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# Meeting the changing needs of clients

Managed portfolios continue to surge in popularity, providing mutual benefits to clients and advisers.

For advisers, managed portfolios help increase business efficiency by reducing the costly administration burden for advisers as there is no need to provide ROAs or obtain client approval for portfolio changes to be made. Research by Investment Trends indicates that this can help to save advisers 13 hours a week<sup>1</sup>. This is time advisers can spend on client engagement, explaining how their investments will be managed to align with their goals, how the portfolio is tracking against those goals and responding to changing market conditions.

We know clients value transparency and having their portfolios reviewed constantly, so managed portfolios help advisers meet this need. By reporting on all transactions and listing the portfolio constituents the client is informed and feels in control. Changes to managed portfolios are implemented quickly and uniformly, greatly reducing implementation delays and potentially delivering better investment outcomes for clients.

## Making values-based investments

Advisers are increasingly finding that clients want to invest in a socially responsible way – reflecting their own personal values. Far from a fringe issue, in general, consumers now expect their money to be invested responsibly. Nine in 10 Australians feel it's important that their financial institution invests responsibly and ethically, and three in four would consider moving their investments if they found out their fund was investing in companies not consistent with their values.<sup>2</sup>

As such, managed portfolios are being shaped to reflect both the investment objectives and social priorities of investors in Australian and international markets. Managed portfolios with an environmental, social and governance (ESG) framework allow clients to support companies that are making positive contributions to our environment and society while screening out those that are not.

For example, the MyNorth Sustainable Managed Portfolio is designed for investors seeking sustainable investment and financial returns while contributing to a positive sustainable change. An actively managed portfolio that invests in all asset classes, it includes managed funds that integrate environmental, social and governance factors into their investment decisions.

AMP collaborated with Regnan to devise the sustainable principles that underpin the portfolio. And Pental's multi asset team designed the portfolio using the universe of investment options hand-picked by AMP's research team.

The MyNorth Sustainable Managed Portfolio is guided by three principles that looks to:

- transition to a low carbon economy
- avoid material investments in thermal coal, tobacco, gambling, pornography and controversial weapons, and
- encourage positive sustainable social and environmental outcomes for the community.

## Overcoming entry cost barriers

For many clients, high fees can present a barrier to the world of investing. Some clients find themselves constraining their portfolio design in order to meet their fee budget. This challenge is particularly acute for clients seeking exposure to actively managed options which typically command a higher fee.

MyNorth IndexPlus was designed to appeal to these more cost-conscious clients seeking to reduce the overall variability around market returns.

The series offer has a blend of lower-cost passive investments that provide a diversified exposure to the major asset classes and a selection of active managed investments that offer the potential of higher return and/or superior risk/return balance.

Placing the portfolios on the Select administration menu and discounting the unit classes is another way the MyNorth IndexPlus series can offer lower costs and allow more clients to start investing.

Managed portfolios are among the few bright lights in wealth management in the last few years. Not only have they allowed financial advisers to finetune client portfolios with ease but they also work as an important time-saving measure when running an advice practice.

In this issue, AMP MyNorth explains how managed portfolios continue to help advisers respond to changing client needs. As a case study, the platform demonstrates that a cost-effective index and active offer, options for sustainability-focused investors and bespoke portfolios for large advice practices are just the beginning.

With two in five financial advisers already using managed portfolios (also called managed accounts), we expect more innovation in this sub-segment of the market.

*Michelle Baltazar*

Michelle Baltazar  
Director of Media & Publishing

## More than a platform

MyNorth recently upgraded its investment switch function. This addressed adviser pain points by providing more information before a switch is submitted, so that advisers have the confidence and control they need.

The Retirement Modelling Tool also helps advisers design or validate a strategy to support their clients' retirement income needs.

The educationHUB, launched earlier this year, is an online resource where advisers can access educational material and webinars.

Along with expanding the managed portfolios on the buy menu, MyNorth can partner with large advice practices to offer their own series of portfolios in consultation with a suitable investment manager.

The MyNorth Managed Portfolio offering has reached a significant milestone of \$1 billion in assets under management as at last month. **FS**

To find out more about AMP's managed portfolios visit [amp.com.au/mynorth](http://amp.com.au/mynorth)

1 Investment Trends February 2020 Managed Accounts Report, pg 12.

2 Responsible Investment Association Australia, From Values to Riches 2020: Charting consumer expectations and demand for responsible investing in Australia, pg 5.

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## The quote

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