

21st IIFA Conference

Sydney, Australia

Opening Address

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Australia**

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Good morning delegates and welcome to Sydney, Australia. My name is Richard Gilbert and as CEO of the Investment and Financial Services Association, it is my very great pleasure to welcome you on behalf of our Board and IFSA's wider membership to the 21st International Investment Funds Association Annual Conference.

IIFA has at last reached the age of maturity - 21 years in the making - and it now has a full adult life ahead of it.

In some countries 21 years on this planet earth is - or has been, a critical milestone. It has traditionally been the age in many countries when you can vote, buy tobacco, drive a car and drink alcohol.

So the good news for our delegates is that in Australia - the age for partaking in all of these activities is 18.

This is perhaps good news for some of our younger delegates- although I would implore you not to try doing all those things at once. Particularly drinking and driving.

IIFA has certainly grown from those very modest beginnings 21 years ago at the first conference which was held in Germany in 1987.

Gathered here today are 38 Associations represented by some 76 delegates.

Looking around, it feels somewhat like the investment community's very own APEC... a meeting Sydney also hosted here just a few weeks ago.

Before we commence the programme proper, it is worth reflecting briefly on the asset pool we are responsible for managing.

Global mutual fund assets have grown from US\$17.8 trillion at the end of 2005 to US\$22.7 trillion at the end of the first quarter of 2007 – representing global growth of around 27.5% over that 15 month period.

Additionally, net worldwide cash flow into mutual funds has remained very strong, reaching \$417 billion for the first quarter of 2007.

During the 2006 calendar year, an additional 4,300 mutual funds were introduced around the world.

In yet another sign of an excellent year for the industry, every region in the world experienced positive growth in funds under management over the same period.

If nothing else, these figures demonstrate the phenomenal growth and continuing strong demand for the investment services provided by mutual funds around the world.

At the same time, the industry continues to take on more responsibility for the prudent management of investor's funds – particularly with so much of global portfolios invested in growth assets such as equities.

Recent volatility has underscored the importance of sound research and governance structures, as well as clearly communicating with our investors who place their confidence in our industry's skill and expertise.

Volatility also underscores the importance of sound regulation.

As our markets become more interconnected, there is a heightened need to ensure that our regulatory systems are appropriate to facilitate global investment and capital flows, but also to provide minimum safeguards for the protection of investors' funds.

Whilst it is always easy to trumpet the need for lighter and less intrusive regulation, we must always remember that regulation is double-edged sword.

It comes at a cost, but it also has the potential to give our collective investments a certain legitimacy, and therefore a competitive advantage which other investments do not have.

Mutual fund investors globally need to know that mutual funds have world's best regulation.

Also it is important for investors to know that their investment managers and their associations have excellent working relationships with their regulatory agencies.

Regulators, like fund managers, of course have their own umbrella organisation, IOSCO, whose Chair joins us at this conference – the first time that this has happened.

This is indicative of the willingness with which we can work together to make a better regulatory regime.

Technological interconnectedness and 'follow-the-sun' trading systems, and financial leveraging and factoring, means that it has never been easier to generate or lamentably, destroy, wealth.

An open global economy is essential to the continued diversification of portfolios and to the orderly and efficient distribution of capital around the world.

With that in mind, I would like to formally open this conference.

Many of you have travelled great distances to be here – whether from Europe, Asia and the Pacific, the Indian Subcontinent, Africa or of course from The Americas - and we are very grateful and honoured to have you with us, especially those of you who represent associations who are here for the first time.

As IIFA members, we have gathered to exchange information and learn about how we can work together to improve the environment in which mutual funds operate, including: domestic and cross-border regulation, and how we communicate with investors - all with an eye to the future.

We are of course here to look over the horizon and turn our minds to the challenges which our industry will face over the coming years.

As a truly globally integrated industry, we will not face these challenges alone. Whether we are responding to the challenges of profound demographic change or how best to mitigate the risks of climate change, as an industry we have much to learn from each other.

In the programme planned for you, we will discuss the latest developments in compliance and regulation, and we will look at improving disclosure for our investors as well as keeping up with developments in effective dispute resolution.

Other sessions will present the latest findings and research on investor attitudes and communication with customers.

We will also cover pension developments, retirement savings and intergenerational economics.

On the subject of intergenerational economics, I might add that Australia's first Intergenerational Report was published by our Commonwealth Government as Budget Paper No. 5 in the 2002-03 Budget Papers.

The report provides a basis for considering the Australian Commonwealth's fiscal outlook over the long term, and identifying emerging issues associated with an ageing population.

The first report looked forty years into the future and the second was published in May this year.

It was the first long-term view on the Australian economy and the challenges we face as a nation.

The framework for this report is now being used and adopted by other countries around the world.

The Intergenerational Report is required, by the Australian Charter of Budget Honesty to report honestly and openly, every five years, on the effect this current generation will have for the generation of Australians that follow.

The problems faced by an ageing population are not unique to Australia and mutual funds are ideally placed to help address associated challenges as governments look seriously at how they will pay for their future pension promises.

I look forward to encountering the state of play for mutual funds around the world. I hope to take away much learning from the conference program and I trust you will all do the same.

If there is an issue which does not appear on the program – and of course we cannot cover every conceivable issue in the time available to us - then don't be too concerned.

The programme has scheduled many social and networking opportunities which are ideal for discussing issues and sharing concerns with mutual fund association colleagues.

Next year will see us meeting in Montreal and Quebec City in Canada.

I am reliably informed that some of those attending this Conference as part of the Accompanying Persons Programme have already discovered to their delight that here in the Southern Hemisphere, as we go into summer, all **our** winter clothes are now on sale.

So delegates should not forget to squeeze in some shopping in Sydney for a nice warm coat to wear for next year's conference in

Canada to 'hedge' against the 20 degree Celsius temperature difference between Sydney and that enjoyed by our Commonwealth cousins in the Northern Hemisphere.

May the 21st Meeting of the IIFA be a resounding success and one which you will long remember.

I now have great pleasure in introducing Di Turpin who will preside over the first session.