



Our managed account journey

Jonathan Hoyle, CEO | Stanford Brown, March 2018

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Agenda

- Why did we adopt a Managed Account?
- The post-MA Client Service Offering
- What is the Lunar Managed Account?
- Some handy tips!

What problems needed to be addressed?



Speed



Administration



Consistency



Client Engagement

Why managed accounts – the benefits



Far more proactive portfolio management



A more equitable distribution of fees



Significantly reduced administration



Advisers can advise once again!



A consistent portfolio offering

12 months later.....



Our advisers
reactions



Administration
and paraplanning



A consistent,
professionally
managed investment
offering



The reaction of
our clients

The Lunar Managed Account

We have five models
....from
Conservative
to High
Growth

They are
managed by
an Investment
Committee of
five

We have
approx. 50%
discretion to
take less risk
and half that
to take more
risk

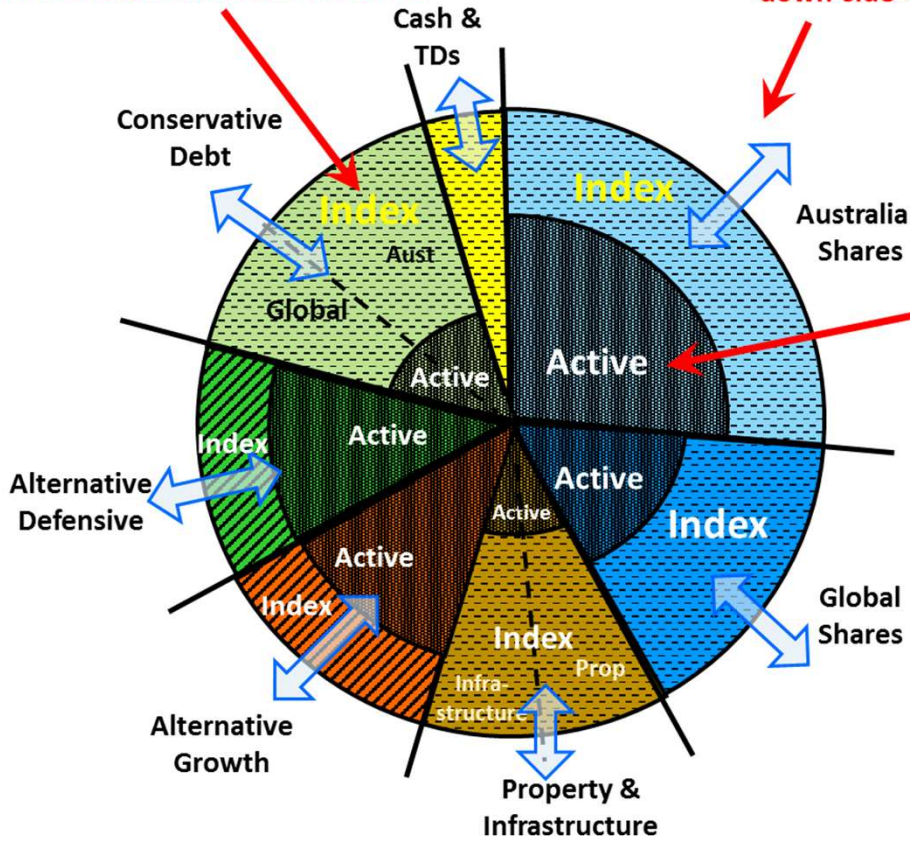
We use a mix
of ETFs,
active
managers
and some
direct
investments

Our CVP is
'shorter,
shallower,
fewer'

We add value
through
dynamic asset
allocation,
manager
selection and
quarterly
rebalancing

1. Lower cost + lower tax - via use of low cost Index funds where / when active management adds little value

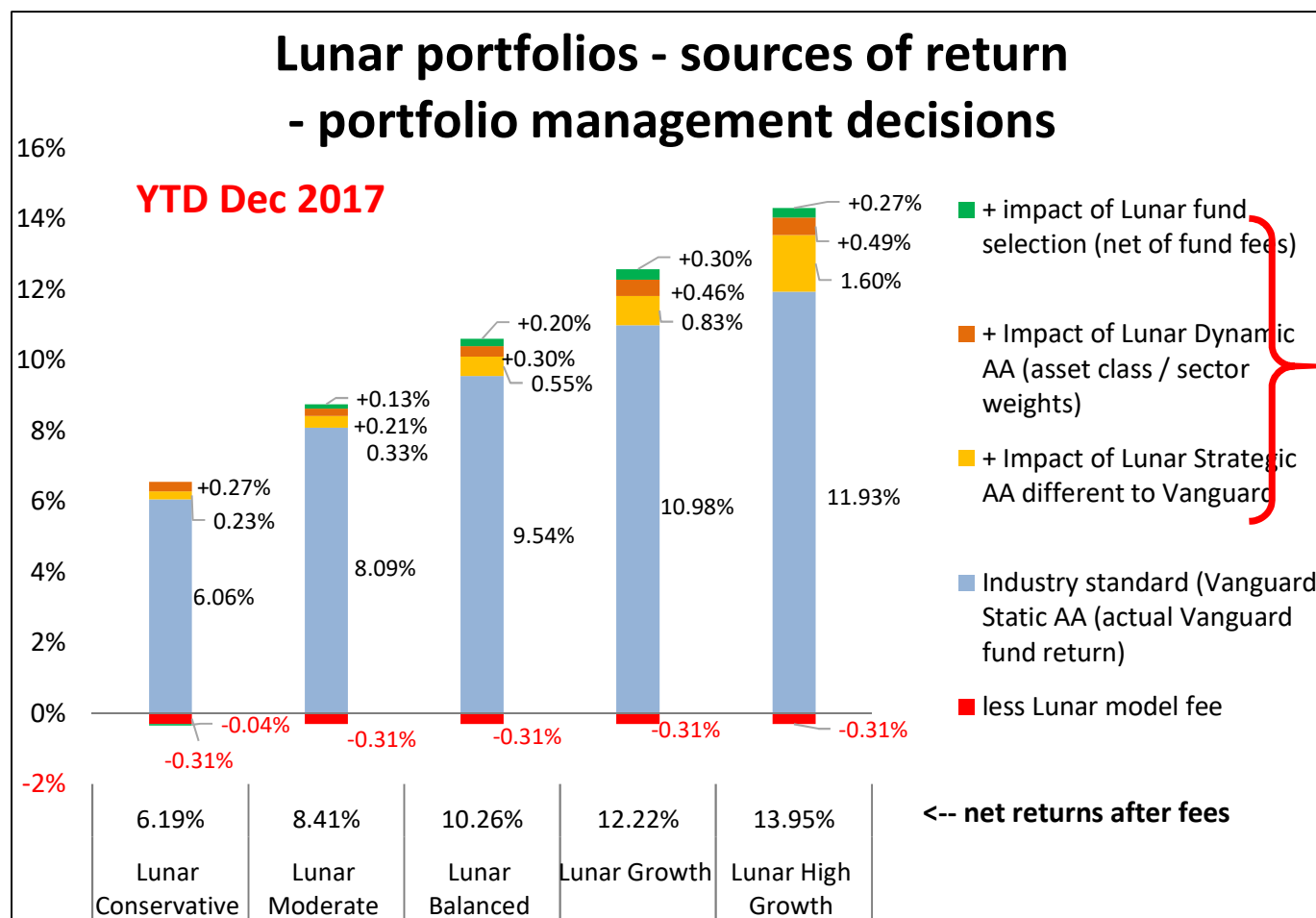
2. Dynamic Asset Allocation shifts *between* asset classes – to reduce down-side + increase returns



3. Superior fund/security selection *within* asset classes – to increase returns net of management fees

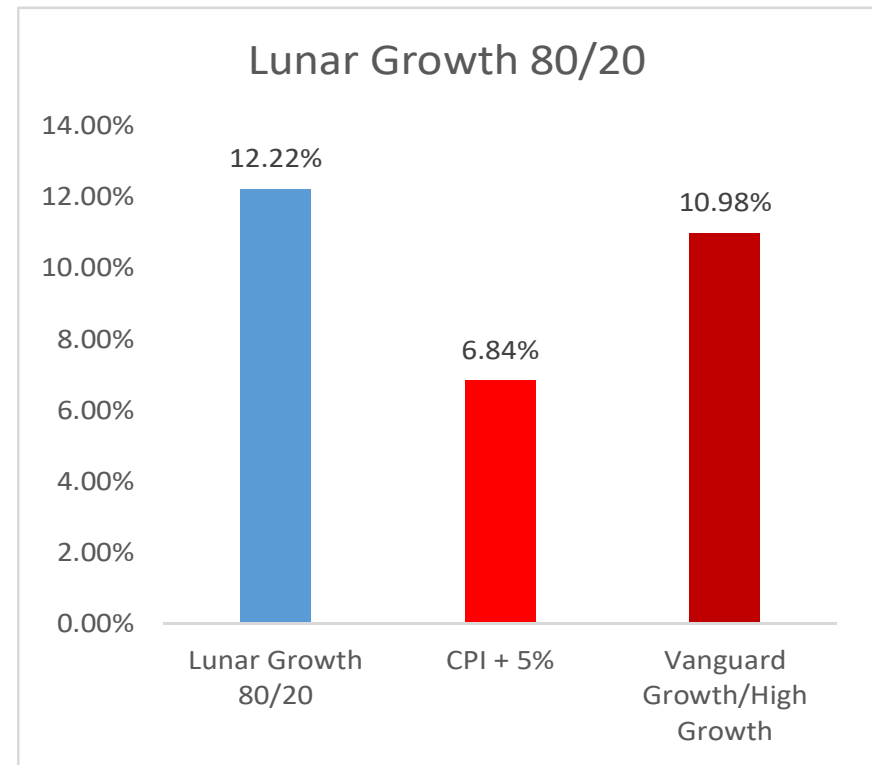
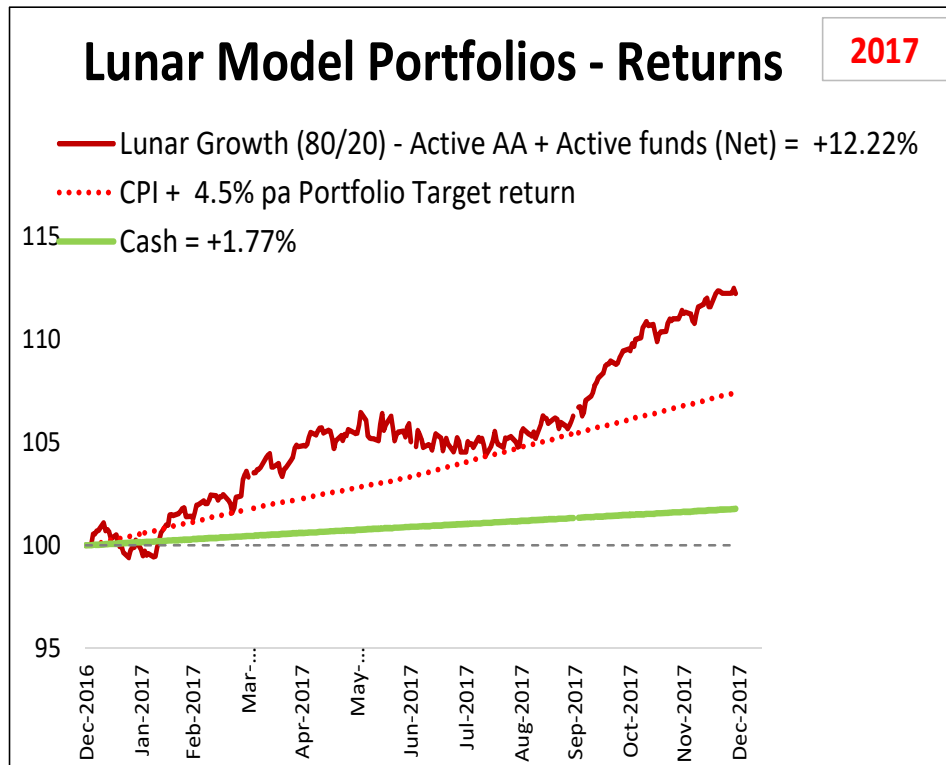
4. Quarterly adjustment & re-balancing – to reduce costs + increase asset allocation effectiveness

Lunar Model Portfolio Returns – 2017



Active portfolio management added between 0.13% and 2.0% (net of all fees)
- See next page

Transparent reporting



Practical Tips

- ✓ Research, research and then some more
- ✓ Appoint an internal MA champion
- ✓ Trial and test
- ✓ Figure out whether you want to establish your own Investment Committee or to outsource
- ✓ If yes, then what is your Investment Philosophy?
- ✓ Position the switch to your clients and your team....for a long time!
- ✓ Don't underestimate the resources you will need

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