The financial adviser helping the super-rich get richer

If you've got £3 million to spare this exclusive service can manage your investments —and make sure that your kids don't go wild on designer gear

Ross Elder and Kamila Samin

GREY HUTTON

Lucy Alderson Sunday September 24 2023, 12.01am, The Sunday Times

It's 9am, and I'm standing outside a lofty Victorian building minutes away from Victoria station in London. It used to be home to Frederick Edwin Smith, the lord high chancellor in 1919, and now houses Lincoln Private Investment Office — an independent wealth management firm to the super rich.

I'm here to shadow Kamila Samin, an adviser at the firm, to see what it's like giving advice to the uber wealthy.

I ring the bell and am buzzed in by the receptionist. I walk through the high-ceilinged lobby with its black and white chequered flooring, past a sweeping staircase, and head down to the basement, where the main offices are. Samin is waiting for me, with a cup of tea.

She's 27, and has been at the firm for 18 months. Before that she spent five years at Barclays managing the affairs of financiers and entrepreneurs. She runs me through her diary, and it's packed.

She has two big meetings with clients today to discuss how their investment portfolios are performing. Later in the week she's going to a breakfast discussion about investing in nuclear power. Her calendar is also full of coffees and lunches with prospective and existing clients. It's a pretty standard week, she tells me — although sometimes, she'll swap a coffee with a client for a tennis match.

It's hectic, but Samin wouldn't have it any other way. "I love nothing more than knowing my week ahead is packed with meetings," she said.

She's busy prepping for a meeting with one of her clients, making notes in her expensive-looking black notebook with perfectly manicured nude-coloured fingernails. "That's what makes me get out of bed in the morning."

The role of a high-net-worth financial adviser has become increasingly important as families try to maintain their wealth in a tough economic environment of high interest rates and inflation.

The number of ultra-high net worth individuals in the UK — defined as those with wealth of more than £24 million in liquid assets, property or securities — shrank 8.6 per cent from 23,347 in 2021 to 21,342 last year, according to the Wealth Report from the property consultancy Knight Frank.

That's where companies like Lincoln Private Investment Office step in. The firm mainly offers investment management services and has more than 200 clients on its books.

To walk through the doors you have to have an impressive balance sheet: the firm only takes on clients who are able to invest at least £3 million, and who have total assets worth £10 million or more.

"Most of our clients have families, so we manage their other halves, children, and grandchildren's money," Samin said. "Children will even come to some of the meetings I have with clients."

When the client's children turn 18, Samin often starts advising them individually on how to manage their portfolios. "As the children get older, they will start to feel empowered over what their portfolio looks like, and if it aligns with their objectives," she said.

Most of Samin's clients are high-flying business owners or those who work, or have worked, in finance. "They tend to have an interest in investment management. Typically, they want to understand how their portfolios are performing, and want to be close to the action."

Samin doesn't just handle investments. She helps with anything that concerns her clients' finances, from reviewing their pension pots, to setting up an Isa and checking that wills are up to date.

So, what are the biggest money worries of the super rich? “I think people are concerned about the rising cost off debt, and mortgage rates play a part in this,” she said. “One client came off their fixed-rate three or four weeks ago, and the interest rate doubled on that mortgage. We’ve therefore used the liquid portfolio that he has with us to put towards those higher mortgage repayments.

“Our view is that when the cost of debt and mortgages are increasing, it doesn’t make sense to keep hold of that debt. I imagine we’ll be seeing more conversations where clients want to use a proportion of their capital to service debts.”

Higher private school fees are another concern, she said, as well as being able to afford property for the children and grandchildren.

It’s nearly 11am, and Samin heads over to collect a client who has come to the office to discuss how his investment portfolio is performing. He is a successful businessman with an expensive-looking tan — the sort that can only be achieved from spending the summer on a yacht. She shakes his hand and directs him into a meeting room, where a summary of his balance sheet, printed on thick paper, and a black coffee awaits him.

Samin asks after his wife, who is a successful lawyer, and how his business is going. Once they’ve exchanged small talk (he spent the summer in France), she runs through his and his family’s balance sheet. He tells Samin he has only 45 minutes before he needs to rush off for meetings in the City.

Samin said that his two children's Junior Isas both have roughly £35,000 in them. When the children turn 18 in a few years, she will start educating them about how to handle their money. Her client makes a joke about how Samin can help him stop them from spending it all on shoes, clothes and bags.

Next on the agenda are his wife's finances. She is risk-averse with her money, and wants a safe investment, so plans to grow her investments in government gilts to £2 million. He is willing to take more risks — he has already made three times his money back on an investment in a uranium fund, and wishes he had piled even more money into it.

He takes a look at his watch, downs the rest of his coffee, and thanks Samin for her time, dashing out of the office.

It's obvious Samin has a big job managing such large sums — and expectations — and I wonder what the most stressful part of her role is. "When markets aren't behaving how we want them to, it's hard not to take that home and think about it," she said. "You want to make sure your clients are comforted.

"During the pandemic, it was very stressful when the market was falling down and clients were feeling very uncomfortable, or started to panic. You start to see a new side to a client you haven't seen before."

Having a Samin in your life is undoubtedly helpful, but it comes with a price tag. Lincoln Investment charges annual fees, depending on how much money clients have — the more you invest the cheaper it is.

There are five tiers. You will pay 1.25 per cent on the first £500,000, 1 per cent for the next £2 million, 0.75 per cent for the next £2.5 million, 0.5 per cent for the next £5 million, and 0.35 per cent thereafter. If you invest the minimum amount, which is £3 million, then you'll pay £30,000 a year in fees.

Clients looking for alternative investments — those that aren't stocks, bonds or cash — will be charged a separate advisory fee for every investment they choose to go ahead with. These fees can be up to 0.6 per cent of the amount invested but vary from investment to investment. There's also an upfront advisory fee of up to 1.5 per cent, which is a one-off fee for access to funds and also covers the checks and due diligence that Lincoln completes on behalf of clients.

She said she gives out three golden nuggets of advice to every client who walks through the door: invest your money, ensure your family assets are diversified, and use your annual allowances wherever possible.

"I encourage all my clients to diversify and ensure they are not over-exposed to a sector or asset, which should reduce risk," she said. "Isa and pension allowances are excellent tools to ensure that your assets are as tax-efficient as possible."

Samin needs to head off to another meeting, so I say goodbye and make my way up the winding staircase. I leave with the feeling that maybe the super rich aren't so different from the rest of us. They too worry about mortgage rates, inflation, and whether their children are spending too much on handbags. They just have more money to play with.

'Your ISAs could grow to £3 million'

So, you have £1 million. Here's what to do with it.

There are more than 2.56 million millionaires in the UK, according to UBS.

If you fall into this camp, then you'll want to do all you can to protect your wealth, and make it work hard for you.

Ross Elder, a managing partner at the wealth manager Lincoln Private Investment Office, said: "The first thing to do is work out what your goals are. Then, get your wealth invested.

"It's a difficult thing to do, as it never feels like the right time, but all the evidence suggests that time in the market is one of the biggest elements to achieving your goals. You can do this directly yourself using an investment platform or by finding a trusted adviser. Investing your money is key, as inflation will eat away at the value of your money, and over time, you won't be able to buy as much with it.

"If you have children, there's a Junior Isa allowance which is £9,000 per tax year. It seems a small amount compared to your overall wealth, but if you do that every year for all your children (bearing in mind returns are free from income tax and capital gains tax), it will grow at a compound rate, and when they turn 18 that could turn into a significant amount of wealth that could be put towards a deposit on a house. Over 18 years, growing at 5 per cent, it could be worth £265,851.

"Remember your £20,000 Isa allowance. Over 30 years, that could grow to be £1,395,116, at 5 per cent each year. It may seem minor, but it's very important to do this, as that could total nearly £3 million for a married couple.

"We think that people should keep at least two years' worth of spending in cash, but some people will feel much more comfortable keeping more than that.

"Look at your pension. In previous generations, people will be in one job for a very long time. It's now more likely that workers move around more regularly and may not keep track of their pension pot.

"A good option could be moving your pension into a self-invested personal pension (Sipp) —you will then know where all your pensions are, you are clear on costs and charges and, most importantly, it is being managed by you or a financial adviser."