

Like a Boss

BY [KANJIKA SOOD](#)

David Orford likes to travel.

As we are putting the finishing touches to this profile, we catch him on email travelling through Portugal with wife, Delyce. Spain is next on the list.

My worst investments have been venture capital funds which invested in new technologies that didn't pay off. I lost 100% on some managers. However, in aggregate in this sector I am still a long way ahead

Later in the year, the two are planning to sail the North East Passage from Nome in Alaska across the north of Russia to Murmansk.

Orford, 73, retired from full-time work about three years ago when he sold his financial services software company.

His name may not be immediately familiar but chances are that if you have a superannuation fund, you have benefitted indirectly from his work.

Orford co-founded Financial Synergy in 1978, building software that helped superannuation funds and wealth management firms in administering their funds, as the country's superannuation system took its first breath and grew in size and regulation.

After almost four decades building the business, he sold it to IRESS for about \$90 million in September, 2016. As the

majority owner of the company, Orford made \$73 million from the sale.

The spirit of building a business from scratch runs in the Orford family.

His grandfather developed the then-largest hardware chain in Australia, named Chandlers. And his father built a business of his own.

During the Great Depression, Orford's father was a single man working at Mobil Oil when he learned the company was retrenching staff and starting with his kind. He took a gamble and left voluntarily to form a chemical company of his own.

Federal Chemicals went on to list on the Australian Securities Exchange and employ 155 people. It bought up several smaller companies before being taken over itself in the end.

Orford would visit Federal's offices on the weekend and so his brush with business came early in life.

He studied mathematics and statistics at university and spent his early career in a variety of actuarial roles.

But he shifted his focus to developing products that solved problems for the superannuation and wealth management industries, including a way for employer superannuation contributions to be streamlined two years before the

government legislated the framework for it. Financial Synergy came into being when Orford was just 32 years old.

It's not just entrepreneurialism that Orford inherited from his family, but also an ethic for investing and sharing his wealth.

"They were my role models in investing. Both would sit at night and read through company reports and decide which companies' shareholder meetings they should go to," Orford says.

Orford's mother, Millicent was one of the only two women in the class of 90. She worked as an officer in the Department of Supply in WWII, where she met her future husband on an inspection visit.

"She never questioned whether women could do what men did - she just did it. She was an expert at investments and was treasurer at church," he says.

"They were also very ethical and moral people. Although upper middle class they both saw everyone as equal."

Today, Orford lives by similar values.

He and his wife, Delyce who he met while she worked at Financial Synergy, are major donors to universities in supporting superannuation research.

His two daughters, one of whom is a financial planner and

another a human resources manager, work with him to preserve the family's wealth and its ability to give. Orford has one brother who enjoyed a long career in the Victorian public service. Orford now is the major support person for him, following a period of ill health.

Every dollar counts

How does somebody, who has been privy to the inner workings of the financial services industry for half a century, invest their own money?

When Orford cashed out of Financial Synergy, he had about \$70 million to invest after putting aside about \$3 million for different philanthropic commitments.

"I have started to think within my family, what are we going to do with the family's money -- no matter in which legal entity it is held," he says.

"We are using consultants from here, Tiffany Jones [who works for Sydney-based Momentum Advisory]. We want to maintain the assets in real terms and give the excess to organisations or movements that can have a very positive impact on the world and in which we can participate to better ensure and speed up the achievement of the objectives."

Orford, his two daughters and their partners have at least 12 meetings each year as they try to set up the family's assets for the long term. They have some expert help at

hand.

During his Financial Synergy years, Orford used a Perth actuary named Peter Williamson.

"He was the asset consultant, he still is the asset consultant to my family," he explains.

Superannuation funds may tilt their asset allocations towards fixed income for their older members, which is a lower-returning but a safer asset. But Orford decided to invest in equities.

"Shares will deliver value over the long term as opposed to fixed income and property, and I know if they go up or down," he says.

"I am not diversified in asset classes, in that sense but I am well diversified within equities. My parents were similar. My mum invested in a lot of BHP shares and she was getting something like \$100,000 a year in income still at death."

Orford mainly uses three fund managers to invest in shares: Cooper Investors, Bennelong Funds Management and Pental.

The last one is for a fund that invests in Aussie microcaps. Pental MicroCap Opportunities Fund ranks as the best performing microcap fund with 27.4% per annum over ten years in latest Rainmaker Information performance data to April.

"If you look at all the companies in the ASX, there are maybe 15 sectors. The one that is most interesting is the micro caps which are innovative companies that are run by people like me. They are volatile but I don't care," Orford says.

The family has experimented in global shares with a South African manager.

"We are investing a little with Magellan for global equities but Orbis has more staff around the world," he says.

Majority of his investments are not just Australian shares, they are all long positions.

Orford won't go near the shorts.

"A manager once explained shorting to me and how he did it. I listened to it and I understand how it works. But the results weren't very attractive and I never came back," he says.

Orford says apart from the shares, he owns two houses (including the waterfront beach house he was photographed in) and two cars.

Some well placed bets

Even with all his investment resources, Orford's best investment was partly a glitch.

"JB Were rang to offer me Commonwealth Bank new issue

shares at \$4 each. I said that I didn't have spare cash but my brother did. I ordered 10,000 shares when I meant to say 1,000 - my mistake. So I ordered 10 times what I thought desirable," he says.

These shares are now worth 20 times Orford's \$4 a share purchase price.

"My worst investments have been venture capital funds which invested in new technologies that didn't pay off. I lost 100% on some managers. However, in aggregate in this sector I am still a long way ahead," he explains.

A kind heart, an astute mind

Orford's father was a treasurer at the church.

He now donates to over 60 charities a year but the stand out donations are to educational institutes including his alma mater Trinity Grammar to fund scholarships for disadvantaged kids, and to Melbourne Business School and the Actuaries Institute.

The family's concerted effort to protect its assets are twofold: Orford wants the future generations to have enough and he wants them to actively give to charity.

"[One of the things that] Tiffany did, she interviewed each of us on the first day and then we had a meeting. It was interesting that all four of them came back and said we should give this money to the charity and I said well, we

should give this money to the charity but also ourselves," he says.

He is generous but also shrewd with his giving. Recipients of the Orford's largesse are usually set a problem to solve stemming from his interests.

"I must admit I think it is important that you work with the charities to get an outcome, just not give them money," he says.

Melbourne Business School is researching why Australians don't buy lifetime income streams and what can be done to encourage them with a \$300,000 a year funding for three years.

Actuaries Institute had to research Australian's mortality rates, for which there was no definitive data, in what could inform better placed retirement products. Trinity Grammar used Orford's \$1 million donation to bring on a disadvantaged Malaysian student with impressive mathematical prowess.

Orford didn't stop working after he sold Financial Synergy to IRESS. He came back last year with Optimum Pensions where he is investing \$0.7 million to \$0.8 million

He says he does not expect a return on Optimum Pensions.

"The payoff will be the \$800 million to Australian government that it could save in age pension payments if

Australians had better retirement income products,"he says.

"We could have just produced theory, articles and research on Australia's longevity problem to submit to magazines for publication but we realised the rubber won't hit the road with just that."

"We need product manufacturers like super funds to actually produce and manage a new type of product that is similar to account-based pensions but is actually the only product that is in members' best interests. We then need planners to understand and recommend this new product. So we are providing the practical white label solution - which will allow retirees lives to be changed for the better."

Outside of investing, retirement innovation and philanthropy, Orford likes to collect art.

Hanging in his beach house in suburban Melbourne is a painting from Australian surrealist artist Charles Billich in whom he sees similarities with Salvador Dali and himself.

"In my view, his work is just as zany as Salvador Dali, whose works were also on display at the D'Arenberg gallery in South Australia."

"My thinking can be like theirs - off the planet, makes you think, unusual but familiar.

"We all need to think outside the square occasionally so

that the world can continue to improve for everyone's benefit."