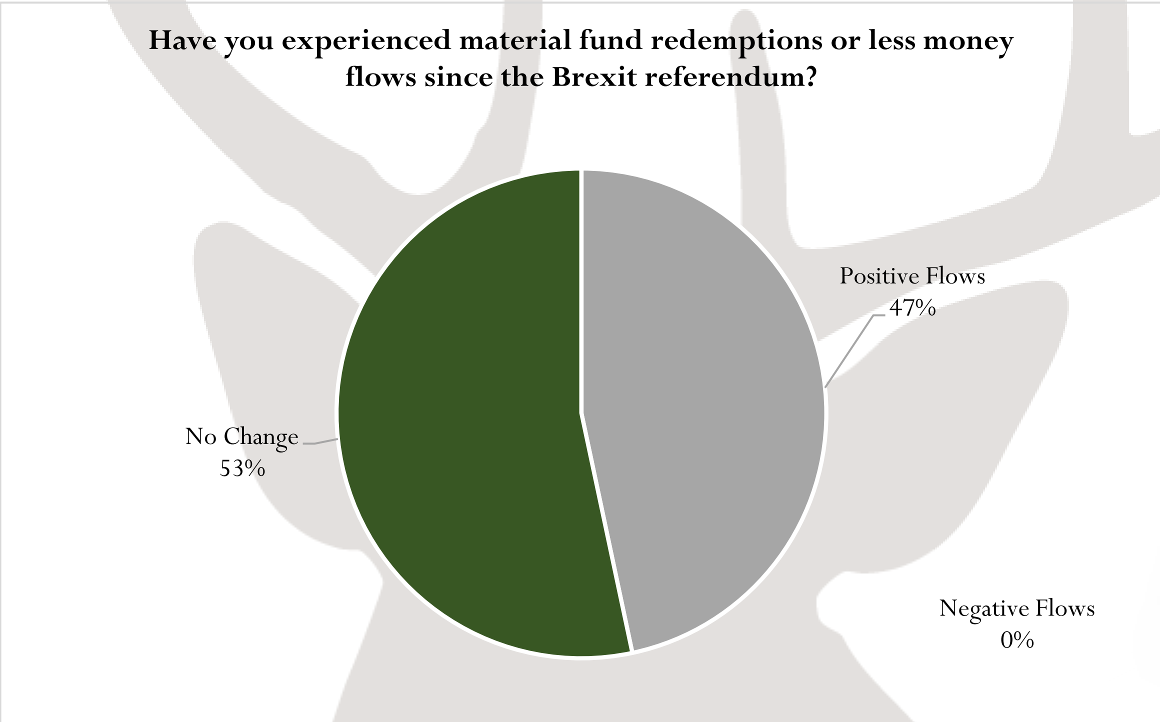
Summary – quick snapshot

- Fund managers noted fund flows have been positive (47%) or neutral (53%). Not a single fund manager polled experienced negative flows;
- 73% of fund managers are actively looking to benefit from overseas earnings and Sterling's recent depreciation;
- The responses question the prominence of the Brexit referendum to fund managers, particularly in reference to fund flows and UK equity weightings. Investors remain focused on value and yield regardless;
- In a QE world with collapsed yields, the overall attractions of equity returns are far more prominent in investors' minds than other asset classes.

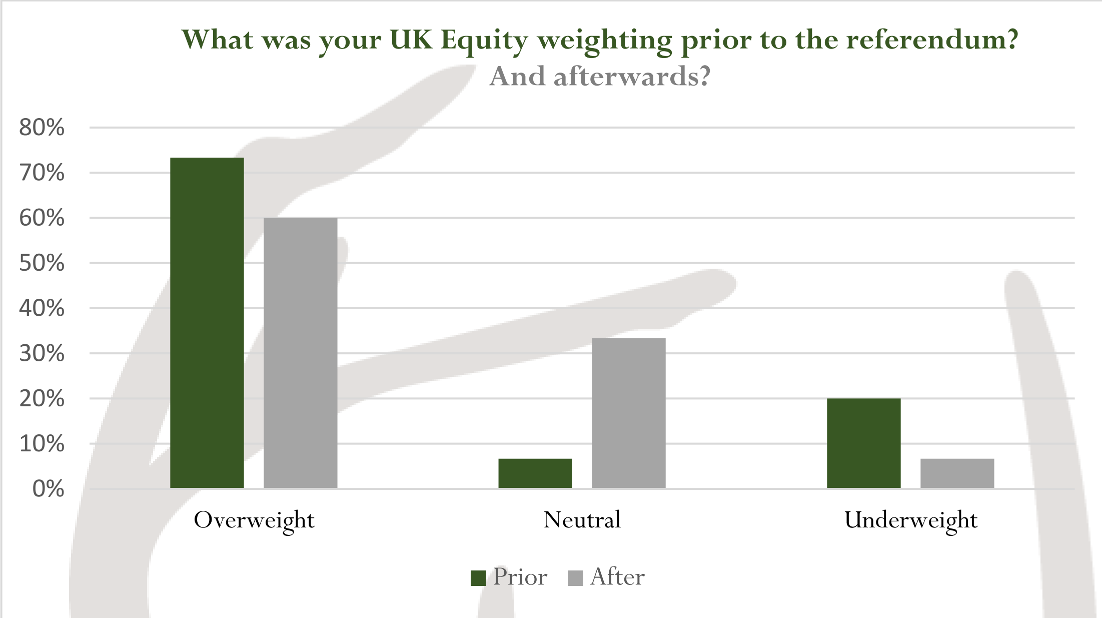


Radnor commentary:

It will be surprising to many that **47% of fund managers benefited from positive flows in the aftermath of the Brexit vote**.

Whilst the result undoubtedly came as a shock to the majority – evidenced in the immediate market correction – it seems investors were keen to capitalise on the valuation opportunities provided.

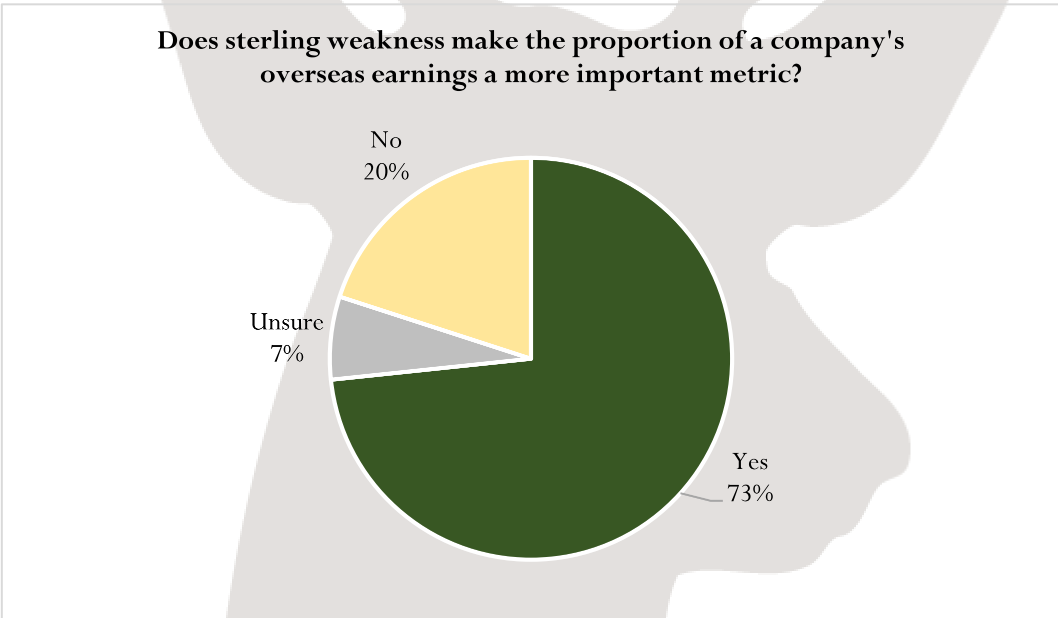
53% of respondents noted 'no change' indicating that their clients did not panic and remained resolute. Most promisingly, no **Fund Manager experienced redemptions or negative flows.**



Radnor commentary:

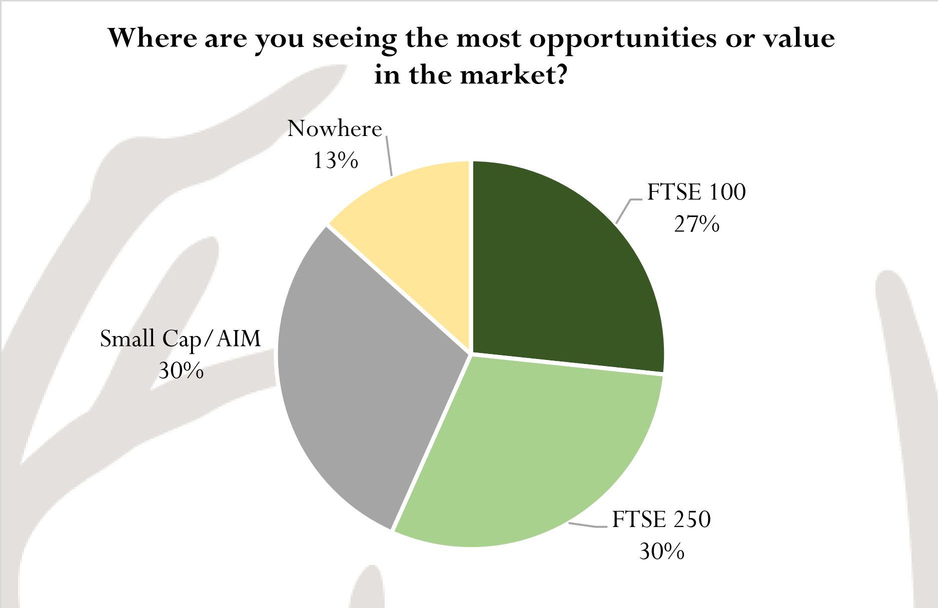
The **majority (73%) of fund managers were 'overweight' UK equity going into the referendum**. Whilst a degree of this would have been predicated on the belief that a "remain" vote was the most likely outcome, it is revealing how **60% remain 'overweight' post the result.**

This suggests the price adjustment post vote was short and sharp enough to not fully disturb the overall positioning of UK investors. **New fund inflows have been deployed in a more attractive valuation environment, resulting in a continuing positive bias.**



Radnor commentary:

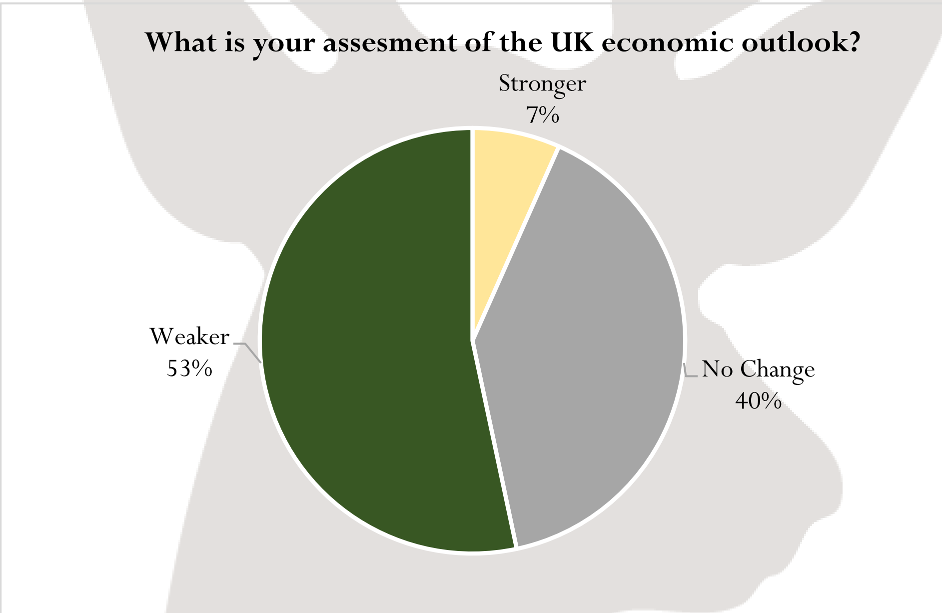
The chart shows that **companies with overseas earnings (non-sterling denominated) are highly attractive post-Brexit**. Following the decline in Sterling value relative to most major currencies, 73% of fund managers are looking to benefit from this tailwind. Those companies benefiting should be fully aware. However, they may not be so aware **how important this really is.**



Radnor commentary:

Fund managers are seeing value and investment opportunities across the market, with no one single area of the market standing out. Similarly to the UK weighting point, **equities as a class remain highly attractive** at present.

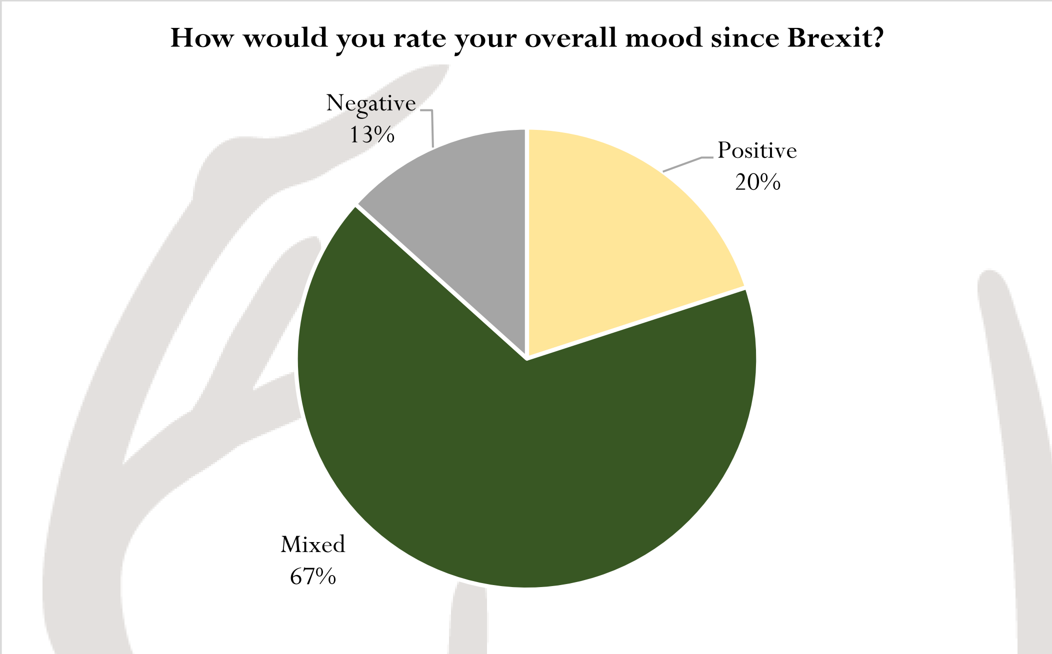
It must be noted, Small-Cap and AIM make up less than 10% of the UK market in value terms, yet share equal prominence with Mid and Large-Caps in investor perception of value. **Investors are looking further down the market in the hunt for value and yield.**



Radnor commentary:

It is somewhat unsurprising the majority of fund managers (53%) believe the outlook for the UK economy is 'weaker' following the Brexit vote. This cautious sentiment does seem at odds with both positive fund flows and UK equity weightings; perhaps reflecting the overall tone of media commentary.

However, that being said, **40% of investors believe there will be 'no change' to the UK economic outlook regardless of Brexit**. On balance, this is reflected in the swift recovery of equity markets post vote and the current high levels evidenced by the FTSE 100, FTSE 250, FTSE Small-Cap and AIM indices respectively.



Radnor commentary:

Taken in context with the previous question, it would seem that **fund managers are not as depressed as the general consensus would portray, with only 13% citing their mood as 'negative'.**

The high level of 'mixed' (67%) mood clearly reflects the high level of uncertainty with regards Brexit and how exactly it will play out. The extent of 'positive' responses at 20% was welcoming news.