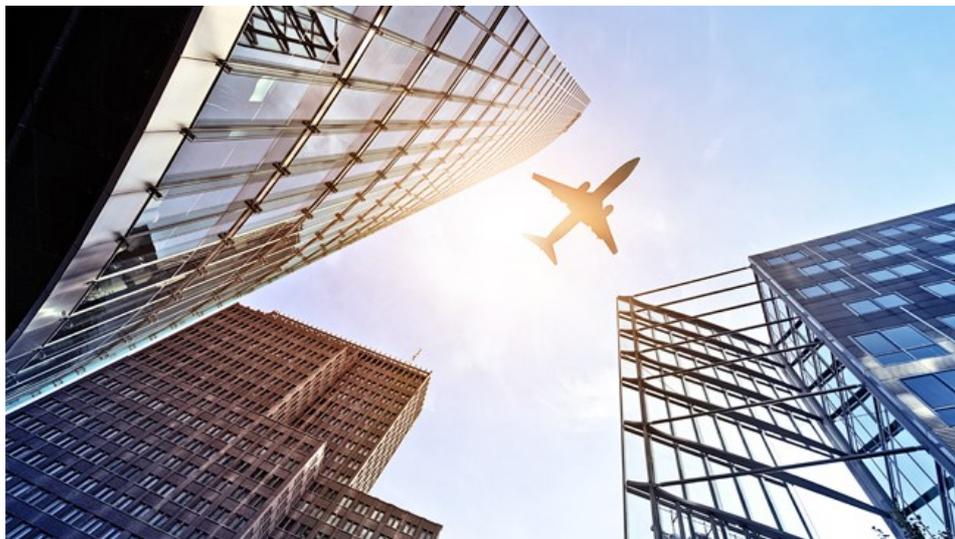


2015 AUSTRALIAN INVESTMENT MANAGERS CROSS-BORDER FLOWS REPORT



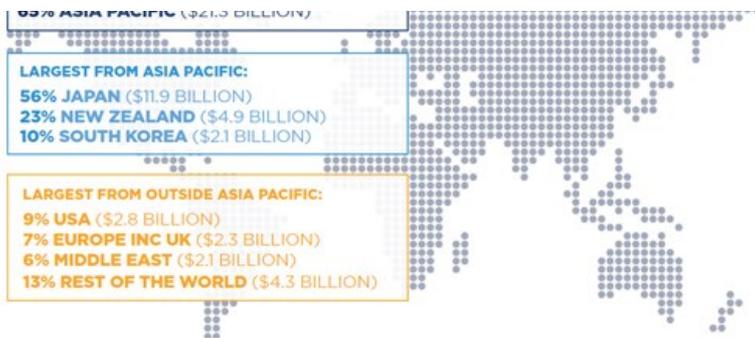
PERPETUAL CORPORATE TRUST
16/11/2015

There is significant opportunity for Australia to export financial products and expertise to world markets provided the right regulatory architecture is in place.

This was a key finding of the 2015 Australian Investment Managers Cross-Border Flows Report, commissioned by Perpetual and the Financial Services Council. First published in 2012, the Report is produced annually to shed light on the implications of policy changes for the export of managed funds products to offshore investors.

Key findings at a glance

- Investment by foreign fund managers into Australian Managed Investment Trusts has doubled from \$20.3 billion to \$43.6 billion over the past 5 years.
- Asia Pacific is the most common origin for funds inflow with 65% sourced from this region.
- The leading sources of investment included fund managers (34%), private investors (21%) and pension funds (11%).
- The most popular assets classes were overseas shares (28.4%) and Australian fixed interest and cash (28%).



FOREIGN INFLOWS \$43.6 BILLION

Investment by foreign investors into Australia through Managed Investment Trusts has more than doubled over the past four years - from \$20.3 billion to \$43.6 billion

INVESTMENT SOURCES



ASSET CLASSES



OVERSEAS ASSET CLASSES



Exporting financial services expertise to the world

There is considerable potential for financial services exports to boost growth in Australia's economy. While investment into Australia's Managed Investment Trusts has more than doubled over the past five years, the proportion of financial exports has remained consistent at 3.6% over that period.

The Report identifies two crucial initiatives required to increase financial services exports:

- The successful implementation of the Asia Region Funds Passport in 2016, which will create the much needed regulatory architecture to allow Australian investment managers to sell products to retail customers in other Asian economies - and vice versa
- Broadening the range of available collective investment vehicles to include corporate or partnership structures – the only collective investment vehicle structure currently available to Australian fund managers is a unit trust. As the Johnson Report found, “many potential non-resident investors in Australian funds, particularly in the Asia-Pacific region, do not come from common law jurisdictions. Neither they nor their investment advisors in the region are typically familiar or comfortable with trust structures.”

Word class global fund management

Trade liberalisation continues to open doors for Australia's financial service sector. Recently implemented Free Trade Agreements (FTAs) with Japan and Korea are already having a positive impact on capital flows, and with the China FTA and Trans-Pacific Partnership soon to be underway, there is strong momentum to achieve further growth.

As the world's most densely populated region, with the fastest growing middle-classes, Asia is a significant opportunity on Australia's doorstep. With the right financial services regulations in place, Australian fund managers are poised to benefit from the demand for their financial expertise.

As Geoff Lloyd, CEO and Managing Director Perpetual Limited commented, “This year's report shows 56% of fund flows are being invested into overseas asset classes. This is testament to Australia's world-class investment management expertise being sought after globally.”

Report methodology

The 2015 Report is limited to funds managed through structures meeting the tax law definition of a Managed Investment Trust, which was legislated on 24 June 2010. The Report was prepared by the independent actuarial and research firm, Plan for Life, based on data provided by 12 leading fund managers.

[**DOWNLOAD THE REPORT**](#)