

FINAL

Online investment platform OpenInvest secures major backing from Victorian family office, Tayside Group

Media Release

Melbourne, 14 December 2023: Innovative Melbourne-based investment platform OpenInvest is pleased to announce it has attracted long-term financial backing and support from the Tayside Group, the family office of the Smith family, which sold a majority stake in their food services business, PFD Food Services, to Woolworths in 2021.

Founded in 2017, OpenInvest configures and underpins online investing solutions for its partner firms, allowing them to reach and serve retail investors who are not yet ready for the higher cost of the traditional one-to-one personal advice relationship, and/or who feel they don't need personal advice but do wish to access professional assistance to manage their investment portfolio.

With a series of new regulatory impositions and a halving of the number of advisers in recent years, the cost of delivering personal advice has increased dramatically, so much so that it is estimated that barely 10% of Australia's adults – mostly High Net Worth ("HNW") investors – can afford to utilise a personal adviser. OpenInvest is helping to address this "advice gap" by enabling the mass market of unadvised Australians to connect with the professional investing expertise of entities they know and trust, online, for a much lower fee.

Tayside's representative said that the family office concluded that the unique capabilities of the OpenInvest platform to rapidly configure and support online solutions for any number of wealth/asset managers, advice firms, online brokers and banks could help deliver the benefits of professional portfolio management to all Australians, no matter how much money they had to invest.

"Highly scalable online platforms like OpenInvest obviously have very appealing economics which make them wonderful investment opportunities, but we were also very much attracted by the mission and purpose of the OpenInvest team to develop a platform that allows all Australians – not just the already-wealthy – to obtain simple and lower-cost online access to professional portfolio management. This is a crucial element in helping all Australians to improve their financial position, and experience a greater sense of financial wellbeing," the representative said.

OpenInvest's pipeline

In welcoming the backing of Tayside, OpenInvest co-founder and CEO Andrew Varlamos said that the company would continue to sign up and deploy online investing solutions for an increasing pipeline of firms, to add to the 31 white label solutions live and in-market that it already underpins.

"International experience, particularly in the US, shows we are now entering a new era of wealth management, one where individuals are free to choose from an increasing array of high quality providers offering online access to their portfolio management expertise and content. Major US

brands like Morgan Stanley, Vanguard, Fidelity and Schwab, as well as every US retail bank of any size, present their online portfolio solutions as a more sensible way for retail customers to invest, as compared to encouraging them to try their luck with online share trading. It's a pretty simple and logical message, really: no matter how much or how little money you have, now you can invest with the experts, within a few minutes, all via a few clicks," Mr Varlamos said.

Regulatory changes imminent

Mr Varlamos noted that whilst Australia was behind the US, Europe and Asia in this regard, there were understandable reasons for this.

"The aftershocks of the Hayne Royal Commission, a seemingly endless series of regulatory and adviser educational impositions, and uncertainty around possible changes to the regulatory environment the Government might implement post the 2022/2023 Quality of Advice Review have meant major wealth managers and banks have been cautious about launching their own online wealth management solutions, Varlamos added.

This appears set to change, with the Government on 7 December announcing its final response to the Quality of Advice Review, as part of its Delivering Better Financial Outcomes package. A key component of the proposed legislation is a series of reforms that are designed to make it easier for super funds and financial institutions to provide financial advice to the unadvised mass market.

The Great Wealth Transfer

Many OpenInvest partners are particularly focused on reaching, serving and engaging with the High Net Worth clients of tomorrow, ahead of the dramatic sums of wealth that are moving down the generations: the Great Wealth Transfer (forecast by the Productivity Commission to reach \$3.5tr by 2050¹).

Accounting and financial services firm Kelly+Partners is promoting its online managed portfolio solution for the dual purpose of serving clients not seeking a fully advised solution and for younger clients of existing family groups in the early stages of their wealth-building journeys. Matt Fogarty Head of Private Wealth at Kelly+Partners said that progressive wealth management firms are not waiting until younger people build their wealth to a point where they become economic as personally advised clients, but are using proven technology to help them today.

"We are thinking long-term, which for us means also being willing to assist our clients' children and grandchildren. And it's not just about providing portfolio management expertise, we value the content publishing functionality within the OpenInvest platform to communicate important financial literacy messages, so that as wealth passes to the next generation, they are in a better position to protect and nurture that legacy", Mr Fogarty said.

Mr Fogarty added that with advances in technology and regulatory changes imminent, the opportunities for wealth management firms to more rapidly evolve their traditional value propositions and operating models to better align with changing consumer preferences are enormous.

¹ See <https://www.pc.gov.au/research/completed/wealth-transfers>

“It’s clear to me that advice firms, asset managers, online brokers and banks are going to do what their counterparts internationally are already successfully doing, and offer online access to more engaging, scalable, and low-cost wealth management solutions to complement the more traditional high touch personal advice offering” he added.

ENDS

About OpenInvest

OpenInvest is a Melbourne-based fintech investment platform that enables its partners to offer managed portfolios to retail investors via their own online solution, alongside informative and engaging content. Through OpenInvest’s innovative technology, investors of all sizes are able to obtain professional assistance in an engaging and compliant digital environment.

Contact

Andrew Varlamos
Co-founder / CEO
OpenInvest
+61 423 275 802
andrew.varlamos@openinvest.com.au