

# The State of Managed Accounts 2022 and IMAP FUM Census results

Irene Guiamatsia – Investment Trends

David Wright – Zenith Investment Partners

Toby Potter – IMAP

# Upcoming events

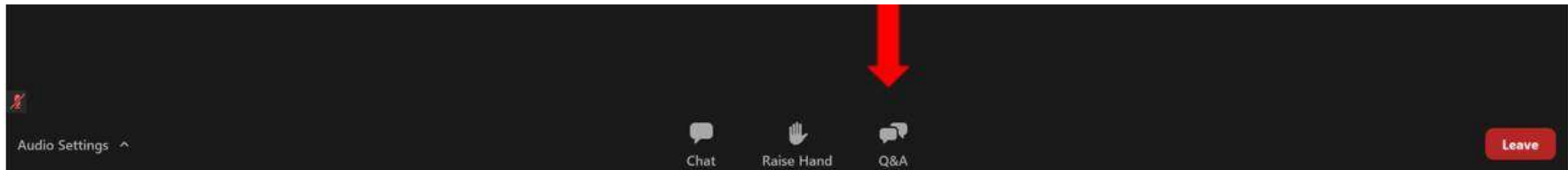
18<sup>th</sup> October Independent Thought  
Melbourne – How Portfolios Managers are  
approaching key investment issues

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

Portfolio Management Conferences –  
March 2023

Independent Thought – Roundtables and  
Podcasts

# How to ask a Question



# IMAP FUM Census in Association with



# State of Managed Accounts

Irene Guiamatsia  
Investment Trends

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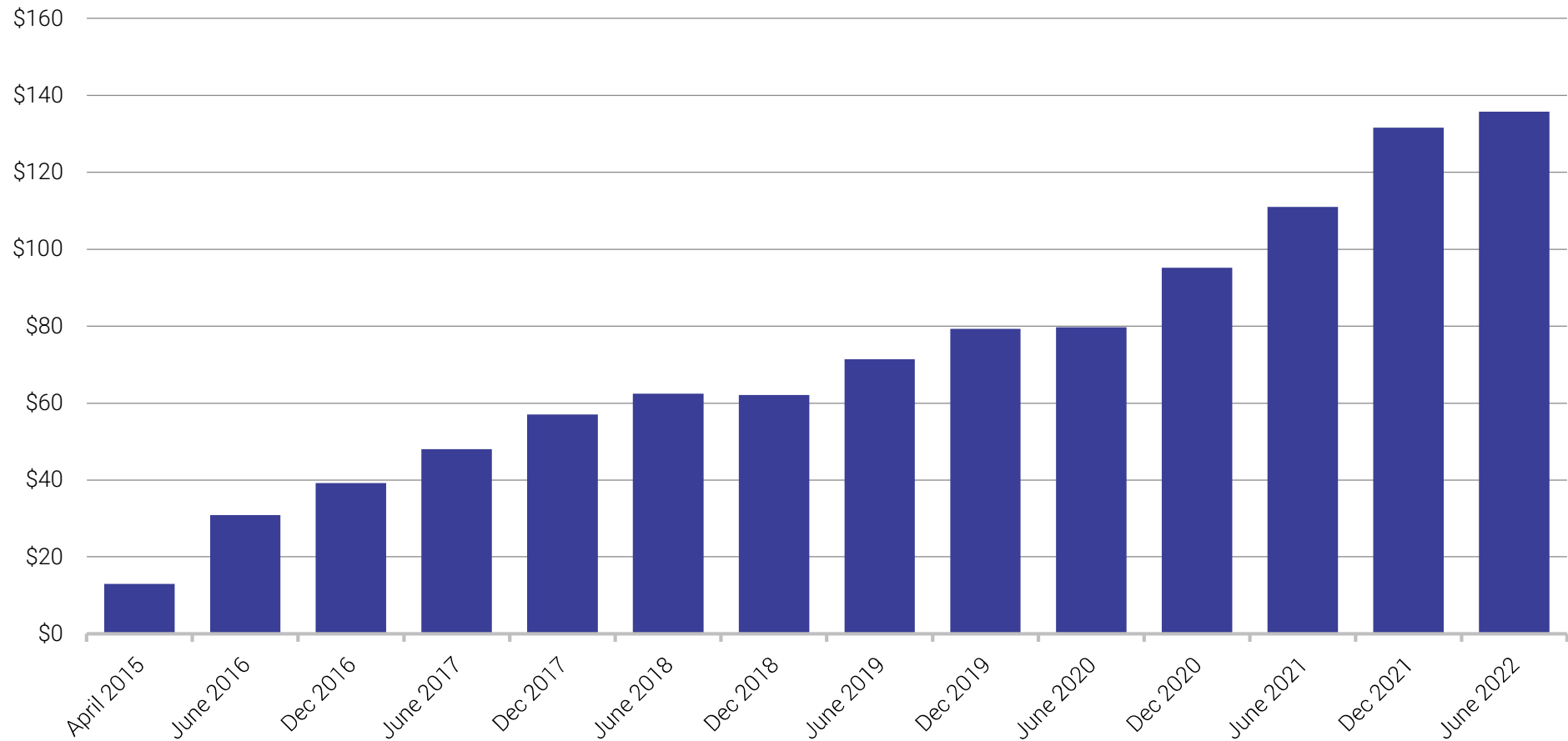
# State of Managed Accounts

## IMAP Webinar | September 2022

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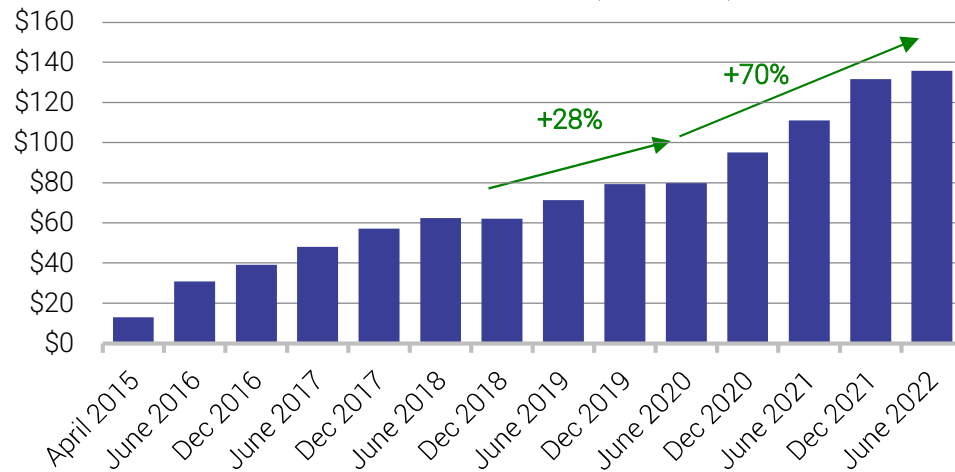
# Managed accounts FUM continue to grow at an accelerated pace

Managed Accounts Funds under Management - April 2015 to June 2022 (\$ billions)

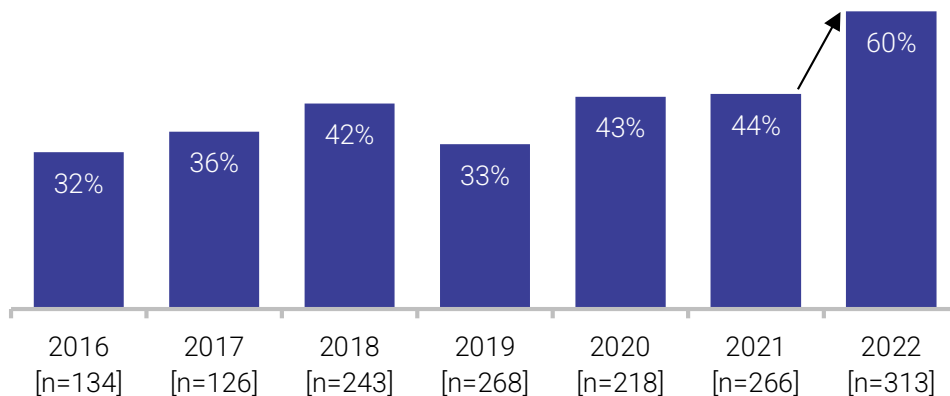


# 2021 saw a surge in the number of advisers using of managed accounts. More advisers have adopted the product and recommend it to more clients

Managed Accounts Funds under Management  
April 2015 to June 2022 (\$ billions)

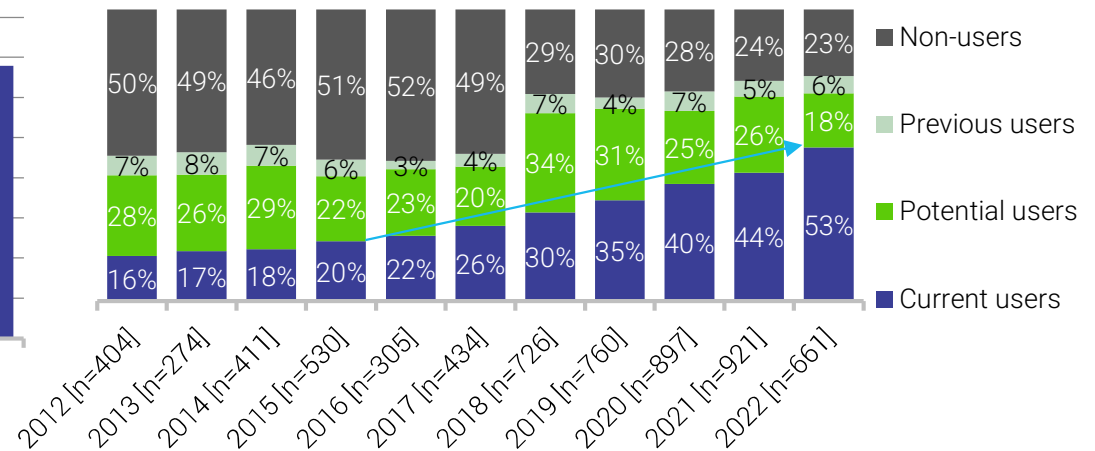


Proportion of active clients holding managed accounts  
Among current managed account advisers

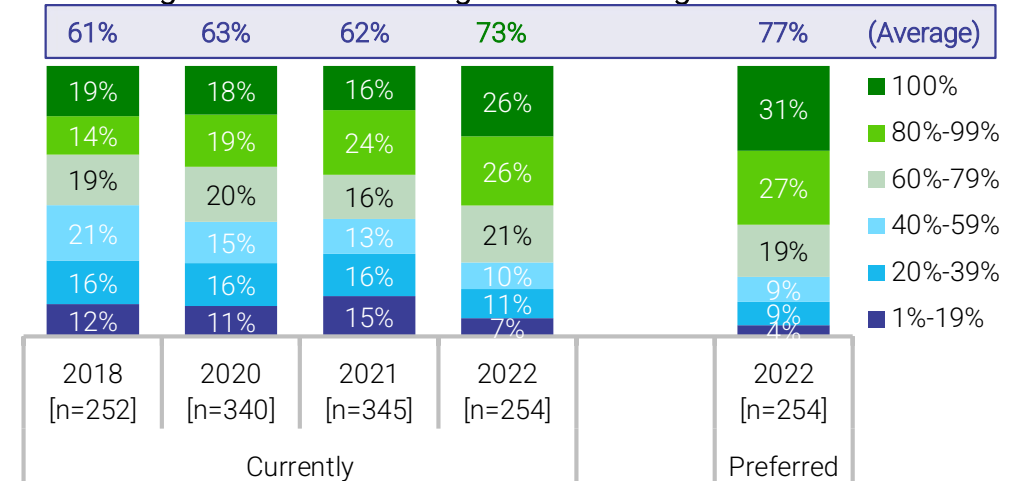


^2019 data for Q27 is not available

Q10 Have you used managed accounts for your client investments? Among financial advisers



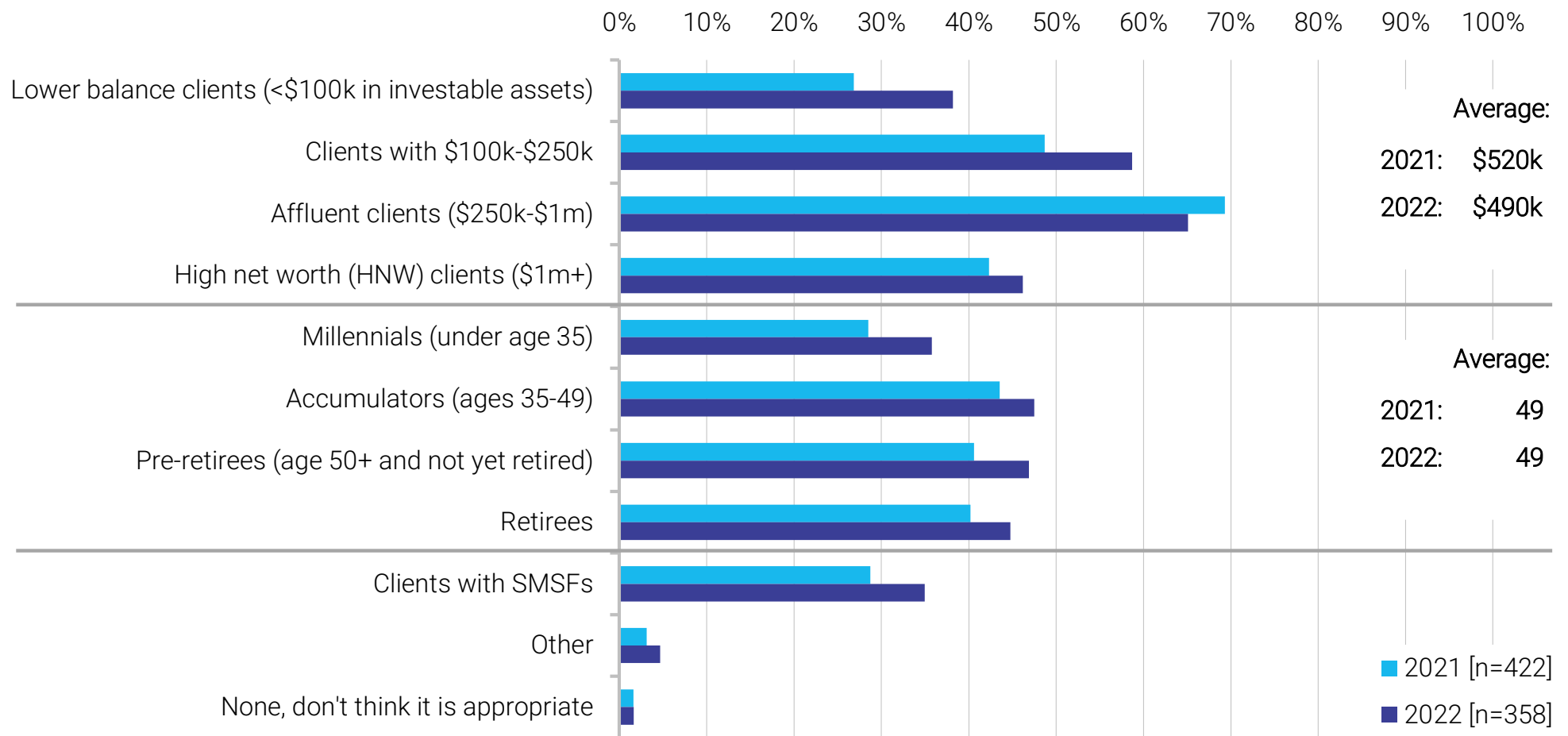
Q27^ Current and preferred proportion of client portfolios allocated to managed accounts. Among current managed account advisers





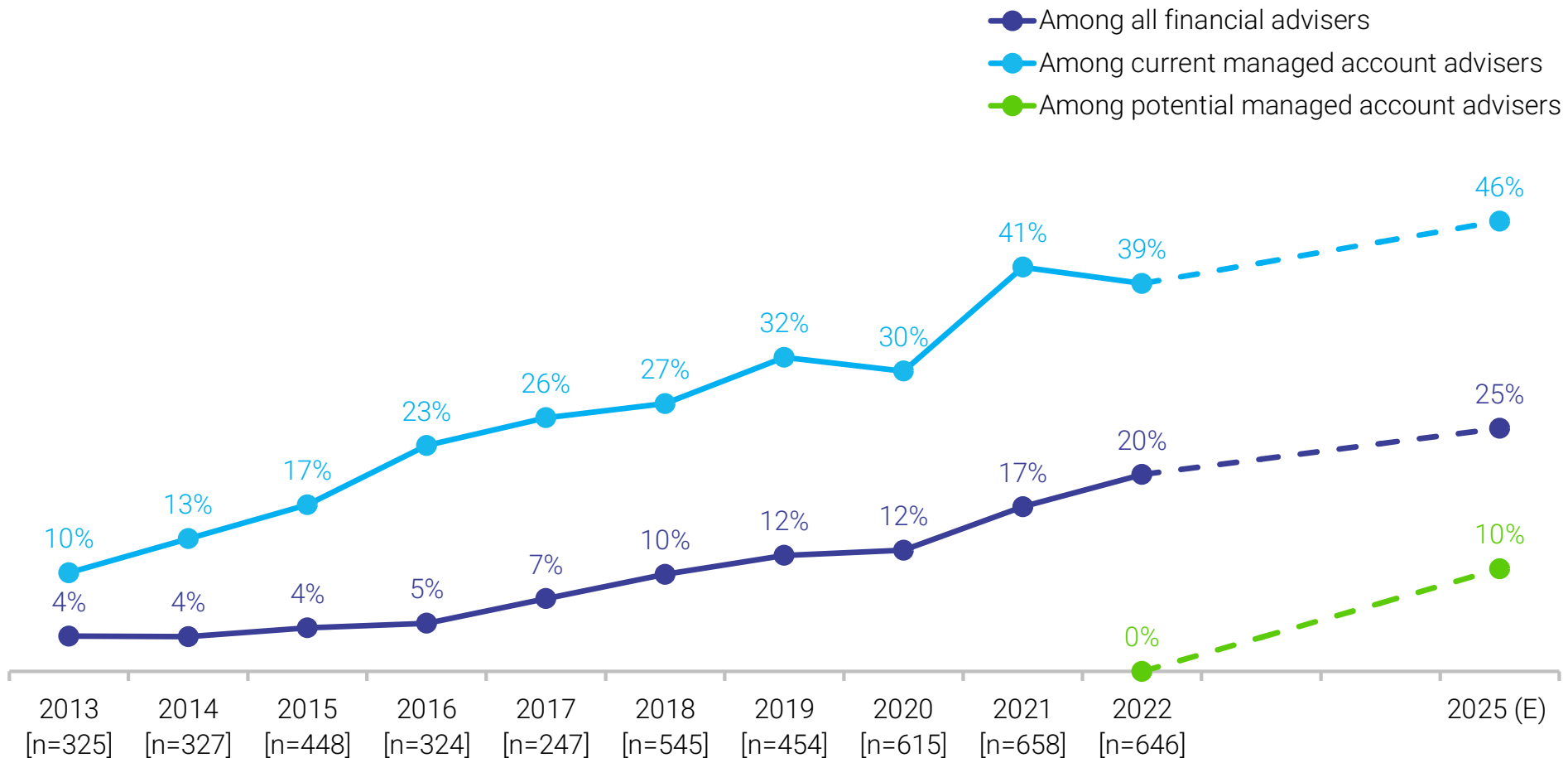
# Advisers are increasingly viewing managed accounts as suitable for a growing range of client types. While most still believe affluent clients to be the most relevant target client group, many more see the product as suitable for SMSFs and millennials

Q14 For which client groups do you believe it is appropriate to hold the majority (e.g. over 75%) of the portfolio in a managed accounts structure? (Multiple responses permitted) Among current managed account advisers



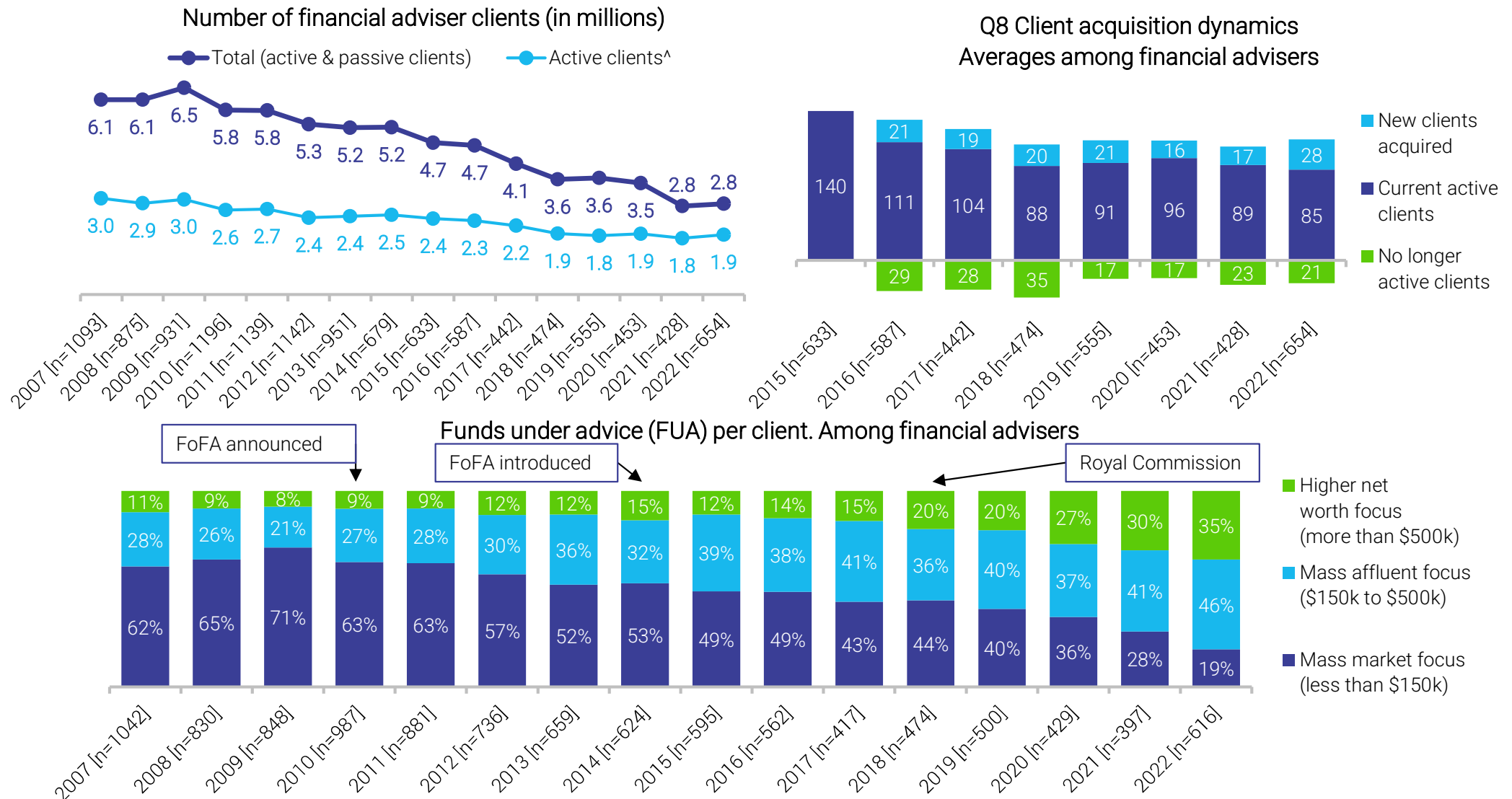
# The growth shows no sign of abating. On average, advisers who use managed accounts report investing close to two fifths (39%) of new client inflows into these products, and expect this to rise to 46% in 2025

Proportion of new client inflows invested via managed accounts and expected levels in 3 years' time  
Among financial advisers



(E) = advisers' estimates for three years' time

# Industry context: The decline in advised client numbers is multifaceted. Clients are letting advice relationships lapse, while advisers increasingly turn away clients who they believe will be economically unviable to service



^Active clients refer to those seen at least annually



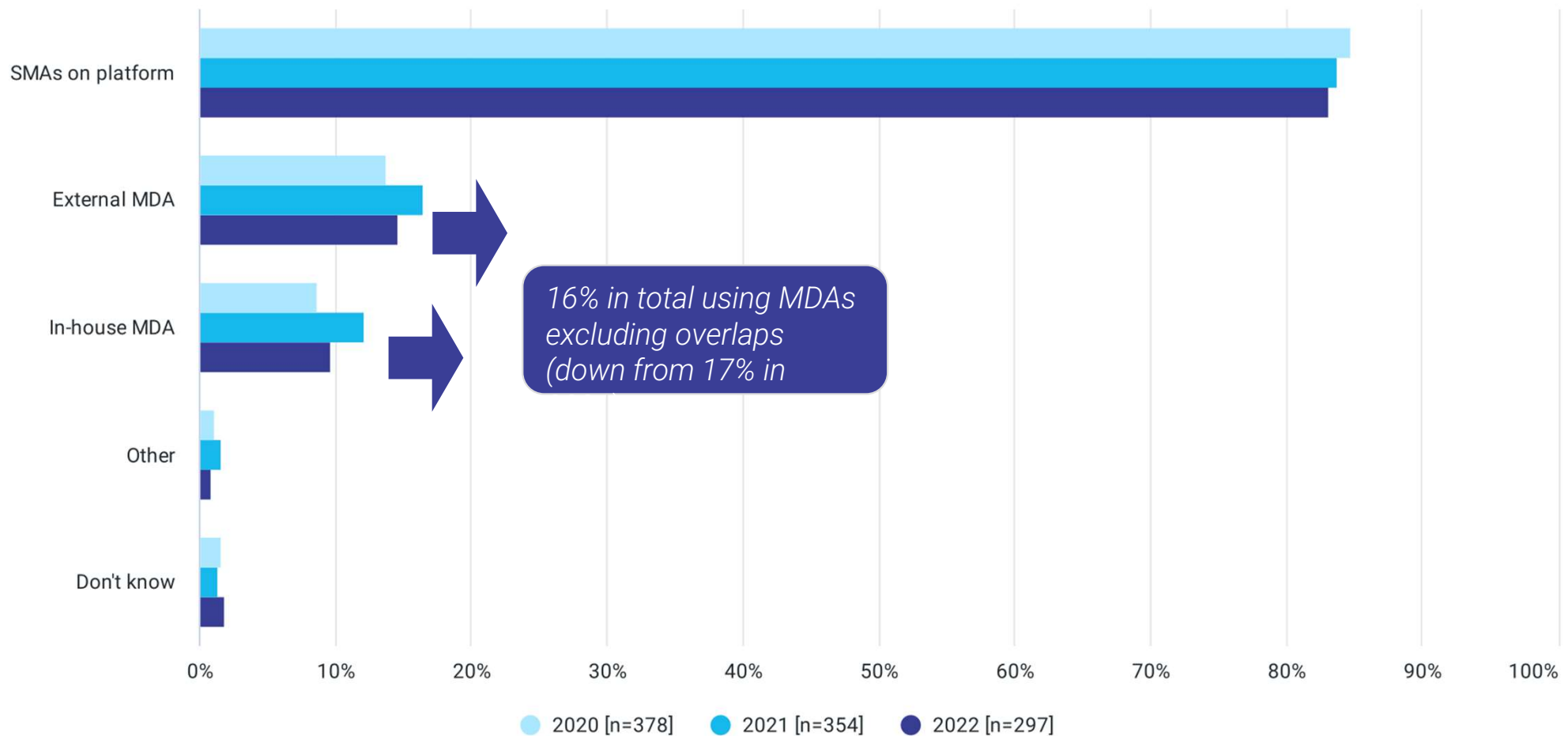
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## Benefits of managed accounts

Managed accounts offer the unique ability to holistically deliver on clients' investment objective. Advisers recognise the substantial time savings benefits, operational risk mitigation and value the access to institutional-grade investment management

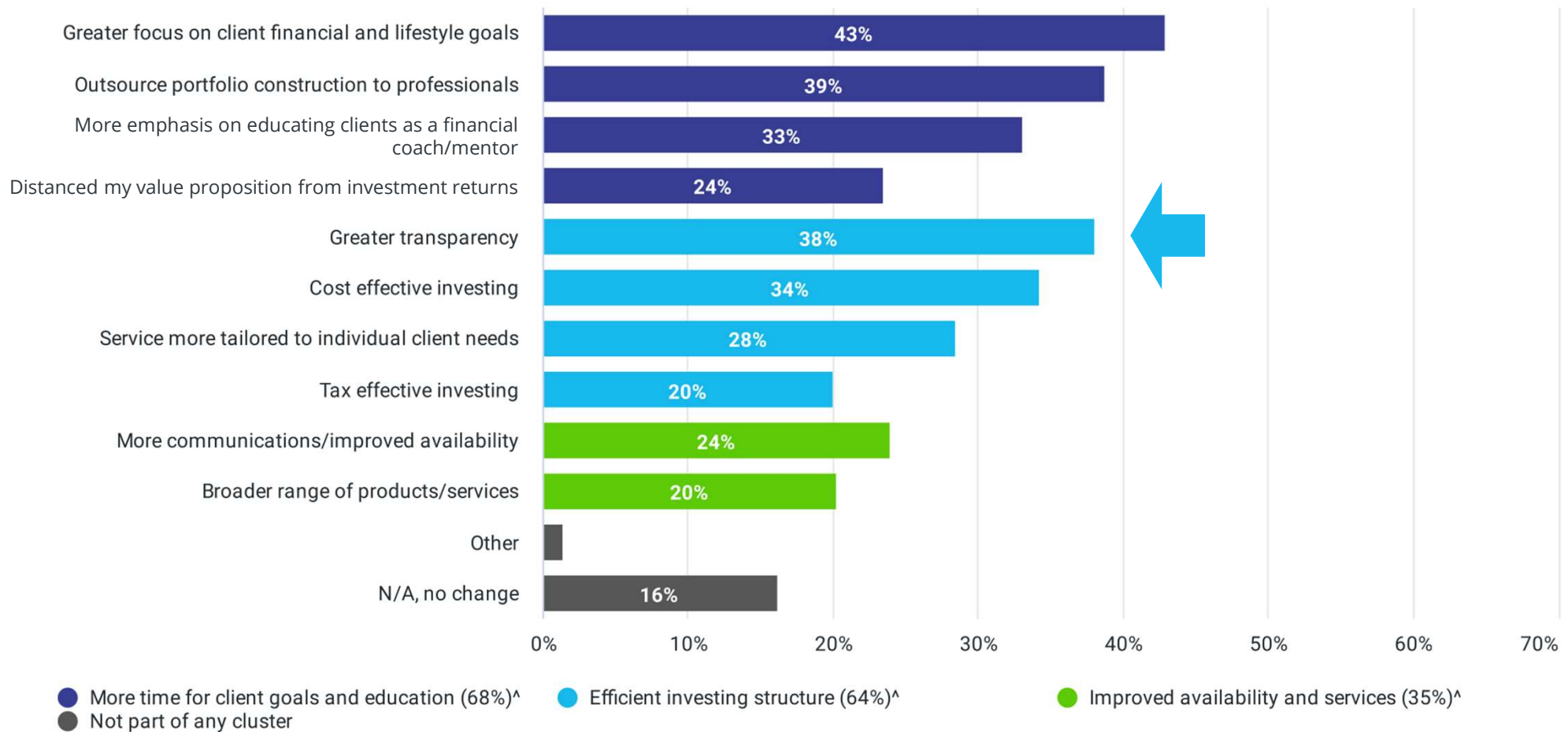
# Most advisers use SMAs on platform to implement managed accounts. 'Insourcers' are more likely to turn to MDAs, to shore up their CVP

Q31 How do you currently implement managed accounts in your practice?  
(Multiple responses permitted) Among current managed account advisers



# Managed accounts advisers have been able to reinvest the capacity gains into focusing on client goals (68% cite). They also see benefits for efficient investing (64%)

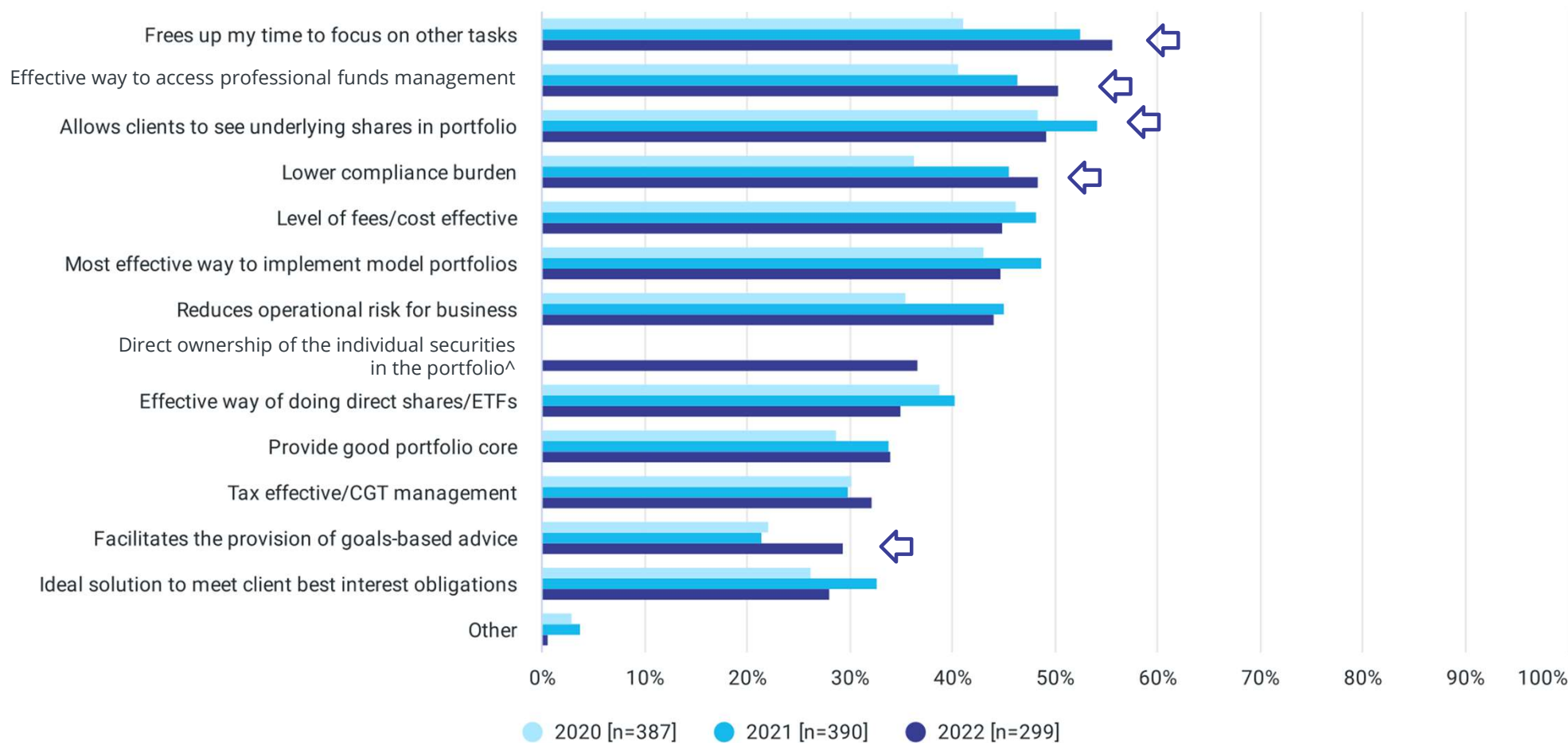
Q29 How has your client value proposition changed as a result of adopting managed accounts?  
(Multiple responses permitted) Among current managed account advisers [n=253]



^Percentages account for overlaps

# Managed accounts advisers are reinvesting the additional capacity into value creation for clients. A growing proportion credit managed accounts for lesseining their compliance burden and enabling their provision of goal-based advice

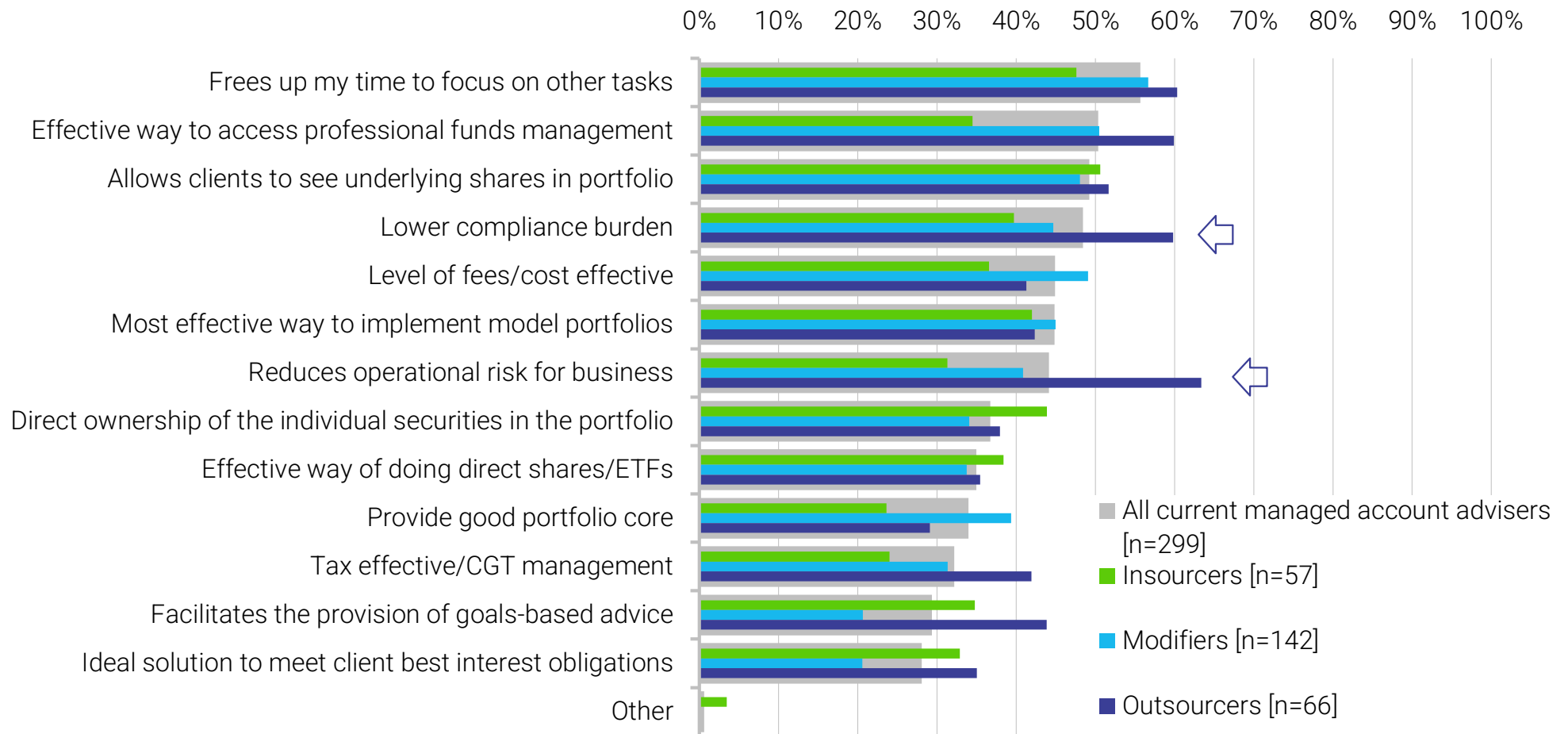
Q13 What do you see as the benefits of recommending managed accounts? (Multiple responses permitted)  
Among current managed account advisers



^New option added

# For Outsourcers, reducing operational risk is the No 1 benefit of using managed accounts

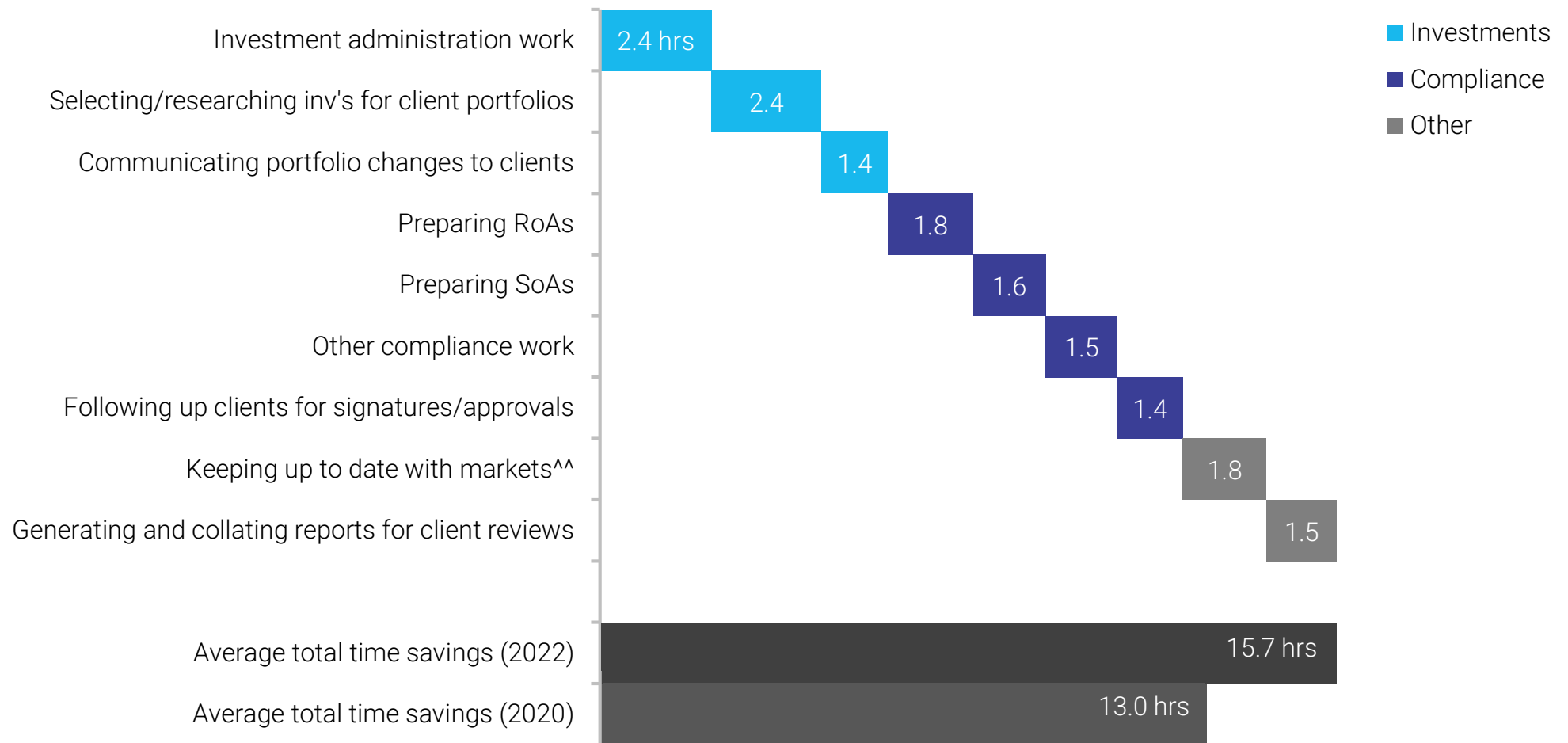
Q13 What do you see as the benefits of recommending managed accounts? (Multiple responses permitted)  
By Adviser involvement in investment selection. Among current managed account advisers





# The time savings benefits of managed accounts continue to increase as the solutions mature and proficiency levels rise. Managed accounts advisers say they save 15.7 hours on average on a typical work week (up from 13.0 hours in 2020)

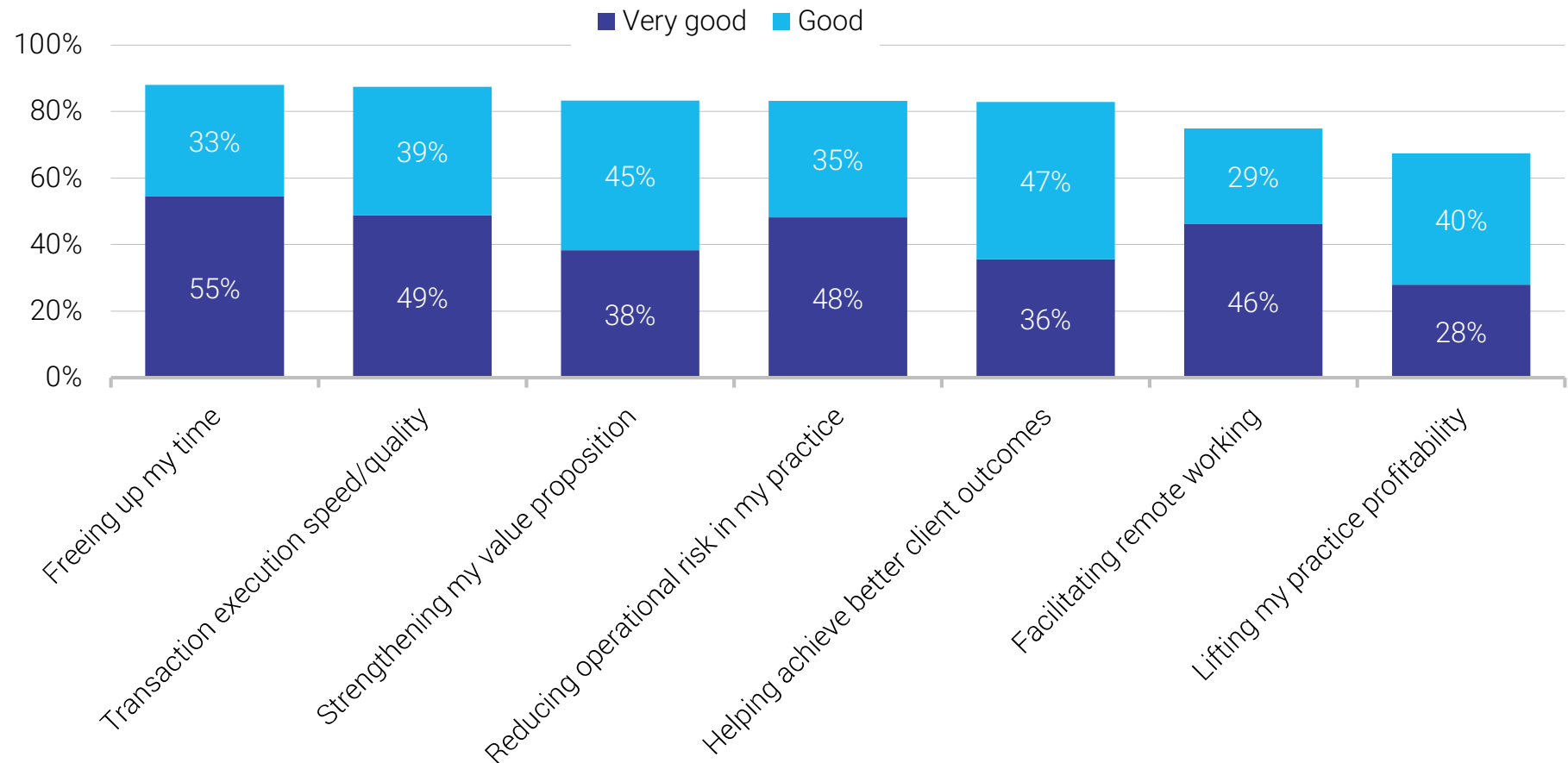
Q30 In a typical work week, approximately how much less time do you (or your admin staff) spend on the following tasks as a result of using managed accounts? Averages^ among current managed account advisers [n=252]



^Average calculated in hours excluding 'I spend more time', and 'N/A, I'm unsure'. ^^Option not asked in 2020

# COVID-19 was an ideal case study to demonstrate the **wide-ranging benefits of managed accounts in times of high market volatility**. In 2021, advisers **emphatically recognised the positive benefit of managed accounts for both clients and themselves**

Q11 Think about the last year, including all the market volatility and business disruption.  
How do you rate the impact of using managed accounts on your business?  
Proportion citing 'Very good' or 'Good' among current managed account planners [n=391]



## Key themes

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1. 2021 saw a surge in the number of advisers using of managed accounts. More advisers have adopted the product and recommend it to more clients
2. Managed accounts offer the unique ability to holistically deliver on clients' investment objectives, including ESG alignment
3. Managed account advisers recognise recognize the substantial time savings benefits, operational risk mitigation and value the access to institutional-grade investment management

# About Investment Trends

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Investment Trends is a specialist financial services market research organisation providing business insights and decision support information to many of the world's leading financial services organisations. We combine analytical rigour and strategic thinking with the most advanced market research and statistical techniques to help our clients gain competitive advantage. As a company we aim to improve the lives of millions of investors by making the whole financial services industry better.

Our research coverage spans eight countries across Australia, Asia, Europe and the US.

Our clients include industry regulators, leading local and global banks, investment platforms, leverage trading providers, fund managers, superannuation and pension funds, product issuers and manufacturers and financial planning software providers.

Our work is focused on helping clients answer three fundamental questions:

1. How does the market currently work?
2. How is the market evolving?
3. How do I improve business outcomes:
  - Acquire more customers
  - Retain more existing customers
  - Increase revenue per customer
  - Prioritise technology and process investments



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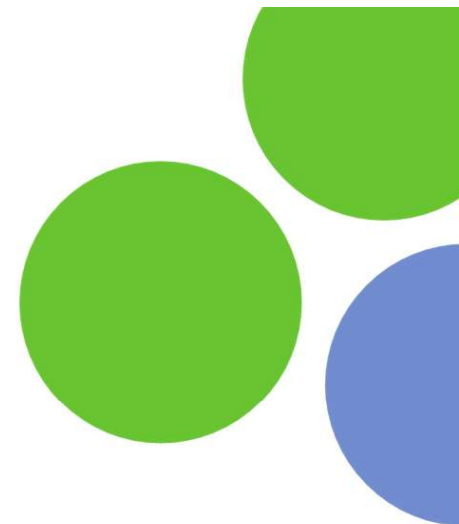
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# State of Managed Accounts

**David Wright**  
**Zenith Investment Partners**



# State of Managed Accounts 2022

IMAP Webinar | September 2022

## Disclaimer

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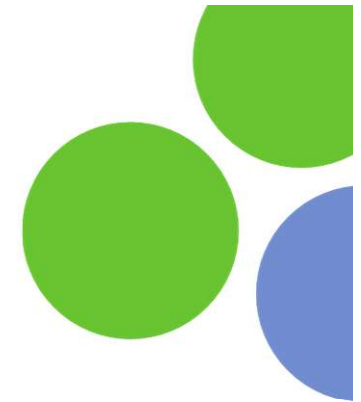


## Current managed account trends

- Performance of alternatives – is it too late?
- Emerging Markets Geopolitical Risks
- Is it now time for Value?
- ESG Portfolios continue to grow in number and perform differently
- Real Asset funds, availability, diversity but how can I incorporate them in managed account portfolios?
- RG97 – investment costs may look higher to investors

**David Wright**  
CEO, Zenith Investment Partners

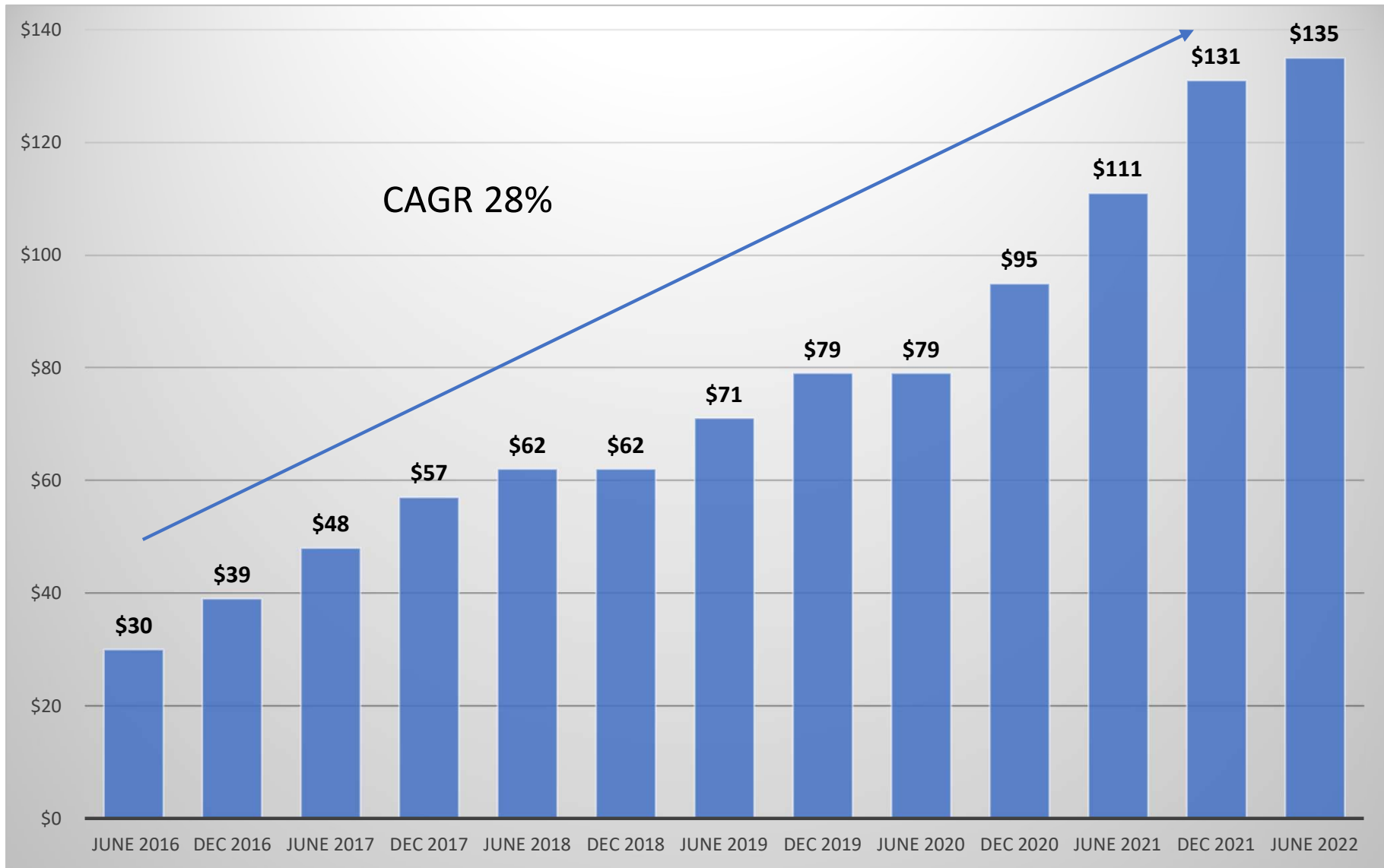




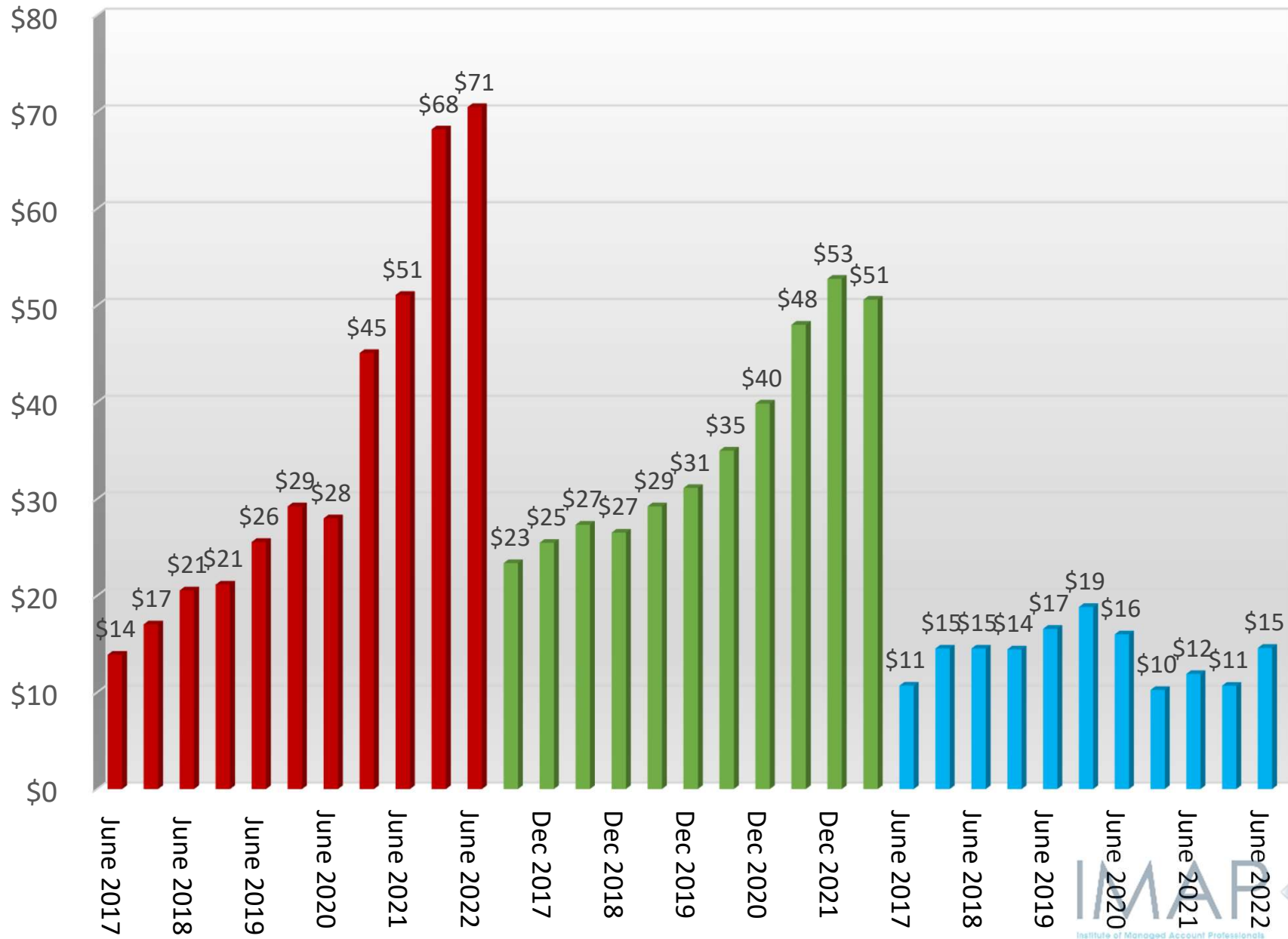
## Questions



## Growth in Managed Accounts June 2016 – June 2022



## Managed Accounts by Category June 2017 – June 2022



# 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