

Investment Bonds - UK - February 2011

Report Price: £1500 / \$2310 / €1793



What is this report about?

Since its 2007 peak, the UK onshore bond market has been in decline, to the point where total sales in 2010 were three fifths down on the volume achieved in 2007. The sub-prime crisis and ensuing economic downturn were partly responsible for this fall, but a more detrimental factor was the change to capital gains tax (CGT) in April 2008, which made rival products, such as unit trusts and OEICs, more favourable in comparison. Further changes to CGT in June 2010 were considered advantageous to the investment bond market, but so far, the effects appear to have been limited to the offshore sector.

What have we found out?

- The UK onshore bond market has been in decline over the past few years, having come under greater competition from collective investments, such as unit trusts and OEICs.
- Recovery is in sight, but new business levels over the next few years are unlikely to reach the heights seen in 2006 and 2007. Competition between providers will likely intensify as a result.
- Product charges will also come under increasing pressure from 2013, as new regulation linked to the Retail Distribution Review ensures greater price transparency across the retail investment industry.
- The offshore sector will remain a growth area for providers, albeit with demand still mainly coming from the high net worth.
- The majority of investment bonds are sold with advice and, most often, sales are generated through the traditional IFA channel.
- There is considerable scope to develop new product propositions linked to open-architecture platforms, especially in the onshore market.

Your business guide towards growth and profitability

Mintel Oxygen is your one-stop shop for market and consumer analysis. It is designed to help you stay on top of market sizes, shares and forecasts, consumer trends, brand profiles and product innovation.

Use Mintel Oxygen to:

- Access fresh market intelligence every day
- Drive your business forward based on consumer trends
- Support your decision-making
- Benchmark competitive activity
- Stand out in new business pitches

If you have any questions or require further information, send an email to **oxygen@mintel.com** or call one of our regional offices:

EMEA: +44 (0)20 7778 7151
Americas: +1 (312) 932 0600
APAC: +61 (0)2 8284 8100