

Chant West

Platform Rating

October 2023

MyNorth



Details

Description

Issuer	AMP Limited
Funds Under Admin	\$61 billion at 30 September 2023
# Clients	200,000 at 30 September 2023
Net Flows	\$2 billion for year to 30 Sep 2023
Products covered	MyNorth Super & Pension MyNorth Investments

Platform Rating Rationale

MyNorth has received our highest rating of 5 Apples. It offers a wide investment menu over which it has demonstrated strong governance. Its buy/sell transacting provides advisers with key information on trade consequences and allows buys and sells to occur at the same time. Its fees are the lowest of all platforms in many scenarios and its account linking provides further fee discounts. It has a broad Managed Portfolio offering that is attracting strong flows. AMP is further building out its capability for digital consent, signatures and ROAs.

About MyNorth

MyNorth is one of Australia's largest wrap products and had FUA of about \$61 billion at 30 September 2023, 78% of which was in super or pension. MyNorth is a flagship product on the North platform. NMMT Ltd is the IDPS operator and administrator of the North platform and NM Superannuation Pty Ltd is trustee and issuer of superannuation and pension platform products. Edwina Maloney is the Group Executive Platforms and leads a team of over 300.



Organisation Rating - 5 Apples

MyNorth is part of AMP which provides strong capital backing. In the past three years, AMP has significantly increased investment in their platform. The platform's governance structure is strong, with experienced Board committees, a Super Board comprised solely of independent directors and an RE Compliance Committee that is majority independent. While flows have historically been mainly from AMP group advisers, more IFAs are starting to use MyNorth with 30% of flows from IFAs in FY23.



Investments Rating - 5 Apples

MyNorth offers a wide range of investment options including managed funds, Managed Portfolios, term deposits and listed securities. The approval and monitoring process of investments is comprehensive and it actively manages the menu. It offers a broad range of diversified Managed Portfolios as well as a range of Australian equity Managed Portfolios. It had over \$11.5 billion in Managed Portfolios at 30 September 2023 and it offers an innovative longevity solution.



Fee Rating - 5 Apples

MyNorth's fee structure has different fees for different menus, offering simpler portfolios at lower cost and full menu options at higher cost. MyNorth's fees for its Choice menu are often the lowest and for its Select menu are about median. It also offers account linking that provides significant fee savings and, once again, is the lowest cost in most scenarios used in this report.



Client Services/Insurance Rating - 4 Apples

The client portal is easy to use and has strong reporting capability. The client app gives access to basic account information in an easy-to-use way, including flexible performance reporting. The portal and app could both be further enhanced with the integration of digital consent. Clients have access to complementary retail insurance offerings through AIA and TAL.



Adviser Services Rating - 5 Apples

The adviser portal is intuitive to use, with business level and client level snapshots that allow simple click-through to access underlying data. Its buy/sell transacting allows all types of investments to be traded on the same screen and shows implications for fees, asset allocations and CGT. Buys and sells occur at the same time, without sale proceeds needing to clear. Digital consent is only available for adviser fees and changing bank accounts, but advisers can electronically verify client identity. There are no tax optimisation options.



Adviser Services

Buy/sell transacting

- Transacting is available through the adviser portal. The online process is efficient and intuitive. All types of investments can be transacted on a single page including managed funds, Managed Portfolios and listed securities.
- Transactions can be done at client level or across multiple clients for a particular investment.
- The buy/sell transaction process shows the impact of proposed transactions on asset allocations (compared with client risk profile), ongoing/one-off fees and CGT modelling. The process also visually shows the impact on the cash account compared with maximum and minimum cash levels. Tax optimisation is not currently available (all transactions will be FIFO).
- Buying and selling of investments can occur at the same time, rather than waiting for proceeds of the asset sales to clear (some restrictions apply). This means no time out of market for clients.
- An ROA template exports text, formatted tables and charts to Word, so they can be included in the client's ROA. AMP does not currently offer a digital ROA service.

Digital consents/signatures

- Digital consent is available for advice fees and changing bank accounts where clients receive an email prompting them to approve via an online consent process.
- For other requests, digital signatures are accepted from DocuSign, Adobe and IRESS. Advisers can electronically verify their client's identity for new applications.

Cash account management tools

- Advisers can set up minimum and maximum levels of cash to trigger buys and sells of assets. These levels can be easily maintained on the same portal page.
- Cash account sweeps are run daily to automatically manage a client's cash account balance.

Business level reporting

- Key statistics are provided in the interactive snapshot report including FUA by product and account type, net flows, top 10 accounts/investments by FUA and remuneration.
- Advisers can easily generate a wide range of business-level reports.
- The client search functionality is very powerful with a large number of data points that can be used as filters to identify clients with particular characteristics.
- North's Activity Management module is well-presented with a dashboard showing status of all activities and allows advisers to upload forms and see progress of each activity, due date and actions required.

Client level reporting

- The account snapshot provides a high-level client overview including portfolio value, performance, asset allocation and account movements. The snapshot is interactive, allowing advisers to drill down into the information they need on-screen.

- Performance reporting is very flexible with selection of end date, period, investment options/whole portfolio.
- A wide range of predefined reports are available. These can be run by the adviser for their analysis and can also be saved to the client's portal.
- Reporting on external assets is not currently supported.

Corporate actions

- Advisers are notified of corporate actions via email and can view eligible accounts.
- Participation in corporate actions can be submitted through the adviser portal for individual or multiple clients.

Data feeds

- Third party data feeds can be established through the adviser portal to 7 major financial planning software providers (1-way integration only).

Adviser support

- MyNorth offers a tiered contact centre service model, with a dedicated Platinum offering for high value practices.
- A national team of 14 BDMs service advisers using MyNorth, led by two Regional Managers and a business development support team of 5. A separate team of 9 New Business Managers focusses on winning new advisers.
- 7 North Training Consultants provide onboarding, training and support using the North platform. Two Retirement Specialist BDMs support advisers with retirement strategies and the Lifetime Income Account.
- Advisers have access to the AMP's TapIn technical team of 7 who provide support on complex client strategies.
- A range of adviser tools are available including retirement modelling, client diagnostics and fee calculators.

Client Services

Client portal/app

- MyNorth's client portal provides extensive reporting and mirrors the client reporting available on the adviser portal.
- A client app is available that shows asset allocation, transactions and insurance details, as well as statements and other correspondence. Clients can change personal details and bank details. The investment performance functionality is easy to use and very flexible.
- Both client portal and app have two factor authentication. Both can be replicated by the adviser through their portal.

Other communications

- Client statements are well-presented and personalised for each member, with relevant calls to action.

Insurance

- Retail insurance is provided through AIA's *Priority Protection* and TAL's *Accelerated Protection*. This provides complementary insurance offerings for advisers and their clients based on needs.



Investments

Range of investment options

- MyNorth has the same investment list for IDPS, Super and Pension.
- Investment options are available across two different menus (Select & Choice) – different platform fees apply for each menu.

The tables below show the range of MyNorth’s investment options split by investment type and menu.

Managed Funds & SMAs

Investment Type	Choice	Select
Managed Funds		
Diversified	56	55
Single Sector	483	35
Public Managed Portfolios		
Diversified	86	5
Single Sector	20	1

* MyNorth also offers 241 private Managed Portfolios for particular licensees

Term Deposits

Detail	Range
Providers	AMP Bank, Adelaide Bank, ANZ, NAB
Terms	1 month to 5 years

Managed Portfolio functionality

- NMMT Ltd is the RE of the Managed Portfolio Scheme.
- At 30 September 2023, MyNorth had \$11.5 billion in Managed Portfolios across 91 portfolios covering a range of managers and strategies including both managed funds (328) and equity Managed Portfolios (25).
- Licensees can construct and badge their own Managed Portfolio menu from on-platform Managed Portfolios as well as construct their own Managed Portfolios using discounted unit classes.
- Advisers can construct Managed Portfolios comprised of other Managed Portfolios. No substitution/exclusion functionality is available within Managed Portfolios.
- Investment managers submit portfolio changes through an online portal, either on-screen or via Excel. A wide range of reports are now available to managers.
- Transactions are executed centrally and in bulk upon the completion of pre-trade compliance checks. Buys and sells within Managed Portfolios occurs simultaneously so that clients are not out-of-market.

Approval & monitoring process

- A team of 14 is responsible for the approval and monitoring of investment options.
- Potential additions to the investment menu are assessed using quantitative measures (e.g. performance, valuations, risk, liquidity, flows) and qualitative metrics (e.g. team profile, process, external research house ratings). Attention is given to future performance potential and risk management rather than past performance. 109

managed funds and 29 ETFs were added to the menu in the year to 30 September 2023.

- Comprehensive ongoing monitoring applies to both managed funds and Managed Portfolios, using criteria similar to the approval process. Sector reviews provide a different perspective on individual portfolios and trigger events such as performance or management issues can prompt reviews.
- Managed Portfolio reviews involve quarterly meetings with managers and a comprehensive annual review of both manager and portfolios.
- AMP has removed 13 underperforming options from MyNorth for the year to September 2023.

Share trading

- MyNorth supports both individual HIN and omnibus HINs.
- An Individual HIN provides real-time trading and an omnibus HIN provides lower fee trading (with no minimum \$ fee) at the average price across the day (particularly relevant for SMAs).
- Clients can in-specie transfer assets between the two share trading structures.

International Securities

Not available

In specie transfers

- In specie transfers are available – both into and out of the platform (transfer out are offered by few platforms).
- Assets transferred in must be on the approved investment list.
- A \$50 fee applies for each asset transferred out.

Longevity & guaranteed products

- MyNorth’s Lifetime Income Account is a market-linked longevity solution that can be applied to all MyNorth investment options. Clients are paid an increasing percentage of their initial investment as they age, as well as an increasing bonus each year they remain in the product. Annual income also changes based on the relative performance of the underlying investments compared to its benchmark annual return.
- It also offers a death benefit option, a couples option, a deferred option and even a pre-retirement option that can increase the age pension assets test discount.
- Advisers can attend masterclasses to better understand MyNorth’s Lifetime Income Account – 600 advisers have attended to 30 September 2023. Videos, modelling tools and calculators demonstrate how the product works.
- Guaranteed products are available through MyNorth Guarantee that offers portfolios with 5 or 10-year guarantees to protect client’s capital. Any growth above the initial balance can be locked in, even though the value of the underlying investments may fall.
- The guarantee of capital is provided by National Mutual Funds Management (NMF), a division of AMP. If NMF cannot meet its obligations, AMP Group has undertaken to make good on any such obligation.



Fee Structure

The tables below show the platform and other administration fees that apply in the super/pension and IDPS MyNorth products, with fees varying by the investment menu applicable for each option.

Super/Pension

Balance	Choice	Select
Account fee pa	\$180	\$180
Under \$350,000	0.28%	0.20%
Next \$400,000	0.17%	0.12%
Next \$250,000	0.12%	0.10%
Next \$250,000	0.08%	0.08%
Over \$1.25 million	Nil	Nil
Minimum %-based fee	\$180	\$180
Trustee fee	0.015% (max \$300)	0.015% (max \$300)

IDPS

Balance	Choice	Select
Account fee pa	\$180	\$180
Under \$350,000	0.25%	0.20%
Next \$400,000	0.15%	0.12%
Next \$250,000	0.10%	0.10%
Next \$250,000	0.08%	0.08%
Over \$1.25 million	Nil	Nil
Minimum %-based fee	\$180	\$180

Account Linking

Accounts of family members can be linked for the purposes of fee calculation (up to 6 accounts) in order to reduce fees for the group. Total administration fees are calculated based on the total portfolio balance of the group and then proportioned to each account based on the balance held in each menu.

Cash Account Interest Rate

MyNorth's Product Disclosure Statement (PDS) shows the cash account investment fee is up to 0.75% pa. It is difficult to compare this fee between platforms as each provider calculates this fee in a different way.

It is more meaningful to compare cash account interest rates. MyNorth declares the interest rate payable on the cash account on a monthly basis in arrears. The latest interest rate available at the date of this report is shown below.

Interest rate	MyNorth	Median
28 Sep '23	4.18%	3.55%

Fee Examples

The tables below show MyNorth's administration fees for various account balances compared with other platforms. The medians and ranks are based on 14 open wrap platforms. The Select comparison used limited menu fee schedules offered by other products, where appropriate.

MyNorth's administration fees are the lowest fees for most balances using the full Choice menu and generally in line with the median for the Select menu.

Super/Pension Choice menu (% pa)

Balance	Admin Fee	Median	Rank
\$200,000	0.39	0.53	1/14
\$500,000	0.30	0.39	1/14
\$700,000	0.27	0.33	1/14
\$1 million	0.23	0.27	2/14

Super/Pension Select menu (% pa)

Balance	Admin Fee	Median	Rank
\$100,000	0.40	0.42	7/14
\$200,000	0.31	0.32	7/14
\$500,000	0.23	0.24	7/14
\$700,000	0.20	0.21	7/14

IDPS Full menu (% pa)

Balance	Admin Fee	Median	Rank
\$200,000	0.34	0.48	1/14
\$500,000	0.26	0.35	1/14
\$700,000	0.23	0.28	1/14
\$1 million	0.19	0.23	2/14

IDPS Select menu (% pa)

Balance	Admin Fee	Median	Rank
\$100,000	0.38	0.40	7/14
\$200,000	0.29	0.29	7/14
\$500,000	0.21	0.21	7/14
\$700,000	0.19	0.19	7/14

The tables below show the total fees for multiple super/pension accounts for a range of total balances after the effect of family linking. Similar results would apply if the IDPS product was used.

MyNorth has the lowest fees for the three highest group balances and the third lowest fees for the smallest balance.

Super/Pension Full menu with linking (% pa)

Total Balance	Fee	Median	Rank
\$300,000	0.48	0.62	3/14
\$600,000	0.34	0.45	1/14
\$900,000	0.28	0.38	1/14
\$1.2 million	0.24	0.31	1/14

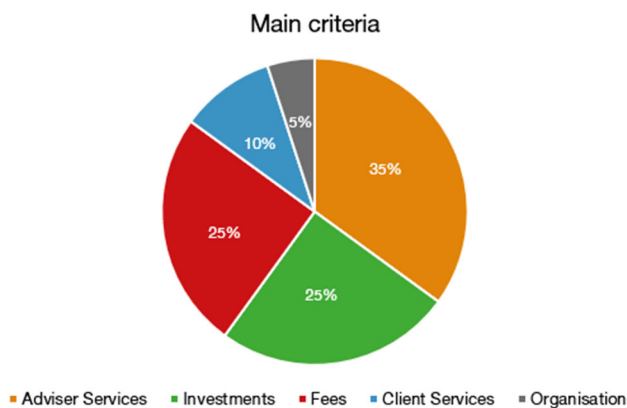
*Assumes 3 linked accounts with 50%, 25% and 25% in each account



Ratings Methodology

In rating platforms, we apply a methodology that we have developed over the past 10 years of assessing platforms. This focuses on five main criteria: adviser services, investments, fees, client services and organisational strengths.

We determine a score for each of the main criteria and then weight these to provide an overall rating for the platform. The chart below shows the main criteria we use and the weights we assign to them.



Adviser Services

We consider adviser services as the most important part of a platform's offering. The benefit of a platform is that it offers great efficiencies to advisers to enable them to focus on providing strategic advice for their clients, rather than spending their time on platform administration. This is an important contributor to providing strong member outcomes for platform clients. Adviser services accounts for 35% of our overall platform rating.

When we rate a platform's adviser services, we consider the full range of services offered to advisers. We assess the Adviser Online portal, focusing on the process for buying and selling assets, business level reporting across the adviser's client base, and reporting on individual client accounts. We also assess the tools provided for advisers to efficiently manage their client's cash as well as data feeds from various financial planning software packages.

We also consider how the platform makes it easy for clients to provide consent on various actions where required, such as applications, buy/sell transactions, fee consents and corporate actions. This includes digital consent functionality, the range of digital signature solutions and online identification solutions.

And we consider the support provided to advisers through the contact centre, technical support and practice management to help them service their clients more effectively.

Investments

Investments are obviously an important part of a platform as they are the means through which long-term value is generated for clients. Investments account for 25% of our overall platform rating.

When we rate a platform's investments, we do not assess every investment option that is available but rather the range of investment options offered including managed funds, SMAs, listed securities, term deposits and longevity products. We also look closely at the flexibility of the SMA and share trading structure to meet the needs of each licensee, adviser and client. We also assess the quality of the platform's investment governance, including the process for approving and monitoring investments on the platform.

Fees

The fees a platform client pays – either directly from their account or indirectly through their investments – have a bearing on how much money they have in retirement.

When we assess a platform on fees, we look at a range of scenarios covering different balances across super, pension and IDPS, considering both full menu offerings and core menu offerings. We also consider account linking scenarios that provide benefits to clients when they are part of a family group. Where meaningful discounts are provided, we also take into account the average fee discounts provided to a platform's client base. And we also consider the interest paid on the cash account, investment fee rebates and the disclosure of investment fees by the platform.

Fees account for 25% of our overall rating.

Client Services

While platforms are built for advisers to manage their clients efficiently, we cannot forget that the end customer is the client. We expect platforms to provide a range of services to help clients understand their investments, all in the context of these clients having an adviser to lead them.

The client services we consider includes the client portal and app which both provide snapshots of a client's investments, and also include a range of reports that can be run for clients who want further information on their account. We also consider the effectiveness of the annual client statement in clearly showing clients how much they have and how it is invested, as well as any client-friendly reports that the adviser can run from the adviser portal to share with their client. We also consider the retail insurance offering as part of the client services.

Client services accounts for 10% of our overall weighting.

Organisation

It is important to know that the platform has the strength and resources to continue to provide positive outcomes for clients and their advisers over the longer term.

When we assess a fund on organisation strengths, we look at who owns or controls it, its capital backing and profitability, ongoing investment in the platform, its scale and net flows, as well as how widely it is used by advisers. Organisation accounts for 5% of the overall rating.



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