

Tips on how to build a successful investment practice

13 April 2023

How do you build a successful investment practice? That's the question that Kritz Coetzee, Regional Manager at Glacier, posed during a webinar earlier this year. With more than 30 years' experience in the investment industry, he had some interesting observations and insights to share.

Attributes of successful investment practices

Successful investment practices have these attributes and adhere to some key principles:

- Building the investment client base takes time – it doesn't happen overnight but be assured all practices have access to investment clients.
- Investment business requires care, nurturing and attention.
- Building an investment book is possible if you stick to the basics and you are thorough.
- Don't over-engineer solutions or become overly inventive.
- Successful intermediaries never forget that they are working with their clients' money.

Tips that could help to build your successful investment practice

1. Promise nothing and manage your clients' expectations.
2. Your risk profile should not reflect in your client's risk profile.
3. FAIS is your friend – err on the side of caution and compliance.
4. Your client's lack of retirement savings is not your fault. While you have great empathy for their situation, you can't create retirement income that your client cannot afford. If your client doesn't accept this, be prepared to walk away.
5. Regular communication with your client is a critical ingredient in good relationships. During COVID and lockdown, the intermediaries who survived and thrived were the ones who reached out to their clients often.
6. Any mistake in constructing a portfolio can cost your client money – approach this practice with care. Discretionary fund managers can help.

7. Know who you are and the job you have to do. It is difficult to be an adviser and an asset manager, although you need to understand both worlds implicitly. Stick to your skills as an adviser and hone them to the point of excellence. Let other experts take care of asset management.
8. Choose your investment clients carefully – they cost you money to service.
9. Define your value proposition. Offering lower fees is not a value proposition. Neither is switching funds nor offering performance. They all contribute to the outcome. Define your value proposition in terms of your purpose.
10. Ensure that your practice is able to deal with all your clients, including your investment ones, whether you are present or absent.
11. Investment knowledge is key to your profession, so keep learning. Listen, read, engage, enhance your insights – these activities are critical to improving your skills set.
12. Ensure that the platform you choose is reputable and supports your value proposition. Sustainability, functionality, fund choice, rigorous research and agnosticism – these are characteristics to look for in a great platform.
13. Focus on a market segment. You have the potential to become a specialist in that area and it helps in building a reputation and getting referrals.
14. Really get to know your clients – their dreams, fears and aspirations. This will help inform your role as a financial adviser.
15. Build your business with its future in mind. Your current clients' beneficiaries and nominees present a potential future client base for you. Get to know them equally as well as your clients.
16. Teach your clients. Educate them about investments while they are on their savings journey. Host in-person or online engagements where they get to know you and the value that you add to their lives. Trust is built this way. Informed clients are easier to engage with, especially when market returns are volatile.
17. It's not only about the funds you choose but also about the tax structure. Tax planning on its own adds tremendous value as a basis for investment planning.
18. Successful investing is about diversification and combining solutions, not merely products, to create the best outcome for your clients.

Glacier Financial Solutions (Pty) Ltd is a licensed financial services provider.

Sanlam Life Insurance Ltd is a licensed life insurer, authorised financial services provider and registered credit provider (NCRCP43).

This document is intended for use by clients, alongside their financial intermediaries. The information in this document is provided for information purposes only and should not be construed as the rendering of advice to clients. Although we have taken reasonable steps to ensure the accuracy of the information, neither Sanlam nor any of its subsidiaries accept any liability whatsoever for any direct, indirect or consequential loss arising from the use of, or reliance in any manner on the information provided in this document. For professional advice, please speak to your financial intermediary.

Glacier Financial Solutions (Pty) Ltd.

A member of the Sanlam Group

Private Bag X5 | Tyger Valley 7536 | Email client.services@glacier.co.za | Tel +27 21 917 9002 / 0860 452 364 | Fax +27 21 947 9210 | Web www.glacier.co.za | Reg No 1999/025360/07

Licensed Financial Services Provider | Glacier Financial Solutions (Pty) Ltd. is also a Licensed Discretionary Financial Services Provider FSP 770, trading as Glacier Invest | Sanlam Multi-Manager International (Pty) Ltd. | A member of the Sanlam Group

Private Bag X8 | Tyger Valley 7536 | Tel +27 21 950 2600 | Fax +27 21 950 2126 | Web www.smmi.com *|*Reg No 2002/030939/07

Licensed Discretionary Financial Services Provider, acting as Juristic Representative under the Glacier Financial Solutions FSP 770

Glacier International is a division of Sanlam Life Insurance Limited

Sanlam Life Insurance Ltd. | Email life@sanlam.co.za | Tel + 27 21 916 5000 / 0860 726 526 | Fax +27 21 947 9440

Reg No 1998/021121/06 | Licensed Financial Services Provider