

A stylized illustration on the left side of the slide. It features a grey, winding road with white lane markings that curves from the top left towards the bottom right. Along the left side of the road, there are several 3D block buildings of varying heights and colors (orange and purple). The buildings are arranged in a way that suggests a cityscape or a business district. The overall style is clean and modern, using flat colors and simple geometric shapes.

Business improvement via managed accounts

Potholes and roadblocks on the journey

June 2022

Brent Bevan
Head of Asset Consulting
MLC Asset Management



Important information

This information has been prepared by MLC Asset Management Pty Ltd (**MLCAM**) (ABN 44 106 427 472, AFSL 308953), a part of the Insignia Financial group of companies (comprising Insignia Financial Ltd ABN 49 100 103 722 and its related bodies corporate) ('Insignia Financial Group'). No member of the Insignia Financial Group guarantees or otherwise accepts any liability in respect of any financial product referred to in this communication or MLCAM's services.

This publication is intended only for financial advisers. This publication and any information contained in it **must not** be distributed or communicated to "retail clients" as defined in the Corporations Act 2001 (Cth).

This information may constitute general financial advice. It has been prepared without taking account of an investor's objectives, financial situation or needs and because of that a financial adviser and investor should, before acting on the advice, consider the appropriateness of the advice having regard to the investor's personal objectives, financial situation and needs.

Any opinions expressed in this communication constitute our judgement at the time of issue and are subject to change. We believe that the information contained in this communication is correct and that any estimates, opinions, conclusions or recommendations are reasonably held or made as at the time of compilation. In some cases the information has been provided to us by third parties. While it is believed the information is accurate and reliable, the accuracy of that information is not guaranteed in any way.

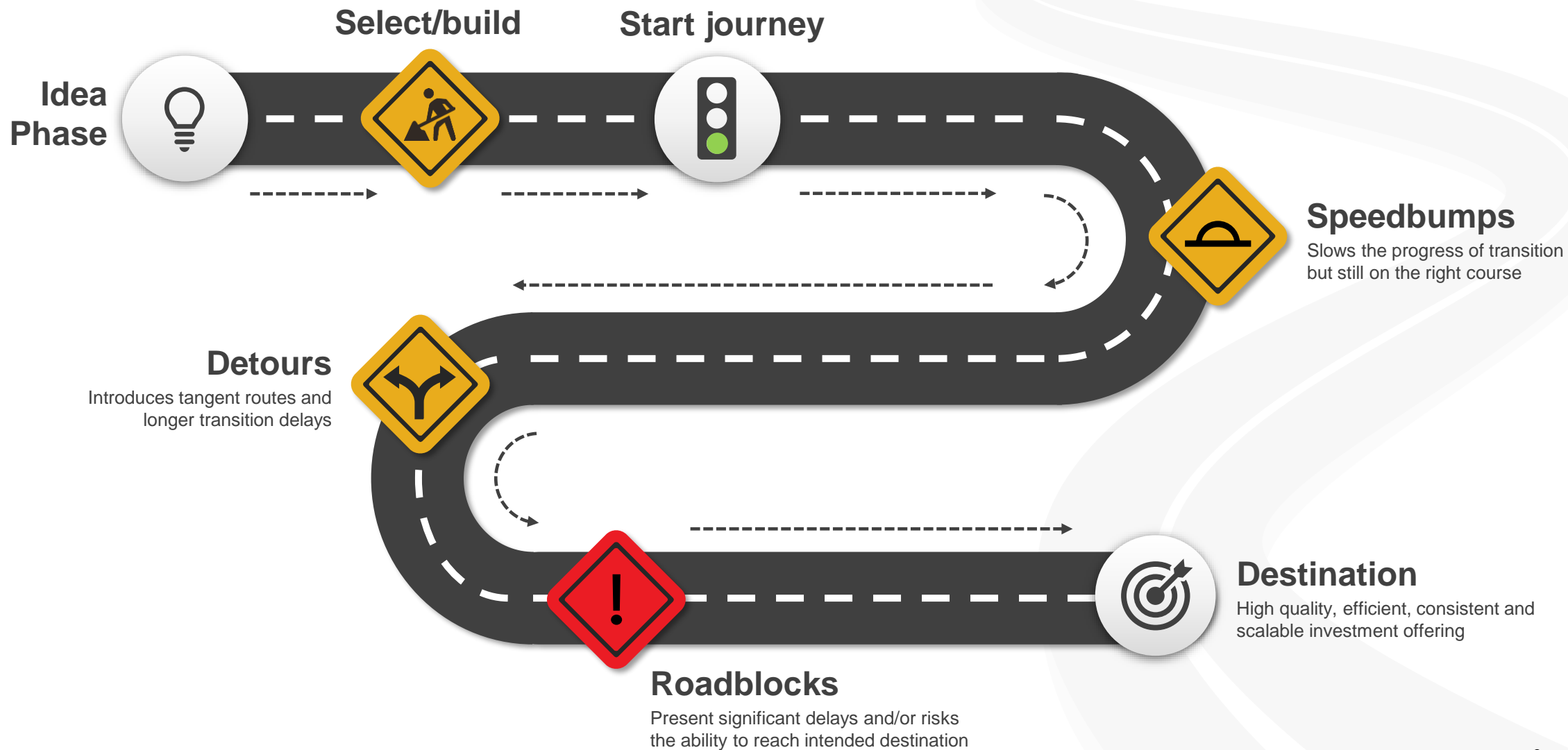
Any projection or other forward looking statement (**Projection**) in this document is provided for information purposes only. No representation is made as to the accuracy or reasonableness of any such Projection or that it will be met. Actual events may vary materially.

MLC Managed Accounts Strategies are available via investment platforms. Please refer to the MLC Asset Management website (www.mlcam.com.au) for a full list of platform availability. You should obtain a Product Disclosure Statement relating to the investment platform and consider it before making any decision about whether to acquire or continue to hold interests in the Model Portfolios.

MLCAM may use the services of the Insignia Financial Group where it makes good business sense to do so and will benefit customers. Amounts paid for these services are always negotiated on an arm's length basis.

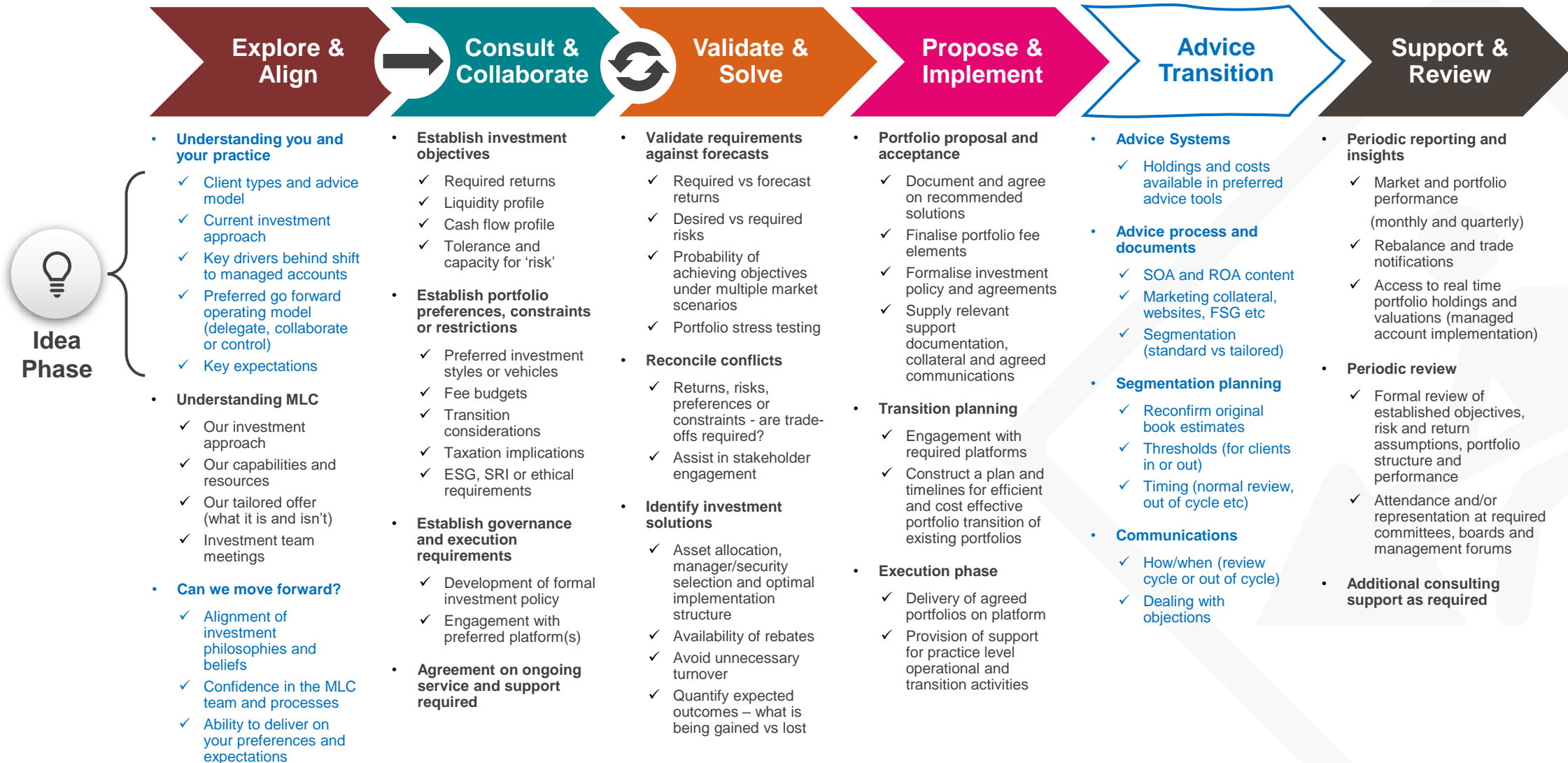
The managed account journey

A simplified roadmap



A managed account roadmap

Example build out process



The managed account roadmap

Potential speedbumps

“Slows the progress of transition but still on the right course”

1 Client segmentation

- Over or under segmenting
- FUA or existing service offering focused



- Link to service offering review
- Rethink old segmenting – embrace the scale managed accounts offers

2 Operational detail

- Platform level (transactions, corporate actions, tailoring, reporting)



- Due diligence – understand SMA/MDA and model tech limitations
- Talk to the platform or talk to managers and consultants that use it

3 Change overload

- Client or adviser level



- Hard to avoid in many instances
- Ensure the advisers and support staff are comfortable
- Test batch of clients before full rollout

The managed account roadmap

Potential detours

“Introduce tangent routes and long transition delays”

1 Lack transition planning

- Moving from current to end state too quickly (large change/turnover) or
- Embedded too many compromises day one



- Must be addressed in build out phase
- What drove the portfolio and platform changes?
- Presents challenges with BID, value prop and addressing client objections

2 Client hoarding

- Look for reasons not to
- Loss of control



- Behavioural and cultural
- Are you ready? Is your team?
- Can quickly go from detour to roadblock

3 Market timing

- “I’ll move them, after this recovers”








- Same factors as above?
- Sunk cost investments

The managed account roadmap

Potential roadblocks

“Present significant delays and/or risks the ability to reach intended destination”

- | | | |
|---|--|--|
| <p>① BID Challenges</p> <ul style="list-style-type: none"> • Too many compromises • Adviser vs client outcomes • Articulating cost vs value |  | <ul style="list-style-type: none"> • Compromises = long term challenges • What is being gained not just what it is costing • Understand your licensee view (if relevant). If it's narrow, work to amend it, enlist your consultant to support |
| <p>② Adviser value proposition</p> <ul style="list-style-type: none"> • Improved or compromised? |  | <ul style="list-style-type: none"> • Structures don't have to be rigid, plenty of HNW firms operating SMA style programs. • Are you highly niche or specialist? If not, don't re-invent the wheel, seek out similar examples |
| <p>③ Underestimating cultural change</p> |  | <ul style="list-style-type: none"> • Specifically manage this (training sessions etc) • Get buy-in – beyond key stakeholders if you can |
| <p>④ Failure to meet expectations</p> <ul style="list-style-type: none"> • Consultant mismatch • Performance or service levels |  | <ul style="list-style-type: none"> • How are you conducting your DD/tender process? • What did you actually want from the partnership? • Ask consultants and platforms - what are your weaknesses |
| <p>⑤ Licensee requirements</p> |  | <ul style="list-style-type: none"> • Ask |

Key takeaways



The biggest potential obstacles

- Evolving your value proposition
- Not getting transition planning right
- BID focus is too narrow
- Wrong consultant or platform
- Underestimating cultural change



How do I avoid them?

- Be aware of them
- Make sure your build out specifically addresses the points raised
- A quality due diligence process
- Seek external advice and experience



Are detailed roadmaps available?

- Why: Business efficiencies and value proposition
- What: Structures available (pros and cons)
- How: buy, partner or build?
- Who: selecting providers and partners



Where can I find help?

- Licensee (if relevant)
- Existing consultant or fund manager
- Platform provider (current or target)
- *Plenty of online content from all of the above*



Questions?



Thank you