



New South Wales
Government

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An overview of Funds Management in Sydney and New South Wales (NSW)

The financial industry remains a dynamic global force — one that continues to grow in importance across a borderless world. In Australia, Sydney stands as the national capital for financial services and is recognised as a leading centre in the Asia Pacific region.

With a national government-mandated pension scheme (increasing from 9 per cent to 9.25 per cent of salary on 1 July 2013, with further stepped increases planned after this), a large pipeline of upcoming major infrastructure projects, and a range of advanced investment products on offer for a large sophisticated investor base, the industry is well positioned for further strong growth into the future.





The advantages enjoyed by global funds managers in Sydney include:

- the third largest asset pool for funds management in the world
- a mature and innovative funds management sector
- a highly skilled multilingual workforce
- competitive costs
- a safe, low risk business, legal and regulatory environment
- a world class telecommunications infrastructure
- a time zone spanning the United States and European markets.

Here's a few facts to help explain how big the funds management sector really is. With a total value of A\$2.0 trillion, Australia now has the third largest pool of funds in the world and the largest pool of funds in Asia¹, which is larger than Australia's GDP. Federal Treasury predicts this will increase to over A\$6.0 trillion in 25 years' time².

Several well-known NSW-based fund management firms such as Macquarie Group, AMP Capital and Colonial First State are now major players in the Asia Pacific region, where 74 per cent of funds are presently sourced³.

There is still plenty of scope for the industry to develop further. Export markets, as well as the entry or expansion of international market players, are all recognised avenues in which our funds management sector can continue to expand.

TOP TEN INVESTMENT MANAGERS AS AT 30 MARCH 2013

(9 of the 10 largest Australian fund management groups are based in NSW)

INVESTMENT MANAGER	FUNDS UNDER MANAGEMENT (A\$M)	RANK	HEADQUARTERS
Commonwealth/Colonial Group	112.9 billion	1	NSW
State Street Global Advisors (Aus) Ltd	71.0 billion	2	NSW
AMP Group	63.6 billion	3	NSW
Vanguard Investments Australia Ltd	57.1 billion	4	NSW
Macquarie Bank Group	50.5 billion	5	NSW
BT Financial Group Ltd	48.9 billion	6	NSW
Industry Funds Management Pty Ltd	44.1 billion	7	VIC
BlackRock Investment Mgt (Aus) Ltd	40.8 billion	8	NSW
Schroder Investment Management Australia	37.5 billion	9	NSW
UBS Global Asset Management (Aus) Ltd	31.0 billion	10	NSW

Source: Morningstar.com

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1 ABS 5655.0 Managed Funds Australia, Dec 2012,

2 Parkinson, M. 2012, "Future Challenges: Australia's Superannuation System", address to Association of Superannuation Funds of Australia (ASFA) Conference, November.

3 Financial Services Council. 2011, Australian Investment Managers Cross Borders Flows, October.



Artist impression of Barangaroo – Sydney's new financial precinct

WHAT MAKES SYDNEY A LEADING FUNDS MANAGEMENT HUB?

Sydney is home to a large number of institutions in the financial industry – with many of them having considerable expertise and experience.

Some of the foreign asset management groups based in Sydney include Aberdeen, Allianz, Aviva, BNP Paribas, Deutsche Asset Management, Fidelity, Franklin Templeton Investments, HSBC, Invesco, Investec, Lazard, Morgan Stanley, Schrodgers, UBS and Zurich.

MULTILINGUAL ABILITY

Funds management cannot exist without a skilled workforce. In Sydney, over half of the workforce is tertiary educated. 140 languages are spoken in Sydney with a population of more than 4.6 million people.

SPEND LESS, GET MORE

The costs of establishing in Sydney are significantly less than those of its international financial centre counterparts, including New York, London, Frankfurt and Tokyo. Remuneration for local employees are comparable or less, while the cost of prime office space is significantly lower than those of some of Australia's closest neighbours, including Hong Kong and Singapore.

KEEPING BUSINESSES CONNECTED

Telecommunications continue to drive a large portion of business operations around the world. NSW has a highly developed telecommunications infrastructure to keep up with international demand. This includes six international fibre-optic cable networks linking Australia with the United States, Europe and Asia.

RENMINBI AND AUSTRALIAN DOLLAR START DIRECT TRADING

On 9 April 2013, Australia and China announced an agreement to directly convert each other's currencies. The move has made Australia only the third country after the US and Japan to have such a currency arrangement in place with China, and positions Sydney as Australia's renminbi trading capital.

PERFECT TIMING

As technology continues to make it easier for us to stay connected, the business market grows ever more global. And with our location on the western Pacific Rim, Sydney proves an ideal place to do international business. Our business day overlaps the close of the United States and the opening of the European business day, which means we effectively bridge these territories, before cities like Tokyo, Hong Kong and Singapore even begin their day. This "follow the sun" advantage allows multinational companies to operate seamless global operations around the clock.

NSW IS OPEN FOR BUSINESS

NSW Trade & Investment is the NSW Government's economic development agency. It assists businesses that are contemplating significant new investment, whether establishing a new operation, relocating a business or expanding an existing business.

For finance and business service companies that are looking to enter the market, we provide:

- information on how New South Wales (NSW) benchmarks against other locations (local and international)
- advice on how to set up a business in NSW, including advice on taxation and regulatory issues that affect the finance and business services sector
- introductions with business networks
- a market visit program for companies to visit Sydney.

For existing companies that are looking to grow, we can:

- speed up business plans by providing tailored data on the local market
- help shortlist sites in NSW that suit the requirements of the investment, with information on the costs and benefits of each location
- provide advice on other support and incentives that may be available for the project.

Services are delivered to businesses free-of-charge.

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