

New Equity Fund Report Released

## Most Equity Funds of Wealth Managers Disappoint

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The equity funds returns of the 15 biggest asset management companies and banks worldwide are worse than the respective benchmark indexes. This is the main conclusion drawn by a new study done by the analysts of MyPrivateBanking.com. In the process, equity funds with focus on the regions of USA, Europe, Asia and global coverage were analysed. During the last 5 years about 80% of the funds have returned below normal yields and only funds from [Deutsche Bank](#) (DWS), the provider Black Rock associated with [Merrill Lynch](#) and [Lombard Odier](#) were able to perform better than the benchmark indexes.

The analysis of the providers, who offer at least two relevant funds in the regions being considered, showed the following average accumulated profits / losses over a period of five years (in comparison to the benchmark indexes, status as of end July 2009):

Overall Ranking			
	Provider	Number of Funds with 5-year record	Average difference to benchmark
1	Deutsche Bank / DWS	2	4.36%
2	Black Rock (Merrill Lynch)	4	3.97%
3	Lombard Odier	2	1.03%
4	UBS	4	-4.84%
5	Credit Agricole	3	-5.31%
6	HSBC	4	-7.53%
7	JP Morgan	4	-9.02%
8	BNP / Fortis	2	-10.00%
9	Morgan Stanley	3	-13.32%
10	Pictet	3	-14.10%
11	BNP/Parvest	2	-14.33%
12	Credit Suisse	3	-18.81%
13	Julius Baer	3	-20.06%
-	Goldman	0	Not ranked
-	Sal. Oppenheim	0	Not ranked

(Two other asset management companies did not have adequate number of relevant funds that qualified their inclusion in the analysis.)

In case of equity funds focusing on the USA, five providers could at least out-perform the index. In the case of those focusing on Europe only three could out-perform the

index and in case of funds focusing on Asia all the providers fared worse than the index.

It is a known fact that managed funds generally perform worse than the respective indexes but the fact that the self-claimed wealth management specialists have performed so much worse than the market, is very disappointing. As the providers often include preferential products of their own in the portfolio for their customers, these are often paid for twice, once due to the high fund charges and again through lost profits.

The charges of the analysed funds were between 1.08% and 2.35% of the investment amount per year but this is not the only reason for the bad result. In case of half of the providers, the negative divergences vis-à-vis the index are in the double-digits and this is not only due to costs but due to bad investment decisions. Particularly if, like in case of the Asian equity funds, not a single fund outperforms the benchmark.

The analysts of MyPrivateBanking.com hence recommend the customers of wealth management companies to invest only in those funds that have given above-average returns over a period of many years or to invest in so-called passive index funds (ETFs). Furthermore clients should demand complete transparency from their advisors concerning the allocation, the quality and the costs of funds in their portfolio.

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