

# The Advantage of Advice

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Creating opportunity through effective client-adviser relationships

[www.vanguard.co.uk/advisers](http://www.vanguard.co.uk/advisers)

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The value of investments, and the income from them, may fall or rise and investors may get back less than they invested.



# Agenda

## Part 1

The evolution of advice

## Part 2

Vanguard 2018 UK Adviser-Client Survey

- Perception Gap
- Automation
- Trust + Satisfaction

# Agenda

## Part 1

### The evolution of advice

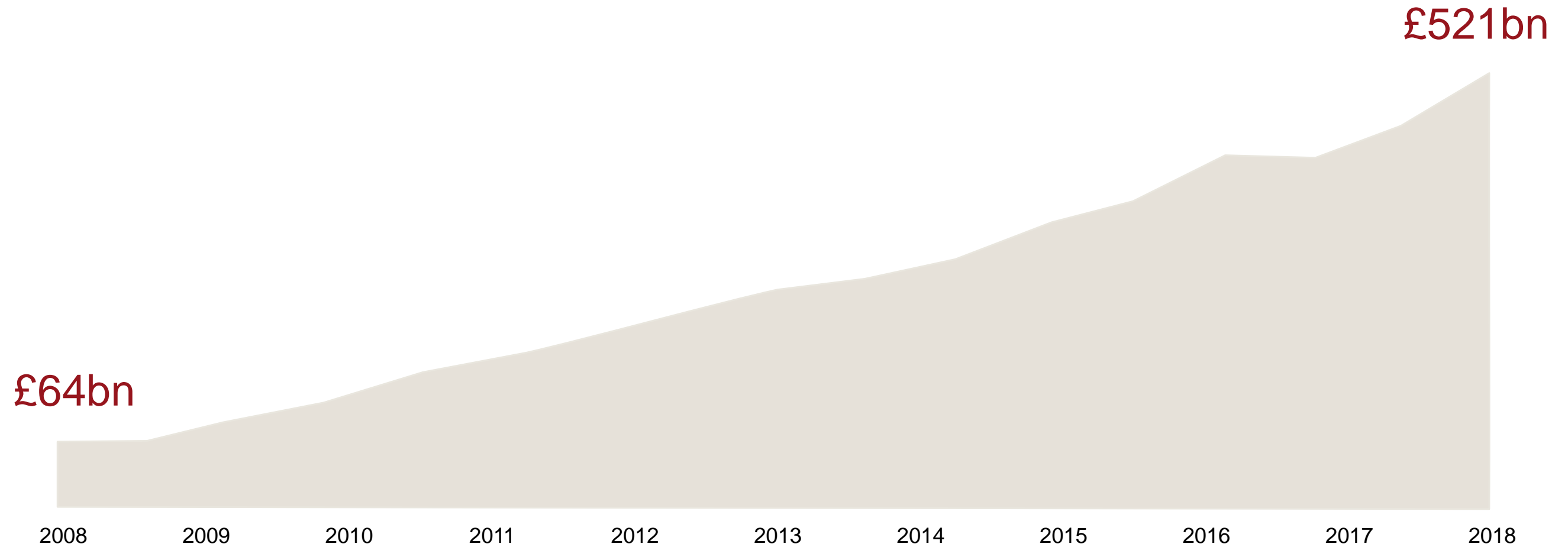
## Part 2

### Vanguard 2018 UK Adviser-Client Survey

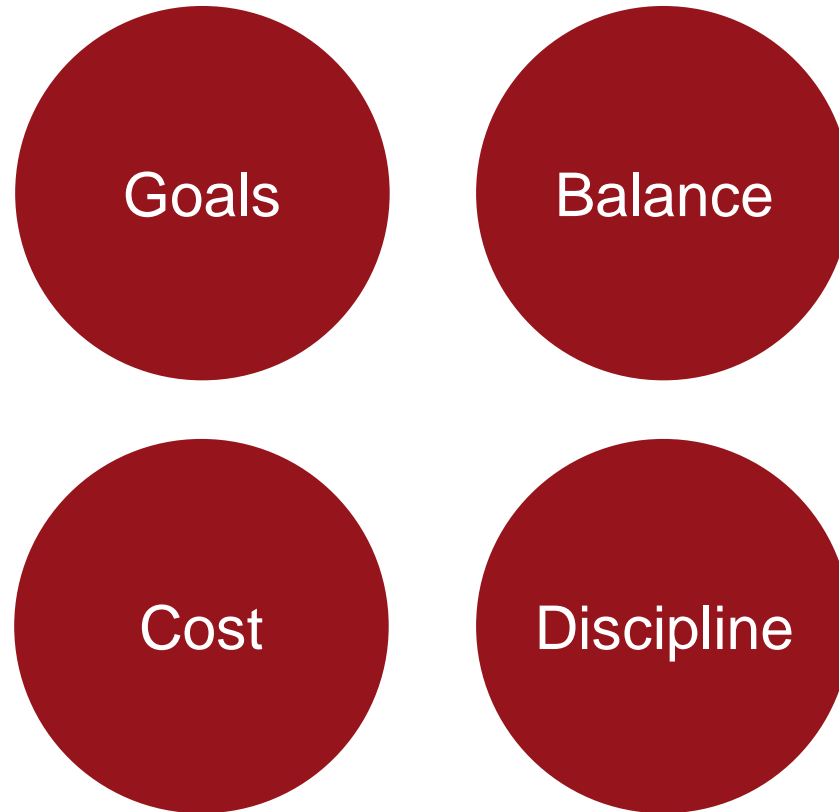
- Perception Gap
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# Demand for advice is rising...

Assets under advice UK 2008-2018



# The four principles of investment success don't change



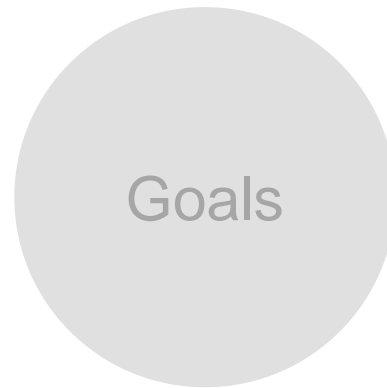
# The four principles of investment success don't change

- Self-sufficiency; DB to DC
- Longevity – investment horizons
- Intergenerational planning



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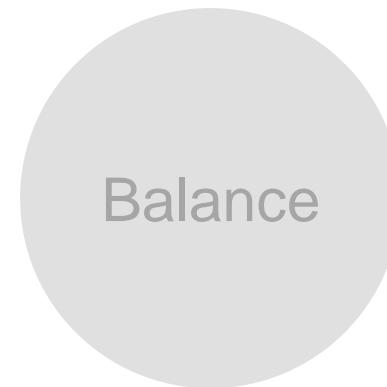
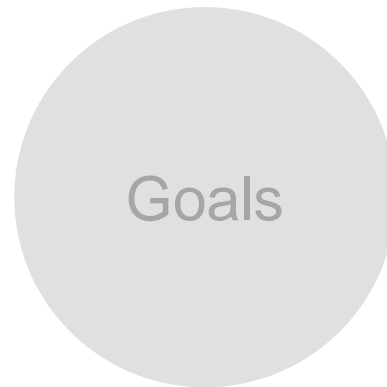


- Portfolio construction
- Diversification
- Active/passive



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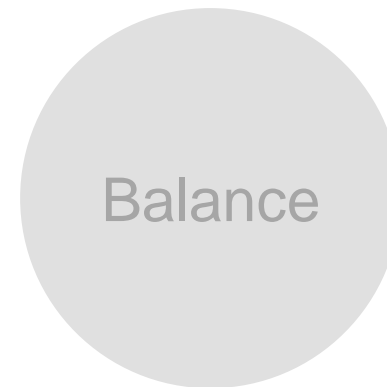
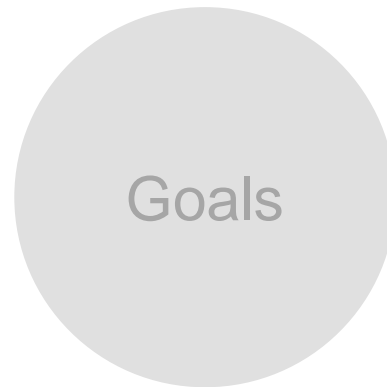
- Maximise returns
- Lower yield environment
- Ensuring efficiency





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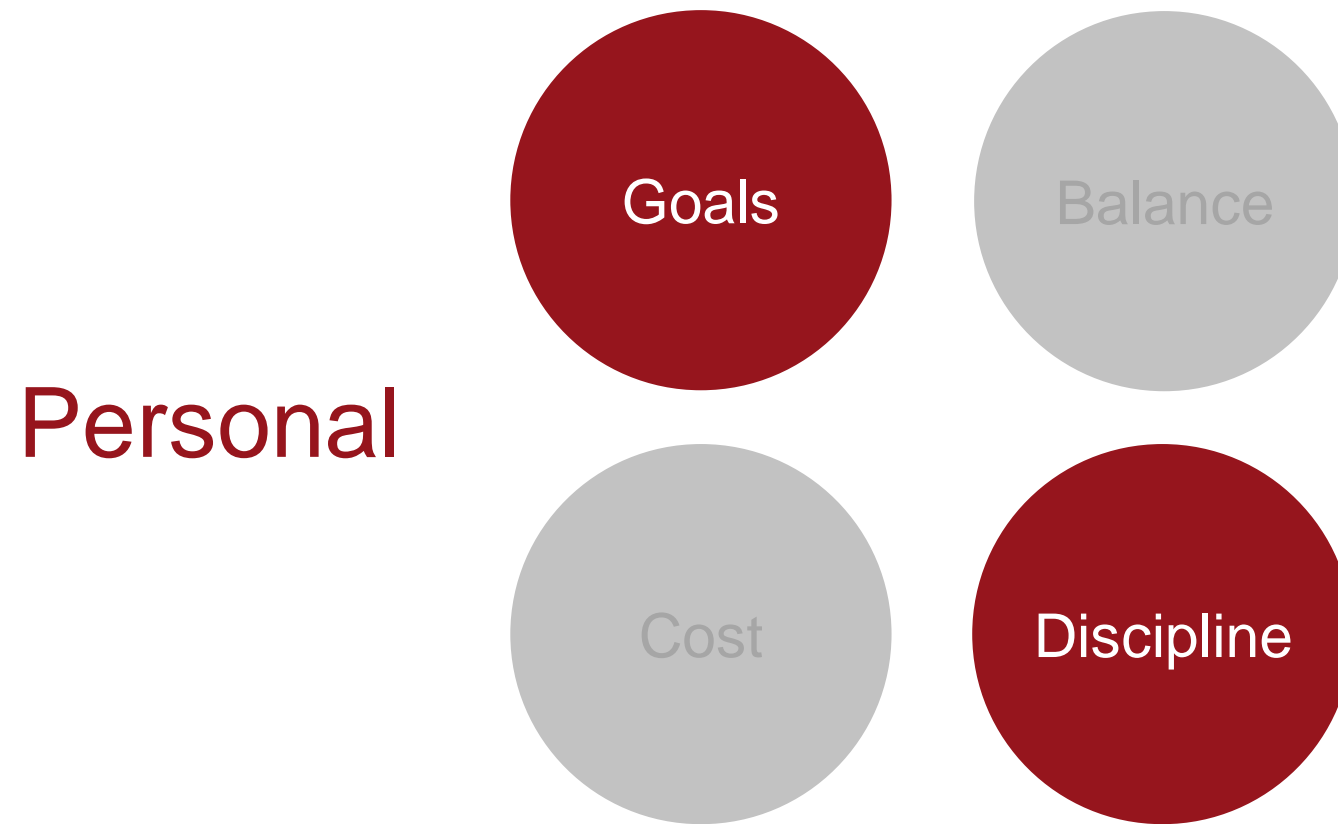
- Behavioural coaching
- Trusted adviser – stops clients making costly mistakes

The delivery will change...

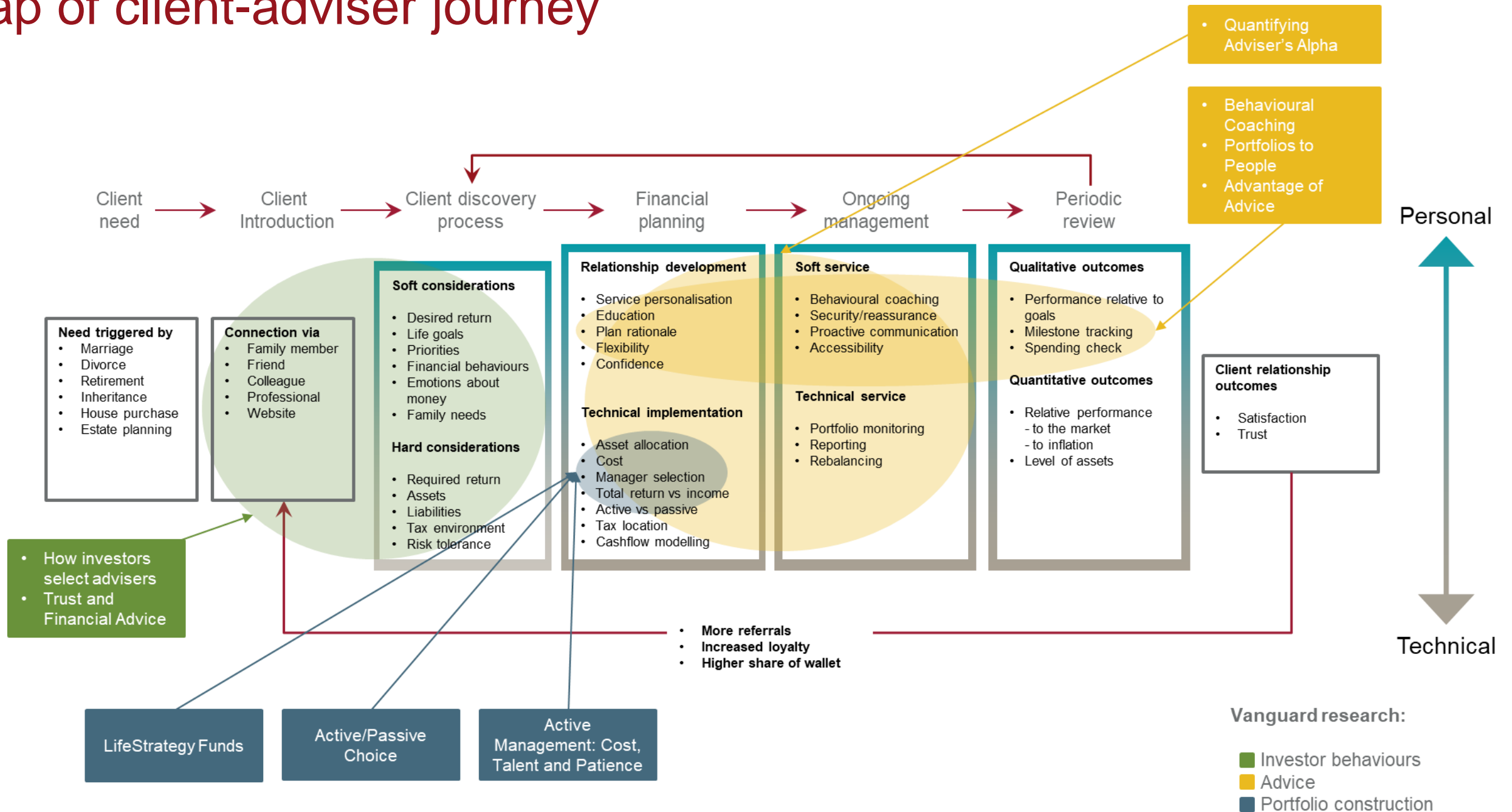


Technical

# The adviser-client relationship remains key...



# Map of client-adviser journey



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# What did we want to know?



The Vanguard 2018 UK Adviser-Client Survey set out to **understand how relationships can drive better outcomes** for advisers and their clients.

# How many advisers & clients did we talk to?



300

Advisers



1,000

Advised clients



50

Multi-faceted  
questions



230k

Individual  
data-points

# Who were they?



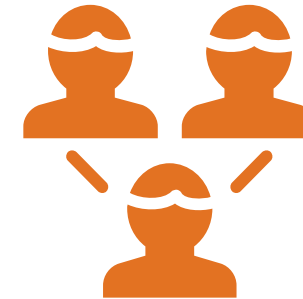
## Advisers

**100%** FCA-licensed firms

**14%** Financial planners

**73%** Financial advisers

**95%** Advised on investments



## Advised clients

Median age: **54**

Average tenure with adviser: **4 years**

**75%** Portfolios of shares and bonds

**80%** Clients who invest over £10k pa



What were the key themes?

Perception Gap

Automation

Trust vs Satisfaction

# Agenda

## Part 1

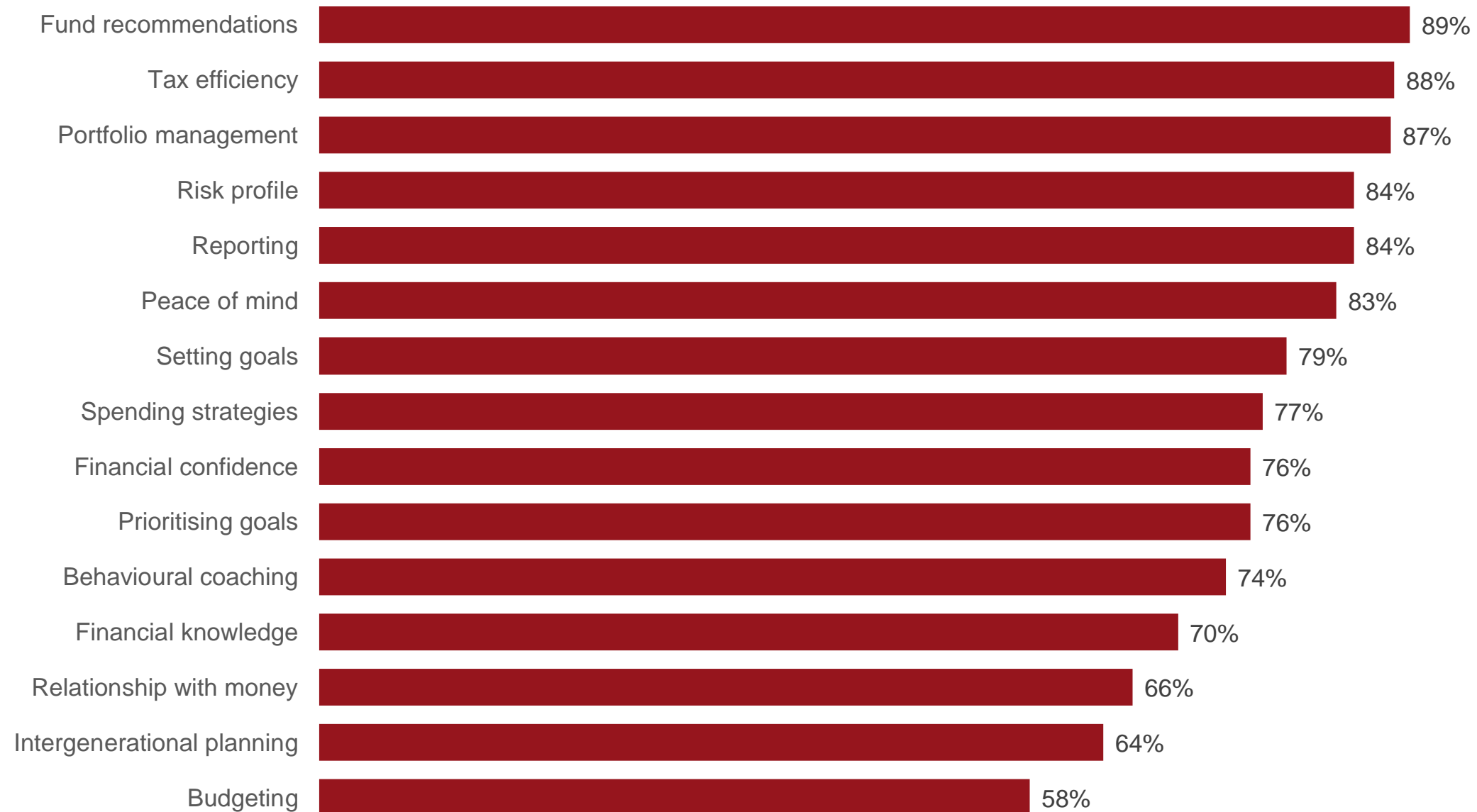
The evolution of advice

## Part 2

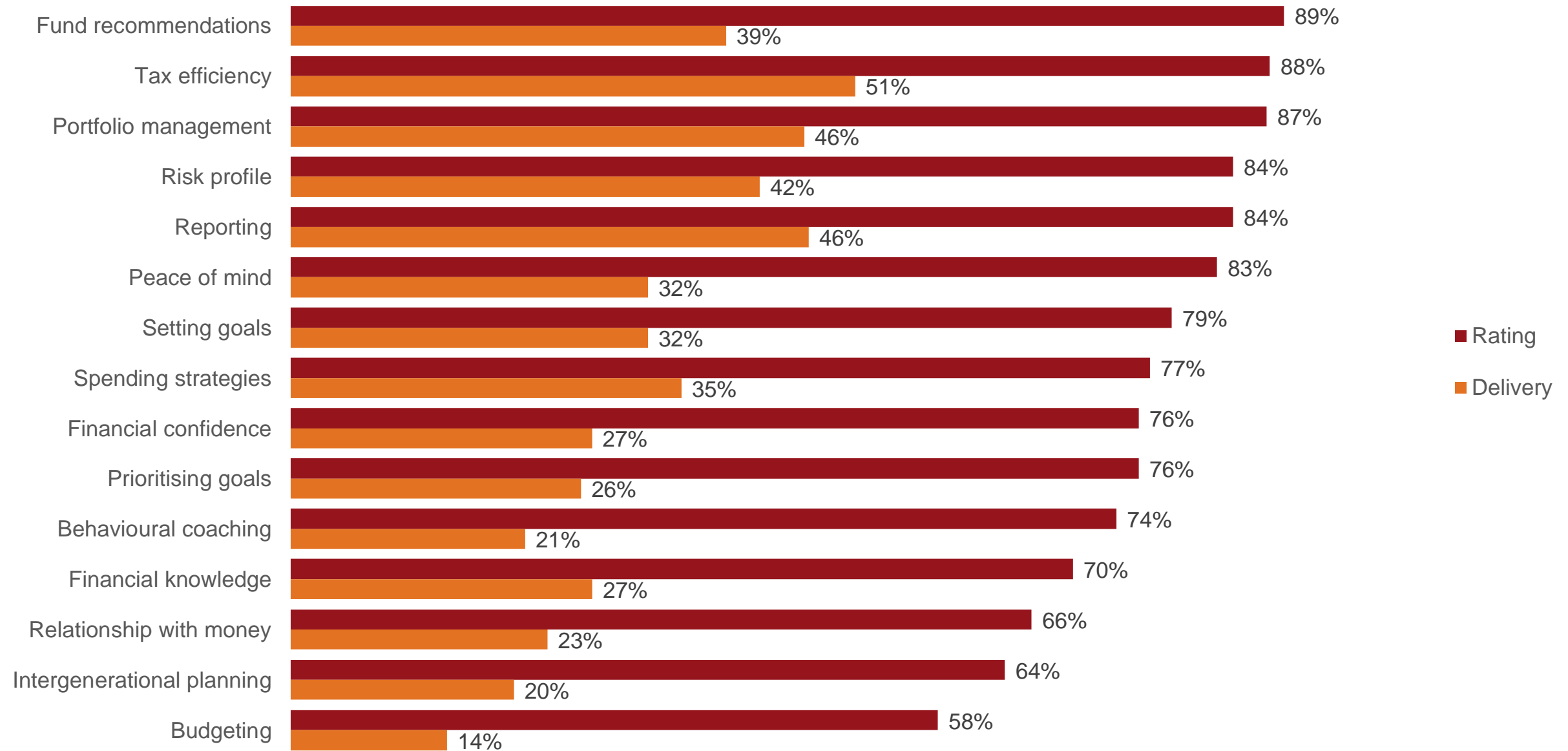
Vanguard 2018 UK Adviser-Client Survey

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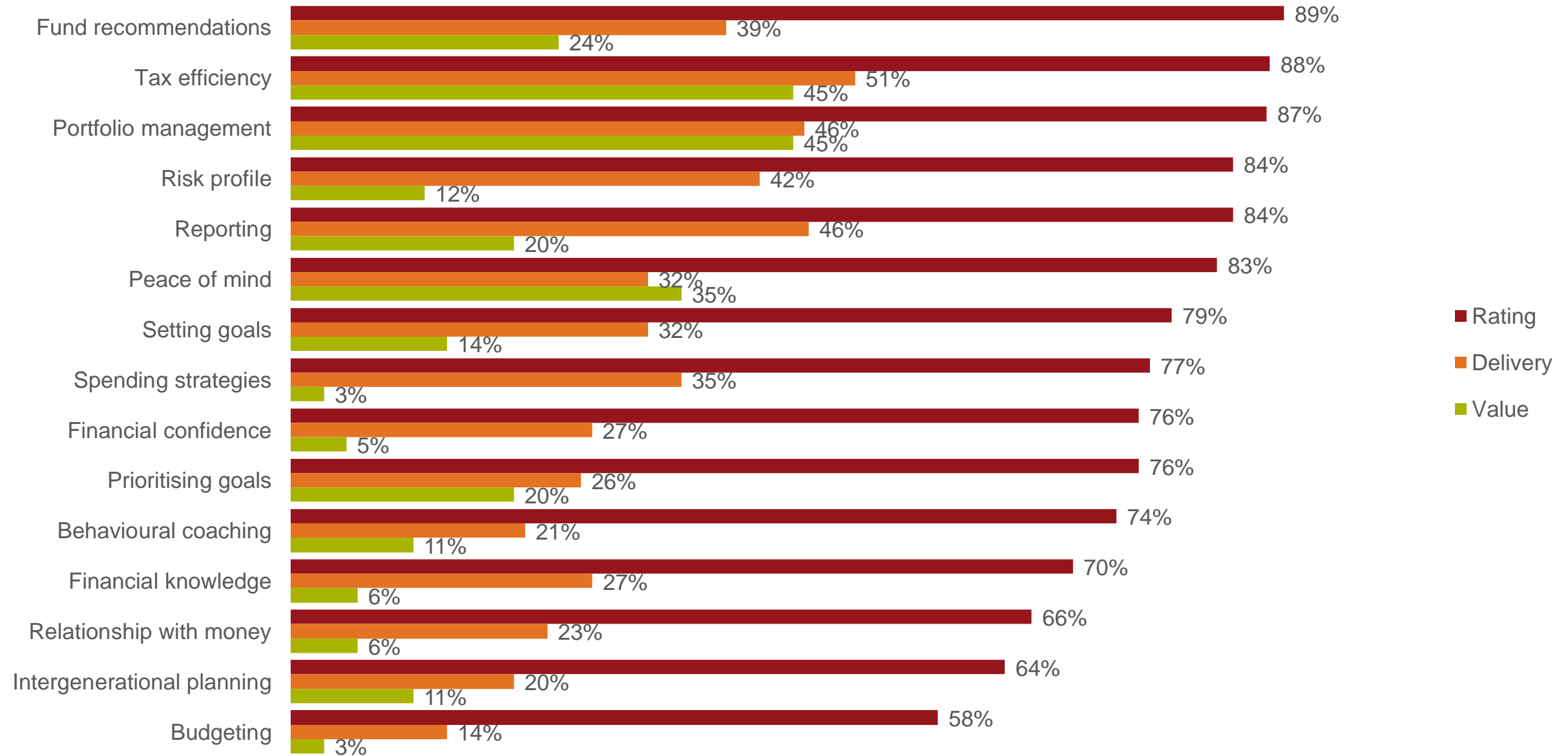
# Things that matter to your clients



# Things that matter to your clients



# Client 'feeling' for delivery



# Agenda

## Part 1

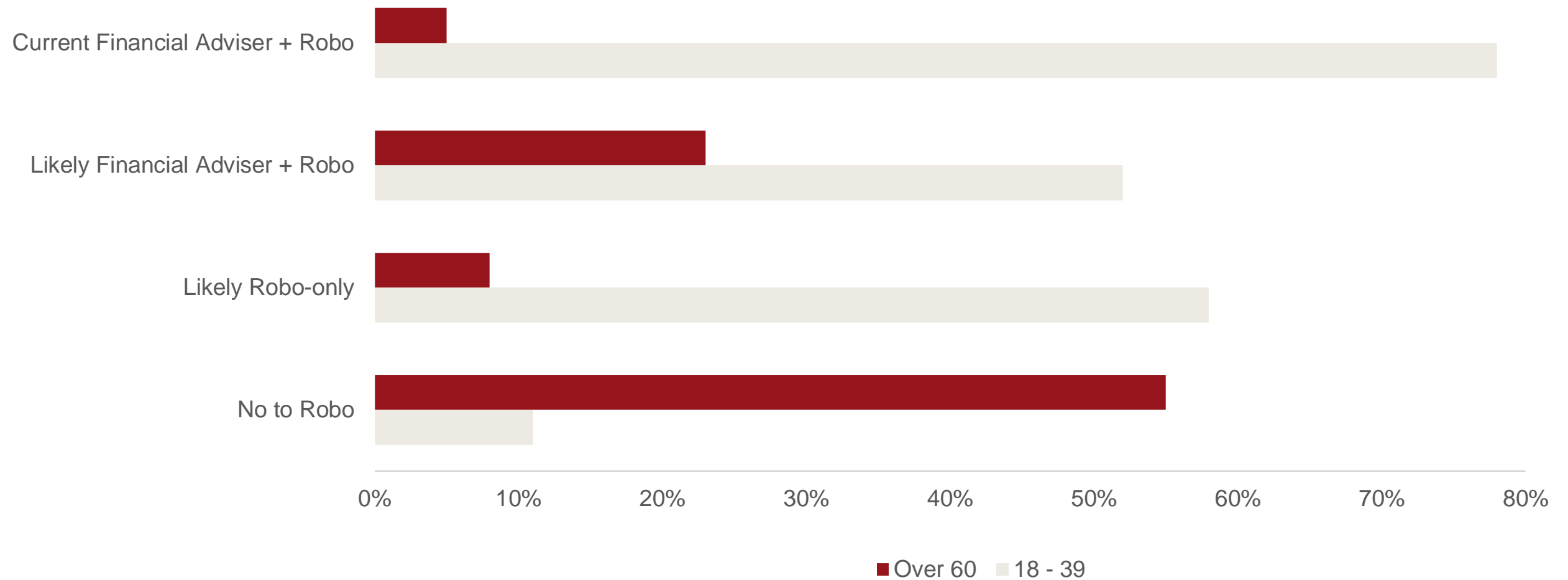
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Vanguard 2018 UK Adviser-Client Survey

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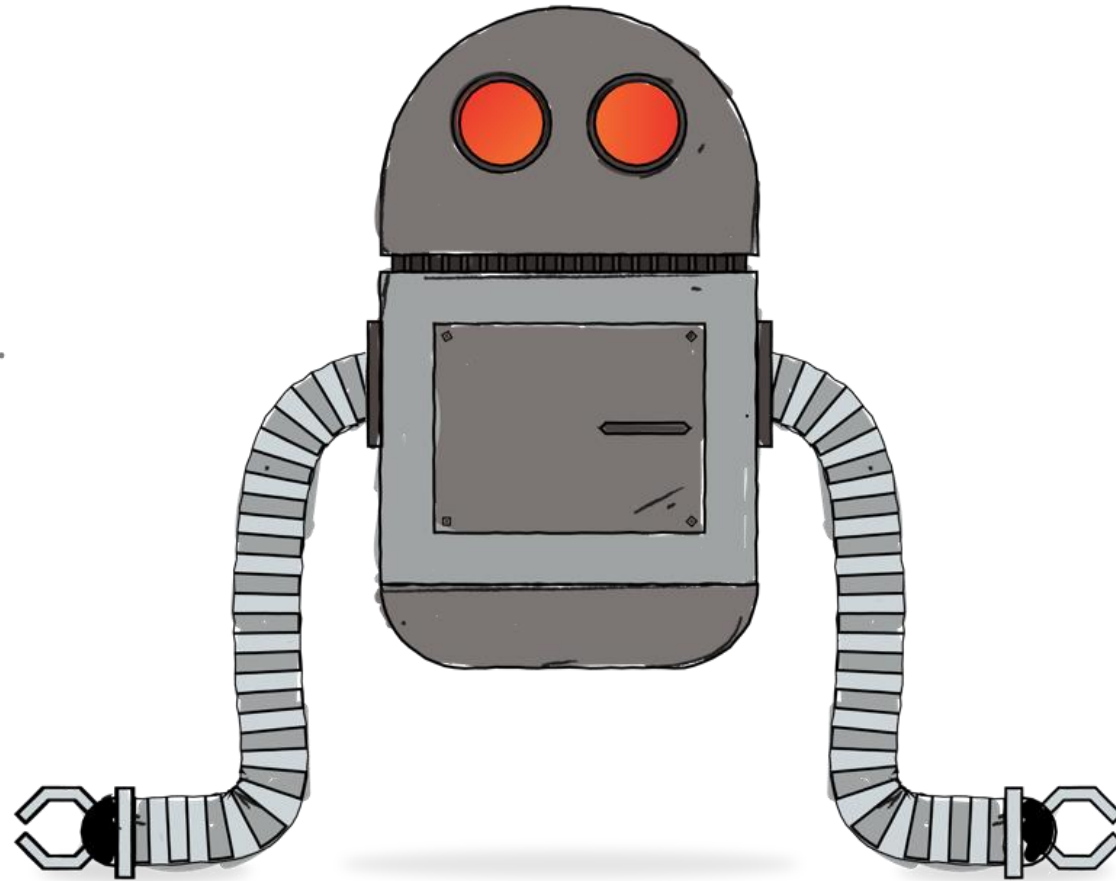
# The young prefer the robots



Source: Vanguard.

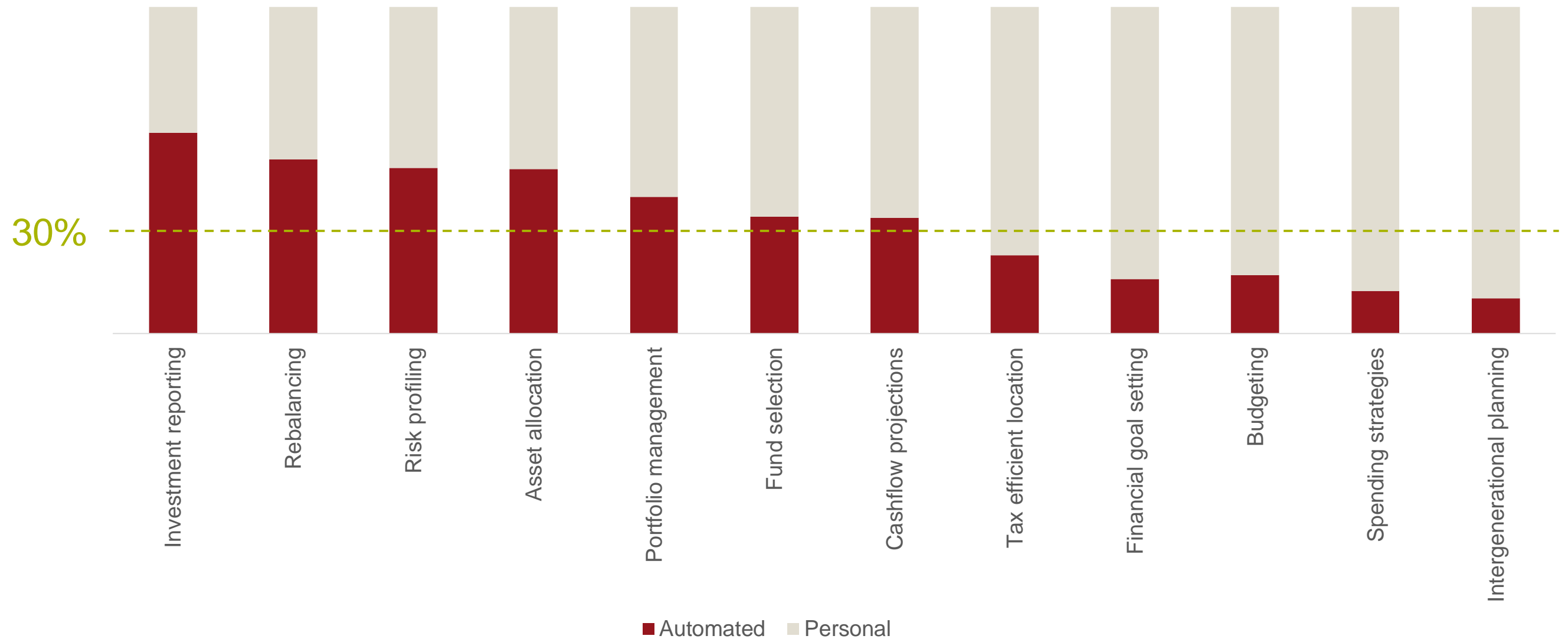
Note: Proprietary research conducted by Vanguard and Opinium, a market research and consulting firm. Research conducted between April and May, 2018.

The young prefer the robots  
... and so do the sophisticated...





# Advisers are automating for themselves



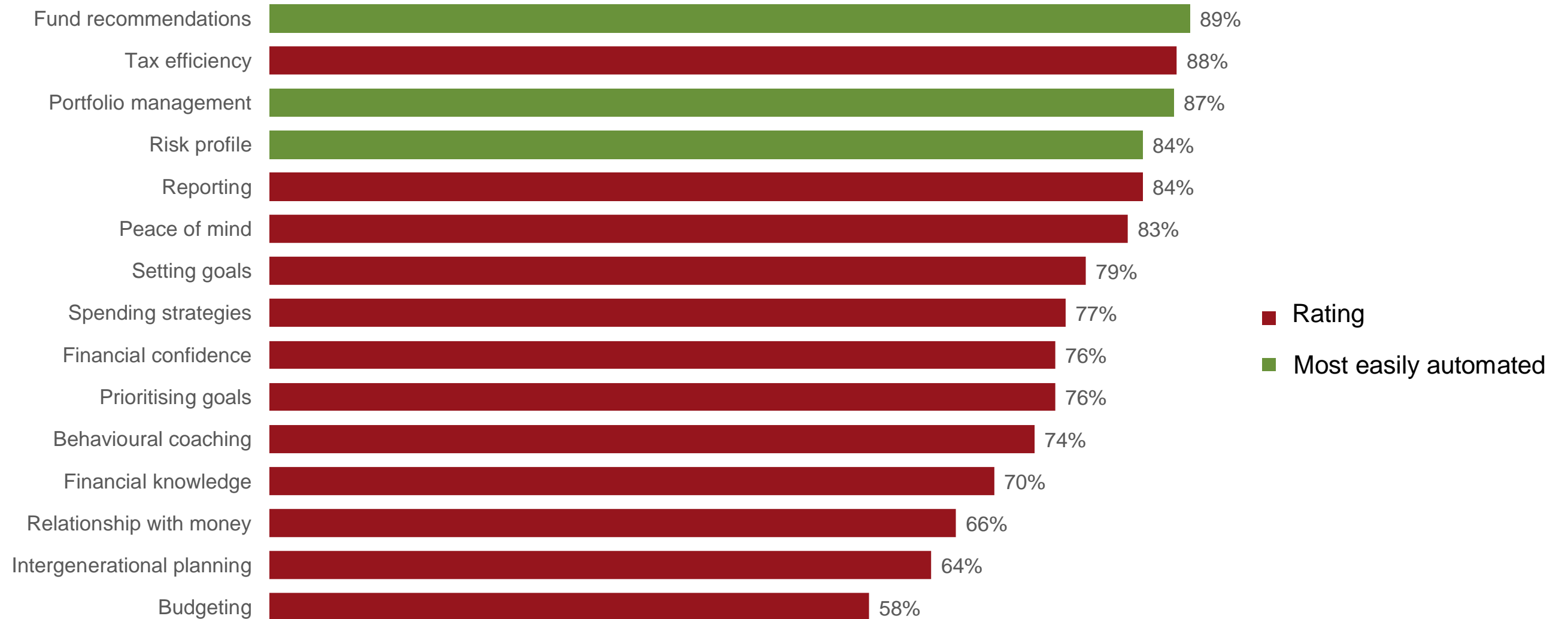
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# Things that matter to your clients



# Things that matter to your clients

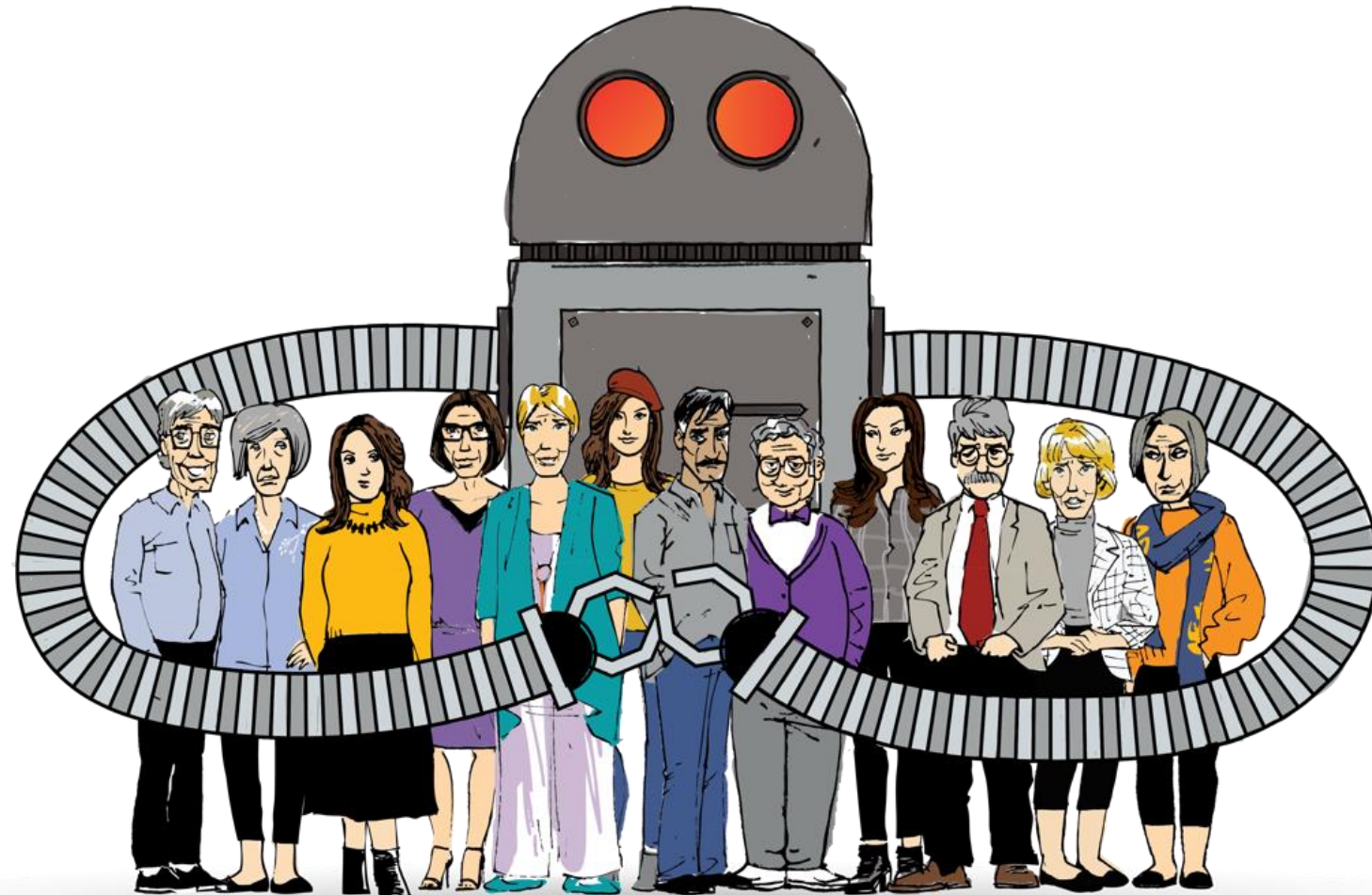


# Where's your competition?



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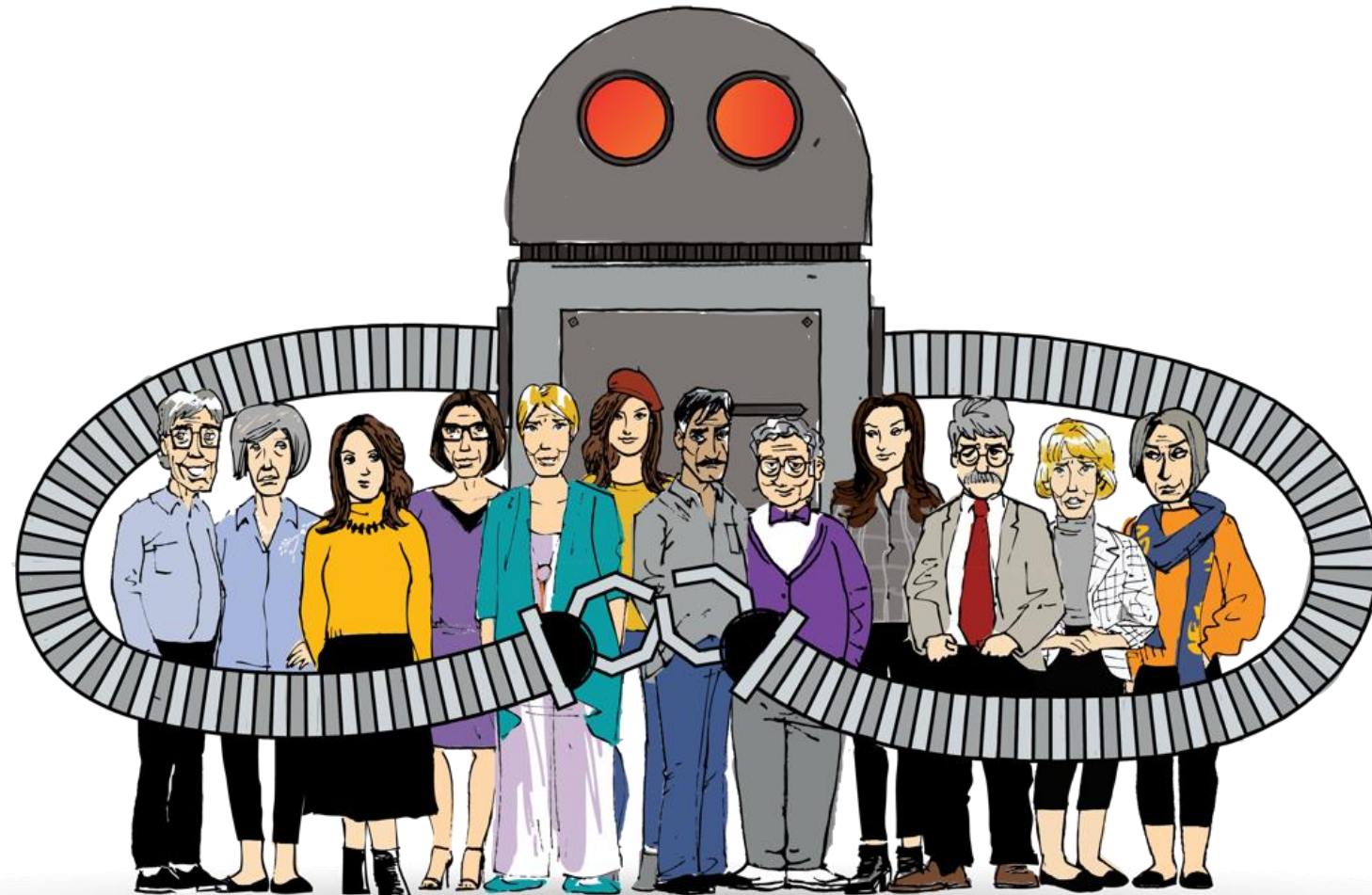
## The stand-alone robot?



# Where's your competition?

## The stand-alone robot?

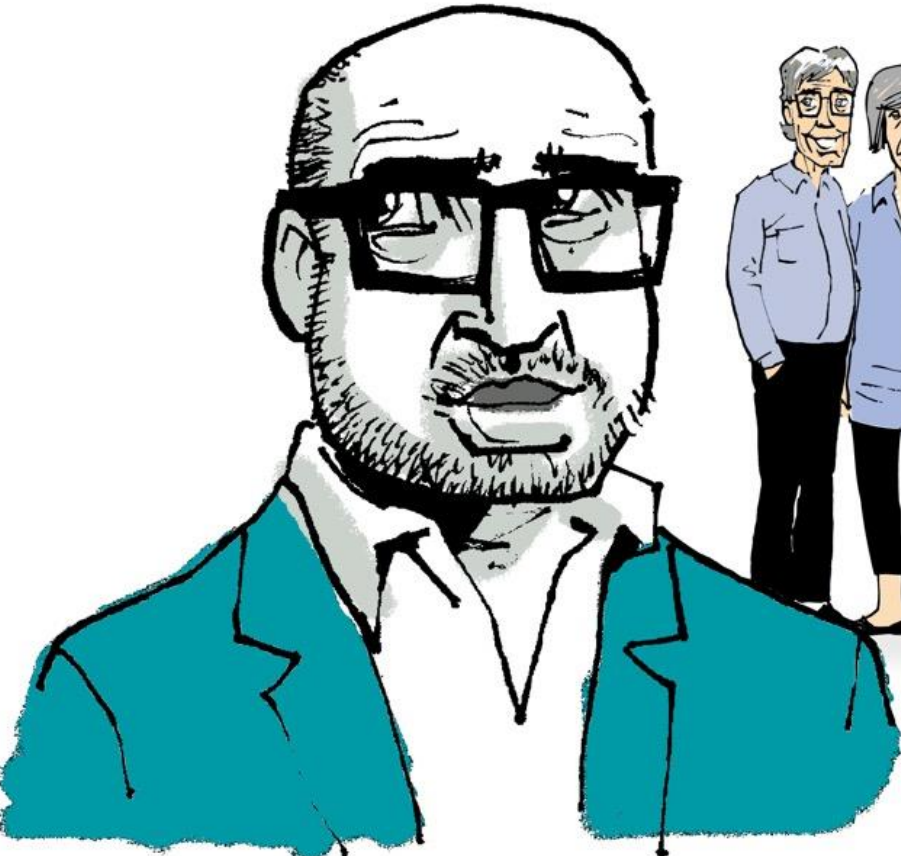
Not yet





Where's your competition?

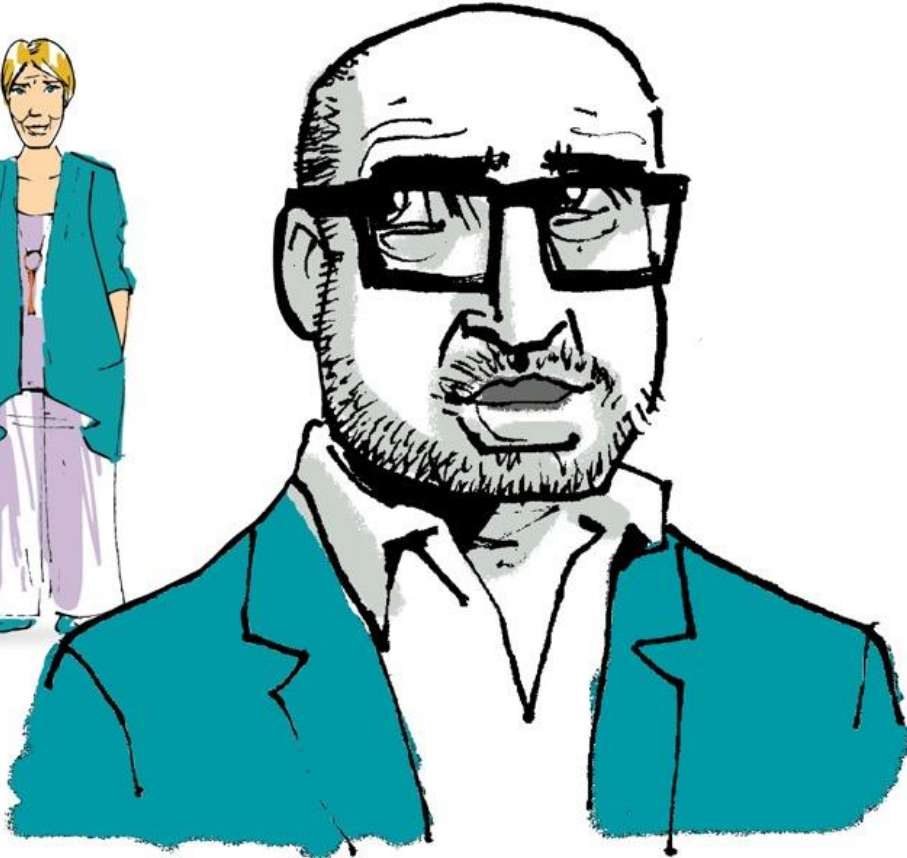
The adviser across the street?



Where's your competition?

The adviser across the street?

Definitely





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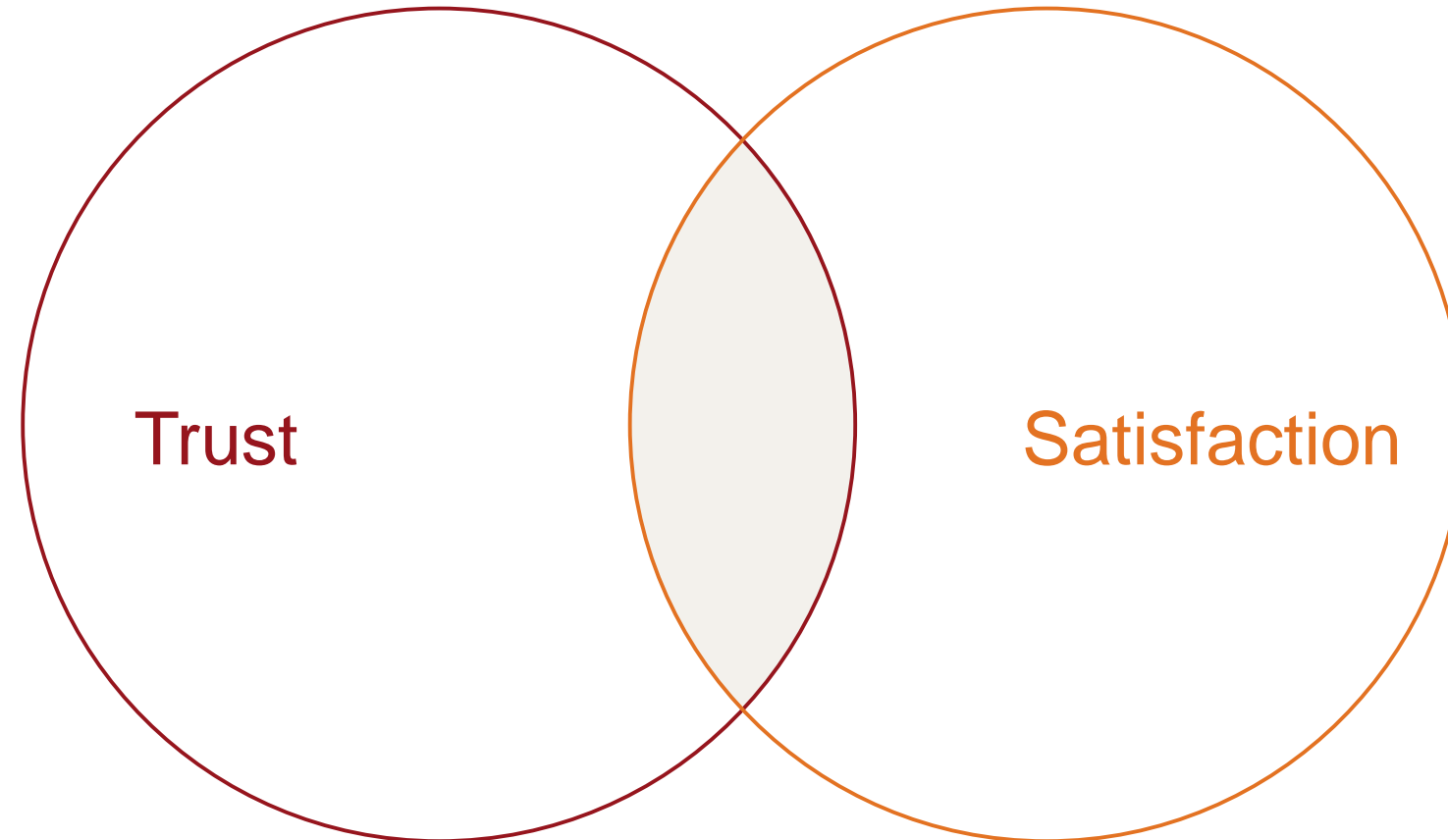
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# What did we discover?

The **interplay** between trust and satisfaction is key to effective adviser-client relationships.



# Trust vs satisfaction: How do your clients feel?

		Trust		
		Low	Medium	High
Satisfaction	High	1%	4%	<b>39%</b>
	Medium	2%	<b>17%</b>	<b>23%</b>
	Low	4%	8%	1%

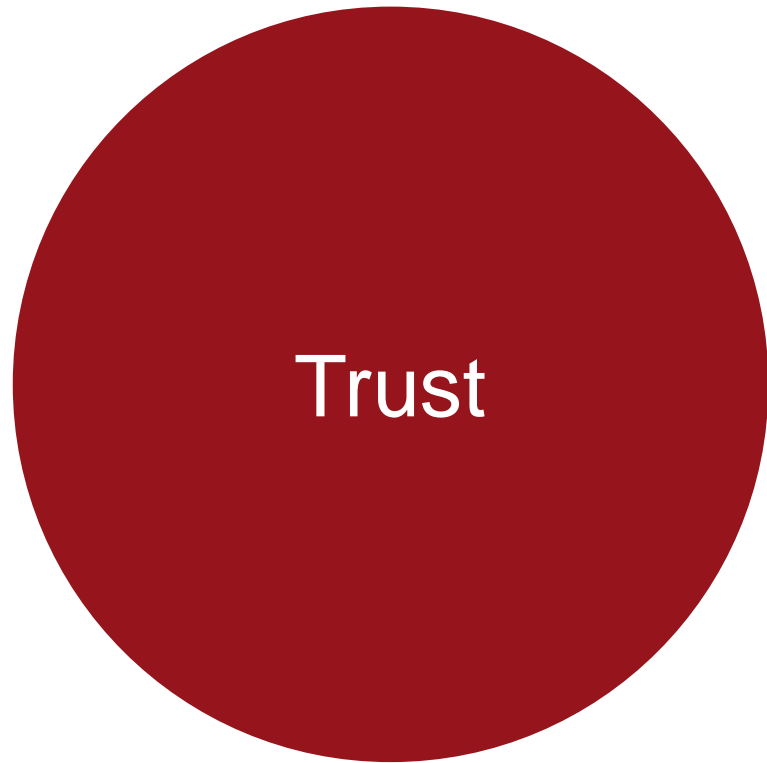
# Why does it matter?

	All assets with adviser	Very unlikely to switch	Unprompted referral	Comfortable sharing personal information
<b>High trust + high satisfaction</b>	<b>58%</b>	<b>61%</b>	<b>55%</b>	<b>71%</b>
High trust + medium satisfaction	31%	23%	41%	59%
Medium trust + medium satisfaction	21%	9%	32%	46%

Source: Vanguard and Opinium.

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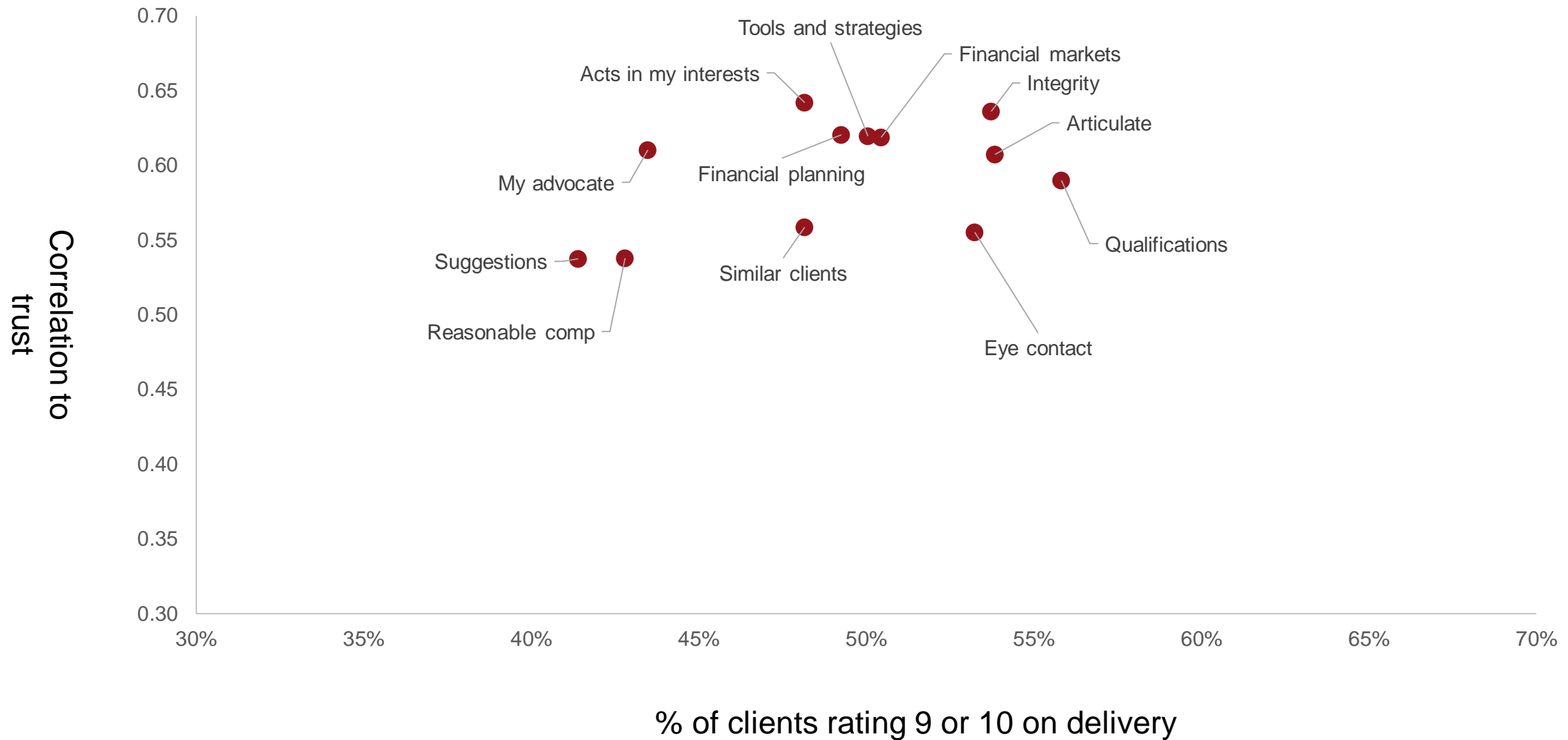
What drives trust? What drives satisfaction?



# What attributes drive trust?

Attribute	Correlation to trust
Has integrity; acts morally	0.64
Will act in my best interests at all times	0.64
Demonstrates knowledge of investment tools and strategies	0.62
Knows how to conceive, execute and reassess a financial plan	0.62
Shows awareness of trends in the financial markets	0.62
Is articulate, a good communicator	0.61
Is my advocate, pursuing my goals (almost) as if they were their own	0.61
Has relevant financial industry qualifications	0.59
Has clients with similar requirements/experiences to my own	0.56
Maintains eye contact when speaking with me	0.56
Is able to make suggestions on the spot	0.54
Is compensated in a reasonable manner	0.54

# How are clients feeling trust?



# What attributes drive satisfaction?

Attribute	Correlation to satisfaction
Is someone I can relate to or make a connection with	<b>0.66</b>
Always follows up when expected and without prompting	<b>0.65</b>
Is able to view the world from my perspective	<b>0.65</b>
Makes me feel that my portfolio is important, regardless of its size	<b>0.65</b>
Gives me time and attention without making me feel rushed	<b>0.65</b>
Listens to me closely (probing, following up) to truly understand me as a person	<b>0.64</b>
Offers me products or solutions that are in tune with my financial goals/risk tolerance	<b>0.64</b>
Provides me with a sense of relief/allows me to sleep better at night	<b>0.63</b>
Is accessible	<b>0.63</b>
Proactively contacts me regarding my investments/portfolio	<b>0.62</b>
Ensures that I feel 'heard'	<b>0.62</b>
Does what they say they will	<b>0.60</b>
Works for a firm whose brand values/reputation I want to be associated with	<b>0.58</b>



# How are clients feeling satisfaction?



Source: Vanguard 2018 UK Adviser-Client Survey

# How can you move the dial?



TRUST



SATISFACTION

- ✓ Be honest about your strengths and weaknesses
- ✓ Pick out the attributes that would make most difference to you and your clients
- ✓ Use Vanguard's Client Stories Workshops to stimulate analysis and promote change
- ✓ Use Vanguard's attributes to survey your clients directly

# Conclusion

## Perception Gap

Weakness in communicating value

## Automation

Competition is adviser down the street

## Trust vs Satisfaction

Difference between good and great advice

# Investment risk information

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