Some reasons, why a client might want to choose an independent financial adviser:

Independency

The independency enables us, to develop a tailor made plan for each client. The client's needs may vary indeed to a large amount from client to client. For example one client might need a life risk insurance, further more an investment in stocks and bonds over a long time span. Also he wants to be invested in the Asian markets and would like to have access to his own reserves of physical gold. Due to specific strengths of a company the above selection of needs can usually not be covered by one single company. We need a life insurer, an investment fund, a bank and a precious metals dealer. Obviously in each of these areas you will find several providers, it is the job of the independent financial adviser (IFA) to introduce the client to a suitable provider and offer him a suitable product.

Changing Markets

Markets and providers are changing continuously. Only an IFA who is not offering his own products, is in the position, to react upon these changes and co-operate with suitable providers as they come and go.

Swiss vs Anglo-Saxon conditions

Often clients choose to have an insurance agent working for one company only. Furthermore this same client works typically with one bank and has his consultant in this very bank. And that is all this client has in terms of advisers.

90% of all Anglo Saxon clients work with an IFA who is consulting his clients in several different areas. Quite many life offices in the UK do no longer have their own agents due to cost inefficiency.

One finds the same picture in the area of wealth management. How on earth can a bank say it is independent and has no conflict of interest if this bank offers its own funds, emits bonds and offers the emitted bonds to its own clients? A company aiming to achieve a high credibility has a hard time if this company "dances at several marriages" at the same time as we say in German.

Private Banks are usually in the position to outlay convincingly that they represent their private clients interests. At least they do not emit bonds and often do not offer their own investment funds. However also Private Banks often have their priority in selling stocks and bonds. Real estate and the sale of precious metals have lower priority if at all.

Only the independent adviser can and may claim that he is in the position to implement client's needs one to one. He is not dependent on any association, hence tailor made.

Analysis

An extensive analysis gives clarity and sets the ground for proposals. The independent adviser finds the suitable partners in order to implement the measures of his proposal. He introduces the client to the provider and gets them together. – Indeed not every client is willing to readily open the books of his personal finances. As an alternative we offer the step by step approach. I.e. the analysis gets reduced to a partial area only.

Regulation

An IFA in Switzerland is usually regulated by the following bodies:

- FINMA Insurance Market Supervision (www.vermittleraufsicht.ch)
- FINMA Approved Investment Funds (www.finma.ch)
- SRO Money Laundering Supervision (i.e. www.polyreg.ch)
- Possibly Audit of the annual report (i.e. www.Treuhandkammer.ch)

Liability

An IFA must be insured against the following professional risks:

- Investment Advisor Liability Insurance
- Insurance Broker Liability insurance

Analysing methods in the investment area

The fundamental analysis

The fundamental analysis analyses, as the name already suggests, the companies and the markets in its entire depth. So for example this method checks the structure, the positioning, annual reports and tries to find out the earnings potential of this company. These analyses get reviewed from time to time. Depending on the outcome the fund management increases or reduces the amount of shares they hold. Obviously the macro economy is of big importance and hence gets analysed in the same way.

The technical analysis

The key values of a company get continuously recorded by statistics and especially graphically. In the past economic time many experts worked in order to analyse the graphs of the NAV in order to predict its future development. In these days the analysing methods are very sophisticated in order to analyse a company in a very short time. The results are mostly the same as the one developed by the fundamental method, which requires a lot more time.

The market cycles analysis

Test which have been performed over the past 350 years have shown, that there several market cycles running parallel. This method enables to predict the future development over a longer amount of time than the fundamental and the technical analyses.

It is the combination of all three methods giving a great benefit to the client. The application of all three methods simply gives more certainty about the future development of the markets.

Binz, August 2010

Roland Studer
Vorsorge- & Finanzberatung Studer GmbH
contact@finanzberatungstuder.ch
www.finanzberatungstuder.ch