

IC INVESTORS CHRONICLE So you want to be a Non-Executive Director?

HOME PORTFOLIO ALERTS Search: Enter Company or Subject Share Prices & Data All Articles GO

YOU ARE HERE: HOME → INVESTMENT GUIDES → PENSIONS → 10 PENSION FUNDS TO CAST ASIDE

SHARE TIPS COMPANIES MARKETS & SECTORS COLUMNISTS STOCK SCREENS FUNDS & FINANCE RESEARCH TOOLS INVESTMENT GUIDES

- » Shares
- » Retirement
- » Short-term trading
- » Funds
- » Alt. Investments
- » Tax
- » Attend IC events
- » Understand jargon

TRADING GAME EVENTS

requires **IC Advantage**

IC ADVANTAGE

The only way to access our daily share tips, analysis and profit making tools is with an IC Advantage subscription which starts from just £12.50 per month. Purchase yours [here](#).

Subscribe to IC Advantage today, access starts from just £12.50

10 pension funds to cast aside

Created: 3 August 2009 | Updated: 4 August 2009 | Written by: Moira O'Neill

Analysis of the performance history of UK pension funds with over £1bn invested reveals that over £18bn of investors' money is languishing in heavily underperforming funds. This woeful underperformance cannot be explained away as a temporary 'dip', but points to sustained lacklustre performance from some of the top names in pensions.

Advertising

Introducing new Accelerated Trackers from RBS

rbs.co.uk/markets

Find out more

Make it happen RBS

The research, carried out by financial information analysts, www.howmuchdoineedtoire.co.uk, looked at funds with £1bn or more invested over the last 10 years and identified the top 10 worst performing pension funds in this category.

Based on an average of the fund's performance over a five-year and 10-year period, the worst performing billion pound fund was Abbey Equity. The fund has over £1.2bn-worth of investment entrusted to it by pension savers, yet it only managed to produce a five-year gross return of 9.4 per cent. In monetary terms, this means an investment of £1,000 in Abbey Equity would have grown to just £1,094 over the five years.

Similarly, Scottish Life has two funds in the top 10 worst performing billion pound funds. The Royal London Group's Scottish Life Managed fund holds over £2.2bn, which produced a five-year annual growth rate (AGR) of just 1.9 per cent. An investor putting £1,000 in this fund over a five-year period would have seen their investment grow to only £1,098. However, the Scottish Life Property fund, holding over £1.1bn, accumulated a negative five-year AGR figure of -3.4 per cent.

The figures continue to worsen over a 10-year period with negative annual growth rate being applied to many of these billion pound funds.

A useful indicator of how well a fund is performing is its peer rating. This is a ranking based on its performance in relation to other funds in its category. It is a telling sign that almost all these billion pound funds are ranked below average when compared to their peers.

Clerical Medical Balanced is one of the largest pension funds at over £2.4bn. However, despite this, it falls down against its peers ranking 32/38 over a five-year period and 15/16 over a 10-year period.

In one of the biggest categories of pension funds, HSBC Life (UK) Pen Balanced, which holds a total of £1,008.2m, is ranked only 103/133, based on its five-year performance and 35/74 when considering its 10-year performance.

LOGIN

E-mail address: Password:

Remember me [Forgotten password?](#) **LOG IN**

IC DAILY FREE ANALYSIS EMAIL

Enter your e-mail address **SUBMIT**

Really useful data!

Use the links below to find key market data and portfolio functionality. Registration (free) may be required for some services.

- » [Risers and fallers](#)
- » [Cheapest shares](#)
- » [FTSE100: IC views](#)
- » [Technical signals](#)
- » [Bond prices & data](#)
- » [Stock screening tool](#)
- » [Funds data tool](#)
- » [Portfolios/watchlists](#)
- » [Price & news alerts](#)
- » [Find an IFA](#)

Your options at retirement

Free brochures on SIPPS and retirement plans from Hargreaves Lansdown

Matthew Morris of www.howmuchdoineedtoetire.co.uk says: "These aren't funds that have simply dipped or had a bad year or two; they fall down on virtually every benchmark. It is staggering that these big firms are able to perform so badly and yet continue to hold a strong position in the pensions market - if these were football teams they would have been relegated by now.

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

"With figures like these it is difficult to understand why consumers are willing to keep their money in funds which are being dramatically outperformed by their peers."

10 BIG BAD PENSION FUNDS

10 worst performing pension funds (> £1bn fund total)	Size (1)	5 year performance			10 year performance		
		Gross return % (2)	Peer Rating (3)	AGR% (4)	Gross return % (2)	Peer Rating (3)	AGR% (4)
Abbey Equity	£1,270.4m	9.4	100/159	1.8	-12.2	61/86	-1.3
Friends Provident UK Equity	£1,801.3m	9.3	102/159	1.8	-10.6	51/86	-1.1
Scottish Life Managed	£2,203.6m	9.8	116/133	1.9	-1.4	57/74	-0.1
Clerical Medical Balanced	£2,443.6m	7.4	32/38	1.4	6.5	15/16	0.6
Phoenix Life Exempt Managed	£1,396.5m	11.4	112/133	2.2	0	52/74	0
Scottish Life Property	£1,122.5m	-15.9	34/43	-3.4	37.4	23/32	3.2
HSBC Life (UK) Pension Balanced	£1,008.2m	12.8	103/133	2.4	6.4	35/74	0.6
Lincoln Balanced Managed	£1,093.6m	14.3	95/133	2.7	5.3	37/74	0.5
Lloyds TSB Managed	£3,486.6m	16.5	77/133	3.1	4	43/74	0.4
Barclays Life Managed	£2,239.5m	14.7	91/133	2.8	8.8	29/74	0.9

Notes: (1) Total size of the fund, (2) Total percentage return of the fund over the relevant period, (3) The performance out of all funds in the same sector over the relevant period, (4) The average annual percentage return per year over the relevant period.