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Evans pursues exciting life and boring money



Grahame Evans... 'financial advice is not about selecting funds managers and finding the next best thing'

Former PIS dealer group managing director, Grahame Evans, is transforming the advice process at his new firm, GPS Wealth. In less than 18 months, GPS Wealth has attracted more than 50 experienced advisors to join, representing 32 different practices. Leng Ohlsson* speaks with him about the new advisory group.

When Sunshine Coast financial advisors Rob McGregor and Greg Holman left Professional Investment Services in 2011, they had a clear vision of the type of licensee they wanted to be part of. Their financial planning and accounting firm, Holman McGregor Financial Services, had been with PIS since 2003 but the business wanted to forge a new path. For Holman and McGregor, that meant an independently owned and run licensee, where a client-first culture and the highest standard of compliance and business ethics pervaded the group.

They also wanted a sharp focus on building referral relationships with accountants and a commitment to curb dependence on unwieldy and expensive administration platforms, which they felt no longer served the best interests of all clients.

The pair decided to set up their own Australian Financial Services License, enlisting the help of former PIS general manager Grahame Evans. GPS Wealth was launched in February 2012 with Evans as the group's inaugural managing director.

Within 18 months, over 50 advisors from 32 practices had joined the dealer group, attracted to its innovative licensing and advice proposition.

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At the heart of the GPS Wealth proposition is a simple and structured program for building wealth in retirement called Pathway to Wealth, which is underpinned by an investment philosophy called CARE.

Pathway to Wealth and CARE (an acronym for Core, Active, Reserves and Enhanced) were developed and perfected at Holman McGregor Financial Services.

The GPS Wealth mantra is “Exciting life, boring money, not the other way round” and the CARE philosophy is that asset allocation is the main contributor to performance while the main detractor is irrational investor behaviour.

CARE aims to minimise investment costs by using passive investments where possible, and educating clients not to make foolish decisions, such as the behavioural bias that leads to buying high and selling low.

In the past, Holman McGregor Financial Services relied on wrap platforms and unit trusts to implement the Pathway to Wealth and CARE program.

However, last year, GPS Wealth developed and rolled out a Managed Discretionary Account solution for all new clients, utilising the technology and expertise of specialist managed accounts provider, managedaccounts.com.au.

“We talked to several parties but we wanted a proven provider with a substantial amount of business already and managedaccounts.com.au, or IAS, as it was previously called, already had seven top clients,” Evans said.

“We spoke to a number of their existing clients and we were extremely comfortable that they ticked all the boxes.”

According to Evans, the new MDA solution allows advisors to build portfolios tailored to clients’ needs and objectives without requiring a Record of Advice for each change to the portfolio.

As a result, advisor productivity has increased due to advisors spending less time on low-value work such as administration and paperwork, and more time in front of clients. Investment management fees have also been slashed in half.

MDA clients pay an average fee of between 0.6 and 0.8 per cent of assets under advice compared to fees of up to 1.5 per cent previously. There are now plans to transition around 60 per cent of existing funds under advice into an MDA structure over the next couple of years.

“There will always be downward pressure on fees where value is not being added,” Evans said. “We add value through our outcomes-based advice. We understand that financial advice is not about selecting funds managers and finding the next best thing but rather helping people achieve their goals.”

“The managed account solution underpins our investment philosophy. All assets are held in the name of the client via a custodian, so there’s full transparency and visibility of their investments and transactions online.”

While the flexibility inherent in the MDA structure has attracted the attention of the regulators, Evans said their concerns could be overcome with a formal risk management framework which included an investment charter and investment committee.



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A disciplined, risk management system where decisions are made by an investment committee, whose members include independent experts, will ensure advisory groups don't make investment decisions "on the whim" of a financial planner or manager, he said.

GPS Wealth continues to refine and improve its risk management processes. At the start of 2014, it appointed two additional external investment professionals.

Evans points out that the group has five core strategy asset allocation models with only a small component of client portfolios tactically managed.

While the majority of existing clients still use platforms such as the BT Wrap and ANZ OneAnswer, Evans expects that will diminish over the time.

"Some people still wish to be on platforms but as clients become better educated and more savvy, they'll move towards managed accounts," he said. "Demand for greater transparency, lower fees, more tax effective structures and higher returns will only get stronger.

**Leng Ohlsson, a former editor of Asset and Investment & Technology magazines, is a consultant to specialist managed accounts provider, managedaccounts.com.au
@lengohlsson*