

North

Broadening the appeal of managed accounts

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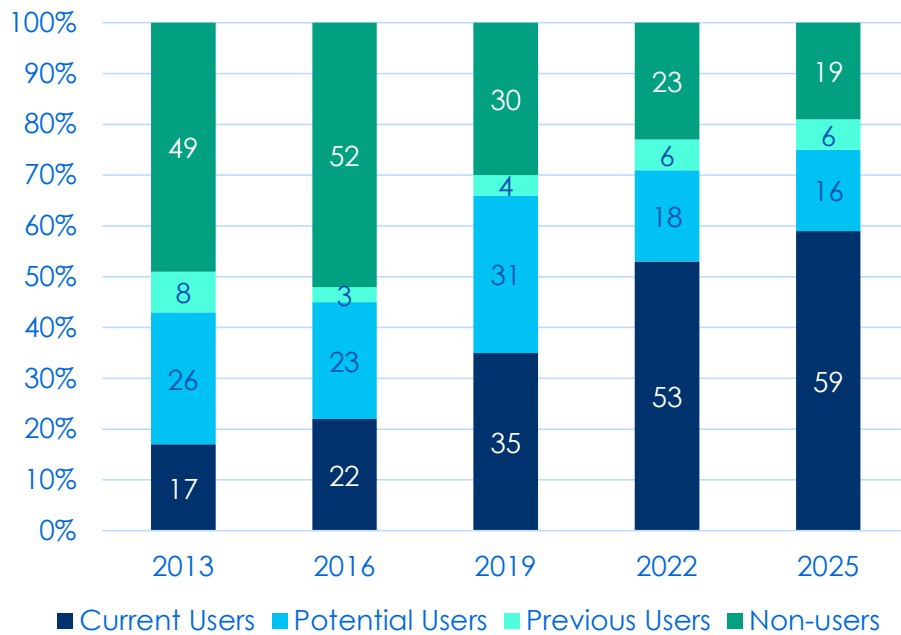
July 2025



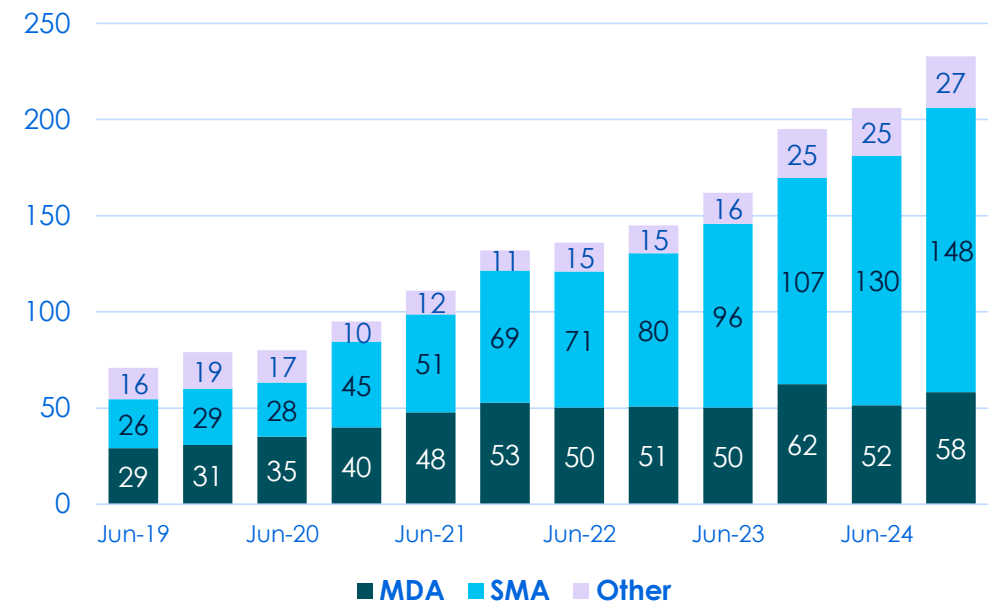


We all know advisers adopting managed accounts has driven significant growth in FUM

Adoption of managed accounts



Managed Account FUM (\$bn, 2019-2024)



But, what's preventing other advisers from adopting?

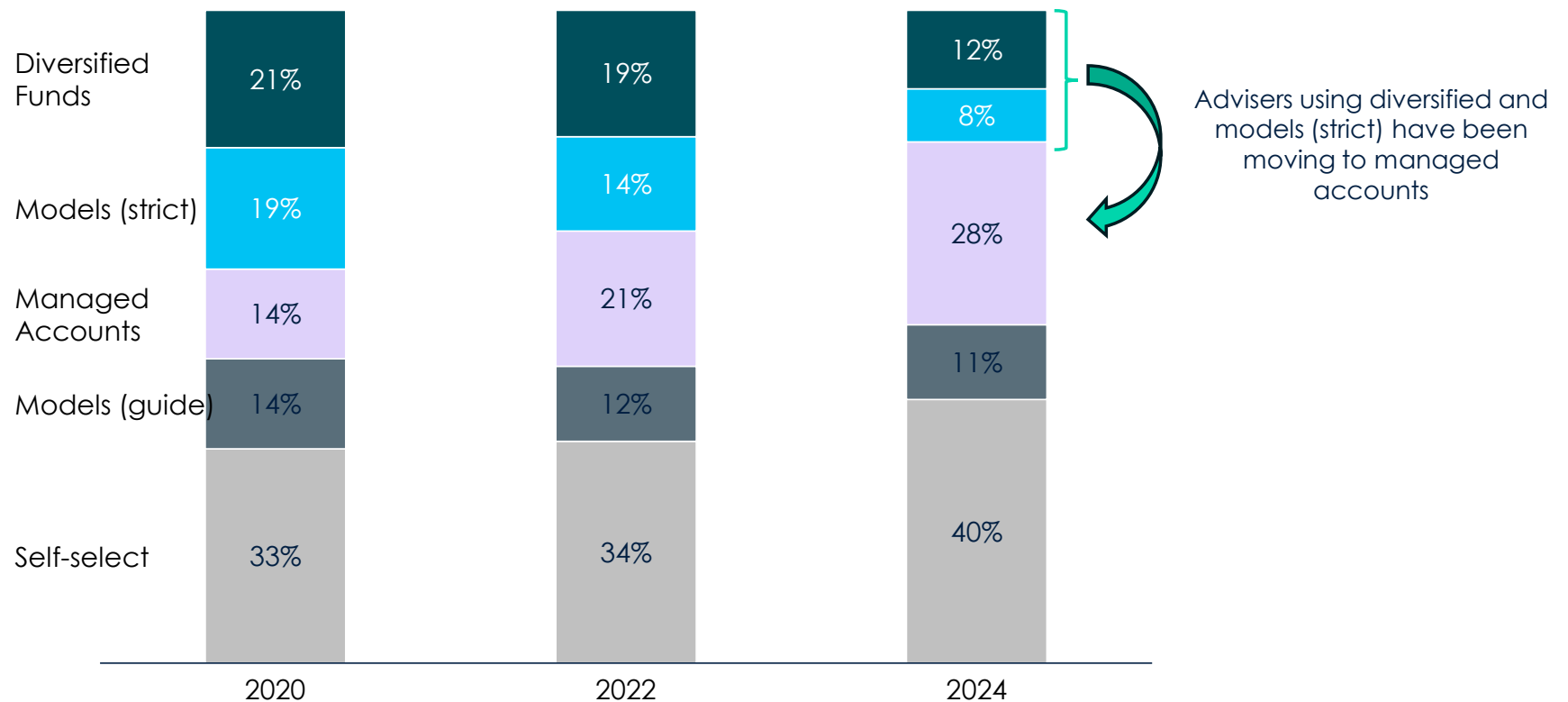
But, there are a total of five ways advisers build portfolios



Diversified Funds	<ul style="list-style-type: none">▶ Advisers use a single diversified fund aligned to client's risk profile.▶ Advisers outsource manager and asset selection and focus on client strategy and behaviour▶ Implementation often via NFP fund or low cost/passive multi manager fund
Models (strict)	<ul style="list-style-type: none">▶ Advisers closely follow model portfolios prepared by their AFSL research team or chosen researcher that aligns to a client's risk profile▶ Advisers focus on client strategy, but also provide investment recommendations as part of their advice and ongoing value
Managed Accounts	<ul style="list-style-type: none">▶ Advisers use practice/licensee or consultants led diversified managed accounts (SMA/MDA version of model portfolio) and allocate clients based on their risk profile. Some also use single sector SMAs▶ Advisers focus on strategy as their value-add, but also have investments as part of their value proposition but implemented efficiently
Models (guide)	<ul style="list-style-type: none">▶ Advisers adjust model portfolios prepared by AFSL or preferred research house. Replacing or adding in preferred managers / approaches for client portfolios.▶ Advisers provide both strategy and investment advice, but want some efficiencies in their business
Self-select	<ul style="list-style-type: none">▶ Advisers create their own portfolios for clients rather than using a set model▶ Either as asset allocators (strategic asset allocators, passive first), traditionalist (advisers pick a few managers in each asset class), and bespoke builders (tailor portfolios to each client)▶ Advisers focus more on investment advice as core part of proposition

Advisers shifting to managed accounts have generally moved from diversified and models (strict)

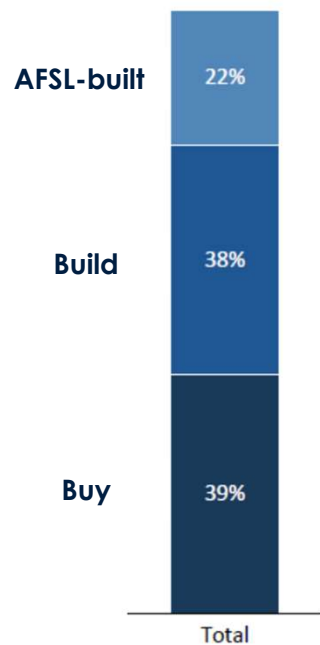
Financial advisers by Primary PC Approach¹
(%, 2020 – 24)



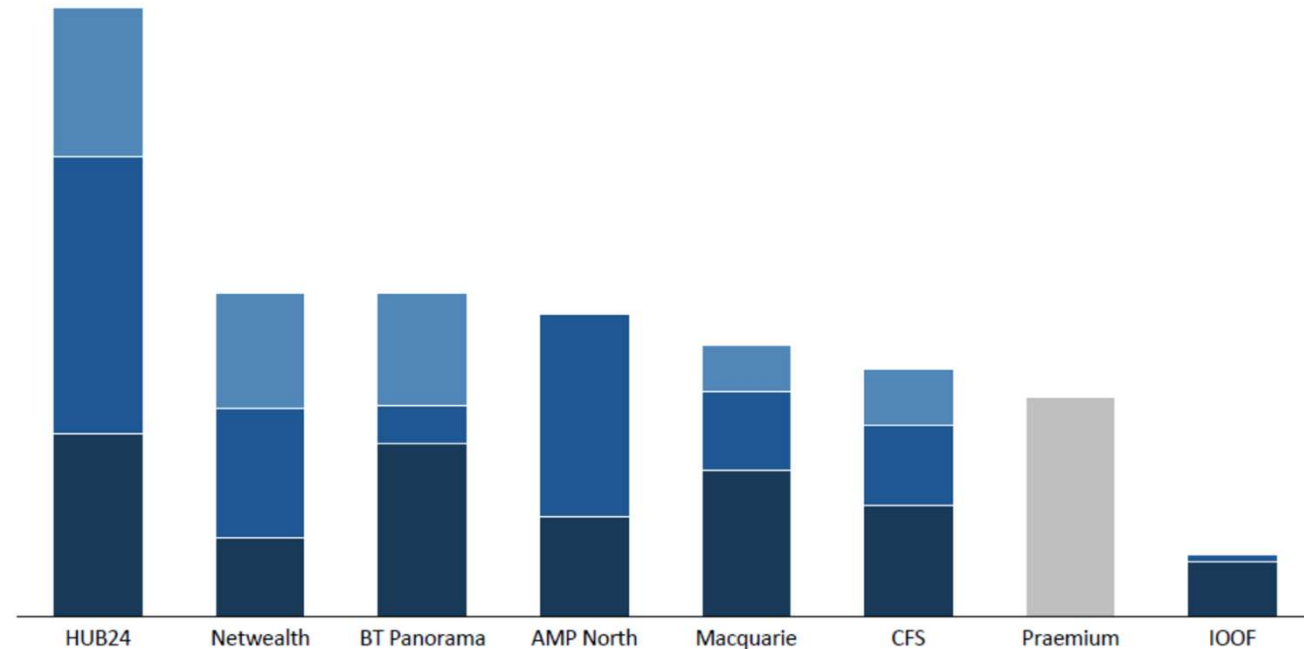
Note: [1] Primary PC approach refers to the primary portfolio construction approach to which the adviser allocates most of their book

Because platforms only support the book ends: Buy & Build (either AFSL or adviser)

Aggregated SMA FUM of Major Platforms
by SMA type (\$b, %, June 2024)

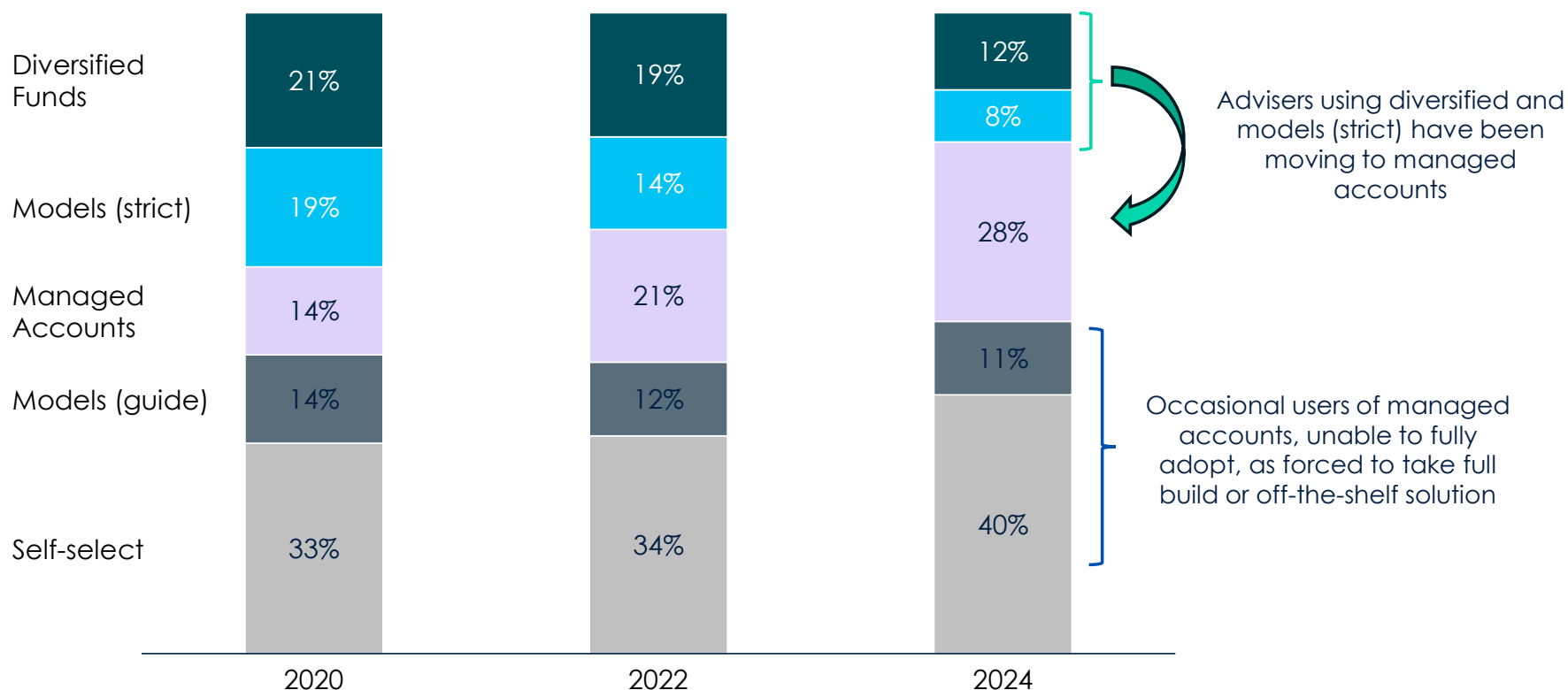


SMA FUM of Major Platforms by SMA type (\$b, %, June 2024)



Advisers who self select or use models (guide) have yet to realise the benefit of managed accounts

Financial advisers by Primary PC Approach¹
(%, 2020 – 24)



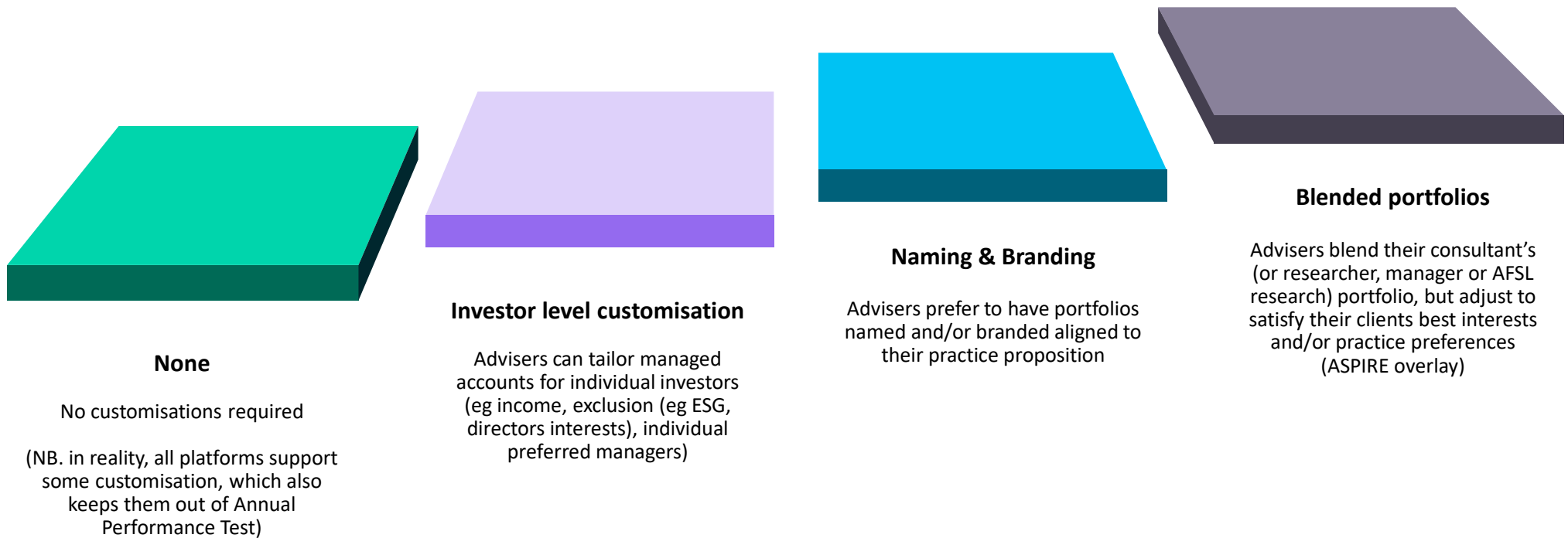
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Advisers tailor portfolios for up to six reasons

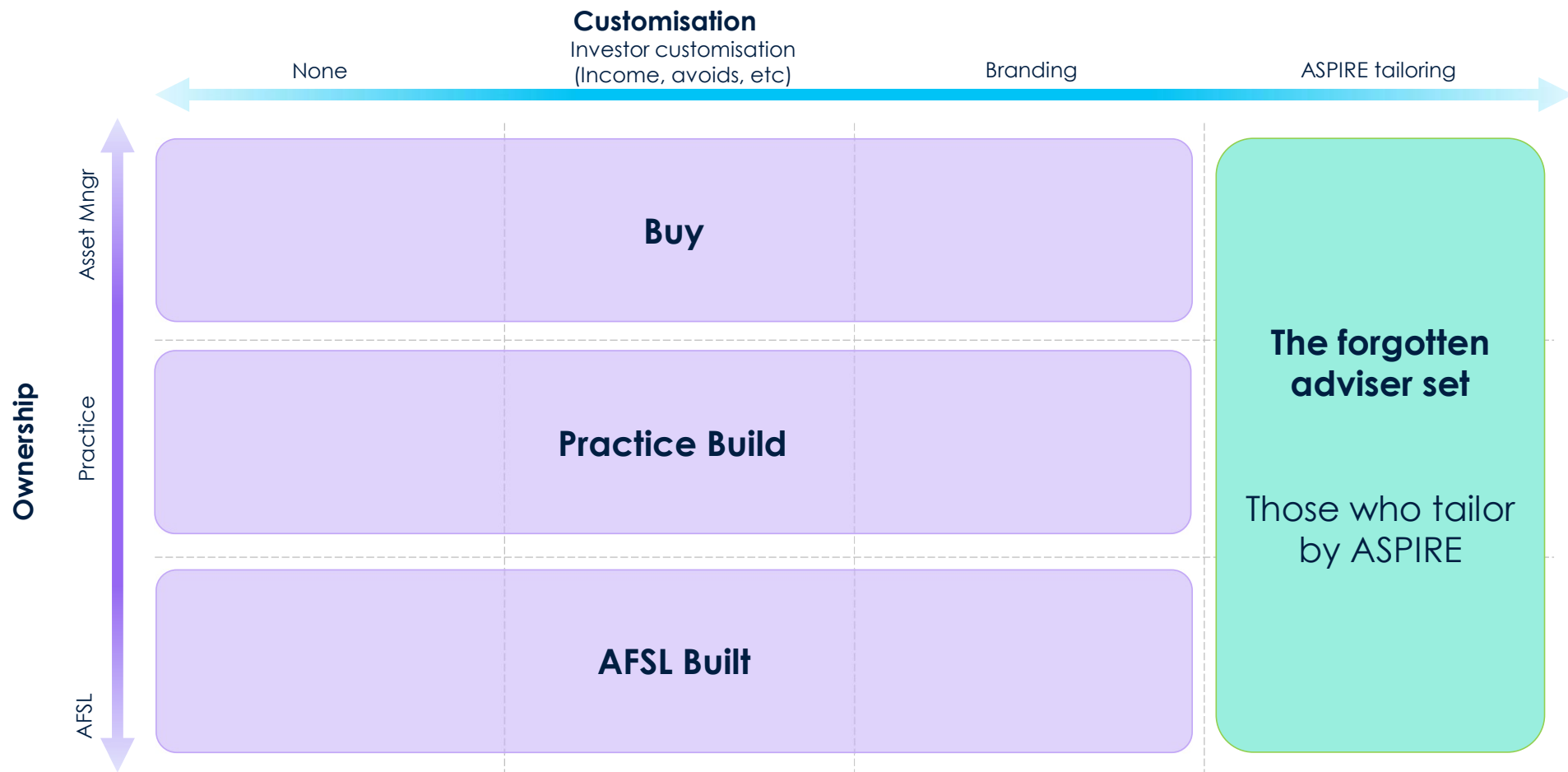


And advisers who tailor have yet to benefit from managed accounts

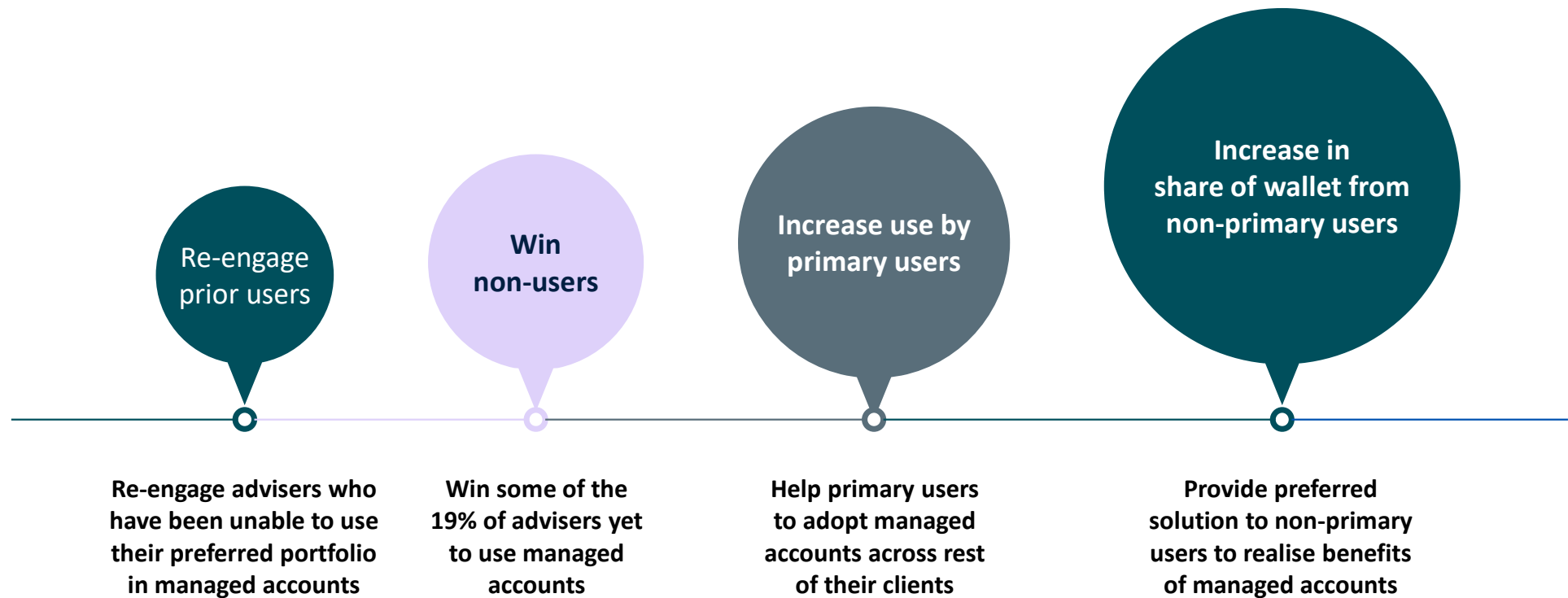
For the market to grow, managed accounts must support all forms of customisation advisers need



The full spectrum of managed account propositions



Creating a new opportunity for managed account growth





North

Thank you