

Morningstar Market Share Report

Quarterly Report 31 March 2007



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The Morningstar Market Share Report is a subscription product. Subscription queries should be directed to: Vanessa Gorman +61 2 8216 0763 or vanessa.gorman@morningstar.com

Queries regarding the report content should be directed to: Hanne Gravas +61 2 9004 7157 or hanne.gravas@morningstar.com

Quarter Highlights

Slower Market Growth

- ▶ Australian-sourced total investments managed (TIM) for the March 2007 quarter increased by \$17.6 billion (2.1%) to \$845.6 billion, from \$828.0 billion in the December 2006 quarter.
- ▶ Industry Retail Funds Under Management (RFUM) increased 3.5% (\$17.3 billion) over the March 2007 quarter and 15.3% (\$67.5 billion) over the year to March 2007.
- ▶ While the headline rate fell due to some one off events most managers recorded an increase in flows over the December 2006 quarter, and the effect of slower growth in equity markets has contributed to lower March 2007 quarter results. The local markets, measured by the S&P/ASX 300 Accumulation Index (A\$), rose by 7.0% over the quarter from December 2006, as a by-product of easing oil prices during the March 2007 quarter and strengthening of the Australian dollar against all other major currencies. However, this was a weaker result than that of the December 2006 result of 11.1%.

Commonwealth Colonial Group leads increase in Funds Under Total Investment Management (TIM)

- ▶ Commonwealth Colonial Group maintained first place ranking by reporting the largest dollar increase in TIM for the top 10 managers, growing by \$5.2 billion or 5.5% over the March 2007 quarter. The lion's share of this growth was driven by inflows into direct property (\$1.5 billion), listed property (\$1.0 billion) and Australian equities (\$0.9 billion) sectors.
- ▶ Commonwealth/Colonial Group also reported the largest dollar increase across all managers of \$2.7 billion (18.2%) of investment management via discrete portfolios. Strong net flows into the discrete portfolio business during the March 2007 quarter resulted in a move from seventh for the December 2006 quarter to third position for the March 2007 quarter.

Barclays Global Investors Australia Reduces AXA's Lead in the Discretely Managed Sector TIM

- ▶ Barclays Global Investors Australia has reduced AXA's sizeable lead in funds within discrete mandates, with

strong growth of 10.0% (\$1.9 billion), in the second largest dollar increase within the top 10 managers after Commonwealth Colonial Group. In the process, Barclays Global Investors Australia reduced the gap between itself and first placed AXA by \$0.5 billion during the March 2007 quarter.

Macquarie Continues to Dominate Listed Vehicle Sector (TIM), While Commonwealth Colonial Group Makes a Move

- ▶ Macquarie continues to dominate funds in listed vehicles, with a market share of 41.3% for March 2007 despite a 2.3% drop from December 2006 quarter. Macquarie's growth of 4.4% (\$1.4 billion), which was the second largest dollar increase within the top five managers for the March 2007 quarter, behind Commonwealth Colonial Group quarterly result of 24.4% (\$2.1 billion). With this strong result Commonwealth/Colonial Group moved into second position, leap frogging ING/ANZ Group and Deutsche Asset Management which only increased by 5.3% (\$0.5 billion) and 7.1% (\$0.6 billion) respectively.

BT Westpac Narrows the Gap in Retail Platform Business Funds Under Administration (FUA)

- ▶ Retail platform businesses reported an increase in Funds Under Administration (FUA) for the March 2007 quarter of 2.2% (\$7.7 billion), which is lower than the 7.5% (\$24.0 billion) growth experienced in the December quarter and 5.9% (17.7 billion) growth in the September quarter.
- ▶ BT/Westpac Group maintained its ranking as the second largest platform provider and also reported the biggest FUA dollar increase, up \$2.5 billion or 5.3% to \$49.1 billion. The investment wrap BT Wrap continued to grow strongly, up 6.8% to \$16.5 billion during the March 2007 quarter, contributing to more than 40% of the group's total FUA growth. Superannuation master fund BT Super Wrap also grew strongly, up 8.1% to \$9.5 billion. This resulted in BT/Westpac Group reducing the gap between itself and first placed National/MLC Group by \$0.4 billion during the March 2007 quarter.

Market Movement Accounts for 55% of Increase in Retail Funds Under Management

- ▶ Industry RFUM increased 3.5% (\$17.3 billion) over the