



A DAM LTD MEDIA RELEASE



**Moneyspider.com**

**P R E S S   R E L E A S E**

FOR IMMEDIATE DISTRIBUTION

30 July 2008

**TOTAL EXPENSE RATIOS CAN SERIOUSLY  
DAMAGE YOUR WEALTH:  
MONEYSPIDER.COM WARNS ON ESOTERIC  
CHARGES DECIMATING PROFITS**

- *Wildly differing TERs leaving investors severely out of pocket*
- *Data analyst Moneyspider.com sounds alarm over stealth fees*

**THE HUGE** difference in charges levied by fund management companies is punching a gaping hole in private investors' profits, warns fund ratings analyst **Moneyspider.com**.

New research has found that the so-called Total Expense Ratio (TER) – designed to provide investors with a clearer picture of the annual costs involved in running their fund – varies wildly between fund managers.

The TER typically consists principally of the manager's annual charge, along with a range of ancillary costs for professional fees and services such as trustee fees – and they can cost investors literally thousands over a ten year average investment period. Some funds even have exit fees to further dampen returns.

**Moneyspider.com's** research reveals that some well known funds with grim performance over a standard five year investment period are also among the worst offenders in terms of their TERs.

“For example, the popular **AXA Framlington** Global Technology fund has a high TER of 2.44 and has just managed to scrape growth of 24.5 per cent over five years,” said **Moneyspider.com's** Tony Ahearne.

“But if you look at another really popular fund, **Invesco/Perpetual's** World Growth Portfolio fund, this carries a lower TER of 1.91 - **AXA Framlington's** TER is almost 25 per cent higher – and has also delivered a blinding 62.9 per cent profit over the five years,” he said.

“While these fund examples may be in different sectors and can have radically different performance track records, the point is that high TERs can seriously damage your wealth,” he added.

“Old Mutual's Select Managed has one of the lowest TERs around, just 1.77 per cent, and it has grown by 52 per cent since July 2003.

“Compare this to say **New Star's** Technology Unit Trust, which carries a TER of 2.45 per cent and has returned a shocking four per cent growth over five years – meaning investors have lost money because of inflation – then you get to see how the high TER charge compounded by lousy performance is creating real problems for investors,” added Ahearne.

“We recommend that investors ask their fund manager for a precise breakdown of **all** fees, paying particular attention to the TER.

“A figure of around 2.95 may sound innocuous, but when added up over the years can significantly dent returns,” he warned.

Another big name, dreadful performer and high charger is Scottish Widows Japan Select. A £10,000 investment over five years will have brought investors not only a loss of 0.8289 % (£82.29) but will also have incurred a further loss of 2.17 % per annum in TER.

So £9,917.11 less 10.85% (five times 2.17%) equals a further £1,076 loss, meaning that after five years the £10,000 investment would now be worth only £8,841.10. It is a lose-lose situation for investors in this fund.

“If in doubt, it is probably best to get out,” said Ahearne. “Because even if investment performance improves, a fund with a high TER is always going to be hampered by the impact these charges make over the years.”

**Moneyspider.com** is designed to appeal to investors at all levels, is a comprehensive yet easy-to-understand fund monitoring tool delivering personalised reports, including valuations and ratings on each investor's individual fund, all updated on a daily basis.

**Moneyspider.com** has no registration fee and the service not only rates the performance of each of the client's own funds but also shows a comparison with the top five funds in the same sectors. It also shows the top-performing funds from all sectors, so **Moneyspider.com** investors can see where the real profits have been.

“Keeping a close eye on your fund's performance is crucial in these uncertain times - in rapidly changing market conditions, as we are currently experiencing, knowing how a specific fund in which you are invested is performing and – equally important – how other funds compare, is simply good financial common sense,” said Ahearne.

Further details on the mechanics of Moneyspider.com can be found at [www.moneyspider.com](http://www.moneyspider.com).

- ENDS -

**General enquiries:**

Moneyspider.com

[www.moneyspider.com](http://www.moneyspider.com) / 01784 264220

**Media enquiries:**

Tony Ahearne, Media Consultant  
Moneyspider Limited

020 7630 9696

Cathy Tully, Consultant  
David Andrews Media Ltd  
[cathy@davidandrewsmedia.co.uk](mailto:cathy@ davidandrewsmedia.co.uk)

01273 774109 / 07747 196854

David Andrews, Director  
David Andrews Media Ltd  
[david@davidandrewsmedia.co.uk](mailto:david@davidandrewsmedia.co.uk)

01273 774109 / 07941 255855

**Editor's notes**

Moneyspider.com was launched in April 2004 and is an independent investment research and information company for private investors. Moneyspider.com constantly monitors all 2,000 or so funds available to UK investors and provides online personal reports that are updated on a daily basis showing current valuation and performance of all funds in one place.

The Moneyspider service can only be provided to those investors who already have Unit Trusts or OEICs (Open Ended Investment Companies) including ISAs and PEPs. Moneyspider doesn't move or change the investments in any way; they remain as they are - with the same Fund Managers.

The Moneyspider Rating® provides a unique assessment of the performance of each fund measured against four key parameters:

- **Sector ranking:** a comparison with all other funds in the same sector as your fund (based on the sector definitions used by the Investment Management Association).
- **All funds ranking:** a comparison with all other 2000 or so Unit Trusts and Open Ended Investment Company funds available to UK investors.
- **FTSE 100:** a comparison of the total return of the fund with the total return of the FTSE 100 index (comprising the UK's 100 largest companies), providing a consistent benchmark for each fund.
- **Cash:** a comparison of the fund's performance with the return from an equivalent amount deposited in a 90 day non-high interest access account.

Moneyspider.com's unique computer system calculates the results, with specific weightings allocated to each of the four categories, with each one analysed and compared

over 1, 3 and 5 years. Although the rating is generated from a highly complex, computer-based performance analysis, involving 34 separate computations, it produces a simple and straightforward result; scoring each of your funds from A (a very high rating) to E (a distinctly poor rating).

Behind these easy-to-understand ratings is a percentage score which is calculated to four decimal points. Each day Moneyspider.com's system calculates this percentage score for every single one of the 2000 or so funds on our database, thus providing a comprehensive ranking for all funds. The 'Rank in Sector' for each fund on the Moneyspider Report, is based on the ranking of these percentage scores.

Moneyspider.com is an appointed representative of Anthony, Bryant & Company (Investment Consultants) Limited of 25 Eccleston Square, London SW1V 1NS, which is authorised and regulated by the Financial Services Authority. The contents of this press release are not intended, and should not be construed as, advice, a recommendation or as an inducement to buy or sell any investment. Moneyspider.com relies on information regarding investments that is provided by third parties and accepts no liability (including that arising from negligence) for the accuracy of such information.