

Analysis of Wrap, Platform and Master Trust Managed Funds at December 2017

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\$87.5bn Rise in Funds Under Management during 2017

Overall Masterfund business increased 11.9% or \$87.5bn during 2017 to stand at \$821.4bn with over 63% of this increase due to solid performances on investment markets that continue to be supported by an historically prolonged period of stimulatory low interest rates. Masterfund Inflows of \$165.4bn jumped 18.1% in 2017 while Outflows were also up by 16.4% from \$123.7bn to \$144.1bn to give an overall Net Fund Flow of \$21.3bn. All major companies reported growth in their funds under management led by AMP (\$154.0bn up 7.0%), National Australia / MLC (\$117.4bn up 7.8%), Commonwealth / Colonial (\$103.6bn up 12.1%), BT (\$85.3bn up 10.7%), Macquarie (\$71.3bn up 16.2%), ANZ (\$48.6bn up 5.6%), IOOF (\$33.9bn up 7.8%) and Mercer (\$25.4bn up 6.5%).

Wraps \$352.6bn of funds under management (42.9% of the overall Masterfunds total) were up strongly by 14.9% over the past year. Annual Inflows of \$91.4bn (55.3%) soared 33.9% to easily exceed corresponding Outflows of \$69.5bn (48.2%) that were similarly up 33.1% resulting in reported Net Fund Flows jumping 36.7% to \$21.9bn (102.8%). Macquarie (\$70.9bn), AMP (\$67.4bn), BT (\$52.2bn) and National Australia / MLC (\$33.0bn) dominate the Wrap market accounting for in excess of 63% of the overall total while from an administrator point of view Wraps are even more concentrated with BT (\$118.4bn) alone being responsible for almost 34%.

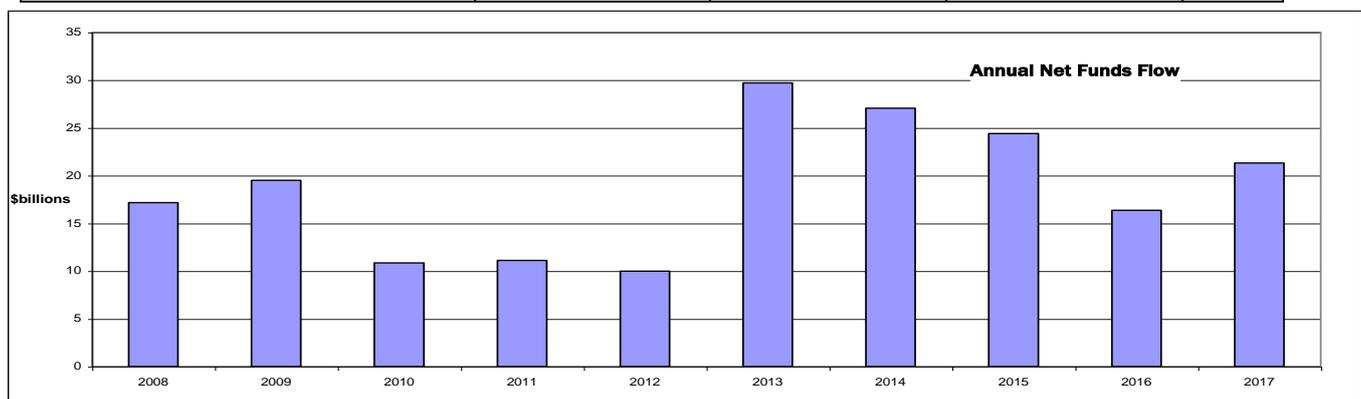
Platforms \$337.0bn of funds (41.0%) increased by 9.8% during 2017. However year on year Inflows \$54.2bn (32.8%) remained little changed up just 1.7% and they were more than offset by Outflows of \$57.4bn (39.8%) resulting in an overall negative Net Fund Flow of \$3.2bn which was similar to the situation in 2016. Commonwealth / Colonial (\$87.6bn), National Australia / MLC (\$70.3bn), AMP (\$55.6bn), IOOF (\$33.1bn) and Mercer (\$23.1bn) lead the Platform market.

Master Trusts \$131.8bn funds (16.0%) also climbed 9.8% over the past year. Reported Inflows increased 6.7% to \$19.8bn (12.0%) while corresponding Outflows were up 12.6% to \$17.2bn (11.9%) and as a result Net Fund Flows into Master Trusts fell a further 20.9% following on from a similar decline in 2016 to total \$2.6bn (12.2%). BT (\$32.6bn) and AMP (\$31.0bn) dominate the Master Trust market and account for close to half of the overall total.

Funds Under Management – Total Masterfunds Administrator View

\$millions	Dec 17		Dec 16		Dec 15		Annual Growth
BT Financial Group	151,454	18.4%	139,587	19.0%	131,720	19.1%	8.5%
AMP Group	144,695	17.6%	133,244	18.2%	122,942	17.8%	8.6%
Commonwealth / Colonial Group	121,761	14.8%	108,263	14.8%	100,403	14.6%	12.5%
National Australia / MLC Group	117,432	14.3%	108,919	14.8%	105,588	15.3%	7.8%
Macquarie Group	80,479	9.8%	70,435	9.6%	60,635	8.8%	14.3%
ANZ Wealth Group	40,440	4.9%	37,958	5.2%	43,587	6.3%	6.5%
IOOF Group	34,380	4.2%	31,703	4.3%	30,487	4.4%	8.4%
Mercer	23,107	2.8%	21,728	3.0%	19,726	2.9%	6.3%
StatePlus	17,474	2.1%	16,702	2.3%	16,098	2.3%	4.6%
netwealth	15,436	1.9%	9,772	1.3%	7,369	1.1%	58.0%
Others	74,729	9.1%	55,581	7.6%	50,526	7.3%	34.5%
Totals	821,387	100.0%	733,892	100.0%	689,081	100.0%	11.9%

Analysis By Market							
Wrap	352,594	42.9%	306,789	41.8%	280,060	40.6%	14.9%
Platform	336,966	41.0%	306,996	41.8%	302,149	43.8%	9.8%
Master Trust	131,826	16.0%	120,108	16.4%	106,872	15.5%	9.8%
Totals	821,387	100.0%	733,892	100.0%	689,081	100.0%	11.9%



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Data Collection and Estimation Techniques

Data is collected from companies in the managed funds market covering funds under management, gross inflows, 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. 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.

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