

Life these days is complex but I'm finding lately that some old fashioned sayings are ~ worth their weight in Gold ~.

Take ~ don't put all your eggs in one basket ~ for example, Spread as we call it in the Investment world.

Spread is actually the key to safety when investing money, One needs varying amounts in different types of investments as normally something will be doing well whilst other areas suffer. Government gilts did well whilst the UK stockmarket suffered from the effects of our Bank created recession for example.

Cash is great in the short term but in the longer-term only share or property based investments have a chance of maintaining the value of your assets and producing a rising income.

We recently came across a case where a client went to a Bank who after an interrogation suggested that as the client was a Low to Medium risk investor he put £250,000 of a £275,000 Inheritance in one Managed Fund Bond.

They argued apparently that as the managed fund invested in all sorts of different things this gave a "spread" portfolio.

I've heard nonsense in my time but ~ that takes the Biscuit. ~ To have so much money with one fund manager is simply dangerous. If he/she gets it wrong it's you who will ~ pay through the nose ~ not the fund manager.

A good portfolio not only holds different classes of investment but also uses different fund managers and different tax regimes to reduce risk and provide flexibility in future. On a £275,000 portfolio for a Low to Medium risk investor, we would expect to see as much as £75,000 in cash, in at least two different accounts.

Up to £75,000 in at least two lower risk investments, Distribution or Corporate bonds perhaps and then £125,000 in unit trusts or OEICs, in ISA's where possible, and with up to ten different fund managers, investing primarily in the UK, but also in America, Europe and with a modest amount in the Far East and China. Overall ~ looking at the big picture ~ this produces a Low to medium risk portfolio and gives the opportunity for some real growth in future.

With money in at least 14 different places, spread around the world, with 14 different Institutions that is a "balanced" well spread portfolio, not £250,000 in one managed bond, where ~ you can't see the wood for the trees ~.

So ~ look before you leap ~ if you receive advice suggesting a very large percentage of your funds in one investment, get a second opinion from an IFA, after all it's you ~ who pays the piper~