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After 40 years: Don Sharp's next challenge



Don Sharp... 'obstacles to managed accounts growth being removed'

At an age when most of his friends and associates are playing golf, cruising and looking after grandchildren, financial services stalwart Don Sharp, a veteran of planning dealer groups in Australia, is helping to build another business. Leng Ohlsson writes:

Successfully executing an IPO is a complex task with many moving parts. This month (May), after five years of planning, Don Sharp and his fellow directors publicly list the discretionary managed account provider managedaccounts.com.au.

Listed investment company Argo Investments will remain a key shareholder along with the company's management team and directors including Colin Scully, who Sharp co-founded Bridges Financial Services with in 1985, and IWL founding director Paul Collins.

In a relatively short time, the company has grown to become one of Australia's largest managed account providers, administering close to \$1 billion.

The group's clients include a number of medium-sized dealer groups including GPS Wealth and Futuro Financial Services but it's the smaller, self-licensed boutiques that represent the core business of managedaccounts.com.au. Many of these boutiques are self-managed superannuation specialists.

"The adoption of managed accounts in Australia is forecast to grow exponentially as it has in countries like the United States," Sharp says.

"This growth will be supported by the burgeoning self-managed superannuation fund market, with more and more investors demanding greater flexibility and control of their assets."

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The SMSF sector represents approximately 70 per cent of managedaccounts.com.au's assets under administration. The Company also has a non-super solution.

Sharp admits Australians have been relatively slow to adopt managed accounts. However, many of the obstacles which historically hindered their acceptance are now being removed. The introduction of the Future of Financial Advice reforms, higher professional standards in financial planning, favourable demographics, strong demand for transparency and lower fees, and the direct investment trend, all favour the managed accounts industry.

Sharp's involvement with managedaccounts.com.au (formerly called Investment Administration Services) began in 2008. Early this year, Sharp stood down as chief executive and was replaced by David Heather. He was appointed as executive chairman.

Few people are as qualified as Sharp to take managedaccounts.com.au forward. At Bridges, he helped develop The Portfolio Service, one the country's first platforms which Bridges still operates today.

"The products on TPS were there because they were recommended by our own internal research team. The platform was totally in synch with our advice but that is not the case for the majority of financial advisers who use traditional platforms," Sharp says.

"The platform operator typically dictates what goes on the menu unless you're a large dealer group."

Under the managedaccounts.com.au model, the Company and the client/licensee set the portfolio construction and asset allocation rules. The client, or a nominated investment manager, then selects the underlying investments.

"The popularity of managed accounts will be far quicker than people think because SMSFs want this type of service and advisers aren't as wedded to platforms anymore," Sharp says.

"Flows into managed funds aren't what they used to be and they probably never will be again. The trend towards direct investments is logical."

The odd couple

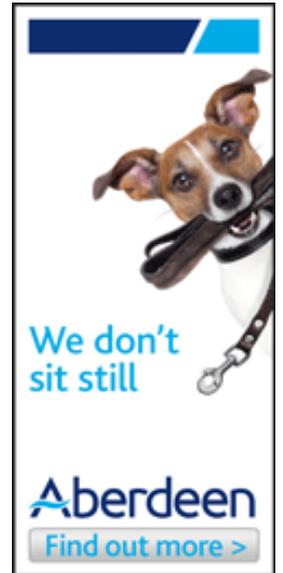
Sharp isn't afraid to disclose his age. He's proudly 65 years old. He's also happy to volunteer Scully's age. "He's 60," Sharp proclaims.

The 40-year friendship between Sharp and Scully is extraordinary in the fickle and often bitchy world of financial services. The pair met in the 1970's at Ord BT before it was rebranded BT Australia.

The two accountants from Sydney's south-west bonded instantly. They often play practical jokes on each other.

(Sharp and Scully have been known to impersonate each other at live and silent charity auctions when bidding for expensive items.)

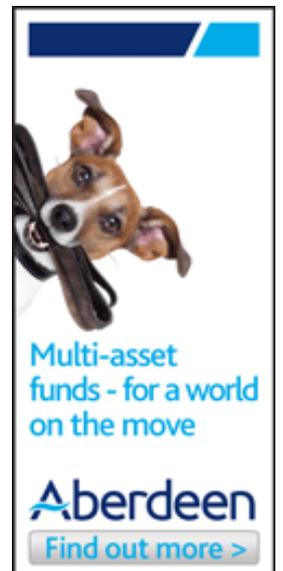
"I guess you could call us westies," Sharp laughs, conceding Scully's stomping ground Punchbowl was more upmarket than his hometown Mount Pritchard.



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BT was where Sharp and Scully developed their business acumen, gleaning knowledge from corporate heavyweights like Rob Ferguson, Chris Corrigan and Mike Crivelli. They left in 1983 to become authorised representatives of licensed securities dealer, David Bleakley & Associates.

The duo left Bleakley's in 1985 after Mike Shepherd and Fred Barton approached them to set up the financial planning arm of stockbroking firm Bridges Son & Shepherd which was known as Bridges Personal Investment Services.

In 1988, Bridges Son & Shepherd sold its 50 per cent interest to the Australian Credit Union Movement and a new joint venture was established known as Bridges Financial Services. In 2000, Tower Life fully acquired Bridges for a record \$168 million.

"We started Bridges with three staff which quickly grew to over 300 employees including over 100 advisers and \$2 billion in assets under advice and management," Sharp recalls.

Since Bridges, Sharp has been a director of Treasury Group and chairman of Investors' Mutual and Global Value Investors. He left Treasury Group in 2008 to focus on managedaccounts.com.au, however, IML founder Anton Tagliaferro remains one of his closest friends.

Sharp's only other directorship is on the board of Barry Lambert's accounting aggregator CountPlus. During the 1980s, Lambert's Count Financial was one of Bridges' main competitors. Despite this, Sharp and Lambert have always enjoyed a healthy rivalry and friendship, even travelling through Europe together.

Sharp has vowed never to set up another dealer group.

"I would never set up a business in competition with Bridges. It's a personal conviction and there are so many other opportunities to pursue," he says.

"I probably should relax more but I'm an entrepreneur and I see a unique opportunity with managedaccounts.com.au because managed discretionary accounts will be the next big development after platforms."

NOTE: Leng Ohlsson is a consultant to managedaccounts.com.au.