



REAL ADVISERS, REAL CLIENTS, REAL WORLD SOLUTIONS

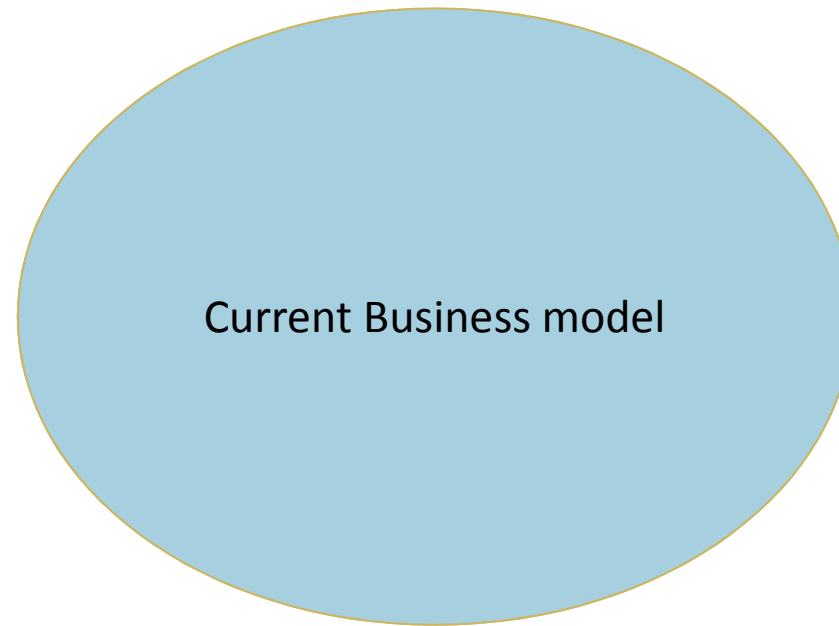


Why Managed Accounts?
Why Now?

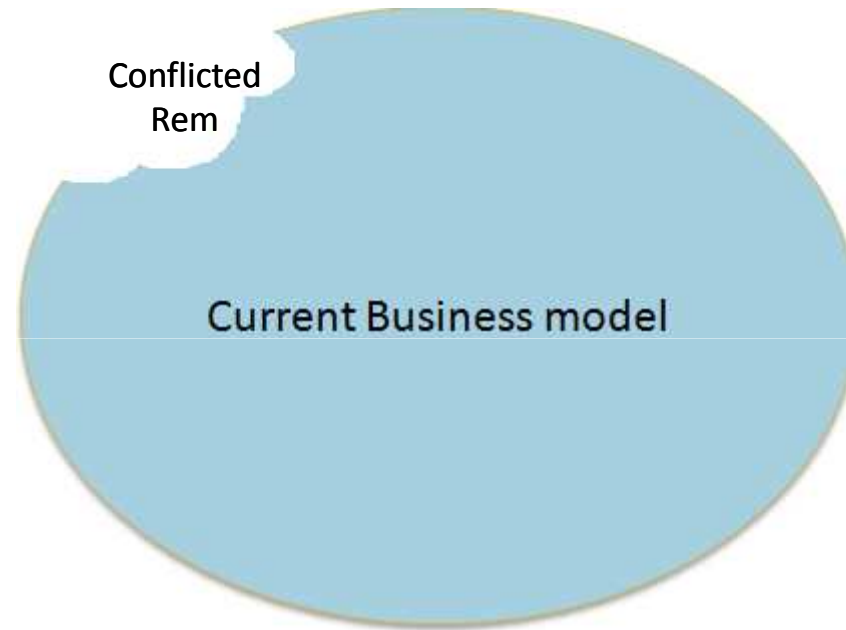
How did we get here ?
What are the options ?

- Positive reasons
- Defensive reasons

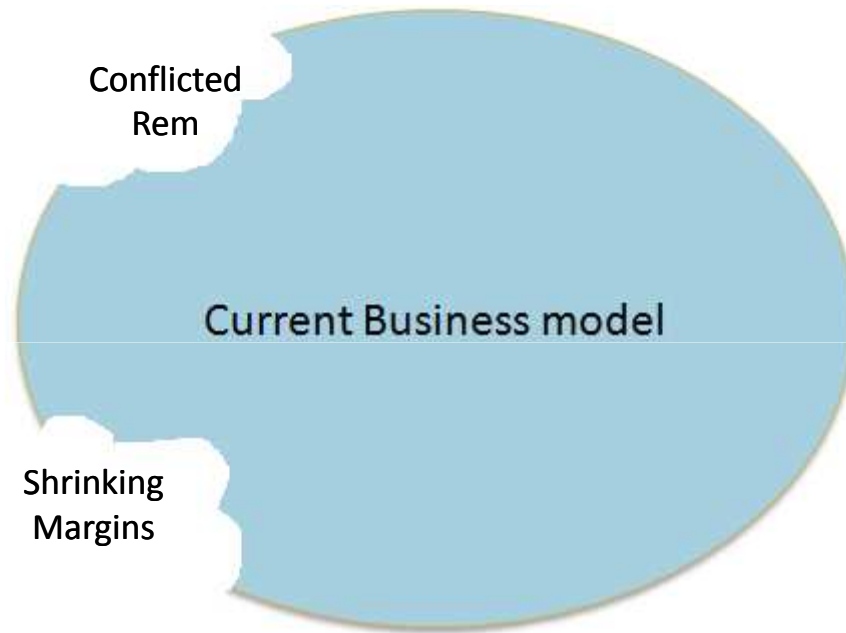
Attacks on the Old Model



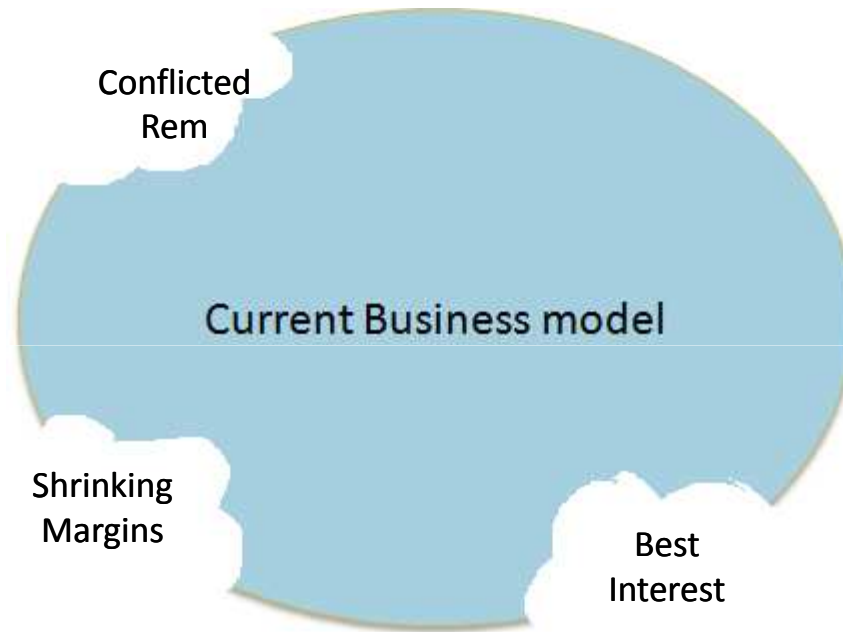
Attacks on the Old Model



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Attacks on the Old Model



Why Adopt Managed Accounts

- Traditional Reasons
 - Better client outcomes
 - Differentiate the services you offer
 - Create efficiencies in the practice and over the whole business
- More Recent Imperatives
 - Conflicted Remuneration
 - Shrinking margins
 - Best Interest requirements
 - Risk management

Conflicted Remuneration

- Ban on giving or receiving remuneration which might influence:
 - the choice of financial product recommended
 - The advice provided
- Has the effect of banning platform rebates and promoter payments – presumed conflicted
- Doesn't apply on product issuer management fees

Evaporating Margins

- Loss of platform rebates
- Vanishing grandfathering
- Low cost investment products such as ETFs
naked rate cards, listed bonds
- Compare the pair
- All lead to
 - Price sensitivity
 - Need for value differentiation

\$ 202,401

Average Industry SuperFund

\$ 182,342

Average Retail Super Fund

Outcomes vary between individual funds. For more details see our website.

Past performance is not a reliable indicator of future performance and should never be the sole factor considered when selecting a fund.

Best Interest

- Applies to the adviser rather than the licensee
- Licensees have to enable Advisers to meet their obligations
- Is the client likely to be in a “Better Position”
- Applies to each instance of personal advice
- “Any other step” still an issue

Best Interest

- Limits Best Interest obligations to the service
- Avoids like for like comparisons where price is the principal differentiator
- Enables the adviser to easily nominate a portfolio manager
- Links more directly to client goals and objectives

Not all benefits arise from all forms of Managed Account



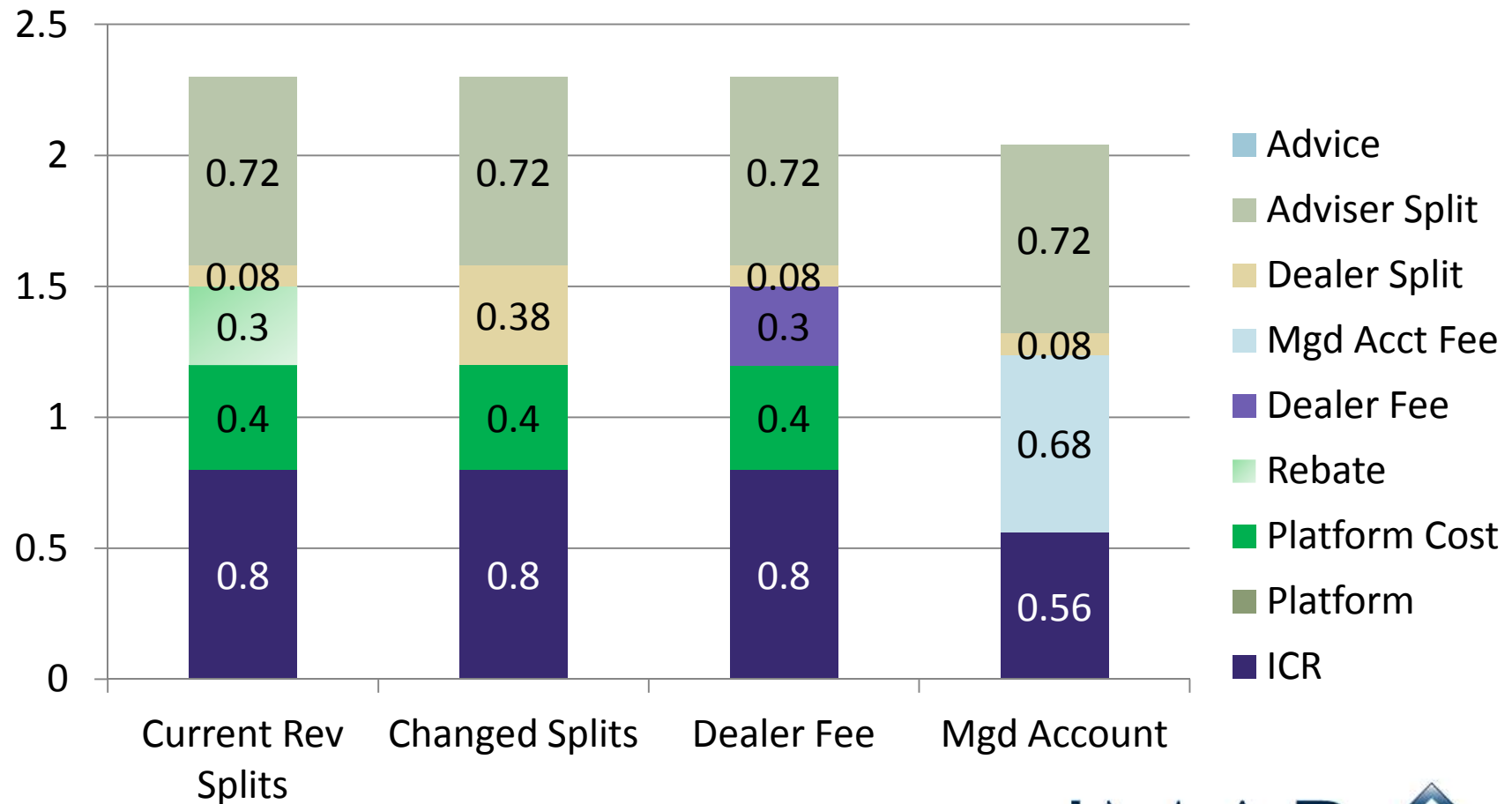
Risk Management

- Do what you do best
- Better service
- Regulatory risk
- Operational risk

Options to Recover Lost Revenue

- Increased Adviser Fee / increased split to Licensee
- Licensee Advice Fee / Dealer Fee charged through the platform
- Client direction
- Effective Managed Accounts program

Changing Fee Models



Practical Difficulties

- Licensee Advice / Dealer Fees
 - “I’m paying this fee for what ?”
- Increased advice fees / changing splits
 - “The other guy isn’t charging that much for advice”
 - Opt out / FDS



How Do Managed Accounts Help?

- Different solutions for different capabilities, operating models and scale
- Replacing conflicted revenue with FoFA proof revenue
- Moving fee charging from commodity comparison to a differentiated offering
- Reducing risk from Best Interest
- Other operating benefits

Implementing a Managed Accounts Program

- Changed business processes
- Clearer articulation of “what we do and how we do it”

Wivell Plater

