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Evercore Pan-Asset
Keeping it Simple

Press Release

The Costs of Investment

by John Redwood

4th November 2009

The Financial Times has been commenting recently on investment managers who cut costs and offer simpler indexed solutions. They seem to like the idea that you can index investments in individual asset classes and share markets, whilst making choices and decisions about how much to have in each of the major categories. In practise they seem to support exactly what we have designed for investors: dynamic asset allocation, making big picture decisions for portfolios, combined with strict control of costs when it comes to buying the shares or property or bonds.

I was therefore disappointed that they seem to misunderstand our full offer. They argued that the problem with our service was that it offered what was needed for larger funds over say £1 million, but was not available for smaller sums. How wrong they were.

It is true we need to charge a minimum fee of £10,000 for a bespoke portfolio with good service levels. This means the bespoke service is unlikely to make sense for sums under £1million. That is why we have set up our service to Independent Financial Advisers. For the modest fee of just 0.25% we can offer them our dynamic asset allocation, implemented by buying Exchange Traded Funds in the relevant asset classes and markets. The IFA recruits and retains the client, providing the service and understanding how much risk they want to run. The IFA of course needs to charge the client for all that he or she does. We run the resulting portfolios by issuing the investment instructions. Our general system is run on the Ascentric platform, the vehicle for handling the cash and shares. We also have tailor made a similar investment system for Towergate, the national chain of independent advisers.

We are very keen to offer our approach to all with savings and investments. In each case where we have been asked to offer our services recently we have been able to propose a reduction in the total costs of investment management. Judging markets and shares correctly time after time is difficult. If you charge too much for doing that you make the task impossible. Every fee, transaction cost and holding charge detracts from the performance and from the worth of the portfolio.

Keeping costs down matters. We can keep our costs down for smaller investors by managing their money en bloc, whilst the individual IFAs provide the bespoke service.

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If you would like more information, or to schedule an interview with John Redwood, please call Hilary Power on 020 7398 5840 or email Hilary at Hilary.Power@pan-asset.co.uk.

For John Redwood's twice-weekly blog visit <http://www.pan-asset.co.uk/news-and-opinions-jr-comment.htm>

Notes to Editors

Evercore Pan-Asset Capital Management

Pan-Asset Capital Management was launched in early 2008, and in July 2008 announced a partnership with Evercore Partners. The company was set-up by three experienced investors: John Redwood (Conservative MP and former Director of Robert Fleming and NM Rothschild), the late Robert Brown (former Chief Executive of Sarasin Chiswell) and Christopher Aldous (former Chief Executive of Absolute Fund Management). Evercore Pan-Asset is unusual amongst asset managers in the UK in placing asset allocation and index-tracking with ETFs at the heart of its investment process. They have been joined by Guy Davies (former Head of Charities and Philanthropy at Barclays Wealth) who leads Evercore Pan-Asset's provision of asset allocation advisory and investment management services to charities.

Media Enquiries

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