

NEW



Visibly guides patients to promote optimal brushing habits



New Oral-B® Triumph™ with SmartGuide™

is the unique brushing system that visibly guides patients to promote improved brushing habits. The unique **stand-alone SmartGuide** is a wireless display that provides real-time feedback and encourages longer brushing time.* In fact, patients who use Oral-B Triumph with SmartGuide are **5 times more likely** to brush the recommended 2 minutes twice per day.*¹

For additional information, visit us at dentalcare.com

Oral-B PROFESSIONAL CARE 9900™ WITH WIRELESS SMART GUIDE™
SMART TECHNOLOGY...BRILLIANT RESULTS™

P&G Professional Oral Health

* vs manual brush. ¹ Data on file, P&G.

Money Matters

Managing your assets

If you have money invested in ISAs, PEPs and personal pensions (including SIPPs), do you really know who is managing your money? Financial planner Ray Prince discusses some statistics

Recent research by Citywire, a leading fund research firm, has revealed that the average fund will only retain its fund management team for two-and-a-half-years. The analysis, which concentrates on UK funds, is the most comprehensive conducted yet and includes five years of data.

The survey examined 1,741 funds and found that over the five years to the end of August there were 3,440 manager moves. It found that managers are more likely to move during times of stock market turmoil, and unsurprisingly they move less when markets are doing well.

Let's look at some statistics:

- During the 2002/03 bear market, 27 per cent of funds changed hands
- In the year to August 2004, some 23 per cent changed hands
- In 2005, it was 19 per cent, and 15 per cent in 2006.

But what do all these moves mean to you?

If your investment manager has moved during the last two years (and the likelihood is that some will have), you have a number of options:

- Leave your money invested where it is
- Find out where the fund manager has moved to and transfer your money there (ensure you check the details of the fund on offer)
- Take a step back and look at whether your money is being invested with a **strategic** investment philosophy, as opposed to a **tactical** approach.

The reality (in our experience), is that many investors are following the tactical approach. They hold a number of funds, perhaps with a handful of product providers, and have no real idea where their money is actually invested or which fund managers are in charge anyway.

In fact, one recent client that we dealt with had total investments (pensions, ISAs, PEPs) of £300,000, spread across six providers and 13 funds. Once the overall portfolio was broken down we saw that he had an 89 per cent exposure to equities/shares. When we analysed his attitude to risk it was shown that he would be uncomfortable with more than 55 per cent exposure to equities.

We also calculated that he did not need to take as much equity risk that he was as he was on track to achieve his overall retirement income goals. What we did in this case was alter his overall portfolio so that:

- His exposure to equities was reduced to 50 per cent
- We created a portfolio that was invested predominantly in low cost asset class institutional funds
- We added a percentage of bond funds to act as an insurance against market falls
- We adopted a 'buy and hold' strategy to minimise fund trading costs (if you don't know what these are you need to find out).

Academic studies show that Strategic Asset Allocation is behind 90 per cent of a portfolio's return. Ibbotson Associates conducted research that shows that:

- 91.5 per cent of a portfolio's return is due to strategic asset allocation
- 4.6 per cent is due to stock picking
- 1.8 per cent is due to tactical asset allocation (market timing).

And William Bernstein of The Intelligent Asset Allocator said: 'Market timing and security selection are obviously important. The problem is that nobody achieves long-term success in the former, and almost nobody in the latter. Asset allocation is the only factor affecting your investments that you can actually influence.'

So why don't investors follow this path if all the research points this way? There are a number of reasons:

- Ignorance (never heard of it)
- Ignorance (heard of it but can't be bothered)
- Greed (I can pick best performing funds and beat the market)
- Ego (I know best, don't tell me what to do)
- Conditioning (I don't want to do something my peers are not)

And no doubt there are many other reasons. Some in the fund management industry will have you believe that all you have to do is pick a few good funds and you'll be well on the way to making great returns on your capital. Of course, this could happen, but all the research points to adopting an **alternative** approach. One which you're probably not aware of right now.

So what can you do? Simple. Find out how this alternative approach works. Do your research, just as we have, and you'll be pleasantly surprised with what you discover.

The bottom line

As impartial advisers we are able to recommend **any** fund from the thousands available.

What we've done is take a step back (a number of years ago) and



Who is managing your money?

look at the alternative investment methods available to our clients. All based around Strategic Asset Allocation.

Maybe it's time for you to do the same.

Action point

The reality is that we have yet to meet a new client who understands the importance of asset allocation (and the majority have never heard of it). Just Google the term and you'll see 2.8m results.

The good news is that it's relatively easy to implement a strategic asset allocation approach with your investments. It's just a case of knowing which buttons to press to make it happen.

Free audio CD

To learn more about how to invest with a Strategic Asset Allocation approach, you can request a free copy of Rutherford Wilkinson's latest CD: 'How To Avoid The Three Most Common Retirement Planning Mistakes'. Just call Catherine Lowes on 0191 217 3340 and a copy will be posted to you (please quote ref: DT33). www.rutherfordwilkinson.com

About the author



Ray Prince

is an independent financial planner with Rutherford Wilkinson plc, and helps dentists get the best deals on mortgages, protection and investments, as well as helping them achieve their financial objectives. You can contact him on 0191 2173340 and ray.prince@rw-plc.co.uk. Rutherford Wilkinson plc is authorised and regulated by the Financial Services Authority.