

Wealth Wise Partners Investment Committee

The main purpose of the Investment Committee – and how we provide access to industry expertise and specialist investment support for Financial Advisers

Q&A with Marcus Queree
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Q: WWP has its own dedicated Investment Committee. What is its main purpose, and how would you describe its 'value add' for financial advisers?

We should start with our business objective.

WWP provides financial advisers access to multiple licenses under one framework. Thereafter, the proposition is to provide advisers access to specialist support on cross-border tax, investments, and product providers.

We believe, by providing access to these internal resources, it will help the adviser focus on their client needs. We also believe this is very different from the general Network proposition in Europe.

The Investment Committee provides financial advisers with support on all matter's investment related. We offer insight into markets, analysis, guidance on legacy assets, building model portfolios, and access to market and product research.

In the majority of Networks, there tends to be either an oversight mentality or an internal product solution—rather than an "open architecture" mindset.

Many Networks offer access to preferred-price providers, which can sometimes blur the line between objective advice and suitability.

Q: What services does the Investment Committee oversee?

This is where we are different! We can offer advisers and their clients advisory services, discretionary management, customised portfolio business and execution, and transmission business for professional investors. Furthermore, we can create bespoke funds for advisers if they wanted to pool risk for their clients.

Q: Who makes up the Investment Committee and what resources do you have?

To have an Investment Committee with regulatory standards, you must have three moving parts:

- You must have the **Research**.
- You must have **Portfolio Management**.
- You must have **Compliance and Risk Oversight**.

The Committee is made up of qualified experts representing all aspects of the Investment Committee's function. Additionally, the Investment Committee utilises the resources of a top Asset Management firm with representation across several countries and a multi-billion AUA.

The combination of our independent research and analysis expertise and the support of our Asset Management Partner, gives us additional leverage in terms of access to product such as Platforms, European Life Companies, and Bank Custodians.

Access to technology and independent pricing feeds makes the proposition of services more robust in the regulatory environment. We can monitor changes in volatility at a client-specific level and rebalance efficiently if market events occur.

Q: How does the Investment Committee work?

In theory the Investment Committee is a "gatekeeping" function. We would describe it as having three key moving parts. We start with an investment universe list where we build and monitor all the moving parts of the assets on the list. We look for assets that have demonstrated a sustainable edge, clear and identifiable strategy, and how those same assets perform in all types of market cycles and environments. These assets are constantly monitored via Bloomberg.

At a macro level we build summaries, consisting of GDP, inflation, sector influences, liquidity, and outside geopolitical noise. All macro summaries are reviewed, updated and reported quarterly.

Ensuring suitability requires effective risk matching by keeping the client's portfolio within acceptable risk parameters aligned with MiFID guidelines. This includes selecting appropriate assets, considering risk characteristics of specific models, and maintaining volatility within defined ranges. Risk management is deeply connected to compliance oversight, ensuring that client interests align with the right investment solution proposition."

Q: How does the Investment Committee ensure investment solutions are matched with client suitability?

You must be aware of all the moving parts required by regulation as well as client objectives. For instance, when

onboarding a client with an existing portfolio, the first step is pre-compliance. This involves evaluating whether each asset aligns with the client's objectives and purpose. We assess the presence of a clear secondary market and analyse the role of each asset in terms of its potential impact on the portfolio's risk profile, distinguishing between assets that contribute positively to risk management, and those that may introduce more risk. Depending on the client categorisation, it is essential to determine whether the client is retail, professional, or upgrading in some capacity.

It is also imperative that clients have the correct assets in their portfolio and all the 'sum of the parts' match a risk profile. Thus, we can comply with volatility bands and risk categorisations, keeping inline with regulation. In certain situations when assets *don't* match, we would suggest a transitional period to review pricing before we accept any risk.

Q: How does the Investment Committee monitor consistency of risk matching for my clients?

As they say in financial services - there are *TWO* rules of investing. *Firstly*, never invest in anything until you calculate the risks. *Second rule*, never forget the first rule!

The *spirit* of MiFID is, that once a client has been categorised and their objectives defined, they stay within a risk range that is suitable to their risk characteristic. For a 'balanced client' this would be a volatility or standard deviation range between 5 and 8 at a portfolio level. The second part is to report and maintain that the client stays within that volatility range. We believe these rules to be vitally important from a regulatory and market perspective.

Let me give you an example of UK regulation. The FCA announced that advisers are required to review and provide ongoing advice on a client's portfolio annually. Essentially, this ensures that advisers assess whether the recommended investment model aligns with the client's risk profile.

If you're at the top of the range of a balanced portfolio you would stay at a standard deviation of 8 for your client depending on who you picked as your Discretionary Fund Manager (DFM). If the market corrects -10% or -20%, this would impact the *implied* volatility of your model portfolio and potentially a material change to the client. That would mean under the *regulatory* environment you have to review

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your client and potentially redetermine the outsourced DFM. Which is significant!

Some financial advisers do not have the tools at their disposal to be able to build and analyse a portfolio based on volatility, so they will resort to outsourcing. If you don't have the tools and the technology to monitor the moving parts of your portfolio, you're not going to be able to oblige by regulatory prerequisite.

Today's advisers can greatly benefit from our Investment Committee which possesses a deep understanding of risk matching, and consistently monitors risk alignment. Additionally, we are expertly equipped to respond swiftly to changing market conditions and circumstances, ensuring ongoing value and support for both advisers and their clients.

Q: What happens if my existing clients have assets that are not liquid such as structured notes? And how do you review such assets?

When it comes to different asset types, a *one-size-fits-all* approach simply doesn't work. So, how do we define liquidity especially when discussing a diverse range of assets listed on exchanges? The key lies in the concept of mark-to-market pricing, where the market itself dictates the asset's value based on real-time supply and demand.

Esoteric assets in our view is something that does not have a mark-to-market price, so we can't go to Bloomberg and get an independent price on the assets primarily due to the absence or limited nature of a secondary market for them.

First, *liquidity* is the key question here. Second, is what's under the bonnet of these assets? With *structured products*, what is the likelihood that they will provide the client with a return? What are the associated costs if a secondary market is limited? And last, at what cost when finding a secondary market if the client needs access to the capital?

If we can determine there is a guaranteed secondary market and the client is not exposed as a blind risk, then we will happily review. In our opinion, there *are* structured products that serve the purpose - i.e. leverage into certain assets and hedging from a certain market or markets. And there are structured products that can generate fees for the adviser.

As an Investment Committee, we prioritise investments that demonstrate a strong probability of delivering positive outcomes for the client. As a general guideline, we limit exposure to esoteric assets to a maximum of 30% from a liquidity standpoint. Exceeding this threshold can complicate risk profiling and create challenges within the existing regulatory framework.

Q: How is the Investment Committee managing portfolios in current markets? And what strategies do you feel will prevail?

It looks like inflation is here to stay, and we are experiencing what many describe as "sticky" inflation. This became clear from last autumn onward: while central bankers did not actively manage monetary policy, our efforts to stimulate global growth only resulted in even stickier inflation.

Now we get to the current market, and we throw in enhanced geopolitical risk.

We throw in the Trump factor, tariffs, market risks, employment law, *or should we say*, migration law - and we've got things that are adding to and fueling the sticky inflation story.

When it comes to growth, we don't believe we're simply buying Exchange-Traded Funds (ETFs) and betting on black. Unlike the strong, one-directional market cycle of 2023, the current environment is a bumper ride

"Trump, geopolitical risk, and even, stagflation."

GDP has been revised down globally in recent months, and as of the time of this article (March end, 2025), \$4.6 trillion has been wiped off the US market since the beginning of the year.

The combination of increased risk and a 30% reduction in US monetary strategies has significantly exacerbated the market correction.

Money flow has gone into Europe. Why? It's simple! European prices are cheaper than US prices, so there's better value to be found in Europe. We think the rhetoric from the EU in terms of *protection of its borders, the promise of its defense mandate, we're going to spend more money* - and so on, are great soundbites in an uncertain GDP growth environment.

If you were to look at a heat map of the world with hotspots and where are the cooling points? The hot spots are Asia, but it's a shifting of geographical weighting until the US gets this round of threats out the way. The US still accounts for 73% of the MSCI World composite. Thus, while we are currently on tactical hold, we suggest underweighting US assets relative to the overall index.

Based on this, I would choose active management versus passive management at this point. *Let's face it*, if you lose 20% in three months, how are you going to replace it? Is it taking you two years to replace that figure if you're a balanced client?

I'm all for active management, however, I really believe the story that prevails right now is tactical allocation. You don't rip up the fundamentals of money management because of indifferent markets - that would be a fool's job! You *tweak* everything instead! I also think money coming off equities and going into bonds or alternative assets is really where the storyline is at the moment.

"As an Investment Committee we are defensively optimistic."



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