

Prudential Reveal Concern Over Asset Allocation And Fund Selection



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Prudential has revealed new research* that shows nearly six out of 10 financial advisers are concerned about possible regulatory action over asset allocation and fund selection decisions. The research found that 39 per cent of advisers are concerned they could face problems justifying decisions while another 19 per cent are concerned but have plans in place to deal with potential regulatory issues.

The survey from Prudential also shows that 50 per cent of advisers would welcome support from providers on asset allocation and fund selection as they battle to cope with the fallout from the recent extreme stock market volatility.

With the research showing advisers currently spending around five hours per week on asset allocation and fund selection, 56 per cent of firms say expertise in these areas is important to the success of their business model. One in five advisers suggest that this activity could be outsourced.

Andy Brown, Director of [Investment Funds](#) at Prudential, said: "The unprecedented economic and market events of the past 18 months have increased the need for advisers to help their clients understand the implication of their risk and fund selections.

"Providers should be doing more to support advisers and giving them access to expert advice and help. It is in the interests of advisers and

providers to come up with innovative solutions that meet clients' expectations and their assessed risk levels.

"Asset allocation and fund selection are vital in ensuring that client needs and long-term investment expectations are met. However, both are potentially demanding and time-consuming. Finding reliable sources of both can enhance the service advisers offer to their clients.

"We believe that the interests of intermediaries and their clients are best served by providing risk-rated portfolios that can be mapped to the independent profiling systems used by advisers to assess their client's attitude to risk. This is a better solution than relying on tools offered by product providers."

Prudential and Old Broad Street Research (OBSR) have been working together since 2008 on the PruSelect fund range which offers 100 'best of breed' funds as part of a drive to help advisers with fund selection and asset allocation.

Andy Brown continued: "This research demonstrates there is a real need for support from providers to help advisers with the increasing regulatory pressure they face. In addition, the time advisers are currently spending on asset allocation and fund selection cannot be underestimated. We only see this requirement increasing over the next 12 months and we estimate more advisers will look to providers for support in meeting their regulatory obligations."

Prudential's research also reveals that only just over half of advisers (52 per cent) say they feel very confident in their level of knowledge of investment products and [how to invest](#) which points to a real need for support in this area from providers.

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Notes to Editors:
* Survey conducted by George Street Research in December 2009 among a representative sample of IFAs in England and Scotland

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