

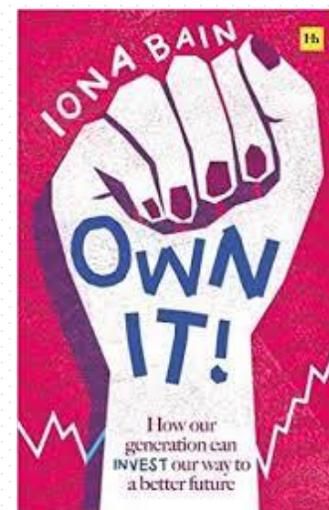


OWNING YOUR PLACE IN A 21st CENTURY ECONOMY

Iona Bain, Writer, Speaker, Broadcaster & Blogger Specialising In Young Finances, Young Money

Webinar

Friday, 22 January 2021, 12:00pm GMT



A WORD FROM TODAY'S CHAIRMAN



Professor Michael Mainelli

Executive Chairman

Z/Yen Group



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TODAY'S AGENDA



- 12:00 – 12:05 Chairman's Introduction
- 12:05 – 12:30 Keynote Address – Iona Bain
- 12:30 – 12:45 Questions & Answers

TODAY'S SPEAKERS



Iona Bain

Writer, Speaker, Broadcaster & Blogger Specialising In Young Finances

Young Money

AN OPENING POLL



According to research by the Chartered Insurance Institute in 2018, the average pension pot of a man at retirement (aged 65) in the UK is £179,000. How much is the average pension pot of a women at the same age in the UK?

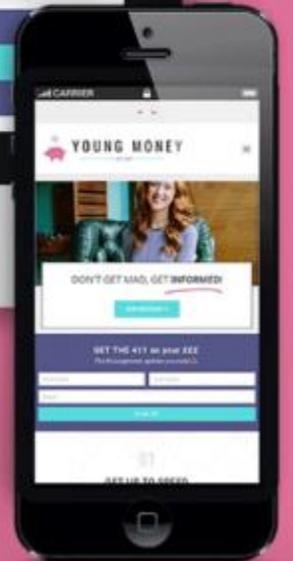
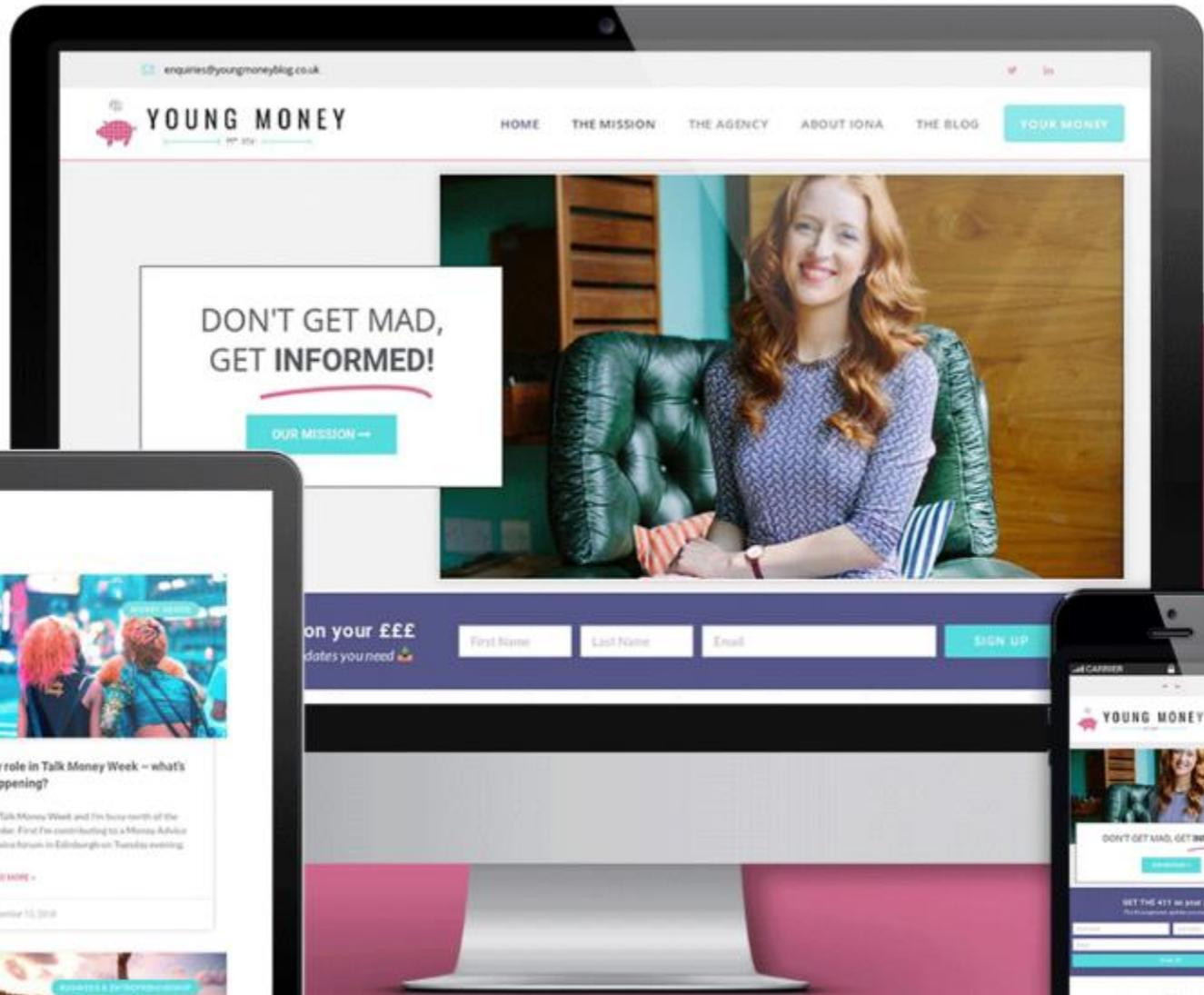
- a) £35,800
- b) £60,600
- c) £80,700
- d) £100, 780



YOUNG MONEY

EST. 2011

virtualstudio





Own It!

How our generation can invest our way to a better future

March 2021





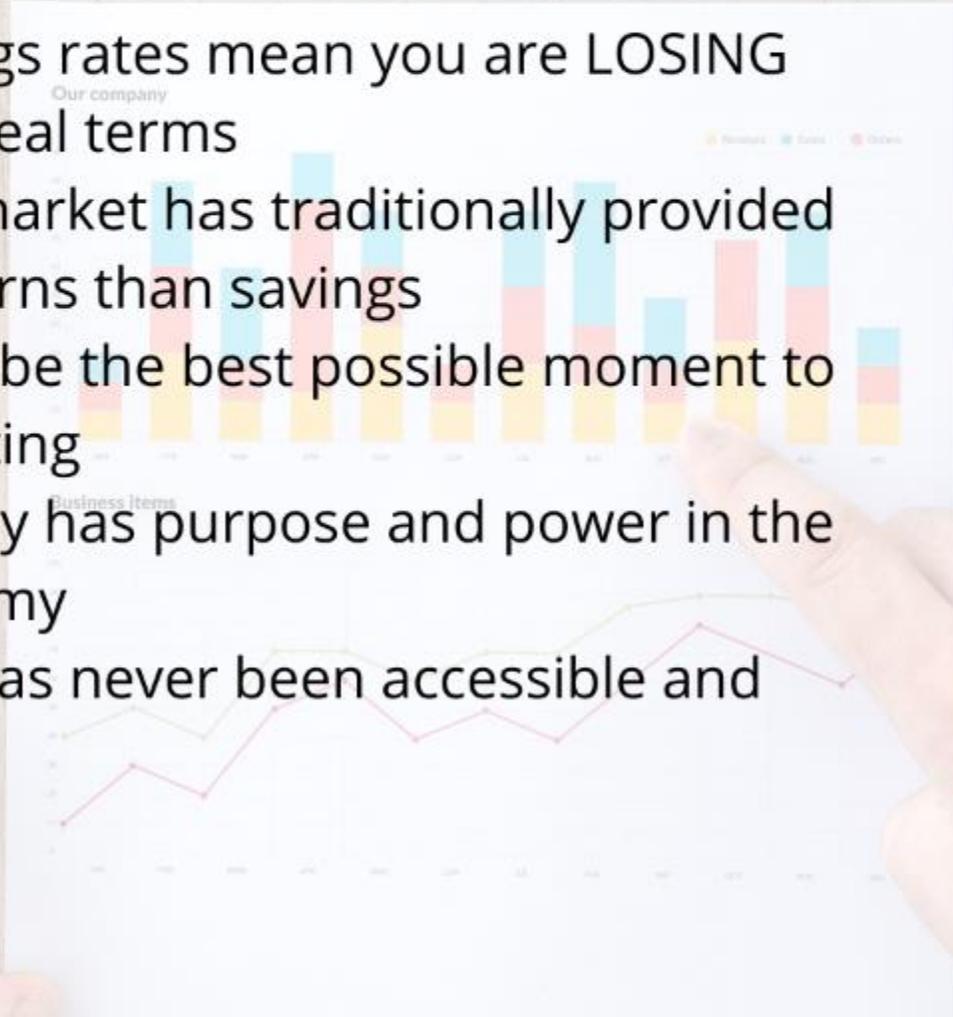
Post financial crash (2008)

- Tough jobs market
- Depressed earnings among school leavers & graduates
- Deteriorating property market
- Slashed interest rates, outpaced by inflation
- The rise of Q.E. pushing asset prices up

Sound familiar?

Why invest?

- Poor savings rates mean you are LOSING money in real terms
- The stockmarket has traditionally provided better returns than savings
- This might be the best possible moment to start investing
- Your money has purpose and power in the real economy
- Investing has never been accessible and egalitarian



To own or not to own?

- Buying should be a personal choice: it's your home, above all
- Renting is sometimes necessary and advisable
- Supply continues to outstrip demand, underpinning property values
- Ownership *tends* to create extra wealth through capital growth
- Buying allows you to pay down housing costs
- The longer you rent, the more you'll have to pay into your pension
- Avoid Help to Buy and shared ownership wherever possible



Woke-up call

- Research your pension fund's investments
- Clarify your deal-breakers
- Work out if it's a mastertrust, group personal pension or defined benefit pension
- Self-employed? Consider self-invested personal pensions or ethical options offered by the likes of Nutmeg alongside the Lifetime Isa
- Make your voice heard!





UK's advice gaps

Free advice gap: **20.8m** ↑

Affordable advice gap: **5.3m** ↓

Awareness and referral gap: **15.1m** ↓

Preventative advice gap: **20.4m** ↓

OpenMoney's UK Advice Gap Report, 2020

Young people lose thousands in trading 'scam' promoted by Instagram influencers

Mini-bond marketing to ordinary savers to be banned after string of scandals

Amateur investors 'lose £1bn' in northern powerhouse buy-to-let schemes



Only a goozybooboo would miss out on trading crypto

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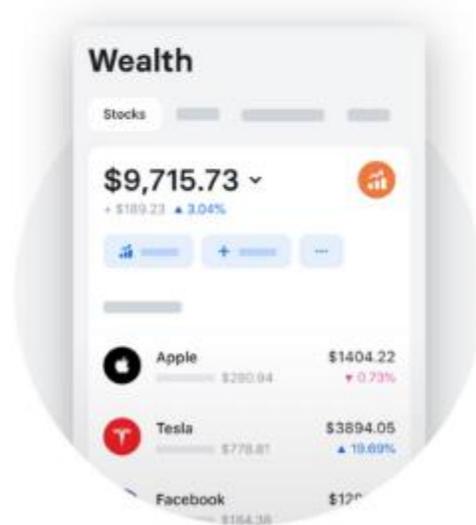


Freetrade @freetrade

This week's most popular buys

- ⚡ NIO \$NIO ↑
- ⚡ Tesla \$TSLA ↔
- 🛒 Amazon \$AMZN ↑
- ⚡ Xpeng \$XPEV NEW
- 👤 Boohoo \$BOO ↓
- 🍏 Apple \$AAPL ↓
- 🛒 Alibaba \$BABA NEW
- 🛒 Zoom \$ZM ←
- ☀️ Global Clean Energy \$INRG ←
- 📺 AO \$AO ↓

*based on total cash value. Capital at risk

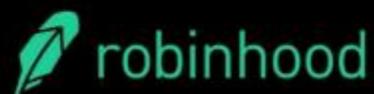


Clockwise from top left: eToro, Trading 212, Investr, Revolut and Freetrade (on Twitter)



*"How was a 20 year old with
no income able to get
assigned almost a million
dollars worth of leverage?"*

Alexander E. Kearns
2000 - 2020



A SECOND POLL



What factor do you think will drive the most interest in investing among millennials over the next decade?

- a) Bitcoin
- b) Technology stocks like the FAANGs
- c) Gold
- d) ESG
- e) low-cost ETFs

Opportunities...

- Low interest rates
- Long-term stock market potential
- The chance to 'build back better'
- The rise of ESG
- Robo 'advice'
- Greater competition in platform market
- Advent of 'free' trading
- Possibilities of the Lifetime Isa

and risks!

- Big tech bias
- Brand-led investing
- The crowd effect, amplified
- Short-term thinking
- Limited freemium models
- Gamified investing
- Cross-selling riskier products
- Hidden or poorly understood charges

How you can help



- Pensions tunnel vision
- Goal obsession
- Excessive focus on 'attitude to risk'
- Confusing branding disclaimers
- Death by a thousand regulatory cuts



- Choices and flexibility
- Need for shorter-term security
- Valid aspiration of home ownership
- Dangers of reckless conservatism





The Investing Journey begins...

ISA



Cash Isa OR
regular savings
account

Stocks and Shares Isa **AND/OR**

Available via most platforms & apps but CHECK!

Lifetime Isa (maximum £4000)

Only available via a few robo/platforms, including:

- Moneybox
- Hargreaves Lansdown
- AJ Bell
- The Share Centre

(Innovative Finance Isa)

Peer-to-Peer (P2P)
Crowdfunding

Workplace
pension

Pension



Private Pension

A portfolio overseen by a fund manager

OR

Self-invested Personal Pension

Your portfolio you assemble and manage yourself

A FINAL POLL



What tools or services will become the most effective at engaging millennial investors?

- a) Robo advisers
- b) Free trading apps
- c) Passive platforms like Vanguard
- d) Real-life advisers and wealth managers
- e) Online investment influencers

- Otherwise known as "digital wealth managers"
- Provide ready-made portfolios based on your appetite for risk and goals
- Mostly based on cheaper exchange traded funds
- Sometimes offer ethical and themed portfolios

✓
Relatively low cost, one-stop shop for time-poor, unconfident investors

✗
No substitute for real advice, limited choices & potential compared to elsewhere

- Typically app-first services
- Low fixed charges to trade a selection of stocks, exchange-traded funds and investment trusts
- Freemium model, may cross-sell riskier investments
- Emphasis on high-growth, US stocks

✓
User-friendly, cheap way to trade shares & build investing confidence

✗
Selective & slanted model that may encourage short-term, risky behaviour

Choosing your route...

Robo-advisers

'Free' trading apps

Investment platforms

- Otherwise known as DIY platforms or fund supermarkets
- Allows investors to build their own portfolios
- Offers huge universe of asset classes, funds, investment vehicles and portfolios
- Ability to trade in real-time

✓
Well-established, solid sector offering unrivalled access to the investment galaxy

✗
Huge variations in cost, tech & service, often come with high, opaque charges & complex portals

Passive

- Passive funds
- Exchange-traded funds

An INDEX

(i.e. a basket of comparative assets measuring their worth)



Active

- Mutual funds! ⚠️
- Investment trusts
- Individual assets

Shares

Income

Growth

Commodities

e.g. gold, silver

Bonds

- ⚠️ 1. Don't rely on 'best buy' lists
- 2. Watch out for charges
- 3. Managers have mandates: make sure they stick to them

Can they (or you) consistently beat the index?



DANGER DANGER

Big Tech bias

Buying 'brands you love'

Forex Trading

Derivatives

Bitcoin & other cryptos

Mini bonds

Schemes promising high returns
(above 5%)



The lessons of FIRE...

"I don't think we should all be aiming to retire at 40 – that's an unnecessary and pressurising target. Besides, studies have shown humans have an innate need for work that solves real problems or moves society forward.[1]"

What we can do is think much more deeply about what we want out of life, and whether early investing can help us achieve it. That's gotta be worth something, right?"

[1] Jean-Philippe Deranty, 'Work is a fundamental part of being human. Robots won't stop us doing it', The Conversation (9 December 2019).

SEVEN GOLDEN RULES

*"You can either plod on, overworked and underpaid, waiting for others to make things better for you. Or you can take charge of your long-term money and decide your own destiny...
YOU CAN OWN IT!"*

1. **Diversify!**
2. **Invest for the long-term**
3. **Drip-feed your money**
4. **Don't follow the crowd**
5. **Trade less, not more**
6. **Be cool** 😎
7. **If it's too good to be true...**

QUESTIONS AND ANSWERS





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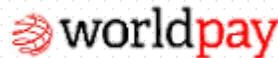
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THANK YOU FOR LISTENING



Forthcoming Events

- Wednesday 27 Jan (14:00) Passion & Purpose – What EU Insurance Mutuals & Cooperatives Have Been Doing Well During Covid-19
- Thursday 28 Jan (10:30) ESOP Centre Webclave
- Friday 29 Jan (16:30) Fully Grown: Why A Stagnant Economy Is A Sign Of Success
- Wednesday 03 Feb (11:00) ESOP Sofa

Visit <https://fsclub.zyen.com/events/forthcoming-events/>