

Australia: Open For Investment In Australia¹

Australia's financial services sector has become increasingly competitive, with Sydney becoming a leading financial centre for both local and foreign investors. But what trends are we seeing in this interesting market?

We spoke to Daniel Jaffe, Managing Director of our Market Offices, James Donnan, Managing Director for Intertrust Hong Kong and Stephen Tamas, Managing Director of Seed Outsourcing about opportunities and trends.

FIVE TOP TRENDS

1. Stability

Australia has very stable investment returns and a very stable economy, so a lot of product funds like to invest in Australia. There are also various classes of assets: opportunistic assets, core assets and core plus assets available, which provide great opportunities to customise funds depending on the type of return required.

2. A safe place to do business

Australia is regarded as one of the safest jurisdictions in the region to invest in for private equity and real estate fund managers, due to its location, political environment, currency and foreign policy. In addition Australian investments provide a fairly consistent and stable rate of return that fund managers appreciate.

3. Alternative asset classes

There is particular interest in Australian alternative asset classes, especially real estate and private equity. Historically a very domestic market in terms of alternative funds, more international investors are increasing allocations into Australia and investing directly.

4. Startups - home and away

An increasing numbers of startup companies from the US, particularly from the West Coast, are expanding into Australia. Australia is a good testing ground and springboard into the rest of Asia.

Australian startups are also expanding into Asia, Europe and the US.

¹ Article by Stephen Tamas, Daniel Jaffe and James Donnan - Intertrust

5. The ASPAC mix

There is a lot of intra-Asia-Pacific flows going on – inbound and outbound. The most dominant flow is between China and Australia. With the current geopolitical developments, China is actively looking at diversifying its trading partners, and Australia plays a key role in this. Supporting this is the new China Australia Free Trade Agreement (ChAFTA) and in certain industries such as services, healthcare and agriculture, there is a strong desire for Australian companies to expand into China.

In addition, the inflow of international funds is coming from China, the US and the UK. There is a maturity to the Australian super funds in what can be invested in in the Australian market. Assets are fairly well developed and fairly high priced.

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