

THE AIOFP ANNIVERSARY CONFERENCE BANGKOK & LONDON



25 YEARS OF SERVICE
— | SINCE 1998 | —

THE WAY FORWARD 20-24 JULY 2023



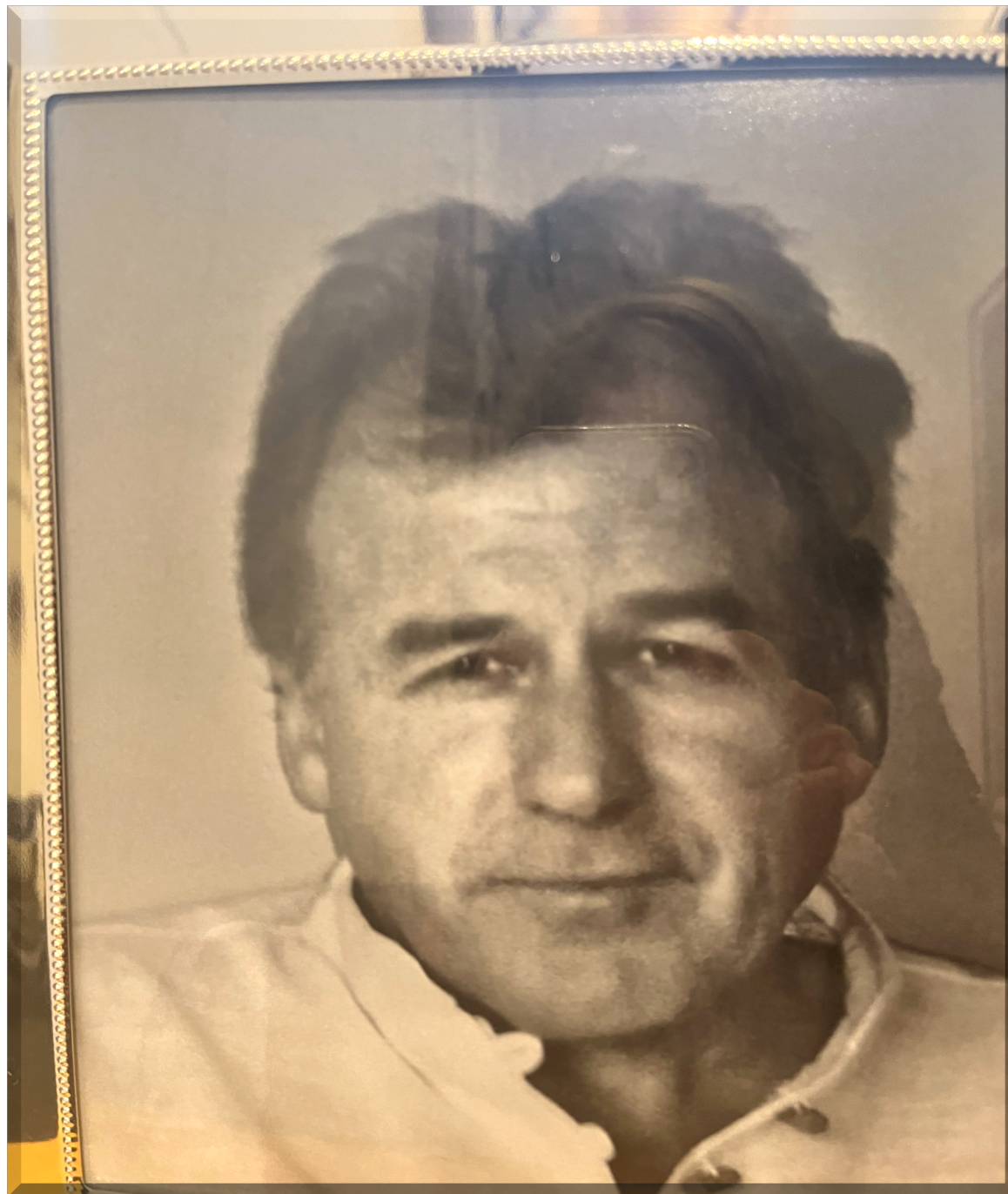


STRATEGIC UPDATE

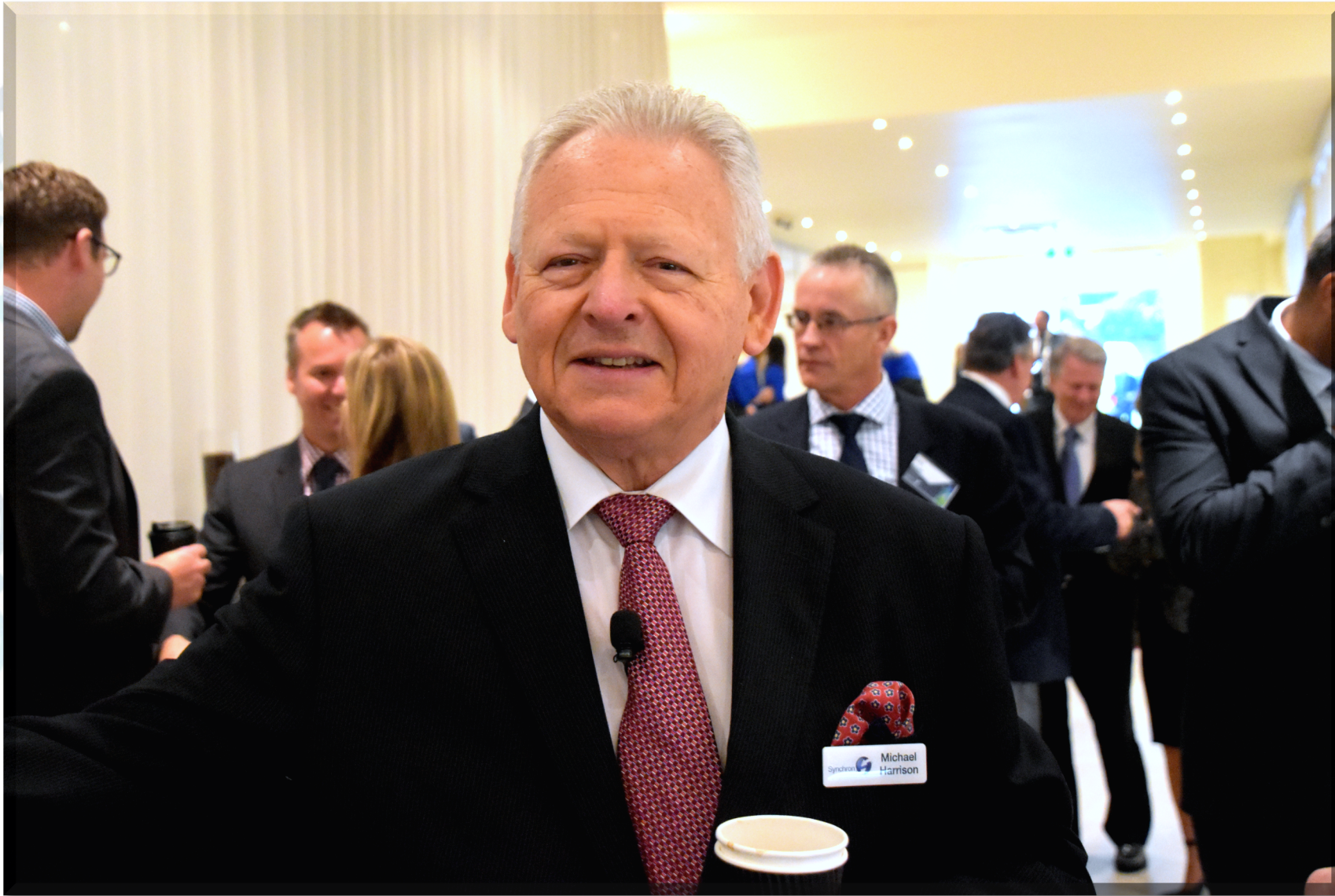
Peter Johnston
Executive Director AIOFP



25 YEARS OF SERVICE
— SINCE 1998 —



25 YEARS OF SERVICE
— SINCE 1998 —



25 YEARS OF SERVICE
— SINCE 1998 —

A man with grey hair, wearing a grey suit, white shirt, and a red and blue striped tie, is seated at a dark wooden desk. He is looking directly at the camera with a serious expression. In his right hand, he holds a small Union Jack flag on a thin pole. His left hand is resting on some papers on the desk. The background features a large window showing a dark, hilly landscape at night. On the wooden wall behind him, there are several framed pictures and a small plaque. The text "Conflicts of Interest definition?" is overlaid in large white font across the center of the image.

Conflicts of Interest definition?

Joh's view?

If there is no conflict there is no interest.....

MEMBER UPDATE

Ray Bailey
AIOFP Manager
Member Services



STATE OF PLAY

Principal Practice Members	101
Adviser Members	547
Associate Members	16
Affiliate Members	2

AIOFP CEP SERVICE

Powered by Rainmaker/Aspire.

Standard rate \$29 per user per month.

Rebates available to be shared with users.

Commences 1 August 2023.

LITTLES RE –REFERRAL AGREEMENT

- Largest property managers in Australia.
(mainly eastern seaboard).
- Discounts on normal rates for AIOFP members.
- Can be used by members or their clients
- Discounted rate NSW 5.5%,Vic 5.5% and QLD 6.6%.
- Represents 1.1% reduction on normal rates.
- Further 25% reduction in first year.
- Referral fee payable.
- Commences 1 August 2023.



25 YEARS OF SERVICE
— SINCE 1998 —

AIOFP Fees

1/9/23 onwards

- 6% increase across all fees.
- Discounted fee for Advisers licenced by PP member continues
- New CFS fee structure commercial or passive.
- Very competitive compared to alternatives

Professional Development Days

- Will commence late August/early September
- All capitals will have face to face session
- Details shortly
- Networking event opportunities
- CPD points for all sessions

The slide features decorative geometric patterns in the corners. The top-left and bottom-left corners contain several overlapping circular mandala-like designs in light blue and grey. The top-right corner features a larger, more complex blue geometric pattern. The word "QUESTIONS?" is centered in a bold, dark blue font.

QUESTIONS?



25 YEARS OF SERVICE
— SINCE 1998 —



PRIVATE PORTFOLIO MANAGERS AIOFP BANGKOK PRESENTATION

JULY 2023



IMAP
MANAGED ACCOUNT
AWARD FINALIST 2019
INTERNATIONAL
EQUITIES



IMAP
MANAGED ACCOUNT
AWARD FINALIST 2022
INTERNATIONAL
EQUITIES



Economic Data has been Negative So Why Have the Markets had a Blinder

Private Portfolio Managers Pty. Limited ACN 069 865 827, AFSL 241058. This presentation does not take into account your individual objectives, financial situation or needs. You should assess whether the Information is appropriate for you and consider talking to a financial adviser before making any investment decision. Read the Financial Services Guide, available at www.ppmfunds.com or by ringing 02 8256 3777 prior to any decision. Past performance is not necessarily indicative of future returns. The financial service detailed in this presentation does not represent a deposit or a liability and is subject to investment risk including possible loss of income and capital. The information is taken from sources which are believed to be accurate but Private Portfolio Managers Pty. Limited accepts no liability of any kind to any person who relies on the information contained in this presentation.

ECONOMIC DEVELOPMENTS

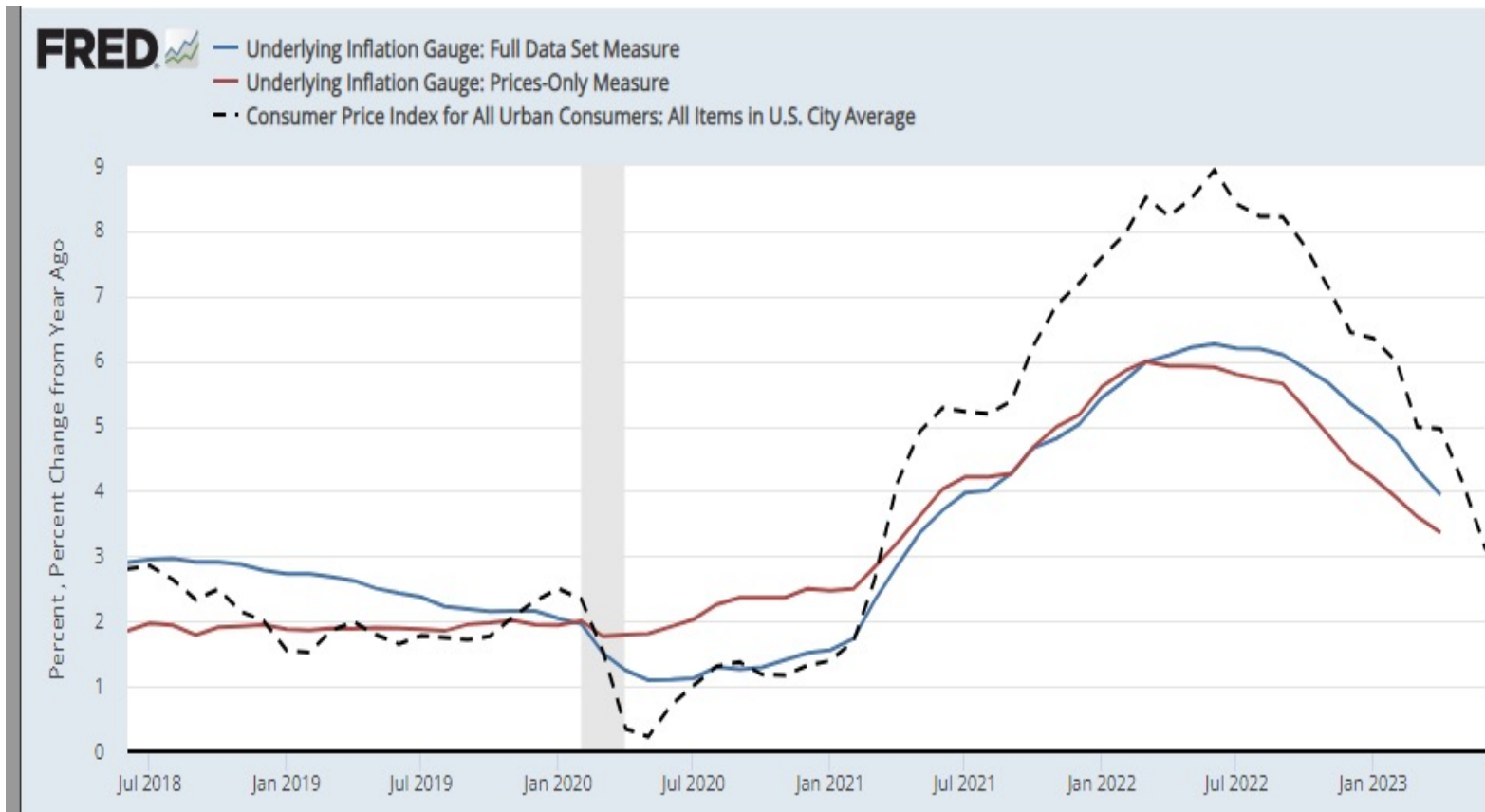
Over the last 12 months we have seen:

- **Slowing Economic Growth,**
- **High Inflation and Interest Rates (by recent standards).**
- **Banking Mini-Crisis**
- **(Demise of Silicon Valley Bank, Republic Bank and Credit Suisse)**

Plus

- **Worrisome East/West Tensions**

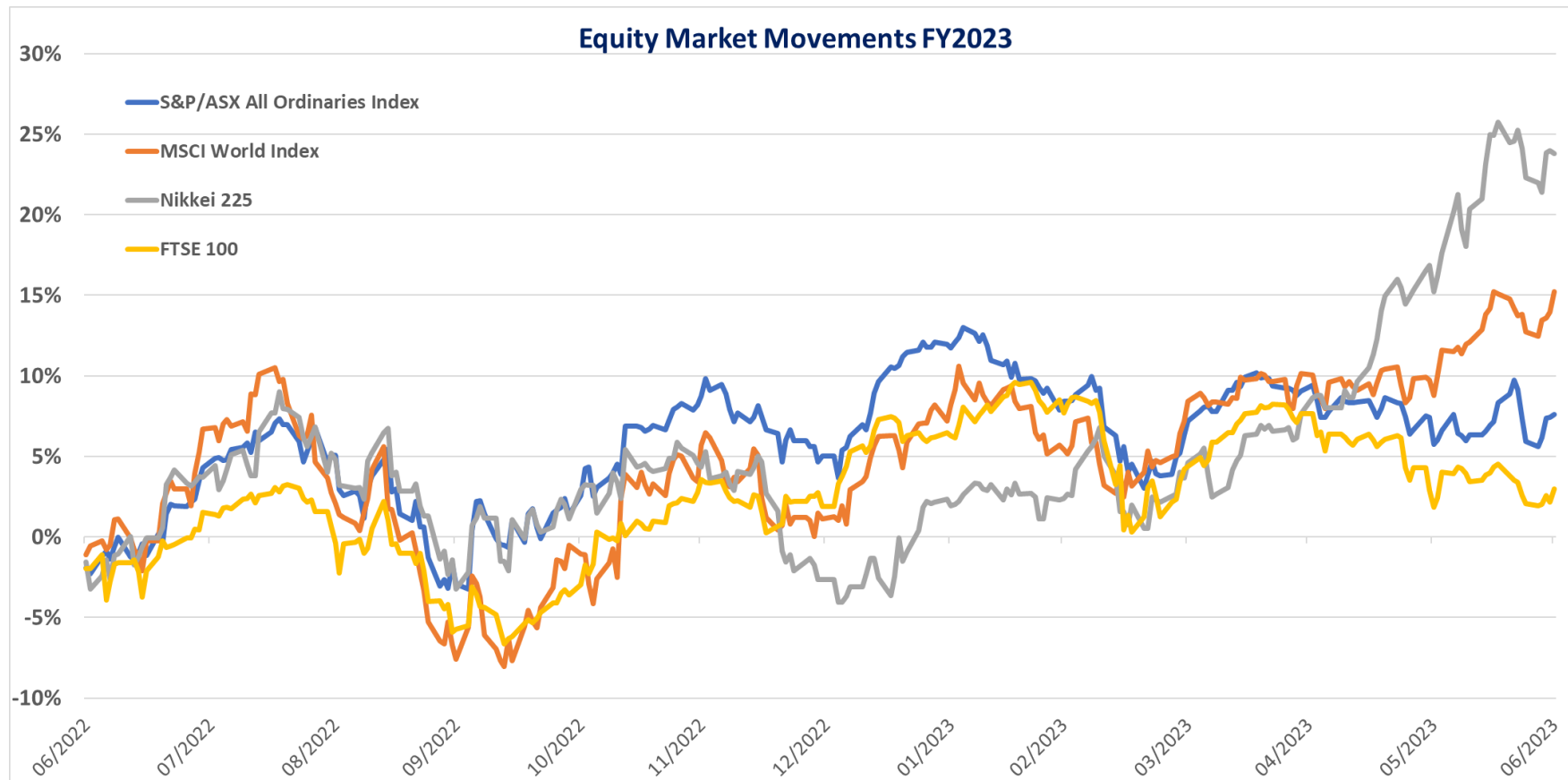
INFLATION



Source: Federal Reserve Bank of St. Louis

- Inflation Has Declined Rapidly
- Concerns are Still felt by Central Banks

EQUITY MARKETS VERY STRONG FY2023

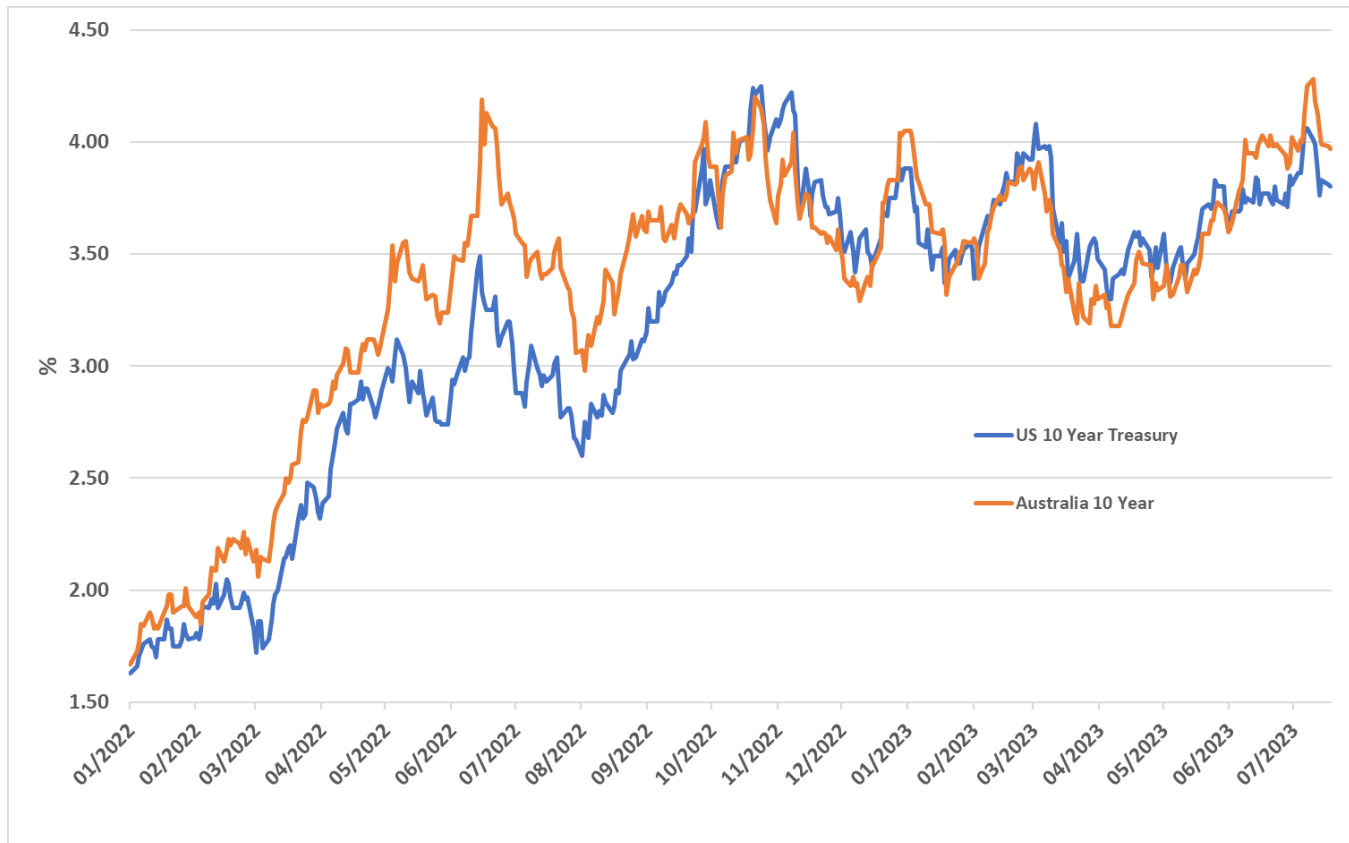


Source: S&P Capital IQ

Index	12mth
ASX All Ords Accumulation	14.8%
MSCI (US\$)	16.5%
Nikkei (JPY)	25.8%
FT100 (UK in GBP)	5.1%
PHLX Semiconductor	43.7%

INTEREST RATES

US & Aus 10 Bond Yield Last 18 months

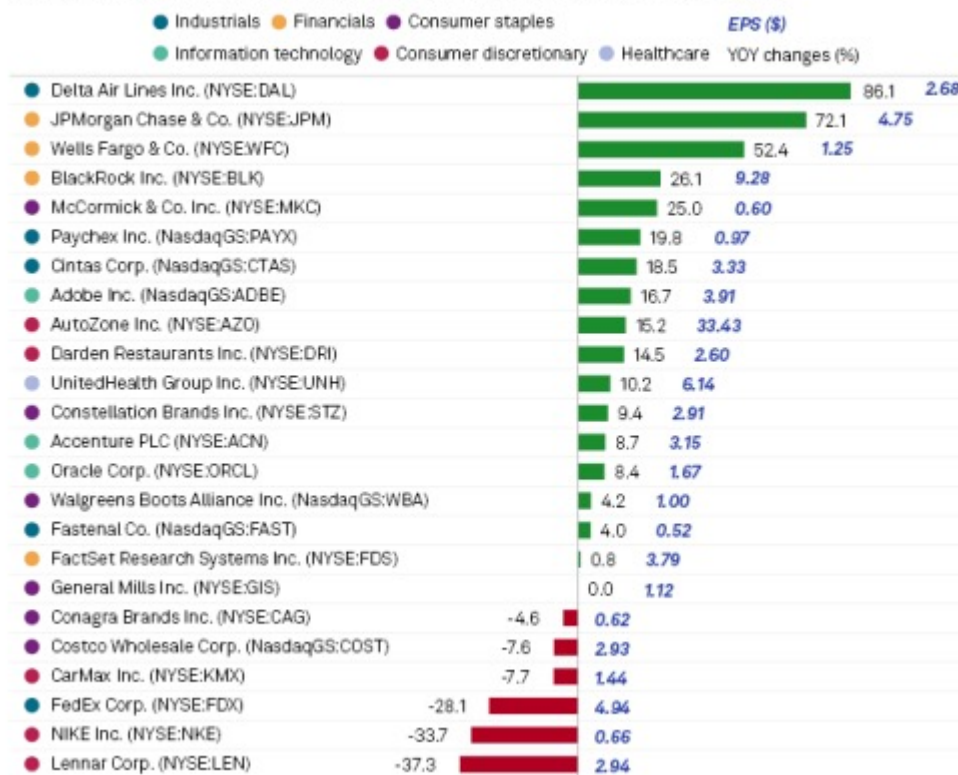


Source: S&P Capital IQ

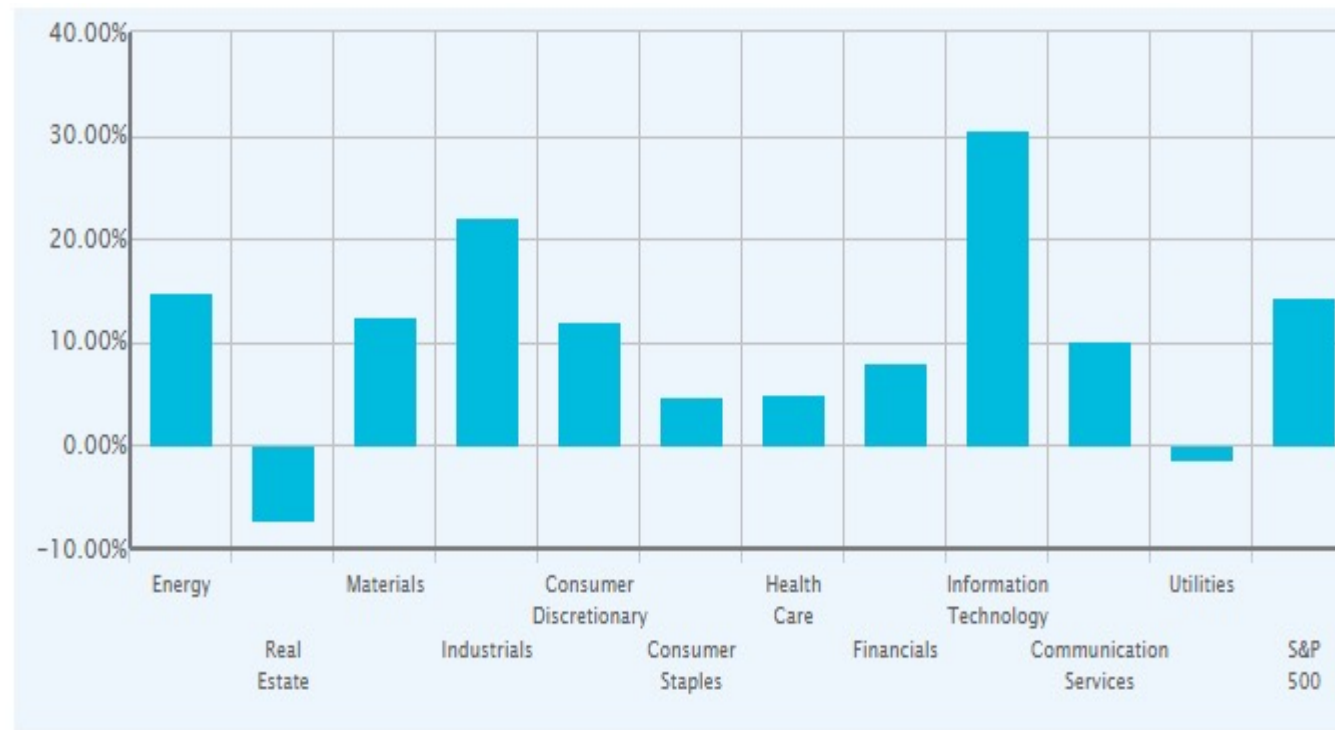
- **Short-term Rates Rose**
- **Long-term Rates Down on Highs**
- **Central Banks Concerned – Markets Less So**

WHY ARE MARKETS RELAXED?

Constituents of S&P 500 index announce earnings for Q2 2023



SECTOR RETURNS OVER 12 MONTHS



HIGH VALUATIONS CONFINED TO NARROW SECTOR

<u>Industry</u>	<u>PER</u>	<u>P/BV</u>
Energy	7.4	1.8
Financials	10.4	1.1
Industrials	14.7	2.1
Real Estate	14.9	1.0
Utilities	16.3	1.5
Communication Services	18.4	2.3
Consumer Discretionary	18.7	2.3
Consumer Staples	22.9	3.3
Health Care	24.9	3.8
Information Technology	25.1	4.6

QUESTIONS & ANSWERS



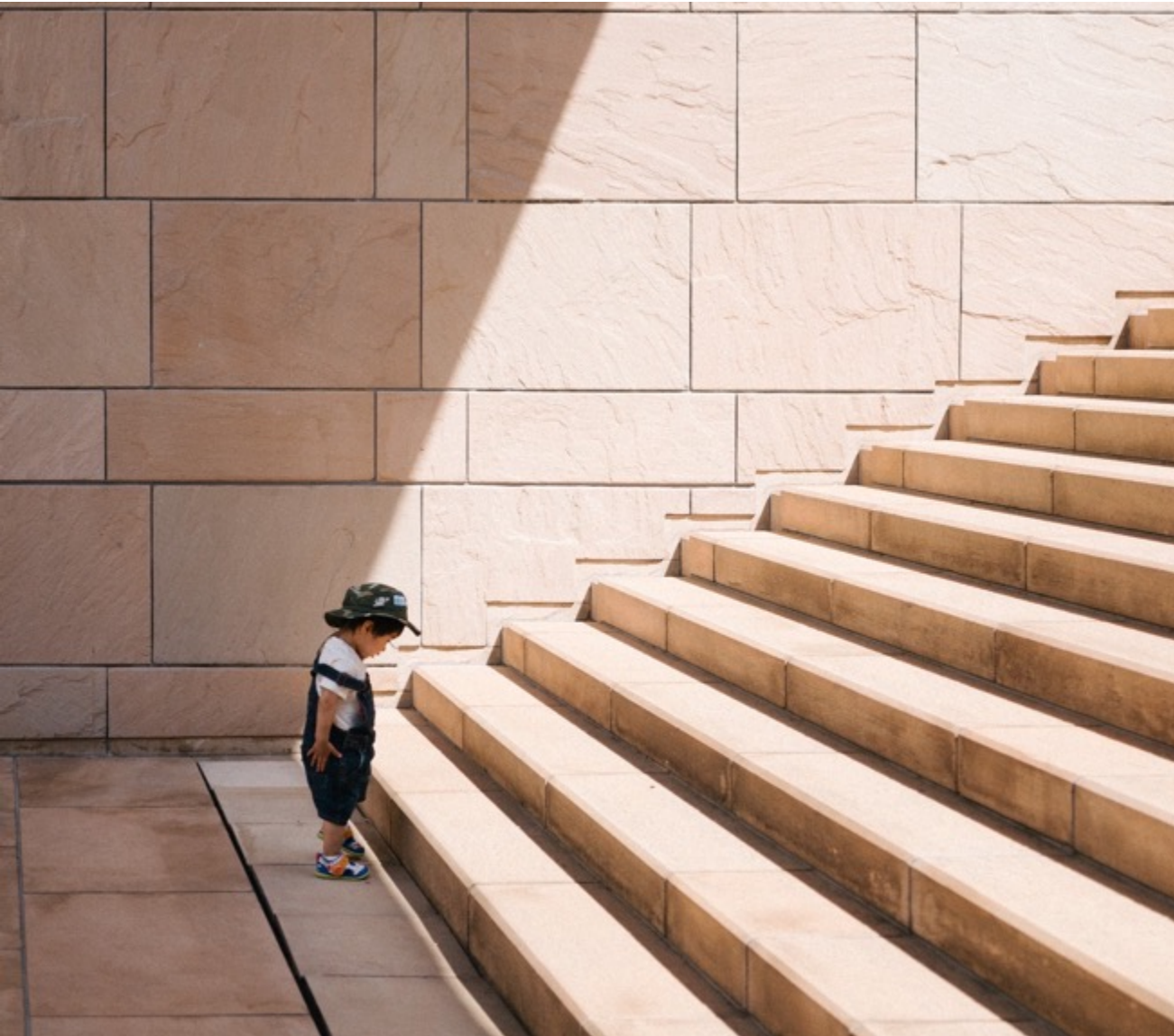


Outthinking today.

Generation Life Investment Bonds

Super not so super for everyone





About us

Discover Generation Life

Pioneer of Australia's first truly flexible investment bond. Over \$2.8b invested with us to date.¹ Proud to be innovating the retirement income landscape with an investment-linked lifetime annuity.

1. As at 31 March 2023

About us

Specialist provider

Investment bonds and investment-linked lifetime annuity

Innovation focused

Tax aware investing, estate planning and retirement income landscape

Market leader

#1 provider of investment bond solutions with 52% market share of total inflows into investment bonds¹

Trusted

APRA regulated and our parent company is listed on the ASX

1. Plan for Life, Investment Bonds Market Report for period ended 31 March 2023

Proposed changes to super

Why the proposed changes to superannuation?

Objectives of super - Push to codify what super is for.

Treasury consultation paper proposes “to preserve savings to deliver income for a **dignified retirement**, alongside government support, **in an equitable and sustainable way**”

Dignified retirement

Enough to get by on comfortably (not to amass wealth)

Equitable and Sustainable

A fair system (progressive tax approach), able to be afforded by Government

Deliver Income

Australians need to think about superannuation as an asset to be drawn down on

What are the changes and impact?

The proposal

Additional tax on earnings on super balances above \$3m

Measured by total superannuation balance (TSB)

Additional 15% tax on increases in TSB value over a financial year

Effective tax rate of 30% tax on portion of total superannuation balances above \$3m

Tax will apply to both realised and unrealised gains

Who is impacted

Anyone with a TSB greater than \$3m on or after 30 June 2026

Estimated 80,000 people impacted

No indexation

Equivalent to just \$925,000 in today's dollars¹

Applies to both accumulation and retirement phase accounts

Members of all types of super funds including SMSFs

1. Assuming 4% inflation for 30 years



Proposed changes to super

How is the additional tax calculated?

Tax is 15% on “**Earnings**” over a financial year on the amount of **TSB** above \$3m.

Tax Liability = 15 per cent \times *Earnings* \times *Proportion of Earnings*

Proportion of Earnings = $(TSB_{Current\ Financial\ Year} - \$3\ million) / TSB_{Current\ Financial\ Year}$

Earnings = $(TSB_{Current\ Financial\ Year} + Withdrawals - Net\ Contributions) - TSB_{Previous\ Financial\ Year}$



Proposed changes to super

Uncertainties remain...

Legislation not final

Withdrawals and net contributions

What will be included and excluded from 'earnings'?

Will withdrawals include:

- Money released to pay Division 293 tax and this new tax?
- Income stream payments?

Changes to TSB


Impact and timing of events that increases TSB

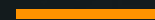
- Reversionary income streams can increase a TSB – will they be excluded from the earnings formula?
- Defined benefit issues – accumulation value, deducting tax from defined benefit interests?

Will tax be applied after death?

Ensure death benefits are paid quickly.



 Tax Optimised



The new generation of investment bonds

Tax is the new alpha



A new generation of investment bond

Tax paid structure that is governed by the **Life Insurance and Tax Act**

Our **Tax Optimised Series** generally ranges between **12% - 15%***

No distributions and access to funds at anytime

















Portability and tax-free transfers

Creditor protection

Can be structured as a **non-estate asset**

* Indicative effective average tax rates represent the estimated forecast average annual tax as a percentage of earnings for each 12-month period over a forecast period of 15 years. Actual tax amounts payable are not guaranteed and may vary from year to year based on, amongst other things, the earnings of an investment option.

Comparing investment bonds and superannuation...

	Tax rate	Access to funds	Contributions tax	Limits on contribution	Limits on value	Estate planning	Tax on death	Legislation
Generation Life Investment Bonds	 Maximum of 30% Tax Optimised Series generally ranges between 12% - 15% ¹	 Available at any time	 None. No tax concessions on contributions.	 No limits on investment amount, although consider the 125% rule	 No balance limits	 Benefits payable to any legal entity	 No tax payable	 Simple and stable
Superannuation	 Maximum of 15% for a complying fund. Additional 15% on 'earnings' on balances over \$3m	 Preservation age or retirement ²	 Tax concessions on contributions are available	 Capped at \$27,500 concessional and \$110,000 non-concessional	 Transfer Balance cap - \$1.9m	 Restrictions apply	 Additional tax may be payable to certain non-dependant beneficiaries	 Complex and changing

1. Indicative effective average tax rates represent the estimated forecast average annual tax as a percentage of earnings for each 12-month period over a forecast period of 15 years. Actual tax amounts payable are not guaranteed and may vary from year to year based on, amongst other things, the earnings of an investment option.

2. Some other limited circumstances may apply e.g. terminal illness.



Tax Optimised Series

Introducing our Tax Optimised Series

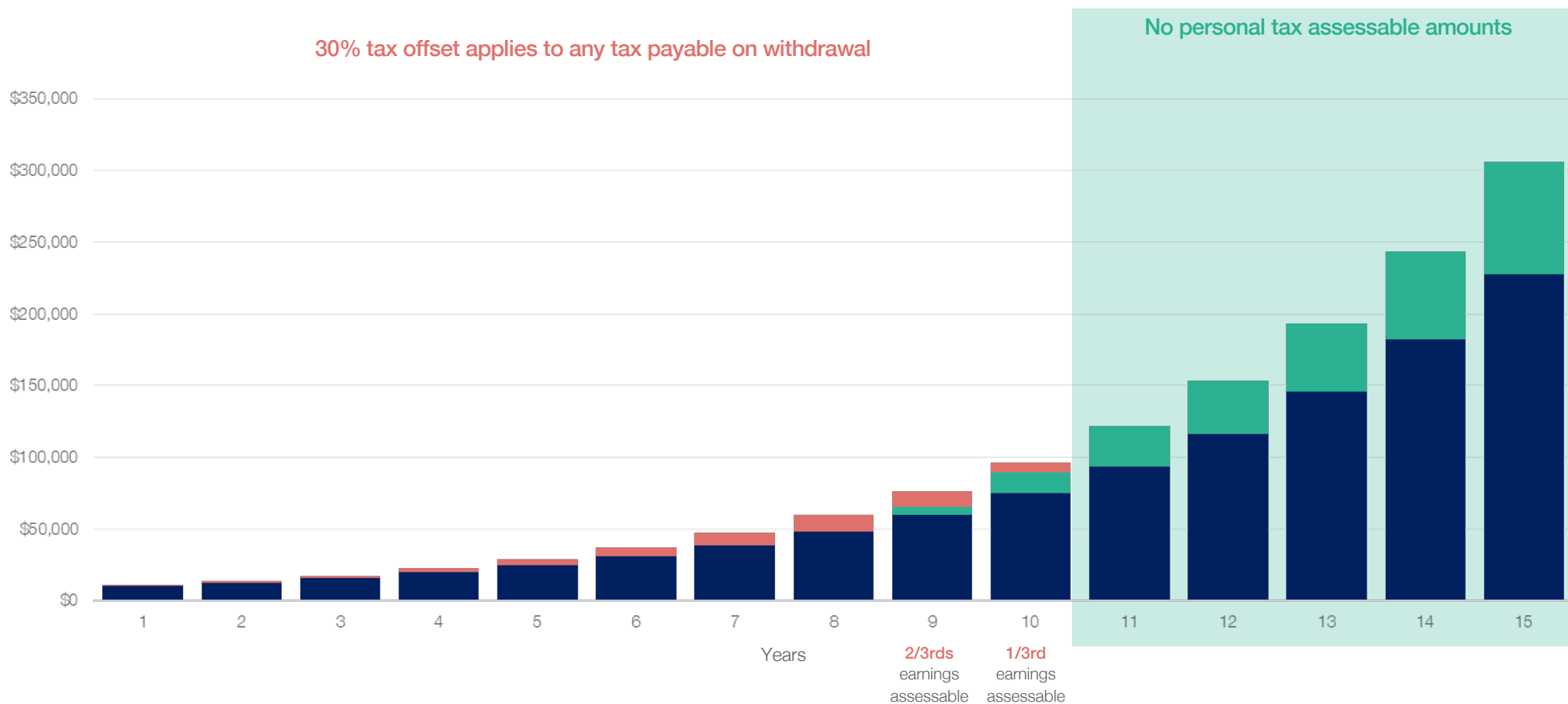
Improving returns with no additional investment risk by reducing tax costs

How? Unique structure, approach to trading, mandate structure, compounding returns

Good turnover of assets – ability to offset a capital loss with an income gain

Not buying into unrealised and realised gains tax positions – all tax positions factored into unit price

Investment bond tax structure and 10-year advantage period



Investment returns are for illustrative purposes only and do not represent any actual or future performance expectations.



Tax Optimised Series

Myths of investment bonds

Capital Management: Investment bond can offset realised capital losses against income. No tax is paid on unrealised capital gains.

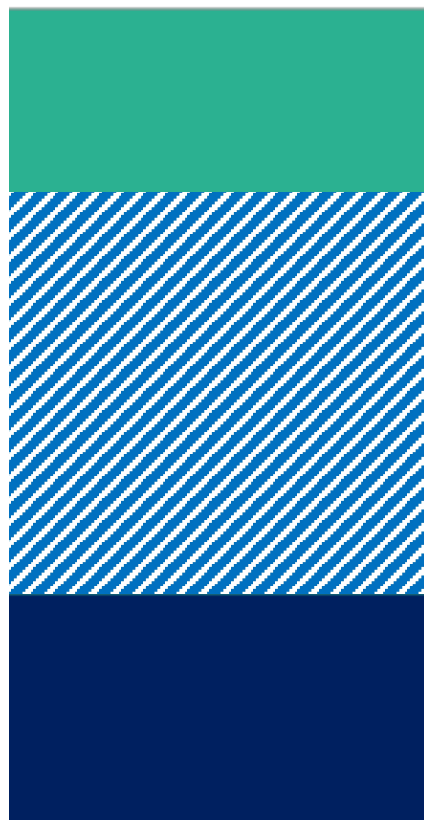
Income Management: Any add backs are passed on directly to investors. For example - franking credits, respect 45 days trading rules etcetera.

Operational efficiency: Netting of trades, tax parcelling and corporate actions

1. Capital gains or losses refer to gains or losses realised on the disposal of a fund's investments which are treated as a revenue gain or loss for tax purposes.

Tax Optimised Series

No personal tax liability



Only tax assessable portion

Performance comparison of Vanguard High Growth Portfolio

As at 31 March 2023

	Gross investment return (pre fees and tax)	Tax Optimised return (pre fees)	47% MTR return	39% MTR return	Return at Company tax rate	Tax Optimised return (after fees)*
1 Year	-0.60%	-0.24%	-2.63%	-2.31%	-2.29%	-0.64%
2 Years p.a.	4.14%	3.20%	1.64%	2.07%	2.01%	2.80%
3 Years p.a.	12.60%	10.01%	8.77%	9.43%	8.85%	9.61%

*The administration fee is deducted directly from the investment option before unit prices are declared.

Past performance is not an indication of future performance. Tax optimised fund returns are net of fund taxes, management fees, performance and other operating expenses (if applicable) and are based on the unit prices for the quoted periods and exclude the effect of any investor specific transactions such as transaction costs, stamp duty and management fee rebates.

Direct investment return - Tax amounts withheld from distributions are received with the non-taxable distribution amounts are reinvested into the underlying strategy on the date the distribution is made payable. Tax calculated based on annual rate derived from estimated tax components supplied by fund manager to investors. Discounted capital gains method applied for periods post 30 September 1999. Capital gains tax concessions applied to unrealised gain balances when clients in a tax payable position on realised capital gains. Returns may be based on preliminary or estimated data and subject to change.

Strategy

Complementing superannuation to transfer wealth





Strategy: Complementing superannuation to transfer wealth

Meet Sue...

Sue is a general counsel in her mid 60s, with a SMSF worth \$5m and is not subject to preservation.

She is married and has 2 kids in their mid 30s.

Strategy: Complementing superannuation to transfer wealth

Sue's situation...

Due to the recent proposed changes to superannuation tax, Sue's financial adviser pro-actively contacted her regarding the changes and recommended a restructure to Sue's superannuation.



Sue invests \$2m in two investment bonds and has \$3m remaining in superannuation

Alternative strategy

	\$5m invested under current super rules	\$5m invested under new super rules	\$3m invested under new super rules	\$2m to commence two investment bonds
Gross value	\$5,436,238	\$5,436,238	\$3,261,743	\$2,164,023
Large balance tax	-	-\$29,324	-\$3,150	-
Net value	\$5,436,238	\$5,406,913	\$3,258,592	\$2,164,023
Net value after 15 years	\$17,734,817	\$15,806,320	\$9,870,884	\$7,853,890
Total net value after 15 years	\$17,734,817	\$15,806,320	\$17,080,077	

Assumptions

Income	4.83% p.a.
Growth	3.62% p.a.
Total Return	8.45% p.a.
Franking level	81.40%

Strategy: Complementing superannuation to transfer wealth

Outcome for Sue...

Easy, convenient and effective way to pass on wealth

Each investment bond can be transferred tax-free as part of Sue's estate planning wishes to her children

Sue has access to funds whenever she needs them and can set up tax-paid regular withdrawals after 10 years before her passing

Children may not have any assessable income to declare on withdrawals if the transfers occur after 10 years of Sue's original investment



Strategy: Complementing superannuation to transfer wealth

Investment bond estate planning benefits

Life insurance contract

A type of life insurance policy which is investment-based governed by the Life Act

Non-estate asset

Investment bond can be structured as a non-estate asset

Tax-free proceeds

Proceeds on death are paid tax-free even to non-dependants

Automatic transfer

Automatic transfer at specific ages, dates or on death can be selected

No tax reporting

No tax reporting if no withdrawal made in the first 10 years

Avoids conflict

Avoids potential for conflict and solves complex wills

Alternative strategies to consider

Investment Bond	Company structure	Trust structure	Contribute to spouse super or children's super
<div>Taxation:<ul style="list-style-type: none">Maximum 30%Effective rate of tax on earnings between 6% – 25% at Generation Life</div>	<div>Taxation:<ul style="list-style-type: none">30%</div>	<div>Taxation:<ul style="list-style-type: none">Personal Marginal tax rate or 30% (for corporate beneficiaries)</div>	<div>Taxation:<ul style="list-style-type: none">Accumulation 15%Drawdown 0%Death tax to non-SIS dependents</div>
<div>Opportunity:<ul style="list-style-type: none">Tax effective and not subject to preservation ageNon-distributing asset – control personal tax eventsPortable and transferable with no CGT on transfersCan be held by individual, jointly or through trust structureFlexible and secure estate planning solution (where structured as non-estate asset)Similar bankruptcy protection as super</div>	<div>Limitations:<ul style="list-style-type: none">Not as tax effective as super or investment bondNo CGT discountCannot offset capital losses against income to reduce effective annual taxTax deferral mechanism as will need to eventually distribute dividends to shareholdersNo bankruptcy protectionConsider Div 7A compliance</div>	<div>Limitations:<ul style="list-style-type: none">Quarantines riskIncome entitlement flows through to ultimate beneficiaries and taxed at their marginal tax rateMore complicated than super and ongoing costs to consider</div>	<div>Limitations:<ul style="list-style-type: none">Only possible to transfer benefits post preservationOwnership of investment resides with spouse or child. And only able to access post preservation ageContribution rules and caps apply¹</div>

1. Spouse must be under 75 at the time the contribution (including 28 days after the end of the month in which they turn 75)

Comparing investment bonds vs. trusts

Investment bonds do not require income or gains to be distributed.

Trusts do.

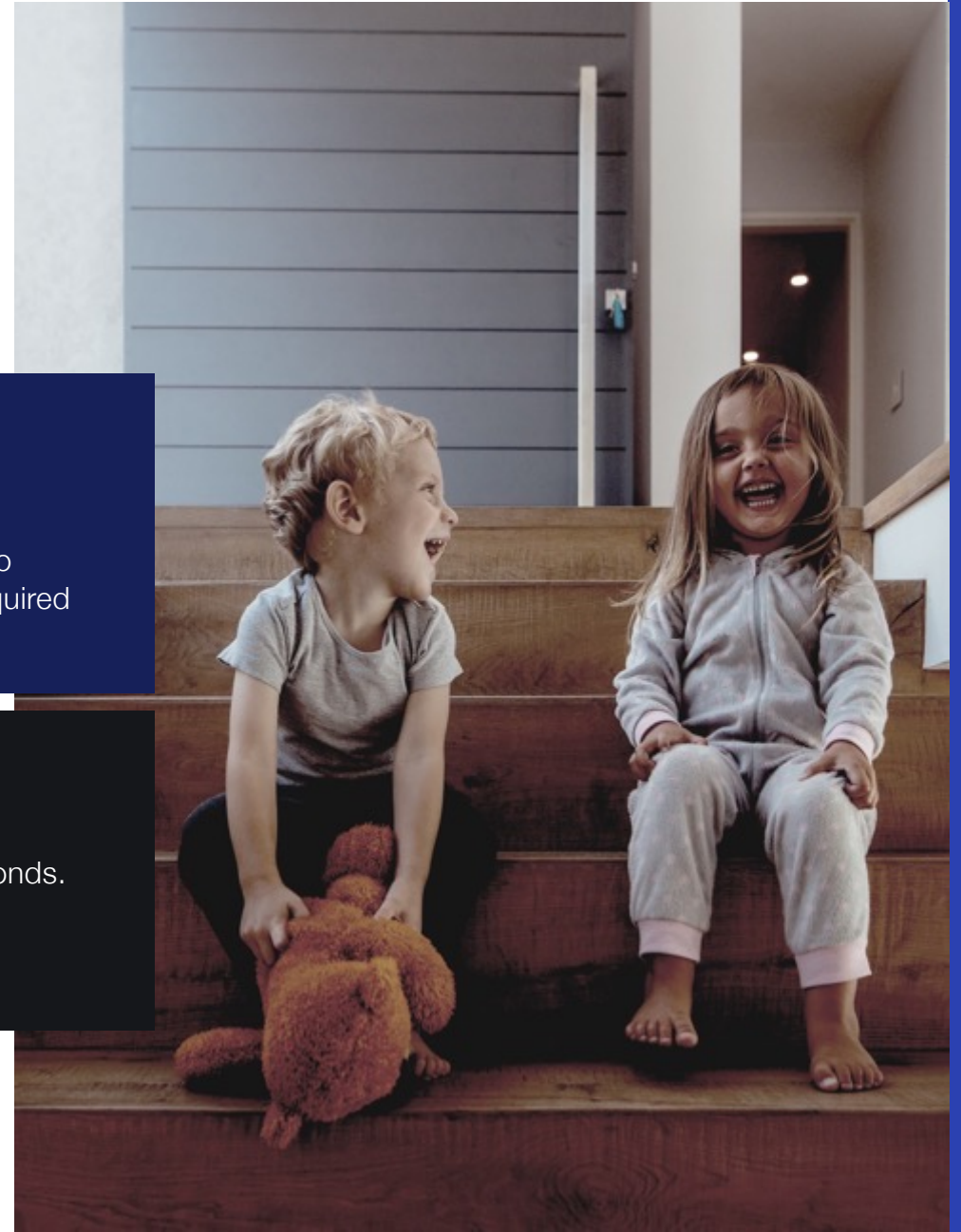
Investment bonds are simple to administer. No trustee required. No annual accounts or tax returns required to be completed.

Investment bonds are an estate planning vehicle with tax free inheritances.

But...

Trusts can also own investment bonds.

Best of both worlds.



Summary

The best of all options in one structure

Income splitting

Not required - Investment Bonds do not produce any capital or income distribution to split

Tax arbitrage

Most tax-effective structure that complements superannuation via our Tax Optimised Series

Estate planning & asset protection

Can be protected from creditors and the ability to set up as a non-estate asset with features similar to testamentary trusts



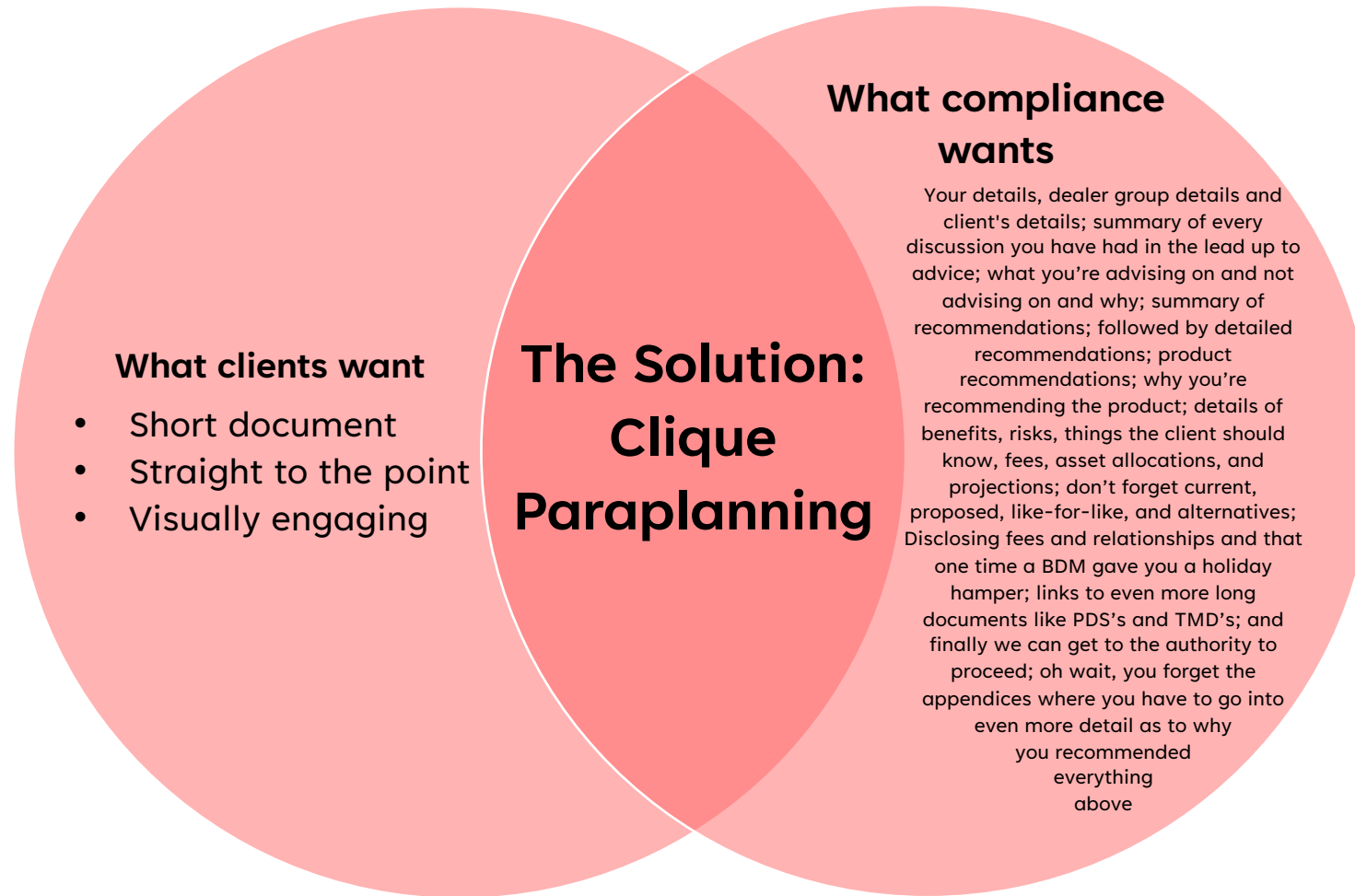


Clique Paraplanning: Future SoA Project

Presented by Sam El Shammaa



Keeping Everyone Happy



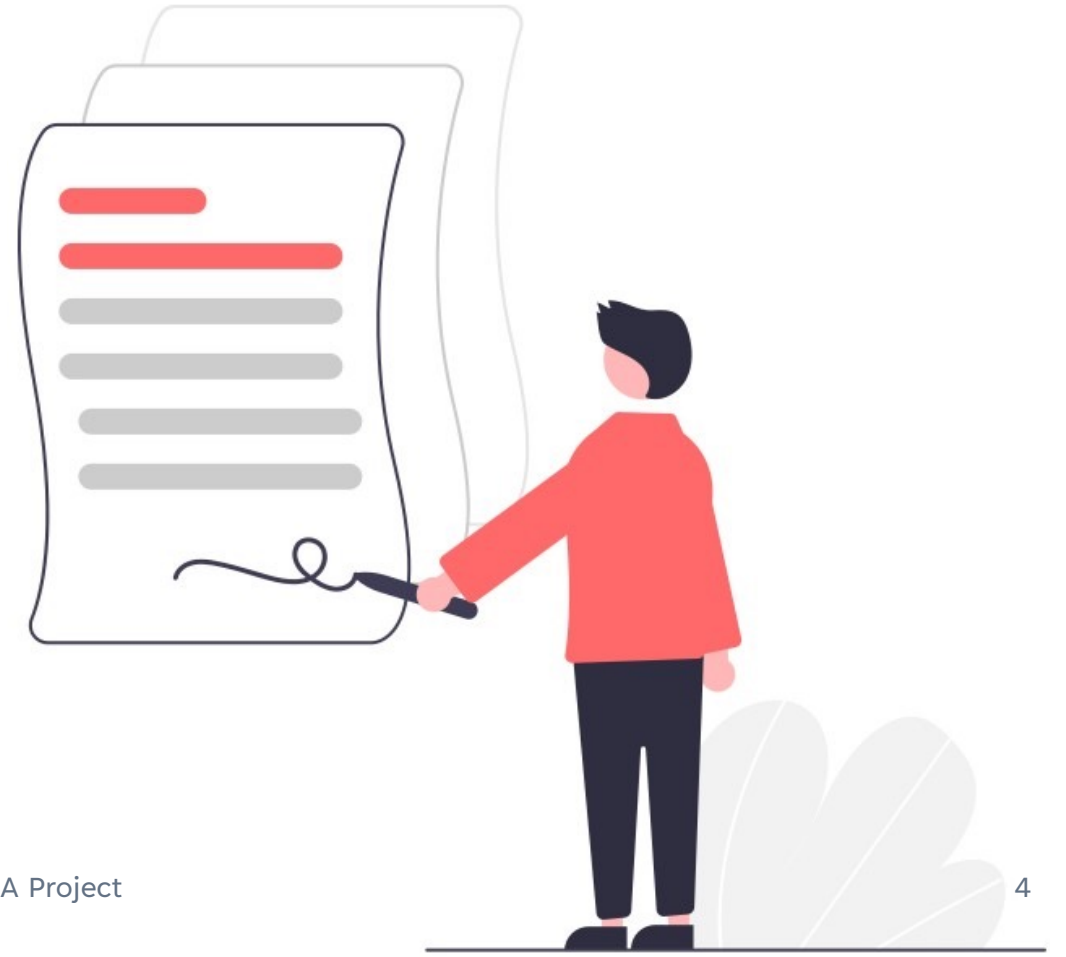
The Solution

Two documents to solve all your problems!

- 1. Mandatory SoA** – keep compliance happy
- 2. SoA Presentation Tool** – keep clients visually engaged (*digital or hard copy*)

Mandatory SoA

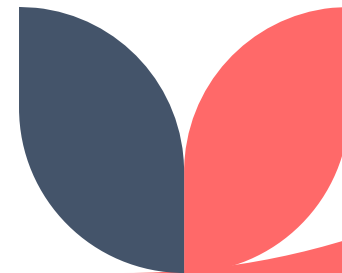
- Meets compliance requirements (check with your dealer group)
- Comprehensive advice recommendations
- Comprehensive 'benefits' and 'things you should consider'
- Can be used as a stand-alone document



SoA Presentation Tools



- Visually engaging for clients
- Concise summary of your recommendations
- Key ‘benefits’ and ‘things you should consider’
- Available as a **digital** or **hard copy** document
- Must be used with the mandatory SoA



What's New?

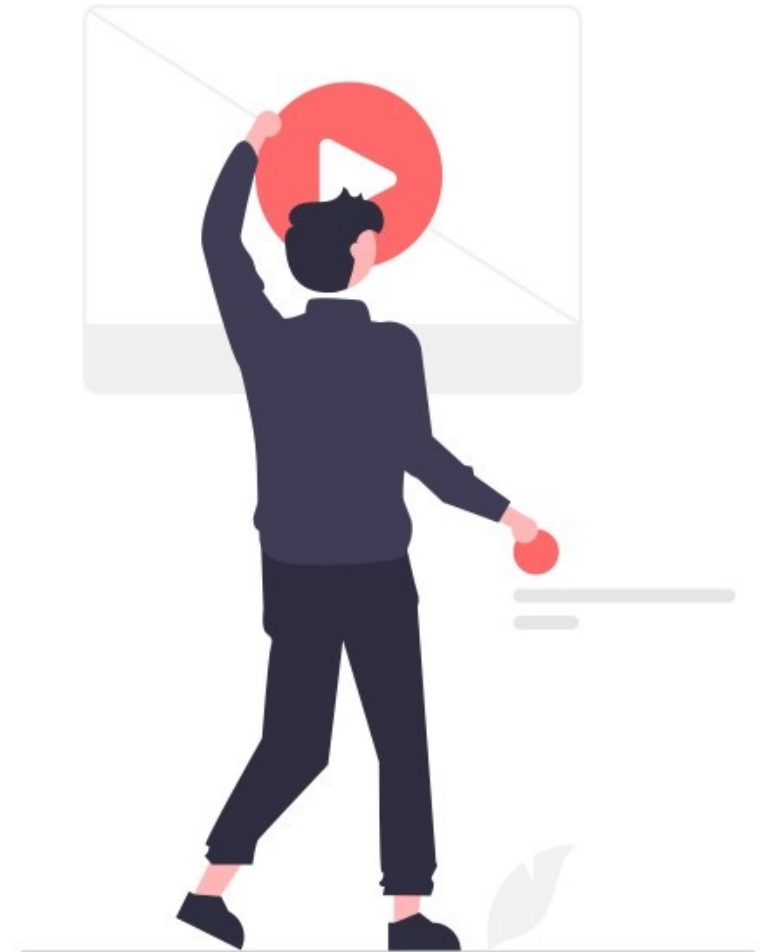
Animated Advice

- Short videos providing general strategy information
- Visually and auditorily engaging

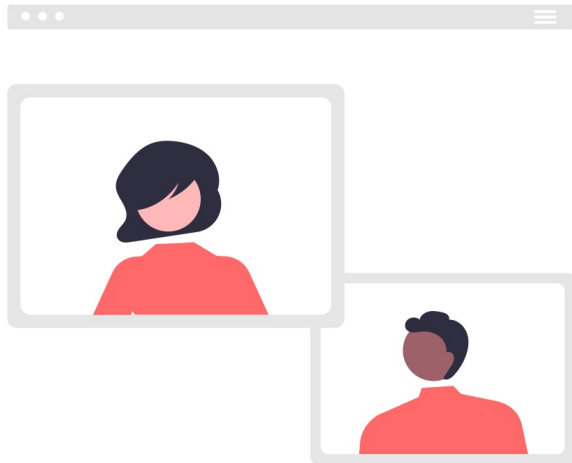


Fact Sheets

- Links to general information on strategies
- Reduces the length of your documents



Which presentation tool is right for you?



Digital

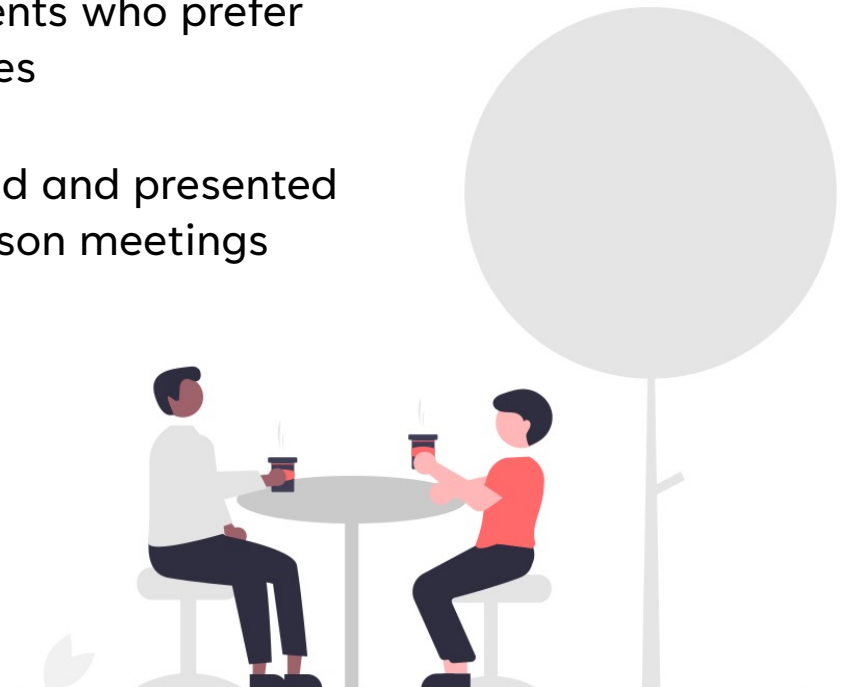
Best way to view
animated advice videos

Suitable for
presenting electronically

Hard Copy

Suited for clients who prefer
physical copies

Can be printed and presented
during in-person meetings

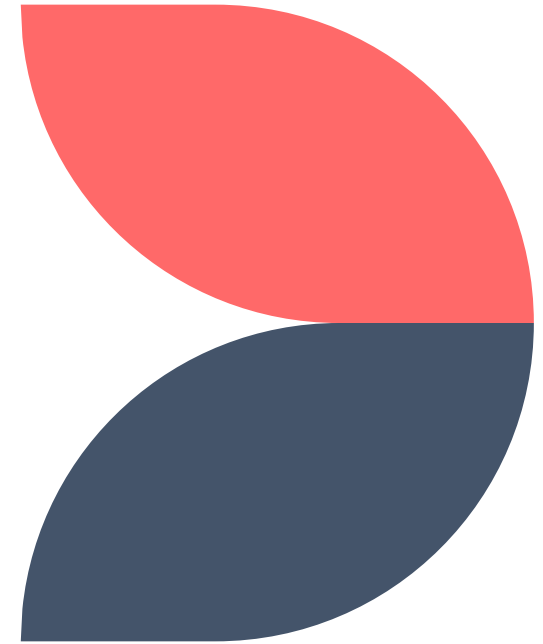


Future SoA Offerings

Option 1: Hard Copy Package

Or

Option 2: Digital Package



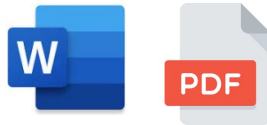
Hard Copy Package

To present to clients in-person

What you get

1. SoA Presentation Tool (Hard Copy)
2. Mandatory SoA (Hard Copy)

Available as:



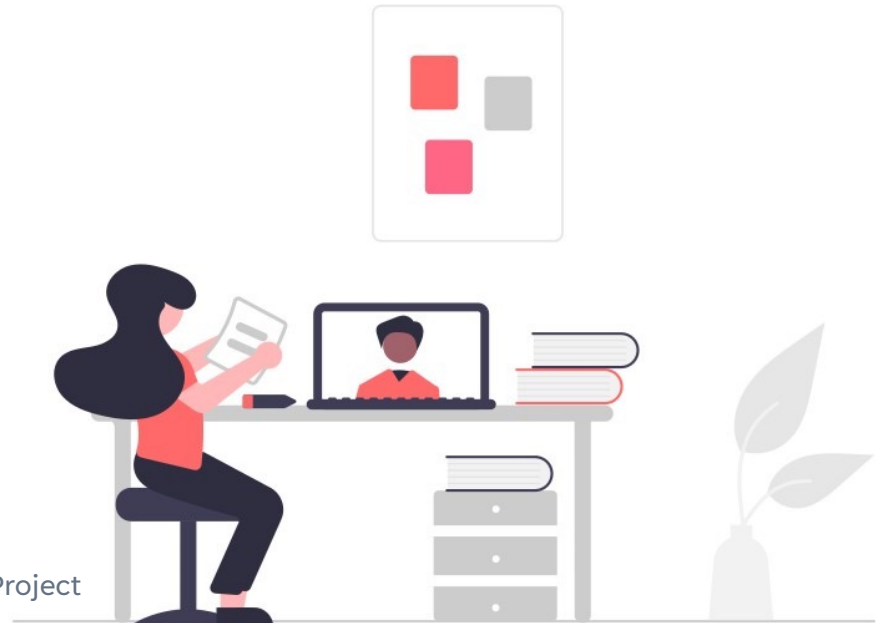
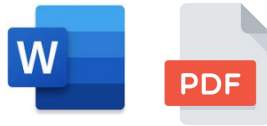
Digital Package

To present to clients digitally

What you get

1. SoA Presentation Tool (Digital)
2. Mandatory SoA (Digital)

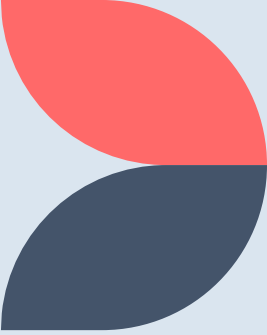
Available as:



Benefits of using Clique's Future SoA Offering

- We're experts! We have a highly specialised team with decades of experience.
- Let's you spend less time doing paperwork and more time in front of clients.
- We work with your compliance team to ensure your documents are compliant.
- Making a complicated process streamline and easy to understand for you and your clients.
- Ability to complete inhouse product research on your behalf.
- A comprehensive solution to keep you, your clients and compliance team happy.
- We can easily grow with changing requirements.
- Australian based team and support.
- Data is saved on a private server, in Australia, which is backed-up daily.

Let's go!



1

Chat to us
and let us
know how
we can make
things easier
for you

2

Clique
Paraplanning
gets you set
up

3

Submit your
document
request
*(online or via
email)*

4

Receive a
quote for you
to approve
within 24
hours

5

Clique
Paraplanning
completes
your
document

6

Receive your
documents
with
confidence!

Thank you



Scan the QR code to get started today,
contact us at team@cliqueparaplanning.com

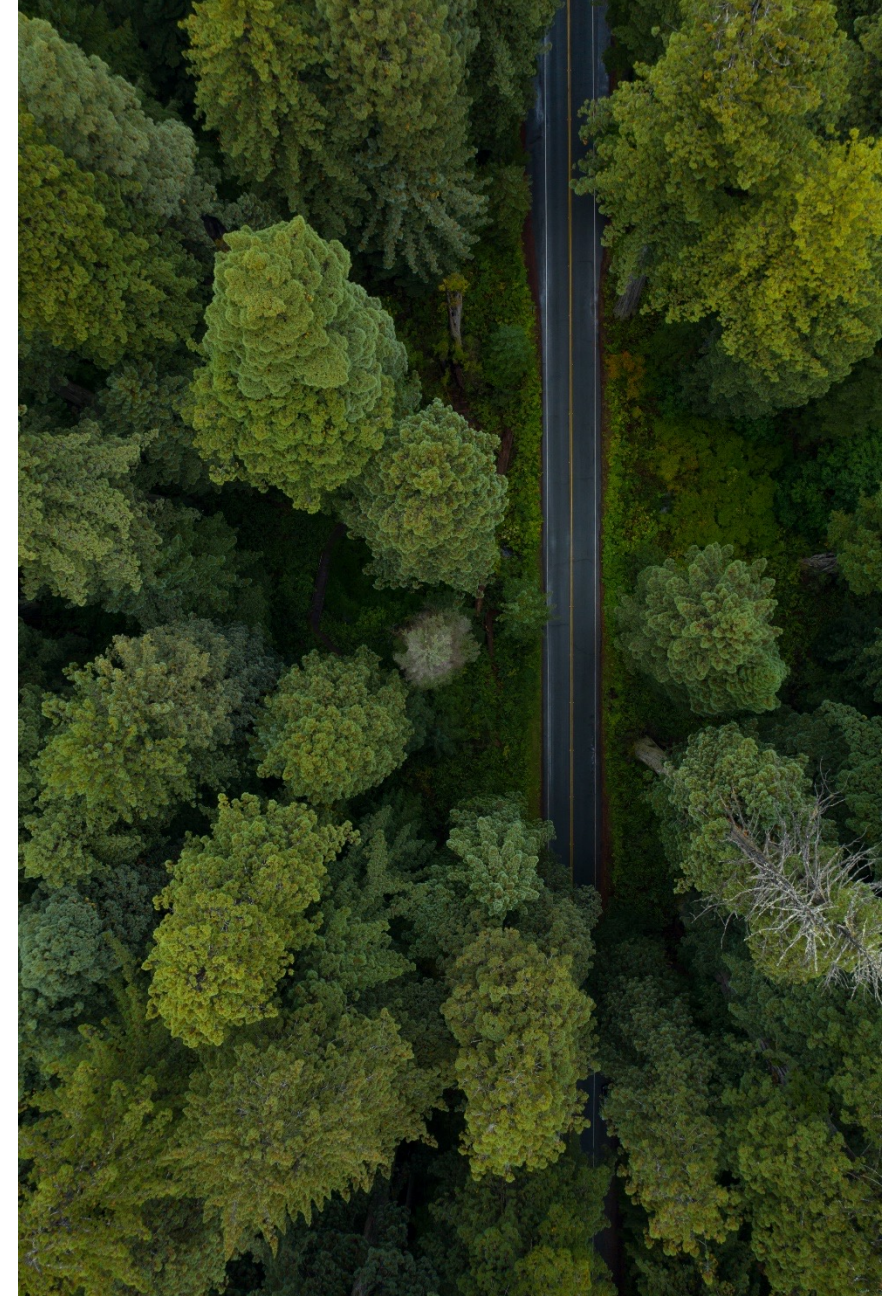


AIOFP The Power of One

Garry Crole, Managing Director

Sequoia Power of 1

1. Partnering with AFSL holders
2. Partnering with Product Providers
3. United Voice
4. Sharing of scale discounts of services
5. Shareholding opportunities



List of current services provided to key customer groups

Licensee services

AFSL of Interprac
Interprac Securities
Family Office
Corporate Finance
General Insurance Broking

Professional Services

Legal Documents
SMSF administration

Direct

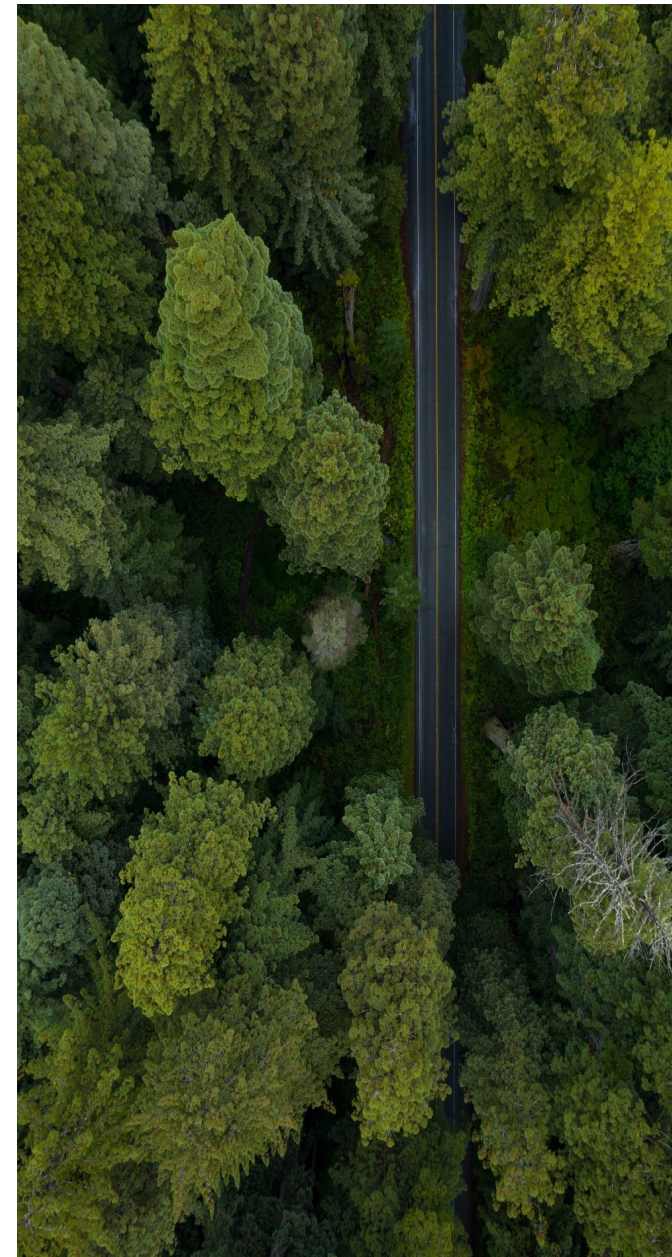
Specialist investment Management (Access to global banks)
Research (Corporate Connect, Yield Report)
Media (Share café/ FNN/ Informed Investor)
Mortgage Broking Licensee aggregator

Equity Markets

ASX clearing services (Morrisons)

Partnering with Licensees (Examples)

1. Compliance (File Audits, Licensee Audits)
2. Webinars (Fortnightly Adviser webinars)
3. PI Insurance (Steadfast PI plan)
4. Specialist Investments (5 Global Banks tailor-made offerings)
5. SMSF Administration
6. Legal Services (Companies , trusts, super funds)
7. Corporate Finance (Capital raises, IPO;s M&A referrals)
8. Stock broking (Commsec alternative)
9. Mortgage broking authorization
10. Platform , software and research discounts





Questions?



CONTACTS

Garry Crole | Managing Director and CEO
garrycrole@sequoia.com.au

Web: www.sequoia.com.au

Phone: +61 (0)3 8548 3333



Delivering disability accommodation where it is needed

The material in this presentation has been prepared by Aligned Disability Investments (ADI) Pty Ltd ACN 663 744 143 AFSL 519447 AFS Representative 1301975. This presentation is only by way of general background information about ADI activities. The information given is in summary form and ADI does not warrant the accuracy, currency or completeness of any information contained in the presentation.

The material in this presentation, is not intended and should not be considered as constituting advice, a recommendation or an offer or solicitation to investors, or potential investors, in relation to purchasing or acquiring any securities or other financial products and does not take into account your personal investment objectives, financial situation or needs. If you are considering making an investment and before acting upon any information in this presentation, you should consider the suitability of this investment, having regard to your personal investment objectives, financial situation or needs and that you should seek independent financial advice.

Forward looking statements may be contained in this presentation, including but not limited to statements regarding ADI's belief or expectations in respect of its business, market conditions, results of financial operations and risk strategies. ADI has taken due care in preparing this information, however actual results may differ substantially in either a positive or negative way. Hypothetical examples and forecasts are subject to factors outside of ADI's control. Past performance is not a reliable indication of future performance. Any potential investors or investors are warned not to place reliance on such statements but to proceed to make an investment decision based on their own independent research.

This presentation was accompanied by an oral presentation and is not a complete record of the actual discussion held. No part of the presentation may be distributed, disseminated or used elsewhere in any context without ADI's prior written consent.

Data presented using information from the Governments publicly-available website is as at the date of preparation of this presentation. Investors are to note that this can be subsequently updated post the presentation.

The contents of this website have been prepared without taking account of your objectives, financial situation or needs. Because of that you should, before taking any action to acquire any of the financial products mentioned on this website or to transfer your personal business to ADI, consider whether that is appropriate having regard to your own objectives, financial situation and needs.

You should obtain the Product Disclosure Statement relating to the relevant financial product mentioned on this presentation (which contains full details of the terms and conditions of the relevant financial product) and consider it before making any decision about whether to acquire the financial product.

- NDIS provides funding to people with permanent & significant disability
 - 4.3 million Australians with disability
 - NDIS is currently funding for support & services for over 554,000 Australians
 - Estimated to grow to 741,000 by 2026 – 186,000 new participants in the next 4 years ⁱ
- Specialist Disability Accommodation (SDA)
 - a range of housing designed for people with extreme functional impairment or very high needs.
 - 4 categories (improved liveability, robust construction, fully accessible, high physical support)
- SDA is poised to grow
 - Currently 7,720 SDA dwellings ^e
 - 862 new SDA dwellings in 12 months to 31st March 2023 ^g
 - 1,329 participants seeking an SDA dwelling as 31st March 2023 ^f
 - 4,378 participants seeking an alternate SDA dwelling as 31st March 2023 ^f
 - **2,536 new dwellings needed by 2026 ^k**



- Delivering SDA properties where they are needed
- Deliver Attractive investment returns
- Institutional Pricing Asymmetry
- Investment Recycling
- Current Transaction – Melva Court Frankston



- Regional/Greenfield SDA bias
 - SDA Funding is generally similar across Australia
 - Similar investor rental income across Australia
 - Land prices are generally much higher in metropolitan areas
 - Results in better yield in regional/greenfield locations
 - That's where investors are focusing their SDA developments
- However, most SDA demand is in metropolitan locations
 - Most people live in metro areas
 - Therefore, most disabled people live in metro areas
- ADI focussing on metropolitan SDA developments – where it is needed
 - Reduce cost of land via “Hybrid Developments”
 - Results in similar yield in metro areas to regional areas
 - Lower vacancy risk due to less competition and a bigger market



- Hybrid Residential/SDA developments
 - Metropolitan infill developments
 - Split cost of land across multiple floors
 - Ground floor is reserved for SDA apartments for ease & emergency access
 - Levels 1-3+ are residential apartments with basement parking
 - Typical transaction size is between \$8 and \$16 million
- SDA Apartments (to be retained in portfolio)
 - Target land cost attributed to SDA floor is 30-40% of actual land costs – similar land cost to regional
 - Generally 4-6 apartments - maximum 9 apartments per floor
 - Results in rental yield of circa 12%
 - Recent NDIS pricing changes improve SDA outlook with lower vacancy risk
- Residential Apartments (to be sold on completion)
 - Targeting 8-12% annualised capital gain



- Deliver attractive ongoing income

- Targeting circa 12% net income yield after property management fee
- Conservative leverage (40-50% LVR) to enhance investor return to 14% after fees

- Institutional Pricing

- Institutions purchase properties using “cap rate”
- “cap rate” = $[\text{net income}] / [\text{purchase price}]$
- SDA property transactions are typically in the 8-10% cap rate

- Portfolio Sale

- Build a portfolio of SDA properties yielding circa 12%
- Sell them in one line at a “cap rate” of between 8-10%
- Can result in attractive gain of 20-30% over development period (18-24 months)
- Indicative investor annualised return of 12-14% pa if a 10% “cap rate” was achieved



- Residential Properties

- Targeted to sell “off the plan”
- Settle soon after completion of development
- Any profit of the sales will be distributed to investors
- Capital to be made available for redemptions
- Residual capital are recycled into subsequent transactions



- SDA Properties

- Completed SDA properties retained by ADI Fund and rented out to NDIS participants
- SDA properties packaged up and sold to institutional investors
- Any profit of the sales will be distributed to investors
- Capital to be made available for redemptions
- Residual capital are recycled into subsequent transactions

- Recycling increases number of SDA properties delivered

- \$9.3 Million hybrid SDA/Residential property
 - \$4.8 Million Fund Investment
 - \$4.5 Million development loan
 - Basement carpark
 - 6 - NDIS SDA units on ground floor
 - Residential Development on Level 1 & 2
 - Level 1 – 6 x 2-bedroom apartments
 - Level 2 - 4 x 2-bedroom apartments and 1 x 3-bedroom apartment
 - Hybrid development reduces land cost for SDA units



- Residual 6 x SDA units

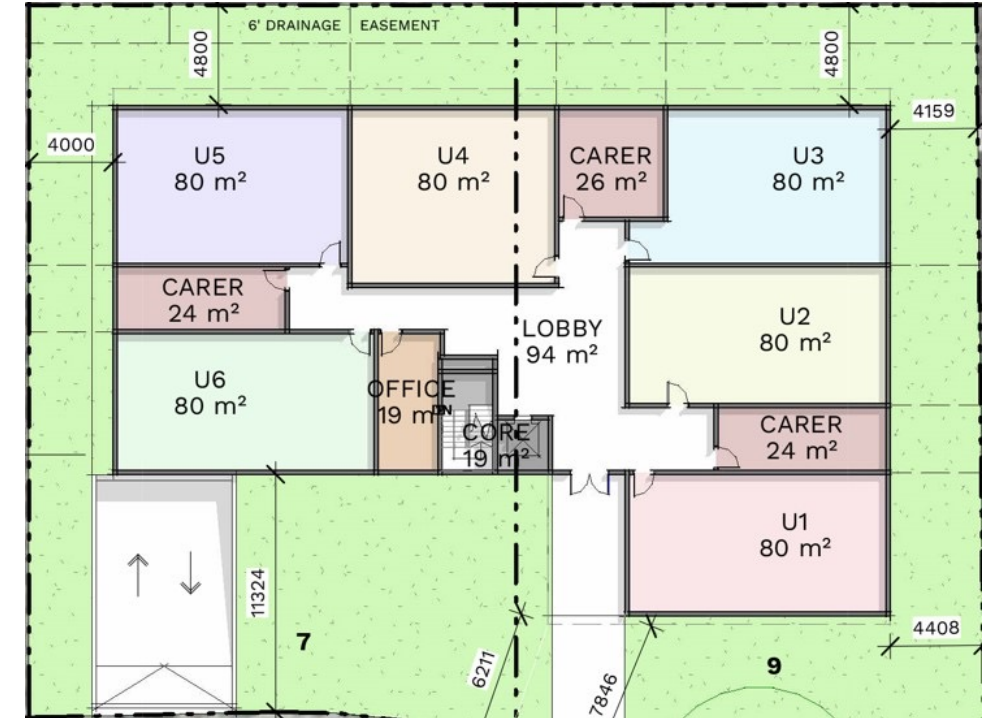
- \$3.5 Million attributed cost base
 - \$1.8 million attributed equity
 - \$1.7 million loan

- Base Hold Return

- \$426K income @ 85% occupancy
- \$253K Net return after fees & interest
- ~14% Investor annual income return after fees

- Institutional Sale

- 10% Cap Rate values properties @ \$4.6 million
- ~35% capital uplift over 2-3 years
- ~16% IIR over 2 years
- In 2022 institutional SDA transactions happened at 7%...



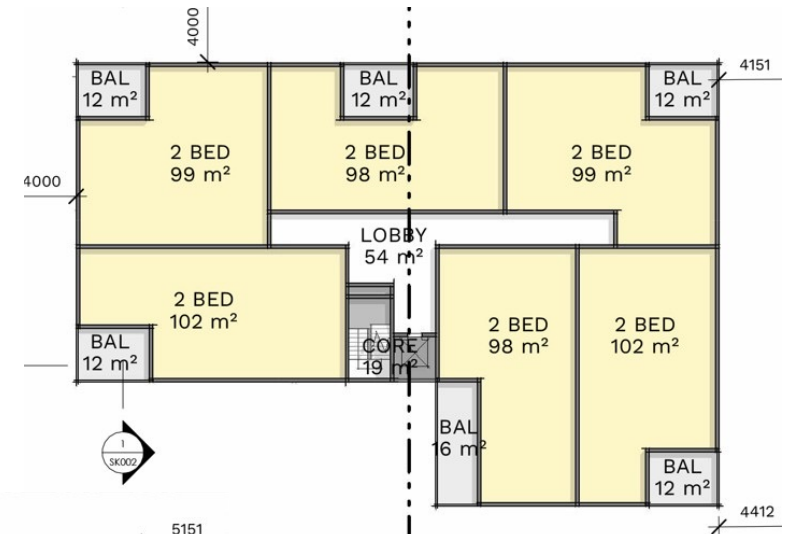
- Residential Development returns

- \$5.5 million attributed cost base
- \$6.6 Million net sale proceeds
- \$1.1 Million development margin
- ~13% annualised return on equity over 24 months after fees

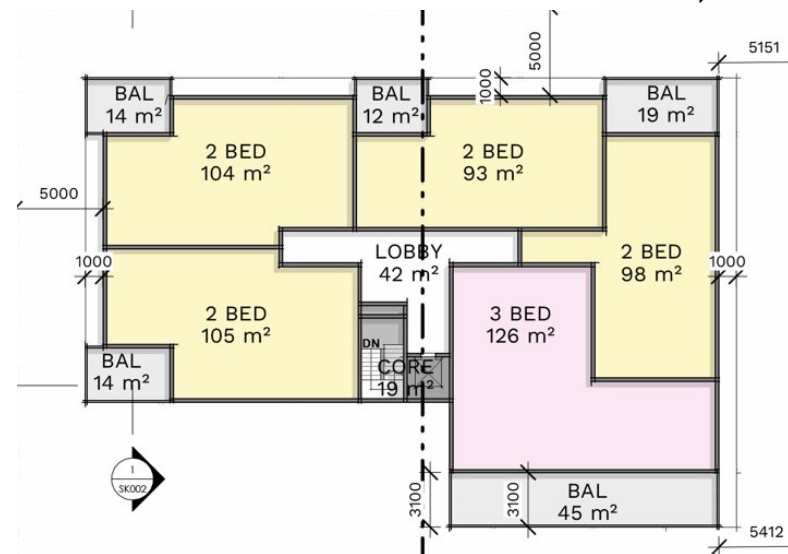
- Positive Outlook

- Strong demographic drivers
 - Housing shortage
 - Immigration
- Housing price momentum
- Interest rate outlook

Level 1



Level 2



- Build SDA Portfolio – June 2023/June 2025
 - Complete multiple hybrid NDIS/Residential development projects
 - First 2 transactions funding sourced to support \$15+ million developments
 - Sell residential components & distribute profits
 - Lease SDA properties to NDIS participants via approved SDA provider
- Package and sell SDA portfolio – July 2025/September 2025
 - Identify target institutional funds (including industry funds)
 - Option to sell SDA portfolio in one line to institutional investor(s)
- Repeatability
 - Continually raise investor capital
 - Package into new SDA Portfolio and repeat process
 - Delivers 2-3 times the number of SDA properties compared to hold strategy



- SDA Operator Selection

- Verify SDA registration & compliance
- Verify process in identifying areas of SDA tenant demand

- SDA Risk Mitigation

- Increase focus in Melbourne/Sydney Metropolitan areas to reflect projected saturation of regional SDA developments
 - Reduce vacancy risk of regional/greenfield NDIS developments
 - Lower competition due to higher transaction size of \$8+ million
 - Use hybrid NDIS/residential development to reduce land cost component
- Ensure modelling is based on reasonable expectation of tenancy mix
- Conservative LVR $\leq 60\%$ & generally in practice $< 50\%$



- SDA Property NDIS compliance

- Ensure property design has been deemed compliant with the SDA Design Standard by an SDA Assessor before contracts signed
- Ensure property construction has been deemed compliant the SDA Design Standard by an SDA Assessor as part of construction
- SDA Property design to meet SDA Operator recommendation based on needs in the selected areas

- SDA Construction

- Ensure builder has experience and is financially viable
- Ensure professional project management to oversee construction



**NDIS Quality
and Safeguards**

- SDA Launch Partners

- SolutionsWon Group Pty Ltd

- SDA specialist architectural design & project management
 - over 45 years of internal expertise in architectural design, process engineering and project delivery
 - Has designed hybrid SDA/Residential development to reduce SDA land cost
 - Targeting to be partner of choice for SDA providers

- Aligned Disability Investments Pty Ltd

- Extensive Financial Services experience

- Arthur Naoumidis – 20 Years IT & 20 years Investment Platforms
 - Steve Romic – 30 Years Financial Services
 - Patricia Chan - 30 Years Financial Services
 - George Krithis - 30 Years Financial Services

- External Trustee with property focus – BrickX (www.BrickX.com.au)

- External Custodian



Note

a	Number of people with disability	4.3 million	https://www.NDIS.gov.au/understanding/how-NDIS-works/who-NDIS-supports
b	Nbr NDIS participants	554,917	NDIS Quarterly report to disability ministers - 31 March 2023
c	Nbr participants receiving SDA	22,680	NDIS Quarterly report to disability ministers - 31 March 2023
d	% SDA/Nbr NDIS	4.1%	c/b
e	Nbr of SDA dwellings	7,334	NDIS Quarterly report to disability ministers – 31 March 2023
f	Nbr of participants seeking SDA	1,329	NDIS Quarterly report to disability ministers - 31 March 2023
g	Nbr of new dwellings in year to 31/3/23	862	NDIS Quarterly report to disability ministers - 31 March 2023
h	Nbr participant per Dwellings	3	c/e
i	Estimated nbr NDIS participants 2026	741,077	NDIS Quarterly report to disability ministers - 30 Sep 2022
j	Estimated new SDA participants	7,608	(i-b)*d
k	Estimated new SDA dwellings	2,536	j/h



Arthur Naoumidis

Arthur@AlignedDisabilityInvestments.com.au

0411 958 084



GYROSTAT

CAPITAL MANAGEMENT

Gyrostat Risk Managed Equity Fund

AIOFP Conference – Bangkok 2023

Sequencing Risk:

A Story of Diversification v Correlation

Gyrostat Risk Managed Equity Fund

Diversification vs Correlation

Figure 1: The historical drawdown for equities, a traditional balanced and a diversified portfolio



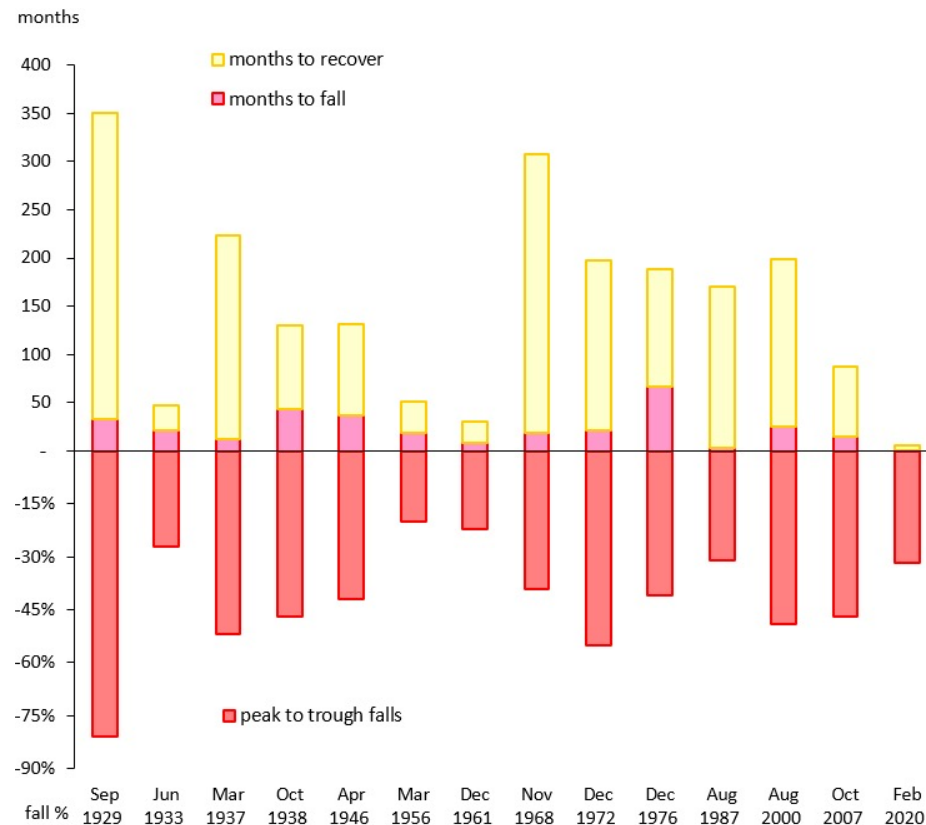
Diversification out of equities into the asset classes did not protect portfolios as well as expected

Gyrostat Risk Managed Equity Fund

Investment cycles – major sell offs a regular and hazardous part of the investment cycle

S&P 500 Index - 90 Year Historical Chart: Peak to trough falls

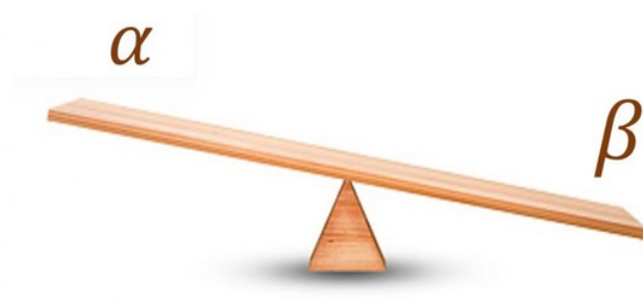
The graph shows the extent of falls from peak to trough S&P500, the duration of the fall, and time taken to recover to pre fall highs.



Gyrostat Risk Managed Equity Fund

AT A GLANCE – adding low beta with alpha brings diversification benefits, higher risk adjusted returns

- Portfolio construction – Lower beta with alpha
 - Diversification with non-correlated assets (as measured by beta) reduces portfolio risk.
 - Beta can change with different market conditions and may not be a reliable future indicator.
 - Protection reliably increases in value on market falls



Gyrostat Risk Managed Equity Fund

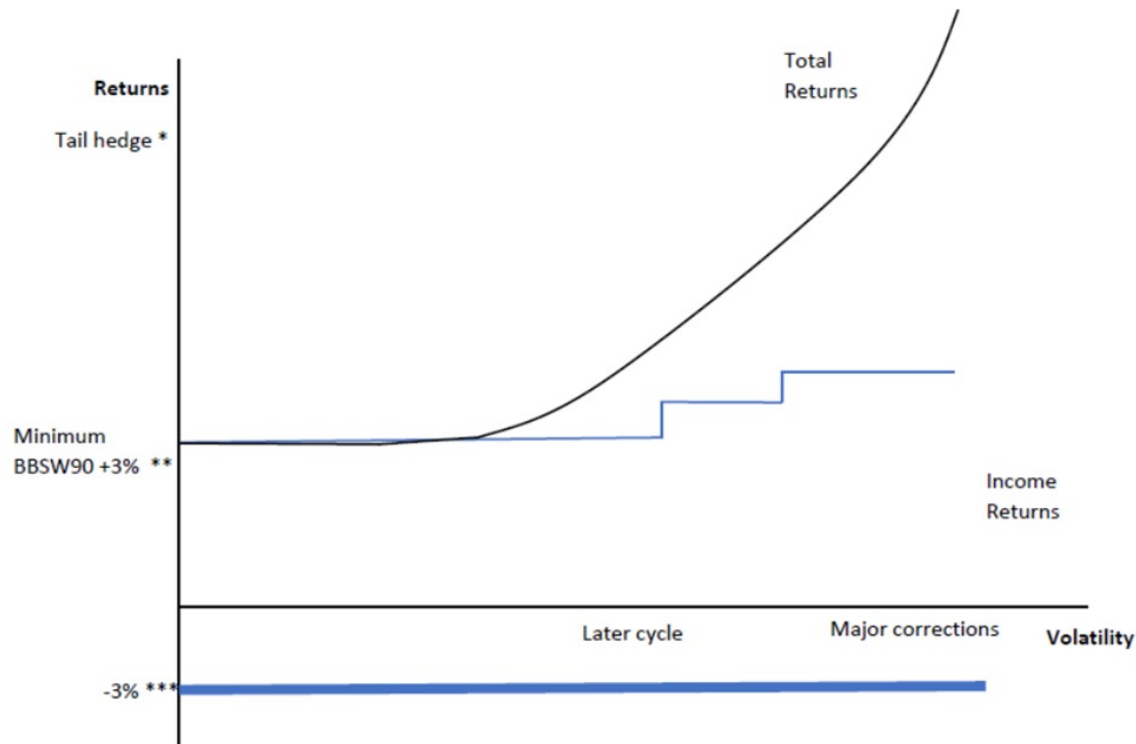
OUR PURPOSE

Lower risk fund with capital always protected, reliable income, returns rising in falling markets including in a market crash.

- | | |
|---|--|
| ➤ Little capital at risk always | Hard 3% quarterly limit for 52 consecutive quarters |
| ➤ Reliable income even when dividends are cut | Pass through dividends and risk income management overlay |
| ➤ Returns in rising and falling markets | Lower beta non correlated returns with alpha; longevity risk |
| ➤ Returns in market crashes | Downside tail always in place; sequencing risk |

Gyrostat Risk Managed Equity Fund

**Risk Managed
Investing
combines
returns, income,
and protection
always in place**



* Tail hedge always in place for large gains on large market falls

** Funded by pass through of ASX20 dividends

*** Hard risk parameter, no quarterly capital drawdowns exceed 3%

Gyrostat Risk Managed Equity Fund

Performance Class A compared with worst 5 quarters from the ASX accumulation index

Period	ASX Accumulation Return	Gyrostat Class A Return
Apr – Jun 2022	- 11.90%	8.70%
Jan – Mar 2020	- 23.10%	9.22%
Oct – Dec 2018	- 8.24%	4.18%
Jul – Sep 2015	- 6.58%	-0.26%
Jul – Sep 2011	- 8.17%	1.29%

Class A	1 YR	2 YR (PA)	3YR (PA)	5 YR (PA)	Since Incept. (PA)
Beta (XJT)	-0.11%	-0.19%	-0.19%	-0.21%	-0.08%

* Since inception Dec 2010

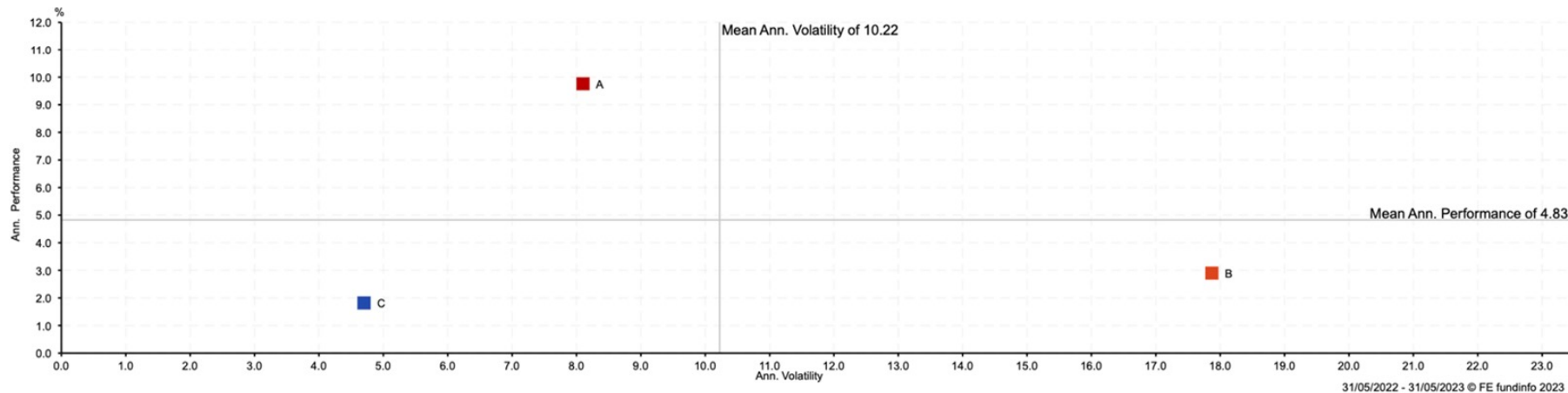
Gyrostat Risk Managed Equity Fund

Static Scatter Chart



FE Analytics

29 June 2023



Gyrostat Risk Managed Equity Fund

True to Label in Most Recent Downturn



Gyrostat Risk Managed Equity Fund

Finally, let's take another look at the big picture. You make the call.

Macro picture summary:

- We're seeing high stock market valuations.
- The Reserve Bank has raised rates from 0.10% to 4.10%, a level not seen since early 2012.
- We are in or very near recession. Stocks decline more than 30% in a recession.
- We've seen overseas bank failures and tightening liquidity.
- We have both a deep internal divide and an external geo-political divide.
- We're at the end of an 80-year long-term debt super-cycle

Let's look at that last point in more detail. Here's the progression of the global debt-to-GDP ratio: In the 1970s, the total global debt was roughly 100% of GDP. In the year 2000, it was about 150% of GDP. In the year 2020, it was 250% of GDP. And from 2020 to 2022, it grew to 350% of GDP.

Gyrostat Risk Managed Equity Fund

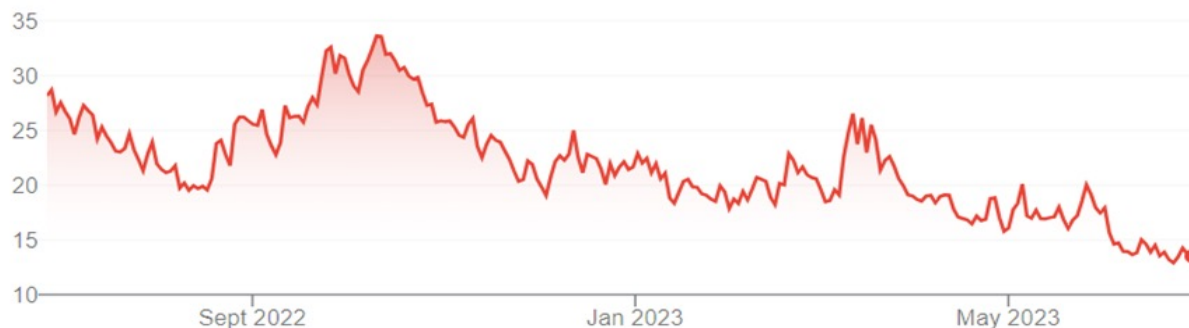
Market Summary > VIX

13.43

-14.73 (-52.31%) ↓ past year

28 June, 3:15 pm GMT-5 • Disclaimer

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



Open	13.90	Low	13.36	52-wk high	34.88
High	13.96	Prev close	13.74	52-wk low	12.73

Gyrostat Risk Managed Equity Fund



Returns designed to increase with market volatility (including large market falls).

Class A returns for the 12 months to 31 May 2023 9.72%.

Class A returns for the 24 months to 31 May 2023 10.27%.



Income paid quarterly from dividend pass through and risk managed overlay profits.

Current 12 Month income returns > 8%.



Protection always in place (dynamically managed as per global best practice).

12-year track record no quarterly downside > 3% (capped)



The Fund provides daily liquidity.

The responsible entity for the Gyrostat Risk Managed Equity Fund (ARSN 651 853 799) (Fund) is One Managed Investment Funds Limited ACN 117 400 987 AFSL 297042 (OMIFL). The investment manager for the Fund is Gyrostat Capital Management Advisers Pty Ltd (ACN 168 737 246), a duly authorised representative of Gyrostat Capital Management Pty Ltd (ACN 138 219 002) (GCM).

The information provided in this document was not prepared by OMIFL but prepared by other parties. All of the commentary, statements of opinion and recommendations contain general advice only. This information does not take into account your investment objectives, particular needs or financial situation. You should seek independent financial advice.

The content of this document does not constitute an offer or solicitation to subscribe for units in the Funds or an offer to buy or sell any financial product. Accordingly, reliance should not be placed on this document as the basis for making an investment, financial or other decision.

Past performance is not a reliable indicator of future performance. Performance comparisons are provided purely for information purposes only and should not be relied upon. The information included in this document may include information that is predictive in character which may be affected by inaccurate assumptions or by known or unknown risks and uncertainties and may differ materially from results ultimately achieved.

Whilst all care has been taken in preparation of this document, neither OMIFL nor the Investment Manager give any representation or warranty as to the reliability, completeness or accuracy of the information contained in this document. Neither OMIFL nor the Investment Manager accepts liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information.

You should obtain and carefully consider the Product Disclosure Statement (PDS) and Target Market Determination (TMD) for the Fund before making any decision about whether to acquire, or continue to hold, an interest in the Fund. Applications for units in the Fund can only be made pursuant to the application form relevant to the Fund. A copy of the PDS (dated 20 October 2022), TMD and relevant application form may be obtained from <https://www.gyrostat.com.au/application-forms> or <https://www.oneinvestment.com.au/gyrostat>.



An introduction to **VP Capital Fund I**

July 2023



VP Capital is a proud sponsor of the Association of Independently Owned Financial Professionals

Overview of the VP Capital business

VP Capital Pty Ltd

VP Capital (the Company) is an Australian Financial Services licensed wholesale investment manager based in Melbourne, Australia. The Company was created in early 2018 alongside the formation of its main fund, VP Capital Fund I, which has a total investment universe mandate, but a specific focus on ASX-listed equities. The firm currently manages c.\$50m+ of capital across c.100 investors, with a typical core portfolio of 30 stocks.

VP Capital Fund I

Since its inception, VP Capital Fund I has achieved a **return of 161.0%** after all fees and expenses (as at 30 June 2023). This translates to a **19.4% annualised return**.

This return is **3x the All Ords AI** and **9x the Small Ords AI** (all net of fees). The Portfolio Managers have experience in bulge-bracket investment banks, mid-tier corporate finance companies and teams, as well as funds management.

Other opportunities

In addition, VP Capital has also been involved in the management of other wholesale investment funds compelling risk-reward investment opportunities have been identified.

OG Fund (inception date August 2020) / VP OG Fund II. OG Fund has **returned 12x before fees (as at 30 June 2023)** to date.

VP Capital Fund I

Overview

Investment philosophy

We are opportunity huggers, not index huggers

OUR INVESTMENT PHILOSOPHY CAN BE SUMMARISED AS: OPPORTUNISM

Across the capital spectrum



Across markets

- VP Capital Fund I operations across both:
 - Australia and international markets
 - Private and public markets

Across proprietary deal flow

- Convertible notes
- Co-invests

Returns against the Australian market

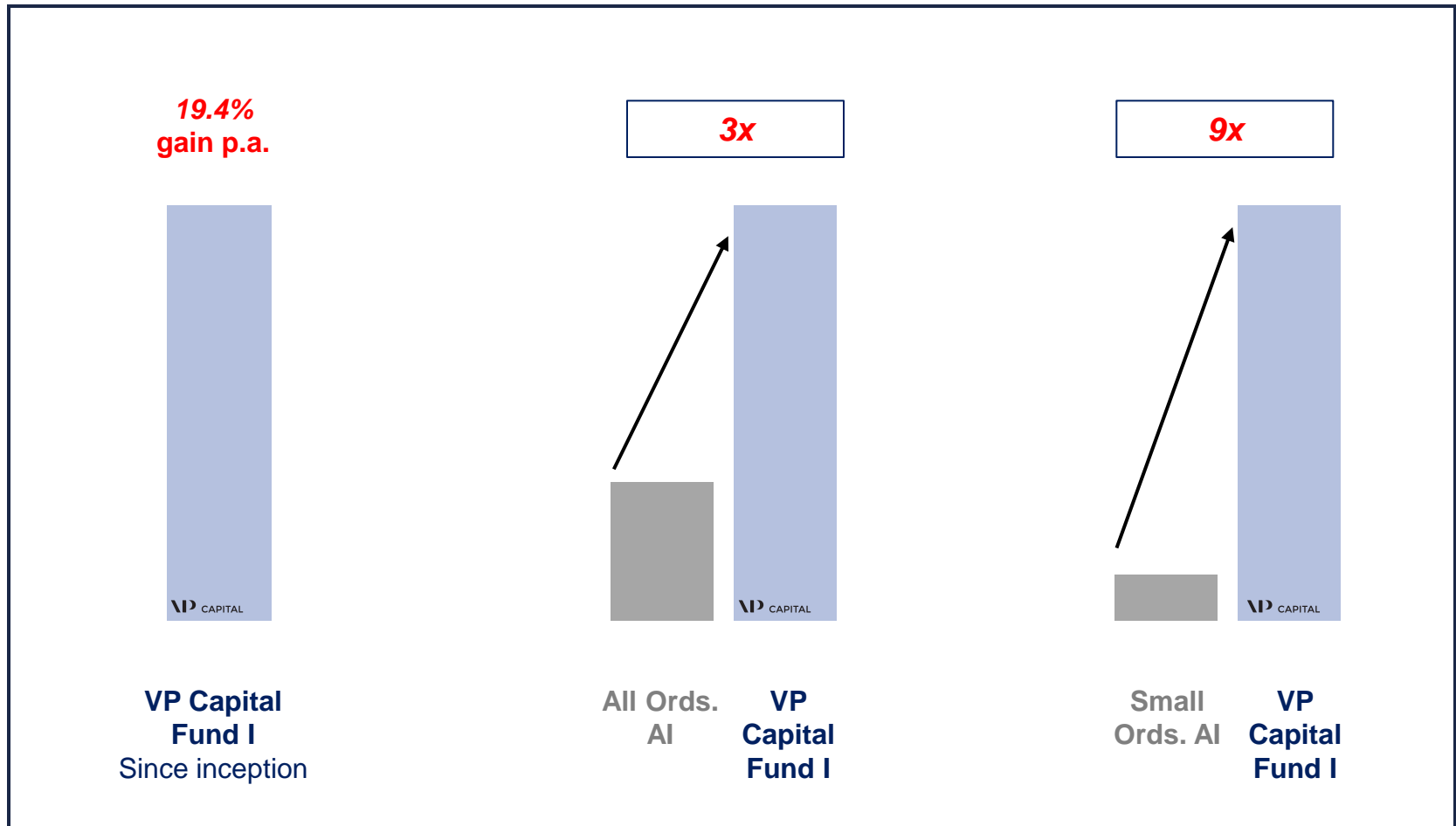
VP Capital's returns are **9x** the Small Ords and **3x** the All Ords

Returns ^{1,2}	CY23 returns ³	1 year IRR	2 year IRR	3 year IRR	IRR since inception	Total returns since inception
VP Capital Fund I	22.4%	14.2%	5.6%	22.5%	19.4%	161.0%
S&P / All Ords Accum. Index	4.7%	14.8%	3.1%	11.4%	7.6%	48.8%
S&P / ASX Small Ords. Accum. Index	1.3%	8.4%	(6.6%)	5.2%	3.0%	17.7%

Notes: (1) VP Capital Fund I's returns are net of all fees and expenses. Any distributions are assumed to be reinvested; (2) The unit price as calculated by the Administrator and all distributions are assumed to be reinvested. The ASX All Ordinaries Accumulation Index and ASX Small Ordinaries Accumulation Index returns have been calculated by indexation as at 1 February 2018 (Fund inception date); (3) CY23 starting from 1 January 2023.

Returns against the Australian market (cont.)

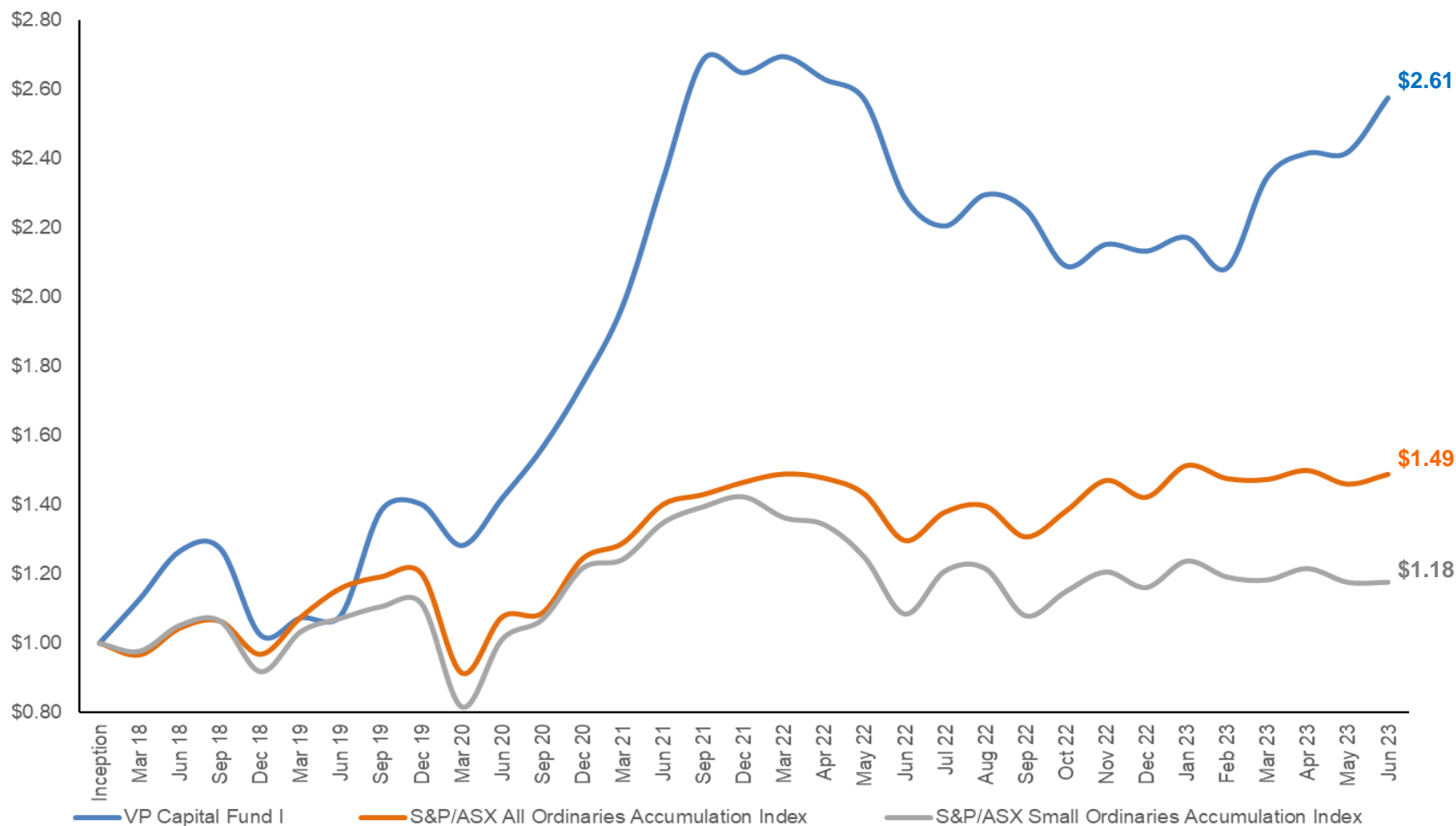
VP Capital's returns are **9x** the Small Ords and **3x** the All Ords



Notes: (1) VP Capital Fund I's returns are net of all fees and expenses. Any distributions are assumed to be reinvested; (2) The unit price as calculated by the Administrator and all distributions are assumed to be reinvested. The ASX All Ordinaries Accumulation Index and ASX Small Ordinaries Accumulation Index returns have been calculated by indexation as at 1 February 2018 (Fund inception date); (3) CY23 starting from 1 January 2023.

Total return relative performance chart^{1,2,3}

What would \$1 invested at the start of February 2018 (Fund inception) be worth / have returned to date?



Notes: (1) Returns are net of all fees and expenses. Any distributions are assumed to be reinvested; (2) As the Fund commenced on 1 February 2018, the March 2018 Quarter results only reflects two months of trading; (3) The unit price as calculated by the Administrator and all distributions are assumed to be reinvested. The S&P/ASX All Ordinaries Accumulation Index and S&P/ASX Small Ordinaries Accumulation Index returns have been calculated by indexation as at 1 February 2018 (Fund inception).

Specific drivers of alpha

Attributes that have helped generate a **19.4% IRR** per annum net of fees and expenses



Access and therefore speed

Access to deal flow enables the execution of deals at the optimum time to maximise upside.



Experience

The portfolio managers of VP Capital Fund I bring expansive experience of financial markets.

- Tom started his career 19 years ago at GSJBW
- John started his career 15 years ago at Deutsche Bank



Network



A large network facilitates the Fund's objective of maximising returns.



Elite international LP network

- Large well known investors and family offices
- Spanning across multiple generations from Gen Z to Baby Boomers
- Creates IP, deal flow

Structural drivers of alpha



“Show me the incentive and I’ll show you the outcome”

The owners are the largest investors

The owners and their families represent c. 15% of VP Capital’s FUM.

➤ ***skin in the game***

The owners are the Portfolio Managers

Tom Lambeth & John So are day to day PMs of VP Capital Fund I.

➤ ***accountability***

The manager is incentivized by performance, not funds under management

0% management fee.

Manager takes a performance fee only.

➤ ***alignment***

Returns vs politics

We respect our investors capital and treat our role as fiduciary seriously.

Focused on good businesses and managers rather than “causes”.

VP Capital Fund I

Case studies

Case study: relative value

Liontown Resources (ASX: LTR)

Overview

- Hardrock spodumene asset (Kathleen Valley) in tier 1 jurisdiction (Western Australia)
- Kathleen Valley in development stage with first ore shipped in late 2024 / early 2025
- Large scale production asset with 500ktpa+ of spodumene export



Case study: relative value (cont.)

Liontown Resources (ASX: LTR)

Rationale for buying

We feel “safe” buying good relative value. In this case LTR represented compelling value from a EV/Cashflow perspective.

	Spod. Price US\$3,500/t	Spod. Price US\$5,000/t
<i>Producers</i>		
CXO	3.5x	2.3x
PLS	6.9x	4.5x
AKE	11.6x	9.3x
<i>Developers</i>		
LLL	1.1x	0.8x
ASN	3.2x	1.5x
LTR	4.0x	2.7x
INR	4.7x	2.2x
LPI	5.1x	2.3x
SYA	5.4x	3.6x
AGY	20.1x	8.9x

- At 4.0x cashflow we analysed that LTR was a superior proposition to CXO (which at that time was a developer but has since become a producer). LTR has a 40 year mine life with larger scale production potential than CXO
- LTR remained superior to AGY, LLL, INR, LPI on the basis of jurisdiction
- We also prefer spodumene over brine assets because of our own proprietary Chinese downstream feedback that spodumene inputs are preferred for end market battery production
- We analysed that it was unusual to see an asset of Kathleen Valley’s scale, low cost, long life existing by itself in a single ASX entity. We opined this asset was more likely an acquisition target time.

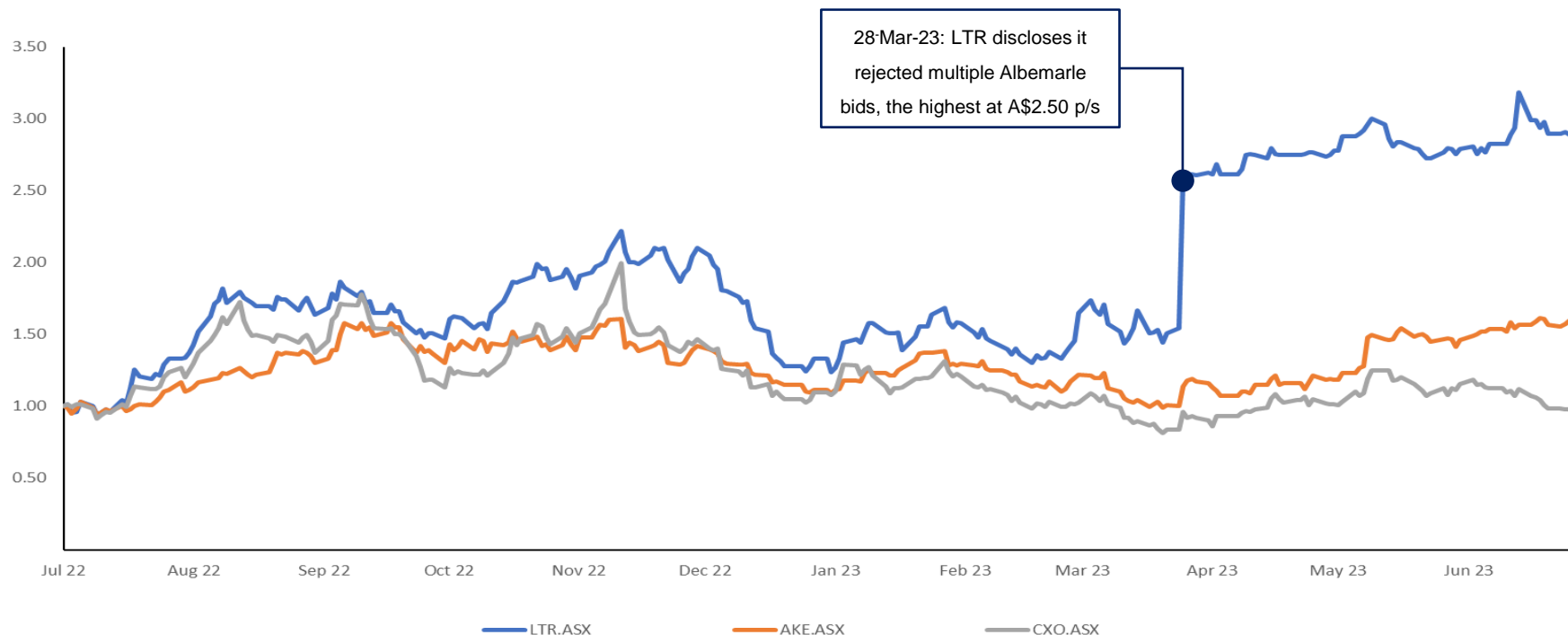
Case study: relative value

Liontown Resources (ASX: LTR)

Return for VP Capital Fund I

- VP Capital Fund I started accumulating in February 2023 in the A\$1.30 - A\$1.50 range
- Stock has subsequently run to \$3.00+, but has traded in the range of A\$2.50 - A\$3.10 for much of the last 3 months
- The Fund exited the position selling its last parcel at A\$3.03 per share

Share price chart¹



Case study: absolute value

The Star (ASX: SGR)

1

The Star represents a compelling value proposition, mainly driven by the disconnect between its balance sheet and market price. It trades at 80% of the value of its NTA even after we account for Government fines (in fact we have assumed double what the company has provisioned for Austrac). The enterprise value of SGR trades at only 80% of the value of its risk adjusted NTA.

Overview		
Share price	A\$p.s.	1.2
Shares out	m	952.0
Shares issued	m	666.7
Market cap	A\$m	1,877.7
Pro forma net debt	A\$m	341.0
EV	A\$m	2,218.7

Balance sheet summary		
Book value of properties	A\$m	2,496.1
Book value of JV investments	A\$m	655.7
NSW state fine	A\$m	(100.0)
QLD state fine	A\$m	(100.0)
Austrac fine	A\$m	(300.0)
Total	A\$m	2,651.8



Case study: absolute value (cont.)

The Star (ASX: SGR)

2

The casino operating business we receive “for free”. Historically this has made c. A\$500m+ of normalised EBITDA, but still generates triple digit EBITDA. SGR also has significant IP including long term casino licences in NSW and QLD.

Casino operating company		1H22	1H23	2HFY23F	FY23F
GGR	<i>A\$m</i>	580.0	1,013.2	488.5	1,501.7
NGR	<i>A\$m</i>	575.0	1,013.2	488.5	1,501.7
Normalised EBITDA	<i>A\$m</i>	29.4	199.7	95.3	295.0
Normalised EBIT	<i>A\$m</i>	(73.7)	98.9	47.2	146.1
Normalised NPAT	<i>A\$m</i>	(73.7)	43.6	9.7	53.3

VP Capital Fund I

Fund terms

Terms

Term	Description
Fund Name	VP Capital Fund I
Trustee and Investment Manager	VP Capital Pty Ltd ACN 620 372 741 , AFS licence 517199
Administration Manager	Apex Fund Services (Australia) Pty Ltd ABN 86 149 408 702
Custodian	UBS Nominees Pty Ltd ABN 32 001 450 522, Certane CT Pty Ltd ABN 12 106 424 088
Prime Broker	UBS Nominees Pty Ltd ABN 32 001 450 522
Auditor	Grant Thornton Audit Pty Ltd ACN 130 913 594
Minimum Term	There is no Minimum Term which an Investor must remain invested in the Fund before being able to redeem part or all of their investment in the Fund. However, a 0.5% exit fee is payable by an Investor who redeems their investment within the first 12 months of investing in the Fund.
Management Fee	The Fund will not incur an investment management fee. The Investment Manager will only be compensated through the Performance Fee. The Investment Manager believes it should only be rewarded if the Fund is profitable.
Performance Fee	<p>The Investment Manager will be entitled to receive out of the Assets of the Fund a performance fee of 22.5% plus GST of the amount, if any, by which the Fund's Current Unit Value has increased (on an annualised basis)</p> <p>No performance fee is payable for the Quarter unless the Current Unit Value as at the last day of Quarter exceeds the High Watermark.</p>
High Watermark	Yes

Terms (cont.)

Term	Description
Inception date	1 February 2018
Who can Invest	The Fund is designed for Investors who are interested in investing in opportunities to achieve a better risk adjusted return. The Trustee may only issue Units in the unit trust to Wholesale Clients, as well as sophisticated Investors who qualify under s708(8) of the Corporations Act. Please contact us if you are unsure as to whether you are eligible to invest in the Fund.
Minimum Investment Amount	The minimum investment amount for a new Investor is \$250,000. However, this amount may change subject to the Trustee's discretion from time to time. The Trustee may only issue Units to Wholesale Clients, as well as sophisticated Investors who qualify under s708(8) of the Corporations Act. Please contact us if you are unsure as to whether you are eligible to invest in the Fund.
Redemption	<p>The Constitution provides the mechanism by which Investors can redeem their Units.</p> <p>Subject at all times to the terms of the Constitution, Investors may be able to redeem their Units at the end of each quarter, but subject to a minimum 3-months' notice to the Trustee.</p> <p>In any event, redemptions (if approved by the Trustee) in the first 12 months are subject to a 0.5% Exit Fee.</p> <p>Investors should be aware that under certain circumstances referred to in under the Constitution, the Trustee may suspend redemptions.</p> <p>Investors should obtain advice from their financial and legal advisors before making any decision to redeem their Units.</p>

Team



Thomas Lambeth
Portfolio Manager
Co-Founder

Tom brings over 10 years' experience in the investment banking sector from Goldman Sachs, UBS AG and ANZ, where he has worked on over A\$10bn of transactions in his career.

Tom began his career at Goldman Sachs, before moving to the Investment Banking team at UBS. As an Associate Director at UBS AG, Tom has worked on multi-billion dollar transactions with several leading ASX-listed companies, across a products such as M&A, equity capital markets and debt capital markets. Tom has also had experience as a Senior Manager in ANZ Corporate Advisory providing corporate advice to top 100 ASX listed companies.

Tom also brings knowledge and experience of asset management, having co-founded and managed the Peak Opportunities Fund (a primary market event driven micro-cap fund).

Tom holds a Bachelor of Commerce and Bachelor of Laws from Monash University.



John So
Portfolio Manager
Co-Founder

Prior to establishing VP Capital, John had 8 years' experience in investment banking, corporate finance, equity capital markets and project finance, where he worked on over A\$8bn of transactions for institutional clients.

John's professional career included time at ANZ Corporate Advisory, Austock (an Australian boutique financial services firm), Mallesons Stephen Jacques (now King and Wood Mallesons) and Deutsche Bank. During this time, John spent several years as a natural resources corporate finance specialist and worked on various Australian and cross-border transactions.

John has also had capital raising experience in the Australian listed equity markets, where he worked on in excess of A\$1bn of transactions including IPOs and secondary raisings in the small to mid cap space.

John holds a Bachelor of Commerce and Bachelor of Laws from the University of Melbourne.



Zidi Zhao
Strategy

Zidi is a co-founder of VP Capital and brings extensive experience from and offers strategic insights into the technology, manufacturing and real estate sectors. As an entrepreneur, Zidi has made investments in a number of technology businesses in Asia servicing clients principally in North America and South East Asia. In addition, Zidi has had over 15 years' investment experience in the retail and industrial real estate sectors of Australia and China, as well as experience in small-scale residential developments.

Prior to his business career, Zidi had previous professional experience in Australia's real estate sector, which included time at Colliers International's valuations team and Centro Properties Group's (now part of Vicinity Centres) MCS Syndications Business.

Zidi holds a Bachelor of Property and Construction and a Bachelor of Commerce from the University of Melbourne. Zidi also holds a Post Graduate Diploma in Urban Planning from the University of Melbourne.

Disclaimer

Disclaimer

Any information or representation not contained in this document cannot be relied upon as having been authorised by us. The issue of this document is authorised solely by us and none of our associates or related parties or the Trustee are responsible for any statement or information contained in this document. Statements in this document are made only as of the date of this document unless otherwise stated. VP Capital Pty Ltd is not responsible for providing updated information to any investors.

This document is provided to each existing and prospective investor on the condition that this document is strictly confidential and is for the sole use of existing or prospective investors in the Fund and their advisers. It must not be provided to any other party without the written consent of the VP Capital Pty Ltd, which may be withheld in its absolute discretion.

The information contained in this document is general information only and does not take into account your individual objectives, financial situation or needs. You should review this document carefully and assess whether the information is appropriate for you and talk to a financial adviser before making an investment decision.

The information contained in this document has not been audited or independently verified by any person. As such, we make no representation or warranty, express or implied, as to the accuracy, currency, significance, origin, reasonableness, reliability, adequacy or completeness of the information contained in the document nor the correctness or [reasonableness](#) of any assumption contained in the document.

Further, any estimates, projections, targets, forecasts or forward-looking statements contained in the document (forecasts) involve significant elements of subjective judgement, assumptions and analysis which may or may not prove to be correct. Any forecasts are illustrative only and outline only one of a number of possible outcomes for the future performance of the Fund. Indications of, and guidance on, future earnings and financial position and performance are forecasts and are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside our control.

Actual results, performance or achievements may vary materially from any forecasts and the assumptions on which the forecasts are based. Investors are cautioned not to place undue reliance on any forecasts.

We assume no obligation to update such forecasts.

To the maximum extent permitted by law, we expressly disclaim all responsibility and liability, and the investor irrevocably and absolutely releases us from all claims (whether arising from negligence, default, lack of care or otherwise), for or based on, or relating to information (including any forecast or estimate) contained in the document, or for any errors in, or omissions from, the document or for any written or oral communications transmitted to the recipient in the course of its evaluation of the investment, except for any liability which cannot be excluded as a matter of law.

Nothing contained in this document is a promise or representation as to the future. While this document has been, and any further information will be, prepared on the basis of or in accordance with the assumptions stated therein, which assumptions may or may not ultimately prove to be correct, to the extent that any person may regard any information in this document or any further information as containing any forecast or projection, no assurance or representation is made by any person that any such forecast or projection will be achieved.

Investors should make their own investigations and enquiries regarding factors that may impact on future performance.

The Ethical Compass: Navigating Integrity in Financial Services

AIOFP Conference – Bangkok
Thursday, 3 August 2023

Mark Neil
Strategy Consultant

AGENDA

AIOFP Conference

1

Modern & business ethics

2

5 step ethical decision process

3

How to apply an ethical framework to everyday financial advice dilemmas

4

Ethical & client advice centric solutions

Modern ethics

What is ethics?

What is ethics?

Ethics is a philosophical discipline that explores **moral principles, values, and conduct** used to differentiate between right and wrong.

It involves applying **ethical theories and frameworks** to assess and navigate complex moral dilemmas and make **well-informed decisions**.

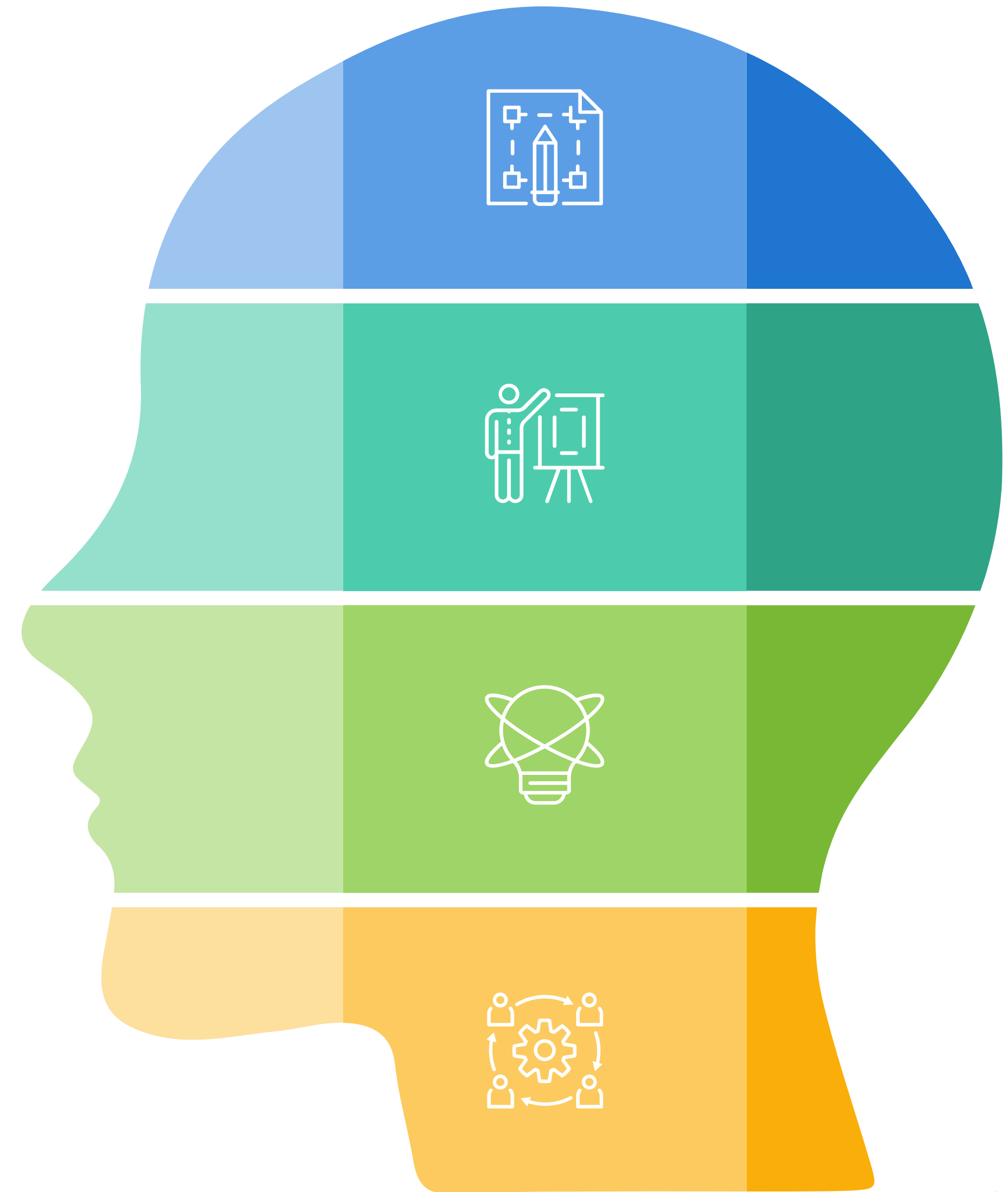
Modern ethics

What is ethics?

“

Ethics is about right
and wrong;
what ought I to do?

SOCRATES



Modern ethics

What are the 3 key ethical vales?



Trustworthiness

01

- **Reliable** and with **integrity**.
- **Authentic** and of good character.
- **Humility** and able to connect with people.
- Client's **trust you**.



Honesty

02

- Technically **more** than **telling the truth**. (present both sides)
- What would the other **person need to know**?
- Ensuring people have a full understanding. **Ask client to explain**.



Fairness

03

- Treating clients **equitably and fairly**.
- **Impartial** – Assess any biases and address how they **influence your decision making**.
- What's fair for one may **not be fair for all**.

Modern ethics

How do you apply ethical values?

1

Provide a moral map

Offers a **frameworks for evaluating the consequences**, intentions, duties, virtues, or cultural contexts involved in a particular situation, allowing individuals to reflect on their values and choose actions that align with their moral principles.

2

Uncover dilemmas

At its core, ethics aims to answer questions about what is right and wrong, good and bad, and how we ought to live. It examines various theories and perspectives on **morality, fairness, justice and responsibility**.

3

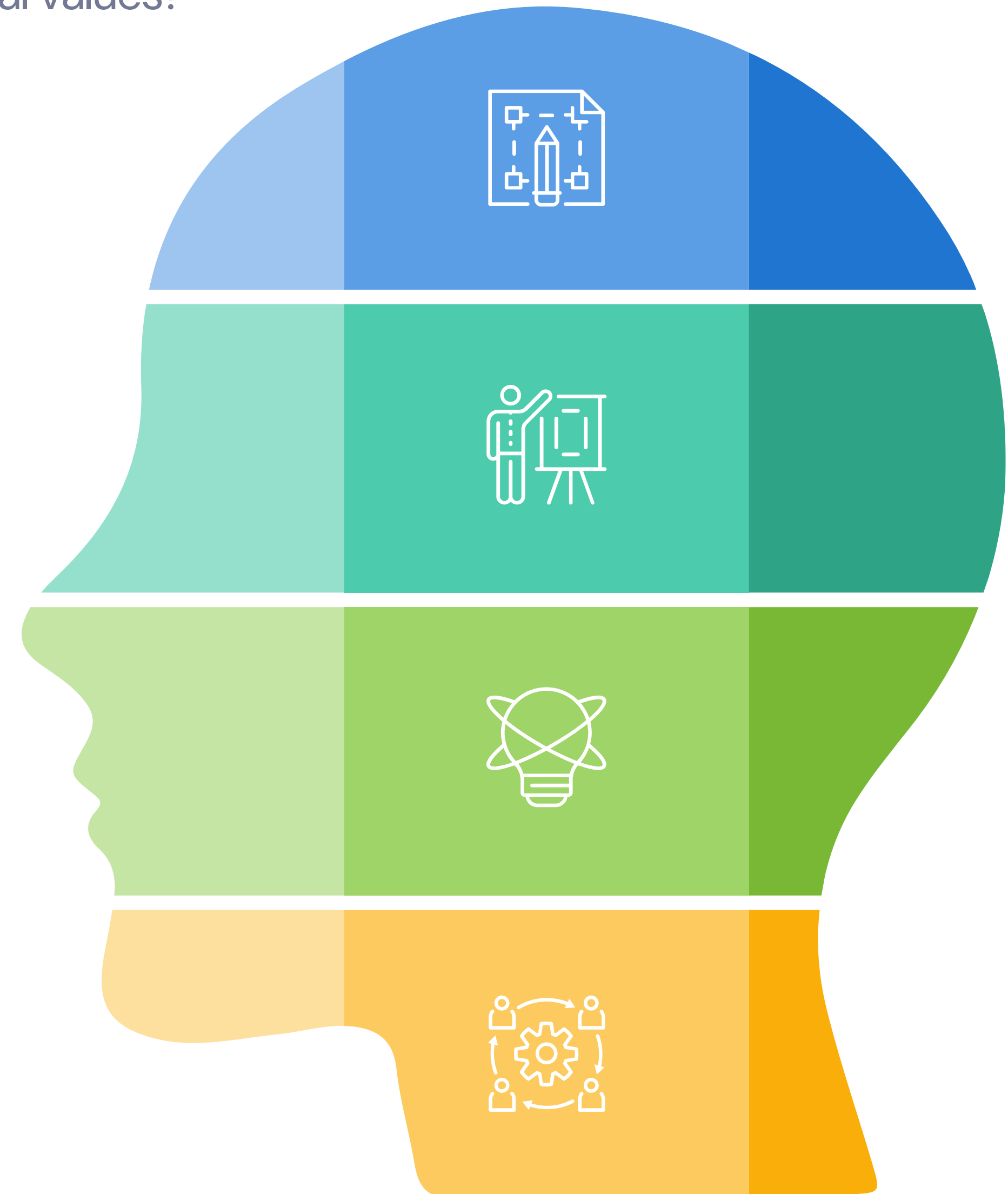
Give several answers

The challenge is whilst a number of answers can be right, **how do you choose the best one?**

4

Reflection

Opportunity to critically examine your actions, beliefs, and values. It involves **pausing and contemplating** on the ethical implications of a situation or dilemma, allowing individuals to gain a **deeper understanding** of the moral dimensions involved.



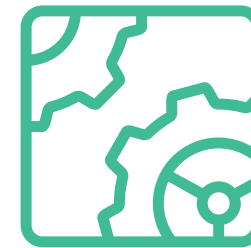
Business ethics

3 key guiding behaviour in business



Principles

- 01**
- **Specific** and **pervasive** boundaries for **behaviour** that are universal and absolute.
 - E.g. principles include freedom of speech, fundamentals of justice, etc.



Values

- 02**
- Used to develop norms that are socially enforced.
 - **Integrity, accountability** and **trust** are examples of values.



Standards

- 03**
- Set by employees, customers, interest groups, the legal system and the **community**.
 - Often determine whether **a specific action** is right or wrong, ethical or unethical.

Business ethics

Guiding behaviour in business

What of about today's shifting trends?

- Business ethics, is not just being legal, more importantly for product/service is for community good and minimises harm.
- Benefits of an ethical culture is minimising risk and the need for enforced compliance.
- Develop a “best practice” culture.
- Ethical is a mutual obligation.
- Businesses’ and advisers are choosing not to do business with those with different standards.



Business ethics

Your guiding behaviour in business



Your Purpose

01

- Are you a “social impact” business or in business to **make a profit**?



Balance

02

- Run a business for profit **ethically**.
- Desire for profits vs needs and the **needs of society**.
- How does a business **maintain balance**?



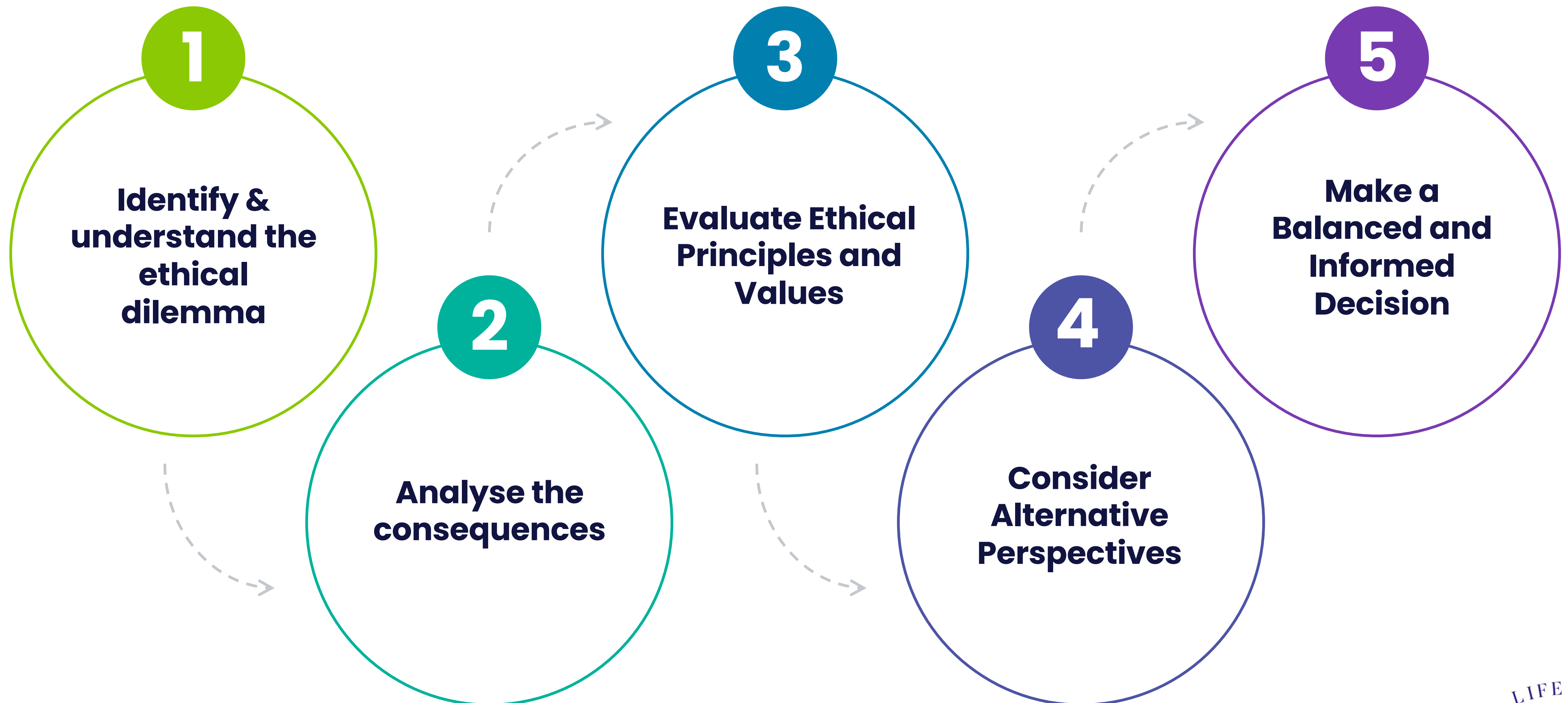
Dilemma

03

- Is there a **need** for your **product/service** in the current market?
- Where are there **ethical conflicts or conflicts of interest**?
- What are the **trade-offs or compromises**?

5 step ethical decision process

Critical Elements of Ethical Thinking and Reaching 'Good' Decisions



5 step ethical decision process

Critical Elements of Ethical Thinking and Reaching 'Good' Decisions

1

**Identify &
understand the
ethical
dilemma**

To navigate ethical dilemmas effectively, it is crucial to identify and comprehend the **conflicting values, principles, or interests involved**.

Gathering comprehensive information and perspectives helps in gaining a **clear understanding** of the situation.

Unsure investigate further.

5 step ethical decision process

Critical Elements of Ethical Thinking and Reaching 'Good' Decisions

2

Analyse the consequences

Considering both **short-term** and **long-term** impacts, this step involves assessing the potential benefits and harms of different decisions on all stakeholders.

Analysing **consequences** helps evaluate the **ethical implications** of **each available option**.

5 step ethical decision process

Critical Elements of Ethical Thinking and Reaching 'Good' Decisions

3

Evaluate Ethical Principles and Values

Ethical principles, such as **fairness, honesty, integrity,** and **respect for autonomy**, provide a framework for evaluating the moral implications of decisions.

Reflecting on **personal values** and relevant ethical standards aids in making ethically **sound choices**.

5 step ethical decision process

Critical Elements of Ethical Thinking and Reaching 'Good' Decisions

4

**Consider
Alternative
Perspectives**

By seeking input from **diverse sources** and engaging in **thoughtful dialogue, alternative perspectives** can be explored.

Challenging biases and assumptions allows for a **broader understanding** of the issue and **uncovers overlooked** ethical considerations.

Discuss with colleagues, confidants or your mentor.

5 step ethical decision process

Critical Elements of Ethical Thinking and Reaching 'Good' Decisions

5

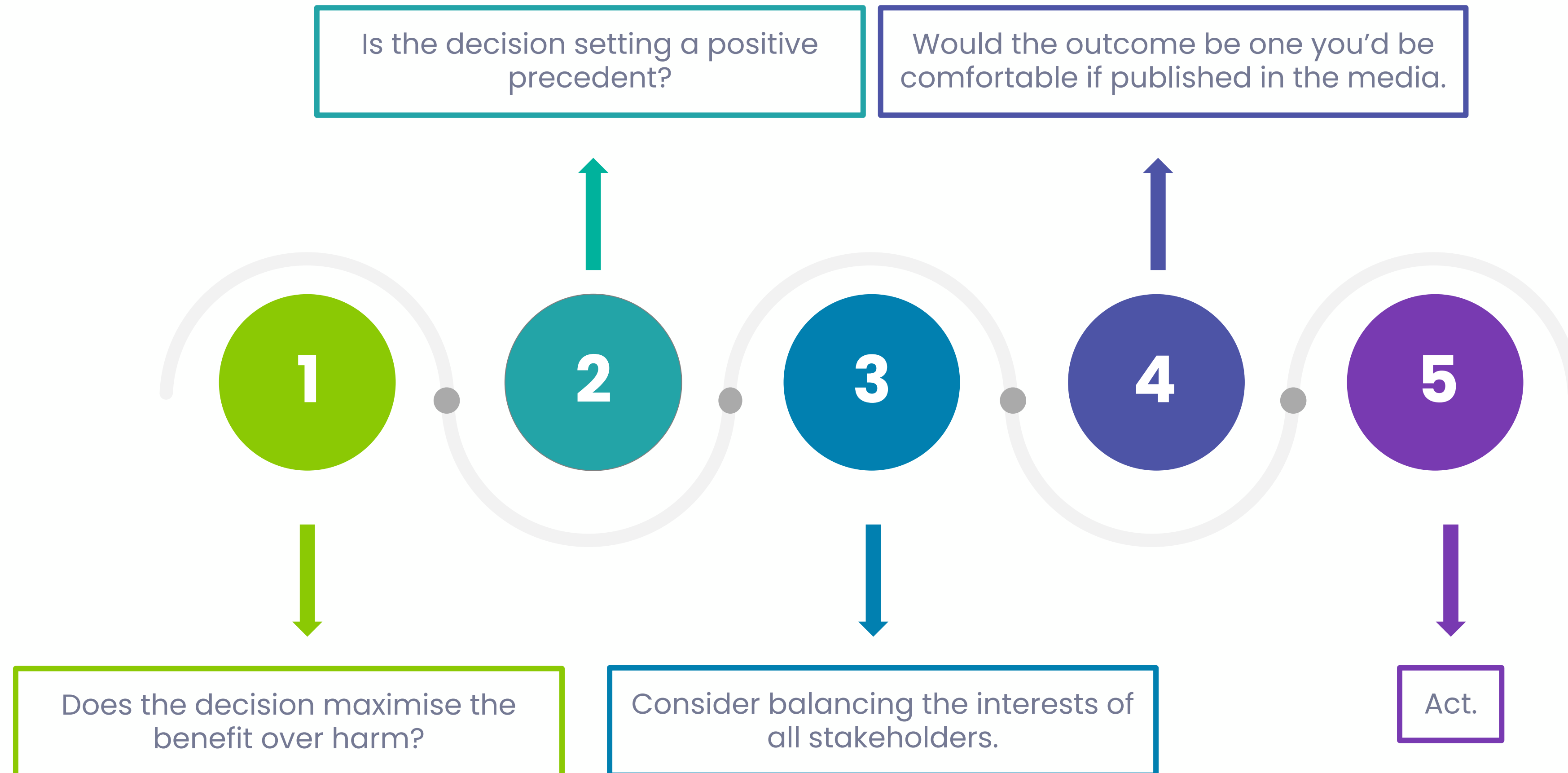
**Make a
Balanced and
Informed
Decision**

Utilising the insights gained from previous steps, a **balanced and informed** decision can be made.

Weighing options against each other, considering gathered information, **potential stakeholder** impacts, and relevant ethical principles aids in reaching a decision that upholds **fairness, justice, and respect** for all individuals involved.

How do you reach a 'good decision'?

Critical elements of ethical thinking



Ethical dilemmas

Applying an Ethical framework to everyday dilemmas

1

Risk is foundation, should advice always address Risk?

2

Claim dilemma

3

Reduce or cancel Life insurance

4

Ethical consideration for vulnerable persons

Ethical dilemma #1

Applying an Ethical framework to everyday dilemmas



Identify & understand

- Risk is foundation of any good financial plan.
- Should financial advice always address Risk needs and strategy?



Analyse the consequences

- If not, the client is potentially exposed.
- Will the client be able to make an informed decision?
- Does the client fully understand the consequences?



Evaluate Ethical principles & values

- Is the client trusting you will to uncover all “things” financial?
- Have you considered any bias?
- You have the skill and experience.
- Are you being diligent and acting with due skill and care?



Consider alternative perspectives

- Let’s have a look at some alternatives on the next slide.



Balanced and informed decision

- What ought I to do?
- Time to discuss

Ethical dilemma #1

Consider alternative perspectives & balanced and informed decision

1

We are in business to make a profit.
Risk advice is unprofitable, due to compliance, admin, UW and the business risk.

2

Scope out Risk strategies and advice.

3

Refer to a colleague.

4

Consider any bias and cross subsidisation.

5

Time to revisit service offer & revenue model?

Ethical dilemma #2

Applying an Ethical framework to everyday dilemmas



Identify & understand

- Client on IP claim, aware back working full-time and remains on total disability.
- How would you investigate?



Analyse the consequences

- The short & long-term impacts on other policy-holders in the insurance pool.
- Fraud?



Evaluate Ethical principles & values

- Client not acting not trust worthy, honestly or with integrity.
- Ethical conduct applies to all parties.
- Advisers obligation to the community?



Consider alternative perspectives

- Specialist claims advocate to navigate e.g. 10 hour, partial disability etc.
- Let's have a look at some alternatives on the next slide.



Balanced and informed decision

- What ought I to do?
- Time to discuss

Ethical dilemma #2

Consider alternative perspectives & balanced and informed decision

1

What impact does this have on other policyholders?

2

Do nothing as disclosure is between client and insurer and your client is financially better off.

3

Contact your client and advise them falsifying claim documents is fraud...but...

4

Client suggests "they have paid enough premiums over the years" and is simply "getting a return on their investment". Contact the insurer for investigation?

5

Given you believe the client is not acting in good faith, decide to no longer act on their behalf and notify the client in writing & insurer.

Ethical dilemma #3

Applying an Ethical framework to everyday dilemmas



Identify & understand

- Client is adamant wishes to reduce or cancel Life insurance



Analyse the consequences

- What are their personal circumstances?
- Is the client is potentially financially exposed?
- Can the client make an informed decision?



Evaluate Ethical principles & values

- Have you used all knowledge, skill and experience considering the client's needs, priorities, circumstances and objectives?
- Have you considered any bias?



Consider alternative perspectives

- Given client is adamant do you just proceed?
- Let's have a look at some alternatives on the next slide.



Balanced and informed decision

- What ought I to do?
- Time to discuss

Ethical dilemma #3

Consider alternative perspectives & balanced and informed decision

1

The client is adamant cover is no longer required, hence we will not provide advice and arrange cancellation accordingly.

2

Risk advice in this case is unprofitable.
What about your personal and professional obligations?

3

Need to consider family and any beneficiaries needs?

4

What about the client's health? Client maybe uninsurable.
Is client aware of the implications?

5

Are there any other alternatives? e.g. via Super, family etc.
Does the policy have an intrinsic value?

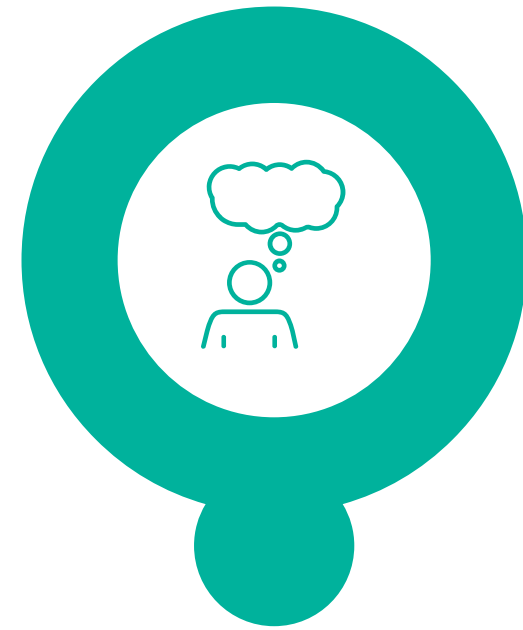
Ethical dilemma #4

Applying an Ethical framework to everyday dilemmas



Identify & understand

- How do you build a sustainable ethical business process?



Analyse the consequences

- Can the client make an informed decision?
- Obtaining informed consent can be difficult.
- Potential impact on estate beneficiaries.



Evaluate Ethical principles & values

- Act in good faith and with integrity and honesty.
- Take time to explain and confirm that the client truly understands.
- Implement safeguards & protective measures
- Fairness to all parties.



Consider alternative perspectives

- Example of best practice – Ethical process for vulnerable persons.
- Let's have a look at the process on the next 2 slides.

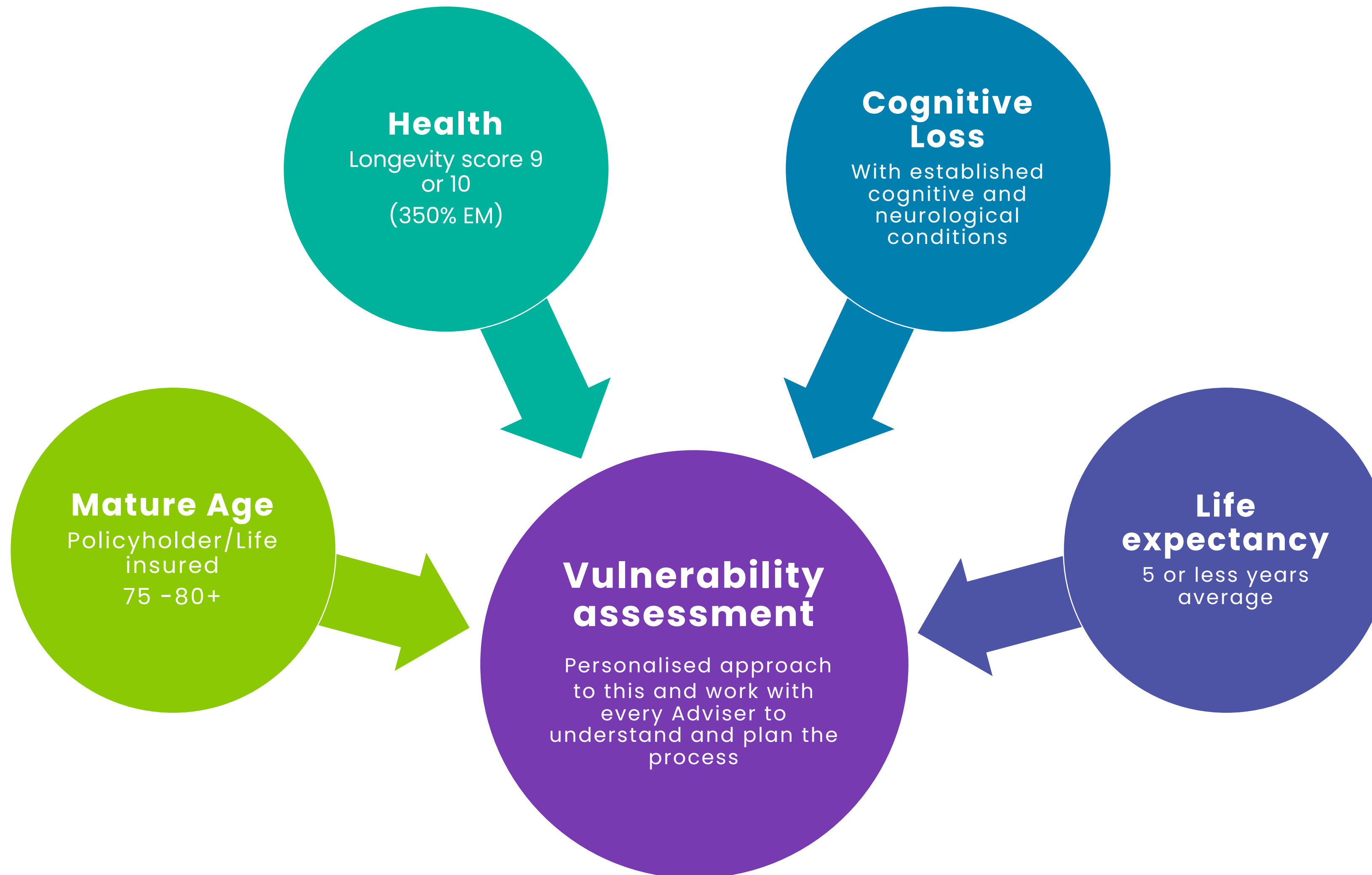


Balanced and informed decision

- What ought I to do?
- Time to discuss

Ethical dilemma #4

Best practice – Ethical process for vulnerable persons



Ethical dilemma #4

Leading Best Global Practice 5 Step process supporting financial advisers & vulnerable clients

Trustworthiness

- Acting in good faith and with integrity.
- **Communicating clearly** – The Co-Ownership arrangement.

Honesty

- Frankness and fairness, even if to your detriment.
- **Listening & clarifying** – Unique circumstances/questions.

Fairness

- Impartial, without bias. Treating all parties equitably & fairly.
- **Confirming** – All steps protects Adviser/Policyholder/Family witness and iExtend.



Diligence

- Providing timely services efficiently, cost effectively and with due skill & care.
- **Transparency** – Audio or Video record on request for Adviser File.

Competence

- Use our knowledge, skill and experience.
- **Audit trail (both written & verbal)** – Mitigates risk of complaints and disputes at claim time.

Ethical & client centric solutions

Is Co-ownership ethical?



Ethical & client centric solutions

Better outcomes for clients

Case study 1 Client adamant wishes to cancel

- Client aged 59 contacts adviser to cancel \$635,000 of Life cover
- Policy commenced 2013 with 50% loading (BMI)
- Client has committed to cancel the policy, which was 4 weeks in arrears
- History of diabetes
- Excellent control of blood sugar and diabetes
- Assessed and offered co-ownership
- Good news, longevity score 2 (no change in original insurers loading)
- 'Soft decline' letter to explain difference between disablement risk and life insurance risk
- Piece of mind (complimentary assessment)
- Adviser appreciated a copy of letter for their compliance records

Case study 2 vulnerable person

- Client aged 76 contacts adviser to cancel \$1.2m of Life cover. Policy commenced in 1992
- Adviser is aware of health issue, diabetes with complications, heart attack and triple by-pass surgery
- Client adamant can't afford premiums and is going to cancel cover
- Policy 5 weeks in arrears and adviser suggests considering iExtend
- Assessed and offered co-ownership
- iExtend vulnerable persons process undertaken, included Meeting with wife and they discussed with their adult children
- Client decided to keep half of the cover
- Great outcome for all parties



SUMMARY

Ethics for Financial Services professionals

Alignment Code of Ethics standards:

- 2. Integrity.
- 5. Best interest & appropriateness.
- 6. Broad effects & long-term interests

File notes are critical to detail, how you arrived at the best ethical decision, conversations, interactions and explanations.



If you are not satisfied the client understands the recommendations being made, reconsider proceeding to implement the recommendation.

Ask client to explain your advice

Best practice applying ethical principles. Stop, think, act and the value of reflection.

THANK YOU!

Important information

This information is dated June 2023, is derived from sources believed to be accurate as at this date, which may be subject to change. It should not be considered to be a comprehensive statement on any matter and should not be relied on as such.

Neither Life Risk Strategies & Coaching ABN 38414163952, or any related person give any warranty of reliability or accuracy and to the fullest extent possible under law, accept no responsibility arising in any way including by reason of negligence for errors and omissions.

This presentation has been prepared specifically for the exclusive use of financial advisers. It is confidential and may only be used for this purpose. No part of it can be copied, reproduced, published, disclosed or disseminated without the prior written consent.



PAM – Proactive Adviser Management

Ai and the Future of Advice

Nick Brookes

Quant Planet Technologies

+61-409-949-951

AIOFP Conference 21 July 2023



PAM – ADVISERS are the MEAT in the SANDWICH - between Top-Down & Bottom-Up Pressures



➤➤ PAM – and if you can't manage the changing mix of Client/Investment Risk



➤➤ PAM – current myriad of Choice of Adviser Technologies



➤➤ PAM - Current Effectiveness of Adviser Technology



➤➤ PAM – current Level of Technology



➤➤ PAM – compared to Generative Ai Technology





A Glimpse of the Future of Advice

Real-Time IMA / SMA Portfolio Construction and Optimisation

Overview

Quant Planet

AI Signal Testing

+

Add Widget

Connect to Broker

10:37:34

07.13.23 (Local)

Mmasseyp

Alerts

Chart ADAUSD

Chart ADAUSD

Chart ADAUSD

Chart ADAUSD

Chart ADAUSD

Chart ADAUSD

Chart ADAUSD

Strategy Builder

Tactical Asset Se...

USA Market

+

RETURN ANALYSIS (%)

EPS

DIVIDENDS

CORRELATION

Export To Excel

Add dividends

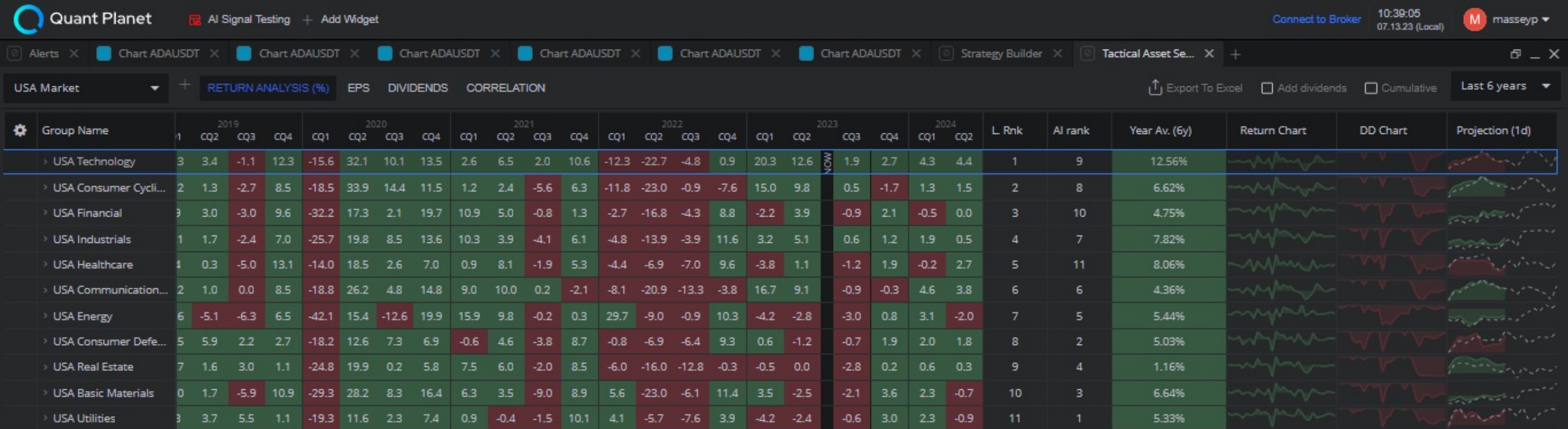
Cumulative

Last 6 years

	Group Name	2017				2018				2019				2020				2021				2022				2023				2024		L Rnk	AI rank	Year Av. (6y)
		cq1	cq2	cq3	cq4	cq1	cq2	cq3	cq4	cq1	cq2	cq3	cq4	cq1	cq2	cq3	cq4	cq1	cq2	cq3	cq4	cq1	cq2	cq3	cq4	cq1	cq2	cq3	cq4	cq1	cq2			
	> USA Technology	6.8	1.8	4.5	6.0	1.7	4.8	7.4	-13.8	18.3	3.4	-1.1	12.3	-15.6	32.1	10.1	13.5	2.6	6.5	2.0	10.6	-12.3	-22.7	-4.8	0.9	20.3	12.6	1.9	2.7	4.3	4.4	1	9	12.56%
	> USA Consumer Cycli...	5.0	5.7	2.9	6.5	-0.4	6.4	1.9	-12.9	15.2	1.3	-2.7	8.5	-18.5	33.9	14.4	11.5	1.2	2.4	-5.6	6.3	-11.8	-23.0	-0.9	-7.6	15.0	9.8	0.5	-1.7	1.3	1.5	2	8	6.62%
	> USA Financial	2.1	2.7	4.1	4.7	-2.7	-2.5	2.2	-9.8	9.9	3.0	-3.0	9.6	-32.2	17.3	2.1	19.7	10.9	5.0	-0.8	1.3	-2.7	-16.8	-4.3	8.8	-2.2	3.9	-0.9	2.1	-0.5	0.0	3	10	4.75%
	> USA Industrials	2.7	3.6	3.2	5.2	-3.7	0.3	6.9	-15.0	16.1	1.7	-2.4	7.0	-25.7	19.8	8.5	13.6	10.3	3.9	-4.1	6.1	-4.8	-13.9	-3.9	11.6	3.2	5.1	0.6	1.2	1.9	0.5	4	7	7.82%
	> USA Healthcare	4.5	4.9	2.2	0.4	-2.7	4.1	10.2	-9.0	7.4	0.3	-5.0	13.1	-14.0	18.5	2.6	7.0	0.9	8.1	-1.9	5.3	-4.4	-6.9	-7.0	9.6	-3.8	1.1	-1.2	1.9	-0.2	2.7	5	11	8.06%
	> USA Communication...	5.2	1.7	3.6	3.3	-5.4	6.2	1.6	-10.7	13.2	1.0	0.0	8.5	-18.8	26.2	4.8	14.8	9.0	10.0	0.2	-2.1	-8.1	-20.9	-13.3	-3.8	16.7	9.1	-0.9	-0.3	4.6	3.8	6	6	4.36%
	> USA Energy	-3.3	-5.2	4.8	4.1	-5.2	6.3	2.4	-18.5	15.6	-5.1	-6.3	6.5	-42.1	15.4	-12.6	19.9	15.9	9.8	-0.2	0.3	29.7	-9.0	-0.9	10.3	-4.2	-2.8	-3.0	0.8	3.1	-2.0	7	5	5.44%
	> USA Consumer Defe...	5.3	1.1	0.5	5.0	-7.8	-2.7	1.4	-7.7	11.5	5.9	2.2	2.7	-18.2	12.6	7.3	6.9	-0.6	4.6	-3.8	8.7	-0.8	-6.9	-6.4	9.3	0.6	-1.2	-0.7	1.9	2.0	1.8	8	2	5.03%
	> USA Real Estate	2.4	1.4	0.0	1.6	-5.6	5.5	-0.6	-4.4	14.7	1.6	3.0	1.1	-24.8	19.9	0.2	5.8	7.5	6.0	-2.0	8.5	-6.0	-16.0	-12.8	-0.3	-0.5	0.0	-2.8	0.2	0.6	0.3	9	4	1.16%
	> USA Basic Materials	2.9	-1.2	5.7	6.5	-4.7	1.5	-0.4	-9.4	11.0	1.7	-5.9	10.9	-29.3	28.2	8.3	16.4	6.3	3.5	-9.0	8.9	5.6	-23.0	-6.1	11.4	3.5	-2.5	-2.1	3.6	2.3	-0.7	10	3	6.64%
	> USA Utilities	4.4	-0.1	2.3	0.7	-4.8	2.3	0.0	1.9	9.3	3.7	5.5	1.1	-19.3	11.6	2.3	7.4	0.9	-0.4	-1.5	10.1	4.1	-5.7	-7.6	3.9	-4.2	-2.4	-0.6	3.0	2.3	-0.9	11	1	5.33%

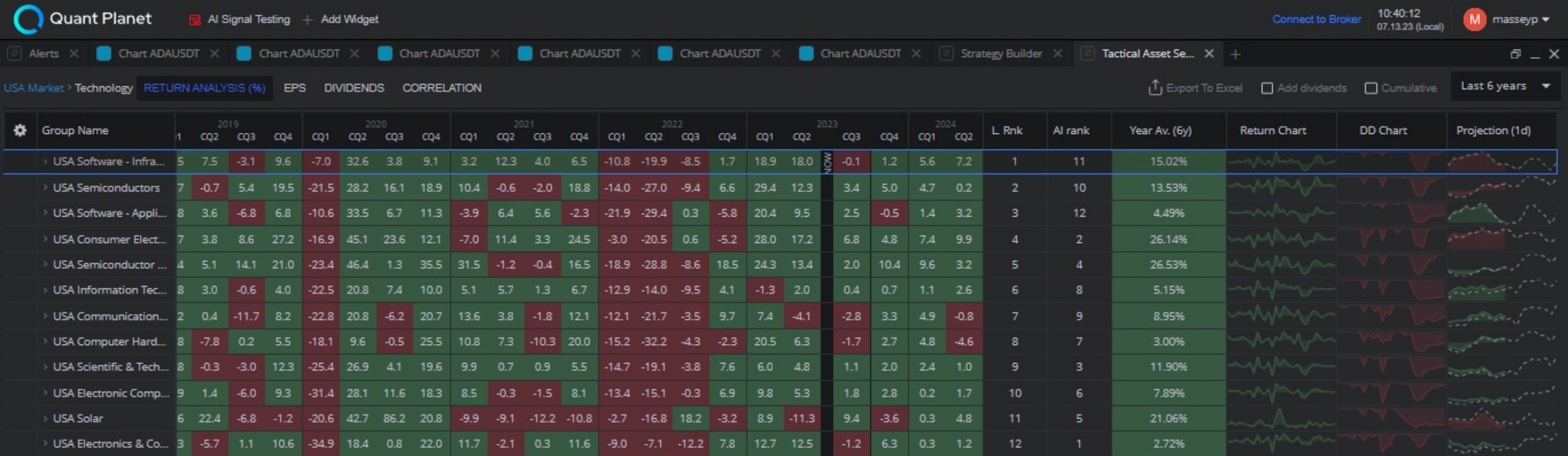
Overview any Global Market,

Including Crypto

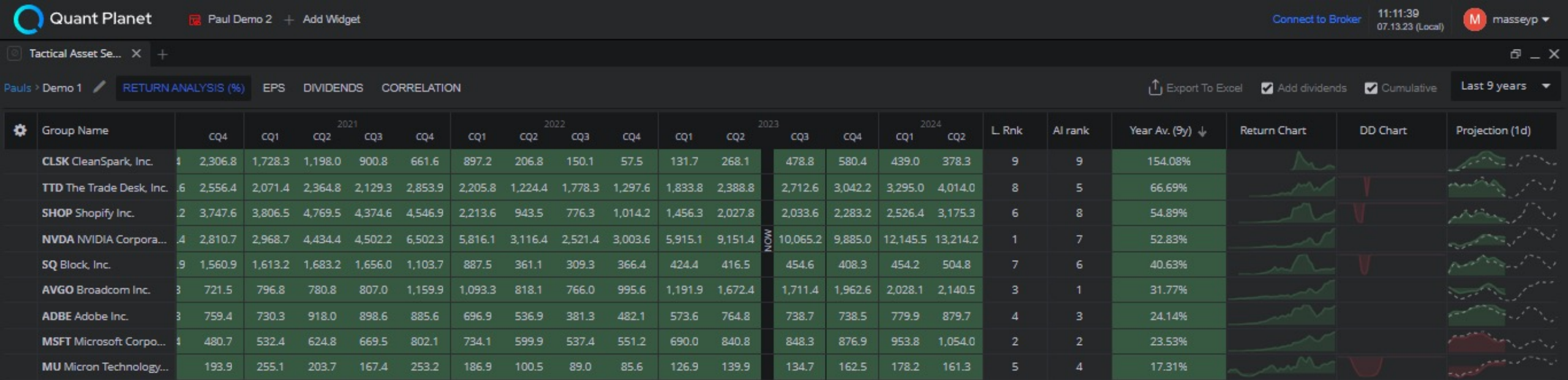


Review Performance 10 years History including;

- Cumulative Returns
- Draw Down (Negative) Periods
- Projection Based on Seasonal History



Drill Down to Any Sector – e.g., Technology



Rapidly Construct a Product or IMA / SMA Portfolio

- In REAL-TIME
- ANYTIME

Tactical Asset Se... X +

Pauls RETURN ANALYSIS (%) EPS DIVIDENDS CORRELATION

Export To Excel

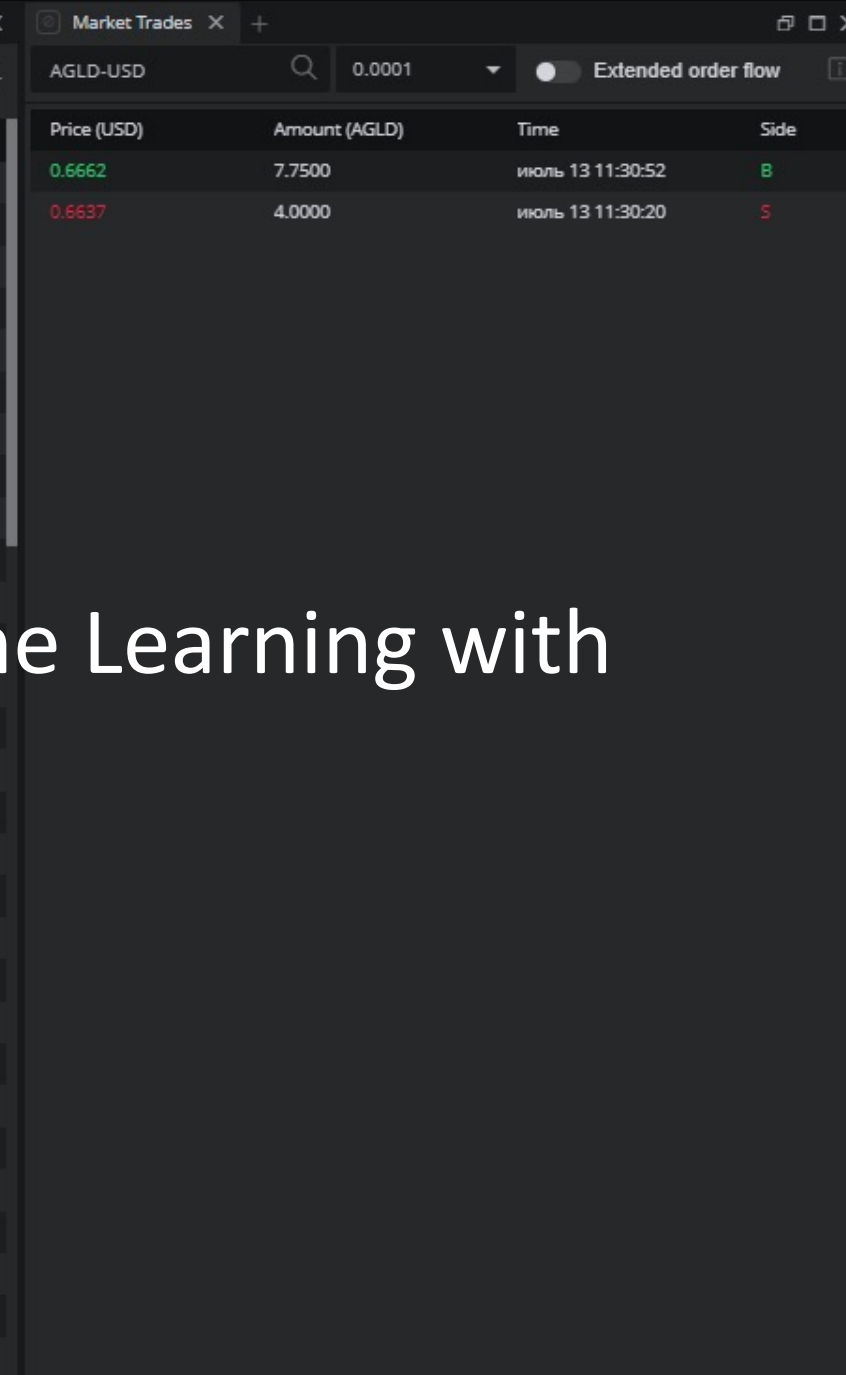
Add dividends

Cumulative

Last 9 years

Group Name		CQ4	CQ1	CQ2	CQ3	CQ4	CQ1	CQ2	CQ3	CQ4	CQ1	CQ2	CQ3	CQ4	CQ1	CQ2	L. Rnk	AI rank	Year Av. (9y) ↓	Return Chart	DD Chart	Projection (1d)
Demo 1	4	564.5	613.1	716.8	745.1	885.3	782.9	593.3	527.1	562.3	732.4	931.1	939.6	969.0	1,052.2	1,157.5	12	N/R	24.19%			
Demo 2	8	389.0	439.1	498.4	518.2	604.3	533.7	419.1	360.4	375.6	478.7	585.9	580.2	602.1	656.5	713.3	13	N/R	19.83%			
USA Technology	2	167.1	174.7	194.0	201.0	235.1	195.2	130.1	120.8	124.7	172.4	208.8	215.0	224.1	238.6	254.2	1	9	10.82%			
USA Industrials	6	64.3	82.0	90.6	84.2	97.1	89.3	64.8	60.6	81.4	89.4	101.4	103.0	105.9	110.5	112.2	4	7	8.14%			
USA Healthcare	7	69.1	71.7	87.3	85.2	96.5	89.8	78.6	67.9	85.6	80.7	84.8	82.9	86.6	86.9	92.6	5	11	7.75%			
USA Utilities	1	50.8	53.7	54.7	54.2	71.7	80.7	72.2	61.6	70.0	65.2	63.4	62.8	68.2	72.6	71.5	11	1	6.64%			
USA Consumer Cycli...	5	122.0	125.3	131.5	119.2	133.8	106.9	60.4	59.7	48.5	71.7	89.7	90.8	87.8	90.4	93.6	2	8	6.22%			
USA Consumer Defe...	3	37.2	37.3	45.1	41.0	54.9	55.5	46.9	39.3	54.0	57.0	57.6	56.9	60.2	64.0	67.6	8	2	5.60%			
USA Basic Materials	9	19.8	28.9	35.7	27.2	40.3	51.0	19.5	15.7	31.0	38.3	37.6	35.8	41.1	45.2	45.3	10	3	5.18%			
USA Communication...	10	92.3	109.7	130.9	131.8	127.3	109.2	65.8	44.0	38.8	62.3	77.2	75.8	75.4	83.6	90.7	6	6	5.18%			
USA Real Estate	11	37.6	49.0	60.5	60.2	77.3	70.0	46.0	33.6	37.7	42.4	47.8	44.5	45.6	47.5	49.0	9	4	4.76%			
USA Energy	10	-44.8	-35.1	-27.6	-26.5	-24.7	-0.8	-7.2	-5.4	6.9	4.8	3.9	1.3	2.6	6.4	4.9	7	5	4.24%			
USA Financial	12	12.9	25.8	33.4	33.6	37.0	34.9	14.0	10.9	22.5	21.8	28.6	27.7	30.8	30.6	31.2	3	10	3.94%			

Compare The Performance to Any Sector or Index



➤➤ PAM – Proactive Adviser Management

About Us

- Specialists in building industrial scale Financial Technology Platforms eg
 - CommSec Trading Platform for the CBA supporting CommSec's 750,000 retail trading clients
 - CommSec's Advisor Platform – to execute, manage and monitor client investment portfolios.
- 20 years+ Platform development experience has culminated in the current Ai-driven Generative Technology PAM platform:
 - enables rapid, detailed and accurate multi-market analysis and forecasting in Real-Time, so that high performing portfolios can be created to suit the investment & risk objectives of individuals and/or institutions alike
 - Generative Ai utilizes state of the art data mining capabilities and artificial intelligence to create superior performance portfolios & investment products for clients at lower cost
 - Will Integrate & balance in REAL-TIME the changing mix of Investment Performance & Client Risk = the only Platform to satisfy the Regulators DDO Requirements in REAL-TIME



Roboadvisors: A global perspective

AIOFP Conference: July 2023



The WealthTech space





The WealthTech platform space (detail)

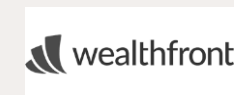
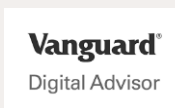
Non-advised
(direct, product focus)

Shares (captive)
Shares (standalone)
Private equity
Other products (legitimate)
Other products (crypto, CFDs)



Advised (automated)

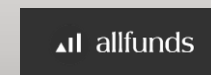
Roboadvisors (captive)
Roboadvisors (standalone)
Roboadvisors (hybrid)



Advised (traditional)

Practice management
Niche process platforms
Wealth management (Aust)
B2B product focused platforms:

- Mutual funds
- Alternatives





The WealthTech platform space: successes

Across the various wealthtech sub-sectors, select direct product platforms, advisor support wealth platforms, and B2B product platforms have been investable sub-sectors, standalone roboadvisory is uninvestable





The global experience: A threat to Australian advisors ?

US:

- Direct & digital successful for shares (Charles Schwab, Robinhood, Interactive Brokers) and previously, crypto platforms
- Robodavisory (non-captive) has largely failed:
 - Betterment
 - Wealthfront
 - Personal Finance
 - Ellevest
- Roboadvisory (captive) has flourished (e.g. Vanguard)
- B2B product platforms (including TAMPs like Envestnet) and product specialists like private markets focused iCapital, CAIS) successful

UK & Europe:

- Direct & digital highly successful (Hargreaves Lansdown), including CFD platforms
- Robodavisory (non-captive) has largely failed:
 - Nutmeg
 - Moneyfarm
- B2B product platforms highly successful (Allfunds, FundChannel)

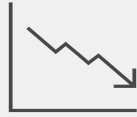
China & Asia:

- Direct & digital highly successful, both onshore (PingAn) and offshore (Futu, Tiger), SAXO is Chinese-owned, the bulk of the global crypto platforms were launched in China
- Robodavisory failed in China and Asia (HK, SG)
- Advice channels development has stalled in China (US-listed wealth managers have stalled or shrunk, 'wealth management' (client pays model) licensees haven't grown significantly)
- B2B platforms have made limited traction in Asia, where private banks dominate advice channels and have their own platforms

A recurring theme in the WealthTech sector has been that cross-border expansion is difficult, and the list of participants that have failed with cross-border expansion is lengthy, and includes both VC funded market leaders, and large global names (e.g. Vanguard roboadvisory in UK closed down after 2 years). The takeout is that Australian advisors probably don't have to worry about competition from global players.



The roboadvisor challenges: Fixable ?



Inherent unprofitability

- High client acquisition costs (CAC)
- Low balances



Lack of personalisation

- Basic risk profiling
- Nil customization for tax
- Nil customization for entities/trusts
- Nil customization for estate planning
- Nil customization for idiosyncratic investor cashflows and needs



Investment performance

- High fee drag
- Low transparency
- Adverse selection risk for investment personnel
- Substandard research coverage
- No academic research



The future for roboadvisors (non-captive): Dead, acquired or evolved



smartly

nutmeg

 Betterment



The broader platform space: Threats & opportunities for the advice sector

Threats

- Share based platforms expanding


Opportunities

- Process efficiency (e.g. onboarding, portfolio management, entities/holdings management)
- Additional functionality for clients (e.g. personal indexing, tax harvesting)
- Product availability (e.g. private equity, private credit, hedge funds, structured notes)



Richard Williamson

 +61 0432084081

 richard@banyan-advisors.hk

This note is distributed by Banyan Advisors on a strictly confidential basis. It has been prepared exclusively for the benefit and internal use of the recipient and does not carry any right of reproduction or disclosure. The information and projections contained herein can not be disclosed, reproduced or used in whole or in part without express prior written permission of Banyan Advisors.