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media:release

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Financial planners embrace growing SMSF market

Financial planners are positive about the growth in the Self Managed Superannuation Fund (SMSF) market and see it as a significant opportunity for their business, according to research released today by AMP Capital Investors and Investment Trends.

The 2005 AMP Capital/Investment Trends SMSF Planner Report found that financial planners expect growth in SMSF assets to continue at 18 per cent per annum over the next three years.

Far from being threatened by this growth, 46 per cent of planners saw it as a large opportunity to add value through their services, and another 32 per cent a small opportunity for their business. Only 13 per cent felt threatened by this industry evolution, with 9 per cent foreseeing no impact.

AMP Capital Investors Head of Private Clients, Giles Craig said SMSFs were becoming an increasingly important part of financial planners' business mix.

"Many financial planners have built their business models around advising SMSFs and have taken advantage of the increased range of investment vehicles available to their clients.

"The structure of SMSFs encourage a more active collaborative relationship between financial planners and their clients.

"Similarly, investors are more aware of their superannuation options and with increased knowledge comes higher level of engagement.

"These options empower investors, as long as they receive high quality advice and information," Mr Craig said.

Investment Trends Director Mark Johnston said many financial planners are already actively engaged in providing SMSF advice.

Planners estimate that SMSF clients generate 27 per cent of planning industry revenue today, including advice on their personal assets, and that this will rise to 34 per cent by 2009.

Planners' level of engagement is not uniform. Of the 72 per cent of financial planners who provide some SMSF advice, 22 per cent provide advice to more than 20 SMSF clients and are defined in the Report as SMSF specialists. The remaining 50 per cent of financial planners giving SMSF advice are considered SMSF generalists.

"With typically high super balances and personal investments, those with SMSFs can be very valuable clients. SMSF specialist planners averaged 50 per cent higher funds under advice (FUA) than the industry as a whole, and had 44 per cent higher inflows in the last 12 months," Mr Johnston said.

The Report looks at the role of financial planners in the SMSF market and is the first of a series of reports to be released in 2006 following the launch of research on the characteristics, motivations and behaviours of SMSF investors nearly 12 months ago. The SMSF Planner Report was based on a detailed quantitative survey of 327 planners conducted by Investment Trends between October and December 2005.

AMP Capital Investors provides highly targeted products for the SMSF market including the AMP Capital Enhanced Yield Fund and the closed AMP Capital China Fund.

Investment Trends is a specialist industry research organisation which provides new decision support information to nine of the top 10 Australian fund managers and platform providers as well as the top five banks, top five online brokers, numerous leading margin lenders, dealer groups, planning software providers and industry regulators.

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Investors should consider the product disclosure statement available from AMP Capital Investors Limited (ABN 59 001 777 591) for the AMP Capital Enhanced Yield Fund before making any decision regarding the product.

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