

News Release

Schroders survey reveals concerns over inflationary pressure

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At a recent Schroders Investment Conference in London, over 125 intermediary clients attended from more than 30 countries in Europe, the Middle East and Latin America. They were surveyed on their outlook for several asset classes, as well as their views on central bank activity and whether they believed this could lead to an inflationary environment.

The results revealed that the three quarters (75 per cent) of those surveyed believe that central bank activity will lead banks to start lending again and boost growth globally. However the majority (76 per cent) are concerned that this could lead to inflation rising to over four per cent a year within the next five years, with only 13 per cent confident that their portfolios are sufficiently safeguarded against the possible risk of inflation.

In this potentially inflationary environment there is a clear consensus (89 per cent) that global equities are expected to deliver higher levels of returns between now and the end of 2013, with 68 per cent of those surveyed saying they are currently overweight in this area. Within global equities, there is a clear interest in European equities, with 58% of those surveyed stating that they expected this to be the best performing asset class in 2013. This reaffirms results from the survey conducted at the same conference in October last year, where 41 per cent of those surveyed intended to increase their clients' asset allocation to European equities by the end of the year.

Peter Beckett, Head of International Marketing, said:

"This survey has highlighted a clear change in investor attitudes towards global and European equities, as predicted by the results from our survey at the end of last year. The increasing sense of stability within the Eurozone, along with a firm belief that central bank activity will take hold and encourage banks to start lending again, has led to increased confidence in equity markets at the start of 2013. However, there is noticeable concern among investors that inflation could increase meaningfully over the short to medium-term period and

we would expect to see increasing client demand for assets, such as equities, which are able to perform well in this environment.”

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Notes to Editors

Survey completed by 125 Intermediary clients at Schroders Investment Conference on 7th-8th February 2013. The results of the survey are opinion only and there is no guarantee that the markets will perform in the way anticipated.

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