



## **MFP News December 2011**

I'm struggling to believe that 2011 is nearly over.

Since the last newsletter, I have had approval from the Financial Services Authority to extend my permissions to cover pension transfers from occupational schemes. As a result I've just advised on a £2.3m transfer from a defined benefit scheme to a Self Invested Personal Pension. Obviously there are pros and cons associated with this but my job is to make sure that any transfer decision is fully informed and takes account of the risks and benefits.

### **MFP – the video**

I've also made a video entitled Get What You Want Out of Life which looks at the 3 stages of the Financial Planning Process: Design, Build and Maintain

Follow the link below to watch the video and please pass the link on if you know anyone who might be interested:

<http://www.youtube.com/watch?v=JH6nVbq2PXs>

### **2011 – in performance**

It's been a fairly tough year from an economic point of view. The table below shows the performance of various asset classes over the last 12 months. I've used funds that I commonly recommend to illustrate this.

Sector	Fund	Performance
Bonds	M&G Strategic Bond	9.12%
Property	L&G UK Property	3.62%
UK Equity	Fidelity Moneybuilder UK Index	-6.26%
North American Equity	Black Rock North America Tracker	-0.64%
European Equity	Black Rock Continental Europe Tracker	-17.97%
Japanese Equity	Black Rock Japan Tracker	-12.31%
Far East (ex-Japan)	First State Asia Pacific Leaders	-5.70%
Emerging Markets	Aberdeen Emerging Markets	-10.17%

The performance is for a 12 month period from 20 December 2010 to 18 December 2011 with all income reinvested.

Clearly these will be long term investments and it's not the 12 month performance that matters but this does give a picture of how performance has varied. Equity markets have had a tough year and clearly Europe has been hardest hit as well as sectors which are exposed to the Eurozone. It pays to have some balance in your portfolio as Bonds and Property have fared better.

However, this is not a time to exit markets but a time to sit tight and ride out the storm. If portfolio changes are being made I would advocate a gradual realignment.

It also shows the importance of having an investment strategy which makes allowance for your plans. For example, if you were planning to retire in 2012 you need to think about this 4-5 years in advance so you aren't having to sell European equities, for example, at the "wrong" time. Of course nobody knows the right time but a phased approach will help reduce the risk of selling at the "wrong" time.

As this is the last newsletter of 2011, have a nice festive break and best wishes for 2012.

Will