

# IMAP Best Practice Webinar – Licensee Managed Accounts

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Morgan Stanley Wealth Management

David McDonald – IMAP



**IMAP**  
**MANAGED ACCOUNT**  
**AWARD WINNER**  
LICENSEE MANAGED  
ACCOUNT



## Upcoming events

19<sup>th</sup> September ESG Best Practice Webinar – Lonsec & Australian Ethical

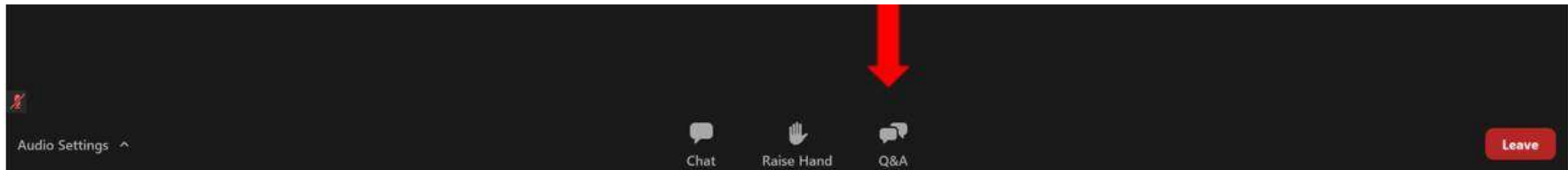
18<sup>th</sup> October Independent Thought Melbourne – How Portfolios Managers are approaching key investment issues

Week beginning 14<sup>th</sup> November – InvestTech

Portfolio Management Conferences – March 2023

Independent Thought – Roundtables and Podcasts

# How to ask a Question



# IMAP Managed Account awards Judging Process

- Philosophy and process
- Team
- Client communication
- Interaction with advisers
- Quantitative assessment

Morgan Stanley



# **Multi-Asset Portfolio Solutions (MAPS)**

**September 2022**

## MAPS by Morgan Stanley

A holistic solution



### Multi-asset core portfolios



### Solid track record

Consistent outperformance of Core models against peer groups for the past ten years.



### Active Passive Model

Allocating opportunistically to both active and passive strategies.



### Regular communication with Morgan Stanley

Monthly and quarterly reporting as well as access to the quarterly Research Roadshow.



### Attractive fees



### Backed by Morgan Stanley's global research

Morgan Stanley's intellectual capital and thought leadership.

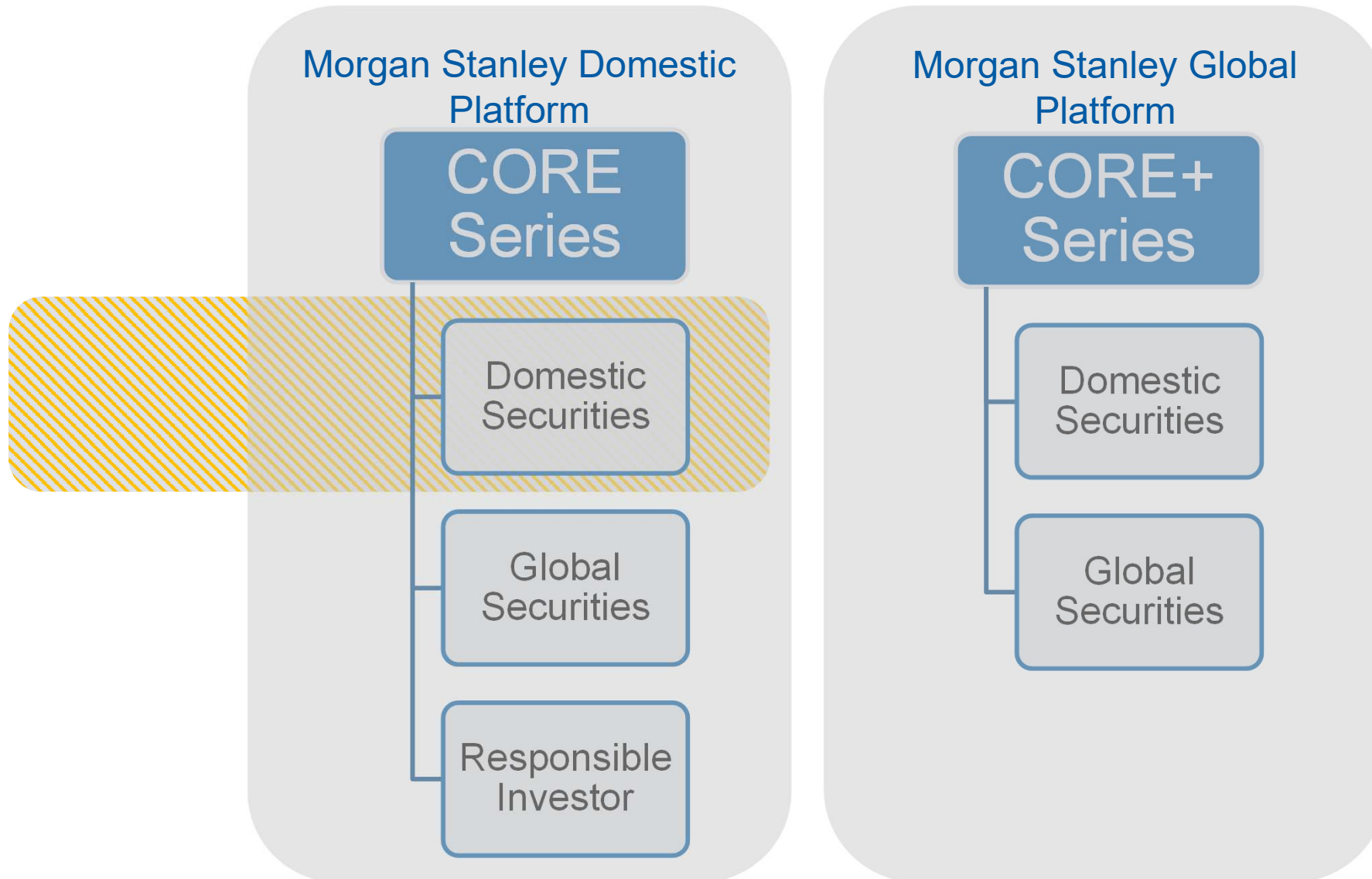
## MAPS by Morgan Stanley


A track record of continuity and success



- First Core model portfolio launched in April 2012.
- Four successive Heads of Wealth Management Research have managed and built on the original investment process.
- The process has performed through an entire economic cycle, building on real world experience.
- Model portfolios available as an SMA through:
  - Morgan Stanley's domestic and global wrap account
  - Three retail platforms; North, Netwealth and Praemium, which are accessible to all financial advisers.

## MSWM Australia Multi-Asset Model Portfolio Range



 Available to all financial advisors on three retail platforms; North, Netwealth and Praemium



## IMAP Multi Award Winner

**Morgan Stanley Wealth Management Australia was recognised by the Institute of Managed Account Professionals (IMAP), the only industry body actively supporting Managed Accounts in Australia**



**Winner** in the Licensee category  
2020, 2021, 2022



**Winner** in the Multi Asset category  
2021

- **Licensee Category** – Assesses risk management, portfolio construction, investment philosophy, processes and resourcing – a comprehensive analysis of Morgan Stanley’s investment and solutions capability versus peers.
- **Multi Asset Class Category** – Assesses the portfolio’s performance, risk metrics, cost and quality of its investment process against peers.



**IMAP**  
**MANAGED ACCOUNT**  
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LICENSEE MANAGED  
ACCOUNT



**IMAP**  
**MANAGED ACCOUNT**  
**AWARD WINNER**  
MULTI ASSET

**Wealth Management Research in Australia is the intellectual property behind these awards.**

## Capabilities and Global Resources

Research is at the heart of our service

### Institutional Research



Number 1 in the 2022 Institutional Investor **All-Asia Research Team Survey** for the 8th consecutive year.

480+

Equity  
Analysts

30+

Equity  
Strategists

60+

Fixed Income  
Strategists

30+

Economists

30+

Quant & Data  
Strategists



#### Global Insights

Asset class, sector and thematic analysis.  
Monetary and fiscal policy.  
Macroeconomics.



### Wealth Management Research



Morgan Stanley is the largest wealth manager in the US with ~US\$4.9 trillion in client assets under management.

150+

Analysts &  
Strategists

8

Leading  
Thinkers



#### Best Practices

Managed Fund and ETF selection.  
Quantitative modelling.  
Portfolio construction.



### Morgan Stanley Wealth Management Australia Research

3

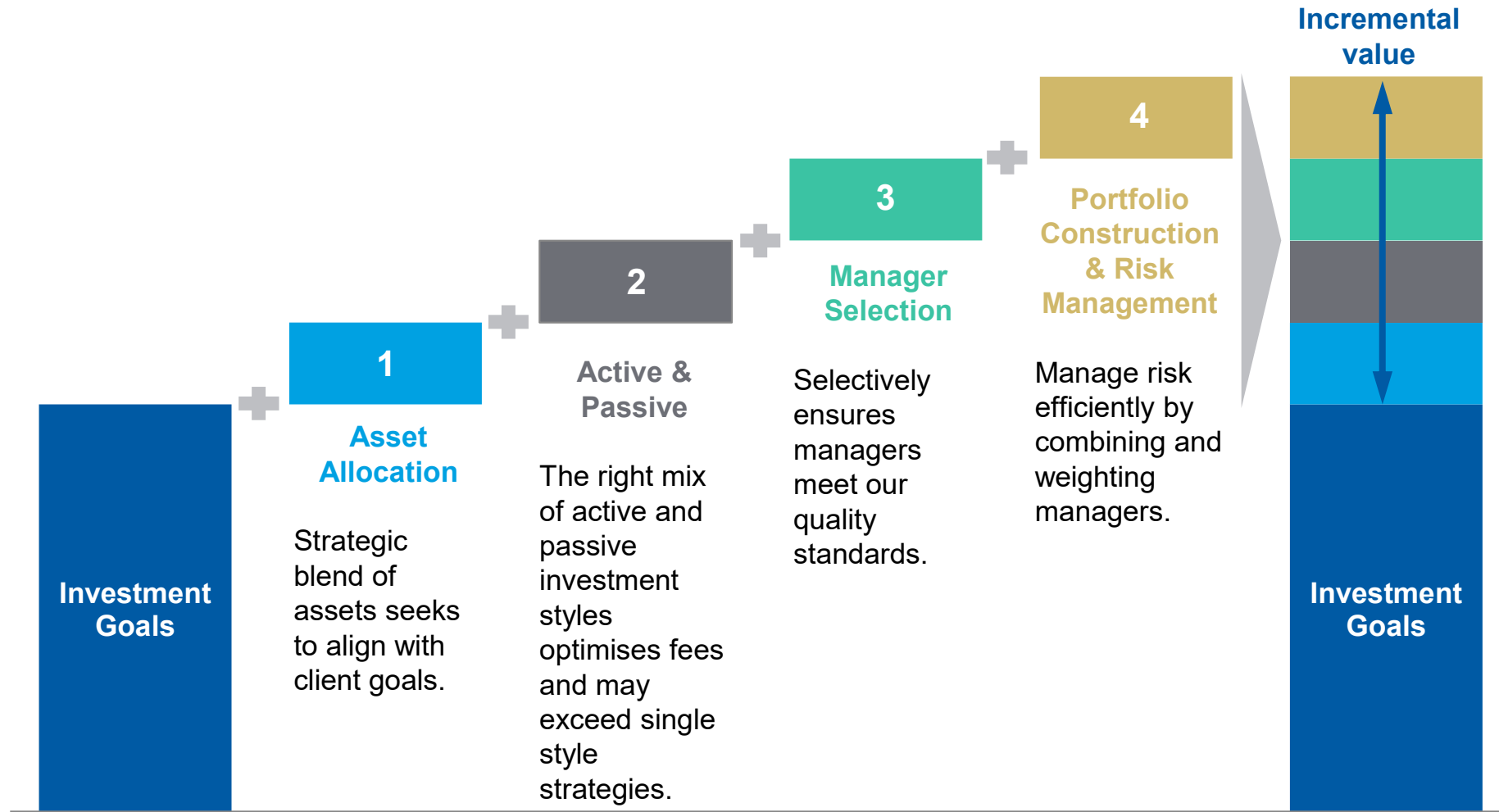
Portfolio  
Managers

2

Investment  
Analysts

## Investment Process

Our investment process is built on four pillars

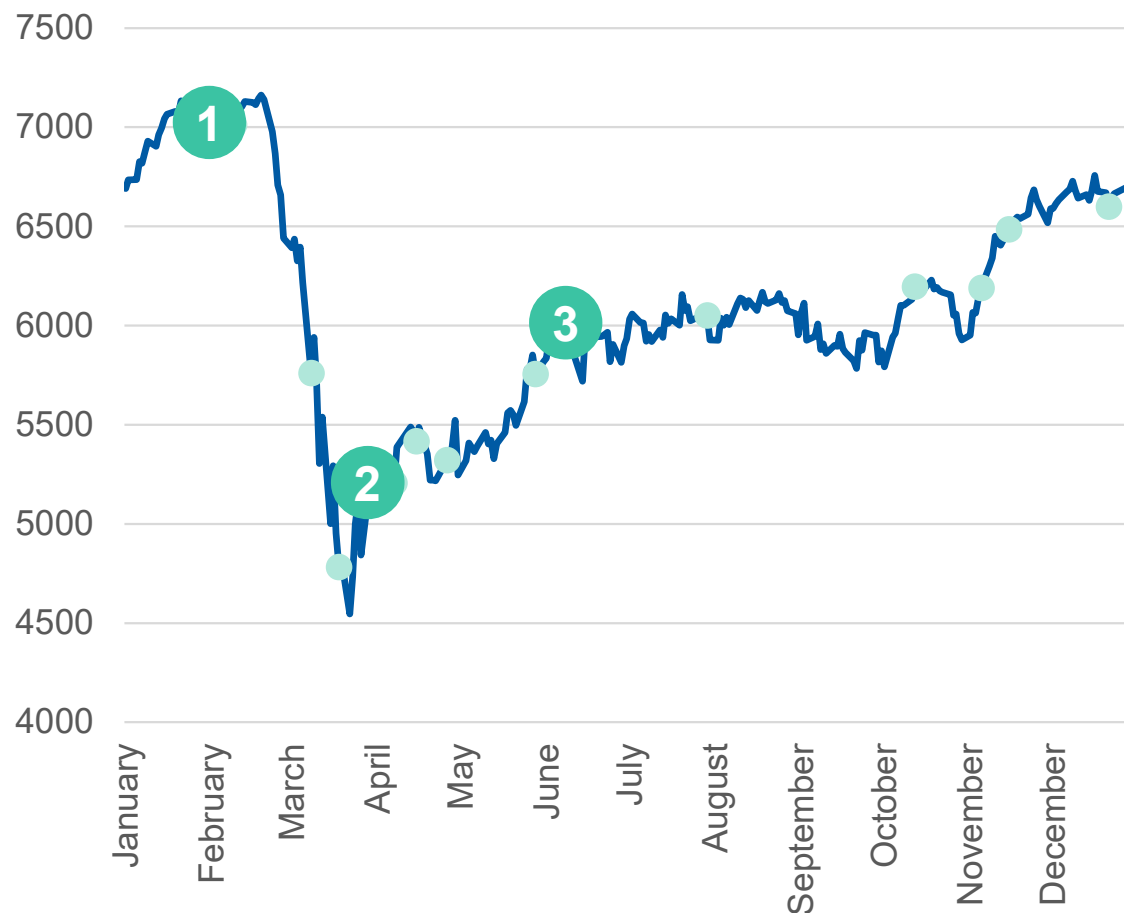


Source: Morgan Stanley Wealth Management Research

## Models Are Actively Managed

Our processes and teamwork successfully navigated the extreme volatility of 2020

S&P/ASX200 - January to December 2020



- 1 Chinese power coal consumption did not rebound post Chinese New Year holidays. We reduced risk from our portfolios.
- 2 Great Depression scenario assessed as unlikely - added risk back into our portfolios.
- 3 We expected a V-shaped economic recovery - continued to add risk to our portfolios.

In 2020, Morgan Stanley's Core Growth Model returned 5.8% vs ASX200 1.4% vs Peers\* 1.8%

Hosted 69 investor calls in 2020

Source: Morgan Stanley Wealth Management Research. Note Peer Group is the Morningstar Australia Fund Multisector Aggressive Category Average.

Morgan Stanley

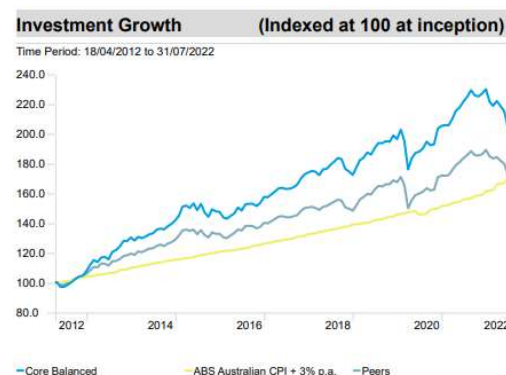
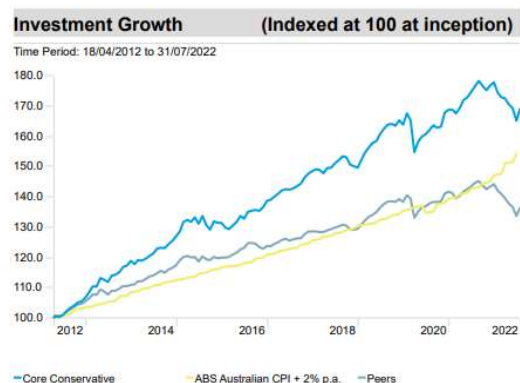
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## **Performance and Key Takeouts**

## Multi-Asset Model Portfolios

### Performance to 31 July 2022

	Conservative	Balanced	Growth
Return since inception (Annualised, 18 Apr 2012)	5.21%	7.57%	9.50%
Peer Group	3.17%	5.88%	8.64%
Excess return	2.04%	1.69%	0.86%



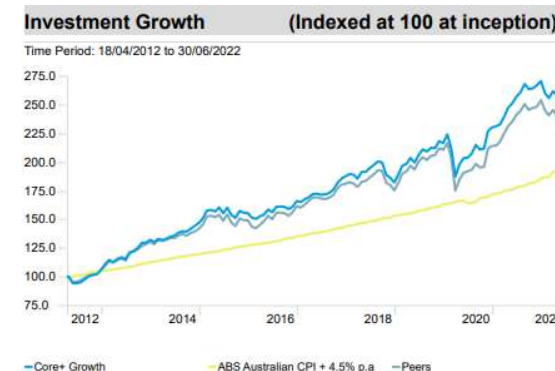
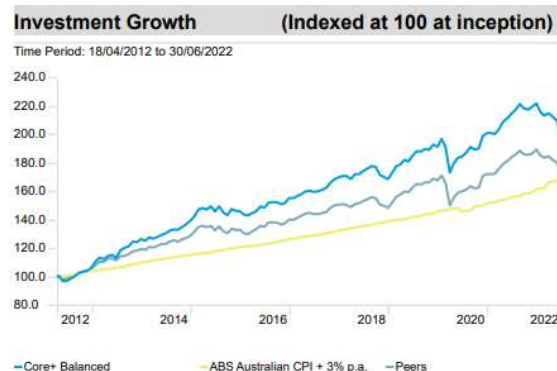
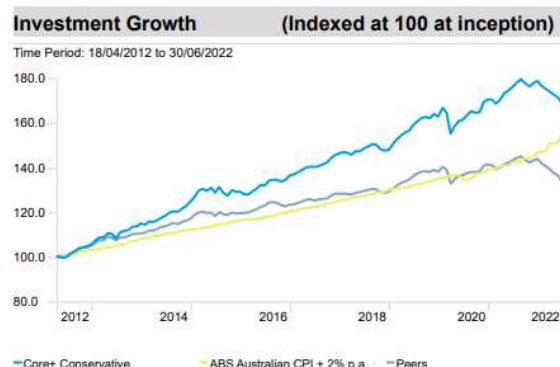
- Core **Conservative** has also **NEVER** had a negative calendar year return.
- Every** strategy above in the Core series has **exceeded** its peer group in the **3, 5 and 10** year periods.

Source: Morningstar, Morgan Stanley Wealth Management Research. Results shown represent total return (including dividends). Past performance is no guarantee of future results. Figures may not sum due to rounding. The portfolio is hypothetical and does not include actual trades; results do not include transaction costs/fees. Return data from 18 April 2012 (inception) to 31 July 2022. Performance is net of ICRs (indirect cost ratio). The Peer Groups are the Morningstar Australia Fund Multisector Conservative, Balanced and Aggressive Category Averages, respectively. For further details see Asset Allocation Insights: Core Conservative, Balanced and Growth Model Portfolio Performance Updates for July 2022.

## Multi-Asset Model Portfolios – CORE+ Series

### Performance to 30 June 2022

	Conservative	Balanced	Growth
<b>Return since inception (Annualised, 18 Apr 2012)</b>	5.23%	7.07%	8.97%
Peer Group	2.98%	5.59%	8.23%
<b>Excess return</b>	<b>2.25%</b>	<b>1.48%</b>	<b>0.74%</b>



- Core+ **Conservative** has also **NEVER** had a negative calendar year return.
- **Every** strategy above in the Core+ series has **exceeded** its peer group in the **3, 5 and 10** year periods.

Source: Morningstar, Morgan Stanley Wealth Management Research. Results shown represent total return (including dividends). Past performance is no guarantee of future results. Figures may not sum due to rounding. The portfolio is hypothetical and does not include actual trades; results do not include transaction costs/fees. Return data from 18 April 2012 (inception) to 30 June 2022. Performance is net of ICRs (indirect cost ratio). The Peer Groups are the Morningstar Australia Fund Multisector Conservative, Balanced and Aggressive Category Averages, respectively. For further details see Asset Allocation Insights: Core+ Conservative, Balanced and Growth Model Portfolio Performance Updates for June 2022.

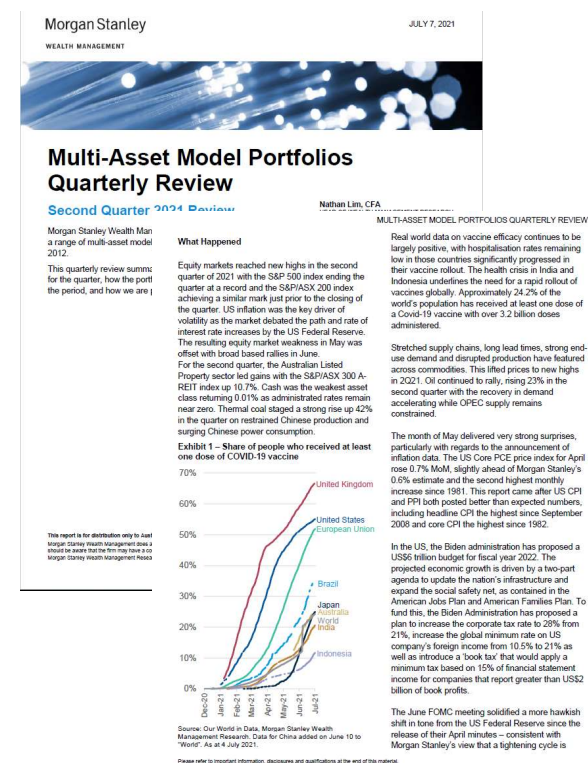
## **Morgan Stanley is a Global Leader in Financial Services**

### **Strong Engagement with Investors**

- Monthly model factsheets.
- Quarterly market commentary updates.
- Tactical Asset Allocation rationale – Joining the Dots publication.
- Quarterly national roadshow with the Head of Wealth Management Research.
- Local management team with offices in five mainland capital cities.



## Quarterly Commentary



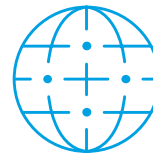
## Why MAPS by Morgan Stanley



**Efficient core model construction and risk management.**



**Differentiated offering in the Australian Wealth Management market.**



**Investment insights informed by a global research team.**



**Investment process has proven continuity and consistency.**

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Each security will then be given one of four ratings:

- Low Risk – a security is backed by an entity that has strong capacity to meet its financial obligations and commitments. The risk of the entity missing a distribution payment is considered low.
- Medium Risk – a security is backed by an entity that exhibits adequate protection parameters, however, adverse economic conditions or changes in circumstances could lead to a weakened capacity of the entity to meet its financial obligations.
- High Risk – a security is backed by an entity that is more vulnerable to adverse economic conditions which may lead to distributions being lowered or cancelled. A security may also be considered High Risk when the outcomes surrounding the maturity date are largely unknown.
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# IMAP

Institute of Managed Account Professionals



# Key factors that are driving growth

- 1) Professionalisation
- 2) Wider Investment Choice
- 3) Technology
- 5) Competitive Pressure
- 6) “Retailisation” of Institutional Capability
- 7) Price Compression