Michael Kinens and Matthew Heine , below, see new tools as aids, not replacements, for financial planners.

range of boutique and big name managers. Users will be advisers or their clients.

Expert investment advice from the comfort of your own desktop? Is this a threat to the advice industry?

"It's a threat to the managed funds industry, potentially," he says. Advisers should see this capability as a way to enhance their skills.

Heine says a platform is a piece of infrastructure, but it is also becoming an important tool used in client engagement. Clients can look at their accounts online, buy and sell shares and managed funds (provided the adviser allows access) and have mobile access.

"There are different levels of sophistication within an adviser's client base," he says. "There will be those … who want to be very much involved and in control of what's going on and those that want to delegate totally to the adviser."

It's too early to say how the ASX mFund will affect that relationship, he says. Clients will be up for brokerage fees on top of fund fees when trading, while on a platform there is typically a free switch.

Regarding any threat from increasingly sophisticated retail broking sites, Heine says there may be a convergence of different services.

"I think clients are going to opt for a single solution, rather than having their shares sitting with a discount broker, their super sitting with a platform and their managed funds held separately. It might mean the brokers end up offering wraps."

The possibility of acquisitions in the future? "Absolutely," he says. ⊠

ROB HOMER ARSINEH HOUSPIAN

The direct approach gains ground, writes **David Heather**.

When Sunshine Coast financial advisers Rob McGregor and Greg Holman left Professional Investment Services in 2011, they had a clear vision of the type of licensee they wanted to be part of:

- independently owned and run;
- not reliant on platform rebates or volume bonuses for survival;
- not clinging to traditional methods of portfolio construction and risk profiling.

In the end, they set up their own Australian Financial Services Licence, enlisting the help of former PIS general manager Grahame Evans as managing director.

GPS Wealth was launched in February 2012. More than 50 advisers from 32 practices have since joined the dealer group.

GPS Wealth wanted to find an effective, efficient alternative to master trusts and wrap platforms, which many of the group's advisers felt were inflexible and expensive and no longer served clients' best interests.

The group decided to implement a managed discretionary account to allow advisers to build bespoke portfolios to minimise investment and administration costs. New clients pay an average fee of between 0.6 per cent and 0.8 per cent of assets under advice compared with fees of up to 1.5 per cent previously. There are plans to move about 60 per cent of funds under advice into the MDA structure over the next few years.

All assets are held in the name of the client via a custodian and changes can be made to the portfolio without producing a record of advice each time. For GPS Wealth advisers this has meant less administration and more time in front of clients.

While the flexibility of MDAs has attracted the attention of the regulators in the past, the firm has overcome criticisms of the structure by putting in place a risk management framework including an investment charter and investment committee. To ensure rash investment decisions aren't made, the charter explicitly details the group's investment principles and parameters while a number of external, independent experts are members of the investment committee.

The majority of clients still use platforms, but Evans reckons this to diminish over the time as clients seek greater transparency, lower fees and more tax-effective structures.

David Heather is CEO of managedaccounts.com.au.