

SIXTY SECOND REVIEW

UK FUND INDUSTRY

3rd QUARTER 2016



FUNDSCAPE

According to the Investment Association, net retail sales were back in the black after two quarters in the red but lacked lustre. Brexit continues to depress investor confidence, though stock markets soared on the back of interest rate cuts and the cheaper pound.

A TRILLION

Thanks to strong market growth, according to the IA, UK fund assets rose to a £1trn by Sept 16 — up 16% since the start of the year and up 6% in the quarter.

FIXED FINDS FAVOUR

Fixed income found favour with cautious investors. Fidelity, Royal London, Kames, BlackRock & Vanguard benefited.

GLOBAL REACH

Equity was out of favour, but global providers Fundsmith and Lindsell Train continued to strike a chord with investors. The two global funds were responsible for over 100% of sector sales.

BACK IN THE BLACK

After two quarters in the red, investors began to regain confidence in funds, flows totalling £1.3bn. An interest rate cut to 0.25% and a weak pound helped.

STILL BRICKING IT OVER BREXIT

By the end of Q3 some property funds were back in contention, but the sector is still down by more than £600bn since the start of the year.

IN THE VANGUARD

Vanguard led for net sales for both the quarter and the year. Most of the quarter's successful fund groups had a mix of active & passive funds (BlackRock, Fidelity, Royal London).

BROTATION

Brexit fears pushed investors out of UK equity and into corporate bond, absolute return and mixed, though global remained popular.

AB STAB

In the adverse climate, investors placed their trust in absolute return funds. But the sector received a shot across the bows from the FCA in its asset management market study.

ACTIVE REIGNS SUPREME

Despite the passive contribution to flows, there are only a smattering of passives in the top 20. Active managers still reign supreme with advisers and investors.

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.