TRUSTNET magazine

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THE NEVER-ENDING STORY
The funds you should never sell

TOO CLOSE TO HOME
Uncomfortable truths about retirement

THE SUBSTITUTE
Reinvesting profits from asset sales

When to sell out of an investment

PULLING THE PLUG

ISSUE 33

CREDITS

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EDITOR'S LETTER

THIS ISSUE OF TRUSTNET MAGAZINE considers every aspect of selling out of an investment. My cover story looks at the reasons why you should pull the plug on a fund or investment trust, while an article from Emily Perryman asks what you should do with the profits from asset sales. Meanwhile, Daniel Lanyon finds out if there are any funds you should hold in perpetuity.

One part of the market that many investors have been selling out of recently is IA UK All Companies funds, as concerns mount over the deadlock on Brexit talks. Adam Lewis considers whether there is any merit in recycling this money into the AIC UK All Companies sector, where the perceived headwinds for its open-ended counterpart have made its trusts look more attractive in terms of widening discounts.

In our regular features, John Blowers reveals some uncomfortable truths about what sort of lifestyle the average UK pension pot will pay for in retirement, Fidelity's Eugene Philalithis explains why he has bought M&G European Loan and EdenTree's Thomas Fitzgerald names three blue-chip technology stocks that offer good value for long-term investors.

Enjoy reading,

Anthony Luzio
Editor
Trustnet Magazine

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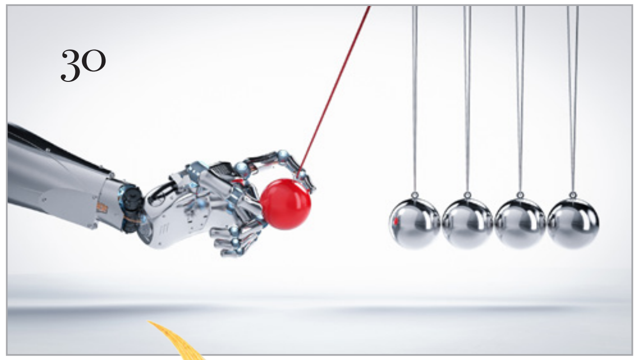
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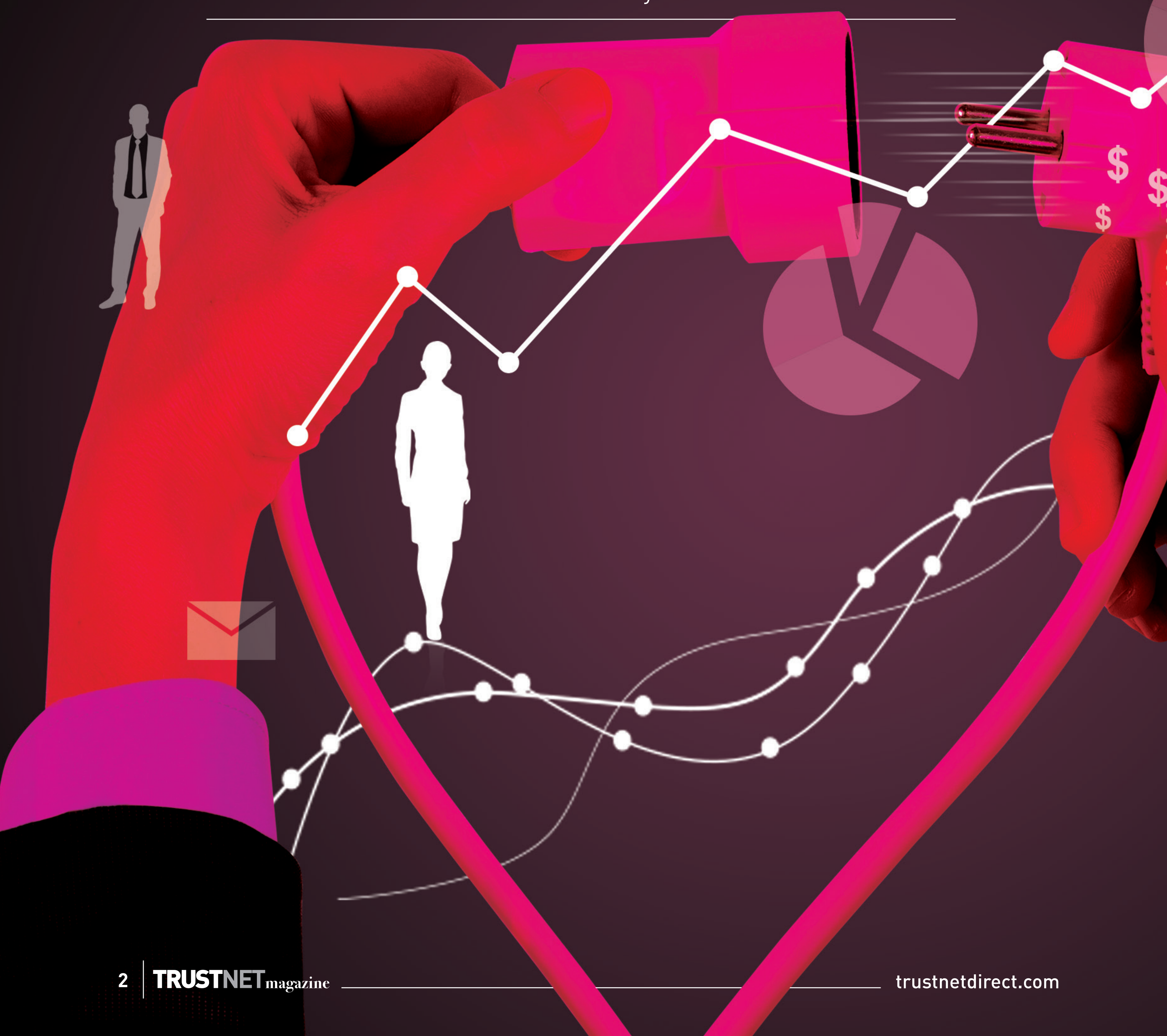
PULLING THE PLUG

Anthony Luzio finds out when you should call time on an investment you hold



THE TERM SELL-OUT IS USED TO DESCRIBE someone who "compromises their integrity, morality, authenticity or principles in exchange for personal gain". And, while it is regarded as one of the most damaging insults you can hurl at someone working in the arts, the asset management industry isn't exactly enthused if you take this course of action either – even if the phrase means something completely different in this context.

While every major platform and ratings service is eager to shove their fund recommendations down your throat, conspicuous by their absence are lists of funds to sell. Bestinvest's Spot the Dog report sticks out like a sore thumb here – by the group's own admission, its biannual article highlighting the funds that have consistently underperformed wins it few friends in the industry.

Patrick Connolly, head of communications at Chase de Vere, says that while articles such as Spot the Dog always make for interesting reading, it can be dangerous to make investment decisions based solely on investment performance, even if it has been very poor.

"There are a number of reasons why an investment fund could have underperformed," he says. "It could be that the fund's style has been out of favour, so that, for example, value funds may underperform when growth stocks are in favour. In recent years we've seen many popular funds, such as Jupiter UK Growth, M&G Recovery and AXA Framlington UK Select Opportunities, all having a difficult time when their particular style hasn't been working."

Connolly says that if you're considering selling a fund, you shouldn't do so solely on the basis of past performance – you need to understand why a fund has underperformed and if this is likely to change in the future.

"Otherwise you risk jumping out of a fund which has done badly just as that performance begins to improve," he adds.

TOO MUCH OF A GOOD THING

While most investors only begin to consider selling out after a sustained period of underperformance, you may also need to consider your options if a fund you hold has "shot the lights out" – although the reasons for this are a lot less obvious.

Any fund that consistently beats its peers over any significant length of time will soon attract the attention of analysts, multi-managers and, almost inevitably, significant amounts of capital.

Damian Barry, senior investment manager at 7IM, says that when this happens, these funds can soon become victims of their own success.

"There is a lot of academic work out there that says as a fund gets bigger, flexibility reduces and so does the ability to outperform," he explains. "The larger a fund gets in size, the more you have to consider liquidity."

"What we have seen over the years in general is that core managers' ability to outperform diminishes the larger their fund gets. Some star managers with funds around the £10 to £15bn mark have found it difficult to move the fund around when an event such as Brexit takes them by surprise."

As part of Barry's process, he now asks fund managers what level they will close their fund at before he will buy in in the first ...

place. The problem of course is that funds make their money by taking a small cut of their assets under management in fees – so the more money they manage, the more profitable it is for them. As a result, "commercial forces" can take the decision out of a fund manager's hands, which Barry says can be especially problematic at large groups.

"It is useful to go back to your notes at this point because often you will find that when the fund is approaching this level, the managers will say 'we can do a bit more'," he adds.

Barry says managers can be reluctant to turn away new money for practical reasons as well as for commercial ones.

For example, taking funds off platforms can result in immediate outflows and a lot of managers aren't prepared to see that happen.

"I'm not saying managers of mega cap funds can't outperform, but if they aren't as flexible as a more nimble fund when markets are stressed, they may find it more difficult to add value," he adds.

A surge in inflows is not the only scenario in which you should re-think an outperforming fund's position in your portfolio – Connolly says you should also consider top-slicing from time to time.

This involves selling some of your investments that have performed well and now represent a larger proportion of your portfolio, reinvesting that money into the ones that have performed worse and now make up a smaller amount. Connolly says this will help to get you back to your starting position.

"Not only does rebalancing ensure you don't take too much risk, but by selling investments that have done well in favour of those that have done badly you are effectively selling at the top of the market and buying at the bottom," he adds. "This is the holy grail of investing and something which very few investors consistently achieve."

"The best approach for investors is to review and rebalance their portfolio on a regular basis, say every six or 12 months. If you do it any more often then the charges involved in making changes could outweigh any benefits."

> **"By selling investments that have done well in favour of those that have done badly, you are selling at the top of the market and buying at the bottom"**

CHANGE AT THE TOP

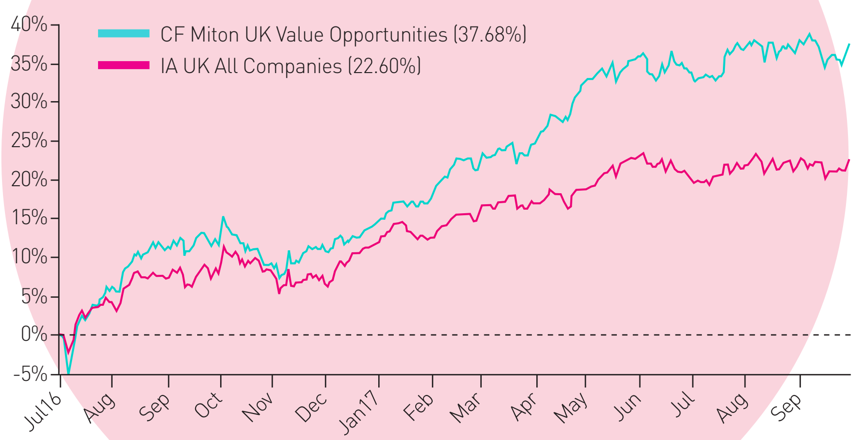
There are plenty of other reasons to sell out aside from performance, though. For example, Kerry Nelson, managing director of Nexus IFA, says you should consider your options if a fund you own changes its objectives and the reasons you bought it no longer apply.

"You may also want to think about things if there is a change in fund manager," she adds. "Although this should lead you to ask questions about the person replacing them rather than making an immediate decision."

Connolly agrees with Nelson on this point, saying he always takes a step back when a fund manager leaves to ensure he understands the exact role they played in the fund and their importance to its process.

"Some managers, such as those at Jupiter, Artemis and of course Fundsmith, play a dominant role in the investment process and if

PERFORMANCE OF FUND VS SECTOR UNDER MANAGER TENURE



Source: FE Analytics

they leave this can cause a major upheaval," he says.

"Whereas other investment companies, such as Newton and Threadneedle, adopt more of a team-based approach and so it might still be 'business as usual' even if the fund manager leaves."

"You should consider what will happen going forwards. What will the new management structure of the fund look like, will the investment process change and could performance actually improve as a result of the change?"

Connolly says a good example is Miton UK Value Opportunities, which performed extremely well under the management team of George Godber and Georgina Hamilton.

Data from FE Analytics shows it trebled the gains of its IA UK All Companies sector in the first three years of its life, although performance took a hit when the managers left in June 2016 and many investors sold out – assets under management fell from £869m to £294m in the seven months after their departure.

However, Connolly spoke with Miton about its plans and when they recruited Andrew Jackson he decided not to sell: "Jackson has proved a worthy replacement and since he took over, the fund has been one of the best performers in its sector."

Data from FE Analytics shows that CF Miton UK Value Opportunities has made 37.68 per cent since Jackson took charge at the start of July last year, compared with 22.6 per cent from its sector.

ALL ABOUT YOU

It is not just about what is happening at the fund level, though.

"The world is changing so much from an economic perspective and a fund that may have been suitable for the investment environment when you bought it a couple of years ago may not be suitable now," Nelson adds.

She says you also need to think about whether the funds you own are still suitable for your circumstances, as your attitude to risk is likely to change over time.

THE BOTTOM LINE

The bottom line is that you don't want to cling on to loser funds for too long, but you also don't want to buy and sell funds on a regular basis as this will incur additional charges which will eat into your overall returns.

"There often isn't a straight-forward choice whether you should sell an existing fund," adds Connolly.

"If you are considering selling then ensure you understand the reasons why, make a rational and informed decision and don't get swayed by companies whose main focus is to try and convince you to buy other products."●

> **"I'm not saying managers of mega cap funds can't outperform, but if they aren't as flexible as a more nimble fund, they may find it more difficult to add value"**

CROUCHING TIGERS, HIDDEN DRAGON

China appears not to have learnt from the "tiger economies" whose excessive borrowing crashed the Asian market in the late 1990s, writes Janus Henderson's **Mike Kerley**

IN THE FOUR YEARS BETWEEN 1993 AND 1996, the tiger economies of Asia led the world in terms of gross domestic product (GDP) growth and stock market returns as foreign and local investors piled in and embraced the opportunity. But trouble was brewing and Thailand was the canary in the coal mine. Strong growth was being funded by ever increasing levels of debt and with offshore interest rates far more attractive than those available at home, US dollars became the funding currency of choice.

While currencies remained pegged to the US dollar, risks were minimal, but as a growing trade and current account deficit and rising inflation led to increasing overvaluation of the Thai Baht, speculation grew and short-term money started to move out of the Thai currency.

In July 1997, after a futile attempt to stem the outflow, the Thai central bank removed the peg, triggering an immediate 25% fall in the currency – by the end of the year it had lost half of its value. The impact on the economy was devastating. Interest rates initially spiked, making dollar debt significantly more expensive. Loans started defaulting, peaking at almost 50% of total loans in 1999. The figures reflect the severity of the downturn: GDP took five years to return to pre-crisis levels, consumption – the use of goods and services by households – took four years, and private sector loan growth only returned to positive territory in 2002.

Although Thailand was the trigger, the ticking time-bomb of unhedged foreign currency debt and a prolonged period of over-exuberance prevailed across all of South East Asia. The Philippines and Malaysia were also significantly impacted but the most significant downturn occurred in Indonesia, which – although running a current account deficit only half the size of Thailand – saw its currency go from 2000 rupiah to the US dollar to 16000, and bank loan books fill up with defaulting loans.

The recovery, which on average took more than 5 years, was supervised by stringent International Monetary Fund (IMF) requirements and has put Asian economies on a much firmer footing. With a few exceptions, Asian currencies are free-floating – meaning their value is determined by the foreign exchange (forex) markets through supply and demand – and as a result, they have much more flexibility to reflect domestic economic cycles, ensuring that pressures don't build. Current and trade accounts, with the exception of India and Indonesia, are now in surplus, with the practice of unhedged foreign borrowing all but ended. Short term foreign debt in ASEAN (the Association of South East Asian Nations) nations has dramatically dropped from 160% to now less than 30%.

The Global Financial Crisis (GFC) in 2008 was borne out of exuberance in the West, but not in the East, and although Asian economies were impacted by the slowdown in global growth, Asian economic credibility was never called into question.

> **"The days of rapid expansion and growth for the sake of growth have been replaced by conservatism and a focus on cash flow and profitability"**

The only economy that is showing a worrying trend is China. A credit boom following the GFC has seen debt-to-GDP balloon from 160% in 2008 to 260% in 2017. The nature of this debt however is different from that accrued by South East Asian countries in the late 1990s. Firstly, most of the debt lies with state owned enterprises (SOEs) and is hence backed by more than $3tn worth of foreign exchange reserves, and most of it is denominated in renminbi. Secondly, although China operates a managed exchange rate regime against a basket of trading currencies, the capital account is closed, which restricts the amount of speculative flows. Finally, a lot of the debt is owned by domestic institutions and is long term in nature, which reduces the likelihood of enforced withdrawal leading to a liquidity crisis.

The impact of the Asian crisis lives long in the memory of Asian corporates. The days of rapid expansion and growth for the sake of growth have gone and been replaced by conservatism and a focus on cash flow and profitability. Corporate debt levels are at all-time lows while cashflow compares favourably to any other region of the world. Interestingly, it is developed economies that are now showing the stresses Asia encountered and recovered from 20 years ago; Asia in comparison looks favourable.●

[1] Debt can be issued in a various currencies and because the value of these can shift around, hedging is the process of protecting yourself against adverse movements, usually through the use of derivatives.

THE SUBST

Investors need to think carefully about how to reinvest the proceeds of any assets they sell if they want to avoid going back to square one, writes **Emily Perryman**

DECIDING WHEN TO SELL FUNDS OR EQUITIES CAN BE TRICKY, but so too is figuring out what to do with the cash received from these investments.

In many instances the sale of an asset can skew the risk weighting of a portfolio, meaning it no longer matches the investor's appetite and capacity for risk.

Adrian Lowcock, investment director at Architas, says this will usually happen if the investment made up a large proportion of the portfolio and/or was at the extremes of the risk scale – either very high or low risk.

"The more extreme it is, the more significant the impact will be," he explains.

The simplest way to return a portfolio back to its original risk weighting is to buy an investment with exposure to the same asset class, region, industry and strategy. But changes may also need to be made elsewhere in the portfolio to reflect the fact that each investment could have performed differently over time. If a fund has risen strongly in comparison with the rest of the portfolio, its weighting will have increased.

Lowcock suggests a good starting point is to determine the asset allocation model from which the original portfolio was built.

"This will need to be fairly detailed, covering all the major global equity asset classes and exposure to smaller companies. An asset allocation model doesn't reflect the changes of the riskiness of each asset class but will help you to identify where the profits have appeared and trim your exposure to those areas," he says. •••

IT UTE

THINGS CHANGE

If the original portfolio was set up a long time ago it is possible that lifestyle changes mean it is no longer suitable, for example if the investor is approaching retirement.

Tom Stevenson, investment director for personal investing at Fidelity International, says if an investor is moving from asset accumulation to taking an income, they should think carefully about the risk level of their portfolio.

"You don't want to suffer a big fall when you have no time to recover. Equally you don't want to be over-conservative ahead of a potentially long retirement in which some growth will be needed to offset inflation," he states.

Peter Chadborn, director at Plan Money, says another instance when a strategy rethink may be appropriate is if an investor's goals can be met with a lower level of risk.

"In other words, one's tolerance may be more adventurous than the risk profile needed to meet the calculated objectives," he adds.

THE SAME, BUT DIFFERENT

Even if the level of risk needed has stayed constant, it is not necessary to find an exact replica of the investment that was sold. An equity could be replaced by a fund, a fund by an investment trust or an investment trust by an exchange-traded fund (ETF).

Lowcock says the decision is down to personal preference, although he warns individual shares are generally riskier than funds because they are not diversified.

"If you are considering making a move into investment trusts from unit trusts, you also need to make sure you understand the differences in the funds and how they behave – in particular the ability of investment trusts to trade at a discount or premium to net asset value (NAV)," he adds.

Rob Morgan, pensions and investments analyst at Charles Stanley Direct, says an investor could decide to switch from an active to a passive investment, or vice versa. Passive funds tend to be cheaper and more transparent, but active funds have the ability to outperform the market.

Morgan says switching to passive investments may not be the right decision if the fund sold was an equity income one.

"Investing in all the high-yielding stocks tends to mean you get exposure to 'value traps' – stocks that look appealing due to their high yield but that are actually in danger of decline," he warns. "Active managers don't necessarily avoid these, but I think it's an area where they can 'win by not losing'."

For investors looking for an equity income replacement product, Morgan recommends Perpetual Income and Growth run by Mark Barnett, which is on a discount of around 8 per cent. An alternative is the JOHCM UK Equity Income fund, which has a 10-year annualised return of 9 per cent and a 12-month yield of 4.2 per cent.

If the fund was sold because of a lack of conviction in the UK, Stevenson suggests considering a global name. An example is Invesco Perpetual Global Equity Income, which has 35 per cent in the US and 24 per cent in the eurozone.

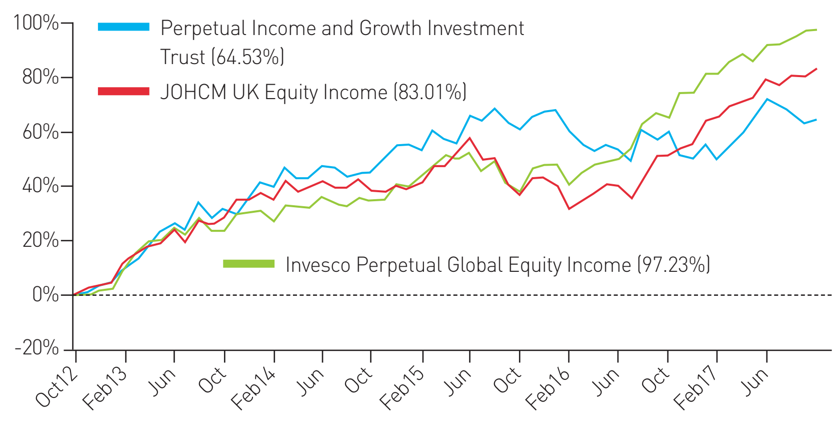
> **"One's tolerance may be more adventurous than the risk profile that is actually needed to meet the calculated objectives"**

HIGHLY CHARGED

Buying and selling investments can be expensive and reduce the value of a portfolio over time. Lowcock recommends minimising trading by taking the time to carefully consider each new purchase.

He also suggests planning transactions wisely. For example, if several equities or funds are being consolidated into one investment, it makes sense to wait until all of the cash has been received so that only one purchase has to be carried out. ●

PERFORMANCE OF FUNDS AND TRUST OVER 5YRS



Source: FE Analytics

WE ARE RESOLUTE

James Anderson, joint manager, Scottish Mortgage Investment Trust

WE'RE OPTIMISTIC. WE'LL RETURN TO THIS SOON. But we're also resolute. This may be even more important. That's because it may be even more unusual. If fund managers find it professionally hard to be optimists, they find it harder still to show resolve. It's not the way the financial services industry works. Instead it encourages participants to be endlessly restive.

This is not unnatural. Activity pays. It pays for brokers, it pays for investment banks, and it pays for consultants. Fund management is the modern equivalent of an isolated citadel being attacked by a furious fusillade of weapons. Instead of canon and burning oil we have corporate earnings canisters fired at us, macroeconomic data lobbed over our defences, politics used to terrify us (if central banks have not already made us cower).

If the scary news-flow shows dangerous indications of flagging, brokers are always there generously to provide recommendations for changes. By far the easiest response is to surrender. Brokers will then be very nice to you and the media will be delighted to convey your hasty outbursts of activity to an admiring readership. You will join the club of never being wrong for long. You may even be right for long enough to be rewarded with a large bonus for your performance over the last 52 weeks because that surely couldn't be random chance could it?

But this isn't at all helpful for clients. It is isn't at all helpful for fund managers trying to invest well. But then even the term 'investor' has been terribly debased. It should usually and usefully be replaced by 'traders and speculators.' Investors are interested in the ultimate value of an asset as eventually revealed by its free cash-flow. Traders and speculators are concerned by whether its price is going up or down in the next few hours. That's very different.

Sadly our media cannot be bothered with the distinction. Even more sadly the supposedly authoritative Financial Times is bottom quartile in this regard. Pick up any edition at random and take a look at the confusion. I picked up today's. On the page entitled Markets and Investing it assures me that the dollar was bouncing back "as investors shrug off geopolitical tensions," that "investors anticipated that tropical storm Harvey would generate demand" for equipment rentals and – confusingly – "that investors have speculated" that Kraft Heinz would buy Mondelez. Meanwhile, Jameel Ahmad of FXTM told the FT that "'Sell volatility, buy the dip' has been the investor mindset.'" I could go on but this is exhausting and I apparently need to hurry off to take a position on each of these issues and then trade on them all to be a real investor. No one wonder investing is so hard and we're so well-paid.

But that's what is so perturbing about finance. There's no evidence that acting in this frenetic manner has any social utility. There's no evidence that it is productive of impressive returns to clients. Instead all the evidence suggests that the great investors are dull, patient and resolute. They accept that it's just not possible to predict all those events and moods that the Financial Times sees as essential to investing.

Resolve isn't just needed to block out noise, it's that even in the greatest of investments and companies there will be repeated and tiring periods of stress, difficulty, disappointment and deferred profits. Jeff Bezos was once said to be close

to stepping down at Amazon. Wall St and the Square Mile will do their considerable best to convince you that these inevitable ascents of modest hills present Himalayan challenges and that you would be far better selling now because quarterly earnings have 'missed' by a cent or a penny (it never seems even to occur to them that it could be their estimates that have missed earnings).

But even this doesn't do full justice to the need for resolve. The reality of stock market investing is that outstanding returns are reliant on the ownership of a remarkably small number of stocks over very long periods. We'll frequently return to this theme. For now I'll simply repeat the ever wonderful 93 year old Charlie Munger "The first rule of compounding: Never interrupt it unnecessarily". That takes resolve.

> **"The temptation to give in to sentiment is even stronger at moments of market panic than it is in owning individual stocks"**

The temptation to give in to sentiment is even stronger at moments of market panic than it is in owning individual stocks. Scottish Mortgage suffered heavy falls in 2008. One broker still regards it as essential to warn all and sundry of this sinful period in all his reports. Yet there's nothing that I'm prouder of in my career. Enduring those months was absolutely central to our subsequent performance. As Seth Klarman says, the first question he'd ask any fund manager on a selection panel would be: "Did you hold your course in 2008-09?" I'm proud that we did, that we bought Apple on what turned out to be 3x prospective earnings, that we didn't sell Amazon at $40 back in that dark autumn. That took resolve.●

James Anderson and **Tom Slater** are joint managers of the Scottish Mortgage Investment Trust. They are outspoken on the challenges and the opportunities of the modern world and on their views of the investment industry. On the Resolute Optimism website James and Tom will share their own thoughts, ideas and insights on the challenges and delights of long-term investing. To find out more please visit **www.resoluteoptimism.com**

THE NEVER-ENDING STORY

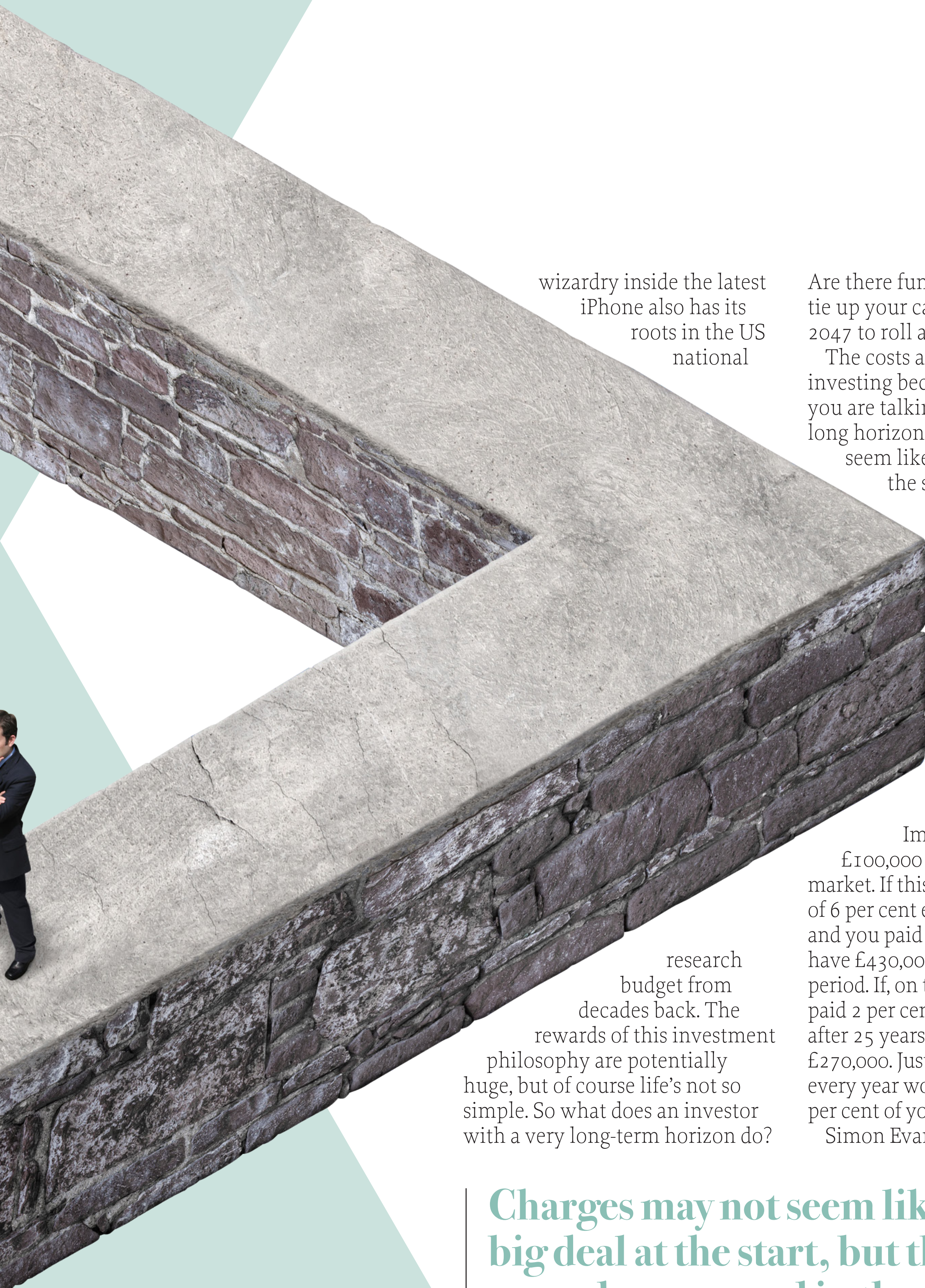
What makes "generational" investment plays suitable for passing on to your children? **Daniel Lanyon** finds out if there are any funds you should never sell

OVER ON WALL STREET, A NEW INVESTMENT STRATEGY dubbed the Chomsky Trade is gaining popularity. Think of it as the polar opposite of the Trump Trade – not only because its namesake is the leftwing intellectual linguist giant Noam, as opposed to the populist demagogue Donald, but also because it's a very long-term play on the future rather than a bet on a short-lived surge in asset prices.

Chomsky has previously said the secret to investing is to research what the Defense Advanced Research Projects Agency (DARPA) – a wing of the US Department of Defense responsible for emerging military tech – is throwing its money at and then "go long" in this technology for 30 years.

For example, if you'd taken a look at its favourite projects of the 1980s and 1990s, this would have led you to invest in artificial intelligence and machine learning – a very hot market now. In fact much of the underlying tech

> "Many of the incumbent dominant companies back then no longer exist now and have fallen prey to the creative destruction of capitalism"



wizardry inside the latest iPhone also has its roots in the US national research budget from decades back. The rewards of this investment philosophy are potentially huge, but of course life's not so simple. So what does an investor with a very long-term horizon do? Are there funds in which you can tie up your cash while you wait for 2047 to roll around?

The costs associated with investing become critical when you are talking about a decades-long horizon. Charges may not seem like such a big deal at the start, but they add up and compound in the same way your investment returns do. You don't just lose the tiny fees you pay – you also lose all the growth that that money may have delivered – and the growth on that growth – for years into the future.

Imagine you have £100,000 invested in the market. If this grew by an average of 6 per cent each year for 25 years and you paid no charges on it, you'd have £430,000 by the end of this period. If, on the other hand, you paid 2 per cent a year in charges, after 25 years you'd have less than £270,000. Just a 2 per cent levy every year would destroy almost 40 per cent of your nest egg.

Simon Evan-Cook, a fund

Charges may not seem like such a big deal at the start, but they add up and compound in the same way your investment returns do

PERFORMANCE OF SECTORS OVER 20YRS

Sector	20yrs (%)
IA Europe ex UK	310.19
IA European Smaller Companies	750.76
IA North America	227.4
IA North American Smaller Companies	392.26
IA UK All Companies	213.28
IA UK Smaller Companies	605.77

Source: FE Analytics

> "Small caps are outperforming their larger counterparts by a significant amount across all major regions in the long term"

••• manager in Premier's multi-asset team, says you should consider passives "if you literally don't want to change your investment for 30 years. Passives have the edge". This is not only because of the lower costs associated with passives but because of the key-man risk that inevitability comes from a fund manager retiring or dying on the job. Nonetheless, he thinks a purely passive approach may mean sacrificing a lot of extra returns for the sake of failing to review your portfolio once a year.

"If you could be certain that your active manager would stay for the entirety of your investment period, and that they wouldn't allow the fund to get too big, then I'd say active is by far the better option in fact. Especially over long periods where the inevitable periods of underperformance can be ironed out, and their advantage can be compounded in to much higher returns," he adds.

Jason Hollands, managing director of Tilney, notes it is worth observing just how much the world can change over the extreme long term.

"Thirty years ago, the internet was just a twinkle in a clever person's mind and names such as Google, Facebook and Netflix were unheard of. Many of the incumbent dominant companies back then simply no longer exist now and have fallen prey to the creative destruction of capitalism," he explains.

Evan-Cook and Hollands say asset allocation is also enormously important for the very long-term investor.

For example, Evan-Cook says small caps are a great area to invest in, outperforming their larger counterparts by a significant amount across all major regions in the long term.

"I think you also need to be wary about individual sectors on a long-term basis. As plenty of investors saw with commodities, there's a real danger of getting sucked into yesterday's winners at exactly the wrong point," he warns.

Rob Morgan, pensions and investment analyst at Charles Stanley Direct, also believes small caps, alongside emerging markets, are the best places to start for long term investors due to their higher-growth characteristics. He also recommends holding some equity income funds for the foundation provided by their compounding dividend income. This would then allow you to add more thematic portfolios such as the £5bn Scottish Mortgage Investment Trust, which buys "disruptive companies".

Berkshire Hathaway chairman Warren Buffett has long said he simply buys good quality companies that he wants to hold forever and lets compounding do the rest. For the rest of us, it's best to be honest and realise that we don't know what the future will hold, so backing one firm, country or theme runs the risk that you pick the one that's on the wrong side of history – less Buffett, more buffoon.●

Fund

TM CAVENDISH AIM

The AIM index has more than trebled the gains of the FTSE All Share this year, but veteran fund manager Paul Mumford says it is far from overvalued

A CLOUD HAS HUNG OVER THE UK SINCE LAST YEAR'S REFERENDUM on the membership of the EU, with investors still unsure as to what effect the drawn-out Brexit process will have on domestic companies.

However, veteran manager Paul Mumford of the TM Cavendish AIM fund said it hasn't had as big an impact on stocks at the smaller end of the market cap spectrum as had initially been feared.

For example, the FTSE AIM All Share index has made 26.62 per cent in 2017, compared with a return of 7.75 per cent from the FTSE All Share.

"I think the main thing really is that we have got a lot of stability here," said Mumford. "I think Brexit has pushed the level of sterling down and made it more competitive overseas."

"Interest rates are still at quite a low level and will remain there for some time."

Yet risks still remain for small cap investors, as uncertainty over the impact of Brexit on the UK economy continues to dominate.

"One big problem with smaller stocks – and AIM stocks in particular – has been at times of financial crisis, because that is when banks pull the plug and aren't prepared to finance companies," Mumford continued.

"Larger companies pull through whereas [with the] smaller ones, banks can allow them to go bust as it is not a material thing for them."

However, Mumford said that confidence in the AIM market has increased in recent years, in part due to an improvement in the quality of the underlying companies.

"There are far fewer of them [AIM stocks] than at the peak of the market and the ones that are around are those that survived."

While the AIM index has risen strongly over the past year, Mumford said it is by no means overpriced.

"When I started the fund in 2005, I think the index was approaching 1,100 and now it's just over 1,000," he explained. "It's gone backwards since 2005."

"The underlying climate for companies is there because of the situation in the UK: a reasonably strong economy, low interest rates and banks being prepared to back [smaller companies]."

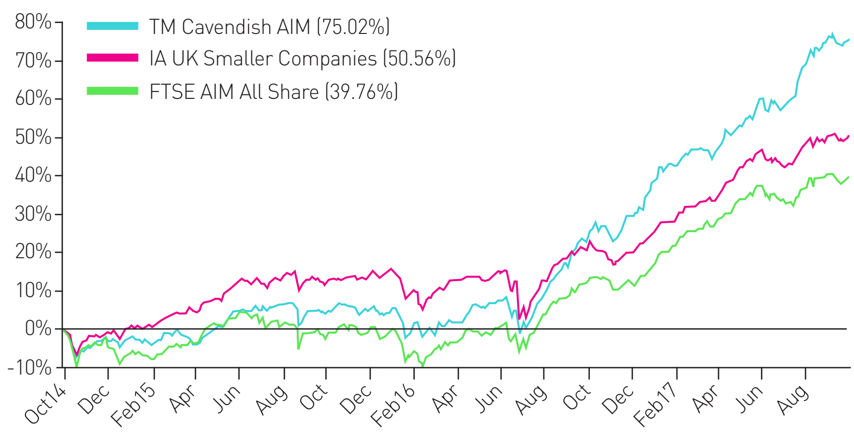
"If the economy were to go in to a sharp reversal, we would probably find more companies fall off because they are not being backed by financial institutions."

The £67.6m TM Cavendish AIM fund has four FE Crowns. It is a top-quartile performer over three years, with gains of 75.02 per cent compared with returns of 50.56 per cent from the average IA UK Smaller Companies fund and 39.76 per cent from its benchmark. It has ongoing charges of 0.85 per cent.●

FILE

MANAGER: **Paul Mumford**
LAUNCHED: **05/10/2005**
FUND SIZE: **£67.6m**
OCF: **0.85%**
FE CROWN RATING:

PERFORMANCE OF FUND VS SECTOR AND INDEX OVER 3YRS



Source: FE Analytics

Pension

NEPTUNE INCOME

Robin Geffen's four crown-rated fund has a strong record of capital preservation, making it suitable for risk-averse investors in retirement

WITH GROWING UNCERTAINTY SURROUNDING BREXIT NEGOTIATIONS, a consumer squeeze and the prospect of a first interest rate hike in a decade, investors could be forgiven for giving UK equities a wide berth.

For anyone who wants to retain exposure to their home market within a SIPP, however, an income fund with a stable, long-term track record could represent a good option.

Robin Geffen's four crown-rated £200m Neptune Income fund aims to provide at least 110 per cent of the FTSE All Share's yield over rolling three-year periods, even though the Investment Association lowered the minimum threshold for the IA UK Equity Income sector to 100 per cent.

The manager holds an evenly weighted portfolio of 33 stocks, all of which must contribute a yield. He adds to the worst performers when the fund experiences inflows and any new holdings must prove themselves to be better than an existing name.

Geffen is not afraid to invest overseas as and when he sees fit – a trait that those looking to buy and hold for retirement are likely to find attractive as regional economic conditions change.

He is currently bearish on the UK economy and has an 18 per cent exposure to overseas stocks – close to the maximum allowed by the Investment Association – all of which are in the US.

In terms of revenue exposure, less than 18 per cent of the fund derives its earnings from the UK, as Geffen aims to keep both sector and regional dependency as diversified as possible.

Despite his bearishness, Geffen believes his bottom-up approach to stock selection, long-term time horizon and focus on companies that pay high and consistent levels of income will continue to stand his investors in good stead.

Neptune Income has made 69.76 per cent over the past decade compared with 77.13 and 75.16 per cent from its sector average and benchmark.

However, it has done so with a far lower maximum drawdown (the amount of money lost if investors bought and sold at the worst possible moments), annualised volatility score and downside risk (which predicts a fund's susceptibility to lose money during falling markets) than its FTSE All Share benchmark.

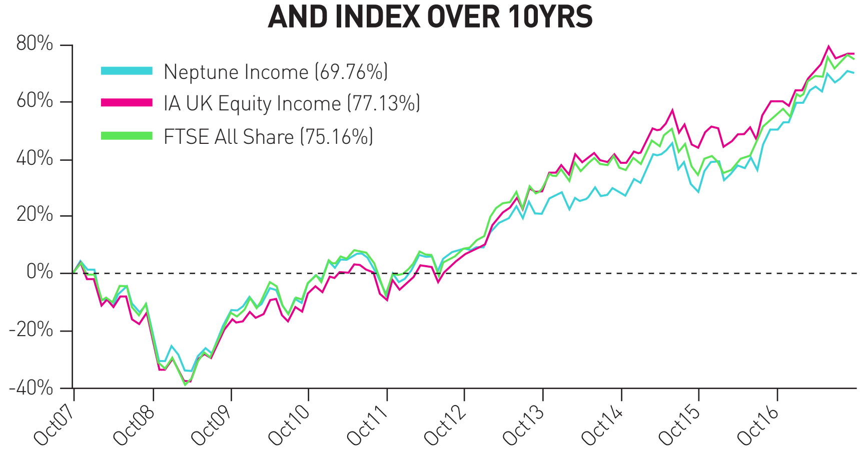
A £10,000 lump sum invested in the fund 10 years ago would have generated £3,964.33 in income alone over this time.

Neptune Income has a clean ongoing charges figure of 0.83 per cent and is currently yielding 4.88 per cent.●

FILE

MANAGER: **Robin Geffen**
LAUNCHED: **31/12/2002**
FUND SIZE: **£200m**
OCF: **0.83%**
FE CROWN RATING:

PERFORMANCE OF FUND VS SECTOR AND INDEX OVER 10YRS



Source: FE Analytics

Trust

BAILLIE GIFFORD JAPAN

Sarah Whitley is leaving this trust after 26 years, but analysts say Baillie Gifford has sourced more than adequate replacements

THERE ARE TWO MAIN REASONS WHY a fund makes a change at the top: either a manager with a record of outperformance leaves or one who is underperforming will be shown the door.

In the case of Baillie Gifford Japan, it is most certainly the former, with Sarah Whitley announcing her retirement this month.

The manager is to leave the firm after a 37-year career and 26-year tenure running the trust, during which time she has significantly outperformed the market: Baillie Gifford Japan has returned 674.57 per cent to investors since she joined in 1991, compared with 138.41 per cent from the TSE Topix index.

Whitley will leave in April next year, with Matthew Brett – who currently co-manages the open-ended Baillie Gifford Japanese fund – taking over as lead portfolio manager. Praveen Kumar of the Baillie Gifford Shin Nippon trust will join him as deputy manager.

While many investors may consider selling the fund following the news of Whitley's retirement, analysts have been quick to back the new management duo.

Graham Spooner, investment research analyst at The Share Centre, said the manager's departure is a big loss, but that the team is well-placed to carry on her good work.

"Brett joined Baillie Gifford in 2003 and Kumar in 2008," he explained. "Both are well versed in the process and are capable of heading a large and experienced team."

Andy Merricks, head of investments at Skerritts Wealth Management, pointed out the firm has already been through this transition, when John MacDougall stepped down in 2015 and Kumar succeeded him.

Ben Conway, senior fund manager at Hawksmoor Fund Managers, agreed that there is unlikely to be a change in the way the trust is run.

"Their process and philosophy is so strong and imbued through every investment team member that the way funds/trusts perform should never be affected that much by the departure of one person – even one as senior and experienced as Whitley," he said.

"Brett is a very capable replacement and has been steeped in Baillie Gifford investment lore from the beginning of his career."

Therefore, investors that sell out of the trust due to concerns of a change in management style could be missing a trick, while those looking to add Japanese exposure may wish to think about buying in if the current premium tightens significantly or even slips to a discount.

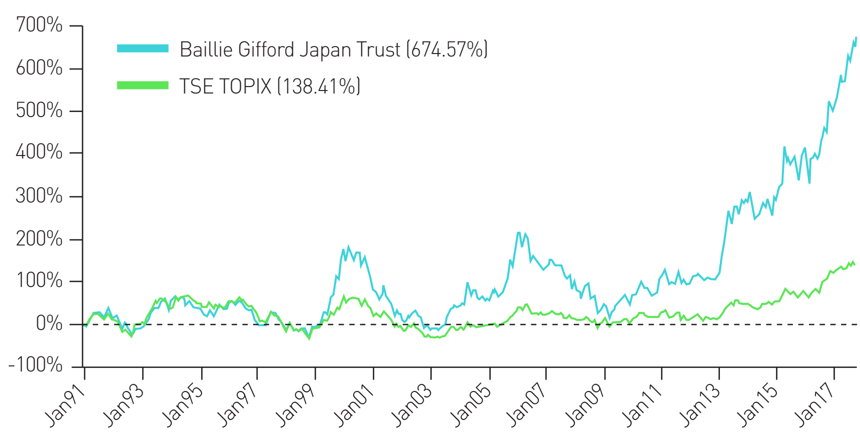
The trust aims to provide long-term capital gains through investing in mid- and small-cap Japanese equities and will typically hold 40 to 70 stocks.

It has a strong technology bias and has a 24.5 per cent weighting to commerce and services, with 19.3 per cent in clericals and electronics and 17 per cent in manufacturing and machinery.●

FILE

MANAGER: **Sarah Whitley**
LAUNCHED: **12/01/1981**
DISCOUNT/PREMIUM: **+4.8%**
TER: **0.88%**
FE CROWN RATING:

PERFORMANCE OF TRUST VS INDEX OVER MANAGER TENURE



Source: FE Analytics

BACK-UP PLAN

Investors pulling money out of the IA UK All Companies sector may wish to consider putting it back into the closed-ended equivalent where discounts are widening, writes **Adam Lewis**

THE £168BN IA UK ALL COMPANIES SECTOR has been making the headlines for all the wrong reasons in recent months, with investors rushing for the exit door in their droves.

According to the Investment Association, it was the worst-selling sector in net retail terms in May, June and July, with outflows totaling £1.23bn over these three months. While this may seem marginal when compared with the overall size of the sector, which remains the largest in the IA universe, it is indicative of the current nervousness surrounding the domestic market.

THE ALTERNATIVE

However, rather than reinvest this money into open-ended global equity or bond funds, something that the in- and out-flows data suggests many investors have been doing, should they look instead at the equivalent closed-ended UK All Companies sector?

Housing just 15 funds and with a market capitalisation of £4.6bn, it offers a lot less choice. Nonetheless, it contains a wide variety of manager styles and strategies.

"Unlike the UK Equity Income sector, UK All Companies is a difficult one to generalise about as it contains quite a disparate mix of funds," says Innes Urquhart, a research analyst at Winterflood Investment Trusts.

"For example, you have the more mainstream trusts – such as Jupiter UK Growth or Schroder UK Growth – and trusts that invest much further down the market spectrum such as Schroder UK Mid Cap, The Mercantile Investment Trust and Henderson Opportunities."

Indeed, when it comes to different styles, AIC UK All Companies also houses Neil Woodford's £788m Patient Capital Trust and Artemis Alpha, which both invest in several unquoted companies, so comparing trusts on a like-for-like basis is no easy task. However, the same can be said for the equivalent open-ended sector, which critics have long argued needs to be broken up into smaller categories.

LITTLE DIFFERENCE

Performance wise, there is little to choose between the open- and closed-ended UK All Companies sectors. You would have been better

off in an investment trust over one and five years, with the AIC UK All Companies sector up 16.01 per cent and 77.98 per cent respectively over these periods, versus 13.65 per cent and 68.09 per cent from the IA equivalent. However, over three and 10 years it is the larger open-ended peer group that comes out on top, with sector average returns of 29.44 per cent and 78.6 per cent, beating the closed-ended mean returns of 27.27 per cent and 74.19 per cent.

Richard Curling, manager of the Jupiter Fund of Investment Trusts, currently has 17 per cent of assets in UK equities, which he admits is a lower weighting than he has had in the past. However, despite the uncertainties around Brexit and currency movements, he says it is not a reflection of a particularly bearish outlook, noting there are many good managers within the investment trust space you can buy and hold throughout the cycle.

"Our UK exposure is currently skewed to the UK small and mid cap area of the market, as we think there are some interesting investors here," he says. "Within the All Companies space we hold Fidelity Special Values, Jupiter UK Growth and Henderson Opportunities. While the Jupiter trust, managed by Steve Davis, is more large cap-orientated, he is a contrarian manager and it has a heavy exposure to the domestic economy."

"There are definitely opportunities, but at present sentiment is against the UK"

OPPORTUNITY KNOCKS

Trusts with a high weighting to the UK economy have been underperforming, as investors have instead shown a preference for the larger and more expensive companies that derive more of their earnings from overseas, and as a result have benefited from the weakness of sterling.

However, Curling says this presents investors with an opportunity to buy trusts that operate within the domestic space at a significant discount to their net asset value.

For example, James Henderson's Henderson Opportunities Trust is currently trading at a 19.4 per cent discount to NAV, versus its 12-month average of 16 per cent. Curling says this reflects the fact that closed-ended investors have also been retreating from the UK.

STICKING AROUND

"The advantage of being in an investment trust when investors are taking their money out is the manager doesn't have to sell holdings to satisfy redemptions," he adds. "You also have the advantage of tenure, with AIC research showing managers tend to stick around longer on investment trusts, meaning you get exposure through the cycles, rather than the 'hire-and-fire' approach that you get in open-ended funds."

PERFORMANCE OF SECTORS

	1yr (%)	3yrs (%)	5yrs (%)	10yrs (%)
IA UK All Companies	13.65	29.44	68.09	78.6
AIC UK All Companies	16.01	27.27	77.98	74.19

Source: FE Analytics

Winterflood only has two AIC UK All Companies trusts in its model portfolio: Fidelity Special Values and Woodford Patient Capital.

"Woodford Patient Capital is not a mainstream UK equity fund, but we like its investment approach and believe it is ideally suited to the closed-ended structure," says Urquhart. "On Fidelity Special Values, the manager Alex Wright has generated good returns and we like his value/contrarian approach."

"The manager's unconstrained and contrarian style, which leads to the fund's bias to cyclical and mid/smaller companies at present, means there will be periods when the fund will underperform its benchmark. However, we rate him highly and believe his approach will outperform in the medium to longer-term."

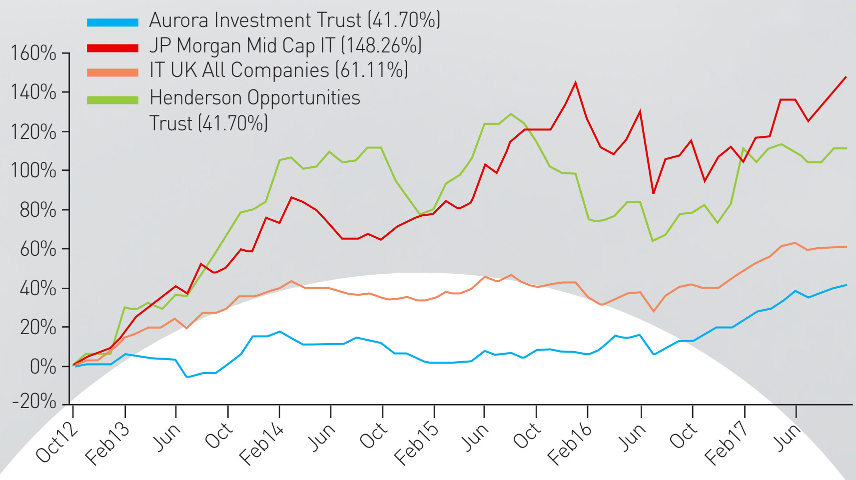
BARGAIN BASEMENT

Like Curling, Urquhart notes discounts on several funds have moved out to wide levels, which he says in the case of Henderson Opportunities reflects the amount the manager has in small caps.

"We rate James Henderson highly and believe the multi cap approach is interesting," he says. "However, the fund is quite small (£76.5m market cap), making it less liquid and off the radar for some investors."

"Trading at an 11 per cent discount, Schroder UK Growth also looks attractive. Performance has lagged the FTSE All Share since Philip Matthews took over from Julie Dean three years ago, but for a mainstream fund the discount looks attractive. So there are definitely opportunities in the sector, but at present sentiment is against the UK, which is reflected in fund flows and the widening discounts."●

PERFORMANCE OF TRUSTS VS SECTOR OVER 5YRS



Source: FE Analytics

Top of the pops
JP MORGAN MID CAP

Georgina Brittain's JP Morgan Mid Cap IT sits top of the rankings over five years with returns of 148.26 per cent. Despite this long-term outperformance, it is on a 9 per cent discount which Numis says offers value compared with its sector peers. "JP Morgan Mid Cap suffered a set-back following the results of the EU referendum due to the portfolio's tilt towards the UK consumer," it says. "However, the rebalancing towards exporters and overseas earners has seen the fund resume its impressive track record."

The discount play
HENDERSON OPPORTUNITIES TRUST

Henderson Opportunities Trust is currently trading at a 19 per cent discount to NAV, which is significantly higher than the sector average of 7 per cent. The trust's focus is on growth, recovery and special opportunities, with Henderson often taking a contrarian view, looking for "out of favour" quality companies that deliver strong cash generation and dividend growth. As a result, Urquhart says that while the discount looks high within the UK All Companies sector, it is in line with many AIC UK Smaller Companies trusts.

The possible turnaround
AURORA INVESTMENT TRUST

Curling notes Aurora has been completely reformed since Phoenix Asset Management was appointed investment manager in January last year, having been a "disaster" before. He says it will be managed along the same lines as the open-ended Phoenix UK fund, making it more concentrated in its approach – for example, the top 10 holdings account for nearly 80 per cent of the portfolio. Over one year the fund is the second best performer in the sector with a 25.61 per cent return.

TOO CLOSE TO HOME

John Blowers reveals some uncomfortable truths about the type of social life you will be able to afford with the average UK pension pot

HERE ARE THREE "RULE-OF-THUMB" NUMBERS that are often bandied about when it comes to planning your retirement.

- £100,000 – the average pension pot in the UK at retirement
- £500,000 – a pot that will provide a comfortable lifestyle in retirement
- £1m – the largest tax-free amount you can save in your pension pot, which should see you through a long and active retirement in style

The fourth number is £155 a week from the state pension (or £8,060 from age 65 per annum), but I wish I could assure every reader that this number were true, as the amount you receive will depend on your overall National Insurance contributions.

Let's start with £100,000 – the average pension pot at retirement. What sort of retirement could you expect from those savings when it is coupled with an £8,060 per annum state pension?

A quick whizz through the Money Advice Service website's annuity comparison service shows a £100,000 pension pot for a 65-year-old single person in reasonable nick would buy an annual income of £3,132 for life (increasing by inflation).

Therefore, the average Brit at retirement is going to have to live on £215.23 a week, or £11,192 a year.

On the face of it, that doesn't sound like much, but remember your lifestyle in retirement will be very different to the one you have when you are working. There are additional costs involved when you are employed (and raising a family), but being at work typically means you're not spending money. When you're at leisure, the amount you spend does seem to rise.

I'm going to assume that our average Brit retiree continues to live in their own house (a two-bedroom cottage), with the mortgage paid off.

What kind of bills can you expect to have in these circumstances and will your retirement income limit your lifestyle?

There is a surprisingly large amount of information on the subject of living costs, although be aware that there will be quite a spread, depending on whether you live in Chelsea or Orkney.

There is also a consensus of what constitutes an acceptable minimum lifestyle and for those of us who like a tipple every now and then, alcohol is included in the list along with heating, television, food and bills.

According to the estimates of the Trustnet Direct Retirement Centre, a £100,000 pension pot, combined with the state pension, is likely to just about haul you out of the "hand-to-mouth" lifestyle and into the "quiet-and-comfortable" category.

I'm going to try to describe what this actually means. In our scenario within our average two-bedroom house, you will be able to keep it relatively warm, although you won't be able to go crazy and heat all the rooms all the time. You will have a phone, the internet and basic free television (but no holidays, though).

Sounds OK? Well, life gets a bit tougher after that. The food you buy and the clothes you wear will be more Lidl and Sue Ryder than Waitrose and Jaeger.

The pension you worked so hard to save for will allow a little luxury in terms of the occasional treat in the kitchen, but forget thoughts of eating out or a takeaway.

And this is where we pause for thought. The government has set the state pension at a level that it views as enough to get by on. There is little scope for paying out any more than that (and we assume you're getting the full £155 per week here).

The pension will top you up by a further £60 per week, which will allow you to go and live a little – but not a lot.

So, what activities that you used to enjoy will you have to wave goodbye to? Holidays, birthday and Christmas presents, eating out and running a car will all be out of reach. Golfing or other club memberships will be a struggle to maintain, as will other entertainment such as the cinema or theatre.

Effectively, anything that involves going out tends to cost money, which is why many pensioners live reclusive lifestyles.

Now I understand why my parents drop everything if we invite them to Sunday lunch and it's a stretch to describe them as anything other than "care-free".

They say that it becomes very difficult to live frugally when you •••

... have so much free time on your hands. Luckily, my folks have enough saved to indulge in their hobbies and take frequent trips away, but even then, I do feel a little sorry for them, as it does feel like they spend too much time in front of the television.

With the benefit of hindsight, I'm not sure whether they thought they would live so long in such good health and could have done so much more in retirement, but even they have been pegged back by concerns over money.

Imagine living 25 or 30 years (as we're actuarily expected to) in front of the telly on a subsistence income.

> **It becomes very difficult to live frugally when you have so much free time on your hands**

No wonder there are so many equity release ads on television during the day. People are desperate enough to effectively re-mortgage their homes just to be able to afford to get out of them once in a while. Sod the kids' inheritance.

If I'm painting a bleak picture of retirement on a £100,000 pot and the state pension, then I'm doing a good job of highlighting the problem. It wasn't so bad back in the days when you were lucky if you lasted beyond 75, but nowadays everyone is full of beans and wants to get out and enjoy their golden years.

There are of course steps you can take to help yourself out. Aside from the obvious – saving more for retirement – we now live in the age of pension freedoms and therefore you no longer need to buy an annuity. You can instead keep your pension pot invested and generate a return throughout retirement, while drawing down what you need.

LIVING COSTS IN RETIREMENT

Item	Annual cost (£)	Cumulative cost (£)
HAND TO MOUTH		
Basic food	2,400	2,400
Water rates	400	2,800
Electricity	1,062	3,862
Heating	602	4,464
Phone	240	4,704
TV licence	144	4,848
Council tax	1,468	6,316
Insurance	900	7,216
Basic clothing	600	7,816
Alcohol	750	8,566
QUIET AND COMFORTABLE		
Enhanced food	1,350	9,916
Premium TV	660	10,576
Gifts, birthdays, Christmas	300	10,876
Small holiday	1,000	11,876
Standard clothing	600	12,476
Monthly meal out	2,500	14,976
CARE-FREE		
Cinema/theatre	1,500	16,476
Running a standard car	5,000	21,476
Club membership	100	21,576
Foreign holiday	2,500	24,076
Premium food	1,250	25,326
Premium clothing	600	25,926
New furniture, fittings	1,500	27,426
Private medical insurance	1,200	28,626
LUXURY		
Home help	3,760	32,386
Premium holiday	5,000	37,386
Weekly wining & dining	3,000	40,386
Decorating/home improvement	3,500	43,886
Premium car	3,500	47,386
Second home	9,000	56,386

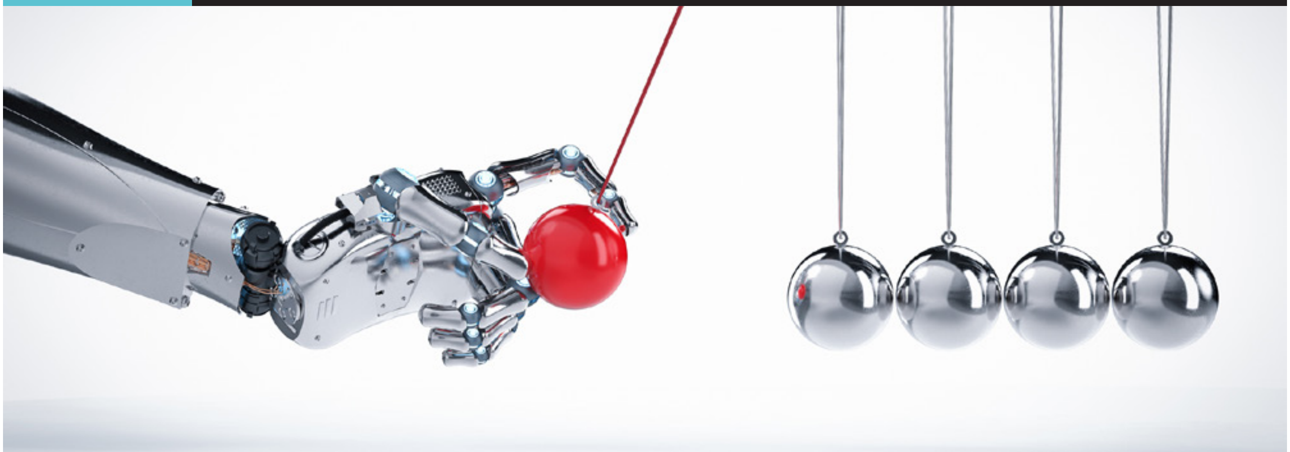
Source: Trustnet Direct

The same £100,000 pot can generate an income of £570 per month (almost double that of an annuity), but will run out between the age of 86 (average 4 per cent growth) and 97 (6 per cent growth). That will lift your annual income from £9,761 to almost £15,000.

At the beginning of the article, I mentioned two other figures: a £500,000 retirement pot and the tax-free lifetime pension limit of £1m.

A pot of £500,000 in drawdown will supply you with an additional £3,000 per month (and last until you're 88 at an average growth rate of 5 per cent a year) on top of your state pension. I think it's fair to say, we'd feel positively regal with that compared with our original scenario. However, you will still have to pay tax on your retirement income.

If you save the full £1m lifetime retirement allowance, you will be looking at double the amount (£6,000 a month before tax) – enough to have a ball in retirement.●



BOUNCING TECHS

EdenTree's **Thomas Fitzgerald** says sell-offs in blue-chip technology stocks often represent a buying opportunity for long-term investors

TECHNOLOGY IS A VOLATILE SECTOR, prone to highly speculative demand based on innovations that can rapidly change. It has been subject to wide-ranging sell-offs, particularly following negative news-flow. For this reason, many investors are cautious when it comes to these stocks and some have been burned by these selling patterns.

However, sell-offs also offer an opportunity for investors to add to or initiate positions in companies at attractive valuations. This is particularly true for long-term investors, who are able to give innovations the time needed to evolve into effective and profitable products or services.

Several technology companies that have been subject to sell-offs continue to be profitable as they evolve alongside the latest advances, such as the internet of things, networking and mobile technology. These businesses represent compelling investment opportunities over the long term.

APPLE'S SHARE PRICE HAS FLUCTUATED OVER THE past few years, as analysts have predicted the demise of the iPhone story. However, strong cash generation will support its design and development over the long term. Apple is also making progress towards a subscription-led revenue model through its internet and entertainment services, such as cloud storage, Apple Music and Apple TV, the latter of which had the second-highest earnings growth of any division year-on-year in the third quarter of 2017.

INTEL DESIGNS AND MAKES MICROPROCESSORS and related products for PCs, tablets, smartphones and servers. The company has recently faced headwinds from the weakness in the global PC market which has hindered revenue growth. However, its scale, technological leadership and financial strength make it well positioned to provide key technology driving the digitalised world, including the explosion of data traffic, proliferation of mobile technologies and the evolution of the internet of things.

CISCO IS THE GLOBAL LEADER IN NETWORKING infrastructure services. It boasts a profitable franchise and is positioned to benefit from multiple product cycles. The company faces competition from Asian peers with lower cost structures, as well as emerging networking technologies. However, Cisco can use its vast scale to sell new technologies and defend its position. It will also benefit from exponential growth in data generation and faster transfer speeds – driving demand for networking infrastructure.

M&G EUROPEAN LOAN

Fidelity's **Eugene Philalithis** says this fund's seasoned team of credit analysts helps it pick fundamentally sound companies in unattractive – and therefore higher yielding – sectors

WE'VE RECENTLY ADDED TO OUR POSITION IN THE M&G EUROPEAN LOAN FUND, headed up by Dan Gardner. Loans have been one of our high-conviction views over the past few years and have played an important role in diversifying our income base.

In an environment where yield is not easy to come by without moving up the risk spectrum, loans offer an attractive level of income while providing welcome defensive exposure in the sub-investment grade space. Their floating rate income provides low exposure to rising yields at a time when central banks are beginning to tighten monetary policy. What's more, their seniority in the capital structure means they compare favourably with high yield bonds on a credit risk basis. High yield bonds have done well this year but their yields have been depressed by high demand, further emphasising the relative attractiveness of loans.

I particularly like the M&G European Loan fund, due to the in-depth fundamental research carried out by a large and seasoned credit analyst team. The fund aims to provide a Libor plus 4 per cent income stream by investing in loans issued by companies in Europe, the UK and the US. The team's strong focus on capital preservation is backed up by substantially lower default and loss rates compared with the market.

The diversified, research-driven approach of the team is particularly valuable in a year where buoyant demand has outpaced loan issuance. This has forced yields lower on loan vehicles, even as the floating component of their yield has risen. However, the M&G team has adapted well to defend the portfolio's yield, such as by increasing exposure to non-euro denominated loans which provide a yield premium relative to euro-denominated paper of equivalent quality.

A further market risk the team has had to grapple with is the rise of covenant-lite issuance in Europe. This is typical late cycle behaviour, with investors putting fewer restrictions on how loan issuers manage their balance sheet.

In such an environment, the skilled resources the team is able to commit to conducting thorough due diligence on issuer quality and loan documentation means it can unearth individual credit opportunities and avoid difficult situations further down the line. For example, the fund's exposure to a manufacturer of oil-rig parts highlights its ability to pick out a fundamentally sound company within an unattractive – and therefore higher yielding – sector.

By accessing loans through the M&G fund, I can implement a high-conviction asset-allocation call and offset some of the risks through the team's in-depth credit expertise.●

Eugene Philalithis *is the portfolio manager of the Fidelity Multi Asset Income fund*

TRUSTNET magazine

NOVEMBER PREVIEW

Drawing it out

The next issue of Trustnet Magazine will focus on pensions, as we consider the future for income drawdown. Arguably not fit for purpose before the pension freedoms, it is now one of the most popular options for people taking retirement income. We will examine the market, the risks, and what you should look for in a product.

We will also find out if the Pensions Advice Allowance is sufficient for savers to obtain meaningful guidance.