



A DAM LTD MEDIA RELEASE



**Moneyspider.com**

P R E S S   R E L E A S E

FOR IMMEDIATE DISTRIBUTION

27 October 2008

## **Wide difference in Absolute Fund performance exposed by Moneyspider.com – many investors short-changed by strategy which claims to do well in bear markets**

**Some Absolute Return Funds delivering startling under-performance – despite marketing claims to be able to produce positive returns in bear market conditions**

**INVESTORS** looking to much hyped Absolute Return funds to shelter them from current market turbulence need to select their fund with caution. And keep a very close eye on its performance.

Latest research from **Moneyspider.com** reveals that while some of these funds have performed relatively well over the past 12 months, some big name funds have produced mediocre returns at best.

Newton's Absolute Intrepid Fund – the longest established in the sector and the only one with a five year track record – has performed very badly in the past 12 months, down 9.4 % (see table).

Fund Name	Fund size	% 1 year	% 3 years	% 5 years	Moneyspider rating
Threadneedle Absolute Rtn Bd R	£60,900,000	7.7437	16.04	N/A	A*
BlackRock UK Abs Alpha	£1,548,635,290	3.2774	29.8362	N/A	A*
SG Total Return Bond Ret	£7,824,999	5.9055	N/A	N/A	A*
Marlborough ETF Absolute Rtn A	£17,000,000	-3.9819	12.7566	N/A	A*
SWIP Absolute Return Bond A	£90,399,464	2.2236	N/A	N/A	A*
Newton Absolute Intrepid A SIS	£410,800,000	-9.4327	14.7757	46.3268	A

**Source: Moneyspider.com / Financial Express 21 October 2008**

Newer entries such as BlackRock's UK Absolute Alpha fund has weathered recent appalling market conditions well, and is up just over 3 per cent in the year to 21/10/08 and up nearly 30 per cent in the past three years.

"The products are marketed by fund management groups as something of a safe haven in choppy waters, and are ostensibly designed to perform well in both rising and falling markets," said **Moneyspider.com's** Tony Ahearne.

"Traditional funds find it virtually impossible to make money in a falling market, but Absolute Return funds aim to deliver smoother returns via a combination of strategies.

"Typically they will invest in a wide range of assets – the usual jamboree bag of shares, bonds and cash, backed up with smatterings of property and hedge funds," he said.

“But it is the manipulation of derivatives, where investment fund managers bet on the future price movement of an asset, which is supposed to bring in the positive returns when an asset is falling – as well as rising – in price.

“The current problems we are seeing in the sector – where some funds are doing really not very well at all while their peers in the same sector are performing much better – is down to the asset class they are focusing on.

“Some prefer bonds, while others will ramp up their exposure to money market funds, for example, which are much more volatile in this climate,” he said.

Along with BlackRock – which has seen large injections of investor money on the back of much drum banging for the sector - also doing well is Threadneedle’s Absolute Return Bond fund.

“This is a well managed fund which is currently top of the class with an inflation beating 7.7 per cent return over the last year, although it has not been as impressive in the critical three year period,” said Ahearne.

“But the key to these funds is individual stock picking – and Threadneedle appears to have got it right in the worst bear market for decades.

“The fact that it went up when the credit crunch really began to take its toll testifies to its nimbleness – and this is precisely what investors need at such a torrid time,” added Ahearne.

Used properly, the strategies that set Absolute Return funds apart from the crowd should allow them to do better than straightforward equity or bond funds when markets are falling, but the other side of the coin is that they are likely to lag behind their more conventional rivals when markets are rising.

“The volatility that has shaken the foundations of global markets over the past few months is an uncomfortable reminder of just how crucial it is to constantly monitor stock

market-based investments, including ISAs, PEPS, Unit Trusts and OEICS,” said Ahearne.

“Many will be unaware, for example, that while a big brand fund management group may have some top-performing funds in its stable others may be a complete disaster.

“It’s important to be aware of the fact that some of the best performing funds are from the least well-known fund managers. And vice versa”

At the core of **Moneyspider.com**’s service is an easy to follow ratings system which indicates how the investor’s funds are performing. The unique Moneyspider Rating® System (see Editor’s Notes) ranks every fund from A (very high rating) to E (distinctly poor).

In addition to rating each fund the daily updated, personalised reports also show the current value of a portfolio and give details on the performance of an investor’s funds compared to others in the same sector and in other sectors.

Further details on the mechanics of Moneyspider.com can be found at [www.moneyspider.com](http://www.moneyspider.com)

– ENDS –

**General enquiries:**

**Moneyspider.com**

[www.moneyspider.com](http://www.moneyspider.com) / 01784 264220

**Media enquiries:**

**Tony Ahearne, Media Consultant  
Moneyspider Limited**

**020 7630 9696**

**Cathy Tully, Consultant  
David Andrews Media Ltd  
[cathy@ davidandrewsmedia.co.uk](mailto:cathy@ davidandrewsmedia.co.uk)**

**01273 774109 / 07747 196854**

**David Andrews, Director  
David Andrews Media Ltd  
[david@ davidandrewsmedia.co.uk](mailto:david@ davidandrewsmedia.co.uk)**

**01273 774109 / 07941 255855**

### Editor's notes

Moneyspider.com was launched in April 2004 and is an independent investment research and information company for private investors. Moneyspider.com constantly monitors all 2,000 or so funds available to UK investors and provides online personal reports that are updated on a daily basis showing current valuation and performance of all funds in one place.

The Moneyspider service is provided to those investors who have or are thinking about purchasing Unit Trusts or OEICs (Open Ended Investment Companies) including stocks and shares ISAs. Moneyspider doesn't move or change the investments in any way; they remain as they are - with the same Fund Managers.

The Moneyspider Rating® provides a unique assessment of the performance of each fund measured against four key parameters:

- **Sector ranking:** a comparison with all other funds in the same sector as your fund (based on the sector definitions used by the Investment Management Association).
- **All funds ranking:** a comparison with all other 2000 or so Unit Trusts and Open Ended Investment Company funds available to UK investors.
- **FTSE 100:** a comparison of the total return of the fund with the total return of the FTSE 100 index (comprising the UK's 100 largest companies), providing a consistent benchmark for each fund.
- **Cash:** a comparison of the fund's performance with the return from an equivalent amount deposited in a 90 day non-high interest access account.

Moneyspider.com's unique computer system calculates the results, with specific weightings allocated to each of the four categories, with each one analysed and compared over 1, 3 and 5 years. Although the rating is generated from a highly complex, computer-based performance analysis, involving 34 separate computations, it produces a simple and straightforward result; scoring each of your funds from A (a very high rating) to E (a distinctly poor rating).

Behind these easy-to-understand ratings is a percentage score, which is calculated to four decimal points. Each day Moneyspider.com's system calculates this percentage score for every single one of the 2000 or so funds on our database, thus providing a comprehensive ranking for all funds. The 'Rank in Sector' for each fund on the Moneyspider Report, is based on the ranking of these percentage scores.

Through Moneyspider, investors can not only monitor their investments but they can also buy and switch funds, with 50% of all commission charges being rebated to the customer.

Moneyspider.com is an appointed representative of Anthony, Bryant & Company (Investment Consultants) Limited of 25 Eccleston Square, London SW1V 1NS, which is authorised and regulated by the Financial Services Authority. The contents of this press release are not intended, and should not be construed as, advice, a recommendation or as an inducement to buy or sell any investment. Moneyspider.com relies on information regarding investments that is provided by third parties and accepts no liability (including that arising from negligence) for the accuracy of such information.