

Colonial tops quarter as inflow growth slumps

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Softer investment markets caused net inflows into retail managed funds to slump to their lowest level in 12 months in the March quarter.

Retail funds under management, excluding cash trusts, totalled \$352.2 billion at March 31, reflecting growth of just 1.2 per cent from the end of December and 16.4 per cent up from a year ago, according to researcher Plan for Life.

Senior consultant at Plan for Life, Stephen Dingjan, blamed the slower quarterly funds growth on seasonal factors and softening investment returns. "Funds under management looked a little slow in line with investment returns in the quarter," he said.

"But there was good news for several of the big players."

Commonwealth Bank's Colonial business topped the list in the March quarter, with net inflows of \$413 million, representing 12 per cent of net flows over the quarter. St George followed with net inflows of \$340 million and Macquarie Bank ranked third with \$320 million.

CBA's March quarter inflows came after a tumultuous couple of years for the bank's wealth business, as it tried to stem significant outflows and improve its investment performance. "They are certainly stemming the outflows from their legacy business," Mr Dingjan said.

Colonial's gross fund inflows totalled \$3.38 billion in the March quarter.

Earlier this year, CBA restructured its wealth division to

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separate distribution and investment management, in a bid to bolster the performance of its funds.

But AMP dominated net inflows for the year ended March 31.

AMP boasted net inflows of \$1.77 billion, followed by Commonwealth Bank/Colonial at \$1.54 billion.

At the other end of the spectrum, Aviva Group reported net outflows of

\$98 million in the year ended March 31, and ING Australia \$301 million.

In terms of total market share, Commonwealth/Colonial was steady at 14.1 per cent in the March quarter, compared with the previous three months. National Australia Bank's MLC dipped slightly to 13 per cent, while AMP Group was steady at 11.8 per cent.

Westpac Bank's BT Financial Group slipped from 7 per cent to 6.7 per cent share of the market in the March quarter.

The Plan for Life data also showed that overall retail managed funds totalled \$385.6 billion at March 31, reflecting 15.8 per cent growth over the year.

Retirement income products recorded funds growth of 1.3 per cent in the March quarter, while unit trusts and investment funds grew at just 0.6 per cent.

Cash trusts grew at 0.8 per cent in the three months, and 9.6 per cent over the year. Perpetual's performance was a standout in cash trusts, with annual growth of 56 per cent.