thesharecentre:
simply easier

fund of funds made easy

Your guide to the
SF portfolio of funds

welcome

In the world of investing, a fund is an investment type which is made up from different investments chosen by the fund's manager. They're popular with investors for three main reasons:

- Funds reduce the need to select and manage your own investments
- Funds help reduce your overall level of investment risk
- Funds lower the cost of building a diversified portfolio

Because they provide such a wide choice, they appeal to a wide range of investors: from those just starting out, to more seasoned investors looking to move into new areas of the market, at home or abroad.

What's a fund of funds?

Since there are a huge number of funds out there, it can be tricky to narrow down the choice and ensure that your portfolio is properly diversified. Whereas many funds consist of a range of different investment types or shares, a fund of funds invests in other funds. With a variety of fund categories wrapped up into one fund, this means you can balance and spread your investment risk more easily than through direct stock market investment or investing in a single fund. You get access to an even wider range of investments.

New investors often see funds of funds as a great way to get into investing, since they're well-diversified and cut down on the need to make tricky investment choices. You can also invest small amounts over time, often without high dealing charges.

Introducing the SF portfolio of funds

Our sister company, Sharefunds, runs three funds of funds known as the SF Portfolio of funds. Each provides you with the opportunity to spread risk (cost-effectively) by buying into a wide range of investments. They cater for three different investment objectives with varying degrees of risk:

- **Cautious** - lower risk
- **Positive** - medium risk
- **Adventurous** - higher risk

Each fund is well-balanced and diversified, containing 10-25 funds from well-known investment houses. They will not have too much exposure to any one sector or market. Your contribution is pooled together with other investors, allowing our Fund Managers to negotiate discounts in the charges of the underlying funds. This helps keep charges as low as possible.

Over the next few pages we'll look at each fund in a bit more detail. For more information, please visit www.share.com/fof

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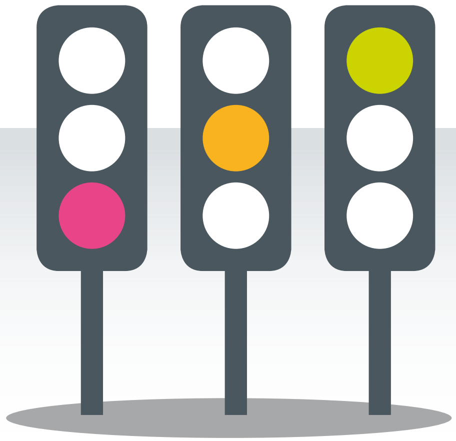
Cautious fund

If you're only prepared to take a relatively modest amount of risk and are happy with the potential for profits which counteract inflation, then the SF Cautious fund could be for you. As the name suggests, it's a lower risk investment.

The Cautious fund aims to provide an income of 4% a year and some capital growth. It will primarily have exposure to the UK markets, with no more than 60% in shares and no less than 30% in fixed interest or cash through the underlying funds.

The fund invests in other funds which themselves invest in assets such as bonds, company shares, cash and currencies. The objectives and risk profiles of these underlying funds may not be fully in line with those of this fund. Any income received from the underlying investments is paid out twice a year as a dividend payment. The holding date to qualify is 01 Jan & 01 Jul, with payments being made 1 March and 1 September.



Positive fund

If you're comfortable with a medium amount of risk which could give you profits over and above inflation (accepting there may be ups and downs along the way), then the SF Positive fund could be for you. It's a medium risk investment.

The Positive fund aims to provide capital growth and an income of approximately 2% a year. The intent is to take advantage of economic conditions in key markets, which may include the UK, US, Europe and Japan, through the underlying funds.

The fund invests in other funds whose underlying investments consists mainly of listed equities and/or fixed income securities of issuers based in the UK and OECD countries including the US, the member states of the EU and Japan. Any income received from the underlying investments is paid out twice a year as a dividend payment. The holding date to qualify is 01 Jan & 01 Jul, with payments being made on 1 March and 1 September.

Adventurous fund

If you're happy to accept significant risk to your money in order to pursue high profits, and are aware that the value of your investments might fluctuate considerably, then the SF Adventurous fund could be for you. It's a higher risk investment.

The Adventurous fund aims to achieve higher capital growth through a global investment strategy. Not only will it have exposure to the UK, but also key overseas markets and may include emerging markets and specialist sectors through the underlying funds. It does not pay an income as it is a growth-only portfolio.

Choosing the right fund of funds for you

Investing involves a degree of risk, however you can take as much or as little as you choose. Your approach should be influenced by your financial situation as well as your mental attitude. Since funds are associated with mid/long term investing, remember that you can afford to take more risk because even if you suffer losses or the market takes a temporary dip, your investments have longer to recover. Also, by investing a regular amount each month, you can smooth out any dips in the market, since you'll be buying more when investment prices drop.

With regards to your investment strategy (aim), your goals, timescales and attitude to risk should all have a significant influence. For example, if you've got 18 years to build up a university fund for your child, it's likely you'll want to adopt a 'growth' strategy. In contrast, if you're about to retire and want to supplement your pension with your investments, a cautious 'income' strategy might suit you better. Of course your situation may not be as clear cut as that. Some investors choose a 'balanced' strategy, benefitting from both growth and income.

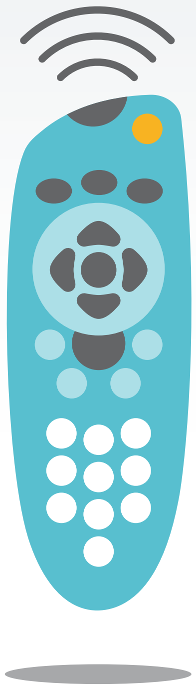
Your approach should be influenced by your financial situation as well as your attitude to risk.

	Risk			Aim		
	Low	Medium	High	Income	Growth	Balanced
SF Cautious	✓			✓		
SF Positive		✓				✓
SF Adventurous			✓		✓	

Who manages the SF Portfolio of funds?

With over 25 years combined financial services experience between them, Andy and Sheridan manage the SF Portfolio of funds using their knowledge of personally advising investors on asset diversification. They have access to the major fund houses and along with their systems, technology and extensive research, they are well placed to react quickly to market changes.

Both take a hands-on approach to fund management, ensuring that meetings held with fund management houses are conducted jointly, and that monitoring of key economic research from brokers and independent research agencies is actively discussed.



Andy Parsons MCSI

Andy is a Chartered Member of the Chartered Institute for Securities and Investment. At The Share Centre, Andy is responsible for managing and developing the services offered by the Advice team. He is also a regular contributor to the media, through publications and broadcasts.

Sheridan Admans MBA BA (Hons) MCSI

Sheridan completed a Masters in Business Administration (MBA), before undertaking the necessary qualifications to become a fully qualified Financial Adviser. In addition, he is a fellow Member of the Chartered Institute for Securities and Investment. Sheridan is also a key contributor to the media and his views and thoughts are regularly published in written and broadcast media.

How to invest

If you haven't got an account with us yet, simply go to share.com and click 'open account' or ring us on 08456 185 185 for an application pack. As soon as you've paid some money into your new account, you can start investing!

Grab a Readymade ISA

The easiest way to invest in the SF Portfolio of funds is with one of our Readymade ISAs. There's no monthly admin fee, no dealing commission on lump sums or regular investing, and no initial charges. There's just the ongoing fund charges (OCF) within the underlying fund. Just tell us whether you want to be cautious, positive or adventurous and we'll do the rest. Alternatively, the funds can be held in a Share account, Self-select ISA, SIPP or non-stakeholder CTF account.

Read the Key Investor Information Document (KIID)

For historical information on fund performance, top 10 holdings, breakdown by sectors and other basic fund information, please see our fund factsheets at share.com/fund-of-funds. Once you've decided which fund you want to purchase, please ensure you have read the Key Investor Information Document (KIID) relevant to the fund (available on the factsheet).

Investing regularly usually works out cheaper

To invest in one of the funds of funds, you could invest a lump sum and then make additional payments as and when you want. Alternatively, you could invest an initial amount (minimum £25.00) then make regular monthly contributions (minimum £10.00). Our regular investment service usually works out cheaper in terms of dealing commission compared to making sporadic small investments and is a great way to build up your holding.

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