

**C**andid financial advice

INVESTING MADE SIMPLE

[candidfinancialadvice.com](https://candidfinancialadvice.com)

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## Smallprint

Candid Financial Advice Limited is authorised and regulated by the Financial Conduct Authority. FCA registration number 630986.

Registered in England and Wales company number 8261124. Registered office: 6 Riverside Court, Bath BA2 3DZ.

This guide does not constitute financial advice. It is intended to provide guidance on the issues to consider when taking advice for UK residents. It is issued by Candid Financial Advice Limited, an independent financial adviser.

Please remember investments can go down as well as up in value and there is no guarantee that you will not lose more than you are comfortable with. Investment income can also go down as well as up.

## Foreword



*If you think there are some in the investment world who overcomplicate things to justify their fees, you are probably right. There is much to be said for keeping things*

*simple (and costs low!).*

*But more worrying still are those who purport to be able to second-guess markets and pick the winners. History has proven no-one has the ability to do this consistently. In practice any such success can owe as much to luck as skill and judgement.*

*These are not just my words. Some of the most successful investors of our time, including Warren Buffet, Terry Smith and Jack Bogle, all agree that none of us has the ability to time markets.*

*The idea behind this guide is to arm you with some practical tips for successful long-term investing. And apologies in advance if*

*you're expecting some 'get rich quick' or 'industry insider' tips, because there are none.*

*We approach investing client monies as we do our own: a sensible spread of investments, low costs and a good dose of patience.*

*I hope you find the guide helpful and please do get in touch if you have any questions.*

*Best wishes*

Justin Modray  
Director

### A roller coaster ride

Investing is often compared to riding on a roller coaster and, given they both share a tendency for sudden sharp falls, it is easy to understand why.

But that really underestimates just how challenging investing can be. With a roller coaster you don't have the option of getting off mid-ride, no matter how much you want to, and you know that everything will be ok in the end. Investing rarely comes with such solace.

You can 'hop off' at any time, albeit probably nursing painful losses. And you are constantly bombarded with a steady stream of news headlines, articles and 'expert' commentary predicting the next big thing or imminent disaster, often both at the same time.

### Coping with a crash

After a 'crash' this tends to go into overdrive, challenging us when we feel at our most vulnerable. In fact, dealing with our own emotions might be the biggest challenge. A financial loss carries 2.4 times the emotional burden of the equivalent gain, meaning our decision-making is at its weakest right when we need it most.

### Chasing success

By now, we all accept the irrefutable evidence that most fund managers fail to consistently beat the market. And yet we are still drawn to success stories and the belief it will be different this time.

In a complex world with myriad changing and competing events, we want predictions of certainty when history teaches us that the law of unintended consequences

usually prevails. And markets will probably do the opposite of what you expect anyway. That is why economists can explain with absolute clarity what happened yesterday but never what will happen tomorrow.

Investment professionals, to a degree, have an interest in perpetuating these myths. Complexity creates mystique and work. Fund management groups prosper by launching new funds and encouraging you to believe in the cult of the star manager. In turn, wealth managers and financial advisers encourage you to believe in their ability to pick the winners.

### Keeping it simple

Warren Buffet coined the term that successful investing is simple, not easy. In this guide we explain our simple approach to investing. This is not a get rich quick guide, nor is it for speculators or those looking for the next 'big thing'. It is for people who accept the investment journey because intellectually they realise that, in the long run, it is the safest way to safeguard their financial future.

## What Not to Do

### The two common pitfalls

Successful investing involves avoiding big mistakes as much as getting some important things right. There are two common pitfalls to avoid:

1. Do not move money in and out of markets trying to 'call' the highs and lows
2. Chase past performance switching between stocks or managers who recently beat the market

There will always be investors who make money, at times, from the above. But such success likely owes far more to luck than being able to accurately predict the future. And the repercussions of being wrong can be very damaging.

### Markets can surprise

Markets have a habit of doing the opposite of what you expect. Sometimes they continue rising when good sense suggests they should do the opposite. When big falls do happen, they typically come out of the blue. When a market does crash toughening it out is invariably the sensible thing to do, as missing even a few days of a potential recovery has a big impact on the eventual outcome.

### Time, not timing

Time, not timing, is the key to successful investing. Holding your nerve during the dark times is one of the most important things any investor can do. That means investing for the long term (at least five to seven years) and being prepared to ride out the bumps along the way.

### Beware the past

Getting too swayed by recent past performance is possibly even more damaging. Even when you look at the professionals, well less than half of fund managers typically manage to offset their fees and outperform the market. The odds are not greatly improved by selecting only from previous top performers.

There are many reasons that account for success, not least, luck and 'right time, right place'. Sectors and style fall in and out of favour but selling what has performed averagely in the recent past and replacing it with what has performed well rarely works. Base decisions solely on past performance at your peril...

## What to Do

### The areas you can control

Understanding what you cannot control, or where success owes too much to chance, helps you focus on a more reliable approach where you:

- Manage risk through diversification and blending different asset types e.g., stock markets, fixed interest investments (gilts and corporate bonds), commercial property and potentially others. All have different attributes and tend to behave in different ways to each other
- Continue this diversification with a core in the UK, then build across other developed global markets before, depending on your attitude to risk, also potentially including areas like emerging markets
- Use tracker funds as a core for the portfolio. A tracker simply buys and holds the securities in a particular index, in proportion to their weight in that index. They provide a simple, reliable, and extremely low-cost base for a portfolio
- Add carefully selected active fund managers where it makes sense to do so. Keep exposure to individual funds to sensible levels and look for proven managers with a distinct style that means they will be doing something markedly different to each other and the tracker funds
- Keep a tight lid on costs. This is key. Other things being equal, controlling costs is the single most important thing you can do to improve returns.

Seemingly small percentage changes have an enormous impact when multiplied by large amounts of money and time

- Be particularly wary of expensive portfolio management services and anyone who tells you that charges are not important
- Keep a healthy rainy-day cash float. The amount is up to you, but it should be more than you think you need and enough to act as a 'comfort blanket' during the inevitable dark times
- Do nothing! Knowing when to act is one of the toughest decision any investor faces. You should be heavily pre-disposed towards doing nothing and patience

### A successful mix

The perfect approach is only ever obvious in hindsight. The saying 'keep things as simple as possible, but no simpler' rings true.

Success lies in balance, diversification, controlling costs and a steady nerve. This approach is at least as reliable, and likely to perform as well, as any other.

If you don't want, or trust yourself, to manage your own investments you need to enlist the services of someone to help you. Our service includes investment and financial planning advice, and we believe the 'sweet spot' comes when combining the two.

Our view is that building and maintaining the investment portfolio is the easier bit. Our decisions base little or nothing on pretending we can call markets and a lot to knowing that we can't. We focus on things we can control by building sensible portfolios and controlling costs. We have total confidence that our portfolios are, at least, as sensibly constructed as any other but that the cost savings we typically make versus comparable services are tangible.

We then add value through our financial advice. At its simplest level that is 'housekeeping' measures such as re-balancing portfolios, holding investments tax efficiently, using available allowances (such as ISA, pension, dividend or capital gains tax) or managing pension income drawdown each year. But, particularly as you near or enter retirement, it is about helping you plan and make important decisions, almost like a financial life coach. It is a responsibility we take seriously, and we do it well.

### A final word

Owning the stock market over the long term has been an extremely successful way to grow the value of your money. Making big market timing or investment calls has been a lot less reliable and is prone to backfire. Keep things simple and focus on diversification and cost.

In you are still not convinced here a few words of wisdom that may help you:

*"The investor's chief problem—and his worst enemy—is likely to be himself. In the end, how your investments behave is much less important than how you behave."*

Benjamin Graham

*"Your success in investing will depend in part on your character and guts and in part on your ability to realize, at the height of ebullience and the depth of despair alike, that this too, shall pass."*

Jack Bogle

*"When it comes to so-called market timing there are only two sorts of people: those who can't do it, and those who know they can't do it,"*

Terry Smith

*"I make no attempt to forecast the market—my efforts are devoted to finding undervalued securities."*

**Warren Buffett**

*"Far more money has been lost by investors trying to anticipate corrections, than lost in the corrections themselves."*

Peter Lynch

*"The idea that a bell rings to signal when to get into or out of the stock market is simply not credible. After nearly fifty years in this business, I don't know anybody who has done it successfully and consistently. I don't even know anybody who knows anybody who has."*

Jack Bogle

## About Candid Financial Advice



*Despite being Independent financial advisers ourselves, we have tried hard to keep this guide free from bias or agenda and produce something that is genuinely useful.*

*When Justin and I started Candid Financial Advice back in 2013, we had both worked in financial services long enough to have a fairly jaundiced view of our industry. We decided that if we were going to build a financial advice business, it would be the kind of business we would be happy to be clients of.*

*Whilst low cost, our service is not 'budget'. We work with clients remotely but get to know them well, and expect the quality of our advice or service will be a significant upgrade on anything you may have experienced elsewhere.*

*We cut costs, especially unnecessary costs. That means no outsourced investment, using low cost platforms and ensuring our own charges are fair.*

*We deliberately keep our initial fees low to make it clear that our interest is working with clients for the long term. Perhaps the most important thing at the outset is our commitment to do the exploratory work at our risk and cost. It is a very genuine commitment that we are comfortable committing a lot of time to. All we ever ask is that potential new clients meet us halfway and work with us in a similarly open manner.*

*We only take on a new client when it is clearly the right thing to do i.e. better advice and/or lower costs (usually both). We never pressure anyone to become a client. Our view is that by the time you are actually making a decision, it should feel easy and straightforward.*

*If it is not right for someone to become a client, we are never shy to tell them and we just try and put their best interests at the heart of what we do. This was our ethos when we started in 2013 and the lovely thing from our perspective is that it works and has allowed us to build a really unusual and successful business.*

*Please have a look at our website at where you will also find a 'Cost of Advice' calculator, as well as our fees and our blogs, where we like to get things off our chest.*

*If you would like an informal chat please just give us a call on 0203 397 7280, email [enquiry@candidfinancialadvice.com](mailto:enquiry@candidfinancialadvice.com) or live chat via the website.*

*Best wishes*

*Ian Millward  
Director*

**Candid**

adj.

honest; impartial.

frank; outspoken; open and sincere.

free from reservation, disguise; straightforward.

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## What do our clients think?

“  
...never really realised just how much I was paying in total. My previous IFA had invested via multi manager funds but was also charging various different fees themselves...Candid Financial Advice is a breath of fresh air and saving me a small fortune. I was never put under any pressure, this is a professional operation that has my best interests at heart.

Mr W, Bath

“  
During 2013 and early 2014 I was seeking an Independent Financial Adviser as I no longer felt comfortable investing my family's ISAs and my SIPP with a well known Fund Platform. My search proved fruitless until I came across Candid Financial Advice. All has proceeded smoothly...I consider that I have received and will receive sound investment advice from Candid Financial Advice in the coming years.

Mr C, Norwich

“  
We had been with one of the foremost UK investment houses for many years but their fees were high and the service inattentive ... compared the services and costs of Candid Financial Advice ...Our experience to date is that the firm is scrupulously professional, broad thinking, 'candid' indeed in its advice and offers a very personal service. We are very content.

Mr & Mrs W, London

The logo for Candid Financial Advice features a stylized orange 'C' icon to the left of the word 'Candid' in a bold, orange, sans-serif font. Below 'Candid' is the phrase 'financial advice' in a smaller, grey, sans-serif font. Underneath that is the tagline 'bringing down the cost of advice' in an even smaller, grey, sans-serif font.

**Candid**  
financial advice  
bringing down the cost of advice