

# Not afraid to do things his way

**Lee Robertson took his own finances in hand before deciding to do the same for others and now runs Investment Quorum as a financial planning wealth management firm largely for City-based clients**



BY GARY CORCORAN

Lee Robertson's career path has closely mirrored the pattern of the financial services industry he has been a part of since 1988, starting a long way away from being a fee-based investment specialist wealth manager that he is now.

With clients having to borrow money at above the Bank of England's average annual interest rate of nearly 10%, Robertson's first steps were as a mortgage broker with Allied Dunbar, a notoriously commission-driven firm with a hard-edged culture to match.

As he says: "My feeling is you almost have to experience it to know how bad it is, or how bad it was perhaps. I had a branch manager whose idea of management was to get in about 10am, shout at eve-

ryone to hit their sales targets, go to the wine bar with the other branch managers, get back about 2:30pm, shout at anyone who had not hit their sales targets and disappear again about 4pm."

## ■ Eye-opener

He had initially joined the financial services industry after his own mortgage broker left him with an endowment but no mortgage (guess which one paid a commission) so his initial experiences were hardly inspiring.

What he had been through though was enough to show him the importance of investment advice for all, how this should be delivered and how he wanted clients to be looked after – and he sees no problem charging a client a fair price for a fair day's work.

## ■ Confronting the issue

This last point is a real stumbling block as – and he is not alone in this – Robertson is not able to come up with a business model that allows advice

to be given to everyone who needs it, saying the industry is partly to blame.

"I would like to be able to support that section of the market currently cut off from financial planning but it is so expensive to deliver in terms of professional indemnity, regulatory dealings, FSCS levies and so on.

"How do you build a sustainable model? The only ones I guess who could do it are supermarkets, or maybe the new banks. If these new banks can deliver honest, ethical, transparent, non sales-target driven advice then good luck to them."

## ■ Setting out his stall

After a succession of similar roles with similar organisations, he set up his first independent investment advice business, Capulet, in 1995. Clients could now get less than 7% – and falling – from the banks and building societies.

He could concentrate on dealing with clients the way he wanted to, rather than fit the mould of a larger organisation, and set up in effect what was a



blueprint for the Retail Distribution Review (RDR).

He set up Capulet with his former manager at RBS Financial Planning and it was his drive to set up a fee-based business that effectively saw him leave and set up Investment Quorum, now split almost evenly between advisory and discretionary clients.

"It [Capulet] did not really work as we had some competing views. I had the view that fee-based was the way to go he and was a bit more old school and did not see why he should defer earnings and take stuff on the drip and so on. Splitting up in 2000 was great as I could re-boot Investment Quorum into a predominantly fee-based business. It is not 100% fee-based as there is commission-offset but in the main it is very fee-based, recurring income, all about clients paying a fair price for a fair day's work.

"Our recurring fee is not

## **PA** BIOGRAPHY

Lee Robertson left the Navy in 1988 after eight years' service to start in financial services with a year at Allied Dunbar. He moved on to various roles with HPS Financial Services (1989-1991) and Royal Scottish Assurance (1991-1995) before setting up his first IFA firm, Capulet Financial Management, as joint managing director. He sold his shareholding in 2000 and formed Investment Quorum which now manages £110m of client assets. He is the firm's chief executive and chair of its investment committee.

**Investment Quorum – balanced portfolio composition**

Fund manager	Fund name	Original % hold	Current % hold	Historical Yield	1-year % perf	Est. Contrib.	Q'tile	3-year % perf	Est. Contrib.	Q'tile
M&G UK	Optimal Income	10	9.8	4.16	33.32	3.33	3	33.7	3.37	1
Cazenove Invest Fund Mgt	European	6	5.91	1.88	37.96	2.28	4	18.36	1.1	1
BlackRock	UK Absolute Alpha	5	4.77	0	9.44	0.47	3	19.93	1	2
Cazenove Invest Fund Mgt	Strategic Bond	5	4.83	4.78	26.71	1.34	3	16.83	0.84	1
Cazenove Invest Fund Mgt	UK Absolute Target	5	4.71	0	7.94	0.4	3	n/a	n/a	–
First State Investments UK	Asia Pacific Leaders	5	5.17	0.74	45.12	2.26	4	65.55	3.28	1
First State Investments UK	Gibl Emg Mkts Leaders	5	5.13	0.35	50.58	2.53	4	65	3.25	1
Invesco Perpetual Fd Mngrs	High Income	5	4.82	3.91	29.97	1.5	4	-4.29	-0.21	2
Investec Fund Mngrs (UK)	Enhanced Nat Resources	5	4.98	0.02	28.27	1.41	3	n/a	n/a	–
JP Morgan Asset Mgt UK	Natural Resources	5	5.32	0	80.46	4.02	1	38.34	1.92	1
M&G UK	Strategic Corporate Bond	5	4.88	3.36	24.24	1.21	3	35.38	1.77	1
Schroder UT Managers	Global Property Securities	5	5.14	1.59	66.84	3.34	1	-16.43	-0.82	1
Schroder UT Managers	Strategic Bond	5	4.79	3.81	8.61	0.43	4	11.18	0.56	2
Smith & Williamson Inv Mgt	North American	5	5.28	0.22	28.47	1.42	4	18.29	0.91	2
Threadneedle Inv Services	American	5	5.25	0	38.25	1.91	2	23.55	1.18	1
Jupiter Unit Trust Mngrs	Japan Income	4	4.4	2.05	22.45	0.9	2	6.01	0.24	1
M&G UK	Recovery	4	3.95	1.24	55.53	2.22	1	14.9	0.6	1
Capita Financial Managers	Lindsell Train UK Equity	3	3.14	2.63	56.85	1.71	1	8.27	0.25	1
Newton & BNY Mellon AM	UK Opportunities	3	3.02	2.73	33.91	1.02	4	7.69	0.23	1
Currency	£	5	4.71	n/a	0	0	–	0	0	–
<b>Total portfolio</b>		<b>100</b>	<b>100</b>	<b>n/a</b>	<b>30.38</b>	<b>–</b>	<b>–</b>	<b>n/a</b>	<b>–</b>	<b>–</b>
Selected Benchmark	FTSE All Share	–	–	–	54.06	–	–	-0.37	–	–

As at 30 Mar '10. Source: Investment Quorum

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commission. It is a specifically agreed AMC and that is the big difference. It comes directly from the client, it may be deducted from the platform but it is agreed with the client, which is the way forward.”

**■ Ahead of the game**

RDR will no doubt change the landscape in which Robertson operates but it is also the template for how Investment Quorum was set up in the first place so, as he repeats often, “we are pretty much there already”.

Robertson may only look after 20 of the firm’s 700 clients but he manages half of the total assets under management of £110m. He wears a number of hats, as chief executive running the business, the front-man dealing with accountants, solicitors and

tax advisers who support the firm, for which he is also the largest fee-earner.

He chairs the investment committee responsible for the management of eight model portfolios, three for growth, three for income – all risk-graded – one ethical and another absolute/total return.

“Predominantly we use long-only active funds but for tactical advantage we use exchange-traded funds. While we have none at the moment, we are not against funds of hedge funds either and have used them in the past.”

One product group he is not a huge fan of is structured products, saying that he feels investors should “tread warily” around them. For his client base – predominantly senior management in their mid-50s planning for retirement with

around £100,000 of investable assets and young professionals starting a well-paid career – he is more than happy with a long-only fund approach.

**■ Fund cull**

One issue he does have with this strategy is the sheer number of funds available and he would love to see some form of rationalisation, particularly at the life and pensions end where there are too many ‘me too’ funds that simply are not performing. His investment process culls thousands of funds down to 100, so his ideal universe would be closer to 100 than the 20,000 or so currently on offer.

Robertson may be a wealth manager – which he defines as an IFA with investment capabilities –

but financial planning is at the heart of what he does.

“Financial planning in the client’s context is the most important aspect. Some of the big problems have been where the bigger players have just been in this great dash for cash and grabbing assets without much context and planning while promising returns. If I show through the planning process that a client only needs 4% pa to reach their objectives, why would I put them in a riskier portfolio when they do not need to take the volatility?”

His mortgage-broking days may be a long way behind him, but with clients now getting virtually no return at all on their cash, a fee-based, straightforward, well-communicated investment proposition is just what investors and RDR are after.

