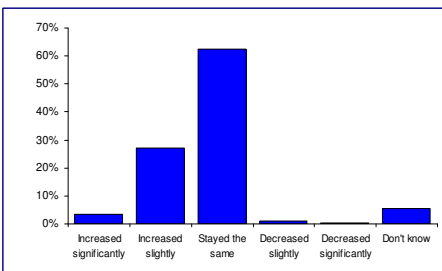


IFA usage of ethical funds and news from the NMG Research team

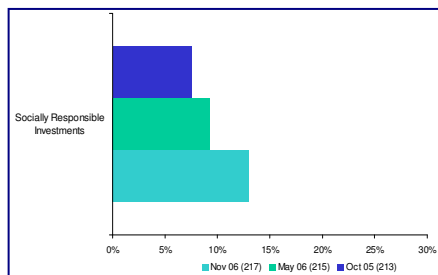
NMG Research Newsletter March 2007

Client and adviser interest in ethical funds continues to gather pace

March 2007 IFA Census data shows that 30% of IFAs saw the level of client interest in SRI / ethical funds increase over the past six months. This follows our November 2006 study which showed that a proportion of IFAs are increasing their usage and consideration of SRI funds at a significant rate. Recommendation of SRI funds has almost doubled in just over a year, from just 7.5% of advisers in Oct 2005 to 13% in November 2006.



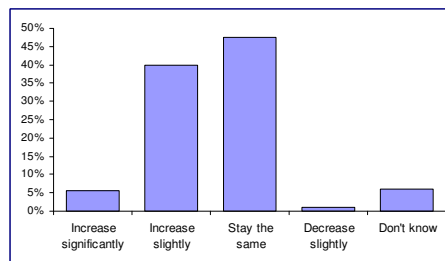
Base: 200, March 2007 IFA Census. How has the level of client interest in SRI / ethical funds changed during the last six months?



Base: All respondents (see chart legend), Nov 2006 IFA Census. Which of the following asset classes have you recommended to clients most frequently in the past 6 months?

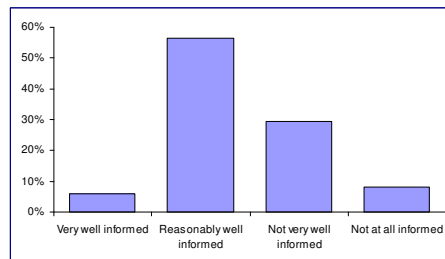
This research supports the view that advisers and clients are increasingly aware and supportive of ethical investments. Growth in the ethical sector has been strong in recent years, with estimates now putting the total retail fund size at over £6 billion from just £1.5 billion 10 years ago (EIRIS data July 2006), with the UK now the largest SRI market in Europe. There are now around 90 retail ethical funds available to UK investors.

Our 2007 data indicates that this growth will be sustained. When looking ahead, 45% of IFAs expect client interest to increase over the next 12 months.



Base: 200, March 2007 IFA Census. Over the coming year do you expect client interest in SRI / ethical funds to...?

However, despite the number of funds now available, some IFAs see room in the market for more. Almost 30% of IFAs in our survey do not believe there is sufficient choice in the market currently for SRI / ethical funds. There are also calls for better information on the underlying investments. 38% of IFAs do not feel well enough informed on the criteria being applied by fund managers when selecting investments for ethical funds and just 6% feel very well informed.



Base: 200, March 2007 IFA Census. How well informed do you feel about the criteria applied by fund managers to selecting investments for SRI / ethical

Clearly, compared to some of the more popular asset classes, SRI is still viewed as a specialist area. However, given the heightened awareness and concern in recent months of green issues, in particular climate change and environmental degradation, it is highly likely that SRI will continue its move into the mainstream of investing.

NMG re-launches MarketMinder focusing on the medium-high net worth investor

We are delighted to inform you of our re-design of the MarketMinder investor study which has been refreshed for 2007, making it a more focused and relevant study for wealth and fund managers. With 4000 interviews per annum and results produced monthly, the study is an increasingly powerful means of tracking changes in behaviour and opinion within this important consumer segment. Key changes made for 2007 include:

- Revising the sample profile to focus on the medium to high net worth segment, which we define as "Those with a household income of £50,000 or more and either/or those who have £40,000 or more in investable assets".
- Moving much of the survey to an online methodology (supported by offline to reach the older segments of the population which are not yet proportionally represented online)
- Improving the deliverable from pure data to more robust and useable presentations with analysis from NMG (plus complimentary bi-annual face-to-face presentations)
- Adding an annual qualitative element to the survey to provide greater insights around some of the key trends and issues that emerge
- Adding a sophisticated client database enhancement service. This enables clients to match their own databases against our business associate DataTalk's GB database which now has MarketMinder survey data integrated within it.

Given the higher than average usage of savings and investment products within medium-high net worth individuals compared to the mass market savings segment, we believe tracking this group will yield more meaningful results for fund managers. We look forward to demonstrating the new approach with you soon.

What Clients Say About Us

2006 was a fantastic year for us at NMG Research. We cemented and strengthened relationships with our core group of existing clients and made some great relationships with new faces to NMG.

Of course, we believe that our research service is of a consistently high standard but it is always rewarding to hear from clients who believe that too. Here is a selection of quotes from clients that we serviced during 2006:

"We chose NMG based on their reputation for rigor, market understanding and objectivity. We were not disappointed and recommend them unreservedly."

David Norman, Head of Marketing, Morley Fund Management

"NMG were chosen by AIFA, following a competitive selection process, to carry out the research for our first 'Stakes in Ground' project. This was a complex investigation into the way in which financial advisers were advising on with profit products and involved NMG carrying out extensive quantitative and qualitative research. We found NMG's work highly professional, accurate and timely."

Fay Goddard

Deputy Director General, Association of Independent Financial Advisers

"Thank you NMG for helping us to understand the views and behaviours of distributors. It's no mean feat to research the intermediary market, yet you have provided us with a thorough analysis of this disparate group, with an insight into the challenges we face and the opportunities open to us"

Stephen Wynne-Jones

Director of Sales & Marketing, Assureweb

"We needed three custom built research programmes delivered to enhance our understanding of consumer needs and identify those things that will make us different. We commissioned NMG to undertake this work on our behalf and found that they had an expert team, who efficiently designed, planned and delivered the research programme and fed back vital and beneficial market and consumer insight that will help drive our future strategies."

Jan Errington

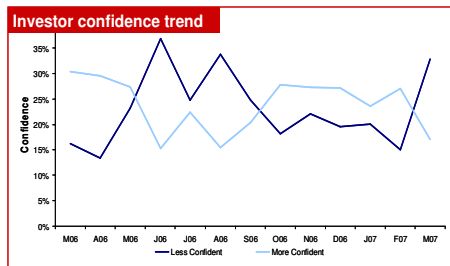
Head of Market Development and Planning, Kensington Mortgages

News from NMG's Tracking Surveys

MarketMinder


Each month we track investor confidence in the stock market as this is an important indicator of future purchase propensity. As we expected March 2007 results show a sharp decline in investor confidence, which is now at a level not seen since August last year. This is based on the number of investors "less or more confident" in the performance of the stockmarkets compared to the previous month. March saw an increase

of 18% "less confident" compared to February, highlighting the impact recent volatility in the FTSE has on investors.



Source: MarketMinder, Mar 06 - Mar 07, interviews with c750 active consumer investors each month

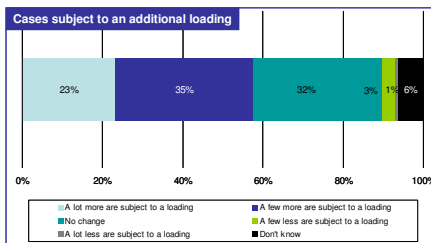


Life Case Loadings on the Increase

The number of individual life cases rated during the new business process is higher than ever, according to the latest Protection Report from IFA Census.

IFAs completing the survey* reveal that 18% of cases are now subject to additional loading during the new business process as a result of medical underwriting.

Many IFAs believe this has increased during the past three years. 58% state more cases are now subject to loading compared to what had previously been experienced, with 23% stating "a lot more cases are subject to a loading".



Competitive pressure on pricing is seen as a key driver for this increase, as the following IFA comments reveal: "The competitive pressure for ever lower headline premiums means lower margins for insurers and inevitably this means more loadings for non standard cases"; "I believe that as the market is becoming so competitive on headline rates that they now load cases which they would have not done in the past or place a heavier loading than they would have done in the past".

*The Protection Report was published in January 2007, based on 255 responses from protection writers. The report covers a broad range of relevant topics for those in the protection industry including online services, tele-underwriting, new business underwriting and provider usage.

Variable Annuities – We have just completed initial research via IFA

Census on this potential product opportunity – please call us if you would like to find out more.



Mortgage Intermediary Census is almost into its third year of operation and we have over 1400 respondents

in the database. This makes the Census the largest readily available source of mortgage adviser attitudes and opinion.

The second wave of our New Brands survey is currently in field, following last year's survey which highlighted the impact that new mortgage brands are making on the market. This new survey will track the changes since last year, in key areas such as adviser awareness and usage of new brands, future consideration and impact on usage of current lenders.

Special Reports

Our range of reports are available for purchase, please contact us for details.

IFA Census Protection Special Report

Our in-depth report on the Protection Market is now available. As this is the third year of the report, we are able to provide tracked commentary on many key areas, revealing interesting trends in the market across developments such as online portals and tele-underwriting.

The report is available at a cost of £5,000+VAT.

Investment Special Report

Our November 06 Investment Special report is available, covering key trends in the investment arena such as platform usage, investment philosophy, fund preferences and usage of investment tools. 217 IFAs completed the survey, and all generated a minimum of 25% of their income from savings and investment products. This report is available at a cost of £5,000+VAT.

New Brands Special Report

The New Brands Special report considers the actual and potential impact of new brands in the mortgage market.

This March 07 report is available at a cost of £3,000+VAT.

Packagers Report

Our investigation of the Packaging sector, looking at the lender-broker-packager dynamic is due to commence shortly. Please contact us for more details.

Contact Us

If you would like further information about anything you have read in our bulletin please contact us by:

Emailing:

David.Burns@NMG-Group.com or Jonathan.Gunby@NMG-Group.com

Phoning: 020 7691 0131

Or visit us at:

32 Percy Street
London W1T 2DE

