IMAP Webinar Series

How to make a success of your Managed Account program

Putting a Managed Account Program in Place

Brett Sanders, Philo Capital Advisers
Durand Oliver, Milliman
Jonathan Ramsay, Investsense
Moderated by
Toby Potter, IMAP

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Institute of Managed Account Professionals

Upcoming events

Webinar: How to make a success of your managed account program

20th February - Portfolio Management in a Managed Account
27th February - Managing the Program

IMAP Australia's Best – Managed Account Showcase

26th February – Sydney

Portfolio Management Conference 2025

11th March – Sydney
18th March – Melbourne

How to ask a Question

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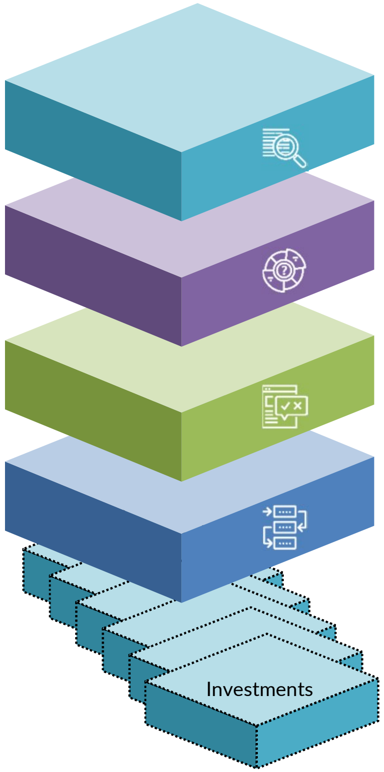
The parties to a Managed Account

Advice AFSL
- Understands investor needs
- Provides personal advice tailored to investor
- Recommends MDA service
- Considers recommendations of Portfolio Manager
- Manages portfolio manager and platform relationships
- Reviews appropriateness of MDA service annually

MDA Provider or SMA RE
- Designs MA service to suit the needs of Advice AFSL
- Provides licensing as required
- Monitors portfolio manager/s
- Provides operations including template portfolio maintenance and portfolio rebalancing - sometimes
- Collects fees and pays portfolio manager
- Provides ongoing advice & support to Advice AFSL and advisers



Portfolio Manager/s
- Asset allocation recommendations
- Recommends funds and securities
- Blends funds and securities into portfolios
- Monitors markets and investments and adjusts portfolios over time
- Provides input to Advice AFSL's client communications and adviser support.

Platform
- Holds investments in safe keeping
- Allocates income
- Superannuation administration
- Provides portfolio modelling tools - sometimes
- Implements portfolio transactions including applications and redemptions
- Provides reporting and online access
- Collects fees

Each party does the thing at which they are best

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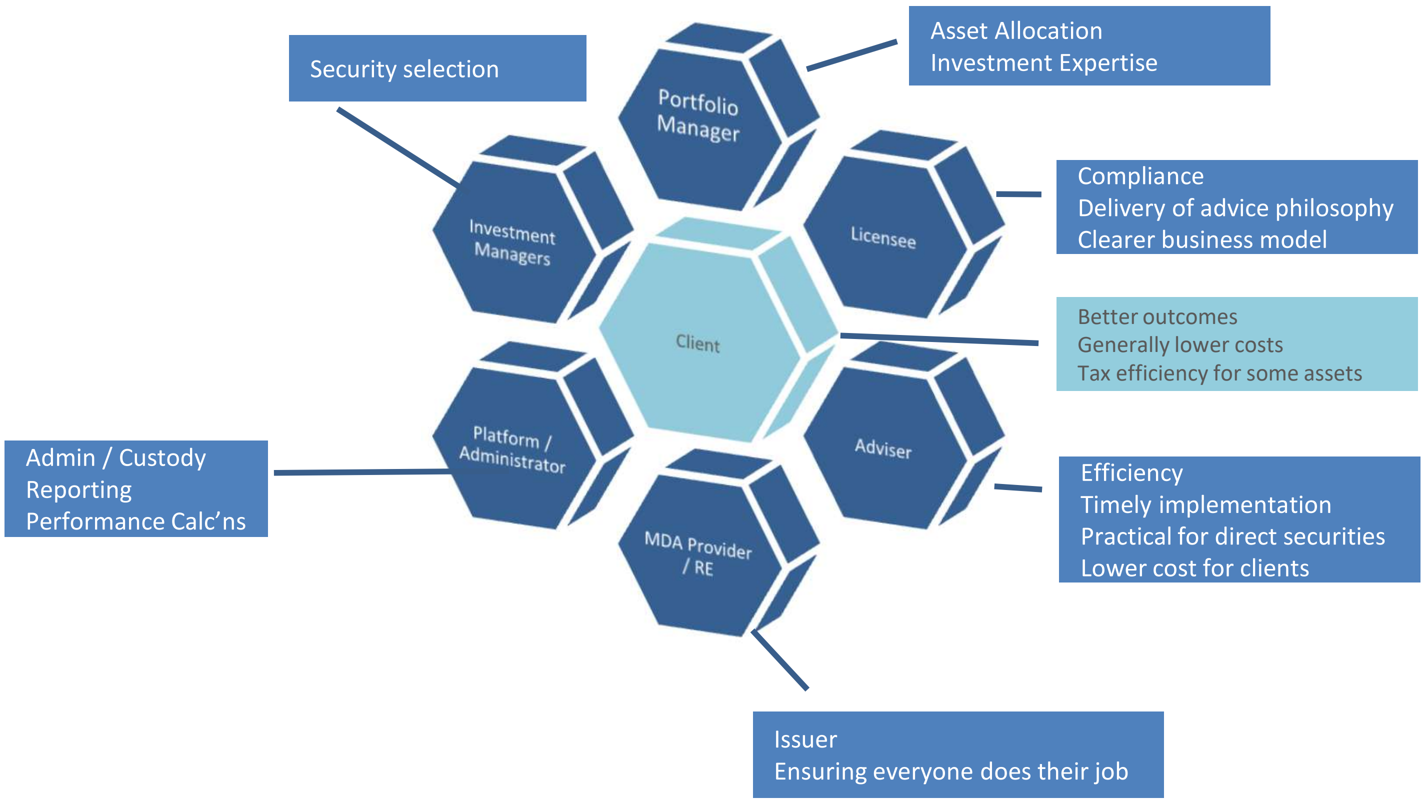
Participants & Their Primary Roles



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Making a Success of your Managed Account Program

Session 1 – Today

Developing a Managed Account Program

Jonathan Ramsay – Investsense

Durand Oliver – Milliman

Brett Sanders – Philo Capital

Session 2 – 20th Feb

Portfolio Management

Dan Micallef - Aoris

Rob Talevski - Activam

Kieran Canavan – Centric

Laurice Considine - Pendal

Session 3 – 27th Feb

Managing the Program for Success

David Hutchison – AMP

Mark Smith – Elston

John Burton - Lonsec

Brett Sanders
Philo Capital Advisers

Institute of Managed Account Professionals

Efficiency for all client segments

Full featured MDA helps you keep your practice efficiency improvements

Paper models

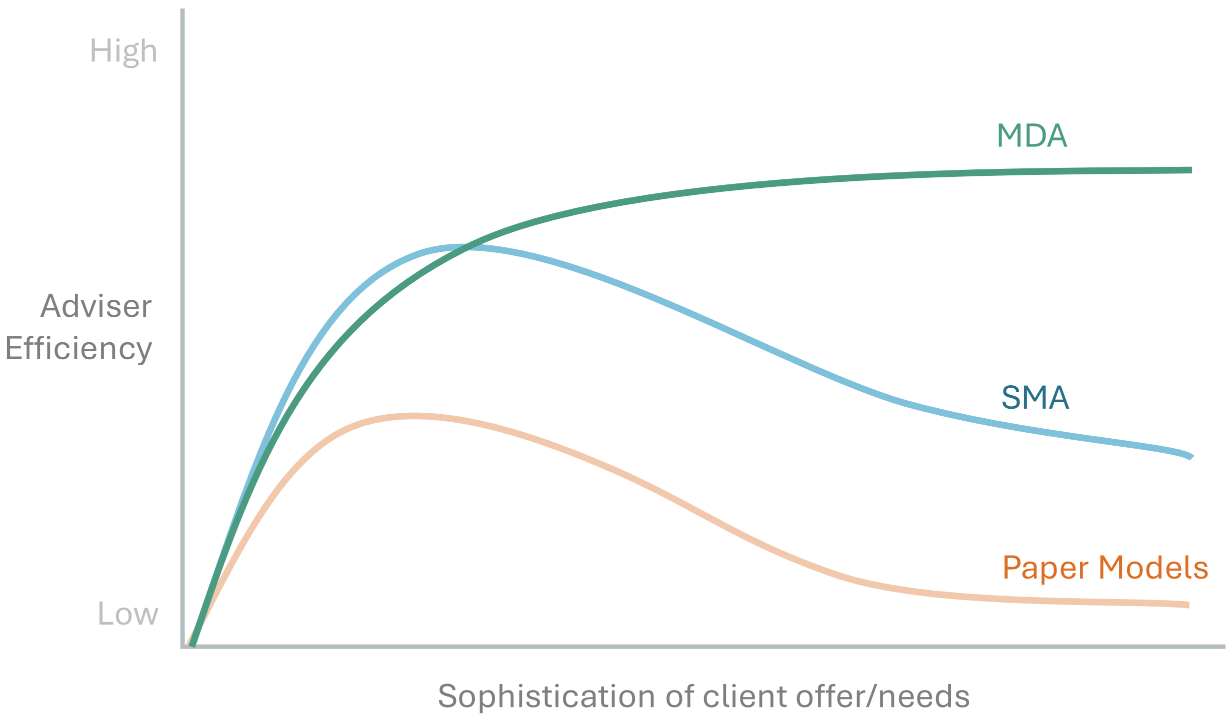
- Adviser efficiency initially increased as IC took over portfolio management
- Adviser implementation consumed efficiency over time.

SMA

- Adviser efficiency initially increased, portfolio management and implementation was automated.
- Limited range, ability to add new strategies & use of manual core-satellite erodes efficiency.

MDA

- Adviser efficiency maintained
- Increasingly sophisticated client solutions possible.



PHILO CAPITAL ADVISERS

SMAs and MDAs offer common features

Characteristic	SMA	MDA
Managed investment scheme under law	✓	✓
Non unitised	✓	✓
Allows discretionary portfolio management	✓	✓
Removes ROA requirement for portfolio changes	✓	✓
Provides tax benefits of beneficial ownership	✓	✓
Clear legal framework	✓	✓
Can support choice of investment styles	✓	✓
Can create "Licensee portfolios"	✓	✓
Reduces operating risk for Licensee and adviser	✓	✓
Can generate margin to Licensee under controlled circumstances	✓	✓

PHILO CAPITAL ADVISERS

But there are material differences as well…

Characteristic	SMA	MDA
Differentiated from Industry funds, Diversified multi asset class funds, etc	✗	✓
Presents to client like a service	✗	✓
Annual reviews are <u>not</u> obligatory under regulation	✓	✗
Supports a wide range of model portfolio choices	✗	✓
Quick, easy and inexpensive to create more portfolios / vary portfolios to suit Licensee, adviser or client needs	✗	✓
Supports high levels of customisation, including rebalancing client portfolio with regard to assets outside their MDA	✗	✓
Reinforces role of adviser	✗	✓
Relatively easy to vary branding to suit advice firm preferences	✗	✓
Flexibility to support staged transition from old to new models	✗	✓

Durand Oliver
Milliman

Institute of Managed Account Professionals

Making a success of your managed account program

SmartShield™ Managed Account Series

"Keeping clients invested"

Durand Oliver

14 FEBRUARY 2025

Who are Milliman & why choose us?

At our core we are a *global actuarial & consulting firm* specialising in risk management

Global leader

Founded in 1947.

Over *5000* employees globally.

Global leader in actuarial & financial risk management services.

Scale

Dedicated financial risk management practice with over 200 professionals managing over *$264bn[1] (AUD)* of assets via our investment advisory, hedging and consulting services.

Over *$75bn (of the AUD$264bn[1])* across 80 funds track our Managed Risk Strategy, making it the largest dynamic equity risk management strategy in the world.

Access to institutional infrastructure

Our retail solutions leverage our *24hr global trading infrastructure*, serviced by dedicated offices in Sydney, Chicago, London and Amsterdam.

Robust & systematic, rules-based approach.

Retirement experts

Thought leaders in retirement *in Australia for over 20 years.*

Involved in most major retirement product launches in Australia.

Bridging the gap

Experts in derivatives, risk management and investments.

Backed by the *quantitative capabilities* of a global actuarial firm.

Risk management experts

Managing market risks for over 25 years. Engaged by 44 of the top 50 insurers globally.

[1]As of 30th September 2024

Milliman's investment philosophy

The foundation from which we build our approach

At Milliman, we believe success is forged from the foundation of a strong defense, and investment success requires an appropriate balance of risk and return.

'We are confident that we understand the nature of risk and, recognise that traditional investment approaches can be improved by applying a dedicated focus on risk management.'

Our (institutional) clients

Just some of the brands we have and are working with

Milliman's SmartShield™ portfolios

Low-cost, multi-asset portfolios with *built-in risk management*

"A well regarded global actuarial firm designing investment solutions, particularly for retirement issues."

SQM Research's analysis into Milliman's SmartShield product suite - November 2021.

Innovation Winner
2020 IMAP MANAGED ACCOUNT AWARDS

Approved
Lonsec Research

Favourable
SQM RESEARCH

	Moderate	Balanced	Growth	High Growth
Milliman fees	0.31%	0.31%	0.31%	0.31%
Investment costs*	0.11%	0.10%	0.08%	0.08%
Total Fee[1]	**0.42%**	**0.41%**	**0.39%**	**0.39%**

*Includes ETF management fees, which may vary without notice, and indirect costs within the Even Keel units.
[1]Fees based on the HUB24 investment platform

SmartShield™ key attributes

Understanding the fundamentals will help target the right clients

SmartShield™ manages risk to deliver smoother outcomes

- Designed to stabilise volatility and cushion clients against material, downward trending markets
- *Not* a capital protection product, nor a guaranteed solution

SmartShield™ uses a systematic approach to manage risk

- The risk management strategy has been built around a set of systematic rules to mathematically target a clear set of objectives
- *Not* reliant on individual fund manager's stock selection and tactical tilts.

SmartShield™ reduces the likelihood and impact of *material* market downturns

- Designed to manage behavioural risk by improving outcomes in large, double-digit market downturns
- *Not* designed to react significantly in minor market downturns where investors are more likely to stay invested and ride out the market cycle

SmartShield™ is designed for long-term

- Designed to give your accumulators the confidence to stay invested throughout the market cycle, and for retirees to manage their sequencing risk
- *Not* designed as a vehicle to express short-term defensive views on markets.

Limitations and disclaimers

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Milliman AU does not ensure a profit or guarantee against loss.

Jonathan Ramsay
Investsense

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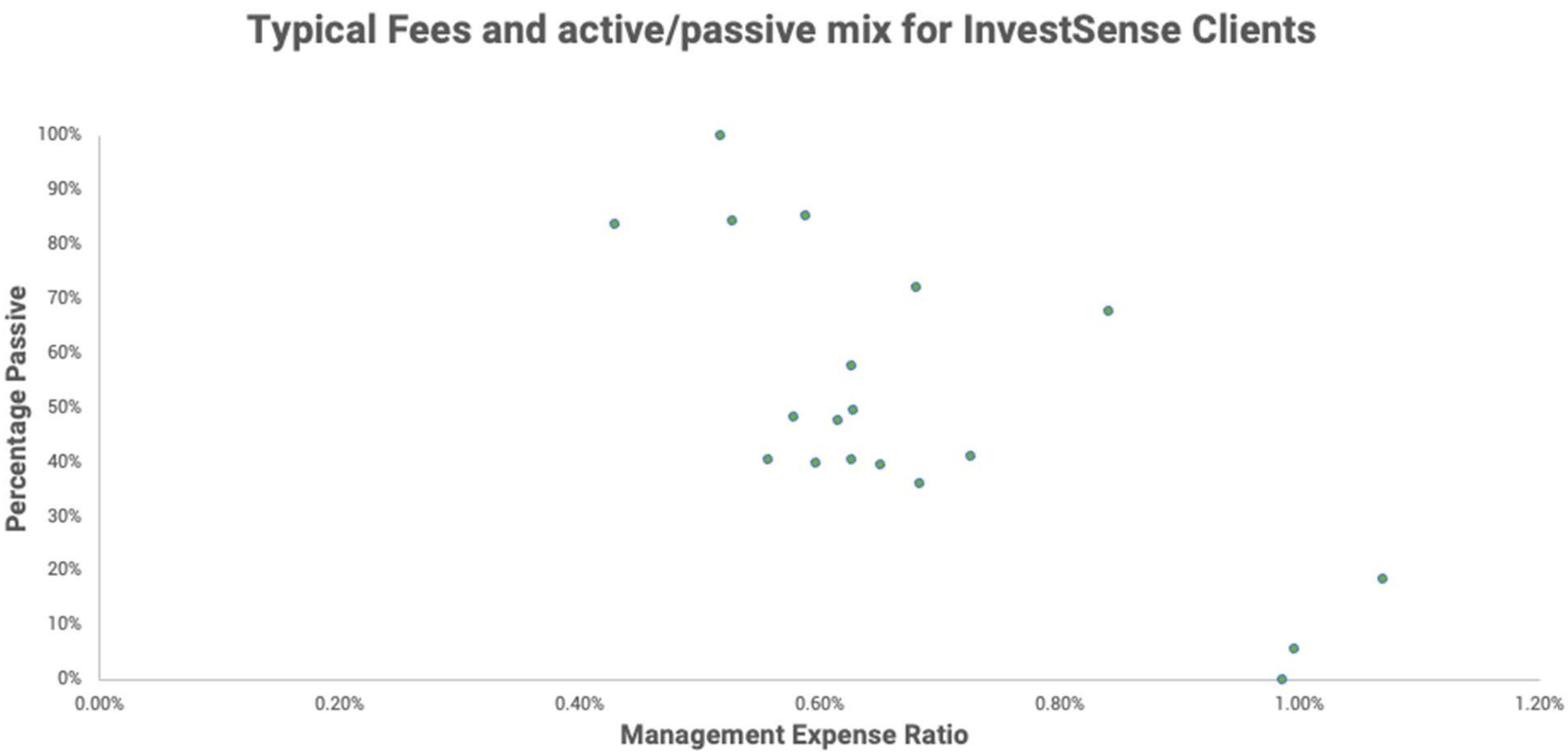
InvestSense Bespoke Solutions



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