

Global emerging market funds achieve 60% increase in value

A study by independent research company Defaqto has found that the average increase in value of unit trusts and OEICs in the global emerging market sector from February 2009 to February 2010 was almost 60%, compared to an average of 25% across worldwide stock markets. The Guide to Emerging Market Funds published by Defaqto highlights the emerging markets sector as offering “considerable potential for growth”.

Fraser Donaldson, author of the guide and Defaqto’s Insight Analyst for Funds, said: “The expectations of many economic commentators are that emerging markets will, over the longer term, continue to grow more rapidly than developed ones. According to the Investment Management Association, around 2% of all retail funds under management are invested in the global emerging markets sector. If you include emerging market investment in other sectors, this figure is probably nearer 5%. As developed markets continue to struggle out of the global recession, we expect interest in emerging markets to grow.”

Emerging markets refer to regions including BRIC (Brazil, Russia, China and India), Latin America, Central and Eastern Europe and South East Asia. Common selling points for investment into emerging markets include greater investment in infrastructure, enormous potential for growth, large reserves of raw materials and more stable financial systems, however the risks involved in investing in these markets can include bureaucracy, instability and economic mismanagement.

Defaqto’s guide helps advisers make informed decisions whether the potential rewards of investing in these regions outweigh the risks involved.

Areas covered by the guide include:

- Definition and classifications of emerging markets
- The case for investing in emerging markets – and the risks involved
- Range of emerging market funds available
- Emerging market fund schedules

The Guide to Emerging Market Funds can be downloaded free from www.defaqto.com/adviser.

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Notes to Editors:

About Fraser Donaldson

Fraser Donaldson is Insight Analyst for Funds at Defaqto. 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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About Defaqto: 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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