

RESEARCH SHOWS IFAS LOOKING FOR WITH-PROFITS ALTERNATIVES

- 77% of IFAs would not recommend clients to invest in 'with-profit' based investments
 - Traded life policies provide solution for IFAs looking for steady returns

27 January 2011 - New research⁽¹⁾ from Managing Partners Limited (MPL), the boutique fund manager, reveals more than half of IFAs (55%) are looking for investments that are alternative to with-profits but which have the same characteristics.

Overall, the research shows IFAs have a dim view of with-profits themselves: only 3% of IFAs have a very positive view and 15% are quite positive while more than half (55%) have a negative view, with 20% being very negative. Nearly four out of five (77%) said they would not recommend clients to invest in with profits-based investments.

MPL believes that IFAs looking for the steady, incremental returns that with-profits once offered should consider traded life policies (TLPs). TLPs are US-issued whole of life policies sold before their maturity date to allow the original owners to enjoy some of the benefits during their own lifetimes. By building diversified portfolios of TLPs and carrying out the right actuarial analysis, fund managers can use them to deliver steady returns that are uncorrelated to other financial assets.

MPL's 'Traded Policies Fund' was an outstanding performer during the financial crisis. The GBP Growth share class in the fund, which is available to retail investors in the UK, returned 40.13% net of all charges from its launch on 15 March 2007 to 1 January 2010, equivalent to an annualised return of 9.41%. Over the 12 months to 1 January 2010, the GBP Growth share class delivered 9.17%.

Jeremy Leach, Managing Director of MPL, said: "With-profits' fall from grace is well documented. What is interesting is that many IFAs are looking for investments that have the characteristics of with-profits. Investors always liked the prospect of steady, incremental returns, which with-profits offered for some decades. The difficulties of the financial crisis



have just reinforced that sentiment but investors don't know where to turn because all the main asset classes went down together.

“Our research also showed that 18% of IFAs said they were familiar with TLPs to a great extent and 50% to a little extent. We would recommend that IFAs seek more information on this relatively new asset class: our Traded Policies Fund proved its ability to deliver steady, incremental returns even during the turmoil of the financial crisis.”

The Traded Policies Fund offers institutional and retail share classes denominated in US dollar, Sterling, Euro, Yen and Swedish krona.

The minimum direct investment in the fund is £35,000 but the fund can also be accessed via insurance bonds or SIPPs for £2,500.

For further information on Managing Partners Limited range of funds, call 0203 397 0525 or visit (www.managing-partners.com).