IMAP Webinar Series

How to make a success of your Managed Account program

Managing the Program

John Burton, Lonsec
Mark Smith, Elston
David Hutchison, AMP North
Moderated by
Toby Potter, IMAP

IMAP
Institute of Managed Account Professionals

Upcoming events

Portfolio Management Conference 2025 & Private Markets Masterclass

11th March – Sydney

18th March – Melbourne

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How to ask a Question

IMAP
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John Burton
Lonsec

Institute of Managed Account Professionals

Lonsec

Managing the Program

John Burton | February 2025

AR Adviser Ratings WINNER
2023 Australian Financial Advice Landscape Report
Winner of All Research House Categories:
Lonsec

AR Adviser Ratings WINNER
2022 Australian Financial Advice Landscape Report
Research Houses: Overall Best Research House
Lonsec

RESEARCH HOUSE OF THE YEAR
Overall Winner
Powered by Money Management
2016 | 2017 | 2018 | 2019 | 2020

These challenges are consistent across advice practices

Lonsec

Creating efficiency is still the No.1 issue facing advice practices

- Many advisers at capacity
- Multiple solutions within the business especially with so much M&A activity
- Continuing to throw people at the problem

Elevating Governance and Risk Management

- Practices seeking consistency across all their advisers
- Improving the client experience through immediate and fair implementation
- Increased clarity on reasoning for investment changes

Capturing the opportunity and building scale

- Organic growth is strong but capped
- Difficulty in finding and retaining good people
- Getting the advice infrastructure and business model right - Managed accounts, Technology, Investment Committee and Portfolio Construction, Outsourcing, Processes

Our Managed Account Solutions

Lonsec

Legal Structure	Ready-made (off the shelf)	Tailored (Licensee)	Customised (Practice/Adviser)
SMA			
(Separately Managed Accounts)	Ready-made Managed Accounts	Tailored Managed Accounts	Tailored Portfolios at Scale
MDA			
(Managed Discretionary Accounts)	Ready-made Portfolio Service	Appoint your own Model Manager	IPL - The Individual Managed Account Experience

The start and the stop

Lonsec

01 It contradicts their value proposition 28%^ Justifying CVP is the biggest challenge

02 It's not a business wide strategy

03 Only a new client play

04 Limited or no preparation for the client conversation and positioning

05 We are outsourcing the investment value

06 Overwhelmed by choice

07 Lack of patience

^ *source=Investment Trends and SSGA 2024*

What accelerates adoption?

Lonsec

Fully Committed

- Clear on business outcomes
- Staff engaged and confident in the process/the benefits of change
- Understand your business metrics

Have a plan

- Key part of your strategy
- Staff capacity assessed – time and workload
- In KPIs for all staff
- Implementation plan constructed

Deliberate adjustments to the business

- Adjust your Client Value Proposition Value Proposition
- Have a written Investment Philosophy that is aligned to your product
- Clear and consistent client conversations

Focussed execution

- Product knowledge and training undertaken
- Collateral for client communication and education
- Measurement & Accountability

Mark Smith Elston


ELSTON
ELSTON ASSET MANAGEMENT
Tailored Managed Account Solutions

Before we begin

DISCLAIMER

This material has been prepared for general information purposes only and not as specific advice to any particular person. Any advice contained in this material is General Advice and does not take into account any person's individual investment objectives, financial situation or needs. Before making an investment decision based on this advice you should consider whether it is appropriate to your particular circumstances, alternatively seek professional advice.

Where the General Advice relates to the acquisition or possible acquisition of a financial product, you should obtain a Product Disclosure Statement ("PDS") relating to the product and consider the PDS before making any decision about whether to acquire the product. You will find further details of the service we provide and any cost to you within the Financial Services Guide. Any references to past investment performance are not an indication of future investment returns.

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Elston Asset Management

A leading Australian-based provider of investment management services.

- Robust investment process
- Experienced and stable team
- Focused on after tax returns
- Agile portfolio management
- Managed account specialists
- Competitive fee structure

- Well resourced, experienced team
- Continued expansion
- Limited key person risk
- High alignment

Broad Based Investment Capabilities

Elston Multi-Asset Portfolios

- Whole of Portfolio solution across 5 'risk-based' model portfolios
  - Low cost
  - Transparent
  - Actively managed
- Use the Elston Models as a diversified portfolio solution or as a 'core' in a core/satellite approach
- SQM Rated 4.25 Superior

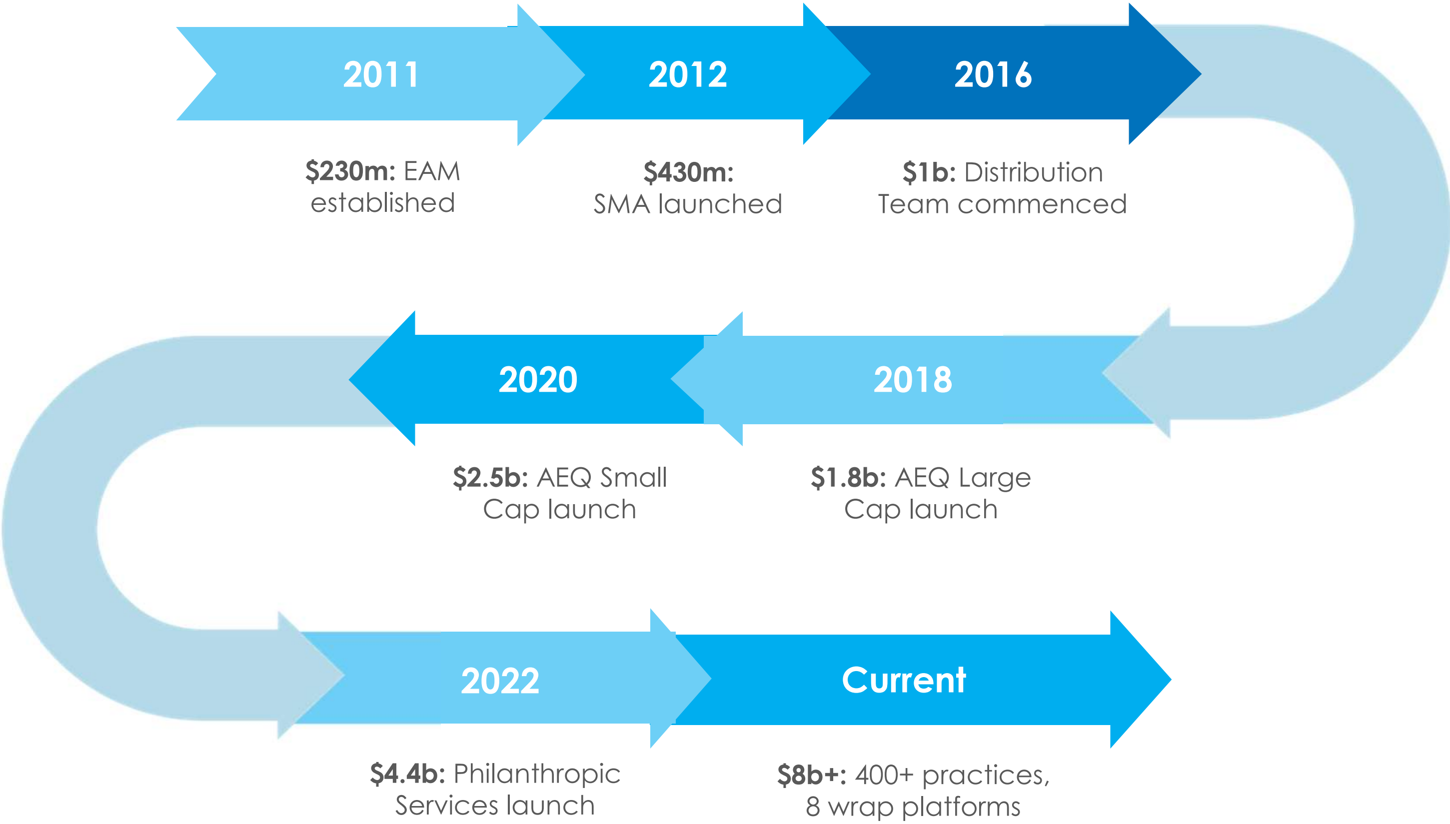
Elston Australian Large Companies Strategy

- Investors looking for a single 'core' style neutral Australian Equities strategy
  - Diversified
  - Transparent
  - Actively managed
- Use as the 'core' in a core/satellite Australian Equities portfolio
  - Blends well with Small Cap and/or long/short managers

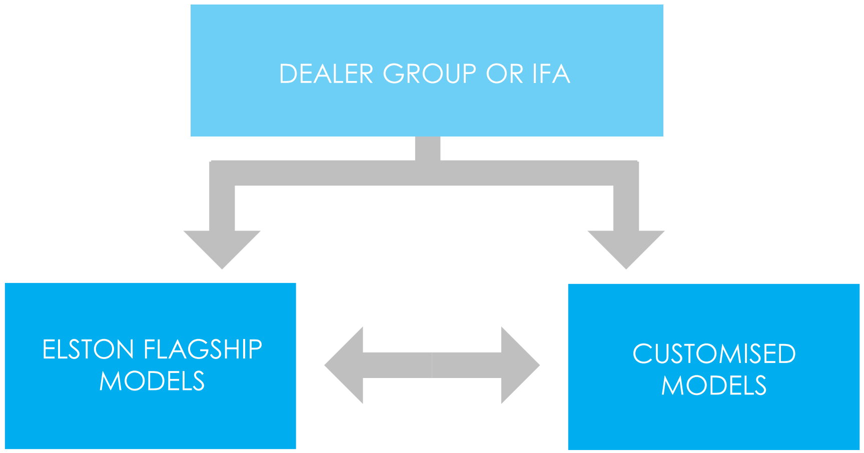
Elston Australian Emerging Leaders Strategy

- Investors looking for a single actively managed Australian small companies strategy
  - Quality focus
  - Long term fundamentals
  - Concentrated, high active share
- Use as the 'satellite' in a core/satellite structure to gain exposure to the ex100 universe
  - Blends well with Large Cap managers

How Elston has evolved



Elston Managed Account Solutions



DEALER GROUP OR IFA

- Objectives assessment
- Consultative approach

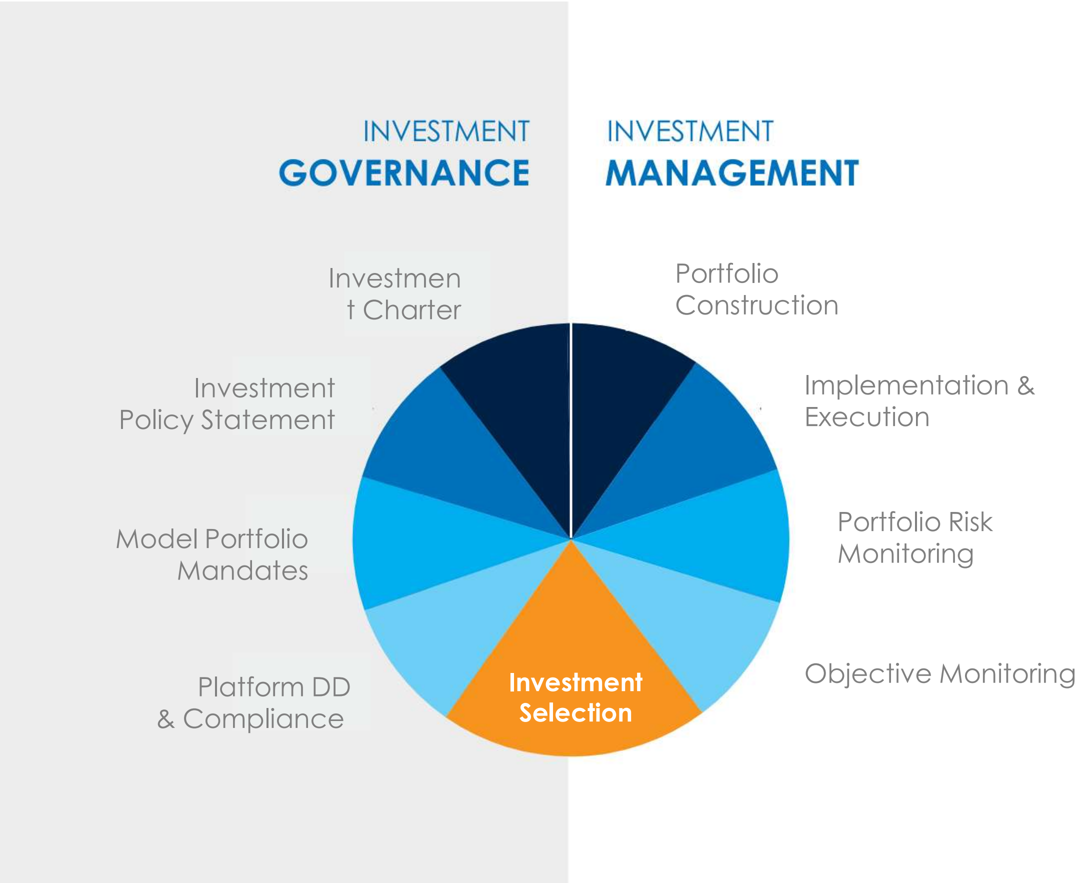
ELSTON FLAGSHIP MODELS

- Off the shelf- full suite of risk-based models (multi asset & AEQ)
- Mix of Active & Passive underlying investments
- Elston AEQ Large Cap core (direct or unitized)

CUSTOMISED MODELS

- White labelled/private labelled investment solutions (multi-asset & AEQ) Tailored Dealer SAA
- Elston AEQ Large Cap* (direct or unitized)
- Collaborative approach to non-AEQ investment selection
- Elston retains accountability of final investment decision
- $100m commitment per platform over 18months white label
- $300m commitment for private label 18months+ (up to 2 platforms)

Collaboration in Action

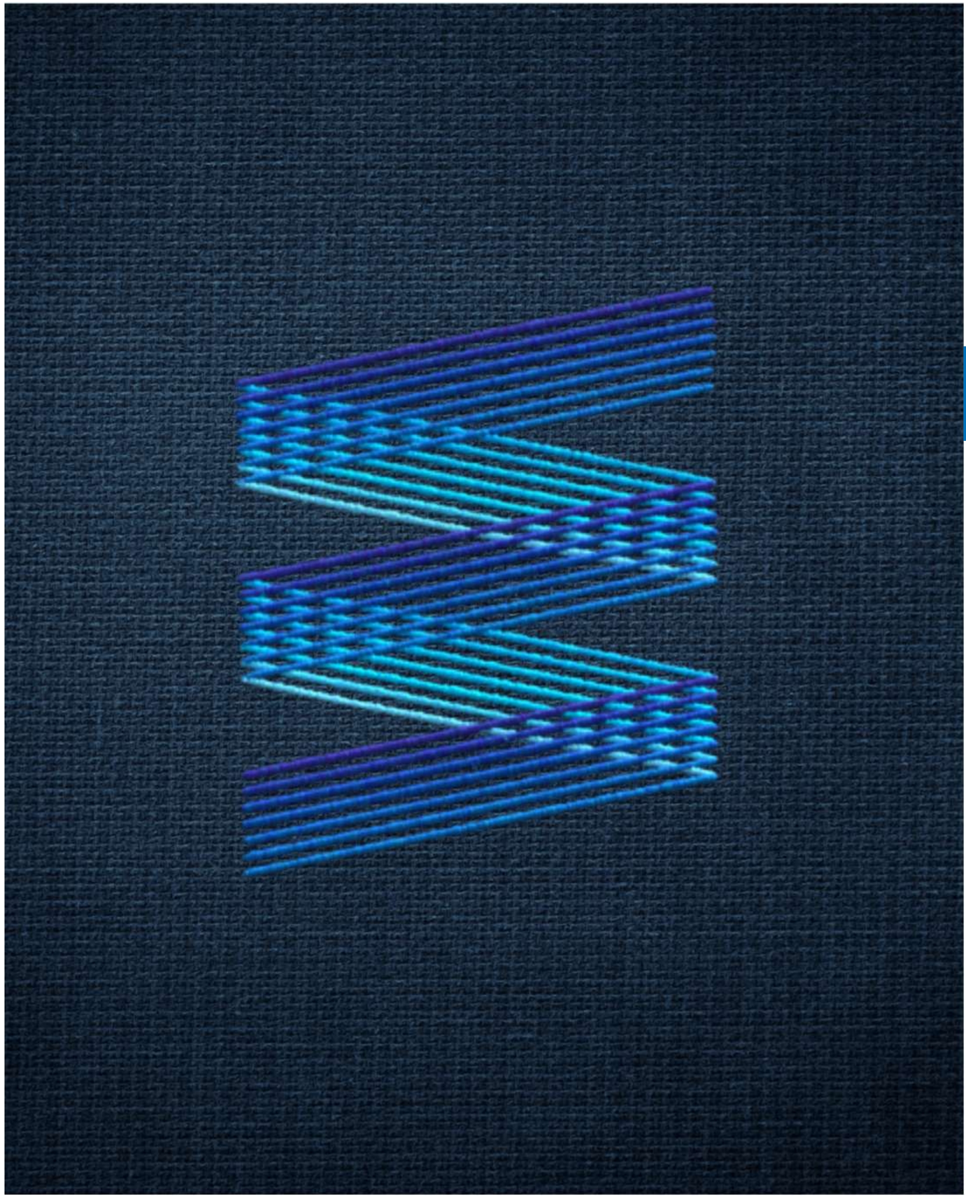


Investment Committee	
Elston Asset Management	Your Practice

- Well-resourced team (20+)
- Leverage Elston's resources
- Robust and disciplined process
- Collaborative approach to co-create tailored solutions for clients

Elston Investment Team

Name	Role	Time in Industry	Time at Elston	Qualifications
Nick Revis, CFA	CEO - Asset Management	18 years	9 years	BBus, MBus(AppFin), CFA
Andrew McKie, CFA	Co-Founder & Portfolio Manager	26 years	16 years	BEcon, FFin, CFA
Bruce Williams, CFA	Co-Founder & Portfolio Manager	26 years	16 years	BBus, FFin, CFA, GAICD
Leon de Wet, CFA	Co-Founder & Portfolio Manager	22 years	14 years	BBus.Sc (Hons), CFA
Justin Woerner, CFA	Portfolio Manager	25 years	5 years	BComm, CFA, GAICD
Joe McCarthy, CFA	Portfolio Manager	13 years	10 years	BComm, CFA
Gary Merkel, CFA	Portfolio Manager	11 years	9 years	BBus, MFin, CFA
David Seager, CFA	Portfolio Manager	13 years	4 years	BBus, AdvDipFS, CFA
Alastair Macleod, CFA	Portfolio Manager	29 years	0 years	BComm, CA, CFA
Michael Wong, CFA	Senior Quantitative Analyst	23 years	5 years	BComm, GradDipAppFinInv, CFA
Artem Zainitdinov, CFA	Equities Dealer/ Portfolio Analyst	7 years	4 years	BComm, MFin, CFA
Daniel Murray	Investment Analyst	6 years	2 years	BComm (Finance)

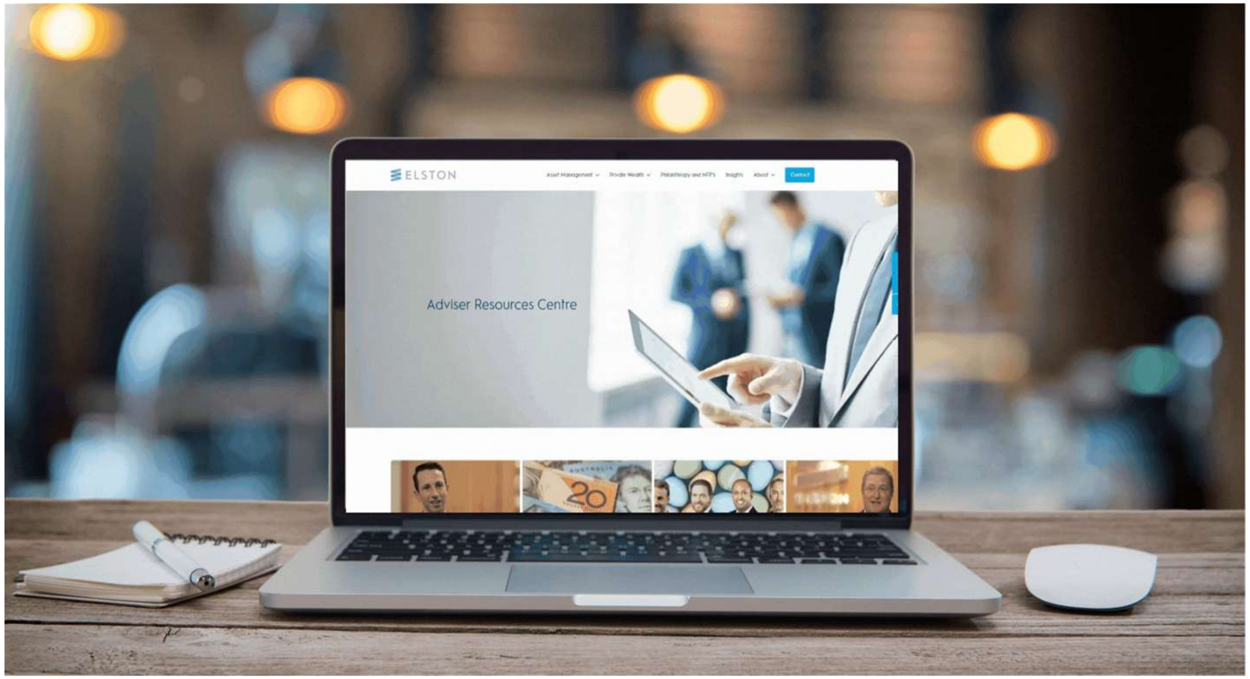


Communication & Resources

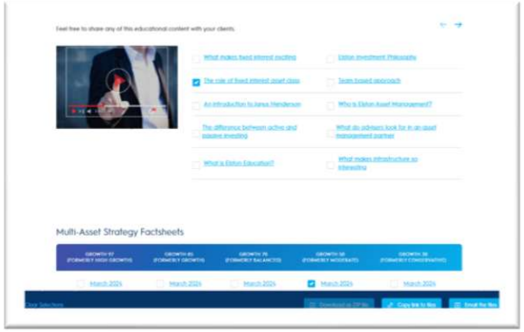
Sharing information with clients is easy

The Adviser Resources Centre (ARC)

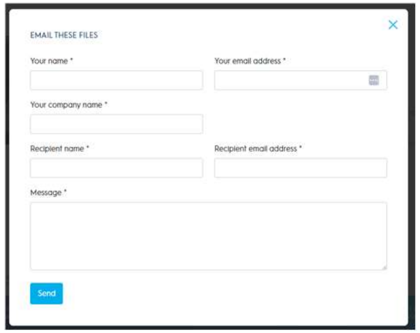
Elston is regularly updating ARC with videos, factsheets, articles and analysis that you can access and share with your clients.



Simply select the content



Send it to your client



The kind of content you'll find on ARC

Factsheets

Videos

Portfolio updates

Articles

Marketing resources

Company and Fund Snapshots

Company and Fund Snapshots

CSL (CSL)

Business Description

Multinational biopharmaceutical company that specialises in developing & distributing plasma, vaccine and renal treatments

Investment Thesis

- CSL, the global market leader for blood plasma collection and distribution, can take further market share through expanding their superior collection network and leveraging their cost advantages
- Strong sales growth supported by industry tailwinds across the plasma and renal markets. Industry growth is driven by an ageing population and high rates of obesity
- The business has a strong track record of delivering on earnings expectations. CSL's World class management team will continue to execute

Style

Quality Growth

Industry Group

Health Care

Investment Catalysts

- Elevated medium term price escalations to offset gross margin pressures and drive additional sales growth
- Implementation of improved plasma collection and manufacturing to drive gross margin improvement
- CSL progresses its strong R&D pipeline and successfully launches new products to drive revenue growth

Investment Risks

- ESG risk concerning the ethics of paid plasma collection
- Long-term developments in alternative treatments, such as gene therapy, erode the market share of plasma products
- Regulatory approval required to change plasma manufacturing process
- Weaker than expected performance of the recently acquired Vifor Pharma

AB GLOBAL EQUITIES

ELSTON

Asset class

International Equity

Role in the portfolio

Capital Growth | Inflation protection | Diversification | Core Holding | Active

Fund Description

The AB Global Equities Fund is an actively managed international equities strategy. It seeks to outperform the benchmark after fees, over the medium to long term.

Investment Thesis

- Given volatile market conditions creating dislocation of equity markets across regions, sectors and industries, we believe holding a "core" active manager provides protection against excessively overpriced pockets of the market and structurally diminishing companies and industries.
- Following a true diversification approach, AB looks to reduce style or factor risks and deliver performance through stock selection from 50 – 70 holdings.
- The "core" active manager provides a strong base to construct the wider portfolio through consistent performance and lower volatility measures

Investment Catalysts

- Experienced PMs and cohesive investment team
- Disciplined investment approach with significant overlap with Elston's investment philosophy
- Concentrated portfolio blending best ideas to minimise unintended risk exposures.
- Significant ESG integration into investment process and Impact Behaviour through engagement with management.

Investment Risks

- The risk monitored portfolio has limited ability to outperform by an excessive margin.
- Should a particular style (eg growth) significantly outperform the index, we expect the fund to underperform.
- Key person risk exists within the PMs and investment team.

Portfolio/investment update template

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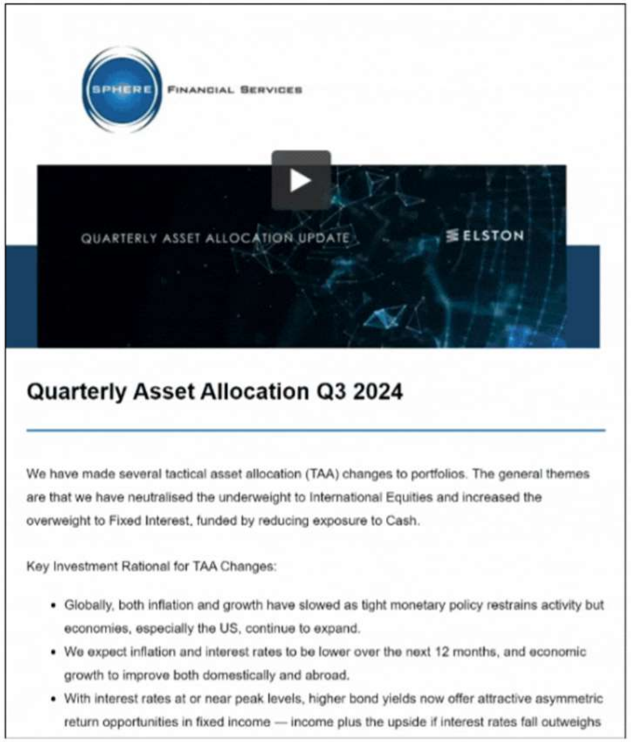


SPHERE Financial Services

QUARTERLY ASSET ALLOCATION UPDATE

ELSTON

Quarterly Asset Allocation Q3 2024

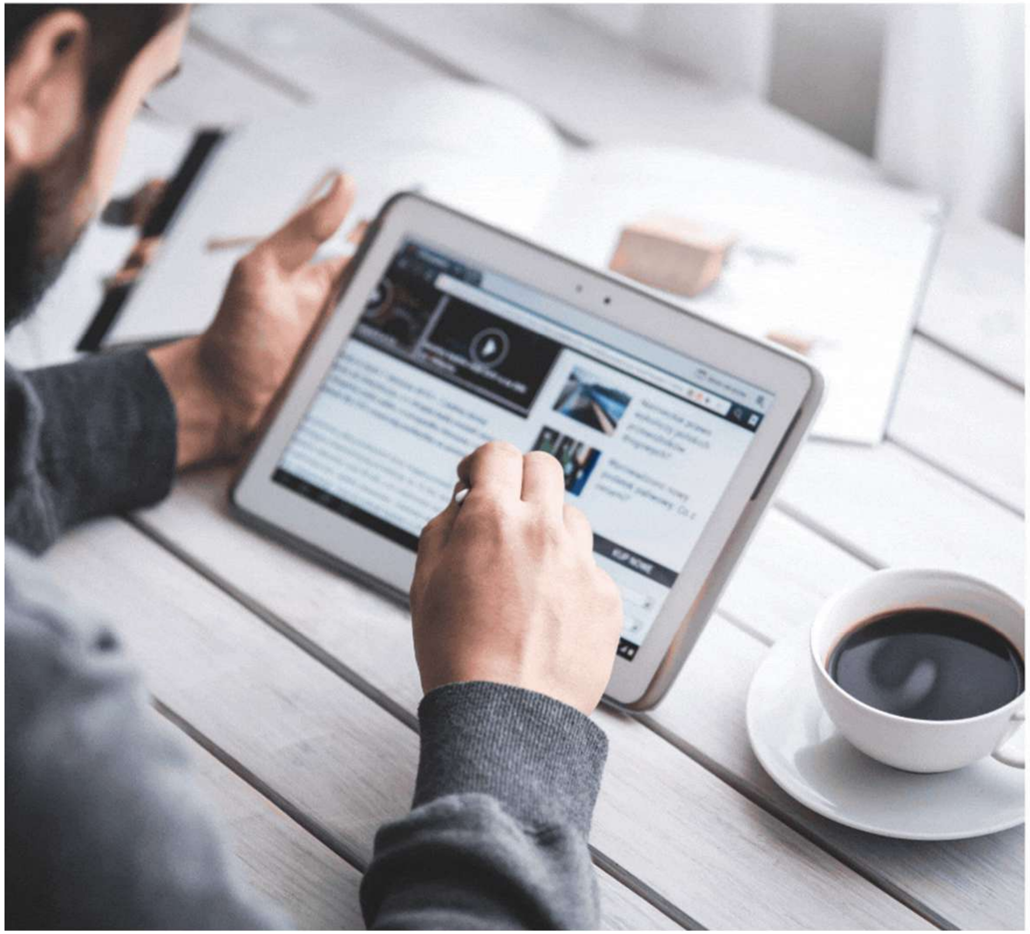
We have made several tactical asset allocation (TAA) changes to portfolios. The general themes are that we have neutralised the underweight to International Equities and increased the overweight to Fixed Interest, funded by reducing exposure to Cash.

Key Investment Rational for TAA Changes:

- Globally, both inflation and growth have slowed as tight monetary policy restrains activity but economies, especially the US, continue to expand.
- We expect inflation and interest rates to be lower over the next 12 months, and economic growth to improve both domestically and abroad.
- With interest rates at or near peak levels, higher bond yields now offer attractive asymmetric return opportunities in fixed income — income plus the upside if interest rates fall outweighs

Newsletter template

ELSTON



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Company Newsletter

Issue 01 | August 2024

Write some introduction for your newsletter here. Mark Smith was recently invited by North to offer his insights on managed portfolios. The article that flowed from that interview is a good overview of the things advisers

David Hutchison
AMP North

Panel Discussion

IMAP

Institute of Managed Account Professionals