Professional Paraplanner

The magazine for paraplanners and financial technicians

October 2020

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INSIGHTS


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OPENING DOORS

There's a new dynamic to financial planning businesses which is opening up opportunities for paraplanners. Last issue I wrote about how the Coronavirus crisis and lockdown have presented an opportunity for change, which progressive firms are grasping and turning to their advantage.

One of the changes, of course, is how advisers communicate and interact with clients. Video calls are now a core part of advice firms' operations. Client meetings are easier to set up, as they can be done any time of the day without the adviser having to travel to the client's home or a nearby hotel, freeing up adviser time to see more clients. They can also be recorded for audit purposes.

Video calls also make it far easier for paraplanners to attend client meetings, simply having to log in at the appropriate time. Paraplanners who were not able to spend the time traveling to meetings now find they can participate, hearing first-hand how clients speak about their issues and goals, taking useful notes at the same time. Fantastic for the soft facts that are so important for personalising suitability reports. Paraplanners who may have been behind the scenes before, can now have the opportunity to interact with clients, in a way that is time and resource efficient for the firm. Those who have been able to do this tell me it has really helped them do a better job for clients, as well as increasing their job satisfaction.

Advice firms with an eye to the future have also realised that their business is no longer bound by the geography of how far their advisers are prepared to drive to meet clients. Making effective use of meeting technology they can increase their client bank, promoting themselves to clients anywhere in the country.

Think about it, when lockdown started how familiar and comfortable were you in talking to people via video call? How familiar and comfortable are you with it now? More to the point, how comfortable are your parents and/or grandparents with using it?

Even those who don't like video calls that much will probably agree that they are better at it than they were… and it works.

Moreover, use of video will continue. The future of advice post lockdown was a conversation I had with Barry Neilson, chief customer officer at Nucleus. His argument was that lockdown has merely accelerated changes that were already underway in the market and as such, he believes that from now on the majority of client meetings will be undertaken via video calls.

I'm not sure I agree with him entirely – humans are social creatures, we like being face-to-face as we derive a lot from it, not least in terms of body language, which often can't be seen through a laptop camera.

But there is no doubt that the advice landscape has changed, irrevocably. And as technology – video and otherwise – is developed further and progressive companies use those developments to push what they can deliver for clients more effectively and more cheaply, so new opportunities will open up for staff within those firms too.

Advice firms that wouldn't have countenanced remote advice or remote working have now had to do so – opening doors and changing mindsets. Firms that maybe wouldn't have outsourced to a paraplanner at the other end of the country now see its advantages. Paraplanners who felt restricted to find a job local to home may now feel they can spread their net wider – nationally – when looking for work. They know they can work remotely – they may have created a dedicated workspace at home to do so. That lifts conscious and unconscious restrictions that may have existed before.

The same is applying to how paraplanning firms are recruiting. Para-Sols for example has moved away from wanting its staff to be located physically in its offices and has advertised for a range of positions, with the option to work remotely. As Jo Campbell, director of Quality & Operations, said: "We decided to take advantage of this opportunity to collaborate with some amazing people around the country in a way we have not done previously."

Doors are opening. Consider whether you want to take advantage of the new dynamic.

Rob Kingsbury,
Editor, *Professional Paraplanner*
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MORE WEBINARS COME YOUR WAY

We hope you were able to participate in our most recent webinars, which included investment insights from BMO and some great hands-on style sessions from FE Analytics and i4C on the practical application of cashflow modelling by paraplanners. Also, paraplanners who had signed up for our Technical insight Seminars will have been receiving emails announcing webinars from various presenters aimed at their particular geographical location. We will be hosting several more webinars in the next couple for months, both for Technical Insight attendees and paraplanners in general. The dates and times will be announced in our daily email alerts – you can't miss the Webinar section! – and you can also find out details under the Event tab on our website.

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In this issue...

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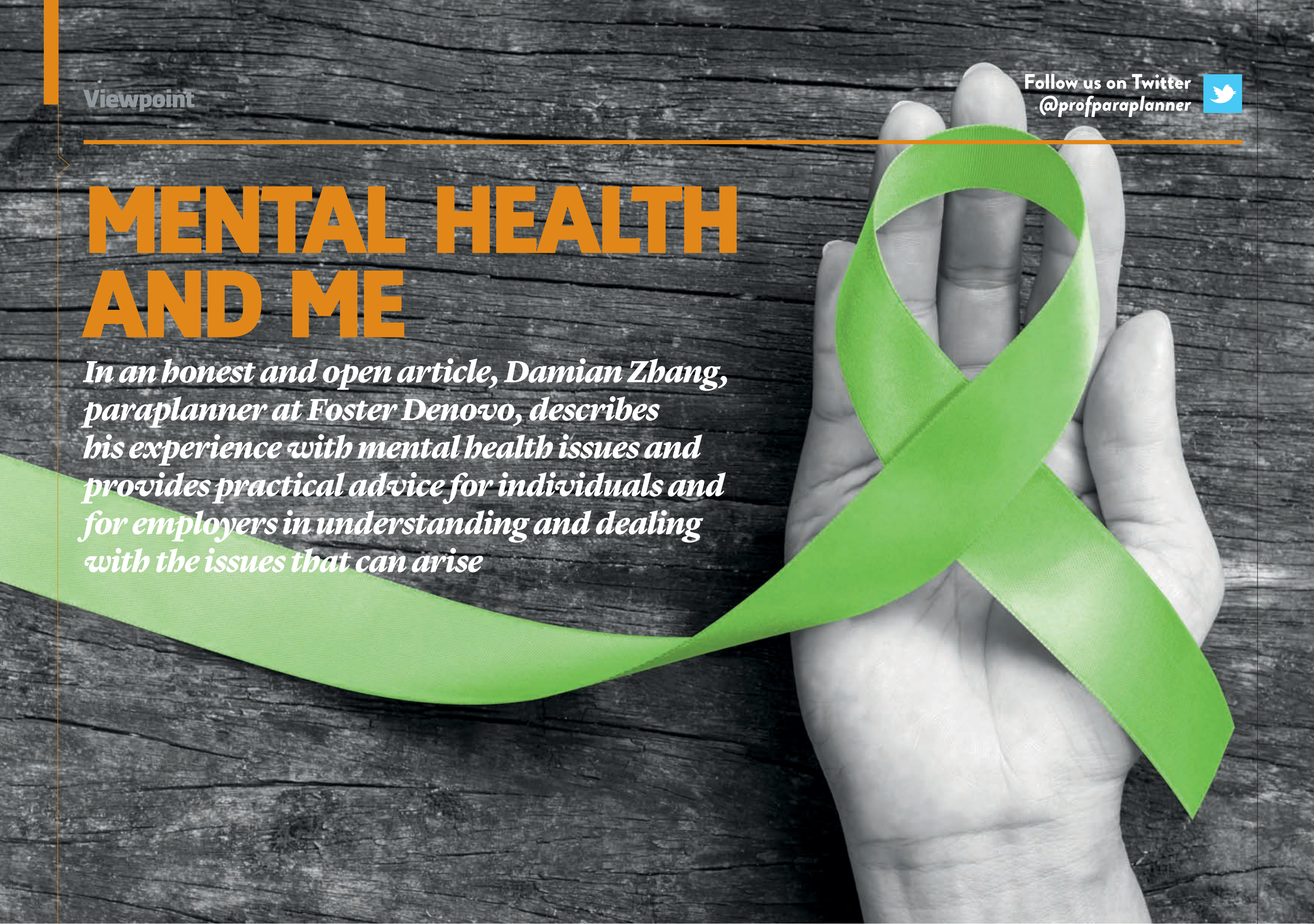


MENTAL HEALTH AND ME

In an honest and open article, Damian Zhang, paraplanner at Foster Denovo, describes his experience with mental health issues and provides practical advice for individuals and for employers in understanding and dealing with the issues that can arise

On a cold November in 2018, I cracked up in work; I had had enough of life. I felt this immense urge to cry. And that's what I did. I found an empty meeting room and I cried my heart out. The office manager had seen me and called HR who subsequently came into talk to me. It was the first time in over 20 years I'd spoken to someone about my mental health.

The flood gates opened like water breaking through a dam and this led to both the lowest point in my life, and my highest point in life.

The head of HR at the company I was working for at the time took me to the local A&E where I spoke to a psychiatrist and was referred to the NHS mental health system. From this point, I was diagnosed with different mental health disorders.

I went back to work thinking I was fine when actually I wasn't. I switched personality completely; I became Cara McCall and for around six weeks I

identified as female. This resulted in me spending money I did not have on clothes and make up, changing my name legally via deed poll, as well as taking a variety of transgender medication.

When I snapped back into me again, I was £5,000 in debt with pink nails, ears pierced and a suitcase full of items a girl can only dream of. My marriage was in tatters and I had literally no memory of these events. This is known as dissociation and happens to a lot of people with background trauma.

This led to me seeing a private psychiatrist and being admitted to a mental health hospital for three weeks. I was put on anti-psychotics and antidepressants. At present, I am still on antidepressants and plan to taper off from this at the end of the year. I also received a diagnosis of Multiple Personality Disorder / Dissociative Identity Disorder, this helped me find out more about the condition and let me go from square one to work on myself and get to where I am today.

My employer at the time was genuinely the most supportive employer. The Human Resources department didn't just offer me that initial support, they continued to stick by me giving me flexibility to attend appointments, offering me flexible working hours to help with my paranoia as well as one-to-one support whenever I needed. It's worth noting that I was also in my probationary period at this point, and when I needed time off they continued to pay me in full so as not to apply further added pressure. This is an example, in my opinion of a very supportive but also caring employer.

The sad fact is that many people may be suffering with mental health issues and are too scared to talk about it with their family and friends. And for many, it is unthinkable to tell their employer. The worry of being classed as 'one of those' and the idea of this stigma placed on you is often what makes people stay silent.

This reflects a conversation I had with a gentleman I happened to meet. He shared with me that he is on the autistic spectrum and had bad experiences with two of his employers. It was only when his performance (which was affected by his mental health) was questioned that he declared his health issues. This caused bad blood and he is now scared to tell recruiters and potential employers.

My first bit of advice for this gentleman, and anyone else who might be suffering with their mental health is to be completely open and honest; with yourself, your friends and family and your employer, or potential employer. I'm sure some of you will be questioning this but let me use myself as an example to explain.

Seeking new employment, I was working with a recruiter who presented me with an opportunity to work at what would become my now employer. The recruiter advised me not to mention my mental health during the initial interview and only mention my depression if called back for a second interview.

This didn't sit well with me. I felt that I did not want to work for a company who would judge me on my mental health and I also didn't want to deceive anyone, so I ignored this advice. During the interview, I discussed my mental health and this information was handled with sensitivity and accepted. I went through to second interview stage and got the job. I was overjoyed.

The second piece of advice I have is seek help and to remind yourself that you are not alone. You wouldn't believe the number of people suffering with, or who have suffered with mental ill health. A number of people I've met have confided that they had experienced depression or trauma and that they were able to recover with the help of their employer, by moving to a more understanding employer or some even took the step of setting up their own business.

Mental health is extraordinarily common, it's nothing to be ashamed of because think about it, if you break your arm where would you go? Hospital. If you found a lump on your body where would you go? To see your GP.

Mental health is the same! You need your mind to function, not just in work, but for the day-to-day interaction you might also have with your family and friends, or generally in society.

If you find yourself struggling, it's vital that you talk to someone. Your GP can help, or a specialist mental healthcare professional. There is support out there.

If you have private medical insurance (PMI) you may wish to use this, as you might find it can speed up the process and treatment you need.

I believe that now more than ever, there is a greater understanding of mental ill health and it is acceptable (and encouraged) that you should you be struggling, then you can and should have an open and honest conversation with your employer.

If you need independent support now, you can use a service called 'Shout', which offers a text service for those in need to talk about their problems, including mental health issues.
https://www.giveusashout.org/
Alternatively, make an emergency appointment with your GP, or if you feel that you are in crisis at any point you should go to your local A&E.

On 2 December Damian will be undertaking a sponsored Deadlift for the charity NHS Charities Together, looking to raise £500 while supporting mental and physical health. His JustGiving page can be found at: https://justgiving.com/fundraising/DamianZhang

Tips and techniques

Tips and techniques for individuals

I'm going to share some tips that have helped me cope in the past, and my tips for employers managing employee mental wellbeing.

- **Cold: If you're feeling panicked or het up inside, get an ice cube or cold water in a mug and put it against your forehead, you might look daft but this is proven to give a shock to your nervous system and can help in reducing this panic.**
- **Being mindful: Not as hippy as it sounds. Take away your headphones and just concentrate on something you see such as the sky, the feeling of the wind or rain or just try people watching. This can help you to focus your mind.**
- **Breathing: Long drawn breaths in and breaths out again. If you're struggling whilst at work, step away from your desk and your screen, take a breather for one minute. Some fitbits and other devices can offer this tool too.**
- **A creative activity: By doing an activity such as drawing even 10-30 minutes a day, knitting, painting, singing or dancing works the other side of your brain and gives you something else to concentrate on, thereby providing respite.**
- **Classical Music: Music influences your mood very easily, why not try classical music in the car or on the way to work, this can have an added calm effect and maybe turn you to the dark side of actually liking a bit of Chopin!**

Advice for employers

Employers, there are ways you can help your staff. Here are my ideas as to how:

- **Take the time to listen to your employee and offer guidance where you can.**
- **Consider providing your managers, and if applicable some of your employees with mental health first aid training.**
- **Provide care plans created by you and your affected employee on what to do in certain situations.**
- **Be flexible, let you employees attend appointments, or offer flexible working if that will help your employees.**
- **If you provide access to PMI, make sure it covers all pre-existing medical conditions.**

GROWTH PLAN

In early September 2020, outsourced paraplanning firm Plan Works relaunched following founder Nathan Fryer being joined by experienced paraplanner Siân Davies Cole. Rob Kingsbury spoke to them about partnering up, what they will be offering financial planning businesses and their plans to grow the business over the next few years

RK: HOW DID YOUR PARTNERSHIP COME ABOUT?

NF: I had got to the stage with the business where I was happy with it as it was and needed a fresh pair of eyes and added stimulus to help take it to the next level. So I advertised for an equity partner and was very pleased when Siân responded, as she brings a wealth of experience and expertise not just as a paraplanner but in running teams and in business operations and procedures implementation.

SDC: When Nathan put out the advert in June, I was already thinking about potentially setting up an outsourced paraplanner firm and speaking with other paraplanners about it. I knew that ideally I wanted to partner with someone and it was clear Nathan wanted a partner rather than an employee, so I sent him an email to see if he wanted to chat.

We then had a few Zoom calls to see how we might progress things. There were important things to find out, such as whether our personalities would work together, how we would like to work, what Plan Works offered and what else we might want to do, and so on. We followed up those Zoom meetings with further calls and discussed case strategy to see if we thought along the same lines in terms of outcomes and quality for clients.

Once we were certain we could make it work, we got down to the nitty gritty in terms of legal documents and so forth and set our launch date.

RK: HOW WILL IT WORK OPERATIONALLY?

NF: We recently moved to new offices in Nutfield, Surrey, but Siân will work remotely from Bristol. We'll offer the

range of services we always have, so suitability report writing, technical and financial planning advice, platform due diligence and working with advice firms on their central investment propositions but alongside that we will now be able to increase capacity in specialist paraplanning on tax vehicles such as EIS and VCTs and other more complex tax planning. We'll also be focussing more on offering consultancy services to financial planning firms, using Siân's experience.

SDC: In my previous role as head of Paraplanning, I was responsible for forming the paraplanning team, which included the administration support team, overseeing them, coaching junior members and providing technical support to financial planners. I was also charged with putting together processes and procedures for the firm covering the advice and the paraplanning areas. This included being involved in the implementation of Intelliflo's Intelligent Office (IO) within the firm.

What's clear is that IO isn't used to anywhere near its capability by many advice firms and that is an area where we can definitely help firms map out their processes and then get the best from the software, and so improve their efficiencies and costs.

NF: We'll also be bringing in a non-executive director to help with the decision making, questioning us and helping to make sure we're taking the business in the right direction.

RK: WHO WILL YOU BE TARGETING AS CLIENTS?

NF: Plan Works has been built on quality and integrity, working with advice firms that have the client very firmly at the centre of everything they do. It is that quality of firm that we will continue to work with. It's important for us that there is good fit between Plan Works and the advice firms with which we work.

RK: WHAT WILL PARTNERING IN THE BUSINESS GIVE EACH OF YOU AS INDIVIDUALS?

SDC: For me it's about sharing the responsibility of running the business, something I've not done before but which I know can be draining when you are also doing the paraplanning – and particularly when you are expanding the business. Also, it's about working with someone who has the same values that you can bounce ideas off, and you can work with together to drive the business forward.

NF: For me it was having someone who can look at the business with a fresh pair of eyes and ask questions about how we do things and whether they could be done in a better way? Also, someone who could invigorate the business and help take it forward to the next level. That's often the hard thing to do when you're working on your own. It's the reason I wanted a partner not an employee.

RK: SO, WHAT ARE YOUR PLANS FOR THE BUSINESS?

SDC: Initially, I will come in and learn everything that Nathan does on a daily basis and look at everything with that fresh pair of eyes to see where we can improve or enhance things.

We'll then look to grow the business, as quickly as we can but organically. We intend to grow through referrals, which tend to generate the right kind of business for a firm of our size.

We'll look to get us to the level where we are both comfortably busy. We want to reduce Nathan's workload from what it is at the moment while also growing the business, so we're working in a balanced way. That will allow us time to spend looking at how we can develop the firm; which is likely to include employing staff. That will be organic growth also, one member of staff at a time, probably starting with a senior administrator as support for Nathan and me as the paraplanners.

RK: WHAT ARE YOUR VIEWS ON THE FUTURE OF OUTSOURCED PARAPLANNING?

SDC: We think that outsourcing can only grow and that firms will want to avail themselves of experience and expertise like ours to help them grow. Firms are reviewing the way they work and many are taking on new clients.

Outsourced paraplanning firms I've been speaking to over recent months have reported they are very busy and we're also hearing more about advisers leaving networks or firms to start their own businesses. So the opportunities are definitely there.

NF: What we may also see is firms use in-house paraplanners for the day-to-day paraplanning but then outsource the more specialist work which the in-house team don't deal with regularly and does need specialist knowledge – such as VCTs and EIS, as well as platform due diligence, and efficiency of processes and procedures.

ESG investing is another area where we can help. From March next year advisers are going to have to have conversations around ESG and if, as paraplanners, we can provide an ESG solution, I think that is a huge opportunity.

Also, I think we'll begin to see more paraplanners come together to form partnerships or new companies.

Plan Works directors' backgrounds

- **Nathan established Plan Works in December 2013. Prior to that he worked in sales for UBS Global Asset Management and Fidelity International. It was an IFA client who spotlighted the growing need for and influence of paraplanning in the market, which saw Nathan start an outsourced paraplanning company.**
- **Siân joined Plan Works from Bristol IFA Aspirations, where she was head of Paraplanning. Prior to that she was senior paraplanner at The Citimark Partnership and Chartered Paraplanner at Attivo Group. She started her career with HSBC, working for the bank for nearly nine years.**

WHITE PAPER WRITING

Recently, Dan Atkinson, head of Technical at Paradigm Norton, had the opportunity to co-author a white paper on potential tax increases, aimed at helping the firm's clients to understand the potential impact on their financial plans. Here he describes the process

As paraplanners we undertake research on a regular basis. It might be due diligence on platforms, products, or a financial planning matter for clients. But have you ever taken it further? Sometimes we have opportunities to help attract new clients and raise the profile of what we do. I recently had the opportunity to research and put together a white paper for our firm.

A white paper is an authoritative document which informs readers about a potentially complex matter, your thoughts, and the actions they should be taking. It's a natural document for a paraplanner to get involved in due to the parallels with suitability reports. I really enjoyed the experience and our clients really appreciated it.

Get an idea

Everything starts somewhere and a good place to start is by listening to what clients are asking about. We want to be relevant to the things that concern them whether we are writing for them, or a professional connection who might refer them. So, pay attention. I picked up that we were having conversations about the risk of taxes changing and how this might impact financial plans. The cost of supporting people through the COVID-19 pandemic is going to need to be paid for at some point – potentially by raising taxes. We though it worthwhile having some substance behind our view.

Team work to explore the detail

Whilst you might think you have a great idea, that doesn't mean that it is right to pursue it. The timing might not be right or the message might not apply to your firm's clients. Before you go too far, talk it though with the key decision makers. Be prepared to explain:

- What your idea is
- What the message is
- Why you think it is of relevance to the firm's clients now
- What resources are needed
- How you think it will benefit the business.

If you get the green light, it's important to refine the idea. We all come at things from slightly different angles, so gather together a team to debate it. Include people from across your firm with different backgrounds and experiences to get as broad a view as possible. For our white paper, I outlined a few facts to demonstrate the problem. This formed the launchpad of an open discussion which we held early in the process. Two heads are better than one, but six or seven is even better!

It's important to be open minded, but at the same time we should have a focus to what we do. A good white paper should distil the complex into the comprehendible

Focus on what is relevant

It's easy to get stuck down a rabbit hole when researching. It's important to be open minded, but at the same time we should

have a focus to what we do. A good white paper should distil the complex into the comprehendible. Start by understanding what the focus should be for your firm's clients – what aspects affect them and are there areas that they can take planning action? Ultimately, can you help them solve the problem? if not then your paper might be provocative but won't be helpful. The story for our paper was that we think taxes are likely to rise. However, there are taxes that will affect some people more than others. So, we narrowed down our focus to those which had the greatest impact on our clients and that we could help them with.

What's the call to action?

Effective pieces of writing make the reader feel, and then do something. Be clear what it is that you want them to do. In most cases we want them to speak to our firm. It's also helpful to be clear which people don't need to do anything. In our paper we wanted clients to seek advice from their planner. To help draw this in from hypothetical to personal, we talked about the broad actions we would be considering for different groups of people. We set the expectation that their planner would be in touch to have an informed discussion.

Gathering evidence

Having worked out the scope of the paper and the desired outcomes we need to start researching. Think about the sources you are using. Are they reliable, what biases might they have and are they in the public domain? Essentially, can you be fact checked!

Our approach to investing is based around looking at the evidence and having a view about whether this applies going forward. Our white paper on tax was similar; when we considered the possibility of a wealth tax, we sourced an academic paper which reviewed historic attempts. We used data from a range of sources and found the 2020 Budget and the Office of Budget Responsibility to be helpful.

It is important to look at the sources behind the commentaries we read. Sometimes the headlines miss nuances, so we invested time in reading the documents they were based on. We included references to all of our sources in the paper and have kept copies on file for future reference (and compliance).

Setting a structure

At University I learned about song writing. Popular music sticks in our head because we know what comes next based on the structure. I think that some of these techniques work well for writing white papers too.

List technique involves listing out a number of things with a final concluding point. For example, in Blue Suede Shoes, Elvis Presley lists all the things that you can do to him followed by the one thing which is forbidden. You could flip this around and go through the things that you have ruled out before focusing down on the important call to action.

The technique I used most in our paper was 'call and response'. The section headings asked a question and I responded with our researched and reasoned answers. It sets a bit of a rhythm and helped me break down the content. When we had side points to raise, we broke out of this pattern to help highlight them.

Get on and write it

Even if your structure is just a list of the key points you want to raise (which is what I did for this article), it provides a helpful framework. You know what you need to cover and can tell if you are rambling on. It also helps ensure that each section links seamlessly into the next.

Having a structure that is broken down means that you can spread the job into more manageable parts. It's likely that you will be fitting the writing in around other responsibilities, so this helps. You don't have to aim for perfection the first time around. Getting something down is sufficient at the start – you can always edit.

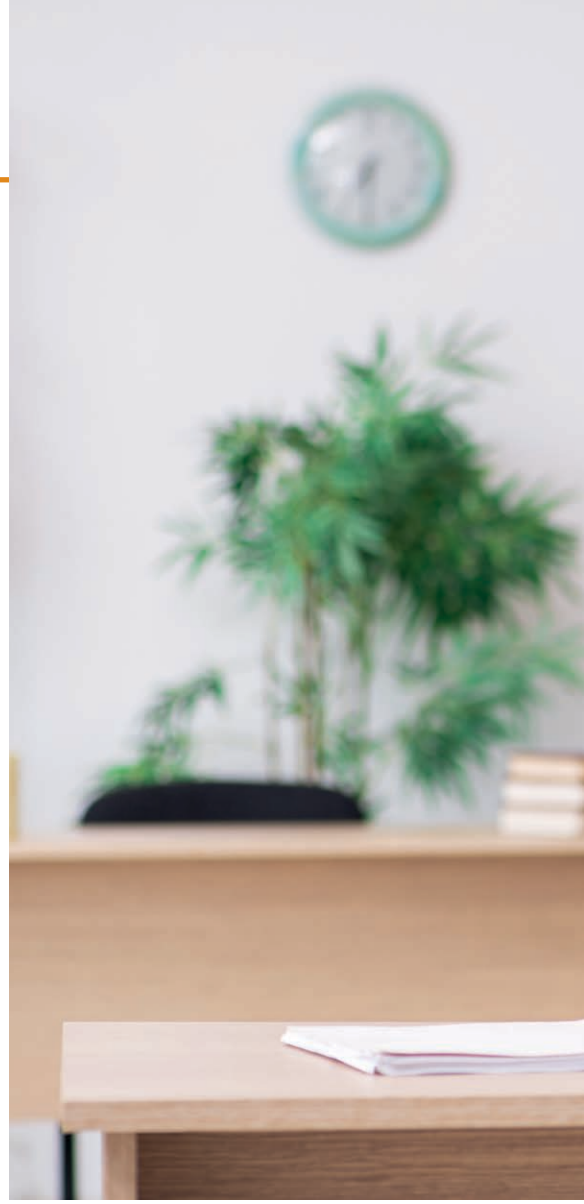
Editing and sign off

This is where you need to bring your team back in. You've been immersed in your paper, so it's important to get an objective review. They will be able to spot points that need clarifying, don't fit in the flow or are missing. As well as refining the details for clarity, we were able to rejig the order of a few paragraphs to make them work better. This is also the point at which our compliance team became involved for signing off the content. I'd already kept them in the loop throughout the process and they provided helpful input to ensure we were not misunderstood.

What happened next

Once we had the content agreed we involved other parts of the team to do the design work and build the delivery strategy to start sharing the white paper with our clients, prospects and professional connections. We even put together a short video summarising our findings. We also spent time briefing our planners on how best to use the document with clients. So far, the feedback from our clients has been excellent and it's also given us the opportunity to meet new potential clients.

I really enjoyed the process and would definitely recommend it as a way to stretch yourself and develop new skills.



EXAM LOCKDOWN

Lockdown's effect on this year's exams meant candidates suffered from cancelled and re-arranged sittings, while issues with remote invigilation for some CII exams also caused headaches. We spoke to Ann Mora, operations manager at Brand Financial Training, about what happened and how things look now

PP: HOW DID CANDIDATES COPE WITH THIS SUMMER'S EXAM UNCERTAINTY?

ANN MORA (AM): Initially, like most things, during March and April things went very quiet, many exam candidates were furloughed and whilst some were inspired to use the time for studying others were just coping with surviving day-to-day, which I'm sure many of us can recognise.

I think the main concern of our customers was the unknown. Should they spend hours studying when they didn't know when they could take their exam? Our message was always "Do what you can to get through. If studying helps do it, if not don't worry". Thankfully, the CII introduced remote exams in July, through a new online training provider, which enabled many customers to focus and move forward with their qualifications.

Since the easing of restrictions, we are now seeing those who continued on furlough or have lost their jobs taking a pro-active approach to exams and training to improve their prospects going forward.

PP: HOW DID BRAND FINANCIAL TRAINING COPE WITH THIS UNCERTAINTY?

AM: The vast majority of our resources have always been downloads or log-ons so we had few postage or other distribution issues and therefore our training resources were available as usual. This was a great relief both to us and our customers. As with much of the population, our team had significant childcare issues – juggling work and home schooling, not to mention entertainment, is quite a challenge! However, we all supported each other and continued working.

We focused on keeping customers informed with all the latest developments regarding their exams and offering encouragement and support to those who did wish to carry on studying

Our main objective was to ensure we were there to support our customers. We focused on keeping customers informed with all the latest developments regarding their exams and offering encouragement and support to those who did wish to carry on studying during the most difficult times.

PP: WE HEARD THERE WERE ISSUES WITH THE JULY R06 REMOTE INVIGILATION EXAM. WHAT HAPPENED?

AM: There were significant problems with the first of the remote exams, R06. Logging into the exam was the main issue, some candidates took up to four hours to get logged in and others were unable to sit the exam at all. Then there was the subsequent stress about whether they would be allowed to re-sit and what the CII would decide.

There were other issues with the new software for remote exams, which included the format of the screens – which restricted the space

available to type answers – difficulties scrolling through the pages which was cumbersome and also being thrown out of the exam in some cases multiple times. We understand the CII are addressing these problems.

PP: HOW DID CANDIDATES COPE WITH THAT?

AM: Unfortunately, for those who did sit the exam, many candidates told us they felt they underperformed as a result of the stresses of using the new system. What added to the stress was that they were unable to speak to anyone at the CII as the helplines were all jammed due to the high volume of calls.

Having said that and despite the issues with R06, the feedback from our customers about the exam content was generally very positive and the pass rate of customers who purchased our analysis and provided feedback was higher than the current CII quoted pass rate.

PP: WHAT IS BEING DONE TO HELP CANDIDATES WHO HAD ISSUES WITH THE REMOTE EXAMS?

AM: Those candidates who were unable to access the exam on 6 July were offered another sitting in August based on the same case study which was a welcome decision.

The CII are also offering a free resit in October for all candidates who failed their July remote exam. Whilst this is welcome, in our view it does not address the issue that many candidates would have spent up to 100 hours studying for the exam and also spent money on training resources and workshops.

PP: ARE CANDIDATES NOW BACK TO STUDYING FOR CII EXAMS AGAIN?

AM: The good news is we are seeing study levels returning to somewhere near normal. Most of the CII exams are now up and running and can be booked and the hope is that sittings for all exams will be available by the end of October. Most exam centres have now opened with candidates having the choice of taking both written or multiple-choice question exams either remotely or at the exam centres.

Given the problems with the remote exams in July we know that some candidates are choosing to wait for their local exam centres to open. However, we do know that restricted spacing and backlog means some candidates may not get their first choice exam centre especially for the October written exams but generally we are pleased to see that things are slowly getting back to normal.

PP: HOW DO YOU THINK COVID WILL AFFECT STUDYING FOR EXAMS GOING FORWARD?

AM: The majority of candidates look for exam support either instead of or on top of the materials the CII provide. Some candidates receive help through their company, some use external courses and others use online resources such as those Brand Financial Training provide.

With many people now set to be working from home for the foreseeable future, we see the role of online learning resources continuing to increase in demand. Our proposition continues to evolve to ensure we can offer resources to suit all different styles of learning. This ranges from mock papers and calculation workbooks to e-learning videos and audio masterclasses. We will be specifically looking at other avenues later this year in order to support our customers going forward.

PP: WHAT ARE YOU DOING NOW IN CASE OF ANOTHER 'PAUSE' TO EXAMS?

AM: At Brand Financial Training we offer 24/7 downloads and log-ons so access to all our resources would continue to be available regardless of any future lockdowns. Our team will continue to be available just as we have been throughout this year. Now that the CII remote exam system is up and running and they are addressing the issues that arose earlier this year, any future disruption to exams should hopefully be minimal and certainly less significant. Let's hope that applies to life in general as well as CII exams!

All information correct as at 3 September 2020.

Psigma Investment Management

Socially responsible investing with a focus on excellent client service

Lee McDowell, Head of Business Development, Psigma Investment Management

Psigma Investment Management launched its Socially Responsible Investment (SRI) Service just over a year ago with a range of multi-asset, inflation-plus portfolios. It has already gained considerable traction in the advisory market – notably receiving independent ESG reviews from Defaqto and earning Defaqto's five star rating as a constituent part of our overall Managed Portfolio Service offering.

When making investment recommendations however it's not just about how good the product is, it's also about the quality of service and support that you, as a paraplanner, and your clients receive.

One of Psigma's stated goals is to be at the forefront of exceptional service delivery. So we were extremely pleased to receive the following very positive feedback from Aleksandra Sasin founder of Navigatus, when she worked with a financial planner to research and place a £400k investment into our SRI Portfolio Service.

"We have been very impressed with Psigma's approach – their team have delivered exceptional service to us, our advisers and their clients every single time, irrespective of the size of the case and whether we were looking to recommend their MPS or opted for their bespoke service.

"Psigma's approach to working with advisers, paraplanners and clients stands out from the crowd, particularly when you compare it with some managed portfolio services where all you get is a brochure and a few lines on the provider's website. Having the opportunity to discuss a specific client scenario at length with the investment manager has been especially valuable. It has also meant a smoother research and report writing process.

"This specific case was our first experience of the Psigma SRI portfolio service. However, once we carried out full market research and due diligence and decided that the Psigma proposition best matched our client's needs, their outstanding service and team approach meant that the case moved effortlessly through the advice stages.

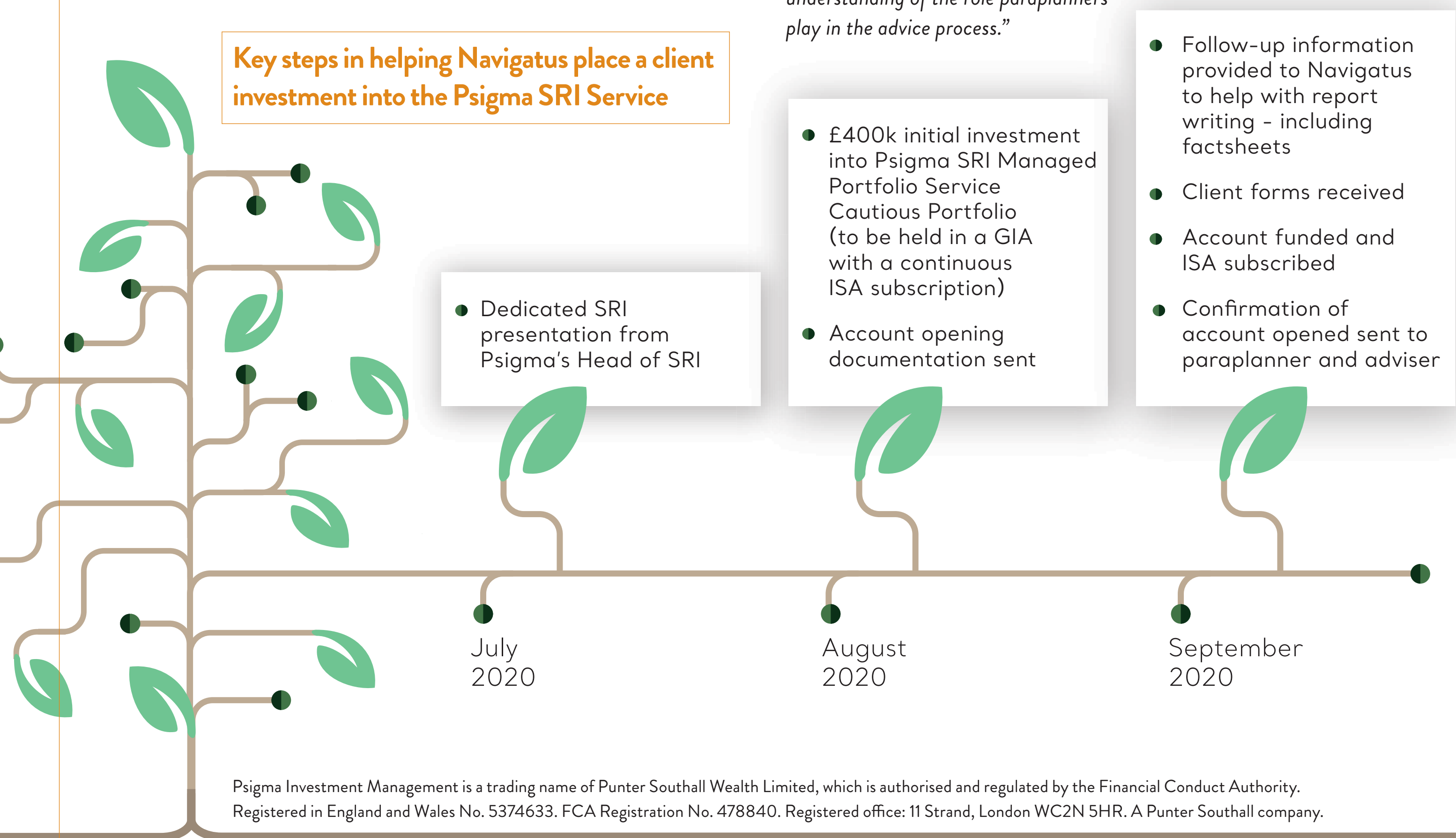
"The investment proposal was produced quickly and correctly, our administration team was provided with the right paperwork, and the paraplanner writing the report was given access to all information she needed thanks to Psigma's understanding of the role paraplanners play in the advice process."

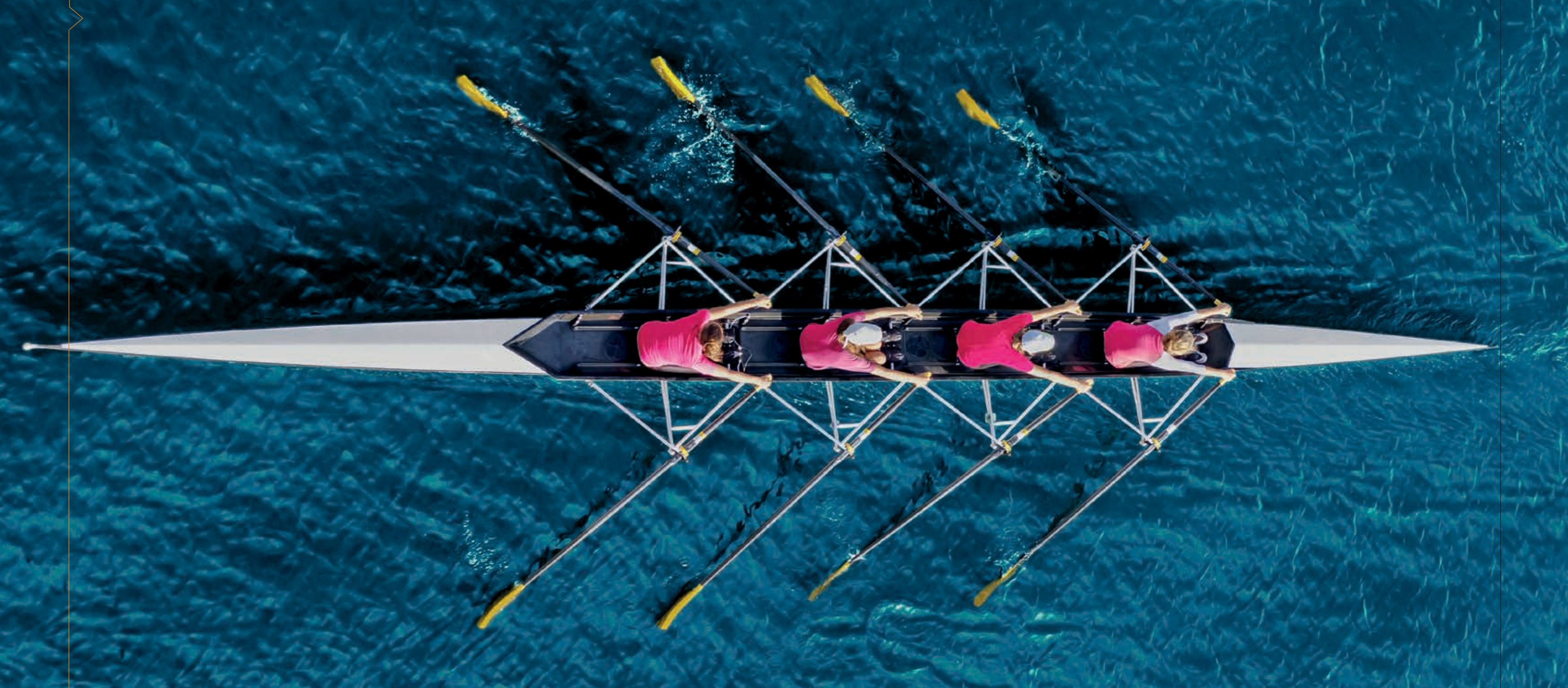
Key elements of our client service:

- Paraplanners can have direct contact with our Investment Managers, providing the opportunity to discuss a client's portfolio in-depth and not have to wait for answers to more challenging questions.
- Paraplanners are able to speak directly with our client service team who are happy to hand hold throughout all stages of the onboarding process.
- Additionally your Business Development contact keeps you fully updated and ensures the service you receive is as it should be.
- Paperless onboarding offered.

To find out more about the Psigma SRI Portfolio Service – including our new Six Step Guide to Growing an SRI Proposition (including digital client facing online material) please contact Lee McDowell, Head of Business Development, lee.mcdowell@psigma.com

Key steps in helping Navigatus place a client investment into the Psigma SRI Service





TEAM TALK

At the heart of any good business and work stream is good communication and… collaboration. We need more of it, says Michelle Hoskin, managing director Standards International

If we are truly on a drive to build a quality profession, it must all start with quality communication streams. In fact, I would go one step further and say that communication will only get you so far, but 'collaboration' will take you all the way.

I feel it is ironic that in a profession where we predominantly listen (and then talk) all day long, when it comes to our interactions with clients, when it comes to our relationships with our teams, the profession as a whole is falling way short of where it should be.

Why? Well, I think there are way too many assumptions being made. With open-plan offices, home working and full to bursting diaries, teams 'assume' that everyone is aware of a what is going on, when in fact the opposite is true.

Meetings, de-briefs and catch up's all take time and are seen as simply another drain on resources, especially when most teams (including financial planners and advisers) are constantly running against the clock to get their work done and see clients.

Get together!

Having spent literally thousands of hours in financial planning and advice firms, I have seen that there is not one problem that cannot be tackled by getting together, talking it through, and coming up with a solution (together!).

Believe me, I am not talking about having meetings for meetings' sake. I for one have learned to understand the benefits of regular catch ups with my teams, direct reports and those working on key clients and business projects. Why? Because it is good to talk. Put simply, these teams are a group of people working together on projects and tasks which help the company take one step further towards getting stuff done!

Simple? So what can be done and where do you start?

1) Before you dive in, getting all trigger happy and start scheduling a 'ball breaking' number of meetings into every one's diaries… start to map out what topics you/the business would like to discuss. Encourage the whole team to be involved in this exercise; I suggest running this at your next team meeting (if you have them!).

I suggest the following 11 key areas:

- Purpose and Vision
- Plan, Policies and Objectives (Company and Individual)
- Financials and Accounting
- Human Resources
- Information Technology
- Operations and Business Development
- Marketing and Communications

- Service and Propositions
- Compliance and Governance
- Continual Improvements
- Projects and work in progress

These pretty much cover the breadth and depth of the whole business, but feel free to add any of your own topics which may not fall into one or more of these areas.

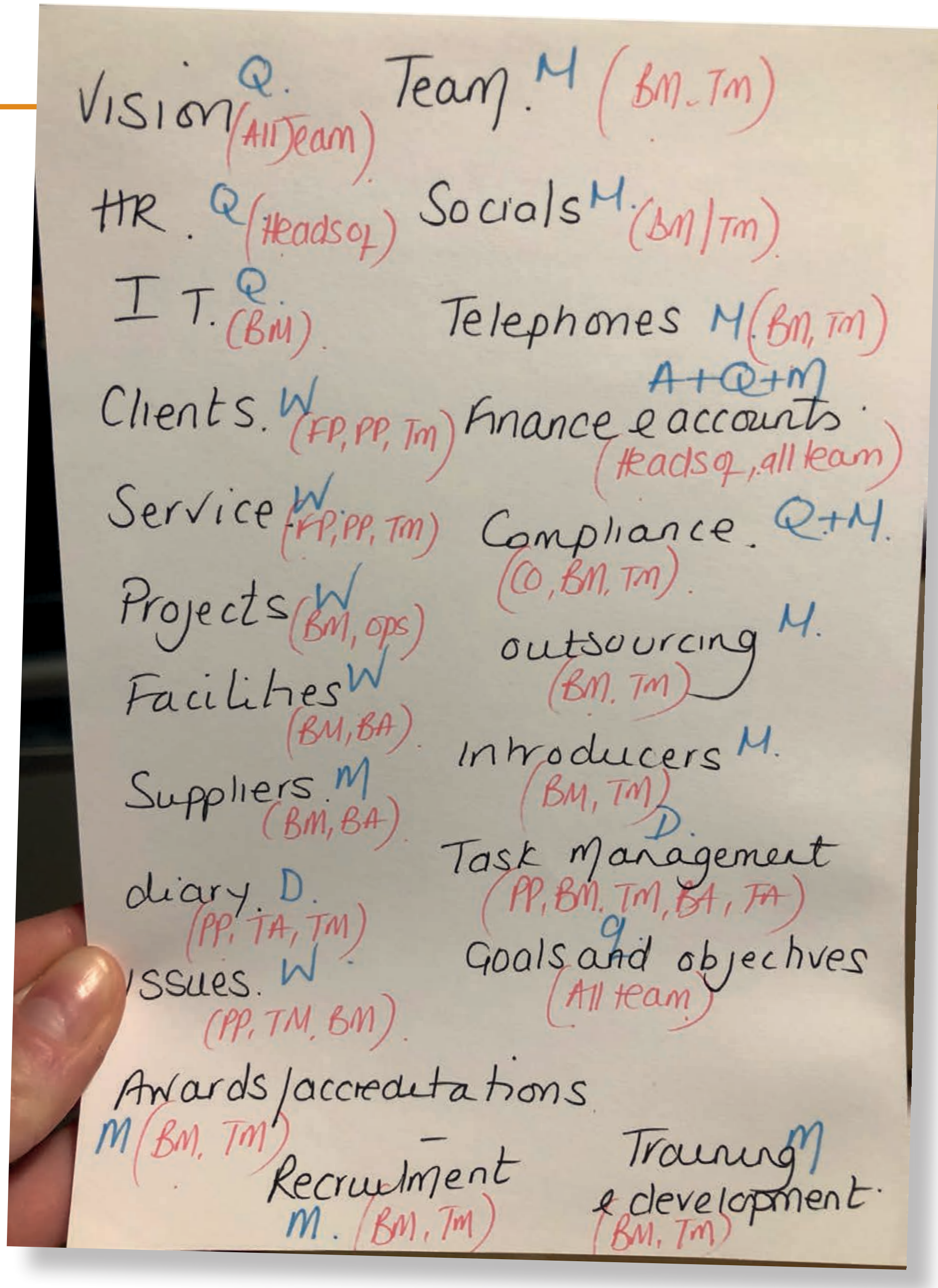
2) Next, have a think about how frequently you would like to discuss each of these. Then mark them with an A – Annually, Q – Quarterly, M – Monthly, W – Weekly and D – Daily.

3) Then mark at the side of each of the areas, the initials of the roles that should be involved in the discussions of these. Do not use the names or initials of the people in your team, as I am trying to highlight if another problem exists. For example, for Financial Planner – use FP, Paraplanner – use PP – you get the idea.

4) Work through each area until you are done. BE AWARE – it may feel a little overwhelming and may look like you're never going to have any time to do anything else after all of these meetings, but please trust me and stick with it.

5) Once you are done – take a step back and have a look. Check you haven't missed anything. If you have done this right you will never have to do this exercise again. Winner!

What you have created is your whole year's communication strategy; right there on one piece of paper – it should look something like the sheet of paper pictured.



Now get planning

If you are all in agreement with what's been written, then you need to create the year's schedule. Planning ahead is key here.

The worst case scenario is that you start having these meetings and catch up's, and then because you get busy, or certain people are not in that day they simply peter off to nothing. This will send a terrible message to the team as a whole, and trust and confidence will start to breakdown amongst them! This is by far the worst possible outcome and needs to be avoided at all costs!

So, map it out…

- Give each meeting a name, for example – Leadership Team Meeting, Work In Progress Meeting, Morning Huddle etc. You decide, be as creative as you wish – these are your meetings after all.
- Now start to map out a high-level agenda for each meeting. Every meeting needs direction and an agenda will help by outlining the areas that need to be discussed.
- Finally, get these meetings in the diary. Schedule them and make sure you share the importance of these not being missed or being bumped to another day or time! Schedule them and stick to them! If certain members of the team cannot make it – it doesn't matter, they happen anyway.

Now it's time to have some fun. At first they may last a little longer than you'd hoped, but that will ease as you get more used to them and the agenda becomes more free-flowing. Warning (yes another!) don't get bogged down in the details. Detail can be discussed 'off line'. These meetings should be high energy, fast paced, informative, engaging and productive.

If people start to lose the will to live half way through, you may have gone a little off track. Enjoy it and stick with it – it really is good to talk, and in over 20 years I have seen firms achieve their goals, accelerate their progress and transform their business all by getting together and spending some good quality time collaborating.

For further insight into the value of great communication listen to Michelle's podcast on this topic, which can be found under Little Miss Woww!

SPECIAL REPORT
TAX PLANNING

SPECIAL REPORT

In association with

octopus investments

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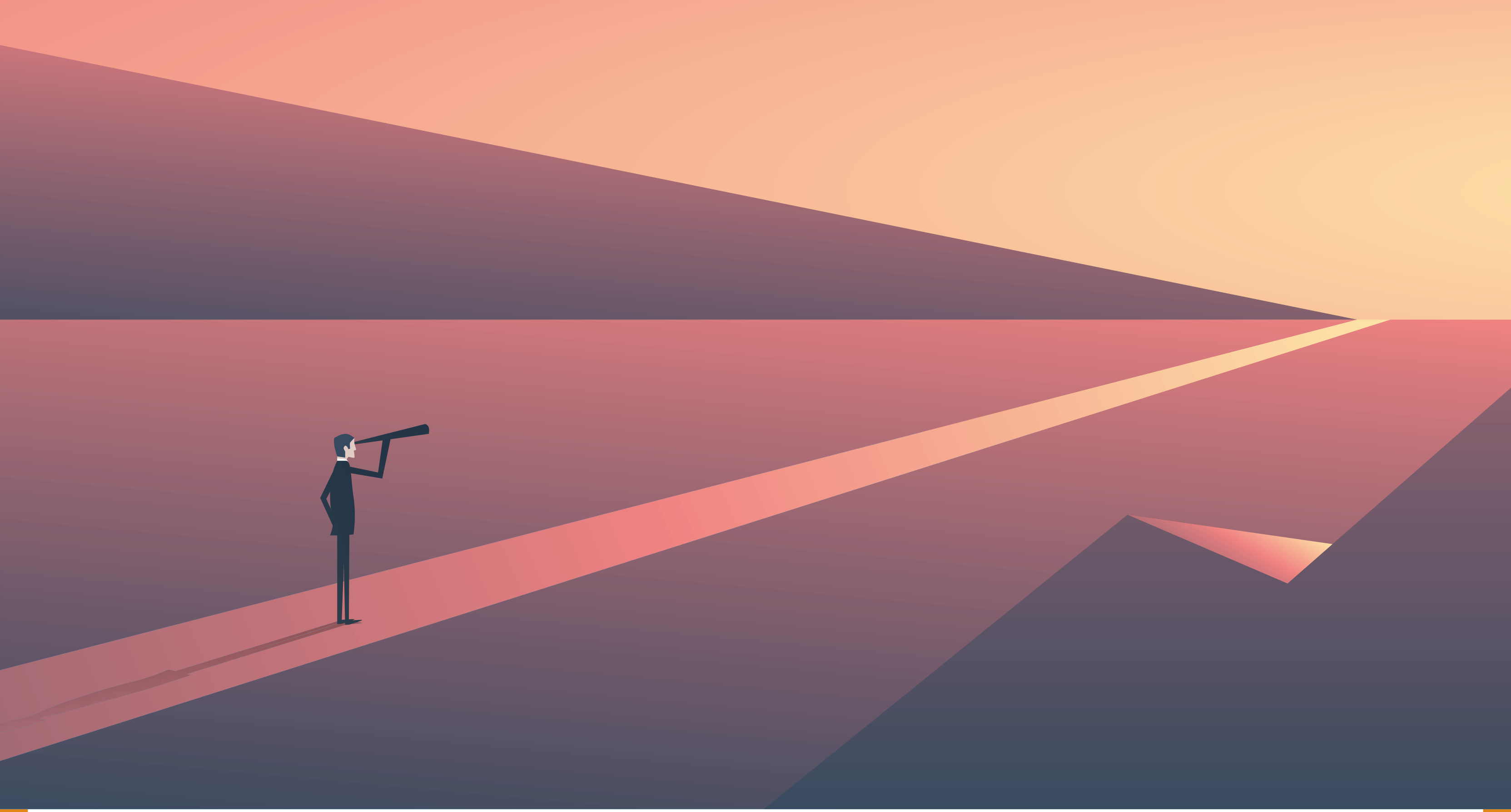


The road ahead

Will he or won't he? Much has been made of the potential for the Chancellor to amend taxes in order to help plug the public debt deficit. Fiona Bond spoke with paraplanners about how their firms are approaching tax planning in this period of uncertainty

The financial fallout from the Covid-19 pandemic has caused shockwaves across the UK economy, with GDP falling a record 20.4% in the second quarter and public debt surpassing £2 trillion for the first time. Not surprisingly, the stark numbers and ongoing uncertainty have left investors concerned about the long-term impact of the crisis on their investments. A recent survey by Schroders revealed that advisers had significantly increased their contact with clients as a result of recent events, with 73% of advisers interacting with more than a quarter of their clients compared to 36% of advisers in an average month.

According to Schroders, capital loss, retirement planning and investment income loss were the three top concerns for clients and with a question mark around how the economy will recover and whether changes to current tax rules will be introduced, many people have been forced to rethink their future plans and retirement age.

Alan Gow, director of Argonaut Paraplanning, says that while most clients are "sensibly cautious" and using tax allowances sooner rather than later if they have the resources, some clients are exploring more decisive action.

Gow says: "There are a small number of clients who seem very nervous about the possibility of major changes without warning, such as the removal of the ability to take tax-free cash from a pension. Such clients tend to hold their views very strongly and this can lead to difficult conversations, especially if they have no particular need for that money now and could be increasing an inheritance tax liability by withdrawing it. Some clients also have concerns about Pension Commencement Lump Sums being abolished, but I don't think this will happen."

Plugging the finance gap

Exactly what measures the Government will take to plug the huge black hole in the public finances remains unknown for now, but there has been mounting speculation that the Chancellor could use the Autumn Budget to unveil a sweeping set of tax increases, despite noises from Government ministers playing this down. In a recent Para-meters survey over three quarters of paraplanners said they expected personal taxes to rise.

Potential proposals include raising income tax, national insurance and capital gains tax to the same level as income tax.

The Chancellor is also said to be eyeing an increase in corporation tax, from the current 19% to 24%, a proposal which could see the Government raise an extra £12 billion next year.

Andy Schleider, director of outsourced paraplanning firm Haven Paraplanning, says: "While it can be difficult to take action until we know for sure what changes will be made, a lot of clients will be business owners themselves so this will be an area that many will be watching with interest."

However, Tony Slimmings, managing director of Paraplanning Hub, believes the Chancellor will need to tread carefully to ensure the UK remains a hub of business activity. Slimmings explains: "Increasing taxes to repay the additional billions borrowed at this stage could be counter-productive, pushing the economy deeper into a recession, especially with the Brexit uncertainties. Keeping tax (corporation) and interest rates competitive will also keep investors, retail and business, active.

"I would like to think it will be an intelligent budget given that Covid-19 is beginning to spike again so maybe all the tax gloom and doom is being spun out to allow a surprise to the upside."

Low hanging fruit

In addition to potentially raising taxes, there has been much debate around whether the Chancellor will look to slash tax reliefs, with pensions considered something of a low-hanging fruit. But while any move to change the goalposts could be hugely unpopular with pension savers, paraplanners are ensuring clients consider making use of available allowances and reliefs where appropriate to their circumstances. Slimmings says: "Removing higher rate pension tax relief is a multi-billion saving but runs into difficulties with DB pension contributions, especially for doctors, so may be too politically hot at this stage."

He adds: "However, I do not think any allowances or reliefs will be increased or improved so I would advocate using available ones ASAP. If (clients) have the cash, use all available allowances, ISA and PPP, and if there are any gains that can be crystallised and clients would be doing this in the next few months anyway, then they have nothing to lose in making the move now."

It is an approach that is echoed by Gow, who says that while it is difficult to know what to expect, the firm would "err on the side of caution" with clients and recommend making use of any available and affordable allowances now.

Gow says: "This means making pension contributions to gain tax relief at the client's marginal rate, using ISA allowances and investing into business relief qualifying investments. We've had a number of recent cases where clients are making large pension contributions, using carried forward Annual Allowance, which they want to complete with some urgency."

Reece Edwards, paraplanner at Hampshire Hill, said the firm is looking more closely at IHT planning, particularly among corporate and high net worth clients, with changes to the current system expected.

Edwards says: "We've been taking steps to educate clients about what reliefs are available and warning them that there's the potential for some of them to have an expiry date. We are concerned about business relief as we think it might see a bit of change. It's a great IHT tool but it's almost too good so it would be an easy target."

According to Edwards, it's important that clients not only look at IHT plans in response to any Government changes but consider the impact upon their children.

If and when changes are announced, Hampshire Hill will use its central mailing list to alert clients to any major developments which could affect them, Edwards says. "An email would normally be enough to spark the conversations with clients that need to happen, but we will also be proactive in contacting clients directly if we feel anything will impact them."

For now, however, Schleider says clients will largely need to adopt a 'wait and see' attitude.

He says: "You can only base your advice on what the current rules are and it's important to continue to work with what you've got rather than speculation. It's impossible to act until you have a bit more information and while it's likely there will be changes, for most clients it will be a matter of 'wait and see' and tackle any changes in the annual review or as and when needed."

If there are any gains that can be crystallised and clients would be doing this in the next few months anyway, then they have nothing to lose in making the move now

IHT planning with a power of attorney

Jessica Franks, head of Tax, Octopus Investments, shows how clients can achieve their estate planning objectives when a power of attorney is in place

Making an investment that qualifies for Business Property Relief (BPR) can be a good solution when there's a power of attorney in place, especially where the donor has expressed wishes to plan for their estate. That's because a BPR-qualifying investment stays in the donor's name, meaning it is a way to undertake estate planning without giving wealth away. As always, appropriate options depend on the donor's circumstances and wishes. But as an investment led solution, BPR can present a way to plan for inheritance tax that it is easier to demonstrate is in the donor's interests than lifetime gifting or settling assets into trust.

The following scenario, inspired by a case dealt with by an adviser we work with, illustrates how a BPR-qualifying investment can help clients achieve estate planning objectives when there's a power of attorney in place.

Meet Barbara and Malcolm

Barbara and Malcolm are 88 and 90 respectively. Both have lost capacity, and a lasting power of attorney is in place for their financial affairs, with their grandson Tom acting as attorney. Tom wants to help Barbara and Malcolm stay in their home, where they receive at-home care. Although expensive, the cost of this care is being met by income from Barbara and Malcolm's pensions. Tom is keen for them to have access to the remainder of their wealth should it be needed in the future to maintain their quality of care. As well as wanting to help his grandparents continue

As an investment led solution, BPR can present a way to plan for inheritance tax that it is easier to demonstrate is in the donor's interests than lifetime gifting or settling assets into trust

to fulfil their wish to stay in their home, Tom is also mindful of inheritance tax, and the fact that Barbara and Malcolm expressed the desire to leave as much as they can to their great-grandchildren – Tom's children, nieces and nephews.

Tom meets with Barbara and Malcolm's adviser, Christine, to discuss what options are available. All told, the couple's estate is worth £1.8 million, and Tom is keen to fulfil their wishes to reduce the inheritance tax liability.

Although Christine explains that Barbara and Malcom's ongoing needs are expected to be met from their income, Tom is not keen to make gifts from their estate in case they need access to incremental funds in the future. While at-home care costs are currently covered, there's uncertainty around how long they will need to be paid, and what other needs Barbara or Malcolm may have down the line. That said, Christine also acknowledges that leaving as much wealth as possible to their great-grandchildren is another important objective the couple had.

Christine's paraplanner Aidan researches investments that are expected to qualify for Business Property Relief (BPR) from inheritance tax. This, he explains, would take the form of a managed portfolio of shares that can be passed on free from inheritance tax, provided they have been held for at least two years when Barbara and Malcom die.

However, if Barbara and Malcolm needed to access that capital during their lifetimes, Tom could request to sell the shares. The shares would be in Barbara and Malcom's names, in the same way that their existing investments already are.

Christine therefore suggests to Tom that some of the couple's existing investments are moved into a BPR-qualifying investment.

There are risks involved

Christine explains to Tom that putting money into a BPR-qualifying investment would put Barbara and Malcolm's capital at risk. The value of their investment, and any income from it, could fall or rise, and they may not get back the full amount they invest. She adds that HMRC assesses BPR on a case-by-case basis when an estate makes a claim. The ability to claim the relief would depend on the company or companies Barbara and Malcolm invest in qualifying for BPR at the time the claim is made. Tax treatment would also depend on their personal circumstances, and tax rules could change in future.

Tom is also made aware that requests to withdraw might not be able to be met quickly as BPR-qualifying investments have to be made into unlisted or AIM-listed shares. The value of shares of unquoted companies and those quoted on the Alternative Investment Market can fall or rise by more than shares quoted on the main market of the London Stock Exchange. They may also be harder to sell.

Tom can see that, on balance, it may make sense for his grandparents to sell some of their existing share portfolio and put the proceeds into a BPR-qualifying investment. The investment would likely be higher risk and would trigger transaction fees and charges for going into a new product but it would stay in their name and could retain the potential to be used to keep them in their home for as long as possible, hopefully for the rest of their lives. At the same time, it would be a positive step towards Barbara and Malcolm's estate planning objective.

The shares would be in Barbara and Malcom's names, in the same way that their existing investments already are

Identifying opportunities – watch the tax planning special

On Thursday 5 November at 10am, the Octopus Online Show will be taking a more in-depth look at how you can spot clients that could benefit from additional ways to invest tax-efficiently. The show is about helping you identify those clients where tax products should absolutely be on your radar. You can find out more, and register to watch the show, at octopusinvestments.com/estate-planning-show-episode-5/

BPR-qualifying investments are not suitable for everyone. Any recommendation should be based on a holistic review of a client's financial situation, objectives and needs. We do not offer investment or tax advice. Issued by Octopus Investments Limited, which is authorised and regulated by the Financial Conduct Authority. Registered office: 33 Holborn, London EC1N 2HT. Registered in England and Wales No.03942880. Issued: September 2020. CAM010190.

The LTA charge

Should the Lifetime Allowance charge be avoided at all costs or are there circumstances where it is worth the client paying the charge? Dave Downie, technical manager, Standard Life considers the options

Many clients will have seen their retirement savings dented by falling markets on the back of the pandemic. When combined with the CPI increase to the Lifetime Allowance (LTA), this could be the trigger for some clients to boost their retirement savings by increasing or recommencing pension contributions.

However, the concern for some will be a potential LTA charge when the benefits are taken should markets rebound to pre-Covid19 levels. However, the possibility of an LTA charge is not necessarily a reason to give up on future pension funding.

The tax charge may be a price worth paying if the net returns are greater than what can be achieved by diverting saving elsewhere.

Ultimately it comes down personal circumstances. Ceasing funding may mean giving up on contributions made by the employer. Equally recommencing contributions could lead to a loss of valuable LTA protection.

Fixed Protection

Anyone with fixed protection will lose this if there are any new payments into their pension. This includes those who re-join their employer's auto-enrolment scheme, even if the employer pays all the contribution, or if they're enrolled into a new employer's scheme. With the LTA currently at £1,073,100 for 2020/21, this could mean losing up to £176,900 of LTA protection.

That could mean a trade-off between an increased LTA and the loss of employer funding. The period until retirement and how close their pension funds are to the standard LTA are critical factors in determining the best outcome for the client.

The loss of employer funding

Many employers offer matching contributions. Stopping funding may mean their employer stops contributing too. Employer pension contributions are essentially 'free money'. Even if they suffer an LTA charge of 55% on their entire future employer funding, they're still receiving 45% of something they would otherwise miss out on. It may therefore make financial sense for most to continue their own funding to retain the funding from their employer, despite the LTA charge.

Alternative employer remuneration package

Some employers may offer additional salary instead of making pension contributions for those key employees caught by the LTA. This more likely in the private sector than the public sector.

The anticipated tax position of the client when funds are withdrawn makes a big difference to the outcome. If pension income would all be taxed at higher rate, it's clearly better to take the extra salary and invest it elsewhere

Table 1: Net pay of £20,386 invested over 5 years at 2.5%

	Pension	ISA	Offshore Bond
Future value	£45,256	£23,065	£23,065
Higher rate taxpayer in retirement	£20,365 *	£23,065	£21,994
Basic rate taxpayer in retirement	£27,154 **	£23,065	£22,530

* After LTA charge of 25% + 40% income tax on balance if taken as income
** After LTA charge of 25% + 20% income tax on balance if taken as income

Table 2: Personal contributions of £15k over 10 years at 2.5%

Individuals	SIPP	ISA	Offshore Bond
Contributions	£25,000	£15,000	£15,000
Fund value	£32,000	£19,200	£19,200
LTA charge 25%	(-£8,000)		£22,530
Income tax 20%	(-£4,800)	(-£840)	
Net amount in the hand	£19,200	£19,200	£18,360

But additional salary will mean there's tax and NI to pay. The employer may only be willing to pay an amount equal to the same net cost as the pension contribution (i.e. after employers NI liability).

For example, a higher rate tax paying employee receives an annual employer pension contribution of £40,000. After deduction of employer NI at 13.8%, that would equate to additional salary of £35,149. The employee then has income tax and NI to pay on the additional salary, so the amount they receive would be £20,386.

But if the additional salary is to be used to save for retirement they will need to find an alternative home for these savings and none of the other savings choices offer the same tax advantages as a pension.

Table 1 opposite shows what the client might get back by investing the net pay of £20,386 over five years into another investment wrapper with the same gross roll up and achieving a 2.5% real rate of return. This is for illustrative purposes as the net pay is greater than the current ISA allowance, but this could still be achieved by using a spouse's allowance.

The anticipated tax position of the client when funds are withdrawn makes a big difference to the outcome. If pension income would all be taxed at higher rate, it's clearly better to take the extra salary and invest it elsewhere. But if income can be extracted from the pension at basic rate, then it swings more in favour of funding beyond the LTA even with the 25% tax charge.

Making personal contributions that result in an LTA charge

But what about making personal contributions that will exceed the LTA without the added bonus of employer matching? Again, it comes down to what clients will get back after all taxes have been deducted. If income in retirement can be kept at basic rate then personal contributions receiving 40% tax relief, even after the LTA charge, will achieve exactly the same return as an ISA.

Table 2 compares what the client might get back in their hand assuming a real rate of return of 2.5% over 10 years for the same net cost of £15,000. An additional consideration is that the unlike the pension the ISA and offshore bond will both form part of the estate on death.

Summary

It's only natural to want to avoid tax charges. But the alternatives will generally have their own tax consequences and these need to be factored to determine the best outcome for the client. And this could still be to carry on funding their pension.

It's only natural to want to avoid tax charges. But the alternatives will generally have their own tax consequences

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 20/21, examinable by the CII until 31 August 2021.

1. What information must be stated on the cancellation notice issued to a retail customer? Tick all that apply.

A Confirmation of the client's right to cancel
B It must specify the duration of the client's right to cancel
C The inclusion of a freepost envelope to allow the client to cancel without postage
D Confirmation that the client cannot continue as a client in the event of cancellation

2. Which of the following is true regarding a NS&I Guaranteed Income Bond?

A Interest is paid net of basic rate income tax
B It is not possible to use the personal savings allowance against interest
C Interest is paid gross but is taxable
D It is possible to use the dividend allowance against returns

3. Jonathan has become self-employed and wants to know how Class 2 National Insurance Contributions are normally paid. You can tell him that:

A They are collected via self- assessment in one lump sum on 31st January after the end of the tax year to which they relate
B They are paid on account on 31st January in the year of assessment and 31st July following the year of assessment
C They are paid quarterly to the National Insurance Contributions Office
D They are paid monthly by direct debit

4. Gemma is buying a property where the current owners Clive and Kiera have the right to use the back of their neighbour's property to gain access to their own back garden. Before she goes ahead with the purchase, Gemma should be fully aware that:

A This is a positive covenant, and Gemma will be subject to statutory restrictions
B This is a positive covenant, and Gemma will be bound by its terms
C This is an easement and will remain so if Gemma buys the property
D This is an easement and will cease on the change of ownership

5. Disinflation typically occurs when:

A Prices are declining over time and the rate of inflation becomes negative
B The supply of goods rises faster than the supply of money
C there is a decrease in the rate of inflation
D buying power of money is reduced

6. A company has been paid 200,000 euros for goods and wants to convert this into pounds. If the GBP:EUR quote is 1.2503/8 what would the company receive?

A £159,859
A £159,897
C £159,936
D £159,961

7. You are financial adviser to Roger who is a resident in a nursing home, and also to his son John who has an unregistered Enduring Powers of Attorney (EPA) for his father. When you visit Roger for an investment review meeting with John, you find he is becoming increasingly forgetful and does not remember who you are. What action should you take?

A Take instructions from Roger to make changes to his investments
B Discuss with John the possibility of registering the EPA for his father before taking any further action
C Only take action after discussing Roger's investments with other family members
D Take instructions from John to make changes to Roger's investments

8. Don and Doris arranged a Home Reversion Plan some years ago in respect of their main residence. If Doris goes into a residential home as she needs long term care whilst Don is still in good health, what would normally happen under the plan?

A The plan would continue until Don dies or goes into residential care
B The provider would make an additional payment to Doris
C Interest would become chargeable on the plan
D The property would need to be sold as soon as possible

9. Bob reaches State pension age in October 2020 but doesn't think he will need the income from his State pension. Bob should be advised:

A He will only be able to defer once.
B Any deferred income will be tax-free
C Benefits need to be deferred for at least a year to qualify for an increased income
D He can elect to take his deferred benefits as a lump sum

. In calculating the maximum benefit payable under an income protection policy, some companies include which of the following to the definition of 'total IP benefits'?

A State disability benefits and sick pay from an employer
B State disability benefits
C Sick pay from an employer
D Compensation payments received for accidents at work

Your answers

1. ☐☐ 2. ☐ 3. ☐ 4. ☐ 5. ☐

6. ☐ 7. ☐ 8. ☐ 9. ☐ 10. ☐

Last issue's answers

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

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

In association with

Professional Paraplanner

The Investment Committee

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

The Investment Committee series of webinars are now in full flow, with a number lined up for the autumn. To date we have seen presentations from Close Brothers, Fidelity and the BMO Multi-Manager team, with presentations on the macro environment and portfolio positioning, the structural trends emerging from Covid-19 and potential long-term trends, the importance of ESG integration, and the prospects for the bond market. Keep your eyes on our website and the daily email alert for announcements of future webinars.

CERTAINTY OF INCOME

David Hambidge, director of multi-assets at Premier Miton, considers the problems in producing a sustainable income in a world where uncertainty rules

To say that 2020 has been a challenging year for those looking for an income from their investments would be something of an understatement. Returns from cash deposits have been negative in real terms for the best part of a decade while trillions of dollars of government and corporate debt provide either a negative nominal or real return and in many cases, both.

However, the real pain this year has been felt by those who rely on dividends from their equity holdings as these have seen unprecedented falls. According to recent data, some $100bn was wiped off global dividends in the second quarter with the worst of the declines felt in the UK and Europe. This is perhaps understandable given these were the highest yielding equity markets to start with while lower yielding markets such as the US and Japan have fared better or at least less badly.

For UK equities we are expecting dividends for 2020 to fall by close to 50% from the record payout enjoyed by investors last year. This is about four times more than the decline seen during the financial crisis and certainly brings into question the theory of being ‘paid to wait’. In the past, even during recessionary periods, UK dividends have held up well even when share prices have fallen sharply which has helped investors cope with uncertainty and higher volatility.

However, the response to the markets from the Covid crisis has been completely different with dividends falling more than underlying share values but again in the case of the UK it has been a painful year for both income and total return investors alike.

While the scale of the dividend cuts has been unprecedented, we shouldn't forget that the economic damage caused by weeks of lockdown has also never been seen before and therefore perhaps we shouldn't be surprised by the action taken by companies in order to protect their balance sheets.

On a brighter note it is likely that the worst of the dividend cuts are now behind us, there are a number of companies that are recommencing dividends and even a few that are increasing them

The good news?

On a brighter note it is likely that the worst of the dividend cuts are now behind us and while BP has recently made the headlines following the halving of its payout, there are a number of companies that are recommencing dividends and even a few that are increasing them. However we think it will be several years before UK dividend payouts return to the 2019 record level although we do still expect to see a significant rebound in 2021.

Although the cut in dividends has inevitably had an impact on our multi-asset, multi-manager income portfolios, the pain has been far less than for those who rely on equities alone. One of the reasons for this was the decision to significantly increase our exposure to corporate bonds and other credit strategies in late March/early April. This trade gave us access to a much more certain income stream as well as good capital recovery prospects given the depressed level of prices at the time. Meanwhile our funds have also benefitted from other areas that have continued to provide a reliable income stream through the current crisis. These include targeted areas of the UK commercial property market such as care homes and supermarket leasing, as well as alternative lending and asset backed securities.

The interest rate sensitivity of our bond portfolios remains low and while we are yet to benefit from this it should be remembered that only a small rise in the yield of some medium to long dated bonds can result in significant capital loss.

Gone are the days when a portfolio of equities and government debt could provide a combination of a decent income stream and a relatively smooth capital return. This is because bond yields are now simply too low and now appear to provide more of a return free risk than a risk free return.

JAPAN - WHAT NEXT?

Darius McDermott, managing director, FundCalibre, looks at the legacy of Japan's Prime Minister Abe Shinzo and following his announced resignation, where there may be potential concerns for investors

Having recently become the longest serving Prime Minister in Japan, at the end of August, Abe Shinzo announced that he would be stepping down from his position, due to ill health. In 2012, Abe (inset) assumed leadership of a country burdened by stagnant economic growth, unfavourable population dynamics and a mountain of debt. Fast forward eight years and his record shows he established political stability, enhanced Japan's international presence and introduced a new brand of constructive economic and social reform, 'Abenomics'.

After decades of deflation and disappointing stock market returns, the Nikkei 225 – Japan's main index – returned 125%[1] over this tenure, and reached levels not seen since the early 1990s.

It is Abe's "three arrows" approach of Abenomics which he will be most remembered for. It has had varied levels of success – for example, Japan may have escaped an entrenched deflationary cycle, yet inflation has been comfortably below the Bank of Japan's (BoJ) target of 2% for most of his tenure.

The corporate governance reforms have been unprecedented – leading to greater board independence, better strategic decision making and higher returns to shareholders in the form of dividends and buybacks. However, while there have been reduced corporate taxes on the one hand, we've seen higher consumption tax on the other.

Abe worked hard to boost the presence of Japan in the international community, improving relations with China and the US. However, Axa Framlington Japan manager Chisako Hardie believes a number of issues throughout his tenure remain unattended to. These include many businesses straining under severe hardship due to Covid-19, and the Tokyo Olympics 2020 postponement and potential cancellation – which would significantly impact tourism in the country.

Although it remained above the critical 30% level, Abe's popularity had declined recently. This could be related to Covid-19, with a note from Schroders indicating that the population wasn't giving much credit to the government for the strong response to the pandemic, despite an economic stimulus package with a headline figure of $1.1 trillion, equivalent to 22% of GDP in April, with a follow-up package in May[2].

While many candidates were touted to take over as Prime Minister, it was chief cabinet secretary Yoshihide Suga who

In truth, the model for dividends has been looking challenging for some time. The demand for income has been insatiable and the hunt has stretched across both regions and asset classes

was picked by Japan's governing party to succeed Abe. Jupiter Japanese equities manager Dan Carter believes it is likely to be a case of "same wine, different bottle" in the post-Abe era. He adds that we are "unlikely to have a starkly different policy agenda – an orderly transition from one Liberal Democratic Party grandee to another makes this truer than ever". The only real challenge to this may come from former Defense Minister Shigeru Ishiba, a rare outspoken critic of Abe within the LDP.

So where are the challenges? First State Japan Focus co-manager Sophia Lia says the short-term impact is likely to be a strengthening of the Japanese Yen and weak market sentiment due to higher uncertainty. With Abe as chief supporter, she says the biggest fear would be that improvements to corporate governance come to a halt; however, the consensus of the First State team is that is now an irreversible trend.

However, there are concerns. PIMCO believes the next Prime Minister Yoshihide Suga will face numerous challenges. These include Abe's administration failing to make the best use of its political capital to address the structural challenges of an aging population and sustained economic welfare. Unsustainable public pension and healthcare systems, as well as a failure to implement information technology and digital solutions, both in private and public sectors, are other areas PIMCO believes the economy will suffer. The firm adds that fiscal policy may hit the wall, with future leaders having to resort to aggressive monetary-financed fiscal easing, while the BoJ may be forced to gear toward policy normalisation, as the side-effects of super low interest rates accumulate over time.

As a result, PIMCO believe these challenges will lead to increased risk of political instability and policy uncertainties in the medium to long-term.

However, while policy dictated the performance of markets in the early part of Abe's tenure, Goldman Sachs says the market has been driven more by micro and company specific factors since 2015. It says this is "clearly evidenced by the divergence of returns amongst companies, as well as the decreasing correlation between market returns and the exchange rate." This indicates stock selection has become the principal driver of returns.

Comgest Growth Japan manager Richard Kaye says the opportunity for investing in Japan remains one of the most interesting among major markets, with some 3,000 listed companies – many of which are world leading franchises ¬ surviving all types of economic scenarios.

If Abe's changes are irreversible, there is every reason to be optimistic, but history tells us we should tread carefully in a region that has disappointed many times before.

[1] Source: FE Analytics, total returns in sterling, 17 December 2012 to 31 August 2020
[2] Source: Schroders: The case for Japan as Abe departs

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.

DESTRUCTIVE CAPITALISM

Does recovery from Covid-19's impact require more of a Darwinian than a Keynesian approach? David Coombs, fund manager, Rathbone Multi-Asset Portfolio Funds takes a view

Recently, my wife and I paid our £10 'entry' donation and settled down to watch a tribute to saxophonist Charlie "Bird" Parker on YouTube. This was a live stream from Ronnie Scott's Jazz Club, with Gilad Atzmon. It was excellent, although it's hard to create atmosphere in a room with no audience. Having been to the club often, it really made us pine for London for the first time since lockdown.

That same day the Prime Minister came under pressure to encourage office workers back to work to support the London economy. To be honest, Ronnie Scott has more influence than the machinery of government. COVID has been one of the many economic shocks in my career, which started back in the mid-80s. Of course, there have been many over that period: the '87 crash, the Asian debt crisis, various Argentinian defaults, the UK's exit from the European Exchange Rate Mechanism, dotcom, Enron, the GFC, the list goes on. Yet, I would argue this shock will probably end up having the greatest long-term impact on both macroeconomics and the micro (individual companies).

Many businesses in our big cities, in the travel hubs supported by office workers commuting from miles around, are struggling. Pret a Manger has somehow become the media's barometer on the urban plight.

I feel terrible for all the thousands of people working in these businesses who are dealing with chronic uncertainty over their jobs. The management of these companies have a tough time as well. They cannot wait for the government or their customers to bail them out, they need to plan for a future that is likely to be quite different from the pre-COVID era, even if we are all still in the dark about what it will actually look like.

However, we have to be careful about trying to bail out everyone and everything. No business has a divine right to exist. Some are urging office workers to return immediately to the cities to support these businesses. It's hard to argue with the sentiment, we all want to help those in need, yet we have to take a step back.

Businesses have to stay relevant to survive, let alone to grow. Since 2008, drunk on quantitative easing, we have started to believe that all businesses should be propped up forever. I don't remember people calling for everyone to keep renting DVDs to support Blockbuster, or encouraging the purchase of 35mm film to save Kodak. We're certainly not encouraging people to buy more petrol to save employees at BP. So, Pret? They make great avocado sandwiches, absolutely; and yes, their staff are always amazingly friendly. But I'm not sure that propping up sandwich makers is a good long-term strategy.

So there appears to be a double standard. Should WH Smith be saved now that railway stations are empty? (Its travel retail units saved the business as high street shops declined.) Of course not. We must avoid the mistakes of the '70s – subsidising industries and businesses that are unable to adapt to modern customer demand. Otherwise we would still have the National Coal Board. But the government must ensure that it is ready and able to support the people who lose their jobs when these businesses fail. They need help to retrain and get back to work in something that has a future. That's how we improve our country's productivity and get ahead as people and as a nation.

All this change will create opportunities for new businesses offering products and services that are actually relevant to consumers after the pandemic. It is these businesses that we should be investing in and that the Government should be supporting. It is ok going all Keynesian if you spend the cash wisely. Throwing it away on failing business models will not push up GDP. It will push up taxes and ensure the recession lasts longer, much, much longer.

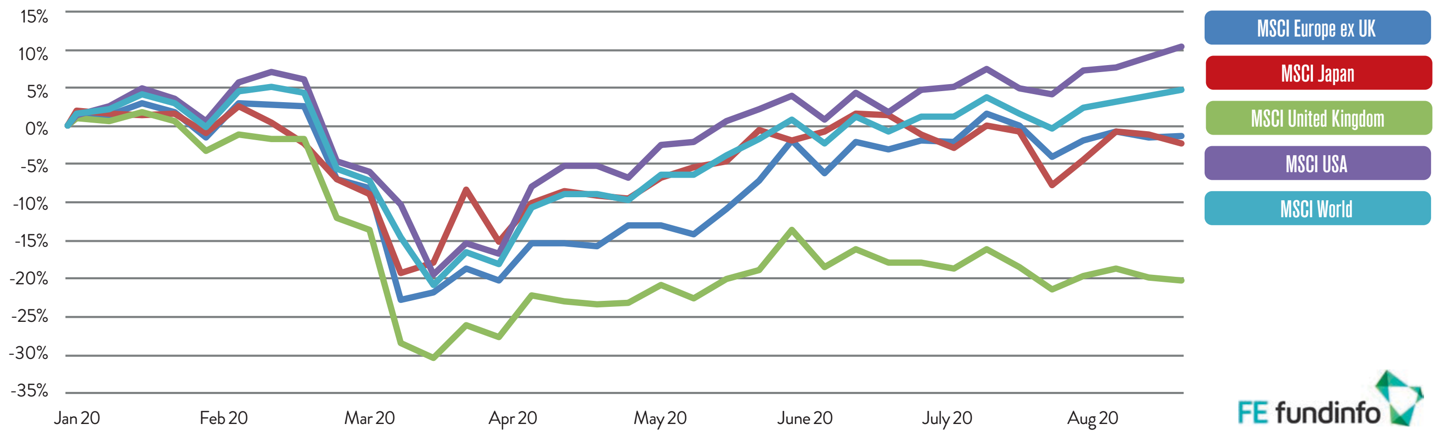
And trying to pressure office workers, and their employers, into doing the right thing for a business rather than their own families – particularly if the business is owned by private equity – is a policy doomed from the very start.

London will survive because, as the tribute to Charlie Parker reminded me, it remains the cultural capital of the country. I still want to spend a lot of time in London and I will continue to do my bit to support the London economy, but I suspect that I will also be supporting my neighbourhood in Wiltshire more than I have in the past, which is arguably a good balance. So I'm sorry, Upper Crust, it's not personal...

It is ok going all Keynesian if you spend the cash wisely. Throwing it away on failing business models will not push up GDP

SECTOR CONSIDERATIONS: UK EQUITY

Year to date index performance



Sector weightings

Sectors	MSCI World	MSCI USA	Over/ Under	MSCI UK	Over/ Under	MSCI Europe ex UK	Over/ Under	MSCI Japan	Over/ Under	Performance YTD*
IT	21.50%	27.94%	6.44%	1.33%	-20.17%	9.42%	-12.08%	13.06%	-8.44%	32.52%
Healthcare	14.02%	14.50%	0.48%	14.45%	0.43%	16.85%	2.83%	11.81%	-2.21%	7.50%
Financials	12.33%	9.73%	-2.60%	17.28%	4.95%	14.15%	1.82%	8.70%	-3.63%	-17.11%
Consumer Disc	11.25%	11.64%	0.39%	6.00%	-5.25%	10.84%	-0.41%	17.65%	6.40%	21.60%
Industrials	9.94%	7.89%	-2.05%	10.67%	0.73%	14.39%	4.45%	19.69%	9.75%	-2.15%
Communications Serv	8.92%	10.78%	1.86%	4.47%	-4.45%	3.96%	-4.96%	10.46%	1.54%	-3.09%
Consumer Staples	8.35%	6.72%	-1.63%	19.88%	11.53%	13.63%	5.28%	8.34%	-0.01%	2.58%
Materials	4.44%	2.51%	-1.93%	10.61%	6.17%	7.08%	2.64%	4.70%	0.26%	4.95%
Utilities	3.39%	3.02%	-0.37%	4.00%	0.61%	5.47%	2.08%	1.49%	-1.90%	-3.76%
Energy	2.95%	2.34%	-0.61%	9.99%	7.04%	2.74%	-0.21%	0.63%	-2.32%	-36.79%
Real Estate	2.91%	2.93%	0.02%	1.32%	-1.59%	1.45%	-1.46%	3.48%	0.57%	-10.45%

Fund Calibre comment:

One of principal discussions we've had in the past couple of years is why the UK is so unloved and when it is likely to change. Brexit and the weakness of the pound have been like a Damocles sword hanging over the economy, while the Government's somewhat cumbersome response to lockdown was also seen to damage sentiment.

The first chart above shows UK equities have not witnessed the recovery many of their peers have made following the sell-off in February and March. However, the second chart shows why the UK has underperformed in 2020. The MSCI UK has its biggest underweight to the MSCI World (-20.2%) in technology – the one sector shooting the lights out this year (+32.5%). The next best global performer is consumer discretionary (+21.6%), the UK's second largest underweight (-5.3%).

This is compounded by the UK's overweight (7%) to the energy sector – comfortably the worst performer (-36.79%).

The UK is a consumer-led economy, with an 11.5% overweight to consumer staples, but this really supports the point. The one thing people have spent more money on during lockdown is computers/tech, by contrast they've spent far less on the likes of takeaway coffees. The UK has also been hit hard by nobody travelling (energy) and production falling markedly (materials). The worry is these trends are unlikely to change anytime soon.

So, what does the UK need to rebound? In reality a strong value or macro-rally where everything does well, which would see an uptick for energy firms, miners and financials. Active management in the UK has never been more important.

CLEAR IMPLICATIONS

Writing a financial plan using the client's own words doesn't always provide a defined picture of what the client wants and an actionable strategy, says Jacqueline Lockie, head of Financial Planning, CISI

I have written a few articles in the past about how I (when I was a paraplanner years ago) and you (as a paraplanner now) write financial plans for clients. I came across an interesting example recently that I think you might be able to identify with. Plain English is not as easy as it first sounds when it comes to explaining things to clients and putting together a financial plan.

One of the biggest qualities I see regularly in paraplanners I meet is the ability to critically assess multiple options for various client circumstances. Clients often arrive (virtually probably at the moment) with more than one objective they want help meeting. So, this conflict of meeting those objectives and thinking through the options and various implications to find the best fit, is very important. Considering the implications of the financial plan you are drafting is key to the client's understanding. Your ability to spot anomalies and write a clear plan for the client might need a bit more work. Let's look at my recent example:

A client retiring in 12 months currently has a 40% equity, 60% debt portfolio split. A full financial plan and review took place a few months ago. The client says he will move to a 50:50 portfolio IF one or more of the following things happen:

- He gets his final payment from work
- Markets fall by20% in the next year
- Markets fall by 20% in the next two years.

The plan states all of this and then says; "we might consider doing this if your risk profile is appropriate." I have a few questions...

- What is appropriate? What does that mean exactly?
- "Might consider" why only might? What does that mean for the investment advice being given? Does that mean the adviser/manager should automatically execute the instruction to move the portfolio to 50:50 split if one of those events are triggered?
- There is no signed investment mandate for the switch as it was not clear (so the reality is that nothing can happen)
- Should there be a financial plan review at the time of the trigger to switch? Nothing appears to have been discussed with the client or documented.
- Will the client understand this? Will they really know exactly what is going to happen and when? I'm not sure I do!
- How might the client interpret this information in the plan? I think it is very likely that they won't be sure or fully understand.

When writing financial plans we often do our best to use as much of the client's own language as possible. We know that will help them understand as they will see themselves reflected in it. We also need to add in a certain amount of jargon too. But mixing the two can lead to misinterpretation and confusion, which seems to have happened here. Mixing what was said and what actions were later decided hasn't worked.

Proofreading the financial plan picked up this example and it has been clarified. But the paraplanner who wrote this was very happy with the initial explanation. They were clear on what was going to happen.

How do you pick up these sorts of issues where you work? Are there any lessons you can learn to help you in the future from my example? What's the saying?...'Teamwork makes the dream work'. Sounds about right to me.

Plain English is not as easy as it first sounds when it comes to explaining things to clients and putting together a financial plan

CONTINUING PROFESSIONAL DEVELOPMENT VERIFICATION TEST

Professional Paraplanner is approved under the Charted Institute for Securities & Investment's CPD accreditation scheme for financial planning to enable paraplanners to accrue CPD points for reading the publication

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.

Complete and retain a copy of this page from the printed version of the magazine or download the pdf of the page from our digital edition and complete and retain that for CPD compliance purposes.

Professional Paraplanner CPD questions for Structured CPD verification

Viewpoint (p5)
Name one of the ways suggested that employers can better respond to staff with mental health issues:

White paper writing (p10)
When suggesting an idea for a white paper, what are three elements to consider?

1.

2.

3.

Team talk (p15)
Name three areas of focus when setting out a busines communications strategy:

1.

2.

3.

LTA charge (p22)
Lifetime Allowance charge Fixed Protection is lost if new payments are made into a pension.

- ☐ True
- ☐ False

LTA charge (p22)
At the current LTA maximum of £1,073,100 loss of protection could cost the pensions saver:

- ☐ £174,900
- ☐ £176,900
- ☐ £178,900

Income (p26)
By what percentage does the writer expect dividends to have fallen by the end of 2020 compared to 2019?

- ☐ 20%
- ☐ 45%
- ☐ 50%
- ☐ 55%

Japan (p28)
The new Prime Minister of Japan is:

Japan (p28)
'Abenomics' had at its core what kind of approach?

- ☐ Three arrows
- ☐ Three paths
- ☐ Three spears

Sector (p31)
The MSCI UK has its biggest underweight to the MSCI World in which sctor?

- ☐ Commodities
- ☐ Healthcare
- ☐ Industrials
- ☐ Technology

Data (p35)
The best performing sector in August was

- ☐ China/Greater China
- ☐ Global
- ☐ North America
- ☐ North American Smaller Companies
- ☐ Technology & Telecommunications

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 31 August 2020, provided by FE Fundinfo

BEST RATED FUNDS

IA	3 year Cumulative Performance	FE Fundinfo Alpha Manager Rated	FE Fundinfo Crown Fund Rating
Baillie Gifford Global Discovery	101.3	✓	5
Brown Advisory US Equity Growth	93.74	✓	5
Morgan Stanley Global Opportunity	85.49	✓	5
T. Rowe Price US Blue Chip Equity	82.23	✓	5
T. Rowe Price Global Focused Growth Equity	74.82	✓	5

AIC	3 year Cumulative Performance	FE Fundinfo Alpha Manager Rated	FE Fundinfo Crown Fund Rating
Baillie Gifford Edinburgh Worldwide	114.06	✓	5
Martin Currie Global Portfolio Trust	46.64	✓	5
Schroder Asian Total Return	28.46	✓	5
Standard Life UK Smaller Companies	26.05	✓	5
Frostrow Capital Finsbury Growth & Income	16.98	✓	5

BEST PERFORMING FUNDS IN TERMS OF RISK VS RETURN

IA	3 year Cumulative Performance	FE Fundinfo Risk Score
Baillie Gifford American	174.17	130
Morgan Stanley US Growth	141.94	135
Baillie Gifford Long Term Global Growth Investment	137.34	109
Baillie Gifford Positive Change	118.46	92
LF Ruffer Gold	118.45	152

AIC	3 year Cumulative Performance	FE Fundinfo Risk Score
Starvest	380.00	346
Downing Four VCT	181.76	217
Allianz Technology Trust	139.73	139
Baillie Gifford Scottish Mortgage	125.97	128
Baillie Gifford Edinburgh Worldwide	114.06	140

RISKIEST SECTORS

IA	3 year Cumulative Performance	FE Fundinfo Risk Score
North American Smaller Companies	30.75	105
UK Smaller Companies	4.21	102
Japanese Smaller Companies	8.38	99
UK All Companies	-5.92	97
UK Equity Income	-12.32	94

AIC	3 year Cumulative Performance	FE Fundinfo Risk Score
Country Specialist: Latin America	-6.13	165
North American Smaller Companies	18.11	152
VCT Specialist: Health & Biotech	51.25	146
European Emerging Markets	-2.28	142
Country Specialist: Europe ex UK	49.13	138

OUTFLOWS

Fund name	Size 1y ago (£m)	Size now (£m)	Performance Effect on Size (£m)	Out (£m)
M&G Japan	43,152.52	146.01	-6,583.03	-36,423.48
Liontrust Japan Equity	41,574.25	26,394.16	-983.26	-14,196.83
M&G Japan Smaller Companies	11,624.68	61.31	-660.60	-10,902.78
ASI Global Absolute Return Strategies	7,844.40	3,803.50	19.94	-4,060.84
Invesco Global Targeted Returns (UK)	10,822.21	7,423.98	27.35	-3,425.59

INFLOWS

Fund name	Size 1y ago (£m)	Size now (£m)	Performance Effect on Size (£m)	In (£m)
Vanguard FTSE U.K. All Share Index Unit Trust	9,454.49	10,181.68	-1,928.90	2,656.08
Vanguard LifeStrategy 60% Equity	6,493.47	8,595.79	32.00	2,070.31
State Street UK Equity Tracker	6,789.33	7,407.77	-1,311.98	1,930.42
iShares UK Equity Index (UK)	10,304.38	10,138.80	-1,819.56	1,653.98
Federated Short-Term Sterling Prime	4,700.00	6,200.00	7.87	1,492.13

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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

Technology & Telecommunications
78.32

North America
38.43

China/Greater China
32.77

North America Smaller Companies
30.75

Global
24.33

AIC

Infrastructure Securities
81.43

Technology & Media
80.09

VCT Specialist: Health & Biotech
51.25

Country Specialist: Europe ex UK
49.13

Environmental
30.95

MOST RESEARCHED

	IA		AIC
1	Global	1	UK Equity Income
2	UK All Companies	2	Global
3	Mixed Investment 20-60% Shares	3	UK Smaller Companies
4	Unclassified	4	Flexible Investment
5	Mixed Investment 40-85% Shares	5	Unclassified

MOST VIEWED FACTSHEETS

	IA		AIC
1	Fundsmith Equity	1	Baillie Gifford Scottish Mortgage
2	Vanguard LifeStrategy 60% Equity	2	Fundsmith Smithson
3	Baillie Gifford Managed	3	BMO F&C Investment Trust
4	Vanguard LifeStrategy 40% Equity	4	Baillie Gifford Monks Investment Trust PLC
5	Royal London Sustainable Diversified Trust	5	Frostrow Capital Finsbury Growth & Income

MOST CHARTED

	IA		AIC
1	Vanguard LifeStrategy 60% Equity	1	Baillie Gifford Scottish Mortgage
2	Vanguard LifeStrategy 40% Equity	2	Frostrow Capital Finsbury Growth & Income Trust
3	Fundsmith Equity	3	Frostrow Capital Worldwide Healthcare Trust
4	Vanguard LifeStrategy 80% Equity	4	Fundsmith Smithson Investment Trust
5	Vanguard LifeStrategy 20% Equity	5	BMO F&C Investment Trust

PENSION TRANSFER VALUE INDEX

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

Defined benefit (DB) transfer values fell back from July's record-high to levels similar to the first quarter of 2020, whilst the number of members taking a transfer value also declined, according to XPS Transfer Watch. XPS' Transfer Value Index fell from £260,700 at the end of July to£253,200 at the end of August. This was mainly a result of an increase in gilt yields. XPS' Transfer Activity Index fell by around a third in August. Transfer Activity was at an annual equivalent of 0.67% of eligible members, down from 0.94% in July. This represents 67 in every 10,000 eligible members transferring each year.

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