

Analysis of Funds by size - retail funds with 3 year track record

Fund Range	fundsize £m	S & P	AB Sector	1 Year Scores			Overall AB Score	3 Year Scores		
				Return	Ret/Risk	Consistncy		Return	Ret/Risk	Consistncy
Funds over £1bn										
No funds	24		Average	5.71	5.83	6.08		7.63	7.54	7.21
% of funds with S&P rating		75.0%	AB Scores: -----		5.88	-----	6.67	-----	7.46	-----
				Funds with improving (+) AB scores			0			
				Funds with deteriorating (-) AB scores			10			
Funds £500m - £1bn										
No funds	53		Average	5.45	5.74	6.28		5.75	6.06	6.58
% of funds with S&P rating		54.7%	AB Scores: -----		5.82	-----	5.98	-----	6.13	-----
				Funds with improving (+) AB scores			9			
				Funds with deteriorating (-) AB scores			14			
Funds £250m - £500m										
No funds	120		Average	5.63	5.36	6.36		6.12	5.93	6.43
% of funds with S&P rating		40.8%	AB Scores: -----		5.78	-----	5.97	-----	6.16	-----
				Funds with improving (+) AB scores			24			
				Funds with deteriorating (-) AB scores			35			
Funds £50m - £250m										
No funds	439		Average	5.40	5.33	5.59		5.40	5.46	5.53
% of funds with S&P rating		31.9%	AB Scores: -----		5.44	-----	5.45	-----	5.46	-----
				Funds with improving (+) AB scores			106			
				Funds with deteriorating (-) AB scores			121			
Funds under £50m										
No funds	459		Average	5.47	5.51	5.30		5.19	5.15	4.91
% of funds with S&P rating		13.5%	AB Scores: -----		5.43	-----	5.25	-----	5.08	-----
				Funds with improving (+) AB scores			124			
				Funds with deteriorating (-) AB scores			94			
All funds										
No funds	1095		Average	5.46	5.44	5.60		5.45	5.46	5.46
% of funds with S&P rating		27.3%	AB Scores: -----		5.50	-----	5.48	-----	5.46	-----
				Funds with improving (+) AB scores			263			
				Funds with deteriorating (-) AB scores			274			

Analysis of Funds by size - retail funds with 3 year track record

Fund Name	fundsize £m	S & P	AB Sector	1 Year Scores			Overall	3 Year Scores			
				Return	Ret/Risk	Consistency	AB Score	Return	Ret/Risk	Consistency	
Funds over £1bn											
Fidelity Special Situations	2889.70	AAA	UT F UKALL	10	9	5	8	10	10	7	
INV PERP High Income Inc	2703.45	AA	UT D EQINC	8	9	1	7-	10	9	5	
L&G UK Index	2513.44	AAA	UT F UKALL	5	4	9	7	7	7	9	
Halifax UK Growth A	2163.89		UT F UKALL	5	5	8	7-	8	8	9	
Fidelity European	2101.50	A	UT G EUREX	10	10	9	10	10	10	10	
SW UK Growth A Acc	2052.77		UT F UKALL	2	2	6	5-	8	9	6	
SW Corporate Bond A Acc	1989.66	AA/S3	UT A CORPB	6	6	8	7	8	7	7	
Virgin UK Index Tracking	1664.00		UT F UKALL	6	5	7	6	5	4	7	
Jupiter Income	1611.85	AA	UT D EQINC	8	9	9	9	8	9	10	
Gartmore Euro Select Opps Rtl	1415.17	AAA	UT G EUREX	3	4	9	7-	8	9	10	
M&G Corporate Bond A Inc	1379.05	A/S3	UT A CORPB	7	7	10	7	7	7	7	
Newton Higher Income	1355.83	AA	UT D EQINC	9	9	10	9	10	8	10	
INV PERP Intl Equity Acc	1329.99	A	UT M GRTH	9	8	7	7	8	6	6	
Hill Samuel Capital	1307.02		UT R ACTM	3	1	2	2	2	2	1	
CIS UK Growth	1301.49		UT F UKALL	3	4	6	6-	6	8	8	
Fidelity American	1297.20	A	UT H NAMER	1	1	1	4-	10	10	4	
Abbey Natl UK Growth	1262.34		UT F UKALL	1	1	1	1	1	3	2	
Threadneedle UK Growth 1	1222.02	AA	UT F UKALL	3	3	7	6-	7	8	9	
L&G Fixed Interest	1124.28	AA/S3	UT A CORPB	6	7	8	8-	9	8	10	
Threadneedle Euro Sel Gth 1	1066.81	AAA	UT G EUREX	7	6	6	7-	8	8	9	
M&G Recovery A Inc	1045.47	AA	UT F UKALL	9	9	4	8	10	9	5	
M&G High Yield Corp Bd X Inc	1026.90	A/S4	UT A OTHB	4	7	6	6	5	4	9	
INV PERP Income Inc	1021.36	AA	UT D EQINC	8	8	1	6	9	9	4	
Credit Suisse Income Rtl	1005.30	AA	UT D EQINC	4	6	6	7-	9	9	9	
Funds over £1bn											
No funds	24		Average	5.71	5.83	6.08			7.63	7.54	7.21
% of funds with S&P rating		75.0%	AB Scores:				6.67				
				Funds with improving (+) AB scores			0				
				Funds with deteriorating (-) AB scores			10				

Analysis of Funds by size - retail funds with 3 year track record

Fund Name	fundsize £m	S & P	AB Sector	1 Year Scores			Overall AB Score	3 Year Scores			
				Return	Ret/Risk	Consistency		Return	Ret/Risk	Consistency	
Funds £500m - £1bn											
SW High Reserve A Acc	975.18		UT C UKEQB	5	4	5	6-	7	8	7	
INV PERP European Growth Inc	973.93		UT G EUREX	3	9	1	3+	1	1	1	
Newton Income	950.99	A	UT F UKALL	7	7	7	8-	9	10	10	
L&G Managed Income (xBa)	944.57	AA/S3	UT A CORPB	10	9	9	8+	9	4	6	
New Star Fixed Interest Inc	908.50	AA/S4	UT A OTHB	4	5	6	5	5	5	7	
Jupiter European	819.07	AA	UT G EUREX	8	7	4	7-	10	10	6	
HSBC Corporate Bond Inc	801.74		UT A CORPB	5	5	10	5+	3	4	4	
Fidelity MoneyBuilder Income	788.50	AAA/S3	UT A CORPB	7	7	8	8	9	8	8	
First State Asia Pacific A	787.69	AAA	UT J FAREX	6	8	4	7-	10	10	6	
Threadneedle UK Monthly Inc 1	777.88		UT D EQINC	1	2	2	3-	3	6	7	
Fidelity UK Growth	762.10	A	UT F UKALL	7	6	10	7	6	5	8	
SW American Growth A	760.54		UT H NAMER	2	2	2	3	2	3	6	
Insight Inv Eq Hi Inc Rtl Inc	745.80		UT D EQINC	2	2	1	4-	6	8	5	
Halifax UK FTSE A-S Indx Trk A	732.84		UT F UKALL	6	6	10	7	7	7	9	
Threadneedle UK Corp Bnd 1	728.51	AA/S3	UT A CORPB	5	6	7	7	6	7	9	
AXA UK Equity Income B Inc	724.82	AA	UT D EQINC	3	3	7	5-	6	4	9	
Threadneedle American Gth 1	717.13	A	UT H NAMER	3	4	6	4	3	7	3	
Halifax UK Equity Income A	715.94		UT D EQINC	5	5	8	6	5	5	9	
INV PERP UK Growth Acc	713.08	A	UT F UKALL	10	10	1	7	10	8	3	
INV PERP Income & Growth Inc	709.61	AA	UT D EQINC	7	5	6	6	6	4	6	
M&G Managed X Inc	695.12		UT R BALM	10	9	8	7+	5	4	5	
SW UK Equity Income A Acc	680.59		UT D EQINC	2	1	2	3-	4	7	3	
Norwich Monthly Income Plus	680.49		UT A CORPB	8	9	3	4+	1	1	1	
Newton Managed	680.41	AA	UT R ACTM	6	7	9	8	9	9	7	
L&G European Index	678.27		UT G EUREX	7	8	10	8	6	5	10	
Woolwich UK Stockmarket	677.66		UT F UKALL	7	7	6	6	5	5	8	
INV PERP Corp. Bond Acc	666.85	AA/S3	UT A CORPB	10	10	10	9	10	10	5	
BGI Gilt&Fixed Interest A Inc	658.83		UT A CORPB	4	5	3	3+	1	1	3	
Schroder UK Equity Inc	656.66	AA	UT F UKALL	6	6	9	7	7	7	9	
Norwich Property	653.23		UT N PROP	7	10	7	6+	4	7	4	
Schroder UK Mid250 Inc	646.79	AAA	UT F UKALL	10	10	8	10	10	10	9	
Fidelity Wealthbuilder	633.70	AAA	UT M GRTH	7	6	8	8-	9	9	10	
Gartmore Corporate Bond Inc	629.10	A/S3	UT A CORPB	7	9	6	7	6	8	9	
Norwich Higher Income Plus	626.30	A/S4	UT A OTHB	3	3	10	5	2	3	8	
JPMF Prem Equity Growth A Acc	624.08	AA	UT F UKALL	7	7	7	7	8	9	7	
M&G Dividend A Inc	623.03		UT D EQINC	6	6	8	7	5	7	9	
Prudential UK Growth	617.00		UT F UKALL	2	1	9	4	3	4	8	
Liontrust First Income	603.56	AA	UT D EQINC	10	9	4	8	10	10	6	
Fidelity MoneyBuilder Global	593.20	AAA	UT M GRTH	7	7	9	9-	10	9	10	
Std Lf Gbl Advantage Rtl	591.66	NR	UT R BALM	7	3	7	6	6	5	8	
Henderson UK Equity A	589.44		UT F UKALL	4	3	9	5	4	4	9	
Woolwich Corporate Bond Acc	570.24		UT A CORPB	3	8	2	5	3	9	5	
Lazard UK Alpha Retail	569.26	AA	UT F UKALL	7	7	8	8-	9	9	10	
Abbey Natl Balanced Ptlf Gwth	554.67		UT R BALM	2	3	3	2	2	2	2	
Schroder Tokyo Inc	551.00	AAA	UT I JAPAN	2	3	1	5-	9	10	3	
DWS UK Equity Income Inc	548.85	A	UT D EQINC	7	6	10	6+	4	3	8	
JPMF Prem Equity Income A Inc	544.78		UT D EQINC	2	1	8	4	3	1	8	
Royal London UK Equity	532.19		UT F UKALL	1	1	2	2	2	3	3	
Jupiter UK Growth	528.26	A	UT F UKALL	8	9	8	5+	2	2	4	
Schroder Income Inc	528.12	A	UT D EQINC	5	7	8	8-	9	10	9	
Fidelity Managed International	511.90	NR	UT M GRTH	2	4	2	2	2	2	3	
L&G General (xBa)	511.42		UT F UKALL	5	4	8	7-	7	7	10	
Insight Inv US Equity Rtl	504.60		UT H NAMER	2	3	7	5	5	5	7	
Funds £500m - £1bn											
No funds	53		Average	5.45	5.74	6.28		5.75	6.06	6.58	
% of funds with S&P rating		54.7%	AB Scores:				5.98				
				Funds with improving (+) AB scores			9				
				Funds with deteriorating (-) AB scores			14				

Analysis of Funds By Size

The Table shows the overall results of the research for the fund groups:

- A. over £1000m
- B. £500 - £1000m
- C. £250 - £500m
- D. £50 - £250m
- E. under £50m

For the two largest categories a separate table shows the individual funds.

Non-retail (i.e. institutional) funds and funds with less than 3 years data have been ignored.

It is possible to draw the following conclusions from this data.

- I. It is not true to say that big funds under perform - the overall data supports the opposite view - i.e. big funds tend to perform better than smaller ones - The average Allenbridge (AB) overall score steadily decreases inline with fund size from 6.67 for over £1bn down to 5.25 for under £50m.

This could perhaps be explained by the fact that the best performing funds (such as Fidelity Special Sits, INVESCO Perpetual High Income etc) attract the most money. There is also much higher percentage of S&P rated funds among funds over £500m than below (over 60% compared to 27% overall)

- II. However the largest funds are all in relatively liquid sectors of the market and so this research does not negate the view that size is a detrimental factor for funds which focus on relatively illiquid areas of the market such as smaller companies. Most the funds in the over £1bn category are essentially large-cap in style and focus.

The best performing funds in the rally of 2003 have been mid and small cap funds - large caps have lagged - thus one would expect the big funds to have performed less well over the last year. This is born out by the figures - For over £1bn funds, the average score is 5.56 for 1 year and 7.03 for 3 years and there were no funds with an improving (+) score compared to 10 with decreasing (-) scores.

- III. There will always be exceptions to this kind of broad brush approach, and quality of management is vital whatever the fund size. Managers of large funds do need to adopt a different style and approach, particularly when dealing in less liquid stocks and a good manager with a small fund can often produce stunning performance. However the general statistics for under £50m funds (45% of the market by number, but only 5% of the market by assets) are pretty mediocre indicating that the gems are surrounded by an awful lot of dross!!

All the more reason to rely on Allenbridge's research when selecting funds!!