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## £18bn trapped in "below average" pension funds

Sharon Flaherty | FTAdviser | Published Friday, July 31, 2009

*Over £18bn of investors money is currently languishing in heavily underperforming funds, new analysis shows.*

Research into the performance history of UK pension funds with over £1bn invested, has revealed over £18bn of UK investors' money is currently sitting in underperforming funds.

The research, by financial information analysts: How Much do I need to retire? looked at funds with £1bn or more invested over the last 10 years and found that Abbey Equity, Friends Provident UK Equity, Scottish Life Managed, Clerical Medical Balanced and Phoenix Life Exempt Managed are the top five worst performing funds.

They are closely followed by Scottish Life Property, HSBC Life (UK) Pen Balanced, Lincoln Balanced Managed 3, Lloyds TSB Managed and Barclays Life Managed 2.

According to the analysis, the Abbey Equity fund has over £1.2bn worth of investment trusted to it by pension savers, yet only manages to produce a 5 year gross return of 9.4 per cent.

Similarly, Scottish Life has two funds in the top 10 worst performing billion pound funds.

Commenting on behalf of the website, Matthew Morris, said: "The main point is that these aren't funds that have simply dipped or had a bad year or two, they fall down on virtually every benchmark.

"Their performance has been nearly always below average over each of the last 10 years and yet they all have more than £1bn in each of them.

"When it comes to people's retirement funds people seem prepared to let companies get away with murder and pay them 1 per cent for the privilege."

"It is staggering these firms are able to perform so badly and yet continue to hold a strong position in the pensions market."

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