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***FUNDS CAPTURE \$20 BILLION IN JUNE AND \$350 BILLION IN  
THE FIRST HALF GLOBALLY***

New York, NY – July 27, 2011 – Despite a difficult first half for investors, long-term mutual funds around the world achieved \$350 billion of inflows so far in 2011, with 23% going into exchange-traded funds (ETFs). During May and June, all funds excluding money markets collected \$80 billion on a net basis even as global concerns multiplied and as stock markets declined through most of the period, according to global fund research firm Strategic Insight.

“Recent developments in the industry include heightened attention to ETFs, and the emergence of alternative investing through retail funds in Japan”, notes Jag Alexeyev, Head of Global Research at Strategic Insight. ETFs captured \$80 billion of flows worldwide in the first half and are on their way to achieve at least \$150 billion of net gains this year, even as regulators focus more on the counterparty and systemic risks of synthetic products.

Meanwhile, the recent \$2 billion launch in Japan of the Nomura Global Trend fund, based on Man Investments’ AHL managed futures strategy, signals an important milestone in the convergence between alternative investments, traditional regulated fund vehicles, and retail distribution. In total, funds in Japan collected \$20 billion of net inflows during May and June with a significant proportion benefiting real estate products. Up to now, the mutual fund industry in Asia lagged behind in the adoption of managed futures, long-short, market neutral, and other

alternative and hedge fund strategies. In contrast, alternative approaches within UCITS in Europe and '40 Act funds in the US attracted nearly \$40 billion so far in 2011.

Internationally, bond funds continued to post the bigger net gains during June while most equity products suffered net redemptions. Templeton's Global Bond fund experienced rising cash flows into its Luxembourg version with \$2.2 billion in the latest month, and the US mutual fund version kept pace with \$2.0 billion. In the US, Vanguard's Emerging Market Equity ETF with \$2.4 billion of net inflows was among the top sellers (right behind the S&P500 SPDR).

Diversified emerging market equity funds collected \$4 billion globally during June, bringing net gains in the second quarter to \$18 billion. Although an improvement in contrast to net redemptions in the first quarter, the pace is still slower than last year when the category recorded \$105 billion worldwide, according to Strategic Insight's Simfund Global databases.

**ENDS**

**Strategic Insight** is a global research firm providing the fund management industry with data and consulting services for product, distribution and business strategy decisions. Strategic Insight assists over 250 firms worldwide, and its Simfund databases and analytical platforms cover more than 70,000 funds around the world. The company's parent, Asset International, is an information provider to financial-services institutions, including asset managers and global pensions.

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