

Seed Plug 'n Play Solution

TAKE YOUR ADVISORY TO THE NEXT LEVEL



Practice Management

Imagine you own a business. Now imagine your business pays you R 2.5 million on 1 January every year and grows automatically year on year. When you wake up from dreaming, it is not time to drink your cold coffee, it is in fact time to get out there and build your investment business!

The question is, how do you build something of substance and value? Consistently, diligently and with passion. Keith Richards from the Rolling Stones was once asked about the longevity success of the band. All you Stones lovers would know that they have produced hit songs and records decade after decade, when most of their rival bands celebrated one hit wonders before disappearing off the music landscape. The secret to their success according to Keith? *"Drizzle rain...no thunderstorms, just consistent drizzle rain"*. You build an investment book with a R 2.5 million annuity in exactly the same way – consistent drizzle rain. Have a look at the table below.

Annuity Income Flows – Investment Book Build

AUM (ZAR)	Investment Advice Fee (ongoing)	Investment Advice Fee (ongoing)
	50 bps	75 bps
R25 000 000	R125 000	R187 500
R50 000 000	R250 000	R375 000
R100 000 000	R500 000	R750 000
R250 000 000	R1 250 000	R1 875 000
R500 000 000	R2 500 000	R3 750 000
R750 000 000	R3 750 000	R5 625 000
R1 000 000 000	R5 000 000	R7 500 000
R1 500 000 000	R7 500 000	R11 250 000
R2 000 000 000	R10 000 000	R15 000 000
R5 000 000 000	R25 000 000	R37 500 000

An investment book value of R 100 million with an ongoing advice fee of 50 bps (0.5%), will generate an annuity stream into your practice of R 500,000 per year. A salary of R 500,000 per year will put you in the top 5% income earning in South Africa today. To earn this R 2.5 million you have no doubt been dreaming of, you need an AUM of R 500 million with a 50 bps ongoing advice fee.

It is also important to understand that the following elements will cause growth in your AUM, compounding over time:

- New investment inflows
- Over the long run, asset prices tend to appreciate resulting in positive movements in the capital value of the underlying values of the stocks, bonds and property in your portfolio
- Interest earned on bond and cash instruments that get capitalized in the investment
- Dividend earnings that are reinvested

We live in the information age and informed clients demand value for their hard-earned cash. What is your investment value offering to your clients? Are you able to articulate the portfolio management process in your business if challenged to do so by the FSCA, the Financial Ombud or your client?

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Can you justify your 0.5% ongoing investment advice fee? Before you break out in a cold sweat, rest assured – we have an end-to-end investment value offering for you. Consider some of the challenges in building a profitable investment business in your practice:

- Initial advice process
- Portfolio management
- Ongoing client service
- Meeting regulatory requirements (FAIS/RDR/TCF)

Seed has an end-to-end value offering that enables you to address each one of these challenges successfully



- **Planning Phase:** FNA and ROA are two key outcomes. What risk profile of investing do your clients have to follow to achieve their investment goals? The Seed FNA tool will help you and your client throughout the journey, ending with a Client Specific Investment Strategy Document. This leads to the next phase – implementing the investment strategy (portfolio management).
- **Implementation Phase:** What is your current portfolio management process? What due diligence process do you follow in selecting the appropriate funds to include in your client's portfolio? Seed is here to help with our Portfolio Optimisation Process, leading to our recommended Seed Short List by blending percentages.
- **Ongoing Client Management and Reporting Phase:** Do you have the time, resources and knowledge to compile consolidated client investment reports across multiple investment platforms and funds? Like the old Joshua Door advertisement used to say, "You have an uncle in the furniture business". Similarly, our Advisor Partners have an uncle in the Investment Portfolio Reporting business – Seed Analytics.

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If I want to build a successful investment practice, what would I need to do?

We put ourselves in your shoes to answer this question. Over the next 4 weeks, we will be unpacking each component that makes up the Seed Plug 'n Play Solution, and we look forward to taking your Advisory to the next level!

Our door is always open, and we would love to hear from you!

Kind regards,



Adriaan Giessing CFA

Head of Distribution

Seed Plug 'n Play Solution

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