



STERLING

Pound-cost averaging

Investing regularly can be rewarding

Key points:

- Regular or phased investments reduce the risk of buying on the 'wrong day'.
- In volatile markets it could mean purchasing more units.
- The hypothetical example below shows how pound-cost averaging works.

Client A invests a lump sum of £6,000 on 1 January.
Client B invests £500 a month over the whole year.

During the year, the stockmarket rises and falls. The unit price follows the market, starting and ending the year at £10 a unit. The result is shown opposite.

On 1 December, Investor A's investment is worth £6,000 – the same as it was at the beginning of the year.

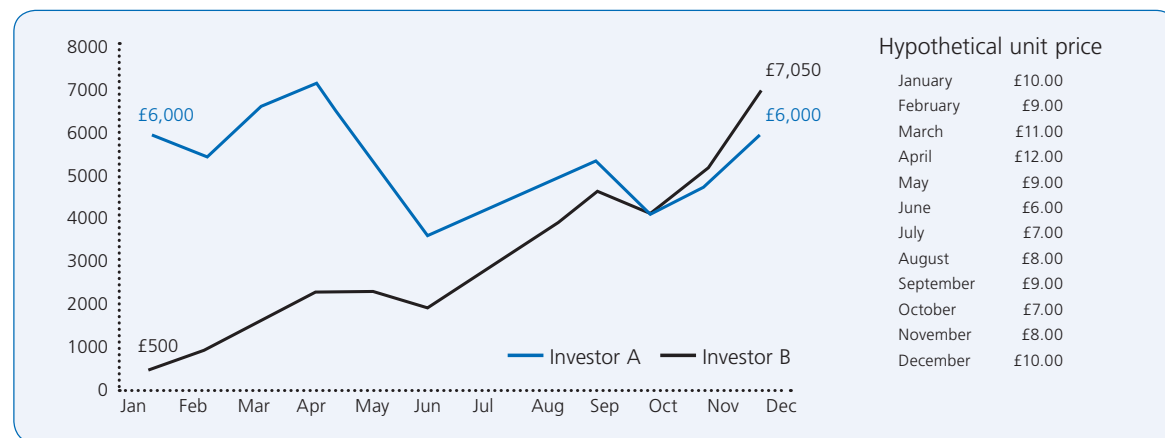
Client B's investment is worth £7,049.78 – over £1,000 more than Investor A's.

There is no guarantee that pound cost averaging will result in better returns than lump sum investing.

Phasing of lump sum investments into equity based investments

Key points:

- A similar concept to regular investments by 'drip-feeding' the lump sum from lower risk investments to equity based investment.
- Phasing can be achieved via an automated phasing facility or by instructions to switch from one fund to another over a period of time of your client's choice.



These examples ignore the impact of any product charges.

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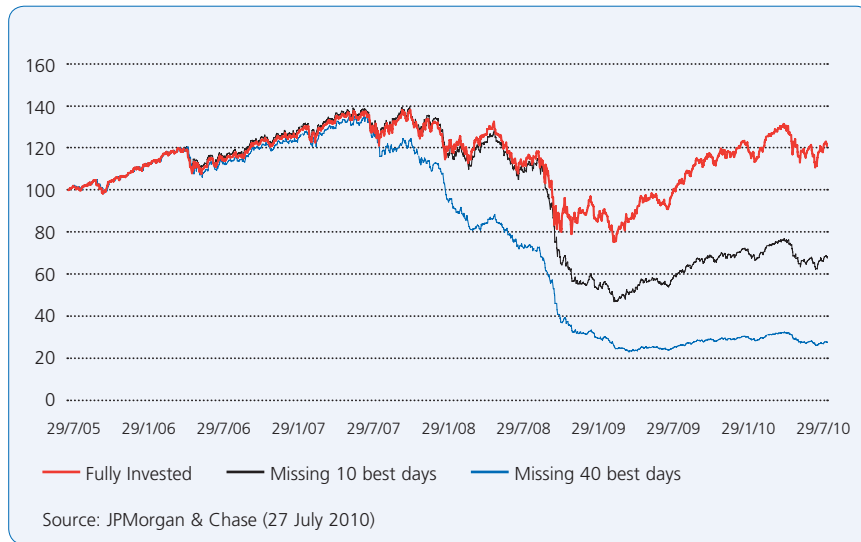
Time invested not market timing

Key points:

- Current market uncertainty makes it difficult to time the market.
- A single day can make a huge difference:
 - FTSE 100 grew by 9.21% on 24 November 2008.
 - FTSE 100 fell by 8.34% on 10 October 2008.
- The historical performance suggest its is generally better investing for the long-term.
- Waiting for recovery before investing could mean a lost opportunity.

The impact of not investing

The graph below illustrates the impact of not being invested for the best 10 and 40 days.



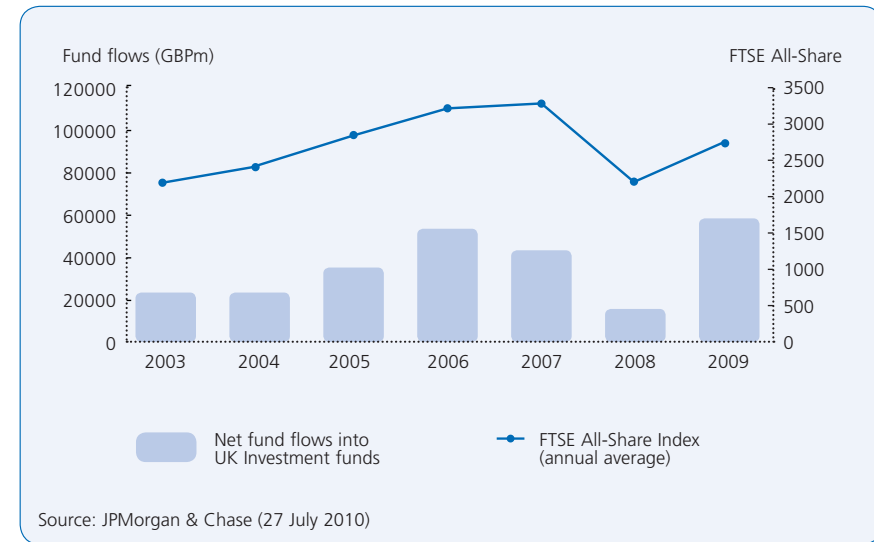
The dangers of following the market

Key points:

- Money tends to be invested when markets are strong and prices high.
- Opportunities could be missed when prices are low.
- More growth potential by buying when others are selling and holding on to investments for the long-term.

Buying high, selling low

The chart below illustrates the fact that fund flows into UK equity funds tend to follow the UK stockmarket.



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