MANAGED ACCOUNT

PERSPECTIVES

A LUNAR LANDING

JONATHAN HOYLE AND STANFORD BROWN'S WINNING APPROACH TO MANAGED ACCOUNTS

ALSO: IMAP AWARDS / PORTFOLIO MANAGEMENT CONFERENCE / VERTICAL DISINTEGRATION / MANAGING CONFLICTS OF INTEREST / MANAGED ACCOUNTS IN A GOALS BASED PRACTICE

IMAP
Institute of Managed Account Professionals

VOLUME 2 ISSUE 3 SEPTEMBER 2018

PERSPECTIVES

REGULAR

FEATURE

Managed Account Perspectives is the official publication of the Institute of Managed Account Professionals Ltd (ABN 57 125 794 274).
IMAP was formed to act as the nexus in this increasingly important part of the advice profession. Our aim is to bring together advisers, managers, platforms and other managed account service providers to help build a better industry.

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WHAT DOES EXCELLENCE LOOK LIKE?

The IMAP Managed Account Awards are settled for the year. The finalists have been shortlisted and the winners have been chosen.

So, congratulations to Stanford Brown in the Licensee Managed Account Award, Elston Asset Management in the Innovation Award, and all the other winners.

But what did we learn from reviewing over 100 entries in the various categories?

There are a number of key lessons that provide some guidance to the way in which managed accounts – and indeed, advice – is likely to develop over the next few years.

Firstly, the variety of portfolio styles shows that we are well and truly past the Aussie equity large cap portfolios as a staple of managed accounts.

Secondly, the key portfolio management area is multi asset class portfolios. This area is really being dominated by the managers who originated in advice businesses - all the finalists were originally part of advice businesses, and even more interestingly, all have been spun out as standalone enterprises.

Related to this is how strong the resourcing of the portfolio management function is in these businesses; whether it's salaried employees or investment committees made up of individuals with extensive research, asset allocation or manager selection experience.

The objectives of the portfolios presented to us were far more varied than you might expect to see in a range of unitised managed funds.

Some were built to meet real return objectives. Some were developed to support a goals based advice philosophy or a cash plus model that targeted an after fees return in excess of term deposit rates, but with equivalent security and daily liquidity.

These are portfolios that are custom built to meet client goals and designed for use in an advice environment.

Since many of the portfolios we were invited to consider were comprised of managed funds or listed vehicles, like ETFs, the approach that is being adopted is much more like that of many industry funds, within the constraints created by platform or administrator product lists.

Some of the investment returns being achieved are stellar, with Sharpe ratios in excess of 2. But on the other hand, the performance history available for many of the portfolios is quite short, so it remains to be seen whether managers can consistently deliver for their clients.

The entries also demonstrated some of the constraints that still confront managed accounts. With a few commendable exceptions, some asset classes hardly made an appearance, such as fixed interest, infrastructure or other alternatives. Derivatives for portfolio protection were also completely absent.

But a final lesson concerns the presentations themselves.

For an industry that is principally about communication, so many of the presentations we received were poorly put together, failed to address the questions asked, and had performance or fees data that were opaque at best. This made it difficult for experienced people to actually understand the true details of the offer.

Toby Potter
Chair

"For an industry that is principally about communication, so many of the presentations we received were poorly put together, failed to address the questions asked, and had performance or fees data that were opaque at best."

PERENNIAL

It's time to take a closer look at the Perennial Small & Microcap Team.

As experienced investors we are attracted to this space:

- Under researched
- Large & diverse sector
- High growth opportunities

Microcap

1 year performance *54.4%*

Ranked 1st in the Mercer Investment Performance
*Survey of Australian Small Companies (Ex 100) Universe as at 31 July 2018**

Small Cap

1 year performance *31.96%*

Ranked 7th in the Mercer Investment Performance
*Survey of Australian Small Companies (Ex 100) Universe as at 31 July 2018**

2 year performance *20.38%* (annualised)

Ranked 1st in the Mercer Investment Performance
*Survey of Australian Small Companies (Ex 100) Universe as at 31 July 2018**

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Wade Matterson

MANAGED ACCOUNT FUM UP 9%

The growth in managed account funds continues at a steady pace, with the latest IMAP/Milliman Managed Accounts FUM Census for the six months to 30 June 2018, showing funds under management (FUM) now standing at $62.43 billion – a 9 per cent or $5.39 billion increase on the previous six months.

And for the 12 months 'year on year' period, this represents an annual growth rate of 30 per cent or $14.46 billion.

Commenting on the findings, the Institute of Managed Account Professionals (IMAP) Chair, Toby Potter, said over half of the increase was the result of organic growth.

"We estimate that $2.99 billion of the increase was due to inflows of new funds from existing participants growing their managed accounts business, compared with $3.37 billion in the previous six month period," Potter said.

He added that the total growth for the past 12 months from new fund inflows was $6.36 billion.

In addressing the results, Milliman (Australia) practice leader, Wade Matterson estimated that 45 per cent or $2.4 billion of the increase could be attributed to the steady growth in investment markets, with the value of the S&P/ASX 200 Accumulation index increasing by 4.23 per cent over the six month period.

"This compares with a 8.37 per cent or $4 billion market growth factor in the previous six months and reflects the total market conditions over that time period," Matterson said.

A total of 43 companies participated in the June 2018 Managed Accounts FUM Census, ranging from the very large (major platforms and banks) and MDA providers, to individual licensees that mostly operate their service internally.

MANAGED ACCOUNT FUM - 30 JUNE 2018

Managed Account category	30 June 2018 ($ billions)	31 Dec 2017 ($ billions)	Increase/Decrease ($ billions) Jun 17 to Jun 18	Increase/Decrease (%) Jun 17 to Jun 18
SMA/MIS	$20.55	$17.04	$6.65	48%
MDA services	$27.34	$25.47	$3.97	17%
Other services	$14.54	$14.54	$3.84	36%
Total	**$62.43**	**$57.05**	**$14.46**	**30%**

Source: IMAP/Milliman Managed Accounts FUM Census - 30 June 2018.

Recep Peker

ROYAL COMMISSION CHALLENGES PLANNERS

The number of clients seeking advise from planners continues to decline, as the move by more planners to self-licence increases.

These were two of the key findings to emerge from the 2018 Planner Business Model Report, which is an annual study of Australia financial planners and their business models by research company, Investment Trends.

According to Investment Trends research director, Recep Peker, in the wake of the recent Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, this year's study is reflective of the financial planning profession in a state of flux.

CLIENT NUMBERS

Interestingly, Peker said the pool of clients advised by planners continues to decline, with the decline in client numbers driven primarily by increased attrition and subdued new client acquisition. The research found that in the last 12 months alone, the average planner lost 35 active client relationships, while gaining only 20 new relationships over the same period.

A consequence of a shrinking client base has been the adverse impact it has had on practice profitability, with fewer planners saying their practice experienced year-on-year growth in profits (53 per cent saying so, down from 59 per cent in 2017 and 61 per cent in 2016).

"Planners continue to face challenges on multiple fronts, chiefly with compliance, client acquisition and building process efficiencies," Peker said. "Further, the recent Royal Commission inquiry has amplified planners' concerns with heightened regulatory uncertainty and negative press, and this is proving to be a major impediment to their growth prospects."

Still, the research shows planners are keen to restore their

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client numbers, with the majority of them (69 per cent) actively looking to grow their client book.

"Despite challenging business conditions, the average planner intends to expand their client book. So, support from their licensee, technology and service partners will be more critical than ever to alleviating the top challenges facing planners," Peker said.

SELF-LICENSING IS ACCELERATING

Industry wide, the population of self-licensed financial planners is on the rise. In 2018, one-in-five say they have their own AFSL, which is double the number recorded in 2012.

While self-licensed planners brought in a higher level of new inflows over the last 12 months, fewer report annual practice profit growth compared to their colleagues in the wider planning market (47 per cent vs 54 per cent). In addition, 78 per cent said they sought external assistance with a range of business support needs, especially around SOA build, compliance and client engagement.

Peker believed these unmet business support needs represented a significant opportunity for service providers to expand their proposition to support the growth of self-licensed planners.

FASEA REFORMS: A POSITIVE STEP

While planners believe the Hayne Royal Commission has dented the reputation of the profession, the majority (66 per cent) expect positive structural transformation to flow from FASEA led reforms. Only one-quarter of planners believe the new professional standards and education framework set out by FASEA will have a negative impact on the profession.

"Most planners accept that higher professional standards are vital for the financial planning profession," said Peker. "The younger generation of planners are, in fact, more positive towards these FASEA led reforms."

However, many planners believe the implementation of FASEA standards will come at a cost, notably through the degree equivalence requirement (57 per cent cite this) and the demands of the once-off exam (31 per cent).

"There will be a burden on time and cost for planners as the degree equivalence requirements come into effect in 2024, and support from professional associations and licensees is needed to ensure a smooth transition," Peker said.

The Investment Trends 2018 Planner Business Model Report, now in its fifteenth year, is based on an in-depth study of 899 financial planners concluded in May 2018.

Cameron Garrett

SMAS ON MACQUARIE WRAP PASSES $1.5 BILLION

Funds under administration in SMAs on the Macquarie Wrap platform has exceeded $1.5 billion.

In making the announcement, Macquarie Wealth Management Head of Wealth Product and Technology, Cameron Garrett said the growth in funds under administration is a reflection of the extensive range of investment options available on Macquarie Wrap, as well as the technology, scale and security that the platform delivers.

According to Garrett, over the last 12 months, Macquarie has added an additional 45 SMA models to its extensive SMA offering, along with 51 managed funds to its Wrap platform.

"We've seen strong growth in recent years and this is largely due to the continued investment we have made in our platform. We've combined technology and innovation to free up the time of advisers, so that they can focus on having holistic conversations with their clients," Garrett said.

"Through our SMA offering, we're enabling advisers to build portfolios that are both flexible and transparent. Our focus continues to be on bringing greater variety, providing deeper understanding and delivering improved client outcomes."

The Macquarie Wrap platform provides clients with access to a range of SMA models from a variety of investment managers, including Vanguard, Zenith and Quilla, which have been added over the last 12 months.

"We're pleased to build on our long-standing relationship with Vanguard, which is one of the largest investment managers on the platform. In launching Vanguard SMAs on Macquarie Wrap, we have become the first platform provider in the Australian market to offer this investment option to advisers and their clients."

The total number of Macquarie Wrap SMA investment managers now stands at 33 across 119 SMA models, complementing a suite of over 850 managed funds available on the wrap platform.

DEMAND IN MANAGED ACCOUNTS DRIVES QUILLA GROWTH

Increased demand in managed accounts has prompted Quilla Consulting to appoint Steven Jessop as National Business Development Manager and Michael Lange as an analyst within its investment team.

CONTINUES >>

Jessop will be responsible for leading the expansion of Quilla's distribution across Australia, while Lange will focus on manager research and supporting Quilla's portfolio managers.

"Our continued expansion is driven by the increasing demand by financial advisers for our public menu and customised managed account solutions, combined with our goal-based technology, Fincast, created for advisers to use with their clients," said Quilla director, Andrew Connors.

"The Royal Commission is highlighting the need for advisory groups to have the freedom to comply with the 'best interest' duty. As part of this requirement, we expect to see more advisory groups access managed account platforms."

Prior to joining Quilla, Jessop spent a decade working in the UK, where he was involved in raising capital from global institutions, family offices and wealth managers for managed funds. Before leaving for the UK, he spent 10 years in distribution roles in Australia, including with Macquarie, Suncorp and AMP.

Lange has over 16 years' experience and joins Quilla from a large, boutique wealth management company. He specialises in investment manager research and portfolio construction.

Quilla Consulting's portfolios and customised private label solutions are now offered on four managed account platforms.


Matthew Lumsden

VANGUARD LAUNCHES DIVERSIFIED MANAGED ACCOUNT STRATEGIES

Vanguard has announced that its diversified portfolio strategies are now available through Macquarie's SMAs on the Macquarie Wrap platform.

In making the announcement, Vanguard Head of Distribution, Matthew Lumsden said the availability of Vanguard's diversified strategies through managed accounts extends the options for advisers and investors seeking access to Vanguard's professional asset allocation, and are being targeted at the growing base of Australian advisers using managed accounts.

Vanguard's ETFs will predominantly be used to implement the asset allocation for the strategies, which include conservative, balanced, growth and high growth. Each has varying exposures to domestic equities, international equities and fixed income, to suit a range of goals, risk tolerances and time horizons.

"We are delighted to launch our first suite of managed account strategies, which we hope will appeal to the increasing number of advisers adopting managed accounts to assist in their service delivery to clients due to the business efficiencies they can offer," Lumsden said.

"Depending on their preference and investment needs, advisers and investors now have greater choice in how they access Vanguard's 'best thinking' on asset allocation represented in our diversified portfolios, whether that's through our low cost managed funds, ETFs or through managed accounts.

"Over time, we aim to grow the range of Vanguard strategies offered through managed accounts, to further expand the choices available to our advisers and investors."

According to Lumsden, Vanguard's Diversified Managed Account Strategies provide transparent, low cost solutions for investors. Each portfolio provides investors with an extensive and global exposure to some 6,500 individual companies and more than 5,000 fixed income securities.

He said Vanguard's Investment Strategy Group - a global team of researchers, economists and analysts - sets the asset allocation for Vanguard's diversified strategies, as part of a robust framework used by Vanguard globally.

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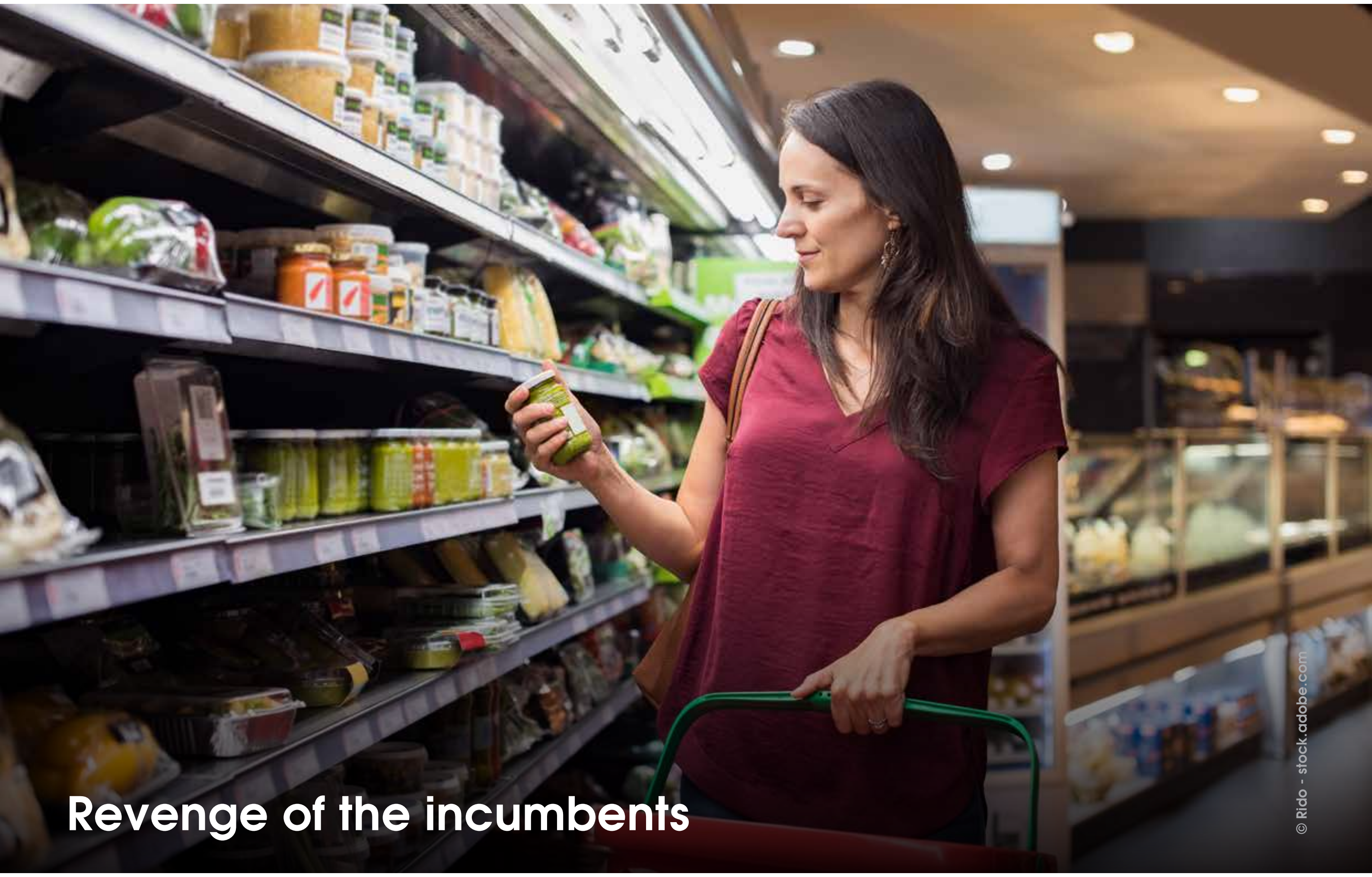

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Revenge of the incumbents

Grayden Taylor

The new breed of companies, like Netflix, Uber, Amazon and Airbnb, might be the flavour of the month with investors, but to dismiss the incumbents is to do so at considerable risk.

This was one of the key messages from Elston Asset Management's Andrew McKie (CEO and portfolio manager) and Grayden Taylor (portfolio manager), speaking at the IMAP Investment Forum in August.

"The 'disruption thematic' is driven by technology," Taylor said. "These new breed of companies rely on technology to give them a global reach, which allows them to grow their brand quite quickly. They have also had access to a decade of cheap money, which has help fund their growth."

But even though these new breed of companies have leveraged their growth and marketshare on the back of technology, McKie cautions to not discount the incumbent players in the market facing off these digital challenges.

Mckee said Elston had identified opportunities with some of the incumbents, based on the following four points:

1. As they already had a network of established customers, they had zero customer acquisition costs;
2. They typically were financially strong, and didn't have to fund a new start-up offering;
3. They leveraged fixed software costs; and
4. They were embracing innovation and seeking to improve the customer experience.

Taylor identified Woolworths, Flight Centre, Tabcorp and Telstra as good examples of incumbents taking on the digital disruptors.

"Amazon's entry into the Australian market last year was seen as a direct threat to Woolworths," Taylor said. "At the time, Woolworths had dropped its guard and was struggling with the failed Masters Home Improvement venture. Analysts believed Amazon Fresh would gain marketshare quickly against a weakened Woolworths, but it played out differently."

According to Taylor, despite its problems, Woolworths still had a strong brand in the market, with a loyal client and supplier base. And with Woolworths' established chain of warehouse distribution centres, as well as store locations, Amazon simply couldn't compete.

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"When faced with these factors from the incumbent, Amazon realised it was too difficult to compete against Woolworths, which demonstrates the issues investment managers and investors need to consider when looking at these 'disruptors," he said.

Taylor also used Flight Centre as another example of an incumbent facing off against the online offerings of Webjet, Expedia, TripAdvisor and Trivago.

"Flight Centre is succeeding against these online companies because people still enjoy the experience of face-to-face interaction with an agent. This is something that's difficult for a digital offering to replicate."

Taylor also remarked that Flight Centre had specifically targeted the corporate market and had developed a digital platform across its global network, to ensure it was keeping up with developments in technology.

"The incumbents that fall by the wayside, will be the ones that don't innovate," Taylor said. "Just look at the banks. They have responded well to changes in technology by embracing it. Online banking has been hugely successful, as it's enabled them to transition customers from branches to online."

TIPS FOR GOALS BASED ADVICE

The second session at the IMAP Investment Forum was a presentation on how managed accounts work in a goals based practice, by Matthew Walker CFP® - a director at WLM Financial.

According to Walker, goals based investing is an investment methodology where performance is measured by the success of investments in meeting an individual's personal and lifestyle goals. He said this differs from conventional investing methodologies, where financial performance is defined as a return against an investment benchmark.

In prefacing his presentation, Walker said the top four things clients want out of the financial planning process were:

1. Peace of mind;
2. A clear understanding of what is going on (with their investments/portfolio);
3. For the planner not to lose their money; and
4. Good returns.

"Interestingly, good returns ranks fourth on the list - not first," Walker said. "Clients aren't expecting their planners to be investment managers. Clients want planners to hep them achieve their goals.

"That's why we outsource our portfolio management and administration, to enable our planers to focus on our core services, which is looking after our clients."

Walker believes when the industry talks about 'risk' to clients, it's often the wrong type of risk, like sequencing risk or volatility risk. Instead, he said the "real risk" for investors was not achieving their investment goals.

"A good planner helps clients to identify, understand and manage their goals," Walker said. "And goals based investing is about actively managing portfolios to meet the goals and objectives of clients. Goals based investing also helps to address behavioural finance issues, by directly linking the investment portfolio to the client's goals."

For planners considering a goals based portfolio, Walker recommended the following:

- The portfolio must relate to the client's needs;
- Market indices have no relevance to client goals or objectives;
- Appropriately targeted and risk diversified multi asset portfolios; and
- The asset allocation range needs to be broad and flexible.

"For WLM Financial, managed accounts are the most efficient way of providing goals based investing, as they provide our clients with individual investment management in a scaleable and transparent way," Walker said.

"As our planners have more time to focus on their clients' goals, our clients have stopped talking about investments. Instead, we now have deeper conversations about their objectives. Our clients are more satisfied and have peace of mind with our goals based approach to advice."

> Goals based investing is about actively managing portfolios to meet the goals and objectives of clients.
>
> – MATTHEW WALKER CFP®

The IMAP Investment Forum is a community of interest for dealer group researchers, investment teams and independent researchers, where they can hear and learn from specialist portfolio managers and chief investment officers of advisory businesses. These experts and advisory professionals provide their insights on the practical issues involved in implementing managed accounts in an advice business.

IMAP Awards: Recognising industry excellence

On 1 August, the inaugural IMAP Managed Account Awards were presented across seven categories. Following is a review of the award methodology and the winners.

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There was stiff competition this year across the seven categories in the inaugural IMAP Managed Account Awards, with Sydney-based Stanford Brown taking out the coveted award for Licensee Managed Account.

At a ceremony in Sydney on 1 August, the following winners were announced across the seven categories:

Australian Equities – SG Hiscock & Company

Australian Equities Small Cap – Macquarie Investment Management

International Equities – DFS Portfolio Solutions

Multi Asset Class – The Lunar Group

Other Asset Classes – Real Asset Management

Innovation – Elston Asset Management

Licensee Managed Account – Stanford Brown

Speaking about the overall quality of entries for the 2018 IMAP Awards, Angela Ashton – a director at Evergreen Consultants and one of the six judges for the awards – said there was a wide variety of entries, with a large number of high quality submissions.

She said entries revealed an "extraordinary range of offerings" that provided access to just about every asset class available. However, she noted that 'communications', 'investment process' and 'cost' were three of the key areas in the managed accounts sector that judges believed improvement was needed in over the coming years.

"Communications were lacking for some entrants, while others did not clearly explain their investment process," Ashton said. "Others were more expensive than it seemed they should be."

However, what did impress the judges were the quality of some of the entries across all the areas they were looking for, including: good teams, well-developed investment processes, reasonable fee structures and impressive results.

"But some of the entrants were not as professionally presented as others," Ashton said. "There were some weaknesses in the sizes of teams and investment processes that weren't well explained or a little less transparent than others. So, there is always room for improvement."

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The judges line up.

JUDGING CRITERIA

In terms of the judging criteria for these awards, the portfolio needed to be offered through a managed account structure with the following features:

- Recognised legal structure – registered MIS, MDA, IDPS-like, IDPS model.
- Investments directly held by or on behalf of each investor, i.e. not a pooled structure.
- Model based.
- Clear discretion held by the portfolio or investment manager.

Importantly, the portfolio also needed to have a clear objective and a benchmark.

For the **Asset Class** portfolios, the judges took into account:

- Performance;
- Risk measures, including standard deviation and Sharpe ratio;
- Weighted average cost of investment, both directly and considering the underlying investments; and
- Qualitative criteria, including the resources available to the portfolio management organisation and the structure.

For the **Licensee Managed Account** category, the criteria applied to single sector portfolios, with the judges also considering:

- The investment committee structure and resourcing;
- The way in which the portfolios reflected the advice firm's investment philosophy and appeared to be integrated with it;
- How the managed account service fitted with the client proposition; and
- Supporting materials, including communications about portfolio management and portfolio changes.

The **Innovation Award** category recognised those activities that had been designed to improve the:

- Operation and process of managed accounts;
- Adoption by advisers and licensees;
- Investment options;
- Technology used to support managed accounts; and
- Other functions the judges thought were worthy of recognition.

JUDGING PANEL

This year's judging panel for the awards included:

Stuart Alsop – Head of Data Australia/NZ for Financial Express.

Angela Ashton – Co-founder and director at Evergreen Consultants.

Nigel Douglas – Chief Executive Officer at Douglas Funds Consulting.

Brad Matthews – Founding Director at Brad Matthews Investment Strategies.

Dominic McCormick – Head of Investment Strategy/Portfolio Manager, Select Funds at Select Investment Partners.

Mark Oliver – Head of Managed Accounts, Macquarie Wealth Management.

Toby Potter – Chair, IMAP.

Following is a review of each category winner.

Recognising excellence

It was a packed venue at the inaugural IMAP Managed Account Awards on 1 August, with winners and finalists across seven categories celebrating their outstanding achievement.

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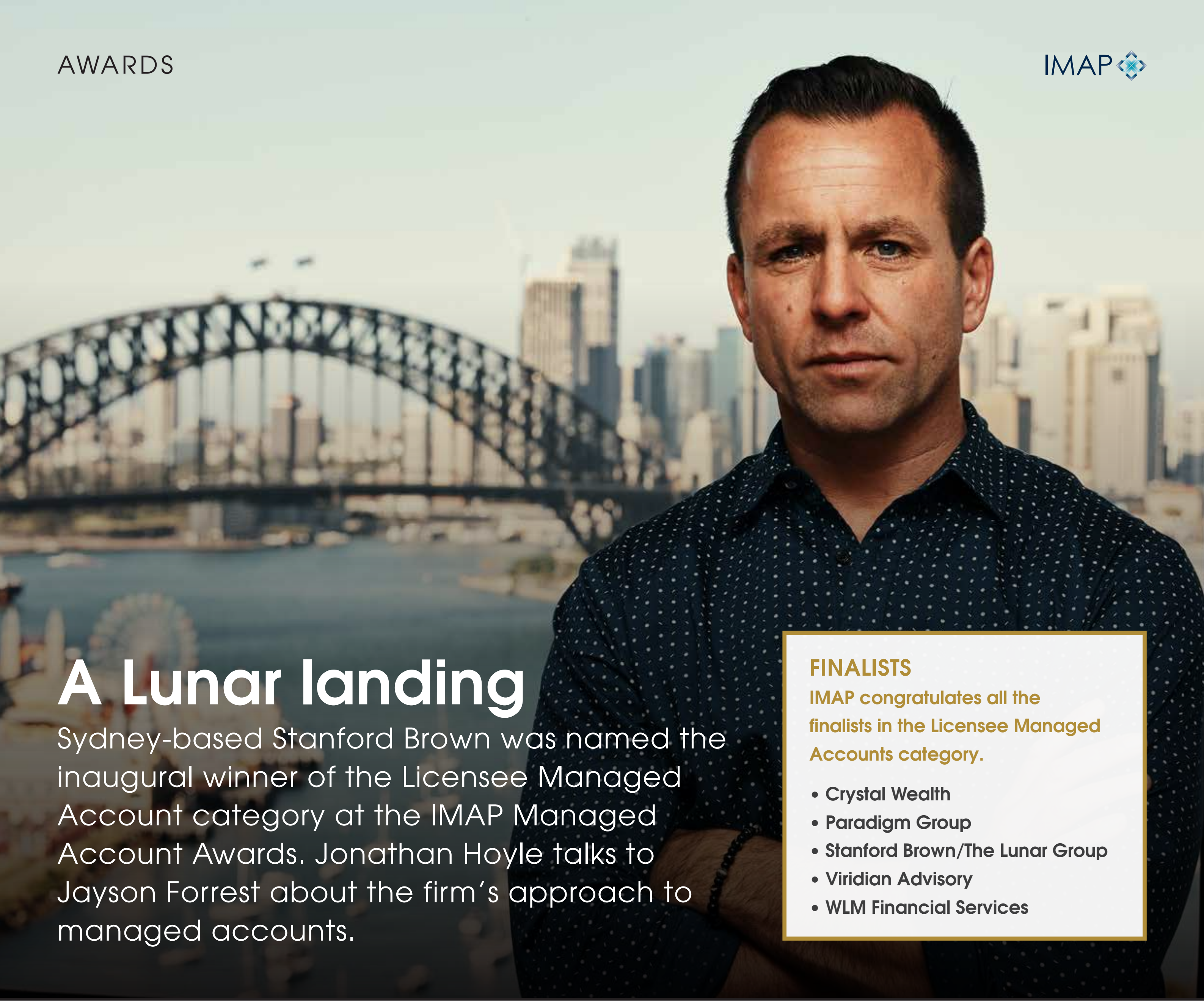
IMAP MANAGED ACCOUNT AWARDS EVENT SPONSORED BY netwealth



A Lunar landing

Sydney-based Stanford Brown was named the inaugural winner of the Licensee Managed Account category at the IMAP Managed Account Awards. Jonathan Hoyle talks to Jayson Forrest about the firm's approach to managed accounts.

FINALISTS

IMAP congratulates all the finalists in the Licensee Managed Accounts category.

- Crystal Wealth
- Paradigm Group
- Stanford Brown/The Lunar Group
- Viridian Advisory
- WLM Financial Services

With a pedigree stretching back 30 years, Stanford Brown does a great job flying under the radar, despite its long track record of advice excellence.

Today, the North Sydney-based business operates under its own licence through The Lunar Group, with a staff of around 50 looking after 600 or so high-net-worth clients across three main business lines: private wealth, corporate benefits consulting and mortgage lending.

Two years ago, Stanford Brown reached a significant milestone as it crossed $1 billion in funds under management, which prompted the business to reconsider how it managed its clients' investments.

"It was at this time we came to the conclusion that the way we were running our clients' money was neither in their best interests or our best interests," says Stanford Brown chief executive officer, Jonathan Hoyle.

"The traditional way of managing clients' money is clunky,

it's reactive, it's slow and it's administratively inefficient. We had been searching for a better solution for a while and with managed accounts, we realised that a superior solution for managing clients' funds had finally arrived."

The result: Stanford Brown made the decision in early 2016 to implement a managed account solution, with Netwealth selected as the group's platform provider towards the back-end of that year. It also partnered with Morningstar and Zenith for their research capabilities.

And so, Stanford Brown's Lunar Managed Account was born, launching in early 2017 and comprising of five multi-sector models - ranging from conservative (with 30 per cent growth assets) to high growth (with 95 per cent growth assets).

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"Within that managed account we can buy managed funds, ETFs, individual shares, hybrids, unlisted and listed funds, as well as cash and term deposits," Jonathan says.

THE BENEFITS ARE THREEFOLD

According to Jonathan, it didn't take long for the business to see the benefits of launching its managed account, which were threefold:

1. A better outcome for clients.

"We saw how effective our managed account was in providing clients with a better outcome," Jonathan says. "It was a more equitable solution. Every client now gets their portfolio changed at the same time. So, it's a far more proactive way of managing clients' money, because you are not having to wait four or five months for your next client review to implement any changes. Instead, advisers can implement changes at the click of a switch. It's that easy."

Jonathan adds that a managed accounts solution also enhances the professionalism of a business.

"The traditional advice model is too reliant on the whims and behavioural biases of an individual adviser. Instead, with managed accounts, you are getting the clinical efficiency that comes with having a professional, independent money management investment committee."

2. A better outcome for the advice practice.

Jonathan notes that running money via a managed account is a far more efficient process, and results in far fewer errors and lost dividend payments.

3. A better outcome for advisers.

"And finally, managed accounts free up an adviser's time to truly focus on the advice process and enable them to have deeper conversations with clients about what's really important to them, rather than having incredibly dull and zero value-added conversations about what type of equities to buy."

INVESTMENT COMMITTEE

Despite the considerable advantages its managed account solution has provided to its clients and the Stanford Brown business, Jonathan warns that the biggest expense for any business setting up its own discretionary portfolios is building a quality investment committee. He says practices shouldn't underestimate the cost involved in doing that.

At Stanford Brown, six members make up its investment committee, which meets formally every month. The committee comprises the group's highly experienced chief investment officer, Ashely Owen CFA, an analyst, three senior Stanford Brown advisers, including Jonathan, and Dr Don Stammer as an external and independent member of the committee.

FEWER, SHORTER, SHALLOWER

Stanford Brown's typical client is someone in their late 50s and who is approaching the end of their working life. Having created the bulk of their wealth, their focus is on wealth preservation. It's unsurprising then that the firm's investment philosophy revolves around client wealth preservation.

"The preservation of capital is paramount to us," Jonathan says. "We have a saying - 'Fewer, Shorter, Shallower'. This saying is fundamental to our client value proposition. So, in good times, we try and keep up with the markets but we might not. But when times are rough, we will outperform the markets, and we expect to outperform significantly.

"During these rough times, our client portfolios will have fewer drawdowns, they will last for less time and they will be of shallower duration."

And while Jonathan concedes that client longevity risk is a critical factor in the planning process, he believes a far bigger risk for clients is running out of capital in retirement.

"Once you stop receiving a regular income from employment, there is a significant drawdown in your portfolio following a major bear market. You simply don't have the opportunity to make that money back," he says. "So, the preservation of capital is of paramount importance to all retirees and that's a view we take seriously as part of our investment philosophy at Stanford Brown."

COMMUNICATE THE JOURNEY

Of the 600 high-net-worth clients Stanford Brown services, one-third of these clients currently have their money run via the managed account. This equates to approximately $500 million of client funds in the managed account.

> "The traditional way of managing clients' money is clunky, it's reactive, it's slow and it's administratively inefficient. We had been searching for a better solution for a while and with managed accounts, we realised that a superior solution for managing clients' funds had finally arrived. – JONATHAN HOYLE"

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"In fact, three-quarters of our clients have some part of their portfolio run via the managed account, with the remaining 25 per cent of clients tailored to their own specific needs," Jonathan says.

However, he admits this would not have been possible without effectively communicating the benefits of working in a discretionary environment with the firm's clients. In fact, Jonathan believes effective client and adviser communication is absolutely necessary for any business wanting to implement a managed accounts service.

At Stanford Brown, the communication process begins with the monthly meeting of the investment committee. Following the meeting, the company's chief investment officer, Ashley Owen, runs a one-hour presentation for all the advisers, explaining his view of the markets and any changes that the investment committee has made to their clients' portfolios.

In addition to this, clients regularly receive three forms of communication.

Firstly, there is a weekly client update, called TW3 - 'That Was The Week That Was' - which is a more light-heated look at what's going on in the markets and what types of global events are affecting client portfolios.

Secondly, clients receive a deeper investment piece each month, which complements the more in-depth quarterly update that reviews Stanford Brown's portfolios, including benchmark performance, and lists any changes that the investment committee has made.

But is this communication overload for clients?

"Absolutely not," says Jonathan. "The response we've had from clients has been overwhelming. They value our communication and the reasons why we make decisions on their portfolios. They prefer the way in which their money is now managed and it's keeping them engaged with the portfolio management process."

However, Jonathan concedes that initially, for some of Stanford Brown's clients, the move from having them sign off on all investment changes to discretionary portfolio management was quite a significant change.

His advice to other firms contemplating rolling out a managed accounts solution is to take a lot of time in educating clients, and to also appreciate that managed accounts are not suitable for ever type of client.

But it's not just clients who need to be taken on this brave new journey. Jonathan adds it is equally important for a practice to engage with its advisers when introducing a managed accounts structure into a business.

"Initially, some of our advisers were concerned about managed accounts, particularly those advisers who had an investment bias and who had more interest in the markets. They were concerned that their jobs were being outsourced to an investment committee.

"But now that we are closing in on two years into the

The Standford Brown team.

A disciplined approach to investing: Chief Investment Officer, Ashley Owen with Jonathan Hoyle.

execution of our managed account, the response from our advisers has been fantastic. It has freed up their time to talk about what really matters with their clients. Their client conversations are much richer and deeper, enabling them to build much better relationships with their clients."

Jonathan is particularly pleased with the increase in the number of clients that advisers can now efficiently manage, because of the significant drop in preparation time for review meetings.

AWARDING EXCELLENCE

In awarding Stanford Brown the top gong for Licensee Managed Account at the IMAP Managed Account Awards, judges were impressed by: the company's investment committee structure and resourcing; the way in which the investment portfolios reflected the advice firm's investment philosophy; how the managed account service fitted with Stanford Brown's client value proposition; and its approach to client and adviser communications about portfolio management and portfolio changes.

To say Jonathan was delighted with the win is an understatement.

"We were thrilled to win this award. It's a great honour to be the inaugural award winner and it's particularly gratifying knowing that we were judged alongside other high calibre finalists," he says.

"In the end, the continued success of our managed account all comes down to trust and efficiency. Our clients trust us to make discretionary decisions on their behalf and our advisers enjoy their time being freed up to do what they do best – advise."

"It's been a win-win for all concerned."

"The preservation of capital is paramount to us. We have a saying – 'Fewer, Shorter, Shallower'. This saying is fundamental to our client value proposition."

– JONATHAN HOYLE

CATEGORY: Australian Equities

Boutique investment manager, SG Hiscock & Company has taken out the Australian Equities category at the IMAP Managed Account Awards.

FINALISTS

IMAP congratulates all the finalists in the Australian Equities category.

- Bennelong Australian Equity Partners
- DFS Portfolio Solutions
- DNR Capital
- Macquarie Investment Management
- SG Hiscock & Company
- Shaw and Partners

By investment standards, Melbourne-based SG Hiscock & Company is relatively young, having established in 2001, but it is an investment manager with a long track record of consistently outperforming the market. The boutique business is entirely owned by its staff and specialises in Australian equities and property securities, including Australian and global REITs.

The IMAP Managed Account Awards judges presented SG Hiscock & Company with the Australian Equities award for its SGH20 fund.

The SGH20 fund is an actively managed, high-conviction, broad cap Australian equity fund that invests in a concentrated portfolio of between 15 to 25 ASX-listed companies. The fund is not constrained by index or sector weights and aims to achieve returns in excess of 5 per cent above both the S&P/ASX300 Accumulation Index and cash over rolling five-year periods (before fees and taxes).

The SGH20 fund, along with a number of other high-conviction funds, is available on various managed account platforms, including OneVue and Hub24.

"In order for us to generate different investment performance from the crowd, we're big believers that you need to do something different and that's something we do through out concentrated benchmark unaware approach," says SGH20 portfolio manager, Hamish Tadgell.

SG Hiscock employs a high-conviction, active management approach to investing, which is founded on its ValueActive™ investment process - used by the investment team for more than a decade. It combines bottom-up analysis with a forensic approach to company research, market fundamentals and insight.

> "We believe our high-conviction, active approach to investing is well placed in the managed accounts environment."
> – HAMISH TADGELL

CONTINUES >>

"We believe our high-conviction, active approach to investing is well placed in the managed accounts environment," says Hamish. "We're strong believers that this approach, when implemented in a disciplined manner, is a way to create value and outperformance over the longer term."

In order to identify the best opportunities to help clients achieve their financial goals, SG Hiscock undertakes a broad fundamental research program that incorporates an extensive schedule of company visits. With an experienced team of investment professionals, the manager also engages a select team of external research providers to complement its insights in the macroeconomic landscape (both locally and abroad) and general investment trends.

CLIENT COMMUNICATION

Central to SG Hiscock's approach to investing is the way in which it communicates with clients.

"Investing is not just a transaction, it's a journey," Hamish says. "Over time, we look to build a conversation with our clients, so they understand what we're doing and how we come to make decisions and invest their money.

"Ultimately, we see that as a partnership, where we look to become the trusted manager in helping investors achieve their financial goals."

And part of that partnership includes the active engagement of SG Hiscock with its clients that includes seeking feedback through regular updates and forums.

"This client engagement is a part of how we measure our success, with the other part being the performance of our funds over the medium and long-term. Since its inception, the SGH20 fund has outperformed its benchmark by an average of 4.5 per cent per annum over the last 14 years, which is a strong endorsement of our approach."

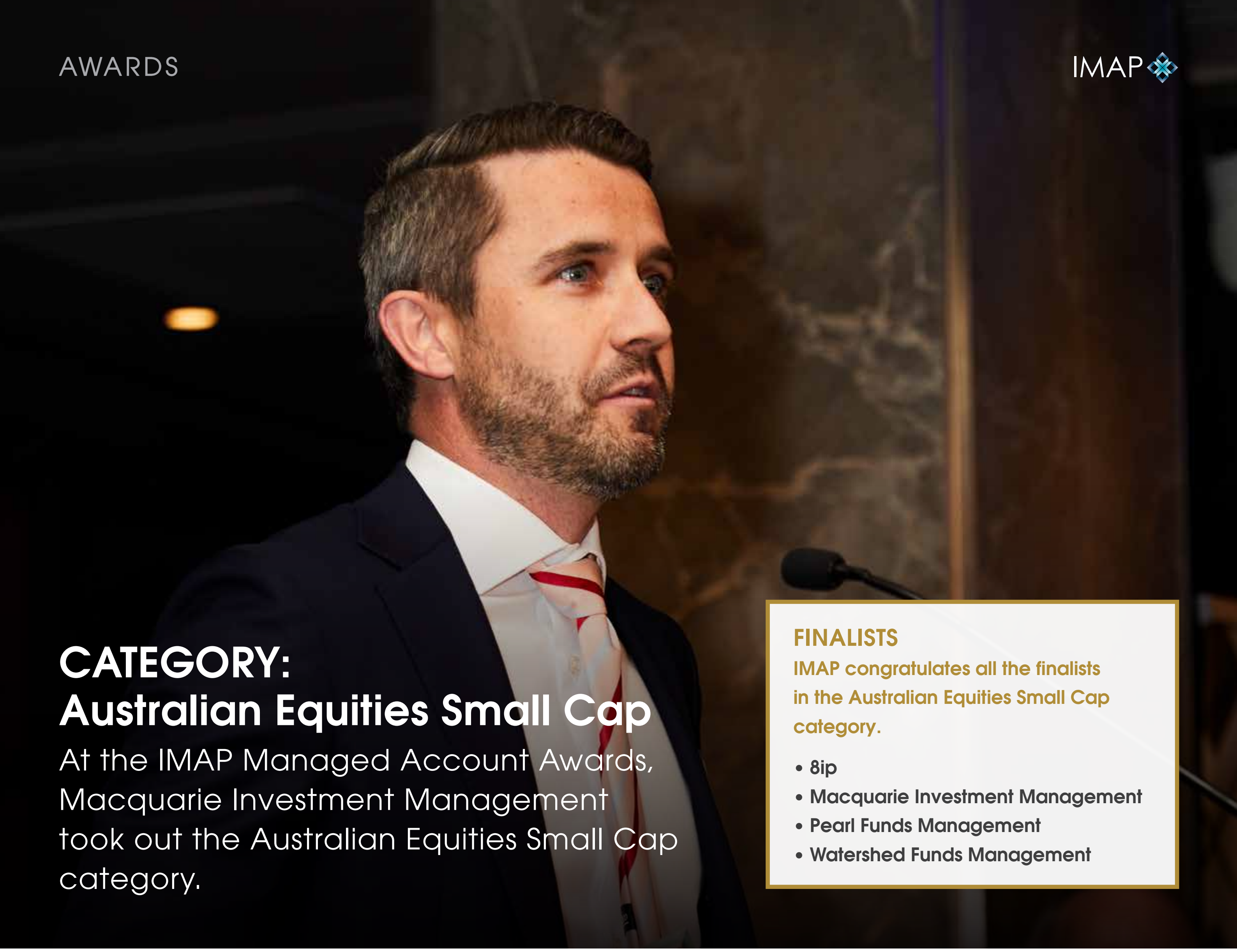
> Since its inception, the SGH20 fund has outperformed its benchmark by an average of 4.5 per cent per annum over the last 14 years, which is a strong endorsement of our approach.
>
> – HAMISH TADGELL

IMAP AWARDS

Hamish also views winning the IMAP Managed Account award for the Australian Equities category as another measure of success for SG Hiscock, providing it with recognition and third-party confirmation of the rigorous internal investment process used across its funds.

"Naturally, it's a great honour to be named a finalist, let alone win an industry award, so we are very proud to be recognised as the inaugural winner of this IMAP award," Hamish says. "It's particularly satisfying when you consider the quality of the peer group we were up against.

"I've never thought of awards as being 'the best in what you do'. Instead, I see awards as confirmation that what you are doing is valued by the wider industry and clients. So, it's very rewarding for the team at SG Hiscock & Company to be recognised in this way."



CATEGORY: Australian Equities Small Cap

At the IMAP Managed Account Awards, Macquarie Investment Management took out the Australian Equities Small Cap category.

FINALISTS

IMAP congratulates all the finalists in the Australian Equities Small Cap category.

- **8ip**
- **Macquarie Investment Management**
- **Pearl Funds Management**
- **Watershed Funds Management**

When out comes to investing, Macquarie Investment Management understands that different investors have different needs when it comes to investment structures. While many investors are content with traditional managed funds, others prefer to access their Australian equities via a portfolio of direct securities.

For those clients choosing the latter approach, Brad Partridge - a portfolio manager at Macquarie Investment Management - says they can access Macquarie's investment management capability via an SMA, which targets a similar risk and return outcome to the managed fund, but "with the additional benefit of a more transparent, concentrated and lower-turnover portfolio".

In fact, the investment philosophy for Macquarie's Australian equity strategies is based on four beliefs of how to outperform the Australian market:

1. Typical human behaviour leads to biases that can be exploited;

2. Biases can be systematically captured and combined in a portfolio to deliver a specific investment outcome;

3. Ongoing research is required to understand changing investor motivations and behaviours, ensuring the strategy remains current; and

4. Systematic strategies are best implemented with awareness of market conditions.

"Proprietary quantitative models can provide a roadmap to navigating markets. Portfolio managers are required to determine the probability and degree of model success across varying market conditions," Brad says.

> Proprietary quantitative models can provide a roadmap to navigating markets. Portfolio managers are required to determine the probability and degree of model success across varying market conditions. – BRAD PARTRIDGE

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INVESTMENT PROCESS

So, what does Macquarie's Australian equities small cap investment process look like?

According to Brad, the small companies strategy uses quantitative techniques to exploit and/or neutralise biases in investment decision-making.

"To do so, the process captures quality, momentum and value characteristics that have historically generated reliable excess returns in the Australian market. A portfolio manager overlay is also applied, linking the models to current market conditions, recognising that there are situations or events that may not be captured using a systematic process," he says.

"The approach takes advantage of a broad range of investment themes to drive performance, whilst aiming to minimise any unwanted risks, producing a robust and well-diversified portfolio."

Supporting the investment process, Macquarie's ongoing research program focuses on continuously evolving and adapting its investment process to changes in the market and investor dynamics.

"At the end of the day, performance is the key thing that matters," Brad says. "Our small companies SMA portfolio seeks to deliver strong outperformance versus the Small Ordinaries benchmark and long-term capital growth for our clients. That's how we measure success."

IMAP AWARD

Brad says it's very "special" to be the inaugural winner of the IMAP Managed Account Award for the Australian Equities Small Cap category, particularly as Macquarie has been managing Australian equity portfolios within managed account structures since 2001.

"When I joined Macquarie's managed accounts business in 2005, many industry observers expected SMAs to be the 'next big thing'. In hindsight, it took much longer than most people expected, but SMAs are now one of the key trends in investment management," says Brad.

"So, to personally see the growth of this sector over the past 13 years and for Macquarie to be recognised for its strong investment management capability, is both very rewarding and humbling."

> Our small companies SMA portfolio seeks to deliver strong outperformance versus the Small Ordinaries benchmark and long-term capital growth for our clients. That's how we measure success.
>
> – BRAD PARTRIDGE

CATEGORY: International Equities

DFS Portfolio Solutions took out the International Equities category at the IMAP Managed Account Awards.

FINALISTS

IMAP congratulates all the finalists in the International Equities category.

- DFS Portfolio Solutions
- Pearl Funds Management
- Prime Financial Group
- Watershed Funds Management
- Powerwrap – WCM Quality Global Growth

For Stephen Romic – Principal and Head of Research at DFS Portfolio Solutions - winning the IMAP Award for International Equities is acknowledgment and recognition from industry peers that he believes has been a decade in the making.

"We are one of the early adopters in the managed accounts space, having started back in 2008. It's wonderful to see the market evolve and accept our business model, which we have been developing for over 10 years," Stephen says.

As a model manager, Stephen believes DFS' success lies with its client-centric, non-conflicted approach to portfolio research and ultimately, portfolio construction.

"We have developed a research process that is entirely funded internally and which is non-conflicted. And our approach to managed accounts is quite client-centric. Our offering has been built from the perspective of an IFA practice, rather from an institutional perspective," Stephen says.

"So, we've built our managed accounts capability from the viewpoint of the client and what they want. We are providing accountability to clients through a high degree of transparency, which enables them to discern what value they are receiving across their portfolio, as an unbundled service that runs parallel to the holistic planning advice."

"We have developed a research process that is entirely funded internally and which is non-conflicted. And our approach to managed accounts is quite client-centric. Our offering has been built from the perspective of an IFA practice, rather from an institutional perspective. – STEPHEN ROMIC"

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> We are now engaging with clients in a much more meaningful way. Gone are the acronyms and technical jargon when dealing with clients. We are increasingly refining our client communications to be succinct and to the point. – STEPHEN ROMIC

RESEARCH PROCESS

For the 2018 IMAP Managed Account Awards, DFS Portfolio Solutions was a finalist for the categories of International Equities, Australian Equities, Multi Asset Class and Other Asset Classes, for which it received the gong for International Equities.

Stephen says DFS Portfolio Solutions' investment research team, which comprises of four dedicated professionals, maintains a consistent and non-conflicted approach in its research processes for all these categories.

"What this shows is that we do not take a piecemeal approach to research," Stephen says. "We have a highly experienced and well-credentialed team of people to do the heavy-lifting when it comes to the investment research."

In addition to that, DFS has an investment committee that includes the four research professionals, as well as two independent investment consultants, who are used to challenge and scrutinise the findings of the research team.

MEASURING SUCCESS

Success is at the core of DFS' capability and measuring that success is something Stephen takes very seriously.

"One part of measuring our success is portfolio performance, and that's not just about the returns but the overall performance of the portfolios. So, for us, measuring success is about keeping to our value system and consistently reaching our objectives," he says.

"So, in terms of our value system, that means ensuring our research model stays non-conflicted. We want to ensure that it does not over-represent active or passive managers during all market conditions. And, of course, we want to make sure our interests are aligned to the end-user."

DFS has also developed a risk-based approach to asset allocation for its multi-sector model. Stephen says the measure of success for risk profile models is keeping the integrity of its clients' risk profiles intact. It does this by measuring and monitoring risk to make sure that the risk exposure of clients is in keeping with their risk tolerance.

"With conventional portfolio management, there are periods of very stable returns and periods of very volatile returns. Clients are typically told there are good times with investing and bad times, in which case they should just ride out the storm during the bad times," Stephen says.

"But at DFS, we want our clients' risk profile to be at a certain range. So, what we do is measure, monitor and adjust portfolios to make sure the risk tolerance is within their particular range.

"We've spent a lot of time, effort and resources to build our risk-based approach, and one of our key measures of success is keeping the portfolio risk level pegged to each client's underlying risk tolerance level."

COMMUNICATIONS

And while DFS' portfolio management was an important factor in winning the International Equities category, Stephen also credits the group's client communication strategy, which DFS has committed to over the past 4-5 years.

"We are now engaging with clients in a much more meaningful way," Stephen says.

"Gone are the acronyms and technical jargon when dealing with clients. We are increasingly refining our client communications to be succinct and to the point.

"This has been a big enhancement to the business, with our clients much more engaged with their investments and the overall portfolio management process."

CATEGORY: Multi Asset Class

The Lunar Group has taken out the Multi Asset category at the IMAP Managed Account Awards.

FINALISTS

IMAP congratulates all the finalists in the Multi Asset Class category.

- Atrium Investment Management
- DFS Portfolio Solutions
- Dynamic Asset Consulting
- Innova Asset Management
- The Lunar Group

As the Chief Investment Officer at Stanford Brown/ The Lunar Group, Ashley Owen is the gate-keeper to the company's investment process, ensuring that at all times, a rigorous procedure that is evidence and facts based is undertaken for making investment decisions.

Ashley oversees a six person investment committee, where there are models, processes and methodologies for every single asset class under review. It's a meticulous undertaking.

"I review about 700 stocks around the world every quarter, and I do a top-down review of global scenarios," Ashley says. "We've got fundamental models on different asset classes. It's an extremely detailed process for looking at markets."

Despite winning the IMAP Managed Account Award for Multi Asset Class, Ashley says success always hinges on whether clients actually receive what they need and what they want in a service offering.

"The ultimate test for any client is whether they are achieving their goals and objectives, such as regular cashflow and reliable capital growth. So, this means real returns over the long-term, ensuring clients have got the income they need in retirement and even, perhaps, for inter-generational wealth transfer.

"I believe gauging success means identifying whether clients are happy they're on the right investment path and are being well looked after. I think that's how you measure success, whether you're an investment manager or an advisory business."

INVESTMENT PERFORMANCE

And while Ashley throws in investment performance and returns into the mix of measuring success, he cautions they should not be the sole consideration.

"I remember from 2004 through to 2007, the markets were up 20 per cent a year, and if your portfolio was only up by 15 per cent, then people got annoyed because they weren't making 20 per cent. People get carried away with returns," he says.

"And, of course, during the downside, when markets fall by 50 per cent and a fund manager claims to have outperformed the market by 5 per cent, they have still lost 45 per cent. So, that's not good. As an investment manager, you don't want to lose people money.

"I think focusing purely on returns is far too narrow. In fact, 90 per cent of what we do here at Stanford Brown/The Lunar Group is understanding and managing risk in portfolios. So, the measures of success are qualitative and quantitative, and not just returns. It's making sure people are on-track to reach their ultimate goals and objectives," Ashley says.

CATEGORY: Other Asset Classes

A relative newcomer to managed accounts, Real Asset Management took out the Other Asset Classes category at the IMAP Managed Account Awards.

FINALISTS

IMAP congratulates all the finalists in the Other Asset Classes category.

- **DFS Portfolio Solutions**
- **Mason Stevens**
- **Prime Financial Group**
- **Real Asset Management**
- **Royston Capital**

You would be forgiven for not recognising the name Real Asset Management (RAM). Established in 2013, RAM is an Australian owned wealth and asset management firm, focused at providing tailored investment solutions to high-net-worth clients and family offices across the Asia Pacific region.

With $800 million in funds under management, RAM provides portfolio based solutions that focus on generating reliable income for clients, with over 53 per cent of FUM in fixed income and 39 per cent in direct property.

Whilst the RAM brand is relatively new, the investment and senior management team have decades of experience with Australian managed accounts, direct property and within private banking. As a growth opportunity, RAM launched SMAs to deliver its high quality SMA strategies to a broader audience.

RAM took out the Other Asset Classes category at the IMAP Managed Account Awards for its Diversified Fixed Income & Credit Strategy, which forms part of its managed accounts offering to advisers and dealer groups.

> “We are an active investor and take a risk-adjusted approach to portfolio construction. We blend a range of security types and structures to deliver on the investment objective.”
>
> – MICHAEL FREARSON

The SMA comprises government bonds, cash, subordinate/senior debt and hybrid securities via direct securities and exchange traded products (ETPs).

According to RAM Director – Portfolio Manager, Michael Frearson, winning the award speaks to the quality of process, performance track record, investment team and the hard work RAM is putting into its investment portfolios and resources for advisers.

“We are very pleased that our Diversified Fixed Income &

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Credit Strategy SMA was recognised by our peers, given the high quality of entrants," Michael says. "We're pleased that the judges liked our risk-adjusted approach to portfolio construction, our strong demonstration of adding value and the managed account specific resources we can offer dealer groups and advisers."

PHILOSOPHY

According to Michael, as part of RAM's approach to investing, it aims to bring institutional quality investments and strategies to private clients in a simple and transparent solution, and the managed account structure closely aligns with that philosophy.

"We are an active investor and take a risk-adjusted approach to portfolio construction," he says. "We blend a range of security types and structures to deliver on the investment objective."

As part of RAM's philosophy to investing, it also takes advantage of the retail trading behaviour in listed markets to add value with limited risk. As a manager with a nimble amount of FUM, RAM looks to actively exploit shorter term opportunities to add value within the discretionary environment, drawing on its bottom-up research process.

"We believe strongly in diversification and look closely at the quality of the issuer of the debt or hybrid instrument."

INVESTMENT PROCESS

The investment process at RAM revolves around the active management of the portfolios, which requires taking a risk-adjusted approach at all times. Michael says the starting point for RAM's investment process begins with careful analysis of the issuer, which includes both the quality of the issuer and the quality of the security.

According to Michael, the RAM scores company issuers on a range of criteria, such as management, capital position, earnings outlook, and the risks that the issuer faces.

"We have a detailed process reviewing the terms of issue on each ASX-listed credit instrument and also ETPs. From there, we have a proprietary ranking system, where each security is given a specific RAM security score based on structural subordination and the company scoring. This provides us with a consistent score that we can use to rank the universe of eligible investments," he says.

"The increasing complexity of hybrid securities requires specialist knowledge to appropriately determine relative value."

In addition to applying its proprietary scoring for companies and securities, RAM also models the investment universe on an after-tax basis, using in-house modelling. This gives the managers a snapshot of valuations at any point in time, providing a consistent approach to after-tax valuation when selecting investment opportunities.

RAM's uses a top-down overlay to guide subsector positioning, which is about 20 per cent of its alpha delivery and process, with the remaining 80 per cent from bottom-up analysis and portfolio construction.

"From top-down, we're looking at the outlook for interest rates, credit, risk premiums, the economy and inflation. We also have a strong focus on the global outlook and global risks, because that really does flow through to Australian interest rates and credit spread movements," Michael says.

> The increasing complexity of hybrid securities requires specialist knowledge to appropriately determine relative value. – MICHAEL FREARSON

EARLY DAYS

With RAM's Managed Account Strategy only kicking off in 2017, Michael says it's still early days to measure the overall success of this offering, although admits that clients are already attracted to the risk-adjusted approach to portfolio construction and the specialist expertise available.

But when it comes to measuring the success of its investments, RAM is old school, with success measured by ensuring the investment delivers what the client wants.

"When advisers invest their clients' wealth with us, they're expecting we achieve the required investment objective, which is to provide a tax-effective income stream with low levels of volatility. So, that's what we're aiming to deliver."

CATEGORY: Innovation

The Innovation category was hotly contested at the IMAP Managed Account Awards, with Elston Asset Management taking out the award for its approach to stakeholder communications.

FINALISTS

IMAP congratulates all the finalists in the Innovation category.

- Dynamic Asset Consulting
- Elston Asset Management
- Financial Simplicity
- Fincast
- Managed Accounts

It shouldn't come as any surprise that Elston Asset Management took out the inaugural IMAP Managed Accounts Award for Innovation, with its commitment to developing and improving effective communication resources for advisers and their clients using Elston's managed account service, already highly recognised within the industry.

Elston Head of Asset Management, Nick Revis believes the company's constant evolution and improvement of services and process, is at the core of its approach to innovation.

"Having run managed accounts for over years, Elston has learnt very quickly that a successful managed accounts service needs to provide a higher level of investment communication support, given the transparent nature of the managed account structure," Nick says.

"It's no longer good enough to provide historical monthly or quarterly investment updates, particularly when the end client has full visibility of the investment decisions being made in their portfolio."

According to Nick, Elston has spent a lot of time evolving its service to include same day SMS and email notifications to advisers, with a video update from the portfolio managers

> Having run managed accounts for over years, Elston has learnt very quickly that a successful managed accounts service needs to provide a higher level of investment communication support, given the transparent nature of the managed account structure. – NICK REVIS

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It's our opinion that innovation is the by product of constant hard work and improvement, and we are continuing to look at ways we can enhance and improve the way we support advisers in executing a successful managed accounts solution in their business.

– NICK REVIS

"

outlining the rationale for any portfolio change. This ensures advisers are fully prepared for any client enquiries they may receive, and it also enables them to be proactive with their own client communications.

"We've also developed a secure online SMA Adviser Resources library, with 24/7 access to all of our factsheets, performance reporting, individual company research reports and a full look through of the underlying portfolio. We also provide 12/24 months forecast yield reports on all of our portfolios to assist advisers with managing income requirements for their end clients," Nick says.

IMPROVING TAX-EFFICIENCY

Elston is a firm believer in the real benefits of the managed account structure, particularly the ability to deliver not only transparency but also greater tax-efficiency through holding direct assets where practical.

"Although in an SMA structure we don't have visibility of the end investor and can't manage the portfolio to their specific tax situation, we are the only SMA investment manager I'm aware of that is working with platforms to deliver this tax effectiveness through offering super and non-super variants of our models," Nick says.

"This at least enables us to make investment decisions around certain investment transactions, like rights issues and buy backs, taking into consideration the superannuation/pension vs individual tax rates. We feel with the development of technology within the platform space, the functionality to deliver tax aware investing within managed accounts will improve and the gap between SMA and IMAs will decrease."

A JOURNEY OF IMPROVEMENT

In awarding Elston Asset Management the IMAP Managed Account Award for Innovation, the judges were impressed with the company's approach to communications with its advisers and clients.

Nick believes the award is peer recognition and endorsement of the journey Elston has been on for the past 10 years and more.

"It's our opinion that innovation is the by product of constant hard work and improvement, and we are continuing to look at ways we can enhance and improve the way we support advisers in executing a successful managed accounts solution in their business," Nick says.

"A lot of people may not be aware but our name is taken from the ancestral home of Charles Darwin (Elston House) and our logo is the double helix of a DNA strand. These were chosen to represent the ideals of evolution and constant improvement within our business – it's our business DNA and we look forward to continuing to evolve and improve our managed account offering for advisers and investors in the years ahead."

2018 Portfolio Management Conference

Over 220 delegates attended IMAP's Portfolio Management Conference on 2 August. With 14 sessions on offer, there was a good selection of topics and presentations to whet the appetite of managed account professionals. Jayson Forrest reviews some of the highlights.

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RESEARCH REVEALS ADVICE FIRM OF THE FUTURE

In an ever-evolving advisory landscape, the traditional role of the adviser is changing. Today, more emphasis is being placed on client relationships and soft skills (48 per cent), with one-third (35 per cent) of advisers believing there is an increasing need for them to be more resilient and adaptable to change.

These were two of the key findings to come out of the *Macquarie 2018 AFS Benchmarking Report*, with 11 per cent of advice firms reporting there was an increasing need to become a specialist, and only 6 per cent saying there is a greater need to focus on technical skills.

"What will it take to be an advice firm of the future?", asked Sherise Mercer – Head of Macquarie's Virtual Adviser Network. "The *Macquarie 2018 AFS Benchmarking Report* shows that high performing practices will be concentrating on three core areas: clients, staff and systems."

1. CLIENTS

Speaking at the IMAP Portfolio Management Conference, Mercer said the report showed a clear separation between high performing benchmark firms (surveyed between November and December 2017), compared to a wide variety of firms surveyed throughout 2017.

"We asked advisers what they believed were the most effective strategies to improve profitability

in the current market, and 68 per cent of the benchmark firms said, 'Adding value to existing clients'," Mercer said.

According to the report's findings, in terms of focusing on what matters to clients, firms were placing greater emphasis on personalising the experience for clients, with 74 per cent of the firms recording an increase in client referrals as a result.

"High performance advice firms are improving their profitability through referrals," Mercer said.

"They are doing this by ensuring they clearly articulate their value proposition, are generous with their time in educating their clients, and when it comes to asking clients for referrals, they know who to ask, when to ask and how to ask."

Mercer said the research revealed the best referrals tended to come from clients aged 30-45 years and who had been with the practice for 1-4 years.

She added that advice firms were preparing for future growth by actively engaging with the next generation of clients. The research found that 82 per cent of benchmark firms engaged with the adult children of their current client base, compared to 67 per cent of all firms.

"The research shows us that the next generation of clients want their adviser to be able to identify their needs and connect them with other professionals, like accountants, to help them with their money management. They also want a responsive service, with speed and efficiency of implementation.

"And the next generation are telling us they want information and education from their adviser about their investment portfolios. In fact, twice the average want more education and portfolio-specific communication from advisers."

2. STAFF

The retention of high-performing staff was also an important consideration for 64 per cent of the benchmark firms, when it came to improving their business profitability.

And while staff remuneration was also an important factor in retaining staff, the research found that 78 per cent of high performing organisations were also using workplace flexibility, training opportunities and a positive workplace environment, as important inducements for rewarding and retaining staff.

3. SYSTEMS

Another effective strategy identified in the report to improve business profitability was the use of technology and systems.

Seventy-eight per cent of the benchmark businesses recorded improved profitability through efficiency gains using technology, with 72 per cent seeing an improvement in profitability through process improvements.

In fact, of the benchmark firms surveyed in the report, 28 per cent were intending to introduce a new CRM system,

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24 per cent a new client portal, 24 per cent were intending to roll out a managed accounts offering, 18 per cent were going to introduce new data aggregation and dashboard tools, and 14 per cent were implementing a new client mobile app.

Only one-third (28 per cent) of firms said they were not going to introduce any new systems or platforms.

"For an advice business to remain profitable and relevant to clients in the years ahead, it needs to understand the key drivers that underpin successful businesses: clients, staff and technology. By better understanding the demands and requirements of each, an advice firm can better position itself for future growth," Mercer said.

The Macquarie 2018 AFS Benchmarking Report is based on the 2017/18 Macquarie Accounting and Financial Services Benchmarking survey, conducted in December 2017, and the 2017 Macquarie Propensity Project surveys conducted throughout 2017.

2023: WHAT WILL INVESTMENT MANAGEMENT LOOK LIKE?

In an entertaining panel session at the IMAP Portfolio Management Conference, the Joint Managing Director of Netwealth, Matt Heine, and the Head of Distribution at Praemium, Martin Morris, provided their views on what investment management will look like for advisers in five years time.

Heine said that with 60 per cent of managed account portfolios comprising of managed funds, he saw this as being a huge risk when markets next go into meltdown.

"That type of scenario will affect all assets. That's why, I see a growth in 'intra-day trading', enabling advisers and portfolio managers to move faster with portfolio adjustments in real time," Heine said.

Morris believed the growth of fintech and technology solutions would enable advisers to better service their clients, while reducing the complexity of advice.

"The advice process in Australia is complex," Morris said. "But clients aren't interested in this complexity. When they see their adviser, they're looking for an experience. Technology will enable advisers to improve the client experience, which should lead to more client referrals."

Morris added that consumers are demanding greater transparency and control of their investment portfolios, and was therefore bullish that fintech solutions would continue to keep up with those demands. "If not, then that will be a real threat to the industry," he said.

Heine agreed saying that what drives client referrals is a consistent and seamless experience that the client values. "And that's where managed accounts excel," he said. "They are the perfect solution for future-proofing your business."

Heine also predicted a surge in automated investment services and a "huge" growth in ETFs over the coming five years.

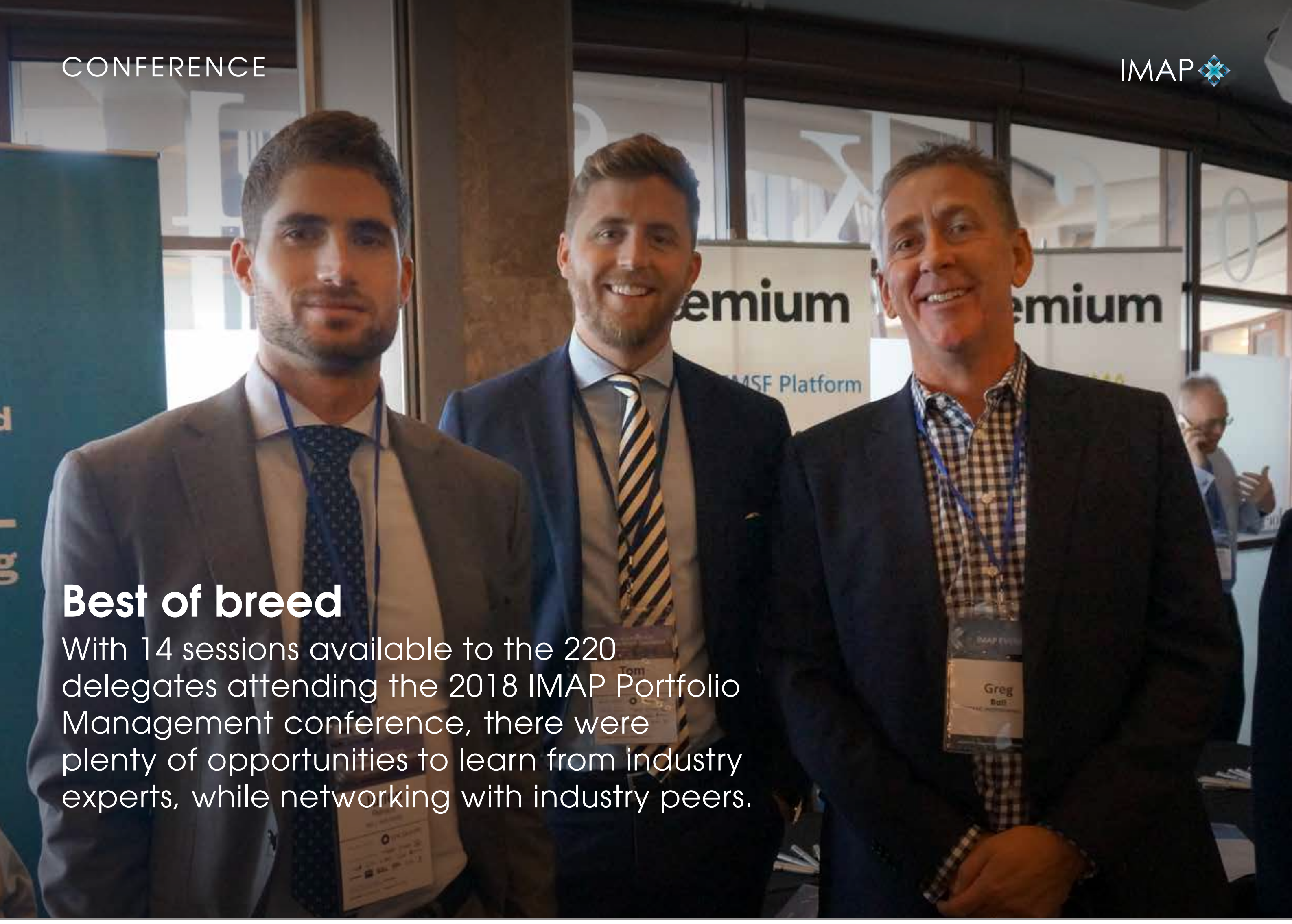
However, both panellists agreed that in the wake of the Hayne Royal Commission, governance and compliance standards will increase across the financial services industry.

"There is a misnomer that the industry is awash with IFAs setting up their own managed accounts. That's simply not the case," Morris said.

"To become a responsible entity, there are onerous due diligence requirements. And, of course, advisers would need to think like investment managers, which means isolating themselves as model managers from their advisory work. That leads to the question: Are they an investment manager or a financial adviser?

"So, there are a lot of considerations and requirements they first need to be meet if they want to set up their own managed account."

"The advice process in Australia is complex. But clients aren't interested in this complexity. When they see their adviser, they're looking for an experience. Technology will enable advisers to improve the client experience, which should lead to more client referrals. – MARTIN MORRIS"



Best of breed

With 14 sessions available to the 220 delegates attending the 2018 IMAP Portfolio Management conference, there were plenty of opportunities to learn from industry experts, while networking with industry peers.

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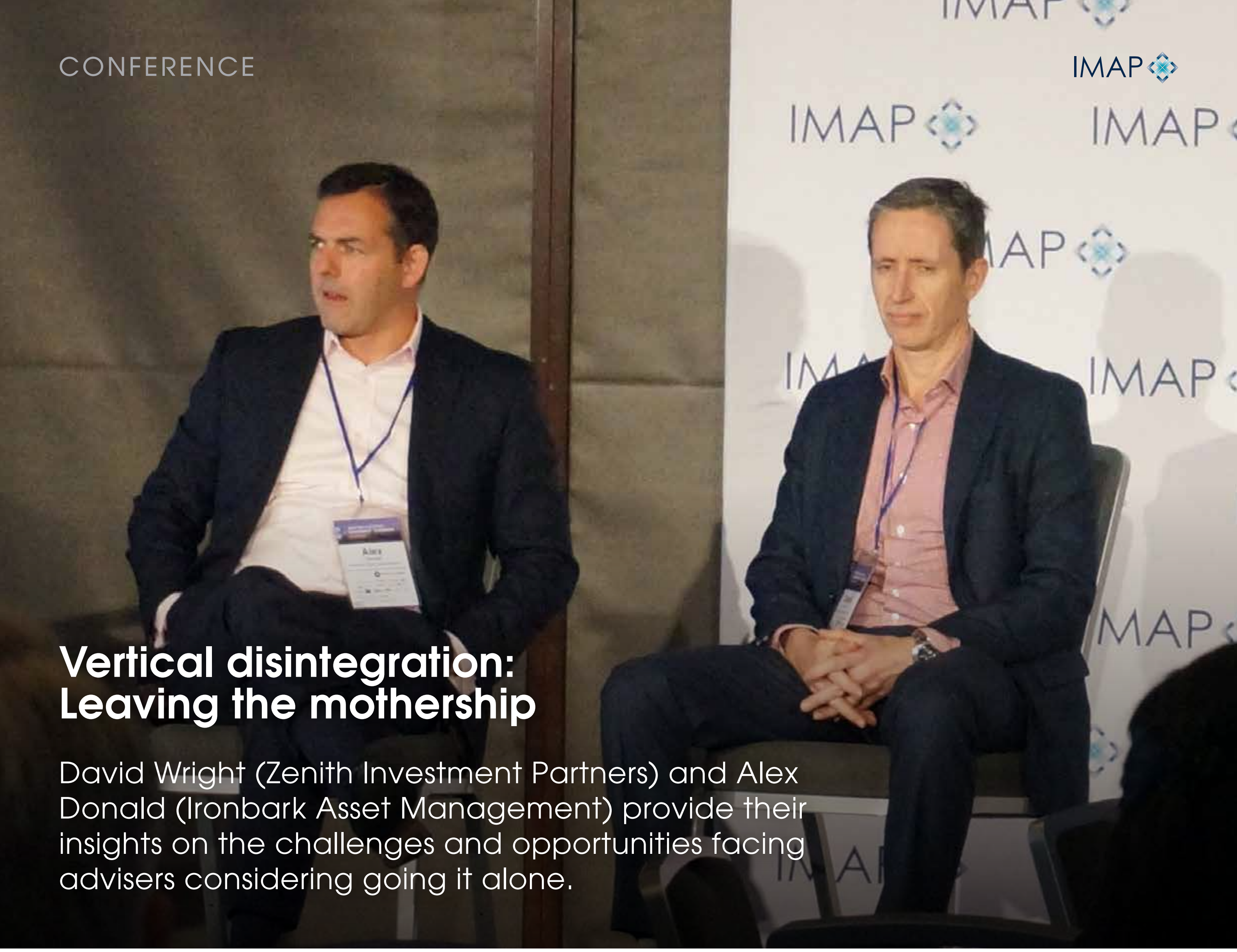

Vertical disintegration: Leaving the mothership

David Wright (Zenith Investment Partners) and Alex Donald (Ironbark Asset Management) provide their insights on the challenges and opportunities facing advisers considering going it alone.

Q: What's your opinion of managed accounts, and the challenges and opportunities facing advisers wanting to go it alone?

David Wright (DW): There's a lot of interest in managed accounts and with advisers 'leaving the mothership' to go it alone. This trend has been underway for some time now, and if anything, the Hayne Royal Commission is probably adding to the fragmentation of licensees that is currently occurring.

When we've been talking to businesses about leaving the 'mothership' and what they are going to do on the investment portfolio side of things, clearly one of the areas they are looking at is the establishment of managed accounts.

But what we have also experienced is that whilst there is a lot of interest, media coverage and talk about managed accounts, a lot of people still don't know what they don't know. And that's understandable as managed accounts are still quite evolutionary for the industry.

So, against this backdrop, I would like to consider: what are managed accounts, why would you provide this investment solution, and how would you roll them out?

Firstly, if the heart of your business are model portfolios, then the move to managed accounts is a 'no-brainer'. The move to managed accounts will make your business a lot more efficient and compliant, particularly as changes to clients' portfolios can be made in a timely and consistent manner, executed at the same time.

Most advisers are already familiar with the different parties involved in model portfolios. Managed accounts are not much different to that, other than the introduction of a responsible entity (if you're going with a Managed Investment Scheme) and a model manager. Often, the model manager, given the requirements of the responsible entity, is going to be an external party to your business.

With the exception of some of the larger dealer groups and advice businesses, most advice businesses don't have the resources, the expertise and the reporting capability to be able to satisfy the responsible entity's due diligence requirements for establishing a managed account.

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> When we've been talking to businesses about leaving the 'mothership' and what they are going to do on the investment portfolio side of things, clearly one of the areas they are looking at is the establishment of managed accounts.
> – DAVID WRIGHT

So, that's where the likes of a third-party investment consultant is going to come into play.

However, there is a misconception that MDAs are a service. From 1 October 2018, MDAs will be regarded as financial products, just as managed accounts under a Managed Investment Scheme are.

If you don't already have a MDA licence, they will become increasingly difficult to get, typically taking around 9-12 months to get from ASIC. So, for the majority of advisory groups, realistically, if they are wanting to establish a managed account, it would most likely be under a Managed Investment Scheme, offered via the various platforms.

Advantages

There are a number of advantages to operating managed accounts and the key advantage from an advice perspective is the improved efficiency. This includes the elimination of the need to have SOAs and ROAs for portfolio changes, which is probably the key advantage.

And the other advantage is your clients are going to have a much more consistent investment experience, compared to the same type of portfolio they are currently in, due to the regulatory regime we operate under. For example, changes made to traditional client portfolios, could take up to 12 months to make, depending on client authorisation. So, depending on the urgency or need for that portfolio change, there can be massive compliance risks for your business.

From a client's perspective, a managed account is all about enhancing your service to the client. That should result in better performance, because you're not having to seek client authorisation for portfolio changes, which can delay the implementation of changes.

And there's also the ability to provide enhanced reporting to your clients. If clients are invested in more consistent portfolios, as they would be through various managed account portfolio options, the reporting capabilities should be greatly enhanced.

Requirements

From a best practice perspective, running a managed account and reporting though to the responsible entity requires the licensee to meet a number of requirements. This includes both from the investment committee's perspective and also from the adviser's perspective.

The adviser also needs to engage with the client in regards to what's happening in the portfolio. The adviser also needs to provide the client with information and reporting that they can't get themselves. And that's something that is becoming increasingly difficult, with investors able to get information directly from fund manager websites.

However, what clients can't currently get is consolidated reporting on a full transparency basis, including the stocks they own, the asset allocation, performance analysis and the portfolio changes. That is what the adviser needs to be able to provide to the client as part of the managed account service offering.

And while most clients are not going to know who an MFS, Arrowstreet or Magellan are, they do know the consolidated underlying stocks they hold. So, that full transparency to the real exposures in the portfolio are some of the enhancements an adviser should be able to provide to clients by running a managed account structure.

Alex Donald: The forces that have been driving the move to managed accounts are largely twofold. Firstly, in a post-FOFA world, advice businesses have been focused on profitability, while at the same time, there has been significant technological capability developed for managed accounts, which is driving greater efficiency. And secondly and importantly, managed accounts are improving client outcomes and client experience.

In fact, the current environment shows these forces affecting managed accounts are only getting stronger. For example, only in the last few months, you've got grandfathered arrangements turning off for advisers, which are a key revenue item in a lot of planning businesses and so, there is going to be an increased focus on business profitability.

Flat pricing

Another recent development in the industry, and we still have to wait to see how this plays out, is we now have a major platform in the market with flat pricing. Flat pricing means you are no longer rewarding scale. So, if you are a

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financial planning business with $10 million or an institution with billions of dollar, you get the same price from that platform. This flat pricing structure will fundamentally shake-up the large licensee dealer group aggregation model.

And while there are a lot of reasons why advisers are in large licensee models outside of just platform pricing, price is nonetheless, a key reason why advisers are with large licensees.

So, as a result, I think we will continue to see fragmentation of the industry, and a move by advisers to increasingly use managed accounts as a way to make their businesses more profitable.

I also believe the Hayne Royal Commission is causing advisory businesses to pause and consider their advice model. They are thinking about a range of issues, such as: what is it that I'm building, how am I building it within my business, how am I dealing with conflicts, and how am I dealing with the negative perceptions around vertical integration. These are the key questions planning businesses are asking.

But once everything settles down in relation to the Royal Commission, we predict the trend towards managed accounts will continue even harder.

Q: For practices setting up a managed accounts structure, how do they avoid replicating the conflicts of the big institutions, such as commercial arrangements, within a smaller environment?

Alex Donald: Conflicts are dealt with under current legislation. Under current managed account models, clients are charged an advice fee. Fees are disclosed to the client, they are consented to by the client, and they are normally part of the ongoing fee disclosure and FDS of the licensee. So, I don't think there is anything wrong with that.

I think where there could be a problem is if there was an old model that advisers wanted to use. The licensee could potentially embed a product fee. That would then be a conflicted payment.

David Wright: The way that motherships or big institution APLs have traditionally been constructed has had a bias towards internal product. I think that is beginning to break down as a result of the Royal Commission. Even the institutional groups have suddenly begun looking at providing the ability for internal businesses and advisers to support external platforms.

But an issue I see is with platforms doing various deals with different fund managers to have lower priced options on their platform. Now, while they can't do that with every manager and with every asset class, what's happening is you're getting preferential pricing for some funds on different platforms. They're in new unit trusts.

So, advisers are encouraged to use these discounted offerings by the platform and the platform is making more margin on those products. So, the conflict is slightly different but there is still incentive at a platform level to use particular products.

And this also raises the point of the transferability of managed accounts as well, although I personally believe the ability to transfer managed accounts from platform to platform is much harder than what some people make it out to be.

Q: How do you view those advisers who want to run their own individual portfolio construction out of their own practice?

Alex Donald: We act as the responsible entity for licensees doing exactly that. As a responsible entity, we have requirements in order for them to do this.

If you are going to be a model manager, there are significant capability requirements needed, not just by the responsible entity, but also others, including the superannuation trustee, governance teams and platforms.

So, in our case, unless the licensee has a substantial internal investment capability, and there are some licensees that do, then we would be looking for the licensee to have an external consultant doing the heavy lifting on the investment committee. In addition, we would be looking for an independent investment committee member.

We advise the licensee in how to fulfil these requirements, so that they can be successful in getting though the governance framework.

Importantly, what we are trying to do is help licensees build robust, future-proof investment capabilities for their managed accounts, which will not only last over time, but also add value to their business and for clients.

> "Another recent development in the industry, and we still have to wait to see how this plays out, is we now have a major platform in the market with flat pricing. Flat pricing means you are no longer rewarding scale. – ALEX DONALD"

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These are the type of requirements that are significant for any licensee.

But for many licensees, managed accounts is a new world for them. There is product regulation and governance requirements and processes, which unlike fund managers, licensees and advisers wouldn't know all that well, because it's not their natural environment.

David Wright: A lot of planners are leaving the mothership for various reasons, but one of those is the constraints they have operated under in relation to the compliance regime. So, these planners are either coming out of a larger dealer group and joining a new collective, smaller licensee or even under their own licence.

However, I think it's important to note that there is a mistaken belief by some advisers leaving their dealer group that now that the shackles are off, they can do whatever they want. That's absolutely not the case with managed accounts.

There is a responsible entity in place, at least for Managed Investment Schemes, whether that be external or platform-based, with onerous due-diligence requirements. So, advisers need to meet these requirements.

"However, I think it's important to note that there is a mistaken belief by some advisers leaving their dealer group that now that the shackles are off, they can do whatever they want. That's absolutely not the case with managed accounts.
– DAVID WRIGHT"

So, the idea that advisers can built their own investment portfolios in-house and then simply go to a platform and expect to run their own managed account on it, is mistaken. It's not that simple. There are a lot of requirements that first need to be met.

David Wright is Managing Partner at Zenith Investment Partners, and Alex Donald is Head of Distribution at Ironbark Asset Management.

Over 220 delegates enjoyed the 2018 IMAP Portfolio Management Conference.

Managing conflicts of interest with managed accounts

Bala Shastri believes that for advice practices to better manage conflicts of interest, it may be worth looking into a managed accounts solution.

As more stories come to light in the Financial Services Royal Commission proceedings, the major theme that has emerged is hardly new and not at all surprising.

The industry, regulators and Government have long wrestled with the issue of conflicts of interest. The Financial System Inquiry in 2014 encouraged better competition, improvements to product design, and higher standards for adviser education.

The FoFA reforms in 2013 introduced legislation imposing on advisers a duty to act in their client's best interests, client opt-in obligations, a ban on conflicted remuneration and an enhancement of ASIC's powers.

And though ASIC reported some improvement in client outcomes post FoFA, the recent Royal Commission has exposed instances where conflicts were not managed appropriately and clients suffered as a result. This highlights a need to make more progress in ensuring clients consistently get the right advice and products at the right price.

While the banning of conflicted remuneration has compelled licensees to change certain policies and behaviours, there are more subtle conflicts that have arisen out of integration across the advice-product value chain that are often overlooked.

Vertical integration of financial advice dealer groups with product providers has certainly received much attention recently and is perhaps under the biggest threat. In fact, ASIC found that advisers within this structure were twice as likely to recommend their own products[1].

The fundamental premise of vertical integration is to gain supply-chain efficiencies that can be passed on to consumers. Unfortunately, however, there are cases across the industry where vertical integration has been used to reduce pricing transparency and maximise revenue streams, often to the detriment of customers.

THE OPPORTUNITY

Despite the rising cost of living and stagnant wages, Australians are generally getting wealthier. But the sheer complexity of personal finances in a highly consumerist modern society, plus the overwhelming amount of investment products and choice, is creating a financial literacy gap that is growing exponentially. That's where financial advisers can offer real help to clients in making the most of their finances and achieving their financial goals.

However, statistics are startling regarding the unmet advice needs of the Australian population. According to the Royal Commission's publications, it is estimated that only 20 to 40 per cent of consumers in Australia access the services of a financial adviser, with 48 per cent of Australian adults indicating unmet advice needs[2].

Amongst the barriers to accessing financial advice are the high cost of advice and lack of funds to pay for advice. A key challenge, therefore, in regulating the financial services sector is to find the right balance between consumer protection and ensuring that consumers have access to affordable advice.

However, as the outcomes and next steps post-Commission become known, it's likely that the cost of advice will increase, forcing some advisers out of the industry and leaving others to focus on gaining market share at the wealthier end of the market. This potentially leaves a significant number of consumers without advice.

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> A business that takes the time to know its clients' needs and develops an offering that at its core focuses on client value, may well be in a position to provide appropriate investment solutions for their target market at a competitive price.
> – BALA SHASTRI

Licensees and practices that will be best placed to capitalise on the significant opportunity in the new environment will be those that are able to refine their business models to maximise efficiency and minimise unnecessary costs and fees, whilst still providing a bespoke client experience to a wider client base. This will, to some extent, involve 'deconstructing' the advice process and demonstrating discrete client value at a reasonable price point.

Product providers will need to offer products that are specifically designed to unlock client value, but advisers need to be able to draw a direct link back to specific client objectives established through the advice process. Ultimately, advisers will have to have a clear value proposition to present to their clients. In any case, change is certain and incumbents are best advised to embrace it.

GETTING THE BALANCE RIGHT

A business that takes the time to know its clients' needs and develops an offering that at its core focuses on client value, may well be in a position to provide appropriate investment solutions for their target market at a competitive price. Businesses that have any level of vertical integration and intend to protect supply-side advantages, will require careful planning to avoid conflict-of-interest pitfalls. Some key principles to consider include:

- If possible, maintain formal segregation between investment management and financial advice functions.
- Stick closely to the financial advice process[3], ensuring to spend sufficient time on identifying the client's goals and assessing their financial situation, before assessing and recommending products and services to meet those needs.
- Maintain appropriate records for each client engagement that demonstrate the advice process was followed.
- Clearly demonstrate that the selected investment mandate fits with the client's financial objectives, including their appetite for risk in chasing that objective.
- Consider whether the client is aligned to the investment product's intended target market[4].

When considering a solution or product that is aligned to the key principles above, a more modern investment solution, like managed accounts, may be able to assist in mitigating the risk of conflicts. In particular, a registered Managed Investment Scheme (MIS) structure can help your business demonstrate a clearer separation between investment management and advice, while retaining the benefits a combined business model offers in delivering client value. In fact, operators of an MIS have a higher standard of regulatory obligations to adhere to, including taking ultimate responsibility for investment governance.

Clients can also benefit from the transparency, control and advantages of beneficial ownership of assets that managed accounts provide, in comparison with alternatives, such as managed funds.

Perhaps more importantly, the use of model portfolios enables advisers to focus their attention first and foremost on the advice process, like identifying and establishing each client's needs and goals within their risk tolerance, without being distracted by which assets to recommend. Then once the client's financial objectives and tolerance for risk are clear, the adviser can choose one or more model portfolios that is suitable for the client.

Of course, for many businesses, the simplest and surest way to manage conflicts of interest is to avoid them altogether. It will make sense for many dealer groups to incorporate managed accounts in their offering using model portfolios developed by arms-length professional investment managers, so there is clear, undeniable separation between product and advice. Managed account providers generally have a wide selection of model portfolios across professional investment managers to provide options to achieve a variety of investment objectives.

Whatever your business model, if you want to effectively manage conflicts of interest, it may be worth looking into a managed accounts solution for the benefit of both your business and your clients.

Bala Shastri is Head of Risk and Compliance at Praemium.

FOOTNOTES

1. https://download.asic.gov.au/media/4632718/rep-562-published-24-january-2018.pdf
2. https://financialservices.royalcommission.gov.au/publications/Documents/key-reforms-in-the-regulation-of-financial-advice-background-paper-8.pdf)
3. https://fpa.com.au/about-financial-planning/how-it-works/
4. https://www.pwc.com.au/pdf/asic-design-and-distribution-obligations-feb18.pdf

Upcoming Events

SEPTEMBER

RESPONSIBLE MANAGER MASTERCLASS

When 24 September 2018
Where Level 10, 60 Carrington Street, Sydney

Many AFS licensees have already or are thinking about how managed accounts – SMAs or MDAs – will change their advice processes. Whether it's as a standalone advice provider or as an MDA provider, there are a lot of obligations that responsible managers need to understand and incorporate into their business to meet ASIC's requirements.

For advice businesses that have been relying on the LMDA 'no action' position, the next 12 months will involve major changes to their business operating model, and potentially their AFSL.

This Masterclass is CPD accredited and will help current and potential responsible managers to understand their general obligations and responsibilities, as well as the specific requirements for businesses offering MDA services.

Topics covered include:

The Financial Services regime

- Who regulates, what activities they regulate and how this impacts clients.

Responsible manager roles and responsibilities

- Who can be a responsible manager; and
- Responsibilities and liabilities of responsible managers.

Specific MDA obligations

- What are MDA services and how are they offered;
- The three regulatory approaches to MDAs - and the future of MDA regulation;
- Applying for MDA licence authorisation; and
- MDA compliance requirements.

Obligations of AFS licensees

- An overview of the standard AFS licence obligations and conditions.

Delegates attending this Masterclass will receive a comprehensive workbook and a sample checklist for key tasks. The Masterclass will be led by two people with outstanding experience in developing and operating MDA services.

For more information on IMAP events or to register your attendance for this event, go to imap.asn.au/events or contact Jenny Phimleut at jenny.phimleut@imap.asn.au

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NOVEMBER

INVESTTECH 2018

When 8 November 2018

Where Whiteley Ballroom, Amora Hotel Jamison Sydney, 11 Jamison Street, Sydney

InvestTech 2018 is where the advice and investment professions meet the technology providers. This full day event highlights the central role technology is playing in the development of managed accounts and the transformation of advice.

Topics include:

- What does open data mean for advisers;
- Here's what I really want – A licensee thinks through their technology stack;
- Using technology to build client portfolios;
- Picking partners – Will you still respect me in the morning?;
- Digital impact for advisers; and
- Making choices – A workshop for advisers on choosing technology.

Who should attend

- Adviser principals and management team members with technology responsibility;
- Investment managers;
- MDA providers:
- Advice groups undertaking their own portfolio management;
- Platforms:
- Custodians;
- Family offices; and
- Brokers.

Praemium is the principal sponsor of InvestTech.

NOVEMBER

IMAP MANAGED ACCOUNT CENTRAL AT 2018 FPA PROFESSIONAL CONGRESS

When 21-23 November 2018

Where ICC Sydney, 14 Darling Drive, Sydney

IMAP Managed Account Central will be in full swing at this year's FPA Professionals Congress in Sydney – 21-23 November, so drop in and say 'hi'. The hub showcases the latest offerings from some of the leaders in the managed accounts sector. There will be plenty of managed account experts on-hand to answer all your questions.

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