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For immediate release

ADVISER FUND INDEX PANELLIST SURVEY: ADVISERS LOSE CONFIDENCE IN NORTH AMERICA, WHILE EUROPE AND EMERGING MARKETS REMAIN POPULAR

Results launched today from the Financial Express **Adviser Fund Index (AFI)** present a diverse range of Panellists' predictions for the future of the global equities market. Most territories receive a mixed review with the exception of North America; 46.7% of respondents say the region will perform worst (compared to other regions) over the next 12 months, and 53.3% believe it will perform worst over the next three years.

The AFI Panel, including specialist investment adviser firms representing more than £40 billion of investor assets under management, appeared ambivalent about the UK; no advisers predict that the UK will perform either best or worst over the next 12 months, but 13% believe it will perform worst over three years.

For the short term, the jury is out on Global Emerging Markets; 13.3% believe the region will perform best during the next 12 months and 20% believe it will perform worst. However, a third (the largest group) believes the region will deliver over the next three years. Europe (excluding UK) was the most popular choice for the best performing region during the next 12 months with 33.3%, however only 13.3% believed this was sustainable over the next three years.

AFI Panel predictions for the next 12 months

Global equity market region predicted to perform BEST in next 12 months		Global equity market region predicted to perform WORST in next 12 months	
Europe excluding UK	33.3%	North America	46.7%
North America	26.7%	Japan	26.7%
Asia Pacific excluding Japan	13.3%	Global Emerging Markets	20.0%
Japan	13.3%	Europe excluding UK	6.7%
Global Emerging Markets	13.3%	Asia Pacific excluding Japan	0%
UK	0%	UK	0%

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AFI Panel predictions for the next three years

Global equity market region predicted to perform BEST in next three years		Global equity market region predicted to perform WORST in next three years	
Global Emerging Markets	33.3%	North America	53.3%
Japan	26.7%	Japan	13.3%
Europe excluding UK	13.3%	Global Emerging Markets	13.3%
Asia Pacific excluding Japan	13.3%	UK	13.3%
UK	6.7%	Europe excluding UK	6.7%
North America	6.7%	Asia Pacific excluding Japan	0%

An overview of **global interest rates** demonstrates that on the whole, panellists predict stability:

- Bank of England: 87% of panellists say rates will be at 5.25 or 5.5 by the end of 2007, 13% predict a rate rise to 5.75 or 6.0
- Federal Reserve: 73% say rates will be at 5.25 by the end of 2007
- European Central Bank: opinions are divided with 53% predicting a percentage rate of 4, 26% predicting 3.75 and 20% predicting 3.5 by the end of 2007
- Bank of Japan: all but one of the panellists believe that bank rates will remain below 1.0

Paul Wynne, Financial Express head of marketing and communication, who commissioned the survey, says: "The latest mid-season survey of Adviser Fund Index panellists provides a fascinating insight into the investment strategy and behaviour of the AFI Panel. The expertise that they lend to the AFI concept is representative of how the majority of funds are researched and recommended to private clients. Although the panellists may not agree on strategy, the AFI indices consistently outperform key market measures."

The Adviser Fund Index (AFI) is aggregated from the recommended portfolios of a panel of leading UK investment adviser firms. Based entirely on the funds actually recommended to clients, the AFI Aggressive, AFI Balanced, and AFI Cautious indices carry real-life credibility, and provide insight in terms of the benefits of holding top quality funds. A full explanation of the AFI methodology is available at www.trustnet.com/general/afi.asp.

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