

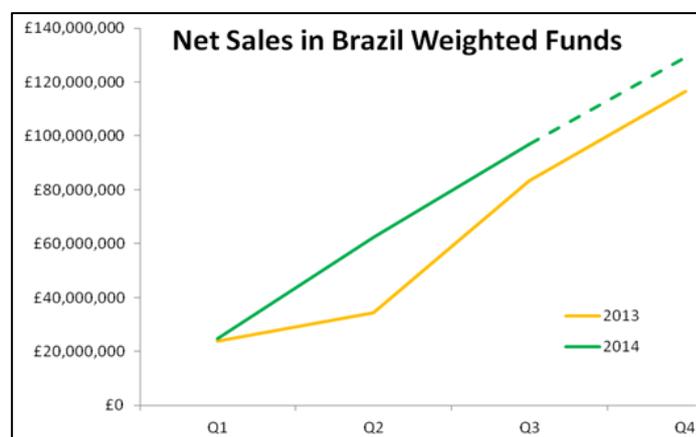
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Cofunds research reveals increased optimism for Brazil sector as election fever commences

Following the collapse of Lehman Brothers' in 2008 and the global recession that ensued, the Brazilian economy has experienced difficulties in maintaining sustained growth or confidence. The fall from grace was also commonly believed to have been further affected by disruption caused by the public holidays supporting the 2014 World Cup.

However, as the first stage of the Brazilian General Elections got underway on Sunday 5 October, research from Cofunds, the leading investment platform in the UK, suggests the potential for major political and economic reform is fuelling fresh appetite for Brazilian investment opportunities.

The research*, which analysed fund flows on the platform towards Brazil over the last two years, revealed year to date net sales on funds that have at least a 10 percent weighting in Brazil have already been stronger in 2014 compared to 2013. Total annual flows have risen from £117m in 2013 to an estimated £129m by the end of 2014. This this is even more apparent when comparing quarterly flows in 2013 compared to 2014, which increased by 3 percent for Q1, 45 percent for Q2, 14 percent for Q3, and an expected 10 percent for Q4.



Source: Cofunds

Indeed, this increased appetite reinforces key findings from research carried out by Cofunds earlier this year which revealed that almost half (43%) of advisers have an ‘optimistic’ outlook for the emerging markets, and two thirds (67%) expect to invest in emerging market funds in 2014 after months of subdued activity, including those investing in Brazil**.

Adam Smith, Commercial Director at Cofunds, commented:

“As a result of pro-market policies across the Latin American region investors may well see the investment potential that could be achieved.

“Although investors may remain divided over the future of Latin America’s largest economy, year to date net sales on the Cofunds platform on funds weighted to Brazil are expected to outperform last year’s figures, which suggests that appetite for exposure to the country’s revival is increasing.”

Thomas Smith, Fund Manager, Neptune Latin America Fund added:

“The stakes are high for the upcoming runoff in Brazil’s presidential election. The last four years of the government, led by Dilma Rousseff’s Workers’ Party, have seen the Brazilian market underperform hugely as persistently high inflation has combined with sluggish economic growth. Any prospect of Dilma’s unpopularity increasing further has been welcomed by the market. Consequently, the fate of the market now very much depends on the outcome of the election. It promises to be a close-run affair and is one to watch closely.”

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Notes to Editors

* Research conducted by Cofunds in September 2014

** Cofunds research conducted amongst 243 advisers in May 2014

Net sales in Brazil weighted funds (10%+ weighting):

	Q1	Q2	Q3	Q4
2013	£23,995,077	£34,445,274	£83,544,513	£116,626,822
2014	£24,719,818	£62,389,069	£96,873,161	£129,164,215 <i>(estimated)</i>
% increase (between 2013 and 2014)	2.93%	44.79%	13.76%	9.71% <i>(estimated)</i>

Source: Cofunds, September 2014

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***** Source:** Legal & General Group 30/6/14 (nb these assets are made up of Cofunds and Investor Portfolio Services)