

The Frontier Line

Good governance for adviser groups

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About us

Frontier Advisors has been at the forefront of institutional investment advice in Australia for over thirty years and provides advice on \$920 billion of assets across the superannuation, charity, public sector, insurance, wealth and university sectors.

Our purpose is to empower our clients to advance prosperity for their beneficiaries through knowledge sharing; customisation; technology; and an alignment and focus that is unconstrained by any product conflicts.

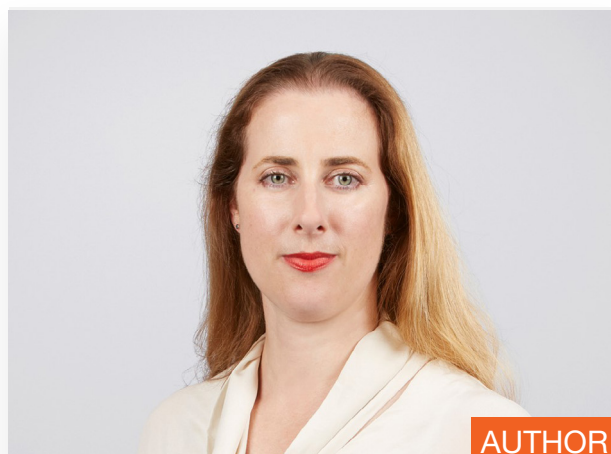


AUTHOR

Sarah Cornelius

Head of Investment Governance

Sarah Cornelius is a Principal Consultant and Head of Investment Governance. Since joining the firm in 2010, she has developed extensive expertise in delivering investment governance advice to investment committees and boards across a range of client segments. Her responsibilities include evaluating internal investment capabilities, conducting assessments of investment beliefs, and reviewing and drafting investment policies for various institutional investors. In addition to her investment governance responsibilities, she is an active member of Frontier's investment consulting team. She supports clients through consulting engagements and participates in both investment and manager research activities. She is also part of Frontier's Responsible Investment Group, contributing to the advancement of responsible investment practices within the organisation. Sarah holds a Bachelor of Commerce (Commercial Law) from Swinburne University, as well as a Masters of Applied Finance from Kaplan Professional.



AUTHOR

Claire Casucci

Principal Consultant

Claire Casucci joined Frontier in 2018 and is now a Principal Consultant. Claire looks after a variety of clients across insurance, endowments and private wealth, providing research, analysis and investment advice. Claire is also a member of Frontier's Manager Ratings Committee (MRC). Claire has previously advised superannuation clients and been involved in research, spending five years in Frontier's Alternatives Team focussing on liquid alternative strategies. Prior to joining Frontier, Claire was a Senior Financial Advisor at ANZ Private in Adelaide, where she specialised in providing complex strategic and investment advice to high-net-worth individuals and families. Claire completed ANZ's Graduate Program and has also worked at ANZ in advice assurance, credit writing and transactional banking. Claire is a CFA charterholder, holds a Bachelor of Economics and Bachelor of Finance from the University of Adelaide and has an Advanced Diploma in Financial Services (Financial Planning) from Kaplan.

What does good governance look like for adviser groups?

A governance failure with industry wide implications

The collapses of Shield Master Fund and First Guardian, while still before the Federal Court, have had a devastating impact on affected investors and is likely to be a pivotal moment for the industry's governance standards. More than 12,000 investors were affected, with approximately \$1 billion of savings at risk.

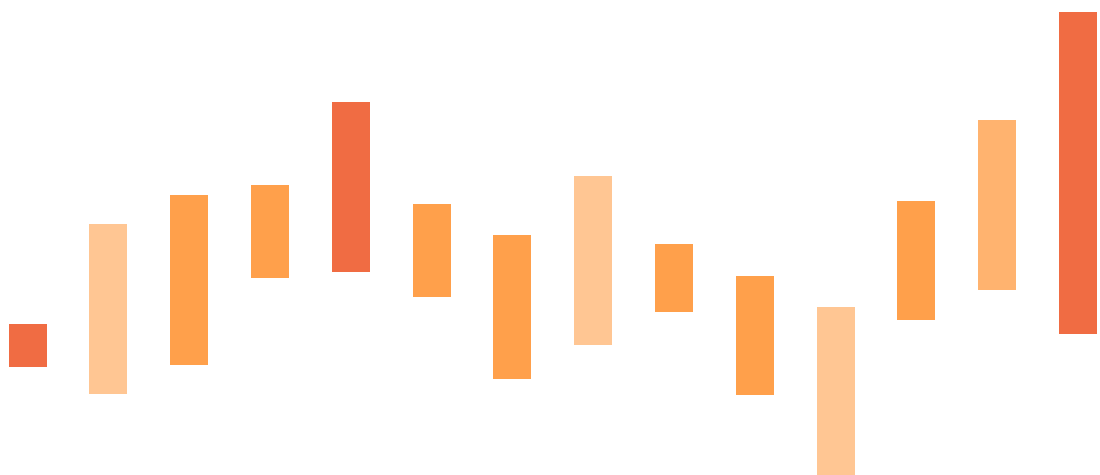
From an investment governance perspective, a key issue was a lack of clarity around, or insufficient understanding of, the governance responsibilities and oversight expectations associated with managed investment schemes. The regulatory framework created a potential grey area.

Shield and First Guardian were not superannuation funds; they were managed investment schemes (MIS). Unlike superannuation trustees (RSE licensees), which operate under a well-defined and comparatively stringent governance framework designed to protect members' retirement savings, MISs are subject to a different regulatory regime overseen by ASIC and were not specifically designed with retirement income objectives in mind.

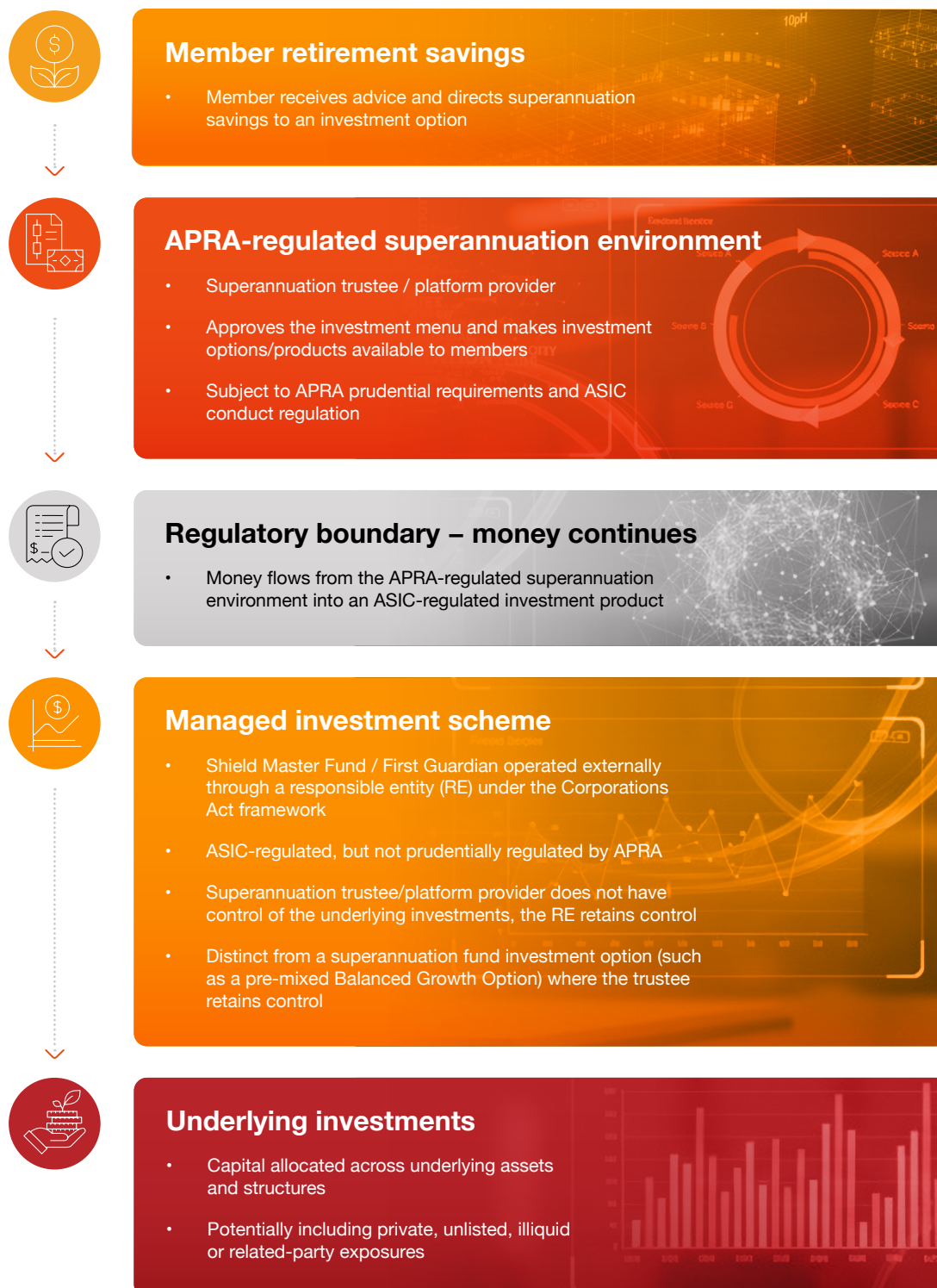
Although superannuation savings were invested in these vehicles, the MISs themselves are not regulated by APRA. Instead, they are regulated by ASIC as financial products.

Platform providers, acting as superannuation trustees, approve the products made available on their platforms. These platforms and trustees are APRA-regulated, although not all investments in Shield and First Guardian were made through APRA-regulated superannuation structures. Investments through self managed superannuation funds (SMSFs) and direct investments by private individuals are not APRA-regulated.

The Shield and First Guardian collapses illustrate the complexity of a layered financial services ecosystem, where different participants operate under different regulatory obligations, oversight arrangements and accountability frameworks.



The following flowchart provides a simplified illustration of how investors accessed Shield or First Guardian through a superannuation platform. It highlights the regulatory boundary between APRA-regulated superannuation trustees and ASIC-regulated managed investment schemes.



This complex chain of providers, which may include lead generators, licensed financial advisers, platform operators and responsible entities, each with their own profit motives, can make accountability less transparent and increase the risk that governance weaknesses are not identified or challenged in a timely manner.

[APRA Prudential Standard SPS 530 - Investment Governance](#) states “an RSE licensee is ultimately responsible for the sound and prudent management of the investments of each RSE within the RSE licensee’s business operations”.

While the Shield and First Guardian matters have raised questions about alleged misrepresentations, high-pressure sales practices and the management of conflicts of interest across product providers, lead generators, licensees and financial advisers, they have also brought into focus the adequacy of both investment and operational due diligence.

More broadly, the matters have prompted scrutiny of investment selection processes, the assessment of operational and liquidity risks, the effectiveness of ongoing monitoring, the tension between commercial incentives and prudent oversight and the ability of governance frameworks to provide meaningful challenge and oversight of complex investment structures.

In this paper, we explore the characteristics of investment-grade due diligence and the governance practices that underpin robust decision-making and oversight. We also outline Frontier’s approach to institutional due diligence and how adviser groups can benchmark their own arrangements and those of any third-party providers they engage.



Key terms and participants

Australia's financial services system involves several participants performing different, and sometimes overlapping, roles. These plain English definitions explain how key terms are used in this paper and are not intended as comprehensive legal definitions.

Terms	Plain English meaning
Adviser group	A business or group that provides financial advice, generally under an Australian financial services licence. In this paper, the term includes large dealer groups and independent licensees.
AFS licensee	The holder of an Australian financial services (AFS) licence. It is responsible for the financial services provided under its licence, including by its authorised representatives. In this paper, we frequently refer to them as licensees.
Approved product list (APL)	The list of investment products an AFS licensee permits its advisers to recommend. It is not necessarily the same as a platform's investment menu.
APRA prudential requirements	Requirements applying to APRA-regulated entities that address financial soundness, governance and risk management.
ASIC conduct regulation	Regulation of financial products, services and market conduct, including under the Corporations Act.
Dealer group	A commonly used industry term for a group of financial advisers operating under, or associated with, an AFS licensee. In this paper, these businesses are generally called adviser groups.
Enforceable undertaking	A formal commitment accepted by a regulator that requires an entity to take, or refrain from taking, specified actions and can be legally enforced.
Independent licensee	An AFS licensee that is not owned or controlled by a larger institution or product provider. It is one type of adviser group.
Investment menu	The range of investment options made available through a superannuation fund or platform.
Investment option	An investment choice made available to members through a superannuation fund or platform. It may invest in one or more underlying investment products.
Investment product	A broad term for an investment offered to investors. A managed investment scheme is one type of investment product.

Lead generator	A person or business that identifies prospective clients and refers or sells those leads to advisers or other financial services businesses.
Financial adviser	An individual authorised to provide personal financial advice under an AFS licence. The adviser may be the AFS licensee or an authorised representative of one.
Managed investment scheme (MIS)	A structure in which investors contribute money or assets that are pooled or used in a common enterprise and investors do not have day-to-day control over its operation. A registered MIS is operated by a responsible entity.
Operational due diligence (ODD)	Assessment of whether a manager's governance, people, systems, controls and operations can reliably implement and support the investment strategy.
Platform	A service through which investors or members can access and administer a range of investments. 'Platform' is the broad term; a superannuation platform operates within a superannuation structure.
Platform provider	The entity that provides or operates a platform. For a superannuation platform, it may also be the RSE licensee and platform trustee, but the terms describe different capacities.
Platform trustee	The RSE licensee and superannuation trustee responsible for a superannuation platform. Use this term when discussing the trustee's prudential obligations, oversight or accountability.
Research provider	An organisation that assesses investment products or managers and provides research, ratings or recommendations. Also commonly called a research house.
Responsible entity (RE)	The entity legally responsible for operating a registered managed investment scheme. It is distinct from the superannuation trustee that may make the scheme available through a platform.
Registrable superannuation entity (RSE)	An APRA-regulated superannuation entity, which may include a regulated superannuation fund, approved deposit fund or pooled superannuation trust. An SMSF is not an RSE.
RSE licensee / superannuation trustee	The licensed trustee that operates and manages an RSE. In this paper, 'superannuation trustee' or 'trustee' is used after the term is first introduced.
Superannuation platform	A platform through which members can hold and administer investment options within an APRA-regulated superannuation structure.

Raising the bar

Regulators continue to investigate allegations of conflicted related-party transactions, misuse of investor funds, inadequate due diligence, poor oversight, conflicted advice practices, audit failures and broader governance breakdowns associated with the Shield and First Guardian collapses, while also seeking to improve governance and transparency across financial services.

Investigations have included lead generators, financial advisers, research providers and superannuation platforms. ASIC has taken legal action against several firms and published [REP 833 on platform trustees' monitoring of advisers, licensees and investment options](#). APRA has entered into enforceable undertakings, conducted a thematic review of platform trustees in 2025 and, in August 2026 [announced reforms to lift investment governance standards](#).

Politically, the issue has also shifted from a discrete enforcement matter to a broader reform agenda. Assistant Treasurer and Minister for Financial Services Daniel Mulino described the Shield and First Guardian collapses as exposing “[profound risks and vulnerabilities](#)” across the financial system, noting that harm can be amplified as consumers move between lead generators, advisers, trustees, investment products and compensation arrangements. The Government’s response has therefore focused not only on failed products, but on the broader ecosystem that allowed retirement savings to be channelled into high-risk or poorly governed structures.

Three government consultation papers released in April 2026 addressed superannuation member protections and trustee obligations, the sustainability of the Compensation Scheme of Last Resort, and stronger regulation of lead generation services. The Government’s [response and reform package](#) was released in August 2026, with implications across the financial services sector.

The collapses have highlighted the importance of ultimate trustee accountability and the risks that arise when responsibility becomes fragmented across multiple parties. Trustees may delegate functions to external providers, such as investment management, but they cannot delegate responsibility for decisions and outcomes. Trustees remain accountable for appropriate oversight, challenging external providers where required, and identifying and managing risks. This principle is also reflected in [SPS 530](#).

Thinking about these issues and acting early will better prepare adviser groups and reduce the likelihood and potential impact of future risk events.

Although the regulatory response continues to evolve, the broader message is already clear: expectations around governance, oversight and due diligence are rising and this path is likely to continue into the foreseeable future. Adviser groups should consider not only the specific requirements that apply today, but also the direction of industry standards and regulatory thinking and whether existing frameworks are positioned to meet those expectations.

What adviser groups can do

This is a reminder of the importance of establishing and regularly reviewing the investment governance framework used by adviser groups and platform providers.

The framework needs to adapt to changes in the internal and external operating environment, be fit for purpose and align with the organisation's business strategy. Frontier believes the first step is a comprehensive, end-to-end review of the investment governance framework, allowing the organisation to identify and understand actual or potential gaps and determine how they should be addressed.

For an adviser group, oversight and product governance are critical. A robust framework should define decision rights and delegations; establish the evidence required before a product is approved; clarify how external research will be reviewed and challenged; and set expectations for monitoring, escalation and offboarding. It should also recognise governance resources are finite and the breadth and complexity of the product menu must be supported by corresponding skills, time and processes.

We believe adviser groups cannot simply accept product information or third-party research at face value. They need sufficient internal capability to understand the products they recommend, test the quality and limitations of external inputs and determine whether each product is suitable for their business and clients. External specialists can materially strengthen this process, but outsourcing should support rather than replace the organisation's own oversight and accountability.

The practical questions are straightforward but important:

- Can the business undertake the required work itself, or should specialist functions be outsourced?
- Should the governance budget support a broad menu or deeper research and monitoring of fewer products?
- Is the framework proactive enough to act before concerns become failures?

The key ingredients for good governance

Good governance = (skills × resources × time × processes) - conflicts

Investment governance is about deploying finite skills, resources, time and processes, while managing conflicts, to support the best possible investment outcome. Weakness in any element can compromise the framework – strong processes cannot compensate for insufficient expertise, capable people cannot provide effective oversight without adequate time and a broad product menu cannot be governed well if product approvals outpace monitoring capacity.

While conflicts of interest are unlikely to be eliminated entirely, they can be mitigated through transparency, independent challenge and disciplined conflict management practices.

The framework should therefore link the organisation's strategy and client proposition to its product menu and governance capacity. It should identify accountable owners for approval, monitoring, escalation and removal; require independent review and challenge where appropriate; maintain a documented record of why decisions were made and what conditions or monitoring actions were attached to them; and identify material conflicts, why they have been accepted and how they are being managed.

What institutional-grade due diligence looks like

Frontier has attended and spoken at a number of financial advice conferences over the past year where the Shield and First Guardian scandals have been a major topic of discussion, alongside broader industry interests such as the rise of private market investments.

Across those discussions, the consistent takeaway has been the importance of ‘doing your due diligence’.

However, it is not always clear what ‘good’ due diligence looks like. Frontier has no specific insight into the due diligence completed by the various parties connected with Shield and First Guardian, so we cannot comment on what was or was not done in those cases.

What we can do is outline how we approach due diligence and provide a high-level view of what an institutional process looks like. We hope this assists financial advisers and advice businesses to benchmark both themselves and any third-party providers they engage, enhancing protection for their businesses and clients.

From a risk framework perspective, investment due diligence is a key first line of defence against future risks. The most effective way to reduce investment risk is often to avoid introducing unsuitable products or investment structures into the opportunity set in the first place. Investments that rely on highly specific assumptions or low-probability outcomes to achieve their objectives may warrant heightened scrutiny, as the consequences of getting the decision wrong can be significant.

What due diligence can and cannot do

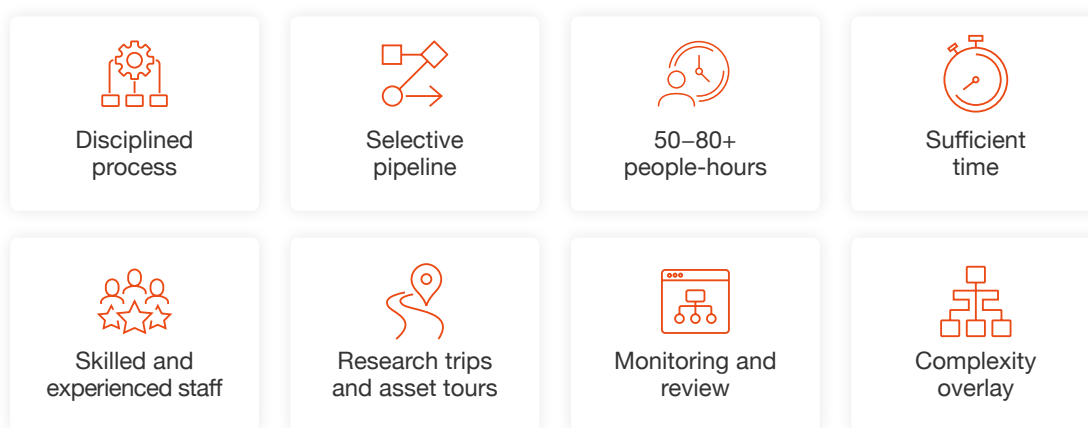
When investors are told to “do your due diligence”, it can imply that due diligence will prevent anything going wrong. In the case of Shield and First Guardian, the implication may be that ‘good’ due diligence by the regulator, adviser, licensee, platform, trustee or research house would have prevented failure or contained losses. This is not necessarily the case.

It is important to be precise about what due diligence can and cannot do. It will not protect investors from every adverse outcome and it cannot completely remove investment risk. What it can do is help investors identify and assess risks so they can decide whether to accept them, what controls are required and whether the expected return is commensurate with the risks taken.

Even thoroughly researched investments, supported by high-quality businesses, people and processes, can encounter problems. That is the nature of investing.

A good due diligence process can mitigate risk, inform an appropriate position size, identify any conditions or safeguards that should accompany an approval decision and help investors select products aligned with their needs and risk appetite.

What it takes to understand an investment and its underlying features and risks



We have been advising our clients on investment due diligence for over 30 years, using a disciplined and repeatable process that provides consistency across the firm, while allowing for nuances between different asset classes. The process is disciplined, but not static, and has evolved over time to reflect changing investment markets, client needs and new due diligence focus areas. Our research is funded by our clients, which reduces potential conflicts of interest and allows us to assess and recommend managers without fear or favour.

Frontier's due diligence process is highly selective. We may meet with dozens of managers to develop an overview of an asset class or sub-asset class before shortlisting preferred strategies for further work. Of those shortlisted strategies, only a handful are likely to proceed to a rating. This selectivity allows governance resources to be concentrated on the products most likely to warrant detailed assessment and eventual client use.

For a product to reach a rating, it is likely to require at least 50–80 people-hours in a process that can span an extended period. During that time, our researchers hold multiple meetings to interrogate the manager's representations and build knowledge and conviction. We look for consistency of people, philosophy and process over time because our clients may hold these products in their portfolios for years, or even decades.

We expect to meet key investment decision-makers, including CIOs and portfolio managers, as well as specialists in risk management and responsible investment. We may also request confidential discussions with other team members to test whether the stated culture and process are reflected across the organisation.

Researcher experience is as important as the hours spent. Senior specialists lead and oversee the process, enabling in-depth inquiry of senior peers and providing guidance to less experienced researchers. A questionnaire or manager presentation cannot replace an experienced professional who recognises incomplete explanations and knows when further evidence is required.

We conduct overseas research trips to visit managers on-site and meet a broader range of staff than those who visit Australia. We also arrange asset tours for real assets such as property and infrastructure. These can provide practical insights into an office tower's layout, a shopping centre's tenant mix or the operating characteristics of newer infrastructure sectors.

Once researchers complete due diligence and the asset class team approves the rating document, the recommendation proceeds to Frontier's Manager Rating Committee (MRC) for discussion, debate and endorsement. The MRC comprises senior investment staff and provides independent review, further challenge and a final decision on the rating assigned.

Once a manager is rated, we move to a structured monitoring and review process. The capacity to undertake adequate monitoring is just as important as the ability to rate a new strategy, particularly once the product may be held in client portfolios. Changes to people, ownership, process, performance, portfolio construction or operations can trigger further engagement and reassessment.

We also apply an additional overlay to complex and illiquid strategies. These products generally require more time and a greater level of specialist expertise because risks can arise across investment design, valuation, liquidity, structures, operations, legal rights and tax treatment.



Types of due diligence – investment, operational, legal and tax

Investment due diligence assesses whether the investment engine is sound.

However, investment merit alone does not guarantee investors will receive the outcome a strategy purports to deliver. Operational, legal and tax due diligence are equally important in determining whether a strategy can be implemented, governed and accessed in the manner expected.

Type	Key focus	Practical questions
Investment	Philosophy, process, people, intellectual property and portfolio construction.	Does the strategy have a repeatable edge? Are the people capable? Is the process likely to deliver on its objectives?
Operational	Controls, governance, valuation, cash management, trade execution, cybersecurity, business continuity and scalability.	Can the manager deliver the strategy consistently and within guidelines? Are systems and controls fit for purpose? Can the process scale?
Legal	Structure, regulatory compliance, documentation, indemnities, investor rights and obligations.	What legal rights does the investor have? How do Australian structures interact with offshore vehicles or master funds?
Tax	Tax structure (including any tax leakage), treatment of returns, residency, reporting obligations and after-tax outcomes.	Will investors receive the expected after-tax outcome? Are there withholding-tax, foreign-tax-credit or classification issues?

Operational due diligence deserves particular attention because it bridges the gap between investment design and implementation. Managers will often provide a standard questionnaire, but simply reviewing a completed questionnaire is not enough. Appropriately qualified specialists need to interrogate the information, meet key operational personnel and where appropriate, conduct on-site meetings to assess system design, control strength, compliance and scalability. The value lies in the professional judgement applied to the information, not the questionnaire itself.

Operational, legal and tax risks remain inherent in all products and structures, including Australian unit trusts. These risks can be heightened for offshore assets and complex unlisted investments such as private equity, private debt, infrastructure and property. Different expertise is required for each type of due diligence and adviser groups should ensure appropriately qualified specialists undertake or support each component.

[APRA's Prudential Standard CPS 230 - Operational Risk Management](#) requires APRA-regulated entities to manage operational risks, maintain critical operations through disruption and manage risks arising from service providers.

Financial advice businesses are not APRA-regulated, but the APRA standard provides a useful reference point for operational oversight and service provider risk management.

How and where to spend your due diligence budget

Deep, institutional-grade due diligence is a significant investment.

All businesses, including Frontier, have a finite budget that can be allocated to due diligence. That budget includes money, staff time, senior oversight, committee capacity and the systems needed to retain evidence and monitor products.

Frontier allocates our due diligence budget according to dollars, time and complexity to achieve the most effective outcome for our business and clients. Each financial advice business must make the same decision based on strengths and priorities.

The budget should cover the full product lifecycle, not only approval. Excessive focus on new products can leave insufficient capacity to monitor existing strategies. Adviser groups should include the ongoing cost of reviewing changes, escalating concerns, communicating with advisers and clients and offboarding products when setting the breadth and complexity of the approved product list (APL).

DIY versus outsourcing

The first question is whether the business has the internal resources, capability and process to undertake a sufficiently detailed level and quality of due diligence itself, or whether it needs an external partner.

General research principles may transfer between asset classes, but the deep institutional knowledge required in specialist areas, such as private markets, can only be built over years and through varied professional experience. Frontier's senior researchers typically bring skills beyond manager research, including experience managing money in Australia and overseas or undertaking transactions directly. In our view, there is no substitute for specialist skills, whether they are retained in-house or outsourced.

Outsourcing can provide depth, comparative market knowledge and access to specialist expertise, but it should not remove the adviser group's ownership of the decision. The adviser group should understand the scope of the research provider's work, the evidence relied upon, the limitations of the conclusion, how conflicts are managed and how the research will be kept current. A rating is an input to governance, not a substitute for the organisation's own assessment of suitability for its clients and business model.

One possible implication of Shield and First Guardian is that firms across the financial advice chain may no longer be able to rely solely on outsourced due diligence. Advisers have long been expected to understand the products they recommend. Regulatory action suggests this expectation will extend more broadly to APLs and platforms. In the past, inclusion on an APL or platform may have been supported primarily by a rating from a research provider. In future, licensees and platforms may need to complement third-party research with their own overlay on product suitability and quality for their business and clients.

In April 2026, the Financial Services Council released [FSC Standard No. 31, the Wrap Superannuation Platform Trustee Investment and Adviser Governance Principles: Standard and Better Practice Guidance](#).

The Standard is designed to strengthen investment and adviser governance across platforms and sets enhanced expectations for due diligence, ongoing monitoring of investment options and oversight of financial advisers using platforms.

Following APRA's 2025 thematic review of platform trustees, [APRA issued a letter in October 2025](#) clarifying its expectations. APRA highlighted onboarding, including investment governance frameworks and policies, ongoing due diligence and monitoring of investment options and promoting member outcomes. [In August 2026, APRA announced a package of investment governance reforms](#), with particular attention to platform trustee requirements.

The proposals include:



Ensuring investment management capability is commensurate with the complexity of the investment menu.



Addressing weaknesses in onboarding, monitoring and offboarding practices.



Addressing material conflicts.



Improving member-level diversification.



Strengthening trustee oversight and accountability.

Further detail will emerge through consultation. However, the proposals are expected to have particular relevance to platform trustees because investment menus can be broad, some platform products are relatively complex and financial advisers can play a significant role in selecting and recommending investment options. The ability to review and challenge is increasingly seen as leading practice and this is where institutional experience and specialist knowledge can add significant value.

Broad versus deep

Within the available due diligence budget, each business must decide whether it wants shallower coverage of many products or deeper coverage of fewer products. There is an ongoing tension between the desire to offer more choice and the need to ensure products are sufficiently researched and monitored. The institutional investment market generally errs on the side of quality over quantity.

After a period of caution following the global financial crisis, the retail market has in recent years tended to favour extensive APL and investment menus. The fallout from Shield and First Guardian raises the question of whether breadth has, in some cases, come at the cost of due diligence quality and ongoing oversight.

A broader menu creates recurring obligations. Every product requires records, monitoring, review of material changes, adviser and client communication and decisions when risks increase. Those obligations continue even if the product is no longer promoted. Businesses should consider the full lifecycle cost, including the possibility that oversight will intensify during stress.

We are already seeing platform providers and financial advice businesses reduce the extent of their investment offerings in an effort to improve the quality and oversight of what is made available. Frontier's view is not that a smaller menu is automatically better, but that the breadth and complexity of the menu must be aligned with the capability and capacity available to govern and monitor it.

If governance resources do not expand with the menu, rationalisation or restricted access may be necessary.

Who pays? How?

Due diligence must be paid for and it is important to ask who is paying for it and how. The funding model is not a peripheral issue; it can influence which products receive coverage, the depth of work undertaken and the incentives surrounding the conclusion.

Institutional investors typically pay for research directly, either through an in-house investment team or through a retainer or database subscription to a specialist asset consultant. This does not remove all potential conflicts, but it aligns the primary commercial relationship more directly with the investor receiving the research.

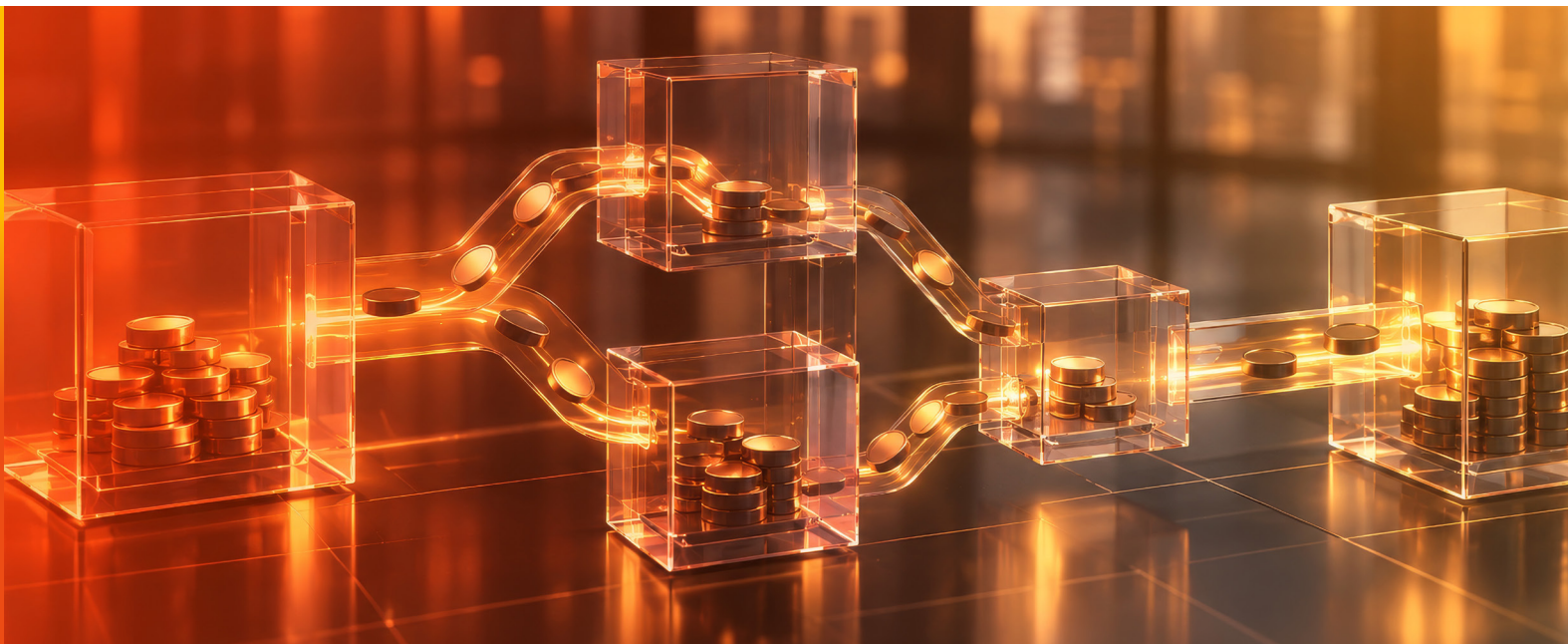
Outside the institutional landscape, there are due diligence models in which product providers pay to have their products rated, or researchers are paid only if clients invest in a product. The existence of such a model does not, by itself, determine the research is unreliable. It does, however, make it essential to understand how analysts are separated from commercial activity, whether payment affects coverage or conclusions and what governance applies where a negative view may affect revenue.

We believe advice businesses should understand the conflicts within their chosen model, how those conflicts could influence a rating and whether the business is prepared to accept them. Conflict management should extend beyond disclosure to include independent review, participation rules, additional evidence where required and a documented rationale for accepting any residual conflict.

What appears to be cost-effective research on the surface may ultimately prove expensive if weak or conflicted due diligence contributes to poor product decisions. The appropriate question is not simply the price of the research, but its value, including whether the model produces work that is sufficiently deep, independent, current and capable of being challenged.

Quantifying this value can be challenging because the most significant benefits of due diligence are often the risks that never materialise. These benefits include confidence recommended products are in the client's best interests, avoided investment losses, avoided remediation costs, reduced client harm and stronger evidence decisions were made reasonably and with appropriate care.

Due diligence is less a compliance expense and more a risk-control investment that supports adviser confidence, improves client outcomes and enhances the long-term sustainability of the advice business.



The final word: next steps



The overwhelming majority of financial advisers and advice businesses care deeply about their clients and want to improve standards that protect clients' financial interests.

The task is to translate that commitment into a clear, adequately resourced framework that operates when difficult decisions arise.

A first step is for financial advice businesses to review their internal governance frameworks, resourcing and capabilities, identify gaps and improve practice oversight. This applies to both large dealer groups and independent licensees. The review should consider accountability and delegations, product approval, the use and challenge of external research, ongoing monitoring, escalation and offboarding, conflicts and the evidence retained to support decisions.

Once licensees have reviewed their governance and assessed their capabilities, they can decide more confidently which functions to retain in-house and where external specialist expertise is required. They will also be better placed to determine how to spend their due diligence budget and whether the breadth and complexity of the product menu remain supportable.

Three practical actions can help move the process forward:

- Conduct an end-to-end review of the governance framework and trace selected products from initial consideration through approval, monitoring, escalation and potential removal.
- Compare the breadth and complexity of the product menu with the skills, time and monitoring capacity available and address products for which the required standard cannot be sustained.
- Formalise the review-and-challenge process so approval and ongoing review papers identify material risks, unresolved issues, conflicts, monitoring triggers and the basis for the final decision.

Regulatory expectations rarely stand still. Even where a requirement does not apply directly, it can reflect a broader direction of travel for the industry. Licensees that understand and respond to these signals early are likely to be better equipped to meet stakeholder expectations and avoid being on the wrong side of the next governance failure.

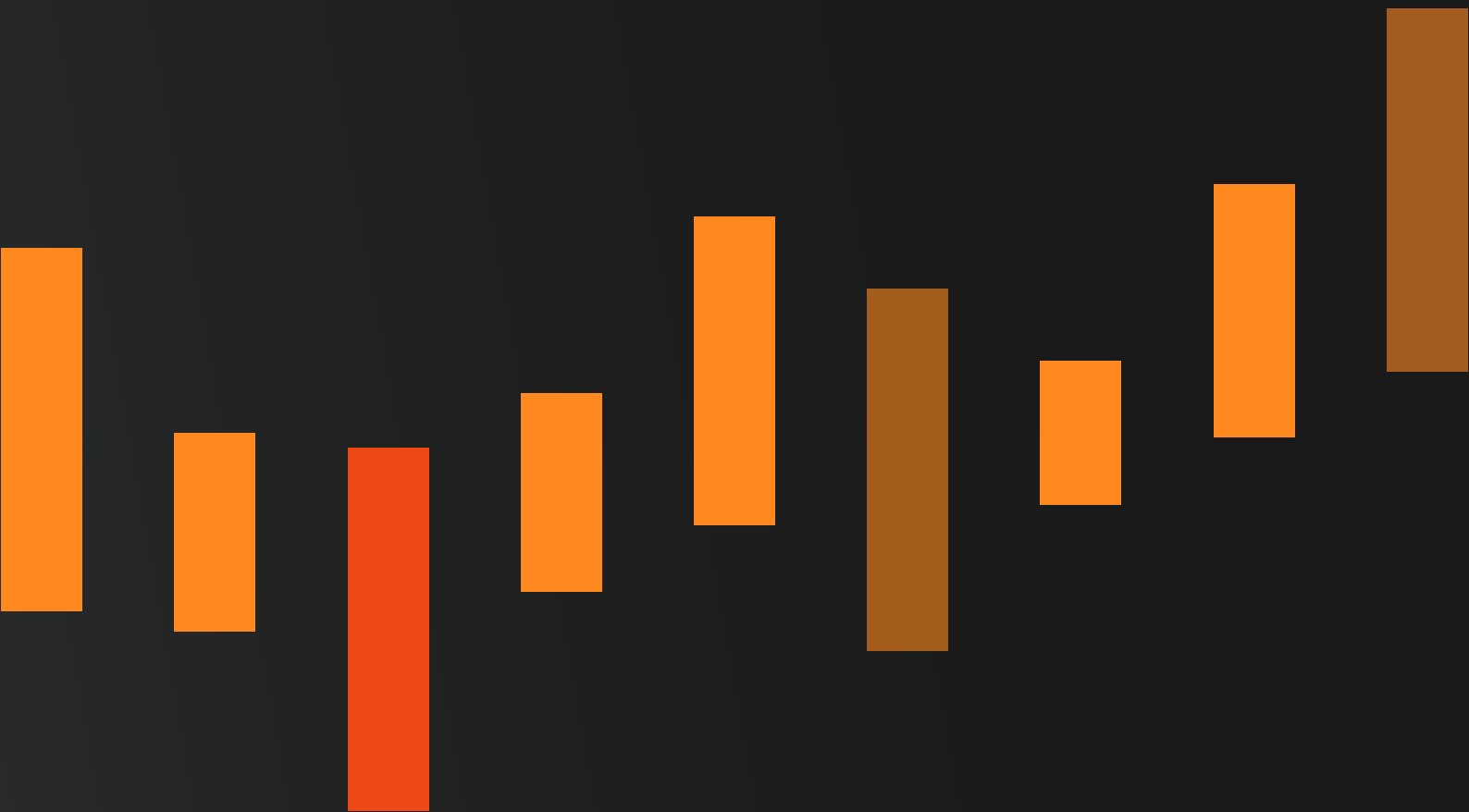
With decades of experience guiding institutional asset owners on investment governance and due diligence, Frontier is well placed to support financial advice licensees as they navigate increasing expectations from regulators and consumers. Frontier can help businesses review and benchmark governance frameworks, assess internal capability, undertake or supplement investment due diligence, provide independent challenge and design monitoring and escalation processes appropriate to the organisation's product menu and client proposition.

The objective is not to transfer an institutional framework mechanically into an advice business, but to apply the disciplines that matter most: clear accountability, experienced judgement, sufficient depth, independent review, evidence-based decisions and monitoring after approval. Frontier can tailor those disciplines to an adviser group's scale, operating model and priorities.



Learn more

Get in touch with us at busdev@frontieradvisors.com.au to learn more or understand how we can help with your governance requirements.



Frontier Advisors

Melbourne Office

Level 17, 130 Lonsdale Street, Melbourne, Victoria 3000
Tel +61 3 8648 4300

Sydney Office

Level 21, 83 Clarence Street, Sydney, NSW 2000

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