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AI sell-off a reminder of why staying put with investments can be smart

The market reaction to the US midterm elections offered a salient reminder of how fast-moving markets can be.

At first on 4 November there was selling as investors reacted to the implications of a Democratic blue wave for the roll-out of AI infrastructure, with many Democrats standing on a platform of halting or slowing the construction of data centres in their states or districts.

That then switched to widespread gains as the decisive nature of the results reduced the risk of an uncertain period when the outcome would be contested or disputed.

Then on 5 November, appropriately enough for a UK audience, there were fireworks as AI concerns came back with a vengeance. By the close of trading on that day, the Nasdaq index was down more than 5.5%, wiping out more than $2.5 trillion worth of value.

The obvious instinct in such a scenario is to do something with your investments. But for a long-term investor the best of course of action is often to do nothing and certainly not to make any hasty decisions.

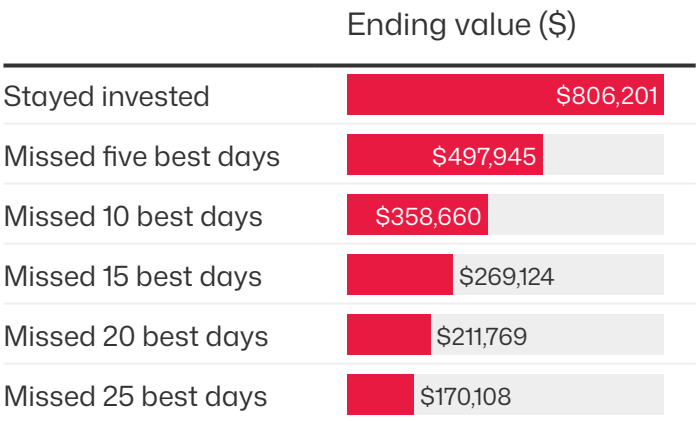
As I write the market has already recovered a good portion of its 5 November losses, even if it would be unwise to make any definitive predictions about what might come next.

The value of staying invested during periods of market turbulence is underlined by some long-running research, which has previously been highlighted in these pages but bears repetition.

BlackRock regularly runs the numbers on how much a $100,000 investment in stocks would have been affected by missing just a handful of the market's best days over a two-decade period.

How staying invested can make a dramatic difference

Hypothetical investment of $100,000 in the S&P 500 Index over the last 20 years (2006-2025)



Source: BlackRock, Bloomberg

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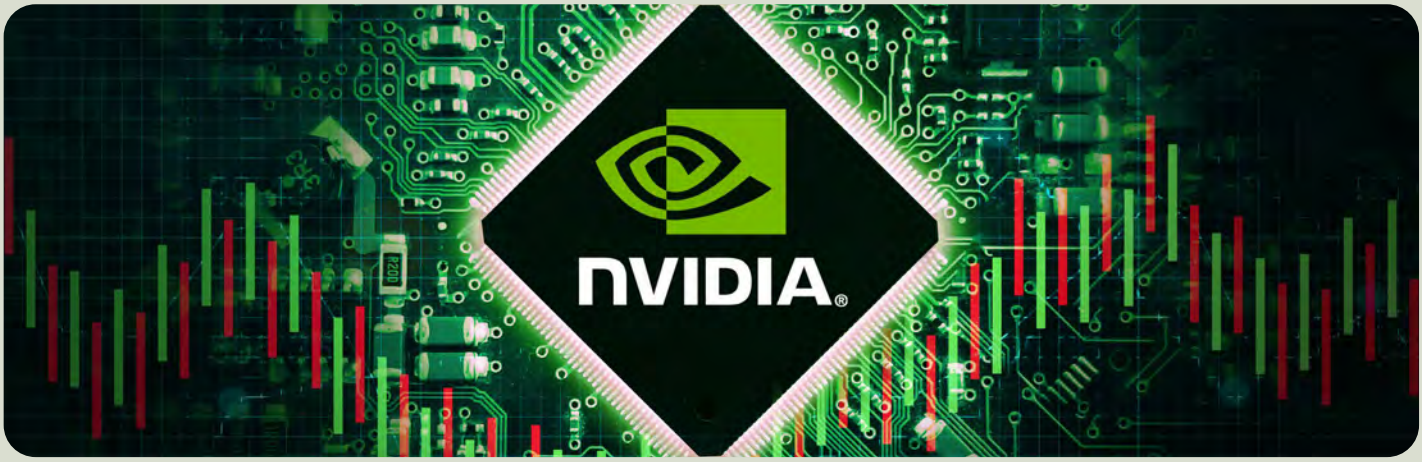
In the latest exercise, running from 1 January 2006 to 31 December 2025, it found that missing just the five best days would have led to a 40% smaller sum than if you had stayed invested through the period, while missing the 10 best days would have cut the value of a hypothetical portfolio in half.

Where this is particularly relevant to recent events is that often the market's best days can follow its worst and occur when markets are volatile. So, selling out of investments in attempt to avoid losses will usually have the reverse effect.

It's why many investors subscribe to the maxim that 'time in' the markets beats 'timing' the markets.

It doesn't mean putting your head in the sand, it's good to stay informed and keep tabs on how the funds or shares you hold are performing. Particularly say if you are nearing retirement or are planning to tap into your investment pot soon for some other reason.

But for those with time on their side, accepting that corrections are a normal occurrence in financial markets has proven to be a sensible perspective in the past.



Can Nvidia beat sky-high expectations as AI worries pile up?

AI chip firm Nvidia is set to announce its quarterly numbers on 17 November against perhaps the most difficult backdrop it has endured since the launch of ChatGPT lit the touch paper on the whole artificial intelligence story back in 2022.

The company has faced significant hits to sentiment during that period, not least the launch of the DeepSeek model in China early last year which suggested AI models could be trained at a much lower cost.

Facing multifaced challenges

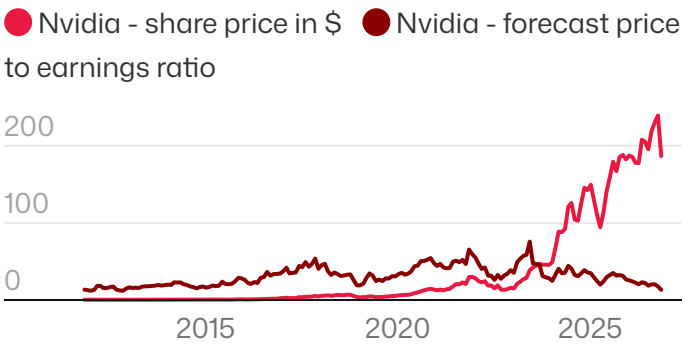
It shook that challenge off, but the difficulties facing the company now look more multifaceted. The broader sector is contending with fears the Democratic blue wave in the US midterm elections might prompt a backlash against data centres. Concern is mounting about the huge costs involved in the artificial intelligence push and now governance worries can be added to the list.

The board has launched an independent investigation into CEO Jensen Huang and whether he has been targeted in a foreign espionage effort. For now, the company says there is no evidence that company secrets or US national security have been compromised.

As its market value has grown, the pressure on Nvidia to not only match but beat expectations with its results and guidance has ramped up. In the current circumstances that pressure is likely to be even greater. Even if, on a price to earnings basis, Nvidia has not looked this cheap for more than a decade.

Investors will be looking for evidence that surging data centre sales, which topped $89 billion

Nvidia's valuation is at its lowest level in more than a decade



Source: LSEG

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Nvidia Q3 forecasts

Revenue	$109bn
Earnings per share	$2.49

Source: Zacks

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in the second quarter, are retaining their momentum, with the minimum expectation being that Nvidia hits consensus forecasts for $109 billion revenue and $2.49 in earnings per share.

An increasing number of participants in the AI race are producing their own custom chips, usually to accompany rather than replace Nvidia's GPUs but the market will want reassurance on this potential competitive threat. Plus, attention will be drawn to adoption of Nvidia's next generation Vera Rubin architecture.

Is Nvidia being paid on time?

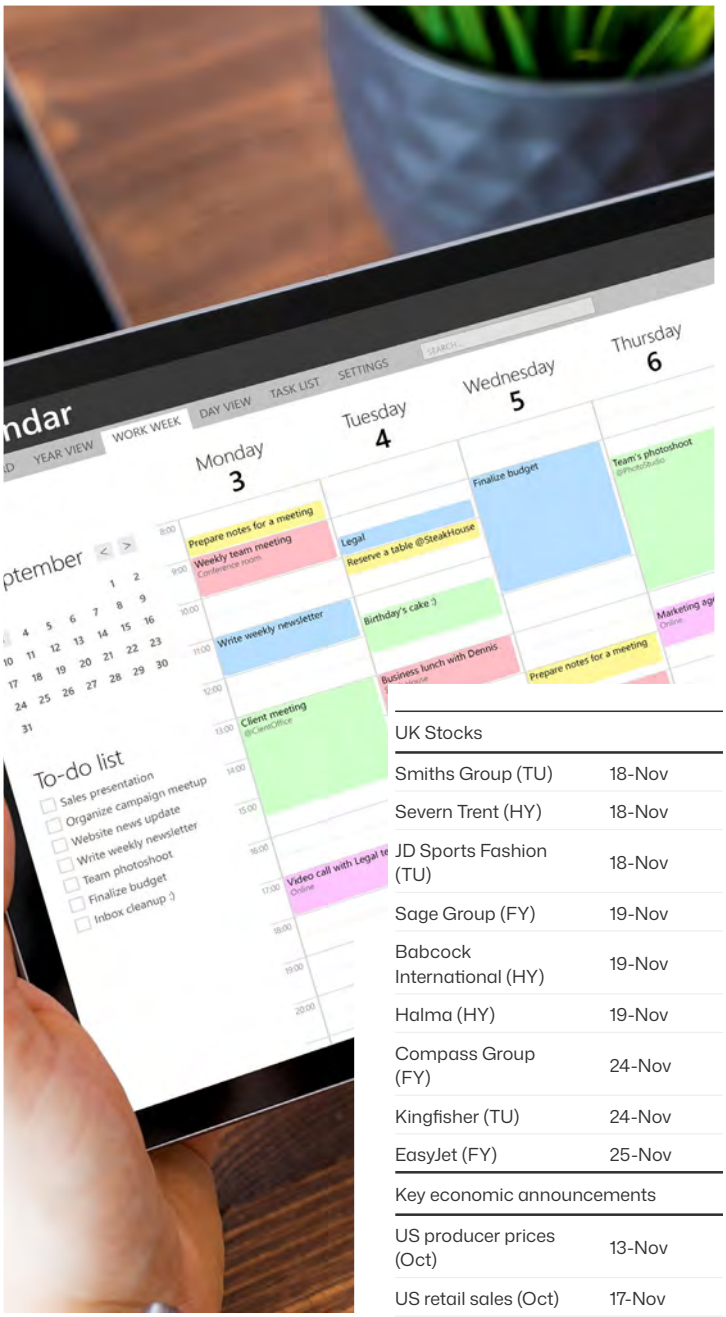
Pressure on margins from the growing costs of components is another factor to watch and given doubts about the sustainability of AI spending, days sales outstanding (DSO) will also be worth monitoring.

This metric, which measures the average time it takes to collect payment after a sale, has been creeping higher. Moving from year 45 in the first quarter of the current financial yar to 59 in the second quarter.

What to expect from Nvidia's results

- Nvidia reports against its toughest backdrop since ChatGPT launch, with data centre backlash fears, AI cost worries and a CEO investigation.
- Revenue of $109 billion and EPS of $2.49 are expected.
- Custom chip competition, Vera Rubin adoption, margins and days sales outstanding are watch points.

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Overseas stocks	
Home Depot (Q3) ☼	17-Nov
Walt Disney (Q4) ☼	17-Nov
Nvidia (Q3) ☽	17-Nov
Lowe's (Q3) ☼	18-Nov
Target (Q3) ☼	18-Nov
Walmart (Q3) ☼	19-Nov
Intuit (Q1) ☽	19-Nov
Deere & Co (Q4) ☼	25-Nov

UK Stocks	
Smiths Group (TU)	18-Nov
Severn Trent (HY)	18-Nov
JD Sports Fashion (TU)	18-Nov
Sage Group (FY)	19-Nov
Babcock International (HY)	19-Nov
Halma (HY)	19-Nov
Compass Group (FY)	24-Nov
Kingfisher (TU)	24-Nov
EasyJet (FY)	25-Nov

Key economic announcements	
US producer prices (Oct)	13-Nov
US retail sales (Oct)	17-Nov
UK CPI inflation (Oct)	18-Nov
US Fed meeting minutes	18-Nov
US GDP (Q3 second estimate)	25-Nov
US Core PCE inflation (Oct)	25-Nov
US job openings (Oct)	1-Dec
US jobs report (Nov)	4-Dec
US interest rates (Fed)	9-Dec

Key: Q=Quarter. HY= Half year. FY=Full year. TS= Trading statement. ☽ = After market close ☼ = Before market open

Can Greg Abel keep the Berkshire magic alive?



For six decades Berkshire Hathaway and Warren Buffett have been almost interchangeable. That changed when Greg Abel took over as CEO on 1 January 2026 after the board unanimously backed the Canadian's appointment in May 2025.

Buffett finally cut ties with Berkshire in September 2026 when he officially retired, with his son Howard succeeding him as non-executive chair of the board.

Berkshire's track record under Buffett is astounding, with growth in book value per share doubling the return of the S&P 500 index. That works out at an annualised return of 19.7% a year, turning $100 into $6 million versus $46,000 for the S&P 500.

It's worth noting Berkshire's returns are calculated after corporate taxes while the S&P 500 return is before investor's personal taxes.

Nobody is expecting Abel to repeat that performance for the simple reason Berkshire today is a trillion-dollar operation which touches all parts of the US economy, which is a far cry from the modest textile business that Buffett started with in 1962.

Berkshire has operations which span insurance, freight rail, utilities, manufacturing services and retail.

Berkshire Hathaway at a glance

- Greg Abel has taken over from Warren Buffett, aiming to protect Berkshire Hathaway's culture while managing its collection of businesses.
- He has restarted share buybacks and agreed to buy housebuilder Taylor Morrison, suggesting an active approach to running the group.
- Berkshire's share portfolio has become more concentrated, with Alphabet joining Apple, American Express and Coca-Cola among its biggest investments.
- Insurance premiums provide money Berkshire can invest before claims are paid, helping fund investments alongside cash generated by its other businesses.

Early signs of cash deployment

At his first shareholder meeting Abel confirmed that Berkshire would retain its culture and decentralised operating model.

"We operate a decentralised model with autonomy grounded in deserved trust. We minimize bureaucracy to provide our managers the independence to focus relentlessly on their business," wrote Abel in his first shareholder letter.

Abel will also need Buffett's discipline to stick exclusively to compelling investment opportunities and resist the temptation to spend Berkshire's $370 billion cash pile just because it acts as a drag on corporate performance.

The early evidence suggests evolution rather than revolution. Abel has resumed share buybacks after almost two years, which is interesting because Berkshire shares are trading close to all-time highs, suggesting his assessment of intrinsic value has also moved into new territory.

A more hands-on CEO

In June Berkshire agreed to buy US housebuilder Taylor Morrison for a total value including debt of $8.5 billion, marking Abel's first major acquisition since succeeding Buffett.

This potentially tells investors more about Abel's leadership style which is likely to be more 'hands-on' than Buffett. Berkshire

Berkshire Hathaway

Key stats
Share price (B shares): $572.33
Market value: $1.2 trillion
2027 PE ratio: 22.1
2027 Price to book value: 1.6

PE = price to earnings

Source: Stockopedia, as at 2 November 2026

already owns Clayton Homes, one of the biggest housebuilders in the US, as well as housing-related businesses like Benjamin Moore and Johns Manville.

This suggests Abel will make more of an effort to knit together Berkshire's sprawling empire to create greater operational integration.

An insight into Abel's thinking might be glimpsed from his recent comments which put the Taylor Morrison acquisition into context: "Over time, we expect to unify our site-built homebuilding operations into a combined platform."

Reshaping Berkshire's stock portfolio

The most significant change to Berkshire's portfolio of stock holdings in 2026 has been the purchase of Alphabet shares, which means the Google-owner has become Berkshire's third largest holding, after Apple and American Express, representing around 12% the portfolio.

The shape of the portfolio has become a lot more concentrated with the number of positions being reduced from 42 to 29 with notable exits from long-standing holdings in Visa and Mastercard.

Berkshire re-entered the airline industry for the first time since 2020 after initiating a $5.4 billion stake in Delta Air Lines, representing around 2% of the portfolio.

The four largest positions of Apple, American Express, Alphabet and Coca-Cola continue to dominate, accounting for roughly 60% of its overall holdings.

What is insurance float, how does it work?

Berkshire's insurance float has provided an ever-growing pool of low-cost funding over decades which has become a key component Berkshire's financial success.

Berkshire's insurance operations like Geico collect premiums upfront, and the associated claims may not be paid for months or even years with certain forms of reinsurance.

During the intervening period Berkshire has

Berkshire insurance float ($bn)

Year	US$ billions
1970	$0.0
1980	$0.2
1990	$1.6
2000	$27.9
2002	$41.2
2010	$65.8
2011	$70.6
2013	$77.2
2015	$88.0
2016	$91.0
2017	$114.0
2018	$123.0
2019	$129.0
2020	$138.5
2021	$146.7
2022	$164.1
2023	$169.0
2024	$171.0
2025	$176.0

Source: Berkshire reports

custody of the money or 'float' which can be used to invest in Treasury bills, equities and other assets. It is crucial to understand that the float isn't Berkshire's money in an accounting sense as it is recorded as a liability on the balance sheet.

Nevertheless, Berkshire has use of the money and Buffett has referred to float as a cheap source of funding. The key insight which Buffett had is that when Berkshire's insurance operations make an underwriting profit, the float is effectively free money.

If claims and expenses exceed premiums, float has a cost. But if Berkshire's insurance operations are profitable over time (a combined ratio of under 100%), the effective cost of that funding can be zero or negative.

Over the last 25 years Berkshire has achieved an average combined ratio (premiums less claims and operating costs as percentage of premiums) of 92.2%, a remarkable underwriting achievement for a business of Berkshire's scale.

This means Berkshire is not restricted to investing shareholder's equity, with its insurance operations supplying an additional pool of investable funds.

What are the professionals saying?

One fund manager which has a long history of following Warren Buffett and holds shares in Berkshire is Sandford DeLand Asset Management which was founded by Keith Ashford-Lord in 2010 and runs the Buffettology Fund.

Ashford-Lord licensed the 'Buffettology' name from authors of the book with the same name, Mary Buffett and David Clark. Berkshire is one of the fund's top holdings alongside Games Workshop and Relx.

Commenting on the succession of Greg Abel, David Beggs, fund manager of SDL Buffettology Fund told AJ Bell:

"Greg Abel doesn't need to be Warren Buffett to do a very good job for shareholders. The law of large numbers makes it impossible for Abel to match Buffett's record from this starting point.

"But Berkshire can still compound at high single digit to low double-digit rates and deliver attractive returns for shareholders. It has defensive characteristics with a significant cash position and an 'old economy' profile.

"This showed in October - Berkshire was up 9% while the Nasdaq 100 was down 7%. Since the AGM in May Berkshire is up 17% versus 5% for the S&P 500 and 1% for the Nasdaq 100."

How should you think about Berkshire as an investment?

Berkshire owns more than 50 businesses, touching many sectors and industries which is why it is often considered a bellwether for the overall economy.

But it is not useful to think of Berkshire as a run-of-the-mill conglomerate, but more as a giant capital allocation machine.

The insurance and wholly owned operating businesses generate cash which Abel allocates towards investments, acquisitions, reinvestments and buybacks.

A useful way to think about Berkshire from an investment perspective is to split the business into the sum of its parts.

This involves applying a multiple to the earnings of Berkshire's operating businesses, then adding the value of its public equity portfolio and its cash and cash equivalents.

Operating businesses

Berkshire reported operating earnings of $44.5 billion in 2025, below the $47.4 billion in 2024, but above the five-year average of $37.5 billion, reflecting the resiliency of the business.

This includes the volatile insurance operations which achieved a combined ratio of 87.1% which compared favourably with the five-year average ratio of 90.7%. This ratio measures core operating profit after deducting claims and expenses from premiums earned.

Typically, investors have put a multiple on Berkshire's operating earnings of between 12 times and 14 times, which implies a market value of between $534 billion to $623 billion, based on 2025 earnings.

The equities portfolio

The latest regulatory filings at the end of June show Berkshire's portfolio had a market value of around $300 billion. Cash and equivalents at the end of the second quarter were roughly $365 billion. Together these parts of Berkshire add up to $665 billion.

If we take the middle of the multiple range (13

Berkshire Hathaway theoretical sum of the parts

	Operating earnings ($bn)	12 times earnings assumption	14 times earnings assumption
2024	47.4	569	664
2025	44.5	534	623
Five-year average	37.5	450	525
Equities portfolio (Q2)	300	300	300
Cash and equivalents (Q3)	360	360	360
Sum of parts based on 2025 earnings		1194	1283
Market value/ discount to theoretical value	1190	0.3%	7.8%

Source: Berkshire reports, AJ Bell analysis

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times) for the operating businesses of $579 billion and add the cash and equities portfolio, we get to $1.24 trillion of theoretical market value.

Taking the current market value of $1.2 trillion implies around a 2% discount to theoretical intrinsic value.

The fact that Abel has been buying back shares suggests his estimate of intrinsic value is above this rough and ready estimate of Berkshire.

It should be emphasised that the approach we have described is illustrative only and may not accurately reflect the underlying economics of Berkshire's business.

How is Berkshire performing in 2026?

The company reported a 5.8% decline in the third quarter operating earnings to $12.7 billion, driven by a 43% fall in underwriting premiums and a drop in investment income, which more than offset a 13% increase in operating profits from Berkshire's railroad, energy and manufacturing businesses.

Berkshire increased the cadence of share buybacks after repurchasing $9.6 billion in the third quarter and a further $2 billion in October, adding to the $4.8 billion purchased earlier in the year.

The $16.4 billion of repurchases is the biggest since 2021 when Berkshire repurchased $27 billion. Following the repurchases, Berkshire ended the September quarter with cash and equivalents of $359.9 billion, down from $380.2 billion six months ago.

Berkshire consensus forecasts

	2026	2027
Sales ($bn)	381.1	377.8
EPS ($)	21.8	22.1

Source: Stockopedia, S&P Global

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By **Martin Gamble**
Shares and Markets Writer



What is behind GSK's valuation gap to its rivals?

Pharmaceutical giant GSK has traded at a persistent valuation discount to global peers due to investor anxieties around patent cliffs (loss of drug exclusivity) in its key HIV franchise and a perception that its research and development pipeline is not up to scratch.

CEO Luke Miels, who took over from Emma Walmsley at the beginning of 2026 has promised to address these issues by increasing the speed of drug development, reducing organisational complexity and embracing artificial intelligence.

Following a portfolio review in July, Miels announced a £1.9 billion cost-savings programme aimed at funding GSK's late-stage drug roster which has been increased to 25 studies by the end of 2026, compared with a prior target of 10.

The company upgraded its operating margin outlook to 'stable to improving' from 'stable' while also reiterating a long-term ambition to generate more than £40 billion in annual revenue by 2031.

In June GSK made its largest acquisition in more than a decade, with the purchase of Nuvalent for $10.6 billion, which pivots GSK's portfolio into the lucrative lung cancer market.

GSK

Key stats
Share price: £17.60
Market value: £70.2bn
2027 PE ratio: 9.1
2027 Dividend yield: 4.4%

PE = price to earnings

Source: Stockopedia, as at 2 November 2026

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Has the market picked up on the recent moves?

Berenberg believe these changes are underappreciated by the market: "After a flurry of business development and pipeline momentum, we are increasingly optimistic about GSK's growth outlook," say the analysts.

Consequently, Berenberg has upped its 2031 revenue forecast to £39 billion, which is ahead of the average market forecast of around £36 billion, and just shy of GSK's internal £40 billion target.

GSK's recent (28 October) third-quarter sales and profit came in ahead of forecasts, but GSK lowered full-year core earnings growth to the lower end of its 7% to 9% range due to higher research and development spending.

Miels said the company was 'slightly ahead' of its restructuring plan which is anticipated to have 'limited' impact on UK jobs after earlier announcing more than 1,000 job cuts in Belgium.

What is the threat from the HIV patent cliff?

As a reminder, drug companies secure legal protection on new drugs via legal documents called patents, which gives exclusivity for up to 20 years.

Expiries are referred to as a patent cliff, as it opens the door to cheaper unbranded generic versions which flood the market and typically cannibalise between 80% and 90% of branded sales.

GSK's oral HIV drug Dolutegravir loses its exclusivity in a staggered manner across global regions between 2028 and 2033, with the bulk of the patent expiries coming at the tail end of 2029.

For context, global sales of Dolutegravir reached $5.65 billion in 2025, accounting for around 15% of group sales.

Does GSK have a plan to mitigate patent expiry?

GSK's is transitioning the HIV market towards long-acting injectable formulations built around Cabotegravir. It is aiming to launch a twice-yearly regime or self-administered option by 2030.

The idea is that by moving patients to more convenient injectables, it will potentially 'lock-in' market share before generics arrive.

Outside of HIV, GSK has highlighted 12 new product launches which possess peak sales potential of £2 billion each, which could replace declining sales of Dolutegravir.

What are GSK's key areas of therapeutic expertise?

GSK is organised around three divisions, the largest of which is specialty medicines which accounted for around 41% of group sales in 2025.

This division covers treatment areas like HIV, oncology (cancer) and respiratory, immunology & inflammation.

HIV is the core franchise making up the largest slice of specialty medicines with GSK's long-acting injectable portfolio accounting for 25% to 30% of HIV revenues.

Oncology is GSK's fastest growing segment led by its blockbuster endometrial cancer treatment Jemperli which generated global sales of $644 million in the first half of 2026, equating to 34% annual growth. Management projects peak sales of more than $2.7 billion.

Respiratory, immunology & inflammation grew sales by 19% in the second quarter driven by GSK's asthma drug Nucala which generated around $1.4 billion in global sales in the first half of 2026 and is expected to have peak sales of $2.4 billion.

GSK sales by division 2025

	Sales (£bn)
Specialty medicines	£13.5bn
Vaccines	£9.2bn
General medicines	£10.0bn

Source: GSK

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Vaccines

GSK owns one of the largest and most globally diversified vaccine portfolios in the industry. Vaccines accounted for around 28% of group sales in 2025.

Key products include shingles vaccine *Shingrix*, RSV (respiratory syncytial virus) vaccine Arexy and a widespread meningitis portfolio. Vaccines account for around 28% of total sales.

The cash cow division

GSK's general medicines division is primarily comprised of established medicines prescribed in primary care. The business is cash generative but gradually declining in importance as faster growing areas drive growth of the overall business.

GSK at a glance

- GSK trades at a valuation discount to peers, reflecting concerns about HIV patent expiries and its drug development pipeline.
- Management is pursuing cost savings, acquisitions and faster development, while targeting growth through oncology and injectable HIV treatments.
- Recent quarterly results exceeded forecasts, but higher research spending pushed expected earnings growth towards the lower end of company guidance.
- Cash generation is robust but the company faces patent, litigation and development risks, with future sales targets remaining ambitions rather than guarantees.

GSK financial metrics

	GSK operating profit (£bn)	Operating cash flow (£bn)	Free cash flow (£bn)	Operating margin (%)
2023	£8.8bn	£8.1bn	£3.4bn	29.1%
2024	£9.1bn	£7.9bn	£2.9bn	28.9%
2025	£9.8bn	£8.9bn	£4.0bn	29.9%

Source: GSK

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Sales declined by 1% in 2025 to £10 billion, representing around 31% of the group.

What do GSK's finances look like?

GSK retains roughly 30p in operating profit from every £1 of sales, before financing costs and taxes, which represents a healthy operating margin.

The company is cash generative with free cash flow averaging around £3.5 billion a year over the last three years. Free cash flow is the money left over after deducting operating expenses, interest, taxes, movements in working capital (like inventories and debtors) and investments.

Return on equity has averaged a healthy 33% over the last three years which means GSK is very efficient at using its capital to generating profits for shareholders.

While most pharmaceutical companies make good returns on equity and generate high operating margins, it should be remembered that drug discovery is a risky business with no guarantees of commercial success.

That's why pharmaceutical companies develop large drug pipelines which can replenish products facing patent expiry. In effect, companies need to reinvent their product suite every decade to replace declining sales and remain profitable.

Finally, it is worth remembering that litigation is part and parcel of the pharmaceutical industry. Drugs are designed to do good, but occasionally they can do harm which can result in big fines, as GSK experienced with its heartburn drug Zantac.

GSK agreed to a £1.8 billion settlement in 2024 to resolve around 90% of outstanding cases, without accepting any liability.

How do GSK's financial compare with peers

As the table shows, GSK trades at a discount to most large pharmaceutical groups except French pharmaceutical company Sanofi, which is also suffering from investor concerns over the depth and credibility of its drug pipeline.

Peer group valuations

	2027 PE	2027 dividend yield (%)
Sanofi	8.1	6.2%
GSK	9.9	3.8%
Pfizer	10.1	5.9%
AstraZeneca	14.9	1.9%
Novartis	15.7	3.1%
Roche	17.8	2.7%

PE = price to earnings ratio

Source: Stockopedia, LSEG

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GSK is not involved in any significant way in the race to develop weight loss drugs, so we have excluded Danish company Novo Nordisk and US obesity giant Eli Lilly from the peer comparison table.



By **Martin Gamble**
Shares and Markets Writer



The US stocks investors have stopped paying up for

The recent market volatility, centred around the AI sector, has had a significant impact on company valuations. As investors have reassessed the risks and benefits of the artificial intelligence push, so the price they are willing to pay for a piece of the participants in it has fallen.

One way to measure this is through the price to earnings or PE ratio. A key benefit of this valuation metric is its simplicity, calculated by dividing the current share price by the earnings per share. While you can use historic earnings, it is typically more useful to use forecast data. After all, markets are more focused on the future than the past.

What a PE tells you

A PE effectively tells you the number of years it would take for a company's cumulative earnings to equal its current share price (albeit on the unlikely assumption those earnings remained entirely flat and were paid out in full).

However, in isolation, this information is not particularly helpful. That's because a PE is a relative valuation tool. Comparing it against the wider market or other firms in a similar sector can give you a better sense of whether the valuation is anything out of the ordinary.

Another yardstick to measure a current PE against is the long-term average. If the former is significantly below the latter, it can imply a shift in the market's attitude towards a stock. This is sometimes called a derating, the opposite of a rerating where the price to earnings ratio moves higher.

Using a market screening tool, we have identified stocks in the US which are trading on at least a 20% discount to their 10-year average PE based on their PE for the current financial year.

Big US stocks derated

- Recent AI-led market volatility has cut the multiples investors will pay for many US stocks.
- PE ratios compared with long-term averages can reveal a derating.
- We screened for US shares on at least a 20% discount to their 10-year average PE.
- Nvidia, Alphabet, Amazon and Seagate reflect doubts over sustainability of AI spending.
- Adobe and Salesforce derated on AI disruption fears.
- PayPal, Disney, Netflix and Colgate-Palmolive show deratings go beyond AI.

A derating in tech

Starting in the technology sector, a key source of much of the recent turbulence in financial markets, there is clear evidence that investors are unwilling to pay as high a multiple as they did in the past for at least some technology and AI names.

AI chip leader Nvidia, which is battling internal



How big US companies' valuations compare to their long-term average

Company	Forecast PE	Forecast PE 10-year average	Discount to 10-year average PE
Seagate Technology	11.5	51.7	77.8%
Adobe	9.8	32.7	70.0%
Salesforce.com	12.8	41.4	69.1%
Netflix	17.8	53.9	67.0%
PayPal	10.6	30.2	64.9%
Nvidia	20.0	43.5	54.0%
Amazon	24.1	47.8	49.6%
Keurig Dr Pepper	16.0	29.9	46.5%
Walt Disney	16.8	29.5	43.1%
Pfizer	9.8	13.1	25.2%
PepsiCo	16.8	22.2	24.3%
Alphabet	17.7	22.9	22.7%
Colgate-Palmolive	24.6	31.3	21.4%

*For current financial year. PE = price to earnings ratio

Source: ShareScope. Data to 9 November 2026

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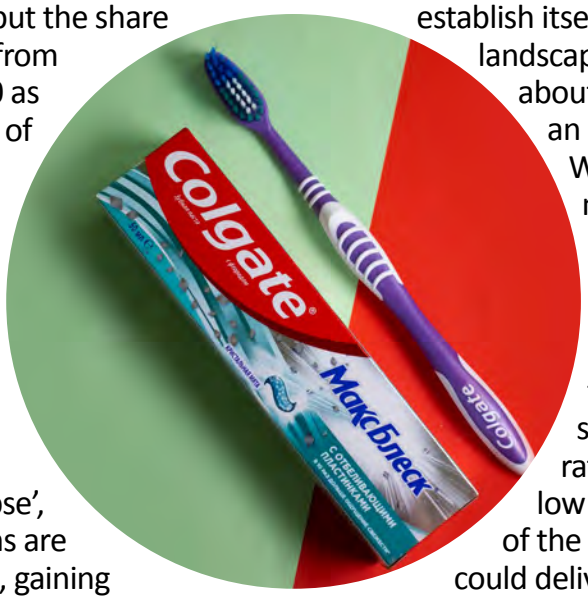
and external problems, is perhaps the highest profile example. It trades at a substantial discount to its long-term average PE at 20 times forecast earnings for the 12 months to 31 January 2026. Using forecasts for the January 2027 financial year, Nvidia is trading on less than 12 times earnings.

Another thing a derating might tell you, and this may be at work with Nvidia, is that investors are now more sceptical about a company's ability to hit earnings forecasts, particularly for future years where there are no actual earnings to lend estimates greater credibility.

Both Google-owner Alphabet and Amazon are also trading at material discounts to their long-term average PEs, as investors grow concerned about their ability to generate a return on their huge investments in AI and as the quality of earnings is affected by the pressure on cash flow which results from this spending.

The deratings at these tech giants are nowhere near as acute as at Seagate Technology. The memory chip play was caught up in the extraordinary surge in demand for its products associated with the AI roll-out but the share price has subsequently halved from its 52-week highs above $1,000 as doubts about the sustainability of artificial intelligence spending have set in.

On the flipside, companies like create software firm Adobe and customer management specialist Salesforce have derated in part thanks to concerns about AI disruption. With narratives about a so-called 'SaaS-pocalypse', where traditional software firms are barged aside by new AI models, gaining traction earlier this year.



It's not just AI

It's not only in the AI space that the US market has seen big deratings, some of which have taken place over a longer timeframe than others. Digital payments business PayPal has been hit by increased competition in its core market and as some of the pandemic-era exuberance around e-commerce faded.

Media giants Disney and Netflix have also been

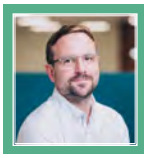


heavily derated. The streaming market has become increasingly competitive and saturated, and Disney has struggled with its traditional network TV operations.

At Netflix the derating is exacerbated by the fact its profitability only began to really mature in recent years.

A high PE can reflect both a high price but also lower earnings, and Netflix earnings were constrained as it spent heavily on content to establish itself in the entertainment landscape. More recently, doubts about its growth strategy following an ultimately fruitless pursuit of Warner Bros Discovery (now merged with Paramount to create Skydance) have started to build.

The lower PE afforded Colgate-Palmolive shows the impact on the consumer staples sector of higher interest rates and inflation. In the ultra-low interest rate environment of the 2010s, companies which could deliver steady if relatively modest growth backed by strong brands were highly prized, but improving returns for bonds and cash means this appeal has diminished. While inflationary pressures have pushed up input costs and meant households are trading down to less expensive, unbranded alternatives.



By **Tom Sieber** Editor



Quantum computing demystified: Investment options and risks

Quantum computing has the potential to tackle problems that even today's most powerful computers struggle to solve.

While it is still early days, some industry observers believe quantum computing has crossed a commercial inflection point.

The biggest applications include drug discovery, materials science, financial modelling, cybersecurity and supply chain optimisation.

According to consultancy McKinsey the quantum computing industry generated a combined $1 billion of revenues in 2025 and this total is projected to reach $4.4 billion by 2028.

To give an idea of recent investor demand, there have been four major IPOs (initial public offerings) in 2026 US led by Quantinuum which raised $1.68 billion, valuing the company at $15.7 billion.

Other public listings include Xanadu Quantum Computing which raised $302 million and Infleqtion, while European developers IQM and Pasqal also entered the public arena via mergers with existing listed companies.

Like all leading-edge technologies it is virtually impossible to pick the winners who can turn the science into sustainably profitable enterprises. In this article, we look at ways to get passive, diversified exposure to the theme.

What is quantum computing?

Quantum computers are not simply faster versions of ordinary computers. One way to think about the difference is to picture a coin. Regular computers think like flat coins, they can be either heads or tails and to solve a problem, the computer must try one path at a time.

Quantum computers think like a spinning coin, which means it could be heads or tails at the same time. Because the coin exists in multiple states, the computer can solve a problem by looking at every single path at the same time.

This advantage means quantum computers are very good at finding the perfect combination out of millions of possibilities. They can simulate how molecules interact to discover new cures faster or design brand new materials like longer-lasting electric car batteries.

Quantum computers can create unbreakable codes to protect digital privacy.

Bear in mind that the most successful companies

UK-listed quantum computing ETFs

Fund	Assets (£m)	Ongoing charges (%)
VanEck Quantum Computing	£600m	0.55%
WisdomTree Quantum Computing	£240m	0.50%
iShares Quantum Computing	£62m	0.50%

Source: JustETF

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will not necessarily be those developing quantum computers, but could extend to hardware makers, software developers, cloud computing providers and established businesses that use the technology to solve real world problems.

How to invest passively using ETFs

There are quantum computing focused ETFs designed to give investors exposure to companies operating in quantum computing, although the degree of specific quantum computing exposure can vary substantially.

Specialist quantum-computing ETFs typically invest across companies involved in the wider ecosystem including hardware, software and related technologies.

Bear in mind that portfolio holdings can include smaller, volatile businesses and some holdings may have limited quantum computing-related revenues.

The largest ETF with assets of around £600 million is the VanEck Quantum Computing UCITS ETF which seeks to track the MarketVector Global Quantum Leaders index.

The index is comprised of around 30 companies spanning pure play quantum innovators as well as major global technology firms.

The fund invests in large technology companies like Microsoft and Amazon as well as smaller pure play quantum computing companies like IonQ, and D-Wave Quantum.

The portfolio is comprised of 31 holdings with more than half of the fund invested in the US and 20% invested in Japan including holdings in NTT and Fujitsu. Unsurprisingly the fund is heavily exposed to the technology sector which accounts for around 62% of the portfolio.

While going down the route of investing in specialist quantum computing funds provides a level of diversification which reduces the risk of picking the wrong companies, it cannot eliminate the risk that the theme itself disappoints.

What are the risks of investing of quantum computing?

Quantum computers offer a potentially different way of performing certain mathematical calculations. In theory, this could allow some operations to be completed using fewer computational steps.

This means that while quantum computing has the potential to improve artificial intelligence and the

What is quantum computing and what are the investment options

- Quantum computing could help tackle complex problems in drug discovery, materials science, financial modelling, cybersecurity and supply chain optimisation.
- The industry remains young, with commercial growth attracting investor interest, although identifying companies that can become sustainably profitable is difficult.
- Specialist ETFs offer diversified exposure to quantum computing businesses, technology giants and the broader ecosystem of hardware, software and cloud providers.
- Investors face volatile shares, uncertain commercial outcomes and technological obstacles; diversification cannot remove thematic risk, and traditional computing is unlikely to be replaced soon.

Who are the leading pure-play companies?

The sector has been in the doldrums with share prices languishing at 12-month lows. This is despite a short-lived boost from the US Department of Commerce announcing a package of funding targeting quantum computing stocks in 2026.

None of the pure-play companies have yet reached sufficient scale to generate profitability.

The largest listed quantum company by market value is IonQ which was established in 2015 based on scientific breakthroughs licensed from University of Maryland and Duke University.

The company generates revenues from selling remote cloud-based access to its general purpose trapped-ion quantum computers. It also earns revenue from professional consulting and application-specific co-development services.

Quatinuum was created through the merger of Honeywell Quantum Solutions and Cambridge Quantum Computing.

The company provides an integrated platform comprised of hardware, middleware as well as software application layers like InQuanto for chemistry and Quantum Origin for cybersecurity.

D-Wave Quantum generates revenues from customers paying for access to D-Wave machines as a service, whole system sales and consulting fees helping customers to build applications.

Rigetti Computing designs and manufactures superconducting quantum processors (hardware to run computers) using electronic circuits from materials like niobium and aluminium.

First half bookings totalled $35.5 million driven by a $20 million quantum system sale to Florida Atlantic University. Its backlog of remaining performing obligations increased to $40.7 million with just over half expected to be recognised over the nest 12 months.

Largest companies by market value

Company	Market value ($bn)	2026 Sales est ($bn)	One-year share price performance (%)
IonQ	$12.9bn	$455bn	-50%
Quantinuum	$9.5bn	$30bn	-35%
D-Wave	$4.2bn	$42.5bn	-71%
Rigetti Computing	$3.8bn	$23.3bn	-74%
Infleqtion	$1.9bn	no estimates available	-50%
Quantum Computing	$1.5bn	$28.2bn	-56%

*Quantinuum listed in June 2026, so since IPO

Source: Stockopedia, S&P Global

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development of large language models, it is unlikely to replace traditional computing anytime soon.

A 2026 research paper in *Proceedings of Machine Learning Research* argues that practical advantages of quantum computing still face substantial obstacles which may take decades to overcome.

As ever in investing, it is important to fully understand what you own and the commercial realities that need to happen to justify current valuations.



By **Martin Gamble**
Shares and Markets Writer



Could a trust protect our disabled children after we're gone?

Ask the experts

Sarah Coles is on hand to answer your personal finance questions.

If you'd like a question considered for a future edition send it in now.

We have two adult 'children' both with learning disabilities who will be living with us long term. As I and my wife are at retirement age we are naturally worried about how they will manage their personal finances after we are gone.

Trusts were in the news recently and the tax implications that can result – how do trusts work and what are some of the key things we should consider in terms of whether a trust may be appropriate for them?

Jon



Sarah Coles,
Head of Personal Finance, says:

You're right that trusts can be incredibly useful for protecting vulnerable people after you've gone. However, setting up and managing a trust isn't straightforward, so it's a good idea to think things through now, while you have time.

The basics of a trust is that you put assets into the trust, it's managed by trustees, who have legal ownership of them, but it is used for the benefit of the beneficiaries – which would be your adult children.

What are the options?

There are several different types, depending on what you want the trust to do, so the first step is to decide what kind you want. If you want the trust to be flexible, so it can pay out to the beneficiaries in the way the trustees think is best, you could consider a discretionary trust. This gives the trustees the ability to make decisions about how to use the income from the trust – and sometimes the capital.

They can decide which beneficiary to make payments to, how often and how much. They can also impose conditions on the money they pay out. You can consider how much control you want the trustees to have and then write that into the trust deed. However, there are other kinds of trust, so it's worth exploring all your options.

You also need to decide whether to set up a trust for your adult children now, and place



assets into it for them today, or you can arrange for a trust to be set up as part of your will. This will depend partly on when you want the trust to start supporting them, but there are also tax implications.

Another major decision is who you will choose as trustees. This is key, because they have so much control over the trust. You need to be able to put your faith in them, and you need to be confident they will get along. This seems straightforward, but given that this trust could run for decades, you need to consider whether there's any risk they could struggle to work together in the years to come, which can be extraordinarily difficult to assess. There us a way to write the trust to adapt if these relationships break down, but it needs to be considered at the outset.

What you need from a trustee

You don't always need a professional trustee – which comes with costs, but you need to be sure the people you choose have the experience and understanding to manage a trust. The tax calculations alone are often fiendishly complex and require meticulous record-keeping and hard work, so whoever you choose needs to be prepared to take this on. In many cases, people will use a professional to avoid all sorts of problems if trustees make mistakes.

Finally, you need to consider the instructions you set for the trustees, so the trusts give the right support at the right time without either running out or offering too little support and building up a surplus.

You also need to be aware of the tax considerations – and there are many of them. Trusts can usually make £500 of income tax-free. If they make any more than this, tax is paid on all the income at 45%. If those receiving the income pay tax at less than 45%, they may be able to claim some tax back. Trusts don't get a dividend allowance either. Dividend income is taxed at 39.35%. Capital gains tax may need to be paid, and the annual exempt amount is lower for trusts – at £1,500 in the current tax year.

Then there's inheritance tax. If you set up a trust as part of your will, then you may already have paid inheritance tax on the assets you put into the trust. However, the trust will still pay inheritance tax every 10 years on amounts over the nil rate band, at a rate of up to 6% and an exit charge of up to 6%, depending on when the last 10-yearly charge was made.

If you set it up during your lifetime, there is inheritance tax to pay at 20% when assets are transferred into a trust above the value of the nil rate band, then another charge every ten years from when it was set up – at up to 6% on amounts over the nil rate band, and another one when the trust ends. If the person setting the trust up dies within seven years, additional inheritance tax may be due.

When there can be tax breaks

Depending on your children's conditions, they may be classed as 'vulnerable beneficiaries'. This can be the case if they are eligible for certain types of disability benefits (even if they do not receive them), or you can check with their doctor that their conditions are covered by the Mental Health Act 1983. If that's the case, the trust can apply for tax breaks.

As you can see, this is a complex area, and an awful lot will depend on the trustees, the trust deed, and your personal circumstances. It's why it's always worth getting advice when deciding whether to set a trust up. It makes sense to have professional help having the trust drawn up too, and often to run the trust after you have gone.

Financial trusts – what to know

- Trustees can manage assets for your children's benefit.
- A discretionary trust offers flexibility over who receives money and when.
- A trust can be created now or through your will.
- It's important to choose reliable trustees and set clear instructions.
- Tax may apply to income, gains, transfers and withdrawals.
- Vulnerable beneficiaries may qualify for special tax treatment.
- Legal and tax advice can help you choose the right structure and avoid costly mistakes.





Pensions and inheritance – what to do before April 2027

For years, unused pension savings have usually sat outside people's estates for inheºritance tax. From 6 April 2027, most unused pension funds and death benefits will be included, potentially leaving some families with larger tax bills.

That does not mean everyone should rush to raid their pension. Instead, check that your pension nominations, will and retirement plans still reflect your wishes.

What is changing?

Most unused defined contribution pensions currently sit outside the estate for inheritance tax. Beneficiaries may still face income tax in some circumstances, depending on the age of the pension holder when they died.

Inheritance tax exemptions will be available for transfers to a spouse, civil partner and charities, in the same way as non-pension assets now. However, the age 75 income tax cliff edge is not due to change. If someone dies at 75 or over and leaves pension funds to another beneficiary, the funds could face inheritance tax, and the beneficiary may then pay income tax when making withdrawals.

Death before 75	Death at 75 and over
Benefits are usually income tax-free if moved into the beneficiary's name (designated) within two years and with available lump sum and death benefit allowance.	Individual beneficiaries normally pay income tax at their marginal rate when they withdraw inherited funds, including funds inherited by a spouse or civil partner.

The process also matters

The biggest problem for some families won't be the tax bill itself. It will be finding details of multiple pensions, locating key paperwork and working out who is supposed to inherit what.

Under the new system, personal representatives and executors will have a larger role in gathering pension information and ensuring any inheritance tax due is paid correctly. Pension providers, beneficiaries and executors may all have to exchange information before any tax can be calculated and assets can be distributed.

That means families could face delays if pension arrangements are unclear or if key documents cannot be located. Anyone with multiple pension pots should consider whether their loved ones would be able to easily identify and access those arrangements when the time comes.

A personal representative must then work out if any tax is due, based on the valuations they've obtained for pensions and other assets. Anything left to a spouse or civil partner is exempt from inheritance tax, along with money left to charity from a pension or other assets. For other beneficiaries, the estate can usually benefit from



the £325,000 nil-rate band, which has been frozen until 2031

HMRC says it will update its inheritance tax calculator to help personal representatives do these calculations and work out if any tax is due, as well as how to split (or apportion) the tax-free nil rate band across the different elements of the estate. Some pensions might be invested in illiquid assets such as commercial property, that are harder to value and sell quickly compared to investments like funds and shares.

Personal representatives will have to file returns to HMRC to confirm whether tax is due, and then they must make arrangements to pay any bill. It's worth noting that if inheritance tax is not paid on time (usually within six-to-seven months of death), late payment interest could start to accrue.

When it comes to pensions, any inheritance tax due can be paid from the rest of the estate (known as the free estate), or the pension beneficiary could pay from their own funds, meaning no deduction from the pension wealth they inherit. A personal representative or a beneficiary can also request that it is paid from the pension funds before they are paid out.

IHT and pensions – what to know

- From 6 April 2027, most unused pensions and death benefits will count towards estates for inheritance tax.
- Some beneficiaries could face both inheritance tax and income tax on inherited pensions.
- Executors will face extra responsibilities, making clear pension records essential to avoid delays.
- Review pension nominations, your will and executors, plus retirement income and gifting plans. Be wary of hasty withdrawals that could trigger income tax or leave you short in retirement.

Three steps you can take now

1) Review your pension nominations

Although unused pensions and death benefits are being brought into the inheritance tax net, they will still generally sit outside of your will. Instead, pension providers will usually look at the nominations you've made when deciding who should receive the money.

Nominations are easily forgotten, but relationships and family circumstances change. Review every pension arrangement regularly to make sure your choices remain appropriate and your savings reach the right people, sparing your loved ones unnecessary complications at an already difficult time.

2) Review your will and choice of executors

While pensions generally sit outside of your will, this document also appoints the personal representatives for your whole estate. You should check that it still reflects your wishes and that your chosen executors remain willing and able to act.

Even if your will was professionally drafted, the changes might have unintended consequences for some estate plans, particularly where there are charitable gifts, trusts or complex family arrangements involved. A review now can help identify any issues before the new rules take effect and give your family greater clarity about how your affairs should be handled.

3) Review your retirement income and gifting strategy

This is an opportunity to assess or reassess how much income you want, both now and through retirement. The changes might change how you feel about spending more on yourself or perhaps your loved ones.

Gifting can be a powerful way of reducing the value of your estate, but you shouldn't risk leaving yourself short in retirement. And it's worth keeping in mind that anything you withdraw over and above your available tax-free cash will be subject to income tax.

Paying 40% income tax today to avoid a potential inheritance tax charge might not always make sense. However, if you have beneficiaries who are higher rate taxpayers themselves in the UK, they could get 40% tax relief on any gifted funds they direct into their own pensions to mitigate some of this.



By **Charlene Young**
Senior Pensions and Savings Expert



What do the letters in fund names mean and which version should I pick?

Ask the experts

Paul Angell is on hand to answer your questions about investments.

If you'd like a question considered for a future edition send it in now.

Often when I go to buy a fund it seems like there's many similar versions of the same one. The only thing that's different is the string of letters after the name. What do these mean and does it matter which one I pick?
Annie L



Paul Angell, AJ Bell Head of Investment Research, says:

Fund names are often full of jargon, which can quickly confuse when you're looking at which one to buy. Different fund providers will also often have their own jargon, so even the experts can't always figure out exactly how a fund differs from other versions by the same name.

But there are a few helpful things to look for to decode these names. Some of the verbiage included in the title indicates what the fund invests in or how it pays income.

For many investors it can be okay to just understand generally why the extra words and letters are there without doing a deep dive.

We'll use two names from our Favourite funds list as examples to decode: Artemis SmartGARP Glbl Smlr Coms I Acc £ and Amundi Core UK Govt Bd ETF Dist. If I referred to those funds in conversation, I would just call them Artemis SmartGARP Global Smaller Companies and Amundi UK Government Bond ETF. But let's break down what the rest of the words and lettering mean.

The helpful identifiers

Thankfully, fund names typically lead with some



of the most important details, such as who the fund provider is and what market or markets the fund is invested in.

The first word or words in most fund names will be the title of the company providing the fund. For example, Artemis is the fund provider of the Artemis SmartGARP Global Smaller Companies fund, and Amundi is the fund provider of the Amundi UK Government Bond ETF.

The second part of the fund name usually refers to the investment area: 'Glbl Smlr Coms' refers to global smaller companies, and 'Core UK Govt Bd' means Core UK Government Bonds. The inclusion of 'core' just means that it is a fund managed with few thrills versus its benchmark index.

If a fund doesn't have 'core' in the name, there's no need to worry, it's just a phrase that some fund providers use and others don't. If you don't know what the abbreviated words in a fund name mean, click on the product and there might be a more complete title there. If not, a simple Google search is often your best bet.

In our Artemis example above, the provider also decided to include the fund's research method 'SmartGARP' towards the front of the fund name. Whilst this arguably confuses things further, as a business they've wanted to build familiarity with this specific approach that is used across a number of their funds.

Getting to grips with fund names

- Fund names identify the provider and investment area, often using abbreviations.
- 'Acc' means income is automatically reinvested; 'Inc' or 'Dist' means it is paid out as cash.
- 'GBP', '£' or 'USD' indicates the trading currency; 'HDG' signals currency hedging.
- Share-class letters distinguish versions with different charges and eligibility criteria; their meanings vary between providers.
- Platforms typically offer competitive share classes, but ongoing charges can differ.
- AJ Bell's Favourite funds list simplifies names and share-class choices, showing income-paying versions for income funds and accumulation versions otherwise.

Acc vs Inc vs Dist

Most funds will include this at the end of the name, and it's very important to pick the correct one. This will tell you if any income paid out by the fund's holdings is put into your account or reinvested into the fund itself automatically. Acc stands for accumulation, and here the money will be automatically reinvested into the fund. If your fund says 'Inc' (standing for income) or 'Dist' (standing for distribution), any income is paid into your account as cash. You'd usually take this latter option if you were looking for regular payments from your fund.

In the example of the Amundi Core UK Govt Bd ETF Dist, the 'Dist' at the end is your signal that it is a fund that pays out income, in this instance the coupons paid by the underlying bonds held in the fund.







GBP or USD?

Some, but not all, funds will clarify in the name what currency they trade in. When we look at the name 'Artemis SmartGARP Glbl Smlr Coms I Acc £', the '£' sign is the signal that this fund is traded in sterling. Other funds will mark this by saying GBP at the end, and some won't say anything. On the AJ Bell website, a fund name not clarifying a currency typically means it's traded in sterling. If that fund covers a market outside the UK, that means that your investment will factor in not only the market movements, but how that market's currency moves in relation to sterling.

Occasionally you will see a fund that is offered in US dollars. If you invest in this fund, you will have your money converted to dollars before it's placed in the investment and then will be converted back to pounds when you withdraw your money. This is different than when you invest in a currency hedged fund, that will have some variation of 'HDG' in the name. This means that you get what the fund's return would be in its original currency, without the factor of how sterling moves in relation to that currency.

When it comes to ETFs, on the AJ Bell platform, in almost all cases there will only be options traded in sterling. You can still find hedged versions if you want the return of your investments to only be exposed to the market, and not currency.

The nitty gritty: lettering

Lettering is the most confusing part of fund names, because they will mean different things depending on the fund provider. A fund's exact share class is inferred by the, typically single, letter that is in the fund name. So in the case of 'Artemis SmartGARP Glbl Smlr Coms I Acc £', this is the 'I' share class.

This letter indicates the specific version of the fund that is being sold by the provider, with each letter carrying a different cost that depends on the type of investor being sold to (e.g. DIY or an institution), their size of investment and any established relationship the buyer has with the provider. For the AJ Bell platform, we typically distribute the cheapest available share classes available to DIY investors.

Note: sometimes, if there's different currency options for a fund, there will be multiple share classes available. It's worth checking the ongoing charge for these, because they can sometimes differ.

With all this said, it's not worth getting too bogged down in the options when it comes to share classes, because your investment platform will likely do the work for you of finding the best option they have available.

The Favourite funds list can help

One perk of using the Favourite funds list to select your investments is we try to simplify the jargon of names for you. For example, we typically only include one share class version of a fund on our list to help reduce confusion. For income funds, we show the income paying share class, otherwise, we show the Acc share class that reinvests income into the fund, helping with the capital growth that most investors are looking for.

We also ensure that the share class option included is the best option available to you, inclusive of encouraging fund providers to provide the most affordable share classes possible.

Lastly, we try to simplify the names of the funds in the listings, so you don't have to spend as much time decoding. On our Favourite fund list, Artemis SmartGARP Glbl Smlr Coms I Acc £ is listed more simply as Artemis SmartGARP Global Smaller Companies Acc, so you still get all the information that's relevant to you in a clearer format.

Fund names aren't as complicated as they seem on first glance. Once you know what to look for, you'll be decoding them in no time.



How I invest: I grew my pension pot tenfold after almost running out of cash

The traditional Hollywood happy ending is seeing the hero sail away into the sunset with his family to spend their days sunning themselves on an exotic beach.

Richard achieved this. After a long career in the electronics industry making silicone chips, he moved his family out to the Philippines where they bought a lovely farm out by the beach. Paradise to most.

But Richard realised in a short time that he'd made a potentially critical error and unless he could multiply his SIPP (self-invested personal pension) by at least two or three times the size, he would soon be out of money.

"I was in really big trouble. And that was the start of my investment journey because I had to do something," Richard says.

Revealing this movie's spoiler, today, at aged 68, Richard has grown his portfolio to more than 10 times its original value and withdrawn around two times the original value of the pot along the way.

Setting the scene

Building up your pension is the decades-long endeavour of most adults' working lives, with a workplace pension scheme usually the first starting point.

At the end of his career Richard had three workplace pensions "and when I reviewed them and looked at the so-called returns of these professionals who had taken a lot of fees over the decades of my life, I couldn't believe how pathetic they were, just nudging to 7% to 9% a year and I was very annoyed with that".

Richard moved all three of them into a SIPP or self-invested personal pension, with a value of around a quarter of a million pounds.

"At that point I made a very silly mistake because I needed money, and I thought that the simplest thing would be to just take my 25% tax free at that point," Richard says.

From age 55 you can take up to 25% out of your SIPP tax free, up to a maximum of £268,275, while the rest is used to provide you with a taxable income. The minimum age at which you can access your pension is increasing to 57 in 2028.

Having taken roughly his full 25% chunk "it was nice to suddenly see 60 odd grand in your bank account, and I had some other savings in gold coins" which kept him going for a few years.

"Until I looked at my savings and my finances, and I realised that we'd be bankrupt in a few years if things carried on as they were," Richard says.

Act 2: Operation save my SIPP

To not only rebuild his pot but make sure he had a legacy to leave his three children and wife, Richard developed an investment strategy to grow his wealth.

After reading Edward Croft, co-founder and CEO of Stockopedia's book, *Getting Started in US Shares* and taking the advice of one of his heroes, Fidelity Magellan fund manager Peter Lynch, to invest in what you know, Richard quickly determined he'd focus on US tech stocks.

After graduating with a physics degree, Richard worked in the US tech sector most of his life "so why would I invest in oil and gas?" he says. "I have tried and lost money. Why would I invest in fashion or retail? I don't know anything about those".

His goal was ambitious: manage his lifetime savings himself and target much better returns

Investing in Nvidia nearly a decade ago has paid off handsomely



Source: FE Analytics

AJBell.

than his retirement savings had been achieving before he combined them in a SIPP. Richard's approach is not one which would suit all investors, but there is no denying it has paid off handsomely for him.

Knowing he needed to stick to a strict strategy first and foremost, his research led him to a definitive, three-pronged approach. First, it is centred on geography, investing mainly or wholly in US equities. Second, it is focused on the tech sector, with 50% to 70% of the portfolio in large, blue-chip companies, 10% to 20% in mid- and small-caps, and finally Richard maintains a reasonable cash float for future opportunities.

"I have a very strict selection criteria for any stock that I buy. It's a bit like falling in love in a way, especially in the US because it's a beauty contest," Richard says.

"There's always a story behind it, but you have to filter them out. So, I look for companies which have something special that sets them apart and have brilliant management as well as good financial metrics," he says.

Out of the 10 to 15 stocks in his portfolio, Richard says Nvidia has been the best investment of them all.

Richard bought £11,000 worth of the stock in early 2017 when shares were less than $3 a share. Today, the same stock changes hands for more than $200, and this one investment is worth almost as much as his original pension pot he started with.

Alongside being a strong business, Richard greatly admires its CEO Jensen Huang, who he says is "wonderful". "He's a genius and he's just awesome. He's got brilliant engineers and the tech they built is being used to execute AI today," he says.

But conscious of diversification, Richard didn't want to have all his eggs in the Nvidia basket.

He only owns one managed fund at 6% of his portfolio, the Polar Capital Technology Trust run by "another hero of mine Ben Rogoff". "He's my gold standard and I compete against him," Richard says.

Rogoff is also a Nvidia fan, as it takes top spot in his trust, but the list beyond this is diversified from the index. Over five years, the trust has delivered an annualised total return of 26.5%.

Happy ever after take 2?

After traversing the perils of a mistimed pension withdrawal and a move back to the UK, Richard is enjoying his job of building and maintaining the family's wealth with a "professional attitude".

"I could cash it in and live in luxury if I wanted to now, but I want to pass a legacy onto my wife and three children first," he says.

"I achieved my first goal of wanting to give myself an income of £100,000 a year... but I want to grow my SIPP beyond where it is now. Not because of greed but because I want to leave something behind."



By **Eve Maddock-Jones**
Funds and Investment Trust Writer





Bond markets are on edge. Which funds could weather the storm?

Many bond fund investors will have noticed modest declines in value since September. This is linked to a broader sell-off in government bonds in various parts of the world including the UK, France and the US.

Funds holding bonds that mature many years in the future are typically more sensitive to rising yields than funds owning shorter-dated bonds.

For most long-term investors, a modest decline in a bond fund isn't necessarily a reason to worry. The same forces pushing down bond prices today are also increasing the income and future return potential available from newly issued bonds.

To help explain what's going on, we spoke to various bond experts to understand what is happening, and which type of bond funds might hold up better than others in the current environment.

What bond investors need to know

- Rising yields mean falling bond prices.
- Bond fund losses don't necessarily mean the long-term outlook has worsened.
- Higher yields improve future return potential.
- Short-duration, floating-rate and strategic bond funds may hold up better if yields rise further.
- The biggest risk remains inflation and interest rates staying higher for longer.

What's driven the bond market sell-off?

Inflation and government over-indebtedness are among the drivers of lower prices and higher yields on government bonds. A spike in energy prices has pushed up costs for consumers and businesses. Inflation matters because it directly influences central bank interest rate decisions alongside the strength of the jobs market.

The market has pushed back expectations for interest rate cuts and, in some cases such as the UK and US, is pricing in the possibility that rates remain elevated for a more extended period.

"We have fears that inflation will be higher for longer," says Eoin Walsh, portfolio manager for the TwentyFour Select Monthly Income Fund. "Governments are running with a lot more debt, and that is now becoming more expensive."

The rising cost of servicing debt means there is less money left over from tax receipts to fund government spending. Investors are increasingly focused on the sustainability of public finances

and whether governments can control borrowing without weighing on economic growth.

It explains why investors are demanding a larger risk premium. They are no longer willing to lend to governments at yesterday's yields because they see greater inflation, fiscal and economic risks ahead.

Are corporate bonds selling off as well?

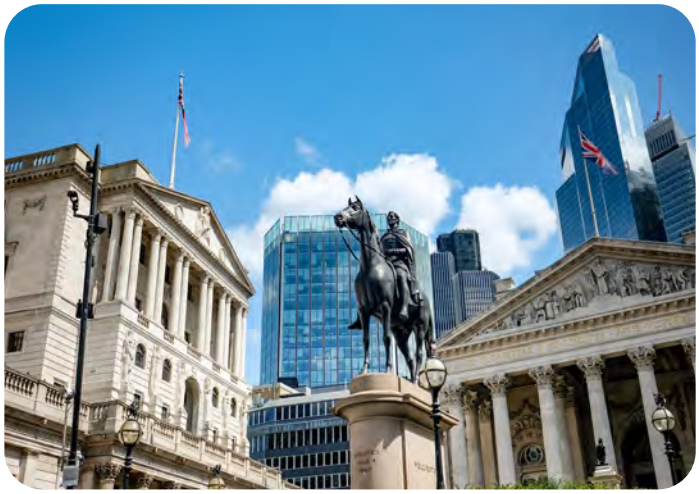
Corporate bonds have been less affected by the recent sell-off, but they are not immune. Credit spreads, which measure the additional yield investors demand to own corporate bonds rather than government bonds, have recently started to widen.

Widening spreads can indicate concern about economic growth, corporate finances or market volatility. In simple terms, investors are asking for more compensation to lend to certain companies rather than governments.

The corporate bond market is divided into investment grade (good quality) and non-investment grade issuers. The latter are sometimes referred to as high yield, or junk bonds, and these firms have weaker finances, more debt and often operate in more cyclical industries, all factors which makes them vulnerable during periods of rising interest rates and economic recession.

What are bond fund managers doing right now?

Bond fund managers are looking at opportunities to recycle money from maturing bonds into ones that offer better yields caused by the market sell-off. That process can take time because managers typically reinvest proceeds as existing bonds mature rather than holding large cash balances.



Managers could be looking at extending duration gradually if yields become attractive, upgrading or reducing credit risk, locking in higher yields, and exploiting market dislocation.

Duration is a measure of how sensitive a bond fund is to movements in interest rates and bond yields. Funds with a longer duration tend to experience bigger price swings when yields rise or fall, while shorter-duration funds are generally more stable.

Some managers might choose to sell certain bonds now, potentially at a loss, if they believe the investment case has deteriorated in a higher cost of borrowing environment.

Which types of bond funds could do better or worse now?

Bond funds can vary depending on what's inside their portfolio. Some will invest purely in government bonds; others might invest in corporate bonds – while some will do a mix and match approach. Managers will also hold bonds with varying timespans.

If yields keep rising sharply, the most vulnerable funds might be those with long-dated bonds, such as those with more than five years' duration. Longer-dated government bonds can be significantly more sensitive to yield changes than short-dated bonds.

Fortunately, there are other types of bond funds and credit funds that could prove more resilient against the current market backdrop. There is no guarantee of success, but certain types have characteristics that have historically been an advantage in similar environments.

Floating-rate bond or loan funds

Funds that hold floating-rate loans such as investment trust CVC Income & Growth are designed to cope better with rising yields because their interest payments move with market rates. Unlike traditional bond funds, they have very little duration risk, which means they are typically less vulnerable to the price falls that occur when interest rates rise.

Pieter Staelens, lead fund manager at CVC Income & Growth, says: "We invest mostly in floating-rate bonds and loans. This means that



higher base rates result in higher coupon income as coupons get reset every quarter. Floating-rate instruments also typically exhibit lower sensitivity to interest rate movements than fixed-rate bonds, given interest rates aren't fixed for a longer period.

"We prefer lending to the old economy. We like companies with predictable cash flows, such as healthcare and food providers," adds Staelens.

Strategic bond funds with low duration

Strategic bond funds with low duration can be more defensive when yields are rising because managers have the freedom to reposition portfolios as conditions change.

You're outsourcing the asset allocation decision to the fund manager which means the expert is doing the hard work. By keeping interest rate sensitivity low and shifting between different parts of the bond market, the fund manager can potentially limit the impact of higher yields on investors' capital.

Artemis Short-Duration Strategic Bond is one example of a fund in this category. Co-managed by bond expert Stephen Snowden, it targets an annual return of at least 2.5% above the Bank of England base rate after fees. It invests globally in government and corporate bonds as well as asset-backed and mortgage-backed securities.

High-yield corporate bond funds

High-yield corporate bond funds have naturally low duration and naturally high yield. However, they carry greater credit risk. If economic conditions deteriorate and company defaults rise, high-yield bonds can fall sharply even if government bond yields stabilise.

Invesco High Yield UK is on AJ Bell's Favourite Fund list and invests in high yield corporate bonds and subordinated debt instruments (debt that ranks below more senior debt). The weighted average effective maturity as of 31 August 2026 was 2.14 years. In plain English, that provides an estimate of how long, on average, the bonds in the fund are expected to remain outstanding before being repaid.



Examples of bonds and credit funds / investment trusts

Name	Sector	Yield
CQS New City High Yield Fund	AIC Debt: Loans & Bonds	8.9%
TwentyFour Select Monthly Income	AIC Debt: Loans & Bonds	8.1%
CVC Income & Growth	AIC Debt: Loans & Bonds	7.9%
M&G Credit Income	AIC Debt: Loans & Bonds	7.7%
Invesco Bond Income Plus	AIC Debt: Loans & Bonds	7.5%
Invesco High Yield UK	IA Sterling High Yield	7.4%
Schroder Strategic Bond	IA Sterling Strategic Bond	6.2%
Artemis Short-Duration Strategic Bond	IA Sterling Strategic Bond	4.8%

Source: AJ Bell, Morningstar, AIC. Information correct as of 16 Oct, based on latest factsheet or information supplied to data platforms

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By **Dan Coatsworth**
Head of Markets





Why do Japan's rising borrowing costs matter for my investments?

Ask the experts

Russ Mould is on hand to answer your queries about the financial markets.

If you'd like a question considered for a future edition send it in now.

Could rising Japanese bond yields affect my investments even if I do not own Japanese shares or funds?
Sarah, Bristol



Russ Mould,
AJ Bell Investment Director, says:

It is almost a year since Sanae Takaichi was elected as Japan's one-hundred-and-fourth Prime Minister, and its first female leader. She has continued to champion fiscal stimulus, loose monetary policy and a push to revise Article Nine of the constitution, whereby Japan can strengthen its military capability and increase defence spending to 2% of GDP.

None of this greatly differs from the 'Three Arrows' programme successfully implemented by Shinzō Abe from 2012 to 2020 and, from the point of view of financial markets, it is having very similar effects. The yen continues to go down, and the Nikkei 225 benchmark equity index continues to go up.

The Nikkei 225 stands near all-time highs and the yen near 36-year lows



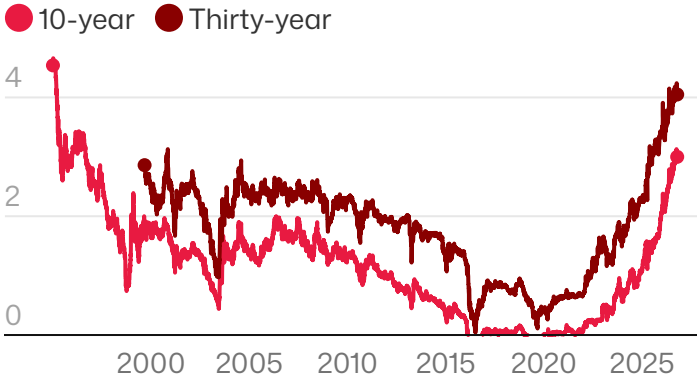
Source: LSEG

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There is one fundamental difference, however, and that is how yields on Japanese government bonds (JGBs) are surging to levels not seen in 30 years, based on the ten-year paper, rather than staying at rock-bottom levels as they did during 'Abenomics.'

Japanese government bond yields continue to surge



Source: LSEG

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If this trend continues, it could have wider implications for investors' portfolios, whether they have exposure to Japan or not.

Why are Japanese yields moving higher?

Firstly, inflation is close to the Bank of Japan's 2% target and creeping higher, thanks in the main to the cost of imported oil and gas and higher energy prices. Secondly, the Bank of Japan (BoJ), under governor Kazuo Ueda is raising interest rates at a snail's pace, despite the inflationary threat.

Lastly, the BoJ's dawdling means the yen remains very weak, as the interest rate differential between Japan and other leading nations remains vast. A weaker yen also aggravates inflation owing to the increased cost of imports, again notably energy, even if it helps exports.

One person who is definitely paying attention is US treasury secretary Scott Bessent. He has already tried to intervene and support the yen over the summer, with mixed results at best. The Japanese currency remains mired at around ¥160 to the dollar.



Why does the US want to intervene in currency markets?

It may seem odd that Bessent would wish to weaken the dollar against the Japanese currency, but the logic is irrefutable.

If the BoJ persists in moving slower than markets think is appropriate, the yen may weaken, stoking inflation and force further increases in JGB yields. This may have knock-on effects.

Firstly, Japan may intervene in currency markets. The easiest way to do this is to sell dollars and Tokyo's hoard of US Treasuries would be a logical place to look for those.

Japan is the single biggest individual holder of US government debt, so the last thing Mr Bessent needs is a seller in size, when 10-year US Treasury yields stand at 24-year highs and are squeezing America's sovereign interest payments to record highs in nominal terms and around a fifth of the national tax take, at an annualised rate of some $1.3 trillion.

Why Japanese bond yields matter

- Japan has long supplied global markets with cheap money because its interest rates and currency have stayed low.
- Rising Japanese government bond yields could encourage Japanese investors to bring money home.
- This could push up borrowing costs elsewhere and unsettle the yen-funded carry trade.
- Higher bond yields could reduce share valuations worldwide, even for investors with no direct exposure to Japan.





It is in the US's interest, quite literally, to stop Japan from selling its holdings of Treasuries.

Secondly, rising JGB yields could persuade Japanese investors to repatriate the cash they have moved overseas in search of higher returns.

The giant Japanese asset manager Sumitomo Mitsui has already sold all its French government bonds, or OATs, and that may have contributed to the increase in yields there (along with budgetary chaos, soaring debt and public protests about any form of austerity of any kind).

Liquidation of holdings elsewhere in search of more tempting domestic returns could again force up US Treasury yields.

Equally, there is a danger in Bessent going in too hard, and he will be aware of this from his time as a hedge fund manager.

Flow of funds

The yen is a huge source of cheap financing for investment institutions the world over, because the interest rate is low and the currency keeps falling. Hedge funds borrow in yen and use that liquidity to invest elsewhere, arbitraging the higher returns.

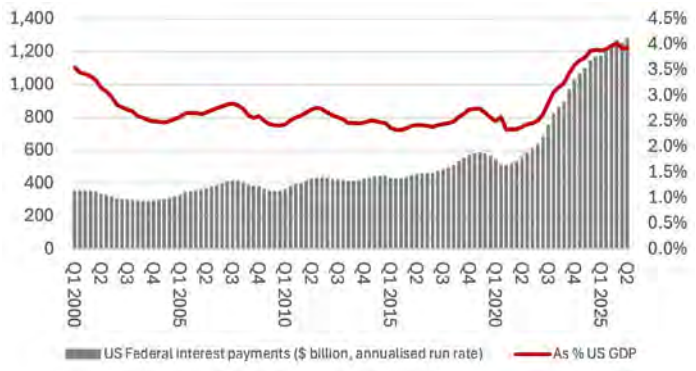
If the yen suddenly surges, margin calls could force the hedgies to buy back their yen, and sell the positions funded with the borrowed Japanese currency so they can do so first.

It is a high-stakes game. The best case is the Bank of Japan acts more decisively than expected, to take the base rate to a little above the 2% that the markets see as the peak, and the yen stabilises or makes only modest gains as a result.

In a worst-case scenario, the Bank of Japan does too little and rising JGB yields drag fixed-income investors' money to the East from the West, where government bond yields rise amid the sales by Japanese holders.

Corporate earnings can still grow, so share prices need not collapse, but investors may pay lower multiples for them, owing to the higher discount rates implied by higher bond yields and that could slow benchmark indices' giddy ascent, if not stop it altogether.

America's sovereign interest bill keeps growing



Source: FRED – St. Louis Federal Reserve database

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Are ETFs always cheaper? Ongoing charges and trading costs explained

Exchange-traded funds (ETFs) debuted on the UK stock market at the start of this century and changed the way people could engage with financial markets forever.

They've become one of the most popular ways for people to invest for two main reasons:

1. They're generally much cheaper than a fund run by a professional. As a rule of thumb, the average global ETF has headline charges of around 0.07%-0.15% a year. Meanwhile, a global active fund costs around 0.6% to 1.2%.
2. They're incredibly efficient at giving investors a lot of exposure to wide variety of stocks. This is because ETFs are primarily used to follow an index.

This meant that for often a modest and manageable sum, investors can buy an ETF tracking say the MSCI ACWI or the FTSE World and partake in the returns offered by that index.

However, it's not always the case that an ETF is the cheaper option when it comes to investing, even when you compare it to an active fund.

There are ETFs with ongoing charges (OCF) north of 2%, reaching highs of near 5%, and that's before you start taking platform fees into account.

So what makes an ETF expensive?

The OCF represents the annual cost of running the fund and is expressed as a percentage of your investment.

The percentages can look tiny, but translating them into pounds makes the difference clearer.

On £10,000 invested, an OCF of 0.10% is equivalent to about £10 a year. A 1% OCF is equivalent to £100, while 2% equates to £200.

The charge isn't normally presented as a separate bill. Instead, it is reflected in the fund's value as it's part and parcel of buying the product.

Some of the most popular ETFs among AJ Bell DIY ISA investors demonstrate just how cheap mainstream trackers have become. ETFs tracking markets such as the S&P 500 or global stock markets can have OCFs of just a few basis points.

Economies of scale play a big role in providers

AJ Bell DIY investors favourite Global and US ETFs

ETF	OCF
Vanguard S&P 500 UCITS ETF USD Acc	0.07%
Vanguard FTSE All-World UCITS ETF USD Acc	0.14%
Vanguard S&P 500 UCITS ETF	0.07%
iShares Core S&P 500 UCITS ETF USD (Acc)	0.07%
Vanguard FTSE All-World UCITS ETF	0.14%

Source: AJ Bell, data as at 30 October 2026

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like Vanguard or BlackRock's iShares being able to drop the fees to near zero and still remain profitable because many of these mainstream funds house billions in assets under management (AUM). This allows providers to spread the costs of running the ETF across a large pool of investors, versus a more niche, less mass market appealing fund.

The more niche you go, the more you can pay

Moving away from big mainstream markets can mean paying more for that specialist exposure to the market.

ETFs investing in harder-to-access markets may encounter higher costs associated with areas such as custody and trading. Specialist investment approaches can also require more turnover of the assets held by a fund.

This can be seen in the costs across different parts of the market. The average ETF covering the IA Commodity/Natural Resources sector costs 0.42%, according to data from FE Analytics. That is still below the 0.94% median for active funds in the same sector, but considerably above the cheapest mainstream trackers.

It isn't just specific sectors, geographies can make a difference too, particularly if they are less widely covered or more complex to access.

ETFs in the IA Global Emerging Markets sector cost 0.25% on average. At the more extreme end, highly specialist products covering individual commodities such as just nickel, gold, corn or wheat or niche parts of the market, can have charges above 2%.

Factoring in index costs

Another factor is the index sitting underneath the ETF. There are a few providers of these but the main ones are MSCI, S&P Dow Jones and FTSE Russell, the strength of their brands are so synonymous with markets that 'the S&P' is a shorthand for the US' S&P 500 index or 'the FTSE' for the FTSE 100 say.

The ETF provider pays a licensing fee to the firm that created and manages the index the ETF tracks, and it's big business. In 2025 almost 60% of MSCI's total operating revenues for the year came from its index licenses, at $1.79 billion, up 14% year-on-year.

There are some ETFs which track less widely known indices which have a very similar list of constituents. For example, Amundi Prime Global has ongoing charges of 0.05% compared with Amundi Core MSCI World which

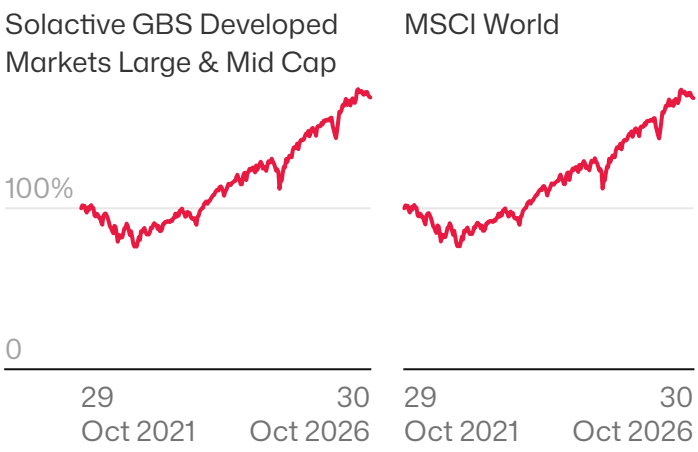
ETF costs – what to watch

- ETFs offer broad market exposure and typically lower charges than traditional actively managed funds, but they are not always the cheapest option.
- Ongoing charges reflect annual running costs; small percentage differences can translate into meaningful costs in pounds.
- Mainstream trackers benefit from economies of scale, while specialist markets, complex strategies and index licensing can increase charges.
- Active ETFs generally cost more than passive trackers, although they may be cheaper than traditional active funds.
- Investors should assess underlying investments, strategy, ongoing charges, platform fees and dealing costs, particularly when making frequent small trades.

has ongoing charges of 0.06%. The former tracks the Solactive GBS Developed Markets Large & Mid Cap index, an index which has delivered an almost identical total return as the MSCI World over the last five years, as the chart shows.

The performance of these two indices is almost identical

Total return (%)



Source: LSEG

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If the index has been specially designed or has a more niche focus, that comes with extra costs which are ultimately passed on in the form of higher OCFs.

MSCI ACWI ex US for example has become a popular option among retail investors who have become concerned about the concentration risk associated with US stocks, but these funds have higher charges than those of traditional global passive ETFs.

The same can apply to funds with an ESG screen on them, as some investors might want to make certain sustainability-linked decisions with their money. This will make the index and thereby the ETF cost more.

Think of your MSCI ACWI index and ETF as the standard plain black coffee you order. No milk or sugar or cream, it'll be the cheapest option on the menu. But the one with a double shot, caramel drizzle or cinnamon dusting is the more niche or complex product. It's still a coffee, but the method involved in making it is more expensive, and so you pay more.

What about active ETFs?

Not all ETFs simply track a market, there is a growing contingent of active ETFs available to UK investors. As well as products which are sometime labelled 'smart beta' which apply a filter to the market on characteristics such as value and income to build a basket of stocks.

These are more expensive than passive products but research from QuotedData published in November 2025 on active ETFs noted: "They offer the flexibility and transparency of passive ETFs, combined with the benefits of active management, usually at a lower cost than traditional active funds, though still higher than passive ETFs."

Trading too much can bump up the bill

The OCF isn't the only cost to buying an ETF to think about. Investors also need to consider what their platform charges them to buy and hold an investment, and this can be particularly important if they invest relatively small amounts.

On AJ Bell, for example, the standard dealing charge for an ETF is £5 compared with £1.50 for a traditional fund. The ETF dealing fee falls to £3.50 if you make more than 10 deals in a month. Eligible ETFs and funds can also be bought through regular investing without a dealing charge, provided the regular investment is at least £25.

Consider someone, making a one-off £100 ETF investment and paying a £5 dealing charge. They would need a gain of more than 5% just to get back to break even.

So, even an ETF with a very low OCF could come with significant costs if you regularly make small trades and incur dealing charges each time.

Look beyond the ETF label

None of this means ETFs are expensive point blank. But before buying, investors should look at the OCF, what the ETF actually invests in and how complex its strategy is. They should then consider dealing charges and platform fees as well.



By **Eve Maddock-Jones**
Funds and Investment Trust Writer



I work in the NHS. How can I boost my retirement savings?

Ask the experts

Rachel Vahey is here to answer questions on pensions.

If you'd like a question considered for a future edition send it in now.

I work for the NHS, and I want to know how best to save alongside my NHS personal pension?

I have a Lifetime ISA which I aim to fill over the year but many people I know (outside the NHS) also have SIPPs. Within the NHS we have access to an 'AVC scheme' for Additional Voluntary Contributions.

Would this be a good way for someone in the NHS wanting to put additional money aside for retirement? Are there benefits of one over the other?

Adam



Rachel Vahey,
AJ Bell Head of Public Policy, says:

The NHS pension is a valuable way to save for retirement. As a defined benefit workplace scheme, it will provide an income from your pension age of 67, based on your salary and how long you have been a member. This should provide a good retirement income, but it is worth considering whether you need to save more. You may want to increase your income in retirement or retire early, using additional savings to bridge the gap until your NHS pension or state pension begins.

The NHS offers different ways you can increase your pension. If you're an active member of the 2015 scheme, then you can buy extra annual pension with either a single one-off payment or by paying regular monthly payments for an agreed period. This extra pension can be just for you, or it can also be paid to your dependants after you die. You can ask the NHS pension scheme for more information of how much it would cost to buy some extra pension.

Boosting your NHS pension is often the better route

The actuarial assumptions made when pricing this



extra pension, with its built-in inflation increases, mean that if you want to maximise retirement income, in most cases, buying extra NHS pension, is the better route. The costs are based on your current age, and so will increase with age. The costs will be taken from your salary and will get full tax relief at the point of payment.

If, on the other hand, you're looking for a pool of capital at retirement you could pay into a money purchase additional voluntary contributions (MPAVC) fund where your contributions will be invested. You can access your pension from age 57 (from April 2028) and take up to 25% of the fund as a tax-free lump sum (in addition to the lump sum you get from your main pension). The rest is used to buy you an annuity which pays a guaranteed income alongside your main NHS pension income.

You could also pay into a personal pension such as a SIPP. Like an MPAVC, this builds a pot of invested money. However, rather than using it only to buy an annuity, you could also take flexible drawdown withdrawals when needed. This gives you greater control over your retirement income, but you would be responsible for managing the investments both while building the pot and when taking money from it.

When comparing an NHS MPAVC with a separate SIPP, compare the charges, investment choices on offer and the options available when you access your pension.

Remember to watch how much you are paying in. The annual allowance is £60,000 a year and covers the total increase in the value of your pensions. This includes the increase in your NHS pension, which your provider can confirm, as well as your contributions to an MPAVC or SIPP and the tax relief added.

Balancing pensions and other savings vehicles

- An NHS pension is valuable, but you may want extra savings for more income or earlier retirement.
- Buying extra NHS pension will often provide the best guaranteed income and includes inflation protection.
- An NHS MPAVC builds an invested pot, usually used to buy an annuity.
- A SIPP also builds an invested pot but offers more choice and flexible withdrawals.
- Compare charges, investment options and access rules. Watch the £60,000 pension annual allowance.
- ISAs offer tax-free, flexible savings alongside pensions.

You can also choose an ISA to save for later life. You are already saving in a Lifetime ISA which gives a 25% bonus on money paid in (up to a maximum £1,000 bonus). You can't access this money before 60 without paying a 25% penalty, unless you are buying your first home.

Making use of another ISA

You could also use an adult ISA to save or invest in. You won't receive any tax relief on the money paid in, but the money you take out will be tax free and can be accessed at any time. You can pay up to £20,000 a year into ISAs, including your Lifetime ISA payment which can be up to £4,000 a year.

All these options offer something a bit different. But you can mix and match, certainly when it comes to saving in a pension alongside an ISA.



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