

MEDIA ALERT – MEDIA ALERT – MEDIA ALERT

FOR IMMEDIATE RELEASE

LACKLUSTRE FUND DISTRIBUTION IN Q312

The first half of the year was relatively buoyant, but by the third quarter sales were beginning to slow as seasonal factors and RDR preparation began to bite. According to the quarterly Distribution Report jointly published by Fundscape and Matrix Solutions, gross sales across the fund distribution universe were £22.1bn in the third quarter of the year, down 5% on the previous quarter and 5% on the same third quarter of 2011. But the overall slowdown in activity was acutely highlighted by the 41% fall in net sales to £2bn.

Bella Caridade-Ferreira, Director of Fundscape, commented “in much the same way that the streets of London were quiet when the Olympics came to town, so too was the fund industry. Eurozone fears and economic uncertainty also played a big part, but the key driver was that intermediaries had begun to concentrate on their RDR preparations in earnest.”

The quarterly Distribution Report, which monitors actual sales through the three main wholesale aggregation channels as well as the underlying distribution channels, showed that the level of gross flows dropped for most primary distribution channels in the third quarter. IFA and wealth manager flows were down 14% and 9% respectively.

Caridade-Ferreira said “the only channel that saw flows rise in the third quarter was the direct-to-consumer (D2C) channel, which was up by 9%. The strength of the D2C segment underlines expectations of an increase in this type of business post-RDR as a result of a switch to fee-only advice and an increasing proportion of consumers who are unable or unwilling to pay for advice.”

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Notes to Editors:

About Matrix Solutions: With over 25 years' experience in the financial services industry, Matrix is established as one of the UK's leading Customer Intelligence companies delivering proven information solutions across a number of industries. The company focuses on improving its clients' understanding and management of customers and sales channels, delivering operational cost savings and driving top-line revenue growth.

About Financial-Clarity: Financial-Clarity is a suite of revenue-driving business intelligence tools for the UK financial services industry. It features three component parts:

- 1) A secure data hub containing aggregate market sales data from financial product providers and platforms in the UK;
- 2) The Matrix Financial Intermediary Database (MFID) — the UK's most comprehensive intermediary database with up-to-the-minute market intelligence on outlets;
- 3) A web-based interface providing easy access to the analysis of own sales and aggregated market intelligence that can be seamlessly integrated with your systems and CRM software. For further details on Financial-Clarity, please visit: www.financial-clarity.com.

About Fundscape: Fundscape provides informed analysis, comment and insight into the UK fund industry and other fund markets globally. Its activities include the publication of several regular reports including the Pridham Report, which is unique in monitoring actual fund flows in the UK, and the Platform Report, which provides in-depth coverage of the burgeoning platform and wrap market. For more information on Fundscape, please visit: www.fundscape.co.uk.

About the Distribution Report: The Distribution Report is a quarterly subscription-based publication. It is a closed user-group publication with restricted circulation, meaning that prospective subscribers must subscribe to or provide data to Financial-Clarity.

For further information or background please contact:

Helen Pridham tel: 020 8886 2721 email: helen@fundscape.co.uk
Bella Caridade-Ferreira tel: 020 7627 1145 email: bella@fundscape.co.uk