

Press release

OpenInvest platform gives SMSF trustees direct access to quality investment managers

20 November 2018: An online marketplace and platform offering investors access to a diverse range of Australian and international investment managers launched last night in Sydney with self-managed super fund (SMSF) trustees the primary market.

The OpenInvest platform will give SMSF trustees and other investors the means and ability to choose from a range of highly credible and experienced managers, with Schroders, Shaw and Partners, SG Hiscock, JBWere, InvestSense (in collaboration with Magellan and Pimco) and Clime Investment Management among the foundation partners. Other managers will follow in the New Year.

These investment managers will provide content, information and regular updates explaining their thinking on key issues that influence their investment decisions. This transparency will be particularly valued by investors who don't have a financial adviser but want help with their portfolios.

The latest data suggests that 85% of Australians do not get financial advice, while a Productivity Commission report shows about 70% of SMSF trustees make their own investment decisions without advice. These unadvised investors consistently say in surveys they want professional help with their portfolios.

Co-founder and CEO of OpenInvest, Andrew Varlamos, says that OpenInvest has been designed to empower investors. "OpenInvest enables investors to get to know and understand the different investment managers on the platform, enabling them to compare information then choose their preferred manager only when they feel ready - when they believe they have sufficient knowledge and trust in that manager."

After an investor chooses an investment manager, OpenInvest will then manage the investor's portfolio based on ongoing instructions from their chosen manager, who will also keep the investor fully informed on the rationale behind their decisions. "Every element of OpenInvest has been designed so that investors are always in control," Varlamos says.

OpenInvest provides the means for investment managers to compete based on their methodology, track records and pricing. Each investment manager sets their own investment fee. OpenInvest then adds its administration fee to arrive at a total management fee. For the consumer there are no hidden extras.

OpenInvest is being launched on the Class technology platform, leveraging the capabilities of an established technology partner in the SMSF and wealth industry. Other integrations will be available in the months ahead.

The SMSF Association launched the OpenInvest platform on the first day of its inaugural SMSF Week, with Association CEO John Maroney saying it was an important initiative for Australia's 1.1 million SMSF trustees.

“Most of the 1.1 million Australians who have chosen to use an SMSF for their retirement savings have done so because they want to take more control of their own money. And most of them started with less than \$500,000 in their SMSF.

“However, our research shows there are a number of threats and risks facing SMSFs. These include trustees having to navigate volatile investment markets and try to achieve appropriate diversification with their investment portfolio, as well as Labor’s proposal to ban full refunds of franking credits. Trustees need to be fully engaged now to ensure they are taking appropriate action for the long-term well-being of their SMSF.

“Our key message to trustees is to ensure they get expert assistance and to take control now - don’t wait for these threats to materialise. Accredited SMSF specialists can help and now, via new technology platforms such as OpenInvest, trustees can more readily access quality investment management to ensure their portfolios are properly diversified and managed.”

Greg Cooper, CEO of Schroders, one of the foundation investment managers available on OpenInvest, says the platform provides an opportunity for managers to promote themselves in their own words in a way that resonates with investors.

“The investment management industry in this country has, until now, largely communicated to its retail audience via intermediaries, such as financial advisers. OpenInvest gives us a chance to reach the many investors who don’t have a financial adviser.”

Mr Cooper, who recently announced his retirement from Schroders, will join the board of OpenInvest as a non-executive director in the New Year.

Steve Hiscock, MD and CIO of Australian high conviction manager, SG Hiscock, says that investment managers have the resources, expertise and experience to assist Australia’s self-directed investors.

“The investment management industry is very aware of the size of the unadvised investor market. The issue has been that without an online marketplace, it has been very difficult for such investors to find us, and for us to present our credentials to them. We look forward to engaging with these investors on the OpenInvest marketplace.”

Varlamos says: “This platform was designed and built to assist SMSF trustees who don’t receive investment advice. They consistently say they want to access professional help with their investments, and this platform allows them to choose from a range of quality investment managers in an environment that is open, transparent and conflict-free.

“If the Financial Services Royal Commission has shown us anything, it’s the importance of eradicating conflicts of interest, and this is exactly what OpenInvest does.”

About OpenInvest

OpenInvest is an online marketplace that enables self-directed investors, including SMSF trustees, to engage with and select an investment management company to help them manage their investment portfolio. It’s the first of its kind in Australia, empowering investors with knowledge, choice, and control. OpenInvest commits to always use plain language, be transparent, and keep fees low, and never have a conflict of interest.

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