



Summer 2011

Tel: 01935 813322
Email: info@ffp.org.uk
Web: www.ffp.org.uk

In this edition we keep you up to date with what's happening at FFP and have a closer look at bonds and Dimensional's UK Smaller Companies Fund.

1 – FFP Update

As we write this summer newsletter, it is pleasing to see that the sun is now shining and lets all hope it continues.

The new office is now finished and Andrew is very pleased with his new surroundings. If anyone is interested in seeing the pictures taken during the building of the extension, these are still available online at www.ffp.org.uk.

As mentioned in our spring newsletter, Andrew has decided to become Chartered and sat the first of four exams in April. He was delighted to learn last month that he successfully passed.

By the time this newsletter is distributed Andrew and Chris, accompanied by 15 year old James, will be on holiday in Lake Como, Italy.

In their absence, Mark Salter will be in charge of the office. Mark has Andrew's emergency contact details, just in case.

At the same time, Andrew and Chris's daughter Emily will be spending three weeks living with the Maasai Mara in Kenya.

We do hope you have a really good summer and look forward to speaking to you soon. Please remember that we're here if you need us, even if you'd just like a second opinion.

Enjoy your holidays

Andrew, Mark & Chris

2 – Mark's Wedding

Mark Salter managed to say "I do" in all the right places at his recent wedding and at 12:45pm on Saturday, July 9th he and Julie were announced as man and wife. The weather was fine, the bride gorgeous, the location fabulous and a great time was had by one and all. Mark and his bride, Julie, have now returned from their honeymoon in Corfu. Mark would like to say a thank you for the telephone messages and cards that he received.



3 – Bonds

All of FFP's clients, to a greater or lesser extent, have controlled exposure to bonds in their portfolios.

FFP strongly believes that the role of bonds in the portfolio is to reduce risk – if it is extra return that is required then, it should be taken from equity exposure not by investing in riskier bonds.



So, the prime role of bonds is to act much like the suspension of the car – it is designed to smooth out the inevitable potholes on the investment journey.

You may be interested to know that the global short dated bond fund only invests in high-quality bonds (at least AA rated). The fund has no direct exposure to bond markets in Greece, Italy, Ireland or Portugal. It has one holding (Banco Santander) in Spain, which amounts to less than 1% of the fund.

The index linked gilt fund is specifically designed to give protection from inflation – as our clients live in the UK, it is UK inflation that FFP seeks to protect against. Hence, this fund is invested entirely with the UK government – still AA rate.

Bond funds do go up and down on a daily basis – however, even during this current crisis, it can be expected that when measured over a minimum 12 month period the global short dated bond fund is unlikely to fall and, when measured over a 24 month period, it is unlikely that an index linked gilts fund would fall.

Although “past performance” should not be relied upon, it is expected that future controlled bond exposure will deliver similar results to the past.

4 – Fund Focus

Dimensional UK Smaller Companies

Most of FFP’s clients have exposure to UK equities in their long term investment portfolios with some of the exposure being specifically in UK Smaller Companies. The research of financial economists documents that small company stocks have historically provided higher returns than large company stocks.

As most of you are aware FFP obtain exposure to UK small companies using Dimensional’s UK Smaller Companies Fund.

Dimensional defines small companies as those whose market capitalisation comprises typically, the smallest 10-15% of the total market universe. Additional screening criteria is then applied to eliminate stocks that do not reflect the general characteristics of the small cap asset class such as limited partnerships and companies in severe financial distress.

The fund charges, as with all Dimensional Funds are very low with 0% initial and a 0.50% annual management charges. The fund is only available to a select number of advisers, with FFP being one of these.

The recent performance of Dimensional’s UK Smaller Companies fund may come as a shock to some of you after hearing all the negative news portrayed by the media in recent years. In the last 12 months the fund has provided a return of **+20.1%** and over the last 3 years a return of **+49.0%**. The fund also provides an income which is paid to you the investor twice each year. The current 12 month yield is in the region of **1.85%**.

(Performance up to 26th July 2011)

Please remember that past performance is not a guide to future returns and there will be times when investments will fall.

5 – Sue Hennessy



In an earlier newsletter we mentioned that Sue – one of our many talented clients – had written her first book “hidden depths – Women of the RNLI”.

Avid Radio 4 listeners will be able to hear Sue being interviewed, live from Salford’s media city, on Womens Hour on Friday, 5th August, 2011.

The RNLI is strongly supported by many of you and if anyone is interested in reading her book Sue has her own website www.suehennessy.co.uk from which personally signed copies of the book can be purchased.

6 – September Seminars

One of the reasons we extended our office was to enable us to hold seminars at the office instead of using a local hotel.

The first set of investment seminars in FFP’s new office extension will take place on the following dates in September.

Tuesday 6th September 2011 – 10:30am
Wednesday 14th September 2011 – 10:30am
Thursday 22nd September 2011 – 6:00pm

If you have any friends or family that would be interested in learning more about investing and the services that we provide, please do let us know and we can send them a personal invitation. Alternatively they can contact us on 01935 813322 or email seminars@ffp.org.uk.

7 – How about this for a personal Motto



I don’t personally remember Guy Lombardo, but the chorus from one of his songs reminds me to live and enjoy all aspects of my life.

Enjoy yourself, it’s later than you think

Enjoy yourself, while you’re still in the pink

The years go by, as quickly as a wink

Enjoy yourself, enjoy yourself, it’s later than you think

Note: We have taken great care to ensure the accuracy of this newsletter. However, it is written in general terms and you are strongly recommended to seek specific advice before taking any action on the information it contains. No responsibility can be taken for any loss arising from action taken or refrained from on the basis of this publication