

2024
CANBERRA CONFERENCE



It's time

for the Advice Community

to Stand Up

It's time

**TO WELCOME &
THANK YOU FOR
SUPPORTING THE
AIOFP CONFERENCE**



THANK YOU TO OUR PLATINUM SPONSORS



**THANK YOU TO OUR
STRATEGIC PARTNER**



THANK YOU TO OUR GOLD AND SILVER SPONSORS

QUANT
PLANET

GSA

MSQUARED
CAPITAL

PLUTAS GROUP





STRATEGIC UPDATE

PETER JOHNSTON

EXECUTIVE DIRECTOR, AIOFP



MEMBER UPDATE

RAY BAILEY

MANAGER MEMBER
SERVICES, AIOFP



Membership



Membership has increased in Adviser category



Next Rural is the driver of membership growth



Challenge is to continue to enhance value proposition.

White Label AIOFP CPD Service



Review of AIOFP Rules



Comprehensive review of Articles to be undertaken



Review of Code and Standards policy to be undertaken



Work to commence in early 2025

Certified Financial Strategist (CFS)



NUMBERS OF CFS INCREASED DUE TO
NEXT RURAL.



100 CFS MEMBERS



RANDOM REVIEWS
USING LATEST MEMBER AUDITS

AIOFP/IFPA(Collaboration)



EXPLORING ACTIVITIES WHERE WE
CAN COLLABORATE



SUPPORT EACH ORGANISATIONS
EVENTS.



DISCOUNT ON IFPA FEES.

Professional Development Days

Members did not support PD days through Interprac.

We will not continue with trial.

We will revisit over next year to investigate alternatives.

Referral Agreements



Mine Super, Next Rural, Hudson Consulting, Coutts continuing.



Negotiations with other organisations such as Banks, Credit Unions and other providers are ongoing.

Questions





AIOFP Canberra - 2024

Forte Asset Solutions

Steve Prendeville

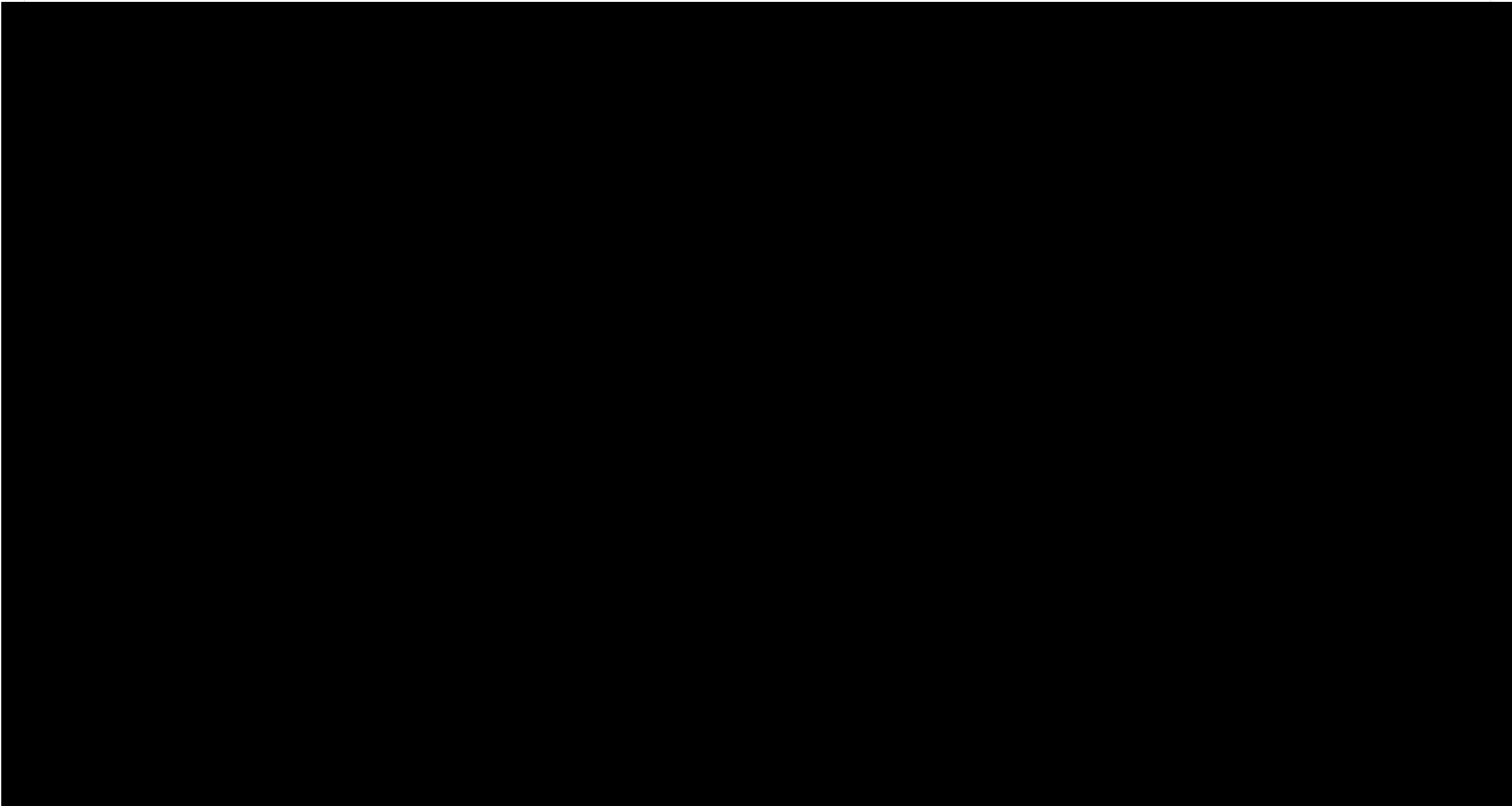


Current Market Guide

The market is primarily trading within the historical ranges that we have known for 20 years ago (the exception is risk).

Revenue Type	Recurring Revenue Multiple
Financial Planning General	2.5 – 3 x
Financial Planning HNW	2.75 – 3.3 x
Financial Planning – aged clients more than 30% or regional	2.5 – 2.8
Large Financial Planning	5.5 - 7 x EBIT
Risk	2 - 2.5 x (less demand/less supply) General insurance - high demand circa 3 x
Accounting with FP	1 x Maintainable Earnings, SMSF Admin 1 x or 4 x EBIT
Mortgage	2 – 2.5 x and higher for large books





Example Deals ~ Past twelve months

Business Type	Financials	Location	Multiple	Terms
<input type="checkbox"/> Financial Planning	<input type="checkbox"/> \$717k Recurring Revenue <input type="checkbox"/> \$295k EBIT 33.8% EBIT Margin	<input type="checkbox"/> Sydney CBD	<input type="checkbox"/> 3.3 times RR	<input type="checkbox"/> 80% upfront, 20% in 12 months
<input type="checkbox"/> Financial Planning & Risk	<input type="checkbox"/> \$335k Recurring Revenue <input type="checkbox"/> \$185k EBIT 54% EBIT Margin	<input type="checkbox"/> Outer suburbs Brisbane	<input type="checkbox"/> 3 times on all RR (including Risk)	<input type="checkbox"/> 50% upfront, 20% in 1 year, 15% in 2 years & 15% in 3 years.
<input type="checkbox"/> FP & Accounting	<input type="checkbox"/> \$557k FP RR & \$201k Acc M.E <input type="checkbox"/> \$507k EBIT 68% EBIT Margin	<input type="checkbox"/> 'Remote'	<input type="checkbox"/> 3 times FP RR <input type="checkbox"/> 1.5 times Accounting M.E	<input type="checkbox"/> 75% upfront, 25% in 12 months
<input type="checkbox"/> FP & Accounting	<input type="checkbox"/> \$1.05 Million F.P RR & <input type="checkbox"/> \$1.1 Million Acc M.E <input type="checkbox"/> \$428k EBIT 20% EBIT Margin	<input type="checkbox"/> Eastern Suburbs Melbourne	<input type="checkbox"/> 3 times F.P RR <input type="checkbox"/> 1 times Accounting M.E	<input type="checkbox"/> 72% upfront, 28% in 12 months

Example Deals ~ Past twelve months

Business Type	Financials	Location	Multiple	Terms
<input type="checkbox"/> Financial Planning & SMSF Admin	<p>\$882 Million Gross Revenue</p> <input type="checkbox"/> \$354k EBIT 48% EBIT Margin	<input type="checkbox"/> Adelaide	<input type="checkbox"/> 3 x on Advice 1.8 x on SMSF Admin 3 x for Risk Commissions	<input type="checkbox"/> 80% upfront 20% after 13 months
<input type="checkbox"/> Financial Planning & Risk	<p>\$900k Recurring Revenue</p> <input type="checkbox"/> \$320k EBIT 35.5% EBIT Margin	<input type="checkbox"/> Northern suburbs Melbourne	<input type="checkbox"/> 2.85 x on Risk Commissions 2.8 x on FP clients fees \$4k+ 2.4 x on FP clients fees \$2-4k	<input type="checkbox"/> 70% upfront, 30% in 12 months <input type="checkbox"/> No upfront fees on clients with fees below \$2k. Could be included in the deferred payment.
<input type="checkbox"/> Financial Planning & Risk	<p>\$708k Recurring Revenue</p> <input type="checkbox"/> \$210k EBIT 29.7% EBIT Margin	<input type="checkbox"/> Adelaide CBD	<input type="checkbox"/> 3 times on all RR (including Risk)	<input type="checkbox"/> 80% upfront, 10% in 6 months, 10% in 13 months
<input type="checkbox"/> Financial Planning	<p>\$1.6 Million Gross Revenue</p> <input type="checkbox"/> \$768k EBIT 48% EBIT Margin	<input type="checkbox"/> North Metro Sydney	<input type="checkbox"/> 3 times RR	<input type="checkbox"/> 100% upfront

Case Study

Summary

- Vendor seeking to transition into retirement due to age and illness.
- Financial Planning and Risk Firm.
- Located in the inner Northern suburbs of Melbourne.
- Recurring revenue of \$880,000.
- 254 client groups.
- \$420,000 adjusted EBIT.
- Average fees of \$3,500.
- \$198M in FUM.

Unique Features

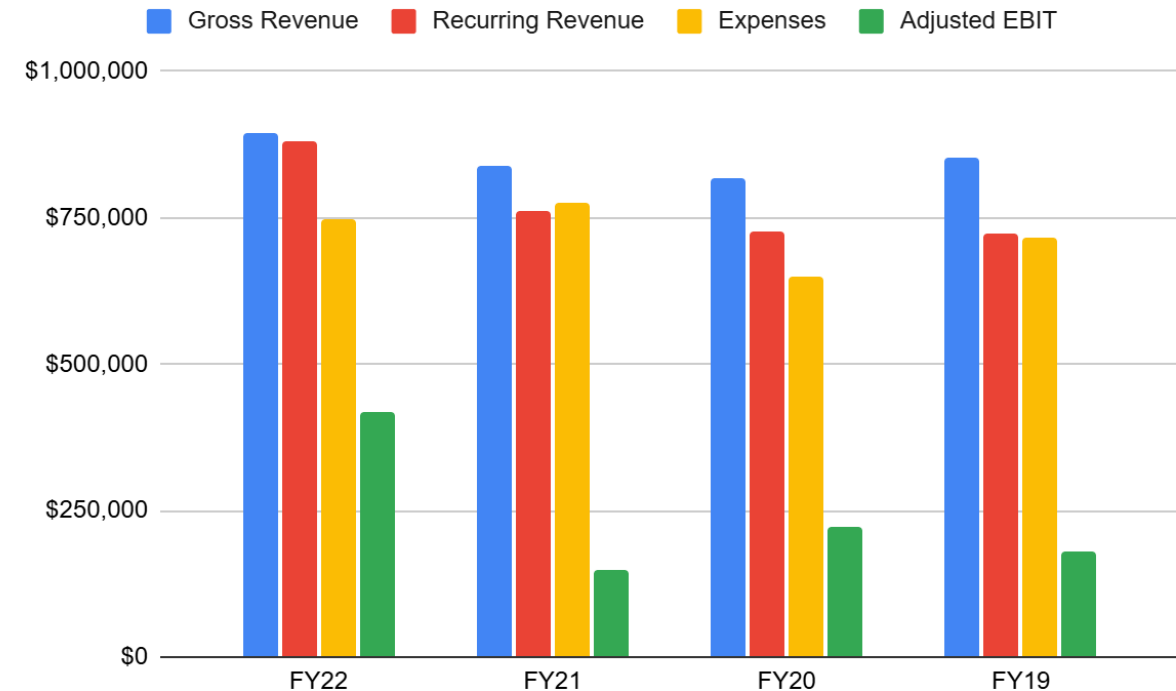
- Of the \$198M FUM, 77% was traded on listed on the ASX.
- Implied FUM per client of \$780,000.
- High profitability ~ 46.8% Adjusted EBIT Margin.
- 75% of clients aged over 60.
- The principal did not wish to retain any ongoing role within the business.
- Top 20 clients accounted for 35% of FUM and 25% of Recurring Revenue.

Financials and Age Demographics

Age Demographics

Age Band	No. of clients	% of clients	Recurring Revenue	% of RR
80+	37	15.1%	\$127,530	19.0%
70-80	83	33.9%	\$256,570	38.2%
60-70	59	24.1%	\$208,285	31.0%
55 – 60	36	14.7%	\$47,622	7.1%
40 – 55	24	9.8%	\$32,445	4.8%
< 40	6	2.4%	\$1,750	0.2%

Financials



Market Activity

The business was advertised for 2 months

30 interested parties – 6 parties met with our client

4 offers were submitted.

Vendor had a hard decision to make, final buyers were all very competitive and commercial.

Settlement 6 months after IM was created. The negotiations for the Term Sheet were very easy and straight forward.

Issues we faced



Had a number of 'different' buyers. This included Private Equity, Dealer Group and friends of the vendor.

Finding the most suitable purchaser to assume the adviser role in the principal's retirement.

There was another deal with a higher multiple, however we received better terms on the offer which was accepted.

Breaking the current lease would have been costly to our client meaning the premises needed to be retained.

Result



2.85 times multiple on Recurring Revenue of Risk and FP clients with Fees over \$4K, **2.4 times** Recurring Revenue of clients with fees between \$2K - \$3,999. **0 value** for clients with fees less than \$2K.



80% Upfront, 20% subject to rise and fall 13 months from completion date



Share Sale

Nuances of Deals

- A lot of the deals we see have very similar ranges for multiples offered.
- In this deal, revenue was split into tranches based on fees. We are commonly seeing this tranche approach based on client age too.
- There is a lot more to an offer than just the multiple and purchase price offered.
- Quite often we find, that the **highest offer does not always win the deal.**
- Primary decision - **best advisor for clients and employer of staff**
- Secondary - **Terms and Conditions**

What are the different factors?



Terms: How much upfront? Over how many years?



Staff



Location and retention of premises



Vendor Succession: We are finding more vendors are seeking to stay on with the business for 2-3 years on a P/T basis.



Approved Financing?



Retention of fees, platforms and all clients?



Share Sale or Asset Sale?



Questions?





PROFESSIONAL INDEMNITY INSURANCE UPDATE

AIOFP – Canberra 2024



A graphic featuring a large blue circle with the text 'Discussion Items' in white. It is surrounded by three overlapping circles: a yellow one on the top left, a red one on the top right, and a dark blue one on the bottom right.

Discussion Items

1. Introduction
2. About GSA
3. PI Current Market
 1. Insurers
 2. Outcomes
 3. Premiums
 4. Claims
4. Cyber Liability
5. Summary

About GSA

GSA was established in 1990 to provide **Insurance and Risk Management services** for large corporate businesses and ASX listed companies. Recently we became part of the **Steadfast Group**, the largest general insurance broker and underwriting agency network in Australasia with fast-growing operations in Asia, UK and Europe.

With a staff of around 80, we operate from our CBD offices in **Melbourne, Sydney and Brisbane** to provide service to clients throughout Australia. Our company is led by a stable, cohesive leadership team committed to delivering excellence for our customers.



OUR GLOBAL NETWORK



OUR AUSTRALIAN NETWORK



OUR CHOSEN CHARITIES



Professional Indemnity Update



INSURERS

1. Material number of new Underwriters entering the Market
2. Supply Outweighing Demand / Seismic Shift
3. Incumbent Underwriters needing to Pivot Strategy to meet the aggression of new Underwriters
4. Broader Underwriting Scope / Enhancement of Cover

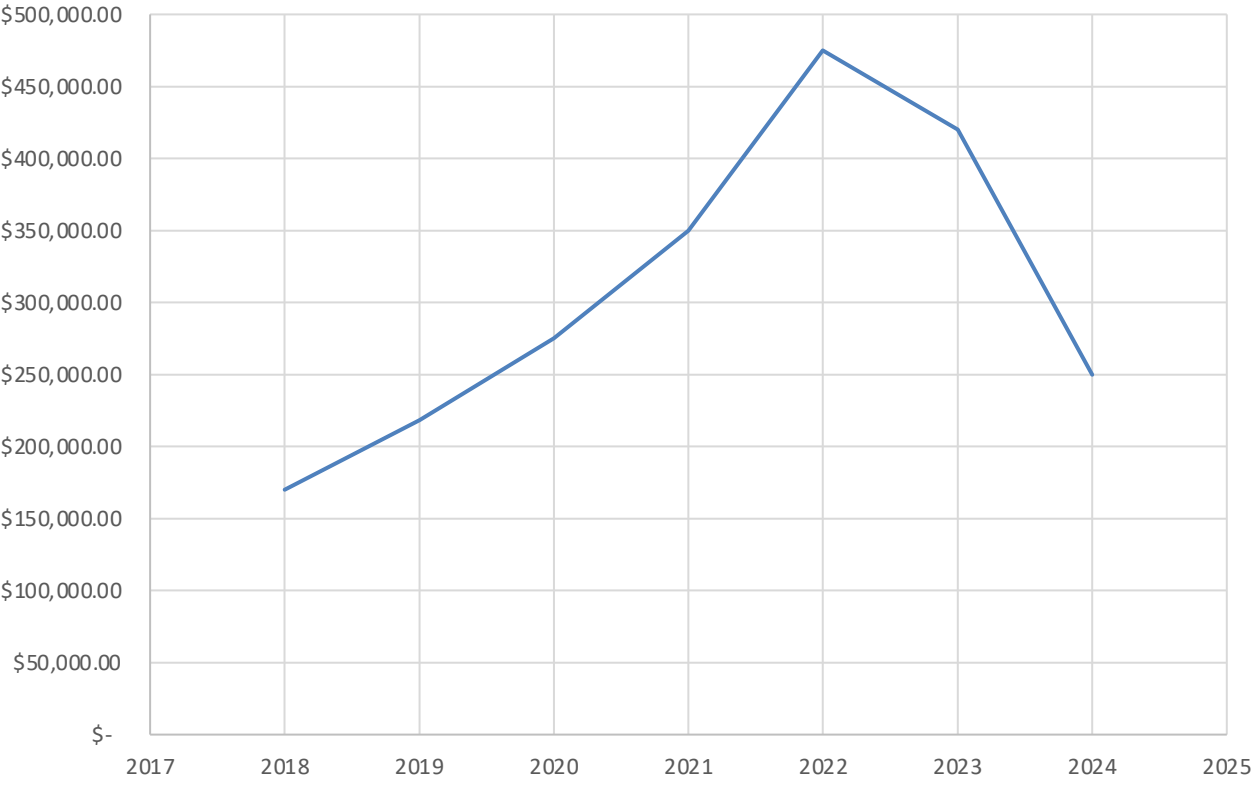


CLIENT OUTCOMES

1. Significant Reductions in Premium
2. Reductions in Excess and more favourable conditions on how this is applied
3. Broader coverage available and Underwriters able to consider be-spoke requests
4. Many different quotations being received from all submissions

Professional Indemnity Update

PI Premium (6 Years)



Professional Indemnity Update



CLAIMS

1. Benign Claims Environment
2. Still some Frequency however Severity low
3. Triggers for large claims such as Product Failures and Fraud slowing
4. Insurers who have been writing Planners for many years with material premium pool, gross loss ratios are manageable
5. Aggression from Regulators appears to have slowed



Professional Indemnity Update

SUBMISSION REQUIREMENTS

Detailed and Complete Submission

Meet with your Underwriters Teams/In Person

Risk Management and Compliance Protocols / Audit and Monitoring

Focus on Products and Investment Portfolio / Committees

THE MARKET MAY BE SOFT – YOU MUST STILL PUT YOUR BEST FOOT FORWARD



Cyber Liability Insurance



The Australian Cyber Security Centre (ACSC) has reported over 47,000 Cyber incidents in last financial year



Small businesses is the target for 43% of all Cyber crime losses



Cyber Policy coverage includes Incident Response, Cyber Extortion, Data Restoration costs, Business Interruption, Cyber Crime, Data Breach Investigation costs and Privacy Statutory Liability



Limits available from \$,1,000,000 to \$2-\$20,000,000



Similar to the PI Market the Cyber Underwriters are very aggressive



Summary

1. Supply is High and Underwriters are keen to deploy Capacity
2. We are seeing premium reductions across our Portfolio and don't see this slowing down
3. If the Claims Environment remains in its current state the soft market could last for many years
4. Firms should be considering Cyber Risk and putting in place the require policies if they are not already implemented

Thank you



gsaib.com.au

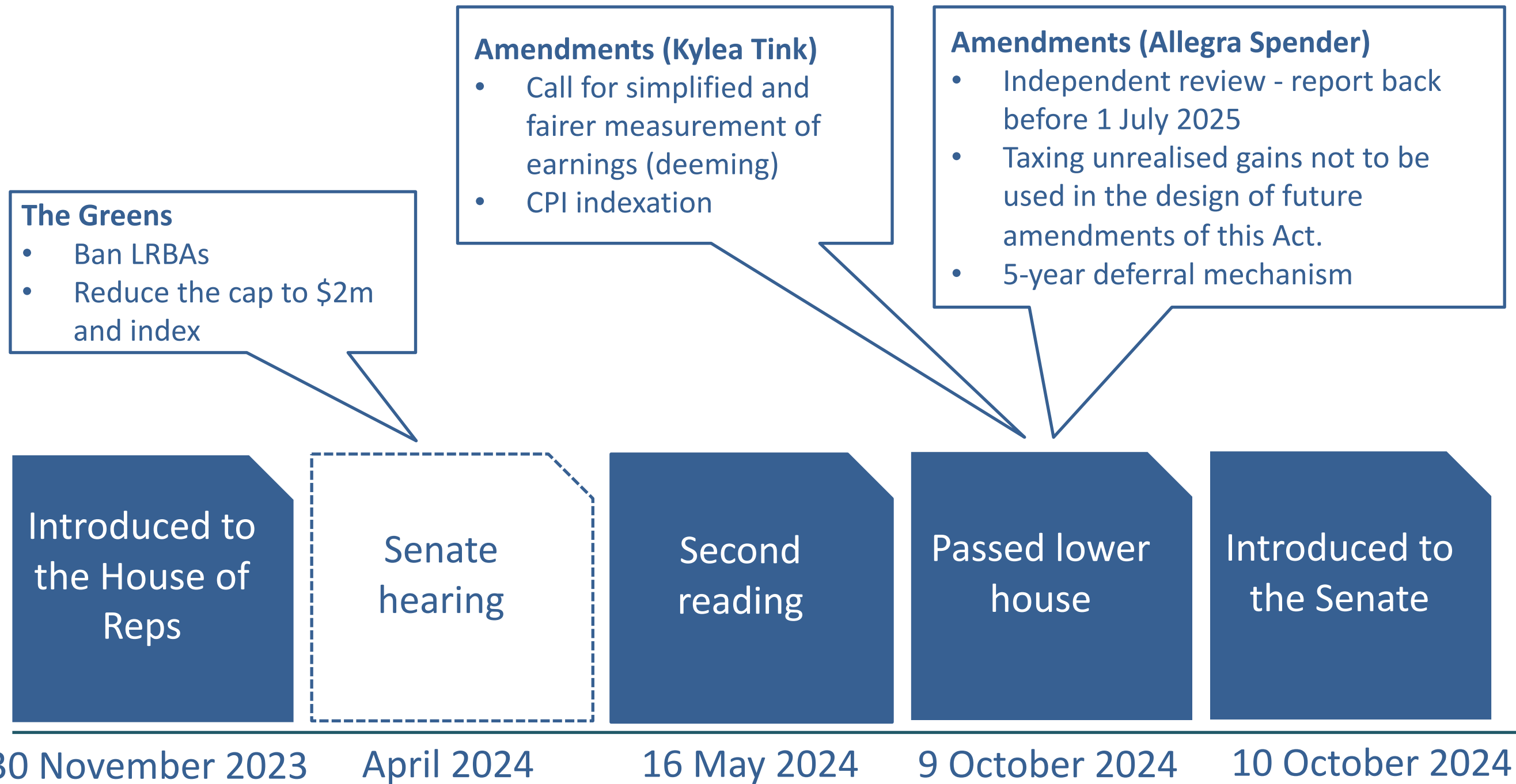




Why the new super tax is not what it seems

Peter Burgess, CEO
SMSF Association

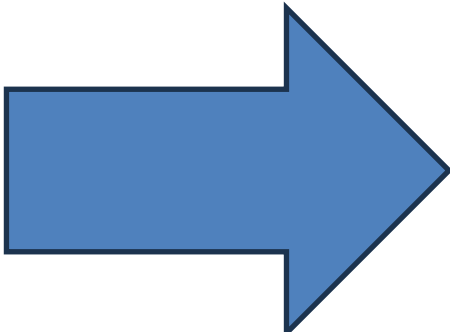
Treasury Laws Amendment (Better Targeted Superannuation Concessions and Other Measures) Bill 2023



Parliamentary sitting days...



Legacy pension amnesty ?



NOVEMBER 2024						
M	T	W	T	F	S	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

2024

February						
Su	M	Tu	W	Th	F	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

2025

March						
Su	M	Tu	W	Th	F	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

1 July 2025

30 June 2026

Not what it seems...



1. Only affects 0.5% of super fund members
2. Modest change
3. 30% tax rate is still generous.

Only affects 0.5% of super fund members?



- **Not indexed** – 500,000 members will be impacted over their lifetime (6 x higher than original 80,000 estimate)
- **17,000 SMSFs** own a business premise and will be immediately impacted
- 20% of venture capital at risk
- Early-stage funding for biomedical projects at risk.

Modest change?



- **\$80,000*** - mean additional 2020/21 & 2021/22 tax liability
- **\$50,000**** - average additional 2022/23 tax liability
- Erratic & unpredictable – difficult cash-flow management.

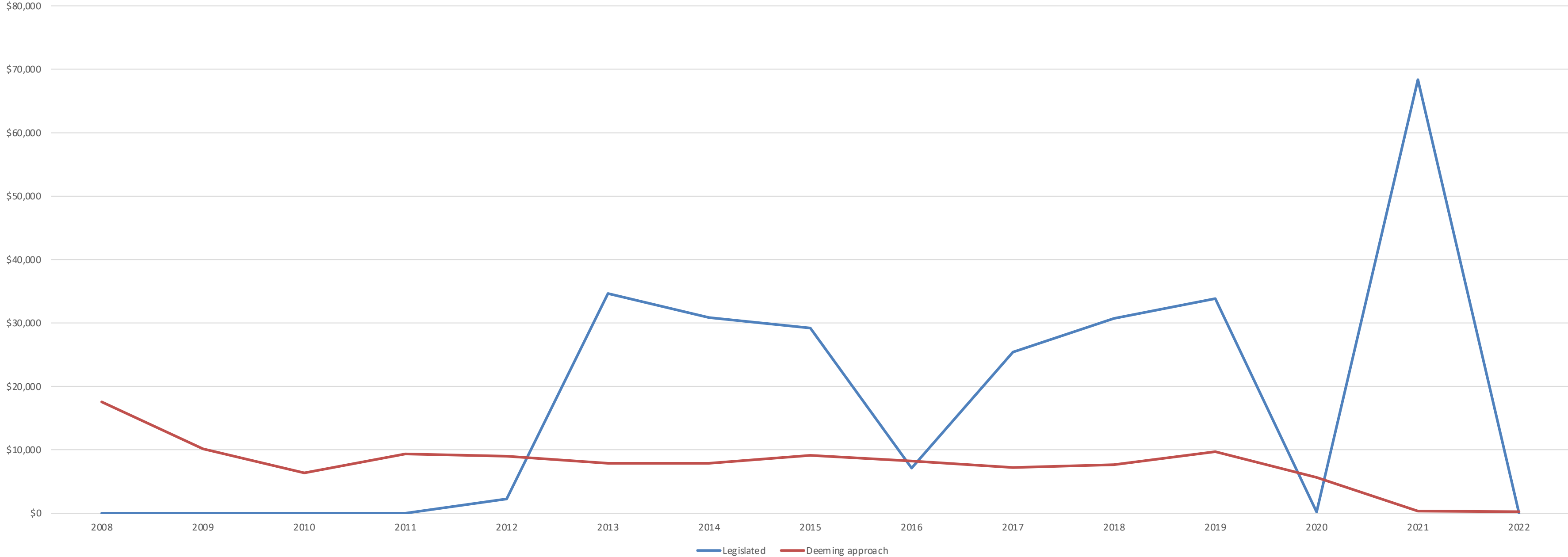
*University of Adelaide

**Class.

Erratic and unpredictable...



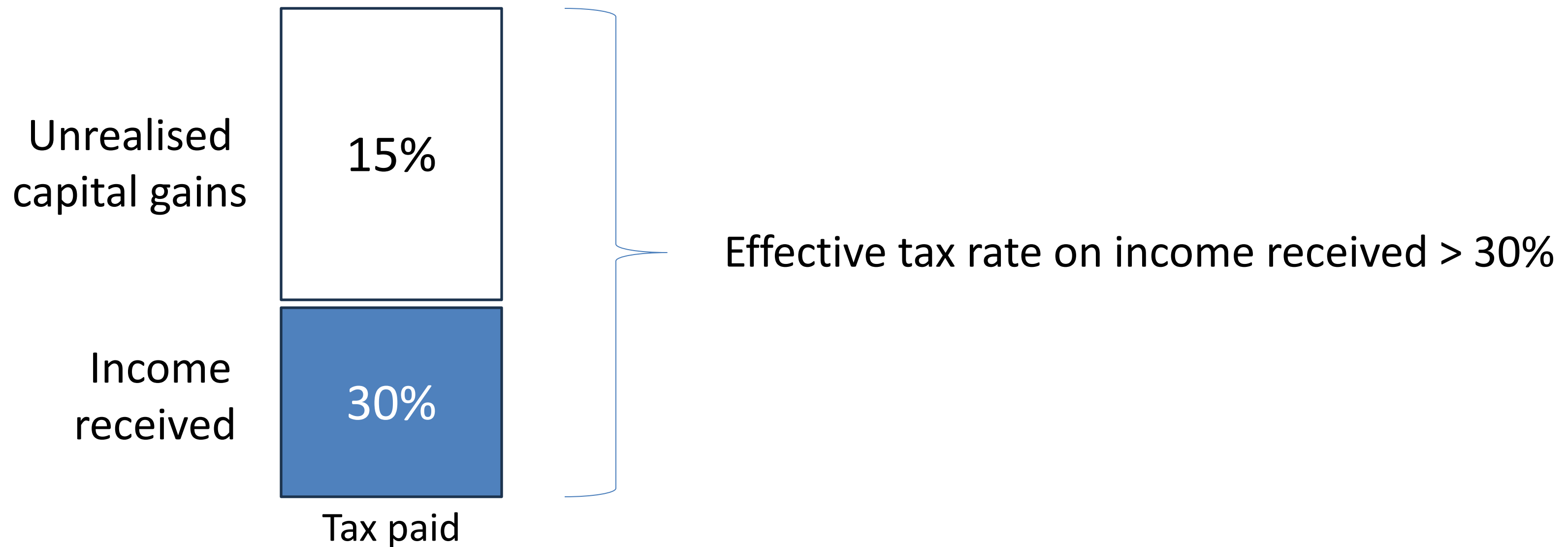
Starting balance = \$5m (\$1.9m pension, \$3.1 accumulation phase), tax paid from super



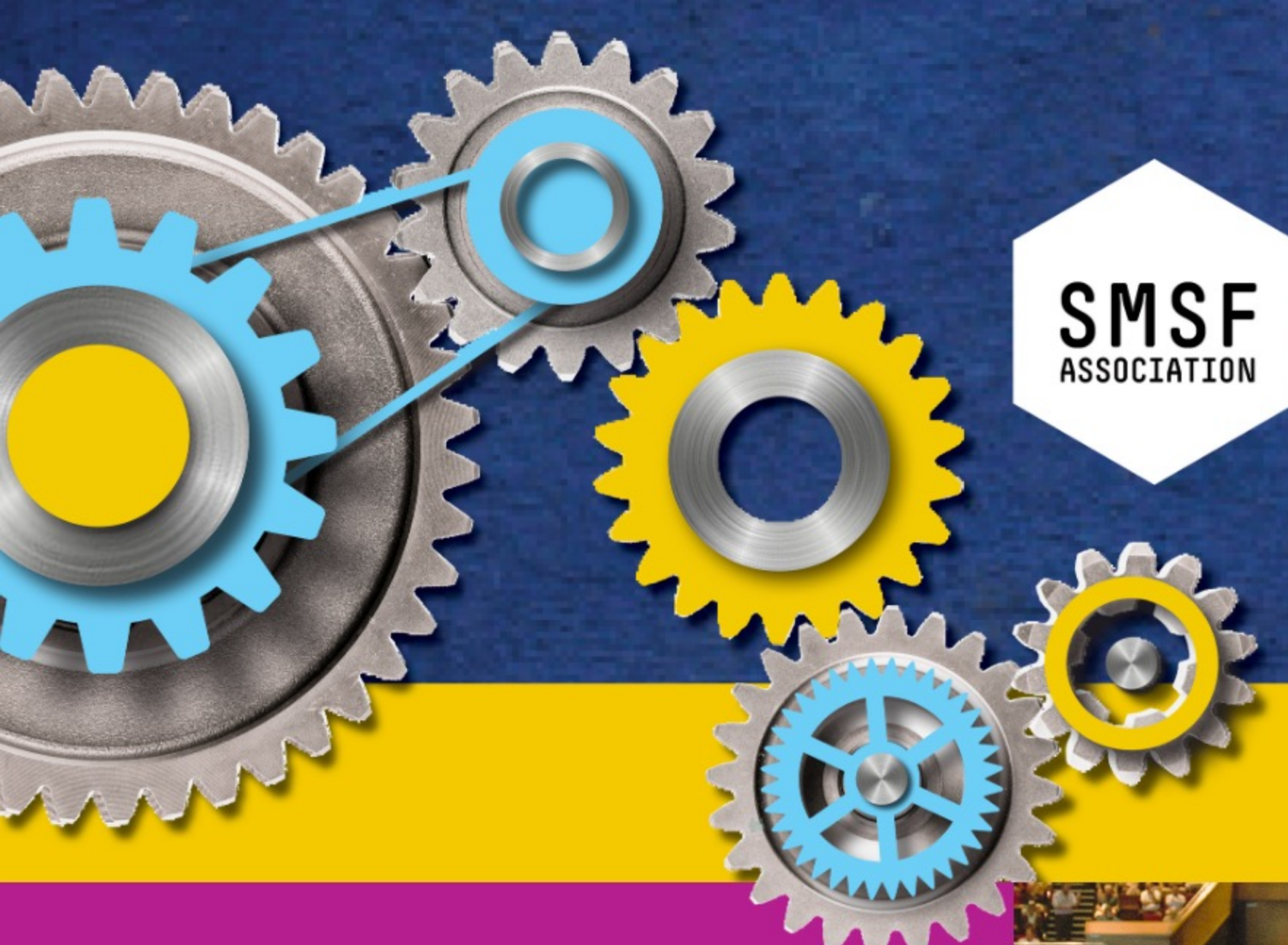
30% tax rate is generous?



- Yes, but only if actual income received is taxed.



- Push on and hope the Bill passes - require 39 votes in the Senate (ALP - 25, Greens - 11, independents - 10)
- Scrap Div 296 and start again?
- Negotiate with the independent Senators:
 - Indexation?
 - Debt deferral period?
 - Review in a few years?
 - Increase the \$3m threshold?
 - Allow the use of actual taxable earnings?
 - Use a proxy deeming rate for actual taxable earnings?



SMSF ASSOCIATION NATIONAL CONFERENCE 2025 MELBOURNE 19—21 FEB

Collaboration: Unleashing Collective Potential

REGISTER NOW

**For SMSF &
Superannuation
Professionals**



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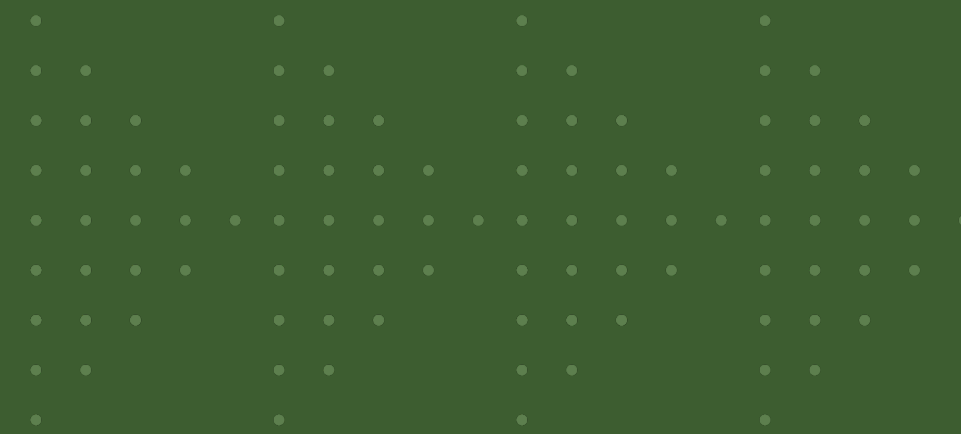


NEXT RURAL



ADVISOR PROGRAM

UPDATE AND NEXT STEPS



www.nextrural.com.au

KEY DISCUSSION AREAS

12 Month Update

NAB Relationship

Training Program

Business Partners

Platform

Next Steps



NAB RELATIONSHIP



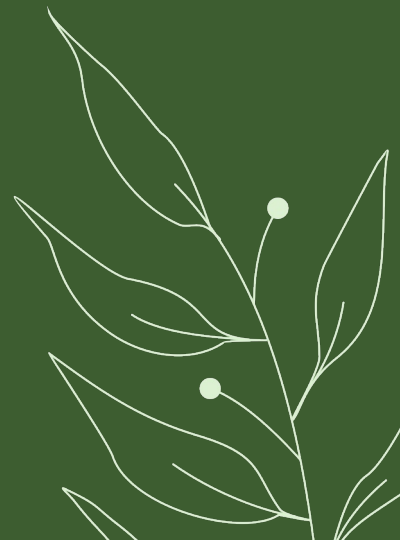
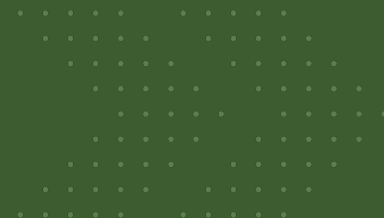
850 Bankers in 120 Regions

32% market share Agribusiness and 28% market share Business Banking

AIOFP TRAINING

Sydney
Melbourne
Adelaide
Perth
Brisbane

Over 150 Financial Advisors attended



BUSINESS PARTNERS

AIOFP

PKF

Hamilton Locke

Colliers

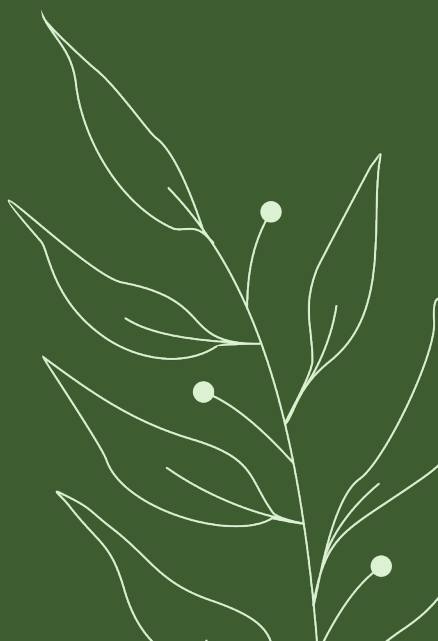
MetLife

PPM (Private Portfolio Managers)

Generation Life

iExtend

Mercer (Care & Living)

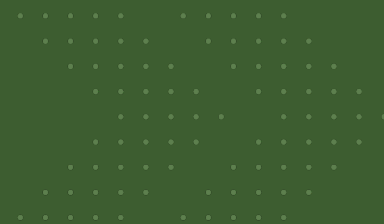


PLATFORM

Current status

Relationship with Quant Planet

Best Interest Duty

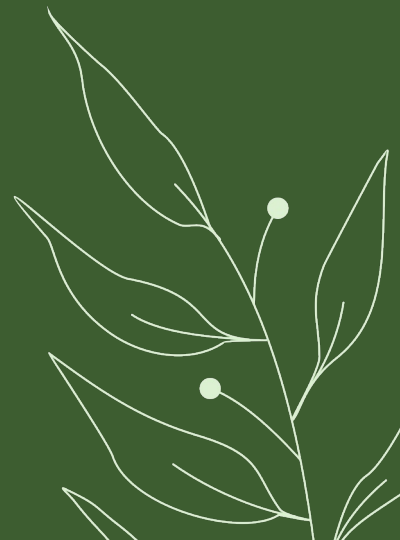


NEXT STEPS

Communication with Advisors

12 Month Plan

Dedicated resources



AIOFP Conference

26 November 2024



Simply Done

Wealth Management Platform

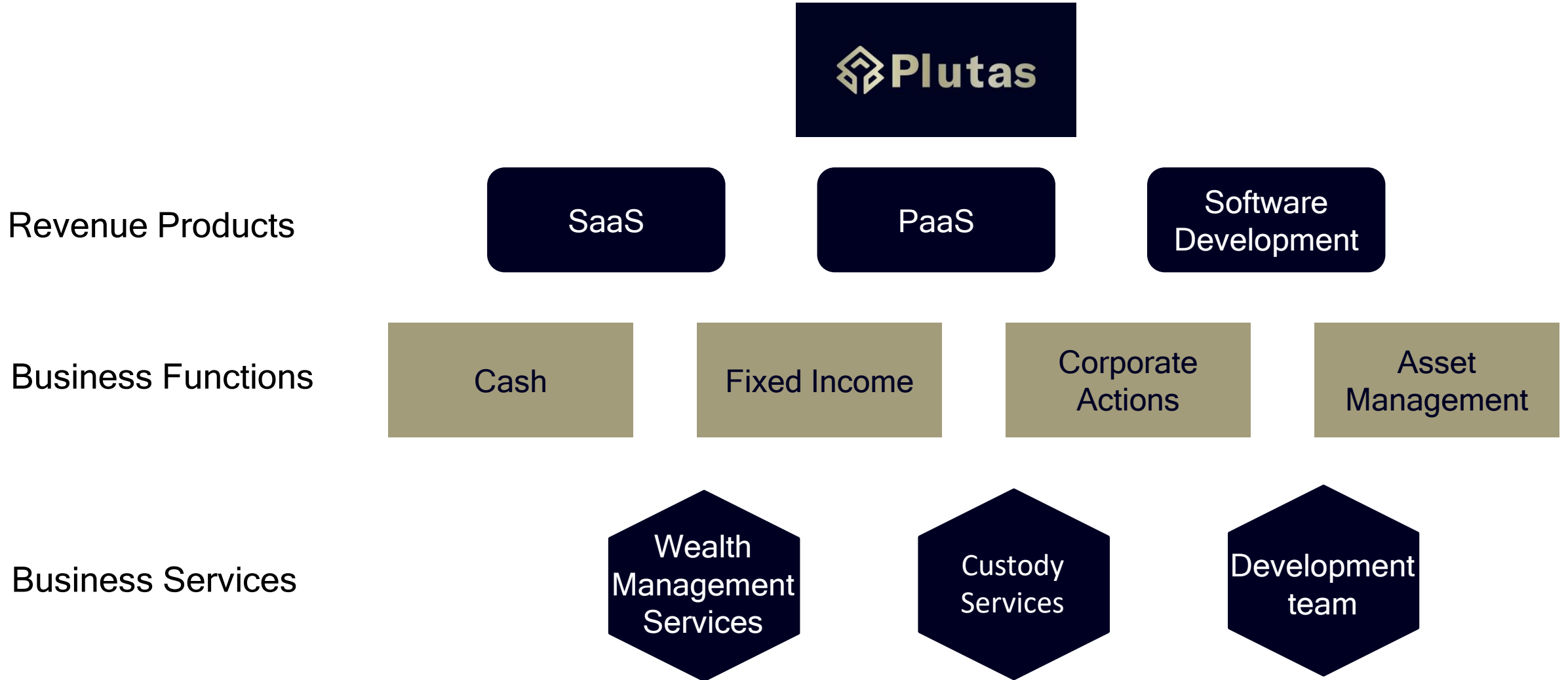
- Cloud-based (AWS) Software as a Service (SaaS) - annual licensing to provide wealth tech administration system to partners and their clients
- Software development and technical consulting services for bespoke tech builds
- Managed platform service - platform tech and broader infrastructure to support 'whole-of-system' needs
- Transitioning & boutique IFAs to support whole of tech needs

Portfolio Administration Services

- Product as a Service (PaaS) offering providing administration of MDA, SMA, IMA and IDPS structures
- Direct, listed and unlisted investment asset administration
- Reporting services across custody and non-custody wealth management
- We currently support SMSFs. SuperStream integration and retail superannuation administration - coming soon.

- Plutas provides a comprehensive wealth management platform with accompanying investment management, custody and administrative services. The flexible design enabled through APIs means Plutas technology is market leading.
- Plutas modern tech can be built faster with more agility, reducing costs significantly without compromising on client experience.
- Plutas founding engineers continue to develop and maintain the technology, reducing the need for third-party vendor management and associated costs.
- Plutas is supported by a Board and shareholder group with significant experience in wealth management and corporate governance. It values ethics and honesty which feeds through to the familial way clients are embraced.

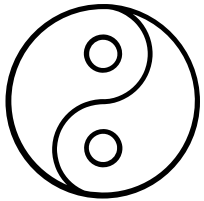




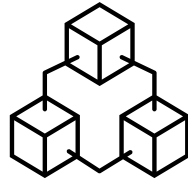


Plutas is highly configurable to manage a broad range of assets including:

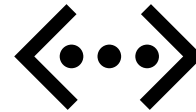
- Assets under Transition & Funds under Management
- Listed, Unlisted Assets & International Equities
- Fixed Income, Term Deposits, Bonds
- Property:
 - Investment
 - Commercial
 - Agricultural
- Direct Investing / Family Office
- Retirement Savings / Superannuation
- Art /Cars/ Collectibles etc.
- All Portfolio reporting and Tax & CGT reporting



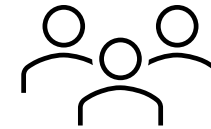
Both portfolio
administration
& technology



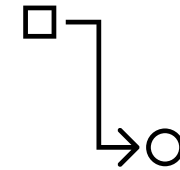
Transaction
automation
capability



Native open
API
architecture



Original
development
team, based
locally



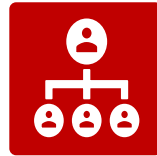
End to end
control of tech
& business
functions

Understand our initial ICP to create a market fit for current capabilities and purpose.



IFA

Independently licensed advice practices with significant FUM managed in-house. Likely to run managed accounts off-platform using manual processes for corporate actions and reporting.



Corporate AFSL

Large Licensee with 100+ advisers looking for a partnership to take a lower price point to market for their community.



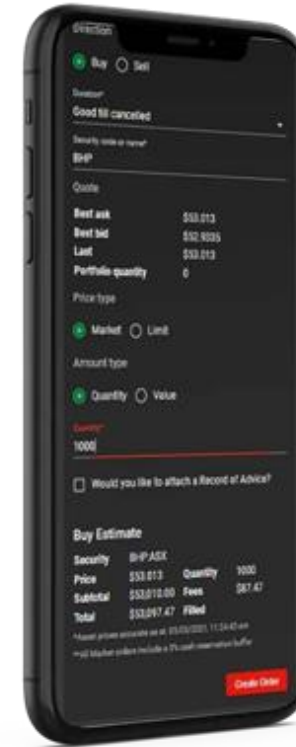
Family offices

Family offices and ultra-HNW individuals managing a range of assets with complex tax structures and in need of wealth management tech to support broader practice needs.



Non-aligned

Other wealth and asset managers that are not aligned to large platforms, retail or otherwise.



Contact Us:

- Wayne Panton
0419 100 609
- Suzanne Harding
0407 304 262
- Michael Axarlis
0419 352 178



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MITUS succession planning platform

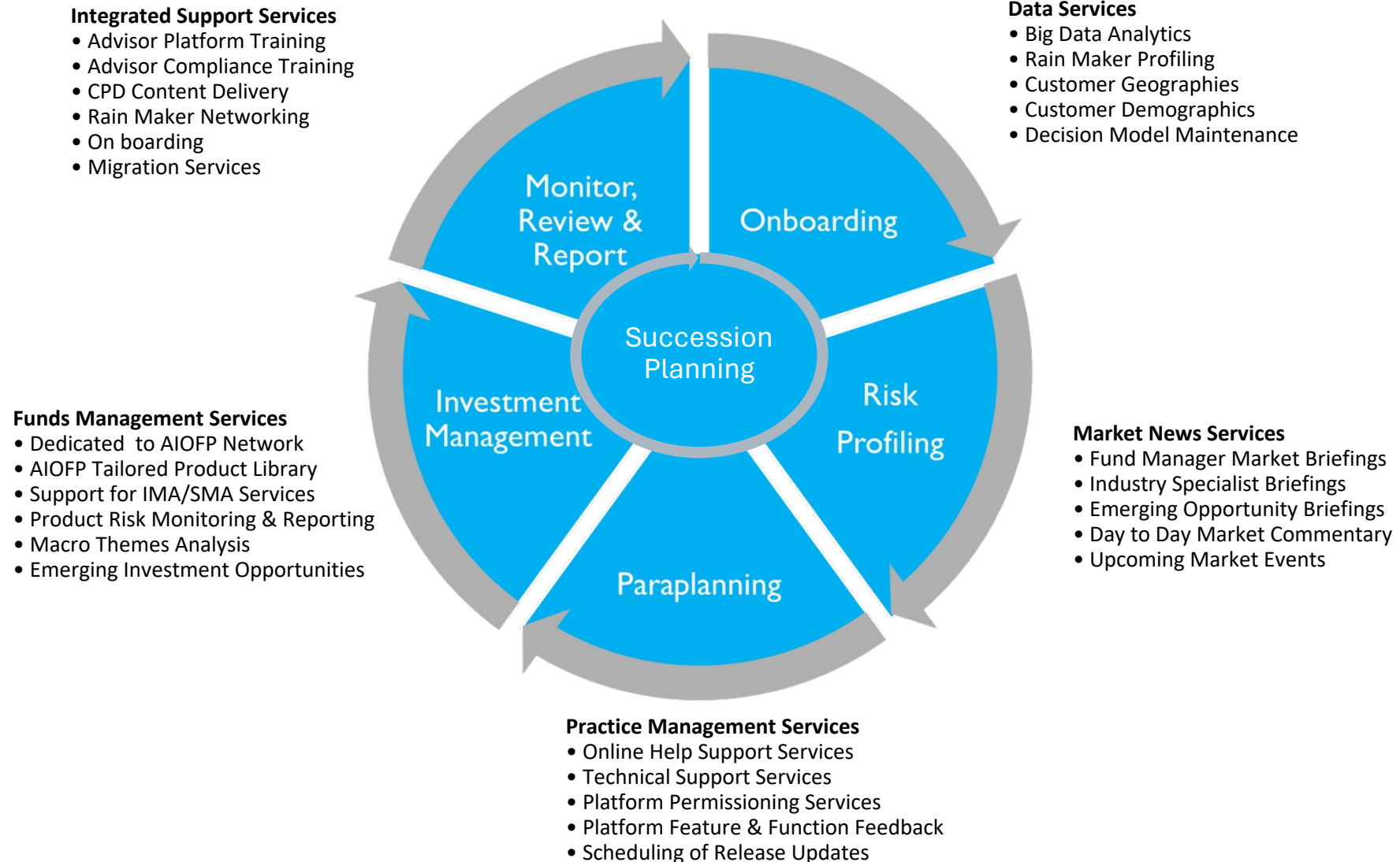
About us

- The QP Team was established in 2001 after designing and launching the first CommSec Trading Platform for the Commonwealth Bank of Australia. This platform supported CommSec's 750,000 retail trading clients.
- Shortly after the team went on to develop CommSec's Advisor Platform. This platform allowed CommSec's Advisors to execute, manage and monitor their client's investment portfolios.
- Many years of platform development experience has culminated in the current Quant Planet (QP) platform. This new platform allows for rapid, detailed and accurate multi-market analysis and forecasting, so that high performing portfolios can be created to suit the investment objectives of individuals and/or institutions alike.
- The QP portfolio management technologies utilizes state of the art data mining capabilities and artificial intelligence to create quality portfolios for clients.
- The QP team have attended and presented at AIOFP Conferences and in the last twelve months conducted Technology Needs Analysis with members. Out of this Needs Analysis has emerged substantial opportunity to work hand in hand with AIOFP members to introduce best practice platform solutions that substantially reduce costs, improve business efficiencies, streamline workflow processes, implement technology driven compliance and improve investment returns for their clients.

Advisor Platform Providers

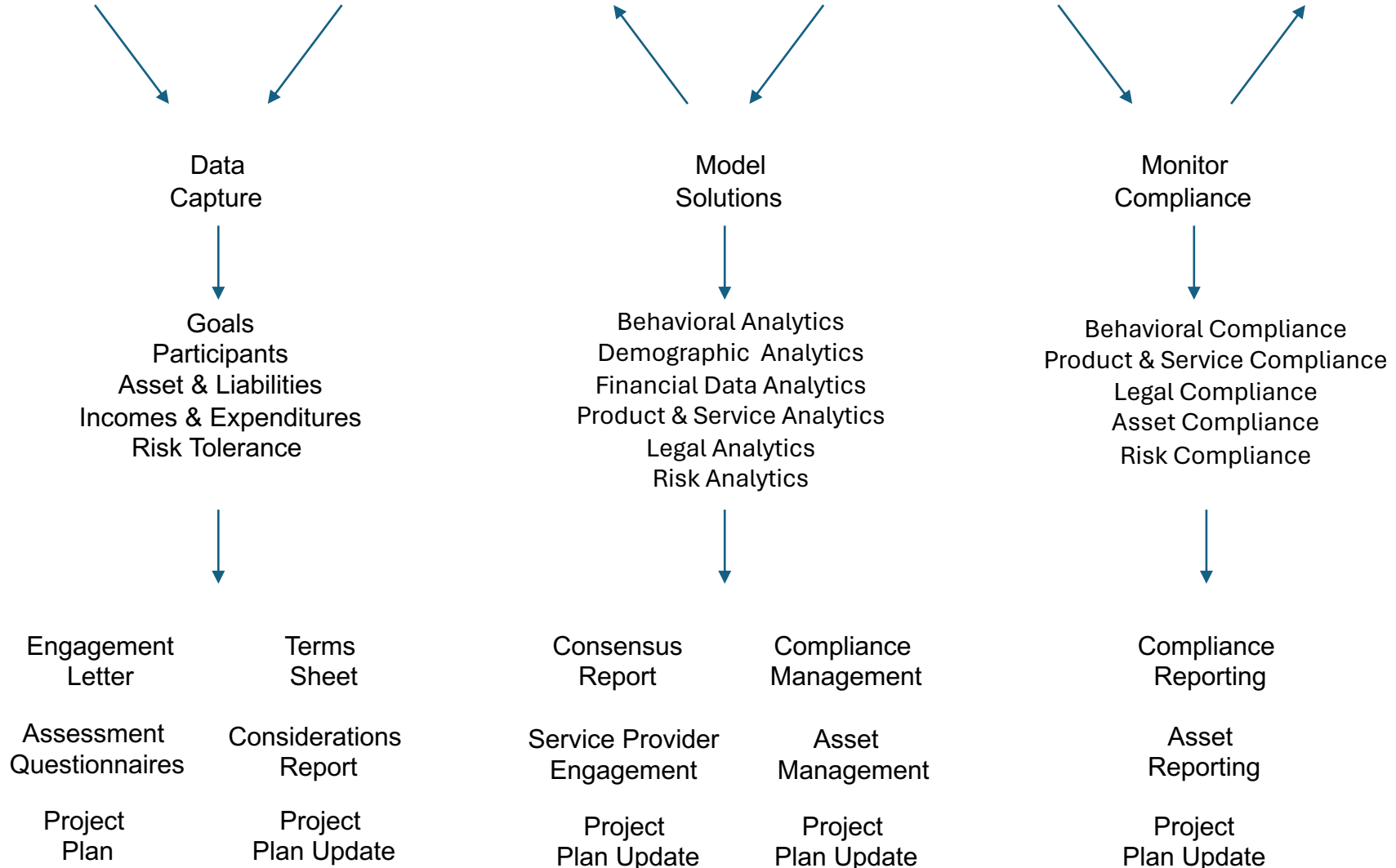


Future Advisor Platform (MITUS)



Next Future Platform Services

Discovery => Considerations => Consensus => Review => Outcomes => Maintenance



MITUS Platform Decision Support Services

Services	Scoring Model	Products Model	Services Model
Generational Succession	Yes	Yes	Yes
Transition and Succession Planning	Yes	No	Yes
Management Transition	Yes	No	Yes
Mediation and Conflict Resolution	Yes	No	Yes
Financial Management	Yes	Yes	Yes
Property Matters	Yes	Yes	Yes
Retirement and Estate Planning	Yes	No	Yes
Key Person Issues and Leadership Planning	Yes	No	Yes
Preparing for a Sale / Mergers or Takeovers	Yes	Yes	Yes
Business Improvement and Efficiency	Yes	Yes	Yes
Generational Succession Planning	Yes	Yes	Yes
Export Marketing and Trade	Yes	Yes	Yes
Business Improvement and Efficiency	Yes	Yes	Yes
Mergers or Takeovers	Yes	Yes	Yes
Management Buy-In/Buy-Out	Yes	No	Yes
Retirement Living and Aged Care	Yes	No	Yes
Changes in Ownership/Control	Yes	No	Yes
Exit Strategies	Yes	Yes	Yes

Expressions of interest

- Please lodge your expression of interest for next steps
- We look forward to seeing you again and understanding how we can help you better grow and manage your business.
- Please email Mark in the first instance.

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ASSOCIATION OF
INDEPENDENTLY OWNED
FINANCIAL PROFESSIONALS



Navigating the **Private Credit Maze**

24-27 November 2024

MSQUARED **CAPITAL**



WHAT WE DO

- Msquared Capital is a **trusted** private credit fund manager.
- We source, evaluate and manage **quality borrowers** needing finance and match them with funding from one of our investment vehicles.
- Loans are **fully secured by property**.
- Investors receive **monthly income** distributions.
- **\$750m loaned since inception** - all interest and capital has been **repaid**.

100% Investor capital returned	\$750M+ Opportunities funded
>65% Of loan book since inception to repeat borrowers	25 Staff Members

MACRO CONSIDERATIONS

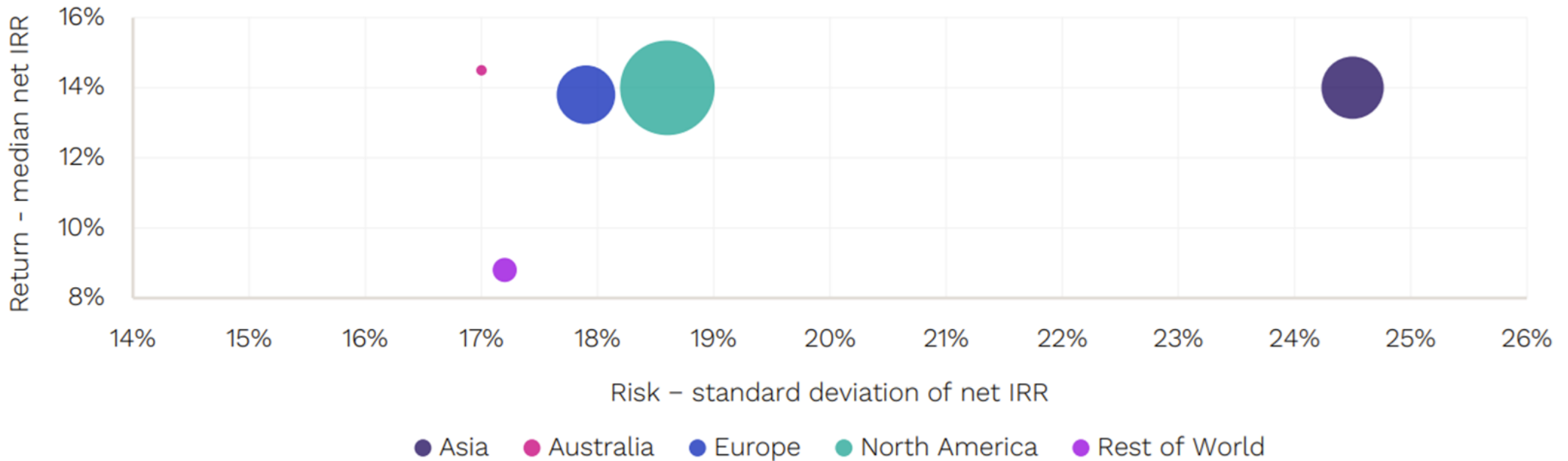


- Private credit provides **equity-like returns without the downside risk**
- In-depth origins to **diversification, non-correlated returns** and **structural changes**
- Comparison of **US** and **Australian** Private credit market
- Be aware that adding **daily liquidity** to private credit **changes some of its positive attributes**

GLOBAL RISK/RETURN: PREQIN RESEARCH



Private capital: Risk/return by primary geographic focus (vintages 2013 – 2020)*



Source: Preqin Pro. Most up-to-date data

CORRELATION BETWEEN SHARES AND BONDS

CHRISTINE BENZ AND KAREN ZAYA

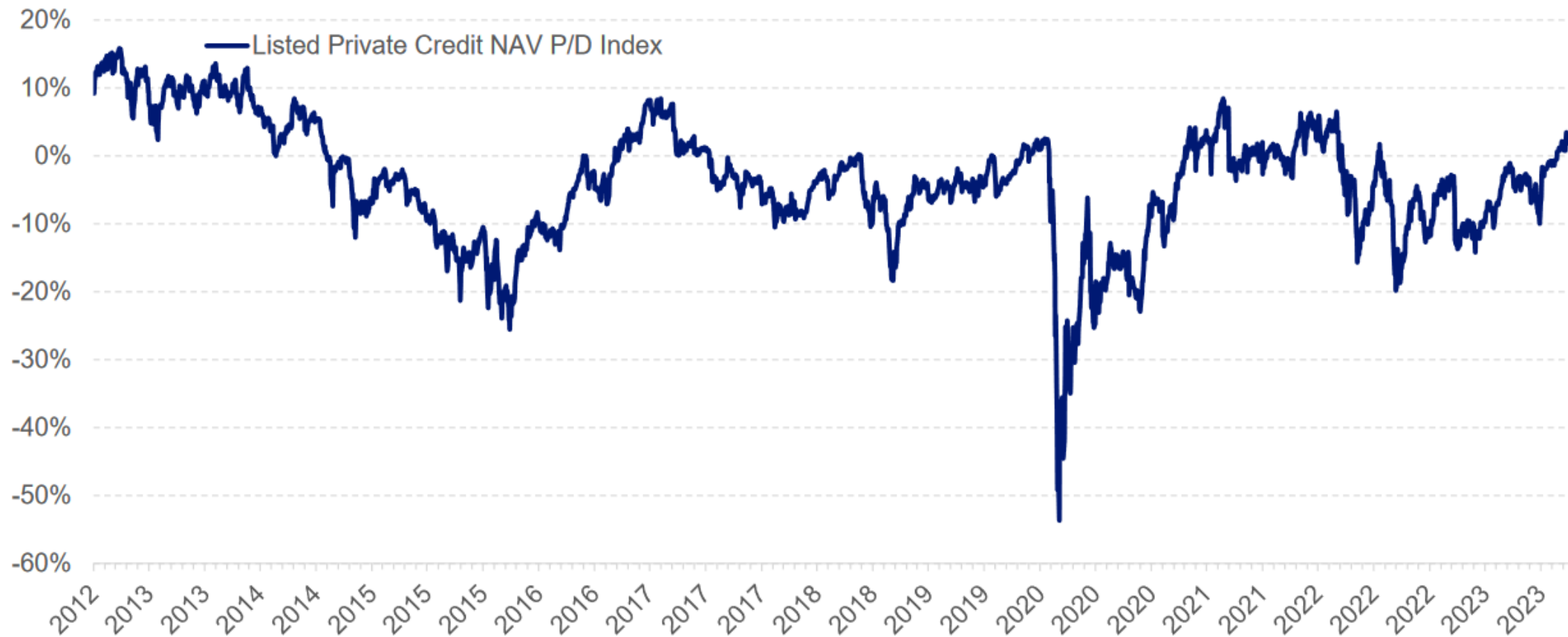


Rolling Three-Year Stock/Bond Correlations



Source: Morningstar Direct. Data as of Dec. 31, 2023. The rolling three-year correlation is between the IA SBBI US IT Government Index and the IA SBBI US Large Stock Index.

THE DOWNSIDE OF LIQUIDITY



Source: LPX AG, Data Basis 31 January 2024, expressed in percentages

HOW SAFE IS THE PLANE?



KEY QUESTIONS TO ASK



- Where do you sit in **credit stack**?
- What is the quality of the **underlying security**?
- Is your opportunity appropriately **risk adjusted**?
- Do you understand what is **underneath the bonnet**?

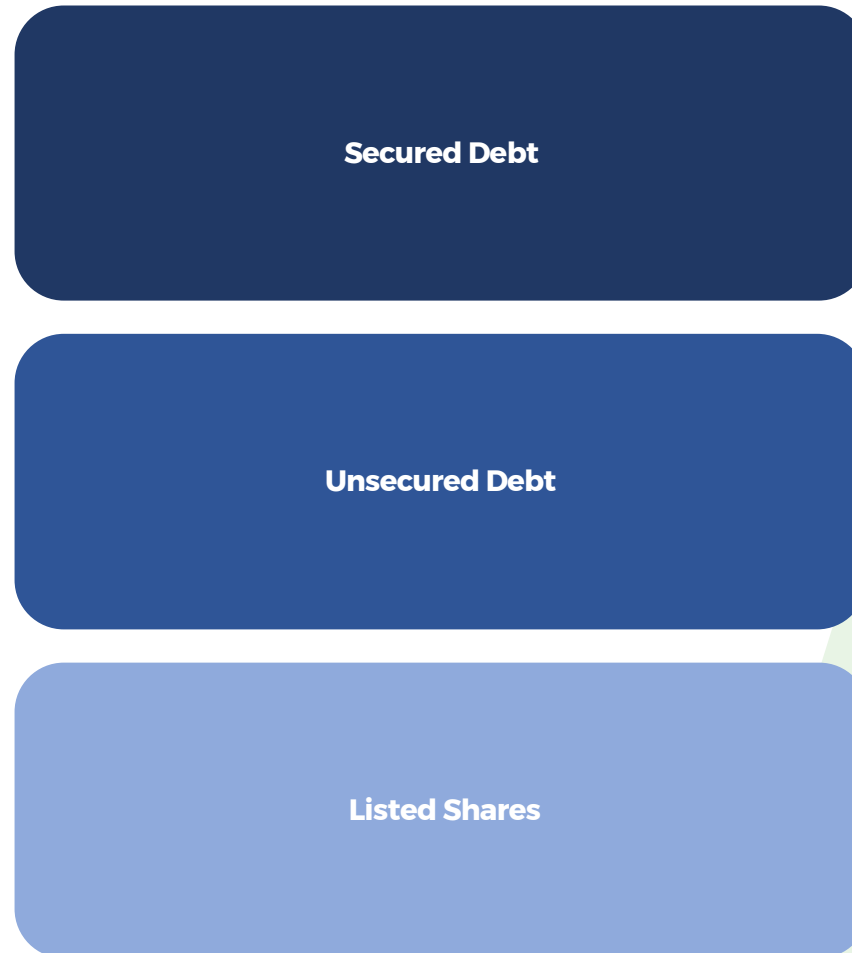
RISK AND REWARD MATRIX & DEBT STACK



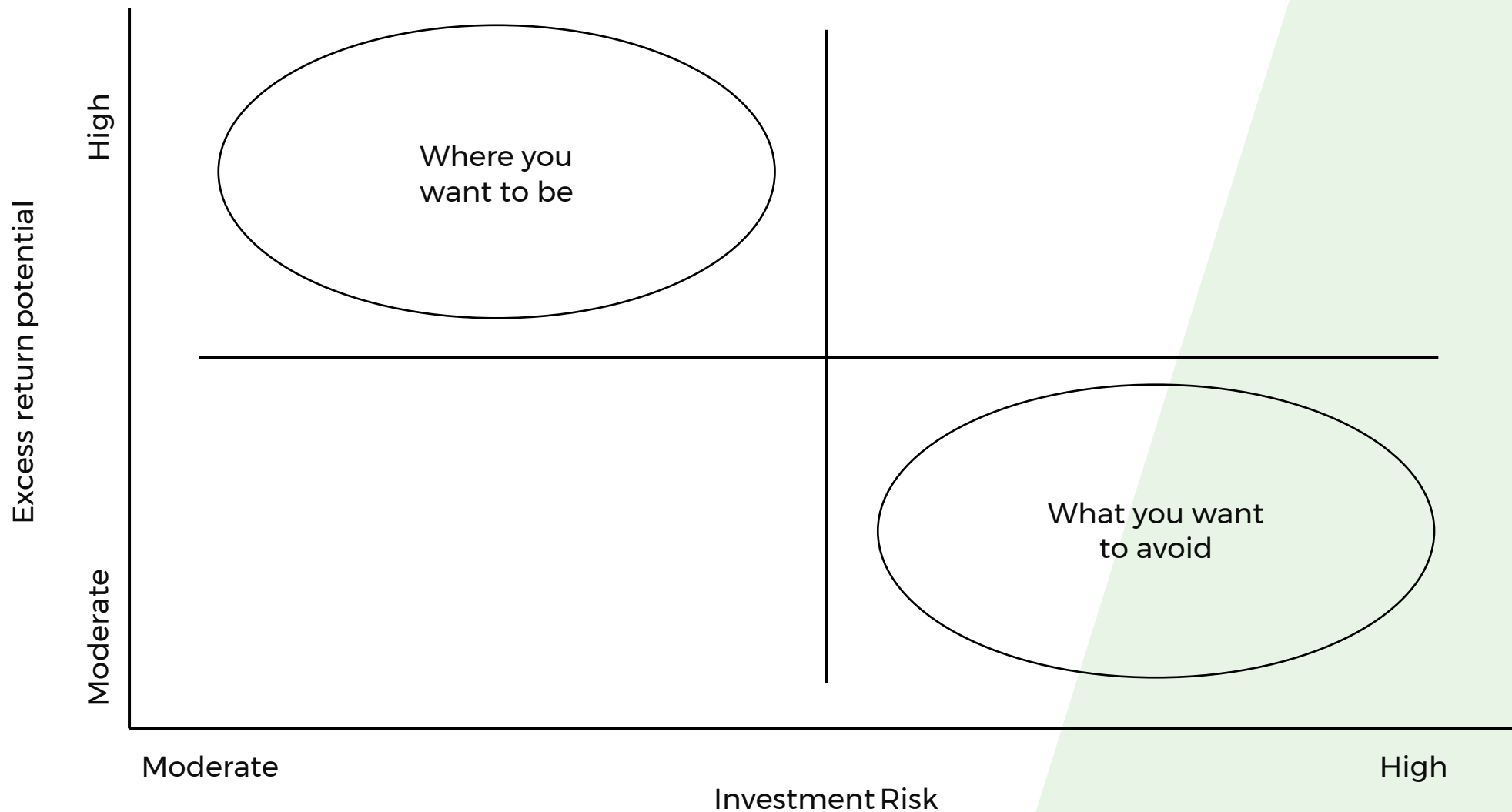
**Highest Priority /
Lowest Risk**



**Lowest Priority /
Highest Risk**



RISK & RETURN TRADE OFF



BUSINESS RISK IS INCREASING



Insolvencies jump 43 per cent in September quarter: ASIC

Economy | 15 October 2024 | Miranda Brownlee



Data sourced from [Insolvencies jump 43 per cent in September quarter: ASIC | Accounting Times](#)

RISKIER LOANS



- > Difference Between **1st and 2nd Mortgages**
- > **Construction** Risk
- > **Rural land** and non-income generating asset
- > **Specialised Securities** e.g pubs, restaurants

DIFFERENT TYPES OF VALUATIONS



- > **Independent** 3rd Party Valuers
- > **“As is”** versus **“Highest and Best Use”**

NEWS & UPDATES

Funds \$55M Project In Castle Hill

March 10, 2020



MSQ Funds

MSQUARED CAPITAL

INVESTMENT PRODUCTS



8.00% p.a.*



Msquared Mortgage Income Fund

Invest in a diversified portfolio of first registered mortgage investments. The Msquared Mortgage Income Fund has a maximum LVR of 70% for any given loan, and will not have exposure to vacant land, construction, or development loans.

10.35% p.a.*



Msquared High Yield Mortgage Income Fund

Invest in a diversified portfolio of mortgage investments aimed at ensuring the Fund delivers a higher return for investors. The Msquared High Yield Mortgage Income Fund has a maximum LVR of 80% for any given loan, which includes shorter-term loans with limited exposure to vacant land, construction, or development.

7.50% - 14.00% p.a.



Msquared Contributory Mortgage Income Fund

Curate your investment portfolio by investing in individual loan opportunities that suit your risk profile. The Msquared Contributory Mortgage Income Fund assesses LVRs on a case-by-case basis, with limited exposure to vacant land, construction, or development. The Fund targets a net return between 7.50% p.a. and 14.00% p.a.

MOSMAN EXAMPLE



55%-65% LVR
10.00% p.a.
Investor Return

HIGH YIELD FUND

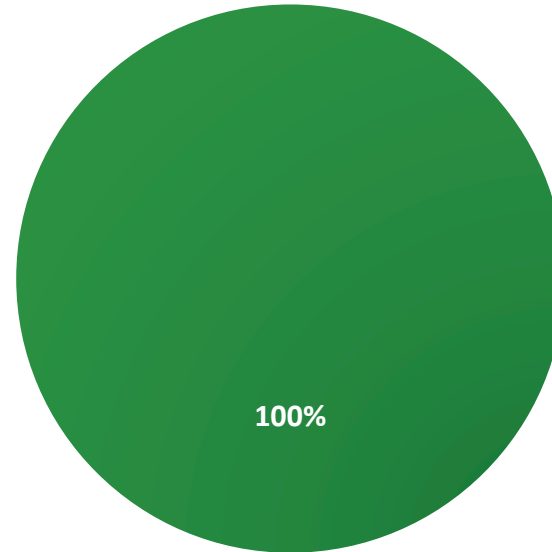
0-55% LVR
8.50% p.a.
Investor Return

INCOME FUND

MSQUARED MORTGAGE INCOME FUND



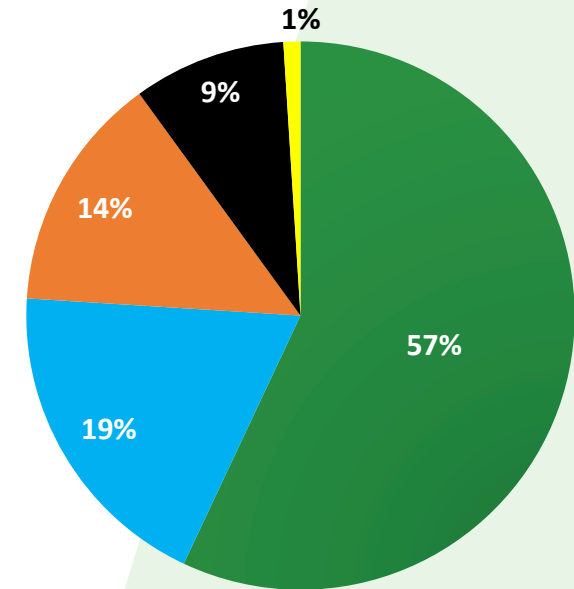
SECURITY TYPE



- NO** Rural Land
- NO** Construction
- NO** Second Mortgages

■ Residential

GEOGRAPHICAL LOCATION



- Sydney
- Greater NSW
- Melbourne
- Greater QLD
- ACT

8.00% p.a.

Return, net of fees
as at October 2024

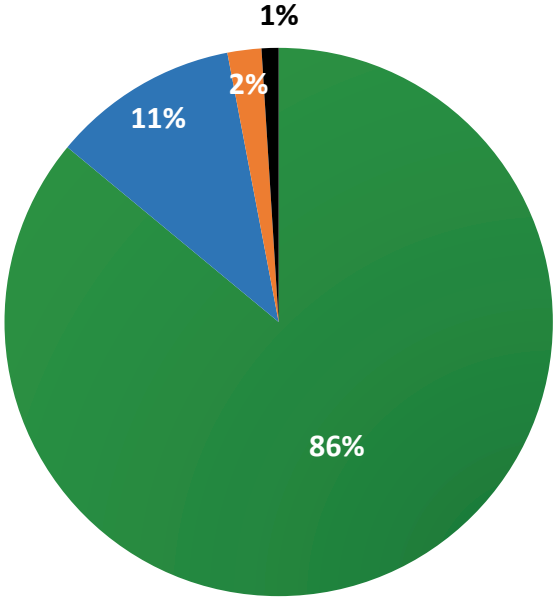
53.75%

Weighted Loan to Value Ratio (LVR)
as at October 2024

MSQUARED HIGH YIELD MORTGAGE INCOME FUND

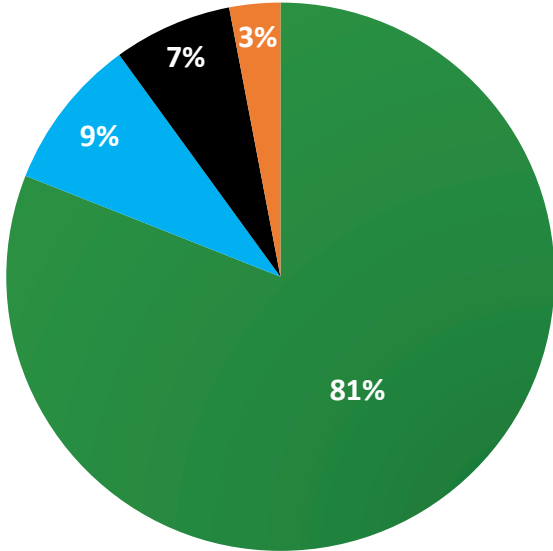


SECURITY TYPE



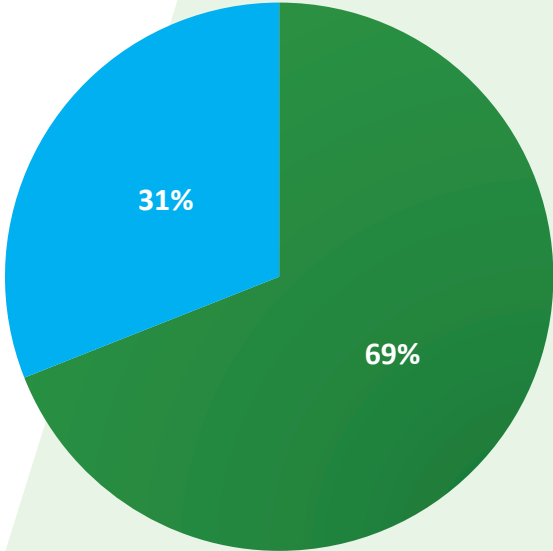
- Residential
- Land
- Industrial
- Mixed Use

GEOGRAPHICAL LOCATION



- Sydney
- Greater NSW
- Greater QLD
- Melbourne

FIRST/SECOND MORTGAGES



- 1st Mortgages
- 2nd Mortgages

10.35% p.a.

Return, net of fees
as at October 2024

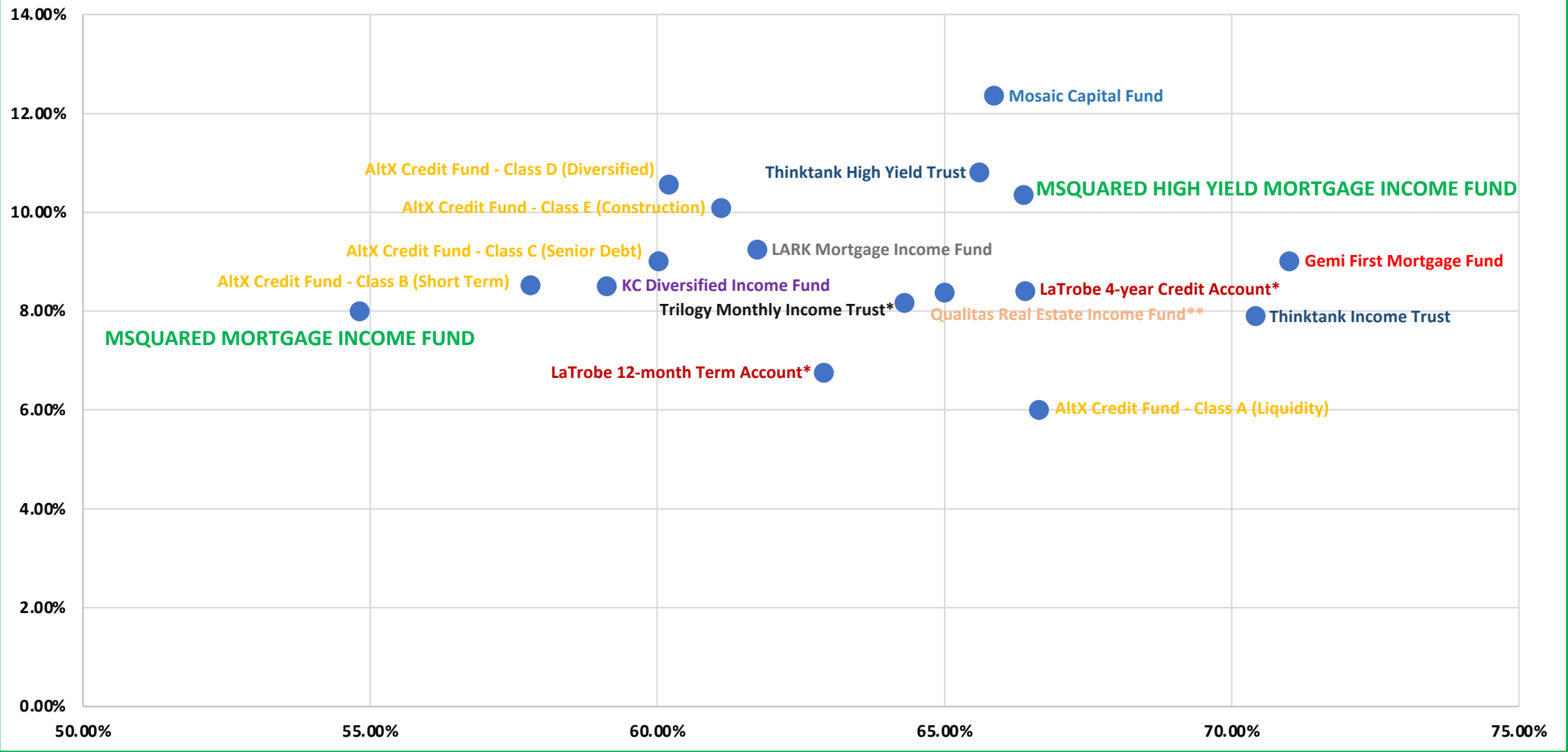
67.87%

Weighted Loan to Value Ratio (LVR)
as at October 2024

MSQUARED CAPITAL COMPETITORS AUGUST 2024



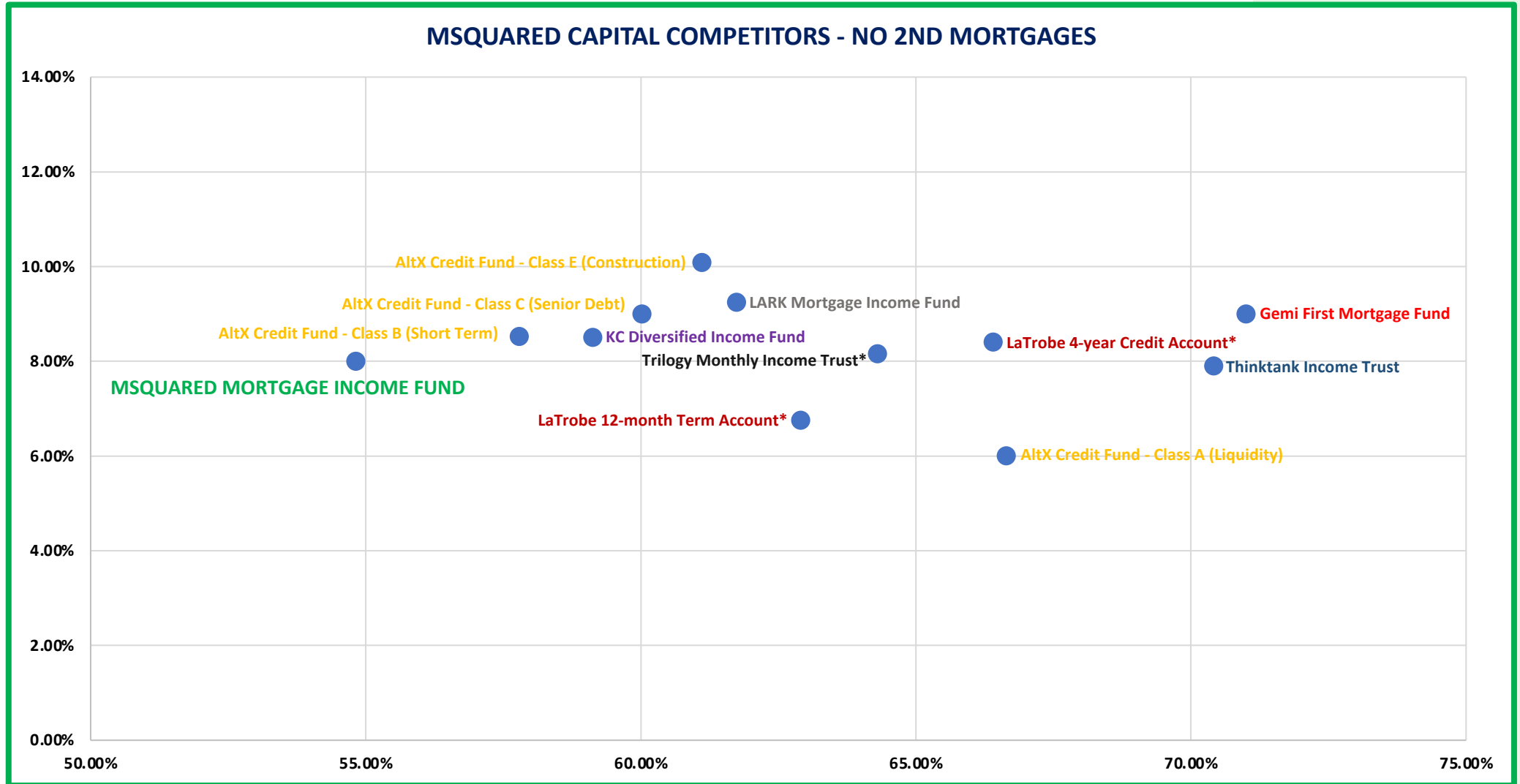
MSQUARED CAPITAL COMPETITORS - AUGUST 2024



*Fund offers financial products to Retail investors. Applicable disclosures and regulations may differ.

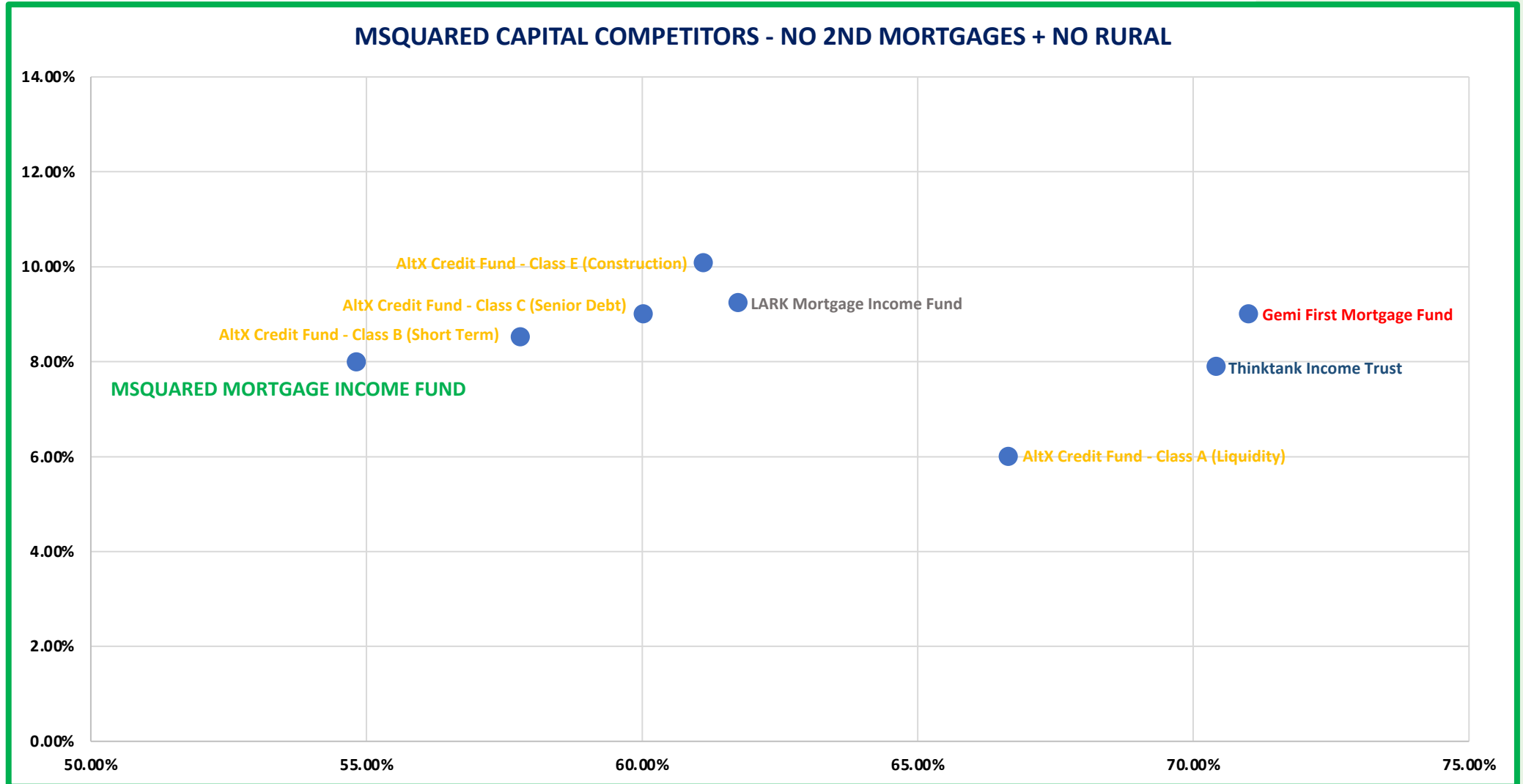
** Fund is ASX listed and offers financial products to Retail investors. Applicable disclosures and regulations may differ.

MSQUARED CAPITAL COMPETITORS NO 2ND MORTGAGES

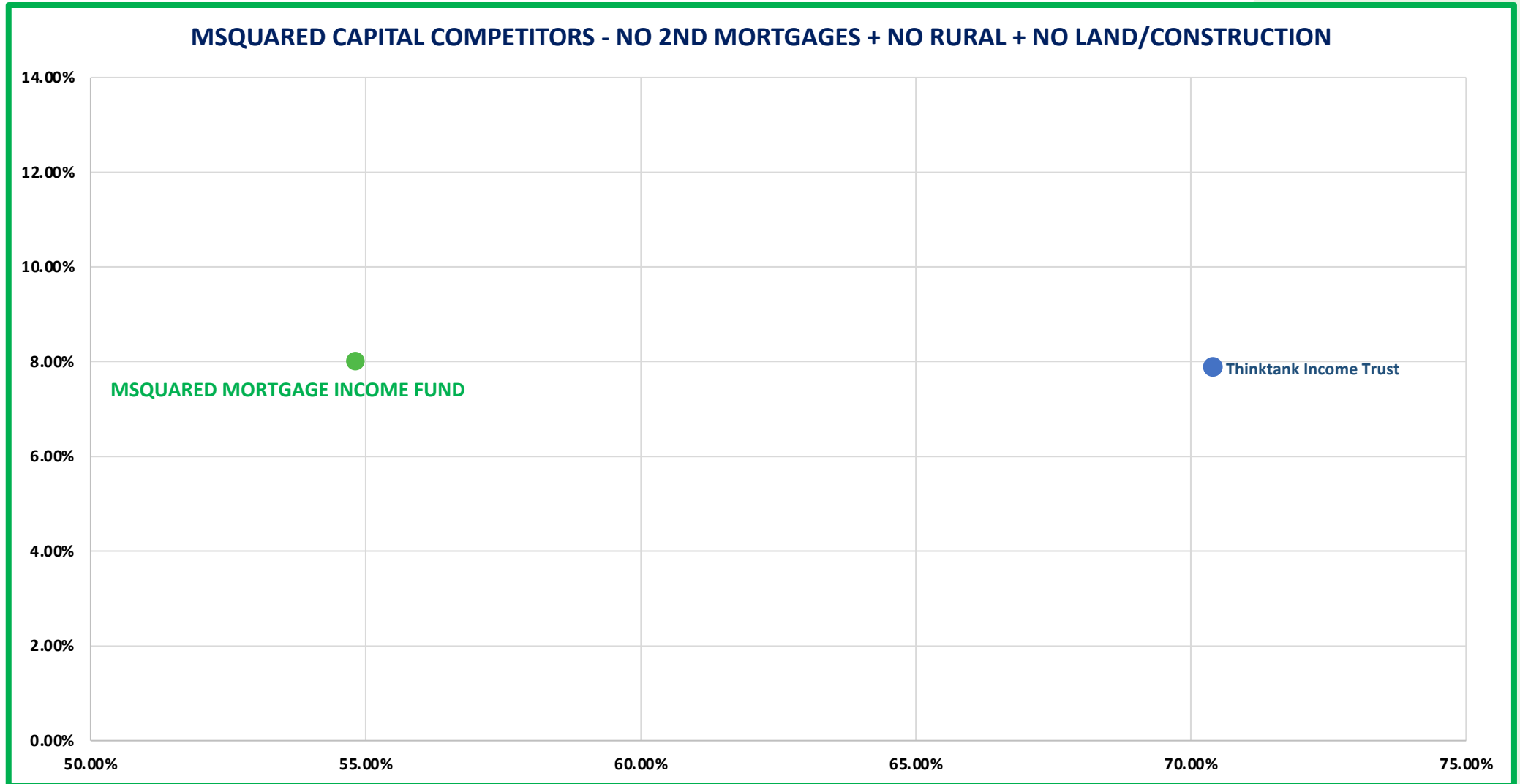


*Fund offers financial products to Retail investors. Applicable disclosures and regulations may differ.

MSQUARED CAPITAL COMPETITORS NO 2ND MORTGAGES + NO RURAL



MSQUARED CAPITAL COMPETITORS NO 2ND MORTGAGES + NO RURAL + NO LAND/CONSTRUCTION



INVESTMENT GRADE **RESEARCH RATINGS**



Favourable



KK

Asset Consulting

PLATFORMS



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Q&A



MSQUARED **CAPITAL**

SMALL VS LARGE SUPER

HON NICHOLAS
'NICK' SHERRY

CHAIR, TEAM-SUPER

Life, inspired by you.

Life Insurance TPD Definitions – Impact on Claims Outcomes

Dr Jeffrey Scott – Head of Advice Strategy



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November 2024

Financial Planner and Adviser Code of Ethics 2019

Financial Planner and Advisers Code of Ethics 2019

Standards of Ethical behaviour	Standards of Client care	Standards of Quality process	Standards of Professional commitment	Our values
<p>Standard 1 You must act in accordance with all applicable laws, including this Code, and not try to avoid or circumvent their intent.</p> <p>Standard 2 You must act with integrity and in the best interests of each of your clients.</p> <p>Standard 3 You must not advise, refer or act in any other manner where you have a conflict of interest or duty.</p>	<p>Standard 4 You may act for a client only with the client's free, prior and informed consent. If required in the case of an existing client, the consent should be obtained as soon as practicable after this Code commences.</p> <p>Standard 5 All advice and financial product recommendations that you give to a client must be in the best interests of the client and appropriate to the client's individual circumstances.</p> <p>You must be satisfied that the client understands your advice, and the benefits, costs and risks of the financial products that you recommend, and you must have reasonable grounds to be satisfied.</p> <p>Standard 6 You must take into account the broad effects arising from the client acting on your advice and actively consider the clients broader, long-term interests and likely circumstances.</p>	<p>Standard 7 The client must give free, prior and informed consent to all benefits you and your principal will receive in connection with acting for the client, including any fees for services that may be charged. If required in the case of an existing client, the consent should be obtained as soon as practicable after this Code commences.</p> <p>Except where expressly permitted by the Corporations Act 2001, you may not receive any benefits, in connection with acting for a client, that derive from a third party other than your principal.</p> <p>You must satisfy yourself that any fees and charges that the client must pay to you or your principal, and any benefits that you or your principal receive, in connection with acting for the client are fair and reasonable, and represent value for money for the client.</p> <p>Standard 8 You must ensure that your records of clients, including former clients, are kept in a form that is complete and accurate.</p> <p>Standard 9 All advice you give, and all products you recommend, to a client must be offered in good faith and with competence and be neither misleading nor deceptive.</p>	<p>Standard 10 You must develop, maintain and apply a high level of relevant knowledge and skills.</p> <p>Standard 11 You must cooperate with ASIC and monitoring bodies in any investigation of a breach or potential breach of this Code.</p> <p>Standard 12 Individually and in cooperation with peers, you must uphold and promote the ethical standards of the profession, and hold each other accountable for the protection of the public interest.</p>	<p>A relevant provider must always act to realise and promote the values of:</p> <ul style="list-style-type: none">• Trustworthiness• Competence• Honesty• Fairness• Diligence

Commenced 1 January 2020.

12 standards in the areas of:

- Ethical behaviour
- Client care
- Quality process
- Professional commitment

Must act at all times, in all cases, in a manner that is demonstrably consistent with the standards.

ASIC oversees compliance with the Code.

A relevant provider is defined in the Corporations Act 2001 (s 910A) as an individual authorised to provide personal advice to retail clients, _____ in relation to relevant financial products.

Financial Planners and Advisers Code of Ethics 2019

Standard 5	<ul style="list-style-type: none">• All advice and financial product recommendations that you give to a client must be in the best interests of the client and appropriate to the client's individual circumstances.• You must be satisfied that the client understands your advice, and the benefits, costs and risks of the financial products that you recommend, and you must have reasonable grounds to be satisfied.
Standard 6	<ul style="list-style-type: none">• You must take into account the broad effects arising from the client acting on your advice and actively consider the client's broader, long-term interests and likely circumstances.
Standard 9	<ul style="list-style-type: none">• All advice you give, and all products you recommend, to a client must be offered in good faith and with competence and be neither misleading nor deceptive.

Life, inspired by you.

Any Occupation TPD determinations

TPD Cover: Any Occupation - Retraining

What happened in this case?

- Client is an office assistant/office supervisor (30 years of age)
- Client had TPD policy via superannuation fund (any occupation)
- Client was unable to perform her usual occupation (Overuse syndrome (RSI) – fingers, wrist, arms & shoulders).
- Individual was asked to undertake retraining
- Client was deemed to be able to do another reasonably suited occupation:
 - Mediation Clerk, Tourism Information Worker, Roster Clerk, Sales Assistant - Other Personal and Household Goods, Weight Loss Consultant, Telemarketer, Photographic Developer and Printer, Radio Dispatcher, Auctioneer, Production Assistant (Television or Radio).



Kylie Rebecca
Druery v First State
Super Trustee
Corporation [2005]
NSWIRComm 255

TPD Cover: Any Occupation - Retraining

What happened in this case?

- Client was born in 1976 and is a police officer
- Joined police force in 2007
- Injured left elbow in 2011
- Retired from force in 2012 (anxiety disorder)
- Prior to joining the police force he worked as a mechanic for 10 years
 - The phrase “unlikely ever” in the TPD clauses does not mean “less than 50 per cent”. A real chance that a person will return to relevant work, even if it is less than a 50% chance, will preclude an insurer being satisfied that the Insured Person is unlikely ever to return to relevant work. Conversely, the insurer will be satisfied if there is **merely a remote or speculative possibility** that an Insured Person will return to such work
- Unlikely ever to be able to return to the Police Force.
- Real chance he could at some stage resume work as a mechanic (or allied area).



TAL Life Ltd v
Shuetrim [2016]
NSWCA 68

MetLife Insurance
Ltd v Shuetrim
[2016] NSWCA 68

TPD Cover: Any Occupation - Definition

What happened in this case?

- Client purchases a TPD policy with an “any occupation” definition
- Definition contains the clause, “... considered fitted by reason of education, training or experience”
- School Certificate in 1998 (left school at the end of year 10)
- Apprenticeship completed in March 2003 - tradesman roof plumber.
 - Additional certifications: Professional Association of Climbing Instructors, asbestos removal, safe work at heights ticket, OHS induction, explosive power tools, and a 20-tonne crane licence.
- Repetitive strain injury of the lower back, including disc prolapse.
- Surgery in June 2003. Returned to work in October 2003.
- Ceased work in October 2011 – Fear Avoidance Syndrome.
- Insurer considered claimant suitable for following roles:
 - Retail sales (hardware); Courier/delivery driver; Console operator; and Customer service advisor/telemarketer.
 - Court disagreed with assessment.



Hannover Life Re of Australasia Ltd v Jones [2017] NSWCA 233

Jones v United Super Pty Ltd [2016] NSWSC 1551

Life, inspired by you.

Own Occupation TPD determination

Implications and discussion points

Murphy McCarthy & Associates Pty Limited (Administrator Appointed) v Zurich Australia Limited: [2024] NSWSC 1203

- Supreme Court of NSW clarifies what is a life insured's "occupation" under an "Own Occupation" TPD definition
- Case provides critical **guidance and insight** – but future court cases may take different view
- Distinction which must be made between the **specific duties** and tasks which together make up a life insured's "**job**", and their **broader experience** and work history which will reveal their "**occupation**"
- An occupation is more generic than a life insured's "job"

Murphy McCarthy & Associates Pty Limited (Administrator Appointed) v Zurich Australia Limited: [2024] NSWSC 1203

Whether certain tasks or duties may be considered "essential" in the performance of **a specific job may not** necessarily be determinative of an occupation.

If, however, a life insured **is prevented** by illness or injury from performing duties which are regarded **as 'essential' to their occupation**, they would generally be considered unable to engage in their "**Own Occupation**".

Murphy McCarthy & Associates Pty Limited (Administrator Appointed) v Zurich Australia Limited: [2024] NSWSC 1203

- Policy Owner: Murphy MCarthy & Associates Pty Limited (MMA)
- Life Insured: Mr Francis Heron
- Cover: Own Occupation TPD
- Occupation: Self-employed construction manager / project supervisor small to medium scale projects, including projects involving pipe-laying, stormwater and drainage
- Duties: digging and working in trenches in some projects
- Claim: Arthritis requiring a total left hip replacement in late 2021, meaning Insured was unlikely ever again to perform his 'Own Occupation'

Murphy McCarthy & Associates Pty Limited (Administrator Appointed) v Zurich Australia Limited: [2024] NSWSC 1203

Claimant's position was that Mr Heron's 'Own Occupation' as a Construction Manager / Project Supervisor **necessarily involved him working in trenches**, sometimes in wet conditions and confined spaces, and that this was something he was **now prevented from doing due to his condition**.

Mr Heron had **since returned to sub-contract work as a 'Project Supervisor'** with another construction company, although it was submitted that **this specific role did not involve underground trench work**

Murphy McCarthy & Associates Pty Limited (Administrator Appointed) v Zurich Australia Limited: [2024] NSWSC 1203

Zurich successfully defended the case:

- An 'occupation' in the context of a life insured's **'Own Occupation' cannot be determined** merely by considering the collection of **tasks and duties they were performing** immediately prior to the injury, sickness or illness causing cessation of work.
- "particular duties may be common to more than one occupation, such that it is necessary to draw a **distinction between duties or tasks, and an occupation**".
- Court **rejected the 'granular' approach** to the assessment of Mr Heron's 'occupation', which proposed that the only relevant consideration was the specific tasks and duties he was performed immediately prior to ceasing work. While the latter could represent the **description of a particular 'job'**, this information alone will be **insufficient to identify the 'occupation'** of a life insured

Murphy McCarthy & Associates Pty Limited (Administrator Appointed) v Zurich Australia Limited: [2024] NSWSC 1203

Zurich successfully defended the case:

- The Court found that Mr Herron’s “Own Occupation” was “Construction **Manager/Project Supervisor**”.
- Mr Heron’s experience and qualifications were directed to, and enabled him to perform, the duties of this occupation.
- Where Mr Heron **carried out manual work while in the trenches** (which post-surgery of his hip **he could not safely undertake**), this was an example of him “helping out” rather than being in the course of performing his supervisory role.
- In fact, even if the evidence was that Mr Heron could not safely enter, work in and exit trenches at all, the Court found that the extent of his disability was not such that it was unlikely that he would ever again be able to engage in his “Own Occupation”. This was because **working in trenches was not something he was required to do in every job and not essential for him to be able to engage in his “Own Occupation”**

Murphy McCarthy & Associates Pty Limited (Administrator Appointed) v Zurich Australia Limited: [2024] NSWSC 1203

- To determine a life insured's 'Own Occupation', an insurer will need to consider not only their 'job' (being their collection of specific work tasks and duties) but also their broader qualifications, experience and work history.
- The 'essentiality' of a particular task or duty becomes more **acutely relevant once the broader occupation has been identified**
- This should also be a **consideration for planners** when determining if “Own Occupation” is suitable?

Are the duties and tasks particular or “essential” to their “granular” job?

What are the duties and tasks and particular or “essential” to performing their “broader” occupation

Life, inspired by you.

Own Occupation TPD determination

Implications and discussion points

Private Portfolio Managers

A distinctive approach

Managed Funds & Direct Equity Portfolios

They are the same or are they ?



AIOFP National Conference Canberra 25th - 27th November

Presented by

Warren Jones
Business Development
Manager



IMAP
MANAGED ACCOUNT
AWARD FINALIST 2019
INTERNATIONAL
EQUITIES



IMAP
MANAGED ACCOUNT
AWARD FINALIST 2022
INTERNATIONAL
EQUITIES



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INTERNATIONAL
EQUITIES



IMAP
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AWARD FINALIST 2024
INTERNATIONAL
EQUITIES



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- ❖ *All information presented was correct at the time of preparation*





MANAGED FUNDS & DIRECT EQUITY PORTFOLIOS

ARE THEY THE SAME?

01

TRANSPARENCY

The degree of visibility into underlying holdings, transactions, fees, and investment decisions within a portfolio.

02

TAX IMPACT

The realised capital gains or losses resulting from investment activities that affect an investor's tax position.

03

TAX EFFICIENCY

The ability to minimise tax impact through investment decisions, including timing of buys/sells and tax-loss harvesting opportunities.

04

DIRECT OWNERSHIP

The legal structure determining how investment assets are held and registered, defining control and beneficial rights.

05

REPORTING

Regular updates on your portfolio's performance and holdings through detailed statements.

06

PORTABILITY

The ability to transfer assets between different accounts or managers while maintaining beneficial ownership.

MANAGED FUNDS & DIRECT EQUITY PORTFOLIOS *ARE THEY THE SAME?*

01

TRANSPARENCY

The degree of visibility into underlying holdings, transactions, fees, and investment decisions within a portfolio.

- During downturns, clients want to know where they are invested
- Tech stocks crash
- China crashes
- Creating a basket of Managed funds – Underweight/ Overweight
- Who's wearing bathers ?

MANAGED FUNDS & DIRECT EQUITY PORTFOLIOS *ARE THEY THE SAME?*

02

TAX IMPACT

The realised capital gains or losses resulting from investment activities that affect an investor's tax position.

An Example:

- Large Global Player – Impact on Outflows
- \$ Billions Invested, but cash flows couldn't cover outflows
- Stock Prices
- Crystallising Gains or Losses
- Loss of Income and Franking

MANAGED FUNDS & DIRECT EQUITY PORTFOLIOS *ARE THEY THE SAME?*

03

TAX EFFICIENCY

The ability to minimise tax impact through investment decisions, including timing of buys/sells and tax-loss harvesting opportunities.

- Minimum Trading (CGT Implications)
- Focus on After Tax Outcomes
- IMA Structures
 - Self-Managed Super Funds
 - Family Trust
 - Personal
 - Companies

MANAGED FUNDS & DIRECT EQUITY PORTFOLIOS

ARE THEY THE SAME?

04

DIRECT OWNERSHIP

The legal structure determining how investment assets are held and registered, defining control and beneficial rights.

- Client owns the stock
- Liquidity
- Income
- Franking
- Ability to filter stocks
 - ESG
 - Religious Grounds
 - Exclude stocks held elsewhere
 - Customisation - Income Focus

MANAGED FUNDS & DIRECT EQUITY PORTFOLIOS *ARE THEY THE SAME?*

05

REPORTING

Regular updates on your portfolio's performance and holdings through detailed statements.

- SMAs: Comprehensive individual portfolio reporting with full visibility of every holding, transaction and corporate action, enabling detailed tax, and performance analysis.
- In contrast unitised funds tend to offer generic fund-level reporting with aggregated performance and holdings disclosed periodically.

MANAGED FUNDS & DIRECT EQUITY PORTFOLIOS *ARE THEY THE SAME?*

06

PORTABILITY

The legal structure determining how investment assets are held and registered, defining control and beneficial rights.

SMAAs provide superior portability through direct ownership:

- Maintain cost base and avoid capital gains tax events
- Switch managers while keeping underlying investments
- Reduce costs and maintain market exposure during transitions.

This portability feature contrasts with traditional pooled funds, where investors can only sell their units and transfer cash - potentially triggering tax consequences and transaction costs.

MANAGED FUNDS & DIRECT EQUITY PORTFOLIOS

ARE THEY THE SAME?

01

TRANSPARENCY

The degree of visibility into underlying holdings, transactions, fees, and investment decisions within a portfolio.

02

TAX IMPACT

The realised capital gains or losses resulting from investment activities that affect an investor's tax position.

03

TAX EFFICIENCY

The ability to minimise tax impact through investment decisions, including timing of buys/sells and tax-loss harvesting opportunities.

04

DIRECT OWNERSHIP

The legal structure determining how investment assets are held and registered, defining control and beneficial rights.

05

REPORTING

Regular updates on your portfolio's performance and holdings through detailed statements.

06

PORTABILITY

The ability to transfer assets between different accounts or managers while maintaining beneficial ownership.

THE KEY BENEFITS

Feature	Managed Funds	LICs	ETFs	SMA's	IMA's
Tax Efficiency	Poor	Moderate	Good	Good	Excellent
Portability	None	Good	Good	Good	Excellent
Managed to Particular Tax Outcome	No	Sometimes	No	No	Yes
Transparency	Poor-Moderate	Moderate	Good	Excellent	Excellent
Direct Ownership	No - Poor	Yes	Yes	Yes	Yes
Embedded Tax Liability	Often	Often	No	No	No
Capital Losses can be applied to:	Future gains within structure	Future gains within structure	Any current or future gains	Any current or future gains	Any current or future gains
Variety of Investment Options	Excellent	No	Good	Moderate	Excellent
Portfolio Construction	Manager's discretion	Manager's discretion	ETF Level	Model portfolio	Bespoke
Tailored Management	No	No	N/A	No	Yes
Management Fee Tax Deductibility	No	Embedded	N/A	Yes	Yes

ABOUT PPM



5 Investment Strategies



GLOBAL
EQUITIES



AUSTRALIAN
EQUITIES



MULTI-ASSET
INCOME &
MULTI-ASSET
GROWTH



FIXED
INTEREST



Aligned interest

As a private, independent, employee-owned investment manager, Private Portfolio Managers is structurally aligned with the long-term interests of our clients.

1995

Established to provide a distinct investment management service to a select group of investors.



Experience & Expertise

18 years average industry & 15 years average experience together at PPM.



Strong track record

8-12%*

Aiming to generate 8 to 12% return per annum through any investment cycle.



FUM

\$900m

Funds under management



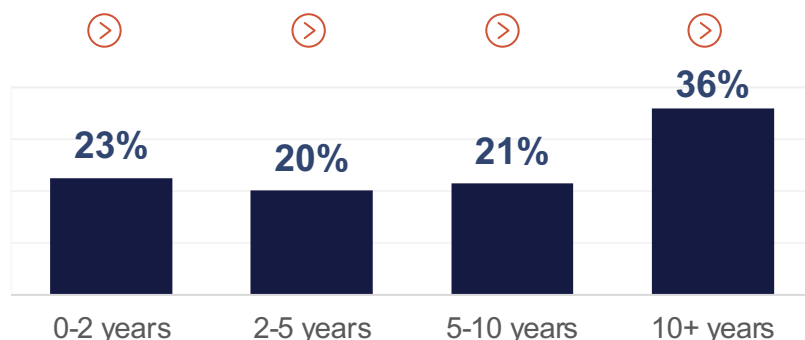
As at 31 October 2024. Differences due to rounding.

*See rolling 10-year returns for PPM IMA Australian Equities Growth Portfolios

ABOUT PPM



Client distribution



From new relationships to decades-long partnerships, we excel at meeting client needs at every stage.



Average client tenure

Client loyalty speaks volumes: 9-year average tenure reflects our unwavering commitment to your financial success.

9
YEARS

Our balanced client tenure demonstrates both consistent growth and exceptional loyalty. We are proudly serving our longest-standing client for nearly 30 years now.

INVESTMENT PHILOSOPHY

Our 3-Key Investment Fundamentals

Strong financial structure

Low Debt

The company is financially strong; strong balance sheet with low or no debt.

A weak financial structure can lead to financial collapse or restructuring during difficult economic times.



Attractive Industry Structure

Customers/Suppliers Competitors
barriers to entry/exit

The company has a strong position in an attractively structured industry.

A weak strategic position results in unattractively low returns or loss of market position.







Price VS Return – ROE/ROIC

The market valuation is attractive relative to the earnings potential the company may achieve.

Excessive valuation leads to low long-term returns as valuation parameters revert to more normal levels.

INVESTMENT TEAM

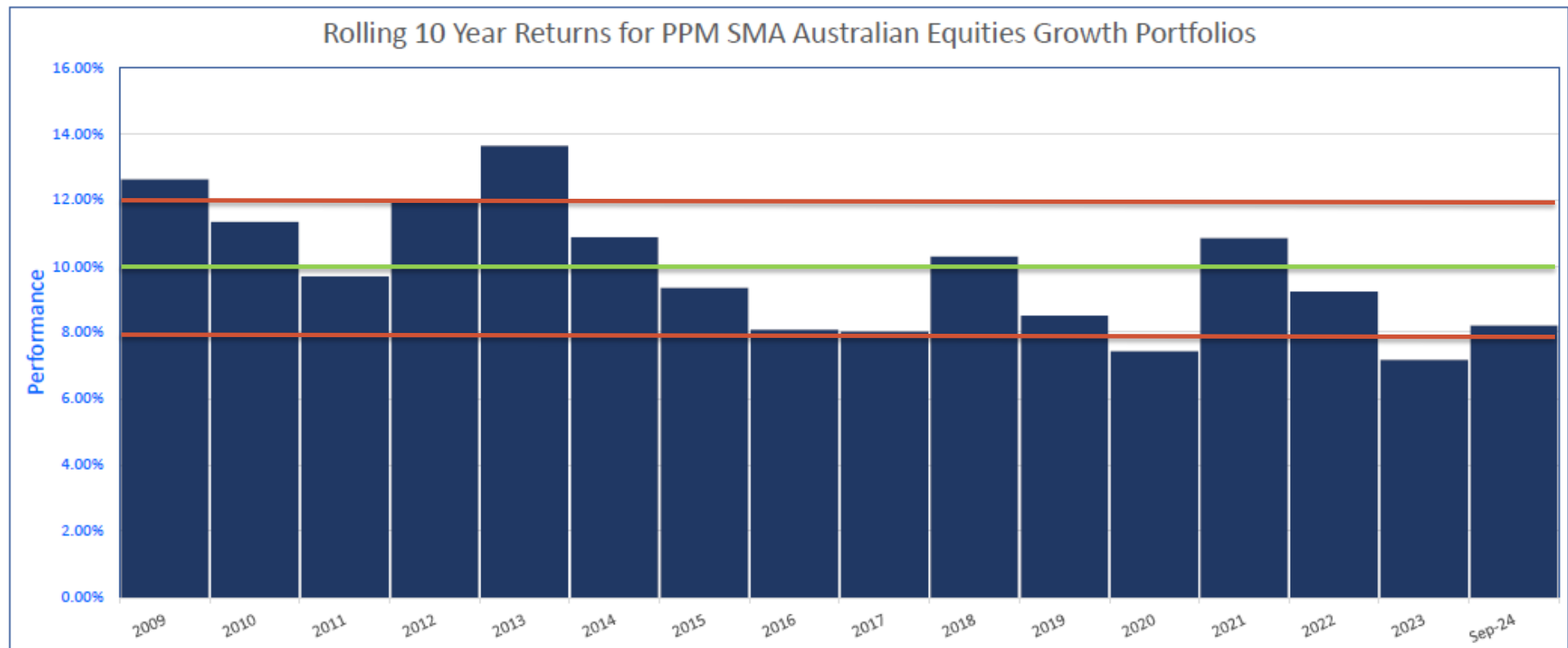
Experience and expertise

	NAME	POSITION	SECTOR RESPONSIBILITY	SECTOR BACK UPS	YEARS IN INDUSTRY	YEARS AT PPM
	Hugh MacNally	Executive Chair and CIO, Portfolio Manager - Global Equities	Healthcare, Pharma, Biotech, Materials, Discretionary & Staples	Industrials Banks & Financials	39	29
	Franklin Djohan	Portfolio Manager Senior Analyst	Technology, Medical, Telcos	Property	19	19
	Peter Reed	Portfolio Manager - Australian Equities	Industrials, Banks & Financials	Discretionary & Staples, Utilities & Infrastructure	35	17
	Ian Hardy	Portfolio Manager, Senior Analyst	Infrastructure, Utilities Materials, Property, & Agriculture	Banks, Financials & Resources	37	13
	Max Herron-Vellacott	Portfolio Manager Analyst	Healthcare, Pharma & Biotech	Technology, Medical, Telcos & Agriculture	8	8
	Neil Sahai	Dealer and Analyst	Resources, Industrials & Property	Technology, Telcos, Utilities	6	6
	Average Investment Team Tenure				<u>18</u>	<u>15</u>

ROLLING TEN-YEAR RETURNS

Australian equities

PPM SMA Australian Equities Growth Portfolios

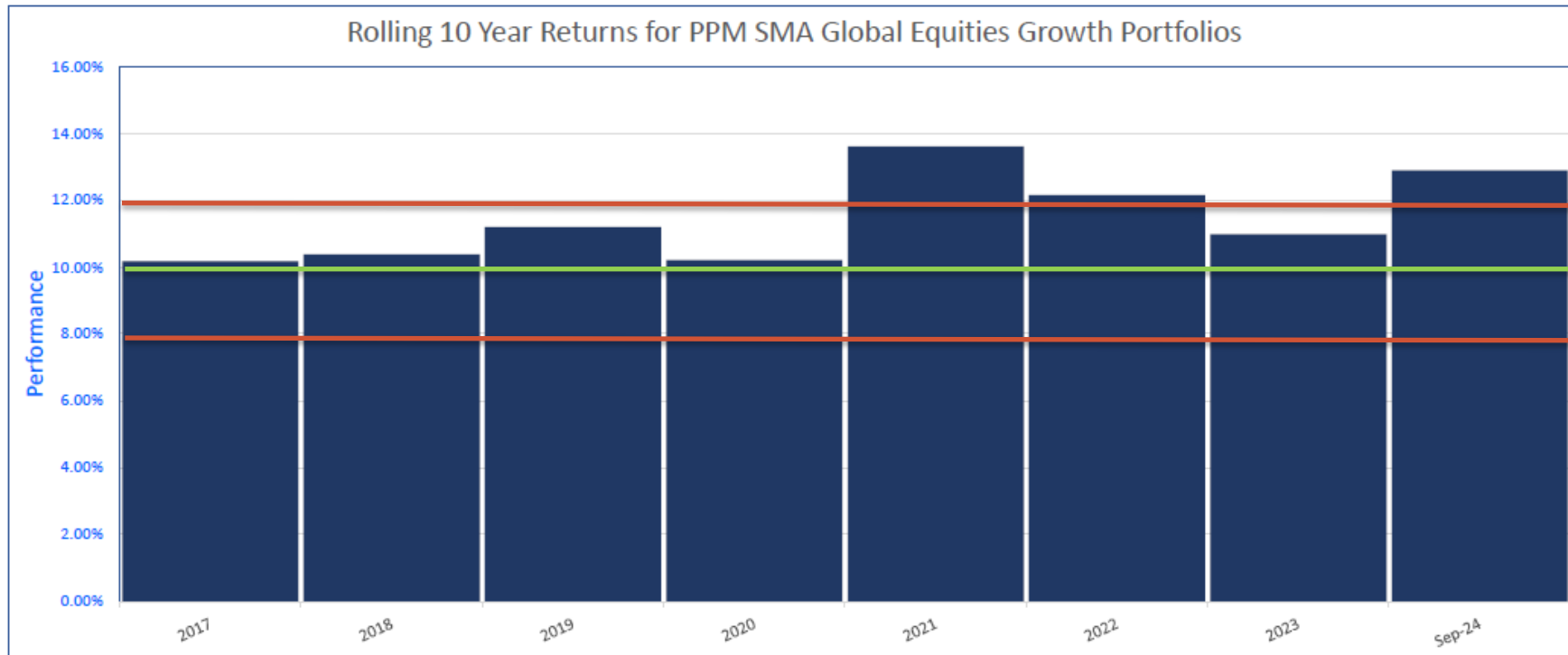


- ❑ Aim to generate 8 to 12% per annum return through cycle
- ❑ 2024 Average 9.89% (to Sep 2024)
- ❑ Avoid worst of downturns through conservative stock selection

ROLLING TEN-YEAR RETURNS

Global equities

PPM SMA Global Equities Growth Portfolios



- ❑ Aim to generate 8 to 12% per annum return through cycle
- ❑ 2024 Average 9.29% (to Sep 2024)
- ❑ Avoid worst of downturns through conservative stock selection

SUMMARY



Nearly 30 years experience managing Australian and global equities portfolios.



Experienced professional team who have worked together through bull and bear markets consistently applying our Investment Philosophy and Process



Bespoke portfolio offering tailored to meet client's specific requirements



Consistently achieved long term return objectives



Demonstrated record of downside performance and capital preservation during 3-4 Investment cycles



Long term investment philosophy aligned to target clients seeking stable long-term returns with capital preservation

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Warren Jones – Business Development Manager

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Email: wj@ppmfunds.com



The Wonderful World of Wholesale Advice

Simon Carrodus

AIOFP Conference

November 2024



**Hamilton
Locke** 

What we will cover today

- Why wholesale?
- The wholesale client tests.
- SMSFs.
- Where do financial advisers go wrong?
- Examples.
- Quality of Advice Review.
- Review of MIS Framework.
- Questions.



What is a wholesale client?



- Every client is a retail client until proven otherwise.
- A client must satisfy one of the wholesale client tests in order to be classified as wholesale.
- Typically refers to HNW individuals/families and their companies, SMSFs and family trusts.
- Financial product advice about superannuation, including advice provided to the members of a SMSF, will always be retail advice.

Why Wholesale?

- No SOAs.
- No ROAs.
- No FDSs.
- No FSG.
- No best interest duty.
- No annual fee consent.
- No conflicted remuneration prohibition.
- AFCA complaints – unlikely.
- Freedom to develop your own advice process and documentation.



Challenges of transitioning to wholesale

- Advice about superannuation.
- Next-gen wealth transfer (i.e. children).
- Accurate classification of clients.
- Maintaining two suites of advice documentation.
- What to do with your retail clients?
- Fiduciary obligation remains.
- Misleading/deceptive.
- Clients can still sue you!



Wholesale Client Tests

- **Product Value Test:** Contribution of \$500,000 per person – as explained in *Australian Securities and Investments Commission v Cassimatis*.
- **Assets/Income Test:** Client obtains a valid accountant certificate every two (2) years confirming they have at least:
 - Net assets test of \$2.5m; or
 - Gross income of \$250,000 p.a. for last two financial years.
- **Control test:** The person meets the Assets/Income Test and controls a SMSF, company or trust.
- **SMSF Net Asset Test:** Trustee of a superannuation fund (including a SMSF) with at least \$10m in net assets.

REMINDER: Financial product advice about superannuation (including SMSFs) is almost always provided to the client as a retail client.

SMSFs

- Financial advice to an individual(s) wanting to establish a SMSF will be retail advice.
- Financial advice on contributions, appropriateness of a SMSF or winding up a SMSF will generally be retail advice, unless the SMSF has net assets of \$10m.
- Financial product advice to the trustees or directors of a SMSF about the strategy and investments of the SMSF can be provided to the SMSF trustee as a wholesale client, if:
 - The SMSF has net assets of \$10m;
 - You are providing financial product advice to the SMSF trustee on investments valued at \$500,000 or more; or
 - ALL of the trustees/directors of the SMSF satisfy the **Assets/Income Test** in their personal capacities.

NOTE: You can include a trustee/director's superannuation balance when calculating their net assets for the **Assets/Income Test**.

Where do financial advisers go wrong?

- Assessing the assets of the SMSF, rather than the trustees/directors.
- Treating HNW clients as wholesale clients when providing superannuation advice (e.g. to establish a SMSF).
- Assessing a couple or family collectively rather than individually.
- Failing to obtain a new accountant certificate every two years.
- Doing the accountant certificate themselves!



Example 1 – The Couple

- Bob and Jane come to your office to get personal advice.
- Bob does not satisfy the Assets/Income Test.
- Jane does not satisfy the Assets/Income Test.
- Bob and Jane do not have an SMSF.
- Bob and Jane wish to receive personal advice on jointly-held (non-superannuation) investments valued at \$600,000.

QUESTION: Can Bob and Jane be treated as wholesale clients?

ANSWER: No. The investment amount per person is less than \$500,000. Bob and Jane cannot be aggregated to pass the **Product Value Test** (see *Cassimatis*).

Example 2 – The SMSF

- Bonnie and Clyde come to your office for personal advice.
- Bonnie provides a valid accountant certificate confirming that she meets the **Assets/Income Test**.
- Clyde does not satisfy the Assets/Income Test.
- Bonnie and Clyde have a SMSF. They are both directors of the SMSF trustee.
- Bonnie and Clyde confirm that Bonnie is solely responsible for determining the financial decisions made by the SMSF.
- The SMSF holds assets of \$750,000, and you are advising on the whole amount.

QUESTION: Can Bonnie and Clyde's SMSF be treated as a wholesale client?

ANSWER: Yes! The SMSF would fail the control test because only one of the directors satisfies the Assets/Income Test. However, because you are advising the SMSF trustee on more than \$500,000, you can treat SMSF trustee as a wholesale client pursuant to the **Product Value Test**. In their personal capacities, Bonnie can be treated as a wholesale client, but Clyde must be treated as a retail client.

Quality of Advice Review

- Mostly about the retail client obligations.
- DBFO legislation (tranche 2) will require wholesale clients to provide written consent.
- In practice, this usually happens anyway. Probably also required under the Code of Ethics.
- Tranche 2 will also:
 - Remove the safe harbour steps;
 - Replace SOAs with a shorter advice document; and
 - Streamline fee consent.
- Will this make retail advice less onerous?



Review of MIS framework

- Should the \$500,000 threshold for the product value test be increased?
- Should the thresholds for the assets/income tests be increased?
- Should certain assets be excluded from the calculation of net assets? Family home?



How we can help

- Advice on specific client scenarios.
- Help transition your business to wholesale.
- Wholesale fact sheet and client consent forms.
- Respond to ASIC enquiries.
- Contact:
 - Simon Carrodus (Partner)
 - simon.carrodus@hamiltonlocke.com.au
 - 0402 905 252



Questions?





Outthinking today.



After-tax returns, the consumable returns your clients keep

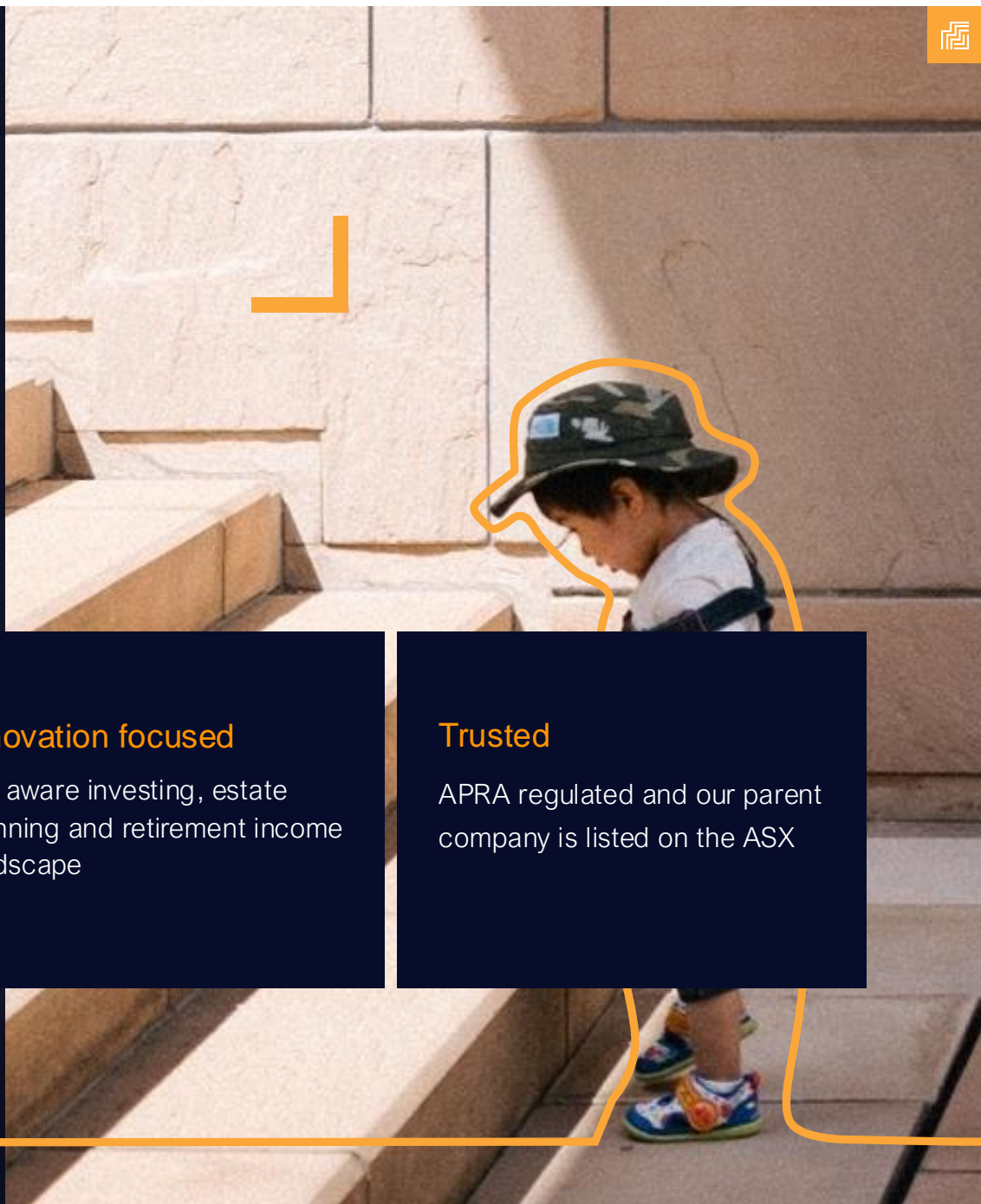
“Are you considering the impact of tax on your investment? **We are and we’re doing something about it.**”





Discover Generation Life

Pioneer of Australia's first truly flexible investment bond with over \$3.3b in funds under management.¹ Proud to be innovating the retirement income landscape with an investment-linked lifetime annuity.



Specialist provider

Investment bonds and investment-linked lifetime annuity

Market leader

#1 provider of investment bond solutions with 49% market share of total inflows into investment bonds²

Innovation focused

Tax aware investing, estate planning and retirement income landscape

Trusted

APRA regulated and our parent company is listed on the ASX

1. As at 30 June 2024
2. Plan for Life, Investment Bonds Market Report for period ended 31 March 2024



Our innovative solutions

Investment bonds

- Tax-effective investment that complements super
- Simple, flexible and effective estate planning solution
- 68 investment options across all major asset classes
- 27 Tax Optimised investment options
- Highly recommended by Chant West¹

LifeIncome

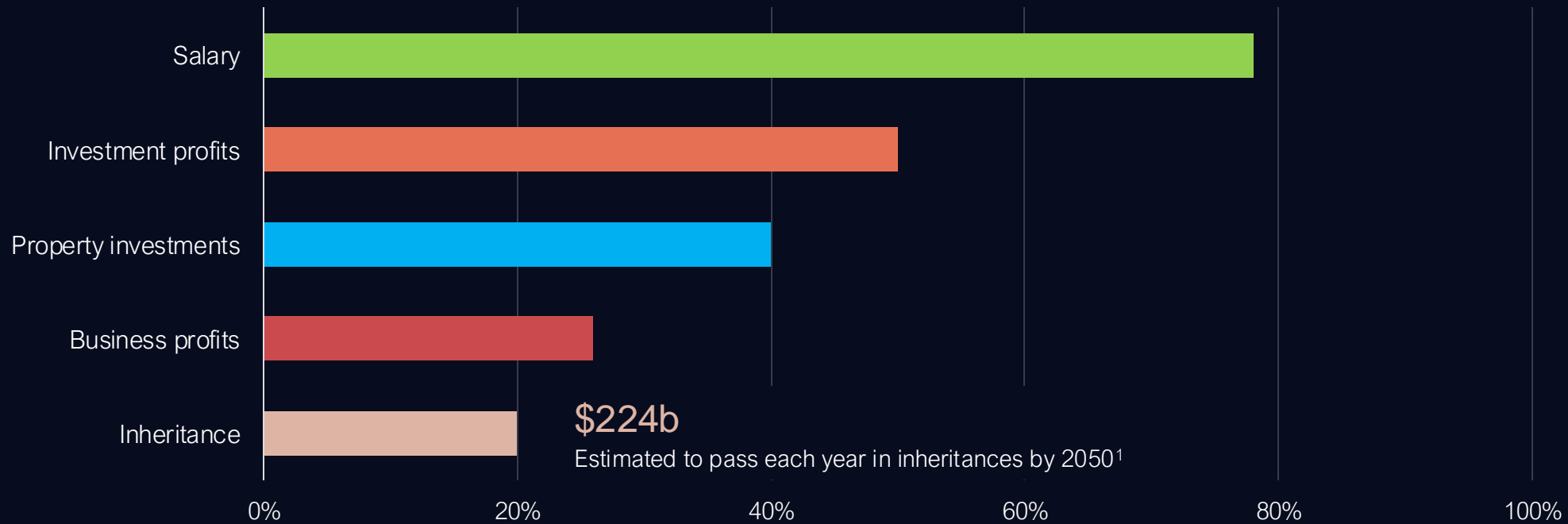
- A regular income guaranteed for life
- 29 investment options across all major asset classes
- Ability to switch at almost anytime
- Improved access to the Age Pension and more
- 4-star rating by SQM Research

1. Ratings relate to LifeBuilder and ChildBuilder investment bond products

Average net worth of Australian households are growing...

Average net worth of Australian households grew 19% in the decade from 2009-10, when the average was \$878,200 to \$1.042 million in 2019-20.

Main sources of wealth (%)



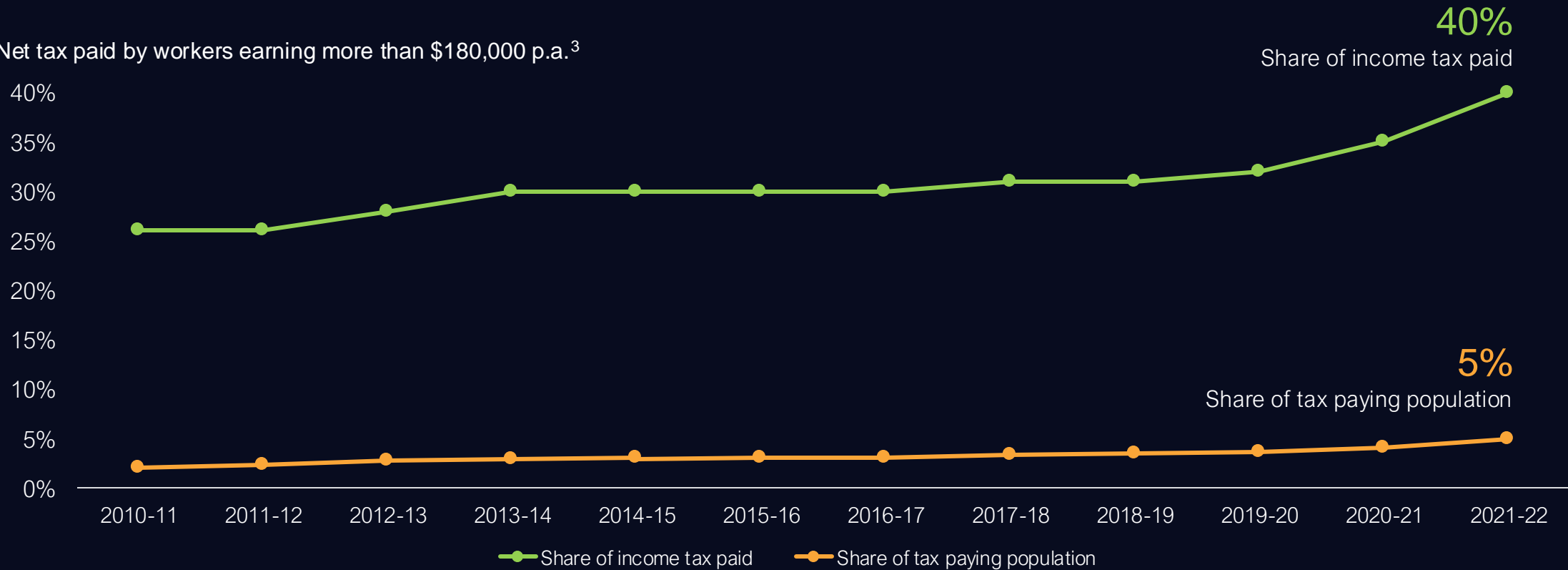
Source: <https://www.afr.com/wealth/personal-finance/how-to-tell-if-you-re-rich-in-australia-in-2024-20240506>

1. Vickovich, A, 2021, "Baby Boomers to pass on \$224b a year by 2050", published in The Australian Financial Review on 7 December 2021

One million Australians to face top Marginal Tax Rate by 2030¹

Bracket creep has pushed the number of Australians on the top marginal tax bracket from 625,302 in the 2021-2022² income year to 772,383 in the 2022-2023 income year³, which is an uplift of 24% over a 12-month period.

Net tax paid by workers earning more than \$180,000 p.a.³



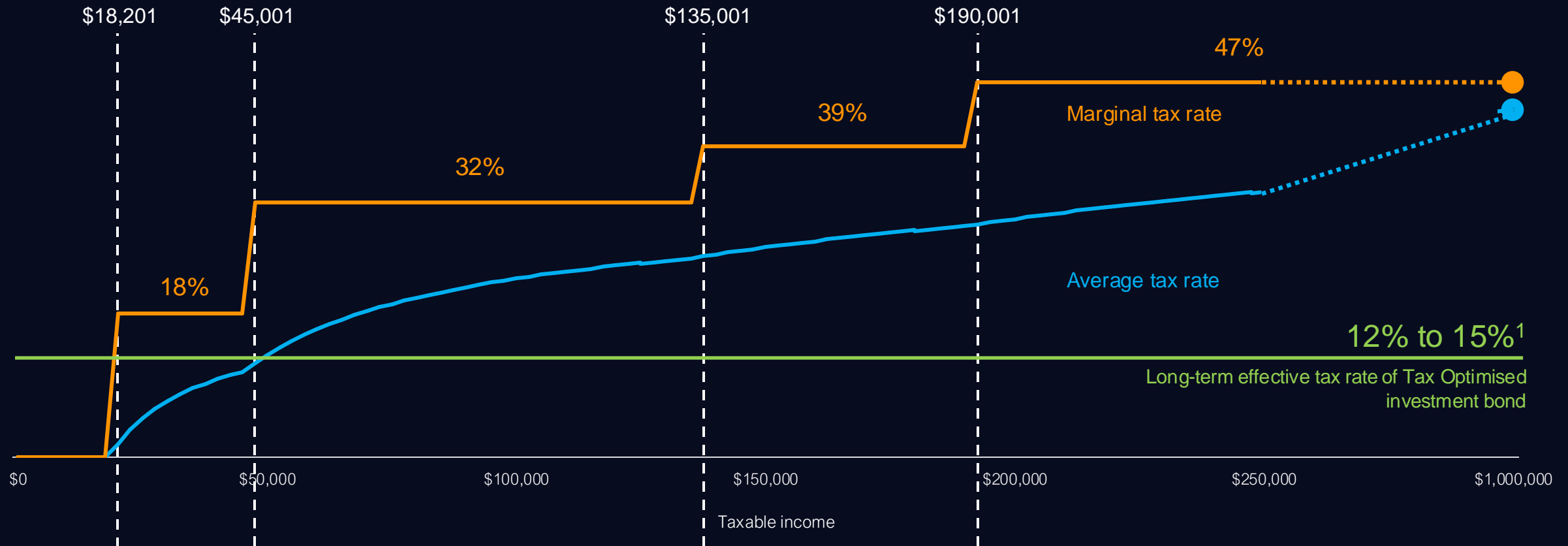
1. Kehoe, J. and Read, M. (2022a) One Million Australians face top tax rate by 2030, Australian Financial Review. Available at: <https://www.afr.com/politics/one-million-australians-face-top-tax-rate-by-2030-20221005-p5bnao>.

2. Source: Australian Taxation Office, Taxation Statistics 2020-21 for individuals by taxable status, age range and taxable income range, 2010-11 to 2020-21 income years.

3. Australian Financial Review. (2024). Top earners and companies bear record tax burden. [online] Available at: <https://www.afr.com/politics/federal/top-earners-and-companies-bear-record-tax-burden-20240617-p5jmg0> [Accessed 19 Jul. 2024].



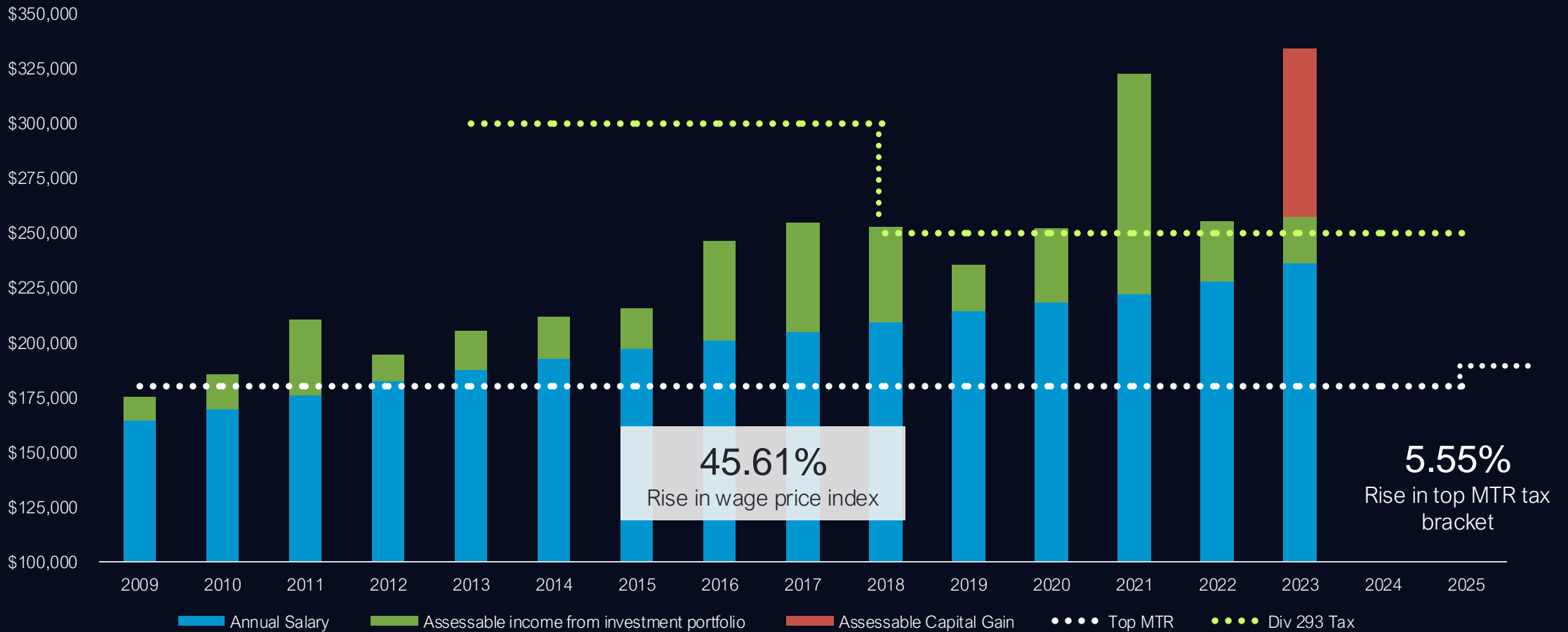
Marginal tax bracket creep based on the legislated stage 3 tax cuts



Based on tax rates in the Treasury Laws Amendment (Cost of Living Tax Cuts) Bill 2024 due to commence on 1 July 2024. The Medicare levy low-income thresholds have been ignored for the purpose of this illustration.

1. Long-term effective tax rates being the estimated average annual tax as a percentage of earnings for each 12-month period over a period of 15 years. Actual tax amounts incurred are not guaranteed and may vary from year to year based on, amongst other things, the earnings of a Generation Life investment option.

Marginal tax bracket creep



Assumptions: Annual Salary Growth: Wage Price Index, Investment Portfolio Vanguard Growth Portfolio, distributions fully re-invested. Assessable income is after the effects of all tax credits and capital gains concessions. Starting salary of \$164,176. Starting investment portfolio of \$500,000. Based on Treasury Laws Amendment (Cost of Living Tax Cuts) Bill 2024 proposed to commence on 1 July 2024.



Filling Buckets

What's your investment limit, control and suitable investments



Individual	Private Trust	Superannuation	Company	Investment Bond
Taxation: <ul style="list-style-type: none"> Personal Marginal tax rate. no transfer 	Taxation: <ul style="list-style-type: none"> Personal Marginal tax rate or 30 % 	Taxation: <ul style="list-style-type: none"> Up to 30 %, Accum 15%, pension 0% 	Taxation: <ul style="list-style-type: none"> 30 % 	Taxation: <ul style="list-style-type: none"> Max 30%, generally ranges between 12% - 15%*
Limit: Bracket creep	Limit: Bracket creep	Limit: 1.9m TBC & \$3m non indexed	Limit: Nil – Bracket creep when withdrawn	Limit: Nil
Investment control: One individual multiple tax rates	Investment control: Multiple individuals/entities multiple tax rates	Investment control: Certain tax rate until Div 296.	Investment control: Certain tax rate. restricted by no CGT discount	Investment control: Certain tax rate
Investment strategy Buy and hold. Unrealised Capital gain preferred	Investment strategy Buy and hold. Unrealised Capital gain preferred	Investment strategy Flexible strategy up to \$3m	Investment strategy High tax credits, income producing	Investment strategy Flexible strategy
Bucket priority Weakest above 45k income	Bucket priority Dependent on beneficiaries and tax structure used in trust	Bucket priority Highest for retirement up to Div296 danger zone	Bucket priority Low except for proceeds of service companies	Bucket priority Highest for pre retirement and current or future high wealth individuals

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



Tax management investing & the impact on advice

Tax is normally your largest **expense**, therefore has the **greatest impact** on your **returns**.



Managing tax leakage by tax-efficient investments becomes more important as tax bracket creep starts to have an impact.



Unplanned investment income receipts can affect assessable income levels.



Be careful of tax deferral strategies – kicking the can down the road.



A combination of investment structures can maximise the after-tax dollars that your clients keep.





Challenges of managing after-tax returns

No knowledge of the investors' marginal tax rates by fund managers

Components of returns vary for different portfolios e.g. no two 10% returns are the same

No industry comparative performance measurements on an after-tax basis

No choice on when to receive a fund distribution

In Australia, we are a fair way behind world standards in maximising performance on an after-tax focus.



Tax Optimisation through investment bonds





The new generation of investment bonds

Tax paid structure

Governed by the Life Insurance and Tax Acts

It is Tax Optimised

Our Tax Optimised series effective long-term tax rates can generally range between 12% - 15%¹

No distributions and access to funds at anytime

Creditor protection

Protection from creditors in the case of bankruptcy

Estate planning

Portability and transfers can be tax-free

Wealth transfer certainty

Can be structured as a non-estate asset

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

Our investment bonds open opportunities for **optimisation...**

Efficiency when allocating tax parcels

More control over tax outcomes

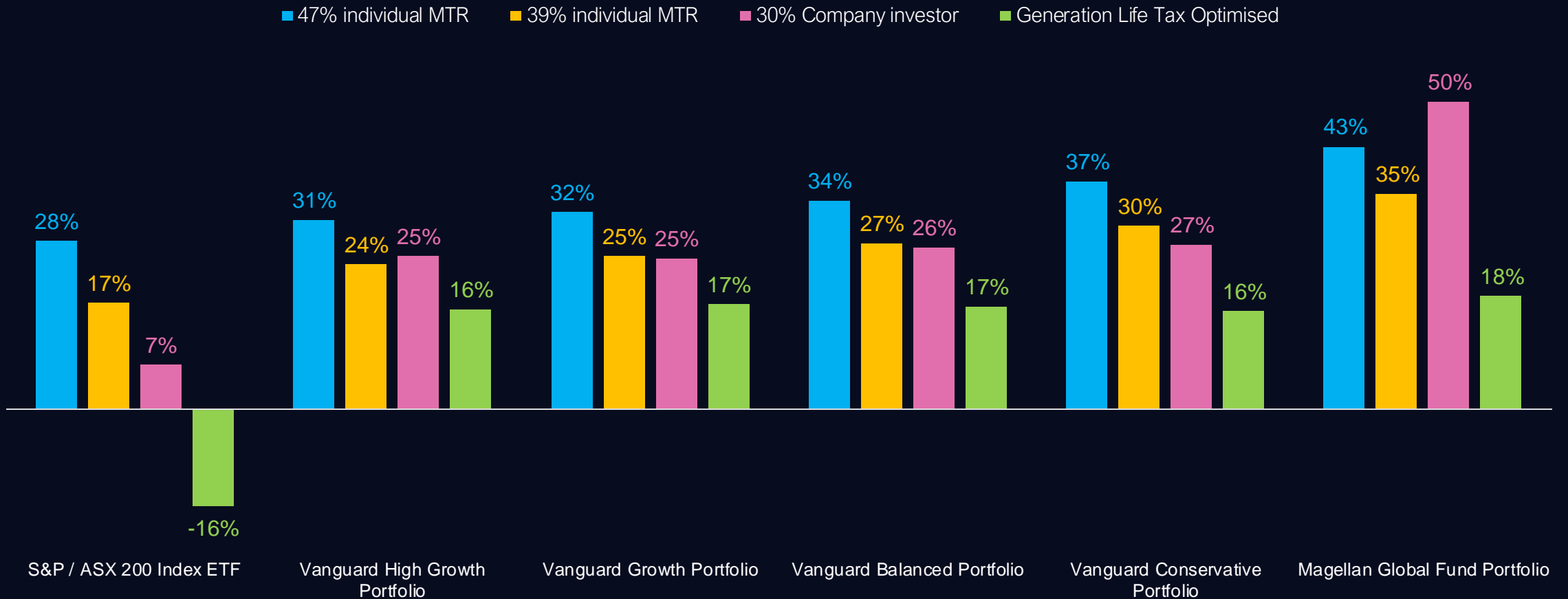
Capital management provides us the ability to offset capital losses against assessable income¹

Operational efficiencies through netting of trades

Income management: respecting the 45-day rule to maximise franking levels; foreign tax credits

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

Comparing effective tax rates for different asset classes



The table above compares the actual annual effective tax rates on distributions for different tax structures between 2019 financial year and 2023 financial year. Past performance is not an indication of future performance.



Our track record on delivering **tax alpha**...



Performance comparison of Generation Life Tax Effective Australian Share Fund

As at 30 September 2024

	Headline investment return	Tax Optimised gross after-tax return	47% individual MTR after-tax return	39% individual MTR after-tax return	Company investor after-tax return	Tax Optimised after-tax return (after fees)
1 Year	21.62%	19.54%	10.78%	12.44%	14.32%	19.04%
3 Year p.a.	8.31%	8.18%	5.49%	6.10%	6.28%	7.68%
5 Year p.a.	8.30%	7.82%	4.68%	5.20%	5.41%	7.32%

*Headline and individual after-tax returns for the comparative fund are based on the performance of an equivalent S&P/ASX 200 Index ETF. Past performance is no indicator of future performance.

For assumptions, please refer to the Tax Optimised brochure: <https://genlife.com.au/tax-optimised-brochure>





Vanguard[®]

Performance comparison of Vanguard High Growth Portfolio

As at 30 September 2024

	Headline investment return	Tax Optimised gross after-tax return	47% individual MTR after-tax return	39% individual MTR after-tax return	Company investor after-tax return	Tax Optimised after-tax return (after fees)
1 Year	21.22%	16.73%	10.30%	11.89%	13.65%	16.33%
2 Years p.a.	17.97%	14.20%	12.78%	13.62%	12.51%	13.80%
3 Years p.a.	7.18%	5.76%	4.29%	4.69%	4.58%	5.36%



The power of using an active approach to tax management

Using losses to lower taxable income

Tax Experience in FY 23 as at 30 June 2023

Growth Portfolio

	Generation Life Growth Portfolio	Unit Trust at 30% MTR
Cash yield	1.73%	1.73%
Franking credit and foreign tax credits	0.27%	0.27%
Tax payable on income (from building block funds)	0.25%	0.25%
Realised gains/losses during rebalancing	- 0.63%	
Overall tax payable refund	- 0.38%	0.25%

Due to the unique tax structure of investment bonds, the overall tax payable is a -0.38% (refund). Held directly, the equivalent diversified portfolio not optimising for tax has at least a 0.25% tax payment (payment).

Monitoring both income and gains can uncover opportunities to improve after-tax outcomes.



Division 296 tax and Death Benefit tax

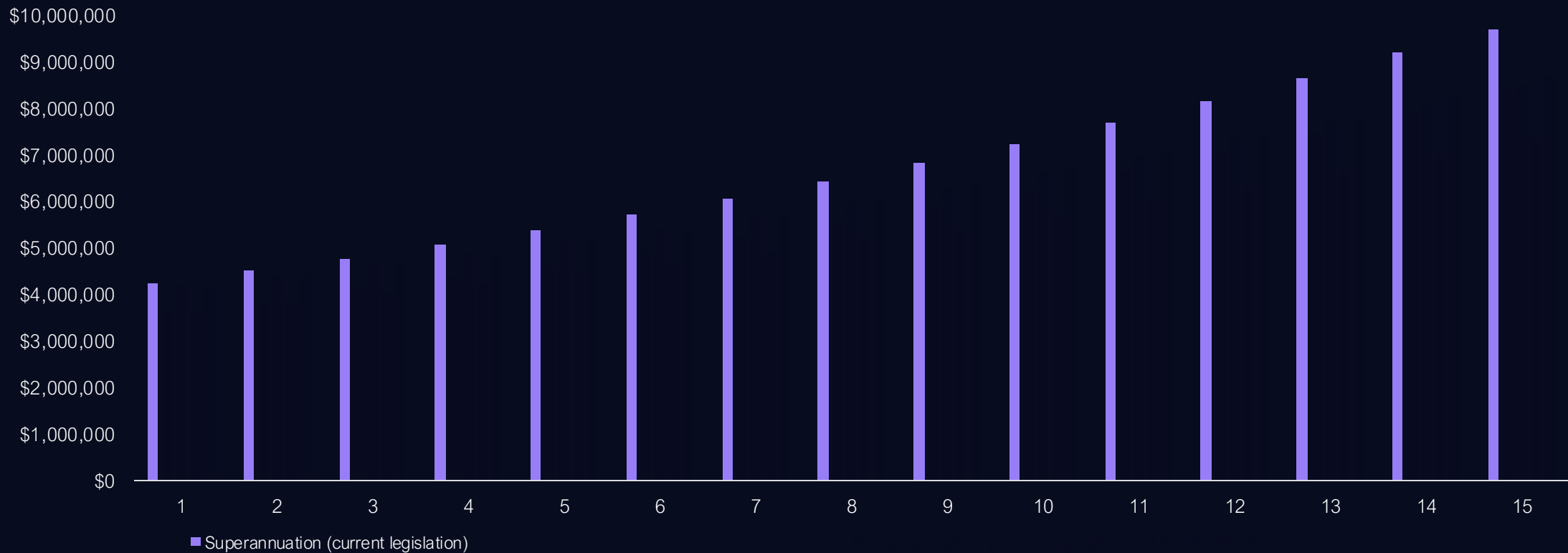
Exploring alternative structures to superannuation

1 in 3 Australians believe super is the best way to optimise wealth and leave a legacy.¹ Have you considered the impact of Death Benefit tax when transferring wealth and the proposed Division 296 tax for your clients?

1. Generation Life Reimagining Legacy Guide 2023 <https://generationlife-endpoint.azureedge.net/live/attachments/clo5cxqfg04170ipce9ow6kbv-generation-life-reimagining-legacy-report-2023.pdf> accessed 4 July 2024



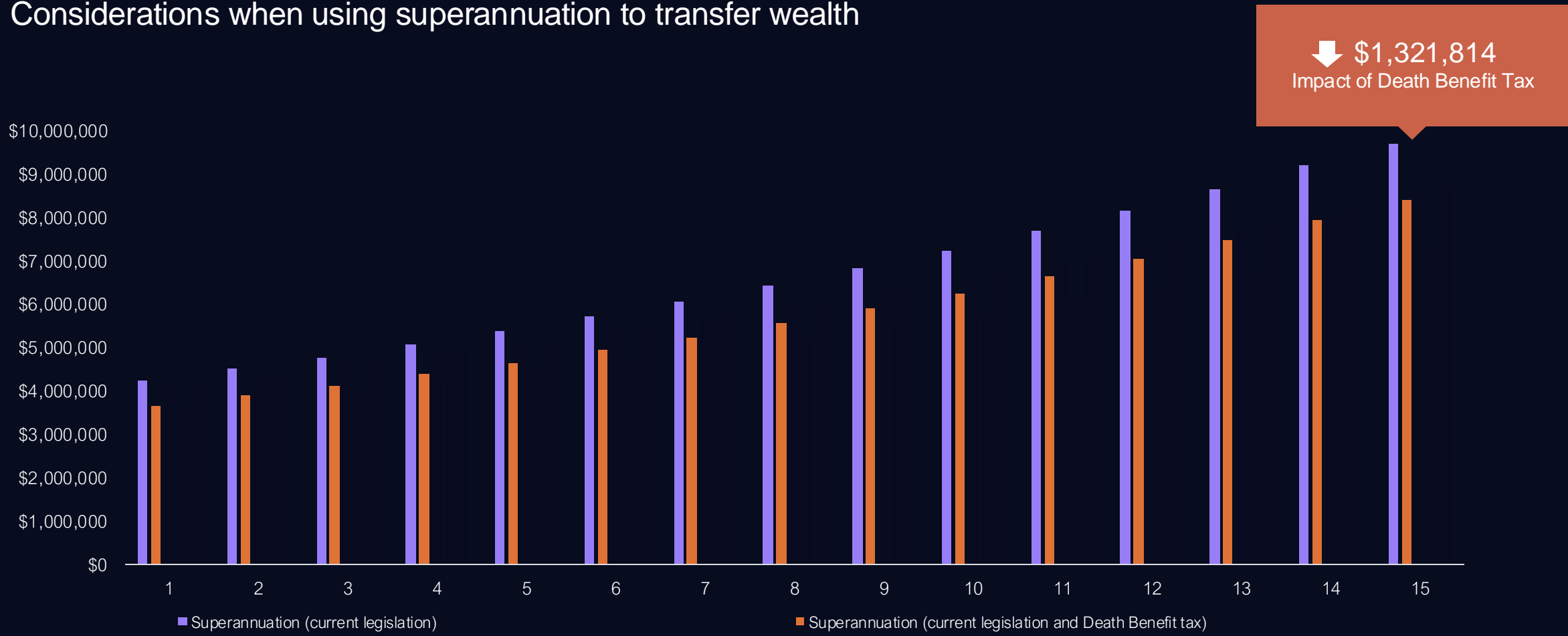
Considerations when using superannuation to transfer wealth



Assumptions: Assumes an initial investment of \$4m invested in the Vanguard Balanced Portfolio with a franking level of 51.7% and total return of 6.2% p.a. Superannuation balance assumes an 80% taxable component. Returns based on tax components to 30 June 2023 of the portfolio and return history of the portfolio from inception to 31 December 2023. Past performance is not an indication of future performance.



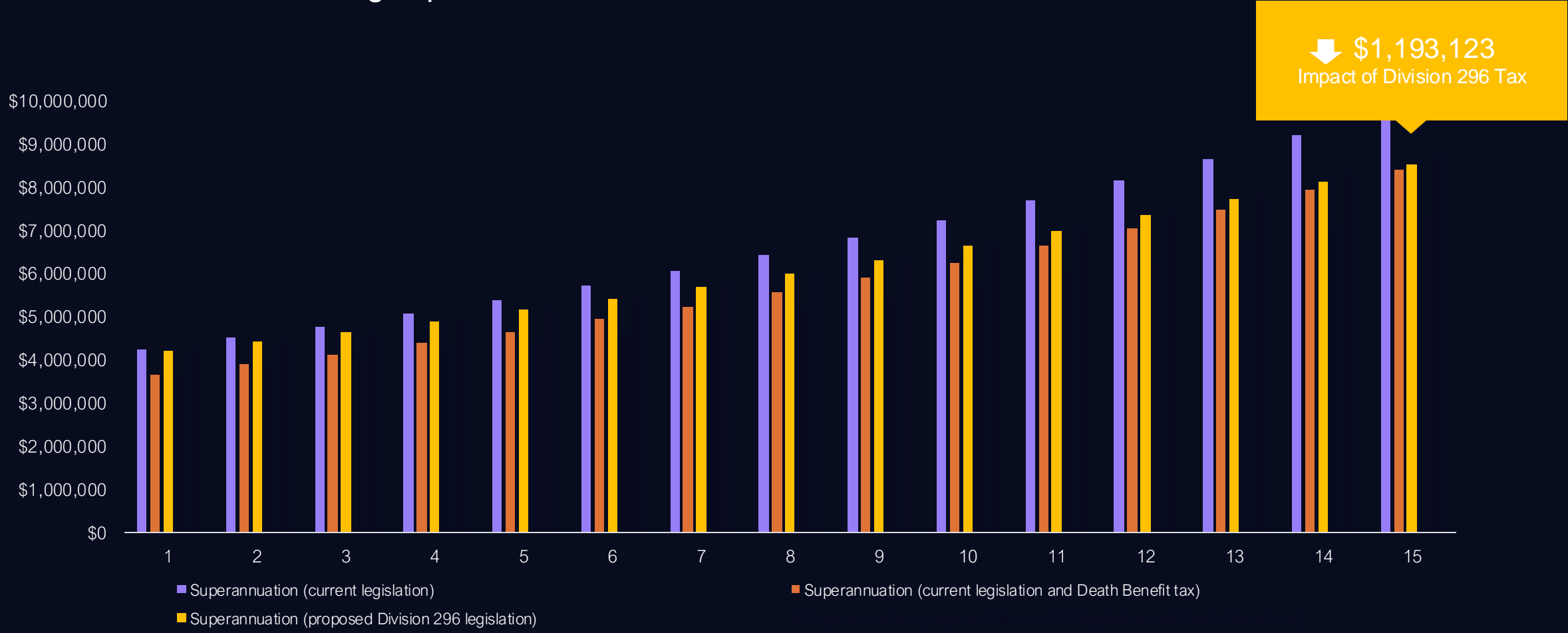
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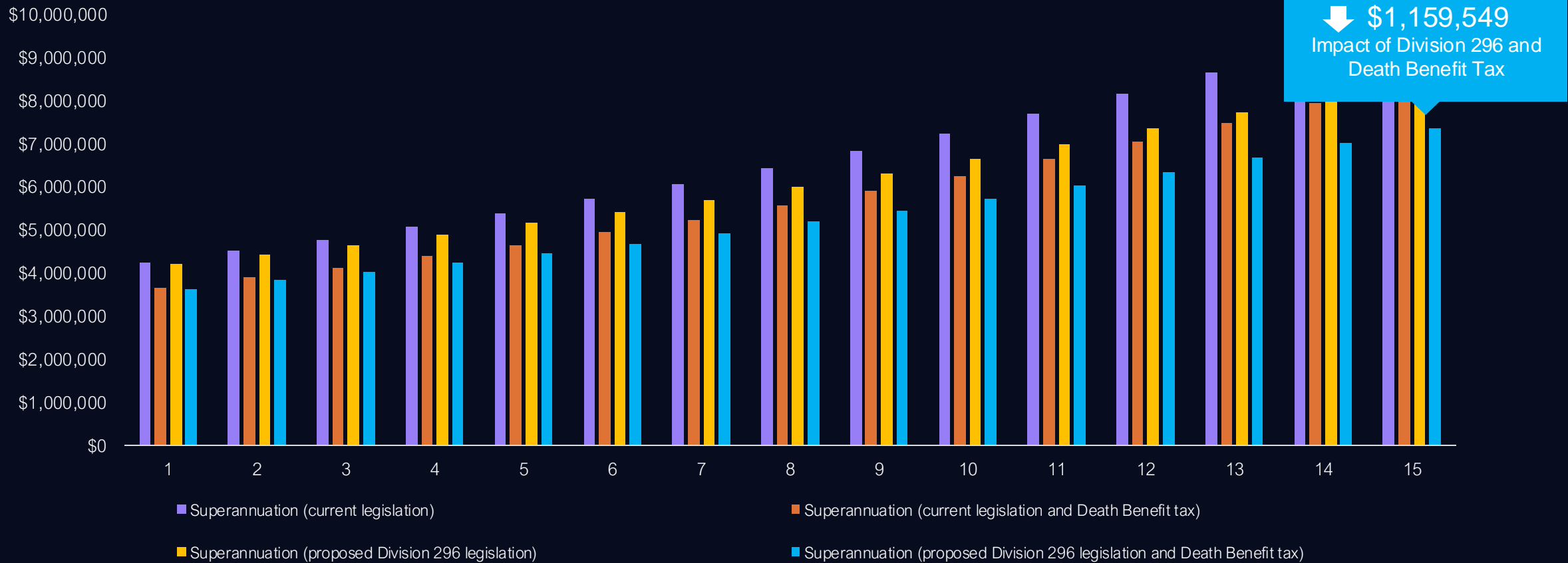
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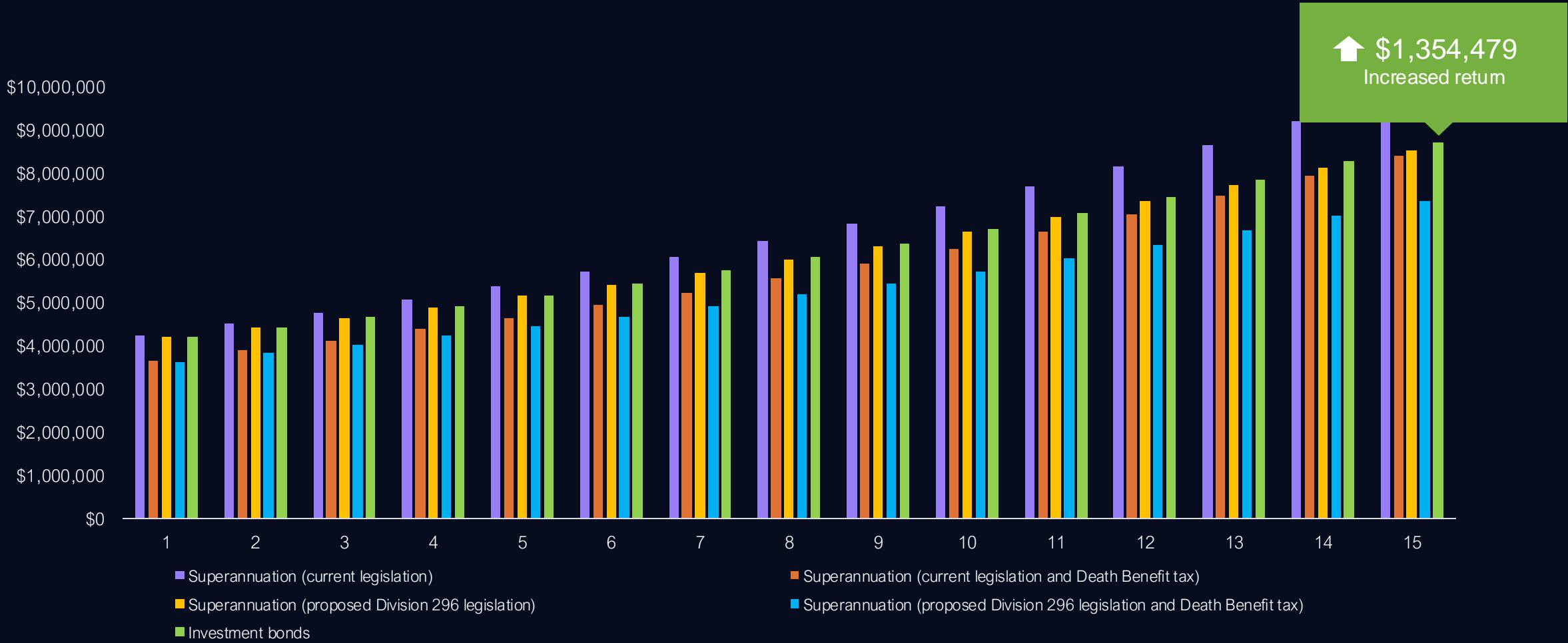
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Assumptions: Assumes an initial investment of \$4m invested in the Vanguard Balanced Portfolio with a franking level of 51.7% and total return of 6.2% p.a. Superannuation balance assumes an 80% taxable component. Superannuation balance is net of Death Benefit tax. Assumes current form Division 296 tax applies to earnings on total superannuation balances above \$3m. Returns based on tax components to 30 June 2023 of the portfolio and return history of the portfolio from inception to 31 December 2023. Past performance is not an indication of future performance.



Considerations when using superannuation to transfer wealth



Assumptions: Assumes an initial investment of \$4m invested in the Vanguard Balanced Portfolio with a franking level of 51.7% and total return of 6.2% p.a. Superannuation balance assumes an 80% taxable component. Superannuation balance is net of Death Benefit tax. Assumes current form Division 296 tax applies to earnings on total superannuation balances above \$3m. Returns based on tax components to 30 June 2023 of the portfolio and return history of the portfolio from inception to 31 December 2023. Past performance is not an indication of future performance.



Meet Bob...

Bob is 82 years old and is a wealthy retiree.



Bob's situation...

Bob has an SMSF worth \$9.3m with a 70% taxable component.

Due to his personal assets and the income generated, this places him on the top marginal tax rate bracket.

He is single and has two non-dependant adult children, who themselves are professionals on the top marginal tax bracket.



Bob's concern...

Due to the proposed changes to Division 296 tax on earnings on superannuation balances above \$3m, Bob has contacted his financial adviser to review his superannuation holdings.

Bob is currently in good health but given his age, his adviser also raises the potential impact of superannuation death taxes to his non-dependant children on his \$6.51m taxable component.

Bob's financial adviser ran three scenarios...



Superannuation

Leave money in superannuation and pay Division 296 and death benefit tax

Trust

Invest superannuation balance above \$3m through a trust structure

Investment bonds

Invest superannuation balance above \$3m into two investment bonds

Bob's outcome based on the three strategies

Bob's financial adviser provided three outcomes if he invested the excess \$6.3m through different structures.

Year	Superannuation Division 296 tax	Superannuation Death Benefit tax	Net superannuation proceeds after death tax	Alternative strategies	
				Family trust	Two investment bonds
Age 83	\$6,768,045	(\$742,302)	\$6,025,744	\$6,721,812	\$6,784,938
Age 84	\$7,271,940	(\$797,568)	\$6,474,372	\$7,173,928	\$7,310,528
Age 85	\$7,814,429	(\$857,066)	\$6,957,362	\$7,173,928	\$7,880,180
Age 86	\$8,398,468	(\$921,122)	\$7,477,346	\$8,177,938	\$8,497,585
Age 87	\$9,027,241	(\$990,084)	\$8,037,156	\$8,734,667	\$9,166,749
Age 88	\$9,704,172	(\$1,064,329)	\$8,639,844	\$9,331,394	\$9,892,009
Age 89	\$10,432,952	(\$1,144,259)	\$9,288,693	\$9,970,992	\$10,678,068

If Bob was to pass away at aged 89, he would leave a combined **\$1,389,375 uplift**.

His beneficiaries would save \$1,144,259 in Death Benefit taxes. The end value benefit of the investment bond versus superannuation Division 296 tax would be \$245,116.

Assumptions: The table above compares investment strategies held through a Generation Life Investment Bond and family trust against similar investment strategies held through a superannuation fund on amounts above \$3 million over a 8-year period returning 8.7% p.a. before tax with a franking level of 81.40%, an income return of 3.1% p.a. and growth return of 5.6% p.a. Returns are based on historical investment returns and expected tax assessable amounts without taking into account fees, charges and expenses. Generation Life does not make any guarantee or representation as to any particular level of investment returns. Past performance is not an indication of future performance.



Outcome for Bob...

No Division 296 tax and death benefit tax implications

Bob has access to the funds whenever he needs them until his passing

Easy, convenient and effective way to pass on wealth

His children may not have any assessable income to declare on withdrawals if the transfers occur after 10 years

Can be transferred as part of Bob's estate planning wishes to his children tax-free of death benefit tax

Bob may consider restructuring his remaining superannuation balance to avoid additional death benefit tax implications





LifeIncome

Investment-linked lifetime annuity

“The assets used to support a lifetime income stream are tax exempt”





LifeIncome

Innovations to lifetime annuities providing choice and flexibility

An income guaranteed for life

Higher starting income with LifeBooster can mean more cumulative income sooner

Investment choice and switching at anytime¹

Across all major asset classes including purpose-built investment options

Reversionary beneficiary

Option for reversionary percentage

Death Benefit & Withdrawal Benefit

Protect your spouse / loved one whilst having flexibility and peace of mind

1. Brief exclusion period applies – refer to the Product Disclosure Statement





Income layering

Retirement income certainty isn't solely based on the balances but on income streams

Having multiple income streams can ensure essential spending needs are covered

Income layering should address both immediate and future income needs

Therefore, giving the confidence to spend on things that they wish or want

Maximising retirement outcomes

A key consideration when planning a good retirement is to maximise retirement income to give your clients the confidence to enjoy their retirement and spend their retirement savings without fear of running out of money.

A flexible income stream offering wide investment choice, lump sum withdrawals and the ability to vary income.

Account-based pension

Non-super assets

Assets accumulated over time, including savings, the family home, shares, other investments.

Government social security support, which can include income and other benefits such as healthcare discounts.

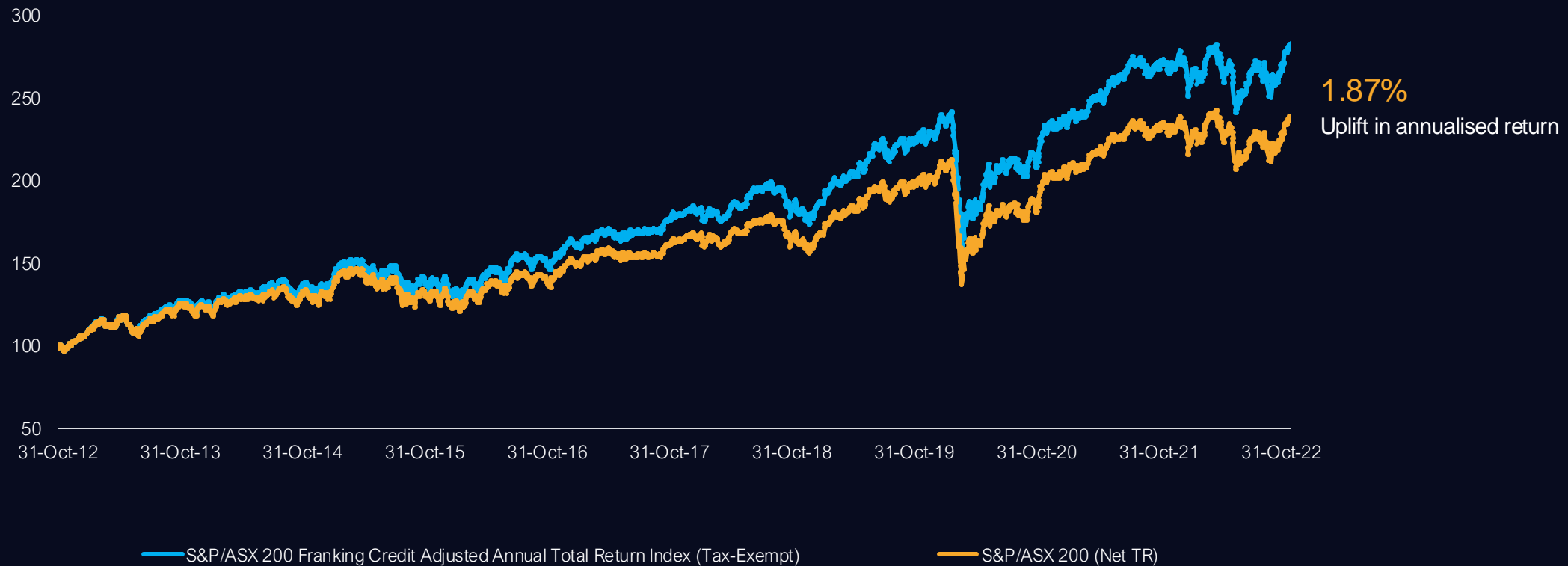
Age Pension

LifeIncome

A lump sum converted into regular income payments for life, regardless of the amount invested. Benefit from concessional social security and tax treatment.

LifeIncome - Power of a tax-exempt environment

- The annualised return of the S&P/ASX 200 Total Net Return Index was 9.12% over the past decade.
- When you add the Franking Credit Adjustment, which applies to the tax-exempt environment, the annualised return is 10.99%.

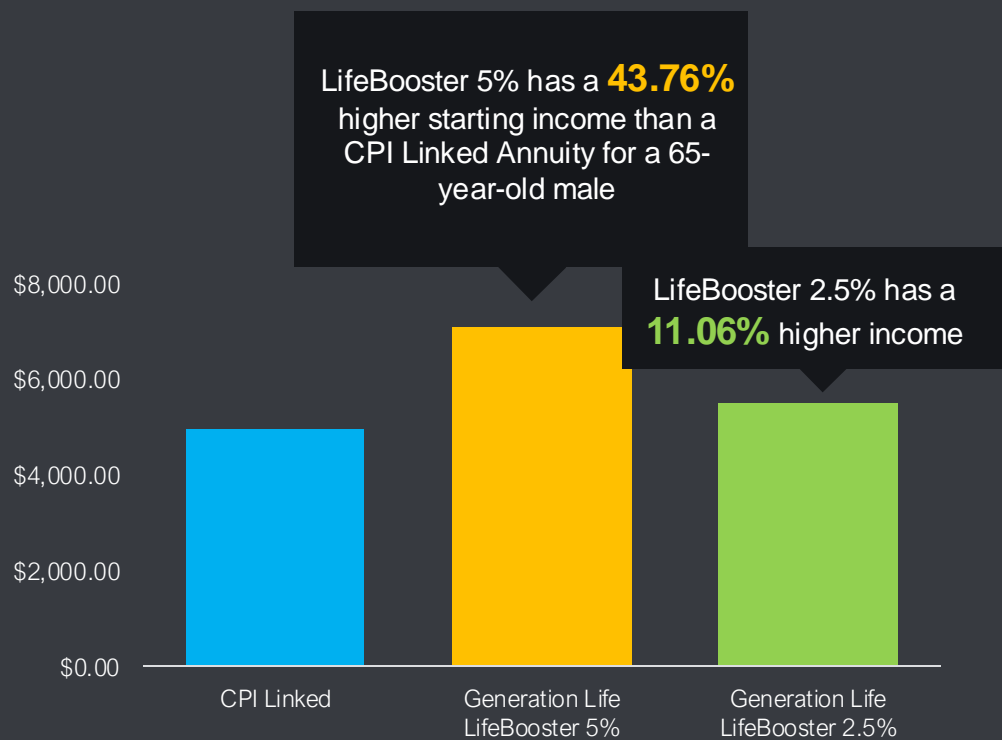


Past performance is not an indication of future performance. Graph illustrates the 10-year performance of the S&P/200 Franking Credit Adjusted Annual Total Return Index and the S&P/ASX 200 Net Total Return Index.



Why choose investment-linked over traditional annuities?

Investment portfolios do experience volatility, however, in exchange for volatility an Investment portfolio has a higher expected return profile than CPI.



CPI Linked annuity starting income based on latest available rate as of 22/09/2024.

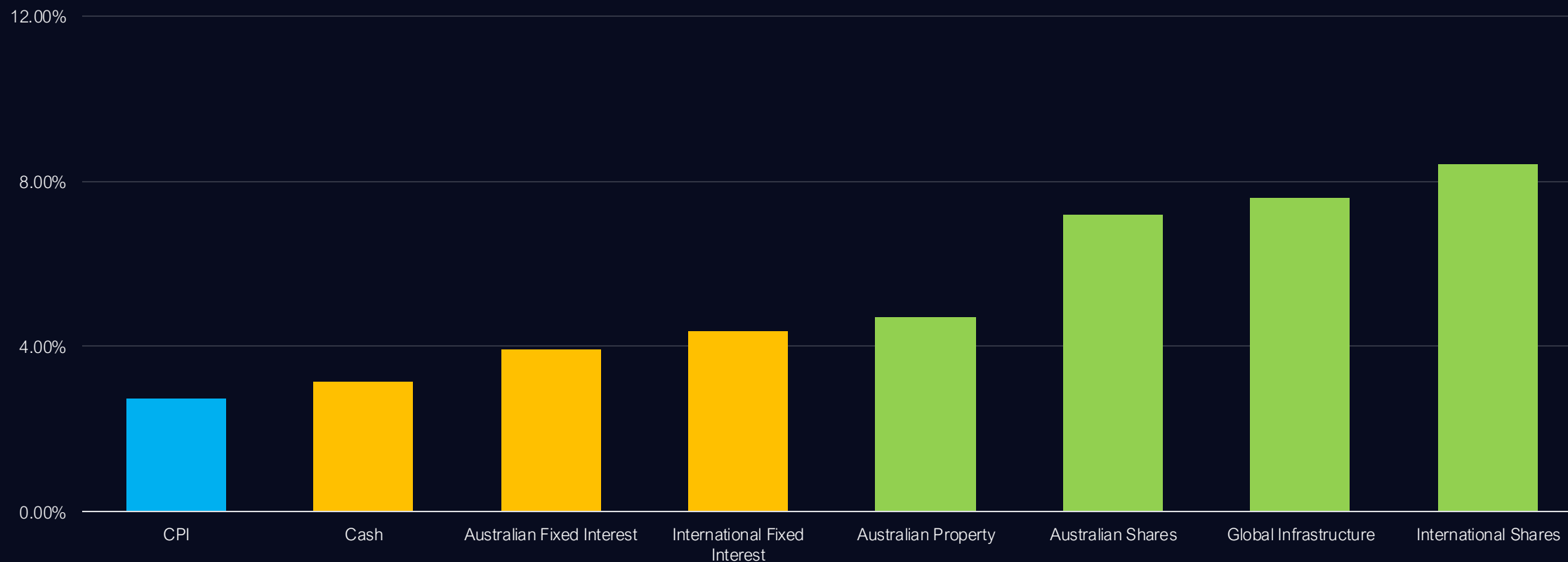
	1 year (5% LifeBooster)	1 year (2.5% LifeBooster)
CPI adjusted investment return required to stay ahead of CPI Linked Annuity	-27.94%	-7.46%
Balanced Index Portfolio worst 12 months (CPI adjusted return)	-12.75%	-12.75%
Periods exceeding the benchmark	100%	93%
Balanced Index Portfolio Return Profile	5.86%	5.86%

Return figures since 2004.



Higher starting income, higher expected return profile

Investment portfolios experience volatility, however, in exchange an Investment portfolio has a higher expected return profile than CPI. When coupled with a lower capital requirement for investment linked products, you have a superior income experience for clients



Based on 20-year annualised return.



Meet Karlee and Adam...

They are both 65 and entering retirement.



Karlee and Adam's situation...

They want a reasonable income stream positioned to be sustainable and grow with her living costs.

They currently have:

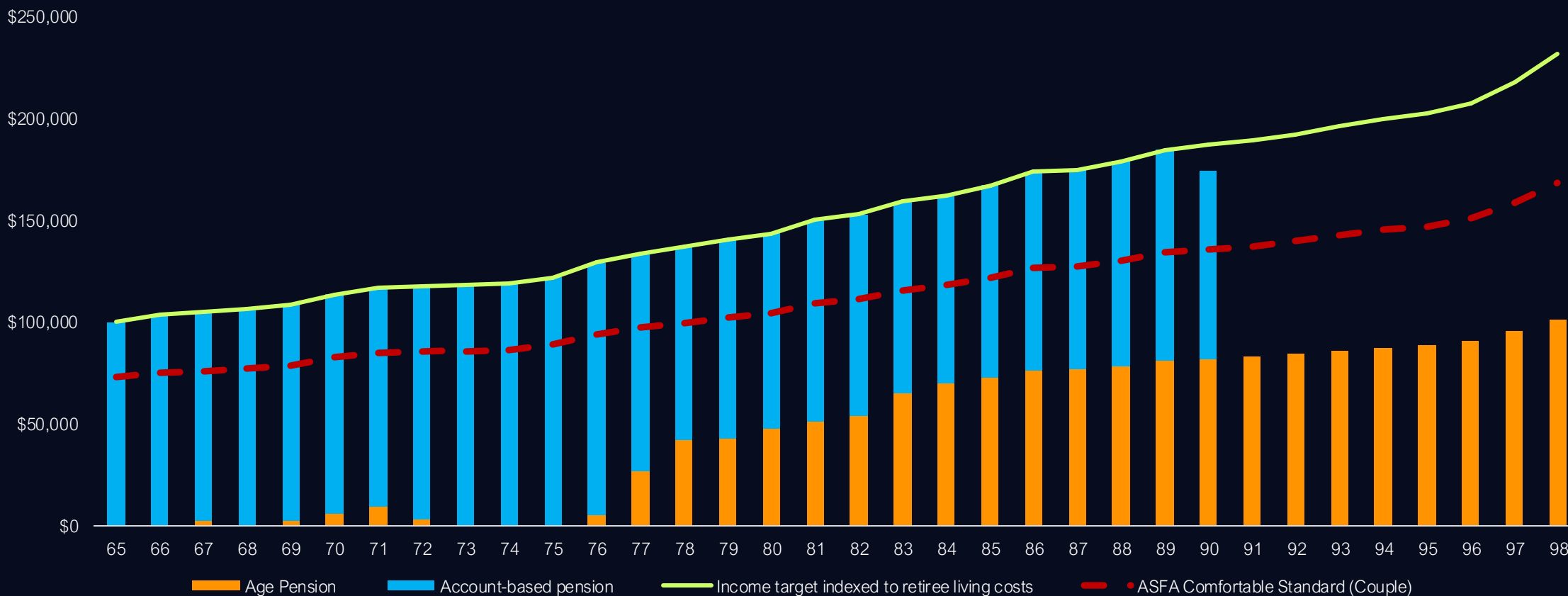
Combined superannuation balance	\$1,200,000
Personal assets	\$10,000

Karlee and Adam would like to have \$100,000 p.a. to retire comfortably but would like their income to grow with their living costs





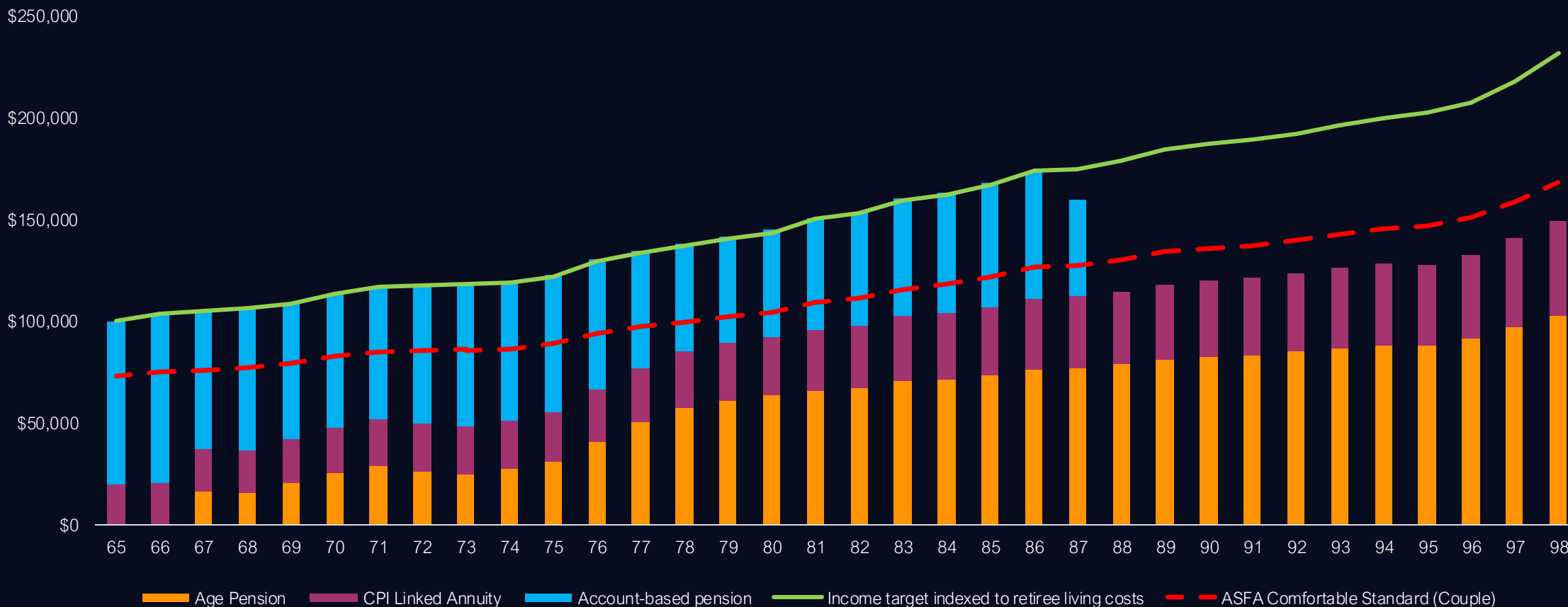
What if Karlee and Adam solely relies on their account-based pensions



Based on a 65 year old couple with a superannuation balance of \$1,200,000 and \$10,000 in personal assets. Target annual income and the ASFA Retirement Standard are indexed based on historical changes in the CPI from 1990 to 1998, and the Retiree Living Cost Index from 1998 to 2023, as published by the Australian Bureau of Statistics (ABS). The ASFA Retirement Standard used is 'comfortable lifestyle' for a single person. Annual income illustrations are shown in nominal dollars. Account-based-pension drawdown amount is to meet the target income, minimum account-based pension drawdowns do apply. Age Pension rates and thresholds are as at 01/07/2024. The illustration uses historical investment returns commencing 1st July 1990. The account-based pension invested into a 70/30 diversified index portfolio which consists of a 30% allocation to ASX All Ordinaries, 40% to MSCI World Ex Australia Index, 20% to Bloomberg Global Aggregate Bond Index (AUD Hedged) and 10% to Bloomberg Ausbond Composite Index. Estimated administration costs of 0.3% p.a. for the account-based pension. Past performance is not a reliable indicator of future performance.



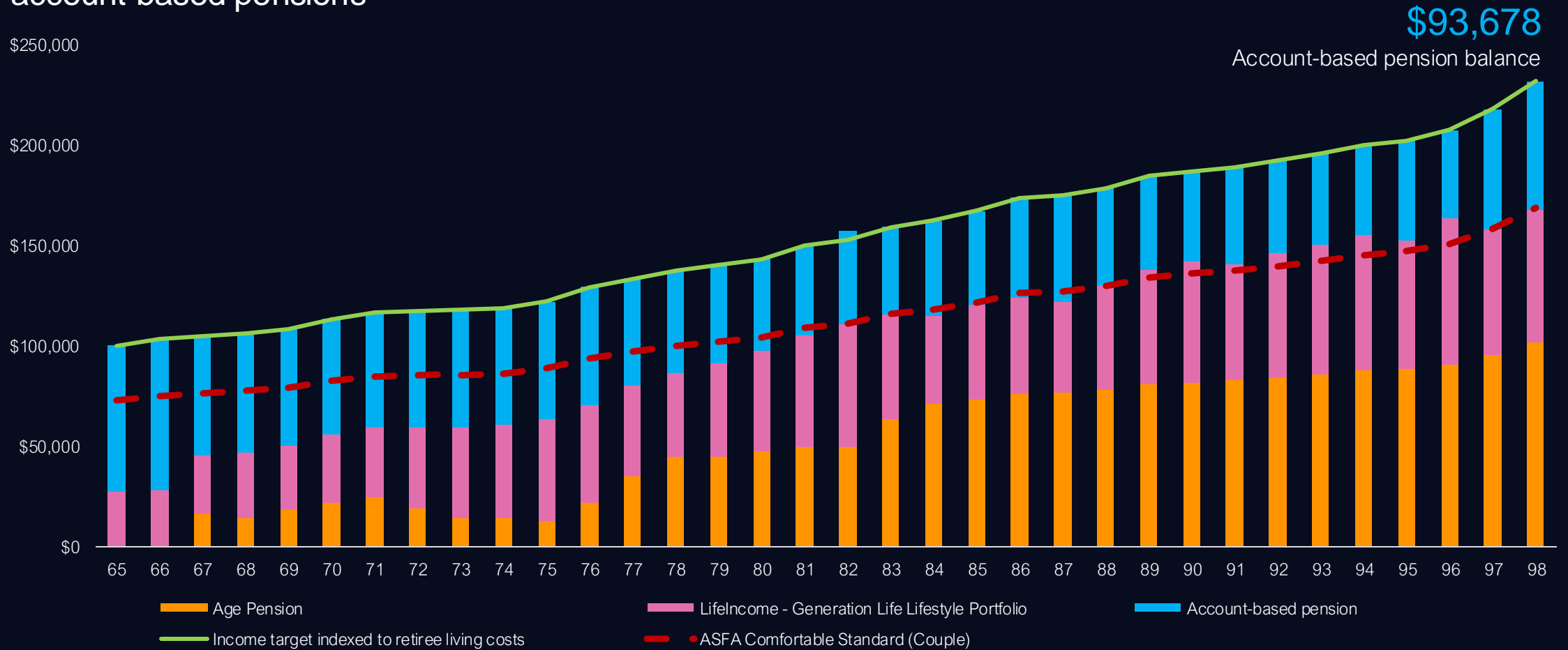
What if Karlee and Adam combines a traditional lifetime annuity with their account-based pensions



Based on a 65 year old couple with a superannuation balance of \$1,200,000 and \$10,000 in personal assets. Target annual income and the ASFA Retirement Standard are indexed based on historical changes in the CPI from 1990 to 1998, and the Retiree Living Cost Index from 1998 to 2023, as published by the Australian Bureau of Statistics (ABS). The ASFA Retirement Standard used is 'comfortable lifestyle' for a single person. Allocating 40% of the superannuation balance to a CPI linked annuity using a starting income rate as of 29/05/2024. Account-based pension drawdown amount is to meet the target income, minimum drawdowns do apply. Annual income illustrations are shown in nominal dollars. Age Pension rates and thresholds are effective 01/07/2024. The illustration uses historical investment returns and CPI indexation commencing 1st July 1990. The account-based pension is invested into a 70/30 diversified index portfolio which consists of a 30% allocation to ASX All Ordinaries, 40% to MSCI World Ex Australia Index, 20% to Bloomberg Global Aggregate Bond Index (AUD Hedged) and 10% to Bloomberg Ausbond Composite Index. Estimated administration costs of 0.3% p.a. for the account-based pension. Past performance is not a reliable indicator of future performance.



What if Karlee and Adam combines a LiferIncome investment-linked lifetime annuity with their account-based pensions



Based on a 65 year old couple with a superannuation balance of \$1,200,000 and \$10,000 in personal assets. Target annual income and the ASFA Retirement Standard are indexed based on historical changes in the CPI from 1990 to 1998, and the Retiree Living Cost Index from 1998 to 2023, as published by the Australian Bureau of Statistics (ABS). The ASFA Retirement Standard used is 'comfortable lifestyle' for a single person. Allocating 40% of the superannuation balance to LiferIncome and selecting LifeBooster 5%. Account-based pension drawdown amount is to meet the target income, minimum drawdowns do apply. Annual income illustrations are shown in nominal dollars. Age Pension rates and thresholds are effective 01/07/2024. The illustration uses historical investment returns commencing 1st July 1990. LiferIncome portfolio using back-tested returns of the Generation Life Lifestyle Portfolio. The account-based pension invested into a 70/30 diversified index portfolio which consists of a 30% allocation to ASX All Ordinaries, 40% to MSCI World Ex Australia Index, 20% to Bloomberg Global Aggregate Bond Index (AUD Hedged) and 10% to Bloomberg Ausbond Composite Index. Estimated administration costs of 0.3% p.a. for the account-based pension and 0.92% p.a. for LiferIncome. When commencing a LiferIncome, there are no fees on income from LiferIncome in the first financial year, or part there-of. Past performance is not a reliable indicator of future performance.



Karlee and Adam's outcome...

By investing in LifeIncome compared to solely relying on their account-based pension...

They will have an account-based pension balance of \$93,678 at age 100

\$157,061 more Age Pension by age 100

They will also never experience income below their target income

They will also receive an additional cumulative income of \$937,286 by age 100





Karlee and Adam's monthly income compared to a CPI linked annuity if they start in March 2022...

Month	LifelIncome	CPI-linked annuity	Additional Income	Month	LifelIncome	CPI-linked annuity	Additional Income
Apr-22	\$1,723	\$1,058	\$665	Aug-23	\$1,634	\$1,132	\$503
May-22	\$1,723	\$1,058	\$665	Sep-23	\$1,634	\$1,132	\$503
Jun-22	\$1,723	\$1,058	\$665	Oct-23	\$1,634	\$1,132	\$503
Jul-22	\$1,559	\$1,058	\$501	Nov-23	\$1,634	\$1,132	\$503
Aug-22	\$1,559	\$1,058	\$501	Dec-23	\$1,634	\$1,132	\$503
Sep-22	\$1,559	\$1,058	\$501	Jan-24	\$1,634	\$1,132	\$503
Oct-22	\$1,559	\$1,058	\$501	Feb-24	\$1,634	\$1,132	\$503
Nov-22	\$1,559	\$1,058	\$501	Mar-24	\$1,634	\$1,132	\$503
Dec-22	\$1,559	\$1,058	\$501	Apr-24	\$1,634	\$1,173	\$462
Jan-23	\$1,559	\$1,058	\$501	May-24	\$1,634	\$1,173	\$462
Feb-23	\$1,559	\$1,058	\$501	Jun-24	\$1,634	\$1,173	\$462
Mar-23	\$1,559	\$1,058	\$501				
Apr-23	\$1,559	\$1,132	\$427	Total income	\$43,489	\$29,792	\$13,697
May-23	\$1,559	\$1,132	\$427				
Jun-23	\$1,559	\$1,132	\$427	FY25 income	\$1,727	\$1,173	\$554
Jul-23	\$1,634	\$1,132	\$503				

Assumptions: A 65-year-old couple investing \$320,000 into LifelIncome on the 28/03/2022 and selecting a LifeBooster rate of 5%. Allocating 100% to the Vanguard Growth Portfolio investment option (APIR Code: ALL2116AU). Buy/Sell spreads applied. Figures displayed are the monthly income payments the client receives in the given financial year. Past performance is not a reliable indicator of future performance.



6 key differences to CPI-linked lifetime annuities

1.

Higher starting income

2.

Starting income doesn't change

3.

Flexibility to change investment outcome

4.

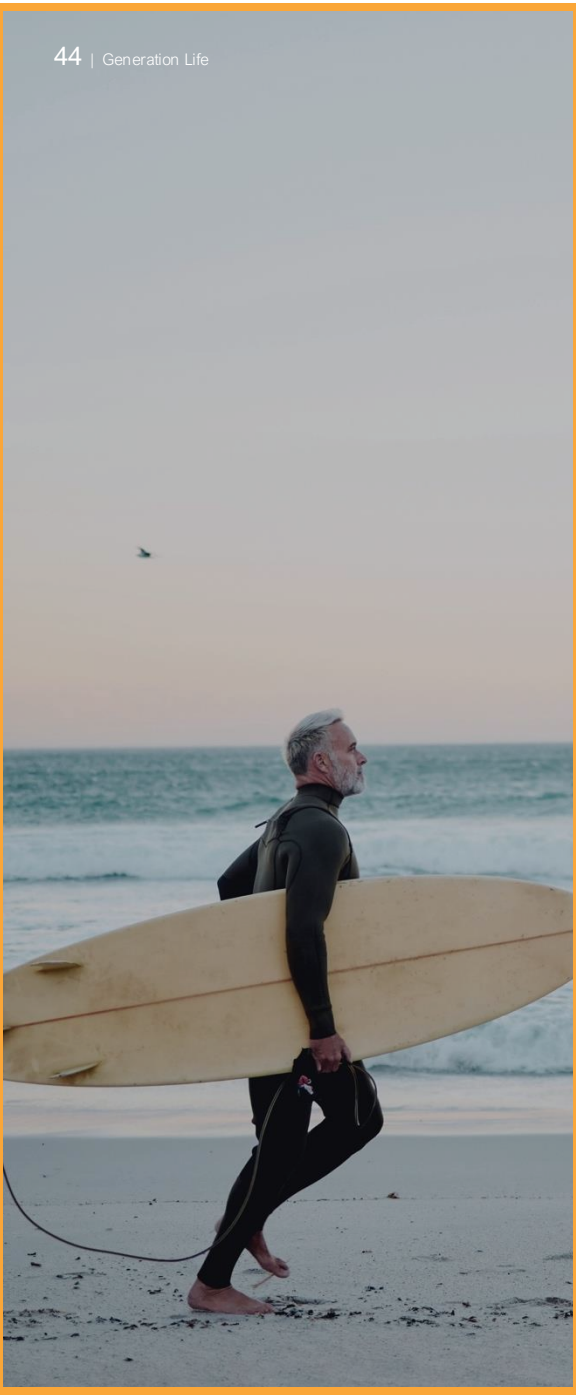
Potential for more cumulative income

5.

Income redistribution rate

6.

Ongoing adviser involvement





Generation Life

Highly recommended for over a decade



Note: Chant West rating for LifeBuilder and ChildBuilder

Awards

2023 Plan For Life Investment Bonds Excellence Awards Overall Excellence WINNER	2023 Plan For Life Investment Bonds Excellence Awards Innovation - Investing WINNER	2023 Plan For Life Investment Bonds Excellence Awards Bond - Estate Planning WINNER	2023 Plan For Life Investment Bonds Excellence Awards Bond - Child Policy WINNER	2023 Plan For Life Investment Bonds Excellence Awards Funeral Bond WINNER	2023 Plan For Life Investment Bonds Excellence Awards Customer Service WINNER	2023 Plan For Life Longevity Cover Excellence Awards Longevity Product - Lifetime Investment Linked WINNER	2023 Plan For Life Longevity Cover Excellence Awards Client & Adviser Technical Support WINNER
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Research ratings



LifelIncome



Investment Bonds



Thank you.

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THE OUTLOOK FOR COMPLAINTS AND COMPENSATION

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LEAD OMBUDSMAN INVESTMENT
& ADVICE, AFCA

DAVID BERRY

CEO, COMPENSATION SCHEME OF LAST RESORT

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