



The Premier Partnership Limited

Your Family Office

Normally we cram this particular edition of our publication with reviews of the previous year and predictions for the New Year. As we have often commented, markets have no ability to read a calendar, so do not know that they must rally at certain points of the year to help performance figures.

We will be commenting separately on specific market performances in the Monthly Investment Report, and our full predictions for 2023. The one I will crow about here is our prediction in January 2022 for inflation to top 7%, reducing to around 4% in 2023. A gold star for us! Now on to more important things.



**NEWS
LETTER**

Why Do You Need (Or Want) A Financial Adviser?

In their infinite wisdom, our Lords and Masters at The Financial Conduct Authority (FCA), have again rejigged and redefined the process by which you can engage with us and utilise our services, under a new heading 'Consumer Duty'.

As part of this 'advance', we, as advisers and planners, are required to maintain much more complete contact with our clients - so expect more paperwork to complete, as the FCA love paperwork.

Another addition under Consumer Duty is to obtain client feedback on a regular basis across a number of accessible areas. To comply with this latest ruling, we will, hopefully in Q1 2023 be inviting you to take part in our annual investor survey - which you will be pleased to know can be completed online - or via a paper questionnaire if you prefer. We will send more data on this further into the New Year. I promise it will not be onerous, but will enable us to comply with the new Consumer Duty regulations. More on that later, watch this space.

Client Value - How Do You Value, Value?

Price is what you pay - value is what you get.

An old saying but true.

Does a reasonable price represent fair value?

Should value as perceived be price driven?

In this Newsletter we are going to look at the value that can be gained by engaging with us in financial planning.

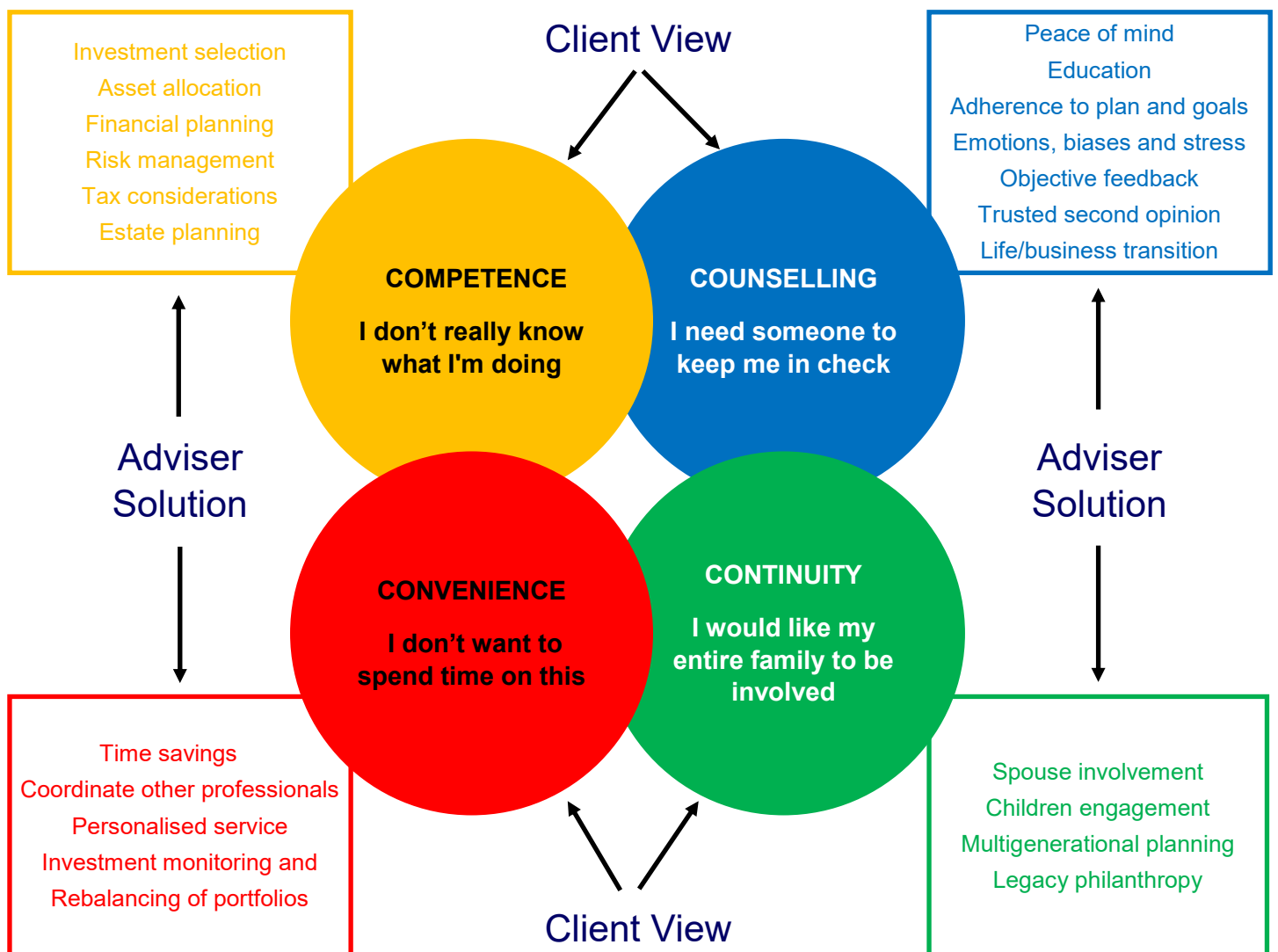
We will look at:

A framework for pricing and fair value assessment.

Use benchmarking data to test the framework and assess the total cost of the value chain.

What Do Clients Need?

Below is our considered opinion of how we work with our clients, and the services we provide



We believe clients need all of the above at various times in the planning journey, but what does all that cost and what value do you get?

I am indebted to the good people at Dimensional Fund Advisers for enabling me to piggyback on empirical research they have undertaken to answer the above question.

“ Don't waste your life waiting for the right time”
(Warren Buffett)

Value of Financial Planning Formula

$$V_{fp} = (K_a + O + B_m)^r + P$$

Where

V_{fp} = Value of Financial Planning

K = Knowledge: Asset Allocation, Investment Selection, Rebalancing, Risk Management, Tax and Estate Planning

a = Application of knowledge to solve problems, create solutions, attain goals

O = Organisation: Planning, Coordinating other Professionals, Concierge Services, Investment Monitoring

B_m = Behaviour management

r = Relationship: Coaching, Education, Trusted Advisor, Objective Feedback, Investment discipline

P = Product

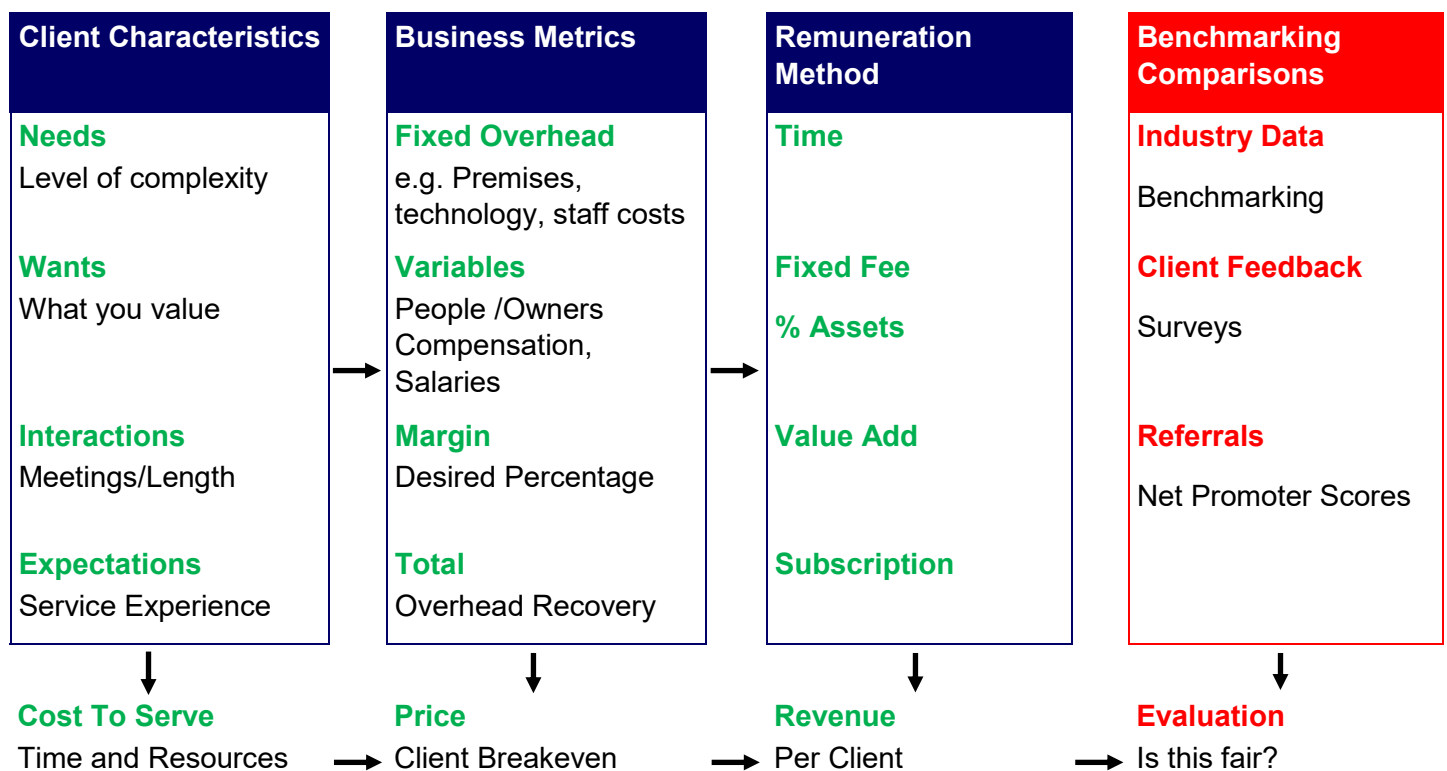
Dimensional Fund Advisers have developed the above calculation to place a value to clients on each and all of the actions involved in the advice and planning process.

We think they have done a very good job in making sense of a complex scenario.

“ You’ll lose 99% of your close friends if you upgrade your life”

(Warren Buffett)

Client Characteristics



To put some further perspective on the above client situations, this breaks down further touch points and requirements you may have. More definitively how

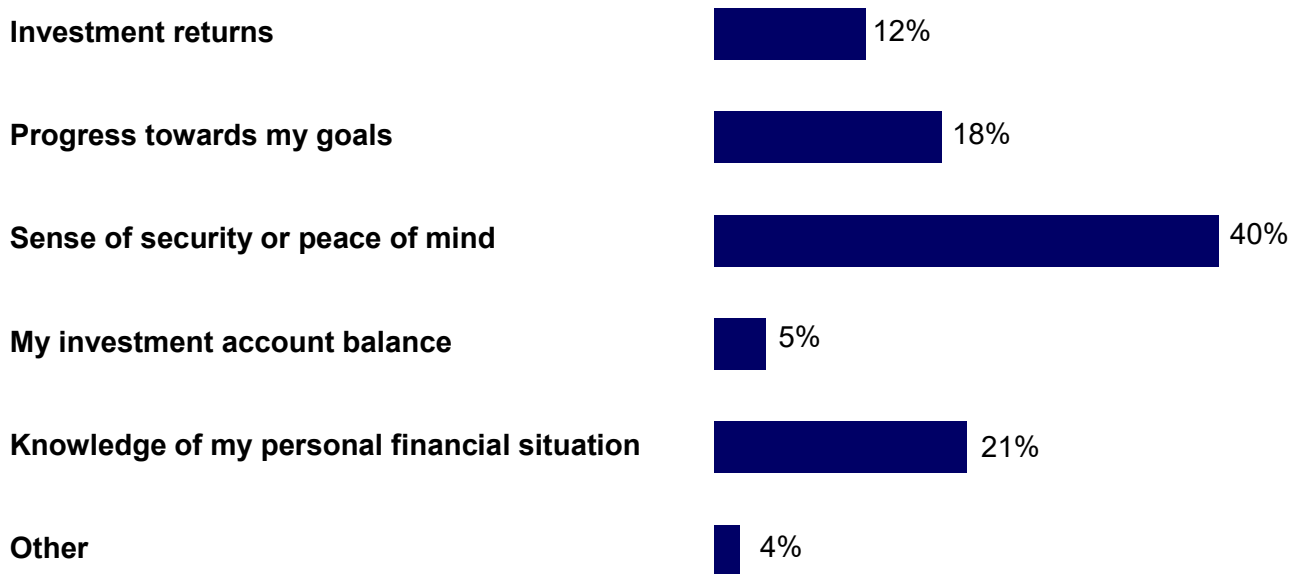
they impact overall costs and value of the services provided.

Measuring Adviser Value

How do you primarily measure the value you receive from your adviser and what do you value?

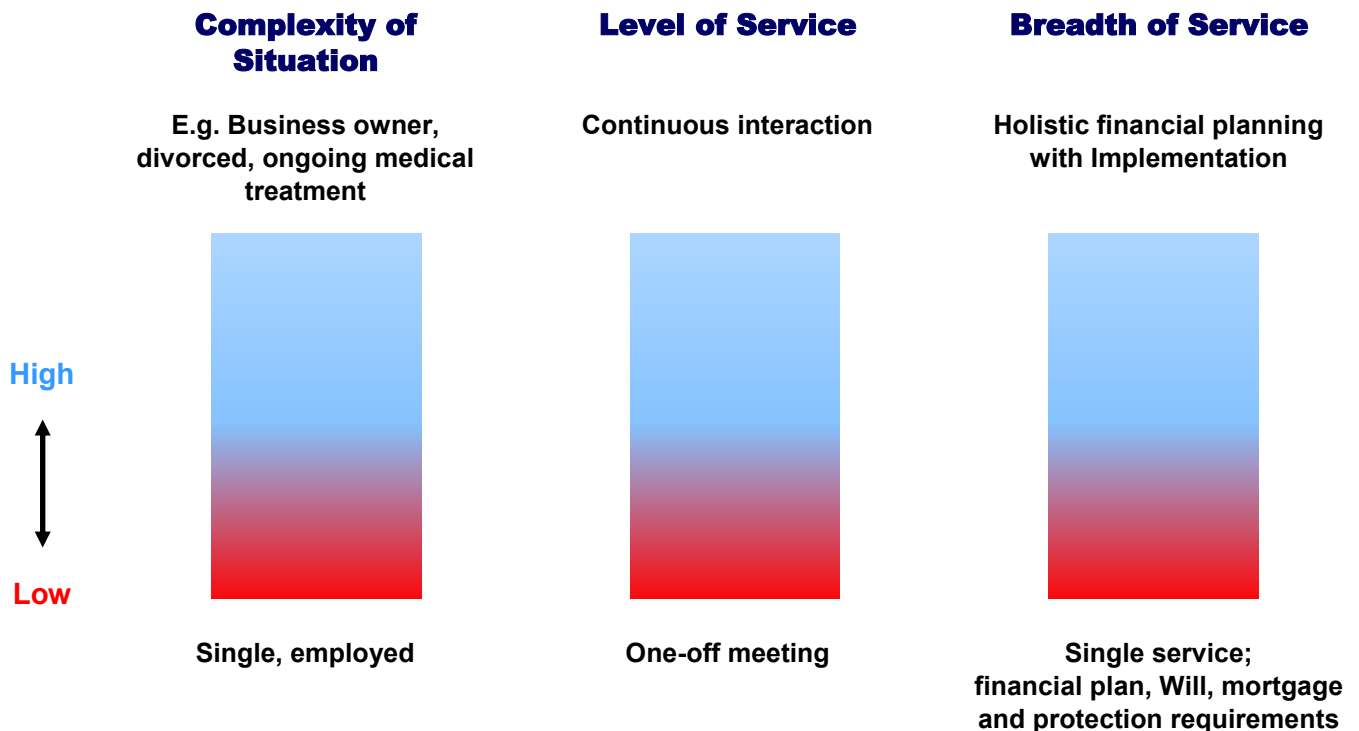
These are results from a recent simple survey.

What You Value



This is a good indication of the current requirements that clients have and require in the planning and advice process on an ongoing basis.

Then Overlay This Value Measurement Onto A Client's Situation



As you can see, there is a very wide range of applications for our services, across multiple client needs, and the above covers just some of those situations.

Deep and detailed empirical research into client requirements provide the basis for evaluation of

service, but the most important part of all the research is.....

What Do You Expect? What Do You Need?

Utilitarian

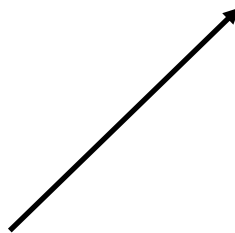
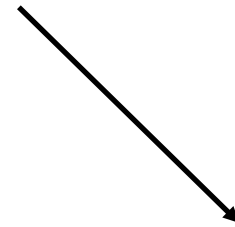
What does the product or service do for me in practical terms?

Expressive

What does my choice say about me, to me, and to others?

Emotional

How does my choice make me feel?



Decision
Outcomes



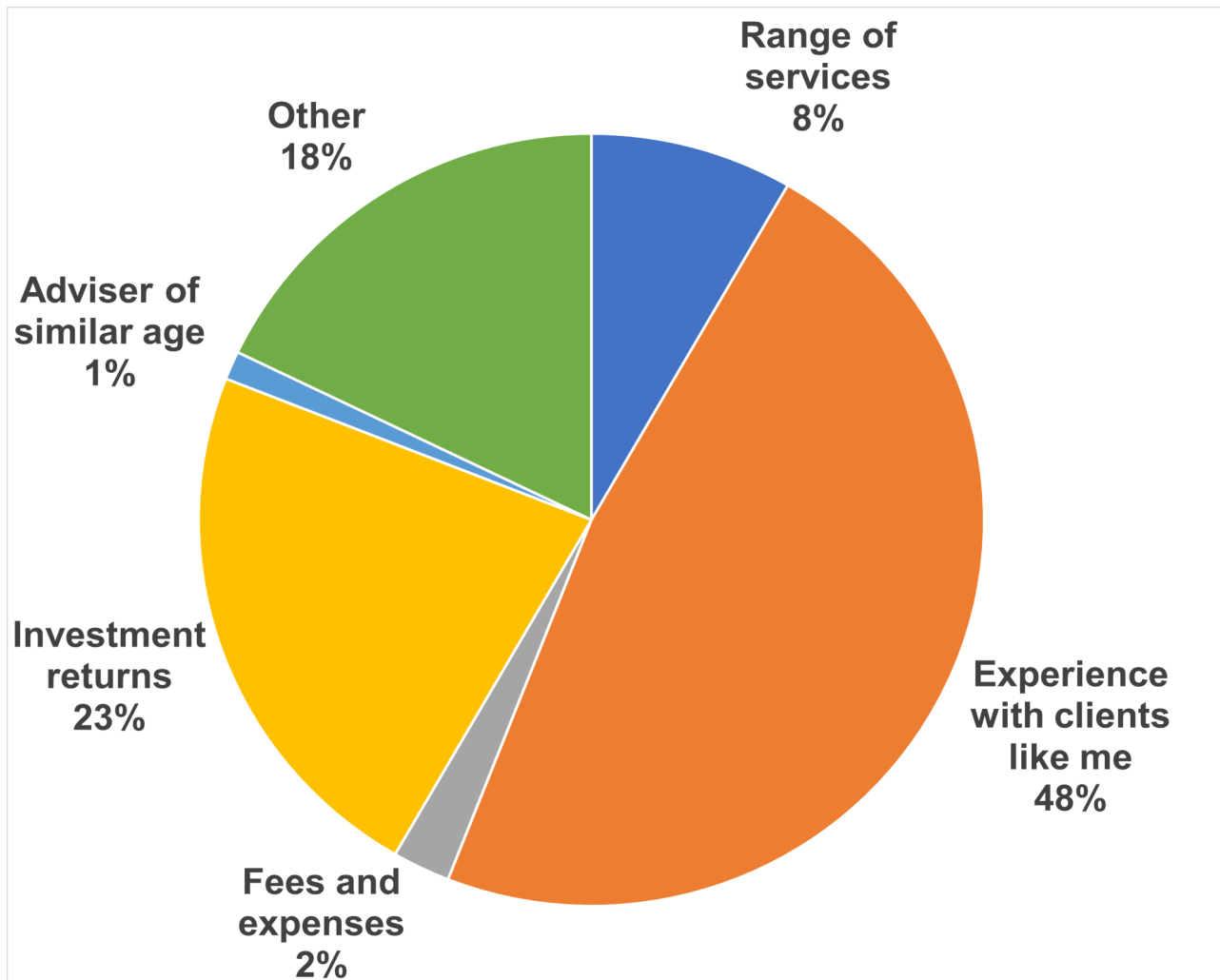
***“ You will be 10x
happier if you stop
blaming others”***

(Warren Buffett)

Having ascertained what you expect in the planning process, how should your adviser fit those

requirements to create a comfortable and ongoing client relationship?

What Attributes Do You Want From Your Adviser?

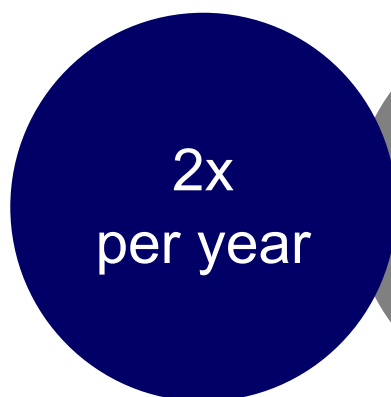


As we get nearer to the end of the evaluation of service process, and building on 'What is it you need from your adviser', how often and how do you wish to interact with your planner?

Industry research, including updates for the addition of Zoom/Teams meetings into the options, show the following results.

How Often Do Clients Want To Interact?

In Person ?



1.5x per year

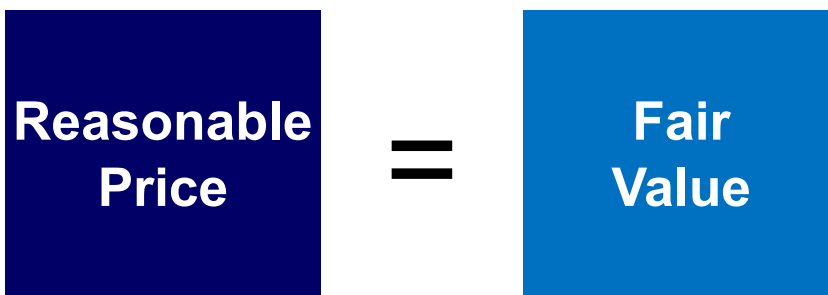
Virtual?

So having worked out and defined the needs and requirements of clients, the service available via advisers, the amount of time you personally want to spend in interaction regarding your financial, tax and

legal affairs, we have to move to a conclusion of what this all represents, and does it represent fair value for the costs and charges involved.

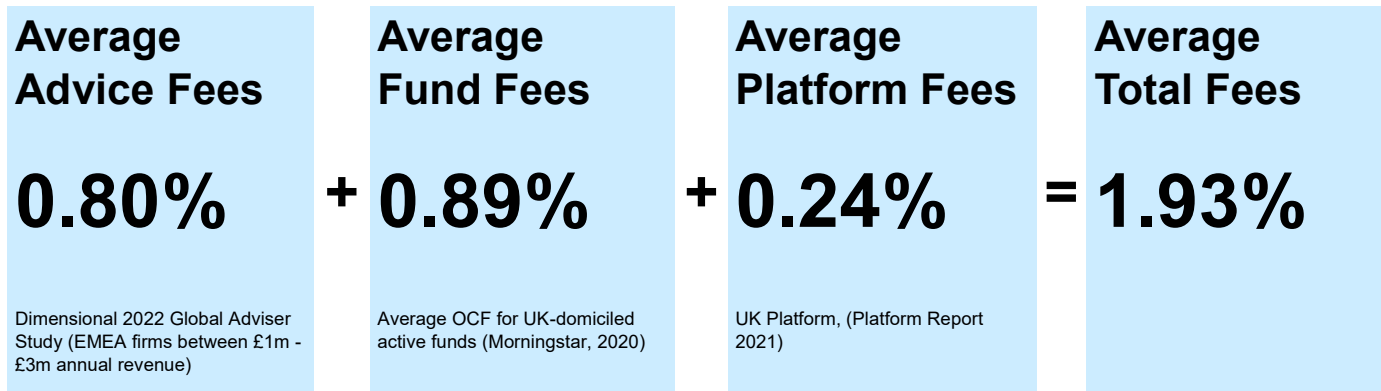
Costs & Value

So! Does.....



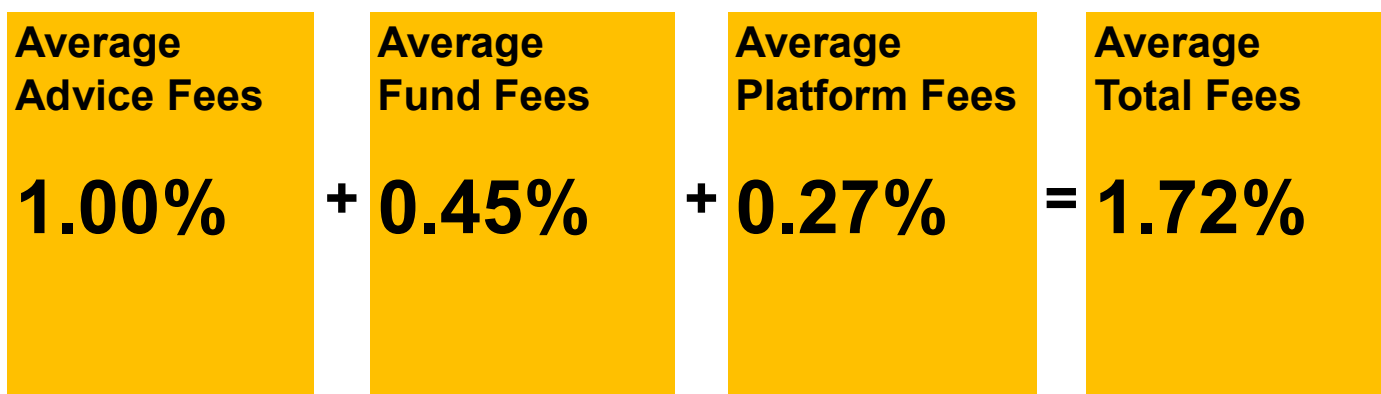
The figures below are taken from the advised sources and represent the average charges and costs within the Financial Services profession, in providing the services discussed herein.

Average Client Costs



Average PPL Fees

The figures below show our average set of client charges and fees compared to the profession's average.



Yes! We are cheaper on average. This conclusion to this part of our research validates our ongoing mission to reduce client costs and charges across the whole advice delivery process, and is something we will continue to strive to do.

Summary

As mentioned earlier, following on from this publication will be the first of our annual client investor surveys, which we do hope you will be able to assist us with. It will not take long to complete, and we will accommodate you in whatever form you wish to receive the survey. You will also be assisting us in our reporting to the regulators under new Consumer Duty regulations. May we thank you in advance for your assistance, and we look forward to continue working with you throughout 2023 and beyond.

We wish you a very happy, healthy and prosperous New Year.



“ Let people win arguments - save your mental health”

(Warren Buffett)



Please remember that past performance is not a guide to future performance. The value of investments and the income from them can go down as well as up and investors may not get back any of the amount originally invested. Exchange rate changes may cause the value of overseas investments to rise or fall.

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