – they give it to you. You own top spot. You are thriving in your work and you bounce out of bed every morning to get to the 'office'!

But then – you realise you've probably reached the top of your game where you are, so you pluck up the courage and broach the 'what next?' conversation with your boss. This could be outside your comfort zone but you psych yourself up and request the meeting. Awesome work – stage one complete. At this point, your options are likely to be as follows:

1) Enhance your training and development plan to upskill even further
2) Get agreement on an instant or promised pay rise
3) They see your worth and you get the role promotion you've been waiting for
4) ... or you leave!

The problem that you will face, however – a problem that many don't even realise they have until it's too late – is that it is not the willingness of the boss to develop you or to support your growth and development.

No? No, it's the structure of the business and how it has been built that is often the real problem. The team and operating structure that are in place will most likely have been designed by accident, put together to serve the needs of the team and the business of today, without any foresight to support growth and development.

Sustainability and scalability should be the focus – but they are a focus that continues to be overlooked. So, what can you do to reset and get cracking on

No one really wants to leave a company they love, but we know you will if you are stuck and going nowhere

a journey that supports your personal and professional growth?

1) Understand the job before you start it

I know what it's like when you are faced with the possibility of an exciting new role. You get some of the facts but often miss the small details that make all of the difference. Ask questions like:

- Who will I be working with and what are their skills and abilities?
- How long have they been in the team and what are their positions?
- What have been the biggest achievements of the team?
- In what areas do you feel the team as a whole could add more value?
- How are the team recognised and rewarded for their group and individual contributions?

2) Understand the organisational structure

Are you in a structure where there's 'one man' at the top, or is there opportunity for growth in your role which could take you all the way to achieving your potential? No one really wants to leave a company they love, but we know you will if you are stuck and going nowhere. Ask questions like:

- How has the team been built and designed?
- What would be the next step in my growth, outside of professional learning and qualifications?
- How long have other team members been in their roles? What are their next growth steps?
- Do you foresee any changes being needed to the organisational and operating structure?
- How future-proof is the team and the business?
- Who is responsible for team development and growth? What skills and experience does this individual need, and do they have a clear view of what to do next?

3) Understand what's behind the title

Many businesses are way too trigger happy when it comes to dishing out job titles. Manager this, senior that... half the time it's confusing and often has very little substance behind it. Ask questions like:

- Can you clarify what you mean by manager, senior, support, co-ordinate and so on?
- How did this role profile become what it is today? Who designed it?
- Was this role profile created in isolation or as part of a wider project?
- Who did the role before it became vacant? Why did they not work out?
- What is the biggest contribution that you are looking for from this role?
- What is the biggest risk area for this role?

4) Understand yourself

Now this is where the magic really starts to happen – don't get too carried away with the prospects of a shiny new role or a promotion! Grab a mirror and take a good look into it. Your success is all down to you. It's down to the perspective you have, the choices that you make and the passion you have for the role and the work that you do. So, ask yourself:

- Do I get a good feeling here?
- Do I think this is a role that could keep my passion and my attention for a long time?
- Do the company and the other team members fit and fuel my own values and ethics?
- Do the people I work with inspire me and give encouragement and support when I need it?
- Am I being asked to do too much, too soon?
- Is this role placement/promotion really all about a quick fix for the business or do they really value 'my' contribution to it?
- Does this role fit with my lifelong career and work goals? Does it effectively support my work/life balance?

So, in closing, trust your gut instinct (if you have one); do your research if you don't! Take a moment to reset before diving in, take a different view, don't just follow the track laid out for you by others – know your own 'you' and your own mind and, most of all, enjoy the journey!

PENSION INPUT PERIODS

In this article Catriona Standingford, MD of Brand Financial Training, looks at pension input periods – or PIPs – with a useful example calculation

What is a PIP? It's the period of time where total pension contributions are calculated to see if the annual allowance or money purchase annual allowance has been exceeded. Note that since 2016/17 PIPs have been aligned with the tax year (prior to this date they could start and end at any point).

Total pension input – money purchase schemes

For money purchase schemes the calculation is done at the end of the PIP and is the gross amount of pension contributions paid by the member, their employer or someone else and includes any part that does not get tax relief. This amount would then be entered on the self-assessment tax return to see if the annual allowance has been exceeded and a tax charge is due. Contributions paid by an individual or someone other than the employer after age 75 and investment income or returns are not included within the calculation.

Total pension input – defined benefit schemes

The calculations for active members of a defined benefit scheme is not as straightforward. The total pension input is the increase in capital value of pension rights over the PIP. The annual pension is multiplied by 16 to give it a notional value and any lump sum is added.

Calculation process:

- Calculate value of benefits at start of the PIP – the opening pension input value
- Multiply this by 16
- Add any lump sum (but don't multiply by 16)
- Increase by 2.4% for 2019/20 (the CPI rate to September 2018)
- Calculate value of benefits at end of the PIP – the closing pension input value

- Multiply by 16
- Add any lump sum (but don't multiply by 16)
- No need to increase by CPI as this value is already in today's terms
- The difference between the two figures is the total pension input for the period.

Example calculation

This is for a defined benefit total pension input. At the beginning of the 2019/20 PIP, Nigel had been a member of his defined benefit scheme for 12 years, the scheme had an accrual rate of 1/60th and his pensionable salary was £62,000. At the end of the 2019/20 PIP Nigel had been a member of the scheme for 13 years and his pensionable salary had increased to £67,000. Nigel's benefits at the beginning of the 2019/20 pension input period were:

- 12/60 x £62,000 = £12,400
- £12,400 x 16 = £198,400
- £198,400 x 1.024 = £203,161.60

Nigel's benefits at the end of the 2019/20 pension input period are:

- 13/60 x £67,000 = £14,516.67
- £14,516.67 x 16 = £232,266.72

Nigel's total pension input is therefore £232,266.72 - £203,161.60 = £29,105.12. In this example Nigel is within the annual allowance of £40,000 so no annual allowance tax charge is due. For both DC and DB schemes, where a member takes benefits due to serious ill-health or death occurs, no amount will arise for the PIP that ends in that tax year.

> *A PIP is the period of time where total pension contributions are calculated to see if the annual allowance or money purchase annual allowance has been exceeded*

About Brand Financial Training

Brand Financial Training provides a variety of immediately accessible free and paid learning resources to help candidates pass their CII exams. Their resource range ensures there is something that suits every style of learning including mock papers, calculation workbooks, videos, audio masterclasses, study notes and more. Visit Brand Financial Training at www.brandft.co.uk

5 MINS WITH...

Rob Kingsbury spoke to Dave Harris, managing director, more2life about changes in the equity release market and what paraplanners need to know when researching products

PP: There appears to be greater interest in equity release these days. What, if anything, has changed in the market?
DH: Over the last five years there has been a significant growth in the market, the over 55s now make up a larger proportion of the population than ever but they also are carrying more financial burdens past traditional retirement age, something which is a relatively new societal trend.

Indeed, we are seeing people who not only have poor pension savings but might also have unsecure or secure debt – possibly even an interest-only mortgage with no repayment vehicle. There is also an increasing number of parents and grandparents who are interested in gifting an early inheritance to help fund younger generations onto the property ladder.

Additionally, the industry has also changed significantly in that same time period. There are more products than ever available on the market (over 300) and many have flexible features – such as higher LTVs, low interest rates, capital and interest repayment options and downsizing protection.

With more people starting to take a holistic look at retirement planning, releasing equity from a property can be a way for them to improve their finances, particularly if someone finds out that their finances are not as healthy when heading towards retirement as they expected.

PP: Generally, what are the reasons and in what ways are homeowners using equity release?
DH: Equity release is not a single use product, customers use equity release for multiple reasons and have a more holistic approach to how they may need to use funds in the future. They tend to fall into three categories – need, want and planning. Some people need to improve their retirement income or repay borrowing while others want to age proof the family home or go on holiday. Others plan to help first time buyers onto the property ladder or pay for their child's wedding. It is a multi-use product.

According to the latest Market Monitor from Key, almost half of customers use equity release to clear some form of debt, along with other reasons – 29% pay credit cards or loans and 20% to clear outstanding mortgages. While people need to think before swapping one form of borrowing for the other, good equity release advisers will help them consider all their options and with voluntary partial repayment options now available on many plans, clients can continue to service their debt if they wish to but without the worry of defaulting or repossession. Used properly equity release can provide a vital lifeline for people who face losing their home due to an outstanding interest-only mortgage or surviving on very little as they try but often fail to service mounting debit card debts.

> *Equity release is not a single use product, customers use equity release for multiple reasons and have a more holistic approach to how they may need to use funds in the future*

PP: What do paraplanners need to be aware of when researching equity release products?
DH: I might start by encouraging paraplanners to ensure that housing equity is included within the discussions that advisers have with their clients. If someone is essentially living in their largest asset, it makes sense to include this within wider financial planning discussions.

I would also say that the equity release market is changing rapidly and products are more flexible than ever before so paraplanners need to find time to understand what features are available and how they might help their clients. Modern equity release products including the opportunity to make interest and capital payments in certain circumstances, could certainly be compared to some of the retirement interest-only mortgages on the market.

Fundamentally paraplanners need to be aware that as a market we have evolved and we are very keen to engage.

This is an edited version of the interview. Read the full article, including information on resources available from more2life, on the *Professional Paraplanner* website.

TEST YOUR KNOWLEDGE

For *Professional Paraplanner*'s TDQ (Training, Development and Qualifications) pages, we have teamed up with key support providers, such as Brand Financial Training, to provide our readers with the very best in training, development and exam support. We will be providing you with valuable advice and guidance materials to help you achieve your training goals, perfect your exam techniques and test your knowledge of the financial services market. These questions relate to examinable Tax year 19/20, examinable by the CII until 31 August 2020.

1. Irene has taken out an income protection policy. If she becomes incapacitated and unable to work, when will her benefits be paid?

- A After a deferred period chosen by her
- B From day one of her claim
- C After a deferred period stated by the insurer
- D If she is incapacitated for a continuous period of 3 months or more

2. The Efficient Market Hypothesis (EMH) was developed by Eugene Fama in the 1960s. He believed that:

- A Security price movements are random and therefore predictable
- B It should be impossible to achieve returns in excess of average market returns consistently through stock selection or market timing
- C Security prices reflect some available information in the market and prices slowly adjust to new information
- D An investor can only obtain higher than average returns through the skill and expertise of buying low risk investments

3. A machine needed to produce goods for a company is bought for £5,000. It has a useful life of 6 years and an expected re-sale value then of £500. What is the annual depreciation charge?

- A £916
- B £833
- C £750
- D £417

4. Which of the following is a correct statement regarding the Attendance Allowance?

- A It is a taxable benefit
- B It is a means tested benefit
- C It is paid only to those with an adequate NI record
- D It is payable to disabled people aged 65 and over

5. Which of the following is a type of credit risk?

- A Event
- B Downgrade
- C Solvency
- D Liquidity

6. Martin is considering investing in gilt-edged securities. He should be aware that: Tick all that apply.

- A Interest is usually paid twice a year
- B Interest is taxed on a current year basis as earned income
- C He can sell them at any point on the stock exchange
- D He can claim any losses against future capital gains

7. Each of the following is a product standards rule that members of the Equity Release Council must abide by with the exception of:

- A Customers must be allowed to remain in their property for life, provided it remains their main residence
- B Customers must have the right to move their plan to another property
- C Customers must have a guarantee that interest rate charged will not alter during the term on their plan
- D Customers must be granted a no negative equity guarantee

8. Sam and Brian are looking into the Help to Buy equity loan scheme. What factor prevents them from being eligible to use it?

- A They intend to sublet the property
- B They are home movers rather than first-time buyers
- C The property is a new build rather than an existing property
- D The property is valued at £500,000

9. Guaranteed Minimum Pension (GMP) benefits between 1978 and April 1988 for members reaching State pension age before 6 April 2016 were:

- A Fully inflation proofed, paid entirely by the State
- B Fully inflation proofed, with the State paying any RPI in excess of 3%
- C Fully inflation proofed, paid entirely by the Scheme
- D Inflation proofed, with the scheme paying up to a maximum of 2.5%

10. Which of the following is one of the FCA's regulatory principles?

- A Consumer protection
- B Efficiency and economy
- C Promoting competition
- D Protecting financial markets

Your answers

1. ☐ 2. ☐ 3. ☐ 4. ☐ 5. ☐
6. ☐☐ 7. ☐ 8. ☐ 9. ☐ 10. ☐

Last issue's answers

Q	Answers	Reference material
1.	C	CII R02 Study Text Chapter 3
2.	ABC	CII R03 Study Text Chapter 2
3.	C	CII R04 Study Text Chapter 2:2
4.	A	CII ER1 Study Text Chapter 8
5.	C	CII R05 Study Text Chapter 5
6.	B	CII R01 Study Text Chapter 3
7.	B	CII CF8 Study Text Chapter 8
8.	C	CII J12 Study Text Chapter 1
9.	A	CII J10 Study Text Chapter 7
10.	C	CII R07 Study Text Chapter 6

Answers and cross-references can be found under the Development tab on the Professional Paraplanner website. Need help with your CII exams? For resources visit https://brandft.co.uk

Professional Paraplanner
The Investment Committee

In association with

Fidelity International

This dedicated section within the magazine and on the *Professional Paraplanner* website provides information and insight for paraplanners engaged in research into investments and for those contributing to their firm's Investment Committee decisions. We will be covering key areas from individual funds and alternatives, through market trends and commentaries

Investment Committee events

This year *Professional Paraplanner* is launching a series of Investment Committee events, where paraplanners will be able to hear from some of the top names in UK investment.

We have three venues lined up – London, Manchester and Edinburgh. To register your interest for these events and to be kept updated please go to the events tab on the *Professional Paraplanner* website or email louisahooper@researchinfinance.co.uk.

IMPACT LEADERS

Sarah Norris, European Investment director at Aberdeen Standard Investments, looks at European companies with business strategies that take them beyond economic profit

Many European companies provide technologies, products and services that deliver positive change for society and the environment. With European businesses claiming the top four spots of Corporate Knights' '100 most sustainable companies globally' and accounting for just under half of the full list, the continent is quietly becoming a global leader in sustainability.

What's more, investing in the most sustainable companies does not require sacrificing performance. Since its inception in 2005 to the end of 2019, the Corporate Knights 100 returned 7.3% against the MSCI ACW index return of 7.0% on an annualised basis. Yet sustainability is just the starting point. Some companies are looking beyond the risks and identifying potential business opportunities.

Impact investing allocates capital in a way that aims to deliver quantifiable positive environmental and social outcomes alongside financial returns. While measuring financial returns is relatively straightforward, quantifying this impact is more difficult. There is no 'right' approach to impact investing, but the UN's Sustainable Development Goals (SDGs) provide a widely-accepted framework for identifying the most significant social and environmental issues. These come with over 200 performance indicators to measure a country's progress.

Europe offers many candidates. Its leading corporates can demonstrate how their business strategies are yielding more than economic profit. Take Danish wind-turbine manufacturer, Vestas, as an example. Its turbines generate 30-50x more energy over its lifecycle than they use and they emit just 1% of the carbon dioxide per kWh compared to a coal power plant. This aligns with the UN's goals of affordable and clean energy.

The World Health Organization highlights that 785 million people around the world lack access to basic drinking water services and over two billion people lack an adequate wastewater system. Taking this as a second example, French utility company Suez provides water and wastewater treatment services on five continents. Since 1990, its operations in developing countries have provided drinking water to over 19 million people and wastewater systems to over 9 million. These activities reduce poverty, provide clean water and sanitation, and help sustain life below water.

Not all impact investments are as apparent. For example, few people realise that building construction and operation is responsible for over a third of global energy consumption – and nearly 40% of all CO_2 emissions. Irish insulation and building materials company Kingspan offers products that help conserve energy, reduce construction waste, and tackle climate change. According to Kingspan's 2018 annual report, savings delivered by its insulated panel and insulated board products totalled 193 million MWh of energy and 38 million tonnes of CO_2.

Other businesses are adapting to survive in this new environment. Life sciences company DSM started life as De Nederlandse Staatsmijnen, or Dutch State Mines. It sold its petrochemical activities in 2002 and focused its strategy on creating a "healthy, functioning society for all", with an emphasis on nutrition. This includes Project Clean Cow, a food additive that reduces bovine methane emissions by 30%.

Investment returns

But what about returns? Investors shouldn't confuse impact investing with philanthropy. GRESB, the ESG benchmark for real assets describes impact investing as offering a "double bottom line" where positive social and environmental change goes hand-in-hand with seeking financial returns. Track records for impact investing strategies in public markets are short. However, according to the Global Impact Investing Network, the majority of impact funds have delivered returns in line with or ahead of financial expectations. But, of course, impact funds offer no more guarantee of returns than conventional funds and as we know, the past is not a guide to the future.

There is no simple off-the-shelf measure of impact for global equity investors. Impact investing requires the resources to carry out fundamental analysis of both traditional measures of corporate success and environmental, societal and governance risks. According to the UN, it will take investment of \$5-7 trillion annually to meet its agenda for Sustainable Development. Over time, this will create plenty of attractive investment opportunities for companies that align their activities with this agenda. In our opinion, Europe provides a fertile hunting ground for such companies.

PITFALLS OF FUND PICKING

Asked to pick funds for a client, Rebecca Kowalski, paraplanner and compliance officer at Cornerstone Asset Management, came to realise the distinct advantages outsourcing has for her firm

Cornerstone Asset Management runs an outsourced Discretionary Management centralised investment proposition. Over the years, this has made my life much easier, both as a paraplanner and latterly as compliance officer.

Having recently offered to carry out some paraplanning for a particularly bespoke case, I found myself picking funds for the first time in quite a while. This process felt quite strange to me and I therefore felt compelled to communicate my thoughts about it.

My office runs a Fantasy Football League. I thoroughly enjoy it, I even won in my first season, despite bizarrely restricting my players to those whose team colours didn't clash on my screen! I haven't managed top spot since then and am definitely third quartile this season.

None of my colleagues have won more than once over the years. Some of us take more risks than others, some are swayed by personal bias, others just haven't read the rules properly but often it is luck that governs the scores. These factors can also have an impact when some financial advisers pick investment funds.

Outsourced DFM vs bespoke

When I joined Cornerstone, I found the outsourced DFM strategy revelatory in many ways. As you would expect, it makes a paraplanner's job simpler, freeing up time to concentrate on building financial plans for clients, managing the adviser relationship, running cashflow modelling scenarios and getting involved in other aspects of the business (something I have definitely taken advantage of).

Working recently on my fund-picking task, despite having access to investment research software and an externally researched fund panel, I found my report work taking much longer than a typical recommendation using one of our discretionary portfolios. Checking income yields, aggregated charges, overall asset allocation and saving numerous factsheets and KIDs all added to the labour and in some respects, in my view, adding little value for the client.

As a paraplanner for previous employers, I have enjoyed the fund picking aspect of my role, finding myself on the Investment Committee and writing investment briefings for clients. I read the investment press, passed the G20 exam, attended seminars and thought I was very knowledgeable. However, at Cornerstone, after meeting and building relationships with the discretionary managers, I realised that my knowledge was limited.

I had grasped some key pointers, such as the fact that new funds can struggle to sustain their early success, that top quartile funds are often there because of the risky positions they are taking and that in certain sectors (such as US equity), it's very hard to beat the index. What did I know however about hedging, about more bespoke alternative investments and about when was the right time to sell emerging markets?

Although I might have researched the fund managers, heard them present or very occasionally sat next to them at a lunch, what did I really know about their strategies or what they would do next? Would Neil Woodford have answered my phone call? Would I have treated any of them as trusted colleagues, as I do with some of the teams we work with at our DFM partners?

Now, with my compliance officer hat on, overseeing eight advisers, it provides great reassurance that the investment selection aspect of our advice is centralised and managed by experts. As a result, any training, development and resources can focus on areas that really benefit the service we provide to clients.

We have recently helped a number of clients deal with sudden, unexpected bereavements and serious illnesses. It has been very clear that these people, in vulnerable positions, need good guidance, time with their adviser, the removal of stress and complexity. The last thing they want to concern themselves with is which fund managers we have picked for their portfolio and why.

In my view, having a robust, consistent and efficient outsourced discretionary management proposition is one of the cornerstones of this business.

Although I might have researched the fund managers, heard them present or very occasionally sat next to them at a lunch, what did I really know about their strategies or what they would do next?

VCT CLIENTS

There are three client types that could benefit from a VCT, suggest Octopus Investments' Paul Latham

Not so long ago, it was a relatively rare occurrence to recommend a venture capital trust (VCT). It was once typical for an adviser to recommend a VCT to maybe one or two clients. Today it's different story. Many advisers will have ten, 15 or as many as 20 suitable clients making annual VCT investments as part of their planning. So, it makes sense for paraplanners to get familiar with the types of clients where a VCT could be suitable. But first a recap on VCTs.

VCTs are an established investment

Venture capital trusts (VCTs) are listed companies that invest in small businesses that qualify for a government-approved incentive designed to help companies grow. The government created VCTs over two decades ago, recognising that early stage companies create new jobs and make a disproportionate contribution to the UK economy. Investing in young, less established businesses is inherently riskier than investing in large ones. So VCTs attract tax reliefs as an incentive to put capital at risk.

Under current legislation, investors can claim tax reliefs on VCT investments up to £200,000 each year. They can claim up to 30% upfront income tax relief, provided they hold the investment for five years. And there's no tax to pay on any dividends or capital growth.

A reminder of the risks

Before we look at scenarios where these types of investment can be particularly powerful, it's important to bear in mind the risks. Clients should remember that tax treatment depends on individual circumstances, and tax rules could change in the future. Tax reliefs also depend on the VCT maintaining its VCT-qualifying status.

VCTs invest in less established companies, and this type of investing won't suit the risk profile of some clients. The value of a VCT investment, and any income from it, can fall as well as rise and investors may not get back the full amount invested.

As well as the risk of loss, clients should be aware that the share prices of VCTs can move around more than other companies listed on the London Stock Exchange's main market. They can also be harder to sell.

> *The government created VCTs over two decades ago, recognising that early stage companies create new jobs and make a disproportionate contribution to the UK economy*

Client type 1: Those planning their retirement

Restrictions on pension contributions have meant more clients are using VCTs as a tax-efficient alternative to invest for retirement. The two big limits on pension contributions are the annual allowance and the lifetime allowance (LTA). The annual allowance for the 2020-21 tax year is £40,000 but in the recent Budget was reduced to £4,000 for especially high earners. The LTA has also been reduced over the years to just £1.03 million today. While it sounds generous, it's worryingly easy for high earners to breach the LTA and incur additional taxation on their pension benefits.

Client type 2: Business owners

Changes to dividend taxation mean business owners who pay themselves through dividends face higher tax bills and lower take-home earnings. For clients who are comfortable with the risks, VCTs can be an attractive way to offset these costs and help clients extract money from a business tax efficiently. At the same time, they'll be supporting the UK economy by injecting capital into smaller businesses.

Client type 3: Owners of rental properties

Until 2017, buy-to-let landlords could deduct their mortgage interest from their rental income and only pay tax on the net income. The government has been phasing out this relief. From April this year, landlords will only receive a basic rate tax credit. It's part of a broader shift that has made investing in rental property less lucrative. These changes have made many landlords consider ways of offsetting the tax implications of their property investments, some turning to VCTs as a solution.

Further information on VCTs as a flexible planning tool can be found on the Octopus Investments website: octopusinvestments.com/adviser/our-products/venture-capital-trusts

TECH APPLES AND PEARS

You can't compare today's technology sector growth to the '90s bubble, says Darius McDermott, managing director, FundCalibre

Arthur C. Clarke famously said: "Any sufficiently advanced technology is indistinguishable from magic." It would be interesting to know what the British science fiction writer would've made of today's technologically-driven society.

I'll be honest in saying the whole idea of the Internet of Things (IOT) seemed a complete impossibility to me a decade or so ago. For those like myself who are not necessarily in the know, the IOT is a rapidly growing technology which aims to connect all devices to existing infrastructure. That's not just your phone – think about your alarm clock knowing your office location, route to work and traffic conditions so it can not only create an estimated time of arrival, but also wake you up accordingly. No traffic on the road means more sleep!

The technology sector is at the epicentre of the investing dilemma facing many in the market – it's a growth driven industry, which keeps delivering – despite concerns over the price you pay for that growth.

The success of the sector is due to growing consumer appetite for new technologies that improve our lives, coupled with businesses looking to improve their productivity. It's not just computer, mobile phone or electronic companies that are benefiting either, with finance, commerce and transport all reaping the rewards – digital transformation is now an ongoing process.

Technological breakthrough is one of the five key megatrends PriceWaterhouseCoopers (PwC)[1] and asset manager BlackRock/iShares[2] have highlighted as a key global shift that will impact the way we live and do business in the future. Not only that, but new technology is essential for the other four megatrends to succeed.

A simple way to understand the rapid growth of technology is to look at the NASDAQ composite index, which consists of more than 3,000 companies, including the world's foremost technology and biotech giants. It took 17 years to rise from 5,000 to 6,000 in July 2017 – but it was just shy of 10,000 in February 2020[3], prior to the market sell-off due to the Coronavirus.

More growth – but not without risk

That rapid growth comes at a price, as the companies become more expensive to invest in. The biggest contributors to that outperformance have been the FAANGs (Facebook, Amazon, Apple, Netflix and Google). A recent chart I saw from Saracen fund management showed these five companies have collectively grown more than 350% in the past five years[4].

These are good companies, with bright prospects. Three of them now have a market cap of $1trn (with Amazon also flirting with the barrier). But this is now heavily priced in, and who's to say if other competitors, new technology or regulation could change their fortunes.

The big fear is a repeat of the tech bubble we saw in the mid to late-1990s. Between 1995 and its peak in March 2000, the same NASDAQ Composite Index rose 525%[5] only to fall 78% from its peak by October 2002[6].

For me, there are significant differences. 20 years ago, it was a sector concentrated on ideas – that were not cash generative – and principally focused on M&A. The biggest transaction at that stage was when Vodafone bought Mannesmann, which was the German equivalent mobile phone provider, for £112bn, one of the biggest M&A deals at the time. The sector also has more breadth and depth today. Think of companies like Salesforce, which play an integral role in many businesses globally. It's also more diversified with hubs in China – companies like Tencent and Alibaba with hundreds of millions of people using their technology. Don't even get me started on things like Tiktok.

Europe is also making strides, despite being overshadowed by Asia and the US. At the end of 2019, the IT sector

The success of the technology sector is due to growing consumer appetite for new technologies that improve our lives, coupled with businesses looking to improve their productivity

represented 23.4% of the MSCI USA Index, but only 6% in the MSCI Europe Index[7] Europe has companies that are crucial to both existing devices and the development of new technologies in the automotive sector and the internet of things. The sector as a whole is only going to grow in importance in our lives, which means it has to play a role from an investment perspective.

The AXA Framlington Global Technology fund is a potential route to tap into this trend. Jeremy Gleeson has managed this fund since 2007 and targets 'new technology' rather than 'old technology'. The fund has returned an impressive 391.5% in the past 10 years[8]. For exposure to emerging UK tech stocks, the Liontrust UK Micro Cap currently has 27.6% in the sector, while others to consider include the T. Rowe Price Global Focused Growth and Comgest Growth Japan, which have 33.7% and 16.4% respectively[9].

[1] Source: PriceWaterhouseCoopers: MegaTrends, Technological Breakthroughs
[2] Source: BlackRock: MegaTrends, Technological Breakthroughs
[3] Source: Nasdaq Composite Index
[4] Source: Saracen – GAAP bubble – Is it 2000 all over again?
[5] Source: FE Analytics, price returns in US dollars, 17 March 1995 to 10 March 2000
[6] Source: FE Analytics, price returns in US dollars, 10 March 2000 to 7 October 2002
[7] Source: Schroders: How Europe's tech sector is hiding in plain sight
[8] Source: FE Analytics, total returns in sterling, figures to 4 March 2020
[9] Source: Fund factsheets, 31 January 2020

Past performance is not a reliable guide to future returns. You may not get back the amount originally invested, and tax rules can change over time. Darius's views are his own and do not constitute financial advice.

PASSIVE VS ACTIVE

David Coombs, multi-asset manager at Rathbones, considers the downward pressure on portfolio cost and whether, when it comes to passives, the ultimate price we pay could be far higher than first anticipated

Many of the decisions we make day-to-day ultimately come down to cost, and this is increasingly the case in the investment world where we see the downward pressure on pricing having a tangible impact on the composition of client portfolios.

The cost judgement is particularly acute in the price war between active and passive strategies – a battle in which the latter repeatedly comes out on top. It is not hard to see why. An active fund with the associated costs of stock picking, for example, simply cannot compete against an Exchange Traded Fund (ETF) charging miniscule amounts for exposure to an entire market index.

When it comes to servicing price-conscious clients the final cost of an investment proposition is often an easy metric to base a decision on. A passive product offers straightforward exposure to markets at almost zero cost to the client, an easy decision – but is it?

When it comes to passive investments, could the ultimate price we pay be far higher than first anticipated?

The passive effect

Passive investing does exactly what it says on the tin. It passively holds stocks, bonds, and the like and takes no view, nor has any interest, in the performance of anything other than the overall index. We have reached a situation in the US – the most mature passive market – where the immense success and popularity of passive products has seen the 'big three' providers of ETFs accumulating up to a third of many of the companies in the S&P 500 Index. We have witnessed this even in the companies we own, where typically the top five largest shareholders will feature if not one but all of those passive providers.

It is not a situation unique to the US, and here in the UK the issue is similar with particular providers owning large chunks of the companies in the FTSE indices. This

marks a huge difference in markets from where we were ten years ago and has led us to wonder what the ultimate impact of this enormous growth in passive products could have on the investment landscape, on markets, and even on capitalism itself.

This may sound rather dramatic, but we do believe that the explosion of passive products is skewing markets and that this should be considered an additional cost attached to passive exposure. The wider impact of passive growth must be considered before making the decision to

> ***Passive investing does exactly what it says on the tin. It passively holds stocks, bonds, and the like and takes no view in the performance of anything other than the overall index***

invest. It comes back to the discussion of price versus value. While the price may be right, does a passive product offer you true value over time?

Power of engagement

In our current capitalist system we are focused on the most efficient use of capital, and allocating that capital in order to get the best return from it. Active managers play a crucial role in this process by engaging with companies to encourage them to allocate cash in the most efficient way, and in a way that generates maximum profit. It is this active role that results in investors paying more for the funds managed by these active managers.

However, increasingly this active engagement is not purely focused on profits, but rather on how companies act with regards to its impact on the environment and action to tackle climate change, or on governance practices and social responsibility. What role should passive investment providers take when it comes to environmental, social and governance, if any at all? We all understand it is more and more important to investors that their money be put to work doing some good, or at least not doing anything to worsen conditions – but with the rise of passives as some of the largest shareholders does this not lead to concerns that those in the biggest position to take action are, by definition, not going to do so?

The rise of passives also raises questions when it comes to areas such as mergers and acquisitions. If two companies are looking to merge and the make-up of the top five shareholders is roughly the same, is there a conflict of interest? In a hostile takeover, for example, are those passive investors going to step in to make active decisions, and if they do is that good for their investors, good for the market, and good for the companies involved? These are the big questions that should be considered when looking to invest passively. There are many more issues under the bonnet than just cost.

Another point worth making is the reward for mediocrity. Very simply If everybody invested passively in the FTSE 100 Index tracker for the long term you would push all share prices up simultaneously and reward the CEO's in the worst 10 companies continuously. Is that ok? Clearly this is a theoretical example, but if passive investors take control of more than 50% of the free vote of companies then this is not as far-fetched as it sounds.

Performance is still clearly an important factor, but we believe the true value of active management is about far more than that. When it comes to judging whether to opt for passive exposure to an index, we would urge planners to look at active alternatives where the price is appropriate and managers have demonstrated a solid track record, not just of performance but also engagement with the companies they hold.

ETFs offer good short-term solutions for investors, we even use them tactically in Rathbones' multi-asset strategies, but as the above questions we have raised demonstrate, we do not feel they are always a buy-and-hold strategy. Passive has its place, but we must monitor the wider role they play in transforming markets. The price may be right now, but is it a price worth paying for in the long-term?

LONGEVITY AND OBJECTIVES

Life expectancy is not the same as the likely age at death. Jackie Lockie, head of Financial Planning, CISI, looks at why and what impact it has on financial plans

In January 2019 the Institute of Fiscal Studies (IFS) issued a working paper W19/02 about how individuals severely underestimate their life expectancy. The research that Jannette Weir at Ignition House has done with 'middle England' individuals backs this up. All this probably doesn't come as any surprise to you but it might have a bearing on the financial plans you create.

The IFS has stated that the population of over 90s will increase by 138% in the next 30 years. Add to that the research showing that healthy life expectancy has increased, and "Houston, we have a problem!"

Office of National Statistics (ONS) found that between 2000-2010 longevity improved by 3% but that between 2010 and 2020 it only improved by 0.8%. That's quite a difference isn't it? So why is this? The main reason was that the improvements in circulatory related treatment improved mortality rates significantly. Things like the wider use of statins and major surgery becoming more mainstream, have all contributed.

But life expectancy is not the same as the likely date of death based on a client's current age. For example, a male client age 65 today has an average life expectancy of 86 but statistically, because of these improvements, he has a likely age at death of 91. And some of those clients will live to 104!

If you look at the mortality tables created in the 1970s they are significantly different than what we see today because they predicted much earlier ages at death. So, these 1970s tables might be part of the reason why people particularly aged 50+ have an unrealistic expectation of the date of their demise.

Planning beyond age 100?

What are the implications of all this? Do we need to start thinking about running cashflow analysis past age 100? There are implications in doing so.

Increasing the lifetime cashflow period will mean that clients might not achieve their objectives. As a consequence, they would have to invest more, take more risk and/or cut back on their expenditure now.

Additionally, might increased longevity impact the quality of our lives? Might it impact our mental health, and crucially could it impair our ability to make decisions and understand them? Statistics indicate that the quality of our lives close to our death tend to hold up well; we don't, at the moment anyway, seem to have extended periods of ill health before the end comes. But this still means that some will.

Loneliness is likely to become more of an issue than ever before. How will we as a nation, in our communities that are so disconnected, cope with our elderly who feel this way? AI is potentially a helping hand here. There are robotic companion toys in Asia now that are designed to monitor vital signs, remind us to take our tablets and can even alert our GP or family members if we fall or become unwell. These companions are starting to have a positive impact on some individual's mental health too with the interaction that they bring.

More than financials

It certainly seems to me that we should start to consider increasing the age for cashflow planning, certainly within the next five to 10 years – but one big thing concerns me. Our elderly at the moment tend to press on regardless of how they feel and so talking about their mental health might become more difficult.

Financial plans for those who have ageing parents are going to need more planning by paraplanners in the future to help ensure the elderly of tomorrow are healthy, cared for and stimulated.

It certainly seems to me that we should start to consider increasing the age for cashflow planning, certainly within the next five to 10 years

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The amount of credits will be determined by the length of time taken to read the articles within the magazine. Readers requiring Structured CPD points must read the magazine for at least 30 minutes and correctly answer the 10 questions on this page.

Under the CISI CPD Scheme all members must undertake a range of CPD activities in a year to demonstrate that they meet the requirements of the scheme. CPD activities undertaken during the year will fall under the following categories:

- Technical Knowledge
- Ethics
- Professional Standards
- Personal Development
- Practice Management

Members must satisfy themselves that the content is appropriate for their own development when allocating CPD points to their own record. The content will be reviewed on a quarterly basis by the CISI.

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Professional Paraplanner CPD questions for Structured CPD verification

Comment (p10)
Name one way suggested to help paraplanners better understand clients' reactions to market fluctuations:

Comment (p10)
What is the Stephen Covey 'habit' recommended for better understanding?

Access to insurance (p13)
Name the four workstreams of the Access to Insurance Working Group:

1.
2.
3.
4.

Access to insurance (p13)
The TEXAS protocol is designed to do what?

Career progression (p14)
What is one question suggested paraplanners ask to better understand a job role?

TDQ: Pension input periods (p16)
PIPS are aligned with:

- ☐ End of the calendar year
- ☐ End of the tax year
- ☐ Any calendar point

TDQ: Pension input periods (p16)
The annual pension is multiplied by what number to give it a notional value?

- ☐ 12
- ☐ 14
- ☐ 16
- ☐ 20

Impact leader (p20)
The UN's Sustainable Development Goals (SDGs) have what number of performance indicators to measure a country's progress?

- ☐ 100
- ☐ 150
- ☐ over 200

VCT clients (p23)
Name one client type for which a VCT might be applicable:

Apples and pears (p24)
Name one of the five key megatrends highlighted by PriceWaterhouseCoopers and BlackRock/iShares:

DATA DOWNLOAD

Monthly facts and figures on investment performance, risk v return, outflows and inflows, and the most analysed areas of the market. Data to 29 February 2020, provided by FE Fundinfo

BEST RATED FUNDS

IA	3 year Cumulative Performance	FE Fundinfo Alpha Manager Rated	FE Fundinfo Crown Fund Rating
Brown Advisory US Equity Growth	66.25	✓	5
Morgan Stanley Global Opportunity	58.56	✓	5
Baillie Gifford Global Discovery	56.26	✓	5
Comgest Growth Europe Smaller Companies	55.31	✓	5
Janus Henderson Horizon Pan European Property Equities	48.72	✓	5

AIC	3 year Cumulative Performance	FE Fundinfo Alpha Manager Rated	FE Fundinfo Crown Fund Rating
Baillie Gifford Monks Investment Trust	47.2	✓	5
Schroder Asian Total Return Investment Company	26.92	✓	5
Frostrow Capital LLP Finsbury Growth & Income Trust	23.19	✓	5
BMO Managed Portfolio Trust	14.94	✓	5
N/A	-		-

BEST PERFORMING FUNDS IN TERMS OF RISK VS RETURN

IA	3 year Cumulative Performance	FE Fundinfo Risk Score
Thesis Bryth Inc	123.45	681
Aviva Inv Asia Pacific Property	94.4	413
Polar Capital Global Technology	81.37	116
Baillie Gifford Positive Change	80.26	125
Baillie Gifford American	72.87	164

AIC	3 year Cumulative Performance	FE Fundinfo Risk Score
Downing Four VCT	183.96	424
Sirius Real Estate Ltd	82.55	147
Gresham House	81.07	157
Alpha Real Trust Limited	79.85	111
Syncona Limited Ord	79.04	192

RISKIEST SECTORS

IA	3 year Cumulative Performance	FE Fundinfo Risk Score
China/Greater China	29.35	114
North American Smaller Companies	17.16	114
Technology & Telecommunications	50.76	111
Japanese Smaller Companies	5.02	110
North America	22.27	108

AIC	3 year Cumulative Performance	FE Fundinfo Risk Score
European Emerging Markets	15.96	159
Country Specialist: Europe ex UK	48.08	155
North American Smaller Companies	15.95	143
VCT Specialist: Health & Biotech	15.45	143
Insurance & Reinsurance Strategies	-15.06	142

OUTFLOWS

Fund name	Size 1y ago (£m)	Size now (£m)	Performance Effect on Size (£m)	Out (£m)
M&G Optimal Income	19,353.77	3,243.35	-2,315.48	-13,794.94
ASI Global Absolute Return Strategies	10,587.80	4,479.30	573.56	-6,682.06
Liontrust Japan Equity	39,630.12	40,109.94	4,484.32	-4,004.50
M&G Japan Smaller Companies	14,386.19	10,779.78	-430.87	-3,175.54
M&G Japan	46,641.66	42,281.88	-1,400.95	-2,958.83

INFLOWS

Fund name	Size 1y ago (£m)	Size now (£m)	Performance Effect on Size (£m)	In (£m)
Vanguard LifeStrategy 60% Equity	4,860.92	7,795.04	655.45	2,278.67
Vanguard FTSE U.K. All Share Index	7,792.54	10,553.19	805.39	1,955.25
Federated Short-Term Sterling Prime	3,600.00	5,500.00	10.11	1,889.89
ASI Global Corporate Bond Tracker	1,882.06	3,788.83	271.12	1,635.64
Vanguard LifeStrategy 40% Equity	3,318.23	5,249.82	404.68	1,526.91

Data provided by FE Fundinfo

MARKET'S EYE VIEW

Which are the most researched sectors, which the most viewed factsheets and which the most charted funds? FE Fundinfo provides Professional Paraplanner with data for the past month showing where financial adviser and planner firms have been conducting their research.

BEST PERFORMING SECTORS

3 year Cumulative Performance

IA

Sector	Performance
Technology & Telecommunications	50.76
China/Greater China	29.35
North American	22.27
UK Smaller Companies	20.7
Global	17.96

AIC

Sector	Performance
Infrastructure Securities	66.17
Technology & Media	56.89
Property Securities	49.47
Country Specialist: Europe ex UK	48.08
Environmental	35.24

MOST RESEARCHED

	IA		AIC
1	Fundsmith Equity	1	Baillie Gifford Scottish Mortgage IT
2	Vanguard LifeStrategy 60% Equity	2	Miton Diverse Income Trust
3	Liontrust Special Situations	3	Harwood Capital North Atlantic Smaller Cos
4	Lindsell Train UK Equity	4	JP Morgan US Smaller Companies
5	Jupiter European	5	Jupiter US Smaller Companies

MOST VIEWED FACTSHEETS

	IA		AIC
1	Fundsmith Equity	1	Baillie Gifford Scottish Mortgage IT
2	Vanguard LifeStrategy 60% Equity	2	BMO F&C Investment Trust
3	Vanguard LifeStrategy 40% Equity	3	Impax Environmental Markets
4	Vanguard LifeStrategy 80% Equity	4	Smithson Investment Trust
5	Royal London Sustainable Diversified Trust	5	InfraRed Capital Partners HICL Infrastructure

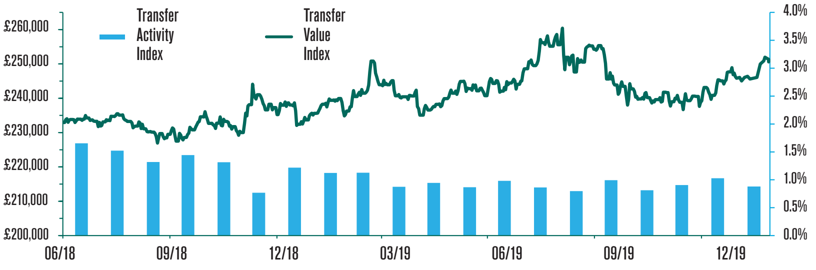
MOST CHARTED

	IA		AIC
1	Vanguard LifeStrategy 60% Equity	1	Baillie Gifford Scottish Mortgage IT
2	Fundsmith Equity	2	JP Morgan Emerging Markets IT
3	Vanguard LifeStrategy 40% Equity	3	BMO F&C Investment Trust
4	Vanguard LifeStrategy 80% Equity	4	Octopus Titan VCT
5	Vanguard LifeStrategy 100% Equity	5	Allianz Technology Trust

PENSION TRANSFER VALUE INDEX

XPS TRANSFER VALUE WATCH: 1 JUNE 2016 - 1 MARCH 2020

According to XPS Pension Group's Transfer Watch, DB transfer values continued to rise during February, whilst the number of members taking a transfer value dipped. Transfer values rose from £245,800 at the end of January to £249,700 at the end of February, driven by a 0.1% fall in gilt yields, with inflation expectations barely moving during the month. The Transfer Activity Index recorded a decrease in the number of transfers completed in February to an annual equivalent of 0.89% of eligible members, down from 1.03% in January. Concerns regarding the COVID-19 outbreak is having a severe impact on global financial markets. As a result of market turbulence, transfer values have continued their recovery towards the record levels seen in the third quarter of 2019. As many pension schemes will have seen their funding levels dented by this market turbulence, they may consider whether their transfer value basis remains affordable.



Note: The Xafinity Transfer Value index is based on a large pension scheme which invests a significant proportion of its assets in return-generating investments (rather than just investing its assets in Gilts). The index tracks the transfer value that would be provided by this scheme to a member aged 64 who is currently entitled to a pension of £10,000 each year starting at age 65 (increasing each year in line with inflation).

Source: XPS Group

Premier Miton
INVESTORS

A LEADING LIGHT IN DIVERSIFIED GROWTH & INCOME

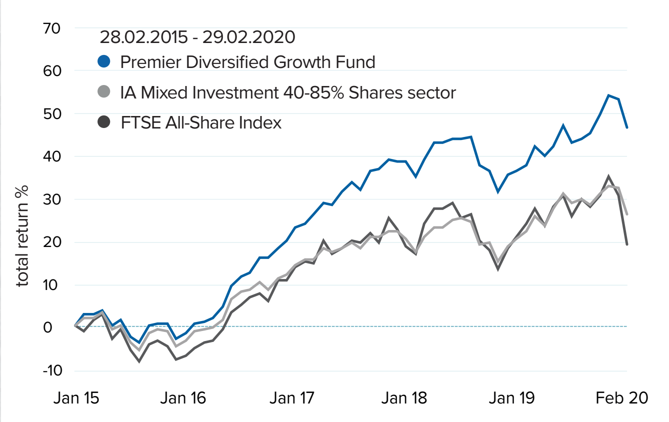
Premier Diversified Growth Fund OCF 0.59%

8.0% annualised total return vs 3.6% from UK equities with 72.2% of the volatility of UK equities[2]

Premier Diversified Income Fund OCF 0.78%

4.6% Historic yield[1]
Launched 2017

1 quartile total returns over 5 years for Premier Diversified Growth Fund and since launch for Premier Diversified Income Fund.



Also available - launched March 2019

Premier Diversified Cautious Growth Fund
Premier Diversified Balanced Growth Fund
Premier Diversified Dynamic Growth Fund

The yield is not guaranteed and will fluctuate. Past performance is not a guide to future returns and there is a risk of loss to capital. The value of shares and the income from them are not guaranteed and can go down as well as up. Full details of the fund specific risks are available in the fund prospectus and Key Investor Information Document. We do not verify third party awards and ratings and are not responsible for their accuracy.

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[1]Source: Premier Miton. The historic yield reflects distributions declared over the past twelve months as a percentage of the share price of the fund, class D income shares, as at 02.03.2020, income paid out quarterly. [2]Performance source: FE Analytics, from 28.02.2015 to 29.02.2020, based on a bid to bid, total return, UK sterling basis, net of fees, class D income shares. On 20.01.2020, the funds moved from a single pricing basis (mid) to a swing pricing basis. Performance could be shown on a combination of bid, mid or offer prices, depending on the period of reporting, and is shown net of fees with income reinvested. Volatility for the Premier Diversified Growth Fund taken on a monthly basis. The Premier Diversified Income Fund Launched 19.06.2017, OCFs as at 03.03.2020. UK equities: FTSE All-Share Index. Source: FTSE International Limited ("FTSE") © FTSE 2020. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and / or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent. The methodology and calculations used by the companies or organisations that provide the fund or fund manager awards and ratings are not verified by us and we are unable to accept responsibility for their accuracy. FE fundinfo Crown Fund Ratings do not constitute investment advice offered by FE fundinfo and should not be used as the sole basis for making any investment decision. All rights reserved. The Elite Rating™ system is proprietary to FundCalibre Ltd, but should not be taken as a recommendation. Morningstar ratings do not constitute investment advice. Copyright © 2020 Morningstar. All Rights Reserved. The Defaqto 2020 Diamond Rating is based on the class D shares for the fund. Defaqto is an independent researcher of financial products and is not authorised to provide financial advice. We do not have any influence or control over the Defaqto Diamond Ratings or the methodology used to create them. We are therefore unable to guarantee their accuracy or that these will not change in the future, or that we will continue to use Defaqto ratings in the future. Issued by Premier Miton Investors, marketing name for Premier Fund Managers Limited, Premier Portfolio Managers Limited, Miton Asset Management Limited and Miton Trust Managers Limited, which are authorised and regulated by the Financial Conduct Authority. Telephone calls may be recorded for training and quality assurance purposes.

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