

# COLLECTIVE INVESTMENTS

**Important Information** - *"The value of investments can go down as well as up and you may not get back as much as you invested. A pension is a long-term investment and your eventual income may depend on the size of the fund at retirement, future interest rates and tax legislation"*



For most clients, a collective investment may be the most suitable product for their hard-earned cash, once sufficient contingency funds are held on deposit. It combines access to the power of stockmarkets but

generally with lower levels of risk compared to individual shareholdings.

A Collective investment or 'mutual fund' is a product that invests in assets such as bonds, equities (shares) or cash. The assets owned by the fund are called a Portfolio, and they are managed by a fund manager. Your money is pooled together with that of other investors, and spread over the whole range of assets within the fund.

Your investment in a fund is divided into units, and your unit holding represents your proportionate ownership of the fund's overall assets, and the return those assets may generate. The prices of these units will fluctuate daily because the underlying value of the assets will rise and fall.

## **Advantages:**

### **Diversification**

A fund spreads its investment across different companies, asset types and geographical regions, giving you the benefit known as 'diversification'.

### **Diluted risk**

When one investment is down, another might be up, and so the investor is not taking a chance on the fortunes of one single asset. This means your risk overall is significantly reduced.

### **Ease of use**

The day-to-day running of your investment is designed to be straightforward. A fund manager invests on your behalf and you will receive regular reports on how your money has been invested.

### **Cost savings**

Thanks to their 'bulk-buying' power, investment funds can be highly cost-efficient. They can spread fixed costs, such as the charges for safekeeping of assets across all investors in the fund.

### **Choose your wrapper!**

Collective investments can be held within an ISA, a pension, a Bond or a General Investment Account – the best choice will be down to a number of factors which you can discuss with your adviser.

### **Professional investment management**

Investment funds allow you to tap into the expertise of full-time, dedicated fund managers, armed with access to crucial market information. Using the latest research, they constantly monitor for investment opportunities. Their decisions on what to buy and sell reflect the changes they detect in economic or market conditions.

Why not contact us to find out whether collective investments would be right for you? As Independent Financial Advisers we have access to the whole market of thousands of individual investment funds.

Your initial consultation will be at **our expense**, so you have nothing to lose.

**Laurie Mellor**