

# The future of Platforms

How the original fintech industry continues to evolve

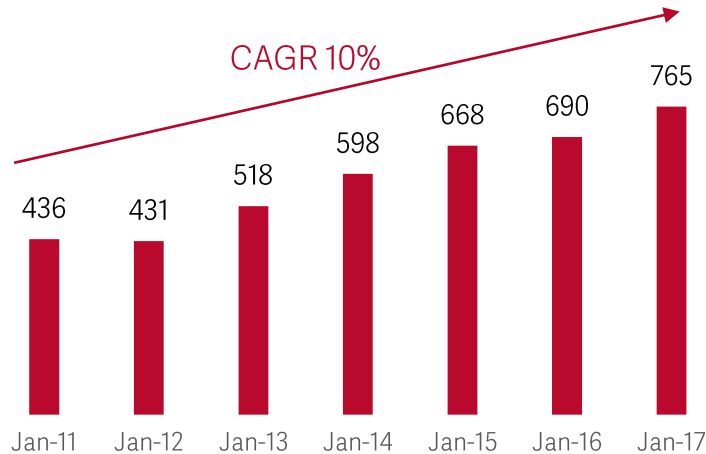
Presented by  
Justin Carroll  
Senior Distribution Manager - Queensland

May 2018



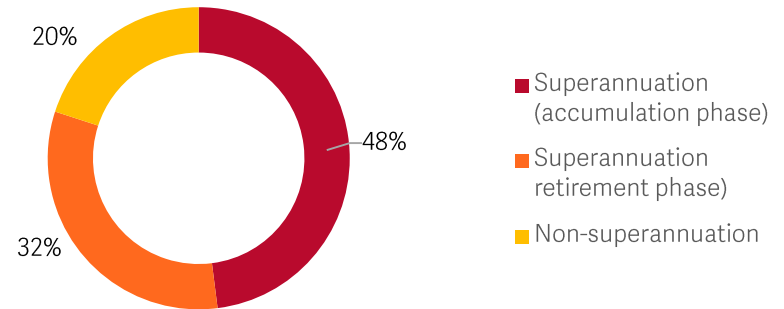
# Platforms – the original fintech?

Total Platform FUA over time (\$ billion)



Source: Strategic Insight: Master Trusts, Platforms & Wraps (June 2017).

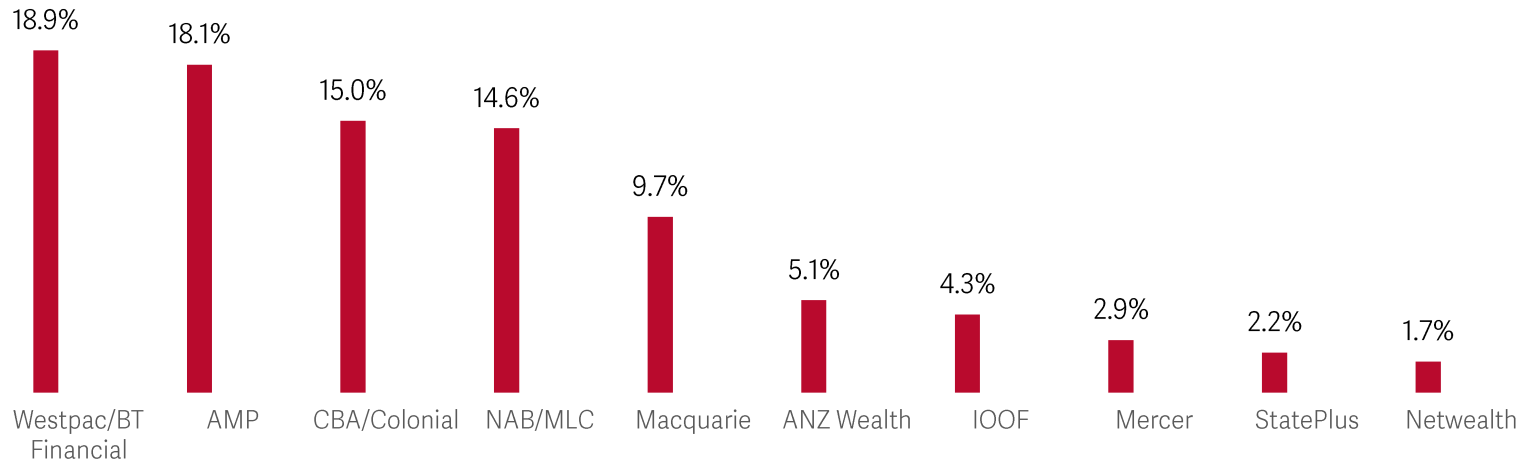
Platform FUA by tax structure (September 2016)



Source: Financial Services Council/UBS Asset Management State of the Industry Report (2017) based on Rainmaker (September 2016).

# The rise of the specialist platform

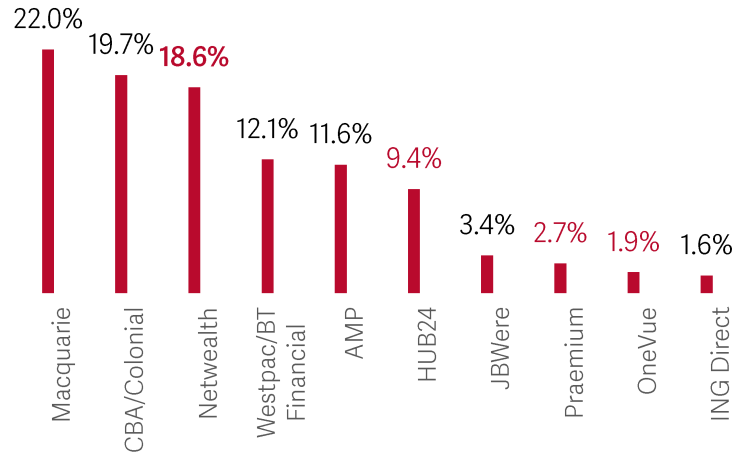
Overview of Platform providers by FUA market share (%)



Source: Strategic Insight: Master Trusts, Platforms & Wraps (June 2017)

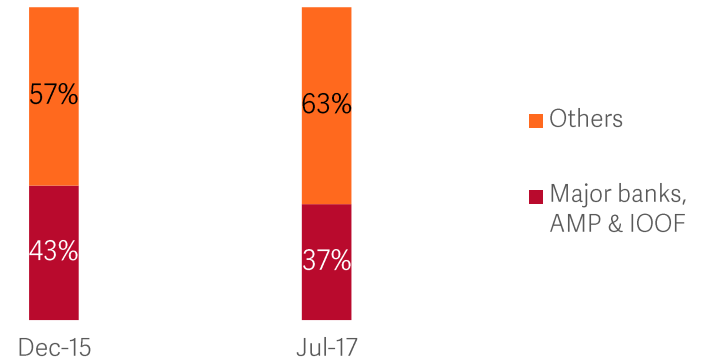
# ...and non-institutionally aligned

Overview of Platform providers by net funds flows (% market share; 12 months to June 2017)



Source: Strategic Insight: Master Trusts, Platforms & Wraps (June 2017)

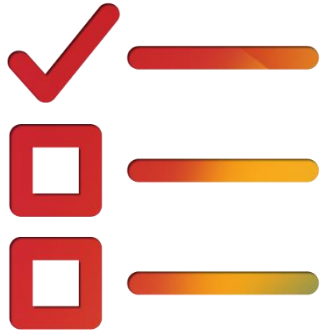
Number of Financial Intermediaries linked to major financial institutions



Source: ASIC Financial Advisers Dataset (July 2017)

# The financial advice industry is changing

## Regulatory pressures



**Increased disclosure, a ban on conflicted remuneration, the best interest duty and new education standards**

## Customer expectations



**The GFC in 2007/08, improved financial literacy of Australians and the 'Apple' effect**

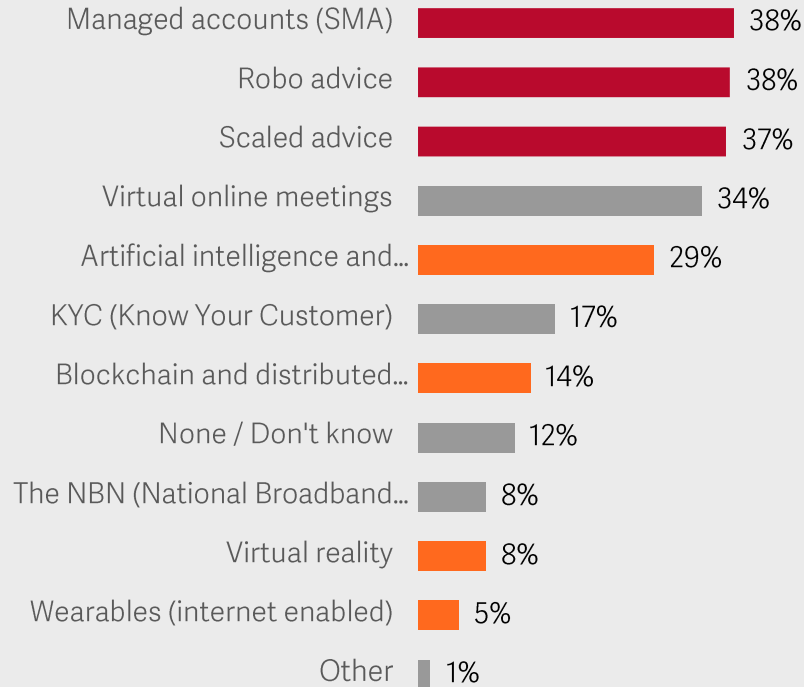
## Technology progress



**Mobility, connectivity, SAAS and emerging tech such as AI and blockchain**

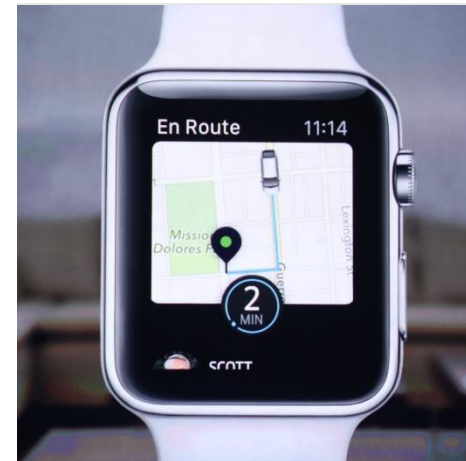
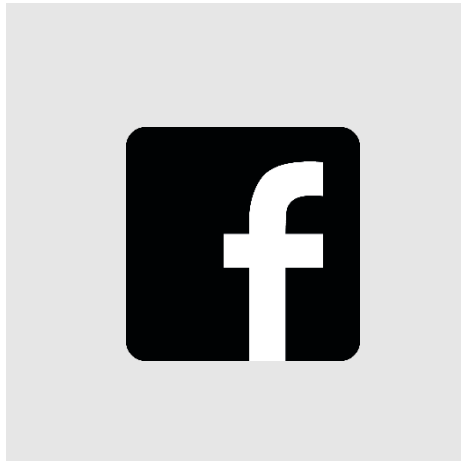
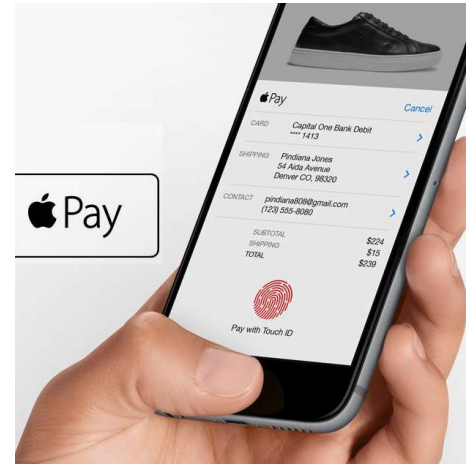
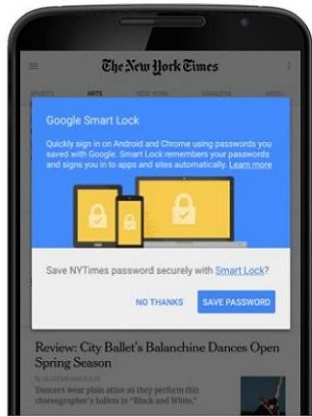
**So what does the platform of the future look like?**

## What technologies will have the greatest impact to financial advice practices in the next 5 years?

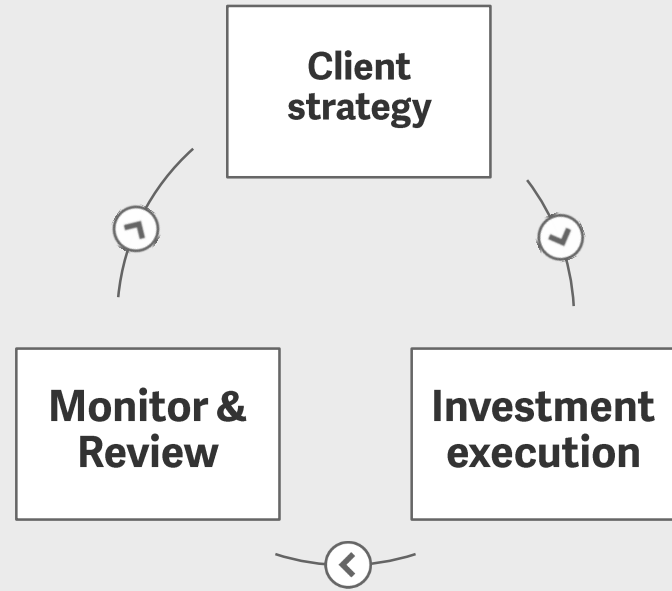


Source: Netwealth 2017 AdviceTech Report, n=206

# tech adoption by 2022



**less**  
**friction**



# Investment Execution



Advisers who use or plan to use managed accounts (SMA)

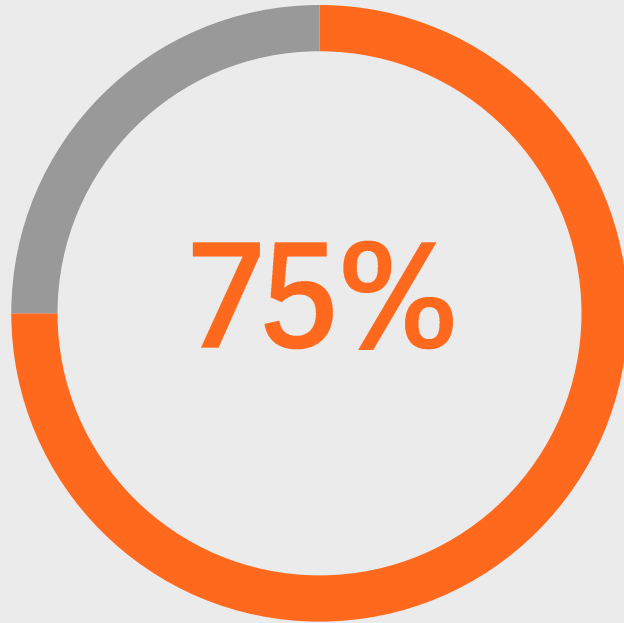
**a surprise?**

Source: Netwealth 2017 AdviceTech Report, n=206



# managed accounts 1.0

FUA - Netwealth Managed Account composition



■ Managed funds ■ Other

**a whole of  
business  
solution**

# managed accounts 3.0

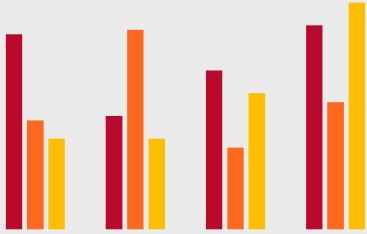


**sophistication**

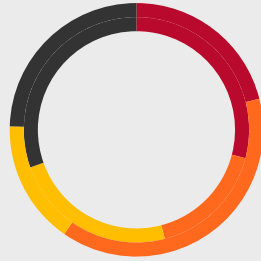


**customisation**

Broader asset  
classes



Models of models



Sophisticated  
investment philosophies



Enhanced  
fee management



feature-  
rich



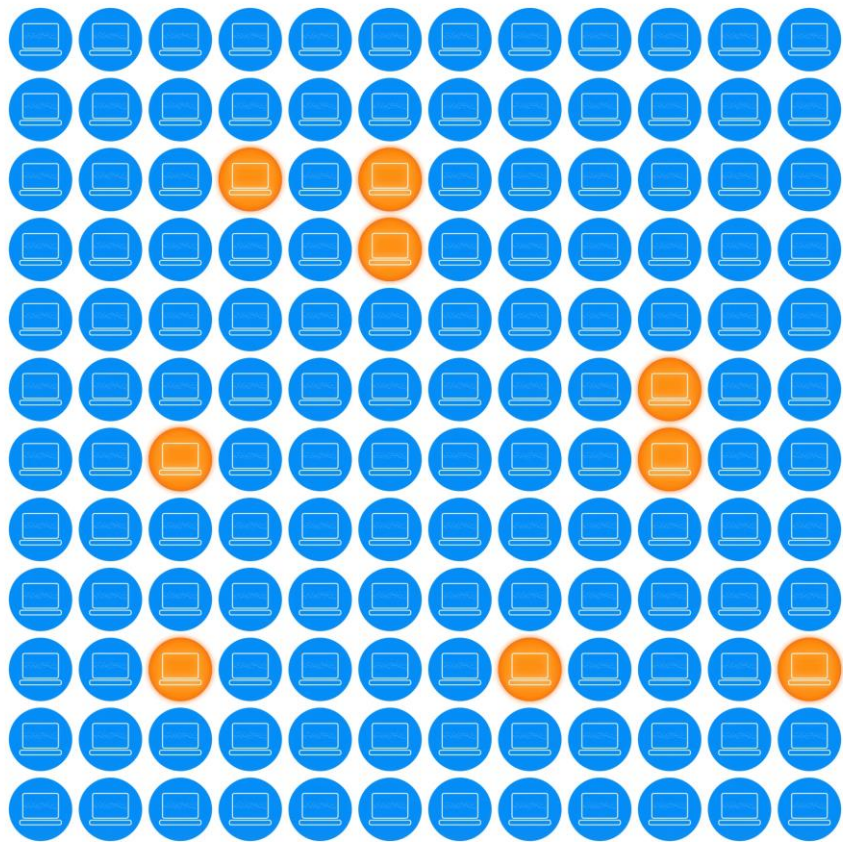
# automated ROAs

**an alternative to  
managed accounts**

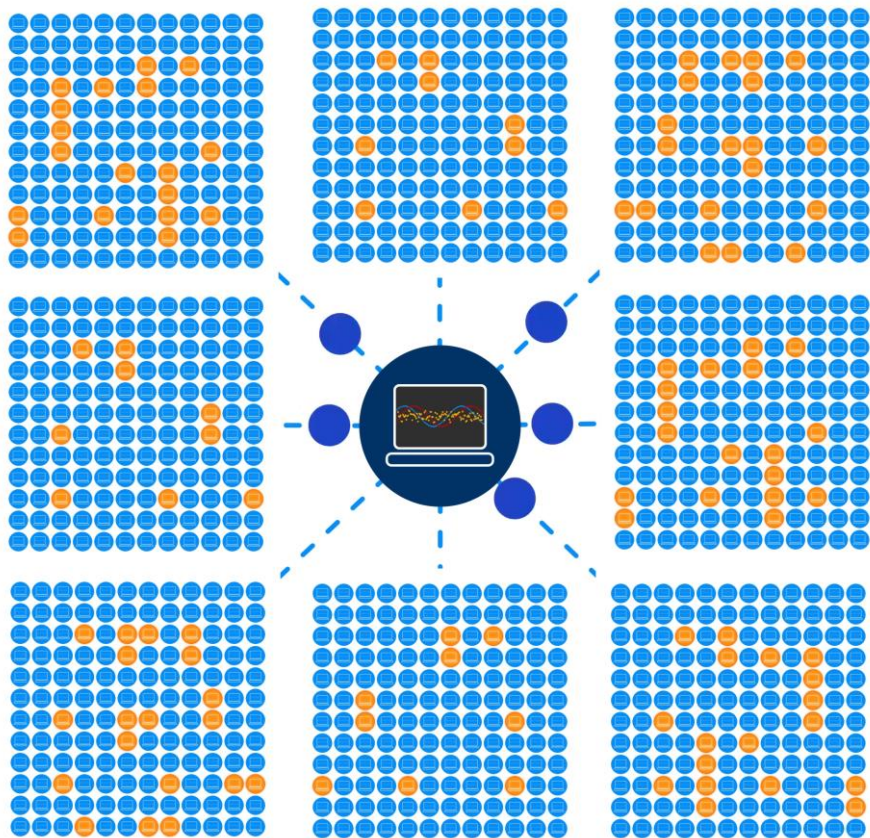
Advisers who use or plan to use robo investment technologies

**robo  
≠ soon**

Source: Netwealth 2017 AdviceTech Report, n=206

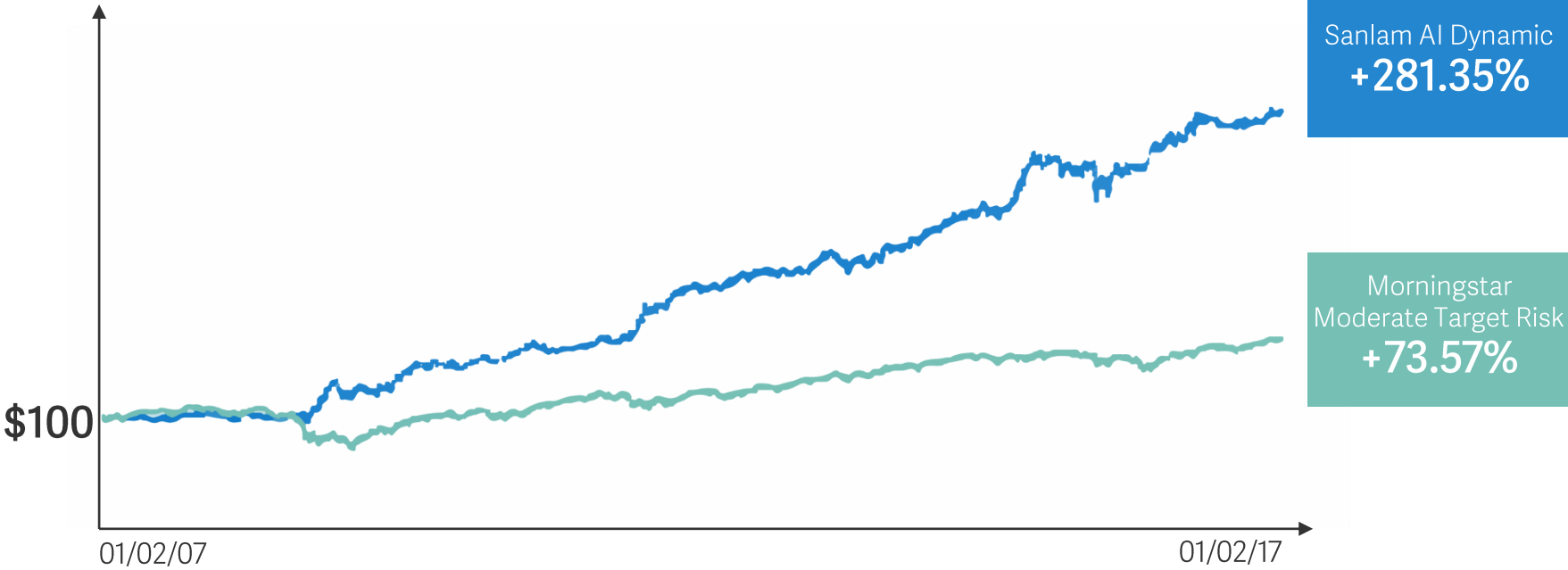


# AI investment



# AI Investment

# Total return: Growth of \$100 over 10 years



Source: Sanlam Investments May 2017

# Monitor Review

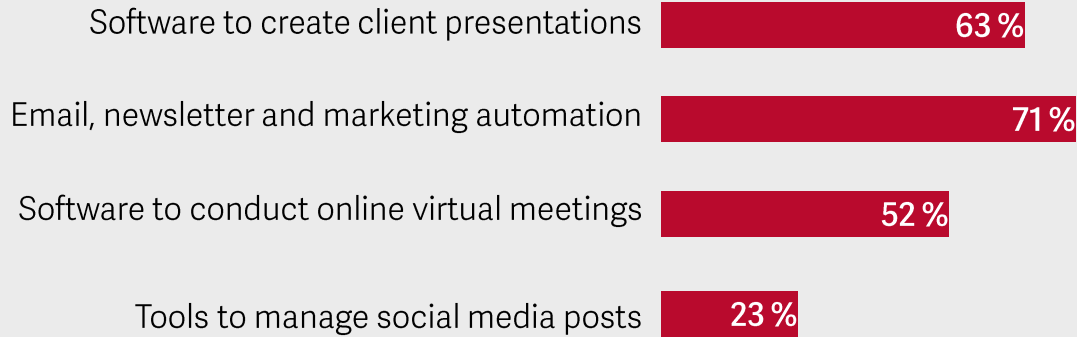


UI concept: <https://dribbble.com/shots/1949725-Lightyear-App>



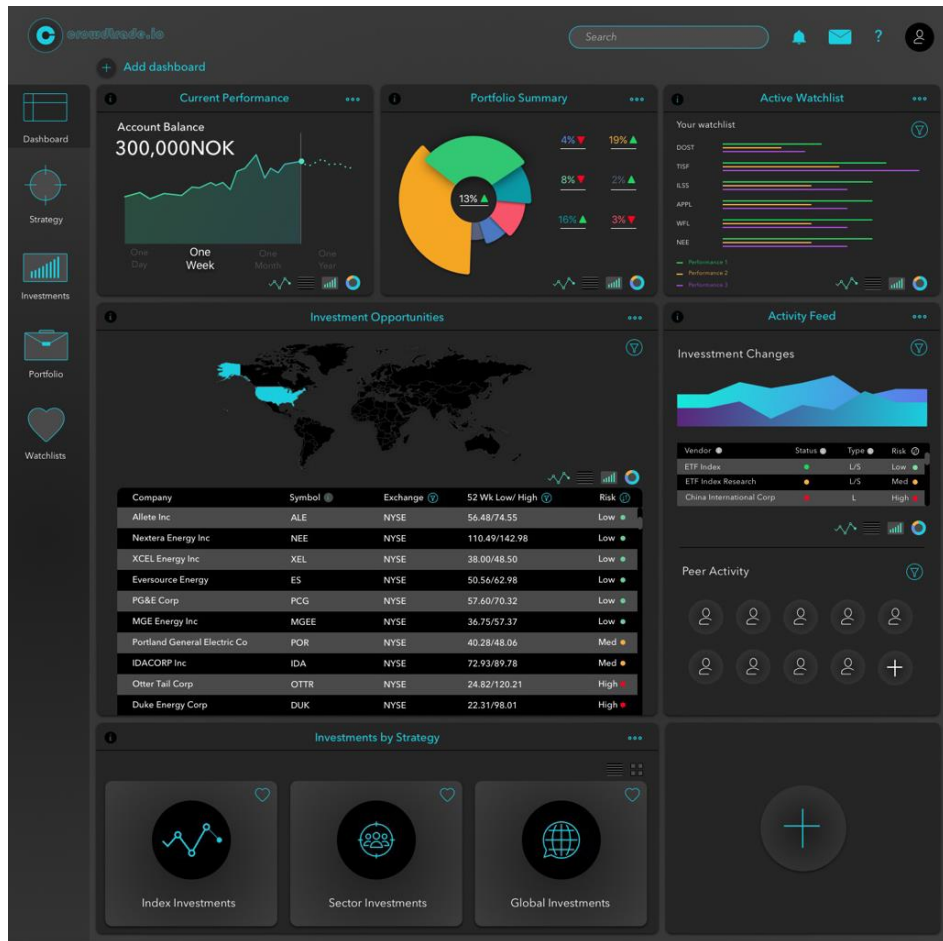
omni-  
channel

## Selected customer engagement technologies

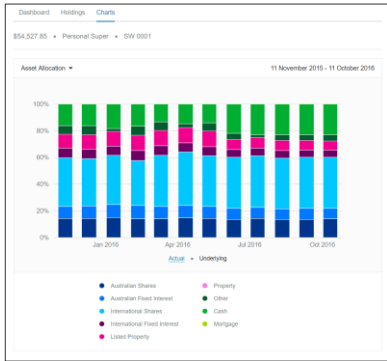


a long way  
to go

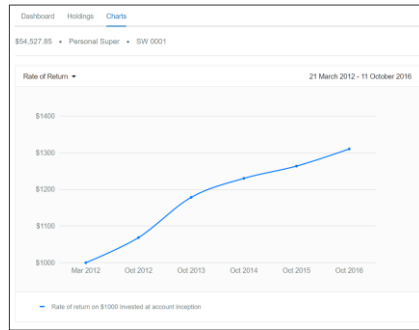
Source: Netwealth 2017 AdviceTech Report, n=206



# bringing strategies to life

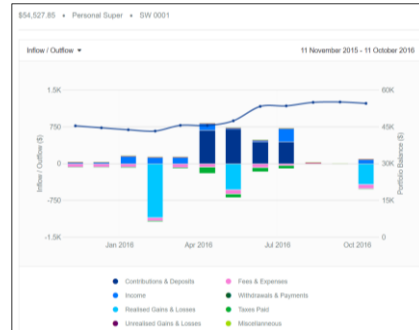


## Asset allocation



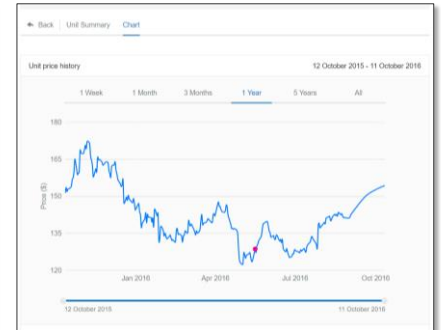
## Rate of return

- Portfolio return if \$1000 invested



## Account balance over time

- Inflows types
- Outflow types



## Unit holdings

- Stock price history
- Date holdings purchased

# a new reality



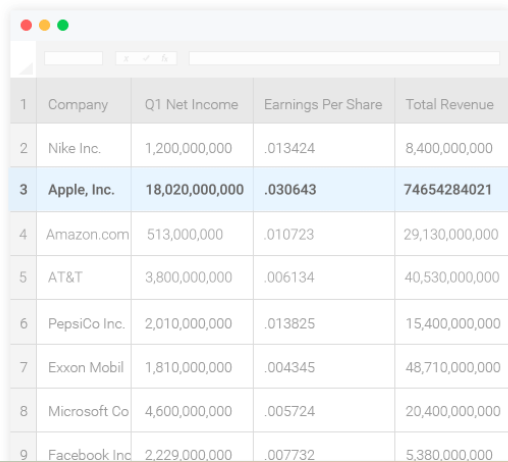


Source: Wealth Projector 2017, <https://www.youtube.com/watch?v=HIny3X8vowM&t=10s&list=FLRXM3W14-7BGrAzqw8vh8Mw&index=17>



Source: Facebook Spaces, [https://www.youtube.com/watch?v=dr\\_04PCSDWE](https://www.youtube.com/watch?v=dr_04PCSDWE) and <https://www.facebook.com/spaces>

# natural language



1	Company	Q1 Net Income	Earnings Per Share	Total Revenue
2	Nike Inc.	1,200,000,000	.013424	8,400,000,000
3	<b>Apple, Inc.</b>	<b>18,020,000,000</b>	<b>.030643</b>	<b>74654284021</b>
4	Amazon.com	513,000,000	.010723	29,130,000,000
5	AT&T	3,800,000,000	.006134	40,530,000,000
6	PepsiCo Inc.	2,010,000,000	.013825	15,400,000,000
7	Exxon Mobil	1,810,000,000	.004345	48,710,000,000
8	Microsoft Co	4,600,000,000	.005724	20,400,000,000
9	Facebook Inc	2,229,000,000	.007732	5,380,000,000



Apple tops Wall Street 1Q forecasts

CUPERTINO, Calif. (AP) - Apple, Inc. (AAPL) on Tuesday reported fiscal first-quarter net income of \$18.02 billion. The Cupertino, California-based company said it had profits of \$3.06 per share. The results surpassed Wall Street expectations.



The average estimate of analysts surveyed by Zacks Investment Research was for earnings of \$2.60 per share. The maker of iPhones, iPads and other products posted revenue of \$74.6 billion in the period, also exceeding Street forecasts. Analysts expected \$67.38 billion, according to Zacks. For the current quarter ending in March, Apple said it expects revenue in the range of \$52 billion to \$55 billion. Analysts surveyed by

## Quarter 4 | Portfolio Summary



For the quarter, your holdings increased by \$2,578 to \$208,568. The \$2,578-increase is equivalent to a change of 1.25%. Comparatively, your portfolio posted a gain of 12.50% last quarter.

Your biggest positive-movers were Apple, Inc. (AAPL) and Nike, Inc. (NKE), while United Rentals, Inc. (URI) and YRC Worldwide (YRCW) were the worst performers. AAPL added 1.3%, or \$5.01 per share, and NKE rose \$4.10 a share.

It should be noted that one of this quarter's negative movers (URI) is listed as 'Sell' by advisors. For questions, [contact your advisor](#).



Kaitlin P. Smith  
Client Statement

### Performance Summary:

- The client's portfolio return is 6.4% YTD, which has outperformed the major benchmark indexes.
- YTD the S&P 500 has returned 4.4% and the Barclays US Aggregate Bond Index has returned 1.02%.

6.4%  
YTD



Allocation

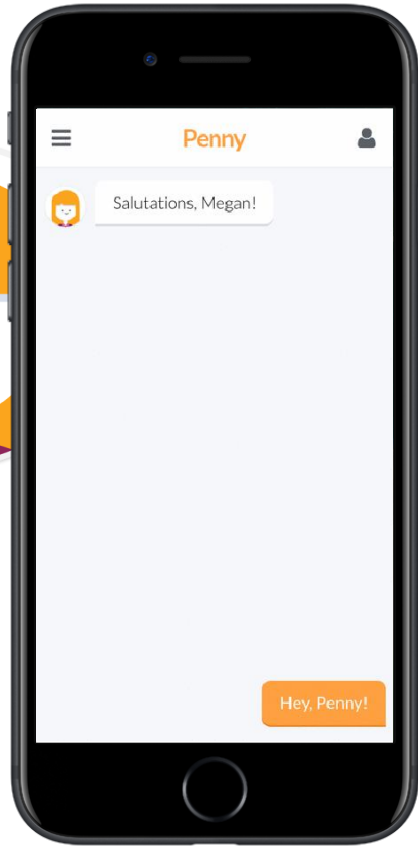


## International Growth Fund Outperforms the MSCI EAFE

The International Growth Fund generated a 1.03% return for the quarter ending June 28, 2013, outperforming the benchmark by 180 basis points. Stock selection helped relative performance against the MSCI EAFE during the quarter.



AI



personalised

# Eco- system

open-APIs  
and integration



## PayPal Holdings Inc (PYPL) NASDAQ

US\$49.05 • AU\$65.10



Approved securities: NYSE NASDAQ



[Analyst consensus](#)

[Insider transactions](#)

[Hedge fund activity](#)

[Social consensus](#)

### Analyst Consensus ?

**Strong Buy**

Based on 16 analyst ratings.

### Analyst price target ?

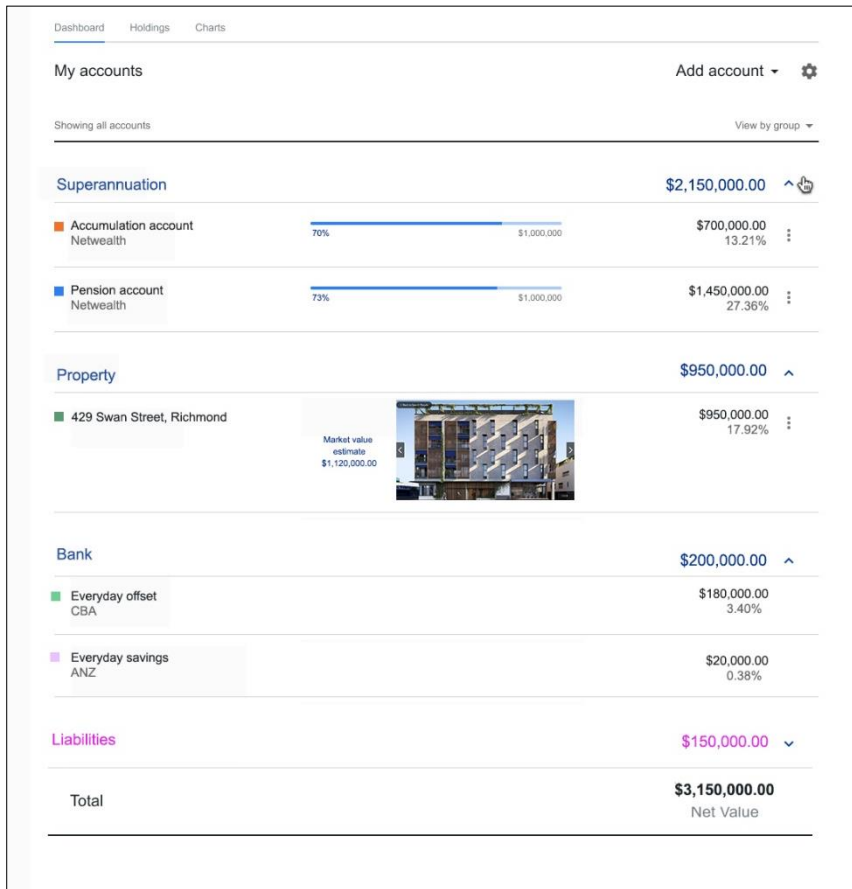
**US\$50.6**

▲ 16% Upside

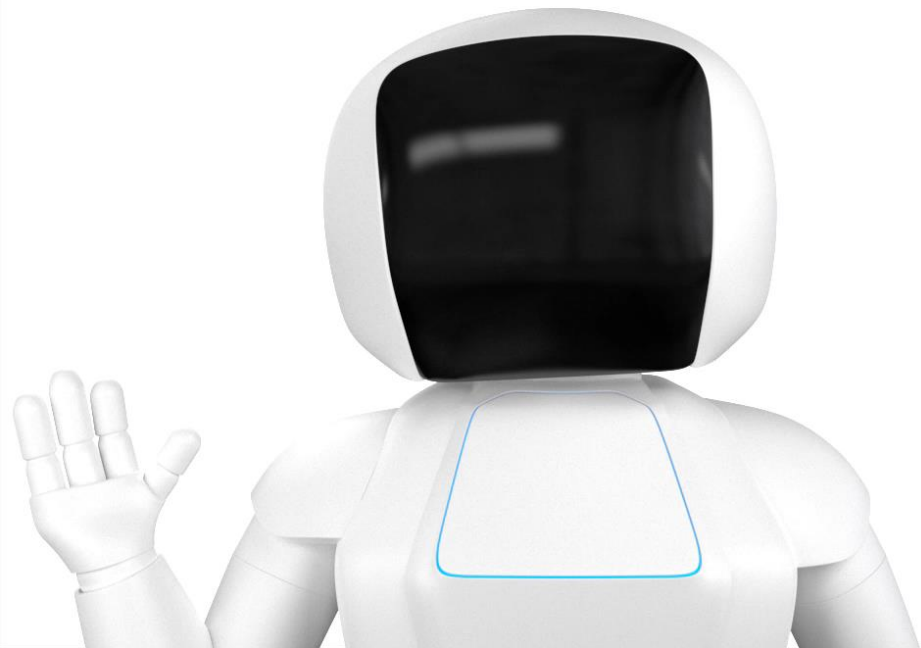
Avg. price target



ANALYST NAME	FIRM	RANK <span>?</span>	POSITION	PRICE TARGET	ACTION	DATE
Darrin Peller	Barclays	★★★★★	Buy	US\$52	Maintained	01/05/2017
Howard Mason	Renaissance Macro Securities LLC	★★★☆☆	Buy	US\$55	Reiterated	30/04/2017
Moshe Katri	Wedbush	★★★★☆	Buy	US\$54	Maintained	27/04/2017
Andrew Jeffrey	SunTrust Robinson	★★★★☆	Buy	US\$53	Maintained	27/04/2017



# open data



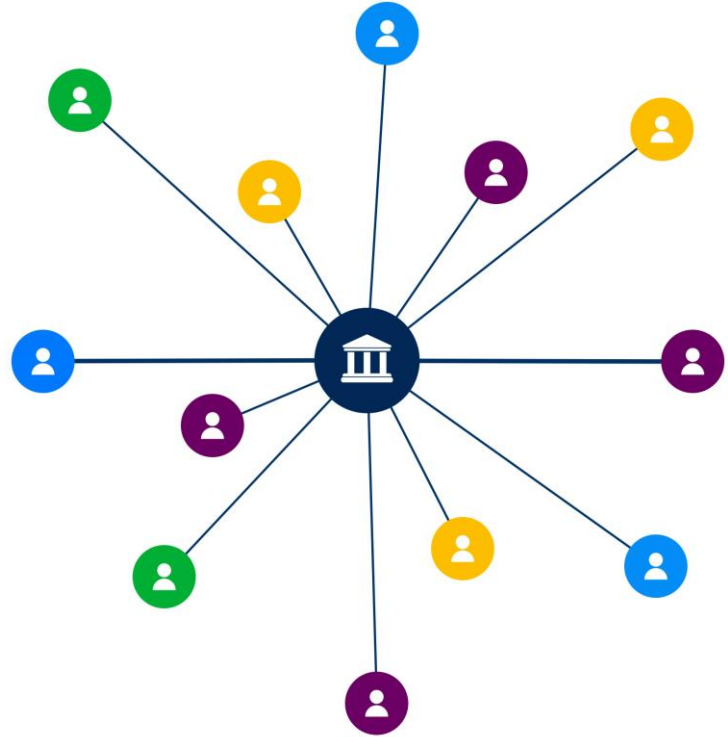
# Big data and AI

**finding the  
unknown knowns**

# Blockchain



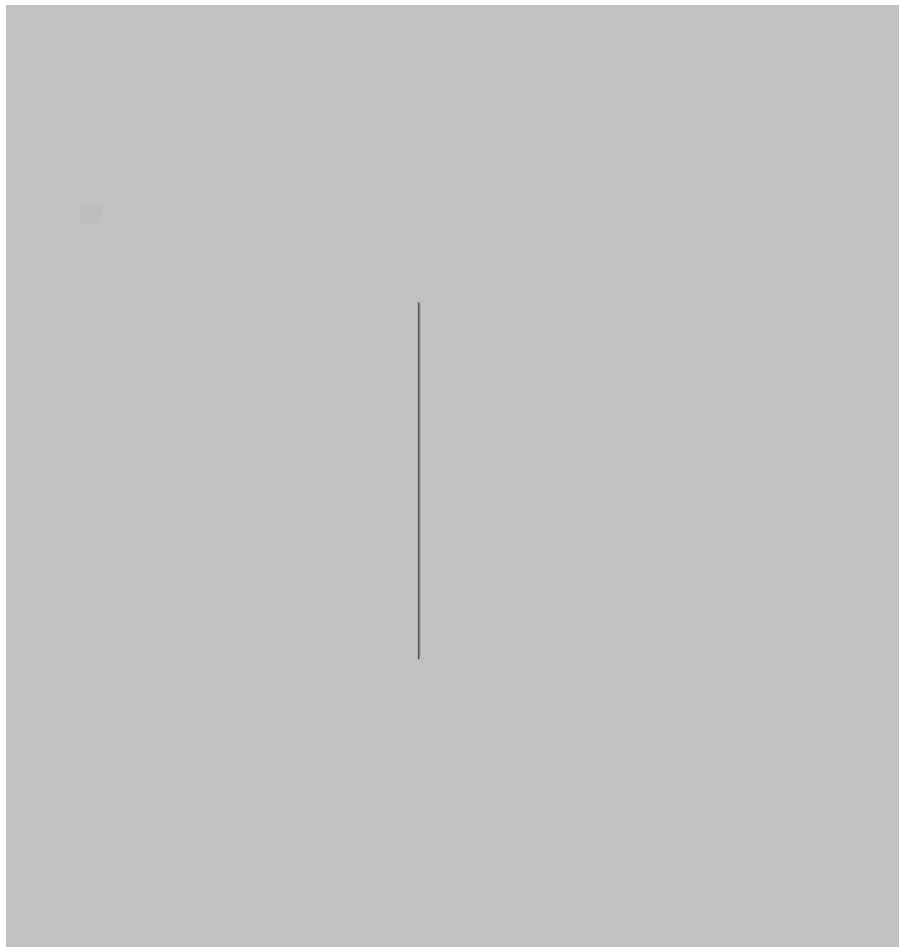
today  
**centralised**



# tomorrow distributed

The network becomes the  
intermediary





**efficiency**  
**model management &  
trade order generation**

**“We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten. Don’t let yourself be lulled into inaction.”**

- Bill Gates

**Thank you.**



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