

MEDIA RELEASE

EMERGING TRENDS IN THE NEW ADVICE WORLD

November 17, 2014: Financial advisers are actively seeking better ways to build, manage and administer direct portfolios, and they're increasingly open and adventurous when it comes to adopting new technology, according to experts at the recent ASX Listed Product Accreditation Course Leaders Retreat (LPAC).

"Most good advisers use direct equities as a core part of their service offering," said Dr Tony Rumble, CEO of LPAC.

"But this is increasingly becoming an administration burden for advisers, especially concerning corporate actions and IPOs" said Rumble.

In the new world of financial advice, advisory firms without a robust strategy for implementing direct portfolios run the risk of getting left behind and losing clients to progressive firms with more efficient, flexible and transparent investment and administration solutions, concluded a panel of speakers which included William Keenan, Lonsec general manager - equities research; David Heather, chief executive managedaccounts.com.au; and Dr Tony Rumble.

While some planners were still hesitant to offer direct investment advice and solutions due to the additional compliance risk, and perceived workload and responsibility, Keenan said a professionally-managed direct model portfolio service could address all the barriers and concerns advisers held.

"A direct model portfolio service combines the benefits of professional management; greater control, flexibility and transparency; the ability to easily and efficiently implement and manage investment decisions; regular reporting and ongoing support provided by the manager, as well as stock research and advice on corporate actions," he said.

"Direct model portfolios are a 'Do it with me' solution when a planner contacts the client and a 'Do it for me' solution when the client enters a separately managed account or a managed discretionary account environment."

David Heather, chief executive of managedaccounts.com.au said it was increasingly hard for advisers to ignore the growing demand for direct investment solutions. He added that leading advice practices had been quick to identify the direct investment trend, which had led to the growing acceptance and popularity of managed discretionary accounts by both investors and advisers.

"It's as if advisers have had an epiphany in the past few years that there's more on offer than master trust and wrap platforms. This revelation has prompted many advisers to look at new services such as managed discretionary accounts," he said.

“There’s also the realisation that managed accounts are not only part of a client portfolio but a total business solution. They allow advisers to differentiate themselves, enhance the client experience, boost back office efficiency, drive down fees and ultimately increase the value of their business.”

In his presentation, titled “The rise of SMSFs and direct investing”, Heather said while managed accounts were an optimal solution for SMSF investors who were focused on listed investments, there was no one-size fits all model. He added that clever portfolio design was not just about direct equities but advisers needed the discretion to advise across a broad range of asset classes including cash, term deposits, fixed income, managed investment schemes, LICs, ETFs and managed funds.

“Over the last decade we’ve trained over 2000 advisers to use direct share investing as part of their offering. SMSF focussed advisers have led the growth in direct investing and this is still growing rapidly,” Rumble said.

“What’s interesting is that advisers from most of the bank and life company owned dealer groups are now actively embracing direct investing,” said Rumble.

“There is a definite trend towards adviser’s upskilling and using professional business systems around direct share investing, and this shows how much care good advisers actually do take in their business,” he said.

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About LPAC Online

The ASX Listed Product Accreditation Course (LPAC) is the industry standard in case study-based learning for advisers using listed investments. The LPAC is the preferred training program for many Australian dealer groups as well as boutique investment advisory firms. All training materials are written and presented by Dr Tony Rumble adhering to strict university level guidelines. The LPAC is unique in its focus on the benefits and risks of carefully selected long-term, “buy and hold” concentrated share portfolios for use by high net wealth and SMSF investors.

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