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Schroders

Press Release

Schroders' survey shows increase in demand for risk assets and emerging markets

22 October 2009

In a survey, conducted at the Schroders Investment Conference in London last week, 90 intermediary clients from across Europe and the Middle East were asked their current allocation to risk assets and their top asset allocation recommendations for 2009/2010.

The results found that 55% were overweight and 15% underweight in risk assets (equities, commodities and corporate bonds). This represented a definite shift in investor sentiment from six months ago where at the same conference 17% were overweight and 46% were underweight.

The majority of clients also indicated that they expect emerging market equities and emerging market debt to be their top asset allocation recommendations by the end of the year. Interestingly, other results showed that over half expected a W-shape recovery and 60% considered inflation, rather than deflation, to be the greater threat.

Richard Mountford, Head of Global Intermediary, Schroders commented:
"The unprecedented events over the last year have forced investors to invest in safer asset classes, such as cash and government bonds. However, risk appetite has returned to markets over the summer and exposure to higher risk assets has increased. This has been reflected recently by the equity rally and narrowing bond spreads and also by the strong sales of Schroders' Euro Corporate Bond and Commodity funds, two of our top selling funds YTD."

Alan Conway, Head of Emerging Market Equities, Schroders commented:
"Global emerging markets have experienced similar pain over the last 12 months. However, these economies have come through the crisis very well. Emerging markets have also recovered strongly and are once again outperforming the developed markets. We believe that they continue to offer

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attractive investment opportunities as economic fundamentals for many emerging countries remain much stronger than for the developed world, with superior GDP growth potential and lower levels of debt. This has been reflected in sales of our Emerging Markets fund, which is one of our Top 10 selling funds over the last month. Moreover, we expect improved global growth in the coming months and that the emerging economies will recover quicker than the developed world."

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Notes to Editors

Schroders plc

Schroders is a global asset management company with £113.3 billion (EUR 133 billion / $186.5 billion) under management as at 30 June 2009. Our clients are major financial institutions including pension funds, banks and insurance companies, local and public authorities, governments, charities, high net worth individuals and retail investors.

We apply our specialist asset management skills in serving the needs of our clients worldwide. With one of the largest networks of offices of any dedicated asset management company and over 250 portfolio managers and analysts covering all the major investment markets, we offer our clients a comprehensive range of products and services.

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