

## **Advisers need to gain working knowledge of alternative investments**

Independent financial research company Defaqto has warned that financial advisers need to gain a working knowledge of some of the alternative asset classes and vehicles available in the industry if they wish to remain independent.

In Defaqto's free guide to alternative investments, it comments that the Retail Distribution Review (RDR) policy statement, which was published in March 2010, states that any adviser firm that wishes to remain independent, will have to "make recommendations based on a comprehensive and fair analysis of the relevant market and to provide unbiased, unrestricted advice".

Fraser Donaldson, author of the guide and Defaqto Insight Analyst for Funds, commented: "Although it is possible for firms to decide that certain products would not be suitable for their clients, this cannot be used as a get-out clause as the policy goes on to say that the firm is expected to demonstrate clearly why a particular market or product is not suitable."

Mr Donaldson continued: "Even when investment is outsourced by the adviser, perhaps to a multi-manager or discretionary manager, the regulators will still expect advisers to be in a position to make a judgement on whether the investments used are suitable for their client."

The guide provides advisers with a sound knowledge of a range of asset classes and investment vehicles, including:

- Property
- Private equity
- Venture capital trusts
- Commodities
- Structured products
- Investment trusts
- Hedge fund techniques

The alternative investments guide can be downloaded free from [www.defaqto.com/adviser/ifa/guides](http://www.defaqto.com/adviser/ifa/guides)

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### **Notes to Editors:**

#### **About Fraser Donaldson, the author of the Alternative Investments guide**

Fraser Donaldson is Insight Analyst for Funds at Defaqto. Fraser joined Defaqto in November 1994. Prior to joining Defaqto, he worked at national IFA Towry Law where he was involved in building best advice panels for investment products and was instrumental in setting up a Towry Law Discretionary Management Service in partnership with Mercury Asset Management (now BlackRock). Fraser is responsible for producing Insight Reports and guides in the investment arena, having written several reports and guides on investment subjects such as platforms, onshore and offshore bonds and he authors a half yearly guide on the multi-manager market. He is also responsible for developing Defaqto's investment proposition.

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**About Defaqto:** [www.defaqto.com](http://www.defaqto.com)

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Since 1994, Defaqto has built the largest, whole of market, financial product database and become one of the leading providers of financial product data in the UK. We now cover over 30,000 products across banking, life, pensions, investments and general insurance.

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