

# CUT PRICE

## STOCKS & FUNDS FOR YOUR ISA

By the *Shares* team

Investing is about putting your money to work in the markets over a long period. So while markets are presently experiencing large share price movements up and down, it is important to look beyond the current volatility and continue to feed money into your investment account.

As well as remaining invested through periods of volatility the looming end of the tax year provides an opportunity to make use of any of your remaining annual ISA allowance, should you have the means to do so.

If you do, you will be adding to your portfolio at a time when markets are close to their lowest levels in more than a decade. You would be getting considerably more shares or fund units compared to the same amount of money one year ago.

We believe the indiscriminate selling has created an opportunity to buy some excellent companies and funds at attractive prices. The *Shares* team has identified six of our best ideas to help fill your ISA before the end of the tax year on 5 April.

Given the scale of the economic hit from measures taken to contain the virus, we accept it may not be smooth sailing for all of these

selections in the short-term. We also cannot rule out the possibility you might soon be able to buy at even lower prices, but we think over time our picks are well placed to trade materially higher than they do today.

They are therefore well suited to people making use of a standard Stocks & Shares ISA (£20,000 allowance) or a Junior ISA (£4,368 allowance this tax year, rising to £9,000 from next tax year) to invest for long term.

They are less suitable for someone using a Lifetime ISA to save for a deposit on a house in the next one to three years or indeed anyone who might need to access their cash in the near future. We discussed the different ISA products in this in-depth [article](#).

While the world, economy and markets will recover from coronavirus we do think there could be changes in the way we interact with each other and the way businesses operate. We have tried to factor these potential changes into our picks.

For the individual companies we have also taken a close look at their balance sheets to ensure they are well placed to withstand any near-term strain on their finances.

# OUR ISA PICKS

**Alliance Trust  
(ATST) 572.6p**

**BUY**

This investment trust provides access to top-notch fund managers via a single product. Investors benefit from accessing the skills of many different experts, meaning they not only spread risks around approximately 200 different companies in the portfolio but they also aren't reliant on a single manager.

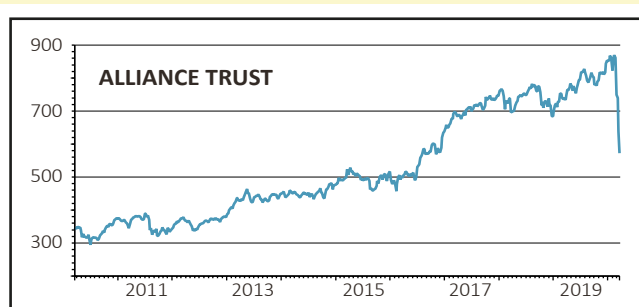
**Alliance Trust (ATST)** is run by a panel of nine asset managers, each of whom have one or more fund managers picking 10 to 20 stocks to go into the trust's portfolio. The panel is chosen by investment management group Willis Towers Watson (WTW) and the choice of managers is reviewed on an ongoing basis.

The portfolio features a range of sectors including tech, healthcare and financials. The shares are currently trading on a 17% discount to net asset value, compared to a 12-month average of 5.9%.

The trust's charges are relatively low at 0.64% and it has 53 years of consecutive dividend growth. It declared 13.96p in dividends for the 2019 financial year, equal to a 2.6% yield on the current price.

The aim is to outperform a basket of 3,000 global stocks – as measured by the MSCI All Country World index – by 2% a year over rolling three-year periods. In 2019, it achieved 23.1% total return on a net asset value basis versus 21.7% for its benchmark.

The panel of managers have different styles,



providing investors with further diversification. For example, panel member SGA seeks global businesses with strong pricing power, recurring revenue and plenty of growth opportunities.

In contrast, panel member Vulcan Value looks for high quality businesses that have the ability to compound in value over the long term, and only buys when the share price is discounted. A good example is Google's parent company Alphabet whose shares temporarily sold off last year.

'Vulcan looks for growth companies it would be comfortable owning for the next 10 years, yet only buys the shares when they are trading below intrinsic value. Such opportunities may only happen when you get sell-offs across the market,' says Craig Baker, global chief investment officer of WTW. 'That's why some of the managers on Alliance Trust are currently seeing opportunities caused by coronavirus market disruption.'

Interestingly, WTW will allocate a greater portion of the Alliance Trust pot to managers who are underperforming because their style might be out of favour, rather than giving more to ones doing really well. But if they are just picking the wrong stocks, they'll be shown the door.