

By Jun Merrett

Adviser workshop: How to use another IFA's investment proposition

Assetfirst users Michael Broom and Neil Hewitt on outsourcing to another IFA's investment proposition.

Michael Broom

Director - HB Dobbin Financial Planning

We have been subscribing to Assetfirst's service for two years, and we currently have 50 clients and £12 million of assets in its model portfolios.

They have six different portfolios based on risks. We internally evaluate that information with our own risk committee and build the portfolios according to the information, then we can take that information and advise our clients.

It is outsourced but we still have to do our due diligence before we roll it out to the client. The main advantage is that it saves a lot of time in having to do all the research.

Mix and match approach

Being independent, we do not have one particular approach. We outsource to Assetfirst for some clients but not all, and we use a mixture of DFMs, including Rathbones, Quilter and Investec Private Clients.

We have also used a few provider portfolios, although we felt they were skewed in the wrong direction towards their particular funds so we use them very rarely.

We will use Assetfirst's portfolios when we feel a passive approach is needed, but will use a DFM if an active approach is needed.

We white-label the portfolios so they are ours, not Assetfirst's, and the portfolios work very well for us and our strategy because as a firm we are moving more to a passive approach.

Another advantage is that Assetfirst is independent. It is not tied to any one, tracker or ETF provider in any way and we found it a very good match as a passive IFA.

Neil Hewitt

Director - Scrutton Bland

We started to outsource to Assetfirst about a year ago, but we only outsource a part of the investment, not all of it: specifically passive model portfolios, which incorporate exchange traded funds (ETFs).

For many years we bought in research from specialists because, although we are quite a large regional firm, we do not have the resources to review funds and products on a daily basis.

About two years ago, we started to investigate the benefits of using ETFs and passive portfolios and, whilst we were convinced there was a place in our advice process to recommend them, we didn't have sufficient expertise to research every ETF initially and on an ongoing basis. That is why we looked to Assetfirst to provide that because they have far more expertise in that area. We felt more comfortable with them doing it and showing us the justifications behind their decisions.

Model adjustments

Assetfirst provides the research on individual funds, and provides the model portfolios themselves on both a strategic and tactical basis. We use the models they put together and the funds within those models. They also provide monthly summaries of changes in the models and performance against benchmarks and various commentaries.

We have a monthly teleconference and if there are elements we feel should be changed, they will take it into consideration. We can do whatever we want with the models in terms of adjustments, and we have complete control. They are not dictating to us but we are paying for a service so we don't expect to adjust them on a regular basis.

There is a cost to us of using them but it is saving us a huge cost in time compared with us doing it ourselves, and it provides us with a huge peace of mind.