

When researching investments and assessing their performance there's a vast amount of data available to investors these days. James McCafferty highlights some of the main sources in this brief guide.

Anyone with money in an investment fund of any kind – from investment trusts to unit trusts and OEICs – would expect the manager to do their research when assessing and selecting investments. No manager should be investing in something they don't understand.

The same could be said for investors and the funds they choose. What a fund costs, its objectives, and what it invests in are all factors that might influence its performance and your decisions. But where do you find this information? Here are some of the sources you can use.

The KID or KIID

A Key Information Document (KID) must be offered for any type of investment fund that is a Packaged Retail and Insurance-based Investment Products (PRIIPs). That includes investment trusts. A Key Investor Information Document (KIID) is the equivalent for funds that are Undertakings for the Collective Investment in Transferable Securities (UCITS). That includes unit trusts and OEICs. Many UCITS also count as PRIIPs and eventually if things go according to current regulatory plans, their KIIDs will be replaced by KIDs over the coming years.

If that feels a little confusing, the main thing to understand is that KIDs and KIIDs are broadly similar in terms of their content and purpose.

There are some differences in presentation and methodology (for instance, the KID includes forward-looking performance projections, whereas the KIID gives past performance details) but both provide standardised information, including the objectives, risk level and charges. And the fact each is standardised makes it easier to compare different options on a like-for-like basis.

You should be able to get whichever type is relevant from a fund's provider or anyone else who gives you access to buy a fund.

Prospectus

When a fund is launched, this is often the first official information that investors will see. The prospectus is typically a fairly lengthy and technical document, offering much more detail than the KID or KIID, particularly on the fund's investment process and philosophy. It may also point you in the direction of even more detailed information. Again, you should be able to get the prospectus from a provider or anyone else who gives you access to buy a fund.

An investor's guide to

DATA SOURCES

Factsheets, commentaries and reports

Factsheets are at-a-glance documents with up-to-date details of the fund's performance and what it invests in, usually including the top holdings, benchmark comparisons and breakdowns of its exposure to different sectors and/or regions.

Most providers also offer regular manager commentaries and interim and annual reports on how their funds are performing, as well as less formal information such as interviews and presentations. The provider's website is often the best place to go for these although you can usually access fund factsheets through any investment platform (like Alliance Trust Savings) that you use to hold and trade in fund investments.

Fund performance comparisons

There are numerous places online where you can compare how different funds and sectors are performing over different time periods. Most platforms, including Alliance Trust Savings, have research sections on their websites that include historical fund performance, as do data providers such as Morningstar and trade bodies including the Investment Association and the Association of Investment Companies (which covers investment trusts). Keep in mind, of course, that historical fund performance is not a guide to future performance.

Charges statements

Changes implemented in January 2018 with the second Markets in Financial Instruments Directive (MiFID II) included requirements to disclose expected costs and charges for investing before you do so, and then details of the actual costs and charges incurred each year after you have.

These show the costs and charges – including one-off, ongoing and transaction costs – on an aggregated basis and as a cash amount and a percentage figure, along with an illustration of their impact on your investment returns. This type of information can help you review on an ongoing basis whether you are happy with the value you are getting from a fund given the charges you are paying.

A final word

Thorough research on any investment is a must. It's unlikely to be a good idea to invest in something you don't understand. All the above sources can help you to make informed decisions when it comes to investing in funds of different types.

Some of the information will overlap, but it's all easily accessible and increasingly provided in a way that many investors will find fairly clear and straightforward, whether new to investing or giving existing portfolios a review. ■



James McCafferty

Platform Proposition Manager
Alliance Trust Savings Limited

James is Platform Proposition Manager at Alliance Trust Savings and has responsibility for the ongoing development of the platform and products. He has over 15 years industry experience gained in the Intermediary Business at Cornelian Asset Managers and in previous roles with F&C and Standard Life.



SUPPORT FROM ALLIANCE TRUST SAVINGS

You'll find KIDs, KIIDs, prospectuses, fund factsheets and other useful tools and information in the Research section of your secure account online. Or visit our Investment Hub at alliancetrustsavings.co.uk.

Important information: This general information is provided to support you in making your own investment decisions. It is not a recommendation to buy or sell. Please be aware that the value of investments can fall as well as rise so you could get back less than you invest. Past performance is not a guide to future performance.

This article is issued and approved by Alliance Trust Savings Limited. Alliance Trust Savings Limited is a subsidiary of Alliance Trust PLC and is registered in Scotland No. SC 98767; registered office, PO Box 164, 8 West Marketgait, Dundee DD1 9YP; is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, firm reference number 116115.

This is a financial promotion from Alliance Trust Savings Limited.