Prudential Survey Reveals IFAs Predicting A Year Of Stock Market Turmoil

Released on: April 06, 2010, 9:05 pm
Author: **Prudential**
Industry: Financial

Prudential research shows a quarter of IFAs are predicting wide spread stock market fluctuations and expect a W-shaped recovery in 2010.

The study revealed that 25% of IFAs expect wide fluctuations in stock market prices, with a further 24% expecting equity prices to stagnate, hovering between 5,000-5,500 points throughout this year.

While the majority of IFAs seem pessimistic about strong stock market growth, around 22% believe the FTSE index of leading shares will rise to between 6,000-7,000 points by the end of 2010. Just 4% of IFAs expect to see equity values fall in 2010.

The findings highlight ongoing caution regarding the UK's economic recovery, with official figures released in January showing 0.1% GDP growth in Q4.

IFAs questioned for Prudential expect the impact of the recession, now regarded as the worse since World War II, to continue for some time, with 71% believing it will have a long term impact on how clients look to invest.

Andy Brown, Director of Investment Funds, Prudential said: "Clearly IFAs are cautious about the growth prospects for the stock market in 2010 and expect to see fluctuations in share prices for most of the year. However, it is encouraging to note that just 4% anticipate stock market prices to fall and, for investors, it is worth setting this against the background of very low returns on cash based savings accounts and the speed at which cash savings are being eroded by rising inflation.

"In the current environment it is more important than ever to actively manage investments and aim for savings to be placed in better performing funds and that the balance between cash and equity based savings and bonds is weighted to suit investors' short and long term financial needs, aspirations and risk profile.

"While it is widely thought that stock markets will continue to fluctuate for the foreseeable future, there will be good opportunities and utilising a good fund manager and gaining financial advice is key if investors want to have the best chance of successfully riding a slowly rising market."

Prudential recently launched five new actively-managed risk-rated multi-asset funds designed to help advisers focus on client management through an extension of its partnership with independent investment specialist Old Broad Street Research (OBSR).

The partnership gives advisers access to the asset allocation expertise of Prudential's Portfolio Management Group* (PMG), which currently manages over £100 billion of capital, and the fund selection and recommendation experience of OBSR, in one place.

The funds are actively risk managed in line with their portfolio investment objectives and may help reduce the risk of potential TCF issues through running static portfolios.

The five portfolios - Defensive; Cautious; Cautious Growth; Balanced; and Adventurous - are available on a range of Prudential personal pension products, income drawdown, onshore and offshore savings and bonds.

- ENDS -

Notes to Editors:
The information contained in Prudential UK's press releases is intended solely for journalists and should not be used by consumers to make financial decisions. Full consumer product information can be found at www.pru.co.uk.

Telephone survey research conducted by George Street Research between 25th November and 1st December 2009. A total of 100 interviews were completed amongst IFAs throughout the UK who do 10% or more investment business (with at least 50 required to do 25% or more investment business).

* When managing these portfolios PMG work within M&G Investment management Limited, part of the Prudential Group.

About [Prudential](http://www.pru.co.uk):
"Prudential" is a trading name of The Prudential Assurance Company Limited, which is registered in England and Wales. This name is also used by other companies within the Prudential Group, which between them provide a range of financial products including life assurance, pensions and products for savings and investments. Registered Office at Laurence Pountney Hill, London EC4R 0HH. Registered number 15454. Authorised and regulated by the Financial Services Authority.

Media enquiries:
Juliette Emblem
PR Manager
3 Sheldon Square
London
W2 6PR
020 7150 2657
www.pru.co.uk

~~~~~
~~~~~