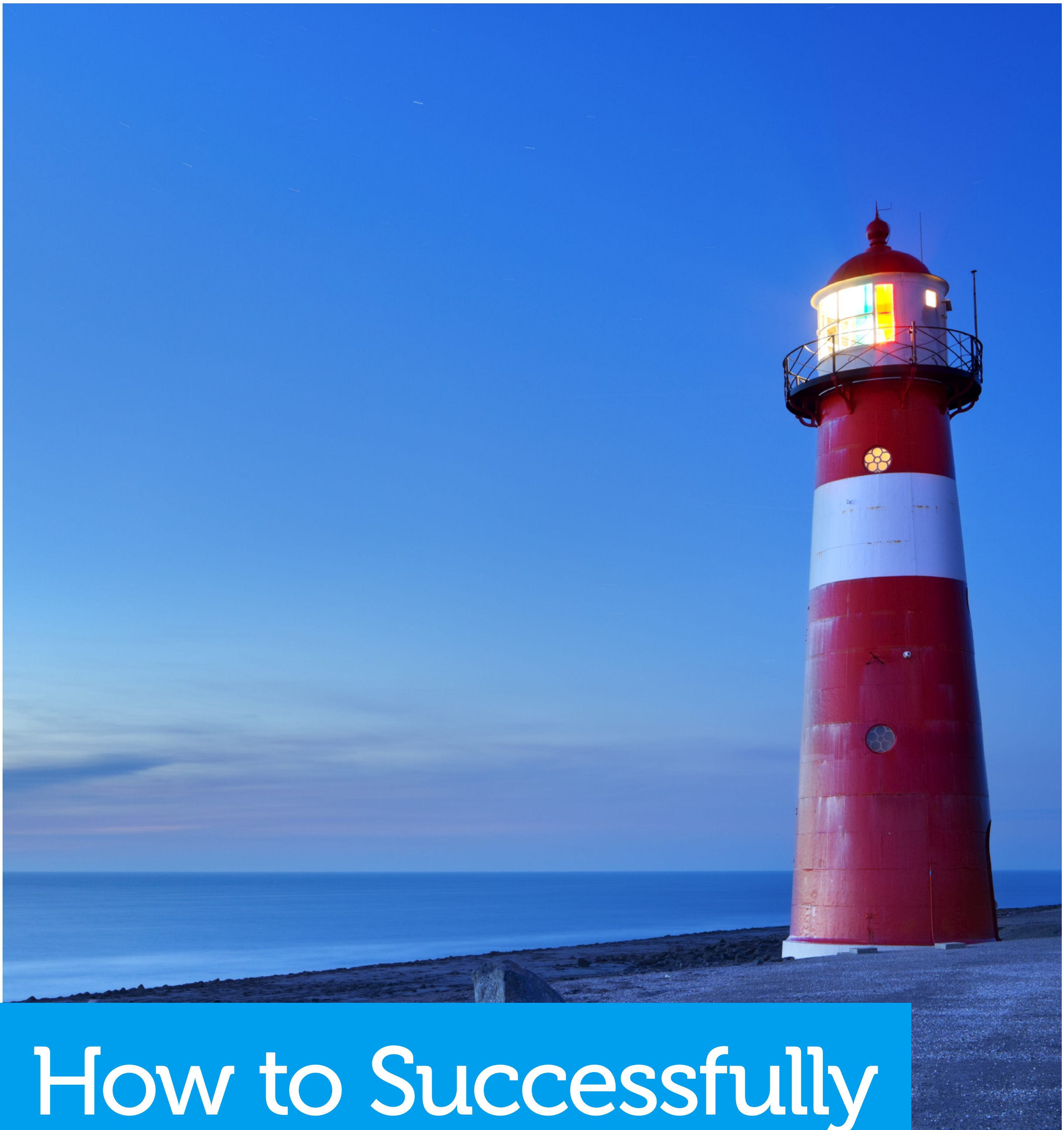

How to Successfully Manage Your Fund Portfolio

ISACO

LET'S GROW WEALTH TOGETHER.

Contents

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The value of a fund and the income from it can go down as well as up so you may get back less than you invested. If your fund invests in overseas markets, changes in currency exchange rates may affect the value of your investment. If your fund invests in small and emerging markets, these can be more volatile than other, more developed, markets. Past performance is not a guide to future returns. Due to the greater possibility of default, an investment in corporate bonds is generally less secure than an investment in Government bonds. Default risk is based on the issuer's ability to make interest payments and to repay the loan at maturity. Default risk may therefore vary between different government issuers as well as between different corporate issuers.

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Introduction

Stephen Sutherland.
ISACO's Chief Investment Strategist and author of *Liquid Millionaire.*

My name is Stephen Sutherland and my passion in life is investing. I was fortunate enough to have instant success when I first got serious about the stock market. That success early on in my trading career made my love and curiosity for the market strengthen. It's now in my blood and I live, eat and breathe the market 24/7. Some would say I'm obsessed and maybe they are right.

In this report we're going to look at how to successfully manage your fund portfolio. The rules are simple: If you manage your portfolio well, it will play a big part in helping you arrive at your financial goals on time. However, if you neglect your portfolio, your returns will probably suffer and that could result in taking longer than expected to reach your objectives. I hope the ideas in this report will help you get more from your portfolio, while avoiding some of the more common mistakes.

In case you are wondering, our clients are ISA and SIPP investors who buy funds for their portfolios and most of the people we work closely with have over £250,000 actively invested. If you are an ISA or SIPP investor with over £250,000 actively invested, this report was written especially for you.

Happy fund investing!

Stephen Sutherland
Chief Investment Strategist and author of *How to Make Money in ISAs and SIPPs*.

The compounding rule

Let's begin by exploring what can happen to your retirement plans if you fail to achieve your target returns. In this example, I've used an investor with a £250,000 portfolio whose aim is to grow their investment account into a million pounds over the next twenty years.

To be successful, the investor's account would have to grow by 7.5% per year over the twenty year period – which is no easy feat. However, it is possible when you have all the correct components in place, such as knowing how to analyse the market's health, how to find good funds and knowing when to buy and when to exit.

The compounding rule is, when you achieve a 7.5% annual return, your money roughly doubles every 10 years. That means by achieving a return of 7.5% each year, £250,000 would turn into £500,000 over the course of the first 10 years, and the £500,000 would grow into £1 million in the final 10 years.

However, if you fail to get a reasonable return on your capital, it is going to take you much longer to reach your retirement goals. For example, if you achieved a 3.75% annual return, it would take you twice as long to get to your goal. Instead of reaching your objective in twenty years, it would take you forty!

Starting amount	Retirement goal	Annual growth rate	Time frame taken to hit retirement goal	Arrived at goal on time?
£250,000	£1 million	7.5%	20 years	Yes
£250,000	£1 million	3.75%	40 years	No, 20 years late.

Courtesy of ISACO.co.uk.

Your chief aim – beating the market

When seeking long-term growth and higher returns for your ISA and SIPP, your main objective should be to beat the market. Beating the market means doing better than a particular benchmark. That it's not easy to do but possible.

Where people's opinions differ is when it comes to what benchmark they are measuring their performance against. In other words, which market, index, or indices they are trying to beat. Our aim is to beat the NASDAQ Composite, arguably one of the strongest market indexes in the world. And with the NASDAQ being such a powerful index, it means it's a difficult task to beat it.

Even though we do try to beat the NASDAQ, our real goal is to outperform the FTSE 100. The FTSE 100 has not been as strong as the NASDAQ in the past, however it has annualised 4.8% since its inception 28 years ago[1]. That tells us that if we can beat the FTSE 100 over the long term, we're going to be blessed with a reasonable rate of return.

Our secret to beating the FTSE 100 by 60.2% over the last 16 years[2] (about 2.4% per year) is because we aim high. By aiming for the stars (to beat the NASDAQ) we end up getting to the moon (beating the FTSE 100). By doing the maths, if we continued to outperform the FTSE 100 at the same rate we have been, we might achieve a 7.2% return over a 28 year period, which would be an excellent long-term gain.

However, this last 16 years has been a sideways trending market and our belief is that we will be able to beat the FTSE 100 by more than 2.4% a year in better market conditions. For example, in the latest uptrend, which has so far lasted 5 years, we are proud to have beaten the FTSE 100 by 5.7% per year[3]. That shows you the possibilities of investing using our method if the market forms an uptrend over the next decade.

[1] Swanlowpark. http://www.swanlowpark.co.uk/ftseannual.jsp
[2] Yahoo! Finance: Cumulative return (December 31st 1997 – December 31st 2013) Stephen Sutherland 91.3% FTSE 100 31.1%. Investment performance verified by Independent Executives Ltd.
[3] Annual returns over 5 year period: Stephen Sutherland 14.5%, FTSE 100's 8.8% (December 31st 2008 – December 31st 2013. Investment performance verified by Independent Executives Ltd.

Four questions you have to ask yourself

My brother Paul and I were recently speaking to a DIY investor and found what he had to say extremely interesting. He told us about a time when he used a tip from a newspaper to pick a fund for his ISA and SIPP portfolio. The tip came from what the investor thought was a credible source and he explained that he was extremely pleased to receive a valuable recommendation at such a low price. However, the challenge came after buying it.

The investor was left feeling uncertain of what to do next. In the end, inertia got the better of him and he just left it alone, not really knowing whether he should keep it, sell it or switch into an alternative. This is not a good strategy. Burying your head in the sand after buying a fund and crossing your fingers and hoping for the best will not help you achieve a good rate of return. This situation is not uncommon. Many investors don't realise that there are four questions that need to be answered each and every day.

If you are unsure how to answer the questions, it's going to mean making decisions based on how you feel and this can result in poor investment choices. The stock market's character can change very quickly and unless you know how to effectively manage and monitor your portfolio, you could get into a spot of trouble.

The four questions you need to ask each and every day are:

1) Should I be invested right now?
2) If yes, should I be fully invested or partially invested?
3) If I should be invested, what should I be invested in?
4) Should I be staying in those investments or making an adjustment?

Question 1: Should I be invested right now?

If the market is in a bull phase, three out of four funds will move up and if the market is in a bear phase, three out of four funds are going to move down. Therefore, you don't really want to be invested in funds during bear markets, when most funds are falling.

Question 2: If yes, should I be fully invested or partially invested?

To answer this, you need to ask yourself, how strong is the uptrend? How's the market acting and behaving right now? How are leading stocks and leading funds acting? Where are we right now in the investment cycle? The key is to watch the market each and every day. It's also important to thoroughly analyse the market when it has closed and pay particular attention to the market's daily trading activity.

Question 3: If I should be invested, what should I be invested in?

This comes down to your objectives and risk profile. We are adventurous investors with an extremely long-term outlook and so our focus is always on investing in the highest quality funds and holding them over the long haul. To find and buy a class fund, we use Morningstar.

Question 4: Should I be staying in those investments or making an adjustment?

This comes down to good management. Each day, you need to analyse the market and the funds you own and make a call if all is well. You will need to compare how your investments are doing by using a benchmark as your performance indicator. Ask the question, are my investments outperforming or underperforming my benchmark? The benchmarks we use are the NASDAQ Composite and the FTSE 100. When we see one of our funds underperform over an extended period, we know the institutional money has rotated out of the sector that the fund invests in. When this happens, we know that it's time to cut loose and find a better candidate. Remember that it's always best to be invested directly in the money flow.

Are you making decisions based on how you feel?

Do you feel confident about answering these four questions? Remember that you will need to ask and answer these questions each and every day throughout the year. Ask yourself, are you thoroughly analysing the market and your investments? Are you making the common mistake and making decisions based on how you feel? These days, many DIY investors choose their own investments, but soon after buying them they have no idea whether to remain fully invested, make a change, or to not be invested at all.

If they are invested, they become confused about whether they should still hold the investments or whether they should be making a switch. Unfortunately, most of them get caught up with the daily swings of the stock market. When emotions are running high and there is a general feeling of euphoria, they unfortunately buy at the top of the market. When markets are at their lows and there is a general feeling of despair and depression, they mistakenly sell.

Could you stomach a more volatile ride?

Your investment journey can be smooth or rocky depending on your aims and what you invest in. Here's a table that explains how your investment aims are connected to volatility, the quality of the ride.

Aim	Ride quality (Volatility)
High returns	Uncomfortable for risk averse investors
Medium returns	Fairly uncomfortable for risk averse investors
Low returns	Comfortable for risk averse investors

Courtesy of ISACO.co.uk.

We aim for high returns. That means the ride quality can be uncomfortable at times, especially for low to medium risk investors. The rule is: the higher the returns, the higher the risk and the higher the volatility.

Collective investments come with a risk rating, which can be found in the Key Investor Information Document (KIID) and is based on the historic weekly price changes of the fund over a 5 year period. Note that the fund company will use proxy data for recently launched funds. The categories on the scale correspond to different levels of volatility. The scale used is as follows:

Category	1	2	3	4	5	6	7
Annualised Volatility	Less than 0.5%	0.5–2%	2–5%	5–10%	10–15%	15–20%	More than 25%

Courtesy of ISACO.co.uk.

For example, funds in category 1 are normally cash based and have seen very little, or very gradual change in price over the last 5 years. Funds in category 6, into which the majority of equity-based funds fall, have seen more rapid changes in price over the last 5 years.

A simple way to lower volatility

If your aim is an annual return of 10–12%, it means you'll probably be purchasing funds with a risk rating of either 6 or 7. This means your portfolio in a typical year will experience price swings from its highs to its lows of up to 25% – or maybe even higher. If the threat of large temporary corrections in your account value doesn't appeal, and you'd be satisfied with a lower annual return in exchange for a smoother ride, we have a solution – you simply pair higher risk investments (adventurous funds) with lower risk investments (cash/fixed interest).

The most critical element of an investor's portfolio

Some of our clients do not share our adventurous nature. Many of them are either close to retirement or in retirement and are more concerned with protecting their wealth rather than aggressively growing it. Instead of aiming for 10–12% annual returns (like us), some are happy with between 3–5% per year and others are looking for an annual return in the region of 7–10%.

Some however, are adventurous like us and their ISA and SIPP portfolios will be made up purely of adventurous funds, which will be the same funds we're personally invested in. However, our clients requiring a smoother ride in exchange for lower returns have portfolios that contain a combination of adventurous funds (the same ones we're invested in), fixed interest and/or cash.

Whatever their return aims, we remind them that the most important part of their portfolio is the equity element (adventurous fund). This is because the equity is the tool you use to help generate your annual return. Our take is that the fixed interest/cash portion of a portfolio serves one purpose only; to help reduce volatility.

The five key things to remember are:

1) Equity funds are what you use to help generate your annual return
2) Fixed interest and cash funds are your tools for lowering volatility
3) Use adventurous funds for the equity fund portion of your portfolio (risk rating 6 or 7)
4) Use Cash Parks and SIPP Bank Accounts for lowering volatility (risk rating 1)
5) If you prefer fixed interest over cash, use low risk rated (risk rating 2 or 3) quality bond funds

A perfect solution for low to medium risk ISA and SIPP investors

If you have a lower risk profile than us and/or a shorter investment horizon, our suggestion would be to use high quality adventurous funds for the equity element (which might be 50%) when creating your portfolio. For the fixed interest/cash portion of your portfolio (the other 50%), our number one preference would be the ISA Cash Park and/or a SIPP Bank Account, which both carry a risk rating of 1.

These are both perfect to be used in combination with adventurous funds. If you have a SIPP, we suggest you use a SIPP Bank Account. If a client preferred to use fixed interest instead of cash as their tool for lowering the volatility, we would suggest they look for a quality bond fund.

A fixed interest fund we like: The M&G Short Dated Corporate Bond A

The fixed interest fund we used to tell our clients about was the Fidelity Moneybuilder Income Fund A-Income-Gross (ISIN: GB0032346800). In the 2003–2007 bull market, the MoneyBuilder Income Fund carried a risk rating of 2 but right now it carries a risk rating of 4, which means its risk rating and its volatility have significantly increased over the last five years.

One fund that we prefer right now is the M&G Short Dated Corporate Bond A (ISIN: GB0031110397), which comes with a risk rating of 3. A score of 3 means that over the last 5 years its annual volatility has been between 2% and 5%, which is very low. Some investors mistakenly think that all bond funds are safe and low risk.

However this is far from the truth and at the time of writing, there are many bond funds that carry risk ratings of 5 out of a possible 7 – and that means their annual volatility over the last five years has been between 10% and 15%. A risk rating of 5 means the fund has been behaving more like an equity fund. Pairing up adventurous funds with fixed interest funds that carry high risk ratings – such as 4 or 5 – is not the best strategy for helping you to lower volatility.

Just remember that your best tool for reducing volatility is cash. Always bear in mind that the equity portion of your portfolio is the most important element – because it's the part that helps you get your return – and the tools to use to lower your volatility need to carry very low risk ratings and ideally a risk rating of 1. And if you are an investor who prefers fixed interest funds over cash, aim to use a bond fund that carries a risk rating of 3 or below.

How much risk are you willing to take?

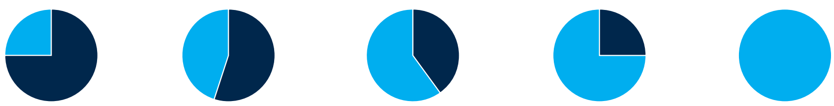
When constructing your portfolio, you could consider one of these five different models: Defensive, Cautious, Balanced, Growth or Aggressive. These are shown just as a guide to give you an idea of how your portfolio could be made up.

	Defensive	Cautious	Balanced	Growth	Aggressive

INCREASING OPPORTUNITY FOR CAPITAL GROWTH

Risk	Lower Risk	Below Medium Risk	Medium Risk	Above Medium Risk	Higher Risk

INCREASING OPPORTUNITY FOR CAPITAL LOSS



Asset Allocations	**25% Equities** 75% Fixed Income/Cash	**45% Equities** 55% Fixed Income/Cash	**60% Equities** 40% Fixed Income/Cash	**75% Equities** 25% Fixed Income/Cash	**100% Equities**

Courtesy of ISACO.co.uk.

As you can see, the level of risk to your capital increases as you progress through the investment model spectrum. In addition, the potential for capital growth over the investment time horizon increases along the investment model spectrum. The selected model will govern your asset allocation and in all instances, we suggest that exposure to equities can be achieved by way of collective funds.

Now that we've covered how to lower volatility and construct a portfolio to suit your requirements, let's move on to some tips and hints for professionally managing your portfolio.

A way to keep it simple

We like to keep things simple. We talk to lots of investors who own far too many investment funds – sometimes as many as 70 or even more! We normally buy about five or six funds and our maximum would probably be no more than eight.

The problem is that if you own too many investments, you can't watch them all closely enough. That means monitoring and managing them becomes a challenge. Sometimes, we find that people over diversify, which can often be a hedge for ignorance. If you over diversify, it will eat into your returns and you'll struggle to beat the market.

How to manage your account: making a switch

Let's look at how switching works and review the three rules.

Rule 1 – In bull markets (uptrend) invest into funds
Rule 2 – If your fund underperforms, switch into another fund
Rule 3 – In bear markets (downtrend) park in cash

Market cycles are continuous. After the bull market is over, the bear market begins. When we believe a new bear market has begun, we switch into cash and stay in cash until we believe the bear market is over. The cycle of bull market followed by bear market continues forever.

Three types of possible switches

Whilst investing, you will encounter three types of possible switch scenarios.

1) Switching from a fund into an alternative fund.
2) Switching from a fund into the ISA Cash Park/SIPP Bank Account.
3) Switching from the ISA Cash Park/SIPP Bank Account into a fund.

1) Switching from a fund into an alternative fund

The first type of switch occurs only during bull markets. This type of switch takes place when you are invested in a fund that you believe is underperforming. When this happens, you have the option of making a switch from the underperforming fund into an alternative fund.

For example:

- The market is in a bull phase
- You own 4 funds: Fund A, Fund B, Fund C and Fund D
- You have a 25% allocation in each fund
- You are 100% fully invested
- Fund D is underperforming
- You make a switch out of Fund D into Fund X
- After the transaction is complete, you own Funds A, B, C and X
- You have a 25% allocation in each fund

2) Switching from a fund into the ISA Cash Park/SIPP Bank Account

This second type of switch occurs when you believe the market has changed from bull to bear. This type of switch will take place when you are invested in funds and believe the market has changed its major trend from up to down. When this happens, you have the opportunity to make a switch from the funds you own into the ISA Cash Park/SIPP Bank Account.

For example:

- The market is in a bull phase
- You own 4 funds: Fund A, Fund B, Fund C and Fund D
- You have a 25% allocation in each fund
- You are 100% fully invested
- A new bear market begins/a major downtrend is triggered
- You make a switch out of Funds A, B, C and D into the ISA Cash Park/SIPP Bank Account
- After the transaction is complete, you are 100% invested in the ISA Cash Park/SIPP Bank Account

3) Switching from the ISA Cash Park/SIPP Bank Account into a fund

This third type of switch occurs when you believe a new bull market has begun. This takes place after a bear market is over and, if you got your timing right, you will be parked in the ISA Cash Park/SIPP Bank Account. When you believe a new bull market has started, you switch from the ISA Cash Park/SIPP Bank Account into a fund.

For example:

- The market is in a bear phase
- You are 100% invested in the ISA Cash Park/SIPP Bank Account
- A new bull market begins
- You make a switch out of the ISA Cash Park/SIPP Bank Account into Funds E, F, G and H
- You allocate 25% to each fund
- After the transaction is complete, you are 100% invested
- After the transaction is complete, you own Fund E, F, G and H

Keeping your switches to a minimum is a smart move

We normally make no more than four switches in a year. As soon as we believe the new bull market has started, we switch into high quality funds. We then remain invested all the way through the bull market and will only switch into an alternative fund if our fund or funds are underperforming. We also remain fully invested in funds during bull market corrections. Bull market correction periods can be anything from 8–25% in depth.

Two ways to add capital

You can add capital as a lump sum or alternatively, you can drip feed it in using a pound cost averaging strategy. If you are a long-term investor, you can also add capital at the same time each and every year, such as the start or end of the tax year. For almost every single year of the 16 years that we've been investing in ISAs, we've added the full ISA allowance in the first one or two weeks of the new tax year.

This means that by April 20th each and every year, our ISA allowance has normally been invested. If we were invested in funds at this time, we'd simply allocate the new capital into the funds we were currently invested in. If we were parked in cash, we'd wait for the signal from the market to give us the green light to invest.

Boosting your returns by strategic buying on dips

Another thing to consider (if you are a long-term investor) when adding capital is strategic buying on dips, which could also boost your returns. To make this work, you need to buy into the theory that markets always go higher. Your buy on the dips rule might be something along the lines of, 'when the market is 10% off its high, you add capital'.

Or it might be, 'when the market is 20% off its high, you add capital'. It doesn't have to be perfect, as long as you are adding when the market isn't trading at its highs. This is a simple but highly effective strategy, however it takes courage to pull it off because when the market is in a correction, you normally do not feel like buying and feel more like selling.

How do you measure success?

There is a psychological game being played by the financial services industry with unsuspecting investors. In general, IFAs, fund supermarkets, wealth managers, banks and stocks brokers don't tell their investor clients how important it is to measure their annual performance. They know that typically, DIY investors forget their losers and focus on their winners. Due to overconfidence, many investors tend to kid themselves into thinking they are doing much better than they are in reality.

The result unfortunately is that most market participants underperform the general market. If the advice industry told their clients to measure their annual performance against a benchmark such as the FTSE 100, they'd end up losing a lot of business. Why? Simply because people using their services would eventually realise that what they were being sold may sound good in theory but in reality, doesn't work.

How many IFAs do you know who tell their clients how they've performed for them and whether their performance has beaten the market? The answer is probably not that many. When you visit fund supermarket sites, how many of them tell you to measure your performance? We don't know one that does and once again, it's because they have to protect their business models.

If you seek growth, this is what you need to do

The investment advice industry is failing miserably in helping investors achieve their financial objectives. If you are seeking growth, our suggestion would be to try to beat the NASDAQ and the FTSE 100 over the long term. This means that the NASDAQ Composite and the FTSE 100 would be your benchmarks. Each year, make a note of the price that both these indexes are trading at, as well as noting your ISA and SIPP account value.

Also, make a note of any additional capital injections, such as annual ISA additions and document any withdrawals you make. At the end of each year, look at what the NASDAQ and the FTSE 100 are trading at and how much your account is valued at. Next, calculate the percentage change of the FTSE 100 for the year. If your account has grown by a larger percentage than the FTSE 100, it is classed as a success. And if it's outperformed the NASDAQ Composite, it's classed as an even greater success.

The idea is to keep a track of your annual performance as you move through time. Do this regardless of whether you are getting help or not. It's important that you know how well or how badly you are doing so that you can either keep on doing what's working, or change your approach – or adviser – because it isn't working.

How to deal with temporary losses

If you decide to invest in funds linked to the stock market, you must prepare yourself for temporary losses. The market does not go up in a straight line and must correct in price from time to time. Sometimes bull market corrections can be quite scary and they hurt. If you make the mistake of checking your account value each day, the short-term sharp drops could make you feel physically sick.

Corrections over the latest bull market have been varied in length and size and the largest one was 22.9% in depth, which began in the spring of 2011. Our belief is that you can only win in the long term if you accept volatility, risk and temporary losses in the shorter term.

A great tip for coping with drops in your investment account

Here's a nice tip we learned. If your losses ever cause you to lose sleep, it means you are probably investing too much money and need to scale down. A good idea might be to switch some of your capital out of the market. Also remember that your investing does not need to be an all or nothing decision. When you begin, you can invest say, 50% and leave the other 50% in cash.

Let's now look at how you would feel if you were to take a big percentage drop on your portfolio. This of course would be what we call a temporary or paper loss. If you are playing the long-term game, the loss should be viewed as a temporary setback. This means that you may have to be temporarily inconvenienced for some time, especially during bear markets. Let's look at how this works.

Imagine that you invested £100 into the stock market. Then the market and your fund heads south over the next twelve months. The net result is your £100 dropping to £70, a 30% drop. How would you feel about that 30% loss? Sitting on a paper loss of £30 may not seem too much of an inconvenience but what if the amount invested was more? What if your portfolio was valued at £250,000?

In this case, sitting temporarily on a paper loss of £75,000 would cause some people tremendous stress and anxiety. On the other hand, people with the right mindset would be more comfortable. Imagine taking a temporary 30% loss on one million pounds. Can you imagine taking a £300,000 temporary paper loss? What's important to understand is that throughout your investing career, you are going to have ugly short-term periods in the market and you need to start preparing now for how you are going to deal with it when it happens.

Winning investors cope with paper losses by thinking long-term and expect ups and downs throughout their investing term. When an adventurous investor aims for double digit gains over the long term, they learn how to deal with temporary losses and see them as nothing more than a short-term set back.

How to preserve ISA and SIPP wealth

You've learned that the ideal aim for the ISA and SIPP investor is to profit in bull markets and protect in bear markets. You've also discovered that bull markets can be seen as the boom part of the stock market cycle and bear markets can be seen as the bust part. Take a look at this table, which will remind you of our approach to investing.

Market description	Type of market	Estimated length of time	Aim	Frequent trading?
Bull market.	Rising.	2–4 years.	Profit – Invest in high quality investment funds.	No, 4 trades or less per year.
Bear market.	Falling.	9–18 months.	Protect – Use a Cash Park/SIPP Bank Account to preserve profits.	No, stay parked in cash for 9–18 months.

Courtesy of ISACO.co.uk.

ISA Cash Parks and SIPP Bank Accounts

You've heard a lot about the ISA Cash Park. You can use the Cash Park to protect your portfolio in bear markets and you can also use it for the times when you have money ready to invest but need more time to pick your funds. ISA Cash Parks are a shelter for your ISA allowance. In an ISA Cash Park, your investment is held as cash and earns interest. SIPP investors who wish to de-risk their portfolio can move money into a SIPP Bank Account.

Tools and resources for the smart DIY investor

We thought we'd end this report by sharing some of the tools and resources that we and our clients use to help us make better informed investment decisions:

Investors.com (www.investors.com)

We like Investors.com a lot. There's loads of free stuff but some of their better content is subscription only. In the subscription only section, they run a daily column called 'The Big Picture', which gives you their take on the market. They do put their neck on the line by telling you whether they believe the market is in a confirmed rally (green light to invest) or whether the market is in a correction phase (park in cash).

The column is useful just to get a second opinion after you've conducted your daily market analysis. Investors.com is part of Investor's Business Daily (IBD), a national newspaper in the United States. Founded in 1984 by William O'Neil, its headquarters are in Los Angeles, California.

IBD provides detailed information about US stocks, mutual funds, commodities, and other financial instruments aimed at individual investors. The Investors.com website provides detailed, concise statistics using earnings, stock price performance, and other criteria to help investors find quality stocks. The information is designed to be used along with William O'Neil's book How to Make Money in Stocks. Our views on how the markets work syncs up with IBD's perfectly.

MarketSmith (www.marketsmith.com)

MarketSmith is a wholly owned company of William O'Neil + Company and an affiliate of Investor's Business Daily. It is a US based service and the stocks in its database trade mainly on the US markets rather the UK markets. It's our personal investment research tool and we love it.

It provides institutional-quality data and allows you to gain access to the same high-quality data used by professional portfolio managers. You could say it's your one-stop destination for superior investment research. You can search for the best performing stocks and quickly analyse the market indexes. The site allows you to access stock charts with a great blend of technical and fundamental data. The research package comes at a cost ($999 US per year) but you can opt for a trial before you buy.

Morningstar.co.uk (www.morningstar.co.uk)

What a wonderful site this is. We've been using Morningstar since it started and we couldn't have outperformed the market without their help. We use the site to search for funds throughout the year and we also use it to help us time our buys. It's easy to set up multiple portfolios (for free) and get daily alerts sent directly to your inbox telling you how your portfolio is performing.

Morningstar UK opened in London in 2000 and launched its individual investor website in 2001. In 2013 Morningstar was voted a 'Top Website to Save You Money' by The Times. The website offers access to and objective information on more than 9,000 funds available to individual investors in the UK and 42,000 stocks worldwide.

The site offers educational guidance and independent editorial content, produced by Morningstar analysts and journalists based in London and around the world. We're proud of the fact that Holly Cook, Managing Editor of Morningstar.co.uk, is a friend of ours.

Fidelity (www.fidelity.co.uk)

We've been a client of Fidelity since 1997 and a user of their FundsNetwork investment platform since it began its operation back in 2000. We not only use the site to track our ISA and SIPP investment portfolios, we also use it for gathering information relating to investing. They also have some really good free guides and reports.

MoneyWeek (www.moneyweek.com)

MoneyWeek is a great free resource to tap into. We have read many articles on their site and all of them have been interesting, informative and extremely well written. Many of our high net worth clients love MoneyWeek and we are yet to hear a bad word about them.

What Investment (www.whatinvestment.co.uk)

We have read many great articles on What Investment. We especially like the content written by the editor, Nick Britton.

Investment Week (www.investmentweek.co.uk)

Time and time again the Google News Alerts service picks up great articles from Investment Week's website. Investment Week provides great content and coverage of the investment market and the site's content is written by a team that has a vast wealth of market knowledge.

Jim Paulson (www.wellscap.com)

Jim Paulsen is an optimist, a long-term bull (like us) and always seems to offer great market insights. Jim is the Chief Investment Strategist at Wells Capital Management. Jim is nationally recognised for his views on the economy. He frequently appears on CNBC and Bloomberg Television programs, including regular appearances as a guest host on CNBC.

BusinessWeek named him Top Economic Forecaster and BondWeek twice named him Interest Rate Forecaster of the Year. His newsletter 'Economic and Market Perspective', was named one of '101 Things Every Investor Should Know' by Money magazine. You can sign up for free to his newsletter, which we always feel is great value.

Bob Doll (www.nuveen.com/Commentary/BobDoll/WeeklyCommentary.aspx)

Bob Doll is Nuveen Asset Management's Chief Equity Strategist and Senior Portfolio Manager. Bob provides a superb 'Weekly Investment Commentary' that we also highly recommend. It's free and packed with great thoughts and key investment-related information.

Jeremy Siegel (www.jeremysiegel.com)

Jeremy Siegel is one of those guys you find hard not to like and he always seems to be smiling. Like Jim Paulson, he's a long-term bull and an eternal optimist. Jeremy is the Professor of Finance at the Wharton School, University of Pennsylvania. Siegel comments on the economy and financial markets: he appears regularly on networks such CNN and CNBC, and writes regular columns for Kiplinger's Personal Finance and Yahoo! Finance. Jeremy has written two books, Stocks for the Long Run and The Future for Investors.

CNBC (TV and App) (www.cnbc.com)

CNBC is a great TV channel and does have some fantastic guests. We also have the CNBC app on our iPads and iPhones. The app is free and it's awesome. It allows you to quickly set up a portfolio of stocks. One thing we like to do is keep a close eye on the stocks that form part of the portfolios of funds we own.

Yahoo! Finance (uk.finance.yahoo.com)

We use Yahoo! Finance for keeping an eye on the various exchanges around the world. If we ever buy funds that invest in UK companies, we set up a portfolio for free on Yahoo! Finance (because MarketSmith does not cover UK stocks) and that helps us track the top ten holdings of the UK funds we own.

Monevator (www.monevator.com)

The UK has a serious shortage of good investment blogs. One blog that's a real gem is called Monevator.

Books

Books are a great resource, especially when they are written by real life investors who have proven track records.

Here are 14 we strongly recommend:

How to Make Money in Stocks – William O'Neil

24 Essential Lessons for Investment Success – William O'Neil

The Successful Investor – William O'Neil

My Own Story – Bernard Baruch

The Battle for Investment Survival – Gerald Loeb

How to Trade in Stocks – Jesse Livermore

How I Made $2,000,000 in the Stock Market – Nicolas Darvas

One Up On Wall Street – Peter Lynch

Market Wizards – Jack Schwager

The New Market Wizards – Jack Schwager

Reminiscences of a Stock Operator – Edwin Lefevre

Big Money Little Effort – Mark Shipman

The Next Big Investment Boom – Mark Shipman

Trader Vic – Victor Sperandeo

Final thoughts

I hope this report will help you manage your fund portfolio more successfully.

If you would like some one-to-one help and guidance, feel free to get in touch. Our clients kindly say that my brother Paul and I are incredibly friendly, caring and highly responsive to their questions and requests for help, support and guidance. What's more, if you call or get in touch, I promise that you won't be charged a penny and you won't be passed on to a junior associate. Instead you will speak to me or my brother Paul, the founders of ISACO and two directors of the company.

Email me direct at Stephen@ISACO.co.uk

Or call me on my private line: 01457 831 642.

Your friend,

Stephen Sutherland

Stephen Sutherland
Chief Investment Strategist and author of *How to Make Money in ISAs and SIPPs*.