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## **SANDLER FUNDAMENTALLY FLAWED** **- on actively managed funds -**

It is reported that the Sandler report will cast doubt on the value of actively managed funds, and promote the alternative of index trackers. If Sandler's problem is that a large proportion of actively managed funds underperform, and that this is a serious problem that requires fundamental reform, he is wrong, and addressing the wrong problem.

At Dennehy Weller we regularly review funds with a value in excess of £500m, that is the funds most frequently purchased by the public, in particular to identify the "duds". This analysis is incorporated in our latest Top Funds Guide. SEE NEXT PAGE FOR HOW THE PUBLIC CAN GET A COPY.

There are three key conclusions from our analysis relevant to, and at odds with, what Sandler has to say:

- More than half of these "mega" funds outperformed the index in the last 3 years
- All the index trackers underperformed the index (they necessarily do after charges)
- Of the 10 worst offenders, 8 were funds primarily sold through "High Street" outlets e.g. banks and building societies.

Our conclusion?

- Funds sold off the High Street should be much more heavily regulated
- It is possible to have a process to identify funds that have a high probability of outperformance in the future
- A very healthy proportion of the very biggest funds do outperform the index, and consistently
- Index trackers do have a place, but largely at a point in the economic cycle now perhaps 5 years off

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Our experience with investors has led us to additional conclusions:

- Index trackers were mis-sold in the late 1990's in a frenzy of greed
- Many index tracker investors have been very disillusioned by their experience with index trackers
- Little or no attempt was made to help index tracker investors understand risk
- Risk investments should only be sold through advisers with specialist qualifications and minimum levels of experience

HOW TO GET THE GUIDE. It normally costs £3 to cover printing, packaging and postage (particularly as we won't accept advertising, thereby underpinning our independence). To give a healthy alternative to Sandler, we're making it free to all callers over the next 2 weeks. General public can order their copy on 0845 602 1097 or by emailing [enquiries@DWCifa.com](mailto:enquiries@DWCifa.com)

**- ENDS -**

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