

VALUE ASSESSMENTS

ADDING THE CUSTOMER VOICE

In 2019, Boring Money has conducted **extensive quantitative and qualitative research** with **nearly 5,000 fund investors** about **what value means to them**.

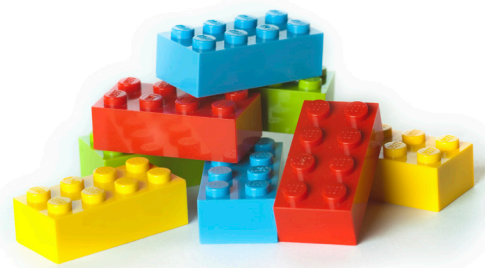
This report will **help any asset manager preparing a Value Assessment** to include the **customer voice** in their framework, **evidencing** that the firm has thought about **value from the perspective of the person paying the fees**.

Illustrated with
EXAMPLES OF GOOD PRACTICE

GRANULAR DETAIL
weighted by **IMPORTANCE**

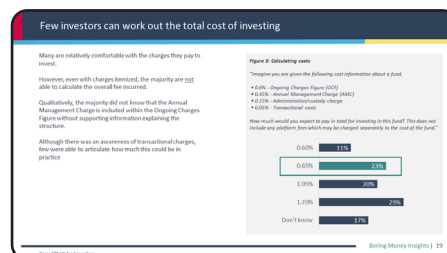
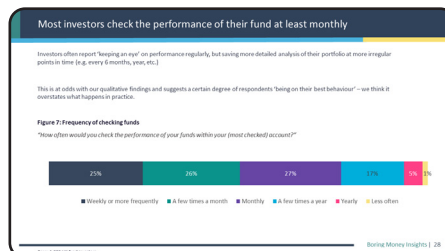
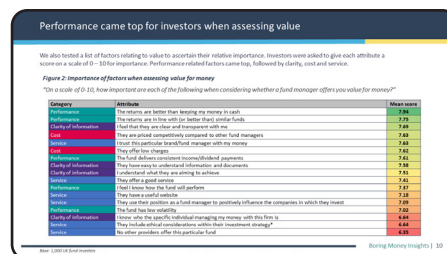
4 KEY PILLARS
of value

Nearly **5,000**
FUND INVESTORS



WHAT'S INCLUDED?

- Exploration of **what is value** – beyond performance and price.
- Clarity - understanding **factsheets** and how well **disclosure** is working.
- Quantification of **what value means to end consumers**.
- Exploration in **detail** of what consumers think about **clarity and service**.
- Ongoing tracking of **which fund managers** customers think **offer good value and why**. How this differs by advice use and what drives value.



WHAT DO OUR CUSTOMERS SAY?

“Thank you for coming in for what was a **compelling and well received** session on this very important topic [Value Assessment] that has **got the interest of the top table**. I was expecting something good but what I got was **even better than my expectations** and had a few **interesting surprises and challenges**”.

Lead on Value Assessment Project;
Top 10 Global Asset Manager

To find out more or
join the ongoing value
assessment on the
basis of an annual
subscription, contact
kit@boringmoney.co.uk

PRICE
£5,000 + VAT

TABLE OF CONTENTS

Introduction

- Background
- Research Methodology
- Exec Summary: Retail investors' interpretation of value

How consumers assess value

- Investors cite an array of factors when thinking about how their provider offers value
- Performance and price are important, but they're not the only story
- Performance came top for investors when assessing value
- The 8 most important factors of value for end investors
- Introducing the "Four Pillars" of Value

Consumer Research

- Key themes investors cite when thinking about value
- Investors look for funds that beat cash, have a good reputation & that they trust

Pillar One – Price

- What investors say about price: Charges are poorly understood across the board
- Key thoughts on costs: How investors assess cost
- Few investors can work out the total cost of investing
- There are multiple sources of confusion around what people expect to pay
- There is no preferred way of disclosing charges, but people do prefer an all-in amount
- Higher costs can be justified and cheap doesn't necessarily mean 'best'
- Summary: Price

Pillar Two - Performance

- What investors say: Performance
- Key thoughts on performance: Performance is assessed in context
- Retail investors seek growth against a range of different benchmarks
- Most investors check the performance of their fund at least monthly
- Investors gauge performance by the balance shown in their portfolio
- Investment horizons vary but for many, the focus is on the mid-term rather than long-term
- Most expect to hold funds for less than 10 years
- Market direction impacts value, but performance against a benchmark is equally important
- Summary: Performance

Pillar Three – Clarity

- What investors say: Clarity
- Key thoughts on clarity: Existing information is not consumer friendly
- A quarter can't recall objectives for any funds they hold
- Half recall reading a KIID
- Limited recall of fund objectives is due to a lack of awareness and lack of specificity
- Testing finds factsheets to be a source of frustration
- Factsheets are confusing and investors struggle with inconsistencies
- Best practice for communicating price
- Best practice for communicating performance
- Best practice for communicating clarity and objectives
- Summary: Objectives and clarity

Pillar Four – Service

- Key value themes cited by investors: Service
- Expectations of & desire for service is low amongst some investor segments
- Some segments do value service – especially active fund holders and older investors
- Offering good service means giving people reassurance and control
- Traditional customer service metrics are less relevant
- Nearly half claim to visit the website of a fund manager at least monthly
- Summary: Service

Value Tracker

- Q1-Q3 Value Assessment Scorecard – a summary
- We have been tracking value for fund managers since January 2019
- The top ten performers for value are mostly consistent
- Individual brands scored across the four pillars of value
- Value and ESG

Conclusions

- Value summarised from the retail investor perspective
- What we think managers need to consider
- Introducing a draft framework

