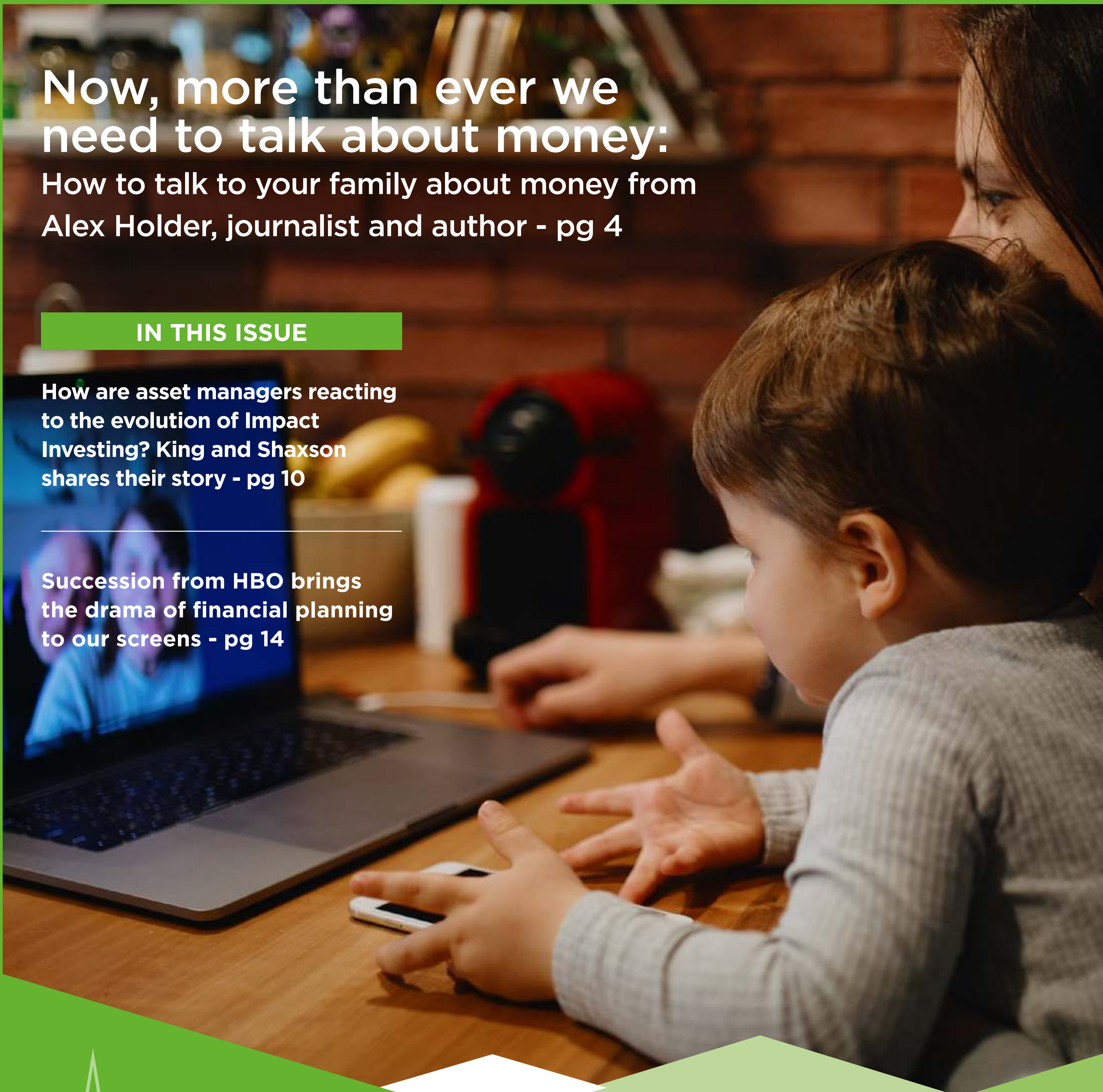
Money Matters

NAVIGATING THE FINANCIAL LANDSCAPE

Summer 2020



Now, more than ever we need to talk about money:

How to talk to your family about money from Alex Holder, journalist and author - pg 4

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WREN STERLING

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Welcome to the Summer 2020 edition of Money Matters.

Money Matters is produced twice a year and six months ago feels like it was years ago given what the world has been through in that time. In the UK we've left the EU, had a general election and faced the biggest national, potentially global, crisis since the second world war. You might think that financial planning would have slipped from the front of our client's minds in that time. But it has not. Naturally, we've had more conversations about investment performance and protection than before but people still have the same needs around planning for their future and the value of expertise has increased over this time.

I would like to thank our clients for the way they have adapted to the changes forced upon all of us by embracing video calls, electronic documents and our Personal Finance Portal. This has enabled us to provide our service but importantly, protect our employees by allowing them to work from home. We've all learned a lot of new skills and our business has definitely become faster as a result of these new ways of working.

In this edition, we have an interview with ethical investors, King & Shaxson, who are part of our new impact investing proposition and journalist Alex Holder tells us why we need to talk more about money.

It's a new tax year too, so we've got a recap on this year's changes - and if you've caught up on a lot of TV during the lockdown, you might have seen HBO's award-winning Succession. This inspired a piece on succession planning and why it is important for directors and their families. It shows that TV drama can reflect real life and making plans in our professional and personal life is hugely important for people around us.

I hope you enjoy this edition and please don't hesitate to contact your financial adviser if there's anything you need to discuss.

Ian Halley
Chief Executive Officer
Wren Sterling

How Wren Sterling helped out in the Coronavirus crisis

Up and down the UK, a volunteer army has been supporting the NHS, carers and key workers to keep the UK moving and delivering vital services to those most in need. Covid-19 has tested everyone to some degree but it's pleasing to see the country pulling together.

This is what some of Wren Sterling's people have been doing to support their communities:

Amanda Featherstone joined Wren Sterling as a Business Change Manager just as the outbreak began, so it's been a virtual induction for Amanda to her new colleagues but it hasn't stopped her helping critical supplies get to where they need to go in her spare time. She said:

"I am part of a voluntary service supporting the NHS. I drive, co-ordinate and hold a committee role (membership secretary) for Midland Freewheelers, an emergency volunteer rider service, and do active evening and weekend duties.

I have been on active duty several times over the last few weeks supporting the NHS with the Covid-19 pandemic. Some of the things that we have been doing in addition to our normal service are:

- Collecting breast milk from parents in self-isolation that have premature babies in Neonatal wards, and delivering this to the hospitals to enable the babies to feed.
- Collection of Covid-19 samples from emergency hubs / hospitals and delivering them to hospitals to be tested.
- Delivery of equipment and ventilators.

I am currently coordinating the logistics and delivery of PPE equipment (outside of Midland Freewheelers, but using MF riders/drivers) to various hospitals and GP surgeries from a company that are producing this free of charge for the NHS."

See more on the Midland Freewheelers: www.midlandfreewheelers.co.uk

Ali Critchley works in Wren Sterling's Warwick office supporting our corporate advisers and she has been tackling loneliness as a volunteer. She said: "Since Covid-19 I've joined a volunteer PhonePals service whereby the team call people who have requested a chat with someone due to being lonely or missing out on their usual social routines due to lockdown.

"They are all of the older generation who don't use technology such as mobiles and iPads. So a telephone call is their best way of communicating with others. I'm really enjoying it as I love listening to their stories and having a good natter about their lives pre-lockdown! They tend to be 75 plus and some into their 90s and great characters, and of course without the lockdown we would never be chatting. I get as much out of it as hopefully they do!"

Rohit Malhan in Wren Sterling's finance team has been amplifying the public shows of appreciation for key workers on Thursday evening by playing his dhol drum. A traditional double-headed drum found in the Indian sub-continent, the dhol is traditionally played with two wooden sticks. You may recognise the distinctive sound and beat from bhangra music. Workers near Ro will be under no illusions that they are appreciated!

Another Wren Sterling adviser, who wanted to remain anonymous, has been generously sending cards and gift vouchers to numerous NHS workers and other key staff to show appreciation for the work they do under the toughest of circumstances. A fantastic gesture and one that we hope will inspire others to do the same.

We need to talk:
Talking to family about money

Alex Holder, journalist and author of 'Open up' - a manifesto on the power of talking about money

'Can we maybe not talk about money tonight?' my boyfriend asks me. We're in the back of a cab on the way to a friends house for dinner and his question is a pertinent one. Money wasn't always an obvious dinner party conversation. Historically we haven't told our friends what we earn, or took to Twitter to challenge unfair pay, but an openness about money is surfacing.

People are offering up their salary to the internet and others are charting their debt repayments on Instagram. With public pay-gap audits making front-page news and personal finance podcasts charting, it seems the money taboo has been broken.

I understand my boyfriend's reticence though, while money is getting more air-time, it's still not the most comfortable of conversations. I recently wrote a book, 'Open Up', encouraging people to talk about money. Since letting people know that I'm up for an awkward chat, the floodgates have opened - There is rarely a dinner party where someone doesn't tell me about a recent pay-rise or reveal the extent of their past debts. I guess my boyfriend is tired of having to drop his own proverbial pants and explain how he afforded to buy a flat In London. (Like 59% of millennials he was helped onto the property ladder by the bank-of-mum-and-dad).[1]

Recent YouGov research found that 50% of UK adults believe that talking about personal money matters is taboo, even with those they're closest too; the research also discovered that nearly two thirds of people said they feel better when they do talk about money concerns.[2]

It often takes some kind of catalyst to start a money conversation, 'I speak to my Mum about money a lot since my Dad passed away,' Sarah, a Teacher in Norwich tells me, 'As a family we've become really open. Over the past few years, my mum has lent and gifted various sums to me and my siblings. She always checks with the whole family first to make sure we're all happy as she sees it as our inheritance (we always are!) My mum wants my father's 'death in service' payment and the proceeds from our family home to belong to all of us, so she's driven a lot of the transparency.'

> Speaking about money as a family isn't always the easiest thing, although initiating the conversation can be hard, most people are glad they found the time – and strength - to do so.

Speaking about money as a family isn't always the easiest thing, although initiating the conversation can be hard, most people are glad they found the time – and strength - to do so, as Lucy a Project Manager from London told me, 'My husband went bankrupt over a year ago. Telling my Dad, a self-made, successful businessman was hard. I felt so much shame opening up about how bad our money situation was. However, those conversations made us extremely close, there are literally no secrets, huge amounts of debt have been disclosed to them. They haven't stepped in and paid it off, but they also haven't judged and have been pragmatic.'

Of all the conversations I've had about money, the most sobering one was with my parents. Both have recently retired and hearing about the reality of their pensions, spurred me to start paying into mine for the first time, aged 36. I often think of how many more years I would have ignored the fact I had no money saved for old age, had it not been for those chats.

> Despite my own breakthroughs, I've seen that some subjects are harder to broach than others, especially where money and death intersect.

Yvonne, a 68-year-old retired nurse explained her predicament, 'So many emotions become tied up with money as you get older. Although I don't have a lot to leave my two sons I need to talk to them about my Will. They have different needs as one is disabled and I want them to know this will be reflected in how things

50% of UK adults believe that talking about personal money matters is taboo[2]

only 34% of people have ever discussed their Will[2]

61% of people said they feel better when they do open up and talk about their money concerns.[2]

are divided, but they won't have the conversation with me because it also means that we have to talk about me dying and they can't go there.'

There's another reason openness between parents and children is paramount – Studies have shown that our money habits as adults are set by the age of seven-years-old.[3] What we learn as kids can be hard to shake off. The social class we're born into, how much money our family had while growing up, how our parents earned and spent money and even who they socialised with, all affect how we behave around money as adults. It's why moving from one socioeconomic group to another, even if you have have more money and more privilege, you might still behave around money like it's scarce. Equally, if you were shown love through presents and monetary things, then being frugal as an adult might be that much harder.

"So many emotions become tied up with money as you get older, although I don't have a lot to leave my two sons I need to talk to them about my Will..."

Possibly you're reading this thinking, 'I'm not ready to talk about money with my friends, my partner, or my parents, it makes me feel too uncomfortable.' If that's you, it's worth noting that topics that were once too shameful to talk about, subjects like our sexuality say, or our politics, or even periods, are now open discourse. Conversation is how we educate each other and pass on valuable knowledge. Imagine what you could share if you could get past the money taboo.

If you only ever talk about money in a high stakes situations, like asking for a pay-rise, discussing debt or talking to your family about your will, then money conversations are always going to feel really stressful. But if we can start introducing money chats into our daily lives, we might just have the vocabulary to advocate for ourselves when it really matters. Try it!

Next steps

If you need help starting a conversation with your family or circle of friends, your Wren Sterling Adviser will be pleased to help you.

1 https://www.legalandgeneralgroup.com/media/2483/bomad-report-2018-v15.pdf
2 lloydsbankinggroup.com/Media/Press-Releases/2019-press-releases/lloyds-bank/the-m-word-is-britains-biggest-taboo/
3 moneyadviceservice.org.uk/en/corporate/adult-money-habits-are-set-by-the-age-of-seven-years-old-shows-new-study

New year, new opportunities

Our top tips for financial planning in 2020

Covid-19 means we might not be going far on holiday this year, so we can use this time to focus on our other financial goals - like saving towards home improvements or putting away regular instalments into a pension. Our advisers can help you get the most out of your money, so your hard-earned cash can work harder.

John Greene, a Wren Sterling financial adviser based in our Glasgow office, shares the main topics he's been talking about with his clients.

Thinking about the future

"This year we'll be glad of the Government's move to alter the tapered annual allowance, which will affect many NHS pensions. There has been huge pressure to solve this puzzle for talented staff approaching retirement, as they were better off financially by reducing their hours. While the annual allowance remains at £40,000 this year, the tapered annual allowance means the number of people affected by the tapering of this allowance is greatly reduced.

"Those with taxable income, including earnings, between £150,000 and £200,000 have been taken out of tapered annual allowance territory. This will change how much they will be able to contribute to their pensions this year without incurring additional tax. The chancellor said this will take 98 per cent of consultants and 96 per cent of GPs out of the taper altogether."

Thinking about family

"As we're unable to physically visit our loved ones, our thoughts turn to them more than ever. Grandparents and parents who are looking to minimise their inheritance tax (IHT) liability could consider contributing to a Junior ISA to give their children a head start. It's a good time to consider increasing contributions to a Junior ISA as the limit more than doubled this year, from £4,368 to £9,000."

We can't predict the future, but we can help you prepare for it.

Spring clean your plans

"Spring is your chance to set goals for next year, and fine tune your plans to account for anything that has changed since you last spoke to your adviser. For example, if you're concerned you may have missed out on your annual pensions allowance, your adviser can help you make the most of rules like 'carry forward' which may allow savers to benefit from any unused relief from the previous three tax years.

But we don't just mean updates from the government.

"For those who have changed jobs recently, it's time for a protection review. With workplace critical illness or life insurance, and other 'in service' benefits, its easy to think you and your family are protected sufficiently – when you may not be. If you're thinking about cancelling any plans you have, make sure to talk to your adviser, and keep up your regular payments until you do."

Talking about your finances

"A yearly review with your financial adviser is a good time to talk about your options and any uncertainty. We can't predict the future, but we can help you prepare for it. We have curated a group of partners who can provide specialist guidance for other aspects of your life including making a Will, funeral planning, mortgages and equity release. We also encourage you to talk about your plans with those they affect. Involving your family in these discussions can remove confusion and worry about the future."

If we can't convince you here, we'd like to recommend an article from Alex Holder, author of 'Open Up: Why Talking About Money Will Change Your Life' earlier in this magazine.

Plan ahead

"Speaking to your adviser now will give you a chance to think about more long term goals and make sure you're set up for this financial year.

Get in touch with your adviser and book a time to talk about your plans. It's a good time to make the most of your allowances - especially if you own a business. You may have money left in the pot, and ideas about how you'd like to use it this year. Make sure you have plenty of time to talk to your adviser, as this is a busy time of year, and we don't want you or your employees to miss out."

Protect against Coronavirus scams:

top tips from FCA and NSCS

FCA warns investors to be wary of cornavirus-related investment scams, as scammers take advantage of uncertainty.

A week into the UK lockdown, more than 500 coronavirus-related scams and over 2,000 phishing attempts had been reported.[1] Scam smart is the FCA's campaign to help consumers avoid pension and investment scams. With major events – like Coronavirus – we can see new types of scams to exploit the situation. In this case, 'good cause' scammers are asking for investment in or donations for medical equipment or research.

There are some general things we can do to avoid scams no matter what's in the headlines. Here are the top tips from FCA to stay vigilant and keep safe:

1. Look out

- Cold calls, emails, texts or messages stating that your bank is in trouble due to the coronavirus crisis, and pushing you to transfer your money to a new bank with alternative banking details.
- Exploiting short-term financial concerns, scammers may ask you to hand over an upfront fee when applying for a loan or credit – that you will never get.
- 'Good cause' scams which ask for investment in good causes such as the production of sanitiser, manufacture of personal protection equipment (PPE) or new drugs to treat coronavirus – with scammers using the promise of high returns to entice consumers.
- Using the uncertainty around stockmarkets, scammers may advise you to invest or transfer existing investments into high return (and high risk) investments.
- Some scammers will claim to represent authorised firms to appear genuine. In particular, be aware of life insurance firms that may be cloned.
- Scammers may contact you claiming to be from a Claims Management Company (CMC), insurance company or your credit card provider. They may say they can help you recuperate losses by submitting a claim, for the cost of a holiday or event such as a wedding cancelled due to coronavirus. They will ask you to send them some money or your bank details.

2. Protect yourself

- Use the Financial Services Register and Warning List to check who you are dealing with.
- Reject offers that come out of the blue.
- Beware of adverts on social media channels and paid for/sponsored adverts online.
- Do not click links or open emails from senders you don't already know.
- Avoid being rushed or pressured into making a decision.
- If a firm calls you unexpectedly, use the contact details on the Register to check that you're dealing with the genuine firm.
- Do not give out personal details (bank details, address, existing insurance/pensions/investment details).

3. Stay secure

A cross-governmental campaign 'Cyber Aware' has been launched by the National Cyber Security Centre (NCSC) to help individuals and organisations to protect themselves online. It urges people to protect their data passwords, accounts and the devices they use to access them. NCSC Chief Executive Officer Ciaran Martin said:

"Technology is helping us cope with the coronavirus crisis and will play a role helping us out of it - but that means cyber security is more important than ever.

"With greater use of technology, there are different ways attackers can harm all of us. But everyone can help to stop them by following the guidance campaign we have launched today. But even with the best security in place, some attacks will still get through."

The campaign encourages people to 'Stay home. Stay Connected. Stay Cyber Aware', and its top tips for staying secure online are;

1. Turn on two factor authentication for important accounts.
2. Protect important accounts using a password of three random words.
3. Create a separate password that you only use for your main email account.
4. Update the software and apps on your devices regularly (ideally set to 'automatically update').
5. Save your passwords in your browser.
6. To protect yourself from being held to ransom, back up important data.

With email and post increasingly vulnerable to interception, Wren Sterling treats the security of the data you share with us with the utmost care. We would urge our clients to sign up to our Personal Finance Portal, which provides you with a secure messaging service, so you can quickly get in touch with us and have the peace of mind of knowing that any information or documents you share is 100% encrypted and completely private.

Register today

You can register for our PFP by visiting **https://wrensterlingfpltd.mypfp.co.uk**

If you need any help during the registration process, we have a dedicated helpdesk who will be happy to help – just send them an email at **pfp@wrensterling.com**

[1] www.theguardian.com/world/2020/apr/04/fraudsters-exploiting-covid-19-fears-have-scammed-16m

How the ethical investing market has developed

Wren Sterling's ethical investment strategy

Wayne Bishop, CEO of King & Shaxson Asset Management

Nick Moules, Wren Sterling's Head of Marketing was joined by Wayne Bishop, CEO of King & Shaxson Ethical Investing to discuss how ethical investing has developed since 2002, when King and Shaxson first started an ethical portfolio and the sorts of checks that an ethical investor carries out to ensure their portfolios are truly ethical.

Nick Moules: Wayne, thanks for joining me. When you think back to when you guys started, what would you describe as the biggest changes you've seen over that period of time?

Wayne Bishop: When we started ethical investing in the early 2000s, it was considered a fringe activity. It was considered inferior to "real investing". It was in the domain of negative screens, i.e. we will not invest in this or that rather than positive investing i.e. we want to invest in this because it is doing good as it was an immature market. For example, if you go back to the early 2000s and consider wind turbines, you could maybe power a few black and white televisions and it was incredibly expensive, while offshore wind was completely unfeasible. Now offshore wind is £39 per megawatt hour, so comparable with non-green electricity and it's now a mature sector.

...the Attenborough film changed people's attitudes towards plastic overnight.

We've seen a growth in interest in our market, partly from investors but also because the industries they want to invest in have become very mature, quite boring and very normal companies and therefore a lot more investible to mainstream investors.

NM: Over the last few years we've seen a growth in terms like SRI, ESG, impact investing. You guys describe yourselves as ethical investors. How would you describe what you do?

WB: Ethical is an old word and a number of times we've asked ourselves whether it is still the right word but we always come back to the same conclusion: ethical means you have a second screen. In other words, standard investment criteria are still there, how long you're going to invest for, what you're looking to achieve etc and ethical overlays a certain number of moral decisions.

We consider ethical to be the umbrella term and within that you have the other terms you've mentioned and that comprises what is known as the spectrum of capital. At one end we have responsible investing, which has one of the lightest screen approaches, so only the most evil of companies (from an ethical perspective) will be excluded such as tobacco and armament companies and we may only include the better fossil fuel companies. We call this the light green end of the market.

I think there's going to be needle shift where ethical standards are going to rise and we will see companies behave much more responsibly towards the environment

You then have socially responsible investing (SRI) and ethical social and governance (ESG) and they will add in a little bit more of a screen. They will say they're looking for how green the business is, what their conduct is like and how they incorporate those principles into what they do. That's the middle ground, if you like.

Then we move into positive investing, where we want to invest in things that 'do good' and at the other end, impact investing is where fund managers are looking to specifically target the seventeen United Nations sustainable development goals.

We specialise in covering that whole umbrella.

NM: Okay, so as a consumer, I've noticed an awareness of the factors you've described increasing in society. For Wren Sterling, we've been looking at this for a couple of years now and that neatly coincided with David Attenborough's plastic documentary, which was huge and really took it mainstream. Is there a moment for you that really turned the dial and created a peak in interest in ethical investing?

WB: Over the last 3-4 years we've seen a real rise in interest and I put that down to three factors but you're right, the Attenborough film changed people's attitudes towards plastic overnight.

Number one, I think it's generational change. By this I don't mean the millennials, I actually mean Generation X, the people who are in their early 50s down to late 30s and these people have the economic power, i.e. they're inheriting money, earning good money, their children might have moved out and they could be saving money there. Like me, they grew up with Sting in the Rainforest, anti-apartheid movements and they were worried about the ozone layer. These were important issues to them and they're now pushing the dial. Their children are the Gretas of this world who are passionate about climate change, so the parents have the means to influence what their children care about.

Secondly, we can see that the market is a lot more mature and investible, so it's a bit of a perfect storm. Thirdly, the good performance record that is starting to emerge. For me, this is the big moment for ethical investing - I can see this sector rising from 2-3% of global assets under management (AUM) to 10-20% of global AUM without the overall AUM increasing.

NM: You mentioned that there's more performance data available in the market. How important do you think data is in order to keep convincing people to look at ethical investing?

WB: I think it's really helping. Back in 2002 you might have been considered the weirdo in the room and this was considered to be a fashion-led investment. Increasingly the data is showing that ESG investing is outperforming, particularly in the last five years. Even in 2020 to date with the market dropping, we're seeing something like a one per cent over-performance and this is happening for a number of reasons.

It would be nice to say that ethical companies are better companies and will perform better – and there is some truth to that – but one of the biggest factors is that ESG funds tend to be underweight in sectors such as mining, oil and gas and other commodities. These tend to add volatility in the market. For the last five years these have tended to weigh performance down rather than driving performance. Of course, if they shot up, we might see some of the less ethical funds do well again – but I don't necessarily see that being the case in the long term.

NM: Wayne, can you think of an example where investor behaviour has changed the world or a particular company and how that fed through to ethical investing

WB: Yes, going back to the start of the century, Peacocks (the high street clothes manufacturer) were put under pressure to make sure they had ethical practices in how they source their clothes. They listened and became an ethical business and were renowned for having high ethical standards.

I have to say, I'm a little bit sceptical about some of the (investor) engagement arguments and although there are examples of investors changing things, there are other factors. Think about boardroom pay and a few years ago there was a victory for shareholders, including King and Shaxson, against Andrew Moss at Aviva. However, there were other cases where shareholders were voting against pay increases and boards carried on regardless, so I think the impact of investors taking action can be limited.

I do see examples where ethical companies make a difference and I will use the example of Café Direct. It was a pioneer in fair trade. When they started fair trade was not considered financially viable but they successfully marketed their products and Café Direct went on to be stocked on supermarket shelves. That started a trend and other companies went on to copy them, not all to the same extent as Café Direct but you saw supermarket own brands go fair trade and eventually that crowded out Café Direct, but that is an example of a company making a change that nobody thought was possible and seeing their business profit as a result.

NM: So as an investor, if someone invests through King and Shaxson, how can they be assured that the companies that you invest in conform to your ethical standards?

> Our investment process is based on two things; good sound financial investments and good sound ethical investments.

WB: Our investment process is based on two things; good sound financial investments and good sound ethical investments. Our ethical process starts with the basic financials and looking at exactly the same thing as everyone else. What is the asset allocation, how much are we putting at risk in equity and bonds etc. Are the companies large or small, geographically diversified, product diversified – we look at all those things and more.

When we look at a company in detail we will do a quantitative ethical screen and a qualitative ethical screen. The quantitative side is taking the hard data from data providers. It's an 80 page report that takes us through all the ESG profile and scores for a company , all the controversies they're involved in and we will look through that hard data. This includes things like their carbon footprint, water stress, gender pay gap, any striking and social issues, board attendance, bad shareholders – all of those kind of things and we look at that very carefully.

Then, the qualitative side answers questions like 'is it still want investors want?' because a lot of companies can still get a good ESG score and be doing something bad. We don't want to shoehorn those companies in and say they're reasonably ethical because we don't believe that is what our investors want.

NM: There seems to be a consensus building towards companies operating in the right way. At what point do you think all investing will become ethical to some degree?

WB: I think there's going to be needle shift where ethical standards are going to rise and we will see companies behave much more responsibly towards the environment for example. We're starting to see that in America, some of the promises people are making about changing the way capitalism works because I think society expects that. Companies will have to consider more than just the shareholder they will have to consider other factors. Because the data is out there now, it's very tough for companies to hide bad tax practices or bad governance practices. There will be a general improvement across the board but I do think there will be a temptation for people to tick boxes and do things like having token women on the board. We like to see companies who are also genuine in enabling all staff to develop.

Companies will have to consider more than just the shareholder...

NM: So in a sense it's down to the ethical investment managers to keep changing the way you analyse companies to keep them on their toes and prevent box-ticking?

WB: We still like to know that the companies are genuine about what they do. This applies to the fund managers we work with too – we want to know that they're passionate about what they do. Importantly, we're not going to be taken in by greenwash.

Every company produces a social governance report and they all look the same if I'm honest and of course they say good things but we want to know if they're out there doing good for the world and not just for themselves so it means we have to look a lot deeper and stay on the pulse because things change and fashions change.

You mentioned David Attenborough earlier and he changed things overnight. We saw groups who had been heavy users of plastics, like supermarkets, come out and say how they were going to deal with it. The more ethical players came out and said they were going to do it faster and cut deeper and we're going to get plastics out of the system. It's easy to blame them but in the 1980s, plastic solved a lot of problems and it's only recently that we've come to understand the damage it is causing. However, it's how the companies react that tells us a lot about them and whether they can be considered an ethical company and potentially right for King and Shaxson.

Ethical Jargon Buster

Ethical investing: Ethical investing is the practice of selecting investments based on ethical or moral principles. Ethical investors typically avoid investments from sin stocks, companies involved with stigmatised activities, such as gambling, alcohol, smoking, or firearms.

SRI: Socially responsible investing (SRI), also known as social investment, is an investment that is considered socially responsible due to the nature of the business the company conducts. Common themes for socially responsible investments include socially conscious investing.

ESG: Environmental, social and governance (ESG) criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

Impact investing: Impact investing refers to an investment strategy that not only generates financial returns but also creates constructive outcomes. The strategy actively seeks to make a positive impact by investing, for example, in non-profits that benefit the community or in clean-technology enterprises that benefit the environment.

1 investopedia.com/terms/e/ethical-investing.asp

Failure to protect can lead to shareholder disharmony

Paul Mitchell, Director of Corporate Solutions, Wren Sterling

Shareholder protection doesn't appear in many hit TV shows or movies. It's fair to say it's not as exciting as fast cars or crime. However, the creators of the hit HBO show, Succession, have found a way to make this insurance product front and centre alongside succession planning, another core financial planning area of expertise.

In Succession, the protagonist is media magnate Logan Roy (played by veteran Scottish actor, Brian Cox). His fictional media company, Waystar Royco strongly resembles Rupert Murdoch's News International with Disneyland bolted on. When the series begins, Logan is approaching his 80th birthday and after retaining a vice-like grip on Waystar for many years, the talk of Wall Street is all about who will succeed Logan as head of the company, something Logan has been putting off for years.

At first, Logan is determined to keep things in the family and his four children (who are all dysfunctional at one level or another) jockey for position. Then Logan has a stroke on a helicopter and slips into a coma with no plan in place immediately after making some out of character decisions and verbally changing his Will. Executives have to make decisions on who will take over at the head of the firm and prepare a statement for when trading commences in the morning. There's nothing written down, they don't know whether Logan will recover, or to what extent, and a sharp drop in the share price will leave rivals sensing blood and preparing takeover bids, which becomes central to the second series.

Cue cover-ups, law-breaking, lies and industrial-scale back-stabbing.

When the penny drops

Logan Roy is a belligerent character who bullies his staff and believes himself to be virtually invincible but even he realises that he needs to step up his succession planning quickly to keep the business going and to provide surety to his nearest (and not always dearest). His shareholders begin voting against him in order to force through change and to protect their position. Subsequently, personal relations in the family deteriorate further, creating a very enjoyable drama, but the sort of drama that would have investors fleeing if they could see what was happening.

Eventually, Logan does line up a successor (and tries to aggressively acquire other businesses) in order to satisfy investors and to prevent a hostile takeover of his own firm. It's not a typical piece of succession planning that takes place in Wren Sterling's line of work but it serves the same purpose.

Preventing unwanted shareholders

In Succession, the three children are suspicious of Logan's wife, Marcia, who assumes control of his personal situation immediately after the stroke. She restricts access to him as he recovers and should he die, she stands to inherit his estate, including his shareholding, as his next of kin. He's a majority shareholder, placing the children at risk of being cut off. They don't know if she wants to take a place at the boardroom table or sell up and live off the billions and the matter is complicated further because Marcia is not the biological mother to the children.

The businesses that Wren Sterling deals with are usually much more straightforward affairs with proper governance in place yet they're all vulnerable to a sudden change in circumstances and subsequent uncertainty for stakeholders.

With shareholder protection in place, the Roy children would have certainty of the next steps, should anything happen to their father. As Marcia doesn't attend board meetings, there is a possibility of severe disruption to the business in the short term, however effective she might be as a director in the future. Shareholder protection would pay the business a sum of money on Logan's death or incapacitation to replace him and keep the business going.

The businesses that Wren Sterling deals with are usually much more straight forward affairs with proper governance in place yet they're all vulnerable to a sudden change in circumstances and subsequent uncertainty for stakeholders. When we recommend shareholder protection products, we're seeking to prevent some of the uncertainty experienced by the Roy family and the business' investors.

A third series of Succession is in the offing with Logan reacting to the loss of his major financial backer after a scandal in one division of the business based on historical sexual assault complaints (so very contemporary). Shareholders will need shielding from a whole new set of problems this time around, which Wren Sterling's advisers would not be able to help them with. They need good lawyers and deep pockets for a start.

Image source: HBO

About Wren Sterling

Wren Sterling is a nationwide independent financial planning business that specialises in all aspects of investments, protection, and retirement planning. We pride ourselves on navigating clients through their financial journey by providing uncompromised and objective advice. Our advisers are committed to developing longstanding client relationships that span generations to achieve our clients' lifetime financial goals.

Where we are

We have advisers throughout the UK, based in seven regional offices including our head office in Nottingham.

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