



Investors get a better steer on fees and services with DIY managed funds investor platform analysis

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New independent research on comparative fund platforms, which compares and evaluates fees and services, rates RaboPlus as the leading DIY online investor platform for wholesale managed funds.

The research, undertaken for RaboPlus by Investment Trends, compared platform fees, minimum investment amounts for wholesale managed funds, platform administration, online tools, research and investor education, as well as reporting functionality of two major Wrap platforms: BT Wrap and Macquarie Wrap and one major master trust: Colonial FirstChoice Wholesale. It also compared discount brokers such as CommSec and 2020 Funds, as well as the online managed funds platforms offered by E*Trade Australia and RaboPlus. The research is the first of its kind and compares Wraps, which are usually only accessible by financial planners, brokers and online platforms designed for direct investors.

The research compared fees on a \$50,000 investment in 10 common investment funds, over a one to five year period, as well as blended model portfolios over a five year period.

In year one, the Wraps were the most expensive in terms of total cost to the investor which were calculated inclusive of an estimate of fees payable to a financial planner.

After year two, RaboPlus was the cheapest platform for six out of the ten common funds, as the online platform only charges investors brokerage of 0.75% for facilitating the transaction initially and charges no entry exit or ongoing fees.

After the third year, RaboPlus was the most 'cost competitive' platform for the full range of wholesale managed funds surveyed.

Investment Trends researcher Andrew Knox said: "The research found that RaboPlus offered investors consistently lower fees over a five-year investment time horizon across discretionary managed funds and model portfolios, compared to the Wraps, master trusts and the online managed fund platforms".

"We compared fees over a five-year time horizon because fund managers across most asset classes suggest investors should consider investing in these managed funds over the long term".

Mr Knox said RaboPlus offered a strong value alternative for direct investors who would prefer to conduct their own research and invest in managed funds without seeking professional advice.

According to RaboPlus Investments Manager Mr Tim Hewson, over a five year period investors can pay up to 160% p.a. more in fees when investing in a typical Balanced portfolio via a Wrap, and more than 100% p.a. via a discount broker. While RaboPlus can save investors up to 62% pa in fees when compared to the most expensive platform.

"High fees don't always guarantee investors the best platform" Mr Hewson said.

Across the 10 common funds analysed, the RaboPlus platform also offer investors the lowest minimum investment into wholesale funds at \$250.

"This means that all investors can access the benefits of wholesale funds, rather than just those with larger amounts to invest, improve diversification of their portfolio and better implement strategies like dollar cost averaging to help them traverse volatile market conditions", says Mr Hewson.

"Investors with smaller portfolios have been prejudiced against and have subsidised the discounts made available to investors with larger balances for far too long."

"Fees are a sensitive issue for both investors and the industry, so the less investors pay, the more cost effective it is for investors to implement their investment strategy, and that's an important issue in the current market environment", said Mr Hewson.

"This research challenges the cost of Wraps, online platforms and discount brokers and the real value they deliver direct investors seeking cost effective access to wholesale managed funds."

The research also shows that RaboPlus and E*Trade rated stronger in transaction and administration capabilities. RaboPlus also rated very highly in investor education, online tools and tax reporting.

Mr Knox said RaboPlus offered existing members a completely online transaction experience for new and additional managed fund purchases, an integrated high interest cash account, and flexibility when selling parcels of managed funds, which assists investors to manage their tax position.

The research also found that RaboPlus was strong in providing investors with a range of online tools and investor education.

RaboPlus also provided the a more complete range of managed fund administration services compared with other online managed fund brokers, Mr Knox said.