

Breakaways simply speculation: Fenning

Written by: Kate Kachor

The chief executive of Shadforth Financial Group has rejected speculation there is discord within the firm's adviser ranks and the planned merger with Snowball Financial Group is set to act as the catalyst for a planner exodus.

Shadforth's Tony Fenning said there was no truth to industry speculation that a number of the group's advisory practices were looking to depart once a merger with Snowball was approved.

"The deal speaks for itself. I've not had a single shareholder suggest they were not going to accept the deal and I haven't had a single person say it's a bad idea," Fenning said.

At the time of *IFA*'s deadline, more than 80 per cent of Shadforth shareholders had accepted the Snowball offer.

Fenning said rather than expecting any advisers to leave, the firm had experienced "dramatically increased levels" of interest in people joining the group. "I would be very surprised if there was any serious movement from our advisers," he said.

"We've got a pretty good retention strategy in that we've got a group of people committed to wanting to be part of the best advice firm in Australia who have all got reasonable equity stakes, somewhere between reasonable to very large equity stakes, and who have busted a gut to build the business over the last five years."

He said there was an enormous amount of "good will and positive energy" in what was a difficult time from a market perspective and also in terms of regulatory threat.

"With the smaller end of the market, people are either thinking of staying small and in which case they are going to tag onto someone bigger, or if they are already medium and looking for a strategy, then someone like us is very interesting because we've got the infrastructure to implement client portfolios, and we've got the quality behind the advice part," he said. «

Executives form new mentoring program

Written by: Kate Kachor

A number of senior executive women from Australia's financial services sector have joined together to form a new mentoring program.

Co-founded by Financial Recruitment Group (FRG) managing director Judith Beck, 10 women from areas of distribution within the country's financial services sector have formed a new initiative, Financial Executive Women (FEW), and developed a program called FEW Next Steps.

Beck told *IFA* she had already secured commitment from the "top 1 per cent of impressive and successful women in financial services" to get FEW off the ground.

They include Colonial First State northern regional investments manager Linda Stangherlin, Colonial First State general manager Marianne Perkovic, Simple Wrap managing director Krystyna Weston and AMP acting director of aligned channels business development customer value Leanne Gregory-Aylett.

"Already our concept has leaked and I am getting several phone calls from women who want to be

involved and this is only after a few weeks – I think FEW will take off very quickly," Beck said.

"FEW will help women to take on their next corporate role and will discuss with them the common mistakes women make when moving into their next role.

"In addition, FEW will help women in 'next step' positions by providing guidance, coaching and mentoring. We want to help women develop better networks and stronger profiles in the market and develop a forum where members feel free to discuss business issues in confidence. This is what we feel will really help women to be on an equal playing ground."

She said the 10 founders would set the qualifications required for the invitees in three categories.

The purpose will be for the original 10 founding members, who are currently at general manager and senior management level, to sponsor the next level of women or FEW next steps and that level will sponsor the FEW beginners to help mentor them in their careers. Each level will grow through an invitee process.



JUDITH BECK

Beck said FEW would look at issues facing women in finance who were currently in senior management positions.

The concept behind FEW was devised while Beck conducted this year's *IFA*/FRG Remuneration survey.

She said it had always been part of her process when interviewing women to advise them to stop being so modest about their achievements and blow their trumpet louder.

"Women tend to take their achievements as just part of their job, whilst their male counterparts will very quickly point them out to their boss or potential employers," she said.

She said she had wondered what would happen if senior women actually helped the 'next steppers' and beginners in guiding them in their careers – if in 10 years a difference would be noticeable. «

Shorten awaits ASIC paid research move

Written by: Victoria Tait

Financial Services and Superannuation Minister Bill Shorten is awaiting word from ASIC on paid research ratings following calls to include them in his proposed Future of Financial Advice (FOFA) reforms.

"ASIC have indicated they may take a closer look at the role of research houses," a spokesman for Shorten said. "We will be interested in the outcomes of their work."

ASIC has released an industry consultation paper on the integrity of the research process, its second in five years. In its 2006 report, "Managing conflicts of interest in the financial services industry", the corporate regulator zeroed in on a number of ways

in which the integrity of investments could be breached.

However, earlier this month it focused on whether the payment models used by funds' research houses beg greater disclosure. ASIC has signalled some preference for a user-pays model, but its investigations are preliminary.

Morningstar Australasia chief executive Anthony Serhan said the cost of investing in financial products would fall if product manufacturers no longer paid research houses to rate their investment products.

"In theory, fund managers' fees could go down and advisers would pay for the research directly. Investors would be in the same position from a cost perspective but there would be more

competitive focus on the quality of research," Serhan said.

Morningstar, which owns *IFA*, is an independent funds research company.

Paid research came under fire during the global financial crisis, prompting an international call for greater scrutiny of the process.

Closer to home, collapsed Trio Capital is held up as an example of flaws in some research models.

Standard & Poor's (S&P) hit back late last year, defending the model against what it called a simplistic view of ratings remuneration.

S&P head of fund services Mark Hoven said fund managers paid upfront, ensuring their payments did not influence the ratings outcome. «