

The Wrap question

24 May 2011 by Richard Leeson, Sales & Marketing Director, Axa Wealth International

The market for financial services products is going through radical changes as we approach the implementation of the Retail Distribution Review.

Most life companies are working hard to ensure that they are able to operate with wrap providers in order to protect their long term business flows.

Whatever your personal views on wraps it seems likely that they will come to dominate the investment landscape. We are already in a situation where life companies can market their products through their competitor life companies' wrap solutions as well as marketing their investment management solutions through their competitors' products.

There is little evidence that this trend will change – the demand from the market is that clients should be able to choose any product with any investment fund on any wrap or platform they wish and all of this with real-time valuations.

The danger we face though is that in our efforts to provide all things to all men we lose sight of the customer's basic needs and therefore lose focus on providing effective investment solutions.

It is difficult to see how, going forward, an investment product can substantiate the charges needed to cater for discretionary asset management, wrap/platform costs, product costs and distribution costs and still deliver returns in line with client expectations. Advisers will need to take a critical look at each client to ascertain the added values of each element of the modern investment product rather than adopting a one size fits all solution.

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