



VALUE OF AN
ADVISER

YOUR VALUE IS IN THE NUMBERS

FirstName, LastName
Associate Title
Tuesday, April 9, 2024

A**B****C****E****T**

Value of an Adviser

Q: If client relationships are your most important asset, how do you communicate the value of your advice and services?

A: Our simple, easy to follow formula can help you articulate and demonstrate that value to your clients

A**B****C****E****T**

Advisers - in the spotlight

We live in a complex world that keeps providing challenges to investors.

We believe financial advisers....

- ✓ are never more important than during periods of the unknown
- ✓ have provided valuable assistance over recent years to help clients review their evolving goals, needs and circumstances
- ✓ who helped their clients remain invested through the ongoing challenges have been rewarded
- ✓ provide value that is substantially higher than a typical advice fee



Five ways an adviser creates value



A

B

C

E

T

A

Appropriate asset
allocation

The value of **A** is
1.2%

A

= 1.2%

A is for Appropriate asset allocation

85%

of investment outcomes
are driven by asset
allocation *

63%

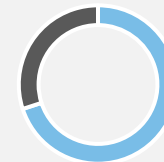
of default MySuper
assets are managed to a
single asset allocation **



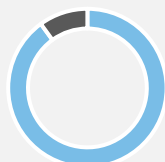
CONSERVATIVE
30/70



DIVERSIFIED 50
50/50



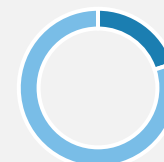
BALANCED
70/30



GROWTH
90/10



HIGH GROWTH
100



GEARED
120

Investing in an appropriate asset allocation
is critical in helping clients achieve their goals

* Russell Investments Making Super Personal White Paper 2020

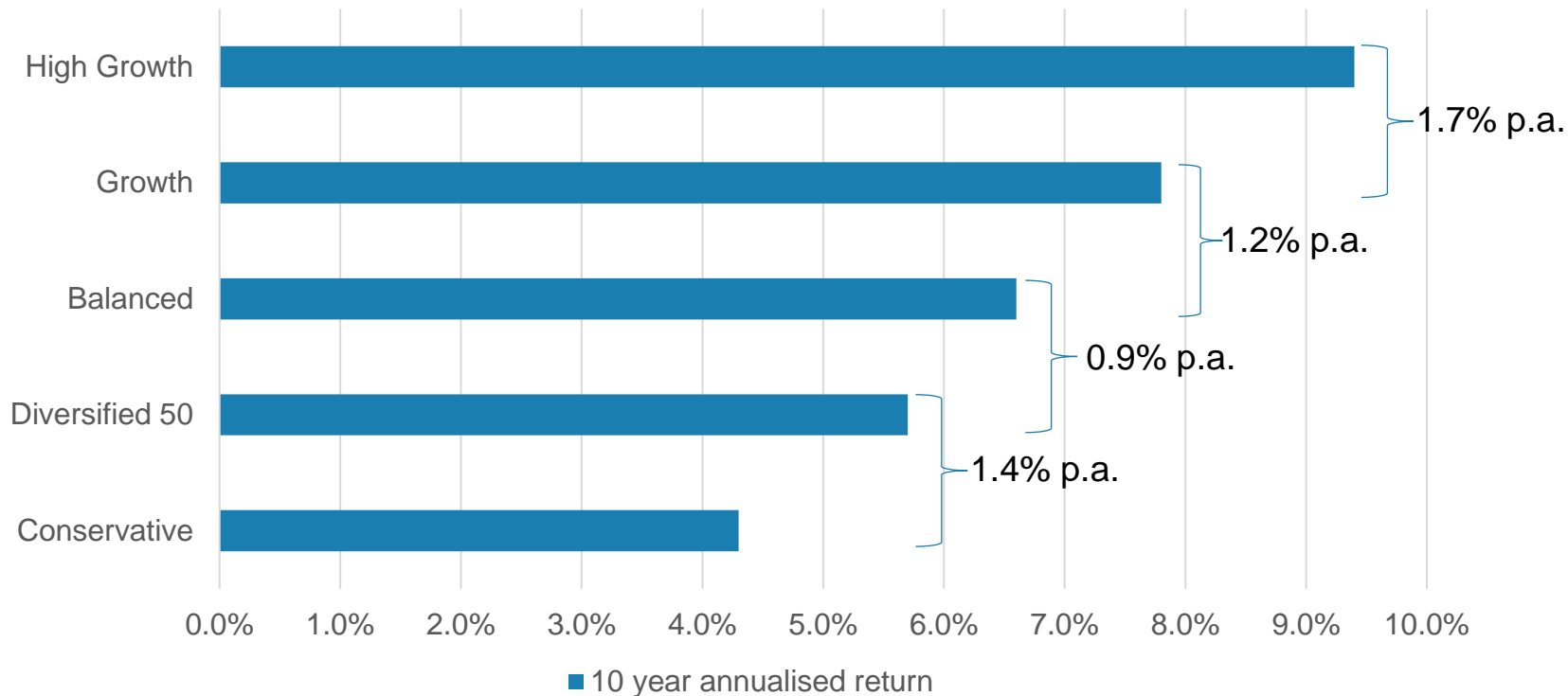
** Australian Prudential Regulation Authority (APRA) 2023

A

= 1.2%

A is for Appropriate asset allocation

Benchmark Portfolio return
10 year annualised returns as of 30 June 2023



Difference in annual return across different asset allocations.

Average performance variance across different asset allocations: **1.2%**

Source: Russell Investments. For more information on the methodology used to calculate the benchmark portfolio returns please refer to slide 30.

A**= 1.2%**

ADVICE, DEFAULT OR DIY

Who is better off?

The disengaged superannuation member



Jane's option for advised or default asset allocation

Advised portfolio	Alternative: default portfolio
80% Growth assets	70% Growth assets
7.8% p.a.	6.6%p.a.
\$210,947	\$189,129
Jane's advised portfolio delivers 1.2% p.a. higher return from an appropriate asset allocation; nearly \$22,000 over a 10-year period	

Do It Yourself (DIY) asset allocator



Lee's options for advised or DIY asset allocation

DIY Portfolio	Alternative: advised portfolio
30% Growth assets	50% Growth assets
4.3%	5.7%
\$152,936	\$174,575
Lee's DIY portfolio delivers a 1.4% lower return, which leaves him \$22,000 worse off over 10-year period	

These examples are provided for illustrative purposes only. Actual results may vary.

A

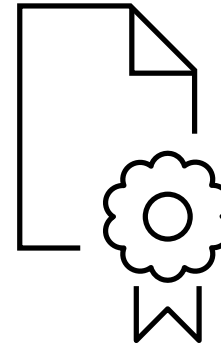
= 1.2%

APPROPRIATE ASSET ALLOCATION

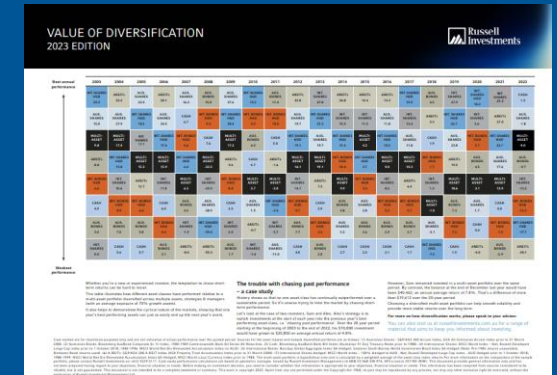
Your value

Communicate the value of your advice:

- The potential benefits of getting the right asset allocation
- The art and science of understanding true risk preferences
- Use your investment philosophy to demonstrate how you select and implement an appropriate asset allocation.



Your resource hub:



Value of an Adviser e-Kits

A

B

C

E

T



Behavioural coaching

The value of **B** is
3.4%

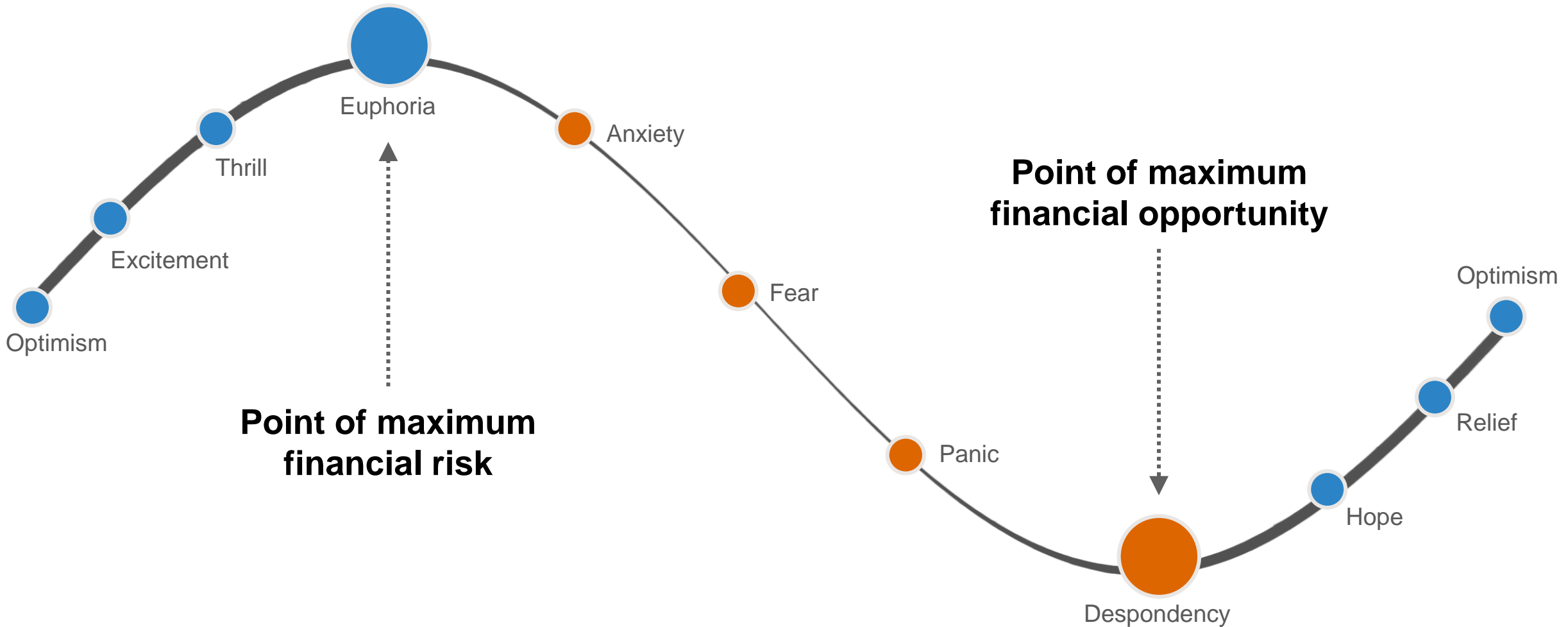
Note: The “average” investor has underperformed the S&P 500 Index by 3.4% per year - Russell Investments, Refinitiv DataStream. This is a rounded figure from the actual difference of 3.39%. Please see slide 14 for more details.

B

= 3.4%

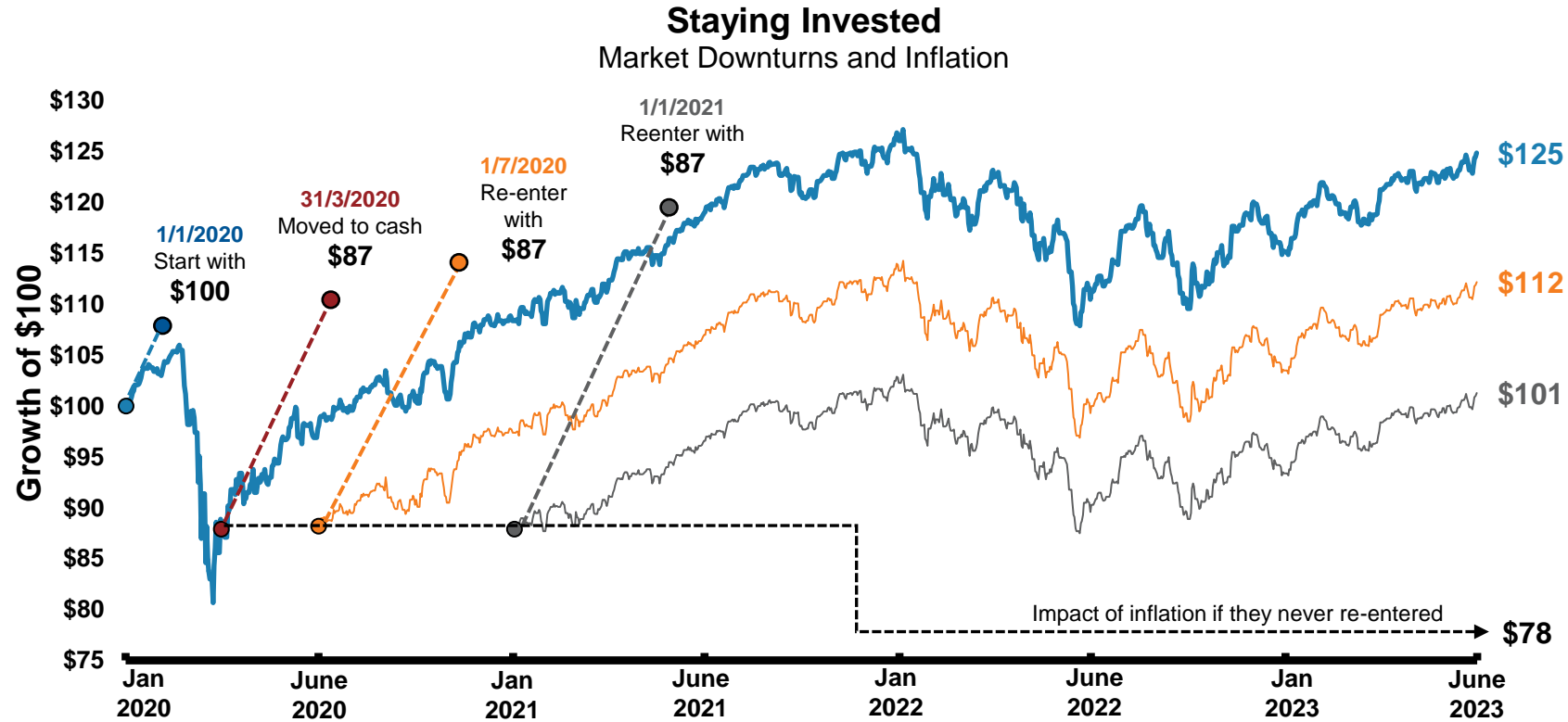
CYCLE OF MARKET EMOTIONS

Being a good investor is hard



Source: Russell Investments. For illustrative purposes only.

Fear impacts opportunity



- Staying invested through pandemic lows was rewarded
- If an investor exited the market near the bottom and re-entered later, they would have missed a narrow window to recoup any losses
- Adding insult to injury, inflation would have eroded \$87 to \$78 if they never re-entered the market

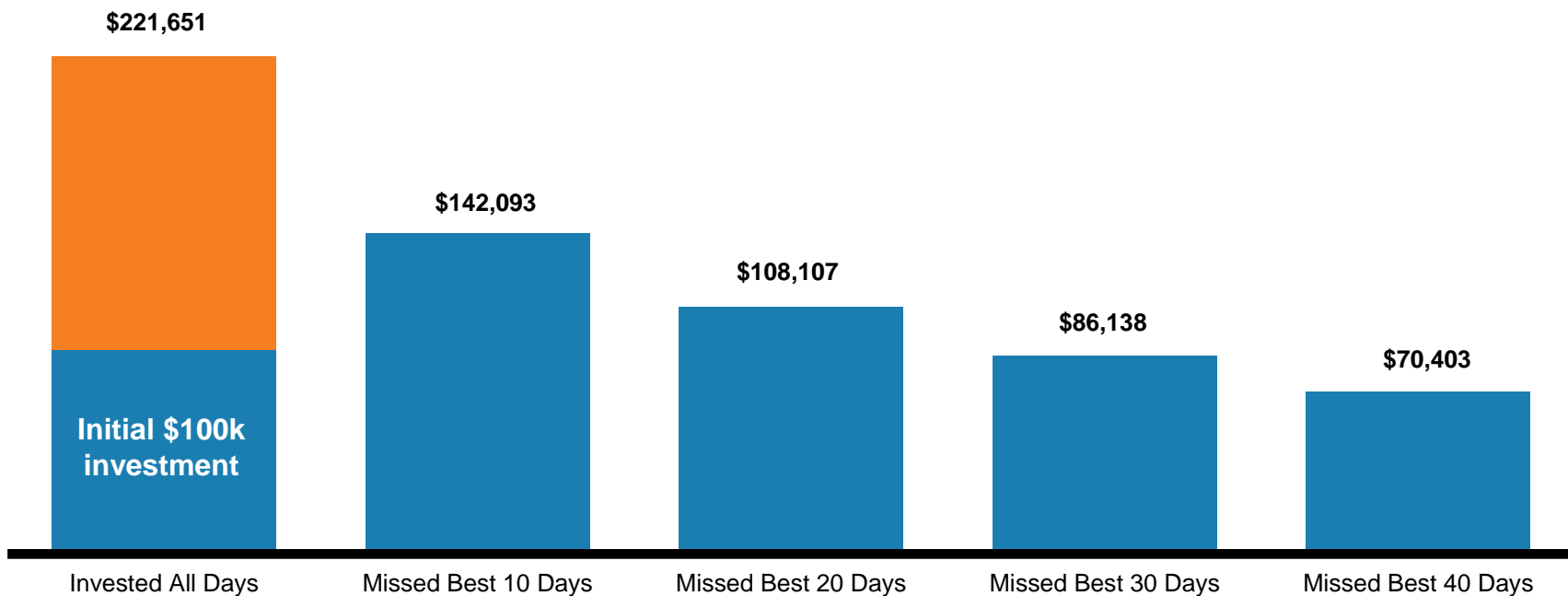
Source: Bloomberg. Balanced Portfolio: 35% ASX300 TR Index, 35% S&P 500 TR Index (Half Hedged), 15% Bloomberg AusBond Composite 0+ Yr Index & 15% Bloomberg Aggregate Bond Index.
As of 30 June 2023.

B

= 3.4%

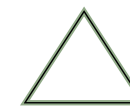
THE INVESTMENT IMPACT OF MISSING BEST MARKET DAYS

Difficulty of market timing

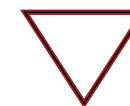


10 YEARS ENDING 31 MAY 2023

CUMULATIVE RETURN



Invested all days
122%



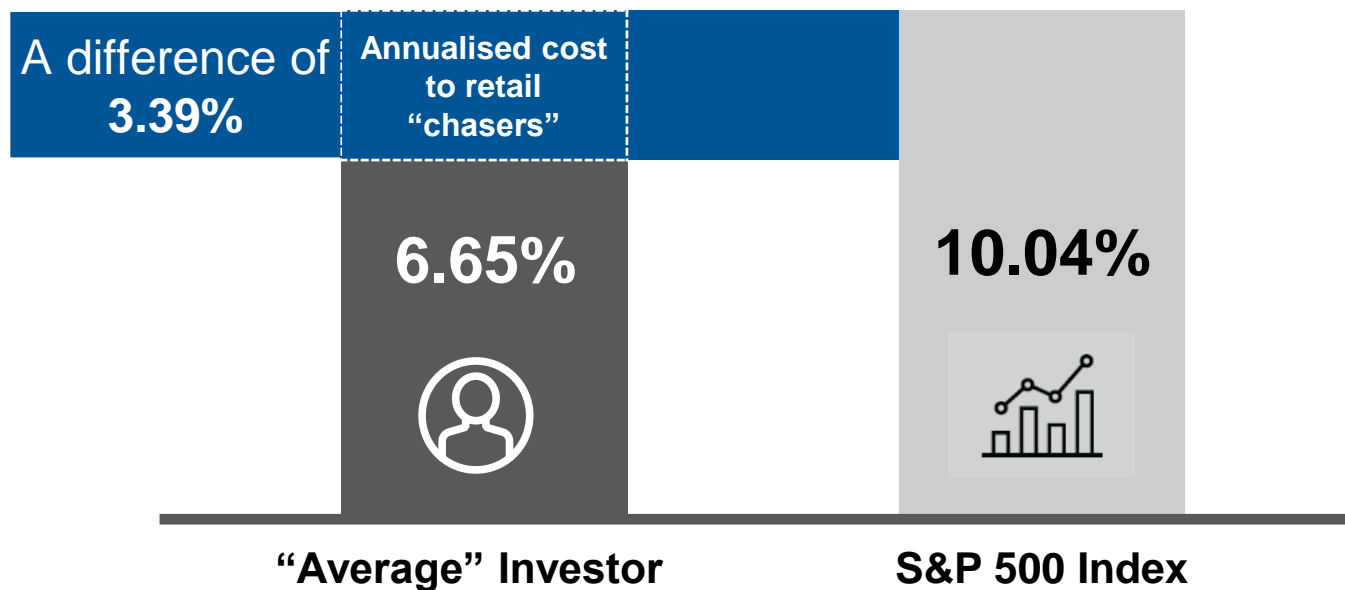
Missed Best 40 days
-30%

Source: Morningstar. Returns based on S&P/ASX 300 Index, for 10-year period ending May 31, 2023. For illustrative purposes only. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

B**= 3.4%**

OVER 20 YEARS

The high cost of investor behaviour

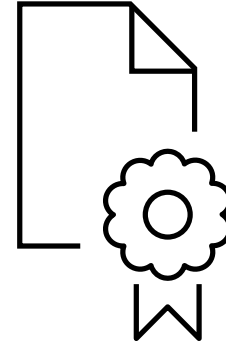


Source: "Average" Investor – Russell Investments, Refinitiv DataStream. Return was calculated by deriving the internal rate of return (IRR) based on ICI monthly fund flow data which was compared to the rate of return if invested in the S&P 500 Index and held without alteration from July 1, 2003 to June 30, 2023. This seeks to illustrate how regularly increasing or decreasing equity exposure based on the current market trends can sacrifice even market like returns. Indexes and/or benchmarks are unmanaged and cannot be invested in directly. Returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

Your value

Communicate the value of your advice:

- Use a consistent framework for review meetings
- Develop a proactive client engagement plan



Your resource hub:



Value of an Adviser e-Kits

A

B

C

E

T

C

Choices and trade-offs

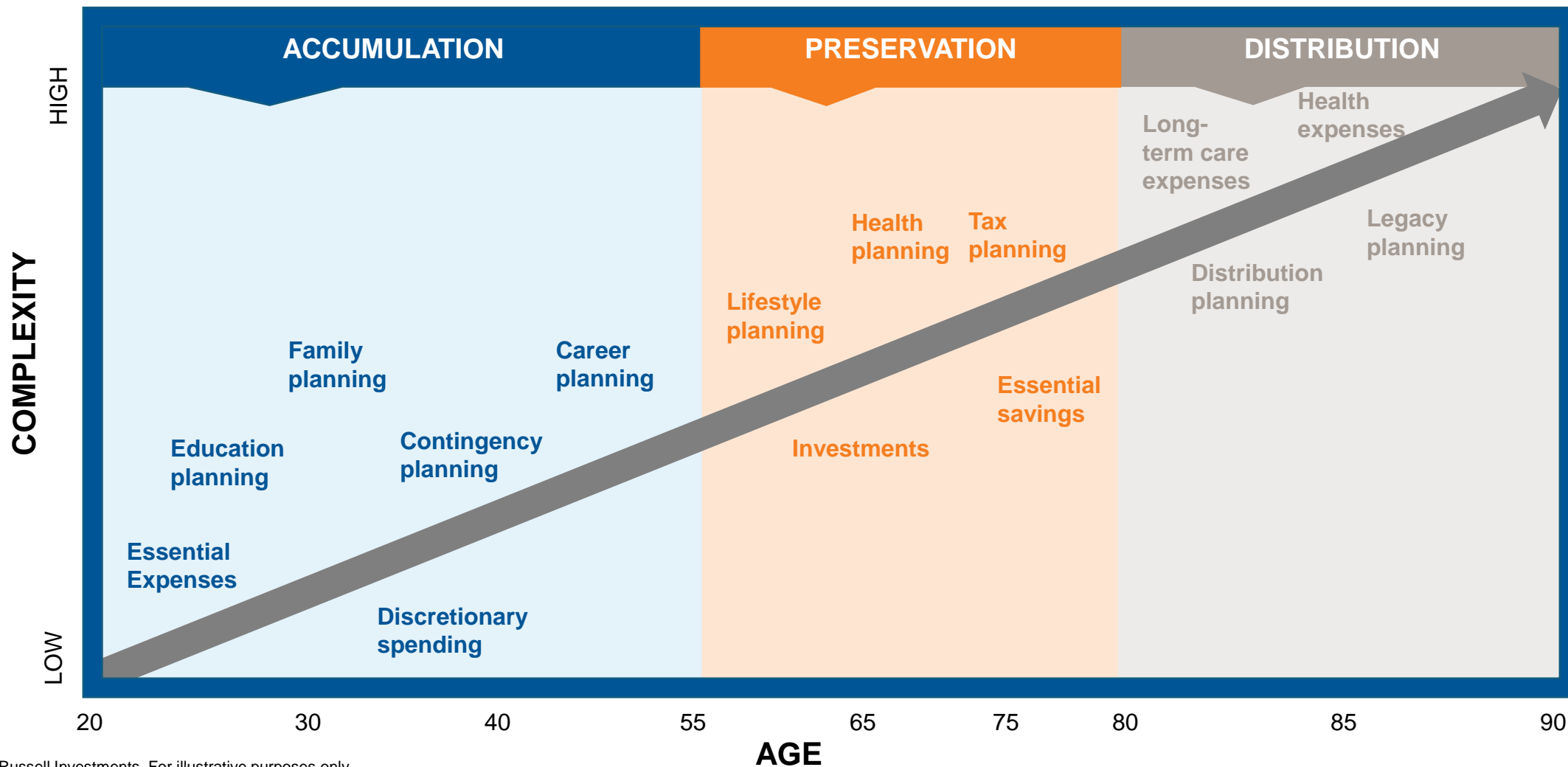
The value of **C** is
Variable

C

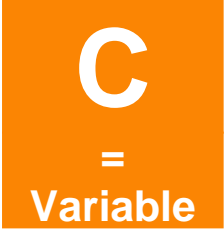
=
Variable

FINANCIAL DECISIONS

Complexity comes with maturity



Source: Russell Investments. For illustrative purposes only.



Investor priorities

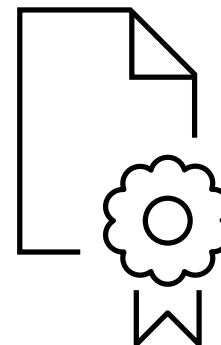
GOALS	CIRCUMSTANCES		PREFERENCES			CONSIDERATIONS	
GROWTH	Single	Married	Conservative	Moderate	Aggressive	Rising inflation	Tax impacts
	Divorced	Widowed	Return driven	Preservation	Yield oriented	Rising interest rates	Aged care
INCOME	Young	Not young	Fee sensitive	Values based investing	Transparency	Market volatility	Family wealth transfer
	Working	Retired	Protection	Lifestyle expectations	Other need	Spending vs savings	Estate planning

Source: Russell Investments. For illustrative purposes only.

Your value

Communicate the value of your advice:

- Articulate your Unique Value Proposition
- Provide clients with a roadmap of how you'll work with them



A

B

C

E

T



Expertise

Technical and Emotional

The value of **E** is
Priceless

E

=
Priceless

IT'S NOT JUST A NUMBERS GAME

E is for Expertise



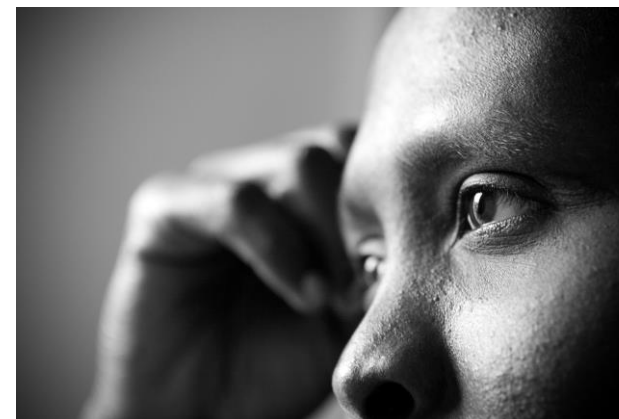
17%

of Australians are not very confident or not confident at all about their ability to hit a financial goal



45.3%

less than half of Australians agree or strongly agree they have a financial plan for retirement



33%

of Australians find dealing with money stressful or overwhelming

Source: Australian government financial capability survey 2021

E

=
Priceless

THROUGH THE BEST AND WORST TIMES

The adviser's role



Guide

Help manage both the practical and emotional burden of financial decision-making for clients.



Guru

Improving a client's financial knowledge, and imparting objective wisdom.



Gladiator

Advocate on the client's behalf – allowing a client to focus on what is important.

Source: Russell Investments. For illustrative purposes only.

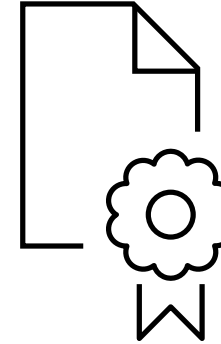


EXPERTISE

Your value

Communicate the value of your advice:

- Have a clear value proposition
- Use existing client case studies
- Understand the different motivations for seeking advice



Your resource hub:



Value of an Adviser e-Kits
(Co-branding available)

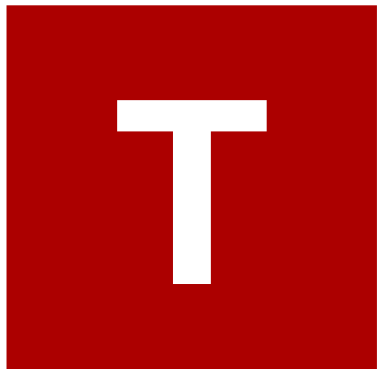
A

B

C

E

T



Tax-savvy planning
& investing

The value of **T** is
1.3%

T**= 1.3%**

PROVIDING GUIDANCE TO CHOOSE APPROPRIATE AND EFFECTIVE TAX SOLUTIONS

Implementing solutions

Investment solutions

- Lower turnover styles
- Tax minimisation overlays
- Centralised portfolio management

Super strategies

- Salary sacrifice contributions
- Transition to retirement
- Reinvesting tax savings
- Insurance benefits

T**= 1.3%**

A KEY PART OF THE PLAN

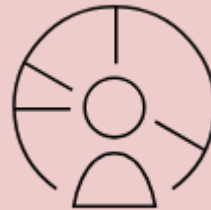
Elevate your value: The tax-smart adviser



Asset Allocation

Optimising assets and contribution strategies across:

- Superannuation
- Investment bonds
- Other tax structures



Asset Implementation

Tax effective investment strategies and maximising tax benefit opportunities



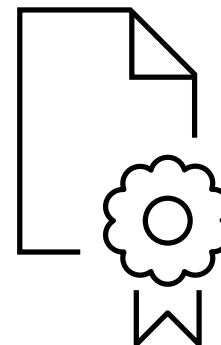
Maximising incentives

- Childcare rebates
- Family tax benefits
- Healthcare cards
 - Concessions
 - Aged pension
- Business grants
- Incentive programs

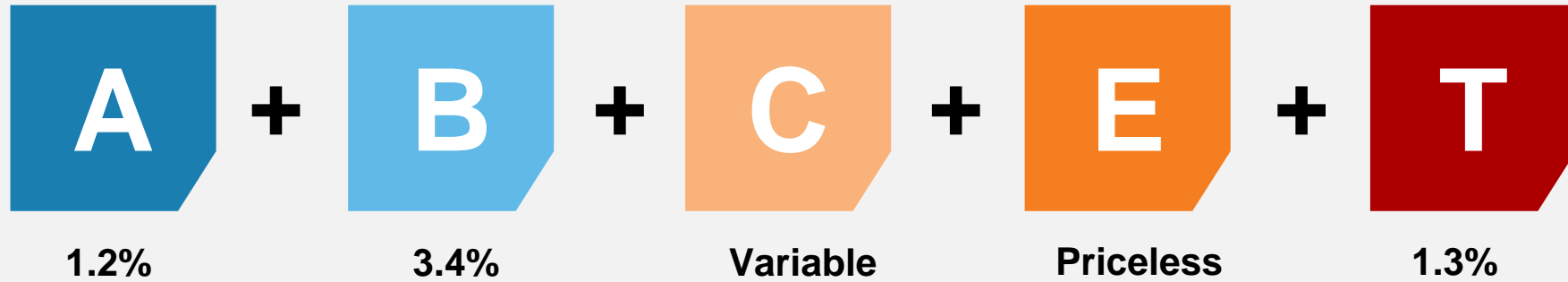
Your value

Communicate the value of your advice:

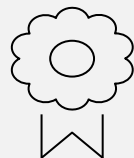
- Know each client's marginal tax rate, tax sensitivities, and opportunities
- Provide access to solutions that have tax-savvy strategies for your clients
- Explain the different tax-smart decisions you include in your advice



WHAT IS THE POTENTIAL CUMULATIVE VALUE OF THE VARIOUS SERVICES OFFERED BY A TYPICAL ADVISER?



≈ **VALUE**
5.9%



The adviser is incredibly valuable.

Call to Action: Reach out to learn more about...



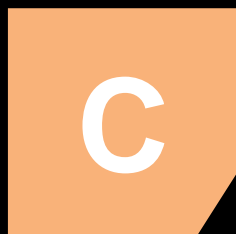
Articulating
your asset
allocation
philosophy

+



Preventing
investor
behaviour
mistakes

+



Differentiating
yourself by
customising
your client
experience

+



Show case
your expertise
through your
unique value
proposition

+



Becoming a
more tax-
aware adviser

In partnership with Russell Investments:

- Investment solutions
- Business solutions
- Client engagement

Contact your Russell Investments team:



or visit russellinvestments.com.au

Important information and disclosures

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ADDITIONAL DISCLOSURES

The value of Appropriate Asset allocation is based on 5 portfolios with average asset allocations across Conservative, Diversified 50, Balanced, Growth and High Growth risk profiles. The value takes the difference of 10-year annualised performance of each adjacent risk profile and calculates the average overall. These portfolios use index values as asset class exposures, including Australian equities: S&P/ASX 300 TR Index AUD, International Equities: MSCI AC World TR Index AUD, MSCI AC World ex Australia NR Index (AUD Hedged). International Bonds: Bloomberg Barclays Global Aggregate TR Index. Australian Bond: Bloomberg AusBond Composite 0 Year Index AUD. Example is provided for illustrative purposes only. Real returns may vary. Past performance is not a reliable indicator of future performance.

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