CHARLES STANLEY INVESTMENT CHOICES NEWS

Issue 5 Autumn 2017

Hull, East Yorkshire.
UK City of Culture 2017.

Growth Portfolio
A closer look at our Growth portfolio

Investing Monthly
Drip-feed your savings using monthly contributions

Europe for Income?
Investing in European companies

brought to you by CHARLES STANLEY Investment Choices

www.csinvestmentchoices.co.uk
01482 861455

What's inside?

How to invest

The maximum amount you can invest in an ISA is £20,000 for the current tax year (minimum is £500). Alternatively invest from as little as £10 per month.

Complete and return the enclosed application form along with a cheque made payable to Cofunds Ltd (our platform provider) RE: "your name".

If you already have an account with Cofunds, call us with your debit card details and we will buy the fund for you.

Logon to your Cofunds account via the Charles Stanley Investment Choices portal. Alternatively, call us and we will assist with your registration.

Need help?

If you would like to discuss the investments described in this newsletter, or need help completing the application forms, please get in touch - we're here to help!

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Fund Focus:

We have highlighted the following funds in this newsletter.

- **Artemis Global Income Fund** - Page 7
- **BlackRock European Dynamic FD Fund** - Page 8
- **Liontrust Special Situations Fund** - Page 9
- **Schroder Tokyo Z Fund** - Page 10
- **Stewart Investors Asia Pacific Leaders Fund** - Page 11
- **Blackrock Continental European Income Fund** - Page 13

For more information on these and other funds, please contact us.

A note from your co-editor...

Stephen Luwero
Client Relationship Manager.

Welcome to the latest edition of the Investment Choices magazine which I hope you will find interesting and informative. We always appreciate feedback from our clients (both positive and negative) so if you have any suggestions in connection with the content or ideas on how we could improve what we provide to you, please let us know.

In the last magazine, rising inflation was highlighted as one of major topics of conversation for many of our clients, especially those living on fixed income, and our income portfolio was covered in detail as a potential means of countering this. But like many things in life, what is not ideal for one person sometimes proves just the ticket for another. For those investing for growth, inflation can indeed be a good thing. Over the long run, a company's revenue and earnings should increase at approximately the same pace as inflation, so the prices of stocks could rise along with the general prices of consumer and producer goods.

For this reason, we have turned the tables and have opted to cover our growth portfolio in detail expanding on the construction and merits of each fund.

We also touch on the advantages of monthly investing. You don't have to invest large sums to be a smart investor. Various studies have produced evidence to suggest that investing a small, regular amount each month is one of the most effective ways to invest and we explain why in the article.

Last but not least, over the last few months we have attended a number of investment management conferences and the theme we have picked up seems to be a concentration on value investing. Looking at this geographically, Europe has lagged the strong performances of other developed regions since the financial crisis of 2008. It is still trading well below its long-term average but is starting to become very interesting. There are many funds we could have looked at but we have chosen to investigate the potential merits of investing in the Blackrock Continental European Income Fund.

As ever, do not hesitate to contact us with any investment queries you have and we'll be more than happy to assist.

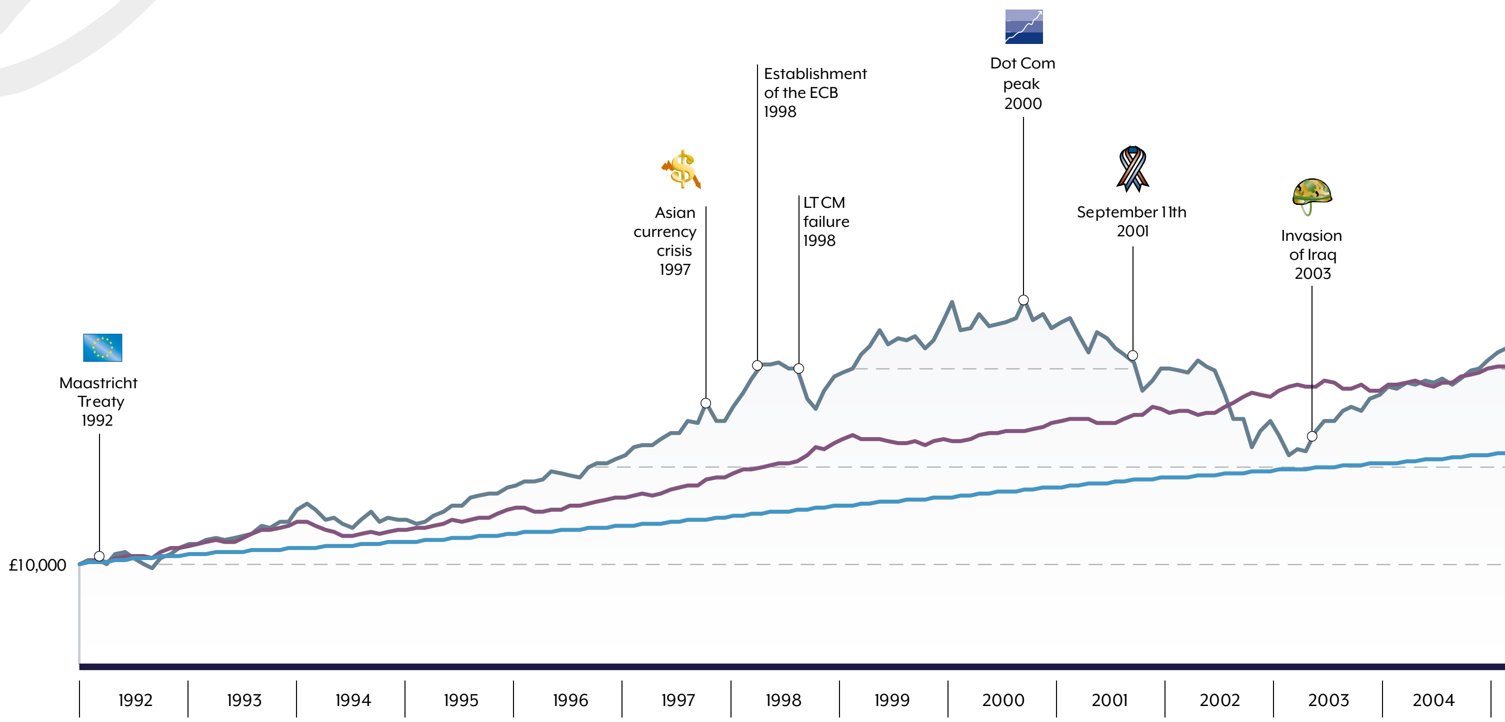
Good luck with your investing!

Stephen.

Investing for the

Long Term

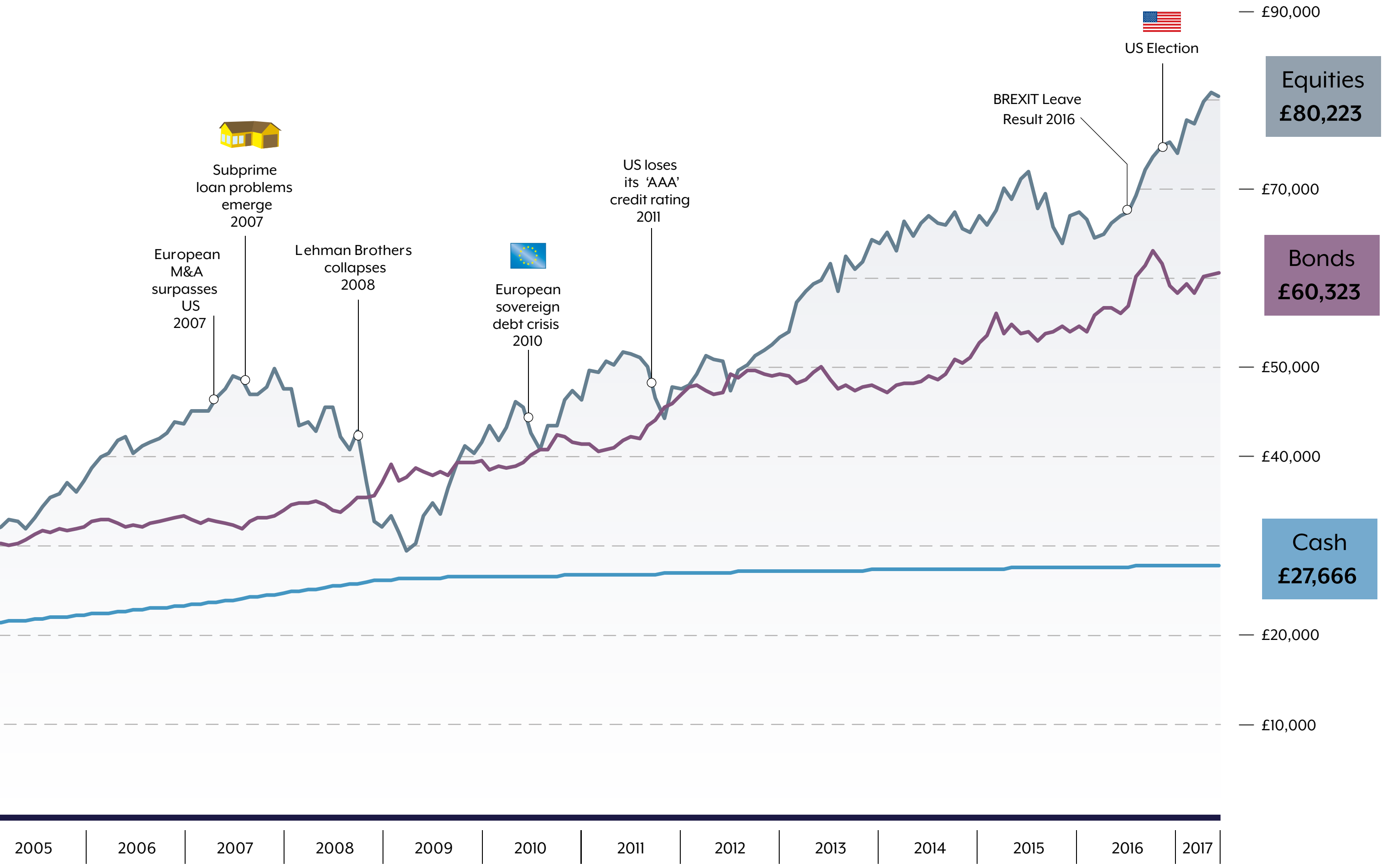
Despite volatility, markets have appreciated over time



Financial markets can be volatile and downturns as well as upturns are part of equity investing. But short-term declines should not detract from the potential of the stock market to help investors meet their goals. In fact, short-term market declines underline the case for a long-term approach to investing.

Of course, the investment choices depend on an investor's specific circumstances, goals, attitude to risk and investing time horizon. This will influence how much money is allocated and, if appropriate, how much of this is invested in growth-oriented equities. All financial investments involve an element of risk, so the value of your initial investment cannot be guaranteed and the historical performance of markets is not a guide to future returns.

The chart shows that even with market volatility, an investment in the FTSE All-Share Index 25 years ago would have grown to more than eight times its original value by April 2017.



Source: Thomson Reuters Datastream. All data from 31 December 1991 to 30 April 2017. The information provided is for illustrative purposes only and is not meant to represent the past or future performance of any particular investment. It is not possible to invest directly in an index. Equities are represented by the FTSE All-Share Index (total return). Bonds are represented by the FTSE Actuaries UK Gilts All Stocks Index (total return). Cash is represented by three-month LIBOR rates. All returns are in sterling terms and are based on monthly closing prices of the respective indices. **Past performance is not a guide to future returns.**

Our Growth Portfolio – a detailed analysis

In the summer edition of the Investment Choices magazine, we provided a detailed analysis of the funds in the Income Portfolio, focusing on the potential to receive a 4% net annual income from your investment. The feedback we received has indicated that the additional information provided has helped clients to better understand each of the funds we had included in the portfolio and the reasons for doing so. If you missed this, let us know and we'll be happy to send you another copy of the magazine. You can of course download it as well from our website at www.csinvestmentchoices.co.uk.

We do understand however, that not all clients want an income from their investments and are happy to simply invest for growth. Our Growth Portfolio has also proved popular amongst clients for precisely this reason. With over 3,000 funds from which to choose, the portfolio is an option for those who either do not know where to start or perhaps want some different choices to add to their own existing portfolios.

Should you wish to discuss any of the funds further, please call us and we will be happy to answer your questions. Alternatively, please complete the response form enclosed with details of the fund(s) you are interested in and we will forward the information to you.

How we decided which funds to include in the portfolio

As we do not hold detailed financial information about any of our clients we have taken a very broad brush approach when selecting the funds for the portfolio. It has been constructed so the total portfolio does not have a bias to any one sector or geographic region.

In particular you should note that the portfolio has not been constructed using a risk profiling tool but instead focuses on the underlying quality of the funds themselves and the fund managers that are responsible for them.

Use the portfolio as the inspiration for your growth investment strategy

If you are unsure where to start when making an investment, the portfolio is a good starting point but you can select any number of the funds to build your own portfolio if you wish. The portfolio is simply a suggestion from us to assist with fund selection. Annual reviews of the portfolio will take place to ensure that the funds are performing as they should be and we will notify clients via this magazine of any changes that are made. If you need to adjust your own fund selection as a result you can do so via the free switching facility available via Cofunds.

Investment Limits

The minimum initial lump sum investment is £500 or £10 per month per fund. The minimum for each portfolio is therefore £2,500 or £50 per month. An ISA has an upper limit of £20,000 per year and a pension has upper limits which depend on your circumstances - please contact us for more details.

Important Notes

Yield – Yield is the percentage return paid on an equity fund in the form of dividends, or the effective rate of interest on a bond fund. This income may be distributed or reinvested according to the requirements of the investor. 'Yield' should not be confused with 'Capital Growth' which occurs when the value of the underlying shares increase. Yields and capital values are not guaranteed and can fall as well as rise.

Accumulation or Income units? – the portfolio has been designed with the aim of long term growth. Each fund included does generate an income however, or yield as it is often termed. How this is managed depends upon if you select income or accumulation units when investing. Accumulation units reinvest the income, whilst income units pay it out (at which point you can draw upon it or reinvest).

What do I do next?

Complete the ISA/Investment Fund application enclosed and return the form(s) to us along with a cheque made payable to Cofunds Ltd if required. Alternatively, if you wish to transfer an existing ISA (Cash or Stocks and Shares) or Investment Fund, please download the applications from our website or request them using the response form enclosed.

Fund Focus

Artemis Global Income Fund

- Income of 2.82% per annum payable half-yearly (variable as at 31.07.2017)

Investors have traditionally looked to the UK sector for funds that generate an income but there are now plenty of options overseas that are worthy of consideration. The Artemis Global Income Fund, managed by Jacob de Tusch-Lec, has been a consistent performer in the Global Equity Income sector since its launch in 2010. Jacob attributes its success to the flexibility of his investment process which provides the opportunity to include a wide range of companies in his portfolio.

He constructs his portfolio using three benchmarks:-

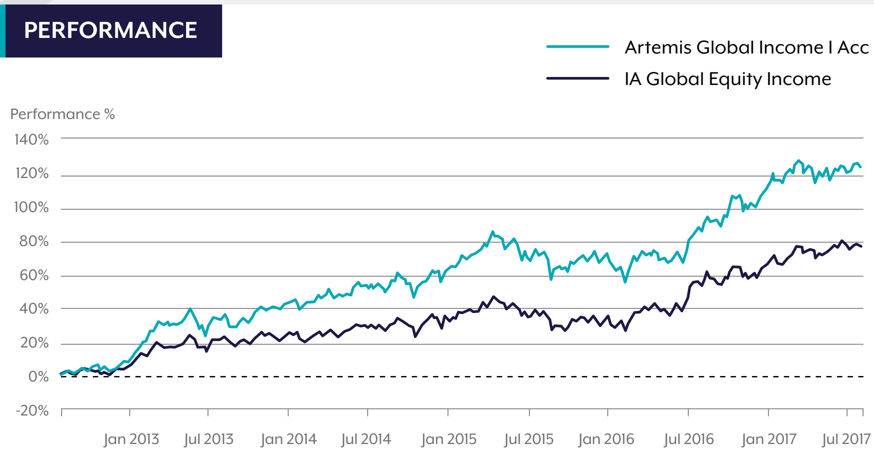
- **Quality yield** – comprising large, stable companies in sectors such as utilities
- **Cyclical yield** – companies whose earnings are linked to the performance of the economy
- **Value yield** – companies that are out of favour with investors but offer the prospect of recovery.

When selecting companies Jacob will tend to avoid those whose revenues are attributable to high levels of consumer spending, despite their strong run in recent years. He feels that much of this growth has been fuelled artificially by the availability of cheap debt. In addition he avoids technology stocks as the yield produced is often very small. The result is that his current portfolio composition has acted as a headwind to performance during 2017.

However, the fund is well placed to benefit from strong worldwide growth where inflationary pressures exist but it could underperform if global growth is disappointing. It is also worth noting, as with all funds in the Global Equity Income sector, that it contains investments denominated in other currencies, notably the US dollar and the euro. The continuing weakness of the pound following the BREXIT referendum has boosted returns but if there was a marked increase in the value of sterling this would have an adverse effect on the performance of the fund.

Our research team has confidence in Jacob's disciplined approach to fund management and believe that the income generated from the fund may continue to grow. With a track record of strong returns and a growing income over a period of seven years the fund can offer some variety and a degree of diversification for a portfolio.

PERFORMANCE



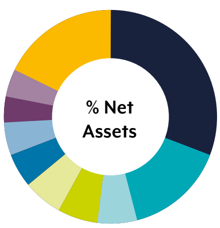
31/07/2012 – 31/07/2017 Source: FE Analytics

DISCRETE ANNUAL PERFORMANCE AS AT 30/06/2017

	0-12m	12-24m	24-36m	36-48m	48-60m
Artemis Global Income I Acc	+24.8	+3.5	+11.0	+18.8	+33.0
IA Global Equity Income	+19.2	+9.6	+4.3	+9.6	+21.1

ASSET ALLOCATION

USA	31%	Japan	5%
Italy	15%	Norway	5%
UK	6%	Spain	4%
France	6%	Isreal	4%
Germany	6%	Others	18%



Source: Funds Library

FUND FACTS

Fund Size	£3586m
Fund Type	Unit Trust
Classification	Accumulation
Launch Date	19/07/2010
Yield	2.82%
Ongoing Charges Figure*	0.81%
Initial Charge	0%
Charles Stanley Investment Choices Servicing Fee	0.37%
Cofunds Platform Fee	0.23%
Dividend Dates	31/03/2017 30/09/2017

*The ongoing charges figure will include the cost of investment management and administration, plus other costs of running the fund, such as fees for custodians (organisations that hold the assets safely for the investment managers), regulators and auditors. It will not include stamp duty, which is payable when buying shares in investment trusts, nor any performance fees. However, these fees will be published separately on the Key Investor Information Document.

Fund Focus

BlackRock European Dynamic FD Fund - Income of 0.68% per annum payable annually (variable as at 31.07.2017).

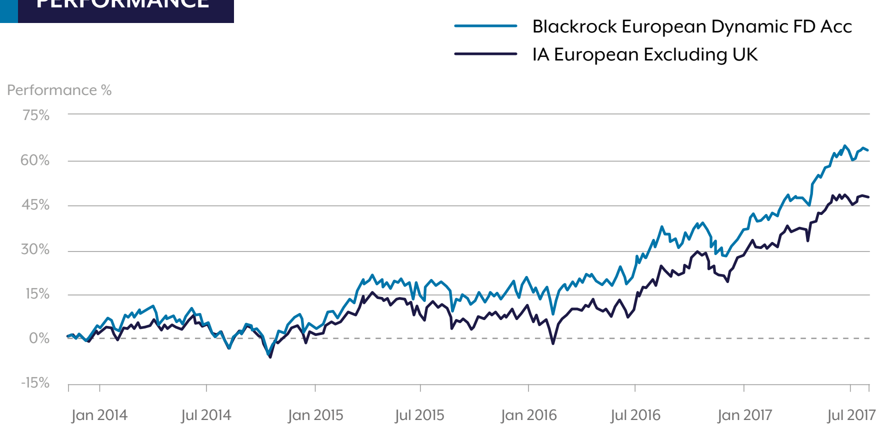
Launched in 2002, the fund has been managed since 2008 by Alister Hibbert. Alister is part of the European Equity team which is considered to be one of the best resourced in the sector. All team members (including Alister) will carry out their own analysis and are expected to bring new ideas to meetings for discussion and debate.

Alister is a talented and experienced investor and under his stewardship the fund has consistently outperformed other funds in the sector. The performance objective of being in the top 25% over 3 and 5 years has been frequently met and in recent years the fund has protected investors better than the index in falling markets.

The fund typically holds between 35-65 stocks and although there is a bias towards larger companies, Alister has a flexible approach to stock selection and is willing to invest in smaller companies if he sees the right opportunity. Whilst there is an argument that this increases the risk profile of the fund he has historically shown that he is able to incorporate these riskier but potentially more lucrative stocks into the portfolio providing a timely boost to the fund's performance. But of course, there is no guarantee that this will continue.

There are signs that the economic environment in Europe is improving – the declared unemployment rate for June 2017 was 9.1% which is 0.9% lower than a year ago and the lowest jobless rate since February 2009. Alister and the European Equities team are well placed to take advantage of opportunities as they arise.

PERFORMANCE



07/11/2013 – 31/07/2017 Source: FE Analytics

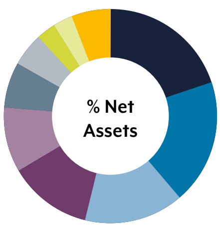
DISCRETE ANNUAL PERFORMANCE AS AT 30/06/2017

	0-12m	12-24m	24-36m	36-48m	48-60m
BlackRock European Dynamic FD Acc	+29.9	+8.6	+9.8	N/A	N/A
IA Europe Excluding UK	+29.2	+4.5	+4.1	+13.9	+31.6

ASSET ALLOCATION

France	20%	Sweden	7%
Germany	19%	UK	5%
Switzerland	15%	Belgium	3%
Netherlands	12%	Spain	3%
Denmark	10%	Others	6%

Source: Funds Library



FUND FACTS

Fund Size	**£2456m**
Fund Type	**Unit Trust**
Classification	**Accumulation**
Launch Date **(this share class 07/11/2013)**	**01/03/2002**
Yield	**0.68%**
Ongoing Charges Figure*	**0.92%**
Initial Charge	**0%**
Charles Stanley Investment Choices Servicing Fee	**0.37%**
Cofunds Platform Fee	**0.23%**
Dividend Date	**01/03/2017**

*The ongoing charges figure will include the cost of investment management and administration, plus other costs of running the fund, such as fees for custodians (organisations that hold the assets safely for the investment managers), regulators and auditors. It will not include stamp duty, which is payable when buying shares in investment trusts, nor any performance fees. However, these fees will be published separately on the Key Investor Information Document.

Fund Focus

Liontrust Special Situations Fund - Income of 1.86% per annum payable annually (variable as at 31.07.2017).

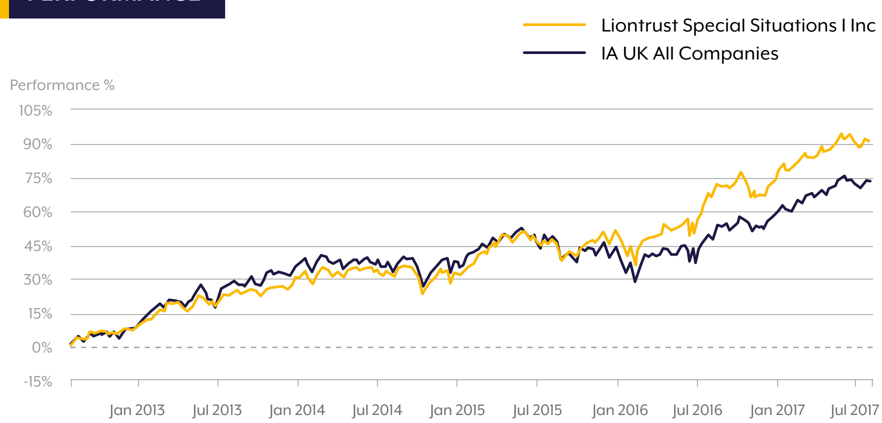
Anthony Cross has managed the fund since its launch in 2005 and has been assisted by Julian Fosh since 2008. Together they have more than 50 years of investment experience. The fund can invest in any stocks in the FTSE All-Share Index enabling the managers to find the best opportunities no matter the size of the company.

Anthony & Julian use what is termed as the "Economic Advantage process" when selecting companies into which to invest. This basically means those companies which are unlikely to be affected by market volatility and have a business franchise or brand that is defendable.

The fund currently comprises 50 stocks which is a relatively concentrated portfolio when compared to its peer group. There is a heavy bias towards medium and small sized companies in the portfolio but this does not prevent the managers from including larger companies – Unilever, for example, is one of the bigger holdings. The fund tends to avoid stocks where there is a lack of competitive advantage, such as mining and utilities but do favour areas such as consumer businesses, engineers and software. Because stocks tend to be held for the long term (which helps to reduce the volatility of the fund) the fund managers tend not to be too concerned how much they pay for a stock at the outset. In their view it is the quality of the company and the prospects for long term growth that are the overriding consideration as to whether a company is added to the portfolio or not.

The two managers are rated extremely highly, having consistently produced strong returns for investors for a number of years. It is possible that similar returns that consistently beat the benchmark are achievable unless medium and small sized companies sharply underperform the UK's largest companies for a considerable period.

PERFORMANCE



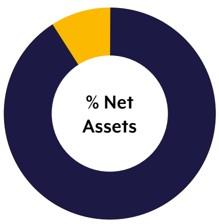
31/07/2012 – 31/07/2017 Source: FE Analytics

DISCRETE ANNUAL PERFORMANCE AS AT 30/06/2017

	0-12m	12-24m	24-36m	36-48m	48-60m
Liontrust Special Situations I Inc	+23.0	+6.9	+8.9	+12.0	+23.3
IA UK All Companies	+22.5	-4.1	+7.0	+14.0	+22.3

ASSET ALLOCATION

UK Equities	91%
Money Market	9%



Source: FE Analytics

FUND FACTS

Fund Size	£2787m
Fund Type	Unit Trust
Classification	Income
Launch Date	10/11/2005
Yield	1.86%
Ongoing Charges Figure*	0.87%
Initial Charge	0%
Charles Stanley Investment Choices Servicing Fee	0.37%
Cofunds Platform Fee	0.23%
Dividend Date	31/07/2017

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Fund Focus

Schroder Tokyo Z Fund - Income of 1% per annum payable annually (variable as at 31.07.2017).

Since this fund's launch in 1989, it is fair to say that the Japanese economy has had more than its fair share of "ups and downs" culminating in a period of negative inflation for a number of years. In 2013, in an attempt to break the deflationary cycle and revive the economy, Prime Minister Shinzo Abe launched a "three-arrow" strategy which later came to be known as "Abenomics".

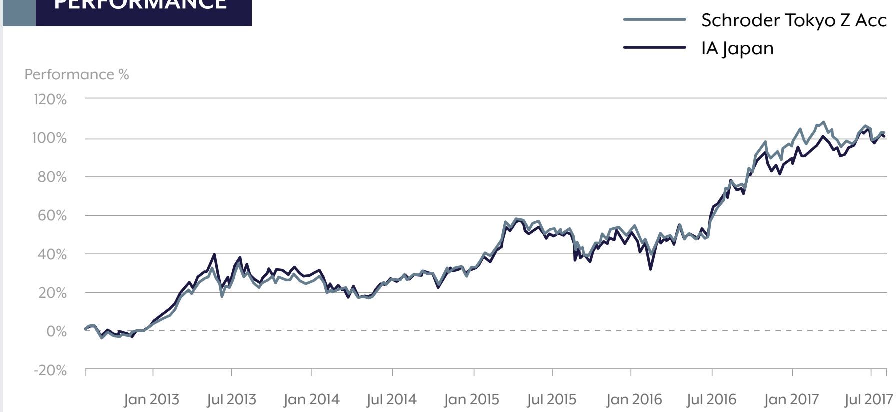
Four years on and we are beginning to see some very encouraging signs. For example, unemployment is at a 22 year low; foreign workers are now welcomed into the country to boost the workforce and counter the problems of the ageing population; and finally, the pace of economic growth has started to pick up with annual growth of 2.2% in the first quarter of 2017, beating expectations. To Andrew Rose, the fund manager, all of this will be welcome news.

Andrew has been managing the fund since 2004 and seeks companies that will benefit from Japan's improving economic outlook and particularly those that are undervalued and whose growth potential has been overlooked by other investors. These tend to be firms with a sustainable competitive advantage which can include those that have a technological edge, valuable patents or a dominant market share. Once identified, Andrew will hold these companies for a long time (on average three to five years) so that ample time is available to benefit from earning's growth.

The fund can consist of up to 80 stocks and does not tend to differ too greatly from the TOPIX index in composition but Andrew's ability to spot good opportunities has generated strong returns for investors. He has a wealth of experience in the Japanese market, having covered the region for 34 years with Schroders, and he is supported by an experienced team based in London and Tokyo.

Looking simply at performance over the last 5 years as shown in the graph below, the fund has been exhibiting the same behaviour that investors would expect from a tracker fund (i.e. shadowing the TOPIX Index returns). This is to be expected in periods where the TOPIX return is momentum driven as it has been over the last few years which does not suit the manager's style over the short term. However, over the long term, with Andrew's proven track record of being able to identify lucrative investment opportunities, we believe the fund should continue to offer good exposure to the Japanese market.

PERFORMANCE



31/07/2012 – 31/07/2017 Source: FE Analytics

DISCRETE ANNUAL PERFORMANCE AS AT 30/06/2017

	0-12m	12-24m	24-36m	36-48m	48-60m
Schroder Tokyo Z Acc	+28.6	+2.9	+21.1	-0.1	+22.9
IA Japan	+24.9	+7.3	+17.5	-1.5	+25.2

FUND FACTS

Fund Size	£2489m
Fund Type	Unit Trust
Classification	Accumulation
Launch Date	09/03/1989
Yield	1%
Ongoing Charges Figure*	0.91%
Initial Charge	0%
Charles Stanley Investment Choices Servicing Fee	0.37%
Cofunds Platform Fee	0.23%
Dividend Dates	01/03/2017

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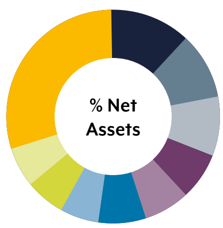
ASSET ALLOCATION

Electronic & Electrical Equipment	12%
Transport	10%
Transport Equipment	9%
Banks	7%
Retail	7%
Chemicals	7%
Communications	6%
Machinery	6%
Wholesale	6%
Others	30%



Source: Funds Library

Fund Focus

Stewart Investors Asia Pacific Leaders Class B

– Income of 0.92% per annum payable annually (variable as at 31.07.2017).

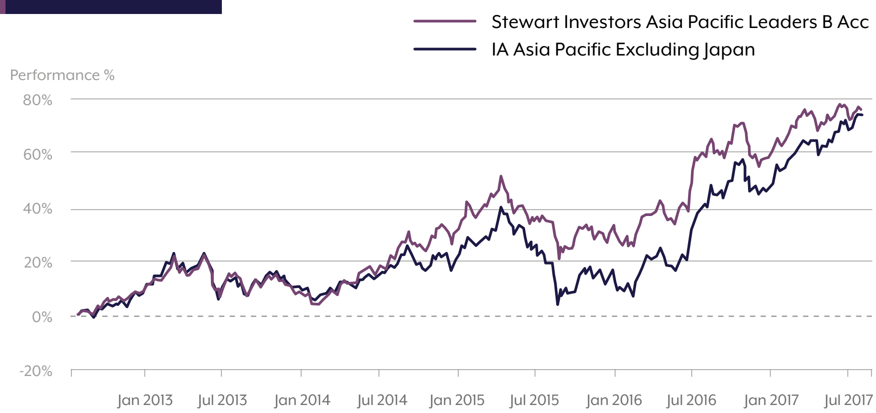
Over the years we have frequently promoted the merits of this fund which had been managed by well-respected fund manager, Angus Tulloch, until he stepped down in July 2016. Angus handed over fund manager responsibilities to David Gait who has been with the group since 1997 and during which time he was mentored by Angus with the result that there has been no change in investment process or style. David is ably assisted by Sashi Reddy.

The main message is one of conservatism, backing strong companies that have strong balance sheets and established cash flows. The turnover of the concentrated portfolio of 44 stocks remains low with the top ten accounting for nearly 40% of the fund. This level of concentration can add to the level of risk because each stock held can have a significant impact on the overall performance but the relatively cautious approach has resulted in lower volatility than the average fund in the sector. It should be noted however that the emerging markets sector can be more volatile than developed markets and that there is an increased risk of fund performance being affected by currency exchange rates.

David and his team are constantly seeking attractive investment opportunities with the aim for any investment to be for the long-term. Quality of the company is key to any purchase but they will not invest if the stock is over-valued (in their view) and will be prepared to wait for the right buying opportunity. As such the cash holding of the fund can be high at times (7.9% as at the 31st July 2017) but will never exceed 20% of the total assets. This approach has typically meant that the fund will underperform during times of strong market returns but conversely in falling markets the fund has tended to hold up very well.

Investors in the fund can expect the portfolio to be comprised of good quality larger Asian companies with a concentration in those from the Indian subcontinent and we believe it to be worthy of consideration for those looking for exposure to the Asian sector.

PERFORMANCE



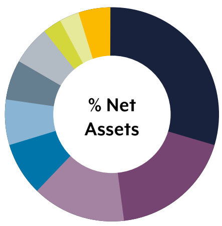
30/07/2012 – 31/07/2017 Source: FE Analytics

DISCRETE ANNUAL PERFORMANCE AS AT 30/06/2017

	0-12m	12-24m	24-36m	36-48m	48-60m
Stewart Investors Asia Pacific Leaders B Acc	+14.5	+11.6	+15.7	+5.2	+16.3
IA Asia Pacific Excluding Japan	+28.7	+5.4	+8.5	+3.4	+13.5

ASSET ALLOCATION

India	30%	Singapore	6%
Taiwan	18%	Australia	6%
Hong Kong	14%	Philippines	3%
Money Market	8%	Korea	3%
Japan	7%	Others	5%



Source: Funds Library

FUND FACTS

Fund Size	£9640m
Fund Type	OEIC
Classification	Accumulation
Launch Date	01/12/2003
Yield	0.92%
Ongoing Charges Figure*	0.89%
Initial Charge	0%
Charles Stanley Investment Choices Servicing Fee	0.37%
Cofunds Platform Fee	0.23%
Dividend Dates	01/03/2017

*The ongoing charges figure will include the cost of investment management and administration, plus other costs of running the fund, such as fees for custodians (organisations that hold the assets safely for the investment managers), regulators and auditors. It will not include stamp duty, which is payable when buying shares in investment trusts, nor any performance fees. However, these fees will be published separately on the Key Investor Information Document.

Why invest in *Europe for income?*

Well, why would you? The political turmoil and what seems like a constant stream of negative news in the media emanating from Europe would probably push the sector towards the bottom of any investor's list.

There are the obvious issues surrounding BREXIT which is very much to the fore at the moment but also this year we have had the election in France, which affected sentiment across the markets. Later on in 2017 the German elections will be the topic of conversation, although Angela Merkel is likely to be re-elected for another term in office. Elections in Italy follow in early 2018 although the result is more difficult to predict with the populist Five Star Movement running at similar levels to the Democratic Party in the polls (at the time of writing).

However, despite the political and economic uncertainty European companies have shown resilience and economic momentum has increased with improved company earnings leading the way.

Focus on the fundamentals

European stock prices were hit especially hard by the financial crisis of 2008 and whilst the share prices of many companies around the world have recovered during that time, those in Europe have lagged behind. European stock prices are still trading well below their long-term average simply because the region was viewed as unattractive.

Inflows to the European markets have increased over the last year especially after the French election result. However, it is important to cut through the "political noise" and focus on what is really happening on the ground to understand better why there has been a shift in sentiment.

One of the reasons for this change has been the improvement in company earnings. 63% of European companies reported increases that beat analysts expectations for the first three months of 2017. These were the best for several years and have been helped by the euro's weakness against the dollar assisting exports from the Eurozone and the continued support of the European Central Bank in purchasing country debt. Inflationary fears have also dissipated recently.

Diversification

Traditionally UK investors have relied on FTSE 100 listed companies for their income but this can lead to portfolios being too focussed in one sector. Europe is made up of 50 nations, each with its own culture, political system and economic strengths and weaknesses.

The companies in the region are also diverse and include global success stories such as BNP Paribas, Christian Dior and Heineken as well as nurturing smaller companies who have the potential to become the market leaders of tomorrow. Many provide attractive dividend yields and with the consensus amongst fund managers and analysts that stock values are undervalued, now could be an opportune time to consider Europe for some of your income requirements.

We have selected the BlackRock Continental European Income Fund in our fund focus section but there are of course other options available. Should you wish to discuss these please either call us or indicate on the response form enclosed which fund you would like further information on.

Fund Focus

BlackRock Continental European Income Fund

- Income of 3.86% per annum payable quarterly (variable as at 31.07.2017).

Launched in 2011, the fund is managed by Alice Gaskell and Andreas Zeollinger who are ably supported by the talented European equity team. During the relatively short lifespan of the fund the two managers have delivered growth in both capital and the level of income the fund pays.

Both managers are not afraid of going against market consensus on the stocks they select if they do not meet their own investment criteria. For example, the fund has remained significantly underweight in the banking sector for some time (currently 3% as opposed to the benchmark of 12% amongst similar funds in the sector). This actually led to the under-performance of the fund in 2016 when there was a rally in banking stocks. Their view is that banks need a rise in loan activity. The supply is available but the demand is low and as the yields available from European banks is quite small, they prefer to look for opportunities elsewhere.

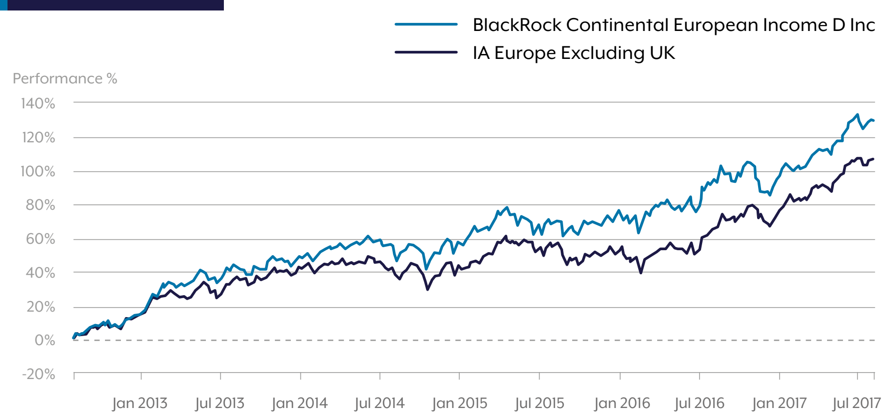
They are not totally against the financial sector however and have a significant exposure to the insurance sector which was increased at the end of 2016 as the stocks were considered to be undervalued. Currently, insurance stocks account for over 12% of the portfolio when compared to the benchmark of 5%. These are currently producing an income of between 5-7% a year.

When selecting companies to invest into, Alice and Andreas look for those that have similar characteristics of reliable, sustainable dividends, potential dividend growth and protection against inflation.

The result is that the fund tends to be less volatile when compared to similar funds in the sector.

We believe that this fund provides an attractive alternative for investors that want to introduce an element of diversification to their income portfolio, although it should be borne in mind that being an overseas investment performance can be affected by currency exchange rates.

PERFORMANCE



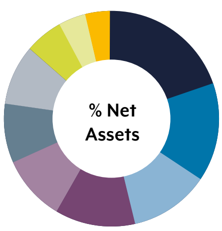
31/07/2012 – 31/07/2017 Source: FE Analytics

DISCRETE ANNUAL PERFORMANCE AS AT 30/06/2017

	0-12m	12-24m	24-36m	36-48m	48-60m
BlackRock Continental European Income D Inc	+22.1	+13.3	+3.3	+17.6	+37.3
IA Europe Excluding UK	+29.2	+4.5	+4.1	+13.9	+31.6

ASSET ALLOCATION

Netherlands	20%	Spain	9%
Germany	15%	Finland	9%
France	12%	Sweden	6%
Switzerland	12%	UK	4%
Italy	10%	Others	4%



Source: Funds Library

FUND FACTS

Fund Size	**£1676m**
Fund Type	**Unit Trust**
Classification	**Income**
Launch Date	**06/05/2011**
Yield	**3.86%**
Ongoing Charges Figure*	**0.93%**
Initial Charge	**0%**
Charles Stanley Investment Choices Servicing Fee	**0.37%**
Cofunds Platform Fee	**0.23%**
Dividend Dates	**31/01/2017 30/04/2017 29/07/2017 31/10/2017**

*The ongoing charges figure will include the cost of investment management and administration, plus other costs of running the fund, such as fees for custodians (organisations that hold the assets safely for the investment managers), regulators and auditors. It will not include stamp duty, which is payable when buying shares in investment trusts, nor any performance fees. However, these fees will be published separately on the Key Investor Information Document.

Investing Monthly

Even in these times of austerity and the increase in the general cost of living, can we afford to put off the decision to save for the future?

Government spending will continue to be squeezed as a result of the consequences of us living longer. The support the state provides us with today may not be as comprehensive in twenty to thirty years from now. It is therefore more of a necessity than ever to build our own nest egg.

Pound Cost Averaging

For new investors, saving monthly is a good way to start – it becomes habit forming. For the price of a good meal, savers can start to plan more effectively for the future.

Investing lump sums is not for everyone for a number of reasons including lack of available funds and fear of getting the timing wrong. Another option is to save small amounts monthly which enables one to avoid second guessing market movement. This method of investing is also called 'pound cost averaging'.

Invest £100 per month every month for 6 months regardless of Unit Price

Month	Monthly investment	Share price	Number of shares bought
1	£100	£5.00	20
2	£100	£4.00	25
3	£100	£2.50	40
4	£100	£10.00	10
5	£100	£20.00	5

Total units purchased: 100 - Average price £5 per unit

In this hypothetical example, an investor made monthly payments of £100 per month. When the unit price rises the investor bought fewer units and as the price fell the investor bought more units in the fund. As a result the investor's average cost per unit (£5) was lower than the average market price (£8.30) over the same time period. There will of course be times when the price of units continually rises or falls, in which case the average unit price could be higher or lower than the market average.

Why isn't everyone investing this way?

Clearly there are advantages to pound cost averaging, including the potential to benefit from volatile or falling markets. However, there are also disadvantages when compared to investing lump sums, such as missing out on the significant growth in a rapidly rising market. The choice of which route to take is a personal one but investing monthly does introduce a "saving discipline" with the result that saving almost becomes second nature. If you are regularly saving a manageable amount you develop a "savings habit" which will stand you in good stead as your lifestyle changes.

It is very difficult without the benefit of hindsight to invest at a low point in the market – and some would say impossible. Even renowned investor *Warren Buffett* cannot predict the future but he does base his investment decisions on a very simple premise which has helped investors:

"Be fearful when others are greedy and be greedy when others are fearful."

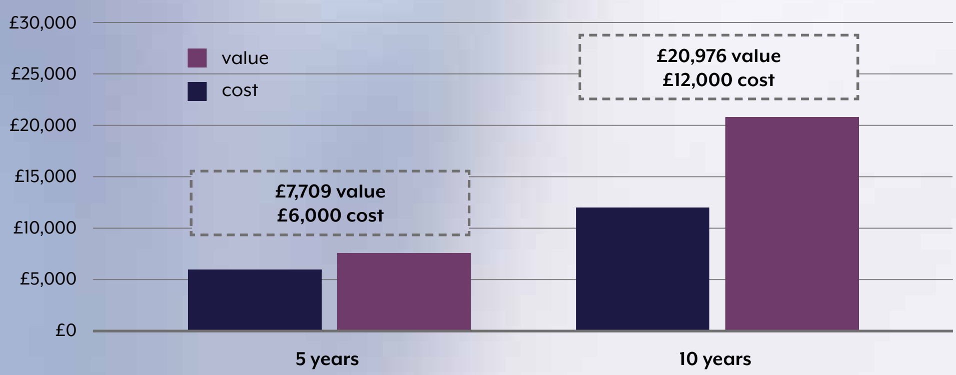
Investing savings on a monthly basis can take away the “fear factor” that Warren Buffett refers to. Whilst it is still worrying to see your investments take a dip when there is a downturn in the markets, the effect will not be as pronounced as if you had invested a lump sum a day before the downturn started.

OK, I like the idea of investing monthly but where do I start?

The Cofunds fund universe has over 3,000 funds from which to choose and selecting funds to suit your needs would be a daunting task. For this reason we feature funds in the magazine which are both eligible for lump sum and monthly investing. To demonstrate the effect of investing monthly we have chosen one of the largest and most well-known funds in the UK – The Invesco Perpetual High Income Fund.

The High Income Fund, although not particularly volatile, has still experienced the ups and downs of the stock market over the last 10 years. The below bar chart serves to demonstrate the effect of pound cost averaging and how investing monthly over a period of time can affect investment returns. As always, it should be borne in mind that past performance is not a reliable indicator to future returns.

Results of saving £100 per month into the Invesco Perpetual High Income Fund



Source: Invesco Perpetual. Values shown include net income reinvested as at 30.06.2017.

How much can I invest?

In our examples we have assumed an investment of £100 per month. However, monthly contributions can start from as little as £10 per fund. There are many funds available from which to choose, including the Invesco High Income Fund. Take a look at the funds featured in this edition or talk to one of our client relationship managers who will be happy to answer any of your questions.

What if I need to stop or change my contributions?

Investments should be made for the medium to long term – 5 years or longer – although your contributions can be stopped or changed at any time. There is no commitment to a fixed term and your investment is not subject to a qualifying period. Money can be left invested until you want to recommence your contributions or withdrawn at any time without a penalty.

Written confirmation is not required to make changes to your monthly contributions. You can also provide instructions via email or by telephone.

In summary, the benefits of regular savings are:-

- **Easy to get started** – invest from £10 per month
- **Flexible** – amend your investment choice at any time and withdraw your savings without penalty
- **No need to worry about “timing the market”** – one of the disadvantages of making a lump sum investment is that no one knows for certain where the market will go next. Will you be buying at the highest point in the cycle or lowest? The averaging effect of making regular investment into stock-markets takes away that concern since you know that you will be buying into your investments at all stages of the market cycle.

I have made my choice - what next?

Once you have decided which fund(s) you want to invest into and whether you are investing inside or outside of ISA, complete the relevant application form, not forgetting the Direct Debit Mandate, and return them to us.

How to invest

1. **Identify the fund(s)** you wish to invest into – feel free to call us to discuss these funds in more detail.

2. **Complete the application forms** enclosed and return them to us in the pre-paid envelope provided. Alternatively, logon to your account online or call us with your debit card details. If you want to invest monthly please also complete the Direct Debit Mandate attached to the ISA application form.

3. Should you wish to invest outside of an ISA please either contact us for an application form or download one from our website at **www.csinvestmentchoices.co.uk**. You will find them in the Important Documents section under the Investing With Us tab on the menu bar at the top of the screen.

Get in touch

If you would like to discuss the investments described in this newsletter, or need help completing the application forms, please get in touch - we're here to help!

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Important Information

This document is a marketing communication. The information does not constitute advice or a personal recommendation or take into account the particular investment objectives, financial situations or needs of individual investors. If you are unsure as to whether an investment or a pension is suitable for you, please seek professional financial advice.

Investors should also be aware that past performance is not a reliable indicator of future results and that the value of investments and the income from them may fall as well as rise. The capital invested is therefore at risk and the amount realised may be less than the original sum invested. Investments should be considered for the medium/long term (5 years or longer).

Before you invest and for your own protection, please ensure you have read carefully the documents enclosed with this publication (the Cofunds application and other documents).

It is recommended that you also review the available product literature. On receipt of your application, where relevant, a Key Investors Information Document (KIID) will be sent to you containing further specific information on each of the funds in which you wish to invest. If you are investing online, the Funds Key Features/KIID will be available at the point of purchase.

For funds that invest overseas, exchange rate variations may cause the value of your investments to rise or fall. Investments in certain funds, including emerging markets, specialist geographical areas, smaller companies and specialist sectors (such as technology and ethical stocks) tend to be more volatile. Where a fund's objective is to provide income and the income is paid out, there can be a reduced potential for capital growth, especially over the medium to long term. The level of income payments can vary and where a bond fund's running yield is greater than the redemption yield, this may erode capital.

Some funds invest in higher risk fixed interest securities, known as sub-investment grade bonds. These bonds have a low credit rating and higher risk of default than investment grade bonds. This means that there is an increased risk that the value of your investment could fall. The tax treatment of investments and pensions depends on individual circumstances and may be subject to change in the future. Fund switches outside of an ISA wrapper constitute a realisation for capital gains tax purposes.

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