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Media Release

UBS-FSC research uncovers drivers behind SMSF growth

UBS Asset Management and the Financial Services Council have just released their second annual research report on the state of Self Managed Super Funds (SMSF) growth in Australia.

The report profiles and explores the view of Australians with SMSFs, looking at key trends and motivators behind the continued growth in the sector and key opportunities available to investment firms and the obligations the industry has to further educate Australians.

Despite a relatively small population of 24 million people, Australia remains the fourth largest superannuation market in the world with assets held in superannuation funds of more than \$2 trillion. This includes \$589.9 billion in SMSFs, Retail (\$525.9 billion), Industry (\$432.8 billion) and Public Sector (\$219.3 billion). SMSFs recorded a solid 6.1% increase over the period of the report.

Bryce Doherty, Head of UBS Asset Management in Australasia commented, "Despite the ever increasing popularity of Self Managed Super Funds it is interesting to note that over the last twelve months SMSF portfolios have seen a significant shift from holding cash and direct equities towards increasing their investments in managed funds, with the average portfolio increasing its managed fund position from 15% to 25% over the period."

"This suggests that SMSF investors are looking to invest in professionally managed products which are executed and structured by experienced fund managers. This affords SMSF investors professional management via product offerings and the luxury of control and flexibility regarding product choice as well as significant opportunity for fund managers to provide access across a broad range of diversified product offerings."

Sally Loane, CEO of the Financial Services Council said: "Our report shows that the majority of SMSF owners are engaged with their super which is great news. More than half of the retirees in the survey—53%—are entirely or mostly dependent on their SMSF to fully fund their lifestyle while 46% of future retirees expect to depend on their SMSF to fully or mostly fund their retirement.

It is encouraging to see that professional advice plays a key role in SMSF planning across all fund sizes. The majority of SMSF owners—69%—have formal arrangements for the management of their investments with financial advisers and accountants.

As Australians live longer and super fund sizes continue to grow, financial advice will continue to play an important role in the SMSF market and in helping people to grow their wealth.

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ABOUT FINANCIAL SERVICES COUNCIL

The Financial Services Council (FSC) has over 115 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, licensed trustee companies and public trustees. The industry is responsible for investing more than \$2.6 trillion on behalf of 11.5 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the third largest pool of managed funds in the world. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.

UBS ASSET MANAGEMENT

UBS Asset Management, a business division of UBS, is a large-scale asset manager with well-diversified businesses across regions, capabilities, and distribution channels. We offer a comprehensive range of active and passive investment styles and capabilities, across both traditional and alternative asset classes. These include equities, fixed income, currencies, hedge funds, real estate, infrastructure and private equity that can also be combined into multi-asset strategies.

Invested assets totalled CHF 635 billion at 30 September 2015*. The firm is a leading fund house in Europe, the largest mutual fund manager in Switzerland* and one of the largest fund of hedge funds and real estate investment managers in the world.

We have around 2,500 employees located in 24 countries. Our main offices are in Chicago, Frankfurt, Hartford, Hong Kong, London, New York, Paris, Singapore, Sydney, Tokyo and Zurich.

Source: Morningstar/Swiss Fund Data Swiss Promoters report (as of 30 September 2015).