



Funds Management

Melbourne, Victoria, Australia

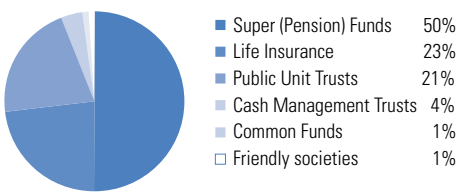
Make Australia your home in Asia and tap into the world's fastest growing fund pool.

Market Potential

Australia is the largest funds management market in the Asia Pacific region and the 4th largest in the world. Australian assets under management are worth over A\$1 trillion. Due to the compulsory retirement schemes introduced by the Australian Government¹, the local funds market is projected to grow 11% per annum for at least the next 15 years. Australia consequentially has the highest level of managed funds per capita in the world.² The fund market in Australia is forecast to exceed A\$2.3 trillion by 2015.³

Melbourne, located in Australia's south-eastern state Victoria, is home to a substantial proportion of the national finance services sector. The size of the industry and its prospects for significant future growth has seen many global industry players and boutique fund managers establish a strong presence in Melbourne. The Victorian Funds Management Corporation, seven out of the top ten industry pension funds, and the Federal Government's Future Fund are all managed out of Melbourne. Similarly 60% of all Australian industry pension fund assets are managed out of Melbourne. Due to the significant growth forecasts for the funds industry in Australia, there remains a wealth of opportunity for further institutional investment managers and ancillary service providers to leverage.

Figure 1. Distribution of Australian consolidated funds under management



Source: Australian Prudential Regulation Authority

Table 1. The Australian market

Statistical Overview	Australia	Source
Funds Under Management	A\$1.028 trillion	ABS June 2006, Cat. no. 5655
Investors (Domestic)	9,000,000	Axiss Australia
Forecast funds under management by 2015	A\$2.3 trillion	Axiss Australia

ABS – Australian Bureau of Statistics

¹ Compulsory employer pension contributions of 9% of gross earnings per annum for all employees in Australia

² AFG Global Funds Management Index

³ Axiss Australia



Table 2. A selection of investment fund managers based in Melbourne

AXA Funds Management	INVESCO
BlackRock Merrill Lynch Investment Management	Legg Mason Asset Management
Carnegie Wylie	Mercer Investment Management
Credit Suisse	Morgan Stanley Investment Management
Fidelity Asset Management	UBS GAM
Goldman Sachs JB Were	Victorian Funds Management Corporation

Superannuation Funds

Australia has an innovative pension system, which has facilitated the accumulation of retirement savings for employees through mandatory superannuation contributions and tax incentives. In Australia, since 1992 employers have been required to make pension contributions amounting to 9% of the gross wages of their employees to an approved pension (superannuation) fund. Additional, voluntary contributions are encouraged by tax concessions. There are several types of superannuation funds available in Australia. Table 3 illustrates the distribution of the various super funds.

Melbourne is also home to Australia's 'Future Fund', a substantial public sector pension fund with seed funding of A\$16 billion. The Fund is forecast to grow in value to A\$140 billion by 2020.

What others say about the Funds Industry in Australia

- Australia was ranked as the number 1 location for 'Fund Managers to do business in' by Boston based Cerulli Associates' Global Mid-Year 2005 Lodestar Favorability Index.
- Australia's retail funds management market has been described by US-based Cerulli Associates as the most sophisticated retail fund management marketplace outside the US.
- Australia is home to the world's fastest growing high-net-worth investor market. (source: Boston Consulting Group)

Table 3. Superannuation funds in Australia, March 2006

Type of Fund	Description	Distribution
Corporate	Funds available to employees of a single or group employer	6.5%
Industry	Funds available to employees in specified industries generally, but can also be utilized by people outside of these industries	16.5%
Public Sector	Funds available to public sector employees	16.7%
Retail	Commercial funds available to the general public	32%
Small Funds	Individual or family-based funds	0.3%
Self Managed		23%
Balance of Statutory Funds		5%
Total		100%

Source: Australian Prudential Regulatory Authority

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