

press release

9 March 2009

The Share Centre's ISA recommendations for tax efficient investors

- Top three funds and shares for your ISA

As investors seek alternative ways to generate additional income, **retail stockbroker The Share Centre** explains why it is still worth taking advantage of the ISA tax allowance and lists its three top funds and shares for ISA investors.

Andy Parsons, Advice team manager at The Share Centre, said: "Recent interest rate cuts and pressure on saving rates, have left cash deposits virtually worthless. With this in mind, now could be a good time for those wanting to make the most of their tax-free allowance to accept some risk and invest in the stock market.

"The see-sawing markets have no doubt left some way of investing in equities, so to help minimise risk investors need to consider how their investment portfolio is structured. Spreading your money across a range of investments is a good way to reduce your exposure to market risk, as you are not relying on the returns of one investment. With a diversified portfolio, returns from better performing investments can help to offset those which aren't performing as well," explains Parsons.

He adds, "Those investors not ready to invest directly within the stock market could consider funds as a way of reducing their overall risk. Funds by their very nature help to diversify a portfolio because they include a variety of equities and other investments. Alternatively, those investors feeling slightly braver may wish to consider direct equity investment."

FUND RECOMMENDATIONS FOR 2009

LOW RISK

Invesco Perpetual Corporate Bond Income Fund

The most attractive thing about this fund is the yield on offer. Its distribution yield (estimate of income the fund expects to pay over the next year) currently stands at a staggering 7.1%, although this is variable and is not guaranteed. The cumulative performance for the fund over the last 5 years is 2.93%.

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This fund aims to achieve a high level of overall return, with relative security capital. It invests primarily in fixed securities, such as gilts and corporate bonds.

MEDIUM RISK

Newton Higher Income Fund

This fund is an ideal holding for investors seeking income as well as the potential for capital growth, especially given the current climate and depressed share prices. The Newton Higher Income Fund is currently offering a yield of 8.02%.

UK equity focused, the fund concentrates on medium and large-cap companies. It has also enjoyed a superb relative performance in a sharply falling market, of which its large underweight in financials has helped. The cumulative performance for the fund over the last 5 years is 3.01%.

HIGH RISK

Allianz RCM BRIC Stars A Accumulation Fund

Launched in 2006, the fund returned a spectacular 58% in 2007. However, this was prior to the tough market conditions of 2008, when the fund lost 54.26%. Despite a significant fall in its price this year, the Allianz BRIC Fund focuses on the 4 key areas of Brazil, Russia, India and China. Although a riskier investment, The Share Centre believes this fund will benefit in the long-term as these emerging markets will have a strong input to future global development.

SHARE RECOMMENDATIONS FOR 2009

LOW RISK

GlaxoSmithKline

GlaxoSmithKline (Glaxo) has many new products in the pipeline, including two new cancer treatments and 25 other new drugs. Although the Group has been faced with increased competition from generic versions of its key drugs, we believe Glaxo's household name, defensive properties and good dividend yield makes the company a good bet for those investing for the long-term.

Glaxo is currently trading at 1012p and offering a yield of 5.4%.

MEDIUM RISK

Aggreko

Aggreko, has the worlds largest power generation fleet and if needed could provide 9% of the UK total energy needs. The company is benefitting from the credit crunch as governments are reluctant to build new power plants or generators – the cheaper option is to rent one.

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Aggreko recently produced an impressive set of figures when they released their final results. It pre-tax profits rose 52% to £250m and this was a £60m increase on consensus estimates.

Aggreko is currently trading at 403p and offering a yield of 2.2%.

HIGH RISK

Tullow Oil

Tullow is more of an exploration company than a producer of oil. Discovery success rate in 2008 proved to be encouraging while indicating further drilling potential in 2009.

Political problems in Kenya have resulted in delays in drilling at one of its big exploration sites. However, this should not create too many issues in the short-term as this site is not expected to be a meaningful contributor for a further 5 years.

Tullow's final results are due 11 March. The company is famed for positive results, whether its new oil finds, upgrades of existing oil fields or new developing sites being acquired. No doubt there will be some element of this in the figures but it will be interesting to see how Tullow has been coping with the falling price of oil.

Tullow is currently trading at 792p and offering a yield of 0.7%.

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Notes to editors:

Fund yields and share prices correct as of 9 March 2009.

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Risk Warnings:

Investing in general, and the products and services mentioned above, may not be suitable for all: if in doubt, individuals should seek independent financial advice. The value of investments and the income from them can go down as well as up and investors may not get back their original investment.

The bases and levels of taxation relating to ISAs, CTFs and SIPP's are subject to change and the value of these tax allowances may depend upon the circumstances of the individual.

About The Share Centre:

The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPP's are also available.

The Share Centre's Advice team provides comment on market sectors and individual shares, including all of the post-privatisation/demutualization companies, on www.share.com. Access is available to customers and registered users of the site. Registration is free. To understand how our Advice team arrive at their views please read our [Investment Research Policy](#).

In addition, account customers can receive individual telephone advice on UK-listed shares and on funds traded via the CoFunds trading platform.

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