

PILLING & Co

STOCKBROKERS LIMITED



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A day in the life of a Chartered Wealth Manager



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There has been a blurring of the lines within financial services over recent years so this month we thought an educational piece on our working schedule would be of interest to our readers.

I sympathise with investors who have a plethora of personal financial service firms to choose from but do not initially understand what those firms can offer them. This can make it something of a minefield for investors seeking financial advice as to where to apply for specific assistance. Where is the best place to go for a mortgage, life insurance, pension planning or investments? Is a “one stop shop” the most appropriate option or a dedicated “specialist”?

I am often asked, and take no offence to, what my specific role is and how Pilling & Co differs from our peers and competitors in the financial service industry. Although I touched upon this in the September newsletter, I feel it might be of further interest to our readers to understand what in fact the day job entails.

Firstly, as you would imagine no day is the same, but there is a certain structure to it nonetheless. Our role within the Investment Department is both to advise and manage our clients’ assets but also to conduct the research required and apply said research to client portfolios. As you may know, we offer various types of portfolio services from low-cost model portfolios to bespoke discretionary portfolios, as well as dedicated AIM portfolios for Inheritance Tax Relief.

So, on a typical day, we spend the early morning reviewing market movements overnight in Asia and the US, whilst looking for specific company and economic announcements that will hit the news wires. Normally company announcements are reported at 7 am, which allows investors time to digest and assess before the market opens at 8 am. Analysts will have drawn up their estimates for company trading performance and if the numbers or forecasts are ahead, in line or behind consensus will dictate share prices at the market open. This is why certain companies will experience a greater change in their share price on a given day.

Normally, before our first coffee of the day, we are presented with initial comments from our various research providers at the larger financial institutions in the City. This will help our team in their analysis, and we will then engage with company management teams to provide a more comprehensive understanding of their results. These are obviously of greater importance for those companies that we own, or seek to own, on behalf of our clients. However, it is not just stock news but also announcements from all listed securities such as REITs and Investment Trusts we need to absorb.

Economic news can be released at various times during the trading day and it is also US or European economic data that will have a significant impact on the UK. For example, monthly inflation data, employment data, and economic indicators such as PMIs (Purchasing Managers Index). This information, although backward looking, provides an update as to the health of the economy and thus will influence our forecasting for growth, inflation, interest rates and their market impact.

The stock market is a discounting mechanism and distils all these data points to extrapolate what the future may hold, thus helping to determine what is an appropriate value today for an investment in the future. This of course helps with our portfolio positioning and advice to our customers.

We also seek to take regular meetings with our company management teams, as well as meeting fund managers and others in the industry such as economists. These can be in person or online, the latter being the preferred medium post Covid.

A day in the life of a Chartered Wealth Manager cont'd

Just to paint a more detailed picture, in the past two weeks I have met with two Asian income managers, the manager of TR Property Investment Trust and several company management teams as well as meeting various clients in person and online. I personally met with Simon French, Chief Economist at Panmure Gordon who visited our offices to provide us with an update on the UK economy and market expectations into 2024. On an ongoing basis, we gather all the information collectively as a team and discuss this internally to formulate and evaluate our portfolio management applications.

Often the working day is interspersed with client phone calls as well as interactions from various sales teams across the fund management industry, equity sales teams presenting new ideas for equities, AIM investments and Investment Trust management teams. Of course, we are also placing trades for our clients through our dedicated Dealing Team. We do not outsource our Front or Back Office functions which gives us greater control and transparency of trading outcomes for our clients.

Governance, regulation and compliance form the basis that firms like ours operate in. The Regulator recently introduced a new regime called Consumer Duty which is a wide-ranging set of measures to protect customers, putting their interests first. We must ensure our services to you are suitable, offer fair value and information is timely and clear. This is now at the forefront of our investment approach.

Articulating all our knowledge on markets, the economy and prospects to our clients directly, and within their portfolios, is our primary function. I particularly enjoy smaller company research, as these companies tend to be less well researched and this can lead to greater potential returns, but also higher risk. These companies tend to be the mainstay of our AIM portfolio for the mitigation of Inheritance Tax.

Over the years, portfolio management has evolved, as when I entered the industry in 1998 clients tended to own more individual blue-chip equities with some corporate or government bonds. Ironically today, 13 years since the Global Financial Crisis, UK Government Bonds (Gilts) again offer an attractive real return for investors. In fact, certain Gilts offer a tax-free return which our clients are benefiting from.

Today with the UK market having shrunk in size relative to other markets there is greater need to invest globally. Did you know that the UK stock market only makes up 4% of the Global Equity Markets? One fun fact is that Apple has a larger market capitalisation than the entire FTSE 100!

For broader geographic exposure we utilise some form of collective investment. This is the case not simply for equity exposure but fixed income and alternatives such as property, infrastructure and even private equity. This approach means that client investment portfolios are now far more diversified both in asset type and geographic allocation.

When I meet other investment professionals that provide a broader range of services such as mortgages, income protection and financial planning, I am surprised they have the time to also manage their client portfolios as comprehensively and coherently as Pilling & Co.

In summary our time is spent dedicated to achieving the best outcomes for our clients and their investment portfolios.



Important Information

The value of investments and income can fall as well as rise and your capital may be at risk. Past performance is not a guide to future returns. Any opinions are not advice, if you are unsure about suitability, you should take independent advice. Any relevant HMRC or tax rules may be subject to change. Opinions and information are correct as at the time of writing and sources are believed to be reliable. Staff members and/or the author may hold the investment featured and receive remuneration linked to transactions in the recommendation. Where featured, prices are the most recent market price, not price targets for investment decisions. All investments are subject to our current terms and conditions. Whilst every effort is made to ensure accuracy, we cannot be held liable for errors or omissions.