

How to invest like a SIPP millionaire

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By Emma Lunn

Research reveals the investment strategies and favourite funds of investors with £1m or more in a self-invested personal pension (SIPP).

Interactive Investor found the average age of a SIPP millionaire is 61 and the typical seven-figured portfolio is powered by funds, with more than a third (35 per cent) invested in the asset, 29 per cent is in investment trusts, 15 per cent in equities, 13 per cent in cash and 8 per cent in exchange traded products.

Some 2.5 per cent of SIPP accounts with Interactive Investor hold £1m or more in assets.

When it comes to the most popular funds among SIPP millionaires on the investment platform, Fundsmith Equity comes out on top, ahead of Lindsell Train Global Equity. The remaining funds on the top five selling list are from Vanguard, including one from the popular LifeStrategy range.

The usual suspects also populate the list of bestselling investment trusts. Scottish Mortgage ranks number one, ahead of Alliance Trust and RIT Capital Partners. Finsbury Growth & Income and Murray International complete the top five.

Stocks that pay a dividend are generally most popular with SIPP millionaires, with Royal Dutch Shell on top ahead of Lloyd's Banking Group and GlaxoSmithKline in second and third positions respectively.

Meanwhile, iShares Core FTSE 100 UCITS is the most sought after exchanged-traded product, ahead of two physical gold funds – one is managed by BlackRock via its iShares brand and the other is run by WisdomTree.

Although pension savings are meant for the long term, interactive investor's SIPP millionaires display an appetite to tweaking their portfolio to accommodate a potential opportunity. Of the 82 per cent who invested in the previous 12 months, 45 per cent do so at least once a month and 23 per cent at least twice a month on average.

Moira O'Neill, head of personal finance at Interactive Investor, said: "Our most successful customers enjoy investing and looking after their portfolio, so will buy and sell investments when they spot an opportunity. What unites them is diversification, spreading their investments across different assets, markets and sectors to ensure that all their eggs are not in one basket. The importance of diversification is true to every saver – whether or not you have a seven-figured pension pot.

"The most important thing is to make sure you are comfortable with your level of risk. You can also increase the potential upside by considering more adventurous assets for your portfolio, but too much risk can wreck your portfolio. So, a realistic strategy is important.

"SIPP millionaires should beware of exceeding the lifetime pension limit, currently at £1,055,000 which applies to the total of all the private pension."

Interactive Investor is running a SIPP cashback offer of up to £4,000 on qualifying SIPP transfers made between 4 November 2019 and 3 January 2020.