



Investor behaviour in the post-global financial crisis era

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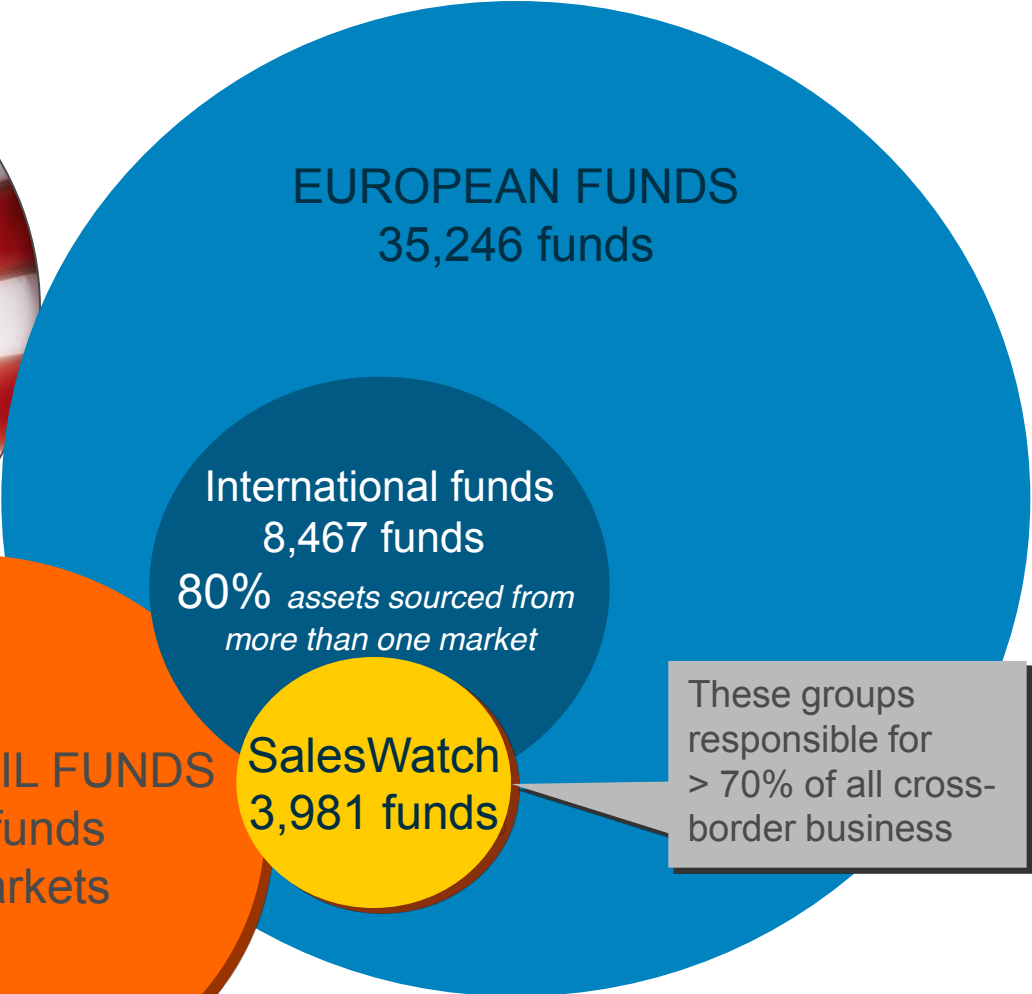
Head of Market Research

Lipper FMI

Data set snapshot



US FUNDS
7,934 funds*



EUROPEAN FUNDS
35,246 funds

International funds
8,467 funds
80% *assets sourced from more than one market*

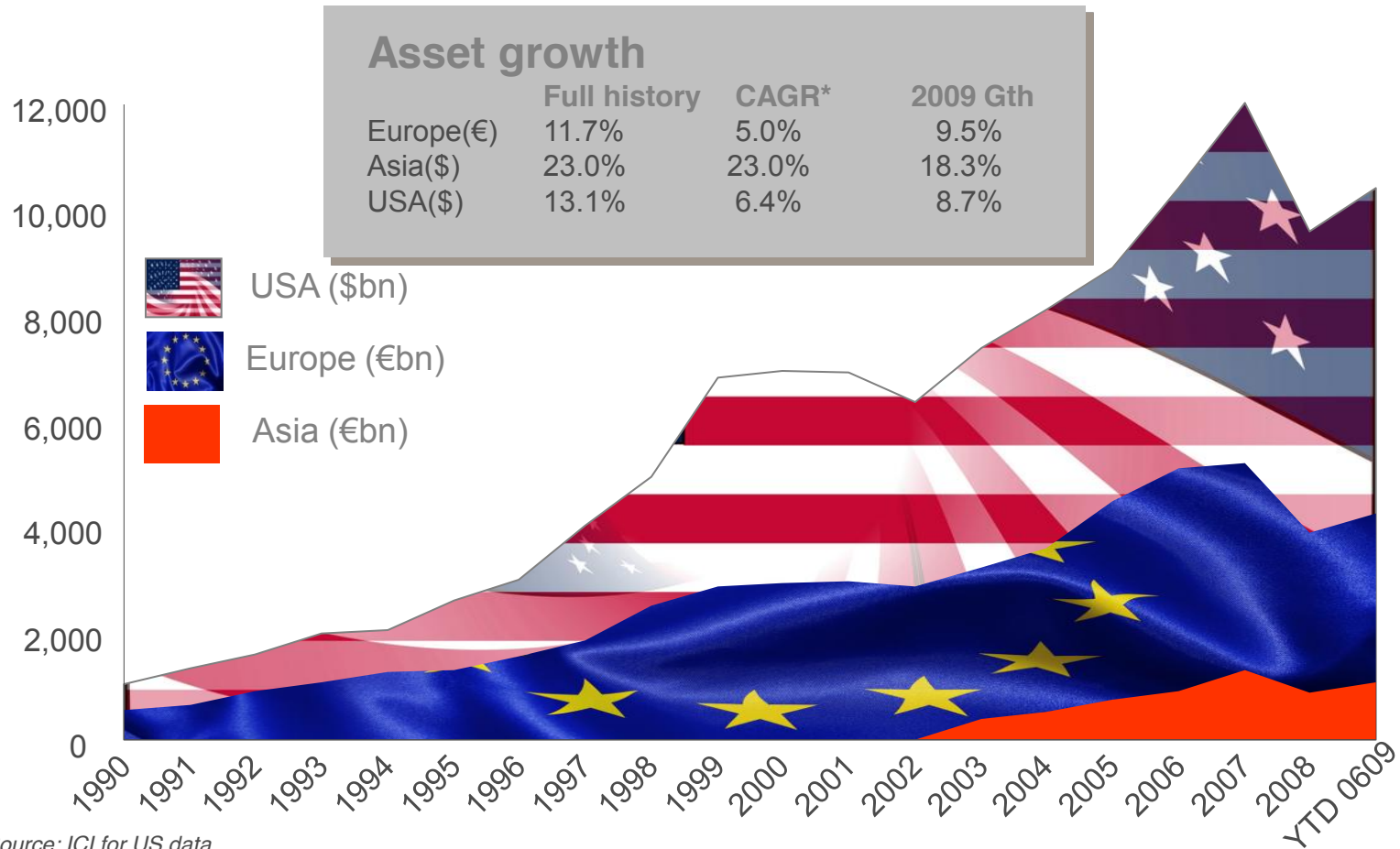
SalesWatch
3,981 funds

These groups responsible for > 70% of all cross-border business



ASIAN RETAIL FUNDS
17,724 funds
in 14 markets

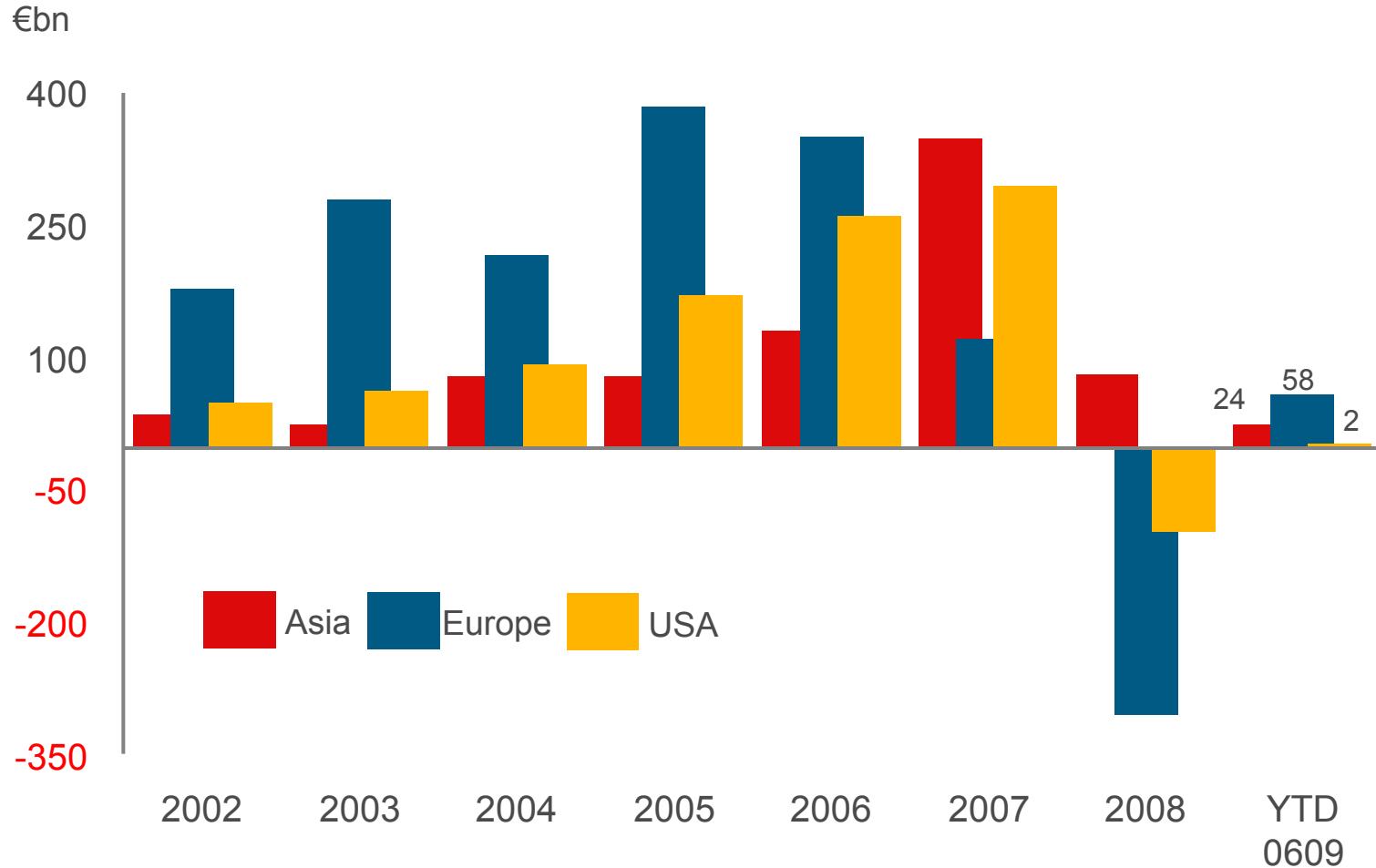
Development of fund assets by region



* CAGR calculated over most recent 5.5 year period.

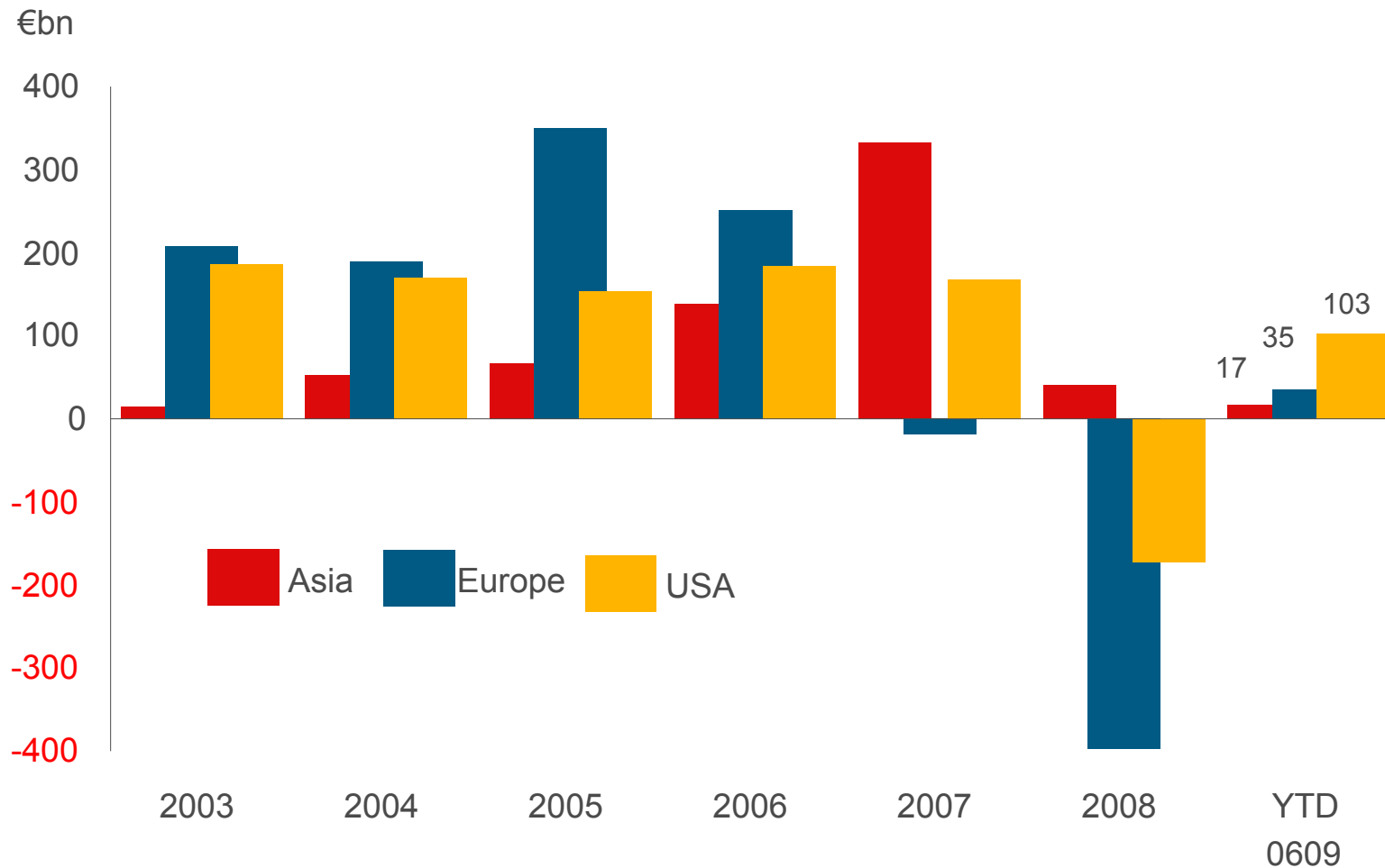
Net sales by region – all asset classes

Excluding funds of funds

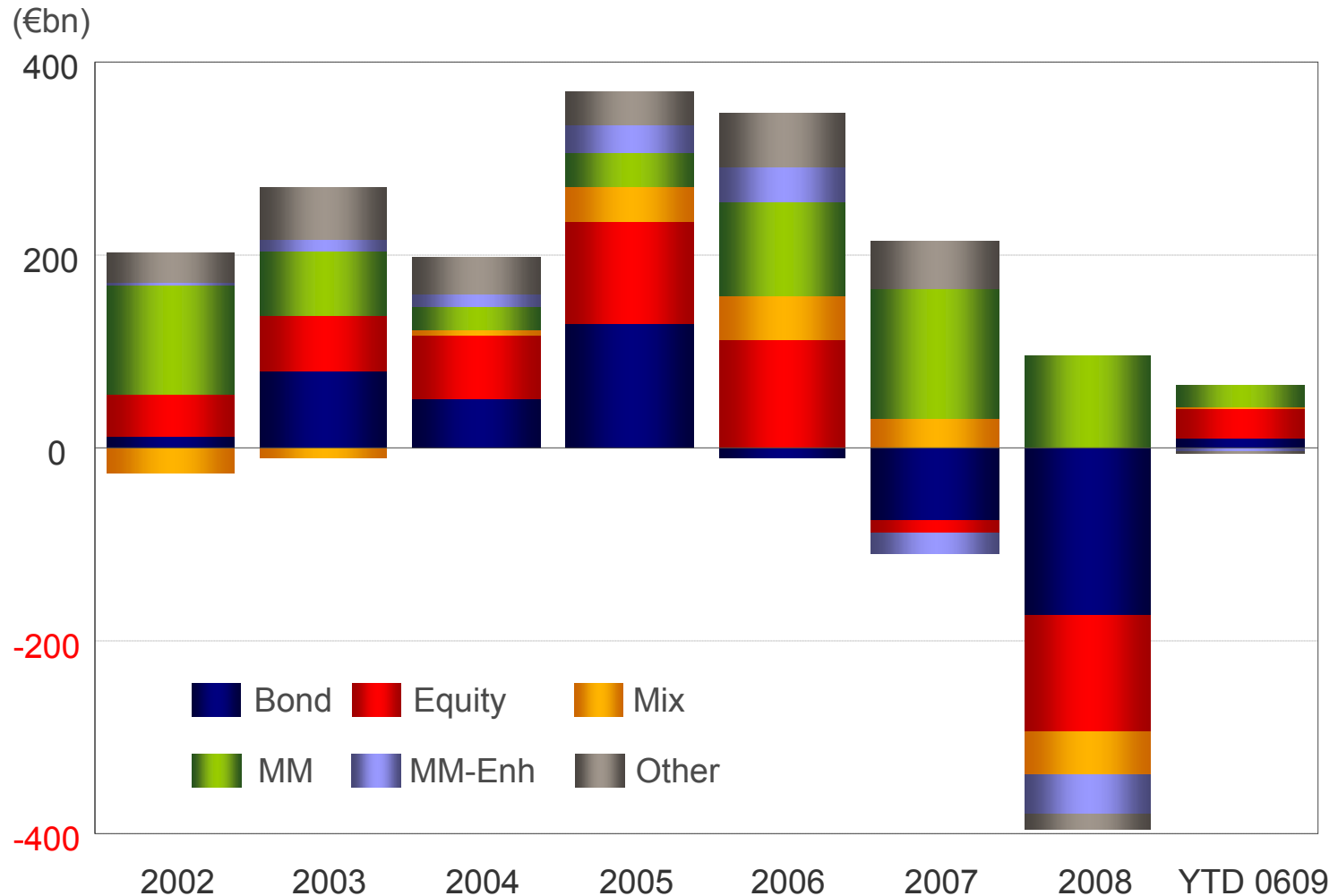


Net sales by region – long-term funds only

Data excludes Money Market funds and funds of funds

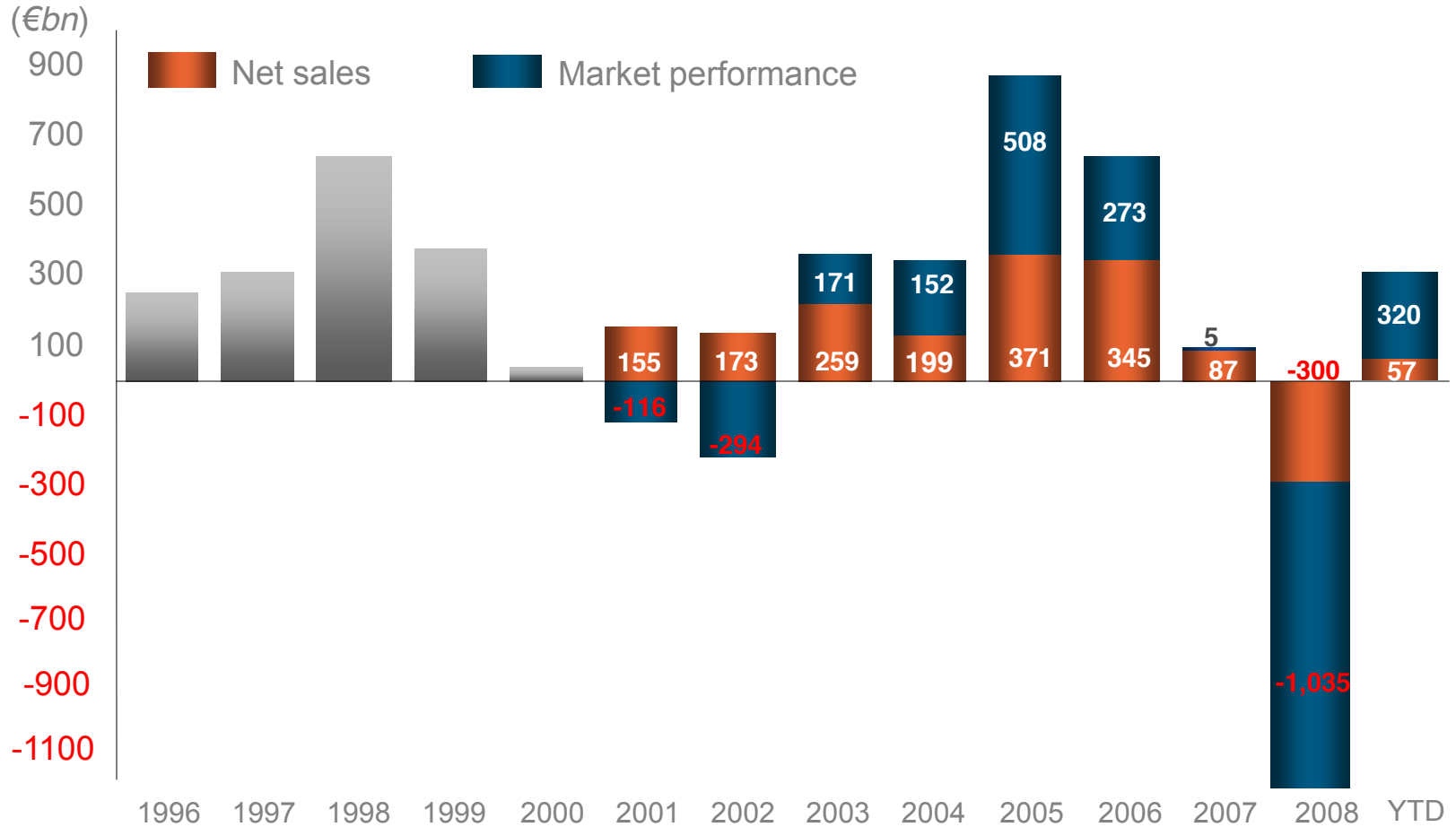


Net sales by asset class – EUROPE



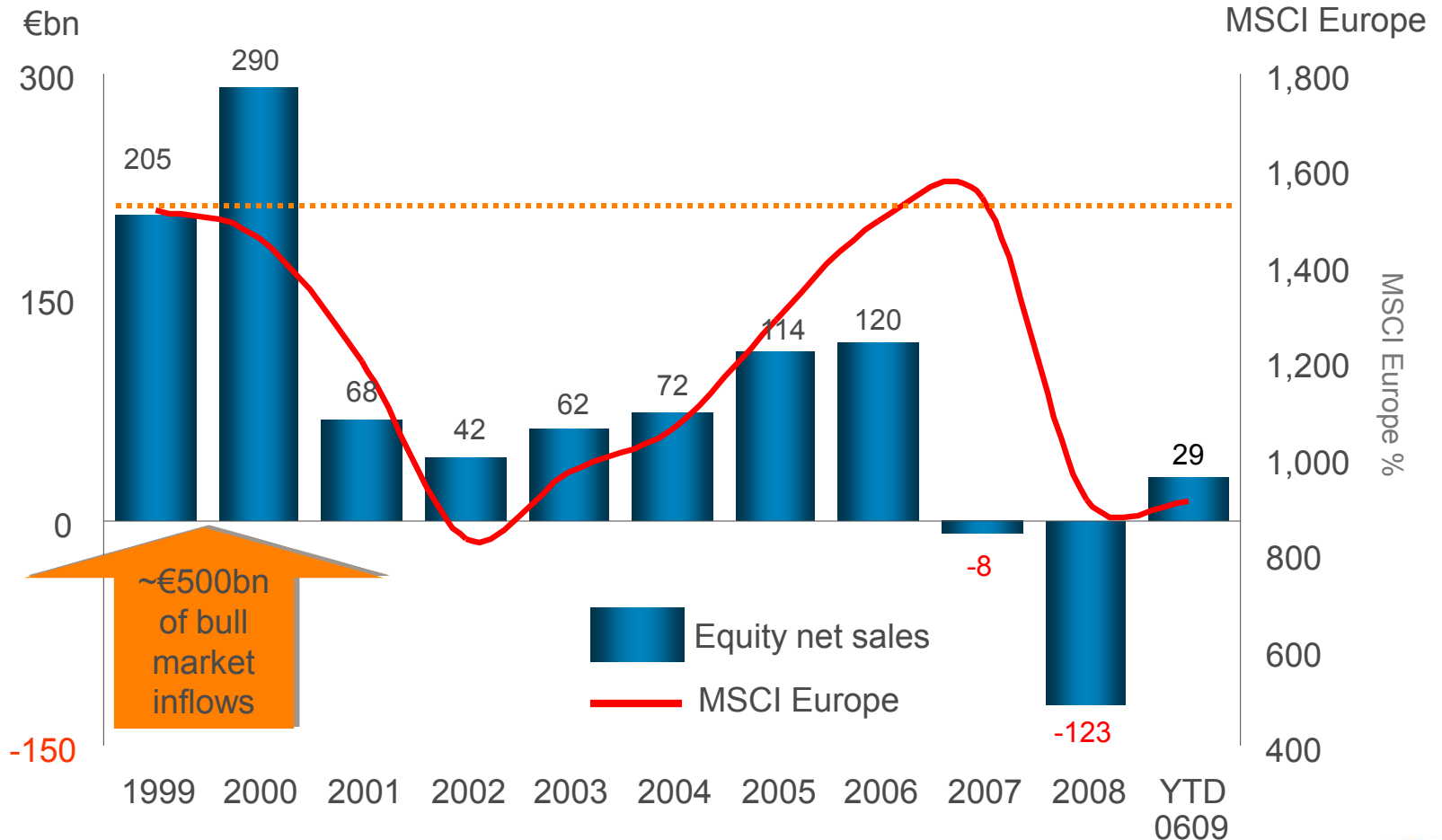
Growth in both sales & market performance

Asset growth of European funds

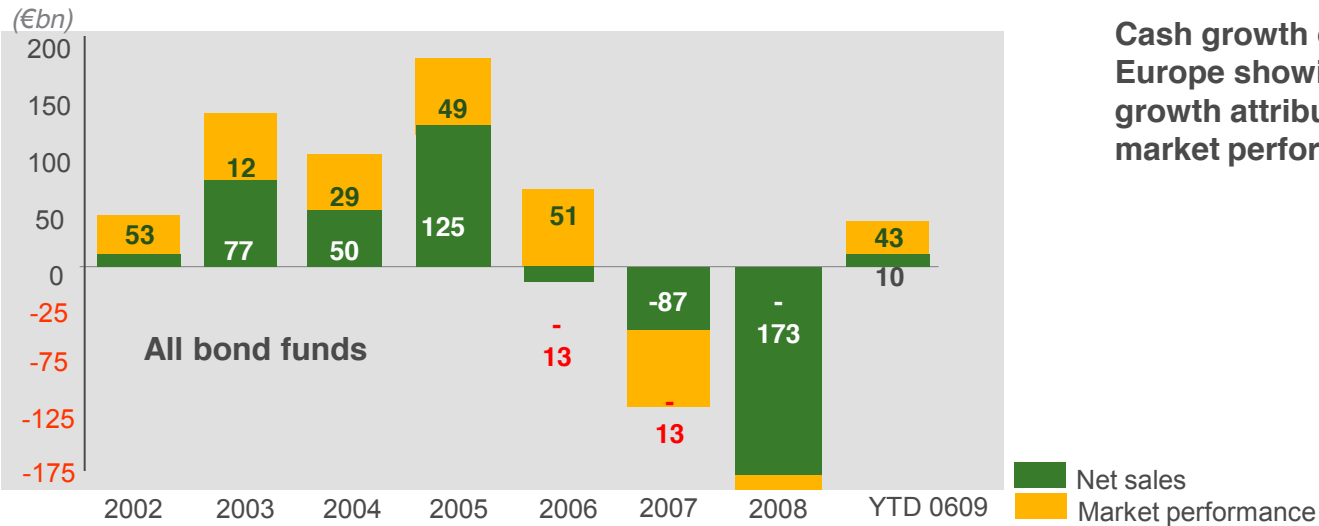


Impact of the millennium legacy in Europe

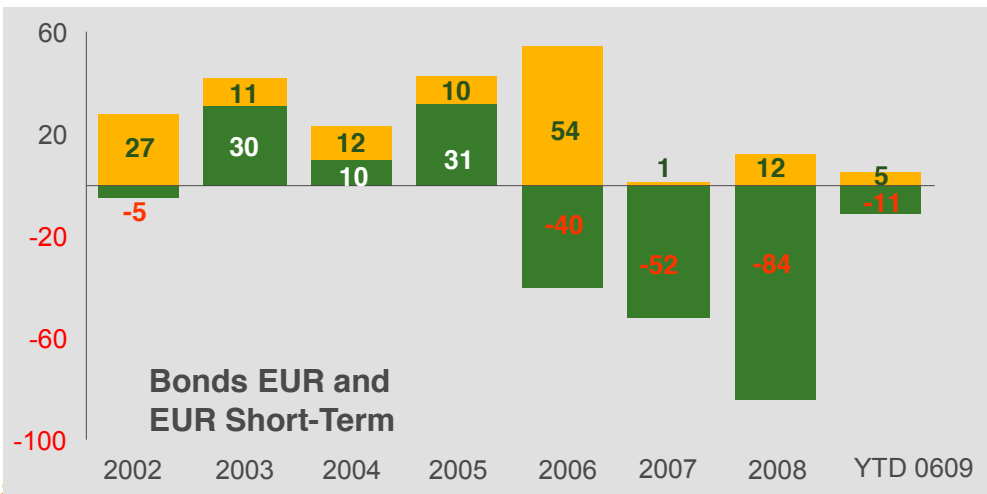
Net sales of equity funds by year (€bn)



Bond failure – not just a performance story

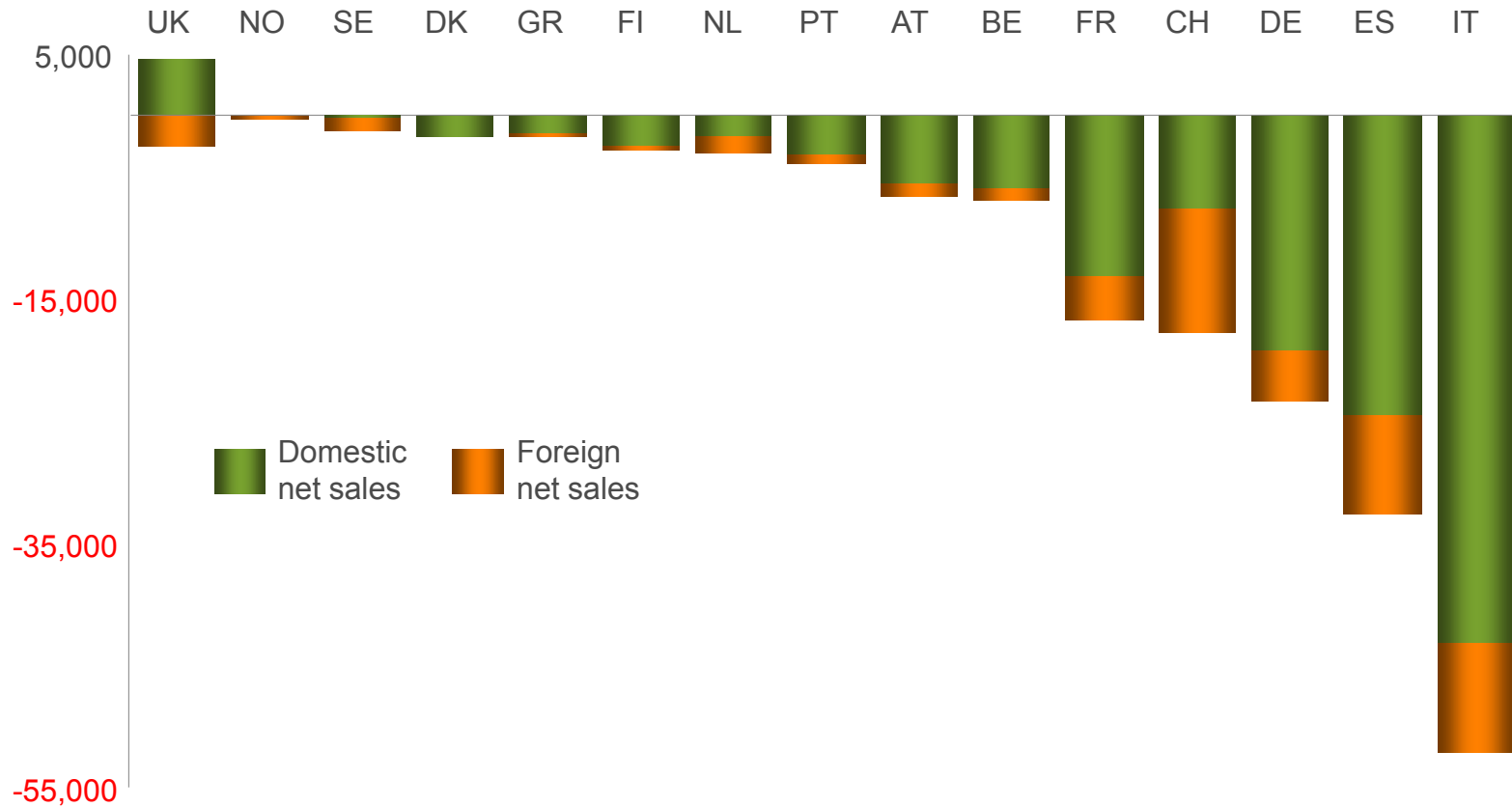


Cash growth of bond funds in Europe showing proportion of growth attributable to net sales and market performance

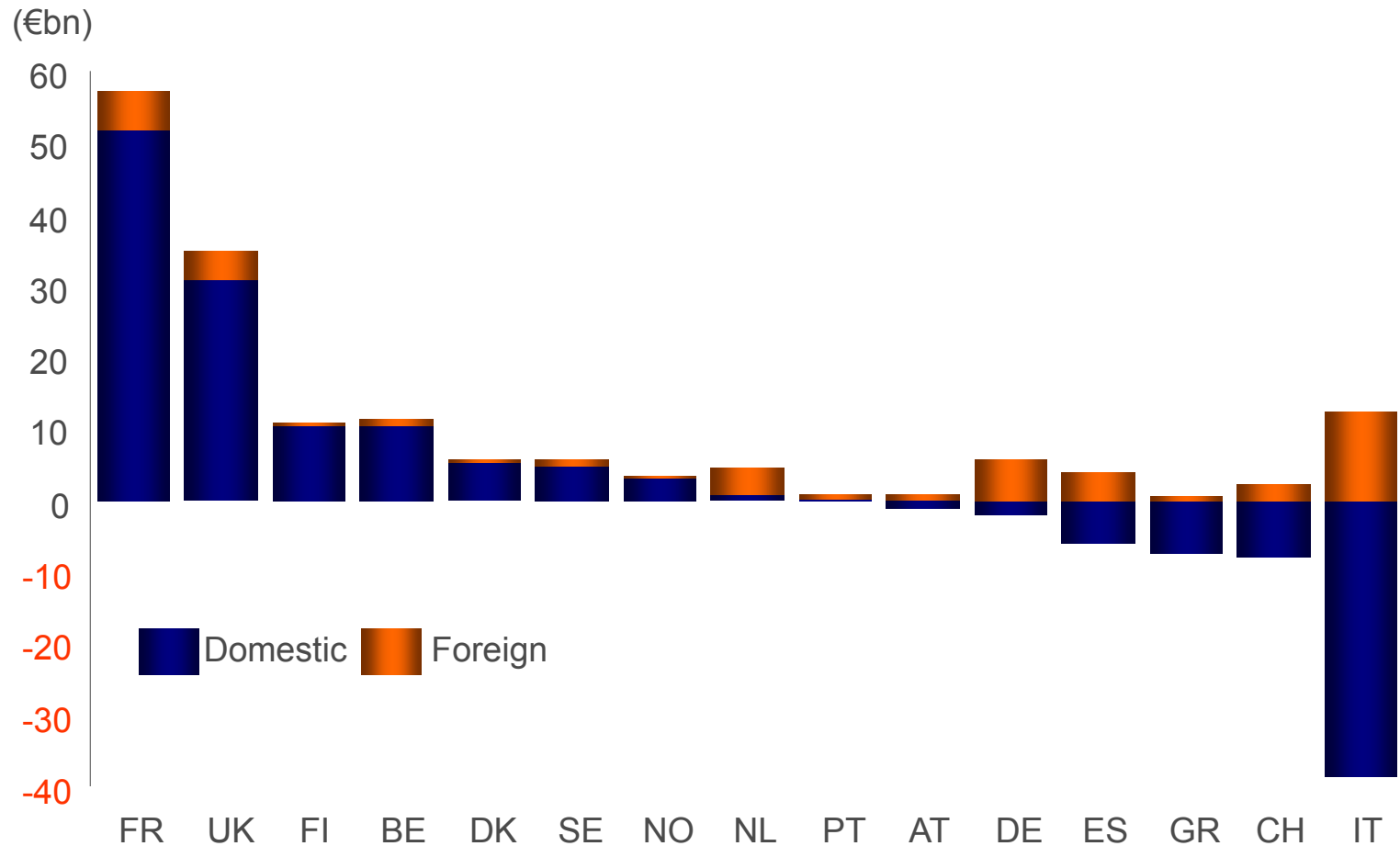


Bonds – net sales by market in 2008

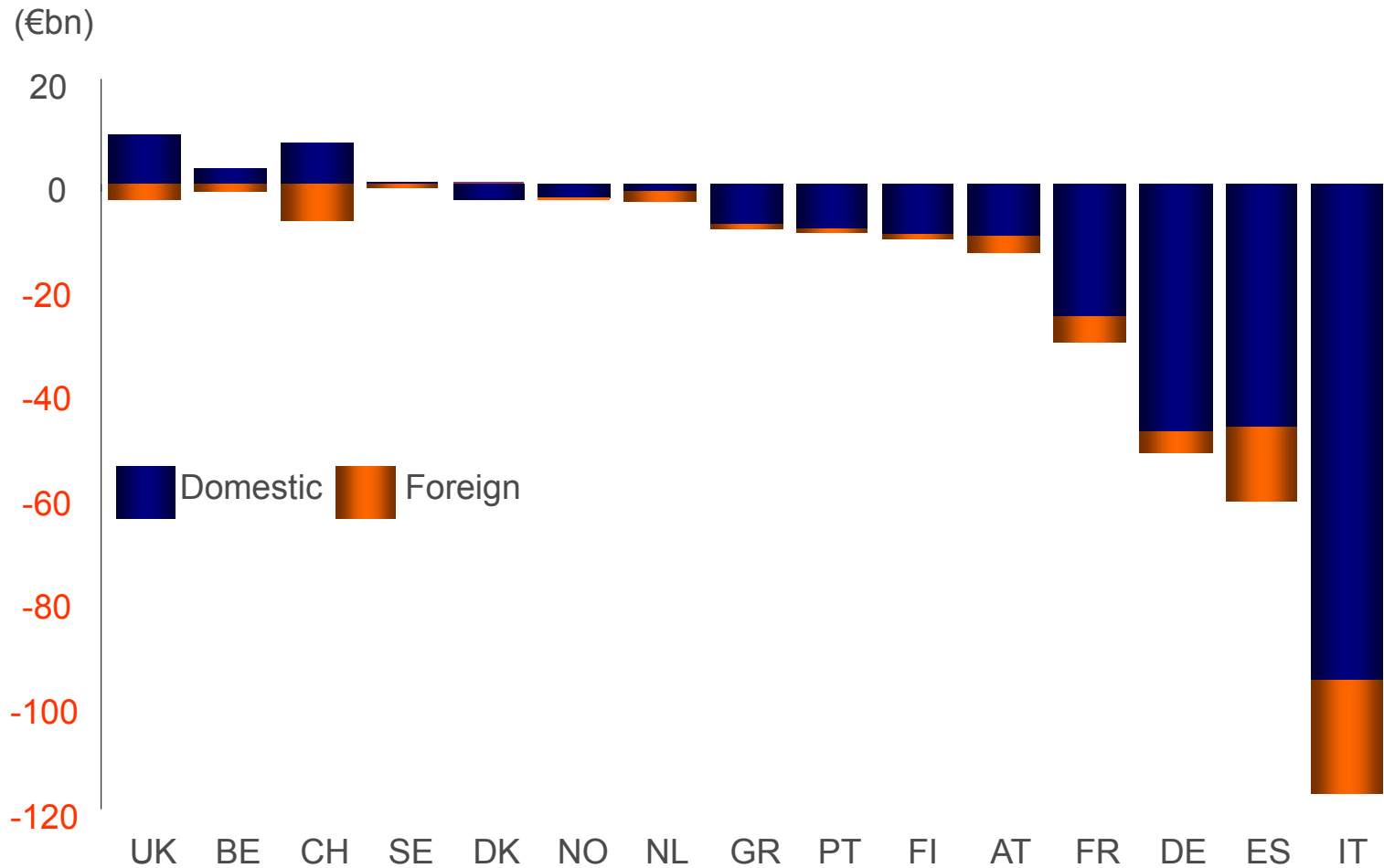
Sales €m



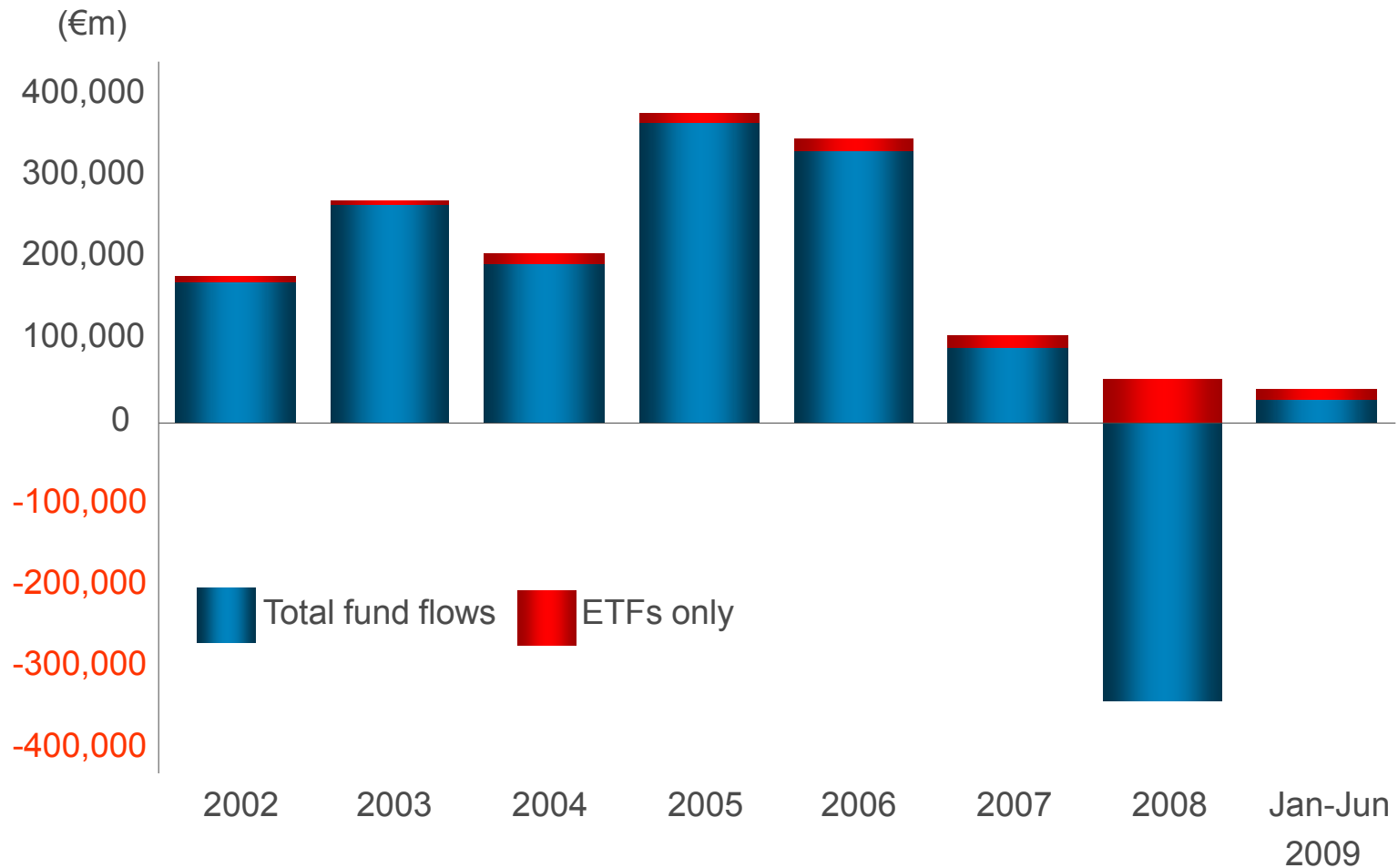
Domestic v foreign in 2006



Domestic v foreign in 2008



Active v ETF flows



Prospects for the near future



- Is the worst behind us?
- Time lag before a more optimistic economic outlook filters through to the mutual fund market.
- Longer term, sales volumes may be slow — bank distribution will be slow to recover;
- Solvency of the banking industry and need to boost balance sheets affect fund distribution;
- Wealth sector demand/institutional clients will be in the vanguard of recovery.
- Packaged options such as funds of funds, guaranteed products etc will be the retail staple for the short to medium term;

Negative influences and product issues



- Distributor focus on structured notes and other non-fund products that have less transparency but are potentially more profitable;
- Greater regulatory focus on funds investing in securities perceived to be riskier. This could make Ucits III funds less attractive;
- Short-term loss of distribution opportunities; banks will operate a more conservative business model;
- Back-to-basics approach in products;
- Product consolidation
- Growth of income-generating funds to supplement low interest rates in deposits;

Longer-term changes



- Mainstream investors' return to funds will be dictated by bank policy
- Funds or other competing products such as structured notes?
- Is the guided architecture door closing in Europe?



Questions ?



Thank you
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