

Wholesale industry holds its own with 17pc growth

Chris Wright

The wholesale funds industry grew 17.3 per cent in the year to September 30, slightly behind the rate of growth for master funds but a healthier number than some in the industry had expected.

Plan for Life has released data showing \$4.3 billion growth in unitised wholesale funds in the September quarter, bringing the size of the industry to \$205.6 billion. The market was buoyed by annual growth rates of 25 per cent from managers including UBS, Macquarie, National Australia Bank, AMP and Vanguard.

Unitised wholesale funds include investment funds, superannuation

funds and pension funds open to institutional investors. The figures have been closely watched because of a feeling investors were moving away from unitised wholesale funds – the standard method of investment by institutions – towards separately managed accounts and mandates.

A significant difference between the wholesale and the master fund figure – which shows growth in the retail market – would have supported the theory, but although the master fund figures are higher, the difference is not as substantial as some had expected.

“Those trends look roughly in line to me,” said Stephen Dingjan,

senior consultant at Plan for Life. “The wholesale growth rate seems to be tracking along with master funds.”

Plan for Life also prints gross inflow figures, in contrast to many other data providers that focus on net flow numbers. The theory of printing gross numbers is that it shows the success of a business’s ability to attract new money. “It tells you about the sales effort, which the company has more control over than a net number,” said Mr Dingjan.

These are volatile numbers which show a range of performance. ING, for example, received a 126 per cent annual growth rate in fund inflows,

while Colonial First State (partly because of a redefinition of some funds from wholesale to retail) had a 36.4 per cent annual drop.

But the Commonwealth/Colonial group is still comfortably the biggest manager of wholesale funds in the business, with \$21.081 billion under management at September 2004. It is followed by Vanguard, with \$15.016 billion under management, much of it index funds; and Credit Suisse, with \$14.421 billion.

AMP is the leading manager of wholesale super funds with 26.8 per cent of the market – its \$4.969 billion under management is almost treble its nearest rival, Maple-Brown Abbott.