

# “The Good Life” – Managed Accounts

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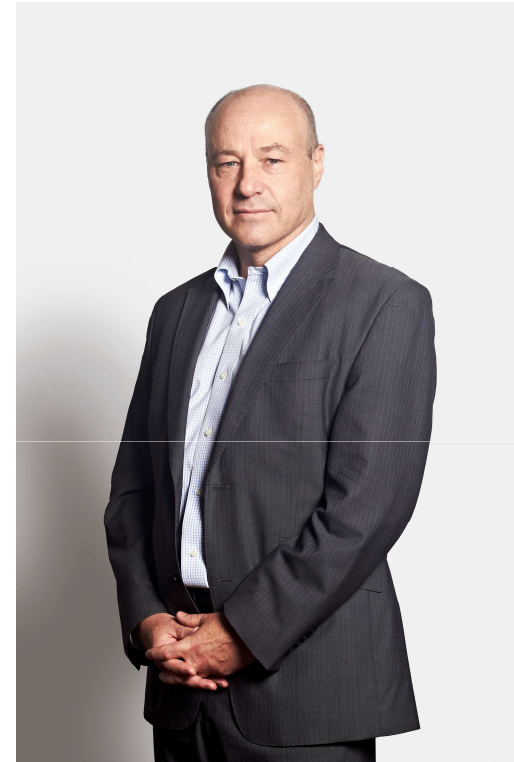
# Who is T&C?

Solutions-focused senior executive with extensive experience and proven capabilities in strategy implementation, mergers and acquisitions, contract negotiations, financial control and operational management. Foundation manager and COO of the Snowball Group



**Carl Scarcella**  
Director

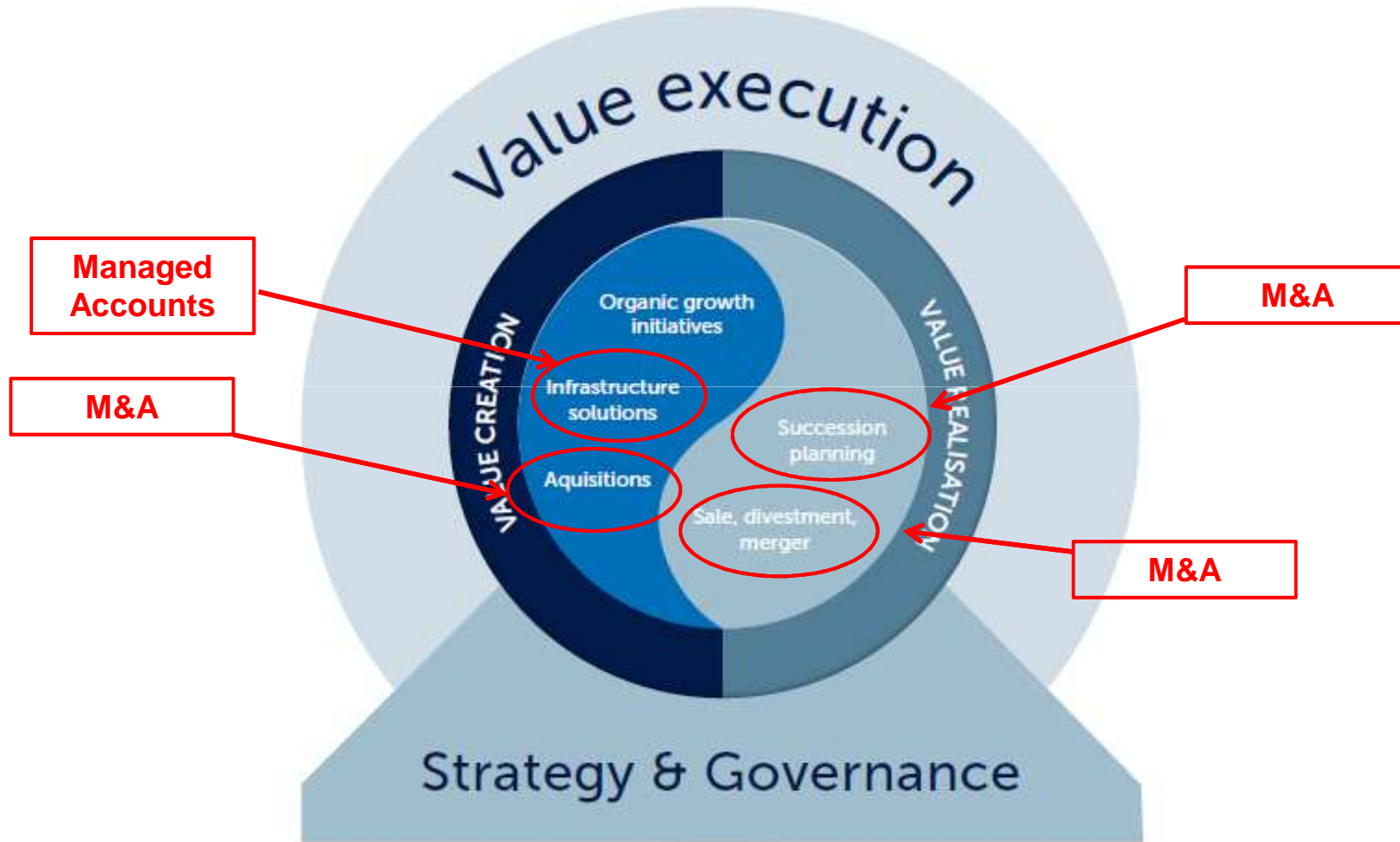
**Tony McDonald**  
Director



Seasoned senior executive with extensive wealth management experience, with a successful track record having co-founded and led the Snowball Group, now SFG Australia, from a start-up to a fully integrated business listed on the ASX



# What T&C does



# Managed Accounts - multiple benefits



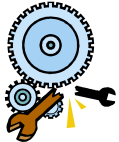
- Better client experience & engagement



- Higher adviser efficiency and satisfaction levels



- Enhanced investment portfolios



- More scalable, efficient and profitable business



- ***Increased business valuation***



- ***More attractive to buyers***

# At the coalface

<i>Efficiency</i>	<i>Revenue</i>	<i>Flexibility</i>	<i>Compliance</i>
<ul style="list-style-type: none"> <li>• Efficient portfolio management capability</li> <li>• Centralised system</li> <li>• Scalable</li> <li>• Cost savings</li> <li>• Communication</li> </ul>	<ul style="list-style-type: none"> <li>• Separately “identifiable” revenue stream</li> <li>• On-going fee for service - clear value add</li> <li>• Asset based fee alignment</li> <li>• Client retention &amp; new client offer</li> </ul>	<ul style="list-style-type: none"> <li>• Flexibility on charging mechanisms               <ul style="list-style-type: none"> <li>• Segregated</li> <li>• Bundled</li> </ul> </li> <li>• Customisation at portfolio or individual account level</li> </ul>	<ul style="list-style-type: none"> <li>• Reporting, visibility, centralisation &amp; automation</li> <li>• Audit, record keeping enhancement</li> <li>• Enhanced risk management &amp; governance</li> </ul>

*Enhanced client outcomes & experience*

# Practice value optimisation



**Strong  
fundamentals**



**Integrity**



**Sustainability**



# The Good Life – an example



\$100m FUA advice firm	Pre MA	Post MA	
Client ongoing advice fee	0.70%	0.90%	Flexibility
Client managed acct fee	0.00%	0.35%	
Client ICR	0.80%	0.30%	
Client platform	0.60%	0.40%	
<b>Total cost to client</b>	<b>2.10%</b>	<b>1.95%</b>	Revenue
<b>Platform rebate to firm</b>	<b>0.20%</b>	<b>0.00%</b>	Compliance
<b>Operating cost ratio</b>	<b>68%</b>	<b>60%</b>	Efficiency

# The bottom line – an example



\$100m FUA advice firm	Pre MA	Post MA	
Upfront fees	\$120k	\$120k	
Advice fee	\$700k	\$900k	
Managed account fee	-	\$350k	
Platform rebate	\$200k	-	
<b>Total revenue</b>	<b>\$1,020k</b>	<b>\$1,370k</b>	
<b>Operating costs</b>	<b>(\$694k)</b>	<b>(\$612k)</b>	→ <i>total revenue before MA fee x operating cost ratio</i>
<b>Managed account costs</b>	<b>-</b>	<b>(\$250k)</b>	
<b>EBIT</b>	<b>\$326k</b>	<b>\$508k</b>	→ <b>Up \$182k = 56%</b>

# Creating value – an example



\$100m FUA advice firm	Pre MA	Post MA
EBIT	\$326k	\$508k
<b>EBIT margin</b>	<b>32%</b>	<b>37%</b>
Valuation multiple	5.5	6.0
<b>Business value</b>	<b>\$1,793k</b>	<b>\$3,048k</b>
<i>Times recurring revenue</i>	2.0	3.0

*Reflects higher intrinsic value due to better growth prospects, FoFA compliance, etc*

Up \$1.25m = 70%



# The Good Life



- Opportunity to capitalise on the benefits across all stakeholders
- Translates to better outcomes for clients
- Means enhanced practice revenue, compliance and efficiencies
- “Ticks a buyer’s boxes” for fundamentals, sustainability and integrity
- Equates to a higher business & asset value



# Legal Matters



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