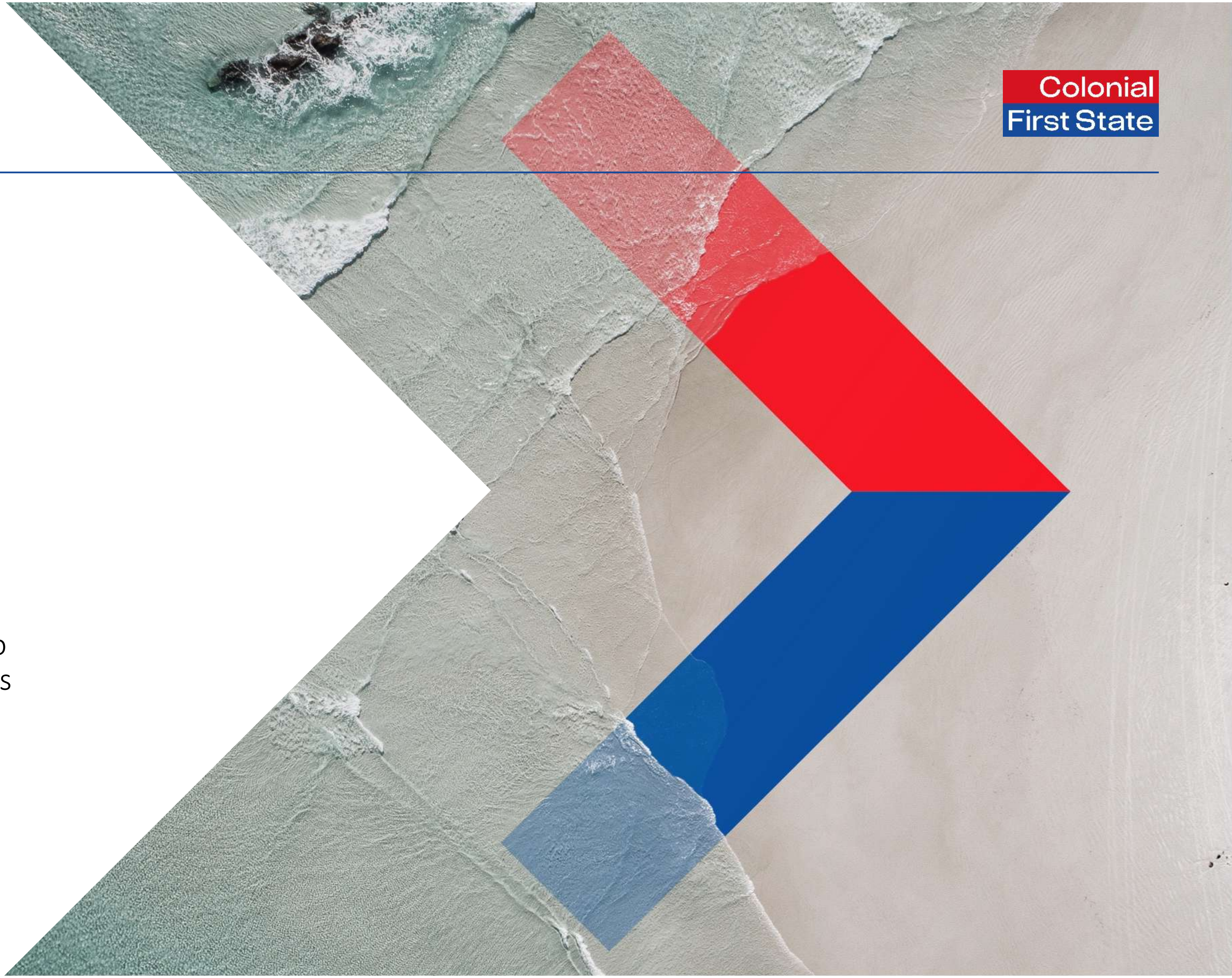
September 2024 | Ritesh Prasad, CFA

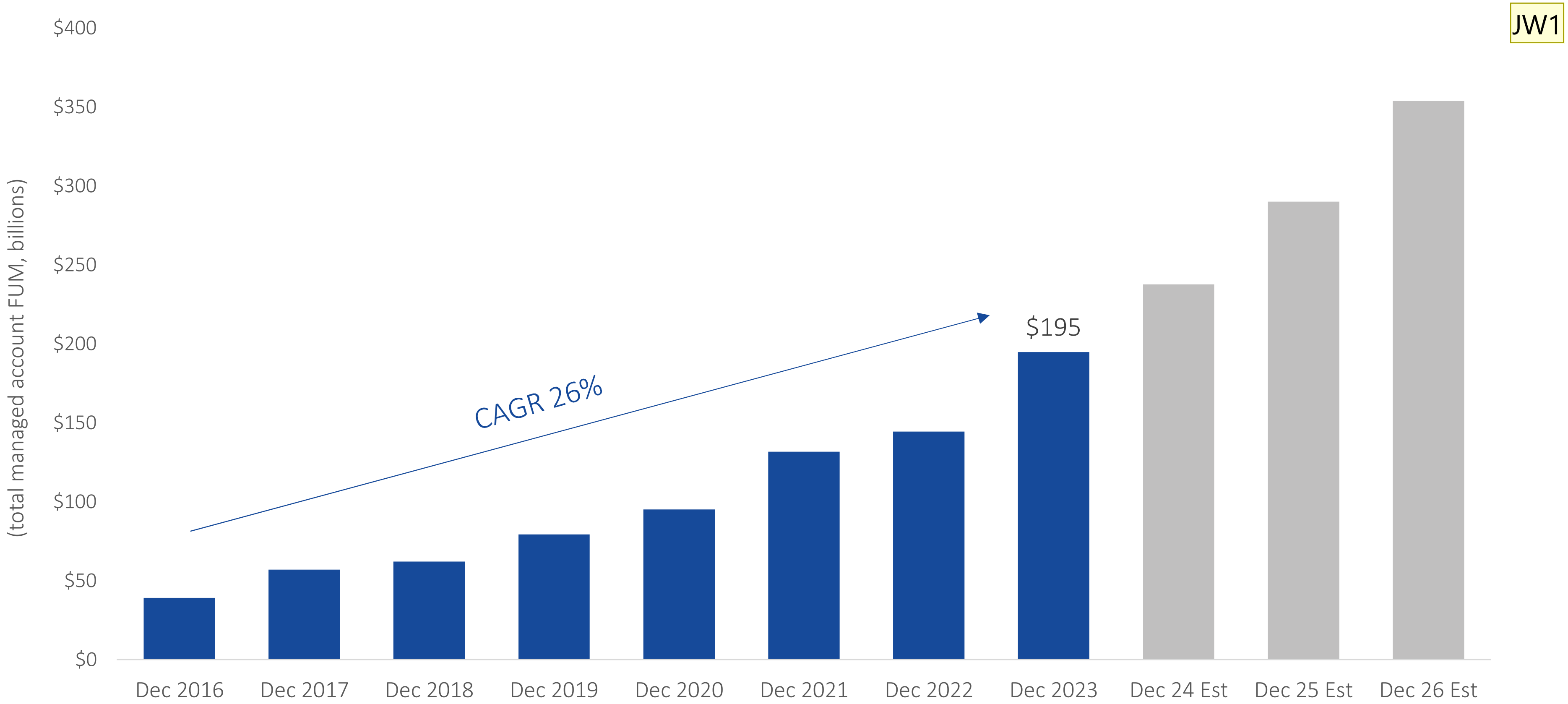


Beyond efficiency.

Harnessing managed accounts to demonstrate your value to clients

Disclaimer

Managed accounts: the 30,000-ft view



Adviser use only

Source: Institute of Managed Account Professionals (IMAP). Refers to Australian market

JW0

Slide 3

JW0 What is IMAP?

Jessica Walter, 2024-08-30T04:37:50.144

JW1 Can you provide more info on what this graph is talking about, e.g. are there more specifics on what "Total managed account FUM" includes?

Jessica Walter, 2024-08-30T04:38:32.577

Work with your value proposition, not against it

Value proposition

- Investment expert? JW0
- Behavioural coach?
- Source of ‘adviser alpha’

Investment philosophy

- Faith in markets
- Range of asset classes
- Definition of risk

Implementation

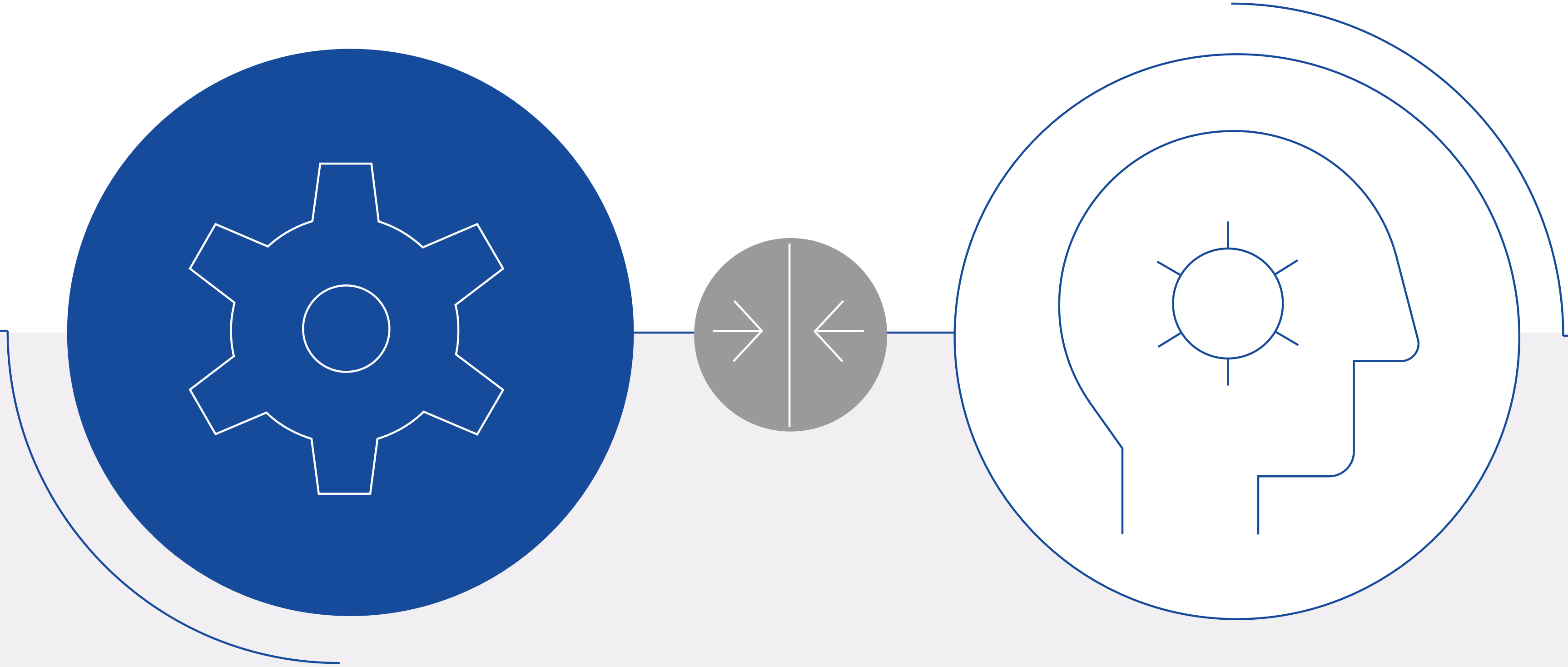
- Outsource?
- Model portfolio vs Fund vs SMA
- Partner selection

Communication philosophy

- Segmentation
- Education
- Style

JW0 Why are these question marked?
Jessica Walter, 2024-08-30T04:37:30.054

Engineering versus psychology



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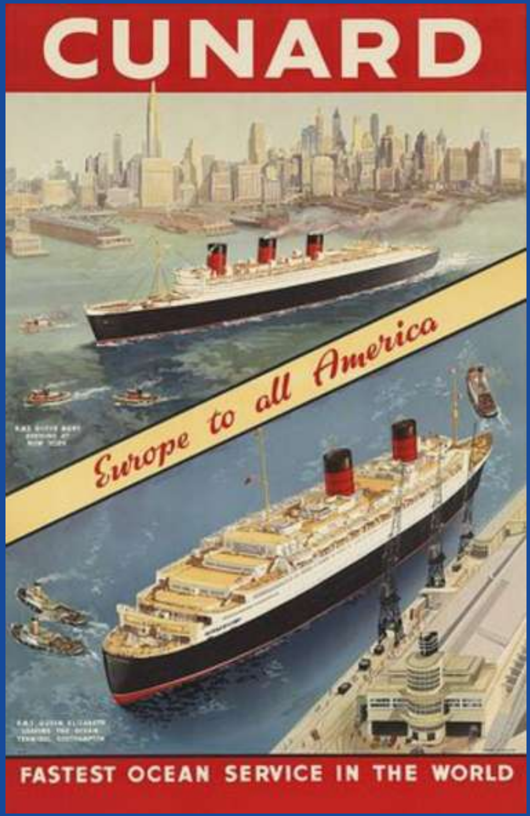
Reframing Transatlantic travel



Source: www.prosaictheory.wordpress.com. *Psychological Moonshots*

Applying this to the value chain

Value proposition	Bias to 'measurable' outcomes, e.g. outperformance	Peace of mind, trust, understanding possibilities
Investment philosophy	Markets are like a machine, risk is quantifiable	Markets are mercurial, risk is in the eye of the beholder
Implementation	Efficiency, cost	Engagement
Communication philosophy	Detailed blow-by-blow market commentary to build credibility	Storytelling, quotes, visuals and analogies

Don’t just deliver value, display it

Reduced paperwork (SOAs)

Brings portfolios to life

Performance

Cost savings

Demonstrate diversification in action

Breed comfort via familiarity (manager or asset class in focus)

Highlight speed of markets and cost of delay

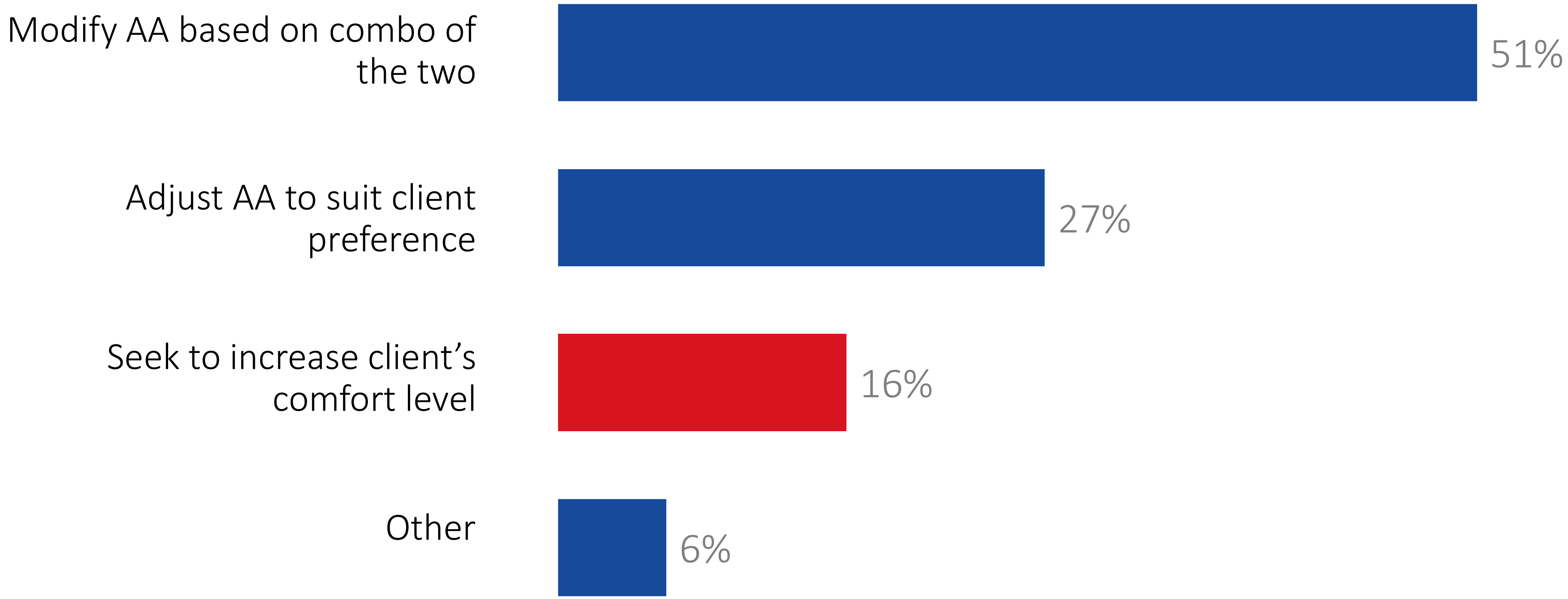
Educate: e.g. how the portfolio protects against the ‘hidden tax’ of inflation

Virtue of controlling their own ‘tax destiny’

More engaging, less transactional touchpoints

Bridging risk tolerance and risk capacity

JW0



Adviser use only

Source: Cerulli Associates (2019 data). Question: “How do you typically address the mismatch between a client’s preference and their capacity to take risk when determining an optimal asset allocation?”

Slide 9

JW0 Nice to have: Does there need to be a legend of the difference between blue and red?
Jessica Walter, 2024-08-30T04:48:00.192

Managed accounts and the client journey

CFS Investments offer

Colonial First State

Index SMA

- Active Asset Allocation
- Low-cost building blocks
- Managed Funds, Enhanced, Direct shares
- 3 risk profiles

Dynamic SMA

- Active Asset Allocation
- Best ideas
- Managed funds, Enhanced index, Direct shares
- 4 risk profiles

Builder series

- Active Asset Allocation
- Full range of asset classes
- Blend Defensive and Growth to achieve desired risk profile
- 3 portfolios

Thank you.