

Analysis Of Retail Managed Funds as at September 2009

Release Date: 9 December 2009

\$46.9bn Growth in Retail Managed Funds during September Quarter 2009

1. All Retail Managed Funds – Marketer View

Overall Retail Managed Funds jumped 10.2% during the September quarter to total \$507.2bn reflecting the bounce back in investment markets from previously depressed levels. Now after two full strong quarters of growth since the depths of the global financial meltdown back in February/March, the overall Retail Funds market is only 2.1% lower than it was in September last year when the crisis first began in earnest. Most companies reported modest falls in business year on year however BT (due to its takeover of St George), Commonwealth / Colonial and Mercer reported increases.

Gross Inflows increased by 4.9% to \$59.2bn during the September 2009 quarter however over the past twelve months were still down substantially by 22.5%. Year on year all the major companies reported lower Inflows (BT excepted); some of the largest in percentage terms were recorded by National Australia / MLC (-47.4%), Goldman Sachs JBWere (-29.2%) and Commonwealth / Colonial (-29.2%).

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

From an administrator perspective the situation was similar with most companies reporting little change or moderate falls in business.

Likewise all the leading administrators, except BT due to the incorporation of St George business, reported lower Inflows year on year.

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

The year to September 2009 saw overall funds under management end up almost unchanged, up only 0.2%, with the vast majority of companies reporting only fairly modest changes either positive or negative in their actual levels of business.

There was a 3.7% increase in overall Gross Inflows for the quarter nevertheless for the whole year they were still down very significantly indeed with virtually all companies reporting double digit percentage falls in their Inflows.

4. Superannuation & Rollovers – Marketer View

Funds actually increased slightly, up by 1.8%, over the past year with BT (64.8%), Macquarie (14.2%), ING Australia (10.1%), Commonwealth / Colonial (5.2%), Mercer (4.2%) and National Australia / MLC (4.0%) all reporting positive growth.

Fall of 17.1% in overall Gross Inflows for the quarter while year on year they were down by 20.0% with most companies experiencing significant decreases in their Superannuation business Inflows.

5. Retirement Income – Marketer View

10.0% funds growth in the Retirement Income market during the September quarter while over the past year it was also up marginally by 1.2% with BT, Macquarie, Challenger and Commonwealth / Colonial achieving the highest funds growth.

Inflows jumped 27.6% in September quarter but were still down dramatically by 36.3% year on year with large falls across the board.

6. Cash Trusts – Marketer View

Funds fell 28.3% over the year. Perpetual reported a doubling of its business however Bendigo Bank (-63.3%), ING (-28.0%), Macquarie (-22.6%) and Trust Company of Australia (-20.8%) all experienced very significant falls.

5.9% increase in overall Inflows reported during the September quarter nevertheless for the whole year they were still down by 20.5%.

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

Funds increased by 14.7% during the September quarter while over the past year they were down only slightly by 2.7% with most companies reporting little significant real change in their funds under management.

Inflows jumped 30.3% for the quarter. Year on year however they were still down by 23.5% with many companies recording large falls.

8. Investment Bonds – Marketer View

Investment Bonds decreased 5.8% year on year however Commonwealth / Colonial (14.9%) went against the generally negative trend.

Inflows jumped 22.3% this quarter but over the year were down 20.6%; only Commonwealth / Colonial reported any significant growth.

*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>	Sep-09		Jun-09		Sep-08		Growth Rates			
							Qtrly	Annual		
Commonwealth / Colonial	68,009	13.4%	60,926	13.2%	64,823	12.5%	11.6%	4.9%		
AMP	57,348	11.3%	52,318	11.4%	57,233	11.1%	9.6%	0.2%		
National Australia / MLC	56,675	11.2%	50,547	11.0%	60,240	11.6%	12.1%	-5.9%		
BT Financial	54,578	10.8%	48,930	10.6%	31,780	6.1%	11.5%	71.7%		
ING Australia	47,743	9.4%	44,330	9.6%	48,664	9.4%	7.7%	-1.9%		
Macquarie	38,652	7.6%	34,909	7.6%	39,942	7.7%	10.7%	-3.2%		
AXA Australia	27,867	5.5%	24,863	5.4%	28,802	5.6%	12.1%	-3.2%		
IOOF	25,536	5.0%	23,233	5.0%	26,864	5.2%	9.9%	-4.9%		
Aviva	17,369	3.4%	15,604	3.4%	17,583	3.4%	11.3%	-1.2%		
Mercer	15,656	3.1%	14,066	3.1%	14,992	2.9%	11.3%	4.4%		
Badges	36,230	7.1%	31,651	6.9%	34,165	6.6%	14.5%	6.0%		
Others	61,580	12.1%	58,932	12.8%	92,832	17.9%	4.5%	-33.7%		
Totals	507,243	100.0%	460,309	100.0%	517,921	100.0%	10.2%	-2.1%		
Analysis By Market										
Superannuation & Rollovers	232,467	45.8%	209,549	45.5%	228,392	44.1%	10.9%	1.8%		
Retirement Income	101,894	20.1%	92,625	20.1%	100,639	19.4%	10.0%	1.2%		
Cash Trusts	29,914	5.9%	32,768	7.1%	41,733	8.1%	-8.7%	-28.3%		
Unit Trusts & Investment Funds	135,871	26.8%	118,494	25.7%	139,623	27.0%	14.7%	-2.7%		
Investment Bonds	7,098	1.4%	6,873	1.5%	7,535	1.5%	3.3%	-5.8%		
Totals	507,243	100.0%	460,309	100.0%	517,921	100.0%	10.2%	-2.1%		
Fund Inflows										
<i>\$millions</i>	Quarter Ended				Year Ended				Growth Rates	
	Sep-09		Jun-09		Sep-09		Sep-08		Qtrly	Annual
Macquarie	19,378	32.8%	18,392	32.6%	69,847	32.0%	81,578	28.9%	5.4%	-14.4%
ING Australia	7,996	13.5%	7,891	14.0%	30,208	13.8%	35,230	12.5%	1.3%	-14.3%
BT Financial	4,759	8.0%	3,700	6.6%	13,486	6.2%	7,902	2.8%	28.6%	70.7%
UBS Global Asset Management	4,593	7.8%	4,306	7.6%	15,420	7.1%	16,481	5.8%	6.7%	-6.4%
Commonwealth / Colonial	4,414	7.5%	3,908	6.9%	14,730	6.7%	20,817	7.4%	12.9%	-29.2%
AMP	2,541	4.3%	2,980	5.3%	10,444	4.8%	14,267	5.1%	-14.7%	-26.8%
National Australia / MLC	2,519	4.3%	2,681	4.8%	15,354	7.0%	29,177	10.3%	-6.0%	-47.4%
IOOF	1,791	3.0%	1,575	2.8%	5,987	2.7%	8,093	2.9%	13.7%	-26.0%
Goldman Sachs JBWere Asset Mgt	1,240	2.1%	1,341	2.4%	5,407	2.5%	7,634	2.7%	-7.5%	-29.2%
AXA Australia	1,228	2.1%	1,389	2.5%	4,618	2.1%	5,063	1.8%	-11.6%	-8.8%
Badges	3,382	5.7%	2,885	5.1%	11,144	5.1%	13,607	4.8%	17.2%	-18.1%
Others	5,323	9.0%	5,343	9.5%	21,874	10.0%	42,174	15.0%	-0.4%	-48.1%
Totals	59,163	100.0%	56,390	100.0%	218,519	100.0%	282,023	100.0%	4.9%	-22.5%
Analysis By Market										
Superannuation & Rollovers	11,658	19.7%	14,054	24.9%	46,422	21.2%	58,056	20.6%	-17.1%	-20.0%
Retirement Income	6,238	10.5%	4,890	8.7%	20,049	9.2%	31,464	11.2%	27.6%	-36.3%
Cash Trusts	32,633	55.2%	30,809	54.6%	126,726	58.0%	159,433	56.5%	5.9%	-20.5%
Unit Trusts & Investment Funds	8,471	14.3%	6,504	11.5%	24,742	11.3%	32,339	11.5%	30.3%	-23.5%
Investment Bonds	163	0.3%	133	0.2%	579	0.3%	729	0.3%	22.3%	-20.6%
Totals	59,163	100.0%	56,390	100.0%	218,518	100.0%	282,021	100.0%	4.9%	-22.5%

1. All Retail Managed Funds – Marketer View - Continued

Fund Net Flows									
<i>\$millions</i>	Quarter Ended				Year Ended				
	Sep-09		Jun-09		Sep-09		Sep-08		
Commonwealth / Colonial	456	N/A	585	56.3%	342	N/A	-693	N/A	
National Australia / MLC	347	N/A	614	59.2%	448	N/A	-816	N/A	
AXA Australia	269	N/A	419	40.3%	833	N/A	907	16.3%	
Aviva	253	N/A	176	16.9%	395	N/A	865	15.6%	
Suncorp	145	N/A	84	8.1%	-170	N/A	-618	N/A	
Hedge Funds Australia	134	N/A	-53	N/A	-54	N/A	-117	N/A	
netwealth	85	N/A	-92	N/A	-98	N/A	196	3.5%	
Vanguard Investments	64	N/A	49	4.7%	162	N/A	-41	N/A	
AMP	61	N/A	684	65.9%	1,263	N/A	1,920	34.6%	
Macquarie	25	N/A	-410	N/A	-1,640	N/A	-50	N/A	
Badges	853	N/A	-845	N/A	655	N/A	3,516	63.3%	
Others	-3,415	N/A	-173	N/A	-7,348	N/A	487	8.8%	
Totals	-722	N/A	1,039	100.0%	-5,212	N/A	5,556	100.0%	
Analysis By Market									
Superannuation & Rollovers	1,532	-212.1%	4,594	442.3%	9,407	-180.5%	4,262	76.7%	
Retirement Income	483	-66.9%	-13	N/A	105	-2.0%	10,768	193.9%	
Cash Trusts	-3,186	N/A	-3,075	N/A	-9,756	N/A	-5,020	N/A	
Unit Trusts & Investment Funds	590	-81.7%	-413	N/A	-4,469	N/A	-4,077	N/A	
Investment Bonds	-140	N/A	-55	N/A	-499	N/A	-379	N/A	
Totals	-722	100.0%	1,039	100.0%	-5,212	100.0%	5,554	100.0%	