Distribution trends

Edward Glyn, Global Head of Relationship Management, Calastone

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Client business drivers

- Reducing pool of rich, predictable, easy-to-service clients

- 'Tech' savvy, financially challenged, emerging generation

- Multi-channel client centric digital distribution

- Increasing channel competition and new entrants

- Focus on TCO across the chain

- Real time data (Client, Market, Regulation)

Where is data being harnessed to its fullest extent?

What are people buying?

What are people searching for?

What are people sharing?

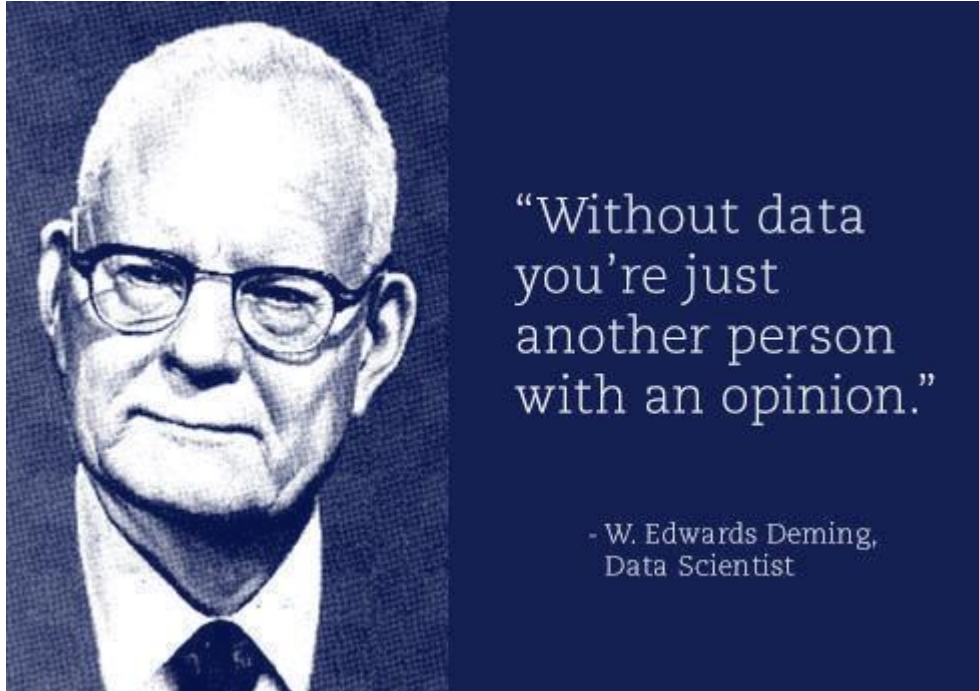Calastone
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The outsiders are here…

Yu'e Bao Money Market Fund

- App based fund launched in 2013 by Alibaba via Alipay

- 1 Yuan min. deposit, avg. investment 4,000 Yuan

- c.324m customers – mostly rural, low income, 20-30 year olds

- 1.4 trillion Yuan ($210bn) AUM

- Accounts for 28% of China's money-market funds

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The Asset Management industry
is yet to fully harness
the huge potential of data

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"Without data you're just another person with an opinion."

- W. Edwards Deming, Data Scientist

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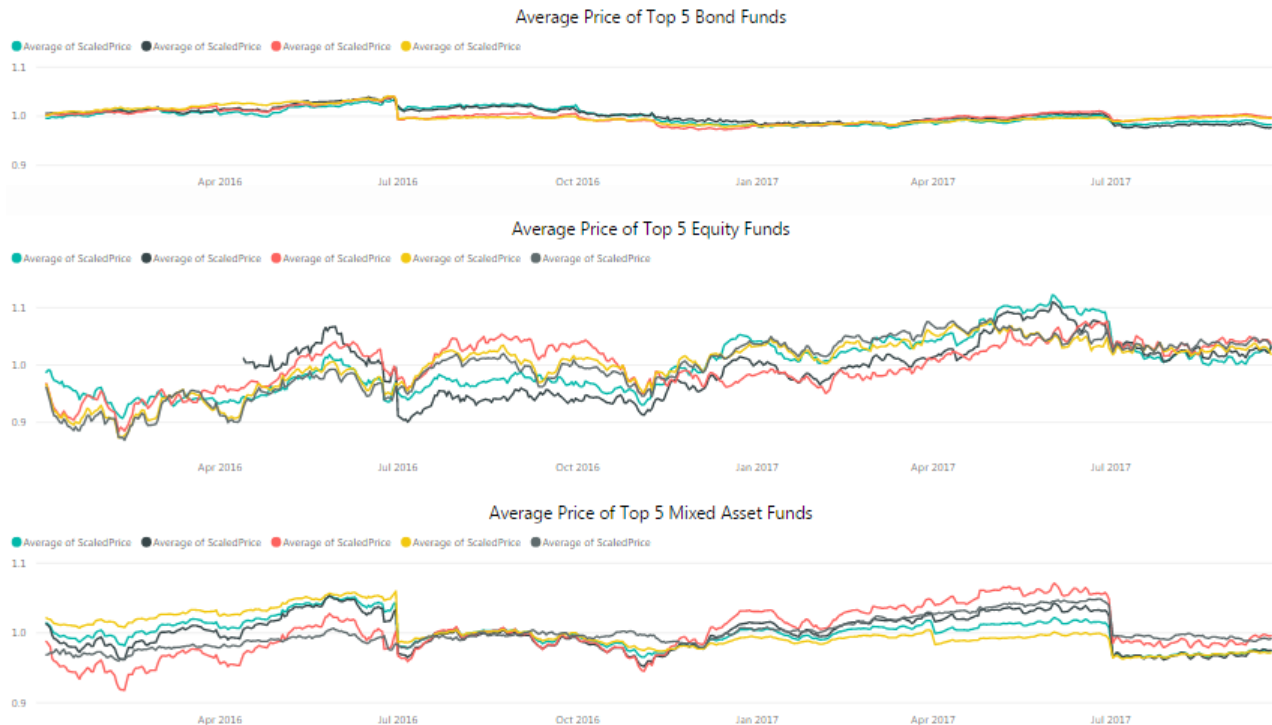# Distribution Trends

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The network-effect

Metcalfe's Law:

*"The value of a network is proportional
to the square of the number of participants"*

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What can the Australian Managed Fund Industry learn from a year of market volatility?

Average Price of Top 5 Bond Funds

Average Price of Top 5 Equity Funds

Average Price of Top 5 Mixed Asset Funds

What was the impact of the Brexit Referendum and Australian Election on Australian Managed Funds

Australian Managed Funds Net Fund Flow - All Asset Types

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What was the impact of the Brexit Referendum and Australian Election on Australian Managed Funds

Australian Managed Funds Net Fund Flow - Bond

What was the impact of the Brexit Referendum and Australian Election on Australian Managed Funds

Australian Managed Funds Net Fund Flow - Equity

What was the impact of the US Election on Australian Managed Funds?

Australian Managed Funds Net Flow - All Asset Types

● Increase ● Decrease ● Total

US Election

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What was the impact of the US Election on Australian Managed Funds?

Australian Managed Funds Net Flow - Bond

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What was the impact of the US Election on Australian Managed Funds?

Australian Managed Funds Net Flow - Equity
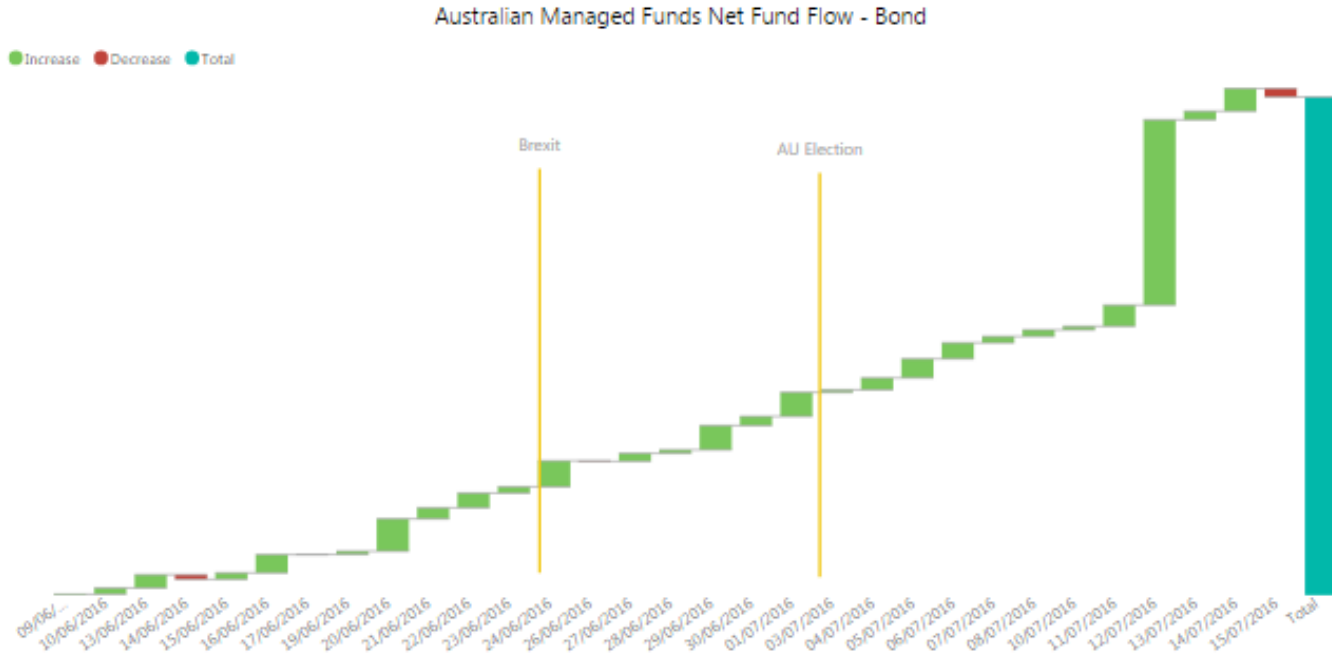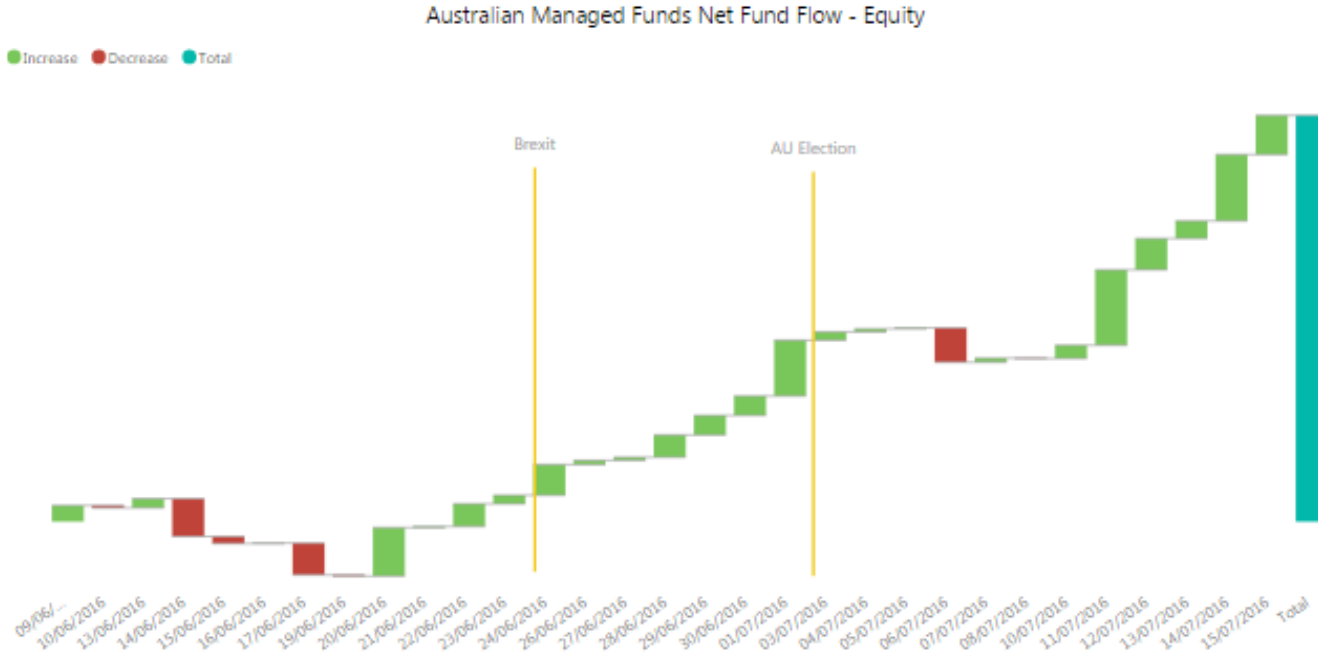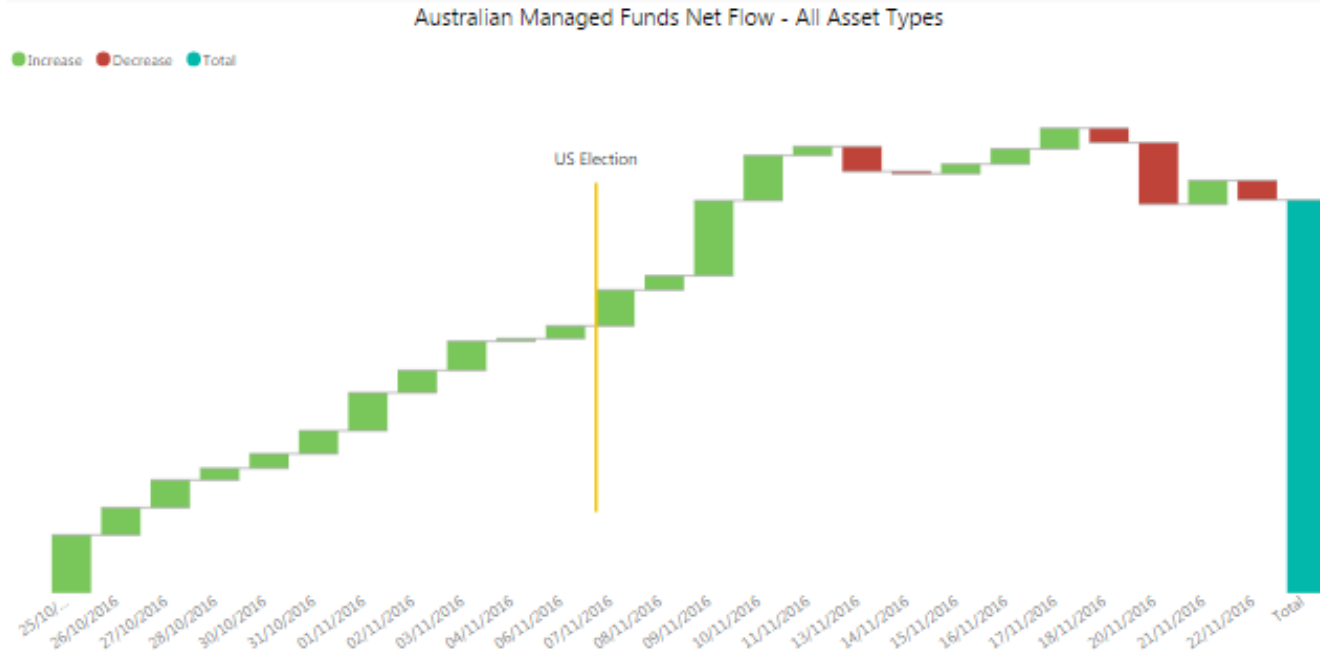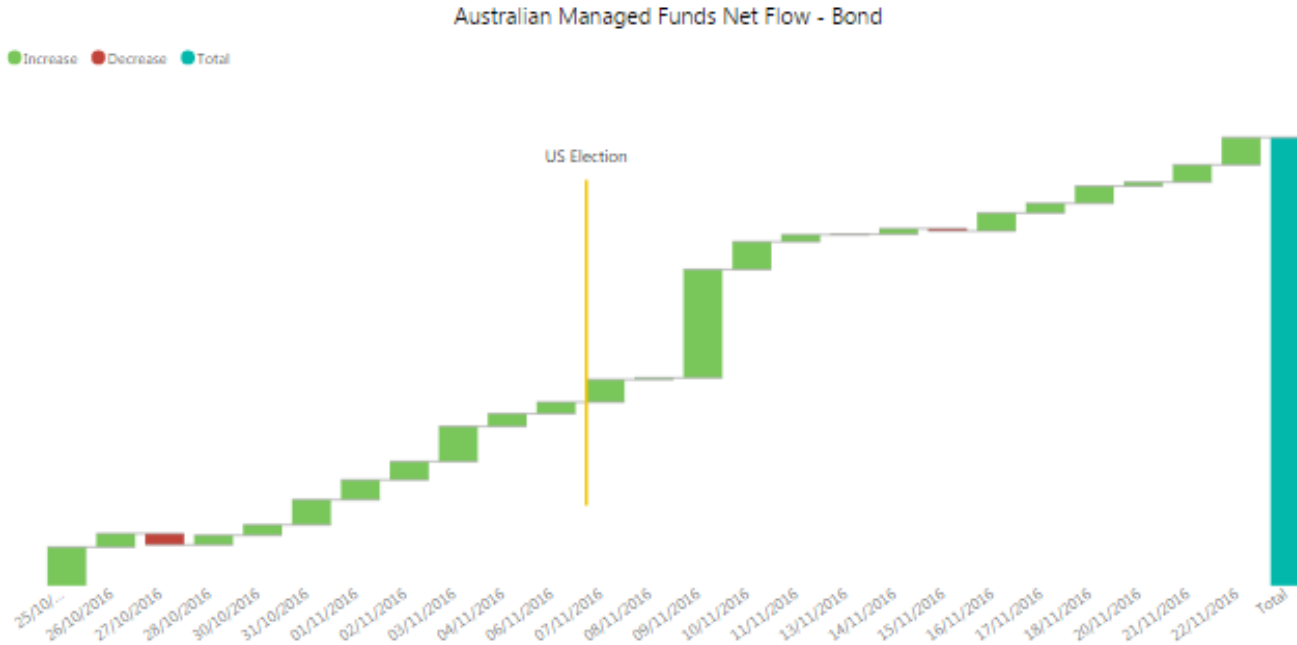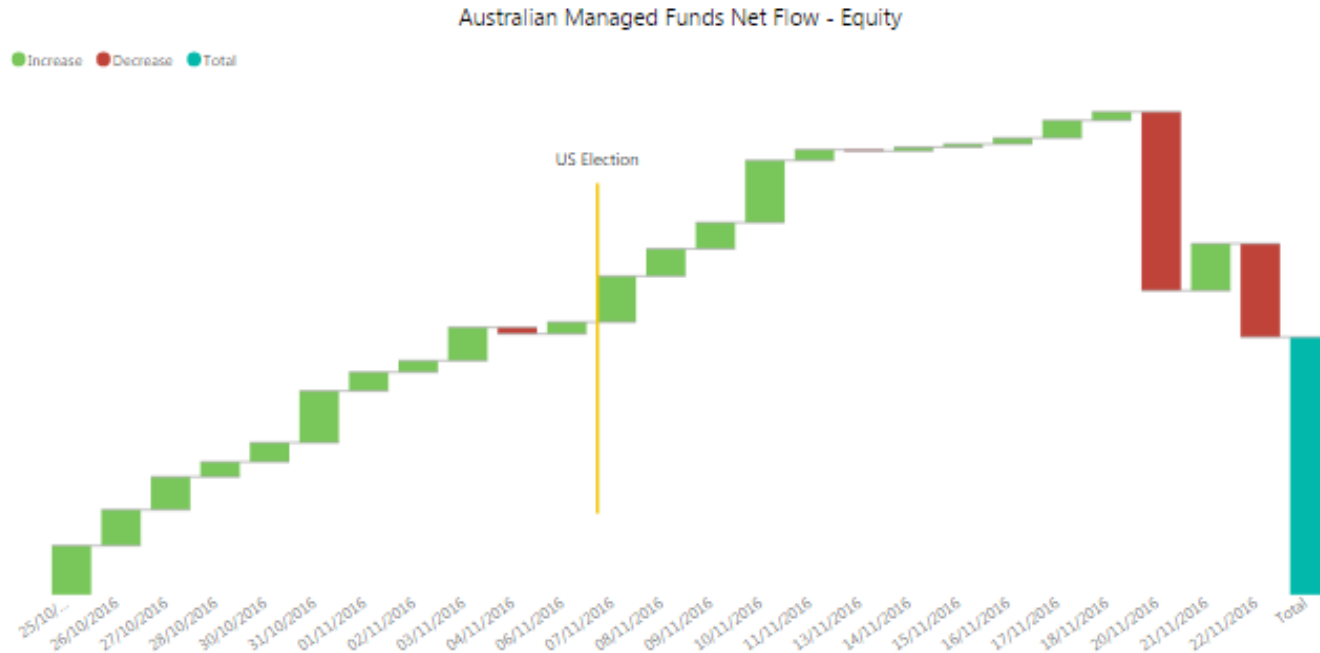
Profiling distributor countries based on order value
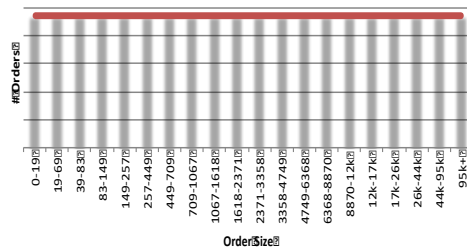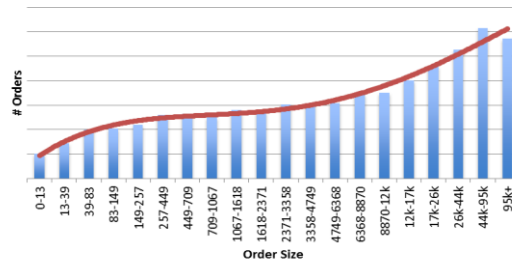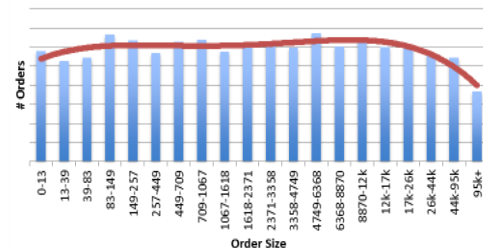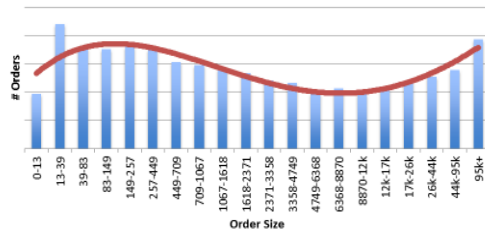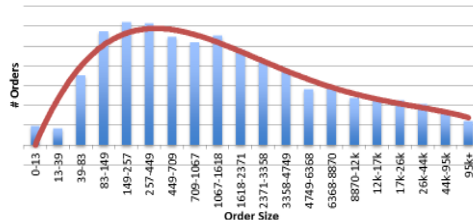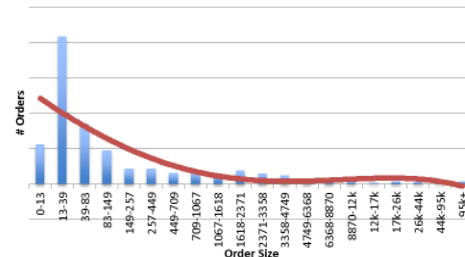
Australia: Institutional and High Net Worth

Australia

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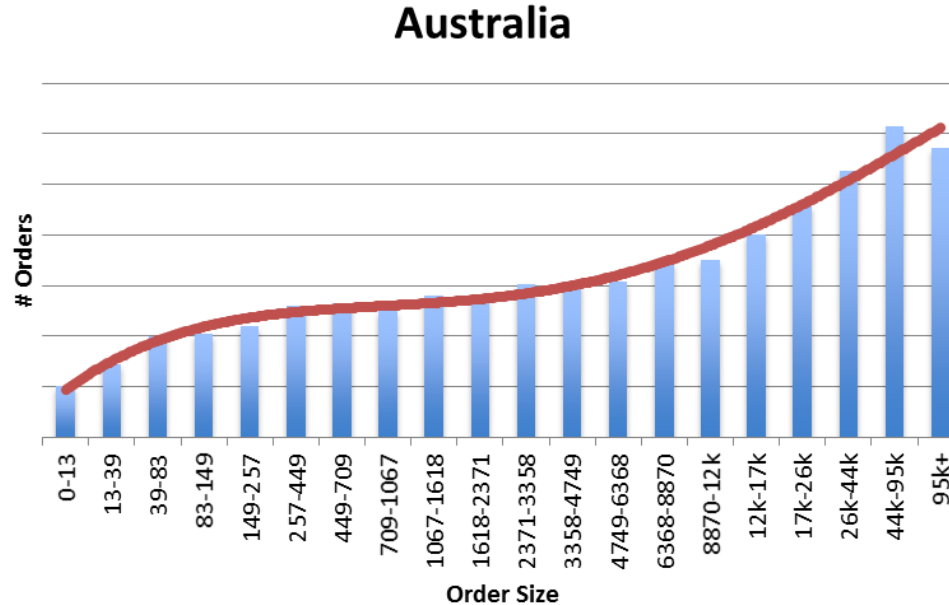
Taiwan: Trading mentality

Taiwan

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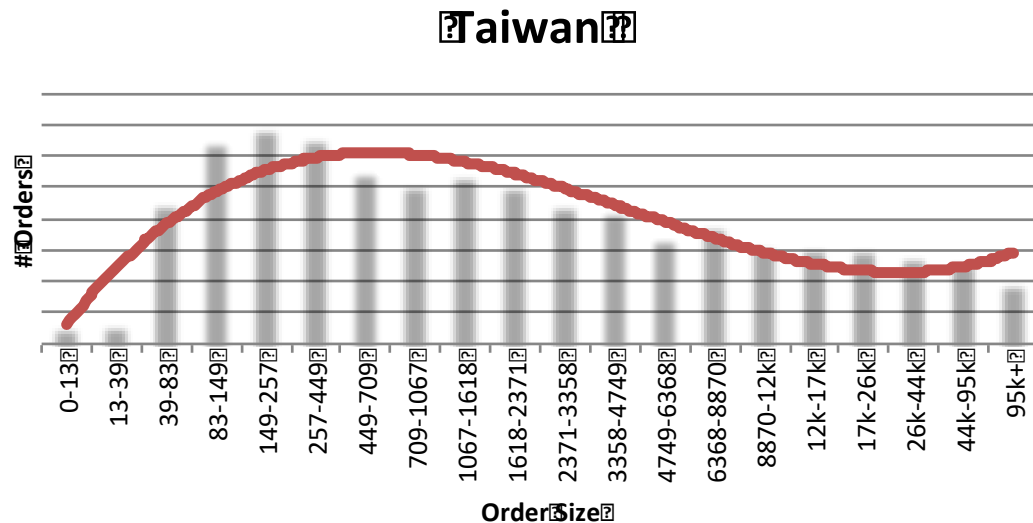
Hong Kong: Retail and High Net Worth

Hong Kong

Orders

Order Size

Order size categories: 0-13, 13-39, 39-83, 83-149, 149-257, 257-449, 449-709, 709-1067, 1067-1618, 1618-2371, 2371-3358, 3358-4749, 4749-6368, 6368-8870, 8870-12k, 12k-17k, 17k-26k, 26k-44k, 44k-95k, 95k+
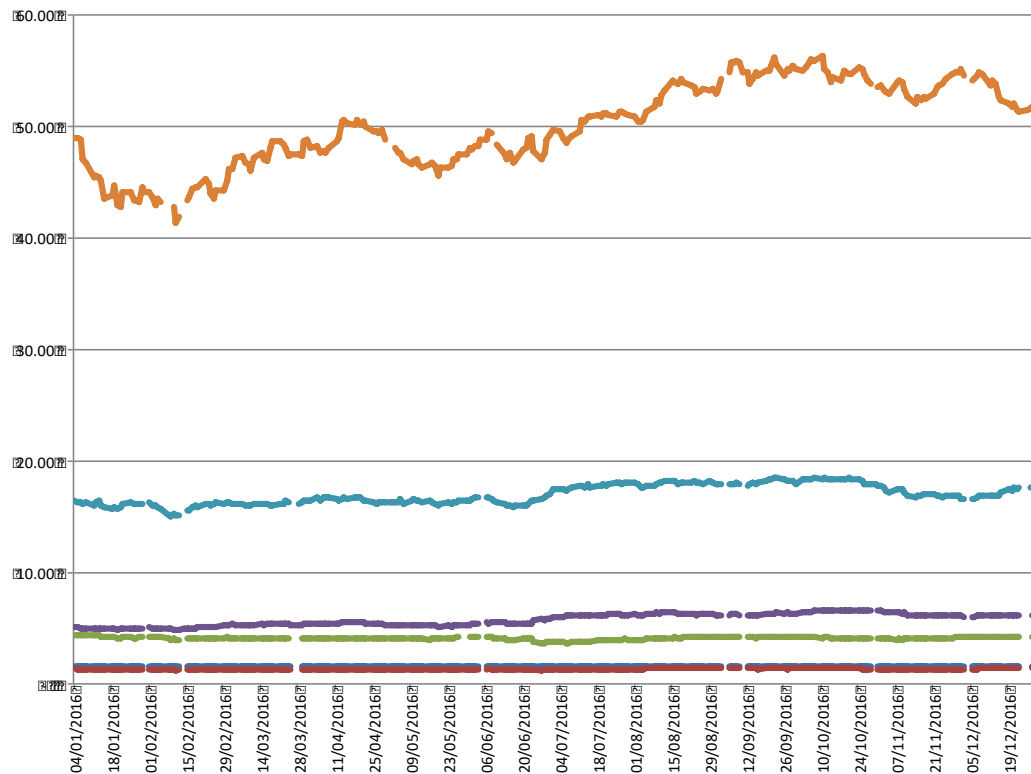
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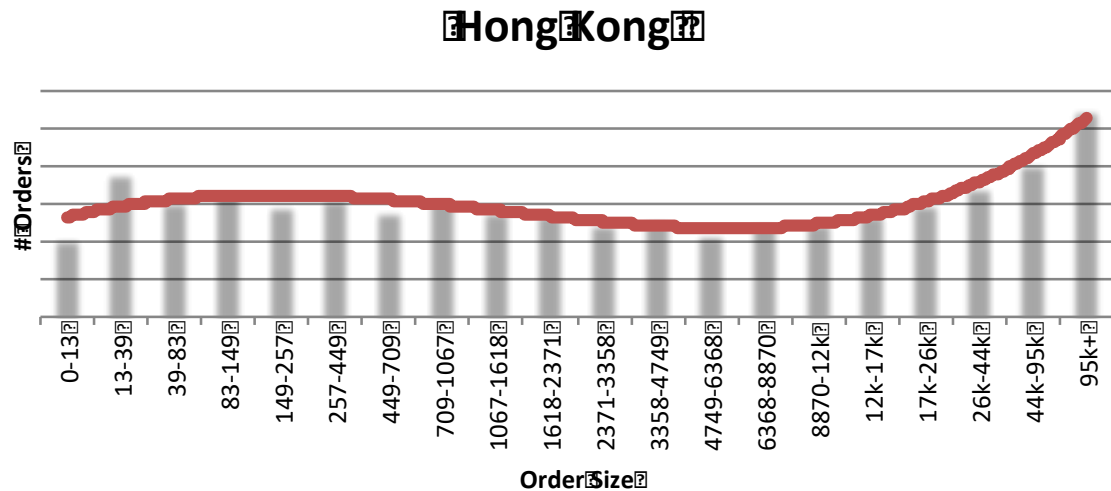
Eastern Europe: New retail investors

Czech Republic
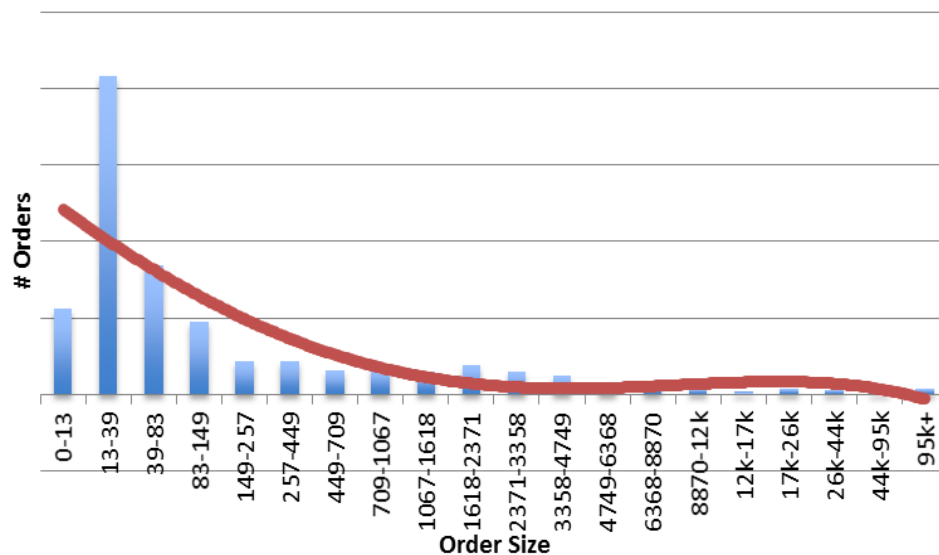
Risk profiles based on price volatility

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Distribution patterns by price volatility – High Net Worth

Extremely High   Very High   High   Low   Very Low   Extremely Low

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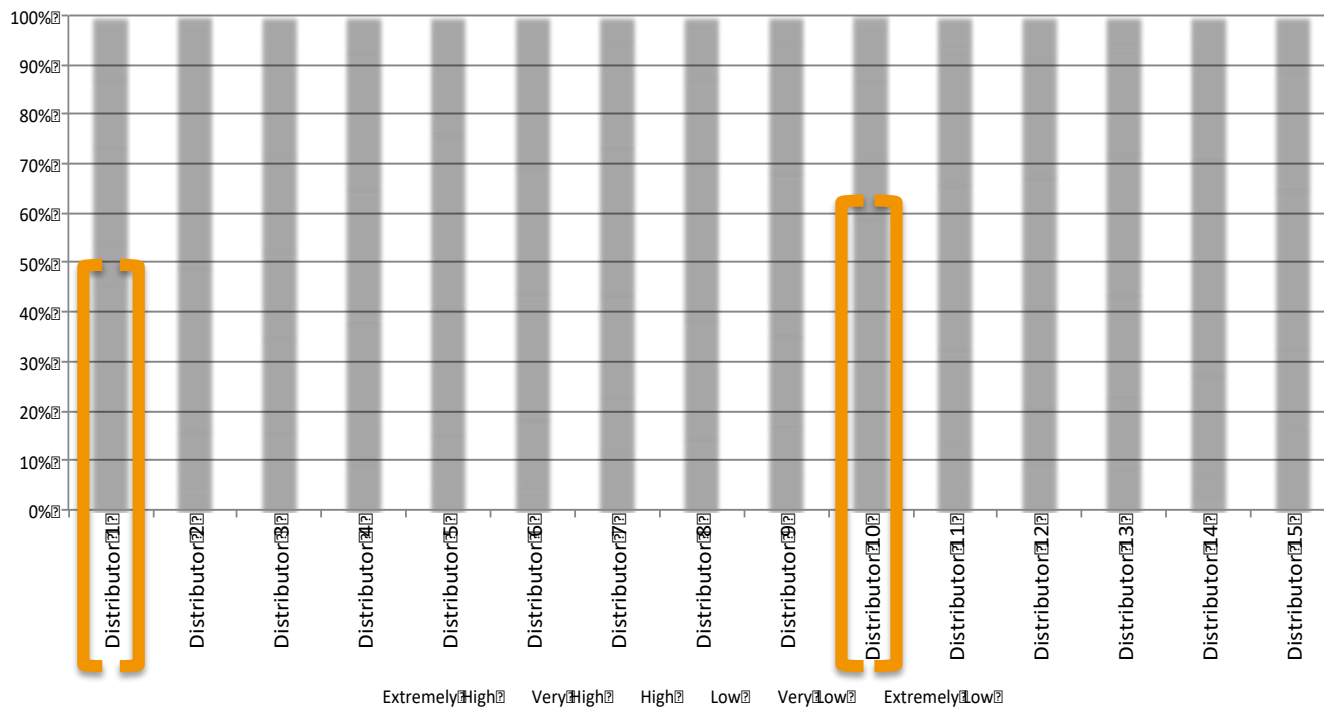
Distribution patterns by price volatility – Retail

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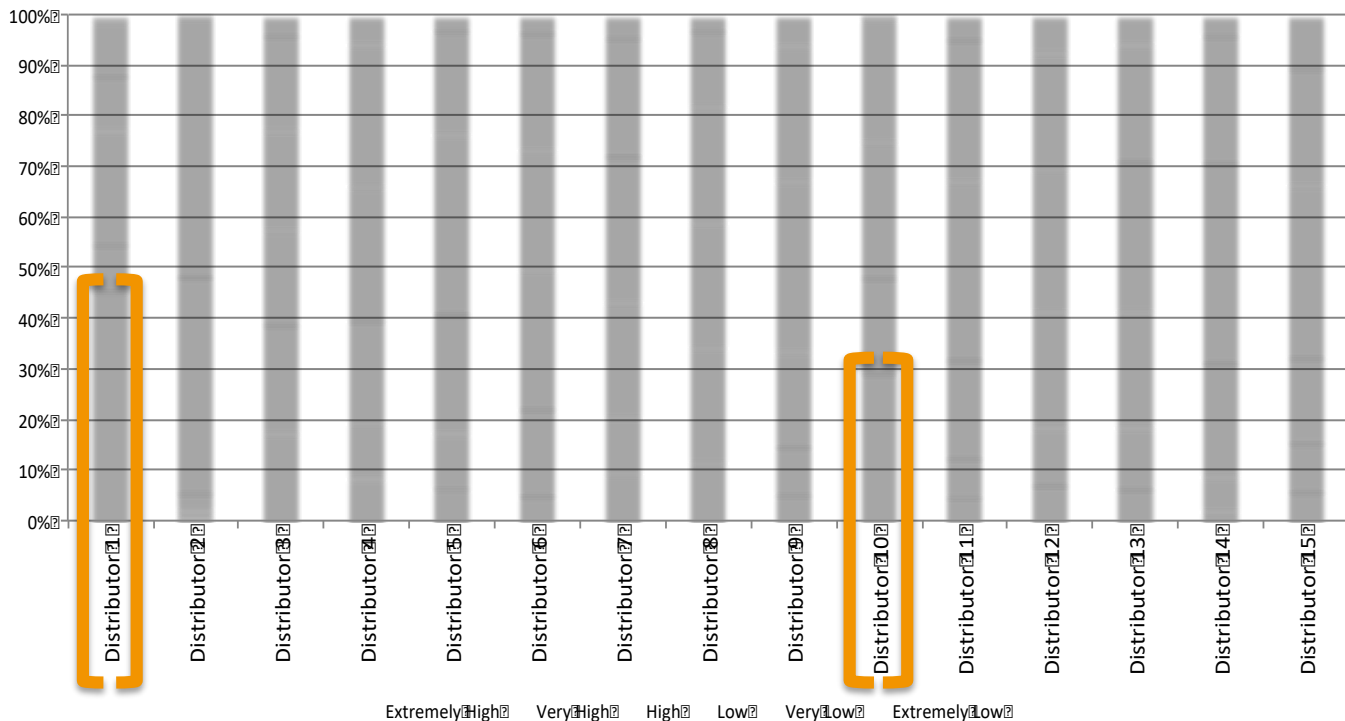
Demographic profile show a rational market…

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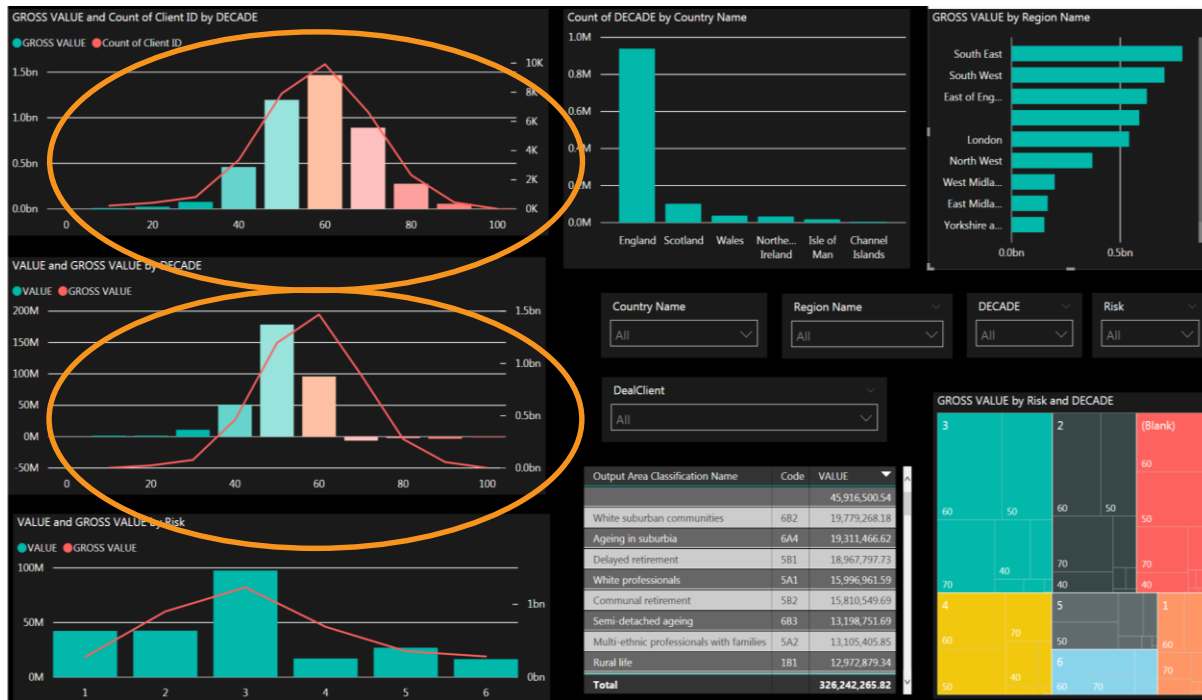
…but do we know who's holding the most volatile funds?

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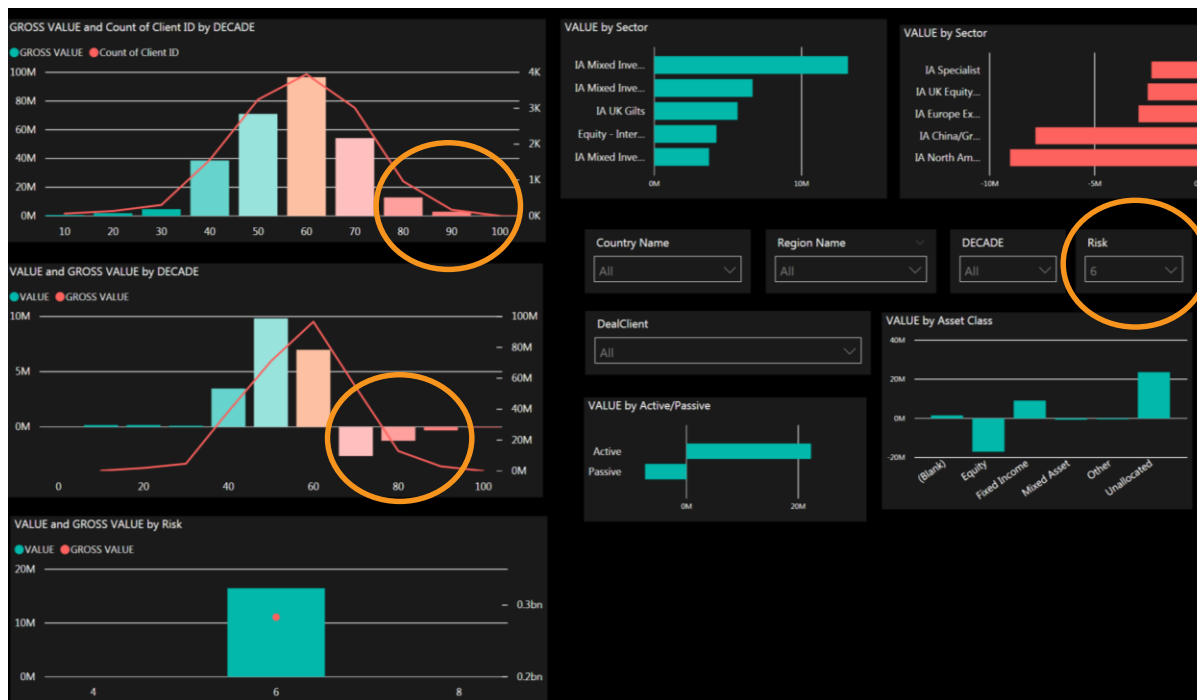
Can we predict whether a new fund launch will be successful based on the first few days?
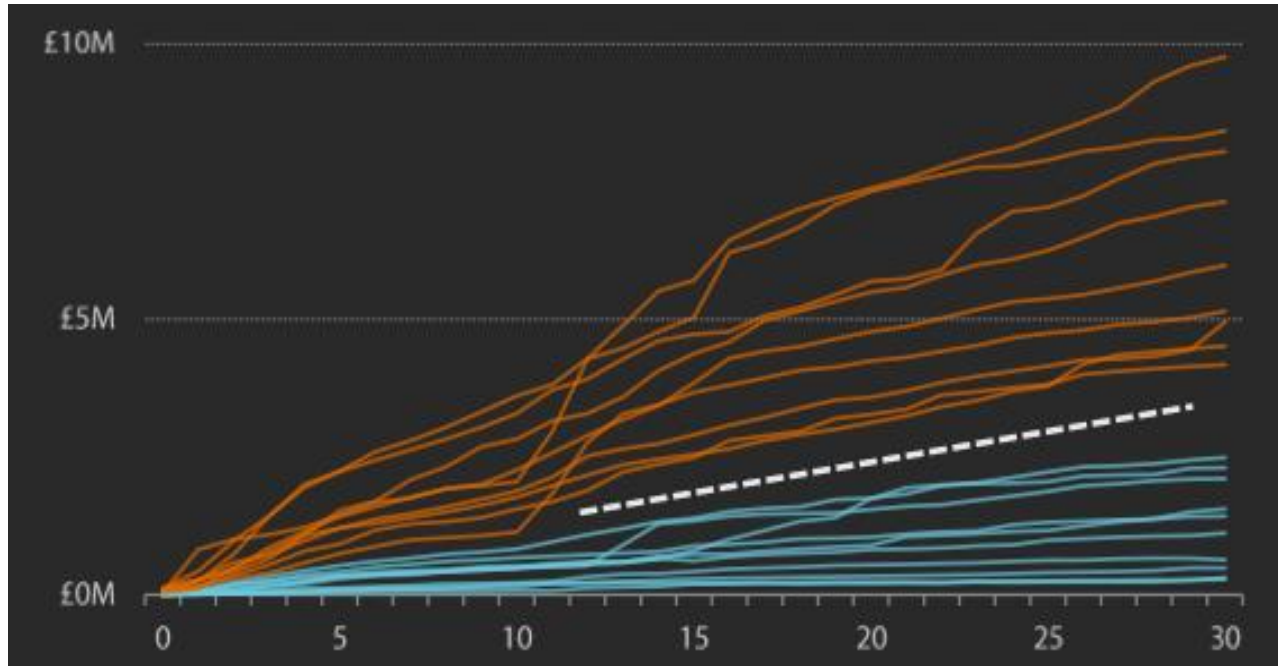
Conclusions

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