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# The ten worst performing UK pension funds

By Maryrose Fison | 00:01:00 | 30 July 2009

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Abbey Equity has been named as the worst performing pension fund where more than £1 billion of money is invested, according to analysts www.howmuchdoineedtoretire.co.uk.

Analysis of the ten worst performing UK pension funds showed £18 million of pension money is languishing in below average pension funds.

The Abbey Equity fund produced the lowest overall result based on its gross income, annual return and peer rating based on fund performance.

It produced a five year gross return of 9.4% on a fund worth over £1.2 billion and an annual return of 1.8%. Over a ten year period, the fund produced a gross income of -12.2% with an annual percentage return of 1.3%.

This was closely followed by the Friends Provident UK Equity fund which had a gross income of 9.3% and annual return of 1.8% over five years. Over a ten year period, the fund had a -10.6% gross income and -1.1% annual return.

Matthew Morris of howmuchdoineedtoretire.co.uk, said the funds' performances could not be explained as a 'blip.

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| Corporate Bond Fund | 1 | 1 | 1 |

[1] Lipper hindsight bid to bid with net income reinvested as at 29/05/09





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Schroder Funds: Quartile Rank[1]

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| Schroder Corporate Bond Fund | 1 | 1 | 1 |

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1. Richard Woolnough
2. Sanjeev Shah
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Matthew Morris of howmuchdoineedtoretire.co.uk, said the funds' performances could not be explained as a 'blip.

'The main point here is that these are not funds that have simply dipped or had a bad year or two. They fall down on virtually every benchmark. Their performance has been nearly always below average over each of the last ten years and yet they all have more than £1 billion in each of them,' he said.

'People would be well-advised to act to find out exactly how their pension pot performed and be prepared to act if they are not happy with what they find to ensure their retirement savings will be fit for purpose when the time comes.'

The top ten worst performing pension funds managing over £1 billion of money are:

1. Abbey Equity
2. Friends Provident UK Equity
3. Scottish Life Managed
4. Clerical Medical Balanced
5. Phoenix Life Exempt Managed
6. Scottish Life Property
7. HSBC Life (UK) Pen Balanced
8. Lincoln Balanced Managed 3
9. Lloyds TSB Managed
10. Barclays Life Managed 2

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Comments (24)

**Dislexic landlord - Cons** 09:15 | 30 Jul 2009
I said it yesterday and I will say it again Pensions are a con

This list just shows the performace but even if the pension company has a good performance you are stuck with annuitys and large amounts of red tape on how and when you get a pension

Its not only Equitable Life who are rubbish just look at the list

Charge charges commision commision ect ect

**william parry - scrap bad funds** 09:46 | 30 Jul 2009
well done citywire in exposing the ten

worse performing pension funds.all are a disgrace to the industry. lets have a legal lower limit for these and

other investments such as investment funds etc wherebye they would be closed down and money returned to investors.there are a whole host of incompetants in this industry who should be rooted out.

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**Richard Hardy** 10:17 | 30 Jul 2009
And the two largest group of incompetants are those resident in the Government and the FSA who create the bad policy that produces and allows such poor returns.

Would be handy to find out the 10 best performing funds!

On the subject of charges modern funds are too cheap.

Pension companies are working within a framework laid down by an incompetant Government and an incompetant regulator.

They have placed in force a charging structure on investment funds whereby it can take between 12 to 15 years from the sale of a product to move into profit.

How many other businesses are forced to work under this type of structure?

When you look deep enough at what prevents people from saving in the private sector you always comeback to Government and FSA policy.

Means testing, poor economic policy producing volatile and poor stock market, property, gilt and cash returns, taxation of pension funds, accounting complexity of final salary schemes, out-dated projection requirements on final salary schemes whilst all the time improving their own pension schemes, complex regulatory procedures that produce more paperwork than we have time to read.

Why make it so complex that there is legislation to trip-up everyone every time they want to save.

When push comes to shove people simply cannot be bothered.

All I want to do is put some money away for my retirement.

Both the Government and the FSA need a huge shake-up in relation to the pensions industry as a whole.

Things must be simplified.

**IAIN GALBRAITH - WHAT DO YOU DO?**
12:11 | 30 Jul 2009
I'M IN A COMPANY PENSION SCHEME WITH STANDARD LIFE - I DON'T HAVE A CHOICE OTHER THAN TO COME OUT OF THE SCHEME AND LOSE THE COMPANIES CONTIRIBUTIONS.

STANDARD LIFE ARE NOT IN THE LIST BUT I'VE LOST A FORTUNE.

NOT ONLY THAT WHEN I SPEAK TO SL THEY ARE UNABLE OR UNWILLING TO GIVE ME ANY WORTHWHILE ADVISE.

THE WHOLE SYSTEM NEED TO BE CHANGED BY MAKING IT MUCH MORE SIMPLE FOR THE MAN IN THE STREET TO GET TO GRIPS WITH!!

**Keith Moran - Pensions** 12:40 | 30 Jul 2009
Allways good info on CityWire thanks.

**Ken Moncrieff - And on the other hand!**
12:43 | 30 Jul 2009
Please could Citywire now publish thos ten at the other end of the spectrum in order we may have more of a direct comparison. Happy to see the laggrds (being polite!) next its turn of the leaders!

**Jan de Walden** 12:59 | 30 Jul 2009
Looking at this list it is little wonder that so few people in the UK are putting money into pensions. Gordon Brown has almost singlehandledly destroyed the pensions industry and the FSA are finishing it off.

Many of us want to invest for our retirement but this kind of performance from the so called experts/blue chip funds (1.8% return over 5 years) will encourage nobody.

**TERRY - Pensions for idiots** 13:11 | 30 Jul 2009
Until everyone in the public sector is treated the same way, as we in the private sector are treated with our pension , then nothing will change. I exclude Fred and and the rest of the pigs in the above. So Brown. What do you intend to do about it ? Nothing as usual.

**Michael Hellman - No Surprise** 13:22 | 30 Jul 2009
I suspect the funds at the top of the list are few, and the majority are poor performers. Life companies from my experience offer a truly shoddy service, with their own staff not knowing their own products.

It just goes to show you have to do your own homework when choosing a company with which to invest.

You cant blame regulators or government for poor returns just the incompetants that run them

**mark hordern - what do you do about it?**
13:41 | 30 Jul 2009
Ok, so say you have invested in one of these badly performing funds - how do you switch to a decent one? And how do you know which one will deloiver better returns?

**Peter Newman** 14:15 | 30 Jul 2009
Guys this is a good and timely expose as I and many others are convinced that money purchase pensions are rapidly becoming irrecoverable sinks into which we are forced to invest. But give us a proper graph showing the whole spectrum of how bad are the bad funds and and how good are the best funds.

**James D** 14:33 | 30 Jul 2009
This just highlight the need for good advice, which unfortunately is not available to all.

**PeterH77 - What do you do about it?**
14:34 | 30 Jul 2009
Take control of your pension and transfer to a SIPP. It only takes a bit if research and all the info you need is available for free right here on Citywire. Then there is no one else to blame.

I can't believe Standard Life are not on this list. After changing to a Hargreaves Lansdown Sipp my fund has increase more in 4 months than 12 years with SL.

**COLIN YOUNG - Poor Pension Fund Investment**
14:43 | 30 Jul 2009
I have a Pension that I am receiving from Friends Provident, I had a terrible time at the time that I purchased my Annuity from them, in fact I almost took legal action against them, for their initial derisory amount that they offerred me, and I held 14 different policies with them, half of which were Guaranteed Fixed Rates. They eventually increased my Final Pension Offer, and I bought my various Annuities.

I was running my own business for 25 years, and was paying in £11000 year less tax advantages.

I if I had to go through it all again, would not bother paying into a Private Pension Fund.

It doesn't surprise me to see Friends Provident as one of the worst Performers, they want to concentrate on running a Pension Company, instead of keep in discussions with other Pension Companies regarding having a merger, they are all useless.

**Susan Burgess - Seek Independent Advice**
14:48 | 30 Jul 2009
For the man (or woman) on the street the best option is always to seek independent financial advice.

Look for an IFA who is well qualified (minimum of Dip PFS) and who comes recommended.

Try to avoid bank based IFA's as they are normally only qualified to the minimum standard necessary (Cert PFS) and usually have huge sales targets to meet.

Remember you may have to pay for quality advice and many quality advisor's are moving to a fee based approach (like solicitors and accounts) and will charge you an hourly rate. Most will provide free of charge initial consultations however and can offer estimates for the likely cost of the work involved with your case.

At least this way though you know that their earnings are not dependent on them selling you a product (and earning commission as a result) and that the advice you receive is likely to be the most appropriate for your situation.

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**Mr Angry** 15:21 | 30 Jul 2009
Personal Pensions - you pay in £80 and the Govt pay in £20, a guaranteed 20% growth rate.

You don't have to invest in equities, gilts, widgets etc you can simply put your £100 on deposit. OK it pays zilch at the moment put you've pocketed 20% growth.

What other investment guarantees you 20% growth. Your house, nope, equities, nope, ISA nope.

Now you could perhaps pop your £100 in a property fund or a fixed interest fund. Maybe earn 4 or 5% solid growth per annum.

So you get 20% guaranteed growth courtesy of Gordon and by taking a bit of risk you could lift that growth to say 25% pa.

OK pensions are long term BUT the risk you take is up to you.

I don't know about any one else but 25% pa growth don't seem bad to me.

Another way of looking at this is that the Govt fund your 25% tax free lump sum and I fund my income in retirement. Seems a fair trade off.

And being a high rate payer I claim another 20% from Gordon so he is also helping to fund my retirement income as well as my tax free lump sum.

Anyone who doesn't save into a PP is giving free Govt money away.(more for me)

As for charges, stakeholder PPs are limited to 1% pa with no bid/offer spread, no exit penalties etc.

Compare this to any retail unit trust or Oeic which probably has a 3 to 4% initial charge and an annual charge circa 1.5% pa. Maybe the Govt should limit their charges to 1% and no bid/offer too.

Also wouldn't it be interesting if the Govt applied stakeholder pension thinking to mortgages and limited banks and building societies charge to no more than 1% above base.

I don't give a toss how people save for retirement but one thing for sure is that the govt has got to change the benefits system so that poncing off other people's taxes in retirement is no longer an option.

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**John Vaufrouard - Fund Managers Responsibility** 18:16 | 30 Jul 2009
If fund managers have confidence in their ability to manage our money they should not charge fees but take a percentage of any gain and pay a percentage of any loss that their fund makes.

They should also be expected to have a significan investment themselves in the funds that they run. This might make them a lot more focussed.

Investors do not mind rewarding fund managers for good performance but hate to see large fees being taken for poor performance.

I agree with comments of others regarding SIPPs. At least if you make your own decision about investing you have no one else to blame for any failings. It is difficult to understand why experienced fund managers did not get out of the stock market before or soon after the commencement of the crash. I thought that we paid them for their expertise and for protecting our investments.

The managers of the 10 worst funds should be ashamed of what they have done with peoples life savings and the devastating effect they have had on peoples retirement dreams. They should be sacked and not given the opportunity of re-employment in such a capacity again.

**clive norbury - buyer beware** 19:40 | 30 Jul 2009
Many "final salary" schemes are closing and you are very lucky if you are currently a member of one or receiving one which is index linked and guaranteed! Even these are under threat and most people will need to save for their own retirement in future so it is vitally important pensions are considered and not generally branded as poor value. They are really only long term investment plans and everyone should consider carefully what they are investing in and the risks they are taking with their pension savings. This is vitally importent the nearer you get to retirement. There are generous tax allowances for pension saving as demonstrated by Mr Angry as well as more and more options for flexibility in taking your pension at retirement. Don't be a fund picker, take professional advice and don't put all your eggs in one basket!!

**Michael Passman** 20:29 | 30 Jul 2009
Having spent over 35years advising clients to invest in pensions I can sympathise with some of the comments made, Until the recent financial turmoils everything was rosy, where are the FSA- they did not control the banks, why can they not close down the very poor performing funds. Annual charges should be performance driven and related to the market results. All equity funds contain an element of risk- the biggest is the political risk over which you have no control.

**Frank - The 10 worst pension funds** 21:05 | 30 Jul 2009
it is good that some one at last dares to write about and name the under-performing dog funds instead of those sickening articles which are nothing more than concealed advertising.

But now can we please know what bonuses were paid to those who ran them and the names of the brilliant IFAs who recommended them?

Also how their clients can go about sueing them !....

**Orlando Furioso - Poor performing pension funds** 22:14 | 30 Jul 2009
Some of you asked how to find out how different pension funds are performing.

The easiest way to do this yourselves is to go on the website 'www.trustnet.com'. This will give you performance information on almost every pension fund on offer in the UK today.

You can design the make up of your own pension investment with its 'Portfolio Builder'. You can find out for yourselves which are the 'dogs' amongst your own pension provider's funds and switch away from them into the better ones.

Finally, if you really do not like your pension provider, go and see an IFA and ask him to find you a better one. They are out there!

Final comment: - If you are unlikely to have much in the way of a pension fund at retirement and you expect to receive Pension Credit from the Goverment, just bear in mind that it will be means tested and will be cut in proportion to the pension you have saved for yourself. It has been estimated that the first £80,000 of your pension fund will be useless as the pension it gives you just results in loss of pension credits.

So, either you have to decide to save seriously into a pension or - don't bother because the government will just means test away a small fund, and there's your lifetime of savings gone.

Fair's fair... they have to find some way to fund civil service pensions so taking from the poor to give to the better off is like taking candy from a kid. S'easy!

Put the money into an ISA instead (see an IFA for good equity - not cash- ISAs). HMRC do not ask about them in your tax returns and and should have no record of your saving in this way. The rest is up to you.....

**Jack Mason** 08:14 | 31 Jul 2009
They should all be fined for poor performance. they are a disgrace taking peoples hard earned income and then loosing it bunch of incompentent thieves.They should be made to pay all there charges back + interest.

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**Charles woodford** 11:03 | 31 Jul 2009
I had one of these for about twelve years. Two years agol transferred it to a well known SIPP. Now I get better growth and can use draw down instead of an annuity. The one I had did no better than a (then) building society with the money I put in. They claimed my tax relief, some at 40%, and it seemed to go straight into their pockets. These companies were, and are still, about making money for themselves before providing true financial and investment services.

**Graham Hacker - Fee Structures**
08:46 | 02 Aug 2009
If you want change then the whole fee structure of the investment industry needs to be brought into line with modern life i.e. totally transparent. What other industry operates by deducting fees anominously, leaving you with the balance? Sorry, of course the banks operate that way as well! - enough said?