

Discretionary management offers room for negotiation

Research by independent financial research company Defaqto dispels the myth that only very wealthy clients can be considered for a discretionary managed service and suggests there is room for negotiation with an increase in service options being offered.

As advisers continue to look at their business strategies in the run up to implementation of Retail Distribution Review policy at the end of 2012, it is clear that outsourcing the management of clients' portfolios to a discretionary manager is becoming a real option for some advisers. Defaqto's [latest free guide](#) describes several levels of service from the model portfolio through to the fully bespoke, individually tailored solution.

Fraser Donaldson author of the guide and Insight Analyst for Funds said: "Access to discretionary management depends on the level of service required by the client. For example, a service providing a portfolio individually tailored to the client using a full range of investment vehicles and instruments coupled with regular face to face meetings with the portfolio manager is likely to require minimum investments of at least six figures."

Mr Donaldson added: "Not all clients require this level of service, and there are solutions out there that use off the shelf, pre-constructed risk rated portfolios which are predominantly collective investments. Individually, or in combination, this will meet the needs of many clients. Restrict or remove the provision of client face to face portfolio manager meetings, keeping all communication through the adviser and all of a sudden there is a discretionary service that is economically viable for clients with as little as £10,000 to invest."

These are the two extremes of service level, but there are plenty of discretionary solutions in the market offering a variety of service levels. Defaqto strongly recommends that whatever the headline terms quoted by the discretionary manager in terms of service, minimums and even charges, it is always worth contacting them to see if there is room for negotiation. Indeed many discretionary managers will offer several service options.

Areas covered by the free guide include:

- Why use a discretionary manager?
- The different types of discretionary service
- The different levels of service available
- What to consider when undertaking due diligence
- An overview of a selection of IFA friendly discretionary services currently in the market

The discretionary management guide can be downloaded free from www.defaqto.com/adviser

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Notes to Editors:

About Fraser Donaldson, Insight Analyst for Funds

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

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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.

Our experts validate and analyse the data to provide insight and consultancy to all layers of the financial services sector including IFAs, mortgage and general insurance brokers, providers, web aggregators and the public sector.

Our products and services include the following:

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Defaqto Compare



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