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AMP Limited (ASX/NZX: AMP)
(also for release to AMP Group Finance Services Limited (ASX: AQNHA & NZX: AQN010))

AMP to take SMSF market lead with creation of new business unit and acquisition of the Cavendish Group

Please see the attached media release. 

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AMP to take SMSF market lead with creation of new business unit and acquisition of the Cavendish Group

- AMP sets up new SMSF business unit reporting directly to CEO
- Plans to acquire largest SMSF administrator, Cavendish to complement existing SMSF businesses
- Initial focus on SMSF administration and advice solutions

AMP Limited has established a new business unit to expand its presence in the fast growing self-managed superannuation funds (SMSF) market following a strategic SMSF review by the company.

The new business unit, AMP SMSF, will be led by Paul Sainsbury who will report directly to AMP CEO Craig Dunn. Mr Sainsbury will take up the role of Director AMP SMSF on 2 July 2012 and this will be in addition to his role as Director Integration.

“Paul has led the development of our SMSF strategy for the AMP Group while successfully managing our integration program. We believe this work, his passion for the SMSF market, coupled with his experience across the businesses product, operational and advice areas, makes him the ideal person to turn our strategic ambition into a high-performing business,” AMP CEO Craig Dunn said.

AMP SMSF will initially focus on building scale to efficiently deliver SMSF administration services to individuals, accountants, stockbrokers and external financial advisers, and developing SMSF advice and packaged solutions for AMP’s aligned distribution channels.

The SMSF sector is the largest and fastest growing superannuation sector in Australia. Its current assets of approximately \$430 billion are projected to grow to more than \$2.2 trillion by 2030¹.

¹ “Dynamics of the Australian Superannuation System – The next 20 years: 2011-2030”, November 2011, Deloitte Actuaries & Consultants.

Mr Dunn said being a leader in the SMSF market was a key strategic priority for the company and would position it well for future growth.

“This is about creating a new way of doing business. We have established a new business unit with the remit to quickly take a leadership position in the highly fragmented SMSF market.

“We will develop customer-friendly and good value SMSF offers, leverage our existing distribution channels through our aligned adviser networks and also increasingly through accountants, stockbrokers, external financial advisers and customers direct as we increase our scale in this sector,” Mr Dunn said.

AMP SMSF will work with AMP Financial Services and AMP Capital to integrate and execute the company’s SMSF strategy.

AMP SMSF will comprise AMP’s existing SMSF administration businesses, being Multiport and Ascend and will work closely with SuperIQ which is 49 per cent owned by AMP. AMP also has an agreement to acquire The Cavendish Group with completion expected early July subject to a number of conditions.

Adelaide-based The Cavendish Group (Cavendish) is a privately owned company consisting of three operating entities – SMSF Administration, Investment Portfolio Administration, and Actuarial Services.

AMP plans to acquire two of these entities – its SMSF Administration and its Investment Portfolio Administration operations. Cavendish’s Actuarial Services business is not a part of this acquisition. The acquisition price is not material and will be funded from existing AMP resources.

Cavendish is the largest SMSF administrator in Australia with more than 5,000 funds and 110 employees.

Its joint Managing Director Andrew Hamilton will be AMP SMSF’s Administration Director reporting to Mr Sainsbury with responsibility for the Multiport and Cavendish businesses. Mr Hamilton is also Chairman of SMSF Professionals’ Association of Australia Limited (SPAA).

Cavendish’s other joint Managing Director Andrew Row will consult to AMP SMSF in addition to managing the Cavendish Actuarial Services business.

AMP SMSF Director Paul Sainsbury said AMP’s SMSF assets together with Cavendish will create a new force in the SMSF market.

“The acquisition of Cavendish, combined with the client base of our existing SMSF businesses, Multiport, Ascend and AMP’s investment in SuperIQ, will make us the most significant player in the SMSF professional administration market.

“It also puts us in a strong position to take advantage of the increasing move by SMSFs to seek advice from financial planners. While only 14 per cent of existing SMSFs use a financial adviser, 42 per cent of SMSFs are being established by financial advisers for their clients²,” Mr Sainsbury said.

AMP SMSF will focus on the following areas:

1. AMP’s SMSF administration and platform offerings which will be available through Multiport, Cavendish and SuperIQ will target individuals, accountants, trustees and external financial advisers post the Cavendish acquisition.
2. SMSF advice and packaged solutions will start to be rolled out across AMP’s aligned financial planning network from July through AMP’s Ascend which will include a branded version of SuperIQ which will give planners and advisers access to the leading technology and services it provides.

AMP SMSF Advice, which provides advice services to accountants as a licensee, will remain in AMP’s Financial Advice Network division.

AMP SMSF will form part of AMP Financial Services consolidated reporting.

Mr Sainsbury will continue to head the integration program, where there is a strong team in place to lead integration activity through to completion in 2013.✓

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About Multiport

Multiport provides self-managed super and managed account administration, reporting and compliance services. Its technology enables 24/7 access to fund and portfolio information. Multiport’s offices in Sydney and Malaysia provide both daily and annual servicing to SMSFs. Multiport was founded in 2000 and acquired by AXA in 2009. As at 31 March 2012 Multiport had assets under management of \$1.5 billion.

² Super System Review, ‘A statistical summary of self - managed superannuation funds’, 10 December 2009.

About SuperIQ

AMP owns 49 per cent of SuperIQ, which provides SMSF investors, advisers and accountants with intelligent and intuitive information to allow a 'real-time' overview of their SMSF fund's position. It was established in October 2011 and in that short time has developed a growing footprint in the SMSF administration market.

About Cavendish

Established in Adelaide in 1993, Cavendish is one of the leading players in the professional SMSF administration market, with the largest market share in terms of funds administered. Cavendish provides fund establishment, compliance administration, pension establishment and administration, as well as a wide range of supplementary services for SMSFs.