



2025

Australian Financial Advice Landscape

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Contents

Australian Financial Advice Landscape	1	The Australian Adviser	27
“Advice Better Connected: 2025 and Beyond.” A letter from Adviser Ratings’ Founder – Angus Woods	6	Introduction	28
“Insight, Innovation, and Impact for Advisers” A letter from Lonsec CEO – Lorraine Robinson	7	Adviser numbers and movement	29
“Redefining Risk: A New Era of Partnership in Wealth Insurance” A letter from Numerisk CEO – Richard Silberman	8	Adviser intentions and experience	31
The Australian Consumer	9	Implications of adviser demographics for the profession	33
Stagnant advice penetration: A market at the crossroads	10	Business models & structures overview	34
Changing consumer priorities and concerns	13	Strategic optimisation to business models within the private practice ecosystem	37
Wealth transfer: A growing focus	17	Fee structures and client assets	40
Client demographics and engagement patterns	19	How adviser-client dynamics are reshaping practice models	41
Specialisation and sophisticated clients	20	Scope of services offered by advisers	43
Implications for advisers: Responding to evolving consumer needs	22	Investment approaches	44
Chapter Insight – Australian financial advice sector launches SMA Reporting Standard for data transparency	23	Investment approach implications	45
		Conclusion and future outlook	46
		Chapter Insight – Building tomorrow’s wealth insurance: How Numerisk is transforming professional indemnity through partnership	48

Contents

The Advice Business Landscape	53	» Global Small Caps	91
The advice practice landscape: Growth, efficiency and evolution	54	» Mortgage Funds	92
Practice demographics	56	» Global Emerging Markets	93
Growth strategies	58	» Credit - Diversified	94
Business planning and succession	60	» Global Equities - Regional	95
Service expansion and partnerships	62	» Unconstrained Fixed Income	96
Technology adoption and AI integration	64	» Global Bonds	97
Investment approach and product selection	67	» A-REITs	98
Platform preferences and technology infrastructure	70	Where the money went – intra asset class movements	100
Advice software	71	» Australian Equity	100
In-house technology solutions	73	» Global Equity	101
Revenue and profitability	74	» Property & Infrastructure	102
Bridging the advice gap: Economics and accessibility	76	» Fixed Interest	103
Chapter Insight – Revolutionising portfolio construction: How ProductRex is transforming adviser efficiency	77	» Alternatives	104
		» Alignment with adviser investment approaches	105
Investment Landscape	83	Product Launches	106
Industry addressable market and growth	84	» Analysis by opportunity targeted	108
Where the money went – asset classes	85	» Analysis by investment management philosophy	108
Where the money went – sectors / sub-sectors	88	» Analysis by investment structure	109
» Private Credit	90	Future outlook and strategic implications	110
		Chapter Insight – Vanguard's Collaborative Edge: Powering Adviser Practices Through Partnership and Practice Management	112

Life Insurance	116
Introduction and market overview	117
» Insurer satisfaction	119
» Key drivers of adviser satisfaction	120
» Adviser engagement observation	120
» Additional Metrics	124
Retail life insurance landscape	126
» Annual new business and policy lapse metrics	127
» Premium changes by policy type	128
Risk advisers: Current state and opportunities	129
» Adviser Population Trends	129
Evolving business models in risk advice: From risk-focused to holistic practices	130
» A spectrum of adviser models defined by business focus	130
» Key insights on business model viability	131
» Conclusion – a healthy, multi-modal advice sector	131
Future outlook and growth opportunities	132
» Market size and segmentation	134
» Analysis of in-force premium distribution	134
» Process improvements and technology enablement	135
» Quality of advice review impact and opportunities	136
» General advice opportunity for risk advice	137
» Life insurance as a core component of adviser value propositions	138
Chapter Insight – NEOS: Revolutionising Life Insurance Through Technology and Adviser-Centric Innovation	139

Australian Superannuation Landscape	145
Market growth and the value of advice	146
Super fund advice ecosystem	149
» Holistic vs Intrafund advice	149
» Digital advice deployments	151
The “new class of adviser” opportunity	152
Super fund satisfaction among advisers	153
» Platform providers lead adviser satisfaction	153
» Divergent preferences by client type	154
» Key satisfaction drivers across categories	155
» Adviser panel stakes: Industry funds in catch-up mode	158
The retail fund preference for advised flows	158
» SMSFs surge in the last 4 years	159
The super challenge	162
» The demographic shift is arriving quickly	163
» With the 65-74 and 75+ cohorts driving urgent need for action	164
» An advice gap is already evident with 3.1M Australians over 55 “needing” advice	165
» The advice gap to create a \$1.3 trillion shortfall in retirement adequacy	166
» Australia at risk of a huge adviser shortfall to help retired Australians	167
» Government and industry to play a role to protect Australia’s retirement	168
Navigating the Future	169
Chapter Insight – UniSuper’s Commitment to Financial Advice for Members	170

Contents

Insights & Infographics	175
The Average Australian Adviser	176
Adviser population by licensee ownership / affiliation	177
Practice distribution per segment	178
About Us & Our Methodology	179
Our methodology	180
Survey data	181
Survey participation data	182
About Adviser Ratings	183
Our products and services	184

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Advice Better Connected: 2025 and Beyond

A letter from Adviser Ratings Group Managing Director – Angus Woods

As we publish the 7th annual Landscape Report, the message is clear: the advice industry is evolving with greater purpose, insight, and collaboration than ever before.

This year's report is built on the most expansive datasets in our history. Through the Adviser Ratings Group of companies, we've united rich data streams with survey insights from 1,200 advisers and 590 practice heads, each dedicating an average of 45 minutes, collectively more than 1,340 hours of deep practitioner feedback. Supplemented by hundreds of vendor responses and over 100 detailed practice interviews, this report delivers a layered and robust picture of an industry in motion.

Pleasingly, a spirit of collaboration is taking hold. Across the wealth industry, we've seen competitors join forces to solve shared challenges.

Among them: the staggering demographic shift of Australians aged 55+ growing from 7 million to 16 million over the next 30 years. To meet the needs of this retirement boom, the advice and superannuation ecosystem must evolve to be scalable, accessible, and built for longevity.

One of the most pressing challenges is standardisation, particularly in the SMA

space. As SMAs become more integral to advice delivery, the lack of uniform data and disclosure is creating angst with regulators and advisers across the fastest growing sector in advice. The emergence of the SMA Standard is a critical step forward, offering structure, transparency, and a pathway to greater interoperability.

Across the board, open architecture, data transparency, and integrated technology are now central themes. The firms embracing these principles are better positioned to serve both advisers and clients, and they're doing so more efficiently.

Australia is fortunate to have one of the most sophisticated yet tightly regulated advice and retirement systems in the world. This maturity continues to draw interest from private equity and strategic buyers alike, fuelled by long-term tailwinds and confidence in the sector's resilience.

Thank you to all who contributed, especially the advice practitioners and to our sponsors: Vanguard, SMA Standard, NEOS, UniSuper, and ProductRex, with a special mention to our headline sponsors Numerisk and Lonsec.

We're with you, because advice matters.



Angus Woods
Managing Director,
Adviser Ratings

Insight, Innovation, and Impact for Advisers

A letter from Lonsec Research and Ratings CEO – Lorraine Robinson

At Lonsec Research and Ratings, we are deeply passionate about the value of advice. Our mission is to empower advisers as they navigate a rapidly evolving landscape, grow their businesses and help clients live their best lives.

We are proud to be uniquely positioned in the industry, offering a comprehensive suite of investment research, advanced technology and deep qualitative insights that support better decision-making for both advisers and their clients.

Our business including Lonsec Research, iRate™ and SuperRatings, partner with industry participants to research and rate over two thousand managed investments and listed securities and over five hundred superannuation products. This research, data and insight is delivered to over five thousand financial services professionals

nationwide through our award-winning investment research platform - iRate® which provides unparalleled access to our breadth and depth of qualitative analysis - all in one place.

We understand the importance of practical, actionable insights. That is why we're proud to sponsor this year's Adviser Ratings Landscape Report, continuing our commitment to support the advice profession.

The transformation of the financial services sector has brought both challenges and opportunities. Our goal is to remain a trusted partner, equipping advisers with the tools they need to deliver exceptional service and future-proof their businesses.

Thank you for your continued partnership. We look forward to evolving our services and leading the way in the ever-changing financial advice landscape - driven by insight, innovation, and impact for advisers.



Lorraine Robinson
CEO, Lonsec Research and Ratings

Lonsec

2025 KEY SPONSOR

Redefining Risk: A New Era of Partnership in Wealth Insurance

A letter from Numerisk CEO – Richard Silberman

As we enter the back half of 2025, it's with great pride that, as in prior years, Numerisk is able to contribute to the 2025 Landscape Report. One of the industry-leading research papers into the financial services industry. Whilst the year is far from over, our growth has been rapid and this is in no small part a consequence of our DNA – partnerships. Numerisk is a partnership business, this spirit of collaboration and pursuit of the greater good carries through every aspect of our decision making. Partners like Adviser Ratings are a natural home for this thinking. In just 12 months, over 160 licensees and more than 500 advisers have chosen to partner with us, their confidence supported by relationships across the spectrum with endorsement from Adviser Ratings, IOOF Alliances, SMSF Association and more recently The Principals Community.

It's been encouraging to see market conditions for advice businesses looking for insurance solutions ease, and the impact of our disruptive approach has been undeniable. There is plenty more to do, and with this in mind we look to the next horizon of Numerisk, one where

we can use AI, platform technology in conjunction with partners like Adviser Ratings world-class data infrastructure to more deeply leverage value in the broader advice eco-system. There are still problems to solve and plenty of mountains to climb but we remain as committed as the day we were founded, obstacles are expected but I'm reminded of the saying "Go fast, go alone. Go far, go together" – this is our north star.

The advice industry continues to evolve but the sentiment across our clients and partners is consistent, we are in the golden age of advice. We look forward to working with the industry in the way we do, as partners rather than vendors. As a business with a strong sense of obligation and commitment to those who work tirelessly to build a future for themselves, and for their clients.

We hope you enjoy the content in this year's report as much as we enjoyed contributing to it.



Richard
Silberman
CEO, Numerisk



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The
Australian
Consumer

1.0

Stagnant advice penetration: A market at the crossroads

The proportion of Australians seeking professional financial advice has remained reasonably stable over the past four years, with 2025 remaining level with 2024 at 10.4%.

This stability aligns with the general stability in adviser numbers across the profession, despite changes in adviser licensing and practice structures. However, with 90% of Australians remaining unadvised, the market faces a fundamental issue: growing recognition of the value of advice competing against increasing barriers to access.

This disconnect between need and delivered service comes at a critical moment, as economic pressures mount across the country: 2024 was marked by the impacts of rising interest rates, persistent inflation, and market volatility, all of which have created unprecedented financial complexity for everyday Australians. Meanwhile, regulatory reforms designed to improve advice quality have inadvertently contributed to rising delivery costs, creating a widening affordability gap.

CHART 1.1

Advised Australians by age

Source: ARdata.
(2025 Analysis)

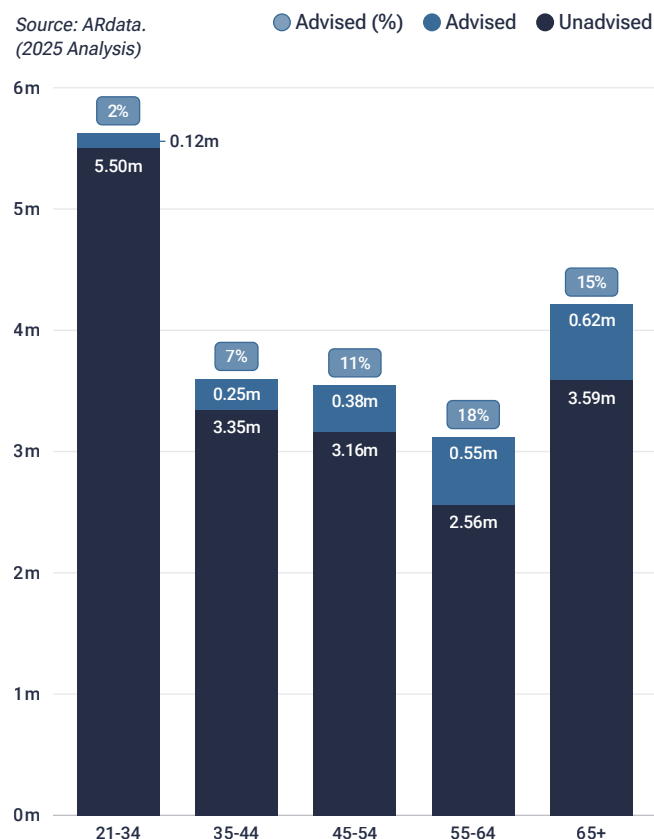
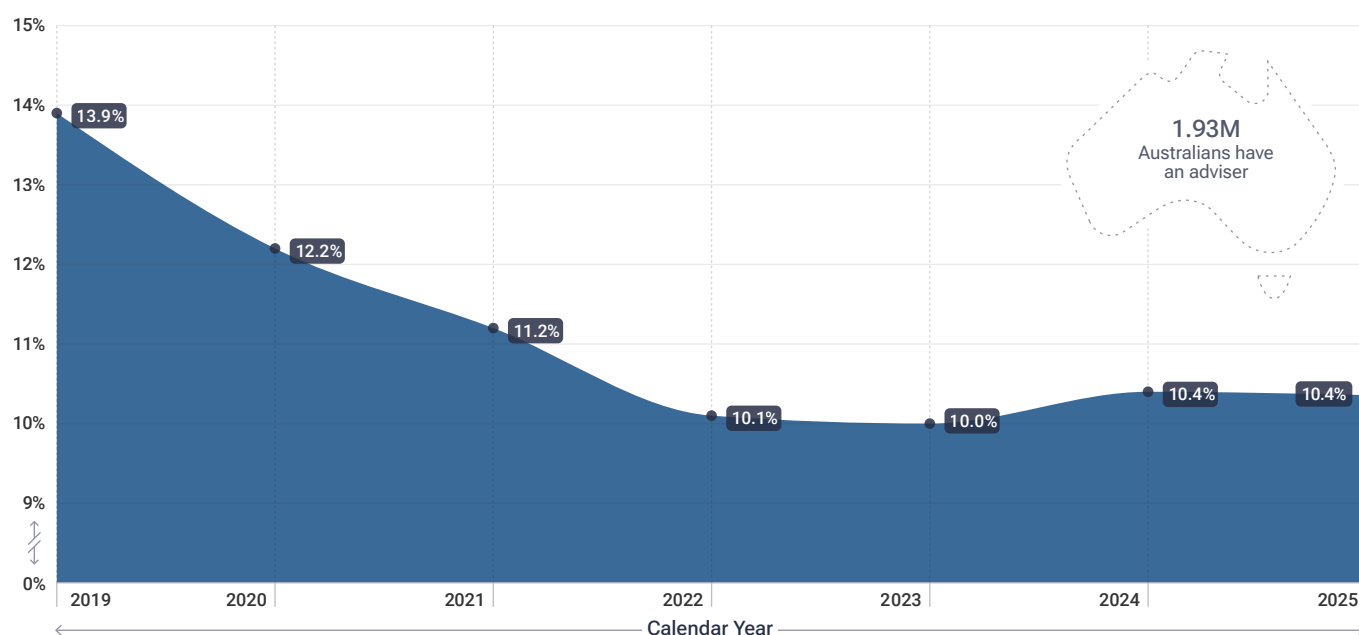


CHART 1.2

Advised Australians

Source: ARdata.





As we examine the consumer landscape, this stable level of advice penetration forms the essential context for understanding both the challenges facing the industry and the substantial opportunities for those positioned to bridge the advice gap. The data reveals not just who is receiving advice today, but more importantly, who isn't—and why this matters for the future of financial wellbeing in Australia.

Despite this overall lack of growth, demand for advice remains strong, as evidenced by the substantial growth in consumer inquiries through established referral channels. The Adviser Ratings platform has seen record numbers of leads, with five-year growth of 189%. This growing interest in finding advisers

suggests many Australians recognise the value of professional guidance but face barriers to converting this interest into formal advice relationships.

The disparity between stagnant advice penetration and rising inquiry volumes points to a structural problem:

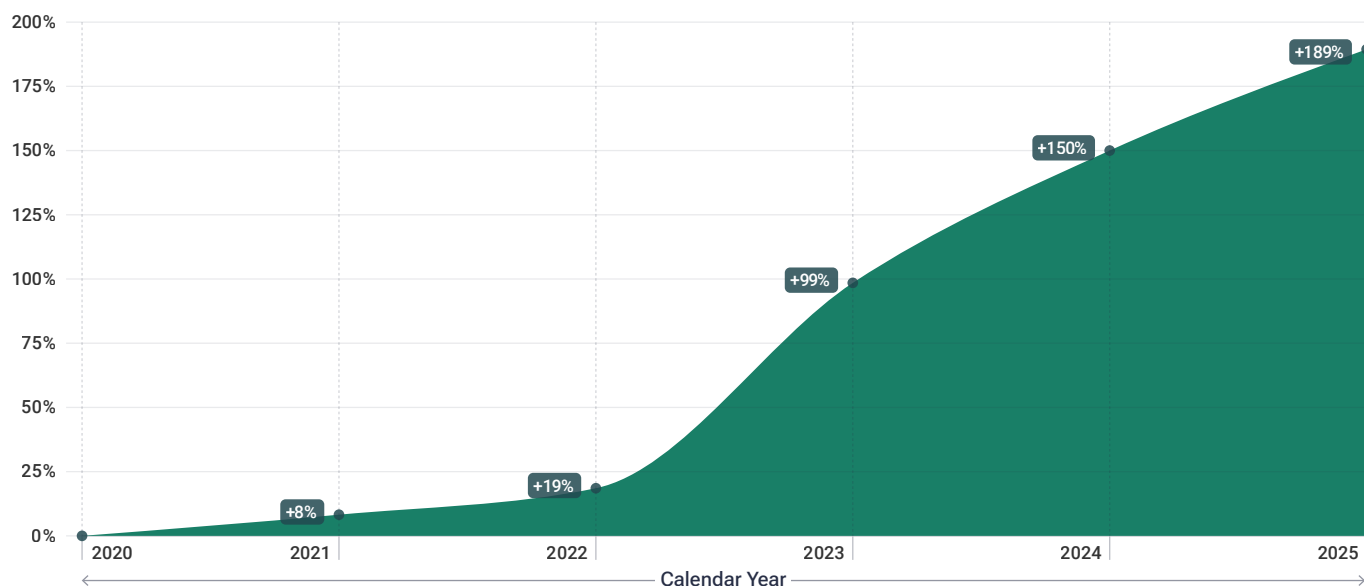
While more Australians recognise the need for financial guidance, barriers to accessing advice remain significant.

Through regulatory reform, super funds are now being tasked with addressing this gap. However, accessibility—both for advisers and through the funds themselves—remains a challenge across the industry, with funds positioned at varying points along the advice maturity curve.

CHART 1.3

Consumer advice leads growth since 2020

Source: ARdata



What do you want to be when you grow up?

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circumstances before making decisions, because we haven't.





Changing consumer priorities and concerns

Firstly, it is interesting to note that the demographics of those seeking advice versus advised Australians are markedly different.

Demand can be demonstrated where the proportion of Australians seeking advice in each age bracket is higher than those who are receiving advice. Notably, younger Australians show significant demand for support with their financial plans.

As economic conditions evolve, advisers have reported that the priorities and concerns of Australian consumers seeking financial guidance have also changed. While *Retirement Planning* continues to dominate advised clients' inquiries to advice practices, with 74% of advisers reporting it as their clients' primary concern in 2025, several emerging topics have gained significant traction:

1. Cryptocurrency

Cryptocurrency interest has surged, with 30% of advisers reporting client inquiries in 2025, up from 18% in 2024, reflecting growing mainstream acceptance of digital assets despite their volatility.

2. Intergenerational wealth transfer

This topic has become increasingly important, with 39% of clients seeking guidance on helping the next generation invest, a substantial increase from 29% in 2024.

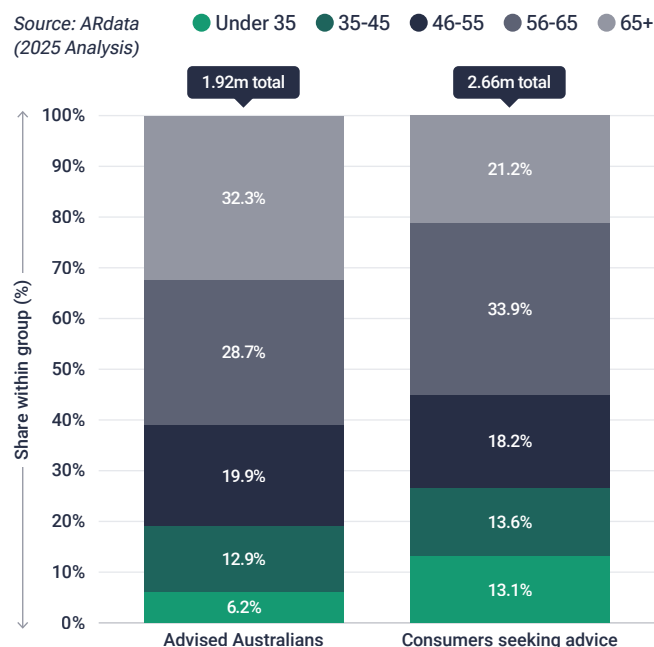
3. New concerns have emerged

These include impact investments (8%), the 2025 Federal Election implications (20%), and insurance adequacy (33%).

CHART 1.4

Advised Australians vs consumers seeking advice: relative share per age group

Source: ARdata (2025 Analysis)



Notably, concerns about recession impacts have decreased from 46% to 38%, suggesting either growing economic resilience or resignation to ongoing volatility. Meanwhile, interest in ESG investments has declined from its 2023 peak of 33%, no longer ranking among the top concerns listed by advisers. This potentially reflects broader market scepticism about greenwashing, ESG implementation challenges, along with political developments in the US continuing to affect global ESG sentiment. These shifts demonstrate how rapidly consumer priorities can evolve in response to changing market conditions and media narratives.

Interestingly, consumers who request advice using the Adviser Ratings referral platform show differing needs. While Building Super and Preparing for Retirement remain the top areas in which consumers seek advice, their proportion is significantly lower than already advised consumers.

Content analysis of consumer free-text comments reveals a more comprehensive picture of consumer concerns.

While the expertise selections provide structured data, the comments often express more complex, interconnected financial challenges and aspirations.

CHART 1.5

Consumer advice request areas (2024 versus 2025)

Source: Adviser Ratings

Analysis Year: ● 2024 ● 2025

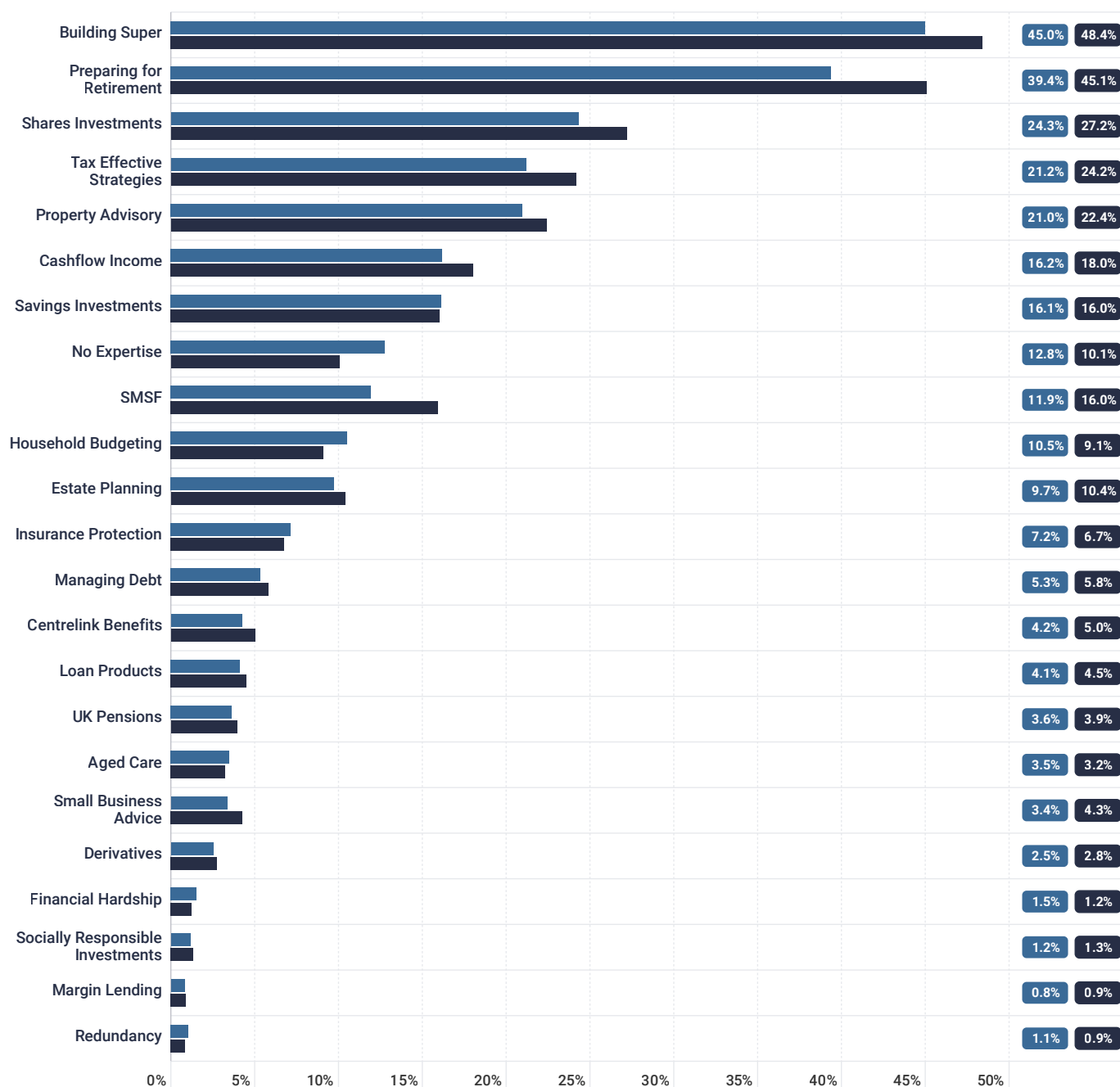
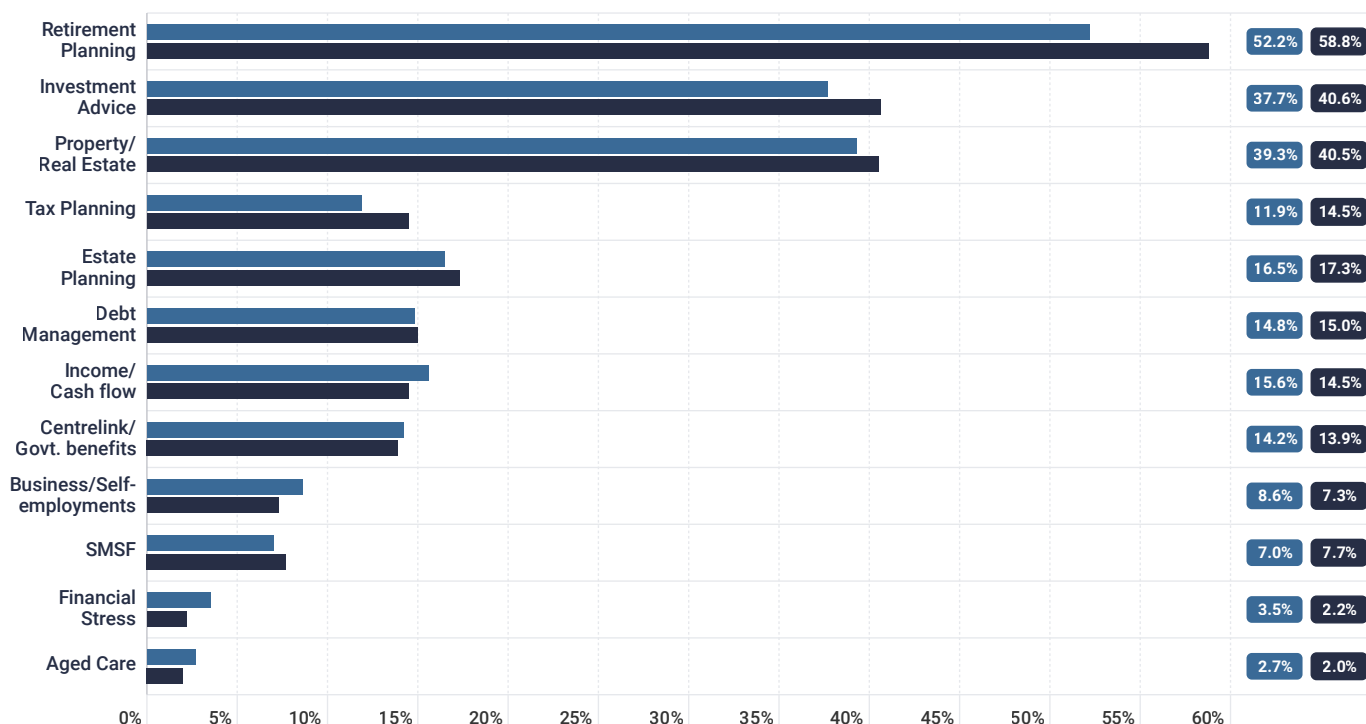


CHART 1.6

Consumer advice requests (comment analysis)

Source: ARdata

Analysis of the previous 12 months: 2024 2025



Our analysis of these comments identified several key themes and notable shifts from 2024 to 2025:

1. Retirement planning dominates and is growing

Comments mentioning retirement planning increased from 52.2% to 58.8%, a significant 6.6% jump.

This exceeds the increase seen in the structured data selections, suggesting retirement concerns are becoming more urgent for consumers.

2. Investment and property remain critical considerations

Investment advice (40.6%) and property/real estate (40.5%) were mentioned at nearly identical rates in 2025 comments, highlighting the twin pillars of wealth-building strategies for Australian consumers. However, year-on-year, there has been a bigger increase in investment advice requests, with a 7.7% increase versus a 3.1% increase.

3. Tax planning gaining prominence

Comments mentioning tax planning increased to 14.5%, indicating growing consumer awareness of tax efficiency as part of their overall financial strategy. This is the largest category increase this year, at 21.8%.

4. Shift from immediate concerns to long-term planning

Comments about financial stress declined to just 2.2% of comments, while business/self-employment mentions also decreased. This suggests a pivot from immediate financial pressures toward longer-term strategic planning.

5. Estate planning complexity

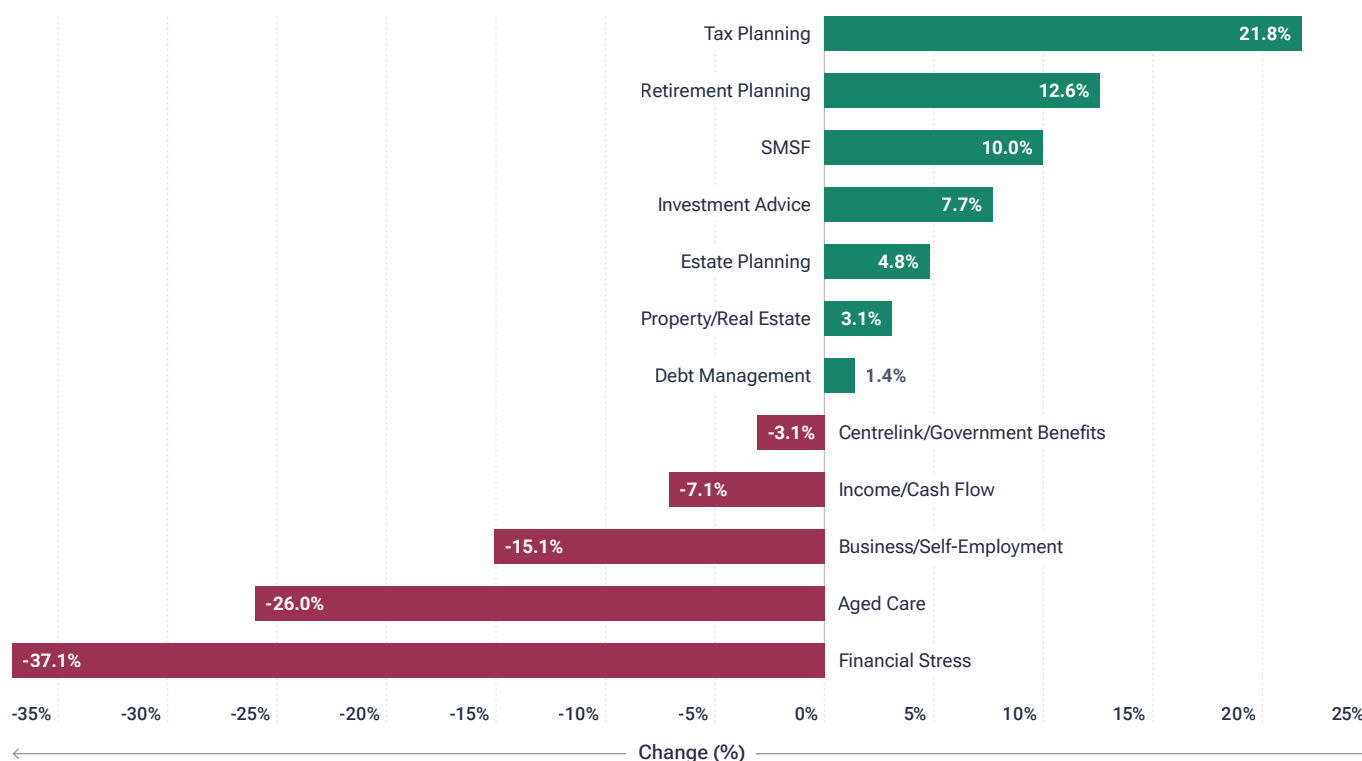
While estate planning is selected by only 10.4% of consumers in the structured form, 17.3% mention it in their comments, often describing complex family situations and intergenerational transfer considerations beyond basic will preparation.



CHART 1.7

Percentage change in financial advice requests (2024 versus 2025 analysis)

Source: ARdata



This content analysis reveals that consumer financial concerns are becoming increasingly sophisticated and forward-looking.

Consumers are shifting away from reactive, immediate financial concerns toward more strategic, long-term planning objectives, emphasising retirement preparation, investment optimisation, and tax-efficient wealth building.

These insights suggest an opportunity for advisers to engage with prospects by addressing these interconnected concerns rather than focusing narrowly on the service categories consumers initially select. The growing sophistication in consumer comments also indicates rising financial literacy and awareness, potentially making prospects more receptive to comprehensive advice propositions that address their complete financial situation.



Wealth transfer: A growing focus

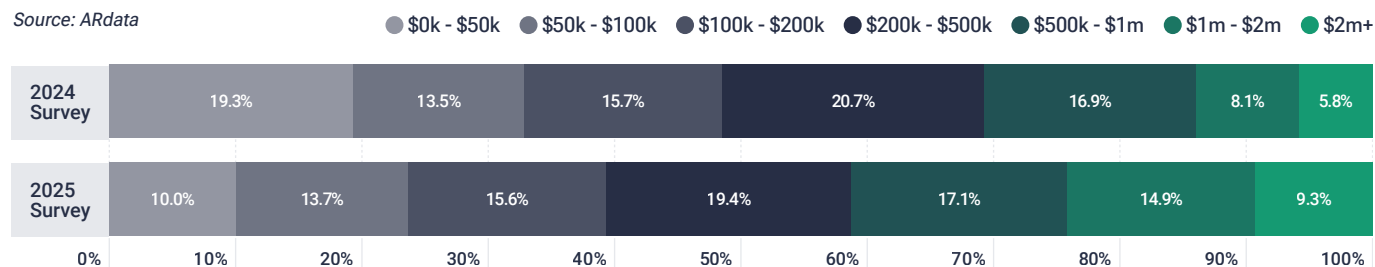
As Australia's baby boomer generation ages, intergenerational wealth transfer has become a critical area of advice, with substantial assets in motion.

In 2025, 41% of clients planning wealth transfers will move \$500,000 or more to the next generation, up from 31% in 2024. This 10% increase in just one year represents an unprecedented acceleration in wealth movement between generations, creating challenges and opportunities for advisers.

CHART 1.8

How much advised Australians intend to transfer as a gift or loan

Source: ARdata





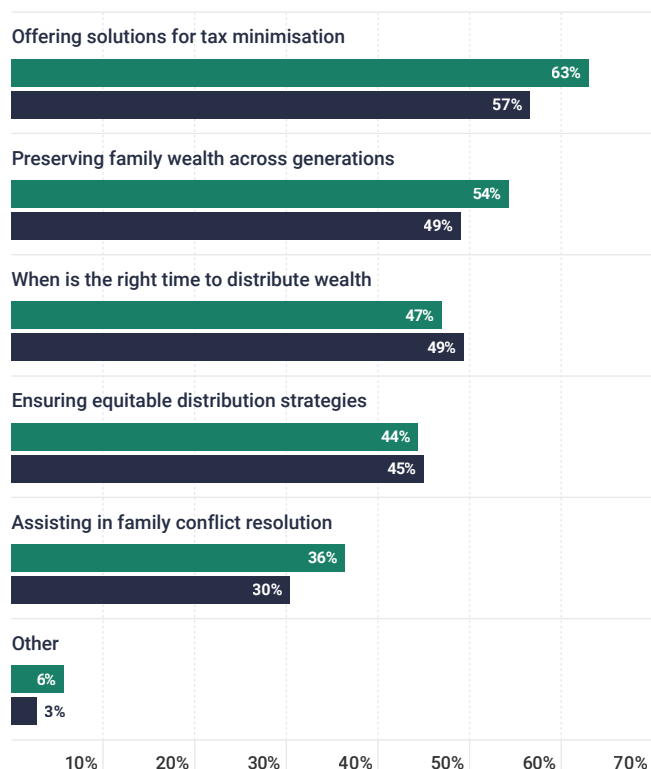
The primary concerns around wealth transfer have slightly evolved year over year. While tax minimisation remains the dominant concern at 57%, preserving family wealth across generations (49%), timing considerations (49%) and equitable distribution (45%) form a core set of similar importance to clients. This convergence suggests clients are taking a more holistic view

CHART 1.9

What concerns Australians have regarding wealth transfer?

Source: ARdata

Survey Year: ● 2024 ● 2025



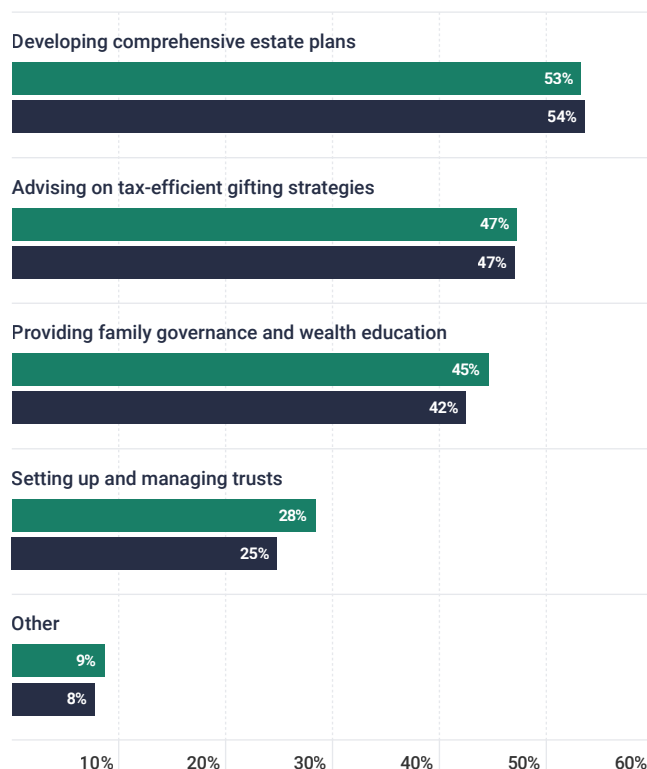
of wealth transfer, balancing tax efficiency with family dynamics and strategic timing. To address these concerns, advisers increasingly focus on comprehensive estate planning, with 54% incorporating this into their wealth transfer strategies. Tax-efficient gifting strategies (47%) and family governance education (42%) also remain critical components of adviser service offerings in this space.

CHART 1.10

What strategies do advisers employ when managing intergenerational wealth transfer?

Source: ARdata

Survey Year: ● 2024 ● 2025



Client demographics and engagement patterns

Advice relationships show encouraging evolutionary patterns, with one-off engagements constituting 23% of client interactions in 2025, a slight decrease from 25% in 2024. This modest but meaningful shift toward recurring relationships suggests advisers are developing more effective methods for demonstrating their long-term value proposition. The average adviser now manages 101 clients a year (up 3.8% from 97 in 2024) with 77% of clients entering into ongoing advice relationships, indicating both selective client acquisition and improved retention strategies.

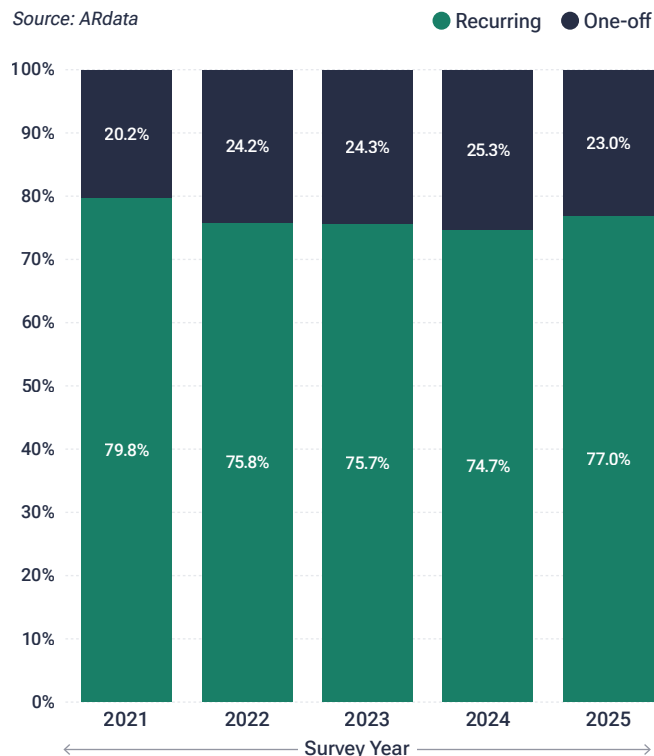
Investment values per client have seen an 11% increase in 2025 after several years of plateauing, with average funds under advice reaching \$758,362.

Despite stagnation in previous years, client portfolios have grown by 18% since 2019, reflecting the combined effects of generally positive market performance and the increasing tendency for advisers to focus on higher-value client relationships. This client value concentration strategy has been a direct response to rising advice delivery costs and ongoing regulatory requirements that make serving lower-value clients increasingly challenging.

CHART 1.11

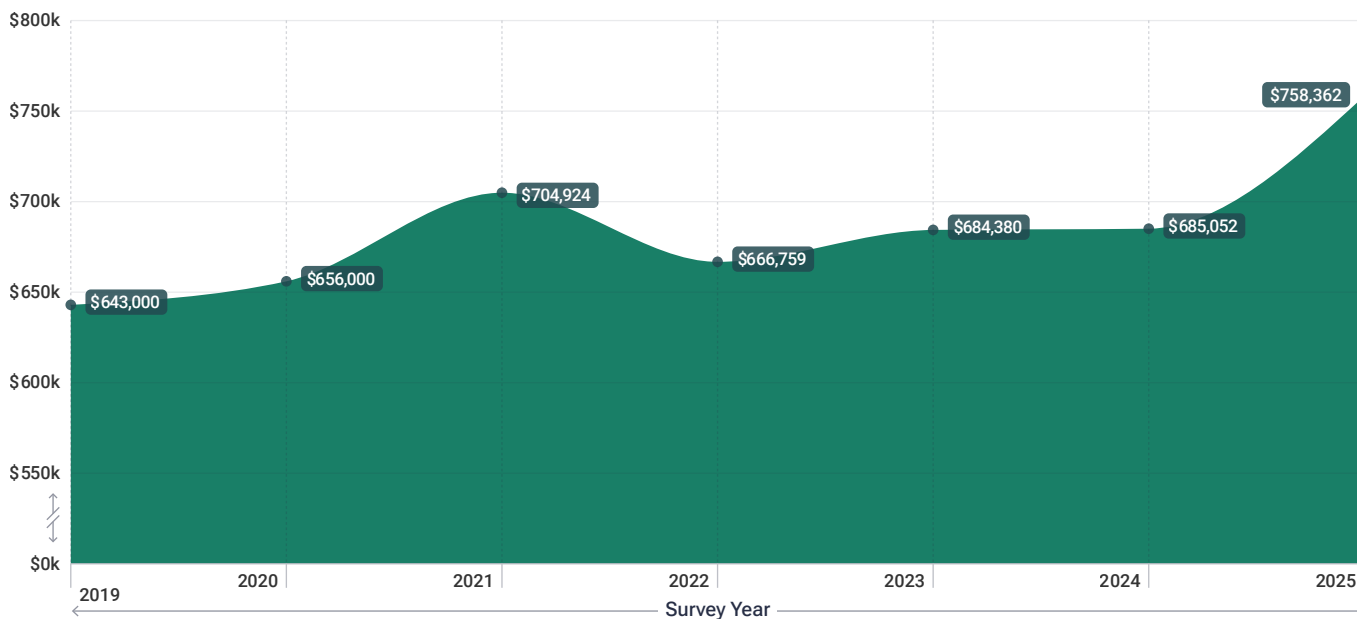
Proportion of one-off versus ongoing relationships

Source: ARdata

**CHART 1.12**

Funds under advice per client

Source: ARdata



Specialisation and sophisticated clients

The advice landscape shows increasing sophistication around client targeting and service specialisation.

While 88% of advisers continue to serve general clients, there's a clear trend toward developing expertise in high-value professional niches. Senior management (24%), medical professionals (19%), and corporate managers (17%) represent the most common specialised client segments, reflecting areas where complex financial needs intersect with the capacity to pay for comprehensive advice.

The distribution of sophisticated clients (as defined under the Corporations Act) has shown subtle yet notable shifts. The proportion of advisers reporting no sophisticated clients increased slightly to 35% in 2025 from 34% in 2024, while those with more than half their book comprising sophisticated clients edged up to 10% from 9%.

This bifurcation shows the market continues to separate into distinct service models: mainstream advisers focusing almost exclusively on retail clients, and a smaller cohort of specialists building practices around high net-worth and sophisticated clients.

CHART 1.13

Client specialisation

Survey: ● 2024 ● 2025

Source: ARdata. Note: Public sector, Farming, Education, Mining, Construction, Military are now options for this year.

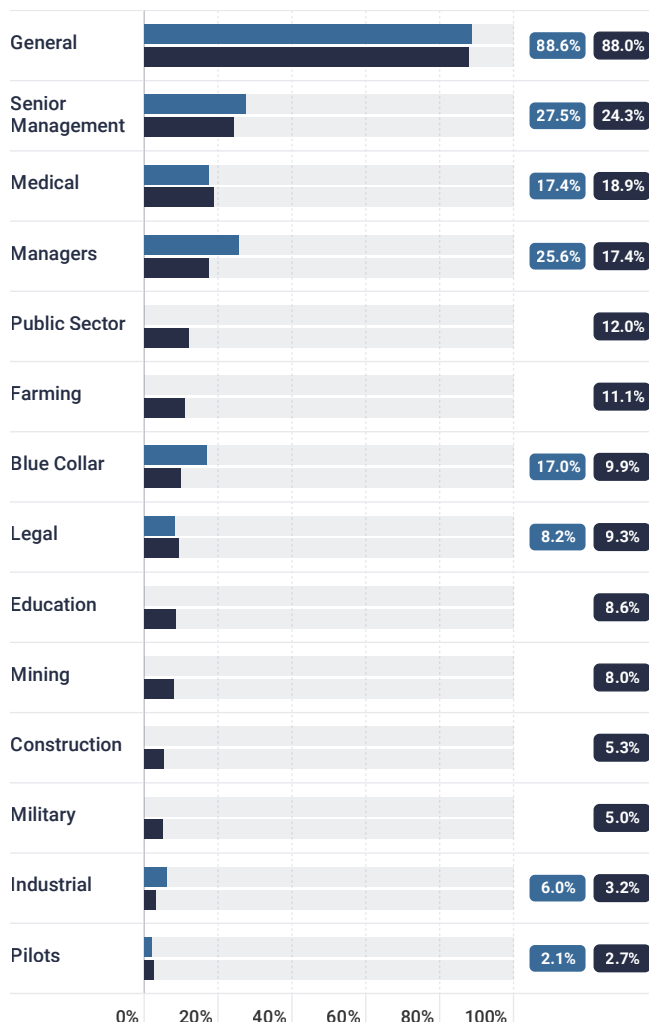


CHART 1.14

Sophisticated clients as percentage of client base of retail advisers

Source: ARdata

● 0% ● 1-10% ● 11-50% ● 51-100%

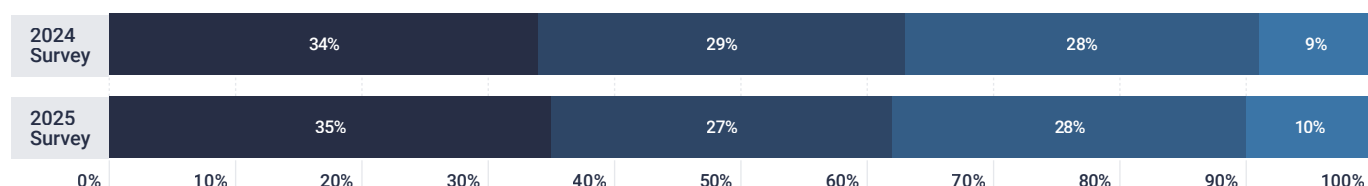
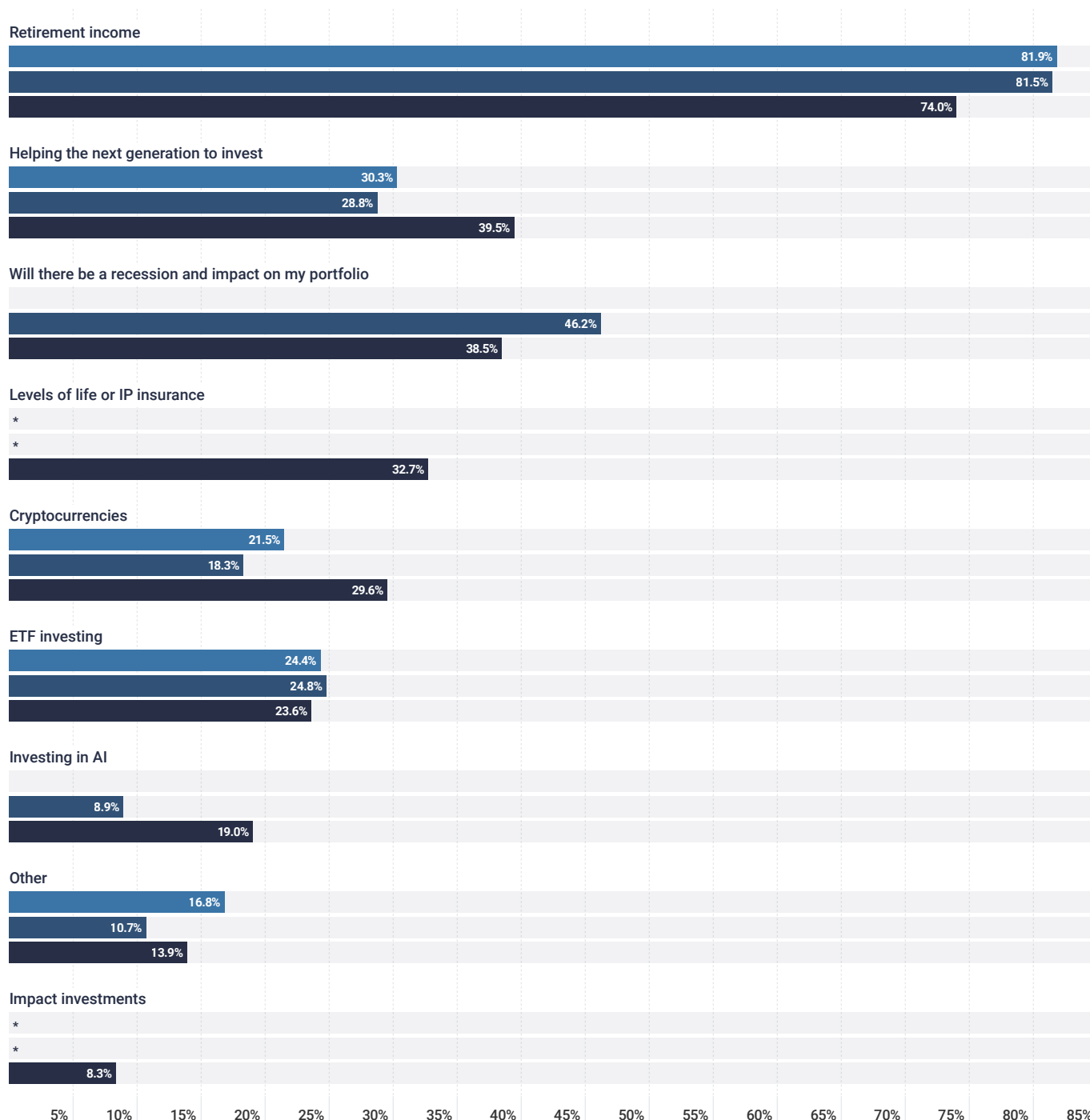


CHART 1.15

What topics are clients asking about?

Source: ARdata. Note: (*) Levels of life or IP insurance, the 2025 and Impact investments are new options for this year.

Survey: ● 2023 ● 2024 ● 2025



By aligning service models and communication strategies with these evolving consumer priorities, advisers can position themselves to capture the substantial untapped demand while building more sustainable advice relationships focused on long-term planning rather than reactive financial management.

Implications for advisers: Responding to evolving consumer needs

The consumer trends identified throughout this chapter carry significant implications for how advisers structure their service offerings and position their value propositions:

Implications



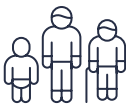
1 Demographic opportunity gap

The substantial disparity between advised rates and inquiry rates among Australians under 35 signals an untapped market. Forward-thinking advisers can develop tailored service models for younger demographics, potentially using tiered service levels or digital-first engagement to overcome cost barriers while building relationships that will mature into comprehensive advice over time. Expanding to other service areas, such as mortgage broking and life insurance, will allow advisers to build earlier relationships in a market segment looking for engagement opportunities.



2 Retirement planning dominance

With retirement concerns growing across all age groups, advisers should consider how to make retirement planning more accessible earlier in the client journey. This might involve offering modular retirement planning components that introduce younger clients to the advice process through a high-value, future-focused lens.



3 Rising interest in wealth transfer

The significant growth in intergenerational wealth concerns presents an opportunity for advisers to position themselves as family wealth coordinators. Those who develop expertise in facilitating family-focused financial conversations and creating multi-generational planning frameworks can leverage existing client relationships to naturally expand their client base to include the next generation.



4 Cryptocurrency and emerging investment interest

Rather than dismissing interest in newer investment vehicles, advisers who develop balanced educational approaches to these topics can attract clients seeking guidance in navigating complex, emerging asset classes. This presents a natural engagement opportunity with younger demographics who show heightened interest in these areas.



5 Decreasing financial stress mentions

The shift from immediate financial concerns toward long-term planning suggests consumers are increasingly ready for strategic advice rather than crisis management. Advisers should ensure their initial engagement processes highlight their strategic capabilities rather than focusing exclusively on solving immediate financial problems.

Chapter insight

CASE STUDY

Australian financial advice sector launches SMA Reporting Standard for data transparency

The Australian financial advice sector is proactively transforming through self-regulation with the launch of the SMA Reporting Standard (smastandard.com.au).

This industry-led initiative addresses critical data standardisation challenges amid a massive \$3.5 trillion intergenerational wealth transfer over the next two decades.





Separately-Managed Accounts (SMAs) are experiencing meteoric growth.

While the benefits of managed accounts for advisers are well established, they are also expected to deliver significant value to clients by ensuring their portfolios consistently reflect the advisers' best investment ideas.

The SMA Standard is being established to support this promise—by promoting greater transparency, consistency, and accountability across the managed accounts ecosystem, it ensures that both advisers and clients can confidently rely on the integrity and intent of managed account solutions.

CHART 1.17

Managed accounts have surged to close to \$300 billion at June 2025

Source: SMA Reporting Standard, ARdata, ProductRex

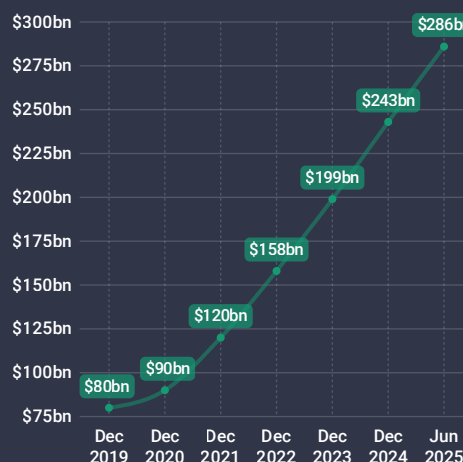
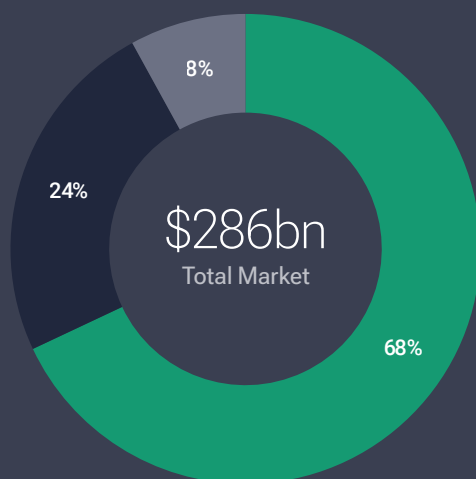


CHART 1.16

Australian managed account market

Source: SMA Reporting Standard, ARdata, ProductRex (June 2025)



SMAs	\$195bn	68%
MDAs	\$68.6bn	24%
IMAs / UMSs	\$22.9bn	8%

The SMA Reporting Standard is a groundbreaking industry-driven initiative that provides a unified framework for data reporting, starting with the standardisation of RG97 fees, demonstrating the sector's ability to self-regulate effectively without waiting for regulatory intervention.

The standard is governed by an external committee led by Chair Jerry Parwada, who emphasises: "For too long, the lack of data standardisation has been a handbrake on efficiency. With the massive wealth transfer upon us, the industry has a responsibility to act."





Benefits of Standardisation

The initiative delivers multiple advantages:



For Advisers:

Reduced compliance risk and time savings



For Consumers:

Enhanced transparency and easier product comparison



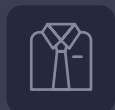
For the Industry:

Operational efficiencies and proactive self-regulation avoiding regulatory intervention

CHART 1.18

Market Scale and Impact

Source: SMA Reporting Standard, ARdata, ProductRex. Note: (*) This is in part driven by a move from model portfolios to SMAs.



116

SMA Managers and investment consultants active in the market



50%*

of new advised money is now going into SMAs

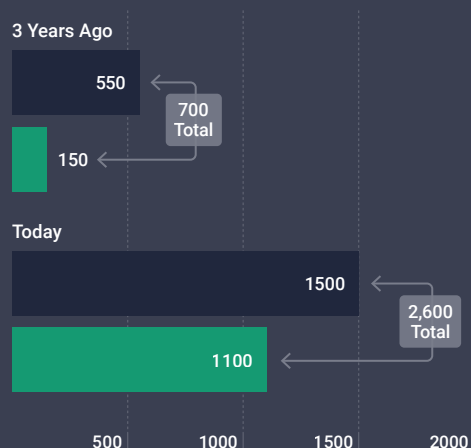
116 SMA Managers and investment consultants are now active in the market, with \$1 in every \$2 of new advised money now going into SMAs.

CHART 1.19

ProductRex platform growth statistics

Source: SMA Reporting Standard, ARdata, ProductRex

● Off-the-shelf ● Private Label



ProductRex, a founding participant of the Standard, has witnessed dramatic SMA growth on its platform.

“Transparency is the bedrock of trust. By standardising data, we are empowering a new generation of investors to understand and compare their options.



Edwina Maloney
Group Executive at AMP





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the time for proactive data
standardisation is now**

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...to learn more or participate in
the SMA Reporting Standard.

“ This is an important initiative where the industry is leading change. The standardisation of data is fundamental to building a more efficient and transparent ecosystem.



Matt Rady
CEO of BT

“ The SMA Reporting Standard is a prime example of how we can work together to solve common challenges, pre-empting the need for further regulation.



Scott Hartley
CEO of Insignia Financial

“ From an advice practice perspective, the time saved and the reduction in compliance risk from standardised data will be immense.



Tom Reddacliff
CEO of Adrians

The
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Introduction

After the tumultuous years following the Hayne Royal Commission, 2025 has marked a turning point for Australia's financial advice profession.

With adviser numbers finally stabilising at around 15,500, the profession has shifted from survival mode to building foundations for sustainable growth and optimisation.

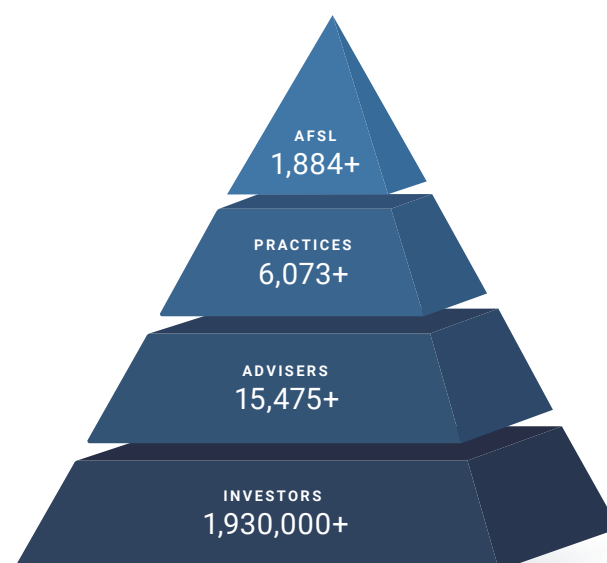
Financial advisers who weathered the regulatory storm of new professional standards and education uplift, now find themselves in an increasingly advantageous position, with rising client-to-adviser ratios, improving profitability, and technological innovations opening new pathways to serve Australians.

The long-awaited Quality of Advice Review reforms have started to materialise, bringing cautious optimism to the profession. The first tranche of the Delivering Better Financial Outcomes (DBFO) legislation, aimed at streamlining fee disclosure, consent requirements and documentation processes, has been a welcome relief for advisers who have spent years managing increasingly burdensome compliance obligations. While the profession continues to debate aspects of the government's "new class of financial adviser" proposal, most practitioners view the move toward principles-based advice records and a streamlined best-interest duty as a significant step forward.

CHART 2.1

The advice market ecosystem

Source: ARdata



The Advice Market Ecosystem remains in a state of stability after years of contraction, with 2025 data showing remarkable similarity to 2024 across most indicators. In addition to the stabilisation of advisers at 15,500, the number of Australian Financial Services Licensees has held steady at approximately 1,800. Practice numbers remain at around 6,000, suggesting the industry has found its natural balance, halting the sharp declines witnessed between 2019 and 2022.

Adviser numbers and movement

The contraction of Australia's financial advice workforce has decisively stabilised in 2025, with adviser numbers holding steady at 15,475, a marginal decline of less than 1% from the previous year, primarily driven by the timing of Financial Advice Register switches. This stabilisation represents a remarkable turning point after the profession lost over 12,000 advisers between 2018 and 2022.

The flow of professionals both entering and exiting the profession has normalised to sustainable levels. Over 2024, we saw 484 new entrants join the profession, a

further 25% growth on 2023 numbers, and the Compound Annual Growth Rate (CAGR) from 2019 to 2024 is now at 76%. Departures have fallen to 1,013, less than a quarter of the exodus witnessed during the peak of the contraction in 2019, although slightly higher than in 2023. This balanced renewal suggests the profession has entered a new phase of maturity and stability.

Notably, adviser movement between licensees has remained consistent at around 1,270, indicating a continuing shift in business structures rather than industry departures.

CHART 2.2

Number of advisers in the market

Source: ARdata. Note: x-axis dates are end of the calendar year (Dec).

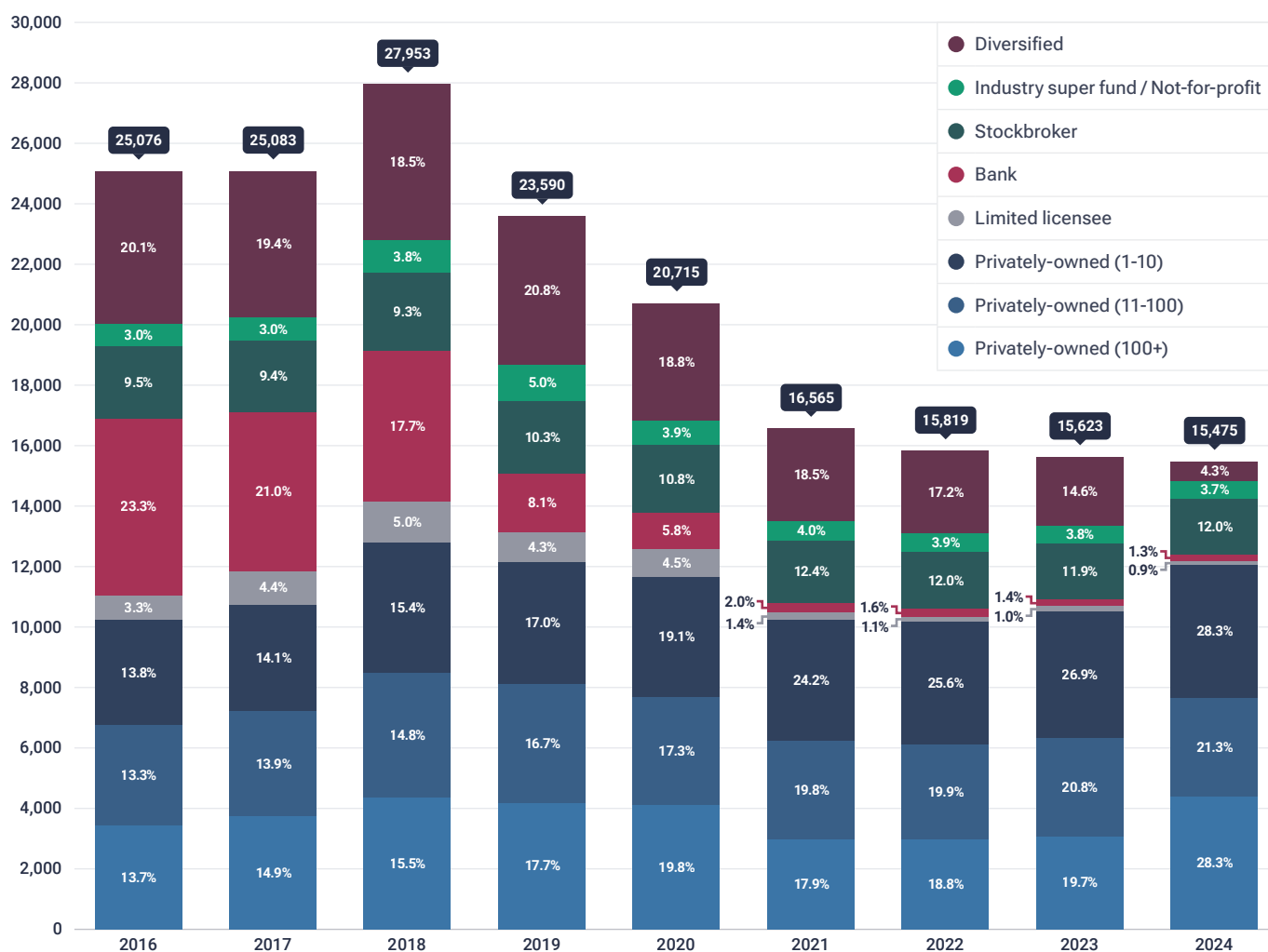


CHART 2.3

Adviser movement history (2015 - 2024)

Source: ARdata. Note: x-axis dates are end of the calendar year (Dec).

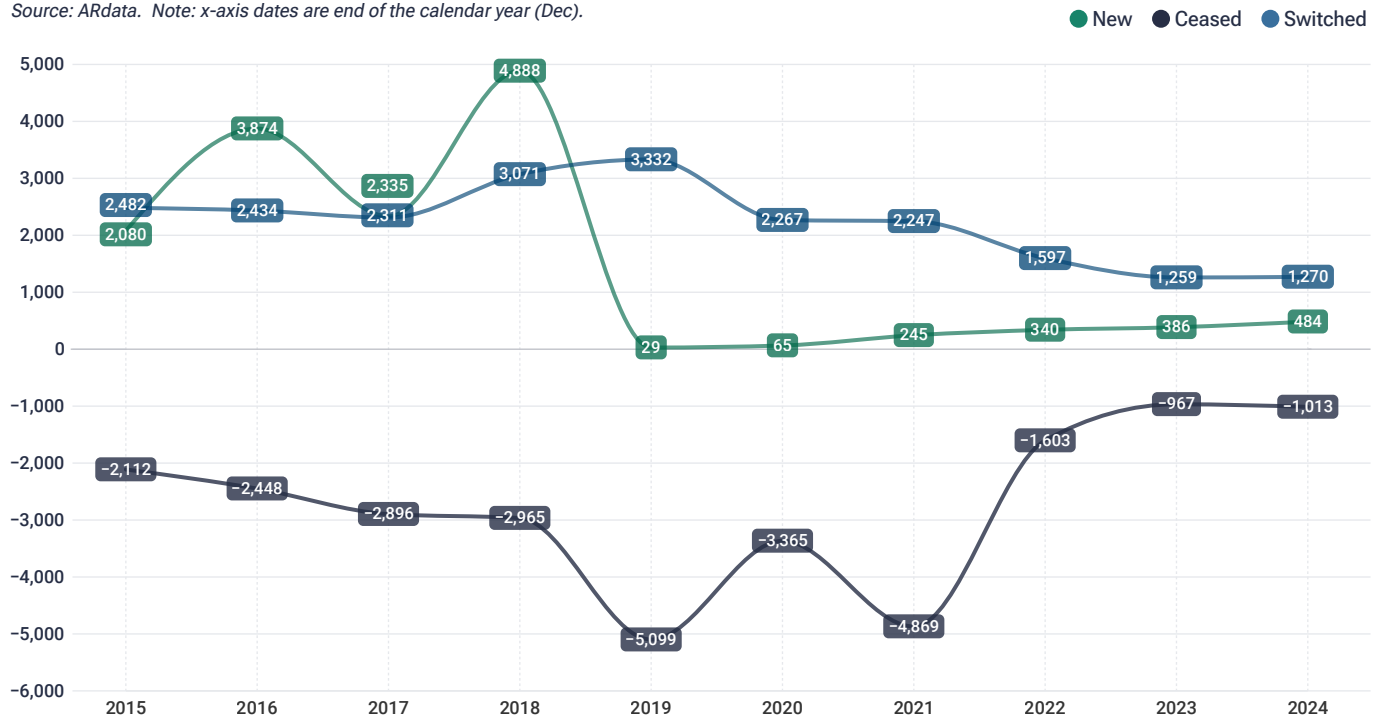
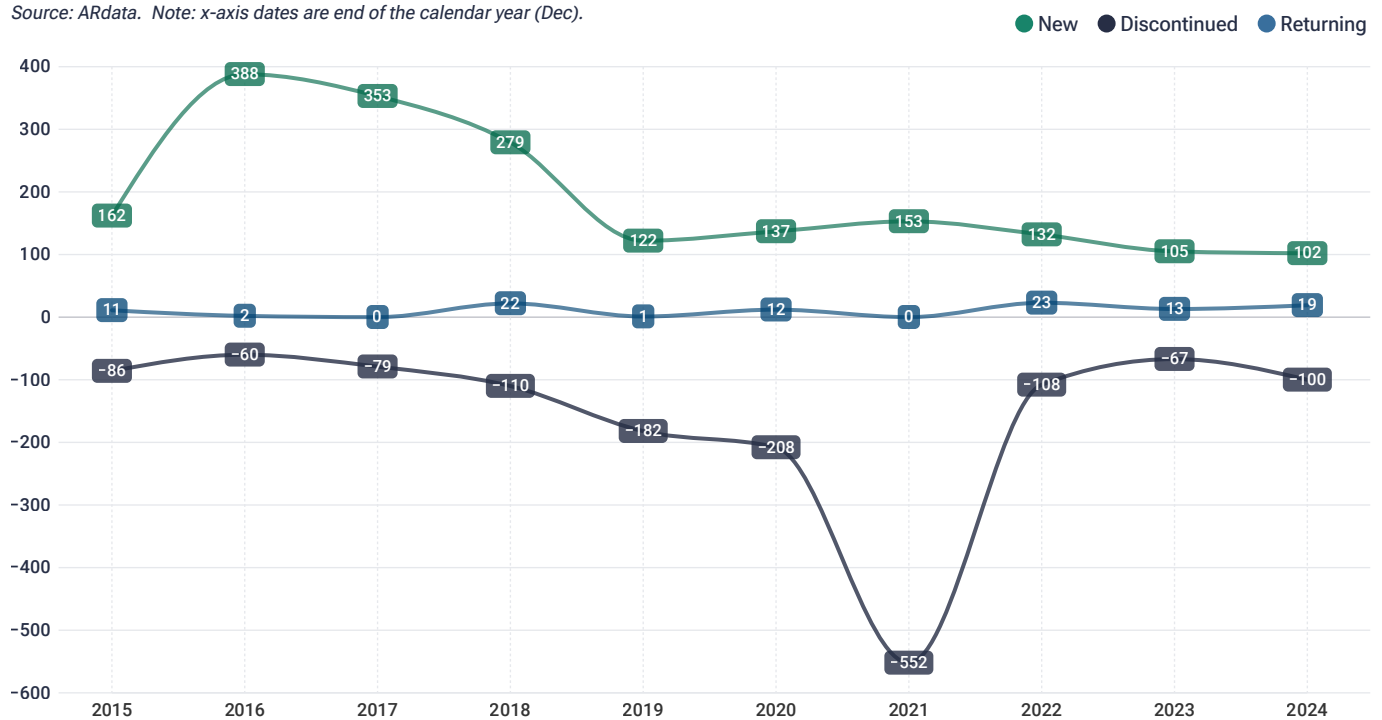


CHART 2.4

Licensee movement history (2015 - 2024)

Source: ARdata. Note: x-axis dates are end of the calendar year (Dec).



Adviser intentions and experience

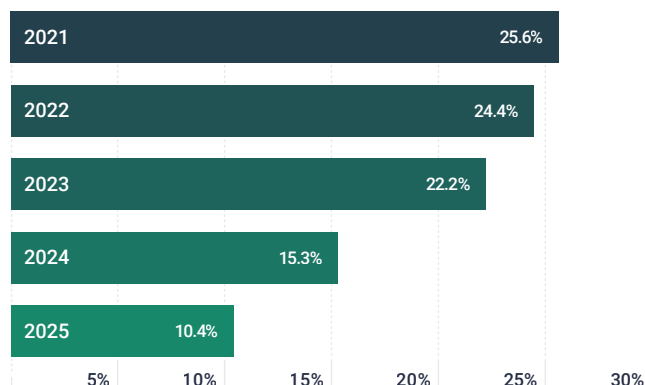
Advisers' lack of intention to leave the profession also adds to the compelling story of a profession that has found its footing, with only 10% of current practitioners indicating plans to exit, down from 26% in 2021. This dramatic shift in sentiment reflects growing confidence in the profession's future, driven by the regulatory certainty provided by the Quality of Advice Review, increasing practice profitability, and successful navigation of education requirements.

The long-term implications of this stabilisation are evident in the experience profile of today's advice professionals. Seasoned professionals now dominate the landscape, with over 70% of advisers having over a decade of experience. The proportion of advisers with 20+ years of experience has grown to 37%, while early-career professionals (1-4 years) represent just 9% of the workforce, highlighting both the profession's maturity and its ongoing challenge with attracting and authorising new talent.

CHART 2.5

Profession exiting intention

Source: ARdata. Note: Dates indicate survey year.

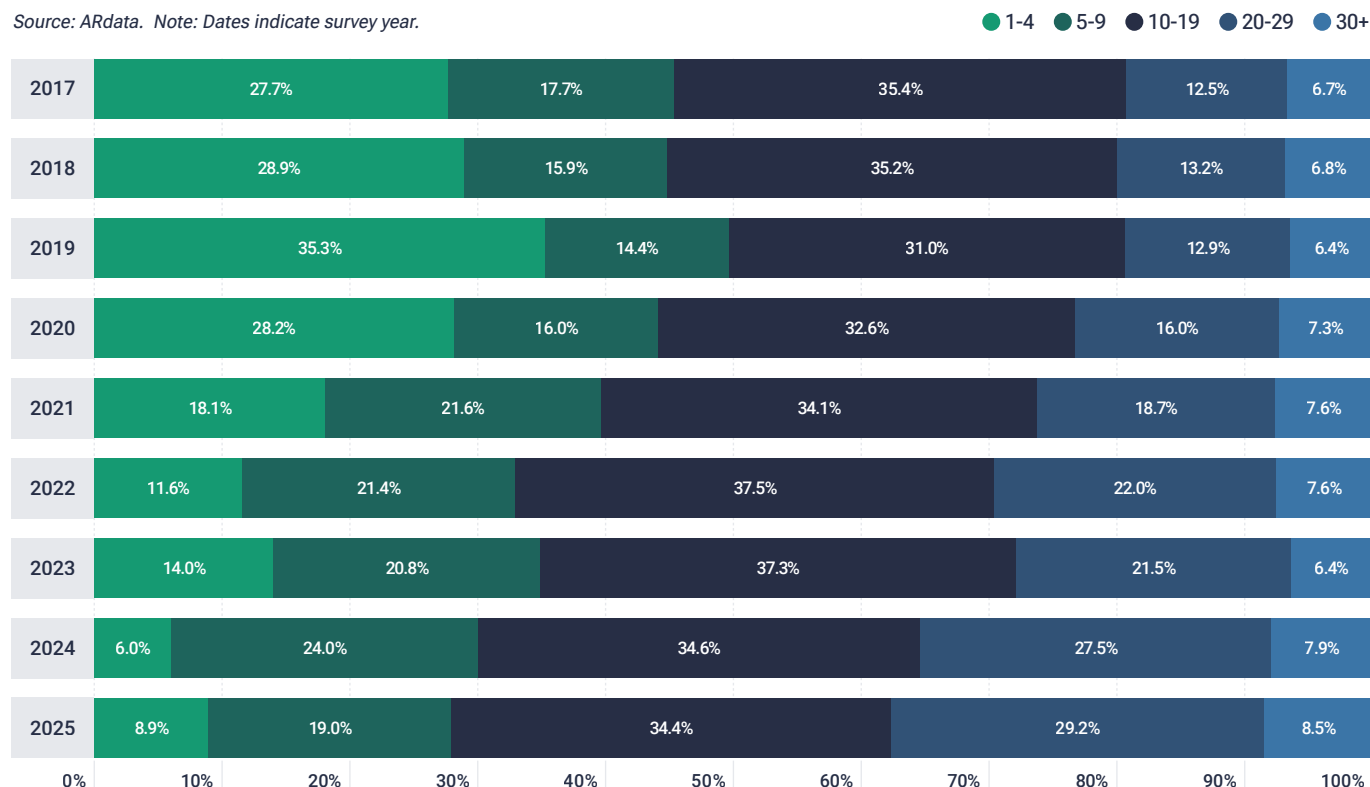


There is hope that the new class of advisers proposed by the government will offer an opportunity to build a natural funnel into the profession in the coming years, with these new advisers bringing more experience in client interactions than current new entrants often have.

CHART 2.6

Current advisers' years of experience

Source: ARdata. Note: Dates indicate survey year.





A final interesting observation to emerge as the profession progressed through the sixth year of the education standards transition is the changing practice-switching behaviours of new entrants.

On average, advisers who were first registered on the Financial Adviser Register before the 2019 transition date spend 11.4 years in the same practice and 8.5 years with the same licensee, indicating that practices are more likely to switch licensees than individual advisers. In contrast, new entrants (i.e. advisers registered after 1 January 2019), spend an average of 18 months with the practice and licensee with which they were initially registered. Among those registered in the last two years, 25% have already switched either licensee or practice at least once, and 30% overall have switched at least once in the past six years.

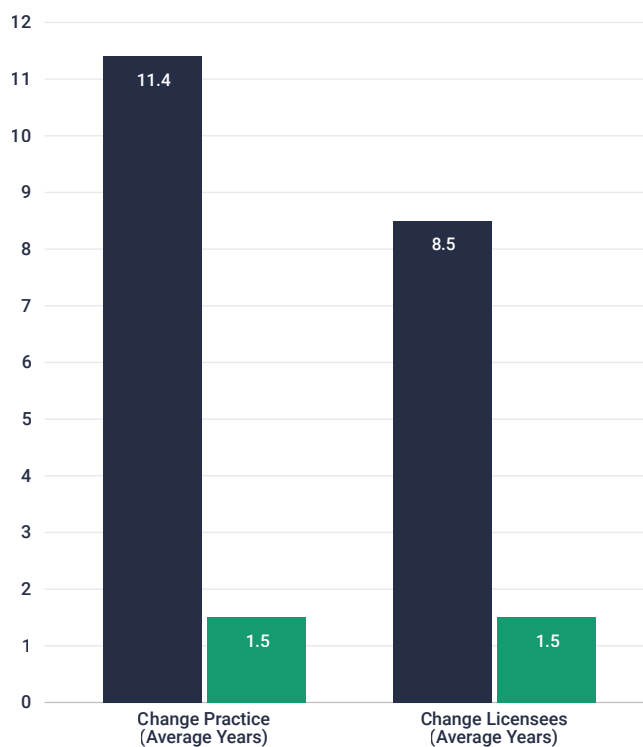
The worrying aspect is that practices will become reluctant to take on Professional Year candidates, given the risk they will be lured away to another practice after considerable investment in their development. Practices will need to consider a comprehensive strategy to keep new entrants in their practice to minimise this discrepancy in tenure.

CHART 2.7

Practice switching behaviours

Source: ARdata

● Experienced advisers ● New entrants



Implications of adviser demographics for the profession

The stabilisation of adviser numbers at around 15,500, with a predominance of experienced professionals, has a profound impact on the advice landscape:

Implications



1 Experience premium

With over 70% of advisers having more than 10 years of experience, the profession now possesses unprecedented collective expertise. This expertise premium creates an opportunity for practices to command higher fees for specialised advice, but also presents a challenge as the retirement of highly experienced advisers (38% with 20+ years experience) could create a significant knowledge gap in the coming decade, given the average age of advisers is 52 years old.



2 Succession planning imperative

The ageing adviser population, combined with limited new entrants (only 9% with 1-4 years of experience), creates an urgent succession planning challenge for many practices. Businesses without clear transition strategies risk significant value erosion as experienced advisers exit without suitable successors.



3 Skills evolution necessity

The concentration of experienced advisers means the profession must actively manage the risk of skills stagnation. While deep expertise is valuable, the rapidly changing technological and regulatory environment demands continuous adaptation and upskilling, particularly in emerging areas like AI-enabled advice tools and behavioural finance.



4 Mentorship opportunity

The significant experience imbalance creates both a responsibility and an opportunity for knowledge transfer. Formal mentorship programs represent a critical mechanism for preserving institutional knowledge and developing the profession's next generation, while potentially creating new revenue streams for established advisers.

These demographic realities will shape recruitment strategies, professional development initiatives, and business planning across the industry in the coming years, as practices seek to balance the benefits of deep expertise with the need for innovation and renewal.

Business models & structures overview

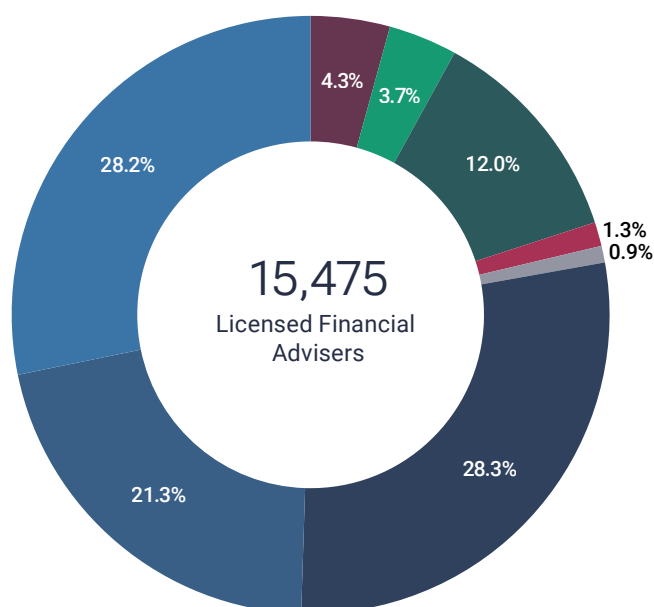
The transformation of the financial advice profession's business structure has reached its most decisive phase, with privately-owned licensees now dominating the landscape. In 2025, these independent businesses collectively represent 78% of all advisers, with 28% of advisers operating under small licensees (1-10

advisers), 21% under mid-sized licensees (11-100), and 28% under larger private licensees (100+). This marks the culmination of a fundamental shift that began in earnest after the Hayne Royal Commission, when independently licensed advisers represented only 40% of the profession.

CHART 2.8

Adviser distribution by segment (December 2024)

Source: ARdata

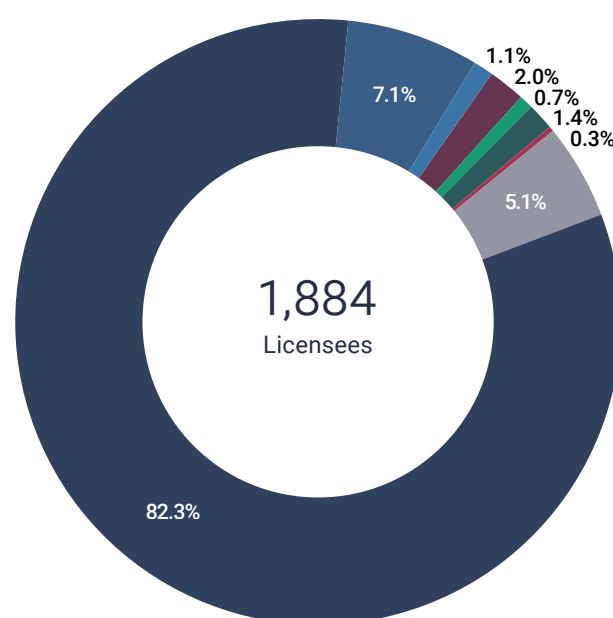


Diversified	662	4.3%
Industry super fund / Not-for-profit	575	3.7%
Stockbroker	1,855	12.0%
Bank	201	1.3%
Limited licensee	139	0.9%
Privately-owned (1-10)	4,378	28.3%
Privately-owned (11-100)	3,290	21.3%
Privately-owned (100+)	4,375	28.2%

CHART 2.9

Licensee distribution by segment (December 2024)

Source: ARdata



Diversified	37	2.0%
Industry super fund / Not-for-profit	14	0.7%
Stockbroker	27	1.4%
Bank	5	0.3%
Limited licensee	96	5.1%
Privately-owned (1-10)	1,552	82.3%
Privately-owned (11-100)	133	7.1%
Privately-owned (100+)	20	1.1%

This transition to independence is even more pronounced at the licensee level, where 82% of Australian Financial Services Licensees are now privately owned entities with 10 or fewer representatives. The contrast between adviser and licensee distributions reveals a significant insight:

While most advisers continue to operate under larger, more established licences for scale and support, the entrepreneurial spirit driving the profession has led to a proliferation of boutique licensing arrangements.

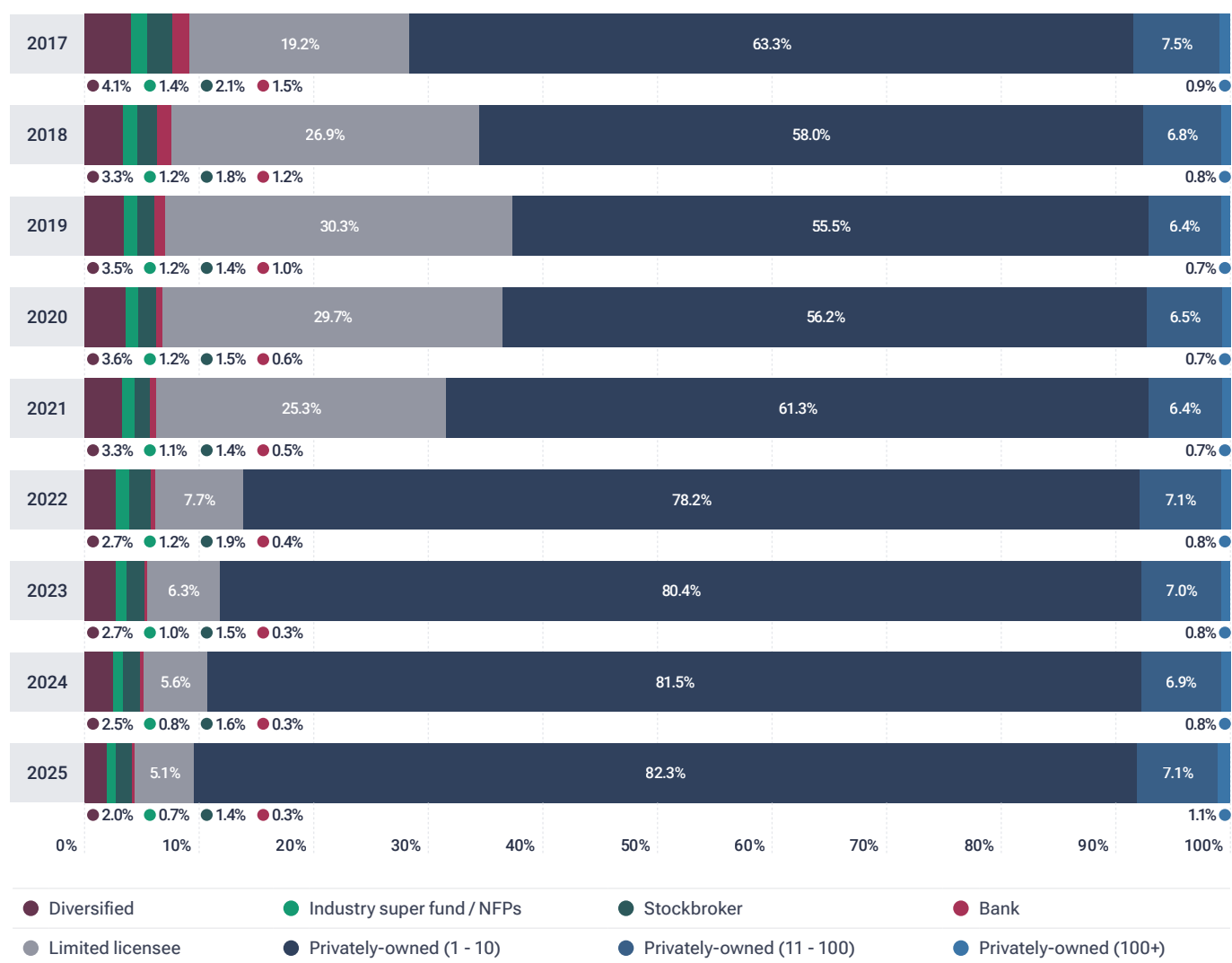
In 2024 we saw 102 new licensees registered and 100 closed, for an increase in licensee numbers of 2. Forty-seven new licensees were set up to authorise a single representative, 46 had between 2 and 5 authorised reps, and only 6 were set up with more than 5 authorised representatives.

The historical perspective offered by the distribution data since 2017 tells a compelling story of institutional retreat and professional autonomy. Diversified financial institutions have seen their adviser representation shrink from 20% to just 4%, while bank-aligned advisers have all but disappeared, falling from 23% to a mere 1% of the profession.

CHART 2.10

Licensee distribution by segment

Source: ARdata. Note: Dates indicate survey year.



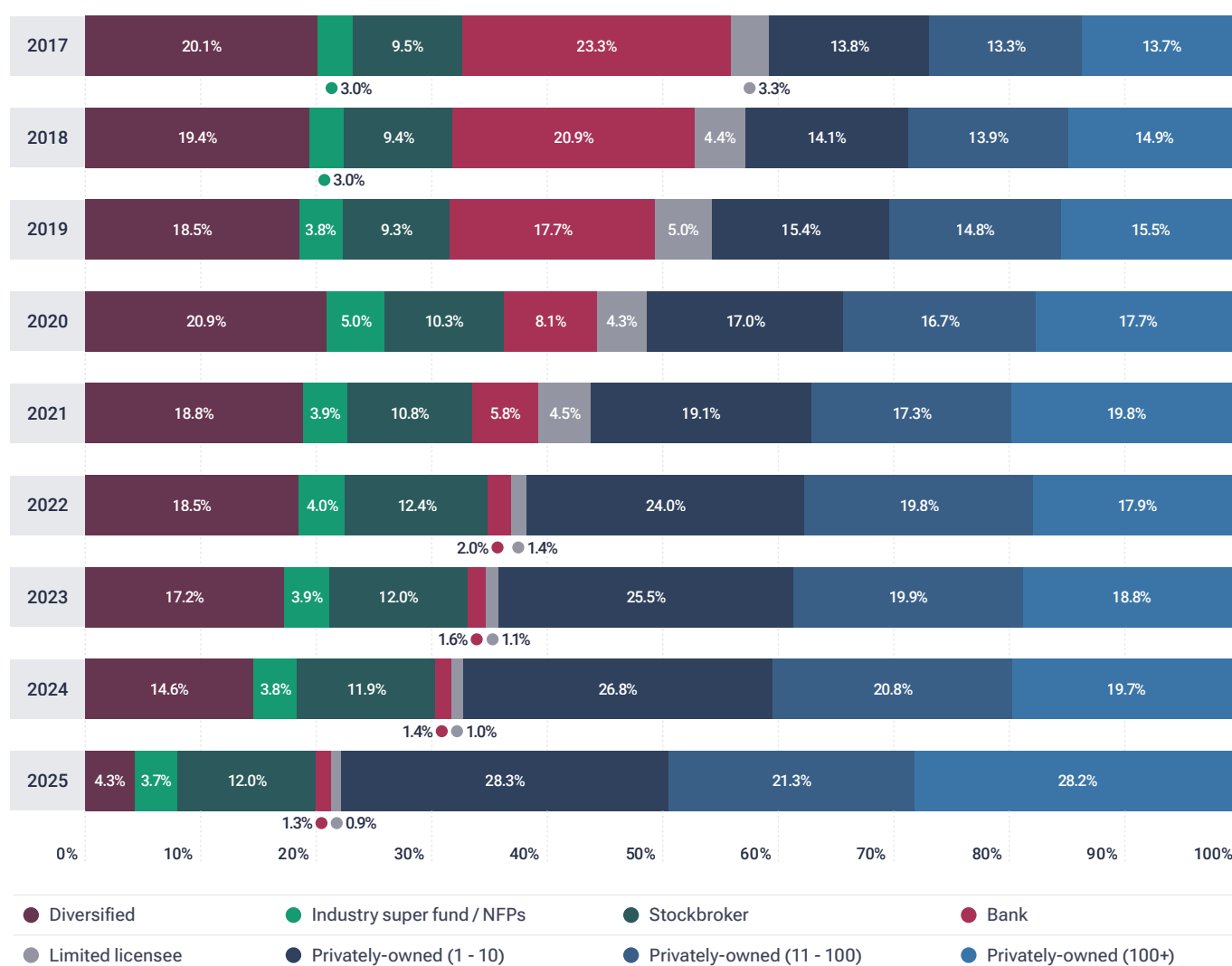
This year's significant shifts came with the transition of the former AMP licensees to the newly merged Entireti, while Insignia migrated some of their licensees to Rhombus. This has led to a significant drop (10.3%) in advisers in the Diversified segment. While not all practices transitioned to the new entities, these two new licensee conglomerates led to the Privately Owned (100+) licensee category jumping

by 8.5% to become the equal largest cohort at 28.2%. The practices which did not transition primarily set up their own licences, leading to a 1.4% increase in the Privately Owned (1-10) licensee category. We also saw a continuation of the trend for Privately Owned (1-10) licensees to merge, grow and move up into the Privately Owned (11-100) licensee category, with a 0.5% increase in this segment.

CHART 2.11

Change in adviser distribution over time

Source: ARdata. Note: Dates indicate survey year.



Strategic optimisation to business models within the private practice ecosystem

The 2024 adviser movement data reveals a profession that has transitioned from reactive transformation to strategic optimisation. While 1,013 advisers ceased practice during the year, the industry welcomed 484 new entrants and 381 returning practitioners, resulting in a manageable net decline of just 148 advisers—a dramatic improvement from the thousands lost annually during 2019-2022.

Most significantly, 77% of new advisers chose privately-owned licensees, reinforcing the profession's decisive shift toward independence. The 1,270 adviser switches recorded in 2024 represent not industry instability but active optimisation, with 83% of these movements occurring within the private practice ecosystem as advisers fine-tune their business environment rather than flee unsustainable models.

CHART 2.12

2024 adviser movements

Source: ARdata

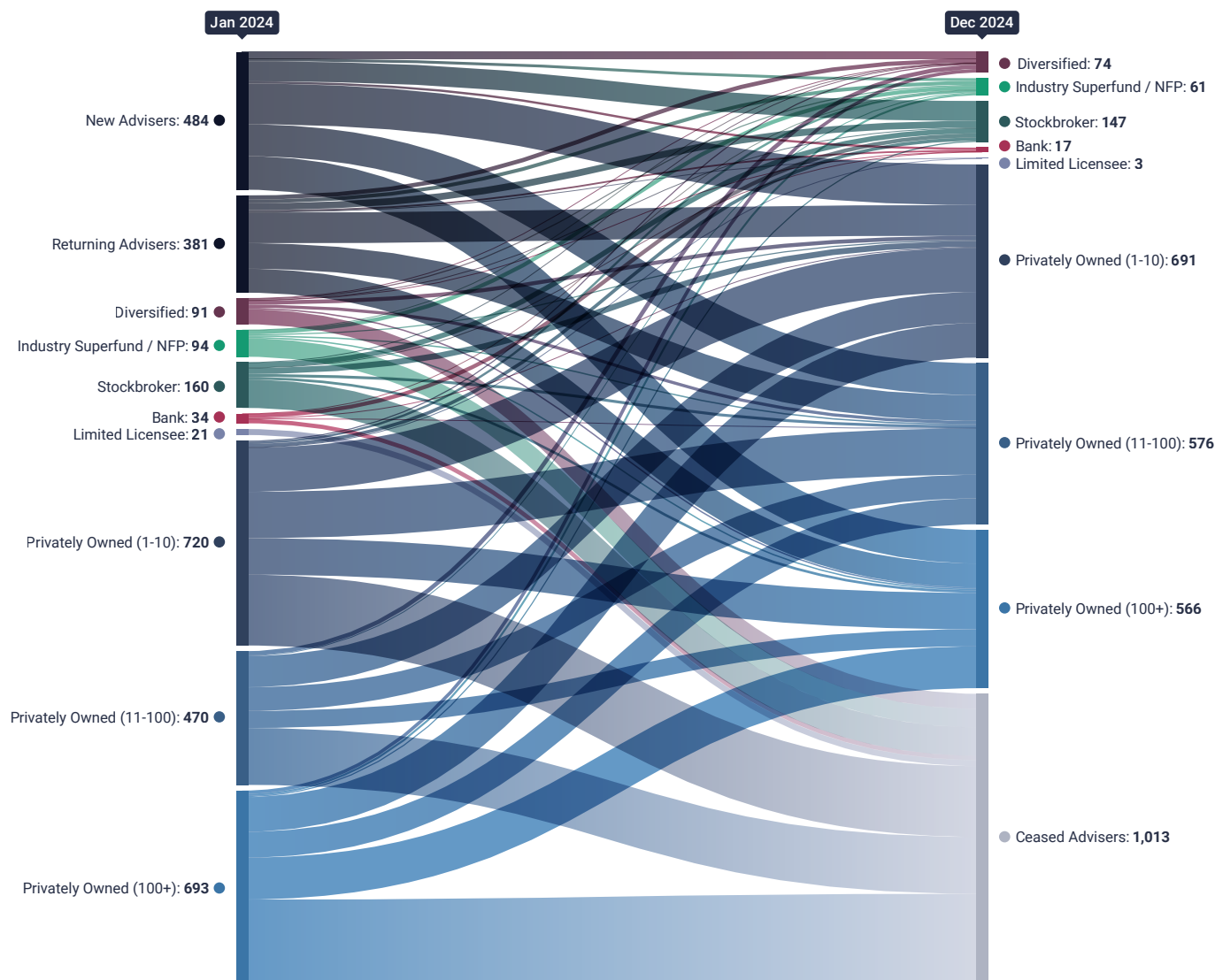
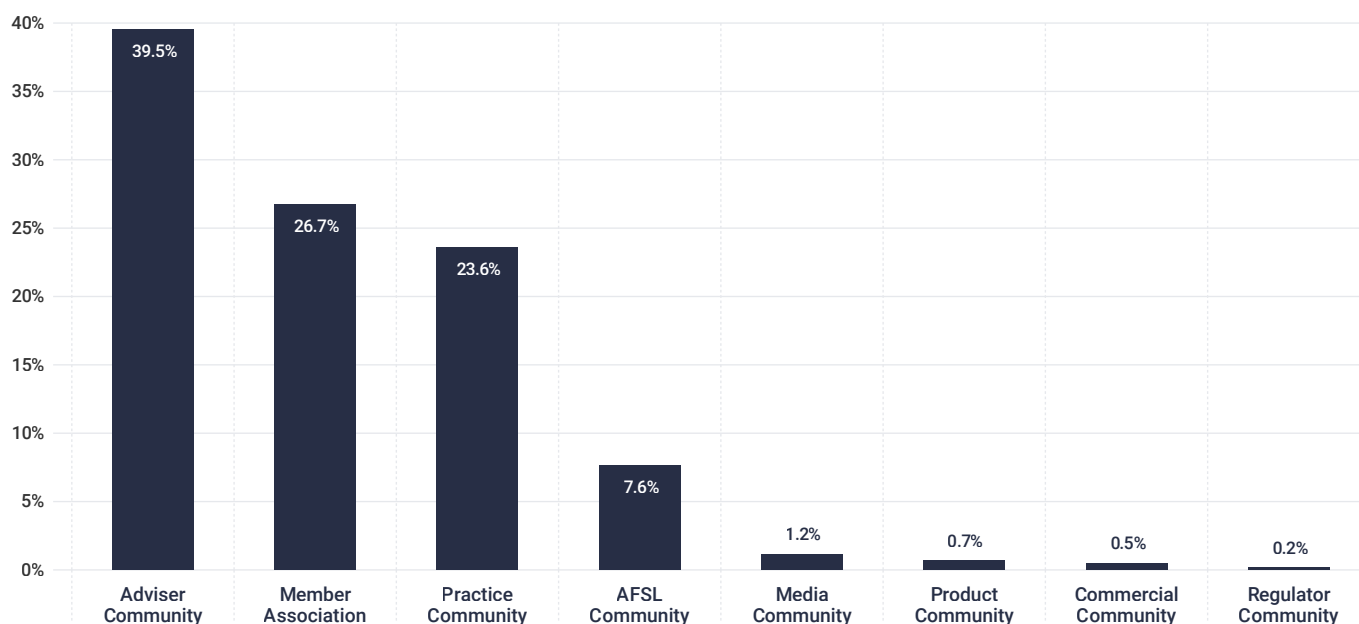




CHART 2.13

Primary professional community

Source: ARdata (2025 Survey)



Perhaps most telling is the sophisticated internal movement within private practice, where 351 advisers “upsized” to larger firms while 322 “downsized” to smaller operations—a near-perfect balance suggesting strategic rather than reactionary decision-making.

This fluid internal market, combined with the overwhelming preference of new entrants for independent models, confirms that advisers’ fundamental question has shifted from “Will I choose independence?” to “What type of independent practice model best serves my clients and career goals?” The data suggests the profession has reached sufficient scale and sophistication to support diverse pathways

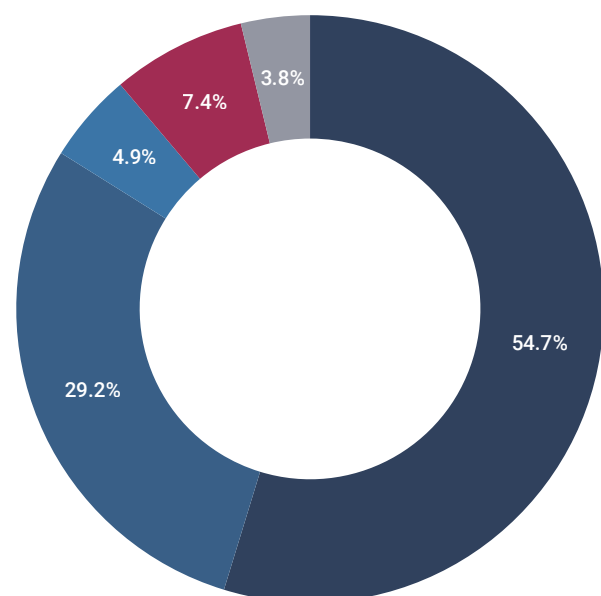
within the private practice ecosystem, marking the final stages of its transformation from industry to profession.

This shift toward professional independence has fundamentally altered how advisers seek support and professional development. As practices operate with greater autonomy from traditional institutional structures, they increasingly look beyond their licensee for guidance and peer connection. Only 8% of advisers now identify their licensee as providing their primary professional community, with the majority gravitating toward practitioner-focused communities and peer networks that align with their independent professional identity and diverse business challenges.

CHART 2.14

How regularly do advisers meet with clients

Source: ARdata (2025 Survey)



Annually	54.7%
Bi-annually	29.2%
Quarterly	4.9%
Adhoc (i.e. as needed, on call)	7.4%
Other	3.8%

The client engagement model has evolved to match the changing advice dynamics, with the typical adviser now serving over 100 clients annually, a figure that has increased steadily since 2020.

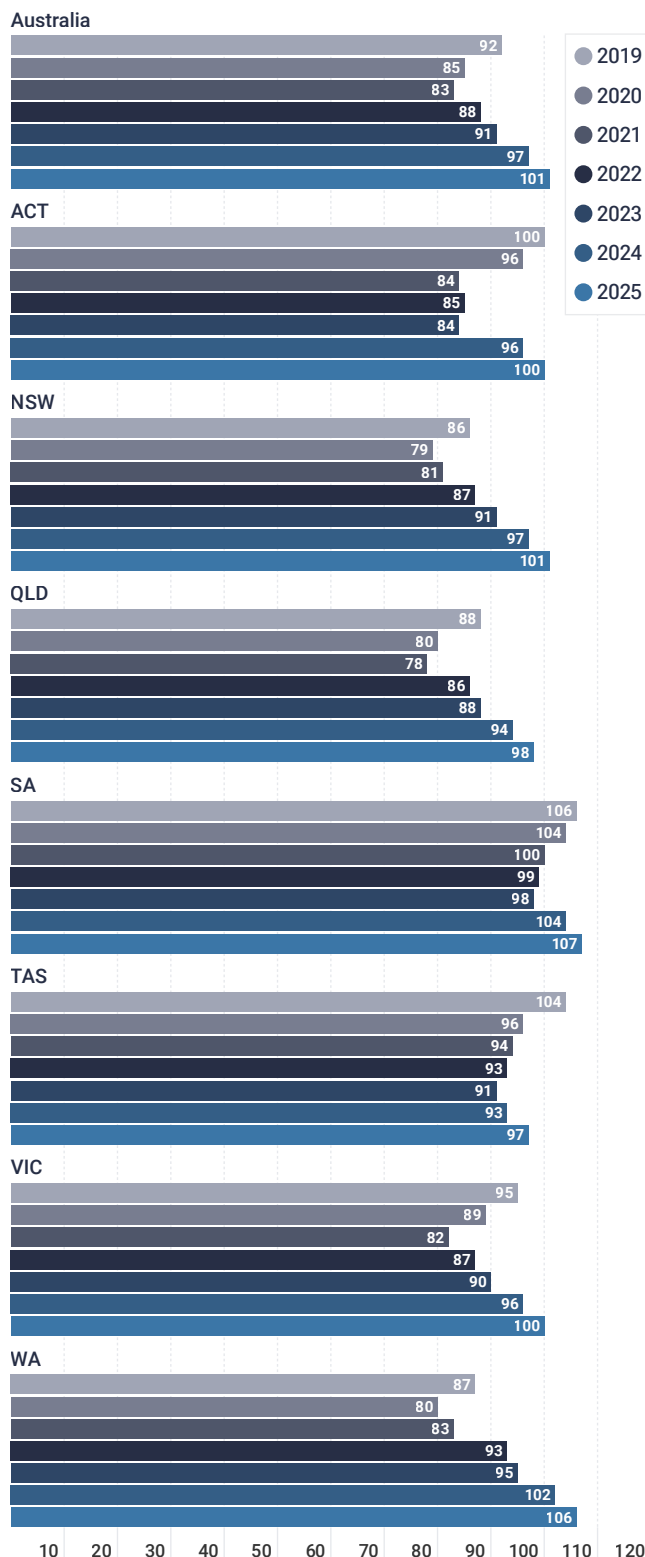
Most advisers (55%) meet with clients annually, with only 5% maintaining quarterly engagements, reflecting the profession's shift toward more efficient service models.

This efficiency imperative is further evidenced by the split between recurring and one-off clients over recent years (as seen in Chart 1.12), hovering around the 77%/23% level, suggesting practices have found a sustainable balance between ongoing relationships and transactional advice.

CHART 2.15

Recurring clients per adviser

Source: ARdata. Note: Dates indicate survey year.



Fee structures and client assets

Perhaps most tellingly, median advice fees have risen dramatically, jumping 18% in 2025 alone to reach \$4,668—a 67% increase over the past five years, far outpacing the 20.5% inflation rate during the same period. This pricing evolution reflects both the increased cost of delivering compliant advice and the shifting value proposition as advisers focus on more complex client needs and higher-value services.

As seen in Chart 1.13, funds under advice per client have increased by 11% in 2025 to \$758,362 while the national average funds under advice per adviser has increased by 21% over the last 3 years. This increase reflects a maturing profession that has found equilibrium after years of disruption through implementing the Royal Commission, professional standards, and COVID-19 from 2018 to 2020.

CHART 2.16

Median advice fees

Source: ARdata. Note: Dates indicate survey year.

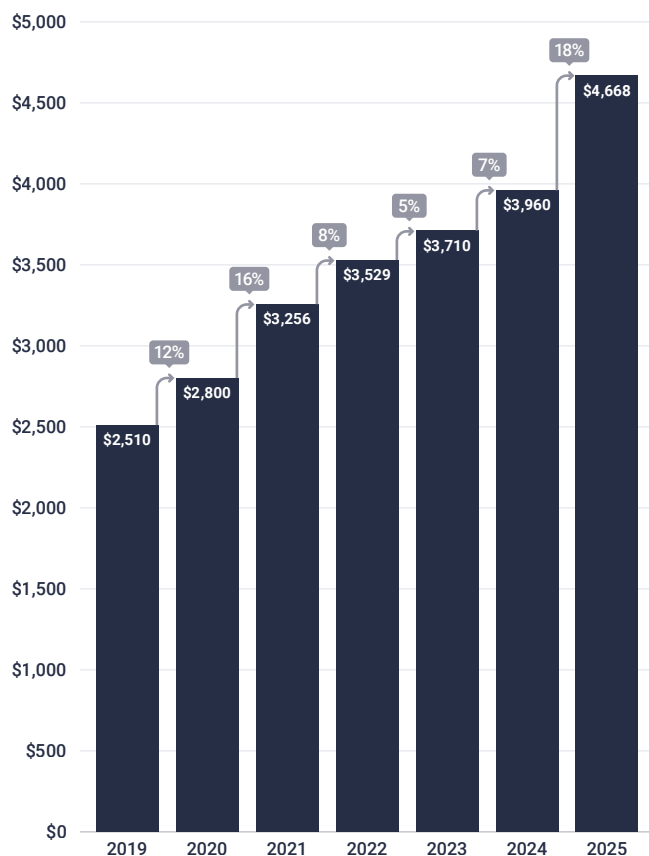
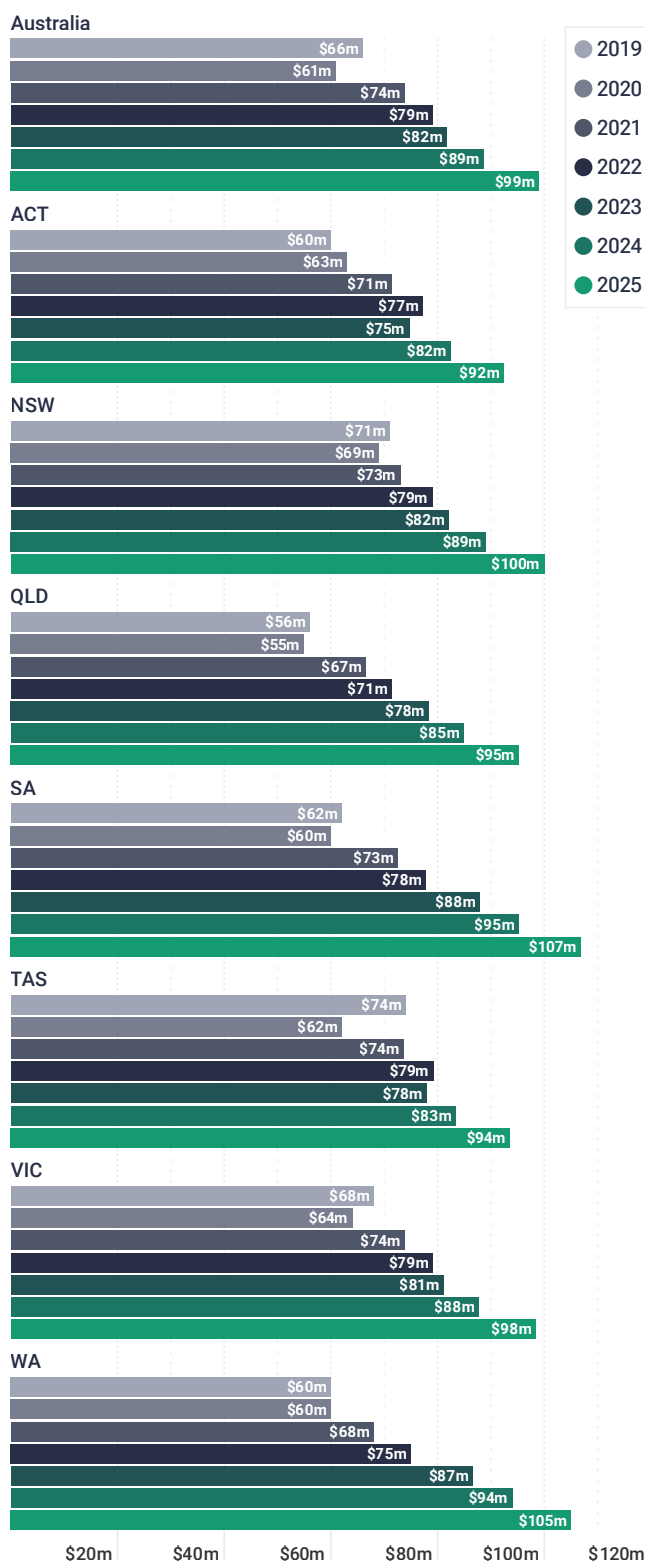


CHART 2.17

Funds under advice per adviser

Source: ARdata. Note: Dates indicate survey year.



How adviser-client dynamics are reshaping practice models

The evolving adviser-client relationship is directly influencing practice structures and investment approaches in several key ways:

Influence



1

Practice specialisation by client segment

The increasing focus on higher-value clients (as evidenced by the 18% fee increase and increase to \$758,000 FUA per client) drives practices to develop specialised service models tailored to specific occupational groups. This specialisation extends beyond service delivery (although being able to serve similar clients consistently does drive efficiency improvements) to marketing strategies, technology selection, and even office design, with practices increasingly positioned as exclusive professional spaces rather than retail financial shopfronts.



2

Technology investment priorities

The stable ratio of recurring to one-off clients (77%/23%) is shaping technology investment decisions, with practices prioritising platforms that enhance ongoing client engagement and facilitate regular portfolio adjustments rather than focusing on client acquisition tools. This explains the rising investment in portfolio management systems that provide continuous value visibility, which can also be fed into a whole-of-wealth view for the client.



3

Staff structure

The growing client base per adviser necessitates changes to practice staffing models. Despite a trend to outsource some back office functions, practices increasingly invest in in-house paraplanners and client service manager roles, allowing advisers to maintain relationship quality while servicing more clients. This staffing structure directly impacts practice dynamics, with successful businesses carefully balancing professional and support staff ratios to optimise both service quality and profitability.



4

Investment philosophy alignment

Client sophistication levels and minimum thresholds directly influence investment approaches. Practices serving higher proportions of sophisticated investors (for example, the 10% of advisers with over half their clients in this category) are more likely to incorporate alternative investments, private equity, and direct property into their offering. In contrast, those serving broader client bases lean toward model portfolios and managed accounts. This split in investment approaches creates increasingly distinct business models within the profession.

These practice-level adaptations to changing adviser-client dynamics represent one of the most significant yet underappreciated forces reshaping the profession, with implications extending from service pricing to capital investment decisions.

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“ Our experience working and integrating with ProductRex has been really positive.

Feedback from advisers that use netwealth and ProductRex is excellent – they love how intuitive the interface is but also how accurate the data is and how well it connects to our platform and client account information.

Matt Heine,
CEO, netwealth



“ ProductRex has been a crucial component of our tech stack, enhancing both user experience and SOA compliance for advisers. Its seamless integration and dedicated focus on improving the adviser experience are clearly evident.

Darren Pettiona,
Director Dash
Technology Group



“ As a licensee, finding tools like ProductRex is a rarity. It has been built with advisers in mind, and its focus on UI, data accuracy, SMA comparisons and compliance, has proved to be an invaluable and efficient solution for our advisers. Highly recommend.

Darren Steinhardt,
Managing Director,
Infocus

Try it out today



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Scope of services offered by advisers

The scope and depth of services offered by financial advisers continues to evolve in response to changing market conditions, regulatory requirements, and client needs. While holistic financial planning remains the cornerstone of the profession, provided by 88% of practitioners, advisers have developed clear service priorities that reflect both client demand and practice economics.

Retirement and superannuation advice leads the way (87%), followed by managed investments (59%), with social security (43%) and estate planning (42%) representing significant secondary specialisations.

The superannuation recommendation patterns tell a fascinating story, with retail funds dominating (62%) of adviser recommendations, followed by SMSFs (19%) and industry funds (14%), a distribution that diverges significantly from the broader market share these fund types hold in the Australian retirement system.

CHART 2.18

Types of superannuation recommended

Source: ARdata (2025 Survey)

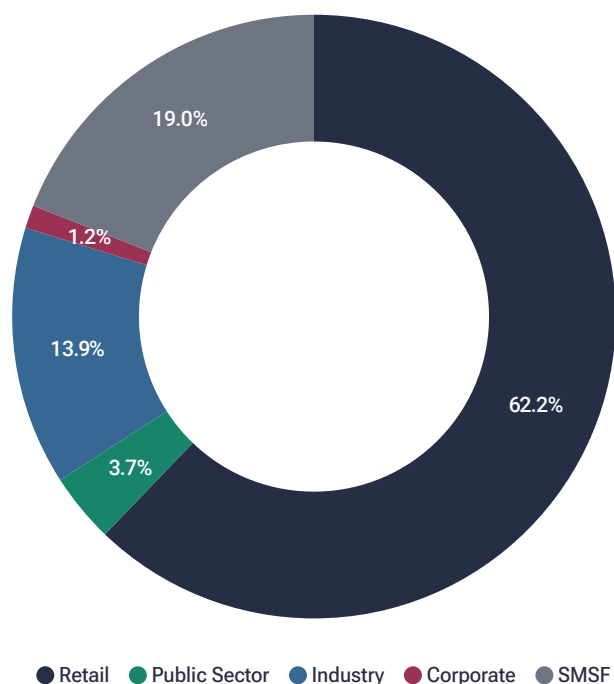
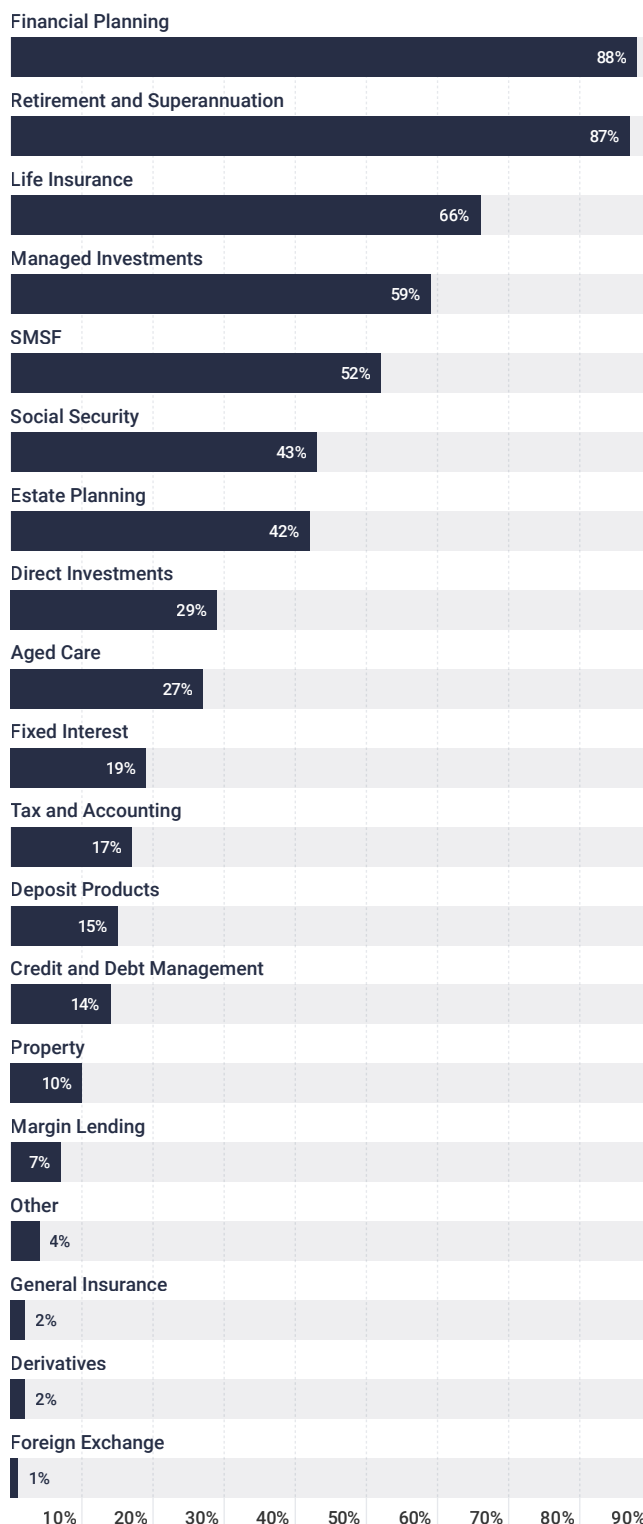


CHART 2.19

Types of advice provided to clients

Source: ARdata (2025 Survey)



Investment approaches

Portfolio construction approaches reflect the increasing trend toward specialisation, with advisers demonstrating deliberate decisions between active and passive management strategies. The data shows a modest shift toward passive strategies in recent years, though the majority of client portfolios still maintain

significant actively managed components. Comparing the last 12 months, there has been a 3% drop in the proportion of actively managed assets within portfolios (from 62% to 59%) with 40% of advisers decreasing their use of actively managed investments, versus 35% who increased it.

CHART 2.20

Proportion of active management in client portfolios

Source: ARdata

Survey Year: ● 2022 ● 2023 ● 2024 ● 2025



Investment approach implications

The ongoing variation in active and passive investment allocation strategies continues to have implications for both practice economics and the broader investment ecosystem. These elements are covered in broader detail in subsequent chapters:

Implications



1 Fee justification framework

When advisers adopt passive strategies for specific portfolio components, they must increasingly justify the value of their advice through other aspects of their service offering. This is driving greater emphasis on financial planning expertise, behavioural coaching, and tax optimisation rather than investment selection or market timing—a shift fundamentally changing how practices articulate and demonstrate their value proposition.



2 Platform selection criteria

The technical requirements of managing hybrid active-passive portfolios are reshaping platform selection criteria, with advisers increasingly prioritising platforms that efficiently implement both approaches. This helps explain the continued dominance of full-service platforms despite the emergence of lower-cost alternatives, as the operational efficiency gains outweigh pure cost considerations.



3 Supplier relationship recalibration

Ongoing fluidity in investment approaches fundamentally affects adviser relationships with product providers. Asset managers are responding by developing more adviser-friendly implementation tools rather than simply promoting product performance, while platform providers are enhancing their model portfolio capabilities to accommodate hybrid approaches.



4 Client education evolution

The increasing complexity of hybrid investment approaches necessitates more sophisticated client education resources. Practices are investing in communication tools that explain the relative merits of active and passive approaches in different market contexts, helping clients understand the strategic rationale behind portfolio construction decisions.

These investment approach trends create a more nuanced competitive landscape where adviser expertise in appropriate strategy selection and implementation efficiency may prove more valuable than traditional product selection capabilities.



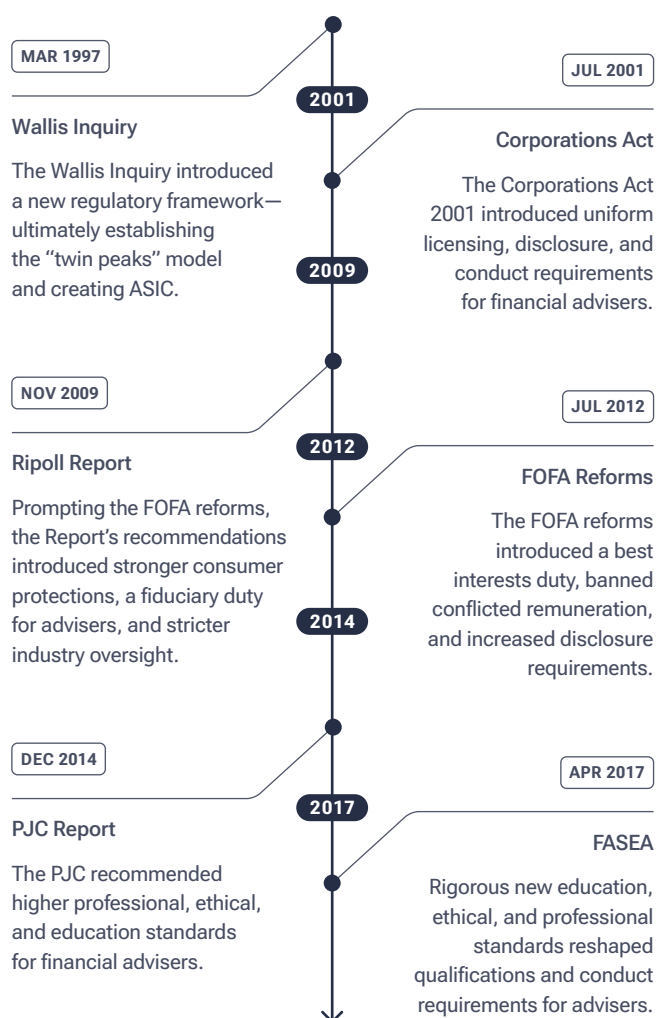
Conclusion and future outlook

The Australian financial advice profession has undergone a transformative regulatory journey spanning nearly three decades,

Beginning with the foundational Wallis Inquiry in 1997, which introduced the “twin peaks” regulatory model and established ASIC, the industry saw its core regulatory framework cemented with the Corporations Act 2001, which introduced uniform licensing, disclosure, and conduct requirements. The subsequent decade brought heightened consumer protection through the FOFA reforms of 2012, which established the best interest duty and banned conflicted remuneration, followed by the rigorous professional standards introduced by FASEA in 2017. The Royal Commission’s revelations in 2019 catalysed further reform through the Better Advice Act, while the Life Insurance Framework reshaped adviser remuneration structures.

As we move into 2025, the financial advice profession stands at a crossroads. With regulatory reforms continuing to progress, technology creating new possibilities, and business models evolving, advisers have more pathways

History of financial advice regulatory change





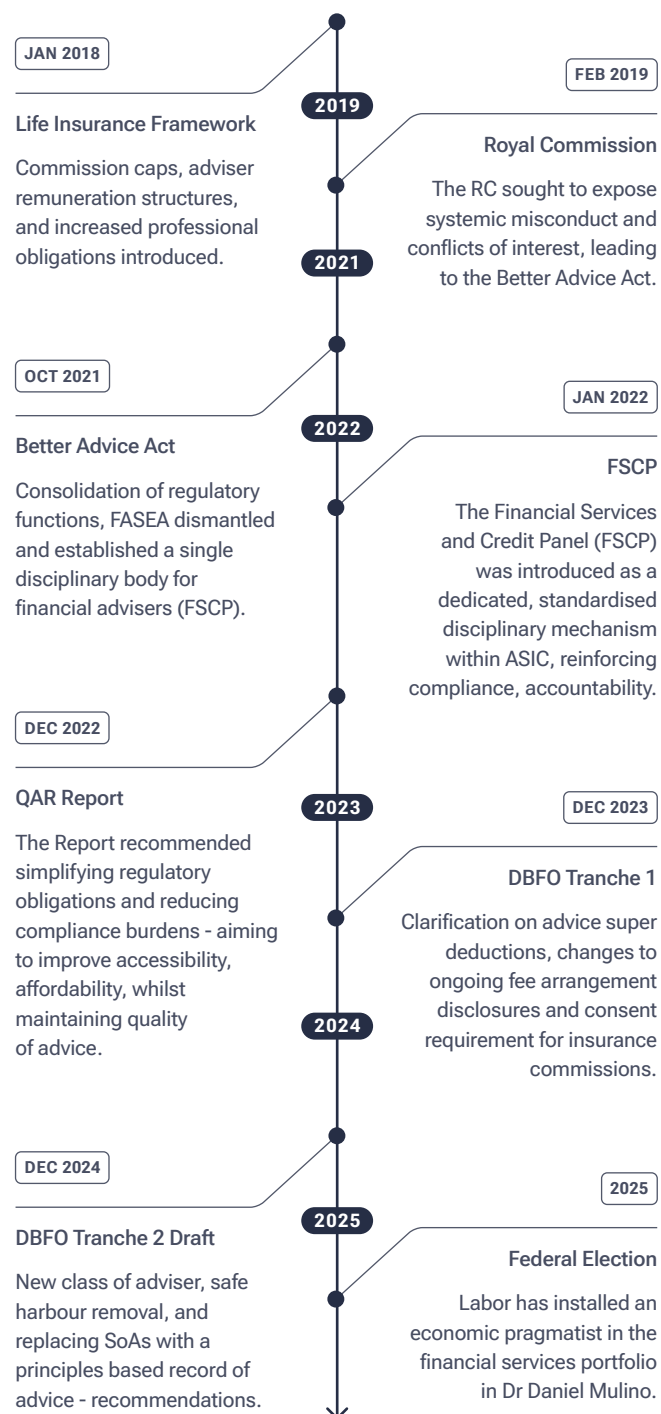
to success than at any point in the past decade. This direction has gained bipartisan support following the recent federal election, which saw Labor install economic pragmatist Dr Daniel Mulino as Assistant Treasurer and Minister for Financial Services, positioning the industry for what stakeholders hope will be a more sustainable and workable regulatory framework moving forward.

Building on this momentum is the recent ATO Tax Determination TD2024/7, which allows individuals—not operating an investment business—to claim deductions for financial advice fees. It also comes amid continued uncertainty surrounding the proposed Division 296 changes, which would alter how superannuation is taxed for Australians with balances exceeding \$3 million. Taken together, these developments point to a growing demand for financial advice services.

However, challenges remain around meeting the growing demand for advice while maintaining service quality and addressing the affordability gap that puts professional advice out of reach for many Australians. The data and analysis in this chapter reveal a profession that has not merely survived but is beginning to thrive amid this transformation, becoming more efficient, focused and capable of fulfilling its essential role in improving Australians' financial well-being.

The overall picture reveals an industry that has consolidated its foundations but faces ongoing challenges in expanding its reach to meet Australia's considerable advice needs.

With the stability now established, the profession's next frontier will be finding scalable models to serve more Australians while maintaining the quality and value that defines professional financial advice.



Chapter insight

CASE STUDY

Building tomorrow's
wealth insurance:
How Numerisk
is transforming
professional indemnity
through partnership

*In just 12 months since
launch, Numerisk has
emerged as a transformative
force in professional indemnity
insurance, connecting
insurers, advisers, and wealth
management professionals
in unprecedented ways.*





The company's rapid growth reflects a fundamental shift in how the wealth management sector approaches insurance.

Rather than treating coverage as a compliance requirement, Numerisk has positioned insurance as connective tissue that strengthens relationships across the entire wealth ecosystem.

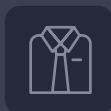
CHART 2.21

Numerisk's rapid growth

Source: Numerisk



160
Licensees



500+
Financial Advisers



12
Months

In a 12 month period, Numerisk has expanded their portfolio to 160 licensees and over 500 financial advisers.



Expanding Beyond Traditional Boundaries

Numerisk's approach extends well beyond traditional PI coverage for financial advisers. The company now provides specialised solutions for asset managers protecting their investment strategies, investment consultants safeguarding their advisory relationships, and technology providers securing their platforms and intellectual property.

This expansion represents a strategic vision that treats different sectors of the wealth industry as interconnected parts of a single ecosystem.

Matthew Rowe, CEO of SuperConcepts, describes the impact: "Numerisk completely transformed our organisation's coverage.

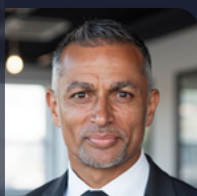
Their exceptional professionalism and deep knowledge extends across all aspects of our business, not just traditional PI."





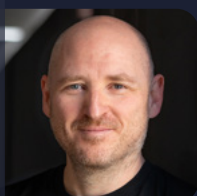
Partnership at the Core

The collaborative nature of Numerisk's approach has resonated across the industry.



Andy Marshall, GM Entireti Alliances, notes: "Numerisk demonstrates a genuinely partnership-centric approach. They've become one of our preferred

offerings because they understand that success in this ecosystem comes from collaboration, not just transactions."



This partnership mentality extends throughout the organisation. Richard Silberman, Founder and Managing Director of Numerisk, commenting

on Numerisk's philosophy, explains: "We're not just focused on individual clients – we're investing in the entire wealth ecosystem. Insurance shouldn't be a siloed product; it should be the connective tissue that strengthens relationships across the wealth industry."



Delivering Real Value Through Understanding

"Numerisk understands the industry," notes Peter Burgess, CEO of the SMSF Association.

"The offerings they are able to provide to our members reflects that, as well as the many nuances of SMSF advice."



The impact on pricing and coverage has been significant. Kon Costas from The Principal's Community reports:

"Numerisk has delivered standout solutions for our community. We spoke to numerous brokers over almost 10 years about our requirements – a solution exclusively for our members that reflected the quality of advice being offered. Numerisk was the only partner able to deliver what we needed, not only have members consistently seen pricing reductions of over 30%, but the cover is also market leading and available exclusively for our community – made possible by the quality of our practices and Numerisk's sophisticated approach."

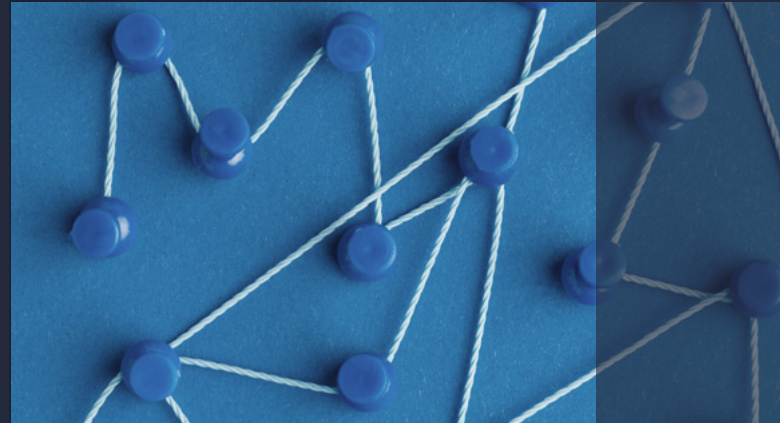




Reshaping Market Relationships

The ecosystem approach has caught the attention of major insurers. One senior underwriter in financial lines remarks: “Numerisk has helped us and other insurers gain unprecedented understanding of the Australian financial planning industry. They’ve fostered an ecosystem of like-minded organisations and clients.”

They particularly highlight the value of Numerisk’s Business Intelligence Report: “The data and insights provide exceptional value we’ve never had access to before. We’re excited about our long-term partnership. They haven’t just participated in the market – they’ve helped reshape it while giving insurers genuine confidence in Australian financial advice.”



The Power of Connected Communities

As the wealth management industry continues to evolve, Numerisk’s model suggests a future where insurance coverage, market intelligence, and community connections converge to create new forms of value.

The shift towards independence has fundamentally altered how advisers seek professional development and support, including PI insurance.





As practices operate with greater autonomy from traditional institutional structures, they increasingly look beyond their licensee for guidance and peer connection.

Given the growth in the smaller licensee space, only 8% of advisers now identify their licensee as providing their primary professional community, with the majority gravitating toward practitioner-focused communities and peer networks that align with their independent professional identity and diverse business challenges.

Numerisk's rapid expansion across the licensing landscape demonstrates how partnership-driven approaches can scale effectively.

"Our goal is to make insurance a strategic advantage rather than a compliance burden," Silberman states. "When you create connections that serve multiple participants in the industry with a shared purpose, you unlock value that benefits everyone in the ecosystem."

For organisations seeking to transform insurance from a cost centre into a competitive advantage, Numerisk's first year provides compelling evidence that the future of wealth insurance lies not in products alone, but in building stronger partnerships and more connected ecosystems that deliver superior PI coverage to all participants.

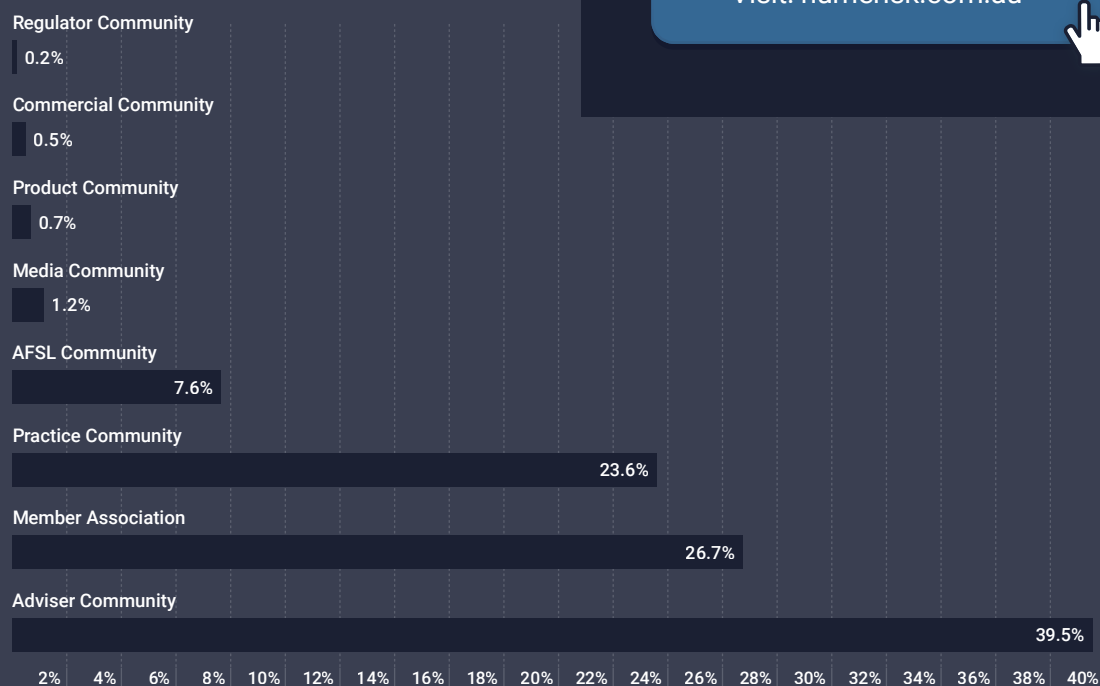
Visit: numerisk.com.au



CHART 2.22

Financial advice communities

Source: ARdata (2025 Survey)





3.0

The Advice Business Landscape



The advice practice landscape: Growth, efficiency and evolution

As the Australian financial advice profession continues to evolve, advice practices are finding a new equilibrium after several years of significant disruption. The 2025 Australian Financial Advice Landscape Report reveals a sector that is beginning to stabilise and is positioned for renewed growth, with practices becoming more strategic, technology-enabled, and client-focused than ever before.

The sharp decline in practice numbers seen in previous years has slowed considerably, pointing to a new phase of stability for the sector. This is bolstered by the increasing commitment of advisers, with the vast majority dedicated to the future of the profession, signalling a collective move away from the uncertainty of recent years.

Structurally, the market has undergone significant changes due to the exit of large institutional players. This shift has allowed privately owned licensees to become the leading type of ownership model, creating a favourable environment for independent, client-focused businesses to thrive. In this new landscape, a notable

trend towards consolidation is emerging, with larger privately owned licensee groups gaining considerable influence and reshaping the competitive environment.

Technology adoption, especially artificial intelligence, has emerged as a key differentiator for successful practices. With 74% of businesses either using or planning to use AI and an increasing focus on digital client engagement, practices are finding innovative ways to enhance efficiency while maintaining service quality. This technological revolution enables advisers to manage larger client loads without compromising on personalised advice.

This practice evolution is happening in direct response to the changing consumer landscape. As detailed in the Australian Consumer chapter, we've witnessed a lack of growth in advised Australians (level at 10.4%), despite growing inquiry volumes through referral channels. This paradox—increasing interest alongside flat penetration—reflects the structural challenges practices must navigate: how to serve clients while managing rising delivery costs efficiently.

The practice trends detailed in this chapter represent the profession's multifaceted response to these challenges.

While consumers increasingly prioritise retirement planning, intergenerational wealth transfer, and emerging interests like cryptocurrency, practices are investing in technology and specialised service models to address these evolving priorities. This deliberate alignment between practice capabilities and consumer needs will be essential to improve advice accessibility.

Investment approaches continue to evolve, with ETFs being the preferred investment vehicle and managed accounts gaining increasing traction, now attracting \$1 out of every \$2 of new investment. The mixed use of both active and passive investment strategies indicates practices are becoming more sophisticated in their portfolio

construction methods, leveraging external expertise while focusing internal resources on client relationships.

Despite these positive developments, challenges remain. Succession planning remains an area of concern, with 61% of practices still needing to address this critical business continuity issue. Additionally, smaller practices face ongoing profitability challenges, highlighting the importance of scale in the current operating environment.

As we delve deeper into the practice landscape, it becomes clear that the profession is adopting a more deliberate and strategic approach to business growth and client service. With robust client demand, increasing practice profitability, and growing technological capabilities, the outlook for Australian advice practices appears stronger than it has been for several years.





Practice demographics

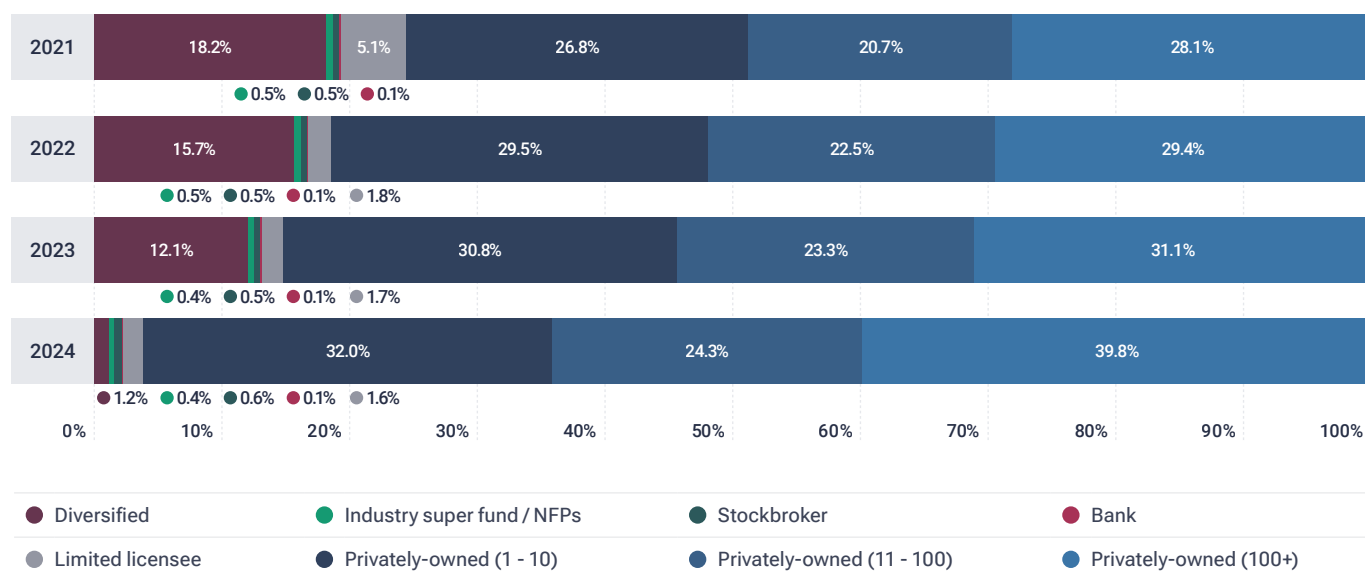
The landscape of financial advice is continually evolving in response to market trends and regulatory changes. Over the past year, the total number of advice practices has decreased by a modest 1.4%, dropping from 6,161 in 2023 to 5,945 (June 2025). This decline actually represents a significant slowdown compared to previous years and suggests that the practice structure of the profession may be reaching a point of stabilisation. This

stability aligns with a notable shift in practice licensing, with privately-owned licensees now making up 96.2% of practice licensing. The most substantial growth occurred in practices shifting to licensees with over 100 advisers, which now account for 40% of the market, up from 31% in 2023. In contrast, the market share of diversified ownership groups has decreased to only 1% of practices, confirming the exit of institutional players from the advice sector.

CHART 3.1

Practice AFSL ownership

Source: ARdata. Note: Dates indicate calendar year.



Despite ongoing industry consolidation, smaller, privately owned practices (with 1-10 advisers) have continued to gradually increase their presence, representing 32% of the market. This suggests that nimble, client-focused boutique firms remain attractive even in a challenging operating environment.

Practice staffing has remained relatively stable with an average of 2.6 advisers per practice, compared to 2.5 in the previous two years. However, the staff-to-adviser ratio has shifted, with a noticeable 8% reduction in

administrative support and a 9% reduction in paraplanning resources, due to more widespread use of outsourcing and offshoring, alongside better technology tools, increasing productivity across existing staff.

In terms of future growth, the data shows a strong appetite for organic expansion, with 40.5% of practices planning to increase adviser numbers purely organically. In comparison, a 39.3% aim to maintain their current size. Only a negligible 0.4% of practices plan to downsize, suggesting a renewed confidence in the sector's future.

CHART 3.2

Number of staff employed per practice

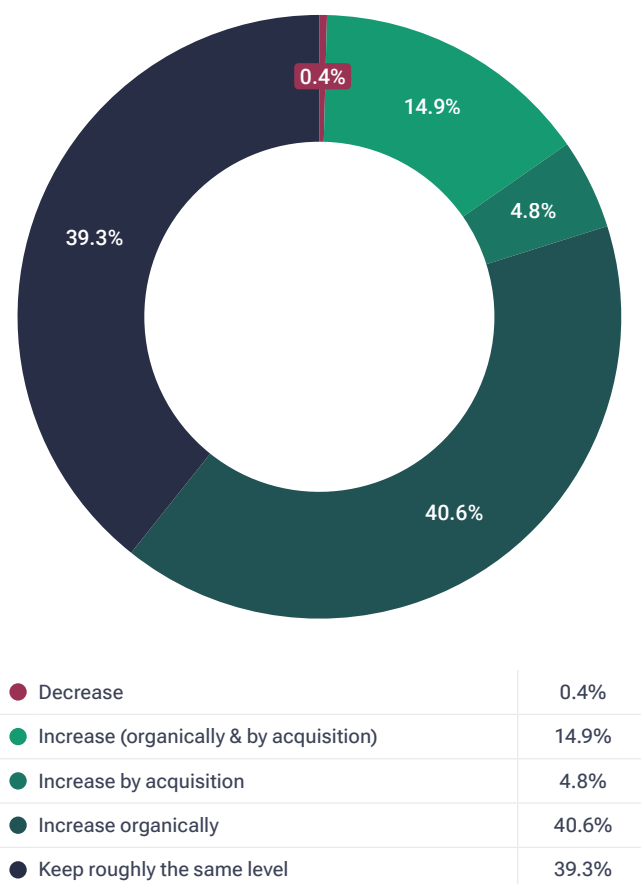
Source: ARdata (2025 Survey)



CHART 3.3

Practice adviser number growth plans

Source: ARdata (2025 Survey)



Growth strategies

Practice growth intent remains robust, with 85% of practices actively pursuing growth strategies, a slight increase from the previous year. The data shows a continued preference for purposeful growth, targeting specific client types (57%), rather than the reactive approach of accepting any client (28%).

This strategic targeting directly addresses the demographic opportunity identified in the Consumer chapter. With only 2% of Australians under 35 receiving advice but 10.4% actively seeking it, forward-thinking practices are developing specialised service models for younger demographics. The data shows that 47% of practices who target specific client segments increasingly include younger demographics in their growth strategies. This is particularly through digital-first engagement models that can overcome cost barriers, while still building relationships that will mature into comprehensive advice over time.

Practices continued to add new clients, showing an 18.5% increase compared to the previous reporting period. However, these numbers are lower than the rapid growth in new clients seen in 2023, demonstrating a combination of strategic growth and capacity limits on client numbers.

Advisers continue to re-evaluate existing client relationships and profitability, with client contract terminations still commonplace, albeit at a slower rate.

CHART 3.5

Strategic changes to practice client books

Source: ARdata (2025 Survey)

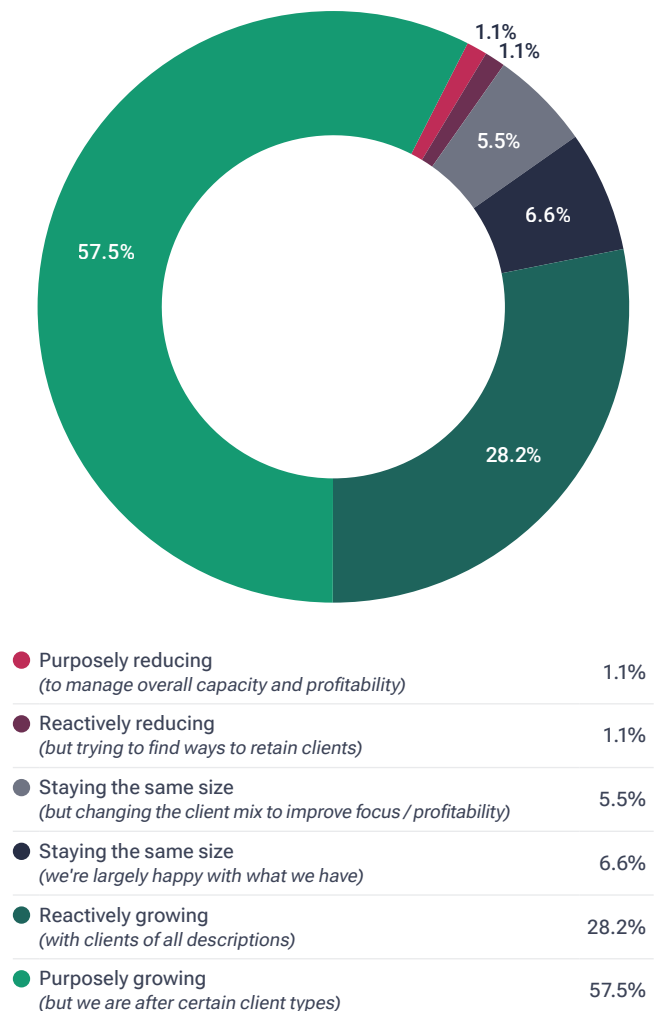
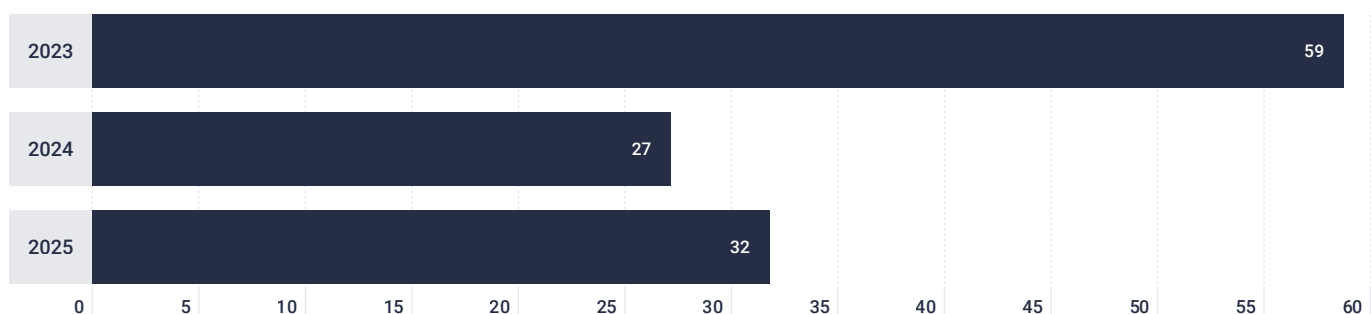


CHART 3.4

Average new clients per practice

Source: ARdata. Note: Dates indicate survey year.





Referrals continue to be the lifeblood of new client acquisition. Existing clients remain the most valuable source of new business, with 81% of practices citing them as a referral channel (up from 71%). Accountants are the second most important referral source at 45%, followed by family and friends at 27%. Digital channels are also gaining traction, with social media, find-an-adviser sites and online marketing now driving new clients for 25% of practices, up from 16%.

Practices are also becoming more specialised in their approach to client acquisition. Data shows that larger practices, with five or more advisers, are particularly focused on strategic growth, with 80% targeting specific client types, compared to 54% of solo practices. This increased specialisation enables practices to enhance service quality and operational efficiency by focusing on clients with similar needs and value profiles.

The focus on practice growth reflects the stable footing the industry has found after several years of uncertainty. With 57% of practices having formal investment philosophies (up from 49% in 2024) and 56% actively using third-party research and investment consultants (up from 46% in 2024), the groundwork for sustainable growth through high-quality, consistent advice delivery is firmly in place.

CHART 3.6

Referral channels

Source: ARdata (2025 Survey)

Existing clients

81.0%

Accountant

45.3%

Family/Friend

27.5%

Social Media / Marketing / Find-an-Adviser Tools

25.0%

Mortgage broker

22.0%

Other

14.6%

Solicitor

10.2%

Advertising

6.1%

10% 20% 30% 40% 50% 60% 70% 80% 90%

Business planning and succession

Practice owners are demonstrating increasing professionalism in their approach to business planning. In 2025, 77% of practices reported having a business plan in place, with 44% stating it was up to date— a significant improvement from 32% in 2024. Only 12% report having no business plan, down from 14% the previous year.

Despite these positive developments in business planning, succession planning remains a concern. While there has been some improvement, with 23% of practices now having a successor in place (up from 17% in 2024), 61% still either need to find a successor or do not have one in place. The succession timeframe data indicates that 18% of practices have a succession horizon of less than 5 years, making this a pressing issue for a significant portion of the industry.

CHART 3.7

State of formal business plan

Source: ARdata

Survey Year: ● 2023 ● 2024 ● 2025

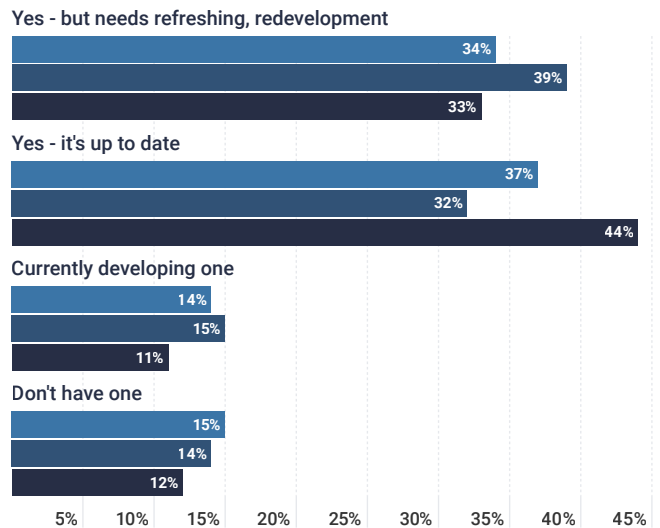


CHART 3.8

State of practice succession plan

Source: ARdata. Note: Dates indicate survey year.

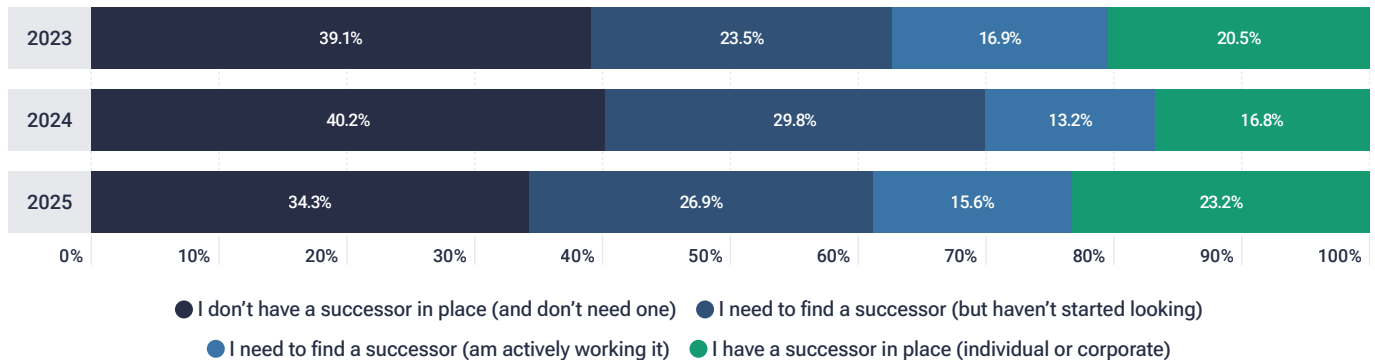
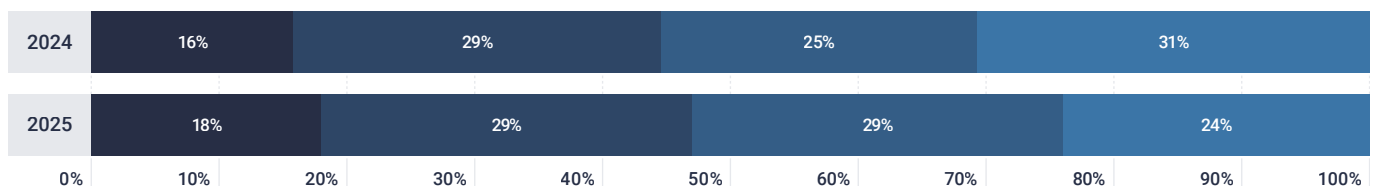


CHART 3.9

Practice succession plan timeframe

Source: ARdata. Note: Dates indicate survey year.

● <5 years ● 5-10 years ● 10-15 years ● >15 years



When analysing the changes practices anticipate in the next 12 months, process efficiency remains the top priority (43%), followed by new business opportunities (36%), and latest IT solutions (22%). Notably, 20% consider acquisition or merger a growth strategy, highlighting the ongoing industry consolidation trend.

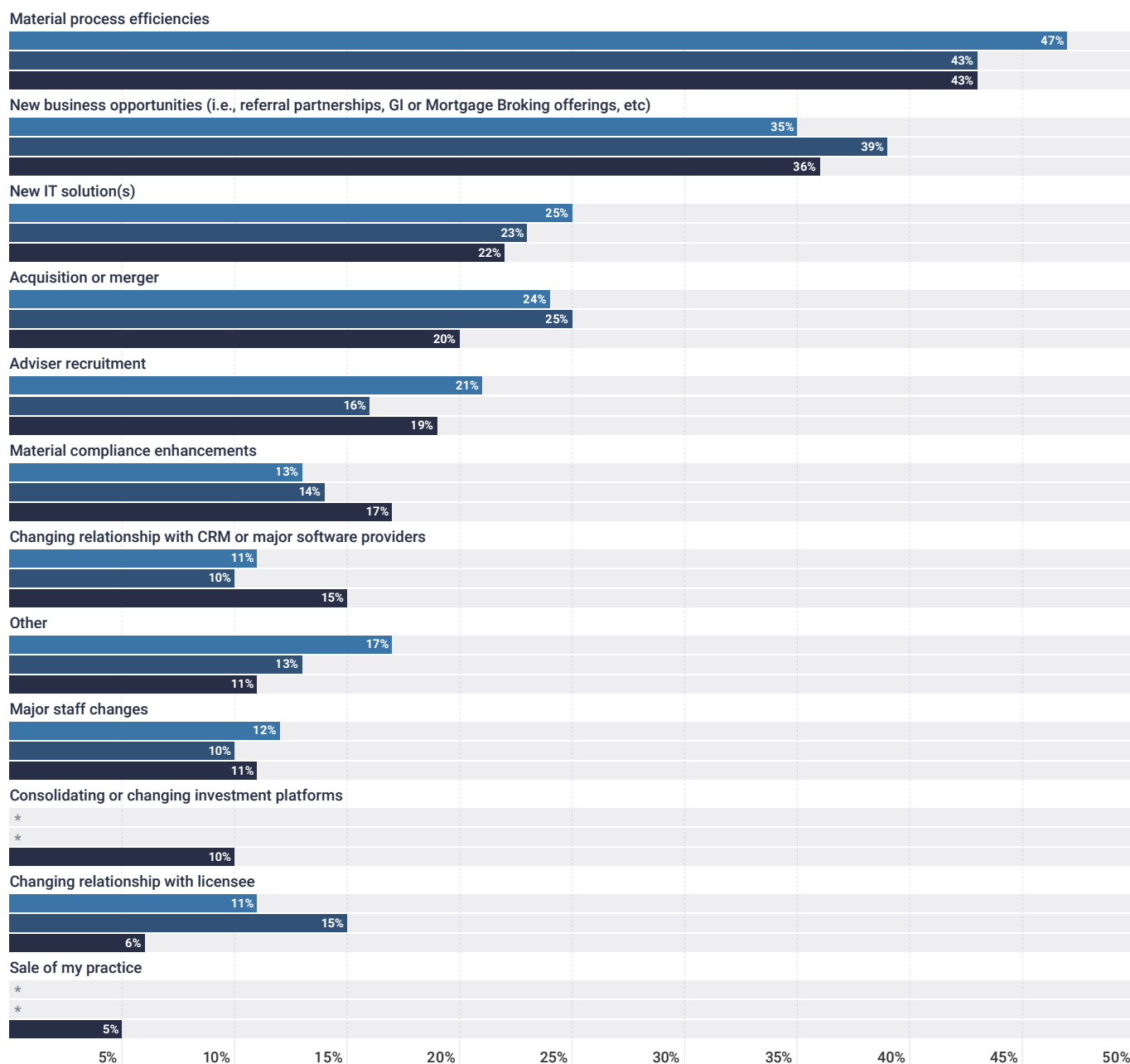
New to the survey, 5% of practices indicated that they plan to sell their practice, while 10% are looking to consolidate or change their investment platforms. These figures provide insight into the low level of planned practice sale and the dynamic nature of the platform market.

CHART 3.10

Planned practice changes

Source: ARdata. (*) Indicates new option for 2025.

Survey Year: ● 2023 ● 2024 ● 2025



Service expansion and partnerships

The data shows an increasing tendency for practices to expand their service offerings, with 37% of practices planning to increase their offered service range through internal capabilities (18%) or partnerships (19%). This represents a slight decrease from 2024, but still indicates a strong commitment to comprehensive service delivery.

The approach to service expansion varies significantly by practice size – among larger practices (those with five or more advisers), 58% focus on internal expansion, compared to 15% of solo practices. Conversely, solo practices rely more on partnerships (19%) to broaden their service offering. This divergence reflects the resource constraints smaller practices face and the economies of scale that larger firms can leverage.

CHART 3.11

Intent to change service offering

Source: ARdata

Survey Year: ● 2023 ● 2024 ● 2025

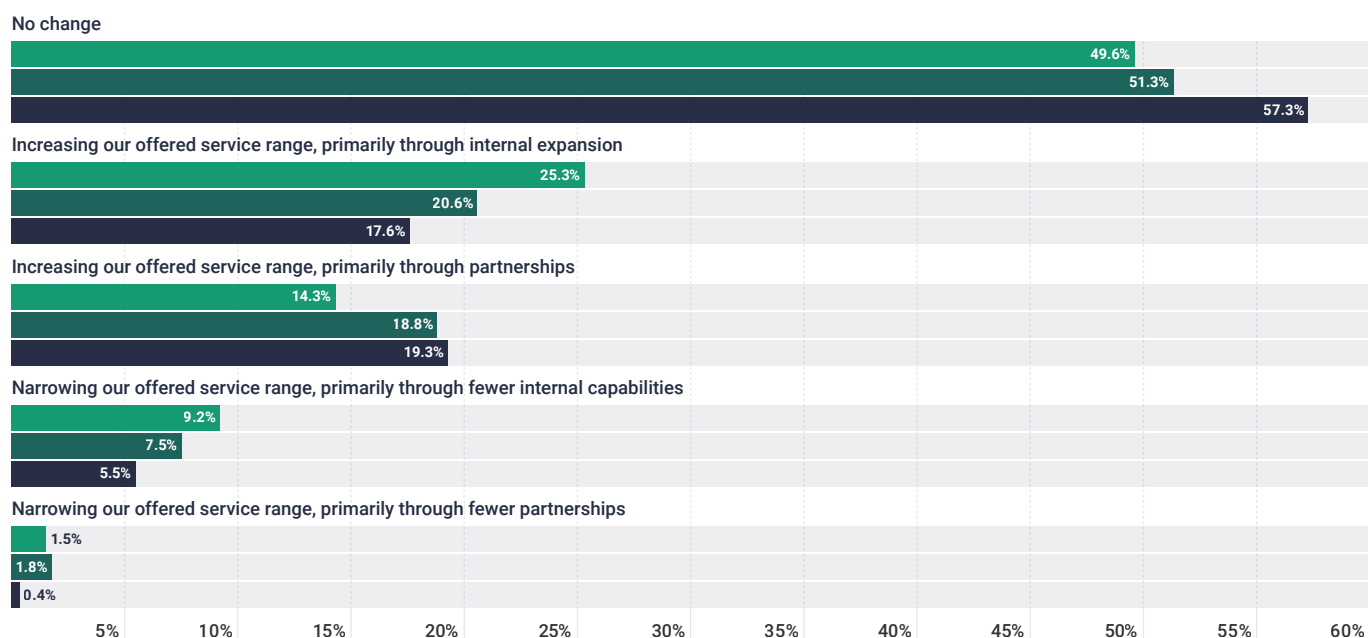
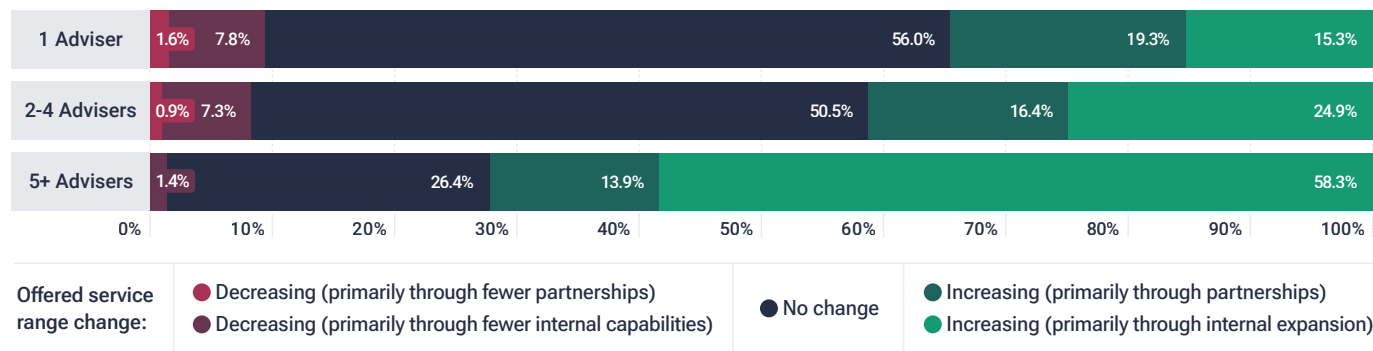


CHART 3.12

Business changes in services and partnerships by practice size

Source: ARdata (2025 Survey)



These partnership trends also extend to how practices approach investment management. An increasing number of practices (57%) report having a formal investment philosophy, up from 49%. Similarly, 56% actively use third-party expert researchers and investment consultants, up from 46%.

This growth in outsourced investment expertise indicates that practices focus their internal resources on financial planning and client relationships while leveraging external expertise for investment management.

The data also shows a slight increase in the proportion of practices with an investment committee (26%, up from 24% in 2024), suggesting more formalised governance around investment decisions. However, only 13% have internal research teams, down from 15% in 2024, further reinforcing the trend toward outsourced investment expertise.

These trends are in line with the growing trend of private SMAs, which generally rely on external investment consultants, philosophies and committees.

CHART 3.13

Practice investment approaches

Source: ARdata

Survey Year: ● 2023 ● 2024 ● 2025

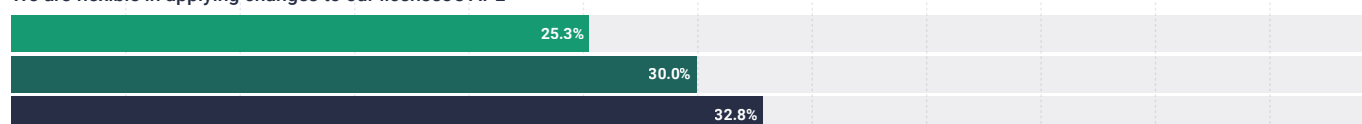
We have a formal investment philosophy



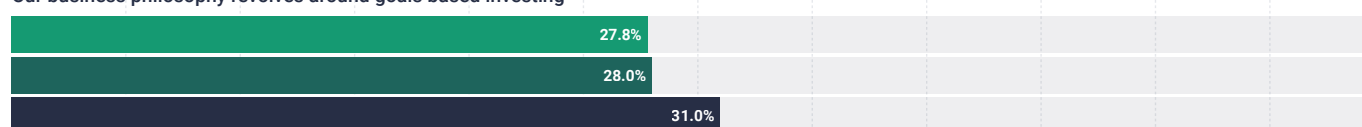
We actively use third party expert researchers or investment consultants



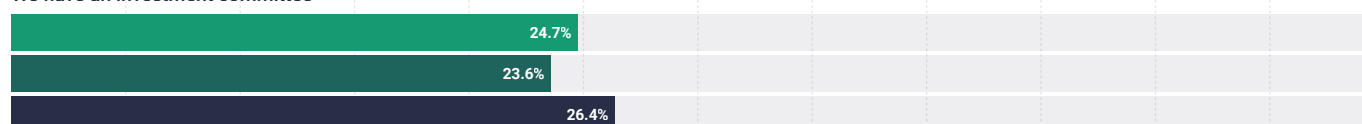
We are flexible in applying changes to our licensee's APL



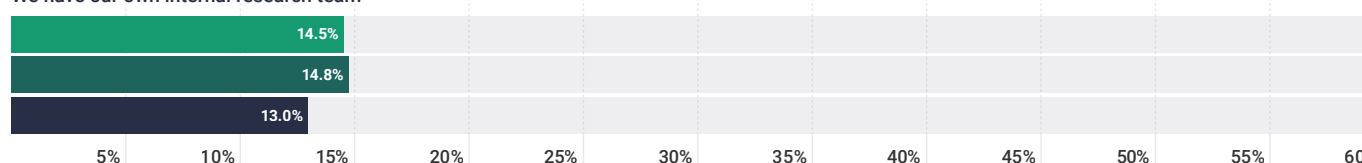
Our business philosophy revolves around goals based investing



We have an investment committee



We have our own internal research team



Technology adoption and AI integration

The financial advice sector is experiencing a technological revolution, with artificial intelligence (AI) emerging as a transformative force. In 2025, 74% of practices are actively using or planning to use AI in their operations, a significant increase from 2024. Of those, 59% are currently using AI solutions, while 15% plan to do so.

The adoption of AI is reshaping various aspects of practice operations, with file notes and meeting documentation (86%) being the most common application, followed by client engagement tools such as newsletter production (53%) and marketing (48%). Notably, 46% of practices now use AI to produce Statements or Records of Advice, potentially addressing one of the most time-consuming compliance tasks.

This technology adoption directly addresses the affordability challenge contributing to flat advice penetration rates. By streamlining documentation processes through AI, practices can potentially reduce the delivery cost of advice—a critical step toward bridging the gap between what consumers can afford and what advisers currently charge.

Practices who implement these technologies most effectively are best positioned to develop more accessible service tiers for the younger demographics who, as the Consumer chapter revealed, are actively seeking advice but remain largely unserved.

CHART 3.14

Willing to adopt AI

Source: ARdata (2025 Survey)

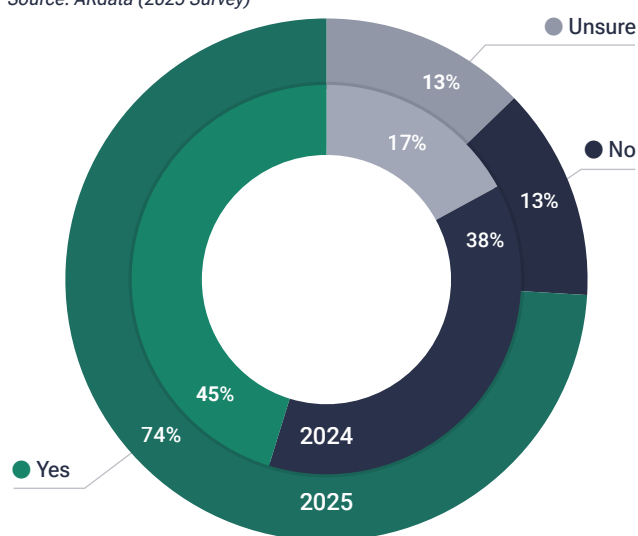
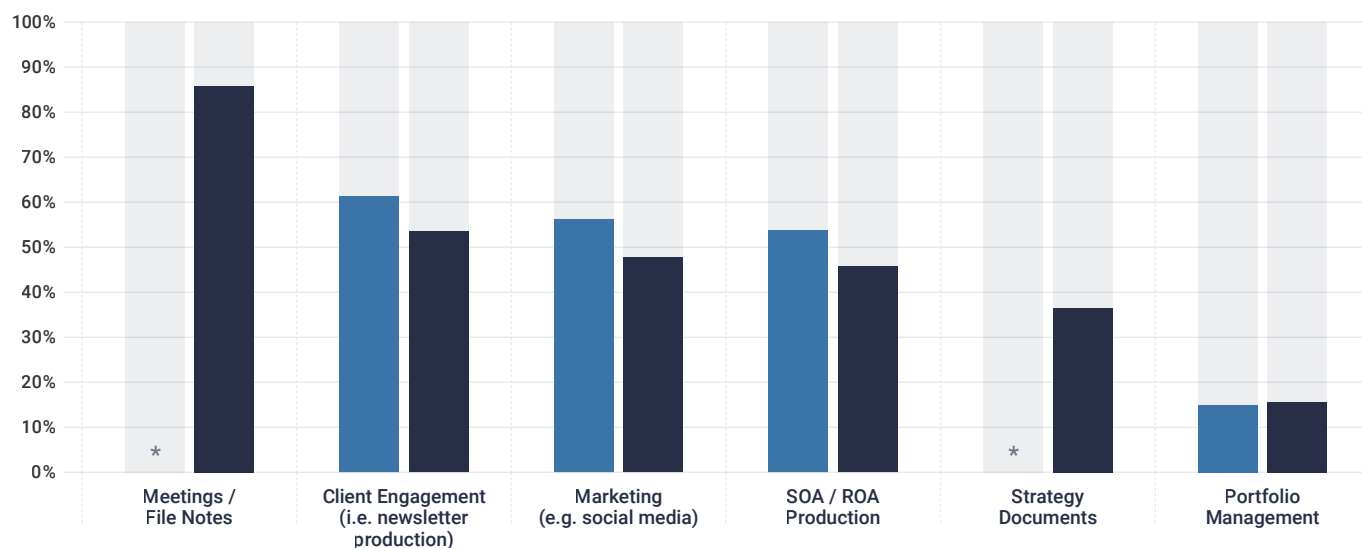


CHART 3.15

Areas of AI use by practices

Source: ARdata. (*) Indicates new option for 2025.

Survey Year: ● 2024 ● 2025



ChatGPT remains the most widely used AI platform, used by 49% of practices, followed by Microsoft Co-Pilot (39%). However, only 36% of practices pay for premium versions of AI tools, suggesting significant room for deeper integration of premium AI solutions.

CHART 3.16

Paid AI usage

Source: ARdata (2025 Survey)

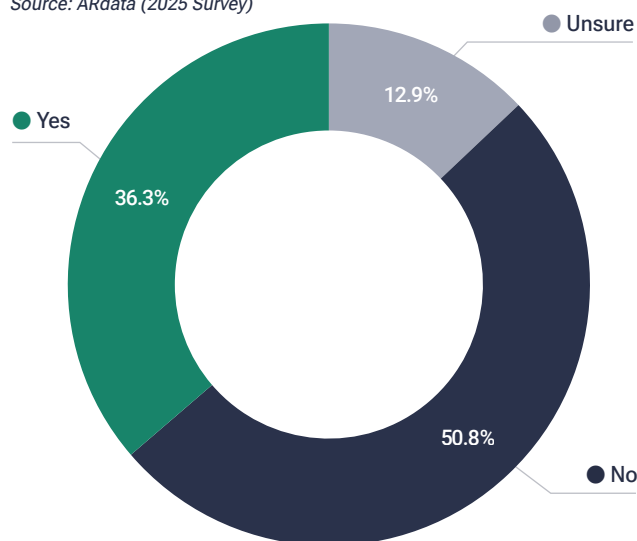
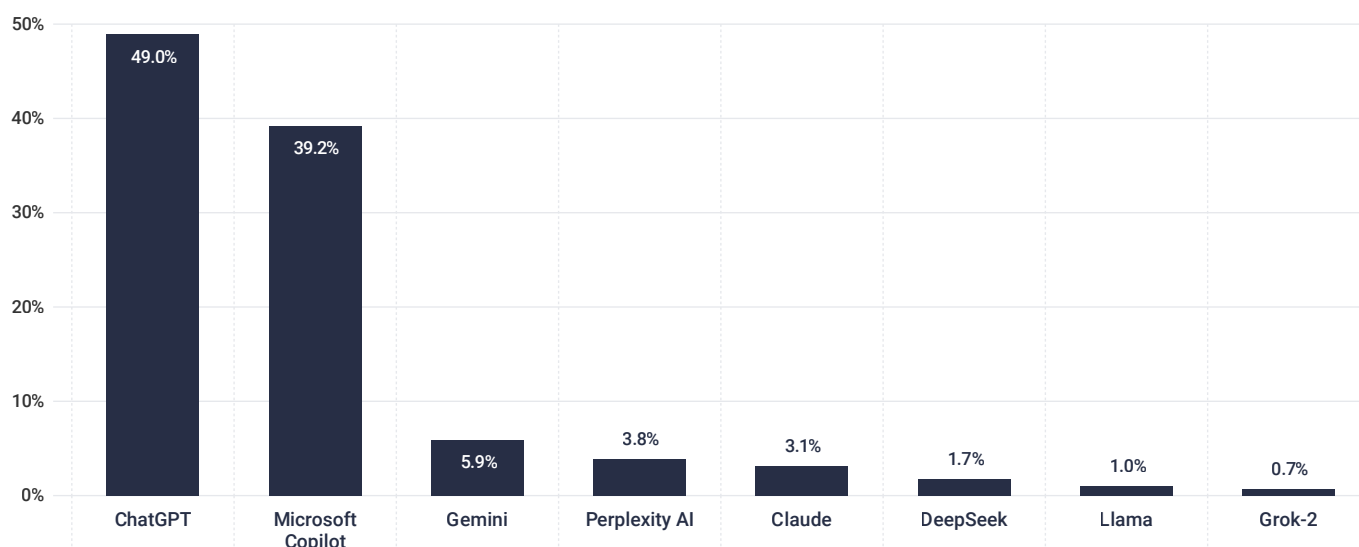


CHART 3.18

AI model usage

Source: ARdata (2025 Survey)

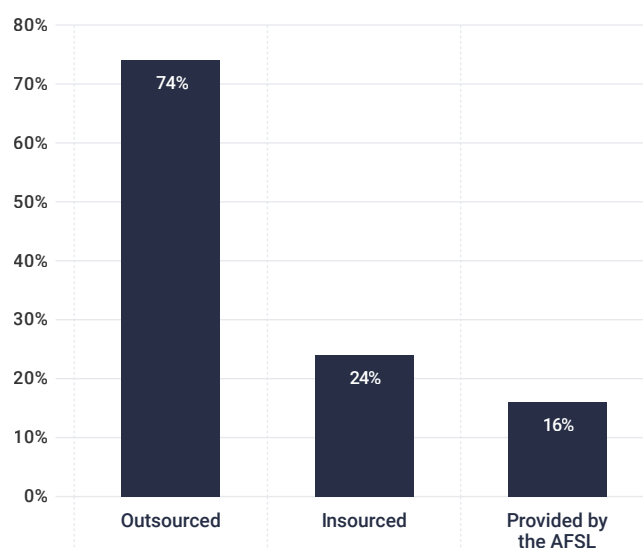


IT infrastructure management continues to be predominantly outsourced, with 74% of practices taking this approach. Meanwhile, 24% manage their IT in-house, and 16% rely on services provided by their Australian Financial Services Licensee (AFSL). This distribution reflects the increasing complexity of practice technology stacks and the specialised expertise required to maintain them.

CHART 3.17

How practices manage IT

Source: ARdata (2025 Survey). Note: multiple responses may apply.





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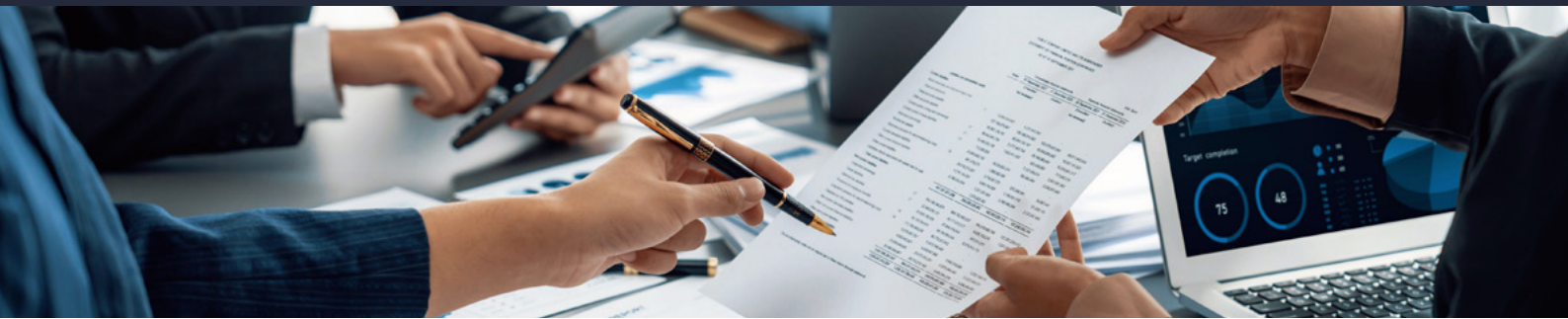
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Investment approach and product selection

The shift toward managed account solutions (primarily Separately Managed Accounts (SMAs)) continues, particularly for off-the-shelf products, with 31% of practices increasing their usage over the past year. We can however see that private SMA solutions are expected to increase dramatically over the next 12 months, with an additional 6% of advisers planning to increase their use. This,

combined with the 3% fewer advisers planning to increase off-the-shelf SMAs, indicates an attractive and growing asset class.

Given their flexibility, this growth is primarily driven by the SMA structure, with MDAs still prominent in older, more mature practices. Refer Sponsor Insight, Chapter 1 - SMA Standard - for further FUA breakdown.

CHART 3.19

Private SMA usage and intent

Source: ARdata (2025 Survey)

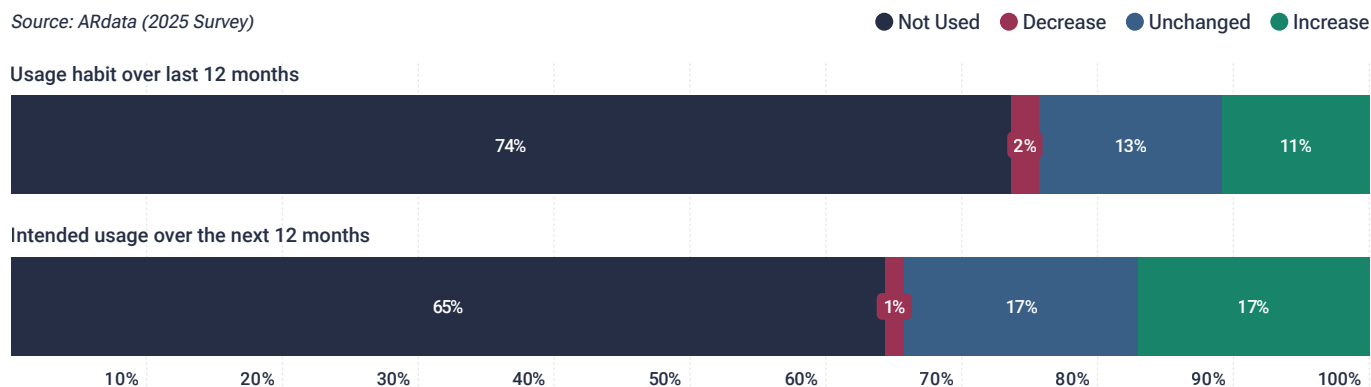
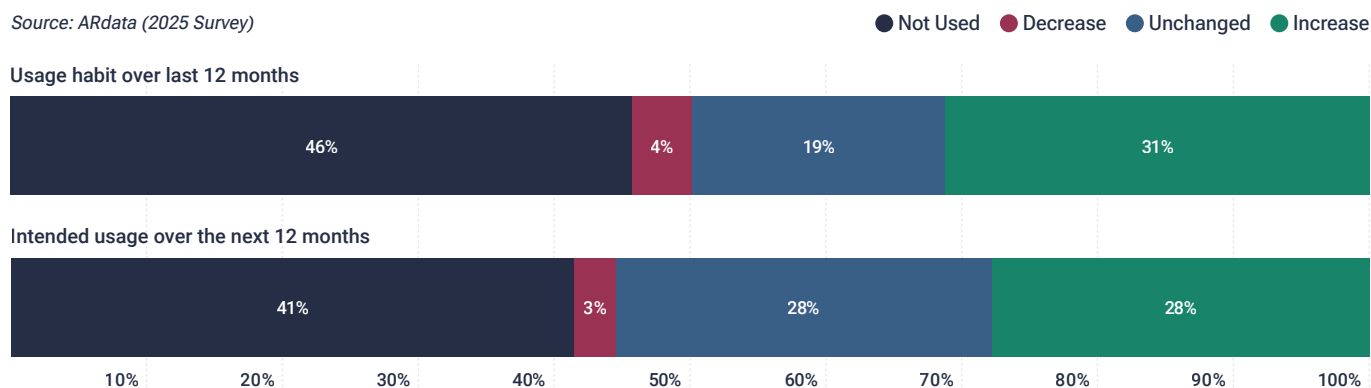


CHART 3.20

Off-the-shelf SMA usage and intent

Source: ARdata (2025 Survey)



Active investment management remains predominant, with 78% of practices currently using active funds and 23% planning to increase their allocation. This is equal to the 78% of advisers currently using passive funds, although the passive fund users show a marked decrease in willingness to increase their usage - falling to 19% of advisers looking to increase recommendations over the next 12 months. This balanced split between active and passive managers suggests that practices employ strategic diversification across active and passive strategies.

These investment approaches align with evolving consumer interests identified in the Consumer chapter. The increased adoption of ETFs (40% of practices planning to increase

usage) provides an efficient vehicle for addressing clients' growing interest in areas like cryptocurrency (up to 30% from 18%) and emerging technologies like AI (19% of client inquiries). Meanwhile, the balanced approach between active and passive strategies enables practices to address the dominant retirement planning concerns (74% of client inquiries) with cost-effective core portfolios while using active strategies for areas where specialised expertise adds value.

This strategic alignment between investment approaches and client priorities demonstrates how practices are evolving their service delivery to meet changing consumer demands.

CHART 3.21

Active manager usage and intent

Source: ARdata (2025 Survey)

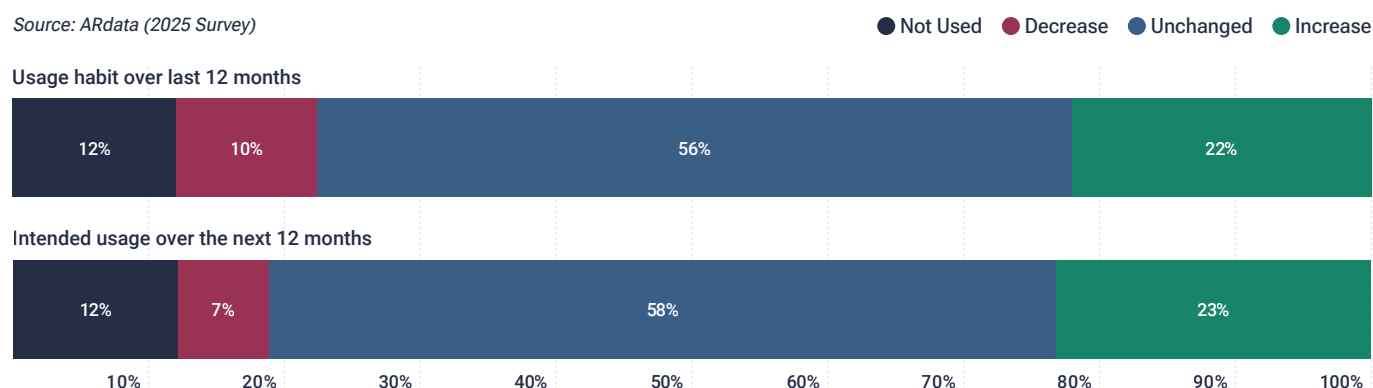
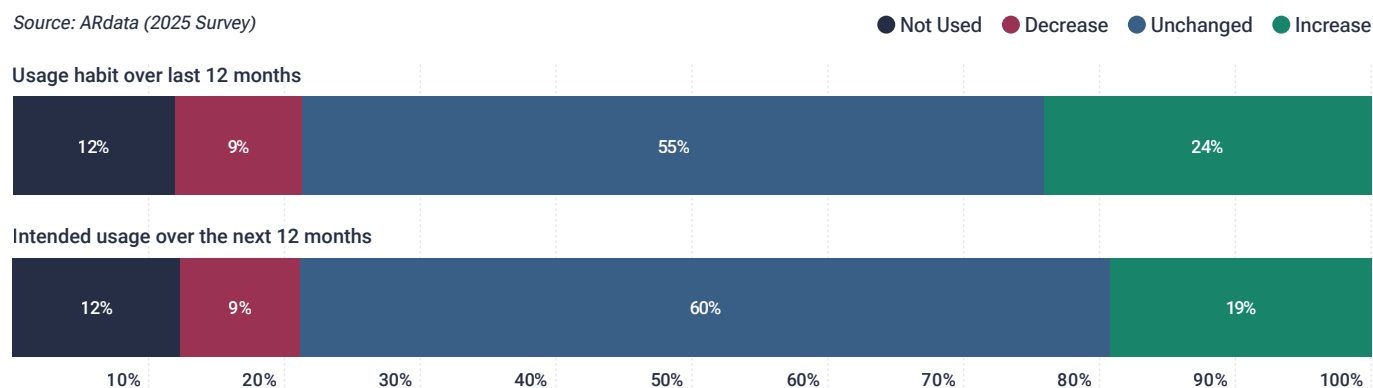


CHART 3.22

Passive manager usage and intent

Source: ARdata (2025 Survey)



The investment research space remains concentrated around Lonsac, Morningstar, and Zenith Partners, with consultants, advice practices, and platforms continuing to place heavy reliance on these providers for quality research, access and implementation guidance. Lonsac leads in both usage and sentiment, with strong adviser support underpinned by its robust service model and integration with GDG and the Evidentia Group, offering a seamless connection between research, SMA implementation, and portfolio governance. This positions Lonsac as a deeply embedded partner across the advice value chain.

Morningstar remains a key player, particularly valued for its consistency and platform integration, though it lacks

the same strategic alignment or dynamic evolution seen in its competitors. Zenith, while lower in both penetration and NPS, continues to rate well on perceived quality and timeliness of research, making it a trusted source for select practices seeking independent coverage.

As the market evolves, the need for high-quality, timely and accessible research reports — often integrated with model portfolios or SMA options — is more critical than ever. Consultants in particular depend on established providers for scalable solutions and governance support. At the same time, new entrants like Genium are emerging, aiming to disrupt this space, especially with the enormous growth in the private credit asset class.

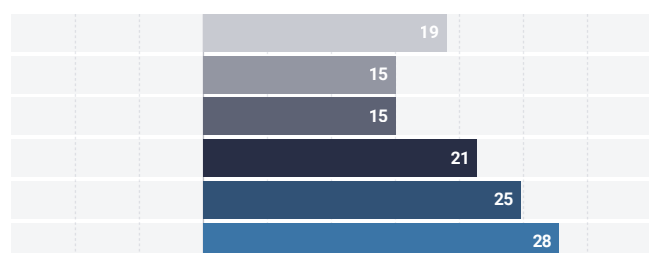
CHART 3.23

Research house NPS

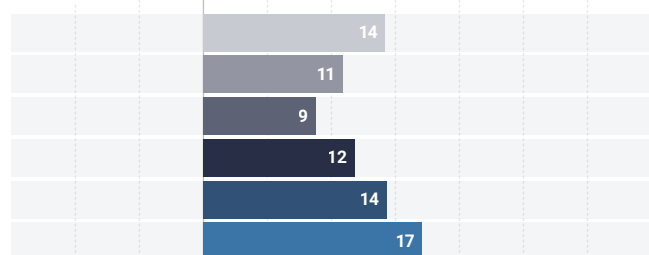
Source: ARdata

Survey Year: ● 2020 ● 2021 ● 2022 ● 2023 ● 2024 ● 2025

Lonsac



Morningstar



Zenith Partners

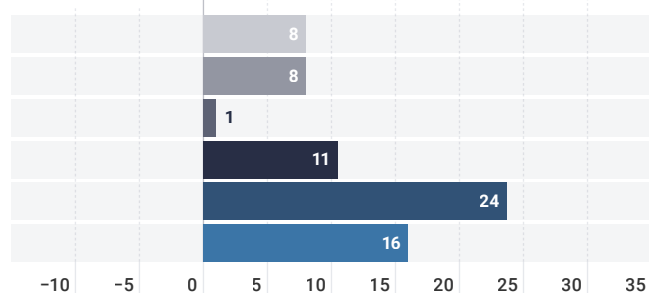


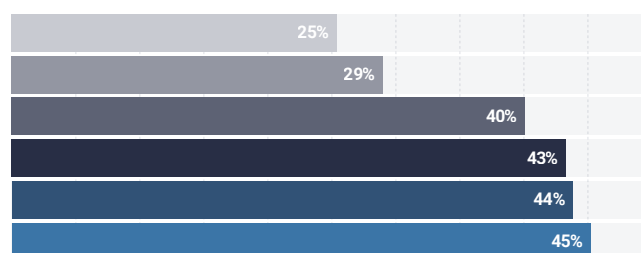
CHART 3.24

Research house penetration

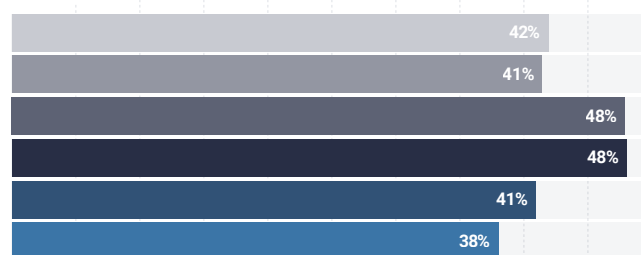
Source: ARdata

Survey Year: ● 2020 ● 2021 ● 2022 ● 2023 ● 2024 ● 2025

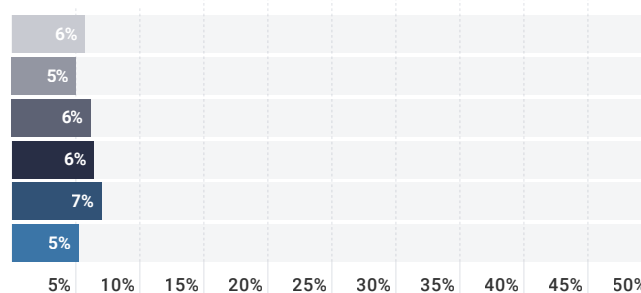
Lonsac



Morningstar



Zenith Partners





Platform preferences and technology infrastructure

The platform landscape continues to evolve rapidly, with HUB24 extending its lead in adviser satisfaction, achieving an NPS of 40.7, a substantial increase from 29.3 in the previous year. Netwealth maintains its strong second position with an NPS of 32.3, while CFS FirstChoice has made remarkable gains, reaching an NPS of 28.9 (up from 15.1). Expand has shown the most

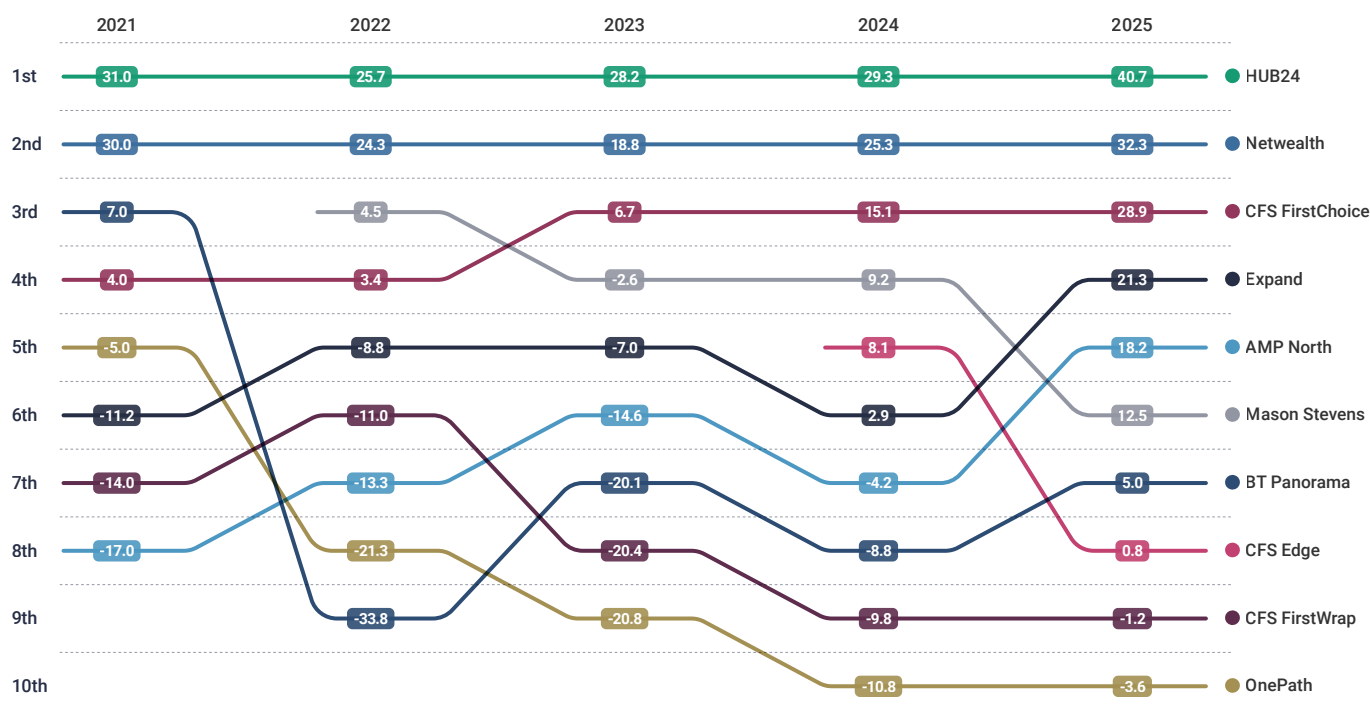
dramatic improvement, rising to an NPS of 21.3 from 2.9 in the previous year, following the successful bedding down of the MLC migration over the last 12 months.

The full 2025 platform report is available for purchase. Advisers who completed survey will receive personalised benchmarking

CHART 3.25

Top 10 platforms by NPS

Source: ARdata. Note: Dates indicate survey year.



Advice software

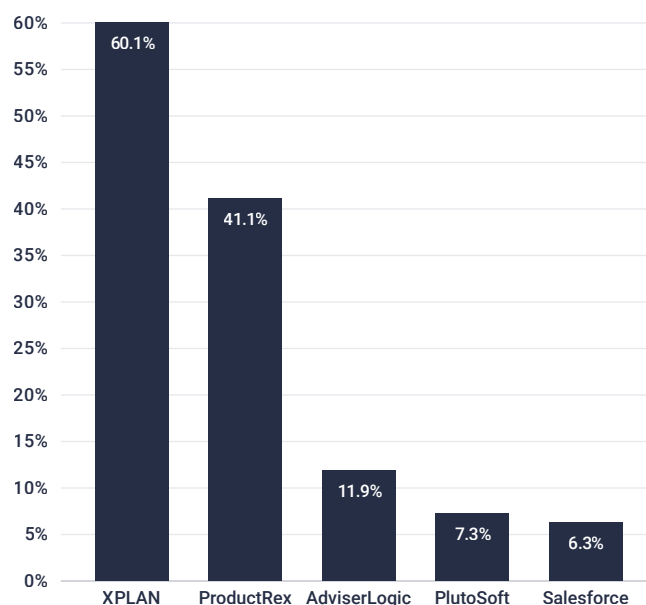
Newer advice software providers are achieving higher satisfaction scores, driven by their freedom from legacy systems. Without the burden of outdated architectures, they can rapidly refactor and adapt, enabling greater responsiveness to user needs. This agility is supported by more open architectures, which are becoming a defining feature of next-generation software, allowing seamless integration with other tools. Advisers are increasingly adopting AI—either embedding it into their workflows or integrating specialist AI solutions (some now being offered by the software solutions themselves) or custom agents into their tech stacks as complementary enablers. As a result, modern software solutions such as these lead in Net Promoter Scores, reflecting their innovation-driven appeal.

The full 2025 software report is available for purchase. Advisers who completed survey will receive personalised benchmarking.

CHART 3.26

Top 5 advice software by usage

Source: ARdata (2025 Survey)



This is ProductRex

A dedicated system for all your superannuation and investment product recommendations.

This is what our advisers think...



“ProductRex does platform and portfolio comparisons well. Super well! So well, our advice team use it on a daily basis. We literally couldn't live without it. I would encourage any adviser to check it out.

Peita Diamantidis,
Managing Director
& Financial Adviser,
Caboodle Financial Services



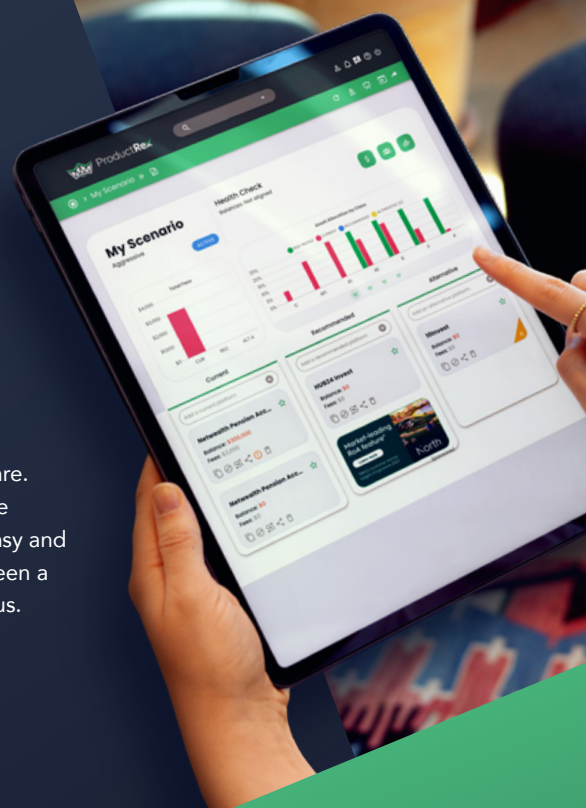
“Best piece of advice software to hit the financial planning world in a decade. The future of advice software - fast, reliable and client friendly.

Shane Harris,
Managing Director
and Financial Adviser,
The Wealth Affect



“Fantastic software. The ability to create SMAs in such an easy and efficient way has been a game changer for us.

Natalya Dalglish,
Head of Operations,
Davis Private Wealth



Try it out today

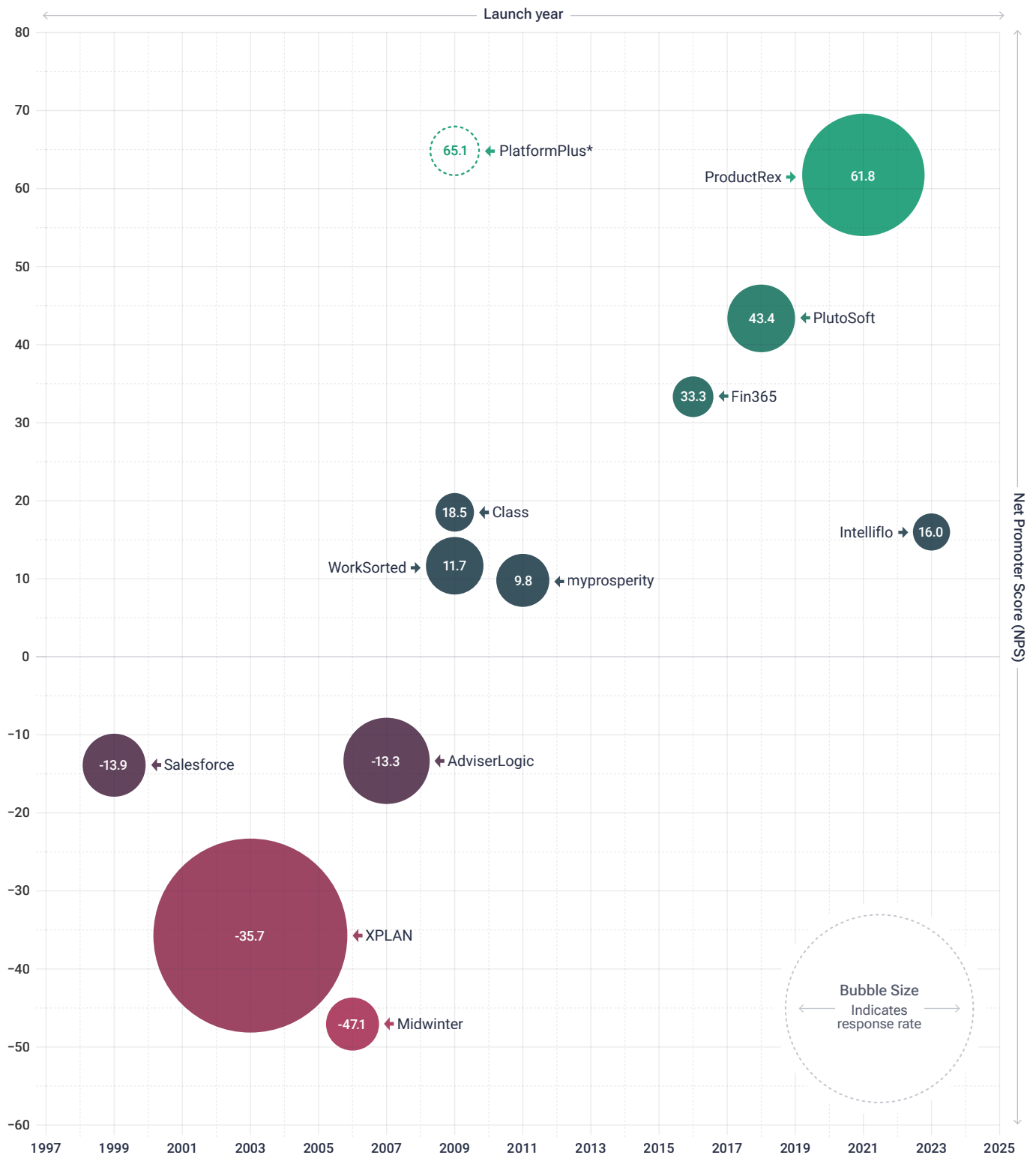


ProductRex
productrex.com.au

CHART 3.27

Software NPS and response rates

Source: ARdata (2025 Survey). Note: (*) Infocus developed software - primary responses are infocus advisers prior to public launch.





In-house technology solutions

In 2025, new software and platform solutions emerged or existing solutions revamped, such as PlatformPlus (65.1 NPS) and Morgans Wealth+ (85.7 NPS). This highlights a significant shift in the platform landscape.

These solutions achieve very high adviser satisfaction, indicating that custom development tailored to specific business needs can outperform third-party alternatives. This trend poses a competitive threat to commercial providers and suggests potential market disruption, as successful in-house solutions

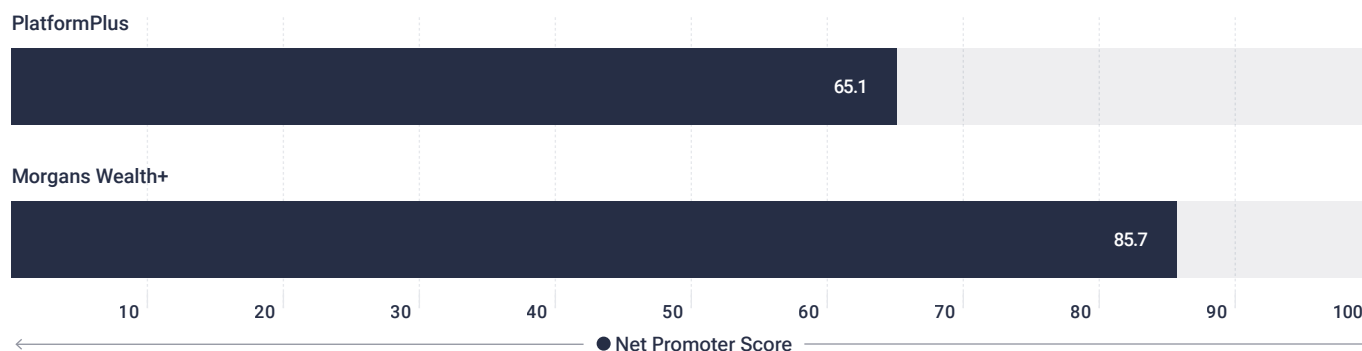
capitalise on the advent of AI and internal agile teams. As they look to evolve into wider market commercial offerings, albeit with particular users in mind, these threats should not be underestimated.

With Australia to become the second largest pension market globally and with barriers to entry from a cost perspective drastically reducing, we expect more technology to enter this space either as in built enablers for existing advisers, licensees, superannuation funds or asset managers or as wider commercial solutions.

CHART 3.28

In-house solutions

Source: ARdata (2025 Survey)



Revenue and profitability

Practice revenue continues to trend positively, with 83% of practices reporting increased revenue. Notably, 41% of practices achieved revenue growth exceeding 15%, up from 35% in the previous 12 months. Only 3% of practices experienced revenue declines, indicating strong business performance across the sector.

Practice profitability shows improvement, with 51% of practices achieving profit margins of 20% or more, up from 47%. However, challenges remain for single-adviser practices, with 19% reporting no profit, although some of this may be attributed to the nature of single-owner businesses. Practice size remains a significant determinant of profitability, with solo practices averaging \$607k in revenue, while practices with five or more advisers average \$5,143k.

CHART 3.29

Average revenue by practice size

Source: ARdata

2023 2024 2025

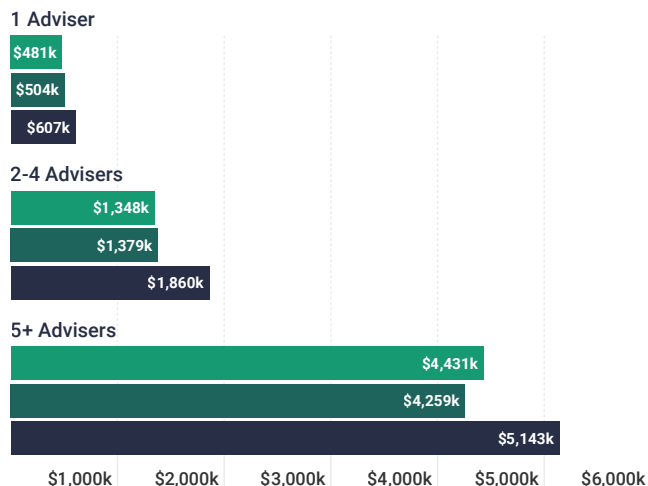


CHART 3.30

Practice revenue growth

Source: ARdata. Note: dates indicate survey year.

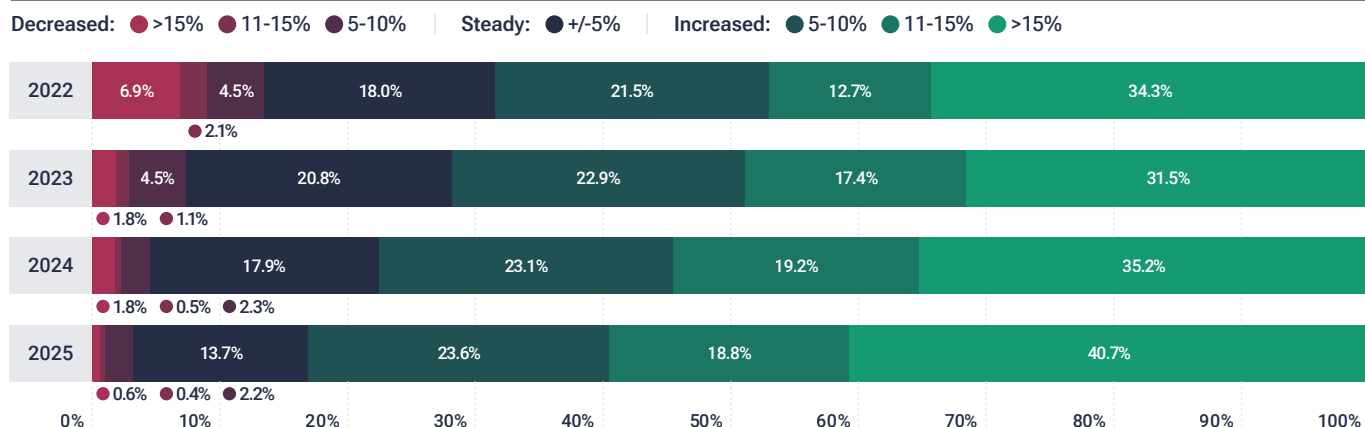
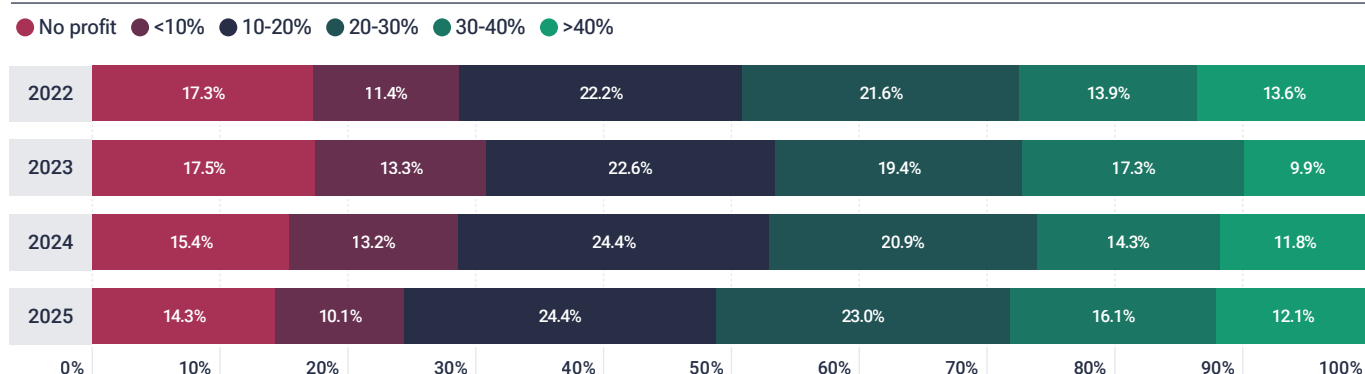


CHART 3.31

Practice profitability

Source: ARdata. Note: dates indicate survey year.



Revenue bands show a clear correlation with profitability. Among practices with revenue of less than \$250,000, 64% report no profit. By contrast, only 1% of practices with revenue between \$1.5 million and \$2.5 million report no profit, with 48% achieving profit margins of 30% or more. This data underscores the importance of scale in achieving sustainable practice profitability, which can be seen when looking at profit margins based on practice revenue in Chart 3.38, where a majority of practices with over 20% profit margin have revenue

above \$1 million versus practices with less revenue struggling to be profitable. The revenue distribution across different practice types also reveals interesting patterns. Privately owned licensees (1-10 advisers) exhibit diverse revenue profiles, with 18% falling into the \$1.5-2.5 million and \$2.5-5 million categories. Larger privately owned licensees (with 100+ advisers) tend to have lower per-practice revenue, with 45% generating less than \$500k per practice, likely due to the shift in decentralised business models over the last few years.

CHART 3.32

Profit margin by revenue

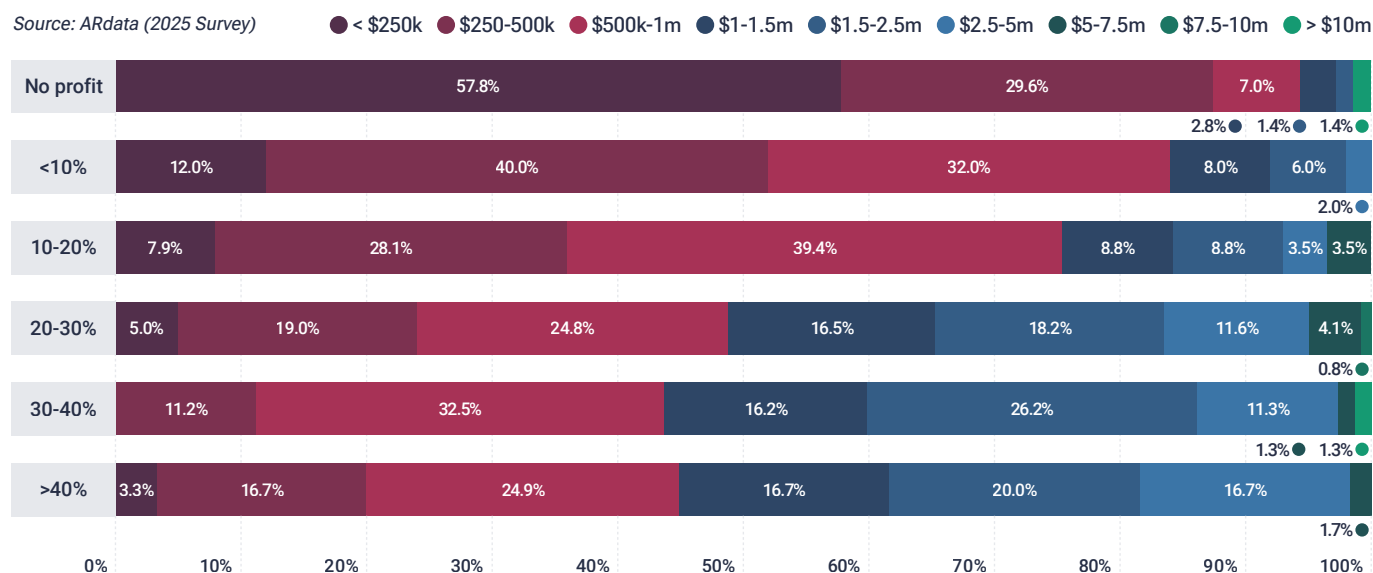
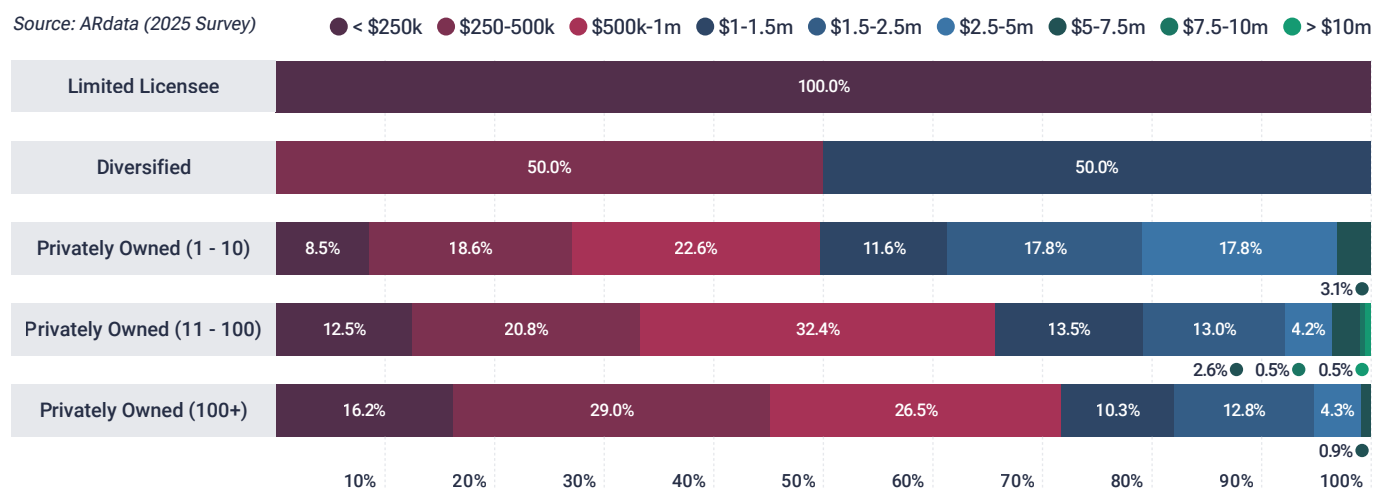


CHART 3.33

Practice revenue by licensee type



It is also worth noting that variable fee models, which were more common before FOFA and the Professional Standards transition, have become significantly less prevalent. Currently, 58% of practices use fixed, flat, or hourly fee models, which align with similar fee structures in other professions. Given the reduced level of zero-profit practices, it's evident that most practices now have a

better understanding of the cost to serve their clients and are less inclined to risk the fee volatility associated with asset-based fees and insurance commission models.

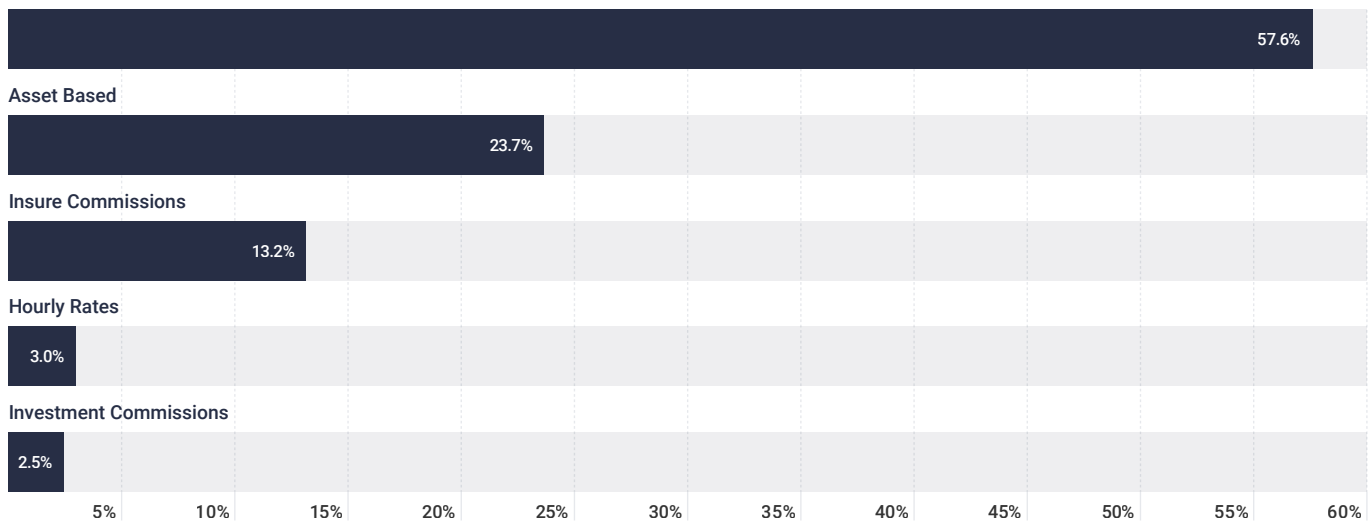
The strong revenue growth across most practice segments suggests that client demand for advice remains robust, providing a solid foundation for future industry growth.

CHART 3.34

Fee type distribution

Source: ARdata (2025 Survey)

Fixed vs Flat



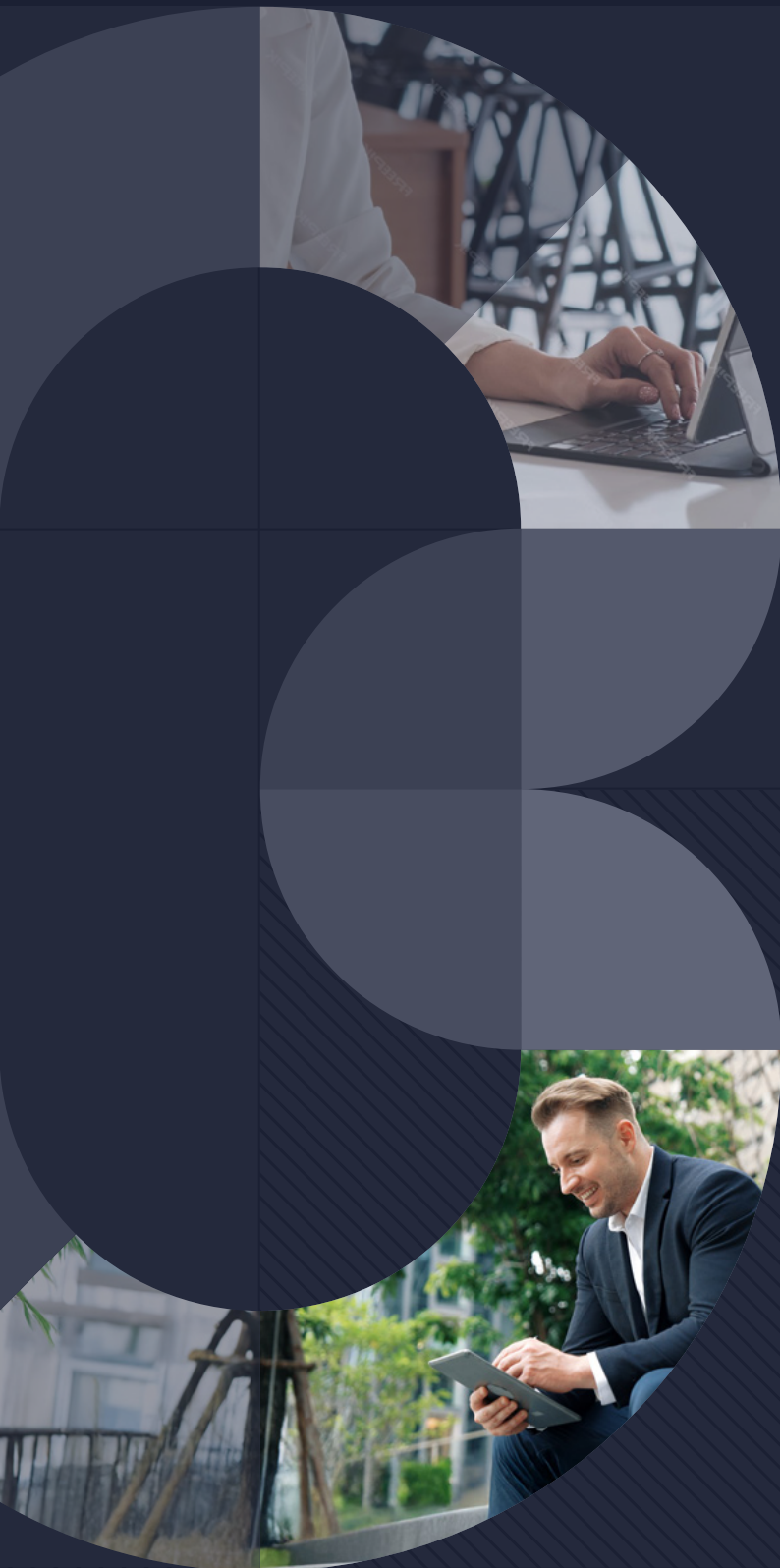
Bridging the advice gap: Economics and accessibility

The financial data presents challenges and opportunities for addressing the advice accessibility gap identified in the Consumer chapter. The strong correlation between practice scale and profitability (practices with revenue between \$1.5-2.5 million achieving 30%+ profit margins) illustrates why many practices have focused on higher-value clients—a strategy that has improved business sustainability but potentially exacerbated the advice gap.

However, the increasing adoption of technology and more efficient service models presents a pathway toward more accessible advice. Practices at the forefront of AI adoption and those implementing tiered service models

are pioneering approaches that could expand advice access while maintaining profitability. This evolution is critical for addressing the substantial untapped demand from younger demographics, who, as the Consumer chapter revealed, are actively seeking financial guidance but remain largely unserved.

The industry's challenge moving forward will be balancing business sustainability with the societal need for broader access to advice—a tension that the most innovative practices are already working to resolve through technology, specialisation, and reimagined service models.



Chapter insight

CASE STUDY

Revolutionising portfolio construction: How ProductRex is transforming adviser efficiency

In an era where financial advisers are continuously challenged to deliver more with less, ProductRex has rapidly emerged as the indispensable tool reshaping portfolio construction and investment research.





Unlike legacy advice software platforms burdened by outdated architecture and chronic inefficiencies, ProductRex has achieved extraordinary growth precisely because it was purpose-built for advisers, integrating the latest innovations and genuinely intuitive user experiences.

A legacy-free approach drives consistent excellence

Since inception, ProductRex has consistently outperformed other platforms in user experience, maintaining significantly high



Net Promoter Scores (NPS) comparative to its competitors ([Chart 3.27](#)). Impressively, this high standard has been sustained consistently for the last three years.

According to Daniel Twentyman of Surfcoast Wealth Management, stated, "ProductRex is the best technology to come to market for financial planners by a long shot. In fact, actually makes product comparisons enjoyable."

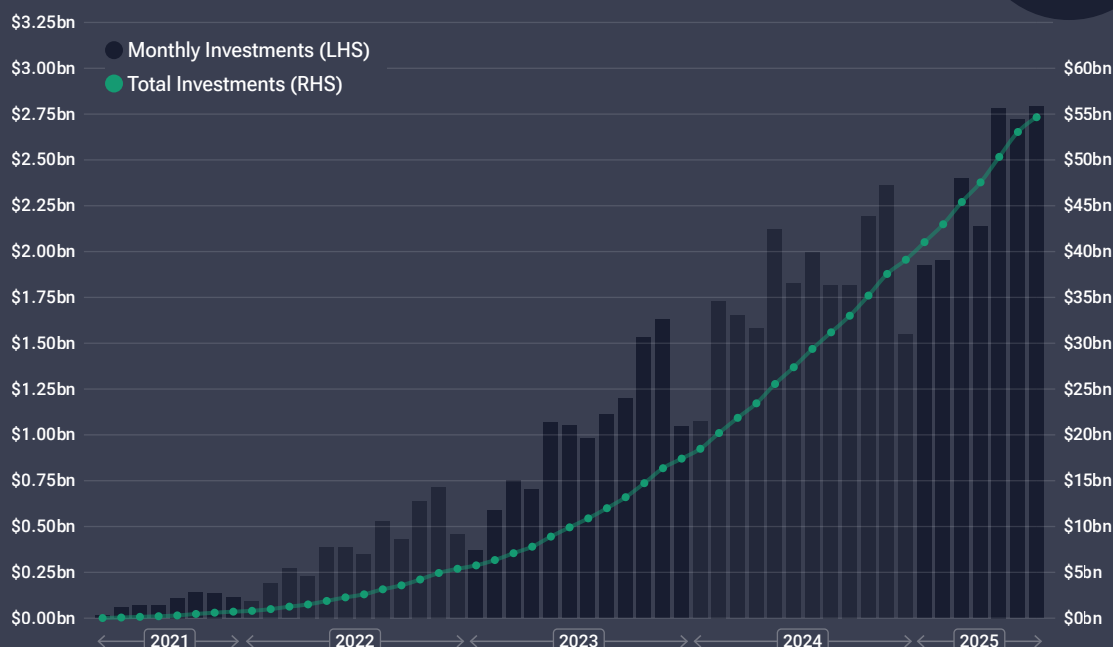


John Gould of Olive Tree Wealth further confirms, "ProductRex has been a gamechanger for our business... So fast and simple, and accurate."

CHART 3.35

ProductRex facilitated investments

Source: ARdata. Note: dates indicate calendar year.



Strong growth rooted in adviser-centric innovation: ProductRex is now facilitating an astonishing \$2.8 billion in investments every month, only 4 years after it launched.

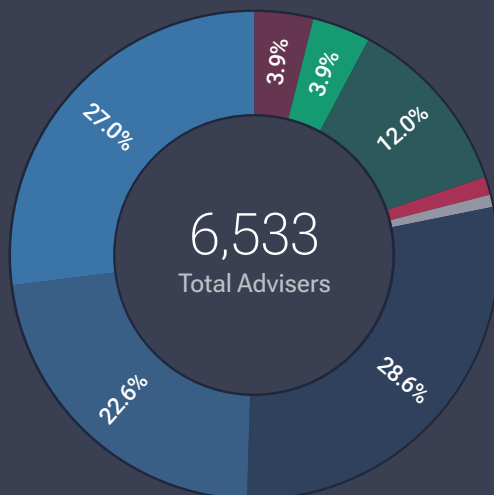


Currently, ProductRex serves an expanding community of approximately 5,000 users across 803 of the 1,800 licensees in Australia.

CHART 3.36

Adviser distribution by licensee type

Source: ProductRex. Note: reflects ProductRex advisers from the 4,812 users at June 2025.

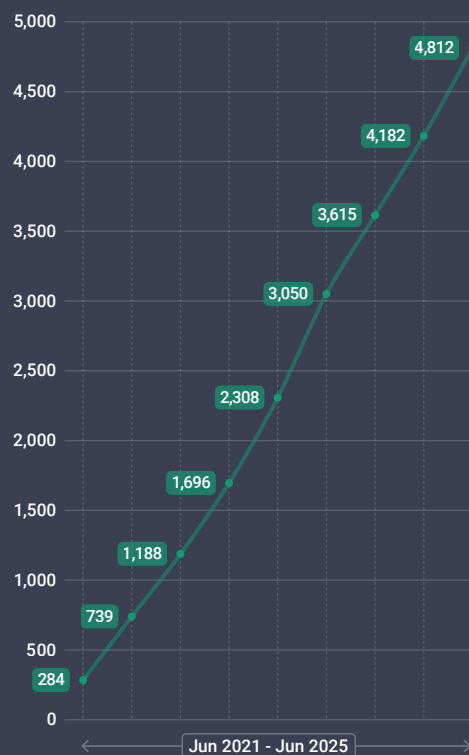


Diversified	257	3.9%
Industry super fund / NFP	254	3.9%
Stockbroker	783	12.0%
Bank	78	1.2%
Limited Licensee	52	0.8%
Privately-owned (1-10)	1,868	28.6%
Privately-owned (11 - 100)	1,476	22.6%
Privately-owned (100+)	1,763	27.0%

CHART 3.37

ProductRex user growth

Source: ProductRex



This penetration is not just broad—it is deeply diversified, cutting across privately-owned firms, stockbrokers, industry super funds, and diversified institutions, indicating robust adoption by advisers from all AFSLs.





Empowering the Market with Clarity and Precision

Investment consultants and platform business development managers are increasingly relying on ProductRex to either model portfolios and create private label SMAs or in the instance of BDMs, assist advisers in simply comparing the latest platform fees and features.



Shane Jackson from RI Advice Dandenong echoes this, stating, "We appreciate the accuracy of the product information relative to alternative systems."

Unmatched User Experience and Continuous Innovation

What truly sets ProductRex apart is its relentless commitment to an adviser-first experience, reflected clearly in feedback from its users. Brendan Burvill from

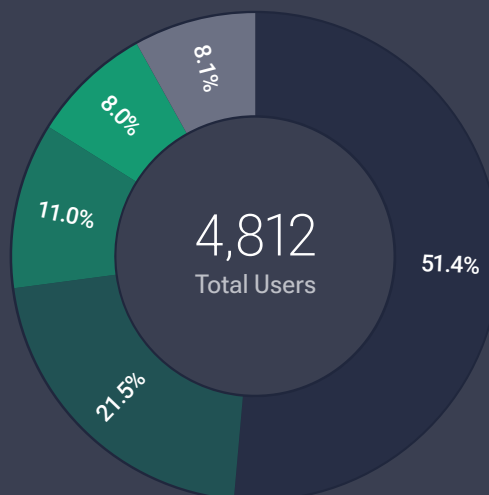


Oakwood Financial Advisers shares, "I use it for all my investment-related product research. I no longer use any planning software, just ProductRex."

CHART 3.38

User role distribution

Source: ARdata (June 2025)



Adviser	2,515	51.4%
Paraplanner	1,051	21.5%
Support Staff	536	11.0%
Practice Manager	390	8.0%
Other	394	8.1%

Tanya Oddo from Steps Financial appreciates the ease of integration, "Easy to use and intuitive software. Can build model portfolios, custom asset allocations, and other features to make our life easier."





Market-Leading User Satisfaction

When comparing adviser satisfaction across major software providers, ProductRex consistently outperforms in every category. From adviser support to value for money, the platform's user-experience-led approach has created a solution that advisers actually want to use.

A Platform Built for the Future

With advisers increasingly challenged by regulatory complexity, ProductRex's future roadmap is packed with new solutions specifically designed to lower advice costs, simplify Records of Advice (ROAs) and Statements of Advice (SOAs), and continue enhancing platform and superannuation features.

Neale Forbes from Forbes Wealth Planning succinctly summarises its value: "What can you say about a free life-saving efficiency monster? Life is wonderful with Rex."



Iain Jefferey from Wealthpoint Financial Planning praises ProductRex for its sustainability, "Still the best piece of software we use for the third year in a row... Absolutely love the simplicity."

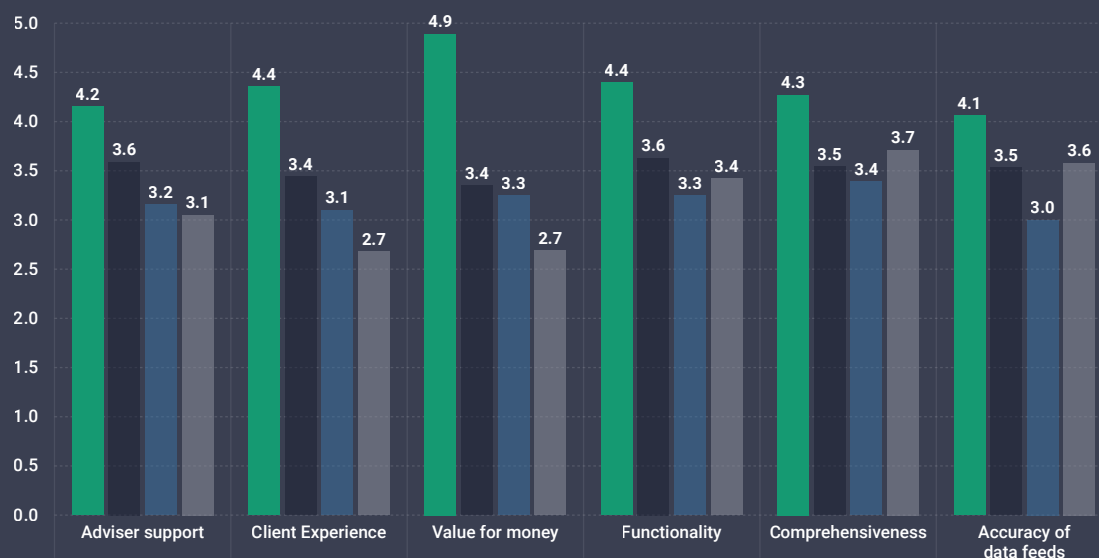


CHART 3.39

Adviser Satisfaction Scores - ProductRex Leads the Pack

ProductRex AdviserLogic Midwinter Xplan

Source: ARdata (2025 Survey)





The Bottom Line: Advisers Come First

Nathan Fradley from Fradley Advice encapsulates the philosophy underpinning ProductRex's success:



"Great functionality—user first approach to software—everything is built on purpose, not reverse-engineered. Best in the biz."



Teagan Lind from Jasper Financial highlights ProductRex's accessibility, stating, "For a product of this nature to be free is amazing. We use ProductRex for all investment comparisons both in super and out."



Consistently Innovating for Adviser Success

With sectors like Managed Accounts rapidly evolving, advisers, platforms, licensees, SMA managers and investment consultants, demand technology partners who are not just keeping pace but leading the charge. ProductRex is unequivocally that partner.

By eliminating legacy tech hurdles and continuously evolving through adviser feedback, ProductRex is genuinely revolutionising portfolio construction, enabling advisers to work smarter and deliver exceptional outcomes for their clients.

Simply put, ProductRex is more than software—it's a fundamental shift in adviser efficiency.

Visit: ProductRex.com.au



...to learn more and get started with a free ProductRex account.

4.0 Investment Landscape



Industry addressable market and growth

The Australian unitised investment management market returned to substantial organic growth in 2024 (+\$78 billion, 8.3%), after two years of stagnation (+\$2 billion in both 2022 and 2023).

Market movements also contributed significantly, adding \$132 billion to the industry's asset base, following increases of \$ 70 billion in 2023 and decreases of \$70 billion in 2022.

While this headline figure suggests widespread prosperity, a closer examination reveals a more nuanced reality. The investment landscape increasingly resembles what farmers call a "green drought"—surface-level growth masking underlying scarcity. Two dominant trends continue to shape the market: investor preference for passive over active management, and within active management, a growing preference for private or unlisted assets over public markets.

These trends disproportionately affect the majority of managers who focus on actively managing public market investments. The competitive intensity among these managers continues to be strong, given the current dynamic where a very small number of managers in each sector capture the vast majority of available inflows.

For active public markets managers, the current environment presents a classic innovator's dilemma. Many sit atop viable, though shrinking, revenue pools from legacy products, where market growth often exceeds outflows. This creates a short-term incentive to maintain the status quo despite the clear long-term risks.

Forward-looking managers face three options: sell, close, or evolve. Evolution requires repackaging existing skills through more competitively priced, higher-conviction products. However, this path carries inherent risks, including potential cannibalisation of existing revenue streams and the heightened scrutiny that comes with higher-conviction approaches.

For some managers, particularly those without differentiated capabilities or an appetite for greater scrutiny, consolidation or closure may represent the more rational path. The market is increasingly distinguishing between managers with genuine skill and those who have benefited from favourable market conditions.

CHART 4.1

Industry FUM (\$bn) 1 year net assets change

Source: Morningstar, Milestream estimates and analysis. Data as at / for one year ended 31st December 2024. Notes: Data excludes: Morningstar classified "obsolete" funds, "multi sector" funds, "miscellaneous" funds, "unclassified" funds, and funds with missing (or with erroneous) Net Assets and net flows data across the 1 year to December 2024.





Where the money went – asset classes

The distribution of flows across asset classes shifted significantly in 2024. Fixed Interest continued its strong performance from 2023 and was joined by both Australian and Global Equities in attracting substantial inflows. Property & Infrastructure and Alternatives remained in a net outflow, with Property & Infrastructure experiencing an intensification of outflows (-\$1.3 billion in 2024 vs. -\$0.6 billion in 2023).

Cash as an asset class presents something of a puzzle, showing positive inflows during a year when riskier asset classes also attracted significant capital. This marks a change from 2023, when Cash experienced outflows despite rising rates. The improved real returns on Cash, as inflation fell from 4.1% to 2.4% while Cash rates remained at 4.35%, likely enhanced its attractiveness as a portfolio component.

Fixed Interest maintained its position as a standout asset class, continuing a multi-year trend of strong organic growth. Private Credit and Mortgage Funds have particularly bolstered this performance, reflecting the innovation required in the investment sector referred to in the previous chapter. The surge in popularity of fixed interest investments also reflects a more global phenomenon, with Calastone's 2024 Global Fund Flows Report noting that "managed funds inflows grew fivefold in 2024...with nearly all directed to Fixed Income funds." Several factors have driven this trend:

1. Expanded investment opportunities

The proliferation of accessible public and private corporate credit funds in the market has transformed the Fixed Interest landscape. Where retail investors once predominantly accessed sovereign bonds through Australian, Global, or Diversified Fixed Interest funds, they now have direct access to a wide range of corporate credit vehicles. In 2024, 83% of fixed-interest fund launches (39 of 47) focused on public or private corporate credit rather than sovereign bonds.

2. Increased attractiveness relative to Equities

As equity valuations expanded (with the Shiller P/E ratio on the S&P 500 growing from 27 in mid-2020 to 37 by the end of 2024) and interest rates rose (the Federal Reserve rate increased from 0.25% in February 2022 to 5.5% in July 2023), Fixed Interest became relatively more attractive. Floating-rate investments benefited from the higher interest rate environment, with high-yield corporate credit yielding 7.5% and private credit yielding approximately 10%.

3. Economic and geopolitical uncertainty

Fixed Interest is generally perceived as a safer option during uncertain times, a perception that has extended to corporate credit despite its different risk profile.

4. Ageing populations

Demographic shifts in developed markets continue to drive gradual reallocation from growth assets toward more defensive positioning.

CHART 4.2

Industry net flows (\$bn) – 1 year

Source: Morningstar, Milestream estimates and analysis. Data as at / for one year ended 31st December 2024. Notes: Data excludes: Morningstar classified “obsolete” funds, “multi sector” funds, “miscellaneous” funds, “unclassified” funds, and funds with missing (or with erroneous) Net Assets and net flows data across the 1 year to December 2024. Fixed Interest includes (and Alternatives excludes) Morningstar classified “Alternatives - Private Debt” funds.

Fixed Interest

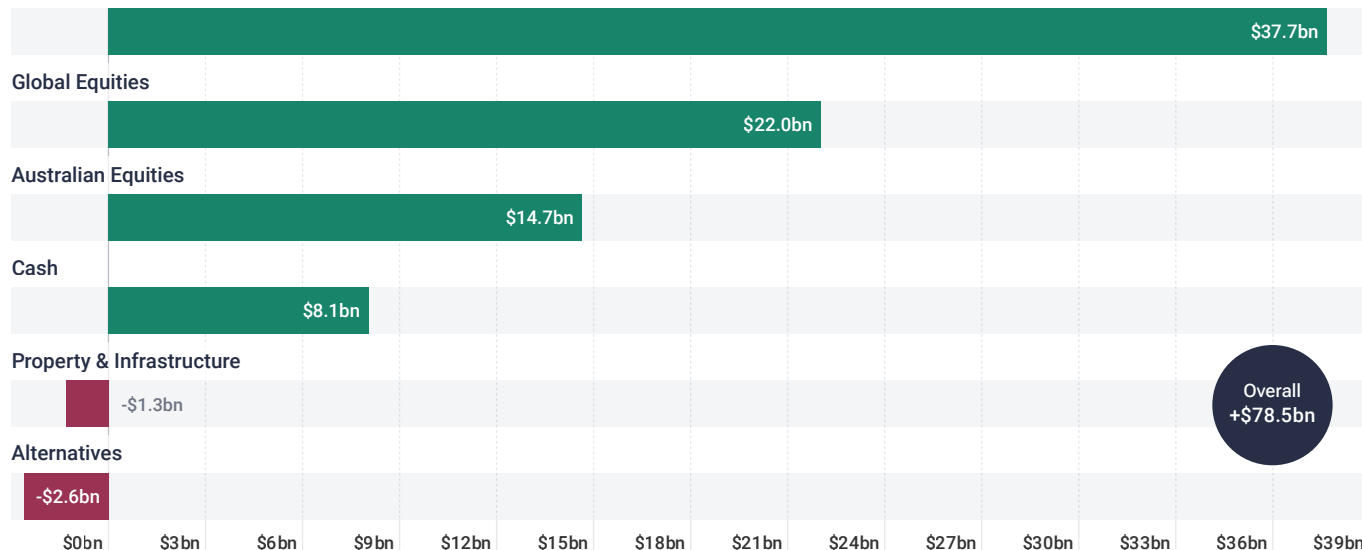
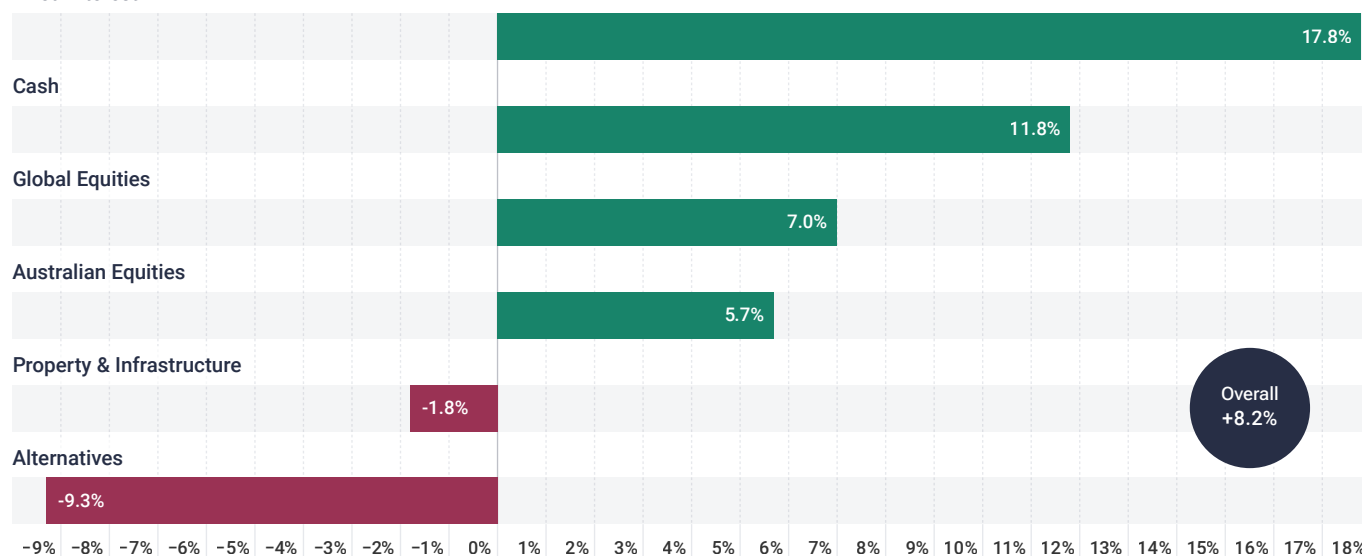


CHART 4.3

Industry organic growth rates – 1 year

Source: Morningstar, Milestream estimates and analysis. Data as at / for one year ended 31st December 2024. Notes: Data excludes: Morningstar classified “obsolete” funds, “multi sector” funds, “miscellaneous” funds, “unclassified” funds, and funds with missing (or with erroneous) Net Assets and net flows data across the 1 year to December 2024. Organic growth includes net flows and excludes net market movements. Fixed Interest includes (and Alternatives excludes) Morningstar classified “Alternatives - Private Debt” funds.

Fixed Interest



Inflows to Global and Australian Equities followed a more straightforward pattern, responding to strong market returns in 2023 (MSCI AC World ex Australia TR Index +22% and S&P/ASX 300 TR Index AUD +12%). Following the typical 6 to 12-month lag pattern, these positive returns encouraged investors to increase their allocations or enter the market.

The Property & Infrastructure asset class continues to experience structural challenges, particularly in Australian Listed Property (A-REITs).

Two key factors are driving this trend:

1. Overconcentration

The A-REIT sector has become increasingly concentrated, with the top five stocks in the S&P/ASX 200 A-REIT index now accounting for approximately 70% of the index (Goodman Group alone represents approximately 40%). This concentration has undermined the diversification benefit that historically justified meaningful portfolio allocations.

2. Limited exposure to emerging opportunities

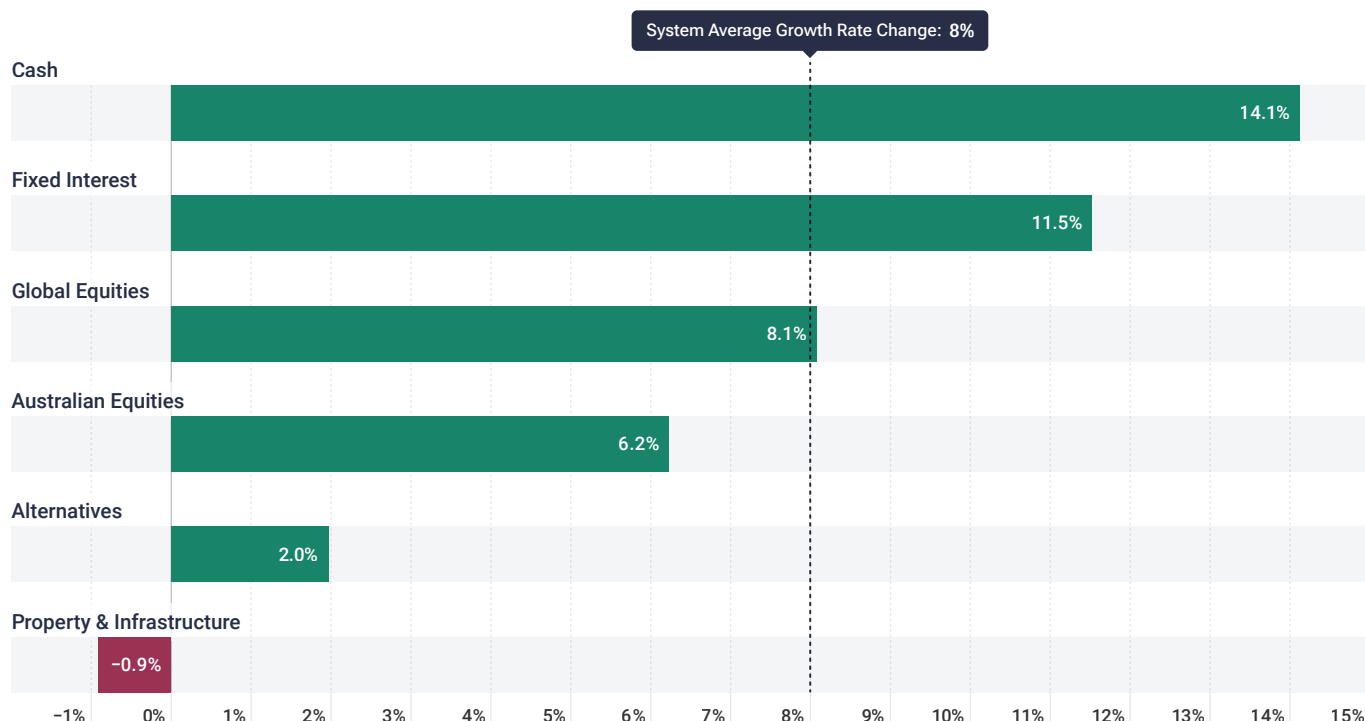
The Australian property sector has generally failed to offer newer alternative property categories such as student housing, storage developments, and data warehouses compared to international markets, making global REITs more attractive for accessing these opportunities.

CHART 4.4

Change in organic growth rates - 1 year

Source: Morningstar, Milestream estimates and analysis. Data as at / for one year ended 31st December 2024.

Notes: Data excludes: Morningstar classified "obsolete" funds, "multi sector" funds, "miscellaneous" funds, "unclassified" funds, and funds with missing (or with erroneous) Net Assets and net flows data across the 1 year to December 2024. Organic growth includes net flows and excludes net market movements. Fixed Interest includes (and Alternatives excludes) Morningstar classified "Alternatives - Private Debt" funds.



Where the money went – sectors / sub-sectors

These sector trends reveal a growing misalignment between traditional model portfolios and evolving investment flows. While traditional adviser models typically maintain balanced allocations across Australian and global equities, property, and fixed interest, client

demand is increasingly concentrated in global equities (especially U.S-focused and small-cap), private credit, and specialised bond strategies. Forward-thinking practices adapt their approach to incorporate these high-demand sectors while maintaining proper diversification.

TABLE 4.1

Analysis of flows at the sector level (2024 calendar year)

Sector size	Sub-sector	Net assets	Organic growth
Large sectors <i>Among the largest sectors (>\$25bn in net assets), four experienced meaningful growth (>+/-10%):</i>	Private Credit	\$38.3bn	49.7%
	Credit Diversified	\$36.1bn	16.6%
	Global Equity - Regional	\$39.3bn	15.4%
	Bonds - Global	\$50.0bn	14.6%
Medium sectors <i>Medium-sized sectors (\$10-25bn) showing significant growth included:</i>	Global Equity - Mid/Small	\$14.6bn	29.2%
	Mortgages - Aggressive	\$13.4bn	18.8%
	Global Equity - Emerging Markets	\$17.4bn	18.7%
	Unconstrained Fixed Income	\$20.6bn	14.6%
	Bonds - Global / Australia	\$23.0bn	14.2%
	A-REITS	\$17.8bn	-15.5%
Small sectors <i>Among smaller niche sectors (<\$10bn), significant movements included:</i>	Credit - High Yield	\$7.9bn	34.4%
	Mortgages	\$5.2bn	29.9%
	Private Equity	\$7.7bn	14.9%
	Australian Equity - Long Short	\$4.1bn	10.0%
	Alternative - Other	\$5.1bn	-40.2%

CHART 4.5

Industry sub-sector: organic growth rates (%) vs. net assets (\$bn) – 1 year

Source: Morningstar, Milestream estimates and analysis. Data as at / for one year ended 31st December 2024. Notes: Data excludes: Morningstar classified "obsolete" funds, "multi sector" funds, "miscellaneous" funds, "unclassified" funds, and funds with missing (or with erroneous) Net Assets and net flows data across the 1 year to December 2024. Organic growth includes net flows and excludes net market movements.

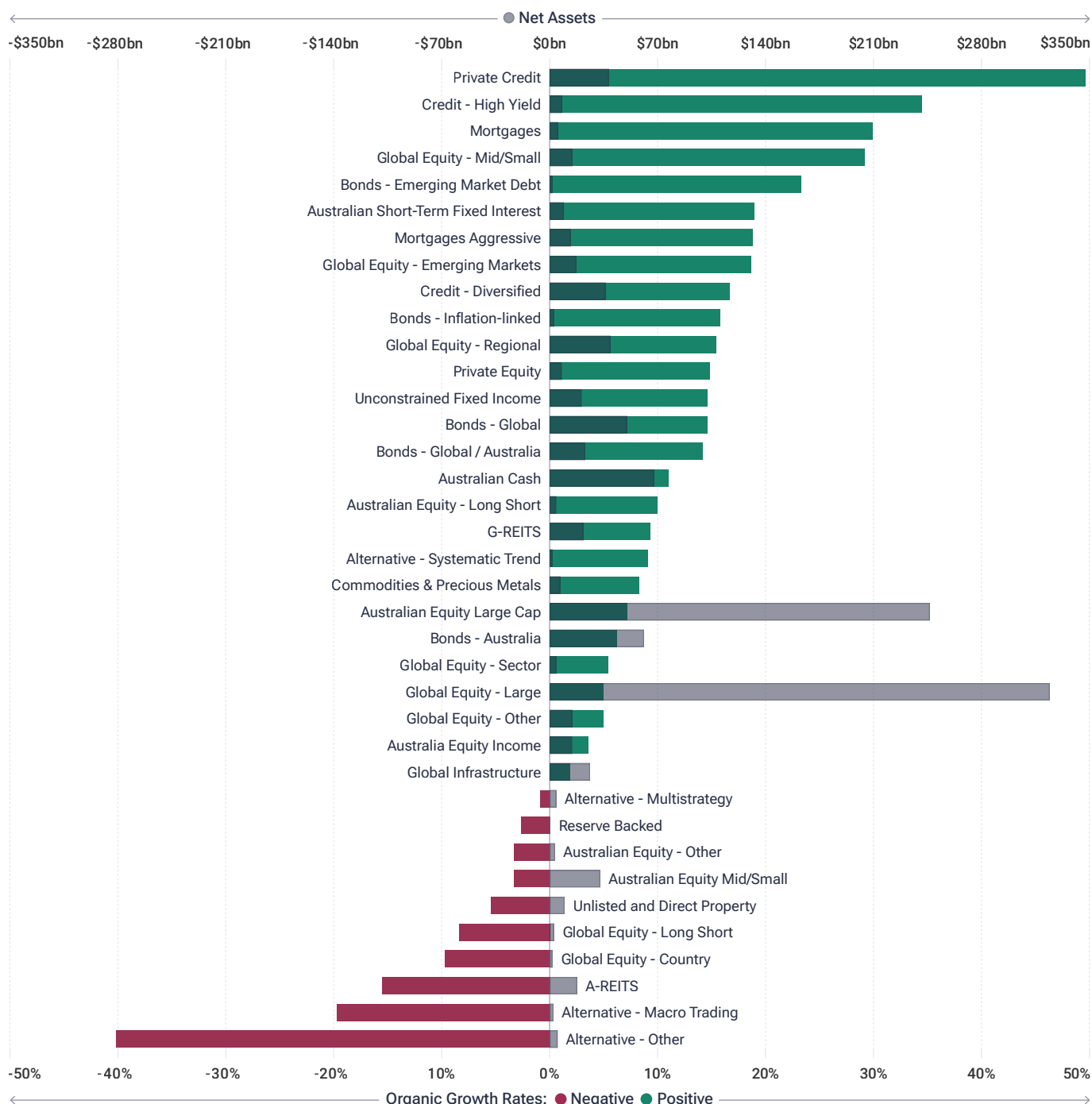


Chart 4.5 displays the various sectors and their organic growth rates. The best informational value is derived by looking at both metrics together. If for example, predominantly small sectors have experienced the largest positive and negative growth rates this can be indicative of shorter-term opportunistic/tactical allocation decisions. Analysing flows at the sector level reveals more granular insights into investor preferences.

Private Credit

Private Credit has emerged as one of the industry's most remarkable growth stories. Now classified as a discrete category, it has grown into a \$38 billion sector, with organic growth of 50% in 2024, making it the fastest-growing sector and the 7th largest in the investment universe.

Metrics Capital Partners (MCP) continues to dominate the retail Private Credit space, capturing the largest market share and highest net flows. Even excluding interfunding between vehicles and institutional mandates, their flagship Metrics Direct Income Fund achieved impressive net flows of \$1,265 million in 2024 (up from \$592 million in 2023).

Other strong performers included the Ares Diversified Credit Fund (\$659 million), while MA Financial Group and Revolution

each had two funds in the top 10, receiving combined net flows of \$920 million and \$890 million, respectively.

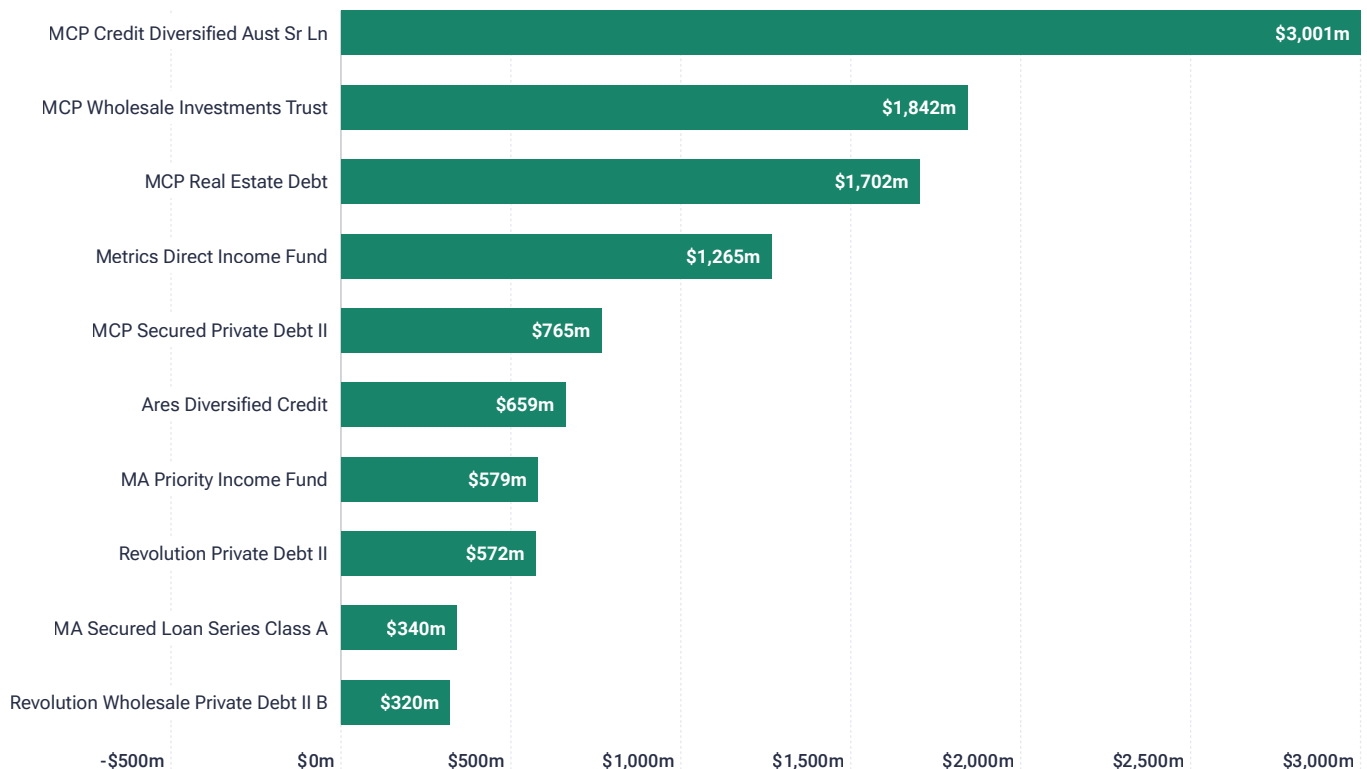
The popularity of Private Credit significantly outpaces that of other private or unlisted asset options. For comparison, Private Equity remains one-fifth of its size (\$7.7 billion) and it is growing at one-third of the rate (15%), while Unlisted and Direct Property is one-quarter its size (\$9.7 billion) and is experiencing a negative growth rate of 5.4%.

This disparity suggests that Private Credit's appeal extends beyond just the "private assets" theme, investors perceive its relatively high historical returns as offering a better risk-return trade-off than the potential returns available from Unlisted Property or 10-12% from Private Equity.

CHART 4.6

Top 10 Private Credit funds by net flows (\$m)

Source: Morningstar, Milestream estimates and analysis. Data as at / for one year ended 31st December 2024. Notes: Data excludes: Morningstar classified "obsolete" funds, "multi sector" funds, "miscellaneous" funds, "unclassified" funds, "cash" funds, funds missing (or with erroneous) Net Assets and net flows data across the 1 year to December 2024, multi manager funds, and not-for-profit / industry superannuation funds. "Private Credit" represents the Morningstar category of "Alternatives - Private Debt".



Global Small Caps

Global Small Caps continues its impressive trajectory, with organic growth accelerating from 5% in 2022 to 10% in 2023 and 29% in 2024.

Notably, the sector consistently outperforms the broader Global Equities asset class, which grew by 0.2% in 2022, declined by 1.0% in 2023, and increased by 7.0% in 2024.

This growth reflects the sector's evolution from a niche allocation to a strategic component within Global Equities portfolios. Fund managers have responded accordingly, with the number of open Global Small Cap

funds more than doubling from 23 in 2019 to 52 by the end of 2024, including six new launches this year.

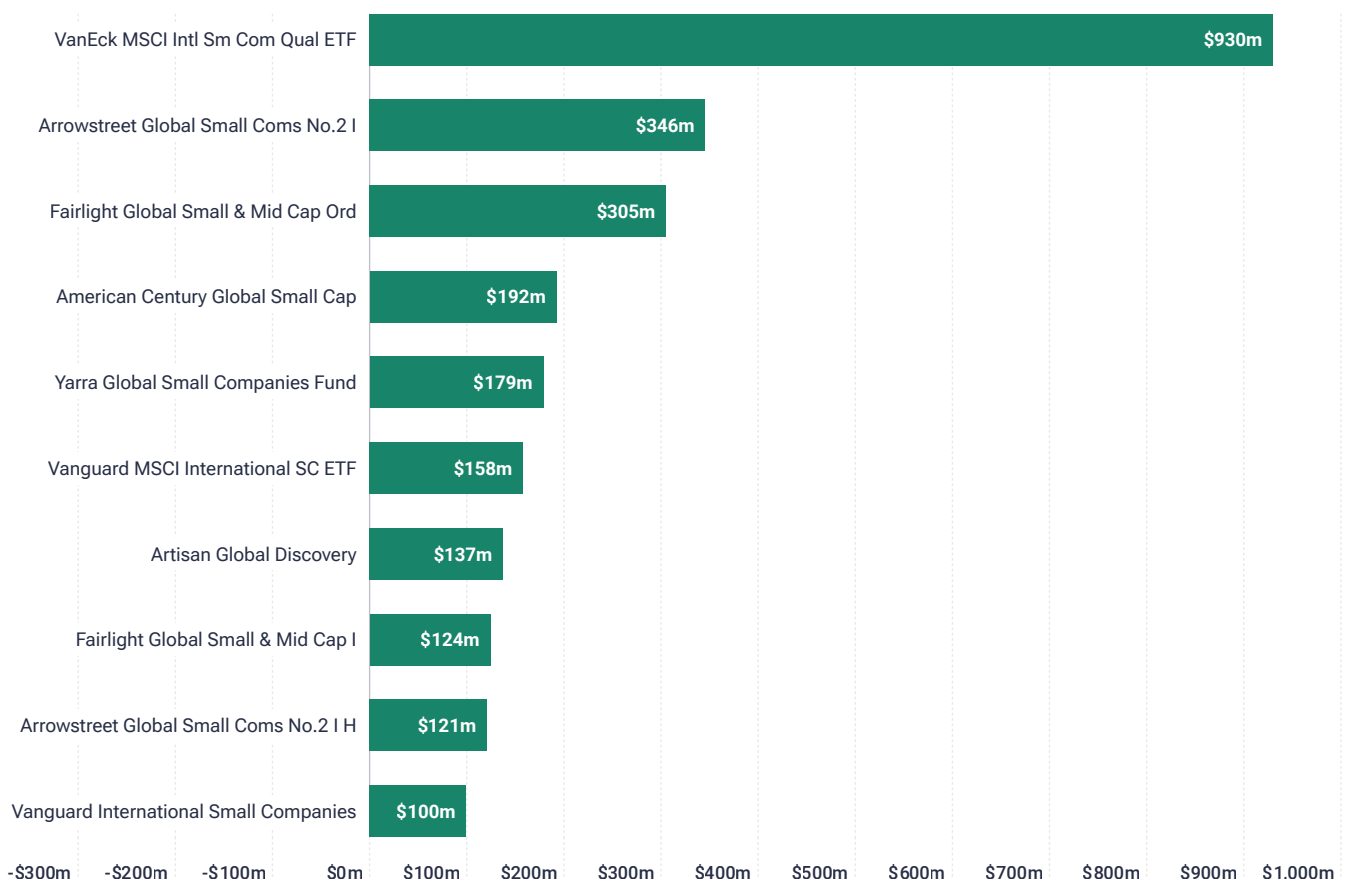
Van Eck's passive 'smart beta' Global Small Cap fund led the category for the second consecutive year, with \$930 million in net flows. It is notable that passive strategies continue to gain traction in a sector historically dominated by active management.

Among active managers, Arrowstreet's Global Small Cap funds performed best, with combined flows of \$467 million across both hedged and unhedged variants.

CHART 4.7

Top 10 Global Small Cap funds by net flows (\$m)

Source: Morningstar, Milestream estimates and analysis. Data as at / for one year ended 31st December 2024. Notes: Data excludes: Morningstar classified "obsolete" funds, "multi sector" funds, "miscellaneous" funds, "unclassified" funds, "cash" funds, funds missing (or with erroneous) Net Assets and net flows data across the 1 year to December 2024, multi manager funds, and not-for-profit / industry superannuation funds. "Global Equity Mid/Small" represents the Morningstar category of "Equity World Mid/Small".



Mortgage Funds

Mortgage funds—effectively the original Private Credit vehicles—have experienced a renaissance in the current yield-focused environment.

Today's offerings generally feature improved liquidity terms that better match fund redemption provisions to underlying asset liquidity, reducing (though not eliminating) the risk of redemption freezes like those seen in 2008.

La Trobe Financial continues to dominate this sector, gathering \$1,937 million in net flows across the three of its funds in the top 10.



CHART 4.8

Top 10 Mortgage Funds by net flows (\$m)

Source: Morningstar, Milestream estimates and analysis. Data as at / for one year ended 31st December 2024. Notes: Data excludes: Morningstar classified "obsolete" funds, "multi sector" funds, "miscellaneous" funds, "unclassified" funds, "cash" funds, funds missing (or with erroneous) Net Assets and Net Flows data across the 1 year to December 2024, multi manager funds, and not-for-profit / industry superannuation funds. "Mortgage Funds" represents the Morningstar categories of "Mortgage Funds" and "Mortgage Funds - Aggressive".



Global Emerging Markets

Global Emerging Markets funds have demonstrated strong organic growth for two consecutive years, both in absolute terms and relative to the broader Global Equities asset class. The sector grew organically by 8.2% in 2023 (compared to a 1.0% decline for all Global Equities) and 18.7% in 2024 (compared to a 7.0% increase for all Global Equities).

Interestingly, this trend runs counter to what performance chasing would predict. The MSCI Emerging Markets NR Index underperformed the MSCI AC World ex Australia TR index in each of the last three years: -14.3% compared to -12.3% in 2022, 9.1% compared to 22.2% in 2023, and 18.5% compared to 30.4% in 2024.

This suggests a structural reassessment of the risk-reward profile of emerging markets. Recent global events have

highlighted the resilience and adaptability of many emerging economies while exposing vulnerabilities in developed markets. This, combined with emerging markets' strengthened external balances and foreign reserves, has created a more compelling investment case.

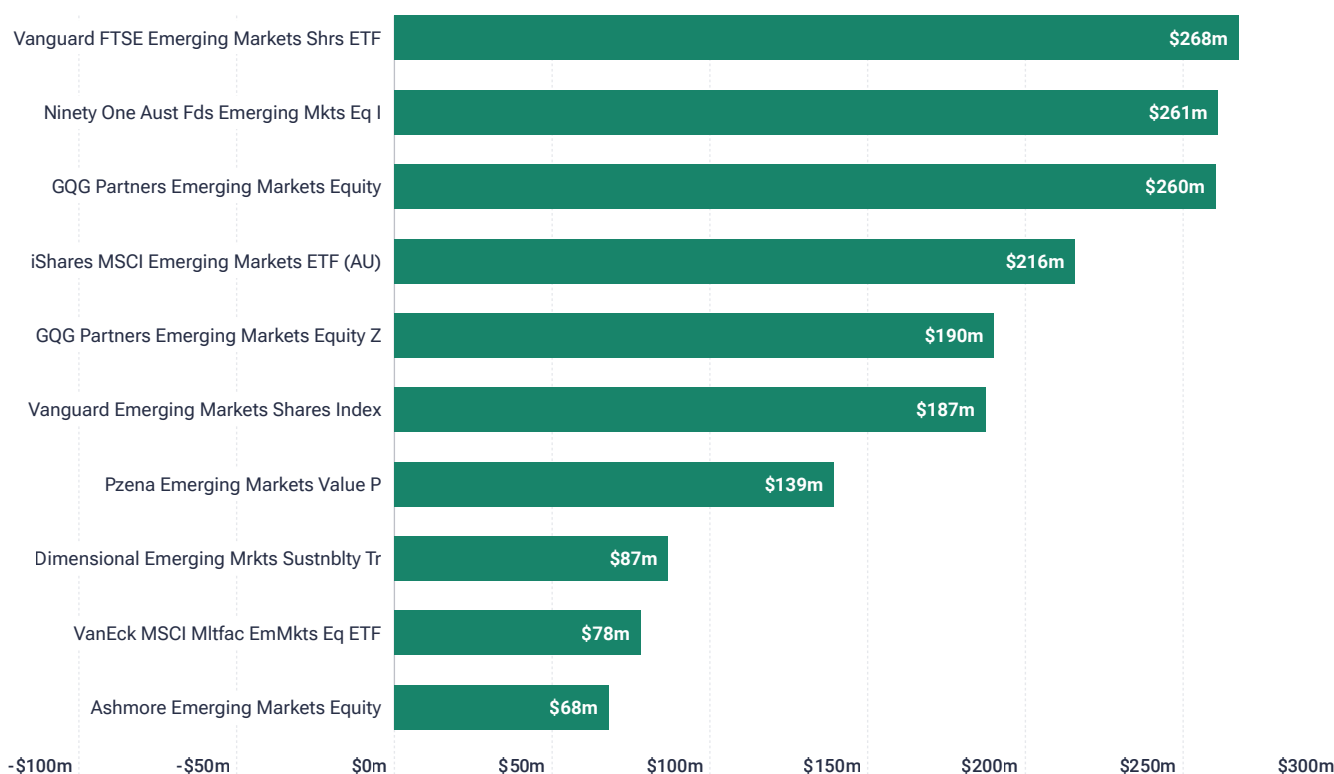
Passive funds have made significant inroads in this traditionally active-dominated space, with Vanguard's offerings — the listed Vanguard FTSE Emerging Markets Shares ETF and the unlisted Vanguard Emerging Markets Shares Index Fund —collecting combined inflows of \$455 million. Four passive funds appeared in the top 10 this year, compared to just one in 2023.

Among active managers, Ninety One Emerging Markets Equity Fund (\$261m) and GQG Emerging Markets Fund (\$260m) maintained their strong positions.

CHART 4.9

Top 10 Global Emerging Markets funds by net flows (\$m)

Source: Morningstar, Milestream estimates and analysis. Data as at / for one year ended 31st December 2024. Notes: Data excludes: Morningstar classified "obsolete" funds, "multi sector" funds, "miscellaneous" funds, "unclassified" funds, "cash" funds, funds missing (or with erroneous) Net Assets and net flows data across the 1 year to December 2024, multi manager funds, and not-for-profit / industry superannuation funds. "Global Emerging Markets" represents the Morningstar category of "Global Equity - Emerging Markets".





Credit - Diversified

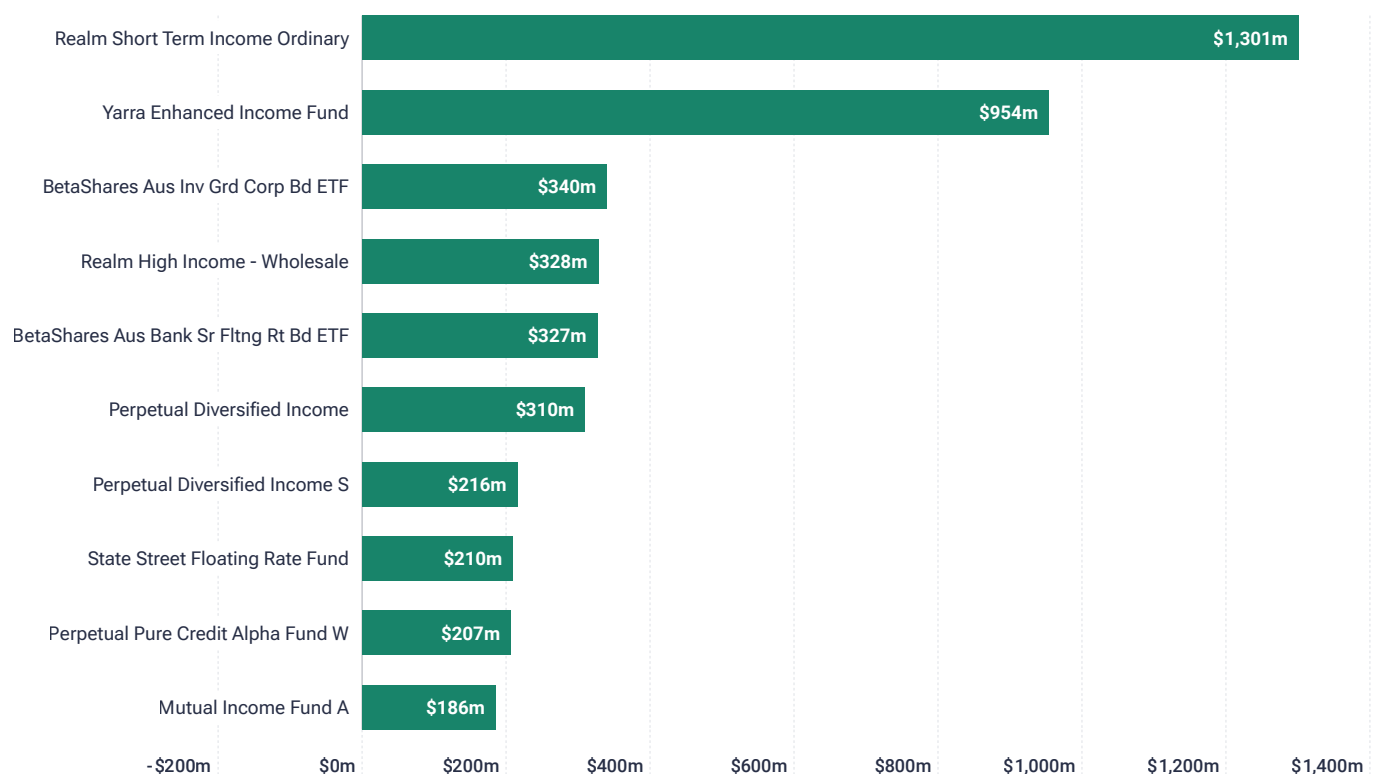
The Credit - Diversified sector (essentially diversified investment-grade corporate credit) has grown steadily, but at a slower pace than non-investment-grade credit (17% vs. 34% in 2024 and 1% vs. 24% in 2023). However, at \$36 billion compared to \$8 billion for High-Yield Credit, it remains significantly larger and more easily integrated into fixed Interest portfolio allocations, particularly for investors with a reduced appetite for risk.

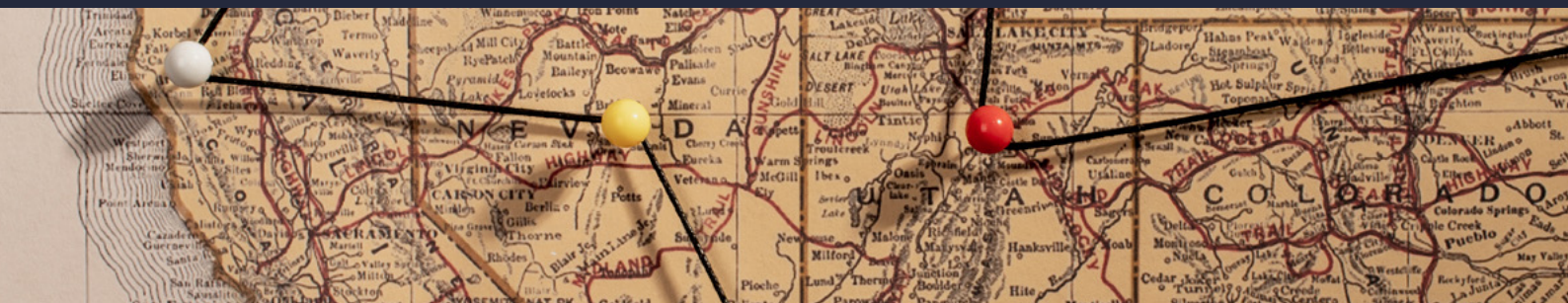
Realm continues to dominate this sector, with its Short-Term Income Fund and High Income Fund collectively attracting \$1,629 million in 2024. Despite the sector's complexity, simpler passive approaches from BetaShares raised \$667 million across its two corporate bond and senior bank debt-focused funds.

CHART 4.10

Top 10 Credit - Diversified funds by net flows (\$m)

Source: Morningstar, Milestream estimates and analysis. Data as at / for one year ended 31st December 2024. Notes: Data excludes: Morningstar classified "obsolete" funds, "multi sector" funds, "miscellaneous" funds, "unclassified" funds, "cash" funds, funds missing (or with erroneous) Net Assets and Net Flows data across the 1 year to December 2024, multi manager funds, and not-for-profit / industry superannuation funds. "Credit - Diversified" represents the Morningstar category of "Diversified Credit".





Global Equities - Regional

The Global Equities - Regional sector, comprising funds focused on specific regions rather than global markets, was heavily dominated by North American-focused strategies in 2024. Nine of the top 10 funds targeted U.S. markets, reflecting two key factors:

First, U.S. equities now account for approximately 70% of the total world market capitalisation, creating significant overlap between broad-based Global

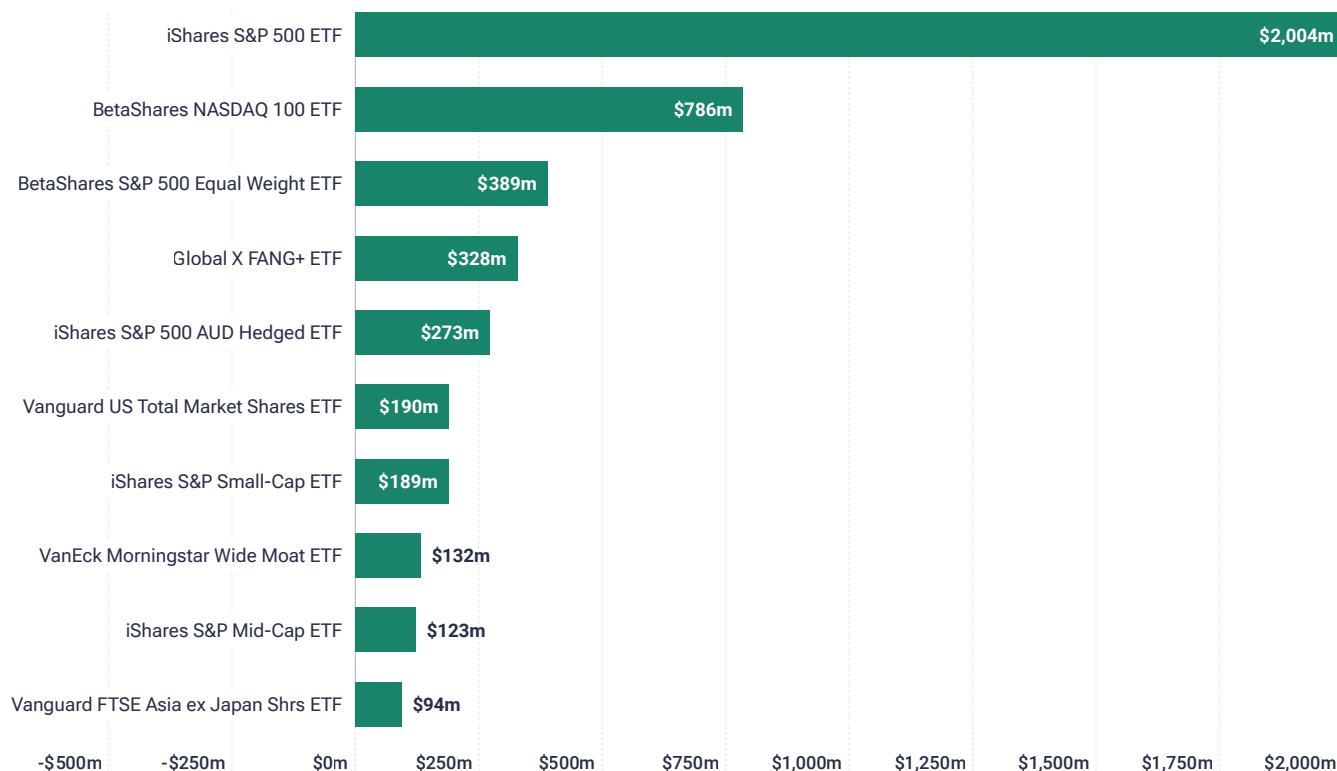
Equities funds and U.S.-focused vehicles. Second, the influence of “Magnificent Seven” technology stocks has strongly influenced most global equity returns since 2023, leading to performance-chasing behaviour.

Passive strategies dominated this category, with BlackRock’s iShares products accumulating a combined \$2,587 million and BetaShares adding \$1,175 million across the top 10.

CHART 4.11

Top 10 Global Equity - Regional funds by net flows (\$m)

Source: Morningstar, Milestream estimates and analysis. Data as at / for one year ended 31st December 2024. Notes: Data excludes: Morningstar classified “obsolete” funds, “multi sector” funds, “miscellaneous” funds, “unclassified” funds, “cash” funds, funds missing (or with erroneous) Net Assets and Net Flows data across the 1 year to December 2024, multi manager funds, and not-for-profit / industry superannuation funds. “Global Equities Regional” represents the Morningstar categories of “Equity Asia Pacific w/o Japan”, “Equity Europe”, and “Equity North America”.



Unconstrained Fixed Income

Unconstrained Fixed Income funds offer broad investment flexibility beyond traditional bond indices, incorporating a variety of fixed income assets and derivatives. Compared to other credit strategies, these funds typically employ more derivatives, may include non-investment-grade exposure, and often adopt more of an absolute-return approach.

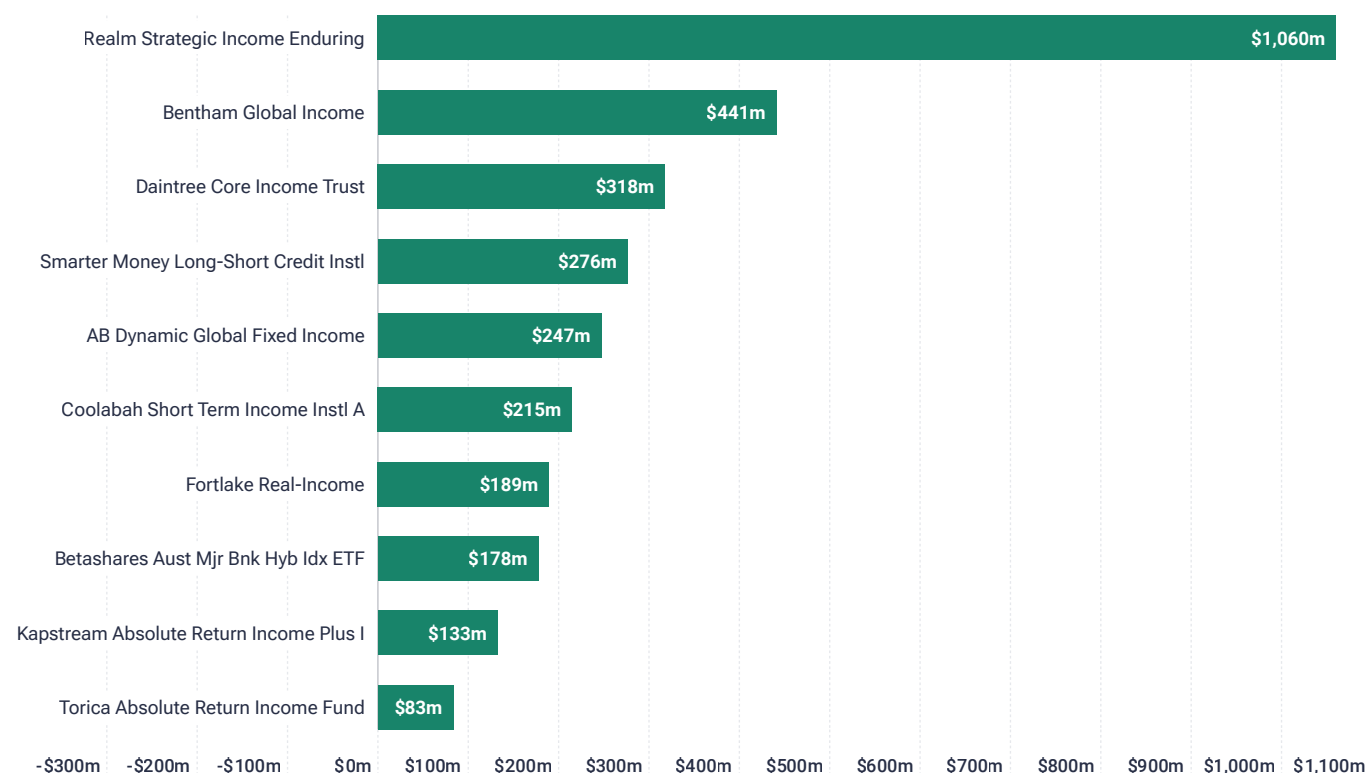
The Realm Strategic Income Fund led this sector with \$1,060 million in net flows, followed by Coolabah-managed funds (\$491 million combined) and the Bentham Global Income Fund (\$441 million).



CHART 4.12

Top 10 Unconstrained Fixed Income funds by net flows (\$m)

Source: Morningstar, Milestream estimates and analysis. Data as at / for one year ended 31st December 2024. Notes: Data excludes: Morningstar classified "obsolete" funds, "multi sector" funds, "miscellaneous" funds, "unclassified" funds, "cash" funds, funds missing (or with erroneous) Net Assets and net flows data across the 1 year to December 2024, multi manager funds, and not-for-profit / industry superannuation funds. "Unconstrained Fixed Income" represents the Morningstar category of "Unconstrained Fixed Income".



Global Bonds

Global Bonds have maintained consistent positive momentum, recording strong organic growth for five consecutive years (6% in 2020, 19% in 2021, 4% in 2022, 16% in 2023, and 15% in 2024). The sector has consistently outpaced other major sovereign bond categories, including Australian Bonds at 6% and Bonds (Global/Australia) at 14%.

This trend likely reflects portfolio rebalancing as investors incorporate newer corporate credit products into their fixed interest allocations. Rather than proportionally

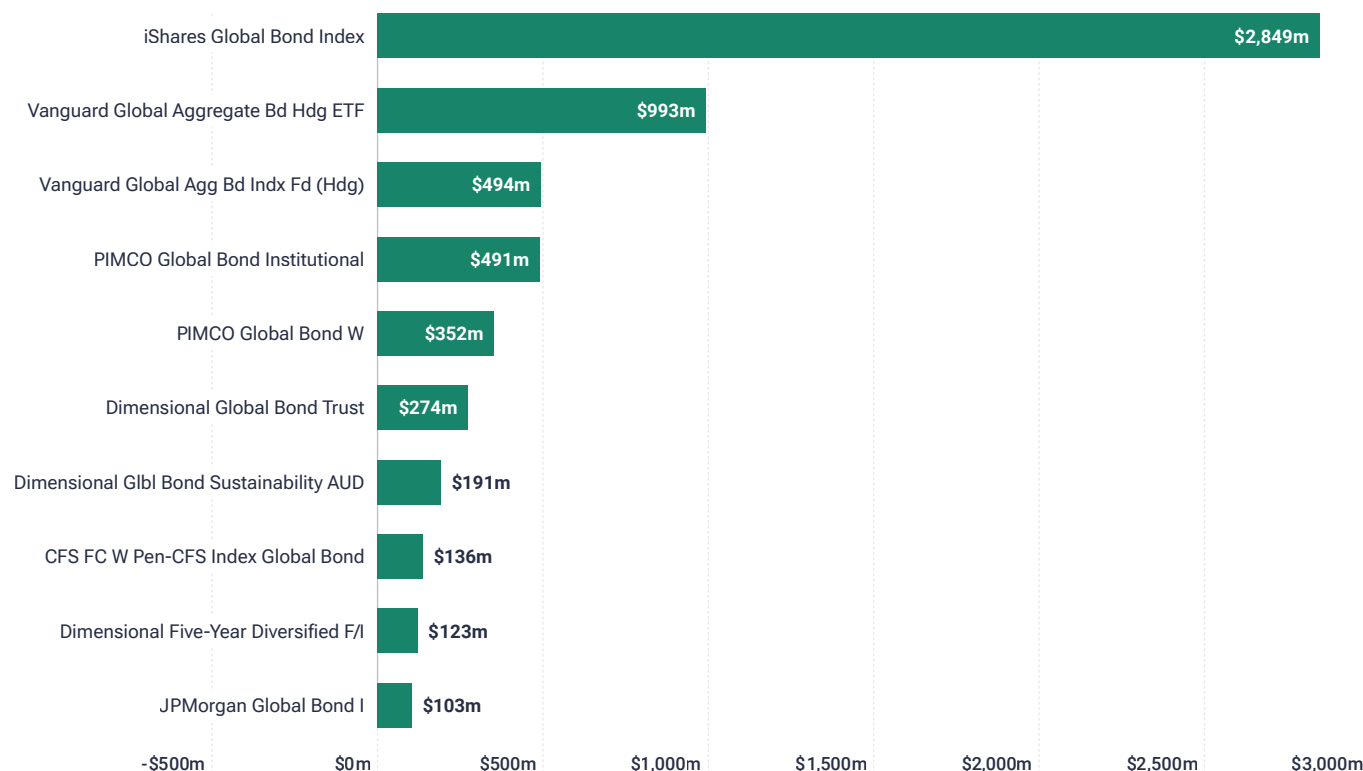
reducing all traditional sovereign bond exposures, investors are maintaining global bonds while trimming or eliminating domestic and diversified positions.

Passive strategies dominated this category, with BlackRock (iShares) and Vanguard capturing \$2.8 billion and \$1.5 billion respectively, across their top 10 products. PIMCO remained the standout active manager, with \$843 million across two fund variants.

CHART 4.13

Top 10 Global Bond funds by net flows (\$m)

Source: Morningstar, Milestream estimates and analysis. Data as at / for one year ended 31st December 2024. Notes: Data excludes: Morningstar classified "obsolete" funds, "multi sector" funds, "miscellaneous" funds, "unclassified" funds, "cash" funds, funds missing (or with erroneous) Net Assets and net flows data across the 1 year to December 2024, multi manager funds, and not-for-profit / industry superannuation funds. "Bonds - Global" represents the Morningstar category of "Bonds - Global".





A-REITs

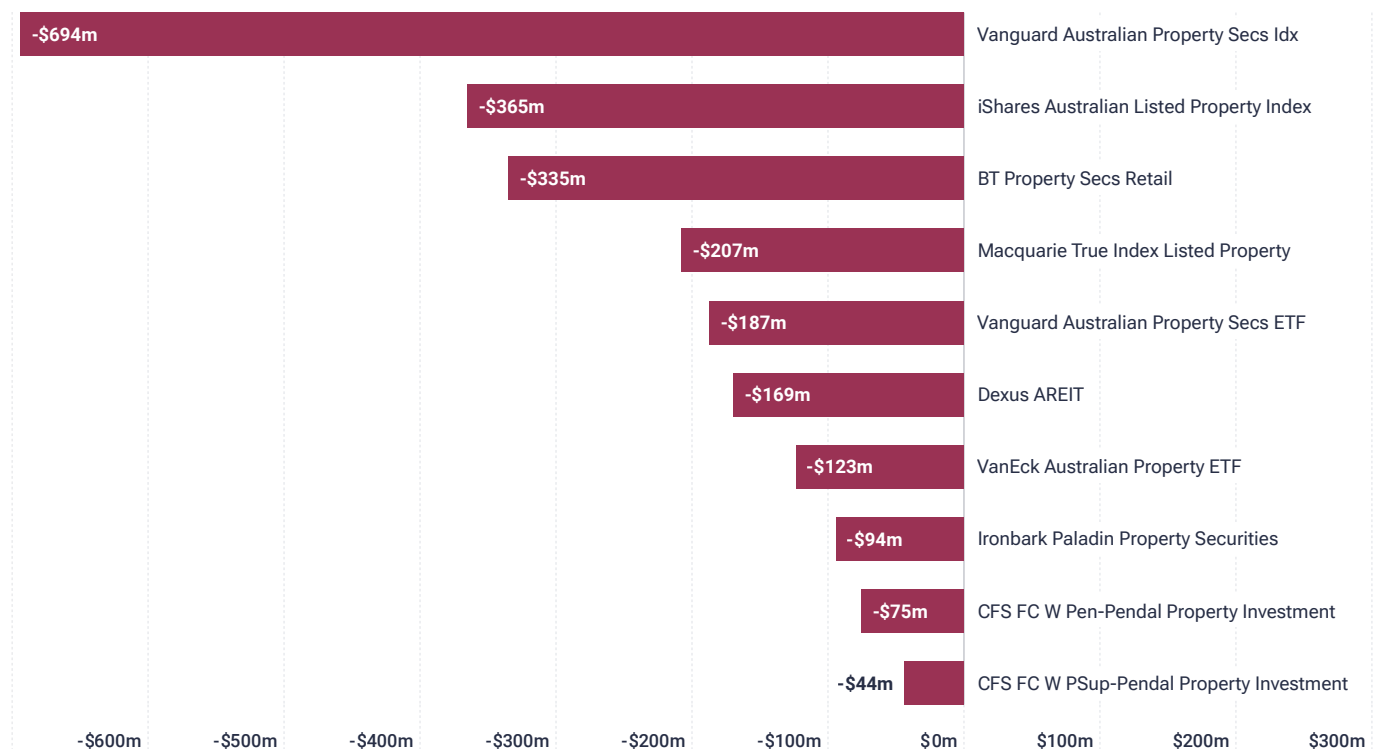
A-REITs continue to experience persistent structural outflows, with the largest redemptions coming from passive managers. This represents a significant shift, as passive A-REIT managers have captured a substantial market share in recent years, making

outperformance increasingly challenging for active managers. The current pattern, where passive strategies are losing assets most rapidly, suggests a fundamental reassessment of the sector rather than concerns about active management costs or capabilities.

CHART 4.14

Bottom 10 A-REIT funds by net flows (\$m)

Source: Morningstar, Milestream estimates and analysis. Data as at / for one year ended 31st December 2024. Notes: Data excludes: Morningstar classified "obsolete" funds, "multi sector" funds, "miscellaneous" funds, "unclassified" funds, "cash" funds, funds missing (or with erroneous) Net Assets and Net Flows data across the 1 year to December 2024, multi manager funds, and not-for-profit / industry superannuation funds. "A-REITs" represents the Morningstar category of "Equity Australia Real Estate".





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Where the money went – intra asset class movements

While the previous analysis helps multi-asset class managers identify opportunities across different asset classes, many boutique managers specialise in specific asset classes. For these managers, understanding trends within their asset class is crucial for targeting growth opportunities.

Australian Equity

The Large Cap sector (\$239 billion) represents 79% of the Australian equities addressable market (\$301 billion). In 2024, large caps recorded impressive net flows of \$15.367bn, while Mid/Small Caps experienced outflows of -\$1.004bn and Other Australian Equities saw minimal inflows of \$0.288bn.

This marks the third consecutive year of large-cap outperformance compared to other Australian equity sectors—a notable reversal from the trends seen before 2022. However, for single-manager active large cap funds, this renaissance has proven elusive. In 2024, all of the top 10 large cap Australian Equities funds by net flows were either industry super funds, passive funds, or multi-manager funds, with no single-manager, active large cap funds making the list.

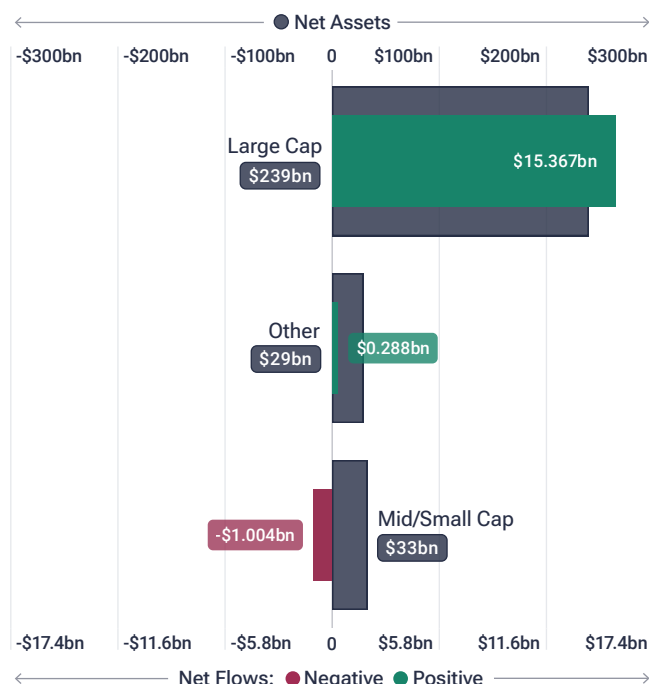
The best-performing single-manager active fund, DNR Capital Australian Equities High Conviction Fund, ranked 14th, with \$336 million in net flows. This is the same as 2023, when a single active fund appeared, and a continued deterioration from 2022, when three active funds appeared.

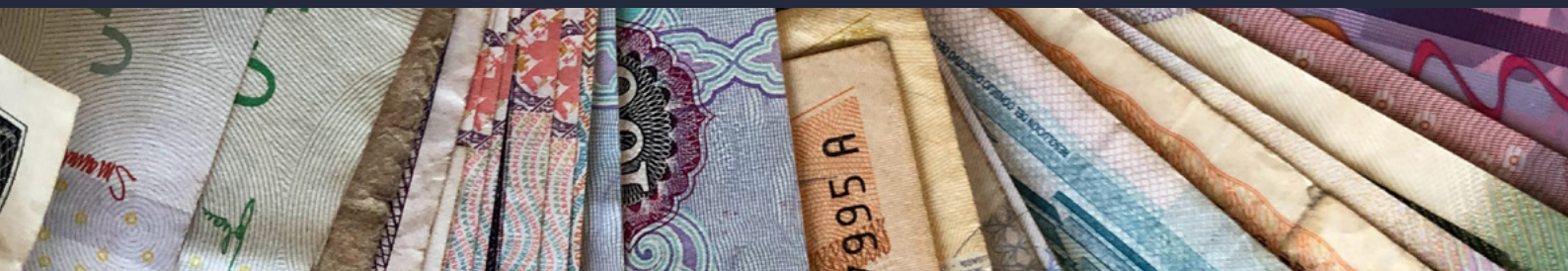
Mid and small-cap funds continued to struggle, with the Bennelong ex-20 Australian Equities Fund (-\$552m), Perpetual Small Companies Fund (-\$218m), and NovaPort Smaller Companies Fund (-\$111m) experiencing the largest outflows.

CHART 4.15

Australian Equities by segment: Net assets (\$bn), 1-year net flows (\$bn)

Source: Morningstar, Milestream estimates and analysis. Data as at / for one year ended 31st December 2024. Notes: Data excludes: Morningstar classified "obsolete" funds, "multi sector" funds, "miscellaneous" funds and funds missing (or with erroneous) Net Assets and net flows data across the 1 year to December 2024. "Large Cap" combines Morningstar categories "Equity - Australia Large Blend", "Equity - Australia Large Growth", and "Equity - Australia Large Value". "Mid/Small Cap" combines Morningstar categories Equity - Australia Mid/Small Blend", "Equity - Australia Mid/Small Growth", and "Equity - Australia Mid/Small Value". "Other" combines Morningstar categories Australia Equity Income", "Equity - Australia Geared", "Equity - Australia Long/Short", and "Equity - Australia Other".





Global Equity

Large-cap global equity funds (\$324 billion) account for 77% of the global equities market (\$419 billion), with emerging and sector funds representing another 14% (\$58 billion). Following global market gains of 22% in 2023, the large cap sector attracted inflows of \$12.2 billion in 2024, rebounding from outflows of \$6.2 billion the previous year.

The top five contributors (excluding industry funds and multi-manager funds) were all passive strategies: Vanguard MSCI Intl ETF (\$1,783m), Van Eck MSCI International Quality ETF (\$1,293m), iShares International Equity Index Fund (\$987m), BetaShares Global Shares ETF (\$911m), and Macquarie True Index International Equities Fund (\$819m).

Active managers faced significant headwinds, with SPIVA reporting that 85% of International Equity General funds underperformed the S&P Developed ex-Australia Large MidCap Index in 2024. Frontier Advisers noted that the median active global equity manager underperformed the MSCI All Country World Index by 4.6%—the worst relative return in over 20 years. This underperformance largely stemmed from many managers being underweight the U.S. market and the “Magnificent Seven” technology stocks specifically.

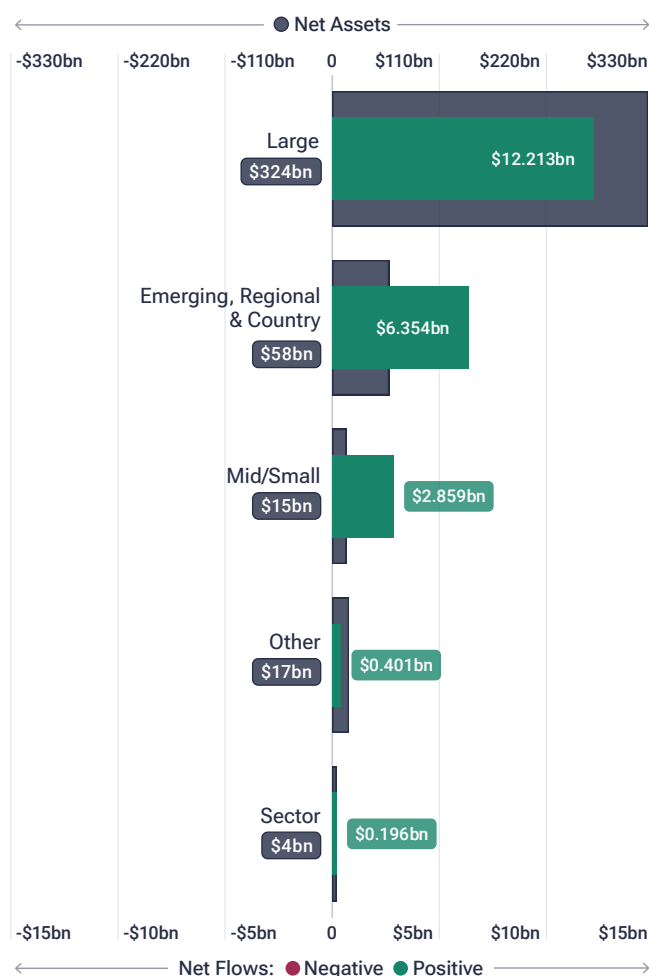
The Emerging, Regional & Country fund sector recorded strong inflows of \$6.354 billion, continuing its recovery from the outflows in 2022. U.S. focused funds dominated this segment, with passive ETFs such as the iShares S&P 500 ETF (\$2.004 billion), the BetaShares NASDAQ 100 ETF (\$786 million), and the BetaShares S&P 500 Equal Weight ETF (\$389 million) leading the way.

Passive investment strategies have dominated global equities in 2024, as active managers posted their worst relative return in over 20 years, underperforming by 4.6% amid misplaced bets against the U.S. and the Magnificent Seven.

CHART 4.16

Global Equities by segment: Net assets (\$bn), 1 year net flows (\$bn)

Source: Morningstar, Milestream estimates and analysis. Data as at / for one year ended 31st December 2024. Notes: Data excludes: Morningstar classified “obsolete” funds, “multi sector” funds, “miscellaneous” funds and funds missing (or with erroneous) Net Assets and net flows data across the 1 year to December 2024. “Large Cap” combines Morningstar categories “Equity - World Currency Hedged”, “Equity - World Large Blend”, “Equity - World Large Growth”, and “Equity - World Large Value”. “Mid/Small Cap” reflects Morningstar category “Equity - World Mid/Small Blend”. “Emerging, Regional & Country” combines Morningstar categories of “Equity Asia Pacific w/o Japan”, “Equity Emerging Markets”, “Equity Europe”, “Equity Greater China”, “Equity Japan”, and “Equity North America”. “Sector” combines Morningstar categories of “Equity Global Resources” and “Equity Technology”. “Other” combines Morningstar categories “Equity - World Long/Short”, and “Equity - World Other”.





Property & Infrastructure

The Property & Infrastructure asset class has experienced a significant structural shift since 2022/23, with investors favouring globally oriented sectors (G-REITs, Global Listed Infrastructure) over domestic options (A-REITs, Unlisted & Direct Property). Two key factors have diminished the appeal of Unlisted & Direct Property:

1. Post-pandemic reassessment of liquidity and diversity

The pandemic accelerated work-from-home and online shopping trends, negatively impacting office and retail properties. Many unlisted and direct property funds offered concentrated exposure to these sectors with limited redemption options, creating challenges as values declined. Meanwhile, listed vehicles provided better access to emerging "alternative property" segments, such as data centres, healthcare facilities, and self-storage.

2. Competition within private asset allocations

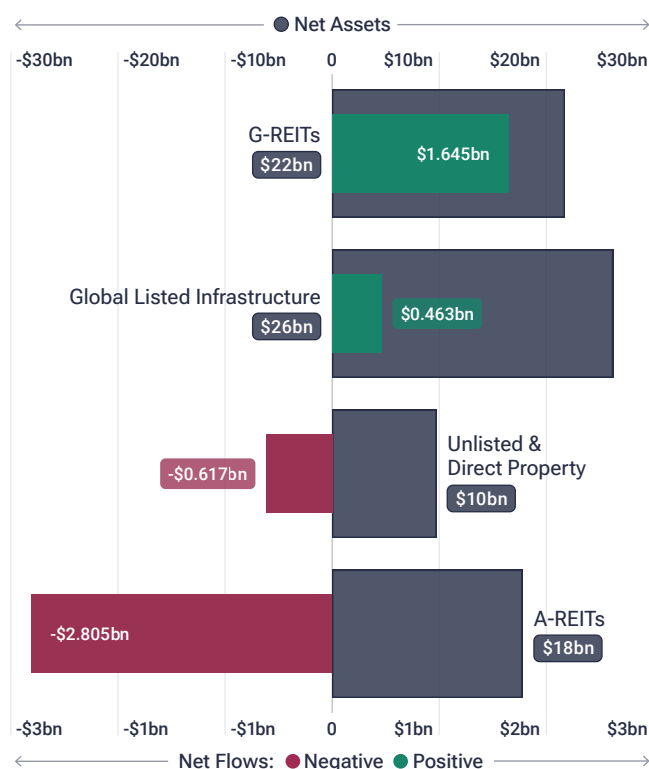
Most investors maintain limits on their overall exposure to unlisted or private assets. Historically, unlisted and direct property dominated this allocation, but the emergence of Private Credit and, to a lesser extent, Private Equity has created internal competition for this portfolio segment. Private Credit, in particular, directly competes with Unlisted & Direct Property's income-generating appeal.

The top performing G-REIT funds included the Resolution Capital Global Property Securities Fund (\$469m), iShares Core FTSE Global Property ExAus AUDH ETF (\$292m), and Quay Global Real Estate AUD Hedged Fund (\$290m), while leading Global Listed Infrastructure funds included iShares Core FTSE Global Infrastructure AUDH ETF (\$666m), VanEck FTSE Global Infrastructure (AUD Hdg) ETF (\$366m), and ATLAS Infrastructure Global Fund D AUD Hgd (\$224m).

CHART 4.17

Property & Infrastructure by segment: Net assets (\$bn), 1 year net flows (\$bn)

Source: Morningstar, Milestream estimates and analysis. Data as at / for one year ended 31st December 2024. Notes: Data excludes: Morningstar classified "obsolete" funds, "multi sector" funds, "miscellaneous" funds and funds missing (or with erroneous) Net Assets and Net Flows data across the 1 year to December 2024. "A-REITs" reflects Morningstar category "Equity-Australia Real Estate". "G-REITs" reflects Morningstar category "Equity - Global Real Estate". "Unlisted & Direct Property" reflects Morningstar category "Unlisted and Direct Property". "Global Listed Infrastructure" combines Morningstar categories of "Equity Global Infrastructure - Currency Hedged" and "Equity Global Infrastructure".



The post-pandemic shift to global, liquid, and diversified vehicles continued in 2024, with investors favouring G-REITs and GLI funds over Unlisted & Direct Property, which faces growing competition from Private Credit and Private Infrastructure.



CHART 4.18

Fixed Interest by segment: Net assets (\$bn), 1 year net flows (\$bn)

Source: Morningstar, Milestream estimates and analysis. Data as at / for one year ended 31st December 2024. Notes: Data excludes: Morningstar classified "obsolete" funds, "multi sector" funds, "miscellaneous" funds and funds missing (or with erroneous) Net Assets and net flows data across the 1 year to December 2024. "Diversified / Global Fixed Interest" combines Morningstar categories "Bonds - Global / Australia" and "Bonds - Global". Australian Fixed Interest reflects Morningstar category of "Bonds Australia". Unconstrained Fixed Interest reflects Morningstar category "Unconstrained Fixed Income". "Credit" combines Morningstar categories "Diversified Credit" and "Non Investment Grade Debt". "Private Credit" reflects the Morningstar category "Alternatives - Private Debt". "Mortgages" combines Morningstar categories of "Mortgages" and "Mortgages Aggressive". "Other" combines Morningstar categories "Bonds - Emerging Market Debt", "Bonds - Inflation Linked", and "Reserve Backed".

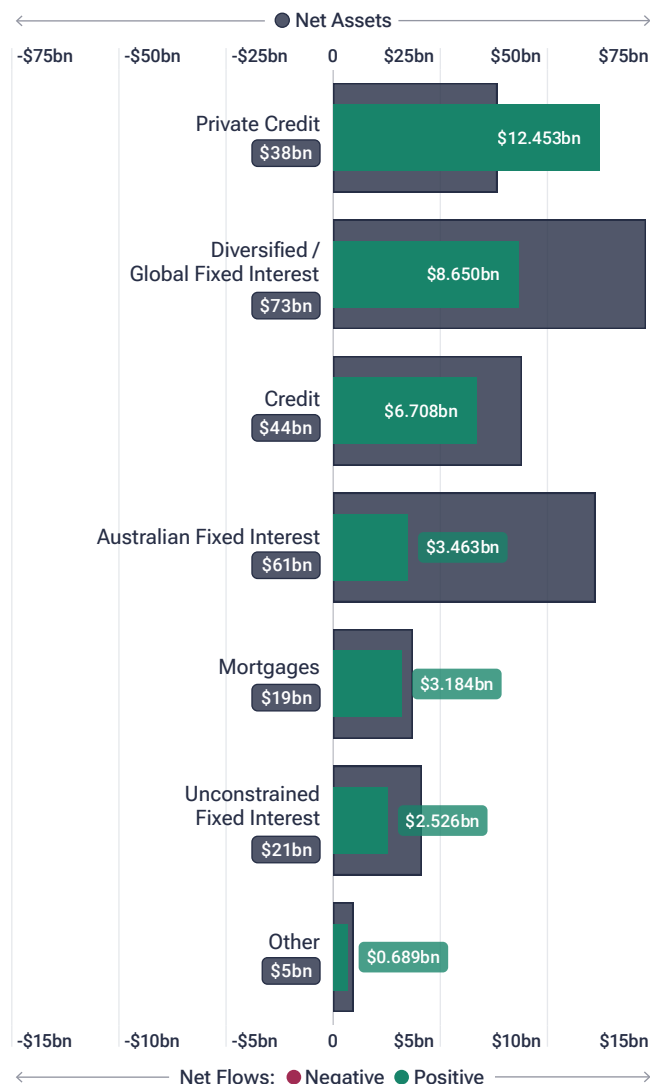
Fixed Interest

The composition of the Fixed Interest asset class continues to evolve, with Diversified/Global Bonds (\$73 billion) now comfortably surpassing Australian Bonds (\$61 billion) as the largest sector. However, the most significant trend is the growing prominence of "alternative" fixed interest (Unconstrained Fixed Interest, Credit, Private Credit, Mortgages, and Other), which at \$126bn now trails "Traditional" Fixed Interest (Diversified/Global & Australian Bonds) by just 6% (\$134bn)—down from a 15% gap in 2023.

Interestingly, model portfolios and SMAs in the retail advisory space typically maintain a heavier allocation to traditional fixed interest (approximately 70%), suggesting that the shift toward alternative fixed interest is more pronounced in the high net-worth and direct investor segments.

The Mortgage sector rebounded strongly with net flows of \$3.184 billion in 2024, following more modest inflows of \$314 million in 2023. However, in percentage terms, Mortgages still lag Private Credit (30% for Mortgages and 19% for Mortgages - Aggressive vs. 49% for Private Credit).

With \$126bn in net assets, alternative fixed interest is set to overtake traditional fixed interest, closing the gap from 15% to 6% in one year.





Alternatives

The Alternatives asset class encompasses a diverse range of strategies and approaches, making asset-class-level analysis challenging. However, several sector-level trends emerged in 2024:

- Private Equity led the asset class with net flows of \$927 million and organic growth of 14%, although it still significantly trailed Private Credit's 49% growth.
- Commodities & Precious Metals, driven primarily by gold, attracted \$376 million in net flows (8% organic growth), reflecting heightened inflation and geopolitical concerns.
- Systematic Trend strategies saw modest inflows, while Multistrategy and Macro Trading sectors experienced outflows, continuing their 2023 pattern.

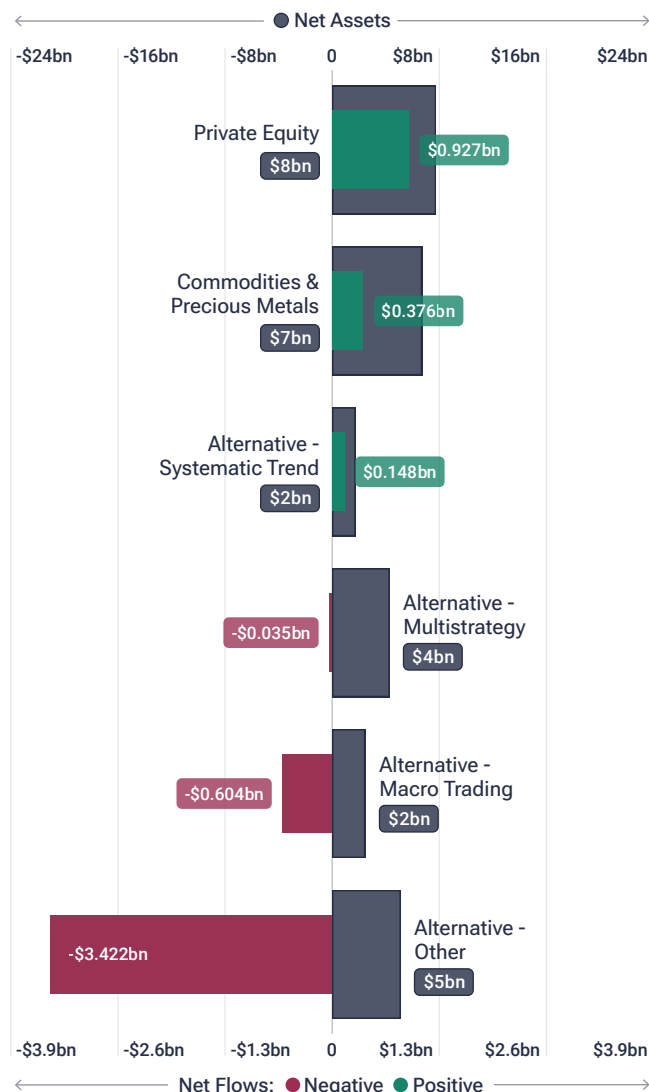
Top-performing funds included the Hamilton Lane Global Private Assets Fund (\$251 million) and the Aspect Diversified Futures Fund (\$197 million), both of which continued their strong momentum from 2023.

Private Equity drew the largest inflows in 2024 (\$927m), but Private Credit continued to outpace it in growth, rising 49%.

CHART 4.19

Alternatives by segment: Net assets (\$bn), 1 year net flows (\$bn)

Source: Morningstar, Milestream estimates and analysis. Data as at / for one year ended 31st December 2024. Notes: Data excludes: Morningstar classified "obsolete" funds, "multi sector" funds, "miscellaneous" funds and funds missing (or with erroneous) Net Assets and Net Flows data across the 1 year to December 2024. All labels reflect the equivalent Morningstar categories other than "Private Equity" (Morningstar "Alternative - Private Equity"). Note: Morningstar classified "Alternatives - Private Debt" funds have been reclassified under the Fixed Interest Asset class.



Alignment with adviser investment approaches

The sector trends identified throughout this chapter align closely with the evolving investment approaches in the Practice chapter.



Several connections are particularly noteworthy:



1 Balanced active-passive approach

The Practice survey found that 77% of practices use active funds and 79% use passive funds, with moderate planned increases for both. This balanced approach is reflected in the flow data across asset classes where, despite passive dominance in core equities, active strategies continue to thrive in specialised areas like Global Small Caps and Private Credit.



2 Fixed interest evolution

The Practice chapter revealed that advisers maintain significant allocations to fixed interest while evolving their approach within the asset class. This parallels the product-level flow data showing substantial growth in newer fixed interest segments (Private Credit, Mortgage Funds) alongside continued solid performance in traditional Global Bonds.



3 Property reassessment

The persistent outflows from A-REITs align with the practice-level shift away from traditional property allocations, with advisers increasingly viewing global property and infrastructure as more attractive diversifiers within portfolios.

These alignments suggest that advisers effectively respond to the same underlying market drivers identified in this chapter, though often with some implementation lag as they balance long-term client goals with evolving market conditions.

Product Launches

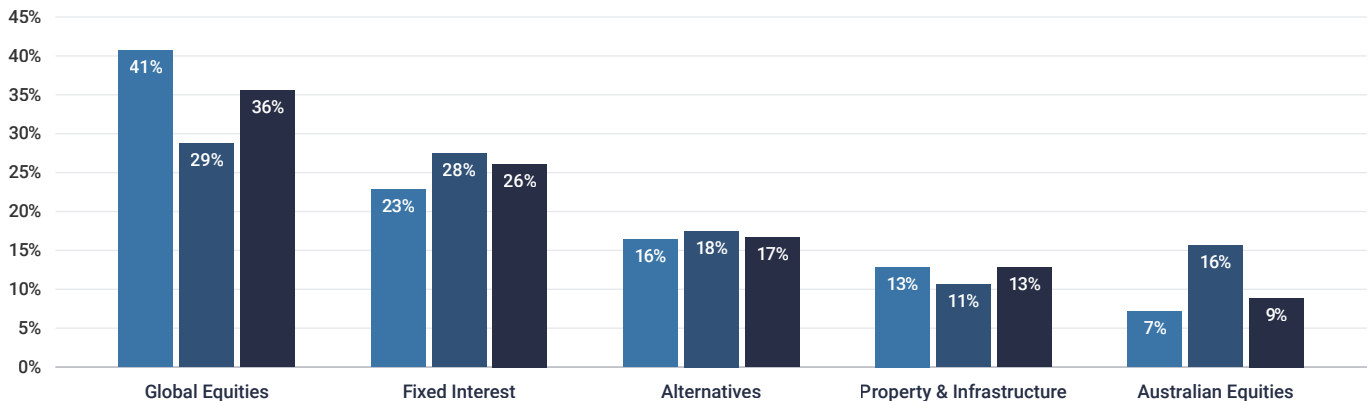
Analysing new product launches provides insight into where fund managers believe flows are heading. The 2024 launches reveal several significant trends when compared to previous years.

CHART 4.20

Product Launches by Asset Class

Source: Morningstar. Data period is 1-year to December 2024. Note: Excludes cash and multi asset funds. (n=180)

Calendar Year: ● 2022 ● 2023 ● 2024



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TABLE 4.2

New product launches vs typical portfolio allocation

Note: *Recent product launch asset allocation has been rebalanced after excluding "Multi-Asset" and "Other". Asset allocation of a multi-asset hybrid Balanced/Fund taken as the midpoint of Lonsec's Strategic Asset Allocation for its Balanced and Growth portfolios after excluding Cash and rebalancing the remaining asset classes. View provided at March 2025.

Asset class	Typical portfolio allocation	Proportion of new product launches	Change from 2023	Outlook
Australian Equities	20%	9%	Decrease from 16%	Strongly bearish, intensifying from moderately bearish in 2023
Global Equities	30%	35%	Increase from 29%	Returning to moderately bullish after a neutral 2023
Property & Infrastructure	8%	13%	Increase from 11%	Continued moderate bullishness
Fixed Interest	23%	26%	Decrease from 28%	Continued moderate bullishness
Alternatives	19%	17%	Consistent	Slightly bearish

Two key insights emerge from this analysis:



1

Fixed Interest launches lag inflows

Despite strong inflows to Fixed Interest, product launches did not increase proportionally, suggesting either adequate market supply or high barriers to entry, particularly in specialised areas like private credit and high yield.



2

Innovation stalls in Australian Equities

Active Australian equities managers have not yet responded to market disruption with innovative new products. Instead, they have maintained a 'hang on and hope' approach, rather than launching more competitively priced, higher-conviction offerings.

Analysis by opportunity targeted

Investment thematic remained a secondary driver for product launches in 2024, accounting for 16% of new funds, up slightly from 11% in 2023 but still well below the 34% seen in 2022.

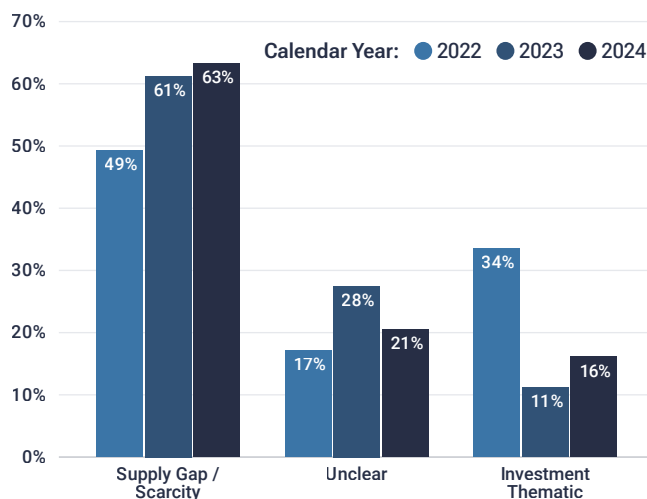
The decline in thematic launches likely reflects market saturation, particularly in the ESG space, which has cooled considerably over the past two years.

Supply scarcity or gap-targeting launches continued to dominate, representing 63% of all launches for the second consecutive year. Alternative Income/Diversified Credit remained the largest category within this group, with 20 launches (18%). It was followed closely by Private Credit and Private Equity, with 19 and 16 launches respectively.

CHART 4.21

Fund launches by opportunity targeted

Source: Morningstar, Milestream estimates and analysis. Data is for 1 year to December 2024. Note: Excludes multi-asset and cash funds.



Analysis by investment management philosophy

Active strategies continued to dominate new launches, accounting for 83% of the total in 2024.

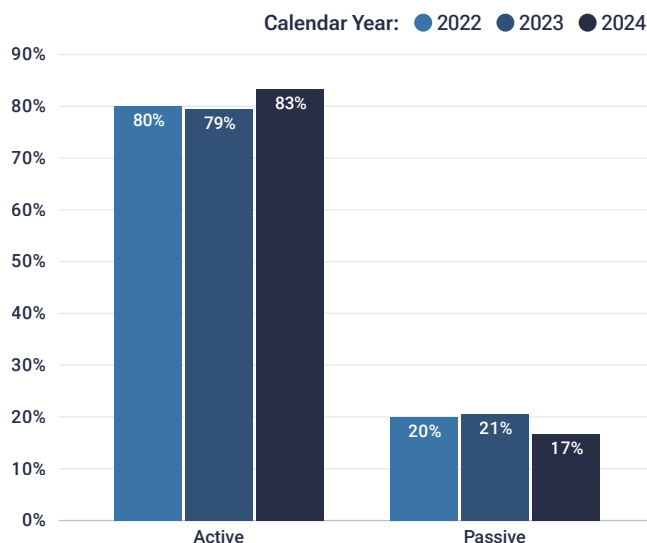
While this suggests active managers are responding to market disruption, closer examination reveals that most active launches come from new-to-market managers or existing managers expanding into adjacent sectors. Incumbent managers rarely relaunch their core offerings with innovations that might make them more competitive against passive alternatives.

This highlights the fundamental challenge facing active managers: new product development often targets niche or satellite allocations with lower capacity, rather than addressing the declining revenue streams from older core products. The innovator's dilemma persists throughout the industry, with few managers willing to risk short-term stability for long-term competitiveness.

CHART 4.22

Fund launches by investment management philosophy

Source: Morningstar. Data period is 1 year to December 2024. "Passive" includes funds tracking market cap based benchmarks and funds tracking other "smart" / "factor" based benchmarks. "Active" includes funds aiming to exceed a market based benchmark ("Alpha Seekers") and funds seeking non market linked outcomes such as Cash +, CPI +, a specified absolute return or specified absolute yield ("Outcomes Based"). Note: multi-asset and cash funds excluded.



Analysis by investment structure

Listed fund launches continued their steady growth, reaching 57 ETFs/ETMFs (32% of total launches) in 2024, up from 47 (29%) in 2023. The split between passive ETFs and active ETFs shifted toward parity continuing a trend in which active managers are increasingly using the listed channel.

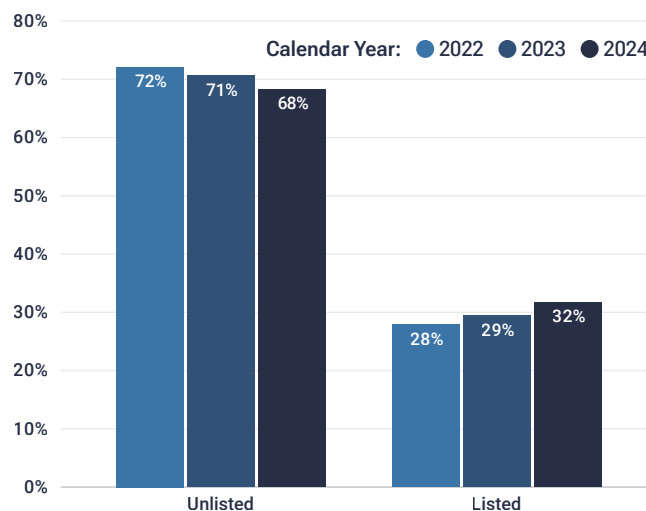
Analysis of comparable ETMF and unlisted fund pairs suggests that ETMFs generally achieve similar flows to their unlisted equivalents but with less volatility. This suggests that offering both listed and unlisted variants likely expands the total addressable market, rather than simply cannibalising existing sales.

Despite these advantages, most active managers remain hesitant to fully embrace listed variants, with just 28 ETMFs launched in 2024—a modest increase from 19 in 2023, 14 in 2022, and 10 in 2021.

CHART 4.23

Fund launches by investment structure

Source: Morningstar. Data period is 1 year to December 2024. Unlisted includes unlisted unit trusts. Listed includes ETFs and ETMFs but does not include LICs and LITs. Listed includes dual-listed/unlisted variants. Note: multi-asset and cash funds excluded.



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Future outlook and strategic implications

The investment trends detailed throughout this chapter point to several forward-looking implications that will shape the investment landscape in the coming years:

Structural shifts



1

Passive strategy evolution

The migration toward passive strategies for core market exposures continues, but is likely to evolve beyond simple market-cap indexing toward factor-based, equal-weighted and custom index approaches. Advisers will need to develop expertise in evaluating these increasingly sophisticated passive options.



2

Private markets mainstreaming

Private Credit's exceptional growth indicates a broader trend toward private market democratisation. As retail-accessible vehicles for private equity, venture capital, and real assets continue to proliferate, advisers will face both opportunities and challenges in incorporating these historically institutional-only asset classes into retail portfolios.



3

Thematic investing maturation

While thematic investing has cooled from its 2021-2022 peak, especially in the ESG space, the approach is maturing rather than disappearing. Future thematic launches will likely feature more robust methodologies, longer track records of constituent performance, and clearer connections to structural economic shifts rather than short-term narratives.

Adaptive challenges for advice practices



1

Investment education imperative

As investment options grow increasingly complex, advisers face a critical education challenge, with clients seeking exposure to sophisticated alternatives but often lacking understanding of their unique risks. Practices that translate complex investment concepts into clear client communications will gain a competitive advantage.



2

Risk management recalibration

Many newer investment vehicles, particularly in private markets, have not yet been tested in a complete market cycle. Advice practices need to develop more sophisticated approaches to stress testing portfolios that include these newer assets, particularly around liquidity management and correlation assumptions during market dislocations.



3

Technology integration requirements

The proliferation of investment options and growing client expectations for personalisation are creating data management challenges for many practices. Investment in portfolio analytics, client reporting, and API integration capabilities will be essential for practices to leverage the expanding investment universe effectively.

Opportunities for differentiation

**1** Direct indexing potential

As direct indexing technology becomes more accessible, practices have opportunities to deliver more tax-efficient, customised portfolio solutions. This trend enables greater personalisation of core portfolio exposures, creating potential for improved client outcomes and practice differentiation.

**2** Values-based investing evolution

Despite the ESG backlash, client interest in aligning investments with personal values remains strong. Forward-thinking practices are moving beyond standardised ESG approaches toward more customised value-aligned frameworks that better reflect individual client priorities.

**3** Intergenerational wealth strategies

The significant growth in intergenerational wealth transfer concerns creates opportunities for practices to develop specialised investment strategies. These will aim to bridge generational priorities, potentially incorporating newer investment vehicles that resonate with younger clients alongside traditional solutions preferred by older demographics.

These forward-looking implications suggest that while investment management is becoming more complex, it also offers expanding opportunities for advisers to demonstrate value through sophisticated portfolio construction, thoughtful communication, and technology-enabled personalisation.



Chapter insight

CASE STUDY

Vanguard's Collaborative Edge: Powering Adviser Practices Through Partnership and Practice Management

In the evolving world of financial advice, success is no longer defined by product performance alone. It's about equipping advisers with the right tools, insights, and partnerships that enhance how they operate day-to-day. Vanguard Investments Australia has not only embraced this shift—it is leading it.





As one of the most widely adopted managers across the Australian platform landscape, Vanguard's footprint is evident.

Data from ProductRex over the past six months confirms significant penetration through leading platforms such as HUB24, North, Macquarie and BT. This dominance isn't by chance—it stems from a relentless focus on practice management, smart SMA structuring, and true collaboration with both licensees and advisers.



CHART 4.24

Relative net modelled flows within ProductRex (Jan – Jun 2025)

Source: ARdata (Fund Flow Intention), ProductRex. (n= ~5,000 users)

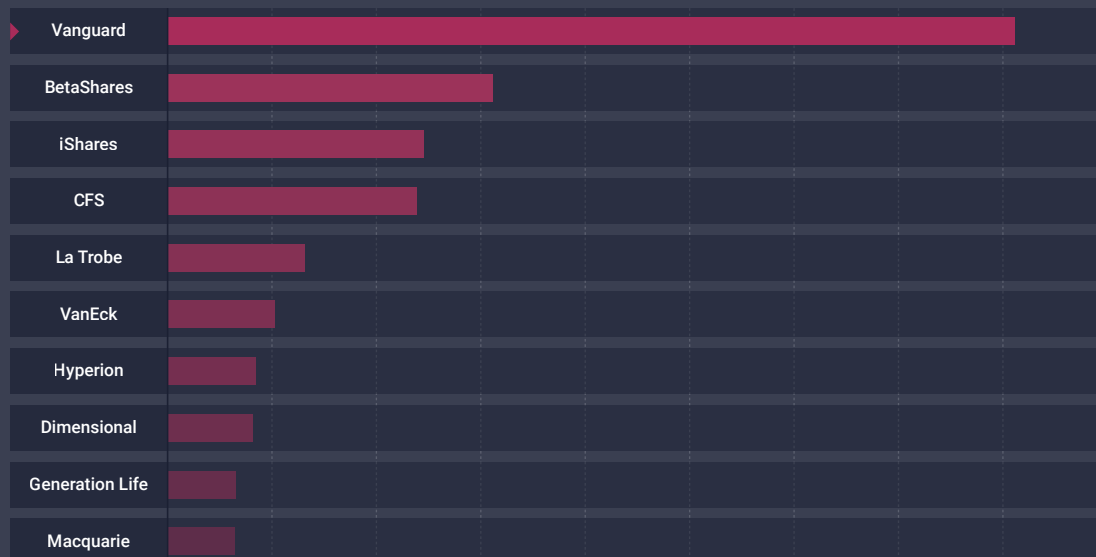
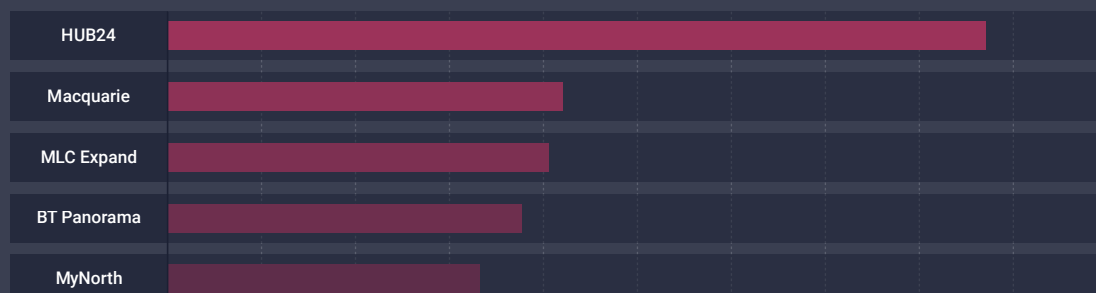


CHART 4.25

Relative Vanguard net modelled flows by platform within ProductRex (Jan – Jun 2025)

Source: ARdata (Fund Flow Intention), ProductRex. (n= ~5,000 users)





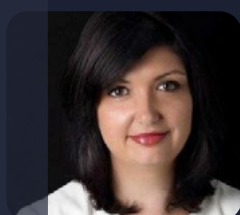
Platform Partnerships: A New Standard in Alignment



"Vanguard brings both leadership in the passive management space and the ability to elevate practice-level engagement across the licensee spectrum, and that's why we recently added their strategically managed accounts on our MLC Expand platform" says Cable Rickard, GM of Sales and Adviser Success at Insignia Financial.



The positive sentiment towards Vanguard is echoed by Jason Brown, Head of Distribution at BT Panorama: "The symbiosis between Vanguard's deep understanding of adviser practices and our technology creates a learning environment where we constantly evolve—together—for the benefit of the advice profession."



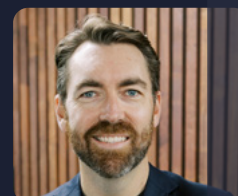
The enduring nature of these relationships cannot be understated. "Macquarie has a deep history in the managed accounts industry and Vanguard has helped position us as a leader in the space." reflects Michelle Weber, Head of Macquarie Wrap. "We especially value that Vanguard's approach supports advisers in best serving their clients."



Built for Licensees, Designed for Advisers

Vanguard's reputation among dealer groups is reinforced by its solution-focused approach.

As Conaill Keniry, Managing Director and Responsible Manager of Beryllium Advisers, puts it, "Vanguard has become a cornerstone SMA solution for our



advisers—offering scalability, transparency, and a brand that clients already trust."

This trust is pivotal for advisers looking to grow resilient, future-focused practices.





On-the-Ground Impact for Advisers

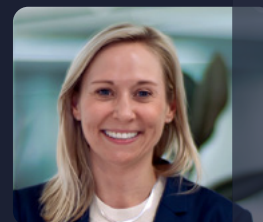
More than just investment products, advisers see Vanguard as a true partner in building sustainable advice models.



Vanguard's Commitment to the Profession

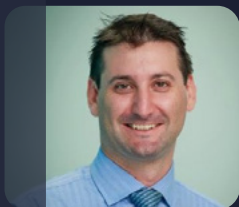
For Rachel White, Head of Financial Adviser Services at Vanguard Australia, these relationships are central to the firm's mission:

"We see our role as a long-term partner to advisers. That means not only offering high-quality, low-cost solutions but also being present in the day-to-day challenges of running a practice. From managed accounts to practice consulting, our goal is to help advisers do what they do best—serve clients."



"Vanguard offer all-round knowledge of how to run a better practice—not just how to build a better portfolio," says Kent Thomas, Financial Planner

& Proprietor Lifelong Wealth. "Their team have helped us navigate everything from fee compression to digital engagement."



Brent Cerutti, Director and financial adviser at Kelly Wealth Services echoes this accessibility: "The tools and support are always there when we need them.

And the Vanguard name continues to open doors with clients—it gives them comfort."

With a product suite built for purpose, a reputation for integrity, and a growing network of collaborative partners, Vanguard continues to define what it means to be a true market leader in practice management.

Visit: [Vanguard.com.au](https://www.vanguard.com.au)



...for tools and resources to help you deliver more value to more clients.



| 5.0

Life
Insurance |





Introduction and market overview

The Australian life insurance sector continues to navigate a dynamic and evolving landscape. After a period of significant contraction, driven by the 2015 Trowbridge report, the 2018 Life Insurance Framework amendments, the professional standards transition, and the Hayne Royal Commission, the industry is showing early signs of recovery, albeit from a much-reduced base.

The retail life insurance market has changed substantially in recent years, with new business volumes declining by 44% from 2018 to 2024. However, recent data indicates potential recovery, with an 11.4% increase in new business between 2023 and 2025. This positive trend suggests the industry is finally reaching a stabilisation point after years of disruption.

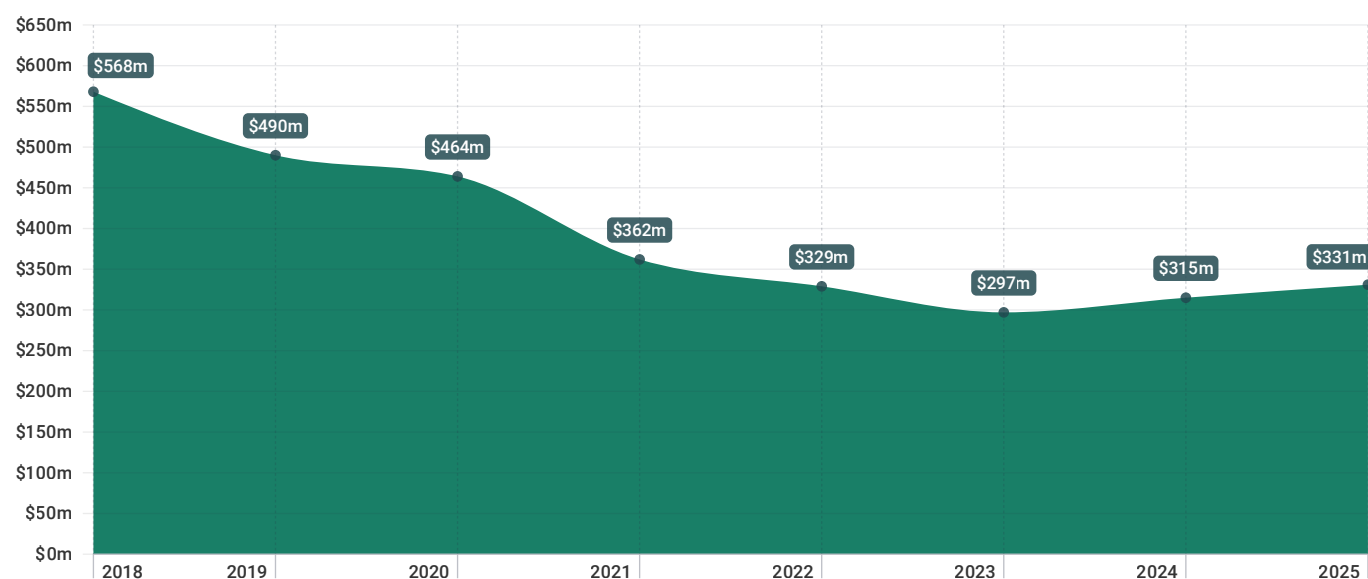
This evolving insurance landscape directly aligns with the consumer needs identified in earlier chapters of this report. As the Consumer chapter highlighted, there has been a notable shift in client priorities toward long-term financial security. This growing focus on future financial security creates a natural opportunity for advisers to incorporate appropriate risk protection strategies into their client conversations.

Furthermore, the Practice chapter highlighted that 83% of advice practices continue to offer life insurance advice despite the challenges of recent years, recognising its essential role in comprehensive financial planning. This integration of insurance within broader advice propositions reflects the profession's commitment to holistic client outcomes even as distribution models evolve.

CHART 5.1

Retail new business

Source: ARdata, Beddoes (includes General Advice growth). Note: Dates indicate calendar year.





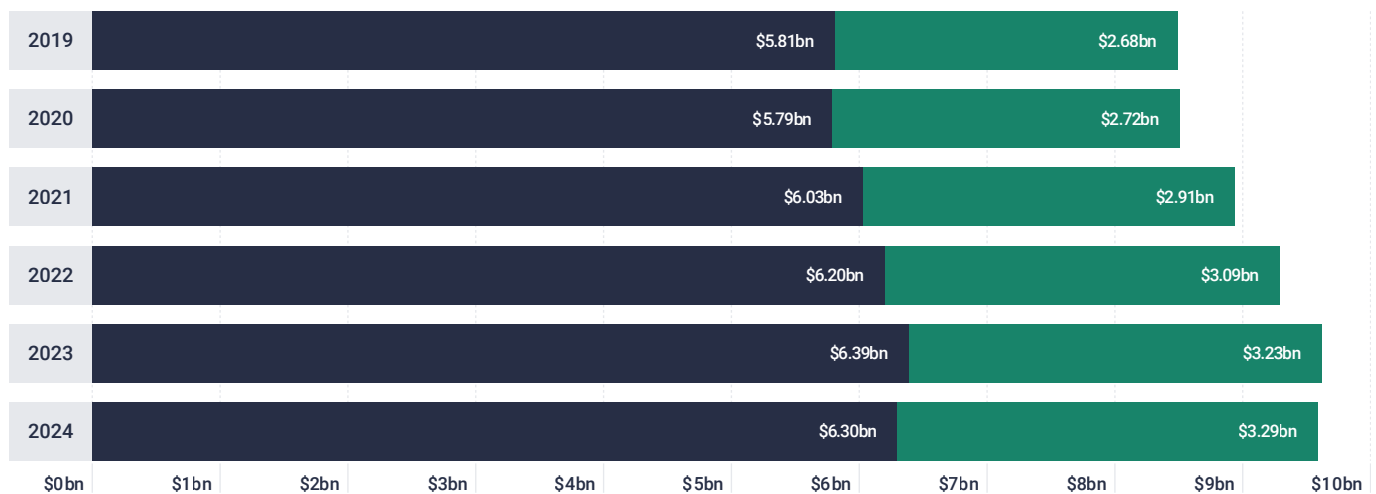
Looking forward, there is a conceivable path back to the \$500 million in new business volumes that were being written only six years ago, just before the Life Insurance Framework reforms were fully implemented

and the risk adviser exodus began. The number of new lives insured has decreased dramatically from 103,000 in 2018 to just 44,000 in 2024, reflecting the significant impact of regulatory changes on market penetration.

CHART 5.2**Advised retail life insurance premiums**

Source: Beddoes Australia/APRA claims and disputes statistic Note: Dates indicate calendar year.

● Lump Sum ● Income Protection



Insurer satisfaction

The 2025 NPS rankings clearly demonstrate how insurers leveraging strong digital capabilities and operational consistency are pulling ahead. PPS Mutual, maintaining the top spot with a score of 54.8, has benefited from taking a “slow” approach to market, targeting a very particular type of policyholder and adviser. This clear message helps advisers spend less time in pre-assessment because the underwriting stages are tightly aligned, which minimises delays and friction that commonly frustrate advisers.

NEOS (now positioning itself as an insurance technology platform), rising back to second with 41.8, exemplifies how robust tech platforms and dependable underwriting can support positive adviser sentiment, particularly when digital tools are paired with responsive BDMs (Business Development Manager) and online support channels. Advisers consistently point to communication and progress transparency as critical.

Of the majors, Zurich, has maintained a strong appeal and is now working successfully with a dual-branded approach. The technology focus with its Adviser One Portal whilst concurrently working on the OnePath integration is a testament to a large insurer executing a well-defined strategy.

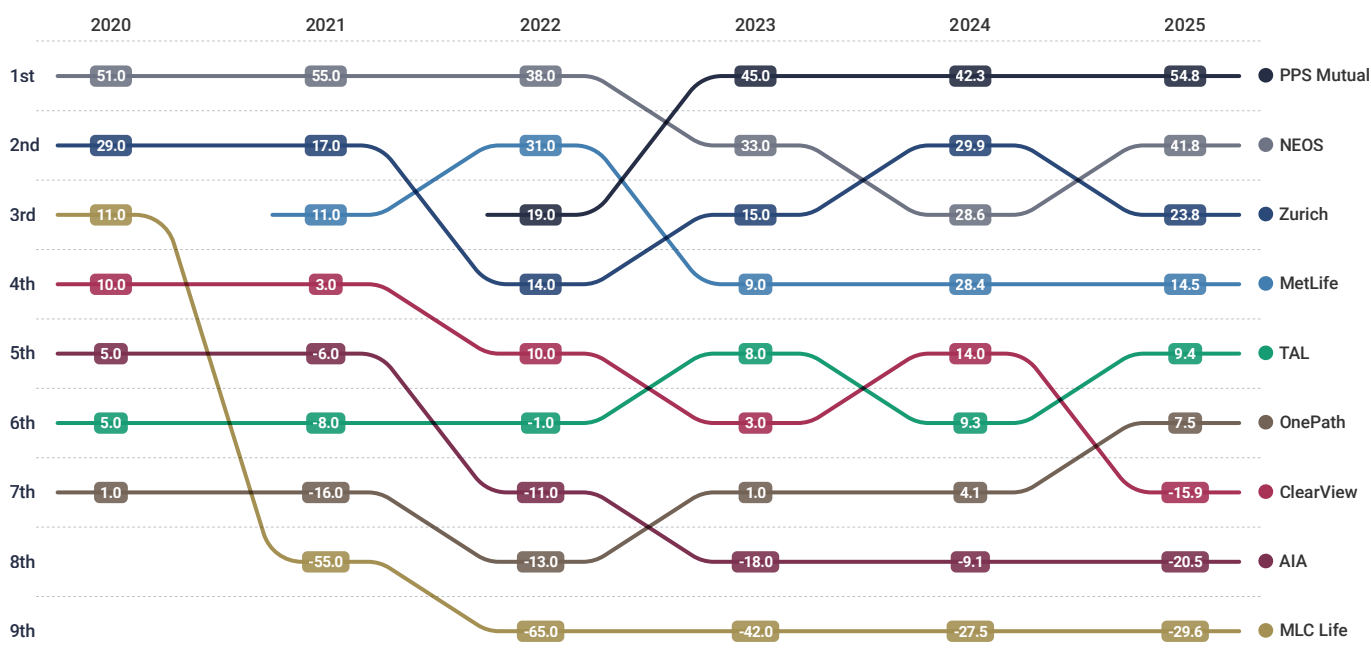
Whilst profitability surrounding mental health claims has caused havoc with front book pricing, a key reason for advisers partnering with insurers is their technology solutions. As we’ve experienced, not just in insurance, but across the investment platform sector, even when technology has glitches or limitations, high-frequency and high-quality human support can compensate by keeping policies moving and issues resolved swiftly.

Across the board, underwriting pre-assessment remains a major pain point. Insurers who manage to streamline this phase—offering fast turnaround, minimal duplication of effort, and easy access to support—win loyalty. Technology alone doesn’t win—communication and confidence in service delivery do.

CHART 5.3

Annual NPS ranks

Source: ARdata. Note: Dates indicate survey year.



Key drivers of adviser satisfaction

Analysis of category ratings reveals a clear distinction between high and low-performing insurers. Top performers demonstrate consistency across multiple service dimensions, viewing excellence as a holistic rather than a siloed concept. The most successful insurers have adopted adviser-centred design thinking across their operations, maintaining operational consistency across different adviser segments, policy types, and service channels.

Adviser engagement observation

Despite utilising the infrastructure and team, there is a degree of subjectivity in how advisers engage with or perceive Zurich versus OnePath solutions. This stems in part from the adviser profile each brand tends to attract. This is reflected in their engagement patterns, prior experience or brand association to name a few, and, ultimately, in the ratings they provide. 381 advisers rated Zurich and OnePath (Zurich 220, OnePath 58 and Both 103)

TABLE 5.1

Top 3 insurers by category rankings

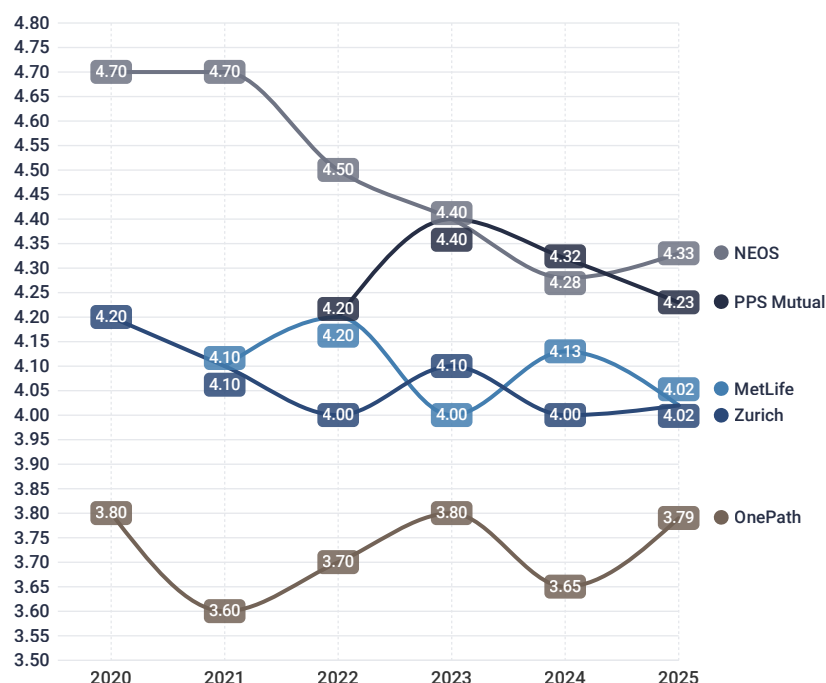
Source: ARdata (2025 Survey)

Category	1st Place	2nd Place	3rd Place
Net Promoter Score	PPS Mutual	NEOS	Zurich
Ease of underwriting	NEOS	MetLife	Zurich
Client Needs	PPS Mutual	NEOS	MetLife
Platform functionality	NEOS	Zurich	OnePath
Competitiveness	NEOS	PPS Mutual	MetLife
Quality	PPS Mutual	Zurich	NEOS
Comprehensiveness	PPS Mutual	Zurich	NEOS
Wellness programs	AIA Australia	MetLife	TAL
BDM support	PPS Mutual	NEOS	MetLife
Adviser support	NEOS	PPS Mutual	MetLife
Accuracy of data feeds	NEOS	Zurich	MetLife
Quality of reporting	NEOS	PPS Mutual	Zurich
Reputation	PPS Mutual	Zurich	NEOS
Trust	PPS Mutual	Zurich	NEOS
Claims handling	NEOS	PPS Mutual	MetLife

CHART 5.4

Top 5 insurers - service quality and adviser support

Source: ARdata. Note: dates indicate survey year.

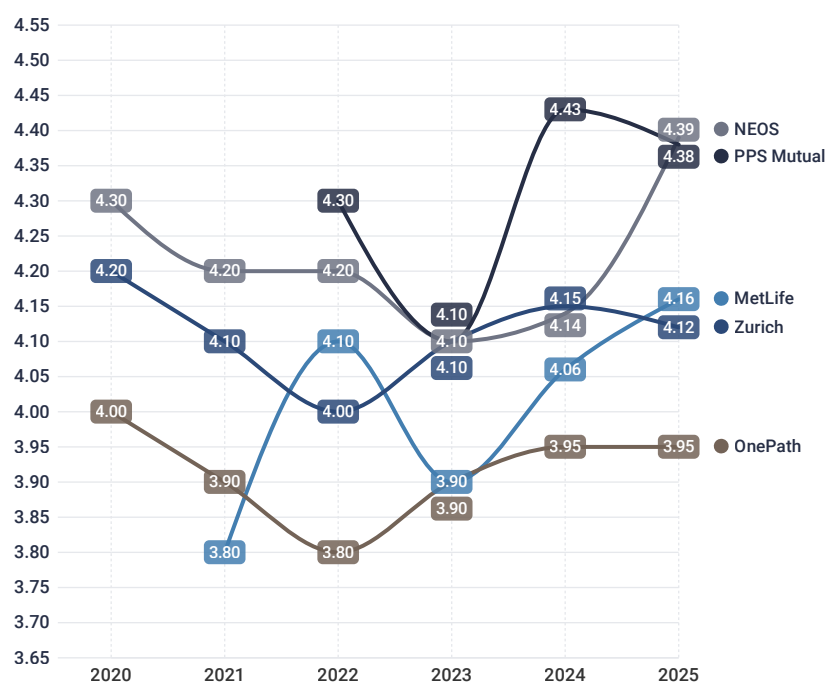


Leading insurers such as NEOS, Zurich, MetLife, and PPS Mutual have distinguished themselves through responsive communication channels, maintaining multiple touchpoints with minimal wait times. They provide knowledgeable Business Development Managers (BDMs) and develop consistent relationships with advisers, offering technical expertise and proactive communication. These insurers have also implemented streamlined administrative processes with intuitive digital platforms that reduce paperwork burdens and provide automated status updates throughout the application process.

CHART 5.5

Top 5 insurers - claims handling efficiency

Source: ARdata. Note: dates indicate survey year.

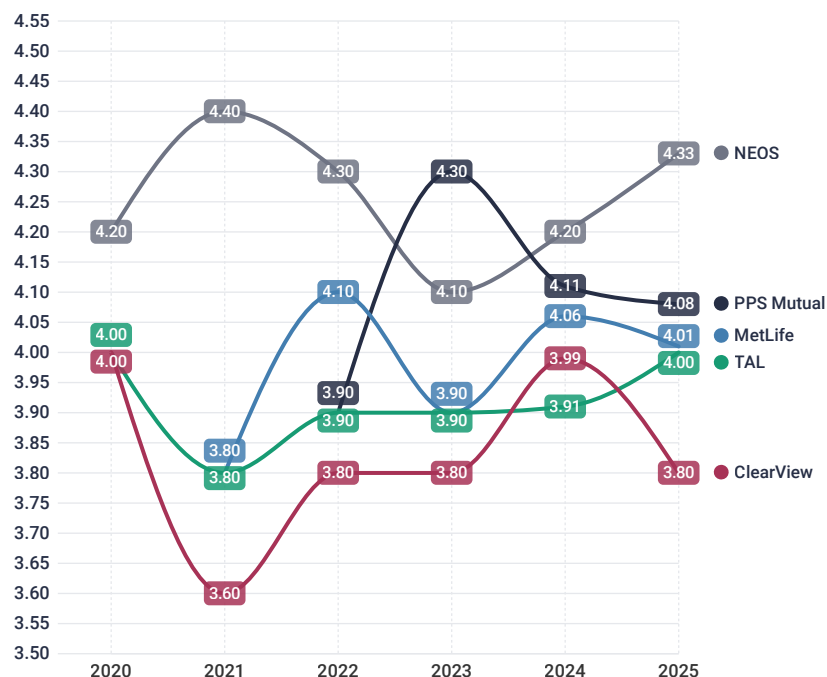


Claims handling represents the moment of truth for both advisers and their clients. NEOS, PPS Mutual and MetLife lead this category by offering transparent processes with clear timeframes and regular updates. Top performers maintain specialised claims teams with deep product knowledge and decision-making authority, enabling direct access to assessors for advisers. They balance procedural requirements with empathy, recognising claims as difficult life events for clients while providing advisers with detailed information to help them advocate for clients.

CHART 5.6

Top 5 insurers - product competitiveness

Source: ARdata. Note: dates indicate survey year.

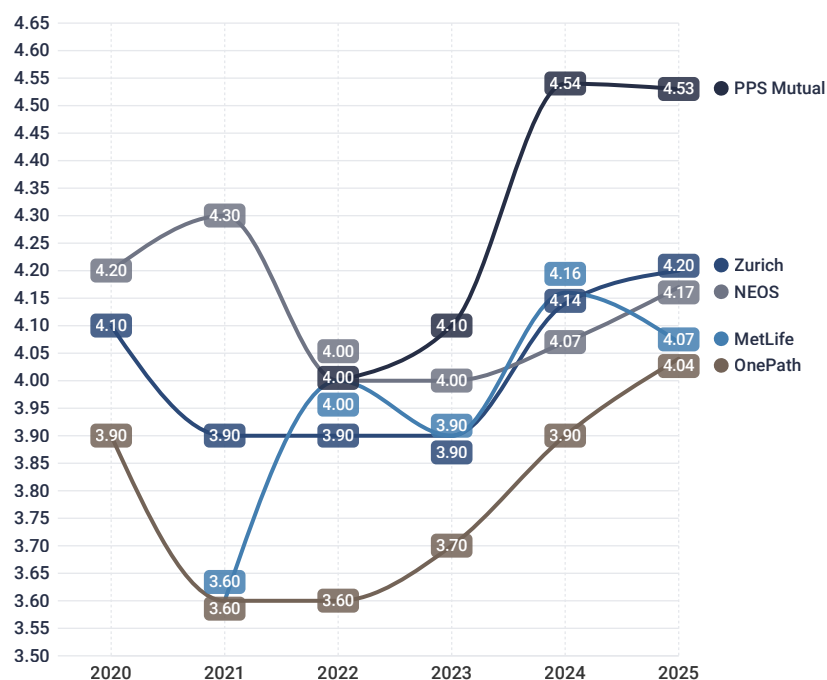


For product competitiveness, NEOS, PPS Mutual, and MetLife lead with value-oriented pricing strategies that strike a balance between affordability, targeted pricing on particular segments and sustainable coverage. They offer flexible product designs with modular structures, allowing customisation to client needs.

CHART 5.7

Top 5 insurers - product comprehensiveness

Source: ARdata. Note: dates indicate survey year.

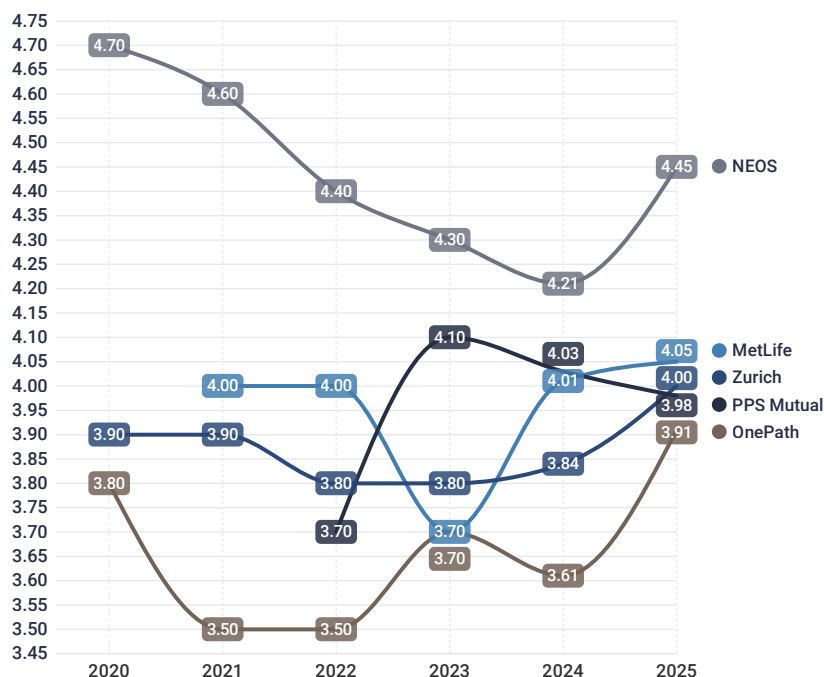


PPS Mutual, Zurich, and NEOS excel in comprehensiveness with extensive coverage options across their client types. They provide inclusive underwriting approaches with accessible options for clients with pre-existing conditions (particularly on segments in which they have a niche which helps boost their comprehensiveness score).

CHART 5.8

Top 5 insurers - ease of underwriting

Source: ARdata. Note: dates indicate survey year.

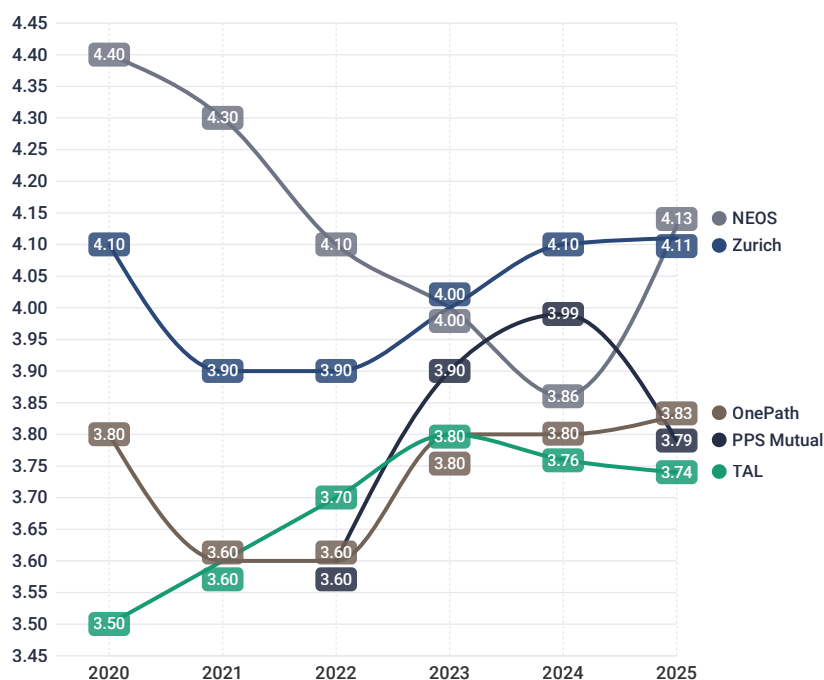


Underwriting efficiency remains central to adviser satisfaction. NEOS, Metlife, and Zurich lead with streamlined application processes incorporating digital-first platforms and reduced questionnaire lengths. Transparent communications with clear explanations, especially for ratings or exclusions is a key determinant for satisfaction in this sector where underwriting has become dynamic. Top performers offer flexible evidence requirements based on age, cover amount and health status, as well as providing dedicated technical support for complex cases.

CHART 5.9

Top 5 insurers - platform functionality

Source: ARdata. Note: dates indicate survey year.



Digital capabilities significantly impact adviser satisfaction. NEOS, Zurich, and OnePath lead with intuitive user interfaces requiring minimal training, comprehensive self-service capabilities, and advanced quote and illustration tools. Their platforms feature seamless integration with adviser software systems, strong analytics, and dashboards that show practice performance metrics. This technological foundation enables excellence across the entire adviser and client experience, transforming potential bottlenecks into competitive advantages.

Additional Metrics

AIA Australia stands out for its Vitality Program, while PPS Mutual excels in meeting client needs with personalised services. BDM support continues to be critical, with leading insurers providing representatives who combine product knowledge, responsiveness and an ability to understand individual practice needs - all critical drivers of high BDM scores.

These additional areas highlight how successful insurers expand their value proposition beyond core insurance functions to create more holistic client and adviser experiences.

The data reveals that insurers performing well across multiple categories are more likely to gain adviser advocacy and new business. Consistently strong service delivery across the entire customer journey is crucial for building and maintaining adviser loyalty.

CHART 5.11

Top 5 insurers - BDM support

Source: ARdata. Note: Dates indicate survey year.

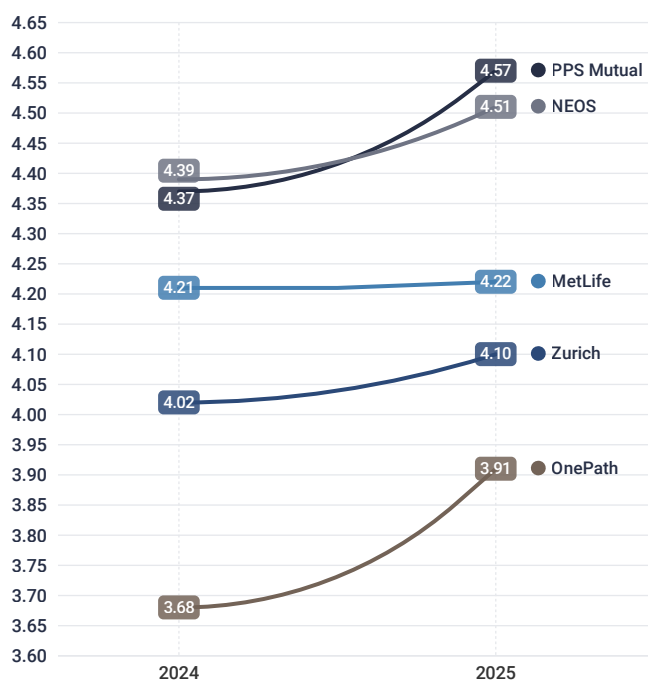


CHART 5.10

Top 5 insurers - wellness programs

Source: ARdata. Note: Dates indicate survey year.



CHART 5.12

Top 5 insurers - reputation

Source: ARdata. Note: Dates indicate survey year.



CHART 5.15

Top 5 insurers - trust

Source: ARdata. Note: Dates indicate survey year.

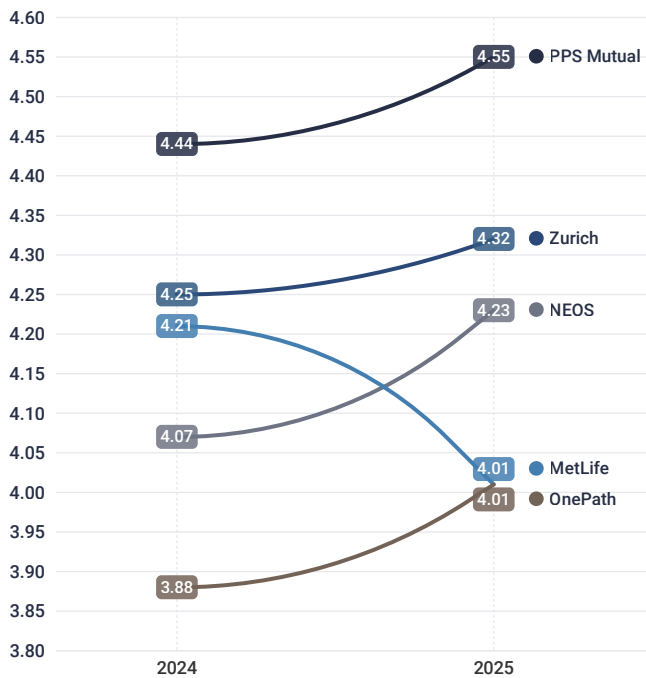


CHART 5.16

Top 5 insurers - understanding client needs

Source: ARdata. Note: Dates indicate survey year.

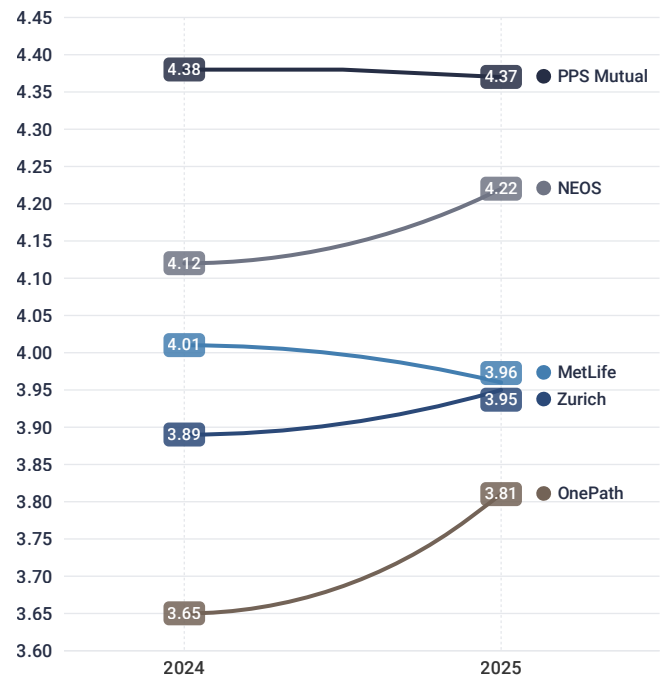


CHART 5.13

Top 5 insurers - accuracy of data feeds

Source: ARdata. Note: Category is new as of 2025. Dates indicate survey year.

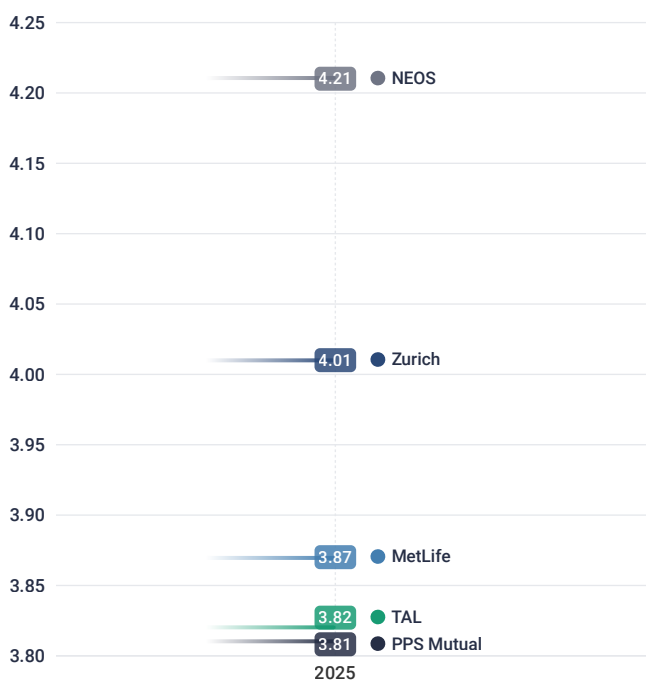


CHART 5.14

Top 5 insurers - quality of reporting

Source: ARdata. Note: Category is new as of 2025. Dates indicate survey year.



Retail life insurance landscape

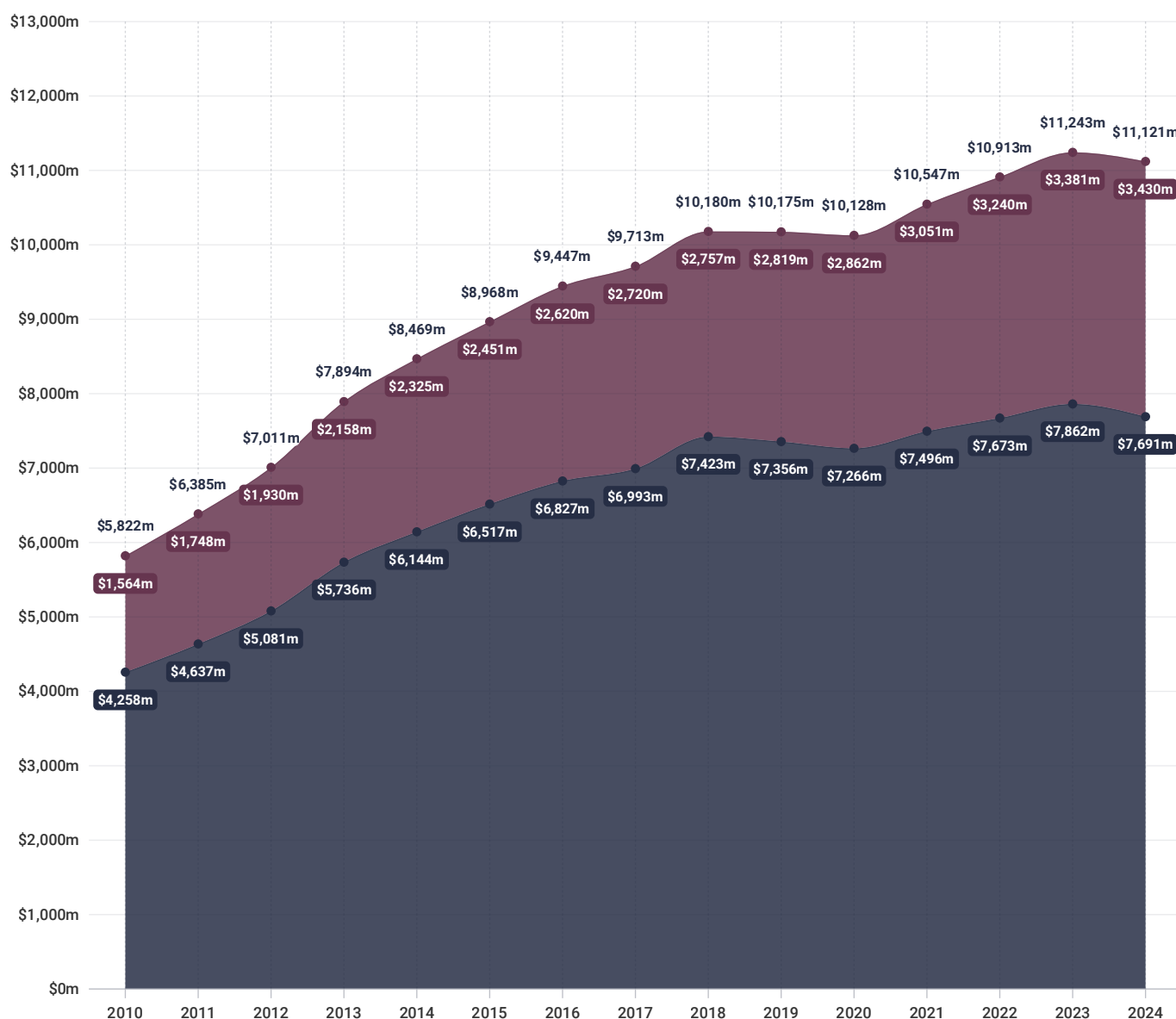
Despite challenges in acquiring new business, the retail life insurance market has shown resilience in maintaining its in-force premium base. This stability gives insurers a foundation for future growth as they adapt to evolving adviser and consumer needs.

CHART 5.17

Total retail in-force premiums change over time

Source: Beddoes Australia/APRA claims and disputes statistics. Note: Dates indicate calendar year.

● Lump Sum ● Income Protection



Annual new business and policy lapse metrics

After six years of contraction, the retail life insurance industry has reached a turning point. New business volumes have posted three years of consecutive growth, albeit at modest levels.

This recovery coincides with several market factors: stabilising adviser numbers, improved insurer service levels (reflected in their Net Promoter Scores) and three years since the onset of significant price increases in income protection insurance. Critically, the turnaround has been selective rather than universal, with performance varying dramatically based on insurer strategy and adviser engagement.

Between 2019 and 2025, the Australian life insurance market has undergone significant shifts, with traditional players losing ground to emerging insurers. Zurich, while experiencing a steady decline from 27.9% in 2020 to 20.8% in 2025, has managed to stabilise its position around 22–23% in recent quarters. This is attributed

to its investment in technology and the success of a dual-branded strategy, enabling it to remain a resilient force.

In contrast, major incumbents like TAL and MLC Life have seen sharp declines, with TAL dropping from 27.5% in 2019 to 19.9% in 2025, and MLC Life falling to just 6.6% by 2025. Meanwhile, challengers such as NEOS and MetLife have significantly increased market share. NEOS has risen 13.0% (14.3% in last quarter), while MetLife now commands 12.7% market share, reflecting growing consumer preference for agile and potentially tech-savvy providers.

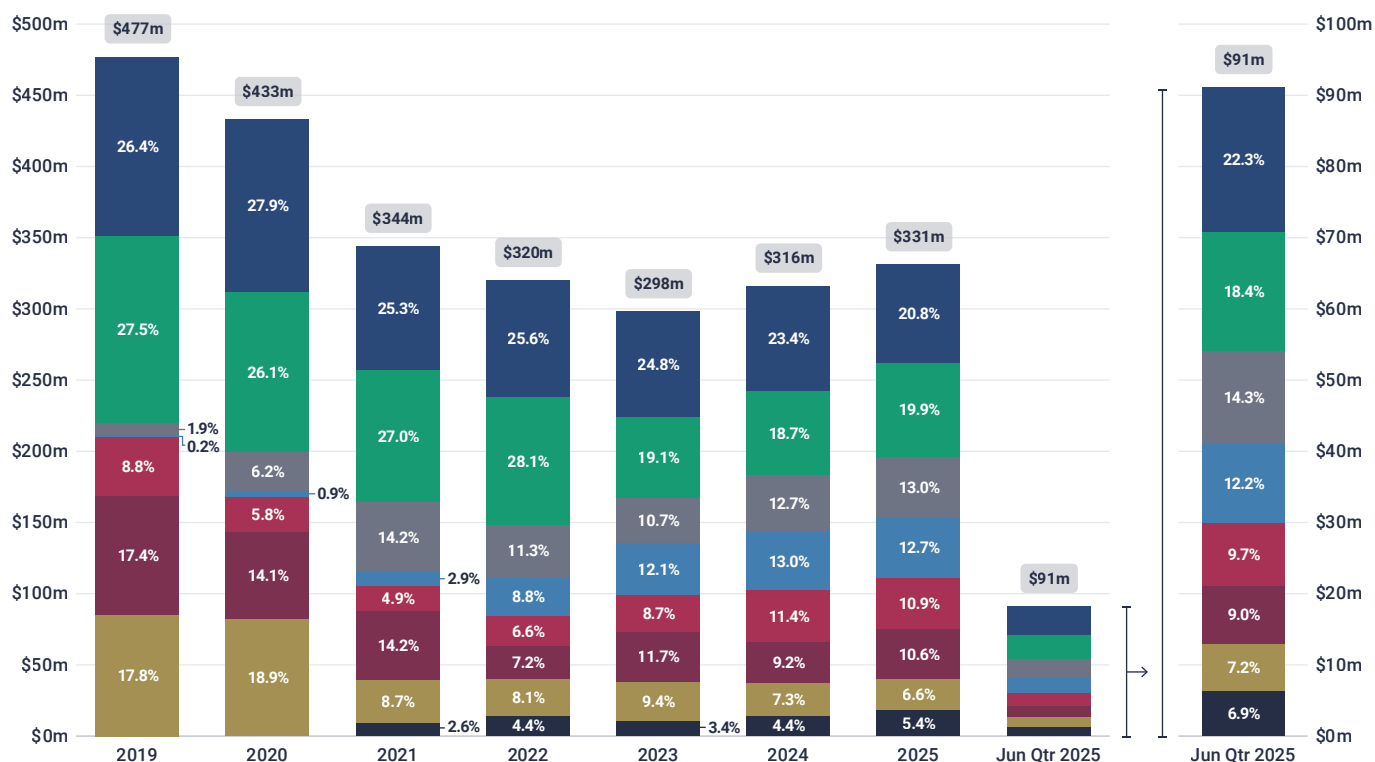
Clearview and PPS Mutual have also seen growth, while AIA's share has dropped markedly. Overall, the market is becoming more fragmented, with emerging insurers disrupting legacy dominance. The trends point to a rebalancing of market dynamics, driven by innovation, digital capabilities, and shifting customer expectations.

CHART 5.18

Retail new business by insurer

● PPS Mutual ● MLC Life ● AIA ● ClearView ● MetLife ● NEOS ● TAL ● Zurich

Source: ARdata. Note: NEOS (includes Encompass). X-axis is Prior 12 Month Reporting as at January.



Premium changes by policy type

Price stability remains crucial for both consumers and advisers, as it ensures predictability and confidence in the life insurance market. A stable pricing environment allows consumers to budget effectively for their insurance needs and assures advisers that the products they recommend will remain affordable and competitive.

The industry continues to face significant challenges in managing pricing sustainability, particularly as insurers address historical underpricing and changes to claims experiences. From 2018 to 2024, Income

Protection insurance has experienced the most substantial increase in average premiums by amount paid, rising by 62% from \$2,893 to \$4,696.

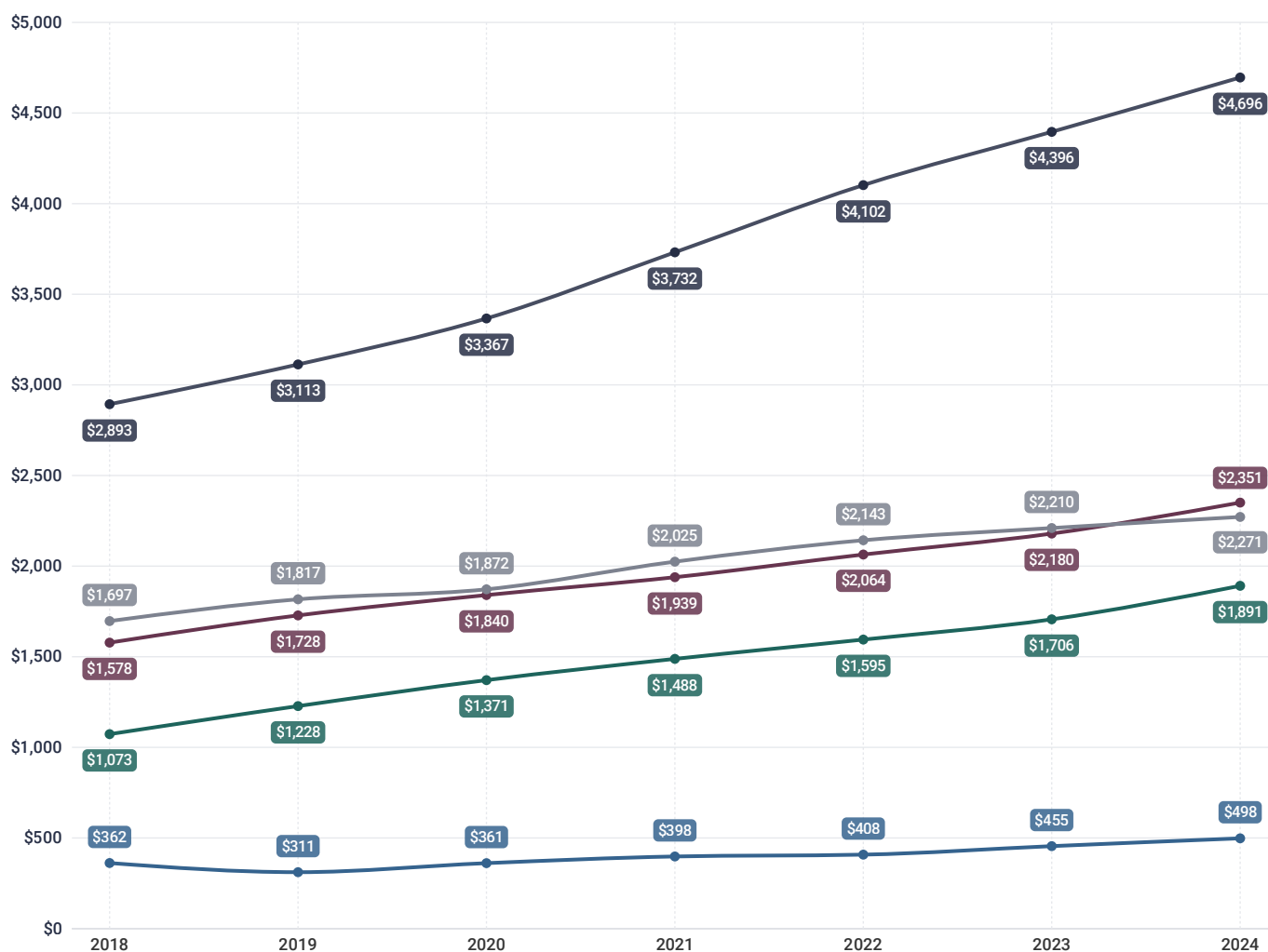
TPD premiums have seen the steepest percentage increase at 76%, rising from an average of \$1,073 to \$1,891. Life insurance, the most significant contributor to insurer profitability, has experienced premium increases of 49% over the corresponding period. Trauma and accident cover have recorded more moderate increases of 34% and 38% respectively.

CHART 5.19

Premium change by policy type over time

● Income Protection ● Trauma ● Life ● TPD ● Accident

Source: APRA claims and disputes statistics (Annual premium/Lives covered). Note: Dates indicate calendar year.



Risk advisers: Current state and opportunities

The risk adviser landscape has evolved significantly in recent years, with important implications for both advisers and insurers.

Adviser Population Trends

Despite the overall decline in the number of financial advisers, the percentage of advisers registered to provide life insurance advice has actually increased: In 2019, 74% of all advisers (17,418 out of 23,590) were registered to provide life insurance advice. At time of reporting (June 2025), this percentage had risen to 84% (12,870 of 15,315).

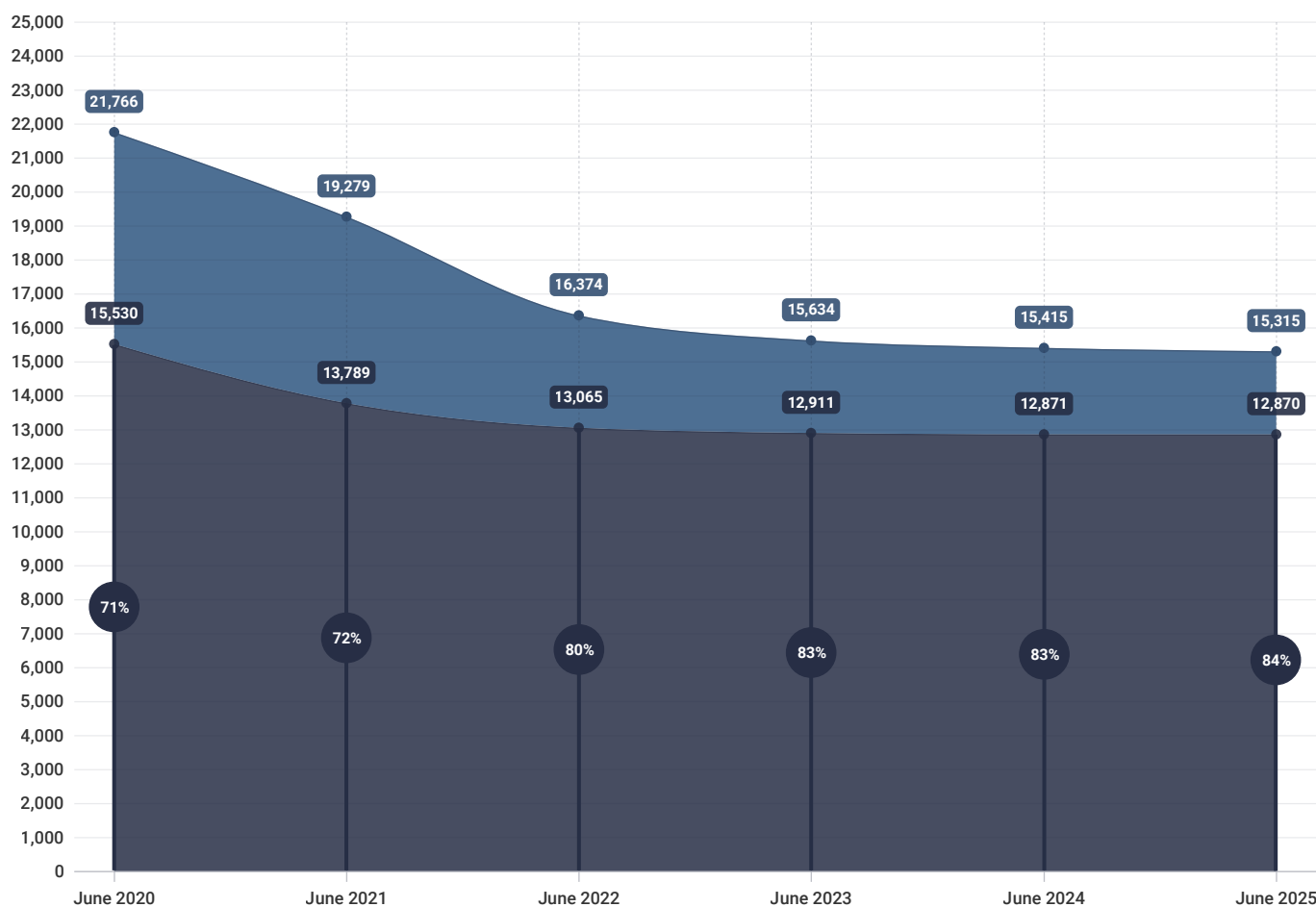
This trend indicates that while overall adviser numbers have declined, those remaining are more likely to include risk advice in their service offering. This partial reintegration of risk advice into holistic financial planning represents a shift from the trend toward specialisation seen in earlier years.

CHART 5.20

Authorised risk advisers as a proportion of total advisers

Source: ARdata. Note: each Category represents 25% of annual new business premium (ie 25% of NB written by Category A - 185 adviser, 25% written by Category B - 404 advisers and so on)

● Adviser Population ● Registered Risk Advisers



Evolving business models in risk advice: From risk-focused to holistic practices

A spectrum of adviser models defined by business focus

The risk advice industry is undergoing a notable transformation, characterised by four distinct business models, each corresponding to a category of advisers as defined by ARdata and Beddoes.

Each Category represents 25% of annual new business premium (ie 25% of NB written by Category A - 185 adviser, 25% written by Category B - 404 advisers and so on).

Category A – Pure Risk Writers (185 advisers)

These advisers are high-volume specialists, focused almost entirely on life insurance. Their business model is commission-driven, relying on scale, efficiency, and automation to manage high policy volumes. Averaging \$2,786 in revenue per client, Category A practices generate the highest annual revenue across all categories (\$3.27million on average), despite lower individual client fees.

Their narrow but deep focus on risk enables them to efficiently process large caseloads, often aided by tech-led solutions. While their per-client revenue is lower, they've honed systems that maximise transaction throughput—driving comparable profit margins (22%) to more diversified practices. There are large risk practices comparable to their investment peers (in terms of adviser numbers) within this group to achieve the scale required.

Category B – High Risk Writers (404 advisers)

These advisers still maintain a strong focus on risk advice but blend in a modest level of holistic financial planning. With an average client revenue of \$3,430, they operate at a middle ground, balancing volume with slightly more personalised service.

Category B advisers also frequently act as referral hubs, receiving and giving business through formal arrangements with both Category A risk specialists and broader Category D planners. Their annual average practice revenue sits at \$1.96 million, with profitability on par with other models (23%).

CHART 5.21

Average revenue per client

Source: ARdata (2024 calendar year). Note: Practices are ranked from A to D, with A having the highest volume of insurance premiums underwritten.

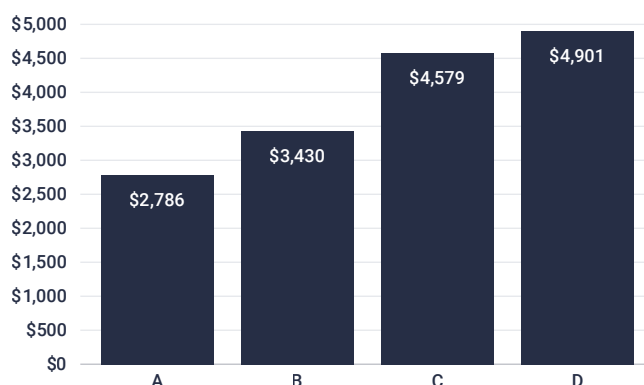


CHART 5.22

Annual average practice revenue

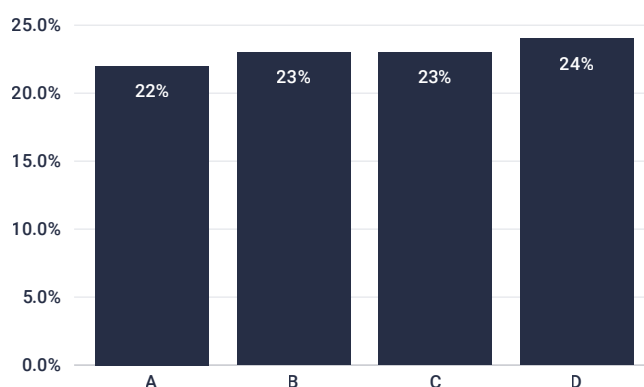
Source: ARdata (2024 calendar year)



CHART 5.23

Practice profitability

Source: ARdata (2025 survey)





Category C – Moderate Risk Writers (885 advisers)

Sitting further along the diversification spectrum, these advisers combine risk writing with broader advice services, including retirement and investment planning. They average \$4,579 per client in revenue—significantly higher than pure risk-focused models—by adopting fee-based models alongside commission work.

Though annual practice revenue drops slightly (\$1.5 million), they maintain strong profit margins (23%) by tailoring offerings and building deeper client relationships.

Category D – Low Risk Writers (4,884 advisers)

The largest cohort, these advisers write the lowest volume of new risk business but charge premium fees averaging \$4,901 per client—the highest across all categories. They typically embed insurance advice within holistic planning, covering investments, superannuation, estate planning, and goal-based strategies.

Category D advisers often receive referral income from Categories A and B and occasionally place simple policies themselves. This group is primarily investment-focused or holistic advisers, achieving the highest average profit margins (24%), despite smaller practices (\$1.47 million annual revenue on average). This is a strong portion of the adviser market.

Key insights on business model viability

Profitability Across Models

Despite wide variation in revenue models—commission vs. fee-based—all four categories maintain similar profit margins (22–24%). This signals that multiple models can thrive with the right operational efficiencies.

Sustainability and Adaptability

The industry has shifted and is evolving to meet regulatory demands and consumer expectations. Advisers are finding new ways to deliver value—either through volume efficiency (as in Cat A) or depth of service (as in Cat D).

Collaboration as a Growth Driver

The emerging cross-referral ecosystem between risk-focused advisers and comprehensive planners supports specialisation while ensuring client needs are met. Co-servicing, white-labelling, and transitions to general advice are opening new paths for growth and retention.

Conclusion – a healthy, multi-modal advice sector

The divergence in business models—from the streamlined, automated systems of Category A to the deeply integrated advice services of Category D—reflects a maturing and adaptive industry. The ability of Category A advisers to match the profitability of holistic peers underscores that success is less about the model itself and more about its execution.

This evolution not only promotes healthy competition but also enhances client outcomes by allowing advisers to focus on their strengths while leveraging partnerships to fill gaps—signaling a resilient and forward-thinking risk advice ecosystem.

Future outlook and growth opportunities

The Australian retail life insurance market has undergone a period of significant volatility over the past six years due to considerable regulatory changes. Nevertheless, the industry offers substantial opportunities in the years ahead.

CHART 5.24

The impacts of regulatory change (2010-2017)

Source: APRA and ARData. Note: Dates indicate calendar year.

● Lump Sum ● Income Protection ● Group Insurance ● Adviser Numbers

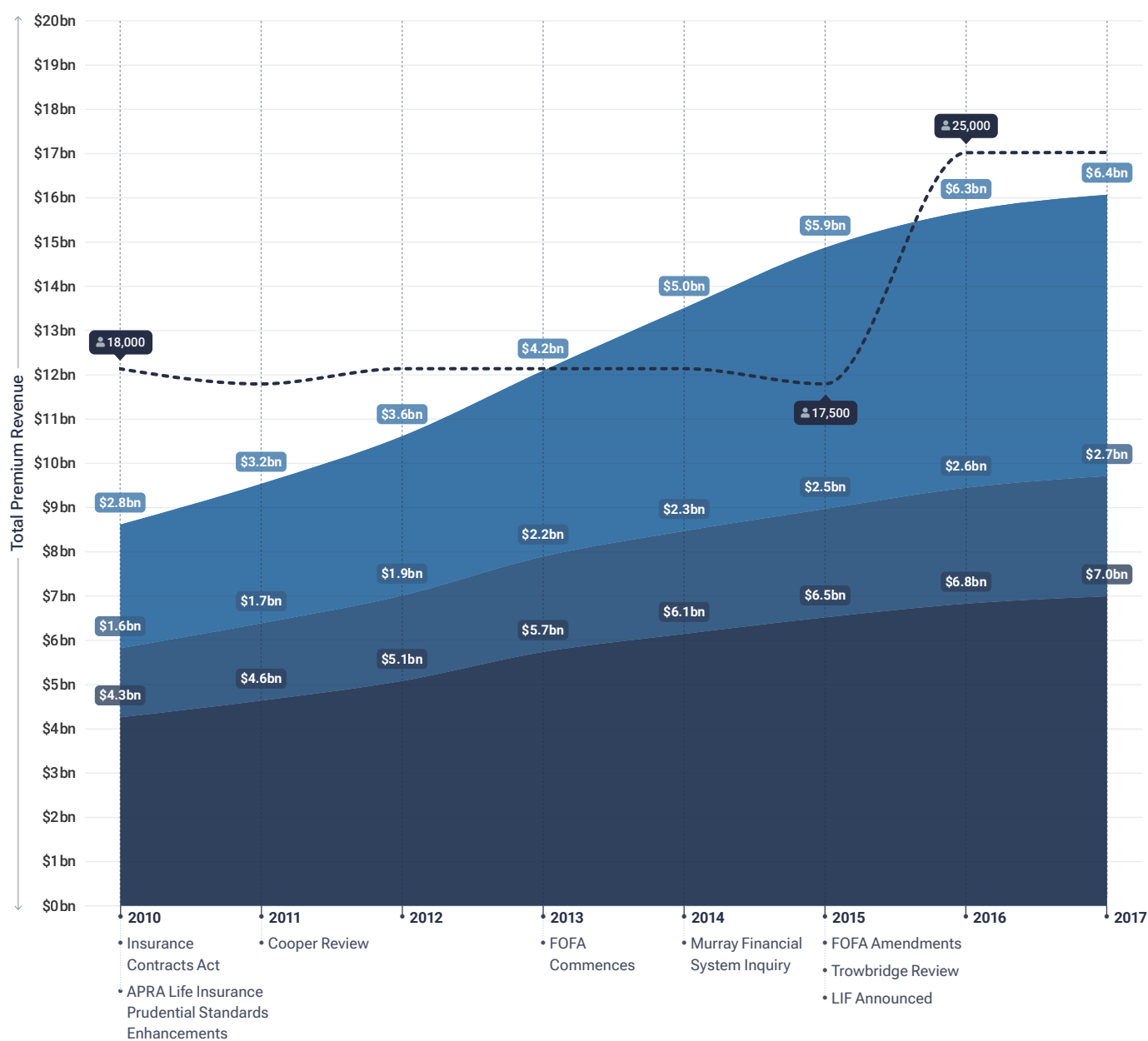
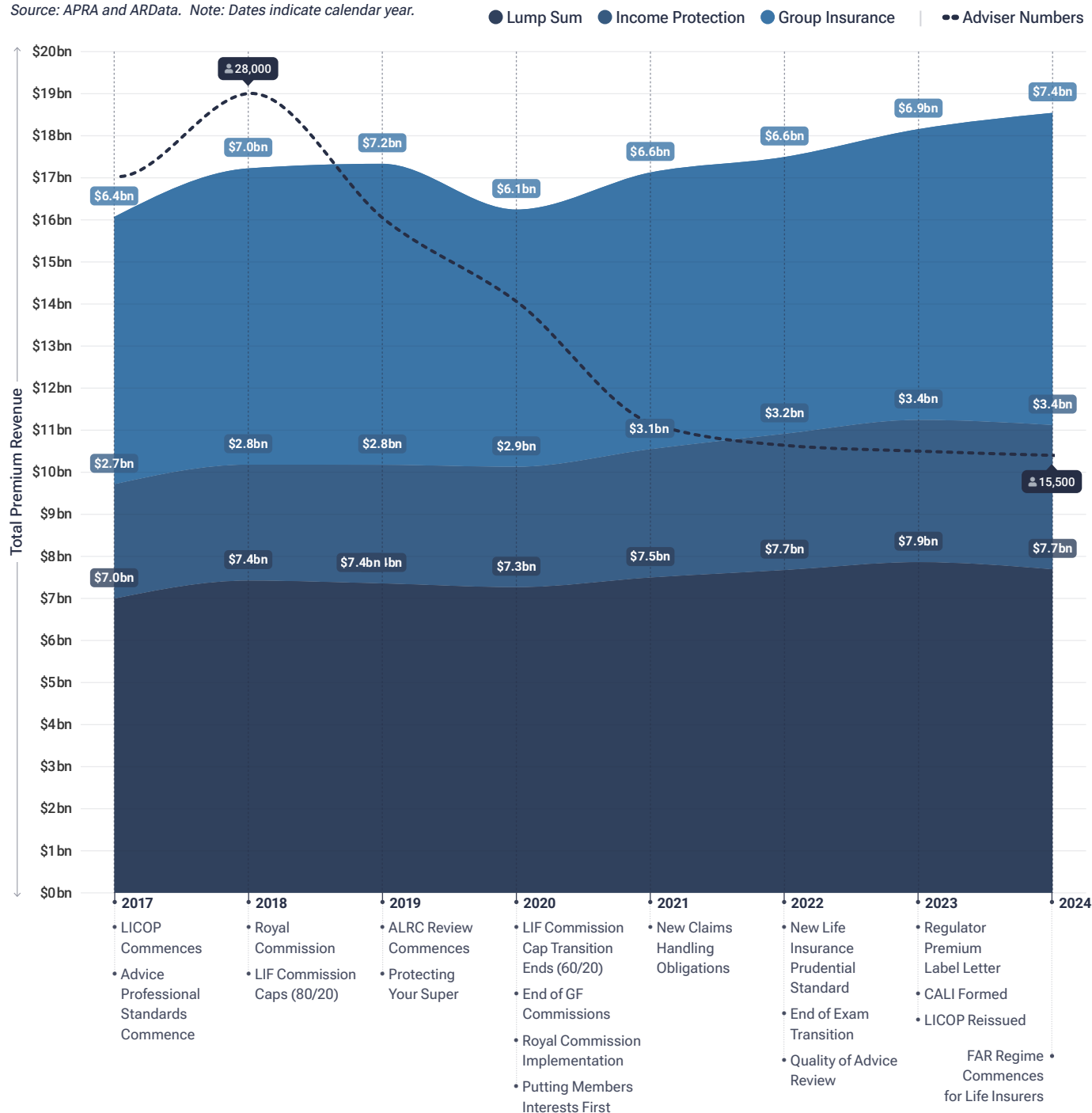


CHART 5.25

The impacts of regulatory change (2017-2025)

Source: APRA and ARData. Note: Dates indicate calendar year.



2018 - 2020: The combination of the advice professional standards (degree qualification uplift and exam requirement) and the introduction of the Life Insurance Framework (LIF) (reduced upfront commissions) led to a combination of reduced adviser numbers and discouraged advisers from selling life insurance. This led to both a reduction in new business and an increase in lapsed premiums. Legislation changes in 2019 (Protecting Your Super) and 2020 (Putting Members' Interests First) also led to significant drops in group new business.

Market size and segmentation

The total insurable market for Australians aged 18-55 represents approximately \$40.5 billion in potential premiums across 13.7 million lives.

This market can be segmented as follows:

- \$11.4 billion retail life insurance opportunity among the 3.9 million Australians willing to pay retail-level advice fees
- \$15.3 billion potential among 5.2 million consumers who value advice but will only pay lower fees
- An additional segment of about 2.8 million Australians who value life insurance but not advice, representing further growth potential through alternative distribution models

This segmentation highlights that while only 10.4% of Australians currently receive advice, a much larger portion sees value in both life insurance and advice; however, barriers prevent them from seeking advice and coverage. There is an opportunity for innovative advice models and life insurers willing to support these models to capture these potential consumers of risk products.

Analysis of in-force premium distribution

The chart on the right highlights the industry's heavy reliance on a shrinking pool of active risk advisers, while also pointing to potential opportunities to better service orphaned policies and develop new distribution channels under the QAR/DBFO proposals (see below).

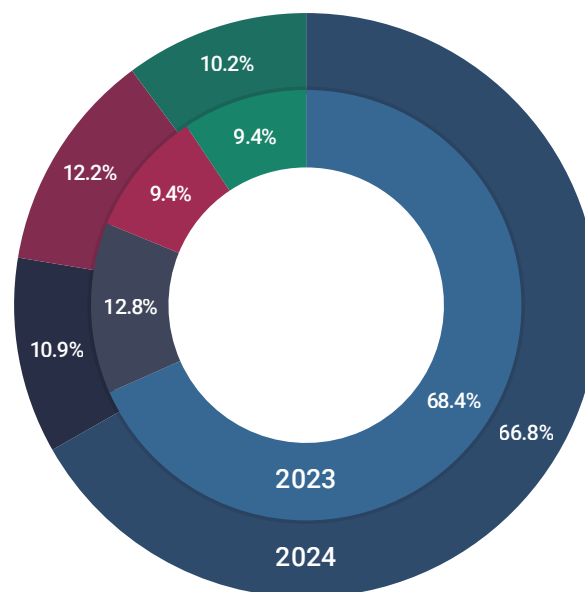
With unadvised policies generally lapsing at lower rates than advised ones, insurers have managed to maintain a sizeable portion of their back book without paying ongoing commissions. This has partially offset the financial impact of income protection "mispricing" and rising mental health claims.



CHART 5.26

Retail in-force premiums segments

Source: ARData, Beddoes. Note: Dates indicate calendar year.



	2023	2024
All Risk Advisers	\$6,638m	\$6,281m
No Adviser (Orphaned)	\$1,246m	\$1,021m
Dormant Advisers	\$915m	\$1,150m
General Advice Advisers	\$911m	\$957m
Total	\$9,710m	\$9,408m

Process improvements and technology enablement

Process improvements through enhancements in marketing, BDM support, underwriting, technology, and shifts in risk writing practices offer a significant opportunity to increase new business. Other opportunities lie with advice practices, particularly in relation to technology adoption.

Insurers who support this adoption will benefit from practices increasingly moving away from less tech-enabled insurers. Technology is transforming the life insurance value chain in several ways, with 64% of advice practices now utilising digital applications beyond core CRM functions:

AI applications

- ➔ **AI-driven underwriting** Sophisticated algorithms and data analysis enable more efficient risk assessment and pricing
- ➔ **Document automation** 41% of practices believe AI will support SOA/ROA production
- ➔ **Client engagement** AI-powered tools for personalised client communications and marketing
- ➔ **Data analytics** Predictive modelling to identify at-risk clients and intervention opportunities

Digital experience enhancement

- ➔ **Paperless interactions** Digital applications and underwriting processes reduce friction
- ➔ **API integrations** Seamless connections between adviser systems and insurer platforms
- ➔ **Self-service portals** Client-facing tools for policy management and simple adjustments

Health and wellness technology

- ➔ **Wearable devices** Integration with fitness trackers and health monitoring devices
- ➔ **Wellness programs** Digital platforms supporting health initiatives like AIA Vitality
- ➔ **Data-driven incentives** Premium discounts based on healthy lifestyle choices
- ➔ **Preventive health tracking** Early identification of potential health issues

Risk-focused practices particularly embrace technology, with risk specialists being 53% more likely to experiment with AI than their holistic counterparts. The most technologically advanced practices consistently achieve profit margins of 20% or more, demonstrating the impact of technology on business performance.

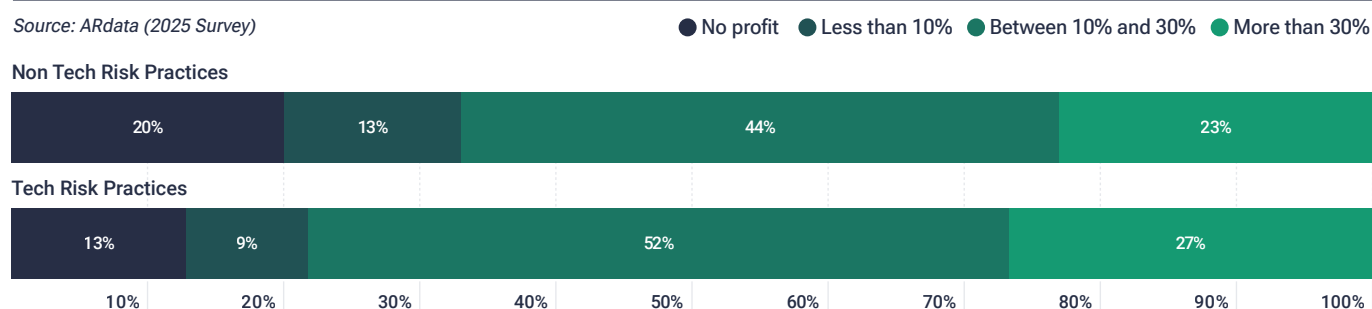
These technology adoption trends mirror the broader findings in the Practice chapter, where 74% of practices are using or planning to use AI in their operations. The alignment between practice-level technology

investments and insurance processes creates opportunities for significant efficiency gains. Practices leading in AI adoption are achieving profit margins of 20% or higher compared to 18% for those less technologically advanced, with the most sophisticated users averaging 29% margins. When applied to insurance advice specifically, these technological efficiencies could help overcome the economic challenges that have constrained risk advice delivery, particularly for clients with less complex needs, who might otherwise find comprehensive advice unaffordable.

CHART 5.27

Profit margin by tech use

Source: ARdata (2025 Survey)



Quality of Advice Review impact and opportunities

The Quality of Advice Review presents transformative opportunities for life insurers, including:

New distribution channels

- QAR enables fee-free advice channels where insurers can service existing orphaned client books
- Direct-to-consumer channels with simplified advice offerings become viable
- New partnership models with superannuation funds and other financial institutions

Simplified adviser requirements

- The “New Class of Adviser” designation will create entry points for insurance specialists
- Reduced qualification requirements for limited advice scopes

Multi-product distribution approaches

- Offering multiple products under one provider
- Creating partnerships to provide access to various products with different underwriting practices
- Developing unified platform approaches that address advisers’ concerns about single-product referrals

The QAR reforms are being implemented in stages. Tranche 1 focused on simplifying FSG and fee consent arrangements, while Tranche 2 addresses how advisers recommend life insurance products. New legislation may allow life insurers to provide simple product advice at customer request, expanding distribution beyond traditional advisers.



General advice opportunity for risk advice

The General Advice framework offers another significant pathway for expanding risk advice while creating new revenue streams. Over the past 20 years, the differentiation and understanding of what constitutes personal advice, general advice, and information have become more conservative. This has led to more instances where clients seeking general advice end up receiving personal advice. The implementation of the Quality of Advice Review (QAR) provides an opportunity to reevaluate advice channels with a clear understanding of the legal definitions of different types of advice.

Based on QAR's findings, political risk around this framework has diminished in recent years. Both advice practices and product providers should now feel more comfortable utilising the full range of general advice capabilities for their customers. Regulatory developments in the QAR/DBFO implementation support its continuation by removing the General Advice Warning, protecting commissions from General Advice in life insurance, and clarifying the boundaries between personal and general advice.

A structured General Advice model effectively tackles multiple industry challenges at once. It establishes financially viable opportunities for new advisers to enter the profession, complements professional year requirements by fostering talent development through guided client interactions, and facilitates revenue generation for practices

through commission structures while minimising regulatory costs. Additionally, it lowers the financial barriers that discourage practices from recruiting potential new entrants.

General Advice also provides established practices with opportunities for expansion. These include servicing client segments that cannot afford comprehensive advice, so that they can be introduced to the more simplistic services offered by a practice while still addressing their pertinent needs. Additionally, practices can use more specialised resources to address complex needs, ensure appropriate insurance coverage through supervised channels, and support practice profitability through other ancillary services.

Life insurers can expand their distribution channels while facing fewer regulatory barriers, rebuild distribution capacity that may have been lost, develop innovative hybrid advice models, and contribute to industry sustainability by reaching a broader market.

Realising this opportunity requires coordinated action across the industry, with insurers, licensees, professional bodies, and practices developing consistent standards, training frameworks, and compliance protocols. When properly implemented, the General Advice pathway represents one of the most promising avenues for rebuilding risk advice capacity.



Life insurance as a core component of adviser value propositions

The trends identified throughout this chapter significantly affect how insurance is positioned within the broader adviser value proposition. As advisers adapt to changing consumer needs and market conditions, insurance is evolving from a standalone product sale to an integrated component of comprehensive financial wellness.

Client-centric protection frameworks

The shift toward more holistic advice models aligns with the Consumer chapter findings, where clients increasingly focus on long-term planning over immediate financial concerns. Forward-thinking advisers are responding by positioning insurance within broader financial frameworks that emphasise protection as an enabler of other financial goals rather than a standalone product. This approach directly addresses the growing client interest in intergenerational wealth transfer (39% of clients in 2025, up from 29% in 2024), where appropriate insurance structures can safeguard wealth transition plans from unforeseen events.

Differentiated service models

The Practice chapter revealed that 57% of practices purposefully target specific client types in their growth strategies. This specialisation creates opportunities for more sophisticated insurance propositions tailored to specific client segments. For instance, advisers working with business owners can develop expertise in business continuity insurance, key person protection, and succession funding solutions that create significant value beyond basic personal protection. Similarly, advisers specialising in medical professionals can develop deep knowledge of occupation-specific income protection considerations.

Technology-enabled advice efficiency

The technology adoption trends highlighted earlier create opportunities to deliver insurance advice more efficiently, potentially addressing the affordability gap identified in the Consumer chapter. With unadvised consumers willing to pay an average of just \$553 for advice while median adviser fees reach \$4,668, technology-enabled insurance advice could provide a more accessible entry point to the advice relationship.

Value beyond product selection

As insurers continue to enhance their underwriting processes and digital capabilities, advisers can focus more on the areas where they add unique value beyond product selection:

1. **Insurance needs analysis** that contextualises protection within broader financial circumstances.
2. **Claims advocacy** when clients need to activate their coverage.
3. **Regular coverage reviews** that adapt to changing life circumstances.
4. **Integration with estate planning** and wealth transfer strategies.
5. **Education around health and wellness** benefits included in modern policies.

Advisers can strengthen client relationships, improve practice economics, and address critical protection gaps in the Australian market by changing how insurance is positioned within their broader value proposition. This integration of insurance within comprehensive advice represents a significant opportunity for differentiation in an increasingly competitive marketplace.

Chapter insight

CASE STUDY

NEOS: Revolutionising Life Insurance Through Technology and Adviser-Centric Innovation

With a focus on simplifying complexity, NEOS combines advanced technology, efficient processes and personalised support to help advisers deliver better outcomes for clients and navigate an evolving Australian life insurance landscape.





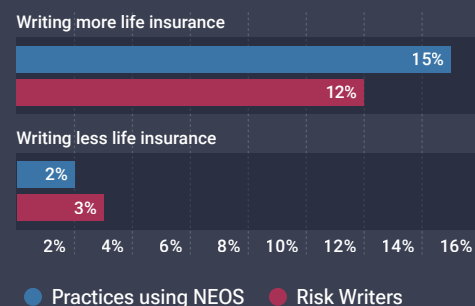
The Australian life insurance landscape has reached a critical juncture. While the number of advisers capable of writing life has stabilised at 12,871 over the past three years, only 500 are writing 25% of all insurance. This highlights both challenges and opportunities for the industry.

More significantly, 6,615 nascent general advice advisers with life insurance writing capability are waiting in the wings for technology solutions that can streamline their operations. These advisers and the more than 9,000 active advisers currently managing in-force premiums, are looking to insurers as they position themselves for growth.

CHART 5.28

Practices planned response in a post Quality of Advice Review (QAR) environment

Source: ARdata (2025 Survey)

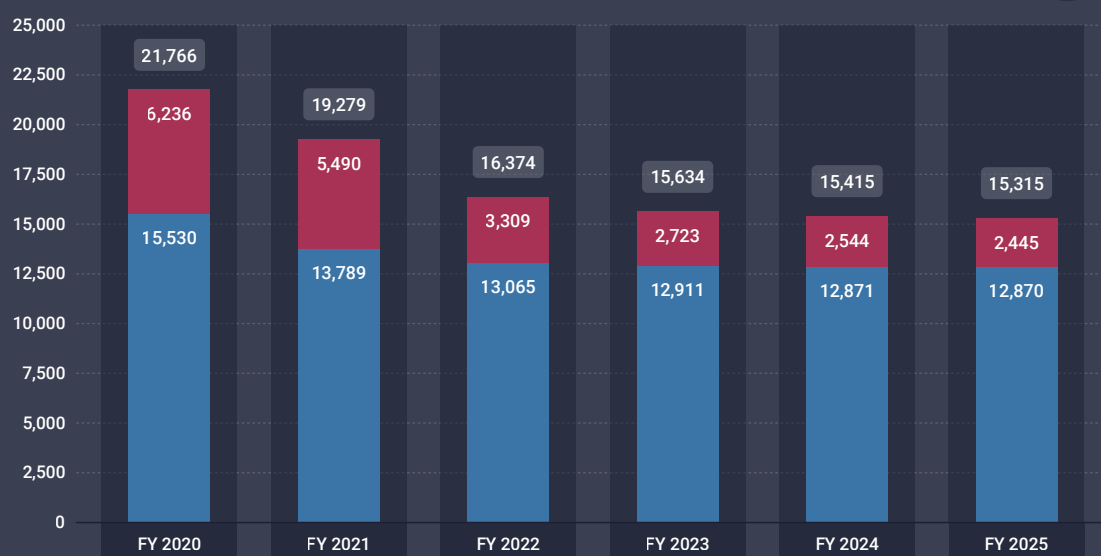


Into this environment, NEOS has emerged as a transformative force growing at nearly three times the market growth over the last 12 months and capturing 18% of all new Australian retail life insurance business since its 2018 launch.

CHART 5.29

Adviser numbers (2020 - 2025)

Registered Life Advisers Investment Advisers Total



Source: ARdata



Technology-Driven Excellence

NEOS's rapid ascent in the \$18.5 billion Australian life risk insurance market stems from its fundamentally different approach. Advisers consistently highlight the company's genuine commitment to delivering high-quality, relevant products for clients, while streamlining the process to make it significantly easier for advisers.

This commitment manifests through NEOS's proprietary technology platform, which

centralises access to diverse offerings from multiple insurers. The multi-insurer, multi-product strategy creates a powerful network effect that benefits all stakeholders.

Harrison Trippet, MLS Financial, emphasises this advantage:

"The additional insurers they are bringing onto their platform is helping with efficiency from the adviser side, as the same platform and support are used across the administration, underwriting and claims process."

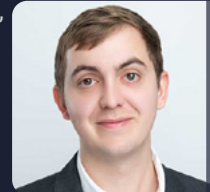
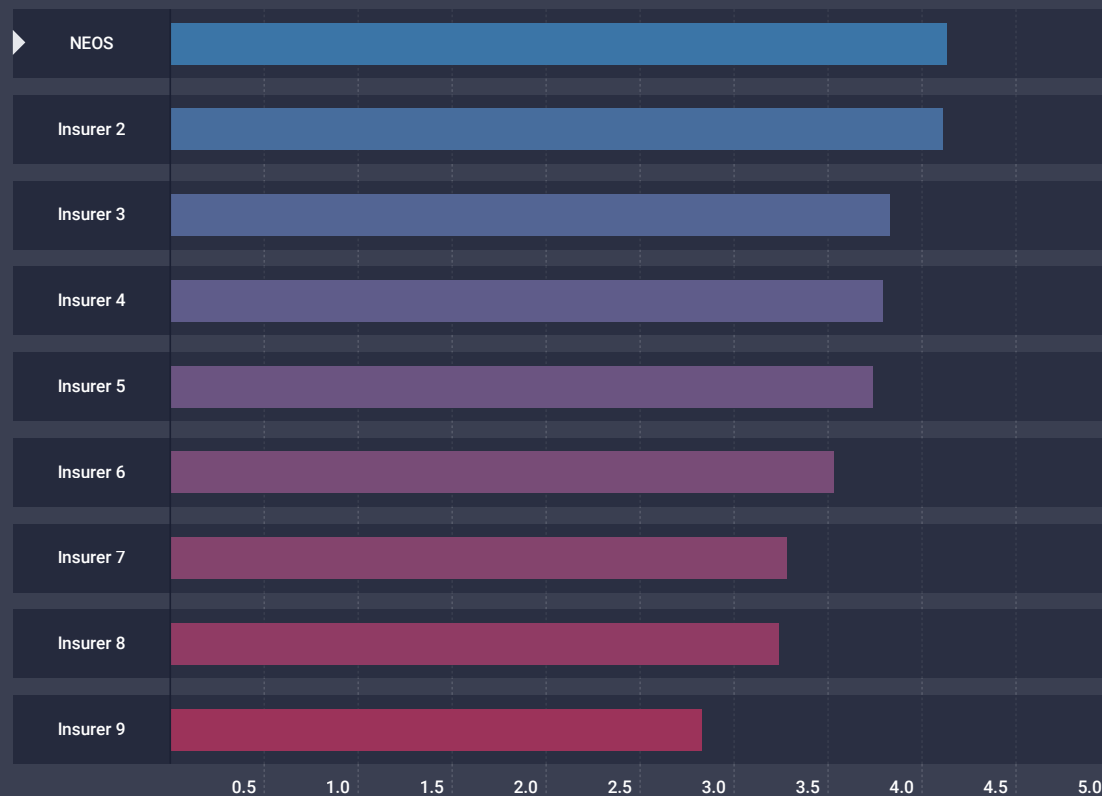


CHART 5.30

Platform technology rankings (2025)

Source: ARdata (2025 Survey)





Operational Efficiency Redefined

In an industry often criticised for complexity, NEOS has prioritised streamlined processes. With the goal to make life insurance easy, NEOS operates as a technology platform and is focused on what matters most – service excellence, making advisers' lives easier and practices more profitable.



Vivian Rudra of Viridian Advisory highlights how this translates to practical benefits: "The technology and good adviser support makes the underwriting

process easier for clients and advisers." This efficiency extends throughout the entire adviser experience, from initial quoting through to claims management.

Market-Leading Innovation

The NEOS Platform offers advisers access to a growing suite of products – currently NEOS Protection and Encompass Protection, with a third on the way.



As market-leading innovations in the life insurance space, these products are designed to solve longstanding industry challenges, supported by NEOS's advanced technology, distribution, and administration.

Advisers can simply and consistently manage clients throughout the entire policy lifecycle across multiple insurers – from quoting and applications to pre-assessments, client updates, reporting, and documentation – all in one place.

This integrated, user-friendly approach has been praised for its efficiency and ease of use. As Bec Dillon-Hensby from Making Cents of Money puts it, "their online system for quoting and applications is excellent," adding that the technology is well supported by a responsive team.





Personalised Service at Scale

Despite its technology focus, NEOS maintains a personal touch that advisers value, as Michael McGowan of Canvas Wealth explains:

“Easiest provider to deal with for me. Quick responses from the BDM and



underwriter. You have your own underwriter to speak to who is also always available and so you always get consistent information since it's the same source.”

This combination of technology and personalised service has positioned NEOS uniquely – delivering efficiency without compromising human connection. It's a balance that's clearly resonating with advisers, with NEOS ranking highest for Adviser support.

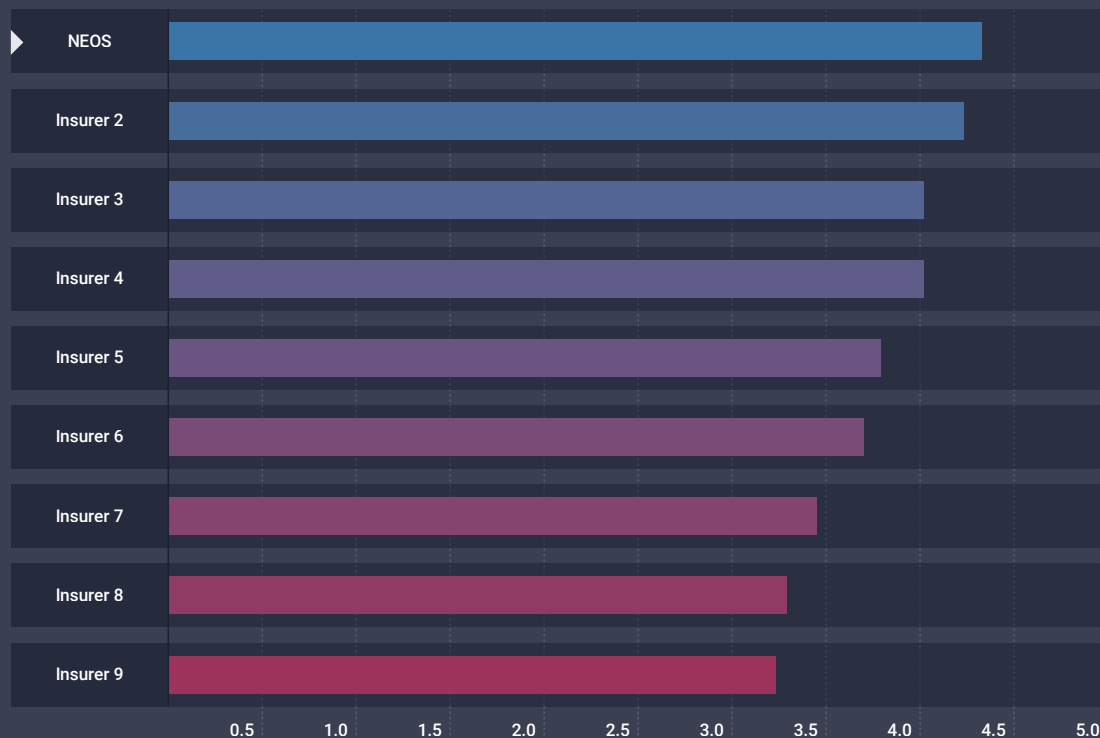
Backed by lean systems and a focused operating model, NEOS continues to win adviser loyalty by doing the basics better – and faster – than its larger competitors.



CHART 5.31

Adviser support rankings (2025)

Source: ARdata (2025 Survey)





Proven Results and Future Potential

NEOS's impact is measurable. As of June 2025, the platform managed nearly \$300 million in in-force premium, with 60% of advisers quoting on NEOS products as part of their client determinations.



From practice firm, Ashfords, Tim Kay's endorsement is unequivocal: "NEOS is currently my number 1 for placement, ease of quoting,

dedicated underwriting, BDM support and ease of applications. All claims have been handled in an excellent manner."

Wilson Chen, WeLifeInsurance, summarises NEOS's market position: "One of the most



competitive providers on the market across a broad range of demographics. Highly efficient support teams and competitive underwriting terms."



The Path Forward

As the Australian life insurance sector evolves, NEOS stands at the forefront of transformation. By combining cutting-edge technology with exceptional service, competitive pricing, access to multiple products and streamlined processes, NEOS has created a model that benefits advisers, clients, and insurer partners alike.

With stable adviser numbers and significant untapped potential across personal advice and general advice advisers, the market is primed for solutions that reduce complexity, improving adviser profitability while improving service experience. NEOS's continued growth and adviser satisfaction scores across multiple categories demonstrate that technology-driven, adviser-centric approaches represent the future of life insurance distribution in Australia.

Visit: neosgroup.com



...to learn more about the NEOS Platform and adviser solutions



Australian Superannuation Landscape

6.0



Market growth and the value of advice

The Australian superannuation market is on an upward trajectory, surpassing the \$4 trillion milestone in 2024, a remarkable 37% increase since December 2020. This growth not only underpins Australia's economic stability and retirement security but also presents a promising future for the industry. Further growth predictions show Australia on track to become the world's second-largest retirement savings pool by the end of the decade, despite having only the 55th largest population.

The importance of quality financial advice is becoming increasingly clear. Research from Russell Investments shows that members who receive advice are 2.3 times more likely to make additional voluntary contributions, have on average a 32% higher projected retirement income, and accumulate 42% greater retirement balances over a ten-year period compared to their unadvised peers. This highlights the pivotal role of financial advisers in shaping members' retirement outcomes as Australia enters the

peak of the baby boomer retirement wave and super funds face mounting pressure to help bridge income gaps.

While this section does not focus on decumulation product innovation, the Retirement Income Covenant establishes a principles-based framework for super funds to meet members' needs in retirement. External financial advisers, the emerging category of specialised retirement advisers, and streamlined digital advice solutions all have a critical part to play. Together, they form an integrated approach to retirement advice—addressing a pressing demand identified in the Super Challenge (p.166).

Meanwhile, industry consolidation is reshaping the landscape. The largest 15 funds now control over 73% of APRA-regulated assets, with Australian Retirement Trust, Aware Super, and Hostplus leading aggressive merger activity. This concentration creates both strategic challenges and significant opportunities for the advice sector.

CHART 6.1

Superannuation growth by segment

APRA Superannuation Statistics (2021-2024)

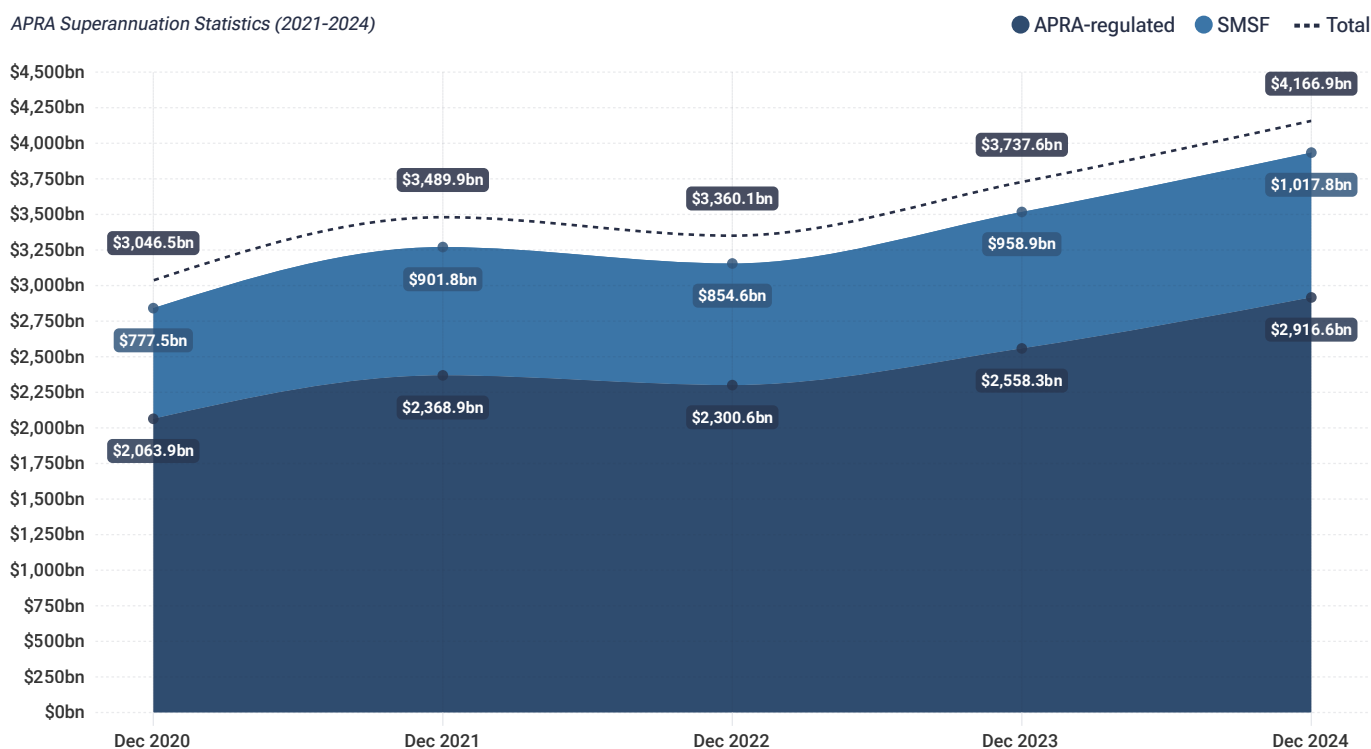


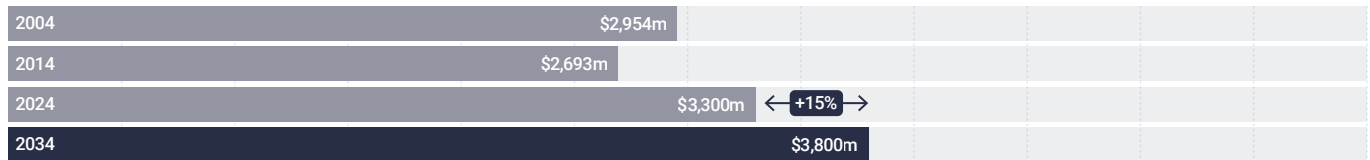
CHART 6.2

Projected superannuation market growth by top 6 pension markets globally (excluding US)

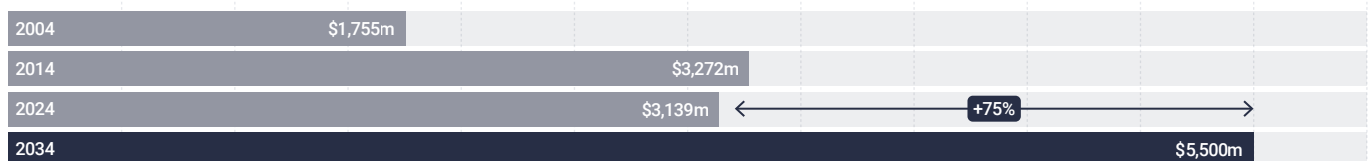
Source: OECD Pension Markets in Focus 2024, Super Members Council's Global Pension Rankings. Note: Values are \$USD.
Australia on track to be second largest pension (superannuation market) by 2030. Dates indicate decade ending.

● Historical ● Projected

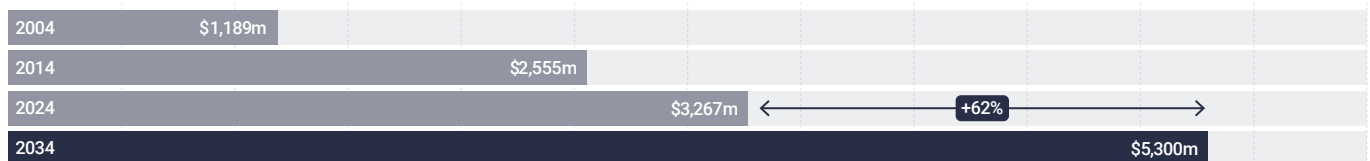
Japan



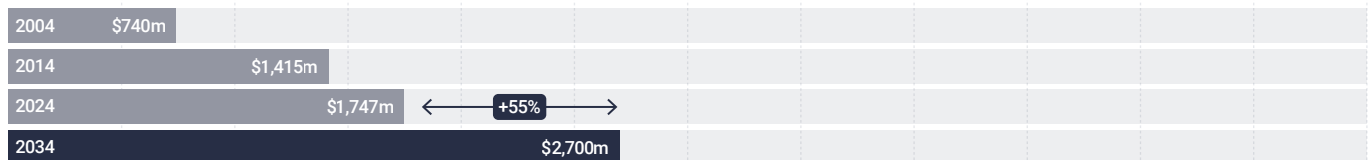
UK



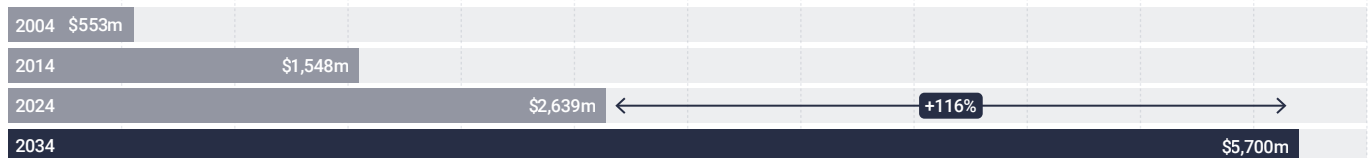
Canada



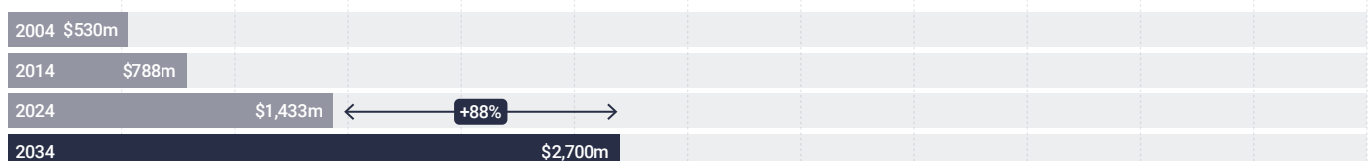
Netherlands



Australia



Switzerland



\$500m \$1,000m \$1,500m \$2,000m \$2,500m \$3,000m \$3,500m \$4,000m \$4,500m \$5,000m \$5,500m \$6,000m

TABLE 6.1

Market consolidation and its impact on advice delivery

Source: ARdata

Merger status: C Completed P Proposed

Active Super		Brighter Super		Hostplus	
Vision Super	C	LGIASuper	C	Intrust	C
Australian Ethical		Energy Super	C	Statewide	C
Christian Super	C	Suncorp Super	C	Maritime Super	C
Australian Retirement Trust		CareSuper		Club Super	C
Sunsuper	C	Spirit Super	C	Mercer Super	
QSuper	C	Tasplan	C	BT Super	C
Qantas Super	C	MTAA	C	Lutheran Super	C
Incitec Pivot Employees	C	Meat Industry Employees Superannuation Fund	P	Holden Employees Superannuation Fund	C
IPE Super	C	Cbus		OneSuper/Superhero Super	
Australian Post Superannuation Scheme	C	Media Super	C	ING Living Super	C
Woolworths and Endeavour Group Super	C	EISS Super	C	Smartsave	C
Commonwealth Bank Group Super	C	Centric Super		Slate Super	C
Oracle Superannuation Fund	C	Encircle Super	C	Team Super (Mine Super)	
Alcoa of Australia Retirement Plan	C	Equip		TWUSuper	C
AvSuper	C	Catholic Super	C	Unisuper	
AustralianSuper		BOC Super	C	Australian Catholic Super	C
Club Plus	C	Future Super			
LUCRF	C	GuildSuper	C		
Aware Super		smartMonday	C		
First State Super	C	Verve Super	C		
Vicsuper	C	HESTA			
WA Super	C	Mercy Super	C		
VISSF	C				
Health Super	C				
StatePlus	C				
TelstraSuper	P				

Super fund advice ecosystem

Holistic vs Intrafund advice

As superannuation funds grow through mergers, they gain scale to invest in sophisticated advice capabilities. Industry super funds employ only 600 advisers collectively, despite ever-increasing flows moving out of accumulation and into the retirement / decumulation phase.



TABLE 6.2

Adviser distribution across major funds

Source: ARdata (December 2024)

Fund/Advice Arm	Total Advisers	Holistic	Intrafund	Intrafund Proportion
IFS	120	90	30	25%
Aware Super	110	85	25	23%
Australian Retirement Trust	89	0	89	100%
UniSuper	80	66	14	18%
Link Advice/MUFG RETIRE360	53	18	35	66%
HESTA	40	0	40	100%
Care Super	26	23	3	12%
Telstra Super	26	23	3	12%
Guideway	25	22	3	12%
Team Super	14	0	14	100%
Cbus Super	10	0	10	100%
Legal Super	4	0	4	100%
Resource Super	3	1	2	67%
Total	600	328	272	45%

Three distinct advice models are emerging:

Holistic advice focus

Funds like Aware Super, UniSuper, CareSuper, and Telstra Super primarily offer comprehensive advice through qualified financial advisers.

Intra-fund only

HESTA, Team Super, Cbus, Legal Super, and Resource Super focus solely on providing limited, intra-fund advice.

Hybrid model

The funds with the largest number of advisers have adopted mixed models where most advisers provide holistic advice, complemented by dedicated intra-fund advisers.

Our data reveals a consistent decline in industry super fund adviser numbers. Noting the 2018-2020 jump as part of the education standard registrations, superannuation fund advisers have dropped from a peak of 1,235 in 2019 to 600 in 2024 - a 51% reduction.

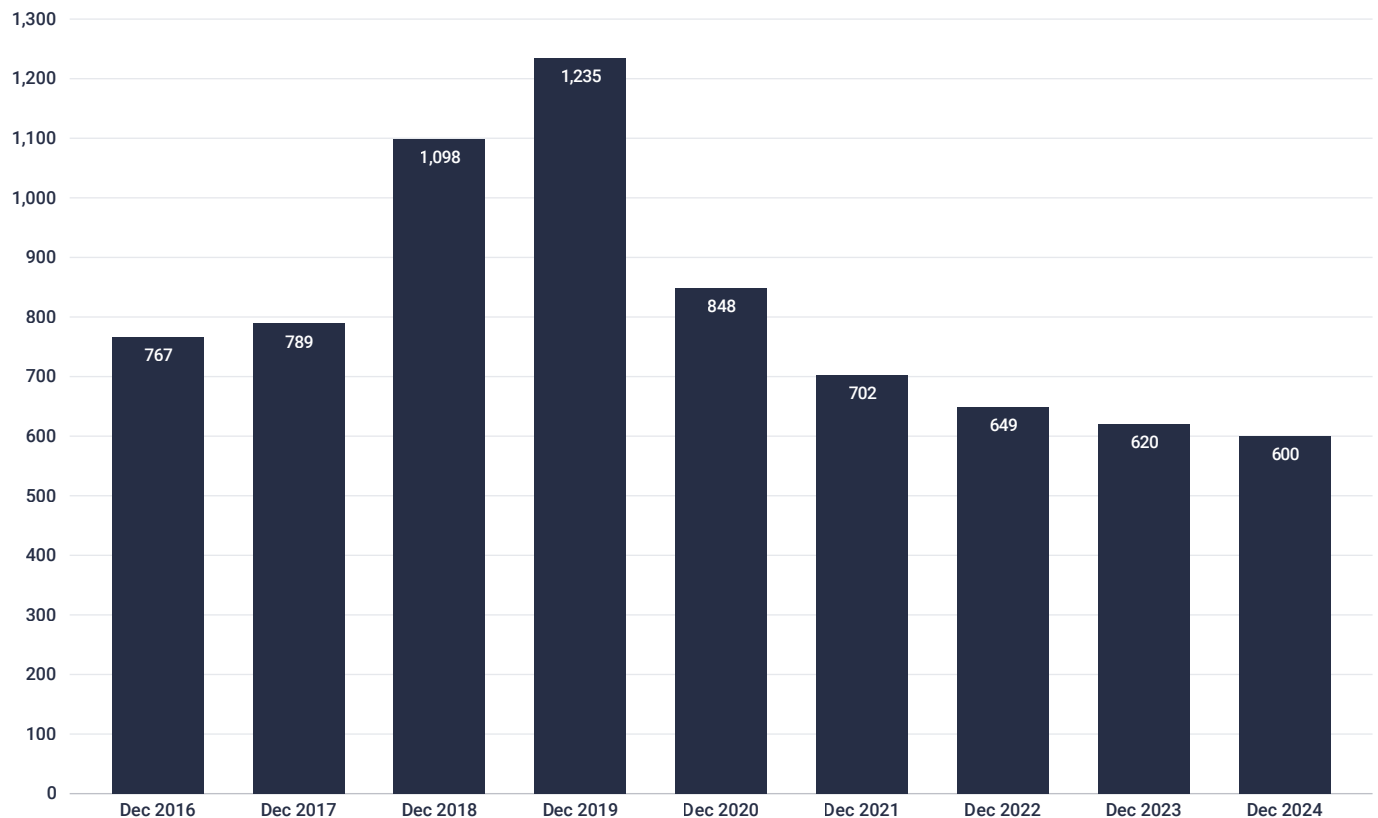
This decline reflects broader industry-wide trends toward greater adviser autonomy, with privately owned licensees growing as the preferred affiliation model. Still, it is contrary to the growth in superannuation assets and the increase in retiring Australians needing superannuation advice.

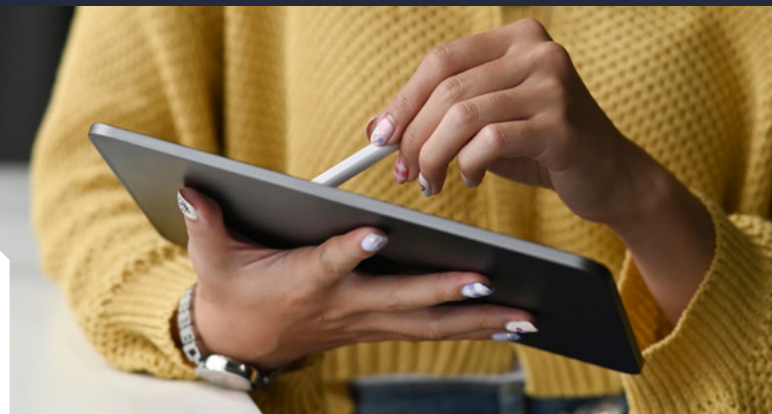
Despite this overall decline, super funds remain attractive employers for a segment of advisers, particularly those who value institutional support, access to a ready client base, and alignment with members' best interests.

CHART 6.3

Industry super fund advisers over time

Source: ARData, ASIC Financial Adviser Register





Digital advice deployments

Superannuation funds are starting to turn to other advice delivery models to address the reduction in adviser numbers. Digital advice (or a form of) has become a key focus for funds seeking to scale their advice capabilities and improve member engagement.

These digital tools, often in the form of online platforms or mobile applications, provide personalised advice and educational content to members, enhancing their understanding of superannuation and their ability to make informed decisions, with recent examples being:

UniSuper

Announced a partnership with Ignition Advice to address the “missing middle” – members with simpler advice needs. The platform will initially offer personal advice on investment options, with plans to expand to contributions, insurance, and pension drawdowns.

Hostplus

Launched its ‘SuperSmart’ digital advice platform, which features educational modules alongside an interactive risk profiler, providing personalised advice on superannuation optimisation.

Aware Super

Aware Super’s ‘My Retirement Planner’ tool has achieved over 68,000 Statements of Advice in 20 months, with engagement from 12% of eligible members aged 45+.

These digital deployments show super funds are moving beyond basic calculators to offer personalised, actionable advice integrated with educational content, often through partnerships with specialised financial technology providers. However, most of these solutions are still in their infancy, with Super Funds continuing to test and iteratively develop their digital advice models.

Adviser-super fund relationships

Super funds are also exploring referral arrangements with external advisers to complement their internal capabilities and as part of their obligations under the Retirement Income Covenant (RIC).

The following approaches reflect funds’ efforts to balance member protection with access to specialised expertise for complex needs that extend beyond retirement planning.

Panel Approach

Formal panels of external advisers who meet specific criteria.
Examples: ART, Cbus

Professional Body Partnership

Collaboration with professional associations.
Examples: Cbus with FAAA

Triage Model

Internal assessment to determine external referrals.
Example: HESTA

Direct Integration

A deeper partnership with specific advice firms.
Example: Brighter Super

Find an Adviser integrations

Partnering with organisations like Adviser Ratings, which support members in finding an adviser with initial triaging requirements.
Example: AustralianSuper

The “new class of adviser” opportunity

The Delivering Better Financial Outcomes (DBFO) reforms are set to introduce a “New Class of Adviser” (NCA) that has the potential to fundamentally change how superannuation funds interact with members seeking financial advice.

The NCA model creates a pathway for advice provision that sits between general information and comprehensive personal advice. These advisers will meet modified education standards, focus on simple matters within product environments, have the option of charging separate fees, and operate primarily within superannuation funds, insurers, and banks.



Super funds are preparing for the NCA model in different ways:



1 Early adopters

Funds like UniSuper and Aware Super have already invested in digital advice capabilities that can support NCAs.



2 Strategic planners

AustralianSuper and Australian Retirement Trust are building foundational capabilities adaptable to various regulatory outcomes.



3 Specialised focus

HESTA, with its significant intra-fund advice expenditure, is positioning itself to expand into the NCA space following its migration to a new administration platform with Grow Super.

This approach is attempting to address the “missing middle” – members with simpler advice needs who find traditional advice inaccessible or disproportionately expensive. By creating a more logical consumer journey from simple to comprehensive advice, the NCA model could expand the overall advice market rather than merely redistributing it.

Another potential benefit of the NCA model for superannuation funds is the ability to build a niche skillset in retirement income products, particularly given the implementation of the Retirement Income Covenant by funds.

Super fund satisfaction among advisers

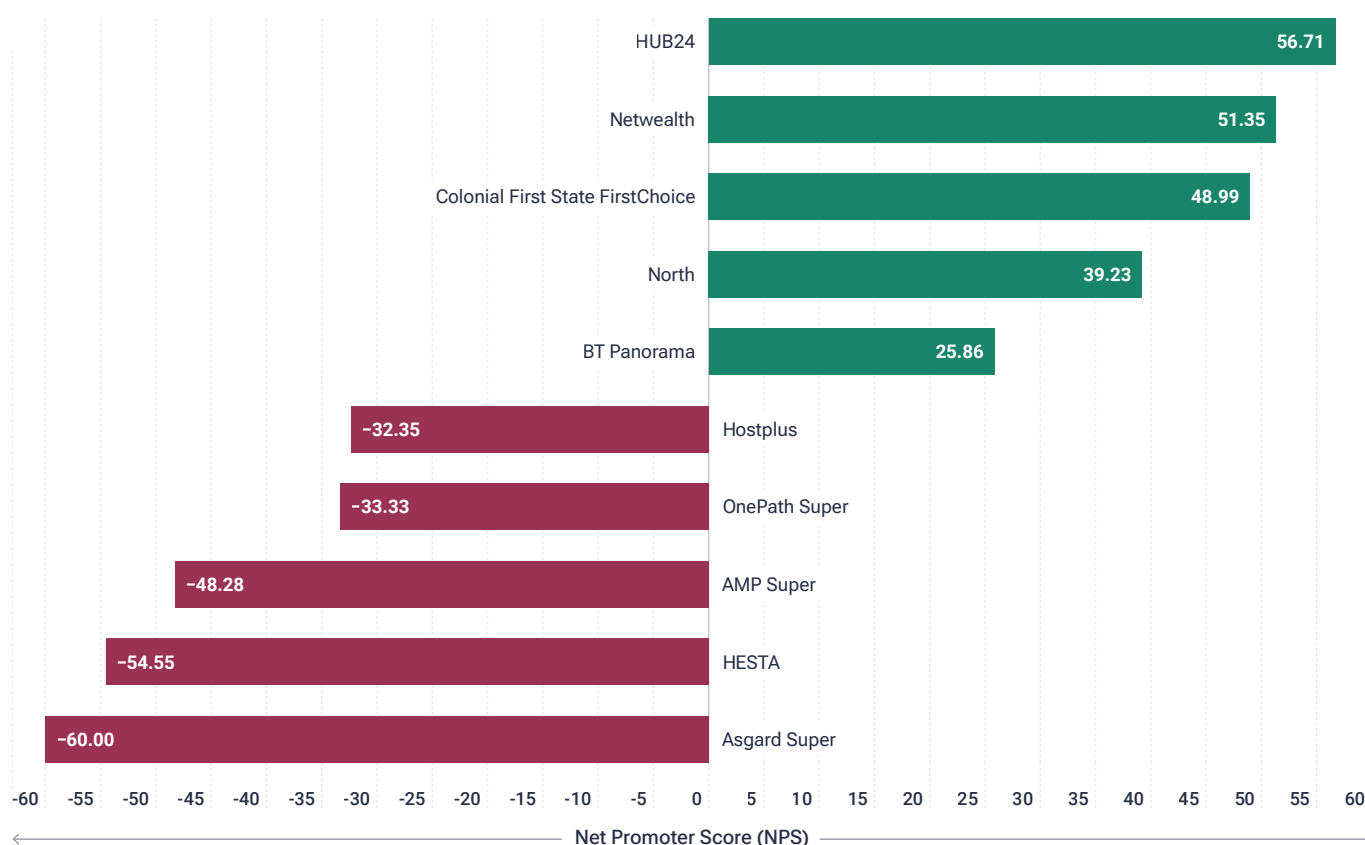
The 2025 Adviser Ratings Australian Financial Adviser Landscape survey revealed significant insights into how advisers view different superannuation offerings, with clear preferences between advisers who serve accumulator clients and those focused on retirees.

CHART 6.4

Top and bottom ranked super funds by adviser NPS

Source: ARdata (2025 Survey).

Note: 1. BT Panorama Super is part of the super fund known as "Asgard Independence Plan Division Two" (APRA). 2. Asgard Super is closed to new members.



This platform dominance extends across virtually all service categories, with advisers rating platform providers substantially higher on client experience, adviser support, functionality, and investment options than the industry fund options available to them. To further reinforce this point, UniSuper is the highest-ranked industry fund, but only achieves 9th place in the overall

Platform providers lead adviser satisfaction

Analysis of Net Promoter Score (NPS) data clearly reveals advisers' preferences, with platform-based super or retail specific super funds commanding significantly higher NPS than their industry counterparts. HUB24 leads the 2025 ratings with an NPS of 56.7, followed by Netwealth (51.4) and Colonial First State FirstChoice (49.0).

NPS rankings. Given the focus of platforms on building out advice-supported distribution over the past 20 years, with matured service offerings and built-for-adviser technology, this is unsurprising, with industry funds now in the process of trying to catch up. Refer to the 2025 Adviser Ratings Superannuation Report for more detailed analysis, retail funds, public sector and industry funds.

Divergent preferences by client type

Our analysis reveals certain differences in preferences between advisers serving accumulators versus retirees:

For accumulator-focused advisers

- HUB24 ranked as the preferred platform
- Client experience (99% correlation with NPS) is the primary driver of satisfaction
- Ease of onboarding (97% correlation) ranks second
- Pricing sensitivity is relatively high (67% correlation)

For retiree-focused advisers

- Colonial First State FirstChoice is the preferred platform
- Adviser experience (97% correlation) is the primary driver of satisfaction
- Overall performance (94% correlation) ranks higher in importance
- Pricing sensitivity is significantly lower (37% correlation)

CHART 6.5

Driver correlation with NPS

Source: ARdata (2025 Survey)

Driver	Total	Accumulators	Retirees
Client experience	1	1	5
Ease of onboarding	2	2	2
Adviser experience	3	3	1
Overall functionality	4	4	4
Ongoing adviser support	5	5	7
Overall performance	6	6	3
BDM support	7	7	6
Quality of reporting	8	8	8
Overall investment options	9	10	9
Accuracy of data feeds	10	9	10
Overall pricing	11	11	11

While in most categories there is not a striking difference in NPS drivers, the differences reflect the distinct needs of each client segment. The most distinctive difference relates to pricing, where accumulator clients often have simpler needs and more price sensitivity, making client experience and

onboarding efficiency paramount. Retiree clients typically have more complex needs and higher balances, making adviser support (both directly and through BDMs) more critical than price. *Refer to the 2025 Adviser Ratings Superannuation Report for more detailed analysis, retail funds, public sector and industry funds.*

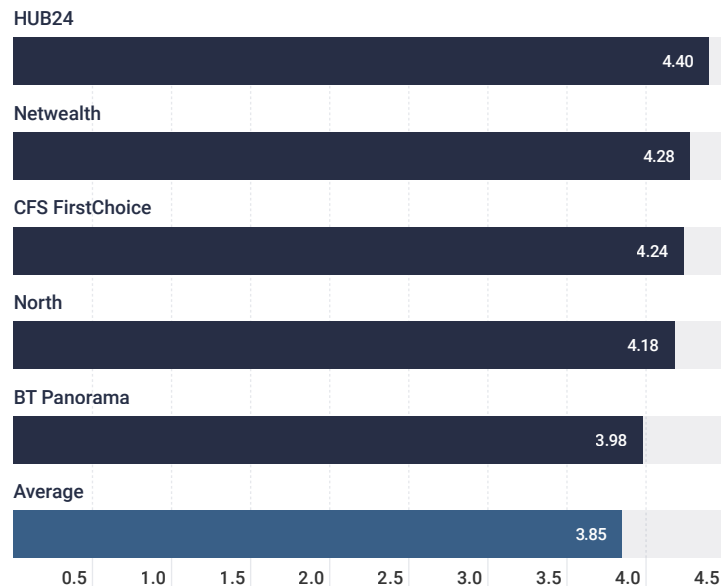
Key satisfaction drivers across categories

Refer to the 2025 Adviser Ratings Superannuation Report for more detailed analysis, retail funds, public sector and industry funds.

CHART 6.6

Top 5 client experience rating

Source: ARdata (2025 Survey)



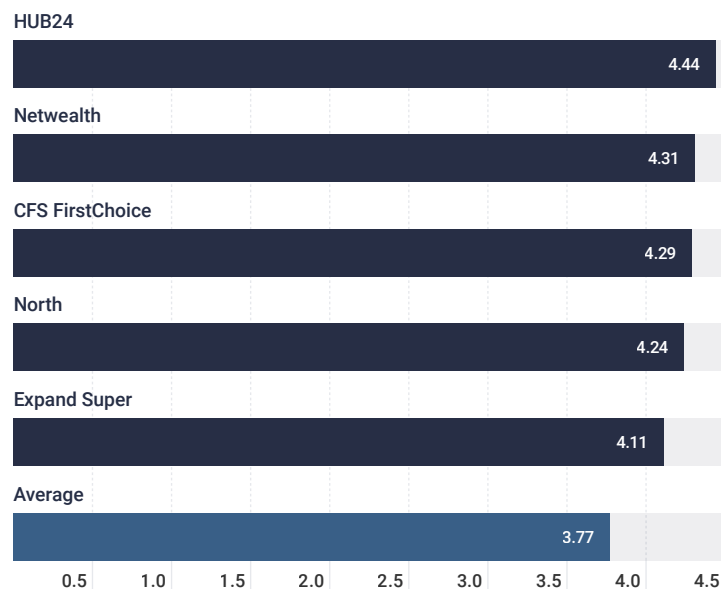
Rated highest by advisers with HUB24 (4.40/5.0), Netwealth (4.28/5.0), and Colonial First State (4.24/5.0) leading the pack.

One adviser noted:
"HUB24's client portal is extremely intuitive and provides clients with exactly what they need to see without overwhelming them with unnecessary information."

CHART 6.7

Top 5 adviser experience rating

Source: ARdata (2025 Survey)



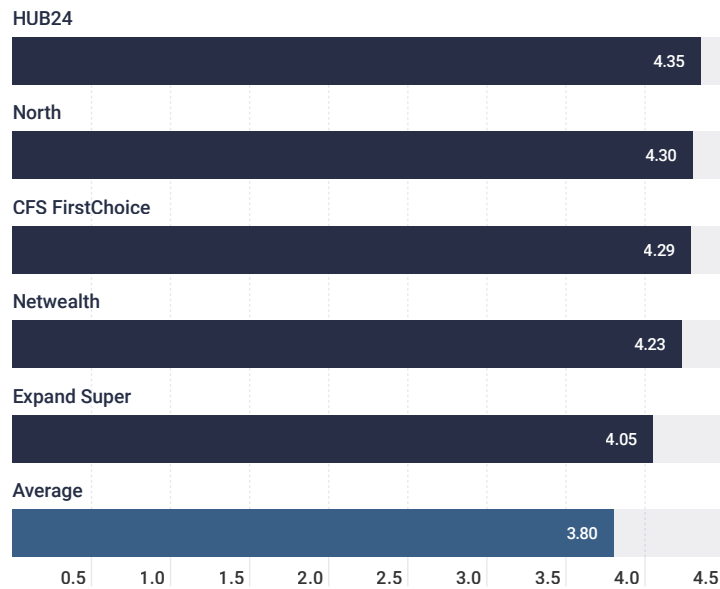
HUB24 (4.44/5.0), Netwealth (4.31/5.0) and Colonial First State FirstChoice (4.29/5.0) excel in providing adviser-friendly interfaces and support.

Advisers praised CFS FirstChoice for its:
"deeply knowledgeable support team who understand the complexities of retirement planning."

CHART 6.8

Top 5 ease of onboarding rating

Source: ARdata (2025 Survey)



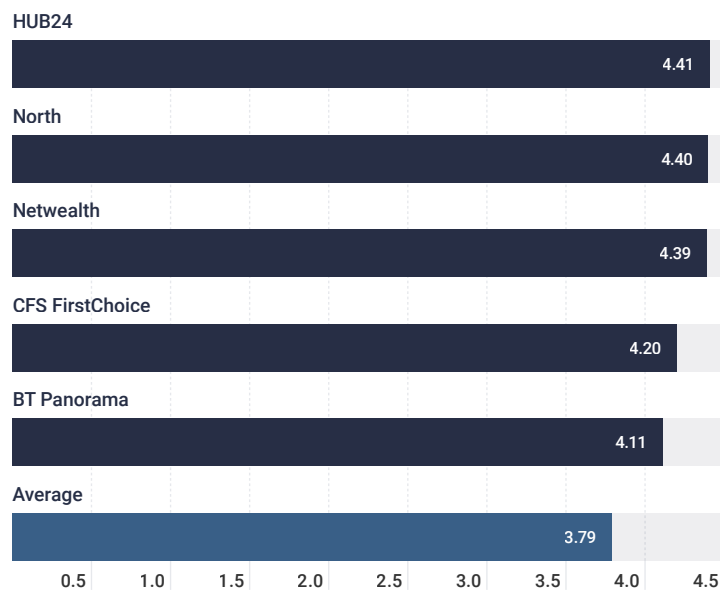
HUB24 (4.35/5.0), North (4.30/5.0) and CFS FirstChoice (4.29/5.0) received top marks for streamlined onboarding processes.

As one adviser commented:
"CFS has really improved their digital onboarding - what used to take days now takes hours."

CHART 6.9

Top 5 overall functionality rating

Source: ARdata (2025 Survey)



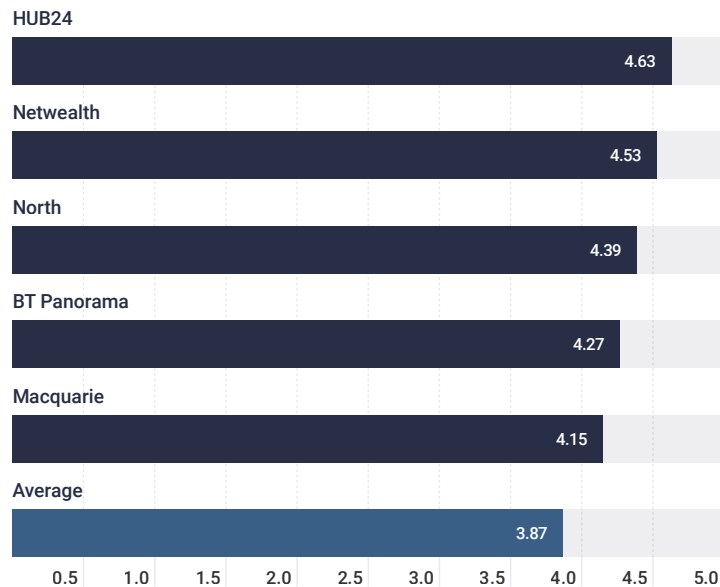
HUB24 (4.41/5.0), North (4.40/5.0) and Netwealth (4.39/5.0) lead in functionality ratings, with advisers highlighting their flexibility and customisation options.

One adviser noted:
"Netwealth provides the perfect balance of functionality without unnecessary complexity."

CHART 6.10

Top 5 overall investment options rating

Source: ARdata (2025 Survey)



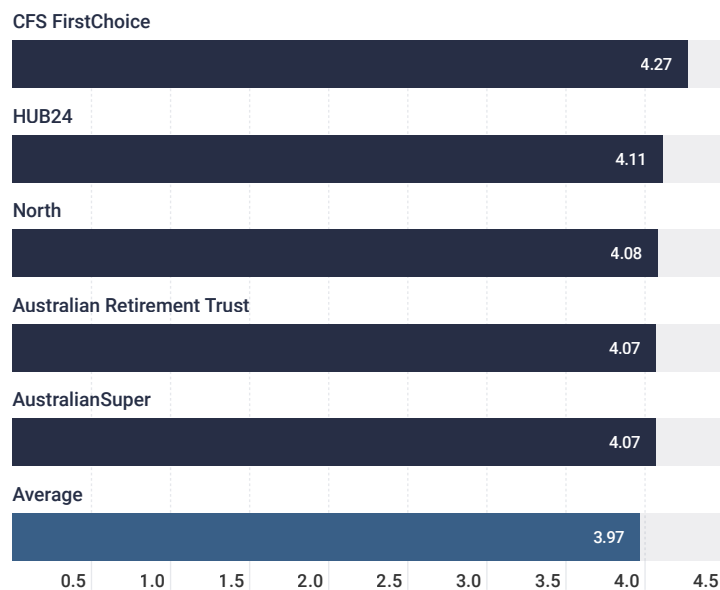
HUB24 (4.63/5.0) and Netwealth (4.53/5.0) dominate this category, offering extensive investment menus including managed accounts, direct equities, and alternatives.

Advisers particularly value HUB24's breadth of investment options, which allow for truly personalised portfolios.

CHART 6.11

Top 5 pricing rating

Source: ARdata (2025 Survey)



One area where industry funds are more competitive is pricing.

Australian Retirement Trust (ART) and AustralianSuper feature in the top 5 funds for pricing satisfaction, although this correlates least with overall satisfaction for advisers.

As one adviser commented:
"While industry funds have attractive pricing, it doesn't compensate for limitations in other areas for our practice."

Adviser panel stakes: Industry funds in catch-up mode

Retail super fund peers have long been entrenched in the adviser market, with deep expertise across both the accumulation and decumulation phases, supported by sophisticated technology that empowers advisers' decision-making.

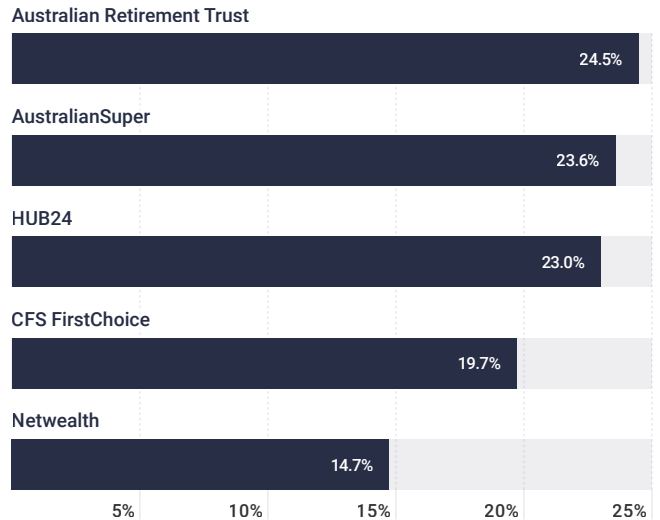
Among them, AustralianSuper and ART stand out, holding the strongest market penetration of any super funds in Australia. This naturally translates to more advice-seeking clients from these two funds, and their greater progress along the retirement curve positions them well to assist members. While other industry funds are making strides, they are still catching up.

CHART 6.12

Top 5 superannuation fund adviser review response rate

Source: ARdata. (2025 Survey)

Note: n=1,913 superannuation ratings by advisers (refer methodology section)



The retail fund preference for advised flows

The chart shows that while industry funds hold the largest overall market share at 40%, advisers place a much smaller proportion of their clients into them (14%). In contrast, retail funds capture just 22% of the market but account for 62% of advisers' clients, highlighting advisers' strong preference for platform-based retail super solutions. This creates a challenge for industry funds, particularly as members approach retirement, because advisers often

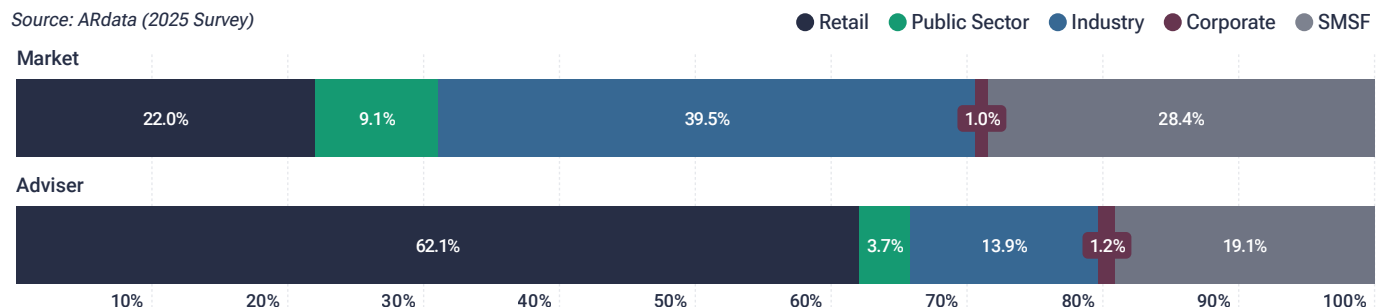
steer these clients toward retail offerings with more flexible features and perceived better retirement income solutions. The SMSF sector is also significant, now representing 28% of all super at March 2025, reflecting a growing trend toward self-directed retirement management.

We explore this further in the 2025 Super Fund Report and the increasing outflows by advisers, via the fund flow intention™ solution and satisfaction overlay.

CHART 6.13

Adviser super fund usage vs super fund market share by size

Source: ARdata (2025 Survey)



SMSFs surge in the last 4 years

The sector continues to demonstrate remarkable resilience, growing to represent over \$1 trillion in assets. Total SMSFs increased from 563,440 in June 2019 to 616,941 by June 2024 - an almost 10% increase over the last 5 years.

CHART 6.14

SMSF establishment trends (2019-2024)

Source: ATO SMSF Statistical Report, December 2024

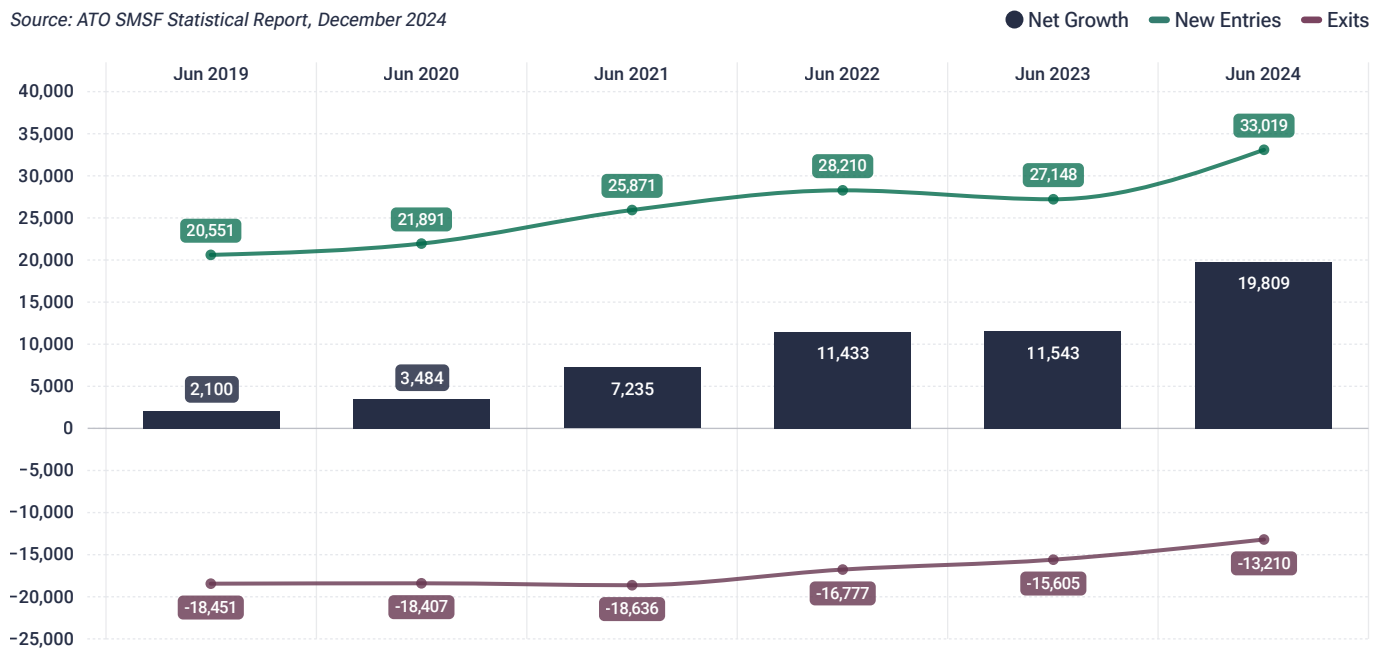
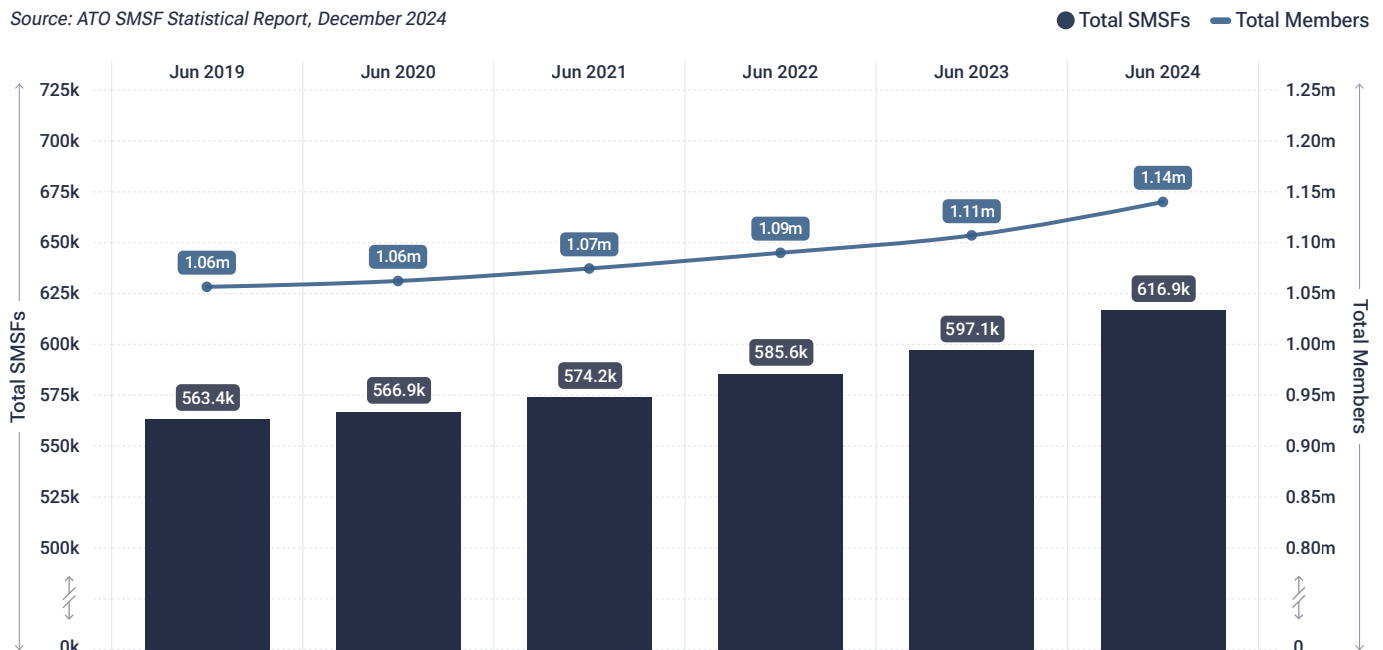


CHART 6.15

Total SMSFs and members (2019-2024)

Source: ATO SMSF Statistical Report, December 2024



This data reveals an interesting counterpoint to the broader industry narrative around consolidation. While retail and industry funds have undertaken significant mergers to achieve scale benefits, the SMSF sector continues to maintain its market share through a different value proposition – one centred on personalisation, control, and tax efficiency.

Recent quarters have shown a noticeable acceleration in establishment rates, with the second half of the 2024 calendar year recording 19,734 new SMSFs – the highest six-month establishment figure in our dataset. This surge suggests renewed interest in the SMSF structure, potentially driven by market volatility and investors seeking greater control over their retirement savings.

One of the most compelling findings is the clear performance advantage demonstrated by advised SMSFs compared to their unadvised counterparts. For the 2022/23 financial year, advised SMSFs achieved a median return of 7.6%, outperforming unadvised funds at 6.4%.

This performance advantage can be attributed to strategic asset allocation, timely portfolio adjustments during market volatility, and tax-efficient investment strategies. This matters because an SMSF with a starting balance of \$800,000 over a 20-year period would have accumulated \$696,000 in additional returns and have a 25% higher balance.

CHART 6.16

SMSF performance: The advice advantage (FY 2022/23 median return)

Source: Self Managed Super Fund Association 2022/23 SMSF Performance Brief (February 2025)

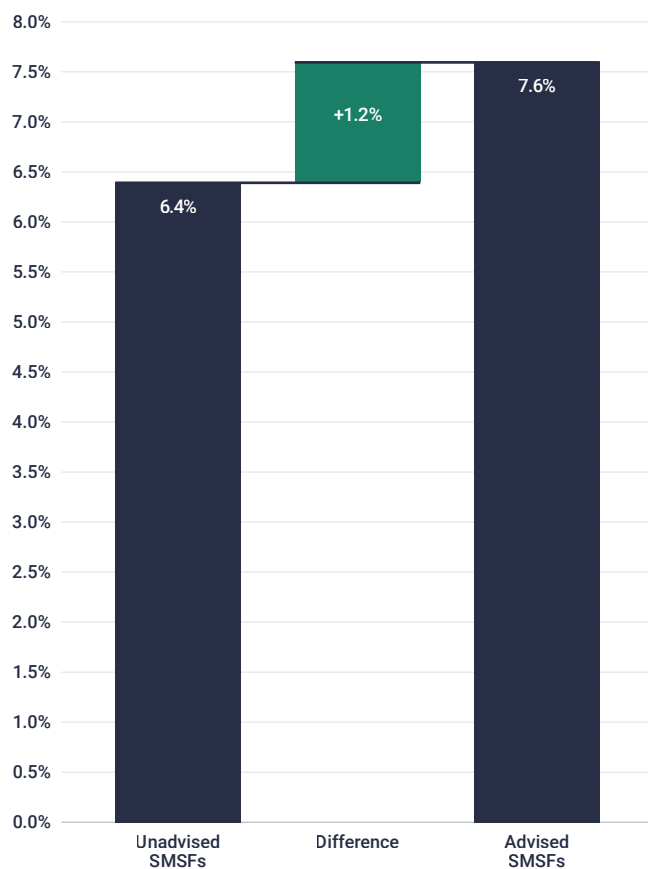
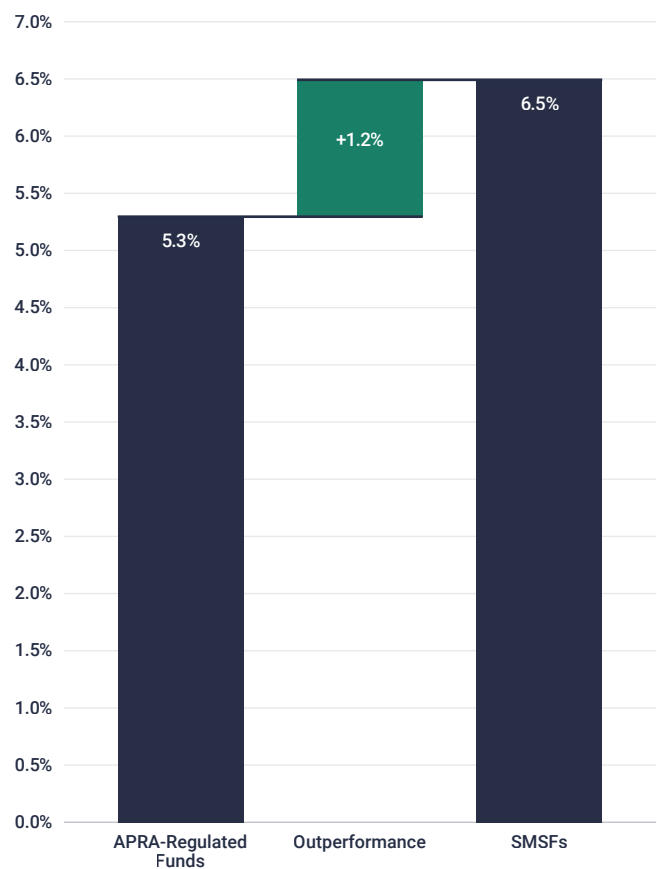


CHART 6.17

Five-year performance benchmark (5-year geometric mean ROR - FY 2018/19 to FY 2022/23)

Source: Self Managed Super Fund Association 2022/23 SMSF Performance Brief (February 2025)



Note: analysis performed by The SMSF Association on the 2022/23 financial year from data supplied by the major super administration platforms

While it is important to note the lag in available data, a notable observation is the impact that cost-of-living pressures have had on SMSF contribution patterns and retirement planning.

ATO data shows a decline in personal contributions among SMSF members over the COVID-19 period, from 39.4% in 2018-19 to 38.7% in 2022-23, while employer contributions increased over the same period from 29.8% to 31.7%.

This shift indicates that members are working longer and relying more on employer contributions due to tighter household budgets and negative economic sentiments. Advisers should focus on holistic financial planning, emphasising cash flow management and optimising super contributions as discretionary spending decreases.

While these trends have been occurring for several years, it's worth noting that advisers have been modifying their SMSF service models in response to changing client needs and regulations in several ways, as listed below.

These changes signify a move towards more collaborative, value-focused, and technology-enabled advisory relationships.

A note of caution: Australia's \$1 trillion SMSF sector is booming — but with growth comes greater responsibility, and trustees can't afford to overlook the risks that come with managing their funds.

How advisers are changing SMSF service models in response to client needs



1 Specialisation

Many advisers are developing deep SMSF expertise to offer sophisticated strategies for complex client situations.



2 Team-based approaches

Combining financial advice, accounting, legal, and administrative expertise has become common, allowing the provision of a more service to SMSF clients.



3 Technology-enabled tiers

Differentiated service offerings leverage technology to support clients based on their needs and complexity.



4 Education focus

Advisers are increasingly emphasising the education of SMSF trustees to engage them in fund management.



5 Value-based pricing

A shift from asset-based fees to value-based pricing reflects the strategic advice provided to SMSF clients.

The Super Challenge

The superannuation and retirement challenge is immense and demands immediate action.

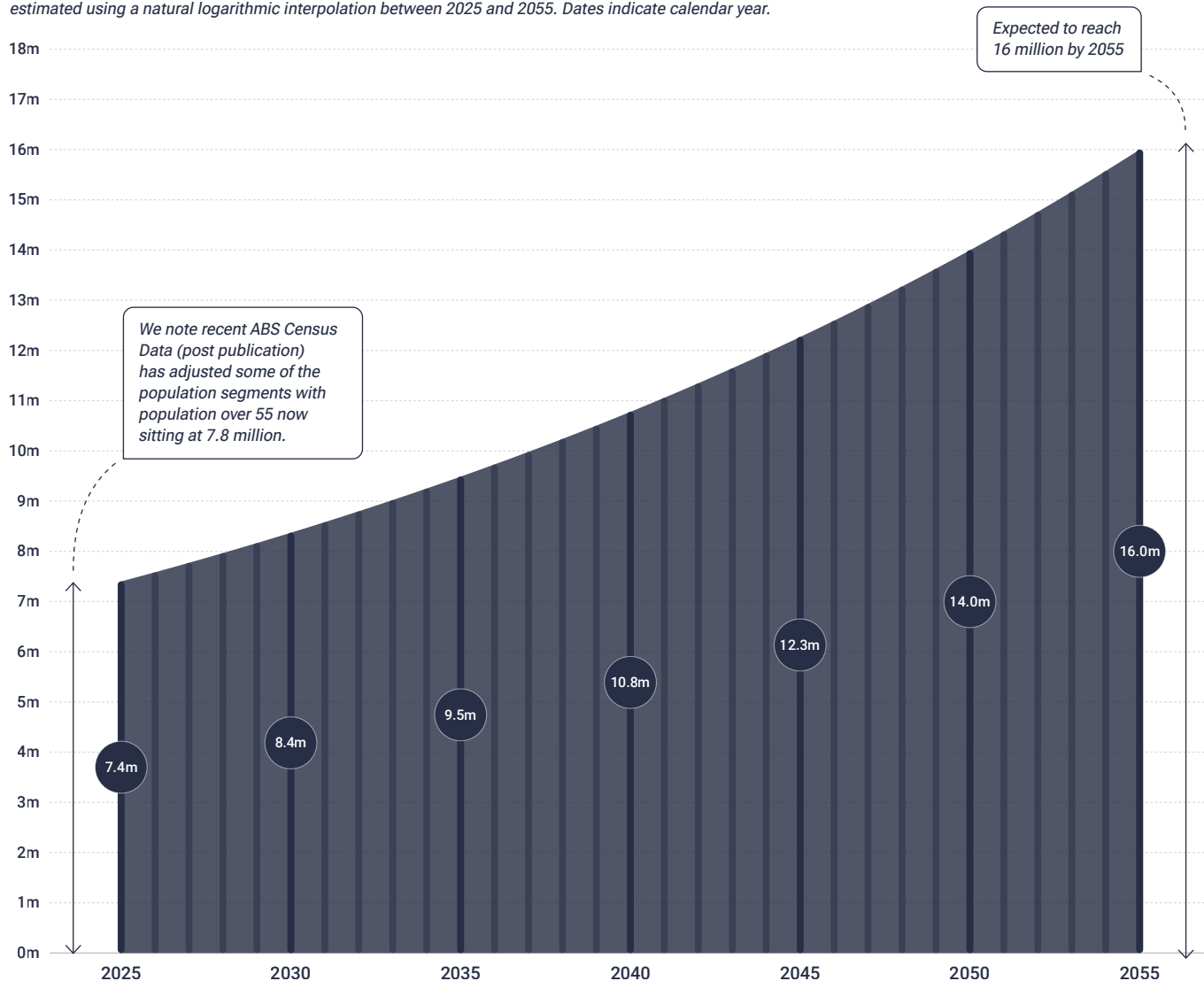
The sector holds vast and growing wealth, with trillions set to flow through intergenerational transfers in coming decades. Yet it remains significantly underserved by financial advice. Regulatory upheaval has disrupted traditional advice models, while super funds' investment in scalable digital advice is still in its infancy. Uncertainty over the role of a new class of adviser further delays solutions. Closing this gap is urgent to ensure Australians receive timely, quality guidance to protect and maximise their retirement outcomes.



CHART 6.18

Projected Australian population over 55

Source: ARdata, Australian Bureau of Statistics (population assumptions). Note: Intermediate year values have been estimated using a natural logarithmic interpolation between 2025 and 2055. Dates indicate calendar year.



The demographic shift is arriving quickly

Australia's demographic shift means the share of adults aged over 55 is projected to climb from around 37% today to nearly 50% within three decades. This rapid ageing, driven by low fertility, longer life expectancy, and sustained migration, will reshape economic and social structures. A larger retired or semi-retired population will strain government budgets through higher pension costs, aged care funding, and health services, while a smaller proportion of working-age taxpayers bears the load. Tax concessions for superannuation and

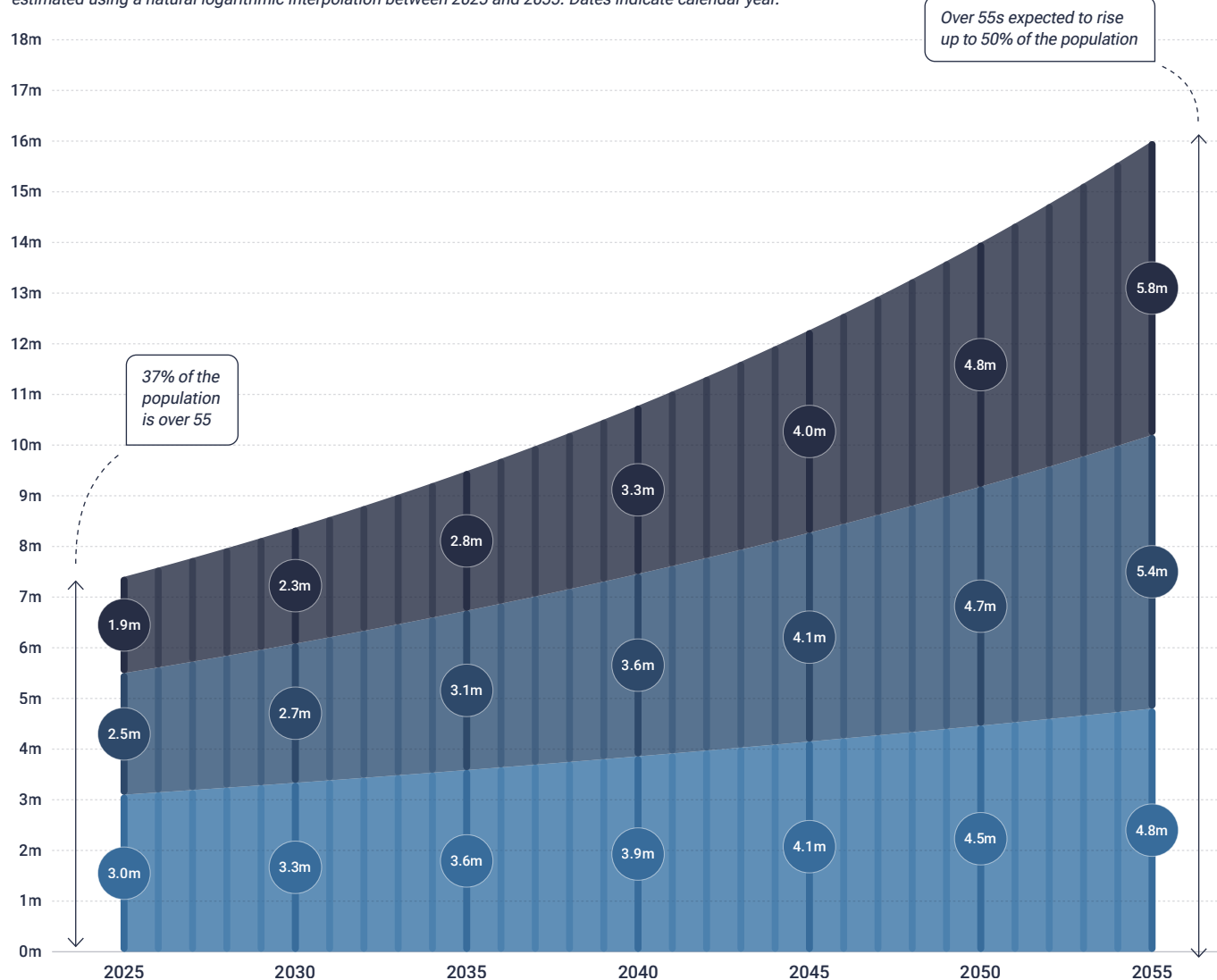
seniors may require overhaul, prompting the broader tax reform debates underway. Younger generations could face higher taxes, reduced benefits, and greater responsibility for intergenerational support. Financial advice demand will grow, alongside pressure to develop accessible, sustainable retirement solutions. The convergence of longevity, wealth distribution, and policy reform needs presents one of the most significant challenges for policymakers, the financial sector, and the community at large.

CHART 6.19

Projected Australian population over 55 by age group

Age Groups: ● 55-64 ● 65-74 ● 75+

Source: ARdata, Australian Bureau of Statistics (population assumptions). Note: Intermediate year values have been estimated using a natural logarithmic interpolation between 2025 and 2055. Dates indicate calendar year.



With the 65-74 and 75+ cohorts driving urgent need for action

Australia's 55+ population will grow from 7.8 million today to 16 million in 30 years—a 105% increase—while growth in the 21–54 cohort remains benign, rising only about 20%. Within this, the fastest-growing groups are those aged 65–74 (up 108%) and 75+ (up 164%), both well into the drawdown and decumulation phase. Under the Retirement Income Covenant—reinforced by the Retirement Income Review (2020) and the Intergenerational Report (2023)—super funds are obliged to deliver fit-for-purpose retirement

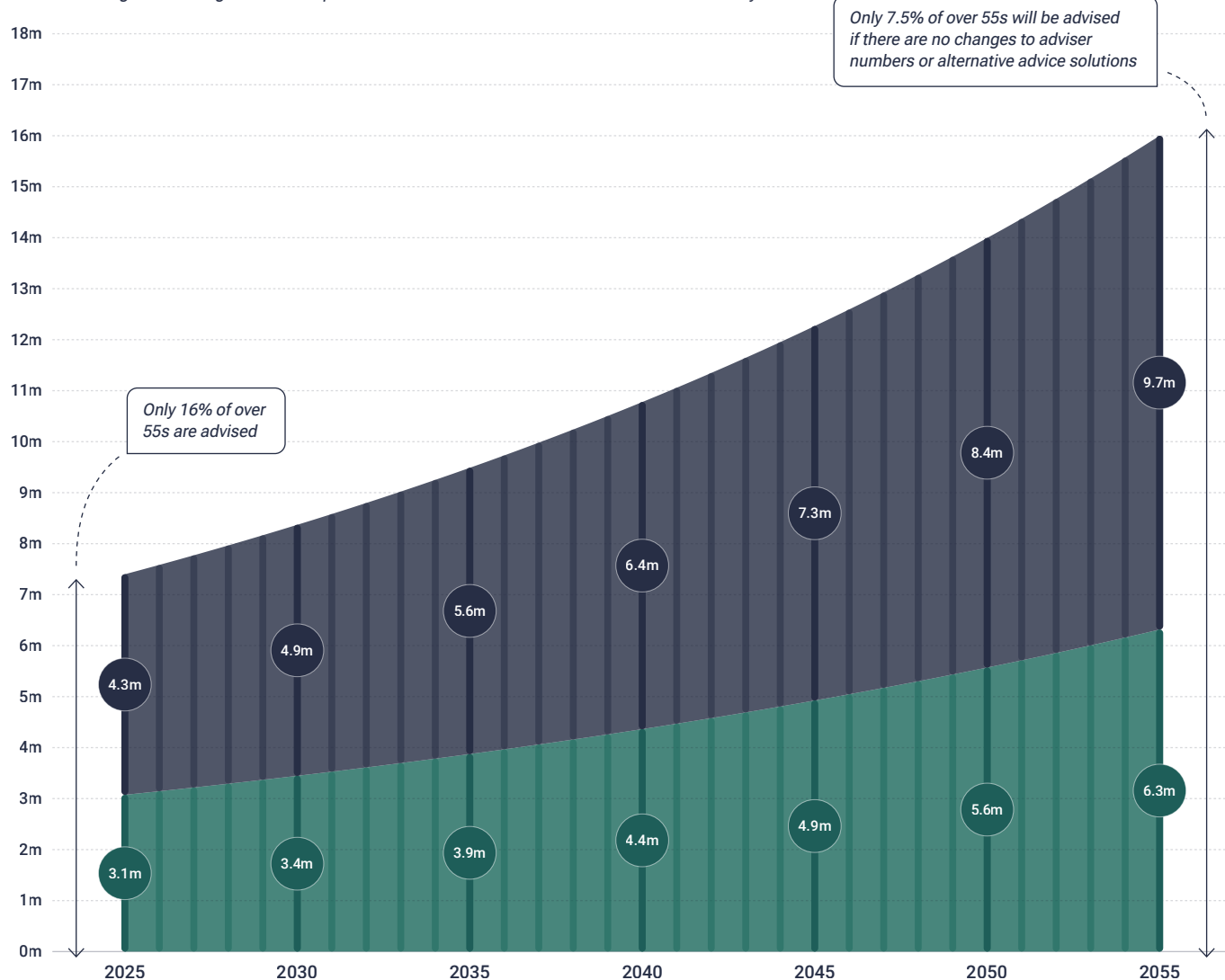
income strategies, manage longevity risk, and provide flexible drawdown solutions. These are not new warnings: the Henry Tax Review, the Harmer Pension Review, and the Cooper Review each highlighted, over a decade ago, the urgent need to adapt superannuation policy and retirement services to an ageing demographic. Now is the time to act. Should the Covenant be more prescriptive to ensure consistency and adequacy? Industry cannot wait for further delay—momentum must come from within.

CHART 6.20

The ever widening advice gap

● Complex Advice ● Simple or Limited Advice

Source: ARdata, Australian Bureau of Statistics (population assumptions). Note: Intermediate year values have been estimated using a natural logarithmic interpolation between 2025 and 2055. Dates indicate calendar year.



An advice gap is already evident with 3.1 million Australians over 55 “needing” advice

Based on current data, of the 7.4 million Australians aged 55 and over, an estimated 3.1 million are considered in the “complex bucket” for advice and therefore face the most immediate need for holistic, personal financial advice. Extrapolating forward, that figure could reach around 6.3 million by 2055. The balance—4.3 million today, growing to 9.7 million—have less complex needs but still require timely solutions, whether through digital channels, automated decumulation products, or basic pension and

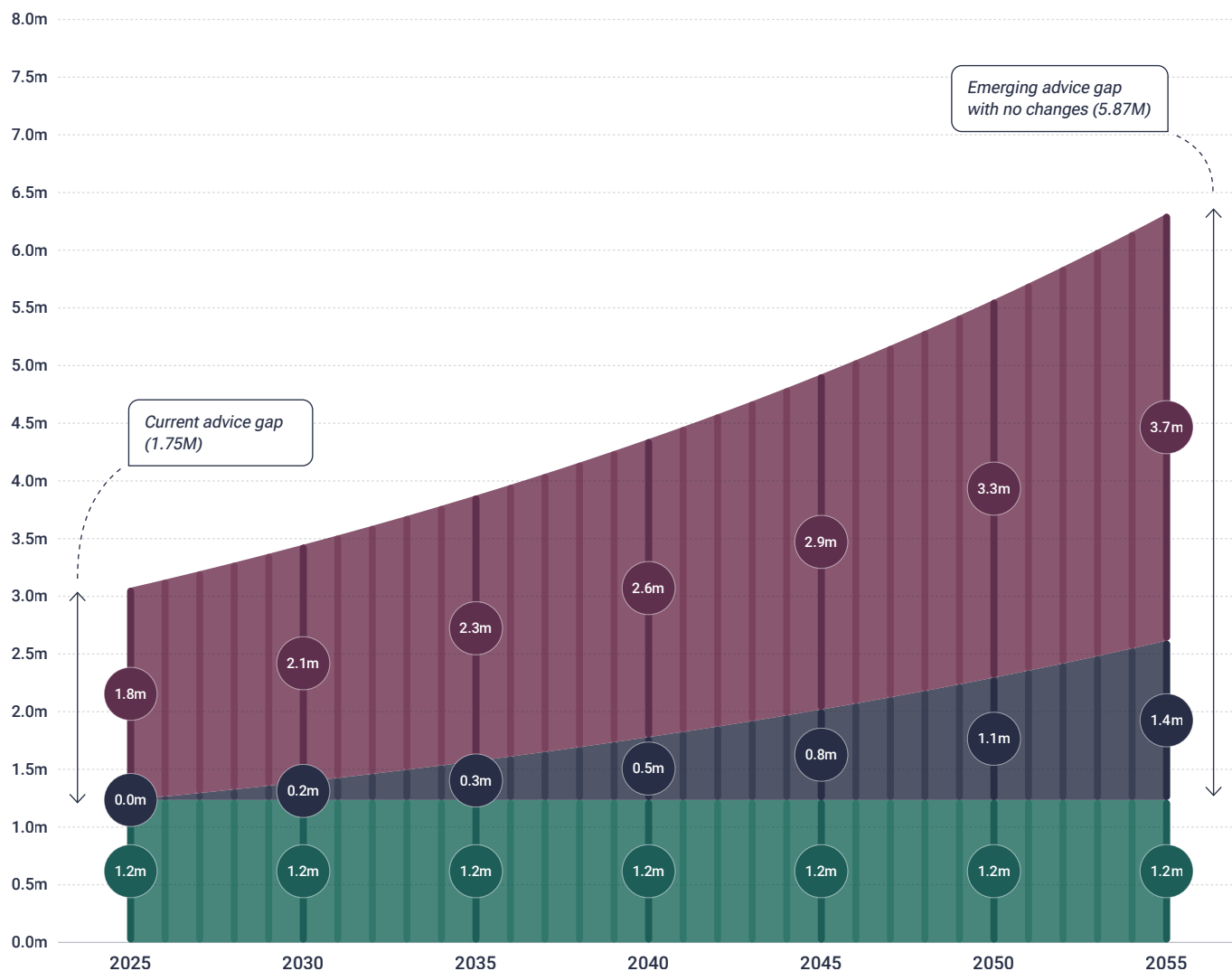
superannuation advice. The urgency spans all age cohorts, with some funds at risk of substantial outflows due to older member concentrations and occupational profiles, from highly professional to low-super-literacy segments with limited digital access. Super funds, product providers, and technology firms are working in unison to meet these needs, but must act expeditiously. Clarity from government on the Retirement Income Covenant’s expectations is critical to align industry innovation with policy intent.

CHART 6.21

Currently advised, previously advised and needing advice

● Needs Advice ● Previously Advised ● Advised

Source: ARdata, Australian Bureau of Statistics (population assumptions). Note: Intermediate year values have been estimated using a natural logarithmic interpolation between 2025 and 2055. Previously advised assumes organic growth in adviser numbers to maintain the current 16% of over 55s obtaining advice. Dates indicate calendar year.



The advice gap to create a \$1.3 trillion shortfall in retirement adequacy

Today, only 1.2 million Australians over 55 receive advice, leaving 1.8 million unserved. Without intervention, this gap is projected to swell to 5.1 million by 2055—alongside a further 9.7 million with less complex needs. Without guidance, up to 60% of this 5.1 million cohort could rely on the Age Pension, equating to roughly 3 million extra recipients and \$45–\$67 billion in annual outlays. Many will retire with super balances hundreds of thousands below ASFA's “comfortable” benchmark, producing an

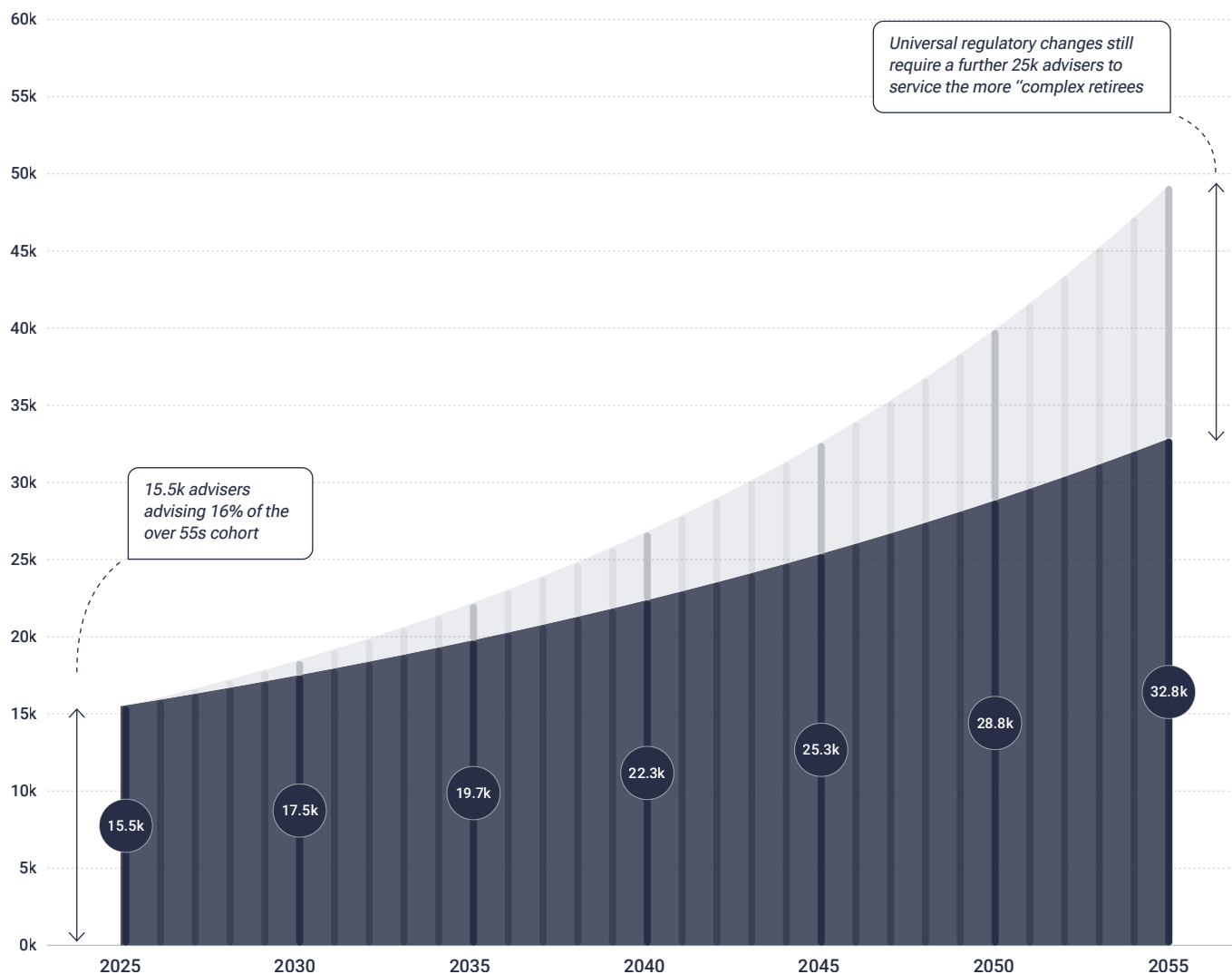
aggregate adequacy gap of around \$1.3 trillion. Lower savings also increase health and aged-care reliance, with the IGR projecting health spending to rise from 4.2% to 6.2% of GDP by 2062–63. Poor drawdown decisions—already common—will accelerate pension dependence. Closing the advice gap through personal, digital, and automated solutions, backed by clear government policy under the Retirement Income Covenant, is essential to avoid severe fiscal and social strain in the decades ahead.

CHART 6.22

Over 30k advisers needed to maintain the status quo

Source: ARdata, Australian Bureau of Statistics (population assumptions).

Note: Intermediate year values have been estimated using a natural logarithmic interpolation between 2025 and 2055. Dates indicate calendar year.



Australia at risk of a huge adviser shortfall to help retired Australians

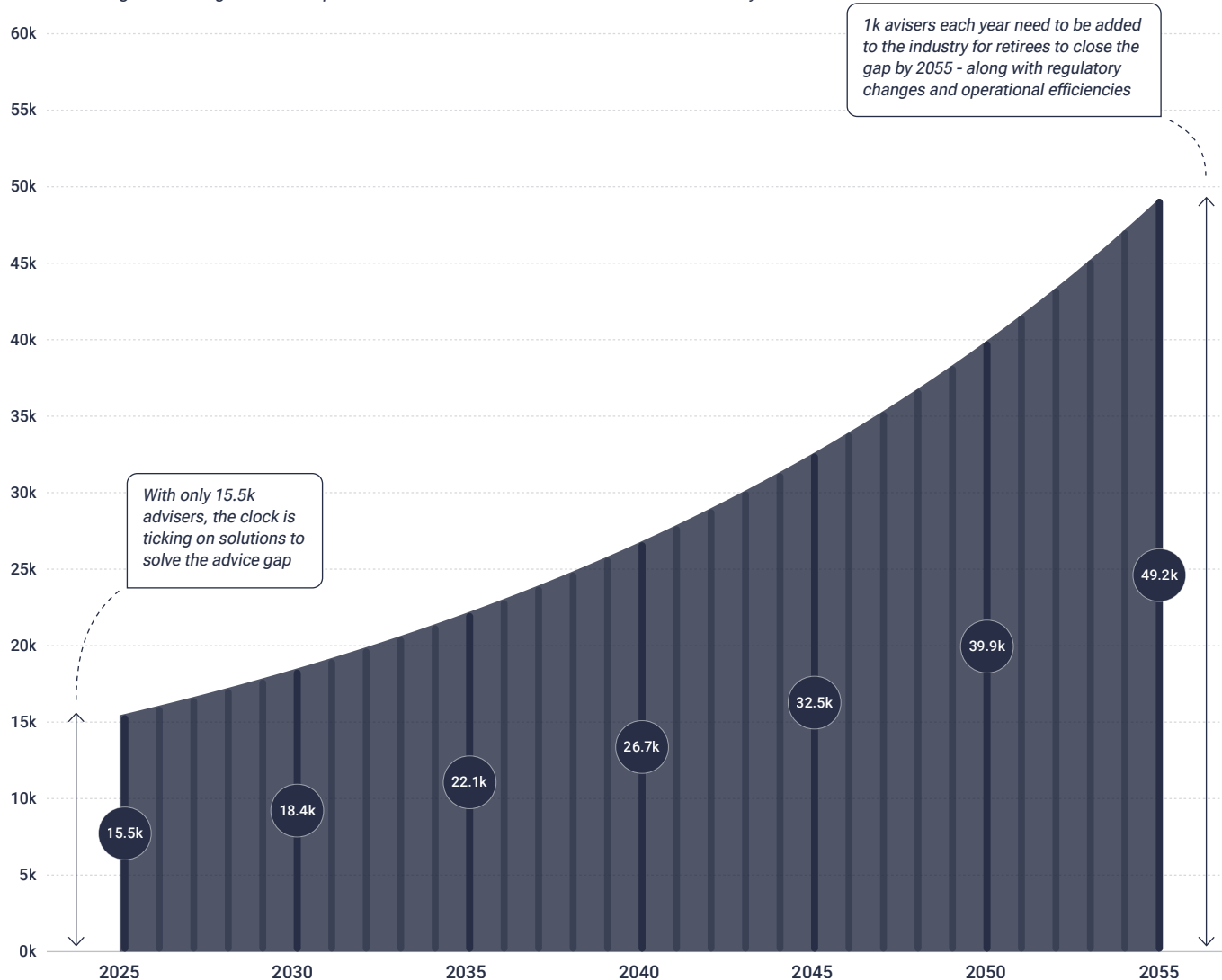
Maintaining today's level of advice coverage for Australians aged 55 and over would require more than doubling the adviser workforce from around 15,500 to 32,800 by 2055. This uplift reflects servicing the existing 1.2 million over-55s currently receiving advice—carried forward by ageing cohorts—plus an additional 1.4 million driven by demographic acceleration in the 55+ segment. Based on current service capacity of roughly 100-130 clients per adviser, and assuming no efficiency gains from technology

or scaled advice, the gap in adviser numbers is significant. Yet adviser supply, clear professional pathways, and certainty in regulatory and government policy remain unresolved. Without clarity, the industry risks underinvesting in recruitment, training, and technology solutions needed to scale. Meeting future demand will require coordinated action between policymakers, super funds, licensees, and education providers to ensure enough qualified advisers are available to support a rapidly growing retiree and pre-retiree population.

CHART 6.23

Australia need approximately 50k “advisers” by 2055

Source: ARdata, Australian Bureau of Statistics (population assumptions). Note: Intermediate year values have been estimated using a natural logarithmic interpolation between 2025 and 2055. Dates indicate calendar year.



Government and industry to play a role to protect Australia’s retirement

In a world where the New Class of Advisers (NCAs) are approved, each managing around 300 clients with simple but personalised needs, the advice capacity for the 55+ market transforms. Paired with operational efficiencies and digital tools that help holistic advisers expand to over 200 clients for more complex clients, investment in these models creates new employment pathways in Australia with both commercial and societal dividends.

However, achieving this vision requires industry commitment and clear regulatory settings to support advice models (general, scaled and holistic), NCA frameworks, and adviser-tech integration. With investment and policy clarity, Australia could reach a combined 50,000 advisers and NCAs by 2055 (using the aforementioned assumptions), fundamentally reshaping retirement outcomes and strengthening the financial wellbeing of an ageing population.

Navigating the Future

Three forces are squarely in the spotlight for super funds — and they demand more than box-ticking



1

Prudential Standard SPS 515 – Strategic Planning and Member Outcomes

SPS 515 isn't just an APRA checklist — it's a call for sharper strategy, accountable resource management, and relentless tracking of how every dollar shapes member outcomes. The question: are your plans just compliant, or truly competitive?



2

Retirement Income Covenant (RIC)

After two decades of warnings, the challenge is here. The RIC is more than guidance — it's a test of whether funds can deliver retirement solutions that keep Australia's system world-leading. The world is watching — will members look back in 20 years with trust, or with doubt?



3

From Accumulation to Decumulation

As retirees move from building wealth to drawing it down, APRA's eye will be on outflows as a pulse check for fund health. The shift is inevitable — the real question is, will you shape it, or will it shape you?

We pose five strategic provocations for superannuation funds:



1

Ready for a regulatory edge?

What if compliance could be your competitive advantage?



2

Reinventing advice for the digital age

Are we just digitising paperwork, or opening doors for people who never had access before?



3

Finding the right allies

Which partnerships will unlock markets you can't reach alone?



4

Tailoring advice like a bespoke suit

Will accumulators and retirees feel the difference in your service?



5

Evolving faster than your clients' needs

Which complex problems can you own so completely that funds look to you as the specialist?

As stewards of Australia's retirement future, what is your fund doing to lead in this changed landscape?

Chapter insight

CASE STUDY

UniSuper's Commitment to Financial Advice for Members

*In the ever-evolving
superannuation landscape,
UniSuper is doubling
down on its commitment
to providing financial
advice for its members.*





With 3.6 million Australians set to enter retirement in the next decade, the fund recognises the importance of guiding its members through this critical phase.

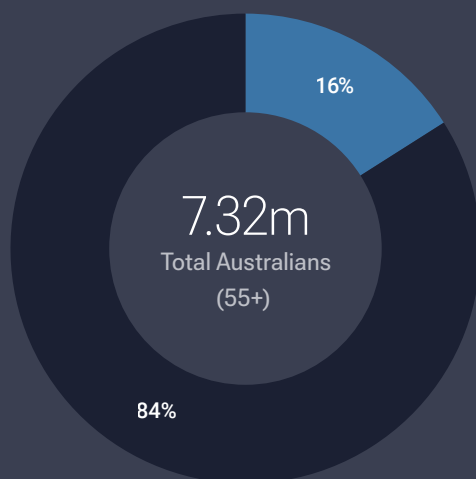
For every single one of those 3.6 million soon-to-be retirees, there will be a unique combination of circumstances: health, wealth, lifestyle aspirations, caring and family obligations. The full spectrum of human complexity, writ large across multiple cohorts. One size will not fit all.



CHART 6.24

Advised vs unadvised Australians over 55 years old

Source: ARdata (2025 analysis)



● Advised	1.17m	16%
● Unadvised	6.15m	84%

Where accumulation has been straightforward, members approaching retirement ask simple questions that lead to complex answers. Superannuation funds must have robust responses, stepping into the role of a wise and trusted partner to members through retirement.

Specifically, UniSuper's focus is on addressing the needs of the 'missing middle' – those who do not have the means nor propensity to seek out professional financial advice but would benefit from receiving it. Typically, these individuals often have lower account balances but still have a need for assistance, guidance and advice as they navigate superannuation and retirement.





UniSuper aims to bridge this gap by offering accessible and valuable advice.

Take the example of Jennifer, a university librarian with a \$200k balance at retirement. Divorced, with three children, renting her home, and reliant on the aged pension, Jennifer needs help and advice but won't pay for it.

This is where funds can step in to provide the necessary support, helping her make informed decisions about additional contributions and investment options.

CHART 6.25

Meet Jennifer: One of Australia's 'missing middle' retirees

Jen is set to retire this year, along with 3.6 million other Aussies over the coming decade.





UniSuper's advice business, built under its own AFSL, has seen significant success. More than 40,000 members have paid for advice, totalling \$28.5 billion in Funds Under Advice (FUA).

The funds advice team, 160 strong, delivers this service and the feedback from members is strong. 85% say they feel more confident in their retirement planning and 99.6% say they intend to implement the advice they receive.

However, UniSuper understands that not every member wants to seek advice from their fund. Many members already have relationships with external financial advisers.

This high level of member allegiance is reflected by comments from advisers like Ryan Sherini of



Viridian Advisory, who notes it is a "really well-run fund that's generally easy to deal with....I rarely take clients out of it."

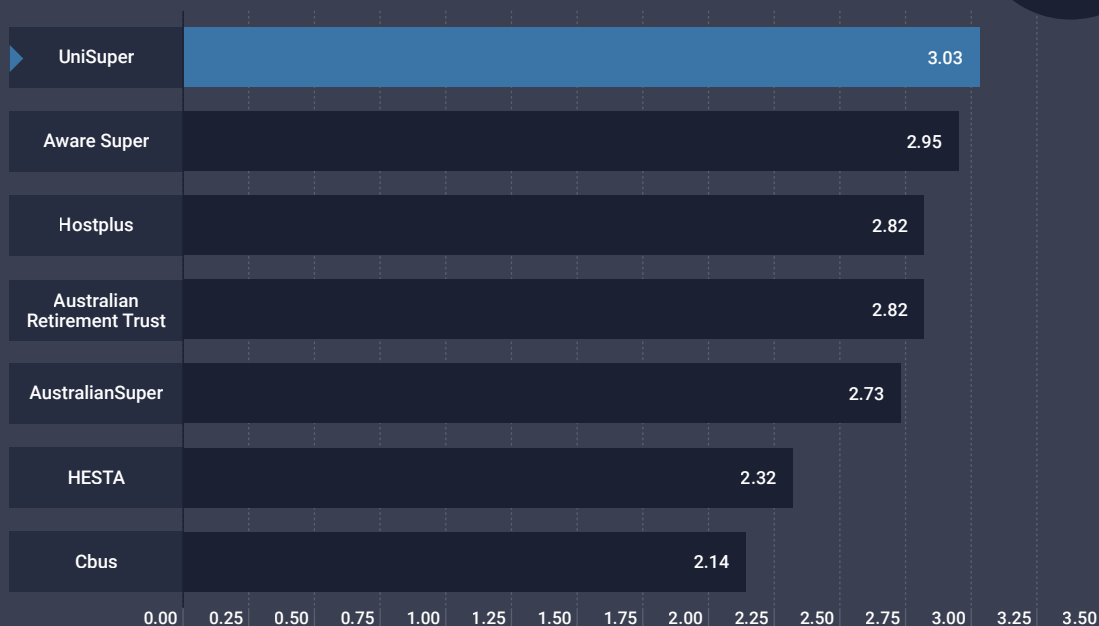
"Advice is not an ancillary service; it is the second engine of our commitment to member outcomes," says Andrew Gregory, UniSuper's GM of Financial Advice and Education. "Over the next 12 months, we're investing heavily in technology, people and partnerships to ensure external advisers can seamlessly and confidently work with us."



CHART 6.26

Quality of reporting

Source: ARdata (2025 Survey)





As an advice-led fund, UniSuper recognises the crucial role of both in-house and external advisers in helping members make confident decisions about retirement.



Over the long term, the fund is dedicated to making it easier for external advisers to partner with UniSuper, ultimately enhancing the support available to members.

UniSuper believes that advice is the key to empowering the incoming wave of retirement in Australia and delivering better outcomes. Good advice is empowering. It equips members with the confidence needed to build a strong retirement plan and is the difference between an acceptable retirement and a great one.

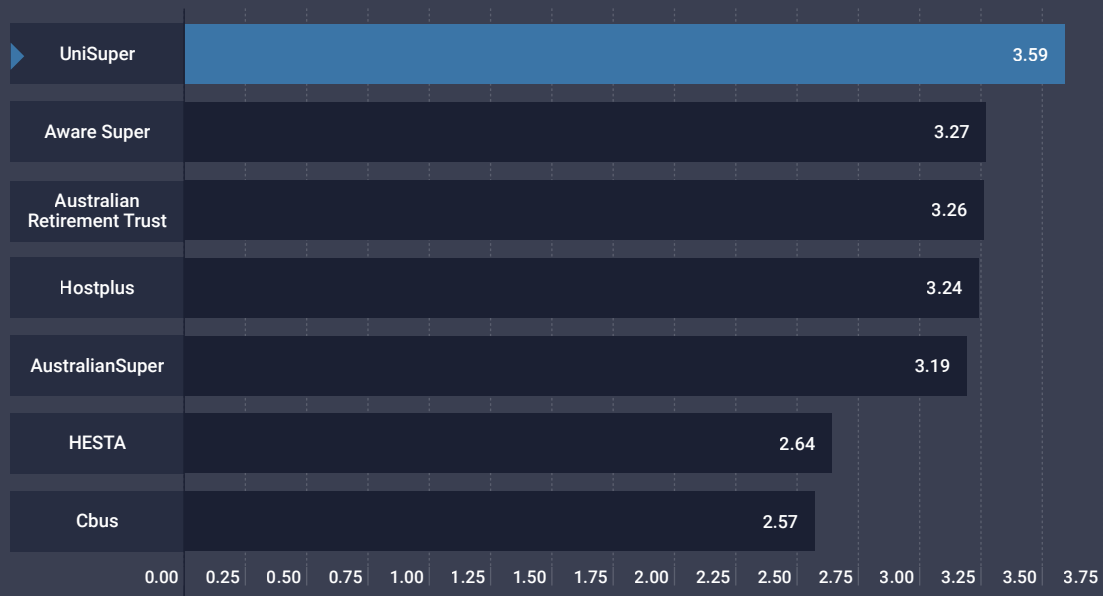
Visit: [UniSuper.com.au](https://www.unisuper.com.au)



CHART 6.27

Overall investment options

Source: ARdata (2025 Survey)



7.0

Insights &
Infographics



The Average Australian Adviser

Source: ARdata (2025 Survey)

Average adviser



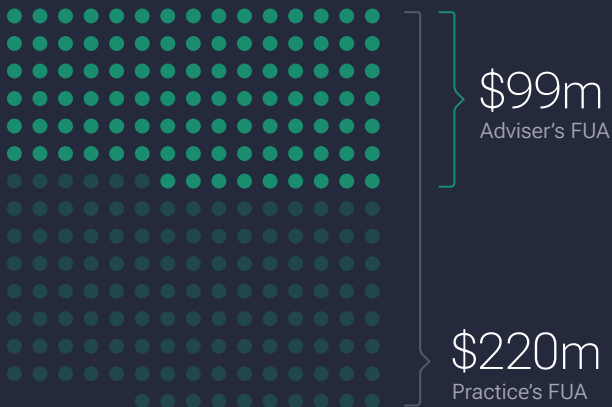
Typical client



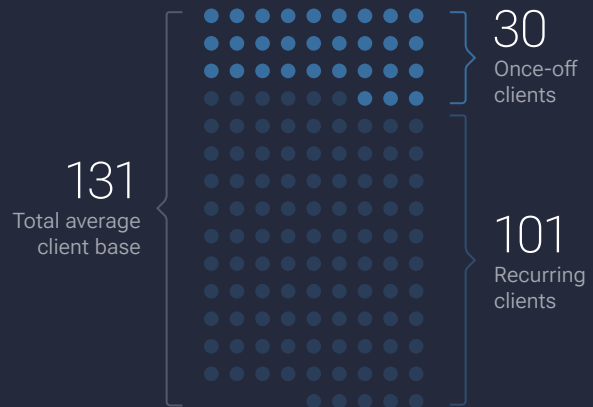
Adviser's practice



Funds under advice



Client numbers



Practice vendors (by usage)

Xplan

Software

BT
Panorama

Platform

TAL

Insurance provider

Lonsec

Research house

Australian Retirement Trust

Superannuation Fund

Adviser population by licensee ownership / affiliation

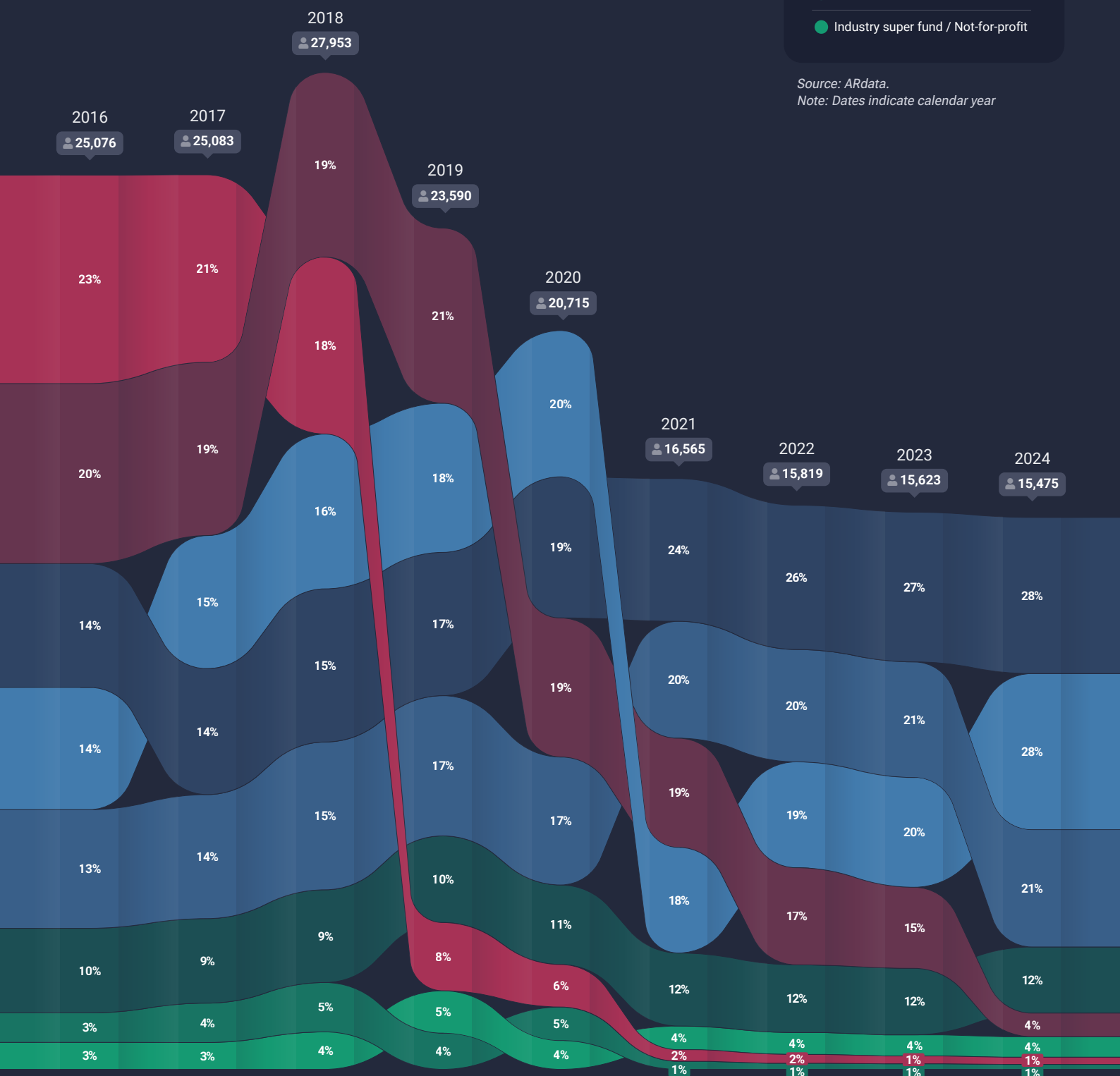
In 2024, the number of registered retail advisers remained stable with a small net loss of 148 advisers. Most segments remained constant, except for the 'Diversified' segment, which dropped significantly, with almost all of these advisers shifting to the 'Privately-owned (100+)' segment. This shift came following the last remaining diversified institutions divesting their advice licenses after five years of rapid decline since the end of the Royal Commission.

Advice segments

- Bank
- Diversified
- Privately-owned (1 - 10)
- Privately-owned (11 - 100)
- Privately-owned (100+)
- Stockbroker
- Limited licensee
- Industry super fund / Not-for-profit

Source: ARdata.

Note: Dates indicate calendar year

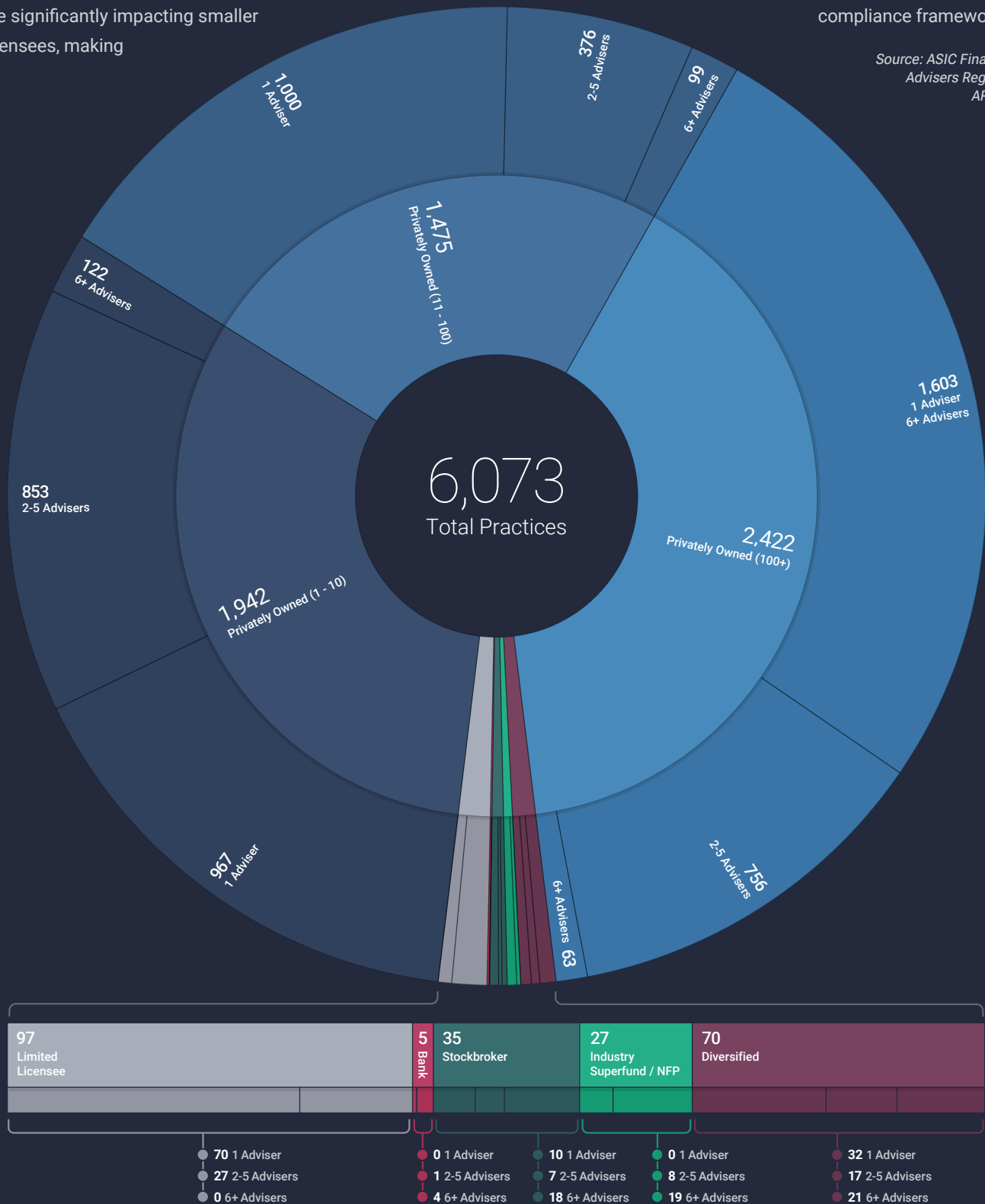


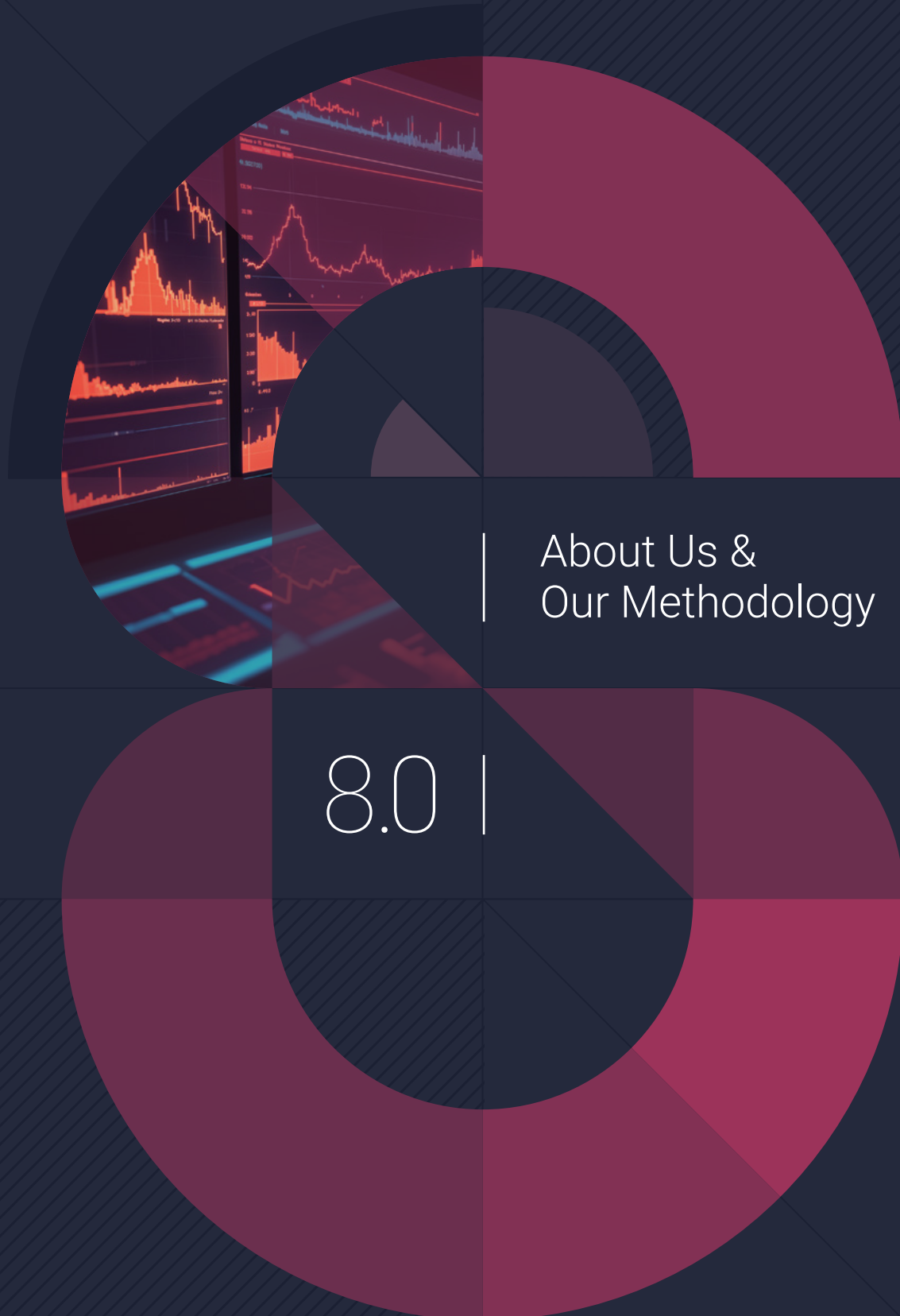
Practice distribution per segment (December 2024)

There are 6,073 practices in Australia in 2024, down from 6,161 in 2023 and the average number of advisers per practice has stabilised at around 2.6 advisers per practice. Regulatory costs and compliance demands are significantly impacting smaller licensees, making

consolidation necessary to achieve licensee efficiency and remain viable. This trend highlights the need for practices to scale up licensing by merging to better manage these pressures and ensure robust compliance frameworks.

Source: ASIC Financial Advisers Register, ARdata





Our methodology

The 2025 Financial Advice Landscape report is the most comprehensive snapshot of the Australian financial advice industry. The report incorporates Adviser Ratings proprietary data, survey information, third-party Adviser Ratings partner data, Government and Regulator data and publicly available data.

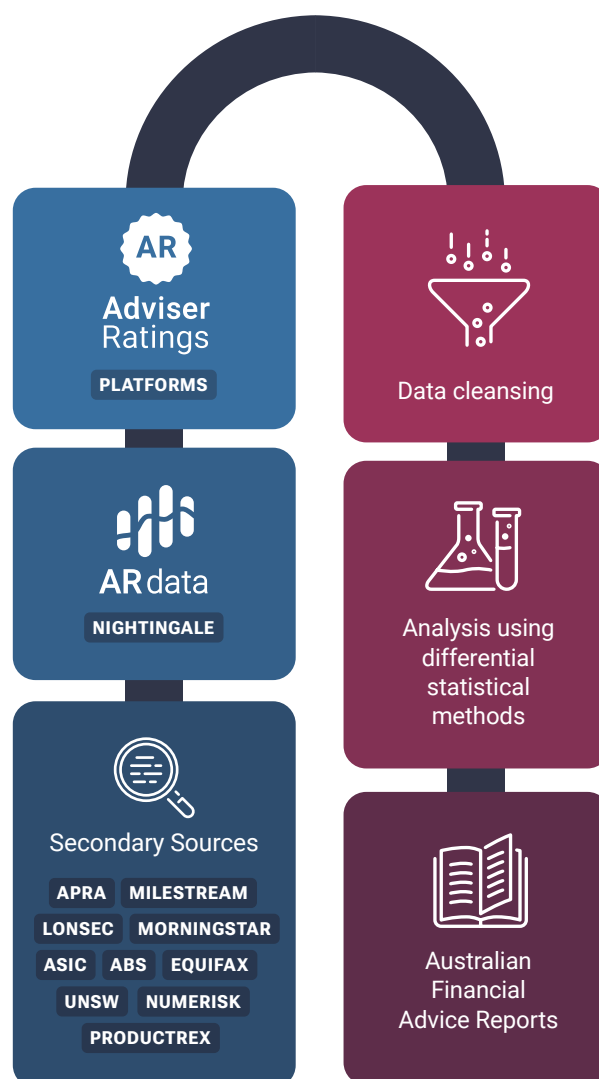
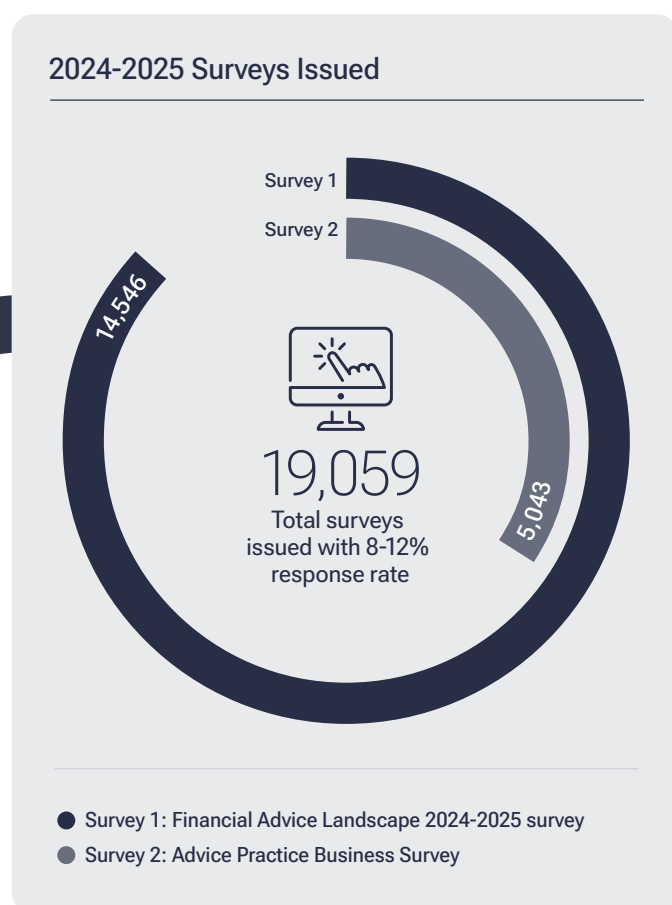
The report uses data from primary Adviser Ratings sources, including: surveys, Adviser Ratings' product and platform data, Beddoes Australia and ProductRex.

This was supported by secondary sources or commentary. Key secondary sources includes, but are not limited to: Australian Bureau of Statistics 2021 Census Data, ASIC Financial Advisers Register, Morningstar data, Lonsec data, analysis from investment research partner, Milestream.

Data preparation

Where required, data cleansing or removal of data may be applied to get a truly representative set of data. For the sentiment analysis of vendors, only vendors with a sufficient volume of responses and adequate diversity across licensees were presented.

Different statistical methods and techniques are used to improve accuracy and validity including, but not limited to, techniques such as winsorisation, Random Forest regression and Bayesian statistical analysis. External validation by independent researchers, including UNSW, provided.



Survey data

SURVEY 1

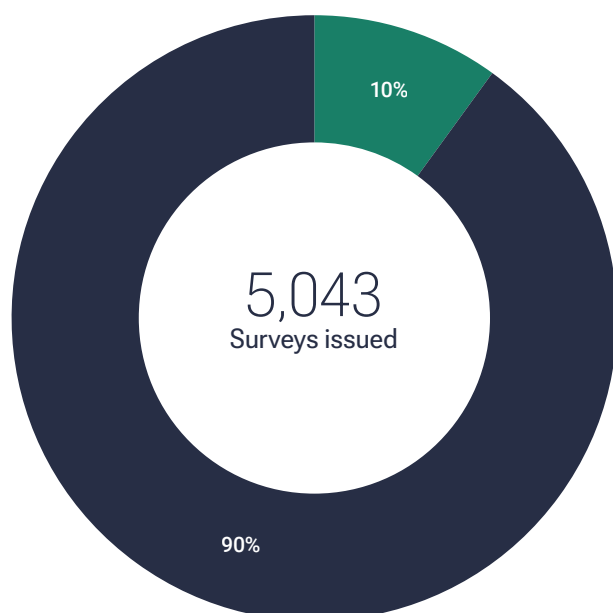
Financial Advice Landscape 2024-2025 Survey

Audience:

All registered financial advisers and practice owners.

Objective:

To understand more about client mix, fees, commitment to industry, attitudes towards education and product choices, and sentiment towards service providers



Survey period	March 2025
Number of advisers	15,475
Surveys issued	14,546
Valid responses	● 1,193
Response rate	8%
Average time to complete	49mins
Confidence interval	95%
Margin of error (p of 0.5)	2.72%
Verbatims	195,477 words

SURVEY 2

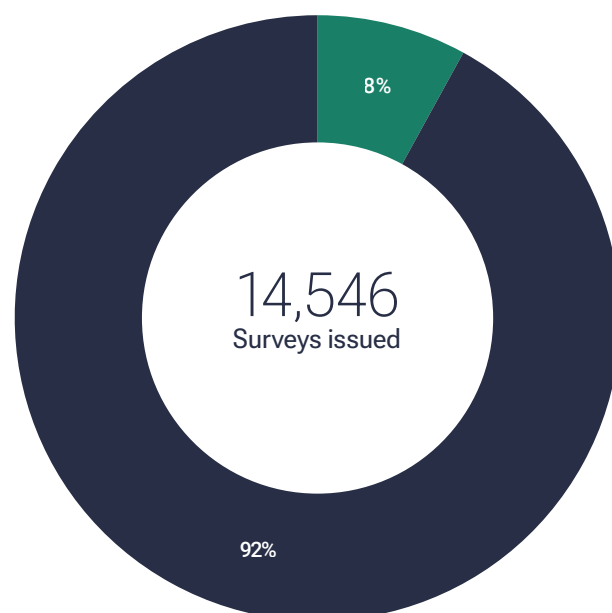
Advice Practice Business Survey

Audience:

Owners or directors of advice practices

Objective:

To understand what practice owners are focused on, how their businesses are structured, financial settings, and challenges and opportunities.

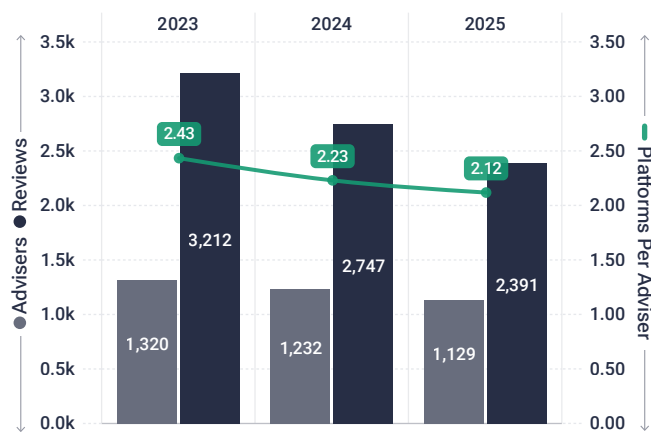


Survey period	March 2025
Number of advisers	15,475
Surveys issued	5,043
Valid responses	● 590
Response rate	12%
Average time to complete	40mins
Confidence interval	95%
Margin of error (p of 0.5)	3.83%
Interviews conducted	102
Avg time per interview	33mins

Survey participation data

Note: Dates indicate survey year

Platforms Survey



Software Survey



Life Insurers Survey

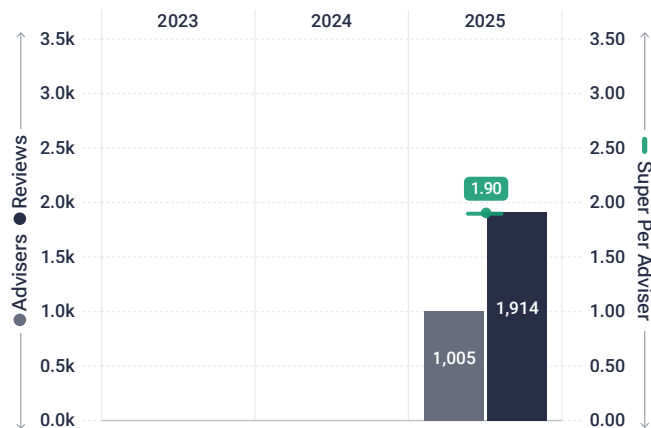


Research Houses Survey



Super Survey

Note: Super survey commenced in 2025



About Adviser Ratings

Adviser Ratings launched in October 2014, in the wake of the Future of Financial Advice reforms (FOFA), the Financial System Inquiry (FSI) and financial planning scandals of the time. Adviser Ratings' vision is to improve the penetration of advice amongst Australian consumers.

There are more than 15,000 financial advisers on its independent platform, enabling consumers to browse and search for an advice solution suited to their needs, rated and reviewed by other consumers. ARdata is a data and insights company built on Australia's first financial adviser ratings platform.

We help our clients make data-driven business decisions in engaging their ideal audience by supplying leading industry insights, data services and research. Our clients are key players in the wealth management industry including advisers, advice practices, advice

licensees, super funds, life insurers, fund managers, investment platforms and software providers.

In 2022, Adviser Ratings acquired Beddoes Institute. Building on top of the ARdata brand and data capabilities, the Beddoes products focus on data, insights and growth opportunities for the life insurance industry.

In 2023, Adviser Ratings acquired ProductRex. The fastest-growing advice tool in the last decade, it allows advisers to freely compare and recommend investments, platforms and superannuation products to clients. The rich, real-time data from ProductRex feeds ARdata's Fund Flow Intention™ solution, an industry first that allows actionable insights into where funds will flow across the industry.

Combined, the offerings provide a unique value chain and data proposition for the wealth ecosystem.



Adviser Ratings 2025 Landscape

3 additional reports are separately available for purchase



1 2025 Platform Driver Report



2 2025 Life Insurance Benchmark Study



3 2025 Investment & Fund Flows Landscape

Our products and services

Consumer Marketplace	A public website that connects consumers with more than 15,000 financial advisers. The site is free for advisers and consumers, and generates in excess of 50,000 profile views per month.
Nightingale Analytics	Nightingale is our solution that provides a rich data source for the latest information on advisers, practices and licensees in the Australian market. Data and accompanying insights can be served to clients in various forms, including a live logged in PowerBI frontend, flat file, SFTP or API secured and hosted by Amazon Web Services.
Life Insurance Barometer	An industry-led and supported data sharing proposition that provides participating life insurers with deep, actionable insights into the retail advice market, advisers writing risk and where the opportunities reside. Under the remit of ARdata, considerable investment has been and is continuing to be undertaken in this Beddoes product to provide unique actionable data and link system growth to its consumer proposition to benefit the overall retail life industry.
Life Experience Study	A combined ARdata and Beddoes annual study tracking key behavioural data, quantitative and qualitative, on key metrics for retail life insurers.
Most Trusted! Adviser™	The Most Trusted! Adviser™ is a key academic-driven designation awarded to advisers who hit minimum benchmarks from client satisfaction and other metrics.
Fund Flow Reporting	An outsourced solution for fund managers for preparation of monthly reporting on financial adviser applications and redemptions through the fund manager's products held on platform or through direct investment off-platform. It is now the leading solution for fund flow reporting in the market.
Fund Flow Intention	Australia's first predictive model for investment fund flows. Harnessing the ProductRex modelling tool, it tracks daily movements of adviser modelled flows across asset classes, asset managers, investment products, super funds, SMAs and platforms. This robust tool correlates strongly with real investment outcomes, empowering sales, marketing, product, and research teams with actionable insights and real-time feedback on targeted campaigns.

Our products and services – continued...

ProductRex	ProductRex is Australia's largest portfolio construction tool, utilised by 5,500+ advisers. It is embedded in multiple software CRMs and applications with open API access. For vendors, it is the only place in the market that has dynamic ad serving capability at the time a portfolio is being constructed.
CRM management	Provision of expert CRM (primarily Salesforce and MS Dynamics) support to install, configure, add fields, build dashboards, and upload / download data including monthly fund flow reporting, life insurance data and Nightingale data. Can be provided as a fully outsourced solution or to complement / support existing internal resources.
Data Audit	Data Audit is our data intelligence and cleansing solution. Our technology allows us to dedupe and cleanse multiple files and update against our time-stamped master list. This service draws on our proprietary databases to perform audits and analytics on client databases and information systems for growth or compliance purposes.
Insights consulting	A partnered solution to empower our clients to make data-driven decisions based on trends and statistical analysis. We augment existing adviser profiles with scoring mechanisms to address quality and flight risks and future-proof compliance and distribution models.
Find an Adviser	Find an Adviser is Adviser Ratings' white label "Find an Adviser" platform – the design, hosting and data can be served in various forms depending on clients' needs.
Research	Market research services comprise the annual Financial Advice Landscape report (sub reports available by subscription) and the free quarterly Musical Chairs report (available for sponsorship). Other data-driven monthly reports on the advice and wealth sector are available on request.
Advertising	Service providers can promote their brand, capability and provide access to unique offerings to advisers through Adviser Ratings' various channels including our weekly adviser newsletter, weekly adviser movements video, dedicated solus eDMs, market research and our adviser dashboard.

Join the Adviser Ratings Community

Free service for all registered Australian advisers

Adviser Ratings puts the world of financial advisers at the fingertips of consumers and there's never been a more exciting time for advisers to claim their profile. We've launched our newly renovated platform where consumers can more easily find and connect with an adviser that best suits their needs...It's yet another step in our plan to help Australian advisers boost their online presence and make advice more accessible to consumers.

"Adviser Ratings is changing the face of Financial Planning. With honest and transparent client feedback, my profile allows me to resonate with the broader community much more successfully than ever before.

I genuinely align with the vision of Adviser Ratings: making Financial Advice accessible to everyone.

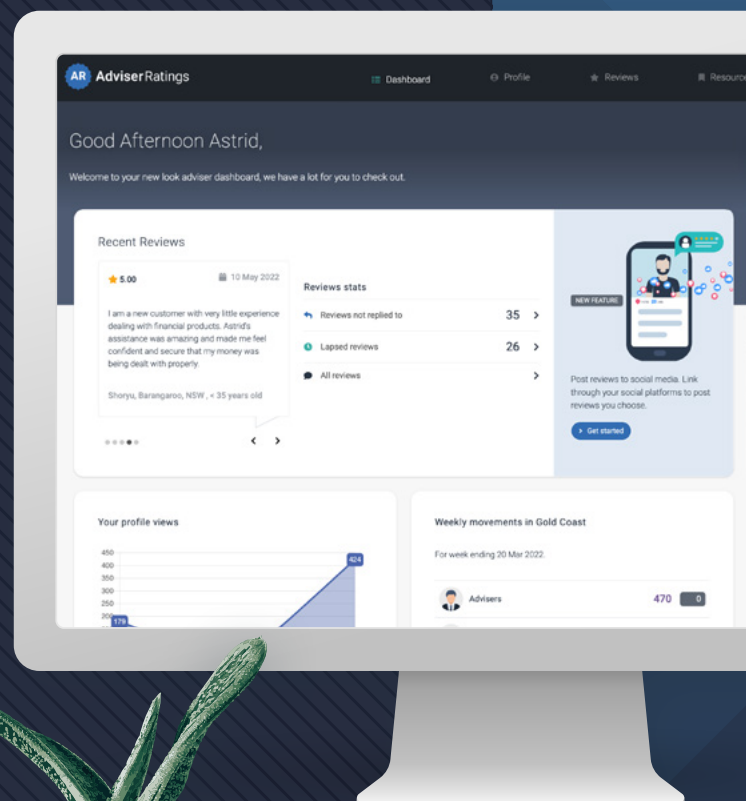
I have been grateful to contribute to their Ask an Adviser series articles which have been invaluable for my online platforms and social presence"

– Noni Crawford,
Director & Adviser at Hello Wealth

New Adviser Portal

Your clever new dashboard provides you instant access and an overview of the interest your Adviser Ratings profile is generating for you, your review stats and profile views.

Highlight your areas of specialisation, add info about yourself and your practice and even add your videos to attract more interest to your profile.



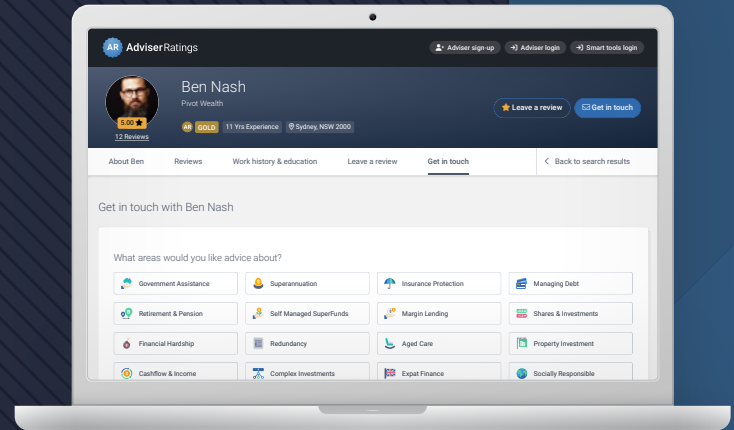
Adviser
Ratings

Thousands of leads generated annually

Consumers can use the contact form on your profile and you'll receive detailed information about your potential new client lead. Most existing referrals will want to know you have a profile – as will your existing clients. Claimed profiles get an average 8x pageviews.

"Adviser Ratings provides a platform for two things that are important to Rising Tide; prospective clients can get real-world feedback & social proof from existing clients alongside a way for our advisers to show their expertise through the Ask an Adviser series"

– Matt Hale,
Managing Director at Rising Tide



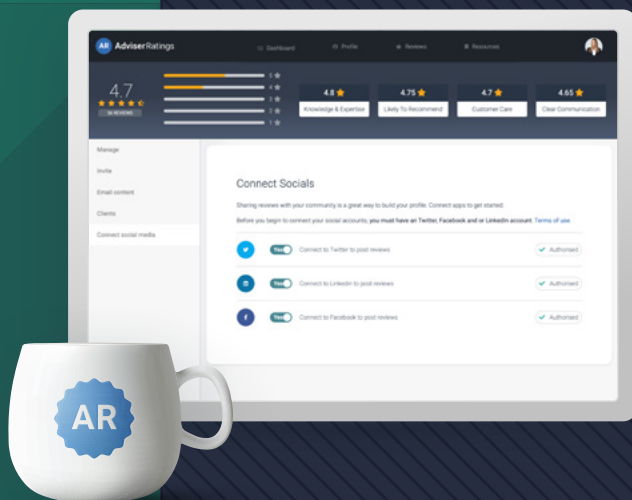
Google verified review platform

With over 90% of people now searching online for services like financial advice, our Google verified star rating system helps your profile rank highly on Google searches.

"Based solely on the influence of the Adviser Ratings platform, our two newest clients searched Google for advisers in their local area and found your site."

"They did their research using your site, got a virtual feel and felt confident enough to request appointments"

– Ben Nielson,
Managing Partner at Neilson
& Co Wealth Management



Connect your social media pages

Our exciting new social integration tool allows you to post your best reviews directly to your connected social media pages, amplifying your review online.

Claim your profile now

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