

19 August 2011

Government should look at introducing A-UCITS

The Government's move to align the taxation treatment of foreign managed funds with other countries is a useful further step in harmonising the Australian approach to managed funds with that of other centres, says Mr Harvey Kalman, head of EQT corporate fiduciary and financial services at Equity Trustees Limited.

"The Hon Mr Bill Shorten's statement yesterday added that there is more being done in the area – but I believe there is the opportunity for a much wider initiative that would make Australia the regional centre for investment funds.

"Australia has the opportunity to use the work of other jurisdictions and combine it with its own dominant funds under management position in the region, to establish itself as the Asian capital for international funds management.

"This would be of enormous benefit to our economy, capitalising on the expertise we have already developed in financial services and in regulation to create more jobs, and lead to improved investor protection, increased investment opportunities, and greater tax revenue."

Mr Kalman said that, while he recognised this is a long-term project, and there are hurdles that will need to be overcome, by adopting the Undertakings for Collective Investment in Transferable Securities (UCITS) approach developed by the European Commission, we could take advantage of the decades of work already put into their development, significantly reducing the work and lead time needed.

"There is no doubt Australia has the expertise and regulatory know-how and established financial base to develop an Asian/Australian UCITS (A-UCITS) which would bring us huge benefits.

"UCITS were first mooted in Europe in the mid-1980s and it wasn't until the 2000s that they had been developed to the stage where they could be adopted by all members of the European community.

"Already they have made significant inroads internationally and are well regarded by the global investment community.

"It is a product that offers investment managers all the flexibility they need, while at the same time having good investor protection characteristics.

"As it is, reports suggest UCITS already makes up some 70 percent of fund inflows in Hong Kong, Singapore and Taiwan, and 40 percent of all UCITS are now sold outside Europe.

EQT RELEASE

"There is obviously a huge market for such products and I am fearful that if Australia doesn't move quickly to introduce a similar internationally accepted investment vehicle, another jurisdiction will, to our cost," he said.

About Equity Trustees: *Equity Trustees is a publicly listed company that provides a range of financial services to corporate and private clients. Its businesses include private client wealth management, funds management, responsible entity appointments, and corporate and personal superannuation.*

The company manages more than \$4 billion in its funds management, private client and superannuation businesses and has over \$19 billion under responsible entity administration. Equity Trustees employs over 180 people in its Melbourne, Sydney and Brisbane offices.

For more information please contact:

Harvey Kalman

Phone: 03 8623 5301

Email: HKalman@eqt.com.au

This media release was prepared by Equity Trustees Limited and is only provided for information purposes. It does not contain investment recommendations nor provide investment advice.