

Analysis Of Retail Managed Funds as at December 2009

Release Date: 12 March 2010

\$8.3bn Growth in Retail Managed Funds during December Quarter 2009

1. All Retail Managed Funds – Marketer View

Retail Managed Funds were up only slightly by 1.6% during the December quarter to total \$514.6bn as the bounce back in global investment markets in the wake of the financial crisis showed signs of plateauing. However over the whole of 2009 they were up 12.8% recovering much of the losses sustained during the crisis. Most major companies reported double digit percentage increases in business with Commonwealth / Colonial (19.7%), AXA Australia (18.3%), Mercer (18.1%), Perpetual (17.7%) and BT (16.9%) achieving the highest growth; Macquarie (-1.0%) was an exception due to a significant fall in its Cash Management business.

Gross Inflows for the whole of 2009 were \$210.4bn, down 20.9% on the 2008 result. During the December quarter they were off by 11.5%. All leading companies with the exception of BT, due to its takeover of St George, reported lower Inflows year on year.

2. All Retail Managed Funds – Administrator View (Refer Overleaf*)

From an administrator point of view it was a similar picture with all major companies, except Macquarie, reporting increases in their total funds under management reflecting the general recovery of investment markets since the depths of the crisis in early 2009.

Again BT due to the incorporation of St George business was the only company to report an increase in its 2009 Gross Inflows.

3. All Retail Managed Funds (excluding Cash Trusts) – Marketer View

2.5% increase in overall funds excluding Cash Trusts during the December quarter. Over the whole of 2009 they were up by 17.5%.

Inflows were down 13.4% during 2009 on the corresponding 2008 result. During the December quarter they were off a further 5.2%.

4. Superannuation & Rollovers – Marketer View

3.4% increase in funds during the December quarter while over the past year they recovered significantly up by 20.0%. All of the main companies reported double digit percentage increases in their superannuation funds under management with National Australia / MLC, ING Australia and Commonwealth / Colonial achieving the highest annual growth rates.

Overall superannuation Gross Inflows fell 13.1% year on year with most companies reporting lower Inflows during 2009 although two exceptions were Plan B Holdings and again BT/St George. However during the December quarter Inflows were up 4.4%.

5. Retirement Income – Marketer View

Retirement Income funds under management increased by 13.6% during 2009 with AXA (24.9%), Macquarie (23.3%), Commonwealth / Colonial (19.0%), ING (16.3%) and IOOF (16.1%) reporting the highest percentage increases in business. Two companies to report results going against this generally positive trend were State Super (-9.9%) and Challenger (-7.2%).

There was a 12.8% fall in overall reported Inflows during the December quarter while for the whole of 2009 they were down 19.3%. Most major companies reported significantly lower Inflows with the exception of AXA and BT (again due to St George).

6. Cash Trusts – Marketer View

11.5% fall in funds under management during the December quarter while over the whole of 2009 they were down dramatically by 34.6% as money poured out of cash trusts into bank deposits attracted by the government guarantee. Most companies except Perpetual (40.9%) and Commonwealth / Colonial (10.2%) reported large falls including, as mentioned, market leader Macquarie.

Similarly Gross Inflows into cash trusts fell by an overall 26.1% during 2009.

7. Unit Trusts & Investment Funds (Excl Cash Trusts) – Marketer View

Funds growth of 17.1% over the year reflecting the recovery in investment markets with AMP (26.0%), Commonwealth / Colonial (21.6%), Macquarie (21.4%), AXA (19.0%), BT (18.8%) and National Australia / MLC (18.8%) achieving the highest growth rates.

There was a fall of 13.2% in Gross Inflows during the December quarter while for the whole of 2009 they were down by 8.8%.

8. Investment Bonds – Marketer View

The Investment Bonds market was generally flat up by only 2.2% during 2009. Inflows were down 12.9% year on year.

*Administrator View

To avoid any confusion in the use of terminology and proper market shares, it should be pointed out that the Administrator View (which is shown in Tables 2 & 9), represents the funds and flows which each Group receives through both its own marketed products as well as those of its badged products. This is the correct view to use when comparing the share of funds and flows actually administered, as it represents the complete set of administrative activities of the group. The Marketer View, which is shown in all other Tables, represents the funds and flows directly marketed by each group. Marketed funds and flows will be lower than administered funds and flows for those organizations where badging is a large part of their activities.

About the Media Release

The Media Release is provided by Plan For Life Pty Ltd, Actuaries and Researchers. Plan For Life are specialists in providing accurate statistical information and analyses covering the financial services, funds management and life insurance markets. The Media Release is designed to give managing directors, marketing managers and other senior managers a timely and comprehensive overview of the performance of companies in the Retail Funds Management market.

Data Collection and Estimation Techniques

This Media Release considers market share from the Marketer View of the company which distributes or markets the product. This view separates any badged / white labelled products from the Administrator and assigns the funds to the companies that distribute the product. Detailed splits of BT badged products have not been provided to Plan For Life. We will endeavour to obtain precise figures in this regard and where possible the funds will be attributed to each marketer. For the purpose of this report, estimates of the split between badges/originator have been based on information provided by the respective Companies.

A corresponding Administrator View for Top 10 companies is also provided at the end of this Media Release. This view considers market share from the perspective of the company, which administers the product and also includes badged / white labelled products distributed by separate entities.

Data is collected from over 100 companies in the managed funds market covering funds under management (reported in this media release), gross inflows (reported in this media release), 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' similar products. New and closed products are included to ensure the comprehensive coverage. 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 and Product.

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Products and Services

Plan For Life provides a number of different data applications and analyses based on the quarterly data collection.

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|----------------------------------|---|
| 1) Retail Data | 5) Customer Segmentation Analysis |
| 2) Wholesale Data | 6) Forecasts & Projections |
| 3) Mezzanine Data | 7) Master Fund Product Databases and Comparator |
| 4) Distribution Channel Analyses | 8) Life Insurance Statistics |

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1. All Retail Managed Funds – Marketer View

Funds Under Management										
<i>\$millions</i>	Dec-09		Sep-09		Dec-08		Growth Rates			
							Qtrly	Annual		
National Australia / MLC	78,261	15.2%	73,474	14.5%	67,155	14.7%	6.5%	16.5%		
Commonwealth / Colonial	69,285	13.5%	67,696	13.4%	57,882	12.7%	2.3%	19.7%		
AMP	58,934	11.5%	57,348	11.3%	50,908	11.2%	2.8%	15.8%		
BT Financial	55,673	10.8%	54,578	10.8%	47,632	10.4%	2.0%	16.9%		
ING Australia	47,904	9.3%	47,743	9.4%	44,792	9.8%	0.3%	6.9%		
Macquarie	35,698	6.9%	38,652	7.6%	36,047	7.9%	-7.6%	-1.0%		
AXA Australia	28,366	5.5%	27,867	5.5%	23,985	5.3%	1.8%	18.3%		
IOOF	25,649	5.0%	25,526	5.0%	22,866	5.0%	0.5%	12.2%		
Mercer	15,924	3.1%	15,656	3.1%	13,487	3.0%	1.7%	18.1%		
Perpetual	9,910	1.9%	10,078	2.0%	8,421	1.8%	-1.7%	17.7%		
Badges	37,701	7.3%	36,230	7.2%	30,965	6.8%	4.1%	21.8%		
Others	51,322	10.0%	51,527	10.2%	51,944	11.4%	-0.4%	-1.2%		
Totals	514,626	100.0%	506,375	100.0%	456,085	100.0%	1.6%	12.8%		
Analysis By Market										
Superannuation & Rollovers	240,472	46.7%	232,568	45.9%	200,428	43.9%	3.4%	20.0%		
Retirement Income	103,379	20.1%	101,551	20.1%	91,043	20.0%	1.8%	13.6%		
Cash Trusts	26,469	5.1%	29,914	5.9%	40,489	8.9%	-11.5%	-34.6%		
Unit Trusts & Investment Funds	137,326	26.7%	135,365	26.7%	117,294	25.7%	1.4%	17.1%		
Investment Bonds	6,980	1.4%	6,978	1.4%	6,832	1.5%	0.0%	2.2%		
Totals	514,626	100.0%	506,375	100.0%	456,085	100.0%	1.6%	12.8%		
Fund Inflows										
<i>\$millions</i>	Quarter Ended				Year Ended				Growth Rates	
	Dec-09		Sep-09		Dec-09		Dec-08		Qtrly	Annual
Macquarie	16,300	31.3%	19,378	32.9%	68,225	32.4%	78,847	29.6%	-15.9%	-13.5%
ING Australia	6,374	12.2%	7,996	13.6%	28,203	13.4%	32,205	12.1%	-20.3%	-12.4%
BT Financial	4,441	8.5%	4,759	8.1%	14,868	7.1%	8,778	3.3%	-6.7%	69.4%
Commonwealth / Colonial	4,014	7.7%	4,214	7.2%	15,401	7.3%	17,155	6.5%	-4.7%	-10.2%
UBS Global Asset Management	3,609	6.9%	4,593	7.8%	13,920	6.6%	20,073	7.5%	-21.4%	-30.7%
AMP	3,125	6.0%	2,541	4.3%	10,776	5.1%	12,727	4.8%	23.0%	-15.3%
National Australia / MLC	2,971	5.7%	3,125	5.3%	13,389	6.4%	31,097	11.7%	-4.9%	-56.9%
IOOF	1,509	2.9%	1,791	3.0%	6,274	3.0%	7,151	2.7%	-15.7%	-12.3%
AXA Australia	1,355	2.6%	1,228	2.1%	4,883	2.3%	4,890	1.8%	10.4%	-0.1%
Goldman Sachs JBWere Asset Mgt	1,074	2.1%	1,240	2.1%	4,789	2.3%	7,262	2.7%	-13.4%	-34.1%
Badges	2,857	5.5%	3,382	5.7%	11,692	5.6%	11,888	4.5%	-15.5%	-1.6%
Others	4,470	8.6%	4,638	7.9%	17,972	8.5%	33,884	12.7%	-3.6%	-47.0%
Totals	52,100	100.0%	58,883	100.0%	210,392	100.0%	265,957	100.0%	-11.5%	-20.9%
Analysis By Market										
Superannuation & Rollovers	12,271	23.6%	11,750	20.0%	47,190	22.4%	54,318	20.4%	4.4%	-13.1%
Retirement Income	5,308	10.2%	6,090	10.3%	20,518	9.8%	25,422	9.6%	-12.8%	-19.3%
Cash Trusts	27,227	52.3%	32,633	55.4%	115,961	55.1%	156,876	59.0%	-16.6%	-26.1%
Unit Trusts & Investment Funds	7,155	13.7%	8,246	14.0%	26,148	12.4%	28,681	10.8%	-13.2%	-8.8%
Investment Bonds	138	0.3%	163	0.3%	575	0.3%	660	0.2%	-15.3%	-12.9%
Totals	52,100	100.0%	58,883	100.0%	210,392	100.0%	265,957	100.0%	-11.5%	-20.9%

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1. All Retail Managed Funds – Marketer View - Continued

Fund Net Flows								
<i>\$millions</i>	Quarter Ended				Year Ended			
	Dec-09		Sep-09		Dec-09		Dec-08	
AMP	671	N/A	61	N/A	1,627	N/A	1,717	N/A
National Australia / MLC	459	N/A	497	N/A	1,834	N/A	-216	N/A
AXA Australia	243	N/A	269	N/A	967	N/A	802	N/A
Plan B Holdings	232	N/A	-149	N/A	171	N/A	-8	N/A
netwealth	152	N/A	85	N/A	160	N/A	-12	N/A
Commonwealth / Colonial	101	N/A	258	N/A	767	N/A	-1,619	N/A
State Super Financial Services	88	N/A	-339	N/A	-398	N/A	-314	N/A
BT Financial	76	N/A	-16	N/A	513	N/A	764	N/A
Vanguard Investments	40	N/A	64	N/A	174	N/A	1	N/A
Zurich Australia	38	N/A	-88	N/A	-95	N/A	-113	N/A
Badges	784	N/A	853	N/A	1,364	N/A	2,423	N/A
Others	-3,061	N/A	-2,288	N/A	-8,441	N/A	-3,662	N/A
Totals	-178	N/A	-793	N/A	-1,357	N/A	-237	N/A
Analysis By Market								
Superannuation & Rollovers	2,276	N/A	1,705	N/A	10,599	N/A	7,042	N/A
Retirement Income	513	N/A	414	N/A	688	N/A	5,840	N/A
Cash Trusts	-3,408	N/A	-3,186	N/A	-11,035	N/A	-6,333	N/A
Unit Trusts & Investment Funds	498	N/A	404	N/A	-1,279	N/A	-6,300	N/A
Investment Bonds	-57	N/A	-130	N/A	-330	N/A	-487	N/A
Totals	-178	N/A	-793	N/A	-1,357	N/A	-238	N/A