

MEDIA ALERT – MEDIA ALERT – MEDIA ALERT

EMBARGOED UNTIL THURSDAY 19TH MAY 2011 8AM

PROFIT-TAKING AND SWITCHING DAMPENS NET SALES

The Government's austerity measures combined with the volatility of world stock markets in the first quarter led to an increase in redemptions and a fall in net fund sales. Even ISA investors held back until the very last minute with the bulk of fund sales via ISAs taking place near to the end of the tax year.

The experience of leading fund group M&G reflected the trends in the industry generally. It saw its gross sales increase by 9% in the first quarter relative to the previous quarter, but investors also withdrew more. However, the group was still left with the highest level of net retail sales in the UK for the tenth consecutive quarter according to the Pridham Report published by Fundscape. M&G Recovery was its best-selling fund.

| Top ten managers by gross retail sales in Q1 2011 (£m) | | |
|---|-------------------|---------|
| 1 | M&G | 2,755.3 |
| 2 | BlackRock | 1,924.0 |
| 3 | Invesco Perpetual | 1,708.6 |
| 4 | Jupiter | 1,525.2 |
| 5 | Standard Life Inv | 1,241.0 |
| 6 | Schroder | 1,164.8 |
| 7 | Fidelity | 1,162.3 |
| 8 | First State | 1,102.8 |
| 9 | BNY Mellon | 1,093.5 |
| 10 | Legal & General | 967.9 |

| Top ten managers by net retail sales in Q1 2011 (£m) | | |
|---|-------------------|-------|
| 1 | M&G | 847.7 |
| 2 | BlackRock | 683.4 |
| 3 | Standard Life Inv | 633.0 |
| 4 | Jupiter | 485.9 |
| 5 | Santander | 410.8 |
| 6 | SWIP | 342.7 |
| 7 | Neptune | 338.2 |
| 8 | AXA | 335.0 |
| 9 | BNY Mellon | 300.0 |
| 10 | Henderson | 272.6 |

Source: Pridham Report

Some groups saw their gross and net retail sales increase in the quarter despite adverse conditions. They included groups offering more cautious alternatives. Standard Life Investments saw its gross retail sales rise by 20% and its net retail sales gain 8% in the first quarter thanks largely to the popularity of its Global Absolute Return Strategies fund, which aims to deliver positive returns in all market conditions.

Another group which saw both its gross and net sales increase during the quarter was Jupiter. Business flows were helped by the attractiveness of its multi-manager range and its Merlin Income fund in particular. Meanwhile Santander Asset Management made its first appearance in the net retail sales top ten after a long absence. It has stepped up its efforts to sell its range of risk-rated multi-manager funds through its branches. Bella Caridade-Ferreira, Director of Fundscape, said “Multi-manager products tend to appeal during times of uncertainty as they provide investors with greater diversification.”

Henderson has also risen back into the top ten thanks to its improved net retail sales. It has seen both its gross and net retail sales rising steadily over recent quarters following its takeover of New Star and its greater use of advertising and marketing on former New Star lines. Bond funds and multi-manager funds have contributed to its improved flows.

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Notes to Editors:

The Pridham Report is published by Fundscape LLP. For further information about Fundscape visit www.fundscape.co.uk.

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