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Making Financial Sense

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## Trading places

It's not just about picking investments wisely, it's holding them in the best place

Now that we've entered a new tax year, if you are already planning how you are going to fully utilise your current Individual Savings Account (ISA) tax-efficient allowance, it's not just about picking investments wisely: it's also important to make sure you hold them in the best place.

With this in mind, the Association of Investment Companies (AIC) has taken a look at investment company performance data when the full ISA limit is invested. If you had invested a lump sum of £15,000<sup>[1]</sup> into the average investment company ten years ago, you would now have £38,323.50. This is £6,433.90 more than the same investment in the FTSE All Share, which would generate £31,889.60.

If you had invested £15,000 per year for the past ten years into the average investment company, you would now have £272,811. This is £17,927 higher than the £254,884 you would now have if you invested the same in the FTSE All Share.

### SECTOR PERFORMANCE

In share price total return terms, the highest performing sector over a ten-year period was Sector Specialist: Biotechnology & Healthcare. If you had invested last year's ISA allowance of £15,000 into the average Sector Specialist: Biotechnology & Healthcare company ten years ago, you would now have an impressive £76,363.50. The same investment into the average Country Specialists: Asia Pacific company would now be worth £52,611, and into the average Global Emerging Markets company would be worth £48,982.50.

### ENHANCED RETURNS

Investment companies have a strong long-term performance record, and their closed-ended structure allows managers to take a long-term view. With other features such as the independent board, the ability to gear to enhance returns and their income advantages, investment companies if appropriate to your particular situation should be considered when it comes to making the most of your £15,240 2015/16 ISA allowance.

### MEET YOUR INDIVIDUAL NEEDS

To find out more about how our investment services can meet your individual needs, please contact us for further information.

### TEN HIGHEST PERFORMING SECTORS (£15,000 LUMP SUM, TEN YEARS TO 28/02/2015)<sup>[2]</sup>

| Investment company                            | 10 years   |
|---|------------|
| Overall investment company average            | £38,323.50 |
| Sector Specialist: Biotechnology & Healthcare | £76,363.50 |
| Country Specialists: Asia Pacific             | £52,611.00 |
| Global Emerging Markets                       | £48,982.50 |
| Asia Pacific – Excluding Japan                | £48,285.00 |
| UK Smaller Companies                          | £45,727.50 |
| European Smaller Companies                    | £43,395.00 |
| Europe  | £41,094.00 |
| UK All Companies                              | £40,584.00 |
| Global  | £39,898.50 |
| North American Smaller Companies              | £38,865.00 |

#### Source data:

[1] Calculated using the ISA allowance for tax year 2014/2015

[2] Performance data is share price total return to 28 February 2015 and is mid-market share price with net income reinvested. No buying and selling costs into account. Source: AIC using Morningstar.

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