

# THE AIOFP ANNIVERSARY CONFERENCE BANGKOK & LONDON



25 YEARS OF SERVICE  
— SINCE 1998 —

THE WAY FORWARD  
20-24 JULY 2023

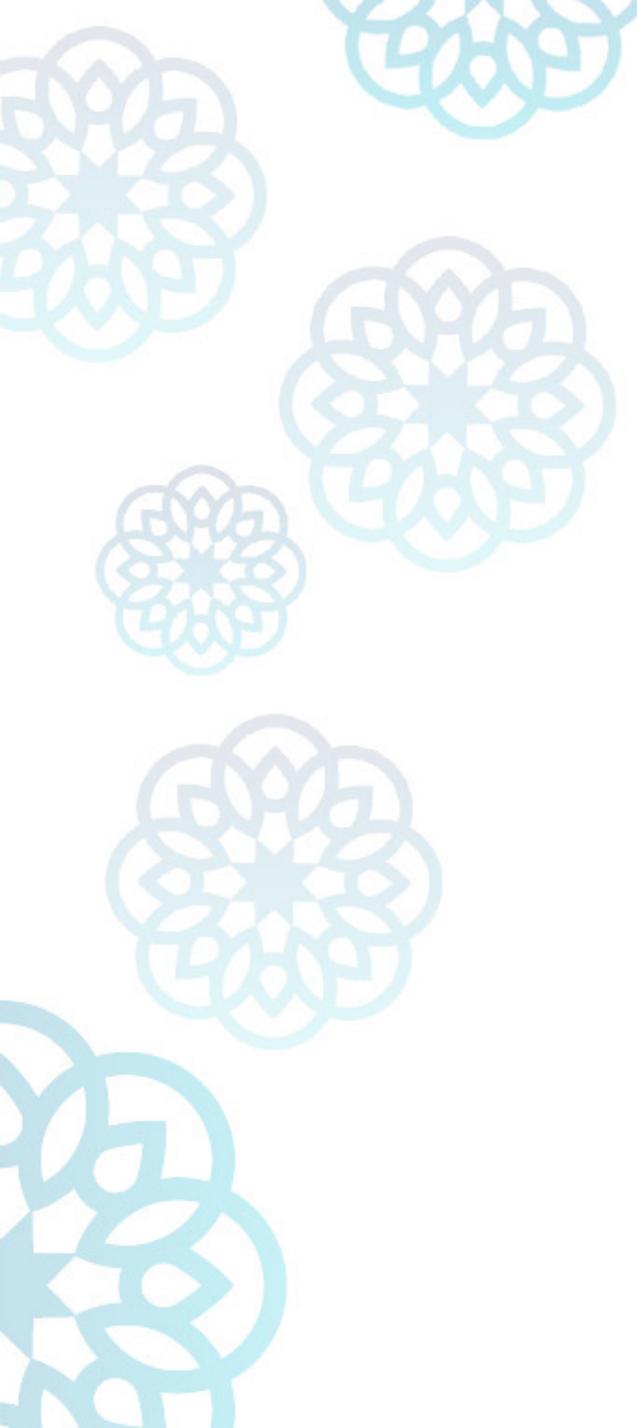
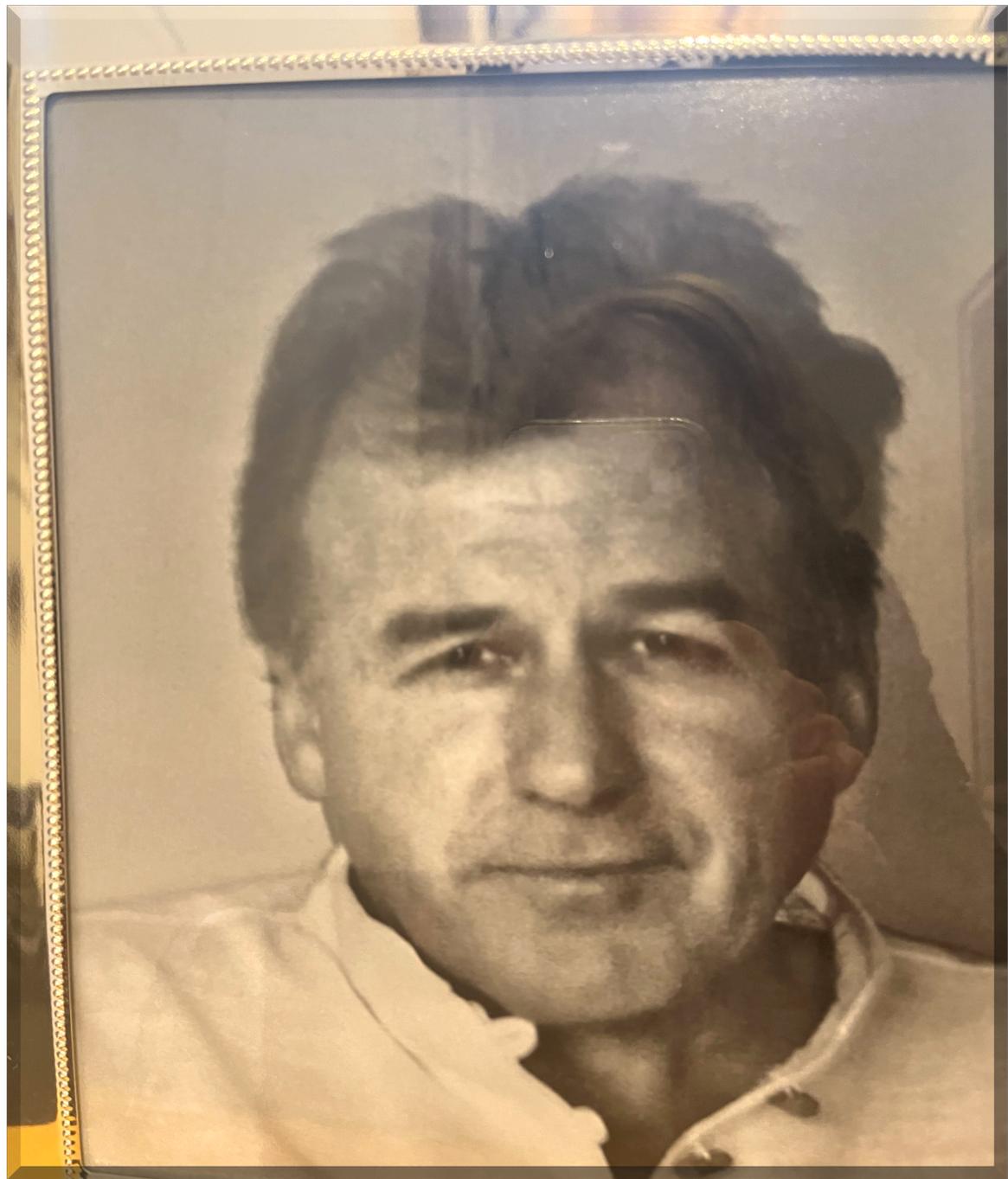




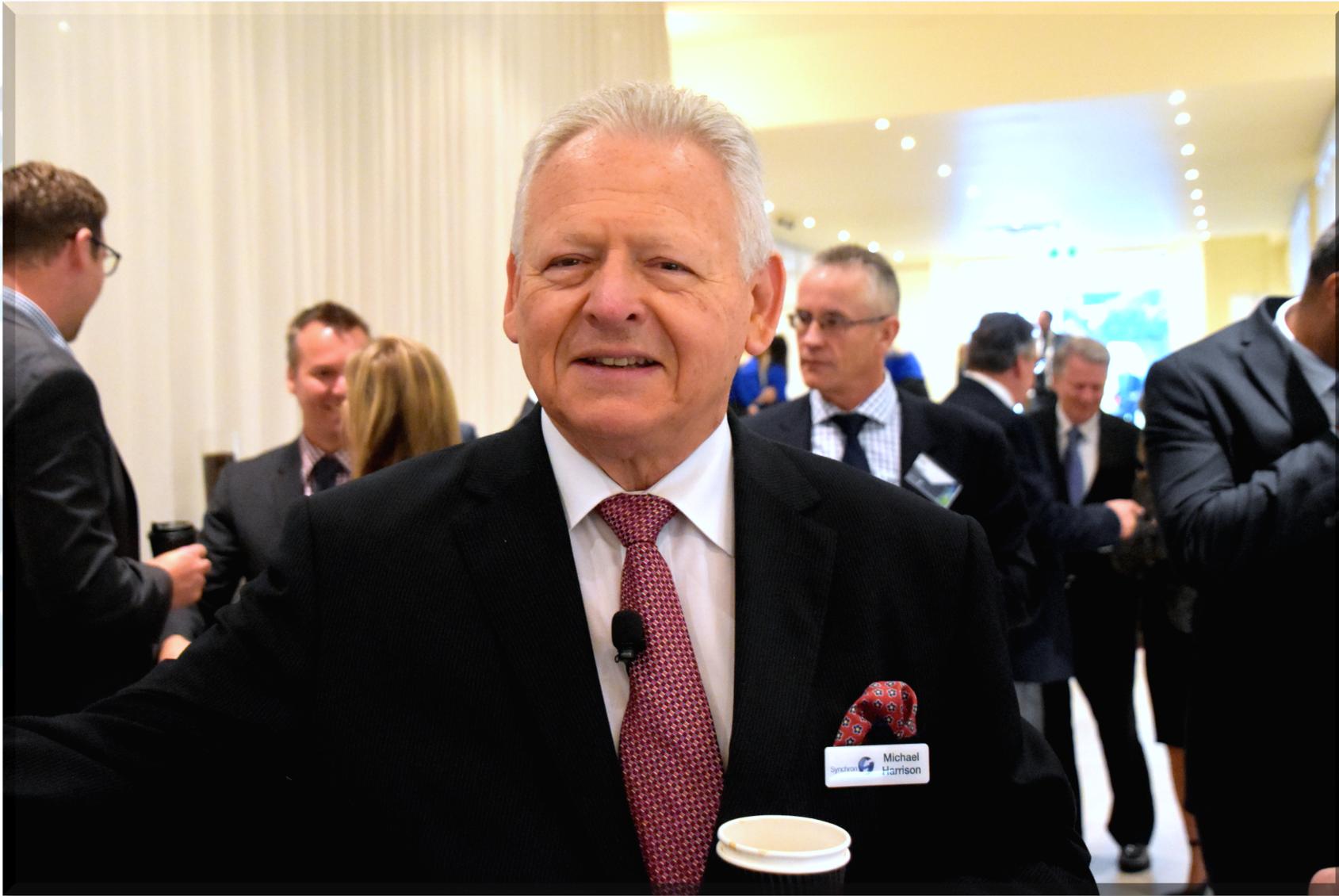
# STRATEGIC UPDATE

Peter Johnston  
Executive Director AIOFP

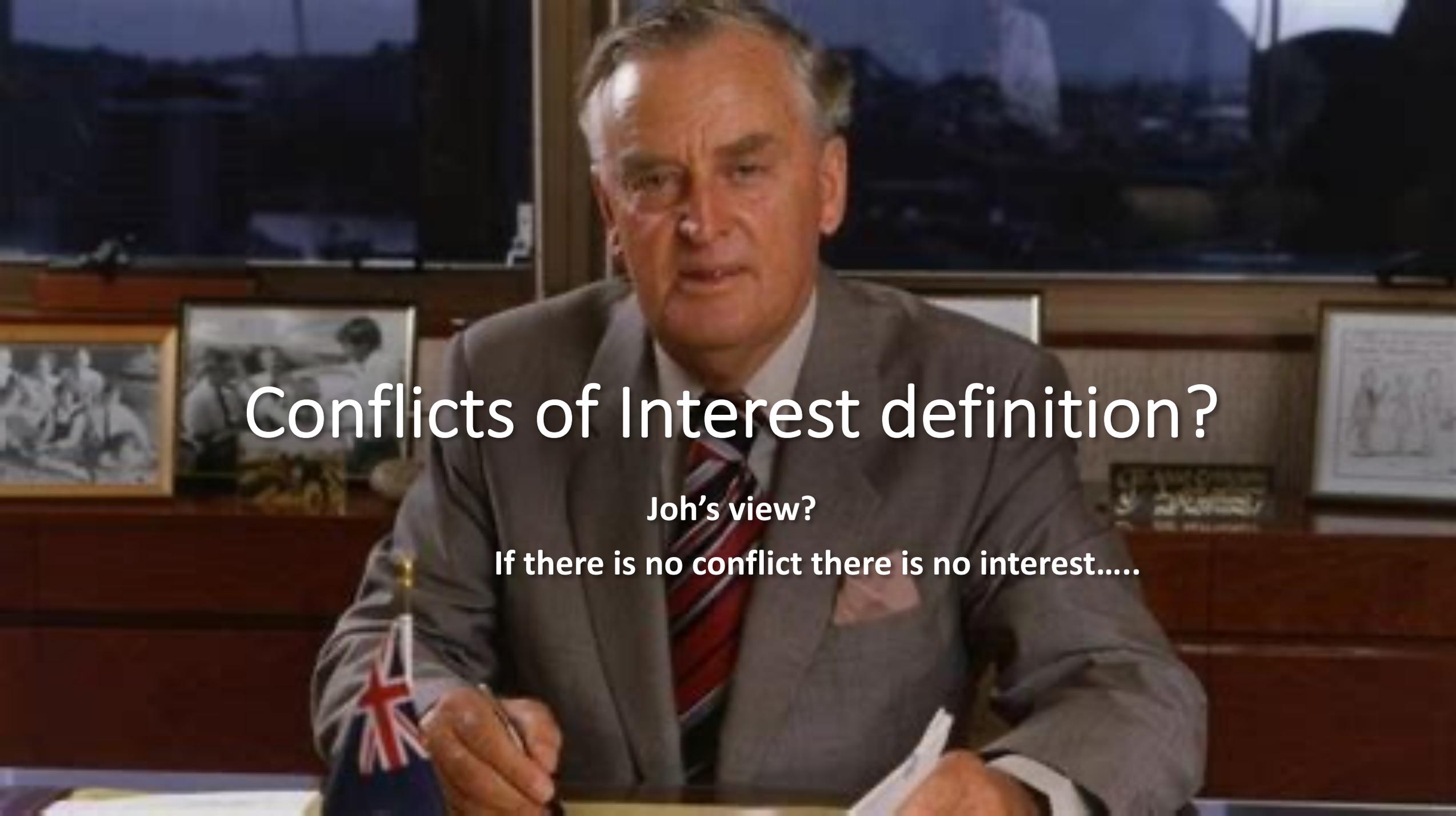




25 YEARS OF SERVICE  
— SINCE 1998 —



25 YEARS OF SERVICE  
— SINCE 1998 —

A man in a grey suit and red striped tie is sitting at a desk. He is looking slightly to the left of the camera with a serious expression. On his left sleeve, there is a small flag of the United Kingdom. He is holding a pen in his right hand and some papers in his left. The background shows a wood-paneled wall with several framed pictures and a window looking out onto a dark landscape.

# 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



**QUESTIONS?**



# PRIVATE PORTFOLIO MANAGERS AIOFP BANGKOK PRESENTATION

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**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**

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# ECONOMIC DEVELOPMENTS

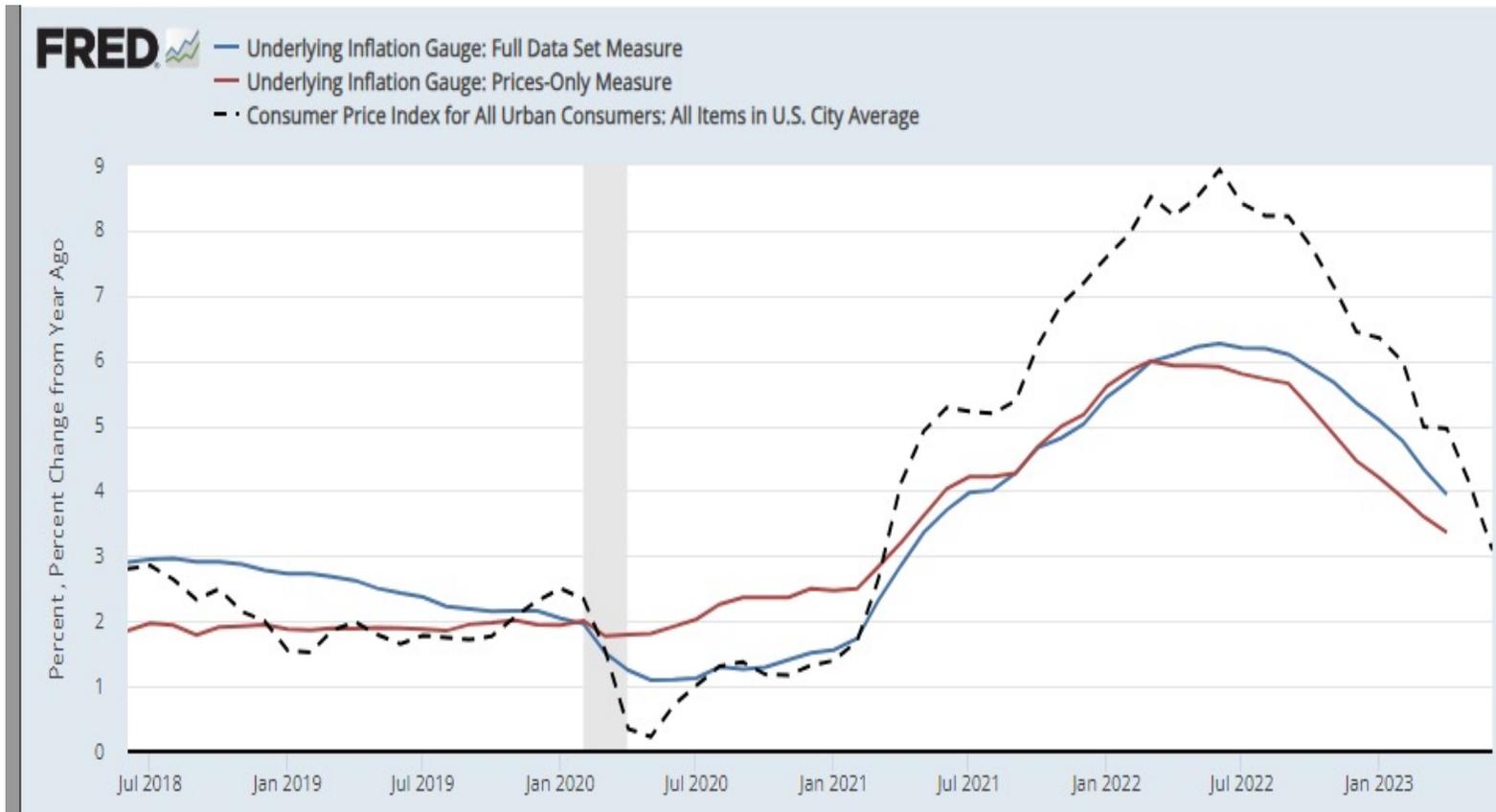
**Over the last 12 months we have seen:**

- **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**

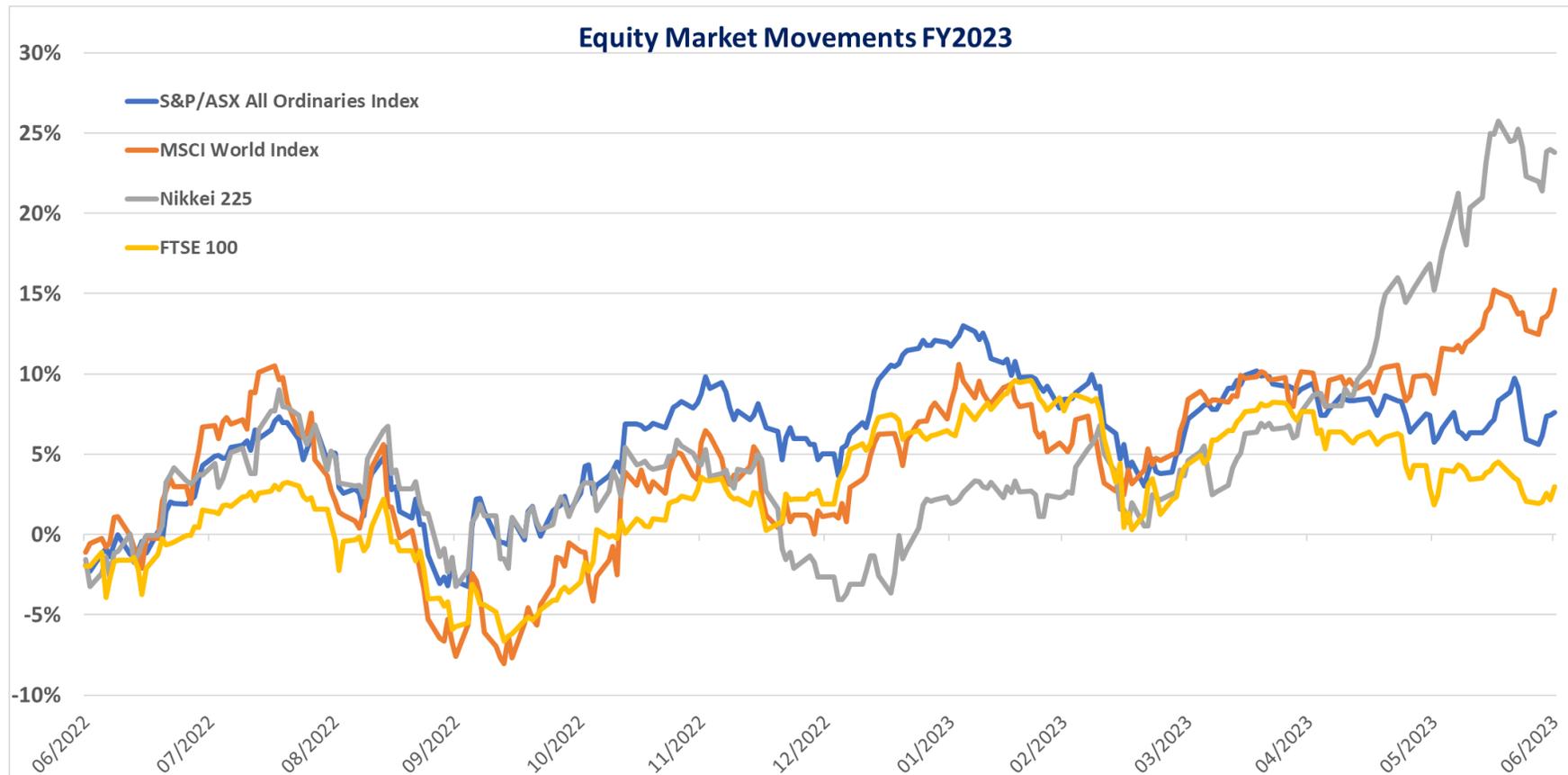
# INFLATION .....



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

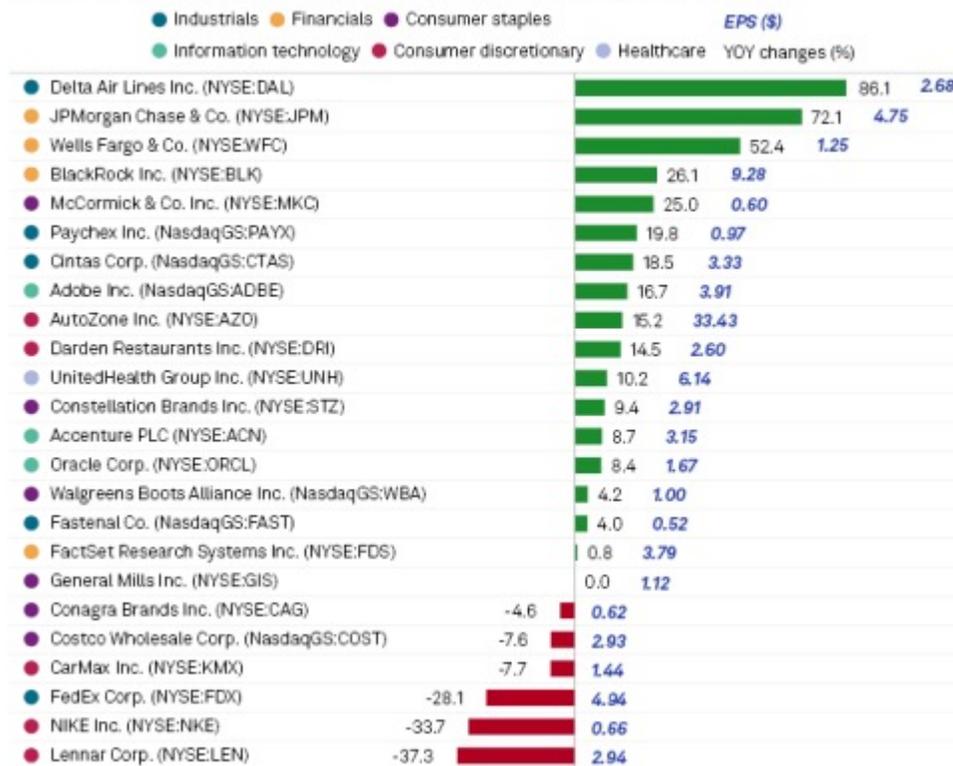


Source: S&P Capital IQ

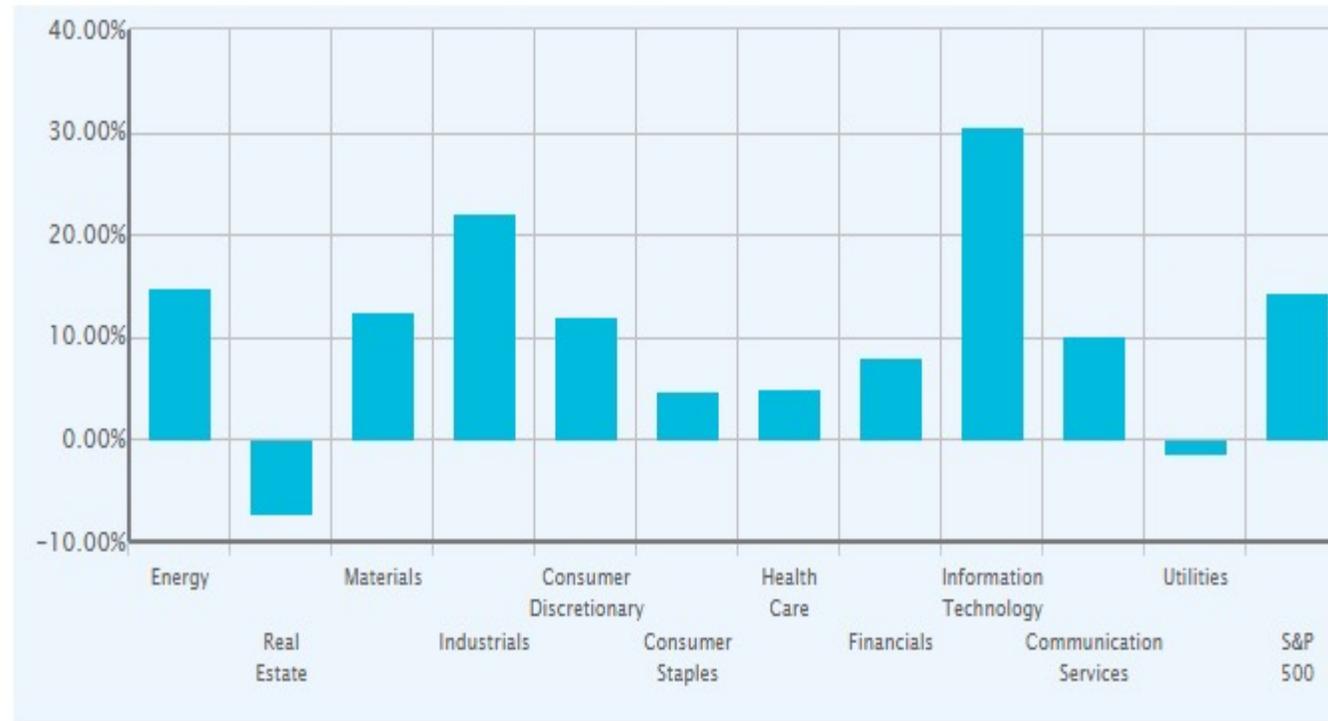
- **Short-term Rates Rose**
- **Long-term Rates Down on Highs**
- **Central Banks Concerned – Markets Less So**

# 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





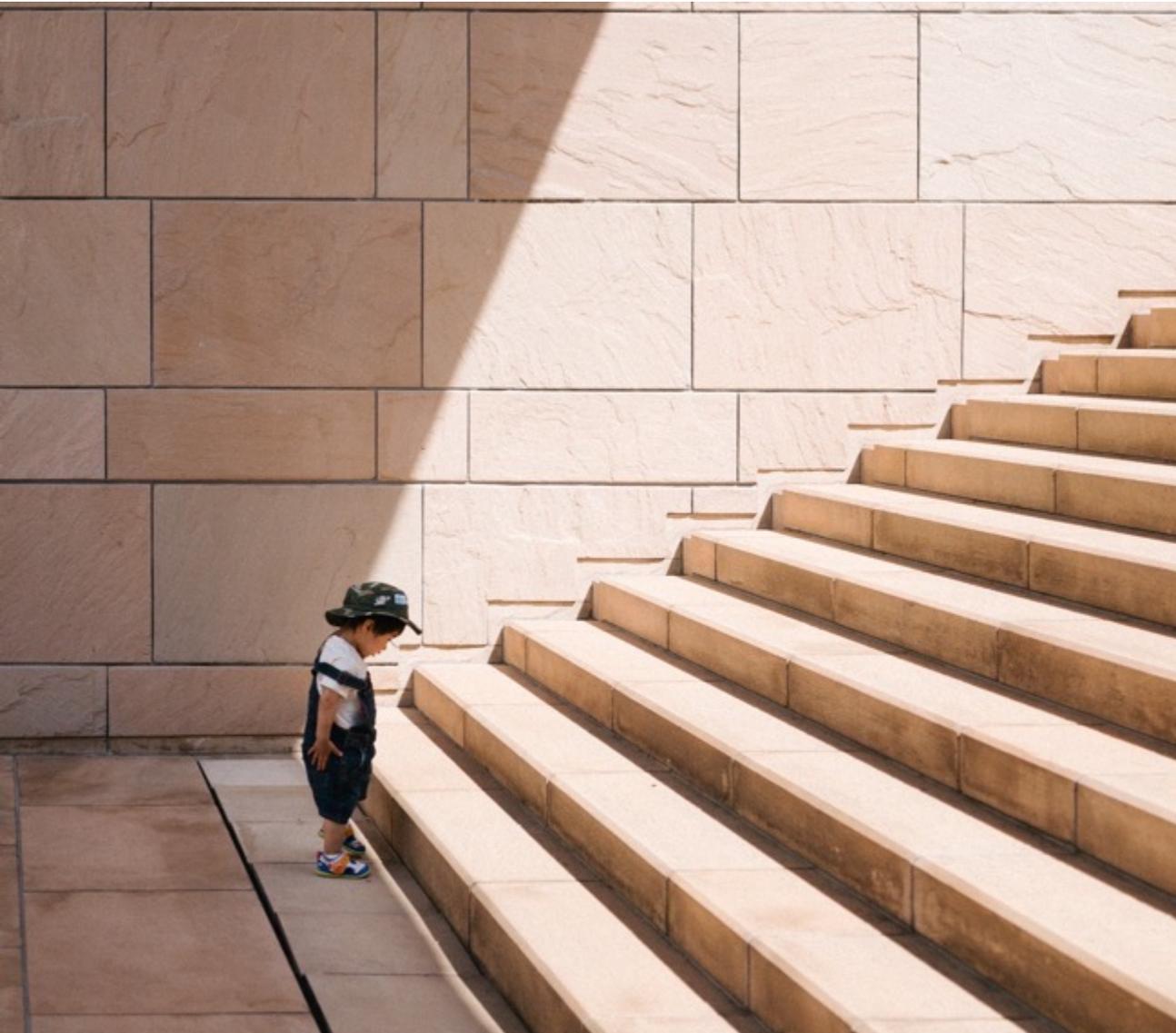
Outthinking today.

Generation Life Investment Bonds

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## Super not so super for everyone





About us

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## Discover Generation Life

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



1. As at 31 March 2023



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### Specialist provider

Investment bonds and investment-linked lifetime annuity

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### Market leader

#1 provider of investment bond solutions with 52% market share of total inflows into investment bonds<sup>1</sup>

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### Innovation focused

Tax aware investing, estate planning and retirement income landscape

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### 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

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

Measured by total superannuation balance (TSB)

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

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

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**Tax will apply to both realised and unrealised gains**

### Who is impacted

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

Estimated 80,000 people impacted

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**No indexation**

Equivalent to just \$925,000 in today's dollars<sup>1</sup>

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**Applies to both accumulation and retirement phase accounts**

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**Members of all types of super funds including SMSFs**

1. Assuming 4% inflation for 30 years

Proposed changes to super

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## How is the additional tax calculated?

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

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**Tax Liability** = 15 per cent × Earnings × 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

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## Uncertainties remain...

### Legislation not final

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#### 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?

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#### 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?

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#### 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
<b>Generation Life Investment Bonds</b>	 Maximum of 30%  Tax Optimised Series generally ranges between 12% - 15% <sup>1</sup>	 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
<b>Superannuation</b>	 Maximum of 15% for a complying fund.  Additional 15% on 'earnings' on balances over \$3m	 Preservation age or retirement <sup>2</sup>	 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

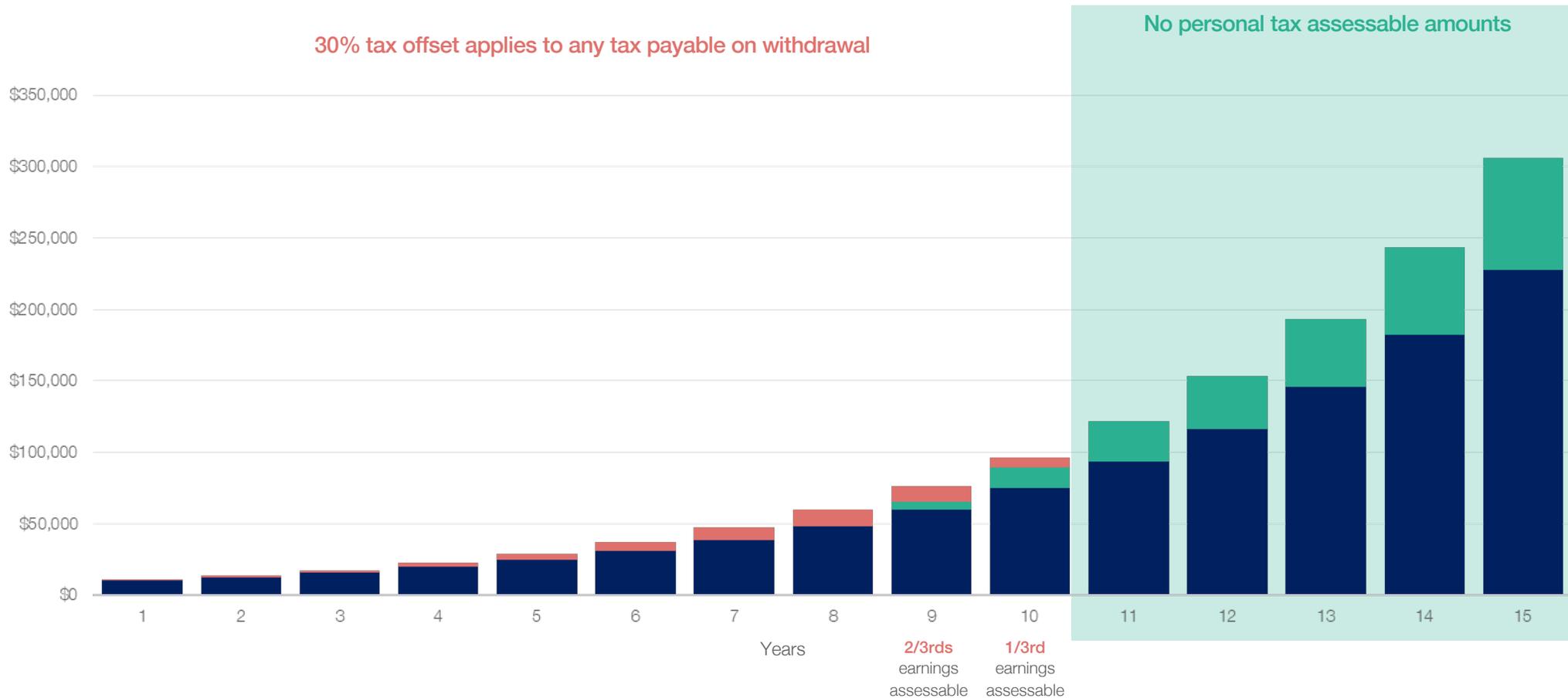
**How?** Unique structure, approach to trading, mandate structure, compounding returns

**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.

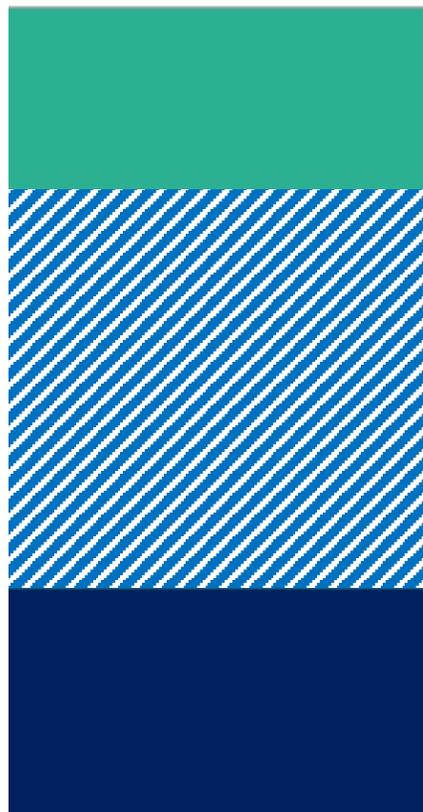
**Operational efficiency:** Netting of trades, tax parcelling and corporate actions

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)*
<b>1 Year</b>	-0.60%	-0.24%	-2.63%	-2.31%	-2.29%	-0.64%
<b>2 Years p.a.</b>	4.14%	3.20%	1.64%	2.07%	2.01%	2.80%
<b>3 Years p.a.</b>	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

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## Complementing superannuation to transfer wealth





Strategy: Complementing superannuation to transfer wealth

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## 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

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## 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
<p><b>Taxation:</b></p> <ul style="list-style-type: none"> <li>Maximum 30%</li> <li>Effective rate of tax on earnings between 6% – 25% at Generation Life</li> </ul>	<p><b>Taxation:</b></p> <ul style="list-style-type: none"> <li>30%</li> </ul>	<p><b>Taxation:</b></p> <ul style="list-style-type: none"> <li>Personal Marginal tax rate or 30% (for corporate beneficiaries)</li> </ul>	<p><b>Taxation:</b></p> <ul style="list-style-type: none"> <li>Accumulation 15%</li> <li>Drawdown 0%</li> <li>Death tax to non-SIS dependents</li> </ul>
<p><b>Opportunity:</b></p> <ul style="list-style-type: none"> <li>Tax effective and not subject to preservation age</li> <li>Non-distributing asset – control personal tax events</li> <li>Portable and transferable with no CGT on transfers</li> <li>Can be held by individual, jointly or through trust structure</li> <li>Flexible and secure estate planning solution (where structured as non-estate asset)</li> <li>Similar bankruptcy protection as super</li> </ul>	<p><b>Limitations:</b></p> <ul style="list-style-type: none"> <li>Not as tax effective as super or investment bond</li> <li>No CGT discount</li> <li>Cannot offset capital losses against income to reduce effective annual tax</li> <li>Tax deferral mechanism as will need to eventually distribute dividends to shareholders</li> <li>No bankruptcy protection</li> <li>Consider Div 7A compliance</li> </ul>	<p><b>Limitations:</b></p> <ul style="list-style-type: none"> <li>Quarantines risk</li> <li>Income entitlement flows through to ultimate beneficiaries and taxed at their marginal tax rate</li> <li>More complicated than super and ongoing costs to consider</li> </ul>	<p><b>Limitations:</b></p> <ul style="list-style-type: none"> <li>Only possible to transfer benefits post preservation</li> <li>Ownership of investment resides with spouse or child. And only able to access post preservation age</li> <li>Contribution rules and caps apply<sup>1</sup></li> </ul>

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.

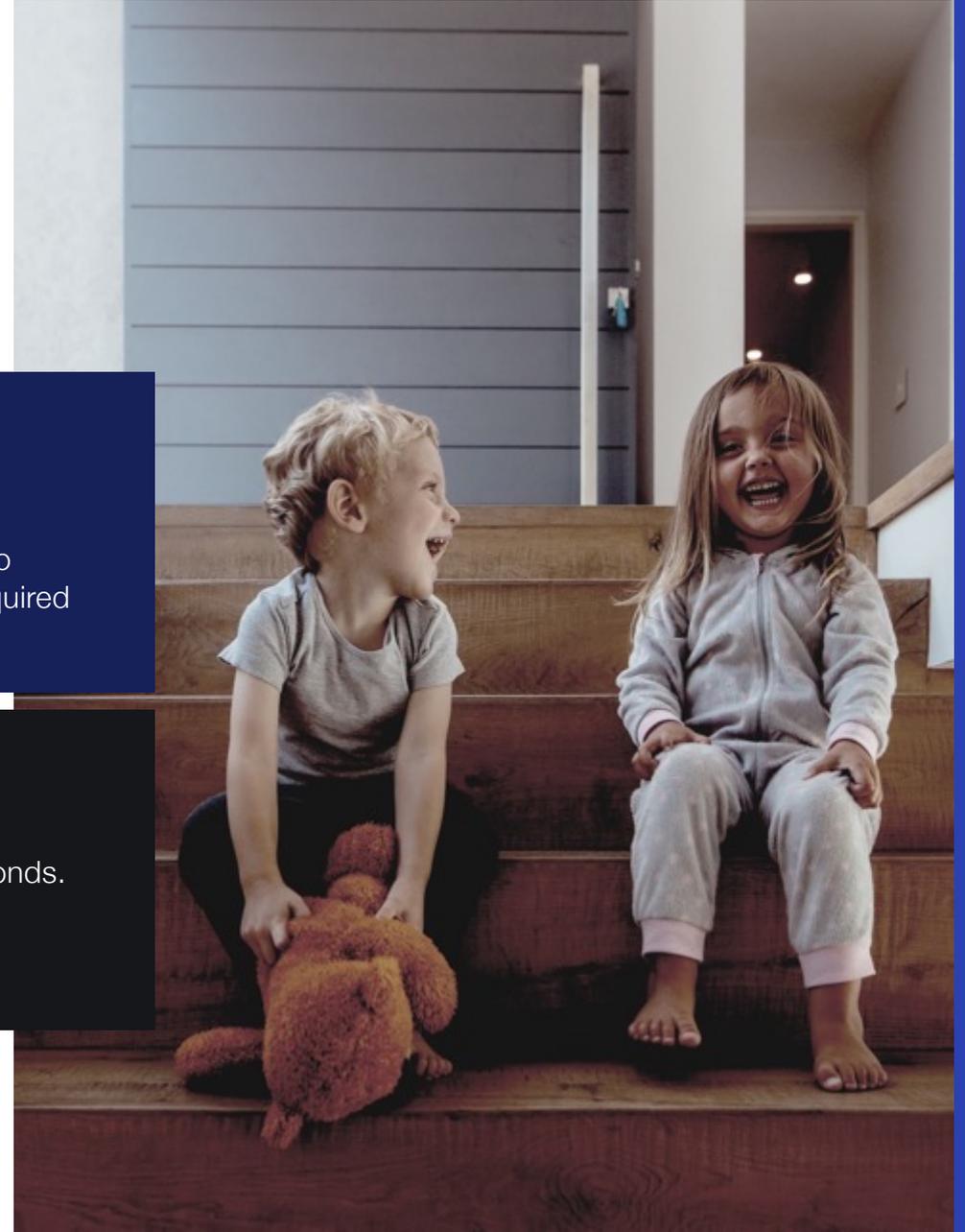
Investment bonds are simple to administer. No trustee required. No annual accounts or tax returns required to be completed.

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

**But...**

Trusts can also own investment bonds.

**Best of both worlds.**



## Summary

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# The best of all options in one structure

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### Income splitting

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

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### Tax arbitrage

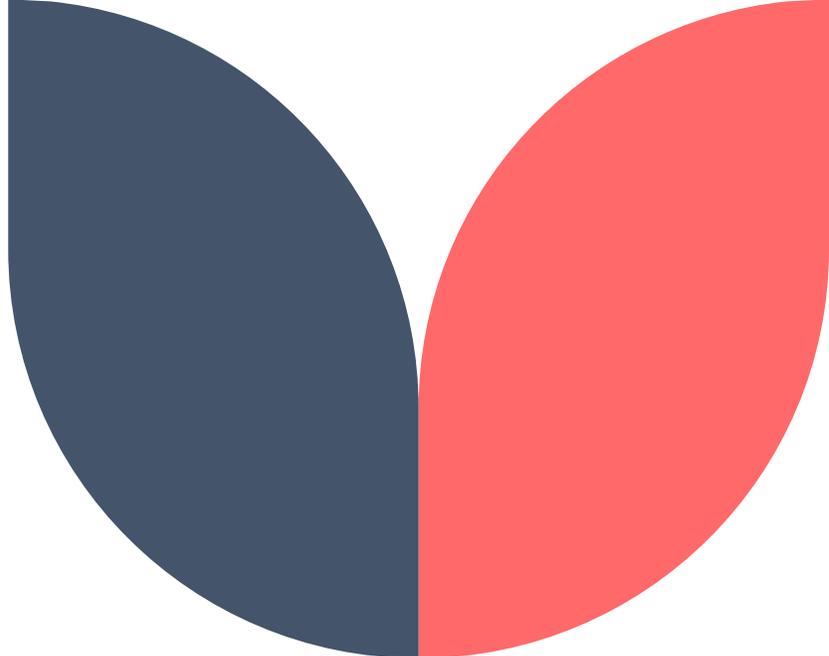
Most tax-effective structure that complements superannuation via our Tax Optimised Series

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### Estate planning & asset protection

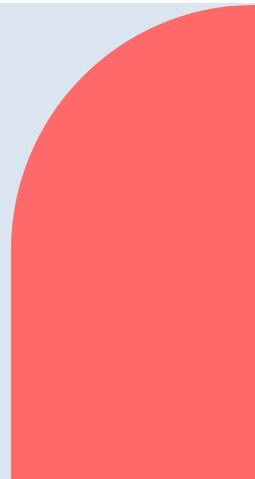
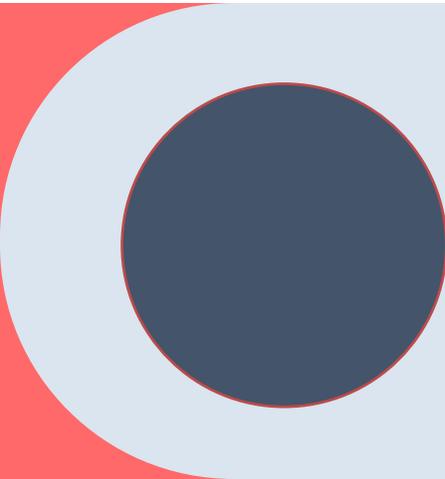
Can be protected from creditors and the ability to set up as a non-estate asset with features similar to testamentary trusts



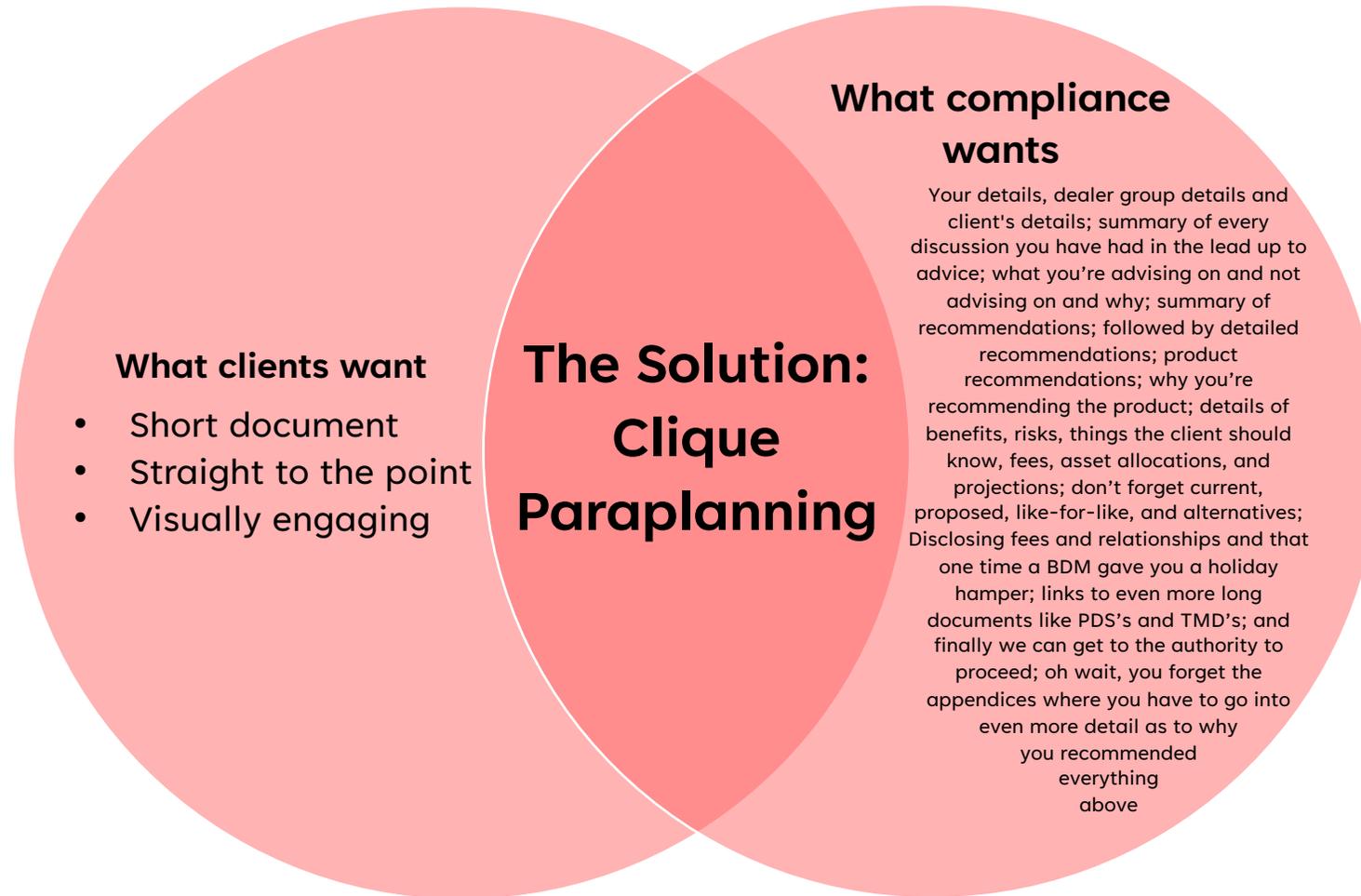


# **Clique Paraplanning: Future SoA Project**

Presented by Sam El Shammaa



# Keeping Everyone Happy



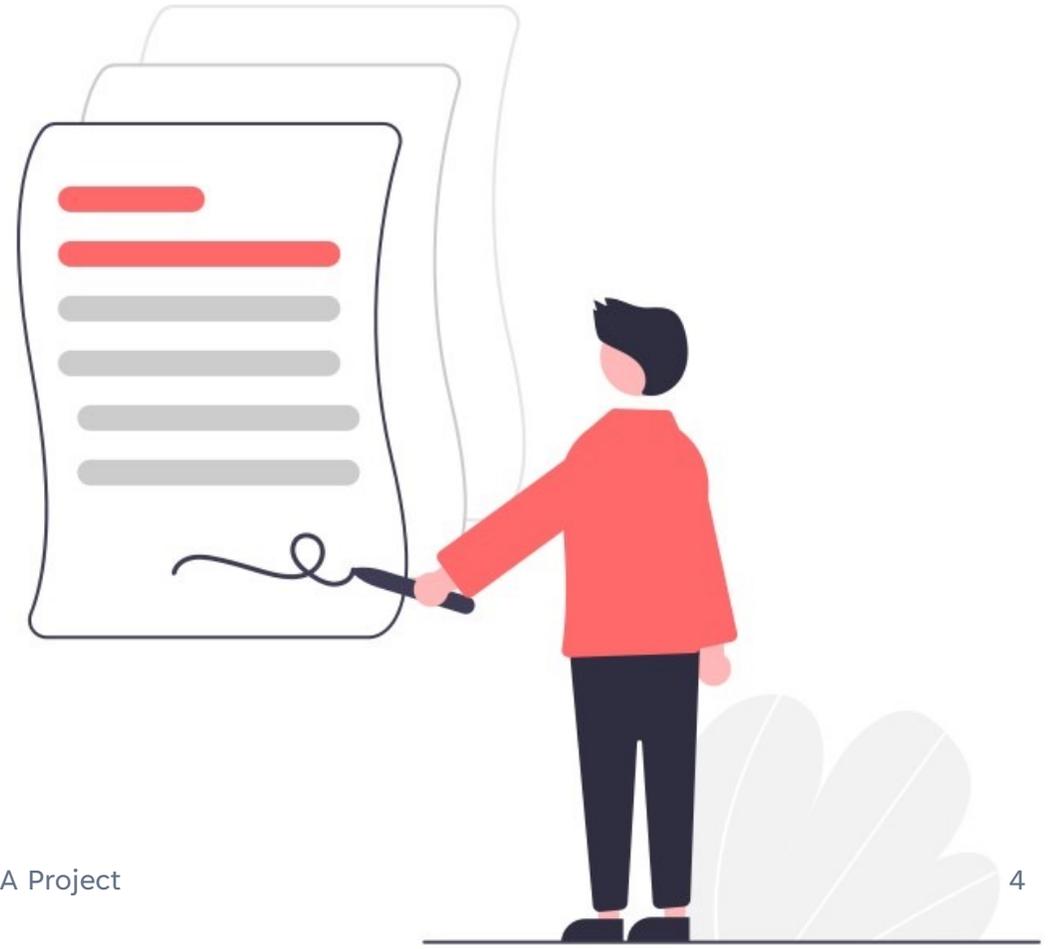
# The Solution

Two documents to solve all your problems!

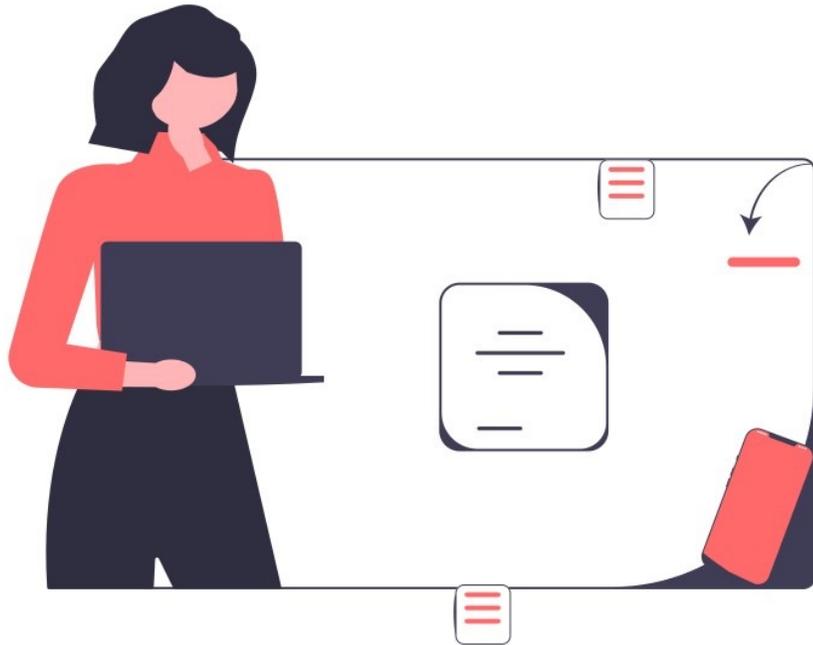
1. **Mandatory SoA** – keep compliance happy
2. **SoA Presentation Tool** – keep clients visually engaged (*digital or hard copy*)

# Mandatory SoA

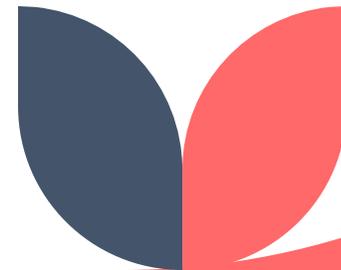
- Meets compliance requirements (check with your dealer group)
- Comprehensive advice recommendations
- Comprehensive ‘benefits’ and ‘things you should consider’
- Can be used as a stand-alone document



# 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?

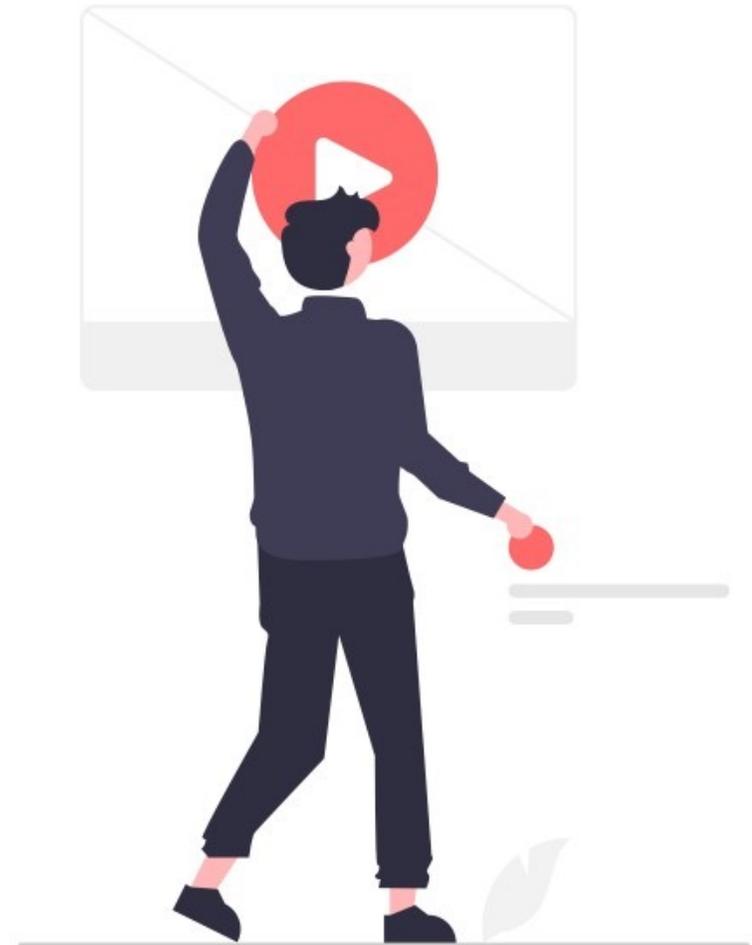
## Animated Advice

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

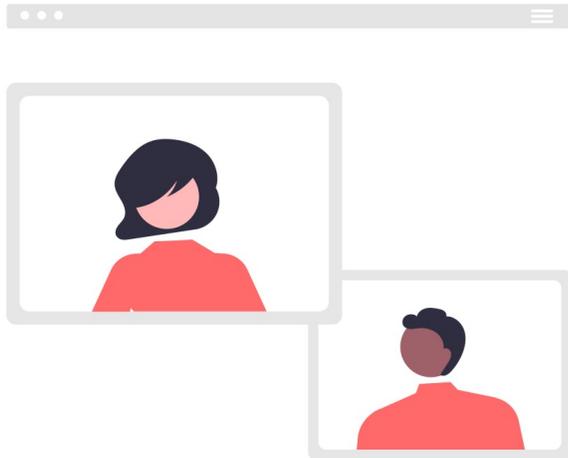


## Fact Sheets

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



# Which presentation tool is right for you?



## Digital

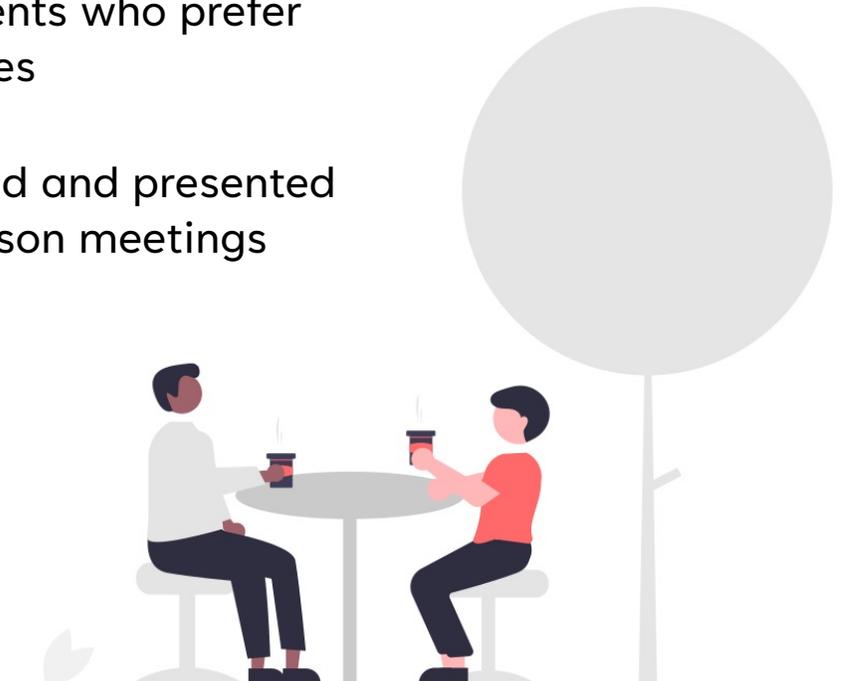
Best way to view  
animated advice videos

Suitable for  
presenting electronically

## Hard Copy

Suited for clients who prefer  
physical copies

Can be printed and presented  
during in-person meetings

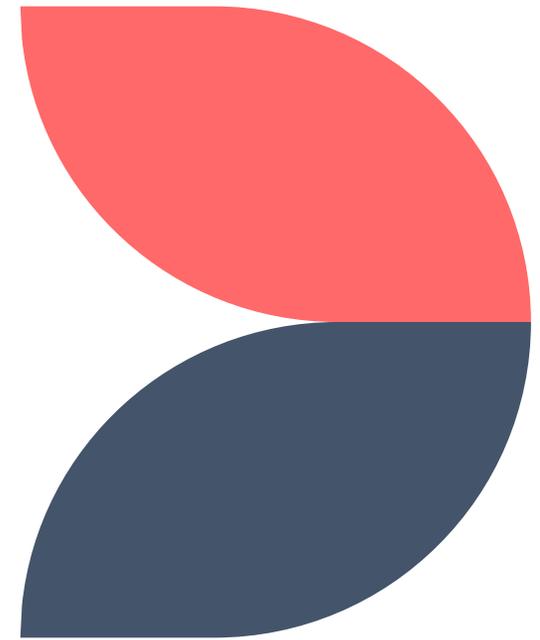


# Future SoA Offerings

Option 1: Hard Copy Package

*Or*

Option 2: Digital Package



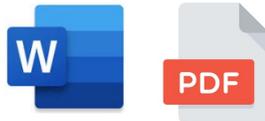
# Hard Copy Package

To present to clients in-person

## What you get

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

Available as:



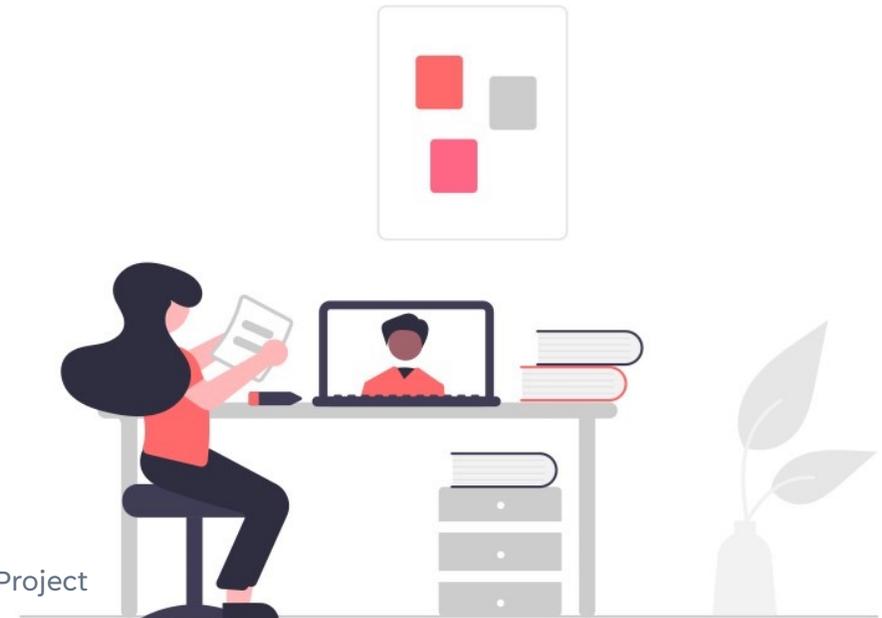
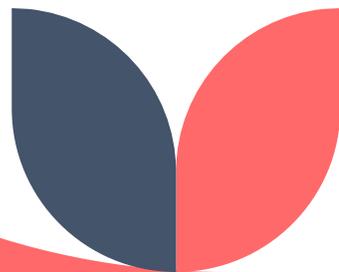
# Digital Package

To present to clients digitally

## What you get

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

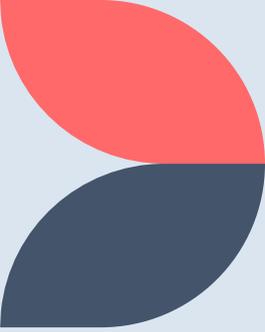
Available as:



# 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,  
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**AIOFP The Power of One**

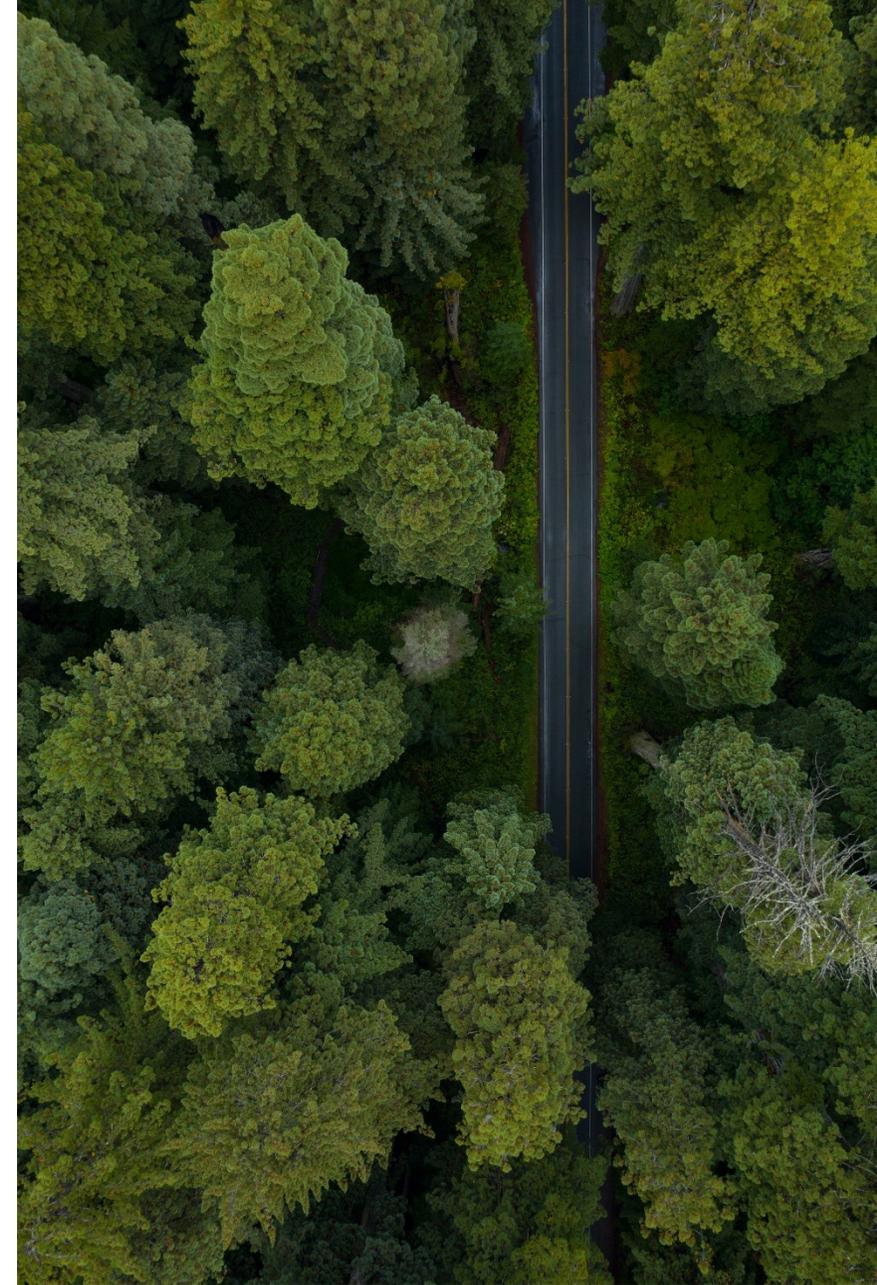
**Garry Crole, Managing Director**



# 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

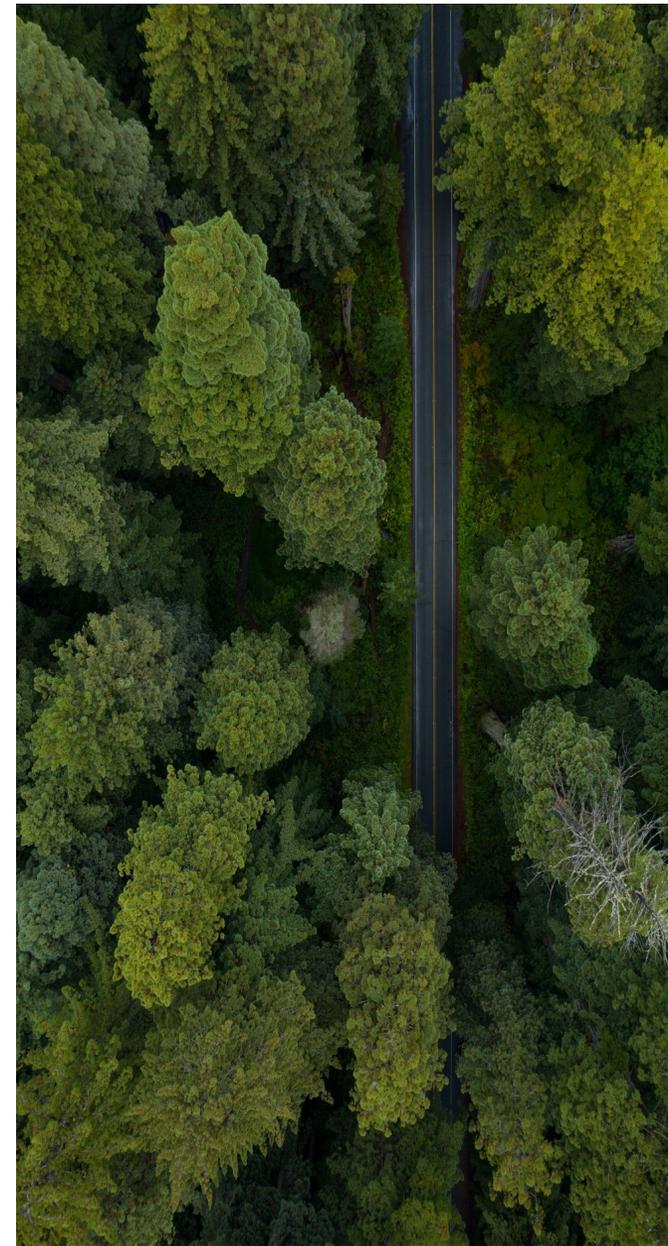
Specialist investment Management (Access to global banks)  
Research (Corporate Connect, Yield Report )  
Media (Share café/ FNN/ Informed Investor)  
Mortgage Broking Licensee aggregator

## 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?

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## CONTACTS

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**AIOFP25**   
Anniversary Conference  
Bangkok – 20-25 July 2023



Delivering disability accommodation where it is needed

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- 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 <sup>i</sup>
- 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 <sup>e</sup>
  - 862 new SDA dwellings in 12 months to 31<sup>st</sup> March 2023 <sup>g</sup>
  - 1,329 participants seeking an SDA dwelling as 31<sup>st</sup> March 2023 <sup>f</sup>
  - 4,378 participants seeking an alternate SDA dwelling as 31<sup>st</sup> March 2023 <sup>f</sup>
  - **2,536 new dwellings needed by 2026** <sup>k</sup>



- 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” = [net income] / [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

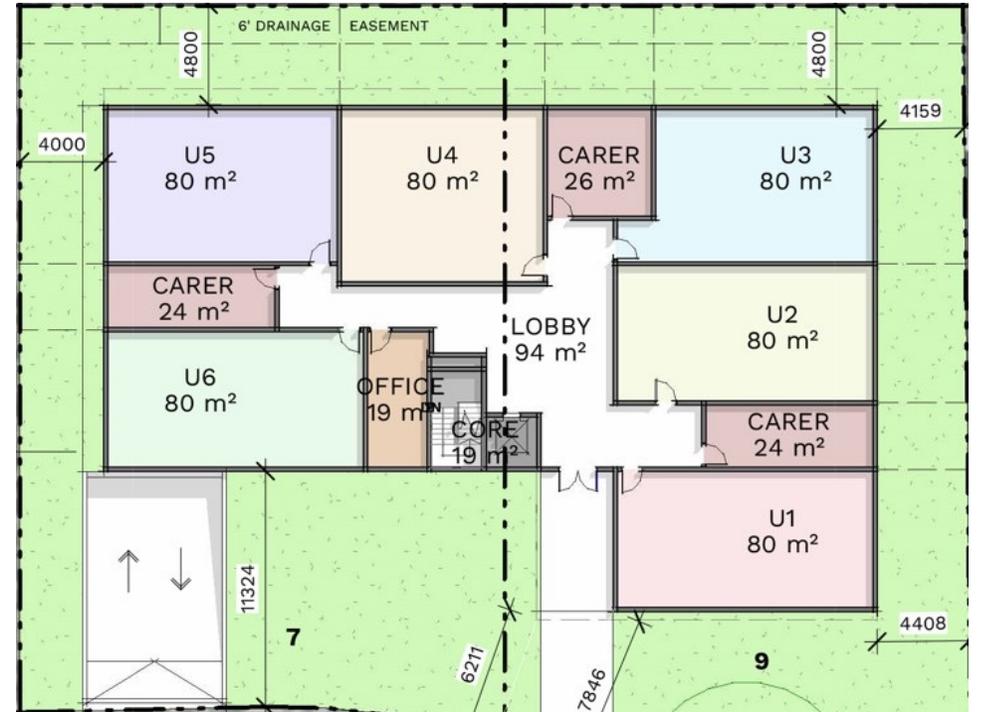
- \$3.5 Million attributed cost base
  - \$1.8 million attributed equity
  - \$1.7 million loan

- 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%...



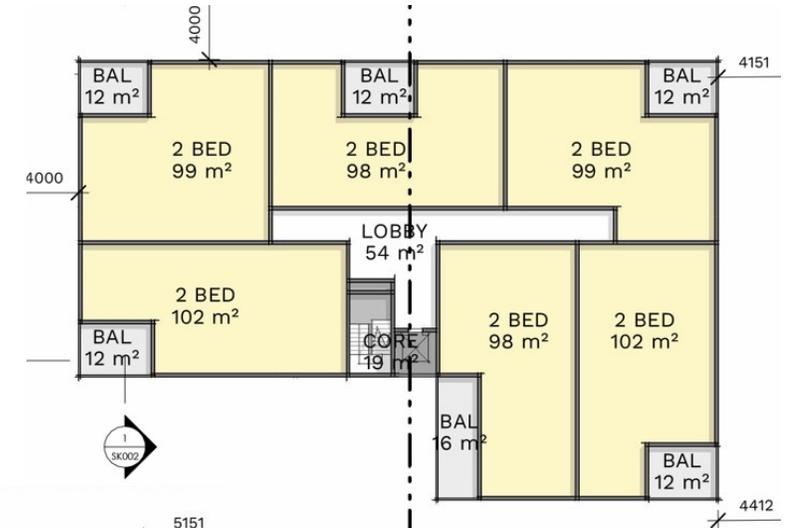
- Residential Development returns

- \$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

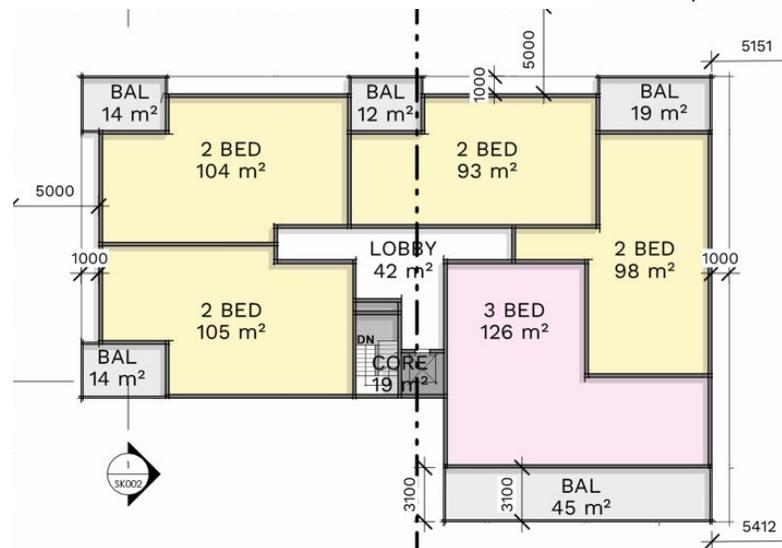
- Positive Outlook

- 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](http://www.BrickX.com.au))

- External Custodian



**Note**

a	Number of people with disability	4.3 million	<a href="https://www.NDIS.gov.au/understanding/how-NDIS-works/who-NDIS-supports">https://www.NDIS.gov.au/understanding/how-NDIS-works/who-NDIS-supports</a>
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



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**Wayfarer**  
Investment Partners



# GYROSTAT

## CAPITAL MANAGEMENT

Gyrostat Risk Managed Equity Fund

AIOFP Conference – Bangkok 2023

# **Sequencing Risk:**

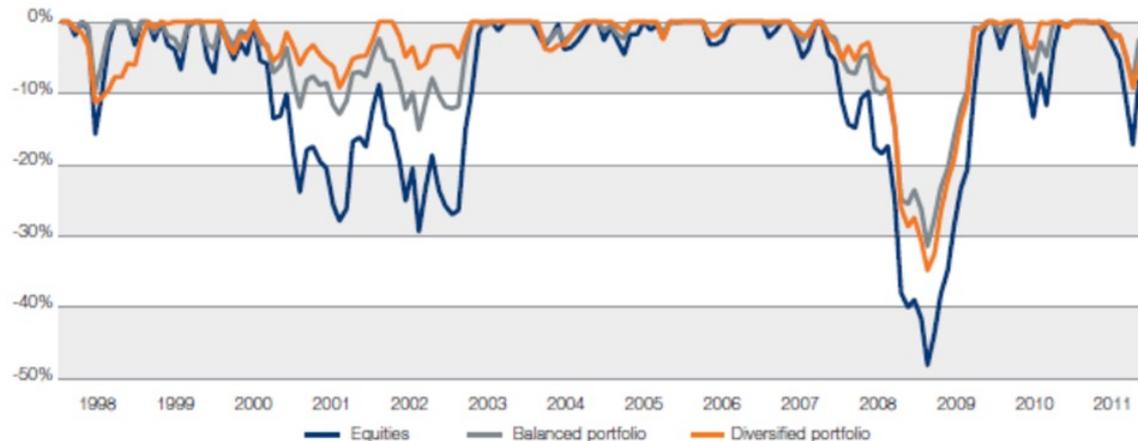
# **A Story of Diversification v Correlation**



## Gyrostat Risk Managed Equity Fund

# Diversification vs Correlation

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



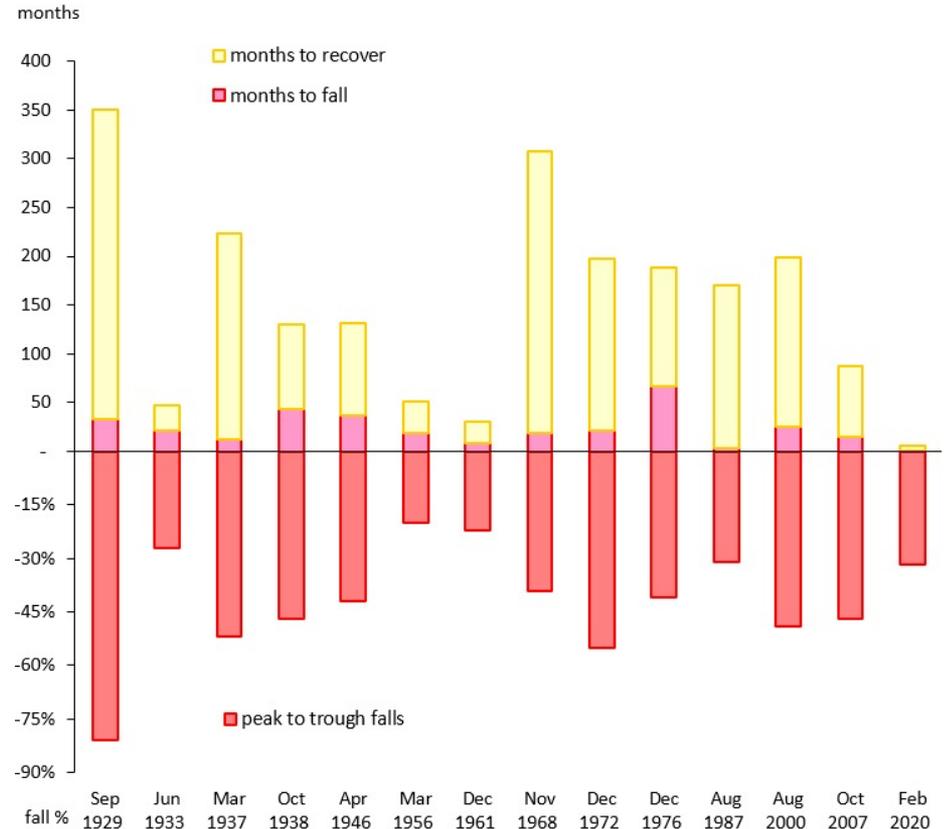
Diversification out of equities into the asset classes did not protect portfolios as well as expected

# 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

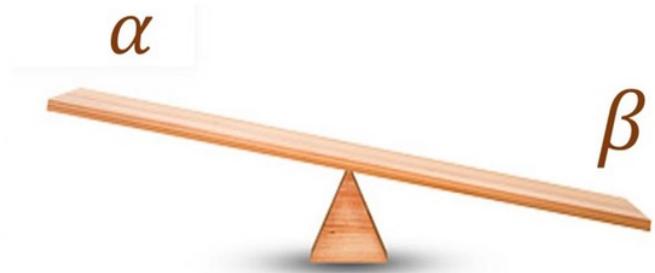
The graph shows the extent of falls from peak to trough S&P500, the duration of the fall, and time taken to recover to pre fall highs.



## 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

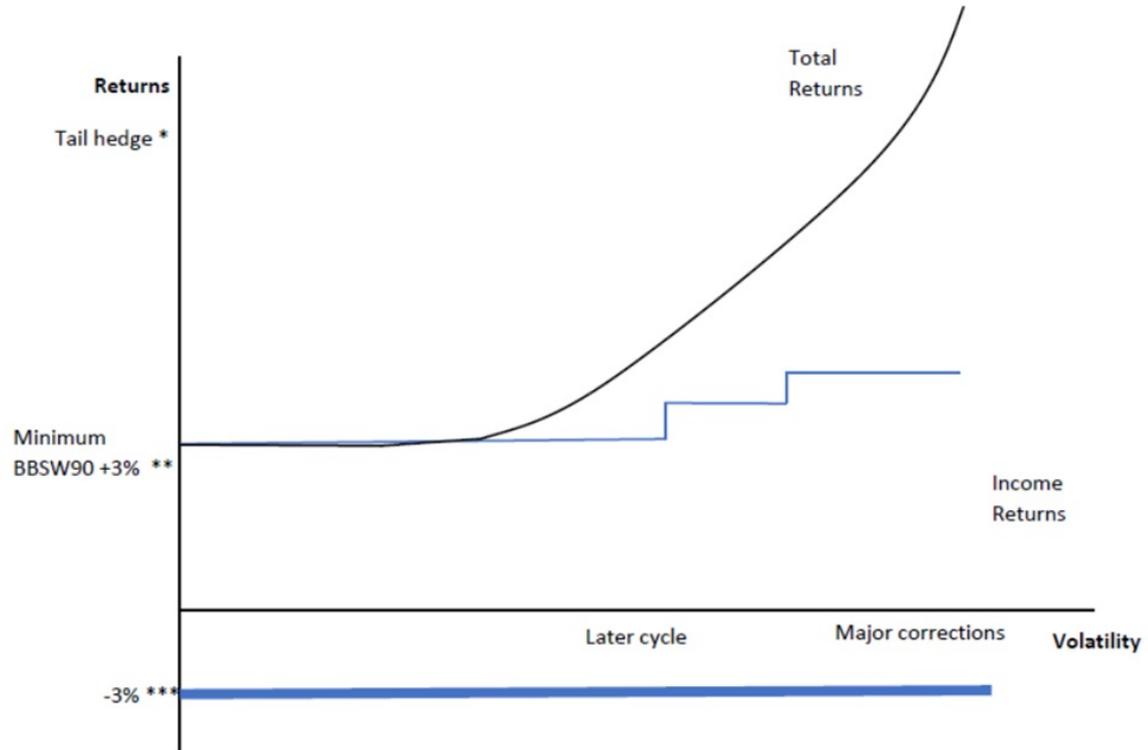
### OUR PURPOSE

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

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

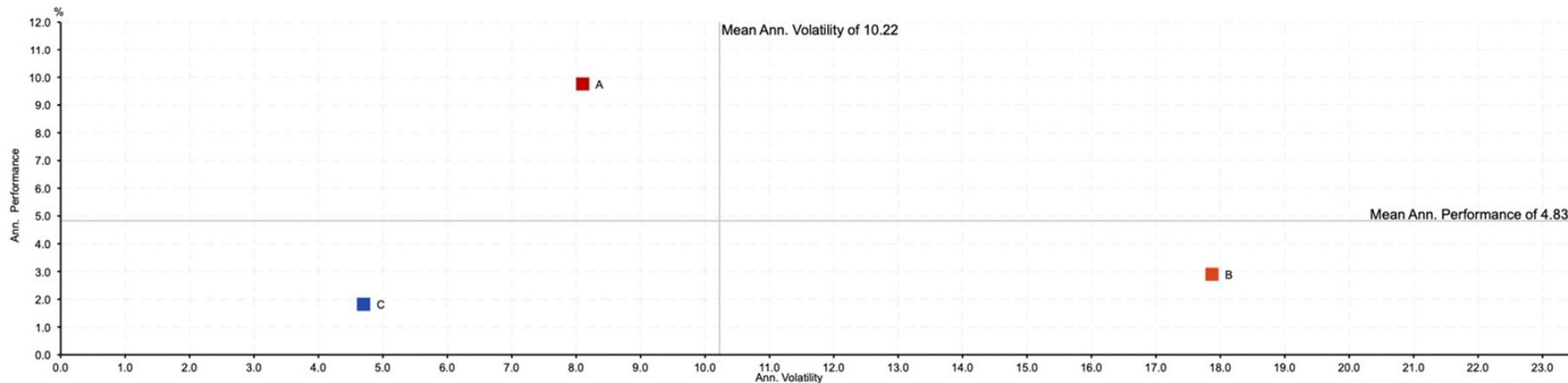
\* Since inception Dec 2010

# Gyrostat Risk Managed Equity Fund

Static Scatter Chart



29 June 2023



31/05/2022 - 31/05/2023 © FE fundinfo 2023

Key	Name	Annualise Performance	Annualised Volatility
A	Gyrostat - Absolute Return Income Equity Class A TR in AU	9.76	8.10
B	S&P ASX 200 TR in AU	2.90	17.87
C	AMI Absolute Return TR in AU	1.82	4.70

## 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

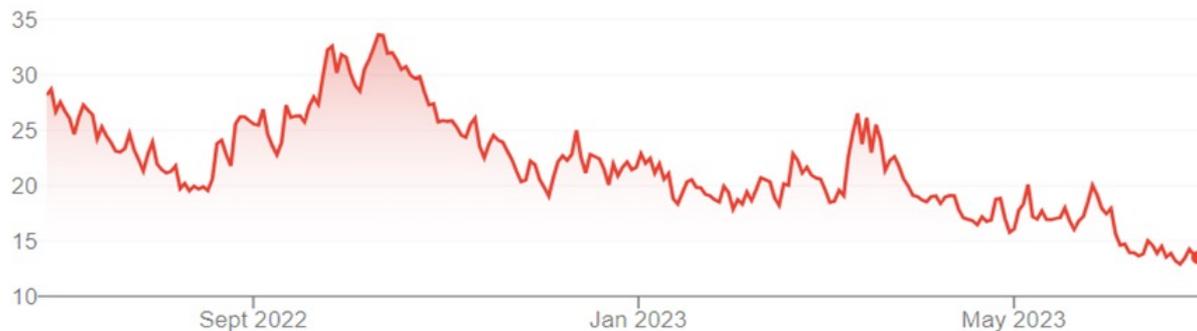
Market Summary > VIX

## 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).

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# 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

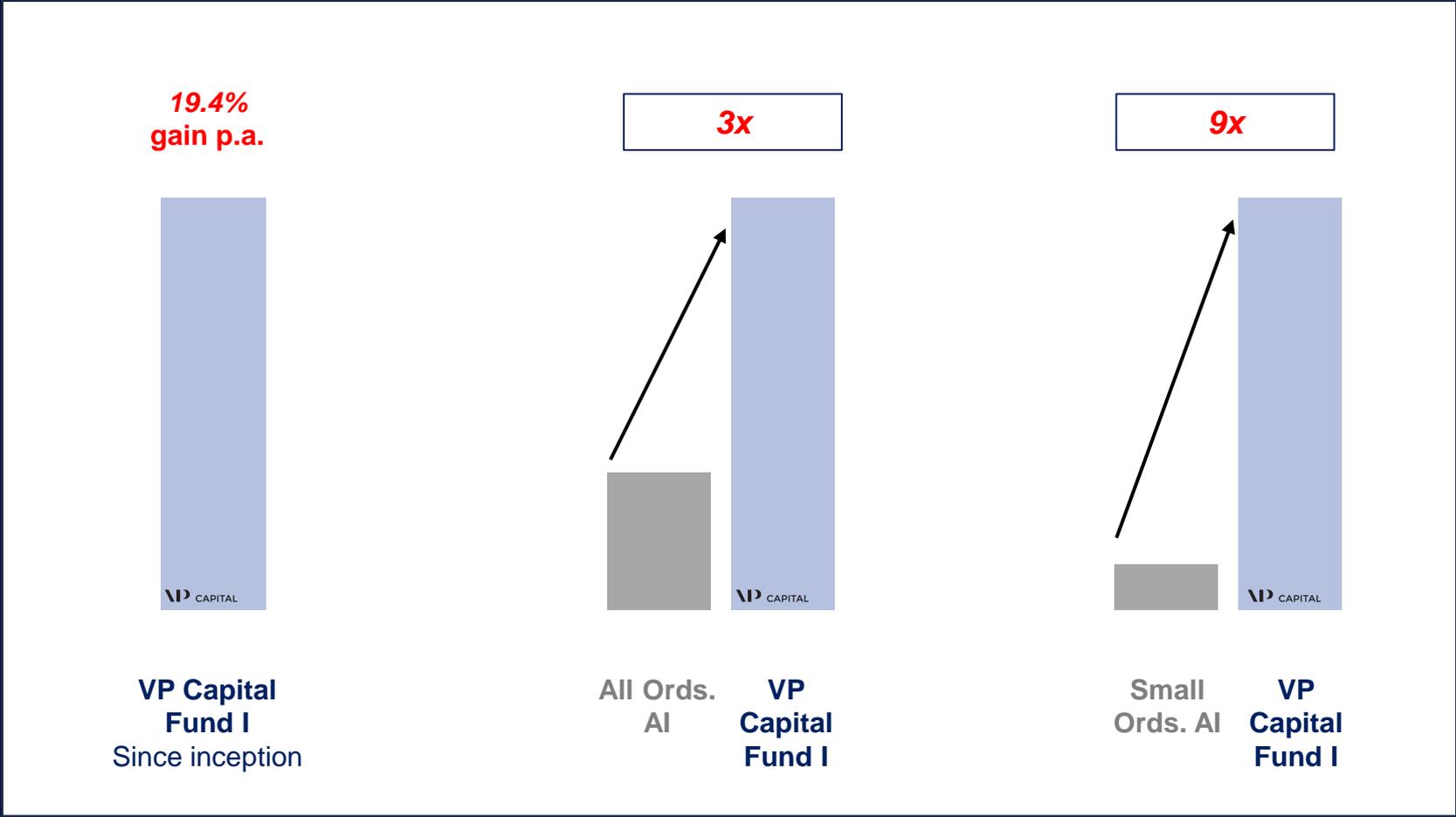
VP Capital's returns are **9x** the Small Ords and **3x** the All Ords

Returns <sup>1,2</sup>	CY23 returns <sup>3</sup>	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.

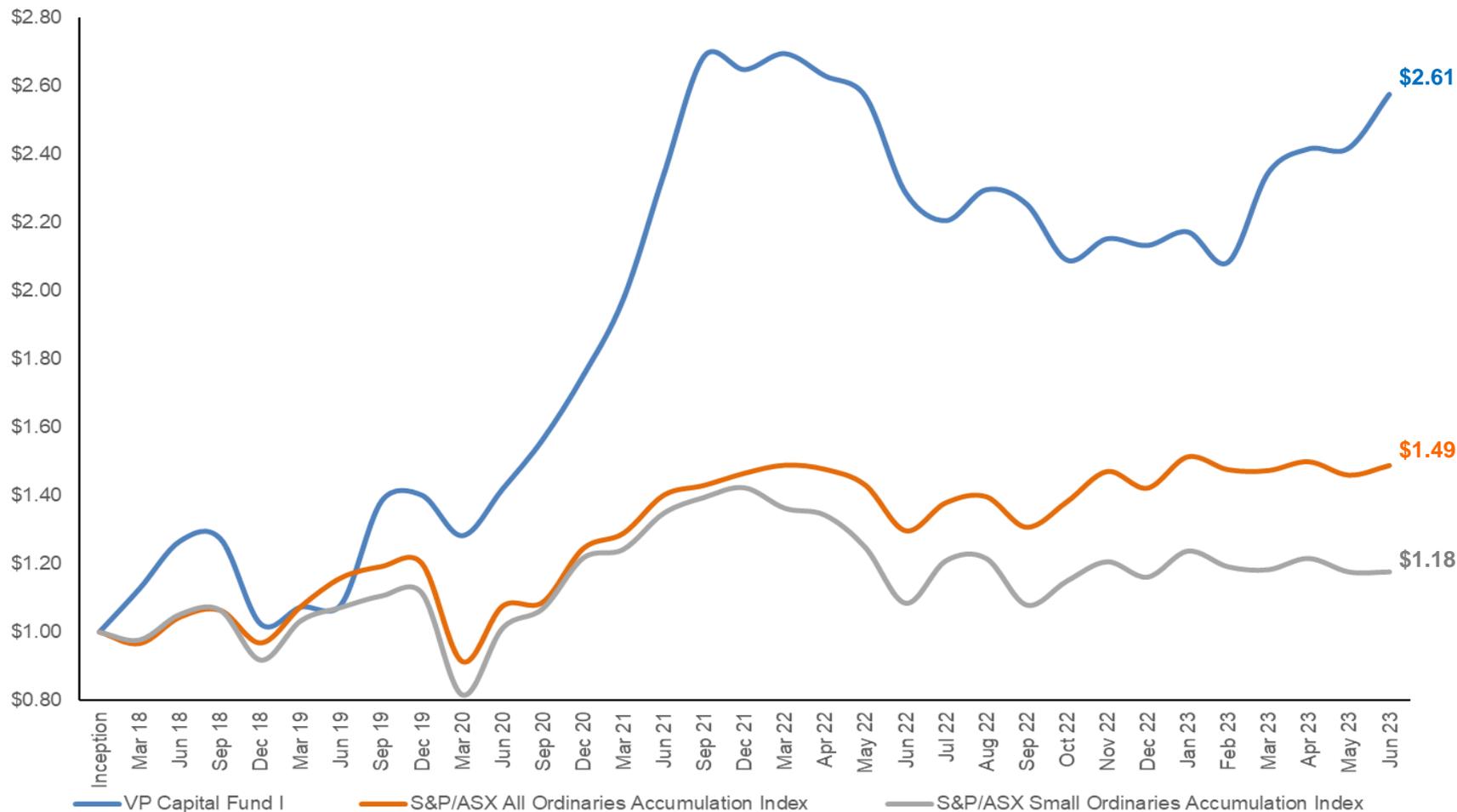
# Returns against the Australian market (cont.)

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



# Total return relative performance chart<sup>1,2,3</sup>

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
<b>LTR</b>	<b>4.0x</b>	<b>2.7x</b>
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.

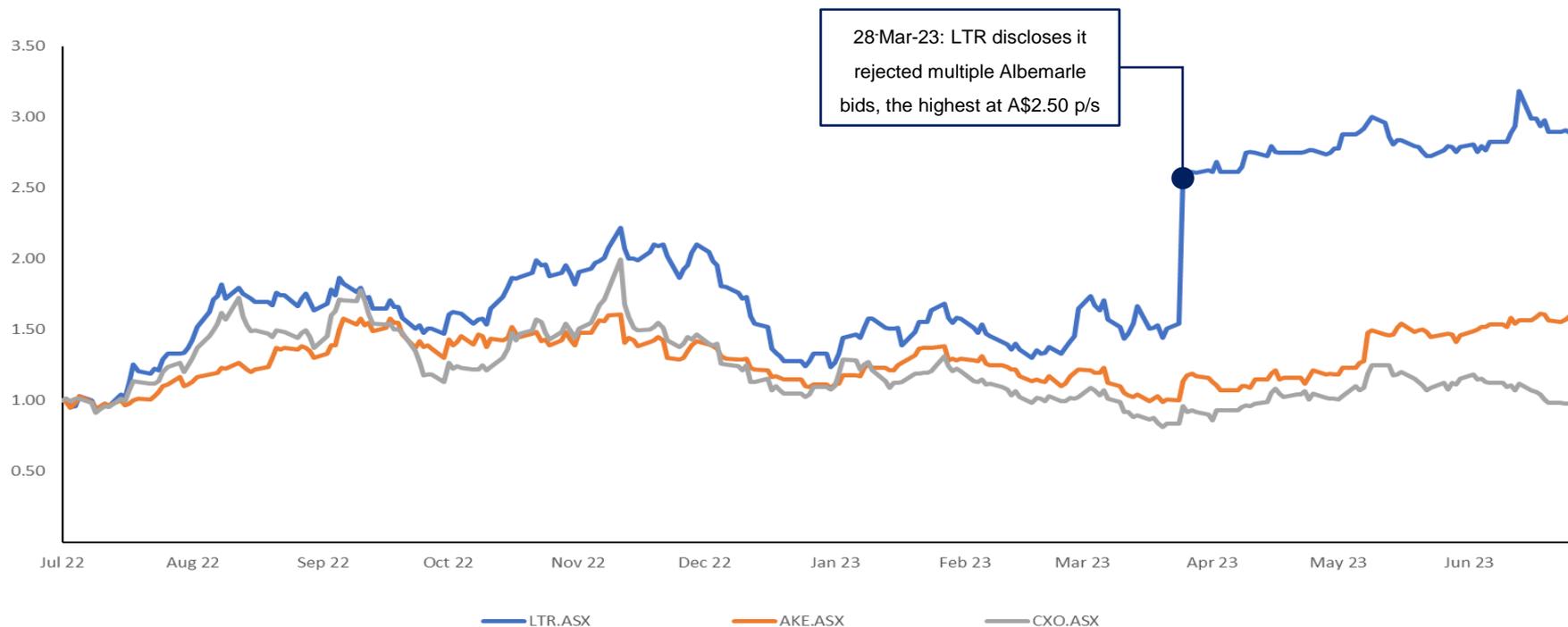
# Case study: relative value

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 it's last parcel at A\$3.03 per share

## Share price chart<sup>1</sup>



# 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
<b>Market cap</b>	<b>A\$m</b>	<b>1,877.7</b>
Pro forma net debt	A\$m	341.0
<b>EV</b>	<b>A\$m</b>	<b>2,218.7</b>

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)
<b>Total</b>	<b>A\$m</b>	<b>2,651.8</b>



## 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	<p>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.</p>
Minimum Investment Amount	<p>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.</p>
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

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# 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**.

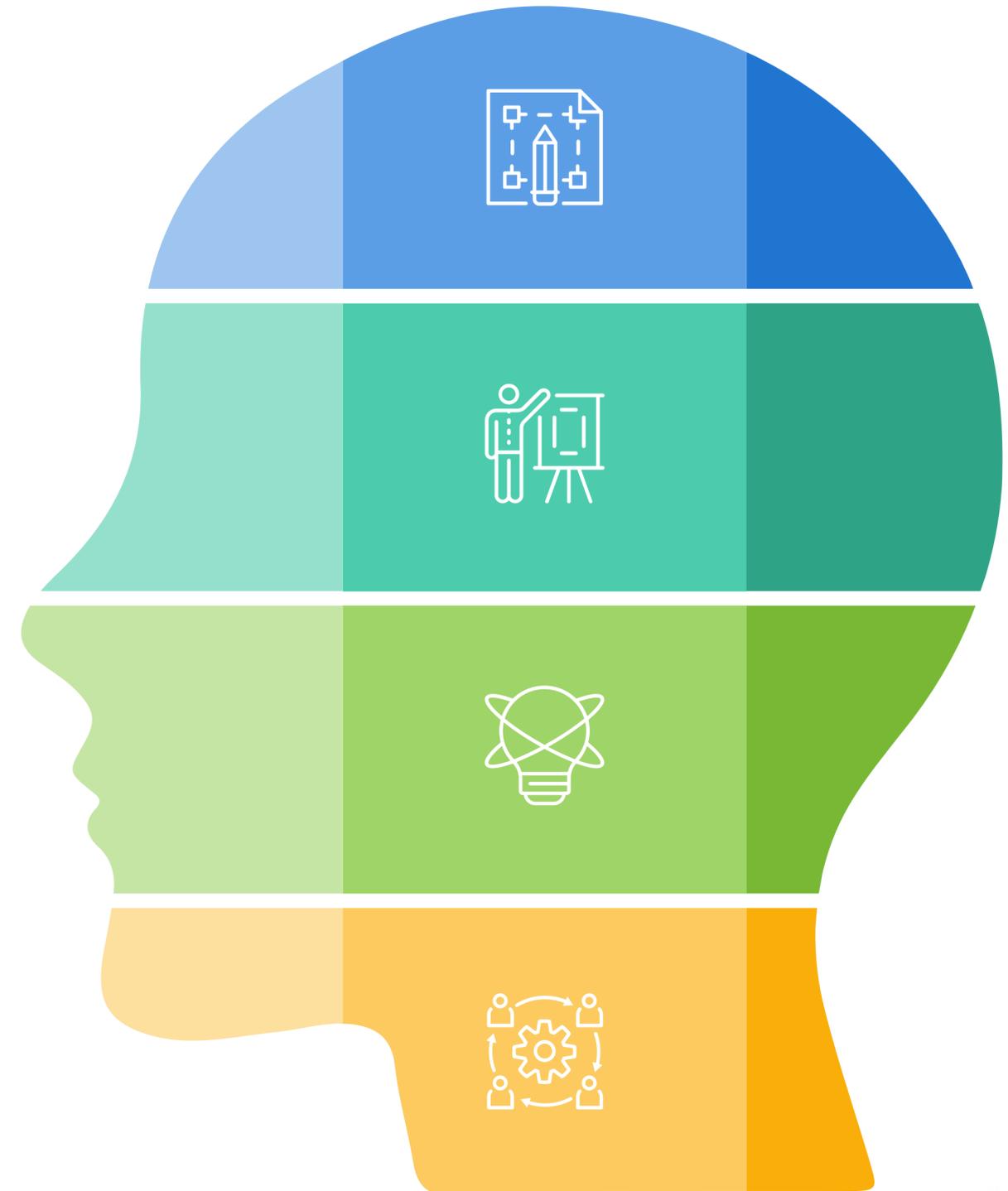
# Modern ethics

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

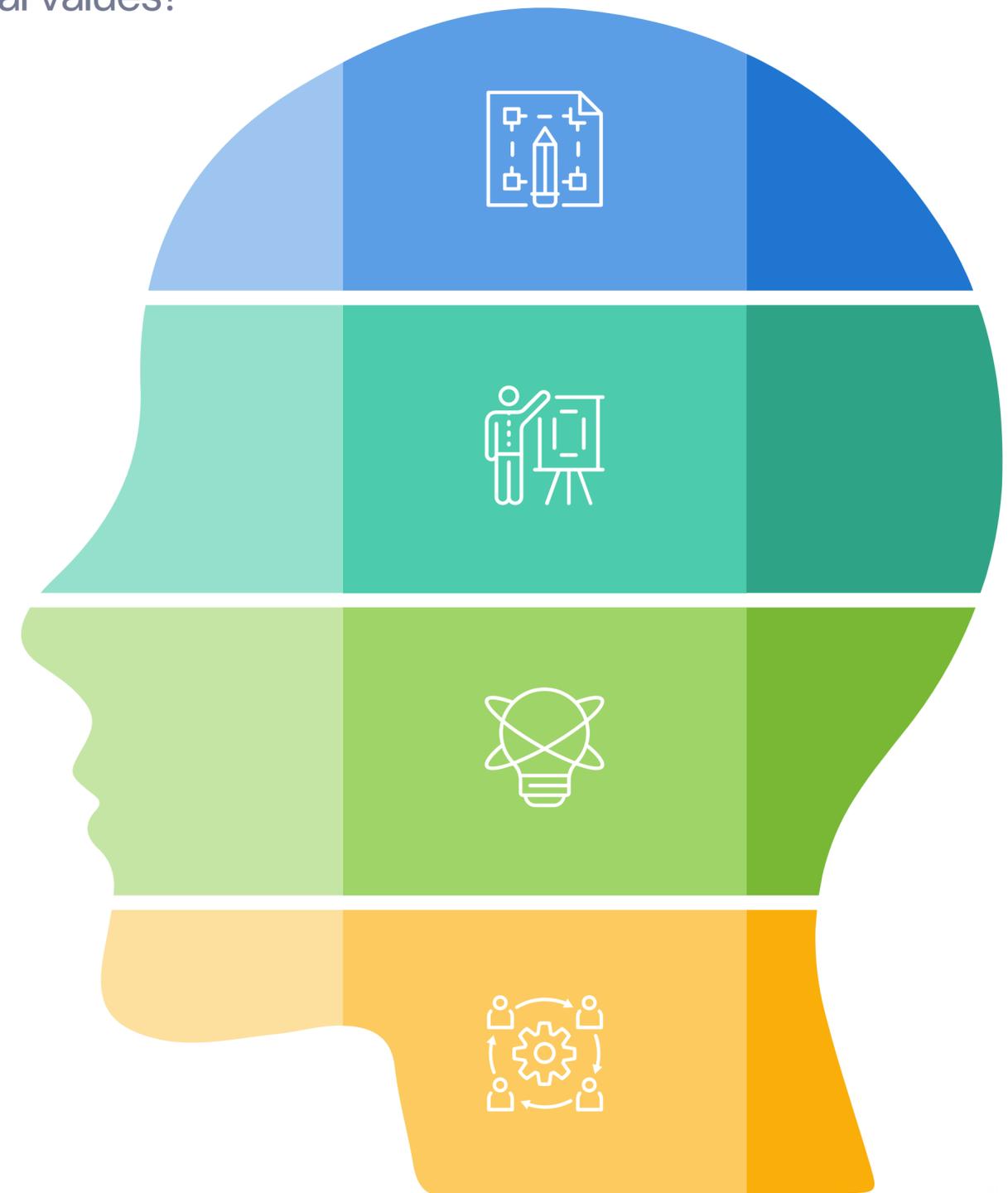
## Give several answers

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**?



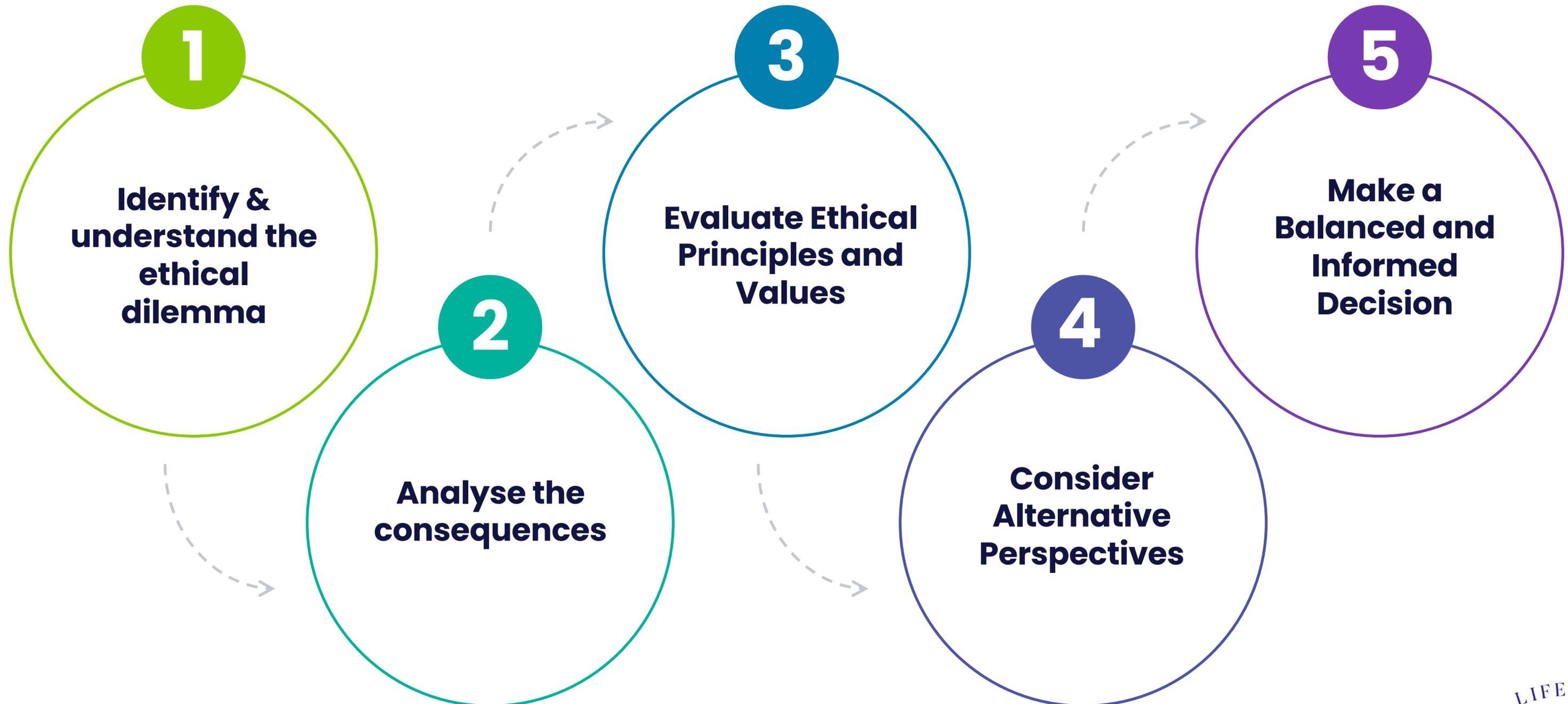
## Dilemma

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

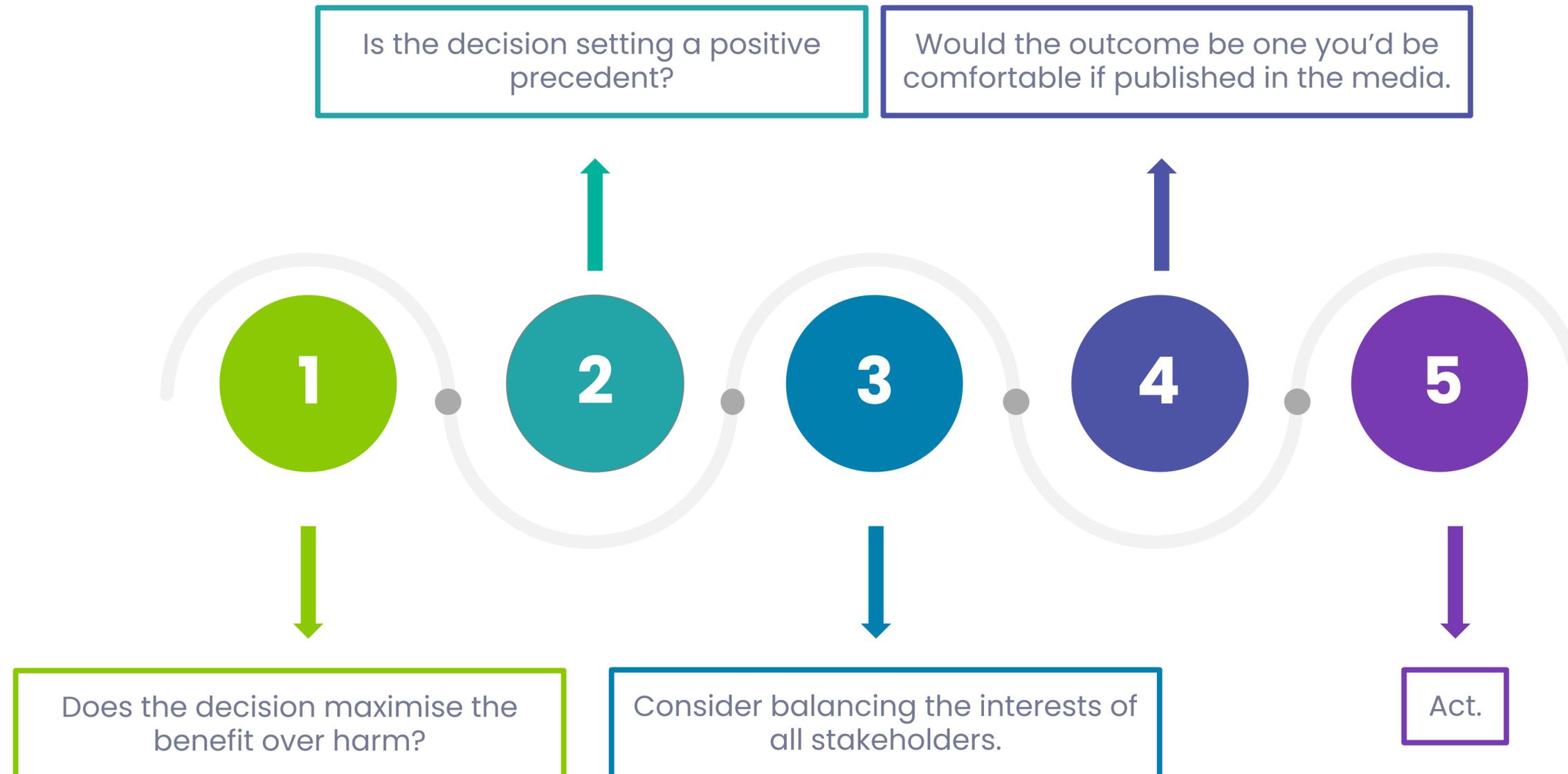
**Make a  
Balanced and  
Informed  
Decision**

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 clients 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.

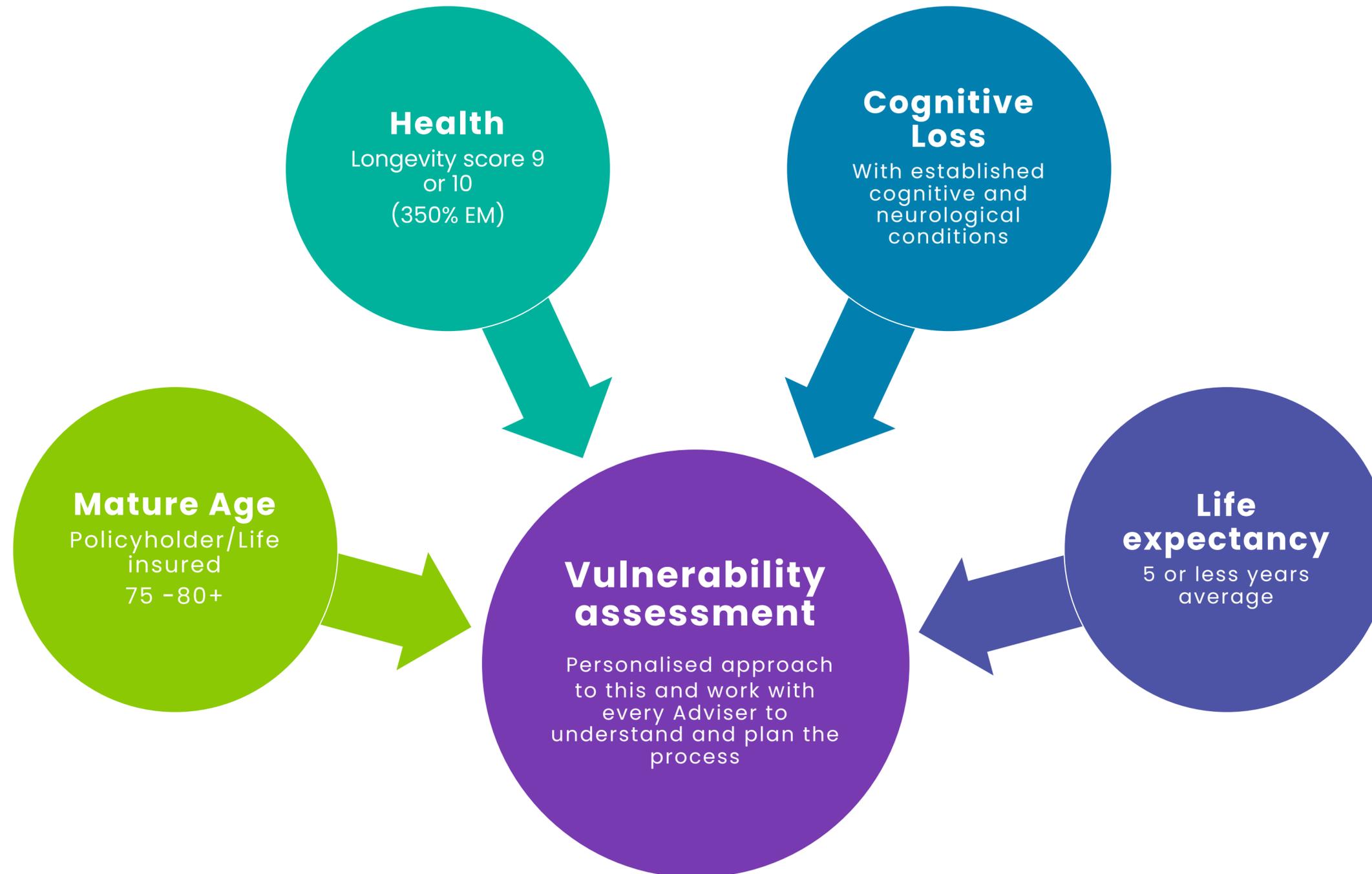


## Balanced and informed decision

- 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!**

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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





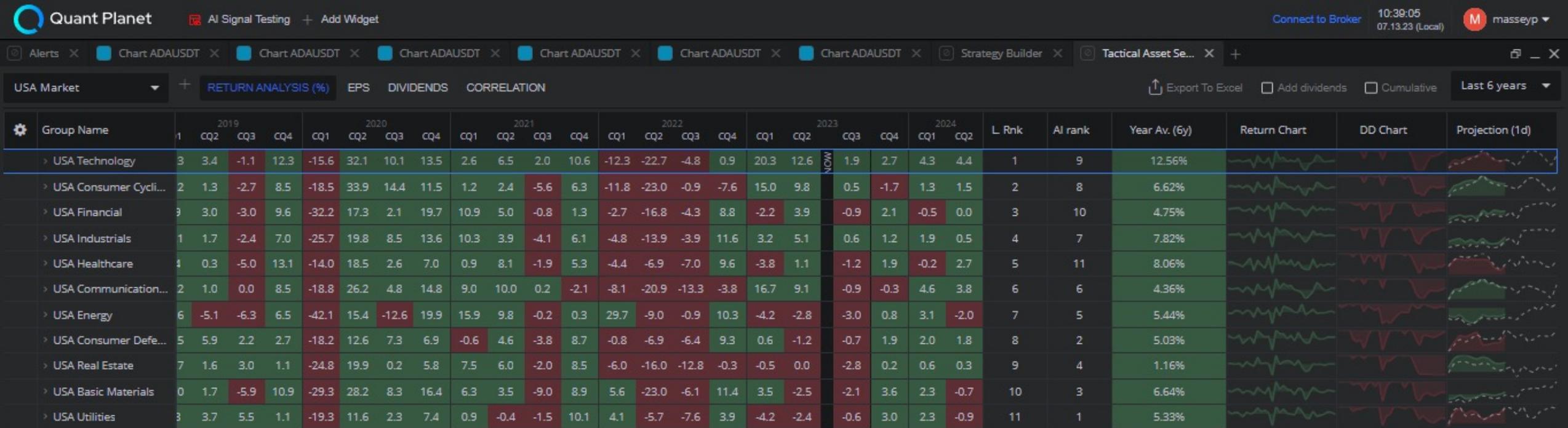
## A Glimpse of the Future of Advice

# Real-Time IMA / SMA Portfolio Construction and Optimisation

## Overview

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

Group Name	2019				2020				2021				2022				2023				2024		L Rnk	AI rank	Year Av. (5y)	Return Chart	DD Chart	Projection (1d)	
	1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2							
> USA Software - Infra...	5	7.5	-3.1	9.6	-7.0	32.6	3.8	9.1	3.2	12.3	4.0	6.5	-10.8	-19.9	-8.5	1.7	18.9	18.0	NOW	-0.1	1.2	5.6	7.2	1	11	15.02%			
> USA Semiconductors	7	-0.7	5.4	19.5	-21.5	28.2	16.1	18.9	10.4	-0.6	-2.0	18.8	-14.0	-27.0	-9.4	6.6	29.4	12.3		3.4	5.0	4.7	0.2	2	10	13.53%			
> USA Software - Appli...	8	3.6	-6.8	6.8	-10.6	33.5	6.7	11.3	-3.9	6.4	5.6	-2.3	-21.9	-29.4	0.3	-5.8	20.4	9.5		2.5	-0.5	1.4	3.2	3	12	4.49%			
> USA Consumer Elect...	7	3.8	8.6	27.2	-16.9	45.1	23.6	12.1	-7.0	11.4	3.3	24.5	-3.0	-20.5	0.6	-5.2	28.0	17.2		6.8	4.8	7.4	9.9	4	2	26.14%			
> USA Semiconductor ...	4	5.1	14.1	21.0	-23.4	46.4	1.3	35.5	31.5	-1.2	-0.4	16.5	-18.9	-28.8	-8.6	18.5	24.3	13.4		2.0	10.4	9.6	3.2	5	4	26.53%			
> USA Information Tec...	8	3.0	-0.6	4.0	-22.5	20.8	7.4	10.0	5.1	5.7	1.3	6.7	-12.9	-14.0	-9.5	4.1	-1.3	2.0		0.4	0.7	1.1	2.6	6	8	5.15%			
> USA Communication...	2	0.4	-11.7	8.2	-22.8	20.8	-6.2	20.7	13.6	3.8	-1.8	12.1	-12.1	-21.7	-3.5	9.7	7.4	-4.1		-2.8	3.3	4.9	-0.8	7	9	8.95%			
> USA Computer Hard...	8	-7.8	0.2	5.5	-18.1	9.6	-0.5	25.5	10.8	7.3	-10.3	20.0	-15.2	-32.2	-4.3	-2.3	20.5	6.3		-1.7	2.7	4.8	-4.6	8	7	3.00%			
> USA Scientific & Tech...	8	-0.3	-3.0	12.3	-25.4	26.9	4.1	19.6	9.9	0.7	0.9	5.5	-14.7	-19.1	-3.8	7.6	6.0	4.8		1.1	2.0	2.4	1.0	9	3	11.90%			
> USA Electronic Comp...	9	1.4	-6.0	9.3	-31.4	28.1	11.6	18.3	8.5	-0.3	-1.5	8.1	-13.4	-15.1	-0.3	6.9	9.8	5.3		1.8	2.8	0.2	1.7	10	6	7.89%			
> USA Solar	6	22.4	-6.8	-1.2	-20.6	42.7	86.2	20.8	-9.9	-9.1	-12.2	-10.8	-2.7	-16.8	18.2	-3.2	8.9	-11.3		9.4	-3.6	0.3	4.8	11	5	21.06%			
> USA Electronics & Co...	3	-5.7	1.1	10.6	-34.9	18.4	0.8	22.0	11.7	-2.1	0.3	11.6	-9.0	-7.1	-12.2	7.8	12.7	12.5		-1.2	6.3	0.3	1.2	12	1	2.72%			

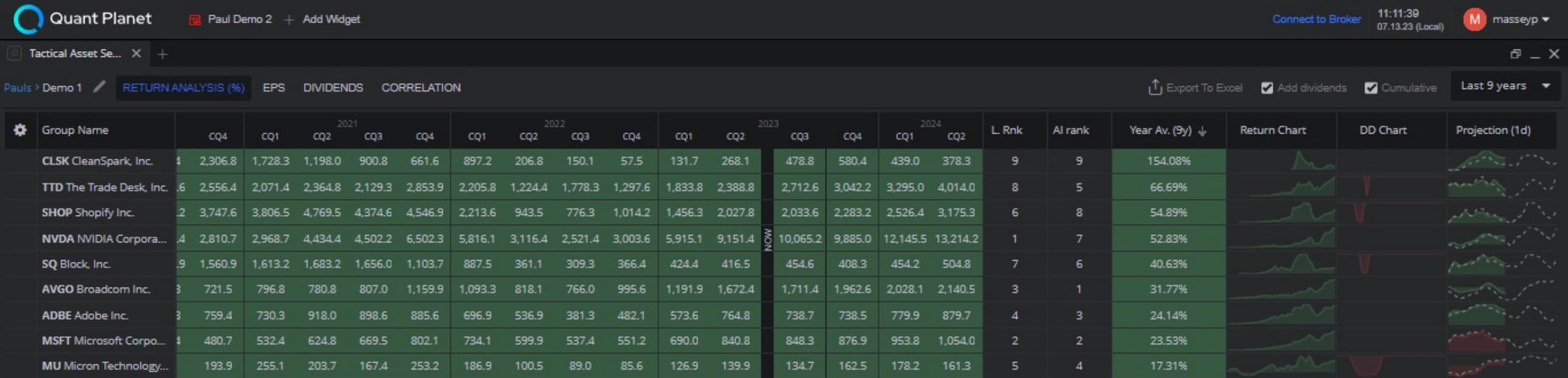
Drill Down to Any Sector – e.g., Technology

Group Name	ik	Controversy Score	Corp Gov Score	Corp Gov Rank	Bus Ethics Score	Bus Ethics Rank	Data Privacy Score	Data Privacy Rank	Human Capital Score	Human Capital Rank	Financials Score	Financials Rank	Product Gov S
MSFT Microsoft Corpo...	v	No	5	High	2	Low	4	Low	1	Negligable	2	Negligable	2
ADBE Adobe Inc.	able	No	8	Negligable	2	Severe	5	Low	6	Low	6	Low	3
PANW Palo Alto Netw...	v	No	6	High	9	Low	7	Negligable	5	Negligable	9	Negligable	8
ORCL Oracle Corporati...	re	No	6	High	9	Negligable	3	Negligable	7	Low	1	Low	9
PLTR Palantir Technolo...	able	No	7	Low	4	High	7	Negligable	1	Negligable	6	Negligable	2
MDB MongoDB, Inc.	v	No	8	High	9	Negligable	5	Severe	3	High	8	High	7
SQ Block, Inc.	v	No	5	Severe	7	Negligable	9	Severe	6	Severe	1	Severe	3
CRWD CrowdStrike Hol...	h	No	8	High	5	High	8	Negligable	5	Severe	4	Severe	2
SNPS Synopsys, Inc.	v	No	7	High	5	High	9	Negligable	6	Negligable	5	Negligable	2
FTNT Fortinet, Inc.	able	No	6	Severe	2	Severe	6	Low	2	Negligable	7	Negligable	7
ZS Zscaler, Inc.	h	No	8	Severe	9	Negligable	1	Low	8	Negligable	6	Negligable	7
NET Cloudflare, Inc.	re	No	8	Low	5	High	4	Low	7	Severe	4	Severe	3
VMW VMware, Inc.	re	No	1	Negligable	9	Low	1	High	6	Low	5	Low	6
AFRM Affirm Holdings,....	able	No	3	Negligable	4	Severe	4	Severe	4	Negligable	2	Negligable	4
PATH UiPath Inc.	abl	No	9	High	2	Low	6	Low	2	Low	1	Low	9
OKTA Okta, Inc.	able	No	4	Low	2	Severe	1	Severe	3	High	1	High	3
SPLK Splunk Inc.	able	No	1	Negligable	4	High	2	Negligable	4	High	8	High	3
CFLT Confluent, Inc.	h	No	1	Severe	7	High	5	Severe	8	High	7	High	7
TOST Toast, Inc.	h	No	2	Low	9	Severe	5	High	1	Severe	5	Severe	3
S SentinelOne, Inc.	v	No	2	High	6	Low	7	Negligable	7	Low	6	Low	2
DBX Dropbox, Inc.	h	No	2	Low	4	High	9	Severe	9	Negligable	7	Negligable	6
AKAM Akamai Technol...	re	No	9	Low	2	Severe	2	Negligable	7	High	3	High	9
HOOD Robinhood Mar...	v	No	8	Negligable	5	Severe	7	High	2	Low	1	Low	1
VRSN VeriSign, Inc.	able	No	4	High	7	Low	3	Negligable	2	Negligable	6	Negligable	6
IOT Samsara Inc.	v	No	2	Severe	8	Severe	9	Low	6	Negligable	5	Negligable	8
GDDY GoDaddy Inc.	h	No	4	Severe	5	High	7	Negligable	4	Low	5	Low	7
NEWR New Relic, Inc.	v	No	1	High	8	Negligable	7	Low	9	High	1	High	6
FFIV F5, Inc.	able	No	1	High	1	High	4	Severe	9	High	4	High	4

# Analyse Individual Assets – Including ESG Data

Group Name	2019				2020				2021				2022				2023				2024		L. Rnk	AI rank	Year Av. (5y) ↓	Return Chart	DD Chart	Projection (1d)	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2							
CLSK CleanSpark, Inc.	-	-	-	-	-	96.7	427.0	132.2	-24.0	-29.0	-22.9	-23.9	30.9	-69.2	-18.5	-37.0	47.1	58.9	NOW	57.2	17.6	-20.8	-11.3	38	103	154.08%			
VERI Veritone, Inc.	4	42.4	-60.3	-25.2	-16.2	694.2	-44.8	208.2	-14.4	-25.0	15.1	-2.9	-20.9	-64.2	-13.5	-5.5	14.8	-33.8	-34.7	-3.5	2.5	25.5	92	91	136.93%				
MDB MongoDB, Inc.	8	5.8	-22.5	12.9	-3.1	90.2	3.9	54.6	-15.8	27.8	37.1	14.8	-11.8	-39.4	-24.7	-1.1	20.1	80.0	8.5	13.4	20.9	21.4	6	89	55.54%				
SQ Block, Inc.	7	-2.7	-16.7	2.2	-25.7	150.2	37.8	31.0	3.2	4.1	-1.5	-31.5	-18.0	-53.3	-11.2	13.9	12.4	-1.5	7.4	-8.4	9.0	9.1	7	78	50.74%				
ZS Zscaler, Inc.	7	10.7	-40.6	0.1	32.3	80.9	25.3	40.4	-12.0	21.6	22.2	23.0	-23.7	-37.3	9.8	-32.2	6.4	26.5	1.7	2.7	18.5	10.0	11	77	49.42%				
NET Cloudflare, Inc.	-	-	-	3.5	39.9	5.9	10.1	83.1	-7.4	46.1	8.1	15.4	5.1	-63.0	23.8	-19.3	31.3	1.1	13.1	22.7	20.6	1.7	12	93	47.20%				
FTNT Fortinet, Inc.	9	-9.3	-1.8	39.7	-6.6	39.1	-16.0	17.1	4.1	3.7	22.4	21.9	1.6	16.1	19.9	1.4	31.9	14.8	1.2	1.2	18.5	5.4	10	111	28.31%				
OKTA Okta, Inc.	4	46.5	-18.1	12.9	2.4	76.6	1.6	17.7	-10.7	5.0	-2.0	-4.6	-33.3	-35.9	-37.0	18.8	29.5	-19.1	-2.7	7.6	10.0	11.8	16	72	34.29%				
FIVN Five9, Inc.	2	-2.9	2.1	26.1	11.6	56.7	12.5	32.8	-6.2	13.8	-10.1	-17.6	-15.3	-19.2	-18.5	-9.7	8.6	14.9	-2.0	3.3	8.7	11.7	30	45	33.06%				
SNPS Synopsys, Inc.	7	12.7	2.2	3.2	-10.2	57.9	7.8	19.8	-2.2	9.4	8.4	23.1	-8.8	-10.6	1.1	3.4	21.5	13.0	6.0	0.0	12.6	11.6	9	21	32.78%				
WIX Wix.com Ltd.	6	20.6	-21.0	7.4	-24.8	186.1	-5.9	-3.5	15.8	-3.1	-36.1	-15.4	-32.3	-36.8	18.1	-1.8	34.9	-20.4	-5.9	-5.1	10.9	10.9	29	64	32.15%				
GDS GDS Holdings Lim...	7	3.0	4.5	29.7	9.0	42.4	0.9	13.2	-13.0	-7.9	-27.0	-12.7	-10.7	-22.0	-47.1	16.8	-6.7	-41.1	-12.3	-0.9	16.1	-9.3	68	102	31.13%				
FOUR Shift4 Payments...	-	-	-	-	-	39.0	52.2	14.9	8.8	-14.4	-29.4	8.9	-46.7	34.0	23.5	36.4	-9.5	21.5	5.3	19.5	-10.3	36	53	30.28%					
SPSC SPS Commerce, I...	0	-2.9	-10.2	20.2	-17.2	65.4	0.8	38.3	-6.2	-1.3	60.3	-12.5	-5.3	-17.9	9.4	2.6	19.0	27.5	11.1	0.5	6.7	7.9	44	11	30.07%				
DAVA Endava plc	8	53.5	-10.1	25.9	-27.9	41.6	32.9	21.0	9.6	37.8	20.1	19.1	-21.6	-31.9	-7.7	-5.1	-10.7	-22.1	12.5	6.9	-4.9	10.4	61	47	29.59%				
CRWD CrowdStrike Hol...	-	-	-10.5	-12.2	9.1	88.9	32.5	51.8	-10.9	31.9	-2.0	-16.6	11.1	-21.4	-2.0	-36.8	32.6	8.4	3.0	-6.9	11.6	16.2	8	60	28.23%				
CYBR CyberArk Softwa...	0	5.8	-20.8	15.8	-32.4	29.3	0.4	54.2	-18.4	-0.4	20.6	8.9	-2.2	-23.0	17.6	-13.9	15.5	6.4	5.7	6.1	4.3	3.1	35	29	27.07%				
APPN Appian Corporat...	3	3.2	32.9	-19.6	-7.6	49.2	21.0	143.4	-16.8	-3.5	-31.0	-30.3	-6.8	-23.6	-14.0	-20.8	35.4	8.4	4.2	4.9	12.0	12.2	63	56	26.97%				
VRNS Varonis Systems,...	5	0.4	-5.1	32.9	-24.1	60.1	21.3	40.9	-2.1	9.5	7.1	-21.0	-2.0	-37.0	-10.1	-10.3	12.7	2.7	-0.1	1.6	5.7	2.3	56	39	26.47%				
PANW Palo Alto Netw...	8	-15.0	-1.0	13.7	-29.7	40.9	6.0	42.9	-7.7	12.0	30.3	14.8	9.4	-17.5	-0.7	-15.9	44.2	29.0	3.6	3.3	9.1	3.6	3	41	26.34%				
BAND Bandwidth Inc.	8	10.1	-14.2	-1.4	-1.3	108.2	32.2	-13.2	-19.5	6.5	-35.4	-17.4	-52.7	-41.8	-37.4	90.3	-32.6	-9.9	-7.2	5.7	-5.6	7.9	83	70	26.03%				
ADBE Adobe Inc.	4	10.1	-9.7	21.6	-8.7	47.7	10.2	0.5	-3.4	22.6	-1.9	-1.3	-19.1	-20.1	-24.4	20.9	15.7	28.4	-3.0	0.0	4.9	11.3	2	46	25.63%				
DTSS Datasea Inc.	9	-27.5	-33.3	229.5	-20.3	-12.3	55.9	-37.9	68.3	-36.9	-11.7	-23.5	75.6	-39.7	-9.7	1.4	-18.1	-23.6	7.4	80.7	26.7	-29.7	115	N/R	25.60%				
MSFT Microsoft Corpo...	7	13.9	0.2	15.7	-4.2	34.8	2.3	4.2	8.9	14.4	6.0	17.0	-7.7	-16.3	-9.2	1.9	21.0	18.9	0.8	3.0	7.8	9.4	1	24	25.08%				
QLYS Qualys, Inc.	4	4.6	-13.7	10.7	-1.1	26.3	-6.6	23.7	-15.2	-2.2	9.9	24.1	2.1	-8.2	10.5	-19.8	16.7	0.1	-2.6	2.0	9.9	3.9	43	27	25.01%				
NEWR New Relic, Inc.	1	-7.6	-31.1	7.6	-32.1	59.5	-22.5	14.4	-3.5	6.0	9.4	51.5	-38.8	-23.3	14.0	-0.3	37.8	-12.2	-3.1	8.8	1.3	5.4	27	38	24.52%				
IIIV i3 Verticals, Inc.	6	31.6	-34.6	46.0	-38.7	74.4	-16.4	31.9	-5.1	-3.6	-22.2	-6.1	22.0	-11.0	-19.8	20.0	5.9	-7.2	-14.9	14.5	1.1	12.9	87	28	24.04%				
BL BlackLine, Inc.	2	7.4	-5.4	10.6	-4.1	76.6	2.1	47.0	-16.7	0.4	5.7	-13.2	-28.7	-8.0	-10.6	10.9	1.4	-19.1	4.2	1.3	-2.8	9.3	45	48	23.56%				

# Analyse Individual Assets Performance



# Rapidly Construct a Product or IMA / SMA Portfolio

- In REAL-TIME
- ANYTIME

Group Name	CQ4	2021				2022				2023				2024		L. Rnk	AI rank	Year Av. (9y) ↓	Return Chart	DD Chart	Projection (1d)
		CQ1	CQ2	CQ3	CQ4	CQ1	CQ2	CQ3	CQ4	CQ1	CQ2	CQ3	CQ4	CQ1	CQ2						
Demo 1	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	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	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	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	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	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...	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...	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	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...	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	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	-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	12.9	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



Name	Status	Sym...	Filter...	Time...	Cond...	Thre...	Mess...	Noti...	Creat...	Expir...
ADA...	●	ADA...	All	30Min	Long...	1	ADA...	SMS...	12/1...	12/2...
ADA...	●	ADA...	All	30Min	Shor...	1	ADA...	SMS...	12/1...	12/2...
BNB...	●	BNB...	All	30Min	Long...	1	BNB...	SMS...	12/1...	12/2...
BNB...	●	BNB...	All	30Min	Shor...	1	BNB...	SMS...	12/1...	12/2...
BTCB...	●	BTCB...	All	30Min	Long...	1	BTCB...	SMS...	12/1...	12/2...
BTCB...	●	BTCB...	All	30Min	Shor...	1	BTCB...	SMS...	12/1...	12/2...
BTCU...	●	BTCU...	All	30Min	Long...	1	BTCU...	SMS...	12/1...	12/2...
BTCU...	●	BTCU...	All	30Min	Shor...	1	BTCU...	SMS...	12/1...	12/2...
ETH...	●	ETH...	All	30Min	Long...	1	ETH...	SMS...	12/1...	12/2...
ETH...	●	ETH...	All	30Min	Shor...	1	ETH...	SMS...	12/1...	12/2...
SOL...	●	SOL...	All	30Min	Long...	1	SOL...	SMS...	12/1...	12/2...
SOL...	●	SOL...	All	30Min	Shor...	1	SOL...	SMS...	12/1...	12/2...
ADA...	●	ADA...	All	1H	Long...	1	ADA...	SMS...	12/1...	12/2...
ADA...	●	ADA...	All	1H	Shor...	1	ADA...	SMS...	12/1...	12/2...
BNB...	●	BNB...	All	1H	Long...	1	BNB...	SMS...	12/1...	12/2...
BNB...	●	BNB...	All	1H	Shor...	1	BNB...	SMS...	12/1...	12/2...
BTCB...	●	BTCB...	All	1H	Long...	1	BTCB...	SMS...	12/1...	12/2...
BTCB...	●	BTCB...	All	1H	Shor...	1	BTCB...	SMS...	12/1...	12/2...
BTCU...	●	BTCU...	All	1H	Long...	1	BTCU...	SMS...	12/1...	12/2...
BTCU...	●	BTCU...	All	1H	Shor...	1	BTCU...	SMS...	12/1...	12/2...
ETH...	●	ETH...	All	1H	Long...	1	ETH...	SMS...	12/1...	12/2...
ETH...	●	ETH...	All	1H	Shor...	1	ETH...	SMS...	12/1...	12/2...
SOL...	●	SOL...	All	1H	Long...	1	SOL...	SMS...	12/1...	12/2...
SOL...	●	SOL...	All	1H	Shor...	1	SOL...	SMS...	12/1...	12/2...
ADA...	●	ADA...	All	2H	Long...	1	ADA...	SMS...	12/1...	12/2...
ADA...	●	ADA...	All	2H	Shor...	1	ADA...	SMS...	12/1...	12/2...
BNB...	●	BNB...	All	2H	Long...	1	BNB...	SMS...	12/1...	12/2...
BNB...	●	BNB...	All	2H	Shor...	1	BNB...	SMS...	12/1...	12/2...
RTCR	●	RTCR	All	2H	Long...	1	RTCR	SMS...	12/1...	12/2...

Price (USD)	Amount (AGLD)	Time	Side
0.6662	7.7500	июль 13 11:30:52	B
0.6637	4.0000	июль 13 11:30:20	S

Deploy the Strategy Using A.I. / Machine Learning with REAL TIME Alerts Including DDO / Compliance Reporting

## ➤➤ 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



CommonwealthBank



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Roboadvisors: A global perspective

AIOFP Conference: July 2023

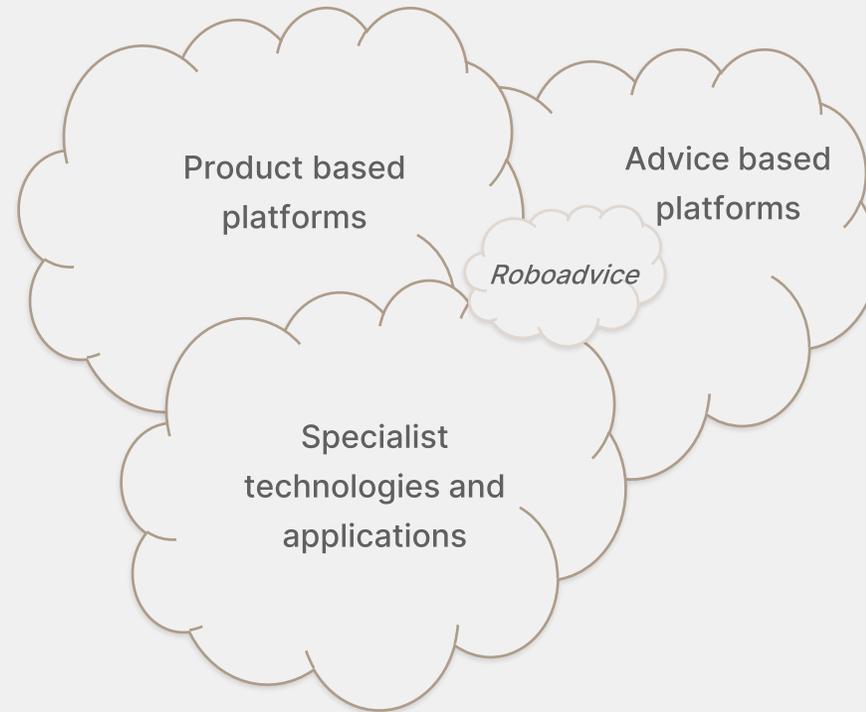


# The WealthTech space

Investors



WealthTech Solutions



Financial Products





# The WealthTech platform space (detail)

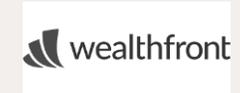
Non-advised  
(direct, product focus)

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



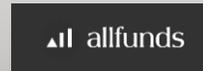
Advised (automated)

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



Advised (traditional)

Practice management  
Niche process platforms  
Wealth management (Aust)  
B2B product focused platforms:  
• Mutual funds  
• Alternatives



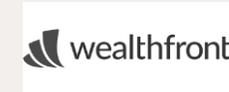


# The WealthTech platform space: successes

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

Direct  
(non-advised)

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



Advised

- Practice management
- Niche process platforms
- Wealth management (Aust)
- B2B product focused platforms:
  - Mutual funds
  - Alternatives



# The global experience: A threat to Australian advisors ?

## US:

- Direct & digital successful for shares (Charles Schwab, Robinhood, Interactive Brokers) and previously, crypto platforms
- Robodvisory (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
- Robodvisory (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
- Robodvisory 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)



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