

## **Wrap-up, It's Chilly off the Platform!**

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A growing trend amongst savvy investors is to place all their holdings in a “wrap account”, sometimes referred to as “putting them on a platform”. “Fund supermarkets” are part of this.

“What does all this mean, how will it benefit me and what will it cost?” you may wonder.

Commonly, investors have a “rag-bag” of miscellaneous investments accumulated more by chance than design, or more-accurately as a result of effective “one-hit” salesmanship, or impulsive “off-the-page” purchases from advertisements. But this is not the way to structure, monitor and control a sensible portfolio as part of a coherent long term financial plan. My job of analysing such portfolios often resembles an “archaeological dig” through past “flavours-of-the-month” as investors were variously sold once-fashionable holdings in, say, technology/dot-com. funds, zeros, precipice bonds, with profits bonds, high-yield corporate bond funds, index-trackers etc. They often have no idea why they bought these, or sometimes even what they have, what they paid for them and what they're worth – and gleaning this information is time-consuming and expensive especially if the only records are dusty old certificates and policy documents stuffed into a drawer! Often, the provider has ceased to exist due to the rash of mergers and name-changes that have been occurring over the last decade or so. The money hasn't gone, but finding it is difficult!

The UK market is now catching up with Australia, which pioneered wrap-accounts over a decade ago, and where they are now the norm. In a wrap, you place all of your holdings (cash deposits, shares, units, pensions, policies etc.) onto one administrative platform, so that you can see on a single screen, live online, all of your holdings. It matters not that they may be with lots of different companies. You don't have to sell them and suffer penalties and new set-up charges to move the holdings onto the platform, nor incur Capital Gains Tax.

You can see the names of the funds, the investment managers/providers, the date and cost of purchase/investment, the current holding, price, valuation, even the current gain/loss, so that Capital Gains Tax calculations can be done more easily. Prices can be updated in real time so that you know your valuation is up to date, and you can see at a glance what you are worth.

Of course, if you don't like computers, you can still use wraps, through me, and I can print off paper statements upon request in the same way.

Furthermore, you can trade online – or instruct me on your behalf; instead of having to rely on slow paper forms and the Royal Mail to conduct transactions. Because of the savings in administrative staff and paperwork, this trading can be done more cheaply now. Of course your funds are secure & confidential.

It gets better – some wrap-linked software tools enable you/me to analyse your entire wrap portfolio as to asset classes (equity, gilts, cash, property etc.), geographical spread, investment style (growth/value; large/small cap), and even reveal duplication of shareholdings across different fund holdings, through a process called “X-Ray analysis”.

This information can be incorporated into the Holistic Financial Planning process, to ensure that over your whole portfolio you have an appropriate asset-allocation and risk exposure for your targets, that you can forecast the requisite target investment returns to meet your goals, monitor continually, and maybe “take a reality check” to re-appraise your expectations if your goals appear unachievable.

**Action: Don't be left out in the cold and let your investments go off the boil – Wrap Up!**

