FUNDSCAPE

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TIMES GET TOUGHER FOR FUND MANAGERS

Fund managers faced one of their most difficult quarters ever at the end of 2011. Wealth managers and investment advisers decided it was time to take risk off the table and money was moved out of equity funds in particular. Now there are even more challenging times ahead as the adviser community prepares for RDR. This adjustment will lead to major changes in the way the fund industry does business.

Top ten managers by gross retail sales in Q4 2011 (£m)		
1	M&G	2,640.7
2	BlackRock	1,694.7
3	Invesco Perpetual	1,429.5
4	Fidelity	868.1
5	BNY Mellon	804.3
6	Standard Life Inv	745.8
7	Threadneedle	730.1
8	Henderson	719.7
9	Jupiter	719.4
10	SWIP	712.8

Top ten managers by net retail sales in Q4 2011 (£m)		
1	M&G	1,195.2
2	BlackRock	278.4
3	Santander AM	178.3
4	BNY Mellon	161.3
5	Kames	159.5
6	Threadneedle	156.4
7	First State	130.8
8	SWIP	107.3
9	Scottish Widows	107.2
10	AXA	106.8

Top ten managers by gross retail sales in 2011 (£m)		
1	M&G	10,778.6
2	BlackRock	7,577.6
3	Invesco Perpetual	7,232.7
4	Jupiter	4,263.1
5	BNY Mellon	4,185.6
6	Standard Life Inv	4,114.8
7	Fidelity	3,921.5
8	Henderson	3,449.1
9	Schroders	3,442.7
10	Legal & General	3,329.2

Top ten managers by net retail sales in 2011 (£m)		
1	M&G	4,295.3
2	BlackRock	1,834.2
3	Standard Life Inv	1,471.1
4	Santander AM	1,318.5
5	BNY Mellon	1,226.5
6	SWIP	1,083.9
7	AXA	784.1
8	Scottish Widows	767.2
9	HSBC	682.3
10	Threadneedle	658.3

In the meantime, as 2011 drew to its close, M&G maintained its record-breaking three-year run as the UK's top seller of investment funds, according to figures from the confidential

Pridham Report published by Fundscape. Unlike most of its rivals in the fourth quarter, it saw its net retail sales increase, pushing its total net sales for 2011 higher than 2010. The main reason was a switch by investors back towards bond funds. Nearly two-thirds of its gross sales in the final quarter were into its fixed income products. Helen Pridham, Director of Fundscape, said “Thanks to its strong performance record, M&G continues to be the default option for investors seeking the safer haven of fixed income”.

By contrast, BlackRock, in second position for the fourth quarter and for the year, owes much of its success to its equity funds, both passive and active. It is seeing increased interest in its passive funds from discretionary managers which it attributes to the growing use of passive funds as core portfolio holdings. Increased cost awareness among advisers is a significant factor too.

Santander saw its relative net position improve again at the end of 2011. It sells its risk-rated multi-manager funds through its branch network, which has increased from 750 to 1,100 since the bank took over Alliance & Leicester and Bradford & Bingley. The asset manager puts its success down to its drive to improve the quality of the product materials it provides to its bank-based advisers.

All sectors of the industry are expecting a tough time in 2012 as the run-up to the introduction of RDR begins in earnest. Helen Pridham said “There is likely to be an increased level of turnover in the funds industry as many advisers hand over the management of client investments to discretionary fund managers or multi-manager/multi-asset funds. However, improved net inflows may have to wait until the economic outlook recovers.”

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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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