



Stronger Together



Welcome

"It is no exaggeration to say a revolution is taking place in the financial advice industry. IFA firms are finding themselves under increasing pressure from industry regulators and the media to move away from the commission-based structure upon which many have been built.

Principle-based regulation and Treating Customers Fairly initiatives will transform the culture and priorities of advisory firms. And the Retail Distribution Review will heap further pressure on those unprepared for the brave new world.

Revolutions always have casualties. In this case it will be those firms without the infrastructure and vision to change that will see business dwindle and the risks of compliance failure grow.

But this revolution presents exciting opportunities, too. IFA firms that build and deliver distinct and compelling multi-level (and repeatable) client propositions, embrace new technology and strive for the very best and highest level of professionalism will be recognised and rewarded for their efforts. The move to fee-based and recurring income structures will see the underlying value of these businesses considerably enhanced. They will become increasingly and sustainably profitable.

The IFAlliance was formed to help IFA practices successfully navigate this transition. Many IFAs have a poor regard for networks. This is not a network. It's what it says on the tin: an alliance of professionals with a high regard for each other, working in a federation. You're a member of a big organisation in which your opinion counts. You can help others build their businesses and benefit from the insights of others on how to build yours.

The Alliance offers IFA firms the chance to maintain their unique identities and character while tapping into a pooled resource that delivers a range of institutional-standard, white-labelled processes and products that enhance their client offering beyond recognition.

We are, in effect, a rainbow coalition of progressive IFA practices enjoying the benefits of partnership while retaining our independence.

Our motto is ***Stronger Together***. Membership of the Alliance offers your firm the chance to emerge from the financial services revolution stronger. This brochure explains more about our proposition. We look forward to welcoming you on board!"



Andrew Perkins
Managing Director

Introduction

The IFAlliance was formed in 2005, bringing together a group of leading firms of professional Independent Financial Advisers to pool their specialist knowledge and experience. The Alliance is now a rapidly growing national organisation as other IFA firms identify the benefits affiliation with the Alliance can bring. Members of the Alliance can access an innovative range of products and services commissioned and designed to meet the needs of clients and our businesses. These include:

ProfilerIQ – a sophisticated and accurate new risk-profiling questionnaire and asset allocation tool

The Liberation Funds – a range of multi-manger funds specifically designed to match a client's risk profile score

ManagerMonitor – a tool to monitor the performance of our fund managers

Alliance Bespoke – a white-label wealth management service for high net worth clients

We also offer an excellent package of support around compliance and training & competence.

Membership of the IFAlliance will:

- Enhance your client proposition
- Deliver cost savings with leading product providers
- Improve profitability from existing customers
- Release more time to spend marketing to new customers.

These benefits help you increase your business's profitability whilst maintaining your individual identity. Membership gives you the opportunity to build your business by sharing ideas and resources with other experienced, progressive firms. It also gives you the ability to differentiate yourself from your competitors in the market.

In the longer term, greater value becomes embedded in your business, underpinning further growth or helping you to enjoy a more lucrative exit strategy, depending on the ambitions of your organisation.

Whilst full membership of the IFAlliance makes available a wide range of products and services, these can also be offered independently. Call us for more details about how we can tailor your affiliation to best suit your needs.

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This document is intended for circulation to Independent Financial Advisers and should not be distributed to clients.

ProfilerIQ



“The Alliance provides a forum for like-minded companies that are experiencing the same opportunities and challenges. Collectively we are developing cutting-edge solutions that are improving our client proposition substantially.”

Adrian Boyle
Atkinson Smith



The Alliance ProfilerIQ is an intelligent client risk profiler and asset allocation tool that has been designed specifically for the IFAlliance.

At our earliest meetings it became very clear we were unhappy with the quality of many of the profiling tools currently available. Our concerns were reinforced when the Alliance commissioned forensic analysis of some of these tools.

Equally, we had serious misgivings about some of the common asset allocation tools, which we felt relied too heavily on historic data and therefore made recommendations based on past performance rather than future potential. These tools lent too little weight to emerging markets or new alternative asset classes that might help increase returns and reduce clients' portfolio risk.

ProfilerIQ is a perfect example of the power of the Alliance. By combining our resources, we had the financial capacity, together with the professional expertise and experience, to commission the construction of our own profiling and asset allocation tool that would answer all our concerns and better meet the needs of our clients.

ProfilerIQ offers a practical 16-question multi-choice questionnaire that can be completed online while sitting with your client. It will assess their risk profile on a scale of one to 10 and recommend an asset allocation designed to meet their needs.

Our strategic asset allocation recommendations are determined by one of the country's leading experts, using sophisticated modelling designed to predict an optimal combination of asset classes and geographical spread to provide the maximum expected return for each

risk score over a long-term period. These asset allocation profiles are reviewed regularly to ensure they are always up to date.

The ProfilerIQ tool – a key benefit of full Alliance membership – is also available under licence as a stand-alone facility. It can also be offered as a white-label product, so you can brand the service with your company livery to reinforce your own business. To find out more about how ProfilerIQ can benefit your business please call us.

Benefits:

- Improved risk profiling
- Asset allocation that takes into account the growth potential and risk-reward characteristics of new markets and alternative asset classes
- Expert asset allocation advice, regularly reviewed
- Easy to use
- Can be branded in your livery
- Available as a stand-alone service.





LIBERATION FUNDS

The *Liberation Funds* range was a radically new idea when it was launched in 2005. Having established a client's risk profile score, we wanted to provide an investment solution geared specifically to that profile – offering appropriate asset allocation, expert fund selection and active management. The result was our *Liberation Funds*.

For five of the 10 outcomes of the ProfilerIQ process (four through to eight – which encompass 90% of investors), we offer a range of funds (ranging from the lowest risk, *Liberation IV*, to the highest risk, *Liberation VIII*). This enables you to offer your clients a core investment product that perfectly matches their risk profile score.

Asset allocation – the right place, the right time

The asset allocation for the *Liberation Funds* given to each fund manager is determined by an independent and highly experienced investment strategist, our Asset Allocator (see ProfilerIQ). This is a two-stage process:

Strategic asset allocation – This is the same asset allocation process that is an integral part of the ProfilerIQ tool. The aim is to produce an appropriate, optimum, long-term asset allocation benchmark for each fund.

Tactical asset allocation then aims to identify short-term market opportunities, adjusting the strategic asset allocation to help fund managers capture gains and reduce risk. These tactical decisions will normally be taken quarterly but can be done more frequently if the Asset Allocator feels it is appropriate.

Fund selection – the best funds for the job

Each of the *Liberation Funds* is managed by one of the UK's leading

multi-managers. They in turn build and manage a diverse portfolio of leading single-manager products based around our asset allocation recommendations. Funds of funds have a track record of delivering superior performance and cost-effective active management. They also deliver CGT benefits. Funds remain within the investment umbrella when the underlying portfolio is rebalanced. Additionally, recent changes to CGT have made managed OEICs much more tax-efficient, particularly for higher-rate taxpayers. The maximum overall tax rate is 18%, against as much as 40% for insurance bonds, and tax can be further reduced by the careful use of annual CGT exemptions that are not available for bonds.

Absolute Growth

The aim of the newest fund in our range, the *Liberation Absolute Growth Fund*, is to deliver 2% per annum more than cash deposits over rolling three-year periods. The manager has a long and successful track record and has the flexibility and expertise to outperform cash while minimising risk.

Like the ProfilerIQ tool, the *Liberation Funds* are open to all Alliance members but are also now available separately. Call us to discuss details.

Benefits:

- A range of funds designed specifically to match each client's risk profile score
- Expert strategic and tactical asset allocation
- Specialist fund selection by a leading UK multi-manager
- All the benefits of the funds of funds structure.



“As individual firms we could not possibly achieve what we have done as an Alliance. The Liberation Funds illustrate how the IFAlliance has given us the size and punching power to launch our own OEICs and attract top-drawer managers.”

Mark Learmont
Ebor Asset
Management LLP



ManagerMonitor

and the IFAlliance Investment Committee



“In over 30 years of working in financial services I have never before seen such a rigorous investment proposition. It gives our members the confidence to recommend the funds, safe in the knowledge that the managers are being constantly monitored against customised benchmarks.”

Colin Eyre
IFAlliance Investment Committee



To ensure our funds and asset allocation tools deliver everything that we would expect, we subject them to rigorous and sophisticated attribution analysis.

Using our combined resources, we have commissioned an independent third-party specialist firm to create a portfolio evaluation tool – *ManagerMonitor* – to measure what value tactical asset allocation delivers to the investment performance relative to the strategic asset allocation benchmark. It also reveals how much of the performance can be attributed to the funds of funds managers running the portfolios.

Under the chairmanship of Colin Eyre – who has more than 30 years’ investment industry experience, including fund management – the IFAlliance Investment Committee receives this data on a quarterly basis. Supplemented by quarterly fund manager questionnaires, this data is analysed by the committee and results are fed back to Alliance members and investors in a clear and concise format.

This is a powerful method of holding both our asset allocation consultants and fund managers to account in a way few IFA firms on their own could. It helps ensure they are always working hard to deliver the performance we expect for our clients. And it means our clients know we are providing the best possible service for them – we have ensured we understand their risk profile appropriately, recommended funds designed specifically to meet their needs and then professionally monitored the performance of those funds to ensure they deliver. If they don’t then we change managers.

The Investment Committee has been established with strict terms of reference to monitor the performance

of our fund managers and to assist in the ongoing training of Alliance members in all investment matters. It also deals with any administration issues and provides support required by member firms. The Committee makes recommendations to the Board on new funds, such as the recently launched *Liberation Absolute Growth Fund*, and, when necessary, on the appointment of new fund managers, who are put through a rigorous selection process. Working alongside the Asset Allocator, the committee is also continually developing the asset allocation models to ensure they remain the most appropriate in the ever-changing world of investments.

Our *ManagerMonitor* tool has applications beyond the Alliance fund range, particularly for IFA firms that already run their own OEICs. If you are interested in discussing these applications further please call us.

Benefits:

- Helps users better understand the performance attributes of funds
- Helps us monitor the performance of asset allocation consultants and multi-managers and ensure we have the best team in place
- Summarises information clearly and concisely for IFAs and their clients.



Alliance Bespoke

High net worth clients demand sophisticated wealth management tailored specifically to their needs. The size of the IFAlliance means we have been able to negotiate attractive terms for our Alliance Bespoke services with a number of the UK's foremost discretionary investment managers.

Bespoke investment management

This service is for those with investable assets of £250,000 or more and provides clients with all the benefits of having their portfolio handled personally by an expert investment manager while keeping you at the heart of the relationship. Outsourcing this complex process reduces your compliance and administration burdens, which allows you to build your business and spend more time developing new or existing client relationships.

This is a personalised service driven by a detailed understanding of clients' needs, risk attitudes and ethical standpoints. Once these have been established, clients will be offered a much broader range of investment opportunities than the more traditional equities, bonds, cash and property. They will have access to fully researched funds of hedge funds, structured notes, ETFs and alternatives such as commodities, infrastructure and life settlements.

During particularly challenging times skilled use of alternatives and portfolios using a broad range of asset classes can help reduce risk and enhance returns. Investments are monitored daily and portfolios can be adjusted rapidly in line with changing markets.

The service can incorporate ISAs, pension assets, offshore bonds and capital outside any of these tax wrappers. Clients receive quarterly reports and regular review meetings are held with their advisers. The

charging structure is transparent and highly competitive.

Inheritance Tax freedom

Our AIM Portfolio service is designed to provide high net worth clients with a portfolio fully exempt from Inheritance Tax after two years. A specialist team of experts research, construct and manage a portfolio of qualifying shares on the Alternative Investment Market, which fall outside the estate for IHT purposes. The service, which requires a minimum investment of £50,000, is designed for older clients who have a life expectancy of less than seven years or those in poor health having problems with underwriting for other IHT mitigation plans. It is also suitable for investors looking for IHT solutions without loss of access or control and clients seeking growth outside their estate.

The bespoke investment management and AIM portfolio services have both proved attractive to solicitors and other professionals. Each can be arranged under a white label to present using your own brand. Call us to find out how Alliance Bespoke can help your business.

Benefits:

- Personalised solution for HNW clients
- Broad range of asset classes
- Active management
- You maintain control of client relationship
- Builds your brand
- Reduces compliance and administration burden
- A portfolio designed to be exempt from Inheritance Tax within two years.



“The Alliance has proved it can deliver what it promises to both clients and business partners. It has given us a stronger voice with product providers and the depth of knowledge and experience across the membership has led to real benefit for our clients.”

Robert Wilson
BIB Financial Services



Compliance



“We understand the pressures of building up a business in an environment of constantly evolving regulation. Every aspect of the compliance service we provide for Alliance members is designed to ease the burden on their shoulders while allowing them to maintain the very highest standards.”

Caroline Hayes
Compliance First



The IFAlliance has an outstanding compliance service. In a world of constantly evolving regulatory requirements, we provide essential resources to ease the burden, freeing up valuable time for you to run your own business.

Our positive, progressive approach to compliance ensures that you have the very latest information and advice at your fingertips.

Members have access by telephone and email to the compliance helpdesk, supplemented by a 24-hour, fully searchable library of compliance guides, materials and templates. They also receive email bulletins and guidance on changes to FSA regulations and expert support and guidance is available on the FSA's Treating Customers Fairly initiative.

Treating Customers Fairly is fundamentally important to the Alliance. We have prepared a high-level standards document that sets the benchmarks members are expected to reach, though they are free to implement their own plans to achieve them, with the help of the guidance we provide.

To maintain the high standards of the IFAlliance, we recommend one compliance support day per month for member firms, when file checks are carried out and other compliance support is given. Beyond this, a six-monthly audit provides a more detailed examination of compliance, training & competence, Treating Customers Fairly and other key areas.

We have chosen Compliance First to provide our service because its experts understand that, while standards are crucial, every firm has to be allowed to retain its individuality and unique approach.

Although small enough to provide a personal service, Compliance First is

a specialist division of the award-winning SimplyBiz group and draws on its comprehensive array of resources.

If you would like to know more about the IFAlliance's outstanding compliance support service then call us.

Benefits:

- Compliance helpdesk accessible by telephone and email
- 24-hour online compliance guide
- Regular email updates and guidance on FSA regulation changes
- Support and assistance to member firms' compliance teams
- Chief Executives alerted to compliance risks
- Monitoring provided to ensure firms have appropriately qualified staff to deliver the services they offer clients
- Member firm advisers risk rated according to the guidance
- Completion of necessary number of file reviews per month
- Approval of stationery and advertising
- Each firm given a pre-defined audit report on a six monthly basis
- Commission uplifts.

Training & Competence

The IFAlliance has the resources to ensure you and your staff have the up-to-the-minute skills and qualifications essential for your business to succeed.

Rising customer expectations, growing competition and challenging market conditions mean training has never been more important.

The IFAlliance offers support to nurture your team and robust training plans, which will be particularly important after the Retail Distribution Review.

Rigorous processes are in place to ensure that each member organisation follows best practice in integrating training & competence into their business structures.

We again work closely with Compliance First (see Compliance), part of the award-winning SimplyBiz group, to prepare an annual training & competence plan.

To maintain the IFAlliance's high standards, we recommend a training & competence support day each month for member firms, together with the six-monthly audit.

Since every company's requirements will be different, Compliance First provides compliance-based training tailored to meet the needs of individual member organisations. Although Compliance First are small enough to provide the personal touch, being part of the SimplyBiz group they are large enough to provide many additional benefits.

For your product and technical training requirements, we have negotiated specially discounted rates with Intellego Professional Training, a leading provider with more than a decade's experience. IPT has a well-established track record of advising

and training those working in financial services and offers a comprehensive range of affordable courses geared to professional qualifications.

The Alliance also has a keen eye on the next generation of advisers. We are strong supporters of the Chartered Insurance Institute's Pathways initiative, which provides practical career guidance, information and tools for trainee advisers and their managers. It enables IFA firms to provide new recruits with a defined career path and is particularly suitable for smaller firms that, in the past, may have lacked the infrastructure to offer a professional development programme.

We are also playing an active role in the creation and development of a centre of excellence for those beginning a career in financial services, which will be at one of Britain's top business schools.

To find out more about how our training & competence programmes can help your business please call us.

Benefits:

- Bespoke training services
- TCF support and advice
- Website assistance with standard documents and templates
- Monthly checks on Continuing Professional Development
- Additional CPD meetings
- Pathways initiative
- Links to 'centre of excellence'
- Key performance indicator collation and analysis.



“What the Alliance has delivered for us is a framework that provides access to top-quality training resources but allows us to make the decisions on how best to use them to develop our business.”

Graham Laverick
WR Financial
Management



Alliance Solutions



“Our members have the benefit of an extensive range of services, from our *Liberation Funds* and Alliance Bespoke through to specially tailored training and a compliance service designed to free time for you to build your business. But our core belief is a simple one. By working together, while retaining our unique characters, we will be ready to embrace opportunity and thrive in the brave new world that lies ahead for financial services.”

Andrew Perkins
IFAlliance



Joining the IFAlliance provides unique access to a huge variety of additional – and often exclusive – services to help you drive your business forward.

Best Buy Panel

The members-only section of our website provides the IFAlliance Research Committee's regularly updated Best Buy Panel recommendations on products and providers and details of the prices and features of hundreds of other products.

The **IFAlliance website** offers a host of other valuable facilities, including a forum where you can share ideas, a financial news section and, when you need to call on specialist expertise, a tool to search for an appropriately qualified member.

Stocktrade

We have negotiated an agreement with Stocktrade that allows you to offer clients a first-rate execution-only stockbroking service at preferential rates. Crucially, summaries of any trades clients make, as well as dividend reports and quarterly statements, can be sent to the IFA as well as the client – and you can monitor their dealing history online, too – helping you to report on their wider portfolio, enhancing your service and increasing assets under advice.

For ease of management all of a client's equities can be consolidated in Stocktrade's custody. Equities can be held in a SIPP or ISA wrapper and, to minimise inconvenience, when they register with Stocktrade clients do not have to repeat the anti-money-laundering checks you have already performed.

Stocktrade is one of the few firms to still handle paper certificates – which it can have “dematerialised” cost-

effectively. It can value old share certificates. And through its share exchange service it can dispose of existing equity holdings, reinvesting them directly into the *Liberation Funds* – or other funds – tax-efficiently. It can also handle share transfers for Inheritance Tax planning purposes.

Trusts

You can call on the services of The Trust Shop, a leading specialist in the field of trusts, wills and bespoke Inheritance Tax planning arrangements, which accepts liability for all advice given, reducing your risk burden.

Professional connections

To help members build successful professional connections, the Alliance has strong ties with the Independent Professional Development consultancy. IPD advises on how to develop profitable relationships with other professionals, such as solicitors and accountants. IPD will study your business and deliver recommendations in an action plan.

Probate valuation

The Alliance works in partnership with one of the leading specialists in the field to allow our members to provide a first-class probate valuation service.

Innovative technology

We embrace new technologies such as podcasting that allow advisers to reach fresh markets – and to communicate in new ways with those they already have.

The Alliance is constantly seeking to add to the range of services available, negotiating favourable terms with leading providers for the benefit of our growing membership.

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