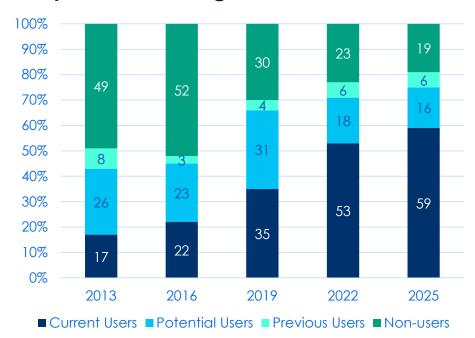


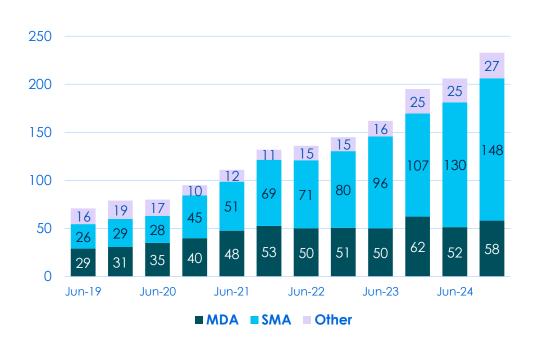


We all know advisers adopting managed accounts has driven significant growth in FUM

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

- 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)

- 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

- 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)

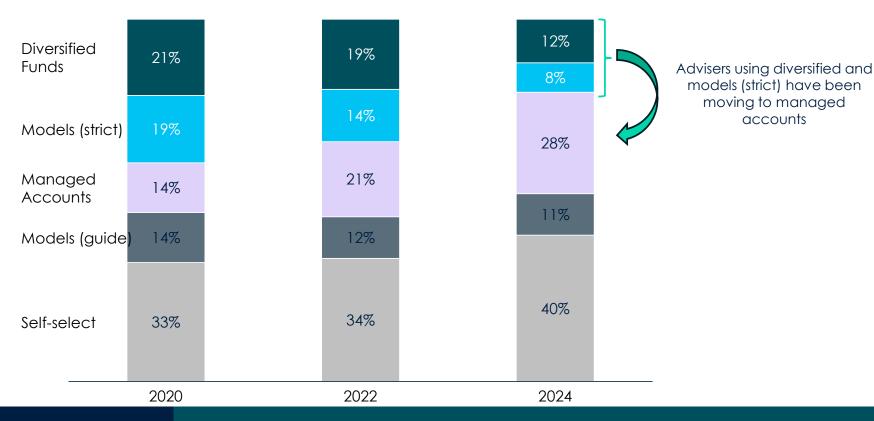
- Advisers adjust model portfolios prepared by AFSL or preferred research house. Replacing or adding in preferred managers / approaches for client portfolios.
- ▶ Advisers provide both strategy and investment advice, but want some efficiencies in their business

Self-select

- ▶ 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)

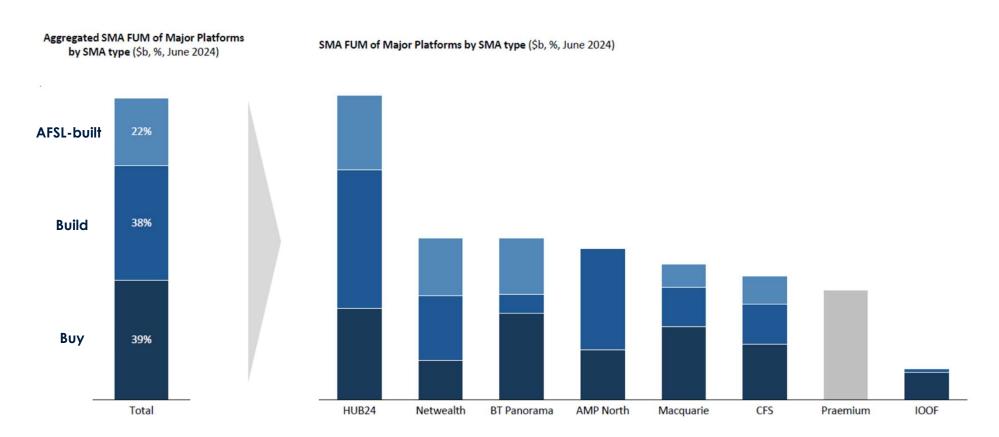
Financial advisers by Primary PC Approach¹ (%, 2020 - 24)



accounts

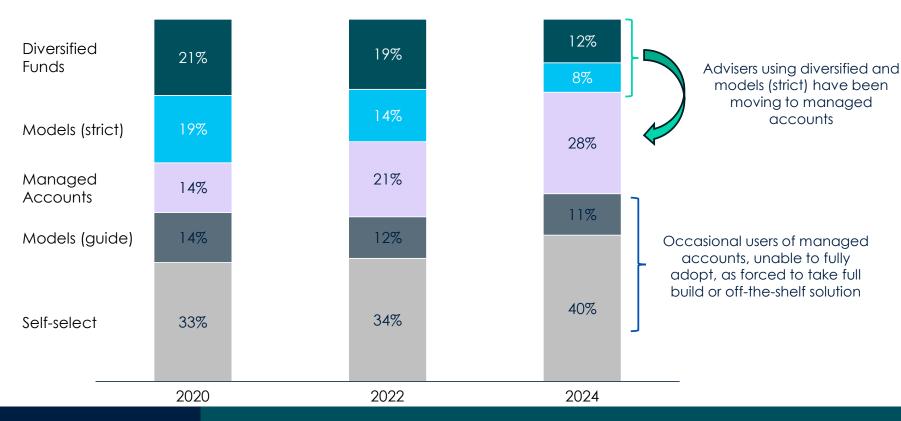
Note: [1] Primary PC approach refers to the primary portfolio construction approach to which the adviser allocates most of their book

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

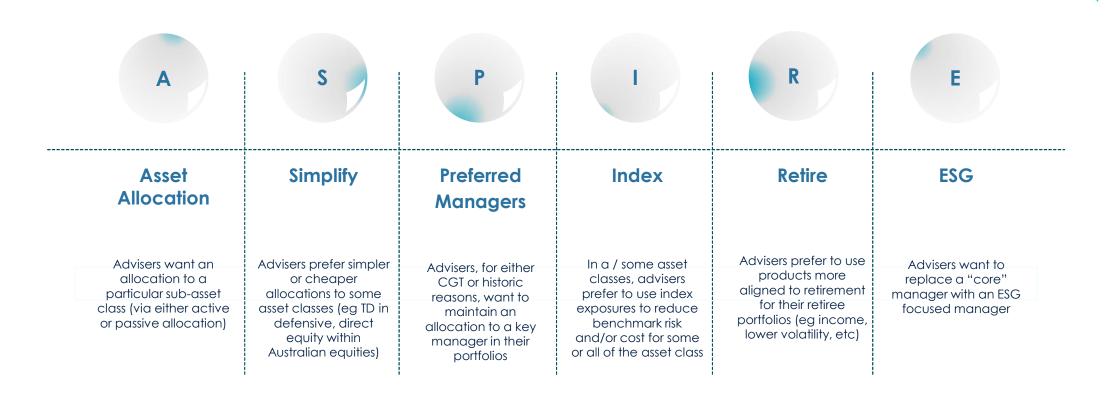


Advisers who self select or use models (guide) have yet to realise the benefit of managed accounts

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



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



None

No customisations required

(NB. in reality, all platforms support some customisation, which also keeps them out of Annual Performance Test)

Investor level customisation

Advisers can tailor managed accounts for individual investors (eg income, exclusion (eg ESG, directors interests), individual preferred managers)

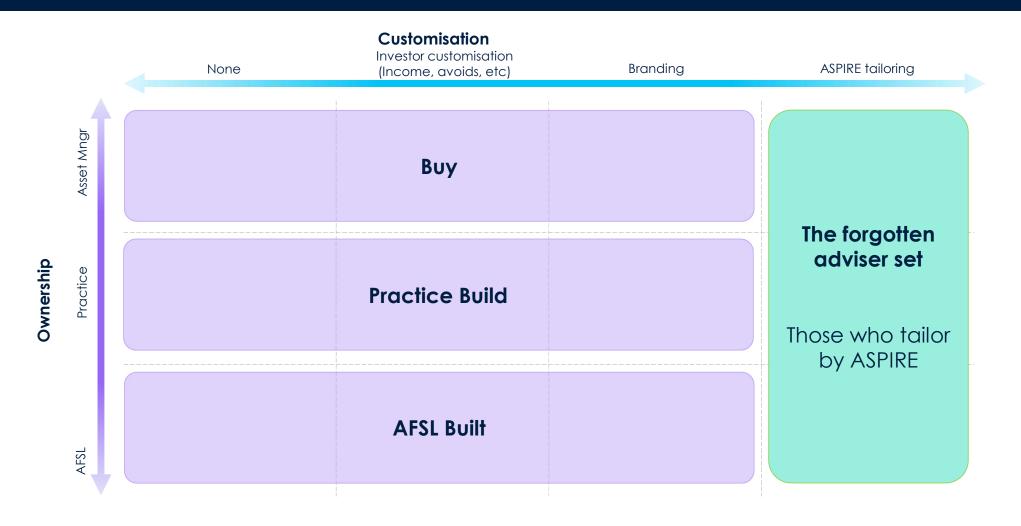
Naming & Branding

Advisers prefer to have portfolios named and/or branded aligned to their practice proposition

Blended portfolios

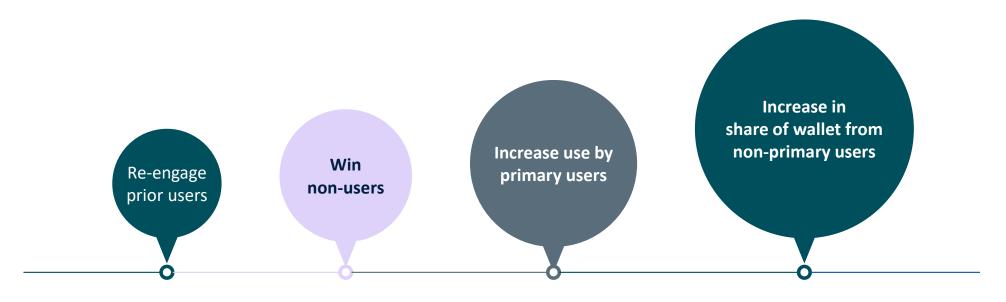
Advisers blend their consultant's (or researcher, manager or AFSL research) portfolio, but adjust to satisfy their clients best interests and/or practice preferences (ASPIRE overlay)

The full spectrum of managed account propositions



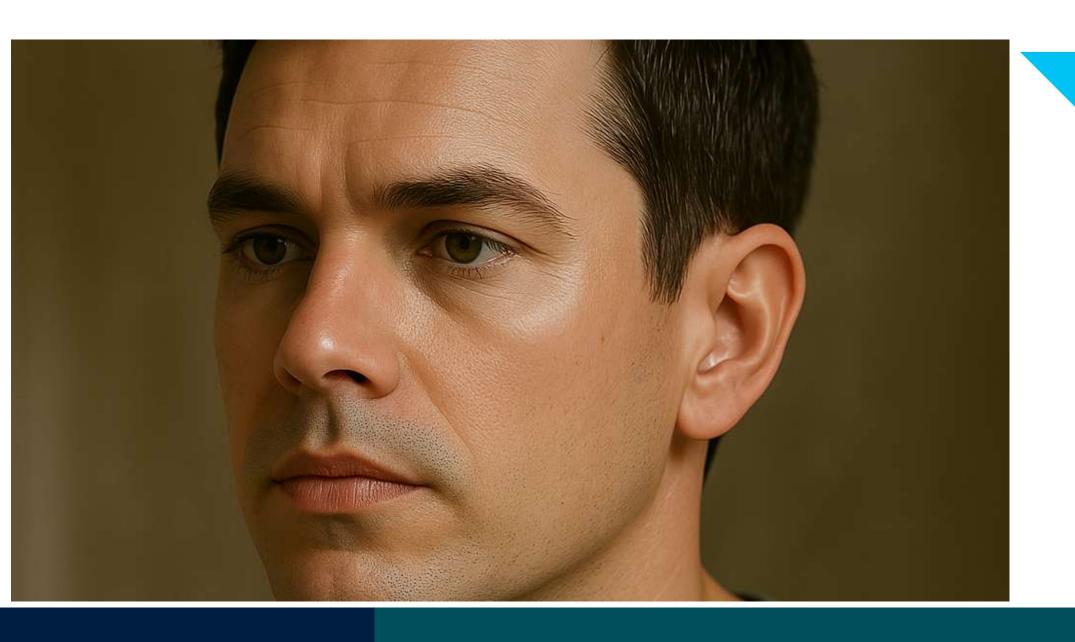
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Creating a new opportunity for managed account growth



Re-engage advisers who have been unable to use their preferred portfolio in managed accounts

Win some of the 19% of advisers yet to use managed accounts Help primary users to adopt managed accounts across rest of their clients Provide preferred solution to non-primary users to realise benefits of managed accounts



North Thank you