



# Building Stanford Brown's Winning Managed Account

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ASHLEY OWEN, CFA – CHIEF INVESTMENT OFFICER

# Agenda

- ▶ What is a Managed Account?
- ▶ Questions you should ask yourself
- ▶ Mechanics of establishing a Managed Account
- ▶ Benefits to clients, advice firms and advisers
- ▶ The Lunar Group Managed Accounts

# What is a Managed Account?



Professional, discretionary money management on a client's behalf

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# Questions your practice should consider

- ▶ Where do you add value?
- ▶ Are you a specialist money manager?
- ▶ What is your investment philosophy?
- ▶ Which roles will you play? Which roles will you outsource?
- ▶ Which platform will you use?
- ▶ How will you communicate changes with clients and advisers?



# Roles in Managed Accounts

- ▶ Platform Operator and Custodian
- ▶ Responsible Entity
- ▶ Investment Committee
- ▶ Asset Consultants
- ▶ Research Providers
- ▶ Administrators

# Why did we move to Managed Accounts?



LAG FROM  
INVESTMENT DECISION  
TO IMPLEMENTATION



OVERBURDENED  
ADMINISTRATORS



INCONSISTENT  
PORTFOLIOS



CLIENT ENGAGEMENT

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# Managed Accounts Benefits for Clients



PROACTIVE  
PORTFOLIO  
MANAGEMENT



PROFESSIONAL  
MONEY  
MANAGEMENT



EQUITABLE  
TREATMENT OF  
CLIENTS



REGULAR  
REBALANCING



TAX  
OPTIMISATION



BETTER AND MORE  
TRANSPARENT  
REPORTING

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# Managed Accounts Benefits for Advisers



LESS TIME MANUALLY  
ADJUSTING PORTFOLIOS



MORE TIME TO BUILD  
DEEPER RELATIONSHIPS  
WITH CLIENTS



OUTSOURCE INVESTMENT  
DECISIONS TO PROFESSIONAL  
TEAM

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# Managed Accounts Benefits for Practices



ADVISERS FOCUS ON  
THEIR STRENGTHS



LOWER BURDEN ON  
ADMINISTRATORS AND  
PARAPLANNERS



OPPORTUNITIES TO  
NEGOTIATE LOWER  
FUND MANAGER FEES



LOWER RISK OF  
COMPLIANCE  
VIOLATIONS

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## Downsides to establishing a Managed Account

-  Time intensive and expensive to establish
-  Costs of a well-resourced investment committee
-  Extensive communication is required
-  Increased scrutiny on investment process from responsible entities, regulators, clients
-  Increased compliance burden

# Why Stanford Brown's Managed Account



**Multi Asset  
Class**

Winner

2018 IMAP MANAGED  
ACCOUNT AWARDS



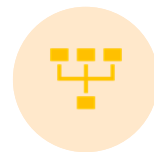
PROACTIVE  
PORTFOLIO  
MANAGEMENT



COMPREHENSIVE  
INVESTMENT  
PHILOSOPHY



DYNAMIC  
ASSET  
ALLOCATION



RIGOROUS FUND  
SELECTION  
PROCESS



QUARTERLY  
REBALANCING



INDEPENDENT  
LICENSE

(STANFORD BROWN)

# Stanford Brown's Investment Philosophy



Fewer, Shorter, Shallower Setbacks



Risk management is the top priority



All asset classes undergo periods of underperformance



Process driven by data-driven research, rather than impulse or unquestioning adherence to financial theory



Focus on protecting, preserving and growing capital

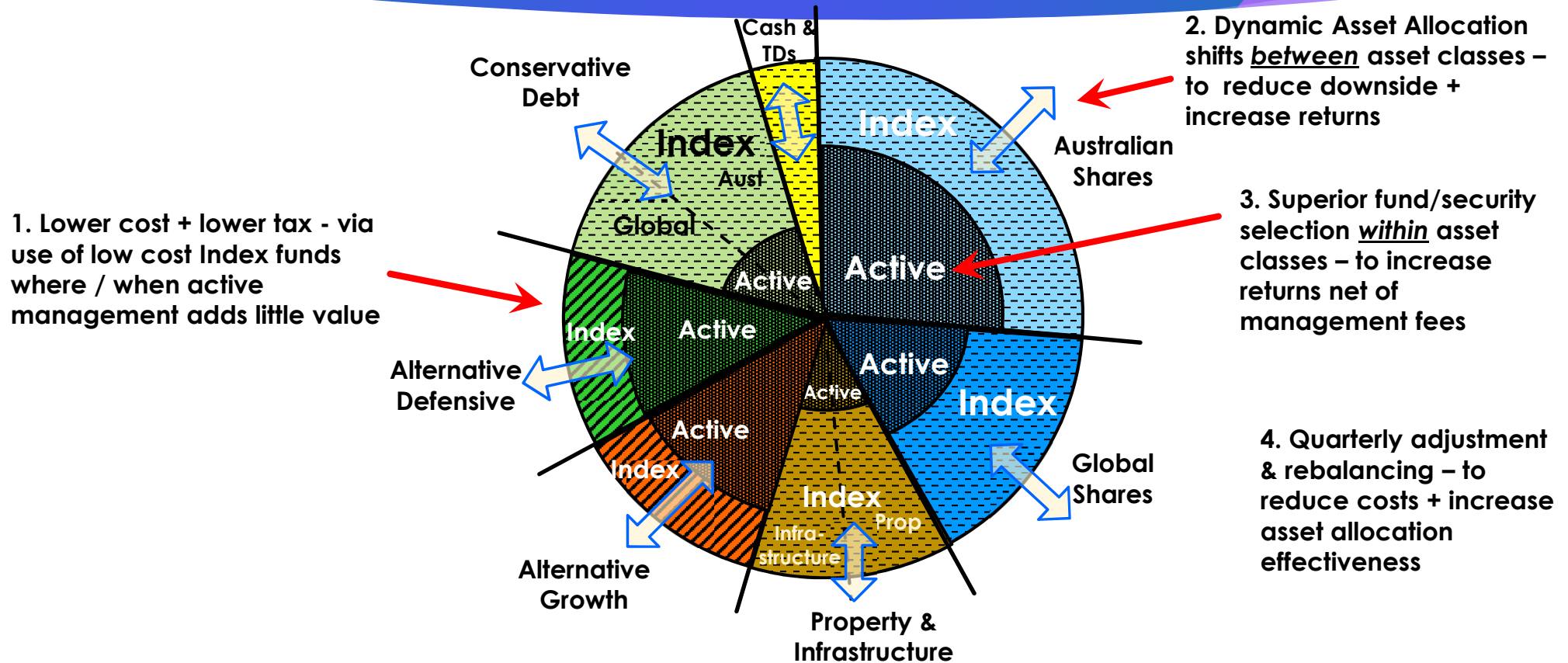
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# How we approach investing

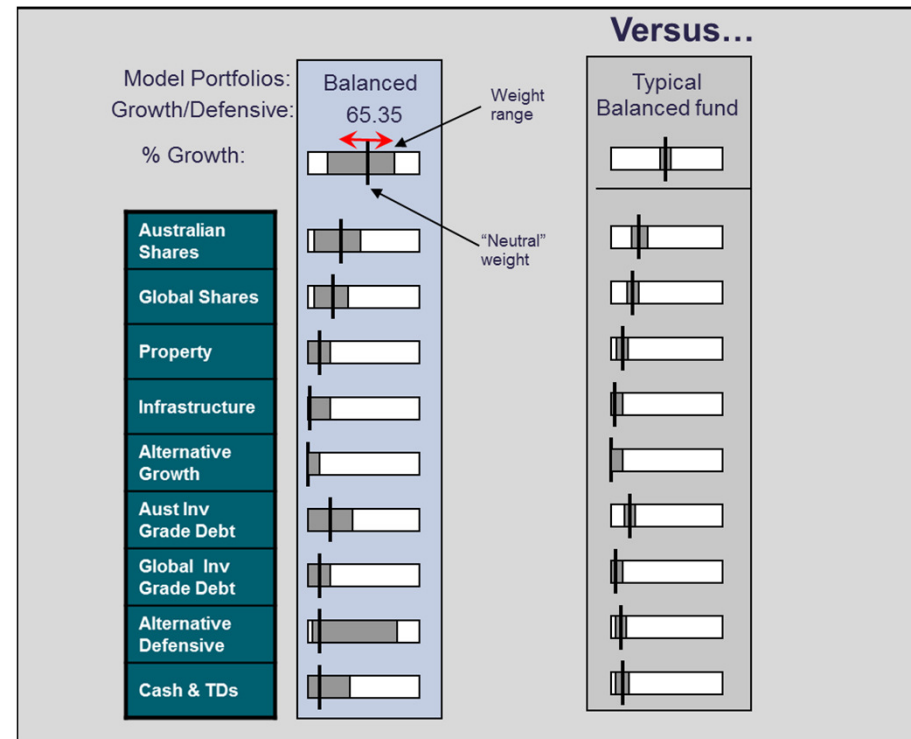


# Four ways we aim to add value



# Dynamic Asset Allocation

- ▶ Broad asset allocation ranges allow for meaningful shifts
- ▶ Primarily used to underweight overpriced asset classes
- ▶ Most useful at market extremes

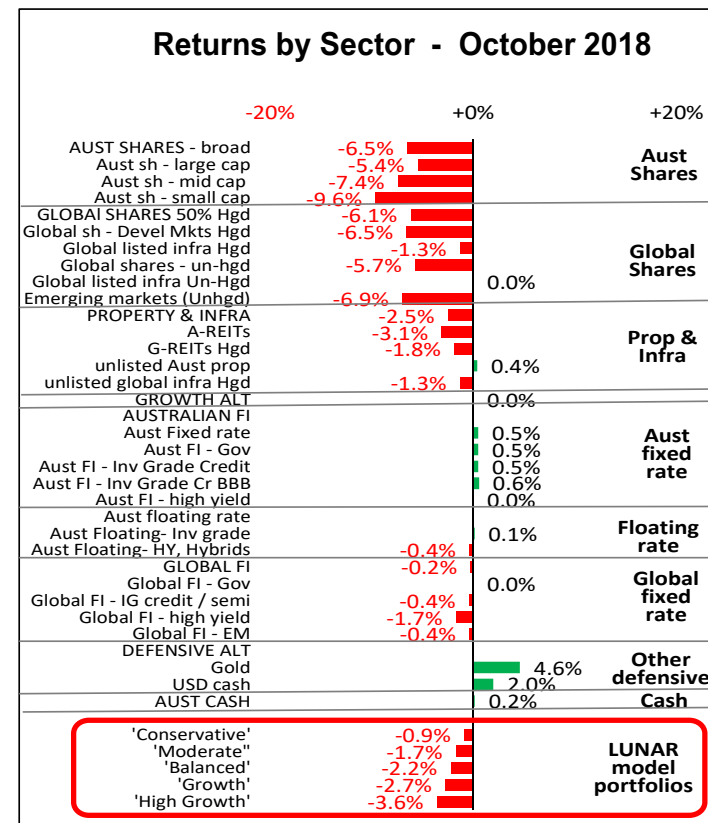


# Fewer, Shorter, Shallower

- ▶ E.g. October 2018 – Portfolios hardly felt a bump

## Portfolio Positioning

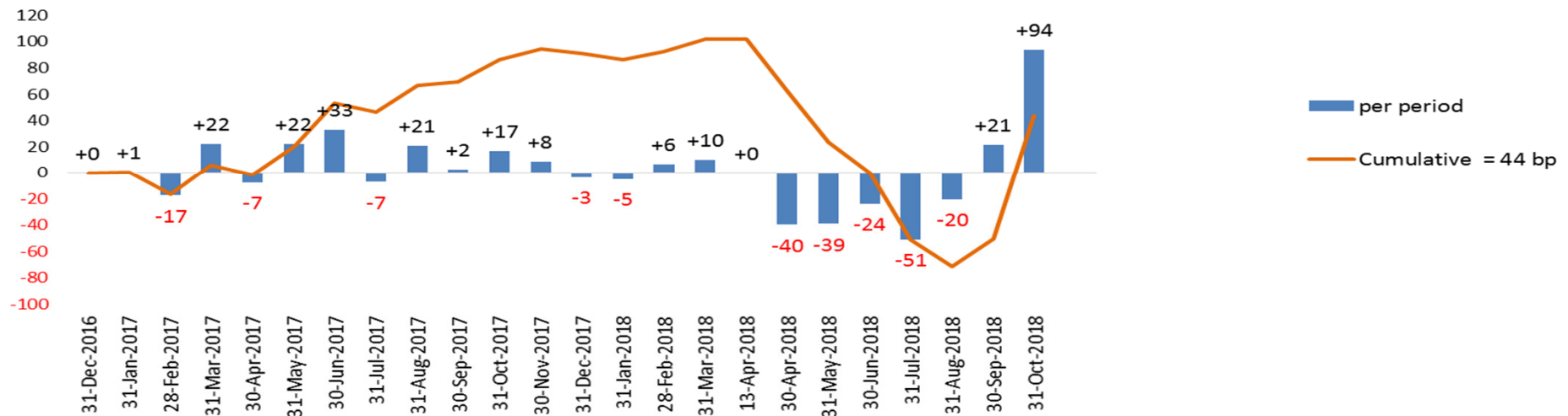
- ▶ Underweight Australian and global shares
- ▶ Low currency hedging ratio
- ▶ Underweight Australian and global bonds
- ▶ Overweight floating rate debt
- ▶ Overweight USD and gold ETFs



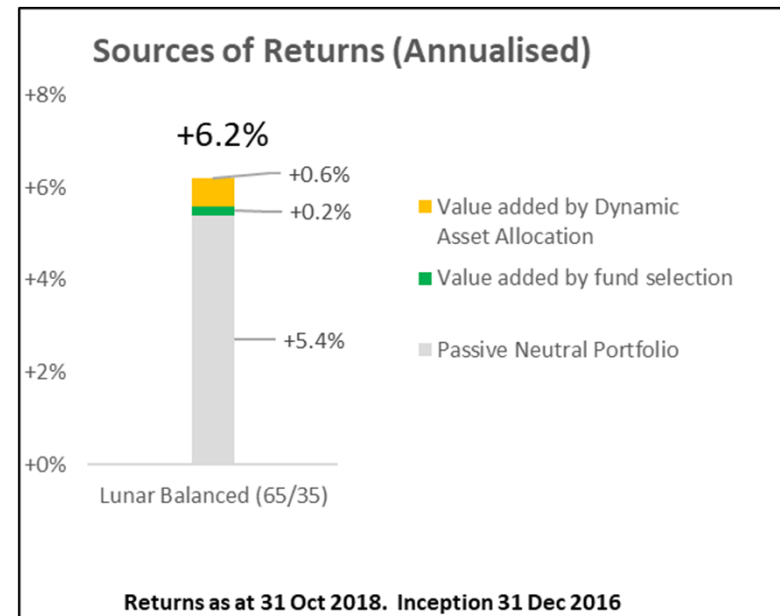
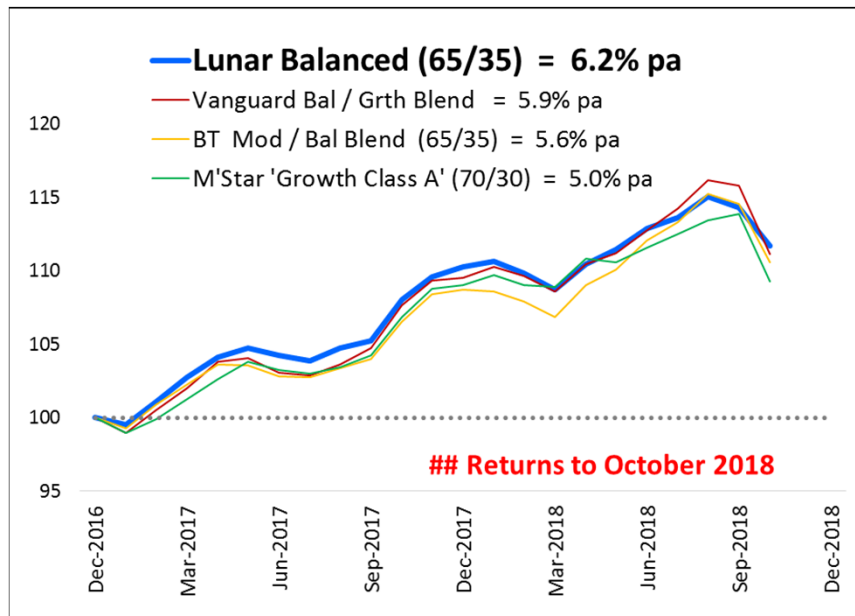


# Fewer, Shorter, Shallower

Value added / detracted by DAA at Asset Class and Sector levels - by period



# Managed Account Returns



# Multiple Managed Account Offerings

	'Full active' portfolios	'ETF only' portfolios
Minimum investment:	\$50k	\$20k
Quarterly rebalancing + asset allocation review/adjustment	✓	✓
Wide asset allocation ranges	✓	✓
Asset class level Dynamic Asset Allocation:	✓	✓
Passive funds / ETFs:	✓	✓
Sector level Dynamic Asset Allocation:	✓	✓
Active funds:	✓	
Typical number of holdings:	15-25	8-15
Costs:	Low	Very Low

# Lunar Group Investment Committee



Ashley Owen,  
CFA – Chief  
Investment  
Officer



Jonathan Hoyle -  
CEO



Vincent O'Neill –  
Director of  
Private Wealth



Hamish Harvey,  
CFP – Senior  
Financial Adviser



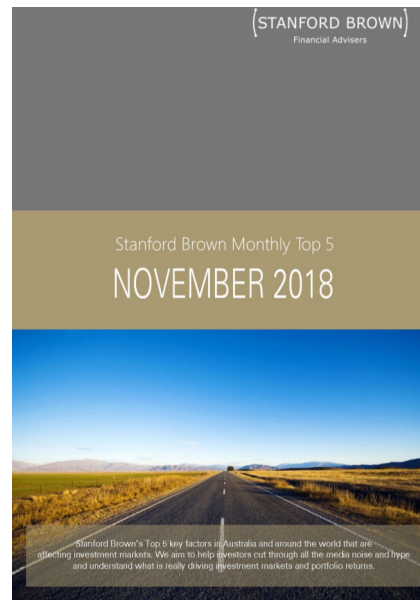
Dr Don Stammer,  
PhD – External  
Adviser



# Lunar Group Client Communications



Quarterly Review – Comprehensive review of markets, performance and positioning



Monthly Top 5 – In-depth analysis of pertinent investing issues



TW3 – Weekly publication covering current affairs



# Contact Us

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