PARADIGM
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MEDIA RELEASE

PARADIGM ACQUISITION TO DRIVE GROWTH AND DELIVER GREATER SCALE

October 6, 2014: Melbourne-based advisory firm Paradigm Wealth Management has added three experienced financial advisers and almost doubled funds under advice to $350 million, following its acquisition of self-licensed financial planning practice, Portfolio Managers.

The acquisition, which was recently completed after an eight-month due diligence process, is expected to significantly boost Paradigm's earnings and profitability by mid-2015.

Paradigm managing director and senior financial adviser Patrick Nalty said the Portfolio Managers acquisition would deliver scale benefits and drive greater back office efficiencies. Based on the benefit to the client, it is likely a substantial portion will migrate across to Paradigm's Managed Discretionary Account (MDA) service in the next 12-18 months.

Paradigm's MDA solution is an actively-managed private investment service which already has over $100 million under management. It is run in partnership with specialist managed accounts provider, managedaccounts.com.au. A three-person external investment committee is responsible for asset allocation and portfolio construction with investment mandates outsourced to professional fund managers.

Nalty described the Portfolio Managers merger as the "ideal cultural fit". The practice, which was also based in Melbourne, specialised in advice for high net worth investors and self-managed superannuation funds. Portfolio Managers primarily managed their client's direct investments off platform, which was cumbersome both from an administration and investment perspective, with clients at risk of missing out on opportunities due to time constraints or an inability to move quickly on their portfolios.

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ASSET MANAGEMENT
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The Paradigm MDA service will be offered to clients of Portfolio Managers, with the client's best interests at the forefront of the service offering.

Nalty said the smooth integration of the Portfolio Managers business fuelled the group's desire to recruit quality advisers and continue growing both organically and through acquisition.

"In order to achieve meaningful scale, we need to continue attracting experienced advisers," he said.

"We're not a dealer group. We have a compelling salaried adviser model with the resources and infrastructure to properly support advisers and accountants. The Portfolio Managers acquisition and integration has been very successful so we're open to talking to other businesses with the right cultural fit."

Paradigm now employs 20 staff including former Portfolio Managers advisers Brett Davis, Paul Hewins and David Perez. The firm's average client portfolio is around $1.2 million, which Nalty said was an ideal size for an MDA.

"An MDA isn't suitable for every client but for investors with over $250,000 in investable assets, it allows us to build a tailored portfolio of assets including direct equities, bonds, managed funds, property and cash," he said.

"For clients with lower account balances, a wrap account may be more suitable because portfolios need to be quite large to achieve meaningful exposure to companies, adequate diversification and cost savings."

Paradigm appointed managedaccounts.com.au to build and implement a flexible, scalable MDA solution in 2009.

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