

Growth of the hub

SIXTEEN fund managers – including Perennial, Hyperion, SG Hiscock & Company, Acadian, Bennelong, Fortis, Platypus, Renaissance and UBS Global Asset Management – have signed agreements to hand their best stock ideas over to new administrative platform Hub24.

Hub24 director Darren Pettiona says the group is negotiating with a further 10 managers, which it hopes to sign before the end of the year.

"There's been a lot of interest in Hub24 and we expect it will pick up further in the next 12 months," he says.

"An increasing number of platforms are putting direct equities on platforms but in order for that to be a viable, economical option, institutions can't be allowed to take an ongoing fee on direct equities, hence the need for a managed accounts structure.

"One size does not fit all for [administration] pricing."

It is understood that Hub24 is one of the separately managed account platforms being reviewed by dealer groups including Centric Wealth and Yellow Brick Road, alongside OneVue and Praemium.

Pettiona, who set up the business along with former Coin and VisiPlan developers Ian Litster and Suwandi

Tan, says the new platform will significantly reduce the cost of administering superannuation and investment portfolios, and revolutionise the investment landscape in the same way master trusts and wrap accounts did in the late 1990s.

Jason Entwistle, one of the founders and developers of Commonwealth Bank's Avanteos platform, has also joined the Hub24 team as a consultant. Entwistle is a director of managed account software provider Financial Simplicity.

The inefficiency and high cost of funds management and administration is a major focus of the government superannuation review, led by former deputy chairman of the Australian Securities and Investments Commission Jeremy Cooper.

The main way investors access the intellectual property of professional fund managers is through unitised managed funds, but bundled up in the price of those funds are managers' operational costs including compliance, staffing and distribution. As a result, super fund members pay an average fee of 1.21 per cent for investment management and administration. Retail super fund members can pay more than 2 per cent.