

# Profile: Austyn Smith Associates: Why we take a cautious approach to managing client portfolios

By **Amanda Newman Smith** | 9th August 2018

**As a goals-based life planner who runs client portfolios to protect on the downside, the term “cautious optimism” seems made for Austyn Smith. However, the phrase does not do justice to the managing director of Austyn Smith Associates. It does not convey his belief that life is for living and using your money to do what makes you happy, while at the same time being able to adapt if things do not pan out as you would like.**

To understand Smith’s approach to client portfolios you need to understand a bit about the way he thinks. This is a man who quit his job during the 1990s recession to travel to the Himalayas for some much-needed time out, yet also saved £20,000 before starting his own business in 1996 – just in case it did not work out.

“I’m interested in psychology; I’ve always been fascinated by the psychology of money,” says Smith. “It’s great when you have it, but when you don’t, it can make you ill. People always argue or worry about money – and that can lead to relationships breaking down. When you’ve got it, you don’t want to lose it. I want to smooth out those issues for clients.”

Smith says that when someone loses a lot of money as a result of stock market falls, you could tell them “don’t worry, it will go back up again”. But that doesn’t recognise the negative impact that such things can have upon people’s confidence, relationships and health. Smith believes



it’s the adviser’s job to protect them and preserve their confidence in advice. “It’s never been about how much we’re going to make this year. It’s all about lifestyle – the things clients need money for in retirement,” he says.

Smith specialises in retirement planning and although he is a firm believer in making money during the accumulation stage he prefers to “press the pause button” for clients at the point of retirement, then decide where to go from there. “If we tweak the risk dial it affects the future, but you need to go through that pause first and get the client focused on their goals,” he says.

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**In 2007, before the full extent of the financial crisis became clear, Smith pulled his clients out of the markets into cash. "Some people said I was nuts, but all I knew was that a few things didn't look right. I was saying: 'I haven't got a clue what, but something's going on behind the scenes; is it okay to go a bit more defensive?' So that's what we did. You have to adapt to what's going on around you. We're now known for being a bit more cautious than the mainstream and being adaptive."**



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So where does this cautious stance come from? One factor seems to be Smith's experience of the 1990s recession. "I think that affected more people than the 2007/08 crisis. So many people lost their jobs and it made me think that if you're looking after other people's money, you need to build in buffers and not be so gung-ho about it."

Smith also believes it is partly the result of having to get through some difficult personal experiences – his parents divorced when he was young and his sister passed away in 2015 after losing a battle with alcohol addiction.

"They say what doesn't kill you makes you stronger," says Smith. "I am optimistic about life but it can throw you curve balls."

When he was younger, Smith's ideal job would have been an archaeologist, as he loved history and geography. However, his introduction to financial services came at an early age. His father was a regional manager for Royal Insurance and his



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### **The 1990s recession made me think I had to build in buffers and be less gung-ho when looking after other people's money**

stepfather was in financial planning, so from the age of 13 Smith helped out in the school holidays and was soon buying penny shares.

Kicking off his financial services career in banking and witnessing the Black Monday stock market crash of 1987, three years later Smith resigned from his job in eurobonds at SG Warburg to take time out and reassess what he wanted from life. "A friend of mine had come back from the Himalayas and I thought 'I want to do that'. Most of my friends thought I was nuts; it was the 1990s recession and they were trying to get jobs while I was leaving mine. When I was away I wrote a diary about what I wanted to do and what I didn't want to do – that's when my career rebooted," he says.

Smith spent a few years at Scottish Equitable before moving to self-invested pension specialist Pinton York. Then in 1996 he decided to set up his own IFA business. That firm, Austyn James Consulting, was 70 per cent owned by Smith and 30 per cent owned by an accountancy firm he knew.

By 2003, Smith wanted to specialise in retirement planning, but the accountancy firm was referring mortgage and protection business to him. They decided to go their separate ways, with Smith buying out the accountancy firm.

In 2010, Smith was approached by a bigger firm that wanted to acquire his business, taking him on board as part of the deal. After initially resisting he then agreed – however, he describes the move as "feeling as if I'd gone down a dead end".

"All my clients were fine, but I was not," he says. "I knew the terms of my contract and that I was going to be in the wilderness for a while. I resigned and during my enforced sabbatical I did a lot of soul searching. My sister passed away just as I was thinking about whether to get a job with an IFA or start my own business again from scratch." Smith established Austyn Smith Associates and is now preparing to launch his digital advice proposition, Money Chef, later this year. He has worked hard to make his main office in Beaconsfield, Buckinghamshire, a calm environment for clients.

"It's an oasis of calm and that's what I want it to be; a thinking environment," he says. "It's an old Georgian town house in the high street. We have three meeting rooms

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**It's all about lifestyle, the things clients need money for in retirement**

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and we ask clients which one they prefer. We have a formal boardroom, a hotel lounge room with sofas and armchairs, and my favourite is the kitchen table room. We have that because most small businesses start at a kitchen table.” ■



## CV Austyn Smith

### 2014-present

Managing director, Austyn Smith Associates

### 1996-2014

Chief executive, Austyn James Consulting

### 1993-1996

Senior consultant, Pointon York

### 1991-1993

Broker consultant, Scottish Equitable

### 1987-1990

Junior, eurobond trading, SG Warburg

## About Austyn Smith

Austyn Smith is a leading advocate of the 'risk managed' approach and 'all weather' investing, and has been featured as a Citywire 'Cover Star' in 2010, 2013 and 2017.

Following his work on risk reduction strategies, in 2011 he was recognized by Citywire Wealth Manager magazine as 'Being in a position of some influence among your peer group, and likely to take a leading role in setting the investment agenda for UK Private Client managers.'

Austyn has recently contributed to leading publications by Citywire, and the Institute of Directors, and over the years has been quoted in the Sunday Times, Mail on Sunday, The Independent, and Bloomberg Markets.

With over 25 years wealth management experience, Austyn lives with his wife and children, Black Labrador and Springer, in Beaconsfield, Bucks.

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