

SIXTY SECOND REVIEW

UK FUND INDUSTRY

1ST QUARTER 2016



FUNDSCAPE

It was a particularly difficult start to the year for the fund industry as stock markets tanked on oil and Chinese concerns and investor sentiment weakened further as the Brexit campaign got under way. ISAs failed to make any headway until a late surge in March, but retail sales remained staunchly negative.

SHRINKING ASSETS

According to the IA, assets at the end of the first quarter stood at £874bn, down by £10bn on March 2015.

TAKING COVER

Interest in absolute return funds spiked thanks to their anti-volatility properties. It was the 2nd best sector for net sales beaten only by Equity Income.

MIDAS TOUCH I

Despite falling demand for equity, global equity also went against the tide. The Fundsmith Equity fund took 80% of sector flows.

MIDAS TOUCH II

Equity may have been out of favour, but Woodford topped the bestsellers and kept its sector at the top.

UNCERTAIN OUTLOOK

Against the volatile backdrop, gross retail sales were relatively high at £38bn as investors shifted investments to safer havens.

AB FAB

Benefiting from the trend was the Henderson UK Abs Return fund, IP Global Targeted Returns and the relatively recent Aviva Multi-Strategy Target Return.

BRICKING IT OVER BREXIT?

After strong sales in previous quarters, net sales into property funds fell by 60% in Q1. Three funds have since moved from offer to bid pricing.

Despite lower sales, Henderson's property fund was 10th for net sales.

NET RETAIL IN THE RED

Despite a late ISA sales surge in March (+£379m), net flows for Q1 were negative to the tune of £573m.

BENEFITS OF DIVERSIFICATION

Sales into mixed investments 40-85% were strong. Vanguard, Old Mutual and Premier were the prime beneficiaries.

POLE POSITION

Old Mutual, Vanguard and BlackRock topped for gross sales in the first quarter of 2016. All three slipped a place in the net sales table, as Woodford leapfrogged ahead into pole position.

This information is no longer provided by the Pridham Report. It is now underpinned by FundScape using data gathered from Platforms. Platforms provide gross and net sales for their top 1000 share-classes on a quarterly basis.