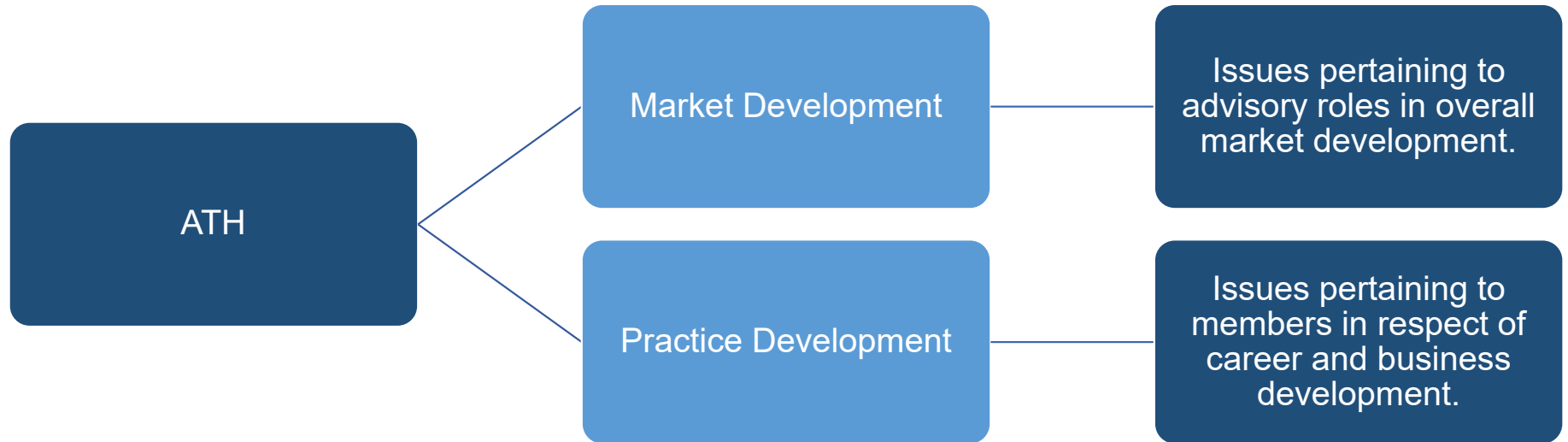


The Adviser & Market Development

Adviser Town Hall 1



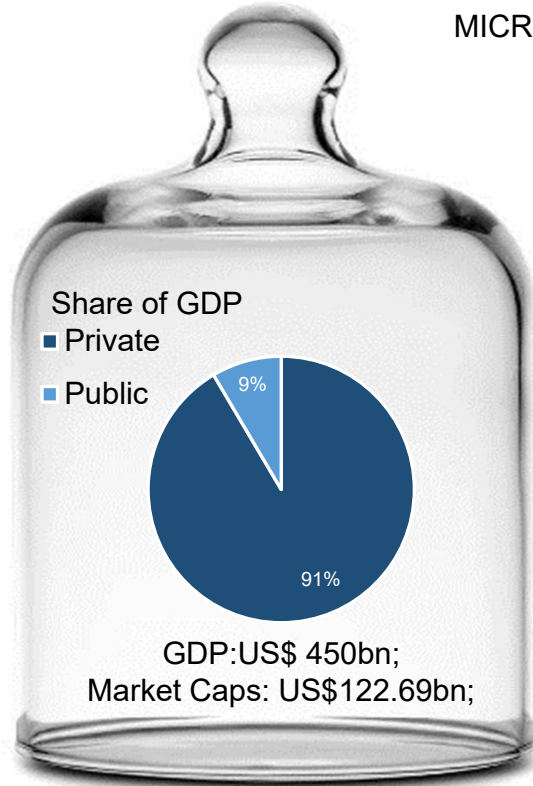
Akin' Adeniyi, CIPM June 2021



Market Development



MICRO ENT. & SMALL SAVERS



SELL Side – Access to Capital: lifting the bell jar

Sources: NBS, NGX, NASD, FMDQ

Country	Mutual Fund Market Size 'US\$Tr	Mutual Fund/GDP (Nom.)
US	21.29	1.039
China	3	0.224
UK	2.1	0.742
Germany	1.71	0.428
India	0.454	0.167
SA	0.072	0.186
NGR	0.0038	0.008

BUY Side: Retail access to markets

Sources: Country Markets

$$M = f(a) \longrightarrow \text{TRUST (fiduciary)}$$

$$a = f(M) \longrightarrow \text{REGULATION (persona)}$$

M = Market Development – investor protection; capital formation; financial inclusion & sustainable economic growth.

a = Investment Advisory – fiduciary; affirmative duty of care and loyalty; consistent superiority of client interest.

Solutions- versus Optimization- Focused Investing

Investor TVRA and Marginal Utilities

CHALLENGES

1. Knowledge of The Investment Adviser Role(s);
2. Investor misadventures;
3. Market breadth – Products & Participation;
4. Investor education – Fin. Literacy;
5. Reporting – Information Asymmetry;
6. Agency Issues – Adverse Selection & Moral Hazards;
7. Macro, Legal (ISA) & Regulation issues.

INVESTOR PROTECTION

OPPORTUNITIES

1. Specialization;
2. Career development;
3. New Products;
4. Wealth Management roles;
5. Fintech/Insurtech – Savings & Investment;
6. Sustainable (ESG & Impact) Investments;
7. Retirement and Estate Plans.

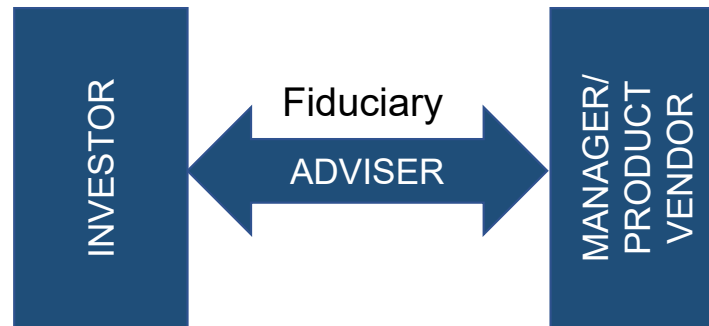
INDEPENDENCE & SCALE

Market Development – Registered Investment Adviser (RIA)



The real VALUE and advantage of the RIA (firm or individual) is her ability to recognize and attend to the nuances that are imperceptible to other CMOs but which clients highly value.

As a capital allocator focused essentially on **solutions investing**, the adviser is that vital intermediary, the steward, **privileged to having the closest**, most detailed understanding of the investor and the capabilities to interpret such for the provision of equally the most relevant investment services and products without any form of conflicts or compromise to the disadvantage or detriment of the investor.



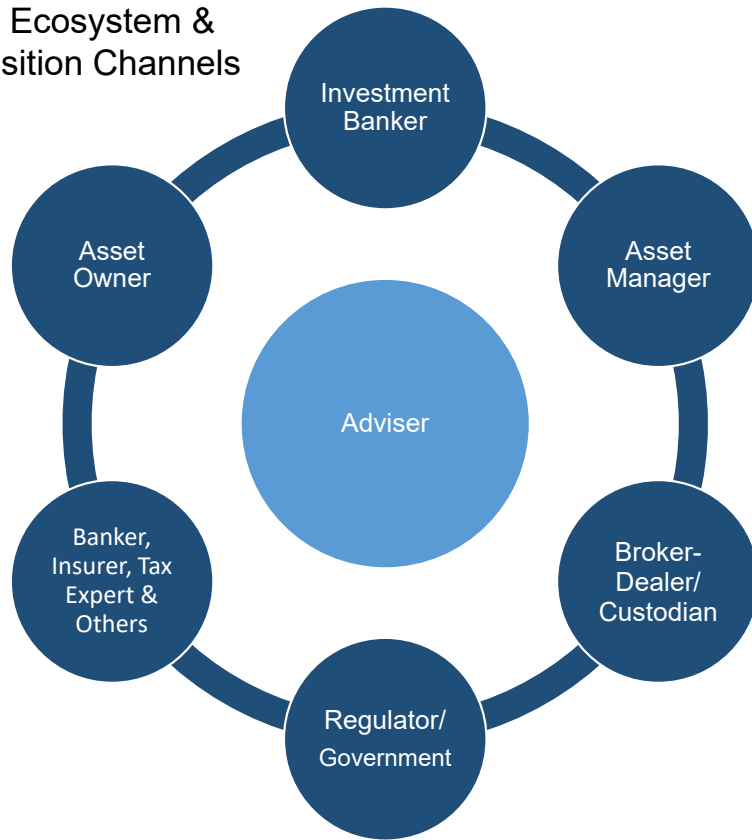
Investment Advisers are considered to have a **fiduciary relationship** with their clients and are thus held to legal standards under trust laws that reflect very high standards. These standards include:

1. **Obligations to disclose** all material **conflicts** between our interests and those of our clients’;
2. **Full disclosure** of all **additional compensations** received from affiliates or third-parties as a result of our relationship with our clients;
3. **Obtaining clients’ informed consent** before engaging in transactions with them for our own account or that of an affiliate or another client or other third parties;
4. **Equitable and fair treatment** of clients and avoiding placing one client at an undue advantage or disadvantage of another;
5. **Suitable and appropriate investment decisions or recommendations** for clients must be consistent with clients’ investment objectives, risk tolerance and goals and any restrictions they have placed on us;
6. We must **consistently act in** what we reasonably believe to be **the client’s best interests** and in the event of a conflict of interest, we must place the client’s interests before, or **over and above our own**.

Market Development – Registered Investment Adviser (RIA)



The Ecosystem & Acquisition Channels



Manager of managers

Investments

Both advisory **and**** discretionary investment services with a wide range of investment vehicles from around the world, including bonds, equities, derivatives, structured products, mutual funds, and hedge funds.

Specialist advisory

Expert advice in a wide range of interesting personal finance areas including retirement and health maintenance planning, long term care and children education, redundancy and insurances of property and self.

Online services

Providing clients with secure Internet access to their accounts, and to a range of first-class banking and other financial information.

Trust and fiduciary services

Specialization in creating ways to protect clients' wealth now and for the future. Wealth planning solutions, trustee and other fiduciary services that take into account the international aspects of clients' lives.

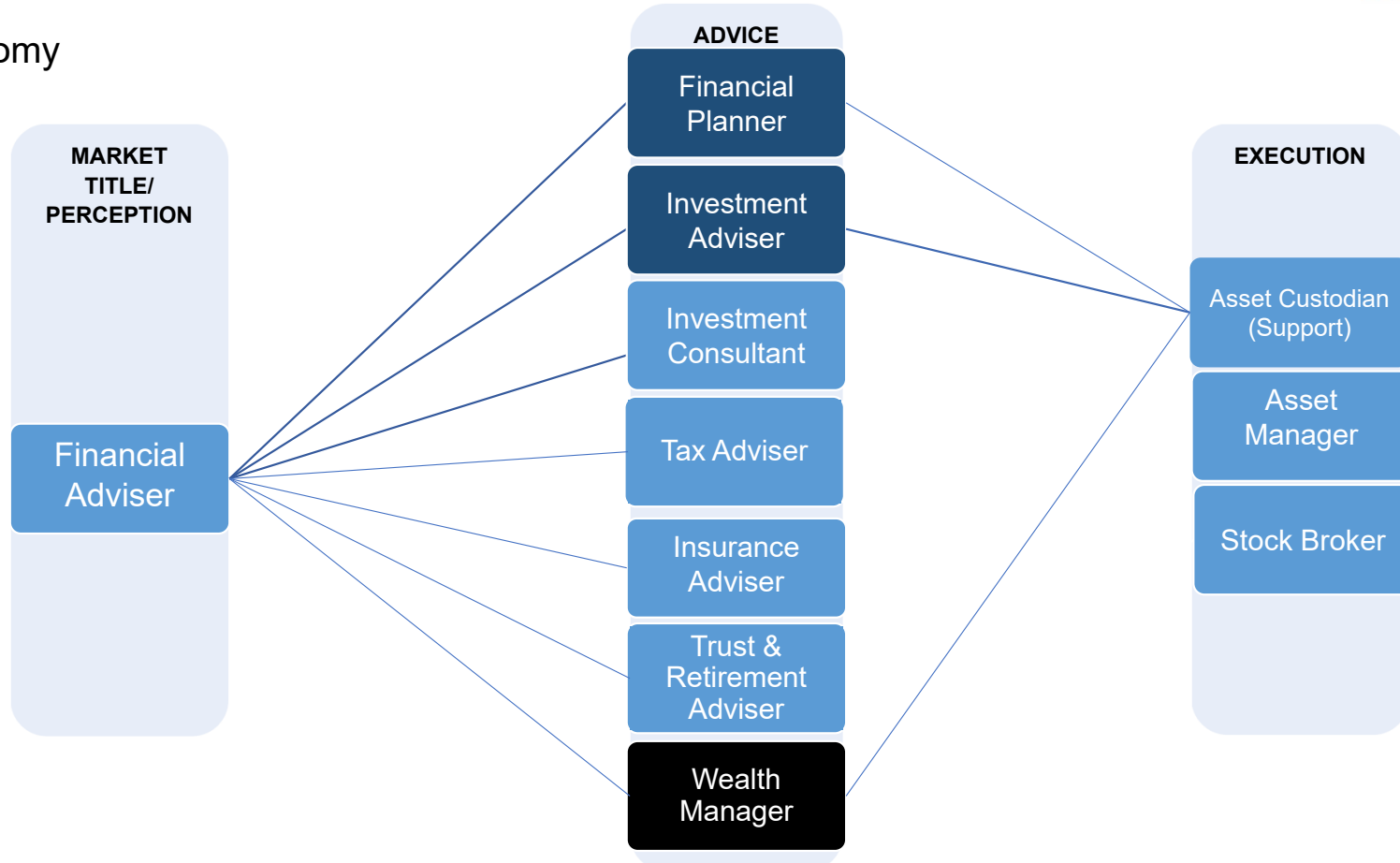
Finance and banking

Clients' financing and banking needs are as individual as they are, hence, the need for a full range of services that are tailored to meet all clients' requirements.

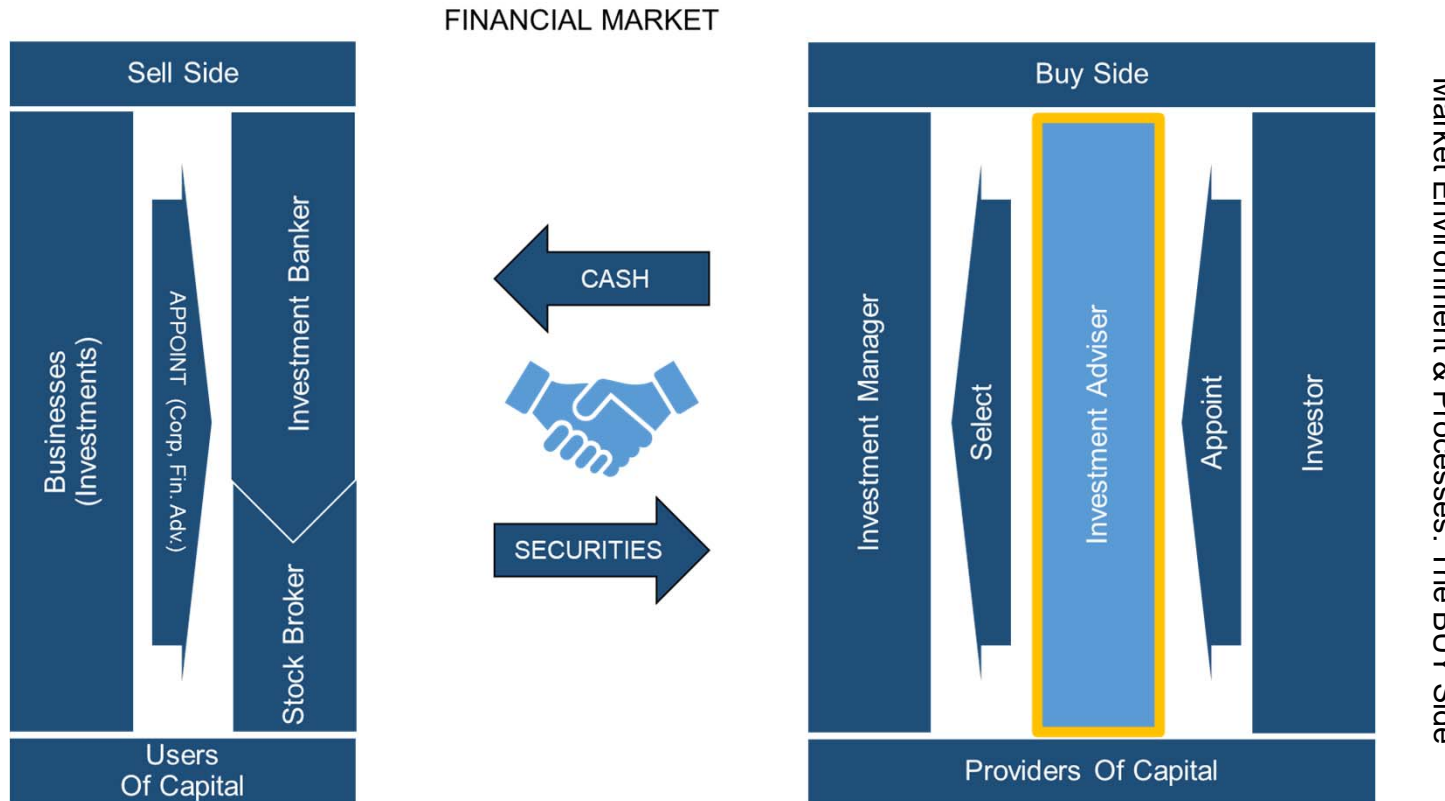
Market Development – Registered Investment Adviser (RIA)



Taxonomy

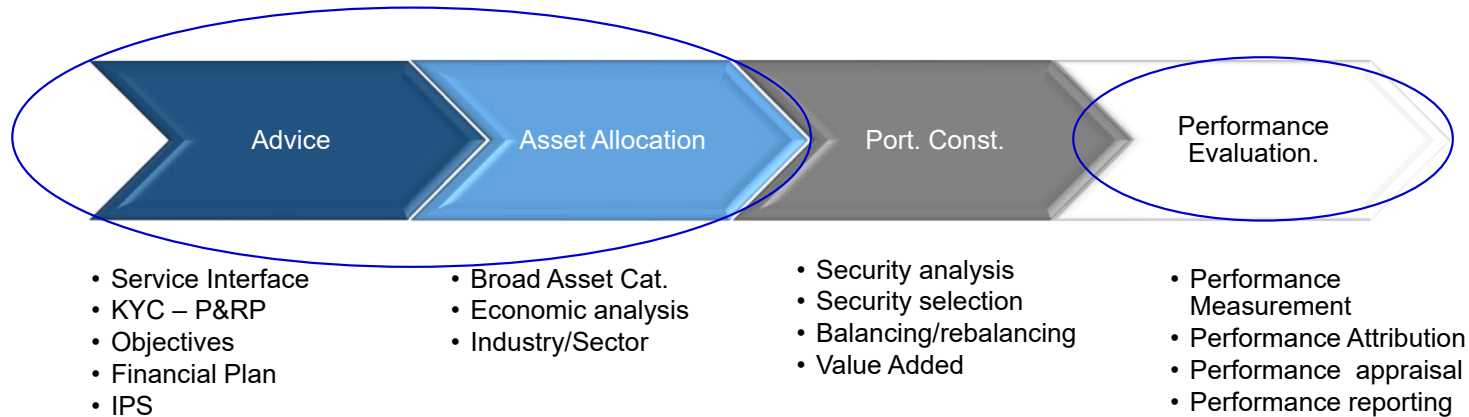


Market Development – Registered Investment Adviser (RIA)



Market Environment & Processes: The BUY Side

The Investment Management Process and the Advisory Function: Communication and Information Management



Market Development – Registered Investment Adviser (RIA)

Strategy Outline – Driving The Changes:

SERVICE OFFERINGS

- Financial planning
- Asset allocation
- Manager/Fund selection
- Individual securities
- Insurance
- Banking and lending
- Tax planning and strategy
- Estate planning
- Lifestyle management
- Trustee services
- Bills payment

PRODUCTS

- Mutual funds
- Stocks
- Bonds
- Cash
- ETFs
- SMA/Model Portfolios
- Hedge funds
- Private equity
- Annuities
- Derivatives
- ESG & Impact-related
- **CUSTOMISED****

10 THINGS CLIENTS WANT

1. Honesty
2. Confidence/Confidentiality
3. Quick Response
4. Choices/Variety
5. Independence
6. No conflicts of interest
7. Dedication
8. Modesty
9. Stability and reliability
10. Transparency

Independence: Transparency, Full Disclosures & Conflict of interest-free Undertakings

FIDUCIARY and TRUST

CHALLENGES

1. Understanding The Investment Adviser Role(s);
2. Regulation;
3. ISA Overhaul.

OPPORTUNITIES

1. Professionalism;
2. CIIA Capacity Programmes;
3. Community Tracking/Membership validation.

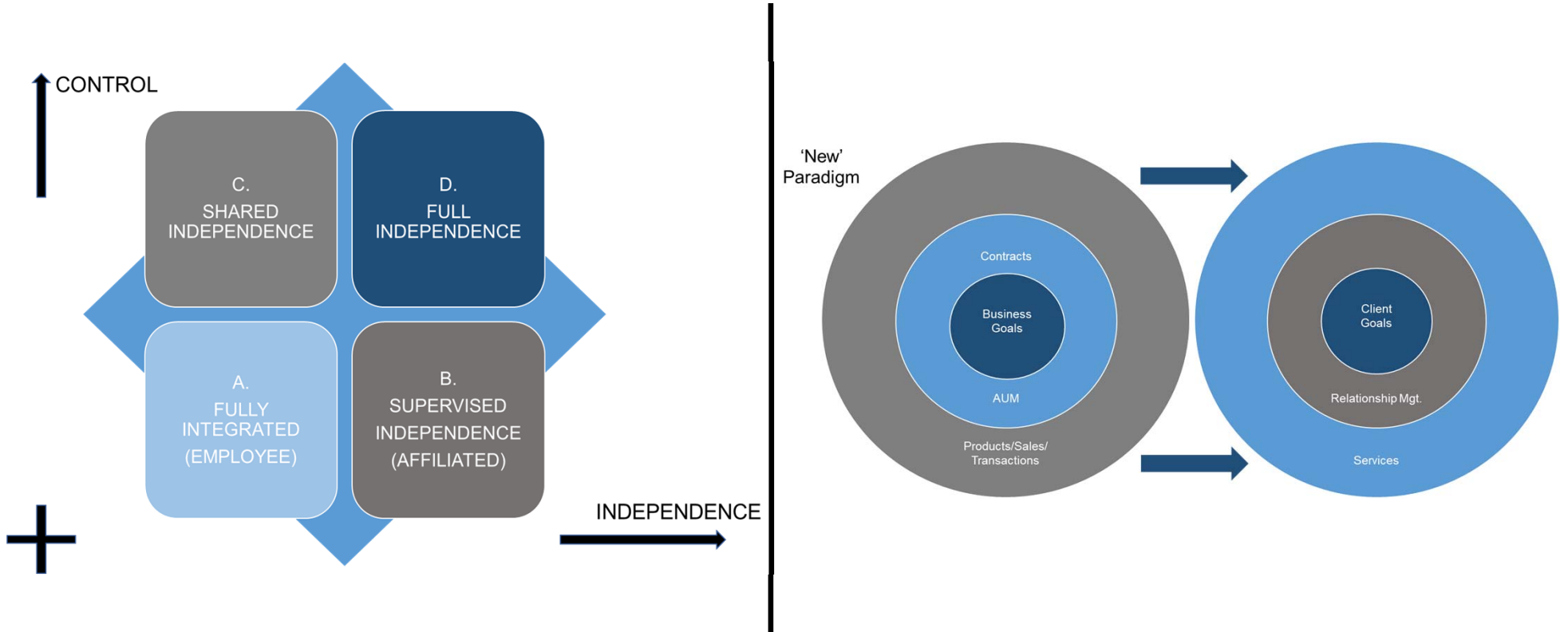
CODES & STANDARDS

FIDUCIARY & TRUST

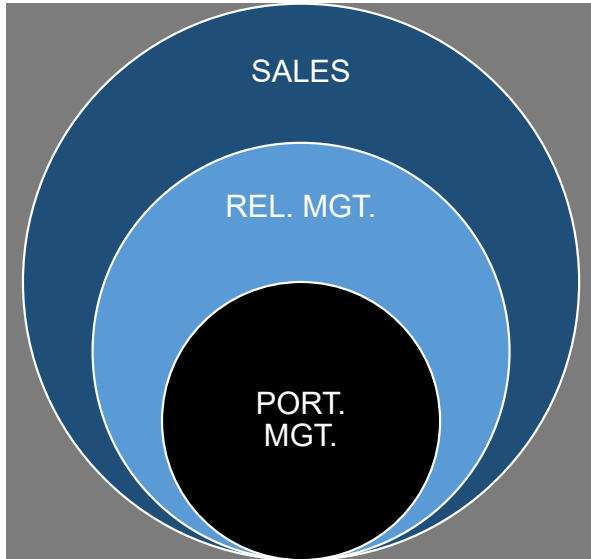
S . T . E . P . S

1. Standardization of the investment process;
2. Transparency & Full Disclosures;
3. Eliminating Conflict of interests;
4. Professionalism;
5. Sanctions.

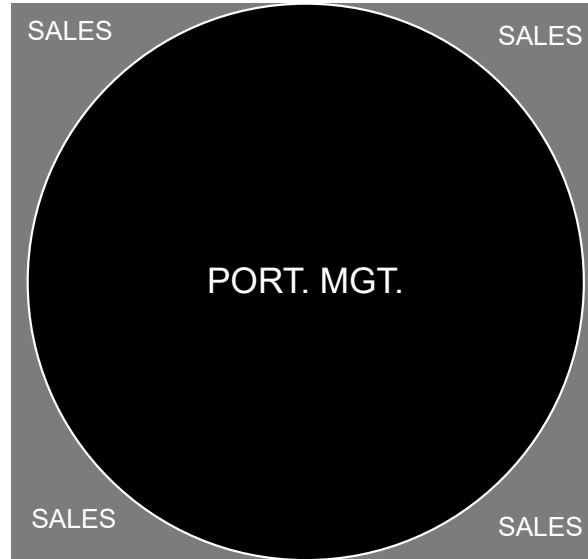
Practice/Career Development – The RIA Models & Focus



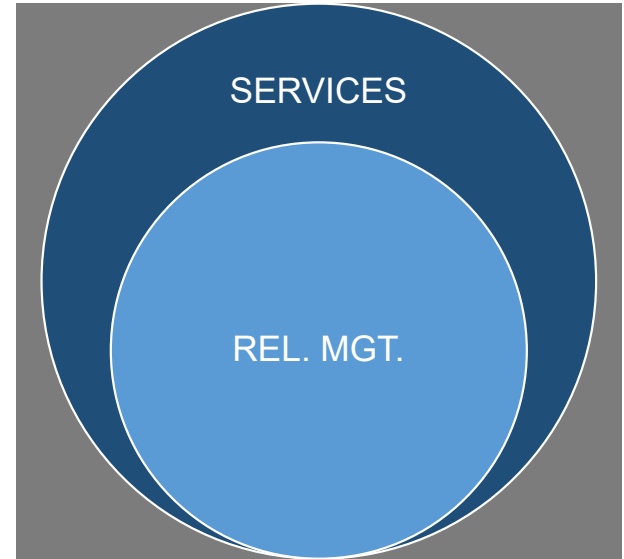
Fully Integrated



Product Specialization



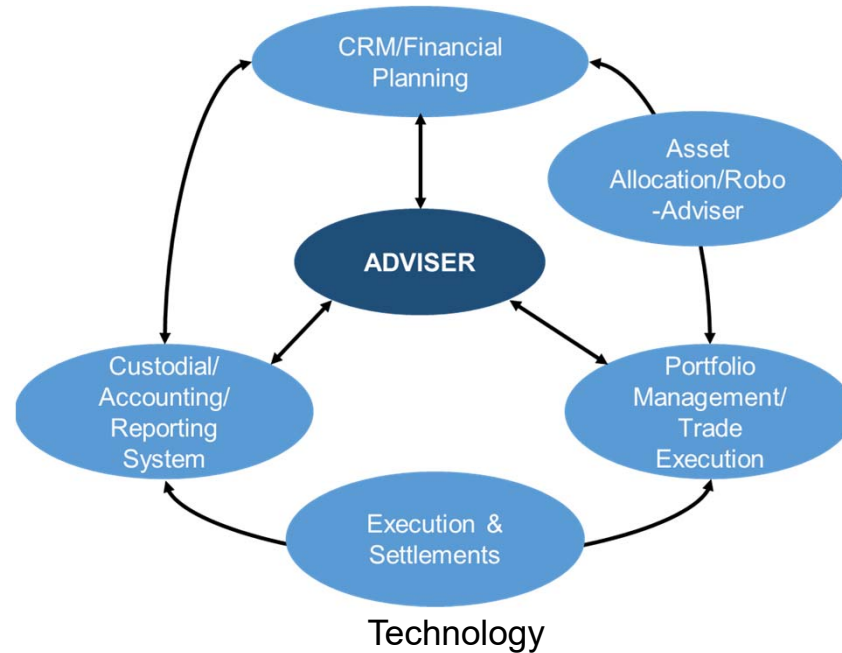
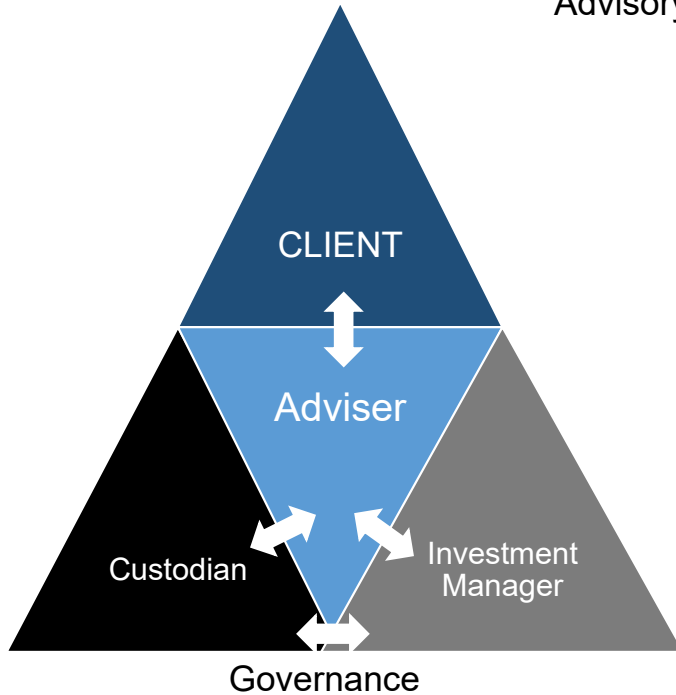
Fully Independent



Independence

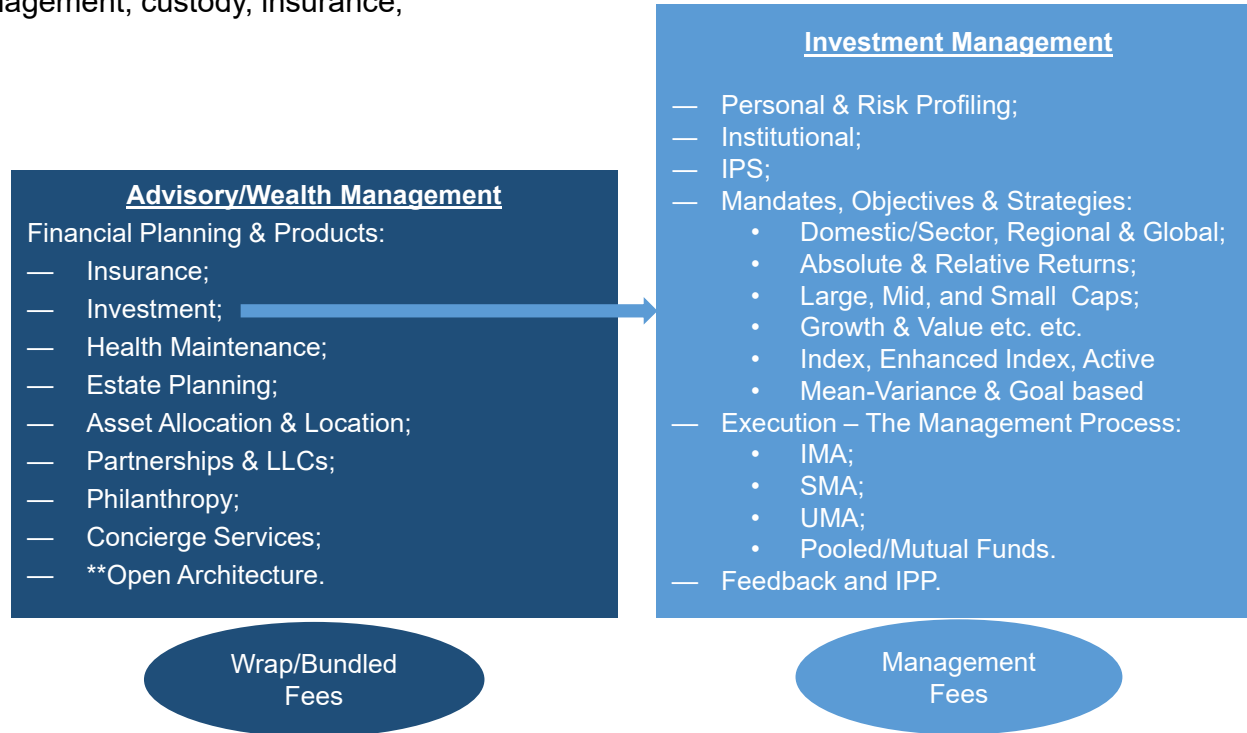
$$CI = HI + AI$$

Advisory Governance Technology



Practice/Career Development – The RIA Operations & Trends

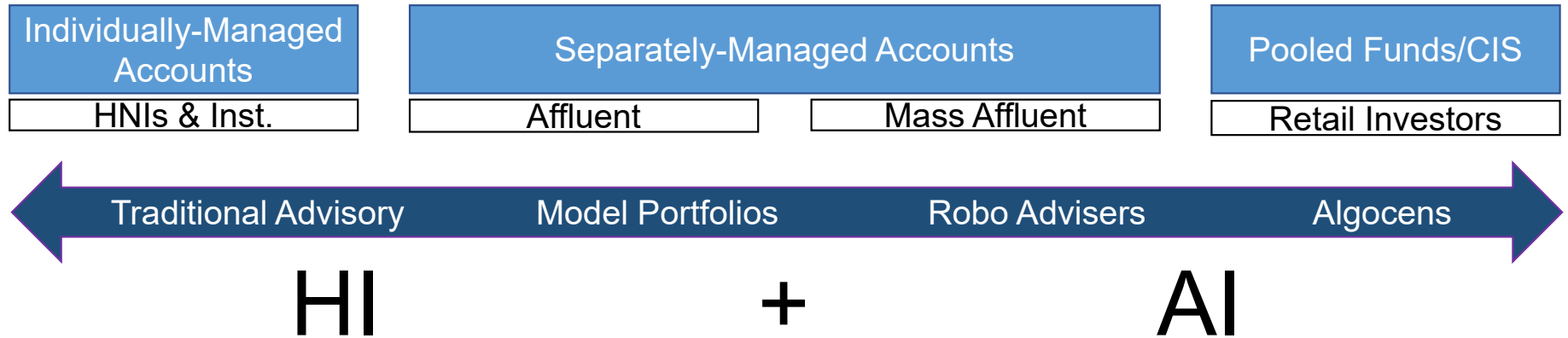
Negotiated cost savings with other service providers (e.g. investment management, custody, insurance, trading costs etc.).



Practice/Career Development – The RIA Operations & Trends



Collaborative Intelligence = Human Intelligence + Artificial Intelligence



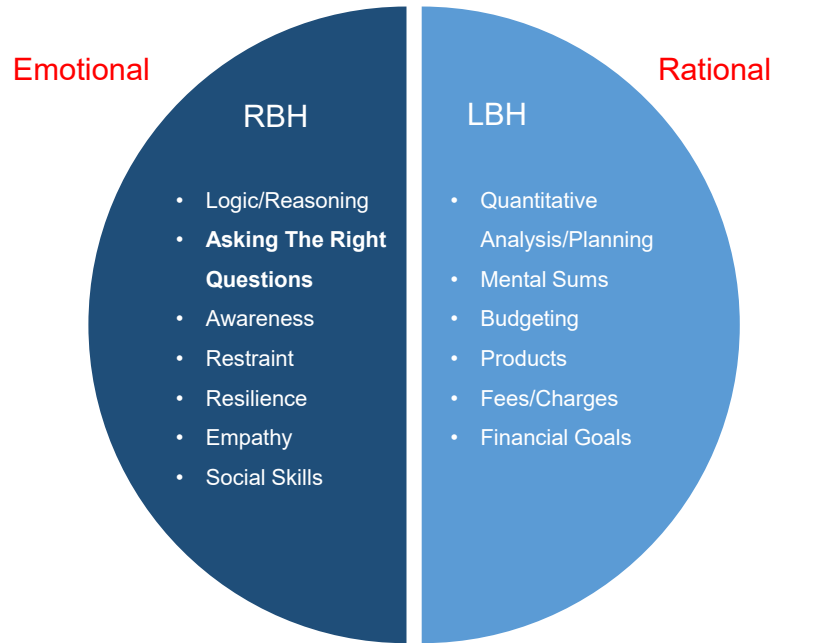
Advisory Fees & Adviser Remunerations:

Fees could be in the form of the following:

1. Flat charges;
2. AUM-based (sliding scale) fees;
3. Commissions-based;
4. Time rates, and;
5. Hybrids, which may combine (wrap) any two or more of the elements of the first four.

Adviser remunerations are mostly in form of Payouts and ad-valorem share of bottom-line.

Practice/Career Development – The Trusted Adviser



Effective applications of the Right and Left-brain activities



Enduring Values

Trust, Transparency, Integrity, Disclosure & Ethical Standards, Professionalism, Commitment, Service.

Reviews: The Advisory Management Index:

In the overall advisory management process, a major educational objective is to help the client grasp the fact that an appropriate risk-adjusted plan tied directly to the client's objectives is more meaningful than absolute total return and this is where the advisory management index comes in.

This index is a tool to measure/quantify the client's annual or some other periodic success toward reaching his/her stated objectives. Generally, the index has five major categories and may also have some sub-categories within each major category. A weighting is usually assigned to the five cornerstone of the index which although is not cast in stone as the client may wish or prefer to reapportion such weights in accordance to areas and level of importance/priority.

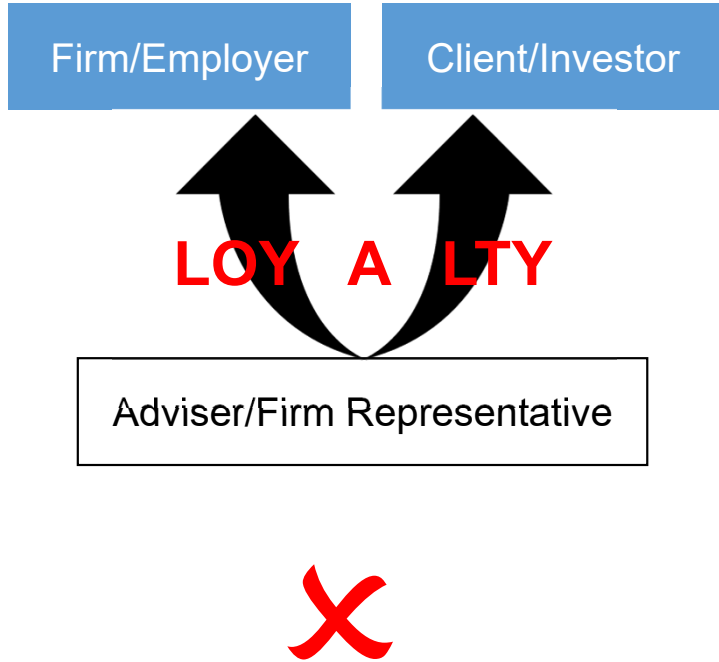
A typical weightings scheme is as follows:

1. Asset protection (preservation): 25%
2. Disability and income protection (protection): 20%
3. Debt management (leverage): 10%
4. Investment and cash flow planning (accumulation): 25%
5. Estate planning (distribution): 20%

Statement of Investor Rights – CFA Institute:

1. Honest, competent, and ethical conduct that complies with applicable law;
2. Independent and objective advice and assistance based on informed analysis, prudent judgment, and diligent effort;
3. My financial interests taking precedence over those of the professional and the organization;
4. Fair treatment with respect to other clients;
5. Disclosure of any existing or potential conflicts of interest in providing products or services to me;
6. An understanding of my circumstances, so that any advice provided is suitable and based on my financial objectives and constraints;
7. **Clear, accurate, complete, and timely communications that use plain language and are presented in a format that conveys the information effectively;**
8. An explanation of all fees and costs charged to me, and information showing these expenses to be fair and reasonable;
9. Confidentiality of my information;
10. Appropriate and complete records to support the work done on my behalf.

The Trusted Adviser



Strategy Drive:

1. The Constitution;
2. Code of Ethics & Standards of Professional Conduct;
3. Annual renewal of attestation to sound professional conduct;
4. Member Validation;
5. Compliance Services;
6. Community Tracking & Member Updates;
7. New Products;
8. New Members;
9. Performance Evaluation & Reporting;
10. Whistleblowing & Regulatory Sanctions;
11. Industry Surveys;
12. Market Research and Updates;
13. Policy & Regulatory Advocacy;
14. Webinars & Periodic Knowledge Sessions;
15. General Career Development Supports.

10th Floor, Reinsurance House
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Thank You

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