



CFS targets high-end with new wrap

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Colonial First State (CFS) will launch a new full-service wrap in June that will use the functions of its existing Avanteos platform.

The new wrap, to be called FirstWrap, will be priced differently from CFS's flagship FirstChoice wrap.

As well as using a different pricing model, the new wrap will house around 400 investment options, including separately managed accounts (SMA) and direct shares.

CFS's existing FirstChoice platform currently allows for more than 100 investment options.

It is believed CFS's decision to roll out a new wrap offering was made following the merger of BT and Westpac to create Australia's largest wealth management company.

The new wrap is considered the first in a line of initiatives for the firm to compete head-to-head with the merged group.

CFS head of retail distribution Paul Barrett will be in charge of distributing the new wrap.

Fund managers using FirstWrap would all be given equal access, with no preferential partner programs,

Barrett said.

"We've been assessing the opportunity to do this for the last 12 months and are very confident that the administration and technical platform that FirstWrap will be based upon will be leading edge," he said.

"Our research indicated there's a real demand for an end-to-end platform offering from CFS that caters to the mass affluent and sophisticated markets and there is a real appetite for a strong alternative wrap in the market.

"FirstWrap and FirstChoice are a perfect pair for advisers to have at their disposal and choose from depending on clients' circumstances and needs."

CFS will use the Avanteos platform despite speculation late last year that the firm was looking to jettison it.

Avanteos continues to lead its industry peers in the platform space and according to the 2008 Investment Trends Platform Report released last week, it topped the functionality rankings for full-function platforms.

Navigator was second, followed by Macquarie Wrap, netwealth and Asgard eWrap.

CFS's First Choice/FirstNet Adviser was highly placed for standard function

platforms demonstrating significant functionality even when compared to full-function platforms, Investment Trends analyst Andrew Knox said.

The gap between the best-rated platform and platforms with lower levels of functionality had narrowed as many of the lower functionality platforms were able to move from maintenance to innovation in 2008, the report found.

Combined, BT and Asgard had 25 per cent market share of inflows onto the planner's main platform in 2008, the Investment Trends Planner Technology Report said. In the same period, Commonwealth Bank of Australia and CFS had 17 per cent.

Knox said if CFS launched a new platform with new functionality he expected it would gain traction.

"I think there's a certain proportion of planners using FirstChoice that would appreciate something similar but with extras such as SMAs and equities. It would be beneficial for planners already using FirstChoice," he said.

The platform sector has already experienced some big moves this year with Skandia being bought by IOOF «