Issue 3 March 2017

CHARLES STANLEY INVESTMENT CHOICES NEWS

Select a Portfolio
Take the pain out of the investment process

Cofunds Pension Account
The pension account that puts you in control

New Fund Launch!
Learn about Neil Woodford's new fund

The Robotics Sector
What are the growth prospects?

brought to you by

CHARLES STANLEY Investment Choices

www.csinvestmentchoices.co.uk
01482 861455

What's inside?

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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How to invest

Please turn to the back cover to find out how to invest.

Fund Focus:

We have highlighted the following funds in this newsletter.

- **Woodford Income Focus Fund** - Page 9
- **Pictet Robotics Fund** - Page 13
- **Polar Capital UK Value Opportunities Fund** - Page 15

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

Products:

- **Investment Choices Income Portfolio** - Page 7
- **Investment Choices Growth Portfolio** - Page 8
- **Cofunds Pension Account** - Page 10

A note from your editor…

Mark Feely
General 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.

If you received the last magazine you will remember that we focused on the need for your investment strategy to combat the threat of inflation. As we and most commentators expected, inflation is now rising and the need for income orientated funds is more acute than ever. To assist with your planning we have constructed a portfolio targeted to produce an annual income of 4% which you can find on page 7. For those with more of a focus on growth, check out the growth portfolio on page 8 which may be of interest.

Renowned Fund Manager, Neil Woodford, has also identified the need for higher income generating funds and has announced the launch of the Income Focus Fund on the 20th March. Further details are included in this magazine.

Also in this edition, I am very pleased to announce that we now have available a pension plan for clients – a product that has been missing from our armoury for some time. Provided by Cofunds and administered by Suffolk Life the Cofunds Pension Account provides an easy route to consolidating existing pension arrangements. For those who already hold an account with Cofunds, the pension account will operate in a similar way and will appear on your statements alongside any ISA or Investment Funds that you already have. For further details complete the response form enclosed.

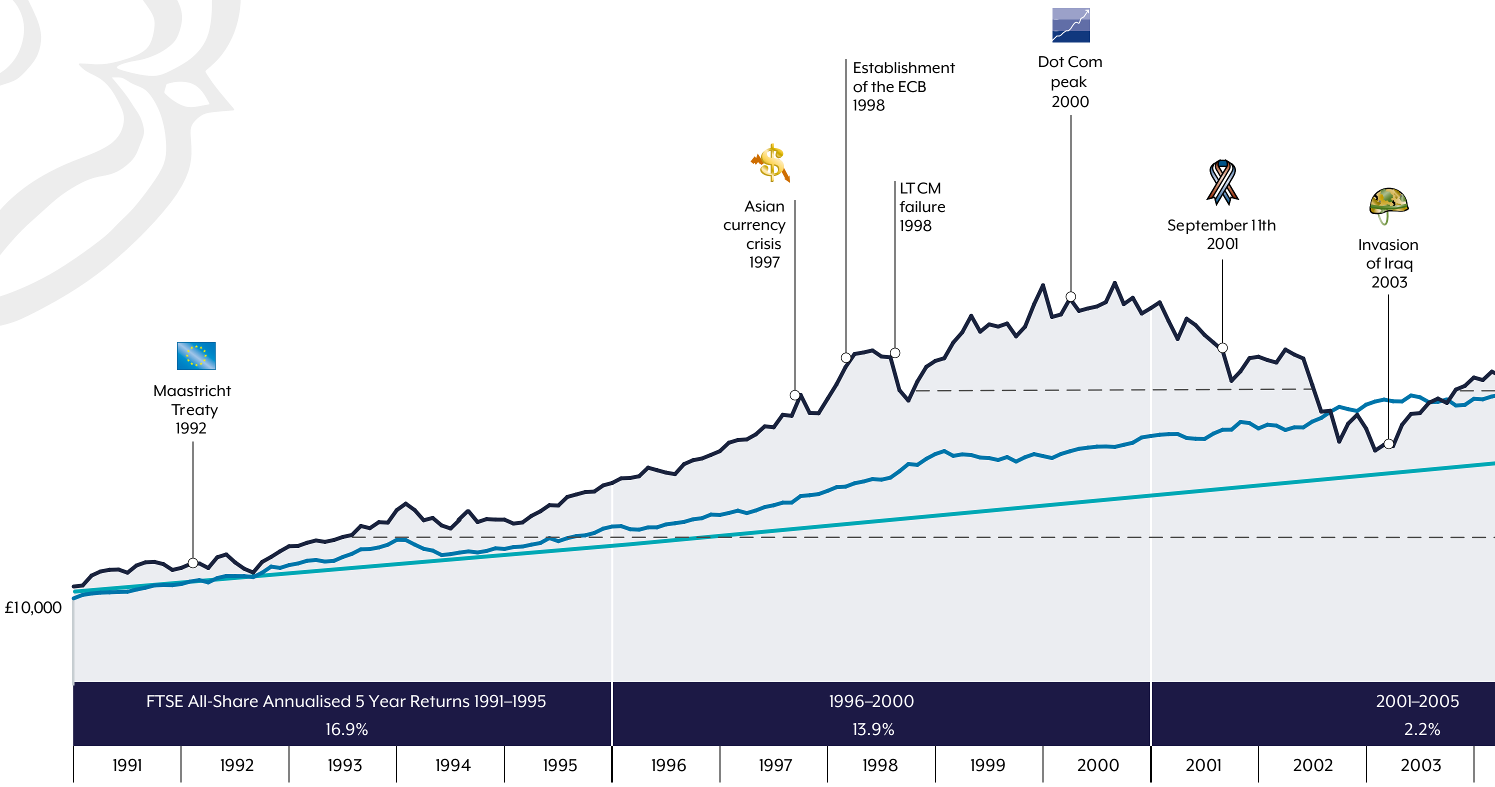
As ever, do not hesitate to contact us with any investment queries you have and we'll be more than happy to assist.

Good luck with your investing!

Mark

Investing for the *Long Term*

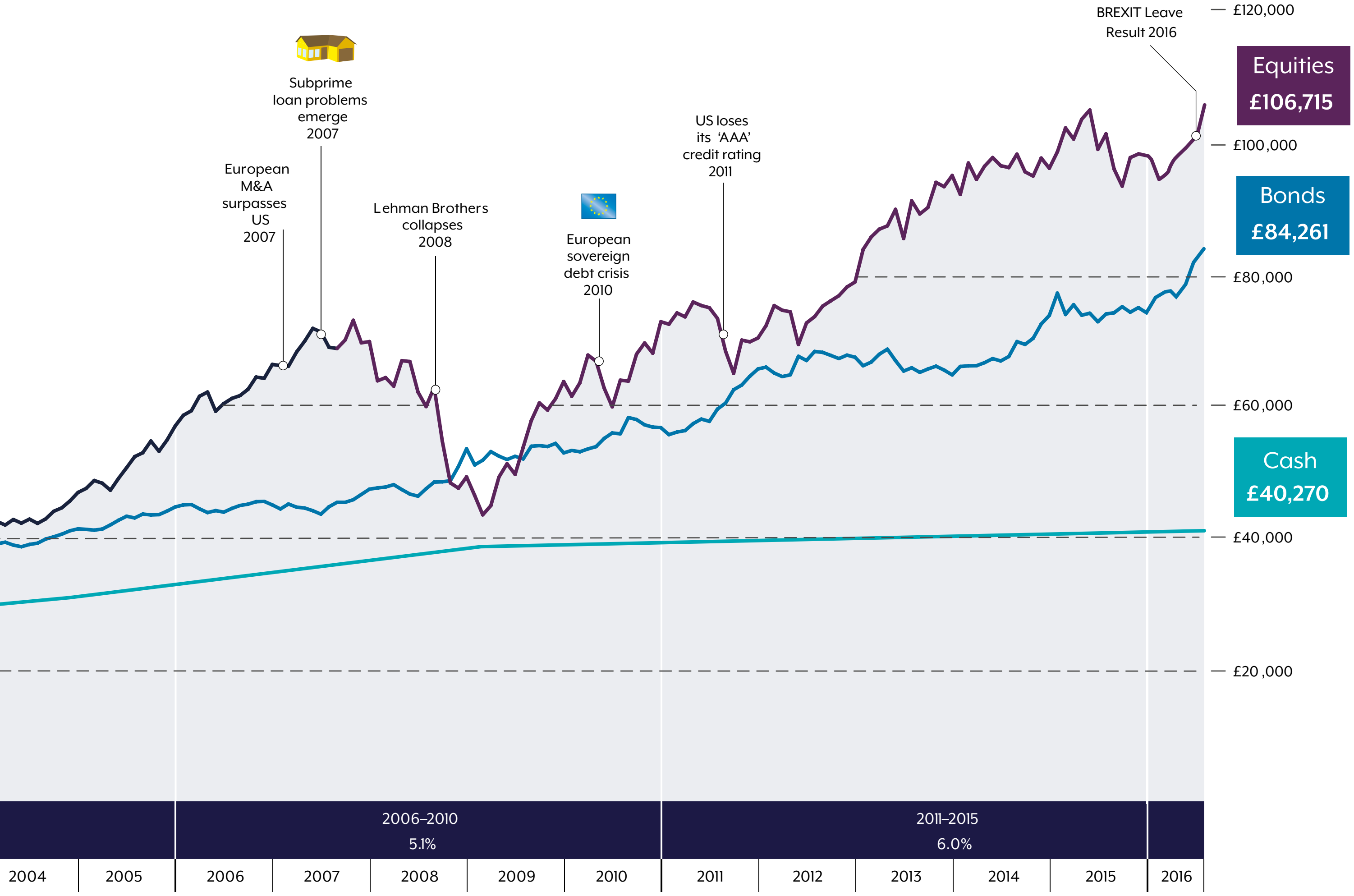
Despite volatility, markets have appreciated over time



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 ten times its original value by August 2016.



Source: Thomson Reuters Datastream. All data from 31 December 1990 to 31 July 2016. 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.

Take the pain out of the investment selection process - *select a portfolio*

One of the common problems that our clients face, especially if they are relatively new to investing, is the number of funds from which to choose. With over 3,000 funds available, selecting a fund to invest into can sometimes prove to be very difficult even if you are armed with a lot of research information. We highlight individual funds in this magazine that we think clients would be interested in investing into but even we can't cover all the funds available.

With that in mind and in conjunction with our research team, we have constructed two portfolios each comprised of five funds – one for those seeking income (targeting a 4% net income per annum) and one for those that are seeking growth.

How we decided which funds to include

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 portfolios. We have constructed them so the total portfolio does not have a bias to any one sector or geographic region but we are confident that they will achieve the results that clients would expect but of course we can't guarantee this and the value of any investment can fall as well as rise.

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

Use the portfolios as a the bedrock of your investment strategy

If you are unsure where to start when making an investment, these portfolios can help but if you want to select perhaps one or two funds from each then you are free to do so. These are simply suggestions from us to assist with fund selection. Annual reviews of the portfolios will take place to ensure that the funds are performing as they should be and we 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.

What do I do next?

Complete the ISA or ISA Transfer application enclosed and return the form to us along with a cheque made payable to Cofunds Ltd if required. If you have any questions or wish to discuss the individual funds in more details please do not hesitate to contact us.

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 paid out 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

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. Apart from the limits on ISA contributions there are no upper limits to the amount you can invest unless it relates to a pension – please contact us for more details regarding this.

Investment Choices Income Portfolio

Artemis Strategic Bond MI Fund

This fund has been jointly managed by James Foster and Alex Ralph since its launch in 2005. The fund is comprised of a mix of predominately UK and European bonds and fixed interest securities. It has consistently outperformed its peer group over the last 5 years and as at the 31st January the distribution yield was 3.7% per annum.

Income is payable monthly.

First State Global Listed Infrastructure

The management team is led by Peter Meany who has over a decade's experience as an infrastructure and utilities analyst. He looks for firms that enjoy control over their pricing – a factor that helps to grow profits and dividends in line with, or above, inflation. Companies that have limited competition, for example those operating "unique assets" such as ports, are also a priority. Launched in 2007, the fund has a global mandate but currently is biased towards the US where 48% of its holdings are located. The yield as at the 31st January was 2.9%

Income is payable half-yearly in March and September.

M&G Global Dividend

Stuart Rhodes has managed this fund since its launch in 2008. The potential to increase dividends is one of the attributes that Stuart looks for when selecting a company to invest into. During his tenure his philosophy of backing companies that grow their dividends while avoiding those whose distributions are high but grow very little has been generally successful. Geographically the main holdings are located in the US, UK and Canada and the yield as at the 31st January was 2.8%.

Income is payable quarterly in February, May, August and November.

Schroder Asian Income Maximiser

Launched in 2010, the fund is managed by a large team of analysts and experienced set of fund managers. The high level of income (target 7% - not guaranteed) is achieved with a mixture of holdings in companies generating high levels of dividends and cash received from selling some potential future growth of the fund's holdings using derivatives.

Income is payable quarterly in January, April, July and October.

Woodford Equity Income

Launched in 2014, this was the first fund that Neil Woodford launched following his departure from Invesco Perpetual. The fund has grown rapidly with the total assets now standing at over £9.6bn which is testament to the high regard that investors have in him. The majority of the fund is invested in the UK. Neil has traditionally avoided popular stocks, instead preferring to select those that are not affected by market trends (tobacco companies, for example). The yield as at the 31st January was 3.4%

Income is payable quarterly in February, May, August & November.

ASSET ALLOCATION

- Artemis Strategic Bond (20%)
- First State Global Infrastructure (20%)
- M&G Global Dividend (20%)
- Schroder Asia Income Maximiser (20%)
- Woodford Equity Income (20%)

INCOME PORTFOLIO	
Initial Charge	0%
Ongoing Fund Charge	0.80%
CS Investment Choices Servicing Fee	0.37%
Cofunds Platform Charge	0.23%
Historic Yield	3.9%

"The minimum initial lump sum investment is £500 or £10 per month per fund. "

Investment Choices Growth Portfolio

Please note that although some of the funds in this portfolio can produce an income any applications received will automatically be invested in the accumulation version of the fund to maximise growth unless we are instructed otherwise.

Artemis Global Income

Jacob de Tusch-Lec has managed this fund since its launch in 2010. He aims to achieve a rising income combined with capital growth from a wide range of investments. There is no restriction on the construction of the portfolio either geographically or by asset type. Currently the fund is invested mainly in Europe (ex UK) and North America. The yield as at 31st January 2017 was 2.9%.

Income is payable half-yearly in March and September.

BlackRock European Dynamic FD

Originally launched in 2002, the fund has been managed since 2008 by Alister Hibbert – the FD share class has however only been available to investors since 2013. The fund invests in European (excluding UK) companies and aims to achieve long-term capital growth. Alister is a talented and experienced investor whose track record demonstrates his ability to generate excess returns in almost all market conditions. The fund generates a small yield which stood at 1.2% on the 31st January 2017.

Income is paid annually in February.

Liontrust Special Situations

Anthony Cross has managed this fund since launch back in 2005 and has been assisted since 2008 by Julian Fosh. The fund invests in the UK with a bias to small and medium sized companies. When considering a company in which to invest, Anthony and Julian seek those that are not going to be affected by market volatility and have a business franchise that is defendable. They run a concentrated portfolio and look for good quality businesses in which to invest and are not particularly worried about the price they pay for them. A small yield is generated and as at the 31st January 2017 this stood at 1.77%.

Income is payable annually in June.

Schroder Tokyo Z

The fund was launched in 1989 and has been managed by Andrew Rose since 2004. Aiming to provide capital growth the fund will have at least 80% invested in the shares of Japanese companies with no bias to any particular industry or size of company. The fund utilises Tokyo based research teams to help identify attractively priced companies in which to invest. These tend to be firms with a sustainable competitive advantage which could include a technological edge, valuable patents or a dominant market share. There is a small yield payable which stood at 0.6% at the end of January 2017.

Income is payable annually in March.

Stewart Investors Asia Pacific Leaders Class B

Launched in 2003 the fund is managed by a team with input on stock selection from a variety of specialists in the company. The team's focus is identifying good quality companies in the region with the intention of the holding the shares for the long-term. However, this approach can prove to be detrimental during times when there is a strong rally in the markets and the fund will underperform. Conversely the strength of these companies has historically been of benefit when Asian equity markets have suffered. Once again a small yield is generated from the underlying investments of the fund. As at the 31st January 2017 this was 1%.

Income is payable half-yearly in February and August.

"Use the portfolios as the bedrock of your investment strategy."

FOR DETAILS OF THE PAST PERFORMANCE OF THE INDIVIDUAL FUNDS IN THE PORTFOLIO, PLEASE CONTACT US.

ASSET ALLOCATION

- Artemis Global Income (22%)
- BlackRock European Dynamic (22%)
- Liontrust Special Situations (22%)
- Schroder Tokyo (12%)
- Stewart Investors Asia Pacific Leaders (22%)

GROWTH PORTFOLIO

Initial Charge	**0%**
Ongoing Fund Charge	**0.88%**
CS Investment Choices Servicing Fee	**0.37%**
Cofunds Platform Charge	**0.23%**
Historic Yield	**1.57%**

NEW FUND LAUNCH

Woodford Income Focus Fund

- **Fixed offer price launch period – 20th March to 12th April 2017**
- **Targeted income of 5% per annum with capital growth**
- **No geographical investment restrictions**
- **Exceptional investment track record of Neil Woodford**
- **Dividends payable quarterly in February, May, August & November**
- **Launch price 100p**

Because of Neil's reputation in the investment world, interest in this fund is likely to be high. The targeted income level will undoubtedly also appeal to those investors who are seeking higher returns than their bank or building society can offer. It should be noted however that the targeted income level is not guaranteed and because of the higher exposure to equities, the fund could be more volatile than his other funds, particularly over the short term.

How to invest

For more details about the fund please return the response slip enclosed with your details.

Applications cannot be accepted until the offer period begins on the 20th March. If you do apply before then we will have to return your application to you. If you already have an ISA or Investment Fund account with Cofunds we will be able to accept payment by debit card from the 20th March or alternatively you can buy the fund by accessing your account through our website at www.csinvestmentchoices.co.uk.

STOP PRESS

The Cofunds Pension Account

As an existing client you may already be using Cofunds to manage your ISAs and Investment Funds. Now there's a flexible way to manage your retirement plans too.

The Cofunds Pension Account is a pension plan that lets you access a wide range of investment funds within a tax-efficient pension wrapper. Linked with Cofunds is the pension administrative expertise of Suffolk Life. If you are confident about managing your pension and making your own investment decisions, with some help and guidance from us if you need it, this plan could be what you're looking for.

How it works

You

It's your responsibility to:

- Decide if the plan is right for you
- Decide on your contribution levels
- Decide whether to transfer other pension plan(s) into the Cofunds Pension Account
- Decide your retirement planning aims
- Choose which investment funds to invest in to achieve your retirement aims
- Regularly review and manage your fund choices and contributions in response to your needs and changing market conditions

Charles Stanley Investment Choices

CS Investment Choices, who do not provide advice, will:

- Give you important product information about the plan
- Provide you with a Personal Illustration and associated documents, should you wish to consider applying for the Cofunds Pension Account
- Inform you of your investment fund options
- Answer any questions you have about the plan
- Check your application before it's sent to Cofunds
- Help you buy the plan

Cofunds

Cofunds

- Provides the investment platform to allow you to buy and sell investments within your plan
- Deals with all correspondence and enquiries from you and your intermediary about your plan

Suffolk Life

Suffolk Life

Provides the plan, which includes:

- Setting up the plan and providing the ongoing management of it
- Dealing with all payments in (including claiming tax relief on contributions)
- Transfer money to Cofunds for investment
- Paying your pension benefits out

a pension plan that puts you in control

- **Contributions and Transfers**
  Start your pension with a minimum of £5,000 (before tax relief). This can include the transfer of existing personal pensions. Monthly contributions start from £100 provided the balance of your account is at least £5,000. Once established these can then be increased, decreased, stopped and started again, without penalty. Employers can also contribute.
- **Investment Control**
  Choose from over 3000 funds available from 200 fund managers on the Cofunds platform. (Contact CS Investment Choices for more detail on the fund choice that you have). Switching between funds is free of charge and your funds will benefit from tax-free growth.
- **Freedom at retirement**
  Choose how you want to take your pension benefits from the age of 55 onwards. This can include a tax-free lump sum, using the drawdown option (accessing your pension pot as and when you need it) and buying an annuity.

The experts behind the plan

- Cofunds is the UK's largest investment platform and part of Aegon UK plc. Its award-winning services are used by around 8,000 professional adviser and intermediary firms, plus many major institutional investors. Launched in 2001, Cofunds has spent 15 years creating and developing online technology and services to help investors look after all their investment funds easily and securely in one place. As at 30th June 2016, Cofunds administered £77.5bn of assets.
- Aegon was founded in 1831 and is a global savings and investment provider serving 30 million customers in over 20 countries. As at 30th June 2016, the total value of assets managed on behalf of savers and investors worldwide was £607bn.
- Suffolk Life (the pension plan administrator) is one of the UK's leading providers and administrators of specialist pension products, primarily Self-Invested Personal Pensions (SIPPs). It looks after over 26,500 SIPPs with £8.7bn of assets under administration. Established in 1971 and based in Ipswich, they employ over 250 people.

Our Charges

- Cofunds Pension Account set up costs – no charge.
- CS Investment Choices Servicing Fee – 0.37% per annum based on the value of your investments and payable monthly.
- Cofunds Platform Fee – 0.23% per annum based on the value of your investments and payable monthly.
- For details of charges applicable when you start to take your pension benefits please contact us for further details.

Is this plan suitable for you?

The Cofunds Pension Account is only available on a non-advised basis and it's up to you to decide whether it is suitable for you. Here are some important factors to consider.

It may be suitable if;

- You have at least £5,000 gross (before tax relief) to invest or transfer from another pension plan.
- You wish to invest in investment funds for the long term and are comfortable making your own investment decisions.
- You accept that you can't access your pension before age 55.
- You want flexibility to choose how and when to take your pension benefits.
- You understand that investments can fall as well as rise.

It may not be suitable if;

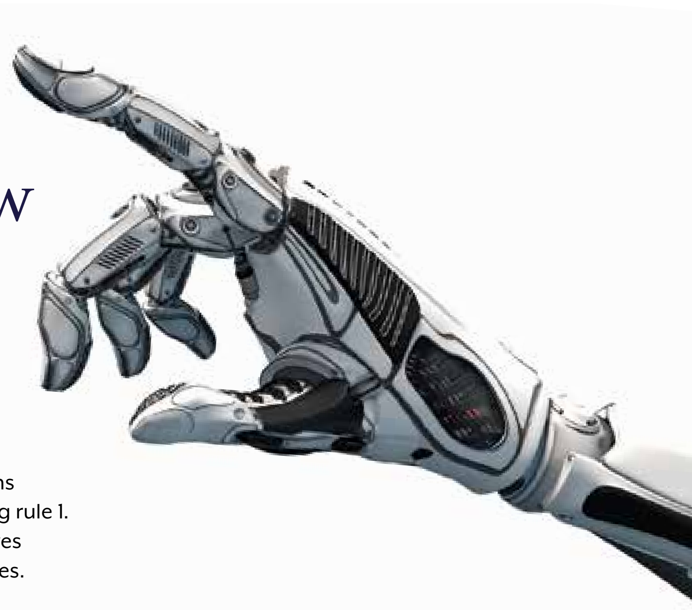
- You need personal advice on choosing the funds to invest in.
- You need personal advice on deciding whether to add or transfer existing pension arrangements or advice in choosing how to take your pension benefits.
- You don't want to take the risks of investing in investment funds.
- You need access to your money before age 55.

What do I do next?

If you want to take the first step to set up your pension with Cofunds (via CS Investment Choices), please complete the relevant section on the enclosed response form and we will send you a pension questionnaire for completion and return. Once received we will be able to provide you with a Cofunds Pension Account quotation along with an application form for signature should you wish to proceed.

If you have any questions please do not hesitate to get in touch.

Robotics
– the science of now



Society has long strived for ways to automate certain functions to increase operating efficiency with the result that today automation is very much part of our day to day lives. Often we are blissfully unaware of the role that automation plays. Car manufacturing plants for example have steadily converted from being labour intensive to having a high level of non-human interaction. The speed at which automation is progressing could mean that at some point in the future no human involvement will be required – although that is likely to be some way off!

Automation has been the driver for technological innovation and today the science of robotics is at the forefront of that innovation. When thinking about robotics many of us will think of early science fiction films when they were very much on a par with the films main characters carrying out the same functions and holding conversations independently. Although it is probable that at some point we may see this, the science of robotics today is much more practical in nature.

What is Robotics?

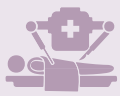
The official definition is that it is a branch of engineering and science that includes mechanical engineering, electrical engineering and computer science amongst others. Robotics deals with the design, construction, operation and use of robots as well as computer systems for their control, sensory feedback and information processing.

Science fiction author Isaac Asimov is credited with first using the term in a short story he published in the 1940s. In the story, he suggested three principles to guide the behaviour of robots and smart machines. Asimov's Three Laws of Robotics, as they are called, have survived to the present day:-

- Robots must never harm human beings.
- Robots must follow instructions from humans without violating rule 1.
- Robots must protect themselves without violating the other rules.

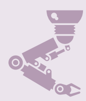
Although Asimov was a visionary it is unlikely that even he would have imagined the influence that robotics was going to have on society. The interlinking technologies are used to develop machines that substitute for humans. Many are designed to do jobs that are considered too hazardous for humans such as bomb disposal and some are now being developed to mimic humans although walking in the same way as a human is still proving a challenge

Robotic innovations that have led the way



ROSA
Consumer and Services Applications

This robot, developed by the French company Medtech in 2009, helps doctors during surgical procedures on the central nervous system.



KIVA
Industrial Automation

This robot, created by US start-up firm Kiva Systems in 2011, handles the processing and logistics of online orders in warehouses. In 2012, the company was taken over by Amazon, which now uses over 10,000 of these robots in its distribution centres.

ROBOX
Enabling Technologies

This multilingual robot was developed by a Swiss company to act as a tour guide for visitors to the Swiss national Exhibition Expo in 2002.

What of the future?

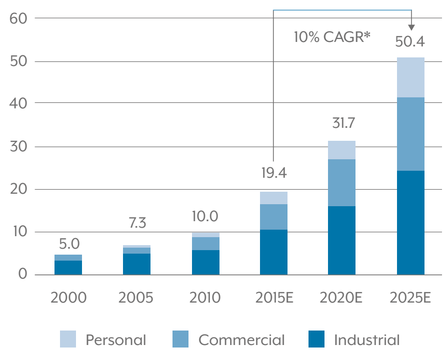
The growth prospects of robotics is virtually unlimited. With average life expectancy increasing worldwide the number of us over the age of 65 is expected to double according to a world population survey undertaken by the United Nations in 2015. This puts enormous pressure on the remaining working population.

- In 1950 there were 12 working people for every person over the age of 65.
- In 2050 it is estimated that there will only be 4 working people for every person over the age of 65.

Robots will be required to help counteract lost productivity and to help the elderly. We are already seeing this today where robots are being developed to assist in the operating theatre, to monitor vulnerable patients in their homes and help stroke patients walk again through the use of robotic exoskeletons.

Growth Prospects

Global Robotics Market (USDbn)



* For illustrative purposes only. Estimated growth of the global robotics market (Industrial, Commercial and Personal) between 2015 and 2025. 30/09/2014 Source: Boston Consulting Group, Pictet Asset Management

Fund Focus

Pictet Robotics Fund

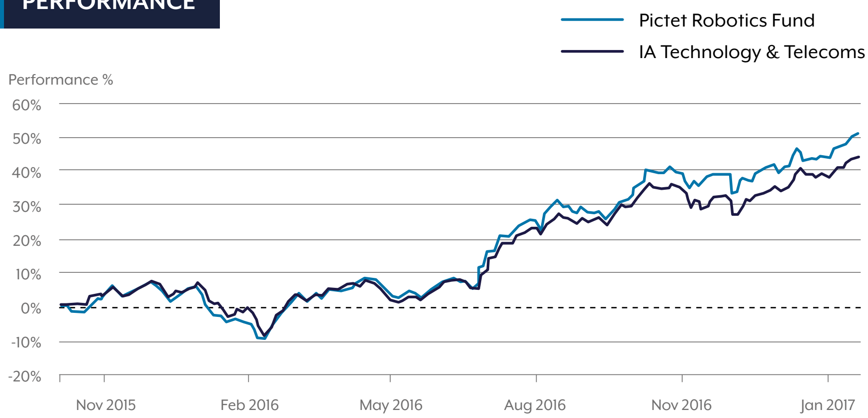
Pictet have long been advocates of investing in what are termed as “Megatrends”. Megatrends are powerful forces of change that reshape society and the world around us. They impact business, economies, society, cultures and our personal lives and represent a seismic shift, providing long-term investment opportunities.

Pictet, in conjunction with scientists, academics and entrepreneurs have identified robotics as a megatrend and launched a fund to take advantage of this opportunity in late 2015. The fund invests in companies from around the world that are active in robotics. These include those involved with developing autonomous systems, sensors, image, motion and voice recognition technologies.

The companies that are involved in the robotics industry actively contribute towards break-throughs in technology that are likely to have wide-ranging impacts across multiple sectors. The Pictet team, who are experts in their respective fields, endeavour to select those companies that are likely to grow over the long term.

To invest, complete the ISA application enclosed and return this to us along with your cheque made payable to Cofunds Ltd. If you would like to learn more about Robotics do not hesitate to give us a call.

PERFORMANCE



7/10/2015 - 17/02/2017 Source: FE Analytics

DISCRETE ANNUAL PERFORMANCE AS AT 31/12/2016

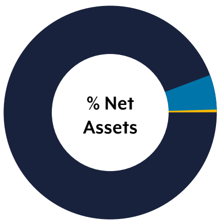
	0-12m	12-24m	24-36m	36-48m	48-60m
Pictet Robotics Fund	+34.4	N/A	N/A	N/A	N/A
IA Technology & Telecoms	+25.8	+7.1	+12.8	+27.6	+8.2

REGIONAL ALLOCATION

as at 31/12/2016

Internation Equities	94.05%
Cash and Equivalent	5.66%
UK Equities	0.28%

Source: Funds Library



FUND FACTS

Fund Size	£2674m
Fund Type	SICV
Classification	Accumulation
Launch Date	09/11/2015
Yield	0%
Ongoing Charges Figure*	1.26%
Initial Charge	0%
Annual Management Charge	0.80%
CS Investment Choices Servicing Fee	0.37%
Cofunds Platform Fee	0.23%

*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.

Growth vs Value Investing

These are two terms that are frequently used by fund analysts to describe the investment strategy used by a fund manager or fund management group. Unless you are familiar with them they can be quite confusing but if you strip away all of the jargon that frequently accompanies them the underlying principle is quite simple.

Growth strategy

Funds that follow this strategy invest in companies that the managers believe will experience faster than average growth. In deciding where to invest they also consider the company's cash flow and look carefully at the way the business is managed. For example many growth-orientated companies are more likely to reinvest profits in expansion projects or acquisitions rather than use them to pay out dividends to shareholders.

While growth funds are expected to offer the potential for higher returns, they also generally represent a greater risk when compared to those funds that pursue a value strategy. They tend to do better when stockmarkets are doing well but tend to underperform when markets fall. As a result when investing in a fund that operates a growth strategy you may require a slightly higher tolerance to risk and need to hold the investment for longer.

Value Strategy

Fund Managers operating this strategy have the goal of finding the proverbial "diamonds in the rough". In other words, those companies whose stock price does not reflect their underlying value. For example, if all of the assets of a company (i.e. property, inventories etc) are higher than the value of all of the existing shares in circulation, the company would be considered "undervalued".

The reason for the undervalued status can vary from company to company. It could be simply the company or the industry has fallen on hard times (banks are a good example of this following the financial crisis in the last decade). It could be due to a poor earnings report or related to an external event that can temporarily depress the share price of the company - the result of the European Referendum for example affected the share price of a lot of companies immediately after the result was announced. Those managers operating a value strategy would have identified companies as value opportunities following these events and, provided the company met their investment criteria, would have taken advantage of the depressed share prices.

Is it a good time for a growth or value strategy?

For funds operating in the growth strategy environment, the last six years have been particularly good. Investment commentators seem to agree that low interest rates have helped to give these funds a boost primarily because of money being redirected by investors who are seeking a better return than their bank or building society can offer. As more money is ploughed into these funds the fund managers are forced to buy more of the same company shares which become increasingly expensive due to demand.

When compared with a growth strategy it's easy to see why funds operating a value strategy have been out of favour – during the last ten years they have underperformed growth strategy funds. However, in 2016, the tables started to turn, particularly in the second half of the year when value outperformed growth. One of the reasons for the underperformance has been blamed on Quantitative Easing (QE) where the creation of new money led to shares rising and falling together no matter what the underlying strength or weakness of companies were. Towards the end of 2016 there was evidence that correlation had been broken.

With indicators pointing to a better time for funds following a value strategy, **Polar Capital**, launched a new fund on the 31st January.

Fund Focus

Polar Capital UK Value Opportunities Fund

Fund Manager Georgina Hamilton built her reputation as co-manager of the CF Miton UK Value Opportunities fund which she managed alongside George Godber who will join her at Polar Capital in April 2017. Using a value strategy they delivered returns in excess of their peer group during their time at Miton between March 2013 and June 2016.

Many of our clients find new funds attractive investment opportunities especially if the team behind it has a proven track record although of course, this is no guarantee of future returns. Starting from scratch gives Georgina the option of selecting what, in her view, are the best value companies available. In particular, and this is one of her strengths, identifying smaller companies that are perhaps not normally considered by other fund management groups provides her with the time to build up substantial holdings which could benefit the fund in the long term.

No restrictions

A company can be considered for inclusion in the portfolio if it meets Georgina's strict screening process. There are no restrictions relating to size of the company that she will consider (what is called a multi-cap approach) but Georgina does not simply look for cheap stock – sometimes the share price is cheap for a reason! The other key points she will consider are

- If the company is a "value creator". This means that it has the ability to grow through its' own efforts but still remains unappreciated by the markets.
- The company share price must not be at risk of a sudden depreciation – operating in niche market can result in this.
- Cash flow must be strong so that it continue to reinvest into the business.

All companies that Georgina considers must finally pass a "safety check" to ensure there are no liabilities that could act as a drag on the company's development – pension scheme liabilities for example.

What is the outlook for the fund?

The approach that Georgina uses to identify companies for inclusion in her portfolio is quite rare in the UK and its performance could therefore be very different to other funds in the sector that the fund sits. Additionally, because of her screening process it is unlikely that the make-up of the portfolio will match other funds. The fund could therefore provide some welcome diversification for an investor.

As we've mentioned, funds using a value approach have lagged behind those with a growth bias for a number of years mainly due to investors seeking defensive companies with secure earnings. With the political uncertainty now to the fore our researchers believe the value approach could provide investors with an opportunity particularly with the focussed stock picking approach that Georgina has.

FUND FACTS

Fund Size	**£113m**
Fund Type	**OEIC**
Classification	**Income**
Launch Date	**31/01/2017**
Yield	**0%**
Ongoing Charges Figure*	**0.88%**
Initial Charge	**0%**
Annual Management Charge	**0.75%**
Performance Fee**	**10%**
CS Investment Choices Servicing Fee	**0.37%**
Cofunds Platform Fee	**0.23%**

*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.

** A performance fee is payable on this fund if the NAV outperforms a specified benchmark over a specified period. For more information please see the Key Investor Information Document (KIID) for this fund.

How do I invest?

Complete the ISA application enclosed and return it to us along with your cheque made payable to Cofunds Limited if required. If you need more information relating to the fund please just get in touch.

PLEASE NOTE THAT AS THE FUND LAUNCHED ON THE 31ST JANUARY 2017, NO PAST PERFORMANCE FIGURES OR REGIONAL ALLOCATIONS ARE AVAILABLE.

Ribblehead Viaduct,
North Yorkshire.

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 ISA and/or the ISA Transfer application form** 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 (if you have a valid email address it will be emailed), 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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