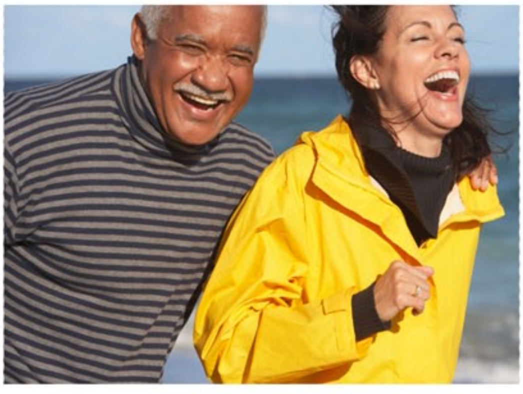
How to Achieve Your ISA and SIPP Goals and Pay Less in Fees




ISACO

LET'S BUILD WEALTH TOGETHER.

Dear friend,

Let's start with some key questions just to make sure this report is for you.

1) Do you have a Stocks and Shares ISA and SIPP portfolio valued in excess of £100,000?

2) Are you looking for expert investment guidance in helping you achieve maximum capital growth on your ISA and SIPP account?

3) Do you have a 12-15% annual return target over the next five to ten years?

4) If you are currently using an adviser, would you like to see a saving in fees?

5) Are you looking to partner with a firm that focuses on forging close long-term relationships with its clients?

If yes, you may find value in this report.

Today I'm going to share with you how ISACO could help you achieve your ISA and SIPP goals and at the same time pay less in fees.

When showing the comparison between ISACO and traditional advisers, I use an individual with a £250,000 portfolio size due to many of our clients having a similar account size when they join us.

Before we move on to taking a look at the comparison table, let me point out that we are regulated by the financial services authority however we are not financial advisers who offer financial advice.

Instead we are a firm that specialises in providing long-term capital growth guidance using Stocks and Shares ISAs and SIPPs. Our company ISACO offers a 'premium investment guidance service' specifically aimed at investors looking to boost their ISA and SIPP investments over the next five to ten years.

There are three differences between ISACO and a typical financial adviser:

1) Capital growth aims

2) Client fee structure

3) Client care

1) Capital growth aims

Performance is everything. When you achieve strong performance, you arrive at your goals on time but without it, you won't. Traditional advisers generally aim for 7% annual growth for their clients because this is roughly the rate of return of the stock market over the last century.

However the statistics say that unfortunately 80-90% of advisers will underperform the market. Why? Our opinion is they fail because most advisers are not successful full time professional investors who study and understand the science of the markets. Many advisers are simply a "commissioned salesperson" which can often result in a conflict of interest.

The challenge with the investment advisory industry today is too many advisers have hidden agendas and act in their own interests instead of the best interests of their client. For example many advisers are not impartial and recommend to their clients products that generate high commissions for themselves. Other 'tricks' unscrupulous advisers use is over trading on client accounts, known as 'churning' which boosts the advisers bank balance, but eats into client returns and results in the customer significantly underperforming the market.

Because most advisers underperform the market, it means most of them will achieve less than a 7% annual return for their clients. ISACO generally aims for 12-15% annual growth rather than 7% and feel confident we will achieve our aims. This is because ISACO have a strong track record of outperforming the stock market in the past which enables us to set the future capital growth aims for our client higher.

ISACO have been successful in helping its clients achieve better ISA and SIPP performance by offering investment guidance from an *investor* who has historically 'beaten' the stock market. Using a talented investor with a great track record has proved to be ISACO's secret weapon.

Investors with a history of beating the market are rare. Outperforming the stock market is extremely difficult to achieve. However beating the market should always be your number one objective when seeking long-term capital growth. *Beating the market* helps you to achieve stronger performance allowing you to arrive at your financial goals faster.

Receiving capital growth investment guidance on what to do with your ISA and SIPP investments from a talented *investor* becomes a compelling proposition when the alternative is attaining guidance from an *adviser* who normally fails to beat the stock market. When an adviser underperforms the market, it means the adviser wins and the client loses. The adviser wins because they are still paid an annual commission but the client loses by not achieving their financial objectives. This often results in the client having to downgrade their choice of lifestyle as they enter their retirement years.

2) Client fee structure

Most advisors who offer ongoing advice or guidance for your ISA and SIPP investments will bill you a fee charged each year calculated as a percentage of your account value. Extra additional charges are sometimes added and the net result is the client pays about 2% of their portfolio value per year in fees.

ISACO charge a small one off fee of £2,995 in year one which is waivered for future years. We also charge a small service fee calculated as a percentage of your portfolio. For example for clients who have £250,000 or more, the service is 1%. However even though there is only a 1% difference between our fee size and traditional advisers, this slight difference could save you tens of thousands of pounds in unnecessary charges. For example a 1% annual fee charged on a £250,000 portfolio is £2,500, However if you get charged 2% annually, the fee is £5,000, a 100% increase!

3) Client Care

Some individuals unfortunately develop fractious relationships with their financial advisers due to investment performance not matching expectations, bad practice, conflicting agenda, bad design or excessive costs. Broken promises and infrequent communication makes the situation unbearable for the client and often results in a feeling of indifference. Trust levels are poor.

The fatal mistake many advisers make is ignoring the importance of building and strengthening relationships between themselves and their clients. ISACO focuses on forging strong, long-term relationships and all clients receive dedicated personal assistance by assigning an ISACO investment consultant to each and every client. How you choose to communicate with your investment consultant is completely up to you. You can meet in person, by phone or online at the frequency you prefer.

ISACO versus Adviser

Let’s look at a performance and fee comparison of ISACO versus a traditional adviser over a ten year time span. In our example we will be using an individual with a £250,000 portfolio. As you heard before, most advisers will fail to get 7% per year but in this example we will give them the benefit of the doubt and image that over this 10 year period they ‘matched’ the market’s performance.

Adviser

Year	Capital start of year before fee taken (£)	2% annual fee (£)	Amount after fee (£)	Capital growth aim	Capital value end of year (£)	Cash flow at 5%
1	250,000	5,000	245,000	7%	262,150	N/A
2	262,150	5,243	256,907	7%	274,890	N/A
3	274,890	5,498	269,392	7%	288,249	N/A

4	288,249	5,765	282,484	7%	302,258	N/A
5	302,258	6,045	296,213	7%	316,948	N/A
6	316,948	6,339	310,609	7%	332,351	N/A
7	332,351	6,647	325,704	7%	348,503	N/A
8	348,503	6,970	341,533	7%	365,440	N/A
9	365,440	7,308	358,132	7%	383,201	N/A
10	383,201	7,664	375,537	7%	401,824	**£20,091**

For illustrated purposes only

Next we'll look at what could happen to your capital if you choose to get your investment guidance from ISACO. Even though we generally say that 12-15% per year is our aim, ISACO's chief investment strategist's investment outlook over the next decade is 'very strong upwards trending market' which could result in returns of 15%-20% per year. However there is no guarantee his outlook will materialise and therefore to be conservative, we've used 12% annual growth aims.

ISACO

Year	**Capital start of year before fee taken (£)**	**Initial fee (£)**	**Service fee (£) (1%)**	**Amount after fee (£)**	**Capital growth aim**	**Capital value end of year (£)**	**Cash flow at 5%**
1	250,000	2,995	2,500	244.505	12%	273,846	N/A
2	273,846	0	2,738	271,108	12%	303,641	N/A
3	303,641	0	3,036	300,605	12%	336,678	N/A
4	336,678	0	3,367	333,311	12%	373,308	N/A
5	373,308	0	3,733	369, 575	12%	413,924	N/A
6	413,924	0	4,139	409,785	12%	458,959	N/A
7	458,959	0	4,590	454,369	12%	508,893	N/A
8	508,893	0	5,089	503,804	12%	564,260	N/A
9	564,260	0	5,642	558,618	12%	625,652	N/A
10	625,652	0	6,256	619,396	12%	693,724	**£34,686**

For illustrated purposes only

Results

Lets now take the data from the charts and make some sense of it. Let's look at some comparisons of items important to most of our clients.

- Total cost of client fees
- Cost of client fees per year
- Profit made for client over 10 years
- Cumulative gain made over 10 years
- Annual % gain after fees
- Annual cash flow generated

Results - 10 Year Performance and Fees Comparison

Results	Adviser	ISACO
Total cost of client fees	£62,479	**£44,085** (Fee savings of 29.4%)
Cost of client fees per year	£6,248	**£4,409** (Fee Savings of 29.4%)
Profit made for client	£151,824	**£443,724** (Profit increase of 192.3%)
Cumulative gain realised	60.7%	**177.5%** (Gain increase of 116.8%)
Annual % gain after fees	4.9%	**10.7%** (Gain increase of 5.8%)
Annual cash flow generated*	£20,091	**£34,686** (Cash flow increase of 73%)

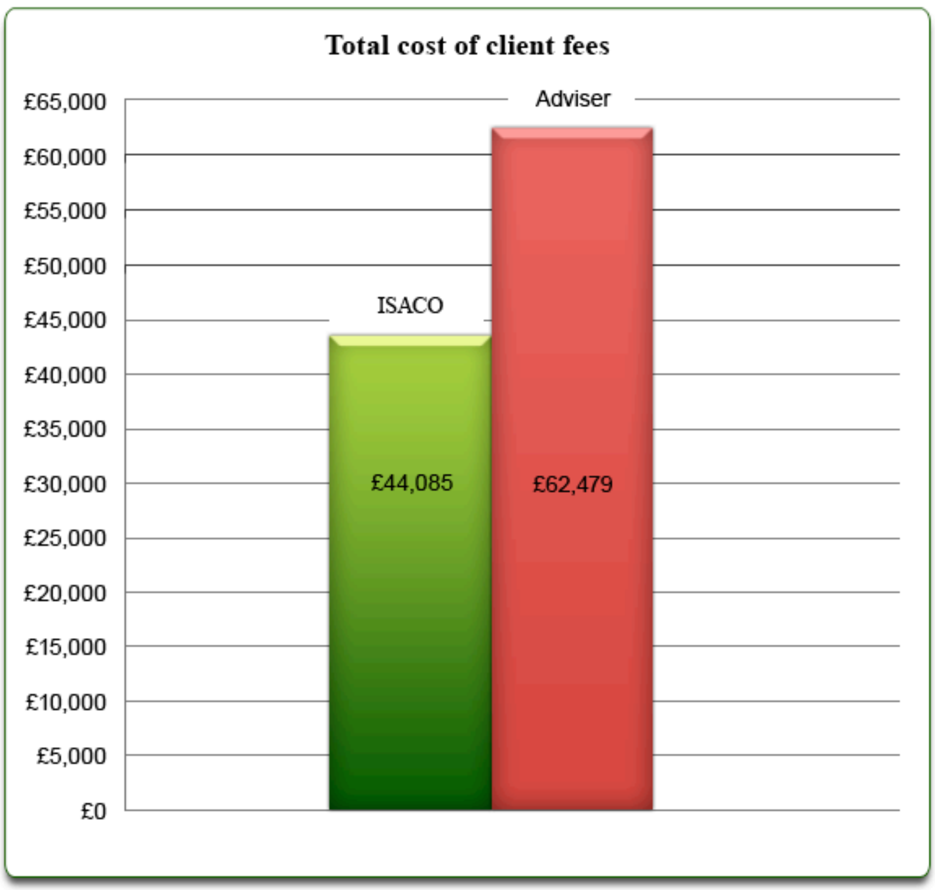
*5% annual cash flow

When people see these results, many are shocked. The worst situation people can be in is when an adviser charges too much, gives poor service, and underperforms the market. In this case the fees the adviser charges are not justified. However the flip side of this is when your adviser charges you a fair fee, with good service and helps you outperform the market. In this scenario the adviser fees are justified.

By ISACO adopting a clearer, fairer and more transparent fee structure, the extra profits to be made and savings to be realised can be significant.

Comparison ISACO versus Adviser

Total cost of client fees



*10 year period: Comparison – ISACO versus Financial Adviser

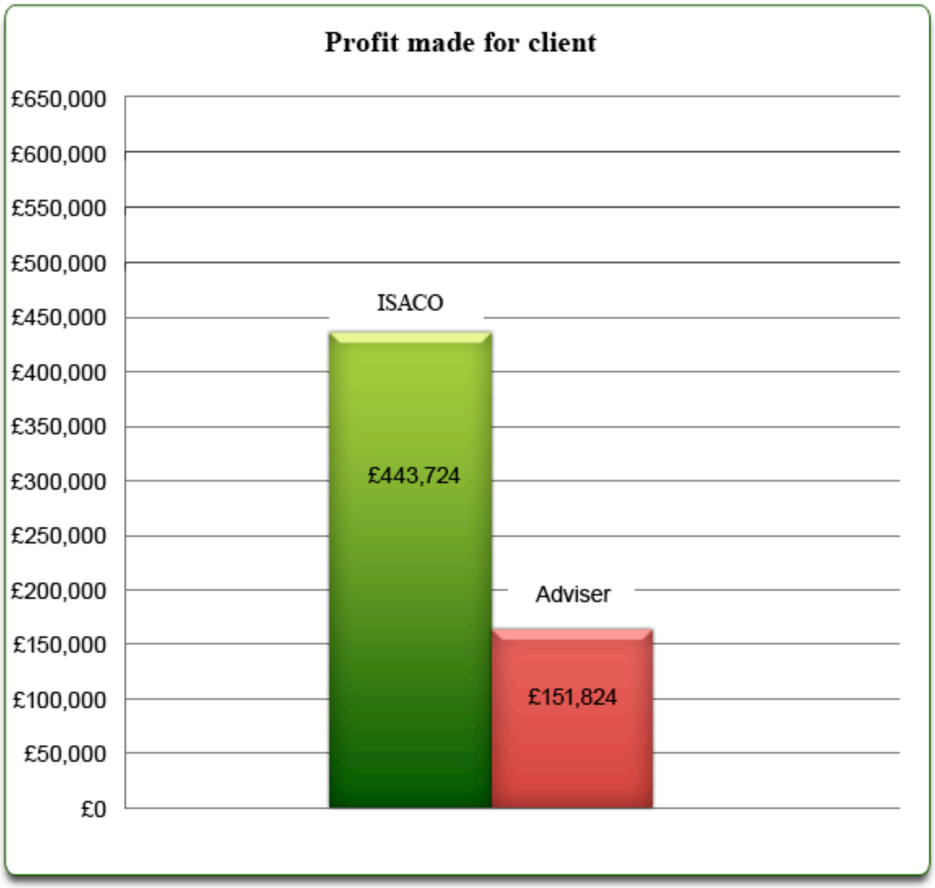
As you can see from this image, the difference in ISACO's fees when compared to a traditional adviser could result in a client experiencing savings of £18,394, a 29.4% reduction.

Cost of client fees per year*

*10 year period: Comparison – ISACO versus Financial Adviser

The difference in ISACO's client fees per year versus a traditional adviser could result in annual savings of £2,943, a 29.4% reduction.

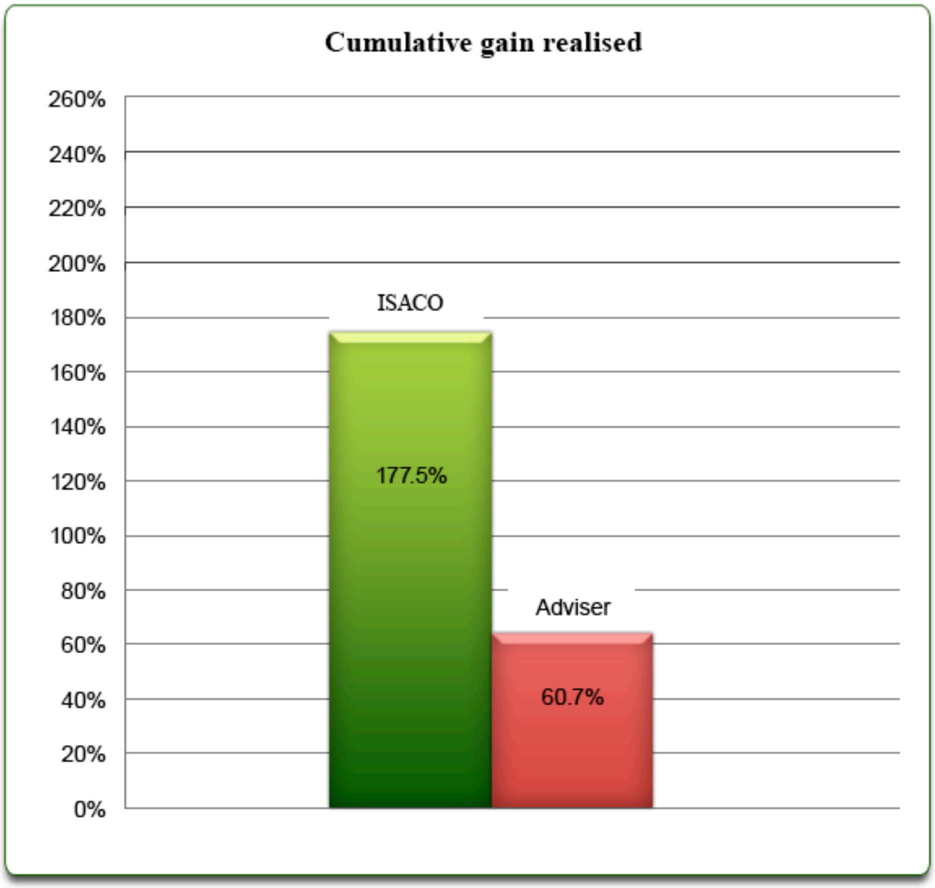
Profit made for client*



*10 year period: Comparison – ISACO versus Financial Adviser

As you can see, the difference between ISACO and a traditional adviser in profit realised for the client is £291,900, an increase of 192.3%.

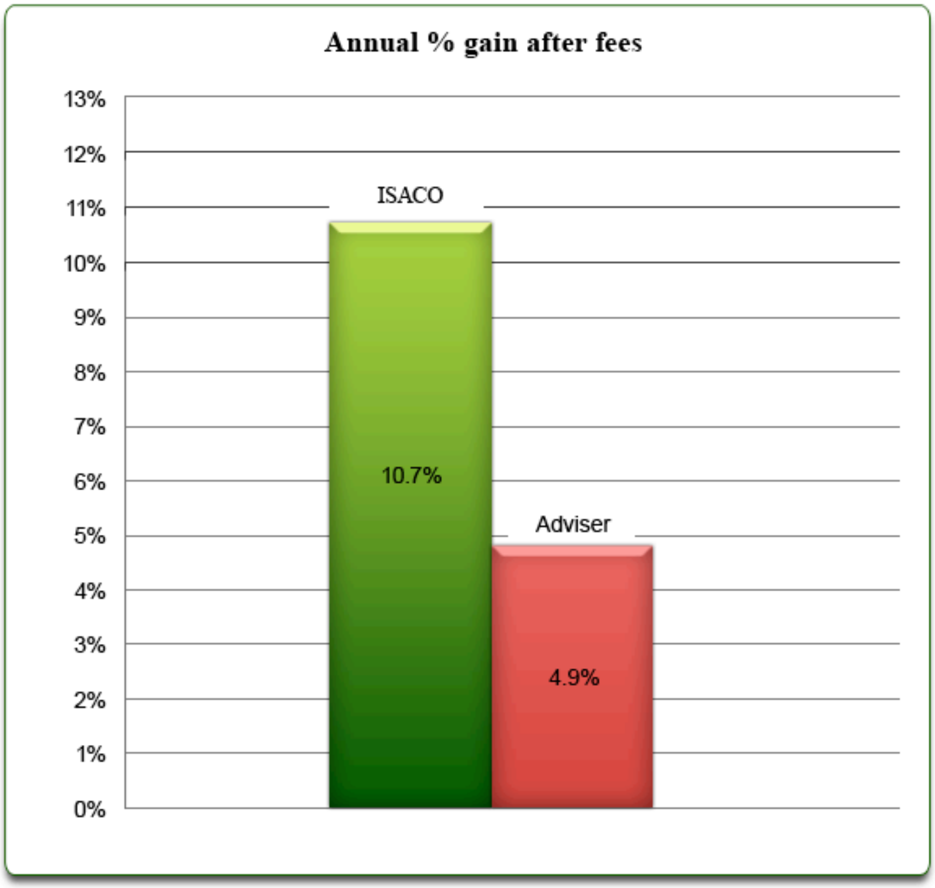
Cumulative gain realised*



*10 year period: Comparison – ISACO versus Financial Adviser

When you compare, the difference between ISACO's cumulative gain realised for the client versus a traditional advisers, you see an increase of 116.8%.

Annual % gain after fees*



*10 year period: Comparison – ISACO versus Financial Adviser

As you can clearly see on this image, the difference between ISACO's annual gains after fees, versus a traditional adviser is 5.8%

Annual cash flow generated*

*10 year period: Comparison – ISACO versus Financial Adviser

The difference between the cash flow ISACO could help a client generate versus a traditional adviser is £14,595, an increase of 73%.

What can we learn from this?

The most important lesson to learn is:

Without performance, you are in trouble whether the fees you pay are high or low.

If you believe you have the talent required to achieve the double digit performance you probably require to achieve your goals, and are willing to put in the necessary time and energy, you probably don't need an adviser and that means you could save yourself tens of thousands of pounds in fees.

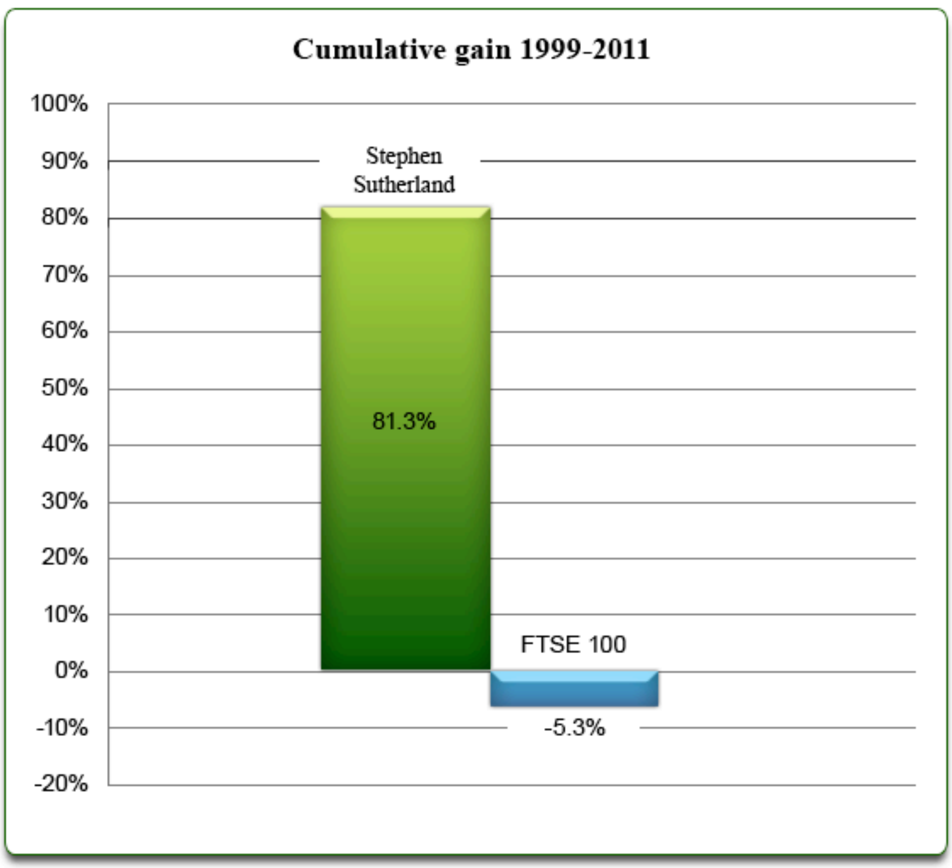
However if you don't have the time, talent, energy or inclination to do it yourself, and like the idea of getting help from an expert resource, your first job is ensure the investment guidance fees you pay are justified. The only way your fees will be justified is when your adviser can help you outperform the market over the long-term.

As I mentioned earlier, 80-90% of advisers underperform the stock market which means that if you do opt for getting help, choose wisely and make sure you ask lots of questions relating to past performance and future capital growth expectations for their clients. Also ask them if they will have their own money invested in the investments they guide you into. If they don't, you want to know why.

Why are ISACO's annual targets 12%?

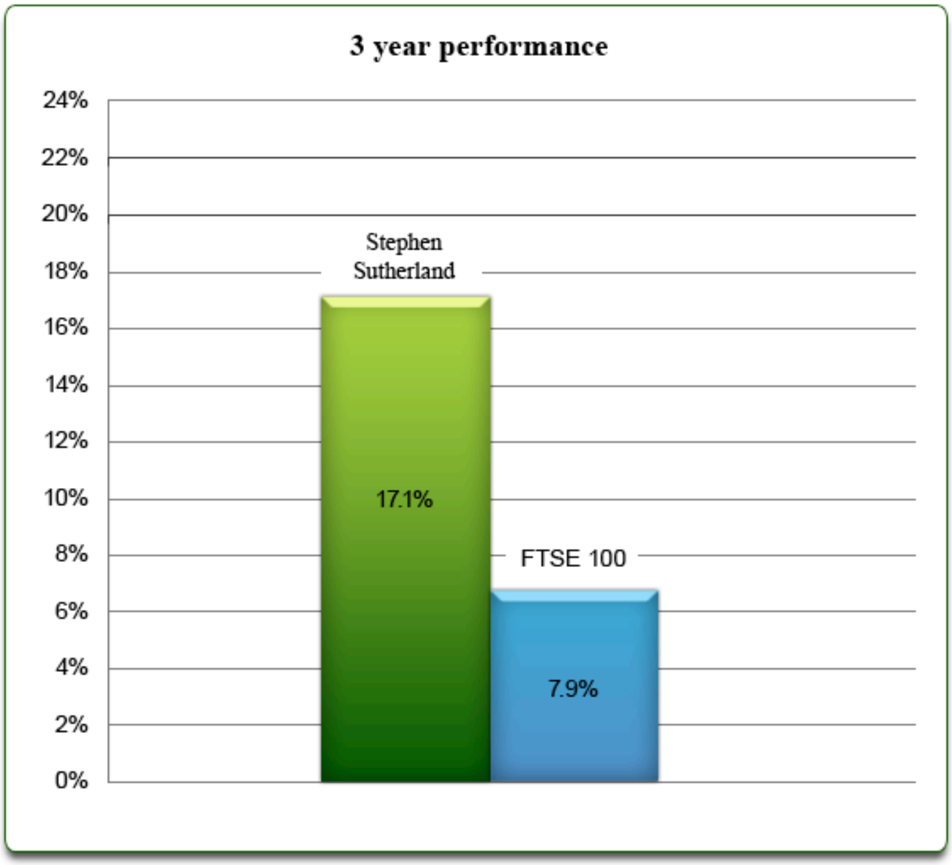
ISACO aims for 12-15% annual growth. Because ISACO have a strong track record of outperforming the stock market, we set our aims higher than traditional advisers.

ISACO's annual growth targets are set by ISACO's chief investment strategist Stephen Sutherland. Stephen is my brother and ISACO's lead investor. Stephen's market beating performance since 1999 has helped him become recognised as one of the UK's leading growth fund investors.



From 1999 to 2011, he made a cumulative gain of 81.3% versus the FTSE 100's -5.3%.

As you can see in this next image, In the last 3 years* he's made an average gain of 17.1% versus the FTSE 100's 7.9%.



* Period taken January 2009-January 2012

Please remember, the value of investments can go down as well as up and you may not get back the amount you originally invest.

Stephen's stock market outlook over the next five to ten years is extremely optimistic. He believes this could result in annual growth as much as 17.5%. With this in mind, targets of 12% annual growth as shown in the earlier projections are fair, realistic and achievable.

ISACO clients have the privilege of investing in exactly the same investments Stephen invests in which creates even more incentive for Stephen to perform well. As well as Stephen's reputation being on the line, his own money is on the line too. Having his personal capital invested, our families and an estimated £30 million pounds of client capital 'shadowing' him, provides tremendous motivation for him to perform well.

This approach is at polar opposites when compared with traditional advisers. Traditional advisers sell products. They are not full time stock market experts, the majority of them underperform the stock market, and in most cases they do not invest their own capital into the same investments they recommend for their clients.

Here at ISACO clients ‘shadow Invest’ Stephen. To achieve the same investment returns, clients simply copy Stephen’s trading activity. By shadowing his trades, whatever returns he gets, our clients get.

Stephen invests in high quality investment funds allowing a wider diversification to his portfolio whilst at the same helping to lower risk. He makes only one or two trades in a typical year which means client trading activity is infrequent.

Clients control their own investment accounts allowing the freedom to invest as little or as much money as they like. When Stephen makes a trade, clients find out about it. Once they discover he’s taking action, clients have the opportunity to mirror his trade in their own investment account. If he buys UK fast growth investment fund, our clients can also buy UK fast growth investment fund on exactly the same day that Stephen buys it.

Why is ISACO’s outlook so bullish?

One piece of research Stephen is paying a lot of attention too is the Barclays gilt study of 2009.

History shows the returns enjoyed by investors who can overcome their instinct to seek safe haven in difficult times could be significantly higher in the long-term.

When you look at history, you find that extended periods of poor performance have almost always led to periods of above-average performance.

As investment in equities should be viewed as a medium to long-term savings vehicle, the study looked at returns over ten year periods, as illustrated in this table on the next page.

Average annual returns over ten years:	%	Average annual returns in the ten years immediately afterwards:	%
1906 - 1915	-0.2	1916 - 1925	+3.9
1907 - 1916	-3.7	1917 - 1926	+6.5
1908 - 1917	-3.8	1918 - 1927	+9.1
1909 - 1918	-3.5	1919 - 1928	+10.3
1910 - 1919	-3.8	1920 - 1929	+7.8
1911 - 1920	-7.9	1921 - 1930	+12.8
1912 - 1921	-5.1	1922 - 1931	+7.6
1913 - 1922	-1.9	1923 - 1932	+7.5
1914 - 1923	-1.3	1924 - 1933	+9.6
1965 - 1974	-6.0	1975 - 1984	+17.4
1967 - 1976	-0.3	1977 - 1986	+14.6
1968 - 1977	-0.2	1978 - 1987	+12.0
1969 - 1978	-3.5	1979 - 1988	+12.4
1970 - 1979	-2.3	1980 - 1989	+15.6
1972 - 1981	-2.4	1982 - 1991	+13.2
1973 - 1982	-1.2	1983 - 1992	+12.7
1999 - 2008	-1.5		
Average	**-2.9%**	**Average**	**+10.8%**

Source: Barclays Capital Gilt Study 2009 (based on FTSE All Share index and includes dividends reinvested)

The Barclays study shows that since 1899, there have been 17 lost decades (10 year periods of negative aggregate performance) with an average annual return of -2.9%.

This includes the most recent decade (to the end of 2008) where UK equities suffered average annual returns of -1.5%.

Notice that each of these decades immediately following a lost decade has proved positive average annual total returns, with an average of +10.8% per annum for these ensuing good decades.

This data suggests that over the next decade, we are likely to see above average performance however this is not guaranteed.

Summary of key points

- ISACO are not financial advisers. Instead we see ourselves as 'premium investment guidance counsellors.'
- When seeking capital growth on ISAs and SIPPs, performance is everything.
- When you achieve strong performance, you arrive at your goals on time but without it, you won't.
- Most advisers charge too much, offer poor service and underperform the stock market resulting in less than 7% annual growth.
- ISACO's clients 'shadow invest' my brother Stephen who is ISACO's chief investment strategist.
- Stephen is recognised as one of the UK's leading growth fund investors.
- From 1999 to 2011, Stephen made a cumulative gain of 81.3% versus the FTSE 100's -5.3%.
- In the last 3 years* Stephen has made an average gain of 17.1% versus the FTSE 100's 7.9%.
- Stephen's outlook over the next decade is bullish and expects our clients to experience annual returns of as much as 17.5%.

* Period taken January 2009-January 2012

I hope you found value in this report.

If I’ve done my job right, you should now be clear how ISACO could help you achieve your ISA and SIPP goals and pay less in fees.

Thank you for your time.

Yours sincerely,

Paul Sutherland
Managing Director

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