# Prudential Reveals A Return To Stock Market As Interest Rates Prompt Rush For Risk Assets

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Author: **Prudential**
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Prudential has released findings from its latest research which shows that financial advisers are predicting a significant return to the stock market in 2010, with 72% expecting an increase in the number of clients looking to invest in equities over the coming 12 months.

While Independent Financial Advisers (IFAs) questioned for the Prudential study predicted a strong return to the stock market in 2010, they also believe that investors will look to adopt a more cautious approach on the back of the worst recession since World War II.

Almost three quarters (73%) of IFAs expect clients to invest in cautious managed growth funds, with 66% expecting to see investment in defensive funds and 70% believing investors will also look to spread risk by buying into multi-manager funds.

In addition, 55% of IFAs expect clients to invest in absolute return funds and 68% expect to see ongoing investment in bonds. In contrast, just 18% expect to see clients looking to invest in individual stocks and shares and 46% expect clients to invest in higher risk growth funds.

Andy Brown, Director of Investment Funds, Prudential said: "Given the performance of the markets in the second half of last year coupled with the ongoing poor rate of return for cash based savings, it is perhaps unsurprising that IFAs expect to see more clients looking to return to the stock market and buy into equity based investments in 2010.

"However, in reality not all equities will show equal growth over the coming 12 months and choosing the right time to invest in the right asset classes is key."

The survey also found that 71% of IFAs believe the recession will have a long term impact on the way clients look to invest and prompt them to adopt a more cautious investment strategy and be more reliant on professional advice. Of these advisers, 83% said they believe clients will be more cautious with investment decisions and favour more balanced portfolios, with 68% of IFAs expecting investors to utilise independent financial advice when choosing investment funds.

To meet this demand, 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 bonds.

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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 on the Prudential website.

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

Phone survey conducted 25Nov-1Dec 2009 by George Street Research. A total of 100 interviews were completed amongst Independent Financial Advisers throughout the UK who do 10% or more investment business (with at least 50 required to do 25% or more investment business).

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

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