THE AUSTRALIAN
DEAL
NOVEMBER, 2024
BARRON'S

TOP 150 FINANCIAL ADVISERS 2024
HOW THEY'RE BUILDING YOUR WEALTH

From left:
Laurel Moulynox
Richard Felice
Cathy Ding
Charlie Viola
Sean Abbott

firm

re

Innovative technology

Leverage cutting-edge technology to streamline your operations and enhance client experiences.

Scalable investment solutions

Access scalable investment solutions that grow with your business and the evolving needs of your clients.

Advanced data capabilities

Harness the power of data and gain deeper insights into your clients' portfolios.

Seamless integration

Integrate with your existing systems and workflows with direct data feeds or public APIs.

Optimised client experience

Give your clients portfolio tools when they want them via our client portal and mobile app.

AORIS

How Aussies can invest in the world's best companies

Stephen Arnold, Founder and Chief Investment Officer at Aoris Investment Management, explains the quality approach that sets its global equity investment strategy apart.

Could you tell me about your investment strategy at Aoris?

We define our approach as *Quality First, Value Investing*. We see ourselves as business owners. We aim to generate an 8% to 12% p.a. return over a 5- to 7-year market cycle by owning businesses that become progressively more valuable over time, and where the risk of a disappointing outcome is low. Thinking about the attributes we're looking for:

Firstly, we like businesses that have been around for a long time. That provides a lot of proof-points as to their growth, durability, resilience, profitability, and how competitive they are.

Secondly, we want businesses that grow their earnings. They can't become more valuable if they don't grow profitably. We're looking for businesses that are not only leaders in their markets, but they continue to grow faster than their markets. From a leadership position, they are consistently gaining share every year.

We don't know what economic challenges are around the corner, so we want companies with balance sheets that are robust and resilient. It also provides them with optionality – they can deploy that capital intelligently when there's good opportunities to do so.

Lastly, we place a lot of emphasis on management culture and values. This informs our view of how the business can grow, win more customers, do more business with those customers, and keep good people for a long time. That culture and those values are very important to the long-term trajectory of high-quality businesses.

Is there a stock you like that many people haven't heard of?

Compass Group (CPG:LON) is listed in the UK and is the world's largest contract catering business. It feeds millions of people every week in places of work, hospitals, universities, remote mining sites, and sporting stadiums.

This is an interesting business because about half the total market it addresses is currently insourced, but there's a steady progression of all those organisations to outsource the catering.

You can imagine if you're a large organisation in New York, or a hospital in the UK, your primary business is something else, and feeding people in the cafeterias is something many organisations are concluding is best done by a specialist. This trend towards outsourcing has become more pronounced in tight labour markets.

Compass is by far the largest in this market and that brings many advantages. It's the largest purchaser of food in the United States. It has sophisticated practices to manage its business more effectively and efficiently than smaller operators can.

In a growing market, Compass is a consistent market share gainer. It keeps its customers, on average, for more than 20 years. It has a good record of winning new customers every year; most often those who are outsourcing catering services for the first time.

Management are disciplined, work hard to improve Compass at what it does every year, and run the business with a conservative balance sheet.

We think Compass Group can continue to grow profitably at an attractive rate, and we believe we own it today at an attractive share price.

I see you only own 15 stocks; that's quite unusual?

It is unusual. Firstly, by owning just 15 businesses, it allows us to set those quality criteria very high. If we had 50 businesses, they wouldn't all be as good as our 15.

Secondly, it allows us to make considered decisions. We expect to replace, say, four of those companies each year. There's a lot of discipline and consideration given to those changes, which we make on average every three months. We know our businesses very well, which is helpful when we're dealing with difficult economic periods, as we have through much of the last few years.

Lastly, owning just 15 businesses allows us to be disciplined when it comes to valuations. It's one thing to own a great business, but it's important to own them at a sensible price in order to achieve a good investment outcome.

You have had very strong investment outcomes the last few years...?

We are always focused on delivering long-term outcomes for our clients. Since inception in March 2018 through to July 2024, we have delivered 16.7% p.a. for our class A unit trust – comfortably above our 8% to 12% target. That's been pleasing. I think a lot of that has come from our success in avoiding the problem areas of the market, as well as owning good businesses that grow profitably in line with our expectations, and paying sensible prices for them.

But you only own one of the 'magnificent seven'?

Indeed. In fact, of the 100 largest tech businesses in the world, we don't own 99 of them. We do own Microsoft. There's a lot about Microsoft that speaks to those quality attributes we look for. It's been around a long time, it has a conservative balance sheet, it keeps its customers for a long time, and it charges modest prices relative to the value it delivers. Customers have a high appetite to take more products from Microsoft, as we are seeing with AI.

It's also a very broad business. Some of the big tech businesses do predominantly one thing, like cyber security, and that creates an inherently fragile business.

Some large tech businesses operate in sectors where market share moves around in a very fluid fashion, which makes it hard to assess whether they'll be a market leader in five years' time.

Lastly, some of the big tech businesses face rising risks, as their business practices are subject to increasing government oversight. It might be regulation regarding anticompetitive business practices, or it might be trade regulations where the government is playing a more active role.

Can you tell me more about what quality means to you, and why it's a focal point of your research?

On all attributes we set our quality criteria very high. We want to own businesses that are leaders in the market they operate in. Being the largest is not a particular advantage in every industry. Being the largest car company in the world, the largest bank or the largest airline is not a particular advantage. We like businesses where size and scale is a real advantage, and one that becomes more powerful every year as the leader progressively grows faster than their peer group.

We like businesses that keep their customers for a long time, whose customers want to do more business with them, and who'd happily pay more for a product than they are currently charged. That's a sign of quality, a sign their customers are happy, and it gives us confidence in the ability of the business to grow profitably at a good rate for a very long time.

We pay a lot of attention to avoiding businesses where we know we're more likely to trip up as investors. We avoid businesses with a lot of debt on their balance sheets, and those that are competitively weak. And we avoid those where the share price looks very expensive relative to fair value, or companies that are subject to changing regulation – that all goes into our conservative investment approach.

We work very hard to avoid those problematic sorts of businesses and we've done a good job since our inception of doing so. That's made a big contribution to our investment success.

Tell us about your own investing experience.

I've been investing internationally for 32 years, having started at Platinum Asset Management in Sydney in 1994. I spent 10 years in London and I think working overseas was a helpful experience for someone in this part of the world who's investing in global equities.

I was a banks analyst in an investment at Goldman Sachs in London during the GFC, and seeing the problems banks experienced in stressed financial conditions has informed our decision not to own banks.

Other areas we consider out of bounds include energy or mining companies, because externalities like commodity prices or geopolitical events play a big role in the earnings of those businesses. Similarly, we actively avoid businesses where government regulation plays a big role, such as utilities. Regulations can be fluid and can change unexpectedly. We want to own businesses that are much more in control of their own destiny.

Is there anything else you think Australian investors should know?

A couple of things are distinctive about how we're set up at Aoris: First and foremost, we want to do one thing well, so we're a single-strategy business. Number two, we're aware that the amount of funds can sometimes become an impediment to a manager's performance. Based on market liquidity today, A$5 billion is the most we'll manage. Third, we're unusually transparent and disclose all our holdings every month, which allows our clients to see what we own and what we're doing. We welcome that. Number four, we're an independent, staff-owned business. We think this ownership structure is important to allow us to do our best job for our clients.

For those interested, there's a lot of information available on our website (www.aoris.com.au). One document I'd direct readers to is our Owner's Manual.

Our approach is common sense, and executed with uncommon discipline. We think a portfolio of high-quality global businesses can help diversify a lot of Australian investors' portfolios, while also adding some comfort around the underlying durability of their portfolios.

Aoris Portfolio as at 30 September 2024

accenture · Amphenol · Atlas Copco · CDW · COMPASS GROUP · Copart · DIPLOMA PLC · experian.

FASTENAL · Halma · L'ORÉAL PARIS · Microsoft · MSCI · RELX · VISA

THE DEAL

BARRON'S
Top 150
Financial Advisers

STEVEN MOORE

Editor
Helen Trinca

Art Director
Shireen Nolan

Wealth Editor
James Kirby

Contributors
Glenda Korporaal, Anthony Keane, Cliona O'Dowd, John Stensholt

Advertising
Jon Fox
jon.fox@news.com.au

Contact:
GPO Box 4245, Sydney 2001

Cover photograph
John Feder

.Printed at Ive , Unit 1/83 Derby Street,Silverwater NSW 2128, for the proprietor and publisher, Nationwide News Pty Limited (ACN 008 438 828) of 2 Holt Street, Surry Hills, NSW 2014, for insertion in The Australian, November 21, 2024.

We're not in the business of offering free financial advice to readers, but we are in the business of helping readers understand how to access advice.

Which is why for this year's Top Financial Advisers coverage we asked advisers to give us their "how to" tips and to reveal their approach to their clients. These insights add to the value of the list – this year extended to the Top 150 advisers across the country. This is the eighth list produced in association with the US-based Barron's, and one that we publish at a time when the sector, after years of upheaval, faces a new wave of disruption as a handful of firms position themselves to tap the nation's richest people.

The move to service high net worth individuals with bespoke services is running alongside a consolidation of firms via mergers and acquisitions. All of this is against a background of reduced numbers in the industry and fears that many Australians will not be able to afford investment advice. The chase for richer clients is fair enough – after all, advisory firms are businesses – but the shifts in the sector have implications for those with more limited funds. Numbers appear to have stabilised – last year we reported that there were about 16,000 advisers left, and this year the figure is 15,500 – but there is no growth and recruitment remains a challenge. Superannuation firms are being asked to fill the gap, but as we report, there is a way to go in bedding down a move the federal government sees as the answer for those who can't afford the fees of private firms.

This year's expanison of The Deal/Barron's Top Financial Advisers List from 100 advisers to 150 means that it now captures the top 1 per cent of all Australian advisers. The expansion allows for more geographic diversity, given firms are concentrated in Sydney and Melbourne. This year, too, we publish a state-by-state listing so readers keen to check out advisers in their regions will be able to identify them more easily. The expansion to 150 has also resulted in more women in the list – but it's marginal, and the problem of attracting women to the sector is as difficult as ever.

In 2022, for example, only 17 of the Top 100 were women; in 2023 the number fell to 12; and this year there are only 21 women in the Top 150. Some 20 per cent of financial advisers in Australia are women, but the List has only 13 per cent. Such small numbers at a time when women are accruing wealth and making their own investment decisions suggest the field is wide open to female advisers, yet the gender gap is hard to fix.

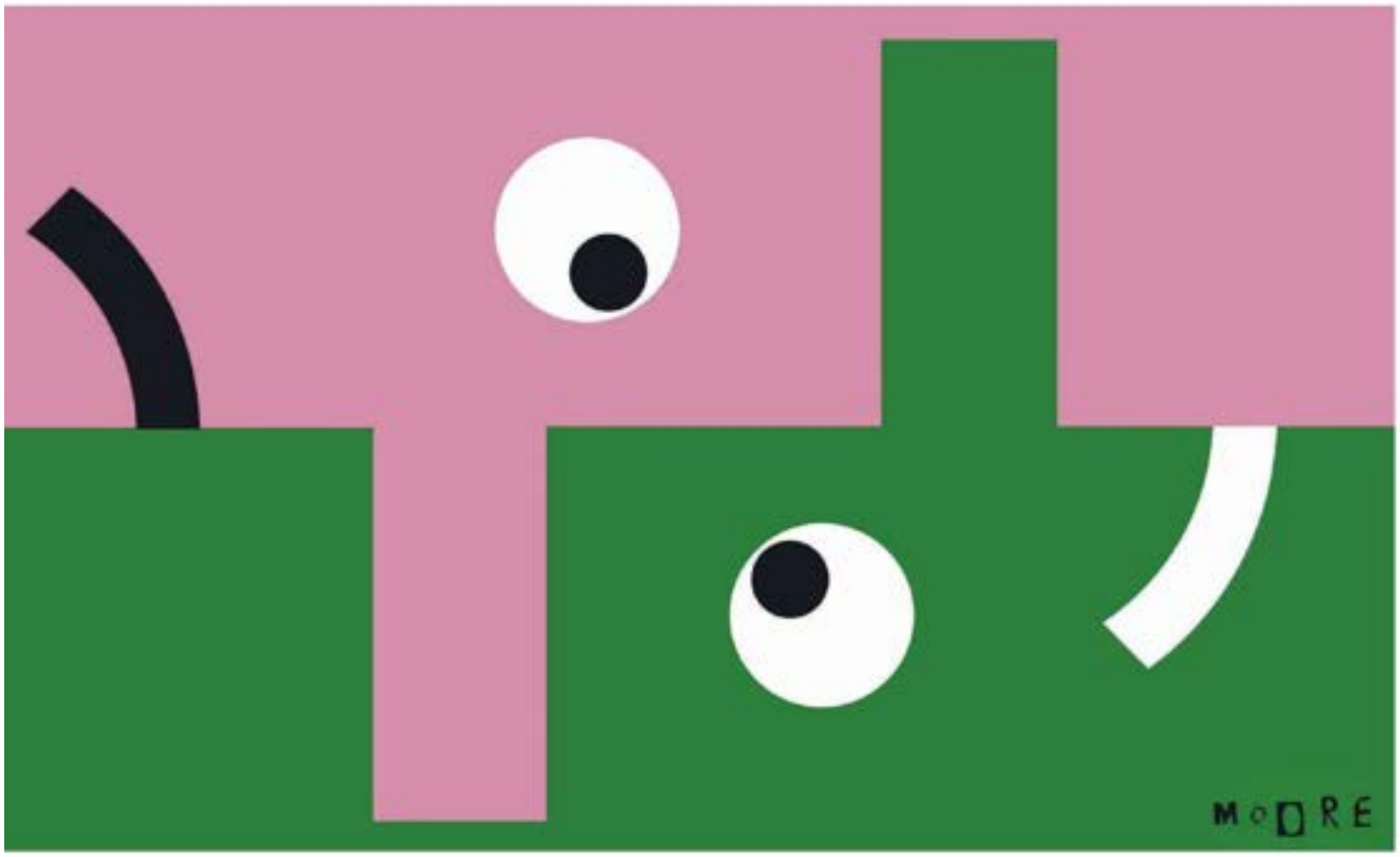
This annual joint effort between The Deal and Barron's, with its global reputation for magazines and listings, brings that group's rigour and heft to the sector. Barron's specialist knowledge continues to build the professionalism of the industry.

The magazine features some of The Australian's top business writers – James Kirby, John Stensholt, Anthony Keane, Glenda Korporaal and Cliona O'Dowd – who explore key issues in the sector.

Helen Trinca

First up

The Australian's Wealth Editor's podcast, The Money Puzzle with James Kirby, covers all the important issues for today's investor: share markets, property, super and the finance news you need to know to make informed decisions. This year the podcast will include special episodes on the Top 150 Financial Advisers.



STEVEN MOORE

Don't look now, but they're saving as well as spending

Anthony Keane

The psychology of Australia's youngest generations of investors is dramatically different from that of their parents and grandparents.

Social and behavioural specialists say the younger cohort thinks and acts differently from older generations – they study harder, take more risks and reflect new environments and trends in housing, technology and asset classes.

Generation Y, aged between 40 and 44, and Generation Z, aged 15 to 29, are often starting their financial lives later as they live at home for longer and take university degrees; the end result is that many are under pressure to play catch-up quickly.

Social researcher Mark McCrindle says two words to describe the psychology of Gen Y and Z investors are "optimistic" and "proactive".

He says younger people are more actively educating themselves about investment and finance, largely with the help of social media and other technologies.

"In the past there wasn't easy access," McCrindle says.

"They are educating themselves and they are higher risk-takers around investment."

This often meant buying cryptocurrency and listening to social media influencers on platforms such as TikTok.

"In the past, investment was driven by risk minimisation and aversion – these generations are prepared to mix it up," McCrindle says.

HSBC's recent Investor Insights Survey found Gen Y and Z Australians invested in more volatile products, with a greater proportion owning cryptocurrency and non-fungible tokens (NFTs). And while their parents and grandparents prefer investing in financial stocks, they target technology companies, and put more of their monthly income into investing than do older generations.

HSBC Australia senior manager, investments, David Talbot says Gen Z are "quite financially active and willing to take on more risk when investing".

"Given this generation is facing challenges accessing the housing market, they are taking it upon themselves to build wealth through methods more accessible to them, and allocating more of their income to do so," Talbot says.

"Younger Australians should be cautious about volatile investment products and consider building a diversified portfolio."

Behavioural economist and author Phil Slade says young minds tend to target higher-risk investments: "They are more likely to jump on bitcoin and other bandwagons. That's not a generational thing – it's what we find with youth. And we are seeing some age differences in the emergence of impact investing. They want to invest in things that are good for the globe."

Slade says the barriers to people entering the housing market affect all ages, not just young generations.

McCrindle says Gen Ys and Zs "recognise that the pathway to a house that their parents had may not be the way to go, but they certainly see that property is a very good pathway".

In response, many become "rentvestors" where their first home is an investment property with a tenant helping to repay the mortgage.

"They can't afford where they want to live so they buy elsewhere," he says. "They still get the property input but in a different way. They're trying to play catch-up. They are recognising that they are behind the financial eight-ball compared with their parents at the same age. They are spending, not just saving, and they are not as disciplined as their parents and not as traditional as their parents. They are doing it differently."

Tapping into the next generation of advisers

Helen Trinca

The need to get more young people into the financial advisory sector has prompted one of the country's older outfits to launch a two-year program to develop the next generation.

Wilsons Advisory dates back 125 years, with a record in private wealth, investment strategy, corporate finance, and institutional sales and research. Its latest project is the associate adviser program, designed to equip newcomers with the skills and practical support required to become a successful financial adviser. According to the firm, it's a gateway to a career in the financial services industry, with a program structured around comprehensive learning modules, mentorship opportunities and real-world client interaction under a senior adviser. At present there are 11 associates in the program.

Matthew Nicholls, head of advice at Wilsons Advisory, says: "The financial services landscape is changing rapidly and it's crucial we prepare the next generation with the skills and knowledge they need to succeed. This initiative is an important step in ensuring that our firm continues to grow and evolve."

Each associate is teamed with a senior sponsoring adviser or adviser team who provide on-the-job coaching and support. The primary role of the associate is to support the sponsoring adviser by completing a range of tasks. Further sessions to supplement on-the-job training provide associates with an opportunity to gain practical insights direct from senior executives across the business.

Participants also have an independent senior adviser who operates as their personal mentor. At the appropriate agreed time, associates will commence their professional year and training as a new financial adviser. This includes 100 hours of supervised structured training and the development of a transition plan and pathway to become a registered financial adviser. During the professional year, associates will participate in meetings with senior stakeholders to track their progress, as well as completing the financial adviser exam and structured training hours.

Casimir Skillecorn, head of private wealth at Wilsons, says: "We look at diverse backgrounds and work experience, with an emphasis on soft skills, as well as a broader understanding of what it takes to be a financial adviser. Our diversity push aligns with the industry-wide challenge – where regulatory requirements have resulted in declining numbers of financial advisers – which creates opportunities for those with different backgrounds to step in and fill the gap.

"However, the lack of awareness about financial advice as a career is the issue and we want to promote this as a viable and fulfilling career choice. The aim is to change the face of the profession, drawing talent from unexpected places and making the career path more accessible.

STEVEN MOORE

BACK WITH A BOUNCE

After some tough years, advisers are sorting themselves out in an industry poised to tap into Australians' need to make the most of their money

James Kirby, Wealth Editor

The financial advice industry is rebounding. After a decade of sliding numbers – not to mention sliding public perceptions – the sector is back with a bounce in 2024. A leaner, lighter industry with higher profit margins employing a cohort with considerably improved qualifications is now taking charge.

The buoyancy across the sector is reflected in the expansion of The DEAL/Barron's Top Financial Advisers list from 100 to 150 this year.

We took our time building out this list – starting in 2017 with a Top 50 before carefully enlarging to 100 in 2021.

Behind the scenes we wanted to make sure the best advisers were on the list. More importantly, we needed to ensure it was no easy task to make it onto this list celebtrating professional excellence. Even now, in its expanded form, only 1 per cent of the nation's advisers make the cut.

What makes this year's list special is not just the scattering of new names and talents but the arrival of new forces in the market that will improve competition.

Among those moves: List veteran Charlie Viola has jumped ship to start his own outfit, Viola Private Wealth, while former Reserve Bank of Australia deputy governor Guy Debelle has joined forces with former NAB high-flyer Andrew Hagger to launch a wealth advisory operation tagged Famille Capital.

For the investor, a buoyant advice sector can only mean improved menus – even if prices rise with the ongoing upgrading of services. On average, financial advice now costs about $5000 a year, and many Australians are willing to pay up. As industry specialist Investment Trends noted, "fee increases have provided a strong foundation for the rise in practice profitability".

In fact, the industry has been running so hard this year that many advisers have been cutting their client lists in a bid to shape up their profit margins. As The Australian reported in August: "Financial advisers are severely culling their client lists and charging 17 per cent more in fees to those who survive the shake-out."

More importantly, the sector is rebuilding its profile. Advice scandals will probably never stop, but increasingly, inside the regulated world of advice, conditions have become more stable and a long way from the ructions of the 2017 Hayne royal commission into the banking sector.

Perhaps the outstanding controversy this year has been the attempt to sort out the long-running saga of the Evans Dixon group, where an ill-fated merger of the former Dixons Advisory with Evans and Partners ended in failure, which was linked heavily to its US property and fund-related operations.

While Evans Dixon was that rare attempt to have a mass-market wealth management group, more typically the industry is splitting. On one hand, there are up-market face-to-face advisers at boutique houses, and in the upper reaches of wealth we have the Australian branches of global brands. (Most advisers on our Top 150 list come from this group).

At the very top of the market is the surprising boom in family office services; remarkably there are an estimated 20,000 people now employed in this sector, with many of the nation's top financial advisers sitting on family office boards.

Adviser Jacqui Clarke of Maxima Private is typical among family office advisers in that she will not say with which family she is connected.

But she told our Money Puzzle podcast earlier this year: "When you are dealing with families it's a very distinct dynamic. Families will fight over issues all the time."

The family office boom is just one signal of how much potential there is in Australian wealth management, with Australia expecting a handover of intergenerational money that is eye-watering. As the Productivity Commission estimates, in the next 30 years Australians will pass on $3.5 trillion in total assets. Separately, the Deloitte group expects about half a million Australians to retire in the next five years.

Alongside this wave of advice activity, wealthy families from around the world also continue to move money into Australia, underpinning the work of many top advisers, such as our all-time holder of the top spot on the list, Garth Hu of Morgan Stanley.

Continued from previous page

Looking at the top ranks or this year's list you will see the major names – Morgan Stanley, Koda Capital, Pitcher Partners and Macquarie Investors – are not discussing what to do with a superannuation account that is valued at $50,000 or an inheritance of $100,000. Rather they are planning lifelong wealth-building with a partner they hope is worth the money.

At the other end of the spectrum, everyday Australians may see more opportunities to find financial advice more cheaply through some political reform.

In parliament, Financial Services Minister Stephen Jones has guided the passage of the first leg of the Delivering Better Financial Outcomes plan which cuts down some red tape in advice work and opens up a piecemeal expansion of the advice that big super can offer.

The more important phase of the plan is yet to be legislated.

At issue is the particular nature of the advice that can be offered at super funds, which now control the superannuation savings of most Australians.

Nevertheless, some of the nation's biggest super funds are not hanging around waiting for legislation, instead they are actively building out advice, often with artificial intelligence capability.

A string of super funds, from AMP to REST, are making plans to offer enhanced services.

Colonial First State has introduced a new advice tool for about 500,000 (unadvised) members to access wider advice on investments and insurance.

Meanwhile, industry fund Hostplus has launched a service that it promotes as a one-stop shop for its members to find out as much as they can about what to do with their sayings. Yet whether an investor is using a low-touch AI-service or sitting across the desk from a tailored adviser in a CBD tower, many of the issues are similar: what can the adviser offer and how can they add value?

A report from the Russell Investments group, which examined the value added by advisers in 2024, points to asset allocation.

That's the age-old exercise of dividing investments among different classes of assets. It's long been a key service offered by an adviser along with that other chestnut "tax savvy financial planning".

Such services will always be the core proposal from financial advisers on our list; the element that constantly changes is the investor.

The Russell report notes that it is only a few years since the pandemic prompted investors to knuckle down and ensure they had properly constructed portfolios that could withstand the challenges of a world turned upside down by Covid-19.

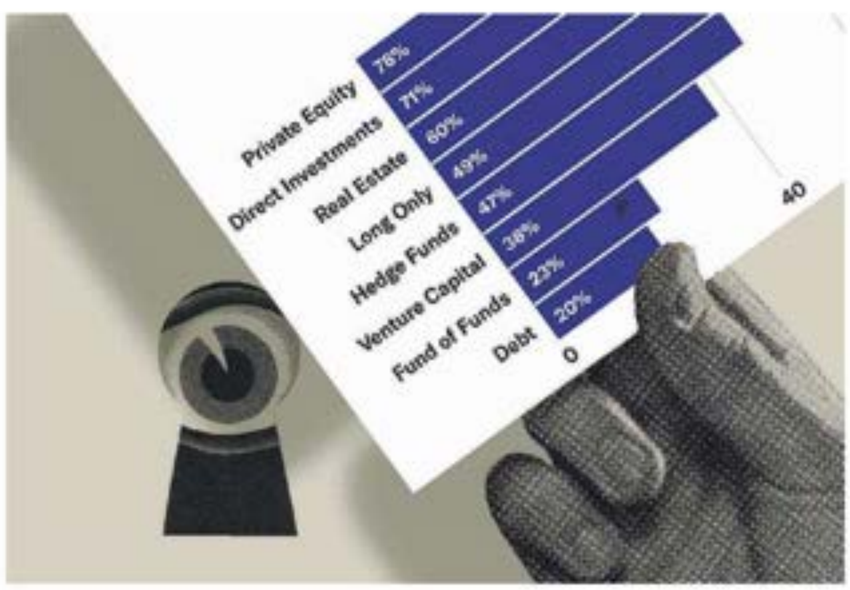
This year, with investment returns rolling in at record levels, the challenge for advisers at all levels seems to be keeping investors on the straight and narrow.

The Russell report has some words of advice.

"The thrill of stocks reaching new peaks in 2024 – including AI giants like Nvidia and local stalwarts like Commonwealth Bank – may have proved sufficient for many investors to abandon caution in the belief that 'it's different this time' and resist portfolio rebalancing," it says.

"But these are the very investors most likely to panic in rapid market retreats.

"It may seem counterintuitive, but the guidance of an experienced adviser is just as critical in rising markets as down times."



STEVEN MOORE

Family first

In the financial advice sector, there are upper levels of advisers whose customers don't quibble about annual fees of $5000 or more. And then there is the industry equivalent of the penthouse suite. It's called the family office.

Over the past few years as the sector has moved up market in search of higher fee revenue, the family office group has flourished. As these offices have gained power, they have consistently recruited many of the best advisers in the market.

Family offices are specialist investment units formed by very wealthy families who have at least $100m to invest. Family offices need lawyers and accountants but most of all they need the best advice that money can buy.

And one more thing; they need discretion. Some advisers working at family offices are sworn to secrecy; in some cases they cannot even tell their former employer which family they are heading towards. KPMG estimates there are 2000 family offices in Australia and the majority were established in the past decade. What's more, the sector employs up to 20,000 people; that's more than the Australian population of financial advisers, which is about 15,500.

Earlier this year we had a rare glimpse into the booming business from the Australian Private Capital Market overview produced by the Australian Investment Council.

According to the AIC, the number of Australia- based family offices tracked to be actively investing in private capital is now eight times the number of four years ago.

It's safe to assume any adviser at the very top of our list of deals with family office clients. We can probably even name one: Paul Burgon of Lipman Burgon & Partners. That's based on the fact he was a guest speaker at this year's invitation-only Family Office Investment Forum in Sydney.

In the main, family offices pay their advisers very well and part of the deal is that they keep mum on what their tycoon clients are up to in the market.

An anecdote from an adviser who recently joined a leading family office in Sydney captures the clout of these new-era "millionaire factories".

"I'd been there about two months and they wanted to place funds with a specialist fund manager. Eventually we picked a two-person team from a well-known fund manager. They were in the middle of explaining their fees when my boss, the family patriarch, did his numbers and then said: 'Forget the fees, why don't you guys just come and work for me?' And they did. It's a different world."

Supply side

Sarah Abood, CEO at the Financial Advice Association of Australia, has managed to pull off some surprises of late. She was instrumental in creating a coalition of 12 industry bodies to form the joint associations working group to bring a united voice to government on issues facing the sector. But the move that might have most surprised the wider public was the launch of a recruitment drive for financial advisers last year:

According to Abood: "We've got a big problem: New entrants to the industry have crashed and we don't have enough to offset those retiring."

For now, the wider numbers across the industry are stabilising near the 15,500 mark, but the key issue is replacement. There are only about 300 new advisers joining the industry each year.

What to do? Alasdair Barr, (pictured) the founder of the Striver group, knows the industry better than most – he runs a personnel platform that matches graduates with financial planning operations.

"My mission is to get 5000 new advisers into the industry. That would make a huge difference. I think we have to stop talking about how the industry has halved and lost 15,000 people. They are not going to be replaced directly – the industry has to rebuild from here with a combination of talent and technology."

According to Barr, the biggest issue for the advice profession is brand recognition: "I go to a university campus and there is simply no awareness of financial advice as a profession.

"Similarly, if you go and talk to people in the business, again and again you will find they fell into the business of giving advice after working initially in another sector.

"They never heard about it when they were studying. This has to change."

Barr would appear to be on the money with this observation.

Many of the top advisers on the Top 150 list were originally accountants, bankers or stockbrokers, or began their careers in a different area.

One reason for this crossover story among advisers is the original lack of professionalisation in an industry once characterised by a sales commission culture and poor education standards.

After years of dispute, the educational qualifications controversy in financial advice has largely been settled.

University graduates dominate a new cohort in the industry and older advisers who trained on the job are being allowed to see out their careers without resitting exams. As Barr suggests, this is an industry where supply is not keeping up with demand.

THAT SUPER FEELING

The biggest shake-up to the financial advice industry in a decade is designed to see more people being counselled on their growing wealth

Cliona O'Dowd

It might not seem like it, but Australians are wealthier than ever. And yet very few – just 10 per cent according to some estimates – get professional financial advice on what to do with that wealth. The rest go it alone, locked out of an industry that charges thousands of dollars a year to give counsel on financial goals.

That should soon change, with the government's Delivering Better Financial Outcomes (DBFO) package bringing about the biggest shake-up to the advice industry in a decade.

The move to split the DBFO package into two tranches means we're only at the halfway mark. The first tranche, dealing with minor changes, including streamlining fee consent and clarifying the rules for deducting advice fees from super fund accounts, came into effect in July. That was the easy part – and even these "light touch" reforms had to be amended to appease the industry.

The second tranche, which the government says it wants to legislate before the 2025 election, tackles the bigger issues holding back advice, including repealing the requirement for complex (and costly) statements of advice, and expanding who can provide personal advice, to include super funds and other institutions. This second tranche will also introduce "nudges" so super funds can increase engagement with members at key decision points, including in the lead-up to retirement.

But with the number of people needing financial advice expected to jump substantially in the coming years, and only 16,000 advisers operating in the market, super funds aren't sitting around waiting for these changes. Indeed, they are well under way in gearing up for the seismic shift in members seeking advice.

Already, people who lack advisers are swarming super call centres with advice questions. It makes sense. For many, aside from the family home, super makes up the vast majority of their wealth.

Colonial First State Super chief executive Kelly Power says the fund gets up to 4000 calls a month from members seeking advice.

> Already, people who lack advisers are swarming super call centres with advice questions

The fund has about one million members, half of whom are unadvised. But under existing rules, and until the second tranche passes, super funds can't delve into a member's personal circumstances to provide tailored personal advice.

Reading the room, several funds have introduced low-cost digital advice tools to meet basic advice needs. For more complex advice, most funds link their members up with external financial advisers, while a minority, including the $140bn UniSuper, directly employ financial advisers. But the cost of this advice can run into thousands of dollars a year.

The missing piece has always been giving people access to mid-level advice, which is what DBFO is attempting to solve.

"Our reforms will help millions of Australians receive advice and information that improve their outcomes and keep themselves safe from dodgy scammers," Financial Services Minister Stephen Jones tells The Deal.

"We have announced the most comprehensive package of financial advice reforms in a decade. The first tranche made significant improvements to pain points in the delivery of financial advice by cutting red tape. The second tranche is being drafted and we intend to consult on the legislation soon."

STEVEN MOORE

OTHER PEOPLE'S MONEY

Borrowing to invest in shares has never recovered from those GFC margin calls. Now political moves risk scaring the horses for those in the market for property

Anthony Keane, Personal Finance Writer

Borrowing to invest is a big business in Australia, though no longer as big for shareholders as it was a couple of decades ago.

Investors continue to borrow billions of dollars to buy rental properties, despite high interest rates. But using borrowed money to buy shares has lost some lustre since the Reserve Bank of Australia started raising its cash rate in 2022.

Some loans for shares have been on a downward trend since late 2007 when margin loans were booming and 248,000 investors had borrowed a combined $40bn, with their shares used as security for the loans.

Many of them were crushed by the global financial crisis, being hit by margin calls and forced to sell shares to cover their loans as global stockmarkets plunged – including a 55 per cent fall in Australia.

Today, margin lending is still way below its pre-GFC peak, with 81,000 investors holding $15.7bn of debt, according to the latest Reserve Bank statistics.

Meanwhile, loans for investment housing have climbed 12 per cent in the past five years, from $664bn to $745bn.

Lending for owner-occupier housing has increased three times as fast in the same period, up 39 per cent from $1.14 trillion to $1.58 trillion, Reserve Bank figures show.

AMP chief economist and head of investment strategy Shane Oliver says higher interest rates have dampened some enthusiasm for borrowing to invest.

"People aren't as keen as they once were, but there is still an appetite for it," he says. "Markets have been strong and they have still been earning more than the interest they pay."

Borrowing to invest increases both gains and losses, through leverage of other people's money – usually via a bank – when combined with an investor's own funds.

It's most common among the nation's 2.2 million property investors, who typically don't have a spare $600,000 or more lying around to buy real estate, so they stump up 20 per cent and borrow the rest.

Investors often use equity in their own home as the deposit for an investment property, so they don't spend a dollar of their own money on the purchase, while rent paid by the tenant covers much of the mortgage repayment and other costs.

This gearing gamble has paid off handsomely in recent years for many landlords. If you live in a city where house prices climb 20 or 30 per cent over a few years, you not only benefit from the value increase of your own home but also that of one or more investment properties.

High interest rates haven't helped, though, but investors can claim a tax deduction when their expenses such as interest, council rates and management fees exceed their rental income.

These negative-gearing deductions continue to be controversial; the Greens want them banned and investors fear federal Labor will put the issue back on its agenda even though its proposed changes in 2019 arguably contributed to it losing the election.

Marinis Financial Group CEO Theo Marinis says negative gearing remains popular for investors but political machinations are putting a cloud over it.

"With governments looking at negative gearing, it might put people off," he says. "Gearing magnifies the returns and can also magnify the losses."

Marinis prefers to see loans for shares through property equity rather than margin loans, which he sees as more risky because if the share portfolio falls below a certain level investors must pay up. "In general, I say, be very cautious about borrowing to invest, and (using) your home is less frightening than margin lending," he says.

JBS Financial Strategists CEO Jenny Brown says she is not seeing as much investment borrowing among clients as pre-GFC.

"For the right client, it's a good strategy, but you need to be mindful and understand the pros and cons – especially the cons," she says. "The problem you have got with margin loans is you are looking at 9 to 11 per cent to borrow, so how are you going to get the returns to make it viable? That's one of the reasons margin lending has gone out the door."

Brown says many property investors are wary after being stung by Victorian government tax changes: "It's a big issue with a lot of investors." Borrowing to invest will remain popular among some investors, she believes, but will likely be tempered by wariness.

"Make sure whatever you are investing in is going to give you an after-tax return greater than what the interest rate is," she says.

Her clients favour borrowing to buy property rather than to buy shares.

"They are using equity in their house and going into direct property," says Brown. "I think Australians understand property more, to a point. They can see it, touch it and feel it."

MBA Financial Strategists director Darren James says Reserve Bank interest rate rises in recent years have affected people who are considering investment loans.

"Yes, the level of interest rates has had an impact, but the performance of most investments – be it property or shares – has being doing very well," he says.

"Margin lending has been out of favour because of the interest rates ... investors have to get a return on investment."

Overall, borrowing to invest is "as popular as it has been since the GFC", according to James.

"Typically, it's a line of credit on their home or restructuring debt rather than going down the margin lending path," he says. "We know that property investment and negative gearing still work, but scaring people at the moment is the rhetoric coming out of the government about what they are going to do about negative gearing."

STEVEN MOORE

STEVEN MOORE

BREAKING UP THE PACK

Advisers are chasing the money as more people move into the high net worth ranks. We'll see more bespoke firms and more consolidation

Glenda Korporaal, Senior Writer

Australia's high net worth financial advisory business will see a small group of top players breaking away from the pack, leaving others behind, says former partner at Pitcher Partners, Charlie Viola.

"It will be a bit like the Tour de France," he tells The Deal. "There will be a lead pack of really high-quality businesses which break away from the rest of the pack and then the remainder of the peloton who will find it hard to catch up.

"They will still have a smattering of good clients and advisers, but the major inflows and client attention will go to that pack of high-quality businesses."

Not surprisingly, Viola argues that his new firm, Viola Private Wealth, which he has spun out of Pitcher, with initial funds under management of some $2.4bn, will be one of those leading the pack.

"We want to build a business which is synonymous with the private wealth space," Viola says. "While the Pitcher name is a good, strong one and it does great work across many business lines, it is a much more diversified business. We want to be bespoke and specialist in helping high net worth clients."

Viola's move to set up his own advisory business is the latest in a series of changes in the high net worth advisory sector.

The latest World Wealth report from the Capgemini Research Institute estimates that the money owned by high net worth people in Australia grew by 7.9 per cent in 2023 – easily outstripping the global average of 4.7 per cent.

It estimates that the total funds held by high net worth individuals here has hit a record of more than $US1 trillion ($1.51 trillion), held by more than 330,000 ultra-wealthy people.

The firm defines high net worths as those having assets of more than $US1m, excluding the family home, collectables and consumer goods.

Wealth earned by entrepreneurs and investors, with booming share and property markets and a growing intergenerational transfer of assets in Australia are some of the forces behind the growth in the high net worth demographic.

Changes in the sector have seen executives such as Viola go out on their own to set up advisory businesses.

Koda Capital, which was founded in 2014 by former MLC chief executive Steve Tucker, and former JBWere chief executive Paul Heath, sold a minority stake to the New York-based Emigrant Partners in 2022.

Other recent events include Focus Financial Partners buying a strategic stake in Escala, and EFG International becoming a majority shareholder in Shaw and Partners. Meanwhile, UBS, the largest wealth manager in the world, re-entered the private wealth advisory business in Australia last year, following its merger with another Swiss bank Credit Suisse. UBS exited the sector in Australia in 2015 with a management buyout, as former UBS executives formed a company called Crestone.

In 2022, the firm was bought by the private banking and asset management arm of the Princely House of Liechtenstein, LGT International. Led by former UBS executive Michael Chisholm, the firm now trades as LGT Crestone.

The market is also watching developments at Perpetual following its sale to US private equity player KKR, and Commonwealth Bank's plans to sell off its private advice business.

Viola, who started his career as a bank teller with CBA in 1996, was pivotal in setting up the wealth management division of Pitcher Partners, where he has worked for the past 21 years.

He is now executive chair and an adviser in his new firm with Sean Ward as chief executive and Andrew Levi as chief operating officer.

Viola is one of two key advisers at the firm, including former Test cricketer Peter Nevill.

Viola's goal is to have 12 to 15 advisers in his firm in the next five years. Regularly appearing in the top ranks of the annual The-Deal/Barron's Top Financial Advisers list, Viola is backing his reputation in the sector with the argument that his business is independent and not part of a broader financial institution.

Various players are arguing the merits of their changing business models. Koda Capital's Tucker, whose business now manages more than $14bn in client assets, argues the investment by Emigrant allows his firm the best of both worlds – a combination of independence through its voting structure, with the capital injection and broader support from the offshore backer.

The deal has been structured so that Koda's staffers - 130 people, including 53 partners across four offices - own 98 per cent of the voting stock.

Tucker says the investment by provided Koda with the capital to fund the next stage of its growth, including the acquisition of Redwood Wealth Alliance in Perth in 2022.

He says it has provided the firm with "valuable insights and know-how in areas including best practice in technology and operations, financial adviser acquisition strategy and funding" as well as insights into the wealth advice business.

The deal has resulted in Koda's assets under advice growing by more than 30 per cent in the past two years.

Tucker says the deal allows Koda to function as an independent private wealth firm "with the scale and strength" to ensure it can continue to "deliver outstanding client outcomes".

He says the Koda model provides independent advice to wealthy families and not-for-profit organisations.

"We believe ownership models will continue to develop along the lines of the Koda professional model where a majority of the firm is owned by the partners," he says.

He sees his firm as contrasting with other firms, some of which have been "bought out as product distribution plays or torn apart by bad culture".

"Koda is left standing as the only independent Australian offering which operates at scale," Tucker says.

"We've had strong and consistent growth since our founding 10 years ago, and we are even more excited about the opportunity ahead of us."

Tucker sees the business in Australia continuing to grow on the back of the growth of high net worth investors in the country.

"Australia is a relatively young country and is experiencing significant wealth transfer in large numbers for the first time," he says.

"Australian families have been successful business owners and significant wealth has been created in property as well. We see this continuing and therefore the demand for independent private wealth advice will continue to grow."

Tucker argues Australians prefer having advisers who are seen as independent as opposed to those backed by investment banks.

"We've seen investment banks enter and exit the space," he says. "We believe the future will require firms to offer unconflicted advice.

"While this (advice from investment bank-backed firms) is an attractive option on paper, future HNW (high net worth individual) advice firms must be able to operate effectively as independent firms. Typically, investment banks have found that difficult."

UBS, of course, would beg to differ, given that the Australian private wealth business of Credit Suisse is now back in the fold under the leadership of Michael Marr.

He argues his team benefits from being able to be part of Australia's leading investment bank as well as the UBS markets business.

In the end, Viola says, the key to a successful advice business is being able to offer clients access to good-quality investments.

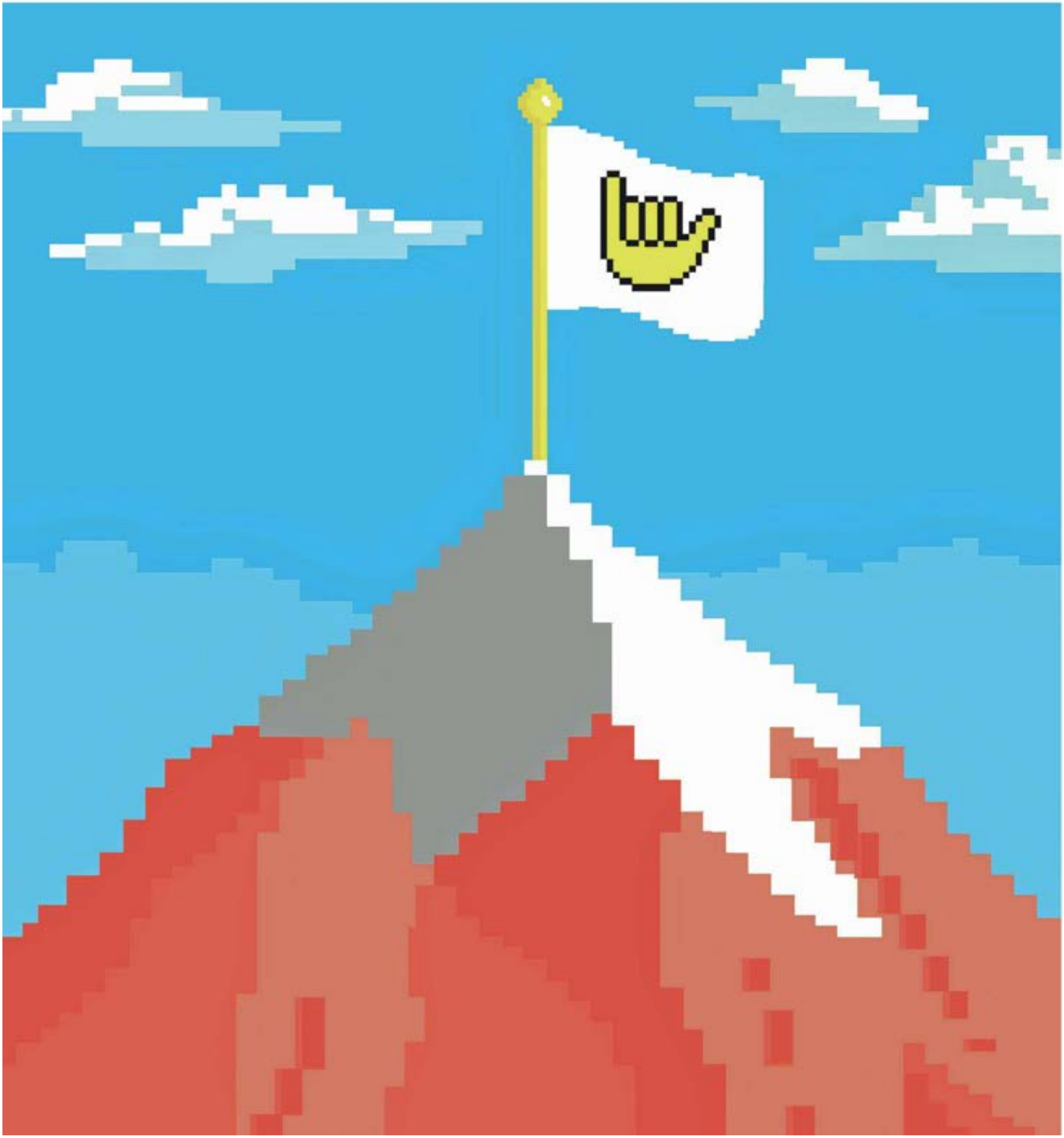
Part of this is being able to access investment opportunities for clients in private markets.

"There are only so many BHP shares you can buy for people with lots of money," Viola says.

"You have to be able to generate better returns than what they (the clients) could do on their own.

"You can be the nicest guy in the world and learn your client's dog's name and which university their kids are going to and their favourite skiing spot, but at the end of the day, if you are not producing good investment outcomes over the medium term, they are going to work it out.

"You have to work hard for your clients to find good investment opportunities where you can add value."



STEVEN MOORE

SO HOW DO THE RICH BUILD THEIR WEALTH?

Technology is changing the age profile of Australia's richest people. But then again, there's always lots of growth in property

John Stensholt, The Richest 250 Editor

To consider how the accumulation of wealth in Australia is changing rapidly, look at brash young 35-year-old billionaire Adrian Portelli. Just six years ago, Portelli was nowhere to be found on The Australian's annual examination of the rich elite: our edition of The List – Australia's Richest 250.

Portelli is the owner of a promotions business called LMCT+ and is best known for his publicity stunts and love of fast cars, which came together that famous time in May last year when he had his $2m McLaren Senna GTR hoisted by crane into his $39m penthouse apartment on the 57th floor of a Melbourne high-rise.

Behind all that, Portelli is driven by data and spreadsheets and in reality is a bit of a tech nerd – albeit with tattoos, those fast cars and a growing collection of trophy assets such as a new corporate jet he took delivery of in March.

And an extremely profitable business.

Portelli's LMCT+ is booming, with far more than 100,000 subscribers paying between $19.99 and $99.99 a month for the chance to win cars, boats, cash and other giveaways, and also to use their memberships on discounts at hundreds of retail partners.

Along with Portelli's other assets, it adds up to an estimated fortune of $1.3bn, enough for him to join the ranks of the Richest 250 for the first time earlier this year.

Portelli also illustrates how the members of The List are getting younger this year. There are now 20 people among the Richest 250 aged 40 and under, proof that being online, using social media and working hard can make you wealthier at a faster pace than any time in Australia's history. Social media, cryptocurrency, online gambling and sweepstakes businesses, currency trading and software start-ups, graphic design companies that go viral – and global – quicker than at any time in history. They are all trends that have markedly changed the face of Australian wealth in recent years.

Six editions ago, when I published our first Richest 250 list for The Australian, there were only 11 people on it aged 40 and under. That edition was released in March 2019; it was only a few months earlier in 2018 when Portelli started LMCT+.

But he came up with a clever business plan – basically a digital version of the old discount coupons you used to receive in the mail and constant giveaways –and married it with a huge social media presence to make a quick fortune.

Yet Portelli is not even close to being the youngest billionaire on the Richest 250. That label belongs to 28-year-old Edward Craven, co-founder of what is likely the biggest gambling company in the world by volume. And like Portelli's LMCT+ it is less than a decade old.

Craven started his Stake.com cryptocurrency casino and sports book business with American business partner Bijan Tehrani in 2017. Because it's an online gambling platform, the website is banned from operating in Australia, but the firm has made huge profits from hundreds of thousands of punters in unregulated markets around the world. Stake.com has evolved into one of the biggest gambling entities globally, and in 2022 Craven and Tehrani created another valuable online company, the Kick streaming platform, which is growing quickly and has plans to rival global giant Twitch.

Craven is famous for buying a vacant mansion in Melbourne's Toorak for about $80m only two years ago. He's spending about $145m knocking down the mansion and building the house of his dreams on what is a huge site, making it, at least for now, Australia's most expensive property.

But he's not the only cryptocurrency gambling magnate on The List.

Tim Heath, 45, is based in Tallinn, Estonia's tech-savvy capital, where he runs his successful and extremely profitable group based on online crypto sportsbooks and casinos, namely, Sportsbet.io and Bitcasino.io.

Sportsbet.io, which Heath started in 2013, handles roughly €2.5bn ($4.1bn) a month in betting turnover from customers around the world. That and his other investments – spanning 100-gambling and technology-related emerging companies – make up Heath's estimated $2.15bn fortune.

Then there is 42-year-old Perth technology entrepreneur Laurence Escalante, who is worth $3.48bn thanks to his Virtual Gaming Worlds, a social gaming business that sponsors Formula One giant Ferrari and whose customers are almost all in North America.

Technology has clearly been the biggest mover on The List in six years. There are now 28 members on the Richest 250 from the sector, not including some from eCommerce who are counted under retail. That technology number has doubled from 14 in 2019.

Back then, there was no sign of Canva's Melanie Perkins and husband Cliff Obrecht, or their co-founder Cameron Adams, on The List.

Perkins and Obrecht would arrive a year later in 2020 with an estimated $1.32bn paper fortune after Canva – founded in 2014 – underwent a seventh round of investor funding to achieve a $4.7bn

STEVEN MOORE

Continued from previous page

valuation. Since then, Canva has become a global graphics design sensation, and has set a record by becoming the most valuable private Australian technology company in the process. It is now valued at about $US32bn ($49bn) after further funding rounds and is on track for a blockbuster stockmarket listing in the next couple of years.

The wealthiest Australian tech barons, however, are Atlassian co-founders Scott Farquhar and Mike Cannon-Brookes. They seem to have been around forever – Atlassian was founded in 2002 – but the pair were both only 44 when The List was published in March and their fortunes were each estimated at about $22bn.

Farquhar and Cannon-Brookes are both pursuing several environmentally friendly or green energy investments, but they have also parlayed huge amounts into property.

Cannon-Brookes has spent more than $300m on properties in and around Sydney, including harbourside mansions and southern NSW acreage, and Farquhar in October sold his Point Piper mansion for $130m – the same amount he paid for another Point Piper home, UIG Lodge, in November, 2022.

In that way, they are following that Australian obsession with real estate, a mentality that extends to dozens of members of The List.

This year there were 57 members who made their fortune in property – led by 91-year-old Harry Triguboff ($26.01bn) – the biggest sector on the Richest 250. In 2019, there were 68. But there are plenty on the list who make their money in one sector and go on to consolidate their fortune in real estate.

They are the one-time panel beaters, programmers, cosmetic surgeons, vets, miners, publicans or textile engineers, but once they've made their first few millions, these wealthy entrepreneurs switch gears to a lucrative time in property.

There's a good reason for that: land and house prices seem to always keep going up, and everything from industrial holdings like warehouses to prestigious mansions have performed well as an asset class.

As Jerry Schwartz, a cosmetic surgeon specialising in liposuction and eyelid reductions, told The List this year about his leap from wielding a scalpel to owning 14 major hotels: "I make more money from a 10-minute phone call trying to save 10 per cent on a $100,000 invoice for buying plant and equipment for my hotels than I can in a whole day doing medical consultations."

There are plenty of other examples.

Billionaire Shaun Bonett is a lawyer turned property magnate, while Tony Perich and his family were dairy farmers before developing their large landholdings in Sydney's west, around Oran Park.

Nick Andrianakos ran petrol stations, but his family fortune is now mostly held in commercial buildings and shopping centres. Then there's Sam Arnaout, a panel beater from Sydney's Greenacre. He now presides over casinos in Canberra and Alice Springs, and a pub empire and residential property projects.

There's also plenty of money left to be made in some other long-established industries.

Mining magnates like Gina Rinehart ($50.48bn) and Andrew and Nicola Forrest ($37.17bn) top The List, but many of the mining fortunes are inherited, including those of Leonie Baldock and Alexandra Burt ($3.21bn combined), the granddaughters of the late Peter Wright, the former business partner of Rinehart's late father Lang Hancock.

There are also 18 people from manufacturing on The List, led by cardboard box magnate Anthony Pratt and his family ($27.66bn), up from 12 in 2019.

But there is a twist, encapsulating just how wealth creation has changed in recent years.

Instead of old-fashioned inefficient factories, our richest manufacturers are now smart manufacturers, including the likes of Manny Stul of Moose Toys, who has built a global business from Melbourne now worth $2.86bn, and Peter Freedman of Rode Microphones.

Rode sells more than $300m worth of mics and associated equipment annually, made in Sydney's Silverwater. Its profit margins, with 95 per cent of revenue derived overseas, are enviable.

Reframing the case for financial advice as Australians worry about their financial wellbeing

The 2024 MLC Financial Freedom Report (MLC's Report) has revealed that nearly half of Australians are regularly worrying about their finances. So why aren't more of us accessing financial advice?

Across Australia there are nearly twelve million people with unmet financial advice needs[1]. Twelve million everyday Australians who, among other things, need guidance in moments that matter to them. These could include advice on their finances or on managing their debt, support in saving for their first home, help with financial education and household budgeting, or growing their superannuation and planning for retirement.

The growth of 'financial wellbeing' and implications for advice

In addition to this more 'traditional' view of finances, over the last decade we have seen 'financial wellbeing' become an increasingly discussed topic – to the point it's now considered integral to our holistic wellbeing.

According to MLC's Report, financial wellbeing can impact people's lives in many ways. Most saying it has the biggest impact on their health and mental wellbeing (70%), their personal wellbeing (67%) and their families' happiness (62%).

MLC's Report also found seven in ten Australians consider financial wellbeing as extremely or very important for achieving their aspirations.

Many of these people are struggling with cost-of-living pressures. MLC has revealed that 41% of Australians worry about their finances 'all the time or often', 77% aren't satisfied with their current financial situation, 70% don't feel fully equipped to make effective financial decisions, and only a quarter feel prepared to handle unexpected financial challenges.

Importantly, nearly a quarter of the more than 2,500 Australians surveyed said they felt a financial advice professional could help them feel more confident in navigating their finances.

So, how could financial advice help more Australians not only with their unmet advice needs but also with their financial wellbeing? And what's stopping them from getting advice?

Liz McCarthy

How financial advice can help more Australians

MLC's Report found the most common life aspiration for Australians in 2024 was financial independence. To put this into perspective, financial independence rated higher than a happy marriage, a trusted group of family and friends, regular holidays, good work-life balance and even owning a home.

Without question, good financial advice can have a powerful impact and can help improve people's lives. As people approach retirement, financial advice provides guidance and assistance relevant to their specific circumstances so they can make the most of their savings now and throughout retirement.

The biggest perceived barriers for Australians achieving their financial aspirations are the cost of living, being in debt, not having enough savings and current spending habits. These are areas where quality financial advice can help Australians not only get on top of their finances, but also better control them, help achieve their financial aspirations and overarchingly improve their financial situation.

Australians look for advice in many forms

Improving the accessibility and affordability of advice will allow Australians to make more informed decisions and lead to an increase in financial confidence. But financial advice doesn't have to be a big, scary experience.

We are lucky to be able to partner with thousands of financial advisers across Australia who are working in their clients' best interests and have a deep understanding of their personal needs. But we also know that for some people, simply accessing a free online budgeting tool or calculator could help them feel more in control of their finances.

One of the most interesting findings from the 2024 MLC Financial Freedom Report was that amongst Gen Z's there was a clear emphasis on the importance of financial knowledge and habits being passed down from their parents and grandparents, which they believe play a key role in shaping their attitudes towards money.

The power of financial advice

Regardless of your current financial situation, we encourage you to reflect on one thing you can do today to help your own financial confidence and wellbeing. Whether it's finally booking that appointment with a face-to-face financial adviser to develop a comprehensive personalised financial plan, utilising the free advice most super funds offer to help you get the most out of your super, jumping online to try free online budgeting tools and calculators or simply having a conversation with your kids or grandkids about money and sharing a few savings tips.

So, what are you waiting for? What's a small step you could take today to create a positive impact on your financial wellbeing?

Liz McCarthy,
CEO - MLC Expand
mlc.com.au

SOURCE: 1 – INVESTMENT TRENDS 2024 *FINANCIAL ADVICE REPORT*

THE LIST

The Australian-owned financial advisory group, Shadforth, has become the dominant brand in our expanded Top Financial Advisers list, replacing multinational Morgan Stanley. Shadforth, which is a subsidiary of the ASX-listed IOOF, has taken the honours with the largest presence on the list with 25 listings on the ladder. Morgan Stanley, however retains both the No.1 adviser, Garth Hu, and the global group still takes out no less than three spots in the top 20, with Cathy Ding and list veterans Bernie Connolly and Patrick Regan. Koda Capital with 11 listings and Macquarie Private Bank with nine listings have also performed strongly. In fact, Macquarie has two advisers in the top 10: Campbell Vidgen at No.3 and Andrew Cowen at No. 7. There are two fresh faces in the upper ranks this year who did not make it into the top 10 last year – list veteran Mathew Cassidy of Partners Wealth Group at No.4, and Benjamin Kohn of Link Financial Services at No.9.

The expansion of the list has also created greater opportunity for advisers beyond the metropolitan zones of Sydney and Melbourne which traditionally took out the majority of entries since we launched the list back in 2017. Brisbane-based Chris Smith of VISIS was highly placed at No.12 and Cairns-based Dave Haydon of Haydon Partners is there at No.26. Brisbane-based Charlie Fraser of Shadforth appears at No.28 closely followed by Troy Theobald of the RFS Advice group at No.29. He is based at Bundall on the Gold Coast

Cathy Ding is the highest-ranking female adviser at No.18, though overall, female advisers had a relatively low turnout on the list. The percentage of women on the list is 13 per cent, while the broader number among Australia's total population of 15,500 advisers is 22 per cent.

Matt Barthel of Barron's suggests it has also been a male-dominated area in the US, but says: "It still does not fully explain why a profession with flexible hours that rewards empathy and emotional intelligence attracts so few females". In 2019, Sue Dahn of Pitcher Partners was the highest-ranking adviser on what was then our Top 50 list.

If you are thinking of using an adviser on the list, keep in mind that a portion of them are so-called "wholesale" advisers which means that their client list is restricted to wholesale or qualified Sophisticated Investors (the qualification is $2.5m in net assets or an income of more than $250,000 over the last two years). With layers of red tape a consistent bugbear for professional planners, some advisers have concentrated on wholesale clients exclusively in order to minimise what they regard as excess regulatory settings. In 2024, we find that 13 of the advisers on our list are in this category. There is every chance those numbers will grow unless the federal government makes a lot more progress on the so-called Delivering Better Financial Outcomes legislation which has yet to be fully passed in parliament.

James Kirby, Wealth Editor

The Top 150 Financial Advisers list is a collaboration between The Australian and its corporate cousin, Barron's. The ranking is a guide to consumers looking for an adviser and a scorecard that advisers can use as a benchmark. The formula to calculate the ranking is based on three general categories: client assets managed by the adviser, fees and revenue generated by their business, and the quality of the adviser's business. The listing is based on 60 questions.

Funds under advisement is based on the team FUA.
** wholesale adviser, not required to be registered with ASIC*

BARRON'S
Top 150
Financial Advisers

1. Garth Hu
Morgan Stanley Wealth Management
Melbourne, VIC
Years of planning experience: 17
Minimum account size: $10,000,000
Size of team: 16
Funds under advisement: $3,500,000,000

2. Andrew Dunbar
Apt Wealth Partners
Melbourne, VIC
Years of planning experience: 19
Minimum account size: no minimum
Size of team: 85
Funds under advisement: $2,988,491,656

3. Campbell Vidgen
Macquarie Private Bank
Sydney, NSW
Years of planning experience: 16
Minimum account size: $5,000,000
Size of team: 12
Funds under advisement: $3,228,000,000

4. Mathew Cassidy
Partners Wealth Group
Melbourne, VIC
Years of planning experience: 23
Minimum account size: $1,000,000
Size of team: 121
Funds under advisement: $4,138,745,020

5. Charlie Viola
Viola Private Wealth (transitioned from Pitcher Partners)
Sydney, NSW
Years of planning experience: 25
Minimum account size: $3,500,000
Size of team: 13
Funds under advisement: $2,550,000,000

6. Paul Burgon
Lipman Burgon & Partners
Sydney, NSW
Years of planning experience: 19
Minimum account size: $5,000,000
Size of team: 26
Funds under advisement: $2,640,000,000

7. Andrew Cowen
Macquarie Private Bank
Melbourne, VIC
Years of planning experience: 17
Minimum account size: $5,000,000
Size of team: 15
Funds under advisement: $3,159,000,000

8. Adam Stanley
Pitcher Partners
Docklands, VIC
Years of planning experience: 23
Minimum account size: $1,000,000
Size of team: 65
Funds under advisement: $7,199,987,455

9. Benjamin Kohn
Link Financial Services
Caulfield North, VIC
Years of planning experience: 24
Minimum account size: $2,000,000
Size of team: 13
Funds under advisement: $3,175,000,000

10. Frank Macindoe *
Koda Capital
Sydney, NSW
Years of planning experience: 22
Minimum account size: $3,000,000
Size of team: 5
Funds under advisement: $1,865,000,000

11. Ben James
Escala Partners
Melbourne, VIC
Years of planning experience: 27
Minimum account size: $5,000,000
Size of team: 7
Funds under advisement: $1,600,000,000

12. Chris Smith
VISIS Private Wealth
Brisbane, QLD
Years of planning experience: 25
Minimum account size: $1,000,000
Size of team: 12
Funds under advisement: $1,150,000,000

13. Daniel Tome
Perpetual Private
Melbourne, VIC
Years of planning experience: 30
Minimum account size: $500,000
Size of team: 8
Funds under advisement: $1,644,969,033

14. David Bedford
Pitcher Partners
Docklands, VIC
Years of planning experience: 23
Minimum account size: $1,000,000
Size of team: 65
Funds under advisement: $7,199,987,455

15. Matthew Donat
Koda Capital
Melbourne, VIC
Years of planning experience: 14
Minimum account size: $5,000,000
Size of team: 4
Funds under advisement: $2,000,000,000

16. Robert Hand
Partners Wealth Group
Melbourne, VIC
Years of planning experience: 14
Minimum account size: $1,000,000
Size of team: 121
Funds under advisement: $4,138,745,020

17. Tim Eustace
Mercury Private
Sydney, NSW
Years of planning experience: 35
Minimum account size: $2,000,000
Size of team: 27
Funds under advisement: $1,162,519,000

18. Cathy Ding *
Morgan Stanley Wealth Management
Sydney, NSW
Years of planning experience: 7
Minimum account size: $10,000,000
Size of team: 16
Funds under advisement: $3,500,000,000

PARTNER CONTENT

Where have all the workers gone?

The working age population is no longer growing in the world's largest economies. What are the implications for businesses and investors?

You may have recently read about port workers on both the east and south coasts of the US striking together for the first time in nearly 50 years. The dispute ended in just three days, with workers managing to negotiate a wage increase of 62% over six years. Keep in mind that in 2020, the most recent data available, the median port worker in the state of New York earned around US$200,000.

In the last few years we've also seen major strikes from Boeing engineers, carmakers, Hollywood scriptwriters, and healthcare workers. According to the US Bureau of Labour Statistics the number of US workers participating in strikes tripled from 160,000 in 2022 to 462,000 in 2023.

A key demand in these strikes has been, unsurprisingly, higher wages. Given that labour represents the largest expense for most companies, this issue deserves investors' attention.

In 2023 the share of US GDP earned by workers fell to its lowest level in at least 75 years (around 51%) while the share of GDP accruing to corporate profits was close to a record high (close to 11%).

Two possible causes of workers' shrinking share of the economic pie in developed countries are globalisation, which has exposed them to competition from countries with lower-cost labour, and declining union membership, which has weakened their collective bargaining power.

Corporate earnings have clearly benefited at the expense of labour over the last two decades. The tide may now be turning.

Western companies and governments are becoming more sensitive to risks in their supply chains, particularly their dependence on China, which has led to an onshoring of manufacturing work back to the US and Europe. Additionally, wage inflation in countries like China and India has been higher than in developed countries, which reduces their relative cost advantage.

Demographics are also exerting a gradual but powerful effect on the supply of labour. In the US there are currently more job openings than unemployed people. According to the United Nations the US working age population has increased by 30% over the last 30 years but is expected to grow by just 5% over the next three decades. The picture is even less favourable in Europe and in China, where over the next 30 years the working age populations are expected to shrink by 20% and 30% respectively. Australia fares slightly better due to higher net immigration, with the pool of workers expected to grow by 15% over the next this period.

Some of the demographic factors contributing to the scarcity of workers are ageing populations, a surge of early retirements during the pandemic, growing hostility towards immigration, and declining birth rates. More than half of the countries in the world today, including China and India, have fertility rates below what is necessary to maintain their current population levels. South Korea's fertility rate is so low that if it stays at its current levels the population will decline by two-thirds within a single lifetime.

The combination of deglobalisation and demographics will likely place upward pressure on wage costs and redistribute the economic pie in favour of workers at the expense of corporate profits.

What can investors do about this? Labour shortages won't affect all businesses equally.

Businesses with strong corporate values, a track record of investing in their people, and whose growth allows them to create career advancement opportunities for their staff should be better placed to attract and retain workers than the average employer.

Businesses that provide essential products and services to help other businesses operate more efficiently should also be well positioned for what lies ahead.

One such example from our portfolio is Accenture, which hires nearly 800,000 consultants that perform complex outsourced IT work on behalf of the world's largest organisations. Another is Compass Group, the world's leading food caterer, which can relieve its customers from the burden of managing increasingly scarce hospitality labour themselves. And readers will no doubt be familiar with Microsoft, whose software helps workers be more productive by automating manual tasks. For instance, developers are using its GitHub Copilot AI tool to automate up to half the code they write.

We're confident that these businesses can continue to grow profitably, at a faster rate than their peers, based on the labour savings they deliver their customers.

Delian Entchev
Portfolio Manager, Aoris

19. Bernie Connolly
Morgan Stanley Wealth Management
Sydney, NSW
Years of planning experience: 18
Minimum account size: $3,000,000
Size of team: 11
Funds under advisement: $3,015,000,000

19. Patrick Regan
Morgan Stanley Wealth Management
Sydney, NSW
Years of planning experience: 18
Minimum account size: $3,000,000
Size of team: 11
Funds under advisement: $3,015,000,000

20. Ben Forrester
Macquarie Private Bank
Sydney, NSW
Years of planning experience: 15
Minimum account size: $2,500,000
Size of team: 13
Funds under advisement: $4,096,091,090

21. Chad Brendish
Morgan Stanley Wealth Management
Melbourne, VIC
Years of planning experience: 38
Minimum account size: $3,000,000
Size of team: 10
Funds under advisement: $2,622,009,976

22. Kellie Davidson
Pitcher Partners
Docklands, VIC
Years of planning experience: 21
Minimum account size: $1,000,000
Size of team: 65
Funds under advisement: $7,199,987,455

23. Matthew Smith
Altus Financial
Sydney, NSW
Years of planning experience: 21
Minimum account size: $500,000
Size of team: 8
Funds under advisement: $4,876,197,245

24. James McGregor
Apt Wealth Partners
Sydney, NSW
Years of planning experience: 33
Minimum account size: no minimum
Size of team: 85
Funds under advisement: $2,988,491,656

25. Phillip Gillard
Shadforth Financial Group
North Sydney, NSW
Years of planning experience: 25
Minimum account size: no minimum
Size of team: 8
Funds under advisement: $1,647,913,086

26. Dave Haydon
Haydon Partners
Cairns, QLD
Years of planning experience: 12
Minimum account size: $1,500,000
Size of team: 4
Funds under advisement: $382,500,000

27. Scott Girdlestone
William Buck Wealth Advisors
Sydney, NSW
Years of planning experience: 23
Minimum account size: no minimum
Size of team: 22
Funds under advisement: $1,675,847,000

28. Charlie Fraser
Shadforth Financial Group
Brisbane, QLD
Years of planning experience: 23
Minimum account size: $2,000,000
Size of team: 9
Funds under advisement: $1,615,887,924

29. Troy Theobald
RFS Advice
Bundall, QLD
Years of planning experience: 28
Minimum account size: $500,000
Size of team: 17
Funds under advisement: $1,310,500,000

30. Anita Beckers
Macquarie Private Bank
Broadbeach, QLD
Years of planning experience: 28
Minimum account size: $1,000,000
Size of team: 9
Funds under advisement: $1,660,975,000

30. Matthew Gartrell
Macquarie Private Bank
Broadbeach, QLD
Years of planning experience: 17
Minimum account size: $1,000,000
Size of team: 9
Funds under advisement: $1,660,975,000

31. Jarrod Broadbent
BlueRock
Melbourne, VIC
Years of planning experience: 28
Minimum account size: $400,000
Size of team: 9
Funds under advisement: $1,450,000,000

32. Paul Nicol
GFM Wealth Advisory
Camberwell, VIC
Years of planning experience: 25
Minimum account size: $1,000,000
Size of team: 27
Funds under advisement: $2,903,000,000

33. Jamie Cockerill
Perpetual Private
Sydney, NSW
Years of planning experience: 24
Minimum account size: $1,000,000
Size of team: 6
Funds under advisement: $2,540,000,000

34. Gregory Mifsud
Altus Financial
Sydney, NSW
Years of planning experience: 19
Minimum account size: $500,000
Size of team: 8
Funds under advisement: $4,876,197,245

BARRON'S
Top 150
Financial Advisers

35. Nick Batrouney
Morgan Stanley Wealth Management
Melbourne, VIC
Years of planning experience: 30
Minimum account size: $3,000,000
Size of team: 10
Funds under advisement: $2,622,009,976

36. Ashley Davis
Shadforth Financial Group
Brisbane, QLD
Years of planning experience: 24
Minimum account size: no minimum
Size of team: 12
Funds under advisement: $1,406,216,529

37. Brad Wira
Shadforth Financial Group
West Leederville, WA
Years of planning experience: 23
Minimum account size: no minimum
Size of team: 9
Funds under advisement: $1,130,360,834

38. Matt Koch *
Morgan Stanley Wealth Management
Sydney, NSW
Years of planning experience: 40
Minimum account size: $5,000,000
Size of team: 5
Funds under advisement: $2,401,366,978

39. Hugh Robertson
Centaur Financial Services
Robina, QLD
Years of planning experience: 20
Minimum account size: $1,000,000
Size of team: 10
Funds under advisement: $1,247,540,000

40. David Robinson
Morgan Stanley Wealth Management
Adelaide, SA
Years of planning experience: 34
Minimum account size: $2,500,000
Size of team: 4
Funds under advisement: $2,484,624,843

41. Adam Montana
Altus Financial
Sydney, NSW
Years of planning experience: 16
Minimum account size: $500,000
Size of team: 8
Funds under advisement: $4,876,197,245

42. Ben Andreou *
Koda Capital
Sydney, NSW
Years of planning experience: 9
Minimum account size: $3,000,000
Size of team: 4
Funds under advisement: $1,124,935,097

43. David Simon
Integral Private Wealth
Sydney, NSW
Years of planning experience: 23
Minimum account size: $1,500,000
Size of team: 28
Funds under advisement: $1,650,000,000

44. Andrew McCracken
Shadforth Financial Group
Adelaide, SA
Years of planning experience: 22
Minimum account size: no minimum
Size of team: 6
Funds under advisement: $1,062,095,727

45. Stephen Jones
Smith Coffey
Subiaco, WA
Years of planning experience: 26
Minimum account size: no minimum
Size of team: 18
Funds under advisement: $1,060,373,209

46. Andrew Rochester
Morgan Stanley Wealth Management
Sydney, NSW
Years of planning experience: 30
Minimum account size: $5,000,000
Size of team: 3
Funds under advisement: $1,400,000,000

47. Sean Abbott
Koda Capital
Sydney, NSW
Years of planning experience: 26
Minimum account size: $10,000,000
Size of team: 4
Funds under advisement: $949,000,000

48. Andrew Bollen
Shadforth Financial Group
North Sydney, NSW
Years of planning experience: 25
Minimum account size: no minimum
Size of team: 9
Funds under advisement: $1,052,963,369

49. Amanda Fong
Escala Partners
Melbourne, VIC
Years of planning experience: 23
Minimum account size: $2,000,000
Size of team: 7
Funds under advisement: $1,600,000,000

50. Andrew Barlow
William Buck Wealth Advisors
Adelaide, SA
Years of planning experience: 10
Minimum account size: $1,000,000
Size of team: 40
Funds under advisement: $2,750,000,000

51. Clint Beeck
Shadforth Financial Group
Perth, WA
Years of planning experience: 27
Minimum account size: $1,000,000
Size of team: 7
Funds under advisement: $889,866,582

52. Craig Raits
Shadforth Financial Group
Melbourne, VIC
Years of planning experience: 23
Minimum account size: $750,000
Size of team: 6
Funds under advisement: $903,628,617

53. David Clark
Koda Capital
Sydney, NSW
Years of planning experience: 22
Minimum account size: $5,000,000
Size of team: 4
Funds under advisement: $1,234,243,874

54. Will Hamilton *
Hamilton Wealth Partners
Glen Iris, VIC
Years of planning experience: 39
Minimum account size: $2,500,000
Size of team: 10
Funds under advisement: $936,725,117

55. Peter Seldon
Morgan Stanley Wealth Management
Brisbane, QLD
Years of planning experience: 23
Minimum account size: $1,500,000
Size of team: 6
Funds under advisement: $1,108,000,000

56. Andrew Harrison
Shadforth Financial Group
North Sydney, NSW
Years of planning experience: 28
Minimum account size: $500,000
Size of team: 8
Funds under advisement: $1,054,137,384

57. Paul Lyons
Morgan Stanley Wealth Management
Melbourne, VIC
Years of planning experience: 30
Minimum account size: $4,000,000
Size of team: 5
Funds under advisement: $1,300,000,000

58. Laurel Moulynox
Morrows Private Wealth
Southbank, VIC
Years of planning experience: 20
Minimum account size: $5,000,000
Size of team: 20
Funds under advisement: $1,170,901,102

59. Philip Davison
Shadforth Financial Group
Perth, WA
Years of planning experience: 21
Minimum account size: $500,000
Size of team: 8
Funds under advisement: $970,147,316

60. Andrew Pidgeon
Shadforth Financial Group
Perth, WA
Years of planning experience: 21
Minimum account size: no minimum
Size of team: 7
Funds under advisement: $1,011,263,948

61. Mark Vignaroli
Perpetual Private
Melbourne, VIC
Years of planning experience: 28
Minimum account size: $1,000,000
Size of team: 5
Funds under advisement: $1,089,935,769

62. Kevin Centra
Shadforth Financial Group
Geelong, VIC
Years of planning experience: 18
Minimum account size: $500,000
Size of team: 12
Funds under advisement: $874,345,832

63. Andrew Hudson
Morgan Stanley Wealth Management
Sydney, NSW
Years of planning experience: 18
Minimum account size: $2,000,000
Size of team: 4
Funds under advisement: $1,100,000,000

63. Scarlet Fung
Morgan Stanley Wealth Management
Sydney, NSW
Years of planning experience: 25
Minimum account size: $2,000,000
Size of team: 4
Funds under advisement: $1,100,000,000

64. Sally Huynh
Shadforth Financial Group
Brisbane, QLD
Years of planning experience: 21
Minimum account size: $1,000,000
Size of team: 7
Funds under advisement: $1,054,183,853

65. Laurence Poulter
Partners Wealth Group
Sydney, NSW
Years of planning experience: 9
Minimum account size: no minimum
Size of team: 121
Funds under advisement: $4,138,745,020

66. Steven Grenda
Shadforth Financial Group
Melbourne, VIC
Years of planning experience: 23
Minimum account size: no minimum
Size of team: 10
Funds under advisement: $920,147,429

67. Glenn Fairbairn
Hewison Private Wealth
Melbourne, VIC
Years of planning experience: 19
Minimum account size: $1,500,000
Size of team: 5
Funds under advisement: $455,000,000

68. Marshall Brentnall
Evalesco Financial Services
Sydney, NSW
Years of planning experience: 24
Minimum account size: $1,000,000
Size of team: 23
Funds under advisement: $1,392,171,000

69. David Lipari
ANZ Private
Sydney, NSW
Years of planning experience: 20
Minimum account size: $3,000,000
Size of team: 5
Funds under advisement: $824,981,321

70. Mark Pollasky
Koda Capital
Sydney, NSW
Years of planning experience: 29
Minimum account size: $5,000,000
Size of team: 5
Funds under advisement: $1,000,000,000

71. Belinda von Knoll
Shadforth Financial Group
Perth, WA
Years of planning experience: 24
Minimum account size: $500,000
Size of team: 9
Funds under advisement: $915,227,939

72. Simon Growden
Shadforth Financial Group
Perth, WA
Years of planning experience: 28
Minimum account size: $500,000
Size of team: 6
Funds under advisement: $863,345,357

73. Olivia Maragna
Aspire Retire
Brisbane, QLD
Years of planning experience: 21
Minimum account size: no minimum
Size of team: 13
Funds under advisement: $410,000,000

74. Paul Ashworth
Cameron Harrison Private
Melbourne, VIC
Years of planning experience: 28
Minimum account size: $1,000,000
Size of team: 16
Funds under advisement: $1,487,000,000

ARRON'S
Top 150
ancial Advisers

75. Travis Pitt *
Escala Partners
Melbourne, VIC
Years of planning experience: 27
Minimum account size: $10,000,000
Size of team: 4
Funds under advisement: $778,908,278

76. Mark Bradley
Morgan Stanley Wealth Management
Sydney, NSW
Years of planning experience: 32
Minimum account size: $2,500,000
Size of team: 6
Funds under advisement: $800,000,000

77. Matthew Owen
Macquarie Private Bank
Melbourne, VIC
Years of planning experience: 17
Minimum account size: $5,000,000
Size of team: 15
Funds under advisement: $3,159,000,000

78. Michael Ogg *
Providence Wealth Advisory Group
Sydney, NSW
Years of planning experience: 24
Minimum account size: $2,000,000
Size of team: 8
Funds under advisement: $815,000,000

79. Tom Meagher *
Escala Partners
Sydney, NSW
Years of planning experience: 37
Minimum account size: $2,500,000
Size of team: 3
Funds under advisement: $600,000,000

80. Richard Felice
Belay Advisory
Sydney, NSW
Years of planning experience: 16
Minimum account size: $10,000,000
Size of team: 8
Funds under advisement: $2,500,000,000

81. Les McGuire
Future Proof Wealth
Milton, QLD
Years of planning experience: 17
Minimum account size: $550,000
Size of team: 10
Funds under advisement: $649,000,000

82. Simon Duckett
Koda Capital
Sydney, NSW
Years of planning experience: 26
Minimum account size: $5,000,000
Size of team: 4
Funds under advisement: $826,200,000

83. Nathan Lear
Hewison Private Wealth
Melbourne, VIC
Years of planning experience: 13
Minimum account size: $1,000,000
Size of team: 6
Funds under advisement: $513,906,107

84. Arjang Taylor
Morgan Stanley Wealth Management
Melbourne, VIC
Years of planning experience: 19
Minimum account size: $3,000,000
Size of team: 10
Funds under advisement: $2,622,009,976

85. Adam Griffiths
Morgan Stanley Wealth Management
Adelaide, SA
Years of planning experience: 23
Minimum account size: $1,000,000
Size of team: 2
Funds under advisement: $779,624,273

86. Campbell Sorell
Shadforth Financial Group
Melbourne, VIC
Years of planning experience: 23
Minimum account size: no minimum
Size of team: 5
Funds under advisement: $779,912,447

87. Sam Stillone
Esencia Wealth
Sydney, NSW
Years of planning experience: 27
Minimum account size: $500,000
Size of team: 17
Funds under advisement: $729,310,000

88. Lynda McKie
Elston Private Wealth
Fortitude Valley, QLD
Years of planning experience: 35
Minimum account size: $1,500,000
Size of team: 8
Funds under advisement: $461,451,000

89. Craig Tonkes
Koda Capital
Sydney, NSW
Years of planning experience: 22
Minimum account size: $5,000,000
Size of team: 3
Funds under advisement: $595,500,000

90. Charles Moore
Koda Capital
Sydney, NSW
Years of planning experience: 19
Minimum account size: $5,000,000
Size of team: 5
Funds under advisement: $1,420,000,000

90. Peter Dunn
Koda Capital
Sydney, NSW
Years of planning experience: 9
Minimum account size: $5,000,000
Size of team: 5
Funds under advisement: $1,420,000,000

91. Amanda Lee
StewartBrown Advisory
Chatswood, NSW
Years of planning experience: 21
Minimum account size: $500,000
Size of team: 8
Funds under advisement: $652,100,000

92. James Wortley
Enlightened Financial Solutions
Mackay, QLD
Years of planning experience: 27
Minimum account size: no minimum
Size of team: 14
Funds under advisement: $520,000,000

93. Richard Cooper
Wilsons Advisory
Brisbane, QLD
Years of planning experience: 26
Minimum account size: $1,000,000
Size of team: 5
Funds under advisement: $988,456,751

94. Kate Golder
Alteris Financial Group
Brisbane, QLD
Years of planning experience: 22
Minimum account size: $1,000,000
Size of team: 18
Funds under advisement: $1,900,000,000

95. Joshua Blythe
Shadforth Financial Group
North Sydney, NSW
Years of planning experience: 20
Minimum account size: $750,000
Size of team: 8
Funds under advisement: $666,356,450

96. Trent Doughty *
Kelly+Partners Private Wealth
North Sydney, NSW
Years of planning experience: 21
Minimum account size: $1,000,000
Size of team: 7
Funds under advisement: $668,525,000

97. Simon Mills *
Morgan Stanley Wealth Management
Sydney, NSW
Years of planning experience: 26
Minimum account size: $5,000,000
Size of team: 3
Funds under advisement: $776,000,000

98. Daniel Gallacher
Perpetual Private
Perth, WA
Years of planning experience: 14
Minimum account size: $1,000,000
Size of team: 9
Funds under advisement: $1,294,000,000

99. Neil Kendall
Tupicoffs, The Independent Financial Planners
Brisbane, QLD
Years of planning experience: 22
Minimum account size: $3,000,000
Size of team: 22
Funds under advisement: $2,546,205,405

100. Harriet Gibb
Shadforth Financial Group
Melbourne, VIC
Years of planning experience: 12
Minimum account size: no minimum
Size of team: 8
Funds under advisement: $672,980,945

101. Todd Stanford
Stanford Brown
North Sydney, NSW
Years of planning experience: 24
Minimum account size: $1,000,000
Size of team: 6
Funds under advisement: $644,609,564

102. Stephen Shostak
Macquarie Private Bank
Melbourne, VIC
Years of planning experience: 27
Minimum account size: $1,000,000
Size of team: 15
Funds under advisement: $3,159,000,000

103. Chris Morcom
Hewison Private Wealth
Melbourne, VIC
Years of planning experience: 24
Minimum account size: $1,000,000
Size of team: 3
Funds under advisement: $432,373,781

104. Andrew Brunero
Shadforth Financial Group
North Sydney, NSW
Years of planning experience: 18
Minimum account size: no minimum
Size of team: 6
Funds under advisement: $606,193,838

105. Ed Brooke
Escala Partners
Sydney, NSW
Years of planning experience: 18
Minimum account size: $2,000,000
Size of team: 3
Funds under advisement: $1,167,647,432

106. Tim Whybourne *
Emanuel Whybourne & Loehr
Brisbane, QLD
Years of planning experience: 12
Minimum account size: $2,500,000
Size of team: 9
Funds under advisement: $1,875,000,000

107. Simon Curtain
Hewison Private Wealth
Melbourne, VIC
Years of planning experience: 18
Minimum account size: $1,000,000
Size of team: 2
Funds under advisement: $312,000,000

108. Hamish Harvey
Stanford Brown
North Sydney, NSW
Years of planning experience: 17
Minimum account size: $1,000,000
Size of team: 6
Funds under advisement: $677,724,681

109. Andrew Parker
Perpetual Private
Adelaide, SA
Years of planning experience: 13
Minimum account size: $1,000,000
Size of team: 4
Funds under advisement: $735,000,000

110. Jared Hoddinott
Morgan Stanley Wealth Management
Melbourne, VIC
Years of planning experience: 11
Minimum account size: $2,000,000
Size of team: 3
Funds under advisement: $472,000,000

111. Brendan Peacock
Pitcher Partners
Docklands, VIC
Years of planning experience: 8
Minimum account size: $1,000,000
Size of team: 65
Funds under advisement: $7,199,987,455

112. Nicholas Carlton *
Morgan Stanley Wealth Management
Sydney, NSW
Years of planning experience: 30
Minimum account size: $5,000,000
Size of team: 5
Funds under advisement: $770,000,000

113. Grant Patterson *
Providence Wealth Advisory Group
Sydney, NSW
Years of planning experience: 24
Minimum account size: $1,000,000
Size of team: 10
Funds under advisement: $997,000,000

114. Angus Rodgers
PrimeWealth
Chatswood, NSW
Years of planning experience: 9
Minimum account size: no minimum
Size of team: 17
Funds under advisement: $712,400,000

115. Jordan Kennedy
Pitcher Partners
Sydney, NSW
Years of planning experience: 16
Minimum account size: $2,000,000
Size of team: 12
Funds under advisement: $2,297,776,190

116. Chris Murphy
Boston Private Wealth
Sanctuary Cove, QLD
Years of planning experience: 19
Minimum account size: $1,000,000
Size of team: 6
Funds under advisement: $610,059,200

117. Patrick Malcolm
GFM Wealth Advisory
Camberwell, VIC
Years of planning experience: 12
Minimum account size: $500,000
Size of team: 27
Funds under advisement: $2,903,000,000

118. Kathryn Humphreys
Shadforth Financial Group
Melbourne, VIC
Years of planning experience: 23
Minimum account size: no minimum
Size of team: 7
Funds under advisement: $556,059,728

119. Finn Dorney
Shadforth Financial Group
Hobart, TAS
Years of planning experience: 16
Minimum account size: no minimum
Size of team: 6
Funds under advisement: $644,586,707

120. Liz Wheatley
Perpetual Private
Sydney, NSW
Years of planning experience: 7
Minimum account size: $1,000,000
Size of team: 6
Funds under advisement: $2,398,550,000

121. Stuart Graham
Shadforth Financial Group
Melbourne, VIC
Years of planning experience: 16
Minimum account size: $500,000
Size of team: 7
Funds under advisement: $621,819,773

122. Peter Leggett
Arrow Private Wealth
Ivanhoe East, VIC
Years of planning experience: 41
Minimum account size: $1,250,000
Size of team: 11
Funds under advisement: $587,300,000

123. Paul Begley
Koda Capital
West Perth, WA
Years of planning experience: 28
Minimum account size: $4,000,000
Size of team: 4
Funds under advisement: $699,000,000

124. Campbell Breheny
Shadforth Financial Group
Hobart, TAS
Years of planning experience: 17
Minimum account size: no minimum
Size of team: 6
Funds under advisement: $743,031,789

125. Antony Green
Morgan Stanley Wealth Management
Melbourne, VIC
Years of planning experience: 27
Minimum account size: $1,500,000
Size of team: 3
Funds under advisement: $503,000,000

126. Simon Wotherspoon
Perks Private Wealth
Adelaide, SA
Years of planning experience: 17
Minimum account size: no minimum
Size of team: 27
Funds under advisement: $1,300,403,792

127. Alex O'Brien
Alteris Financial Group
Sydney, NSW
Years of planning experience: 12
Minimum account size: $1,000,000
Size of team: 18
Funds under advisement: $1,900,000,000

128. Kamalpreet Sarai
Modoras
Upper Mount Gravatt, QLD
Years of planning experience: 21
Minimum account size: $500,000
Size of team: 22
Funds under advisement: $863,176,257

129. Martin Fowler
Pitcher Partners
Sydney, NSW
Years of planning experience: 25
Minimum account size: $1,000,000
Size of team: 12
Funds under advisement: $2,297,776,190

130. Constantine Maglis
Perpetual Private
Brisbane, QLD
Years of planning experience: 14
Minimum account size: $2,000,000
Size of team: 8
Funds under advisement: $845,000,000

131. Ben Woolvett
Astute Wealth Planning
Rose Park, SA
Years of planning experience: 20
Minimum account size: $400,000
Size of team: 11
Funds under advisement: $495,328,000

132. David Andrew
Capital Partners Private Wealth Advisers
West Perth, WA
Years of planning experience: 25
Minimum account size: $1,500,000
Size of team: 43
Funds under advisement: $1,791,668,592

133. Katerina Sousalis
Modoras
Upper Mount Gravatt, QLD
Years of planning experience: 21
Minimum account size: $500,000
Size of team: 22
Funds under advisement: $863,176,257

134. Peta Nunn
Perks Private Wealth
Adelaide, SA
Years of planning experience: 22
Minimum account size: no minimum
Size of team: 27
Funds under advisement: $1,300,403,792

135. Steven de Natris
Perpetual Private
Melbourne, VIC
Years of planning experience: 13
Minimum account size: $1,000,000
Size of team: 5
Funds under advisement: $1,089,935,769

136. Edward Fletcher
Pitcher Partners
Brisbane, QLD
Years of planning experience: 12
Minimum account size: $1,000,000
Size of team: 16
Funds under advisement: $1,038,788,415

BARRON'S
Top 150
Financial Advisers

137. Michael Smith
Macquarie Private Bank
Fortitude Valley, QLD
Years of planning experience: 12
Minimum account size: $1,000,000
Size of team: 6
Funds under advisement: $2,230,000,000

138. Ben Davis
Wilsons Advisory
Brisbane, QLD
Years of planning experience: 19
Minimum account size: $1,000,000
Size of team: 5
Funds under advisement: $700,000,000

138. Paul Bryant
Wilsons Advisory
Brisbane, QLD
Years of planning experience: 16
Minimum account size: $1,000,000
Size of team: 5
Funds under advisement: $700,000,000

139. David Burgess
Morgan Stanley Wealth Management
Adelaide, SA
Years of planning experience: 26
Minimum account size: $2,000,000
Size of team: 5
Funds under advisement: $1,334,104,198

139. Sam Saunders
Morgan Stanley Wealth Management
Adelaide, SA
Years of planning experience: 16
Minimum account size: $2,000,000
Size of team: 5
Funds under advisement: $1,334,104,198

140. Doug Ferguson
Morgan Stanley Wealth Management
Melbourne, VIC
Years of planning experience: 24
Minimum account size: $5,000,000
Size of team: 5
Funds under advisement: $1,150,000,000

141. Michael Bova
Family Wealth Advisory
Sydney, NSW
Years of planning experience: 17
Minimum account size: no minimum
Size of team: 9
Funds under advisement: $264,505,838

142. Luke Rathborne
Fortitude Private Wealth
Sydney, NSW
Years of planning experience: 20
Minimum account size: no minimum
Size of team: 7
Funds under advisement: $405,000,000

143. Jacqueline Kirkwood
Shadforth Financial Group
Hobart, TAS
Years of planning experience: 20
Minimum account size: no minimum
Size of team: 6
Funds under advisement: $484,739,250

144. Sarah Robinson
Macquarie Private Bank
Melbourne, VIC
Years of planning experience: 31
Minimum account size: $1,000,000
Size of team: 10
Funds under advisement: $1,228,000,000

145. Stephen Furness
MGD Wealth
South Brisbane, QLD
Years of planning experience: 30
Minimum account size: $2,000,000
Size of team: 4
Funds under advisement: $805,032,796

146. Andrew Wilson
Pitcher Partners
Sydney, NSW
Years of planning experience: 12
Minimum account size: $2,000,000
Size of team: 12
Funds under advisement: $2,297,776,190

147. Jo Potts
Findex
Sydney, NSW
Years of planning experience: 13
Minimum account size: $500,000
Size of team: 42
Funds under advisement: $5,100,000,000

148. Brad Stewart
Evolution Financial
Townsville, QLD
Years of planning experience: 25
Minimum account size: $1,000,000
Size of team: 7
Funds under advisement: $510,000,000

149. Andrew Sherlock
Sherlock Wealth
North Sydney, NSW
Years of planning experience: 24
Minimum account size: $500,000
Size of team: 7
Funds under advisement: $145,610,000

150. Sam Hunt
Warr Hunt
Melbourne, VIC
Years of planning experience: 19
Minimum account size: no minimum
Size of team: 11
Funds under advisement: $565,000,000

STATE BY STATE

New South Wales

3. Campbell Vidgen
5. Charlie Viola
6. Paul Burgon
10. Frank Macindoe *
17. Tim Eustace
18. Cathy Ding *
19. Bernie Connolly
19. Patrick Regan
20. Ben Forrester
23. Matthew Smith
24. James McGregor
25. Phillip Gillard
27. Scott Girdlestone
33. Jamie Cockerill
34. Gregory Mifsud
38. Matt Koch *
41. Adam Montana
42. Ben Andreou *
43. David Simon
46. Andrew Rochester
47. Sean Abbott
48. Andrew Bollen
53. David Clark
56. Andrew Harrison
63. Andrew Hudson
63. Scarlet Fung
65. Laurence Poulter
68. Marshall Brentnall
69. David Lipari
70. Mark Pollasky
76. Mark Bradley
78. Michael Ogg *
79. Tom Meagher *
80. Richard Felice
82. Simon Duckett
87. Sam Stillone
89. Craig Tonkes
90. Charles Moore
90. Peter Dunn
91. Amanda Lee
95. Joshua Blythe
96. Trent Doughty *
97. Simon Mills *
101.Todd Stanford
104. Andrew Brunero
105. Ed Brooke
108. Hamish Harvey
112. Nicholas Carlton *
113. Grant Patterson *
114. Angus Rodgers
115. Jordan Kennedy
120. Liz Wheatley
127. Alex O'Brien
129. Martin Fowler
141. Michael Bova
142. Luke Rathborne
146. Andrew Wilson
147. Jo Potts
149. Andrew Sherlock

Queensland

12. Chris Smith
26. Dave Haydon
28. Charlie Fraser
29. Troy Theobald
30. Anita Beckers
30. Matthew Gartrell
36. Ashley Davis
39. Hugh Robertson
55. Peter Seldon
64. Sally Huynh
73. Olivia Maragna
81. Les McGuire
88. Lynda McKie
92. James Wortley
93. Richard Cooper
94. Kate Golder
99. Neil Kendall
106. Tim Whybourne *
116. Chris Murphy
128. Kamalpreet Sarai
130. Constantine Maglis
133. Katerina Sousalis
136. Edward Fletcher
137. Michael Smith
138. Ben Davis/
138. Paul Bryant
145. Stephen Furness
148. Brad Stewart

South Australia

40. David Robinson
44. Andrew McCracken
50. Andrew Barlow
85. Adam Griffiths
109. Andrew Parker
126. Simon Wotherspoon
131. Ben Woolvett
134. Peta Nunn
139. David Burgess
139. Sam Saunders

Tasmania

119. Finn Dorney
124. Campbell Breheny
143. Jacqueline Kirkwood

Western Australia

37. Brad Wira
45. Stephen Jones
51. Clint Beeck
59. Philip Davison
60. Andrew Pidgeon
71. Belinda von Knoll
72. Simon Growden
98. Daniel Gallacher
123. Paul Begley
132. David Andrew

Victoria

1. Garth Hu
2. Andrew Dunbar
4. Mathew Cassidy
7. Andrew Cowen
8. Adam Stanley
9. Benjamin Kohn
11. Ben James
13. Daniel Tome
14. David Bedford
15. Matthew Donat
16. Robert Hand
21. Chad Brendish
22. Kellie Davidson
31. Jarrod Broadbent
32. Paul Nicol
35. Nick Batrouney
49. Amanda Fong
52. Craig Raits
54. Will Hamilton *
57. Paul Lyons
58. Laurel Moulynox
61. Mark Vignaroli
62. Kevin Centra
66. Steven Grenda
67. Glenn Fairbairn
74. Paul Ashworth
75. Travis Pitt *
77. Matthew Owen
83. Nathan Lear
84. Arjang Taylor
86. Campbell Sorell
100. Harriet Gibb
102. Stephen Shostak
103. Chris Morcom
107. Simon Curtain
110. Jared Hoddinott
111. Brendan Peacock
117. Patrick Malcolm
118. Kathryn Humphreys
121. Stuart Graham
122. Peter Leggett
125. Antony Green
135. Steven de Natris
140. Doug Ferguson
144. Sarah Robinson
150. Sam Hunt

BARRON'S
Top 150
Financial Advisers

STEVEN MOORE

BEHIND THE RANKINGS

Matt Barthel, associate editor at Barron's, backgrounds the Top 150 list

This year marks the eighth annual adviser-ranking collaboration between The Australian and Barron's magazine. Much has changed since the two News Corp publications partnered for our first list in 2017, but one constant remains: the need for financial guidance in both countries remains extremely high.

In America, about 35 per cent of the population works with a financial adviser, according to Statista; in Australia that number is even lower, with Adviser Ratings placing the percentage just above 10 per cent.

Barron's, a 103-year-old investing magazine, began ranking US advisers in 2004, with the goal of helping investors locate quality financial advice. Our view, then as now, was that wealth management is a noble and important profession whose general reputation is anchored to the industry's worst abuses. It's important to call out bad actors, yes. However, an equally pressing matter is helping connect those in need of financial guidance with advisers who can credibly provide it.

With the number of advisers in Australia falling by 40 per cent in the past six years to 15,500, finding an adviser is getting even more difficult, and it's our hope that this listing can help.

What follows is an FAQ-style guide to this year's ranking that addresses wealth management trends that matter to investors seeking a financial adviser.

The list has expanded to 150 spots this year. Why?

The number 150 represents roughly the top 1 per cent of all Australian advisers. In years past, Melbourne- and Sydney-based advisers dominated the smaller listings, which made some sense given the population and wealth concentrations in those cities. The expansion to 150 paves the way for more geographic diversity, with the percentage of Top 150 advisers in each state now aligning roughly with its national footprint. For example, Victoria is home to about 26 per cent of the nation's population and about 27 per cent of its wealth, and about 29 per cent of the advisers on the list hail from that state. Meanwhile, Tasmania is about 2 per cent of population and wealth, and about 2 per cent of the 150 features Tasmanian-based advisers.

Does the ranking reward pure size and do advisers with large teams have a leg up in the ranking?

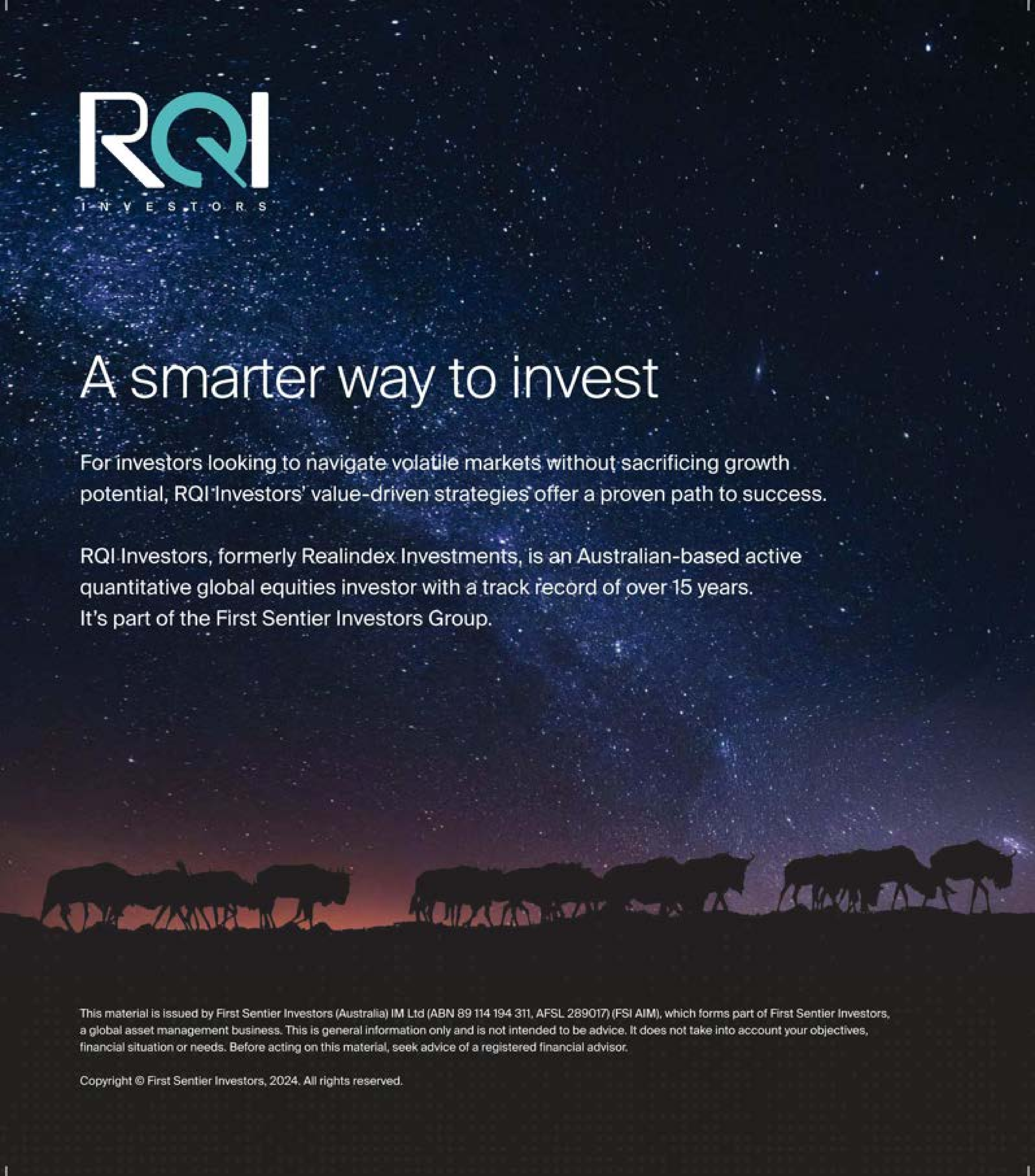
The single most important factor in wealth management in both the United States and Australia is the growing prominence and sophistication of advisory teams. Only a decade ago, advisers in both places tended to be "solo practitioners" – an adviser working alone or with an assistant or two. Today, advisers are building out groups of wealth professionals, and that has a number of positive benefits for clients. For starters, it creates a natural succession plan for when an adviser is no longer able or willing to head a business. Additionally, it allows an adviser to address a wide range of financial needs for clients; in addition to investing, many teams also handle taxes, trust and estate planning, and even concierge-style services. As teams grow, so does their capacity for managing clients and assets; the best teams are accounting for increasingly large shares of the wealth industry's growth. For example, in Barron's US ranking of the Top Private Wealth Management Teams, the total client assets managed by the top 50 teams grew from $500bn ($US328bn) in 2020 to $817bn this year. The teams grew in average staff size from 14 in 2020 to 31 this year. The Top 150 Advisers ranking rates advisers as individuals – they get "credit" in the rankings formula only for the client relationships for which they maintain primary regulatory responsibility. In that respect, the rise of teams does not directly benefit advisers in the rankings. However, to the extent an efficient team can help an adviser expand a client base more than if the adviser were working alone, the teams do indeed have an increasingly important role.

Why are there so few women in the ranking?

In Australia, as in the US, the percentage of female financial advisers hovers around 20 per cent. Among the Top 150 advisers, 21 (13 per cent) are women. Theories abound as to why the numbers remain so low. Historically, finance jobs in both the US and Australia maintained a testosterone-fuelled ethos that likely convinced many women they were not welcome. But it still does not fully explain why a profession with flexible hours that rewards empathy and emotional intelligence attracts so few females. This is changing, if slowly. As many male advisers approach retirement age, there is an opportunity for female advisers to step into advisory positions that are opening up. In addition, the massive generational wealth transfer under way is concentrating trillions of dollars into the hands of female investors, most of whom are likely to outlive their male partners, and many of whom want a female perspective on managing their money.

What are the criteria used in ranking advisers?

All advisers participating in the rankings complete a survey of 60 questions covering details of their careers and their businesses. There is no cost for participating, and the rankings are rooted in a mathematical formula that is evenly applied to all participants. The metrics included in the formula fall into three general categories: assets, revenue and quality of practice. Assets, or funds under management, represent the amount of client money an adviser manages, and the year-over-year growth in FUM is a measure of the general health and vitality of a business. Revenue is the money advisers collect in fees, and it is a useful proxy for client satisfaction – clients attest to the value advisers are providing to them with the fees they pay and with the assets they permit the adviser to manage. Quality of practice includes a variety of data points, including the length of time an adviser has been in business, an adviser's education and advanced degrees and certifications, the size and structure of a team relative to the number of clients, and more.


RQI
INVESTORS
A smarter way to invest
For investors looking to navigate volatile markets without sacrificing growth potential, RQI Investors' value-driven strategies offer a proven path to success.
RQI Investors, formerly Realindex Investments, is an Australian-based active quantitative global equities investor with a track record of over 15 years. It's part of the First Sentier Investors Group.
This material is issued by First Sentier Investors (Australia) IM Ltd (ABN 89 114 194 311, AFSL 289017) (FSI AIM), which forms part of First Sentier Investors, a global asset management business. This is general information only and is not intended to be advice. It does not take into account your objectives, financial situation or needs. Before acting on this material, seek advice of a registered financial advisor.
Copyright © First Sentier Investors, 2024. All rights reserved.

PROFILES

2024

STEVEN MOORE

From left: Cathy Ding;
Richard Felice; Charlie Viola

LAUREL MOULYNOX
Morrows Private Wealth

How important do you think it is to meet your clients face to face?
Meeting clients face to face is not only important but is often the most rewarding aspect of being an adviser. Through these in-person interactions, we can truly get to know our clients and understand their needs on a deeper level. Building long-term, trusting relationships is key, especially when working with high net worth (HNW) families. I believe it's essential to go beyond just meeting in the office. By visiting clients in their homes and their own environments, we gain a better understanding of family dynamics and can make them feel more at ease. This is especially important when discussing sensitive financial matters. People tend to open up more when they are in a familiar setting. In our role, facilitating family meetings across multiple generations is crucial. For HNW clients, educating and involving younger family members early in the process is important, ensuring the family's wealth and values are successfully passed down.

Is putting extra money into superannuation savings still worth the trouble?
Absolutely! Making extra contributions to your superannuation is one of the best ways to build long-term wealth, especially if you start early. Even small additional contributions each month can grow significantly over 20 or 30 years due to the power of compounding. It's a strategy that rewards consistency and time. It's also important to stay engaged with your super from an early age. By taking an active interest and making informed decisions about your investments, you can maximise the potential of your savings. For high income earners, while the additional 15 per cent contributions tax may seem like a disadvantage, superannuation remains a highly tax-effective vehicle. The concessional tax treatment of both contributions and earnings makes it an ideal structure for building wealth and generating income for retirement.

Rich Australians are apparently rushing into "private" investments. Is it too late for everyone else to join the party?
At Morrows, we've been investing in private markets for many years. Although these investments were traditionally the domain of HNW individuals, they are increasingly becoming accessible to a broader range of investors, including retail investors. Private market investments, whether in early stage venture capital or private credit, can play an important role in a diversified portfolio. However, it's essential to understand that these are long-term investments, often with a 7-10 year time horizon, and they require patience. They are not about quick returns but about growth over the long term. For those considering entering this space, my advice is to conduct thorough research. Choose partners with a proven track record and who are transparent about both their investment portfolios and processes. Private markets can offer significant opportunities, but partnering with the right team is critical to success.

Financial advice industry numbers have been cut in half; you are in the tiny minority that managed to get on our Top 150 list. Why do you think you made the cut?
This year marks Morrows' 65th year of advising families and businesses, and I have been privileged to be part of this journey for over 30 years. I believe our success is based on a combination of experience, dedication and a deep commitment to our clients. With over 30 years of advising clients, I have had the privilege of building longstanding relationships, not just with individuals but with entire families and multiple generations. At Morrows, we take a multi-generational approach, guiding clients as they grow their wealth, plan their legacy and, importantly, foster values that extend beyond financial success.

STEVEN MOORE

RICHARD FELICE

Belay Advisory

How important do you think it is to meet your clients face to face?
There is no doubt that running virtual meetings is an efficient, highly lucrative way to run a business. However, meeting clients face to face is incredibly important to our business. In-person meetings provide a unique opportunity to build stronger relationships and trust. Sitting down together allows for more meaningful discussions, where I can pick up on non-verbal cues, engage in real-time dialogue and gain a deeper understanding of client goals and concerns. It also creates a more personal connection, helping clients feel confident that I'm fully invested in delivering the best outcome that I can. I also find face-to-face meetings to be more collaborative and complex matters become easier to discuss and resolve when we're in the same room. There are countless times where face-to-face meetings go "off topic" and this presents different perspectives or opportunities for both parties to explore new ground. It allows for richer, more dynamic conversations that can often lead to insights or strategies that might not emerge through virtual communication alone. There are also incidental opportunities to meet extended members of the client's ecosystem – whether it be other family members or professional advisers – and this is highly beneficial to the overall relationship. Ultimately, my priority is to offer a highly personalised and intimate level of service, and I believe face-to-face interaction is key to delivering that.

Rich Australians are apparently rushing into "private" Investments. Is it too late for everyone else to join the party?
In some ways, yes. I think as time has gone on many managers are now opting for more scalable investment structures, which provide easier access to private investments. This can often come at the expense of terms or performance, for the sake of, say, liquidity, which we don't philosophically agree with – access in itself shouldn't be a reason to invest. However, we think that private investments will continue to grow in importance as investors seek asset-level diversification and alternative sources of return, beyond more traditional assets. Strategies such as private equity and private debt/credit have always been an integral part of our client portfolios and we expect this to continue to be the case going forward, despite challenges around some of the best opportunities becoming capacity-constrained. We've been very deliberate in establishing and nurturing relationships for more than a decade with key investment partners in order to access the highest-quality, most compelling opportunities. It would be much more difficult if you're only just starting to venture into private investments now. Our role, and the role of key advisers, remains balancing these opportunities with the need for capital preservation, liquidity and most critically the individual investor objectives.

Financial advice industry numbers have been cut in half; you are in the tiny minority that managed to get on our Top 150 list. Why do you think you made the cut?
We take pride in providing a highly personalised service to a small number of ultra high-net-worth investors. This allows us to provide a bespoke service that is client-centric and, importantly, retain sufficient capacity to support client needs and constantly evolving (often in a material way!) circumstances. There are investment principles we apply in our business that also help define who we are and why we are different – principles like a whole-of-balance sheet advisory approach, an unconflicted fee model, and leading with a documented strategy and governance framework. The changing legislative requirements have contributed to the drop in adviser numbers, but I think more broadly we operate a model that many high-quality firms grapple with. There is still a lot of consolidation in the industry and a strong focus on funds under manafement growth. This leads to advisers often automating the client experience or having a tendency to deviate from the client type they feel they can best serve. I'm proud to say that we've always stayed true to label and where we think we can do the best work. Our model also allows us to be dynamic and innovative, and invest in what's important to the client. We believe this is critical to a successful adviser-client relationship.

STEVEN MOORE

BELINDA VON KNOLL
Shadforth Financial Group

How important do you think it is to meet your clients face to face?
Meeting your clients face to face is the starting point in building a successful long-term relationship. Although technology has advanced by leaps and bounds, and has enabled lots of creative options for how to assist with delivering service to your clients, it cannot replace face-to-face meetings. As an adviser, you become one of the most trusted people in your clients' lives, offering a rare safe space where they can talk about their finances and personal matters with complete privacy. Building a relationship and earning your client's trust is quicker and more enduring if done in person. It allows you to read your client's body language, and notice the shift in their position or their eyes when they do not understand a concept or, conversely, to see the moment of realisation when everything suddenly makes sense. Warmth and empathy build trust, and these are difficult to convey over the phone or in a Teams meeting. When you look someone in the eye, they can see you are genuine, actively listening to their story and, most importantly, that you care. It also enables you to use different methods of communication, such as visual references like graphs and tables, depending on how your clients best learn and understand.

Financial advice industry numbers have been cut in half; you are in the tiny minority that managed to get on our Top 150 list. Why do you think you made the cut?
The number of financial advisers has significantly decreased in the past few years. This has been the result of both positive and negative changes in our industry. On the positive side we have moved to being a profession with appropriate educational requirements on entry, and on an ongoing basis, and to operating under a code of ethics. Some of the requirements put in place after the Hayne royal commission have unfortunately increased the cost to provide advice and made advice unaffordable for many smaller clients. This is not a great outcome for consumers, and has caused challenges for the financial sustainability of some advice businesses. These changes have resulted in many advisers leaving the industry; some as they are of an age where they do not wish to commence studying again, and some because their skills are not of an appropriate level to entitle them to stay in our profession. At Shadforth, we make a promise to our clients that we will continue to be there for them and their families for many years. To fulfil this promise, our business must be successful and resilient. Perth is a small place where everyone knows everyone. Your reputation and character are critical to your ongoing success.

SEAN ABBOTT
Koda Capital

Big super funds are moving into financial advice; does it threaten independent advisers?
No, I don't believe it does. There is a growing market for different forms of financial advice, and competition can be beneficial. Each client has unique needs that may evolve over different life stages, necessitating various levels of advice at different price points. Independent advisers offer personalised services and tailored strategies that can differentiate them from larger funds. Ultimately, this diversity in the market provides clients with more options, ensuring they can find the right fit for their financial goals.

Among younger clients, what is the single most common mistake they make when they look at their financial future?
Younger clients are increasingly focused on planning for their financial future, which is a positive trend. However, one of the most common mistakes is delaying the recognition of the need to separate what they earn from what they spend. It's crucial to invest the difference – essentially, to establish a savings discipline early on. By doing so, they can build a solid foundation for long-term financial stability and growth.

How important do you think it is to meet your clients face to face?
Critically important – particularly in the first few years. We are in the trust business. Being able to listen, identify and respond to non-verbal cues that you can only observe face to face is really important in order to provide great personal advice.

Is putting extra money into superannuation savings still worth the trouble?
Absolutely. Contributing additional funds to your superannuation is a smart move. Superannuation allows you to leverage the power of compound interest – what Einstein famously referred to as the eighth wonder of the world. By investing early and consistently, you can significantly enhance your retirement savings over time. Making financial space for these contributions is worth the effort, as it sets you on a path toward greater financial security in your later years.

For pre-retirees, what do you find to be the most important thing they need to think about?
It's crucial to have a clear understanding of your true cost of living. This involves not only accounting for your regular expenses but also anticipating unforeseen circumstances. Building in a contingency plan allows you to prepare for life's unexpected events – whether it's an emergency expense, job loss or health issue. By proactively addressing these factors, you can create a more resilient financial strategy that supports your long-term goals and provides peace of mind.

Rich Australians are apparently rushing into "private" investments. Is it too late for everyone else to join the party?
Definitely not. While you need to be prudent in what is invested in, quality private investments are here to stay and will only grow in mainstream accessibility, which is positive. It is more about being comfortable with the illiquidity typically connected to private assets. There is no free lunch in investing.

CHAD BRENDISH
Morgan Stanley Wealth Management

Financial advice industry numbers have been cut in half; you are in the tiny minority that managed to get on our Top 150 list. Why do you think you made the cut?
The financial advice landscape has undergone tremendous change in recent years, and our team's success stems from a combination of adaptability, unwavering client focus, and building deep expertise. Over my 25-plus years in the industry, while we have seen significant regulatory changes and evolving market conditions the core of my approach has remained the same: putting the client first. Our clients trust us with managing their wealth and future, so our focus is always on providing tailored, objective advice that reflects their unique circumstances. Additionally, the support from a dedicated team has been crucial. I lead a high-performing team of four advisers and four support staff, each of whom brings exceptional skill, dedication and professionalism to our work.

Rich Australians are apparently rushing into "private" investments. Is it too late for everyone else to join the party?
Private investments have been gaining traction among wealthy Australians, and there's good reason for this. The low-interest-rate environment over the past decade, coupled with increased volatility in public markets, has driven many investors toward alternative investments including private equity, venture capital and direct property investments. Fund managers have responded by improving access to these investments, which were previously the domain of institutional investors. This asset class can offer the potential for high returns and diversification benefits in clients' portfolios. However, private investments can be complex, and it's critical that they align with the investor's overall financial strategy and risk profile. For investors interested in accessing these opportunities it's crucial to work with an experienced financial adviser who can conduct thorough due diligence and provide personal advice to ensure that any private investment fits within their broader portfolio strategy. In short, the door isn't closed, but careful consideration and expert guidance are more important than ever.

How important do you think it is to meet your clients face to face?
Meeting clients face to face remains incredibly important. Despite the growing use of digital communication tools, there's a level of trust and understanding that is best established in person, particularly when dealing with the complexities of financial planning and wealth management. Personal meetings allow us to truly understand the nuances of our clients' goals, concerns and values, which helps us provide effective personal advice. That said, the Covid-19 pandemic has shown that technology can supplement traditional face-to-face interactions. Video conferencing and other digital platforms have made it easier to stay connected with clients, particularly board and investment committee members who are geographically distant or have demanding schedules. However, while these tools add convenience, they don't replace the depth of connection achieved through in-person meetings. The future of financial advice in our business likely involves a hybrid model, where face-to-face meetings and digital interactions work together to deliver the best client experience.

Big super funds are moving into financial advice. Does it threaten independent advisers?
The move by industry superannuation funds into providing financial advice to their members certainly presents new dynamics for the industry, but I don't see it as a threat to independent advisers or established wealth firms. The market for financial advice is diverse, and different clients have different needs. Industry super funds are typically well-positioned to offer broad, lower-cost advice on matters such as retirement planning and superannuation contributions. However, clients with more complex needs such as high-net-worth individuals and not-for-profits often require a level of personalised, strategic advice that goes beyond what an industry super fund can offer. Our team of advisers focuses on delivering a bespoke approach, tailored to each client's unique financial situation and goals, going beyond investments. Commencing with a strong investment policy, we consider and consult on areas such as tax structures, estate planning and preparing for the intergenerational wealth transfer. These are areas where specialised advice remains invaluable, and clients will continue to seek out relationships with advisers who can offer this depth of expertise. The challenge for all advisers is to continually demonstrate the value of their tailored service, something I believe the most successful in our industry are well-equipped to do.

BARRON'S
Top 150
Financial Advisers

LYNDA MCKIE
Elston Private Wealth

If people are good at making money in their day jobs, does it help them make money as investors?
It can help them. I guess it depends on their jobs. If you're a doctor, for example, you're probably good at generating a healthy income (no pun intended) but they're often time-poor – and, really, they have a different skillset to an investment specialist. Successful business owners are often better aligned skill-wise. They know their way around a set of financials, and they've probably taken a few calculated risks along the journey. So they may have some of the experience and attitudes that can help them approach investment with the right mindset. Certainly, having a long-term view is a good thing. Of course, even with experience, having the resources to filter the opportunities and large volumes of data and information requires a team of people and great tech. So no, just because you are successful in your day job doesn't mean that's always going to translate to success in investing.

How important do you think it is to meet your clients face to face?
My preference is to meet in person, not for every touch point, of course, but on a regular basis. My style is very personal. I like getting to know my clients in a relaxed way. That's when the real connections grow and we get to talk about not just the numbers, but about what's happening in their lives. Advice is holistic. We need to understand what's happening in our clients' lives and wrap the planning around the things that are important to them. We are providing advice that enables people to live their best lives and that can involve philanthropic giving, transferring wealth to family, exiting a successful business and adjusting to life after significant life transitions. These are deep conversations that take time to evolve – and that's something that's just not going to happen over Zoom.

When you ask first-time clients about their risk tolerance, what can these clients do to formulate the correct answer?
First-time clients can be surprised by the topics of conversation in that first meeting. One client told me she thought she was going to be "sitting in the dentist's chair" and instead it felt more like "lying on an analyst's couch". That's because we talk about the things that are important to them; work and family, and what might seem like faraway dreams of a better future. We talk about their attitude to risk and how it can affect their behaviour in certain situations. Their tolerance for risk is based on many factors – past experiences, financial situation, investment time horizon, knowledge and personality. So we need to build up a "risk picture" that's unique to them. When we understand the individual, their journey, their fears and aspirations, and the ups and downs of their life, that's when we can start to really formulate a tailored financial strategy. That exploration is key. It shows us what their risk tolerance is. It allows us to provide guidance on the risks and expected returns. And it gives them the confidence to make informed choices.

STEVEN MOORE

ANDREW BARLOW
William Buck Wealth Advisors

Is putting extra money into superannuation savings still worth the trouble?

Despite the numerous rule changes and potential taxes on balances over $3m, superannuation is always going to be among the most concessionally taxed places to invest your money. If it wasn't the most generous, then no one would use it, and more people would rely on the aged pension. Changes to superannuation legislation should not be feared, and the government generally will only tinker with what are already very generous tax concessions compared to the alternative. Particularly from their 30s onwards, if they have the means to do so, we encourage our clients to make additional superannuation contributions, including potentially catching up unused contributions from previous years. As you get closer to retirement, most of your wealth should be in superannuation, where it will ultimately likely pay no tax on earnings, ensuring you have more to live on in retirement.

For pre-retirees what do you find to be the most important thing they need to think about?

Pre-retirees are often in a difficult position, balancing their own upcoming retirement, while potentially having young adult children at home and elderly parents they may be taking care of. This can create a financial, emotional and time burden, thus planning for retirement can be an afterthought. On the positive side, we encourage pre-retirees to take advantage of the "magic window" of superannuation, whereby you can make superannuation contributions, obtain a tax saving and potentially be able to access that money straight away or soon. Therefore, you can effectively have your cake and eat it too by obtaining all the positives of using superannuation, without the biggest negative, which is a restriction on access. By using superannuation effectively in your final working years, you can set yourself up for a great retirement. The other important consideration often overlooked is having a plan for retirement and how you'll keep yourself busy. It is one thing to have the finances to retire, but it is just as important to have stimulating, enjoyable activities in retirement. We encourage our clients to really think through what they'll do in retirement as sitting home and watching TV all day gets boring quite fast. Keeping yourself busy with family, friends, holidays, sport/hobbies, part-time work and volunteering will turn a good financial retirement into the great retirement you have always wanted.

Financial advice industry numbers have been cut in half; you are in the tiny minority that managed to get on our Top 150 list, why do you think you made the cut?

For me, financial advice is not a job, but something I really enjoy and am passionate about. Even in my holidays, I love reading financial topics, keeping on top of the sharemarket and legislative updates. If you enjoy what you do, work hard and have a good attitude, you'll have a successful career. My brother is an anaesthetist and most of my family are in the health profession, and as a result I have a particular focus on medical professionals. I have used this speciality to understand and connect with my clients, and am at a point now when before saying anything I generally know what they're about to tell me, their needs and how I can help them. Ultimately, my biggest strength is the team around me, and I am supported by so many good leaders and staff, all of whom are great people.

CATHY DING
Morgan Stanley Wealth Management

Among younger clients what is the single most common mistake they make when they look at their financial future?
Many have built their wealth by building a business and/or investing in real estate. Some have also inherited significant wealth from family. These clients tend to have quite concentrated portfolios with a particular home bias towards property. As their trusted advisers, we assist our clients to diversify their wealth into investments such as bonds, equities, hedge funds, commercial real estate, and infrastructure, private equity and private credit, and provide access to a wide range of growth assets in markets all around the world.

If people are good at making money in their day jobs, does it help them make money as investors?
Earning a high income in your day job doesn't necessarily correlate to being a good investor. However, a higher income can certainly help someone to achieve their financial goals faster. More important than this is having a regular savings and investment habit over a long period of time, and getting advice on optimal asset allocation strategies over the course of the many economic cycles that will inevitably occur during the average investor's investment time horizon. There is also a positive correlation between people's living expenses and their income levels. As incomes rise, generally so too do living costs, and so it is not a foregone conclusion that higher income levels lead to greater investments or investment returns. Many of our high-income clients are either time poor or their training and education in their particular domain is not necessarily transferable to the world of investments. By partnering with us they are able to focus on growing their business while leaving the complex investment and asset allocation considerations to highly experienced professionals who can help preserve and grow their wealth over time.

Rich Australians are apparently rushing into "private" investments. Is it too late for everyone else to join the party?
It is not too late to get into private investments. With the lower level of new issuance in public markets for the last few years due in part to higher interest rates, many companies are raising capital through private markets. In addition, and particularly for Australia, the tighter lending laws have meant bank capital has largely disappeared from commercial deals, which has created opportunities in private credit markets. For investors, this has meant a larger pool of deals is available in private credit markets, and for disciplined and astute professionals this can lead to higher risk-adjusted returns provided disciplined underwriting standards are adhered to. Private equity as an asset class has allowed investors to gain exposure to many investment opportunities they cannot access through public markets. This can also increase portfolio diversification and enhance returns. Seeking professional financial advice is important here because the unlisted nature of this asset class means there is less liquidity and potential liquidity restrictions when entering/exiting investments.

Financial advice industry numbers have been cut in half; you are in the tiny minority that managed to get on our Top 150 list. Why do you think you made the cut?
A strong focus on client relationships over the longer term and providing access to a broad range of investment solutions tailored to their circumstances and risk profiles has made us trusted advisers to our clients. Many of our investors also have an overseas background. Investing in other countries can be complex. By partnering with us our clients have a team of professionals who can help them navigate the often complex and challenging investment landscape and provide exposure to a wealth of domestic and international investment opportunities they may otherwise not have access to.

HUGH ROBERTSON
Centaur Financial Services

Financial advice industry numbers have been cut in half; you are in the tiny minority that managed to get on our Top 150 list. Why do you think you made the cut
Centaur started out in 2009 with not much. We built the business the way most self-employed people have – we worked crazy hours and tried to help as many people as we could. Over the years we have become more streamlined in our operations, but the key is we have built the business around our evolving client needs. There are four key components to a successful firm in my mind: 1. Strong investment results; 2. A holistic advice model covering tax, estate planning, risk management, debt minimisation, etc; 3. A great client service offering where clients are known by the whole team, and; 4. Reliable outcomes. No shiny new toys, just proven principles well executed. In addition to focusing on the quality of our client relationships, we focus a lot on ongoing education. Qualifications and certifications keep you up to date with what is happening in both the academic and real world, so that we can deliver the best strategies and investments to continually improve our client lives.

Rich Australians are apparently rushing into "private" investments. Is it too late for everyone else to join the party?
No, it's not. But you do need expert guidance as it's important to approach them with caution and a clear understanding of the risks. Private investments – such as venture capital, private equity, private credit, or direct property – traditionally have been illiquid, meaning your money is tied up for long periods, and they come with a higher degree of risk than more traditional investments. For wealthy investors, these options may represent a smaller portion of a well-diversified portfolio, whereas for everyday investors they could represent a significant risk if not managed properly. While private investments can offer high returns, they aren't suitable for everyone. Investors need to assess their risk tolerance, time horizon and overall portfolio strategy before jumping in. Client education is important in this area. There are a lot of great products coming into Australia now and semiliquid products could really help build more robust, all-weather portfolios for everyday Australians using private markets and alternative asset classes.

For pre-retirees, what do you find to be the most important thing they need to think about?
For pre-retirees, the most important consideration is transitioning from wealth accumulation to wealth preservation. As retirement approaches, shifting from high-risk, high-reward strategies to a more balanced portfolio that helps to protect their capital becomes important. They need to ensure their assets will provide a sustainable income throughout retirement, which involves careful planning around superannuation drawdowns, investment strategy, lump-sum liquidity needs, and potential healthcare or lifestyle expenses. Additionally, pre-retirees should focus on understanding their ideal retirement lifestyle and budgeting accordingly. Knowing how much income they'll need to maintain their desired standard of living – and having a clear strategy for generating that income – is key to retiring with confidence. Estate planning is also an important consideration, ensuring their wealth is protected and passed on according to their wishes. Clients may live 30+ years in retirement, educating them that they maintain exposure to growth assets for the rest of their lives to help combat longevity risk as well as inflation risk is vitally important. One of the biggest tragedies I've seen is people who have sacrificed many years working past the point they could have been financially retired. Seeking advice sooner may mean that you can retire earlier with peace of mind you are going to achieve your lifestyle and financial goals for your retirement.

When you ask first-time clients about their risk tolerance, what can these clients do to formulate the correct answer?
We say past performance is not an indicator of future performance, but past behaviour tends to be a predictor of future behaviour. Research from big institutions such as Vanguard, Morningstar and Russell has illustrated the value of financial advisers educating clients on the behavioural side of investing. Protecting clients from their own behaviour turns out to be an important source of value-added return. First-time clients often struggle with articulating their true risk tolerance because they may not fully understand the implications of market volatility or long-term investment horizons. To formulate the correct answer, clients should start by reflecting on their financial goals, time frames, and emotional comfort with potential losses. How would they react if their portfolio temporarily dropped by 10 per cent or 20 per cent? What is their ability to recover from losses based on their income and savings? Running through different market scenarios with an adviser can help clients gauge their emotional and financial resilience to risk. Additionally, clients should consider their investment goals – short-term savings require different risk levels than long-term retirement goals. A professional adviser can guide clients through a risk assessment, aligning their portfolio with their comfort level and objectives.

STEVEN MOORE

Running *against the herd*

It's easy to follow the crowd when it comes to investing in some of the world's largest and most expensive companies. It's much harder to invest with a contrarian focus on the metrics that really matter. Andrew Francis, chief executive of $32.2 billion firm RQI Investors, makes investments from a universe of 15,000 stocks across Australian, global and emerging markets. Here he shares his learnings about the mistakes that weigh investors down in global markets and the unconventional-yet-telling data his team focuses on.

Passive investment strategies are popular and cheap. However, we believe they don't necessarily provide adequate diversification and will not shield investors from bubbles and crashes.

Owning market cap indices can overexpose investors to some of the world's largest and most expensive companies.

And index concentration is now higher than ever before. By index weighting, just seven technology firms account for more than 30 per cent of the S&P 500.

These concentrated positions amplify risk during market downturns.

The recent slump we saw in Chinese indices after rallying 30 per cent prior to Golden Week is another reminder of the behavioural biases that exist in markets.

Share prices constantly change their mind, mood and expectations. They can be overly optimistic on the upside, incorporating overly imaginative future cash flows into prices, and overly pessimistic on the downside, extrapolating the bad news into the future.

Avoiding inflated stocks and market fads can provide a robust defence against the kind of price bubbles and crashes that have plagued markets throughout history.

The real price of passive

Over time, index investors will also find themselves progressively underweight to the cheapest stocks. Whether or not these companies are creating shareholder value with solid fundamentals. As Warren Buffet said, "The stock market is the only place where items go on sale, people run out the door", and that is what index investors are doing.

We know the metrics that matter include company fundamentals such as healthy sales, book value, cash flow, and dividends.

Weighting by these fundamentals – rather than how popular the underlying stocks prices are – can result in an investment portfolio that is steadier across market cycles, avoiding the noise associated with prices.

The resulting portfolio is more attractive than the index with a higher yield, cheaper than the index, and can provide a robust defence against bubbles.

This approach is inherently contrarian but highly effective over time.

The perils of a bias for unloved stocks

There are risks when taking a contrarian approach. An investor must have the discipline to take profits from their winners and buy into underperformers with potential to recover.

The systematic approach that RQI takes allows for effective rebalancing of the portfolio.

However, one of the most significant risks we seek to avoid is falling into value traps – stocks that appear cheap based on surface-level metrics, but are plagued by deeper, often unfixable, issues.

This is where technology – and increasingly sophisticated data sets – come into play, combined with people who have the insights to use data and technology. And this is what sets RQI apart from other value managers.

Avoiding the value traps

RQI identified Credit Suisse as a value trap before the bank's well-documented struggles became public and the company folded into UBS in 2023.

In addition to scrutinising traditional financial metrics such as profitability, we use AI to assess the tone and sentiment of management earnings calls.

We found that nervous management teams tend to use longer sentences, complex words and lighter use of numeric statements when trying to conceal future negative financial performance.

We continue to explore this area of research to aid selection of stocks with true recovery potential.

Sweeping non-traditional data sets at scale

Our experience has shown non-traditional data sets hold signals that can be dramatically predictive of future stock performance.

Our team considers areas such as management transparency, diversity metrics and carbon efficiency when choosing companies to own and avoid. This holistic view can provide a more accurate picture of a company's operational health.

A smarter way to invest

Whether you're looking to diversify your portfolio domestically or globally, or tap into emerging market opportunities, RQI provides a disciplined, data-driven approach that has consistently outperformed benchmarks across multiple regions and market segments over the long term.

RQI Investors, formerly Realindex Investments, is part of the First Sentier Investors Group.

www.firstsentierinvestors.com

CHARLIE VIOLA
Viola Private Wealth

What is the one outstanding item you believe is restricting the availability of advice to everyday Australians, and what can be done about it?
Governance. People like me, and really every adviser, want to see people with bigger investable balances. Commercially, and even intellectually, it is more rewarding. These businesses are expensive to run, so any scenario where you are restricted as to what you can charge to give your time and resources, it's going to be difficult. We need to be OK about advice being separable. That is, when people are in phases of their life and need advice about what they do at that moment, we have to be okay about supplying that, rather then seeking to be completely holistic all the time. It makes it non-commercial but the recipients don't get value from it because they really only care about meeting the needs they have there and then.

Big super funds are moving into financial advice. Does that development in the sector threaten independent advisers?
No, not at all. It's a good thing. It solves some of the cost-of-advice issues for more mass affluent clients. It is cross-funded from super so it will be more affordable for those in that category. The clients who we want in our sector are the ones who want the more complex and more bespoke solutions – it won't change our addressable market.

Among younger clients what is the single most common mistake they make when they look at their financial future?
Starting too late! Get on with it, start learning and creating wealth through investment in quality assets.

If people are good at making money in their day jobs, does it help them make money as investors?
It will often correlate, yes. It is easier to explain concepts to this group and, generally speaking, they understand risk better. They are also more amenable to advice, as they are generally more time poor.

How important do you think it is to meet your clients face to face?
Maybe I'm old-school, but I like doing face to face. These are very real relationships. You need to feel comfortable with each other. Building rapport face to face is often much easier than over Teams or Zoom. Video conference is certainly a handy tool, but it's not the same, especially in the early part of the relationship.

Is putting extra money into superannuation savings still worth the trouble?
Yes! Super is the most effective tax structure we have. We should all be aiming to have as much of our wealth as we can in the environment by the time we retire, so we should all be taking advantage of it.

For pre-retirees what do you find to be the most important thing they need to think about?
I think as people start to move closer to wanting to make work optional, it's really about making sure they consider what level of passive income they need, and what level of assets that will require. It's a simple formula, but it's a powerful discussion to help them get mathematical comfort that they will be fine.

Rich Australians are apparently rushing into "private" investments. Is it too late for everyone else to join the party?
No, not at all. In fact, it's becoming way more prevalent and way more accessible. When I started doing this in the very early 2000s, there just wasn't a heap of opportunity in the private wealth space. Now the accessibility to private debt, private equity, syndicated property, etc, is way better. It creates some risk that some people don't know what they are investing in, but that's our job. It's incumbent upon us to find good-quality assets for people to invest in that generate the outcomes but also protect the client's assets. Diversity and asset quality will always be the most important thing.

DAVID BEDFORD
Pitcher Partners Investment Services

How important do you think it is to meet your clients face to face?
I can't stress enough the importance of face-to-face meetings on a regular basis, and even more importantly at the beginning of the client relationship. At Pitcher Partners our advisers are required to regularly meet with clients in person, which forms the building blocks to enduring relationships. As humans we are visual in most aspects of our day-to-day lives and in my view the relationship will always be stronger if you have met the client in person and experienced directly their reaction to questions or simply how they greeted you at the front door. Face-to-face meetings allow you to get to know an individual more broadly than from just financial matters – you get to learn more closely where they actually work, live, with whom, and the extended version on personal interests. Remote working has allowed us to continue the face-to-face meetings online when required due to travel, sickness and schedule, but it's just not the same unless you have met them in person before.

When you ask first-time clients about their risk tolerance, what can these clients do to formulate the correct answer?
In my view, successful investing and managing risk starts with answering the right questions. Most investors start with researching the best individual investments. We view it as appropriate to start with the questions that have been shown to provide the greatest impact on your overall investment return and formulating a client's optimal risk tolerance. These questions are:
- What is the purpose of the capital?
- What is the duration of the capital?
- What are the income and growth needs?
- What can you afford to lose?
- What legal and tax structure is the capital in?
- What asset types can be considered/excluded?

Taking the time to meaningfully consider these questions will be a key driver in formulating a client's risk tolerance. To support these questions, it is worthwhile for clients to complete a form of risk tolerance questionnaire as this can assist in understanding their emotional response to risk and assist in managing any potential future risks.

Rich Australians are apparently rushing into "private" investments. Is it too late for everyone else to join the party?
No, it's not. We continue to witness greater product innovation in Australia, which is enabling investors to build more meaningful and diverse investment portfolios, and this includes private investments. The very nature of investments, and their corresponding cycles, means this evolution will continue for the foreseeable future. Private assets, or alternatives, as we refer to them at Pitcher Partners, is an extremely broad asset class that covers a diverse array of investment strategies including private equity, infrastructure, private debt and unlisted companies. Private investments can offer investors the ability to generate complementary streams of both capital growth and income compared to traditional equity and bond investments over time. Given their historically low correlation (sensitivity) to movements in traditional asset classes, blending alternative products with equity and bond investments can help to reduce the overall level of volatility in a portfolio. This isn't an investment opportunity without risk, however, and most have limited liquidity until maturity. So, like all asset classes, it has its own unique array of pitfalls. Therefore, appropriate due diligence and manager selection are key to generating optimal outcomes for investors in private investments.

STEVEN MOORE

Back page

IN SEARCH OF THE PERFECT UNIVERSE

Sourcing investment opportunities for the rich is both an art and a science, writes Andrew Hagger

Advisers to high net worth clients scarcely need to remind them that there's a big world out there. For their clients ski in Aspen, climb South American mountains, eat strawberries at Wimbledon, and track cheetahs while glamping in the Masai Mara. Yet sophisticated advisers to the wealthy need an exceptionally solid grip on the world; in an investment sense, they need to be even better travelled than their client.

A highly credentialed new venture fund out of Silicon Valley? A build-to-rent platform in Amsterdam? UK data centres? Highly prospective mining projects in far-flung places? An Asian consumer private equity fund play?

There's much to consume across brutal time zones and, given the 24/7 nature of global markets, many advisers are up early and retiring late in the search for opportunities. Spare corners of the house do double duty for late night video conferences involving London or early calls to New York.

Advisers are continually on the international hunt because a domestic investment approach often won't cut it. In equity index terms, our ASX All Ordinaries Index has doubled over the past 12 years, while the Dow Jones Index has done the same over seven years and the Nasdaq over four.

In this period, Australians have become generally well invested overseas, even if many may not fully appreciate it. The money deployed by Australia's superannuation funds is enormous. A decade or so ago Australian Super held approximately $80bn in assets. Today, it has more than that allocated just to international equities; that's $80bn plus, across an asset portfolio of $350bn plus. Add just five more funds – Future Fund, Australian Retirement Trust, Commonwealth Superannuation Corporation Aware Super, and UniSuper – and voila, there is more than $1.5 trillion in total assets under management, of which a healthy amount is allocated overseas. Another trend is the growth of in-house teams established by the superannuation funds in global financial centres.

Most of the ultra-high net worth clients I know typically expect their portfolios to perform better for them than the headline returns achieved by these large superannuation funds, even if it's an apples versus oranges comparison given their bespoke needs, investment horizons, risk appetites and liquidity requirements.

These wealthy clients might be of the patient, long-term type, with endowment-like philosophies nurturing and protecting capital for future generations. Other family patriarchs or matriarchs are adventurous and much more opportunistic. Increasingly, we see additional overlays applied to investment choices. They include impact investment, weighting investments towards particular passions of the family, and investments encouraging the upcoming generation. A gender empowerment fund? A small operating business to encourage entrepreneurship? A climate hard-tech opportunity? All of these are in the mix.

As they hunt for options, top advisers and family offices draw on effective networks, internally and externally, to identify appropriate, attractive investment opportunities. These networks are a combination of firms like ours which offer bespoke opportunities; plus in-house wealth management capabilities (if part of a global firm for example); and the global contacts made through international travel.

The principals in one family office I liaise with pound the pavements in international cities regularly. It's not for fun, and largely unglamorous, but they do so to uncover attractive private market opportunities they would likely not have sourced from the comfort of their Australian offices. Quality introductions to trusted networks and deal/investment opportunities are valuable and are sought after by clients and advisers.

Entrepreneur Daniel Petre recently identified three areas of future innovation: AI, climate tech, and biotech/biomed.

I will make two predictions: firstly, the vast percentage of winners in these innovation waves will turn out to be companies based outside Australia; and second, Australian companies will once again punch above their (relatively small) weight globally.

There are thus two sets of opportunities available. One is to discover Australian-headquartered entities and funds best placed to scale globally in any one of AI, climate tech and biotech; they exist, and they are emerging. The second opportunity is to craft a sensible strategy that brings into consideration the global opportunities afforded by these innovation waves, which may include international investment.

Navigating conversations and strategies around all these aspects, tailoring to client wishes and circumstances, is both an art and a science for advisers – the best of whom must be masters of both in order to build and retain their client's trust.

Andrew Hagger is the executive chairman of Famille Capital, a firm recently launched to serve the interests of ultra-high net worth families. He is a former group executive of National Australia Bank (including as CEO of MLC and NAB Wealth, and chair of JBWere) and former CEO of the Forrest family's Tattarang and Minderoo Foundation.

STEVEN MOORE


At Morgan Stanley, we may seem like a contradiction — and we are.
At 89 years old, we see the world with the wonder of new eyes, helping you see untapped possibilities and relentlessly working with you to make them real.
We partner with you to unlock new ideas, to create new legacies, to research, innovate, and collaborate to transform a company, an industry, a generation.
Because grit and vision working in lockstep puts you on the path to your full potential.
morganstanley.com.au
OLD SCHOOL GRIT/NEW WORLD IDEAS
© 2024 Morgan Stanley
Morgan Stanley