



Trust in managed funds and planners takes hit



By Mike Taylor

THE managed funds industry may emerge the biggest loser from the erosion of investor sentiment resulting from the global financial crisis (GFC).

That is the bottom line of new Investment Trends research, which found 54 per cent of active investors agreed with the statement that they no longer trust fund managers and intend investing directly in the future.

Commenting on the research findings, Investment Trends principal Mark Johnston said a similar exercise conducted in November had revealed that the GFC had dented investor confidence, with the latest data suggesting that while investor sentiment towards markets had improved, there was increasing distrust in fund managers.

“The problem is that many investors blame ‘financial services’ companies for creating the global financial crisis, and don’t necessarily distinguish between greedy Wall Street investment bankers and local fund managers,” Johnston said.

The investment trends research also held bad news for superannuation funds, with 19 per cent of respondents suggesting they no longer trusted their superannuation fund.

Johnston said older investors had emerged as being most distrustful of fund managers – something that posed a problem in circumstances where most wealthy investors tended to be older.

Financial planners also have reason to be concerned in circumstances where the research suggests fewer people are using them than a year ago, with a 34 per cent decline having been recorded in the number of people saying financial planners were the main influencers of their investment decisions.