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Daniel Enskat, Head of Global Consulting, Senior Managing Director
 Tel: +1 (212) 217 6859, Daniel@sionline.com

**1H/2010: \$500 BILLION IN NET FLOWS TO MUTUAL FUNDS WORLDWIDE;
 TEMPLETON SURPASSES BLACKROCK AND CARMIGNAC**

NEW YORK, NY – July 22, 2010 – Despite a challenging second quarter, net flows to long-term mutual funds worldwide in the first half of 2010 reached \$500 billion, twice as much as in 1H/2009, according to Strategic Insight (SI), a business intelligence provider to the fund industry, as institutional investors redeemed \$625 billion from money market funds.

“Year-to-date, bond funds continued to be the main driver of flows, adding a net \$315 billion, followed by equity/mixed funds with a combined net intake of \$120 billion; ‘other’ funds, mostly alternative “Newcits” and absolute return funds, collected almost \$50 billion in cash flows, a sign of continued convergence between the traditional and alternative fund space,” noted Daniel Enskat, Senior Managing Director and Head of Global Consulting at SI.

Global Mutual Fund 1H/2010 Total Net Flows							
US\$ Billion							
	Equity	Mixed	Bond	Other	Subtotal L-T	Money Market	Total
Asia	6	-4	52	6	60	-10	49
Local Europe	-2	23	16	26	63	-86	-23
Int'l/Cross-border	22	19	90	16	147	-26	121
US	57	0	159	=	217	-502	-284
Total	84	38	317	47	486	-624	-138

*Note: US data excludes variable annuities;
 June flow data for non-US funds estimated, assuming similar growth patterns as US funds
 Source: Strategic Insight Simfund MF, GL*

Among the key product innovation and distribution trends of the first half:

- **The Fantastic Four – Global Fixed Income, Emerging Market, Asia-Pac and Absolute Return:** Top cash flow categories include global fixed income, Emerging Market and Asia Pacific bonds and equities, alongside innovative alternatives and absolute return.
- **Billionaires’ Fund Club - \$150 billion to 30 products:** The top ten existing products in the US, Europe and Asia combined accounted for \$150 billion in cash flows year-to-date, with another \$30 billion in cash to the most successful fund launches.
- **Templeton on Top:** Franklin Templeton surpassed Blackrock to become the best selling cross-border long-term fund manager in the first half of the year, followed by Carmignac, Pictet, Allianz and Schroders.

- **Profitability variance – not all flows are created equal:** Significantly different management fees for multi-billion dollar flagship funds resulted in a different profitability picture for top fund flow managers.
- **Main Street/Wall Street Rapprochement:** The challenges of the second quarter could provide an opportunity for investment managers to cautiously reengage with and move investors from fixed income to selected equity themes in the second half of the year.

“SI fund flow data from around the world shows that over half of the top selling funds in the first half of 2010 were ‘bridge products’, moving investors from a thematic story to a long-term investment solution in dollar-cost-averaging buy-and-hold fashion”, Enskat said, “with a growing concentration of flows to fewer managers and products, as distributors are restructuring their fund selection criteria post-crisis towards greater partnerships with selected firms”.

About Strategic Insight

Strategic Insight is a research and consulting firm that supports over 250 companies around the world with analysis, perspective, and data on the fund industry; its Simfund databases, the world’s analytical source for mutual fund business intelligence, track flows, assets, performance, ratings, and other intelligence on more than 65,000 portfolios and many more fund share classes globally.

STRATEGIC INSIGHT an Asset International company
805 Third Avenue, New York, NY 10022
www.StrategicInsightGlobal.com

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