

FINANCIAL STANDARD

02

News:
Bemelong Avoca
Eluvia

10

New products:
Russell, Axioma, Alpha

20

International:
Greece, Ascalon Asia,
AXA Japan

24

Between the lines:
MTAA, Quadrant,
Apostle

16

Feature story:
GARP investing

32

Profile:
Graham Rough
UCA

Family offices to drive big business

Elise Burgess

The number of high net wealth individuals (HNWI) in Australia has been growing and the phenomenon of the family office is on the rise. There is money to be made and overseas investment houses and local firms are turning their attention towards our shores to share in the business opportunities being created.

The Australian Trade Commission (Austrade) last year reported that Australia is now the third largest high net worth (HNW) market in the Australasian region behind Japan and China.

The resources boom and our economic resilience during the GFC has made Australia home to more HNWI than Hong Kong and Singapore combined.

Groups like Bank of America/Merrill Lynch, UBS, Citi, Credit Suisse, Morgan Stanley, HSBC and Deutsche Bank are already down here sizing up the opportunities.

A family office is a private company that manages investments and trusts for a wealthy family and their extended members.

According to the Austrade's 'Private Banking in Australia' June 2010 report, the top 250 family offices in Australia accounted for approximately \$181 billion as at May 2010, with the largest 20 accounting for \$67.7 billion. The range between offices is from \$200 million to \$7.17 billion.

This makes the sector almost as big as the entire industry fund market or more than triple the size of the entire wrap market.

While family offices are viewed as traditional establishment wealth, the reality is most are less than 20 years old and it is rapid growth that is attracting the attention of the wealth management market, particularly global investment houses.

This relative immaturity of Australian family offices is why many of the new opportunities for service providers are for intergenerational structuring, said Séamus Ó Concheanainn, managing director at family office consultants, Foxrock Consulting.

He said it's forcing family offices to move away from simply being the financial side of a family business and diversifying into a second generation.

"We are seeing family offices offering these services spreading through out Australia over last five years. Many accounting practices are even adding family offices services, adding superannuation and intergenerational wealth management aspects on top of their accounting services," said Ó Concheanainn.

But while family offices are often seen as financially complex, the irony is they are too simple and undiversified and so are looking for sophisticated services only the top integrated firms can provide.

"Many of the Top 100 families have generated their wealth from real estate and property so are keen to diversify into equities, hedge funds, fixed income and other alternative investments. The mining wealth families will seek real estate, fixed income and alternatives," noted Austrade.

The market is even bigger if you include the high number of families holding between \$30 million to \$200 million that are considered too small to be family office.

In Australia there are now more firms offering services to multi family offices emerging despite the market being fairly young in Australia.

"There seems to be a great deal of opportunity as a number of the 'new' wealth groups look to the experience of other families," said Austrade. **FS**



Séamus Ó Concheanainn
Foxrock Consulting
managing director

Equip and Vision marriage not over yet

Matt Woodington

The merger between Equipsuper and Vision Super, as reported by the Financial Standard on 26 May 2011, initially appeared to be off after negotiations between the two hit some union hurdles but Vision Super is confident that the merger will still take place.

"Vision Super will continue negotiations with Equipsuper to realise this important opportunity to harness our collective resources and expertise to improve our industry competitiveness and expand our services and benefits to you in the most cost-effective manner," said Rob Brooks, chief executive officer Vision Super.

Vision Super responded to claims that the collapse of talks between the two super funds

Continued on page 3

Merged planning groups plot Snowball effect

Snowball Group and Shadforth Financial Group are driving the consolidation agenda with their merger that came about largely thanks to the matchmaking skills of financial planning industry stalwart John Godfrey.

The two non-aligned financial advice groups will form a \$14.3 billion wealth management business with multiple business models and 188 financial advisers nationally.

"This is a seminal deal for the industry. It's very interesting because everyone's been talking about these deals and the need for consolidation but we've actually done it, here it is, this is the

Continued on page 3

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