

## **Yellow Brick Road Media Launch**

**26 July 2007**

Wizard founder Mark Bouris and former UBS banker, Bryan Davies, have joined forces to launch a new financial services firm in the fast growing wealth management industry in Australia.

Yellow Brick Road will provide financial advice and implementation, accounting and wealth management services, insurance and estate planning products, stockbroking and direct packaged investments.

“The two great dreams in life for all Australians is to own their own home and retire happy and comfortable,” Mr Bouris said.

“When I made the Wizard investment, it was focused on the first dream. The Yellow Brick Road investment is designed to build an independent, quality financial advice business to help clients achieve the second dream.”

Yellow Brick Road will focus on meeting the interests of individual investors, offering independent advice with a keen focus on after-tax return.

Yellow Brick Road will use a transparent fee structure. It will rebate any trailing or other commissions to the client, and will ensure all fees are fully explained.

“Acting in the client’s best interest sounds like it must be common-place, but it is rare in personal financial advice,” Mr Davies said.

“To do this requires the right remuneration structure, both at the firm level – fees charged to clients, and at the individual adviser level – an absence of commissions.

“It requires independence from financial product providers. It requires the willingness and ability to work with the client to maximise after-tax returns, rather than pre-tax performance.”

Yellow Brick Road’s over-arching investment philosophy reflects keeping things simple, maximising tax benefits of investment and gearing strategies, avoiding overly opaque investments, or where there is too much manager flexibility.

“The market return is hard to beat, tax adjusted it’s very hard to beat, particularly in Australia; risk adjusted for the vagaries and variation in a lot of active manager’s returns, it’s extremely hard to beat,” Mr Davies said.

Accordingly, the core asset in an Australian investor’s portfolio should be a market index biased Australian stock portfolio, managed for tax efficiency, coupled with the use of appropriate gearing strategies.

“Specialist fund managers, when fund sizes are not overwhelming, can play an important role in enhancing returns, provided the risks fit the client’s overall portfolio. The adviser must be able to rigorously understand the investment strategies, their limits and the fund management team,” Mr. Davies added. Other specialized investments and new issue access round out the investment opportunities for Yellow Brick Road clients.

“We are passionate about the client’s total position, making sure all the parts fit together, and have built, and continue to add to, a team of leading professionals to tie in all aspects of client’s financial affairs.

“As well as investment advice and structuring, Yellow Brick Road will provide private client stockbroking, accounting and wealth protection services. This not only gives us the capability of seamlessly connecting the different parts of a client’s financial affairs, it dramatically simplifies the client’s financial affairs, not briefing different stockbrokers, investment advisers, insurance brokers, accountants and lawyers,” Mr Davies said.

Mr Davies and Mr Bouris said they would build the business through the acquisition of financial advisory and wealth management firms, in addition to recruitment of leading professionals.

Only three of the largest 25 financial planning dealer groups in Australia are independent and only 11 % of funds under advice are handled by an independent dealer group.

A study by Rainmaker Information, released last week, found that 85 per cent of money in major managed funds platforms went to investment options related to the platform’s owners.