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Roads to returns

For advisers and clients, an investment in equities is the driving force behind achieving goals. Five advisers discuss their allocations to equities and the strategies they use to get clients from A to B.

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Financial planning is a feat of expert navigation with the ultimate destination dictating the roads each client travels. Advisers typically plot a route that aligns the asset allocation with the investment objective and the client's ability to endure the ups and downs of risk assets like equities.

Below, we look at how a handful of advisers approach three objectives: accumulation for a long-term goal such as retirement, a medium-term goal such as school fees, and a short-term goal such as drawing an income in retirement.



‘While I believe in managed funds, the preponderance of money in index funds seems to be affecting performance with index fund purchases moving share prices as much or more than company results’

Alan Solomons, director, Alpha Investments & Financial Planning

Greater London-based Alpha Investments & Financial Planning uses model portfolios run by Waverton and Schroder Investment Solutions for accumulation clients. Those

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rated risk 6 on the Dynamic Planner scale hold Waverton Growth and Schroder Strategic Index 7 in equal measure, while risk 7 clients own Waverton Equity and Schroder Strategic Index 8.

'While I believe in managed funds, the preponderance of money in index funds seems to be affecting performance with index fund purchases moving share prices as much or more than company results,' said director Alan Solomons.

When planning for school fees, he keeps a careful eye on tax, sometimes using offshore bonds, which can be assigned to children, or bare trusts.

Where income is required, either to pay school fees or fund retirement, he designs portfolios himself, predominantly using investment trusts that can collectively produce income of around 6% per year. He adds to these the Schroder Income Maximiser and Schroder Asian Income Maximiser. 'Ideally, dividends can then meet the income needs,' he said.

Where this is not possible, he holds two years of income in cash to avoid selling investments in a market downturn.