

Prudential Research Shows Advisers Turn To With-Profits Investments



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New research* from Prudential shows that up to a third of advisers expect to recommend with-profits products to clients this year with bonds the most popular.

30 per cent of financial advisers expect to advise clients to invest in with-profits products during 2010. Of those, 63 per cent say [with-profits bonds](#) are the most popular with clients, followed by with-profits pensions and then [with-profits annuities](#).

Prudential, whose with-profits fund returned 18.9 per cent in 2009** and paid out £2 billion to policyholders, believes with-profits are increasing in popularity as advisers look for investment products which aim to deliver long-term and steady returns.

The research went on to show 82 per cent of advisers believe long-term performance is the most important attribute when recommending investment products which reflects the growing concern about stock market volatility - just 40 per cent of advisers say the majority of their clients are happy to be subject to market volatility when making investment decisions. Around 22 per cent of advisers say only a minority of their clients are now happy to be exposed to market volatility following recent stock market peaks and troughs.

Andy Brown, Director of Investment Funds at Prudential, said: "With-profits sales have strengthened in the past 18 months as investors have looked for more cautious alternatives to pure equity investment and the growing interest looks set to continue into 2010 despite the strong recovery in the stock market.

"Clearly not all advisers are convinced by the with-profits investment story, however not all with-profits funds are the same and it's important that investors are not misled by generalisations about the performance of these products. Our consistent approach to smoothing and bonus setting has served our policyholders well, protecting them from the full impact of volatile investment conditions while giving them the confidence of knowing that their savings are invested in a financially strong and well-managed Fund."

Of those advisers who would recommend with-profits to their clients, 53 per cent said that financial strength was the most important factor when considering a with-profits provider.

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* IFA interviews were conducted by George Street Research in March 2010. A total of 100 interviews were completed amongst a cross-section of advisers throughout Great Britain. Quotas were imposed on the total sample in respect of size of IFA firms, region and areas of specialisation.

** Twelve month performance to 31 December 2009

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