



ST. JAMES'S PLACE
WEALTH MANAGEMENT

Who can offer you a better prospect of successful investment results... ...another Adviser or your St. James's Place Partner?

Extract from "The £64,000 question:
How can you get the best return on your money?"

An investment paper by Sir Mark Weinberg, President of St. James's Place Wealth Management

How do you choose an investment manager?

Experience shows that some investment managers are better than others and, more worryingly, some managers are demonstrably worse than others.

For example, if 10 years ago* you had invested £100,000 with the 25% of unit trusts in the global growth sector that performed best over those 10 years, you would have had £214,845 at the end of the 10 years - if you'd invested with the worst performing 25%, you would have had only £116,552.

*Source: Lipper Hindsight, Bid to bid, income reinvested. 10 years to 31 January 2008.

So to give yourself the best chance of achieving good performance on the money you invest, you have to find superior investment managers to handle your money.

The answer is that it's not an easy task.

For many reasons, looking at tables of past investment performance only gives you part of the picture and you can't assume that superior past performance by a fund will continue in the future. For example:

- the individual who achieved that performance may have left the firm
- the manager may have been able to deliver good results when managing a small fund but might not be able to do so as the fund grows
- short-term performance can be particularly misleading. A poor manager may outperform a talented one over a year or two because of luck or unexpected developments (as happened a number of years ago when those who invested heavily in technology stocks appeared, for a while, to have been clever investors). On the other hand, you



So... Another Adviser or St. James's Place Partner?

don't want to wait 5 years to find out that you've chosen an untalented manager, or one who has lost his earlier flair.

The reality is that selecting investment managers is an art as well as a science. Past performance, over a variety of periods, will be one element in judging prospects for future performance.

However there are many other factors to consider, such as:

- the individual handling the fund and the team supporting him;
- whether the firm employs its own analysts, or relies on the analysts of other firms;
- the investment style, principles and disciplines within the firm and the extent to which it adheres to them.

Having selected a firm, you then need to keep it under continuous review, to ensure that the same individual is looking after your fund and that the firm is following its stated principles.

And in an uncertain world, no-one should commit all their investments to one or two managers. By spreading your money amongst managers with different styles, you minimise the risk of one style of investment not working in changed market conditions or of your manager losing his touch.

In summary, the prospect of superior investment performance depends on four factors:

- (1) Selecting good investment managers
- (2) Monitoring those managers
- (3) Changing them when necessary
- (4) Spread and diversification of risk

Which is likely to give you a better result depends on which is able to deal more reliably with the four factors set out below.

1. Who selects the managers?

If you go to another adviser, they can recommend any of perhaps a hundred or so investment management firms offering retail investment funds, but you have to rely on them to select the manager or managers for you.

Would another adviser have the time or the qualifications to choose which managers to recommend? Are they able to interview a wide range of investment management firms, examine their procedures and speak to the individuals who will personally handle the portfolios? Or will they have to make their judgement solely on the basis of published investment performance tables?

For clients of a St. James's Place Partner, the St. James's Place Investment Committee, with the help of consultants Stamford Associates, carefully selects a number of external firms to handle the St. James's Place range of funds.

This is done after careful examination by Stamford Associates of the people and procedures within a large number of firms and face-to-face interviews conducted by the Investment Committee.

Stamford Associates is a leading investment consultancy firm, with a wealth of experience in portfolio analysis and investment consulting.



2. Who monitors the managers?

If another adviser is looking after you, are they able to undertake continuous monitoring? Will they have direct access to the investment departments of various firms? Will they know when a particular manager has been taken off a fund to start a new fund for the firm - or has left the firm altogether? Will they know if the key analysts in the firm have left the company?

Under the St. James's Place Approach, Stamford Associates keep a continuous watch on the investment transactions of the managers and the Investment Committee interviews all the managers regularly throughout the year and keeps in constant touch with all the firms and the actual individuals who manage the funds.

3. Who decides if it is time to change managers - and with what consequences?

If it is another adviser, will they have access to anything other than recent investment performance in making this important judgement? And will the decision be objective, when a change of managers may result in them receiving a significant commission?

When an adviser recommends a change of investment managers, this generally means that you will have to cash in your plan and take out a new one with another company. This will involve charges to you and may have tax consequences for you.

In the case of St. James's Place, the decision will be taken by the Investment Committee on the basis of its continuous monitoring, with input from Stamford Associates, including its analysis of the firm and its knowledge of what's happening in the investment management community.

The fund is seamlessly handed over to the newly selected manager and since you continue to hold the same fund, there are no charges or tax consequences for you.

4. How diversified are your investments?

Can another advisor give you the benefit of true spread and diversification of risk? Do they have the expertise and the detailed knowledge of the investment management market to select an appropriate mix of funds from a number of different providers? Do they have sufficient understanding of the investment styles of various managers to give you the confidence that their styles are truly complementary?

While St. James's Place offers a wide range of specialist funds, it encourages its investors to spread their money between its core 'Managed Funds'. These are funds where the money is invested mainly in the UK and international shares, with an element of fixed interest and cash investments.

The managers of these funds are carefully selected not only for their quality but also to ensure that they have different styles of investment. This means that, by investing across a number of funds, you get not only an exceptionally wide spread of investment but also real diversification of risk.

The St. James's Place Approach to Investment Management - selecting, monitoring and, if necessary, changing investment managers, with diversification through a spread of investment managers - enables members of the St. James's Place Partnership to provide a distinctive service to you, which we believe offers a significantly better prospect for successful investment results.





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The St. James's Place Partnership and the title 'Partner' are the marketing terms used to describe St. James's Place representatives.

St. James's Place UK plc: Registered Office St. James's Place House, Dollar Street, Cirencester, Gloucestershire, GL7 2AQ, United Kingdom
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