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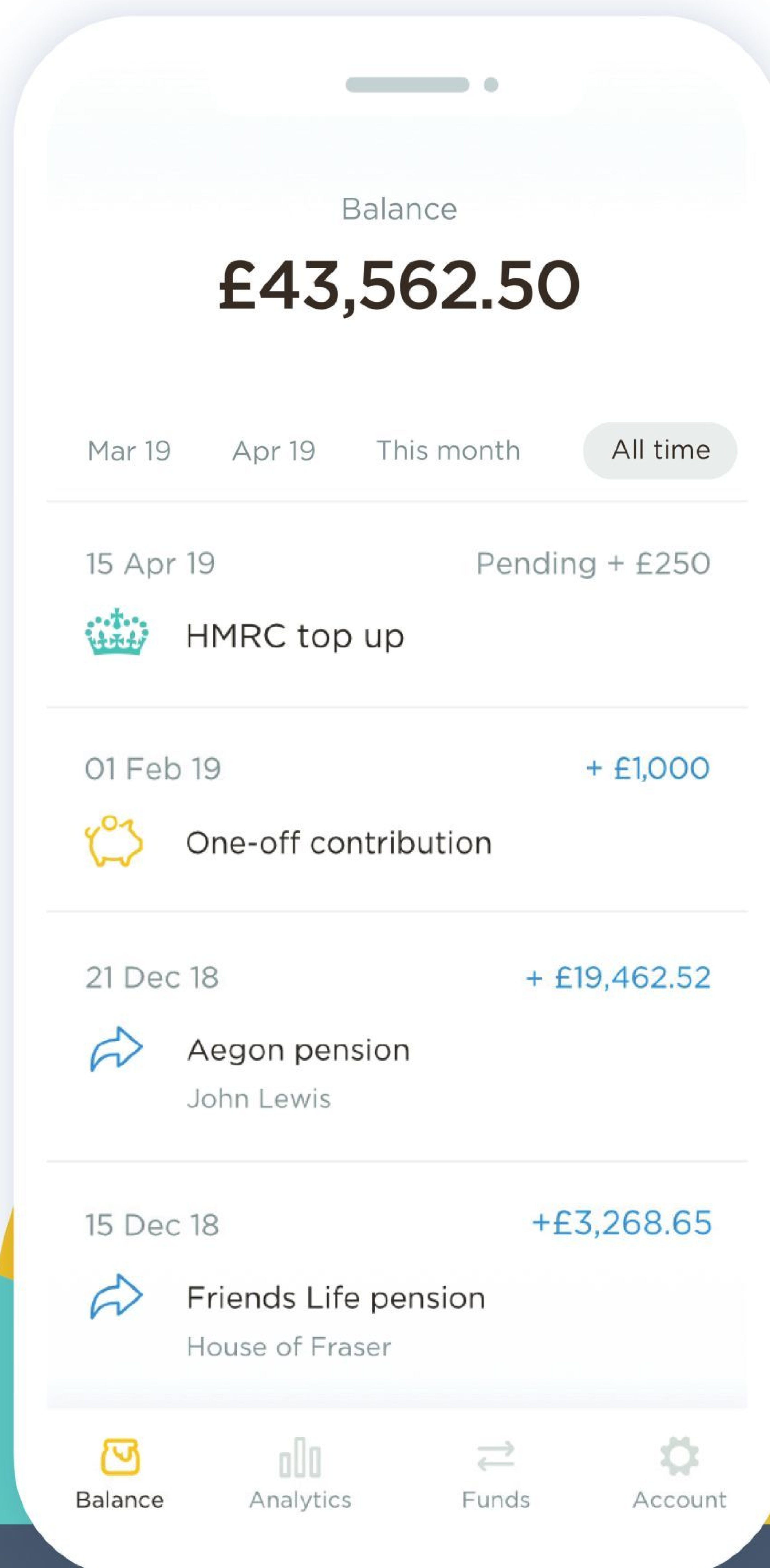

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WELCOME TO *November*

Want a top-class investing strategy, but don't have time to create one? Why not piggyback on someone else's?

In our feature on page 58, we outline the strategies of some of the greatest investors of all time – and how you can learn from them.

We also help a 19-year-old invest a lump sum for the future that she has been gifted in our Investment Doctor on page 57.

Our fund briefing this month tackles the thorny issue of investing pre- and post-Brexit – and how to factor in the current situation to your investing strategy (page 66).

Christmas tends to be an expensive time – but you could plan ahead with our feature on page 9 with 10 ideas to make £2020 by Christmas.

Meanwhile, our Home Finance Awards are full of ideas for choosing the best value providers of broadband, phone, energy, streaming services and more. We reveal the award winners as chosen by you – see page 49 for more.

On page 72 we share seven tips to give your pension a last-minute boost. It's never too late to turn around your retirement fortunes – we share some ideas for how to do it. They could have a real impact on your lifestyle in older age. We also reveal the results of The Great British Retirement Survey on page 70. As many as 10,000 of you kindly shared your views on the reality of retirement or your hopes and dreams for it. We share some of the intriguing insights with you in this issue.

Are you feeling the financial tug from kids on one side and ageing parents on the other? If so, you're not alone – around 1.3 million people in the UK have multi-generational caring responsibilities. On page 40, we share some ideas for the so-called 'sandwich generation' on helping all families members without breaking the bank.

If you could do with getting away from it all, why not try your luck in our competition this month – a tranquil break in the Lakes for two. See page 26 for more information.

Finally, we love to hear from you – please get in touch with your money-saving tips, views, and what you'd like to read more about.

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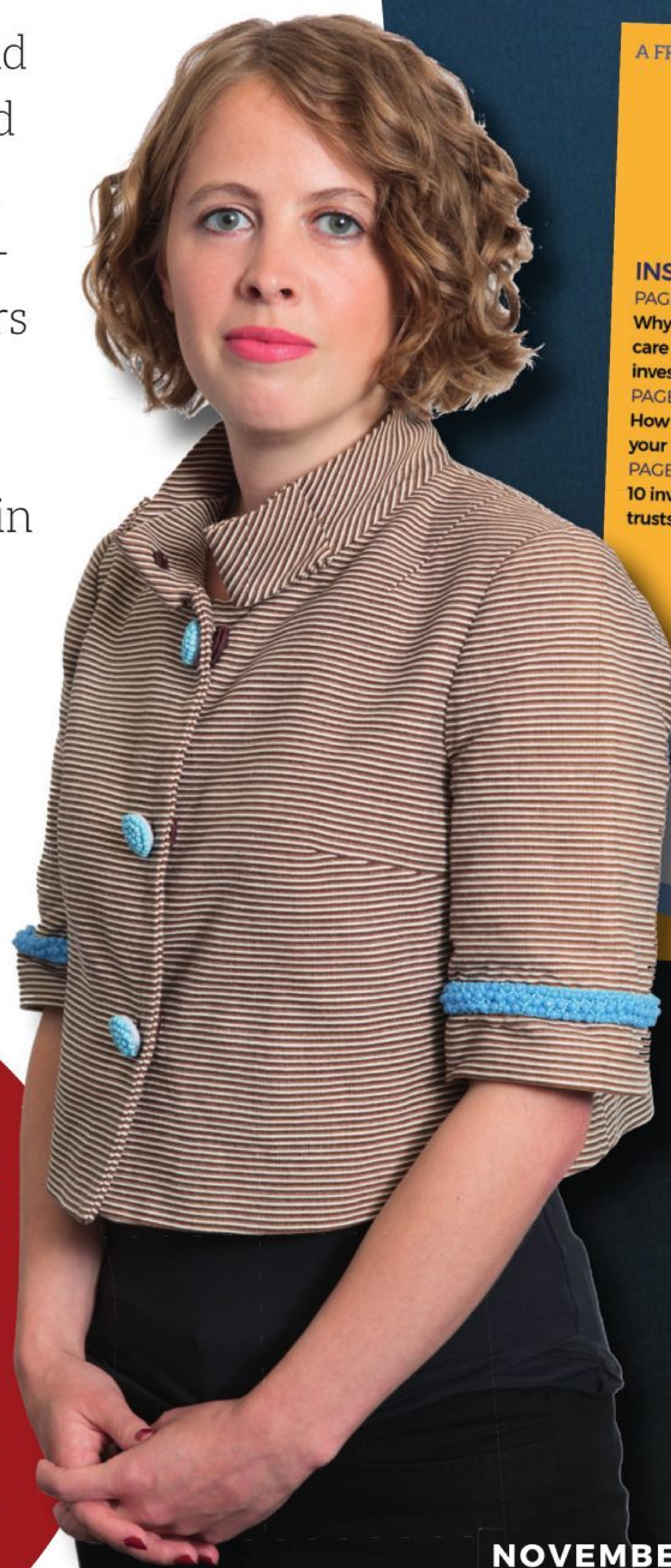
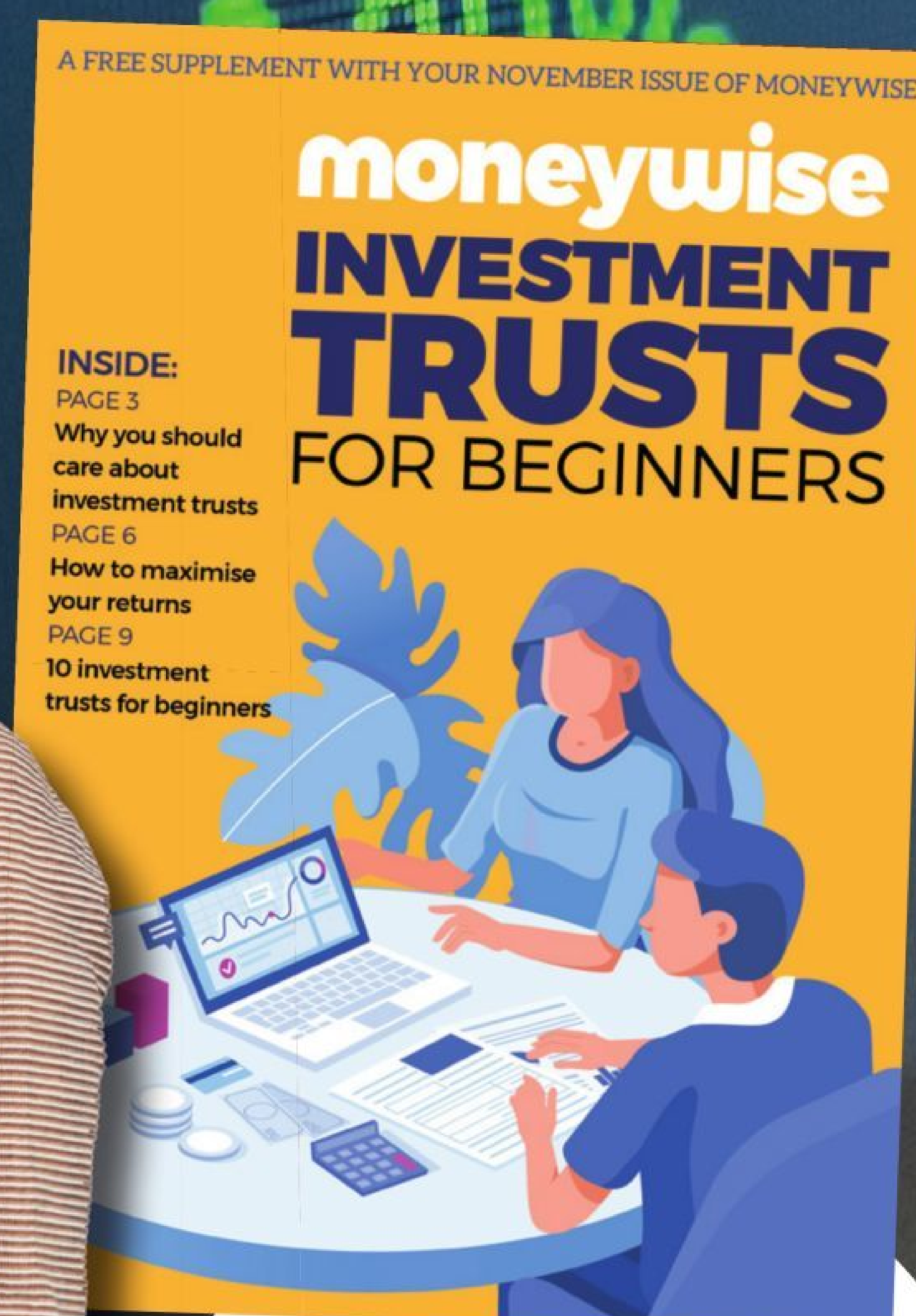
ONE THING I LEARNT THIS MONTH IS...

"For some time I thought there was a railcard for practically everyone but me – young people, over-60s, those travelling with friends and family and more. But this summer I found one – and it's saved me a fortune already. The Network Railcard only works in the South East, but if you travel in the area often, it's a great buy."

Rachel Rickard Straus





FREE WITH THIS ISSUE:
New to investment trusts? Our guide tells you everything you need to know to get started

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We show you how to add tens of thousands to your pension – even if you have just a few years to go until you retire

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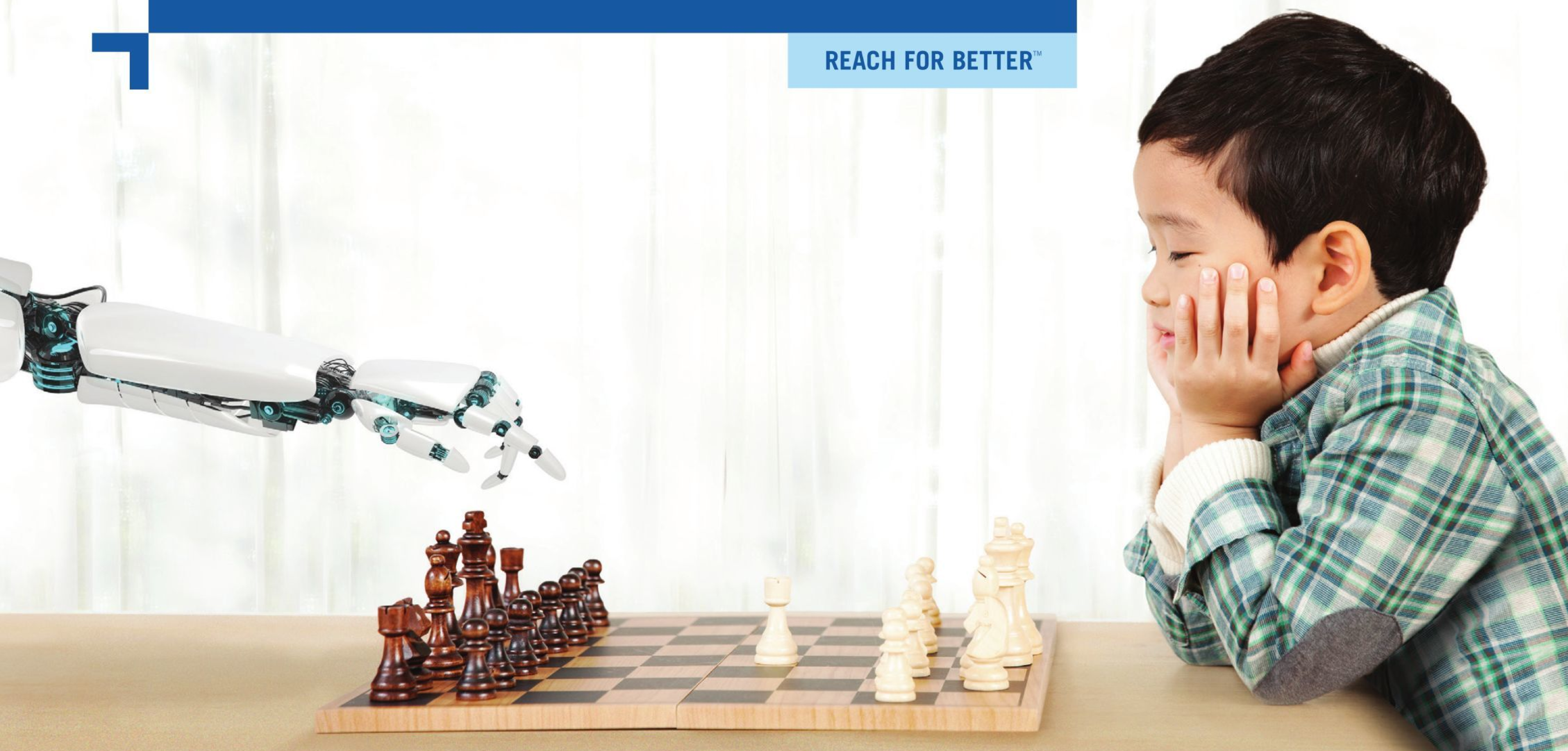

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10 WAYS TO MAKE AN EXTRA £2020 FOR CHRISTMAS

Worried how you will pay for food, drink and presents over the festive period? Then read our tips on how to boost your income – you can start earning hundreds right now, while some of our ideas will lift your bank balance in the new year

Rebecca Moore and her daughter Cadence (right). Rebecca makes £20 a month using the TopCashback website

BY REBECCA GOODMAN

Families spend around £500 on average on Christmas presents, food and drink and festivities, according to research from the Bank of England. But instead of dipping into your savings or pushing yourself into debt to pay for it, there is still time to boost your income for the festive season.

There is a huge range of ways to make extra cash, from pet sitting and renting your spare room to online teaching and tax rebates.

Here, we have selected 10 of the best ways to make an extra £2,020 and for each we have estimated how much you could typically boost your bank balance by.

1. SWITCH ENERGY PROVIDERS
Cash boost: £333

One way to cut your energy bills without sacrificing heating your home is to switch providers. The average dual-fuel bill costs £1,179 a year, but the cheapest fixed-rate tariff is £846 – a saving of £333 over the year. However, if you have not switched for a while you could save £259 on average, and it only takes 10 minutes to find a new provider online, according to energy comparison site uSwitch.

> You could save £333 a year switching energy suppliers

2. SWITCH BANKS
Cash boost: £150

There is a lot of competition in the current account market, which means you can often pick up a cash bonus by switching. It is only worth it if you find an account that works for you, but if you are getting paid to do it, then it is a win-win. The NatWest Reward account, for example, pays £150 if you open an account before Friday 6 December, while First Direct pays out £50 to new customers.

3. EARN EXTRA WITH CASHBACK WEBSITES
Cash boost: £20

If you're Christmas shopping online, it is worth checking cashback websites, which will pay you a percentage of each purchase. TopCashback and Quidco are the biggest cashback websites; rates change regularly but, on average, you can earn around 5%. For example, at the time of writing, at Quidco you can earn 5% on purchases at Debenhams while at TopCashback there was 9% cashback for new customers at fashion retailer Joules. Money is usually paid into a cashback account in around a month, and you can then transfer the cash into your bank account.

Rebecca Moore, 36, from Caerphilly in Wales makes around £20 a month with TopCashback.

She now has made £600 on cashback deals and is planning on using this to put towards her Christmas spending. Rebecca has lots of nieces and nephews and a three-year old daughter, Cadence, so she says the money saved will go on presents for the younger members of the family.

"Christmas this year will be me, my husband, Chris, Cadence as a family. We will spend a good week playing with her new toys bought using the money I've been able to save through the cashback.

"To get the most out of these websites, I would recommend shopping around if there is a specific thing you want. Check there are no excessive postage costs and then go with the best cashback," she adds.

4. RENT OUT EXTRA SPACE

Cash boost: £625

If you have a spare room in your house, or your drive is empty, you can earn money renting them out.

How much you can make will vary depending on where you live and the size of your home but for a two-bedroom property in Swansea, for example, average costs are £74 a night rising to £149 in Liverpool, and £327 in London.

You can earn up to £7,500 a year, or £625 a month, before you pay tax under the government's Rent a Room scheme if you are renting out a furnished room to a lodger or a short-term guest.

Renting out your driveway can be especially lucrative if you live in a city centre or near a station. Websites such as Just Park and Parklet take a small fee for matching up those with a spare drive to motorists who want to rent it. You can either rent the space out daily, from between £5 and £10 a day, or arrange a monthly let.

5. GET PAID TO PET-SIT

Cash boost: £140

Instead of relying on neighbours while on holiday, pet owners will now pay for an insured sitter to look after their pets. There are a few websites that match sitters and owners and arrange payment and insurance. For example, with Cat in a Flat cat sitters set their own price and owners can get in contact to arrange a stay. This usually involves popping in once or twice a day to feed and check up on their cat though you can be expected to stay overnight.

Jemma Page, 26, from Nottingham joined the website Cat in a Flat in the summer to make some extra cash and has been earning an average of £100 a month ever since, and expects
 more demand in the run-up to Christmas.

"I adore cats but I'm not able to get one of my own where I rent and I also need some extra money," she says.

"If I cat-sit, I'll have more cash to spend on gifts for my family"

During busy periods, such as Christmas, cat sitters are able to put up their fees. Jemma says she is keeping December free in order to make as much money as possible and has already had several requests to cat-sit over the festive season.

"It has changed my life – I have more excess cash and I get to spend lots of time with cats. I now have six households (some with as many of six cats) that I look after regularly.

"This month alone, I'm earning £140 for a week's work, which has gone straight into my savings for Christmas. It means I can spend more on gifts for my family because I know I'll have that money coming in."

Emma Page (above) with one of her clients' cats

6. RECLAIM TAX IF YOU WEAR A UNIFORM FOR WORK

Cash boost: £60

If you wear a uniform or protective clothing for work, such as a midwife, nurse, or firefighter, you may be able to claim a tax rebate. To be eligible, you need to be the person who has to wash, replace or repair the uniform.

The flat rate available is £60 if you have never claimed before (although it could be higher depending on your job). If you spent £60 and pay tax at a basic rate of 20% in that year, the tax relief you may receive is £12. For a higher-rate taxpayer paying 40% tax,

it is £24 a year.

You may also be able to claim tax relief on the cost of repairing or replacing small tools you need to do your job – for example, scissors if you are a hairdresser.

You can backdate the claim for four years and include the current year (if you've been wearing it the whole time). Make a claim via the HM Revenue & Customs website by filling in form P87 at Gov.uk/guidance/claim-income-tax-relief-for-your-employment-expenses-p87.

7. CHECK YOUR BENEFIT ENTITLEMENT
Cash boost: £250

There are many state benefits that you may be entitled to, so make sure you receive the money you are due. You can carry out a quick check on a free online calculator (for example, charity Turn2Us's calculator at Turn2us.org.uk).

Child benefit, for example, pays out £20.70 a week for your first child and £13.70 a week for any further children until they reach age 16. It is available to most parents or carers, and the claim can be backdated by three months. This could add up to £248 or more if you have not claimed before.

8. FLOG YOUR OLD STUFF
Cash boost: £260

The run-up to Christmas is a great time to declutter and make cash from selling your unwanted things. eBay is the best-known place to flog your old junk but it is also worth checking Gumtree and Facebook Marketplace, where there are no selling fees. There may also be local groups where you can sell your stuff for free without the hassle of going to the post office.

Old tech products will bring in more money, with an Apple iPhone 8 selling for £260 through website SellMyMobile, for example.

However, if it is in good condition you can sell pretty much anything online with limited edition and branded items fetching the most money.

9. SELL YOUR SKILLS ONLINE
Cash boost: £170

If you have a skill that you can do without being in an office, such as design work or photography, there are websites that can connect you to companies willing to pay for your work.

PeoplePerHour, for example, lists potential jobs, along with fees, which you can then bid for. The amount you can earn depends on the job, but we spotted a design project on a website for £170 and copywriting jobs paying £50 for 500 words.

This is a great way to make extra cash in your spare time but be aware that if you are a taxpayer, you will need to pay tax on this income.

10. FIND FORGOTTEN BANK ACCOUNTS
Cash boost: £12

There is around £800 million in old bank accounts, according to National Savings & Investments (NS&I) and if that was split among everyone in the UK it would equate to around £12 per person.

A free service called My Lost Account (Mylostaccount.org.uk), run by UK Finance, the Building Societies Association and NS&I, helps you trace forgotten bank accounts. Just key in a few personal details and it will contact banks, building societies and the NS&I securely to check whether any account they hold matches your details. MW

REBECCA GOODMAN is a freelance journalist who writes for Love Money, Mirror Money, The Sun Online, *The Telegraph* and *The Guardian*

There's still time to boost your pension

From reading to rock climbing, we all have different ideas about how we'd like to spend our retirement.

But I bet there are a few things many of us share in common.

Having time to relax with friends and family without worrying about money. Working because we want to and not because we need to. Having the cash to pursue our interests.

There is one key factor that determines whether we can enjoy these things in retirement or not and it's largely out of our control. It's whether we're a man or a woman.

The difference between the retirement incomes of men and women is currently around 40%, according to consultancy firm Mercer.

But what does this divide mean in practice? How do the retirement lifestyles of men and women differ?

The results of The Great British Retirement Survey offer some answers.

Our parent company, interactive investor, conducted the survey this year in collaboration with *Moneywise* and our sister publication *How to Retire in Style*.

A massive 10,000 readers and customers took part in the survey, sharing with us the reality of and their dreams for retirement. The results help us to paint a realistic picture of retirement today – and it looks very different for women and men. Because of the gender divide in retirement, almost half as many women as men (17% versus 30%) are confident they will be able to maintain their standard of living in retirement.

Women are also almost half as likely as men to work past retirement age for the enjoyment of it rather than because they need the money (13% versus 25%). As many as 12% of women expect a household income below £10,000 a year in retirement, compared with only 2% of men. The reason for this divide in financial fortunes is well documented and the result of a series of differences throughout our lives.

Women are more likely to take time out of work to look after children and elderly relatives, cutting their earnings and pension contributions in the process.

A WOMAN'S RETIREMENT INCOME IS 40% LESS THAN A MAN'S

"Stick another £40 a month in your pension – it won't be easy"

Women are likely to earn less than men throughout their working lives.

Women tend to live longer on average so have a longer retirement to fund.

In fact, the initiative Insuring Women's Futures, established by the Chartered Insurance Institute, has identified a list of 12 'perils and pitfalls' that endanger women's financial stability. I highly recommend taking a look at its report.

There is plenty we could and should be doing to close this divide and help women towards richer retirements.

For a start, we need better financial education for everyone, which *Moneywise* has championed over the decades. This will help people take control of their financial futures. We also need better policies, for example changes to auto-enrollment so that it works better for the lower paid – who tend to be women. And we need changes in attitudes so that men and women feel they can take on equal caring responsibilities if they choose. See our feature on page 68 and go to Moneywise.co.uk/GBRS for the full report and policy recommendations.

We need systemic change and it will take time.

However, I can imagine that for young women at the beginning of their journey, this could seem a little disheartening.

We hope that young women today will not face the challenges of their forebears. But there is no guarantee and we need action now. I think it's unfair that young women should have to take steps to counter the inequality they may face later in life, but sometimes you have to be practical.

So here's one sticking plaster solution. If you're a young woman, stick another £40 a month in your pension. It won't be easy, but this is what it could do for you. If between the age of 20 and 30 you made the minimum monthly contribution into your workplace pension plus an extra £40 a month, you could stop work for a decade and still end up with nearly the same pension as someone who didn't take a career break but didn't pay the extra £40. It means you could take 10 years out of the workplace and not hurt your retirement prospects. The power of compounding means that money saved early on in life is more valuable than that saved later.

Of course, saving more would help young men as well as women and would be invaluable to both whether or not they take time out of work. See the full calculations, taken from ii's survey report in the link above.

In younger life, you have time to lay the foundations for your dream retirement. But it's never too late to do it. If you're closer to retirement, check out our guide on page 72 to seven ways to boost your pension pot. mw

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One thing to do this month

Four ways to recover lost money

BY EDMUND GREAVES

1 **Old bank accounts** –hunting down old accounts is relatively simple. Just go to Mylostaccount.org.uk, where you can search for old accounts for free. The website has a checklist of all the information you'll need.

2 **Lost inheritance** – Search the Unclaimed Estates List provided by the government – though you will need to know the name of the relative. You will then have to prove to the government how you are related by showing birth, marriage and death certificates and a family tree. Relatives have up to 30 years to claim. If you successfully claim from an estate within 12 years, the Treasury will pay you interest on what you inherit.

3 **Premium Bonds** – If you know your Premium Bond numbers, you can enter them at Nsandi.com to see if you have won. Alternatively, you can write to Premium Bonds, National Savings & Investments, Glasgow G58 1SB. Include your name and address, any former names and addresses and your date of birth, and it will check if there are any bonds held in your name.

4 **Forgotten pensions** – An old pension set up with a previous employer can be hunted down by using the government's Pension Tracing Service at Gov.uk/find-pension-contact-details. The service cannot tell you what it is worth but will check if you are registered with any schemes. You can then contact the scheme yourself to reconnect with your pension. mw

WARNING

SCAM WATCH

For all the latest scams news and advice go to: Moneywise.co.uk/scams

Over-75 TV licence fraud 'bonanza'

BY STEPHEN LITTLE

TV licence fraud could rocket once the licence fee is scrapped, Age UK has warned.

The charity estimates that successful scams could rise by 13% when the new rules come into force next June.

Caroline Abrahams, Age UK's charity director, says: "Fraudsters are always searching for new opportunities to part us from our cash, and it seems that the BBC's decision to make millions of older people buy a TV licence from next summer could be a bonanza for them."

How does the scam work?

Scammers typically contact people by letter, email or text, posing as TV Licensing – the body responsible for collecting the licence fee.

They then say that there is been a problem with their TV licence fee payment or that the victim needs to pay up now.

There have been almost 18,000 reports of people receiving fraudulent TV licence emails and hundreds of crime reports in which the victim has been scammed in the past year, according to Age UK.

Ms Abrahams says: "Our advice is to be ultra-cautious about any communications you receive linked to TV licences."

A BBC spokesperson says: "Our advice is that if people are unsure about a communication they've received, they should contact us directly and we can help. We never contact customers out of the blue to ask for bank details, personal information, or to tell them that they may be entitled to a refund.

"If anyone who is concerned about communications that seem suspicious, you can call on 0300 790 6112 or visit Tvl.co.uk/scam."

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interactive investor

The pension information that could make you richer in retirement:

Here's what you need to know about wake-up packs

BY RACHEL LACEY

From November, 50-year-olds can expect to receive so-called 'wake-up' packs from their pension provider, alerting them to the size of their pension pot so far and providing information about the retirement income options open to them.

Previously, wake-up packs were only sent to people on the verge of retirement. However, the Financial Conduct Authority (FCA) now demands that they are sent out earlier and more frequently.

The idea is that the sooner people start thinking about their retirement and the performance of their pension, the more likely they are to be able to afford to retire at their chosen age.

Jon Greer, head of retirement policy at Quilter, says: "Wake-up packs are the regulator's attempt to open people's eyes before it's too late.

"The pack aims to make people ask themselves questions like: am I saving enough? Do I understand the different ways that I can use my pension? Should I seek guidance or advice about how I can do that?"

When they will be sent out and what they will contain

The first packs will be sent out at age 50 and every five years thereafter. Certain actions will also trigger a pack to be sent out – for example, when a customer requests a pension quote, when they first dip into their pension and if they change or stop the way that they take income from it.

Included in the new-style packs will be a single-page summary showing the size of your fund, contributions paid over the past year and details of any exit fees or guarantees that may apply. Savers will be told about the government's pensions guidance service, Pension Wise.

Risk warnings will also be included, which will vary according to the age of the individual.

The FCA is not being prescriptive in this instance but topics likely to be included are investment risk, tax and pension fraud.

Myron Jobson, personal finance campaigner at interactive investor, welcomed the move but thinks savers should engage even earlier.

He says: "While the wake-up pack for over-50s initiative is an important step in the right direction, it would be great to see these packs distributed earlier, perhaps tied in with big life events, such as the birth of a child or a new job. The key to investing for retirement is to start early – you don't want to be asleep for too long before you are woken up."

Don't sleepwalk into retirement: how to read your wake-up pack

While the packs have their critics, they do still have the potential to improve the retirement outcomes of recipients who read them and review their pension.

So, how do you make sure you get the most out of your pack?

Kay Ingram, director of public policy at advisory firm LEBC, says: "First and foremost, focus on how much you have saved and the likely retirement income it might produce, at the retirement age selected when the plan started."

If you plan to retire before or after the age shown on your pack, contact your pension provider.

This is particularly important if you are using your provider's default investment fund as it will gradually move your money into lower risk holdings as your retirement draws closer. Do this too early and you could miss out on vital stock market growth, while leaving it too late could see your pot suffer losses you don't have the time to recoup.

Ms Ingram says that it also provides the opportunity to review where your money is invested and to switch if necessary. "Consider whether this is likely to meet your needs in terms of risk being taken and how that looks in light of the likely timing of your retirement."

She adds: "The pack will also show the effect of charges on the fund performance. Some older plans may have higher charges than more modern contracts, so money could be saved by switching to a new plan."

ACTION PLAN

- Start to think seriously about the lifestyle you want in retirement
- Talk to your partner and family about this. You need to iron out differing expectations now
- In today's money, work out the income you need for essentials and the income you want for luxuries
- Gather your pension information together and get a state pension forecast. See how much income it will produce
- If there is a shortfall between this and what you want, start saving more now
- If your state pension is not fully funded, look at top-ups and credits
- Check the plans for any guarantees
- Check you are in funds with an appropriate level of risk, considering how much growth you will require and the time left to your desired retirement age
- Check the fund performance relative to others, and consider switching to a different fund
- Check the retirement age stated and consider if you want to change it
- Check the charges for the plan. If they are high, consider switching to a new plan, unless there are penalties for doing so
- Make a date to review all of this again next year

mw *(source LEBC)*

Bank of England unveils new £20 note featuring JMW Turner

BY STEPHEN LITTLE

The Bank of England governor, Mark Carney, has unveiled the design of the new £20 note featuring the artist JMW Turner.

The note, which the banks says is its most secure yet, will enter circulation on 20 February, 2020.

The Bank has moved away from traditional paper notes in favour of polymer, which is more durable, cleaner, and more difficult to forge.

The public can continue to spend paper £20 notes as usual, and notice will be given six months ahead of them being withdrawn.

The polymer £20 note contains sophisticated security that makes it difficult to counterfeit, including two see-through windows and a metallic hologram.

Polymer notes last longer than paper notes and they stay in better condition during day-to-day use.

The note features one of Turner's most eminent paintings, *The Fighting Temeraire* (pictured above) – a tribute to the ship HMS Temeraire, which was involved in Nelson's victory at the Battle of Trafalgar in 1805.

The painting is currently on display in the National Gallery and was voted the nation's favourite painting in a 2005 poll conducted by BBC Radio 4.

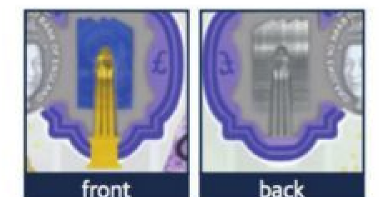
1 Hologram image change

Tilt the note from side to side. Check the **words change** between '**Twenty**' and '**Pounds**'.

2 See-through windows

Look at the metallic image over the main window. Check the foil is **blue and gold on the front** of the note and **silver on the back**.

Look for a **second, smaller window** in the **bottom corner** of the note.



Check if you're entitled to state pension 'married woman's stamp'

BY STEPHEN LITTLE

The new state pension system has a special concession for women who paid 'married woman's stamp' any time in the past 35 years and could be worth between £4,027 and £6,718 a year depending on circumstances.

Before the introduction of the new state pension system in April 2016, women could claim a partial state pension based on the NI record of their husband.

However, the new state pension system is based on an individual's own NICs, not those of a partner, which could leave some women disadvantaged.

Recognising this problem, the government introduced a concession that allows women reaching state pension age under the new rules, who paid the married woman's stamp, to make a claim based on their husband's NI record.

The rate payable would be a full basic state pension of £129.20 if they are now divorced or widowed, or 60% of the basic state pension - £77.45 per week – if they are married.

The government estimates around 10,000 women could benefit from this concession. To check entitlement to a higher pension, contact the Pension Service by phone on 0800 731 0469, or go to gov.uk/contact-pension-service.

Saga launches savings accounts for the over-50s

BY STEPHEN LITTLE

Saga has teamed up with Goldman Sachs to launch two savings products for the over-50s, which offer discounts on food, travel, events and competitions.

The over-50s provider now offers an easy-access savings account paying 1.4% and a one-year fixed saver at 1.15%. While the accounts are opened with Saga they are managed by Goldman Sachs.

The accounts provide membership access to Saga's Possibilities programme, which offers discounts on food, travel, events and competitions. The Saga Easy-Access Savings Account pays 1.4% but comes with a 0.25% bonus for the first 12 months. This means that after a year your rate will fall to 1.15%. Savers can withdraw their money when they want with no fees or charges.

The one-year fixed-rate saver pays 1.15% and you are only allowed to make deposits in the first 14 days. If you do want to withdraw money from your account before the end of the one-year term, you will have to close the account and pay an early-closure fee.

Both accounts can be managed online or by telephone, and deposits are accepted up to a maximum of £100,000.

However, a word of warning: if a saver has money in more than one account with Goldman Sachs International Bank, they will only be protected for £85,000 (the Financial Services Compensation Scheme limit) across all accounts.

This includes both Saga Savings accounts and the Marcus by Goldman Sachs easy-access online account.

To compare the accounts, read our Best Buys feature on p77, or go online to: moneywise.co.uk/best-buys mw

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	2015	2016	2017	2018	2019
Managed Fund	5.9%	6.8%	23.4%	11.5%	7.2%
IA Mixed Investment 40%–85% Shares Sector Median	6.8%	1.8%	16.5%	4.9%	3.7%

Past performance is not a guide to future returns.

Please remember that changing stock market conditions and currency exchange rates will affect the value of the investment in the fund and any income from it. Investors may not get back the amount invested.

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*Source: Baillie Gifford & Co as at 31 January 2019, based on B Acc shares. **Source: FE, B Acc shares, single pricing basis, total return. Your call may be recorded for training or monitoring purposes. Baillie Gifford & Co Limited is the Authorised Corporate Director of the Baillie Gifford ICVCs. Baillie Gifford & Co Limited is wholly owned by Baillie Gifford & Co. Both companies are authorised and regulated by the Financial Conduct Authority.

Investing Jargon buster

What is 'pound cost averaging'?

BY RACHEL LACEY

You don't need a large lump sum to start investing. In fact, over the long term. investing little and often can be a less risky and more profitable approach.

In addition to encouraging a healthy savings habit, investing regularly – on a monthly basis, for example – removes the need to try and time the market and enables you to smooth out market volatility by taking advantage of something known as 'pound cost averaging'.

By drip-feeding your money into the stock market regularly you will end up buying shares at a variety of different prices. When share prices have risen, your money will buy fewer shares, and when prices are lower your money will buy more. As a result, over a fixed period you will have paid the average price of the share, reducing your risk and delivering a smoother return.

Take the example of an investor buying £100 worth of shares a month. In the first month the share price is £5, so our investor is able to buy 20 shares. In the second month the share price falls to £4 but this isn't necessarily bad news as our investor is now able to buy 25 shares with her £100 and is better placed to profit with 45 shares when their price picks up.

By spreading out the investment, so far our investor holds 45 shares, which were bought at an average price of £4.44. Had she invested £200 in one go she would have only been able to buy 40 at a cost of £5 each.

Over time the effects of pound cost averaging can be compounded and by giving investors a cushion from stock market falls, provides them with better returns than if they had invested the money as a lump sum.

However, it is important to stress regular investing cannot guarantee better returns. When you invest a lump sum, all your money is exposed to the stock market straight away and if prices rise you'll make more money than if you invested regularly.

> Investing little and often can be less risky and more profitable

Going back to our investor, if the £200 was invested in one go and the share price doubled from £5 to £10, she would have a total of 40 shares worth £400. By contrast, if £100 had been invested in month one when the share price was £5, followed by a further £100 when the share price was £10, she would only have 30 shares worth £300.

Yet while lump-sum investing may generate better returns in a rising market, it is higher risk and requires investors to be able to successfully time the market.

By drip-feeding money into the stock market over a period of time investors get to pay an average price for shares and do not need to worry about whether it is the right time to invest. mw

Alexander Darwall to cut fees on investment trust

BY TOM BAILEY

Moneywise First 50 fund manager Alexander Darwall (right) will be bringing his European Opportunities investment trust with him to his new investment company, Devon Equity Management.

The trust's board announced that it will end its contract with its current fund management company, Jupiter, in November.

The trust is one of *Moneywise*'s top 50 investment picks for beginner investors.

The move will also see the trust cut fees. Until May 2020, Jupiter will continue to receive its current management fee, while no performance fee will be charged.

From next May, the trust will charge a management fee of 0.9% on the first £1 billion worth of assets held by the trust and 0.8% on any amount above that.

Currently, the trust has around £860 million in assets under management. No new performance fee will be introduced.

Mr Darwall's Devon Equity Management will take control of the trust in November, which will then be known simply as European Opportunities Trust.

Holders of the fund need take no action – the name of the holding will, however, change in due course.

Barclays to stop Post Office cash withdrawals

BY STEPHEN LITTLE

In another blow to rural and elderly customers already hit by bank closures, Barclays says it will stop over-the-counter cash withdrawals from Post Office branches from January.

Barclays says it "remains committed" to the Post Office network, but while customers and businesses can still pay in and check their balance, over the counter cash withdrawals will end.

Customers wishing to make a withdrawal by cheque will still be able to do this if they arrange it in advance.

The decision by Barclays will reduce the number of places from which customers can withdraw cash from, forcing them to use cash machines or find an alternative bank.

Rural areas have been hit by a raft of bank branch closures in recent years, while cash machines are also closing at a rate of 250 a month as operators shut unprofitable ones.

This has left towns and villages without access to basic banking services, hitting the elderly and the disabled particularly hard.

Banks often justify branch closures by pointing toward partnerships with the 11,000 Post Offices across the UK.

While this provides people with the opportunity to do their day-to-day banking, Post Offices only offer basic banking services, such as cash withdrawal, business deposits and balance enquiries.

Barclays has pledged to not close any branches in remote areas or where it is the last bank in town for the next two years.

The bank says that more than 100 branches will be ringfenced and remain open until at least October 2021.

Banks are shutting down branches at an alarming rate, with 3,303 bank closures between January 2015 and August 2019 – around 34% of the network, according consumer group Which?.

The closures were primarily driven by the Big Four banks, with RBS Group cutting its network by 56%.

Go online to moneywise.co.uk/barclays-banks to find out if your

WATCH OUR INTERVIEW WITH JIM RICKARDS

Financial expert and bestselling author Jim Rickards tells *Moneywise* editor Rachel Rickard Straus why he thinks the next financial crisis is on its way and how we can protect our wealth. Watch at Moneywise.co.uk/jim-rickards.

Tesco launches Clubcard Plus – but it's £7.99 a month

BY STEPHEN LITTLE

Tesco is launching a new Clubcard subscription service offering discounts on shopping for a monthly fee.

New and existing Clubcard customers can subscribe to the new Clubcard Plus for £7.99 a month.

Benefits include 10% off big shops in-store and 10% off selected Tesco brands such as F&F, Fred & Flo, Go Cook, Tesco Pet, Carousel, and Fox & Ivy.

The new Clubcard Plus service will launch later this year and will be available to use in all UK Tesco stores.

Clubcard Plus holders will also be able to get double data from Tesco Mobile, while Tesco Bank credit card users won't have to pay foreign exchange fees abroad.

You will be able to manage all of the new benefits on the Clubcard app.

With Tesco Clubcard you collect one Clubcard point for every £1 that you spend in Tesco and one point for every £8 you spend everywhere else. The points can be converted into vouchers, so 150 points are worth £1.50.

> The new Clubcard Plus launches later this year

Sainsbury's is also rolling out a new Nectar card scheme, which will allow customers to boost their points.

Customers will be sent a range of point-boosting offers via the Nectar app based on their shopping habits each Friday with the aim of boosting points.

To get the bonus points all you have to do is scan your Nectar card or the app at the till.

With a Nectar card, you earn two points for every £1 spent in Sainsbury's and one point for every £5 spent elsewhere.

If you spend £6,000 a year on your card in Sainsbury's, you'll earn the equivalent of £60 (500 points = £2.50). mw

Edmund Greaves says life isn't easy whether you're a 'boomer' or young adult

Our problems are no easier or harder than our parents – they're just different

Pitting the fortunes of 'boomers' against those of millennials is a common practice in the media now – but the challenges faced by both generations are not easy to compare.

In October, *Moneywise,* alongside its parent company interactive investor, published a detailed report on the state of the nation's retirement finances – The Great British Retirement Survey. Its findings were very interesting, and I can highly recommend having a read (see page 68).

One statistic that was thrown up in the results was that 51% of our respondents think that younger generations have it tougher than older people. I think this is a useful statistic as it demonstrates just how polarised the topic is. I would contend that us young'uns are no better or worse off than our forebears, just that we face a different set of issues.

It is true that it is tougher for young people to get on to the housing ladder these days, as demonstrated by the rising age of first-time buyers. But people buying houses 40 years ago had to contend with something just as challenging – they could buy a house but they also had a stonking interest rate on the mortgage that sent their payments spiralling – that is if they had any kind of employment to pay for it.

We're often told that young workers today are disadvantaged because they increasingly have to take zero-hours contracts, which strip them of stability, employer pension contributions and other workplace benefits. But while this is true, many will have benefited from this flexibility and the opportunity to work remotely, which didn't exist 40 years ago.

However, some things used to be better for workers. Until the last decade or so, workers were likely to benefit from a final salary pension scheme. You know, one of those that had minimal risk attached to it and guaranteed a fat sum for the person in receipt. Such generous schemes hardly exist today, unless you're in certain FTSE 100 companies or parts of the public sector. And I wouldn't bet on the government being able to honour those pension promises in 40 years' time. Nor, for that matter, maintain the state pension in its current form by the time I hit the age of 70. Good job I've got my modest defined contribution pension, eh?

Millennials are frequently told that we should be saving more to fund our retirements. We're told that our aspirations of homeownership and being able to retire one day are doomed because we would rather have another holiday in Ibiza or the latest iPhone than stick our money in a savings account where it will earn a measly 1.46% return. While rates are this low it's not hard to see why some young people prefer to see their favourite band at Glastonbury than earn a few pennies of interest on their savings.

I think that rather than complaining about the spending habits of younger people, older folk should be thanking us. When millennials buy iPhones, it ultimately reflects in the share price of Apple Inc or whatever buzzy tech firm is top of the pops. In turn, that contributes to the growth of vast swathes of pension portfolios.

> "We're told we'd rather have the latest iPhone than open a savings account"

If we stopped buying PlayStations, clicking the Facebook ads or googling the nearest Apple store, guess what would happen? That's right, the economy would suffer and everyone's investments and savings would fall in value.

I recently saw an extraordinary piece of research that suggested that the past 10 years of sluggish economic growth in the West was because millennials were *too* parsimonious. That we weren't spending enough. So which is it? It is the Schrödinger's millennial approach – simultaneously spending too much and too little.

We benefit from a world of technology, consumerism and access to all the goods and services one could imagine and hope to own.

When we buy them, we're helping to fund everybody's retirements. Can we please all stop with the finger-pointing and agree that our problems are no easier or harder – they're just different? mw

"My money lessons" How we escaped a spiral of debt

Sarah Crowe is a senior diabetic retinal grader for the NHS. Here, she shares her experiences of debt after her husband was made redundant – and how she is dealing with it.

It is so easy to get into debt without realising it. Everything was going well but then my husband was made redundant and all of a sudden we were having to pay for everything out of my wages.

Then the washing machine and dryer broke down, so we bought new ones on finance. You do this thinking that when the money comes out in six months' time you'll be a bit better off, but you're not.

You end up robbing Peter to pay Paul in order to cope. We did not have enough money to pay for all our bills, so we would skip payments for one, so we could afford another.

When everything came out of the bank there was nothing left at the end of the month – all we had was £23 to spend.

I took out three credit cards to help pay for things like food and fuel, but we just got in deeper. We went up to the limit and all we were paying off each month was the interest, so what we owed never came down.

That winter we didn't put the gas on because we couldn't afford the heating bills.

The debt was so bad I had to opt out of my NHS pension as we needed the extra £250 each month. We even had to sell possessions and clothes on eBay to get through the Christmas and holiday seasons.

You can't sleep, you just worry all the time about being able to pay the bills and whether the next one will send you over the cliff.

Then I got a letter through from an NHS trust explaining how an employee benefits firm called Salary Finance has a scheme that helps people to get out of debt. It partners with employers to help employees pay off their debts faster by consolidating their loans.

"All we had left at the end of each month was £23"

I thought we should give it a go. I wrote down everything that I paid monthly for credit cards and hire purchase, and it all came to just under £800.

I worked out that if I got a three-year consolidation loan from Salary Finance at a rate of 7.9%, then I could pay off my debts for £200 a month.

The good thing is that it comes straight out of your wages so there is no chance of it going to your bank and then bouncing when someone tries to take the money out.

Our finances are in a far better state and things are definitely looking up now.

My husband starts a new job next month and I'll also start paying back into my pension next year.

I'm far more careful with my money now and a lot savvier. If you have got more going out than coming in every month you should definitely try and get help with your debt. Speak to your creditors before it spirals out of control and you end up paying extra charges.

If you've got a phone and it is working okay, instead of buying a new one get a cheaper contract. By going on comparison sites we managed to get car insurance that was £300 cheaper than we had been paying.

Sarah Crowe (above) used an NHS employee finance scheme to consolidate her and her husband's debt

Reducing our payments with a consolidation loan allows us to save a little bit of money each month, so last year we went on holiday for the first time in nine years, to Altea in Spain. We spent seven days there and we didn't need to spend any money on food and so on because it was all included.

It was so nice to relax on the glorious sandy beaches and there was a gorgeous Spanish village just 200 metres down the road from where we were staying.

Saving up for a holiday gives you a goal to aim for and we can't wait to go away again.

As told to Stephen Little. mw

Do you have a lesson you've learnt about money you'd like to share? Please email **editor@moneywise.co.uk**

Where to get help with debt

STEPCHANGE is a charity that offers free and confidential debt advice over the telephone and online.

To get in touch, call 0800 138 1111 or go to the charity's website at stepchange.org.

NATIONAL DEBTLINE is a free telephone debt advice service for people in England, Wales and Scotland. Go online at nationaldebtline.org or call 0808 808 4000.

CITIZENS ADVICE AND CITIZENS ADVICE SCOTLAND provide face-to-face support at more than 3,500 locations across the UK.

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Each month we help to transform the finances of one *Moneywise* reader. We arrange a one-to-one meeting for you with an FCA-regulated independent financial adviser, who will discuss your financial concerns and goals for the future and draw up a bespoke financial plan for you. From the basics of shedding debts, budgeting and saving to pension saving, building an investment portfolio and inheritance tax planning, financial advisers are qualified to provide strategic advice and specific product recommendations for all areas of financial planning.

You will receive a copy of the adviser's report and it is completely your choice whether to follow through with their advice. The Money Makeover is totally free – all we ask is that you are comfortable for your personal financial details and photo to be published in *Moneywise*, so our readers can also learn from the advice you receive.

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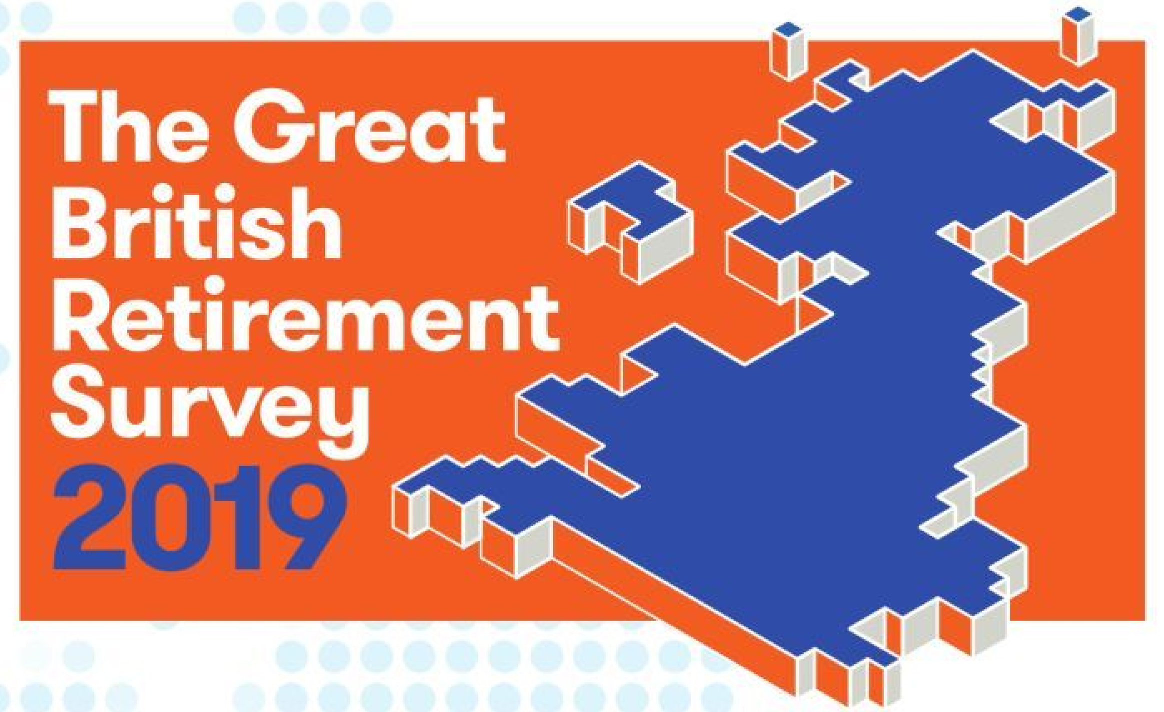
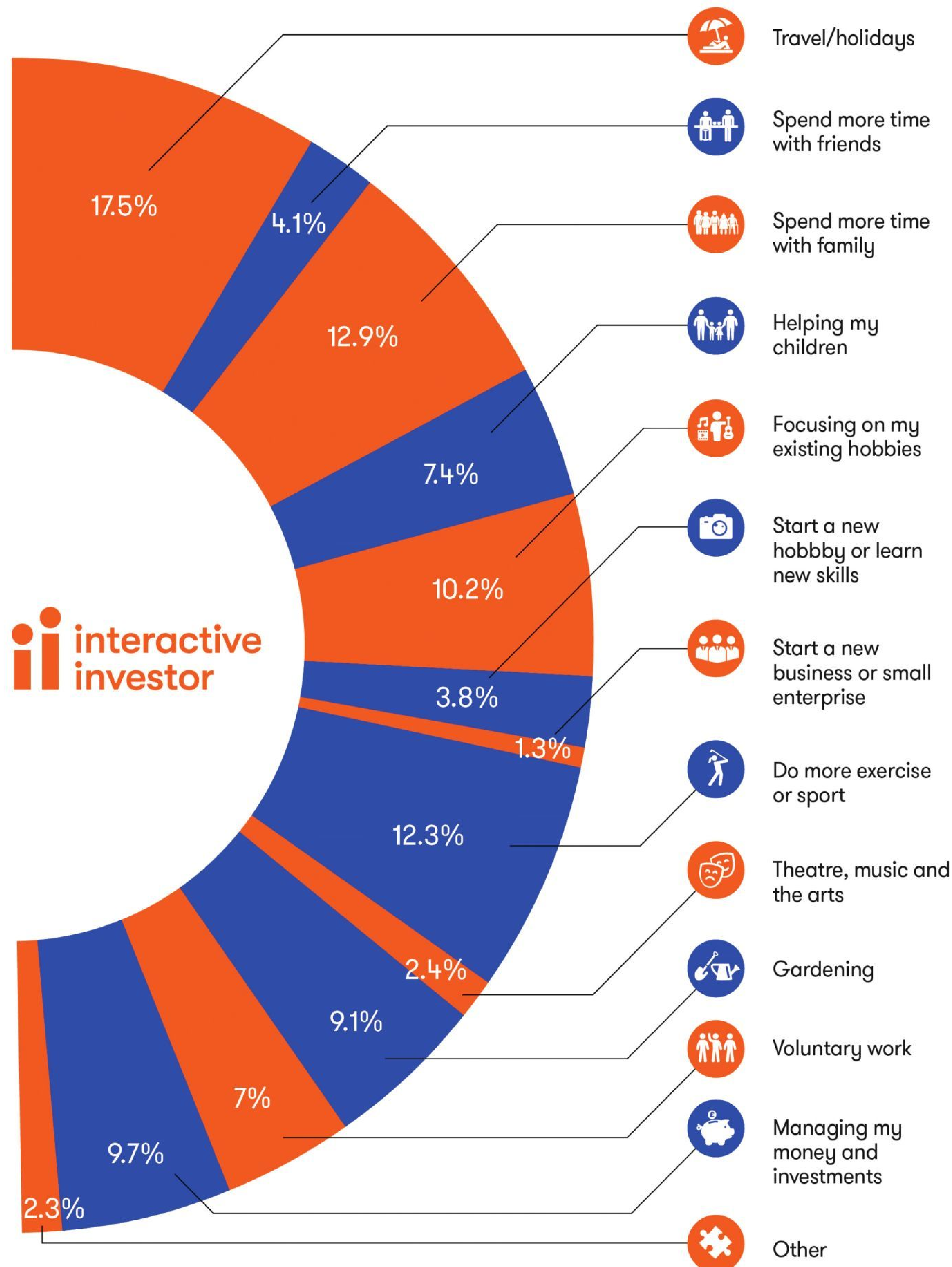


A REAL PICTURE OF RETIREMENT IN BRITAIN TODAY

An incredible 10,000 people took part in the Great British Retirement Survey, sharing their dreams for retirement and the reality of life after work. For an in-depth look at the findings, see our feature on page 68. Here are some of the key findings at a glance

Life at Retirement

How do you spend your time?



Retirement plans

Believe they will retire before age 60

26% of men

16% of women

24% of non-retirees think they will be able to maintain their standard of living

62% of retirees have maintained their standard of living

64% of non-retirees believe they will rely on their spouse for money in retirement

58% of retirees rely on their spouse for money in retirement

52% of non-retirees plan on staying in part-time or self-employed work

34% of men for the enjoyment

41% of women for the money

Peace of mind

58% of retirees without a final salary pension blame a lack of money for deteriorating lifestyle

57% of those with a final salary pension said their lifestyle has or will improve in retirement

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B) Henry VIII

C) Stephen

For your chance to win, send your answer on the reader reply card at the front of the magazine to arrive by 30 November 2019, or enter online by the same date at Moneywise.co.uk/competitions.

Abbey House Hotel & Gardens, near Barrow-in-Furness, is just a short drive from the heart of the Lake District. This luxury hotel is an ideal base for exploring the surrounding area and even the salt marshes and coves of Morecambe Bay.

The prize includes two nights' accommodation in a classic suite for two, dinner on the first night in the hotel's delightful restaurant, Oscar's, and a scrumptious breakfast on both mornings.

The hotel is set in 14 acres of private woodland and gardens and takes its name from the neighbouring ruins of one of the greatest Cistercian foundations in the country, Furness Abbey.

There is plenty to see in the immediate area of Cumbria as well as venturing further up the lakes to take in the sights of this beautiful county.

The abbey was founded in the 12th century by Stephen, then Count of Boulogne and Mortain and later King of England and was one of the wealthiest monasteries in England.

The South Lakes Wild Animal Park is just a five-minute drive away, where hotel guests can enjoy great savings on their entrance fees. Slightly further afield, you can find The Lakeside and Haverthwaite Railway with its collection of steam and diesel locomotives.

Coniston Water and Lake Windermere are just a 40-minute drive away and the beautiful villages of Hawkshead and Ambleside are just a few miles further.

For more information about the hotel, visit Abbeyhousehotel.com. mw

TERMS & CONDITIONS: Two nights' accommodation in a classic suite based on two people sharing. Offer includes one bottle of house wine and dinner for two on the first evening and breakfast on both mornings. The dates are subject to availability at the hotel. The prize must be redeemed by 31 May 2020. Entrants must be aged over 18. The prize is not transferable and cannot be exchanged for a cash value. The judge's decision is final. No correspondence will be entered into. Moneywise Publishing Limited shall pass information on the winner to the Abbey House Hotel. We may also wish to tell entrants about other products and services.

COLUMNIST JEFF PRESTRIDGE

Three cheers for my insurance policies

As a fledgling financial journalist in the late 1980s, I was taught to view insurance as the bedrock of good financial planning.

"Insurance is the foundation stone of family finance," I was emphatically told by my first personal finance editor, a fierce and sometimes frightening individual whom you crossed – or disobeyed – at your peril.

"Jeffrey, never forget this. Insurance is an essential building block. First, a family should lay down insurance foundations and then later think about investments and pensions. Yes, insurance is boring. Yes, it's unsexy. But it's key. So beat the drum for insurance, Jeffrey. Now, get out of my office pronto and write me some words I can publish."

I duly obliged, clattering away on my typewriter late into the night, delivering pearls of wisdom on insurance treats such as family income benefit policies (a cheap and cheerful form of life insurance, ideal for young families) and critical illness (paying out a lump sum on diagnosis of a serious health condition such as cancer).

Her message, delivered in a Margaret Thatcher-like tone, has never left me, although sometimes I have struggled to believe in it, given the insurance industry's propensity to act as if it is the Cruella de Vil of financial services.

An industry that 30 years on still remains full of vices, whether it's a result of a general reluctance to pay out on claims (or a perceived reluctance to do so), a refusal to reward customer loyalty (by reserving the lowest premiums for new customers) or running customer service centres where it seems picking up the phone is the exception, not the norm (I was kept waiting for 30 minutes the other day while Barry Manilow droned on about not being able to smile anymore without you (me). How appropriate, I thought.

Indeed, the older I've got, the more I have been challenged about its merits. None are more so probing than my friends. Indeed, there are some who refuse to take it out unless it is a legal requirement (motor insurance, for example).

They see it as pouring money down a vast drain. They would rather save the money they otherwise would pay in premiums – and use that to address any emergency that comes their way (if indeed one does).

I often try to demonstrate the merits of insurance through real-life examples of people who have been financially rescued by having it. For example, someone who obtained a five-figure sum from a critical illness policy as a result of a serious health issue. Money that steadied their financial ship while they took time off work to make a full recovery. Yet such individuals are hard to find. Understandably, most people are reluctant to air their private business in public and do not wish anyone to know they have come into money.

A critical illness payout steadied their financial ship while off work

So, in defence of insurance, I will tell you of three recent personal experiences that have refreshed my faith in it.

First, in September, I was meant to go on a cruise with my 83-year-old mother and younger sister – a week long journey that would embrace Malta, Athens, Souda Bay in Crete, beautiful Santorini and Rhodes. But weeks before we were due to embark, my magnificent mother was diagnosed with cancer, which required major surgery. Sadly, we had no choice but to cancel the trip.

Most importantly, mum (a formidable matriarch) is now in recovery mode (bar the odd hiccup) and has been told by her dishy consultant that she has at least 10 years of good life left in her. So I'm sure we'll get to Malta *et al* at some stage.

Given we had to cancel the cruise late in the day, we were hit with stiff cancellation fees. But, thankfully, my annual travel insurance came up trumps because it covered a big chunk of the trip's cost. So one cheer for insurance.

My second personal cheer for insurance stems from the private medical insurance cover I have courtesy of work. It has allowed me access to a wonderful urologist (Dr Christopher Ogden) as I battle against prostate cancer. It means regular check-ups (so-called active surveillance) to ensure the cancer remains under control. So far, so good.

Finally, my dental insurance with BUPA meant most of the cost of a recent visit to my hygienist was covered. It didn't dim the pain in my but it ensured there was no hole left in my wallet.

Give insurance a go. mw

JEFF PRESTRIDGE is the personal finance editor of *The Mail on Sunday*. Email him at **columnists@moneywise.co.uk**.

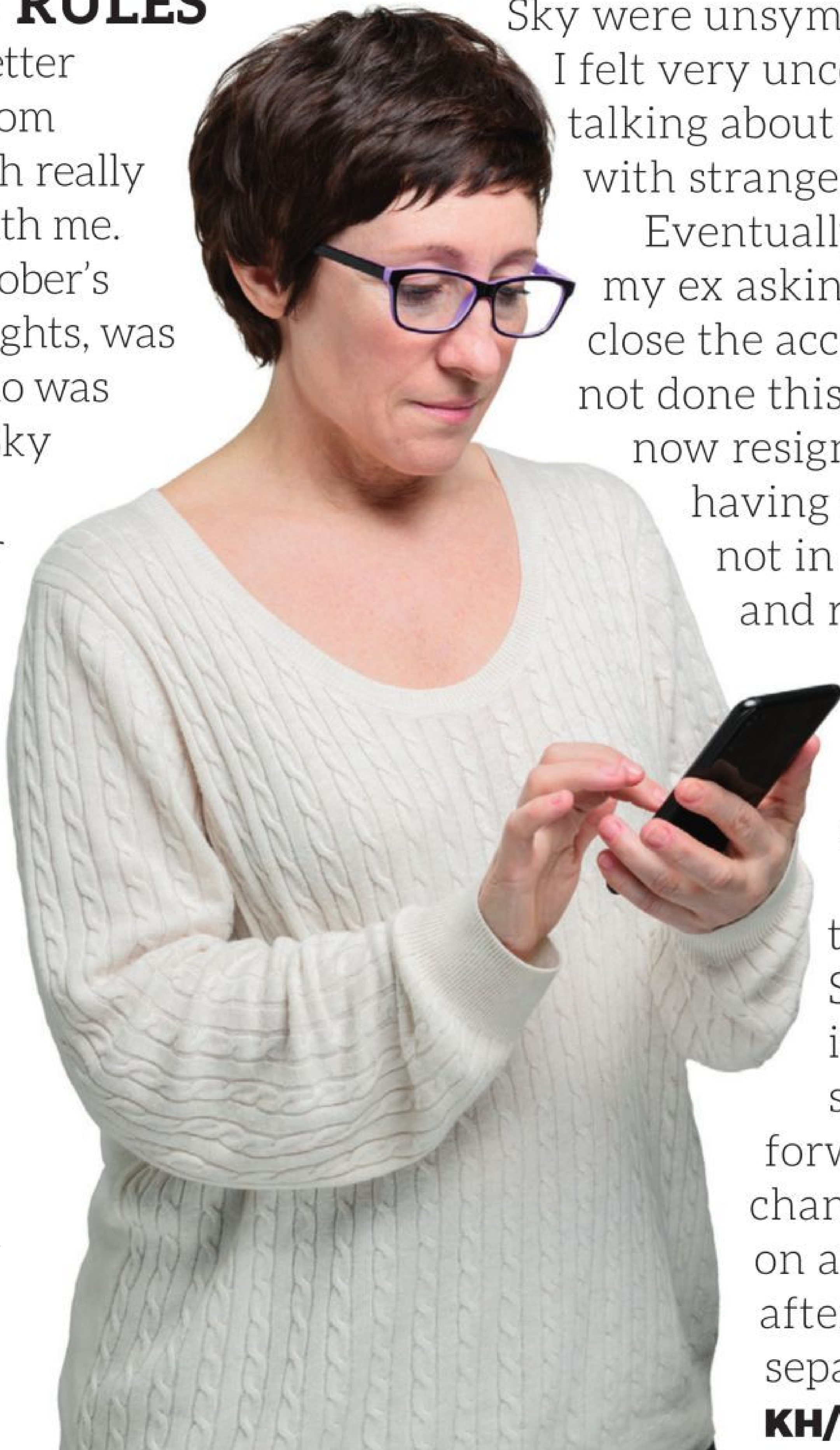
YOUR SHOUT

THIS MONTH'S STAR LETTER

SKY SHOULD THINK ABOUT ITS RULES

Reading the letter about Sky from reader AA in Bath really struck a chord with me. [The letter, in October's Fight For Your Rights, was from a reader who was left paying for a Sky TV service she didn't want after her husband – whose name was on the account – set it up and then moved out.]

I tried to change our Sky account to my name, as the monthly payments were coming from my bank account but I was told exactly the same. I found it particularly stressful as I have experienced coercive control throughout my marriage and really didn't want to initiate any contact with my now ex-husband.



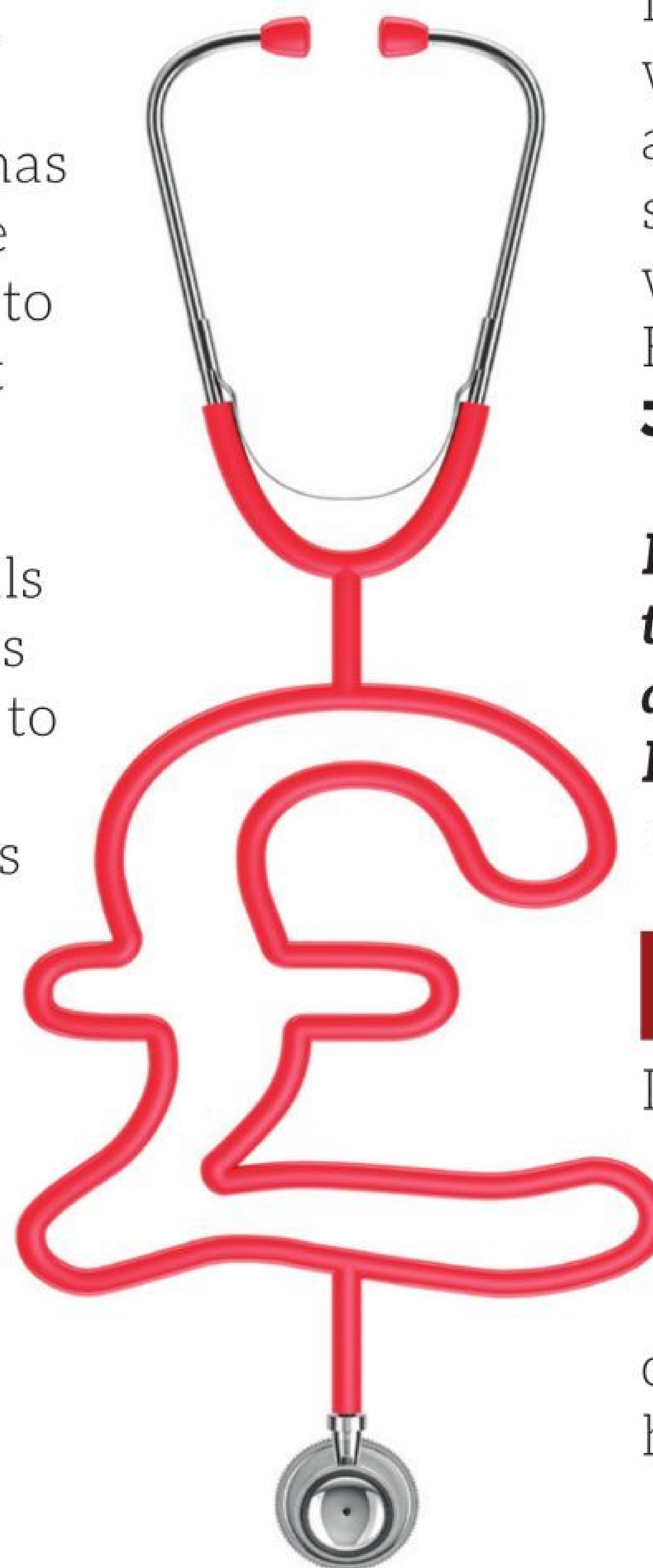
Sky were unsympathetic, and I felt very uncomfortable talking about my position with strangers.

Eventually I emailed my ex asking him to close the account – he has not done this and I have now resigned myself to having an account not in my name and receiving phone calls and emails addressed to my ex.

It really is time that Sky made it more straight-forward to change names on an account after divorce/separation.

KH/VIA EMAIL

"It's time Sky made account changes easier"



DOCTORS PENALISED FOR HARD WORK

In response to the ongoing doctors' pension crisis covered in *Moneywise*, although it is true to suggest that tax pains are shared, doctors can be unfairly penalised for working harder.

There are gaps in our rota that I could step in and support but I would end up paying to work those additional hours. I'm not a saint, so that waiting list will just be left waiting.

Hospital consultant, Bristol.

JP/VIA EMAIL

***Moneywise* reported in September that savers were suffering as top accounts slashed their interest rates. Readers have also noticed – and are not happy:**

I do not recall a rate cut from the Bank of England, and yet I received a letter from Lloyds informing me of a rate cut to my savings.

Oddly, a similar cut to my credit card interest rate hasn't happened.

Cutting rates to savers but not to

Blog of the month: Could a 10-minute coffee break transform your

BY ADRIAN LOWCOCK

We are all pushed for time these days, and it's easy to see how our finances can fall by the wayside as we concentrate on more pressing things.

But what if you could boost your personal finances for the long term in just 10 minutes? That's around the same amount of time it takes to read the news, browse on Amazon, or have your mid-morning coffee.

The beverage is now a British obsession, with the UK consuming as much as 95 million cups every day – or an average of two cups each per day, according to the British Coffee Association.

The next time you settle down to enjoy that coffee, why not also use those 10 minutes to take some small and easy steps to transform your finances?

With some simple tweaks, you could hugely enhance your financial prospects, and it can be such a short space of time because 10 minutes is often all it takes to make a practical change.

The steps that you need to take to achieve this in just 10 minutes can include lots of things – but below are three great ways to get started.

START A BUDGET

Get on top of your personal finances by keeping track of how you spend your money. Creating a budget can feel like hard work so it's a good idea to break it down into bite-sized pieces.

First, identify your essential items, such as utility bills, mortgage costs, etc. and then tot these up.

Subtracting these fixed expenses against monthly income gives an idea of your disposable income.

If you know how much money you have spare, then you're less likely to overspend.

SET UP A SAVINGS ACCOUNT

If you have not already done so, open a savings account and set up a regular direct debit to transfer a small amount of your income into it each month – ideally on the day that you get paid. It does not have to be much, simply what you can afford.

If you already have a savings account, then consider reviewing the interest rate you are getting and think about switching to a better rate. Do the research in your coffee break.

THINK ABOUT ISAS

Stocks and Shares Isas are a popular starting place for many investors and are good for those looking to grow their investments free of tax. Take 10 minutes to learn more about the benefits

WRITE TO US

EACH MONTH THE READER WITH THE BEST LETTER WINS A **£50 M&S GIFT CARD**

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"Be a Rate Tart: swap accounts to best rates"

borrowers just shows how little our tax payer-bailed-out banks have learned! Greed greed greed.

PH/VIA COMMENTS

One reader had a more 'promiscuous'-sounding suggestion, though:

Become a Rate Tart - change any savings, credit cards and current accounts to 'best rates' as they occur. It only takes a moment to do so. Beware regular savings versus actual return rates, though.

Do the same with home and any motor insurance too. Good luck.

PA/VIA COMMENTS

Thanks, PA.

personal finances?

and suitability of Isas next time you sit down to enjoy your coffee.

Lots of people are put off from investing because they believe it is too complicated or time-consuming, but you don't have to be Warren Buffett to invest.

If you invested just £100 on 1 October every year in the MSCI AC World Index over the past decade you would have £1,995 today, research from Willis Owen shows. That's a return of 99% on your investment.

Multiplying this method into monthly amounts can seriously transform your future.

Managing your own investments needn't be a career either. Investing is about the long term, so once you've set up your investments the most you will need to do is spend a little time checking in now and again to make sure everything is working as planned.

Indeed, this can be a far more effective way of investing than changing your portfolio all the time and is an approach the professionals stand by.

So the next time you go to get your grande caffe latte (or whatever your personal preference of beverage is), in the time you take to enjoy it, consider just what you can achieve for your future.

Adrian Lowcock is head of personal investing at Willis Owen

INHERITANCE TAX DEBATE

The latest inheritance tax figures showed that 4.6% of estates were liable for the duty. Moneywise deputy editor Edmund Greaves argued that this meant the vast majority didn't have to pay the much-loathed tax. Readers had a lot to say about this.

One reader was surprised by the point that Mr Greaves was making, that the number of people paying IHT is still low:

The articles states: 'In the UK in the tax year 2016/17, 4.6% of estates ended up paying IHT.'

I am very surprised at this.

DL/VIA COMMENTS

However, another reader was less benevolent:

That 95.4% of people can mostly vote to levy IHT on the top 4.6% is of course democracy. That does not make it fair or right.

IHT now hits average people in London and the Southeast (people at the higher end of average), not just the mega-rich.

Reducing IHT is not a benefit, it is avoiding double taxation for estates. IHT directly diminishes such estates, at an arbitrary timing depending on the death status of a person.

The 'vitriol' is on IHT taxing 'what a person has earned, invested and saved over a lifetime... already paid income tax, capital gains tax, stamp duty, and other taxes on that wealth beforehand', coupled with the increasing opaqueness.

Commentators (such as Mr Greaves) seldom mention the £1 million house allowance ceases altogether for estates of more than £2.3 million (2019-20); impacting many/most London/Southeast homeowners but no sympathy from those outside this area.

A fairer return to the intent is for the threshold to be £1.15 million, transferable to spouse on first death (so becoming £2.3 million), with IHT paid after that and no domestic property fiddling!

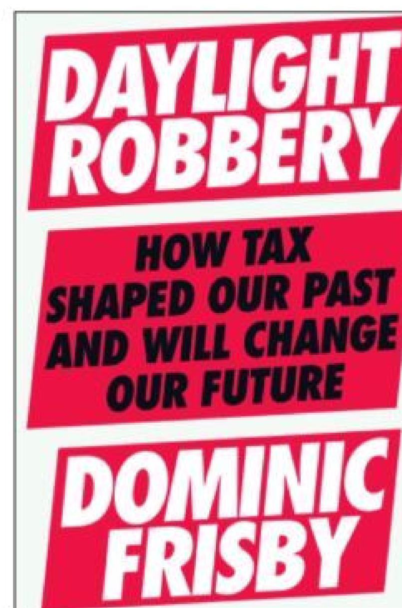
GT/VIA EMAIL

With IHT such a divisive issue, let us know your views by writing to editor@moneywise.co.uk, or The Editor, Moneywise, 8 Devonshire Square, London, EC2M 4PL. mw

20-second book review

Daylight Robbery: How tax shaped our past and will change our future

By Dominic Frisby



Penguin Business, £20 hardback

There is a tax story somewhere near to the heart of all humanity's defining events. Taxes have paid for man to go to the moon; they have funded wars; and have led to revolutions over the centuries. So says Dominic Frisby in his trip through tax history and critique of the system.

Many of us simply pay tax because we have to and think little more about it. But this fascinating history argues that you design a society by the way you tax it – and its destiny is determined by the way it is taxed.

With this in mind, is it time to rethink the whole system? Mr Frisby offers some surprising answers.

To win one of 10 copies, go to Moneywise.co.uk/competitions and enter your name and address by 30 November 2019.

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The Moneywise team's consumer triumphs

This month, we share experiences of dealing with consumer issues and offer tips on how to fight for your rights

Never lose your cool, Edmund Greaves, deputy editor

Back in 2013, when I was freelancing I had an Apple MacBook Air, which I relied on for my writing. One day, Apple emailed me to say that there was a factory fault with the hard drive and asked me to take it to my nearest Apple store.

I drove an hour to get there, only to be told that it would take three weeks to repair and I would have to come back to collect it. As a budding journalist not earning much money, this was pretty devastating.

The sales assistant was totally unsympathetic, but instead of losing my cool I decided to play mummy against daddy. I sat in my car outside and rang Apple customer services and explained why I would suffer a considerable loss of earnings. To my surprise, this assistant agreed with me completely and ordered a brand-new computer with no hesitation. It arrived three days later and six years on it's still going strong.

"I was told my MacBook would take three weeks to repair – and I used it to earn a living"

My top tip: Never lose your cool with staff – explain the problem and ask them politely to resolve it. If in-store staff won't help, try phoning customer services where you may get a different response.

Fight private parking fines, Rachel Lacey, special projects editor

A few years ago, we had builders in and I was keen to be out of the house for as long as possible.

I parked at Morrisons, picked up a few snacks and collected my son from nursery before taking him to the park. We then popped back to Morrisons and had lunch in the café before doing our weekly shop.

Two weeks later, I received a letter from the company that manages the Morrisons car park informing me that I had exceeded the parking limit – by a matter of minutes – and it was fining me £90. I had breached the three-hour limit, but felt that the fine was disproportionate, particularly given how much I had spent in store.

Staff in the shop couldn't help, so instead I turned to social media

and tweeted my tale to Morrisons. It quickly responded and within an hour it was back in touch to say my fine had been cancelled. Phew!

My top tip: If you don't ask, you don't get! Big firms often have dedicated social media teams, so you may get a much quicker response.

your rights

Not top customer service at Topshop, Hannah Nemeth, production editor

I recently saw a skirt I liked in Topshop, but the store didn't have my size. A shop assistant offered to order it online for me. He input my details and said that I would receive an email and could 'click and collect' it the next day.

The email, however, never arrived and despite two lengthy calls to customer services there was still no skirt. On my third attempt, I was told the skirt was ready to pick up and was offered £5 as compensation. I didn't think this was good enough so asked to speak to the manager.

Eventually, I got a call back and was sent a £15 giftcard. The skirt cost £34, but by the time the problem was sorted it had been reduced to £24. I bought the skirt in store so in the end it only cost me £9 – so well worth the hassle.

My top tip: Customer service staff often have a limit to how much compensation they can offer. If you're not happy, ask to speak to the manager who has the authority to offer you more.

A diesel fuel dump forced us out of our new home, Mark Stammers, art director

Back in 2002, we bought a new-build home from Westbury – a small home builder.

One Sunday evening we started to smell something odd. A chemical smell was permeating the house but was even stronger in the garden.

By Monday, the smell was worse, and in daylight we could see brown puddles of liquid on our rapidly dying grass.

Vandals had broken into the building site above our house and opened the taps on the tank of diesel the builders were using to fill up their diggers. Hundreds of litres of fuel had poured down into our garden poisoning the soils and seeping under the footings of the house. The vapour from the diesel then rose up through the floor and into the house.

"The vapour from diesel rose up through the floor and into the house"

We alerted the site foreman, who was more concerned about the loss of the fuel than the damage to our home. Eventually, after many calls to Westbury, a senior manager appeared. His said it was an act of vandalism that was not its fault and we would have to claim through our buildings insurance.

We were unhappy with their attitude and lack of help. We asked around our neighbours and discovered the security guard on duty overnight hadn't bothered to do his rounds.

I also checked the requirements for safe diesel storage on building sites online. The legislation stated the taps on the tank had to be locked at the end of each work day, and that the tank itself should sit within a metal tray called a bunt – which was designed to catch and hold any spillage. The builders tank had neither locks nor a bunt.

We presented this information in a letter from our solicitor, threatening to sue Westbury. Almost at once their attitude changed. They agreed to make all the repairs that the local environmental health officer had outlined. All the soil in the garden had to be dug up and replaced to a depth of six feet. The floors of the house had to be lifted and the soil there removed too.

We moved into the vacant show home on site while the repair work took place, and the majority of our belongings were put into storage at Westbury's expense.

We eventually moved back in six months after the spill. If we hadn't done our own investigative work regarding the lack of security and the failings to follow safety legislation we would have had to put a massive buildings insurance claim into our insurer, and no doubt would have had a huge increase in future our premiums.

My top tip: Do your research and make sure you know your legal rights – it will hold you in good stead when you enter into negotiations.

Great customer service is always appreciated, Rachel Rickard Straus, editor

A friend and I had perfect plans for a drizzly Saturday afternoon: lunch followed by a movie. We had allowed plenty of time but 25 minutes after we'd ordered our food there was not so much as a bread roll in sight. Our mains took even longer. I mentioned this to our waiter, but was still left feeling angry that a relaxing afternoon had been clouded by worries over time. When the waiter brought the bill, he'd taken a bit off because he knew we'd had to wait a while.

The sum wasn't much but it showed that he'd recognised we'd been inconvenienced, which was what I appreciated. I'll definitely be back. A small gesture can go a long way. mw

Ask the experts

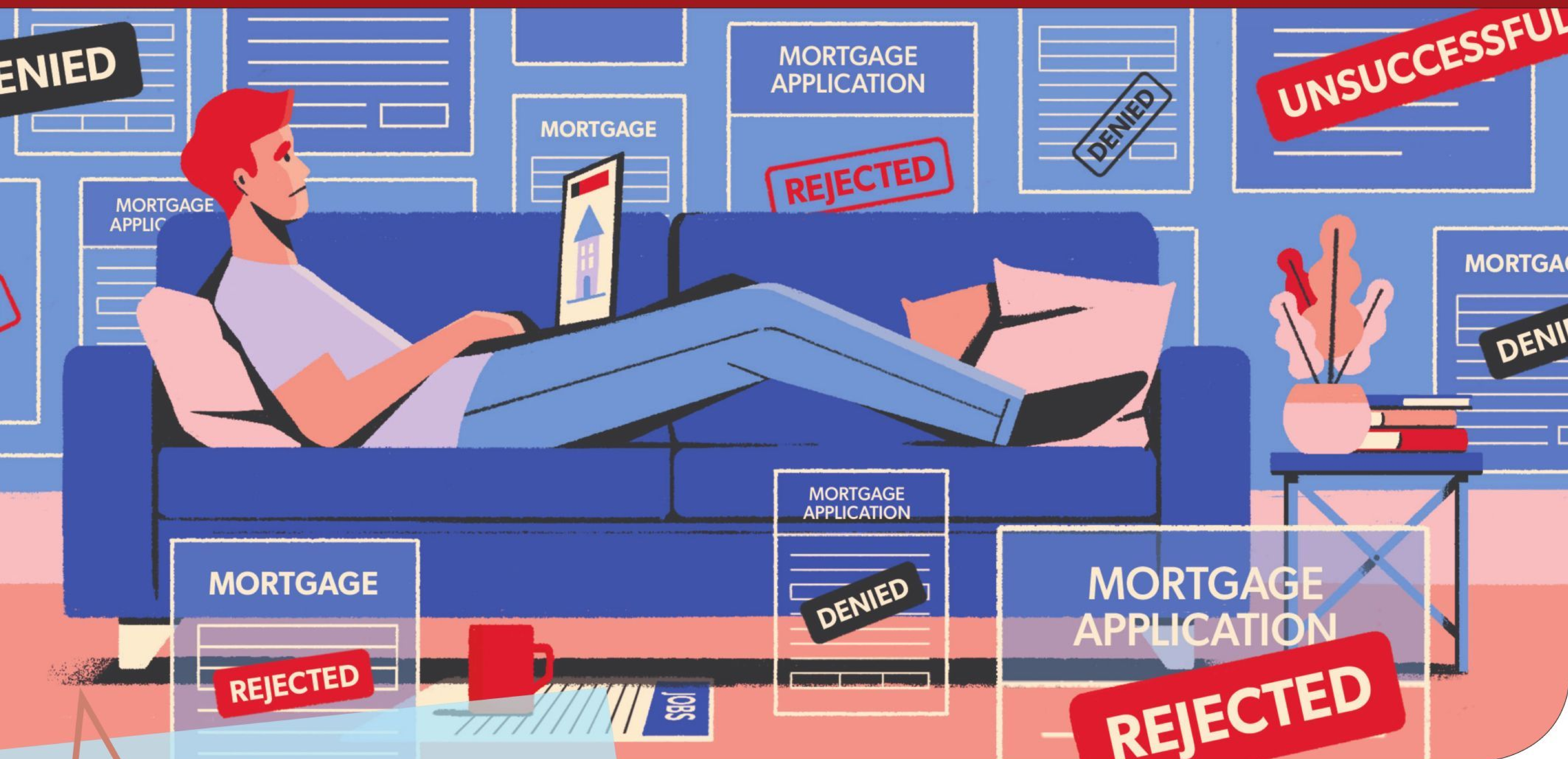


Illustration: Paul Reid

THIS MONTH'S STAR QUESTION

Can I get a mortgage if I'm unemployed?

Q I am looking to move house but I have recently been made redundant. I have £200,000 in savings and own my property outright. As I am currently not working, can I still arrange a mortgage of between £50,000 and £100,000?

JS/London

DAVID HOLLINGWORTH
Communications director, L&C Mortgages

A While you are certainly in a good position from a cash and equity point of view, lenders will not lend based purely on the fact that they have ample security for the mortgage. When agreeing to advance any mortgage, the lender will not only be looking to satisfy itself that the property is worth what the owner or buyer says it is but will also want to be sure that it will be affordable.

In deciding how much you can afford, lenders will take into account your income and ongoing commitments including other credit commitments, as well as utilities, travel and childcare costs. This helps to give a more individualised approach, and the lender must assure itself that you can afford the mortgage – now and in the long term.

> Lenders will say that you can't afford a home loan

Unfortunately, the fact that you are currently in a period without an income means that it will be impossible to meet lenders' affordability requirements, even though the mortgage may represent a relatively small proportion of the purchase price.

If you already have a job offer, then it could be worth taking advice and shopping around to see if a lender will agree to lend, although those that may consider it are still likely to want the mortgage to complete once you have started the job.

Mortgage lenders can also have varied approaches to a minimum period in the job or lending within a probation period, so it will make sense to seek advice from a mortgage broker to make sure you get the right match.

How can I maximise my retirement income?

Q I have five years left to work before I retire. I have a workplace pension and my employer is already paying the maximum contribution of 10% into this.

I have £1,500 a month and a lump sum of £15,000 available to invest for five years to enhance my pension.

Should I use the £1,500 a month as extra contributions into my workplace pension, open another pension or invest it in another way? Also, should I plough the £15,000 as a lump sum into my pension?

MR/Chorley

HELEN MORRISSEY
Pension specialist at Royal London

A It is positive that you are looking for ways to maximise your retirement income now.

You do not mention how much you are already contributing but you need to speak to an adviser about whether you run the risk of landing yourself with a tax bill by triggering either the annual

Do you have a question for our experts? Write to: Moneywise, 8 Devonshire Square, Office O3W112, London EC2M 4PL or drop us an email at advice@moneywise.co.uk (please include your address)

Every care is taken to ensure the accuracy of the information provided, but no responsibility is accepted for the consequences of actions based on the advice given. To find an IFA in your area, please visit Moneywise.co.uk/findanifa

Each month the reader with the best question wins a £50 M&S giftcard

THE SEVEN-YEAR RULE

If there's Inheritance Tax to pay, it's charged at 40% on gifts given in the 3 years before you die.

Gifts made 3 to 7 years before your death are taxed on a sliding scale known as 'taper relief'.

Years between gift and death	Tax paid
Less than three	40%
Three to four	32%
Four to five	24%
Five to six	16%
Six to seven	8%
Seven or more	0%

Source: Gov.uk

or lifetime allowance charge by making these extra payments.

If you earn more than £150,000 a year, you face the added complication of being hit with the tapered annual allowance which reduces your annual allowance by £1 for every £2 you earn over this threshold.

If you were to pay both the £1,500 a month plus the £15,000 lump sum once the basic-rate tax relief was added, this would take you over the annual allowance limit so you would trigger a tax charge, unless you had enough unused annual allowance from previous tax years to use.

An adviser will make sure you don't breach these limits and any leftover money can be channelled into other investments.

You don't say how old you are, but you cannot touch your pension money until you are 55. If you are likely to need the money earlier, then a savings products such as a Cash Isa offers easier access.

Will my daughter pay tax if she gifts me £250,000?

Q My daughter is receiving about £300,000 from her grandfather's will. She is gifting me £250,000 to buy my social housing property. Will there be any tax implications?

LR/Cambridge

PATRICK CONNOLLY
Certified financial planner at Chase de Vere

A As the gift you are receiving is more than the exempt tax-free amount allowed for gifts, most of it will be treated as a Potentially Exempt Transfer (PET) for inheritance tax (IHT)purposes. For a PET to be free of IHT, your daughter would need to survive for seven years after making the gift.

If she dies within seven years of making a PET and the total of PETs she has made is less than £325,000, then the amount she has gifted will simply reduce her nil-rate band on her death. The nil-rate band is the standard amount that an estate can be worth before any IHT becomes payable. This means that you won't be liable to pay IHT on the gift, but it also means that she won't make any IHT savings by making the gift.

It is only if the total value of PETs and other chargeable transfers that she has made within seven years ending on the date of the PET is more than £325,000 that you could face a potential IHT bill if your daughter dies within this period. However, your tax liability would reduce on a sliding scale if her death occurs between three and seven years after making the gift.

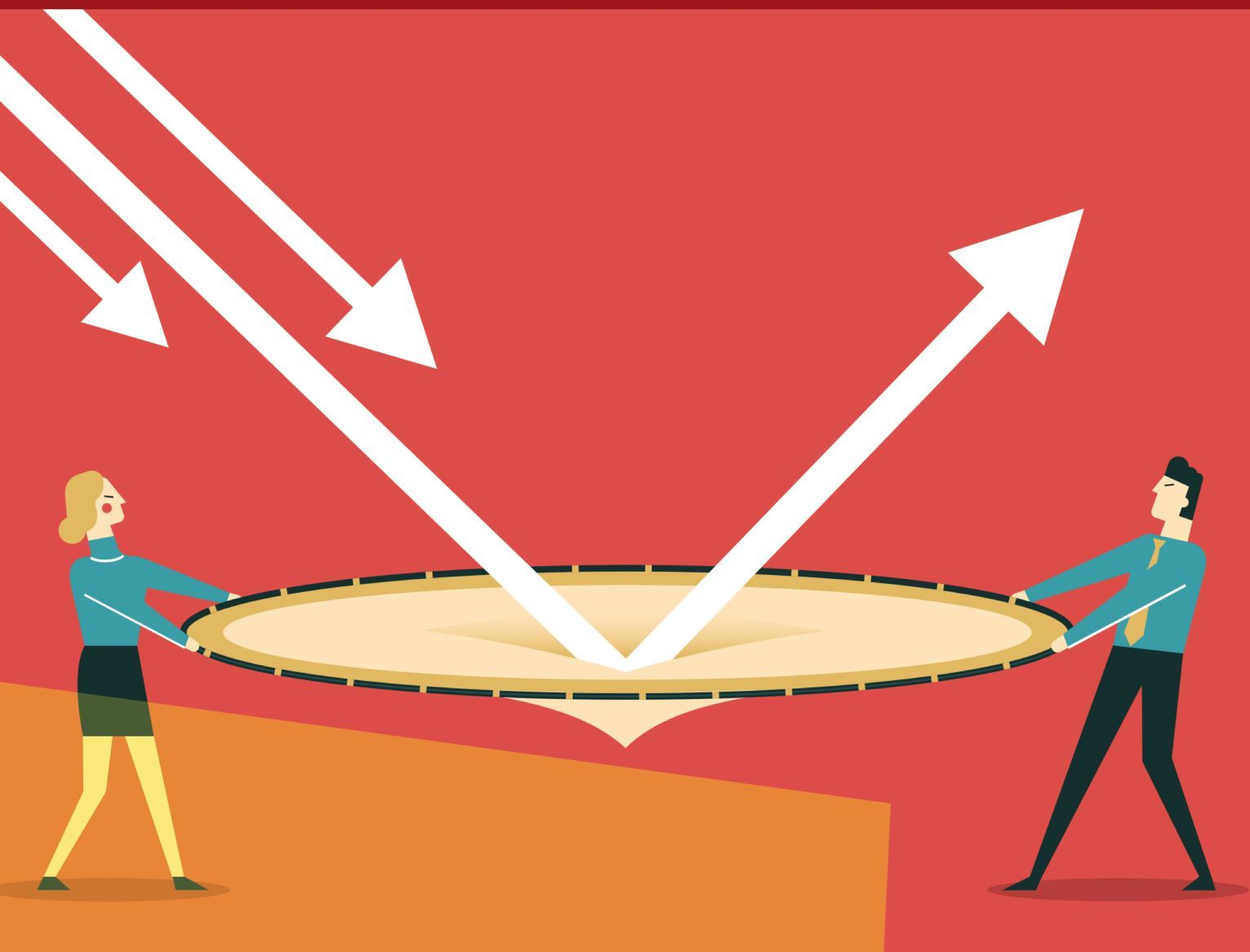
> If you receive a cash gift, it could affect your benefits

An alternative approach is a deed of variation. This is where the will of the person who died, in this case your daughter's grandfather, is effectively changed so that other people can benefit. In your case, you would change the will so that you received the £250,000 straight from the deceased's estate. This must be done within two years of the death and any beneficiaries who are left worse off by the changes must agree to them, which means your daughter would have to agree.

But remember that if you receive means-tested state benefits, the money your daughter gives you could be taken into account, affecting the amount you will receive.

This can be complicated, so seek independent financial and legal advice first.

Ask the experts



How do I set up a bare trust for my grandchildren?

Q I would like to set up a bare trust for the benefit of my two grandchildren until they reach 18. They are currently aged seven and nine.

I would invest £50,000 for each child, with one of my daughters as trustee. I originally thought of an investment trust. However, judging by my own investments, I think I might be pushed to beat some of the rates available on children's savings accounts. On the downside, savings accounts would need to be changed each year to maintain the best rates.

I can see that some providers will take care of investment bare trusts, at a cost. The trust deed would empower the trustee to choose the best savings account available with the ability to switch to investment trusts, if and when necessary.

Is it possible to refer me to a form of words to enable me to set up a legally valid bare trust?
RC/London

JAMES WARD
Head of the private client team at Kingsley Napley LLP

A The bare trust you describe is an absolute gift to your grandchildren but, since they are both minors, the money must be held by trustees or a trustee until they reach the age of 18. A gift by a grandparent to a grandchild is good tax planning and can provide the grandchild with a useful lump sum for tuition fees or a deposit for their first home.

In this case, the money will need to be held for a number of years before it can be taken over by the grandchildren. It is wise for the trustee to try to grow the money or at least counteract inflation as far as possible. Indeed, your plan to be proactive in investing the money is sensible.

Bare trusts will often be set up using specifically drafted trust documents naming the trustees, the terms and the administrative provisions. This is likely to include investment provisions and may also specify that the money can be used before the children turn 18 for their education and maintenance.

It is not possible for me to produce a bespoke trust document for you without you seeking legal advice. However, I want to draw your attention to provisions existing in statute that cover investment.

If you wish to get guidance as a trustee about how you should invest (from a legal perspective rather than financial) and the extent of your powers, you should refer to the Trustee Act 2000, clause three, the 'General Power of Investment', which covers investments outside investment into land. It states that trustees may make any kind of investment that they could make if they were absolutely entitled to the assets of the trust. This provides very wide powers but must be balanced against the need for trustees to act in the best interests

WHAT IS A BARE TRUST?

A bare trust is a relatively straightforward form of trust where the beneficiary – the person who will benefit from the trust – has an immediate right to both the capital in the trust and the income generated by that capital.

This form of trust is often used to pass money on to children. The trustees are responsible for managing the capital but have no say over when the beneficiary can take it.

With children, this means that as soon as they turn 18, they can access their trust and ask to have it transferred to them.

Income tax is levied on any income received from the trust and capital gains tax is also due on the sale of any assets held within the trust. The beneficiary of the trust has to pay the tax.

The capital held within a bare trust belongs to the beneficiary as soon as the trust is set up. This means that the capital placed into the trust is classed as a potentially exempt transfer when it comes to inheritance tax. This means that, as long as the person who put the capital into the trust lives for seven years after the trust has been set up, it won't count as part of their estate for inheritance tax purposes. If they die within seven years of setting up the bare trust, the contents would count as part of their estate and inheritance tax could be due.

Each month the reader with the best question wins a £50 M&S giftcard

of the beneficiaries and not to invest recklessly.

This is assisted by clause four of the act, which sets out standard investment criteria. The main thrust of this clause is to make sure that the proposed investment is suitable for the trust. Investment in land is dealt with by clause eight of the act, which allows trustees to acquire freehold or leasehold land, bearing in mind clauses three and four.

It is an amazing thing to be able to pass money down to the younger generation and should be encouraged. However, when dealing with money being held for children it is always important to get advice, consider the parameters of the Trustee Act 2000 and make sure investments are regularly reviewed to ascertain their suitability.

How can I cut the cost of my pension advice?

Q I have a pension worth £280,000 invested with Aegon Retirement Choices. Its annual charges are approximately £875, while my financial adviser's charges are £2,030 a year.

In the latest quarterly review, my income was £2,500 and combined charges £2,900. How is this fair? How can I reduce the charges, especially for the financial adviser?

JC/London

RAY BLACK
Independent financial adviser at Money Minder

A At just over 0.31%, Aegon's charges are pretty competitive. Your adviser's charges are not too bad at 0.725% a year although it would not be difficult to find other advisers offering an ongoing adviser charge at just 0.5%. It sounds to me as if you don't feel you are getting value for money. If your pension fund is invested in lower-risk asset classes, such as cash and corporate bonds, that may be true.

The first thing to consider is how long you expect to have your pension fund invested. If it will be for many years, the next thing to decide is if you are happy to take on the responsibility of looking after the money on your own, or if you would like a professional to help you with it.

> You can shop around for a new adviser or do it yourself

If you are confident in your ability to choose the right investment strategy and make ongoing investment decisions without any professional advice, there is no need to pay an ongoing adviser charge.

If you would prefer to get some guidance when making investment decisions, you will need an adviser whom you trust and feel comfortable with.

You may find someone whom you are very happy with at 0.5% but it is unlikely that you will get an adviser to provide you with an ongoing, exceptional service for less than that.

Speak to your adviser about your concerns and they may be able to offer you an acceptable solution. If that doesn't happen, you can either take full responsibility of the investment decisions and deal with Aegon direct or shop around for a new adviser who might be cheaper.

Reader JC from London responds:
"I was under the impression that I had to use a financial adviser. In the past, I had a Sipp and was not able to directly communicate with the company. I have plenty of time now and would be very happy not to have to pay a financial adviser for a very limited service."

How can we protect the cash we're giving our son?

Q We want to help out my son with a deposit for his first home and can afford to give him £50,000. The problem is that he is planning to buy with his girlfriend, so if they split up she could walk away with half the money we gave him for a deposit. How can we protect our cash?

HB/Birmingham

TRACEY MOLONEY
Head of family law at Co-op

A In order to protect the money, a deed of trust between yourselves and your son would need to be put in place along with a cohabitation agreement between himself and his girlfriend.

This agreement would make it clear if for any reason the parties separated, who would be entitled to what and how the assets would be split. It would include the fact that you gave him £50,000 in the event that the property is ever sold due to a breakdown in the relationship.

As a belt and braces approach, you would then sign a deed of trust with your son, which would show that the £50,000 was a loan and if for any reason the property is to be sold as a breakdown of the relationship that you would receive the £50,000 back. mw

'MY SMART METER IS SPYING ON ME' 10 MYTHS BUSTED

Are you keen to have a smart meter installed or do you worry about the negative stories surrounding them? Here, energy experts help to debunk some common misconceptions

By REBECCA GOODMAN

Smart meters are designed to save households money and give people more control over their energy usage. This type of gas and electricity meter works by sending your meter readings digitally to your energy supplier and bringing an end to estimated bills.

However, the £11 billion government rollout, which began in 2016, has been marred by difficulties, from meters that stop working to questions over just how much money they can save.

Radio waves from smart meters don't pose a risk to pets

As a result, in September the government revealed the rollout deadline would be delayed by four years to 2024.

Here, we separate fact from fiction to bust some of the most common smart meter myths.

Myth 1: *My smart meter will spy on me* Verdict: *False*

Smart meters only have the ability to record information about your energy use.

They cannot record personal details, and any information collected by your energy supplier cannot be shared with anyone else unless you give prior permission. Therefore, it is hard to argue that they are spying on you without your knowledge.

"Smart meters only know about your energy consumption and some may know about individual appliance consumption," says Cesar Cerrudo, chief technical officer for cybersecurity services and research company IOActive.

"Unless you're concerned about the energy company knowing how much electricity your washing machine is consuming, there is nothing to worry about."

Myth 2: *A smart meter could make my dog ill* Verdict: *False*

As the technology of smart meters is still relatively new, fears over health including that of our pets have been expressed by some.

However, Steve Storey, energy services director for OVO Energy, says there is no need to worry because there is no evidence that smart meters are linked to health issues.

Public Health England has collated various studies and assessments to measure the effect of smart-meter radio waves.

"It has concluded that the radio waves produced by smart meters don't pose any risk to the health of people or pets and there is higher exposure to radio waves

from devices used closer to the body, such as mobile phones," Mr Storey adds.

Myth 3: *A smart meter will interfere with my wi-fi*

Verdict: *False*

When you have a smart meter installed, it doesn't use your existing wi-fi connection and therefore shouldn't impact on it.

"Smart meters work off what is effectively a mobile phone SIM card and they send their readings using this to your provider," explains Mark Todd, spokesperson for Energyhelpline.com.

Myth 4: *I won't be able to switch providers*

Verdict: *False*

You can still switch providers with a smart meter and that is one of best ways to save money on your energy bills - by around £250 annually if you have not switched in a while.

"The only thing that may happen is that your smart meter may go back to being a digital meter whereby you will need to give manual readings," explains Mr Todd.

This will only happen if you have an older model, known as 'SMETs1', and therefore Mr Todd advises requesting a newer 'SMETs2' model from your supplier in order to avoid the problem.

The Data and Communications

"I'VE BEEN UNABLE TO USE MY SMART METER SINCE IT ARRIVED"

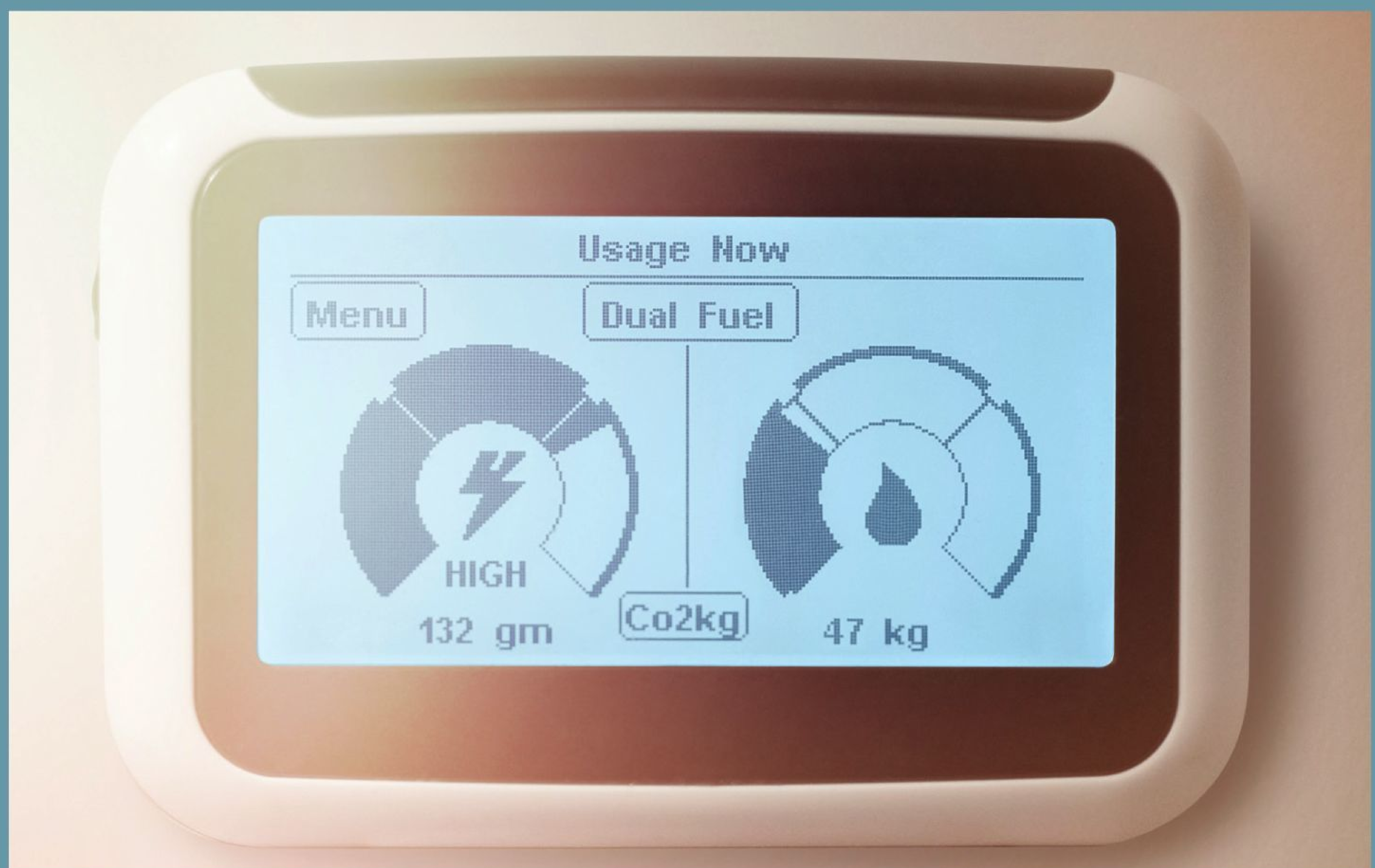
Tom Rodgers (pictured above), 37, from Manchester, liked the idea of a smart meter and had one installed but the reality of using it was very different.

"I was excited when our smart meter arrived and wanted to get going and find out what kind of real difference to my wallet my [energy consumption] decisions would make.

"However, the signal is not strong enough for the display unit to pick up the data from our meter, despite the fact that we live in a ground-floor flat.

"I would estimate that the distance between the display monitor and the smart meter itself is around 8ft. The signal has to go through wooden floorboards, but that's about it.

"I've been really disappointed with the meter, and it hasn't changed anything for us. The box just sits in the living room doing nothing and will probably stay there gathering dust until we move."



"NOW I ALWAYS KNOW WHAT I'M SPENDING"

Since having a smart meter, Lynn James, 42, from Hertfordshire, now competes with her children to see who can save the most – if they beat her they get the difference back in pocket money.

"I've always paid by direct debit and once I ended up with a huge bill and I had to pay £400 towards energy I hadn't realised I'd used.

"With my smart meter, that will never happen because I'll always know what I'm spending, and so will my supplier.

"We keep our in-home display by the sink in the kitchen, and because I work from home, I tend to check it every time I make a cup of tea.

"After a month of having it, I've already seen our energy use go down."

Company (DCC), which is behind the technology connecting the meters, is working to fix this and has said this problem should be eradicated by 2020.

Myth 5: *My smart meter could be hacked*
Verdict: *True*

Fears over hackers getting access to smart meters have been rife in the past year, with households worried that if a hacker can access their meter they could steal information from other smart devices in the home.

Mr Cerrudo says: "While smart meters could be hacked, it's very unlikely and difficult to do so and if it did happen, they wouldn't be able to access your personal data or other sensitive details."

He admits that while it is a possibility, it is very unlikely, and that there are far easier ways for an attacker to hack into someone's devices to get their private information.

"Maybe in the future it will be more likely that this type of attack occurs, if more functionality is added to smart meters or if different technologies are used, but I don't think we will see this with current ones," he adds.

Myth 6: *A smart meter could affect my health*
Verdict: *False*

There is no evidence to suggest having a smart meter could affect the health of the people living in the house.

Smart meters are covered by UK and EU product safety legislation so they will have undergone rigorous product testing before being installed.

"Smart meters use low-frequency radio emissions to communicate the information they collect, in a very similar way to other wireless electronic devices, like mobile phones, wi-fi computers, and televisions," explains Mr Storey.

Myth 7: *My bills will go up*
Verdict: *False*

There are many reasons why your energy bill could rise. The most common are your supplier putting up prices, or coming to the end of a fixed deal and being rolled over to a more expensive tariff. More than 10 million homes saw a rise of an average of £100 in April this year alone according to the Energyhelpline.

The only way a smart meter could push your energy bills up is if you use more energy than your supplier's estimated readings but you would have had to pay this money eventually.

Myth 8: *Third-party firms can access my data*
Verdict: *False*

Data from your smart meter is only sent to your energy provider to tell it how much energy you're using so it can produce your bills. Nothing can be shared to other

companies unless you have given them consent for this to happen.

Gavin O'Neill, chief executive, of technology firm Generis, says: "Personal details such as a customer's name, address, and bank details are not stored on or transmitted by the meter.

"Your supplier can't use any data from your smart meter for sales and marketing purposes unless you give them permission to do so."

Personal details are not stored by the meter

Myth 9: *Smart meters push up prices for everyone*

Verdict: *True*

"Sadly, this is almost certainly true," says Mr Todd.

"The National Audit Office estimated that fitting smart meters would cost an average of £467 per household, across 28 million UK homes, or £13 billion in total. However, it has said smart meters should save bill payers an average of £18 annually.

"That means it will take nearly 26 years for the savings to outweigh the costs.

"In reality, the savings will never outweigh the costs as many smart meters are likely to cease to work after a few years and they will need to be replaced before they pay themselves back," adds Mr Todd.

Myth 10: *I have a prepayment meter, so I can't have a smart meter*

Verdict: *False*

Households with a prepayment meter pay for their energy in advance, as is the case with a credit meter.

However, those with prepayment meters are still able to have smart meters fitted.

Smart meters can be changed between prepayment and credit modes and for prepayment customers, meters will display how much credit is remaining on an account. These can be topped up online, making the payment process a lot more convenient. mw

REBECCA GOODMAN is a freelance journalist who writes for Love Money, Mirror Money, The Sun Online, *The Telegraph* and *The Guardian*

THE SANDWICH GENERATION: HELP YOUR PARENTS AND CHILDREN WITHOUT BREAKING THE BANK

Many of us have to balance the needs of elderly parents with 'kidults' requiring a helping hand. Find out how to reduce your financial stress

BY EMMA LUNN

Are you feeling the financial tug from kids on one side and ageing parents on the other?

If so, you are not alone. About 1.3 million people in the UK have multi-generational caring responsibilities, according to the Office for National Statistics.

Being part of the sandwich generation can impact on your life, both financially and emotionally. If you still have your own mortgage to pay, gifting your children the deposit for their first home or paying for your parents' care may stretch your finances to the limit.

But there is no need to panic. For many people, the key to reducing financial stress is guiding both sets of relatives to financial independence, rather than simply paying for everything.

HOW TO HELP YOUR CHILDREN

Give your kids the tools to prepare for university

Most parents will be expected to make a significant contribution to their children's university education. But before you hand over your hard-earned cash, make sure you have laid the foundations of good money management.

Rachel Wait, consumer affairs spokesperson at MoneySuperMarket, says: "A good starting point is to help your child add up the income they will receive from a student loan and any job they might have and then write down a list of outgoings and the payment deadlines – such as tuition fees, rent and bills. Once you have worked out the essential outgoings, you will be able to see what is left over for text books, food and spending money. Even working out the cost of a weekly shop can help when budgeting for the first time."

"Help them to list fees, rent and bills so they can see what is left over"

Leverage your savings to help your children buy a home

The main financial challenge facing most young people face is how to get on the housing ladder. Saving a sufficient deposit can be difficult, with many affluent parents simply giving their child the money.

If you are not in a position or don't want to do this, a new wave of guarantor mortgages offers a potential solution. Lenders such as Lloyds, Barclays and Marsden Building Society offer deals where a family member deposits between 10% and 20% of the property purchase price in a linked savings account. The money is held as security for the child's mortgage for a set number of years, or until the amount they owe falls below a certain percentage of the property's value.

Alternatively, some lenders will take a charge over the family home as security for the child's mortgage.

Guarantor and joint mortgages

Consider acting as a mortgage guarantor to help your child buy a home. Being a guarantor means you would have to agree to cover the monthly mortgage repayments of your child's home if they fail to do so.

Another option is to get a joint mortgage with your child, so the lender would also take your income into account when calculating mortgage affordability. Again, this would make you liable for mortgage payments should your child default.

It could also trigger the 3% stamp duty surcharge for second homes if you already own a property. A way round this is to opt for a 'joint borrower, sole proprietor' mortgage – Furness Building Society, for example, offers this. With this type of loan, your name will be on the mortgage, but not the property deeds.

Encourage your child to open a Lifetime Isa

Even if your child is some way off buying a home, it is worth setting him or her on the path to homeownership with a Lifetime Isa (Lisa).

Sarah Coles, personal finance analyst at Hargreaves Lansdown, says: "You can encourage your offspring to open a Lifetime Isa for their own savings and help them top this up to £4,000 a year. The government will then boost this by £1,000, adding to their deposit without you having to reach even deeper into your pockets."

'WE TALKED ABOUT MONEY WHEN MY PARENTS DECIDED TO DOWNSIZE'

Tom Jones (pictured left), 25, is an account executive from Manchester. He has had a series of finanical discussions with his parents, who are in their late 50s, prompted by their decision to downsize.

"This triggered discussions about money, their retirement, wills and inheritance," says Tom, "They decided to make some gifts while they were still alive including helping me with a house deposit. They are from a generation that is very keen on homeownership and it's something they wanted to help with."

Tom's father is semi-retired and his mother was thinking of retiring, so Tom discussed their retirement plans, and retirement income, with them. His mother had a set amount of money she wanted to have in the bank by the time she retired and planned to work a few more years to achieve this.

Tom says: "We realised that instead of working flat out for so many years she can actually retire a bit earlier and then work part-time – and end up with the same money. I also think this will also ease her into retirement better, rather than her going from working full-time to having nothing to do."

Anyone from the age of 18 to 40 can open a Lisa, but the money must be used to buy a home or to fund retirement after the age of 60.

A few changes at home can mean parents can stay there for longer

HOW TO HELP AGEING PARENTS

Help your parents adapt their home

A few changes around the house can help ageing parents stay in their own home for longer. Your local authority may be able to provide specialist equipment, such as grab rails, ramps and outside lights, free of charge. Elderly people needing more significant changes to their home may qualify for a Disabled Facilities Grant (Gov.uk/disabled-facilities-grants).

Providing your parents with smart devices may also help them live independently. For example, if they could control their thermostat from their mobile phone, they would not need to get up to turn up the heating.

Investigate later life living options

The time may come when your parents cannot live completely independently. Sheltered accommodation or specialised retirement housing, sold solely to people aged over 55 or 60, could be the solution.

Most retirement properties are leasehold and come with extra costs such as ground rent, service charges and payments into a contingency fund. It is a good idea to help your parents research these costs before they go ahead with a purchase.

Another option may be to add a 'granny annexe' to your home. This can allow your parents to maintain their independence, while benefiting from extra support. But it is important to take financial and tax advice regarding how an annexe should be funded and owned.

Mrs Coles says: "If you build a self-contained annexe attached to your home for them to move into, there will be extra council tax to pay. They can get a 50% discount in the annexe, but this still needs to be factored into your costs."

Analyse later life borrowing options

Many older people still owe money on their mortgage after retirement and would benefit from a chat with a mortgage broker.

Aaron Strutt, product and communications manager at Trinity Financial, says: "Many lenders have eased their criteria for older people. There is a selection of lenders with no maximum age limits providing cheap rates for 70 years plus borrowers."

If your parents are asset rich but cash poor, an equity release scheme would allow them to borrow against their property's value. It is important both you and your parents understand how equity release schemes work as it will affect how much they will leave as an inheritance.

Understand care home costs

Your parents may need help in their own home or to move into long-term care. They will be means-tested to work out whether they, or the local authority, will pay for care. If they have savings or assets of less than £14,250, they will not pay towards care. If they have savings of between £14,250 and £23,250, they will have to pay a contribution towards their care, while those with assets of more than £23,250 will have to cover the whole bill.

Mrs Coles says: "If they sold their home and gave the proceeds away shortly before moving into a care home, the local authority may decide they did so deliberately to avoid self-funding and insist they pay for care themselves."

'WE'RE ARMING OUR KIDS WITH BUDGETING SKILLS BEFORE UNI'

Liz and Alan Taylor, from Kent, have made sure their children Laura, 20, and Matt, 18, have good budgeting skills before leaving home. Laura is in her second year at university, while Matt has just started.

Liz says: "They both had part-time jobs at school and I encouraged them to always save a proportion of their income. We have also saved some money to help them at university, and their grandparents did too.

"Before Laura went to uni, we had a chat about budgeting each term. I also helped her choose a student bank account and warned her against spending on credit cards or payday loans. She seems to be managing her money fine so far. She is moving into a house with friends next year so we'll speak to her again about getting the best deals on things like broadband and household energy," she adds.

EMMA LUNN is a freelance journalist, who writes for *The Daily Telegraph*, *The Guardian*, *The Times* and This is Money

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SHOULD YOU PAY TO BOOK A TABLE AT A RESTAURANT – AND WHAT ARE YOUR RIGHTS IF YOU NEED TO CANCEL?

Have you ever had to cancel a restaurant meal at the last minute? Here's how to make sure you won't be charged for a 'no-show'

BY SUE HAYWARD

Paying a deposit to book a table at a posh restaurant used to be the 'done thing', but now an increasing number of restaurants, pubs and buffet outlets want a deposit, or at least your card details, if you want to book ahead.

So is forking out before you have set foot in a restaurant becoming the new norm and what are your rights if you need to cancel?

How common is it?

The number of restaurants seeking some form of financial security, either as a deposit, or by taking your card details, has increased by 40% over the past year, according to research by restaurant booking platform ResDiary.

You may be asked for a deposit if you book on bank holidays

From the restaurant's side of the table, it is a way to offset some of the cost if diners cancel at the last minute or just don't turn up. The research also revealed that 'no shows', are estimated to cost the UK restaurant industry between £4 billion and £16 billion a year as up to 20% of diners fail to turn up for bookings.

"Putting down a deposit to book a table is much more common than you might think", says Spencer Roberts from Resolver, a free independent resolution service, "and it's a way of cutting down on the number of no-shows, which are a big problem for restaurants".

Some restaurants operate on very low margins. So if, for example, they are targeting a profit of 10% above costs and 10% of the tables are no-shows, it can have a severe impact.

Which restaurants want deposits?

Each outlet will have its own policy on this, but even some high street chains now expect deposits, or want your debit or credit card details to secure a booking, especially if you want to book ahead for a popular day.

At Loch Fyne, for example, you can be asked for deposits of between £5 and £25 a head if you want to book a table on popular dates such as Easter, Bank Holidays, Valentine's Day, Mother's Day and New Year's Eve. Any deposit is taken off the final bill, or refunded if the booking is cancelled with at least 48 hours' notice.

The Ivy Café, in Cambridge, needs card details for bookings for five or more people and if you don't give 24 hours' notice for cancellation, you'll be billed £20 a head.

If you are booking for eight people or more at a Cosmo World Buffet restaurant, (which has 21 locations across the UK), you will need a credit card to secure the booking, and there is a £5 charge per person if you don't turn up or fail to cancel within 24 hours.

Some places like the Michelin starred eatery, Ynyshir in mid Wales, charge diners the full cost of their meal up front, which can be £150 a head, as there is a set tasting menu for lunch and dinner. Bookings are non-refundable, (although changes may be made with at least 48 hours' notice). As its website points out, it is a small remote restaurant with five tables so it would be difficult to fill tables from passing trade.

In many cases, the cumbersome process of taking card details or deposits, is something that can easily be done through online booking platforms like OpenTable and ResDiary, which are used by many pubs and independent

restaurants as well as chains like Zizzi, Giraffe, Frankie & Benny's and Chiquito.

If a deposit or card details are needed, this is clearly stated at the booking stage and carried out through a secure system, which in turn frees up restaurant teams to concentrate on customer service.

Are 'no shows' fuelling the deposit drive?

If you book a table and don't turn up, this can cost a restaurant money, especially if it has turned other diners away and are left with an empty table.

It is a situation that Brendan Padfield, owner of the Unruly Pig pub in Bromeswell, Suffolk, knows all too well. After a total of 13 tables failed to show up in just one day, he now asks for customers' debit or credit card details if they want to reserve tables at busy times, including Saturday evening and Sunday lunchtime.

> "There's a trend towards people thinking it's OK just not to turn up"

"We understand that things happen and arrangements need to be changed, so this isn't about us taking advantage, but unfortunately there's a growing trend towards people thinking it's OK to make multiple bookings and just not turn up," says Mr Padfield.

If customers book, but later cancel without giving the required 48 hours' notice, a charge of £10 per head goes on their card, but Brendan says the team tries to be as flexible as possible, "and if we get a late cancellation but someone wants to rebook, we don't charge".

"It is a tricky situation for restaurants," says Resolver's Mr Roberts. "Do pubs and restaurants charge a deposit and risk scaring off customers or accept they will lose out to a certain number of no-shows?"

Under the Unruly Pig's old system, deposits were only taken for parties of eight or more, "but this was too time consuming for the staff as they had to remember who had paid a deposit and then make sure it was taken off the bill, whereas now it's much easier to take credit card details to secure the table", adds Mr Padfield.

And the proof is in the pudding, as since introducing the new policy of asking for card details to secure peak time reservations, "we've seen our no-shows cut to virtually zero".

When should you pay to book?

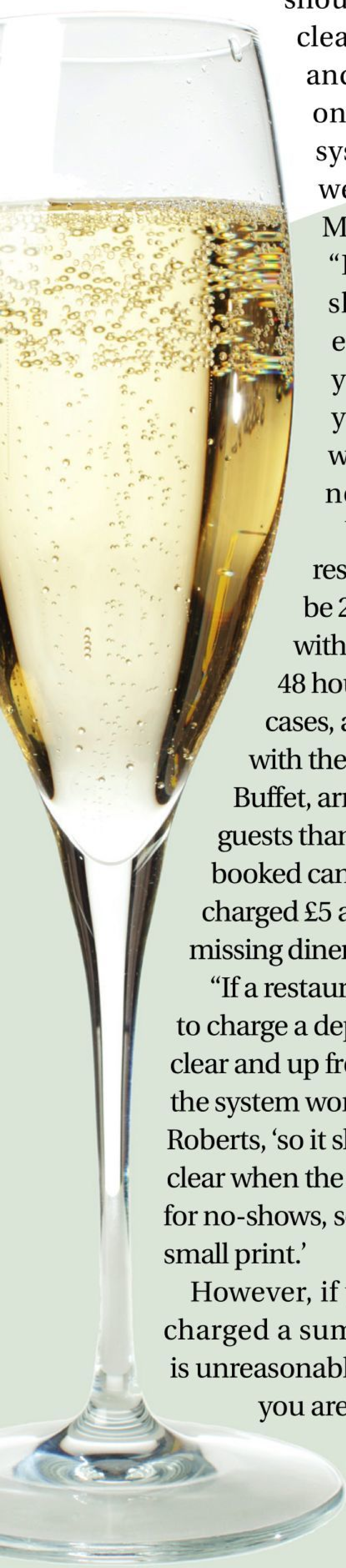
As a customer, you won't usually get a choice over this, as it's down to the restaurant to set the rules.

So if you want to book a table on a Saturday night, and the restaurant policy means it needs your card details to secure the booking, (or even a deposit), and you're not happy with this, you won't get your table.

If you're worried about paying a deposit, bear in mind the size of deposit required can vary significantly between restaurants so you could seek an alternative that asks for a smaller sum.

What should you look out for in the Ts&Cs?

"If you've paid a deposit, then the rules as to whether you get your money back if you cancel should be set out clearly in the terms and conditions on their booking system or website", says Mr Roberts.



"However, you should generally expect to lose your deposit if you don't cancel with sufficient notice".

With some restaurants this may be 24 hours, while with others it can be 48 hours, and in some cases, as is the policy with the Cosmo World Buffet, arriving with fewer guests than you originally booked can mean you are charged £5 a head for any missing diners.

"If a restaurant does decide to charge a deposit, it must be clear and up front about how the system works", says Mr Roberts, 'so it should make it clear when the cut-off point is for no-shows, so always read the small print.'

However, if you have been charged a sum that you think is unreasonable, don't assume you are obliged to pay it because it is in the contract. This does not mean it is always legally binding: businesses cannot rely on unfair terms.

According to the Competition and Markets Authority, if you cancel a contract, the business is "generally only entitled to keep or receive an amount sufficient to cover their actual losses that directly result from your cancellation".

Businesses must take reasonable steps to reduce their losses – by trying to fill the table, for instance.

Also bear in mind that restaurant owners are likely to have considerable discretion over whether or not they refund a deposit in the event of a cancellation.

Deposits schemes are generally designed to deter careless no-shows and people who make more than one reservation and cancel all but one at the last minute. If you have a genuine reason why you can no longer dine, cancel as early as you can and speak to the restaurant to explain the situation.

Walk-ins only

Many restaurants limit the number of advance bookings they will take so they have plenty of room for walk-in diners, or chains such as Honest Burger and Wagamama only take bookings for large groups or private hire.

Watch out as some chains' policies vary depending on the location. Granger & Co., for example, which has four restaurants across London, operates a walk-in policy at King's Cross and Notting Hill, but it does offer a booking option at Chelsea and Clerkenwell and with these, you need to provide card details when booking for five people or more.

Nandos says the decision to take a booking is down to the manager of each restaurant, and so it's best to contact them directly. mw

SUE HAYWARD is a personal finance journalist and broadcaster

'THE RESTAURANT FORGOT TO TAKE OFF THE DEPOSIT!'

Sian Broad (pictured above), 34, from Folkestone, Kent, says: "I arranged a family dinner for 14 of us to celebrate my husband's 30th birthday at his favourite curry house.

As it was a Saturday night, and there were so many of us, when I rang to book, they told me I'd have to pay a £20 deposit, which would come off the bill at the end of the night.

I happily handed over my card details and we had a great evening. When the bill came, we agreed to split it equally, so some of us paid cash and others by card.

It wasn't until we got home, we realised the restaurant hadn't taken our £20 deposit off the bill. I called and asked if they could put the £20 back on my card, but they said they couldn't do this.

" I felt a bit silly for not remembering about the deposit in the restaurant, but given it was a relatively small amount, we've put this down to a 'lesson learnt'".

THE WRITER'S EXPERIENCE

Sue Hayward (pictured right) also has had meals where deposits were expected: "I went to my local Thai restaurant with friends recently and was surprised to hear we'd been asked to pay a deposit of £10 a head to book our table for five. The friend who had paid it was told it was because it's a small restaurant, so it needed deposits for more than four diners as it lost business if diners didn't turn up.

"I also paid a deposit for afternoon tea at Browns in Birmingham as a treat for a friend. Brown's explained they were busy with group bookings in the run-up to Christmas, and would need a £10 deposit each."

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Home Finances Awards 2019 – the winners revealed

Are you happy with your energy supplier? Maybe you have had enough of your broadband provider? Or are you still trying to decide whether to go for Amazon Prime or Netflix? Find out which are the top household names in this year's awards

BY STEPHEN LITTLE

With so many different firms offering broadband, electricity, gas, mobile and TV packages, choosing the right one can be a difficult decision.

The vast array of deals available means it can be difficult to find the one that offers the best value.

This is why every year we ask *Moneywise* readers to tell us about the top home service providers in the country.

The *Moneywise* Home Finances Awards are designed to help consumers make an informed choice about a range of household services – from energy suppliers to broadband providers.

The awards are based on the *Moneywise* Home Finances Survey, and this year we had more than 10,000 respondents who named their favourite companies and the ones that they feel offer the best value for money.

We would like to thank everyone who took the time to vote in our survey – and here are the firms you picked as the best providers in the UK in 2019.

UTILITIES
GAS AND ELECTRICITY

The likes of Bulb and Octopus mean there's a base of emerging suppliers who are continuing to challenge the Big Six in the domestic energy market.

Growing competition in the energy market as well as a price cap on tariffs have hit suppliers hard, forcing them to review their businesses.

This year Big Six energy provider SSE sold its retail business to the independent provider Ovo, while a number of smaller suppliers have gone to the wall.

In January we also saw the introduction of the price cap from Ofgem to protect vulnerable customers from unjustified price rises on standard variable tariffs.

Energy firms can now charge no more than £1,179 a year for the average household, but if you shop around you could still save hundreds by switching.

With the average dual fuel variable tariff now costing around £100 per month, it is no wonder that so many customers are jumping ship from the Big Six and signing up with an independent supplier.

The runaway winner for the second year in a row was Utility Warehouse, which came top in all the categories it was entered in.

Utility Warehouse guarantees customers will pay less than the average of the cheapest variable tariffs from the Big Six providers. It also promises to match any of the Big Six if one of them lowers their tariff.

If you opt for its Double Gold bundle you will be able to take advantage of its fixed-price tariff, which will guarantee no price rises until 31 August, 2020.

As well as gas and electricity, customers with Utility Warehouse can also buy broadband, landline and mobile services.

Our survey respondents rated Utility Warehouse highly for value for money, customer service and quality of smart meters.

Our winner swept the board for the second year in a row

BEST VALUE FOR MONEY

WINNER

Utility Warehouse

Highly commended: Ebico Energy

BEST OF THE BIG SIX

WINNER

Scottish Power

Highly commended: E.ON

BEST CUSTOMER SERVICE

WINNER

Utility Warehouse

Highly commended: Scottish Power

BEST FOR CLARITY OF BILLS

WINNER

Utility Warehouse

Highly commended: Scottish Power

BEST FOR MONEY-SAVING TIPS AND GADGETS

WINNER

Utility Warehouse

Highly commended: Octopus Energy

While there have been a raft of challenger energy providers in recent years, the Big Six energy providers in the UK account for roughly 75% of the market.

Our Best of the Big Six winner was Scottish Power, beating off stiff competition from E.ON, which came in second place.

SUPERMARKETS

The dominance of the big four supermarkets has been in decline in recent years with more people opting for cheaper retailers such as Aldi and Lidl.

Shoppers hit by rising prices and stagnant wages have been flocking to budget supermarkets in order to reduce their shopping bills.

Data from the Office for National Statistics shows that food inflation rose by 1.8% in the year to August, and there are fears that prices could rise higher following Brexit.

While Aldi and Lidl look to expand, Tesco and Sainsbury's are both axing stores as part of a shake-up to fend off competition from cheaper rivals.

Research from consumer panel Kantar shows that Aldi's market share has risen to 8%, compared to 7.3% a year ago. Meanwhile, Lidl has seen its market share grow from 5.3% to 5.6%.

Not only are shoppers having to cope with price rises, they are also having to deal with big brands reducing the size of their products – known as 'shrinkflation'.

In this year's survey, Aldi came first for best supermarket for the second year in a row, with Waitrose not far behind.

Readers also voted Aldi the best value for money with Lidl in second place, highlighting the competition the big supermarkets now face.

One customer commented: "Quality is always good, price is always amazing and staff are always cheerful and helpful.

"It's nice to go shopping and feel appreciated as a customer – and Aldi never fails to achieve this."

The new kids on the block didn't have it all their own way, though. When it comes to quality of produce, Marks & Spencer took the honours this year,

Aldi came first for the second year, with Waitrose not far behind

BEST SUPERMARKET

WINNER
Aldi

Highly commended: Waitrose

BEST VALUE FOR MONEY

WINNER
Aldi

Highly commended: Lidl

BEST QUALITY PRODUCE

WINNER
Marks & Spencer

M&S
EST. 1884

Highly commended: Waitrose

BEST IN-STORE EXPERIENCE

WINNER
Waitrose

WAITROSE
& PARTNERS

Highly commended: Marks & Spencer

BEST ONLINE SUPERMARKET

WINNER
Iceland

Iceland

Highly commended: Tesco

NEW: BEST LOYALTY SCHEME

WINNER
Tesco

TESCO

Highly commended: Co-op

with Waitrose coming in in second place.

However, Waitrose was voted the best in-store experience by our readers, beating Marks & Spencer into second place.

Iceland was voted the best online supermarket, with readers complimenting the company on its quality and range of products.

MOST RECOMMENDED MOBILE NETWORK

WINNER
O2

Highly commended: EE

BEST VALUE FOR MONEY

WINNER
Giffgaff

Highly commended: Tesco Mobile

MOST RECOMMENDED CONTRACT

WINNER
Tesco Mobile

Highly commended: Three

BEST VALUE-FOR-MONEY CONTRACT

WINNER
Tesco Mobile

Highly commended: iD Mobile

MOST RECOMMENDED PAY AS YOU GO

WINNER
Virgin

Highly commended: Giffgaff

Loyalty cards can be a great way to save money on your shopping, especially if you tend to use the same supermarket regularly. *Moneywise* readers voted Tesco Clubcard their favourite loyalty card, while Co-op was highly commended.

O2 was voted top mobile provider, rated for its reliable network

MOBILE PHONES

There are lots of new mobile networks challenging the established providers.

Often using the same networks as the bigger providers, many of them offer more generous contracts and cheaper deals.

Moneywise readers recommended O2 as the best mobile provider this year.

It scored highly for its customer service and its network coverage, with customers particularly impressed with the reliability of the network.

EE was highly commended and praised by our readers for its speed and value.

When it comes to value for money, there were two firms head and shoulders above the competition.

Giigaff won the category, with Tesco Mobile coming in second place.

Giffgaff offers greater flexibility over other providers, allowing you to change your plan each month as well as offering a range of competitive deals.

Tesco Mobile was voted number one for those on contracts, edging iD Mobile into second place.

The most recommended pay-as-you-go winner is Virgin Media, with readers praising its competitive prices and value for money. Giffgaff is highly commended in this category.

BROADBAND

While most *Moneywise* readers said they were happy with their broadband, one in seven said

BEST VALUE-FOR-MONEY PAY AS YOU GO

WINNER
Giffgaff

Highly commended: Virgin Media

they were likely to change their broadband provider in the next year.

Our research found that most readers switch broadband for a faster speed or a cheaper deal.

This year BT was voted the best broadband provider for the third year in a row.

One reader said: "BT is still the only realistic option in rural areas, particularly if you require customer service."

In second place was Virgin Media, which scored highly with customers in towns and cities where infrastructure is in place to deliver quality broadband fibre.

Plusnet was voted the best value broadband provider for the sixth year in a row. EE was highly commended in this category.

The good news is that Britain's biggest broadband providers have committed to offering fairer prices to broadband customers following a review by Ofcom.

BT, Sky and TalkTalk will allow their out-of-contract customers to sign up for the same deals as new customers when they take out a new contract from February next year, so they should see their bills come down.

PAID-FOR TV

Paid-for TV still remains extremely popular in the UK despite the growing competition from streaming services such as Amazon and Netflix.

From live sport to the latest blockbusters, paid-for TV packages offer something for everyone.

Moneywise readers voted Sky this year's most recommended paid-for TV provider for the third year in a row, just pipping Virgin Media.

As well as showing US imports such as *Game of Thrones*, Sky is investing £1 billion a year in programming as it steps up its battle with the streaming giants. It made 50 original series last year, a figure that it plans to double in five years' time.

Premier League football is still a big draw for Sky subscribers, but the channel is also the home of award-winning series such as *Chernobyl*.

MOST RECOMMENDED BROADBAND PROVIDER

WINNER
BT

Highly commended: Virgin Media

BEST VALUE-FOR-MONEY BROADBAND PROVIDER

WINNER
Plusnet

Highly commended: EE

VIDEO ON DEMAND

TV viewing habits are changing, with many viewers jumping ship from terrestrial channels and signing up with streaming services.

MOST RECOMMENDED PAID-FOR TV

WINNER
Sky

Highly commended: Virgin Media

MOST RECOMMENDED VIDEO ON DEMAND

WINNER
Netflix

NETFLIX

Highly commended: BBC iPlayer

BEST VALUE-FOR-MONEY VIDEO ON DEMAND

WINNER
Netflix

NETFLIX

Highly commended: BBC iPlayer

According to Ofcom, more than half of UK homes now subscribe to TV streaming services.

The number of viewers signed up to streaming services such as Netflix and Amazon rose from 11.2 million in 2018 to 13.3 million this year.

The most popular streamed programmes in the UK were *The Grand Tour* on Amazon and *Friends* on Netflix.

Analysts have calculated that Netflix UK offers a staggering 32,600 hours of films and TV series, compared with Amazon, which has 22,600.

Netflix took top spot in the most recommended brand, pushing BBC iPlayer into second place.

Moneywise readers also voted Netflix their top choice in the best value category, despite strong competition from BBC iPlayer.

Our readers scored Netflix highly for its range of programming, which includes hits such as *Stranger Things* and *The Crown*.

Football is still a big draw for Sky customers, but it is also the home of award-winning series such as *Chernobyl*

HOME ENTERTAINMENT BUNDLES

Over the past few years a growing number of providers have been offering packages that include a broadband, TV and phone contract, all rolled in together.

Home entertainment bundles are becoming increasingly popular with viewers because they are cheaper than paying for all the services separately from different firms, and you don't have to deal with as many bills.

The great thing about a home entertainment bundle is that it can help you save money. However, it is good to remember that when your contract comes up for renewal that the price could go up.

When selecting a package it is best, as usual, to shop around for the best deal. There is an array of options on offer from different providers but it all depends on what you want and how much you are willing to pay.

Some providers will also offer you exclusive content and extras, such as anti-virus software and free wireless routers.

Sky managed to take the top spot this year for best-value home entertainment bundle, just beating Virgin Media, which took second place.

Moneywise readers say that the most comprehensive packages are found with Sky, as it has all the best sport, a wide selection of movie channels and superfast fibre broadband.

MOST RECOMMENDED

WINNER
Sky

Highly commended: Virgin Media

MOST RECOMMENDED TAKEAWAY BOOKING SERVICE

WINNER
Just Eat

JUST EAT

Highly commended: Deliveroo

BEST TAKEAWAY BOOKING SERVICE FOR RESTAURANT RANGE

WINNER
Deliveroo

Highly commended: Just Eat

BEST TAKEAWAY BOOKING SERVICE APP

WINNER
Just East

JUST EAT

Highly commended: Deliveroo

TAKEAWAY BOOKING SERVICES

Ordering food online has become increasingly easy in recent years with the wealth of apps on offer from firms such as Deliveroo and Just Eat.

Once downloaded, with just a few taps of your screen, you can have just about any type of food from a choice of hundreds of different restaurants, delivered directly to your door.

Just Eat proved to be a winner with our readers, with the firm coming top in the Most Recommended Takeaway Booking Service category, knocking Deliveroo into second place.

One reader said: "Just Eat stands out, as the service and amount of discounts available are excellent and the app is easy to use."

With over 30,000 restaurants across the UK available on the Just Eat app, the hardest part is deciding just what it is you want to eat.

Moneywise readers were especially happy with the variety of restaurants to choose from and the discounts on offer.

When it comes to Best Takeaway Booking Service for Restaurant Range, Deliveroo managed to take top honours. mw

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HOW SHOULD I INVEST A BIG SUM FROM GRANDMA?

This teen's savings pot has been managed by Gran. How should they take over and invest the money?

BY SAM BARRETT

I'm 19 and have a large savings pot in an investment Isa. My grandma has been managing it but we've agreed I'll take over responsibility for picking investments next year.

I'd like to reinvest most of it so that it can make more money. What should I do?

Initial diagnosis

Receiving a large sum of money when you're young can give you a great head start in life, especially when you consider how expensive it is to pay for further education or get on the property ladder.

Before you consider where to invest it, Danny Cox, chartered financial planner at Hargreaves Lansdown, explains you first need to think about how you're going to spend it.

"If you're going to need some of it in the next five years, look at cash accounts and Isas," he says. "Anything that you don't expect to need for five to 10 years can be invested and work much harder for you."

Holistic healthcare

It's also sensible to think about your overall financial position.

"Make sure you've paid off any expensive debt and have enough money in cash to cater for any short-term emergencies or requirements," says Patrick Connolly, chartered financial planner at Chase de Vere.

As a rule of thumb, keep between three and six months' worth of expenses in an easy access savings account. Having this safety net will stop you having to sell investments at the wrong time if you do need cash.

It's sensible to think about your overall financial position

Do you have a question for the Investment Doctor? Email **editor@moneywise.co.uk**

Effective treatment

Isas are also a great option for any longer-term investments. These are tax-efficient, and you can pay in up to £20,000 this tax year (2019/20).

As well as Stocks and Shares Isas, Mr Connolly says that if you're planning to put the money towards a first home, you could consider a Lifetime Isa. These are available to anyone under 40 and allow you to pay in up to £4,000 each year until you're 50. You can hold cash or stocks and shares in a Lifetime Isa, and on top of any growth, the government will add a 25% bonus, up to £1,000 a year.

There are conditions. You can only withdraw money to buy your first home or once you reach 60. Dip in early and you'll be stung with a 25% withdrawal charge, so think carefully before committing.

Treatment plan

Thousands of potential investments are available but Mr Cox recommends starting with funds that invest in shares that might be a little more familiar. "Most investors start with the UK, so you could opt for a low-cost tracker fund like the Legal & General UK Index, which copies the overall growth of the market," he says.

"You could also consider an active UK income fund, such as Artemis Income, where the manager aims to beat the market."

Investing globally is also sensible, especially as you have a large sum to invest. Mr Connolly recommends Legal & General International Index Trust, which is a low-cost global tracker fund, and two active funds, Rathbone Global Opportunities and Fidelity Global Special Situations.

"Many people feel more comfortable investing in their home market – but remember that most of the best companies in the world aren't based in the UK," he says. "Global funds give you exposure to these companies while also providing valuable diversification."

If you're comfortable seeing the value of your investments fluctuate, Mr Cox also suggests looking at emerging markets. He likes iShares Emerging Markets Equity Index and JPM Emerging Markets. "These are riskier but have good potential for growth," he adds.

Alternative therapies

Depending on how much money you have – and your future spending plans for it – you might also want to consider paying some of it into a pension. "Contributions attract tax relief," says James Higton, financial planner at Quilter Private Client Advisers. "This means any money you invest will get a 20% uplift if you're a basic or nil rate taxpayer."

Tax relief provides a healthy boost to your money, but there's a small catch. As you won't be able to access anything you paid into your pension until you reach the age of 55, make sure it's money you can afford to tie up for that length of time. mw

SAM BARRETT writes for *Money Observer*, FTAdviser.com and *Insurance Post*

HOW TO BE A SUCCESSFUL 'PIGGYBACK' INVESTOR

Why spend years honing your own successful investing style when you can hijack the ideas of an investment guru with a great track record? Here's how to do it...

BY CHRIS MENON

When looking to develop a successful investing style, there is often no need to reinvent the wheel. Instead, many investors choose to copy an investing style that has been mastered by one of the great investors of the last century.

Even a great investor such as Warren Buffet had mentors – in his case, it was Benjamin Graham and Phil Fisher.

Ordinary investors can also learn a lot from reading the ideas of successful investors. Many of the fund managers we hear from cite reading widely as a key component of learning about investing.

However, some investors take this even further, adopting an investment style of someone with a great track record, or at least adopting aspects of their investment philosophy to their investing style.

Here, we run through five styles and how investors can adopt them. The strategy is certainly not risk-free, but offers food for thought.

Quality Investing – Warren Buffett

Warren Buffett is widely recognised as one of the world's most successful investors. From 1965 until 2018, he delivered annual returns of 20.6% via his Berkshire Hathaway investment.

He seeks to invest in easy to understand businesses that have a very strong market position and pricing power – the ability to raise prices over time. These businesses should also have significant unrecognised value. In short, he wants high-quality, safe stocks at attractive prices.

If you want to invest directly in his holding company by buying a single Berkshire Hathaway share, it will cost you around US $312,000 (£268,424).

"Find a bargain in an under-exploited area of the stock market"

Alternatively, several successful UK fund managers, such as Nick Train (Lindsell Train funds and Finsbury Growth & Income Trust) and Terry Smith (Fundsmith Equity), run their funds according to Warren Buffett's principles.

Fund manager Keith Ashworth-Lord has taken this one step further by obtaining an exclusive licence to use Mr Buffett's name.

Since its launch in March 2011, the Buffettology fund has delivered a cumulative 234% return.

Terry Smith's Fundsmith fund has done even better, delivering 380% since its launch in November, 2010.

Growth Investing – Jim Slater

Jim Slater (1929-2015) was a self-made financier and investor who in his book, *The Zulu Principle*, explored the idea of investing in small caps that are undervalued yet are growing fast, with earnings rising.

He famously wrote: "Most leading brokers cannot spare the time and money to research smaller stocks. You are, therefore, more likely to find a bargain in this relatively under-exploited area of the stock market."

As part of his methodology, Mr Slater used the price-earnings-growth (PEG) ratio to identify companies that offered good growth and value. At its simplest, you divide the price per share by the earnings per share to find out how much an investor is paying for £1 of a company's earnings or profit. This is known as the P/E ratio. Then to arrive at the PEG ratio, you divide this number by the expected growth rate: the lower the PEG, the cheaper the growth.

His son, Mark Slater, has an excellent track record of using this methodology in his Slater Growth fund, which since inception in March 2005 has delivered a cumulative return of 471%.

Value Investing – Sir John Templeton

Sir John Templeton (1912-2008) was a successful US-born investor and fund manager, who founded the Templeton Growth fund. He specialised in seeking out growth opportunities globally, often in out-of-favour stocks. He was not only good at identifying global trends, such as the rise of Japan in the 1960s, but was also a great stock-picker.

One of his sayings was: "When buying stocks, search for bargains among quality stocks."

He argued that quality companies came in different forms but included those strongly entrenched as the sales leader in growing markets, technological leaders in a field dependent upon technical innovation and those with strong management teams with a proven track record.

His Templeton Growth Fund delivered a 13.8% annualised return from 1954 to 2004, versus 11.1% for the S&P 500 (a US equity index that measures the performance of the largest 500 US listed companies).

This fund is a possibility for those who wish to piggyback on his methodology but be warned that it has performed poorly over the past five years, delivering a cumulative return of 42.8% versus 72.7% for its benchmark, the MSCI All Country World Index.

"Companies change, but the human nature of investors does not seem to change"

Steve Smith*, aged 47, is a private investor who now lives in South East Asia. Over an investing career spanning 25 years, his approach has been deeply influenced by several famous investors.

In terms of investing philosophy, he describes himself as a value investor.

"Value investing seeks to exploit the irrational behaviour of emotional investors who overreact to news and promotion rather than calmly analysing the numbers. Emotion is a constant feature of investment markets over time and while the companies available to investors change over time, the human nature of investors does not seem to," he explains.

Initially, Steve followed Warren Buffet's principle of using the cash flow from his businesses to invest into more companies.

"I had a portfolio of student houses for many years and I used the income generated from these to invest into the stock market."

As his expertise increased, he then adopted elements from other investors: "I've used more screens (filters based on investment criteria) and less guesswork; my most successful screens have been based on those of Jim Slater and Joseph Piotroski with some additions I make myself."

Last year, his portfolio increased by 82% and this year so far it is up 76% but he does tend to run a pretty concentrated portfolio with only a select few companies of no more than five or six.

"Without focusing on those that do have the potential to double in one or two years, you limit yourself to smaller gains. My top-performing shares last year were Serica, Regal Petroleum and Seeing Machines, with gains of four times. This year, it's Rockrose Energy, which remains my top holding due to its exceptional value with cash being greater than its market capitalisation."

** Name has been changed*

Walter Schloss liked to buy out-of-favour stocks, backed by plenty off assets

Bargain stocks – Walter Schloss

Walter Schloss (1916-2012) was trained by Ben Graham, the father of value investing, and went to work for him, where he met Warren Buffett. Unlike Mr Buffett he specialised in very cheap undervalued stocks. In 1955, he started his own fund and, over the next 45 years, delivered annualised returns of 15.3% versus 10% for the S&P 500.

He liked to buy out-of-

Six steps to piggyback investing

Whichever investing philosophy most attracts you and whichever expert you follow, it is important to follow these steps.

1 Before choosing your investor, ensure that their record is genuine and doesn't just cover a few years. Many have lucky streaks but few investors manage to outperform the market over a full economic cycle. A minimum of 10 to 12 years is really what you should look for at the present time.

2 Follow them for a decent length of time and don't switch between them unless you are a seasoned investor. Even the best investors can have a bad year or two, so you need to give your strategy time to work. Impatience damages investment performance as jumping around increases your trading fees. Ideally, give it five years and don't invest money you will need in the interim.

3 Continue to research and learn about their investing style. You want to understand what made them tick and why they adopted the strategy they did. Do not rely on secondhand summaries of their style but make the effort to read their own writings and watch their video interviews.

4 Be humble: you are not foolproof. Even the great investors made mistakes but they used them to learn and improve. You must too. When they made errors what did they learn from them? How did they think and act in times of stress? Never stop asking questions.

5 Does your expert run a fund? Why not invest in that? If you are more confident, pick a couple of stocks in their top 10 list of investments and investigate what makes them a good investment? This is higher risk but may produce better returns.

6 Alternatively, to reduce your risks, you could find a fund run by a highly regarded fund manager who shares a similar style.

Of course, investing in individual stocks, as opposed to a fund, is generally riskier but there is nothing to stop you doing both if you are confident doing so. Still, it is best to take things slowly for the first few years. Even the best investors took decades to perfect their craft.

favour stocks, with little debt, that were backed by plenty of assets. He also advocated that investors diversify to avoid one investment sinking a portfolio.

He wrote in 1979: "We want to buy cheap stocks based on a small premium over book value, usually a depressed market price, a record that goes back at least 20 years, even though the company may be somewhat different then than now, and one that doesn't have much debt."

Mr Schloss was pretty much a one-off, but Tweedy Browne in the US invests in companies trading below intrinsic value. Its Global Value fund has delivered an annualised average return of 6.46% over the past 20 years, versus 4.28% for the MSCI EAFE Index that measures the equity market performance of developed markets outside the US and Canada.

Momentum Investing – Josef Lakonishok

In 1994, Josef Lakonishok, together with two fellow academics, founded LSV Asset Management. It uses quantitative models to discover value-oriented companies. The fundamental premise on which their investment philosophy was based was that "superior long-term results can be achieved by systematically exploiting the judgmental biases and behavioural weaknesses that influence the decisions of many investors. These include: the tendency to extrapolate the past too far into the future, to wrongly equate a good company with a good investment irrespective of price, to ignore statistical evidence and to develop a 'mindset' about a company."

He looked for value stocks that are beginning to show some signs of positive momentum, in price or earnings. A Lakonishok-inspired strategy tracked by the American Association of Individual Investors returned 13.9% in the 10 years to the end of 2014, versus 5.4% for the S&P 500.

Those attracted by this approach can invest directly in LSV Asset Management's Global Value fund, although it has only delivered an annualised return of 3.67% over the past five years, compared with 6.16% for the MSCI ACWI Index that is designed to provide a broad measure of equity-market performance throughout the world. mw

CHRIS MENON is a freelance financial journalist who writes for *The Guardian*, *The Daily Telegraph* and *The Observer*

moneywise FIRST 50 FUNDS THE Q&A

The City of London Investment Trust

Job Curtis

Janus Henderson INVESTORS

Job Curtis manages the City of London Investment Trust at Janus Henderson Investors. **Edmund Greaves** talks to him about the trust, politics and markets, and investing in newspapers

What is The City of London Investment Trust?

The fund's objective is to grow shareholders' money over the long term, based on income and capital growth. We're predominantly invested in large UK companies, FTSE-100-type companies.

Some of them are focused on the domestic market, but mainly they're global companies. It's a blue-chip conservative fund.

Why should people invest?

We've grown our dividend every year since 1966. That is 53 consecutive years, which is the longest record of any investment trust or any fund in the UK.

We've achieved that partly by having good quality companies in the portfolio that consistently grow dividends, but also through the investment trust structure, which allows you to hold back a little bit of income in the good years.

For dividends, you're allowed to hold back up to 15%. Last year, we held back just over £5 million.

In the difficult years when there are dividend cuts across the market, you can use your revenue reserve to continue to grow your dividend. It enables the process of smoothing the dividend. For a lot of people who are nearing retirement or in retirement, that consistent income growth is a very attractive feature.

The second distinguishing feature is our low charges. Our OCF [ongoing charges figure] last year was 0.39%, which is the lowest in the sector, and one of the lowest of any investment trust or actively managed fund.

The third factor is that we have outperformed the FTSE All-Share Index over the long run, and by a considerable degree.

We don't outperform every year, we do have a fairly conservative portfolio and in some markets we don't outperform. But we have delivered in the long run.

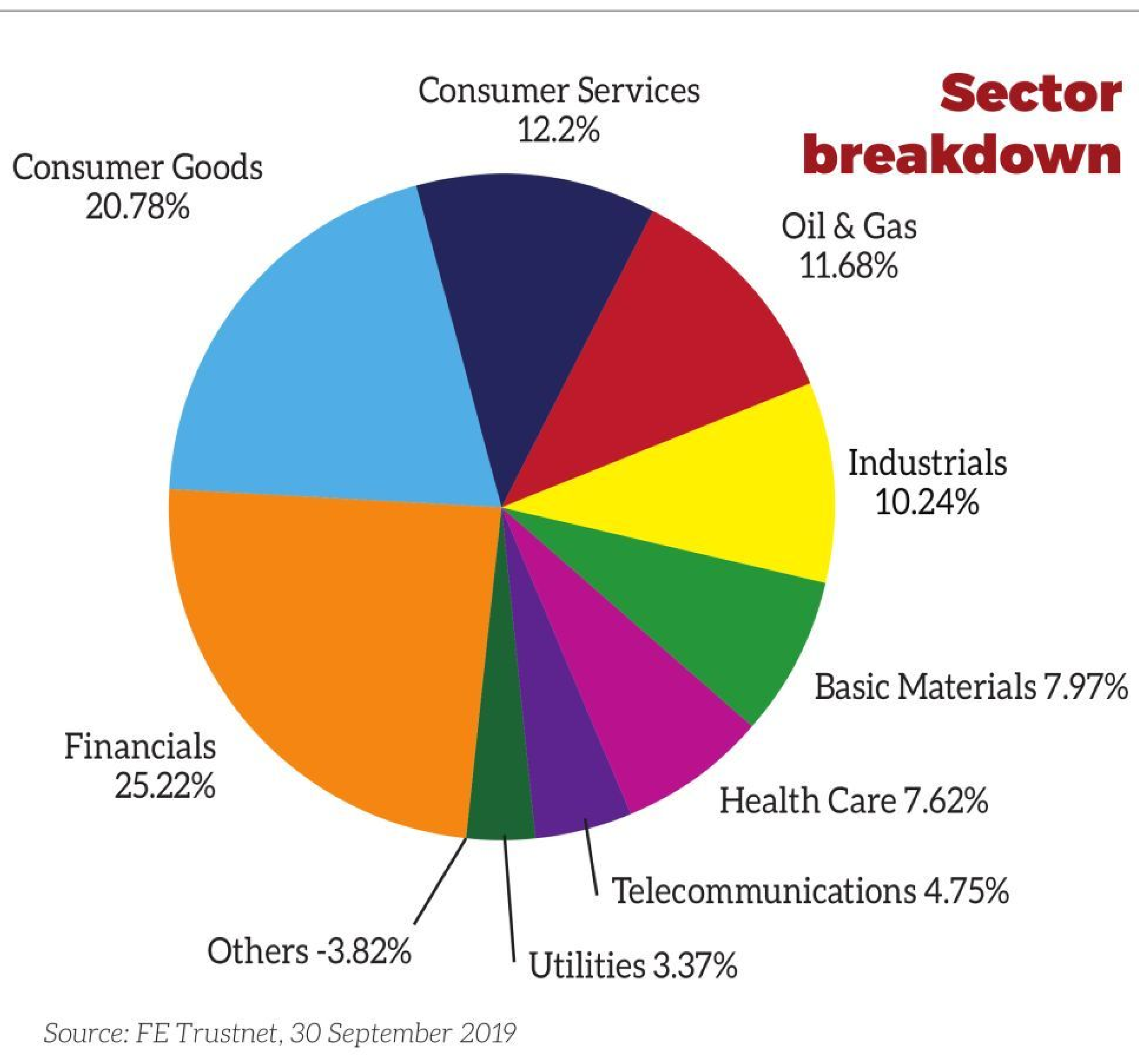
The City of London Investment Trust

Launch: 1 January, 1901
Fund size: £1.57 billion
Charge (OCF): 0.39%
Yield: 4.46%
Source: FE Trustnet, 30 September, 2019.

The manager behind the fund

Job Curtis has managed the City of London Investment Trust since 1991. Job joined Henderson in 1992 following Henderson's acquisition of Touche Remnant, where he had served as a unit trust and investment trust manager since 1987. Prior to this, he was an assistant fund manager at Cornhill Insurance from 1985 to 1987 and a graduate trainee at Grieveson Grant stockbrokers from 1983 to 1985.

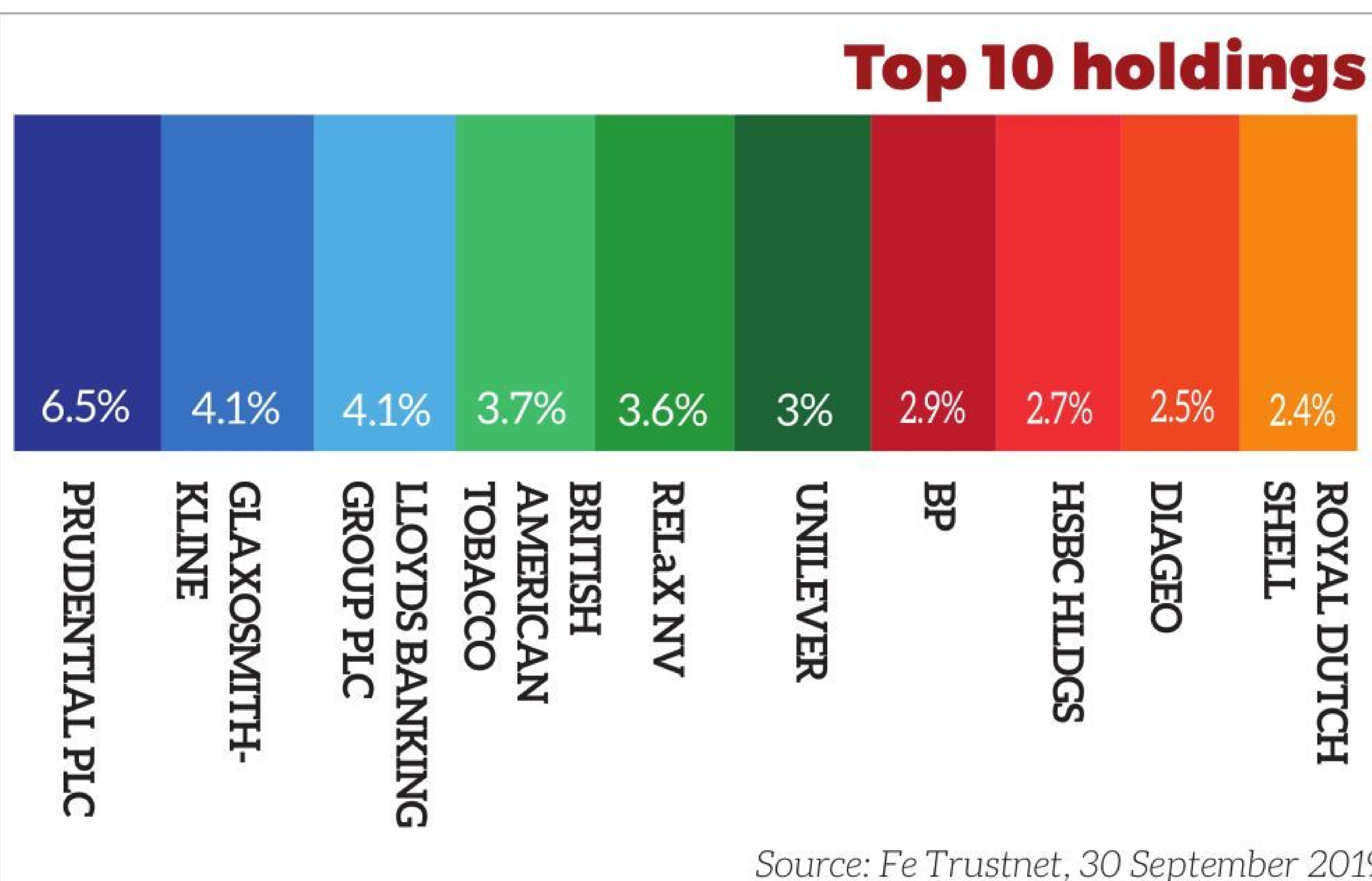
Job holds an MA in philosophy, politics and economics from Oxford University. He is an associate member of the Society of Investment Professionals (ASIP) and has 36 years' worth of financial industry experience.



Discrete performance of the fund over five years (%)

Period	0-12 m	12-24 m	24-36 m	36-48 m	48-60 m
The City of London Investment Trust Ord	3.9	5	9.8	10.8	4.4
IT UK Equity Income	-2.8	6.3	12.4	7.2	2.8
NAV	2.9	5.4	9.2	11.1	5.3

Source: FE Trustnet, 30 September, 2019



What gets you out of bed in the morning?

Well, obviously, what's most important to me are my wife and three children. But I am fascinated by what's going on in the world.

Every day I walk into the office something different is happening in the stock market and I find it endlessly fascinating. I've followed companies for many years and witnessed the ups and downs, their fortunes and their share prices.

How much focus do you put on political events?

I think there is an indirect impact. One of the main impacts is on our currency, the pound sterling. Over the past three years the pound has fallen a fair amount, particularly around the referendum. But that's quite positive for a lot of the big international companies. They're earning profits overseas, and those profits are higher in pound terms.

My style is quite valuation-driven; I'm looking for companies that are on a reasonable valuation and can grow profits and dividends in the medium term. I keep my focus on company valuations rather than getting too swayed by noise in the political system.

But it does have an effect. Tariffs, for example, would affect certain sectors of the stock market. We don't really have any exposure to the auto sector, but that is being affected by tariff wars. These political things do have an implication for markets.

> "I don't get too swayed by noise in the political system"

Watch Moneywise editor Rachel Rickard Straus interview Job Curtis at moneywise.co.uk/job-curtis-2019

What was the first thing you invested in?

I began in the City in the stock market in 1983 as a graduate trainee for one of the big stock trading firms. I invested in Associated News, a forerunner of Daily Mail and General Trust.

At that time, it had the *Daily Mail* and a variety of other interests. They had shares in Reuters, for example, which was close to being floated and had a huge value and a lot of interest. It was also around the time when Rupert Murdoch took his papers out of Fleet Street to Wapping and the whole newspaper industry became hugely more profitable as they moved to newer technologies.

The regional press in that era was a sort of cash machine. If you wanted to advertise, sell a car or a flat, and so on, you'd go in the classified section of a regional or local paper. That all changed with the rise of Google. I didn't have a big investment, but I did invest personally. It was a nice early experience in the stock market.

What's the best investment you have made for the trust?

One stock that has really been very successful is Diageo.

It's ended up as the world's largest spirits company, with iconic brands such as Johnnie Walker and Guinness. It took a while to come through and it's had its moments – it's not in a straight line – but in recent years, it's done very well.

Today it's the second largest holding in the portfolio. When I'm investing I like assets, and in Diageo you've got intangible assets – strong brands. It must spend a lot of money marketing and innovating, but it's benefited from recent trends such as the rise of gin and tonic.

And the worst?

One that has been very irritating over the years is Vodafone.

I moved out from London to Esher in 1997, and when travelling in by train, everybody was reading newspapers or books. Now almost everybody is on their mobile device.

And yet Vodafone has struggled to really gain from this explosion in the usage of mobile data. The share price has been highly disappointing. This year, it's ended up cutting its dividend by 40%. I reduced [the trust holding] at the end of last year.

It has got some very good assets. I can see this potential, and it hasn't been a disaster, but the shares haven't really made any money. mw

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the
fight
Get access to more investment opportunities than any other provider and take control of your financial future.
Find out more at ii.co.uk
Over £20bn assets managed worldwide.
ii interactive investor
The value of investments can fall as well as rise so you could get back less than you invest. Interactive Investor Services Limited is authorised and regulated by the Financial Conduct Authority.
REPLY NUMBER 2150

INDUSTRY INSIDER DARIUS McDERMOTT

Why we're excited to be investing in Asia

Asia conjures up different images for each of us – whether it's the Great Wall of China or the modern cityscape of Hong Kong. Or, if you've been lucky enough to holiday there, a white, sandy beach in Thailand.

It's a diverse region, consisting of 48 countries that are home to almost 60% of the world's population. To put this into context, Europe is home to just under 10%. Not only is the population large, but its middle class is also growing – and with it, its ability to spend.

To give you another 'wow' fact, Alibaba's 2018 'Singles Day' sales last November attracted more money in less than 10 minutes than Amazon's Prime Day sales altogether.

Investment opportunities

There are also thousands of investment opportunities: 17,912 companies are listed in Asia – more than in the US, UK and Europe combined. As Asia also has 1.9 billion mobile internet users, e-commerce is a particular area that has opportunities, according to the investment team behind Matthews Asia Pacific Tiger.

They said recently: "The present growth trends and adoption of e-commerce in Southeast Asia are reminiscent of the United States in 1997. In that year, a young American company called Amazon.com reported sales growth of more than 800%. Two decades on, Amazon's growth story has become well-known and e-commerce has become a significant part of the US retail economy."

Another growing trend in Asia is dividend income. You would be forgiven for asking why Asian companies want to pay 'boring dividends' when it is such a vibrant and exciting growth area. But the region has actually experienced the world's strongest dividend growth since 2009, thanks to rising profits and expanding payout ratios.

Another plus is, while the UK stock market relies on just five companies (Royal Dutch Shell, BHP Group, AstraZeneca, BP and Vodafone) for half its dividends, the Asian stock market has 50 companies accounting for half the total dividends – again offering more choice and diversification.

As Edmund Harriss, co-manager of Guinness Asian Equity Income fund, told me: "Over the past 15 years, the income landscape in Asia has changed substantially and today it is one of the highest yielding and largest sources of dividends in the world. Many companies are cash-generative and mature and have the money to return to shareholders. It's not just about Australia and New Zealand any more – Chinese, Taiwanese and Malaysian companies are also big contributors, and dividends are paid by businesses in many different sectors."

Asia has had the world's strongest dividend growth since 2009

Not all plain sailing

Despite these impressive figures, this thriving region has failed to excite investors in recent years.

But this is why it excites us. We don't expect an investment there to be plain sailing: the ongoing tit-for-tat trade war between China and the US is a concern because it is dragging on corporate confidence, investment and growth.

However, as I have said, Asia is a big place and within it are a number of more domestic-oriented economies that should feel the impact less – Indonesia, the Philippines and India, for example.

Thailand also has the capacity for economic stimulus should it be necessary. And while Singapore and Malaysia are the most exposed to global turbulence, they do have some defensive characteristics.

The volatility of the Asian stock markets can also put off some investors. For example, last year the Chinese stock market fell 13.5% and the Korean stock market fell 19.2%. But the year before they were up 54.3% and 47.8% respectively.

These big moves up and down can be too much for the more risk-averse, but with those willing to ride out the highs and lows over the long-term, this volatility also allows active fund managers to pick up some bargains.

Anthony Srom, manager of Fidelity Asia Pacific Opportunities fund, commented recently: "The last 12 months or so have been a particularly volatile period for Asia's markets. While this has been a tricky period to navigate, this environment has offered stock-picking opportunities amid periods of indiscriminate selling." Anthony has taken advantage of market falls to invest in companies at a better price – several domestic-facing Chinese companies, for example, moving the fund from an underweight position in China a year ago, to an overweight position today.

The sheer scale of Asia's growing influence in the world is undeniable. Perhaps we should rethink the region's potential to influence our investment portfolios.

Past performance is not a reliable guide to future returns. You may not get back the amount originally invested, and tax rules can change over time. Darius's views and those of the investment professionals quoted are their own and do not constitute financial advice. mw

DARIUS McDERMOTT is managing director at Chelsea Financial Services and FundCalibre

Fund briefing

INVESTING IN A POST-BREXIT WORLD

One topic has dominated the news more than any other in recent years: Brexit. But whether it's a deal or no deal, these are the smart moves to make for investing wisely

BY ROB GRIFFIN

It has been impossible to escape the looming shadow of Brexit over the past few months.

We've had the controversial shutting down of Parliament, revelations of risks surrounding a no-deal Brexit, and senior political figures being sacked or resigning.

The sorry saga has created an environment of uncertainty that has held back the UK stock market, according to Adrian Lowcock, head of personal investing at Willis Owen.

"It has put off international investors who have dropped their allocation to the UK to record low levels, while the pound has borne the brunt of the fallout," he says.

The situation isn't any clearer for UK investors who are debating if now is the right time to invest and whether they should have exposure to their home market.

The fact is that any UK company could be affected by Brexit, although international giants may be less impacted because their business operations are more global.

However, the situation is rather more complicated for smaller firms, suggests Lowcock.

"They are a mixed bag because some will be more domestically focused," he says.

"However, there are plenty in this space with self-help attitudes and entrepreneurial spirits."

Of course, the best investment strategy, post-Brexit, will depend on the outcome of the negotiations.

A good outcome is likely to see the pound rally, explains Graham Spooner, investment research analyst at The Share Centre.

"Investors may look to move out of FTSE 100 stocks with a bias for international earnings and look for UK-focused companies or funds that could get a short-term boost," he says.

He suggests Mercantile Investment Trust could be worth considering in this scenario, as it invests in a diversified portfolio of UK medium and smaller companies.

"Investors looking for a share to benefit from this scenario might look to Lloyds Bank, which has close to 100% revenue exposure to the UK economy," he adds.

Further uncertainty is unlikely to go down well, points out Patrick Connolly, a chartered financial planner at Chase de Vere. "Markets hate

"This is like the holy grail of investing"

LIONTRUST UK SMALLER COMPANIES

Value of £100 invested in the fund over five years

Year	2014	2015	2016	2017	2018	to 13 September 2019
Fund movement in year (%)	4.38	23.8	13.27	27.21	-6.04	14.76
Value of £100*	104.38	129.23	146.38	186.20	174.95	200.77

** The £100 was invested on 1 January 2014. Source: Moneywise.co.uk*

Manager	Anthony Cross, Julian Fosh, Matthew Tonge and Victoria Stevens
Launch date	7/8/1995 // Manager inception date: 8/1/1998
Fund size	£1,018.3m
Minimum initial investment	£1,000
Minimum additional investment	£1,000
Initial charge	0%
Ongoing charge	1.4%
Annual management fee	1.25% (included within OCF figure)
Performance fee	NA
Contact details for retail investors	Client Services: 020 7412 1777

NO DEAL

HSBC INDEX TRACKER INVESTMENT FUNDS – FTSE 100 INDEX FUND (RETAIL ACCUMULATION & INCOME)

Value of £100 invested in the fund over five years

Year	2014	2015	2016	2017	2018	to 13 September 2019
Fund movement in year (%)	0.21	-1.24	18	11.78	-8.42	13.11
Value of £100*	100.21	98.97	116.78	130.53	119.54	135.21

*The £100 was invested on 1 January 2014. Source: Moneywise.co.uk

Manager	HSBC Index and Systematic Equity Portfolio
Launch date	30 September 1994
Fund size	£803.64m
Minimum initial investment	£1,000
Minimum additional investment	£500
Initial charge	0%
Ongoing charge	0.28%
Annual management fee	0.25%
Performance fee	None
Contact details for retail investors	0800 3583011 www.global.assetmanagement.hsbc.com
Share Class Launch Date	31 October 2000

"Brexit is a side-show set against the slowing global economy"

uncertainty," he says. "It would be bad news for domestic-focused stocks, which means most mid- and small-cap companies."

It could also be perceived negatively for UK commercial property, although the likelihood of sterling weakening could benefit large companies with overseas earnings.

"A weaker sterling is also good news for UK investors who hold overseas assets as these will be worth more when converted into sterling," he adds.

Connolly suggests the best investment approach while there is a lack of clarity is to diversify, because nobody can consistently predict which asset classes or sectors will outperform.

"It is important that investors don't try to be too clever," he says. "They should, therefore, invest in UK shares alongside overseas shares."

In addition, he argues it's important to stay relaxed during this period and even consider investing more on the back of stock market uncertainty.

"Despite the volatility, many companies continue to perform well, make consistent profits and have large amount of cash on their balance sheets," he says.

Investing regular premiums – as opposed to lump sums – is another tried-and-tested way to invest in difficult periods, as well as rebalancing portfolios regularly.

"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 that very few investors consistently achieve."

According to financial advisor Martin Bamford, managing director of Informed Choice, there is the risk of overplaying the importance of Brexit.

In fact, he suggests it's something of an investment sideshow when set against the backdrop of a slowing global economy and rising trade tensions between the US and China.

"I've no doubt there will be some short-term disruption to the UK economy and potentially to UK markets, but we see this sort of short-term volatility at regular intervals," he says.

However, the Brexit wrangling does serve as a useful reminder of how important it is to consider the fundamentals of investing.

This means reviewing your attitude toward – and capacity for – investment risk, as well as ensuring you have sufficient liquid assets to get you through any short-term market events.

"Portfolios should be well diversified across assets and markets, so the impact of a single event doesn't derail your entire wealth," he adds. mw

ROB GRIFFIN writes for *The Independent, Sunday Telegraph* and *Daily Express*

ONES TO WATCH:

SCENARIO ONE: If Parliament reaches a deal

The first scenario is Parliament agreeing some form of Brexit deal.

This would be perceived as positive and potentially lead to a rally in domestic, small- and mid-cap UK stocks.

Increased confidence in the UK economy – and fewer short-term concerns about businesses moving overseas – would also be positive for UK commercial property.

However, sterling is likely to strengthen; this would be bad news for many FTSE-100 companies, which earn a significant proportion of their revenue from overseas.

Patrick Connolly, a chartered financial planner at Chase de Vere, believes the Liontrust UK Smaller Companies fund could do well in this environment.

"This is a high-risk fund – however, it's one that works really well for those taking a long-term view," he says.

"It has achieved an impressive track record."

SCENARIO TWO: If there is a no-deal Brexit

In this case, the HSBC FTSE 100 Index fund could be worth considering, according to Mr Connolly.

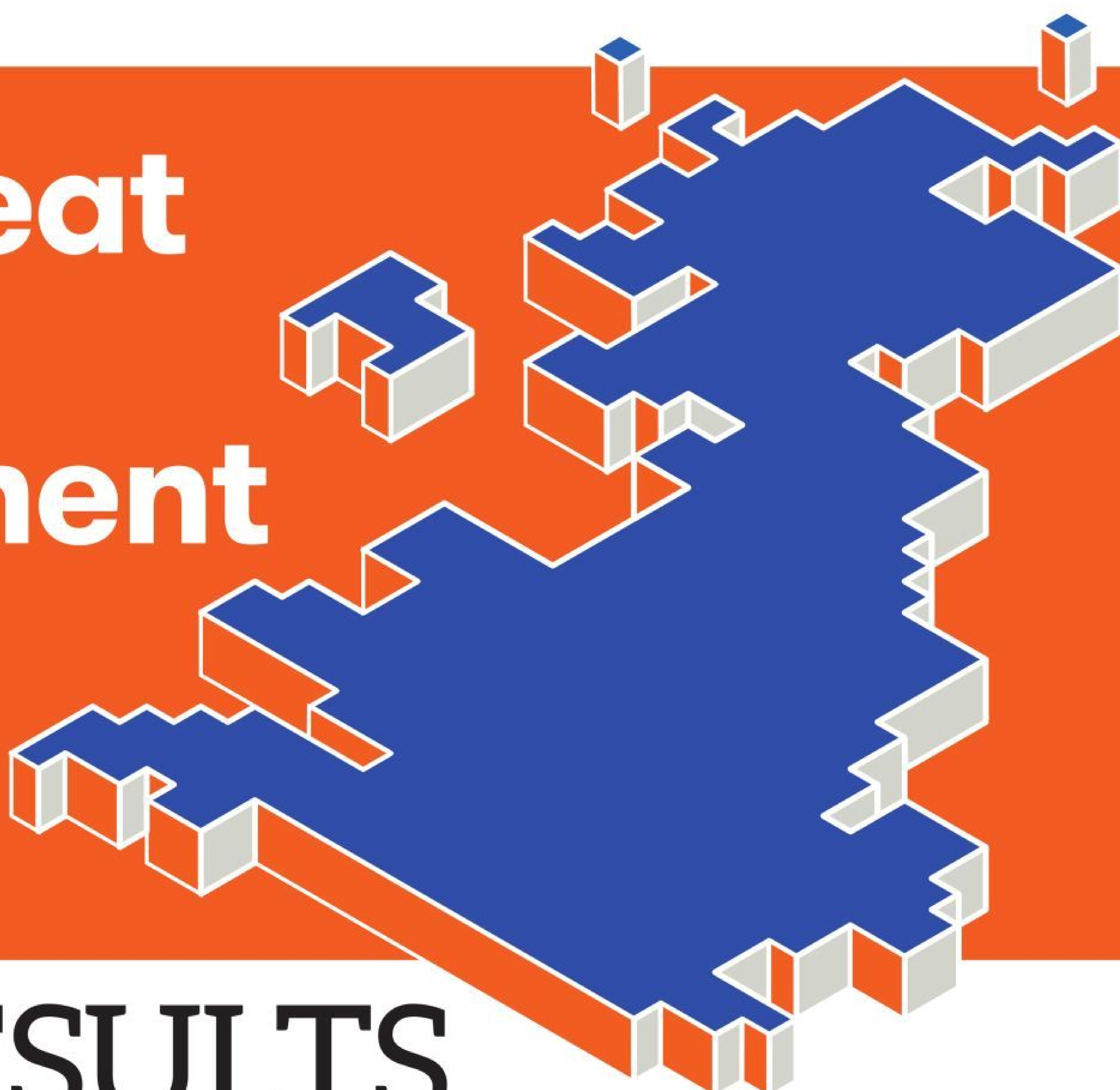
This fund provides broad exposure to the largest companies on the UK stock market by tracking the performance of the FTSE 100 Index.

The largest holdings in the fund will always be the companies with the highest market capitalisations, such as BP.

"As a passive fund, it is very cheap, with an ongoing charges figure of 0.18%," Mr Connolly adds.

"The largest holdings will always be those with the highest market capitalisations."

The Great British Retirement Survey 2019



THE RESULTS REVEALED

Do you know how Brits spend their retirement or their dreams for the future if they're still working? With some 10,000 people taking part in our poll, here's what they have to say on attitudes to later life

BY RACHEL LACEY

Whether it's cruise ships and golf, or pipe and slippers, images of retirement frequently verge on the cliché. Silver-haired and tanned individuals smile at us from advertisements for everything from over-50s life insurance to dental adhesives.

The depiction is of a comfortably-off generation, healthy and happy with their new-found freedom.

But, of course, both experiences and expectations of retirement are much more diverse. Growing numbers of people are working into retirement and of those who do quit the rat race, many are anything but winding down.

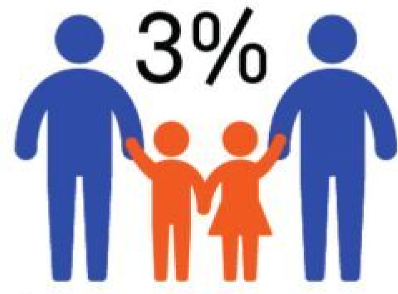
Some are in a secure financial position, while the finances of others might be a little more precarious or stretched.

Many have the lifestyle they expected but others had a change of circumstances sending their life down an unexpected track.

This is why *Moneywise* and our parent company, interative investor, collaborated to commission The Great

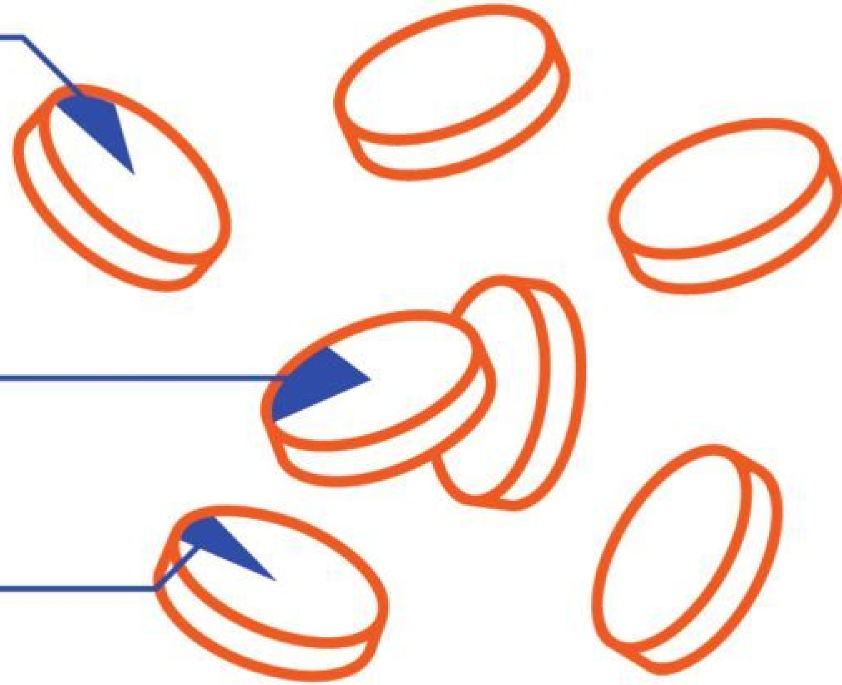
Financial regret

17% regret not starting a pension sooner



3% said they regretted helping their children

98% of pensioners who bought an annuity do not regret doing so



15% regret frittering money on small things

21% women

12% men

Just 42% say retiring is a life of pleasure

British Retirement Survey – to ditch the clichés and achieve a more realistic understanding of retirement in Britain today and to use that information to help younger people better prepare themselves for life after work – whether that is five or 25 years away.

The survey was conducted by Core Data between February and June this year, with some 10,000 of you responding. Retired people shared their experiences, while those who were still in work divulged their expectations and plans.

It was reassuring to see that many of our retired respondents were making the most of their free time: travelling, seeing more of family and friends and doing more exercise were ranked the most popular pursuits.

Plenty were also returning to study and pursuing new and existing interests.

One respondent says: "I visit the temple more and participate in more activities there each week, including *[Bhagavad] Gita* study classes, yoga and meditation."

Another says: "I will be going back to university to do a part-time degree in art history over six years."

Perhaps unsurprisingly, our non-retired respondents had similar aspirations for how they would spend their leisure time.

Despite the move from salary to pension, an impressive 62% have managed to maintain their standard of living into retirement and 66% say they still have money left at the end of the month.

However, while this might paint a pretty positive picture of retirement it is not all sunshine and roses. A third (31%) say they need to be more careful with money and 7.1% say they have had to make major changes to get by.

Only 42% of retirees say retirement means a life of pleasure and only 43% agree that it is a time of financial freedom and independence. Clearly not everyone is living the dream.

As we lifted the lid on our data, we found significant differences in both the expectations and the experiences of men and women.

A third of women say retirement is a time of financial uncertainty (32%) compared to less than one in five men (17%). Only 7% of women say it

FIVE STEPS TO A MORE COMFORTABLE RETIREMENT

While we would like to see government and financial services providers pull together, there is plenty that individuals can do to improve their position.

The sooner you engage with your retirement saving, the more likely you are to retire comfortably.

1 **Fast-forward to your retirement:** Whether its fast-approaching or years away, it is never too soon to think about your retirement. How will you want to spend your time, will you be happy carrying on working, where will your money come from and how much will you need to live?

2 **Find out where you stand:** Get a state pension forecast and check private pension statements to find out your likely retirement income.

3 **Prepare for the unexpected**: In addition to thinking about how you would like to live, it also makes sense to think about how a change of circumstances could impact on your finances and your lifestyle

4 **Take ownership of your financial position:** How much you receive under the new state pension is based on your national insurance contributions, not your spouse's. While many of us will inevitably rely on someone else's income in retirement, it still makes sense to consider how we would get by without that money.

5 **Pump up your pension:** Going through this exercise will give you an idea of how well prepared you are financially for retirement and could give you the necessary incentive to pay more money into your pension. For a few ideas on how to do this, turn to our feature on page 72.

would be a time of poverty, but that is more than three times the number of men (2%).

A quarter (28%) of our retired respondents still work part-time, and it is a trend that looks set to grow, with less than half of pre-retirees (48%) planning to give up work altogether when they retire.

However, twice as many women were working because they needed the money than men (41% compared to 20%). A third of men (34%) say they will carry on working because they enjoy it, compared to just 14% of women.

The so-called pensions-gap is well reported. Thanks to taking time out to raise children, working part-time and in lower paid jobs women are likely to retire with smaller pensions – with consultancy firm Mercer putting this gap at roughly 40%.

This was unsurprisingly borne out in our research. More than one in 10 (12%) of women expect a household income below £10,000 a year, compared to only 2% of men. At the other end of the spectrum, one in five men (19%) expect an income north of £50,000, but only 8% of women are that confident of their income.

Women's financial struggles in their 60s have been exacerbated by the equalisation of the state pension age. Many women born in the 1950s who had expected to be eligible for the state pension at age 60 are now having to work longer.

Peace of mind

58% of retirees without a final salary pension blame a lack of money for deteriorating lifestyle

57% of those with a final salary pension said their lifestyle has or will improve in retirement

One in 10 women expects to retire on less than £10,000 a year

FINANCIAL REGRETS AND THE INTER-GENERATIONAL DIVIDE

Our survey respondents have numerous financial regrets from frittering away money on small things, to starting to save too late and walking away from a relationship empty handed. Few however regretted giving money to their children – whether it be to pay for their education or help them buy their first home. Half our respondents (51%) believe that younger generations have it harder than they did – with particular sympathy for student debt and the price of property.

As one respondent says: "They have awful pressure from a combination of repaying university costs, starting pension contributions, getting a deposit together for a first property, and relationship problems seem far more common these days and can prove expensive."

However, this sentiment was often countered by comments on different expectations from younger generations.

Another retiree says: "I started part-time home working at the age of 12, part-time in the economy at the age of 15, had part-time jobs through university, was working three jobs a day and doing part-time study from 1979 to 1981 and went almost two years without any income during the 1990s recession. However, youngsters from poorer backgrounds have even less chance of getting on the housing ladder in the South East than I had. Furthermore, the peer pressure to conform to the idea of buying designer clothes, mobile phones, etc was non-existent in my youth (I was brought up on a council housing estate where everybody was poor). When I had no money, I went without. There seems to be an expectation today that nobody should go without, but there seem to be fewer jobs for youngsters to pick up some extra money."

This was a frustration our survey respondents were eager to share.

"I regret that the government did not tell me it was increasing the state pension age. Now all my retirement savings go on day-to-day expenses. I planned to have a reasonable standard of living in retirement. That has all gone now."

These issues leave many women

WHAT WOULD WE LIKE TO CHANGE?

The Great British Retirement Survey confirmed that women are likely to have less saved for retirement than men and are more likely to worry about this stage of life. For this reason, we want education to be at the heart of government pension policy. From schools through to the workplace, financial education should be compulsory. Irrespective of our gender we need to be taught why saving is so important and how to do it – with specific guidance around career breaks. Let's make retirement income one less thing to worry about.

dependent on their husband for money – 34% of female respondents say they do or will rely on a husband or partner's money in retirement, compared to only 17% of males. As one married man responded: "Our retirement income (my wife's and my own) is 80% my income. This is because during our working lives, my wife gave up work to look after the children and support my career. As a result, she has only a small occupational pension and a state pension. I look after all our finances and my strategy is to transfer all investments to my wife to provide her with an income if I should die first, which will supplement her loss of income from my pension."

However, other factors could arguably be impacting women's income in retirement.

A third of women (33%) have no idea what their income will be in retirement, compared to just one in five (19%) men. Men also feel more confident in managing their finances – with 79% equipped with the correct knowledge compared to 56% of women. Women also devote less time to money management too – 30% spend less than an hour a month on it, more than twice the number of men (14%).

With 29% of men spending six hours a month on their finances, it is perhaps not surprising to see that women do not appear to enjoy it as much. Our survey found that 40% of men get satisfaction from managing their money compared to only 21% of women. Similarly, only 15% of men describe it as a chore compared with 34% of women.

Men are more likely to invest outside their pension too. Almost half of men (48%) do or plan to take some income from a Stocks and Shares Isa, yet only 18% of women will be able to top up their retirement income in this way.

Irrespective of gender, our survey found that unexpected events and changes of circumstances could derail even the best laid retirement plans.

48% of men want to take cash from Stocks & Shares Isas

FOR MORE OF OUR SURVEY FINDINGS, TURN TO OUR INFOGRAPHIC ON PAGE 24.

Both divorce and the need to become a carer in retirement were two issues that frequently came up when respondents were invited to expand on their experiences.

As one retired respondent says: "I have not been in a position to have a private pension as I had to follow my first husband's job around the country. I then had to take on low-paid, part-time work to look after my children. Latterly, I had to care for my parents, who were both terminally ill at the same time."

While money can't buy you happiness, our survey suggests it can buy you peace of mind.

Two thirds (65%) of our retired respondents have some income from final salary pensions compared to 41% of pre-retirees. These so-called gold-plated schemes pay a guaranteed income for life, irrespective of stock market movements and if you die there is usually an income left for your spouse.

This sets them apart from the more commonly held personal or defined contribution pensions where plan holders invest contributions to build a finite pot which they must manage and convert to income when they retire.

Only one in five of those (19%) with a final salary pension says they will need to make changes to their standard of living in retirement compared to a third (31%) of those without. Likewise, 57% of those with a final salary pension say that their lifestyle has or will improve in retirement, compared to 49% of those without.

However, the costly nature of these schemes means many have been closed fully or shut to new members meaning that as each year passes the number of people retiring with this type of pension will dwindle. This puts the onus on future generations to plan their retirement income carefully if they do not want to spend it worrying about money. mw

18+

WHAT IS
AVAXHOME?

AVAXHOME -

the biggest Internet portal, providing you various content: brand new books, trending movies, fresh magazines, hot games, recent software, latest music releases.

Unlimited satisfaction one low price
Cheap constant access to piping hot media
Protect your downloadings from Big brother
Safer, than torrent-trackers

18 years of seamless operation and our users' satisfaction

All languages
Brand new content
One site

AvaxHome - Your End Place

We have everything for all of your needs. Just open https://avxlive.icu

Supercharge your pension

Seven ways to give your pension pot a last-minute boost

Add tens of thousands of pounds to your retirement income with these smart tips and a little forward planning

BY RUTH JACKSON-KIRBY

Once you hit 55 it is easy to think it's too late to significantly boost your pension – but this is not true. From topping up your state pension to maximising your private pot's potential, you can add tens of thousands of pounds to your retirement income with just a few years, or even months, of forward planning.

1 Work out what you have and hunt down old pension pots

The first step to supercharging your pension is to understand your current position. Research by Aviva found that over a third of mid-life employees don't know what their pension is worth.

"Millions of mid-life employees are flying blind and fast toward their retirement," says Lindsey Rix, managing director of savings and retirement at Aviva.

"As a first step, mid-life employees who are mystified by their pension savings should try to get a clear picture of what they have saved so far and how much of an income this can provide them with over the course of retirement."

Dig out your latest statement from your pension provider to see what

your pot is currently worth. You can track down any forgotten pensions using the Pension Tracing Service (0845 6002 537).

You should also request a state pension forecast. This will tell you how much state pension you are due to receive, when you can start claiming it and what you can do to boost it. You can apply for this at gov.uk/check-state-pension.

2 Pump up your state pension

"If you are looking to maximise your income in retirement, a good place to start is to check that you are getting a full state pension," says Michelle Cracknell, an independent pension expert.

In order to receive the full amount – currently £168.40 a week – you have to have made national insurance contributions (NICs) for 35 years.

If not, you'll get a smaller state pension, and if you have less than 10 years of NICs you won't normally qualify for a state pension at all.

"If you are not on track to get the full state pension, consider topping up by paying voluntary national insurance contributions," says Ms Cracknell. You can pay £780 for a year of voluntary Class 3 NICs. This will add 1/35th of the full state pension to what you receive, so around £250 a year. You will get that extra money for the length of your retirement so would recoup your £780 outlay in just over four years.

Not everyone can make voluntary NICs, so speak to the Future Pension Centre (0800 731 0175) first.

3 Make the most of your private pension

Surprisingly, a lot of us stop paying into our pension as we approach retirement. Almost a quarter of employees over 60 opt out of their workplace pension, according to Royal London.

"It's understandable that someone at the age of 60 might think it is too late to save enough to make a difference to their retirement income, but they are wrong," says Helen Morrissey, pension specialist at Royal London.

"Our figures show that older workers are throwing away thousands of pounds of retirement income by opting out of their scheme."

Someone making the minimum contribution of 8% of their earnings (5% from you and 3% from your employer) to their workplace pension could amass savings worth £13,980 between the ages of 60 and 65, according to Royal London.

Even if you have no pension at all, if you started saving at 45 you could build a pension pot worth £56,100 by 65, according to Aviva – that's assuming you earn the average UK salary of £28,000 and contribute the minimum 8%.

Boost your contributions above the minimum and you could save up significantly more.

Remember that the amount you pay into your pension is topped up by tax relief. This means it only costs a basic rate taxpayer £80 to invest £100 in their pension, while higher rate taxpayers only need to stump up £60 to pay the same amount.

Depending on the scheme, some higher rate taxpayers may only get 20% relief applied automatically and will have to claim the remainder back via their tax return.

4 Boost your pension with extra cash

You can also significantly boost your pension as you approach retirement by diverting other money into it. For example, when you finish repaying your mortgage, consider paying your usual monthly mortgage repayments into your pension instead.

"Over a third of people expect to have paid off their mortgage by the age of 55," says Sarah Coles from Hargreaves Lansdown.

"Your new-found mortgage freedom presents a brilliant opportunity to boost your pension.

"With average payments of £670 a month, a basic rate taxpayer will get tax relief of £167.50 a month, so in a year, you and the government will have added £10,050 to your pension. A higher rate taxpayer in England may have to claim the rest of their tax relief through their tax return and get £2,000 back. This in turn can be ploughed into your pension."

It's also possible to pump up your pension with one-off lump sums, such as an inheritance.

"By using carry-forward rules you are able to invest any unused pension allowances from the previous three tax years, so this could potentially be up to £120,000 plus the £40,000 pension annual allowance from this tax year," says Patrick Connolly, a chartered financial planner from Chase de Vere.

For people who receive a bonus at work another even savvier way to top up your pension is to pay it directly into your pension – saving you both tax and national insurance. (See box for explanation.)

Just be aware that you can only get tax relief on pension contributions up to the same level as your taxable income for that financial year. So, even if you have an unused allowance worth £120,000, if your

"Get a clear picture of what you've saved and what it will provide"

5 HOW PAYING YOUR BONUS INTO YOUR PENSION CAN ALMOST DOUBLE YOUR WINDFALL

If you get a bonus at work, then seriously consider paying it directly into your pension rather than spending it.

Claire Trott, head of pensions strategy at St James Place, explains: "If we assume someone is not restricted by their annual allowance and they don't need the cash, then paying into a pension is a great way to minimise the tax they will pay."

This is because pension contributions are eligible for tax relief so you won't have to pay any income tax on the bonus.

"If the employer will also allow the individual to use salary sacrifice, then there are further savings to be had. They won't pay any national insurance on the contribution and they won't have to reclaim any tax either, because it will be paid to the scheme before any tax is deducted. In many cases the employer will pass on some or all of the saving they make on employees' national insurance, which is 13.8% of the bonus."

Ms Trott says that a higher-rate taxpayer with a £10,000 bonus would get it boosted by as much as £1,380 in NI savings, giving them a total pension contribution of £11,380 (some employers may deduct an admin fee).

If the individual took their bonus via payroll they would only get £5,800 after tax and NI.

KNOW YOUR LIMITS

If you're planning to increase your pension contributions make sure you don't exceed the annual and lifetime allowances.

The amount you can pay into your pension is the amount you have earned in salary, capped at £40,000 a year. If you exceed this, you won't receive tax relief on the excess and will have to pay an annual allowance charge.

There is also a lifetime allowance on pensions. The value of your pension cannot exceed £1,055,000. If your pension is worth more you'll pay a charge on it of 25% if the excess is paid as income, or 55% if it's taken as a lump sum.

earnings are £80,000 you can't get tax relief on pension contributions exceeding £80,000.

You don't even need to pay more into your pension to get it working harder. Moira O'Neill, head of personal finance at *Moneywise*'s parent company, interactive investor, says savers need to engage with the pension and the funds they are invested in to ensure they are doing what they need them to.

"Take a good hard look at your risk profile – it's going to make the biggest impact on your pension as you get older, not how much you tuck away.

"If you don't want to compromise your lifestyle in retirement, then a low-risk portfolio might not have the fire power to see you through. That doesn't mean you should go all out high risk, but it's worth reassessing your attitude to risk."

"Take a good look at your risk profile"

She adds: "As for your current portfolio, keep on top of your investments and review them at least twice a year. Think about traffic-lighting your investments. Green means you are happy things are going well. Amber means that you need to pay close attention. Red means you have given a fund the chance to turn around, but it's now time to sell and buy a better option."

6 Don't take your lump sum

When you turn 55 you can take up to 25% of your pension pot tax-free. But just because you can doesn't mean you necessarily should.

"Lots of people will take their tax-free cash as soon as possible. However, it is worth asking yourself whether you really need the money now," says Ms Morrissey.

"Taking the money and putting it in a bank account means the money will only benefit from extremely low interest rates, whereas if you leave it invested until you need it then it has the opportunity to grow further."

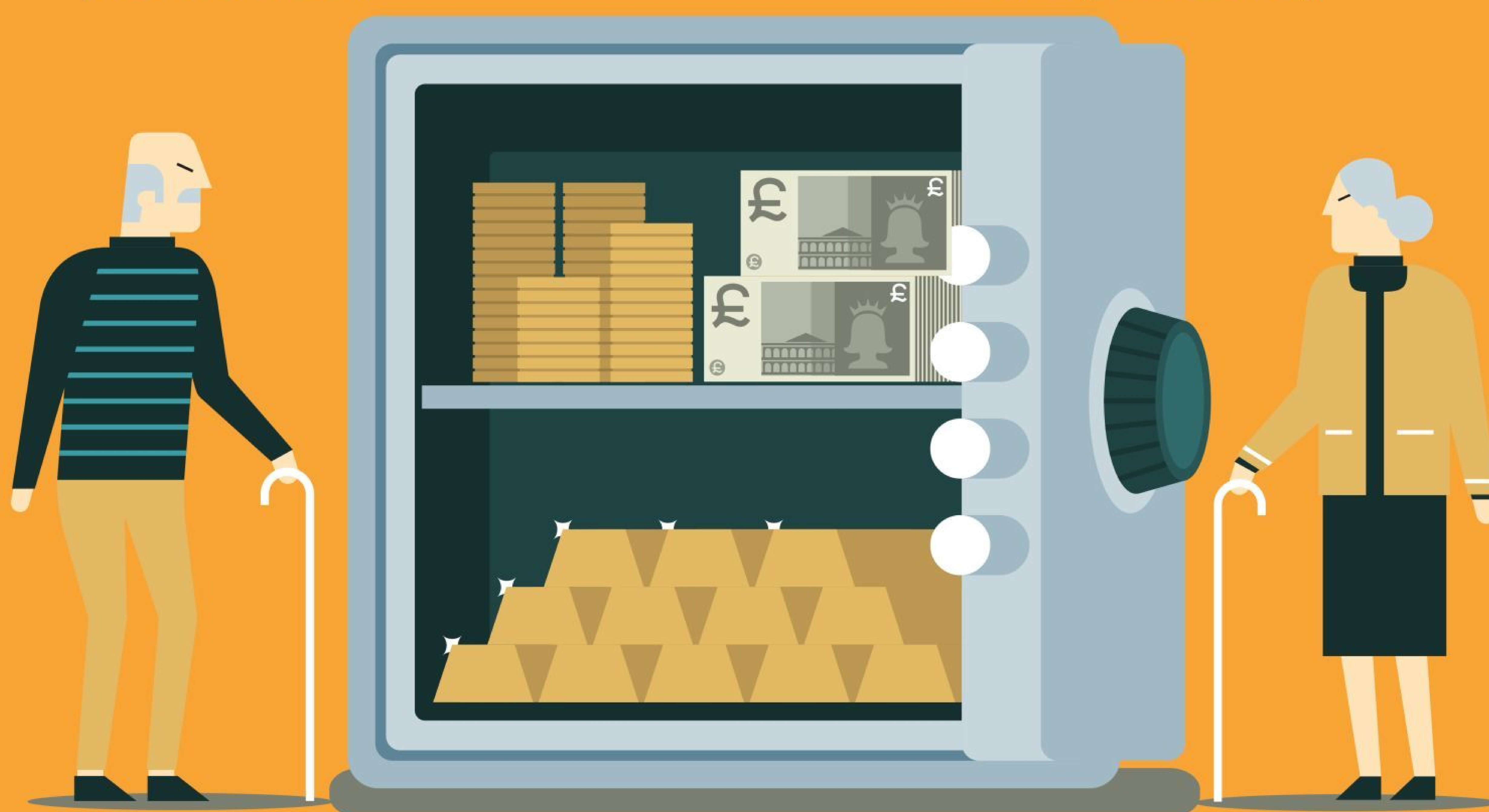
Leave it to grow and you can enjoy an even bigger tax-free amount down the line. Plus, you don't have to take it all at once – you can take it in several smaller amounts if you prefer.

7 Delay your pension

Another way you can significantly boost your pension is to delay when you start getting it. "A common misunderstanding is that people think when they receive their retirement pack from their pension provider or scheme, they have to draw their pension," says Ms Cracknell. "This is not the case. If you do not need the money, for example you are still working, you should check the terms for delaying taking your pension. This applies to your state and private pensions."

With your private pension the benefits of delaying it include that your money remains invested for further growth and is sheltered from inheritance tax.

With your state pension, for every year you delay your payment, it will be increased by 5.8% for life – so the longer you live the more you stand to benefit. mw



RUTH JACKSON-KIRBY is a freelance journalist who writes for publications including the *Daily Mail*, *the Guardian*, *The Sunday Times* and the *Daily Telegraph*

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Stephen Little has hunted through the mass of financial products and data to bring you this month's best savings accounts for children, plus top mortgage deals for home movers and cashback cards. For more best buys, updated weekly, go to **Moneywise.co.uk/best-buys**

The best savings accounts for children

Opening a savings account for your child is not only a great way of putting aside cash for their future, it also helps them learn about saving.

There are plenty of options out there, but which is the best for your kids?

Children's savings accounts usually work in the same way as adult ones, but in some cases they offer better rates and they often come with some strings attached.

Regular savings

Regular savings accounts generally offer the best rates, but require you to pay in a set amount each month.

You are not usually allowed to withdraw any money and if you do you are charged a penalty.

The highest paying account is the Halifax Kids' Regular Saver. It pays 4.5% although you can only pay in between £10 to £100 a month.

It is fixed for a year, but you can't make any withdrawals without closing the account. After the year is up, your money is transferred to a Halifax Kids' Saver account which pays 2% on balances up to £5,000.

While slightly lower at 4%, Saffron Building Society's regular saver allows you to make unlimited withdrawals. If you don't live near a branch, you will have to operate the account by post.

Easy-access accounts

If you are looking for greater flexibility and to put more away, your best option is an easy-access account.

HSBC's MySavings account pays 3% on balances up to £3,000 and 0.75% above this. It is available to children up to the age of 17.

Another top pick is the Santander 123 Mini current account, which pays £3% on balances between £300 and £2,000. If your child is under 13, you will need to hold a Santander current account and open it for them in branch.

The Nationwide Future Saver allows you can put away up to £5,000 a year, but you can only make one penalty-free withdrawal a year.

This account has an interest rate of 3.5% for parents with a current account at the society, while those who don't hold one will receive a rate of 2.5%.

Easy-access accounts are more flexible than regular savings

Junior Isas

Junior Isas (Jisas) are another great way of putting cash aside for your kids. Just like the adult accounts, everything you earn in a Jisa is tax-free.

Jisas can be opened by parents with children aged under 16 and then by children themselves when they are aged 16 and 17.

In the 2018-19 tax year, you can save or invest up to £4,368 in a Jisa. You can save for your child either in a cash Jisa, a Stocks and Shares Jisa, or a combination of the two.

The current *Moneywise* best buy cash Jisa is from Coventry Building Society at 3.6%, while Danske Bank offers 3.45%.

Remember, though, that money held in a Jisa is locked away until your child reaches 18.

Anna Bowes, co-founder of Savings Champion, says: "If you, your friends and family were able to gift a total of £4,368 a year to a child at the current best-buy rate of 3.6% from Coventry Building Society, you could give them more than £111,000 when they reach 18. Now that is a gift worth having."

FEATURED PRODUCT

Halifax Kids' Regular Saver 4.5%

This offers the highest rate of 4.5%, fixed for one year. You can deposit between £10 and £100 in the account each month.

No withdrawals are allowed so you will have to close the account to access your cash. After the year is up it is transferred into the Halifax Kids' Saver account which pays 2%.

WITH **STEPHEN LITTLE**

moneywise BEST BUYS **SAVINGS: Moneywise.co.uk/best-savings-rates**

Product and provider	Type	Headline rate	Minimum and maximum balance	Open account	Notes	Change
Coventry Building Society Triple Access Saver	Easy Access	1.46%	£1 upwards	Online only	Rate includes 0.31% bonus until 31 March 2021	↑
Gatehouse Bank	Notice account	1.75%	£1,000 to £1 million	Online only	95 days' notice required. Offers EPR not interest	=
Al Rayan Bank One Year Fixed Term Deposit	One-year fixed rate	2.07%	£1,000 upwards	Branch, online, phone, post	Offers EPR not interest	=
Al Rayan Bank Two Year Fixed Term Deposit	Two-year fixed rate	2.32%	£1,000 upwards	Branch, online, phone, post	Offers EPR not interest	=
Al Rayan Bank Three Year Fixed Term Deposit	Three-year fixed rate	2.42%	£1,000 upwards	Online only	Offers EPR not interest	=
Gatehouse Bank Five Year Fixed Deposit	Five-year fixed rate	2.35%	£1,000 to £1 million	Online only	Offers EPR not interest	↓
First Direct Regular Saver	Regular Saver	5%	Up to £300 a month	Online only	Open to current account holders only	=
Halifax Kids' Regular Saver	Children's Savings	4.5%	£10 to £100 a month	Branch only	Max age 15, no early access	=

Rates correct as of 9 October 2019

FEATURED PRODUCT
Savings
Coventry Building Society Triple Access Saver offering 1.46%. Note this rate includes a 0.31% bonus until 31 March 2021.

moneywise BEST BUYS **CASH ISAS: Moneywise.co.uk/best-cash-isa-rates**

Product and provider	Type	Headline rate	Minimum and maximum balance	Open account	Notes	Change
Coventry Building Society Limited Access Isa	Easy Access	1.44%	£1 upwards	Branch, online, phone, post	Rate includes 0.31% bonus until 31 January 2021	=
Kent Reliance Cash Isa - 60 Day Notice - Issue 18	Notice account	1.2%	£1,000 upwards	Online only	Withdrawals subject to 60 days' loss of interest on the amount withdrawn.	=
Cynergy Bank Fixed Rate Cash Isa	One-year fixed rate	1.63%	£500 upwards	Online only		=
Al Rayan Bank One Year Fixed Term Deposit Cash Isa	Two-year fixed rate	1.81%	£1,000 upwards	Branch, online, phone, post	Offers EPR not interest	=
Cynergy Bank Three Year Fixed Rate Cash Isa	Three-year fixed rate	1.76%	£500 upwards	Online only	Earlier access on closure only on 180 day loss of interest	↓
Metro Bank Five Year Fixed Rate Cash Isa	Five-year fixed rate	1.85%	£1 upwards	Branch	Earlier access on closure only on 180 day loss of interest.	↓
Coventry Building Society Junior Isa	Junior Isa	3.6%	£1 upwards	Branch, online, phone or post	Yearly Junior Isa limit of £4,368, must be under 18	=
Newcastle Building Society Cash Lifetime Isa	Lifetime Isa	1.1%	Up to £4,000 a year	Online only	Must be saving for a first home or retirement and aged 18-39	=
Barclays Help to Buy Isa	Help to Buy Isa	2.58%	Deposit up to £1,000 and make regular savings of up to £200 a month	Branch, online or phone	Open to first-time buyers only	=

Rates correct as of 9 October 2019

FEATURED PRODUCT
Cash Isa
Metro Bank 5 Year Fixed Rate Cash Isa. Open this account at a Metro Bank branch for a rate of 1.85%.

More about our Moneywise savings and Cash Isa Best Buys

We prioritise products that are widely and easily available. We aim to pick products that are available until the publication of our next issue, but this is subject to factors outside our control.

With each of our Best Buy savings accounts, you can earn £1,000 tax-free each year if you're a basic-rate taxpayer or £500 if you pay the higher rate of tax.

If you're an additional-rate taxpayer, then you do not receive a personal allowance and you should consider a Cash Isa. All the interest earned in these accounts is tax free and you can save up to £20,000 in the 2019/2020 tax year.

Unless otherwise specified, all these providers are individually licensed by the Financial Conduct Authority, so your savings will be covered by the Financial Services Compensation Scheme (FSCS) up to £85,000. All interest rates are AER – the annual equivalent rate.

We update our Best Buys every week online and you can find the best deals at **Moneywise.co.uk/best-buys**.

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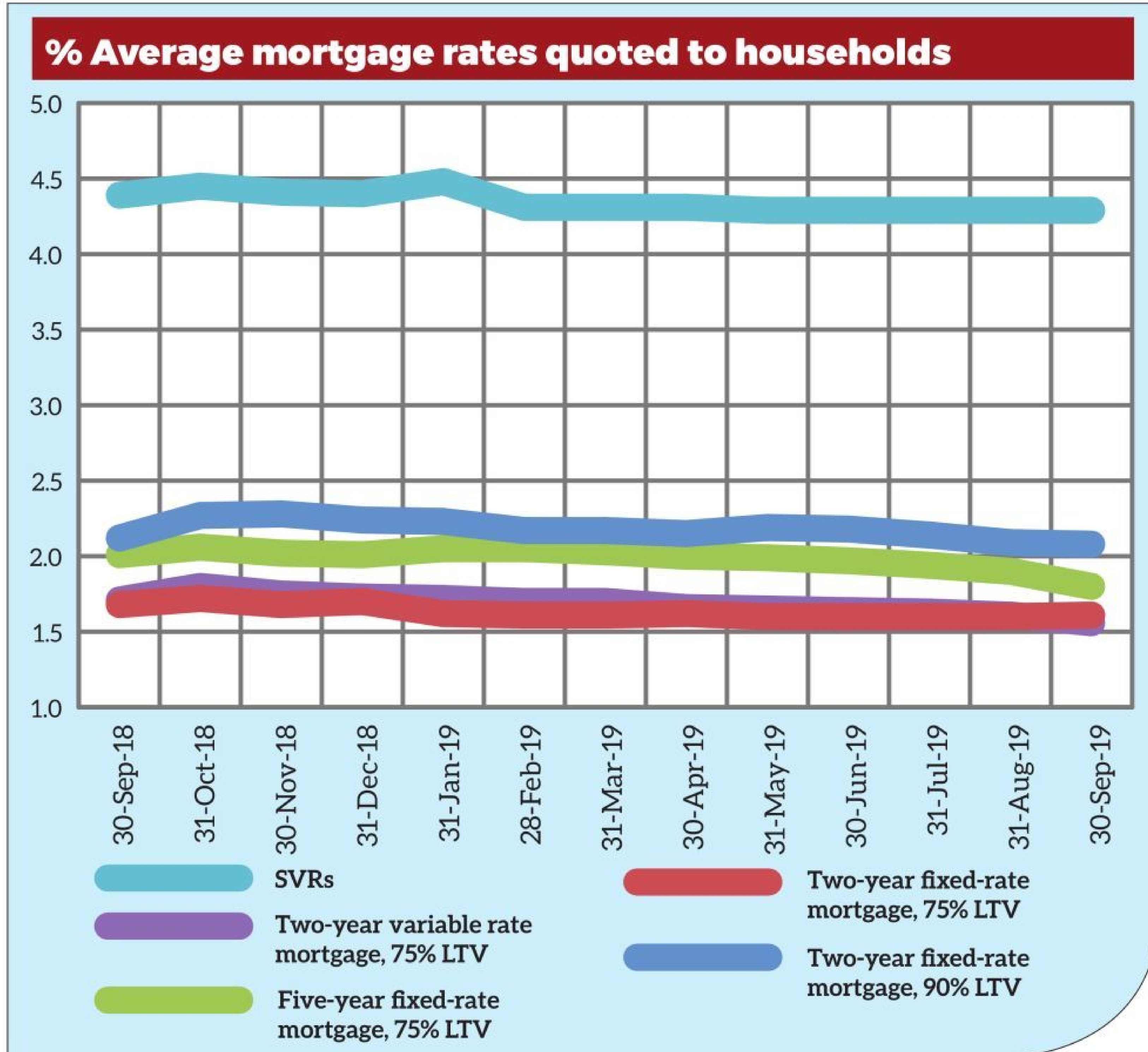
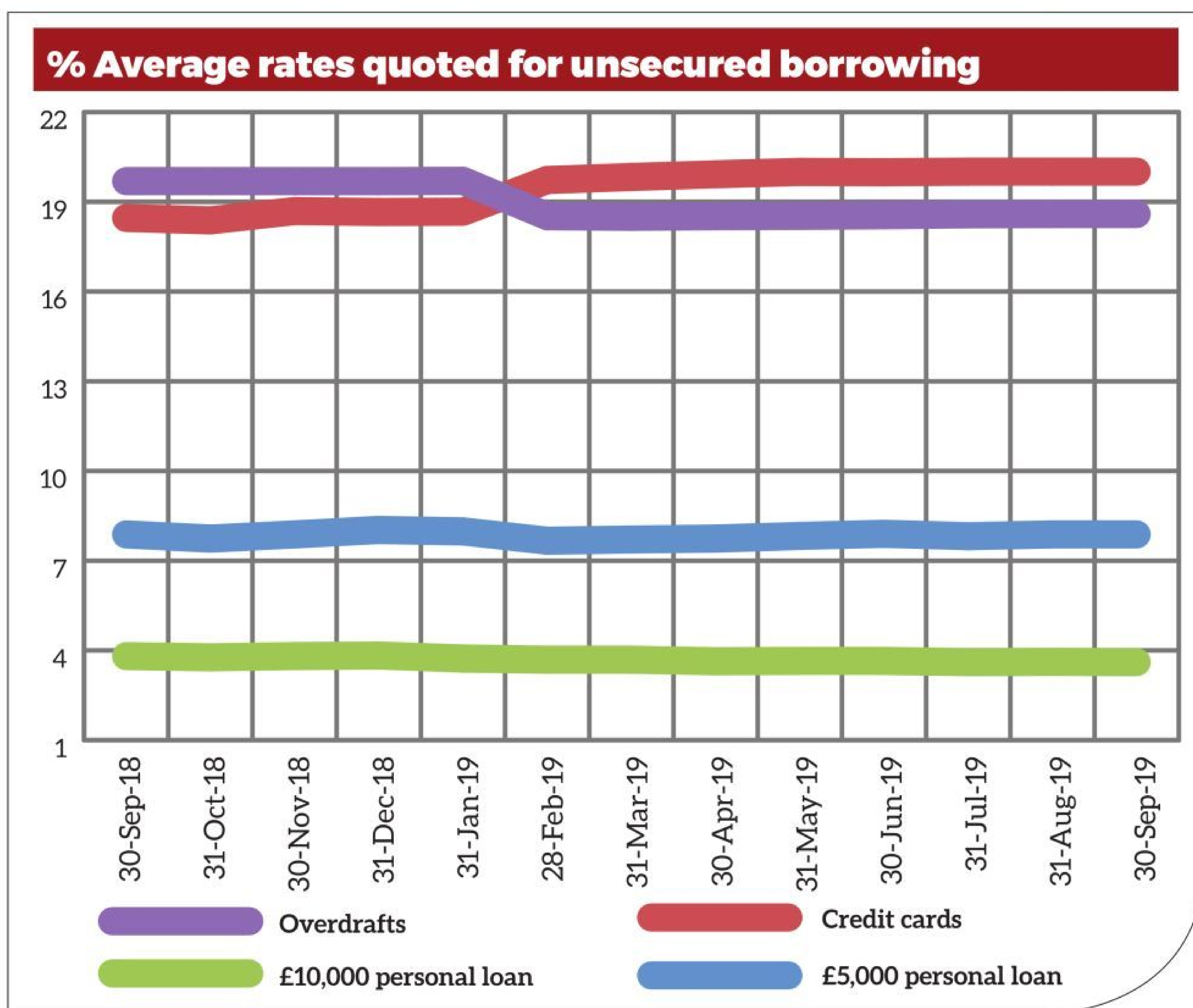
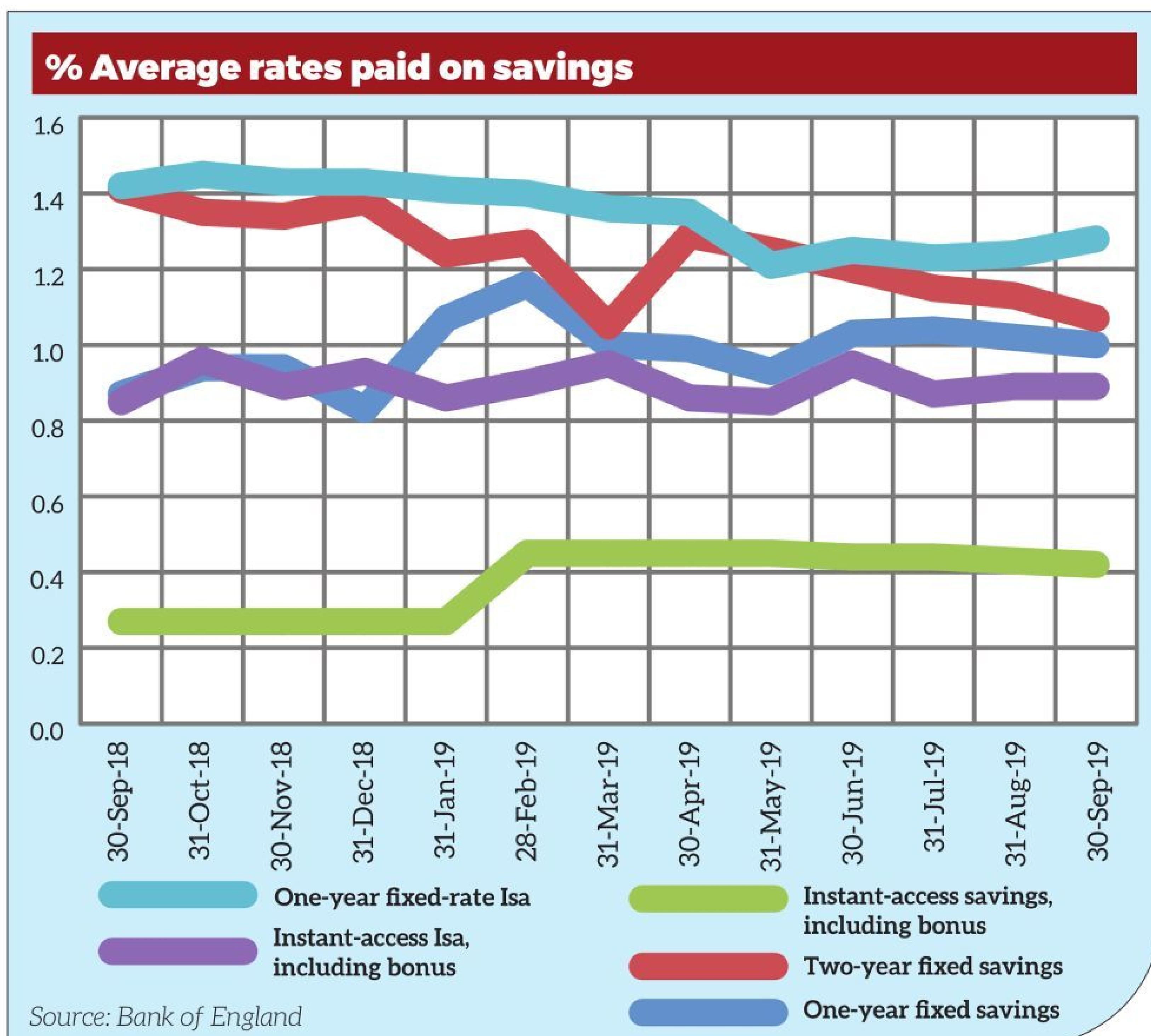
Capital at risk

REPLY NUMBER 2150

Use these charts to compare your rates against the rest of the market







Source: Bank of England

BEST BUY HOME MOVERS

Brexit uncertainty and the worry that house prices might fall are currently weighing on the housing market, with fewer people moving as they wait to see what happens.

The slowdown means lenders are currently fighting for your business, and the fierce competition means there are some great rates out there for mortgage customers.

Our example buyer is considering a £300,000 property purchase. They are borrowing at 60% loan to value (LTV) as they have £120,000 from the sale of their previous home. They have chosen a 25-year mortgage term.

The best rate for a two-year fixed mortgage deal is from Platform. You can get this with a 40% deposit and an interest rate of 1.69%, fixed until 31 January 2022. The monthly payment amount is £736, while the total annual cost is £8,708 and comes with £250 cashback. Once the deal is over, it reverts to a standard variable rate (SVR) of 4.99%.

It is possible to fix your mortgage for longer to ensure you know exactly what your repayments will be. While these deals are cheaper than ever before, paying for a longer period doesn't come cheap and rates are much higher than with shorter deals.

For buyers with a 40% deposit, NatWest offers a deal at 1.54%, which is fixed for five years. This mortgage comes in at £723 a month or £8,878 a year. The fees are £995 a month and it reverts to an SVR of 4.24% once the deal is up.

Another option is TSB's 2.44% rate, fixed until 30 November 2029. This mortgage costs £994 a month – equal to £9,509 a year over the fixed period - with fees of £994. After the fixed period ends the rate reverts to the SVR, which is currently 4.24%.

BEST BUY CASHBACK CARDS

Cashback credit cards offer a great way to make money while you spend, possibly saving you hundreds each year.

The current *Moneywise* best buy is the American Express Platinum Cashback Everyday credit card which has 22.9% APR variable. It offers 1% cashback on spending over £5,001 a year and 0.5% on spending below this amount.

This card has no annual fee and has an introductory offer of 5% cashback on spending for the first three months, up to a £100 limit. Bear in mind that American Express is less widely accepted than other types of credit card. You will also need to spend a minimum of £3,000 a year to get any cash back.

The Tandem Cashback credit card offers 0.5% cashback on all spending. You can also use it abroad and it has no limit on how much cashback you can earn. While you won't incur cash machine fees for withdrawals or spending around the world, you will be charged interest from the day of the transaction. The Tandem Cashback credit card has an 18.9% APR on spending or cash withdrawals.

An alternative is the Aqua Reward credit card, which gives you 0.5% cashback on all spending up to a limit of £100 a year. As this card is designed for those with a poor credit history (although anyone can apply), it comes with a higher APR of 34.9%. Pay this card off in full every month to avoid paying a high rate of interest on your balance. mw

Our best buy selection criteria:
We prioritise products that are widely and easily available. We aim to pick products that are available until the publication of our next issue, but this is subject to factors outside our control. Our latest recommendations, updated every week, are available at **Moneywise.co.uk/best-buys**. If you find something better, contact us at editorial@moneywise.co.uk.

When you start investing, choosing from thousands of funds can seem daunting. To make your choice easier, *Moneywise* has selected our 50 favourite funds for beginners. Index tracker funds can be used to build a low-cost, solid core for your portfolio. Active funds have the potential to perform better, but there is the risk that the fund manager may make the wrong decision. Investment trusts possess unique features that are attractive but make them riskier than active funds. See the performance of the *Moneywise* First 50 Funds below.

Find out more at Moneywise.co.uk/first-50-funds

TRACKERS (ranked in order of three-year returns, as at 14 October 2019)

	ISIN Acc	ISIN Inc	Ongoing charges %	Yield %	One-year return %	Quartile	Three years %	Quartile	Five years %	Quartile
HSBC American Index C Acc	GB00B80QG615	GB00B80QG490	0.06	1.6	10.66	2	44.16	1	114.58	1
Vanguard US Equity Index A Acc	GB00B5B71Q71	GB00B5B74S01	0.1	1.43	14.05	1	41.23	2	114.89	1
Fidelity Index World P Acc	GB00BJS8SJ34	GB00BP8RYB62	0.12	2	9.83	3	34.69	1	90.13	2
L&G International Index Trust I Acc	GB00B2Q6HW61	GB00B2Q6HX78	0.13	1.9	11.67	2	34.45	2	90.85	2
Vanguard LifeStrategy 100% Equity A Acc	GB00B41XG308	GB00B545NX97	0.22	1.96	10.54	2	27.98	3	76.54	2
Vanguard FTSE Developed Europe ex-UK Equity Index A	GB00B5B71H80	GB00B5B74N55	0.12	2.57	12.07	1	24.96	1	65.81	2
Vanguard Global Small-Cap Index Acc	IE00B3X1NT05	IE00B3X1LS57	0.38	1.48	6	3	23.82	3	87.92	2
HSBC Japan Index C Acc	GB00B80QGN87	GB00B80QGM70	0.18	2.09	4.13	2	21.28	2	81.88	2
Vanguard LifeStrategy 60% Equity A Acc	GB00B3TYHH97	GB00B4R2F348	0.22	1.62	11.1	1	20.33	1	53.49	1
Fidelity Index Emerging Markets P Acc	GB00BHZK8D21	GB00BP8RYT47	0.2	2.28	10.32	3	17.45	2	45.8	2
LSE ETFs Vanguard FTSE 250 UCITS	IE00BKX55Q28	N/A	0.10 (i)	1.67	2.76	N/A	15.91	N/A	48.92	N/A
iShares 100 UK Equity Index (UK) D Acc	GB00B7W4GQ69	N/A	0.07	4.41	3.6	2	15.29	2	37.86	2
L&G UK Index Trust I Acc	GB00B0CNGN12	GB00BG0QPH16	0.1	3.89	2.92	2	14.67	2	39.07	2
Vanguard LifeStrategy 20% Equity A Gross Acc	GB00B4NXY349	GB00B4620290	0.22	1.58	11.79	1	13.16	1	32.21	1
iShares Overseas Corporate Bond Index (UK) D Acc	GB00B58YKH53	GB00BNB74B95	0.11	2.58	18.7	1	12.8	1	50.27	1
Vanguard UK Government Bond Index Acc	IE00B1S75374	IE00B1S75820	0.15	1.19	16.15	1	12.42	1	33.19	1
Vanguard FTSE UK Equity Income Index A	GB00B59G4H82	GB00B5B74684	0.22	5.18	1.7	2	7.98	3	25.19	4
Vanguard Global Bond Index Hedged Acc	IE00B50W2R13	IE00B2RHVP93	0.15	1.84	9.77	3	7.75	3	17.03	4
L&G Short Dated Sterling Corporate Bond Index I Acc	GB00BKGR3H21	GB00BKGR3G14	0.14	2.06	4.48	4	7.26	4	14.1	4
LSE ETFs iShares Physical Gold ETC	IE00B4ND3602	N/A	0.25 (ii)	N/A	34.86	N/A	3.69 (ii)	N/A	3.81 (i)	N/A

ACTIVES (ranked in order of three-year returns, as at 14 October 2019)

	ISIN Acc	ISIN Inc	Ongoing charges %	Yield %	One-year return %	Quartile	Three years %	Quartile	Five years %	Quartile
Lindsell Train Global Equity B Inc	N/A	IE00B3NS4D25	0.65	0.83	20.64	1	67.13	1	173.41	1
Fundsmith Equity I Acc	GB00B41YBW71	GB00B4MR8G82	0.95	0.67	19.97	1	54.5	1	162.76	1
Royal London Sustainable World Trust C Acc	GB00B882H241	GB00B8GG6326	0.77	1.02	18.71	1	42.57	1	95.5	1
Baillie Gifford Emerging Markets	GB0006020647	GB0006020530	0.79	1.11	16.03	2	37.11	1	76.41	1
Marlborough UK Micro Cap Growth P Acc	GB00B8F8YX59	N/A	0.78	0.59	-5.08	3	36.31	1	74.97	2
Baillie Gifford Japanese B Acc	GB0006011133	GB0006010945	0.62	1.14	4.11	2	31.85	1	115.41	1
Fidelity Global Property	GB00B7K2NZ09	GB00BJ629381	0.94	1.82	24.19	N/A	29.8	N/A	84.12	N/A
Liontrust Special Situations I Inc	GB00B57H4F11	N/A	0.87	1.83	4.23	2	25.34	1	75.81	1
Man GLG Continental European Growth C Professional Acc	GB00B0119487	N/A	0.9	0.49	6.72	3	22.98	2	120.32	1

moneywise BEST BUYS

ACTIVES (continued)

	ISIN Acc	ISIN Inc	Ongoing charges %	Yield %	One-year return %	Quartile	Three years %	Quartile	Five years %	Quartile
Royal London Global Bond Opportunities	IE00BD0NHJ71	IE00BYTYX230	0.5	5.92 (iii)	6.25	3	19.43	N/A	N/A	N/A
Stewart Investors Asia Pacific Leaders B Inc or Acc	GB0033874768	GB00B57S0V20	0.88	1.05	12.33	N/A	19.28	N/A	62.58	N/A
Rathbone Ethical Bond Inst Acc	GB00B77DQT14	GB00B7FQJT36	0.67	4.01	9.8	3	18.11	1	31.43	1
MI Chelverton UK Equity Income B Acc	GB00B1Y9J570	GB00B1FD6467	0.86	5.04	-5.67	4	18.01	1	48.57	1
Franklin UK Rising Dividends	GB00B5MJ5601	GB00BT6STC53	0.55	3.63	7.15	1	17.05	1	54.42	1
Merian UK Mid Cap R Acc	GB00B1XG9482	GB00B8FC6L92	0.85	1.17	-5.96	4	16.3	2	75.17	1
Fidelity American Special Situations W Acc	GB00B89ST706	N/A	0.91	0.7	1.06	4	15.81	4	83.56	3
Blackrock Corporate Bond	GB00B4QC3311	GB00B4T5JV79	0.57	2.82	9.2	3	14.25	1	29.84	1
Jupiter Strategic Bond I Acc	GB00B4T6SD53	GB00B544HM32	0.74	3.88	10.57	1	13.01	2	23.55	2
Artemis Global Income I Acc	GB00B5ZX1M70	GB00B5N99561	0.83	3.08	-3.58	4	12.93	4	53.24	3
Marlborough Global Bond P Acc	GB00B6ZDFJ91	GB00B8H7D001	0.43	3.22	12.94	2	12.47	1	37.78	2

INVESTMENT TRUSTS (ranked in order of three-year returns, as at 14 October 2019)

	Discount/ Premium %	Gearing %	Ongoing charges %	Yield %	One-year return %	Quartile	Three years %	Quartile	Five years %	Quartile
Scottish Mortgage Investment Trust (SMT)	-4.54	9	0.37	0.62	6.39	3	48.63	2	137.43	1
Finsbury Growth & Income Trust (FGT)	0.32	1.3	0.67	1.86	21.42	1	44.82	1	106.82	1
Jupiter European Opportunities (JEO)	-5.5	7.09	0.9	0.68	6.23	3	44.62	1	107.15	1
Henderson Smaller Companies (HSL)	-6.33	8.39	0.42	4.81	0.85	2	38.12	2	89.4	2
Picton Property Income (PCTN)	-5.05	35.38	1.1 (iv)	3.34	7.95	N/A	35.78	N/A	75.29	N/A
Witan Investment Trust (WTAN)	-3.53	10.7	0.39	2.35	4.35	3	31.11	3	74.87	3
Murray International Trust (MYI)	-2.08	10.6	0.61	4.57	13.41	2	17.38	4	38.99	4
BMO Global Smaller Companies (BGSC)	-7.06	4.56	0.79	1.22	-3.46	3	16.81	3	69.27	4
The City of London Investment Trust (CTY)	2.42	7.91	0.39	4.59	5.55	2	13.67	2	40.6	1
BMO Commercial Property (BCPT)	-16.97	26.8	1.18	5.3	-13.95	4	7.39	3	13.23	3

Source: (i) Vanguard, 14 October 2019 (ii) BlackRock, 14 October 2019 (iii) Morningstar, 14 October 2019 (iv) Picton, October 2019. All other data: FE Analytics, 14 October 2019

HOW TO READ THE FIRST 50 FUND TABLES An International Securities Identification Number (**ISIN**) uniquely identifies a fund and you can use the ISIN to find the fund on a DIY investment platform. **Inc** and **Acc** refer to different share classes of a fund. The income class of a fund (Inc) will pay out your dividends and any other income as cash, directly into your bank or investment account. The accumulation class of a fund (Acc) will hang on to your money and reinvest it directly back into the fund. The **ongoing charges** figure is an overall total annual charge for owning part of a fund and includes management costs and the transaction charges for the buying and selling of investments. **Quartile** rankings are a measure of how well a fund has performed against other funds in its Investment Association or AIC sector. The rankings range from 1 to 4 for all time periods covered. Funds with the highest percentage returns are assigned a quartile of 1, whereas those with the worst returns are assigned a quartile of 4. **Investment trusts data:** Investment trusts can be identified by their TIDM (Tradable Instrument Display Mnemonics) number, a short, unique code used to identify UK-listed shares, shown in brackets next to the investment trusts. The **Discount/ Premium** column shows the percentage difference between the value of a trust's underlying assets and the value of its share price. **Gearing** means borrowing money to buy more assets in the hope the company makes enough profit to pay back the debt and interest and leave something extra for shareholders. Not all investment companies use gearing, and most use relatively low levels of gearing. The majority of investment companies have a gearing range – from no gearing (0%) to 20% gearing in normal market conditions.

Annuities Top three example rates on £50,000 purchase price (as at 1 October 2019)

Data supplied by JLT Pension Decision

CONVENTIONAL ANNUITIES (GROSS ANNUAL INCOME)

Age	Level		RPI-linked	
60	£2,169	Legal & General	£1,117	Legal & General
	£1,986	Hodge Lifetime	£1,068	Aviva
	£1,976	Aviva	£974	JUST
65	£2,511	Legal & General	£1,456	Legal & General
	£2,374	Scottish Widows	£1,406	Aviva
	£2,373	Aviva	£1,280	JUST
70	£2,933	Legal & General	£1,811	Legal & General
	£2,882	Scottish Widows	£1,772	Aviva
	£2,742	Aviva	£1,669	Scottish Widows
75	£3,612	Scottish Widows	£2,313	Aviva
	£3,439	Legal & General	£2,280	Legal & General
	£3,292	Aviva	£2,230	Scottish Widows

ENHANCED ANNUITIES (GROSS ANNUAL INCOME)

Age	Level		RPI-linked	
60	£2,209	Legal & General	£1,163	Aviva
	£2,152	JUST	£1,119	JUST
	£2,071	Aviva	£1,115	Legal & General
65	£2,544	Legal & General	£1,499	Aviva
	£2,529	JUST	£1,453	JUST
	£2,438	Aviva	£1,446	Legal & General
70	£2,957	Legal & General	£1,863	Aviva
	£2,882	Scottish Widows	£1,794	JUST
	£2,844	JUST	£1,758	Legal & General
75	£3,612	Scottish Widows	£2,328	JUST
	£3,462	Legal & General	£2,315	Aviva
	£3,460	JUST	£2,309	Canada Life

Annuity rates based on purchase price of £50,000. Single life, nil guarantee period, income payments monthly in arrears. Enhanced annuity rates based on Type 2 diabetes, one tablet a day, diagnosed for 10 years. Source: JLT Pension Decision.

COLUMNIST JASMINE BIRTLES

Inflation? It's turning me into a basket case

Have you noticed that the inflation rate has gone up… or down… or stayed the same? It will be one of those three. It always is.

In September, the Office for National Statistics (ONS), which carries out the measuring, told us that inflation had gone down to a surprisingly low 1.7%. That meant that, on average, prices rose by 1.7% over the year to August – so something that cost £100 the year before would now cost £101.70.

At the same time, wages grew by 4% a year. Low inflation and high wage growth should have meant that we were all feeling a bit flush. But did you feel flush? I didn't. In fact, I noticed that my beloved half pound of butter was still at least 80p more expensive than it was in 2016 and my treasured pot of Earl Grey in my local café was still an inflation-creating £3.80 (I know I shouldn't, but that café is my 'office').

Apparently, the headline inflation rate (the Consumer Prices Index or CPI) went down that month partly because of the price of digital games had reduced. That means nothing to my life. If I'd been a gluten-free, Go-Pro-wearing, Mamil (middle-aged man in Lycra) obsessed with *Fortnite* and hiding my gin problem, it may have affected me. But I'm not average enough.

And that's the problem with these broad-brush calculations. The ONS uses a 'basket of goods' to calculate how prices are moving, but my supermarket trolley has barely half the products it measures. I bet yours has items in it that the ONS couldn't even dream of. (Go on… let me know your weirdest regular purchases and we'll see if we can get them into the ONS basket of goods one day.)

House price indices have the same flaw. House prices may have gone up by 0.7%, according to the latest UK HPI, but if your street is unpopular this will be no help at all.

Why we have six is beyond my pay grade

But, still, we need some sort of inflation measure that at least gets near an idea of what we're all spending – however flawed it might be. And it seems we need one so badly we now have six of them.

First, there is the one I've already mentioned– the glamorously termed Consumer Prices Index, which is the measure against which the Bank of England rates itself and is often used to calculate wage increases.

Then, thrillingly, we have the Retail Prices Index (RPI) which has been around for much longer. You would think that it would be the one we all refer to, except for the fact that it is intrinsically wrong. Oops.

That doesn't stop it from being used as a yard stick for important products such as rail fares, student loan repayments, index-linked gilts and some pension payments. After all, who are we to let a little thing like accuracy get in the way of a good calculation?

The government has been threatening to replace RPI with CPI because its actual wrongness is benefiting a few wealthy pensioners and people who happen to have certain index-linked gilts while costing the taxpayer a few billion. Oops again.

Recently, the Chancellor said he wouldn't scrap RPI just yet though because it would cause confusion with the calculations of train fares and student loans {Translation: "It looks difficult and a lot of pensioners – our voters – might get really angry about it."). So this measure, which gets more inaccurate as time glides on (RPI was 0.6% above CPI in 2018), continues to affect quite significant parts of our outgoings and incomings.

But I digress and you are probably waiting with bated breath to find out about the other four inflation measures. Well, creeping into the shoes of the Billy-no-mates RPI is now the CPIH, which takes account of homeowners' housing costs and is the one statisticians would like us to use. But it hasn't quite caught on yet.

And then there's the RPIX (the RPI excluding mortgage interest payments), the RPIY (the RPIX excluding indirect tax changes – are you keeping up?) and the CPIY (which is the CPI excluding indirect taxes). Beyond exciting, huh?!

Why have we got these extra ones? Frankly, that's beyond my pay grade but it gives statisticians some hope of a job for another few years. mw

JASMINE BIRTLES is a financial journalist and founder of MoneyMagpie.com. Email her at **columnists@moneywise.co.uk**.

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THE MONKS INVESTMENT TRUST

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THE MAINSTAY OF YOUR PORTFOLIO.

Monks Investment Trust, we believe, could be a core investment for anyone seeking long term growth. It is managed according to Baillie Gifford's £39bn Global Alpha strategy. As a result, **Monks** takes a highly active approach to investment and its portfolio looks nothing like the index. The managers group their holdings into four different growth categories. This allows for excellent diversification and offers the chance to unearth some of the more interesting companies listed on global stock markets. Over the last five years the **Monks Investment Trust** has delivered a total return of 143.7% compared to 112.7% for the sector**.

Standardised past performance to 30 June**

	2015	2016	2017	2018	2019
Monks Investment Trust	10.4%	3.2%	59.9%	22.1%	9.5%
AIC Global Sector Average	15.4%	5.6%	39.1%	20.6%	4.6%

Past performance is not a guide to future returns.

Please remember that changing stock market conditions and currency exchange rates will affect the value of the investment in the fund and any income from it. Investors may not get back the amount invested. If in doubt, please seek financial advice.

If you're pursuing growth why not get on board?
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A Key Information Document is available by contacting us.

Long-term investment partners

*Ongoing charges as at 30.04.19 calculated in accordance with AIC recommendations. Excludes transaction costs, costs of borrowing money to invest and the ongoing costs of any underlying investment funds within the Trust's portfolio. Details of these costs can be found in the Key Information Document. **Source: Morningstar, share price, total return as at 30.06.19. All other data as at 30.06.19. Your call may be recorded for training or monitoring purposes. Issued and approved by Baillie Gifford & Co Limited, whose registered address is at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN, United Kingdom. Baillie Gifford & Co Limited is the authorised Alternative Investment Fund Manager and Company Secretary of the Company. Baillie Gifford & Co Limited is authorised and regulated by the Financial Conduct Authority (FCA). The investment trusts managed by Baillie Gifford & Co Limited are listed UK companies and are not authorised and regulated by the Financial Conduct Authority.

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INVESTMENT TRUSTS FOR BEGINNERS

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Why you should care about investment trusts

Highly rated for their performance, history and being easy to understand, investment trusts are a great starting point for new investors

BY RACHEL RICKARD STRAUS

Investment trusts have been around for over 150 years and have a long and distinguished history of performing very well over the long term.

There's good reason for it. In this special supplement, we explain how investment trusts work and what they offer investors.

If you're considering investment trusts for the first time, this should get you well on your way.

Today, many beginner investors are told that they don't need to consider investment trusts because they're more complicated, or higher risk than other types of fund.

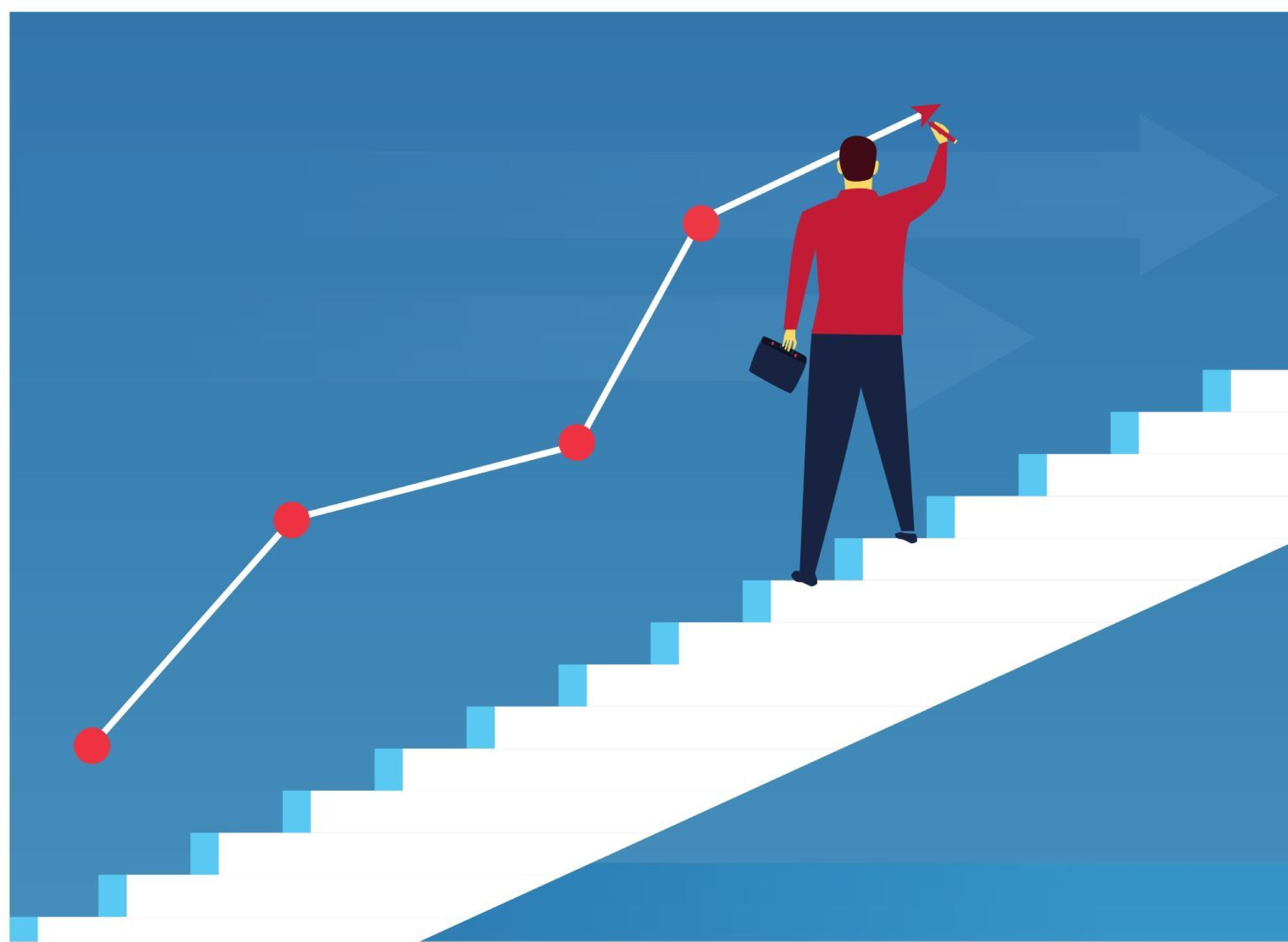
But at *Moneywise* we think you should pay them attention and consider putting at least one or two in your portfolio.

With hundreds of investment trusts to choose from, it can be hard to know where to start.

That's why we've picked 10 that we consider among the best as part of our First 50 Funds for beginner investors.

You can read all about them on pages 9 to 14.

But first, why should you bother with them at all? Here are some of the reasons *Moneywise* believes you might like investment trusts.



Investment trusts have survived two world wars, the dotcom boom and the global financial crisis

They have a long history

Investment fads come and go. Whether it's tech companies, cryptocurrencies or even handbags, there's always something being plugged as the latest unmissable thing – with varying results.

So it's comforting at times to find something with a bit of history.

The first investment trust was started more than 150 years ago. Longevity, of course, is no guarantee of success. But if an investment has survived two world wars, the dotcom boom and the global financial crisis, it suggests that it has a certain resilience at least.

Even some of the fund managers have been around for a long time. Half of all investment companies belonging to the Association of Investment Companies (AIC) have had at least one manager in place for a decade or more. Almost a quarter have had at least one for 20 years or more.

They offer access to a huge range of assets and investments.

While investment trusts are the oldest form of investment fund, the sector has always been innovative.

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The Merchants Trust aims to provide a rising income by investing in large UK companies with the potential to pay attractive dividends. Although past performance is no guide to the future, we've paid a rising dividend to our shareholders for 37 consecutive years, earning us the Association of Investment Companies' coveted Dividend Hero status. Beyond a focus on dividends, Merchants offers longevity too. This year we celebrate our 130th anniversary, making us one of the oldest investment trusts in the UK equity income sector. To see the current Merchants dividend yield or to find out more about us, please call or have a look at our website.

A ranking, a rating or an award provides no indicator of future performance and is not constant over time. You should contact your financial adviser before making any investment decision.

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INVESTING INVOLVES RISK. THE VALUE OF AN INVESTMENT AND THE INCOME FROM IT MAY FALL AS WELL AS RISE AND INVESTORS MAY NOT GET BACK THE FULL AMOUNT INVESTED.

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Many of the early launches in the late 1800s invested in the American railway boom: they were the alternative asset funds of their day.

So it's not surprising that the investment trust sector has continued to innovate in recent years.

The Association of Investment Companies classifies all investment companies into sectors. The framework provides a way of grouping companies with common characteristics to make it easier to search and compare within each sector. Each classification is based on a combination of regional or industry focus and the company's investment objective.

There are plenty of conventional options for investors looking for a steady income and low risk.

However, investment trusts can also be a good way of investing in alternative assets because due to their unique structure – explained on pages six to eight – managers can take a long-term view without having to worry about inflows and outflows.

They are easy to understand

Every year new investments are launched with ever-growing layers of complexity.

Financial products are sliced and diced to create new financial products, whole new currencies are invented and then traded, new funds are launched with seemingly endless trails of letters following their names.

Investment trusts, by comparison, are pretty straightforward.

Perhaps the simplest sounding way of all to invest is by buying individual shares in a company. After all, you know exactly what you own and the value of your investment simply rises and falls on the success and perceptions of that one company.

But the downside is that your risk is concentrated in that one company; if it does badly, so do you.

So, what if you bought shares in a few companies, so that if one does very badly, at least some of the others might still be doing okay? Investment trusts do this work for you, while still allowing you to buy shares in one company.

Investment trusts are companies. But their business is buying shares in other companies.

So if you buy a share in an investment trust, you have ownership over a pool of shares of many other different companies.

The investment trust picks a fund manager whose job it is to buy shares that meet its strategy – and to make you money.

They should also continually rebalance the trust's collection of companies to reduce the chance that everything falls at once.

They are accountable to a board

All investment trusts have independent boards to stand up for the interest of shareholders. They make sure that the investment manager is up to the job – and they act if not. They also have the power to negotiate lower fees for investors.

Boards also bring a variety of voices and expertise to the table.

They can be good for an income

Some investors simply want the value of their investments to grow as much as possible.

Others want theirs to provide a steady stream of cash for them to spend.

The days when interest on cash savings would provide the latter are gone for now – anyone who's tried to find a reasonable rate on a cash Isa in the past few years will know that all too well.

Investment trusts are one option if you want a steady income from your investments.

Plenty have paid out a regular, rising dividend for at least 20 consecutive years. See our guide on pages six to eight to find out how this is possible.

How investment trusts work

Here's the lowdown on how closed-ended investment trusts work, their main advantages – and differences

BY EDMUND GREAVES

Investment trusts are widely misunderstood. They're often besmirched as complex, difficult to understand and risky. A lot of that suspicion may be due to the way they're priced and the whole confusing business of discounts, premiums and gearing – which, once understood, is as easy as pie.

Investment trusts vs open-ended funds

Investment trusts are collective investments: they pool investors' money and use it to buy a portfolio of selected shares.

They aim to pay dividends and/or grow in value over the long term.

So far no different from open-ended funds or open-ended investment companies (OEICs).

However, there are key differences.

Investment trusts are able to use a process called gearing. This means they can borrow money to invest. This is advantageous when markets are rising because gains are inflated. However, it also makes for bigger losses when markets fall, which can make them riskier than funds.

However, the difference that investors generally find most confusing is pricing. OEICs have an 'open-ended' structure. This means the price of the fund reflects the value of the underlying share portfolio and rises and falls with it.

The price is not pushed up or down by the pressure of investor demand because, when new investors want to buy into the fund, additional units are simply created to meet the extra demand.

Conversely, if sentiment turns and investors start cashing in their holdings, units are cancelled, and the manager may have to sell some of the underlying investments to pay investors who want to take their money out.

An investment trust works differently. It is a fully-fledged company, listed on the stock market, with a fixed number of shares in issue. It's known as a closed-ended investment because the number of shares is fixed at the start (although further tranches of shares may be issued later).

The price depends on the balance of the limited supply of shares and the demand in the market instead of the value of the underlying investments held by the company.

As a result, there are two prices to consider when you're looking at an investment trust: the net asset value (NAV) per share, which is the value of the underlying portfolio after any debts have been accounted for, divided by the number of shares in issue, and the share price at which the trust is selling on the stock market.

This gap between the two values is known as the share price's 'discount' to NAV if demand is low, or the 'premium' if demand for shares exceeds supply and the price rises above the NAV. This is expressed as a percentage. As an example, if you buy a trust at a 10% discount, you are paying 90p for assets worth £1.

Going cheap

The discount itself does not make a huge difference – if you buy a trust at a 10% discount and sell later at a 10% discount, there's no special benefit or downside to buying and selling at the full price.

What matters is the performance of the trust and changes to the NAV. If you buy at a 10% discount and the trust subsequently becomes more popular with investors, they may be willing to pay more for your shares and you might be able to sell them at a 10% premium to NAV.

In the short term, discounts can be volatile. Some experienced investors try to use this to their advantage, attempting to buy on a wide discount and sell on a narrow one – or even a premium. But that is a risky strategy that should only ever be used by advanced investors with money they can afford to lose.

A normal investor should typically plan to hold the investment trust for a long time, at least five, and preferably 10 years. This

means they don't need to worry so much about the discount or premium, as the difference it will make to total returns will be marginal. It's much more important to consider the quality of the fund manager and the consistency of the trust's performance.

If a trust that an investor is holding suddenly falls to a big discount, they should not panic and sell up. The trust is likely abnormally below its 'natural' range. This can be as a result of market jitters, a sell-off from a significant institutional holder of the trust or even just random.

The tide of investor sentiment should eventually turn, and the discount will start to narrow again. As long as you are confident in the fundamentals of the trust (the quality of its management, its strategy and its track record) it may in fact be that when a fall happens, it's a good time to buy more.

Indeed, a good trust on an unusually wide discount that's beginning to tighten as markets pick up is a great 'double discount', because you're gaining value not only through strengthening asset values, but also through the rising share price of the trust as it becomes more popular.

Too popular

Trusts that trade at a premium are different, however. When shares are so popular that investors will pay more than the underlying assets are worth, it can be time to sell, because a change of sentiment could rapidly erode that extra value and push the share price down below NAV.

However, for high-quality trusts with consistently good performance, there can be an argument for holding on and even for buying into the premium if it seems sustainable.

One innovation that has helped reduce risks attached to volatile discounts is the increasing trend towards 'active discount control' by trust management boards.

If a trust's share price seems to be drifting too low – usually because there's too much for sale in the market – the board will buy back its own shares to reduce supply and bolster the price.

It may cancel them altogether, which will give the trust's NAV per share an instant boost because there will be fewer shares in issue.

In other cases, it will simply buy them in to support the share price and release them later when demand has picked up.

Some boards make a rigid commitment not to let the discount widen beyond a set level, while others take a more flexible

Performance (% share price total return) of regular monthly savings into investment companies over 18 years to 30 September, 2019

	£25 REGULAR MONTHLY SAVINGS	£50 REGULAR MONTHLY SAVINGS	£100 REGULAR MONTHLY SAVINGS
SUM INVESTED	£5,400	£10,800	£21,600
Overall weighted average investment company (ex VCTs)	£16,069.33	£32,138.66	£64,277.32
Weighted average – Global investment company sector	£17,553.66	£35,107.32	£70,214.64
Weighted average - UK All Companies investment company sector	£15,531.38	£31,062.75	£62,125.50

Source: AIC/Morningstar. October 2019

KEY TERMS YOU NEED TO KNOW

CLOSE-ENDED
DISCOUNT
DIVIDEND
GEARING
NAV
OEIC
OPEN-ENDED
PREMIUM

TOP TIP: WHERE TO FIND MORE INFORMATION

The Association of Investment Companies' website has detailed information on gearing and discount levels for individual investment trusts. Visit www.theaic.co.uk.

Dividend heroes: investment companies with at least 20-year records of dividend rises			
INVESTMENT COMPANY	AIC SECTOR	NUMBER OF CONSECUTIVE YEARS DIVIDEND INCREASED AS AT 14 OCTOBER 2019	DIVIDEND YIELD AS AT 30 SEPTEMBER 2019 (%)
City of London Investment Trust	UK Equity Income	53	4.52
Alliance Trust	Global	52	1.75
Bankers Investment Trust	Global	52	2.16
Caledonia Investments	Flexible Investment	52	1.97
BMO Global Smaller Companies	Global Smaller Companies	49	1.22
F&C Investment Trust	Global	48	1.61
Brunner Investment Trust	Global	47	2.4
JPMorgan Claverhouse Investment Trust	UK Equity Income	46	4
Murray Income	UK Equity Income	46	4.02
Witan Investment Trust	Global	44	2.29
Scottish American	Global Equity Income	39	2.81
Merchants Trust	UK Equity Income	37	5.4
Scottish Mortgage Investment Trust	Global	37	0.62
Scottish Investment Trust	Global	35	3.03
Temple Bar	UK Equity Income	35	4.24
Value & Income	UK Equity Income	32	4.74
BMO Capital & Income	UK Equity Income	25	3.43
British & American	UK Equity Income	24	24.51
Schroder Income Growth	UK Equity Income	24	4.33
Invesco Income Growth	UK Equity Income	22	4.23
Perpetual Income & Growth	UK Equity Income	20	4.65
Source: AIC/Morningstar. October 2019			

approach, in this case setting an acceptable discount range for normal markets.

Ultimately, if you're saving over the long term and the trust's discount (or premium) is steady and in line with those of other trusts in the same sector, you shouldn't worry too much about discounts and premiums.

Investors should concentrate on the quality of the manager, his or her strategy, and track record. Investors should also not panic if the discount widens for wider economic reasons (such as a recession or fall in the stock market); keep calm and ride it out.

Buying on credit

Investment trusts can borrow money to boost performance. This is called 'gearing'. Most investment companies typically have a range of 0% to 20% gearing in normal market conditions. The trust's manager uses this extra cash from borrowing to make more investments and to potentially produce a better return on the capital investments.

However, if the manager makes the wrong investment decisions, then gearing can lead to greater loss if the investment turns sour. This means trusts that make greater use of gearing are higher risk. Some trusts tend to use more gearing than others, so it is worth checking before investing and considering how risk-averse you might be.

A trust's gearing policy can be found in its prospectus or report and accounts. *Moneywise* also lists our trust picks' gearing each month on our fund pages (see page 81 in the main magazine).

Smooth dividend

The ability of investment trusts to smooth dividend payments is a unique selling point for income investors. Open-ended funds do not enjoy this facility.

Every year, an investment trust can set aside up to 15% of the dividends that it has generated. It can then use this income buffer to supplement its dividend payments in future years should the yield generated from the investment portfolio fail to meet its targets – for example, as a result of dividend cuts among individual companies held in the portfolio.

Many investment trusts have used this facility to achieve a more reliable income stream for investors and to build up long records of dividend growth. The table (above) shows a list of investment trusts that have consistently increased their dividend payments in at least the past 20 years, despite economic headwinds at various times. mw

10 investment trusts for beginners

Get the lowdown on 10 trusts selected from Moneywise's First 50 Funds to consider buying and stashing away for the long term

BY EDMUND GREAVES

UK STOCK MARKET INCOME

City of London Investment Trust (CTY)

AIC Sector: UK Equity Income
Objective: To provide long-term growth in income and capital by mainly investing in UK-listed equities.
Ongoing charge: 0.41%
Yield: 4.48%
Top five holdings (and percentage of portfolio they represent):

- Royal Dutch Shell B 7.2%
- HSBC Holdings 4.4%
- BP 3.9%
- Diageo 3.9%
- Unilever 3.3%

A good core holding for investors looking for long-term growth in income and capital from companies listed on the London Stock Exchange.

The trust has very low charges and a lower-risk, cautious investment style. The dividend has risen every year for 51 years – an impressive record.

Manager Job Curtis has run the fund since 1991. He looks for medium-term, undervalued companies that can be invested in over the long term.

The trust is diversified with the largest holding, Shell, forming 7.2% of its total portfolio. Over 90% of the trust is invested in UK-listed companies. One-fifth of the portfolio (25.2%) is invested in financial services, followed by consumer goods (20.8%) and consumer defensive (12.2%). See page 62 of the main magazine for our interview with Mr Curtis and for details of our video interview.

Finsbury Growth and Income (FGT)

AIC Sector: UK Equity Income
Objective: To achieve capital and income growth and to provide shareholders with a total return in excess of that of the FTSE All-Share Index by investing principally in the securities of UK-listed companies.
Ongoing charge: 0.67%
Yield: 1.78%
Top five holdings (and percentage of portfolio they represent):

- RELX 10.1%
- Diageo 9.9%
- Unilever 9.8%
- London Stock Exchange Group 9.6%
- Mondelez 8.6%

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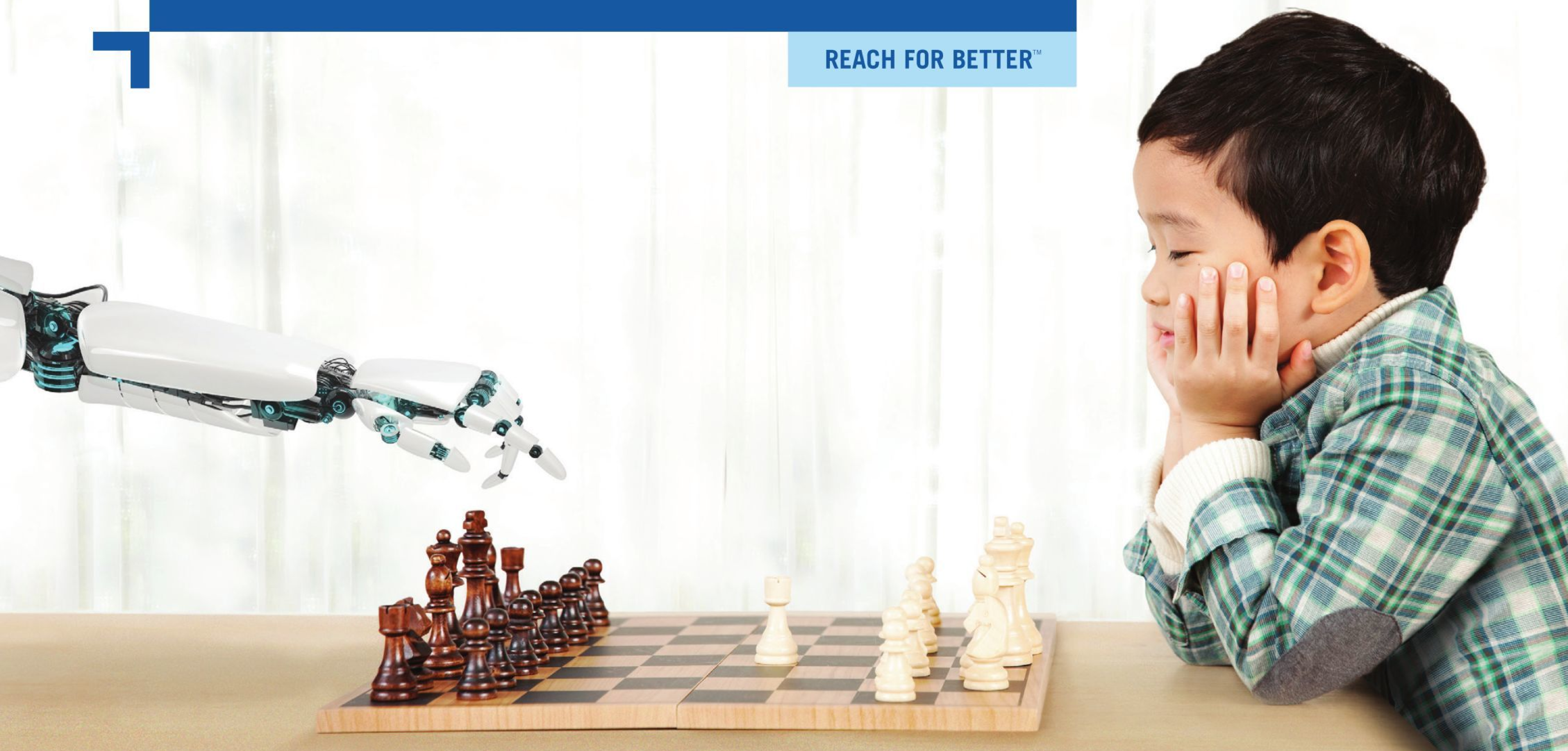

The value of shares in the Templeton Emerging Markets Investment Trust PLC (TEMIT) and any income received from it can go down as well as up and investors may not get back the full amount invested. There is no guarantee that TEMIT will meet its objective.
TEMIT invests in the equity securities of emerging markets companies. Emerging markets have historically been subject to significant price movements, often to a greater extent than more established equity markets. As a result, the share price and net asset value of TEMIT can fluctuate significantly over relatively short time periods. Other significant risks include borrowing risk and share price discount to NAV risk. For more details of all the risks applicable to TEMIT, please refer to the Key Information Document, Investor Disclosure Document and the risk section in TEMIT's Annual Report, which can be downloaded from our website www.temit.co.uk.
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Manager Nick Train's long-term patience and deep understanding of his companies sets him apart from his peers. The manager rarely buys new companies, preferring to buy and hold firms for many years.

The biggest holding in the fund is currently RELX, an information and analytics business, at 10.1%, followed by Diageo at 9.9% and Unilever at 9.8%. Companies such as Diageo and Unilever provide predictable cash flows and protection against inflation.

The portfolio is concentrated, holding around 30 stocks, much less than most other trusts. In September 2017, Mr Train famously purchased stocks in football club Manchester United.

UK STOCK MARKET GROWTH

Henderson Smaller Companies (HSL)

AIC Sector: UK Smaller Companies
Objective: To maximise shareholders' total returns by investing mainly in smaller companies that are quoted in the United Kingdom.
Ongoing charge: 0.42%
Yield: 4.38%
Top five holdings (and percentage of portfolio they represent):

- Intermediate Capital Group 3.5%
- Bellway 3.1%
- Clinigen Group 2.6%
- Cineworld 2.3%
- John Laing Group 2.24%

The trust's manager, Neil Hermon, has built up an impressive record of capital growth and dividend increases, having managed the trust since 2002. The trust has routinely outperformed its benchmark.

Mr Hermon says he looks for "garp" – growth at the right price. He also says he looks for companies that will see strength growth over the long term.

The trust invests in a portfolio of small and mid-cap companies below £1.5 billion in value. The manager looks for companies that will beat the market, and the trust also pays a dividend – unusual for a smaller companies fund.

Mr Hermon says he looks for "four Ms": model – a strong business model; management – successful managers; money – a good balance sheet and cash flow; and momentum – an ability to grow more quickly than expected.

Watch our video interview with Neil Hermon at moneywise.co.uk/investing/funds/first-50-fund-interview-neil-hermon-henderson-smaller-companies.

GLOBAL STOCK MARKET GROWTH

Scottish Mortgage (SMT)

AIC Sector: Global
Objective: To maximise total return from a portfolio of long-term investments chosen on a global basis.
Ongoing charge: 0.37%
Yield: 0.61%
Top five holdings (and percentage of portfolio they represent):

- Amazon.com 9.3%
- Illumina 7.1%
- Tencent Holdings 6.5%
- Alibaba Group Holdings Ltd 6.1%
- Tesla 4.4%

Scottish Mortgage (SMT) aims to maximise its total return from a focused and actively managed global portfolio. It concentrates on the theme of technological change.

In March 2017, it was promoted to become a member of the FTSE 100 index.

The trust has been run by James Anderson since 2000, with Tom Slater as co-manager since 2014. Regionally, the majority of the portfolio is invested in North America (51.6%), China (21.3%), and the Eurozone (16.8%).

BMO Global Smaller Companies (BGSC)

AIC Sector: Global
Objective: To achieve high total returns by investing in smaller companies worldwide.
Ongoing charge: 0.55%
Yield: 1.2%
Top five holdings (and percentage of portfolio they represent):

- Eastspring Inv Japan Smaller Coms CG 4.3%
- Aberdeen Global Jpn SmlrComs I Acc JPY 4%
- PineBridge Asia ex Japan Small Cap Eq Y 3.5%
- Scottish Oriental Smaller Cos Ord 2.8%
- Utilico Emerging Markets Ord 2.3%

Fund manager Peter Ewins looks to pick quality stocks with a track record of good performance and says that it is a "one-stop shop" for investors looking for a globally diverse spread.

Mr Ewins has run the trust since 2005. It is one of the few to invest globally in smaller companies.

The trust holds 43% US companies, 23.5% UK, 11.5% continental Europe and 9.7% Japan.

Mr Ewins says the firm tends to hold companies for around three and a half years.

The trust also uses third-party-managed funds in order to gain expert exposure in regions such as Asia. This is the approach that Mr Ewins took when his in-house Japan expert left.

Indeed, the trust's largest holding, Eastspring Investments Japan Smaller Coms, is one of these expert niche funds.

While the trust isn't necessarily high yield, its continuous year-on-year dividend growth is a signal of a healthy portfolio. The trust has grown its dividend consecutively for 48 years.

Witan Investment Trust (WTAN)

AIC Sector: Global

Objective: To achieve long-term growth in income and capital through active multi-manager investment in global equities.

Ongoing charge: 0.39%

Yield: 2.29%

Top five holdings (and percentage of portfolio they represent):

- Syncona 2.2%
- Apax Global Alpha 2.1%
- Vonovia 1.9%
- Unilever Nv 1.6%
- BP 1.5%

A good core portfolio holding, it invests in global equities and is managed via a multi-manager strategy, meaning it invests in other funds.

The multi-manager approach sees the trust run by 10 to 15 external managers with regional diversity and expertise.

Chief executive, Andrew Bell, decides asset allocation and chooses external managers. The approach is designed to blend expertise and smooth out volatility.

The trust has returned 43 years of consecutive dividend increases. Currently, its top holding is Syncona, another investment trust. But at just 2.2%, Witan's holdings overall are very diversified.

Since 2018 it has cut its UK and US exposure. The UK now represents 27.17% of the fund, the US 19.98%, while Europe makes up 22.28% and Asia 14.19%.

European Opportunities Trust

AIC Sector: Europe

Objective: To invest in securities of European companies and in sectors or geographical areas that are considered by the investment adviser to offer good prospects for capital growth, while taking into account economic trends and business development.

Ongoing charge: 0.9%

Yield: 0.78%

Top five holdings (and percentage of portfolio they represent):

- Wirecard 15.6%
- RELX 9.1%
- Experian 8.2%
- Novo-Nordisk 7.4%
- Deutsche Borse 7.2%

Fund manager Alexander Darwall has proved to be an exceptional stock-picker, managing the fund since 1999. He invests in a focused portfolio of around 40 stocks and favours high-quality European businesses.

Mr Darwall tends to look for key characteristics in businesses such as strong management record, proprietary technology and a reasonable expectation of demand for their products or services that will enjoy long-term growth.

However, Mr Darwall announced his decision earlier in 2019 to leave Jupiter and start his own firm, Devon Asset Management. At the time of writing, the trust has signalled its intention to move with Mr Darwall to his new firm from November, so look out for updates and confirmation of the new ticker (stock market company identifier).

GLOBAL STOCK MARKET INCOME

Murray International (MYI)

AIC Sector: Global Equity Income

Objective: To achieve a total return greater than its benchmark by investing predominantly in equities worldwide.

Ongoing charge: 0.61%

Yield: 4.38%

Top five holdings (and percentage of portfolio they represent):

- Taiwan Semiconductor Manufacturing 4.7%
- Group Aeroportuario Del Pacifico 3.9%
- CME Group 3.5%
- Taiwan Mobile 3.4%
- Unilever Indonesia 2.9%

Fund manager Bruce Stout is a "contrarian" investor – he buys shares in companies when others are selling. He has managed the fund since 2004.

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Mr Stout says that he looks for companies that are very different to those the trust already owns, because this increases the diversification of the portfolio.

Indeed, the fund's two largest holdings, Taiwan Semiconductor and Grupo Aeroportuario Del Pacifico (GAP), are two very different businesses.

Taiwan Semiconductor (4.71%) produces chips for smartphones – an expensive and difficult process, but one that produces high-quality products for mobile phone firms such as Samsung and Apple.

Meanwhile, GAP (4.43%) is Mexico's second largest airport operator by passenger numbers, which mainly services the west of the country.

COMMERCIAL PROPERTY

BMO Commercial Property Trust (BCPT)

AIC Sector: Property Direct – UK
Objective: To provide an attractive level of income with potential for capital and income growth through investing in a diversified UK commercial property portfolio.
Ongoing charge: 1.18%
Yield: 5.08%
Top five holdings (and type of property):

- St Christopher's Place, W1 (Retail)
- Cassini House, SW1 (Office)
- Newbury Retail Park (Retail warehouses)
- Sears Retail Park, Solihull (Retail warehouse)
- Wimbledon Broadway, SW19 (Retail)

BMO Commercial Property Trust is the largest in the direct property investment sector. The trust has had a bad 2019 in terms of the value of the fund, losing 10.9% year to date. However, the trust is attractive for income investors as it returns a 5.08% annual yield, paid monthly.

Dzmitry Lipski, investment analyst at interactive investor (*Moneywise*'s parent company) believes this presents a potential opportunity for investors.

"The BMO trust has been affected by poor sentiment due to Brexit and uncertainty over property. But it is managed by a top manager, the trust has produced consistent returns since inception, and its yield is attractive for income investors," he says.

"The low correlation between property and more conventional assets such as equities and bonds means that the inclusion of a property fund within a portfolio can bring significant diversification benefits."

Limits on how the portfolio is managed help to maintain diversification and reduce risk. One rule is that no single property can account for more than 15% of gross assets at the time of acquisition.

More than half of the trust's property is based in London and the South East. Offices and retail make up 67.3% of its holdings.

Picton Property Income (PCTN)

AIC Sector: No longer an AIC member
Objective: To provide shareholders with an attractive level of income, together with the potential for capital growth by investing in the principal commercial property sectors.
Ongoing charge: 1.1%
Yield: 3.34%
Top five holdings (and type of property*):

- Parkbury Industrial Estate, Handley Page Way, Radlett (Industrial)
- River Way Industrial Estate, River Way, Harlow (Industrial)
- Angel Gate, City Road, London (Office)
- Stanford House, Long Acre, London (Retail leisure)
- 50 Farringdon Road, London (Office)

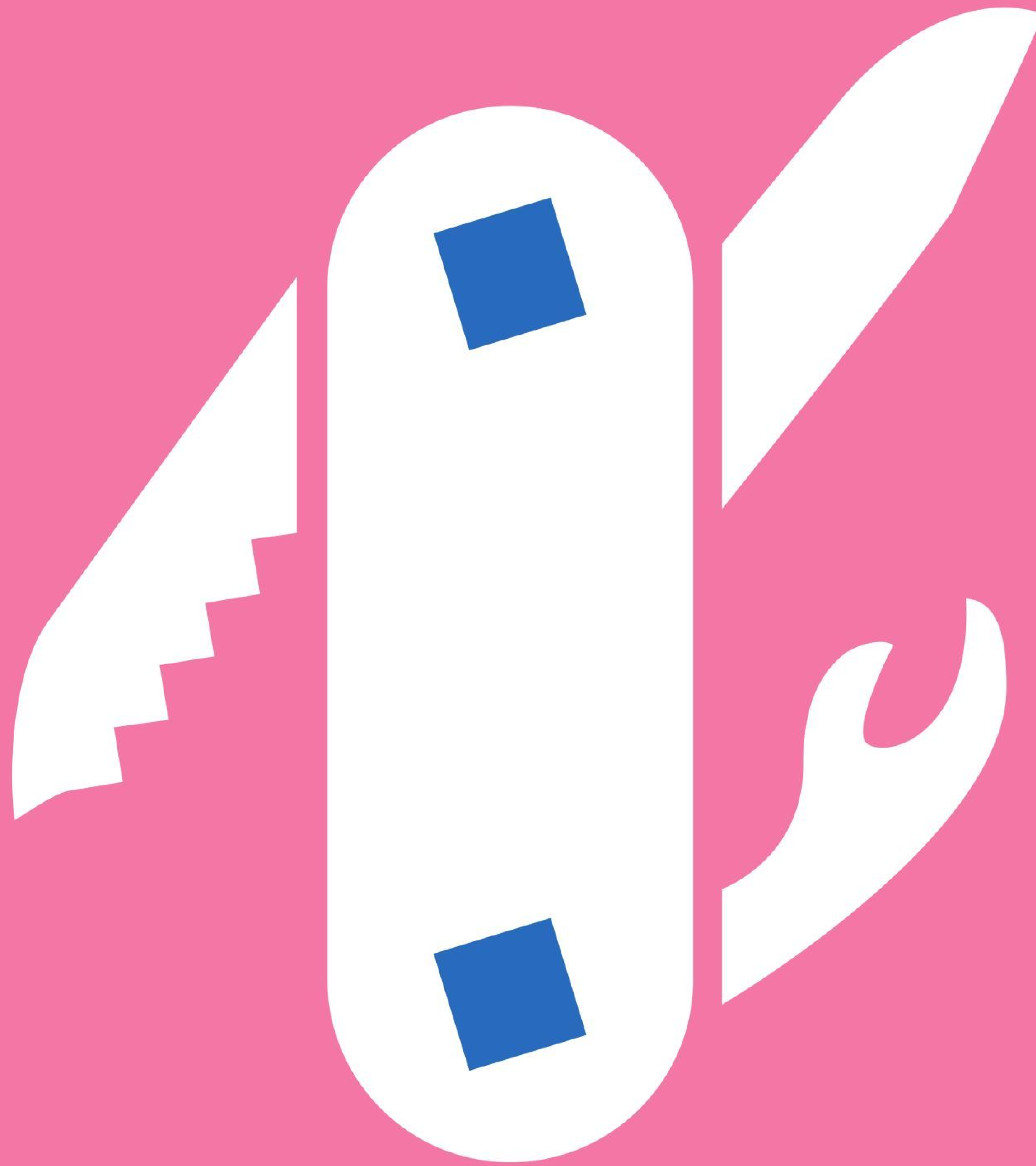
Picton Property Income aims to provide shareholders with an attractive level of income together with the potential for capital growth, by investing in the principal commercial property sectors. The charge is high, but performance has been good.

The trust is different from other property trusts in that it does not pay third-party firms to manage its portfolio of properties.

In October 2018 the fund changed its structure to become a Real Estate Investment Trust (REIT). This means that it is not subject to certain tax rules. While this makes some information trickier to find about the firm, it has continued to produce strong long-term returns for investors.

The trust currently holds 49 properties, of which 19 are based in London and the South East. Income is paid to investors in the form of quarterly dividends. mw

**Source: Picton, 26 September, 2019*
Data on fund holdings correct as of 26 September, 2019.
All data unless stated otherwise provided by FE Analytics, 26, September 2019.



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PAST PERFORMANCE

	Aug 14 – Aug 15	Aug 15 – Aug 16	Aug 16 – Aug 17	Aug 17 – Aug 18	Aug 18 – Aug 19
Net Asset Value	12.0%	41.8%	29.0%	1.0%	-5.7%
Share Price	6.3%	41.7%	35.1%	0.3%	-2.8%
MSCI China Index	-2.1%	26.9%	37.2%	-0.7%	1.1%

Past performance is not a reliable indicator of future returns.
Source: Morningstar as at 31.08.2019, bid-bid, net income reinvested.
©2019 Morningstar Inc. All rights reserved. The MSCI China Index is a comparative index of the investment trust.

Past performance is not a reliable indicator of future returns. The value of investments can go down as well as up and you may not get back the amount you invested. Overseas investments are subject to currency fluctuations. Investments in emerging markets can be more volatile than other more developed markets. The shares in the investment trust are listed on the London Stock Exchange and their price is affected by supply and demand.

The investment trust can gain additional exposure to the market, known as gearing, potentially increasing volatility. The trust invests more heavily than others in smaller companies, which can carry a higher risk because their share prices may be more volatile than those of larger companies.

To find out more, go to fidelity.co.uk/china or speak to your adviser.

Source for consumers: The World Bank as at 15 July 2019. The latest annual reports and factsheets can be obtained from our website at **www.fidelity.co.uk/its** or by calling 0800 41 41 10. The full prospectus may also be obtained from Fidelity. Fidelity Investment Trusts are managed by FIL Investments International. Issued by Financial Administration Services Limited, authorised and regulated by the Financial Conduct Authority. Fidelity, Fidelity International, the Fidelity International logo and F symbol are trademarks of FIL Limited. UKM0819/24885/SSO/1219