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Buy, sell or hold: today's best share tips

ALLIANCE TRUST

Dividend yield 2.3%	Discount/net asset value 6%
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Diversification comes with drawbacks, something investors in the FTSE 250 investment group Alliance Trust have become familiar with. Spreading its bets among nine managers and roughly 180 stocks globally means that when certain mega-cap stocks such as Apple or Tesla have zoomed ahead, the Alliance has underperformed.

Last year, being underweight against the benchmark, the MSCI All-Country World Index, meant the

trust generated a total shareholder return of 16.5 per cent, just worse than the 19.6 per cent delivered by the index.

But investors should not be too hard on Alliance and the manager Willis Towers Watson. Why? Because when the market turns, there is an element of protection from chucking eggs in different baskets. A negative total return of 5.8 per cent since the start of this year isn't great, but it is also not as bad as the 6.3 per cent decline delivered by the benchmark.

A 55-year unbroken record of increasing the dividend is the punchiest riposte to criticism towards its multi-manager approach. Last

year's payment was increased by almost 33 per cent to 19.05p a share, which at the year-end equated to a dividend yield of roughly 2.3 per cent. That hardly shoots the lights out, but the chances of that dividend record continuing looks highly secure.

The trust had £3.3 billion in distributable reserves at the end of last year, dwarfing the cost of last year's payment of £59.2 million.

Multi-manager funds can be expensive, with investors in effect incurring fees first for the investment manager and then for the individual stock pickers. But the scale of assets under management across the wider organisation means Willis Towers

Watson can also bargain harder on management fees. The annual ongoing charge amounts to 0.6 per cent of the value of your investment, which is also lower than fellow multi-manager trust Witan, at 0.71 per cent. Over the longer term, Alliance's total NAV returns have also been superior to that peer, based on the three and five-year returns generated by Witan.

ADVICE Buy
WHY Shares are a reliable option for steady returns over the longer term

