

# Funds selection — helping you to make a choice

Often the decision to invest in funds is driven by the desire to spread risk or the lack of time and/or experience required to select and then manage your own investments. But how do you choose between so many funds?

First you need easy access to all the relevant fund data. That's why at The Share Centre we provide not only expert advice on funds but also a wide range of tools that enable you to research and select funds yourself or to invest in funds that we have pre-selected to meet differing investor profiles.

It is because funds provide such a wide choice that they appeal to all profiles of investor — from those just starting out, to more seasoned investors looking to move into new areas of the market, at home or abroad. They also provide a cost effective way of investing regular contributions and can be held in a variety of wrappers including Share Accounts, Stocks & Shares ISAs, Child Trust Funds (CIAs) and Self Invested Personal Pensions.

New investors often find funds an easier way into the market, especially as small amounts can be invested over time, often with low dealing charges (although you should look at the 'initial charge' levied by the fund manager). Minimal market knowledge is required as one of the key advantages of funds for new investors is the on-hand expertise of the fund manager who is constantly re-evaluating the fund's underlying investments.

And, because a fund invests across a wide range of companies the risk is spread. This means that the impact of any one investment underperforming will be less than if you'd only invested in a few individual companies yourself — a concern that is, understandably, often at the forefront of the new investor's mind.

Of course, as time moves on and your investment experience and interest grows you might want to start picking individual investments for yourself. When you do, our free guides 'about investing', 'about the stock market' and 'about trading',

available on [www.share.com/freeguides](http://www.share.com/freeguides), will be a good place to start.

For more seasoned investors, funds can provide a lower-risk route into overseas or specialist market sectors, where access to sufficient, quality information to make informed decisions can be more difficult for private investors to access. Not only that, but the wider you spread your investments, the more time you'll typically need to manage them. So concentrating your own efforts on areas you know well and leaving the less accessible ones to market professionals can prove an ideal solution.

## Preferred individual funds

We currently offer four individual funds to those investors who prefer to have some or all of their capital managed for them by an investment professional. These funds have been individually selected to offer a choice of investment styles, with good performance prospects and strong management. For each of these funds we've negotiated special terms on your behalf with the fund managers and there is no commission to pay on these funds when purchased through The Share Centre. Details of the current preferred funds are available at [www.share.com/fundpicker](http://www.share.com/fundpicker).

## FundPicker

Since the launch of the original four preferred funds in 2005, increased demand for other funds encouraged us in 2005 to offer access to over 1,800 funds, many on preferential terms.

Making an investment choice from over 1,800 funds is not a quick or an easy task. Where do you start? Our FundPicker tool, available via [www.share.com/fundpicker](http://www.share.com/fundpicker), can help you to find the appropriate fund for your investment profile and provides

key facts and performance data for your selected fund.

## ETFPicker

If you are interested in particular markets or sectors then an Exchange Traded Fund (ETF) may be suitable for you. ETFs are often used by investors as a simple way to track either the whole stock market or individual sectors. Our ETFPicker tool, available via [www.share.com/etfpicker](http://www.share.com/etfpicker), enables you to search for ETFs by country or region, asset type and level of risk.

## Funds of Funds

Having noticed that some customers preferred a portfolio of funds that would give them access to a spread of markets and thus further diversify their portfolio, we asked our sister company Sharefunds to develop a range of funds that would remove both the time burden and the investment knowledge burden from our customers.

This led to the successful launch of Sharefunds' Funds of Funds (FOF) in January this year, with three portfolios designed to suit different investment profiles.

**The Cautious Fund** offers the lowest risk/reward potential and has been designed to provide income with a target yield of 4% gross per annum.

**The Positive Fund** offers a medium risk/reward potential and has been designed to provide a balanced return with a target yield of 2% gross per annum.

**The Adventurous Fund** offers the greatest risk/reward potential and has been designed to provide the potential for capital growth.

FOFs offer potential tax savings when compared to purchasing the same underlying funds as an individual: if the fund manager sells funds within the portfolio the return will not be subject to Capital Gains Tax on the individual fund. Dealing and negotiation costs are also reduced enabling the portfolio to be run at a lower cost than available to an individual investor. For more information on our FOF offerings go to [www.share.com/fundoffunds](http://www.share.com/fundoffunds).

## coming soon...

### Our Top 100 Funds

We are currently working on introducing a Top 100 funds picker on our website to further inform your fund selection decisions by providing up to date fund information that is not currently readily available. The picker will allow you to select these funds by IMA<sup>1</sup> sectors (e.g. Income, Bonds, Global Growth, Emerging Markets) and it will include underlying funds that appear in Sharefunds' Funds of Funds if available through the Cofunds platform.

For each fund, the table will show fund performance, annual management charges, initial charges and the final charge to you once we have rebated to you the discount we receive from the funds house (the rebate will take place immediately so your invested capital receives its immediate benefit).

### New improved fund research

Regular users of our FundPicker section will have noticed that we have changed the supplier of our fund research. This is a temporary situation while we build a bigger and better set of fund research tools. We are very excited about this and look forward to launching fully in a few months time. More later.

Hopefully this round-up has given you a flavour of the information we currently provide to help you to invest successfully in funds and our progress on improving the information flow further. Note that past performance is no guide to future performance and that prices and values of stock market investments and the income from them can go down as well as up. If you wish to invest in funds please call our Dealing Team on 01296 41 42 43 or place an order online.

<sup>1</sup> The Investment Management Association (IMA) maintains a system for classifying funds into sectors that group similar funds together. More information is available at [www.investmentuk.org/statistics/sector\\_definitions/definitions.asp](http://www.investmentuk.org/statistics/sector_definitions/definitions.asp)

