

[News](#)[Features](#)[Opinion](#)[Blue Book](#)[Jobs](#)[4minutes](#)[Appointments](#)[Events](#)[Product News](#)[Toolbox](#)[Super Review](#)[Financial Planning](#)[Sign up | Login](#)

News

REFORM EDGES UP THE FOOD CHAIN

By [Mike Taylor](#) on 10 September 2010 [0 comments](#)

1 retweet

Managed funds have represented a focal point of the Australian financial services industry over the past two decades but it is now clear that the failure of many fund managers to appropriately navigate the global financial crisis has caused many investors to question the ultimate value they generate.

Research undertaken by Investment Trends has served to underline the degree to which the global financial crisis and the relative underperformance of many managed funds has prompted investors to look at both direct investment and active share trading.

It appears active managers have been particularly negatively perceived in circumstances where, when the chips were down, they were not seen to have delivered on their promise of outperformance. This, in turn, has served to reignite the longest running of all investment debates — active versus passive.

When this debate, the findings of the Investment Trends research and the advent of a fee-for-service for financial planners is taken into account, it becomes inevitable that fund managers must confront their own reality with respect to fees and alter their models accordingly.

Coupled with any re-examination of fees by funds managers must also be the recent analysis by leading financial services specialist lawyer, Noel Davis that there exists scope for investors to litigate in circumstances where the fees charged by funds managers do not appropriately reflect the returns they generate.

All of this is as it should be. Financial planners have had to alter their remuneration models in the move away from commissions, dealer groups are currently having to review their models, including volume rebate arrangements, and it follows that the product manufacturers should also be looking at the way they do business.

Also being questioned are the commercial models being utilised by research houses, with the principal of van Eyk Research, Mark Thomas, critical of the model utilised by competitors such as Lonsec, Zenith and Morningstar. It will have escaped no one's attention that van Eyk's research mandate with a major dealer group, Count Financial, is currently under review.

While a good deal of uncertainty last week remained with respect to which of the major parties would ultimately form Government in Australia, the financial services industry is well aware that a bi-partisan approach exists to the need to separate advice from product sales.

It seems while financial planners have been the first to be affected, changes will ultimately occur all along the financial services food chain.

[Add a comment](#)

| [More](#)

Posted in:

[Accountancy](#)
[Research and Ratings](#)

Tagged with:

[Count Financial](#), [Count Financial](#), [Investment Trends](#), [Lonsec](#), [Mark Thomas](#), [Morningstar](#), [Noel Davis](#), [van Eyk](#), [Zenith](#)

to get Money Management delivered to your inbox

 

Submit your content to Money Management

RECENT COMMENTS

Robert said:

[Oh! I would like to pay money for to buy some inactive unprofitable clients. - Be realistic. Low end clients under the proposed changes...](#)

GB said:

[You can see why a financial adviser's job is full of perils. Constantly bombarded by biased propoganda and puffery from the funds...](#)

Jim said:

[So are you saying that in order to drive a profitable business, that I should take the time to understand the cost of service delivery to...](#)

Paul said:

[I agree with most of the article and that conflict does exist. Then I ask myself, where exactly does conflict not exist? Doctors...](#)

Stuart said:

[Simon, fair point. What Im trying to say is people dont know what they dont know and if they are not seeking the advice outside of the...](#)

Cynic said:

[Didn't in focus have a number of ex storm practices join their quality dealer group ?](#)

John Aldersley said:

[I disagree that it needs to cost \\$30m-\\$100m to build an effective retail platform, notwithstanding that the large banks have spent far more...](#)

Elvis said:

[Do you think these guys have thought anything through? Just think of the banning of trails on retail products. The product providers just...](#)

LATEST FROM TWITTER

Volume rebate ban would preclude new platforms
<http://dlvr.it/5KXKX>

If you enjoyed this article, why not [leave a comment](#), [send it to a friend](#) or [subscribe to our free newsletter](#) to have future articles delivered to your inbox.

COMMENTS

[ADD A COMMENT](#)

No comments found, be the first to add one.

Name * :

Required

Email address * :

Required, but never displayed.

Website :

Optional, and linked if provided.

Comment * :

Required

Security code * :



Required

Check this box to receive the latest updates in our email newsletter.

submit

Research house airs remuneration relationships
<http://dlvr.it/5KXKY>

Westpac upgrades online investment platform
<http://dlvr.it/5GDdy>

Melbourne broker charged with insider trading
<http://dlvr.it/5GBvc>

More standardised ESG disclosure to benefit investors
<http://dlvr.it/5GBvd>

Follow [@moneymanage](#) on Twitter

Categories

[Accountancy](#)

[Actuarial](#)

[Asset Consultants](#)

[Consulting](#)

[Custodian and Trustee Services](#)

[Editorial](#)

[Education and Training](#)

[Financial planning](#)

[Funds Management](#)

[Government and Regulation](#)

[Industry Associations](#)

[Legal](#)

[Marketing and Public Relations](#)

[Media and Information Services](#)

[Mortgage Broking](#)

[Recruitment](#)

[Regulation](#)

Browse topics

[A](#) [B](#) [C](#) [D](#) [E](#) [F](#) [G](#) [H](#) [I](#)

[J](#) [K](#) [L](#) [M](#) [N](#) [O](#) [P](#) [Q](#) [R](#)

[S](#) [T](#) [U](#) [V](#) [W](#) [X](#) [Y](#) [Z](#) <#>

Recently added topics

[volume rebates](#) [FOFA reforms](#) [Blueprint](#)

[Macquarie Life Active](#) [Jason Gapps](#) [redemption](#)

[public offer](#) [plan](#) [Paul Cahill](#) [restrucure](#)

About

The Money Management website is an essential online source of financial services information and a community resource where finance professionals interact.

[Contact Us](#)

[Advertise with us](#)

[Subscribe](#)

[Media kit](#)

[Terms of Use](#)

[Privacy Policy](#)

Related sites

[Financial Planning](#)

[HotFrog](#)

[Super Review](#)

[View all our sites](#)

Research and Ratings

Risk/Insurance

Software and IT

Stockbroking

Superannuation

Taxation
