

NEWS RELEASE

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## INVESTORS BLINDED BY BIG BRAND FUND MANAGERS

**Moneyspider Rating®** shows difference between Gems and Duds - in real terms

Choosing the wrong fund when investing with big brand fund managers like Fidelity and Jupiter could cost investors as much as £5,875 over five years, according to online fund information and ratings service, **Moneyspider.com** (see table below).

According to **Moneyspider (www.moneyspider.com)**, an individual investing £5,000 into Fidelity's European Fund five years ago would have seen their holding grow to £8,570. Invested in Fidelity's American Growth Fund, over the same five year period<sup>1</sup>, that £5,000 would now be worth just £2,695, underlining the risks of investing on the basis of perceived confidence in the brand.

### **Bill Ross, Managing Director of Moneyspider said:**

*"Many investors are deluded into thinking that buying from a big brand fund manager will in some way protect them against selecting a poorly performing fund. The big brand managers offer many great funds, but they're also marketing plenty of duds. Just because one fund is a top performer, doesn't mean it applies across that fund manager's range. Investors need to look beyond the brand and more closely at the underlying fund. They also need to take a closer look at the funds already in their portfolios."*

But Ross concedes that selecting and monitoring funds is a difficult task for most investors:

*"With over 2,000 funds to choose from, selecting, comparing and keeping track of investments is difficult, for even the most astute of investors. How likely is the 'average' investor to know the difference between the Fidelity Special Situations and Fidelity American Special Situations Funds?"*

To take some of the pain out of fund selection and comparison, **Moneyspider.com** has devised a unique system using an algorithm of 34 computations to rate funds, in a very simple manner, from A (best) to E (worst).

### **How does it work?**

The **Moneyspider Rating®** monitors and ranks 2,000 unit trusts and OEICs, providing a ranking for all funds, and a 'Rank in Sector' rating for each fund, telling investors what the fund management companies won't – how their fund holdings compare with their peers.

The **Moneyspider Rating®** assesses the performance of each fund over 1, 3 and 5 years, comparing it with the FTSE100 and how that capital sum would have done had it been held in cash (i.e. a secure deposit account). It gives investors a **current valuation on all the funds they hold, at the same point in time.**

The **service is provided to the investor at no additional charge**, being funded by the annual renewal commission usually paid by the fund manager to the financial adviser.

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<sup>1</sup> Source: Moneyspider.com/Financial Express, as at September 28, 2005

Moneyspider targets any investor with an ISA, PEP or Unit Trust who isn't receiving impartial information on the performance of their funds; who isn't getting a good ongoing service from their IFA; or who doesn't have an IFA

## Commenting on the retail IFA market, Bill Ross concludes:

*"It's simply not economically viable for IFAs to provide a quality service to clients with smaller portfolios. The average investor holds £17,000 in ISAs & PEPs, and that provides an adviser with an annual commission of just £75. The numbers speak for themselves – no IFA can justify providing a quality service, on an ongoing basis, for this little reward."*

*"Over the years, many investors have bought ISAs and PEPs from direct mail or from their bank and do not have an IFA servicing their needs. Many have bought investments directly from fund managers who are certainly not going to disclose how their fund performance compares with that of their competitors."*

*"Consequently, many investors have money sitting in poorly performing funds, but have neither the knowledge nor resources at their fingertips to do anything about it."*

## The difference in Fidelity's Top 5 and Bottom 5 funds according to the Moneyspider Rating®

### Top 5 funds

Name of Fund	1 year	3 years	5 years	MS Ranking	MS % Ranking	£5,000 after 5 years
Fidelity European	40.0%	117.2%	71.4%	A	98.7249	£8,570
Fidelity Special Situations	28.6%	97.9%	94.3%	A	97.7214	
Fidelity Emerging Markets	55.9%	118.7%	50.9%	A	92.0758	
Fidelity Pacific ex Japan	37.1%	88.3%	36.8%	A	90.775	
Fidelity South East Asia	34.8%	74.0%	30.7%	A	81.1474	

### Bottom 5 funds

Name of Fund	1 year	3 years	5 years	MS Ranking	MS % Ranking	£5,000 after 5 years
Fidelity America	18.7%	35.1%	-27.0%	C	43.6955	
Fidelity American Special Situations	17.5%	33.6%	-34.1%	D	37.9860	
Fidelity Japan	23.5%	43.1%	-30.9%	D	37.2696	
Fidelity Managed International	24.5%	36.6%	-30.8%	D	30.3232	
Fidelity American Growth	16.4%	25.5%	-46.1%	E	25.8104	£2,695

Source: Moneyspider.com/Financial Express, as at September 28, 2005

## If you would like to discuss Moneyspider.com in more detail, please contact:

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## Notes to Editors

### ***Moneyspider*** Limited

***Moneyspider*** provides investment research and funds information to private investors, helping them to make independent and informed decisions. ***Moneyspider*** operates independent of any fund management group.

The ***Moneyspider*** service was launched in April 2004, with a choice of paper based and online registration. Over the last year, the registration process has been streamlined and simplified and is now available only online.

The seemingly simple ***Moneyspider Rating***<sup>®</sup> is produced by converting a sophisticated proprietary algorithm of 34 computations into a % score, calculated to four decimal points, which is then ranked into one of 5 easy-to-understand ratings - from A (highly rated) to E (very poorly rated). The ***Rating*** is calculated against a daily information feed, provided by financial services data collector and solutions provider, Financial Express.

***Moneyspider*** neither advises on nor sells investments. ***Moneyspider*** does assist with switches or purchases on an execution only basis, and rebates 50% of all introductory commissions to the investor, the other 50% retained to cover administrative costs.

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