TAKING THE CHEQUERED FLAG

SMSF AWARDS 2016

The annual SMSF Service Provider Awards, in its fourth year, identified the businesses of influence that are making serious headway with trustees via their advisers. Krystine Lumanta and Daniel Paperny reveal how this year's winners achieved a spot at the top.

SMSFs now hold over $620 billion in assets, according to the latest ATO data. The tax office revealed the number of SMSFs had hit 577,236 and the total number of members had reached 1,087,841 as at 30 June 2016.

This year, in conjunction with *selfmanagedsuper*, industry research provider CoreData added two more award categories – best infrastructure provider and best innovator – taking the total to 16 accolades across all areas of SMSF products and services.

Adviser commentary about their picks for best performers highlighted ease of use, excellent service and good communication as top differentiators when it came to the product or service.

On 1 September, during the presentation ceremony held at New South Wales Parliament House in Sydney, CoreData principal Andrew Inwood said while he expected continued SMSF growth, that momentum wouldn't be as strong as in previous years.

Therefore providers of SMSF investments and services needed to find ways to better engage and retain trustees who were already in the system, Inwood said.

This sentiment was echoed in CoreData's most recent "Keys to Growth Report", which found 33.3 per cent of financial planners believed there would be no change to the rate of the SMSF industry's growth over the next 12 months, while 31.9 per cent of accountants believed industry growth would slow.

"What's happening in the SMSF world isn't a surprise to anyone and the nature of competition amongst everyone here is going to change in the next few years," Inwood said on the night.

"The driver of funds into this sector is shifting and changing, so the funds already within the sector will probably be your biggest engine of growth in the next five to seven years."

In this special feature, *selfmanagedsuper* speaks to the winners of the awards in the SMSF adviser-voted categories.

Enabling adviser efficiency

Krystine Lumanta

CommSec: Australian shares winner

When it comes to adviser needs in the Australian shares space, CommSec Adviser Services general manager Eric Blewitt reveals the key demand and challenge this year has been efficiency.

"Many of our advisers tell us they are very interested in the growing SMSF segment, but find it hard to effectively support SMSF clients without building additional process and cost into their practice," Blewitt says.

"We've responded to the need for efficiency by ensuring working with us is as quick and easy as possible. One key enhancement was the recent overhaul of our online application to enable faster application completion and processing."

He cites access to research as another driver of practice efficiency for SMSF advisers.

"Our advisers told us they wanted access to reliable, comprehensive research to help them make faster, better investment decisions for their clients," he reveals.

"As a result, we recently entered into a joint agreement with Goldman Sachs to provide institutional-grade research to our advisers, as well as improved access to deal flow. What we now have is wider and deeper research for both Australian and international shares."

In addition, CommSec has delivered enhancements to its online charting and data, allowing users to see market depth in a much simpler format.

Ensuring adviser needs are met is no easy feat, however, CommSec is focused on delivering an attractive proposition for its users.

"It's about meeting the advisers' needs and driving efficiency in their practices," Blewitt says.

"Typically, they're fee-for-service and time is important to them. Making our processes efficient, creating access to meaningful, insightful information and delivering service through our online offering have therefore all been key parts of our focus in the past year.

> "At the same time, our relationship managers dealing with advisers provide support and service that is highly valued."

To ensure the business continues to develop its offering and appeal to advisers who have made the transition to a fee-for-service model, CommSec is making more improvements that will change the way advisers manage their client SMSFs.

"We hope to launch these enhancements shortly, so stay tuned," Blewitt says.

"Directly and indirectly, we have more than 250 people within the CommSec Adviser Services business looking after the needs of the advised market – that stretches from back office, clearing, settlement, trading, all the way to product marketing and teams driving efficiency and value for advisers."

Revealing some of the key macro trends this year, he says the CommSec team has seen an increase in trading volume year-on-year, primarily driven by volatility in the market.

However, a greater proportion of this growth is being driven from non-SMSF accounts, with SMSF volumes remaining consistent year-on-year.

"This may indicate advised SMSFs sticking to a longer-term strategic approach in times of volatility compared to non-advised, non-SMSFs," he explains.

"Although advised SMSFs do not trade the same volumes, they do appear to see opportunity in the current market, on average buying 50 per cent more than they are selling. This is distinct from non-SMSFs who tend to

Continued on next page

Continued from previous page

sit closer towards the net-seller end of the spectrum."

Advised SMSFs don't just buy more than they sell, they tend to do so in smaller trades, he continues.

"This may be the result of regular SMSF contributions through salary, which trustees or their advisers then use to build their SMSF portfolio," he says.

"It may also be that SMSFs are more optimistic about the market than non-SMSFs, but attempt to mitigate risk with smaller trades. There was a flight to quality in the ASX top 50, but there was also an increase in ETF (exchange-traded fund) volumes as well."

Commenting on the award, he says: "It means a great deal to us given the award is judged by a panel of industry experts and voted for by users.

"It tells us that those advisers using our products recognise and appreciate the improvements we've made. It drives us to work even harder to continue to enhance our SMSF services to ensure we continue to meet the needs of our advisers."

Building on SMSF touchpoints

Krystine Lumanta

Magellan: International shares winner

Magellan's distribution team has grown to 33 highly qualified and experienced professionals, comprising account managers, and marketing, and performance and reporting personnel. This, in turn, has helped to support ongoing business needs and drive client engagement.

"Over the past year, we have continued to broaden the touchpoints with advisers and SMSF trustees," Magellan distribution general manager Frank Casarotti says.

"The team has worked closely with our 35-strong investment group to share our insights with clients and advisers.

"Essentially, SMSF advisers are looking for a proven capability from a reputable firm that understands risk. There are many international share funds in the market, but ours focuses on delivering a minimum return over the business cycle while limiting exposure to market shocks."

Casarotti reveals the investment manager has deepened its representation among adviser model portfolios this year.

"Retail cash flows for the 2016 financial year were $2.3 billion, reflecting continued interest in our funds. Although performance has been challenged, our clients recognise that we look well beyond short-term market noise and have continued to show support," he says.

Unlike many of its competitors, Magellan takes a long-term investment approach, focused on capital preservation and wealth accumulation, he explains.

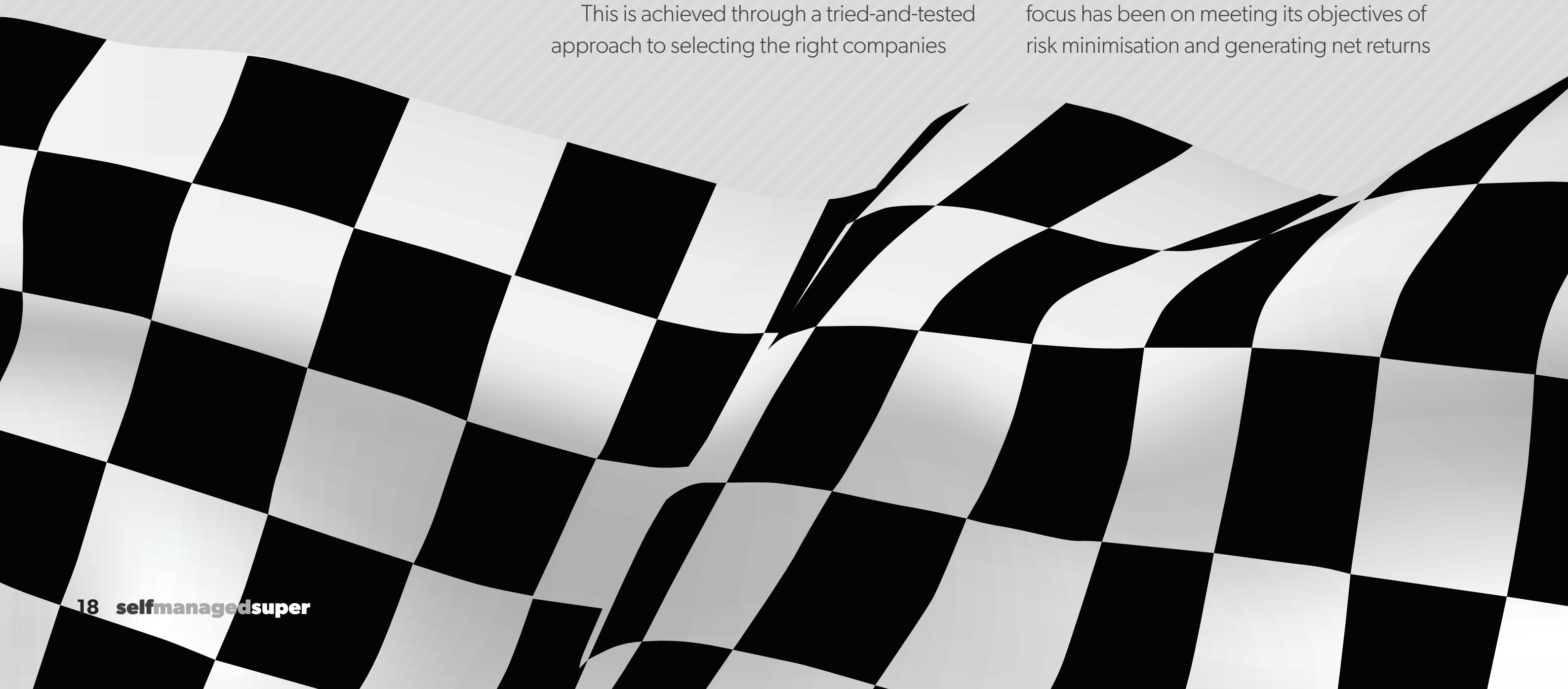
This is achieved through a tried-and-tested approach to selecting the right companies and combining economic and market analysis to limit exposure to risks.

> "Our business strategy has remained consistent since we started the company and our organisation structure is deliberately designed to ensure we can make iterative changes as we evolve," he says.

"Business growth can come with its own set of challenges so we periodically review all functional areas to ensure they are adequately supported. We have been particularly cognisant of ensuring we retain the true essence of our culture as the business expands.

"We pay particularly close attention to ensuring that people who join our business are closely aligned with the way we think about the business and possess the right experience and personal qualities that reflect the Magellan brand."

This year, as in previous years, the firm's focus has been on meeting its objectives of risk minimisation and generating net returns



above 9 per cent over the business cycle, he says.

"The past 12 months have not been easy and performance has been impacted by unprecedented events like the Brexit vote and central bank policies," he reveals.

"That said, we have kept our commitment of preserving capital in volatile markets – a core philosophical belief that is also a paramount concern for our clients."

Despite the challenging markets, Magellan continues to witness healthy cash flows from advisers into its products.

"Last year we launched the Magellan Global Equities Fund on the ASX's Aqua platform," Casarotti says.

"This fund replicates the Magellan Global Fund investment strategy, but provides advisers with access to an efficient, cost-effective vehicle. We offer both hedged and unhedged versions of the strategy, which has now grown to over $600 million in assets with over 12,000 unitholders – many of these being SMSF investors."

Winning the award represents a strong endorsement of Magellan's focus and the value it offers the advised and self-directed market, he notes.

"Winning this accolade reflects the combined efforts across our business, including the people involved in product development, the investment team and our people on the street working closely with advisers," he says.

"We will continue to focus on delivering the insights and investment outcomes that SMSF investors value."

Team approach generates success at PIMCO

Krystine Lumanta

PIMCO: Fixed income winner

The success of PIMCO's fixed income investment opportunities has come from staying true-to-label in relation to what clients expect and delivering to these expectations consistently over time. This cannot be achieved without a united methodology across the business, according to the manager.

"Effectively managing global fixed interest mandates requires a truly team approach, which is guided by PIMCO's time-tested investment process: our rigorously developed macro outlook, our bottom-up credit analysis and our robust risk management," PIMCO Australia and New Zealand head and executive vice president Adrian Stewart says.

"This ensures that the best insights and investment ideas from each of our dedicated regional and sectors specialty desks are transferred into the everyday management of portfolios.

"This team approach has always been a stalwart of the PIMCO way to managing global fixed interest and it's an approach that we believe we have done very well."

Stewart says education specifically in the SMSF market has been a key focus for PIMCO.

"We have strived to ensure that the benefits of defensive assets are clearly articulated and understood," he says.

"This has been increasingly important in light of continued uncertainty and volatility present in markets.

"PIMCO's offering to the broader global wealth industry has focused predominantly around core fixed interest offerings, including global bond and Australian bond portfolios that form part of many clients' defensive allocations. However, we are also increasingly having conversations on niche and alternative sources of return to help clients meet long-term income objectives."

Investing in Australian fixed interest today requires a global perspective to effectively cover the opportunity set, he notes.

"Our investment approach at PIMCO is one that embraces a unique mix of dedicated local expertise and a global coverage approach," he explains.

"Globally, as an example, we have a world-class team of 55-plus credit analysts – sector specialists with wide-ranging expertise who independently rate more than

Continued on next page

Continued from previous page

11,000 securities – located around the world to pinpoint individual opportunities. Being part of a global network allows us to really tap into global expertise."

While performance is key, the consistency of being able to deliver this performance for clients across market cycles is something that has been difficult for many fund managers in the industry, and this consistency is an attribute PIMCO clients have really appreciated, he continues.

"We are very pleased with this consecutive win. It's a great honour for us to be the recipient of this particular award as we see it as recognition for our commitment to clients," he says.

"This recognition speaks to our singular focus on delivering for our clients, our time-tested investment process and our best-in-class talent.

"We are very much committed to the Australian marketplace and we look forward to continuing to partner with our Australian and New Zealand clients and investors."

Specialist scope pays off

Krystine Lumanta

RARE: Infrastructure winner

Appealing to SMSF advisers when it comes to infrastructure investments requires a high level of specialised knowledge and education.

"Focusing solely on investing in listed infrastructure means that we don't have the distractions of other asset classes," RARE founder, co-chief executive and co-chief investment officer Nick Langley says.

"As such, we are recognised as thought leaders in the infrastructure asset class offering specialised knowledge and education to financial services professionals.

"We do this through quarterly updates, webinars, thought leadership papers, specialised marketing material and attending industry conferences and events."

In a time of continued market uncertainty and low interest rates, Langley explains infrastructure assets provide essential services that serve communities around the world.

"These include assets such as airports, rail, roads, electricity and gas pipelines that local and national economies require to function and prosper," he explains.

He says as a specialist investment manager, RARE is focused exclusively on identifying and investing in the best infrastructure assets in the listed equity market, with the goal of delivering strong absolute returns over an investment cycle to its clients.

"Our investment approach is reflected in our name – Risk Adjusted Returns to Equity (RARE) with the objective of providing investors access to portfolios of high-quality global infrastructure assets," he says.

RARE employs 53 staff, including 15 investment professionals, making it one of the largest teams of infrastructure investment specialists in the marketplace.

The firm currently manages three core strategies available to advisers and SMSFs: the RARE Global Value Strategy, Emerging Markets Strategy and Yield/Income Strategy.

"At RARE, we focus on listed infrastructure. These are publicly traded infrastructure securities such as the shares of electricity, water and airport companies," Langley says.

"Recent market uncertainty and volatility have presented attractive opportunities for investors due to the compelling characteristics of the asset class. Within a portfolio, infrastructure offers the potential for lower volatility, stable cash flow, inflation protection and diversification.

"As such, advisers and SMSFs are finding that infrastructure assets offer increasingly attractive opportunities in the current low-yielding environment."

The infrastructure manager has strong relationships across all Australian dealer groups, as well as platforms, and due to increasing demand, particularly from the SMSF sector, it is now offering the RARE Global Value Strategy through the Australian Securities Exchange mFund settlement service.

"RARE is delighted and appreciative to the financial advisers in our industy who have recognised our long-term performance and reputation as a listed infrastructure specialist," Langley says.

"Credit should be attributed to RARE's collaborative team approach."

In 2015, RARE became an independent affiliate of Legg Mason Asset Management.

The second half of 2016 has generated greater interest from Australian and overseas institutional investors, with over $500 million raised since 1 July from new clients.

Streamlining residual challenges

Krystine Lumanta

Class Super: SMSF accounting software/ administration winner

With an objective to automate as much of the SMSF administration process as possible, Class won't shy away from the additional and complex functionalities requested by accountants.

"For example, we automate as many

general ledger postings as we can and continue to grow the number of direct-connect data feeds available on Class," chief executive Kevin Bungard says.

"We want to enable accountants to provide fantastic service to their clients by giving them access to up-to-date information – something they haven't had in the past.

"From an administrator point of view, it's all about delivering efficiencies which allow them to turn SMSFs into a profit and growth centre for their business."

This year, the business strategy has focused on streamlining a number of areas that continue to be challenges for accountants and administrators.

"In the past, we've automated things like corporate actions and international investments," Bungard says.

"This year we've been focusing on improving our customers' interaction with their clients by delivering client view, client messaging and document management.

"Another area we've been focusing on is supporting the audit process. Attaining ASAE 3402 assurance for our data feeds system will help auditors to reduce the effort involved in SMSF audit preparation."

He highlights one of the key components of the business is its implementations team, which deals with the transition of funds to Class and delivers a 90-day implementation program to ensure customers get the maximum benefit from the software.

"For us, it's not just a matter of signing up a new client and leaving them to their own devices," he explains.

"We understand that Class brings a big change to their business, particularly as they move from manual to automated cloud processes, and we need to support our clients through that change process to achieve the right end result."

Furthermore, now the industry has moved past the early adoption stage for SMSF software, firms hold a different set of drivers.

"They're more cautious and want to look more closely and critically at prospective solutions, with lots of questions about security, breadth and quality of data feeds, integration with other solutions, et cetera," Bungard says.

"So rather than accepting a solution because it's new and innovative, they want to really understand the business case, which is great for us as we're so focused on efficiency: explaining the value we deliver to administrators is part and parcel of what we do."

The group practises continuous improvement, essential in a business that's been growing as quickly as Class.

It experienced a record second half for the 2016 financial year, bolstered by the continued acceleration of practices moving to the cloud.

"We're lucky to have a fantastic team of people who can rise to the challenge and readily adapt to change, which for us is just a fact of life. Internally we also run annual Change Champion awards, to recognise staff for their individual efforts to drive and deliver innovation and change within the organisation," Bungard says.

Commenting on the award win, he says he believes it demonstrates strong recognition from the industry.

"And it's also great validation for the team that all their hard work is resonating with the market and we're getting it right," he says.

"Winning the award definitely comes down to a combination of things – having a well-developed product, a great team of people, and being able to really embrace the opportunity cloud technology brings, to make a difference in the industry."

Class has a team of over 70 people, ranging from software developers to the operations and support staff that keep all its systems and data feeds running smoothly.

Adapting to clients' needs

Krystine Lumanta

Heffron: SMSF administration winner

Constant engagement and online connectivity means expectations are increasing all the time when it comes to SMSF administration solutions, according to Heffron SMSF Solutions co-founder and head of customer Meg Heffron.

"We have invested significantly in technology and other areas over the last few years to make sure we're able to meet our clients' increasing expectations," Heffron reveals.

The business provides a wide range of SMSF services to accountants, advisers and trustees, including documentation, technical support, actuarial certificates, education and training, as well as SMSF administration.

In order to ensure advisers will continue to be attracted to the company's proposition, it's vital for the business to keep providing its key clients with the services they need.

"The strong message we receive from our adviser clients is the importance they place on partnering with a provider who has strong subject matter capability," Heffron says.

"Moving forward, as the industry evolves, there is likely to be increasing demand for a business like ours to meet a range of different adviser needs: some advisers will always want to do everything by phone and email, whereas others want to interact on line and self-serve."

The same goes for access to a technical expert – some want it and others don't, she says.

"And some want the cheapest possible service and are happy to absorb the additional work this might create or tolerate the constraints it imposes, while others value the 'we'll do it all for you' approach," she says.

"Perhaps most importantly, their needs

Continued on next page

Continued from previous page

change over time. Being able to flex with our clients' needs is something we're continuing to work on, but there's always more to be done."

Heffron SMSF Solutions' approach to administration is to partner closely with advisers in delivering SMSF services to their clients.

> "Our primary goal is to make life as easy as possible for the adviser and their trustees – whether that's providing a smooth, safe and hassle-free administration service or a quick and reliable response to a complex technical question," Heffron explains.

"Our service to advisers has always been funnelled through dedicated client relationship managers who are SMSF experts. We allocate one or two to each adviser group so that advisers always have access to market-leading expertise when they need it.

"This year, we've been expanding out the number of people who are talking directly with our clients to include more of our accountants and administrative staff. That way, we can deal more quickly with routine issues and make sure the experts are free for complex technical queries and problem solving.

"Also, legislative changes like the ones announced in the May 2016 federal budget may well result in a slowing of SMSF growth at some point, but they are already proving a boon for our training business."

She says the award win represents approval from advisers for the services and support they've experienced.

"We are very excited to win this award for the first time – we have formally celebrated the result within the team," she says.

"In a complex business like ours, any great achievement like this depends on a high level of alignment and team work."

The keys to success

Krystine Lumanta

Topdocs: SMSF trust deed supplier winner

Topdocs director Michael Spakman attributes Topdocs' win in the trust deed supplier category to the firm's combination of automation, advice and training.

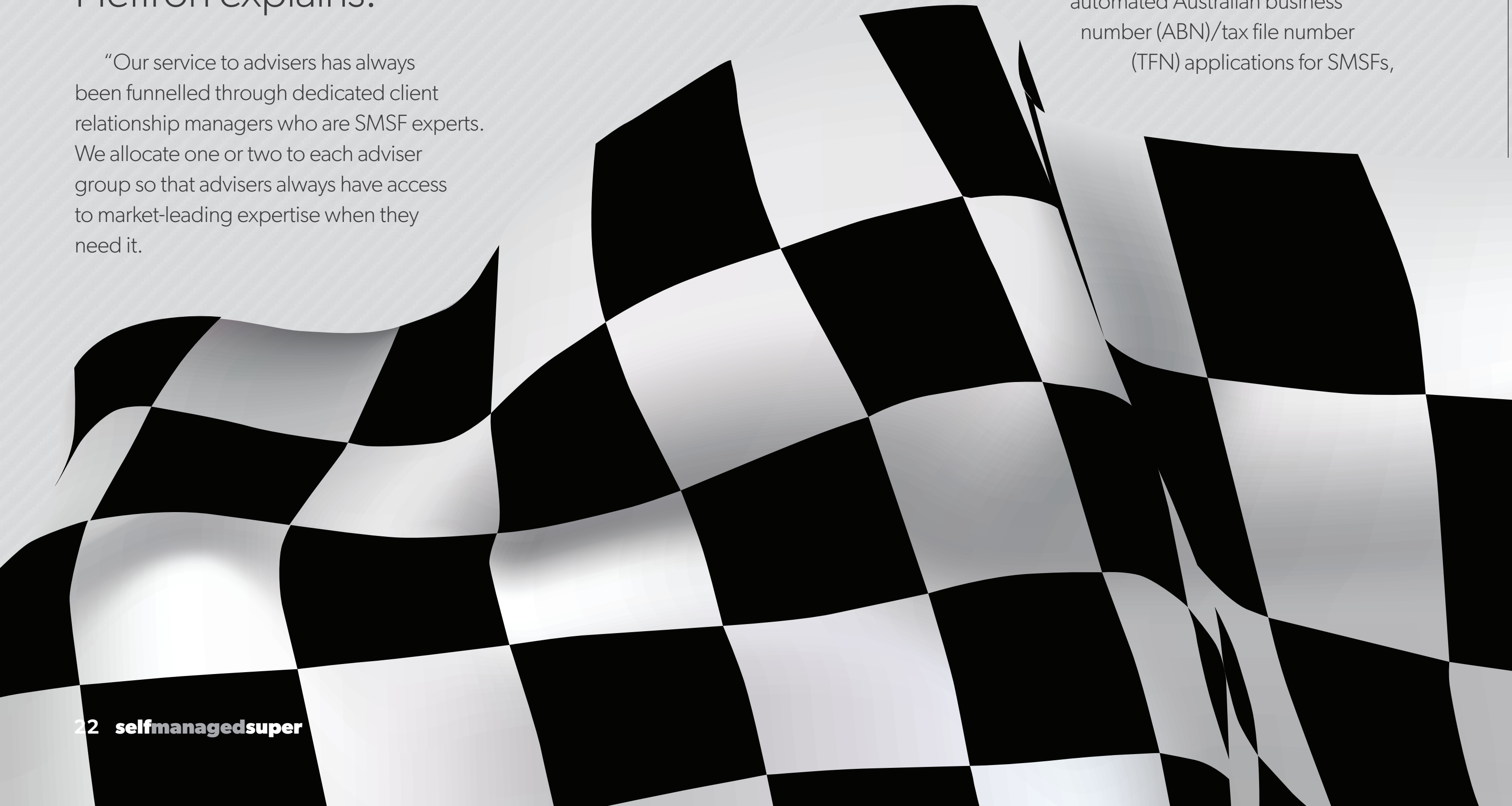
"Being very time poor, accountants and advisers are always looking for ways to streamline their administrative tasks, including the ordering of legal structures, but they also need to feel comfortable that the documents they are ordering will fulfil the needs of their clients," Spakman explains.

"For these reasons, we have always placed a strong emphasis on both the automation and advisory components of our business."

Over the past 10 years, Topdocs has invested heavily in technology to automate the process of ordering legal documentation, reducing the time it takes to order documents by up to 80 per cent.

This has been achieved by creating direct integrations with key industry players such as the ABR, Australian Securities and Investments Commission (ASIC), BGL, Class, Commonwealth Bank of Australia, Macquarie, National Australia Bank and Xplan, as well as consolidating the ordering of all related services into single online application forms.

This year, Topdocs rolled out automated Australian business number (ABN)/tax file number (TFN) applications for SMSFs,



companies and trusts, saving advisers around 30 minutes each and every time they order a new entity set-up, which was a game changer for the business, according to Spakman.

"Every accountant who completes an ABN/TFN application knows it's a frustrating and time-consuming process, but one that needs to be done," he says.

"Our clients have loved this new feature and it has turned into our most widely used integration to date."

He attributes these integrations alone for Topdocs becoming one of the most well-known legal documentation providers in Australia.

But rather than resting on its laurels, the company continues to innovate with big plans for the coming months, including new developments in the estate planning sector and new integrations with other leading legal and accounting software providers.

When it comes to the crunch, it's the free technical support and training that really sets Topdocs apart, Spakman believes.

"We have a responsibility as a provider of legal documentation to be able to answer any technical queries our clients may have around the structures they are setting up," he says.

"Being in the fortunate position of having a fantastic team of expert lawyers and technical consultants on board, this is a service we provide free of charge to our clients, with a huge take-up."

Topdocs' monthly continuing professional development accredited webinars, conducted by its legal and advisory teams, have also been a hit with its clients, with over 6000 people registering for these free events this calendar year alone.

To ensure its documents are always up to date and compliant, Topdocs also invests heavily in the quality of its documentation, with key documents such as the SMSF trust deed regularly reviewed to keep abreast of any regulatory, legislative and strategic changes that may arise.

The business also adopts a collaborative review approach, seeking feedback not only from its associated legal practice, Topdocs Legal, but from its clients and a panel of specialist legal and advisory firms and industry experts.

Spakman says this ensures its clients always have access to legal documentation that is completely up to date with the best strategic provisions.

Speaking about the award, he says he is appreciative of Topdocs' client support and is full of praise for his staff: "At the end of the day it's all about our clients and we are extremely grateful for their continued support.

"Our team provides exceptional customer service to our loyal clients, day in and day out, and winning this prestigious award is a great reward for their hard work."

Redefining the game

Krystine Lumanta

Evolv: Audit function provider winner

Evolv's technology-based audit approach facilitates its automated process, which is redefining the way SMSF audits are performed.

"Our job is to stay ahead of the new era of disruption by introducing new ways of how audits are done in the future to a new and appreciative audience: forward-thinking accountants and auditors looking for solutions that Evolv's award-winning services and products can deliver," Evolv executive director Ron Phipps-Ellis says.

Commenting on the demand for audit solutions this year compared to other years, Phipps-Ellis reveals value for money and building relationships with customers have been paramount.

"The demand from customers to deliver a cheaper audit without compromising on quality will not relent," he says.

"Our focus has always been and will continue to be to provide our clients with SMSF audits of the highest quality while continuing to evolve and keep at the forefront of the industry.

"We are at the forefront in embracing data

Continued on next page

Continued from previous page

and other electronic feeds to approach the audit process differently."

Phipps-Ellis, who has been a specialist SMSF auditor since 2005, says the business has a passionate team of nearly 40 people.

"All of our auditors are qualified or near-qualified accountants. There are five ASIC registered SMSF auditors," he says.

"Evolv's culture is one of constant change, improvement and innovation. We measure time savings in minutes in order to streamline the audit process and reduce queries to our customers.

"And customers are coming to expect that auditors can create value back to their business, rather than just perform an audit."

In keeping with Evolv's commitment to constant improvement, over the next few months the business will announce the next stage of its evolution.

"We are proud to announce the launches of Evolv White and Evolv Grey to complement our existing full service audit, which we are now naming Evolv Black," Phipps-Ellis reveals.

"Three equal but different services, these new offerings are to be launched in stages over the coming months and have been built by forward-thinking auditors, exclusively for accountants and other auditors who just want the best quality, efficiency and value that is synonymous with the Evolv trademark.

"Whether you choose to access our technology platform (Evolv White), harness our power while still maintaining your own brand (Evolv Grey), or entrust your complete SMSF audits to us (Evolv Black), Evolv has the product that's right for you.

"Evolv keeps redefining both our company and the industry as a whole."

He says he hopes winning the award provides further assurance to the firm's customers they are partnering with an industry leader that's truly innovative and independent.

"We are thankful to both the advisers and the trustees for having confidence in voting for us and for their continued loyalty and support," he says.

"We would personally also like to thank the team at Evolv for their hard work and continued efforts in achieving the highest standards. Without their dedication and contribution this award would not have been possible."

Consistency underpins platform strength

Daniel Paperny

BT Wrap: Investment platforms winner

BT Financial Group (BTFG) has built on its strong track record by taking out the award forinvestment platforms for the third year in a row.

BTFG head of platforms Kelly Power says a consistent approach towards investing in platform capabilities, as well as a genuine recognition of customer feedback has allowed BT to continue to stay ahead of the pack and evolve to meet the changing needs of advisers.

"I think it's a testament to our consistent service, investment and enhancement over the past three years. This is the reason why we've been successful and we're being recognised," Power says.

"Platforms are a really important part of BT's business and we really pride ourselves on a relentless focus on customer feedback, enhancing our products and ensuring that we provide best-in-class service."

Launched last year, BTFG's new suite of wholesale managed funds has surged from $500 million in funds under management (FUM) to $2.7 billion in FUM in less than 12 months – a result Power attributes to a deeper collaboration with BTFG's investment partners.

"Our investment partners [help] bring a 'best-of-breed' investment capability to the market for our BT Wrap platform," she says.

"Investment choice is a really important part of our platform offering and we're very much focused on delivering 'best-of-breed' investment choice for our advisers."

In April, BTFG partnered with Class to launch BT Panorama's SMSF solution aimed at enhancing collaboration between advisers and accountants.

Power says this offering is unique in the way in which BTFG brings together integrated fund establishment services to provide a holistic solution.

"Our well-recognised investment administration services allows an SMSF to implement their investment strategy, which has always been core to our business through that regard," she says.

In the 11 years since Power joined St George Bank in 2005, she has witnessed significant regulatory and legislative changes to the advice industry that have resulted in the emergence of new advice models – such as digital and scaled advice – as well as unique challenges posed by the evolving expectations of an increasingly self-directed client base.

"To maintain relevance and be competitive, I think it's really important you continually invest and respond to these technology changes," she says.

"You need to work really closely with your customers and your advisers to make sure your products are flexible enough to respond to changes in your business in the way they want to interact with you."

Over the next 12 months, she says BTFG will continue "investing significantly" in its platforms, as well as helping its advisers to be more efficient, both in the SMSF segment and across its customer base.

"Our biggest priority is to continue to maintain our core platform offerings to ensure that we're providing the same level of service and enhancing our administration facilities whilst, at the same time, building out our Panorama platform with the launch of advised retail superannuation in early 2017," she notes.

Adviser feedback key to continuous innovation

Daniel Paperny

Macquarie: Cash and term deposits winner

Macquarie continues to show its strength in cash and term deposits by taking out the award for the third year in succession, having demonstrated a robust commitment to continuous innovation and investment.

Macquarie wealth management division director David Clatworthy says he believes the secret to its success has been ensuring the group's offering remains at the forefront of the market by prioritising product and service enhancements.

This mindset comes from the group being well-attuned to feedback received from advisers and trustees, as well as a desire to strengthen these relationships to remain competitive, Clatworthy adds.

"Core to our competitive offering is our strong relationships with advisers, trustees, software vendors and administrators," he says.

"Our approach has always been based around understanding the varying needs of advisers and trustees, and enhancing the experience for them through the range of flexible cash products and other services we provide."

The strong performance of Macquarie's offering comes as the group weathered volatile markets to post positive results in 2016/17.

Despite challenging market conditions, at its annual general meeting in July, the group reported a record profit of $2.063 billion for the year to 31 March 2016, an increase of 29 per cent on the previous year.

In addition, the deposits of Macquarie's banking and financial services division totalled $41.4 billion at 30 June 2016, up 2 per cent on the 31 March 2016 figures.

In the 35 years since Macquarie opened its first cash hub in 1981, the group has maintained a persistent focus on product innovation as part of a measured approach towards meeting adviser needs and changing client expectations.

> "Continued innovation is central to our approach and we are continuing to invest to ensure our offering remains leading edge and competitive," Clatworthy says.

"Listening to adviser feedback is important and we use that information to enhance our offering, from the innovations and product enhancements we prioritise to the broader range of insights and research we bring together to support clients in building their businesses."

A significant priority over the next 12 months will be the digital transformation of the business, in addition to modernising its technology platform and digital capabilities to further support clients and their businesses into the future, he says.

Macquarie recognises the varying and evolving needs of advisers and their businesses, which means the business continues to place a large emphasis on providing flexible and independent solutions to advisers, he explains.

"It has never been more important for firms to be positioning their businesses for growth and innovating to meet the opportunities and challenges ahead," he says.

"We support advisers to do this by ensuring they have the flexibility they need in using our solutions and the insights and expertise to support their business."

Education investment vital to stay ahead

Daniel Paperny

TAL: Insurance winner

The life insurance industry is at a turning point, with adviser remuneration arrangements set to change and with new reforms shaping the way product providers operate, meaning investment in planner education has never been more critical to ensure quality advice provisioning.

"At TAL we fundamentally believe in the purpose of insurance and it's something we're quite passionate about," TAL general manager of individual life Gavin Teichner says.

"With remuneration structures changing, it's absolutely critical that we are able to provide propositions from a global perspective that support our adviser channel.

"To be confident in our advisers, we need to invest in them because it's very important. I would definitely say that our investment in education has been the key differentiator over the last 12 months."

TAL's Risk Academy is regarded as an important step towards realising the company's vision of a healthy and vibrant insurance market in Australia by teaching advisers about the advice they provide and how to run their businesses.

It seeks to give planners a complete advice education, with 25 courses spanning the operational aspects of insurance and client management, technical advice knowledge, building relationships with referral partners, and improving overall advice delivery and client engagement.

Over the past year, between 6000 and

Continued on next page

▸ ***Continued from previous page***

8000 advisers have undertaken individual seminars and training through the academy.

"We think we have made an incredible contribution towards helping advisers with their businesses – both from a technical and non-technical basis," Teichner says.

> "When we design our propositions, we design them with the end customer in mind and it helps us significantly educate the advisers as to why we build the proposition in that way."

A key priority for the team is ensuring all new TAL Individual products maintain the appropriate balance between profitability and attractiveness to clients, he says.

This approach is underpinned by TAL's drive to have the best claims management processes and a strong understanding of risk on the underwriting side, as well as a comprehensive understanding of product design.

"We design our products specifically so that they are able to be administered and fit into our services function appropriately, meaning that we can maintain our clients over the long term," Teichner says.

"That has been what I would say is one of our key differentiators because we have established a very valuable and profitable proposition in the market."

In the coming year, TAL's key priorities include strengthening its digital proposition to make it easier for advisers to engage with the end customer, and widening its product proposition for distribution.

"We would be looking for alternate products outside of our core value chain. This will allow our traditional advisers to provide new areas of advice," Teichner reveals.

"There are also a couple of additional areas in the domain of protection where we think that advisers can play a significant role in the business, so that is something that we are looking at."

Quality products and service breed success

Daniel Paperny

iShares: ETF provider winner

Product innovation and client service delivery have been paramount to the success of BlackRock's iShares, which has been voted as the best provider for exchange-traded funds (ETF) by advisers for the second year in a row.

Currently, iShares has 33 ETFs available, catering to financial advisers and investors looking for quality products and the breadth of the offering provided at a low cost.

IShares Australia head of wealth Alex Zaika says that with the growing maturation of Australia's ETF sector, advisers and investors are finding it increasingly difficult to determine what is the best ETF for their portfolios.

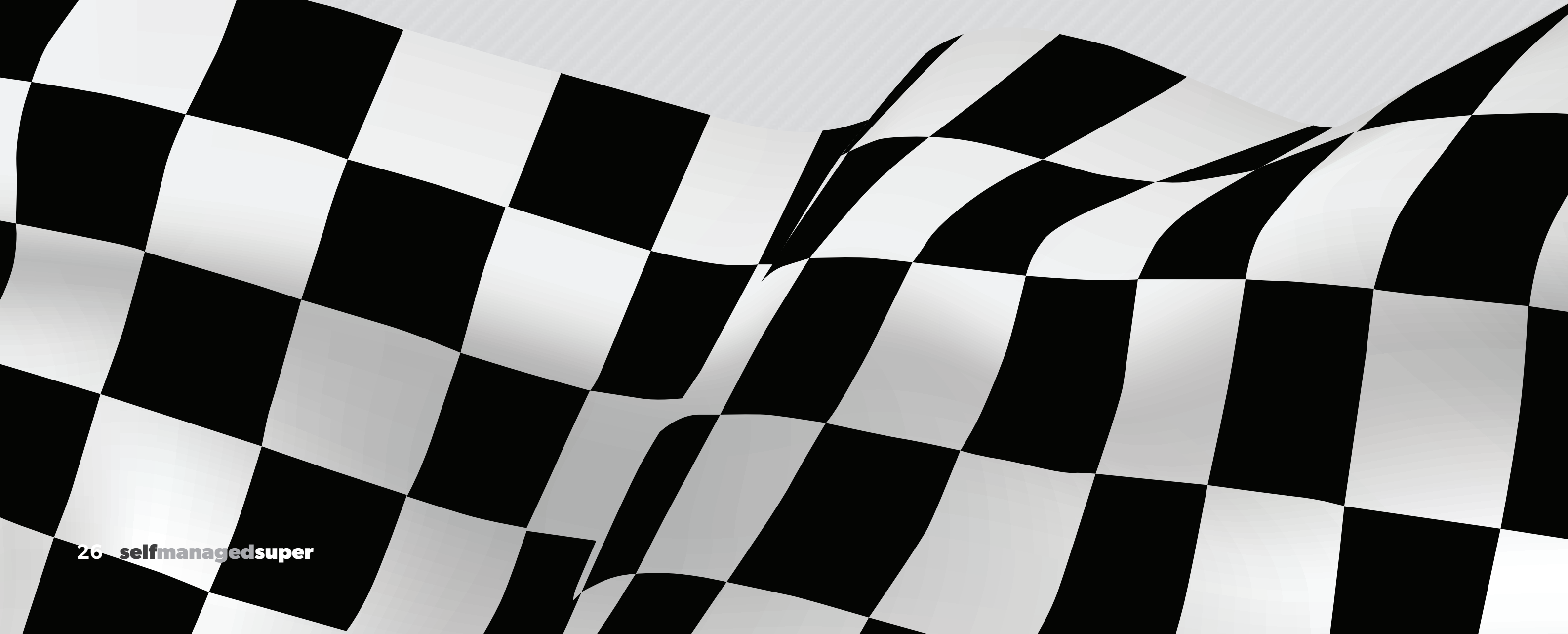
"When we launch ETFs here in Australia, we try to think about what's suitable through the lens of an Australian investor," Zaika says.

"The benchmarks that we work with, the strategies that we bring, the fees, the product structure, all these things go towards differentiating us from our competitors."

The launch of iShares' Global Fixed Income ETF range was a key milestone for the company in the past year as it had been difficult for Australian investors in the past to build a total diversified portfolio using ETFs because the range of fixed income offerings was limited, he says.

"One of the key parts of a diversified portfolio is not just focusing on Australian fixed income, but incorporating global fixed income and we brought that innovation forward by launching three global fixed income ETFs," he says.

"I think the core suite is also a real game changer for us and it has been very well received by investors so far.



"The wonderful thing about iShares is that we are part of BlackRock, the world's largest asset manager. We have incredible scale so that allows us to bring more products to the Australian market at a much lower cost."

The increasingly price-conscious nature of Australian investors has led to a greater emphasis being placed on the quality of product as well as the fees of ETFs.

"Fees are very important for Australian investors, just as they're important for investors all over the world," Zaika says.

"When you look at the core suite of ETFs that iShares has, they're all either the lowest cost or equal lowest cost on the Australian market."

In the coming months, he says a key priority for iShares will be to continue expanding the distribution team that works with financial planners and making sure the company is providing the best service possible to its customers.

Another key area of focus will be introducing new types of ETFs and exposures for Australian investors.

"It's about making sure that our product suite is relevant for Australian investors and ensuring that we are plugging any gaps that are on the ASX (Australian Securities Exchange), or any gaps that are within our product line-up," Zaika says.

"We need to make sure we continue to bring quality products to the Australian market and we need to make sure we continue to service clients so that all the information they need is at hand."

Steady dividends despite volatility

Daniel Paperny

Argo Investments: Listed investment companies winner

Specialist listed investment company (LIC) provider Argo Investments has set itself apart in the past 12 months by demonstrating a commitment to steady performance and growing its dividend in spite of volatile markets.

"Argo have a great history and we're endeavouring to try and deliver what it's done for a long time, which is growing our dividend income stream for shareholders," Argo managing director Jason Beddow says.

When it comes to LICs, Argo has prided itself on an actively managed, conservatively run portfolio with elements of capital protection.

Currently, the Argo portfolio has 103 holdings and is looking towards new investment opportunities for portfolio diversification, particularly in health and telecommunications.

At Argo's AGM in October, Beddow announced the company had successfully increased its dividend by 13 per cent over the past three years.

He says the portfolio has been actively managed to deliver a sustainable dividend in the long term.

"That means at times the portfolio has to have a little skew towards income as opposed to total per capita return. Ideally, we get them both right so we can grow dividends and outperform markets," he says.

"As we find ourselves in this low interest rate environment, the portfolio bias is towards what stocks will outperform, but we also need stocks to carry their weight for dividend payers, not just dividend growers."

Maintaining the right balance between large high-yielding stocks such as Telstra and high-potential stocks that continue to grow their dividend along the way is the key to the portfolio's success, in addition to keeping

Continued on next page ▶

Continued from previous page

Argo's costs low and under control.

Last year, Argo launched the Global Listed Infrastructure LIC, which was aimed at direct investors, including SMSF members looking to include greater diversification within their portfolios in a volatile investment climate.

In June, the company achieved a successful capital raising of over $286 million – which represented the largest initial public offering for a LIC in Australia in over eight years.

"The asset class is performing quite well as infrastructure globally has generally outperformed general equities, so we think that's good on that long-term thematic," Beddow says.

"We think the managers are doing a good job in what isn't the easiest investment environment out there."

Caution is important when selecting stocks, particularly as further volatility in global markets can be expected as we move closer to a rate hike in the United States, he says.

"From our perspective, the next 12 months will be making sure we've got the portfolio mix right to at least maintain our dividends in what we think will be a reasonably challenging year for dividends," he says.

"We need to make sure that we're not choosing stocks for the wrong reasons. If you're going to get some volatile times in a market washout, then you want to make sure your portfolio quality is in an even better shape."

Fractional investing a game changer

Daniel Paperny

DomaCom: Innovator winner

Employing a multiple portfolio approach to property investment has allowed fractional investment platform DomaCom to present a unique alternative for advisers and trustees seeking to gain access to Australia's property market.

By fractionalising the ownership, DomaCom's platform allows multiple investors to purchase a property, enjoy a share of the rental income and the future capital value in proportion to the amount they contribute towards the purchase price.

"We're providing the financial advice and SMSF community a method to effectively deliver asset allocation for direct property in a way they would normally do with equities," DomaCom chief executive Arthur Naoumidis explains.

Naoumidis believes one of the key strengths of the platform over the past 12 months has been its licensing, particularly as a lot more advisers start to use DomaCom across the country to deliver direct property exposure to their clients.

"Some of the innovations we've had over the last 12 months include portfolio book-builds," he says.

"That's a good example of where the advisers are creating a portfolio of properties, tracking different strategies and acquiring more growth."

A significant milestone for DomaCom was its successful crowdfunding campaign regarding the ownership of Kidman Station, an agricultural asset and the largest private land holding in Australia.

The bid attracted initial interest from 5000 local retail investors and more than $70 million was pledged in the space of three months.

This was followed by a crowdfunding campaign for the renovated properties of reality television show *The Block* in August.

"While we provide an advice solution for advisers, we've now switched off the general advice licence within DomaCom and we will look at directly participating in more public crowdfunding campaigns like Kidman Station in the near future," Naoumidis says.

While the group's current focus is its core product of fractional property investing, DomaCom has been looking to diversify its overall suite and has been collaborating with ASIC over the past three years on a small home equity release.

The new offering will be aimed primarily at baby boomers seeking to supplement their income by taking out a fraction of the equity within their home.

"It's effectively solving the demographic problem of that age group running out of capital, but at the same time providing the next generation with exposure to direct property by allowing them to have that equity release," Naoumidis says.

DomaCom will also look to introduce institutional corporate bonds to its core suite over the next 12 to 18 months via a model portfolio that will adopt a similar fractional investing approach.

"Our whole core model is really about fractionalising digital assets. Property was essentially the first asset class for us and the second one is corporate bonds," Naoumidis says.

"The reason why we think it will be attractive to our clients is that most of our advisers that use DomaCom are equities advisers. Before it was only available to sophisticated investors or private high net wealth individuals, now everyone can have a corporate bond portfolio."