# What the Papers Say



This is the latest in a regular series of summaries where we look to review some of the main articles written in the financial sections of the Sunday papers.

These articles often cover issues that are important to our personal financial well-being and we hope that the summaries will provide you with information and ideas that will be of interest to you.

If you would like to discuss any of the issues raised within these summaries or any other financial planning issue, please do contact our wealth management division on 01204 414243.

## Articles reviewed



### "I'm so glad to be alive – and £400k richer"

Mail on Sunday

The Mail on Sunday covered the story of James Lindon-Travers who had critical illness cover of £400,000. He had paid in the region of £26,000 for the policy throughout the term hoping he would never need to make a claim. Fortunately, his treatment for cancer was successful, but so too was the claim on his protection policy.

A recent survey by Aviva indicates that most people opt to protect their pets over themselves, they estimate that just 11% of families have any form of critical illness cover in place. James is in the minority in selecting a critical illness policy as many chose to go without any form of financial protection. This is a gamble as a serious illness could mean that you are unable to work, even fewer (8%) have income protection cover in place. As an indication, around 20% of households have some form of pet insurance.

State benefits might not be enough to replace your income if something goes wrong. If you are eligible, welfare benefits range from around £70 per week to just over £100 per week depending on your circumstances. Critical illness cover could be considered if you do not have savings to tide you over if you become seriously ill or disabled, or if you do not have an employee benefits package to cover a longer time off work due to sickness.

**What is Critical Illness Cover?**

Critical illness policies can be held as a standalone plan or within a life assurance policy. They cover a number of core conditions such as cancer, heart attack, kidney failure and strokes to name a few. Other none core conditions are also included with differing definitions and severity clauses. The comprehensive of cover differs between providers and it is also possible to select a severity/limited based contract which can provide a more cost effective solution.

The cost of cover is dependent on a number of factors including, your age, whether you are or have been a smoker, your overall health, your job and the level of cover you need. As an example, £100,000 cover over a 25 year term for a male non-smoker aged 40 would be in the region of £50 per month, with life and critical illness costing around £54 per month.

**Why is it critical to consider cover?**

- Don't underestimate the chances of becoming seriously ill during your working life.
- Serious illnesses tend to affect those in the middle of their careers which can disrupt or end your working life. Aviva claims indicate that the average age for claimant is 49 for males and 46 for females.
- Pay-outs for successful claims has risen with around 90% of claims being paid out.
- Cover will not necessarily be expensive.

### “Secure data and high-tech care are driving force behind tech stocks”
### Mail on Sunday

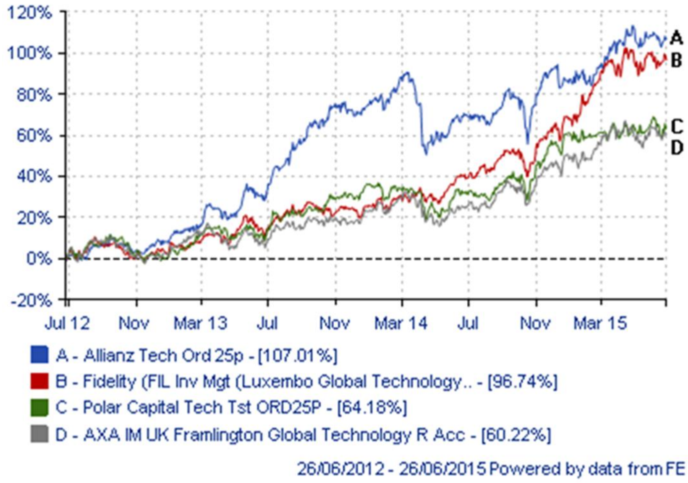
The dotcom bubble of 2000 left investors cautious about committing new monies to the technology sector. However, this reticence is not shared by all who believe that the investment case for technology has been compounded by strong returns over the past couple of years.

The technology sector is different now compared to the late 1990s when listed firms traded on sky-high valuations despite making no profits. The sector now, is dominated by mature, profit making companies as opposed to start ups. The Mail on Sunday highlighted and covered the Allianz Technology Trust which is a UK listed investment trust aiming to achieve long-term capital growth through investment into technology stocks worldwide. The Trust has been chosen as one of the “Investors Chronicles Top 100 Funds” for the second consecutive year.

The Allianz Trust in particular holds several leading household names including Microsoft, Apple, Amazon and Netflix. The fund manager, Walter Price is also enthused by a number of technology themes that he believes will dominate in the immediate future including the need to spend more on improving data security and the increasing use of semi-conductors in the design and operation of cars. Companies in these areas could do extremely well according to Price.

The Mail article points to a further three investment funds: Polar Capital Technology, AXA Framlington Global Technology and Fidelity Global Technology as the rivals to the Allianz Technology Trust.

The relative performance of these funds over 3 years is demonstrated below:




As with any investment it is important to note that past performance is not a guarantee of future returns. In addition to this, the technology sector in particular could be deemed high risk and so consideration should be given to your risk profile, capacity for loss and investment time horizon. Changes in technology can happen quickly as trends change or companies fail to move with the market and as a result, in the short-term these types of investment can be volatile particularly when compared to other investments.

Cowgill Holloway Wealth Management UK Limited tend to recommend a multi-asset, multi-manager approach to investing. Most global funds will have a significant exposure to this sector, via Apple, Dell, Sony, Samsung etc as such it is still easy for investors to gain exposure to this area of the market without direct investment into a technology fund. Multi-Asset, Multi-Manager funds can ensure that portfolios are diversified across a number of sectors, geographical locations and in assets commensurate to the level of risk you are willing and able to accept.

*As with all investments it is important to note that the value of investments and any income taken from them can fall as well as rise. You may not get back the full amount of your original investment.*

## Any questions?

If you have any questions on any of the articles covered in this publication or would like our help with any financial planning issue, please contact:

**Matthew Bromley**
matthew.bromley@cowgills.co.uk

**Chris Harrington**
chris.harrington@cowgills.co.uk

**Phil Hart**
phil.hart@cowgills.co.uk

cowgillholloway
Wealth Management