

Media Release

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Powerwrap disrupts SMA market

Platform provider Powerwrap has announced the launch of its next-generation Separately Managed Account (SMA) offering, designed to provide advisers and clients with improved investment opportunities by allowing managers to be more responsive to market conditions in real-time.

The new Powerwrap SMA will replace daily portfolio rebalancing with real-time, intraday rebalances, allowing investment managers to make decisions based on current market conditions.

“As SMAs have grown and liquidity has deteriorated, model managers need a greater level of control over the trading experience in order to maximise their performance, particularly in asset classes such as small caps and hybrids. The ability of Powerwrap’s SMA to transact in real-time allows model managers to expand their investment universe knowing that they can act quickly”, Mr Heffernan said.

“Next-generation SMAs will remove the roadblocks associated with traditional SMAs, making these investment strategies even more powerful,” CEO of Powerwrap, Cormac Heffernan said.

An SMA is a customised share portfolio in which the underlying assets are owned by individual investors, allowing investors to benefit from expert investment management without the embedded capital gains tax associated with managed funds.

Historically reserved for high net worth individuals with access to minimum investments of \$500,000 or more, improved technology has meant SMAs are now more affordable for the average investor, with the ability to invest in an SMA for as little as \$20,000 per model.

As a result of improved technology and an industry-wide need for greater efficiency, SMAs have seen a significant rise in usage in Australia, after first being introduced to the retail mass market by Powerwrap’s Chairman, Maurice O’Shannassy and Cormac Heffernan, under Merrill Lynch, over ten years ago.

“Ten years later, Powerwrap’s next-generation SMA will revolutionise the market once more by bringing portfolio manager performance closer into line with that of a managed fund”, industry pioneer Cormac Heffernan said.

Powerwrap’s new SMA will enable investment managers to transact real-time in the same way they would for an institutional mandate, giving managers the ability to capitalise on market movements and make timely investment decisions.

Additional asset classes also allow for an exposure to direct international markets, an area of increasing interest to investors.

“When platforms give investment managers the ability to add these into the existing mix of cash, managed funds and liquid listed securities employed by the SMAs of today, and give them the power to make decisions real-time, advisers have a very sophisticated tool to use with their clients. And there is no reason for a model manager to underperform against a managed fund with the sort of capabilities available to them at Powerwrap,” Mr Heffernan said.

As was the case 10 years ago, Heffernan expects other platforms will follow this lead and Powerwrap’s next-generation SMA structure will become the way forward for all model managers in the future.

About Powerwrap

Powerwrap Limited (AFSL No. 329829) is an Australian financial services company that delivers a sophisticated, unconstrained next-generation platform service for delivering efficient client outcomes.

Powerwrap Limited has recently capped off a strong financial year, with the firm's total funds on platform reaching \$5 billion.

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