

## WHY PAY FOR POOR INVESTMENT PERFORMANCE?

- 1 Of 440 of the UK's actively managed equity funds, 94% produced negative returns over 1 year. Of 426 actively managed funds 89% failed to produce positive gains over 3 years as did 59% over 5 years.
- 2 Less than 50% of funds surveyed actually managed to beat their benchmark over 1, 3 and 5 years.
- 3 Bedlam's fee structure ensures that its UK Fund would rank within the top 10% cheapest actively managed UK equity ISAs listed on the FSA web site. The Bedlam Global Fund would rank as the cheapest amongst actively managed global equity ISAs as outlined by the FSA. The vast differences in the fees charged across the industry is dramatically demonstrated by comparing Bedlam's fees in Table I with the high fees charged in Table II. All the figures in table II, III, V and VI assume a 7% per annum return over 10 years, with an initial investment of £7,000. Under this scenario, the most expensive actively managed UK and global equity ISA funds charge £3,510 and £4,018 respectively. On a similar basis Bedlam's total charges would only have been £1,647.
- 4 It is worth noting that as a result of Bedlam's fee structure our total charges over a 10 year period would fall to zero based upon an initial investment of £7,000 and a straight line 5% return p.a.

**TABLE I Bedlam UK Fund - Total indicative charges over period**

Fund name	Total charges over period	1 yr. performance (%)	3 yr. performance (%)
Bedlam UK Fund*	£0	n/a	n/a

\*assumes a straight line 5% return p.a., 10 year investment horizon and initial investment of £7,000.

Bedlam UK Fund**	£1,647	n/a	n/a
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\*\*assumes a straight line 7% return p.a. on the fund, 10 year investment horizon and initial ISA investment of £7,000.

**TABLE II Actively Managed UK Equity Funds - Top 10% most expensive ISAs**

Fund name	Total charges over period *	1 yr. performance (%)	3 yr. performance (%)
Gartmore UK Focus	£3,510	-4	n/a
Legg Mason UK Emerging Growth	£3,490	-49	-75
BWD Rensburg Aggressive Growth	£3,309	20	n/a
Liontrust First Growth	£3,140	-17	-15
Edinburgh Portfolio UK Growth	£3,140	-15	-12
New Star Select Opportunities	£3,073	n/a	n/a
New Star UK Aggressive	£3,073	n/a	n/a
New Star UK Growth	£3,073	-29	n/a
ISIS UK Prime	£3,040	-11	n/a
ISIS UK Dynamic	£3,040	-21	n/a
BWD Rensburg Unit Trust	£2,972	-20	-15
Teachers UK Growth	£2,970	n/a	n/a
Jupiter UK Growth	£2,968	-23	-24
Teachers Ethical	£2,950	n/a	n/a
Artemis UK Growth	£2,947	-12	5
Artemis UK Special Situations	£2,919	5	n/a
Jupiter Undervalued Assets	£2,917	3	n/a
Manek Growth	£2,912	-30	-45
Lincoln Opportunities Trust	£2,910	n/a	n/a
Jupiter Environmental Opportunities	£2,895	-19	n/a

**Source:**

Information on charges is taken from FSA's Comparative Tables as at 23-10-02 ([www.fsa.gov.uk/tables](http://www.fsa.gov.uk/tables)), © The Financial Services Authority; performance figures from IMA website at 24-10-02.

\* assumes a straight line 7% return p.a. on the fund, 10 year investment horizon and initial ISA investment of £7,000.

**TABLE III Actively Managed UK Equity Funds - Top 10% cheapest ISAs**

Fund name *	Total charges over period **	1 yr. performance (%)	3 yr. performance (%)
Fidelity MoneyBuilder Growth (FNW)	£1,240	-20	-26
Fidelity MoneyBuilder Growth	£1,240	-20	-26
Norwich Union UK Equity (Investment)	£1,306	-17	-21
Norwich Union UK Ethical (Investment)	£1,306	-21	-17
Norwich Union UK Growth (Investment)	£1,306	-20	-9
Norwich Union UK Equity (Performance)	£1,306	-17	-21
Norwich Union UK Ethical (Performance)	£1,306	-21	-17
Norwich Union UK Growth (Performance)	£1,306	-20	-9
HSBC Household Names	£1,310	-16	-21
Alliance & Leicester Ethical	£1,311	-19	-40
Alliance & Leicester Growth Generator	£1,311	-20	n/a
Alliance & Leicester Equity	£1,361	-21	-29
M&G Blue Chip	£1,558	-23	-33
Fidelity Growth & Income (FNW)	£1,594	-22	-25
Standard Life Income & Growth	£1,670	-17	-25
Standard Life UK	£1,670	-17	-24
MGM UK Growth	£1,757	-20	-21
Fidelity Growth & Income	£1,816	-22	-25
NFU UK Growth	£1,816	n/a	n/a
Liverpool Victoria Growth Fund	£1,816	-21	-29

**Source:**

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\* Excluding funds that are the same, but the provider is different.

\*\*assumes a straight line 7% return p.a. on the fund, 10 year investment horizon and initial ISA investment of £7,000.

**TABLE IV Bedlam Global Fund - Total indicative charges over period**

Fund name	Total charges over period	1 yr. performance (%)	3 yr. performance (%)
Bedlam Global Fund*	£0	n/a	n/a

\*assumes a straight line 5% return p.a. on the fund, 10 year investment horizon and initial ISA investment of £7,000.

Bedlam Global Fund**	£1,647	n/a	n/a
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\*\*assumes a straight line 7% return p.a. on the fund, 10 year investment horizon and initial ISA investment of £7,000.

**TABLE V Actively Managed Global Equity Funds - Top 10% cheapest ISAs**

Fund name	Total charges over period *	1 yr. performance (%)	3 yr. performance (%)
Co-operative Insurance Environ Trust	£1,989	-27	-39
Ecclesiastical International Growth	£2,030	n/a	n/a
Franklin Templeton Growth	£2,110	-19	-10
Alliance & Leicester Global Growth	£2,119	-23	-28
M&G Global Leaders	£2,168	-31	-41
Dresdner RCM Global Equity	£2,170	-23	-37
JPMorgan Fleming Investment Trust	£2,180	-23	-20
M&G International Growth	£2,226	-29	-29
Fidelity Managed International	£2,228	-27	-35
Edinburgh Fund Managers Global Equity	£2,230	-25	-35

**Source:**

Information on charges is taken from FSA's Comparative Tables as at 23-10-02 ([www.fsa.gov.uk/tables](http://www.fsa.gov.uk/tables)), © The Financial Services Authority; performance figures from IMA website as at 24-10-02.

\* assumes a straight line 7% return p.a. on the fund, 10 year investment horizon and initial ISA investment of £7,000.

**TABLE VI Actively Managed Global Equity Funds - Top 10% most expensive ISAs**

Fund name	Total charges over period *	1 yr. performance (%)	3 yr. performance (%)
Marlborough International Equity	£4,018	-18	-21
Axa Multi-manager Global Opportunities	£3,630	-20	n/a
Axa Multi-manager 2020	£3,630	-20	n/a
Gartmore Global Focus	£3,530	-8	n/a
Aberdeen Managed Portfolio	£3,390	-19	-22
Credit Suisse Global Post-Venture Capital	£3,260	-32	n/a
ISIS Asset Management International Growth	£3,240	-25	-36
M&G Fund of Investment Trusts	£3,221	-22	-28
Old Mutual International Managed PEP Trust	£3,140	-28	-35

**Source:**

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\* assumes a straight line 7% return p.a. on the fund, 10 year investment horizon and initial ISA investment of £7,000.