

CBA leads in fund inflows

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Commonwealth Bank of Australia accounted for nearly a third of fund flows into retail investment products in the 12 months to September.

A survey by research firm Plan for Life, published yesterday, showed that Colonial First State, CBA's wealth management arm, attracted \$9.3 billion of net inflows in the year to the end of September, representing 29.7 per cent of all net flows. Colonial's share of inflows was considerably higher than the previous year, when it accounted for 14.7 per cent. In the 12 months to September 2004, Colonial accounted for just 6.2 per cent of all net flows. The figures include funds the firms administer on behalf of other providers, but exclude cash management trusts.

The CBA division's share of inflows was almost double that of its nearest rival, Macquarie Bank, which was the recipient of \$4.9 billion of net inflows, for a 15.7 per cent market share.

St George Bank attracted \$4.4 billion of flows for a 14 per cent market share.

The St George executive in charge of wealth management and retail financial services, Paul Fegan, said he was confident that net inflows would continue to rise, given the pending changes to the superannuation laws.

"The tax incentives announced in the last budget and the super changes represent compelling

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Net fund inflows 12 months to September 2006

	Amounts (\$bn)	Market share
St George	4396	14.0%
BT/Westpac	4270	13.6%
Macquarie	4922	15.7%
CBA/Colonial	9284	29.7%
NAB/MLC	2553	8.2%
Axa Australia	1568	5.0%
ING Australia	1634	5.2%
Skandla	949	3.0%

Source: Plan for Life

reasons to accelerate the accumulation of super," said Mr Fegan.

The federal government is today expected to table the final legislative detail of its superannuation overhaul, including arrangements to abolish tax benefits paid from super for anyone over the age of 60.

"In the long run, the message is clear. There are plenty of incentives to save for your future," said Mr Fegan.

The chief executive of Colonial First State, Brian Bissaker, agreed that the changes to the super laws would continue to boost fund inflows.

He attributed Colonial's success over the past year to the wide range of products offered by the First Choice investment platform, low administration fees and customer service.

St George enjoyed a 40 per cent surge in funds under management to \$35.6 billion for the 12 months

to September, which, in addition to strong inflows, was attributed to rising equity markets and the reclassification of money managed by the Asguard investment platform on behalf of other parts of the group.

"We have had a great year," Mr Fegan said.

Net inflows into retail funds rose to \$31.3 billion, against \$19.4 billion the previous year.

Flows into retail funds or unit trusts exceeded those flowing into corporate super, which Deutsche Bank attributed to the popularity of self-managed super funds.

"If industry-wide super flows are beginning to benefit ahead of budget changes becoming effective next year, a possible explanation for the unit trust pick-up is that most of this super flow might be getting channelled through SMS funds and into unit trusts rather than retail providers' super products," said Deutsche Bank analyst James Coghill.