Its ISA season again and this may be the best time to invest since 2002 but where?

Many people try and run their portfolios or savings accounts by themselves, thinking that they are saving lots of money in fees or commissions. To select funds they rely on newspapers, lunchtime TV programs and sometimes I think a pin, but mostly past performance it seems.

One of the largest DIY investment websites produced its figures for 2008 recently showing some worrying statistics. Ignoring the fact that their profits had increased considerably from around £30,000,000 to £50,000,000 it showed clearly that most of their self-select investment clients had lost over 50% of their capital during the year.

Now the UK market is only (only!) down 40% so why have self-select clients lost more?

Well it seems they have simply opted for the best of the past performance funds, which in early 2008 were the BRIC funds. Brazil Russia India and China. Well Russia invaded Georgia and started turning off the Gas again and that put their market into freefall.

China relies on the USA (and vice versa) and when house prices collapsed and the Americans stopped buying from China, which is suffering with high inflation and thus had to cut back and thus stopped growing and so on and on…

In other words today's winners are not necessarily tomorrow's winners and even the FSA insists that on every letter we write concerning investment recommendations we insert the clause "past performance is no guarantee of future returns etc…"

To me a consistent fund is better than a "flash in the pan fund" or this weeks "flavour of the month" fund or even "guaranteed" ones. Funds that are consistently in the top quartiles of their peer groups are far more interesting to me than the latest faddy fund or those with a guarantee that provided "your granny does not run off with the milk-man" or some such clause they will give you your money back in six years time etc…

A lot of our clients have been asking us lately what they should do about the recession and 9 times out of ten our answer is do nothing. If income is a need then with falling deposit rates we are increasing Corporate Bond holdings to boost their income but otherwise our view is "if it's not broken don't fix it."

If you want to DIY that's your decision and we wish you the best of luck, our website ifac.org.uk has a link to the Funds Network, but in our view there is no substitute for a properly professionally built portfolio with funds selected for good management, consistency, economy and balance (eggs in baskets) and only IFA's can do this from the whole market place.

So see an IFA before April 5th or shortly afterwards for this year or next year's ISAs, its not as simple as investing in last years winner, or with a guarantee that's not worth the paper its written on. It's widely reported that markets grow by 35% in a year or so following a recession and with no tax liability to you now really is the time to invest in the right ISA.