

New Model Adviser[®]

citywire.co.uk For professional financial planners

7 January 2013 ■ Issue N° 337

FSA

RDR special

Staying on top in the new world

How the FSA aims to achieve its RDR goals



A day in the life of the RDR adviser



Advisers' plans to keep a step ahead of the rest



Attracting new blood into the profession

The RDR revenue challenge

Is this the end for small pension pot planning?

Ready for lift-off

Alistair Mann has ambitious plans for growth at Clocktower Fund Management



Potential. Delivered.



Business



High Aiming

Alistair Mann is using the same strength of mind that helped him recover from serious injury to build Clocktower Fund Management into a high flyer

TIM COOPER

tcooper@citywire.co.uk

Alistair Mann, managing director at Clocktower Fund Management, has built a niche retirement planning firm based in the quiet and well-heeled town of Cobham, Surrey. It is a world away from his previous life in the Special Air Service (SAS) serving alongside the likes of soldiers-turned-authors Andy McNab and Chris Ryan.

Their books are full of harrowing experiences and Mann has a similar story: he suffered a horrific injury when assaulted by services personnel while on a foreign exercise. It left him paralysed from the chest down. He showed immense courage and determination in fighting his way back to recovery.

He has continued to show these qualities in his subsequent career in financial services. Mann is taking a brave step with his business by setting up a separate non-regulated company, Clocktower Financial Planning, with the aim of reducing regulated turnover.

Non-regulated venture

Mann believes about three quarters of all he does for clients is technically unregulated, so he plans to charge for this work through the new company. This may make

the business structure more complicated, but it should dramatically reduce costs associated with regulation.

'Many aspects of financial planning we increasingly undertake for new and existing clients, such as cashflow and tax planning, don't constitute regulated advice,' he says. 'But that turnover affects my regulator fees, professional indemnity (PI) and Financial Services Compensation Scheme (FSCS) levy, so why not reduce it?'

'I'm just launching [the new company] and have written to clients about it already. We engage with all new clients as both regulated and non-regulated entities, and undertake regulated work as required,' he says.

'[Many advisers'] PI and FSCS levels are doubling. This will at best stop mine going up. Otherwise, I have to pass those costs on to the client. I think almost all of what we do for existing clients is unregulated and I could consider deregulating completely, but I want to

be completely clean about our regulatory obligations for existing clients and we do undertake regulated activities for new clients.'

Transparent operation

Mann believes he is justified in having a separate company as long as this is made clear to clients.

'I haven't spoken to the Financial Services Authority about this but I am happy to. I think it's entirely appropriate to have a separate company for generic advice; for instance, telling people how much they need to save to achieve their retirement goals, and reviewing their savings options without providing any actual product or specific investment advice.'

'Obviously, it needs to be clear to the client that it is non-regulated. Importantly, this is part of financial planning for clients regardless of whether any investment or product is involved. I find clients often want assistance in these areas more than around selecting which provider or what product to use,' he says.

'Similarly, understanding investment risk and objectives around risk profiling is important to clients and we increasingly offer these aspects of financial planning as stand-alone advice to clients regardless of whether they invest with us or elsewhere.'

‘Mann is taking a brave step with his business by setting up a separate non-regulated company, Clocktower Financial Planning,’

Business

ALISTAIR MANN

Curriculum Vitae

CAREER

- 2012 - present** Clocktower Financial Planning, managing director and chartered financial planner
- 2009 - present** Clocktower Fund Management, managing director and chartered financial planner
- 1999 - 2009** Independent Investment Planning, managing director and chartered financial planner
- 1998 - 1999** Sage Retirement Planning, IFA
- 1992 - 1998** Prudential Assurance, financial consultant, training and competency sales manager, compliance project manager
- 1989 - 1992** Crown Financial Management, self-employed direct sales (life, investments and pensions)
- 1987 - 1989** Hogg Robinson Financial Services, mortgage consultant
- 1979 - 1987** HM Forces
- 1982 - 1987** 264 (SAS) Signal Squadron
- 1980 - 1982** 602 Special Communications Signal Troop

- 1979 - 1980** Royal Signals, basic and trade training

PROFESSIONAL MEMBERSHIPS/ QUALIFICATIONS

- Chartered Financial Planner
- Fellow of the Personal Finance Society
- Society of Trust & Estate Practitioners Diploma,
- Administration of Estates



Perseverance pays off

Mann appears a little gruff on first meeting, but this impression quickly falls away. 'I think I have more of a sense of humour than people perceive,' he grins. 'They perceive austerity.'

'I have inherited from my father a strong sense of right and wrong. Everyone else thinks I'm complicated but I just think I'm straight and sometimes abrupt.' In contrast to his description, he talks easily and cheerfully.

He relates the story of his medical recovery in detail. 'In 1985, I had an injury that bruised my spinal cord, causing paralysis from the shoulders down. I was in hospital for three months and then in a rehabilitation unit for 15 months. It turns your world on its head.'

'I couldn't move, roll over or anything, except count the rotation of the ceiling fan. But I was making progress and was very positive-

mind. The consultant kept suggesting I would not recover and told me to rest rather than try too hard. I kept talking to [other people who thought I could not recover]. I thought there was no harm in trying. Their attitude towards me started to change.'

With a huge amount of resolve, he gradually started to regain motion and is now fully mobile, although he only has partial feeling from the chest down, except for one finger.

'From that, I realised lots of things about how to manage yourself in the workplace as well,' says Mann.

'I was SAS support staff working in communication. But even there you learn a lot about how to manage your mental processes... by just serving alongside them,' he points to photos on the wall showing him with SAS colleagues, including McNab and Ryan. 'My experiences taught me that most levels of stress in life and work are disproportionate.'

FIVE top tips

- Begin with the end in mind: decide what goal you want to achieve and work towards it.
- A clear desk and thinking space can be worth more to your business than another deal.
- Our business is about personal trust as much as technical expertise and sales ability.
- Embrace change: if we don't change, we don't improve.
- Our value is based on expertise in planning and advice on technical detail not access to funds and products.

Outsourcing fits plan for bigger bank of wealthy clients

Around 65% of Clocktower's funds under advice are with discretionary fund managers (DFMs), 20% are in its own model portfolios and the rest is legacy business. Next year Mann wants to start outsourcing even more so he can concentrate on financial planning.

There is no minimum investment, but typical DFM clients have between £200,000 and £1 million of investable funds.

Over the past year the firm has not changed its portfolios' holdings much, apart from reintroducing Schroder UK Alpha Plus to the Cautious portfolio and taking out Baring Global Bond.

'That has shifted equity exposure from about 22% to about 26%,' says Mann. 'I agree with what some respected fund managers have been saying: that we might be entering the next bull run. And I have a few concerns with fixed interest and gilts, though index-linked gilts have a place because there are still some inflation concerns,' he says.

'There is some good performance coming out of UK funds. It is not a bad time for cautious investors to be contemplating [more exposure to] UK equities.'

DFM business

Clocktower uses Deutsche Bank, Quilter and Brewin Dolphin for direct DFM business. Wells Capital is its preferred DFM for model portfolios on platforms.

Wells' TER is 1.4%, excluding the adviser charge, and Clocktower portfolio TERs are between 1.2% and 1.3%, including the wrap charge but excluding the adviser charge. Wells has recently launched passive portfolios and Clocktower plans to offer them to its model portfolio clients as a lower-cost alternative.

Mann says outsourcing to DFMs gives his clients access to expertise he would not be able to provide.

'I could spend my time researching funds and I am three days away from the market. A DFM has a team – if the manager is not at their desk, someone else is – and if they make a decision, it is implemented immediately,' he says.

'If I introduce you to a DFM, we will spend our time thinking about [financial planning] and I can manage that relationship. I can't do that at the same time as managing your portfolio for you.'

Benefits of outsourcing

Mann believes the benefits of outsourcing outweigh the costs. 'I picked Wells because there was a strong correlation between its model portfolios and mine. The difference is that I have 10 funds, Wells has 20 or 25 and it is finding funds I wouldn't because of its research. Its charges are a little more but its returns warrant it,' he says.

'I would like to get to the position where all of our funds under advice are with DFMs because that would mean all our clients have more than £200,000,' he says. 'Initially I'd like to get to 100 premier clients with an average of £500,000. We are in the £200,000 to £1 million assets under advice space, and eventually I would like to move us into the £500,000 to £2 million space.'

Performance

	1 year	3 years
Clocktower Cautious	7.7%	23.4%
IMA Mixed 20-60%	7.7%	15.9%