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Kiwis put less into managed funds - survey

Kiwi investors put less money into managed funds than ever before during the June quarter as they looked elsewhere for better returns.

FundSource figures show net inflows into retail managed funds were negative \$83.5 million in the June quarter, the worst performance since the industry monitoring group started records in 1993.

FundSource business manager Tim Anderson said the results showed consumers were being more cautious with their money.

"A lot of people are leaving equities and the biggest gain has been mortgage. People are shuffling their money around and putting it into safer investments," he said.

The figures represent an ongoing slowdown in the amount of cash going into managed funds. Inflows were \$59 million in the March quarter, and almost \$117 million in the December quarter.

Mr Anderson said the results were "significant" in that they were the worst for nearly a decade, but could turnaround quickly. When would depend on how long it takes for international equities to rebound.

"It's retrospective. It happened last quarter and it's important to keep focusing on what's going on in front of you.

"We've seen it already. Institutions are moving their money from fixed interests... starting to go overweight in international equities."

Consumers tended to lag behind the institutions.

New Zealand's biggest retail fund manager Tower Group was the hardest hit posting a net outflow of \$49.3 million, though FundSource noted Tower's outflows had not been evenly spread, so were not a general reflection of its retail funds.

ASB Bank and National Bank had the strongest inflows of \$58.6 million and \$54.9 million respectively during the June quarter with NZ Funds Management third on \$11.8 million.

ASB Bank is the ninth biggest retail fund manager in New Zealand, while NZ Funds Management is the fourth biggest according to FundSource.

Out of 29 managers surveyed 18 recorded net outflows. Only 11 managers recorded inflows

and excluding the top three, had a combined total of only \$22.1 million.

Most of the new cash was in retail mortgage funds.

The biggest outflows came from diversified funds, which had been hit hard by low international equity returns. The diversified sector made up 42 per cent of net funds under management in New Zealand before June, while international equities accounted for 12.8 per cent.

Net funds under management in New Zealand also fell, 4.1 per cent over the quarter from \$18.93 billion to \$18.16 billion.

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