

## **87% INCREASE IN FUND LAUNCHES THAT PERMIT USE OF DERIVATIVES**

Analysis of new fund launches from independent financial research company Defaqto reveals an 87% increase in the number of funds launched that permit the use of derivatives.

Fraser Donaldson, Insight Analyst for Funds at Defaqto said: “The use of derivatives as an investment tool are growing in prominence which is not overly surprising given the uncertainty in the economic and financial climate. The decline in the launch of UK only investment funds is clearly linked to declining demand for the sector with many advisers seeking potentially better returns elsewhere.”

Defaqto's analysis found the following trends in fund launches:-

Fund type	Fund launches in first half of 2009	Fund launches in first half of 2010	% increase / (decrease)
Funds launched that permit use of derivatives for investment purposes	16%	30%	87%
Multimanager funds launched	23%	30%	30%
Funds launched that solely invest in the UK	29%	18%	(39%)

Mr Donaldson added: “The increased popularity of multimanager funds provides a vehicle by which investors can back the judgement of the multimangers who can weight their holdings by investing their portfolios in the fund sectors and managers that they rate highly.”

-Ends-

### **Notes to editors:**

About Fraser Donaldson, Insight Analyst for Funds

Fraser joined Defaqto in November 1994. Prior to joining Defaqto, he worked at national IFA Towry Law where he was involved in building best advice panels for investment products and was instrumental in setting up a Towry Law Discretionary Management Service in partnership with Mercury Asset Management (now BlackRock). Fraser is responsible for producing Insight Reports and guides in the investment arena, having written several reports and guides on investment subjects such as

platforms, onshore and offshore bonds and he authors a half yearly guide on the multi-manager market. He is also responsible for developing Defaqto's investment proposition.

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20 July 2010

**About Defaqto:** [www.defaqto.com](http://www.defaqto.com)

Defaqto is an independent financial research company specialising in rating, comparing and analysing financial products.

Since 1994, Defaqto has built the largest, whole of market, financial product database and become one of the leading providers of financial product data in the UK. We now cover over 30,000 products across banking, life, pensions, investments and general insurance.

Our experts validate and analyse the data to provide insight and consultancy to all layers of the financial services sector including IFAs, mortgage and general insurance brokers, providers, web aggregators and the public sector.

Our products and services include the following:

**Defaqto Star Ratings**

Our Star Ratings reflect the quality of a financial product and help to identify the range of features and benefits in each one. We review and assess every financial product across various categories and award a Star Rating from 1 to 5. The ratings are aimed at helping consumers and advisers decide which product suits their specific needs. Providers also use the ratings to ensure they offer products to meet differing consumer demands.

**Aequos Online**

An extensive, independent, financial product analysis and comparison database available in the UK. The database contains feature, rate and fees information on more than 30,000 products from nearly 2,000 providers. Our customers include leading insurance and assurance companies, banks and building societies and investment organisations.

### **Defaqto Engage**

An integrated system for independent financial advisers (IFAs) and insurance brokers. The system makes the reporting, analysis, recommendation and review process easy, delivering the perfect product to meet client needs.

### **Defaqto Compare**

An interactive, comparison tool enabling consumers to easily compare product features against each other on a host of key features, using a simple 'traffic light' system.

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