

CENTREPOINT
ALLIANCE



MASTERCLASS

February 2024

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INTRODUCING YOUR ADVISER FORUM MEMBERS



Adviser Forum Members





NAVIGATING TOMORROW: ECONOMIC INSIGHTS AND FUTURE TRENDS

Daniel Stojanovski, Head of Research

February 2024 Masterclass



DISCLAIMER

General Advice Warning

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AGENDA

Introduction

Team update

Economic and Market Update

Breaking down 2023

Economic Insights

Future Trends

Important information

Strategic Asset Allocation update

FirstChoice Managed Accounts

IQ Portfolios



LEARNING OUTCOMES

By participating in this session, you will:



Gain insights into the Economic and Market outlook



Further understanding in what is shaping markets and the future trends



Understand the nuances of how specific strategies can be used to diversify your portfolios



Introduction

TEAM UPDATE

Contact details

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Head of Research

Daniel Stojanovski

12 Years Industry experience

-*Master of Finance*

-*Bachelor of Commerce (Majoring in Economics and Business Law)*

Utilising
- Morningstar
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- Refinitiv



Research Analyst

Thomas McLeod

-*First Class Honors in Economics BSc (Bachelor of Science)*



Graduate Research Analyst

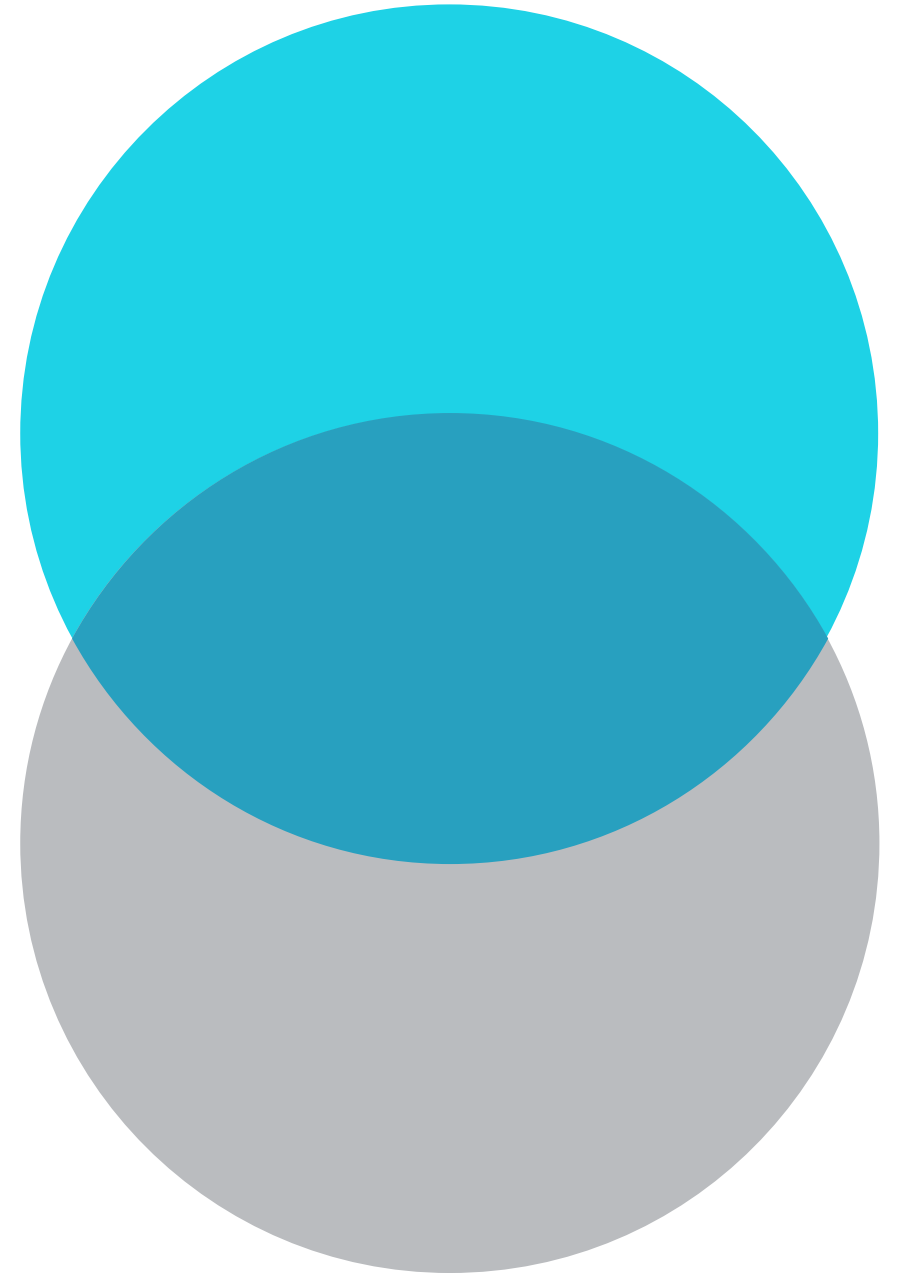
Callum Daly

-*Bachelor of Economics (Majoring in Economics and Econometrics)*



Economic and Market Update

BREAKING DOWN 2023

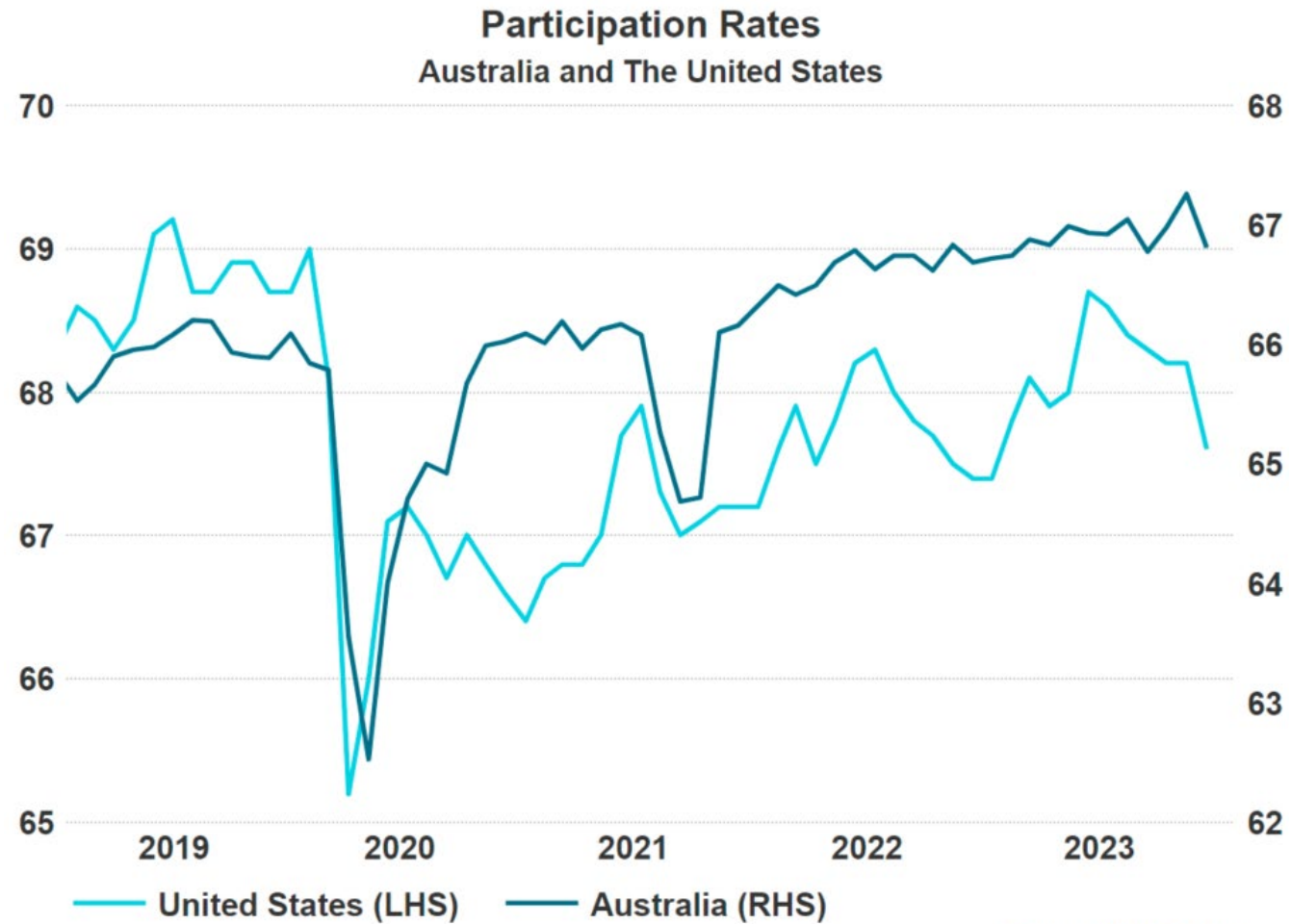


FOR THE YEAR, THE S&P 500 ENDED UP 22.58% WHILE THE ASX 200 ENDED UP JUST 1.58%



Source: LSEG Datastream

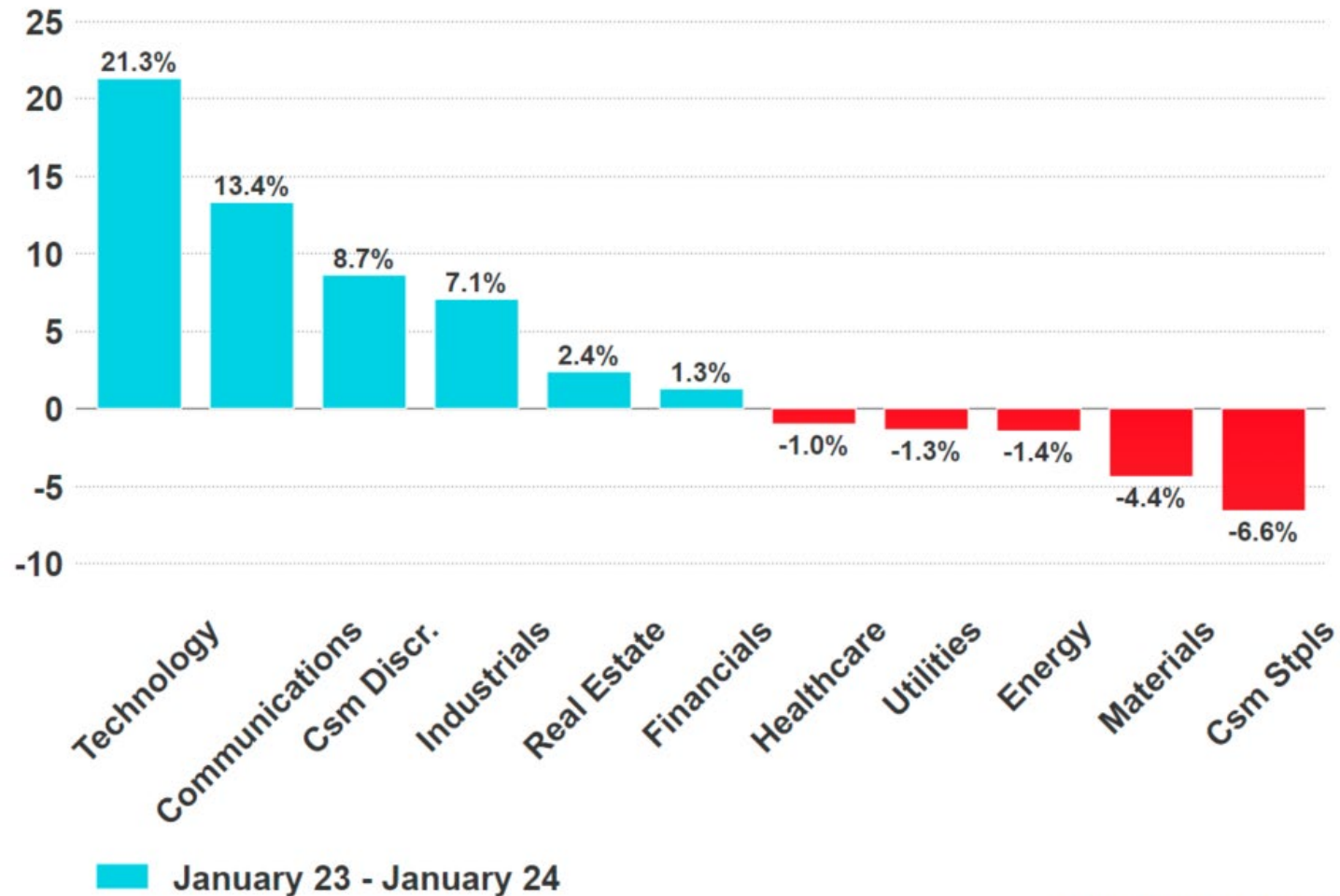
THE AUSTRALIAN PARTICIPATION RATE HAS REMAINED MORE STABLE THAN THE PARTICIPATION RATE IN THE US OVER THE LAST TWO YEARS



Source: LSEG Datastream

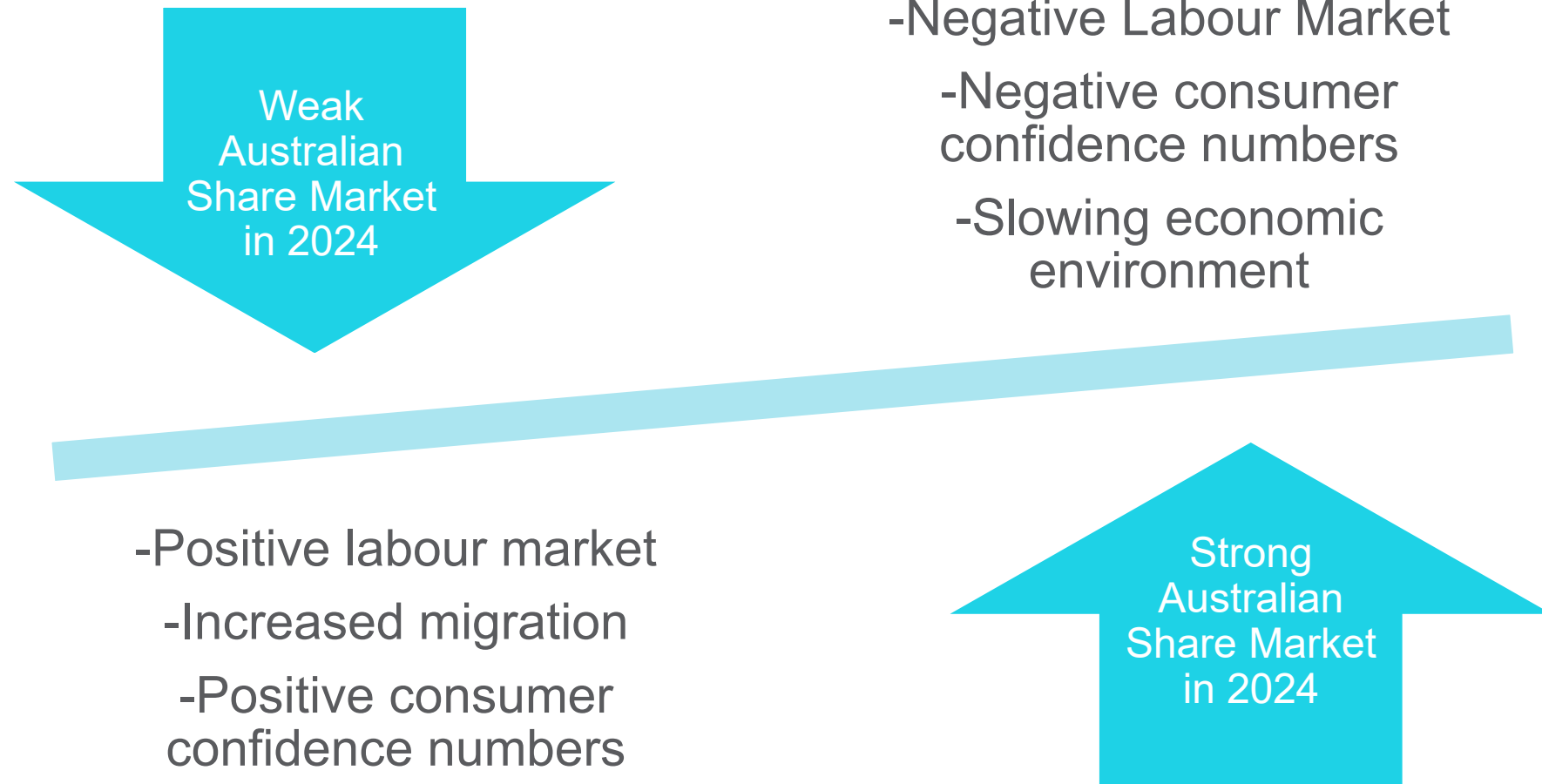
TECHNOLOGY LED THE AUSTRALIAN MARKET IN 2023

Australian Sector Returns

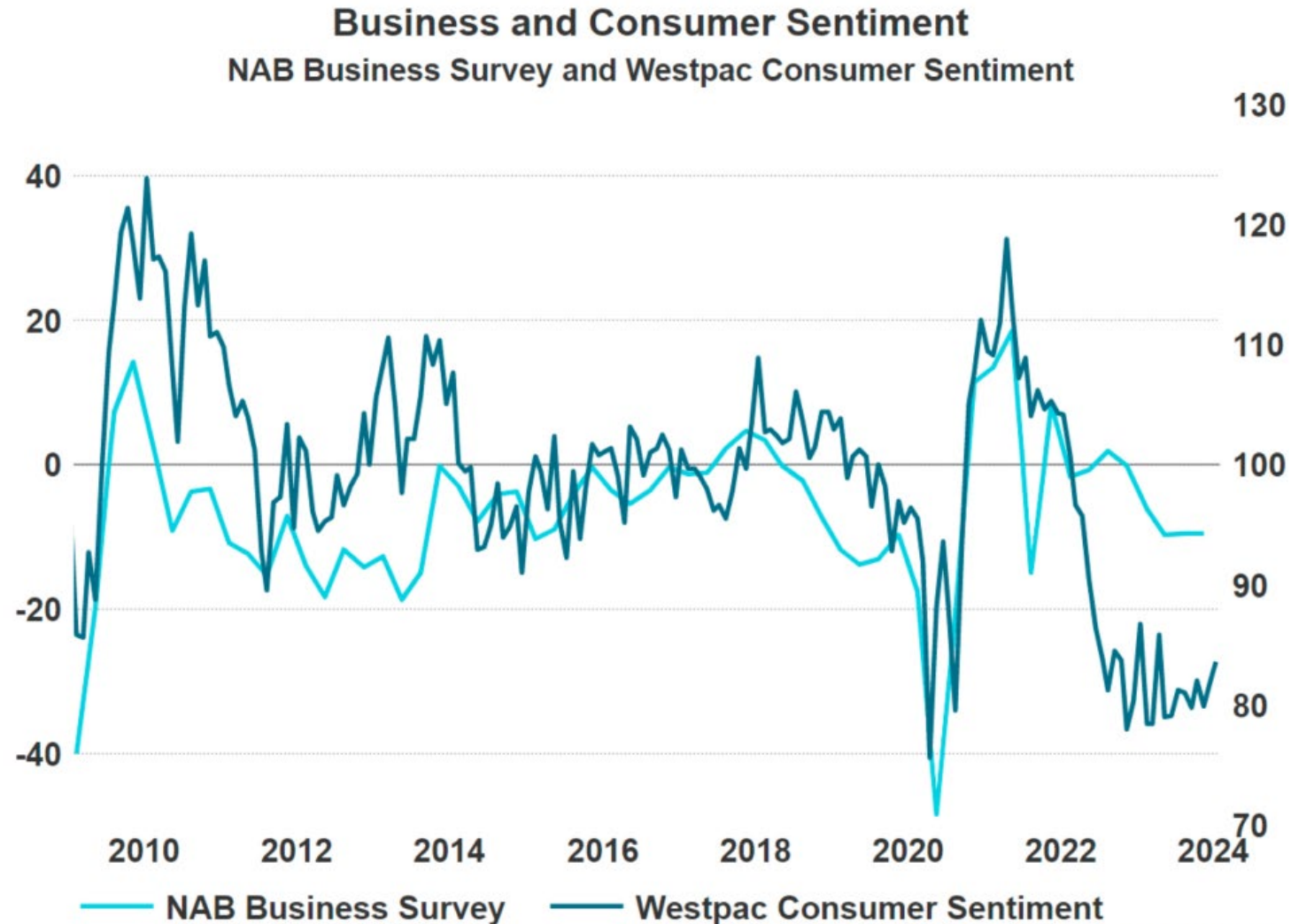


Source: LSEG Datastream

PREDICTION FOR THE AUSTRALIAN EQUITY MARKET – WHAT NEEDS TO GO RIGHT AND WHAT NEEDS TO GO WRONG?



BUSINESS AND ESPECIALLY CONSUMER SENTIMENT HAVE BOTH FALLEN IN 2022 AND 2023, CONTRASTING THE PERFORMANCE ON AUSTRALIAN EQUITIES



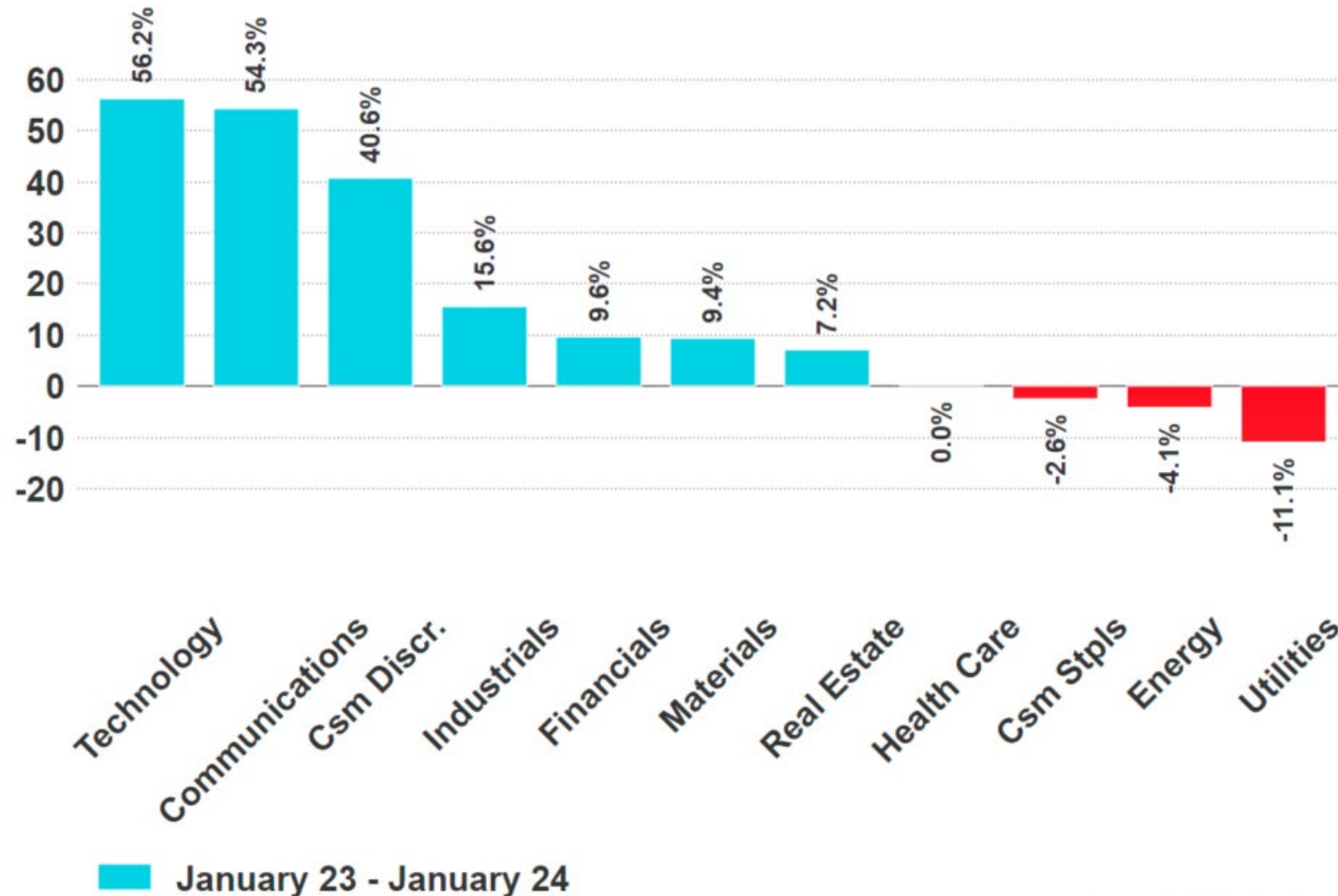
Source: LSEG Datastream

AUSTRALIAN EQUITIES

Name	6 months	1 year	Investment Style
AB Managed Volatility Equities	-0.13%	4.88%	Low Vol - Core/Style Neutral
Fidelity Australian Equities	3.83%	8.13%	Growth/Core
Allan Gray Australia Equity A	-0.29%	4.23%	Value/Deep Value
<i>iShares Core S&P/ASX 200 ETF</i>	7.50%	12.29%	Aust Large Cap - Broad Cap Passive
<i>iShares Australian Equity Index</i>	7.36%	11.90%	Aust Large Cap - Broad Cap Passive
Alphinity Sustainable Share	7.38%	11.38%	Growth
Pendal Horizon Sustainable Aus Shr	5.54%	14.09%	Core/Style Neutral
Martin Currie Sustainable Income Fund	5.43%	9.06%	Income Dividend Focus
Plato Australian Shares Income	7.15%	9.25%	Aust Large - Income Dividend Focused
Vertium Equity Income Fund	4.51%	10.51%	Aust Large - Income Specialised
S&P/ASX 300 TR	7.45%	12.13%	Benchmark
OC Premium Small Companies	5.65%	13.94%	Small Caps
<i>Vanguard MSCI Australian Small Coms ETF</i>	5.11%	6.66%	Aust Small Caps Passive
Australian Ethical Australian Shr WS	2.16%	9.82%	Growth + Small Cap Bias
S&P/ASX Small Ordinaries TR AUD	6.42%	7.82%	Benchmark

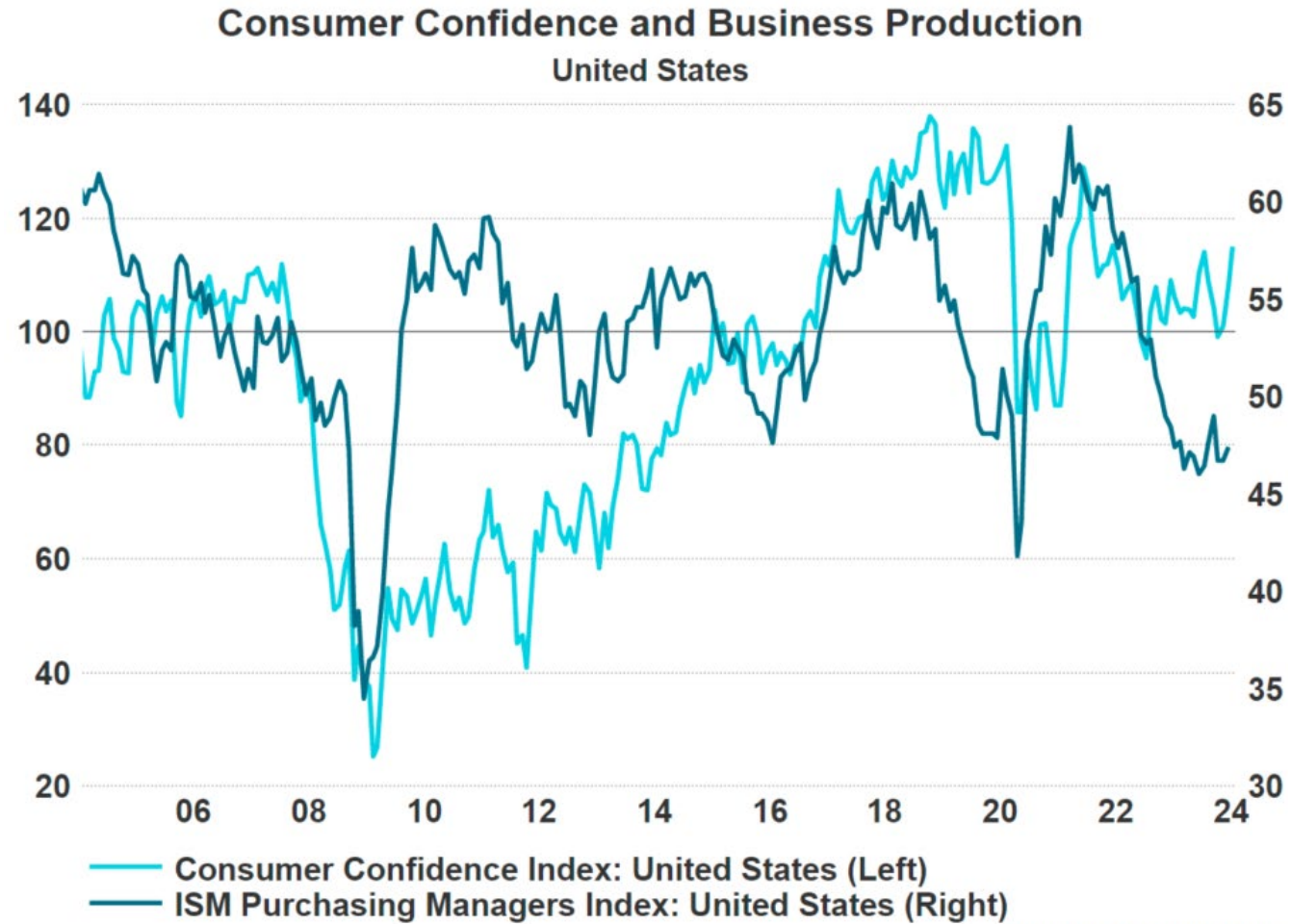
TECHNOLOGY ALSO LED IN THE US MARKET IN 2023

US Sector Returns



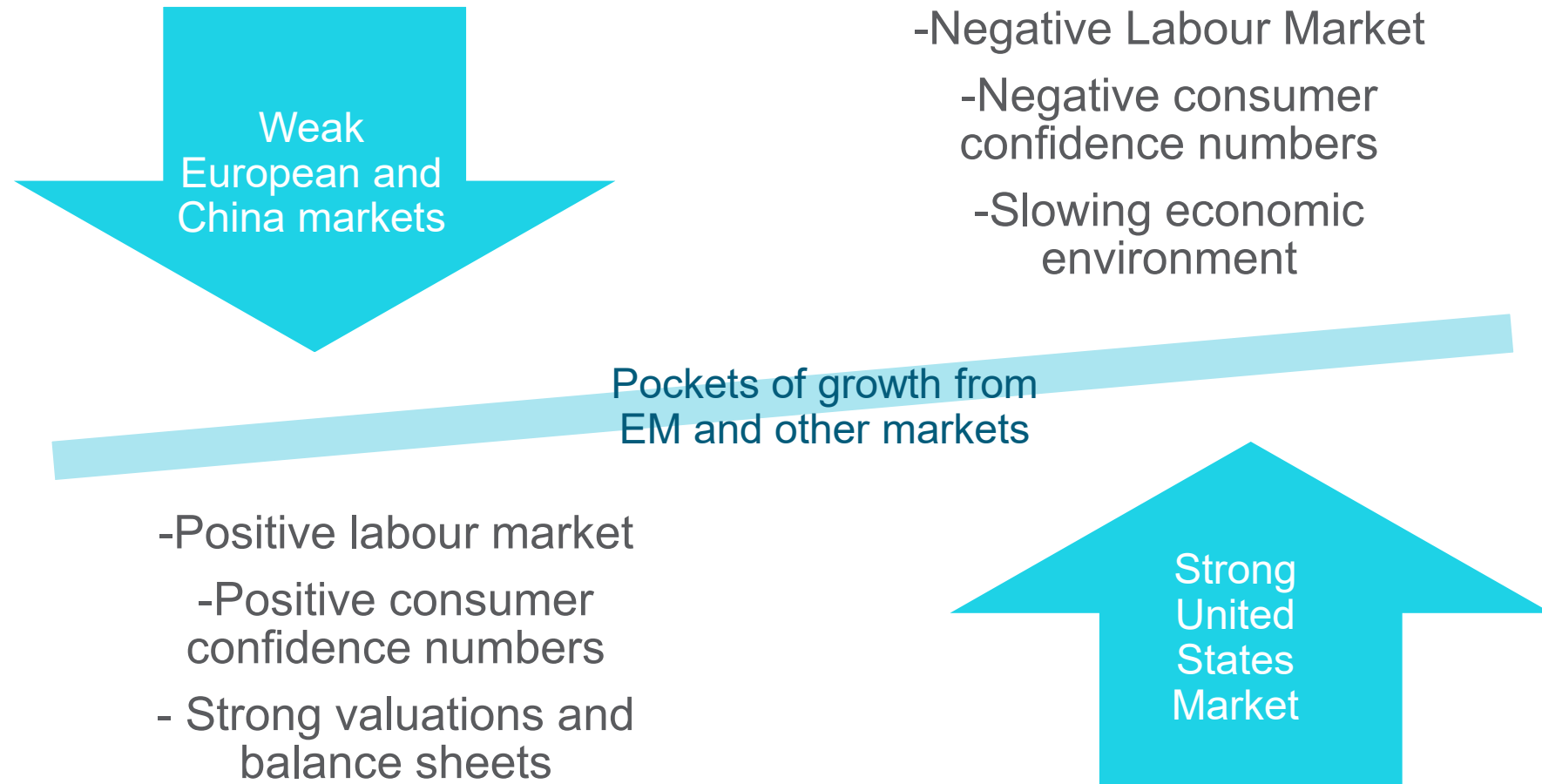
Source: LSEG Datastream

SIMILARLY TO AUSTRALIA, US CONSUMER CONFIDENCE AND BUSINESS SENTIMENT FELL IN 2022 AND REMAINED LOW IN 2023



Source: LSEG Datastream

PREDICTION FOR THE INTERNATIONAL EQUITY MARKET – WHAT NEEDS TO GO RIGHT AND WHAT NEEDS TO GO WRONG?



INTERNATIONAL EQUITIES

Name	6 months	1 year	Investment Style
Hyperion Global Growth Companies B	10.91%	69.31%	Fundamental Growth
State Street Global Equity	3.16%	6.72%	Low Vol - Quantitative - Active currency
Arrowstreet Global Equity Fund (Hedged)	6.93%	19.76%	Quantitative (Hedged)
Antipodes Global Fund - Long P	0.93%	15.66%	Value - Active currency
<i>Vanguard International Shares Index</i>	4.85%	23.29%	Global Large Cap - Broad Cap Passive
<i>iShares Hedged International Equity Idx</i>	6.19%	21.88%	Global Large Cap - Broad Cap Passive (H)
AXA IM Sustainable Equity	3.39%	16.62%	Low Vol - Quantitative
Candriam Sustainable Global Equity	3.33%	21.90%	Quantitative - Core
T. Rowe Price Global Equity (Hedged)	4.13%	17.02%	Growth - EM Bias (H)
Impax Sustainable Leaders Fund A	1.32%	14.46%	Fundamental Growth
Epoch Gbl Eq Shldr Yld Fd Hgd	3.57%	8.14%	Glob Large - Income Dividend Focused (H)
Talaria Global Equity	2.61%	12.50%	Glob Large - Income Specialised
Ironbark Royal London Core Glb Sh AUnh	5.76%	26.16%	Fundamental Core (Unhedged)
MSCI World NR AUD	4.93%	23.03%	Benchmark
Fairlight Global Small & Mid Cap Ord	12.12%	33.50%	Global Small and Mid Cap
<i>Vanguard International Small Companies</i>	4.75%	15.45%	Global Small Caps Passive
MSCI World Small Cap NR AUD	4.91%	15.05%	Benchmark
GQG Partners Emerging Markets Equity	12.93%	30.13%	Emerging Markets
MSCI EM NR AUD	2.15%	9.15%	Benchmark

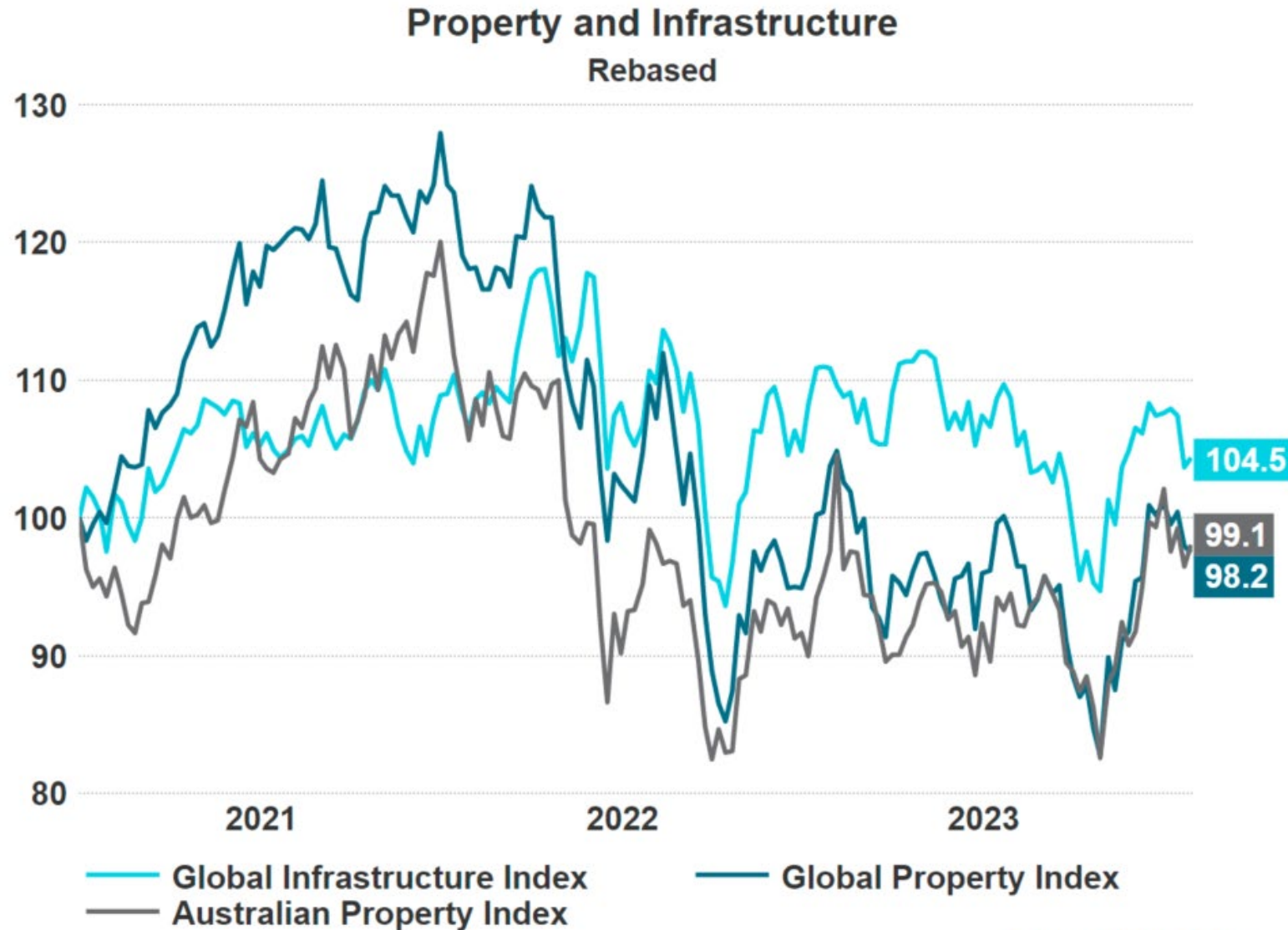
DISCUSSION 1

Do you think that the S&P 500 will outperform 2023 in 2024?

- A. Yes
- B. No



PROPERTY AND INFRASTRUCTURE SUFFERED DURING RATE RISES BUT THE REDUCTIONS TO COME COULD BE A BOON.

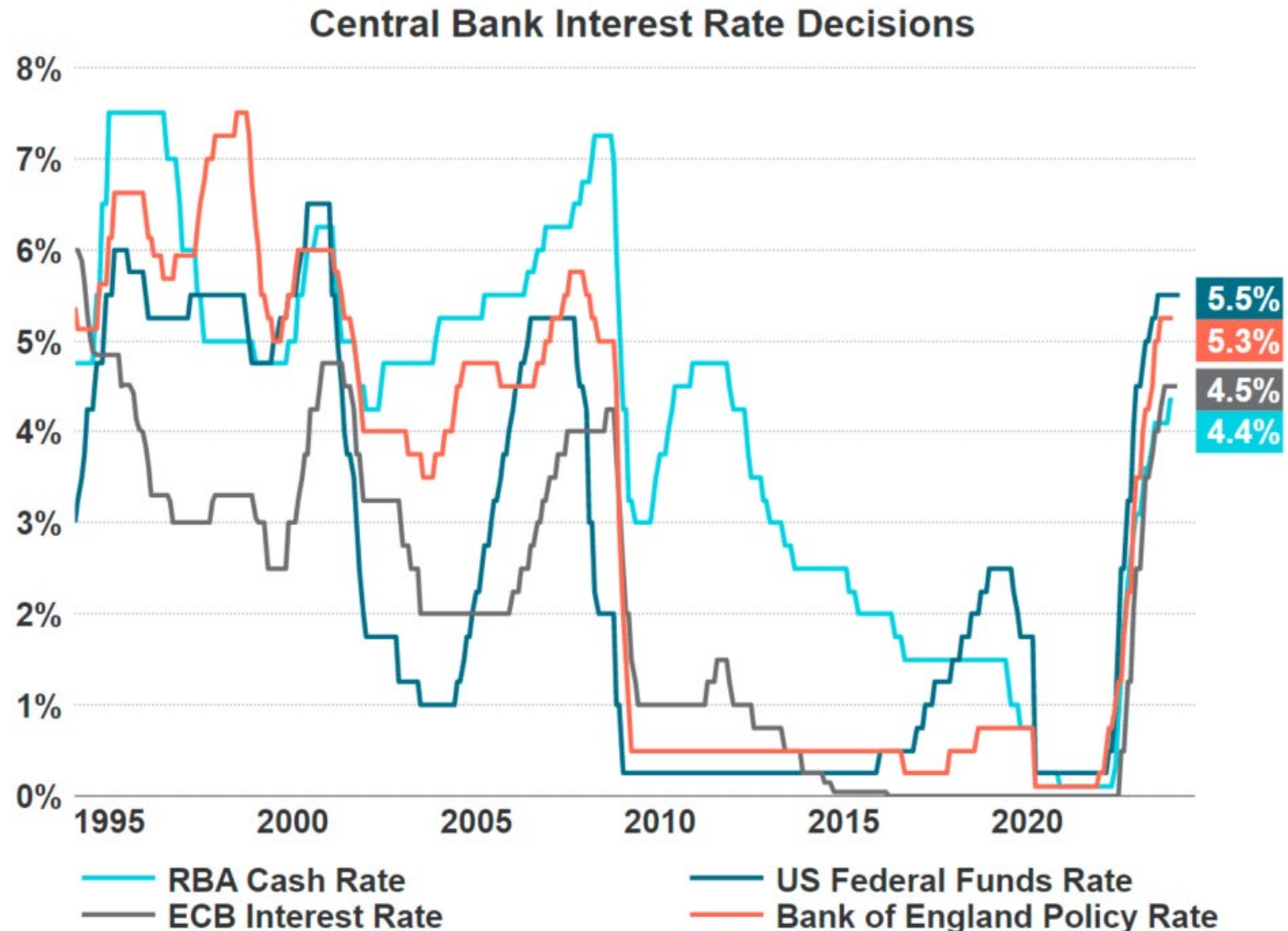


Source: LSEG Datastream

PROPERTY AND INFRASTRUCTURE

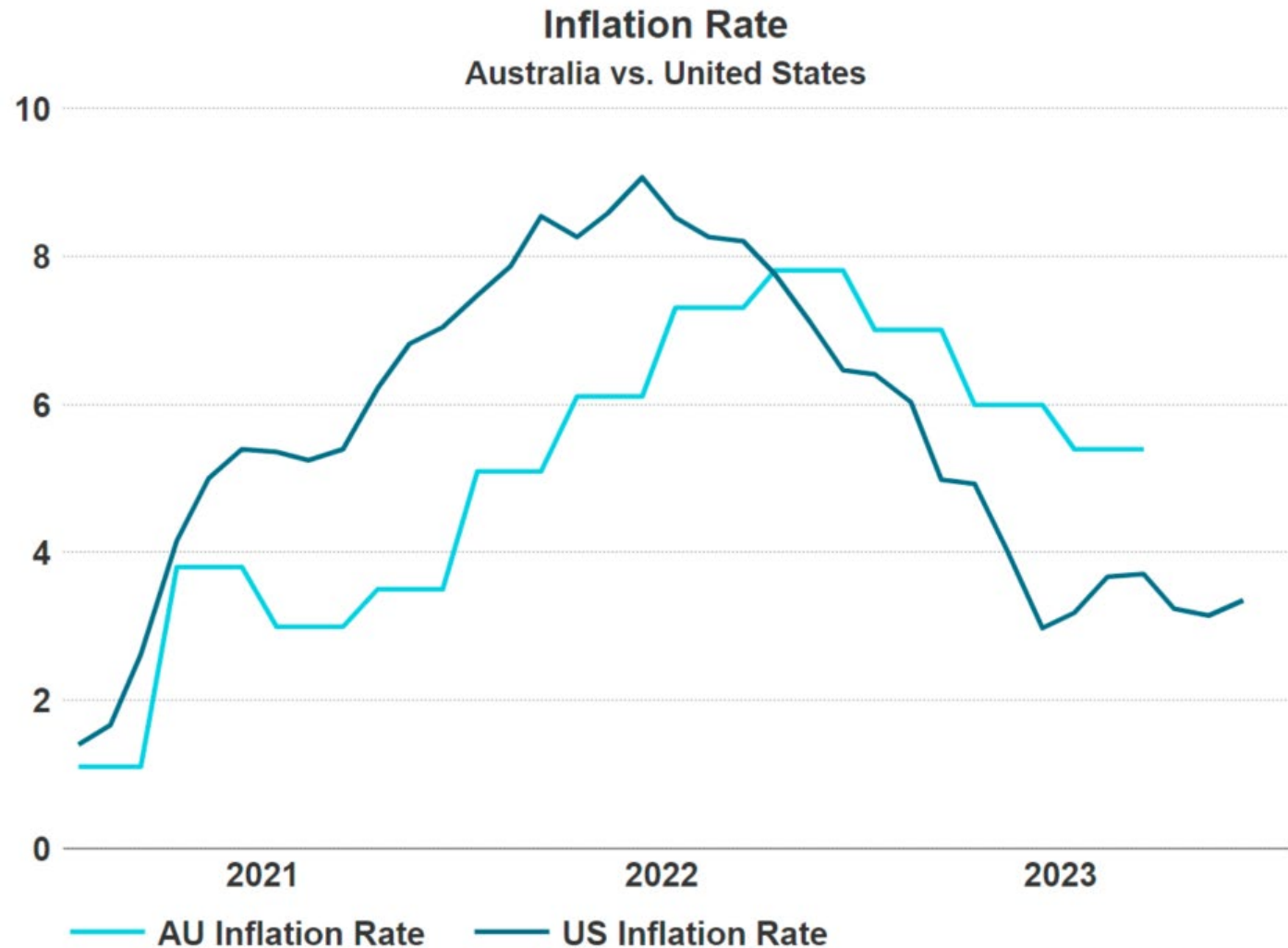
Name	6 months	1 year	Investment Style
First Sentier Global Listed Infrs Fd	-0.26%	-0.55%	Infrastructure (H)
Magellan Infrastructure	1.12%	3.47%	Infrastructure (H)
VanEck FTSE Gbl Infrs(Hdg)ETF	0.24%	0.10%	Infrastructure (H)
S&P Global Infrastructure NR Hdg AUD	0.83%	3.38%	Benchmark
Resolution Capital Global Prpt Secs II	6.50%	7.42%	Global REITs (H)
<i>Vanguard International Prpty Secs IdxHdg</i>	6.94%	7.91%	G-REITs Passive (H)
VanEck FTSE Intl Prop Hdg ETF	6.97%	7.68%	Global REITs (H)
FTSE EPRA Nareit Developed NR Hdg AUD	6.87%	7.90%	Benchmark
Charter Hall Maxim Property Securities	9.68%	9.07%	Australian REITs
<i>Vanguard Australian Property Secs ETF</i>	12.82%	16.60%	A-REITs Passive
S&P/ASX 300 A-REIT TR	12.96%	16.90%	Benchmark

THE METEORIC RISE IN CENTRAL BANK INTEREST RATES GLOBALLY IN 2022 HAVE APPEARED TO HAVE DEALT WITH INFLATION WELL SO FAR



Source: LSEG Datastream

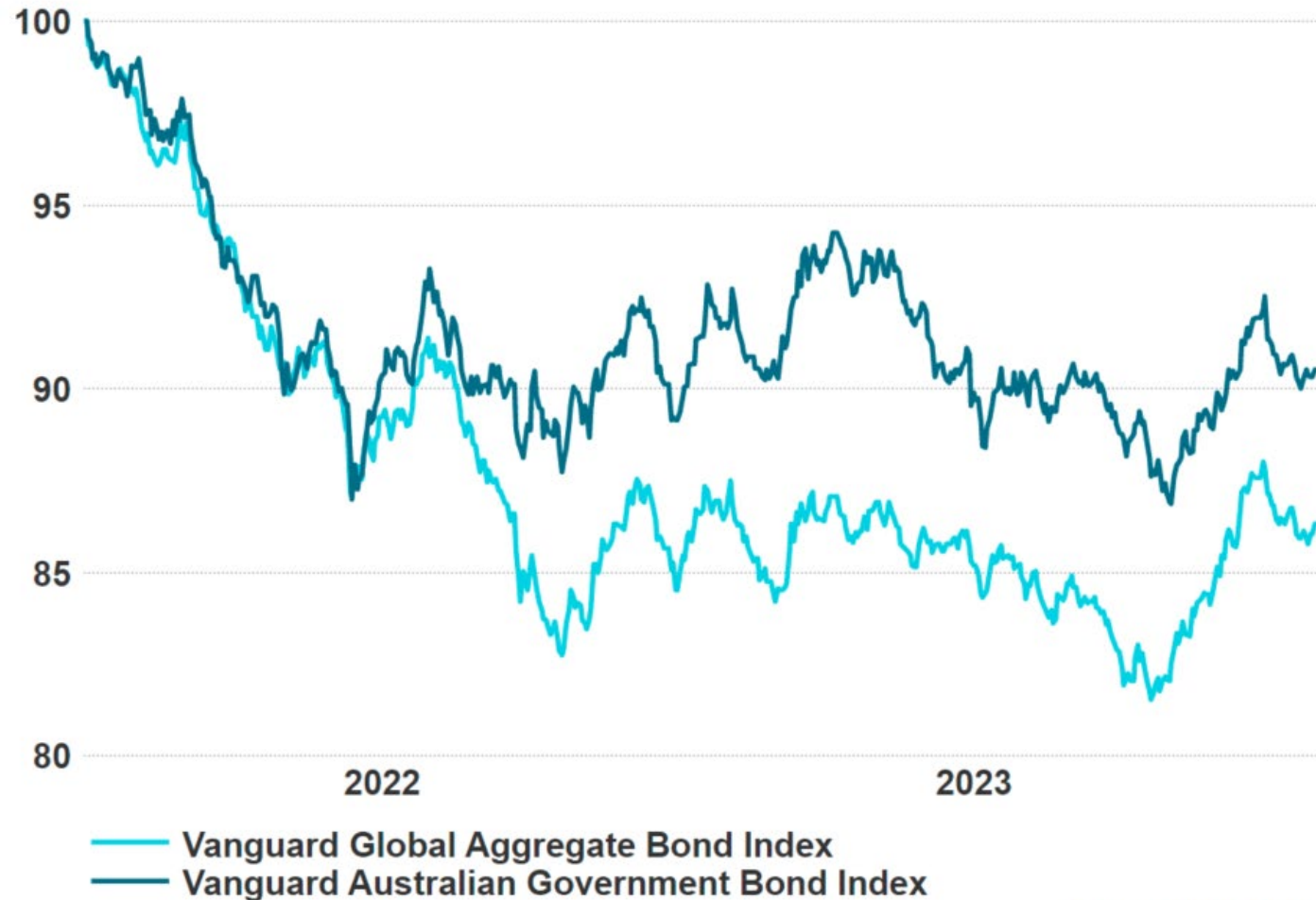
AUSTRALIAN INFLATION IS LAGGING BEHIND US INFLATION BY 3-4 MONTHS



Source: LSEG Datastream

BOND PRICES HAVE STARTED TO RECOVER NEAR THE END OF 2023. IS THIS IN EXPECTATION OF THESE RATE CUTS IN EARLY 2024?

Global and Australian Bond Indexes



Source: LSEG Datastream

AUSTRALIAN FIXED INCOME

Name	6 months	1 year	Investment Style
Western Asset Aus Bd A	3.94%	6.25%	Australian Bond and Credit
<i>iShares Australian Bond Index</i>	3.40%	4.90%	Aust. Fixed Income Broad Passive
Janus Henderson Tactical Income	3.95%	6.41%	Aust. Unconstrained Bond
Ardea Real Outcome Fund	0.25%	2.82%	Aust. Absolute Return
<i>BetaShares Aus Bank Sr Fltng Rt Bd ETF</i>	2.73%	5.44%	Alternative Income
Pendal Sustainable Aust Fixed Interest	3.84%	5.71%	Aust. FI Bond and Credit
Perpetual Dynamic Fixed Income	3.97%	6.72%	Unconstrained Bond
Realm Strategic Income Enduring	5.08%	10.11%	Aust. Alternative Income
Bloomberg AusBond Composite 0+Y TR AUD	3.49%	5.06%	Benchmark

INTERNATIONAL FIXED INCOME

Name	6 months	1 year	Investment Style
PIMCO Global Bond W	4.21%	6.30%	Global Bond and Credit
Macquarie Income Opportunities	4.36%	6.15%	Global. Alternative Income
<i>iShares Global Bond Index</i>	3.07%	5.02%	Global Fixed Income Broad Passive
<i>Vanguard International Crdt Secs Idx Hdg</i>	4.32%	6.44%	Credit Passive
PIMCO ESG Global Bond Fund - Wholesale	3.70%	5.48%	Glb. FI Bond and Credit
FSI Global Credit Income	4.78%	7.91%	Credit - Alt Income
PIMCO Income Wholesale	4.11%	6.36%	Global Bond and Credit
Bloomberg Global Aggregate TR Hdg AUD	3.17%	5.31%	Benchmark
Colchester Global Government Bond I	2.49%	4.80%	Global Bond - Sovereign Bonds
Bloomberg Global Treasury TR Hdg AUD	2.63%	4.96%	Benchmark

ALTERNATIVES

Name	6 months	1 year	Investment Style
Partners Group Global Multi-Asset	2.61%	8.11%	Growth Alt - Private Equity
JPMorgan Global Macro Opps Class A Units	-0.53%	-0.58%	Global Macro
Schroder Real Return Fnd -WC	4.76%	8.10%	Multi Asset - Real Return
Hamilton Lane Global Private Asst(AUD)	2.70%	8.58%	Growth Alt - Private Equity
Metrics Direct Income	5.26%	9.89%	Growth Alt - Private Debt
Bloomberg AusBond Bank 0+Y TR AUD	2.15%	3.89%	Benchmark

The Alternatives Asset Class is used for two main reasons:

1. The first is to provide an alternative approach to generating a return when the equities and bonds asset classes may find this challenging due to the stage of the economic cycle or due to expected return concerns, usually due to valuation.
2. The second is to broadly diversify as part of the portfolio construction process, and harvest returns that provide a similar quantum of risk adjusted return to equities and bonds, whilst doing so in a lowly correlated fashion.

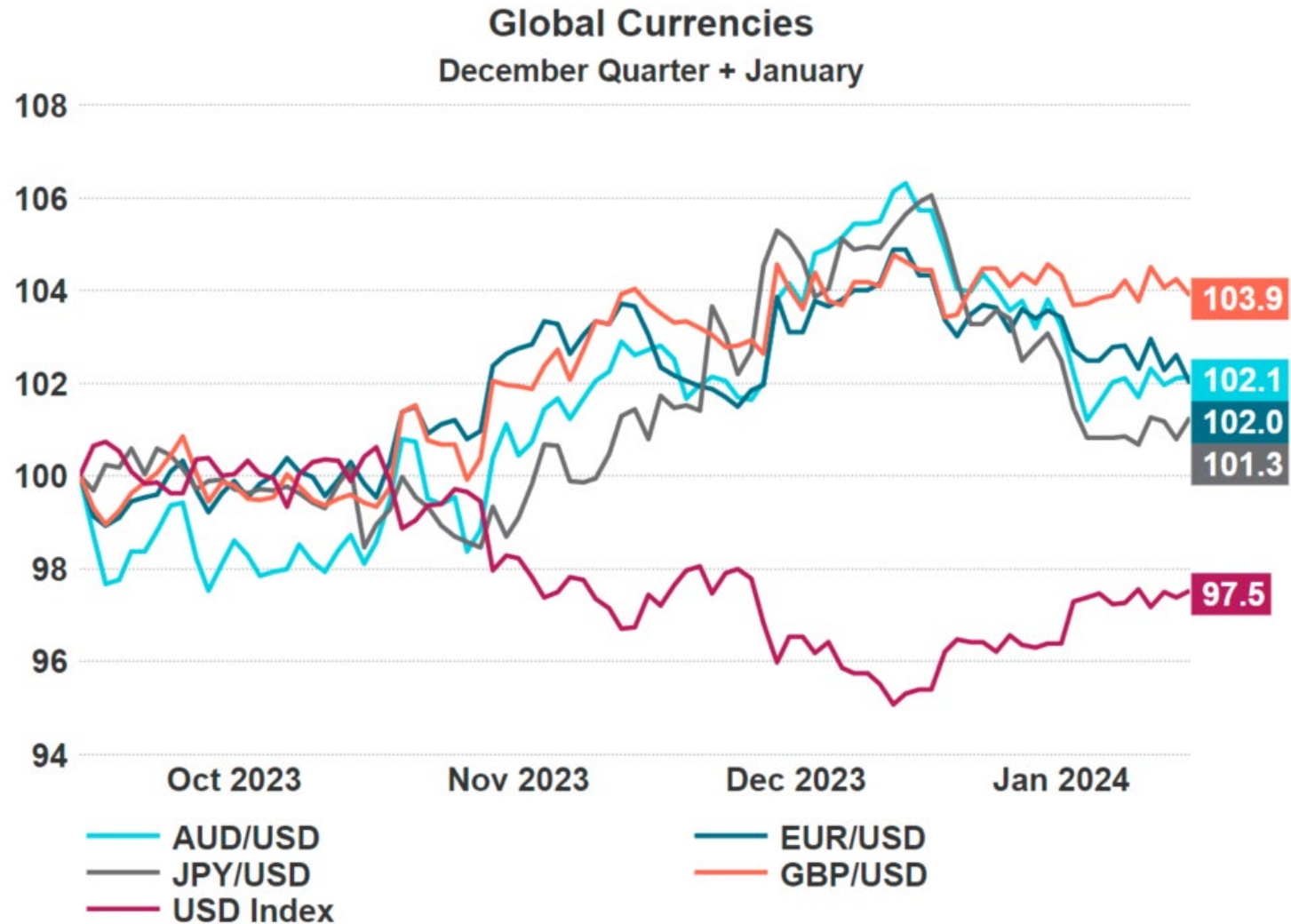
QUESTION 1

Do you utilise alternatives in your clients' portfolios?

- A. Yes
- B. No

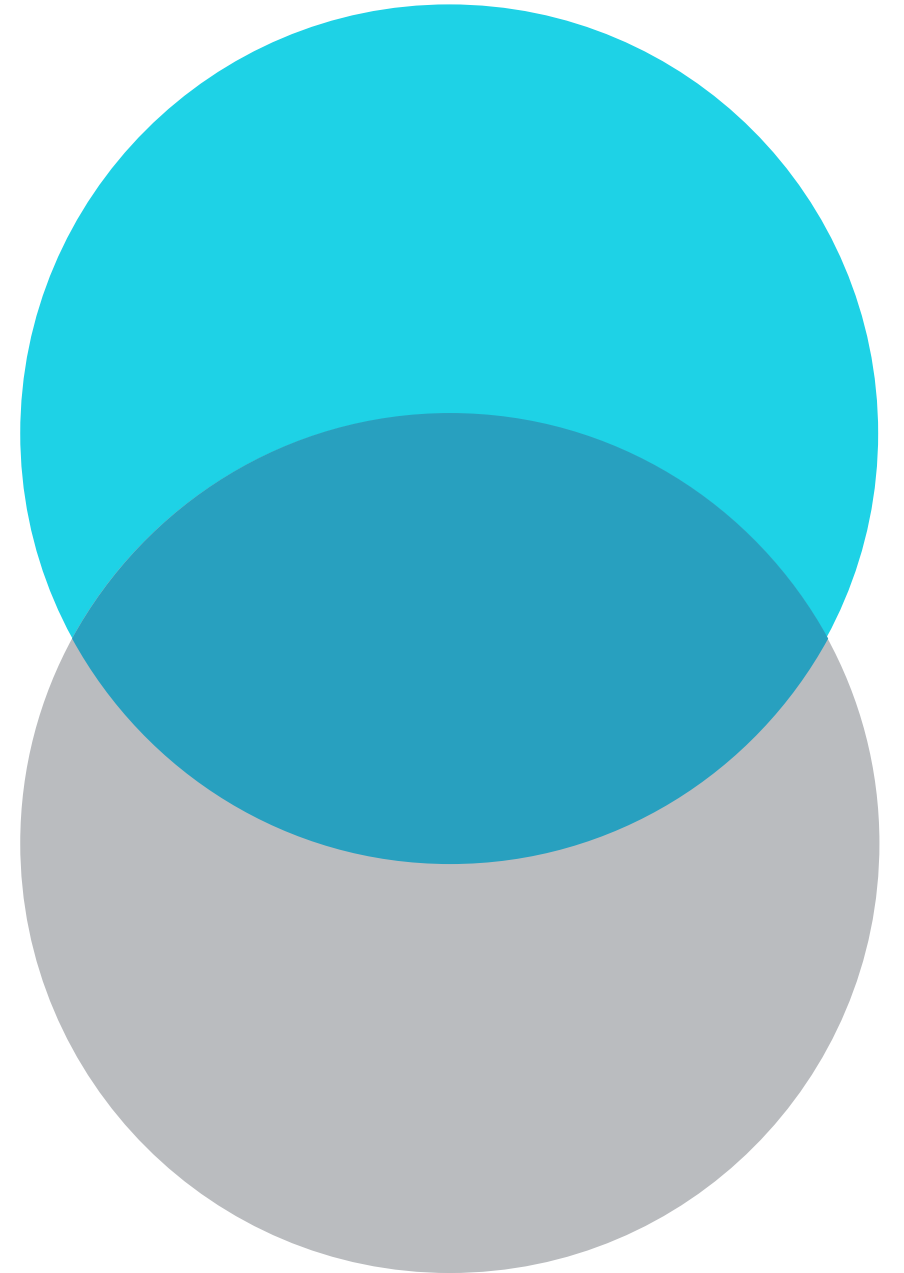


USD HAS DEPRECIATED AGAINST ALL MAJOR CURRENCIES IN EXPECTATION OF RATE CUTS IN THE FIRST HALF OF 2024

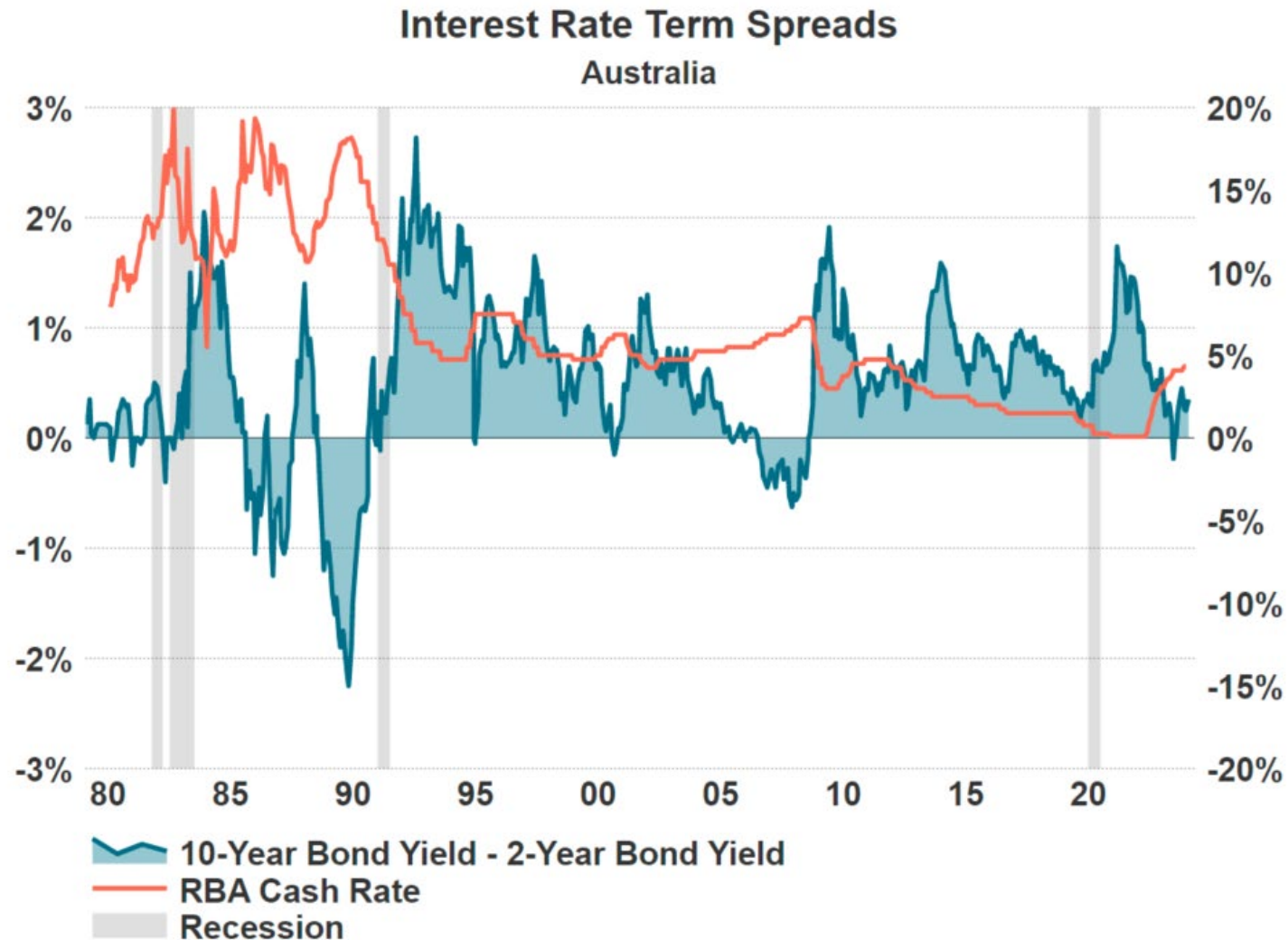


Source: LSEG Datastream

ECONOMIC INSIGHTS

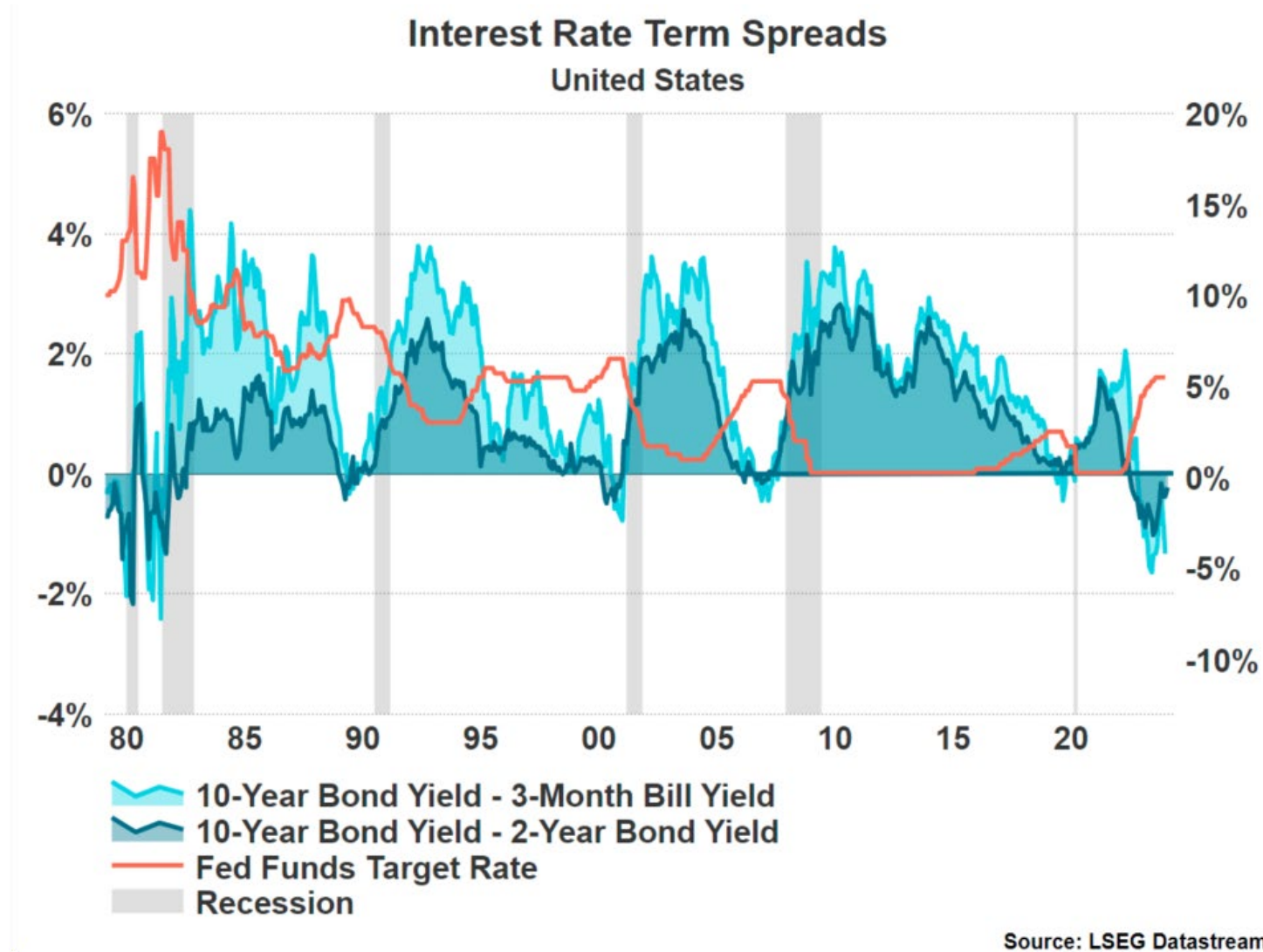


AUSTRALIAN 10-YEAR YIELDS HAVE MANAGED TO BEAT 2-YEAR YIELDS SINCE JULY

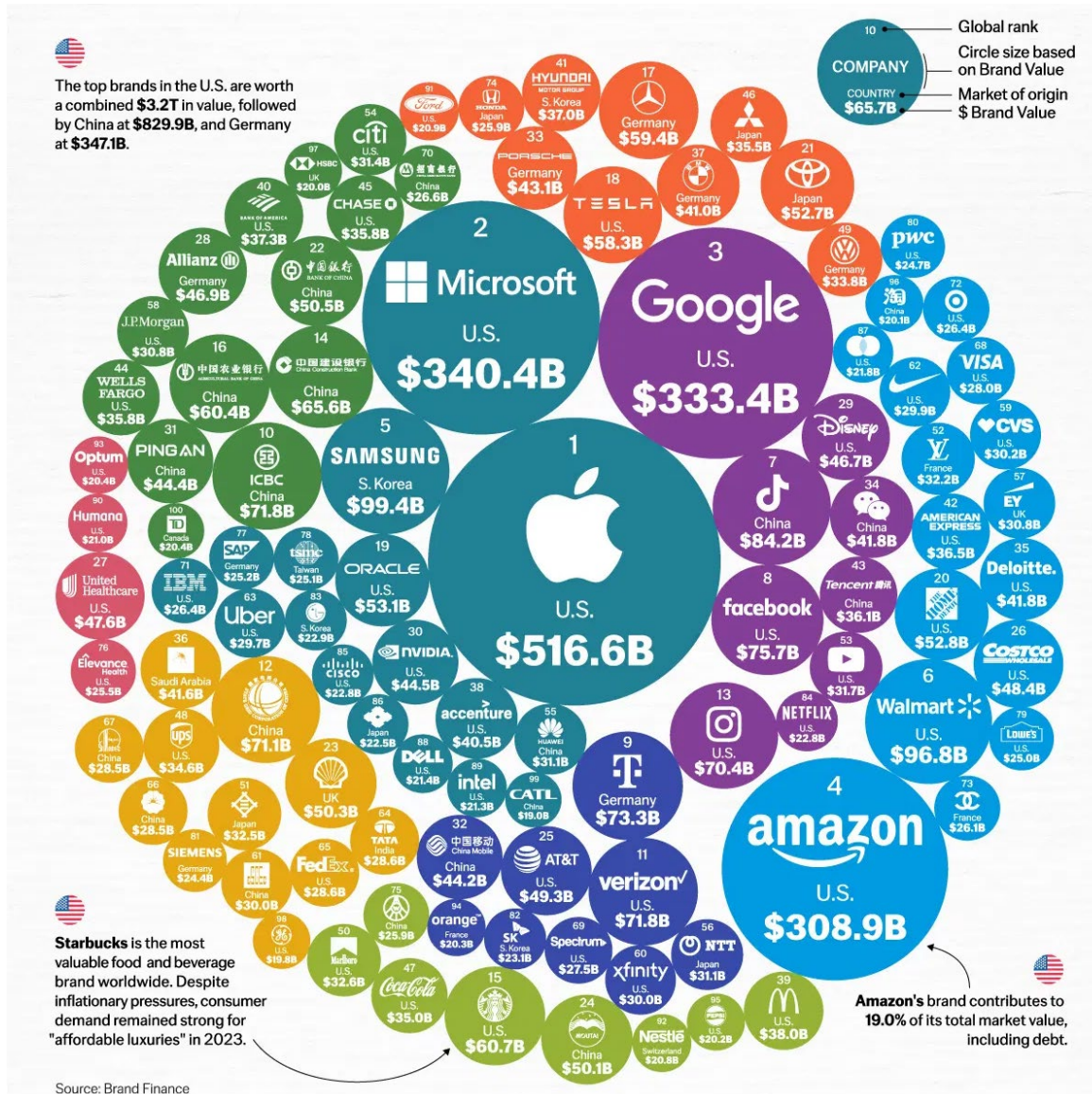


Source: LSEG Datastream

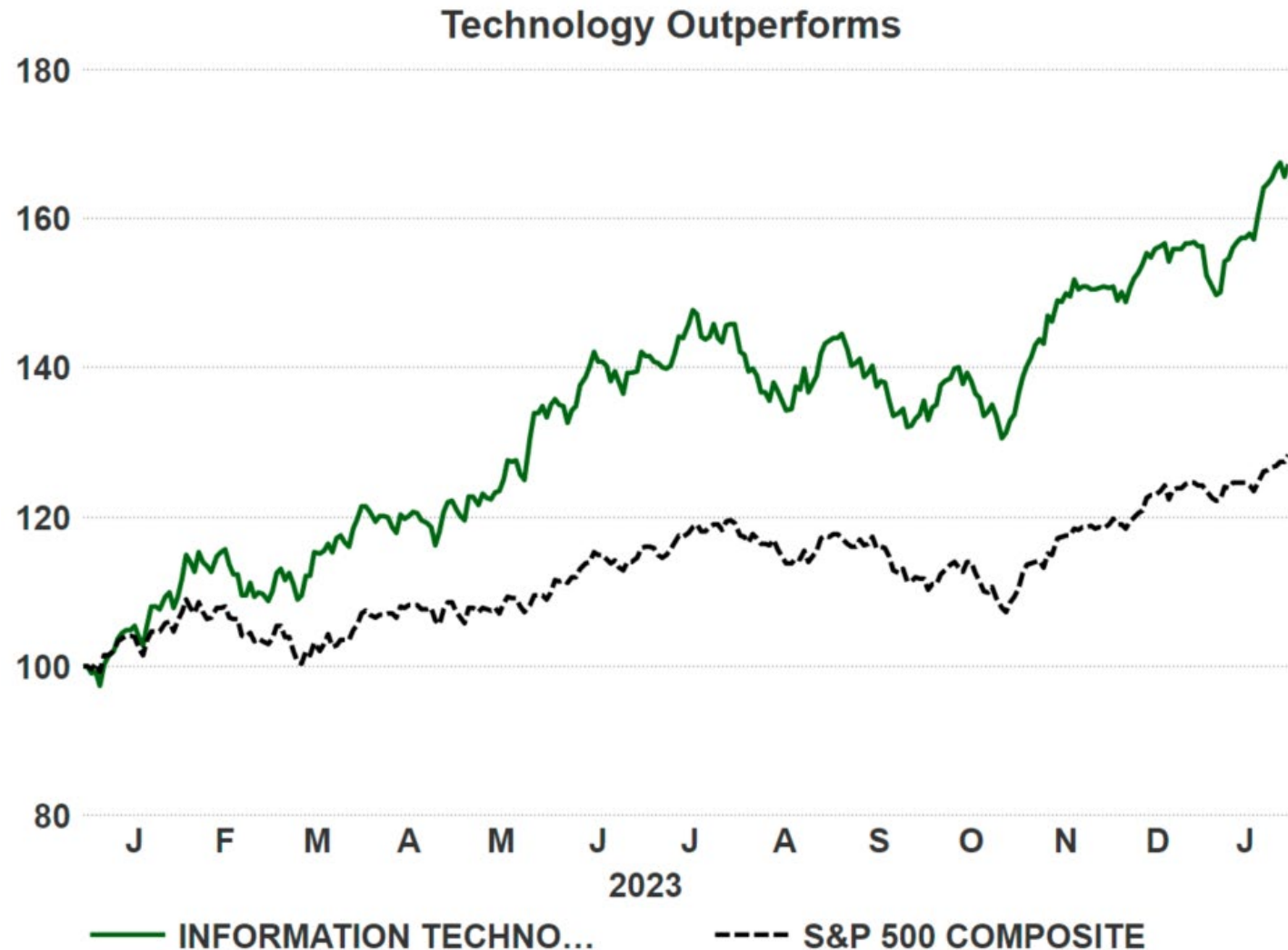
IN THE US, SHORT-TERM BOND YIELDS CONTINUE TO BEAT LONGER-TERM YIELDS, A COMMON RECESSION INDICATOR



THE TOP 100 MOST VALUABLE BRANDS IN 2024

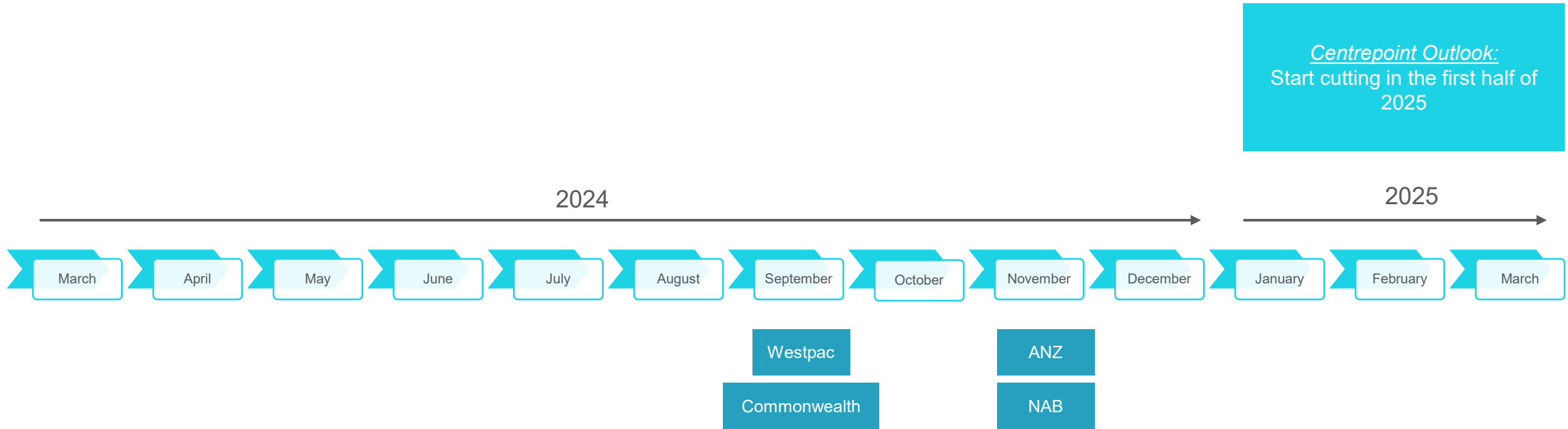


THE INFORMATION TECHNOLOGY SECTOR, DOMINATED BY THE MAGNIFICENT SEVEN HEAVILY OUTPERFORMED THE REST OF THE S&P 500 IN 2023. IS THERE MORE TO COME IN 2024?



Source: LSEG Datastream

PREDICTIONS FOR RBA RATE CUTS



PREDICTIONS FOR THE FIRST US RATE CUT IN 2024

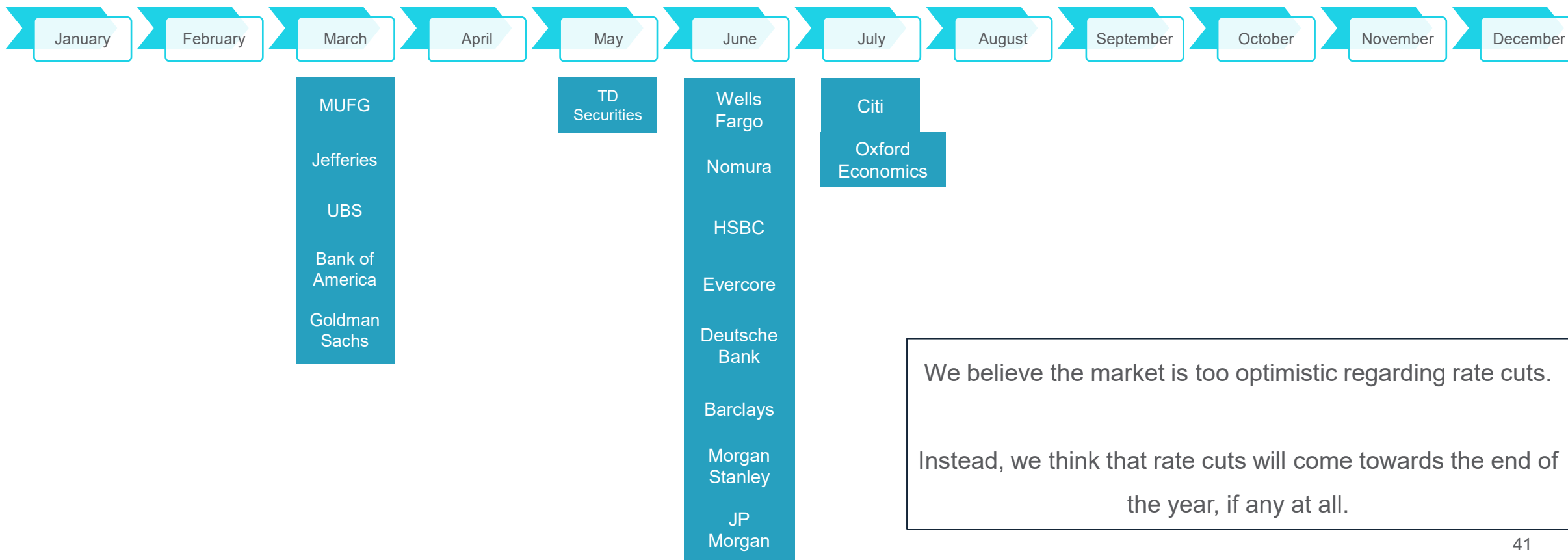
Raise your hand if you think the first US rate cut will be in March...

Raise your hand if you think the first US rate cut will be in May/June/July...

Raise your hand if you think the first US rate cut will be later than July...

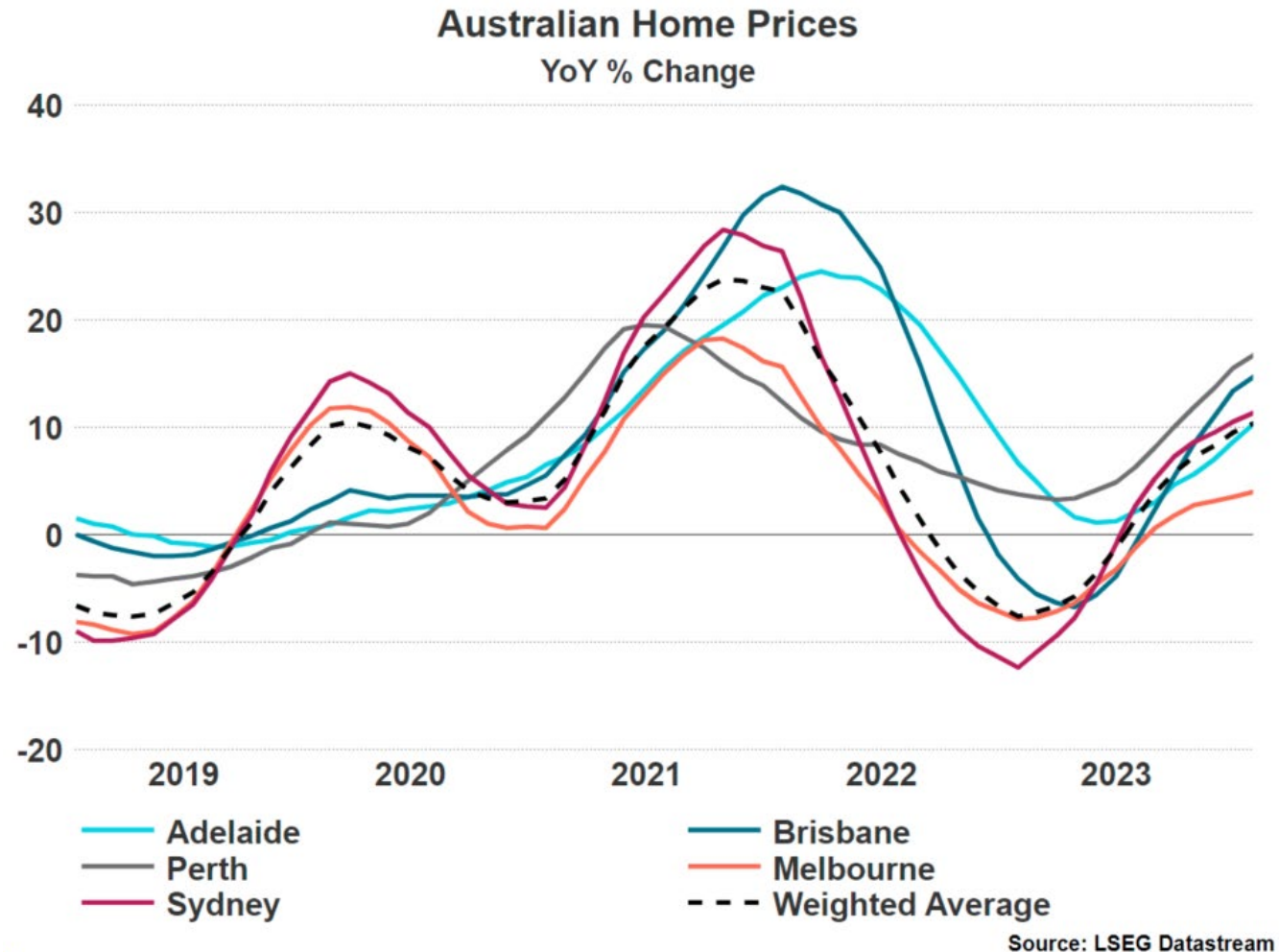
Centrepoint Cautious Outlook:
0-1 cuts in Q4 2024

Centrepoint Optimistic Outlook:
1-2 cuts in the second half in 2024

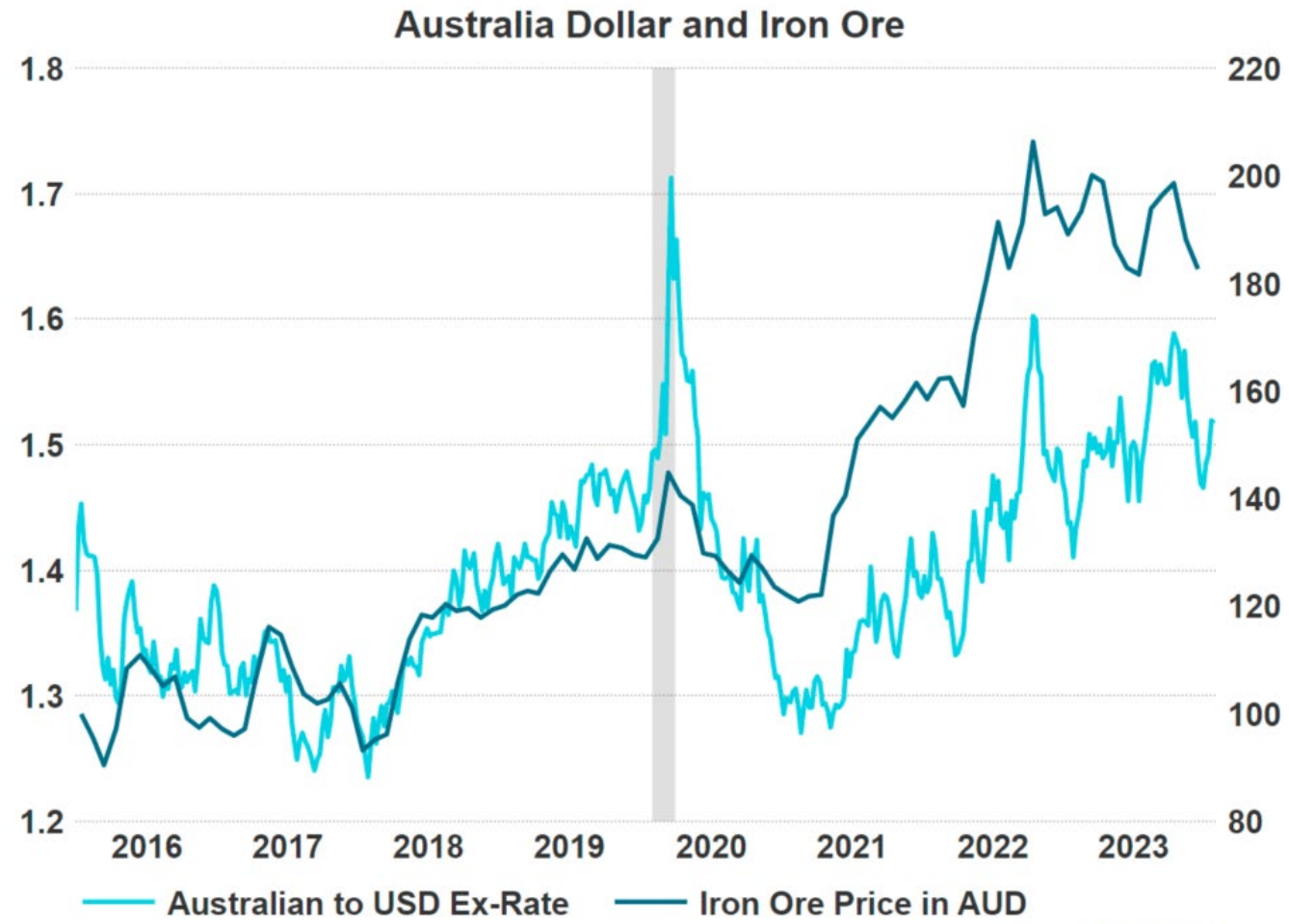


We believe the market is too optimistic regarding rate cuts. Instead, we think that rate cuts will come towards the end of the year, if any at all.

AUSTRALIAN HOUSE PRICES HAVE RISEN THROUGHOUT 2023 DESPITE HIGH INTEREST RATES, THIS RISE SEEMS TO HAVE STARTED TAPERING OFF

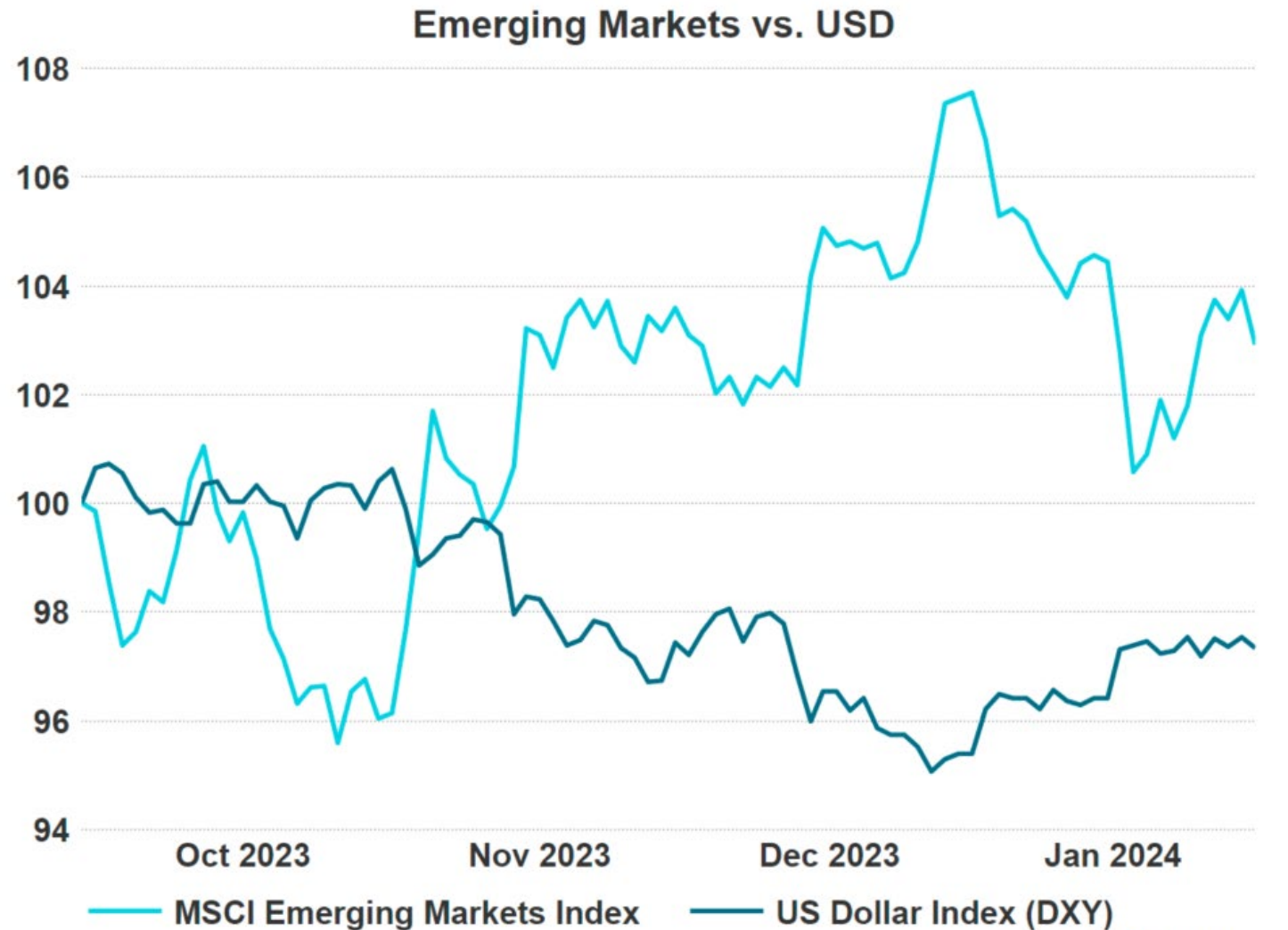


AUSTRALIA BEHAVES SIMILARLY TO EMERGING MARKETS DUE TO OUR RELIANCE ON EXPORTING RAW MATERIALS



Source: LSEG Datastream

US RATE CUTS WILL LEAD TO A WEAKENING US DOLLAR WHICH PROVIDES A BOOST TO EMERGING MARKETS



Source: LSEG Datastream

CHINA HAS STRUGGLED TO RECOVER AFTER REOPENING, CONSUMERS LACK CONFIDENCE IN THE STABILITY OF THE ECONOMY



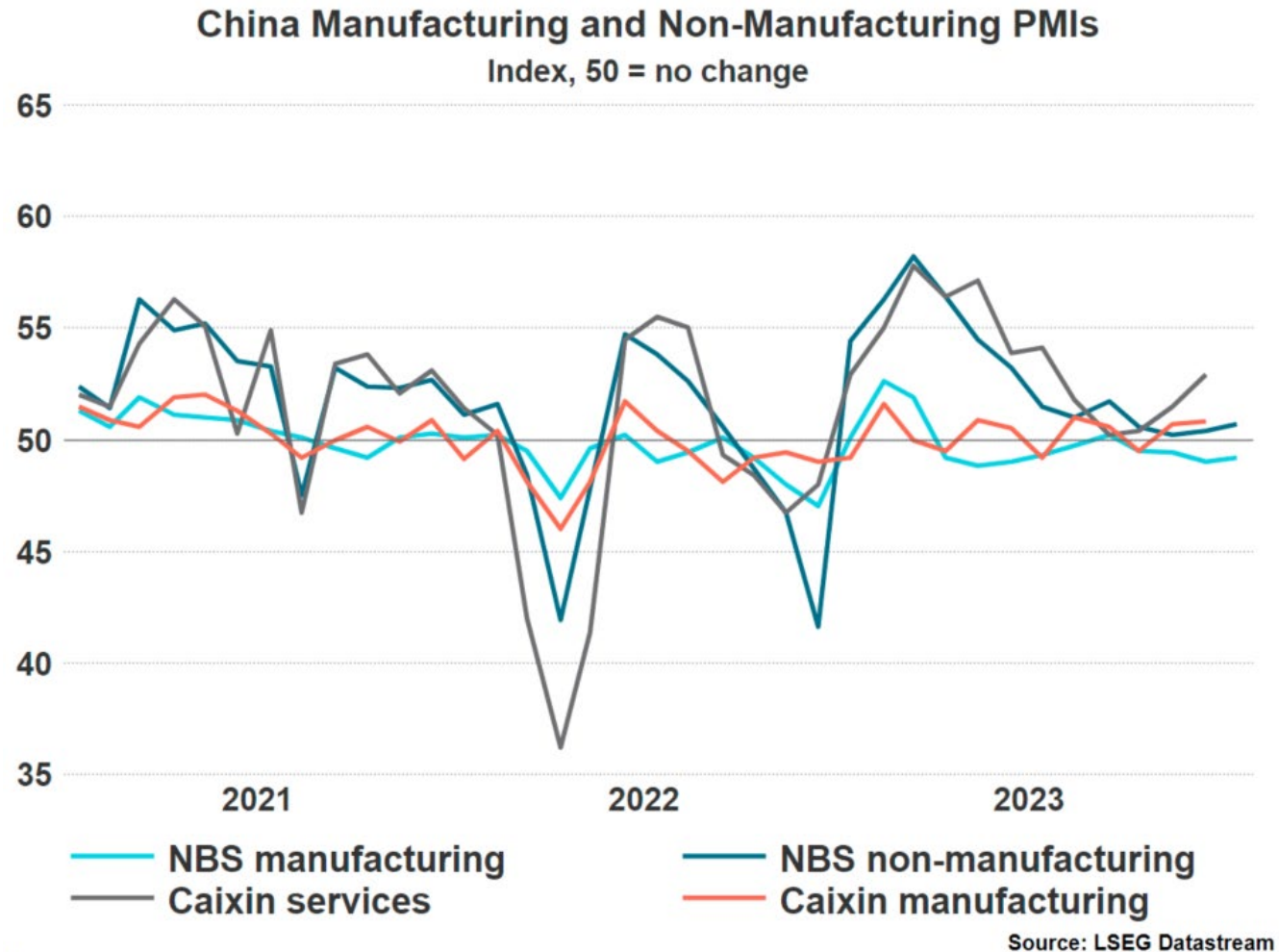
Source: LSEG Datastream

CHINESE MARKETS HAVE BEEN FALLING FOR MUCH OF THE PAST TWO YEARS



Source: LSEG Datastream

CHINESE MANUFACTURING PMIS HAVE BEEN FALLING THROUGHOUT 2023 WHILE NON-MANUFACTURING PMIS HAVE BEEN RISING



DISCUSSION 2

Do you believe that China will recover in 2024?

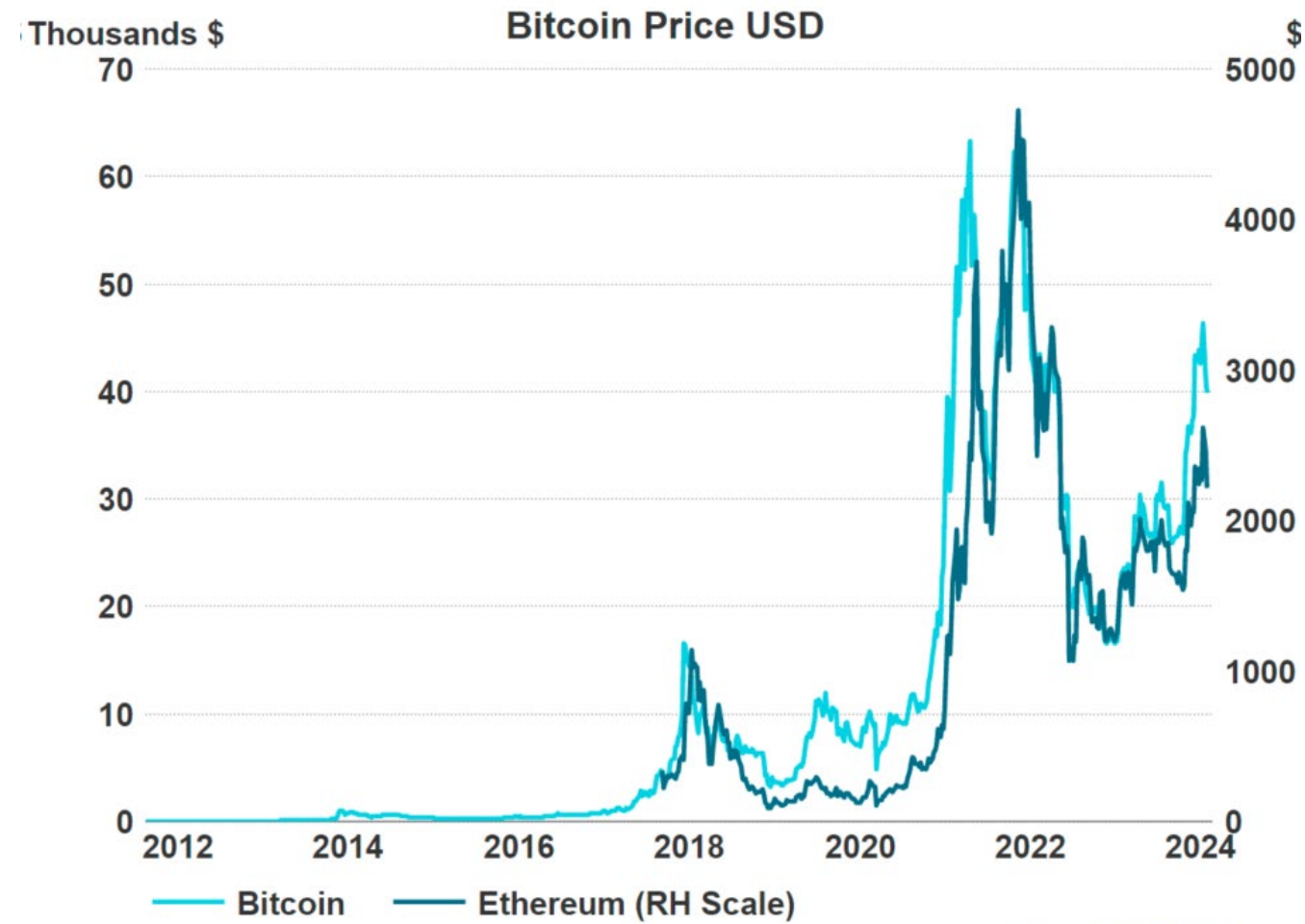
- A. Yes
- B. No



GOLD HAS HISTORICALLY FOLLOWED AN INVERSE OF THE US DOLLAR, IF USD CONTINUES TO FALL GOLD WILL RISE

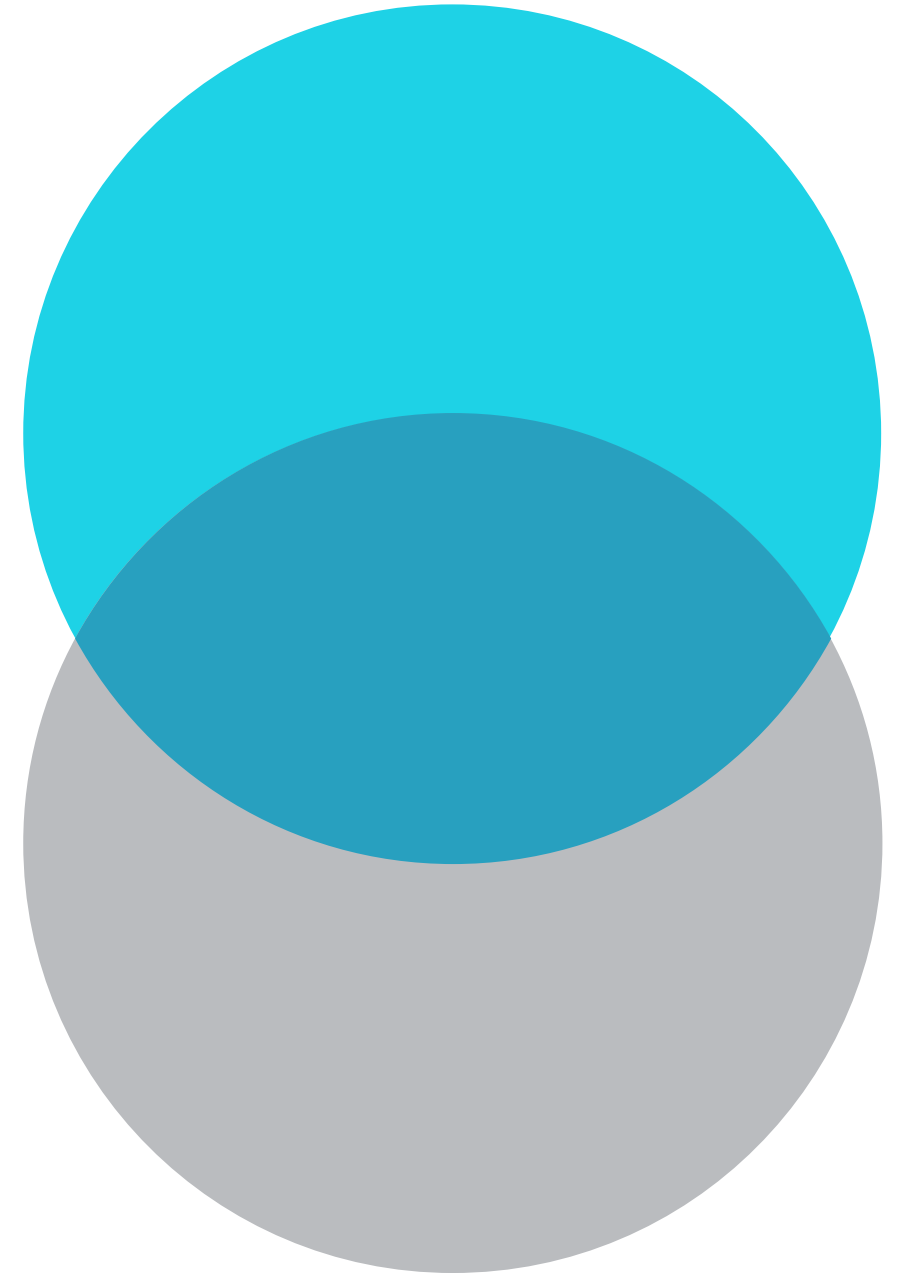


CRYPTO HAS YET TO REACH ITS PEAK FROM 2021/22 – THERE IS STILL A GREAT DEAL OF VOLATILITY AND RISK



Source: LSEG Datastream

FUTURE TRENDS

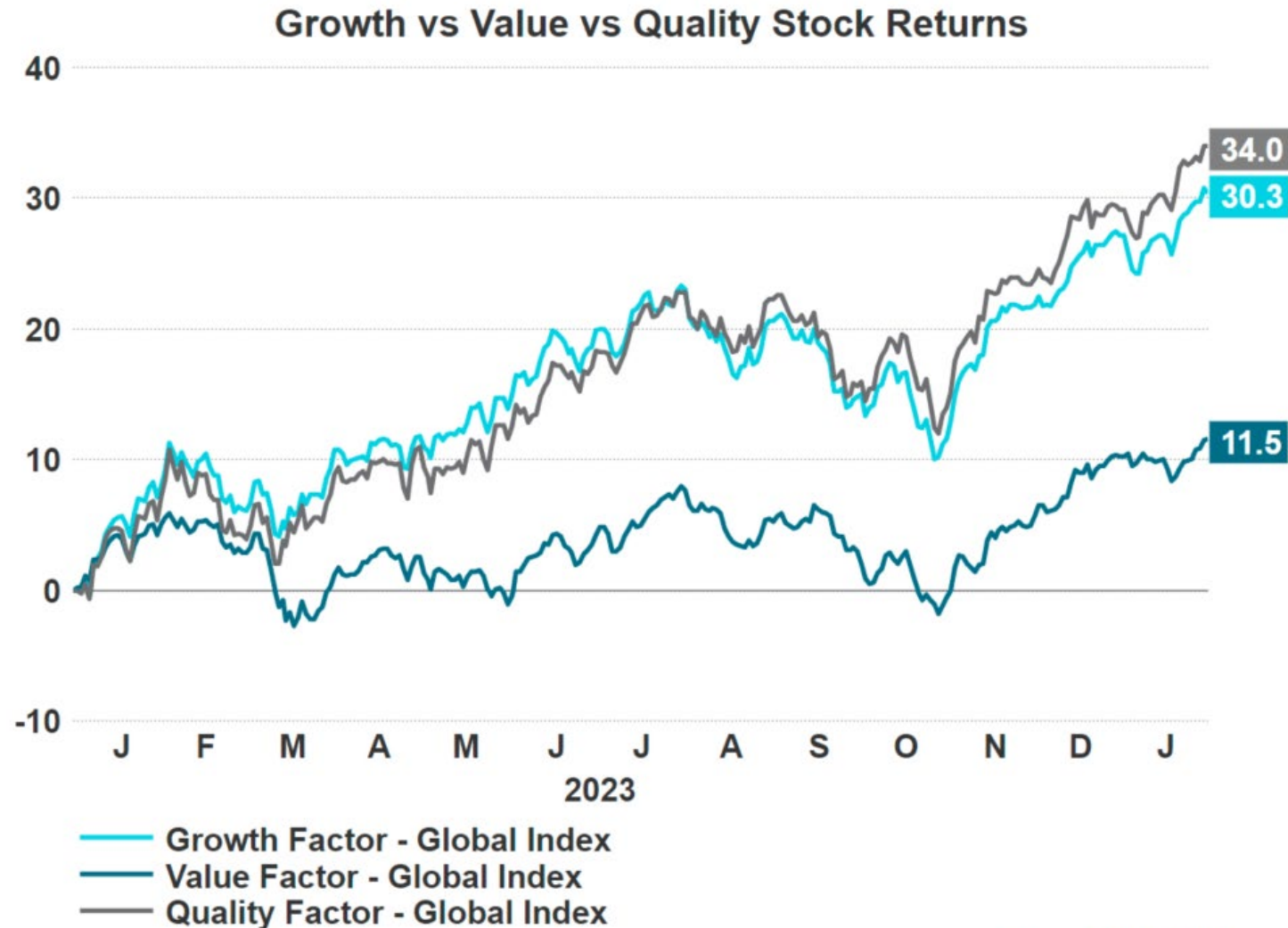


FUND VIEWPOINT

- Mega-cap US Growth style which returned **69.3%**, whereas the NASDAQ returned **43%**.
- Research suggests it has **strong potential** going forward.



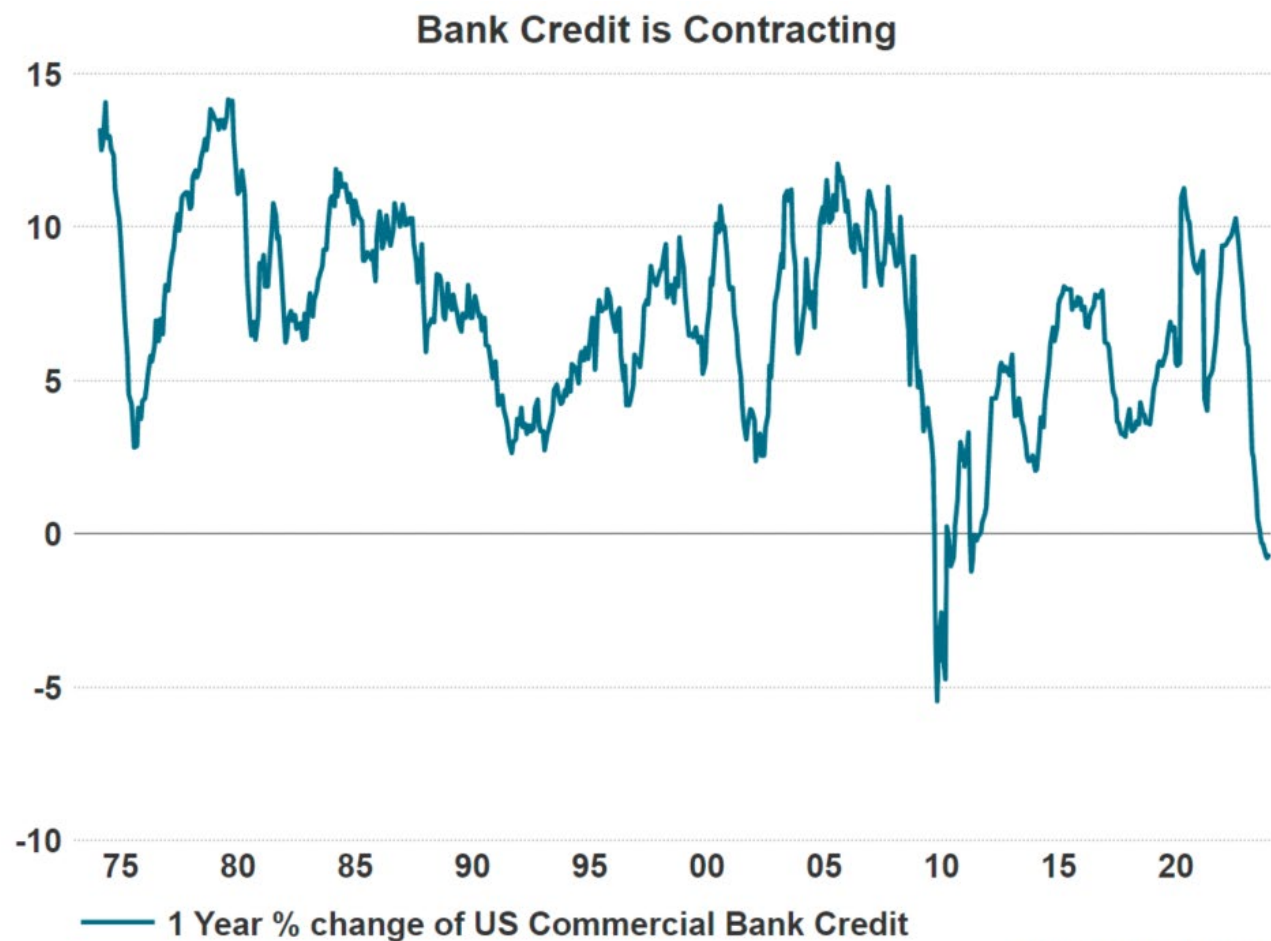
BOTH GROWTH AND QUALITY HEAVILY OUTPERFORMED VALUE IN 2023, DO WE EXPECT THIS TO CONTINUE INTO 2024?



Source: LSEG Datastream

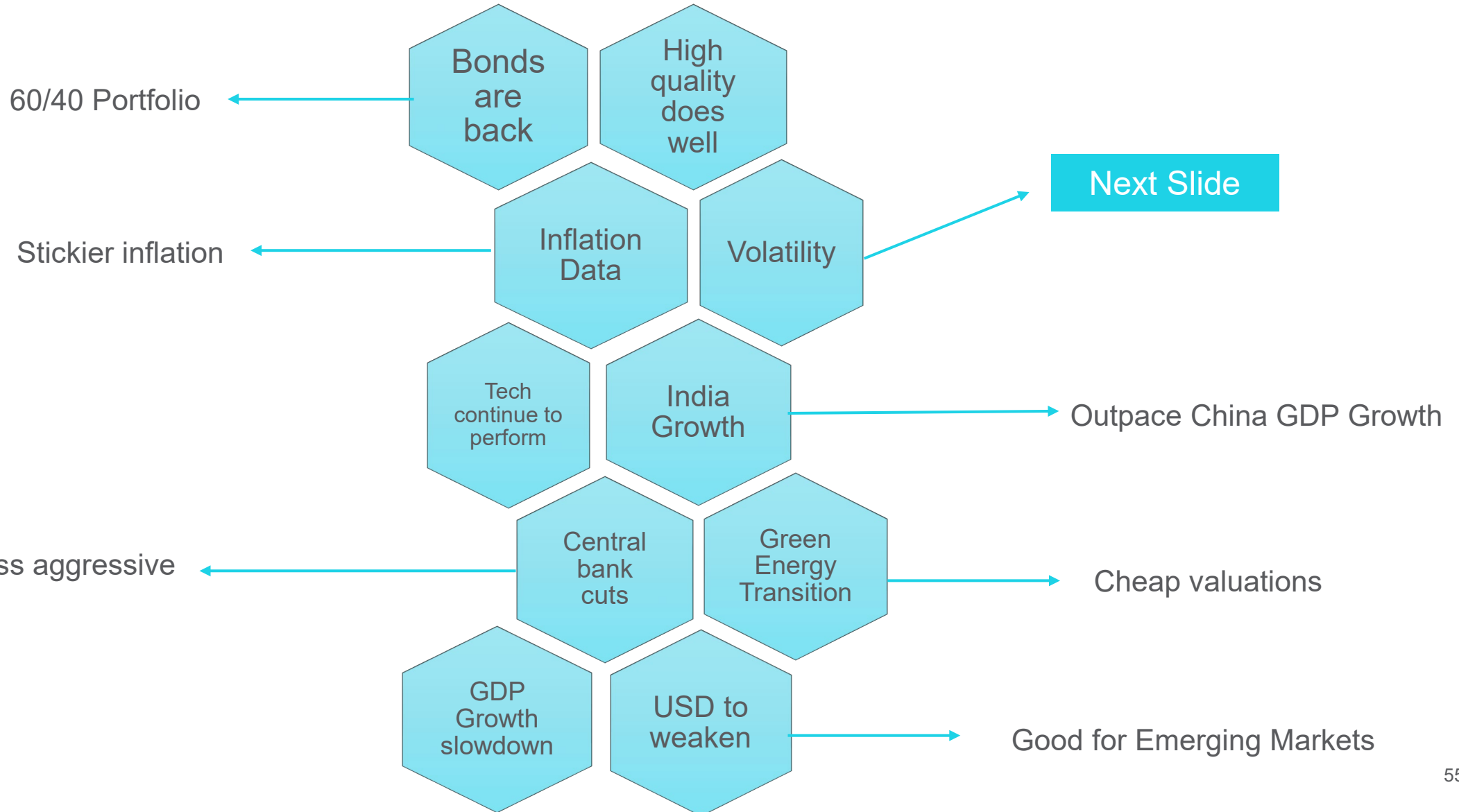
REASON FOR CAUTION

- Bank credit levels have now fallen for three quarters in a row, according to the Board of Governors of the Federal Reserve System – the first sustained contraction since 2010.

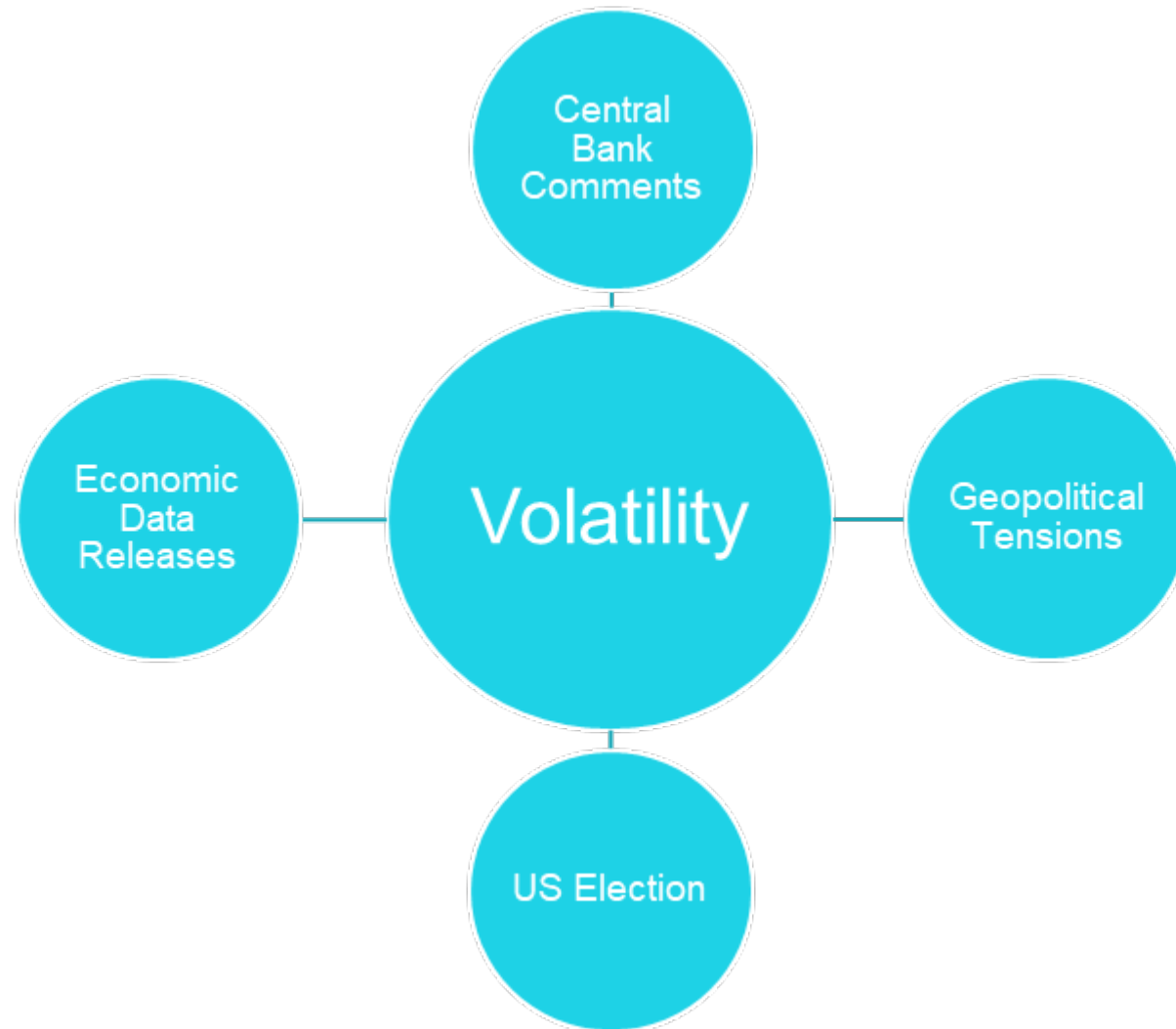


Source: LSEG Datastream

FUTURE TRENDS...



EXPECTED CAUSES OF MARKET VOLATILITY IN 2024



THERE ARE AS MANY AS 64 ELECTIONS COMING UP IN 2024, WITH SOME OF THEM HAVING THE POTENTIAL TO CREATE VOLATILITY IN THE MARKETS

Country	Election Date
Indonesia	February 14 th
Iran	March 1 st
Russia	March 17 th
Ukraine	March 31 st
India	April – May
South Africa	May - August
Mexico	June 2 nd
European Union	June 9 th
United States	November 5 th
UK	Expected in the second half of 2024















QUESTION 2

Which outcome of US elections do you think provides the largest boost to the S&P 500?

- A. Democrats in control of both the White House and Congress.
- B. Republicans in control of both the White House and Congress.
- C. Democrats in control of the White House and Republicans in control of Congress
- D. Republicans in control of the White House and Democrats in control of Congress
- E. Democrats in control of the White House and split control of Congress
- F. Republicans in control of the White House and split control of Congress



THE EFFECT OF US ELECTION RESULTS ON S&P 500 RETURNS IN HISTORY

White House Control	Congress Control	Average 3 month return of S&P500 during the period relative to all periods
		+0.02%
		+1.67%
	 / 	+1.75%
		-0.99%
		+0.49%
	 / 	-0.67%

REASONS TO BE UPBEAT ABOUT AUSTRALIA IN 2024

Population Growth

Provides demand for domestic services

Fiscal Support

Generous tax cuts from July 2024

Central Bank ability for rate cuts

Gives markets optimism if the economy slows

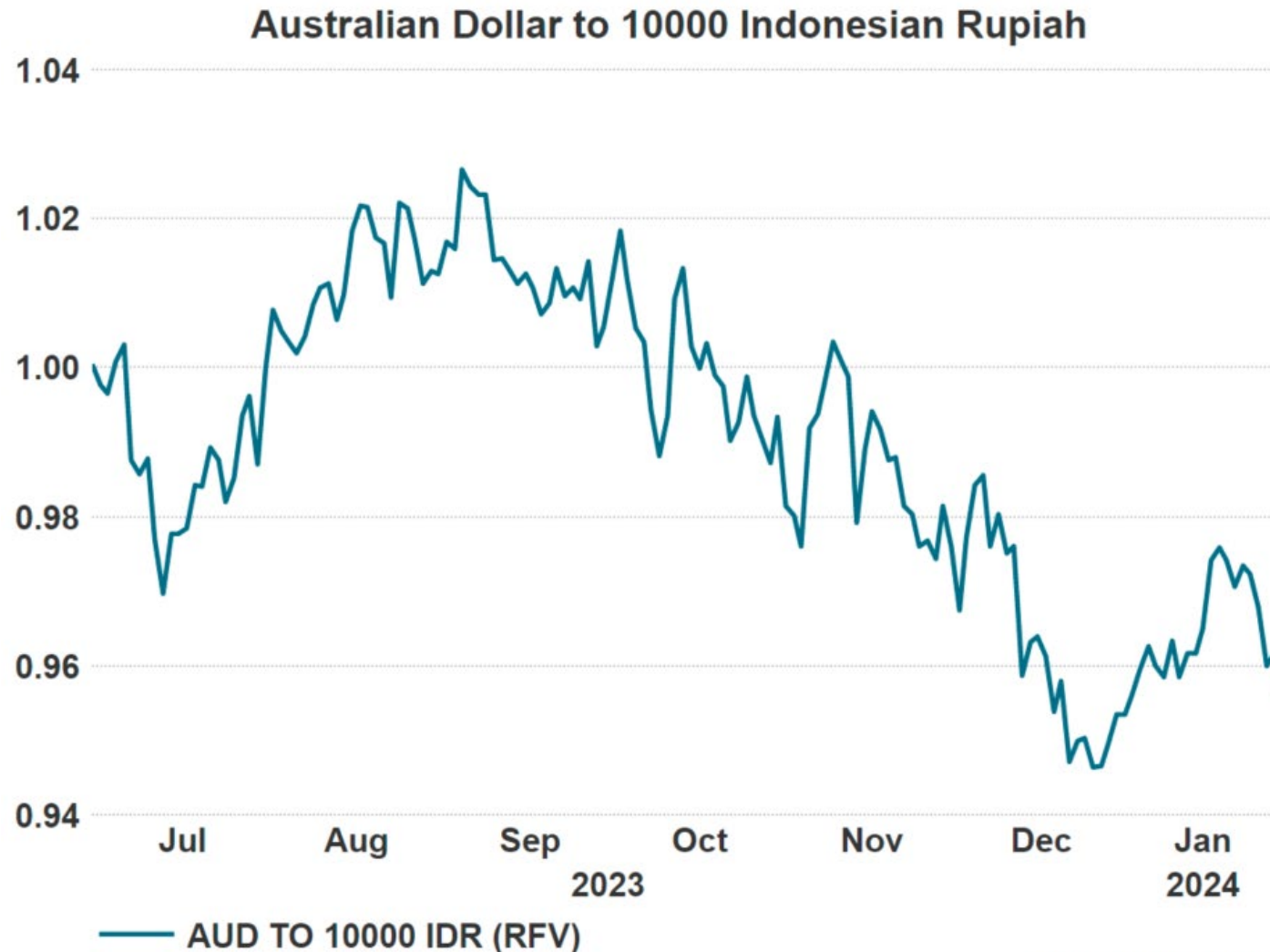
Positioning

Large cash amounts on the sideline ready to be deployed

Superannuation

Compulsory contributions provide ongoing support

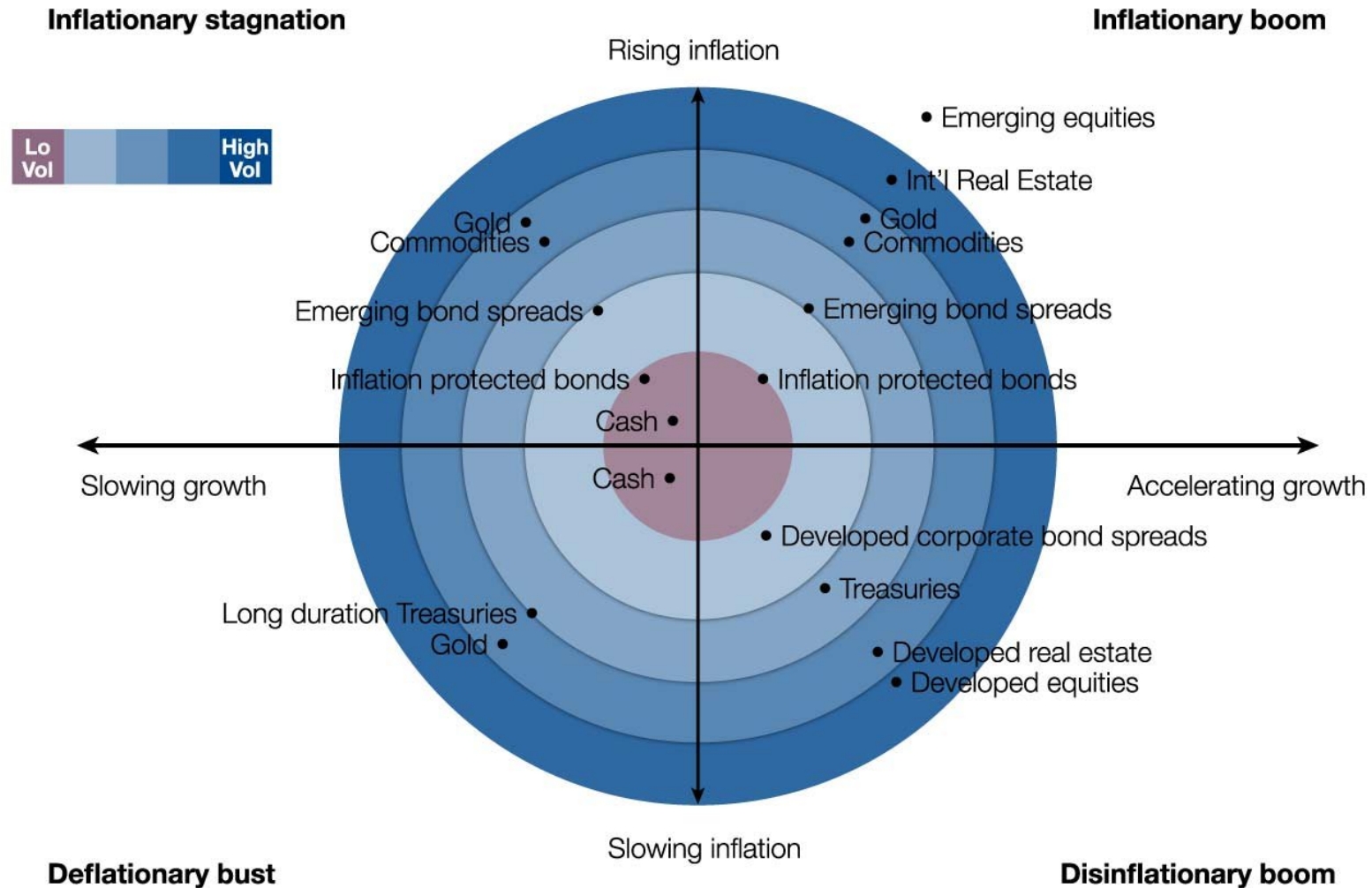
THE AUSTRALIAN DOLLAR HAS APPRECIATED AGAINST THE INDONESIAN RUPIAH, PERFECT TIMING FOR THE BALI SUMMIT (DOWN IS GOOD)



1 AUD =
10,366.47 IDR

Source: LSEG Datastream

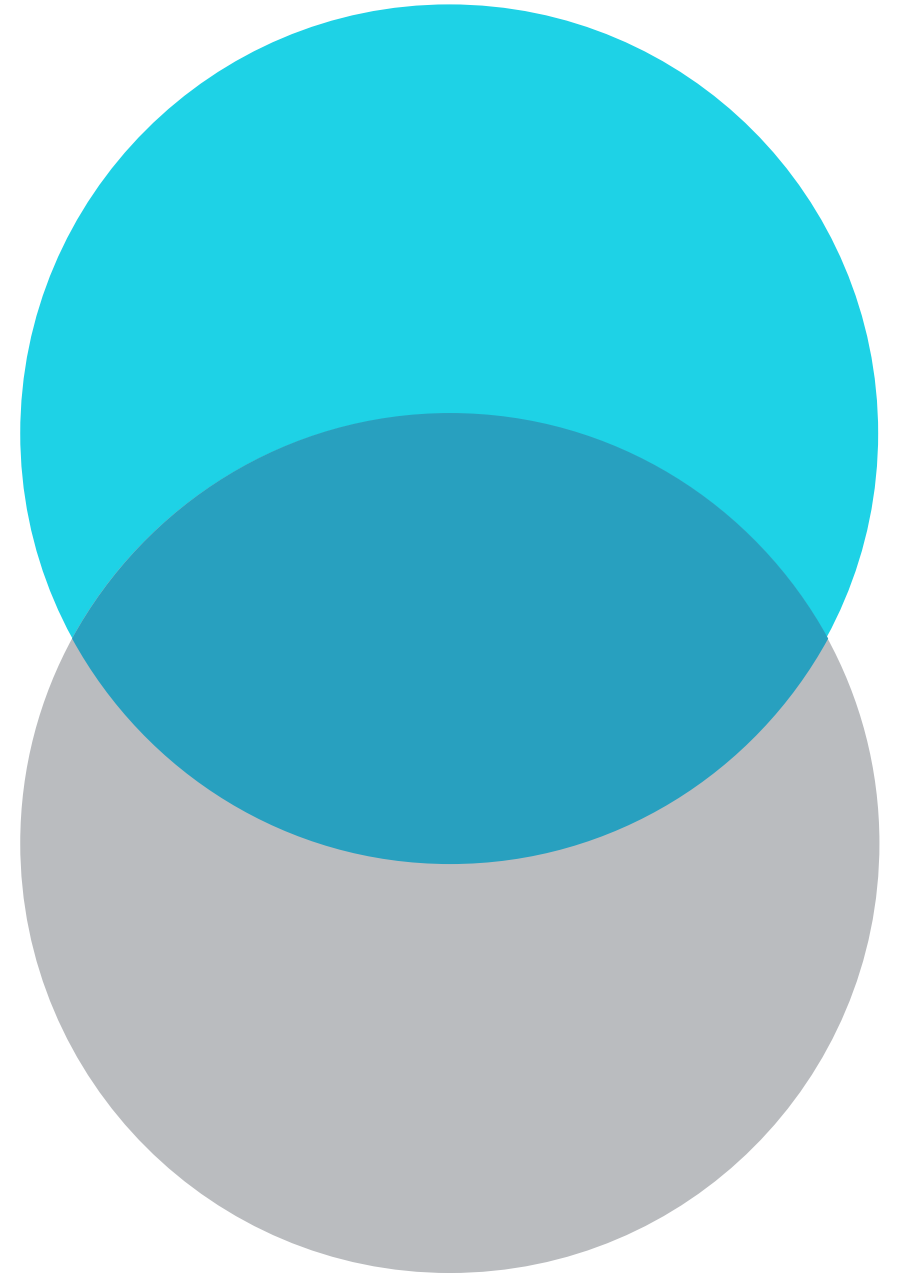
DIVERSIFICATION

















Important information

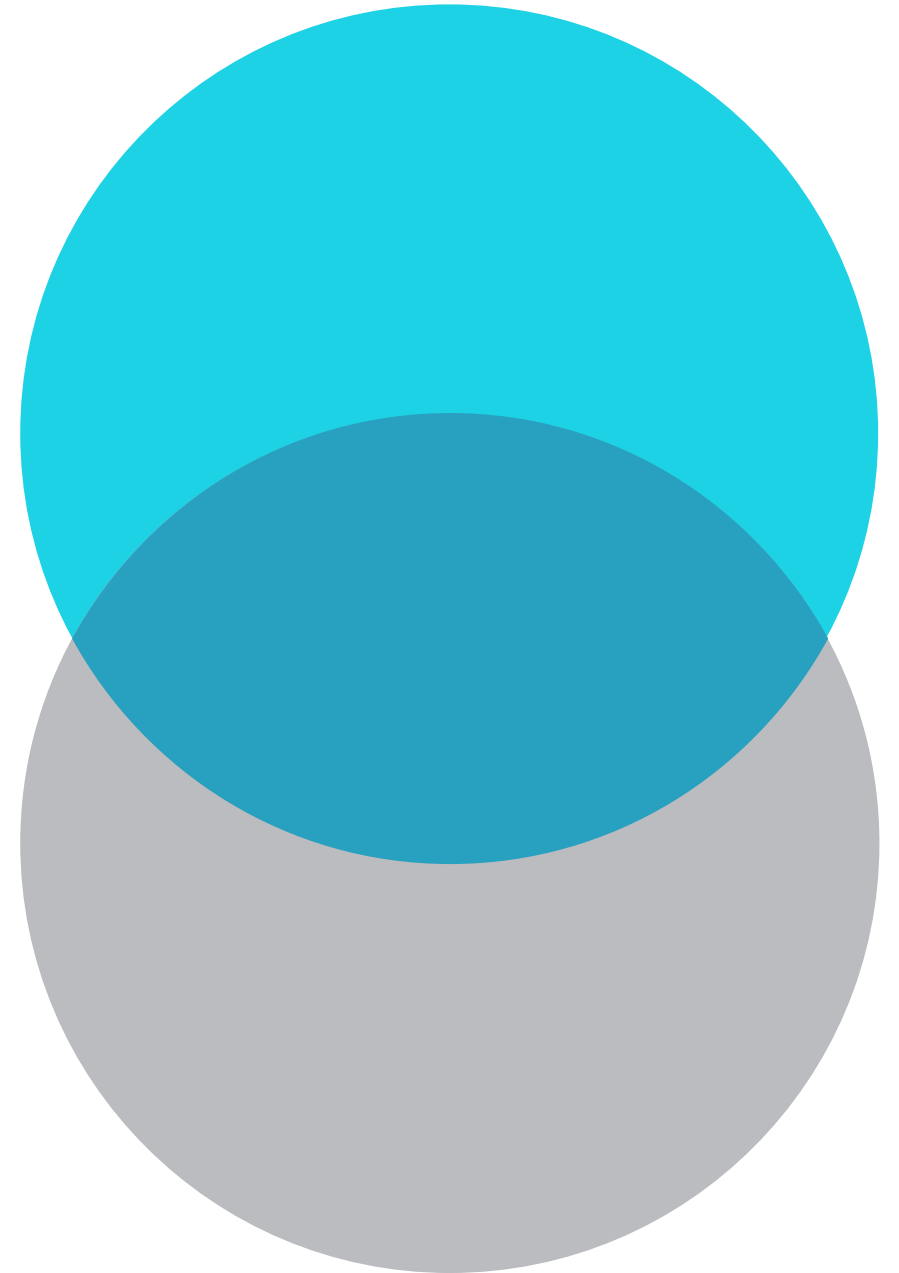
**STRATEGIC ASSET
ALLOCATION SAA
THREE-YEAR
REVIEW UNDERWAY
WITH
MORNINGSTAR**



STRATEGIC ASSET ALLOCATION SAA

Risk Profile	Defensive	Conservative	Balanced	Growth	High Growth	High Growth Plus
Minimum Investment Period	3 years	3 years	5 years	7 years	9 years	10 years
Portfolio Characteristics %						
						
● Growth Assets	15	30	50	70	85	95
● Defensive Assets	85	70	50	30	15	5
Strategic Asset Allocation %						
						
● Australian Equity	5	10	18	25	31	38
● International Equity (45% Hedged)	7	12	21	30	38	46
● Property and Infrastructure	3	5	8	11	13	8
● Diversified Alternatives	0	6	6	8	6	6
● Australian Fixed Interest	31	25	20	12	5	0
● International Fixed Interest	26	21	17	10	5	0
● Cash	28	21	10	4	2	2
Property and Infrastructure % Split						
Australian Listed Property	0	0	0	2	3	0
International Listed Property	0	2	4	3	4	4
Global Infrastructure	3	3	4	6	6	4

FIRSTCHOICE MANAGED ACCOUNTS



THE FIRSTCHOICE MANAGED ACCOUNTS

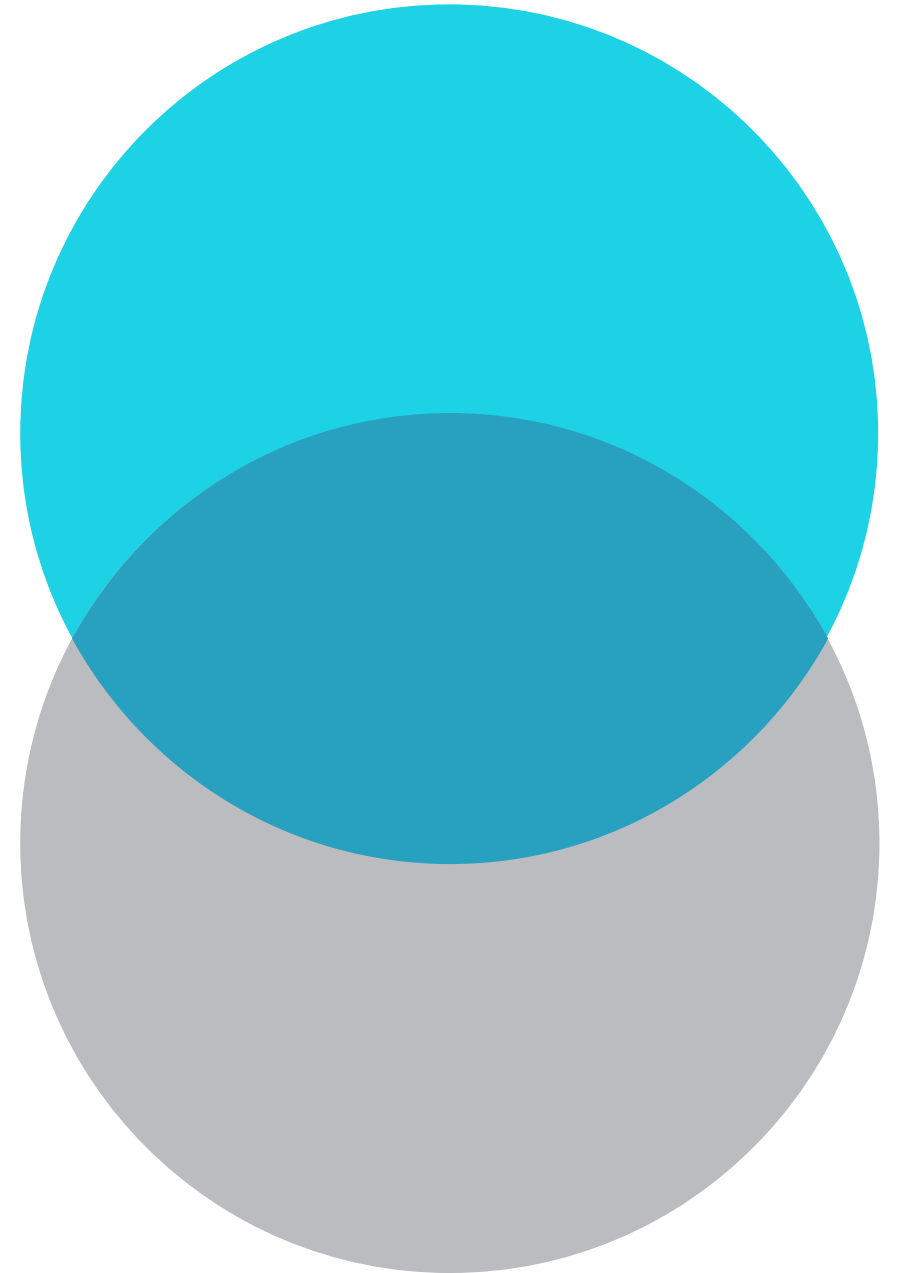
The Investment team has worked hard to create a new selection of portfolios. These portfolios are broken into two styles:

- **FirstChoice Managed accounts – Suited for all clients following a Core plus Satellite approach –
– Focusing on Capital Growth and Capital Preservation**

These portfolios consist of a **diversified** set of funds which are utilised in different ways as you access different risk profiles. Advisors have a choice of **six** Portfolios depending on the risk preference of the client:



IQ PORTFOLIOS



THE IQ PORTFOLIOS

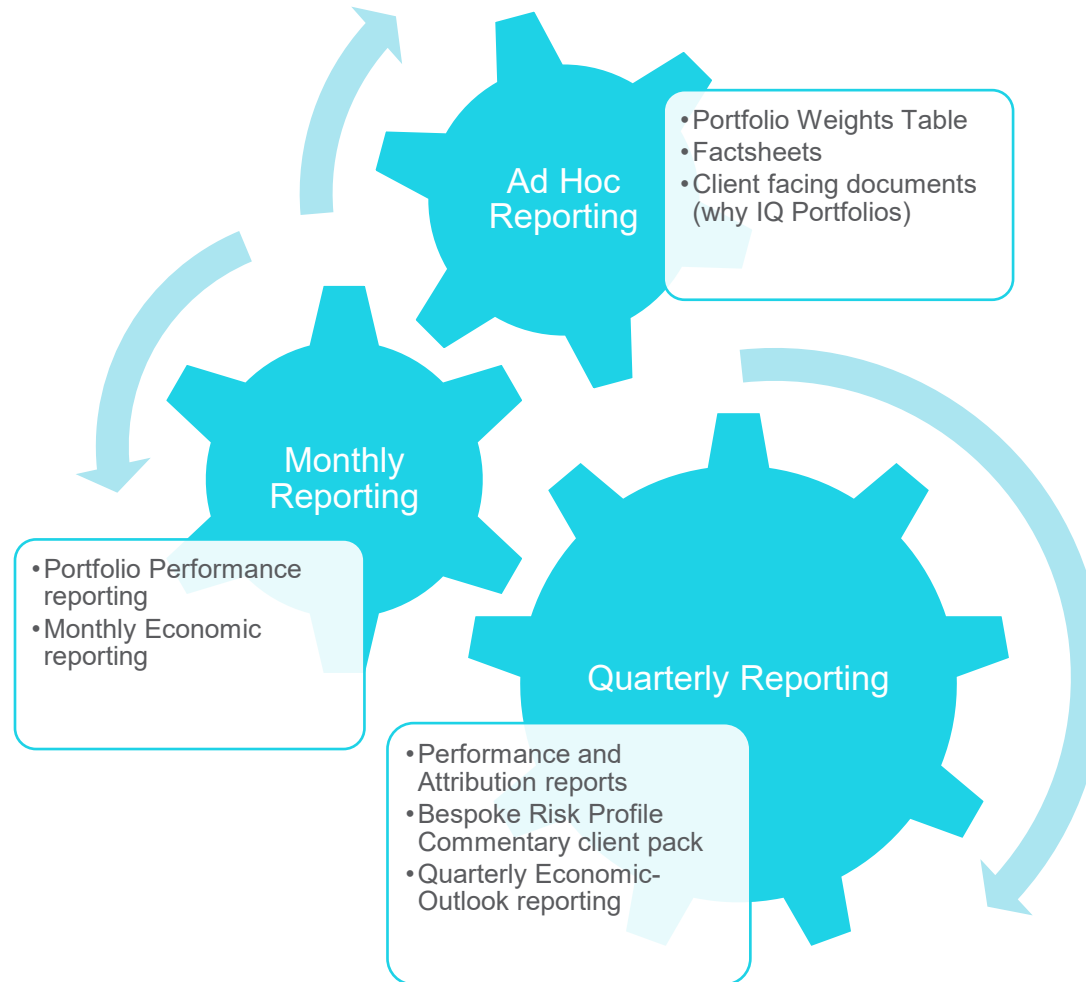
The Investment team has worked hard to create a new selection of portfolios. These portfolios are broken into two styles:

- ***IQ Growth – Suited for Accumulation clients – Focus on Capital Growth***
- ***IQ Defensive – Suited for clients with a Focus on Capital Preservation and Income***

These two styles consist of **different** funds which are utilised in different ways. Advisors have a choice of **four** Growth Portfolios and **three** Defensive Portfolios depending on the risk preference of the client:



WHAT REPORTING AND DOCUMENTATION SHOULD I EXPECT?



IMPORTANT INFORMATION AND AVAILABILITY – IQ PORTFOLIOS

IQ Portfolios are **currently** available on:



And **soon** to be available on:



Further improvements:

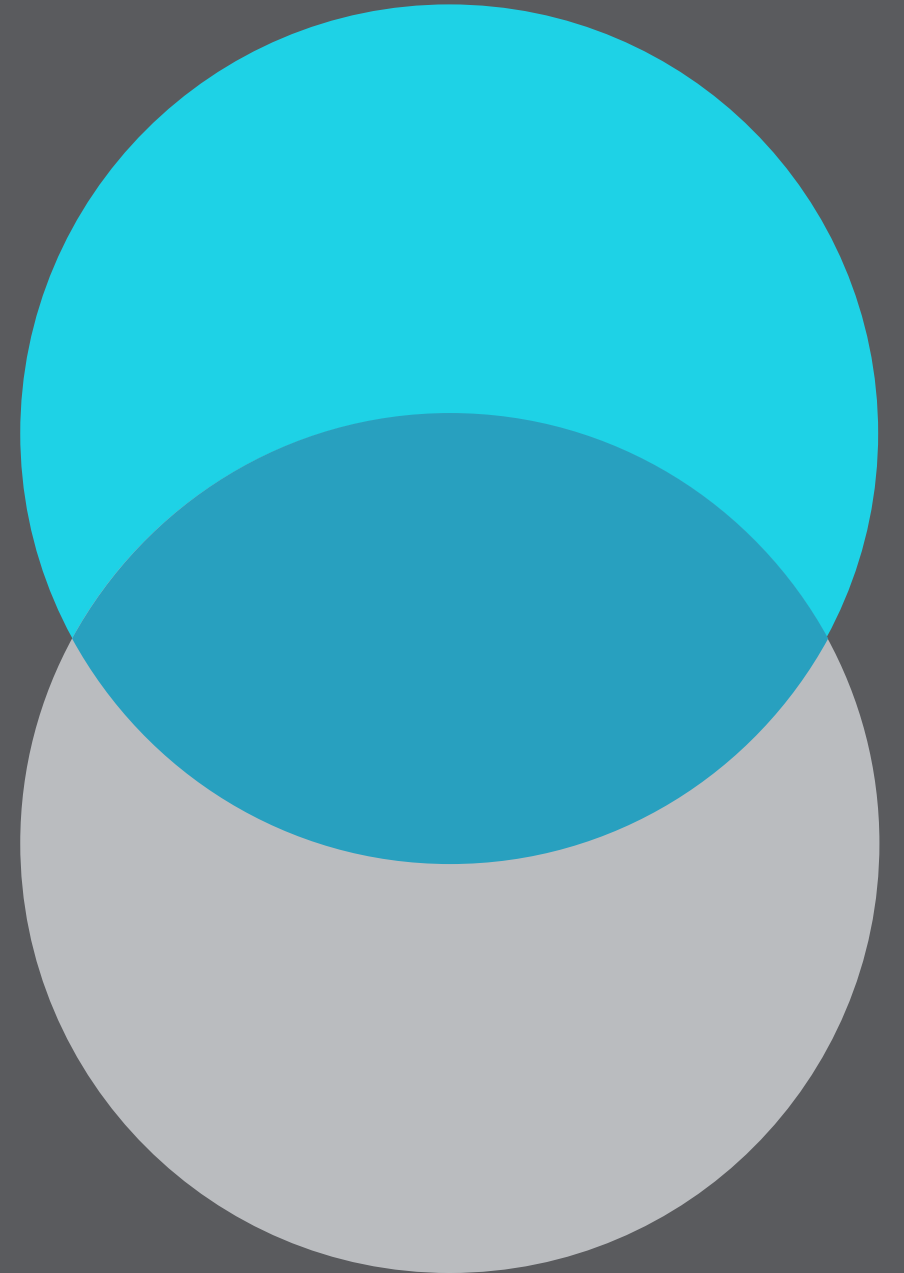
- **Underlying manager costs will come down** – We are currently in the process of organising rebates and/or access to lower cost fund classes of the existing manager line up – Passing this onto clients.

Also working with CFS Edge -



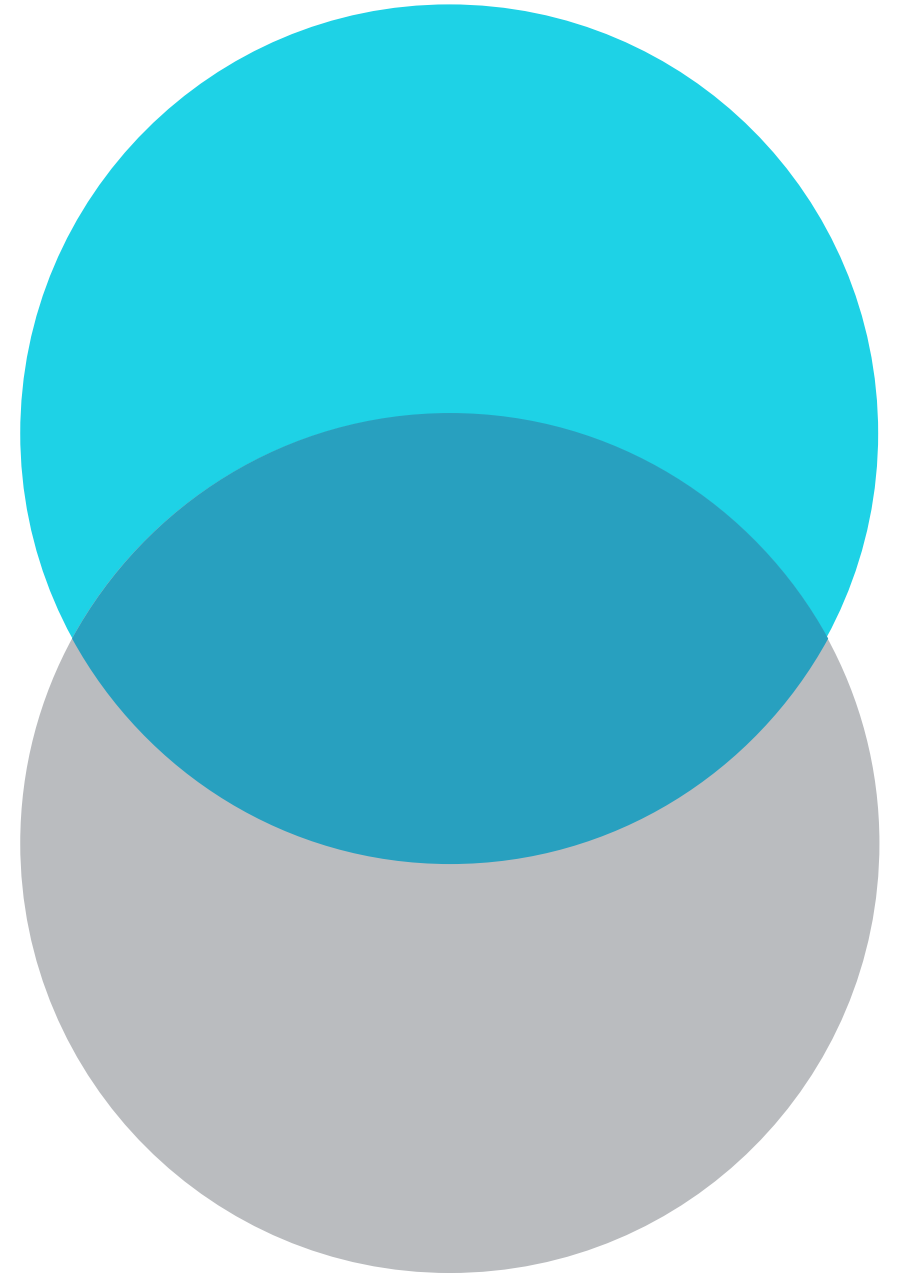
THANK YOU

Questions



MORNING TEA

10:30AM – 10:45AM





SCINTILLATING SUPERANNUATION STRATEGIES & SOLUTIONS

CPAL Technical Team – Mel Bendeich / Peter Kelly

February 2024



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AGENDA

1. Better targeted superannuation concessions
2. Insurance held through super
3. Auto consolidation of super accounts
4. Contribution strategies – moving super to a spouse



LEARNING OUTCOMES

By participating in this session, you will:



Explore how Div 296 will work



Identify how super consolidation and inactive super can affect clients



Discover strategies for splitting super with a spouse

BEFORE WE START - CHANGES TO PHASE 3 TAX-CUTS

Previously legislated 1 July 2024 tax rates

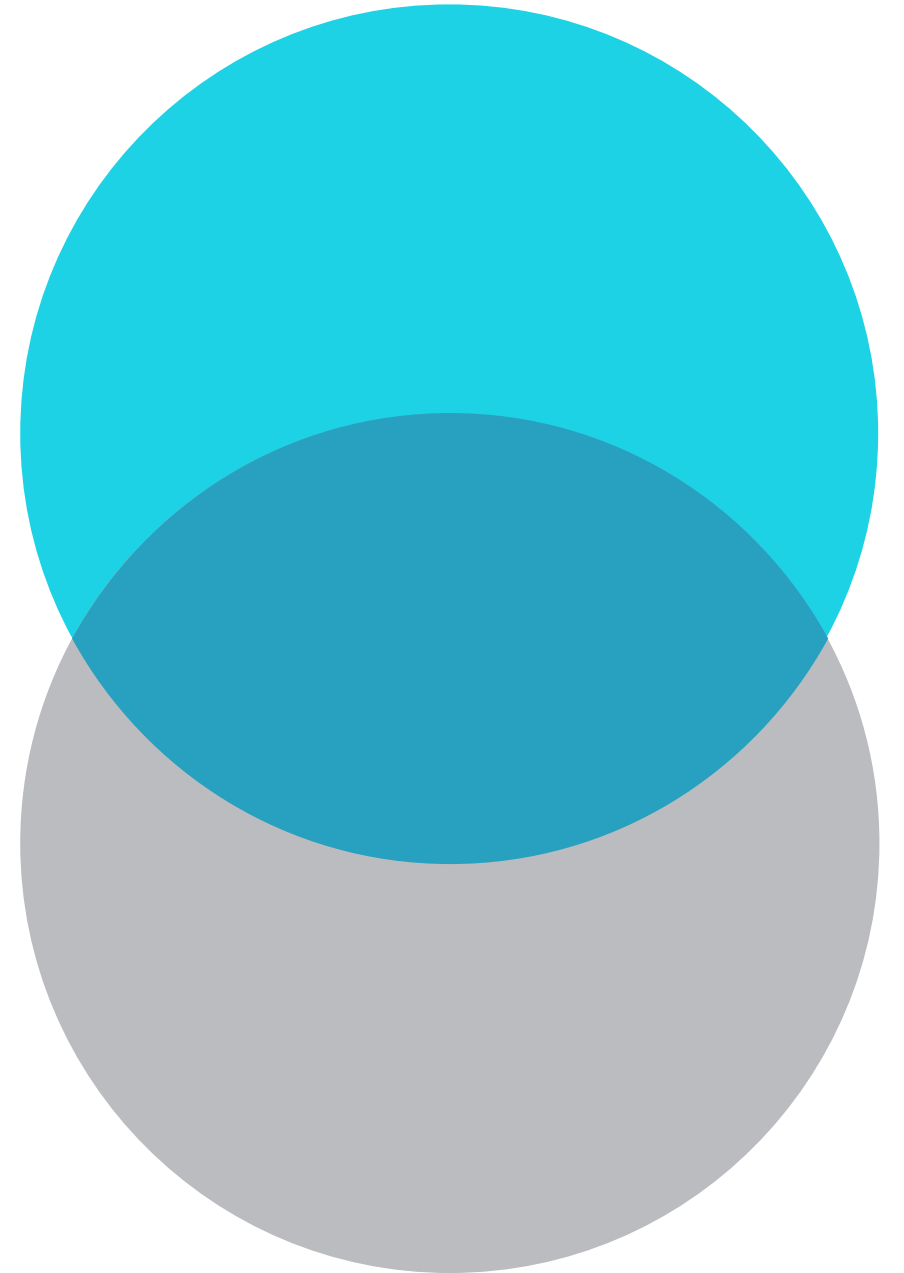
Taxable Income	Tax rates (%)
\$18,200 to \$45,000	19
\$45,001 to \$120,000	
\$120,001 to \$180,000	30
\$180,001 to \$200,000	
\$200,001 and over	45

Proposed 1 July 2024 tax rates

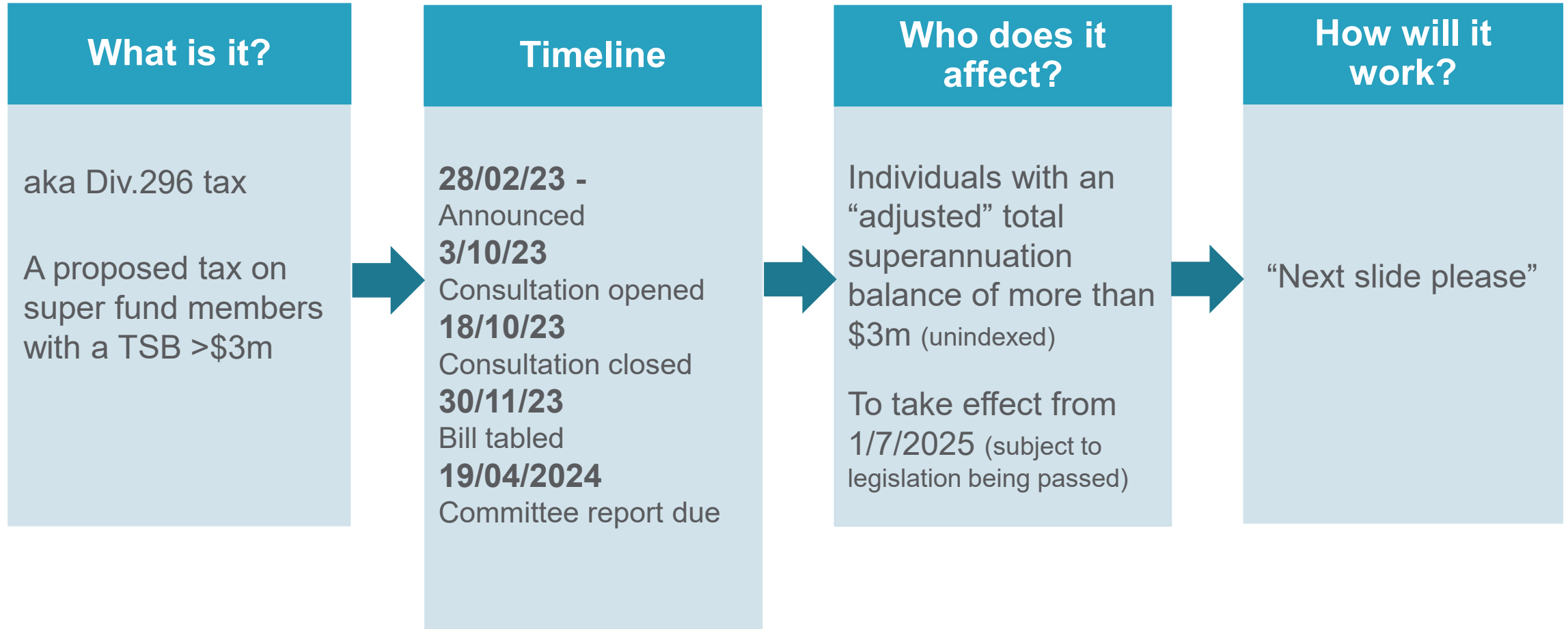
Taxable Income	Tax rates (%)
\$18,200 to \$45,000	16
\$45,001 to \$135,000	30
135,001 to \$190,000	37
190,001 and over	45

Subject to the successful passage of legislation

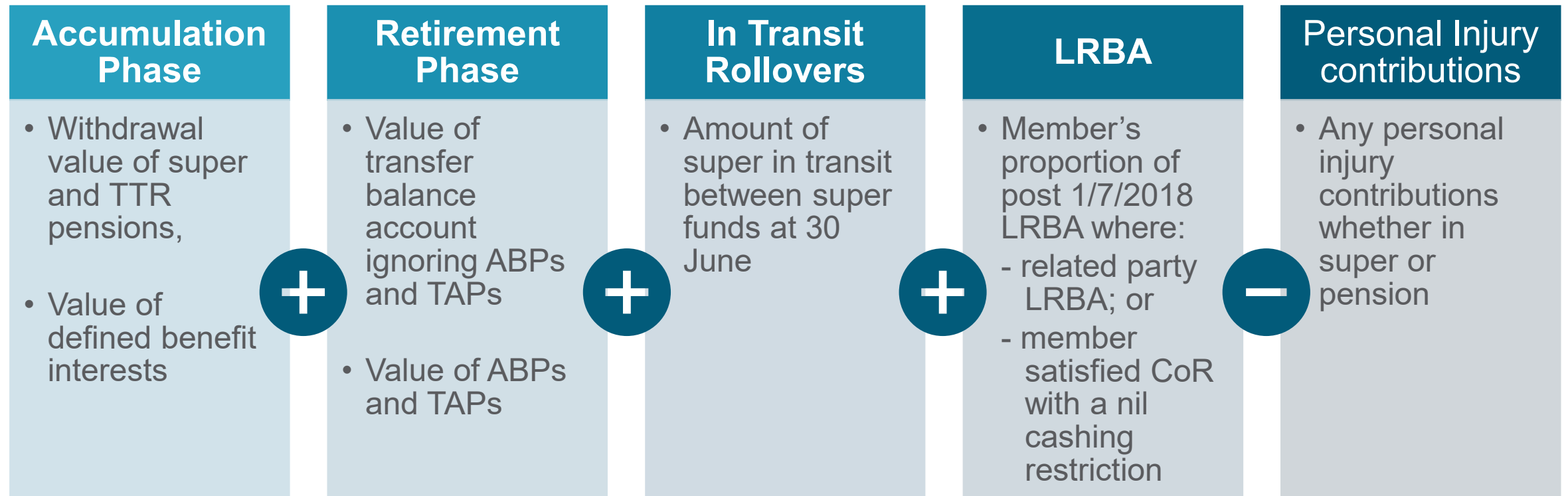
BETTER TARGETED SUPERANNUATION CONCESSIONS



BETTER TARGETED SUPERANNUATION CONCESSIONS

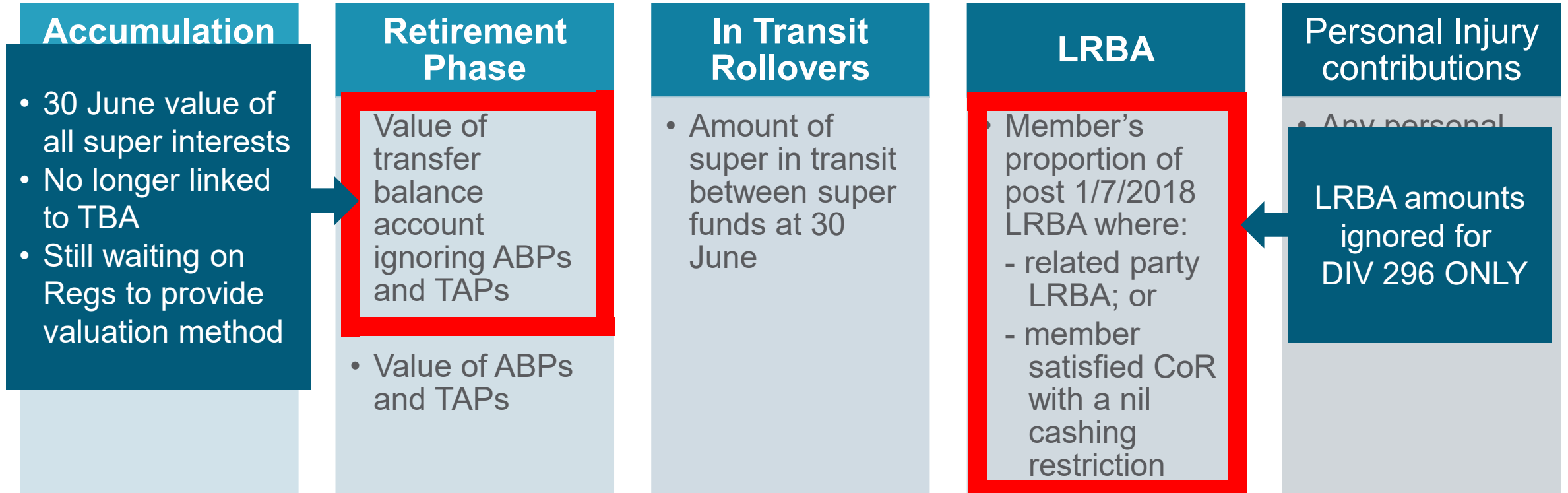


WHAT IS TOTAL SUPER BALANCE - CURRENTLY?



As at 30 June

AMENDED TOTAL SUPER BALANCE FROM 1 JULY 2025



As at 30 June

QUICK QUIZ – DIVISION 296 TAX

Vanessa has a total superannuation balance on 30 June 2026 of \$3,600,000. It is all in the accumulation phase

Her TSB on 30 June 2025 was \$3,300,000

TSB increased by \$300,000

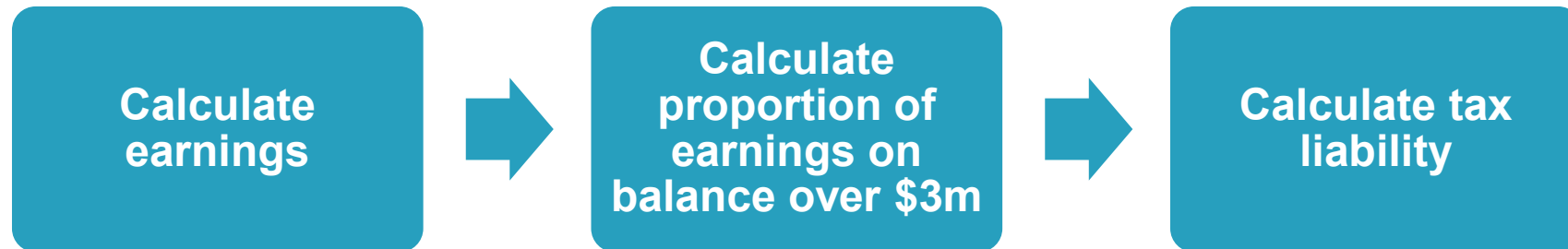
How much Division 296 tax will she be liable to pay?

- a. \$90,000
- b. \$45,000
- c. \$7,501
- d. It will depend on her taxable and tax-free components



DIVISION 296 TAX – THE DETAILS

- A tax levied on the increase in an individual’s “adjusted” TSB, where their TSB exceeds \$3m
- Tax is based on increase in TSB, not on actual investment earnings
- Adjustment is made for contributions and benefit payments
- Three step process:



DIVISION 296 TAX – THE FORMULA

Step 1

Calculate earnings

$$\text{TSB current FY} - \text{TSB previous FY} + \text{Withdrawals} - \text{Contributions}^* = \text{Earnings}$$

Step 2

Calculate the proportion of earnings corresponding to funds above \$3m

$$\frac{\text{TSB current FY} - \$3\text{m}}{\text{TSB current FY}} \times 100 = \text{Proportion of earnings}$$

Step 3

Calculate tax liability

$$15\% \times \text{Earnings} \times \text{Proportion of Earnings} = \text{Tax Liability}$$

*Less contributions tax

TURNING BACK TO VANESSA

Vanessa has a total superannuation balance on 30 June 2026 of \$3,600,000. It is all in the accumulation phase

Her TSB on 30 June 2025 was \$3,300,000

How much Division 296 tax will she be liable to pay?



1. Calculate earnings

$$\$3,600,000 - \$3,300,000 + \$0 - \$0 = \$300,000$$

2. Calculate proportion

$$\frac{\$3,600,000 - \$3,000,000}{\$3,600,000} \times 100 = 16.67\%$$

3. Calculate tax liability

$$15\% \times \$300,000 \times 16.67\% = \$7,501$$

WHAT ABOUT CONTRIBUTIONS AND WITHDRAWALS?

Tony's TSB on 30 June 2026 is \$4,000,000 (\$1.5m pension and \$2.5m accumulation). He received pension payments of \$80,000 and made a downsizer contribution of \$200,000. His TSB on 30 June 2025 was \$3,400,000.

How much Division 296 tax will he be liable to pay?



1. Calculate earnings

$$\$4,000,000 - \$3,400,000 + \$80,000 - \$200,000 = \$480,000$$

2. Calculate proportion

$$\frac{\$4,000,000 - \$3,000,000}{\$4,000,000} \times 100 = 25\%$$

3. Calculate tax liability

$$15\% \times \$480,000 \times 25\% = \$18,000$$

EXEMPTIONS FROM DIVISION 296 TAX

1. Child pensions
2. Structured settlement contributions
3. Individuals that pass away before the end of the financial year.
4. Temporary residents – Division 296 tax refunded on receipt of DASP.

NEGATIVE GROWTH IN TSB

Bernadette has a TSB on 30 June 2026 of \$3,500,000.

She made no contributions or withdrawals.
Her TSB on 30 June 2025 was \$3,750,000.

How will this affect her Division 296 tax?



Calculate earnings:

$$\$3,500,000 - \$3,750,000 = (\$250,000)$$

As Bernadette's earnings are less than \$0, her Division 296 tax liability for FY26 is \$0.

In addition, she can carry forward the negative earnings from FY26 to future years.

TSB IS LESS THAN \$3,000,000 ON PREVIOUS 30 JUNE

Phil has a TSB on 30 June 2025 of \$2,900,000.

He made no contributions or withdrawals in FY26.

His TSB on 30 June 2026 was \$3,200,000

What is his Division 296 liability?



1. Calculate earnings

Not \$2,900,000

$$\$3,200,000 - \$3,000,000 = \$200,000$$

2. Calculate proportion

$$\frac{\$3,200,000 - \$3,000,000}{\$3,200,000} \times 100 = 6.25\%$$

3. Calculate tax liability

$$15\% \times \$200,000 \times 6.25\% = \$1,875$$

HOW IS DIVISION 296 TAX PAID?

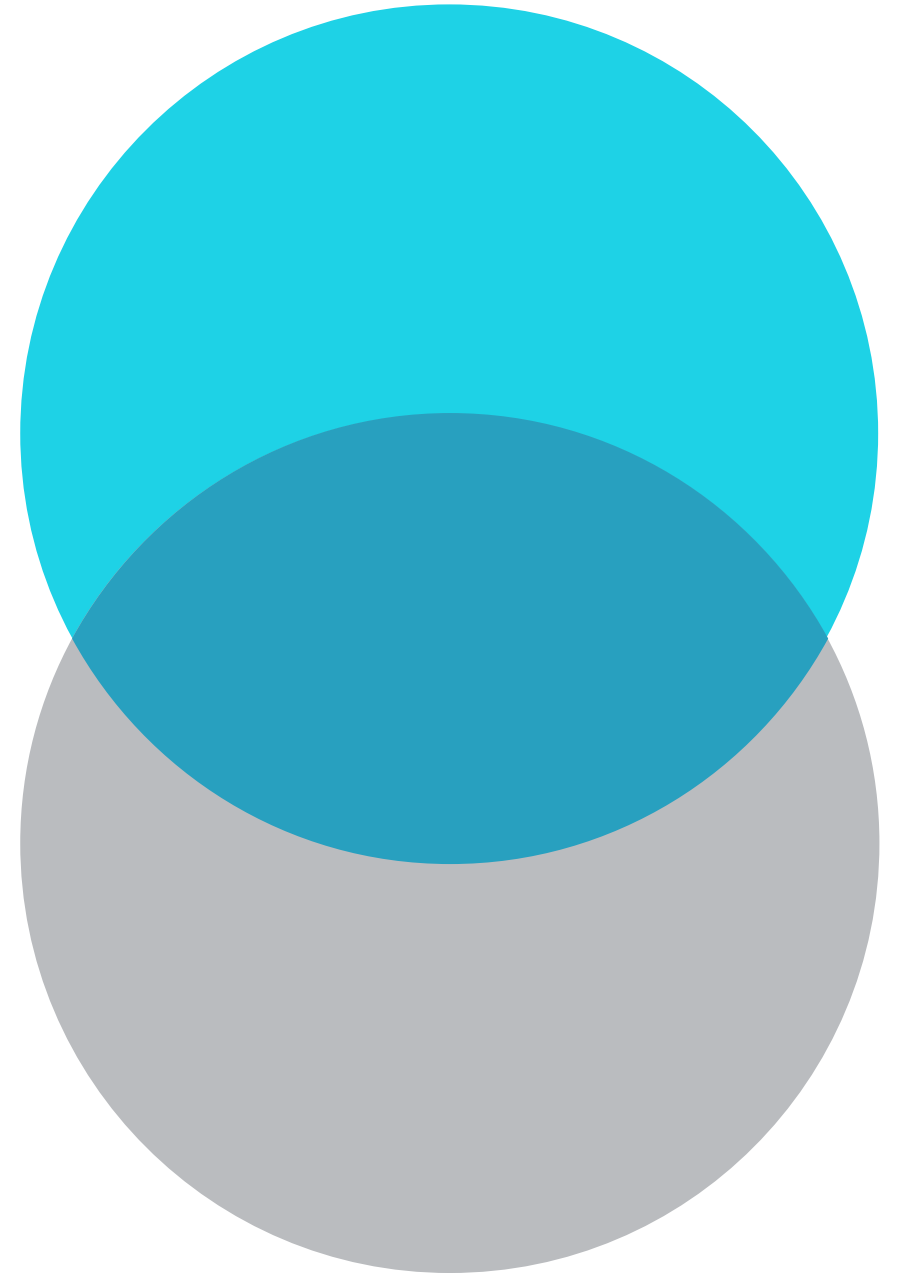
- Division 296 tax is generally due for payment 84 days* after a notice of assessment is issued.
- For defined benefit accounts, tax is deferred to a Division 296 tax debit account.
- The tax is assessable to the taxpayer, not their super fund. May be paid:
 1. Personally, from own resources, or
 2. Be released from super, or
 3. By a combination of 1 and 2.

* This is longer than the payment due date for other taxes such as Division 293 tax, allowing additional time for taxpayers with less predictable sources of income.

DIVISION 296 TAX – WHERE TO FROM HERE?

- Division 296 tax is not yet law – it may change
- A federal election is due to be held before it commences
- It is due to commence on 1 July 2025 – assessments won't be issued until 2026-27
- If planning to withdraw higher balances from super a condition of release needs to have been met?
- If withdrawing from super, watch tax consequences at the super fund level (e.g. CGT)
- More people will be affected over time – the \$3,000,000 threshold is not indexed

INACTIVE SUPER ACCOUNTS

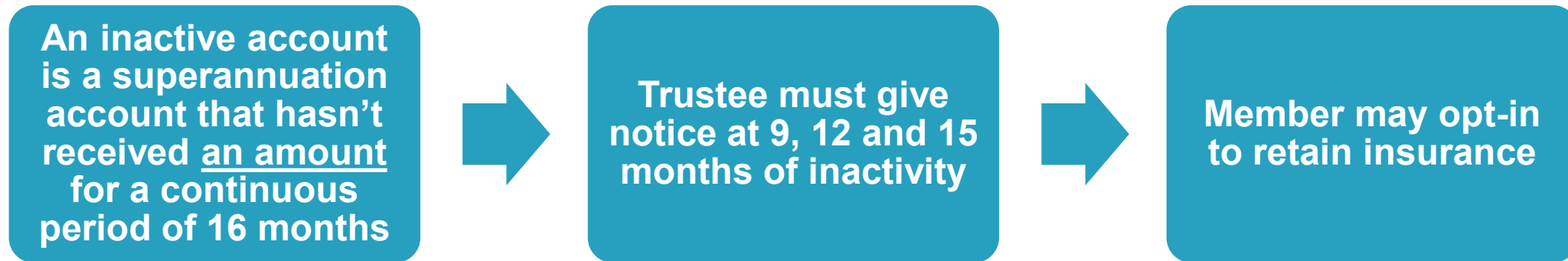


RECAP

- Treasury Laws Amendment (Protecting Your Superannuation Package) Act 2019
- Took effect from 1 July 2019
- Key components:
 1. Capping fees for members with balances of less than \$6,000
 2. Transferring inactive low-balance accounts (<\$6,000) to the ATO
 3. Restrictions on insurance for members <25 and members with low balances
 4. Cancellation of insurance for members with inactive accounts



INSURANCE AND INACTIVE ACCOUNTS



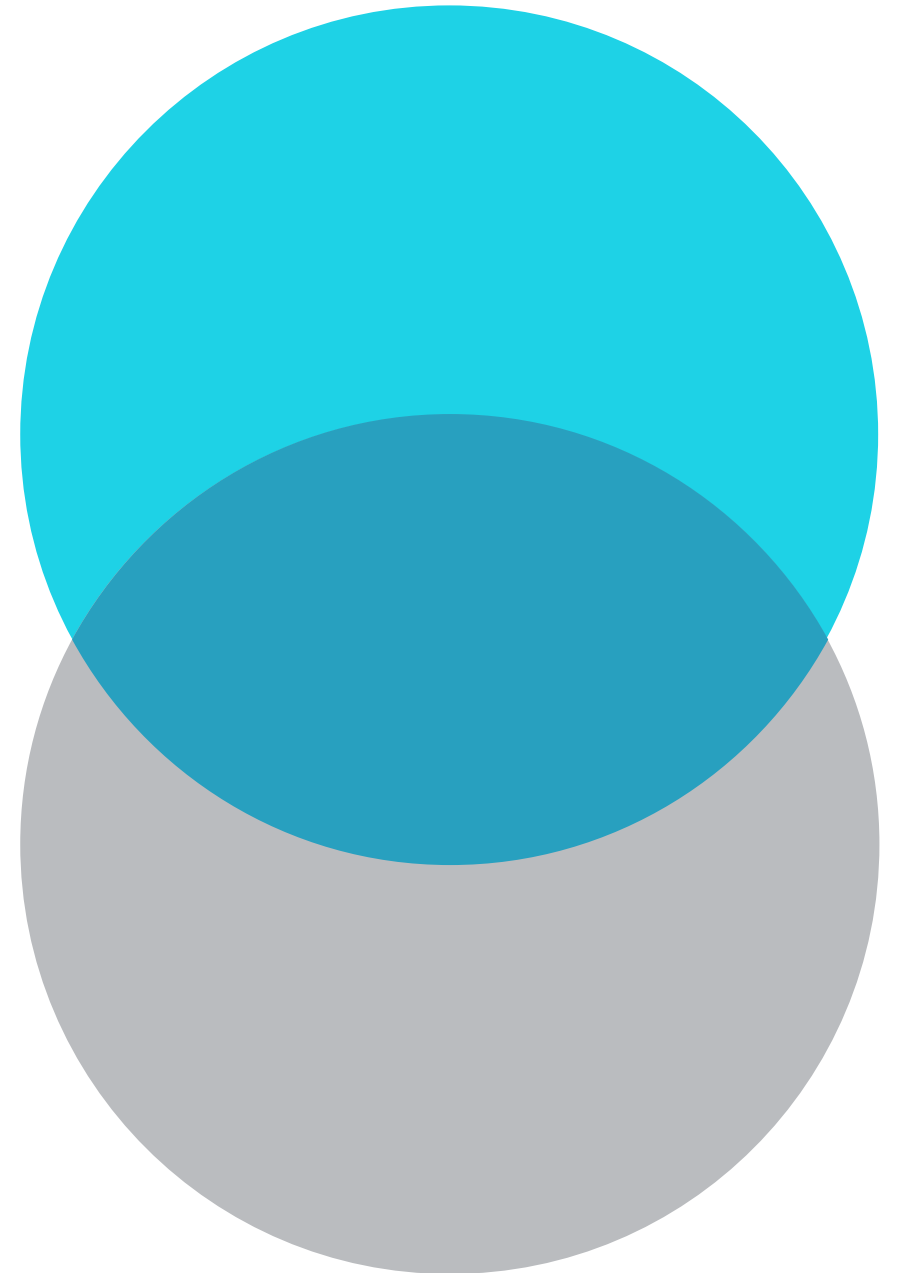
Notes:

1. This requirement is member account balance agnostic (i.e. it applies irrespective of balance)
2. It is not applicable to SMSFs and SAFs, defined benefit funds, and ADF Super

TIPS

1. Review clients super to ensure insurance is maintained if required, particularly if contributions are likely to cease.
2. Ensure super fund has up-to-date address details for members.

AUTO CONSOLIDATION



TRUSTEE'S OBLIGATION

Superannuation Industry (Supervision) Act 1993

108A Trustee's duty to identify etc. multiple superannuation accounts of members

- (1) Each trustee of a superannuation entity (other than the trustee of a pooled superannuation trust or a self managed superannuation fund) must ensure that rules are established, which:
 - (a) set out a procedure for identifying when a member of the superannuation entity has more than one superannuation account in the superannuation entity; and
 - (b) require the trustee to carry out the procedure to identify such members at least once each financial year; and
 - (c) if the member has 2 or more superannuation accounts in the superannuation entity —require the trustee to merge the accounts so that the member has only one account balance in respect of those accounts, if the trustee reasonably believes that it is in the best interests of the member to do so; and
 - (d) provide that fees are not payable (other than a buy-sell spread) for any merger of superannuation accounts that occurs as a result of paragraphs (a) to (c).

KEY ISSUES

1. APRA and ASIC have been cranking up their surveillance of super fund trustees' compliance.
2. Members "best interest" appears to focus on fees being paid
3. Accounts may be merged without consultation with members
4. Merging of accounts may de-rail strategies including quarantining members' tax-free component
5. Does not apply to defined benefit funds and income stream account.

MEDIA RELEASE (23-175MR)

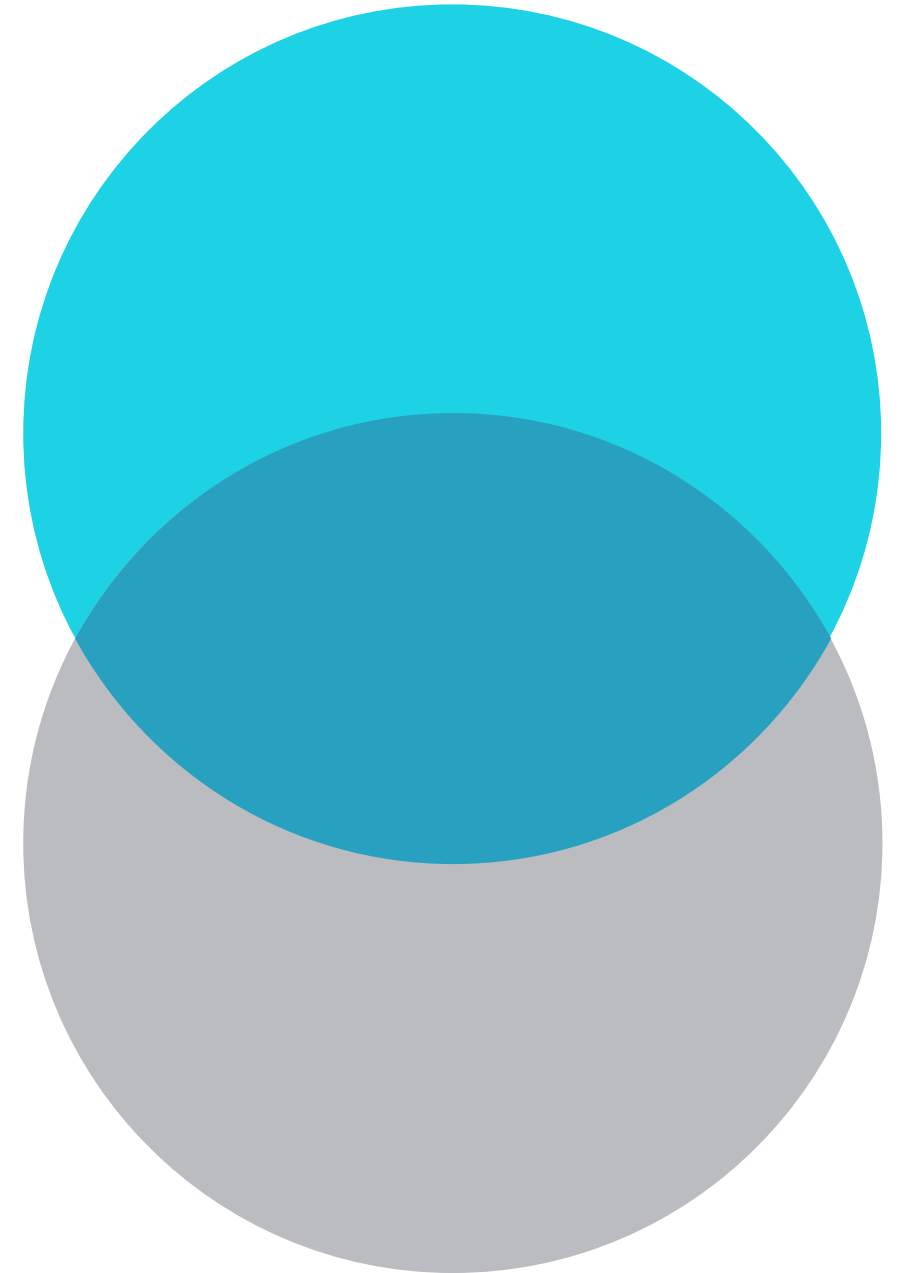
ASIC warns super trustees to boost efforts to consolidate duplicate member accounts

Published **29 June 2023**

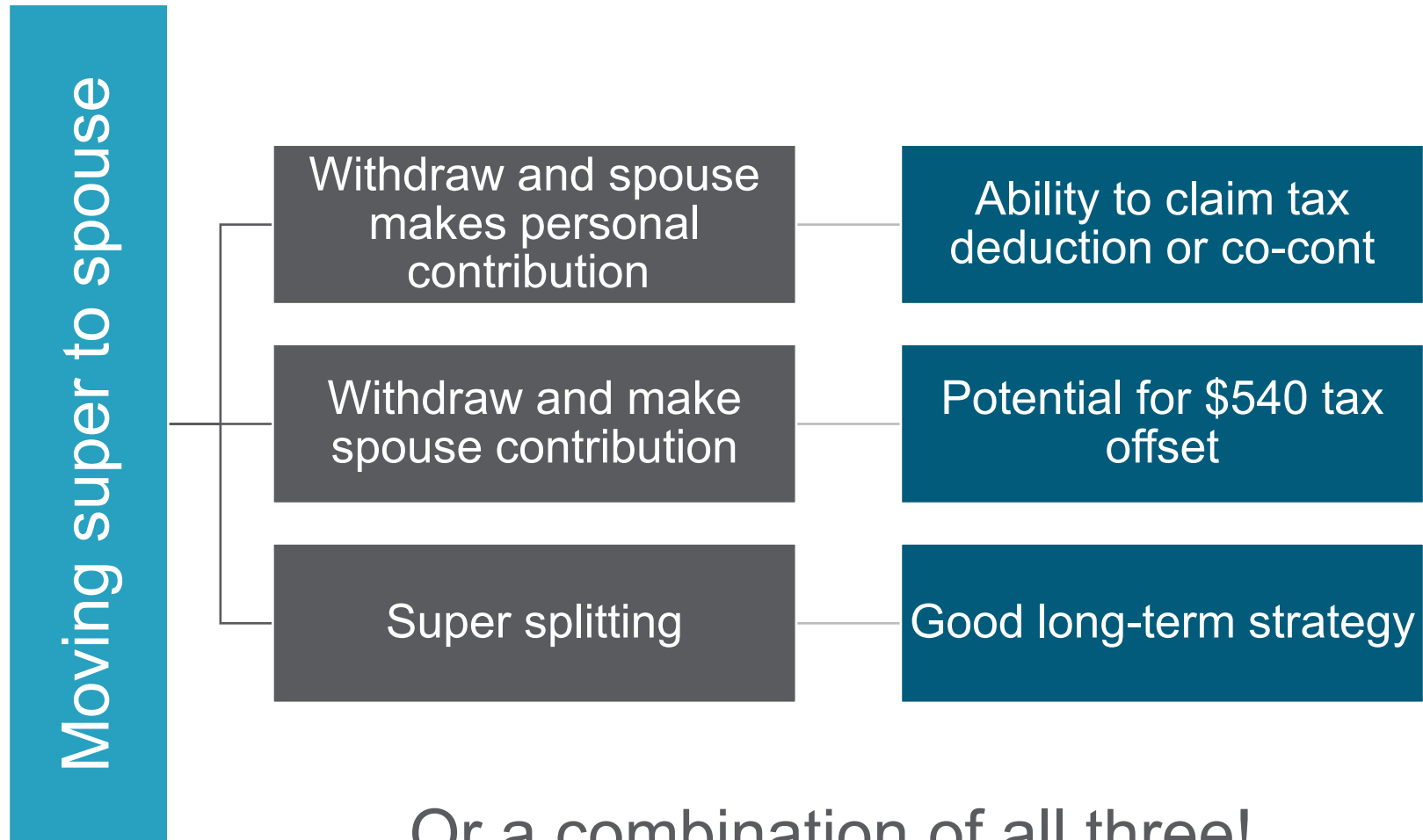
TIPS

1. Check to ensure your preferred super fund allows members to have more than one accumulation account – particularly if wishing to keep tax-free components separate?
2. Ask super fund if they will inform members &/or their adviser before consolidating accumulation accounts.
3. May need to use a second superannuation fund to quarantine accumulation balances.

CONTRIBUTION STRATEGIES MOVING SUPER TO A SPOUSE



WAYS TO MOVE SUPER BETWEEN COUPLES



WHY MOVE SUPER BETWEEN COUPLES?

Even up super balances

Utilising individual caps (e.g. TSB, TBC)

Tax components – convert taxable to tax-free for estate planning (recontribution strategy for the spouse)

Age difference

Early access – move super to spouse who will reach preservation age first

Enhance Centrelink – move super to spouse under pension age

PENSION AGE

From 1 January 2024, pension age has reached 67.

How many benefits/concessions are impacted by pension age?

Age
Pension

Super
assessment

Redundancy
tax

Work
Bonus

CSHC

SAPTO

Home
Equity
Access

CASE STUDY – MOVING SUPER TO SPOUSE

Lyle (67) and Frankie (60) are a retired couple who have \$600,000 and \$300,000 respectively in account-based pensions.

Their other assessable assets including lifestyle assets total \$50,000 and they are homeowners.

Lyle wishes to apply for the Age Pension. How much is available?



Current Position

Roll back Frankie's ABP to super

Roll back Frankie's ABP and move \$200,000 from Lyle to Frankie's super

\$2,052

\$13,752

\$21,494



TIP: Frankie can withdraw from her super anytime, tax-free to meet income needs

CASE STUDY – MOVING SUPER TO SPOUSE

Lyle (67) and Frankie (60) are a retired couple who have \$600,000 and \$300,000 respectively in account-based pensions.

Their other assets are worth \$50,000 and \$20,000 respectively.

Lyle wishes to transfer his super to Frankie's ABP and move from Lyle to Frankie's super.



Did you know?
 Pension age for veterans with active service is 60. However, even though the Partner Service Pension is also available from 60 (i.e. Frankie eligible) any super in Frankie's name as a non-veteran is exempt until 67.

Current Position	Frankie's ABP and move from Lyle to Frankie's super
\$2,052	\$21,494
	\$13,752



TIP: Frankie can withdraw from her super anytime, tax-free to meet income needs

WRAP UP

Division
296 tax

Risks for
inactive
accounts

Super
splitting
strategies

TECHNICAL ADVICE TEAM CONTACT



technical@cpal.com.au



Mel – 02 8987 3068
Peter – 07 5668 1100

CENTREPOINT
ALLIANCE

QUESTIONS



The ethics of consciously uncoupling

Tim Howard

Technical Consultant, BT

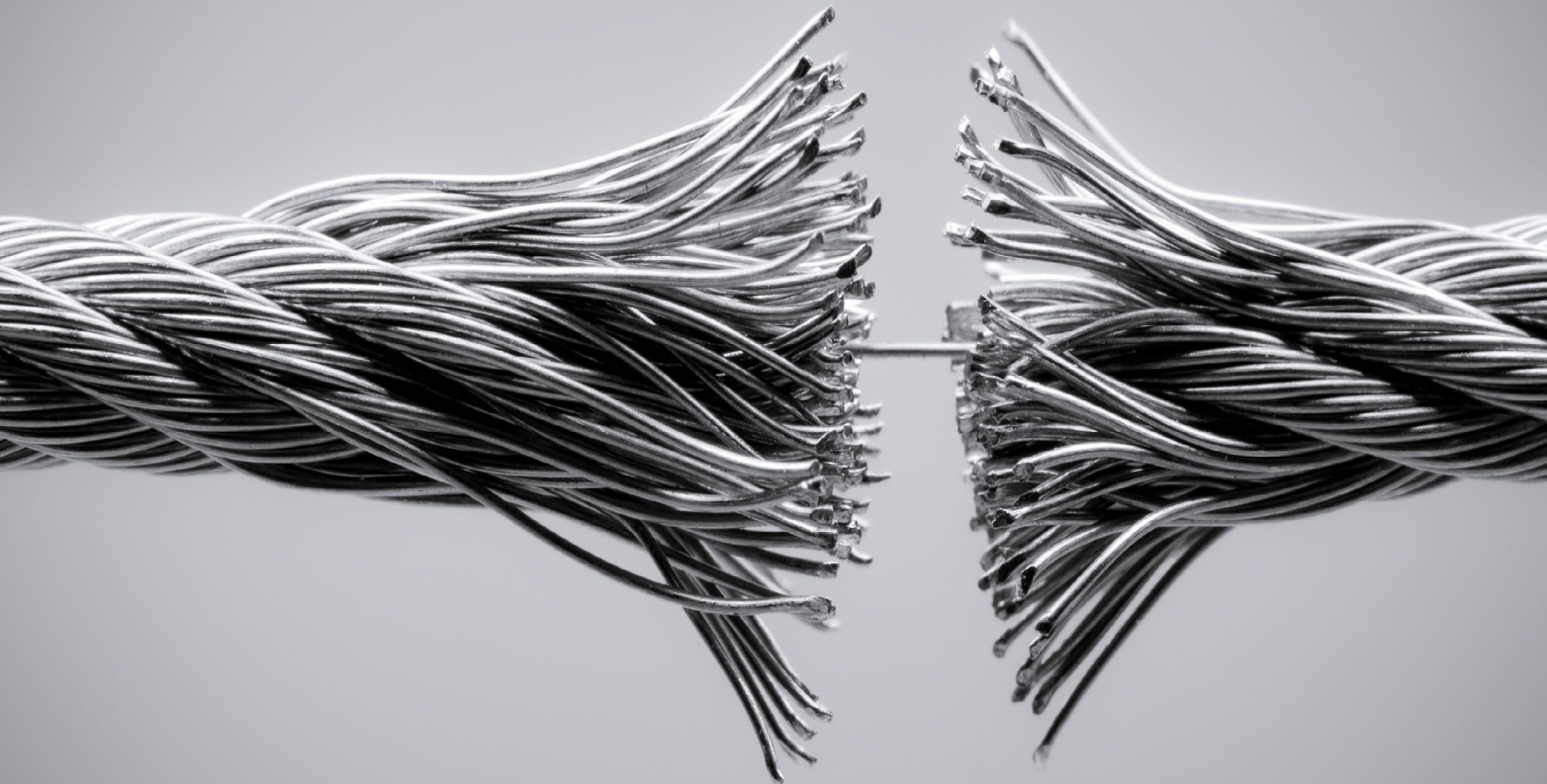
February 2024





AGENDA

1. Ethical Considerations
2. Business Considerations
3. Technical Considerations





Ethical Considerations

What would you do?

- Your long-time clients have just advised you that they are separating.
- You have to think about how you will approach this situation.

Who will you advise?

On what basis have you reached your decision?



Ethical Standards under consideration

Standard 2

You must act with integrity and in the best interests of each of your clients.

Trustworthiness

Honesty

Competence

Fairness

Diligence

Standard 3

You must not advise, refer or act in any other manner where you have a conflict of interest or duty.

Trustworthiness

Competence

Honesty

Fairness

Diligence

Standard 4

You may act for a client only with the client's free, prior and informed consent.

Trustworthiness

Competence

Honesty

Fairness

Diligence

Standard 7

The client must give free, prior and informed consent to all benefits you and your principal will receive in connection with acting for the client, including any fees for services that may be charged. The fees charged must be fair and reasonable and represent value for money.

Trustworthiness

Competence

Honesty

Fairness

Diligence

Standard 9

All advice you give, and all products you recommend, to a client must be offered in good faith and with competence and be neither misleading nor deceptive.

Honesty

Competence

Trustworthiness

Fairness

Diligence



Business Considerations



Business Considerations

- How will you ensure privacy of client information – if you choose to continue advising both?
- What impact does losing one/both of the clients have on revenue?
- What impact does losing one/both of the clients have on referrals?
- What relationship do you have with other service providers who will now be involved in the process with your clients?



Technical Considerations



Technical considerations

What are some of the technical considerations you will need to turn your mind to?

Technical Considerations

- Who gets what?
 - Superannuation splitting
 - Super v non-super assets – which is better?
- Estate planning considerations
 - Death benefit nominations
 - Wills, powers of attorney, guardianship etc.
- Centrelink impacts (from couple to single), new benefits
- Insurance nominations
- SMSF trustee considerations

Superannuation Splitting

- Superannuation arrangements
 - Before or after marriage / separation
- Impact on Components
- Impact on preservations
- Impact on transfer balance cap / total super balance

Should super be split?

Superannuation / Tax definition

A 'spouse' of a person includes:

- another person (whether of the same sex or a different sex) with whom the person is in a relationship that is registered under a law of a State or Territory prescribed for the purposes of section 2E of the Acts Interpretation Act 1901 as a kind of relationship prescribed for the purposes of that section; and
- another person who, although not legally married to the person, lives with the person on a genuine domestic basis in a relationship as a couple.

Estate Planning Considerations

- Impact of death benefit nominations
 - Binding v non-binding
 - Impact on reversionary pensions

- Impacts on
 - Wills
 - Power of attorney

Centrelink Considerations

- Were assessed as a couple
- Now assessed as a single

- Other potential payment eligibility
 - Eg Parenting payment

Insurance Considerations

- In the event of my death, please pay my insured amount to

SMSF Considerations

- Should the SMSF be retained?
- Impact on rolling a member out
 - Including impact of any superannuation split
- Impact if both exit and SMSF to be wound up
- Considerations if both to stay in fund
- Impact to other SMSF members



Conclusion

- Separating clients may or may not create business concerns
- Ethical considerations must be addressed
- Strategy considerations must not be forgotten
- Should you plan strategies for the potential of divorce?



Technical Team

For more information or for technical assistance, please contact the team on:



Phone:

1800 655 901

(8:30am – 6:00pm AEST Mon – Fri)



Email:

technical@btfinancialgroup.com



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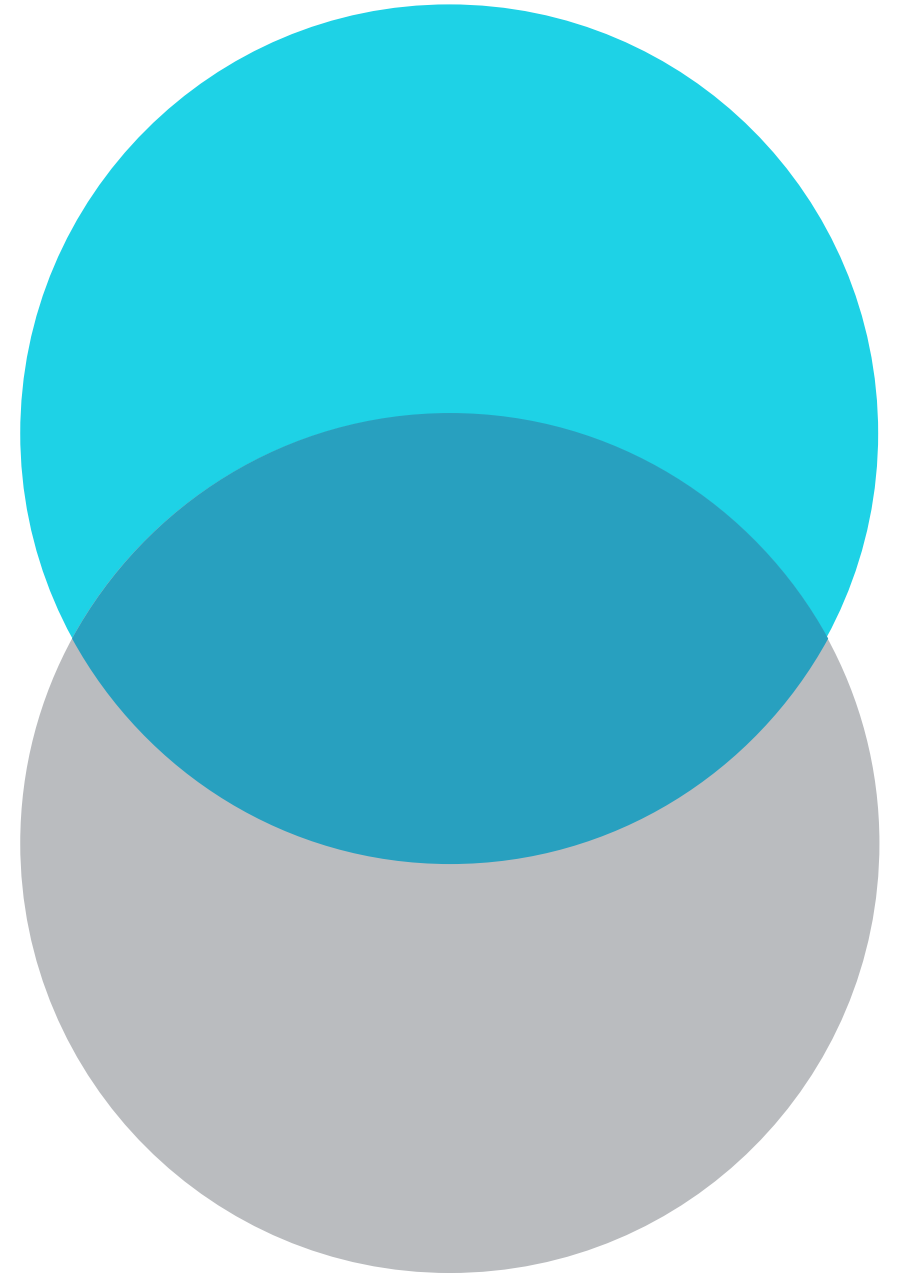
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LUNCH

12:45PM – 1:45PM





The Power of Managed Accounts

HUB²⁴

Brett Mennie
Head of Managed portfolios

Polling Question

*GIVEN A CHOICE, IF YOU HAD GREATER TIME AND EFFICIENCY
IN YOUR BUSINESS HOW WOULD YOU USE IT?*

- A. GROW (Client Acquisition)
- B. ENHANCE (Client Service)
- C. RUN LEANER (Maximise profit and business valuation)
- D. SCALE BACK (Work Life Balance)
- E. SCALE UP (M&A)

The changing advice landscape

Factors driving the need to deliver advice in a more efficient and cost-effective manner while enabling greater focus on customer experience.



Regulatory change



Best Interest Duty



Changes to advice fee standards



Financial Services Royal Commission



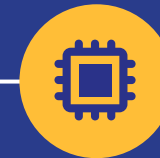
Increased compliance burden & costs



Changing consumer expectations



Search for advice process & practice efficiency



Technology advancements



Opening up of platform 'best of breed' choice

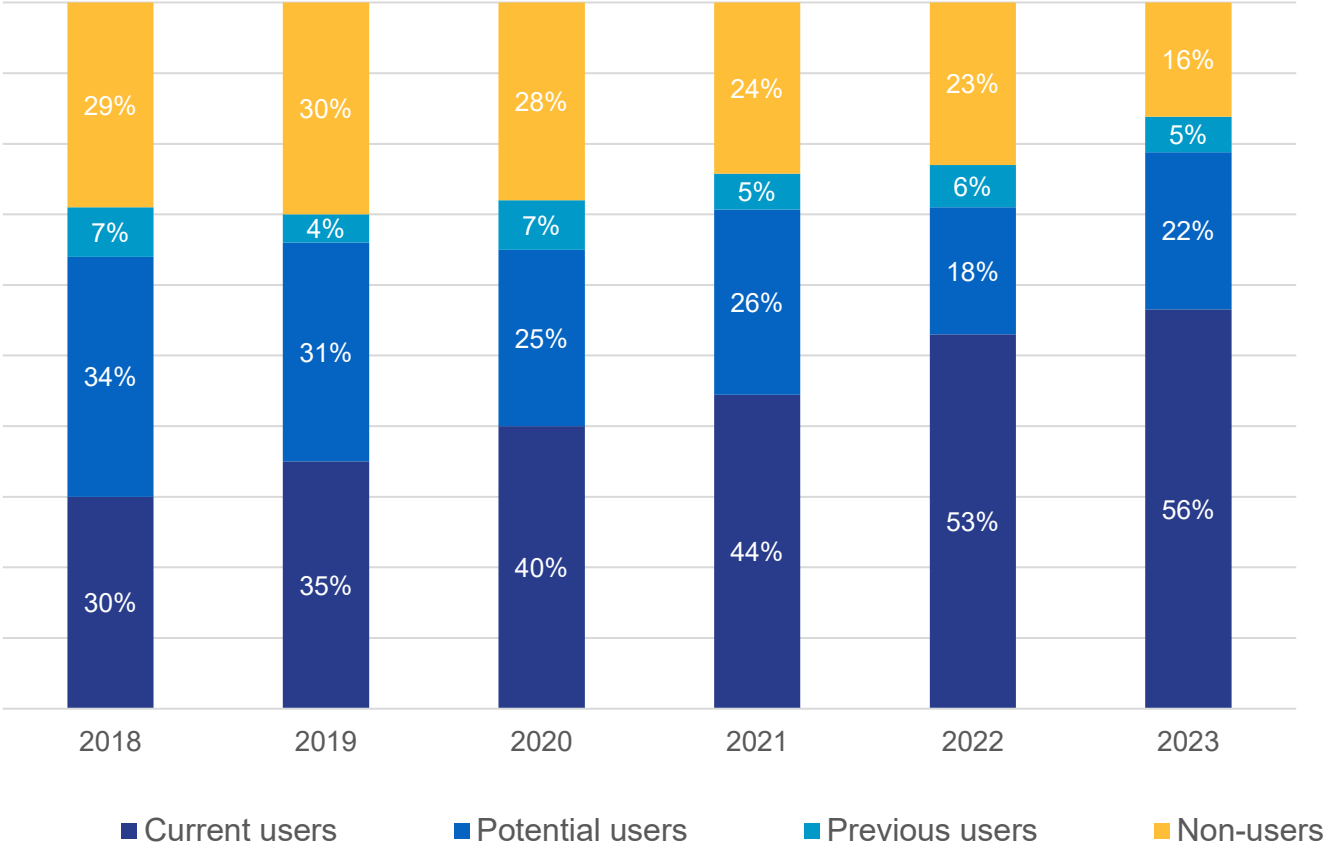


Bank & institutional wealth management exits



Shift away from vertical integration models

Managed Portfolio usage is accelerating



Based on information in the January 2023 Investment Trends Managed Account report:

- ➔ The adoption of managed accounts continues to rise, with more than one in two financial advisers using them in their client portfolios.
- ➔ Managed accounts usage by advisers has grown from 30% to 56% in just 6 years.
- ➔ 78% of advisers surveyed in 2023 are either current or potential users of managed accounts when combined.

Portfolio management efficiency

TIM TOWNSEND

TownsendCobain



“The client consent model had its limitations. There was a constant feeling of potentially leaving clients behind on the battlefield.”

“We needed a solution to be able to act decisively, quickly and effectively across all of our clients.”

CHRISTINE SWANSON

Prominent Financial Solutions



“Client portfolios are updated automatically and efficiently as needed by professionals rather than by me and my team.”

TIM CARRIGG

Apprise Advisory



“Managed portfolios have enabled me to deliver deeper personal and strategic value to clients which they value far more than fundamentally managing money.”

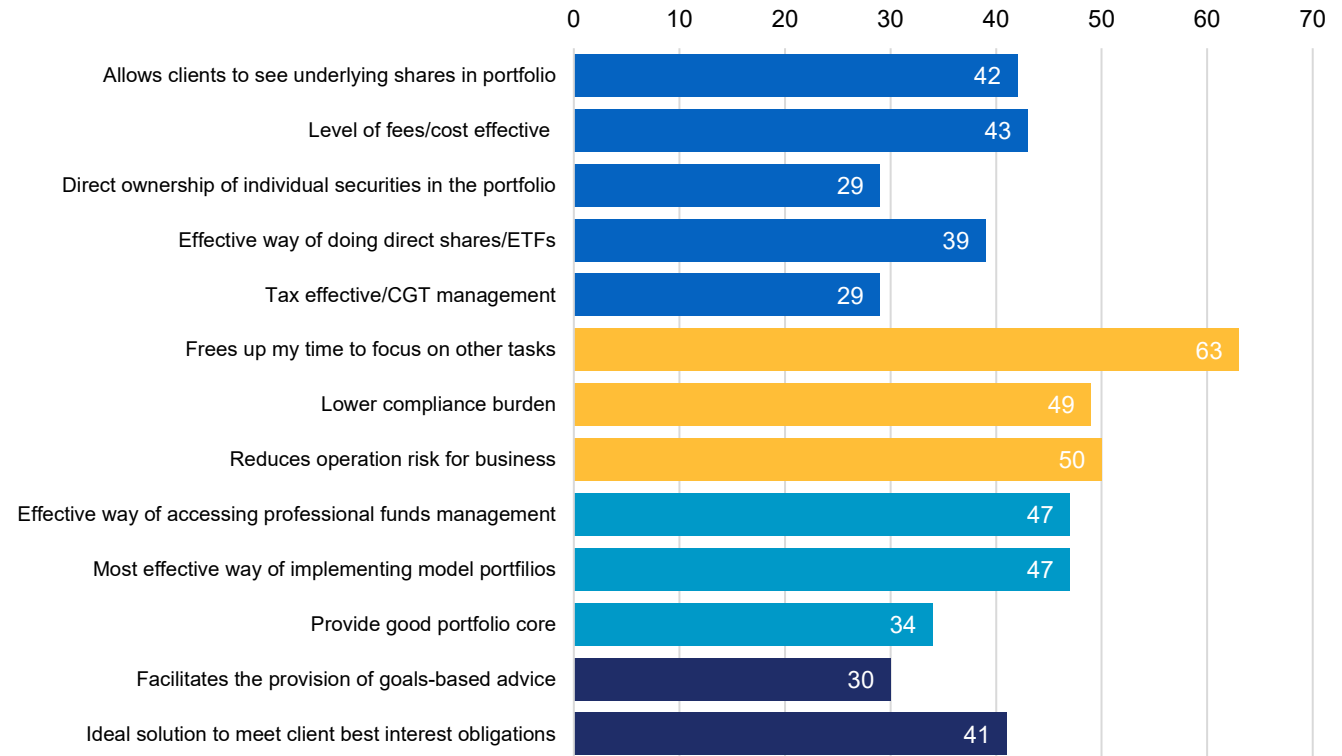
What advisers see as benefits of recommending managed accounts



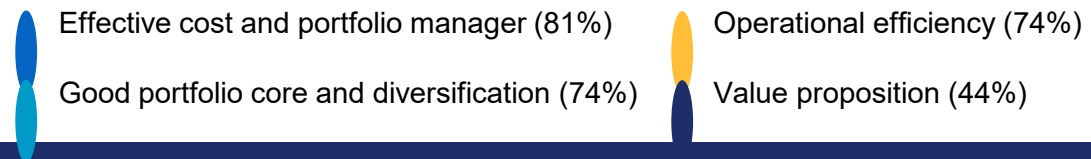
Client benefits and operational efficiencies combine to drive the use of managed accounts.

What do you see as the benefits of recommending managed accounts?








Among current managed account planners



Clusters^:



Managed Portfolios vs other investment structures

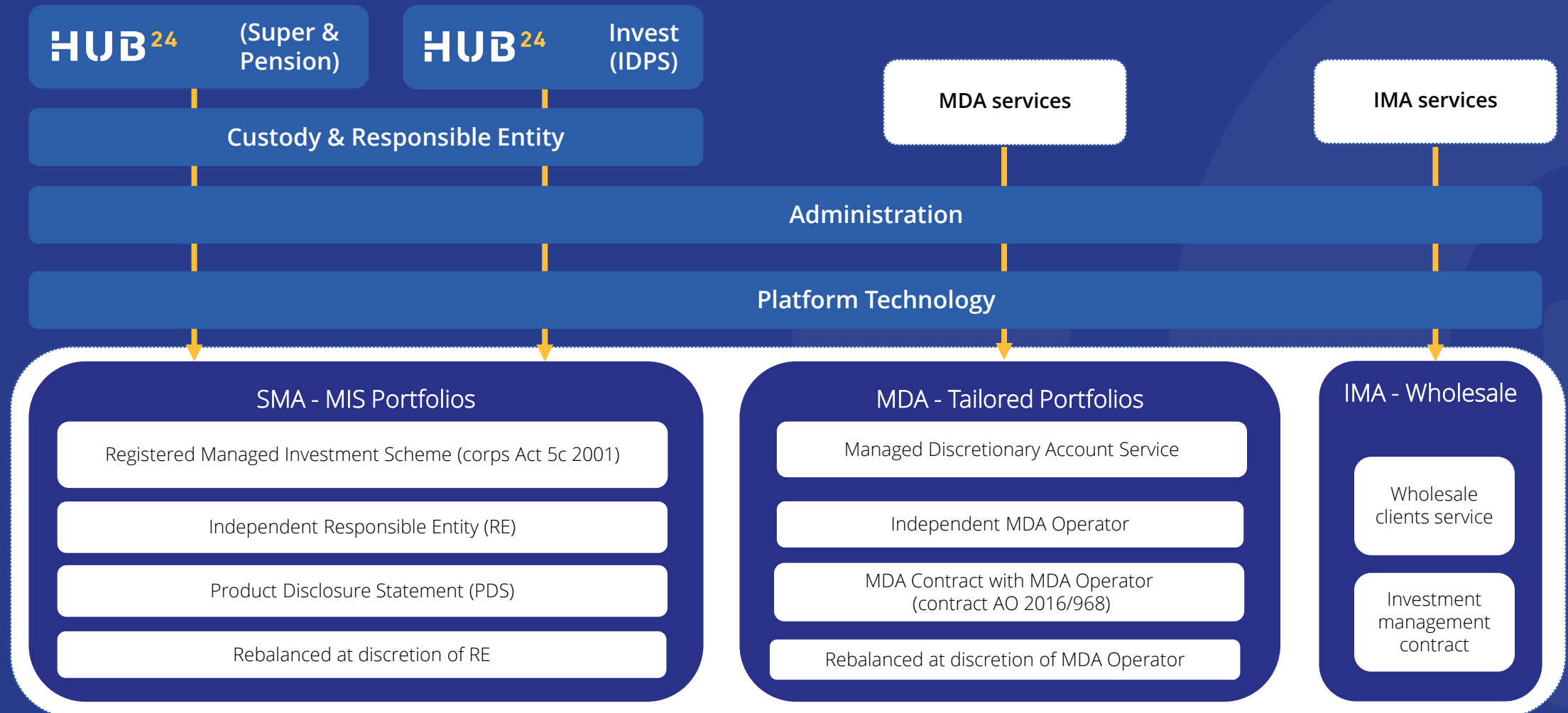
	MANAGED FUND / MULTI-MANAGER FUND	ETF	DIRECT SHARE PORTFOLIO	MANAGED PORTFOLIO ON HUB24
 Transparency	Limited	Some level	Yes	Yes, for direct share components
 Beneficial ownership	No	No	Yes	Yes ¹
 Individual tax outcomes	No	No	Yes	Yes ²
 Portability	No	No	Yes	Yes ³
 Professional Management	Yes	Yes	Can be limited	Yes
 Diversification of assets	Yes	Yes	Can be limited	Yes
 Stock customisation	No	No	Yes	Yes, for direct share components

¹Clients of HUB24 Invest (investor directed portfolio service) who invest in managed portfolio options within the HUB24 Managed Portfolio Service (HMPS) are the ultimate beneficial owners of the underlying securities within those managed portfolios and the trustee of HUB24 Super remains the ultimate beneficial owner of those underlying securities where HUB24 Super fund members direct the trustee to invest in the managed portfolio options of the HMPS.

²Tax outcomes differ depending on whether a client invests through HUB24 Invest or HUB24 Super. Individual income tax outcomes are available when a client invests through HUB24 Invest but not when they invest vi HUB24 Super.

³Assets held through HUB24 Invest or HUB24 Super may be integrated into a managed portfolio option within the HMPS where the managed portfolio options includes the same assets without the need to sell and repurchase..

Structure for managed portfolio types (SMAs, MDAs, IMAs)



What are managed portfolios?

Managed portfolios can be a transparent and efficient way for your clients to **access professional portfolio management across a variety of asset classes and investment strategies.**



ACCESS TO PROFESSIONAL MANAGEMENT

Access to leading Australian and global investment managers



TRANSPARENCY

Drill down into portfolio to view underlying holdings



PORTABILITY: MINIMISE SWITCHING COSTS

Minimise unnecessary trading costs when switching portfolios



OPTIMISE CAPITAL GAINS TAX OUTCOMES

Tax method modelling and selection to optimise Capital Gains Tax outcomes



Professional managers



Managed Portfolios



Managed portfolios



Australian shares



Managed funds



Global shares

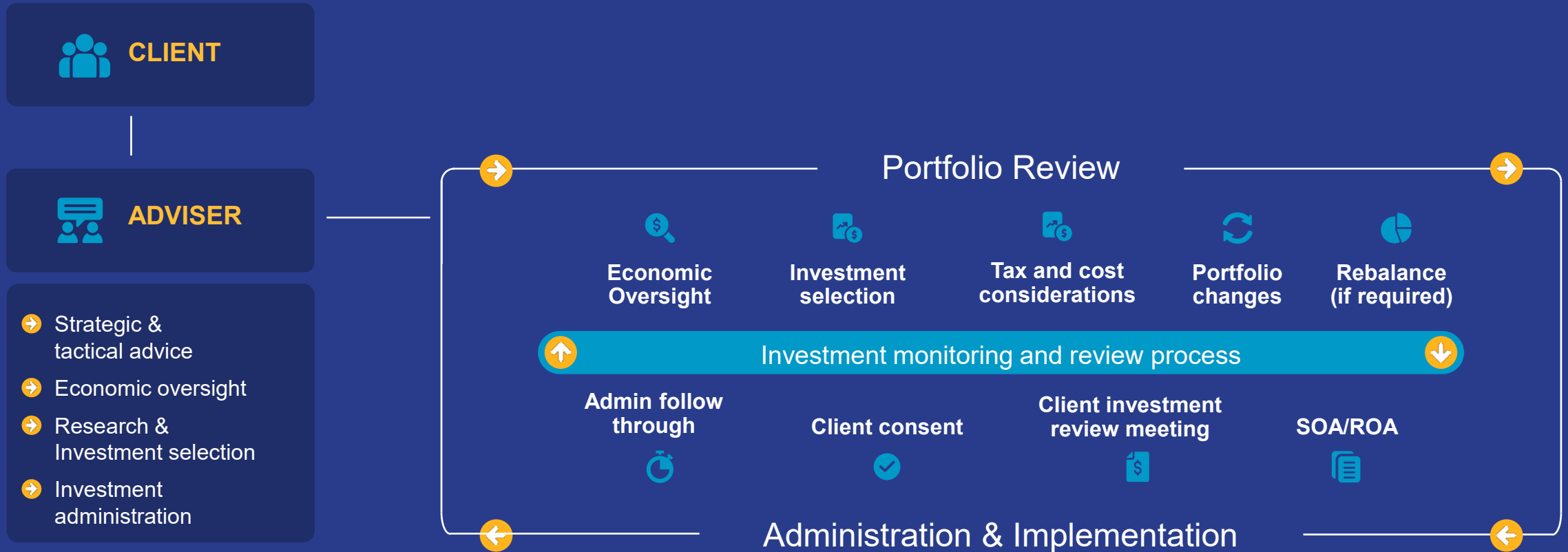


LICs ETFs

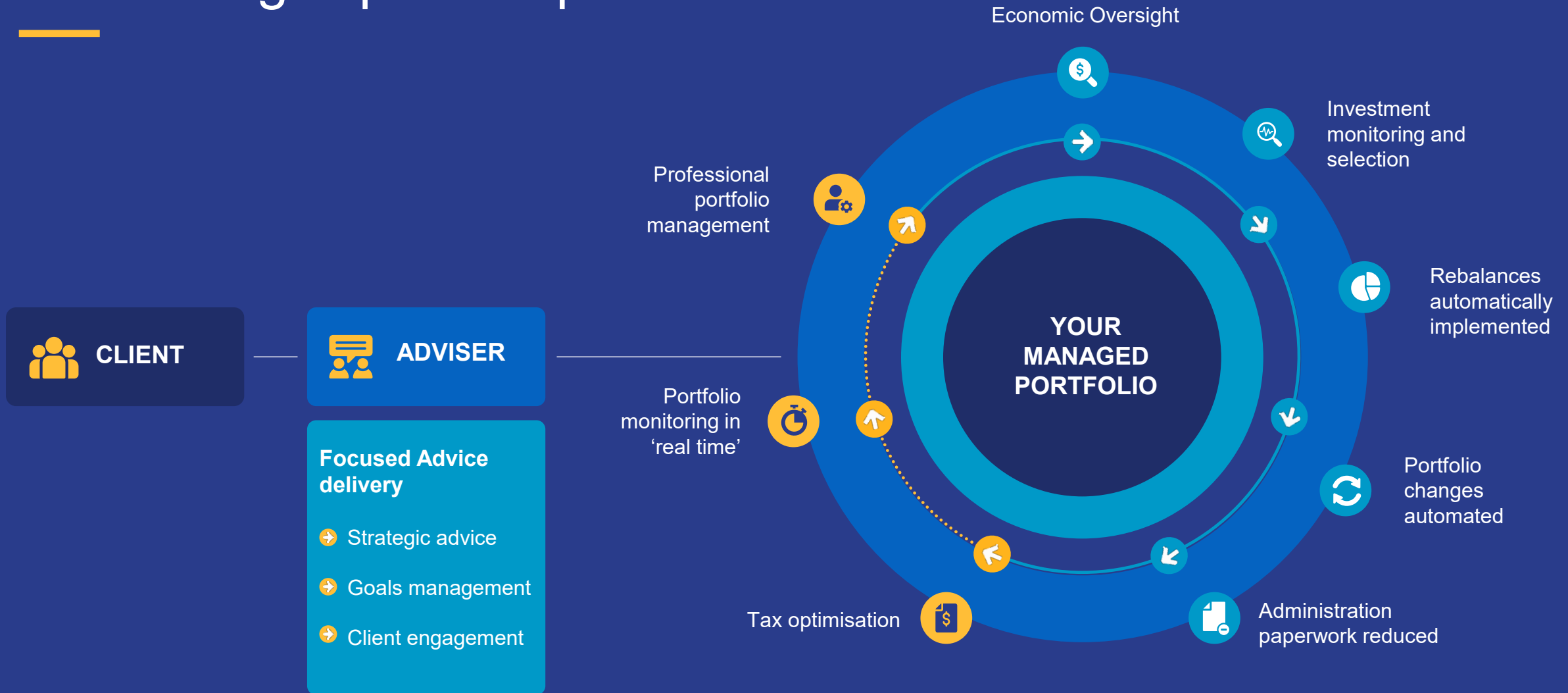


Cash

Traditional investment review process



The managed portfolio process



Time saved through using managed accounts

On average, planners who use managed accounts save over 17 hours per week on portfolio management related tasks

Q34 In a typical work week, approximately how much less time do you (or your admin staff) spend on the following tasks as a result of using managed accounts? Averages[^] among current managed account advisers [n=215]



Total time saved:

17.1
HOURS

How will you use your time & efficiency savings?



Can Managed portfolios improve Profit and Business Valuation

Practice modelling example

Inspired Advice

Data Sources

IT = Investment Trends 2023 report
AES = Advice Efficiency Survey - 2023 (by IRESS & Business Health)
AR = Adviser Ratings - 2022 Australian Financial Advice Landscape (by Lonsec & Praemium)
FRBH = Future Ready (IX) - Jan 2022 (by Business Health)
HSG = Hays salary guide - FY22/23 Aust & NZ - (Ave Cities of States & Territories)

Year:	2023	2023	2022	2022	Assumption (ave)
Report:	InvestmentTrends	Advice Efficiency Survey	Adviser Ratings	Future Ready (IX)	
Ongoing Service Agreement (OSA) Fee Average	\$4,700	\$3,850	\$4,250		\$4,700
Clients Per Adviser Average	120	125	91		120
Firms using Managed Accounts 3 (3 + years)	Average fee aproximately 10% higher \$5,321 (Business Health Practice Management by the Numbers 2022).				\$5,321
Other income	(Average Gross Practice Revenue \$1,600,000 - OSA fee revenue \$1,300,500)				\$299,500
Gross Practice Revenue Average		\$1,600,000		\$1,197,902	\$1,600,000

Practice Staff Ratio Average (per practice)					
Financial Advisers				2.55	2.55
Paraplanning			40%		1.3
Customer Service/Administration			60%		1.95
TOTAL		5.80		6.1	5.80

Salary Expenses

Advisors	FRBH:	Assume \$160,000 average salary (range \$120 - 200k)	\$160,000
Paraplanner	HSG:	\$79,750 Plus 11% super	\$88,523
Client Admin	HSG:	\$63,500 Plus 11% super	\$70,485

Practice Expenses: Future Ready - Average Practice Expense: **\$813,247**: Salary v Operational exp 63/37 split: 37% Op Exp equivalent to **\$300,000**.

Time Efficiency (MP): Investment Trends (Managed Account Report Jan 2023): On average **17.1 hours** saved per week per adviser.

Business Valuation: 5 to 7 times EBITDA for FP Business > \$3m revenue - Centurion Market Makers (Practice Acquisition Sale & Valuation Guide 2023).

Inspired Advice

Assumptions



	Industry Averages		Inspired Advice	
	Per Adviser	Per Practice	Benchmarked to Industry Averages	Based on Your Inputs
Number of Financial Advisers in Practice		2.55	2.50	2.50
Revenue				
Ongoing Service Agreement (OSA) Clients				
Average OSA Fee	\$4,700	\$4,700	\$4,700	\$4,500
Number of OSA Clients	120	306	300	300
OSA revenue	\$564,000	\$1,438,200	\$1,410,000	\$1,350,000
Other Services Income				
Other Service Fees (SOA, Fee for Service, Risk, Mortgage)	\$63,451	\$161,800	\$158,627	\$150,000
Total revenue	\$627,451	\$1,600,000	\$1,568,627	\$1,500,000
Expense				
Practice Staff Ratio (per practice)				
Financial Advisers	1.00	2.55	2.50	2.50
Paraplanning	0.51	1.30	1.27	1.50
Customer Service/Administration	0.76	1.95	1.91	2.00
Total Staff	2.27	5.80	5.69	6.00
Total Support Staff - Paraplanning & Customer Service	1.27	3.25	3.19	3.50
Salaries (per Full Time Equivalent)				
Financial Advisers (notional salaries used)	\$160,000	\$408,000	\$400,000	\$400,000
Paraplanning	\$88,523	\$115,079	\$112,823	\$135,000
Customer Service/Administration	\$70,485	\$137,446	\$134,751	\$140,000
Total Salaries		\$660,525	\$647,574	\$675,000
Other Costs				
The average operational running expenses ¹	\$117,647	\$300,000	\$294,118	\$290,000

Inspired Advice – Growth (Client Acquisition)

Productivity - Leveraging Managed portfolios		Change	Change to	Change by
Client Acquisition Growth (Assumed increase in capacity ²)		20%	360	60
Service Enhancement (OSA Fee Revenue Increase ³)		0%	\$4,500	\$0
Lean (1) - Reduction in Support Staff - Paraplanning & Customer Service ⁴		0%	3.50	0.00
Lean (2) - Reduction in Professional Advice Staff		0%	2.50	0.00
Business Valuation		Change	Change	
Business valuation multiple of EBIT ⁵		6.0	6.0	
Uplift in Valuation (from using Managed Portfolios)		10%	6.6	

Inspired Advice

Profit & Loss, Valuation Model Results



Advisers
Number of Ongoing Service Agreement (OSA) Clients
Average OSA client Fee

CURRENT	
Advisers	2.50
Number of Ongoing Service Agreement (OSA) Clients	300
Average OSA client Fee	\$4,500

PROPOSED (productivity inputs)	
Advisers	2.50
Number of Ongoing Service Agreement (OSA) Clients	360
Average OSA client Fee	\$4,500

CHANGE	
Advisers	0.00
Number of Ongoing Service Agreement (OSA) Clients	60
Average OSA client Fee	\$0

Sales Revenue

	\$	% of Sales
Ongoing Service Agreement (OSA) Clients	\$1,350,000	90%
Other Income	\$150,000	10%
Total Sales Revenue [A]	\$1,500,000	100%

	\$	% of Sales
Ongoing Service Agreement (OSA) Clients	\$1,620,000	92%
Other Income	\$150,000	8%
Total Sales Revenue [A]	\$1,770,000	100%

Change	
Ongoing Service Agreement (OSA) Clients	\$270,000
Other Income	\$0
Total Sales Revenue [A]	18%

Operating Expenses

<i>Salaries Expense</i>		
	\$	Ratio
Financial Advisers	\$400,000	26.7%
Paraplanning	\$135,000	9.0%
Customer Service/Administration	\$140,000	9.3%
Total Salaries	\$675,000	45.0%
<i>General and Administrative</i>		
Total average General and Administrative running exp*	\$290,000	19.3%
* include rent, IT, general administration, and licensee fees		
Total Operating Expenses [B]	\$965,000	64.3%

<i>Salaries Expense</i>		
	\$	Ratio
Financial Advisers	\$400,000	22.6%
Paraplanning	\$135,000	7.6%
Customer Service/Administration	\$140,000	7.9%
Total Salaries	\$675,000	38.1%
<i>General and Administrative</i>		
Total average General and Administrative running exp*	\$290,000	16.4%
Total Operating Expenses [B]	\$965,000	54.5%

Change	
Financial Advisers	\$0
Paraplanning	\$0
Customer Service/Administration	\$0
Total Salaries	\$0
Total average General and Administrative running exp*	\$0
Total Operating Expenses [B]	\$0

Profit (EBIT)

	\$	% Net Margin
Net Profit [C] = [A - B]	\$535,000	35.7%
Net Profit Improvement (\$)		

	\$	% Net Margin
Net Profit [C] = [A - B]	\$805,000	45.5%
Net Profit Improvement (\$)		

Change	
Net Profit [C] = [A - B]	50.5%
Net Profit Improvement (\$)	\$270,000

Business Valuation

Net Profit / EBIT [C]	\$535,000
Business valuation EBIT multiple [D]	6.0
Business valuation estimate [E] = [C x D]	\$3,210,000

Net Profit / EBIT [C]	\$805,000
Business valuation EBIT multiple [D]	6.6
Business valuation estimate [E] = [C x D]	\$5,313,000

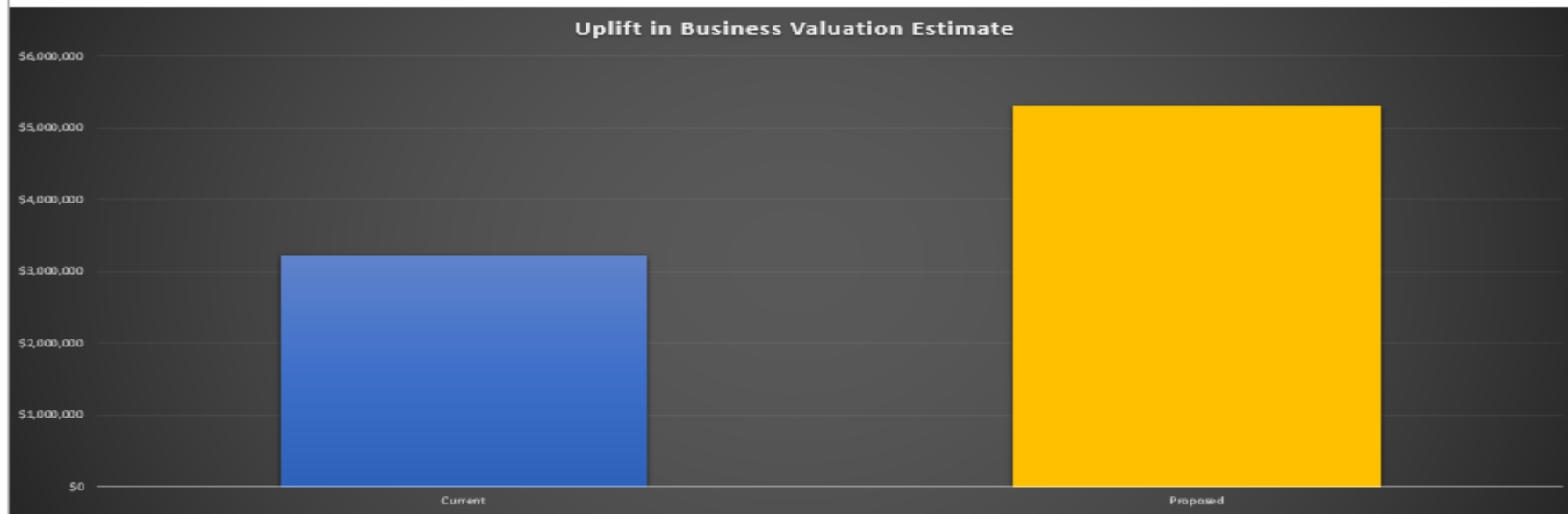
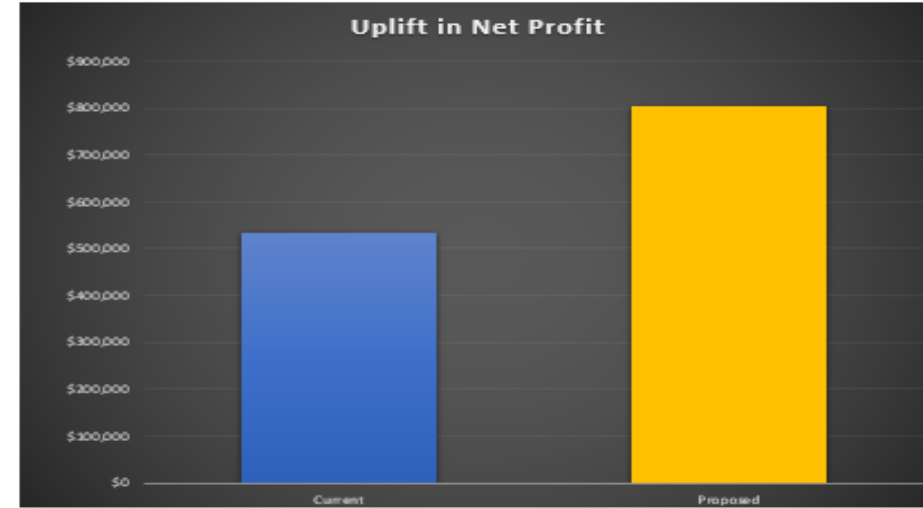
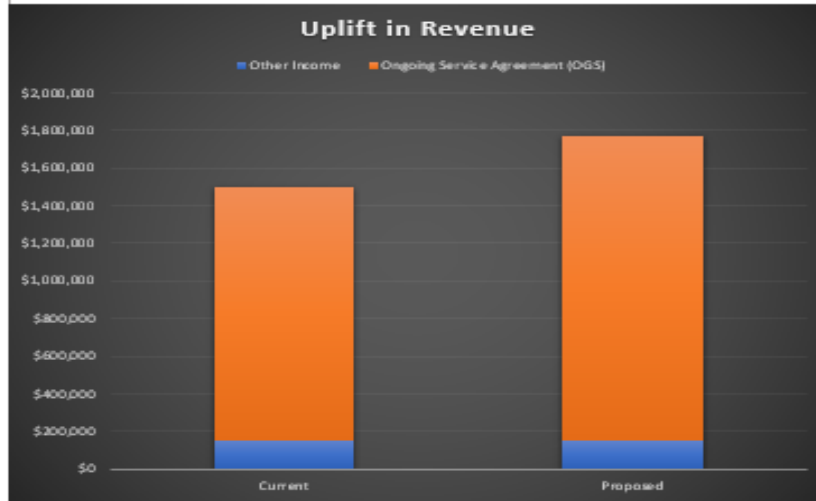
Change	
Net Profit / EBIT [C]	\$270,000
Business valuation EBIT multiple [D]	0.6
Business valuation estimate [E] = [C x D]	65.5%

Business Valuation Improvement

\$2,103,000

Inspired Advice

Graph Model Results



Inspired Advice (Growth + Service /Revenue enhancement)

Productivity - Leveraging Managed portfolios		Change	Change to	Change by
Client Acquisition Growth (Assumed increase in capacity ²)		20%	360	60
Service Enhancement (OSA Fee Revenue Increase ³)		10%	\$4,950	\$450
Lean (1) - Reduction in Support Staff - Paraplanning & Customer Service ⁴		0%	3.50	0.00
Lean (2) - Reduction in Professional Advice Staff		0%	2.50	0.00
Business Valuation		Change	Change	
Business valuation multiple of EBIT ⁵		6.0	6.0	
Uplift in Valuation (from using Managed Portfolios)		10%	6.6	

Inspired Advice

Profit & Loss, Valuation Model Results



Advisers
Number of Ongoing Service Agreement (OSA) Clients
Average OSA client Fee

CURRENT
2.50
300
\$4,500

PROPOSED (productivity inputs)
2.50
360
\$4,950

CHANGE
0.00
60
\$450

Sales Revenue

	\$	% of Sales
Ongoing Service Agreement (OSA) Clients	\$1,350,000	90%
Other Income	\$150,000	10%
Total Sales Revenue [A]	\$1,500,000	100%

	\$	% of Sales
Ongoing Service Agreement (OSA) Clients	\$1,782,000	92%
Other Income	\$150,000	8%
Total Sales Revenue [A]	\$1,932,000	100%

Change
\$432,000
\$0
29%

Operating Expenses

Salaries Expense		
	\$	Ratio
Financial Advisers	\$400,000	26.7%
Paraplanning	\$135,000	9.0%
Customer Service/Administration	\$140,000	9.3%
Total Salaries	\$675,000	45.0%
General and Administrative		
Total average General and Administrative running exp*	\$290,000	19.3%
* include rent, IT, general administration, and licensee fees		
Total Operating Expenses [B]	\$965,000	64.3%

Salaries Expense		
	\$	Ratio
Financial Advisers	\$400,000	20.7%
Paraplanning	\$135,000	7.0%
Customer Service/Administration	\$140,000	7.2%
Total Salaries	\$675,000	34.9%
General and Administrative		
Total average General and Administrative running exp*	\$290,000	15.0%
Total Operating Expenses [B]	\$965,000	49.9%

Change
\$0
\$0
\$0
\$0
\$0
\$0

Profit (EBIT)

	\$	% Net Margin
Net Profit [C] = [A - B]	\$535,000	35.7%
Net Profit Improvement (\$)		

	\$	% Net Margin
Net Profit [C] = [A - B]	\$967,000	50.1%
Net Profit Improvement (\$)		

Change
80.7%
\$432,000

Business Valuation

Net Profit / EBIT [C]	\$535,000
Business valuation EBIT multiple [D]	6.0
Business valuation estimate [E] = [C x D]	\$3,210,000

Net Profit / EBIT [C]	\$967,000
Business valuation EBIT multiple [D]	6.6
Business valuation estimate [E] = [C x D]	\$6,382,200

Change
\$432,000
0.6
98.8%

Business Valuation Improvement

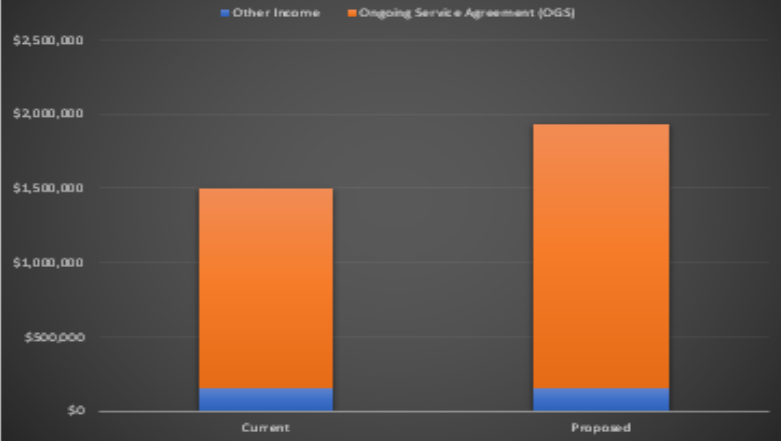
\$3,172,200

Inspired Advice

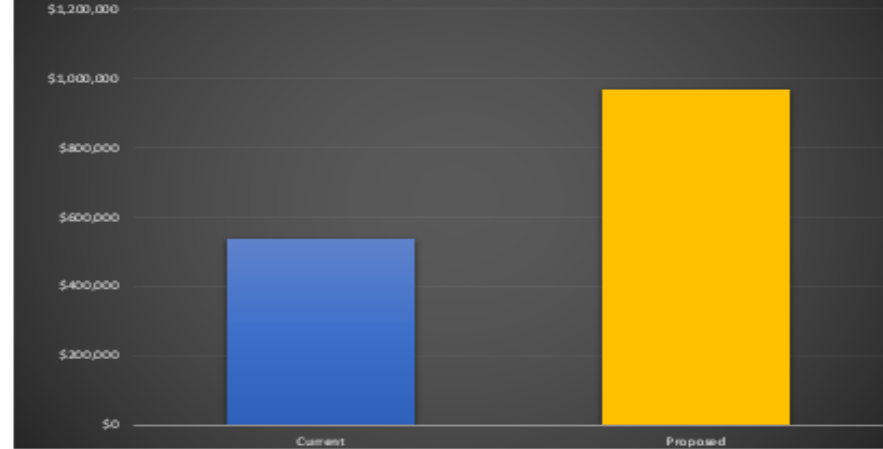
Graph Model Results



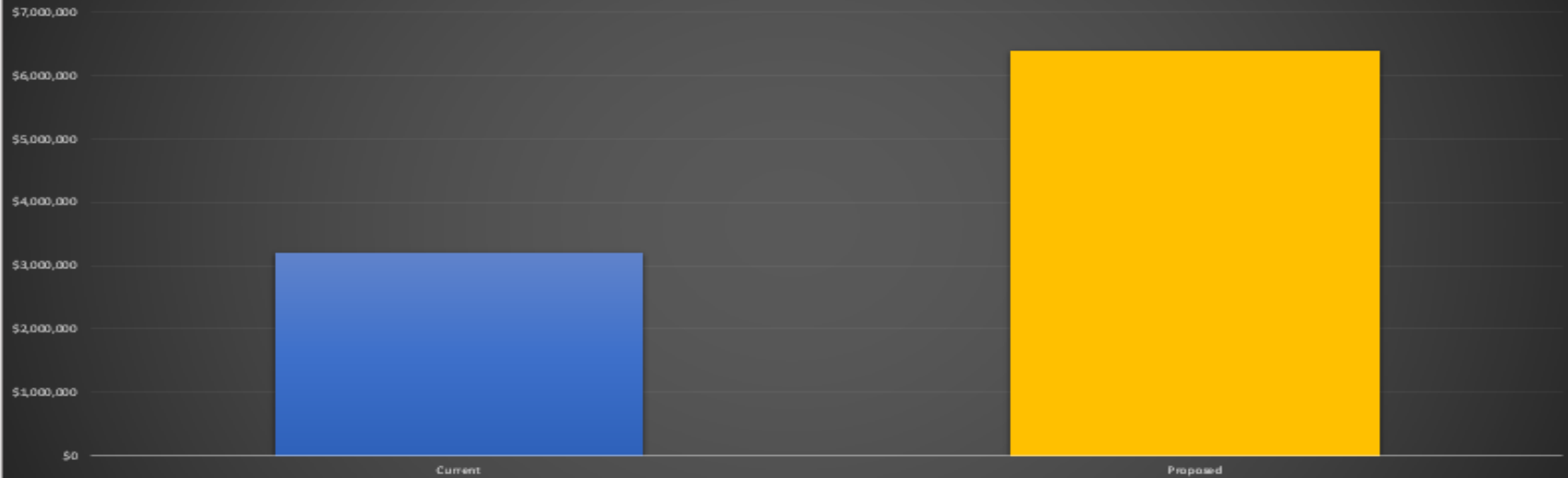
Uplift in Revenue



Uplift in Net Profit



Uplift in Business Valuation Estimate



Transform your value proposition



BEST INTERESTS DUTY

ADVANCED PLATFORM TECHNOLOGY

supports advisers with achieving better client outcomes such as choices of tax management methods of a client's investment portfolio. Functionality, features and flexibility of managed portfolio solutions provided on advanced platforms are providing new opportunities for advisers to enhance their clients' outcomes.¹



GREATER CLIENT ENGAGEMENT

76% of surveyed advisers using managed accounts stated that implementing managed accounts resulted in an increase in client engagement.²



CONSISTENT AND EQUITABLE CLIENT OUTCOMES

CLIENTS in the same managed portfolio broadly share the same investment decisions, meaning you can stay across portfolio changes and performance in a more streamlined fashion.



STRONGER CLIENT VALUE PROPOSITION

82% of advisers believe managed accounts have positively impacted their client value proposition. More time devoted to clients, improved transparency, client understanding and greater focus on client goals.³

Potential client benefits

DIVERSIFICATION

Clients can access a wide range of managed portfolios to suit their individual needs.

PORTABILITY

The ability to change portfolios with minimal cost and effort.

BENEFICIAL OWNERSHIP

Investing in a managed portfolio option through HUB24 Invest your client is the ultimate beneficial owner of the assets in their portfolios.



HUB²⁴

TRANSPARENCY

Clients can drill down into individual stock holdings to build a richer understanding of their overall portfolio.

TAX OPTIMISATION

Options are available on HUB24 invest to assess and select preferred tax treatment methods for your clients. The platform will then select tax parcels to sell to achieve their optimal tax outcome.

TAILORED FOR YOUR CLIENTS

Managed portfolios can be customised through substitutions and exclusions to suit your clients' individual needs and preferences.

Can Managed portfolios improve Profit and Business Valuation

Q & A

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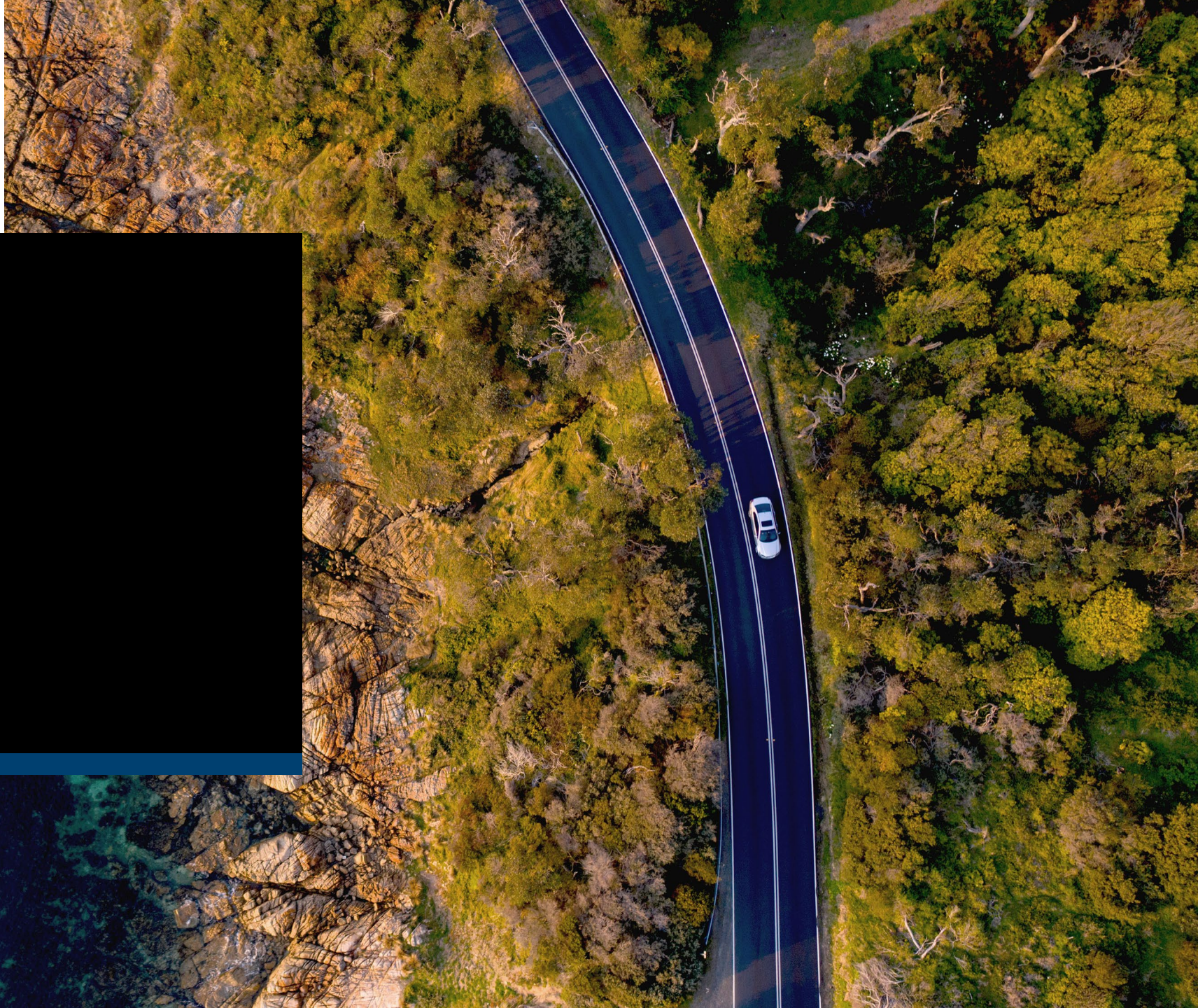
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The blueprint for the successful firm

Centrepont Alliance Masterclass

February 2024



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Today's objectives

Why we're here

Objective 1:

Understand what makes a successful firm – the four pillars

Objective 2:

Consider your direction – what do you want and what options do you have?

Objective 3:

Learn a method to formulate a meaningful strategy

An aerial photograph showing a winding asphalt road that curves through a dense green forest. To the left of the road, there is a rocky, brownish terrain. The road has a white line on the right side and a dashed white line on the left. A single white car is visible on the road, moving away from the viewer. The overall scene is captured from a high angle, looking down at the landscape.

How do effective leaders drive successful businesses?

Common roadblocks



Clear direction

Difficulty getting a clear vision of where the business is going or how to get there. Being pulled in too many directions at once.



Sustainable growth

An offering that isn't differentiated or segmented resulting in constrained growth and profitability. No organic growth strategy.



Efficiency

Frustrated with inefficient, compliance-centred processes and a lack of staff proactivity in making improvements.



Building a high-performing team

Difficulty finding and keeping the right talent then getting the right level of engagement from them.

The VAN Successful Advice Firm Blueprint



Make better
decisions and execute
successfully



Have a strong
differentiated
proposition



Scale and have a
plan for sustainable
growth



Encourage a
culture of ownership

Your Growth Risk Control Profile

Growth:

How would you describe your growth ambitions?

G1. I'm comfortable with the current growth rate of my business

G2. I need to accelerate my growth rate to build the business I want, while remaining in control

G3. I need my business to double its revenue in the next 2-3 years to be sustainable and competitive

Risk:

How would you describe your risk appetite?

R1. I'm comfortable with the level of risk I have in my business today

R2. I would be comfortable with a greater level of risk than today - but nothing that could significantly impact the value of my business

R3. I am prepared to accept much more business risk than I have today accepting that such risk could significantly impact the value of my business

Control:

How would you describe your desire for control?

C1. Control is not important to me as long as the business gets to where I want it to be

C2. I would be comfortable being just one voice among many that drives the business' direction

C3. I need to preserve a high level of control over the business' direction

Where do you want your business to be?

Your answers to your GRC Profile signify some likely scenarios for your business vision.

Growth	Risk	Control	GRC Scenario
G2-G3	R2-R3	C3	Go for Gold! Control your own destiny and stretch your thinking. What transformational options will get you to where you want to be?
G2-G3	R2-R3	C1-C2	Co-operate to grow Opportunities for co-operation or collaboration with other parties
G2-G3	R1	C2-C3	Under the radar De-risk your business or find a suitable niche that will protect you from competitors
G1-G3	R1	C1	Part of a bigger game Opportunities to become part of something larger



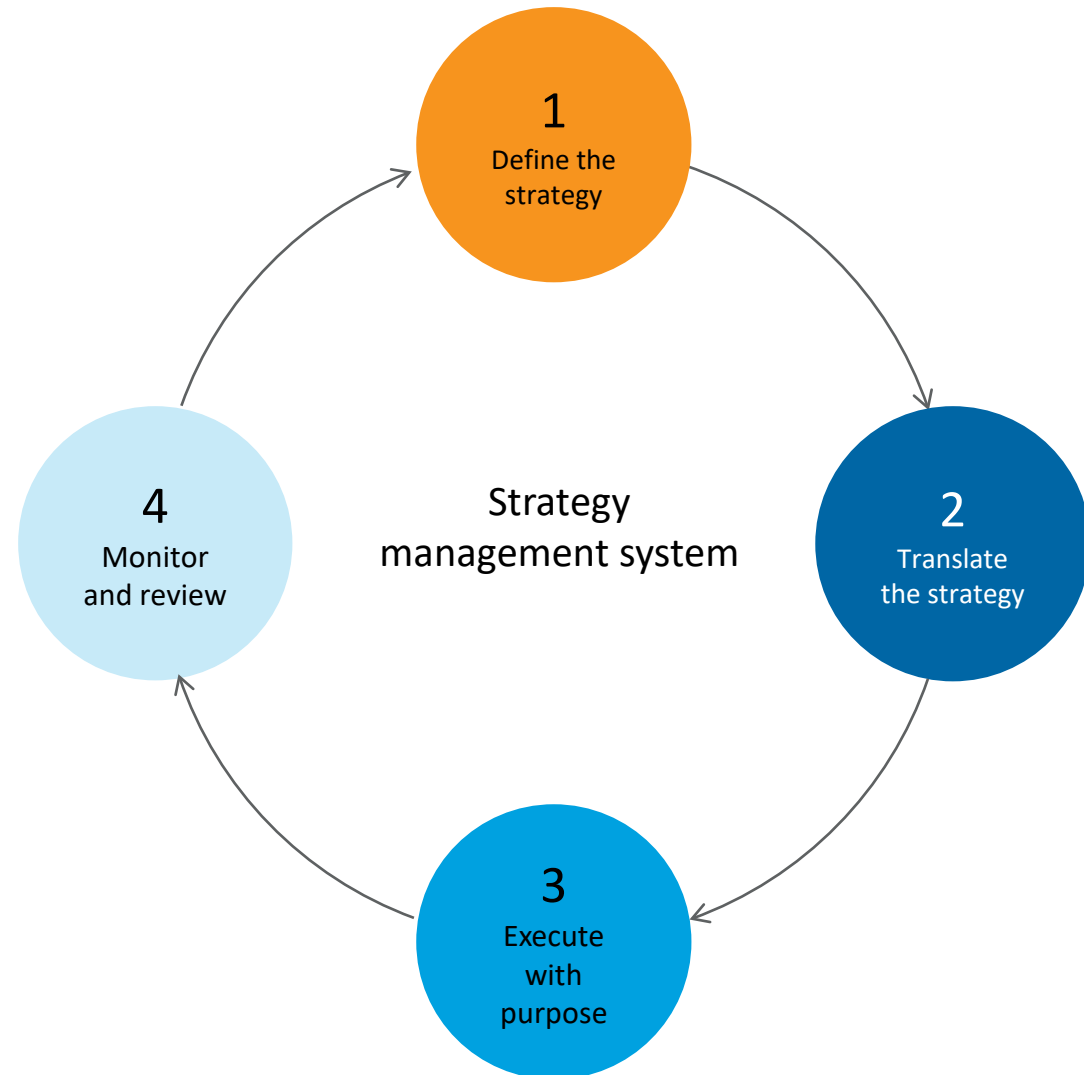
How has this exercise affected your thinking about your business vision?

Define your strategy – What could your business be?



The strategy management system

Enabling you to plan and focus efforts to best achieve your strategy

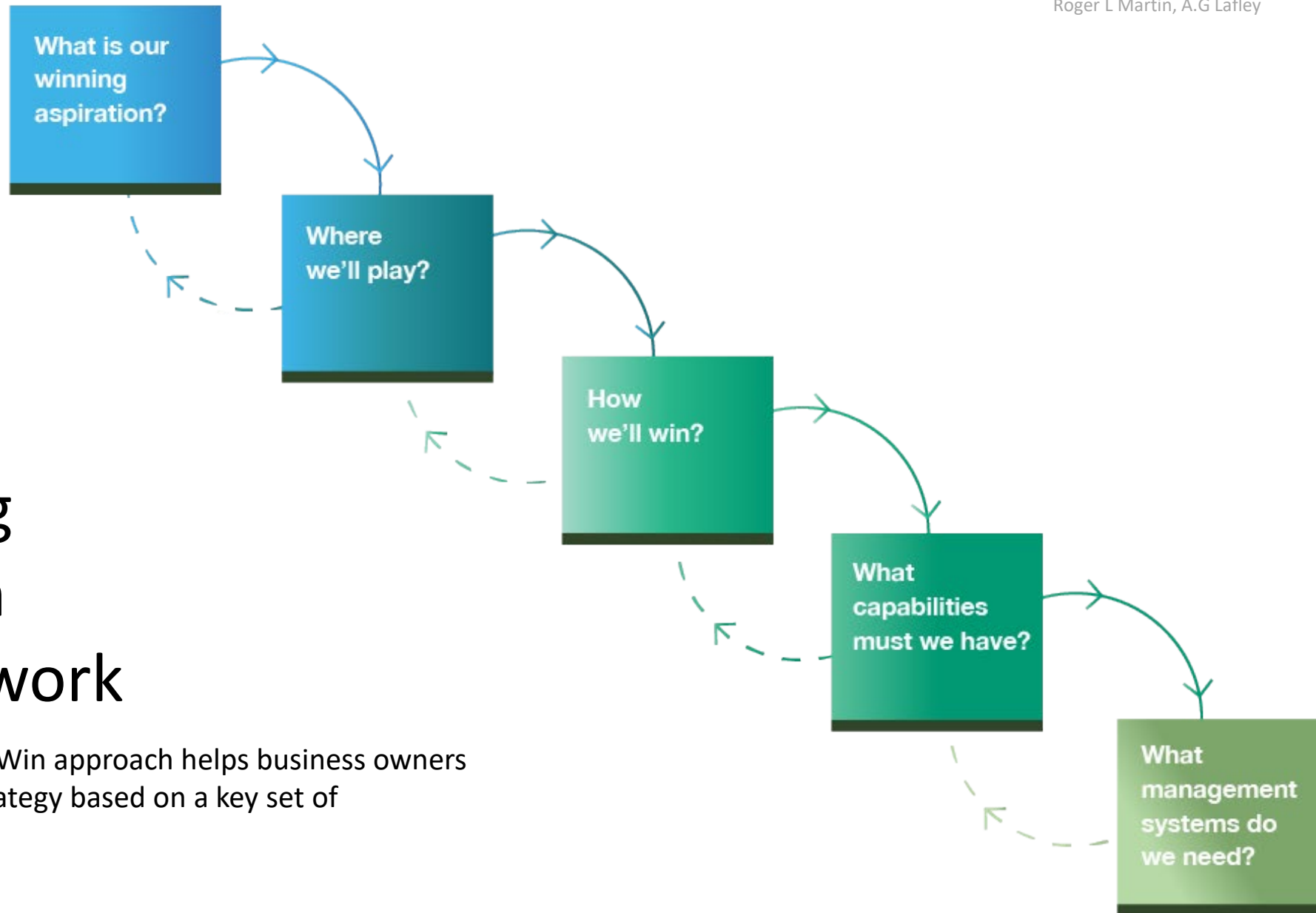




An aerial photograph of a winding asphalt road that curves through a dense green forest. To the left of the road, there is a rocky, brownish terrain. A single white car is visible on the road, moving away from the viewer. The overall scene is captured from a high angle, looking down at the landscape.

Playing to win

The Playing to Win approach helps business owners shape their strategy based on a key set of questions.



Playing To Win framework

The Playing to Win approach helps business owners shape their strategy based on a key set of questions.



Purpose	Help people to live their best lives				
What is our winning aspiration?	To be recognised as the number one trusted brand for delivering expert integrated advice				
What does success look like?	Integrated Advice Wealth, advisory, tax and lifestyle offer that is recognised by existing and new clients (60%+ of contestable services per h/hold)	Client Satisfaction Propensity scores, (headline satisfaction 8.5+, AAA clients 9+, referral rate for AAA and AA 15%+)	People Quality Leading client and industry recognition, Staff engagement survey (80%+ highly engaged)	Scale Dominant advice player in Brisbane and Sydney markets (rev \$40m+, rev growth 10%+, EBIT 30%+)	
Where we'll play?	Geography Brisbane and Sydney CBD focus (scale and talent is key)	Services Integrated Advisory (incl. business advisory, tax and lifestyle services)	Clients Delegators Mid to HNW families Bus. owners (small to medium)	We have chosen NOT to play: Audit and insolvency, Anywhere outside of Sydney and Brisbane CBD, Retail clients with min fee under \$7k, Large businesses, Self directed and validators	
How we'll win?	Product differentiation Integrated advice model incl. wealth, business advisory, tax and lifestyle	Experience differentiation Unparalleled effort and concern to assist clients to live best lives	People quality Strong energetic management supported by professional experts with profitable niches	Infrastructure quality Scaled professional enterprise that is match fit and attractive to investors Proudly independent	
What capabilities must we have?	Technical skills and market knowledge to build deep niches	Life and business coaching skills for advisers	Strong business development and networking skills	Innovation in product development and experience	Brand and marketing leadership to highlight differentiation
What management systems do we need?	Training and people development	Sales pipeline	Fully integrated CRM platform to enable transparency and recording and analysis of client data		
Priorities (Must Do's)	Service build out integrated offer	Adviser training deeper relationships and panel growth	Leadership development program next generation of leaders at all levels to grow business		

Thank you

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talk to your BDM or visit
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Questions

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ATTENDING TODAY'S
SESSIONS.**

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relevant content please provide
your feedback by scanning QR
code to take our 2-min survey.**

