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Practice Development Tools for SMA Transitions

IMAP Advice in Action Conference

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Transition Challenges – the Betashares Experience

- Research and comparison data – comparing apples with apples
- Platform selection and consolidation - estimated costs can be problematic
- Determination of the application of SMA's - i.e. all clients or segments
- Active or Passive or both (Core and Satellite)
- Reframing client expectations
- Developing a bullet proof investment philosophy
- Creation of a value articulation document
- Dealing with the tail
- Overcoming client bias and heuristics
- Preparing your team

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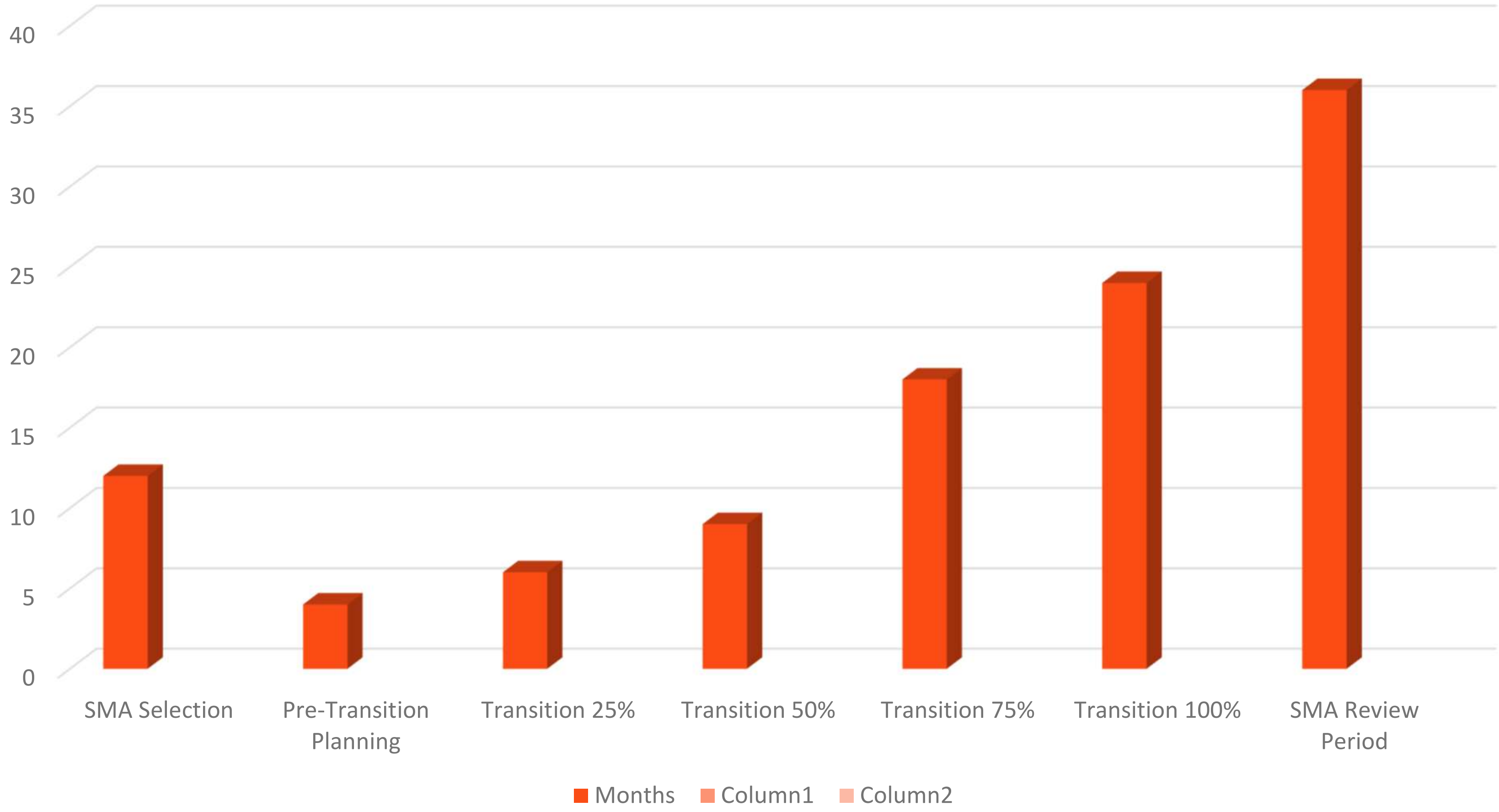
Typical Transition Timelines



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Tip 1 : Aligning your team – pre-transition

- Do you all share the same investment philosophies?
- Map out key risks and disruptions
- Implement a key person plan
- Make continuous reinvention a mindset
- Communicate the “why” with your team
- The right training is crucial
- Empower staff and take on feedback

Tip 2 : Appoint a transition management team

- SOA and Review Documentation
- Consideration of Insurance requirements
- Process co-ordination
- Investment and platform fee comparisons
- Pre-population of forms
- Compliance adherence
- Satisfying BID obligations
- Increased transition speed

Tip 3 : Review your Client Value Proposition

Business Benefit

- Identify your ideal client
- Send the right message to prospective clients
- Retrain existing clients
- Analyse your true value adding qualities

CVP Creation

- Examine paint points and solutions
- Create a value canvas
- Consider firm uniqueness and performance
- Use the right descriptors

Share the message

- Linked in
- SOA/ROA documents
- Website
- Social Media posts
- Client Meetings
- Referral partners
- Prospective Clients

Tip 4: Develop an Investment Philosophy

- Provides a consistent framework
- Sets expectations with clients
- Consider your own experiences
- Make it digestible for clients – avoid jargon & keep it short
- Outline your role in the process (research, investment committee etc)
- Don’t be overly prescriptive (clients will call you out)
- It is not a list of every product you’ve used
- It will help you stand out

Tip 4: Investment Philosophy Inclusions

- Dynamic/ Strategic/ Core & Satellite
- Active v Passive
- Rebalancing / Taxation / Fees
- Behavioural Coaching
- Asset Allocation
- Risk Profiling
- Diversification
- Approach to fees
- Academic Backing – eg SPIVA, Dalbar

Tip 5: Value Articulation

How we typically articulate value to clients?

Other options for value articulation

Obligations and Systems

AFSL Requirements

BID

Professional Indemnity

Education

CPD

Financial Modelling

CSLR

IT security

Research

Adherence to legisaltion

General Duties

Risk Profiling

Collection and Maintenance of Client data

Managing and understanding cashflow

Debt structures

Collaboration with other professionals

Goals Analysis

Asset allocation advice

Financial Coaching

Advice and the dangers of no advice

Insurance

Superannuation

SMSF

Legacy and succession planning

Family Breakdown

DVA/Centrelink

Redundancy

Aged Care

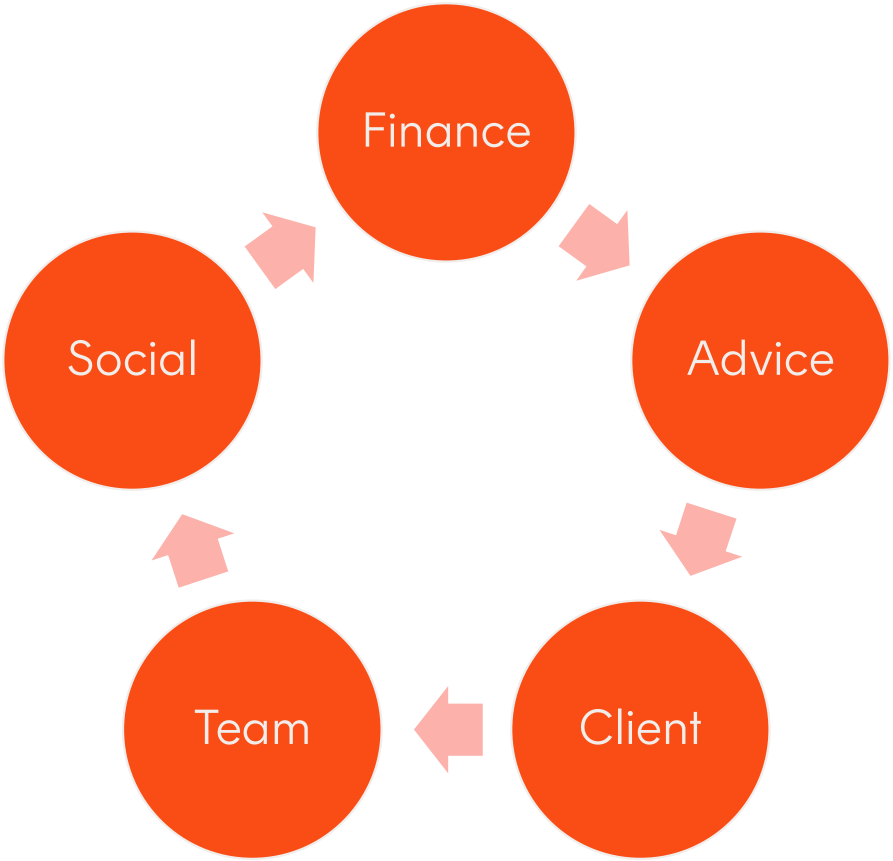
Strategy Value

Trusts and Taxation

Biggest financial planning mistakes and the associated costs

Tip 5 : Understanding Behavioural Finance

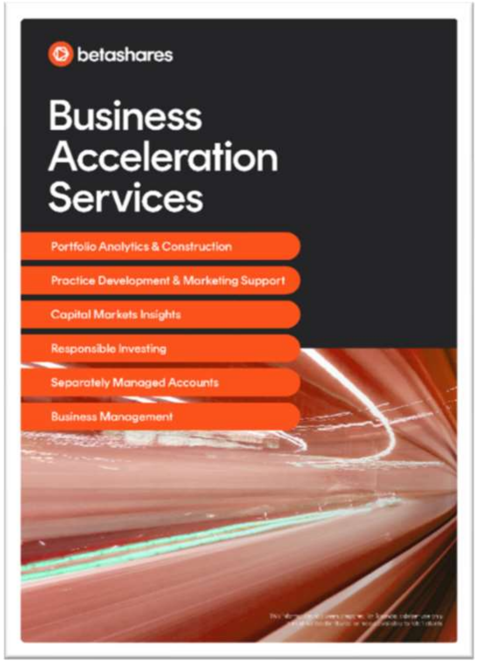
Factors at play



Tip 5: Understand Behavioural Finance

- People have a herd mentality
- The salience effect
- Have a long run-way – clients like being warned
- The 'curse of knowledge' and jargon
- Shorten meetings and hold multiple meetings
- Ask clients to reconfirm actions in writing and verbally
- Make the advice easy to implement
- Loss Aversion and the disposition effect

Business Acceleration Services



Contact your Betashares Account Manager for more information

1. Portfolio Analytics & Construction

- Asset Allocation and portfolio design
- Analytics reporting
- Portfolio construction ideas / input

2. Practice Development & Marketing

- Marketing consultancy session (including marketing and growth plans, goals and determining a future vision)
- Advice on channel and execution strategies
- Analysing current marketing operations (website analytics, CRM databases, email marketing, and social media)
- Increasing brand awareness
- Increasing lead generation - via existing clients and prospects
- A summary of Marketing recommendations and an action plan
- Staff recruitment advice
- Developing a Client Value Proposition (CVP)
- Understanding behavioural finance
- Developing and implementing an investment philosophy
- CPD accredited ethics workshops

3. Capital Markets Insights

- Economic and market outlooks
- Asset class education and trends
- Trading execution
- Portfolio positioning across economic cycles
- Investment committee assistance and input

4. Business Management

- Human Resource Management
- Team Structure and Motivation
- Pricing policies and profit maximisation
- Self-licensing considerations
- Life coaching and financial planning

5. Responsible Investing

- Client type identification
- Client tools and ESG fact find tool
- Learning more about stewardship
- Engagement and client reporting
- Portfolio implementation solutions
- Climate change considerations or portfolio construction

6. Separately Managed Accounts

- Provide an outsourced portfolio solution at the practice level, specific client segments or for the core part of client portfolios
- Accessible across multiple major platform solutions with comprehensive administrative support
- Reduces time and resources to portfolio management, hence enhances practice profitability
- Supported by thorough reporting, commentary and support tools that strengthen client relationships
- Managed by an experienced investment committee that utilises dynamic asset allocation and smart beta strategies

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