Get Rich Slowly: How I invest my money

Our investment specialist reveals the winners and sinners in her portfolio...

Update
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When the idea of lifting the lid on our personal investment portfolios was first floated a couple of months ago, it seemed like a really good idea. An investment-inspired Neighbourhood Watch for the perpetually nosy amongst us, with a head-to-head competition against my colleague David thrown in for good measure. Yep, I was totally up for that.

Flicking through my investing app in the cold light of day, the folly of my decision quickly dawned on me: this would be less an exercise in self-aggrandisement of my investing prowess and more a ritual (and rather public) humiliation. When you write about investing for a living, there's really no excuse to practise what you preach.

But desperate times called for desperate measures and thus I harnessed my inner Baldrick to hatch a cunning plan. We have an impressive team of analysts at Kepler and, with David safely ensconced in a meeting room, I furtively tapped up Thomas, our head of research, for his feedback and some red-hot tips. Having printed out my portfolio to the groans of our office printer, he took one look, muttered, "There's diversification and there's that" and walked off laughing. Not exactly the unequivocal vote of confidence I was hoping for.

So, without further ado, cometh the hour, cometh the (wo)man. If nothing else, this public quasi-confessional (my name is Jo and I hold 66 different investments...) should inspire me to turn my portfolio into a lean, mean investment machine over the coming months.

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Where I've invested my money

Why I'm investing

My portfolio is split across a stocks & shares ISA and self-invested personal pension (SIPP), both with Hargreaves Lansdown. It's easy to take a long-term view with a SIPP as you're prevented from dipping into the money until you're a hundred (possibly a slight exaggeration) but my ISA also needs to play the long game as the capital vehicle for my interest-only mortgage.

This does mean I have a lot of my eggs in the investing basket but I'm a firm believer that equity-based investments should deliver superior returns over the long-term. I'm also comfortable with a higher-risk, equity-heavy portfolio, not least due to the bloodbath in bond markets in 2022 although I may consider upping my fixed-income exposure in the future.

Actives or passives?

I'm a big fan of active funds: yes, I know that passives often outperform actives, particularly in highly-concentrated markets such as the US, but I'd argue that often ignores the degree of outperformance of the top-performing active funds.

As a result, 85% of my portfolio is invested in active funds, split roughly one-third in investment trusts and two-thirds in OIECs. While I've held investment trusts for a while, I've upped my holdings since I started working at Kepler – partly as we're fortunate enough to speak to fund managers first-hand but also due to the potential upside of discounts narrowing in the future.

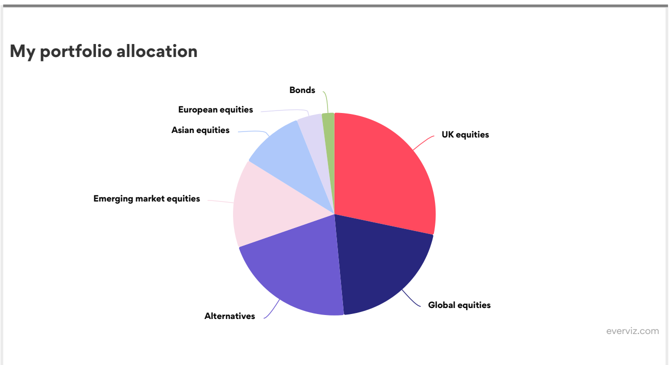
I have around 10% of my portfolio in ETFs. I'm not a huge fan but I can understand the appeal of a low-cost tracker on the basis that a rising tide lifts all boats. Most of my ETFs are commodity and infrastructure related but I also hold a FTSE 250 and All-World tracker.

Finally, I hold 5% in individual company shares. There's something quite satisfying about picking a company-specific winner but I've been scarred by a few poor calls on that front so I'd rather stick with a professional stock-picker, particularly in less-researched markets.

Where I've allocated my portfolio

Looking at my overall allocation, my largest allocation is to UK equities, and small-caps in particular. We've been banging the drum for UK equities for quite some time and, despite the recent pick-up, valuations still look compelling (relative to history and their peers) and we have our fair share of exciting companies in high-growth niches.

Fig.1: My Portfolio Allocation



While I don't hold many US-specific investments, I have US exposure through tech and healthcare funds such as Fidelity Global Technology, Polar Capital Healthcare and Sanlam Global Artificial Intelligence, as well as a rather ill-timed investment in **Pershing Square Holdings (PSH)**.

I also have a significant allocation to alternatives, split roughly equally between commodities, infrastructure and private equity. I like the secular growth drivers for the commodities sector given the vast quantities of minerals needed for the net-zero transition so I've bought BlackRock Natural Resources and the iShares Clean Energy, Oil & Gas Producers and Semiconductors ETFs, amongst others.

I started investing in infrastructure as an inflation-hedge during the spike in 2021 but I still feel it has long-term merit given the upgrade needed to support renewable energy, so I've held onto my Xtrackers and iShares infrastructure ETFs in the hope that falling interest rates prove a tailwind for returns.

I'm also a fan of private equity given the declining number of companies in public hands. Around 90% of US companies are now private so I've added US exposure via **NB Private Equity Partners (NBPE)** plus an iShares Listed Private Equity ETF for good measure.

Finally, I've invested a quarter of my portfolio in Asia and other emerging markets to capture the long-term growth drivers of a burgeoning middle class, improving macroeconomic fundamentals and the China + 1 friendshoring strategy. Amongst others, I own **JPMorgan Emerging Markets (JMG)**, Jupiter India, GS India Equity Portfolio and Baillie Gifford's Emerging Markets Growth and Leading Companies funds.

Winners and losers

As they say, the proof is in the pudding so these are my most and least successful investments to date…

Topping the list is a 600% profit on Hargreaves Lansdown shares (which I bought on its 2007 IPO), 300% plus on Fidelity Global Technology (since 2016) and UK small-cap specialist **Rockwood Strategic (RKW)** has rewarded me with a 140% profit over the last 3 years. As a big fan of UK equities, it's nice to see some healthy returns beyond the Magnificent Seven.

At the other end of the scale is **Baillie Gifford China Growth (BGCG)** which is down by 65% (even after its recent bounce). I bought it in early 2021 ahead of the supposed 're-opening' of the Chinese economy that didn't quite materialise. Next up is a 60% loss on Saga (whose cruise business ground to a halt during the pandemic) and a 30%-odd hit on **Scottish Mortgage (SMT)** which is still clawing back its near-40% fall in 2022.

And that's probably enough navel-gazing for one week. My colleague David can rest easy in the knowledge that he's off the hook as far as 'diworsification' goes and it's time to do some serious consolidation before I have to bare my investing soul in the next article…

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