THE DISCOVERY PROCESS

Russell Investments

Elevate your discovery process and win great clients

Curiosity is the key

Leading global investment solutions partner

Dedicated to improving people's financial security

Diversified, industry-leading solutions provider

#3
OCIO globally[1]

#2
retail model provider[2]

#5
advisor globally[3]

Only scaled independent global investment solutions firm

$437.3b
assets under management[4]

$3.3t+
assets traded[5]

+$10.9b
2019F Net USD Flows[6]

Longstanding global platform

84
years in business

51
Years in institutional consulting / manager research

41 / 34
years in EMEA / APAC

35
Years providing multi-asset retail model portfolios

Innovative client-centric heritage, fiduciary mindset and highly experienced team

32
countries in which we serve clients

93%
very satisfied or satisfied client rating[7]

A / A+
UNPRI ESG Ratings

~30
years average executive industry experience

/1 Source: Pensions & Investments, "Special report: Outsourcing Managers", Issue date: June 24, 2019. Available at: https://www.pionline.com/specialreports/outsourcing-managers https://researchcenter.pionline.com/rankings/outsourcing-manager/datatable /2 Based on total assets out of 27 providers. Strategists surveyed during 4Q 2018 were asked to provide estimated asset levels in models for accounts into which they had visibility. Source: Exhibit 2.02 Top-10 Providers of Model Portfolios, The Cerulli Report—U.S. Asset Allocation Model Portfolios 2018. /3 Source: Pensions & Investments, "Investment Consultants Directory: 2019". Available at: https://researchcenter.pionline.com/rankings/consultant/datatable. /4 As of 12/19. /5 As of 12/18. /6 Actual through to 9/19. /7 Refer to appendix '2019 Chatham Partners Client Satisfaction Survey'. All other data as of 1/20. All figures stated in AUD

Helping Advisers

SECTOR FUNDS

MULTI-ASSET FUNDS

EXCHANGE TRADED FUNDS

REAL RETURN FUNDS

MANAGED ACCOUNTS

WEALTH & SUPER SERIES

Premium investment solutions

Delivering real value, managing risk and gaining new sources of return—the best ideas from around the globe.

Premium business solutions

By focussing on what truly matters to your clients, we can help you transform and grow your business.

PORTFOLIO STRATEGY DESK

PRACTICE MANAGEMENT

INVESTMENT INSIGHTS

INTERACTIVE TOOLS

BUSINESS RESOURCES

CLIENT MATERIALS

Agenda

WHY Discovery matters—especially in today's environment

WHAT Foundations of a true discovery process

HOW Implementing your own discovery process for new and existing clients

Why discovery matters—especially in today's environment

> “*The voyage of Discovery is not*
> *in seeking new landscapes*
> *but in* ***seeing through new eyes.***”

-Marcel Proust

Who do we trust?

And why?

Gives me options; lets me choose

Acts like a real person

Offers a fresh perspective

Is consistent & reliable

Helps me think things through. Calmly.

Doesn't force things on me

Seems to intuitively understand me

Remembers everything I say (without notes!)

Source: Adapted from David H. Maister, Charles H. Green, Robert M. Galford. "The Trusted Advisor." Free Press, 2000. pp. 4-5.

Why discovery matters—especially in today's environment

CLIENT EXPECTATIONS

ECONOMICS OF YOUR BUSINESS

MARKET ENVIRONMENT

REGULATORY SCRUTINY

COMPETITIVE LANDSCAPE

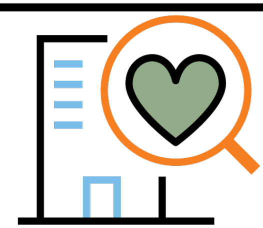
Effective discovery—understanding clients' goals, circumstances, preferences—leads to better outcomes for your clients, and for you.

What does it all mean?

Discovery is **not** about

- Performance
- # of calls/meeting per year
- Products you sell
- Standard KYC questionnaires
- Hearing

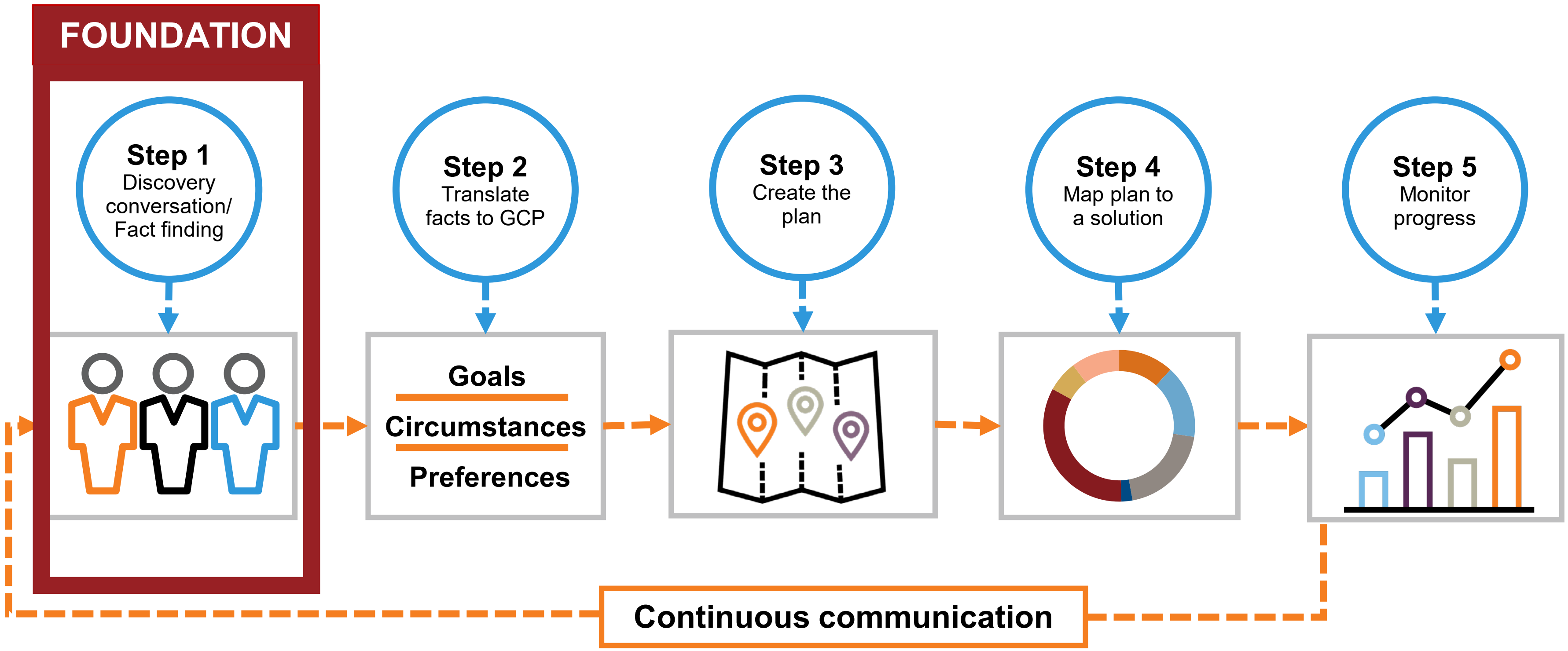
Discovery **is** about TRUST



- Emotional connection
- Authentic curiosity
- Genuine desire to know more
- Listening

Discovery is the foundation of client centricity

Elevating the client journey



For illustrative purposes only

Quantitative vs Qualitative

Data Gathering vs Discovery

Image sources: Google images

Discovery now a legal obligation

FASEA Standard 2: You must act with integrity and in the best interests of each of your clients

Explanatory statement regarding **Integrity**:

“It is important to review your processes and client fact find to help you identify:

- The gaps in the information your client has provided – what is not being said or disclosed by your client

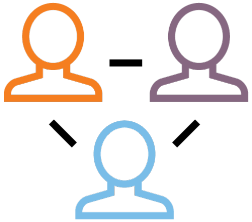
How can I do it effectively?

Putting a client-centered process into action

PREPARE

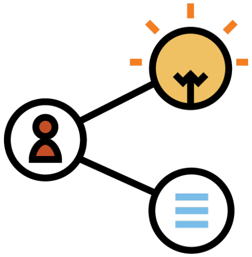
- Do your research

ENGAGE



- Be curious, creative
- Stop talking, start listening

DEBRIEF

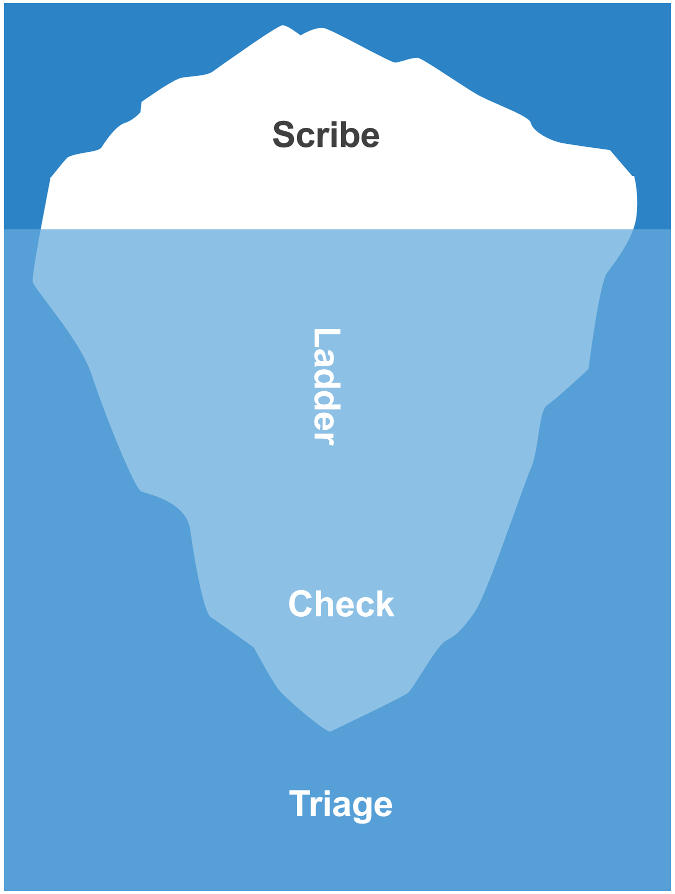


- Connect recommendations to client's WHY
- Keep listening, deliver reliably

Source of image: https://jeffbelkora.com

Client discovery

Re-fact each client



“Tell me your story”

“We realise that as our clients move through different stages of life, their needs and goals change. Would you mind if I get your help in crafting a better image of your vision for the goals you’re looking to achieve?”

“We are hearing more and more from our clients that they want to get crystal clear on the things they would like to accomplish and have a road map to get there.”

Source: The Journal of Wealth Management, Evaluating Client Discovery Interviews at a Financial Advisory Firm by Jeff Belkora, PhD 2015

Why have a discovery process?

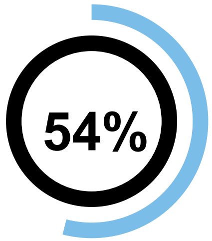
"Researchers have found **SLCT/Discovery** to be associated with increased disclosure of **patient/client** questions and concerns, increased **patient/client** self-efficacy about making decisions collaboratively with **physicians/advisers**, reduced **patient/client** anxiety and distress, and increased satisfaction."

Source: The Journal of Wealth Management, Evaluating Client Discovery Interviews at a Financial Advisory Firm by Jeff Belkora, PhD 2015

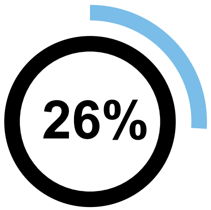
Often we don't know what clients want

Because we aren't listening enough

Typical client "discovery" conversation



ADVISER talked 54% of the time



ADVISER asked questions in 26% of exchanges

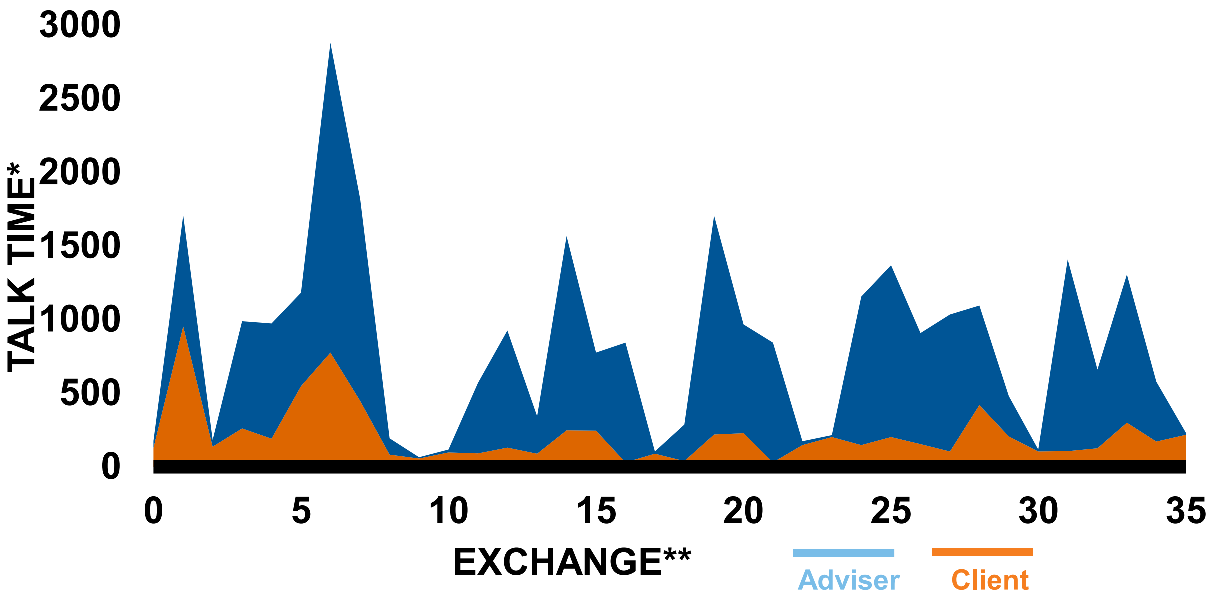
1,213 words

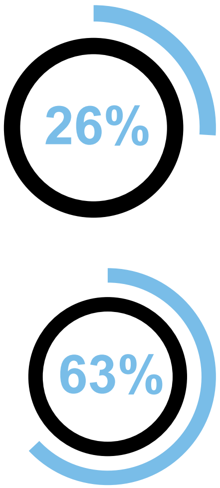
Source: SLCT—A process for initiating critical reflection, by Jeff Belkora, PhD. Jeffbelkora.com, 2015
*Talk time is measured by the number of characters in the transcript per exchange.
**Each conversation is considered an exchange.

A better discovery experience

The business case for active listening

A better client discovery conversation





ADVISER
talked 26% of the time

ADVISER
asked questions in 63% of exchanges

4,286 words

Source: SLCT—A process for initiating critical reflection, by Jeff Belkora, PhD. Jeffbelkora.com, 2015
*Talk time is measured by the number of characters in the transcript per exchange.
**Each conversation is considered an exchange.

Listen

The 3 elements of active listening

1

Express interest in the speaker's message by displaying nonverbal involvement in the form of back channelling.

2

Refrain from judgment and paraphrase the speaker's message (e.g., “what I'm hearing you say is …”;

3

Ask questions to encourage the speaker to elaborate on his or her beliefs or feelings

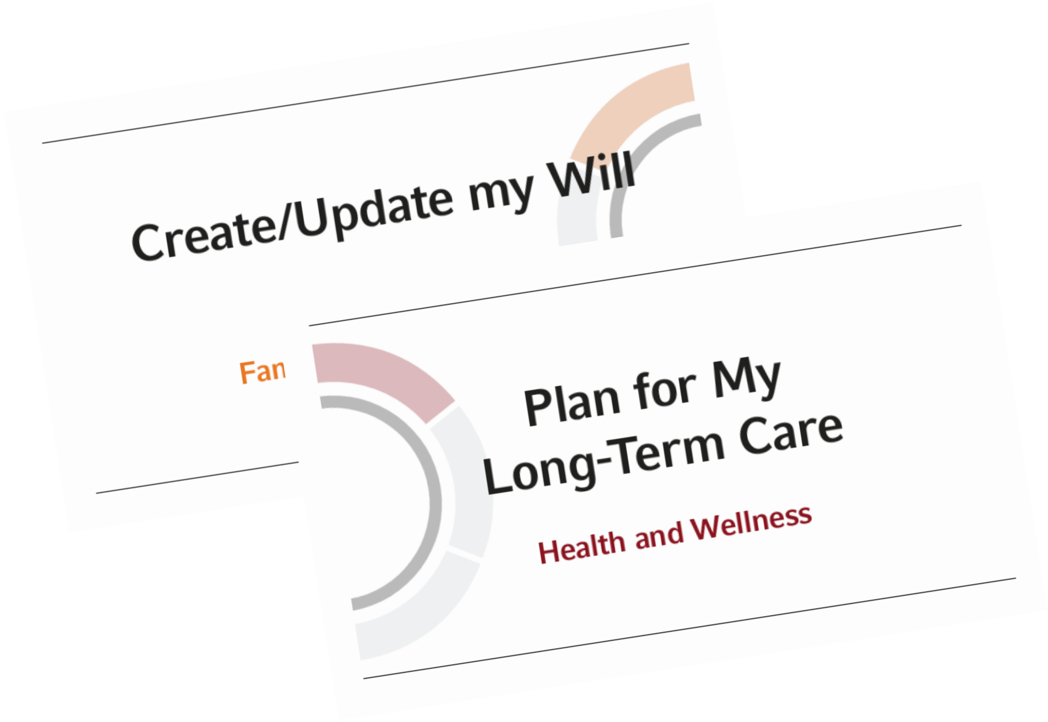
Source: https://www.tandfonline.com/doi/full/10.1080/10904018.2013.813234

Discovery Cards

Introduce the Wealth Wellness Wheel

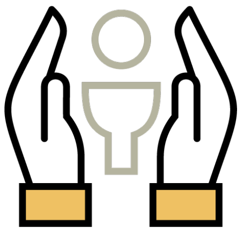
Introduce Discovery Cards

Engage clients, uncover hidden assets, close new business

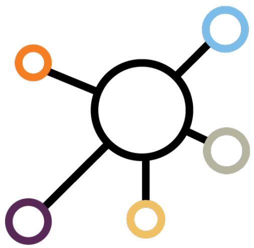


Engage everyone in the meeting

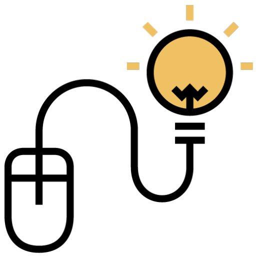
Make it fun!



Create an open and safe environment



Inclusive and interactive



Be creative

Using the cards

A. Sort the cards into stacks: important to you today; not important to you today and not applicable. Remove any cards/categories that do not apply i.e. client does not own and never will own their business

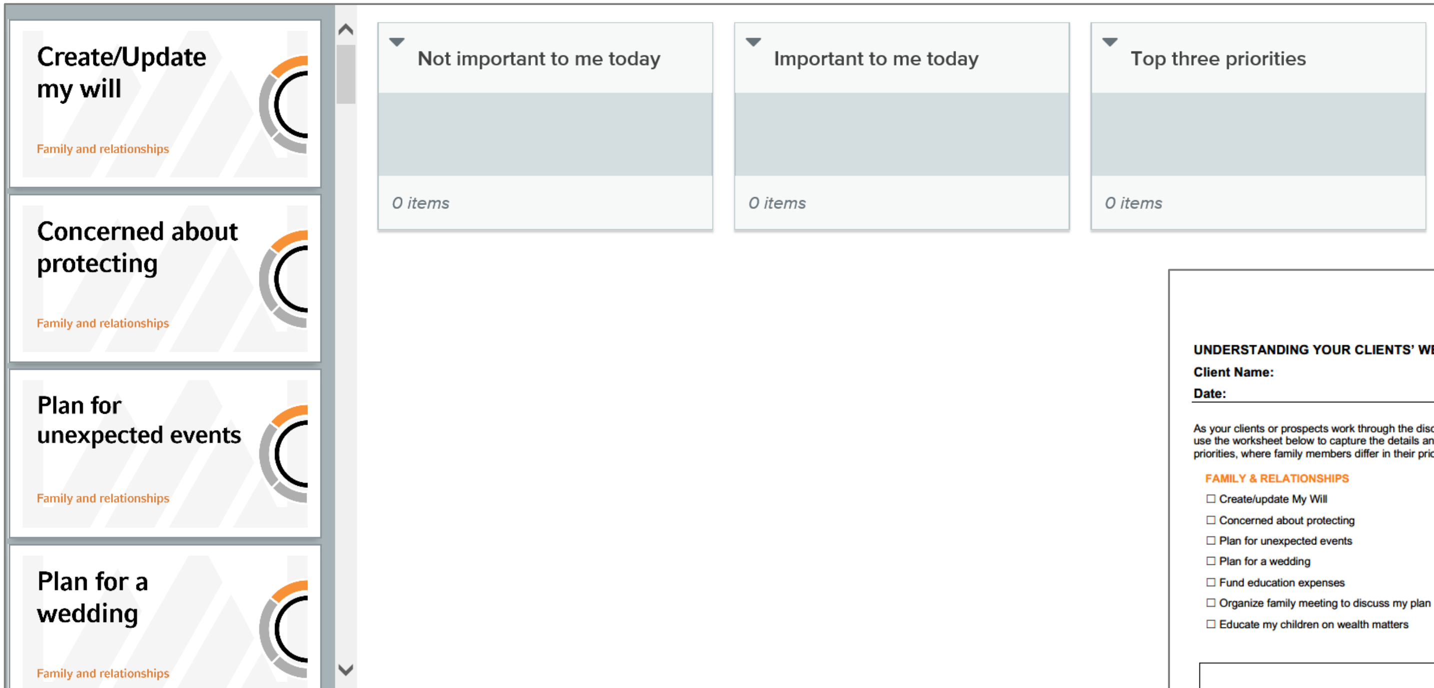
B. Once you have the important cards, ask the client to prioritise each card and discuss potential implications of order i.e., do you believe certain ones need to be prioritised first over others

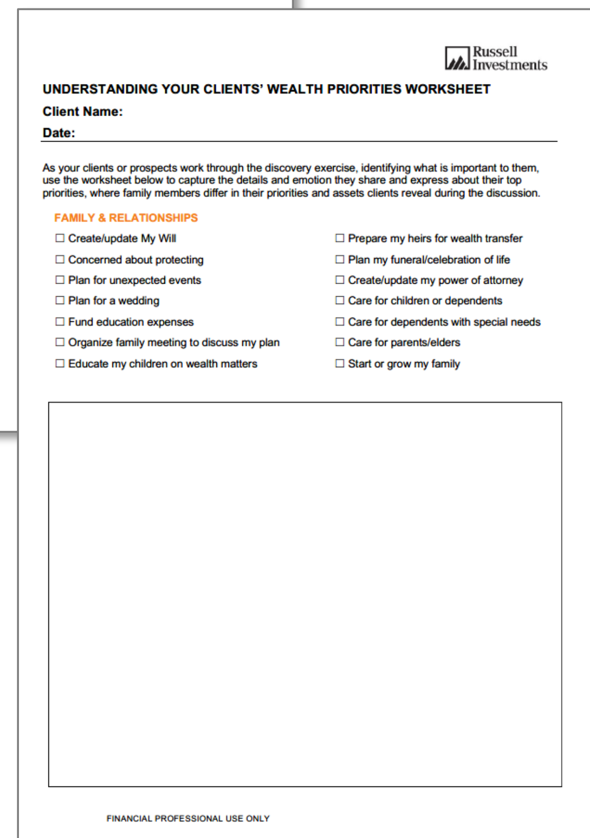
C. Use these five questions to explore the priorities further:

Time to Ladder and Scribe!

i. What does this mean to you?
ii. What are you doing or not doing that makes this a priority?
iii. What does having this addressed look like to you?
iv. What will this help you achieve?
v. Why is this important to you?

Step 1 - Open the Virtual Discovery Cards





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UNDERSTANDING YOUR CLIENTS' WEALTH PRIORITIES WORKSHEET

Client Name:

Date:

As your clients or prospects work through the discovery exercise, identifying what is important to them, use the worksheet below to capture the details and emotion they share and express about their top priorities, where family members differ in their priorities and assets clients reveal during the discussion.

FAMILY & RELATIONSHIPS

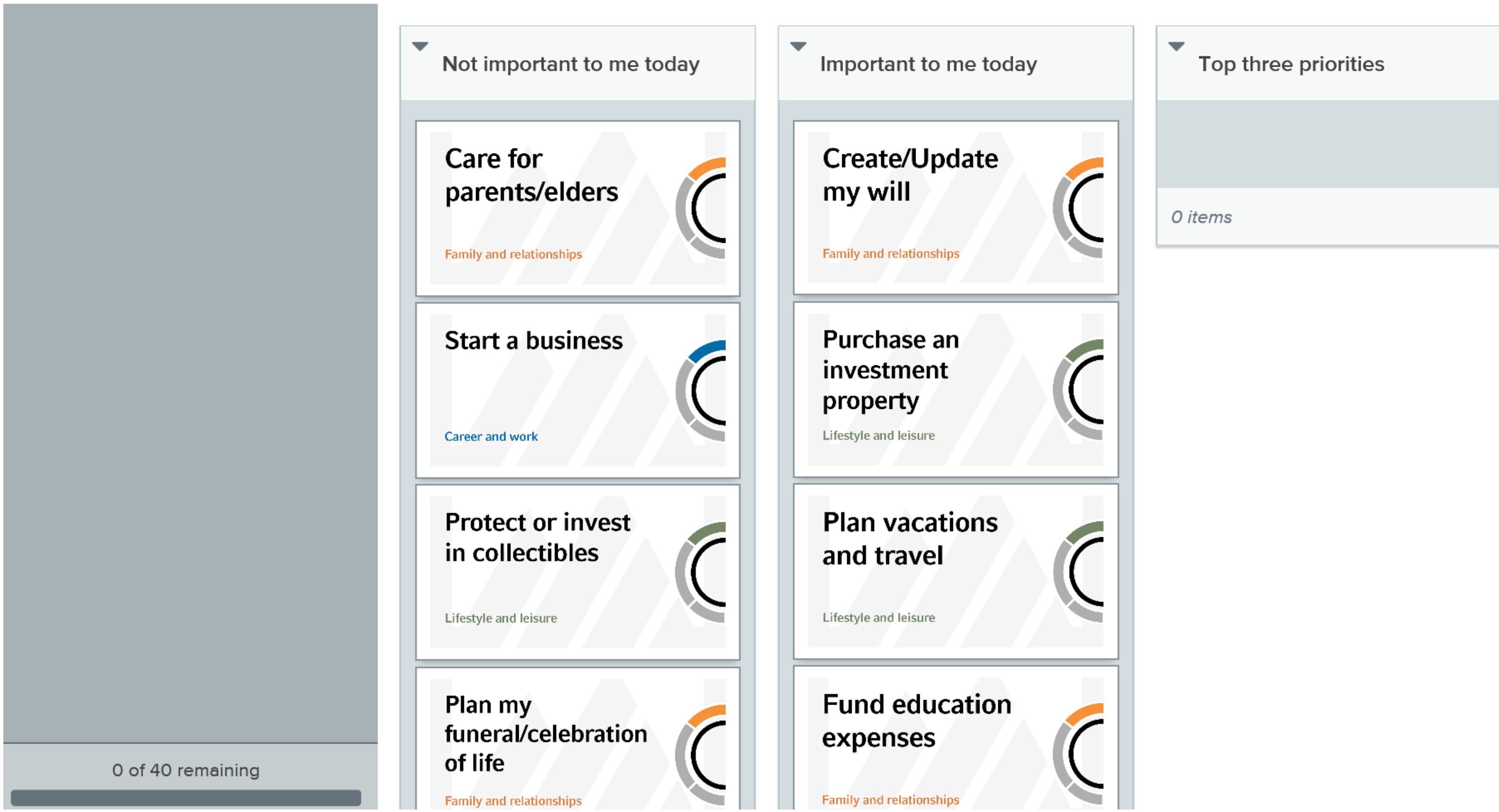
- ☐ Create/update My Will
- ☐ Concerned about protecting
- ☐ Plan for unexpected events
- ☐ Plan for a wedding
- ☐ Fund education expenses
- ☐ Organize family meeting to discuss my plan
- ☐ Educate my children on wealth matters
- ☐ Prepare my heirs for wealth transfer
- ☐ Plan my funeral/celebration of life
- ☐ Create/update my power of attorney
- ☐ Care for children or dependents
- ☐ Care for dependents with special needs
- ☐ Care for parents/elders
- ☐ Start or grow my family

FINANCIAL PROFESSIONAL USE ONLY

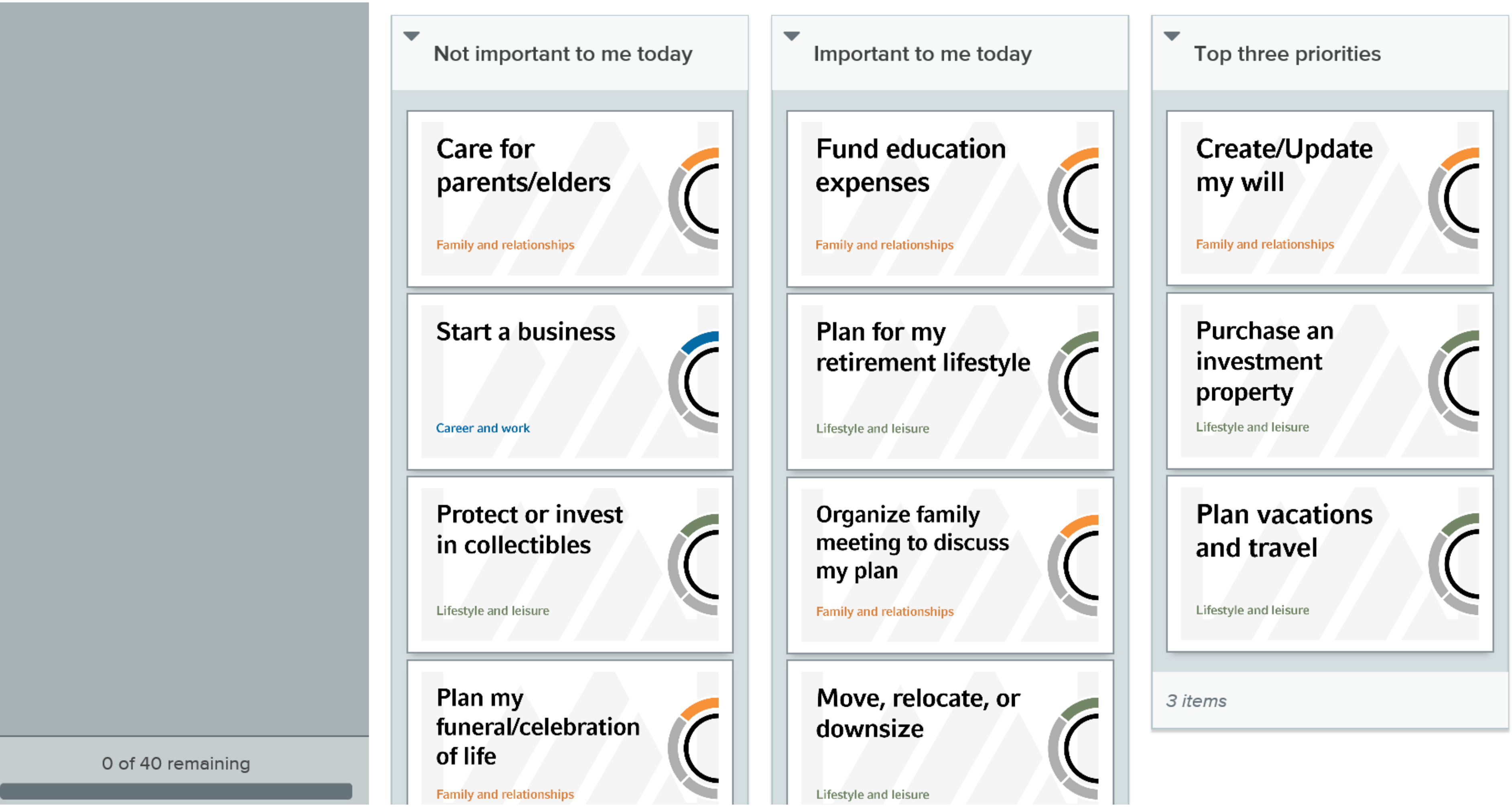
Use in a video conferencing meeting – share browser screen and talk through the sorting process

Use our Worksheet to capture the Important slides and any discussion on why or why not different things resonate with the client.

Step 2 – Sort Cards into Important and Not Important



Step 3 – Identify the top three priorities



Further discovery opportunities

Couples or families

- Each person should do their own card sort
- Look for opportunities of overlap
- Understand conflict or differences in results
- Facilitate discussion to build trust and deepen relationship

Deepen discovery

- Spend more time discussing Top Three Priorities and Scribe
  - Invite the client to talk more
  - Ask open questions:
    - What are the challenges to achieving these?
    - What scares you about this?
    - Do other family members need to be involved?

Most Selected Cards

Be your client's champion

Deep discovery

An inclusive, robust and fun discovery process can create a memorable and elevated client experience

Adviser Super Powers

Source of photo: yogysic/Getty Images https://science.howstuffworks.com/science-vs-myth/everyday-myths/can-humans-have-super-powers.htm https://www.youtube.com/watch?v=dK9nnMeQkH8 Please see Important information section for relevant disclsimers regarding this video.

We are here to help

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Thank you.

Key learnings and next steps

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