



Wrap/Platform Seminar

Money
Portal

Alan Easter
Group Head of Strategy & Distribution
TISA WRAP Seminar

The Dark Art of Spinning

Money
Portal

There are many famous myths....

For instance....

Wrap/Platform Seminar

Money
Portal



Are there giant abominable snowmen?
I don't think so.....

Money
Portal



Did Elvis die on the throne?
Quite possibly.....

Wrap/Platform Seminar

Money
Portal



Will listening to Mozart make you cleverer?
Well it didn't work for me.....

Money
Portal

And the wildest Myth of them all.....

Wrap/Platform Seminar

Money Portal

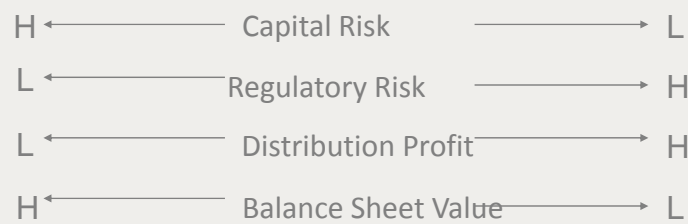


Wraps make your business better!

Pre Wrap....

Money Portal

The commercial landscape for retail distribution looks like the following diagram.



Capital Risk

Money
Portal

- Insurance companies and independent suppliers are investing the capital to create platform solutions.
- Very few intermediaries have the capital, or the ability, to deliver the same
- Deployed capital requires a return, until the platform achieves critical mass, high levels of capital are at risk
- The “nutritional value” of trail from a Platform is equivalent to non Platform trail so there is little for the intermediary to amortise into capital value today

Nothing much has changed then.....

Regulatory Risk

Money
Portal

- The Adviser still maintains ALL regulatory Advice risk
- The provider accepts NO liability for the appropriateness of the wrapper
- The provider accepts NO liability for the performance of an investment package
- The provider accepts NO liability for the population components of an asset allocation model
- Online switching transposes advisory/discretionary procedures to the intermediary

Nothing much has changed then.....



Wrap/Platform Seminar

Distribution Profit

Money
Portal

- Short term distribution profit is being reduced by regulatory and model changes, not by Platforms
- Until critical mass is obtained then margin share is not generous, so consumer pays for margin increases
- A £ trail from a non Platform has the same P&L value as a £ from a Platform
- A lack of ability to create lock in products hampers providers ability to reclaim cost of sale
- Funded on the belief that persistency will be better, unproven to date.
- It is accepted that FGP will reduce cost of sale though.....

Nothing much has changed then.....possibly worse for the provider

Balance Sheet Value

Money
Portal

- Balance sheet value is composed of tangible and intangible assets
- A Platform does NOT increase tangible assets for the intermediary
- A Platform does NOT increase intangible assets for the intermediary
- Balance Sheet tangible value IS increased from EEV product accounting
- Balance sheet intangible value IS increased by "owning" the Platform

Nothing much has changed then.....



Wrap/Platform Seminar

Post Wrap....lets play spot the difference... Money Portal



| | | | | |
|---|---|---------------------|---|---|
| H | ← | Capital Risk | → | L |
| L | ← | Regulatory Risk | → | H |
| L | ← | Distribution Profit | → | H |
| H | ← | Balance Sheet Value | → | L |

Pre Wrap....



| | | | | |
|---|---|---------------------|---|---|
| H | ← | Capital Risk | → | L |
| L | ← | Regulatory Risk | → | H |
| L | ← | Distribution Profit | → | H |
| H | ← | Balance Sheet Value | → | L |



Wrap/Platform Seminar

Post Wrap....lets play spot the difference... Money Portal



| | | | | |
|---|--------|---------------------|-------|---|
| H | ←————→ | Capital Risk | ————→ | L |
| L | ←————→ | Regulatory Risk | ————→ | H |
| L | ←————→ | Distribution Profit | ————→ | H |
| H | ←————→ | Balance Sheet Value | ————→ | L |

Short Trousers



But, WRAPs are still in their infancy....
How do they need to evolve to REALLY make a difference?

Don't try and be what your not

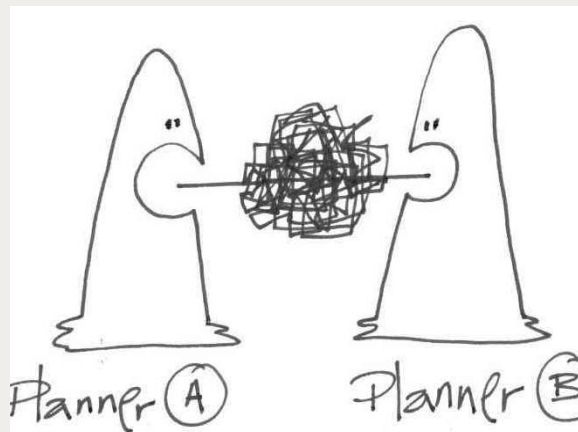
Money Portal



Understand what you are.....
Stop hiding.....

Communications a wonderful thing

Money Portal



Talk to each other.....
Communicate

WRAPS wont make you fat

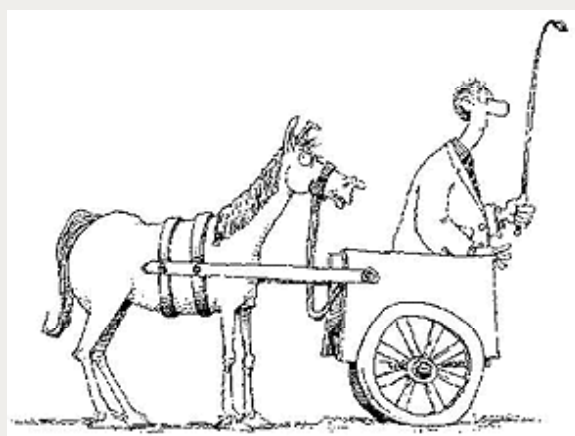
Money Portal



Don't be greedy.....
A profitable distribution sector will support you, a failing sector will undermine you

Facilitator or Driver?

Money Portal



Get it the right way round.....
A Platform supports a model, it doesn't create one.....

For what its worth. The Money Portal rules....

Money
Portal

1. Cash accounting, the only way to truly support CAR
2. We need more than one “branded” product wrapper, so move away from EEV
3. Charge us the TRUE value, its an IT Platform not an Insurance product.
4. WE select the funds, because WE take the risk.
5. IF we want to move, we will. Its our money, not yours. “The more locks you put on the windows the less chance you have of us walking through the door”.

The Good News...

Money
Portal

- WRAPs are the future
- We will ALL adopt a new model of dealing with clients
- Platforms, in whatever format, will support this move
- WRAPs will evolve to become facilitators
- You will become transparent
- You will allow migration
- You will allow in-specie

We will become more aligned, the question isn't “if” it is “when”.