

FT Adviser, 3 February 2011

Cautious managed gets lion's share of fund flow

By: Miyuki Seguchi

Multi-manager funds in the cautious managed sector have remained the most popular option for advisers using the Cofunds platform, according to its latest figures.

Michelle Woodburn, manager of fund group relations for Cofunds, said that the last quarter of 2010 saw the lion's share of new money flow into the Investment Management Association's cautious managed sector.

The Cofunds figures also showed that strategic bonds gained the second highest selling position for the third consecutive quarter, accounting for about 10 per cent of net sales in the last quarter of 2010.

Ms Woodburn said: "The fourth quarter saw 40 per cent of assets continuing to flow to cautious managed and strategic bond funds for another quarter.

"Indeed, since the last quarter of 2009, cautious managed has dominated the sales charts accounting for at least a quarter of all net sales."

Meanwhile, corporate bonds saw their net sales drop by 3.8 per cent while property reduced by just 0.8 per cent compared to the third quarter of the previous year. Europe excluding UK and money market sectors also saw money flow out into other sectors.

Hayley Tink, chartered financial planner for Norfolk-based Almary Green Investments, said: "Given our current economic environment, people are reducing their risk and investing in fixed-income funds.

"We want to reduce exposure to traditional corporate bonds, which can make capital losses when interest rates rise, whereas the strategic bonds sector can still make returns. Advisers are much more sophisticated than before and putting an emphasis on reducing risk."