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One trick PONY?

How the retirement income review could change superannuation forever

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MOMENTUM MEDIA

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FOLLOWING THE MAJOR CHANGES SET FORTH IN THE 2017 BUDGET, THE SUPER SYSTEM WENT THROUGH A FEW YEARS OF RELATIVE PEACE WHERE IT LOOKED LIKE IT WAS AT LEAST TEMPORARILY REMOVED FROM POLITICAL TINKERING. THEN CAME 2020

IT SEEMS no facet of Australian social and economic life has been immune from the COVID-19 crisis, and super is no different. The government's early release scheme is now expected to remove around $42 billion from the super system and, combined with the rise in the super guarantee expected next year, this has reignited political debate around the purpose of super and what it should be used for.

Treasurer Josh Frydenberg has pointed to trade-offs between wage growth and further rises in the SG as the economy faces its first recession in almost 30 years, while a number of Liberal MPs have also suggested money locked up in super would be better used to alleviate housing affordability issues for younger generations who may not retire with a home of their own.

Temper tantrums from both sides of politics about who benefits most from super and how it should be structured in future are taking place against a backdrop of the independent review into the retirement system which, at time of writing, had not yet been released to the public. With the government holding back the final report despite having received it more than a month ago, it's expected the report's conclusions will be used to make the case for further reforms to the rules around the super system in this year's budget.

In this month's cover feature, Lachlan Maddock takes a look at some of the key submissions to the review to analyse its possible conclusions.

We also delve into the adviser professional year, which has perhaps received the least amount of attention out of all the FASEA standards but is arguably the most critical in terms of ensuring the ongoing viability of the advice industry once a large number of retiring practitioners exit. While green shoots are appearing in terms of both graduate and licensee interest in taking on the PY program, uptake of new entrants into the industry is still worryingly low, which is a concern given the number of advisers expected to retire before the new FASEA exam deadline in 2022.

With the coronavirus crisis having taken up so much airtime and headspace for government, business and the general population this year, it seems we are all rushing towards the end of the year without having achieved much other than adapting to the bizarre set of circumstances we find ourselves in. However, as the government's delayed budget is now scheduled for October and a number of royal commission legislation pieces are set to come back on the government's agenda, the final quarter of the year could still prove a busy one for advisers and clients.

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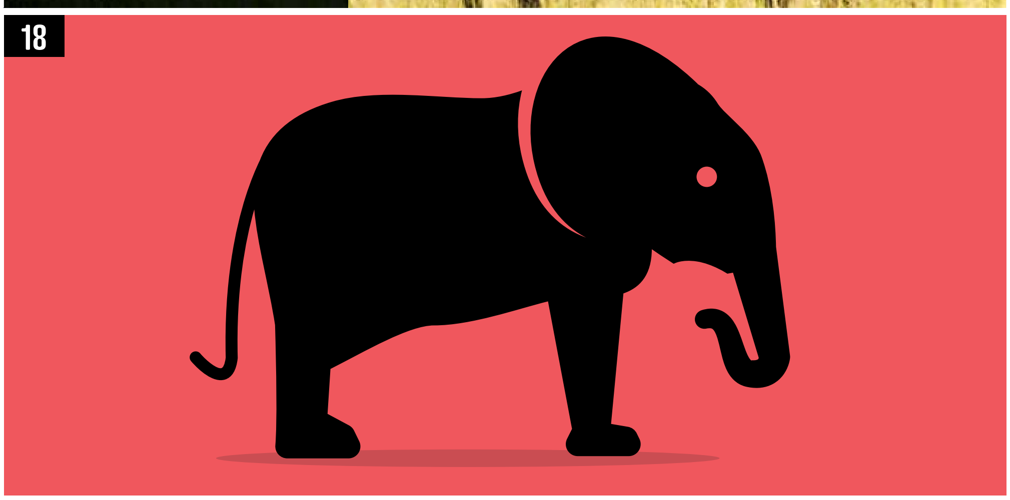

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Nik Albrecht is the managing director of Albrecht & Associates. He has over 15 years' experience in legal and commercial roles within leading financial services firms, holding positions at UBS, Schroders and Wilsons Advisory. In this issue, he takes advisers through the ins and outs of conflicts of interest.

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SONAL DESAI, FRANKLIN TEMPLETON

Sonal Desai is executive vice president and chief investment officer of the Franklin Templeton Fixed Income Group. She holds a PhD in economics from Northwestern University and a BA in economics from Delhi University.

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JASON HAZELL, CRESCENT WEALTH

Jason Hazell is chief investment officer of Australian superannuation fund Crescent Wealth. He has more than 20 years' experience in superannuation, investment management, and mergers and acquisitions. He was previously head of investment specialists at NAB Asset Management.

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"ISLAMIC INVESTMENT PRINCIPLES SPECIFICALLY SCREEN OUT SOCIALLY DETRIMENTAL ACTIVITIES"

PETER TRUONG, CENTREPOINT ALLIANCE

Peter Truong is a business consultant with Centrepoint Alliance. He joined the business in February, bringing more than 20 years' experience in the financial services industry, including a stint as an investment adviser at CommSec. He has also previously worked as a practice development manager for Financial Wisdom and a consultant at Evolution Diversified Investment Services.

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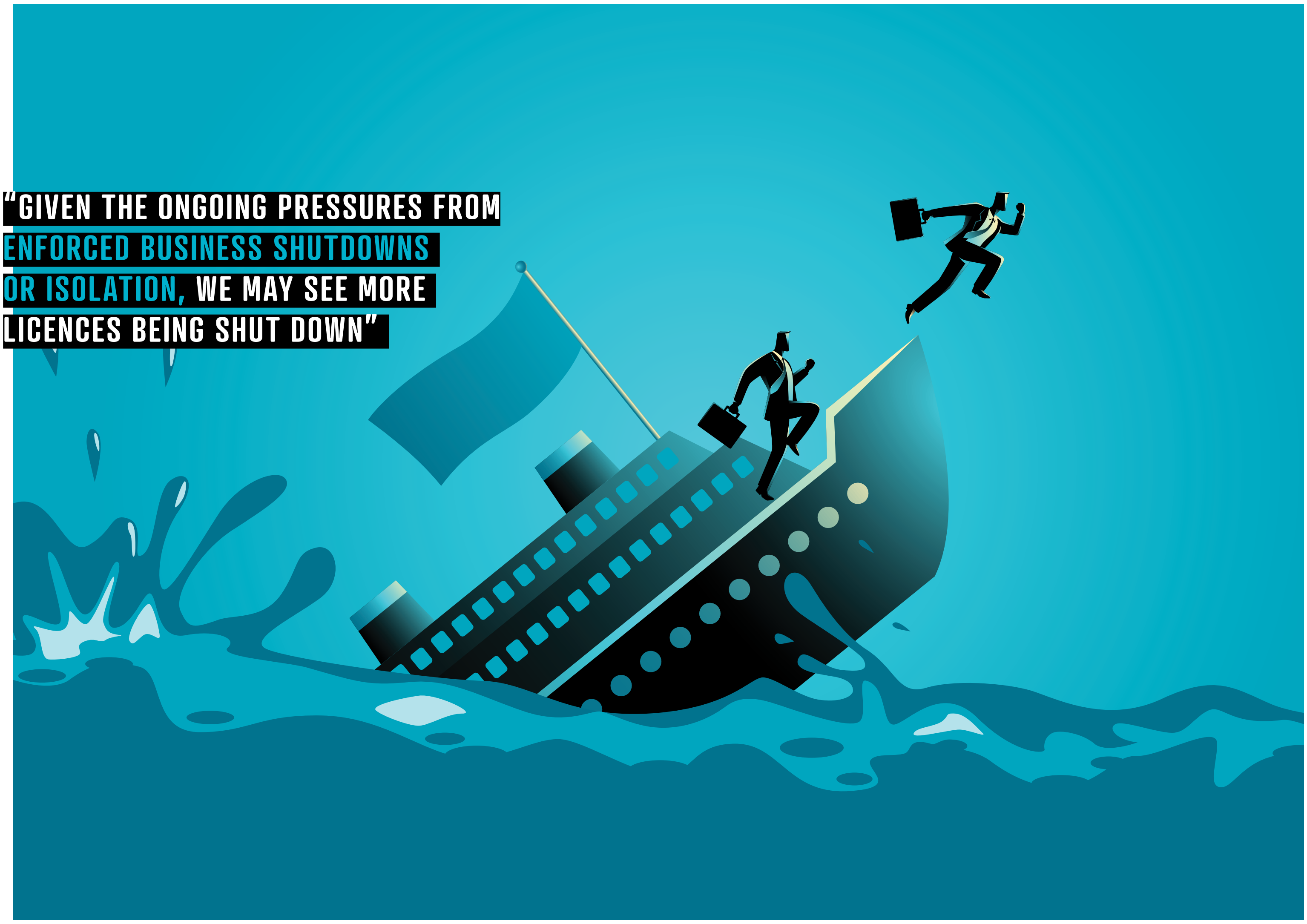
"YOUR LICENSEE ALREADY HAS YOUR DATA AND SHOULD BE HELPING YOU TO DERIVE SOME INSIGHTS FROM IT"



COVID pressure sees boutique AFSLs abandon ship

The number of discontinued advice licences rose sharply as the 2020 financial year came to a close, with the COVID-19 crisis and rising regulatory costs placing extreme pressure on many small practices and forcing them to abandon self-licensing plans, new data has found

ADVISER RATINGS' *Musical Chairs Report* for Q2 2020 found that 83 financial services licences had been discontinued in the three months to June, a significant rise on the 61 licences that had ceased in the first quarter of the year.

The report noted that "as more businesses struggle with the current economic conditions", the ratio of licences ceasing versus forming had accelerated over the past 12 months, and was now almost 3:1 versus 1.5:1 in the second quarter of 2019.

Further, there was now a trend towards more recently established businesses with between two and five advisers cancelling their licence, demonstrating that some practices that may have attempted self-licensing were deciding against continuing down this road.

Around 74 per cent of licences that ceased in the second quarter were five years old or younger, up from 65 per cent in the previous 12 months.

Deregistrations were also more evenly split among one-man band practices and multi-adviser groups, with 47 per cent of ceased licensees having one adviser and 87 per cent having five advisers or less, compared with 65 per cent and 90 per cent over the previous 12 months.

"These latest results show a worrying trend: that the sustainability pressure on younger businesses continues, however it is now spreading to the larger, two to five-adviser self-licensed boutiques," the report said.

The group noted that many of the advisers working in the ceased licensees – around 24 per cent – had opted to go on working in the industry but switch to working under a bigger AFSL.

In addition, five licences were cancelled by ASIC over the quarter and two suspended, which Adviser Ratings suggested could be a sign of the distressed business environment.

"Interestingly, two of the [ASIC] actions were due to a perceived lack of financial sustainability," the report said.

"Given the ongoing pressures from enforced business shutdowns or isolation, we may see more licences being shut down this way, particularly with the financial [year end] now behind us."

Opposition blasts government ‘failure’ on FASEA

The federal opposition has blasted the government’s handling of the FASEA standards framework, saying the Prime Minister and Treasurer have “failed in their duty” to the advice community to properly oversee and direct the standards body

ADDRESSING THE Stockbrokers and Financial Advisers Association virtual conference, shadow financial services minister Stephen Jones said the administrative and leadership issues that had plagued the authority for the past few years should be “visited home” directly to Scott Morrison, who was Treasurer at the time FASEA was created.

“An organisation that has had three CEOs in two years, that is a clear indication that there’s something wrong – alarm bells were going off and weren’t being listened to, and now we’re having this problem in the sector,” Mr Jones said.

“That’s got to be visited home on the PM and Treasurer, who were overseeing the implementation of FASEA. They have failed in their duty and advisers are paying the price for that.”

Mr Jones said while Labor was supportive of raising educational standards and the quality of advice, the process had been “mishandled” by the Coalition, causing unnecessary anxiety among practitioners.

“We believe the Coalition has failed on implementing these changes, and the stress that has been experienced within the advice sector is a product of that mishandling,” he said.

“They built FASEA from the ground up, and the under-resourcing and lack of ministerial direction or discretion [have] meant there [have] been so many problems with the rollout of qualifications and accreditation [of courses].”

In an earlier session, Assistant Minister for Superannuation, Financial Services and Fintech Jane Hume sought to distance the Coalition from FASEA’s operational problems, saying the authority was not answerable to the government.

“I’d love to be able to say I can direct FASEA but I can’t. No one can direct FASEA, FASEA is an independent statutory body. And it was set up that way intentionally,” Ms Hume said.

“They don’t take direction from government, so they’re responsible for those standards. I think it’s really important that the industry voice their opinion on those standards and how workable they might be directly to FASEA in any way that it possibly can… whether it be the guidance notes or the standards themselves, I think that it’s really important to get this right.”

SAY WHAT?

Here’s what ifa readers have been saying lately. Why not join them now in conversation at ifa.com.au as well as on Facebook, LinkedIn and Twitter?

Wow. If Bert van Manen, a former financial adviser, doesn’t fully appreciate that irreparable damage FASEA is doing, then we are truly stuffed. Why isn’t the message getting through? Why doesn’t he understand the scale of the exodus? Why is he not aware that young advisers are fleeing the industry, including those who have passed the exam and hold approved degrees? Extending the exam deadline did nothing to address the fundamental problems with FASEA and ASIC which are causing the exodus. Ten thousand to 15,000 will be gone by the end of next year instead of the end of this year. What a bunch of heroes the politicians are.

- Anonymous

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Sam Henderson pleads guilty to dishonesty

The former adviser and royal commission witness has pleaded guilty to dishonest conduct and two counts of defective disclosure

IN A statement, the corporate regulator said its case against Sam Henderson related to alleged false representations he had made in a number of client presentations and marketing materials, stating that he held a master of commerce when he did not hold that qualification.

ASIC said Mr Henderson, the former chief executive of advice group Henderson Maxwell, had purported to hold the qualification in 115 PowerPoint presentations between 2010 and 2016, on the Henderson Maxwell website from October 2012 to August 2016, in Henderson Maxwell brochures distributed between 2013 and 2017, and in an information memorandum dated May 2011.

The dishonest conduct offence relating to these incidents carried a maximum sentence of two years' imprisonment, ASIC said.

ASIC further alleged Mr Henderson had given two clients in 2014 and 2016 a financial services guide, also containing the false representation that he held a master of commerce.

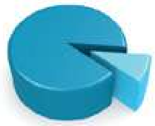
The two defective disclosure offences relating to these incidents carried a maximum sentence of 12 months' imprisonment for each.

ASIC made further allegations that Mr Henderson had represented himself as having the same qualification in a book published in 2013, an interview conducted to promote an educational institution's master's course, and some of his professional biographies and descriptions.

Following his entering of a guilty plea to one "rolled-up" charge encompassing the three offences, Mr Henderson will be sentenced in the Downing Centre Local Court on 13 October.

83

Number of AFSLs discontinued in the June quarter



87

PER CENT

Proportion of discontinued AFSLs having five advisers or less

3:1

Ratio of AFSLs ceasing to those beginning

341

PER CENT

Rise in Sequoia's EBITDA year-on-year

Industry funds reveal intra-fund advice spend

A number of industry funds have revealed details of their intra-fund adviser headcounts and remuneration as part of questioning from the House economics committee

IN RESPONSE to questions from committee chair and Liberal MP Tim Wilson, funds including Cbus, MTAA Super, Prime Super and TWU Super revealed the extent to which they employ intra-fund advisers, as well as details around their remuneration and funding arrangements.

Of the four funds, Cbus was the largest employer of intra-fund advisers, having employed 24 advisers directly in the 2019 financial year. This was an increase of four advisers since 2017, prior to which the fund outsourced intra-fund advice services.

MTAA Super noted it employed 11 intra-fund advisers and had done so since 2018, with further phone and online-based intra-fund advice provided through an outsourced arrangement.

Prime Super stated that it employed two intra-fund advisers directly, while TWU Super used the services of just one intra-fund adviser who was outsourced from the fund.

While Cbus declined to give details of intra-fund adviser salary arrangements citing confidentiality, MTAA Super noted advisers fell into a salary band expected to be between $108,000 and $147,000 for the 2021 financial year.

However, the fund's enterprise agreement noted employees who exceeded their KPIs were entitled to receive up to 2 per cent above the maximum salary band for the year.

Prime Super noted the "aggregated cost" of its intra-fund advice services for the 2020 financial year was around $770,000, including its two advisers' full-salary packages and eligible performance payments, as well as the salary of a business process manager.

The fund stated performance payments were available to both intra-fund advisers and call centre staff who provided general advice, "based on overall business performance and individual contribution".

Meanwhile, TWU Super noted its outsourced intra-fund adviser's salary came in at around $107,000.

In terms of funding, Cbus also declined to answer a series of questions around cross-subsidisation of advice from its members, saying it was "unclear what information is sought" by a series of Mr Wilson's questions.

MTAA Super noted that the cost of advice was listed as an expense on its annual report to members, but that technically no fees were charged that related specifically to intra-fund advice.

Prime Super stated that its intra-fund advice offering was "a service offering" that all members had access to, and that "all service offerings of the fund are funded by the established member fees".

ONE TRICK PONY?

How the retirement income review could change superannuation forever

Some people think it's a secret plan to destroy super. Others warn that it will prop up a system long past its use-by date. But as new political battlelines are drawn, and everyday Australians see their nest eggs eroded by volatility and the early release scheme, the retirement income review (RIR) has become more important than ever

/BY LACHLAN MADDOCK/

THE RIR was announced by Treasurer Josh Frydenberg on 27 September 2019 – 27 years after the establishment of compulsory superannuation by prime minister Paul Keating. The review will examine the state of the superannuation system and how it will perform in the future as Australians live longer and the economy they work in changes. Its purpose isn't to make recommendations, but to consider the fiscal sustainability of the system, the role of the three pillars of the retirement income system (the age pension, superannuation, and voluntary savings) and the level of support provided to different generations. The review was undertaken by an independent panel – but lobby groups have already accused the government of using it as a "stalking horse" to weaken the superannuation system and warned that the process hasn't been transparent.

So, how did the retirement income review become the centre of a political firestorm?

One of the most divisive points in the retirement income review is that its findings might lead the government to freeze the legislated increase of the super guarantee to 12 per cent. The guarantee is set to increase to 10 per cent next year, rising 0.5 per cent every year until 2025. But compulsory super was put in place decades ago. Is increasing the guarantee

– in the middle of a global pandemic – still a good idea?

"While employers might hand over the cheque for super, workers ultimately pay for almost all of it through lower wages," Brendan Coates, Grattan program director for household finances, tells ifa.

"Using administrative data on 80,000 federal workplace agreements made between 1991 and 2018 we show that about 80 per cent of the cost of increases in super is passed to workers through low wage rises within the life of an agreement, typically two-to-three years. And the long-term impact could be as high as 100 per cent – that's what international studies of similar schemes typically find."

Many members of the Morrison government have voiced the same concerns. Despite previously supporting the increase, Assistant Minister for Superannuation Jane Hume now says that she is "ambivalent" and that the decision was "political". Prime Minister Scott Morrison says his government will "carefully consider" freezing the increase, signalling an abrupt about-face on a key election promise.

"It is the circumstances that have occurred since the election which have made that the case, and prior to the election it was certainly my view and I articulated that those were legislated changes and increases and we had no plans to change any of those and that was certainly our view," Mr Morrison told media in August.

"COVID-19 has occurred, people's jobs are at risk and I note, whether it's Ross Gittins or any number of others who've spoken on this issue, normally those you wouldn't necessarily put in the same group as being agreeing on everything seem to be agreeing a lot on that."

470
The number of Australians that turn 75 every day

Even the independent Reserve Bank believes that the super increase will hit wage growth, with governor Philip Lowe expressing reservation on the matter before the standing committee on economics while refusing to be drawn into the political side of the debate.

But the Australian Institute of Superannuation Trustees (AIST) says there's "no evidence" to support an automatic trade-off between wages and super and that the next scheduled rise to 10 per cent would amount to the equivalent of $5 a week for a median wage earner.

"THE RATE WAS DELAYED IN 2014 UNDER THE PROMISE OF A WAGE RISE FOR WORKERS THAT NEVER MATERIALISED – WORKERS CANNOT AFFORD TO MISS OUT ON BOTH AGAIN"

Industry Super Australia, citing the RBA's own February Statement on Monetary Policy, said that the legislated increase in 2021 will be worth less than 0.1 per cent of total compensation to employees – what it calls "a rounding error" – and that attempts to claim the increase will hit business aren't credible.

"The rate was delayed in 2014 under the promise of a wage rise for workers that never materialised – workers cannot afford to miss out on both again," ISA chief executive Bernie Dean tells ifa. "This small, incremental rise is affordable for businesses of all sizes, and government to its credit has been responsive with a range of measure in supporting businesses during COVID."

That hasn't stopped a small band of MPs – comprising Tim Wilson, the chair of the standing committee on economics; James Paterson; Andrew Bragg; and fellow travellers Jason Falinski and Craig Kelly – using the claim to start a brushfire war with the superannuation industry. Mr Wilson has been a vocal critic of the increase, saying "if we go down this path at this time it will increase unemployment" and that the Labor Party needed to move away from its "puppet masters" in industry super funds.

"Economic recovery is so much harder when government backbench MPs – intent on undermining the super rate rise well before COVID – are more focused on verballing the RBA and raising their own profile than improving the lives of Australian workers and their families," Mr Dean tells ifa.

If Scott Morrison moves to freeze the increase, he'll be opening himself up to vicious attacks from Labor, which – deprived of its usual attack points on the government as it attempts to shepherd the country through its biggest recession in a hundred years – digs in over a familiar and emotive issue.

Former prime minister Paul Keating has already blasted the government for using superannuation to support the recovery, while shadow finance minister Stephen Jones has accused Scott Morrison of breaking a key election promise and undermining the savings of everyday Australians.

"If Scott Morrison breaks his promise Australians will be losing out on billions of dollars in retirement savings," Mr Jones said.

"And with wages stagnant or frozen for the vast majority of the workforce – a rise in super is the only increase in remuneration most Australians are likely to see.

"This is business as usual for the Liberals – who have opposed every single dollar that has been put into a superannuation account since 1993."

"IF SCOTT MORRISON BREAKS HIS PROMISE AUSTRALIANS WILL BE LOSING OUT ON BILLIONS OF DOLLARS IN RETIREMENT SAVINGS"

In July, Industry Super Australia hit out at the Morrison government for its handling of the RIR, suggesting the government was using it as a "stalking horse" to undermine the superannuation system and warning that it relied on data that was not available to the public or external experts.

"The community supports and expects this rise to go ahead and remembers the many times the Prime Minister and Treasurer have backed it in," Mr Dean tells ifa.

"The community wouldn't take kindly to federal politicians, who themselves take home more than 15 per cent super, cutting workers' remuneration when they need it most."

Over the hill

But talk aside, what will happen if the guarantee is frozen? Superannuation is still one of the pillars of the retirement income system, and doing away with it could leave many Australians vulnerable to poverty. Today's arguments, made in the middle of a pandemic that is radically altering the way we live, are emotive and often partisan.

As the Business Council of Australia notes in its submission to Treasury, Australia's economy was being "shaped by forces beyond our control" even before COVID-19. The growth and prosperity that we've taken for granted for decades cannot be expected to continue indefinitely – and as our population gets older, and the workforce becomes less dynamic, it probably won't.

Demographic change is one of the biggest issues facing Australia's retirement income system. Around 470 Australians turn 75 every day, and advances in medical science and technology mean they'll live longer and healthier lives. While that's a good thing, it also means they'll be retired – and drawing on a pension or superannuation – for longer.

The Association of Superannuation Funds of Australia (ASFA) believes raising superannuation to 12 per cent is imperative to ensuring more Australians reach a comfortable standard of living in retirement, as well as management of downside risks – the sort of medical or life events for which it's useful to have a sizeable chunk of change on hand. The stakes are even higher in the wake of the early release scheme, which has seen many Australians access their retirement savings early – something ISA warns will leave younger Australians $50,000 worse off, but which Grattan says is no big deal.

"Retirement incomes will fall for workers who have withdrawn their super, but not by as much as you might expect," Mr Coates tells ifa.

"The government, via higher age pension payments, will bear much of the cost."

"Nor is the pension unsustainable. Rice Warner expects age pension spending to decline from 2.7 per cent of

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GDP today to 2.5 per cent by 2038, despite the ageing of the population. Nor would higher compulsory super contributions help offset any increase in pension spending on the federal budget."

Grattan also believes the shortfall in the SG increase will be at least partially made up by a higher age pension, and that early super isn't a good reason to push ahead to 12 per cent. But ISA believes that's a "bleak outcome" that relies on "highly questionable assumptions", including assuming that everyone retires as a single (entitling them to a higher rate of pension) and deflating the value of the pension to CPI.

That doesn't mean Australians don't need more support in retirement. One pressing issue is a lack of home ownership among young Australians. For 25 to 34-year-olds, home ownership among the poorest 20 per cent has fallen from 63 per cent to 22 per cent.

And Grattan predicts that by 2056 just two-thirds of retirees will own their homes, down from nearly 80 per cent today. For Australians on the age pension, that could eat up a substantial chunk of money.

"The real policy priority should be to boost Commonwealth Rent Assistance," Mr Coates tells ifa.

"Rent assistance materially reduces housing stress among low-income Australians. But the value of rent assistance has not kept pace with rent increases. The maximum rent assistance payment is indexed in line with CPI, but rents have been growing faster than CPI for a long time.

"That's why the number one priority for retirement incomes should be raising the rate of Rent Assistance by 40 per cent, and benchmarking the payment to the rents actually paid by low-income renters.

"The number one priority for retirement incomes should be raising the rate of rent assistance by 40 per cent."

Grattan estimates the move would cost about $300 million a year if provided just to retirees, or $1.5 billion a year total if extended to working-age Australians who are on income support and who rent. And super funds agree that something needs to be done to provide shelter for Australians who otherwise might not have it.

"We are concerned that housing costs for the current cohort of retirees who do not have the benefit of a lifetime of super savings could face hardship in retirement," First State Super said in its submission to Treasury.

"This will be exacerbated if the objective remains anchored to the age pension as an implicit measure of adequacy. Housing is a key component of the retirement picture. It is primarily a home, and a source of shelter, community and social cohesion. Its major financial benefit for retirees is not having to pay rent, which gives an immediate cash flow benefit to retirees (once mortgages have been discharged)."

The Australian Housing and Urban Research Institute (AHURI) sees housing as the "fourth pillar" of the retirement system, but warns that the conditions that have led to the high level of home ownership that Australia has come to take for granted – including stable and high employment and widespread cheap land for development – may have been unique.

"If there is no change to present policy settings, we can expect a decline in home ownership rates and increased numbers of people reliant on the private rental system in retirement," AHURI says.

"This is likely to entail increased expenditure on housing assistance and

"WE CANNOT STAND BY AND WATCH MORE GENERATIONS FACE THE SAME PLIGHT"

potentially undermine income adequacy, equity and sustainability for a substantial segment of the population."

One possible fix is to help younger Australians access home ownership through increased subsidies for deposit and entry – something that would shore up the old system, and might not solve the problems of low income earners – while reducing tax advantages of home ownership and introducing policies to increase residential mobility, like reforms to stamp duty, could also make housing a more achievable dream.

The great economic leveller?

Of course, retirement outcomes aren't the same across the board. Women are less likely to retire with the same amount of income as men due to the gender pay gap, the time they take away from the workforce for caring responsibilities, or working part-time while juggling other commitments. While the retirement gap is closing – Treasury estimates the gap will be at 10 per cent less super by 2060, compared with 30 per cent today, off the back of rising female employment – it's clear more needs to be done.

"We are seeing increasing numbers of older women facing poverty in retirement," says Cate Wood, national chair of Women in Super.

"We cannot stand by and watch more generations face the same plight. It is important that we act now to ensure that women are at the centre of any post-COVID super or other economic recovery policy measures."

In the wake of the early release scheme, the AIST and Women In Super have recommended a range of measures to improve retirement outcomes for low-income women, including moving ahead with the legislated super increase and payment of super on government paid parental leave.

"Women who accessed their super through the scheme – often because they had no other place to turn for financial support – are now even further behind the eight ball when it comes to retirement savings," says AIST head of advocacy Melissa Birks.

"In normal times, the gender super gap starts to become more evident when many women take a career break to care for their first child in their 30s. Some of these women will now be saving for their retirement pretty much from scratch when they return to work."

The FSC has also recommended measures to make it easier for employers to make higher super contributions to female staff, including through "nationally consistent anti-discrimination legislation" and by allowing couples to hold joint superannuation accounts, as they might through an SMSF. That approach would "automatically remove gender differences in superannuation balances" and lead to a noticeable reduction in the number of superannuation accounts – and therefore a reduction in the total cost of the superannuation system.

The rise of the gig economy is also a pressing issue. While there are more ways to work than ever, this flexibilisation doesn't always provide good outcomes for retirement. People working within the gig economy are often casuals or contractors, working for multiple companies across different industries. And while that's fine for making a quick buck, it means they're less likely to receive super contributions, even if their monthly income exceeds the $450 threshold – potentially creating a higher burden for the age pension.

One possible solution is for workers to pay themselves their super. Others aren't so forthcoming. The superannuation system was designed when looking for work online was something out of science fiction – and that shortcoming has only become more obvious as the years go on.

"Going forward, universal coverage for all workers should be a goal of the SG system whether people are employees, self-employed or participate as part of the growing gig economy," the Actuaries Institute said in its submission.

"Without this coverage, the only fall-back people will have where they have not made private provision will be the age pension. This cost will be borne by all taxpayers, including those that saved through the SG and other voluntary savings."

The golden years

There are good reasons for people to get fired up about the RIR. As the Prime Minister has noted – and regardless of political views – superannuation is money earned and owned by Australians, being managed exclusively for their use in retirement. But is weakening the system that has preserved that money the best route to take as COVID-19 impacts lives and livelihoods?

But regardless of whether the guarantee rises to 12 per cent, it's clear that the superannuation system has a long way to go. Women and gig workers are unlikely to achieve the same outcomes as the people the system was set up for nearly 30 years ago, while the basic need of housing is still not being met – and likely won't be unless the government takes dramatic action soon.

The RIR has been catapulted into relevance by the COVID-19 crisis. Policy reforms that were previously in the "too hard" pile are now at the forefront of the government's plan for recovery, while economic moves that would previously have taken years are now made in a matter of weeks. One way or another, the question of what to do about superannuation will soon have an answer – one that could change the way Australians live forever.

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The future retirement income vehicle

How to drive returns safely in a post COVID-19 world

/BY CAITRIONA WORTLEY, HEAD OF DISTRIBUTION, ALLIANZ RETIRE+/

AS INTEREST rates hover nearer to zero, retirees must drive faster, on narrower roads, or face a higher probability of never reaching their destination. However, forced to take on ever-increasing levels of risk just to stay on pace, traditional retirement investment approaches now pose a serious danger.

Even before the COVID-19 crisis further dampened global growth prospects and squeezed interest rates closer to zero, the level of additional risk required to match returns had at least tripled over two decades.

According to a September 2016 study by US investment research house Callan Institute, in 1995 investors would have earned 7.5 per cent on a portfolio consisting entirely of low-risk bonds – a pretty compelling investment proposition for retirees.

"… by 2015 to achieve comparable returns that fixed income portion was down to just 12 per cent, with growth assets – stocks and private equity making up around three-quarters of the portfolio," the Callan study says.

"Return-seeking portfolios are now more complex and expensive than ever."

Financial advisers, then, can no longer simply cushion portfolios with a higher proportion of fixed income securities, to achieve target returns of this magnitude, as clients move closer to retirement.

Inevitably, retirement income portfolios will have to fuel up on growth assets such as equities to sustain returns over the longer term.

Out of order

Adding more equities to the mix certainly improves the theoretical retiree investment outcomes and expected returns over time.

For example, a 2014 paper by noted Australian academic Michael Drew (and others) found that investing more in growth assets over time is "the equivalent of a 3 per cent increase in superannuation contribution".

While the Drew study focuses primarily on portfolio construction for those still working, it also highlights one of the biggest issues inherent to holding a greater exposure to equities as retirement looms: sequencing risk – or the risk that the order and timing of investment returns are unfavourable, resulting in less money in retirement.

"Sequencing risk is highly relevant to the issue of retirement adequacy because a large market downturn occurring close to retirement could deplete a worker's retirement nest egg to the point where it may never recover," the Drew paper says.

Australian investment research house and consulting firm Lonsec further elaborates on sequencing risk in its May 2020 analysis of the Allianz Retire+ 'Future Safe' retirement income product[1].

Lonsec labels the years of 55-75 as especially prone to sequencing risk as individuals prepare to maximise retirement savings and then look to sustain a certain level of income.

Foot on the accelerator (and the brake)

While many retirees may not grasp the technical details of sequencing risk, they do appear to have an intuitive understanding of it.

The Lonsec report, for instance, notes the now well-accepted concept of 'loss aversion risk' – a notion based on behavioural finance research that shows in

"WHILE MANY RETIREES MAY NOT GRASP THE TECHNICAL DETAILS OF SEQUENCING RISK, THEY DO APPEAR TO HAVE AN INTUITIVE UNDERSTANDING OF IT"

general people feel the pain of a loss twice as much as the joy that is felt from a gain.

"Interestingly, and perhaps not surprisingly, this ratio increases as people approach retirement," the Lonsec report says. "What is surprising is that the magnitude of this increase; retirees fear losses 10 times as much... (a 10:1 margin)".

"In practical terms, this means many retirees are willing to reduce the probability of negative returns at the expense of upside potential."

Caught between the need to take more risk to generate returns and a strong psychological desire to play it safe, retirees rely on financial advisers to help them navigate this challenge.

Safer travelling: Why investors want seatbelts and airbags

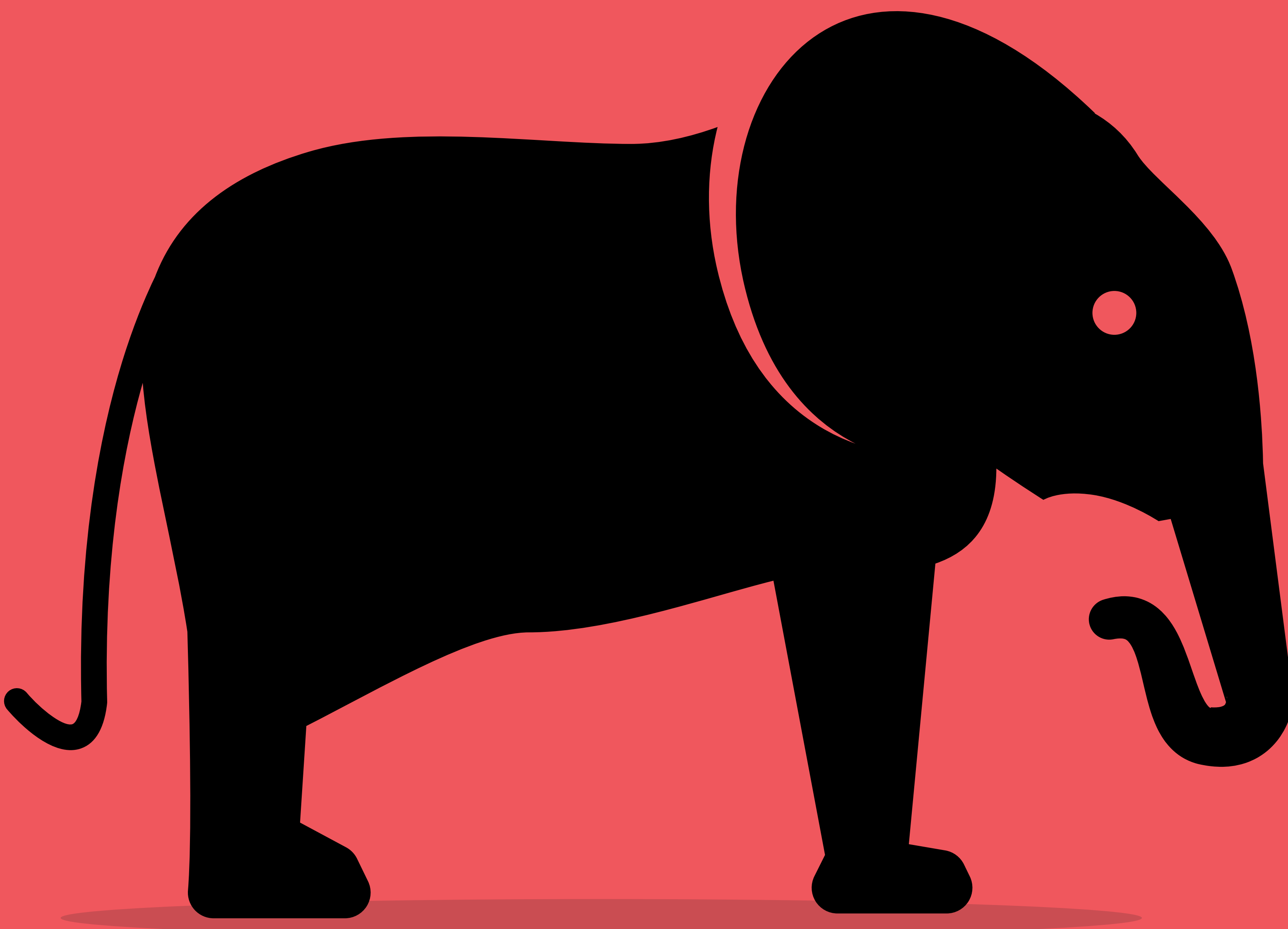
Interestingly, research commissioned by Allianz Retire+ this May found that only half of Australian retirees said their financial adviser presented investment options that made them feel safe.

Of course, advisers are obliged to point out investment risks but the study reveals that a significant proportion of retirees are interested in products that offer some insurance from market downturns, like Future Safe by Allianz Retire+.

With features that enable retirees to set a limit on their exposure to market losses while still providing the potential to earn the upside gains of growth assets, Future Safe is one of the few retirement income vehicles designed for the risky road ahead.

1. Allianz Retire+ Future Safe Portfolio Construction for Retirement report published by Lonsec Investment Solutions Pty Ltd ABN 95 608 837 583 (LIS) authorised representative 1236821 of Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421445. LIS was remunerated for the provision of the report. The report is not an endorsement of any financial product. Opinions are reasonably held by LIS at compilation and LIS assumes no obligation to update this document after publication. Except for liability which can't be excluded, LIS, its directors, officers, employees and agents disclaim all liability for any error, inaccuracy, misstatement or omission, or any loss suffered through relying on the document or any information.

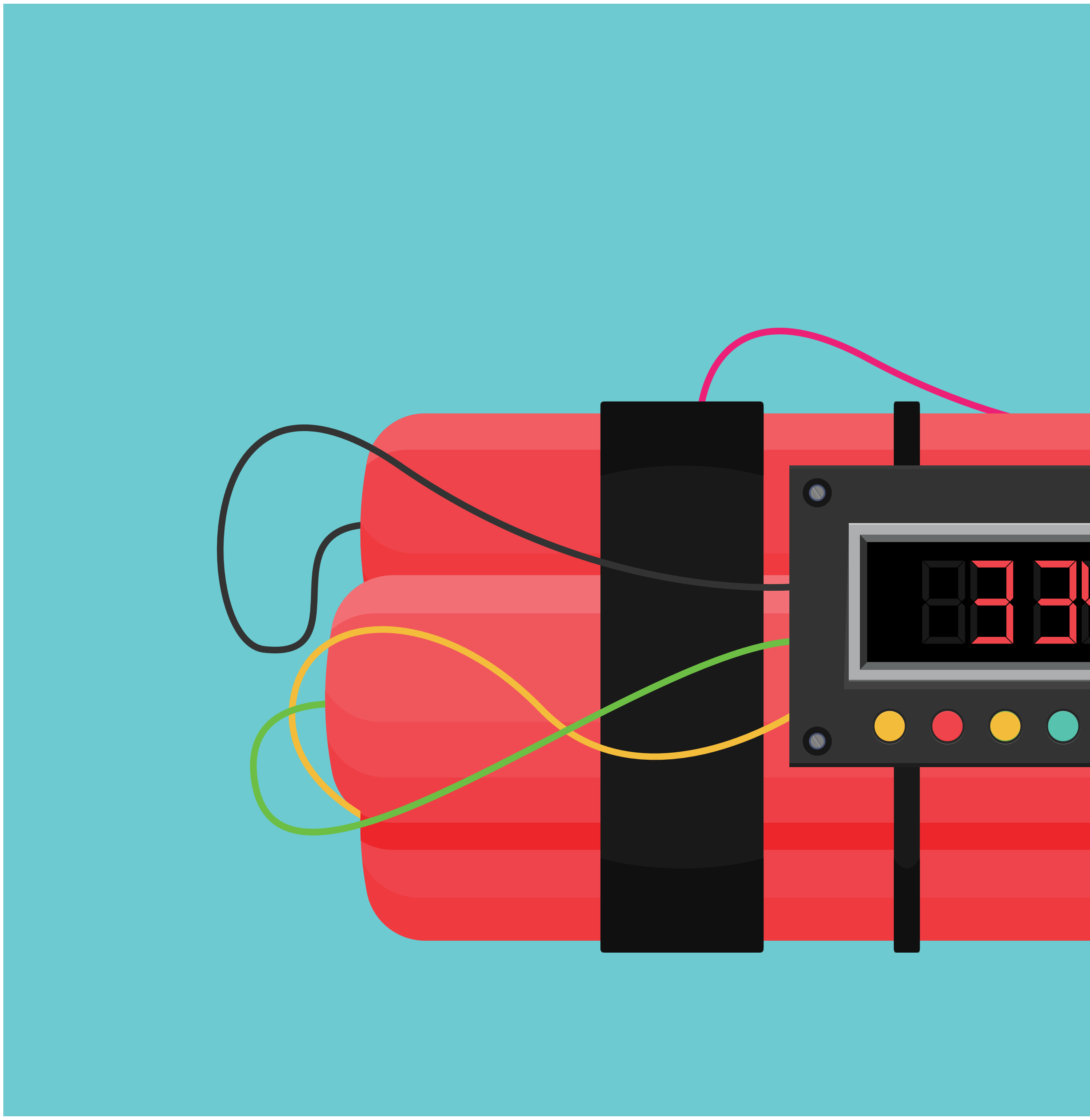
"WE'VE FOUND THERE IS INTEREST, PARTICULARLY IN THE GROWING PRACTICES WHERE PRINCIPALS ARE LOOKING TO ENGAGE MORE ADVISERS"



The *elephant* in the *room*

Amid the rush to comply with the more immediate of FASEA's requirements, the professional year has become the forgotten aspect of the standards framework. With less than 200 advisers entering the profession this year so far, is the PY a ticking time bomb licensees can no longer afford to ignore?

/BY SARAH KENDELL/



THE PROFESSIONAL year is perhaps the forgotten aspect of FASEA's standards framework, but it's arguably the most important. As of 1 January 2019, all new entrants to the advice industry have had to undertake 1,600 hours of work as a provisional adviser before they can be fully licensed to practice independently. At least 100 of these hours must be structured training undertaken between the provisional adviser and their supervisor.

As existing advisers and licensees have rushed to comply with the other parts of the standards framework necessary for advisers to remain in the industry - most notably undertaking an approved education pathway to a bachelor level qualification, and the gruelling industry exam - professional year requirements have largely been left by the wayside. With industry data indicating around 5,000 advisers have left the industry in the 18 months to June 2020, FASEA has revealed that professional year students currently number around 150.

However, with some much-needed breathing space being provided in June in the form of a deadline extension for education and exam requirements, licensees are reporting that more inquiries are starting to come through from practices interested in taking on professional year trainees.

"We've found that there is interest, particularly in the growing practices where principals are on top of things and they are looking to engage more advisers," Synchron director John Prossor says.

"It wasn't initially a high priority because we didn't have high inquiries early in the piece. But we are now talking to five or six [provisional advisers] and we have all the documentation ready to go."

Having a handful of trainee advisers currently going through the program seems to be the norm for a number of licensees. Allison Dummett, chief executive of Clearview dealer groups Matrix Planning Solutions and Clearview Financial Advice, says there are currently four provisional advisers going through the PY program at Matrix.

"We have always encouraged and supported our practices to recruit, train and mentor new advisers, if they have the capacity to do so," Ms Dummett says.

"FASEA's requirements for new entrants formalises our existing processes."

In an ifa webcast earlier in the year, Fortnum Private Wealth group managing director and chief executive Neil Younger said the dealer group also had just three advisers going through the program.

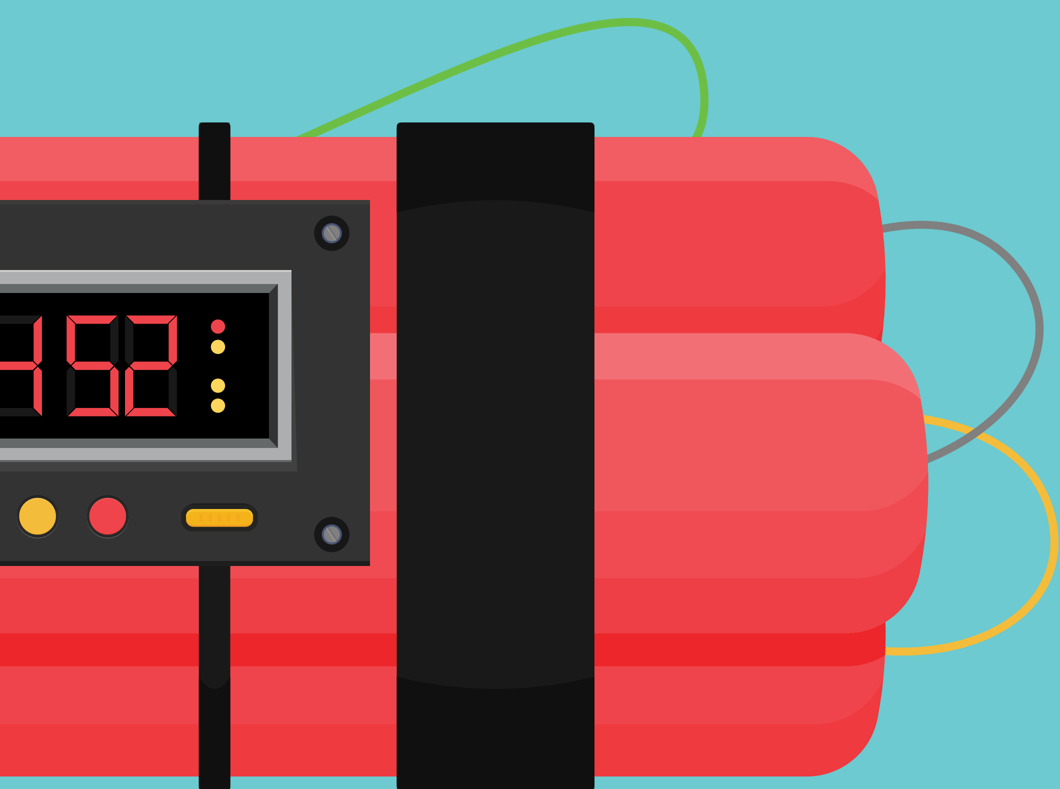
"We've got demand from some additional people across the network who would like to start, so we are working collaboratively with that current group," Mr Younger said at the time.

1,600
HOURS
The amount of work new entrants to the advice industry have had to undertake as a provisional adviser

Onerous requirements

While enthusiasm appears to be slowly growing from both practices and new starters around the idea of the program, the practical requirements themselves at best take some getting used to for principals and managers, and at worst could be a hurdle for businesses to take on graduates.

"OF COURSE, THERE IS A RISK THAT AN ADVISER WILL LEAVE SHORTLY AFTER COMPLETING THEIR PY"



Mr Prossor says once a practice agrees to take on a provisional adviser, there's a significant process for the licensee to properly onboard the adviser's supervisor and make sure they're aware of their responsibilities under the PY framework.

"I don't think the supervisors were across their obligations initially, but as they start inquiring and we start providing them with information, they are a bit surprised," he says.

"That's probably a feature of the fact that none of us have gone into a lot of detail about it with advisers - there's been so much else happening that we've had to deal with since January that it hasn't been a huge focus of the industry."

Ms Dummett says the investment of time and money is significant for practices, especially taking into account the growing tendency of younger workers to move jobs every few years.

"Employers are paying a salary and facilitating 1,500 hours of on-the-job development plus 100 hours of education in hope that their provisional adviser will stay with the business for a reasonable period and become a successful adviser," she says.

"Of course, there is a risk that an adviser will leave shortly after completing their PY. In many cases, it may make more sense for a business to hire an experienced, qualified adviser that can immediately see clients and generate revenue."

Being able to get provisional advisers to the stage where they can be productive, profitable and work independently is a key concern for practices. A spokesperson for FASEA says that of the more than 450 inquiries it has received around the professional year in the last 12 months, the most frequently asked questions relate to accelerating quarters one and two for trainees, as well as questions around the structured training and supervisor requirements.

Mr Younger also noted that the costs to a practice of longer lead times for training now have to be factored in to any recruitment budget they are planning.

"As an industry we were getting our heads around how does the program work in a practical sense, what does it cost to get people through the program, because traditionally the time frame for getting an adviser from starting into being productive in an adviser practice was shorter," Mr Younger said.

"Now it's longer, so the cost to sustain through that period is longer and I think adviser practices have had to prepare for that at the same time."

Improving guidance for licensees

Opinions are divided among licensees around how the standards authority has embedded the professional year program so far. Mr Prossor says the guidance provided by FASEA has been comprehensive, and in Synchron's case delays with getting professional year students signed up have been more internal.

"We were a bit slow off the mark - we couldn't cope with it at all last calendar year, our attention was directed to getting existing advisers focused on the code of ethics and the relevance of that," he says.

"There are practices that have been ready for longer than that and that has held up some of them - we lost a practice who were ready to go when we weren't,

"IN MANY CASES IT MAY MAKE MORE SENSE FOR A BUSINESS TO HIRE AN EXPERIENCED ADVISER THAT CAN IMMEDIATELY GENERATE REVENUE"

which was unfortunate. But when I look at the material FASEA provides, it's quite detailed so it's more about those who are involved, the trainee and the supervisor, being fully across their obligations."

A spokesperson for AMP agreed that challenges in getting the program up and running had centred around other obligations for licensees that took precedence over getting new recruits signed up to a PY program, as well as the increased workload of many practices due to COVID-19.

The spokesperson declined to specify how many new advisers had so far taken part in AMP's PY program, which included structured training, monitoring and assessment of provisional advisers as well as FASEA exam preparation and coaching.

"A number of practices have taken part in the program although uptake has been limited by the challenges faced this year, and the additional support our advisers have been providing clients," the AMP spokesperson said.

However, Ms Dummett believes materials could be improved in order to create a clearer standard for licensees around assessing a candidate's progress through the professional year.

"A logbook is a good record of time spent, but a logbook cannot tell you if someone has developed adequate listening and soft skills, and demonstrated competence in key areas," she says.

"As a licensee, we are required to conduct an audit before a provisional adviser is released but there is no standard industry audit to follow. This creates a problematic situation where one person's audit could be markedly different to another, based on their licensee's standards and interpretation of the requirements.

"Furthermore, at present there isn't a professional body that licensees and advisers can turn to for assistance if they have any questions."

With the government's disciplinary body for advisers being delayed to the end of 2021, responsibility for guiding licensees through their professional year requirements will continue to fall to FASEA. The authority says it will "continue to assist where possible" as licensees bring the program more closely into the day-to-day operations of their business.

In May's webcast, Mr Younger flagged that his licensee was working in collaboration with a number of other dealer groups to develop their own training standard for the program, in lieu of a clear industry consensus on how PY training should be structured.

"We've got some demand from some additional people across the network who would like to start, so we're working collaboratively with that current group.

I don't want to call it a pilot program, but it's a mechanism to refine the program we use to effect not just education but also appropriate levels of supervision," Mr Younger said.

"In my mind this is not a Fortnum-specific solution but this is an industry-required solution - we are working with a number of external licensees to share ideas around how we function the professional year with a view to getting as many people through the program as we possibly can.

"We think it's incumbent upon the industry to be working collaboratively to avail as many people pathways into advice in as best and as supervised a way as we can do."

BT's head of financial literacy and advocacy, Bryan Ashenden, also adds that many smaller licensees may have been behind the eight ball on starting up their own PY program as they assumed when the FASEA standards were initially constructed that the institutions would have a bigger role to play.

"When it was originally announced, if you make the comparisons to the accounting industry, the way people would come into the profession is they would go and join one of the large chartered firms and do their graduate program and then start to move out into the smaller firms down the track. Perhaps there was a view that maybe that's the way it would work with financial planning," Mr Ashenden says.

"With the changes we've seen in the industry, we don't have large firms doing that sort of thing and I think people now have to start turning their mind to saying how can I bring some staff in the office who have been studying, bring them into advice [as a] future career."

Ultimately, licensees are hopeful that the program will grow significantly in the years to come as the other FASEA standards get bedded down, but whether the growth will be sizable enough to make up for the thousands of practitioners exiting advice is still questionable.

Tweaks may need to be made, and further resources provided, to ensure the program is easy for the smaller licensees who are now likely to dominate the industry going forward to adopt and operationalise in their businesses.

"The issue is not so much about the PY program itself, as the positive long-term benefits are clear, but there are potential business issues," Ms Dummett says.

"An effective PY framework is critical to ensure that graduates have every chance of success and employers receive a return on their significant investment."

With just a handful of new entrants so far making their way through PY training across some licensees, it's also critical the industry turns their mind to this to offset some of the exodus of retiring advisers and capitalise on the green shoots appearing in the industry, with FASEA reporting around 900 students are now studying an approved undergraduate course.

"The increased interest is a good thing - we were really concerned that no one would want to go to uni and come out and be a financial adviser," Mr Prossor says.

"In terms of numbers it's really only a trickle, but that will grow."

450

The number of professional year inquiries FASEA has received in the last 12 months

Orchestra conductor, project manager, CFO, adviser

/BY SARAH SIMPKINS/

Scott Fitzpatrick entered the advice industry in the '80s working at a large institution, where he quickly became disillusioned. He then started his own group, operating under a different model. The business, Fitzpatricks Private Wealth, now has 100 advisers across Australia – with one of them, Denis O'Callaghan, weighing in on his experience

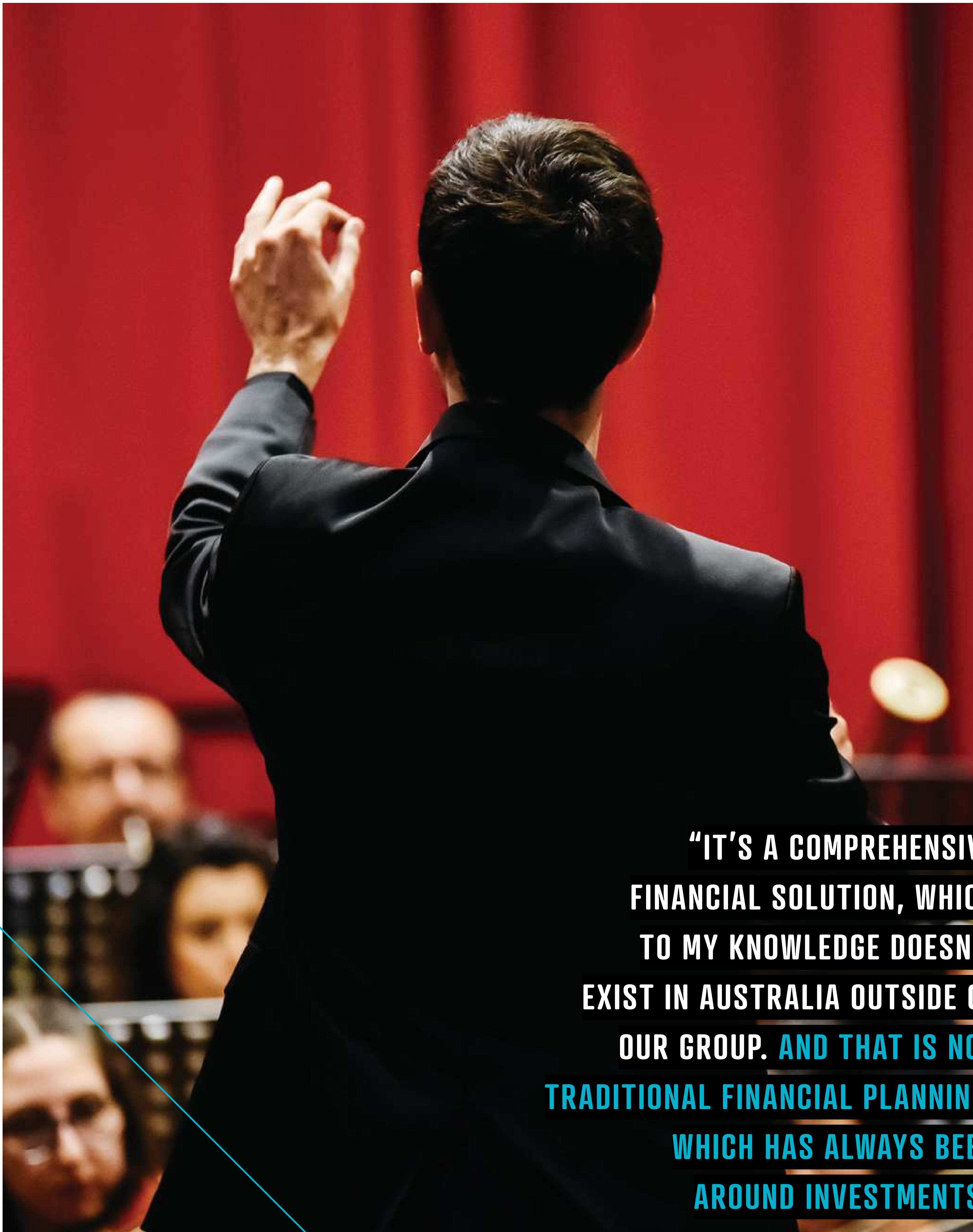
SCOTT FITZPATRICK entered the advice industry in the '80s working at a large institution, "as was the way back in the day", he says. He quickly became disillusioned with the job, which he felt was all about selling product. And then he bumped into Peter Bobbin, the principal lawyer from Argyle Lawyers (which since merged with Coleman Greig Lawyers last year).

It was Mr Bobbin, Mr Fitzpatrick says, who compelled him towards estate planning, and charging fees, years before fee for service became an established model in advice.

"It really led me into this project management of people's affairs," he comments.

"We had a vision of having a whole bunch of professional advisers out there, charging fees for service, and what I call sending on the family board style of advice that we want to give people."

In 1987, he founded Fitzpatricks Private Wealth in Sydney, charging fixed fees rather than relying on commissions. By the early 2000s, Mr Fitzpatrick and his business partner,



“IT’S A COMPREHENSIVE FINANCIAL SOLUTION, WHICH TO MY KNOWLEDGE DOESN’T EXIST IN AUSTRALIA OUTSIDE OF OUR GROUP. AND THAT IS NOT TRADITIONAL FINANCIAL PLANNING, WHICH HAS ALWAYS BEEN AROUND INVESTMENTS”

John Woodley, were being approached by other advisers who were attracted to the model.

One of these advisers was Melbourne-based Denis O'Callaghan, who had previously worked as an accountant. He claims that at the time he had the 42nd licence issued by ASIC, and was the first licensee to hand it back. His practice, Alliance Advisers, was established in 1998 with another organisation, before joining Fitzpatricks Private Wealth in 2002. It now operates with two advisers and two additional part-time staff.

The group it operates under, Fitzpatricks, is now national, with around practices and 100 advisers across Victoria, NSW, Queensland, the ACT, Western Australia and South Australia. A further 16 advisers are currently in training to join under the licence.

The group operates what it calls a "lead advice approach", where its advisers manage other professionals, such as accountants, lawyers, insurance advisers, among others.

"Our model is that one person takes control of that whole process and coordinates with the other professionals within a context about what makes a great life for the client," Mr Fitzpatrick says.

"They become a client's advocate."

Mr O'Callaghan, who uses the model in his practice, likens it to an orchestra. The adviser, or the CFO as Fitzpatricks likes to refer to them, is the orchestra conductor, organising the other professionals and coordinating their outputs into one cohesive result.

"The important part of that is it gets a better result for the client," Mr Fitzpatrick says.

"Because if a client comes in with a complex tax matter, and then has to try to articulate that back to the lawyer, who's got to try and figure that out for their wills, and then try to figure that out for

Name: Denis O'Callaghan, Alliance Advisers

AFSL service provider: Fitzpatricks Private Wealth

Number of clients: 44

Total staff: 4

Number of advisers: 2

Platforms: HUB24, BT

Software providers: Office 365, Xplan, Moneysoft, Lucid Charts

their insurances... this whole jigsaw puzzle is very hard for the client to put together."

The goal is to get clients financially organised. As Mr O'Callaghan describes it, the approach includes clients' personal goals but it also entails their whole balance sheet, including all assets, liabilities, cash, anything around asset protection. For him, it is also about securing how assets are passed on to the next generation, challenging the clients and holding their other professional providers to account towards what they're trying to achieve.

"Our approach is getting clear about what's important to them, and then getting clear about what their goals are, both personal and financial and then looking at their financial position, which is the area that in our world we can co-ordinate as a lead adviser or CFO," Mr O'Callaghan says.

"So that the client can really focus on the things that are important for them."

As clients are being charged fixed fees, Mr O'Callaghan notes that his firm does not receive any referral fees from any of the external professionals they consult with. Unlike other businesses that may operate as a one-stop shop, with lawyers, advisers, accountants or stockbrokers under one roof, Fitzpatricks' advisers review and manage recommendations from third parties.

"It's a comprehensive financial solution, which to my knowledge doesn't exist in Australia outside of our group," he says.

"And that is not traditional financial planning, which has always been around investments."

Other professionals' business models are not set up to manage services for one individual, Mr Fitzpatrick adds, pointing to law firms as being transactional and approached during crises, while a typical accounting practice can have around 200 to 2,000 clients.

Typically, a practice in the Fitzpatricks group will have a small number of clients – with the service being more complex and requiring more time and relationship building to deal with each individual. Mr O'Callaghan's practice has 44.

But it also isn't a model that is suitable for everyone, with some clients preferring to maintain control of their affairs, rather than outsourcing the co-ordination of it

"I FEEL WE'RE LEADING THE INDUSTRY TO A PROFESSION. AND THE SOONER WE ACT LIKE PROFESSIONAL PRACTICES, THE BETTER"

all. Fitzpatricks targets business clients and successful families with its specialist skills, "people with some complexity", the founder says.

Joining Fitzpatricks

Advisers that join Fitzpatricks are placed in training and transitioning programs for three years, reshaping their businesses and offerings. When people join the group, they participate in a two-day lead adviser induction, where they learn about the group's prescribed advice model. Fitzpatricks decides if they are suitable, sometimes asking other advisers to screen the candidate before they can join.

Mr Fitzpatrick says he looks for a desire from advisers to operate under the group's model, as well as ambition to grow their business and if they can contribute back to Fitzpatricks Private Wealth. He adds it helps if they are already operating with a small number of clients.

67

The number of practices within Fitzpatricks Private Wealth

"It is just very hard for us to take on new advisers if they are operating in an old model with a couple of thousand clients," he says.

"You need to have a desire that you want to be in higher relationships with your clients, which leads to smaller client numbers."

Fitzpatricks will also seek out advisers around 40 years of age, who are seeking a challenge.

"We quite often have had advisers look at us and join us because they're career-bored," Mr Fitzpatrick says.

"I think that if someone's been in the industry for 20 years, they may well be bored with the way they're operating at the moment. And our methodology gives them insight into thinking, 'Oh wow I reckon I can stay in this for another 20 years'."

If advisers do join the group, they are then placed into a 12-month program, before a final two-year program of refining their business. The process has adapted to COVID with the inclusion of online training.

"Typically advisers join us for connection or direction," Mr Fitzpatrick says.

"So connection is, they're already doing this style of work, but they're doing it by themselves. They haven't got the bandwidth, to get to the marketing, to get to the events, to improve their collateral, improve their thinking – they want to be part of or connected with a group of like-minded individuals.

"If they're searching for direction, he says "they are aspirational and don't know where to start".

Fitzpatricks also operates a lead adviser program, where advisers across the group's practices gather on a regular basis, to discuss where their businesses are headed and the future of advice.

When asked where the industry could perform better, Mr Fitzpatricks answers: "I feel we're leading the industry to a profession. And the sooner we act like professional practices, the better."

Operating post-COVID

COVID has had its challenges for many, but the business has been able to adapt. Mr Fitzpatrick notes virtual meetings are now standard. He admits he has enjoyed a cutback on his own flights around the country.

Working remotely has opened up "a world of new opportunities", now being able to meet and deal with clients and advisers in the group online.

"I still miss the personal touch of things, but it seems to be the world we're operating in," he says.

"We're engaging new clients, we still run our process of engagement with clients via Zoom. We're still dealing with other professionals, maintaining contact with them."

Mr Fitzpatrick comments that he has seen a rise in clients that have been orphaned as a result of institutions exiting wealth, or that have been dissatisfied with previous advice.

"They're looking for an adviser to take that whole of balance sheet approach," he says.

For Mr O'Callaghan, he is focusing on what is under his control, being sure to stay versatile. But human interaction remains non negotiable.

"Will we do online meetings? Possibly, but we do believe we are in the human business," he says.

"And because we generally work with couples, that human interaction is always so important, because they often have to do things that they may be uncomfortable doing to get to where they want to go. And it's always much better to have a couple in the same room, at the same time, committed to the same goal and committed to the actions that they need to do to get there.

"That's one of the big thrills of the role that we play as a lead adviser, it's seeing people achieve their goals, whether they're financial or whether they're personal and ultimately it's the personal that drives them in the end. The financials can just be taken care of."

“AT AMP, THE GATEKEEPERS HAVE UNTIL NOW CONTINUED TO ENABLE A SYSTEM WHERE WOMEN AND THE MOST VULNERABLE, AS I ONCE WAS, ARE ABUSED”

Fresh AMP allegations could be the tip of the iceberg

The airing of new harassment allegations by a Labor senator in Parliament could further threaten the long-promised cultural turnaround at AMP

/BY LACHLAN MADDOCK/

THE DUST had barely settled on Boe Pahari’s demotion when Labor senator Deborah O’Neill used parliamentary privilege to air allegations of sexual harassment brought to her by a former junior female employee of AMP.

The woman said that she endured constant sexual harassment from men “at the peer level to executive level”, including in front of some of AMP’s largest clients, and that her direct manager had threatened to end her career if she did not follow his “sexual wishes” while on a work trip. The woman escaped the situation.

“The behaviour and conduct described in Senator O’Neill’s speech [are] distressing and unacceptable to AMP,” an AMP spokesperson told ifa.

“AMP takes any complaint or issue raised seriously, including from employees who have now left the organisation … We are in contact with Senator O’Neill’s office, and would welcome an opportunity to meet or engage with the former employee referred to by the [senator] to offer our support to her.”

The spokesperson added that complaints can be sent in anonymously through its whistleblowing service or through the company’s People & Culture process. But the woman’s statement calls into question how AMP handles internal matters, saying that a manager “well known for his uninvited canvassing of younger female employees” stepped in to handle the investigation into her complaints and that the process left her “systematically broken down, isolated and bullied”.

After two months of proceedings “she was a shadow of her former self”. No reparations were made to the woman, while the men involved “have gone on to thrive”, and she ultimately left the company after signing an NDA and being demoted from her client-facing position.

“At AMP, the gatekeepers have until now continued to enable a system where women and the most vulnerable, as I once was, are abused,” the woman said.

“This sends a clear message not only to the good people at AMP but to our broader communities about what is acceptable. For past, present and future victims, what hope do we have?”

The unnamed woman’s allegations are another blow to Francesco De Ferrari’s cultural turnaround of the 170-year-old financial services giant. While the woman does not name any high-profile figures, her claim that she was harassed by men at the executive level – as well as a string of peers and middle managers – indicates a systemic problem, rather than one isolated to AMP high-flyers like Mr Pahari and Alex Wade.

Senator O’Neill’s office has confirmed to ifa that a number of women from across the financial services have now come forward with similar complaints, some of which involve AMP.

“This cannot continue,” Senator O’Neill said. “Australia is better than this. Come on corporate Australia, surely you can destroy this cultural stain on our nation.”

Feeling conflicted? Join the club

Conflicts of interest are one of the pillars of all financial services regulation. They were at the heart of the FoFA regulation in 2012, and they have recently been brought sharply back into focus by recent events – most notably the infamous standard 3 of the FASEA Code of Ethics, and the heated debate and eventual banning of stamping fees for LICs and LITs. The issue of conflicts and how we regulate them is inherently subjective, and in many ways represents a barometer of how the regulator and society view the financial services industry

/BY NIK ALBRECHT, DIRECTOR, ALBRECHT + ASSOCIATES/

AS OF LATE, there has been increasing uncertainty around the rules in this area, with FASEA's Code of Ethics appearing to move the bar well beyond where ASIC had set it. Whether this is justified or not is in many ways a policy issue, but it certainly means that conflicts of interest are more relevant than ever to every financial services provider. On that basis, let's unpack some of the main conflicts in financial services in the context of some of the most recent developments.

The conflict on conflicts

Never have conflicts of interest been at the heart of so much conflict. The issue, like a few others, stems from the fact the FASEA Code of Ethics appears to be inconsistent with established law.

The now infamous standard 3 of the FASEA Code of Ethics states that an adviser "must not act" where an adviser has a conflict of interest or duty.

This is (arguably) in direct conflict with the established regulatory view, most directly illustrated in RG 181, where ASIC states: "The conflicts management obligation does not prohibit all conflicts of interest. It does not provide that a licensee can never provide financial services if a conflict of interest exists."

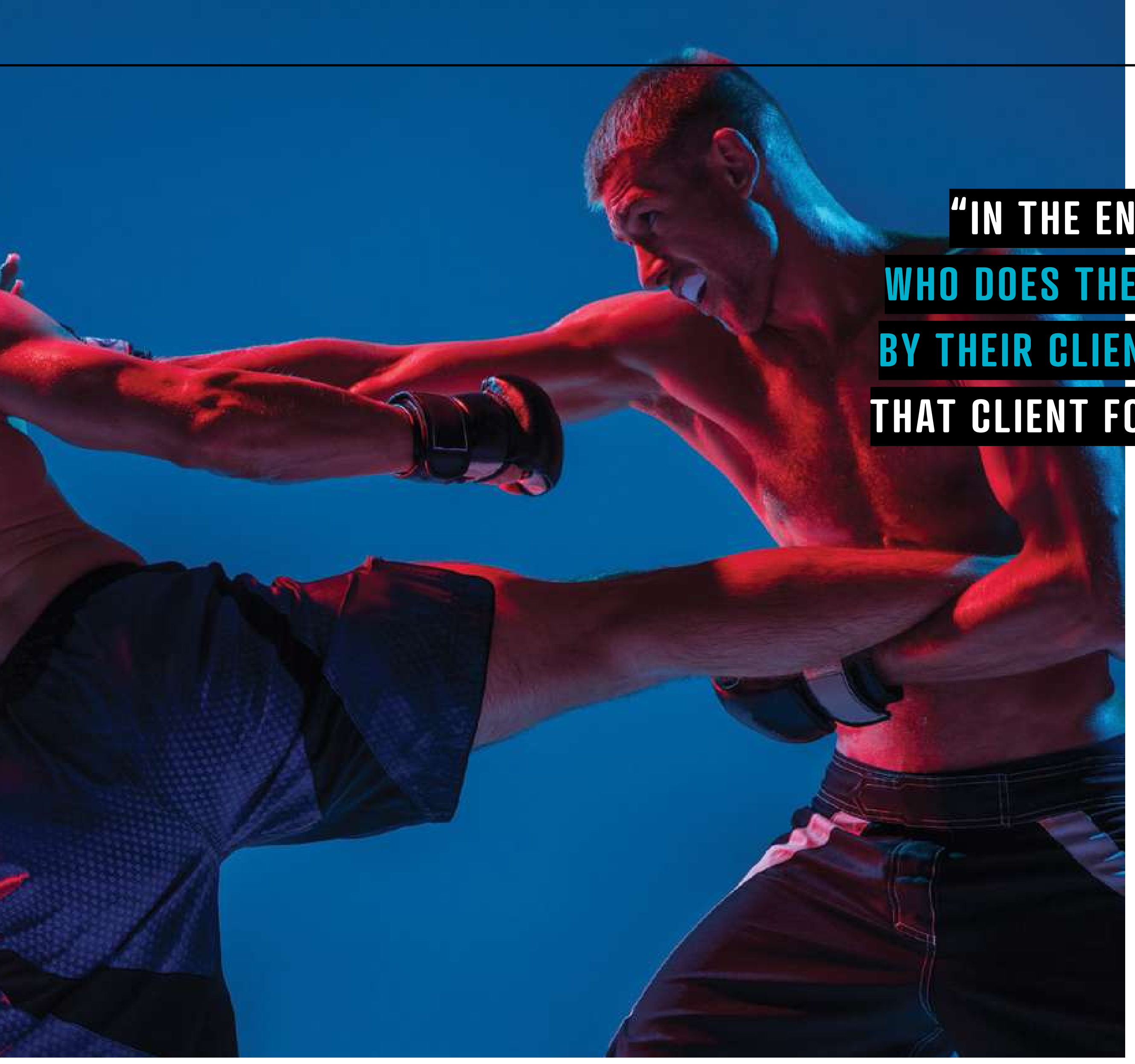
The ability to manage conflicts rather than avoid them makes a huge difference – and if standard 3 was interpreted to require the avoidance of all conflicts, including potential or perceived conflicts, it would represent a very significant change to our regulatory framework. My view is that FASEA's latest response to these concerns firmly indicates it does not intend for the code to go this far, but the concern is certainly warranted.

The story so far

Back in 2012, when FoFA (and conflicted remuneration) was implemented, ASIC drew a line in the sand, basically banning any product-based commissions and payments, but made some notable exceptions. Most notably, stamping fees on corporate deals and brokerage were excluded.

This is what created the now also infamous "loophole" for LICs and LITs, whereby product commissions remained legal for listed products and not for unlisted – a loophole that was very recently closed when, after heated public debate and a lightning-fast, six-day consultation period, stamping fees for LICs and LITs were banned.

This outcome was at least somewhat driven by political and commercial interests, and was in many ways arbitrary. In the end, the banning of these fees was not so much closing a loophole as it was adjusting an existing one. If the climate was different, arguments could just as easily have been made to allow unlisted funds to pay commissions or, on the other



"IN THE END, AN ADVISER WHO DOES THE WRONG THING BY THEIR CLIENT WON'T HAVE THAT CLIENT FOR VERY LONG"

hand, to end stamping fees for all securities (including company issues and IPOs).

The point of this is not to express a particular opinion on what the right outcome was, but to illustrate that the line of what constitutes an "acceptable" conflict is hazy at best, and is constantly changing based on publicly held beliefs around the moral integrity of financial services providers. In many ways, LICs fell victim to the aftermath of the royal commission.

Let's examine this in the context of stamping fees.

Are stamping fees fundamentally conflicted?

A stamping fee is a volume-based commission paid to an adviser or stockbroker for selling a particular security. As an example, let's assume ANZ does a capital raising and agrees to pay all advisers 1 per cent of all securities those advisers manage to place with their clients.

For an adviser, a potential conflict now exists. Why do I say "potential"? Because whether it's an actual conflict depends on the circumstances of the client.

It is easily conceivable that ANZ is a good investment for certain clients – it may be that a client has a growth portfolio with a significant allocation to blue-chip, high-dividend stocks. Perhaps they already hold some ANZ and the issue comes with an attractive discount. This is an example where the interests of the adviser and the client are aligned – both benefit from the client making this investment. So, while the stamping fee arrangement here causes a potential conflict, there is in fact no actual conflict.

This distinction becomes very relevant when considering the impact of FASEA's standard 3. The initial assumption was that the standard in effect banned all potential conflicts – and under that approach, a whole range of currently legal fee arrangements would breach the code including, most notably, stamping fees on securities (not just LICs and LITs) and even potentially brokerage.

In its response to submissions issued in December last year, however, FASEA walked this back. FASEA said the code didn't have the effect of banning any particular forms of remuneration, and noted: "Standard 3 of the code is concerned with an actual conflict between duties advisers owe their client and any personal interest they have or an actual conflict between duties they owe their client and duties they owe another individual or organisation ... The code does not seek to ban particular forms of remuneration, nor does it determine that particular forms of remuneration would always be an actual conflict."

While this certainly doesn't alleviate all ambiguity around how the code fits in with existing regulation, the difference between avoiding a potential conflict and an actual conflict is vast – and makes adherence with the code very much around doing the right thing on a case-by-case basis, rather than making wholesale changes to the way advisers operate.

Can advisers be trusted to manage conflicts?

Let's take another stamping fee scenario: this time we have a raising for a small-cap mining company. The relevant client is middle-aged and has a moderate risk profile. Their portfolio does include a small allocation to small-cap equities, but the relevant adviser considers the investments they currently hold in this bracket to be at least as good as this company. A temptation exists here to sell down an existing small cap to participate in the offer. In this scenario, the adviser has an actual conflict of interest – and you are trusting the adviser to manage that conflict by passing on the offer and thereby also missing out on the commission.

Whether the average adviser can be trusted in this scenario is at the core of the stamping fee and conflicted remuneration debates. The recent ban on LIC stamping fees implies that the prevailing political/social view is that they can't – and the temptation should just be removed.

In general, your view on the second scenario is a good way to assess where you stand on the conflicts and stamping fee issue. As someone who has worked with many advisers, my experience has been that the average adviser is not only morally equipped to manage this conflict, but is in fact strongly incentivised to do so. In the end, an adviser who does the wrong thing by their client won't have that client for very long – and that's before we even start thinking about AFCA or other regulatory consequences. In that sense, every adviser has a very natural alignment of interest with their client which can go a long way to balancing potential conflicts.

Many would disagree with me, and the challenge for the industry is to start winning this debate in the forum of public opinion.

Testing the recovery

Six months into the pandemic-driven disruption of our lives and the economy, we have learnt a lot; but, in many ways, we face greater economic uncertainty than we did back in March

SINCE JUNE, activity data has shown that the US economy can still stage a strong rebound. Non-farm payrolls surprised on the upside for two consecutive months, bringing back nearly 7.5 million jobs. Weekly jobless claims dropped sharply, retail sales bounced and consumer sentiment recovered in June. High-frequency indicators like the Google mobility index and OpenTable reservations confirmed a brisk rebound in activity.

New COVID-19 cases have also risen again, however. This in part reflects more testing, but the positivity rate — the

> **“PROGRESS TOWARDS A VACCINE WILL IMPACT BOTH POLICY DECISIONS AND INDIVIDUALS’ ATTITUDES”**

share of new tests that turn out positive — has also risen. The good news is that compared with the first wave of contagion, fewer of those infected appear to need hospitalisation and intensive care, and hospital stays seem to be shorter. This is in part because less-vulnerable people account for a larger share of the new cases (many are younger), and partly because hospitals have gotten better at treating COVID-19 patients.

This second wave of contagion, however, threatens to derail the economic recovery. California has already reinstituted a full lockdown, ordering counties to close most indoor activities, and other states have halted or reversed the easing of restrictions. A preliminary reading of the July Michigan consumer confidence index shows a drop after two months of recovery.

Going forward, I see three “known unknowns” that will determine how the recovery unfolds:

1. Progress towards a vaccine: A few frontrunners have already emerged, and a government-private sector collaboration (ambitiously dubbed “Operation Warp Speed”) has accelerated the usual timeline of development and production. A vaccine under development by AstraZeneca and Oxford University has just been shown to successfully trigger an immune response, and AstraZeneca said it could manufacture billions of doses; parallel efforts by US biotech firm Moderna and by a team of Pfizer and Germany’s BioNTech are in relatively advanced stages. Experts believe a vaccine might be ready in 12–18 months.

2. Policy decisions: Whether different US states and counties will go back into a full lockdown or try to implement a more targeted strategy, now that we have a better understanding of how the virus spreads and how different segments of the population are more or less at risk.

3. People’s behaviour: How quickly and under what conditions people are willing to go back to their former activities and spending and working habits.

These three factors are, of course, interrelated. People’s behaviour is influenced by policy restrictions, benefits and incentives. In turn, policymakers’ decisions are impacted by the degree to which people are afraid of contagion, eager to go back to work or shopping, and are ready to comply with safety recommendations. Additionally, progress towards a vaccine will impact both policy decisions and individuals’ attitudes.

To get a deeper insight into these dynamics, we are launching a new Franklin Templeton–Gallup Economics of Recovery Study in collaboration with Gallup.

We will conduct a monthly survey to assess a wide range of behavioural and economic factors, including under what conditions people would be ready to go back to their previous spending habits and patterns of behaviour; to what extent they support the reopening of specific activities; and how they have been impacted by the virus in their everyday behaviour and economic prospects.

We will combine the results of this large-scale survey with high-frequency activity data to better understand how economic activity will respond in the coming months, what the “new normal” will look like once the situation stabilises, and the short-term and long-term implications for financial markets and investment strategies.

While much of the existing analysis and discussion centres on the dynamics of the pandemic itself — too often with a narrow focus on the number of new cases — the attitudes of individuals play an equally important role in the economic recovery, if not even more decisive.

And, people’s attitudes don’t just depend on the dynamics of the virus: in a recent study, Gallup chief economist Jonathan Rothwell and Professor Christos Makridis of Arizona State University found that political affiliation is the primary driver of people’s response to the pandemic — the extent to which they are worried about the virus and willing to go back to work or to shop, depends largely on whether they identify as Democrats or Republicans. This is somewhat discouraging, and our research will track whether political affiliation continues to play a dominant role, or whether better information on healthcare and economic developments will carry an increasing weight.

A V-shaped recovery could still happen; so could a new great depression. The stakes are higher than ever, and so is the uncertainty we face. The unprecedented nature of this economic disruption has made the traditional gauges of economic developments woefully inadequate. So, we’re rolling up our sleeves to find out what’s happening and what lies ahead.

/BY SONAL DESAI, FRANKLIN TEMPLETON FIXED INCOME/

Investing according to your values and faith

The world of investing was changing rapidly before the impact of COVID-19 distorted global and Australian markets. Increasingly, Australian investors and their global counterparts have been demanding their retirement savings be invested according to their values and beliefs

/BY JASON HAZELL, CRESCENT WEALTH/

FOR MANY Australians, this has meant investing their super in ESG-driven responsible investment funds, or ethical options within super funds that invest in ways that seek to reduce the impact of climate change or environmental damage.

According to the Responsible Investment Association Australasia, more than 44 per cent of totally professionally managed funds in Australia have been placed with responsible investment managers, and this is expected to increase significantly.

Research commissioned by RIAA earlier this year shows 86 per cent of Australians now expect their savings and superannuation to be invested responsibly and ethically.

Fortunately, the superannuation system – the use of which is mandatory for all workers – offers Australians an array of options to invest for their future. For faith-based investors, including the growing number of Muslim Australians looking to invest in accordance with Islamic investing principles, there is a number of super funds available.

For financial advisers, the implication of this trend is that clients will seek education and explanation of the myriad options available to accommodate their beliefs and values. For some advisers, questions about Islamic investing will be their first.

Put simply, Islamic investing is the practice of investing in alignment with Islamic finance principles and values.

From an investment governance perspective, there are a few core principles that must be followed in order for a fund to be considered Shariah-compliant, and these principles are set and maintained by the Dubai-based Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).

1 Avoiding the payment and receipt of interest

The prohibition of interest arises from the Islamic view that money should be used only as a medium of exchange, a store of value and a unit of measurement. Money itself possesses no intrinsic value. You cannot use money to make more money, there must be an underlying asset or production of some sort to produce an increase in wealth.

Thus, when it comes to investments and wealth being "halal" – the Islamic

word for permitted – the yardstick of judgement is what results in the increase of one's wealth. Is the target one is investing into an activity or asset that Islam allows? If not, the resulting increase in wealth is deemed "haram", or forbidden.

The charging or receipt of interest – or "riba" – is therefore prohibited. Any return on money invested should be linked to the profits of an enterprise.

Crescent Wealth, which is Australia's only APRA-regulated Islamic super fund, holds no exposure to banks and insurance companies and does not invest into traditional fixed income markets due to the charging or receipt of interest – or riba – being prohibited.

2 Investigating ethically and morally

Consistent with socially responsible investing, Islamic investment principles specifically screen out socially detrimental activities. Islamic investing is consistent with positive social values and good governance and expressly prohibits investment in non-permissible activities.

In line with this, Crescent Wealth does not invest in any companies that sell or profit from the sale of alcohol, gambling, tobacco, weapon manufacturing, pornography and pork products.

86
PER CENT
of Australians now expect their savings and super to be invested responsibly and ethically

3 Avoiding uncertainty

The existence of uncertainty in a contract is prohibited. Everyone participating in a financial transaction must be adequately informed and all fundamental terms such as price or quantity must be clearly determined at the outset.

4 Avoiding speculation

Investments that rely on chance or speculation, rather than the efforts of the investor to produce a return, are also prohibited. Normal commercial risk-taking and related speculation is otherwise permitted.

Additionally, under Islamic investment principles, Crescent Wealth screens out companies with more than 33.33 per cent leverage, because of the risk of investing into highly indebted companies.

As a result of complying with these principles, investment strategies of Islamic investment funds are inherently conservative, have high cash holdings and are designed to withstand the market volatility that comes with high levels of equity holdings, investment in non-sustainable industries and debt.

For clients, investing in accordance with Islamic investment principles means a narrower choice of investment options and more conservative and stable investment returns, but it does deliver 100 per cent compliance with what is most important for them – their faith.

Uncover the future of your business through data

The financial planning landscape is going through significant changes. From new education standards such as FASEA, to changing revenue models to increased compliance costs, principals and advisers are struggling to keep up with such rapid change. They simply do not have the time to focus on their business and even when they do, practices aren't sure where to start because the task seems so daunting

/BY PETER TRUONG, CENTREPOINT ALLIANCE/

ONE SOLUTION is to bring in external consultants; if you can afford it, I highly recommend it. If you cannot afford it due to increased operating costs, increased compliance requirements, ASIC levies, staff salaries and increased professional indemnity, where do you find the extra $30,000+ to cover the cost?

Before you panic, there are a few ideas that can help you start the process of identifying, evaluating and redesigning your business to adapt to a new world of advice.

So, how do you access and use your data to gain insight about your business?

Building your internal system to help you analyse your data can be time consuming and costly. Getting an Excel expert to help decipher the numbers can help, but they may not know what they're looking for and what data is important. The simplest and easiest way is to ask your licensee. Your licensee already has your data and should be helping you to derive some insights from it. Ask them for support

Looking at your data can uncover a lot about your business. Here are some data points that can help you develop a sustainable strategy.

Summary of revenue

This will help you identify revenue that is stable or at risk. At risk revenue can be grandfathered commissions, trail commissions and any potential conflicted remunerations. You will need to have a clear strategy on how to address clients who have these fees, so you're prepared when they end. Your business revenue can be impacted significantly, if you have not adapted to the fee for service model, you need to act quickly.

“YOUR LICENSEE ALREADY HAS YOUR DATA AND SHOULD BE HELPING YOU TO DERIVE SOME INSIGHTS FROM IT”

Source of revenue

Your data should identify which product providers you are using and the level of revenue you are receiving from these providers. This will assist you to evaluate your products/service offering. If your product is concentrated with a few providers, you’ll have to evaluate whether you are meeting your best interests duty requirements. Ask yourself: are these products still relevant to your clients’ needs and will they allow them to continue to achieve their goals and objectives? Are there other products and services that best meets their objectives and goals where necessary?

Comparison of clients’ historical costs and fees

Your data should provide insight into what services you are offering clients. Historical information should help you understand whether your fees were fair and reasonable to ensure you are adhering to the FASEA Code of Ethics. You need to understand your cost of operating and cost to serve for each client as a minimum. Once you have this information you should review your service package to align it to your operating cost. It is important that you clearly differentiate your services and ensure they are consistent, fair and reasonable.

Number of clients who receive ongoing services

Your data will tell you the number of clients you currently have, from total clients to ongoing service clients. This information is useful because it allows you to identify whether you need so many clients – and more importantly, if you have the resources to provide all promised services to them. Often this is a trigger for the practice to assess their cost to serve. Once you have identified this, the process can be much easier. In fact, you are probably going to find that you will save clients’ money by only charging for services they need. This will then allow you to work out how much to charge and what services to offer. Knowing this information will enable you to consolidate your client base and provide better services to clients.

Demographics of your clients

Knowing your target market is critical to your success. The data should provide insight on client segmentation and how much your clients have contributed to your business over the years. Who are your top clients and are the services you provide consistent with the cost and charges? The data will help you to identify areas for improvement and/or opportunities to add relevant services that are important to your client demographic.

This should help you start your analysis to get a better understanding of your business. Seeking guidance and help from your licensee is the first port of call. With increases in fees as a result of the end of the grandfathered commissions and rebates, licensees should do more to assist practices to adapt to the new world of financial advice.

$1.3 BILLION

The amount life insurers lost in 2019

Discounted premiums leave risk advice customers worse off

Retail insurance products that offer first-year premium discounts are likely to be substantially more expensive for clients in the long run and are contributing to poor business outcomes for insurers, new research has found

THE RESEARCH undertaken by Rice Warner and commissioned by insurance company PPS Mutual, revealed that while risk products offering first-year discounts were 2.5 per cent cheaper than the market average in the first year, they were 3.5 per cent more expensive than average in the second year and 5 per cent more expensive in subsequent years.

Further, while three out of the five cheapest advised insurance policies on the market were front-loaded discount products in the first year of a policy, four out of five of the cheapest policies in the long term were non-front loaded discount products, the report said.

PPS Mutual chief executive Michael Pillemer said the research put paid to the fact that the strategy of many insurers to aggressively gain market share by discounting premiums up front was not meaningfully contributing to their bottom line, as clients would switch out of the products after the discounts finished.

"Increasingly, in a bid to secure market share, the retail insurance industry has adopted initial short-term discounts for new business premiums. The research demonstrates how over five to 20 years, policies with front loaded discounts have significantly higher premium increases relative to the first policy year," Mr Pillemer said.

"By way of example, customers of one insurer who have been offering a 25 per cent up-front discount could face increases of 50 per cent plus in premiums in the second year once you also take into account age-based increases and indexation.

"The effect that these sharp premium increases have psychologically on a client, and the increased likelihood the client will lapse as a result, should not be underestimated."

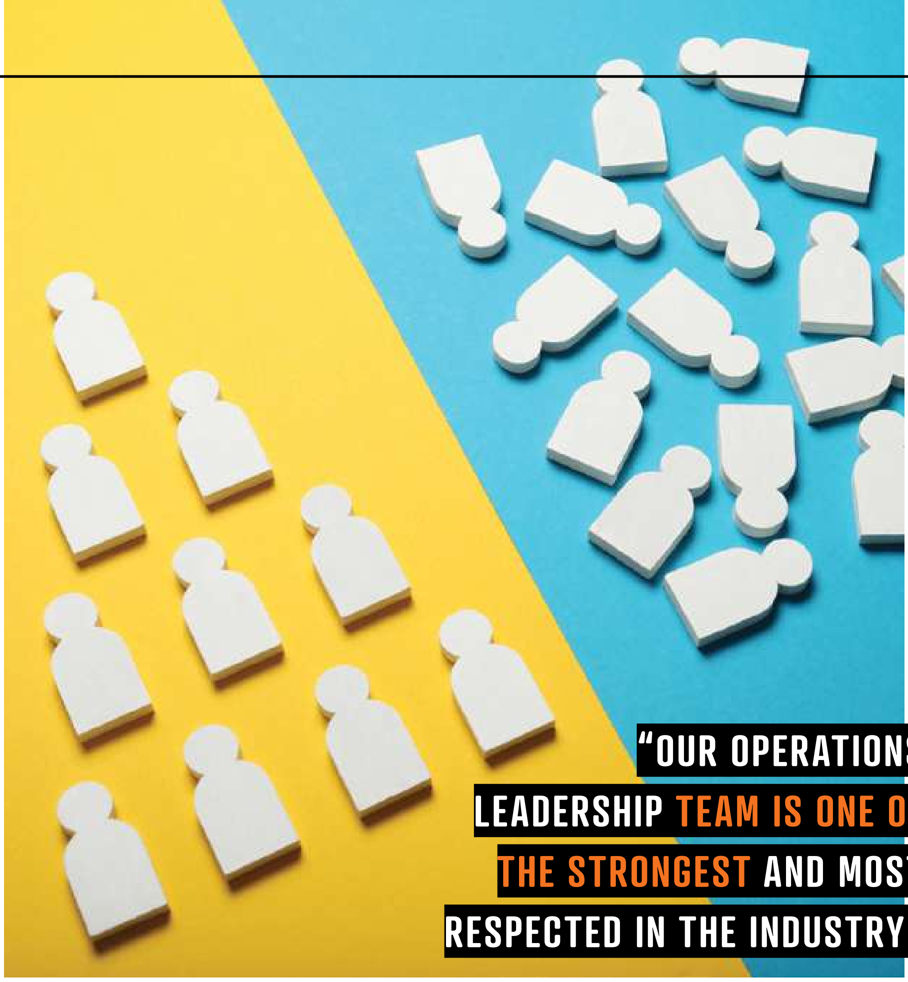
The research also concluded that policies offering true-level premiums were more affordable for clients in the long run, as premium prices between true-level and non-true-level products were essentially the same for the first five years of a policy, but by the 11th year, the cheapest non-true-level product was more expensive than all available true-level products.

Given the disastrous revenue figures coming out of the life insurance sector at present, Mr Pillemer said the study may give insurers another incentive to look at new business strategy and product options to improve outcomes for policyholders and advisers.

"In 2019, life insurers lost $1.3 billion, lapse rates for traditional life insurers remained stubbornly high at about 17 per cent and policyholders have had to endure significant and repeated increases in premiums, in some cases by more than 35 per cent year-on-year," he said.

"While many of the issues the industry is grappling with are a function of the macro socio-economic environment, a historic and aggressive chase for market share by various insurers has created highly undesirable outcomes for consumers.

"We believe that there has never been a more important time to reassess past dynamics of the sector, and work towards building a strong and sustainable insurance industry for all Australians."



Zurich unveils reshuffle in claims, operations

The life insurer has made a number of appointments across its operations, claims and underwriting teams as it further integrates its recent acquisition of another insurance brand

IN A STATEMENT, Zurich said it had appointed former chief underwriting officer Tina Beilby to the role of head of operations, integration, and previous OnePath head of claims Joanne Faglioni to the position of chief claims officer.

Further, the insurer said its chief underwriter Peter Tilocca had also been elevated to the role of chief underwriting officer.

The new appointments follow Zurich's acquisition of formerly ANZ-owned life insurance group OnePath in mid-2019, which saw more than 500 employees join Zurich from ANZ.

"These changes will formally bring the Zurich and OnePath underwriting and claims teams together under the functional leadership of Peter and Joanne, respectively, creating one of the largest groups of specialised life underwriters and claims personnel in Australia," Zurich said.

"The head of operations, integration, under Tina's leadership, will be responsible for key initiatives to support our claims, underwriting and service leaders to drive a more integrated, flexible and best-practice service, and to support our people on this journey.

"Peter, as chief underwriting officer, will ensure that the underwriting approaches across the Zurich and OnePath retail portfolio remain distinctly different, so true product choice is available to Australian customers across Zurich's Wealth Protection, Active and Sumo range, and OnePath's OneCare retail proposition."

Zurich and OnePath chief operations officer Gavin Pearce said the appointments were the next step in the integration of the two insurance brands' operational teams.

"The structure has been designed to support excellent customer and adviser service outcomes both now and into the future," Mr Pearce said.

"Our operations leadership team is one of the strongest and most respected in the industry, and we are delighted to retain the prowess of individuals from both the OnePath and Zurich businesses. These appointments reflect the career aspirations of our team members, which is one of our ambitions as an employer of choice."

Life insurance shake-up to have drastic consequences

ADVISERS ARE likely to see continuing increases to retail life insurance premiums and significant cuts to the benefits clients have grown accustomed to as part of APRA's drastic shake-up of income protection products slated to come into effect next year.

Addressing the recent AIOFP virtual conference, MetLife head of advice strategy Jeffrey Scott said changes introduced earlier this year to restrict the sale of agreed value policies were just the beginning of a significant overhaul of the income protection insurance sector that Mr Scott likened to "using a sledgehammer to crack open a walnut".

"With regards to the proposals to be implemented on 1 January [2021], life companies are now going to be required to review their premiums every 18 months based on industry claims statistics," Mr Scott said.

"We have seen volatility with most IP policies in the past three to five years, so expect that to continue going forward. These first proposals that APRA had were interesting, but the next eight that are proposed to come in on 1 July 2021 are the ones that scare me the most."

Mr Scott said the further rules proposed to come into effect from 1 July 2021 would involve "stripping away" significant IP benefits including assessing an insured person's income over the previous 36 months before their claim, and including the full extent of an insured person's income in any assessment.

"Under these proposals, the maximum benefit you can receive is capped at 100 per cent of your pre-disability income – that includes your sick leave, your rental income, that will all be included as offsets to your income," he said.

"Most of the good income protection policies don't offset sick leave or long service leave, whereas these policies will automatically do this. And if you go on claim for more than six months, the maximum benefit will automatically reduce to 75 per cent.

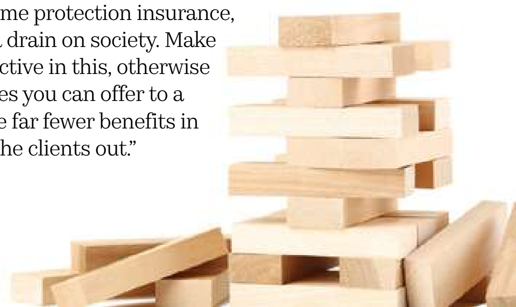
"So w,e have these situations where for new policies issued after 1 July 2021, it will strip away benefits we've become accustomed to since these policies were introduced back in 1965."

Other policy benefits proposed to be removed by the new APRA rules included own-occupation rather than any-occupation definitions, and additional trauma benefits paid out on IP policies, Mr Scott said.

He urged risk advisers to take action through their industry bodies and make direct submissions to the regulator pointing to the impact of such changes to clients' financial stability.

"The first thing you can do is talk to your industry body and encourage them to lobby APRA, and the second thing is talk to APRA yourself – provide a submission, make sure they understand what the impacts are on your clients, that when they need the cover the most, they are going to have that cover," Mr Scott said.

"Talk to your local member, because if clients can't get adequate income protection insurance, they become a drain on society. Make sure you are active in this, otherwise the new policies you can offer to a client will have far fewer benefits in there to help the clients out."



Digital advice driving cost cuts for planners

Advisers are lowering their prices to compete with automated investment offerings as their clients increasingly look to digital tools to manage their money, according to new research

THE GLOBAL Wealth Managers Survey, conducted by analytics firm GlobalData, surveyed 371 wealth management executives in markets including Australia, the UK, the US and Hong Kong and found that three-quarters of Australian respondents were lowering their costs to compete with robo-advisers.

This was a higher percentage than the 61 per cent of wealth managers globally who said they were lowering their prices to compete with automated offerings.

The results of the survey also revealed that wealth management clients in Australia were using four different digital providers on average to manage their money, creating more incentive for traditional wealth managers to try and compete with robo-advice firms.

GlobalData senior wealth management analyst Heike van den Hoevel said while Australian clients were increasingly interested in trying out digital advice, there were also still significant barriers to doing so that represented an opportunity for advisers.

"The two single most important reasons why Australian HNW investors opt for robo-advisers are a loss of trust in traditional advisory channels and a belief that these services yield similar or better returns than other options," Ms van den Hoevel said.

"On the flipside, a desire to talk to a human adviser and the often still-limited investment range of robo services represent the two main deterrents."

Globally, eight out of 10 wealth managers agreed that high-net-worth clients were becoming increasingly fee sensitive as a result of digital offerings.

However, Ms van den Hoevel added that trust was the main issue advisers had to contend with in the Australian market, and that they should focus on building this given how much support clients needed through the COVID crisis.

"As long as an impersonal algorithm enjoys greater levels of trust, any fee reductions are unlikely to entice investors," she said.

"In addition, highlighting a positive track record and the benefits of a wide range of investments – especially as ongoing market volatility calls for greater levels of diversification – will be critical in retaining clients in the current crisis-plagued environment."

Platforms consolidate gains as advisers switch

As advisers continue to migrate to "new generation" platforms, two of the major providers in the market have provided an update on their growing funds under advice

IN A statement, Netwealth reported its funds under advice had risen to $31.5 billion at 30 June 2020, a 35 per cent rise over the 2020 financial year. FUA growth from new advisers using the platform accounted for around 44 per cent of total growth, the group said.

The group saw net inflows of $9.1 billion during the financial year and reached $7.3 billion in funds under management by 30 June, the majority of which came from managed accounts.

In its results presentation, Netwealth said it had almost 3,000 intermediaries now using its platform, an increase of 10 per cent since the previous year. The group flagged it would soon release a mobile client portal app that would cater for "the entire wealth needs" of clients.

Meanwhile, Westpac's BT Panorama announced it had grown adviser take-up by 78 per cent over the past two years, and also had nearly 3,000 advisers using its platform. Panorama's funds under administration had reached $30 billion in early August.

BT said around 60,000 clients were Panorama users, with SMSFs making up almost a third of the platform's total funds under administration. Managed accounts also made up a significant proportion of total funds, sitting at over $4.5 billion.

Combined with the group's legacy platform, BT Wrap, BT made up the largest share of the adviser platform market, with around $141 billion in funds under administration. However, the group flagged it would begin migrating customers from BT Wrap to Panorama in late 2020.

"As we embark on the next stage of developing BT Panorama, we remain focused on achieving our mission to help advisers deliver advice more efficiently, with platform technology as the backbone of their operations," BT general manager platforms, investments and operations Kathy Vincent said.

Revolut gears up for Aus growth

The neobank has ended its beta stage and rolled out its app to the broader Australian market, with plans to give customers access to features including cryptocurrencies, stock trading, customer rewards and a junior banking version

UK FINTECH Revolut has revealed plans to roll out a suite of new features for its Australian clientele after recently gaining its Australian Financial Services Licence and onboarding 30,000 customers in the last two weeks.

The neobank is targeting consumers who frequently spend and transfer money abroad, with its foreign exchange product allowing customers to spend and transfer money globally at the interbank rate.

The app allows customers to hold 27 currencies via multi-currency accounts.

Revolut co-founder and global chief executive Nik Storonsky said that establishing the bank's presence in Australia is an exciting opportunity for the business.

"When it comes to exchanging currencies or the ways in which they can manage their money, Australians have been at a disadvantage for far too long," Mr Storonsky said.

Revolut is also marketing itself as helping younger consumers gain more financial control and independence. Other app features include automatic categorisation of spending, instant payment notifications, monthly budget alerts and a split bills function.

Revolut Australia chief executive Matt Baxby said the platform's launch will be followed by a number of feature releases.

"Revolut is building a financial super app that enables Australians to truly take control of their finances in one place," Mr Baxby said.

"There are so many existing financial products that are either too complicated or inaccessible for Australians. We want to break that down and put the power back into our customers' hands.

"Our plan is to rapidly introduce a range of new features, such as simple access to cryptocurrencies, commodities and fractional ownership of US stocks, as well as accounts to help children learn better financial habits, a rewards program to save money on day-to-day purchases and ways for customers to easily give back to their communities."

The neobank had launched a beta version of its product for the Australian market in mid-2019.

Revolut also recently raised US$580 million in Series D funding at a valuation of $5.5 billion.

Open banking will not drive major bank exodus: BankVic

The open banking regime is unlikely to spark customer movement away from the major banks into smaller banks and fintechs, according to a mutual bank

SCOTT WALL, chief information officer of Melbourne-headquartered mutual bank BankVic, told the IQPC's Open Banking Virtual Event that customers in Australia have always shown reluctance to change banks because it is difficult to do so.

"If you look at the Australian market, I think 90 per cent of mortgages are still [housed] with the big four banks," he said during a panel discussion in the webinar.

"I think, [if] you go to any comparison website and look at the rates between the big four and smaller players and other lenders, the big four charge a premium. But people are willing to pay the premium because it's just so hard to move."

Mr Wall observed that many Australians open a bank account at their nearest branch when they are young and maintain that account throughout their adult life.

"Also, in Australia, mostly there's a lot of fee-free banking. So, as long as you're putting money into the account, you're not being charged," he said. "It's just easier to leave it there."

Mr Wall's comments were made in response to a question by panel member Simon Kirby, director, financial services industry solutions, at data analytics solutions provider Qlik. Mr Kirby asked if the big banks possibly feared losing some of their business to the smaller players and fintechs who may see the open banking regime as an opportunity to adapt and seize some customer share from the major banks.

Mr Wall said that while every bank would be concerned about losing customer share to fintechs, the fintechs have not yet achieved the penetration that was expected.

"We've had fintechs for quite some time now and the penetration is good in some areas, but it's not what people expected," he said.

Furthermore, Australian customers are more likely to buy products across multiple banks rather than switch banks altogether.

"We find that most people are multi-banked because people buy products. They don't buy institutions," Mr Wall said.

The open banking regime officially began in July with the launch of the CDR, which allows consumers to securely share their banking data to access bespoke financial products and services.

The CDR currently allows data sharing of deposit and transaction accounts, and credit and debit cards.

From 1 November 2020, they will also be able to share data relating to home loans, personal loans and joint accounts.

On the move

1

ANZ chairman exits

DAVID GONSKI will step down as ANZ chairman after the finalisation of the bank's full-year results in October. He will be succeeded by Paul O'Sullivan.

"It has been an honour to work with my fellow directors and the management team on delivering the best possible outcomes for our customers and shareholders," Mr Gonski said.

"ANZ has a long history as one of Australia's leading international companies, and my time here will remain a key highlight of my corporate career."

Mr Gonski was a member of the ANZ board between February 2002 and June 2007. He returned to the board as chairman in 2014, and has now served as a non-executive director for more than 11 years.

"I feel it's the right time to hand over the reins," Mr Gonski said.

"We have in place an experienced, diverse and talented management team as well as having made significant progress on our ambitions to simplify and improve our operations."

Mr O'Sullivan is currently chairman of Optus and a director of Coca-Cola Amatil. He has previously held senior executive roles with Singtel and was CEO of Optus between 2004 and 2012.

"My focus as chairman will be to continue the work we have been doing over many years to improve our operations and simplify the bank to benefit not only the owners of our company but also our customers and our staff," Mr O'Sullivan said.

"The banking industry is at an important inflection point as we do all we can to help the economy recover from the impacts of COVID-19, and ANZ will remain committed to that cause."

/DAVID GONSKI/

2

Boe Pahari steps down, Murray to exit AMP

BOE PAHARI will resume work at his previous level with a focus on AMP Capital's infrastructure equity business. Francesco De Ferrari will assume direct leadership of the AMP Capital business on an interim basis.

David Murray has resigned as AMP Limited chairman and stepped down from the board. He will be replaced by Debra Hazelton, effective immediately.

"The board has made it clear that it has always treated the complaint against Mr Pahari seriously," Mr Murray said.

"My view remains that it was dealt with appropriately in 2017 and Mr Pahari was penalised accordingly. However, it is clear to me that, although there is considerable support for our strategy, some shareholders did not consider Mr Pahari's promotion to AMP Capital CEO to be appropriate."

In light of Mr Murray's resignation, John Fraser has also decided to resign as a non-executive director on the AMP Limited board and as a chairman and non-executive director on the AMP Capital Holdings Limited board.

"We would like to thank both David and John for their professionalism, dedication and commitment to AMP," Ms Hazelton said. "Under my leadership, the board will focus on working with Francesco and his leadership team to deliver long-term value for our shareholders and clients by executing the transformation strategy.

"I am determined to restore the trust and confidence of our clients, shareholders and employees."

/BOE PAHARI/

3

Synchron appoints compliance head

IN A statement, Synchron said it had appointed Hanna Abdullah, currently head of compliance and chief risk officer for independent licensee Sentry Group, to fill the role of head of compliance, policy and regulatory.

The dealer group said its general manager of legal and compliance, Michael Jones, who was promoted into the role in February, had resigned effective 14 August.

Ms Abdullah, who was currently based in Perth, would commence in the role on 17 August and relocate to Synchron's head office in Melbourne when COVID restrictions permitted.

Mr Jones, a former director of compliance for UBS Wealth Management, joined the company in 2016.

Synchron director Don Trapnell said Mr Jones' role would be eliminated in favour of two heads of compliance, with Ms Abdullah to work alongside Synchron's head of compliance, advice assurance, Allison Massey.

"We have decided not to fill the role vacated by Michael, but in recognition of the importance of compliance, instead to elevate both heads of compliance so that they report directly to the Synchron board," Mr Trapnell said.

"We thank Michael for the valuable contribution he made to Synchron during his time with us. He leaves with our very best wishes."

The group had also promoted senior compliance officer Stefanie Georgiades to the role of team leader, regulator compliance, reporting to Ms Abdullah.

/HANNA ABDULLAH/

Out & about

Advisers adopting a 'fintech start-up' mindset can thrive

MARK MACLEOD chief executive at Rollit Wealth and speaker at the Adviser Innovation Summit, said that with the advice industry being a high-profile, highly regulated profession, "advisers are expected to be experts and not make mistakes".

"It is very difficult for an adviser to admit that they do not know an answer. It is harder still to make mistakes or to fail," he said.

Mr MacLeod said customers place a huge amount of trust in their adviser and for many advisers, "who you are as a person is linked closely with what you do as a profession."

"This makes it an ego-driven profession," he said.

"I don't mean arrogant, but instead centred around self-confidence and holding a 'unique' set of skills and insights."

As a result, this makes adopting a start-up mindset difficult.

"Start-up founders have assumptions, not answers," he said.

"Assumptions are tested on customers with incomplete services that often fail. These failures inform the next assumption and the services continue to pivot until they fit the customer need in an explorative, iterative process."

In transitioning that thought process to advice, the "assumptions" and "failures" are how advisers should look to continually pivot advice tech in the future, according to Mr MacLeod.

"Fintech assumes the advice process can be automated as a service, and adviser knowledge can be replicated or improved by tech," he said.

"For advisers, customer trust is therefore achieved when a service meets a customer need.

"The 'unique' skill and insight a founder mindset brings are working systematically to achieve product/market fit."

"Basically, a process to really, really know your customer."

Though automated advice, fintechs and robo-advisers are making headway, Mr MacLeod said advice tech will not replace advisers.

"I feel this is a fear held by many in the profession. Technology replacing jobs, reducing revenue and 'cheapening' an adviser's skills," he said.

"Advice tech will evolve, not destroy the profession.

"The way customers are provided services will change and advice will become cheaper. But this is not a threat, it is an opportunity to service more customers, better."

Mr MacLeod believes that the winners in the future of advice will be able to embrace technological change and grow market share.

The losers will persist with "outdated business models."

"It is the banking equivalent of sitting in a branch when customers are online, or the accounting equivalent of sending customers complex, bespoke spreadsheets when your customers wanted Xero," he said.

Sequoia profits soar after advice group buying spree

IN A statement, Sequoia Financial Group reported a net profit after tax of $1.93 million for the 2020 year, a 293 per cent increase on the previous financial year.

The group's earnings before interest, tax, depreciation and amortisation also surged by 341 per cent over the year to reach $4.8 million, compared with $1.1 million the previous year.

The majority of this was achieved in the second half of the year, as Sequoia completed a number of advice acquisitions, including the purchase of Yellow Brick Road's wealth arm, as well as the advice business of stockbroking group Philip Capital and former Interprac practice Total Cover Australia.

Sequoia chief executive Garry Crole said the group was pleased with its progress over the course of the year, which had seen its wealth subsidiary Sequoia Wealth Group become the fourth-largest privately owned advice licensee in Australia.

"In possibly the most difficult year for business in more than half a century, we were able to grow our business, return to paying a dividend and report some much improved divisional results," Mr Crole said.

"We have further strengthened our balance sheet and are well positioned to deal with challenging market conditions, should they continue."

The group said it aimed to become "Australia's leading advice and financial licensee services group" in the longer-term, and increase revenue in its wealth, professional services and equity markets businesses by 20 per cent in the current financial year.

200 largest funds

A list of the 200 largest Australian managed funds, including industry super funds, with the latest 3-month, 1-year, 3-year and 5-year returns

LATEST TOTAL RETURNS AS AT 1 AUGUST 2020

NAME	NET ASSETS AU$M	3 MTH %	1 YR %	3 YR %PA	5 YR %PA
AustralianSuper Balanced	120986.75	NAv	NAv	NAv	NAv
REST Super Core Strategy	45162.68	4.8	-1.47	4.69	4.92
CBUS Super Growth (MySuper)	44168.03	NAv	NAv	NAv	NAv
HESTA Super Core Pool	40102.21	NAv	NAv	NAv	NAv
Sunsuper Lifecycle Balanced Pool	35045.34	4.05	-2.26	5.87	6.18
HOSTPLUS Balanced	33836.33	NAv	NAv	NAv	NAv
Vanguard International Shares Index	15372.52	2.87	3.5	11.7	8.23
MySuper Growth Portfolio	14304.2	3.28	-2.6	NAv	NAv
VicSuper FutureSaver Growth	13464	3.17	0.6	6.34	5.96
Vanguard Australian Shares Index	12656.25	7.85	-9.69	5.35	5.1
AustralianSuper High Growth	12212.64	NAv	NAv	NAv	NAv
Magellan Global	11597.64	1.05	5.83	16.44	10.49
Care Super Balanced	11438.99	NAv	NAv	NAv	NAv
Platinum International Fund	8021.68	-1.22	-6.92	2.76	4
Orbis Global Eq LE Fd (Aus Registered)	8009	5.45	5.13	6.8	NAv
AustralianSuper Cash	7206.13	NAv	NAv	NAv	NAv
Macquarie Treasury	7044.21	NAv	NAv	NAv	NAv
Vanguard Australian Fixed Interest Index	6939.96	0.82	3.25	5.36	4.35
PIMCO Global Bond W	6806.81	3.67	4.63	4.48	4.85
Sunsuper Balanced	6717.53	4.14	-2.27	5.89	6.19
Sunsuper Growth	6271.83	4.76	-3.14	6.32	6.73
Statewide Super MySuper (Super)	5736.69	3.29	-1.81	5.85	6.24
BT Super for Life 1970s Lifestage Sav	5726.15	5.64	-3.63	5.37	4.64
MFS Global Equity Trust	5598.04	2.42	-1.16	10.23	7.68
Vanguard International Shrs Idx Hdg AUD	5349.17	10.75	3.58	7	7.58
Vanguard Growth Index	5348.07	5.16	-0.02	7.06	6.01
Vanguard Balanced Index Fund	5246.55	4.24	1.51	6.56	5.62
Fidelity Australian Equities	5151.03	9.13	-7.3	6.04	5.26
Vanguard Global Agg Bd Indx Fd (Hdg)	5116.4	2.44	5.57	4.93	NAv
BT Super for Life 1980s Lifestage Sav	5109.16	5.68	-3.53	5.46	4.63
Sunsuper Lifecycle Retirement Pool	5061.42	3.21	-1.71	4.77	4.97
Ardea Real Outcome Fund	4751.12	2.45	6.37	5.89	4.69
BT International Shares Index W	4621.39	2.92	3.52	11.74	8.31
AMP Capital FD Balanced	4576.53	NAv	NAv	NAv	NAv
ANZ Smart Choice Super-1970S	4514.25	4.74	-2.92	5.49	5.17
Platinum Asia	4218.86	10.2	20	12.14	8.9
AustralianSuper Conservative Balanced	4189.76	NAv	NAv	NAv	NAv
BT Super for Life 1960s Lifestage Sav	4112.98	4.22	-2.06	4.45	3.79
AustralianSuper Stable	3968.61	NAv	NAv	NAv	NAv
AMP Wealth Balanced Gr	3959.01	NAv	NAv	NAv	NAv
MLC MKey Super F Hor 4 Balanced Port	3935.64	3.42	-2.54	4.85	4.53
PIMCO Diversified Fixed Interest W	3774.43	2.97	3.7	4.74	4.54
T. Rowe Price Global Equity I	3643.71	11.99	20.13	19.73	13.62
CFS Wholesale Institutional Cash	3612.31	0	0.54	1.29	NAv
ANZ Smart Choice Super-1960S	3452.49	4.02	-2.08	5.03	4.67
Kapstream Absolute Return Income	3400.1	1.38	0.68	2.3	2.55

NAME	NET ASSETS AU$M	3 MTH %	1 YR %	3 YR %PA	5 YR %PA
Janus Henderson Tactical Income	3388.58	2.2	3.05	3.09	3.07
La Trobe Financial 12 Month Term Account	3375.99	1.16	4.99	5.21	5.26
ANZ Smart Choice Super-1980S	3349.71	5.08	-3.45	5.66	5.37
Vanguard Australian Property Secs Idx	3253.55	6.49	-22.25	2.46	3.63
IOOF Balanced Investor Trust	3197.54	3.98	0	6.75	6.01
Macquarie Income Opportunities	3190.1	2.81	1.05	2.31	2.84
AustralianSuper Australian Shares	3161.13	NAv	NAv	NAv	NAv
iShares Wholesale Indexed Aust Bd Z	3126.34	NAv	NAv	NAv	NAv
AMP MySuper 1970s	3115.26	4.2	-2.18	4.82	4.93
AMP FLS&CS-AMP Balanced Growth	3064.47	3.98	-1.93	4.47	3.46
Vanguard High Growth Index	3026.02	6.06	-1.66	7.51	6.29
PIMCO Australian Bond W	2979.08	2.23	2.72	5.01	4.21
Antipodes Global Fund - Class P	2968.14	-0.57	-2.47	4.17	6.6
Bentham Syndicated Loan	2925.84	7.24	-4.89	0.7	2.85
Walter Scott Global Equity	2909.35	1.89	4.67	15.22	10.34
AMP SigSup-Woolworths MySuper Fut Dns Ba	2854.51	4.12	-0.87	5.01	5.16
CBUS Super High Growth	2714.09	NAv	NAv	NAv	NAv
iShares Global Bond Index	2676.02	1.8	5.25	4.76	4.52
BT Australian Shares Index W	2665.33	7.66	-9.79	5.16	4.97
Dimensional Australian Core Equity Trust	2579.05	8.67	-11.82	4.06	5.42
AustralianSuper International Shares	2578.02	NAv	NAv	NAv	NAv
MLC MKey Super F Hor 5 Gr Port	2550.87	3.73	-3.63	5.13	4.82
Vanguard Conservative Index	2538.57	3.14	2.74	5.68	5.01
MyNorth Index Balanced	2518.37	5.01	-2.07	6.21	NAv
AMP MySuper 1980s	2450.32	4.73	-2.36	5	5.04
Bennelong ex-20 Australian Equities	2415.33	15.64	8.96	10.47	10.95
Schroder Fixed Income Fund - Wholesale	2364.93	2.56	4.07	5.54	4.31
JANA High Alpha Global Share Trust	2294.7	4.1	1.07	9.58	7.18
Janus Henderson Cash Institutional	2244.31	0.01	0.73	1.53	1.76
AMP FS Super-AMP Super Easy Balanced	2241.7	4.08	-2.08	5.27	4.38
Magellan Infrastructure	2237.35	2.64	-8.97	4.4	6.99
Packer & Co Investigator Trust	2151	-5.29	-6.96	9.58	7.16
Energy Super MySuper	2119.52	3.32	-2.65	4.02	5.22
Strategic Australian Equity	2086.89	7.89	-13.34	3.03	4.59
PIMCO Australian Bond Fund	2078.82	2.24	2.76	5.05	4.25
AMP MySuper 1960s	2064.13	3.53	-0.76	4.31	4.25
Investors Mutual WS Australian Share	2060.7	0.23	-15.1	0.49	2.41
Bentham Global Income	2060.09	6.48	0.52	2.16	3.53
Kapstream Absolute Return Income Class I	2055.67	1.41	0.79	2.53	2.81
Dimensional Five-Year Diversified F/I	2031.43	NAv	NAv	NAv	NAv
Dimensional Five-Year Diversified F/I	2031.43	NAv	NAv	NAv	NAv
Vanguard International Fxd Intr Idx Hdg	2025.56	0.87	5.17	4.88	4.48
Strategic Fixed Interest	1966.55	0.82	0.88	1.97	2.55
Energy Super Balanced	1956.76	3.32	-2.65	4.02	5.22
Mercer Cash Fund - Term Deposit Units	1945.56	0.11	1.05	1.69	1.88
AustralianSuper Sustainable Balanced	1919.09	NAv	NAv	NAv	NAv
Sunsuper Conservative	1903.2	2.67	-0.5	4.01	4.28
Advance Balanced Multi-Blend W	1882.37	5.42	-2.89	5.31	4.89
BT Super Active Balanced - Super & TTR 2	1880.93	4.59	-3.03	NAv	NAv
AMP Capital W Australian Property	1867.75	0.83	-1.37	4.94	5.98
MLC Wholesale Horizon 4 Balanced	1864.11	4.54	-3.03	4.69	4.35
Vanguard International Property Secs Idx	1840.34	-2.44	-15.9	3.09	2.4
Dimensional Global Core Equity Trust	1831.21	1.77	-4.04	6.95	5.47
GMO Systematic Global Macro Trust B	1822.99	4.38	4.28	2.31	3.1
Australian Ethical Balanced	1820.71	3.64	-0.82	6.06	5.4
Strategic International Equity	1811.91	5.58	-3.34	4.97	5.42

NAME	NET ASSETS AU$M	3 MTH %	1 YR %	3 YR %PA	5 YR %PA
AMP FLS&CS-Future Directions Balanced	1784.72	3.61	-2.16	3.57	3.62
AMP SigSup-FD Balanced	1775.08	3.77	-1.56	4.19	4.25
Schroder Real Return CPI Plus 5% Fnd -WC	1771.38	2.48	0.57	3.29	3.28
IOOF MultiMix Balanced Growth Trust	1770.91	3.17	1.12	7.42	6.3
MyNorth Index Moderately Defensive	1688.31	3.88	-0.73	5.35	NAv
CBUS Super Cash Savings	1678.51	NAv	NAv	NAv	NAv
Partners Group Global Value (AUD) W	1664.33	NAv	NAv	NAv	NAv
Sunsuper Retirement	1659.25	3.29	-1.74	4.81	5.04
HESTA Super Conservative Pool	1645.05	NAv	NAv	NAv	NAv
AMP SigSup-AMP MySuper 1970s	1639.12	4.2	-2.18	4.82	4.93
Vanguard Cash Reserve	1634.29	0.03	0.68	1.42	1.64
REST Super High Growth	1630.36	5.92	-2.2	5.49	5.65
Plato Australian Shares Income	1625.76	10.8	-8.01	4.62	4.05
Schroder Real Return CPI Plus 5% Fnd -PC	1621.43	2.54	0.86	3.6	3.59
AustralianSuper Diversified Fixed Int	1609.59	NAv	NAv	NAv	NAv
Sunsuper Cash	1589.08	0.16	1.21	1.72	1.89
CFS FC ESup-FirstChoice Lifestage1970-74	1582.08	4.33	-7.11	3.26	4.35
Schroder WS Australian Equity Fund - WC	1577.25	4.6	-13.33	2.84	3.63
State Street International Eqs Idx Tr	1571.31	2.97	3.63	11.75	8.26
MyNorth Index High Growth	1536.33	6.47	-3.23	7.16	NAv
Advance Growth Multi-Blend W	1533.18	6.13	-3.9	5.56	5.14
VicSuper FutureSaver Balanced	1531	2.99	1.18	5.91	5.72
CFS FC ESup-FirstChoice Lifestage1975-79	1501.68	4.32	-7.49	3.04	4.19
Fulcrum Div Absolute Return Fund	1491.8	0.85	8.09	4.37	2.18
iShares Hedged International Equity Idx	1491.46	10.58	3.36	6.9	7.48
North Index Balanced	1491.24	5	-2.02	6.34	5.49
TPS Cash Management	1481.88	0.03	NAv	NAv	NAv
Summit Select Income Generator	1469.71	4.23	-4.35	3.18	3.48
BT Super for Life 1990s Lifestage Sav	1468.81	5.75	-3.36	5.62	4.73
UBS Australian Bond Fund	1464.78	1.78	3.17	5.39	4.5
Equip Growth Plus	1448.45	NAv	NAv	NAv	NAv
Sandhurst Select Mortgage	1412.76	NAv	NAv	NAv	NAv
CFS FC ESup-FirstChoice Lifestage1980-84	1412.53	4.32	-7.54	3.01	4.17
BT Super for Life Super Cash Sav	1408.82	NAv	NAv	NAv	NAv
Lazard Global Listed Infrastructure	1396.36	1.69	-8.38	2.38	7.71
Ausbil Australian Active Equity	1389.3	9.76	-8.1	5.47	5.06
Epoch Gbl Eq Shldr Yld Fd Uhgd	1377.14	-1.98	-9.24	3.41	2.51
Australian Ethical Balanced (Acc)	1375.14	3.7	0.24	6.78	6.35
Allan Gray Australia Equity A	1373	2.44	-23.38	-0.8	6.39
JANA High Alpha Australian Share Trust	1369.16	6.02	-11.16	3.14	4.14
Vanguard International Prpty Secs IdxHdg	1353.89	4.9	-15.81	-1.31	1.7
AMP Capital FD Growth	1349.15	NAv	NAv	NAv	NAv
EISS Super MySuper Balanced	1342.65	NAv	NAv	NAv	NAv
CFS MIF-Imputation	1339.71	11.27	-4.65	8.52	5.01
Plum Superannuation -Pre-mixed Moderate	1310	NAv	NAv	NAv	NAv
Equip Balanced Growth	1292.59	NAv	NAv	NAv	NAv
IFP Global Franchise	1289.53	-0.68	1.32	10.13	7.55
CFS FC ESup-FirstChoice Lifestage1965-69	1284.62	3.95	-6.37	3.31	4.4
Perpetual Wholesale Industrial	1278.57	3.2	-14.21	-0.76	0.73
Arrowstreet Global Equity	1275.25	5.44	3.66	11.32	8.18
REI Super Balanced	1270.69	NAv	NAv	NAv	NAv
Russell Balanced A	1268.84	4.93	-3.97	3.52	3.59

NAME	NET ASSETS AU$M	3 MTH %	1 YR %	3 YR %PA	5 YR %PA
iShares Emerging Markets IMI Equity Idx	1263.69	7.89	1.58	5.8	5.8
Charter Hall Direct Office Wholesale A	1258.11	0.57	9	11.99	14.74
Magellan Global (Hedged)	1246.38	8.98	6.14	11.27	9.9
AMP Wealth Conservative	1243.57	NAv	NAv	NAv	NAv
Winton Global Alpha	1242.71	-9.62	-17.88	-3.53	-2.52
BT Super for Life 1950s Lifestage Sav	1242	2.82	-0.58	3.56	2.98
PIMCO Global Credit W	1241.33	4.47	4.47	4.16	4.55
UBS Cash Fund	1232.26	-0.01	0.68	1.42	1.63
CFS FC PSup-FirstChoice Growth	1232.06	5.16	-2.05	3.89	3.88
CFS FC W PSup-FirstChoice W Moderate	1227.33	4.15	-0.42	4.21	4.12
Aus Unity Healthcare Property Wholesale	1213.32	1.17	8.03	11.08	12.61
CFS FC W PSup-FirstChoice W Growth	1203.8	5.18	-1.52	4.61	4.64
Hyperion Australian Growth Companies	1202.77	13.65	16.45	14.37	11.18
HESTA Super Shares Plus	1200.53	NAv	NAv	NAv	NAv
Legg Mason Western Asset Aus Bd A	1199.14	1.8	3.63	5.68	4.73
Vanguard Cash Plus	1179.39	0.22	1.14	1.84	2
MyNorth Index Growth	1175.5	5.79	-3.19	6.53	NAv
Macquarie True Index Aust Fixed Interest	1174.11	1.05	3.59	5.64	4.58
Vanguard Emerging Markets Shares Index	1167.96	7.81	1.8	6.11	6.19
CFS FC W PSup-FirstRate W Saver	1165.45	0.05	0.52	1.01	1.19
iShares Australian Listed Property Index	1150.97	6.36	-22.35	2.41	3.55
Perpetual Wholesale Diversified Income	1150.93	2.97	1.19	2.49	3.12
Janus Henderson Australian Fxd IntstInst	1148.67	2.71	4.82	5.73	4.74
VicSuper FutureSaver Capital Stable	1145	2.38	1.74	5.04	5.02
MLC MKey Super F Horizon 6 Share Port	1135.04	4.08	-4.26	6.04	5.63
CFS FC W PSup-CFS W Index Aus Share	1114.94	6.73	-7.84	5.73	5.53
Wingate Investment Partners Trust No. 3	1113.22	NAv	NAv	NAv	NAv
Advance Moderate Multi-Blend W	1112.78	4.16	-1.79	4.76	4.33
AMP SigSup-AMP MySuper 1960s	1108.8	3.53	-0.76	4.31	4.32
CBUS Super Conservative	1108.75	NAv	NAv	NAv	NAv
CFS FC W PSup-FirstChoice W M-Index Bal	1108.03	3.37	-5.57	3.24	4.3
MLC MKey Bus Sup - Horizon 5 - Growth	1102.7	3.66	-3.87	4.92	4.53
Mercer Emerging Markets Shares Fund	1101.55	10.18	1.72	6.37	6.24
Payden Global Income Opportunities	1096.85	7.28	-1.98	1.18	2.34
CFS FC PSup-FirstChoice Moderate	1091.98	4.12	-0.99	3.53	3.41
Dimensional Global Core Equity AUD Hgd	1088.95	NAv	NAv	NAv	NAv
Dimensional Global Core Equity AUD Hgd	1088.95	NAv	NAv	NAv	NAv
AMP Wealth Moderate Growth	1088.12	NAv	NAv	NAv	NAv
AMP SigSup-AMP MySuper 1980s	1081.23	4.73	-2.36	5	5.14
HOSTPLUS Shares Plus	1075.23	NAv	NAv	NAv	NAv
ANZ Smart Choice Super-1950S	1066.24	2.61	-0.9	4.56	4.1
Vanguard International Small Companies	1057.3	3.67	-6.2	5.96	5.45
UBS Diversified Fixed Income Fund	1052.48	2.27	4.11	4.9	4.33
CFS FC ESup-FirstChoice Lifestage1960-64	1052.2	3.24	-3.36	3.36	4.01
AB Managed Volatility Equities	1049.98	6.67	-3.59	9.26	8.42
Sunsuper Shares	1045.45	7.33	-2.22	7.34	6.77

ASX-listed ETFs

Every single exchange-traded fund listed on the ASX, with 1-year and 3-year returns

Source: Morningstar

NAME	ASX TICKER	LISTING DATE	ASSETS $M	FEE %PA	1YR % PA	3 YR %PA
Activex Ardea Real Outcome Bond ETF	XARO	6/12/2018	198.88	0.5	2.64	
ActiveX Kapstream Absolute Ret Inc ETF	XKAP	15/10/2019	3	0.55		
AMP Capital Dynamic Markets ETF (Hedge)	DMKT	18/07/2016	6.36	0.48	-13.53	-4.67
AMP Capital Global Infras Secs Unhdg ETF	GLIN	25/05/2016	29.85	0.8	-8.87	6.22
AMP Capital Global Property Secs UnH ETF	RENT	25/05/2016	20.95	0.97	-12.63	5.05
Antipodes Global Shares ETF	AGX1	5/11/2018	23.37	1.1	-0.58	
BetaShares Active Australian Hybrids ETF	HBRD	13/11/2017	732.17	0.45	0.82	
BetaShares Agriculture ETF CcyHgd(Synth)	QAG	30/11/2011	2.95	0.69	-16.41	-13.52
BetaShares Asia Technology Tigers ETF	ASIA	18/09/2018	189.6	0.57	63.48	
Betashares Aus Bank Sr Fltng Rt Bd ETF	QPON	1/06/2017	713.38	0.19	2.04	2.8
BetaShares Aus Equities Bear Hedge ETF	BEAR	6/07/2012	116.83	1.29	0.33	-6.85
BetaShares Aus Ex-20 Port Divrs ETF	EX20	5/10/2016	116.92	0.2	-8.13	5.51
BetaShares Aus High Interest Cash ETF	AAA	6/03/2012	1,989.29	0.18	1.07	1.7
BetaShares Aus Inv Grd Corp Bd ETF	CRED	31/05/2018	359.84	0.22	4.58	
BetaShares Aus Top 20 Eq Yld Mxmsr ETF	YMAX	22/11/2012	246.43	0.59	-10.97	1.31
BetaShares Australia 200 ETF	A200	7/05/2018	797.03	0.07	-9.05	
BetaShares Australian Div Harvester ETF	HVST	29/10/2014	126.15	0.65	-11.24	-1.42
BetaShares Australian Eqs Strong BrH ETF	BBOZ	17/04/2015	483.06	1.19	-14.43	-20.89
BetaShares Australian Fincls Sect ETF	QFN	10/12/2010	24.15	0.34	-21.74	-5.33
BetaShares Australian Government Bd ETF	AGVT	5/07/2019	20.86	0.19	5.96	
BetaShares Australian Res Sect ETF	QRE	10/12/2010	65.84	0.34	-6.77	13.67
BetaShares Australian Small Coms Sel ETF	SMLL	7/04/2017	34.91	0.32	-7.49	4.45
BetaShares Australian Sustnby Ldrs ETF	FAIR	27/11/2017	534.45	0.39	-4.84	
BetaShares British Pound ETF	POU	8/07/2011	16.32	0.45	0.7	2.21
BetaShares Com Basket ETF Ccy Hgd(Synth)	QCB	13/12/2011	7.57	0.69	-22.19	-8.26
BetaShares Crude Oil ETF Ccy Hgd(Synth)	OOO	16/11/2011	235.6	0.69	-73.23	-29.06
BetaShares Diversified Balanced ETF	DBBF	9/12/2019	2.42	0.26		
BetaShares Diversified Cnsrv Inc ETF	DZZF	10/12/2019	3.53	0.26		
BetaShares Diversified Growth ETF	DGGF	5/12/2019	2.42	0.26		
BetaShares Diversified High Growth ETF	DHHF	3/12/2019	4.65	0.26		
BetaShares Euro ETF	EEU	8/07/2011	11.51	0.45	-0.29	2.15
BetaShares Europe ETF-Ccy Hdg	HEUR	10/05/2016	22.5	0.56	-6.03	0.83
BetaShares FTSE 100 ETF	F100	12/07/2019	129.19	0.38		
BetaShares FTSE RAFI Australia 200 ETF	QOZ	10/07/2013	249.86	0.3	-13.89	1.89
BetaShares FTSE RAFI US 1000 ETF	QUS	17/12/2014	44.34	0.3	-11.42	4.54
BetaShares Geared Australian Equity ETF	GEAR	29/04/2014	187.24	0.74	-31.03	0.01
BetaShares Geared US Eq Ccy Hdg ETF	GGUS	17/08/2015	44.8	0.74	-3.31	12.06
BetaShares Glb Agltr Coms ETF-Ccy Hdg	FOOD	2/08/2016	16.43	0.47	-15.04	-2.9
BetaShares Glb Banks ETF-Ccy Hdg	BNKS	28/07/2016	26.97	0.47	-28.08	-10.31
BetaShares Glb Energy Coms ETF-Ccy Hdg	FUEL	16/06/2016	185.84	0.47	-40.24	-11.41
BetaShares Glb Gold Miners ETF-Ccy Hdg	MNRS	27/07/2016	30.98	0.47	68.73	25.7
BetaShares Glb Healthcare ETF-Ccy Hdg	DRUG	4/08/2016	48.26	0.47	9.45	8.86
BetaShares Glb Rbtc & Artfcl Intlgc ETF	RBTZ	12/09/2018	38.86	0.47	21.64	
Betashares Global Cybersecurity ETF	HACK	30/08/2016	217.84	0.57	5.91	16.74
BetaShares Global Gov Bd 20+Yr ETF Ccy H	GGOV	7/05/2020	1.97	0.19		
BetaShares Global Income Leaders ETF	INCM	19/10/2018	14.85	0.39	-24.5	
BetaShares Global Quality Ldrs ETF Ccy H	HQLT	5/06/2020	3.07	0.03		
BetaShares Global Quality Leaders ETF	QLTY	4/11/2018	58.72	0.29	17.14	
BetaShares Global Sstnbty Ldrs ETF	ETHI	5/01/2017	690.98	0.49	12.19	17.6
BetaShares Gold Bullion ETF Ccy Hedged	QAU	5/05/2011	255.11	0.49	25.56	12.05
Betashares India Quality ETF	IIND	2/08/2019	22.37	0.72		
BetaShares Japan ETF-Ccy Hdg	HJPN	10/05/2016	31.92	0.56	4.8	0.37
BetaShares Legg Mason Australian Bd ETF	BNDS	7/11/2018	128.77	0.42	4.07	
BetaShares Legg Mason Em Mkts ETF	EMMG	29/05/2019	11.09	1	9.39	
BetaShares Legg Mason Equity Income ETF	EINC	13/02/2018	24.62	0.85	-12.9	
BetaShares Legg Mason Real Income ETF	RINC	13/02/2018	39.39	0.85	-20.61	
BetaShares Managed Risk AUS Shr ETF	AUST	9/11/2015	48.02	0.39	-7.85	3.45
BetaShares Managed Risk Global Share ETF	WRLD	16/12/2015	67.45	0.39	0.33	7.06
BetaShares NASDAQ 100 ETF	NDQ	26/05/2015	963.9	0.38	33.71	27
BetaShares S&P 500 Yield Maximiser ETF	UMAX	17/09/2014	82.96	0.55	-10.23	4.42
BetaShares S&P/ASX Australian Tech ETF	ATEC	4/03/2020	60.45	0.48		
BetaShares Sstby Ldrs Dvrs Bd ETF Ccy Hd	GBND	26/11/2019	63.32	0.39		
BetaShares Strong Australian Dllr H ETF	AUDS	28/11/2016	6.47	1.19	-11.29	-12.21
BetaShares Strong US Dollar Hedge ETF	YANK	28/11/2016	11.88	1.19	-9.06	2.62
BetaShares US Dollar ETF	USD	31/01/2011	289.58	0.45	-0.23	3.68
BetaShares US Eqs Strong Bear H CcyH ETF	BBUS	24/08/2015	305.56	1.19	-32.72	-29.47
eInvest Cash Booster ETF	ECAS	11/11/2019	8.87	0.15		
eInvest Core Income ETF	ECOR	22/11/2019	2.1	0.45		
eInvest Future Impact Small Caps ETF	IMPQ	17/06/2019	1.68	0.99		
eInvest Income Generator ETF	EIGA	7/05/2018	21.71	0.8	-12.78	
eInvest Income Maximiser ETF	EMAX	22/11/2019	2.17	0.65		
ETFS Battery Tech and Lithium ETF	ACDC	30/08/2018	22.12	0.69	19.7	
ETFS Enhanced USD Cash ETF	ZUSD	10/06/2015	11.83	0.3	0.8	4.22
ETFS EURO STOXX 50. ETF	ESTX	19/07/2016	49.89	0.35	-4.85	3.22
ETFS FANG+ ETF	FANG	27/02/2020	51.61	0.35		
ETFS Global Core Infrastructure ETF	CORE	19/09/2017	19	0.45	-18.68	
ETFS Morningstar Global Technology ETF	TECH	7/04/2017	150.13	0.45	27.31	25.78
ETFS Physical Gold ETC	GOLD	31/03/2003	1,841.36	0.4	27.44	17.07
ETFS Physical Palladium ETC	ETPMPD	19/12/2008	6.07	0.49	22.36	36.06
ETFS Physical Platinum ETC	ETPMPT	19/12/2008	6.21	0.49	0.9	0.11
ETFS Physical PM Basket ETC	ETPMPM	19/12/2008	14.43	0.44	23.54	18.29
ETFS Physical Silver ETC	ETPMAG	19/12/2008	131.43	0.49	23.66	9.87
ETFS Reliance India Nifty 50 ETF	NDIA	21/06/2019	11.35	0.85	-15.4	
ETFS ROBO Glbl Robotics and Atmtn ETF	ROBO	13/09/2017	124.74	0.69	13.59	
ETFS S&P 500 High Yield Low Volatil ETF	ZYUS	10/06/2015	63.51	0.35	-22.41	-1.09
ETFS S&P Biotech ETF	CURE	8/11/2018	12.64	0.45	31.83	
ETFS S&P/ASX 300 High Yield Plus ETF	ZYAU	10/06/2015	113.8	0.35	-17.53	-0.64
Fidelity Global Emerging Markets ETF	FEMX	28/10/2018	89.1	0.99	5.68	
InvestSMART Australian Equity Income ETF	INIF	18/06/2018	25.54	0.97	-14.46	
InvestSMART Ethical Share ETF	INES	12/06/2019	18.99	0.97	4.79	
iShares Asia 50 ETF (AU)	IAA	13/11/2007	570.57	0.5	15.66	12.09
iShares China Large-Cap ETF (AU)	IZZ	5/10/2004	103.73	0.74	7.11	9.51
iShares Core Cash ETF	BILL	2/06/2017	540	0.07	0.81	1.52
iShares Core Composite Bond ETF	IAF	12/03/2012	1,272.73	0.15	4.07	5.49
iShares Core Corporate Bond ETF	ICOR	27/05/2020	10.12	0.15		
iShares Core Global Corp Bd AUDH ETF	IHCB	4/12/2015	293.15	0.26	6.27	5.17
iShares Core MSCI World All Cap AUDH ETF	IHWL	22/04/2016	133.86	0.12	-0.98	5.48
iShares Core MSCI World All Cap ETF	IWLD	22/04/2016	117.88	0.09	2.38	9.6
iShares Core S&P/ASX 200 ETF	IOZ	6/12/2010	2,055.60	0.09	-8.42	5.14
iShares Edge MSCI Australia Mini Vol ETF	MVOL	11/10/2016	62.74	0.3	-8.05	4.78
iShares Edge MSCI Australia Mltfctr ETF	AUMF	11/10/2016	19.52	0.3	-7.95	5.77
iShares Edge MSCI World Minimum Vol ETF	WVOL	11/10/2016	121.31	0.3	-3.31	9.18
iShares Edge MSCI World Multifactor ETF	WDMF	11/10/2016	219.13	0.35	-2.23	6.73
iShares Enhanced Cash ETF	ISEC	2/06/2017	194.16	0.12	0.9	1.72
iShares Europe ETF (AU)	IEU	10/10/2007	526.65	0.6	-5.05	2.94
iShares Global 100 AUD Hedged ETF	IHOO	15/12/2014	86.86	0.43	8.37	10.26
iShares Global 100 ETF (AU)	IOO	10/10/2007	1,812.98	0.4	11.11	14.17

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iShares Global Consumer Staples ETF (AU)	IXI	11/03/2009	115.47	0.48	-0.72	6.52
iShares Global Healthcare ETF (AU)	IXJ	11/03/2009	705.07		11.81	13.08
iShares Global High Yield Bond AUDH ETF	IHHY	4/12/2015	62.88	0.56	-3.08	2.26
iShares Government Inflation ETF	ILB	12/03/2012	142.24	0.18	3.21	5.15
iShares JP Morgan USD EmMkts Bd AUDH ETF	IHEB	4/12/2015	30.8	0.51	-5.36	-0.15
iShares MSCI EAFE ETF (AU)	IVE	14/08/2001	354.28	0.32	-4.36	3.89
iShares MSCI Emerging Markets ETF (AU)	IEM	10/10/2007	706.18	0.69	2.48	6.48
iShares MSCI Japan ETF (AU)	IJP	12/03/1996	263.66	0.49	2.41	6.19
iShares MSCI South Korea ETF (AU)	IKO	9/05/2000	83.24	0.62	2.31	-0.37
iShares S&P 500 AUD Hedged ETF	IHVV	15/12/2014	502.96	0.1	3.75	9.22
iShares S&P 500 ETF	IVV	15/05/2000	3,204.79	0.04	7.66	14.54
iShares S&P Mid-Cap ETF	IJH	10/10/2007	115.64	0.07	-8	4.9
iShares S&P Small-Cap ETF	IJR	10/10/2007	162.66	0.07	-13.07	2.91
iShares S&P/ASX 20 ETF	ILC	6/12/2010	322.19	0.24	-9.41	4.52
iShares S&P/ASX Dividend Opps ETF	IHD	6/12/2010	277.87	0.3	-11.51	0.69
iShares S&P/ASX Small Ordinaries ETF	ISO	6/12/2010	94.06	0.55	-8.2	5.46
iShares Treasury ETF	IGB	12/03/2012	84.23	0.18	4.18	5.34
iShares Yield Plus ETF	IYLD	27/05/2020	10.06	0.12		
K2 Australian Small Cap ETF	KSM	15/12/2015	7.62	1.31	-12.15	-4.34
K2 Global Equities ETF	KII	20/07/2015	3.57	2.05	2.33	3.08
Magellan Global Equities Currency H ETF	MHG	4/08/2015	224.24	1.35	1.91	10.54
Magellan Global Equities ETF	MGE	2/03/2015	1,695.19	1.35	5.73	15.15
Magellan Infrastructure Ccy Hdg ETF	MICH	18/07/2016	625.39	1.05	-9.85	4.51
Montaka Global Extension ETF	MKAX	24/06/2020	0	1.25		
Montgomery Global Equities ETF	MOGL	19/12/2017	85.15	1.32	-6.78	
Morningstar International Shrs Actv ETF	MSTR	26/08/2019	91.83	0.39		
Perth Mint Gold ETF	PMGOLD	9/05/2003	0	0.15	27.94	16.73
Pinnacle aShares Dynamic Cash ETF	Z3RO	26/08/2019	4	0		
Pinnacle aShares Global Dynamic Inc ETF	SAVE	26/08/2019	4.14	0.5		
Platinum Asia ETF	PAXX	12/09/2017	137.92		12.77	
Platinum International ETF	PIXX	12/09/2017	317.52		-6.39	
Russell Inv Australian Government Bd ETF	RGB	13/03/2012	82.64	0.24	5.25	6.62
Russell Inv Australian Rspnb Inv ETF	RARI	1/04/2015	203.63	0.45	-17.31	0.9
Russell Inv Australian Select CorpBd ETF	RCB	13/03/2012	233.35	0.28	4.97	5.04
Russell Inv Australian Semi-Govt Bd ETF	RSM	13/03/2012	59.93	0.26	3.81	4.48
Russell Inv High Dividend Aus Shrs ETF	RDV	14/05/2010	238.91	0.34	-19.92	-1.98
Schroder Absolute Return Income ETF	PAYS	19/11/2019	26.46	0.54		
Schroder Real Return ETF	GROW	9/08/2016	38.38	0.9	-0.11	2.9
SelfWealth SMSF Leaders ETF	SELF	8/11/2019	86.76	0.88		
SPDR. Dow Jones Global Real Estate ETF	DJRE	1/11/2013	277.72	0.5	-21.49	-0.22
SPDR. MSCI Australia Sel Hi Div Yld ETF	SYI	28/09/2010	166.18	0.35	-13.69	-0.12
SPDR. MSCI World Quality Mix ETF	QMIX	11/09/2015	22.67	0.4	1.58	10.89
SPDR. S&P 500 ETF	SPY	22/01/1993	43.54	0.1	7.75	14.59
SPDR. S&P Emerging Markets ETF	WEMG	11/11/2013	21.45	0.65	1.59	8.1
SPDR. S&P Global Dividend ETF	WDIV	1/11/2013	242.8	0.5	-18.13	-0.33
SPDR. S&P World ex Australia ETF	WXOZ	18/03/2013	194.19	0.3	4.81	10.67
SPDR. S&P World ex Australia(Hedged) ETF	WXHG	8/07/2013	95.55	0.35	1.82	6.5
SPDR. S&P/ASX 200 ETF	STW	24/08/2001	3,682.29	0.13	-8.34	5.14
SPDR. S&P/ASX 200 Fincls EX A-REIT ETF	OZF	13/04/2011	72.41	0.4	-21.54	-5.29
SPDR. S&P/ASX 200 Listed Property ETF	SLF	15/02/2002	461.86	0.4	-25.22	1.73
SPDR. S&P/ASX 200 Resources ETF	OZR	13/04/2011	78.52	0.4	-5.05	14.25
SPDR. S&P/ASX 50 ETF	SFY	24/08/2001	600.4	0.29	-9.91	4.7
SPDR. S&P/ASX Australian Bond ETF	BOND	27/07/2012	48.75	0.24	4.29	5.72
SPDR. S&P/ASX Australian Govt Bd ETF	GOVT	27/07/2012	28.68	0.22	4.36	5.92
SPDR. S&P/ASX Small Ordinaries ETF	SSO	13/04/2011	21.44	0.5	-6.38	6.17
Switzer Dividend Growth ETF	SWTZ	23/02/2017	75.56	0.89		0.49
UBS IQ MSCI Australia Ethical ETF		18/02/2015	125.09	0.17	-12.64	3.65

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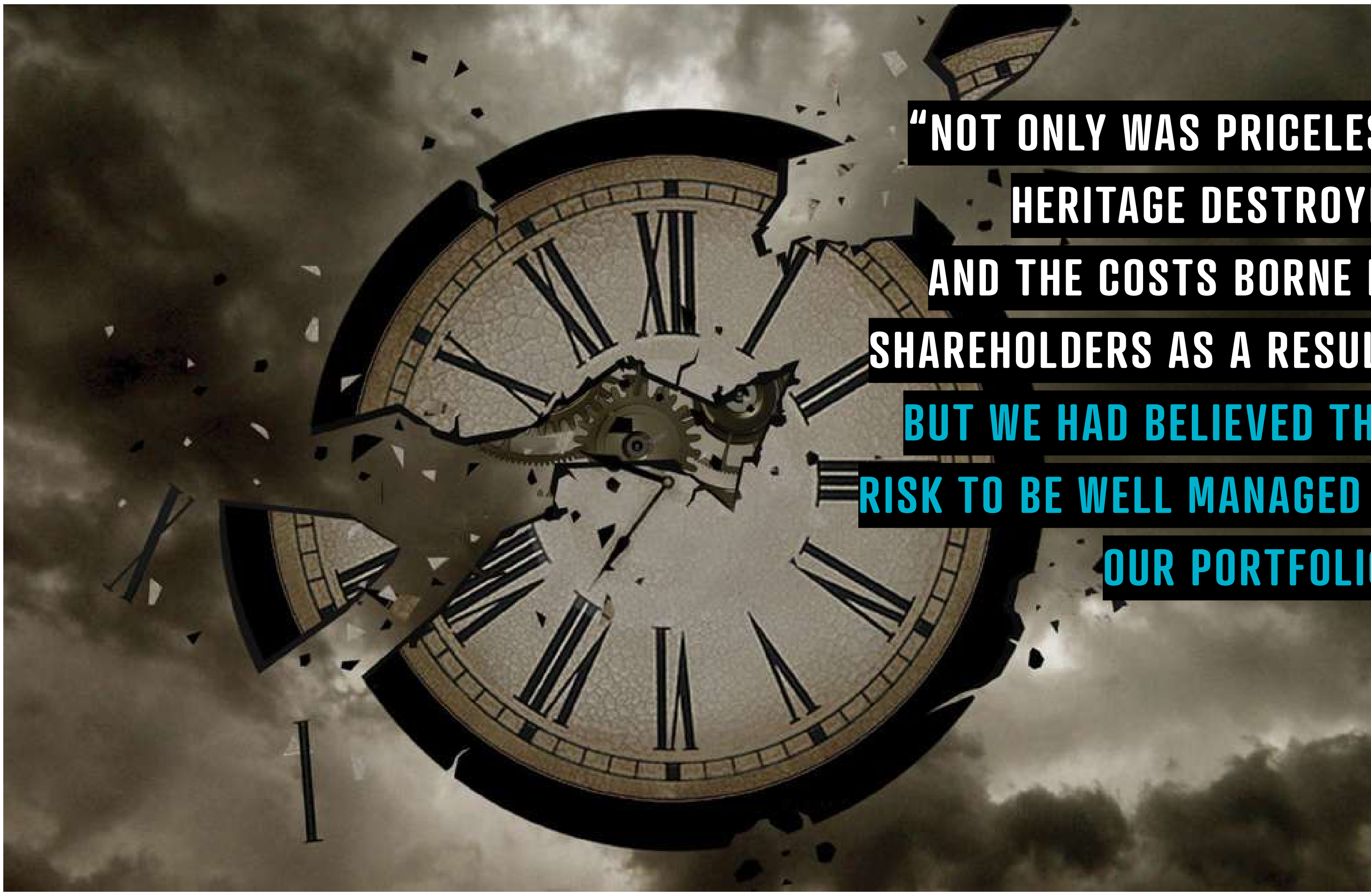
VanEck Emerging Income Opps Actv ETF	EBND	11/02/2020	20.29	0.95		
VanEck Vectors Australian Banks ETF	MVB	14/10/2013	126.68	0.28	-23.45	-4.72
VanEck Vectors Australian Corp Bd+ ETF	PLUS	9/05/2017	230.8	0.32	3.78	5.73
VanEck Vectors Australian Equal Wt ETF	MVW	4/03/2014	1,051.94	0.35	-9.13	5.16
VanEck Vectors Australian Fltng Rt ETF	FLOT	6/07/2017	262.96	0.22	1.51	2.33
VanEck Vectors Australian Property ETF	MVA	14/10/2013	211.06	0.35	-26.39	3.49
VanEck Vectors Australian Resources ETF	MVR	14/10/2013	71.56	0.35	-2.13	14.79
VanEck Vectors Australian Sbdntd Dbt ETF	SUBD	28/10/2019	100.64	0.29		
VanEck Vectors China New Economy ETF	CNEW	8/11/2018	93.41	0.95	51.59	
VanEck Vectors FTSE China A50 ETF	CETF	24/06/2015	22.3	0.72	13.11	7.97
VanEck Vectors FTSE Glbl Infras(Hdg)ETF	IFRA	29/04/2016	216.89	0.52	-11.67	2.68
VanEck Vectors FTSE Intl Prop Hdg ETF	REIT	21/03/2019	43.87	0.43	-21.1	
VanEck Vectors Gold Miners ETF	GDX	24/06/2015	330.02	0.53	48.15	25.55
VanEck Vectors Morningstar Wide Moat ETF	MOAT	24/06/2015	161.84	0.49	10.05	15.27
VanEck Vectors MSCI AUS Sust Eq ETF	GRNV	29/04/2016	56.21	0.35	-7.86	5.46
VanEck Vectors MSCI Intl Sust Eq ETF	ESGI	6/03/2018	38.39	0.55	7.56	
VanEck Vectors MSCI Mltfac EmMkts Eq ETF	EMKT	10/04/2018	30.23	0.69	0.4	
VanEck Vectors MSCI Wld ex Aus Qlty ETF	QUAL	29/10/2014	1,112.42	0.4	15.81	17.43
VanEck Vectors MSCI Wld ex AUS Qul H ETF	QHAL	21/03/2019	198.7	0.43	11.31	
VanEck Vectors S&P/ASX MidCap ETF	MVE	14/10/2013	119.51	0.45	-0.75	6.33
VanEck Vectors Small Coms Masters ETF	MVS	26/05/2015	61.03	0.49	-12.68	2.98
Vanguard All-World ex-US Shares ETF	VEU	8/05/2009	1,543.50	0.11	-2.73	5.21
Vanguard Australian Corp Fxd Intr ETF	VACF	23/05/2016	337.74	0.26	3.67	5.07
Vanguard Australian Fixed Interest ETF	VAF	29/10/2012	1,402.44	0.2	2.79	5.06
Vanguard Australian Government Bond ETF	VGB	24/04/2012	513.19	0.2	4.22	5.74
Vanguard Australian Property Secs ETF	VAP	11/10/2010	1,534.81	0.23	-24.69	2.28
Vanguard Australian Shares ETF	VAS	4/05/2009	5,557.99		-8.13	5.32
Vanguard Australian Shares High Yld ETF	VHY	23/05/2011	1,344.37	0.25	-12.58	0.73
Vanguard Diversified Balanced ETF	VDBA	20/11/2017	257.67	0.27	2.09	
Vanguard Diversified Conservative ETF	VDCO	20/11/2017	111.07	0.27	3.03	
Vanguard Diversified Growth ETF	VDGR	20/11/2017	255	0.27	0.73	
Vanguard Diversified High Growth ETF	VDHG	20/11/2017	421.23	0.27	-0.75	
Vanguard Etclly Cons Gbl Aggt Bd H ETF	VEFI	11/09/2018	18.44	0.26	5.74	
Vanguard Etclly Cons Intl Shrs ETF	VESG	11/09/2018	122.9	0.18	9.65	
Vanguard FTSE Asia ex Japan Shrs ETF	VAE	9/12/2015	184.53	0.4	10.14	8.73
Vanguard FTSE Emerging Markets Shrs ETF	VGE	18/11/2013	346.46	0.48	2.82	6.85
Vanguard FTSE Europe Shares ETF	VEQ	9/12/2015	174.31	0.35	-3.86	3.14
Vanguard Global Aggregate Bd Hdg ETF	VBND	10/10/2017	152.71	0.2	5.5	
Vanguard Global Infrastructure ETF	VBLD	8/10/2018	91.6	0.47	-5.67	
Vanguard Global Minimum Volatil Act ETF	VMIN	13/04/2018	12.33	0.28	-5.54	
Vanguard Global Multi-Factor Active ETF	VGMF	14/03/2019	16.34	0.33	-10.43	
Vanguard Global Value Equity Active ETF	VVLU	13/04/2018	26.38	0.28	-19.58	
Vanguard Intl Credit Secs (Hdg) ETF	VCF	4/12/2015	179.1	0.3	5.57	4.96
Vanguard Intl Fxd Intr (Hdg) ETF	VIF	4/12/2015	510.04	0.2	5.33	4.94
Vanguard MSCI Australian Large Coms ETF	VLC	23/05/2011	105.69	0.2	-9.07	4.79
Vanguard MSCI Australian Small Coms ETF	VSO	23/05/2011	366.89	0.3	-2.58	7.5
Vanguard MSCI International SC ETF	VISM	24/10/2018	35.48	0.32	-5.52	
Vanguard MSCI Intl (Hdg) ETF	VGAD	18/11/2014	1,027.22	0.21	2.22	7.02
Vanguard MSCI Intl ETF	VGS	18/11/2014	2,118.59		4.85	11.03
Vanguard US Total Market Shares ETF	VTS	8/05/2009	1,816.90		7.99	14.38
WCM Quality Glbl Gr ETF (Quoted Mgd)	WCMQ	31/08/2018	123.65	1.25		



Pahari proves it's not about the money

The events of the last several months have been a seismic shift. From Juukan Gorge to the AMP boardroom, it's clear the times are changing

/LACHLAN MADDOCK/

WHEN AMP CEO Francesco De Ferrari told journalists that he would not be answering questions about the recently departed Alex Wade at the top of an earnings call, he was doing what CEOs have always done: focusing on results, the hard financial data by which companies live or die. Mr De Ferrari had plenty to be pleased about. AMP finally had a clear plan to turn itself around. AMP Capital – with the controversial Boe Pahari at its head – would be the centrepiece of that plan.

But it wasn't good enough. Within weeks, Mr Pahari would be demoted, and chairman David Murray and director John Fraser would both step down from AMP's board. There was nothing to suggest the performance of any of the men was in question – Mr Pahari is apparently the key to AMP Capital's success – and aside from Mr Murray's questionable perspectives on climate change, they were all, more or less, straight shooters.

But people are increasingly conscious about where and how their money is invested – something the people who invest it for them are taking very seriously.

"Investors will be continuing to engage with AMP to understand how these decisions were made and how the company intends to strengthen company culture," said Louise Davidson, CEO of the powerful Australian Council of Superannuation Investors (ACSI), upon news of the executive changes at AMP.

"Today's announcements signal change in the organisation. Clearly, AMP's initial response to community, staff and shareholder concerns around the appointment of Pahari and the treatment of sexual harassment was inadequate."

Elsewhere, the destruction of an Aboriginal site at Juukan Gorge became an enormous embarrassment to mining giant Rio Tinto – one that culminated in a number of executives losing more than $7 million in short-term remuneration.

Where the loss of bonuses (a punishment that has really always been a slap on the wrist) used to be good enough for many shareholders, ACSI questioned why greater accountability hadn't been applied to the executives, and others outright called for their firing. $52 billion industry fund HESTA has now warned that mining companies can expect their direct engagement on matters involving traditional landowners, saying that investors were "dismayed" at the destruction of the sites at Juukan Gorge.

"Not only was priceless heritage destroyed and the costs borne by shareholders as a result, but we had believed this risk to be well managed in our portfolio," said HESTA CEO Debby Blakey.

While AMP shareholders have suffered years of fumbling, Rio Tinto delivered strong returns and upped its dividend at its half-year results. The reaction to Juukan Gorge suggests that's not good enough. And with companies like Australian Ethical now seeing a tidal wave of interest, it's clear that it's no longer just about the money.