



## Reality Check for Small Shareholders.

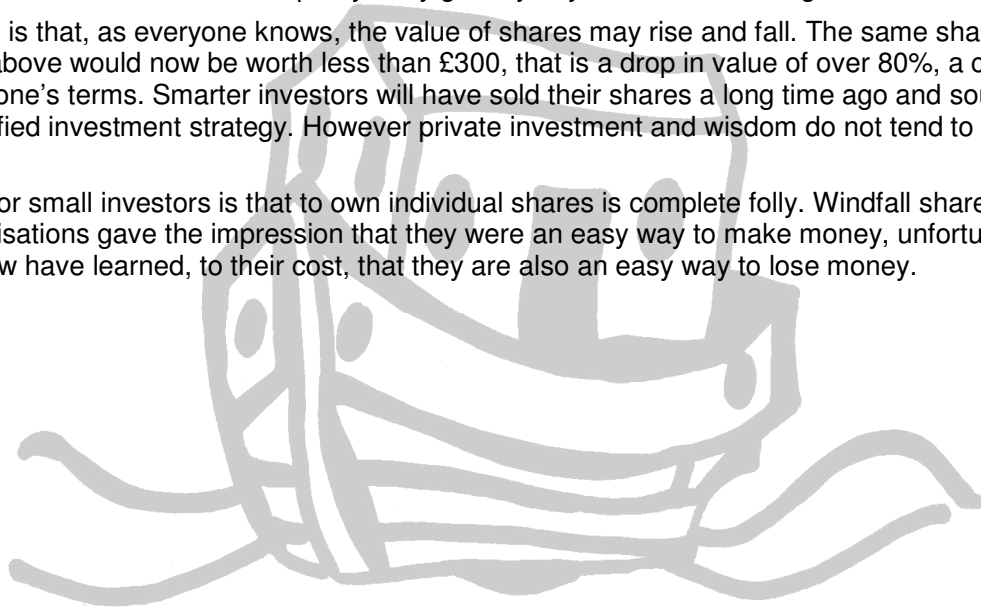
After having advised clients for almost 26 years I never cease to be amazed by the irrational behaviour of individual clients to owning shares. With the recent collapse in the value of shares in recently de-mutualised building societies highlighting the point.

How many individuals joined the 'carpet bagging' bandwagon and believed the rise in the value of their free shares was unstoppable. Individuals who received the standard windfalls from Bradford & Bingley, Halifax, Alliance & Leicester, Northern Rock and Woolwich would have seen the value of these shares rise to over £12,000 in June 2006. A pretty hefty gain by any stretch of the imagination!

But the thing is that, as everyone knows, the value of shares may rise and fall. The same shareholdings as outlined above would now be worth less than £300, that is a drop in value of over 80%, a catastrophic crash in anyone's terms. Smarter investors will have sold their shares a long time ago and sought a more diversified investment strategy. However private investment and wisdom do not tend to go hand in hand.

The lesson for small investors is that to own individual shares is complete folly. Windfall shares and cheap privatisations gave the impression that they were an easy way to make money, unfortunately many will now have learned, to their cost, that they are also an easy way to lose money.

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