

# THE BRAVE STEP

A high-angle photograph of a massive glacier system. The glacier is a mix of white snow and deep blue ice, with jagged, rocky outcrops protruding from its surface. The sky is a clear, vibrant blue. The overall scene is one of raw, natural power and scale.

SPIROS MARGARIS

## WIN-WIN FREE MODEL

JUNE 2013





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The goal is it to show companies innovative and constructive strategic new solutions which we at Margaris Advisory believe will make a difference.

The more one can draw from diverse experiences, including in other industries, the more likely it is that one will find innovative non-linear solutions to a problem.

If one can draw only from linear experiences, it is difficult to escape a linear solution approach.

Each company's goal should be to provide clients with a clear value proposition and to achieve a high level of client satisfaction. The client's needs have to be understood and have to be taken seriously.

One should always put himself in the position of the client to understand where the client's problems might lie. Once you have identified your clients' problems and needs, then you have to provide them with an innovative solution that delivers true customer value, as well.

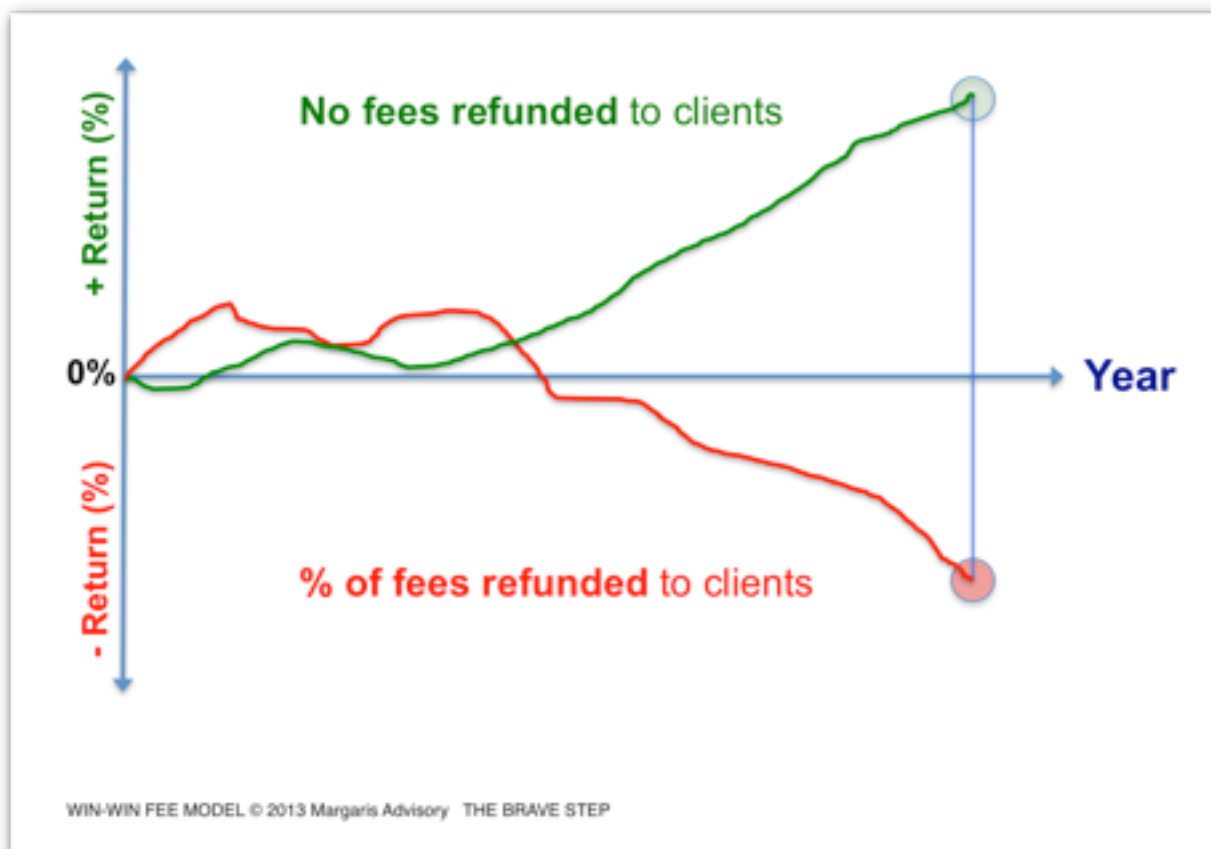
Simplicity and client benefits have to be the highest strategic goals for the management of a company. These goals will help a company to differentiate itself from its competitors. Innovation should always aim and meet this goal.

**It is a strong belief that the combination of simplicity and client benefits always wins.**

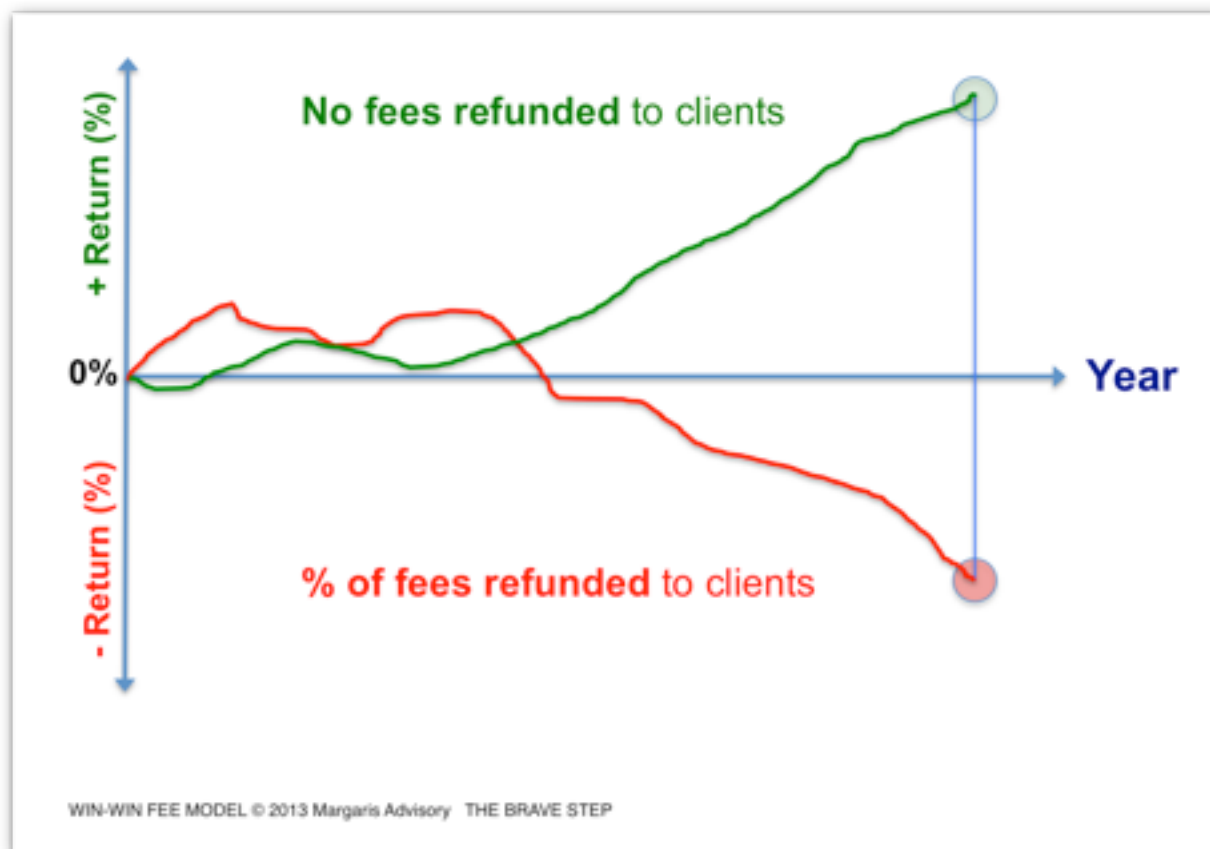
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# WIN-WIN FEE MODEL



# WIN-WIN FEE MODEL



The WIN-WIN FEE MODEL is not a structured product, but a new intuitive fee business model for the financial industry in the new win-win market segment.

Clients benefit if they stay invested in the bank investment recommendation for 3, 4 or 5 years and if the return of investment (ROI) is negative for the period.

If the ROI for the investment recommendation is negative for the period of 3, 4 or 5 years, then the clients will receive a defined percentage refund of the fees paid during that investment period.

If clients sell the bank investment recommendation before the end of the 3rd, 4th or 5th year, they will not be eligible for a refund of the defined paid fees.

A bank can also substitute the negative ROI component in the model with a defined hurdle rate. Many variations of the model are possible, but the benefits for bank and clients stay the same.

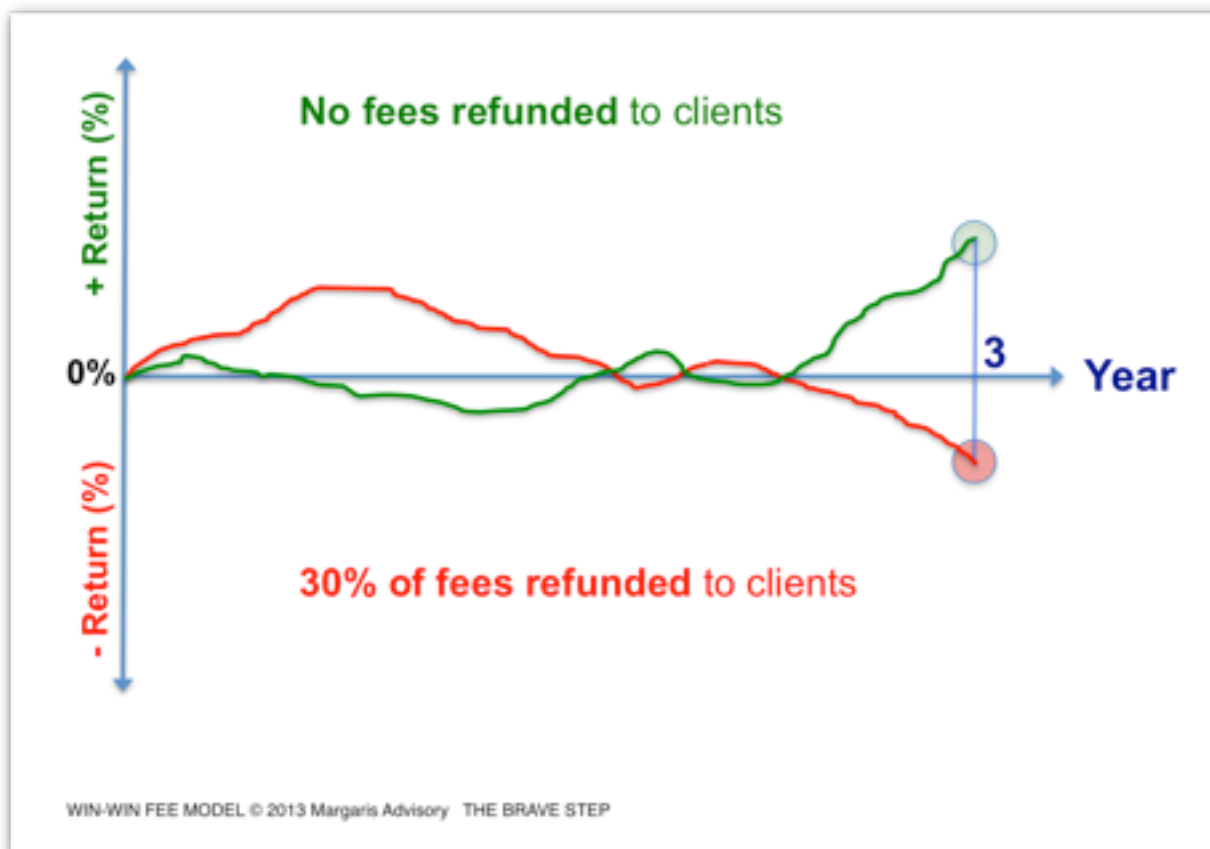
# Win-win situation

Bank wins	Client wins
Attract new clients and keep existing clients.	Partial fee refund if return on investment (ROI) is negative after 3, 4 or 5 years.
Raises credibility that it recommends clients best ideas.	More assured that bank recommendation(s) will have a positive ROI.
Keep clients longer in investment recommendations and earn more fees.	Reduced impact of investment loss.
Present itself as an innovative bank which is tuned to client needs.	Aligned interests between bank and client.
Establish itself as the leader of the new win-win market segment.	Enhanced overall portfolio performance through partial fee refund.

WIN-WIN FEE MODEL © 2013 Margaris Advisory THE BRAVE STEP

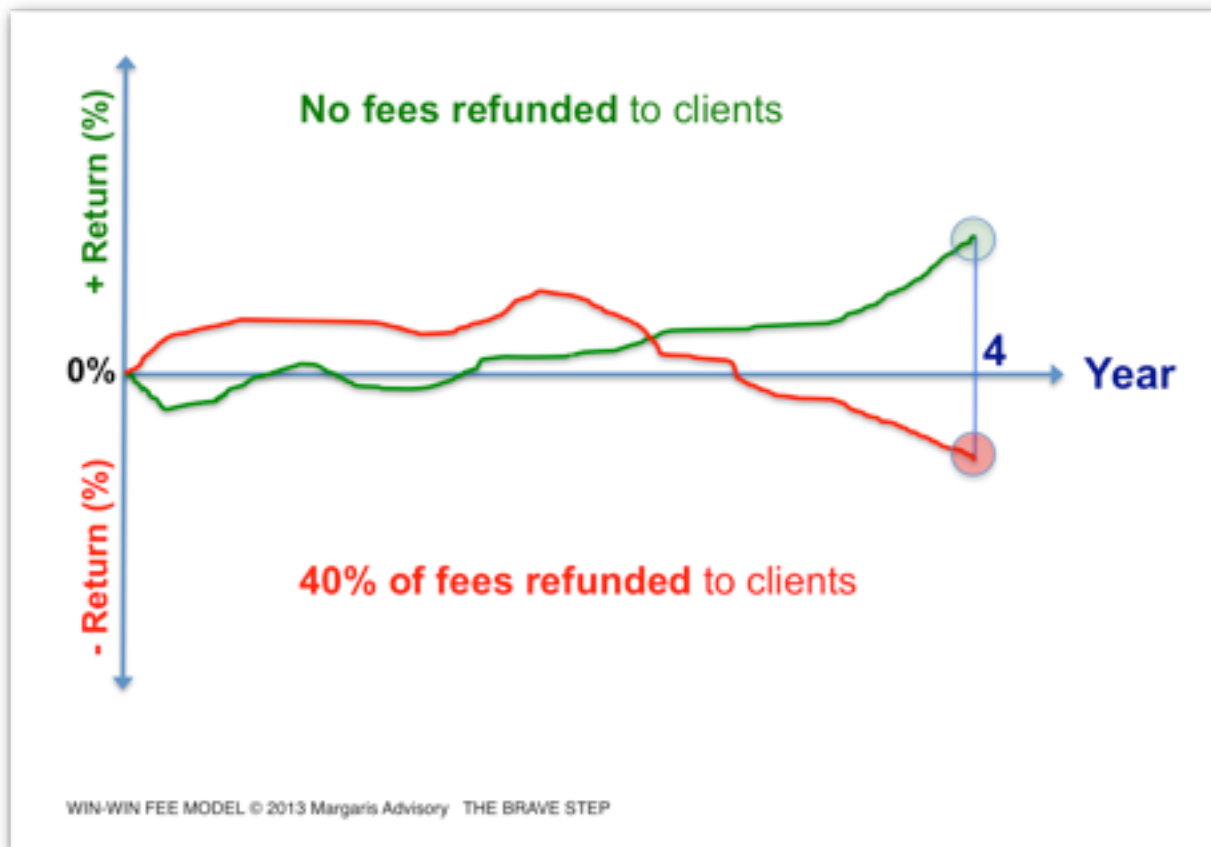
The new innovative win-win market segment will drive the banking fee business model into a new direction to the benefit of both the bank and clients.

## 3 year period scenario



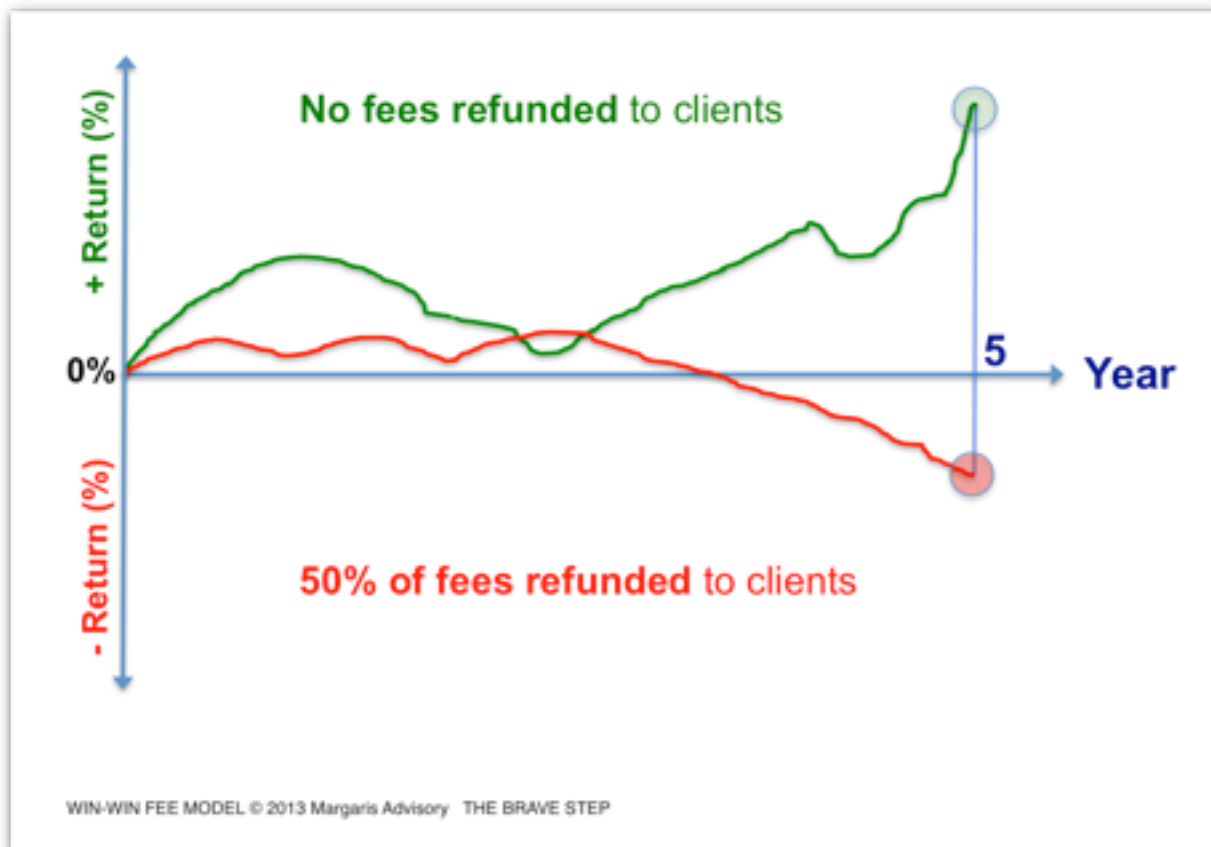
If clients sell the bank investment recommendation at the end of the 3th year and the return of investment (ROI) for that period is negative, then they receive a refund of 30 percent of the defined fees paid during the investment period.

## 4 year period scenario





## 5 year period scenario



# Fee refund summary

<b>Negative Return on recommended Investment</b>	<b>Common bank fee model</b>	<b>WIN-WIN FEE MODEL</b>
<b>At the end of 3rd year</b>	<b>No fees refunded</b>	<b>30% of fees refunded to clients</b>
<b>At the end of 4th year</b>	<b>No fees refunded</b>	<b>40% of fees refunded to clients</b>
<b>At the end of 5th year</b>	<b>No fees refunded</b>	<b>50% of fees refunded to clients</b>

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## Spiros Margaris

Founder of Margaris Advisory, an innovation consulting firm, helping companies in the development of innovative non-linear solutions for the financial industry.

Born in St. Gallen. MBA Toronto University & EMBA Universität St. Gallen (HSG). Over 18 years national and international experience in investment management, sales and research for institutional clients, family offices, UHNWIs and HNWIs.

Investment committee member of one of the leading multi-family offices fund advisory firms in Switzerland and Europe. Its 10-year return placed the firm within the top 5 percent among its peers.

Placed 2nd in the equities division of Financial Trader magazine's trading competition.

Founder of one of the first innovative expert websites in U.S.A. (New York) as well co-founder of a financial software company in U.S.A. (New York), which brings accountability to investment advice through an objective, proprietary tracking and rating system.

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