

TOP 50

DEALER GROUP REPORT 2012

THE AFTER-EFFECTS OF A TURBULENT 2011 CONTINUE TO WEIGH DOWN INVESTOR SENTIMENT AND POSTPONE INDUSTRY GROWTH, BUT DEALER GROUPS OF ALL SIZES ARE PUSHING AHEAD, AS THE FUTURE OF FINANCIAL ADVICE (FOFA) REFORMS COME INTO OPERATION IN JUST OVER SIX MONTHS.

Written by: Krystine Lumanta and Samantha Hodge

ONE FOOT IN FOFA

THE 2012 FISCAL YEAR HAS BEEN ONE OF IMMENSE TRANSITION and preparation, as the Future of Financial Advice (FOFA) reforms climb above the horizon.

While FOFA was originally intended to commence on 1 July 2012, financial services and superannuation minister Bill Shorten confirmed in April that Australian financial advisers and wealth managers would have an extra year to meet the FOFA requirements.

While the soft introduction would give the industry time to prepare for the reforms – and possibly save money – come 1 July 2013, the entire industry must be fully compliant.

As well as regulatory change, fiscal unrest in Europe and the United States was still dampening the movements of some advice businesses, and investors remained loyal, for security, to their large allocations to cash.

While the post-FOFA world has in a sense already taken shape, overall, 2011 was a year of refinement for planning businesses

While the post-FOFA world has in a sense already taken shape, overall, 2011 was a year of refinement for planning businesses, and the outlook has shifted from a negative one to one that is looking forward to the brighter side of the reforms.

In ifa's Top 50 Dealer Group Survey 2012, AMP Financial Planning (AMPFP) again secured the top spot. With 1,669 advisers as of 30 June 2012 and the dealer group set to continue its growth plans into 2013, reaching the 2,000 mark appears quite likely.

Millennium3 Financial Services and Commonwealth Financial Planning slid into second and third positions, with 842 and 791 advisers in their networks respectively.

RBS Morgans, Commonwealth Financial Planning and Westpac Financial Planning were amongst the strongest performers in terms of overall funds under advice (FUA).

In contrast, Macquarie Private Wealth and AMP Financial Planning both registered a decrease in FUA for the period, despite their high rankings in adviser numbers.

Mergers and acquisitions activity also continued as a result of businesses realigning in order to be sustainable in a still very uncertain future.

BT Financial Group recruited five financial planning practices from Commonwealth Bank of Australia-owned group Count Financial, which joined its Magnitude arm. In addition, Avenue Capital Management shut down its operations following a transaction with the IOOF-owned Lonsdale Financial Group.

» TOP 10 DEALER GROUPS

RANK		DEALER GROUP
30/06/2012	30/06/2011	
1	1	AMP Financial Planning Pty Limited
2	3	Millennium3 Financial Services P/L
3	4	Commonwealth Financial Planning
4	9	Charter Financial Planning
5	5	Count Financial Limited
6	8	MLC/Garvan FP
7	6	NAB Financial Planning
8	7	RBS Morgans Limited
9	13	Westpac Financial Planning
10	10	Securitor Financial Group

AMPFP CLOSING IN ON

The past 12 months have delivered good figures in adviser growth while powerhouse AMP Financial Planning (AMPFP) again retained the top spot, leaving a large gap between itself and Millennium3 Financial Services, followed in turn by Commonwealth Financial Planning.

AMPFP added 145 financial advisers in the year to June 2012, bringing its total number to 1,669, previously 1,524.

The second greatest spurt in adviser numbers came from AMP Group-owned Charter Financial Planning, which increased its numbers by 130, now standing at 608 in total.

AMPFP managing director Michael Guggenheimer told ifa the dealer group's growth was a result of its efforts and focus on the marketplace over the past 12 months, which is core to its strategy.

"The [result] is not from internal movement," Guggenheimer says. "Growth is really part of the strategy of AMPFP. We have been pursuing a growth strategy that's predicated around our belief that there's a real gap in the market for people being able to access advice."

The AMP Horizons Academy also contributed to sourcing qualified professionals who wished to move into financial planning as their career.

In addition, AMPFP used its specialist recruitment teams around the country, working with interested parties in their communities who are seeking a self-employed proposition.

AMPFP assesses its future advisers against specific criteria and uses profiling, which incorporates soft skills as well as the technical capabilities required of an adviser, Guggenheimer says. "Not everyone fits those criteria, so we use that as part of the selection process to validate whether people are more likely to be successful," he says, adding that it was just as important to have a robust retention strategy to protect its adviser base.

"Our retention is very good compared to [the rest of the] industry. We look at ourselves compared to the self-employed models because there are certain models operating within the marketplace, but we think we're doing well in relation to retaining our planners."

Guggenheimer believes AMPFP can continue to grow its numbers throughout

ifa DEALER GROUP SURVEY

RANK 30/06/12	30/06/11	DEALER GROUP NAME	NUMBER OF ADVISERS			FEMALE ADVISERS 30/06/12	TOTAL FUA 30/06/2012 (\$M)	NUMBER OF CFPs	NUMBER OF PRACTICES	% OF ADVISERS FEE-FOR-SERVICE	LARGEST SHAREHOLDER(S)	EQUITY OFFERED	BUYER OF LAST RESORT	
			30/06/2012	30/06/2011	CHANGE									
1	1	AMP Financial Planning Pty Limited	1,669	1,524	9.51%	290	\$31,892	429	888	100%	AMP Life Limited	No	Yes	
2	3	Millennium3 Financial Services P/L	842	831	1.32%	86	\$6,700	N/D	332	75%	ANZ Banking Group Ltd	No	No	
3	4	Commonwealth Financial Planning	791	743	6.46%	280	\$26,408	103	N/D	100%	CBA (100%)	No	No	
4	9	Charter Financial Planning	608	478	27.20%	86	\$11,608	203	191	100%	AMP (100%)	Yes	Yes	
5	5	Count Financial Limited	601	658	-8.66%		\$8,500	70	308	100%	CBA (100%)	No	No	
6	8	Garvan FP / MLC FP	568	494	14.98%	108	\$10,884	131	345	100%	NAB (100%)	N/D	N/D	
7	6	NAB Financial Planning	562	582	-3.44%	198	\$11,785	122	N/D	100%	NAB (100%)	No	No	
8	7	RBS Morgans Limited	516	504	2.38%	106	\$55,000	31	59	50%	RBS Morgans Holdings Ltd	Yes	No	
9	13	Westpac Financial Planning	462	411	12.41%	110	\$17,608	N/D	N/D	100%	HSBC Custody Nominees Ltd ^{*3}	No	No	
10	10	Securitor Financial Group	428	438	-2.28%	77	\$9,702	138	216	100%	WBC Banking Corporation - 100%	No	No	
11	15	Macquarie Private Wealth	364	361	0.83%	32	\$34,924	38	9	-	Macquarie Group Limited	No	No	
12	11	Financial Wisdom	347	434	-20.05%	47	\$8,500	124	168	100%	CBA (100%)	No	Yes	
13	14	Aon Hewitt Financial Advice Ltd	333	385	-13.51%	42	\$2,500	27	79	35%	Aon - 100%	No	No	
14	17	Hillross Financial Services	320	277	15.52%	52	\$11,034	142	127	100%	AMP	No	Yes	
15	19	ANZ Financial Planning	282	272	3.68%	74	\$9,200	46	20	56%	NA	No	N/D	
16	18	RI Advice Group Pty Ltd	271	273	-0.73%	58	\$9,180	95	152	100%	ANZ	No	No	
17	20	Bridges Financial Services Pty Ltd	259	260	-0.38%	124	\$10,423	73	64	95%	IOOF Holdings Ltd (100%)	Yes	Yes	
18	12	WealthSure Pty Ltd	259	412	-37.14%	27	\$3,600	40	157	75%	DARREN PAWSKI	Yes	No	
19	23	Synchron	236	195	21.03%	30	\$1,100	24	191	10%	3 @ 30% each (Director)	No	No	
20	22	Lonsdale Financial Group	225	196	14.80%	78	N/D	64	145	100%	IOOF	Yes	No	
21	21	Genesys Wealth Advisers	215	251	-14.34%	43	\$7,736	74	60	100%	AMP	Yes	No	
22	26	Godfrey Pembroke Financial Consultants	186	184	1.09%	37	\$3,486	70	108	N/D	NAB (100%)	N/D	N/D	
23	24	Ord Minnett	184	189	-2.65%		\$18,686	20	13	N/D	IOOF	N/D	N/D	
24	27	Apogee Financial Planning	173	171	1.17%	27	\$2,681	37	116	100%	NAB (100%)	No	Yes	
25	16	AXA Financial Planning	157	342	-54.09%	19	\$4,549	53	109	100%	AMP (100%)	Yes	Yes	
26	30	Infocus Money Management	150	149	0.67%	23	\$2,999	41	85	90%	Steinhardt Holdings, Management & Advisers	Yes	Yes	
27	32	Guardian Advice	137	143	-4.20%	29	\$3,201	116	86	N/D	Suncorp	No	Yes	
28	37	My Adviser Pty Ltd	136	122	11.48%	14	\$1,000	N/D	66	82%	Plan B Group Holdings, Philippa Sheehan	No	No	
29	34	WHK Group Ltd	127	133	-4.51%	33	\$6,316	60	13	100%	Listed on ASX	No	No	
30	25	AFS Group Limited	125	186	-32.80	12	\$5,000	N/D	74	75%	N/D	Yes	No	
31	28	Financial Services Partners Pty Limited	125	166	-24.70%	28	\$2,500	40	83	60%	ANZ	No	No	
32	N/A	Meritum Financial Group	120	N/A	N/A	14	\$4,500	19	65	90%	MLC	No	No	
33	40	Matrix Financial Planning Solutions	112	104	7.69%	31	\$2,600	22	45	95%	Advisers 85%, Management 15%	Yes	No	
34	46	Australian Unity Personal Financial Services Ltd	109	71	53.52%	20	\$1,957	24	61	100%	Australian Unity Limited	No	No	
35	38	Consultum Financial Advisers Pty Ltd	105	107	-1.87%	18	\$2,800	33	70	80%	IOOF	Yes	Yes	
36	39	St George Financial Planning	98	107	-8.41%	25	\$2,413	N/D	N/D	100%	Westpac Banking Corporation - 100%	No	No	
37	41	Dixon Advisory & Superannuation Services Ltd	86	92	-6.52%	20	\$4,300	5	4	100%	Dixon Staff	Yes	No	
38	45	Total Financial Solutions	81	77	5.19%	5	\$1,500	22	48	35%	Countplus Ltd	Yes	Yes	
39	44	Madison Financial Group	80	79	1.27%	17	\$2,650	29	44	70%	Genesis, Halcyon,	Yes	No	
40	43	Perpetual Private	79	80	-1.25%	33	\$8,300	41	7	100	Listed company	Yes	No	
41	50	Magnitude Financial Planning	72	60	20.00%	12	\$2,697	N/D	24	100%	Westpac Banking Corporation - 100%	No	No	
42	47	Capstone Financial Planning	70	70	0.00%	N/A	\$2,000	N/D	N/D	N/D	N/D	N/D	N/D	
43	52	ClearView Financial Advice Pty Ltd	70	55	27.27%	27	\$2,908	26	50	0%	Guinness Peat Group	Yes	Yes	
44	36	Bendigo Financial Planning	68	128	-46.88%	18	\$1,341	8	1	100%	Bendigo and Adelaide Bank	No	No	
45	48	Financial Planning Services Australia Pty Ltd	65	65	0.00%	12	\$1,500	N/D	43	N/D	netwealth Investments Limited (100%)	No	No	
46	55	Suncorp Financial Services Agencies	63	51	23.53%	10	\$1,750	6	41	15%	Suncorp	No	Yes	
47	56	PATRON Financial Advice	60	51	17.65%	8	\$1,300	12	54	100	Directors	Yes	Yes	
48	58	ipac securities limited	55	43	27.91%	11	\$2,596	34	N/D	100%	AMP	No	No	
49	51	Risk and Investment Advisers Australia Pty Ltd	55	57	-3.51%	9	\$600	5	39	50%	Grant Scalmer	Yes	Yes	
50	53	The Salisbury Group	52	55	-5.45%	6	\$500	5	46	50%	AFS	Yes	No	

* N/D Not disclosed, * N/A Not applicable

*1 also AMP Flexible Lifetime Investment Series 2, Signature Super, Signature Super Pension, Asgard eWrap (Super, Pension, Investment), Asgard Master Trust (Super, Pension, Investment), AMP Personalised Portfolio Services, AXA North (Super, Pension, Investment)

*2 also AMP Flexible Lifetime Investment Series 2, Signature Super, Signature Super Pension, Asgard eWrap (Super, Pension, Investment), Asgard Master Trust (Super, Pension, Investment), AMP Personalised Portfolio Services, AXA North (Super, Pension, Investment)

BUSINESSES BRACE FOR OPT-IN IMPACT

and the provision of quality advice, not gender.”

Bridges certified financial planner Nicole Gyde-Parslow commenced in an administrative role at Bridges after completing her studies at business college. After working for the group for a number of years, she completed a Diploma of Financial Planning and began practising officially as an adviser in 1999, initially under a mentor arrangement with a senior adviser.

“Historically, Bridges has been well known in supporting its female planners [as] the founding managing directors saw the benefit of internal growth within the company, and this is demonstrated by the number of long-term planners, para-planners and support staff that still exist,” Gyde-Parslow says.

“I wouldn’t say that the female planners are treated any differently to the male planners; however, being treated as an equal is supportive in itself. The industry as a whole has evolved, as society has, to having a higher regard for women in general.

“Financial decisions have historically been made by men in most relationships, but the industry now recognises that women make an equal contribution to financial decisions. A culture of empathy for each other, and for our clients has developed. I find the industry to be a lot more respectful than big business is usually perceived [to be].”

Of the 50 dealer groups reviewed in the *ifa* Top 50 Dealer Group Survey 2012, 38 said opt-in would affect their business model when the Future of Financial Advice (FOFA) reforms are implemented on 1 July next year.

AMP Financial Planning’s managing director, Michael Guggenheimer, says that generally, implementation of FOFA measures such as opt-in will spark a change in business processes overall.

“Opt-in, like other aspects of FOFA, will require change in business processes for AMP Financial Planning – and practices,” he tells *ifa*.

“We are committed to working with our practices to make sure everyone is in the best possible position, given that changes are inevitable.”

RBS Morgans has also noted that the opt-in requirements will impact the group’s business.

Managed branches director, John Lindsay, tells *ifa* that despite the onset of the changes, RBS Morgans will continue to improve its service delivery model and its associated documentation.

“All this brings with it increased compliance and training requirements, which over time will ultimately provide the client with higher levels of confidence and

satisfaction in the services we provide,” he says.

The FOFA reforms focus on improving the quality of financial advice, particularly product recommendations, and expanding the availability of more affordable forms of advice.

They are expected to ultimately improve investor protection and instil confidence in the financial advice industry. Opt-in and fee disclosure is one of the key components.

Advisers will be required to request their retail clients opt in or renew their advice agreements every two years if they are paying ongoing fees.

In addition, an annual statement outlining the fees charged and services provided in the previous 12 months must be provided to clients paying ongoing fees.

This means advisers will be in regular contact with, and will need to demonstrate the value of the services they are providing, to their clients.

As an alternative, the Australian Securities and Investments Commission (ASIC) has been given the power to exempt advisers from the opt-in provisions where they are bound by a code of conduct, approved by ASIC, which achieves the same outcome. «

We are committed to working with our practices to make sure everyone is in the best possible position, given that changes are inevitable

– Michael Guggenheimer, managing director, AMP Financial Planning



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executive manager Simon Harris tells *ifa*.

“What we are seeing is a flight to security [during] uncertainty and regulatory change,” he says.

Given recent regulatory changes and the pressures of a tough economic environment, Guardian expects the trend in the consolidation of smaller boutique licensees to accelerate, he says.

As a result, in addition to attracting new advisers, the firm also plans to review acquisition opportunities.

“We’re continuing to review opportunities to acquire small and medium-sized Australian financial services licensees where they might have synergies or scale benefits for our group. That could really accelerate our recruitment stance,” Harris says.

ifa also understands that AMP plans to purchase a further 10 per cent stake in Futuro Financial Services within 18 months before acquiring the balance of the company by 2017.

“Make no bones about it, the idea is to eventually have 100 per cent,” Futuro managing director Dennis Bashford tells *ifa*.

“They [AMP] will take another 10 per cent in 18 months and then probably the balance in four to five years. Whilst we have the option to sell before then, I don’t believe we’ll be doing that.”

Following AMP’s initial 10 per cent minority stake in March this year, Futuro has been experiencing strong growth, Bashford says.

Futuro will continue to operate under its own licence during the initial stages of the transaction and eventually will make the transition to AMP-owned dealer group Charter Financial Planning.

BRIDGES LEADS WITH FEMALE ADVISERS

At its birth, financial planning was a male-dominated world and looking back even one or two decades, female advisers were few and far between. According to the most recent data from US-based Cerulli Associates, females represent just 7.9 per cent of the country’s advisory businesses. While the Australian landscape has improved significantly

grounding for a career as a full-service financial adviser.

“Many of our successful, fully-fledged female advisers have started in the back office of a practice and have progressed through the business in this manner”

The group’s program has encouraged an equitable gender balance across

Our restricted authority holders are able to gain valuable experience in client-facing roles, often taking and submitting share trades, which provides good grounding for a career as a full-service financial adviser

– Michael Carter, chief executive, Bridges

and welcomed more women into the profession, no one disagrees that there is still room for improvement.

Bridges Financial Services, part of the IOOF group, recorded the highest percentage of female advisers out of all *ifa* Top 50 Dealer Group Survey participants this year.

Almost half of Bridges’ 259 advisers – 47.8 per cent – are female.

“Bridges has a long-standing development program for its network that encourages people looking for a career in financial planning to progress through the three levels of Authorised Representative status,” Bridges’ chief executive, Michael Carter, told *ifa*.

“Our restricted authority holders are able to gain valuable experience in client-facing roles, often taking and submitting share trades, which provides good

its network and this is seen as one of Bridges’ strengths.

While the growth of Bridges’ female advisers was not intentional, Carter upholds the need for an open and supportive culture that will allow career opportunities to foster.

As a strong partner of choice in the mutual Australian deposit-taking institution sector, Bridges has found that its gender balance reflects positively on the broad range of relationships it manages and fosters at all levels, Carter says.

“Additionally, and particularly in the retiree market, some of our clients actually prefer to deal with a female financial planner,” he says. “But while there are a number of different paths into the role of a financial planner, it is all about offering a professional service



Nicole Gyde-Parslow



Michael Carter

DEALER GROUP TAKEOVER ACTIVITY RAMPS UP

Steady interest in dealer group merger, acquisition and takeover activity during the 12 months to 30 June 2012 led to a number of groups being swallowed up.

Count Financial, Avenue Capital Management and Austock were among a number of firms that saw all or part of their business taken over by a competitor.

In March, BT Financial Group (BTFG) announced the recruitment of five financial planning practices from Commonwealth Bank of Australia-owned group Count Financial.

The five groups joined BTFG's dealer group, Magnitude, within which they retained their "identity", according to BT Financial Group's head of advice, Mark Spiers.

"The success of their practices has been around their own identity and we will just work with them to help them continue to grow and develop their business," Spiers said at the time.

Later into the year, dealer group Avenue Capital Management shut down its operations following its transaction with the IOOF-owned Lonsdale Financial Group.

"As a result of recent changes to the Avenue Capital Management Limited business, we will no longer be providing services effective 30 June 2012," a statement on the company's website said.

All 30 advisers associated with the group joined Lonsdale, the statement said.

"Effectively, the alignment of all 30 advisers to Lonsdale's Australian Financial Services Licence (AFSL) means that the Avenue Capital Management AFSL will simply no longer operate," Lonsdale chief executive Mark Stephens told *ifa* at the time.

All of the infrastructure and assets associated with Avenue Capital Management were therefore transferred to Lonsdale.

Then in July, Austock Group advised the market it had reached an agreement for the sale of its property business to Folkestone for \$11 million.

Austock Group shareholders approved the sale in September and extended the date for completion to 28 September.

Austock non-executive chairman George Beaumont said that while the business had "considerable potential, Austock alone did not have the capacity to help it achieve that potential".

implementation agreement with CCP BidCo after it increased its offer to 55 cents per share from 50 cents per share.

The board rejected CCP's initial \$220-million takeover offer in July, claiming the price was inadequate.

IOOF's planned takeover of Plan B also had to overcome a few obstacles.

The success of their practices has been around their own identity and we will just work with them to help them continue to grow and develop their business

– Mark Spiers, head of advice, BT Financial Group

Since the end of the financial year on 30 June 2012, takeover activity has only ramped up, with a number of deals set or expected before the end of the year.

On 27 September, CCP Bidco announced it had successfully obtained the required 50 per cent interest in ClearView Wealth's company shares, making its offer unconditional and allowing the takeover to proceed.

In line with the implementation agreement between the two entities, Clearview Wealth declared an unfranked dividend of 2.2 cents per share to shareholders who accepted the offer.

"It is effectively done because the conditions that were outstanding a while ago for Australian Prudential Regulation Authority (APRA) approval, Foreign Investment Review (FIR) board approval and 50.1 per cent of shareholder acceptance [have been met]," Clearview managing director, Simon Swanson, told *ifa* at the time.

In August, the Clearview Wealth board agreed to an implementation arrangement with CCP BidCo after the Crescent Capital Partners Management subsidiary lifted its takeover offer for the company by five cents per share.

The takeover target informed the market it had entered into an

On 9 October, IOOF closed its offer period for the business with 98.10 per cent of Plan B's shares.

The takeover bid, which was subject to an 86 per cent shareholder acceptance, was previously scheduled to close on 25 September, following an extension from the original closing date of 11 September.

The board of Plan B said a fully franked dividend of three cents per share will be payable to Plan B shareholders on the Plan B register on 26 September.

As a result of the takeover, Plan B underwent a series of board changes.

Chief executive Andrew Black stepped down from his post at Plan B and company chair, Bryan Taylor, executive director, Craig Lubich, and independent director, David de Burgh, each resigned.

While many major takeovers have gone ahead prior to the end of the calendar year, many companies are still progressing with their growth and acquisition strategies as the trend towards industry consolidation continues to ramp up.

Guardian Advice, for example, plans to use an organic growth strategy to accelerate its adviser numbers.

The Suncorp-owned financial services firm plans to increase its adviser body to more than 200 over the next three years, Guardian Advice

FUA SHUFFLES REFLECT CONTINUING MARKET VOLATILITY

Market volatility during the 2012 financial year continued to negatively impact dealer group funds under advice (FUA).

Of the 41 dealer groups that registered a change in FUA in the *ifa* Top 50 Dealer Group Survey, 18 recorded an increase in FUA in the 12 months ended 30 June, while the remaining 23 suffered a decline.

Of the top 10 dealer groups (based on FUA), six recorded an increase in the survey for the period, while the remaining four posted a negative result compared with the same period last year.

RBS Morgans, Commonwealth Financial Planning and Westpac Financial Planning were among the strongest performers.

RBS Morgans boosted its FUA by \$21 billion to \$55 billion; Commonwealth Financial Planning's FUA rose \$2.55 billion to \$26.4 billion; and Westpac Financial Planning managed to achieve a small increase of \$0.17 billion to \$17,608 billion.

RBS Morgans' managed branches director, John Lindsay, says the group's increased FUM stemmed from increased activity in the hybrid fixed-interest space, leading to opportunities for clients to invest.

"RBS Morgans has been heavily involved in the management of many of these offerings, including the CBA Perls VI, Woolworths and Origin Energy issuances," Lindsay tells *ifa*.

"RBS Morgans also continues to offer extensive equities research coverage, with around 300 listed companies researched, which is directly distributed to our clients."

The group has also faced – and overcome – several challenges in boosting FUM over the year.

"The challenges we faced are all around client sentiment, with so much publicity around global

"Targets that people have will be more focused on revenue, not so much the funds."

But not all those groups that made the top 10 saw improved results from the previous year.

Despite achieving second and third place on the table for FUA, Macquarie Private Wealth and AMP Financial Planning both saw a decrease in FUA for the period.

Targets that people have will be more focused on revenue, not so much the funds

– Marianne Perkovic, executive general manager of advice, Commonwealth Bank of Australia

macro issues and local issues," Lindsay says.

"However, with a focus on creating investment opportunities for our clients, we are always on the front foot, adding real value to the relationships. Keeping in regular contact with clients is core to our business model."

The group plans to continue strengthening and diversifying its network across the country.

"[Also], the size of our client base provides us with the opportunity to grow funds under advice and market share when we have new investment opportunities and markets are favourable," Lindsay says.

Commonwealth Bank of Australia (CBA) executive general manager of advice, Marianne Perkovic, told *ifa* that much FUA growth comes off the back of impending Future of Financial Advice (FOFA) reforms.

"We've really had a move to the ongoing service of clients, so we've been able to retain a lot more business," she tells *ifa*.

"I think, as well, we're trying to get advice and make it more accessible to people."

Commonwealth Financial Planning does not, however, have a specific goal for FUA growth for the coming year, Perkovic explains.

"We focus on advice appointments and the referrals that come through to planners," she says.

Macquarie Private Wealth's head, Eric Schimpf, cites current tough investor sentiment as the reason behind its \$3.07 billion decrease in FUA to \$34.9 billion for the period ended 30 June.

"The market is still experiencing challenging conditions, which has made investors more cautious," Schimpf tells *ifa*.

"However, our clients are still in equities and understand that investing in this asset class is a long-term investment strategy. This is where the role of advice can add real value.

"As we look ahead to 2013, we will continue to focus on delivering quality advice to our clients and providing outstanding service [in order to boost FUA for the next financial year]," he said.

AMP Financial Planning suffered a greater dip, of \$7.52 billion, taking the group down to \$31.8 billion for the period.

"Although the ASX 200 Index fell by 11 per cent for the period from June 2011 to June 2012, AMP Financial Planning's FUA declined by only 1.9 per cent for the same period," AMP Financial Planning managing director Michael Guggenheimer tells *ifa*.

"So, while there continues to be ongoing market volatility, we believe there are good opportunities for financial planners to demonstrate the value they can add for their clients."

» FUNDS UNDER ADVICE (FUA)

DEALER GROUP	TOTAL FUA (\$M)	
	30/06/2012	30/06/2011
RBS Morgans Limited	\$55,000	\$34,000
Macquarie Private Wealth	\$34,924	\$38,000
AMP Financial Planning Pty Limited	\$31,892	\$39,464
Commonwealth Financial Planning	\$26,408	\$23,852
ORD MINNETT	\$18,686	\$18,723
Westpac Financial Planning	\$17,608	\$17,431
NAB Financial Planning	\$11,785	\$11,633
Charter Financial Planning	\$11,608	\$10,973
Hillross Financial Services	\$11,034	\$9,869
Garvan FP / MLC FP	\$10,884	\$10,967

2,000 ADVISERS

2013 by supporting its existing practices and starting new businesses in more locations around the country.

"We have a great program in the Horizons Academy which is continuing to prove very popular, and we have our recruitment team, so the combination of the two means that we will grow in 2013.

"We're working very closely with our practices to prepare for any regulatory change and that's obviously important to get right."

Ranking third in *ifa's* Top 50 Dealer Group Survey, Commonwealth Financial Planning (Commonwealth FP) added 48 advisers for the 2012 financial year.

Commonwealth Bank of Australia executive general manager of advice, Marianne Perkovic, says the group has been focused on bringing new entrants to the planning profession.

"A lot of our growth is coming from our graduates program," Perkovic says. "Last year, we took 20 graduates on board and for this year, we're looking to increase that to about 60.

"Most reports for FOFA are indicating that adviser numbers in the industry will go down, so given our size, what we want to do is support and promote new entrants coming through. [As a dealer group], you've got to be focused on graduates and we think that will then help us sustain the business going forward."

Commonwealth FP's retention strategy lies in its competitive advantage through brand as well as the strong referrals from its banking channel, Perkovic says.

"We're also trying to promote the up-skilling and training to the planners but I don't think we're really doing anything innovative.

"With FOFA, we're still in review but we'll have a new remuneration and also KPI incentive scheme for the New Year. Like most financial planning businesses, we're moving to quality advice so a lot of the rewards are about delivering good outcomes to customers."

Commonwealth FP is more focused on the behavioural characteristics of advisers looking to join the group, Perkovic says.

"With FOFA, and bringing the trust

element in, we look for people who are competent in customer engagement, service and experience," she says.

"In the past, the industry was focused more on sales skills but that's no longer a component through the recruitment process; it's now about how they engage with clients."

Meanwhile, Charter Financial Planning jumped ahead as the fourth largest dealer group this year, previously sitting in ninth position.

Managing director Kevin Stone, says the business has seen organic growth from existing practices as a result of its strong value proposition and business support, backed by the strength of the AMP group.

"An increasing number of advisers have been attracted to Charter's value proposition. In particular, the Discovery program has been very successful in helping high calibre advisers start their own business," Stone says.

"The stability and strength in our adviser numbers reflects adviser comfort with AMP, as all of our AXA Financial Planning practices have now transitioned to Charter as part of the withdrawal of the AXA brand from the Australian marketplace."

Charter will continue to innovate and invest in initiatives to support its partnered advisers, he says.

Westpac Financial Planning moved from 13th place to ninth after bolstering its adviser network by 51, now at 462 in total.

"There has been no significant change in Westpac Financial Planning's business model this financial year, but the business continues to achieve new standards in efficiency and productivity," BT Advice general manager, bank financial planning, Mike Chesworth says.

"These include our introduction of initiatives to increase the capacity for planners to service more Australians while providing quality and highly valued advice, including the roll out of paraplanning to all of Westpac Financial Planning advisers."

Chesworth says BT Financial Group is well-positioned for the FOFA changes,

as the reforms are aligned to its commitment to quality financial advice and wealth creation for Australians.

"We are confident that we will be operating a fully-compliant FOFA model as 'business as usual' by 1 July 2013. Financial year 2013 will see a continued focus on growth, and we will be supporting this through growth in planner numbers and continued focus on ongoing advice."

AMPFP's Guggenheimer says one of the industry challenges for 2013 is to communicate financial planning as a respected profession and the enormous amount of satisfaction that comes from the role.

"I think there is no better profession than financial planning," he says. "I could not think of any greater level of satisfaction than sitting down with a client, understanding their current circumstances, establishing goals and then working out how they can make that a reality. If I look at other roles, I don't believe there are people who would be doing that in what they do.

"Financial planning in my mind is about working with people in helping them secure their financial future, no matter what it may look like – and I'm not just talking about people with lots of money. It could simply be budgeting or protecting their family and their income or basic investments."

**Professional Investment Services were unavailable to participate in ifa's Top 50 Dealer Group Survey this year. The group was ranked second in 2011.*



Michael Guggenheimer

» NUMBER OF ADVISERS

DEALER GROUP	NUMBER OF ADVISERS		
	30/06/2012	30/06/2011	Change
AMP Financial Planning Pty Limited	1,669	1524	145
Millennium3 Financial Services P/L	842	831	11
Commonwealth Financial Planning	791	743	48
Charter Financial Planning	608	478	130
Count Financial Limited	601	658	-57
MLC/Garvan FP	568	494	74
NAB Financial Planning	562	582	-20
RBS Morgans Limited	516	504	12
Westpac Financial Planning	462	411	51
Securitor Financial Group	428	438	-10

TOP 50

	IN THE NEXT 6 TO 12 MONTHS?	PREFERRED PLATFORMS	CEO/HEAD OF DEALER GROUP	RESEARCH HOUSE(S) USED
	No	AMP Flexible Super, AMP Flexible Super Employer, AMP Flexible Super Retirement, * ¹	Michael Guggenheimer	Lonsec
	No	Various	Darryl Foster/Barry Martin	Morningstar
	No	FirstChoice, FirstWrap	Harry Mitchell	Morningstar
	No	North, Summit, Super Directions, Multiport	Kevin Stone	Mercer, Morningstar, Xplan Risk Researcher
	No	BT/FirstChoice/FirstWrap/Perpetual/IOOF	David Lane	Lonsec
	N/D	AMP Flexible Super, AMP Flexible Super Employer, AMP Flexible Super Retirement, * ²	James Meade	N/D
	No	MasterKey Fundamentals, MLC Wrap	Paul Fog	ThreeSixty Research, DEXX&R, Lonsec, AEGIS (direct equities), Chant West (Super & Pension)
	No	Wealth+ (inhouse)	Brian Sheahan	Equities - RBSM in-house research dept; Managed Funds - Morningstar
	No	N/D	Mike Chesworth	Internally Sourced, Zenith Investment Partners, Chant West, EQR Securities, Macquarie PPM
	No	N/D	Matthew England	Standard and Poors, Chant West, Internally Sourced, eQR, S&P and PIR, Plan for life and IQM+, AFR
	No	Macquarie Wrap	Eric Schimpf	Macquarie, Mercer
	No	FirstChoice, FirstWrap, ASGARD, MLC Masterkey, OnePath	Mark Ballantyne	Morningstar, Chant West
	Yes	Aon Master Trust, AXA Summit/Generations, Colonial First State First Choice, OnePath, Asgard, iPac, Navigator	Pierre Kraft	Lonsec
	No	PortfolioCare Master Fund	Hugh Humphrey	Vna Eyk, Chant West, Rice Warner
	No	N/D	Luke Symons Head of ANZ Financial Planning	Lonsec/Mercer
	No	OnePath Frontier, Voyage, PortfolioOne, Colonial First Choice, Perpetual Wealth Focus, Navigator	Paul Campbell	Mercer
	No	The Portfolio Service, IOOF Pursuit, Spectrum Super	Michael Carter	Internal, Morningstar
	No	VARIOUS	Darren Pawski	Mercer
	No	None	All Directors	None. Must produce independent research
	No	N/D	Mr Mark Stephen	Lonsec
	No	ASGARD Elements, ASGARD eWrap, Synergy Retirement, SMF Spectrum, Synergy Investment, **	John Saint	Van Eyk, Adviser Edge, Mercer, Morningstar, Inhouse, Lonsec, IQM & IQM+
	N/D	MLC Masterkey, MLC Wrap, Navigator, Asgard, Macquarie	Peter A Smith	N/D
	N/D	N/D	TIM GUNNING	N/D
	No	MLC Masterkey, MLC Wrap, Navigator , Asgard, Macquarie	Fiona Navarro	ThreeSixty Research, Lonsec, Zenith, Dexx&R, Morningstar and Iress Researcher
	No	North, Summit, Super Directions, Multiport	Kevin Stone	Mercer, Morningstar, Xplan Risk Researcher
	Yes	Portfoliofocus Premium, OnePath OneAnswer, Colonial First State FirstChoice, IOOF Select	Darren Steinhardt	Morningstar, Lonsec, Midwinter
	No	Coin, DMS	Simon Harris	Morningstar, van Eyk, Delta Research, Lonsec, SQM, Chant West
	Yes	BT Wrap	Philippa Sheehan	van Eyk, Morningstar
	No	BT Wrap	John Nantes	In House
	Yes	Strategy, PCP	Philip Burke (acting CEO)	Lonsec
	No	OnePath, Oasis	Charles Smith	Morningstar, Shaws, Lonsec, Lincoln Indicators
	No	As above	Stephen Trist	ThreeSixty Research
	No	BT Wrap, Colonial First State, Oasis, Australian Super & HUB24	Rick Di Cristoforo (Managing Director)	MorningStar, BCA, Rob McGregor consultant, Brian Nash consultant
	No	BT Wrap, BT Wrap Essentials, Colonial First Wrap Plus, Colonial First Choice, Multiport	Steve Davis	Morningstar
	No	IOOF Portfolio Service, IOOF Pursuit Select & Core, Colonial First Choice, * ⁵	Joe Botte	Lonsec/Ord Minnett
	No	N/D	Michael Chesworth	Internally Sourced, Standard and Poors, Chant West
	No	SELF	Chris Brown / Alan Dixon	In house & Various external
	No	N/D	Phillip Aris	Morningstar, S&P
	No	WealthPortal, M Wrap	Tony Hartley	Morningstar
	No	Perpetual Portfolio Service	Nick Langton, Acting Group Executive	Lonsec, Morningstar, van Eyk, Mercer
	No	N/D	Phil Butterworth	Internally Sourced, Standard and Poors
	N/D	N/D	N/A	N/A
	Yes	ClearView WealthSolutions	Barry Odes	In House
	No	IOOF Pursuit, Bendigo SmartStart	Alexandra Tullio	Lonsec, Iress
	No	netwealth	Danny Maher	Morningstar
	No	CFS FirstChoice Wrap/WS, Suncorp WealthSmart, Asgard	Stephen Daly	Lonsec, Morningstar, Van Eyk, ChantWest
	No	IOOF, BT, Netwealth	Rob McCann	Lonsec
	No	iAccess, North, iselect	Neil Swindells	Van Eyk
	No	Asgard, IOOF	Les Mace	Mercer
	No	N/D	Mark Euvrard	Lonsec

*³ also - 14.84%; J P Morgan Nominees Australia Ltd - 12.51%; National Nominees Ltd - 10.38%*⁴ also Synergy Galaxy, Axa Generations, Axa North, Axa Summit, BT Wrap - SOLAR, Colonial First State FirstChoice, IOOF LifeTrack, IOOF Portfolio, IOOF PursuitService, Macquarie Wrap, Navigator, Perpetual Wealth Focus, Various minor holdings*⁵ also Macquarie Investment Accumulator, Navigator Investment & Retirement, IOOF Corporate Super, Navigator Super Solutions