

# Achieving Financial Resilience

By Raziq Christians

Editors Message: This is one of the most powerful articles on the future of financial planning, and the optimal dynamic between client and adviser I have ever read - I strongly recommend you read every word!

Raziq Christians, Executive: Retail Distribution explores how at PPS, individuals, regardless of their financial provider, benefit from the empowerment provided by Global Financial Standards.

The ongoing professionalisation of the financial services industry represents a significant step forward for individuals worldwide. At its core, this evolution is guided by the Global Financial Planning Standards, which set the stage for best practices in financial planning. Understanding these principles can empower individuals to make informed financial decisions.

Historically, financial planning has often relied on the expertise of financial professionals who guided clients toward their goals. However, the new standards emphasise a different approach – one that centres on emotional intelligence, self-awareness and the empowerment of clients to take charge of their financial destinies. Instead of being all-knowing guides, financial planners are becoming supportive coaches, helping clients navigate the intricacies of their financial futures.

While these standards cover a wide array of topics, their central focus is not on pushing products or chasing past investment performances. Instead, they underscore the importance of prioritising the client's interests above all else. Financial planners are now entrusted with the crucial responsibility of assisting clients in defining and adhering to their financial goals.

Although expertise and ethical advice in investments remain essential, the standards highlight the significance of diversification and appropriate risk profiling over flashy fund selection or market-timing skills.

In this era where financial decisions have far-reaching consequences, the question arises: how can clients ensure that their financial adviser genuinely has their best interests at heart and is not merely pushing products or boasting about past performance?

The deliberate de-emphasis on sales skills and excessive investment expertise sets a high bar for best practices in the financial planning industry. Regardless of their provider, individuals should know these standards to understand what to expect from their financial planners.

This is an empowering shift that encourages them to be active participants in their financial journeys. Furthermore, organisations across the financial services industry increasingly recognise the importance of aligning their interests with their clients. Regardless of an individual's financial services provider, this alignment is pivotal in ensuring their financial goals are at the forefront of their adviser's mission.

## **Harnessing the strength of multi-manager strategies**

Consider the advantages of multi-manager strategies when it comes to investment: In the realm of financial planning, the landscape has evolved to prioritise long-term alignment with clients' interests as a core differentiator. This shift emphasises the power of multi-manager strategies, which have gained prominence for their ability to optimise investment outcomes.

Many financial planners worldwide have adopted goal-based investing as a cornerstone of their approach. Within this framework, the alignment between the financial adviser, the client and the selected investment strategy finds its optimal expression through multi-manager solutions.

These solutions tap into the expertise of professional portfolio managers, ensuring that portfolio rebalancing and manager selection align seamlessly with the objectives of each fund.

The result is a strategy that effectively mitigates risks for both the financial adviser and the client by harnessing the specialised skills of these experts.

For many clients, the appeal of multi-management lies in its long-term sensibility. Various providers have invested significantly in resources and technology, enabling a consistent and prudent method for identifying capable managers and diversifying strategy and manager risk.

The goal is to provide unwavering support to managers throughout their investment cycles rather than engaging in the risky endeavour of market timing or manager selection. This approach has demonstrated its effectiveness as the most reliable means of delivering sustained long-term performance and resilience.

Clients and financial planners who embrace this approach acknowledge the inherent challenges of timing the market and consistently selecting the right funds. The standards in place serve as a valuable reminder to advisers that their core skill set need not revolve around fund selection.

Entrusting this aspect to a multi-manager whose long-term interests align harmoniously with those of the client has proven to be an essential component of holistic financial advice.

## **Trust: The cornerstone of financial planning**

At the heart of the relationship between financial planners and clients lies trust. The standards provide a framework for clients to understand what to expect from financial planners and formalise the value financial planners should add. This framework encourages consistent behaviour from financial planners and fosters realistic expectations from clients.

Crucially, a financial planner need not possess clairvoyant abilities to predict the future better than the client. Instead, they serve as guides, illuminating the path toward an investment strategy that need not be excessively risky but should safely lead the client to their financial destination.

In conclusion, embracing the advantages of multi-manager strategies in the realm of financial planning can be a game-changer for clients and financial advisers alike. It offers a path to long-term alignment with clients' goals and a strategy that harnesses the expertise of professional portfolio managers.