

Press Release

IMAP Milliman Managed Account FUM Census as at 31 December 2017

Managed Account Funds Continue to Grow Substantially - IMAP Releases Latest FUM Census

IMAP (The Institute of Managed Account Professionals Ltd) in conjunction with Milliman has released the latest data in its 6 monthly Managed Accounts FUM Census series.

As at 31 December 2017, FUM in Managed Accounts stood at \$57.04 bn. This balance represents a six month increase of \$9.08 bn (or 18.9%) on the 30 June 2017 FUM total of \$47.97 bn. For the 12 months "year on year" period this represents an annual growth rate of 45% or \$17.87 bn in FUM.

The split between types of managed accounts is as follows:

Managed Account Category	31 Dec 2017 (\$ billions)	30 June 2017 (\$ billions)	Incr / Decr \$ (\$ billions) Jun to Dec 2017	Incr / Decr % (\$ billions) Jun to Dec 2017	31 Dec 2016 (\$ billions)
SMA / MIS	\$17.04	\$13.90	\$3.14	22.59%	\$12.36
MDA services	\$25.47	\$23.37	\$2.10	8.09%	\$16.72
Other services	\$14.54	\$10.70	\$3.84	35.88%	\$10.10
Total	\$57.05	\$47.97	\$9.08	18.93%	\$39.17

Toby Potter Chair of IMAP said "\$1.7 billion of this increase has come from companies who have been added to the census, but the over half of the increase is organic growth as advisers increasingly view Managed Account services as their preferred service model for a certain client segment."

Wade Matterson, Milliman's Practice Leader – Australia estimates 41% or \$4 bn of the increase can be attributed to very buoyant investment markets with the value of the ASX / S&P 200 Accumulation Index increasing by 8.37% over the 6 months period. "This compares with a 1% or \$0.39bn market growth factor in the previous 6 months" says Matterson

Mr. Potter says "We estimate that \$3.37 bn of the increase is due to inflows of new funds from existing participants growing their Managed Accounts business, compared with \$4.4bn in previous 6 months period. Totalled for the past 12 months gives a figure of \$7.88 bn new funds inflow for 2017"

To compare the growth rate of managed accounts with other financial services in the retail market, IMAP compared it with the Master fund data over the same period (provided to IMAP courtesy of Strategic Insight).

Strategic Insight's statistics shown a net inflow of funds in their Masterfunds, Platforms and Wraps Survey of 2.78% or \$21.31 bn of FUM to \$ 821.4 bn for the period June 2017 – December 2017 compared to managed accounts \$7.77bn. "It's directly relevant to compare managed accounts with the Platforms and Wraps Study as these are both principally vehicles by which advisers implement their recommendations" said Potter. "There is of course a very high degree of crossover – managed accounts operated on platforms - but it shows that in a market generally characterised by low growth, Managed Accounts are the most vibrant area."

"Forty two companies participated in the latest Managed Accounts FUM Census ranging from the very large (major platforms and banks) and MDA Providers to individual licensees who largely operate their service internally," said Potter.

About IMAP

The Institute of Managed Account Professionals (IMAP) is the only industry body for advisers, managers, providers and other businesses actively involved in offering or supporting Managed Accounts.

IMAP provides its subscribers with:

- Access to the latest developments in managed account services
- Education, training and access to professionals at all levels
- Representation as the voice of the managed account industry able to represent its interests to regulators
- Networking opportunities for advisers and licensees interested or involved in managed accounts

About Milliman

Milliman is a global actuarial firm and among the world's largest providers of independent actuarial and related products and services. In Australia, Milliman specialises in integrated retirement solutions—providing data analytics, financial modelling software and financial risk management services. Founded in 1947 Milliman is a global firm of more than 3,400 employees operating from 60 offices across the Americas, Europe, Africa, Asia, Australia and the Middle East. For further information, visit www.milliman.com

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