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Webinar – Award
Submissions Review
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Judges

Stuart Alsop - FE

Angela Ashton - Evergreen

Nigel Douglas – Douglas Funds Consulting

Brad Matthews – BMIS

Dominic McCormick

Mark Oliver - Macquarie

Toby Potter – IMAP

Objective in Establishing the Awards

As managed accounts become central to the way in which Licensees and Advisers implement their advice, IMAP wants to ensure that best practice amongst investment managers and licensees is promoted and recognised.

The IMAP Managed Account Awards are selected by a panel of experienced investment professionals with hands on experience.

Asset Class Criteria

Quant Performance

Cost

Client Collateral / Engagement / supporting materials

Philosophy and risk return objectives

Quality of investment process including SAA and TAA

People Quality - investment team & IC and governance

Example of an Asset Class Submission

Qualitative information

Philosophy:

Elston believes the most effective way to invest is through exposure to intelligently constructed and actively managed portfolios.

The primary tenets of our investment philosophy are:

Genuine Diversity

Given inherent uncertainty in markets we do not want to be overexposed to a single stock, sector, risk factor or theme. Promoting diversity is important not only across asset classes, but within asset classes too.

Protection of Capital

Minimising the likelihood of permanent loss of investor capital and extent of market related losses are important given the power of compounding.

Value and Growth

Earnings growth ultimately drives long term share price performance, but it is important to avoid overpaying for this growth as it is uncertain.

Long Term Returns

A focus on fundamentals, rather than short term technical factors, delivers consistent outcomes for investors over the long term.

After Tax Management

Investment Management Process



a section of the Asset Management Committee Charter

Details of the relevant meeting types and frequency including any key relevant agenda topics are outlined below.

Meeting	Portfolio Manager Meeting
Frequency	Twice a week
Meeting participation	Portfolio Managers & Analysts
Chairman required	No
Secretary required	Yes
External participants	No
Register last reviewed and updated:	May 2017
Agenda topics	
<ul style="list-style-type: none">• Review minutes from the previous meeting, confirm trade execution, review POTA/cash/portfolio compliance• Review summary of company announcements on stocks held• Review screening/momentum/valuation• Review and confirm model portfolios• Review and confirm overs/unders• New ideas• Monthly: International, Fixed Interest and Listed Property review• Monthly: QAA/SAA snapshot• Monthly: Performance & Risk attribution	

Licensee Criteria

Quant Performance	↓
Cost	↓
Client Collateral / Engagement / supporting materials	↑
Philosophy and risk return objectives	
Quality of investment process including SAA and TAA	
People Quality - investment team & IC and governance	

Example of a Licensee Submission

Why the Lunar Managed Accounts are in the Best Interests of our clients

Discretionary management of multi-sector client portfolios can provide clients with a number of significant advantages over manual non-discretionary management. Client benefits include the following:

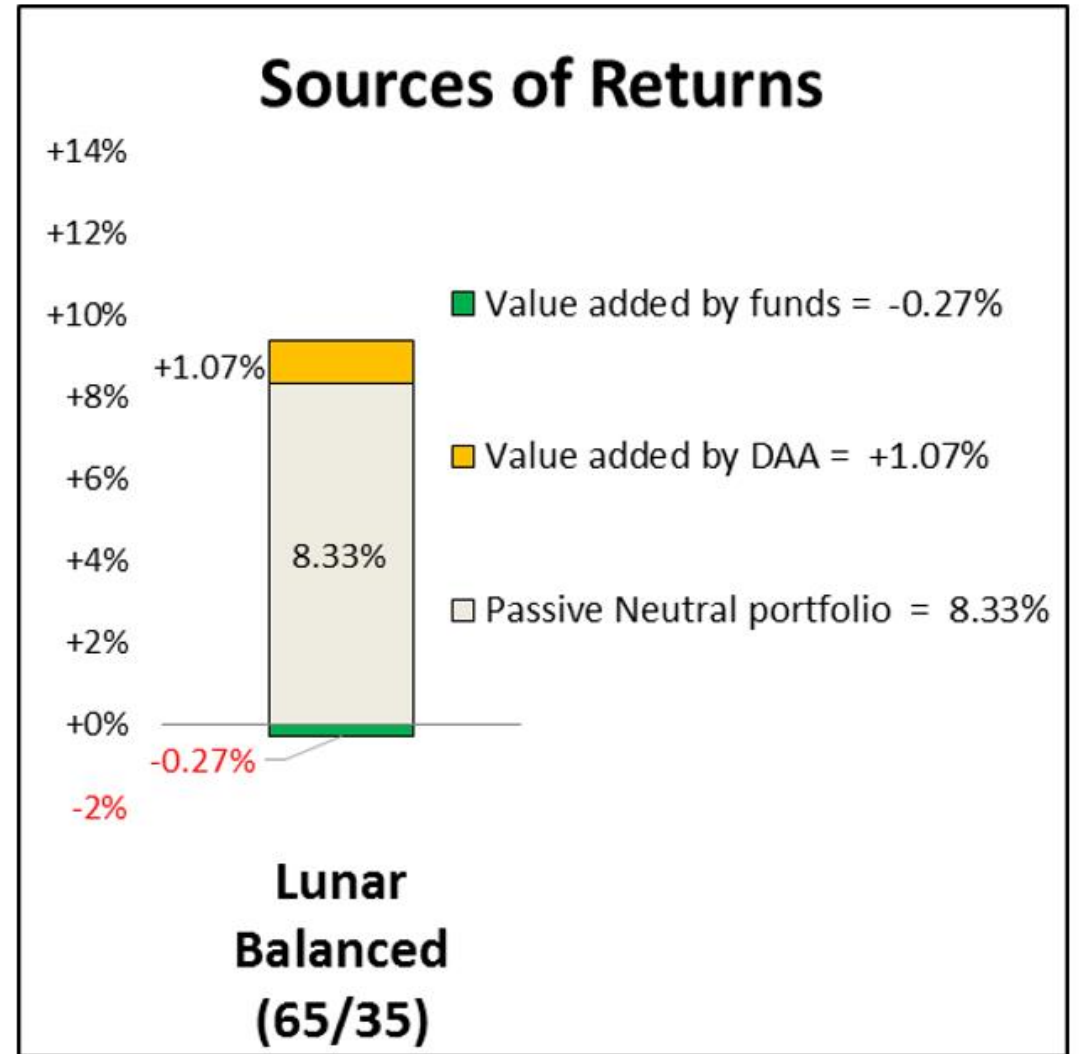
- Enhanced returns
- Lower managed fund fees and reduced brokerage fees
- Convenience & time saving
- Enhanced likelihood of the portfolio achieving client objectives
- Flexibility
- Equitable treatment for smaller client portfolios

Investment Management Capabilities

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Returns Analysis



Innovation Criteria

Operational/Proven

Clearly articulated description of innovation

Contributes to the development of Managed Accounts

Example of an Innovation Submission

Coca-Cola Amatil Ltd

2 May 2018 | ASX Code: CCL | Consumer Staples



Purchase of Coca-Cola Amatil (CCL)

Across client accounts that have selected the 'Blend' Australian equity option, we have bought CCL, one of the largest bottlers and distributors of non-alcoholic and alcoholic ready-to-drink beverages in the Asia Pacific, and one of the world's larger bottlers of The Coca-Cola Company ("TCCC") range. As both brand partner and brand owner, the company's product range includes carbonated soft drinks, spring water, sports and energy drinks, fruit juices, iced tea, flavoured milk, coffee, tea, beer, cider, spirits and SPC packaged ready-to-eat fruit and vegetable snacks and products. Currently, CCL operates

Trading Snapshot

Last Price	\$9.20
Date of Price	2 May 18
52 Week High	\$9.79
52 Week Low	\$7.52
Shares O/S, curr (mn)	724
Mkt Cap, curr (mn)	6661
3M - Avg daily volume	2,591,299
3M - Avg daily value (mn)	\$22.70
Beta	0.77
Fiscal Year End	12/2017

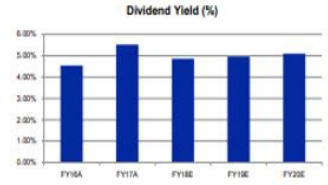
Source: Bloomberg



Source: Company Data and Bloomberg



Source: Company Data and Bloomberg



Source: Company Data and Bloomberg

Coca-Cola Amatil is one of the largest bottlers and distributors of non-alcoholic and alcoholic ready-to-drink beverages in the Asia Pacific, and one of the world's larger bottlers of The Coca-Cola Company ("TCCC") range. As both brand partner and brand owner the company's product range includes carbonated soft drinks, spring water, sports and energy drinks, fruit juices, iced tea, flavoured milk, coffee, tea, beer, cider, spirits and SPC packaged ready-to-eat fruit and vegetable snacks and products. Currently CCL operates in Australia, Fiji, Indonesia, New Zealand, PNG & Samoa.

Investment Positives and Catalysts

The new agreement with TCCC allows them greater flexibility to innovate and market to customers the products they want – growth opportunities include alcohol and coffee. Improvements are already evident in innovation of packaging (smaller containers with fewer calories) and new flavours (e.g. Coca Cola Raspberry & flavoured sparkling Mount Franklin).

With the domestic non-alcoholic ready to drink (NARTD) market still growing on both a volume and value basis, improved innovation will enable the company to rebalance their product mix into higher margin growth markets without the need for irrational price competition;

Indonesia remains an attractive long-term growth opportunity with the company very underrepresented in both tea and water, the two largest categories. In addition, operational improvements and cost reductions are driving an improvement in EBIT margins;

Modern competitive low-cost production capacity means the company does not need to undertake significant capex expenditure in new capacity to support increasing volumes – as a result earnings will benefit from fixed cost operating leverage;

The company enjoys both a strong balance sheet and cash generation, enabling a sustainable high dividend payout ratio. In addition there appears to be some scope for further on-market buybacks (given a low franking balance), or bolt-on acquisitions notwithstanding the cash 'trapped' in PNG or ex-market for growth expansion in Indonesia; and

Opportunities exist for further property divestments (of 'redundant land') which will help offset accelerated investment costs to be incurred in FY18. Management have noted that the group retains surplus land at some manufacturing locations that could be built on and used for distribution centres (similar to Richlands, QLD) or sold off once value of the site has been maximised.

Investment Negatives and Risks

The company has a product mix which is disproportionately skewed to sparkling vs the higher growth categories like dairy and water. The core sparkling portfolio in Australian beverages continues to face challenging demand conditions with declining volumes and market share lost in carbonated soft drinks. If the shift away from sugary drinks is structural longer term, the company faces the ongoing negative impact of fixed cost operating leverage as volumes decline;

Roll-out of the container deposit scheme ("CDS") domestically is a potential headwind once fully implemented. While the company will not make a margin on the cost of the scheme, it will look to pass on all costs which in turn increases the shelf price to consumers;

Channel mix is currently weighing on revenue per case as growth is being driven by grocery and national accounts (i.e. hotels & restaurants) rather than by the smaller independent outlets / restaurants where the company enjoys relatively more market power and that offer the highest revenue per case;

In the short term the Indonesian business, seen as the company's growth engine, faces economic headwinds and disappointing overall industry volume trends as a result. Further margin expansion in Indonesia will ultimately require a return to revenue growth; and

Accelerated investments in cold drink equipment, innovation and marketing to drive growth initiatives and in price to drive competitiveness will negatively impact short-term earnings. One-off costs as part of the cost optimisation program will add to the headwinds.

Price Relatives



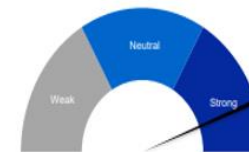
Qualitative Assessment

Simplicity	★★★★★
Market Share	★★★★★
Margins	★★★★★
Earnings Stability	★★★★★
Management	★★★★★

Leverage & Coverage Ratios

Net Debt to Capital (%)	41.11
Net Debt to EBITDA	1.41
EBITDA to Interest Expense	8.94
EBITDA-CapEx to Interest Expense	6.13
EBIT to Interest	6.23

Trading Momentum



4 Week % EPS Change (1 Year Fwd)	0.00
Share Price vs 30 day MA (%)	3.45
Short Interest as % of Equity	3.73

Consensus Forecasts	06/16A	06/17A	06/18E	06/19E	06/20E
Revenue (A\$m)	5150.80	4933.80	4995.27	5097.36	5208.89
EBITDA (A\$m)	900.50	933.30	921.73	957.64	978.11
Net Profit Reported (A\$m)	361.53	425.53	381.00	401.00	419.00
Net Profit Normalised (A\$m)	361.53	425.53			
EPS (\$A)	0.55	0.56	0.53	0.55	0.57
EPS Growth (%)	11.18	2.20	-4.48	3.56	3.07
P/E	18.50	15.22	17.23	16.64	16.14
Dividend Yield (%)	4.55	5.52	4.86	4.96	5.10
Franking Credits (%)	70	70	70	70	70

Source: Company Data and Bloomberg

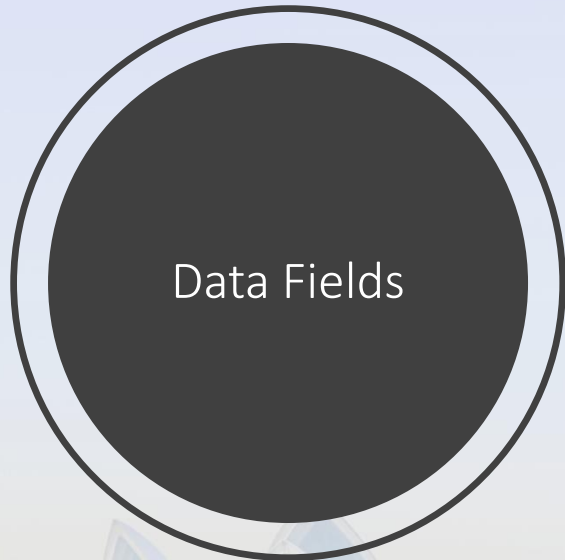
Quantitative Information

FE ID	Company Name	Category Nominated	Portfolio Name	Average mgt fee	Weighted ICR of Underlying Managers	Performance Fee	1 Year Performance	1 Year Sharpe	2 Year Performance	3 Year Performance
10		Multi Asset Class	Conservative Portfolio	\$ 1,434	0.37%	N/A	3.7%	1.9%		
11		Multi Asset Class	Moderate Portfolio	\$ 1,434	0.45%	N/A	4.9%	1.7%		
12		Multi Asset Class	Balanced Portfolio	\$ 1,434	0.51%	N/A	5.8%	1.6%		
13		Multi Asset Class	GrowthPortfolio	\$ 1,434	0.54%	N/A	6.9%	1.6%		
14		Multi Asset Class	High Growth Portfolio	\$ 1,434	0.58%	N/A	7.7%	1.5%		
21		Multi Asset Class	Risk Managed Balanced	\$ 5,920	0.87%	Yes	5.9%	1.9%		
38		Multi Asset Class	Lifestyle Preservation Portfolio	\$ 1,526	0.33%	N/A	3.5%	2.1%		
39		Multi Asset Class	Wealth Creation Portfolio	\$ 1,526	0.55%	N/A	5.8%	1.6%		
40		Multi Asset Class	Aspiration Portfolio	\$ 1,526	0.66%	N/A	7.4%	1.5%		
60		Multi Asset Class	Conservative Alpha	\$ 1,603	0.53%	N/A	4.8%	2.2%	5.2%	3.6%
61		Multi Asset Class	Moderately Conservative Alpha	\$ 1,603	0.67%	N/A	5.4%	1.9%	6.0%	3.9%
62		Multi Asset Class	Balanced Alpha	\$ 1,603	0.83%	N/A	6.1%	1.7%	6.9%	4.4%
63		Multi Asset Class	Growth Alpha	\$ 1,603	0.65%	N/A	8.2%	1.5%	9.0%	5.3%
64		Multi Asset Class	High Growth Alpha	\$ 1,603	0.62%	N/A	8.8%	1.6%	10.0%	5.6%
65		Multi Asset Class	Conservative Indexed	\$ 1,603	0.19%	N/A	4.1%	1.8%	5.0%	3.3%
66		Multi Asset Class	Moderately Conservative Indexed	\$ 1,603	0.17%	N/A	4.8%	1.6%	6.0%	3.6%
67		Multi Asset Class	Balanced Indexed	\$ 1,603	0.15%	N/A	5.4%	1.5%	6.8%	3.8%
68		Multi Asset Class	Growth Indexed	\$ 1,603	0.07%	N/A	7.2%	1.2%	8.9%	4.5%
69		Multi Asset Class	High Growth Indexed	\$ 1,603	0.07%	N/A	7.4%	1.2%	10.0%	5.3%
74		Multi Asset Class	Portfolio 2	\$ 3,663	1.09%	10% over bmk	12.9%	3.7%	9.8%	6.4%





FE Name	Data Field Description	Instructions to Populate	Format	Data Type
Portfolio Information				
Company Name	Name of the Investment Manager	N/A	alphanumeric (50)	text
Category Nominated	The official IMAP awards category that you would like to enter	Choose from dropdown	N/A	text
Portfolio Name	Name of the investment portfolio	N/A	alphanumeric (50)	text
Legal Structure	Structure in which the portfolio operates under	Choose from dropdown	N/A	text
Benchmark	Stated performance benchmark of the portfolio	N/A	alphanumeric (100)	text
Portfolio Fees				
Annual management Fee (\$ Based on \$100k Investment)	Includes only the fee paid to the investment manager for running the investment	This should be expressed as a dollar amount	decimal	date
Annual management Fee (\$ Based on \$250k Investment)	Includes only the fee paid to the investment manager for running the investment	This should be expressed as a dollar amount	decimal	numeric
Annual management Fee (\$ Based on \$500k Investment)	Includes only the fee paid to the investment manager for running the investment	This should be expressed as a dollar amount	decimal	numeric
Annual management Fee (\$ Based on \$1M Investment)	Includes only the fee paid to the investment manager for running the investment	This should be expressed as a dollar amount	decimal	numeric
Weighted ICR of Underlying Managers (As At 31/03/2018)	An aggregated fee based on the underlying funds in the portfolio	Please express as a %	decimal	numeric
Portfolio Objective and Strategy				
Portfolio Objective	Main performance objective of the portfolio	N/A	alphanumeric (200)	text
Portfolio Strategy	The strategy that the portfolio employs to reach the stated objective.	N/A	alphanumeric (200)	text



Company Name

Category Nominated

Portfolio Name

Legal Structure

Benchmark

Annual management Fee (\$ Based on \$100k Investment)

Annual management Fee (Based on \$250k Investment)

Annual management Fee (Based on \$500k Investment)

Annual management Fee (Based on \$1M Investment)

Weighted ICR of Underlying Managers (As At 31/03/2018)

Portfolio Objective

Portfolio Strategy

Things to improve on for
next year



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QUESTIONS
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