



Get Rich Slowly: All roads lead to Rome

Making an investment portfolio greater than the sum of its parts...

Update
01 November 2024

There's no doubt that streaming services have made the music listening and television viewing and owning experience much better, connecting us with all the albums, TV series and movies we want at the click of a button.

Gone are the days of having to store a collection of CDs and DVDs (I'm only just old enough to have owned a few cassette tapes and VHS) on racks around your house.

Yet, it's also brought about lots of complexity. Instead of just having a few free channels plus a Sky TV box for the rest of your viewing pleasure, you most likely now have subscriptions to at least three, perhaps many more, different services, such as Netflix, Disney+ and Amazon Prime.

So, too, is the case with your personal finances. Technology has made it much easier to find the best savings rate or the cheapest investment platform for your needs. Yet, it also means your accounts are spread around lots of different providers, making admin harder.

I counted 10 different providers, across my savings accounts, premium bonds, three different types of ISAs and a personal pension, not to mention the five different betting accounts for my main hobby outside of work, betting on the horse racing.

I've only recently started properly tracking my total portfolio and the Google Doc is already pretty unwieldy (I'm sure there's an app for that, but sometimes analogue is more satisfying).

Now, to the point of this blog. Until I've started my financial admin spreadsheet, my stocks and shares Isa and my personal pension were two completely different accounts with only minimal overlap in holdings, leading to a whole portfolio that made little sense.

The question is, if I have essentially the same long-term objective for each only with a slightly different time horizon, should they not invest in the same things?

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Dilemma

Some people use their pension for the proper, long-term, retirement-funding investments they make and use their ISA for shorter-term 'punts', or 'fun money', as some might say.

My fun money, though, as alluded to earlier, is mainly in my betting accounts (don't worry, it only accounts for 3% of my total portfolio – and, sadly, it's performing better than my investments).

The (hopefully not-at-all ambitious) plan is to have the ISA available just in case we want to retire early (which we absolutely will do, assuming we can), and to spend that before dipping into the SIPP once we hit 80, or whatever our retirement age actually is when we get there.



So, if the ISA's time horizon is only, say, five years less than the SIPP, shouldn't they be the same portfolio? I think that they should be, broadly. To that end, I've been trying to marry them up a little bit.

The holdings that got me thinking about this are within my UK smaller companies basket of funds, which, my employer will be pleased to hear, contains five investment trusts. Two of these are run by the same fund group: **BlackRock Smaller Companies (BRSC)** is in my SIPP and **BlackRock Throgmorton (THRG)** is in my ISA.

There's a dilemma faced. THRG was the first of these that I bought. That was in mid-2021, so it's currently showing a 30.5% loss on my initial investment. Perhaps that's the reason why I decided to add BRSC in my SIPP instead of its stablemate.

I've yet to decide what to do with THRG. Like most people, and perhaps wrongly, I'm loath to lock in a loss as big as that and I do still like the trust's mandate. What troubles me is that a fund that is able to short companies (essentially bet on their share prices falling instead of rising) performed so badly when the market fell.

Sure, all UK smaller company investment trusts and funds fell as a result of a sharp hike in interest rates. The FTSE Small Cap was down more than 28% between 12/08/2021 and 13/10/2022. Yet, THRG was the second worst performer in the sector, losing 47% in share price total return terms. I'm yet to decide THRG's fate.

An alignment of investments

My global large-cap and non-UK small-cap baskets of funds are pretty much aligned now, with the exception of one fund in each basket. I have strong conviction in the managers of funds such as Evenlode Global Equity, Schroder Global Recovery, De Lisle America and **Smithson (SSON)**.

I'm yet to decide on the fate of the WisdomTree Global Quality Dividend Growth ETF and **Global Smaller Companies (GSCT)**. I suspect that the latter will be kept and at some point, when compliance allows me to, the former will be sold.

One basket that I do want to address is my hodge-podge global emerging markets holdings, where I invest in four funds, only one of which – **Fidelity Emerging Markets (FEML)** – is in both my ISA and SIPP.

The other three funds all have something to recommend them. The newer positions in **Pacific Horizon (PHI)** and Jupiter Asian Income are still being built up, so will definitely be kept and become my core alongside FEML.

The oldest holding of them all, **Mobius (MMIT)**, is the most at-risk of being sold from my ISA, since I have no desire to add it to my SIPP.

Then there's the decision on whether to add my two private equity and four infrastructure holdings to my ISA, and whether to add my two flexible, multi-asset trusts to my SIPP. Those decisions will be considered further in the coming weeks.

I've been considering changing our viewing habits and rotating through different video streaming services, say every quarter, so that we're only paying for one of them at any one time, instead of five all at once.

I can't do this for my personal finances, but I have changed the way I assess my portfolio to a more holistic approach which will, hopefully, reduce the number of holdings and lead to better, more consistent outcomes when it comes to retirement.



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