



Investor Metrics: Retail Customer and Private Client Behaviour in UK Security-Based Investments

Report Prospectus

January 2008

Expertise in financial services

Prospectus contents

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What is the research?

Finaccord's report titled *Investor Metrics: Retail Customer and Private Client Behaviour in UK Security-Based Investments* is about the dynamics for the retail market for security-based investments in the UK. The definition of security-based investments includes equity ISAs (individual savings accounts), PEPs (personal equity plans), SIPP (self-invested personal pensions), OEICs (open-ended investment companies) and unit trusts, investment trusts, ETFs (exchange traded funds), investment bonds, Child Trust Funds, 'wrap' accounts, investment funds located offshore (eg. Bermuda, Dublin, Guernsey, Jersey, Isle of Man, Luxemburg), VCTs (venture capital trusts) and direct holdings of equities. On the other hand, it specifically excludes life insurance and mainstream occupational and personal pensions.

Investor Metrics is not the first study of the UK market for security-based investments. However, it has been conceived in such a way that it provides insight into the behaviour, holdings and perception of retail investors that has not hitherto appeared in a published format. For example, the publication is unique in that it systematically discloses customer penetration data not only by type of security-based investment product but also by primary underlying instrument, business sector, geographical orientation and investment style of funds invested. Moreover, it also offers insights into the perception among and usage by private clients of 60 leading firms involved in investment management and 20 prominent fund supermarkets and discount brokers.

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What is the rationale?

The rationale for producing this publication is as follows:

- a significant proportion of adult consumers in the UK are classifiable as current or potential retail investors in the sense that they have actual holdings or plan to purchase one or more of the qualifying investment products listed on the preceding page;
- as such, gaining access to detailed analysis explaining who they are, what types of security-based investment they own or plan to buy and through which distribution channels they make their investments is key to the ability of fund managers to expand successfully in the retail market;
- in addition, the study casts light on how private clients can be segmented by degree of self-direction, risk appetite and frequency of buying and selling security-based investments;
- the report also includes a ranking of the key factors held by private clients to be most important when choosing investment managers with which to place funds;
- finally, the study provides a unique evaluation on the part of retail customers of their awareness, trust and usage of 60 of the leading firms involved in investment management in the UK, a data set that offers fresh insights into the competitive positioning of all significant market participants.

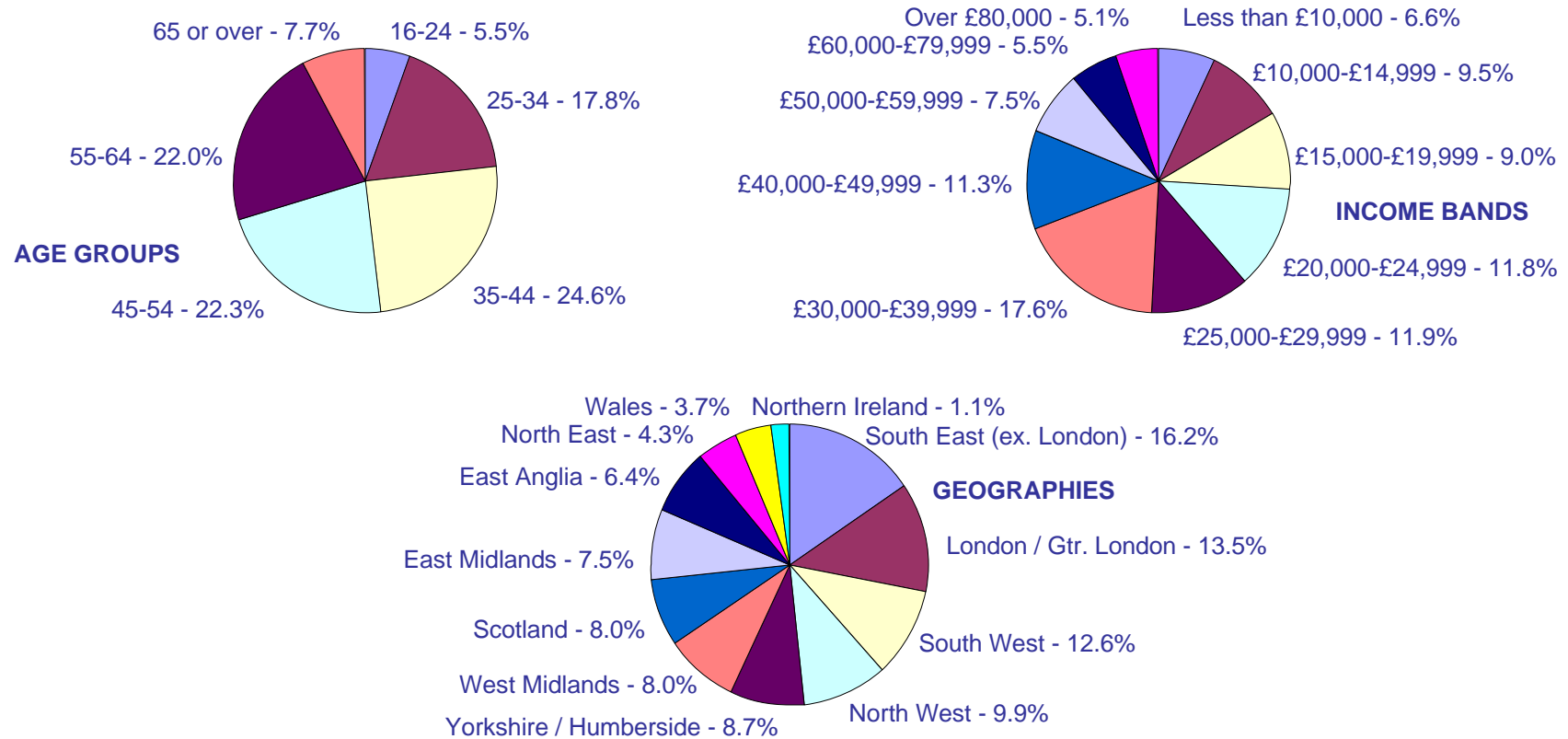
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What methodology has been used?

The research for the study was carried out in an eight week period during November and December 2007 using the Internet consumer panel of Tpoll. In total, completed surveys were filled in and submitted on-line by 2,765 respondents. Moreover, of these 2,765 consumers, 1,545 were found to be classifiable as retail investors by virtue of their currently holding one or more of the security-based investment products listed or having a stated intention to purchase one or more of the same products in 2008. For the majority of the report, the analysis focuses purely on the responses of these 1,545 retail investors who break down by age group, household income band and geographical location as illustrated in the graphics overleaf.

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How does the retail investor sample break down?



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For which types of security-based investment are data and analysis provided?

2007 ownership rates and 2008 intended purchasing rates among retail investors are provided for each of the following:

PRODUCT TYPES: equity ISAs, PEPs, SIPPs (self-invested personal pensions), OEICs and unit trusts, investment trusts, ETFs (exchange-traded funds), investment bonds, Child Trust Funds, 'wrap' accounts, investment funds located offshore, VCTs (venture capital trusts) and direct holdings of equities.

PRIMARY UNDERLYING INSTRUMENT OF INVESTMENT: funds that invest primarily... in equities, in corporate / government bonds, in the money market, in commodities, in futures, options and other derivatives, in property, across a balanced range of instruments... and that are described either as funds of funds or as multi-manager funds.

SPECIFIC GEOGRAPHY OF INVESTMENT: funds that invest solely... in the shares of UK companies, in the shares of smaller UK companies, in the shares of non-UK European companies, in the shares of North American companies, in the shares of Japanese companies, in the shares of companies in global emerging markets generally, in the shares of companies in the Asia Pacific region, in the shares of companies in Latin America, in the shares of companies in Africa, in the shares of companies in China, in the shares of companies in India, in the shares of companies in Russia, in UK government bonds (gilts), in UK corporate bonds, in non-UK government or corporate bonds.

continued overleaf...

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For which types of security-based investment are data and analysis provided? (cont.)

SPECIFIC BUSINESS SECTOR OF INVESTMENT: funds that invest solely... in the shares of banking, insurance or other financial companies, in the shares of traditional energy companies, in the shares of 'green' energy companies, in the shares of healthcare or biotech companies, in the shares of mining or minerals companies, in the shares of technology, media or telecoms companies.

STYLE OF INVESTMENT: funds... that are index-linked or passively managed, whose performance is either guaranteed or protected, that describe their primary purpose as being to deliver capital growth, that describe their primary purpose as being to deliver income, that describe their primary purpose as being to invest in 'special situations', that describe their investment style as 'active', that describe their investment style as 'cautious', whose investment choices are governed by ethical or socially responsible criteria.

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For which organisations involved in investment management are retail investor rankings for awareness, trust and usage provided?

Fund managers

Abbey
 Aberdeen Asset Management
 AEGON Asset Management
 Alliance Trust
 Allianz Global Investors
 Artemis Fund Managers
 AXA Framlington
 Baillie Gifford
 Baring Fund Managers
 BlackRock Investment Management
 Cazenove Capital Management
 Credit Suisse Asset Management
 F&C Asset Management
 Fidelity Investments
 First State Investments

Fund managers (cont.)

Franklin Templeton
 Gartmore
 Halifax
 Hargreaves Lansdown
 Henderson Global Investors
 HSBC
 Insight Investment
 Invesco Perpetual
 Investec Asset Management
 iShares
 JP Morgan Asset Management
 Jupiter
 Legal & General
 Legg Mason
 Lincoln Unit Trust Managers

Fund managers (cont.)

Liontrust Asset Management
 M&G
 Marks & Spencer Financial Services
 Marlborough Fund Managers
 Martin Currie
 MLC
 Nationwide
 Neptune Investment Management
 New Star Asset Management
 Newton Investment Management
 Norwich Union
 Old Mutual
 Premier Asset Management
 Prudential
 Rathbone Unit Trust Management

Fund managers (cont.)

Rensburg Fund Management
 Resolution Asset Management
 Royal London
 Schroders
 Scottish Widows
 Skandia Investment Management
 Smith & Williamson
 Soc. Gén. Asset Management
 St James's Place
 Standard Life
 The Co-operative Investments
 Threadneedle
 UBS Global Asset Management
 Virgin Money
 Witan Wealthbuilder

Fund supermarkets and discount brokers: Barclays Funds Market, Bestinvest, Cavendish Online, Chartwell, Chelsea Financial Services, CommShare, Financial Discounts Direct, FundChoice Supermarket, Funds Network, fundsdirect, Fundsnet, Hargreaves Lansdown, interactive investor, Moneyworld, Saga, Selftrade Fund Focus, SFS Invest Direct, TD Waterhouse Fund Supermarket, Torquil Clark Fund Supermarket, Trustnet.

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What is the report structure?

0. *Executive Summary*: providing a concise evaluation of the principal findings of the report.

1. *Introduction*: offering rationale and a detailed description of methodology.

2. *Market Analysis*: including the identification and analysis of consumers classifiable as retail investors in the UK as well as comprehensive data for current ownership and intended purchases in 2008 by type of security-based investment, primary underlying instrument in which funds are invested, specific geography in which funds are invested, specific business sector in which funds are invested, and investment style used to manage funds. It also investigates the distribution interface and channel behaviour of retail customers, highlights the factors they hold to be most important when choosing an investment manager and shows which of 20 fund supermarkets and discount brokers they are most likely to be using.

3. *Competitor Analysis*: incorporating unique rankings by awareness, trust and usage on the part of private clients for 60 of the UK's top companies involved in investment management

4. *Competitor Snapshots*: for the same 60 firms active in fund management, the study concludes with at-a-glance snapshots of the same rankings for awareness, trust and usage.

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What are the key features of the research?

Key features of this report include:

- results configured on the basis of a large and representative sample of some 1,545 current and potential retail investors drawn from an overall panel of 2,765 adult consumers;
- segmentation of data between retail investors with £25,000 or more allocated to security-based investments and those with a portfolio worth less than this;
- analysis of current holdings and intended purchases in 2008 by product type, primary underlying instrument of investment, specific geography of investment, specific business sector of investment and style of investment;
- assessment of behaviour in 2007 and planned behaviour in 2008 in the area of the distribution interfaces and distribution channels used by private clients for buying and selling security-based investment products;
- rankings by awareness, trust and usage on the part of retail customers for 60 major firms involved in investment management and 20 pre-eminent fund supermarkets and discount brokers.

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How can the research be used?

You may be able to use this report in one or more of the following ways:

- understand the behaviour of retail investors secure in the knowledge that the analysis reflects fully the characteristics of the overall market;
- investigate how the appetite of retail customers for security-based investments changes radically for those with holdings worth £25,000 or more;
- appreciate the fundamental demand among private clients for the many different security-based investment products available in the market;
- evaluate the extent to which private clients are migrating to the Internet as a distribution interface and to fund supermarkets and discount brokers as a specific distribution channel;
- gain invaluable insight into how your company is viewed and used by retail investors in the UK, how this perception and utilisation compares with your main competitors and what the implied value of retail funds under management per retail customer is for all 60 fund management companies.

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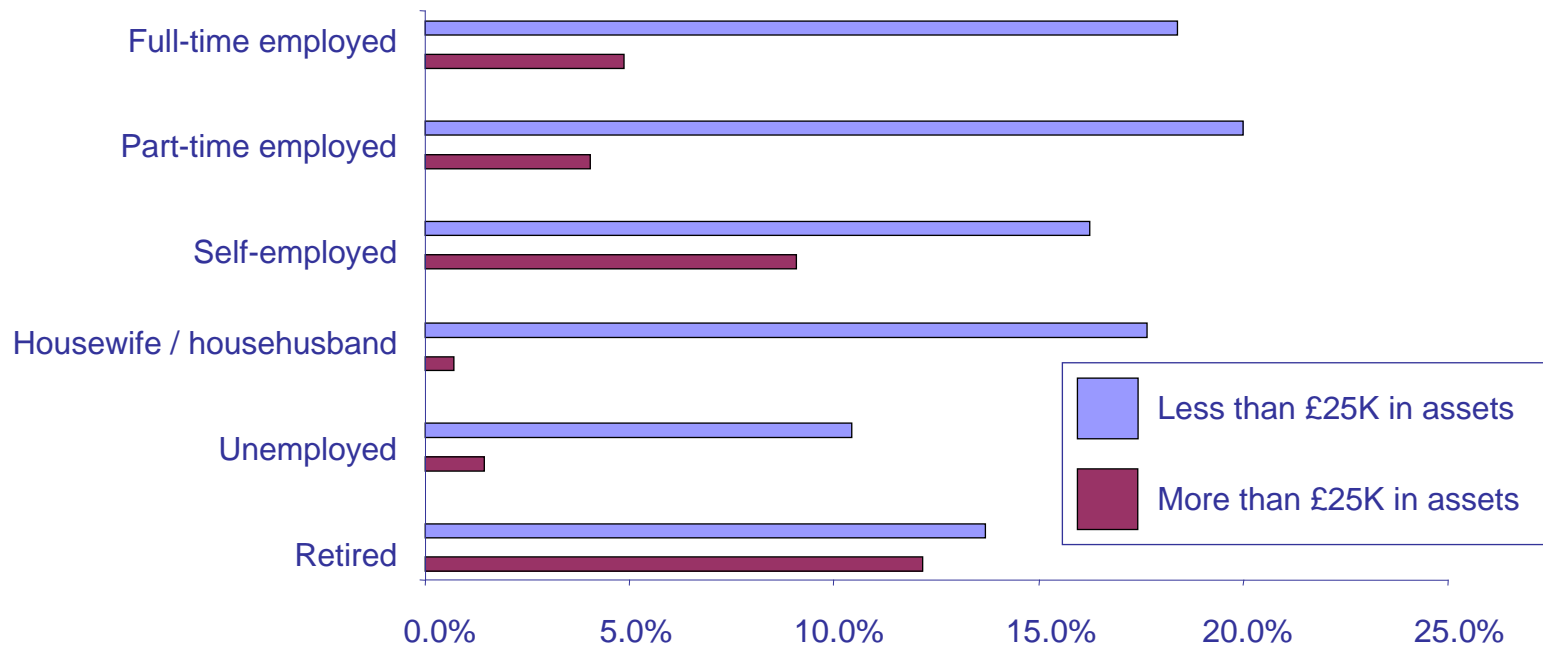
Who can use the research?

1. *Investment managers*: this research constitutes the most comprehensive source of information about the retail customers for your products and services that is available in a published format - you can use it for both tactical and strategic marketing decisions;
2. *Distributors of security-based investments*: banks, building societies, fund supermarkets, discount brokers, IFAs and insurance companies who are involved in the distribution of security-based investments will gain a greater understanding of the behaviour of retail investors through this report;
3. *Management consultancies*: are you helping an investment manager or distributor of security-based investments to develop its business in the UK? If so, this study will provide you with unique insights into the retail market and its customers;
4. *Branding consultancies*: are you helping an investment management firm to develop or position its brand name? Understand private clients' awareness and trust of this brand name and those of competing firms through the data presented in this publication.

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What are some of the key findings?

- Wealthier investors with £25,000 or more committed to security-based investments are particularly prevalent among the retired and self-employed constituencies**



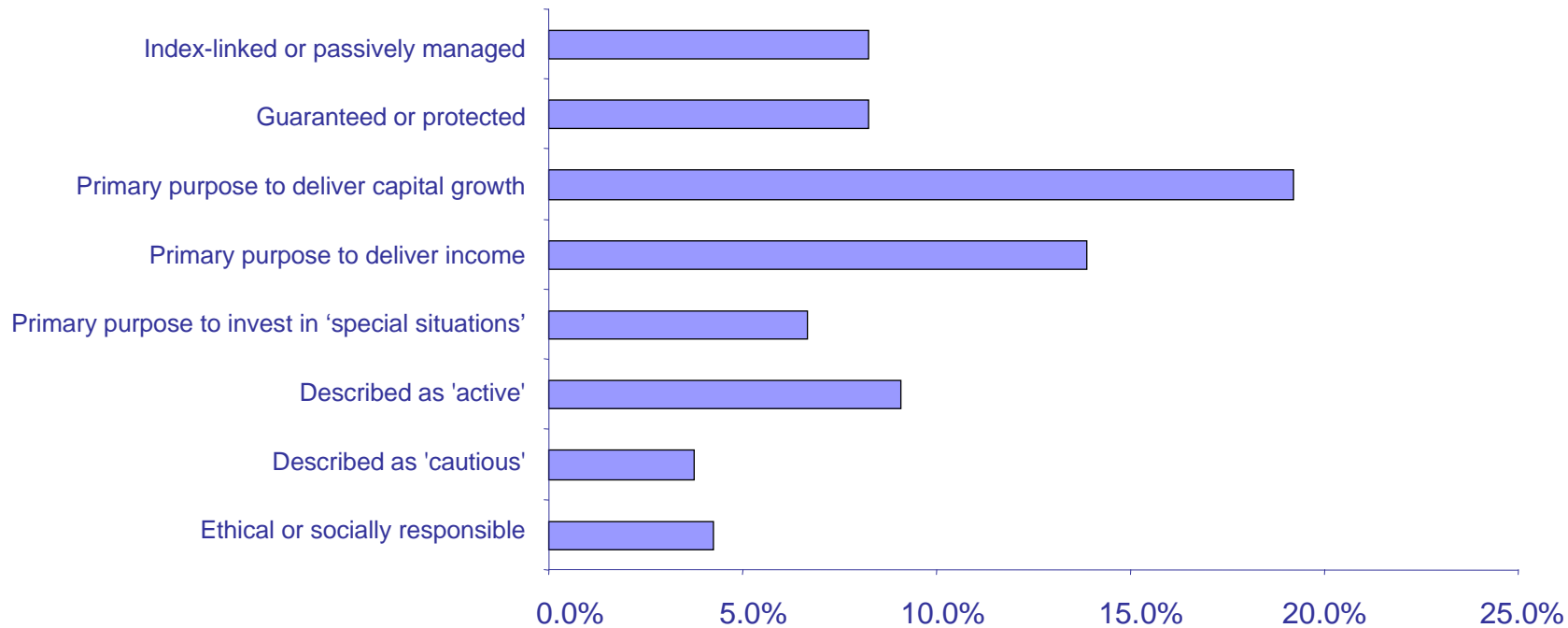
Source: Finaccord analysis of Tpoll survey

% of consumers who can be defined as retail investors

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What are some of the key findings? (cont.)

2. Few retail investors with over £25,000 allocated already to security-based investments appear motivated by ethical or socially responsible considerations



Source: Finaccord analysis of Tpoll survey

% intention to purchase among retail investors with £25,000 or more in security-based investments

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What are some of the key findings? (cont.)

3. Investec Asset Management achieves rankings for awareness, trust and usage among retail investors that are close to the middle of the top 60 firms

<i>Awareness</i>	<i>Very aware</i>	<i>Quite aware</i>	<i>Do not recognise</i>	<i>Score</i>	<i>Ranking</i>
All retail investors	7.8%	17.3%	74.8%	0.165	39
<i>of which</i>					
<£25K in assets	4.9%	14.6%	80.6%	0.121	43
>£25K in assets	19.3%	28.0%	52.8%	0.332	33
<i>Trust</i>	<i>I would definitely trust</i>	<i>I might trust</i>	<i>I would definitely not trust</i>	<i>Score</i>	<i>Ranking</i>
All retail investors	6.2%	59.8%	34.0%	0.211	31
<i>of which</i>					
<£25K in assets	4.4%	59.4%	36.2%	0.192	31
>£25K in assets	13.0%	61.5%	25.5%	0.284	28
<i>Usage</i>				<i>%</i>	<i>Ranking</i>
All retail investors				1.6%	35
<i>of which</i>					
<£25K in assets				0.4%	45
>£25K in assets				5.1%	29

Note: equivalent data sets are provided in the report for each of the other 60 investment management firms included in the research.

Source: Finaccord analysis of Tpoll survey

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What are some of the key findings? (cont.)

Key findings from the executive summary include:

- while the difference in product penetration rates between respondents with more than £25,000 allocated to security-based investments and those with less than £25,000 invested is comparatively small in the case of equity ISAs, it is at least double for all of the other products considered with the exception of Child Trust Funds for which the reverse is the case;
- furthermore, while the rate of intended purchase for specialist financial sector funds remains the highest overall if intentions for 2008 are considered, it is notable that as many as 5.8% of respondents indicate that they are likely to allocate money to funds investing solely in the shares of 'green' energy companies during the coming year;
- Finaccord's analysis of the approximate number of UK retail investors held by fund managers and the approximate average value of funds managed for each of these investors indicates that six firms fall into the 'golden quadrant' with an implied number of UK private clients in excess of 500,000 and a significant value of average retail funds under management per retail investor.

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What is the cost and format?

Investor Metrics: Retail Customer and Private Client Behaviour in UK Security-Based Investments is available as a standard Adobe Acrobat PDF document and / or hard copy. Costs for this research and sister consumer titles are as follows:

REPORT	COST *	FORMAT
Investor Metrics: Retail Customer and Private Client Behaviour in UK Security-Based Investments	£1,495	c. 170 pages
Affinity Metrics: Consumer Usage of and Attitudes Towards Affinity Distribution Channels in UK Fin. Svs.	£1,495	c. 120 pages
Brand Metrics: Consumer Awareness of and Attitudes Towards Brands in UK Financial Services	£1,495	c. 170 pages
Channel Metrics: Trends in Current and Future Dist. Chan. Usage in UK Fin. Svs. (report / 25 briefings)	£2,995 / £395	c. 300 pages / 25 pages
Net Metrics: Web Purchasing and Research Trends in UK Insurance / Banking (two separate reports)	£1,495 / £1,495	c. 150 pages

VAT at 17.5% will be added to the basic price except for where the request is for hard copy only.

Costs quoted are for a single site user license only.

For a corporate user license, an additional 10% of the basic cost is payable.

Printing and postage costs of £30 per title will be payable if hard copy is required.

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How can the research be purchased?

Simple. Just go to the relevant area of the Finaccord web site - <http://www.finaccord.com/uk/order.php> - and fill in the on-line order form, clearly indicating the report or briefing that you require, whether you also require a corporate user license and / or hard copy, the billing name, address and e-mail address, and the purchase order number, if applicable.

Please allow one working day for the delivery of electronic copy and one working week for the arrival of hard copy.

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