

Frequently Asked Questions for Advisers

What are the benefits to my business of a partnership with Dalton Nicol Reid?

Dalton Nicol Reid offers your business more than just an outsource solution for the provision of investments. Benefits include efficiency and time savings, allowing you to spend more time building client relationships. Ultimately, this will translate as an increase in profitability for your business.

Our service includes monthly updates, six-monthly client performance reports, new client investment strategy reviews, execution of trades and discussion with fund managers on key investment decisions.

Dalton Nicol Reid's Individually Managed Account (IMA) means you, the adviser, can spend less time attending seminars, executing buy/sell orders, formulating performance reports, and analysing fund performances, and more time building your business.

How can this benefit my client?

Your clients are able to enjoy the benefits derived from an IMA product. The service is customised, portable and visible. Your client benefits from significant advantages in taxation as direct ownership of shares allows more flexibility in tax planning.

The IMA is a fast-growing sector within the US market, its prime appeal being to high-end clients with individual investment requirements.

Benefits to your clients include:

- portfolio management, allowing for any degree of client involvement
- customisation of the portfolio to suit risk profile and ethical preferences
- access to the best research
- diversity of portfolio content, with up to 20-30 shares, including property trusts, hybrid fixed interest securities and international funds.

How does the Dalton Nicol Reid IMA differ?

Our IMA offers distinct advantages over similar products in the market. Specific tailoring to client investment needs, as well as a reduced administrative burden for you, the adviser, are but two.

Many dealers have found that they can both reduce the cost of administrative support and increase their fee-input ratios for higher-level advice. Regular reporting and contact between **Dalton Nicol Reid's** investment team and the adviser allows for better communication to the client.

How can I sell this to my client?

The partnership with **Dalton Nicol Reid** allows your client to be secure about the advice you are giving, which is backed by the skills of professional, senior funds-management experts.

The independence of **Dalton Nicol Reid** from brokerage arrangements ensures a transparent, robust investment process, which will appeal to your client.

Can I badge the product?

Dalton Nicol Reid offers the dealer group the right to 'white-label' its research information and IMA product structure.

What about the independence of the advice?

Our advice is completely independent of brokerage arrangements, which means **Dalton Nicol Reid** is able to access the best advice from a wide range of sources, as well as from our highly regarded in-house investment team.

Will this product benefit any particular group of clients?

Those clients who lack the time or expertise to manage their own portfolio, and who are looking to invest directly in the market, are best suited to our service. The product is particularly suited to the needs of those with SMSFs, direct investment accounts, and to professionals engaged in margin lending.

The IMA is a useful vehicle for companies, trustees and charitable foundations wanting to outsource their investment management.

Those clients who have a significant sum for investment (\$200,000+) are best suited to the Dalton Nicol Reid offering. Although the average client balance is \$1M, several accounts invested with Dalton Nicol Reid exceed \$20M.

What are the tax implications for my client?

Capital gains tax is not inherited as it is in a traditionally managed fund, and portfolio returns can be enhanced by including franking credits. There is more flexibility of tax planning in an IMA.

Am I risking “putting all of my eggs in one basket”, compared to a number of managed funds.

Dalton Nicol Reid provides a diversified portfolio of shares. Any one share rarely takes up more than 7% of the overall portfolio. Typically, managed funds are concerned with their own business risk and as a consequence are looking to “hug” the index to ensure they do not vary from it. **Dalton Nicol Reid** believes this type of decision making adds to clients’ capital risk, rather than protects the capital. **Dalton Nicol Reid** is more concerned with protecting capital rather than matching a benchmark.

Furthermore, fund of funds tend to be more benchmark-hugging and generate less alpha (excess returns) than a direct portfolio.

What other services does Dalton Nicol Reid provide to me as an adviser?

We provide the following additional services to your business:

- direct access to the investment team
- exclusive access to regularly streamed Internet broadcasts of market reports, weighting updates and other market issues
- technical support on our IMA portfolios
- execution of buying or selling orders in relation to our recommendations
- marketing and sales support
- a detailed review of existing portfolios for prospective clients
- a quarterly update and detailed six-monthly review of each client’s IMA
- formulation of an individual investment policy for each individual client, based on their risk profile and preferences
- preparation of all paperwork relating to your client’s file
- training of your support staff about **Dalton Nicol Reid** systems.