



TRANSPARENCY

A Retail Adviser's View



WFW - WHO WE ARE?

- **Founded 1995**
- **Fee charging and service (not 'sales')* based from day 1**
- **Now two partners, 3.5 advisers, 6 support staff**
- **~ 350 / 400 active clients**
- **~ £50m client assets under advice**
- **Annual revenue ~ £0.5M**
- **Average Adviser Size**



BUSINESS CLIENT PROPOSITION



Client Proposition:

- ▶ Our job is to help our clients preserve and grow the value of their wealth
- ▶ If we can serve you profitably we'd love to welcome you as a client



THIS IS WHAT WE ACTUALLY DO - 1

- ▶ Challenge client –
 - ▶ Look at where you are?
 - ▶ Where you want to go?
 - ▶ How are you going to get there?
 - ▶ What are the threats to that?
 - ▶ Keep you on track



THIS IS WHAT WE ACTUALLY DO 2

The Five 'Things' We Can Do

1. Protect the client (Life – getting dead. Crit ill/PHI - not getting dead)
2. Invest for a client (investments. ISA's Pensions)
3. “Get a client into debt” (mortgages. Equity release)
4. Financial Planning (bringing all of it together with a plan.
5. Stop clients doing daft things (probably daily)



THIS IS WHAT WE ACTUALLY DO. 3

- ▶ Assume all insurance and debt sorted.
- ▶ Invest (pensions. ISA. Investments. Bonds. Etc. etc.)
 - ▶ Our job is to preserve value and – hopefully – make a little bit on the top

Questions

- ▶ 1. How do we do that ? (This is very, very easy – if you know what you are doing)
- ▶ 2. What are the threats to a successful investment experience?



THIS IS WHAT WE ACTUALLY DO 4

▶ Investments

- ▶ Negative process – we are pretty sure that we'll cock it up if we try to be clever. (the unknown unknowns)
- ▶ Evidence based funds with low OCR ~ 0.3% per annum
- ▶ 6 basic portfolios rated by equity content (i.e. risk assets).
- ▶ Core gold holding available – and increasingly recommended
- ▶ Use markets for what they are there for. To provide returns

- ▶ And the threats to all that are.....



THIS IS WHAT WE ACTUALLY DO 5

- ▶ And the threats to our clients wealth are:--
 - ▶ 1 Government and bureaucratic failure
 - ▶ 2 Scammers and other crimes.....?
 - ▶ 3 Adviser incompetence and error?

(No. Not 'markets'. Markets, the capital markets are there precisely to give you a fair return on your money. As long as they are free - they always 'work' and 'grow')



THESE ARE THE DIVERSIONS

- ▶ **Government Failures**
 - ▶ Layer upon successive layer of failed interventions (e.g. pensions)
 - ▶ Money. Total failure with sound money (GBP is 2% of its value in 1945)
 - ▶ Boom Bust (unwarranted expansion of money and credit at wrong price)
 - ▶ Taxation – confiscatory and massively over-complex (consumes circa 45% of my gross revenue i.e. just under doubles my price to clients)
 - ▶ Evasion of responsibility (setting up quangos as ‘human shields’)
 - ▶ Destruction of rule of law, property rights and sanctity of private contract.
 - ▶ Universal economic cluelessness
 - ▶ Ill thought through policy – e.g. pension freedoms (a good idea done badly)



THESE ARE THE DIVERSIONS



▶ Financial Catastrophe Authority

- ▶ **Ludicrous 1 Million Para 'Rule Book'** (You Have Rules FOR Bureaucracies Not BY Bureaucracies)
- ▶ **Zero Democratic, Legal And Financial Accountability** And No Skin In The Game – Equals Entirely Self Serving.
- ▶ **Incompetent. Economically Witless.** Couldn't See A Real Problem – e.g. Connaught.
- ▶ **Cost** - Research Indicates Industry Now Spends Circa 20% Of Revenue on regulationism
- ▶ **Colossal** - Creator Of Moral Hazard



THESE ARE THE DIVERSIONS



▶ Financial Ombudsman Shambles

- ▶ Does not do rule of law – "What is Fair?"
- ▶ Lies (I have evidence)
- ▶ Incentivised to favour client. Why? How about 'equity'?
- ▶ No effective democratic legal or financial accountability
- ▶ Arbitrary actions make professional indemnity insurance ruinous
- ▶ No 'long stop' (an absolute disgrace)
- ▶ Non lawful 'process' enables CMC to use vexacious claims to extort.



THESE ARE THE DIVERSIONS

How tax and regulationism destroys wealth.

- ▶ 1 Adds layers of inefficiency
- ▶ 2. Costs
 - ▶ Tax freedom day May 30th = ~ 41% (circa 45% wfw - TFD vary by taxpayer obsv)
 - ▶ Cost of government day is later.
 - ▶ Regulatory imprests and deadweight costs = ~ 16% to 20% of revenue, say 18%
 - ▶ Total 63% From each £1 revenue I get 37p to run my business the government gets 59p – who's the cost problem?



THESE ARE THE DIVERSIONS

- ▶ **Financial Services Compensation Scam**
 - ▶ The third leg in the regulation racket
 - ▶ Lives on the fallacy that 'someone else pays'.
 - ▶ Cost falls on those who are currently advised - 6m
 - ▶ Claims come from those already advised - 20m
 - ▶ Really acts as 'free capital' to banks - which encourages them to take risk
 - ▶ Out of control. – arbitrary demands with 30 days notice to pay



THESE ARE THE DIVERSIONS

- ▶ How do you fix the regulationism racket?
- ▶ Keep a massively reformed FOS
- ▶ FCA – scrap it
 - ▶ 80:20 rule.
 - ▶ 80% pointless and destructive. Serves no purpose
 - ▶ Of the remaining 20% -
 - ▶ 16% to self regulation (which there never has been any)
 - ▶ 4% to the Police where it belongs (I never report anything to the FCA. Always to the police first)



THESE ARE THE DIVERSIONS

- ▶ My definition of banking: “Proto nationalised, state sanctioned, specially privileged, cartelised supplier of a monopoly product engaged in counterfeiting”. i.e. a racket.
- ▶ Banking and sound money
- ▶ Bad money is at the root of all this failure and what drives desperate regulationism as the lunatics try to paper over the cracks in the asylum they have created.
- ▶ Only one bank in the UK – B o E – rest of system de facto subsidiaries
- ▶ B O E out of control. Classic technocrat failure



THESE ARE THE DIVERSIONS

How To Fix Banking – Needs Several Contemporaneous Reforms

- ▶ Scrap B O E
- ▶ Reform commercial banks along lines as proposed by Douglas Carswell draft Bill
- ▶ Removes the need for deposit insurance (so scrap the FSCS bank deposit insurance)
- ▶ Scrap legal tender laws
- ▶ Let market work out fundamental money (my bet – gold)
- ▶ Government can use a GBP priced in gold to denominate taxation
- ▶ Move taxation from production – labour and capital – to ‘rents’. Including a bank asset tax and LVT which will tend to reduce land prices (together with sound money).
- ▶ Wealth and jobs = whoopee!



THESE ARE THE DIVERSIONS

- ▶ Any questions?
- ▶ Reading list available