Annual Conference 2006

PIMA
leading on tax incentivised savings

ANNUAL CONFERENCE
1 November 2006

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BNP PARIBAS
SECURITIES SERVICES

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Welcome

John Brasington
Chairman, PIMA

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leading on tax incentivised savings

Conference Chairman

Anthony Hilton

Financial Editor, Evening Standard

Shadow Ministerial Address

George Osborne MP

Shadow Chancellor of the Exchequer

A Time for Change

Tony Vine-Lott
Director-General, PIMA

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ISA Review

Certainty
Simplicity
Flexibility
Transparency
Incentivisation

- Beyond 2010
- Remove Mini/Maxi
- Transfer between components
- Subscription limits
- Stamp duty
- Deceased Accounts

NPSS

Certainty
Simplicity
Flexibility
Transparency
Incentivisation

- Recent Treasury reports have recognised that people use other alternatives to long term saving than pensions …
- Indeed there is considerable resistance to pensions regardless of incentives …
- Pension credits and other benefits mean that pensions may not be appropriate for many in the target group …

NPSS

Certainty
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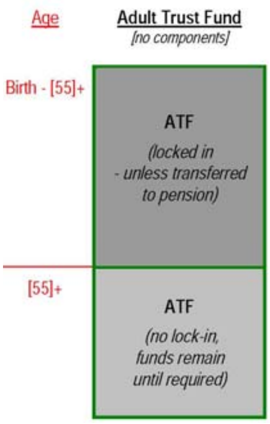
- PIMA has recommended a scheme based on ISA/CTF regulations which may have more appeal to many …



- *No tax on exit*
- *Remaining funds available for inheritance*
- *No components – similar to CTF*
- *Same investment options as CTF*
- *Allow employer contributions*
- *Could be matching for target market*
- *Access to cash post agreed age* *(may be restrictions)*
- *Possible access for special situations* *(eg medical)*
- *Funds remain in tax free environment*
- *No stamp duty*

Consumer Focussed Savings Strategy

Certainty
Simplicity
Flexibility
Transparency
Incentivisation

- **Historic** — *cradle to grave employment / single nuclear family*
- **Today** — *very different*
- **Approach** — *based on lifestage and current circumstance*

  risk appetite & liquidity requirements v return
- **Short term** — *better integrate existing schemes*
- **Long term** — *a new approach*

Consumer Focussed Savings Strategy

Certainty
Simplicity
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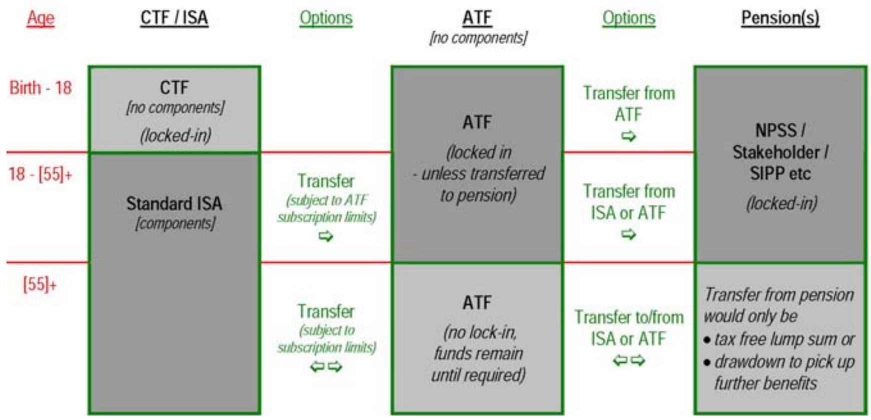
Incentivisation



Consumer Focussed Savings Strategy

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Ministerial Address

Ed Balls MP

Economic Secretary, HM Treasury

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The Economic Secretary's speech can be found at:

www.hm-treasury.gov.uk/newsroom_and_speeches/press/2006/press_81_06.cfm

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Time to Fasten your Seatbelts

Anthony Hilton

Financial Editor, Evening Standard


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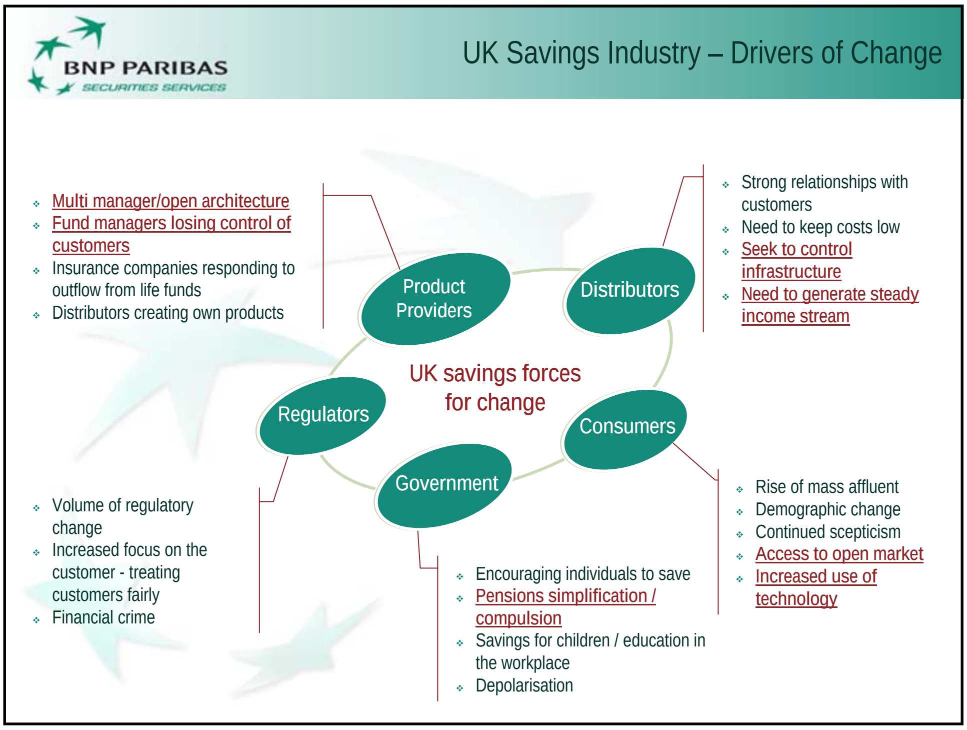
BNP Paribas – Unwrapping WRAP
Nick Emmins – Head of Business Development
1 November 2006
The closer, the better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UK Savings Industry – Drivers of Change
Multi manager/open architecture
Fund managers losing control of customers
Insurance companies responding to outflow from life funds
Distributors creating own products
Product Providers
Distributors
Strong relationships with customers
Need to keep costs low
Seek to control infrastructure
Need to generate steady income stream
UK savings forces for change
Regulators
Consumers
Government
Volume of regulatory change
Increased focus on the customer - treating customers fairly
Financial crime
Encouraging individuals to save
Pensions simplification / compulsion
Savings for children / education in the workplace
Depolarisation
Rise of mass affluent
Demographic change
Continued scepticism
Access to open market
Increased use of technology

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What is WRAP

So what is Wrap?

"WRAP is in danger of becoming meaningless as everyone attributes their own agenda to the word"

Paul Bradshaw, forward to "Investment Platforms and the Provision of Advice, 2005"

17

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What is WRAP

A Simple Proposition

- Single View of Customer
- Ability to Manage or Advise at either Portfolio or Product Wrapper Level
- Efficient Simple Administration
- Comprehensive Range of Product Wrappers

Access to wide range of investments

Customer: Improved Client Proposition

=

Advisor: Cost Effective Business Model

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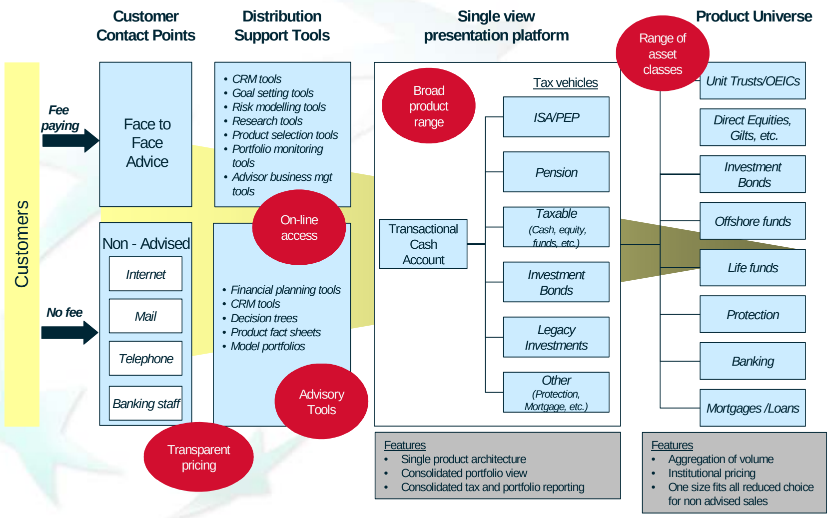
What is WRAP

A more complex matrix of services, technology and products



Source: Troika(UK) Ltd 2005

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What is WRAP

What does this mean for market participants?

- Distributors
- Product Providers
- Customers

Impact of WRAP

What does this mean for market participants?

Distributors
- IFAs
- Wealth Managers

Product Providers
- Life Companies
- Fund Managers
- Existing platforms

End Customers

Where next for WRAP

- BNP Paribas believes a number of different business models will evolve
- Distributors will look to further dis-intermediate the traditional provider model
- Wrap administrators as opposed to Wrap providers will become important players
- Growth in un-aligned investment management i.e. Multi-managers

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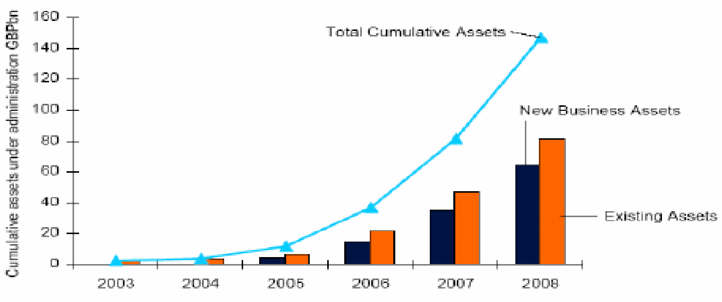
Where next for WRAP

Whatever WRAP is, the consensus is it will be BIG!

Figure 5: **By 2008, assets held within 'wrap like' services will grow to around GBP150bn (AUD390bn)**

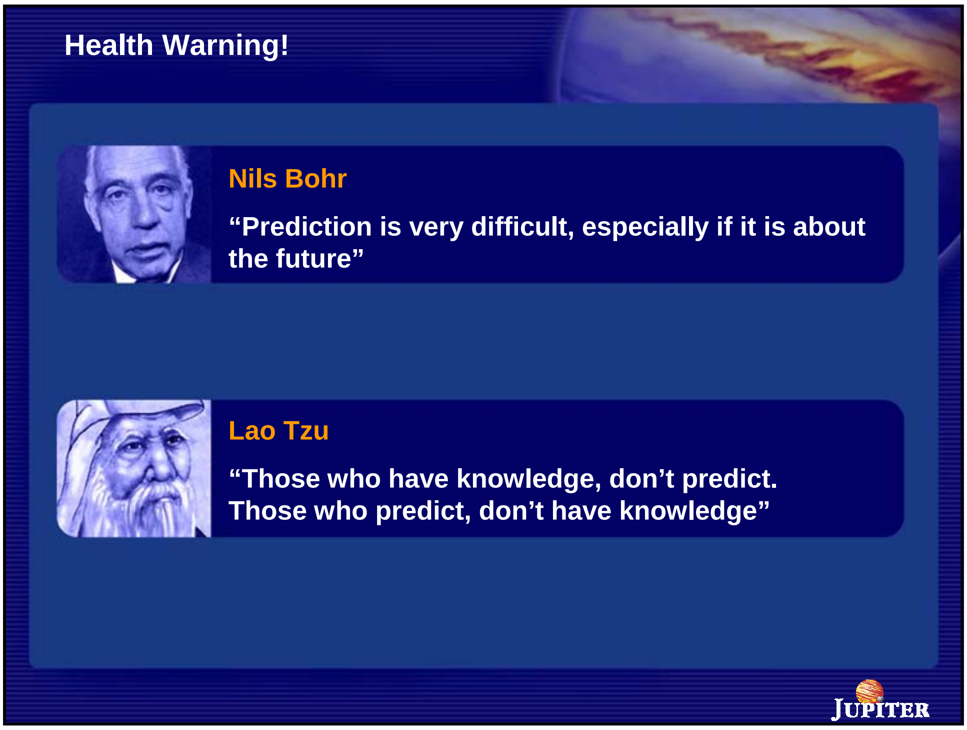


Source: Datamonitor estimates

DATAMONITOR

Nick Emmins – 020 7410 3986
nick.emmins@bnpparibas.com


"THROUGH A GLASS DARKLY"
Edward Bonham Carter
Joint Chief Executive & Chief Investment Officer
JUPITER


Health Warning!
Nils Bohr
"Prediction is very difficult, especially if it is about the future"
Lao Tzu
"Those who have knowledge, don't predict.
Those who predict, don't have knowledge"
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Market Outlook

Economic growth - reasonable

Inflation - limited rises

Interest rates - remain low

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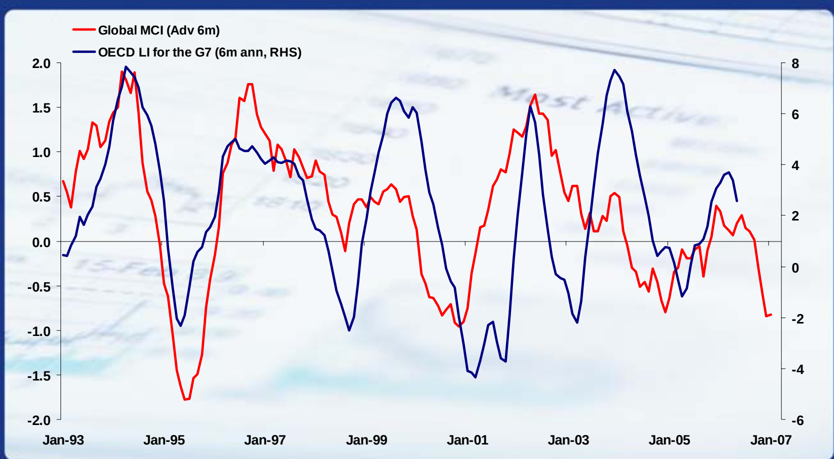
Global MCI and OECD Lead Indicator



Source: Dresdner Klenwort Macro research and Thomson Financial Datastream.

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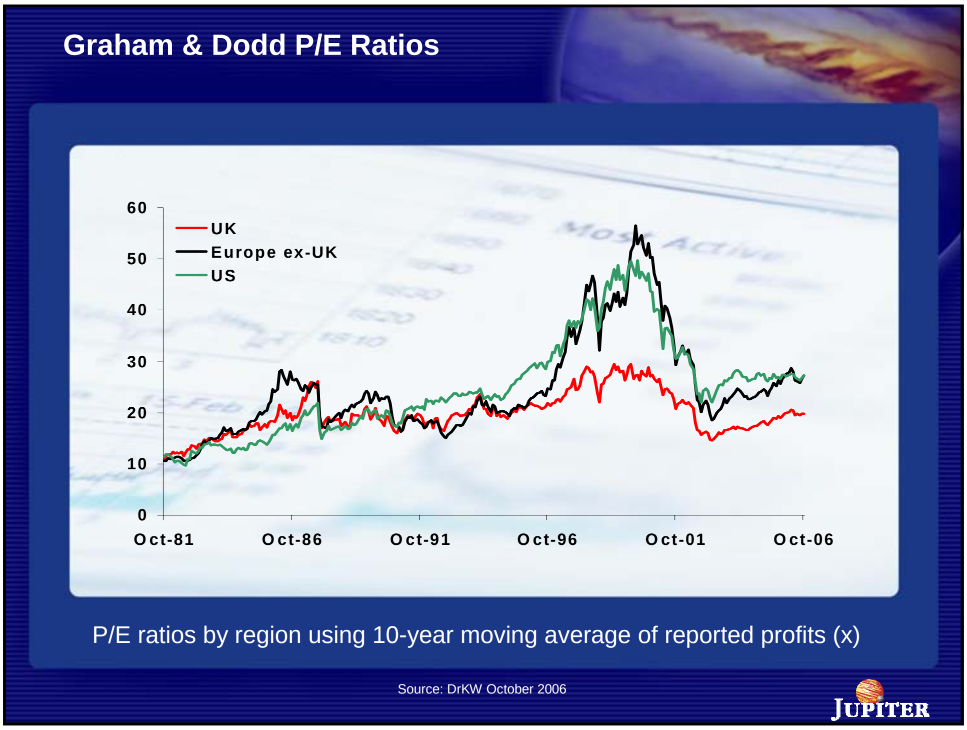

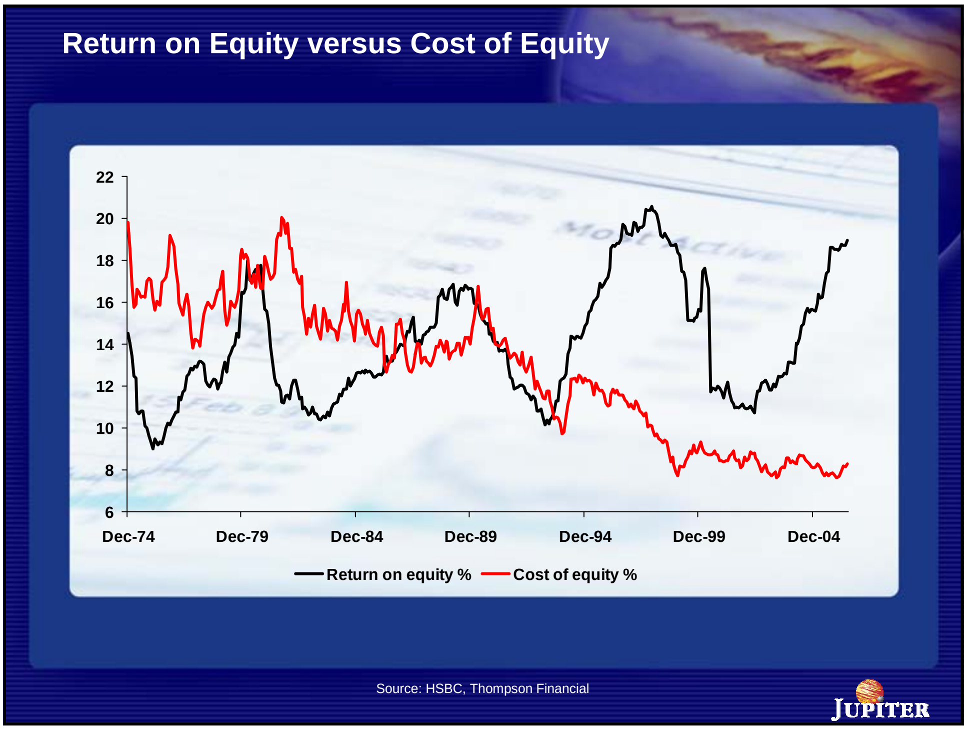

UK BAA-Rated Corporate Bond against UK Earnings Yield (Inverted P/E)

Source: Citigroup Equity Portfolio Strategist, 01.01.86 to 04.07.06 …..

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Stock Selection Vital

Avoid

- High Debt
- Earnings Risk
- Low Barriers to Entry

Invest in

Stable Cash Generation

Dividends

‘Genuine’ Growth

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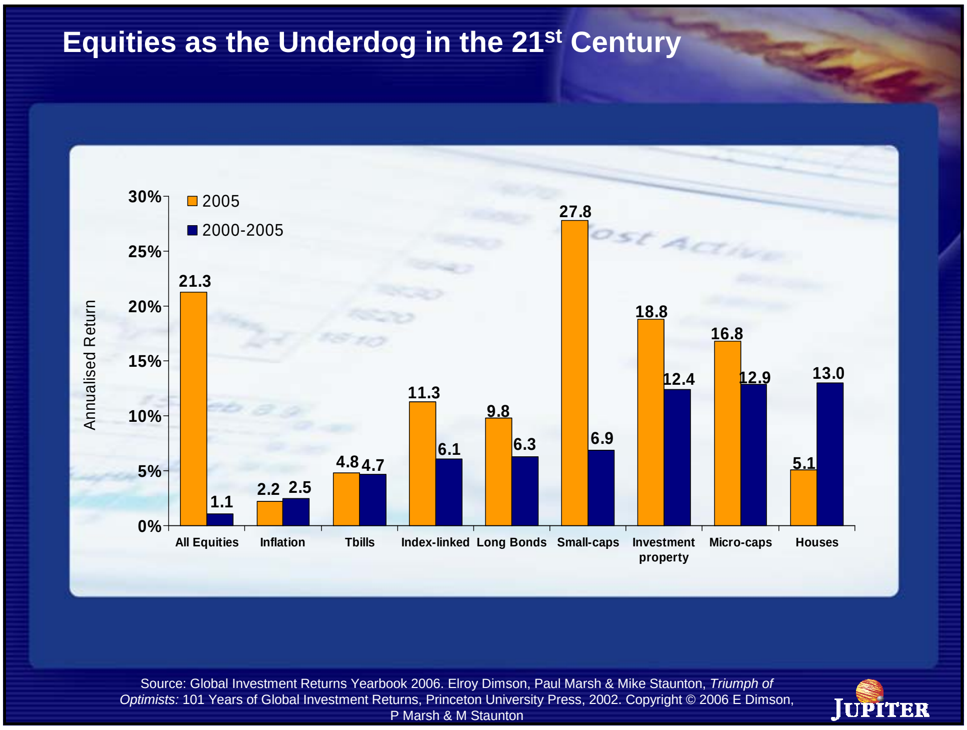

Some Big Trends

"New" Capitalists

Energy

Western Demographics

Technology

Globalisation

Financial Deregulation

Climate Change

Water

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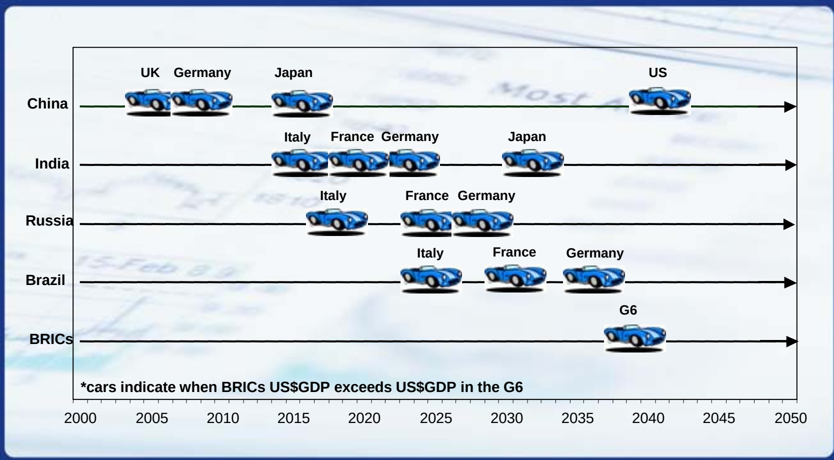
Overtaking the G6:

When BRICS' US$GDP would exceed G6 GDP



Source: GS Global Economics Paper No. 99, Dreaming with BRICs: The Path to 2050 01.10.03

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Developments in the Retail Financial Services Market

Bruce Robson

for Dan Waters

Director Retail Policy, FSA

Owing to the indisposition of Dan Waters, at short notice Bruce Robson delivered this speech

The text of his speech can be found on the FSA web-site at www.fsa.gov.uk/pages/Library/Communication/Speeches/2006/1101_dw.shtml

Exhibitors Announcements & Close of Conference

John Brasington

Chairman, PIMA

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Drinks Reception

sponsored by Fidelity International

now follows in the Livery Hall & Court Room

Richard Wastcoat

Managing Director of UK Mutual Funds

Fidelity International

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