

Analysis of Wrap, Platform and Master Trust Managed Funds at December 2014

Release Date: 24 March 2015

\$55.2bn Rise in Funds Under Management during 2014

Overall Masterfund business increased 9.8%, or \$55.2bn during 2014 to stand at \$620.2bn; they climbed \$23.1bn, or 3.9% in the December quarter alone on the back of buoyant, if at times nervous and wobbly, investment markets that in turn were supported by unprecedented stimulatory low interest rate policies of governments worldwide. Masterfund Inflows of \$149.9bn were up by a more moderate 5.7% following a 24.2% jump in 2013 while corresponding Outflows rose 12.0% from \$112.2bn to \$125.6bn. All major companies reported growth in their funds under management led by Commonwealth / Colonial (12.0%), AMP (11.7%) and BT (11.1%).

Wraps \$243.9bn of funds under management (39.3% of the overall Masterfunds market) were up 13.0% over the past year. Year on year Inflows of \$72.5bn (48.3%) declined 8.1% however Outflows of \$53.6bn (42.7%) increased slightly by 2.7% resulting in a 29.2% drop in Net Fund Flows of \$18.9bn (77.8%) compared to 2013. AMP (\$48.1bn), BT (\$41.7bn), Macquarie (\$40.7bn) and National Australia / MLC (\$28.0bn) dominate the Wrap market accounting for close to 2/3rds of the overall total; from an administrator point of view Wraps are even more concentrated with BT (\$95.7bn) alone being responsible for almost 40% of the Wrap total.

Platforms \$286.4bn of funds (46.2%) also increased during 2014 but at a relatively more moderate rate of 6.5% with the increase being virtually all as a result of investment earnings. Annual Inflows were \$59.2bn (39.5%) but these were almost all offset by Outflows of \$58.9bn (46.9%), resulting in a Net Fund Flow of only \$0.3bn (1.1%). National Australia / MLC (\$72.5bn), Commonwealth / Colonial (\$71.0bn), AMP (\$54.5bn), IOOF (\$29.2bn), OnePath (\$22.0bn) and Mercer (\$19.0bn) lead the Platform market.

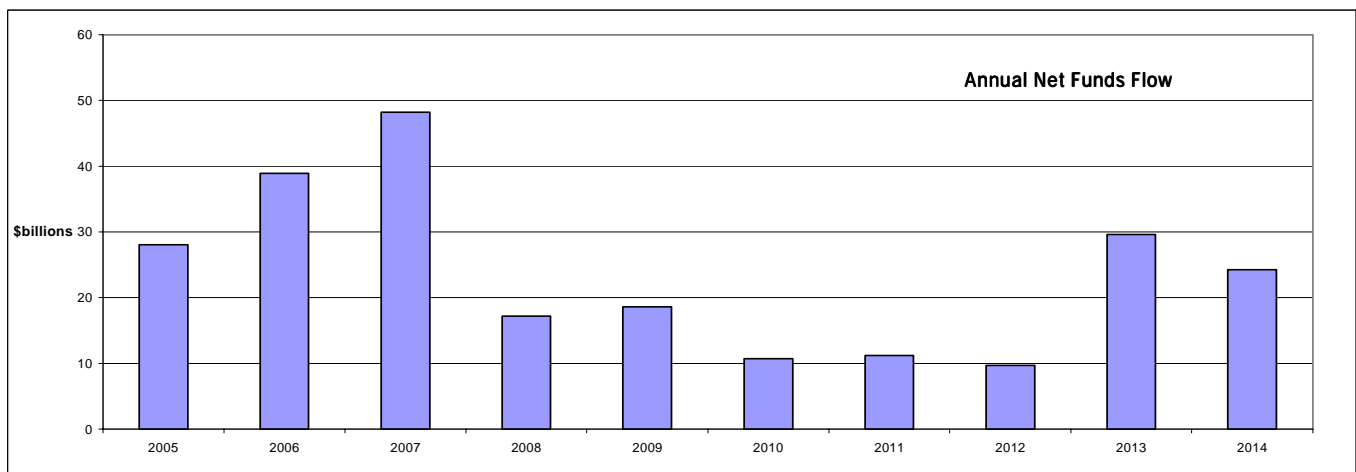
Master Trusts \$90.0bn funds (14.5%) climbed 12.1% over the past year. Annual Inflows jumped 35.4% to total \$18.2bn (12.2%) while Outflows of \$13.1bn were also up but by a relatively more moderate 15.2% giving resultant Net Fund Flows into Master Trusts of \$5.1bn (21.1%). BT (\$26.6bn) and AMP (\$26.1bn) dominate the Master Trust market and account for circa 3/5ths of the total.

Funds Under Management – Total Masterfunds Administrator View

<i>\$millions</i>	Dec 14		Dec 13		Dec 12		Annual Growth
BT Financial Group	123,288	19.9%	110,937	19.6%	94,947	20.2%	11.1%
AMP Group	116,016	18.7%	103,902	18.4%	84,550	18.0%	11.7%
National Australia / MLC Group	102,182	16.5%	95,663	16.9%	82,658	17.6%	6.8%
Commonwealth / Colonial Group	93,728	15.1%	83,655	14.8%	67,886	14.4%	12.0%
Macquarie Group	43,619	7.0%	41,400	7.3%	27,206	5.8%	5.4%
OnePath Australia Group	42,502	6.9%	39,896	7.1%	35,731	7.6%	6.5%
IOOF Group	29,790	4.8%	27,703	4.9%	24,636	5.2%	7.5%
Mercer	18,998	3.1%	18,252	3.2%	16,497	3.5%	4.1%
State Super Financial Services	14,347	2.3%	12,476	2.2%	10,554	2.2%	15.0%
Perpetual Group	8,747	1.4%	7,935	1.4%	7,234	1.5%	10.2%
Others	27,031	4.4%	23,227	4.1%	18,032	3.8%	16.4%
Totals	620,249	100.0%	565,047	100.0%	469,931	100.0%	9.8%

Analysis By Market

Wrap	243,908	39.3%	215,848	38.2%	166,068	35.3%	13.0%
Platform	286,375	46.2%	268,952	47.6%	232,213	49.4%	6.5%
Master Trust	89,966	14.5%	80,246	14.2%	71,649	15.2%	12.1%
Totals	620,249	100.0%	565,047	100.0%	469,931	100.0%	9.8%



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Data Collection and Estimation Techniques

Data is collected from companies in the managed funds market covering funds under management, gross inflows, gross outflows, net inflows unit prices and investment return rates. Gross Inflows represents an indication of new business sales. Data is thoroughly checked and queries are raised with data providers if data is significantly different from trends or compared to other companies. Where inflow or outflow data is unavailable, we make estimates based on market behaviour from similar investments in compatible markets. When companies provide actual inflow and outflow data these replace estimates. This estimation procedure, coupled with our rigorous direct data collection, enables us to prepare high quality, reasonable and comprehensive data for every Manager.

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