

THE HITCHHIKER'S GUIDE TO AUSTRALIA



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Resources used on slides 5 and 6 include: The Ripoll Report (Chapter 2, para 2.4); Investment Management Industry in Australia, 2010, Austrade; 5655.0 Managed Funds, Australia, June 2012, Australian Bureau of Statistics.

Professional Planner | Standard & Poor's Fund Awards:

Macquarie Professional Series: Winner of Standard & Poor's Fund Awards: Product Distributor of the Year 2011, 2010, 2009. Independent Franchise Partners LLP: Winner of Standard & Poor's Fund Awards: International Equities – Developed Markets 2010, 2011. Walter Scott & Partners: Winner of Standard & Poor's Fund Awards: International Equities - Developed Markets 2009, 2008, International Equities – Diversified 2007. Winton Capital Ltd: Winner of Standard & Poor's Fund Awards: Alternative Diversified Strategies 2011. Standard & Poor's Information Services (Australia) Pty Ltd (ABN: [17 096 167 556](http://www.standardandpoors.com.au), Australian Financial Services Licence Number: 258896) ("Standard & Poor's") Fund Awards are determined using proprietary methodologies. Fund Awards and ratings are solely statements of opinion and do not represent recommendations to purchase, hold, or sell any securities or make any other investment decisions. Ratings are subject to change. For the latest ratings information please visit www.standardandpoors.com.au.

Professional Planner | Zenith Fund Awards:

Macquarie Professional Series: winner of Professional Planner | Zenith Fund Awards: Product Distributor of the Year 2012. The Professional Planner | Zenith Fund Awards are determined using proprietary methodologies. Fund Awards and ratings are solely statements of opinion and do not represent recommendations to purchase, hold, or sell any securities or make any other investment decisions. Ratings are subject to change.

Agenda

1

The focus will be wholesale

2

We are indeed the “Lucky Country”
but don’t underestimate the commitment

3

Australian investors are some of
the most discerning in the world

4

The wholesale model

Regulated growth at nine per cent pa moving to 12 per cent.

The largest 20 dealer groups own 50 per cent market share.

Holds four out of ten global S&P AA or above rated banks.

The total value of the Australian managed fund industry is \$A1.886 trillion.

There are more than 18,000 financial advisers.



Financial services sector has assets of more than \$45.5 trillion.

Legislation to reduce withholding tax rate on distributions from managed funds.

Highly liquid debt and equity markets.

Australia has 749 advisory groups operating via 8,000 practices.

Mature and innovative financial markets.

Market capitalisation at \$US952 billion (Sept 09).

Resilient economy through GFC.

Second largest debt securities market in Asia-Pacific.

Did you know that there is 16,000 miles of coastline in Australia?

The top 30 investment management firms control more than 85 per cent of funds under management.

Australian investors are well educated and very discerning.

Investors are slow to shift money with lower than expected turnover.

The Australian market is among the most fee sensitive in the world: why would you bother?



You also are required to comply with the Australian Financial Services Licensing (AFSL) obligations, compliance and operating standards to distribute in Australia.

The market is one of the most contested and awash with investment products.

The pipeline can take two to three years. Are you really committed?

Did you know six of the top ten deadliest snakes are found in Australia?

Scorecard: Australia



	Yes	No
Growing managed funds industry	✓	
Legislated growth	✓	
Fast moving investors and FDI pipeline		X
Innovative and sophisticated investor base	✓	
Tax legislation accommodates external providers	✓	
Opportunities for niche specialists	✓	
Relaxed regulation environment		X
Low levels of competition		X
Large and growing pool of investor assets	✓	

Did you know that Sydney has the deepest natural harbour in the world?

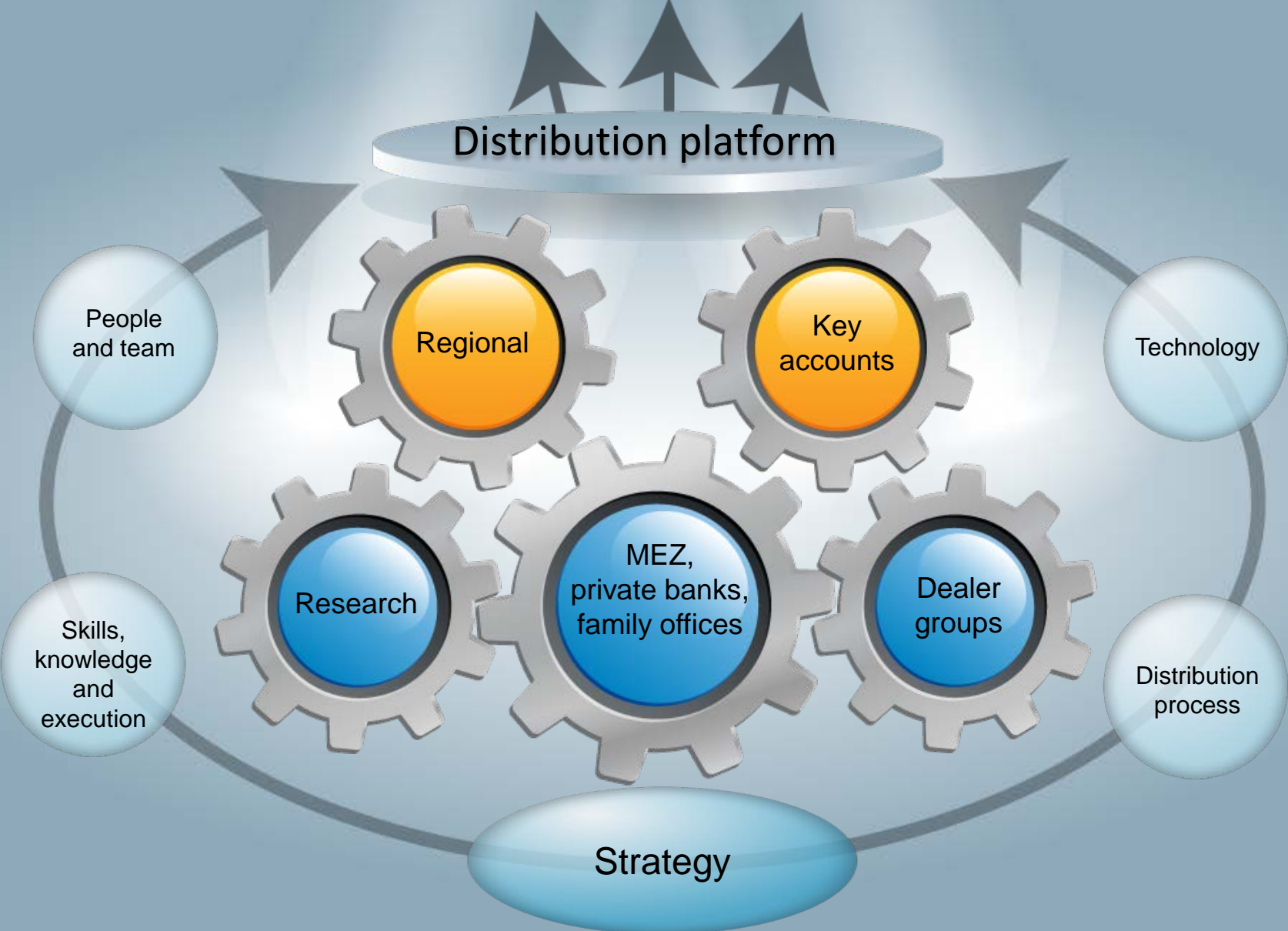
Distribution sector	What	Facts	Key players	Examples
Wholesale	Includes funds raised from direct investors and via intermediaries, platforms and the Financial Planning industry	Worth over \$A500 billion, with 83 per cent of this via platforms	Researchers: provide ratings, recommend APL, develop model portfolios, implemented consulting and asset allocation	Lonsec, Morningstar, Zenith
			Platforms: provide administration solution for advisers	ING/ANZ, BT, IOOF
			Dealersgroups: provide licensing and infrastructure for IFAs including research, model portfolios, asset allocation and APLs	AMP/AXA, CBA, Westpac, ANZ, NAB and boutiques
			Advisers: provide advice to investors (including investment)	Bruce
Mezzanine	Private banks, family offices	Stats (eg. 100 top families control \$Xb)	Internal and external researchers, external consultants, international platforms and APLs, internal investment teams	UBS, JB Were, Credit Suisse, Macquarie, Meyer, Fairfax, Mutual Trust
Institutional	Industry funds, government, endowments and corporate super funds	Top five consultants advise 85 per cent of the market. The top two consultants advise 51 per cent	Asset consultants: set investment strategy, provision of reviews and ratings, implemented consulting	Mercer, Frontier, Russell, Jana, Towers Watson
			Investors: Self directed versus consultant led Trustee board members CIOs and investment teams (asset classes)	Future Fund, QIC, Sun Super, Work Cover, ARIA

Wholesale distribution model

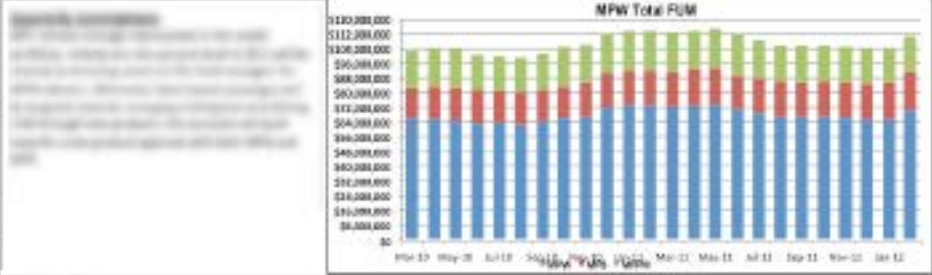
Dealer groups and key accounts program

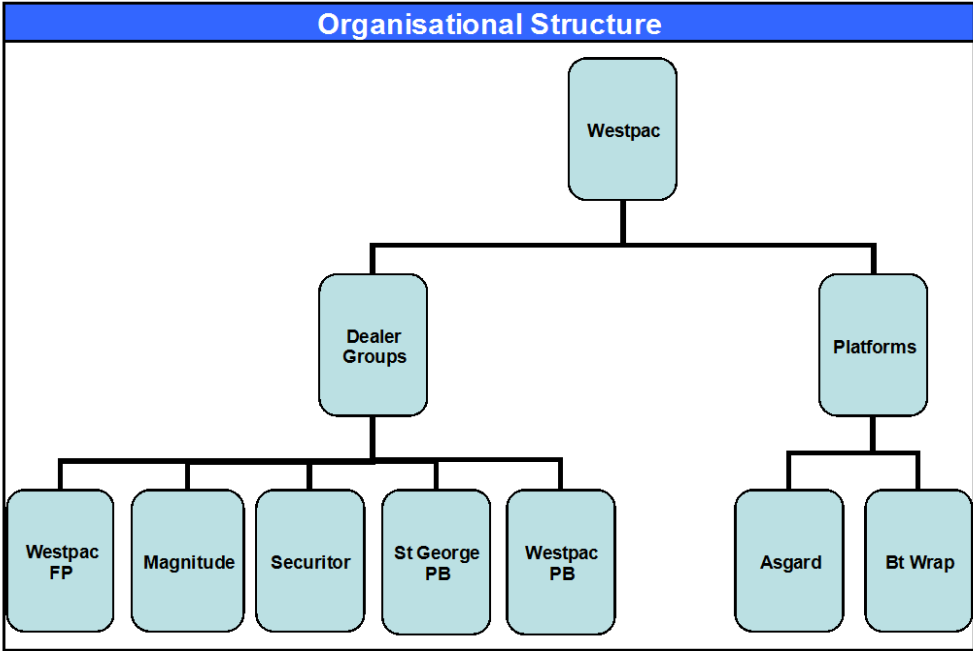


National key account program | State based sales representatives | Rules of engagement

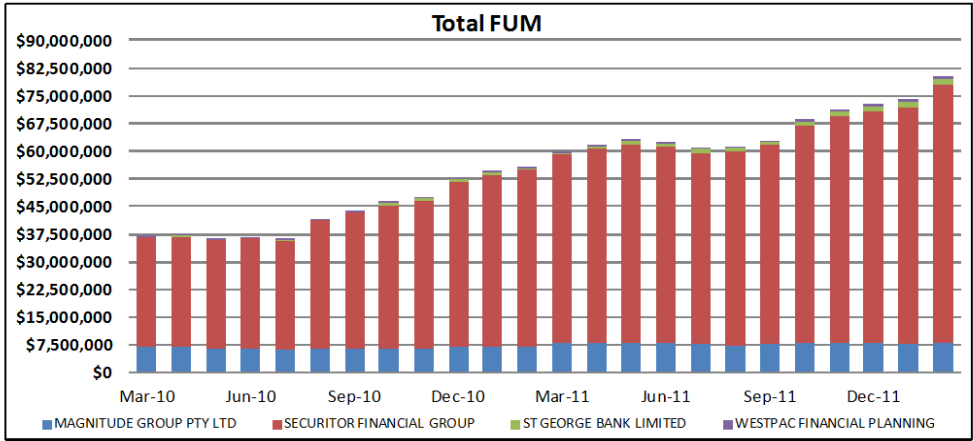


Strategy Summary Top 8 Hubs

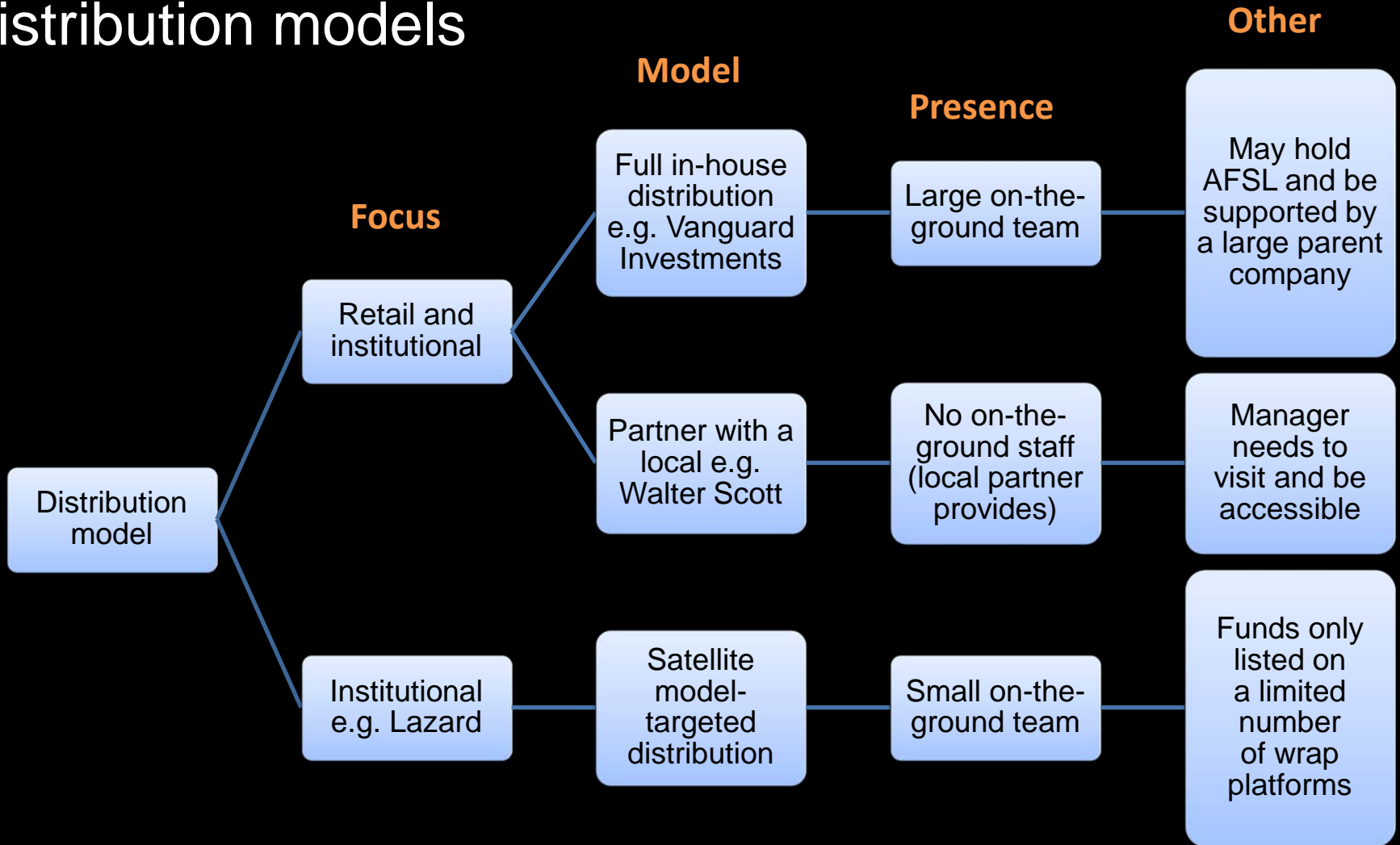




FUM / Target Tracker - Westpac



Distribution models

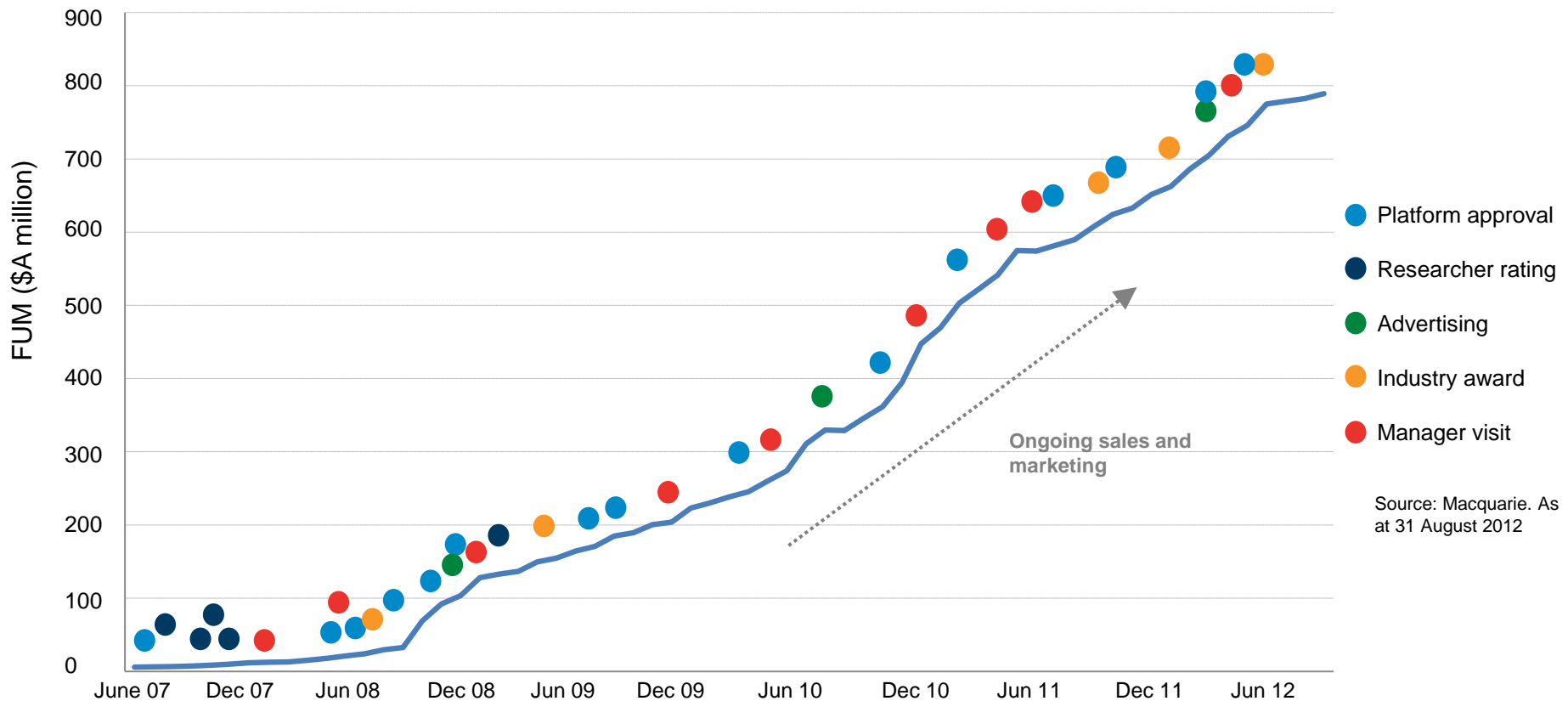


Did you know that Australians eat 260 million meat pies a year?

Case study: retail distribution process

Winton Global Alpha Fund

June 07 – August 12



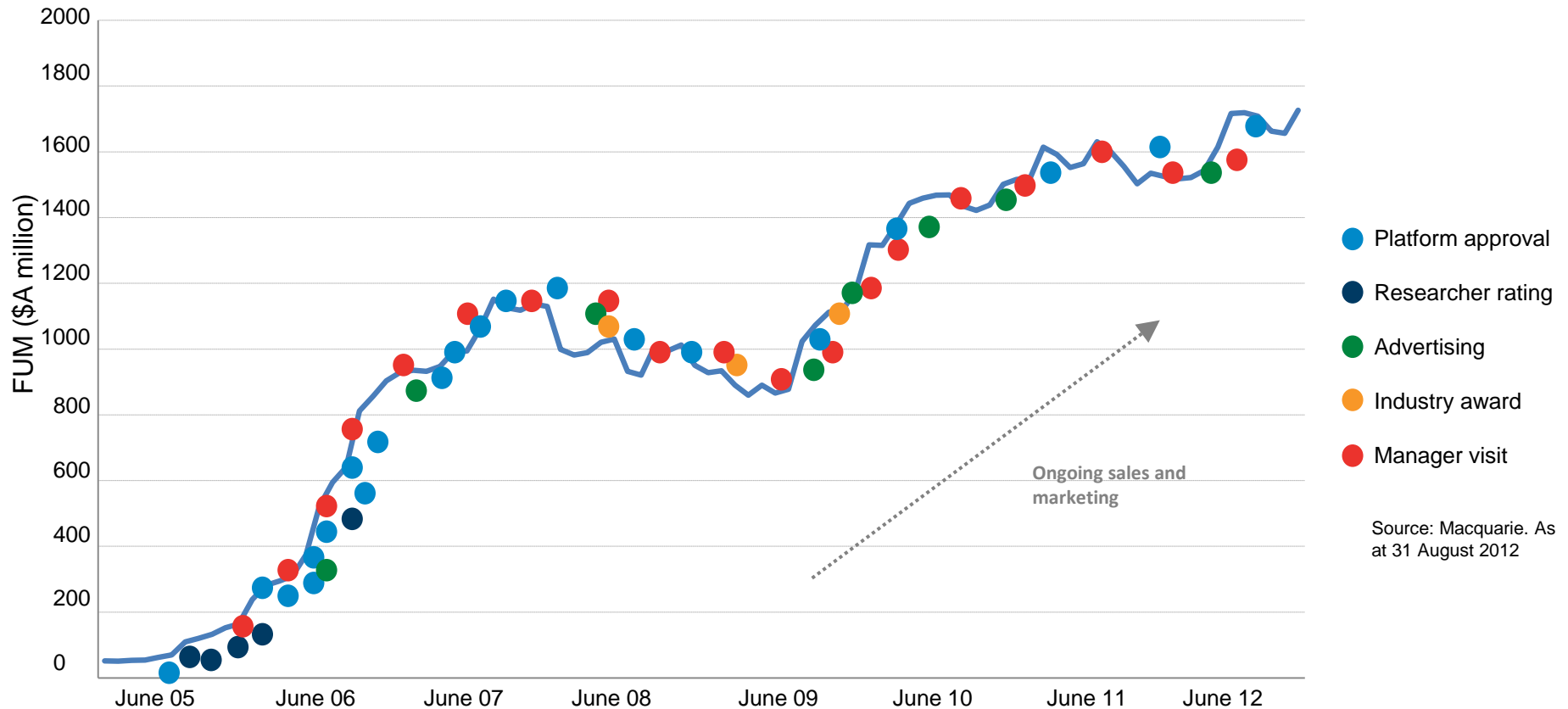
Source: Macquarie. As at 31 August 2012

Did you know that Australia's first police force was 12 well behaved convicts?



Case study: retail distribution process

Walter Scott Global Equity Fund
March 05 – August 12



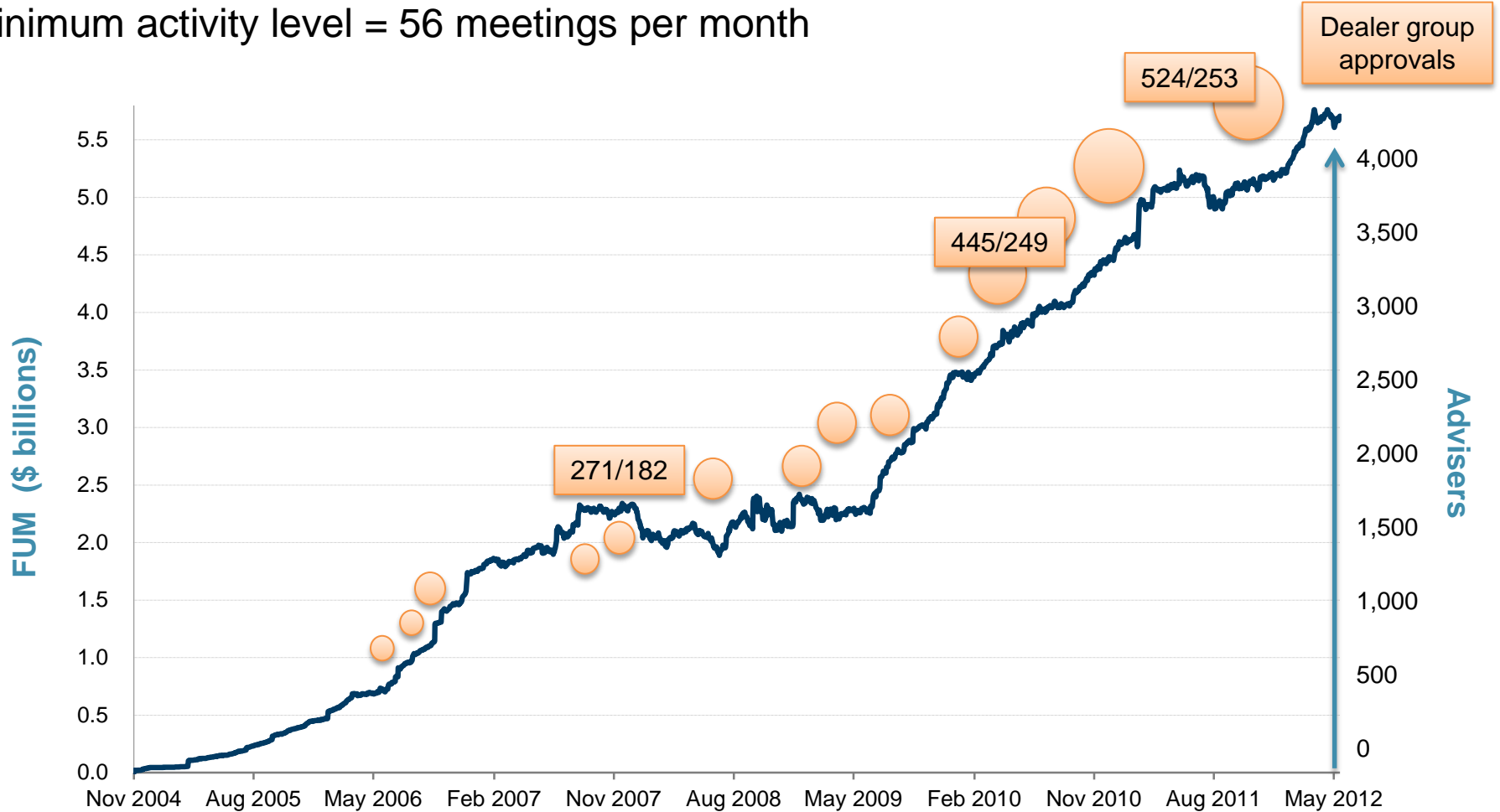
Source: Macquarie. As at 31 August 2012



WMV Compressed 10-5-12 Interview With Harindra de Silva.wmv

Rules of engagement = FUM growth

Minimum activity level = 56 meetings per month



Source: Macquarie. As at 31 May 2012.

Did you know that between 1945-1996, nearly 5.5 million immigrants settled in Australia?



Professional Planner | Zenith Fund Awards - Product Distributor of the Year, Macquarie Professional Series winner 2012. Professional Planner | Standard & Poor's Fund Manager of the Year Awards - Product Distributor of the Year, Macquarie Professional Series finalist 2008, winner 2009,2010, 2011. Professional Planner | Standard & Poor's Fund Awards - International Equities – Developed Markets, Walter Scott winner 2008, 2009, finalist 2010, 2011, Arrowstreet finalist 2009,2010, 2011, Independent Franchise Partners winner 2010,2011. Professional Planner | Standard & Poor's Fund Awards -International Equities – Diversified, Walter Scott winner 2007. Professional Planner | Standard & Poor's Fund Awards - Alternative Diversified Strategies, Winton winner 2011. Money Management/Lonsec Fund Manager of the Year - Alternative Investments (hedged funds) Winton finalist 2009, winner 2011, 2012. Money Management/Lonsec Fund Manager of the Year - Global Equities (Broad cap) Independent Franchise Partners winner 2011, 2012. AFR Smart Investor Blue Ribbon Awards - International Large Cap Shares Arrowstreet finalist 2009, winner 2010. AFR Smart Investor Blue Ribbon Awards - Large Cap World Shares Independent Franchise Partners winner 2011, finalist 2012.

Now you're ready to engage with Australia





Summary

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The wholesale model

