

Big managers losing ground

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The managed fund arms of major banks suffered a significant decline in new business in the year to March 31, casting doubt on the industry's wealth management strategies.

Commonwealth Bank's new retail business declined by 31.5 per cent to \$13.3 billion, according to the Plan for Life survey.

Westpac, including BT Financial Group, suffered a 29.8-per cent fall in gross inflows, to \$4.7 billion.

The survey measured only new business for funds.

It did not take into account fund redemptions or movements in financial markets.

"Whichever way you cut it, the market share of major players has been eroded over the past nine to 12 months," the chief executive of Commonwealth Bank subsidiary Colonial First State, John Pearce, said.

"There has been a rise in the popularity of boutiques, and listed investment companies have had their day in the sun."

Stockmarket analysts such as Credit Suisse First Boston told clients it was difficult to assess the impact of the report until Plan for Life published a more detailed report that allowed cash management trust (CMT) inflows to be stripped from each manager's total sales.

"Cash management trusts have huge fluctuations. Last year, lots of people switched into CMTs and out of equities, now it's reversing," one analyst said.

Commonwealth-Colonial had a 60.3 per cent drop in gross inflows into its cash trusts over the year.

MAJOR MELTDOWN

Retail funds under management

	At Mar03 (\$m)	At Mar04 (\$m)	Growth (%)
Commonwealth/Colonial	42,635	45,858	7.6
National Australia/MLC	NUMBERS BEING REVISED BY NAB		
AMP	32,496	36,187	11.4
ING Australia	28,283	30,784	8.8
BT/Westpac	23,721	24,225	2.1
Macquarie	14,323	16,234	13.3
Axa Australia	13,772	16,025	16.4
St George	10,870	13,613	25.2
Aviva	10,507	11,936	13.6
Perpetual	8,333	9,656	15.9
Others	59,329	63,763	7.5

Gross retail inflows

	At Mar03 (\$m)	At Mar04 (\$m)	Growth (%)
Macquarie	33,521	38,220	14.0
ING Australia	15,897	16,492	3.7
Commonwealth/Colonial	19,442	13,312	31.5
UBS	6,535	8,913	36.4
AMP	8,476	7,420	12.5
National Australia/MLC	NUMBERS BEING REVISED BY NAB		
GS JBWere Invest Management	4,473	4,682	4.7
Axa Australia	4,163	4,605	10.6
Trust Company of Australia	1,749	3,592	105.4
BT/Westpac	6,639	2,658	29.8
Others	16,311	19,732	20.9

Source: Plan for Life

KEY POINTS

- CBA's new retail business declined 31.5pc in the year to March 31.
- Westpac, including BT, had a fall of 29.8pc in gross inflows.

"But the margins in CMTs are much lower, so for [Colonial, NAB and BT] a drop in inflows into cash doesn't affect them — it might even be positive," the analyst said.

"We know for a fact that those three have had issues with outflows going up a bit, but I'd be surprised if they had such massive falls in

gross inflows given their distribution base."

But other analysts confirmed that the big managers had been losing ground.

"In general, the big players are actually losing share to smaller boutique players — that's been evident in statistics for a while now," Citigroup analyst Nigel Pittaway said.

"In terms of the headline net flow numbers, you are seeing the bigger players struggling and the smaller players getting a better share of the flows."

But he added that although boutiques were flavour of the

month, "one of the questions I still ask is, if and when retail investors really do turn back to equity products, who then wins the share?"

National Australia Bank inflows will be included in a revised edition of the survey to be released today.

NAB advised Plan for Life yesterday that it had supplied net inflow figures, particularly for its cash trusts, for the past 18 months, instead of gross inflows.

ANZ's joint venture with ING, ING Australia, was the best performer among the major banks.

Its annual gross inflows grew by 3.7 per cent to \$16.5 billion in the year to March 31.