



CORE|DATA

SMSF SERVICE PROVIDER RESEARCH
SUMMARY REPORT
2018

ABOUT US: WHO WE ARE

CoreData is a global specialist research and strategy consultancy, with a head office in Sydney, Australia. Our primary focus is providing clients with research insights to help their businesses grow. Founded in 2002, we are independently owned with the capabilities and expertise to conduct bespoke and syndicated research on six different continents. Our aim is to deliver clients with timely and actionable research and market intelligence that will drive transformational change in their business.

We have offices in:

- Sydney
- Perth
- Melbourne
- London
- Boston
- Manila
- Singapore
- Bogota
- Malta
- Cape Town





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Background And Methodology

- Today, SMSFs in Australia hold more than \$710 billion worth of assets (as at 31 March 2018), accounting for nearly one third of the superannuation sector.
- With more than 1,100,000 individual members and almost 600,000 individual funds, it is challenging for service providers to this sector to gain an understanding of the key priorities of SMSFs and how to work with SMSF trustees and SMSF-advising financial planners and accountants.
- CoreData's annual SMSF Service Provider Study details key trends, market realities and growth opportunities within the SMSF segment and the broad perspectives of SMSF trustees, financial planners and accountants.
- Quantitative research was conducted between the 5th of June and the 20th of July 2018 using CoreData's and Benchmark Media's panel of SMSF trustees, as well as financial planners and accountants.
- Only complete and valid responses formed the basis of analysis.
- There were a total of 616 SMSF trustee responses, 155 non-trustee responses and 740 SMSF adviser responses, consisting of 115 financial planners, 517 accountants and 108 other professionals (including auditors and administrators).

KEY INSIGHTS

- With more than 1.1 million members, SMSFs account for nearly one third of the superannuation sector

Background And Methodology

- The quantitative research formed the basis of the annual SMSF Service Provider Awards.
- The finalists and winners in each category were primarily determined by respondent votes on who they perceived to be the best service providers in the category.
- Respondents were also asked to rate their overall satisfaction with the service providers in meeting their needs.
- Furthermore, respondents were asked to share their experiences with the service providers through verbatim comments.
- The verbatim comments, as well as additional research on recent investment performance, served as a qualitative overlay to supplement the votes and ratings in determining the finalists and winners.

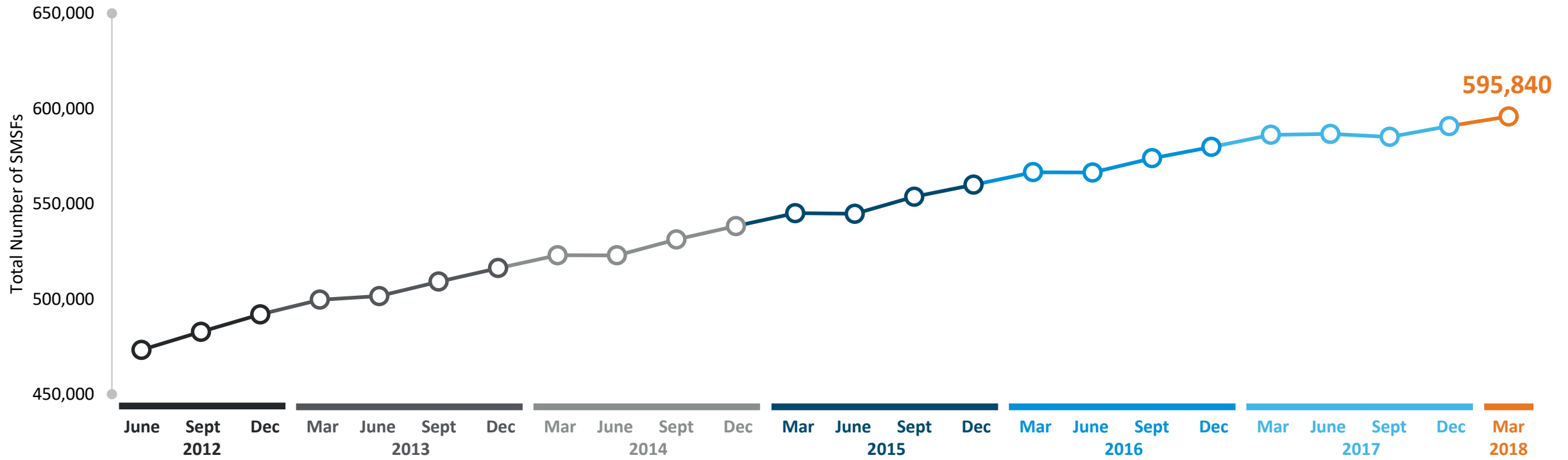
KEY INSIGHTS

- Votes, satisfaction ratings and verbatim comments determined the winners and finalists

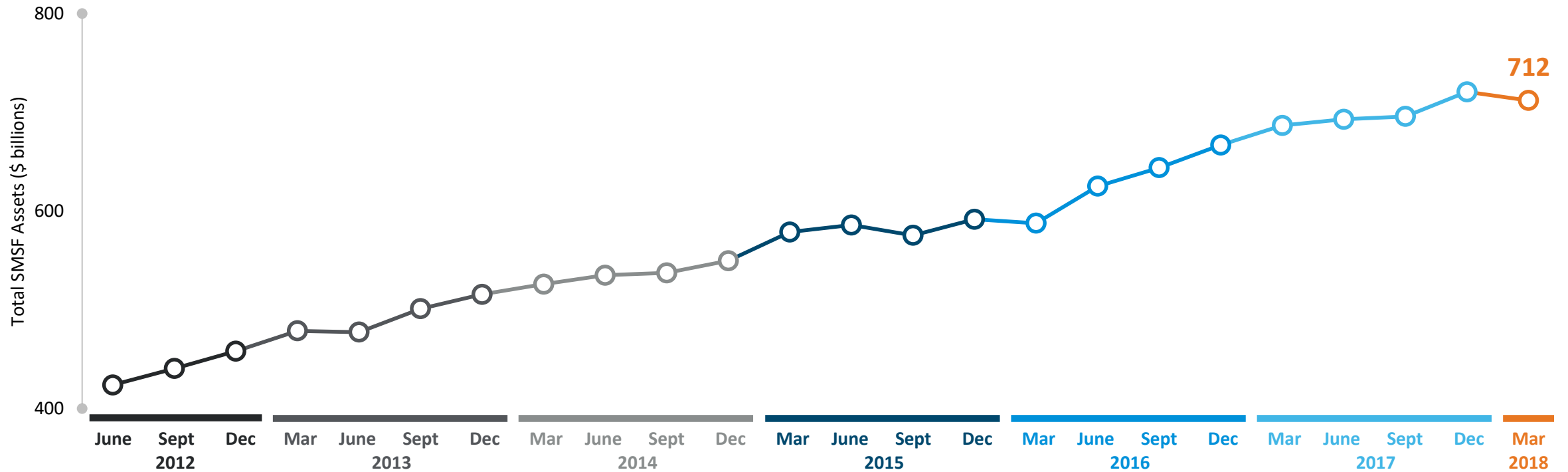


THE STATE OF PLAY

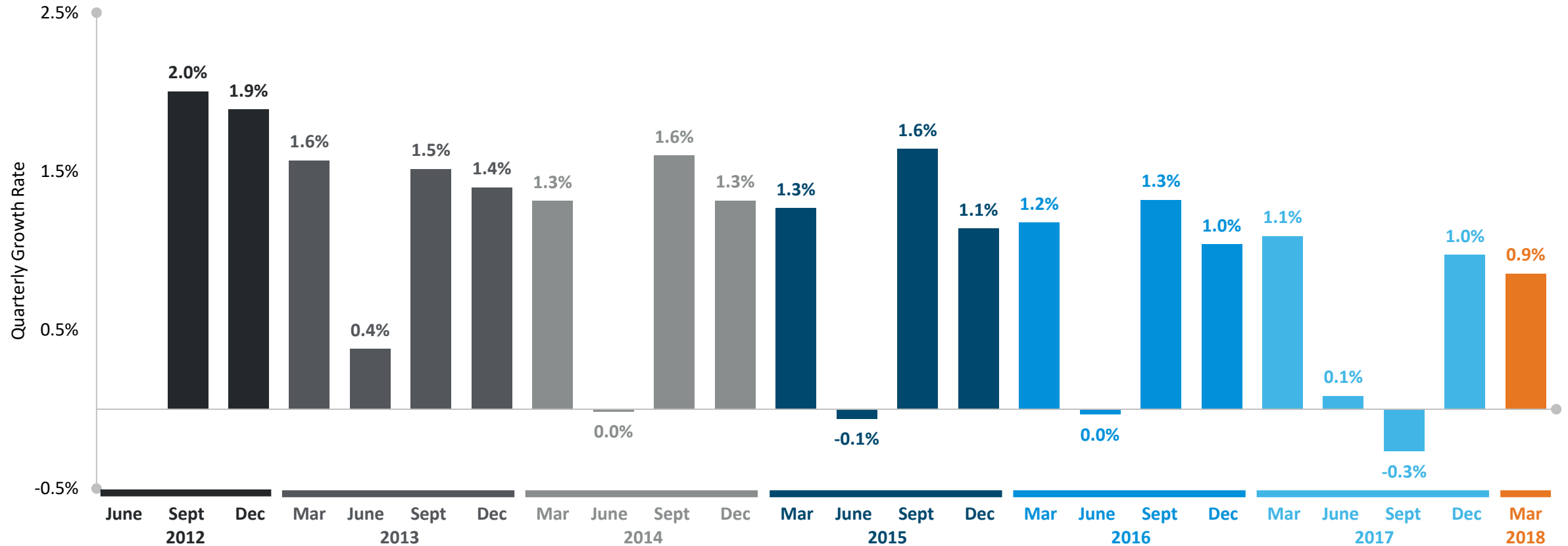
There Are Nearly 600,000 SMSFs



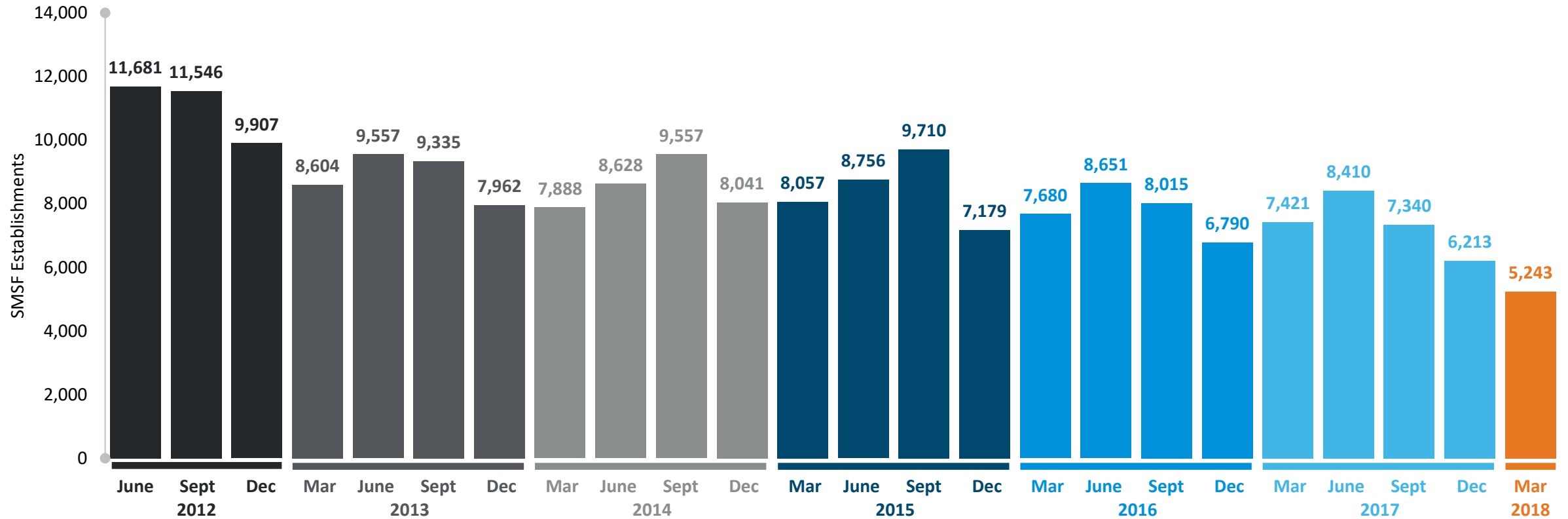
The Sector Is Still Growing But Flatlining



But Growth Is Slowing



Clear Signs Of A Maturing Sector





KEY FINDINGS – TRUSTEES

Winners and Finalists

SMSF Trustee Category			
Category	Winner	Finalist	Finalist
Australian shares	CommSec	ANZ Share Investing	Macquarie Equities
International shares	CommSec	AMP Capital	Vanguard
Fixed income	CommSec	AMP Capital	BT
Administrator	SuperConcepts	AMP SMSF Solutions	Cavendish Super
Commercial property	AMP Capital	Charter Hall	Colonial First State
Residential property loans	CBA	NAB	Westpac
Investment platforms	BT Wrap	AMP Flexible Lifetime	Macquarie Wrap
Cash and term deposits	Macquarie	ANZ	CBA
Insurance	AMP	MLC	OnePath
Audit function providers	ASF Audits	SMSF Audits	Superannuation Audit Services
ETF providers	iShares	BetaShares	Vanguard
Listed investment companies	AFIC	Australian United Investment	Platinum Capital Limited
Trust deed supplier	DBA Lawyers	Cleardocs	SuperEasy
Infrastructure	AMP Capital	Colonial First State	Macquarie
Innovator	La Trobe Financial	SocietyOne	Stockspot

Key Findings

Desire for greater control continues to drive SMSF establishments

- Consistent with previous years, 'greater control over investments' is the most commonly cited reason for trustees to set up an SMSF, followed by 'maximise outcomes with super and tax legislation' and 'invest in direct assets'.
- These drivers are particularly relevant for the two in five SMSF trustees who are behaviourally segmented as 'controllers', those who are interested in managing money and finances and like doing it themselves.
- Although the vast majority employ at least one professional to help them manage their SMSF, trustees remain personally involved in managing their SMSF, particularly in monitoring performance/balance. The overwhelming majority also claim to understand their role and responsibilities as a trustee.

Trustees seek greater support and less hassle in managing their SMSF

- The overwhelming majority of trustees are committed with their SMSF and unlikely to leave their SMSF within the next year or within the next five years. However, the hassle associated with managing an SMSF could drive trustees to leave, particularly in an environment of regulatory changes and other economic and political concerns.
- This provides an opportunity for SMSF advisers and other service providers to tap into around half of trustees who are behaviourally segmented as 'coach seekers', those who would rather do things themselves but desire greater support and less hassle in managing their SMSF.

Key Findings

SMSF asset allocation has seen little change

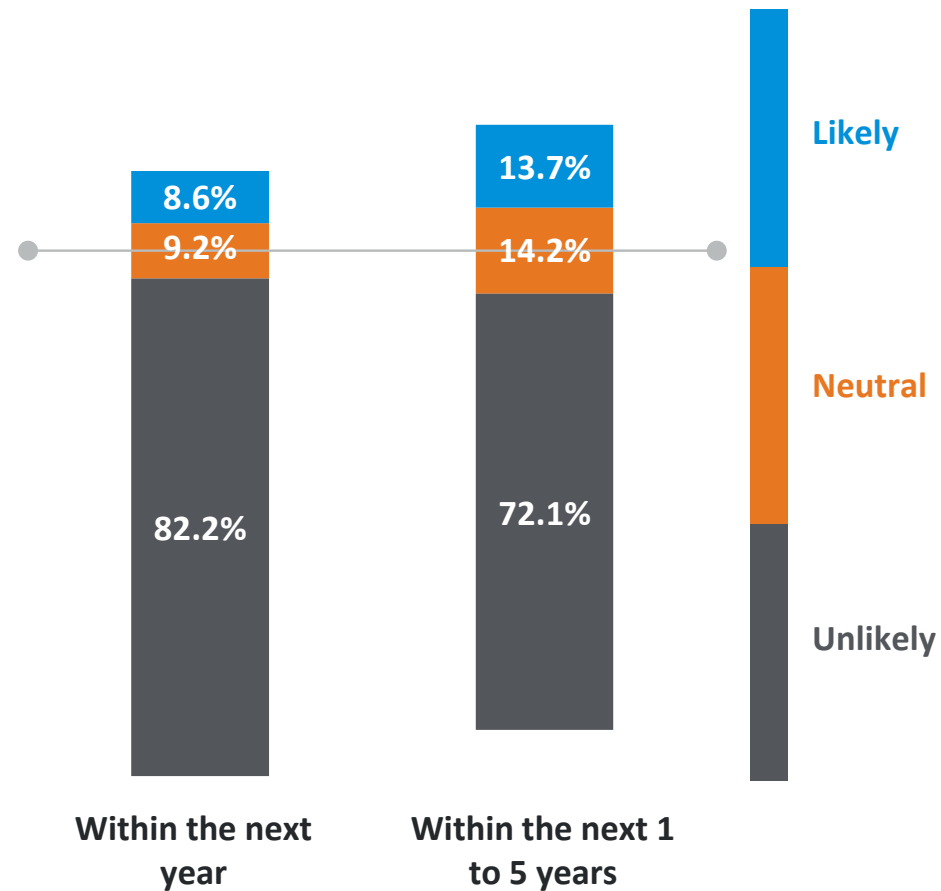
- The overall asset allocation of the average SMSF has seen little change over the past two years.
- Australian equities remain by far the most popular investments for trustees, with the average SMSF holding half of its assets in the asset class.
- Cash and term deposits remain the second most popular asset class, despite the ongoing record low cash rate, followed by international equities, fixed income and residential property.

There is no real dominant service provider in most categories

- Voting by SMSF trustees has revealed that the leading service providers have excelled due to their superior product or service offerings and support.
- The voting has also revealed that no real dominant service provider exists in most categories, providing an opportunity for providers to set themselves apart. There are however, a few notable exceptions, including CommSec in Australian equities and SuperConcepts in SMSF administration.

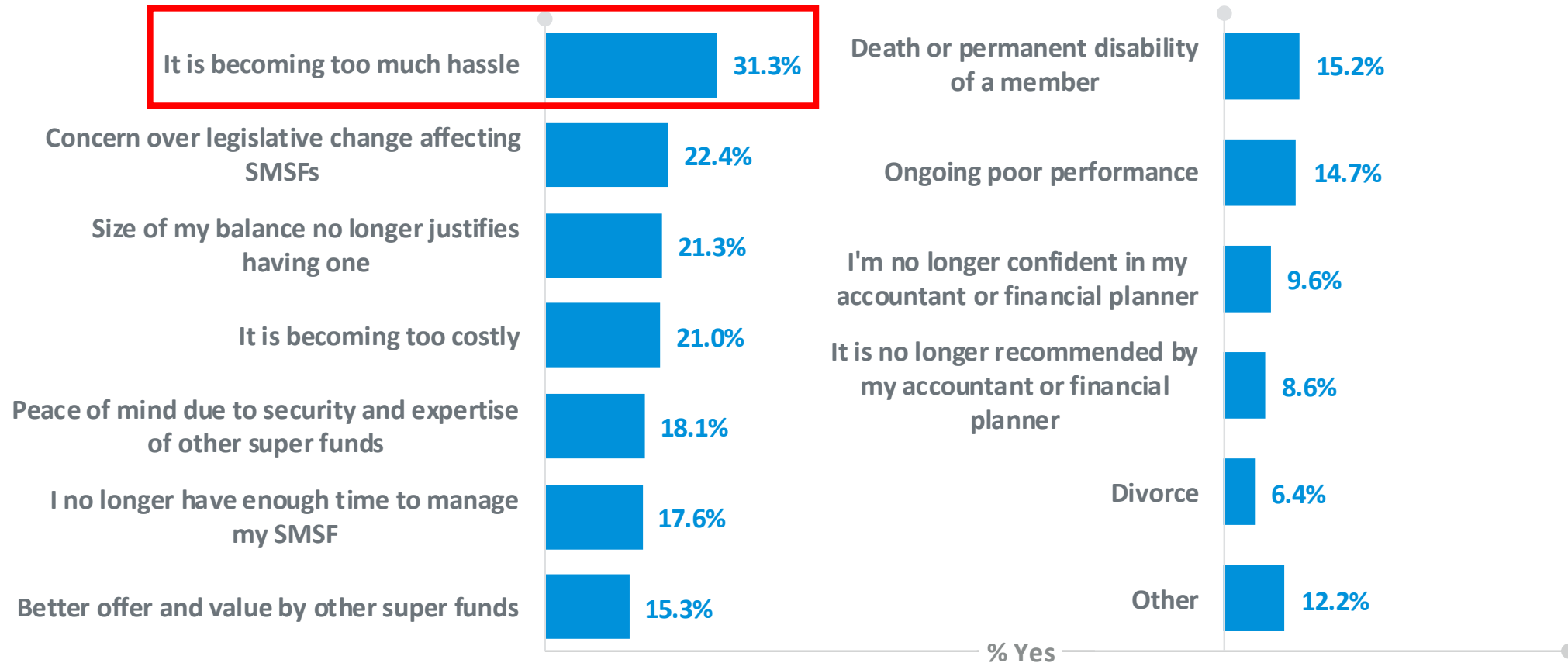
\$70 Billion At Risk?

How likely are you to leave your SMSF?



The Fun Has Gone

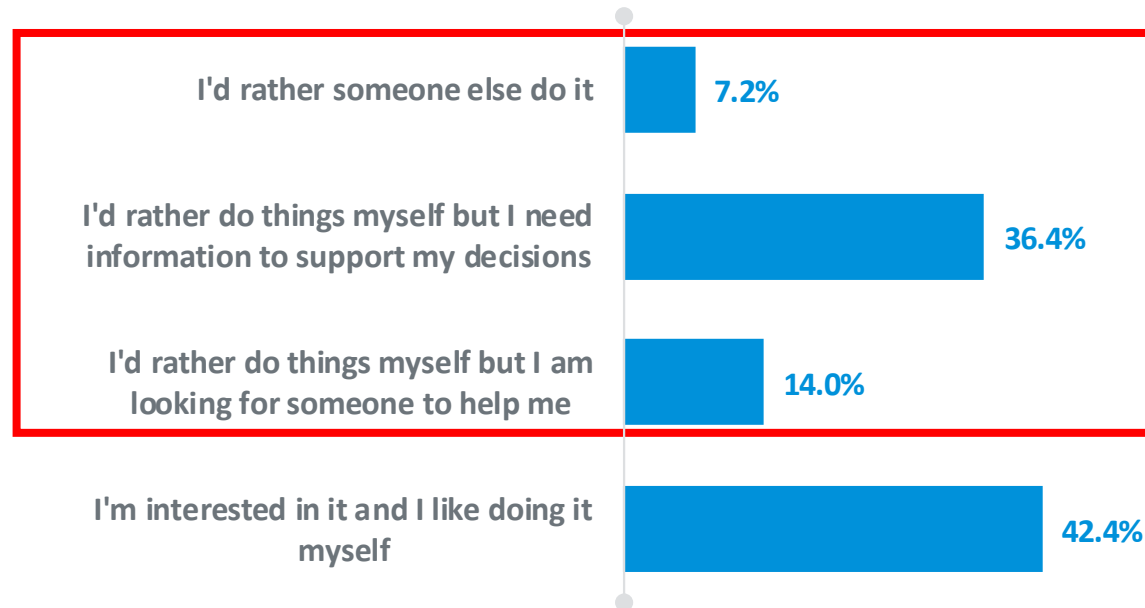
Why are you likely to leave your SMSF?



* Multiple answers allowed

Who Is My Partner

With regards to managing money and finances, which of the following best describes you?



Under Performance Is No Surprise

Which of the following information sources do you typically use to help you make decisions about your SMSF?



*Multiple answers allowed



KEY FINDINGS – ADVISERS

Winners and Finalists

SMSF Adviser Category			
Category	Winner	Finalist	Finalist
Australian shares	Vanguard	BT	CommSec
International shares	Magellan	Platinum	Vanguard
Fixed income	PIMCO	BT	Macquarie
Administrator	Heffron	SuperConcepts	Your Super Accountant
Commercial property	AMP Capital	Charter Hall	Macquarie
Residential property loans	Westpac	NAB	St George
Investment platforms	BT Panorama	BT Wrap	Macquarie Wrap
Cash and term deposits	Macquarie	CBA	NAB
Insurance	TAL	AIA	OnePath
Actuarial certification providers	Accurium	Act2	Lime Actuarial
SMSF accounting software/administration	BGL Corporate Solutions	Class Super	SuperMate
Audit function providers	Evolv	ASF Audits	Online SMSF Audit
ETF providers	Vanguard	BetaShares	iShares
Listed investment companies	Platinum Capital Limited	Argo Investments	Magellan Flagship Fund
Trust deed supplier	Cleardocs	DBA Lawyers	Topdocs
Infrastructure	Magellan	Macquarie	RARE Infrastructure
Innovator	OneVue	DomaCom	Ignition Wealth

Key Findings

Accountants remain focused on core elements of service offer

- Removal of the accountants exemption has yet to drive more accountants towards providing financial advice, including on SMSFs.
- Consistent with last year, financial planners remain skewed towards an advice-only SMSF business model, while accountants remain skewed towards an administration-only SMSF business model, allowing them to manage more SMSFs than financial planners.
- Furthermore, a financial planner's SMSF service offer tends to be more diversified with a focus on strategy advice, investment advice and insurance advice, while an accountant's SMSF service offer tends to be concentrated on the traditional strength areas of administration, tax advice and compliance, including audit.

SMSF professionals could be missing out on growth opportunities

- The majority of financial planners and accountants think the typical SMSF client profile is changing. Financial planners are most commonly seeing increasing demand from 'outsourcers' and 'coach seekers', while accountants are most commonly seeing increasing demand from 'coach seekers' and 'controllers'.
- However, only a minority of financial planners and accountants are actively targeting new types of SMSF clients and close to half could be missing out on growth opportunities by not targeting new types of SMSF clients.

Key Findings

Demonstrating expertise will be critical to growth in the face of regulatory changes

- However, these changes also present a clear opportunity for SMSF professionals to demonstrate their expertise and nurture clients to navigate through regulatory changes, as well as economic and political concerns, and ultimately build a stronger relationship with clients.

SMSF client portfolios of financial planners are slightly more diversified

- On average, SMSF client portfolios of financial planners are slightly more diversified than those of accountants.
- There is a slightly greater weighting towards Australian equities, cash and term deposits and residential property among accountants' clients than among financial planners' clients.
- On the other hand, there is a greater weighting towards international equities and fixed income among financial planners' clients than among accountants' clients.
- Preference for international equities likely reflects sentiment towards the asset class, with financial planners being more bullish than accountants on its likely performance in the next 12 months.

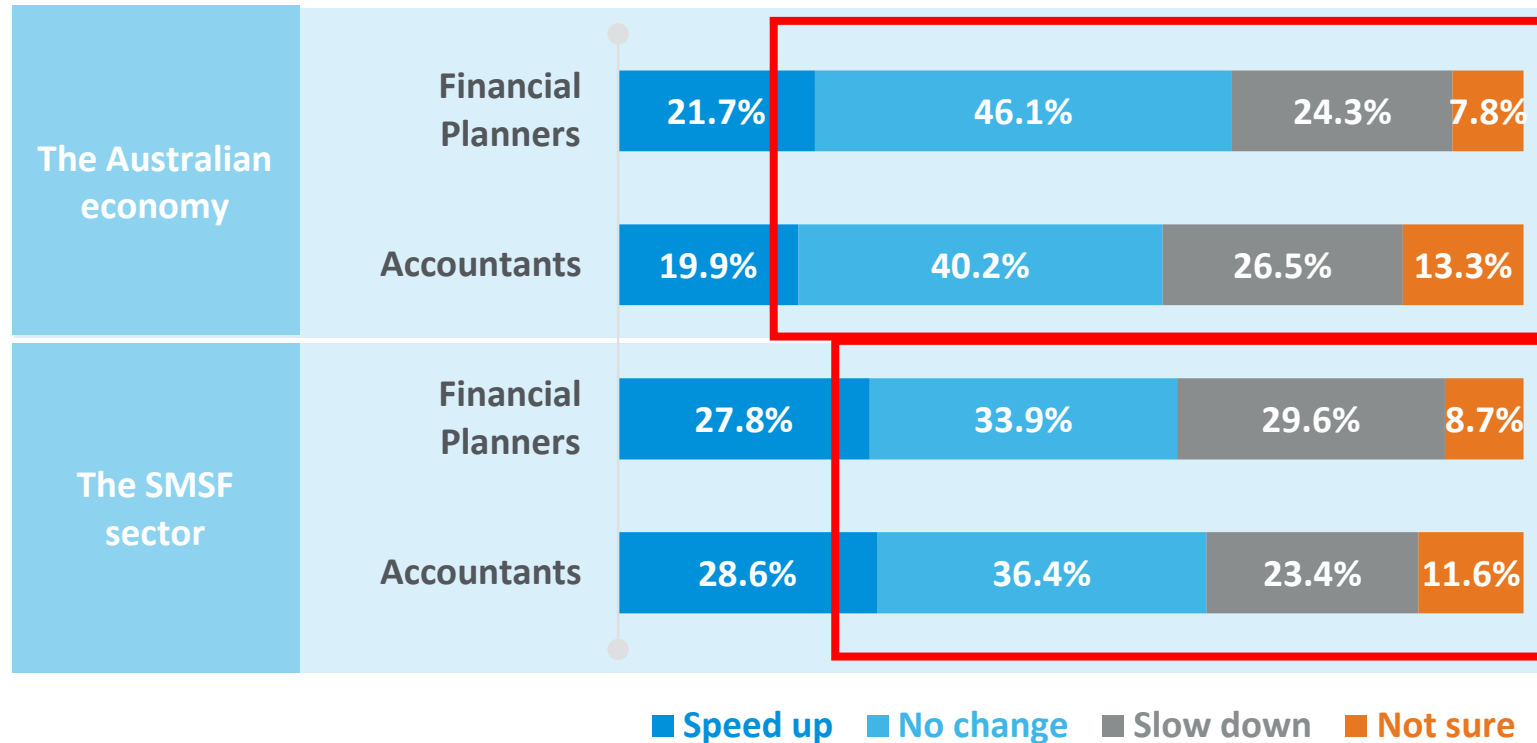
Key Findings

There is no real dominant service provider in most categories

- Voting by SMSF professionals has revealed that the leading service providers have excelled due to their superior product or service offerings and support. Some have also excelled by embracing technology and best practice.
- Reputation and long-term track record are also commonly cited by professionals for preferring certain providers.
- The voting has also revealed that no real dominant service provider exists in most categories, providing an opportunity for providers to set themselves apart.
- There are however, a few notable exceptions where it is likely the dominant player continues to enjoy first-mover advantages, including Macquarie in cash and term deposits.

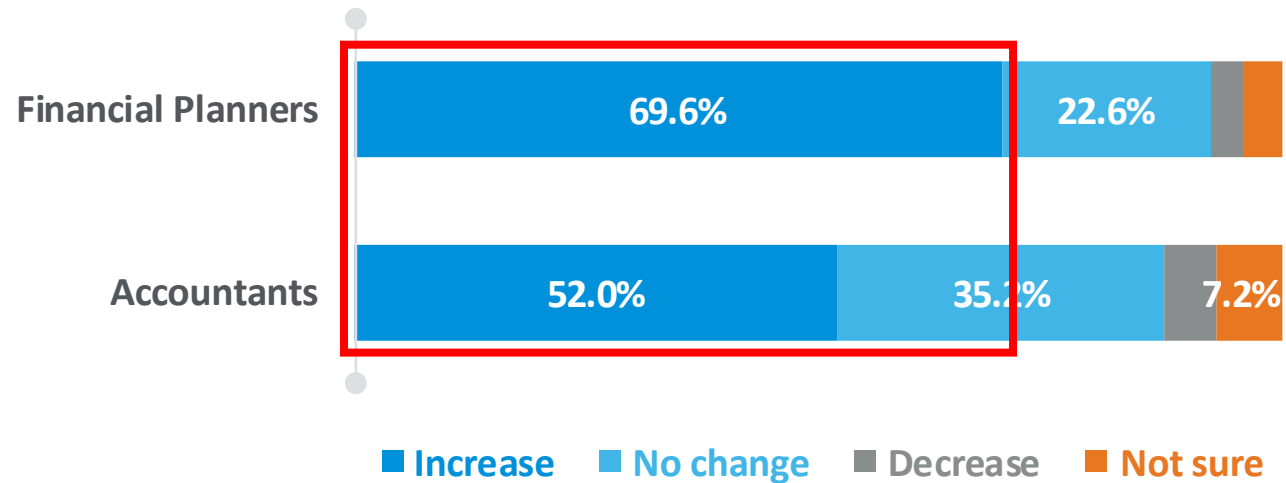
Growth Is Expected To Plateau

Overall, how do you think the following will grow in the next 12 months:

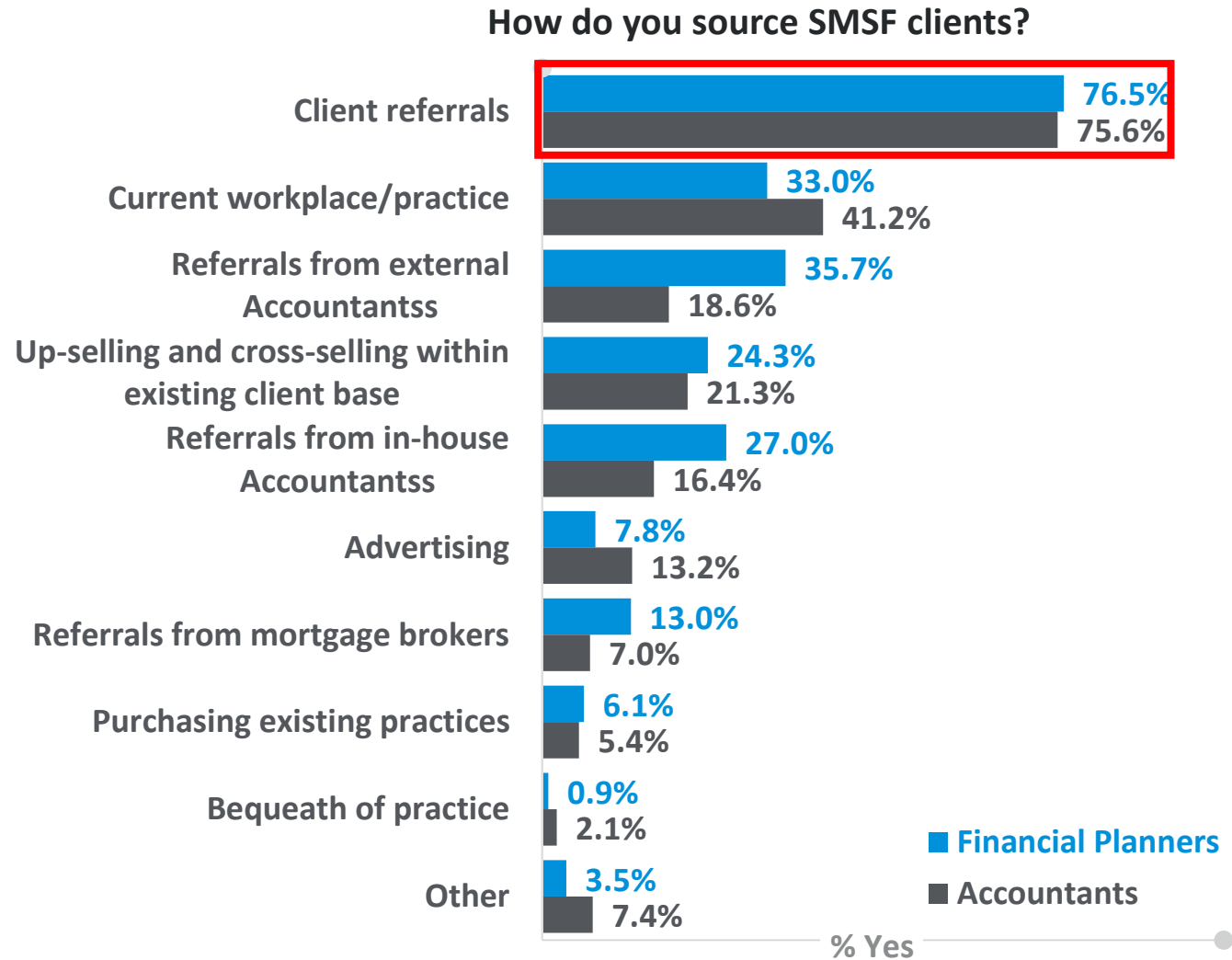


But Optimism Remains

Do you expect the number of SMSFs you advise on and/or administer to increase or decrease over the next 12 months?



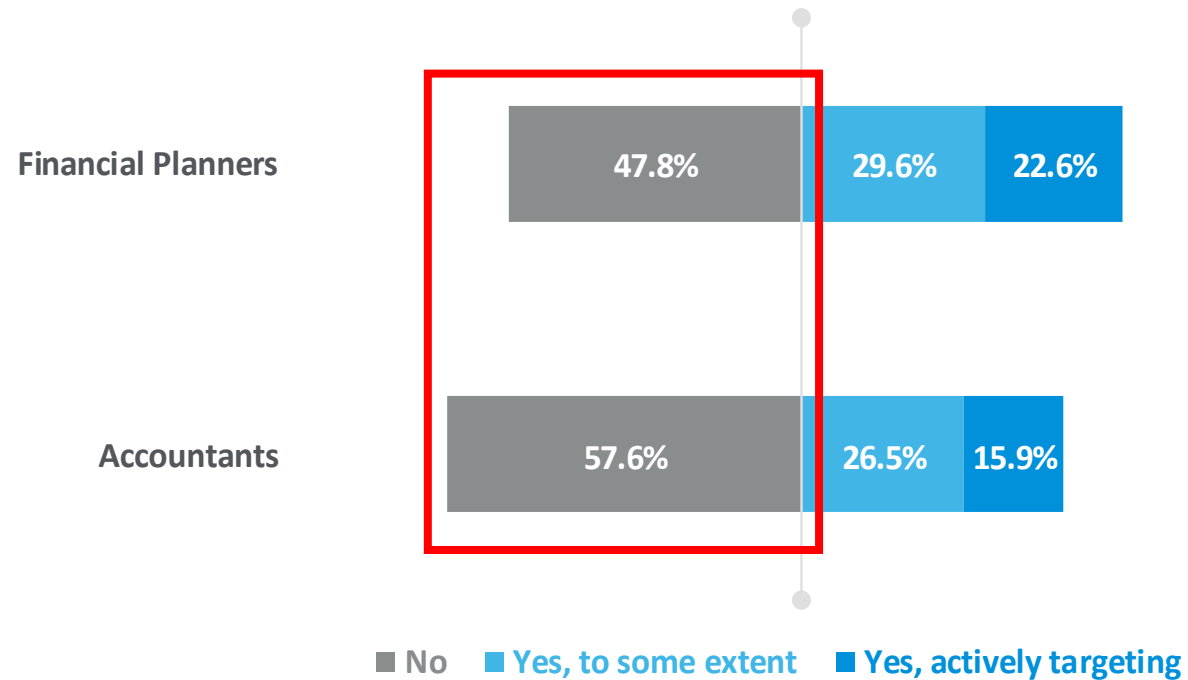
Client Referrals Remain The Key To Growth



* Multiple answers allowed

But Could Many Be Missing Out On Growth?

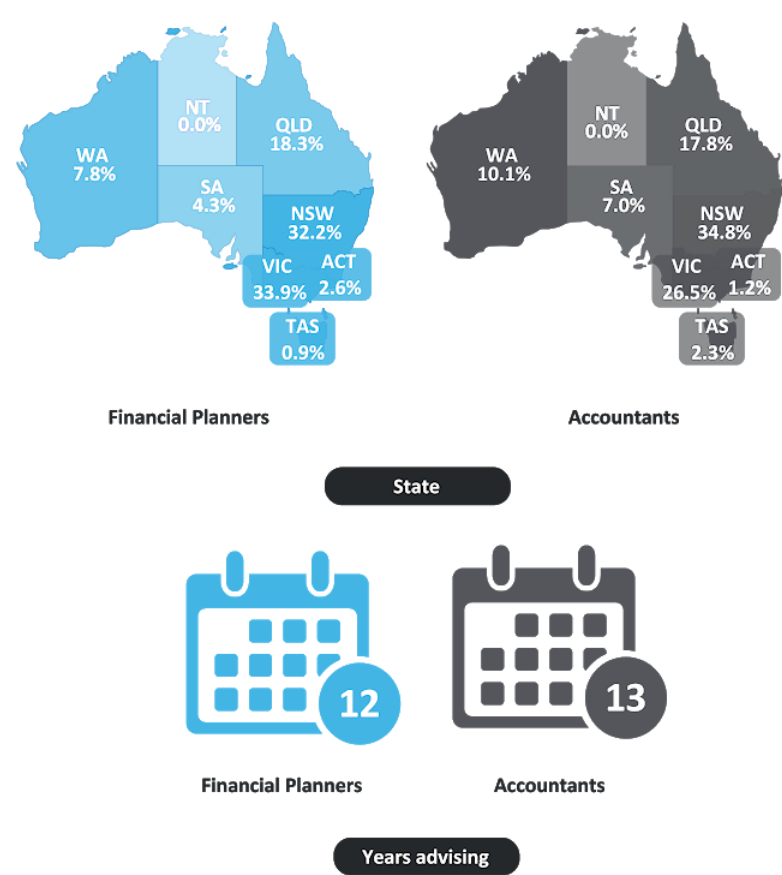
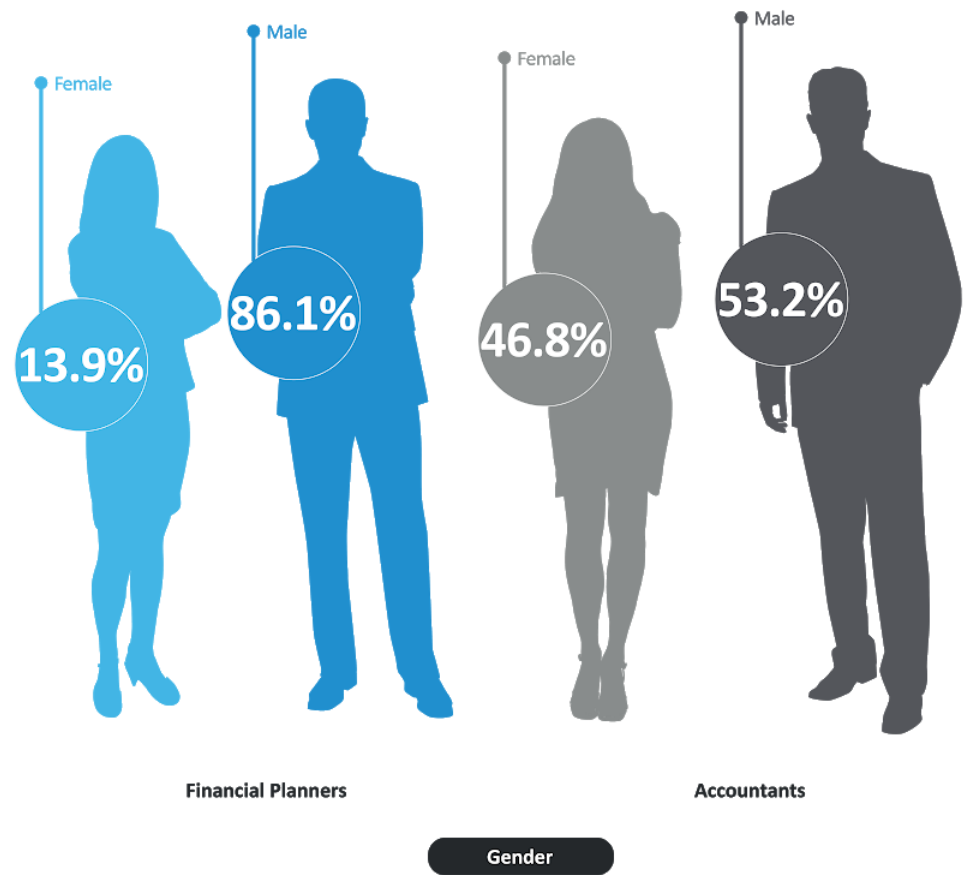
Are you actively targeting new types of SMSF clients?





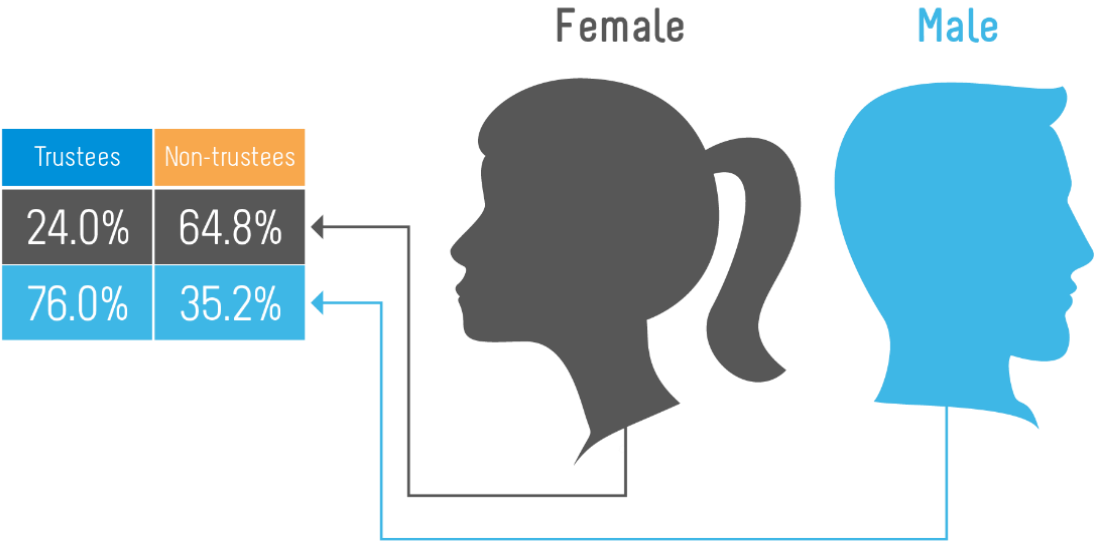
RESPONDENT DEMOGRAPHICS

Demographics – Financial Planners And Accountants

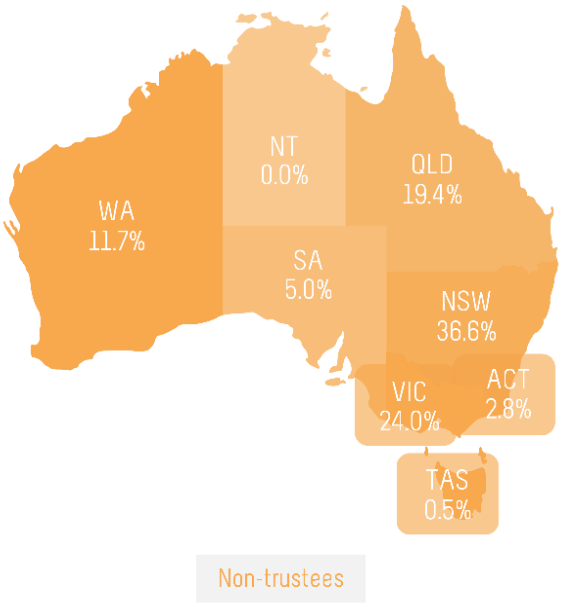
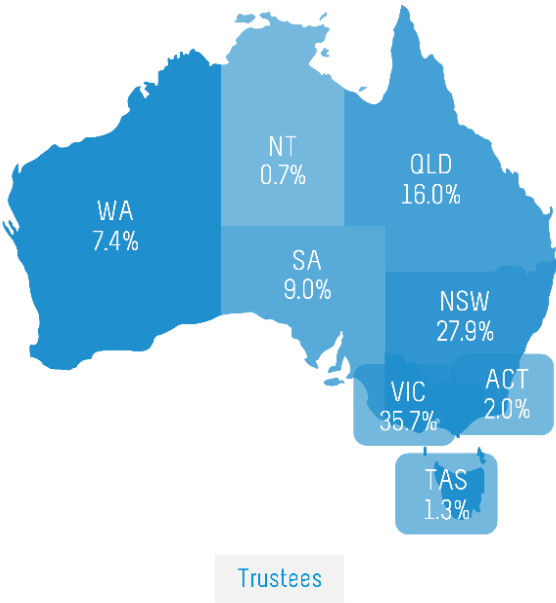


Demographics – Trustees And Non-Trustees

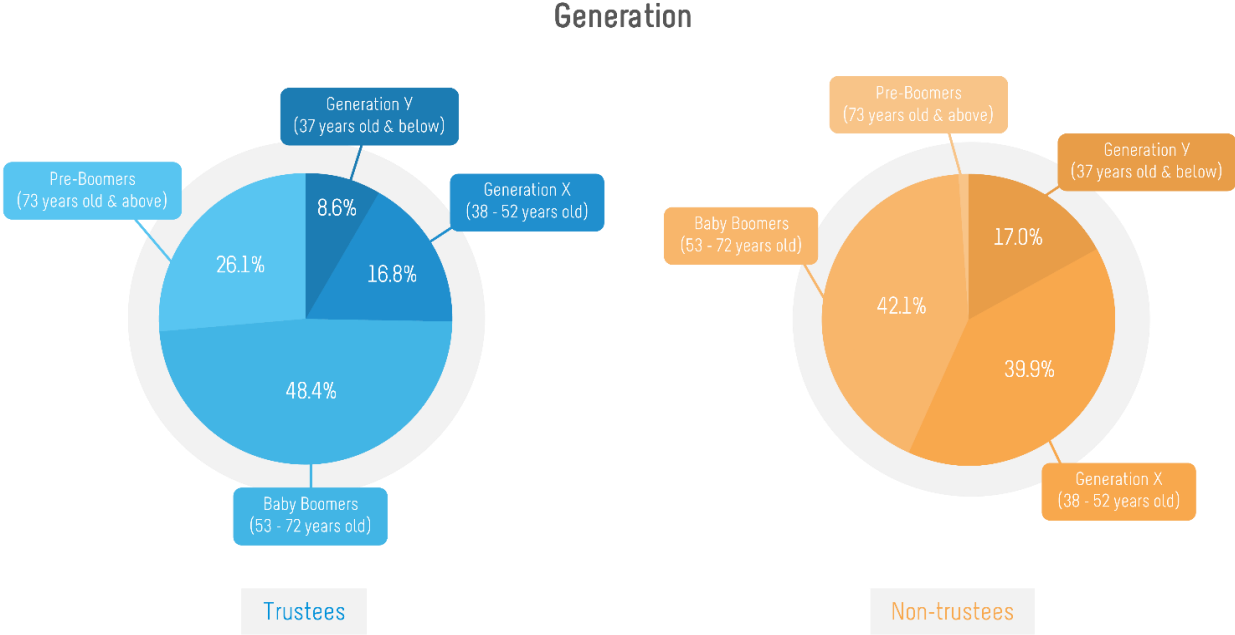
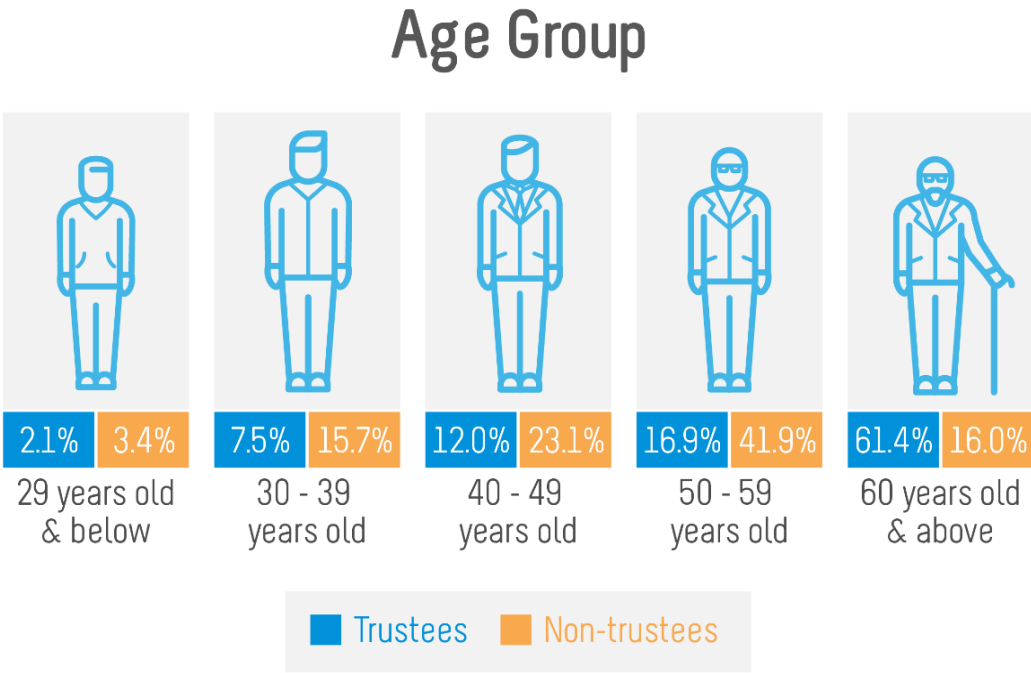
Gender



Which state/territory do you live in?



Demographics – Trustees And Non-Trustees





For any questions regarding SMSF research or any other research you may require, please contact Andrew Inwood at andrew@coredata.com.au