

Money

Join the club: 'we invest for the fun of it'

Savings accounts are too boring for Britain's investing clubs, whose members prefer to pick stocks over a pint, finds *Sam Brodbeck*

Their Nineties heyday may be over, but steadily rising stock markets over the past few years have led to a resurgence in social investing clubs.

Echoing the boardrooms of professional fund managers, members present their latest investment ideas - usually at the pub or dinner parties - and vote on what shares the club will buy and sell. There are thousands of active clubs operating across Britain using online stockbrokers.

One investment shop, the Share Centre, helps more than 2,000 clubs, including some that have been running for 25 years. Two-thirds of the clubs were set up before the 2007 financial crisis, but the first half of 2018 saw a spike in new groups, said Richard Stone, the company's chief executive.

"It appears there is an ever-increasing appetite to be part of an investment club," he said. "We have not seen many clubs close down over the past 25 years, as for most the concept is more about socialising over gaining serious money."

Telegraph Money spoke to some of the longest-running clubs about their best buys, what they spent their winnings on and their top tips for investing.

John Wainwright, 59, is one of the original members of the Prospectus Club, a group spun out of a now-defunct window company of the same name. The club has nine members, down from 15 at its peak,

pub in Poynton, Cheshire, as well as at an AGM and a Christmas party. Members pay between £30 and £60 a month, but everyone has one vote, Mr Wainwright said.

"We don't bother with funds," he added. "The most fun is picking shares and seeing them doing well -

or taking the mickey when someone else's pick dives."

Their most successful stocks include AB Dynamics, a car parts manufacturer, and GW Pharmaceuticals, a British firm that specialises in cannabis-based medicine, both of which returned

five times the original investment. Tullow Oil, on the other hand, "lost the club thousands". Luckily, they sold out of failed outsourcer Carillion before it imploded.

Mr Wainwright said he'd learnt three key things through the club. "My tips are not to trade too much,

understand the importance of dividends to your total return, and don't get complacent," he said. He estimated that the club had returned about 5pc a year, though he admitted that members "probably would have made more leaving it in a bank, particularly in the early years when

Alan Bell, left, Ash Hatton, John Wainwright and John Hatton of the Prospectus Club, founded in 1998



interest rates were much higher".

Anthony Armstrong, 70, has been part of the Warden Investment Club since it started in 1992. The original 16 members, who began by investing in "penny stocks", gradually dwindled to just three couples.

"Once it was just us six we changed the investment style to look at the top-notch companies, which we buy at what we think are good prices - inevitably when we buy them the share prices go down," he said.

The club doesn't hold regular meetings, preferring ad hoc dinners at each other's houses and an annual holiday, funded by the year's investment gains. "We hold lots of bank stocks - when those go up we'll be super-rich and able to go on a round-the-world cruise," said Mr Armstrong.

"I'll keep going until they take me out in a box - it's such fun."

As collective investors, a club cannot hold shares within pensions or Isas, so returns are liable for tax and are not shielded from death duties. Brokers will provide annual tax certificates that members can use to work out their individual liability.

'My tips? Don't trade too much and trust in dividends'

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