

Viewpoint

THE MAGAZINE FOR CHELSEA INVESTORS

ISSUE 38 MARCH 2015

Your retirement

Our VCT and SIPP options explained

End of tax year

Don't miss out on your increased ISA allowance

A crude awakening

Investing in oil

Welcome to Viewpoint



DR JOHN HOLDER
Chairman, Chelsea

The tax year is coming to an end and here you will find all the application forms to enable you to use both this year's ISA allowance and next year's. Please check page 5 for the deadlines and take a look through the magazine if you need inspiration on where to invest.



4 Market View Chelsea Managing Director Darius McDermott takes a look at investments today.

5 ISA Update Sam Holder highlights the benefits offered by the new and improved ISAs.

6 It's easy to invest in a **Junior ISA** with our three Junior EasyISA portfolios - designed to make life easier.

New to ISAs? ...or just pushed for time?

7-9 We've made investing in an ISA as simple and straightforward as possible, by creating some ready-made portfolios containing a well-balanced range of funds. With an **EasyISA** you're just a few steps away from making your ISA investment for the year. We also outline the performance of each EasyISA portfolio.

10-11 We take a look at our EasyISA portfolios and review their performance.

Experienced investor ...just looking for some guidance?

12 Our **DIYportfolio** is for investors who have a more substantial investment portfolio but just want some guidance. We've developed some model portfolios to aid you in shaping your own portfolio.

13 The **Chelsea research tables** which are the heart of our business.

IMPORTANT NOTICE Chelsea Financial Services is authorised and regulated by the Financial Conduct Authority and offers an execution-only service. Past performance is not a reliable guide to future returns. Market and exchange-rate movements may cause the value of investments to go down as well as up. Yields will fluctuate and so income from investments is variable and not guaranteed. You may not get back the amount originally invested. Tax treatment depends on your individual circumstances and may be subject to change in the future. Chelsea do not provide any investment advice so if you require individual investment guidance you should seek expert advice. Whilst we may draw attention to certain investment products we cannot know which of them, if any, is best for your particular circumstances and must leave that judgement to you. Nor can we accept liability to clients who purchase two ISAs in one fiscal year, or otherwise do not comply with ISA rules. Investors are not normally entitled to compensation through the UK Financial Services Compensation Scheme for offshore funds. Discounts are subject to receipt of commission and may be subject to change if commission levels are altered. Cofunds is the ISA Plan Manager for the FundStore, the Chelsea EasyISA and the Chelsea Junior EasyISA. Unless stated otherwise, all performance figures have been sourced from FE Analytics, bid to bid, net income reinvested on 01/01/2015 and are believed to be correct at the time of print. FundCalibre is an appointed representative under Chelsea Financial Services.



14 We look at how we measure **risk** - with particular reference to the Chelsea Risk Rating.

15 Funds Update provides you with up-to-date information on some of Chelsea investors' most popular funds.

Look here for our research into the thousands of funds available to investors...

16-21 The **Chelsea Core Selection** - details of funds, chosen from the Chelsea Selection, that we think could be at the heart of investors' portfolios.

22-23 Core Selection Spotlight is a regular in-depth look at two of the funds that feature in the Chelsea Core Selection - **Jupiter European** and **Woodford Equity Income**.

24-25 The Chelsea Selection - the hundred or so funds that we have identified as worthy of consideration for investors. These funds might be particularly interesting to more experienced investors who are building their own ISA and non-ISA portfolios.

26-27 The **RedZone** details poor-performing funds across various sectors and the **DropZone** highlights the 10 worst-performing funds versus their peer group.

Remember, all the forms you need are here - so you can invest today.



If you're looking for more depth or background and useful information...

28-29 An introduction to the newly-launched **Aviva Investors Multi-Strategy Income** fund.

30-31 The fund managers of **Baillie Gifford Japanese** and **Jupiter India** provide an overview of their respective markets and the approach their funds take.

32 The fund manager of **Smith & Williamson Enterprise** talks to us about absolute return funds.



33 Jonathan Waghorn, manager of **Guinness Global Energy**, discusses the recent fall in the price of oil ...and the opportunity it presents.

34-35 We look at how **VCTs** can play a role in tax-efficient planning for retirement and cover some current offers and focus on provider **Mobius Equity Partners**.

36 How you can open a pension with the **Cofunds SIPP, via Chelsea FundStore**.

37 The benefits of investing, monitoring and managing your investments with the **Chelsea FundStore**.

38-40 We answer questions about the industry-wide changes to **charging structures** - and provide the forms you need to make changes to your investments.



42-55 This section is our **FundStore**, which contains all the **application forms** you need to make your investment. There's a separate form for re-registration, as well as forms for any type of investment you want to make - ISAs (including EasyISAs) for this tax year and/or next tax year, Junior ISAs, ISA Transfers and investments outside an ISA. **If you're in doubt about which form to use, call us on 020 7384 7300.**

DARIUS MCDERMOTT'S

Market View

I think 2015 could shape up to be an interesting year, we're just about still in January as I write and already we've seen the Greeks vote in Syriza, the left-wing anti-austerity party, Draghi announce the deployment of QE (something the Germans were adamant would never happen), the Swiss appreciate their currency so dramatically (abandoning their cap against the euro) that even Berlusconi would struggle to buy a round of drinks on the slopes and the oil price plummet below \$50/barrel.

We have the UK general election to look forward to (the politicians have only just started flexing their muscles and I'm already bored by the fight), Japan is pulling out all the stops to rev up the economy and the US seems to have hit a sweet spot. So how will the year play out economically and how will markets react?

MARKET VOLATILITY ON THE UP AND UP

In October last year, market volatility shot up and seems likely to remain high. The only surprising thing about this is that it hadn't happened earlier. We are living in uncertain times, with extraordinary policies leading to unforeseen consequences - why wouldn't markets be jumpy? But this is not necessarily a bad thing, volatility creates opportunities for the savvy investor with strong nerves.

The oil price decline has been interesting, benefiting some economies and damaging others. This time last year it was touching \$110/barrel and from the middle of last year it has steadily fallen, declining by over 50% to under \$50. A high oil price is largely a tax on the West. Every US recession since the 70s has been preceded by an oil price spike. A decline in the oil price feeds quite quickly into the pockets of consumers, even more so in the US where gas is not taxed to the hilt. It takes longer to feed into corporate balance sheets, with many companies having hedged their oil exposure, but we will start to see the benefit of this if the price remains low. Conversely, it's obviously negative for oil producers and we are already starting to see investment projects canned as they are now unprofitable. A decline of 20% in the oil price adds 0.5-1.3% to global GDP, according to the IMF.

I think the main imponderable is inflation. It has so far been elusive, despite the vast quantity of money being pumped into the system by central banks. Eurozone core CPI is 0.74%, yet in the US core inflation is even lower at 0.68%, so can we really expect rates to rise there? However, US unemployment is at a multi-decade low and, whilst wage rates haven't yet picked up, indicators show they're likely to soon. We are also seeing wage inflation tick up in the UK. Add into the mix the inflationary impact of the decline in the oil price and I wonder if we will see inflation creep back in. Although, I suspect that central banks, nervous about choking off growth, will leave it too long before raising rates.

LOOKING AHEAD

In the UK, the general election looms large over markets. At this point speculation on the outcome is pointless, but markets may well get more jittery closer to the event. Although, in the long run, the general state of the economy is more important to market performance. On the whole we are not in bad shape, although deficit-tackling has yet to start. Sterling's recent weakness is aiding our exporters and the large number of companies which generate profits overseas. The UK stock market does contain a large number of oil producers and related industries, so its overall performance was lacklustre last year. But it's hard to imagine the oil price declining much further from here and, once the election is out of the way and the benefits of lower oil start to be felt, we might see stronger performance from the UK in 2015.

The US once again came up trumps as the top-performing developed equity market in 2014 for the second year in a row, aided by the strengthening dollar. As exports contribute less to GDP than is the case for many countries, a stronger currency isn't such a burden to the US. The market has risen strongly and doesn't look cheap on any metric, but valuations are backed by a favourable economic backdrop. So, I won't be reducing my US holdings just yet.



Europe, unlike the US, does look cheap, and, with QE to prop up markets, I think European markets should fare better in 2015. In the long term I remained concerned about the region, with so many disparate economies trying to operate on the same terms, but without an organised fiscal policy.

Japanese markets are also likely to benefit from QE and their determination to target inflation. The corporation tax cuts, which start to come in in April, should also boost markets.

I think Russia deserves a mention, as the worst-performing market of 2014, declining by over 40%. Many argue that it is now extremely cheap but, stung by the oil price fall, with its currency tumbling, its potential inability to service its debt reflected in its downgrade and concern over Putin's exploits, it's cheap for a reason. An investment now might reap rewards, but it feels less like investing and more like gambling to me.

Emerging markets are likely to see divergent performance, some markets gain from the oil price decline, such as India and Thailand, others, as above, are hurt quite badly. The strengthening dollar will also continue to impact on the most-indebted economies. Now, more than ever, you need a good active manager who invests in the strongest opportunities without concern for sticking to benchmarks.

I know I've said it before, but I am very concerned about the bond market. Investors continue to seek yield, but at what cost? The risk/reward parameters are now so skewed, with the potential for upside minimal but downside risk is significant. I still prefer property for income.

Overall, active equity managers should thrive in these conditions of increased volatility, particularly those with a keen eye on the macroeconomic picture. There are investment opportunities out there, but don't expect an easy ride



“In the UK the general election looms large over markets.”

DARIUS MCDERMOTT
Managing Director, Chelsea

ISA UPDATE

£15,000 ISA allowance

Bigger and better than ever.

Shelter up to £15,000 from tax this financial year.

2014/15 TAX YEAR

£15,000

2015/16 TAX YEAR

The ISA limit will be increased to **£15,240**

END OF TAX YEAR DEADLINES

- Paper-based applications – 3rd April 2015 - 5pm
- Telephone (with debit card) – 5th April 2015 - 10pm
- Online (with debit card) – 5th April 2015 - 10pm
- Unit Trust to ISA switches – 30th March 2015
- Junior ISA – 3rd April 2015 - 5pm
- Pensions – please see page 36

MONTHLY SAVING

If you are investing monthly you can increase your contribution up to £1,270 per month from the start of the 2015/16 tax year.

SIMPLICITY

- Open your ISA with a lump sum or a monthly direct debit of just £50.
- Ease of administration – ISAs do not have to be declared on your tax return.
- Experienced and helpful staff – no automated telephone menus.

A REMINDER OF THE TAX BENEFITS

Type of tax	Basic rate tax payer	Higher rate tax payer	Additional rate tax payer	ISA investor
Interest income (cash, corporate bonds)	20%	40%	45%	0%
Dividend income	10%*	32.5%	37.5%	10%*
Capital gains (in excess of £11,000 allowance)	18%	28%	28%	0%

*UK dividends are paid net of 10% tax and cannot be reclaimed.

FURTHER BENEFITS OF THE CHELSEA FUNDSTORE

- 24/7 online access to your account
- Free online dealing
- Free switching
- Free telephone dealing
- Income reinvested for free
- Online Chelsea Fund Review
- Easier estate planning

NEW ISA DEATH BENEFITS – HOW WILL THEY WORK?

From April 2015 a surviving spouse or civil partner will be able to inherit a deceased spouse's ISA via an expanded ISA allowance making the tax-wrapper even more valuable. This rule change is particularly welcome because it allows a surviving spouse to continue to receive income with no further tax payable and no capital gains tax liability from their partner's ISA. Please visit our website or contact us for more details of the proposed new rules.

“ The new increased allowance and rules have made ISAs even more attractive. ”

SAM HOLDER
Chartered Financial Planner
Operations Director, Chelsea



Three easy ways to buy your ISA:



Over the phone
020 7384 7300



Visit our website
chelseafs.co.uk

...and click on 'Invest Now'



Complete and post the **form**
on page 51

THE CHELSEA Junior EasyISA

The Junior ISA is a version of the long-standing and popular ISA but aimed at parents, guardians and grandparents who wish to save for a child's future. The Junior ISA has the advantage of no capital gains tax and no further liability to income tax. The Junior ISA limit is £4,000 for the 2014/15 tax year and £4,080 for the 2015/16 tax year.

WHY SHOULD YOU USE THE JUNIOR ISA ALLOWANCE?

Act now to protect your child's future. The Junior ISA could be used for university costs, house deposits, a wedding or possibly a car. Alternatively, at the age of 18, the Junior ISA will be automatically rolled into an 'adult' ISA and remain invested.

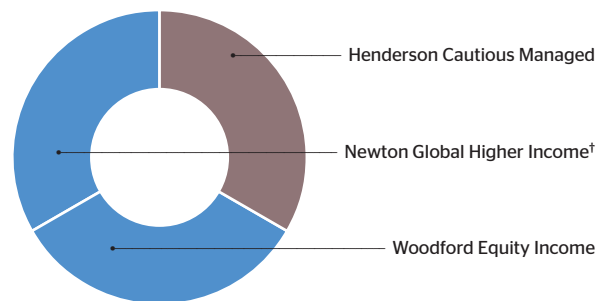
UNSURE WHERE TO INVEST?

To make it as easy as possible to invest in a Junior ISA, our research team has produced three Junior EasyISA portfolios to help you maximise returns over the long term. These are simply suggested portfolios, which are split equally between three funds. As the Junior EasyISA is aimed at children and, consequently, the investment term is generally longer, they offer a broad, but predominately equity, spread and therefore it should be noted that they may be subject to volatility, and thus potential capital loss.

Core Equity Portfolio

AVERAGE ANNUAL MANAGEMENT CHARGE	0.71%
AVERAGE ONGOING CHARGES FIGURE (OCF)	0.76%

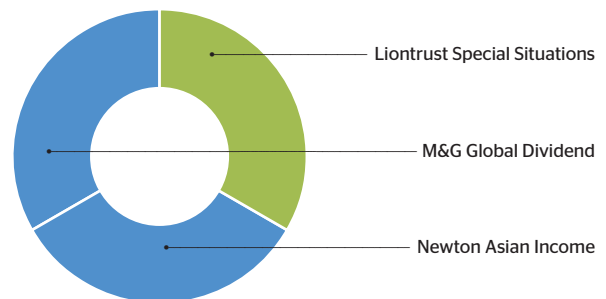
The core portfolio is designed to provide capital growth through investment in equities in a variety of regions and some fixed interest, with the aim of reducing volatility. The resulting portfolio holds over 80% in equities, so there is still potential for capital loss.



Balanced Equity Portfolio

AVERAGE ANNUAL MANAGEMENT CHARGE	0.75%
AVERAGE ONGOING CHARGES FIGURE (OCF)	0.87%

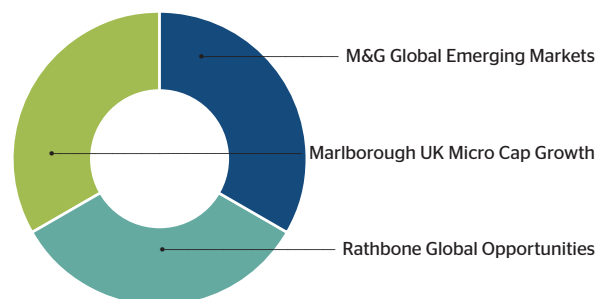
Those investors prepared to take a balanced level of risk and aiming to generate a return on capital through a mix of growth and income should opt for the balanced portfolio. The portfolio primarily invests in developed Asia and UK equity markets, although it is exposed to other regions such as the US, Europe and some emerging market countries. The fund will hold up to 100% in equities so there is potential for capital loss.



Aggressive Equity Portfolio

AVERAGE ANNUAL MANAGEMENT CHARGE	0.72%
AVERAGE ONGOING CHARGES FIGURE (OCF)	0.87%

The portfolio aims to maximise capital growth by investing in a mix of UK, emerging market and global equities. Consequently, investors should be willing to accept a higher degree of risk and volatility due to the nature of the underlying investments in these regions, particularly in emerging markets. The fund will hold up to 100% in equities so there is potential for capital loss.



HOW DO I INVEST?

An application form can be found on page 53. Please take a look at the Key Investor Information Documents (KIID) online before you invest (see covering letter for details or visit our website at chelseafs.co.uk/documents/forms). You will also find further information on our website at chelseafs.co.uk/products/children/isa.

Junior ISA guide: We have written a guide which explains how the Junior ISA works, who can invest in it and what the benefits are. It is available on our website at the address above.

Please note that children with Child Trust Funds (CTF) cannot currently have a Junior ISA. However, we hope that a date will be set in the Budget on the 18th March 2015.

All funds are chosen from the Chelsea Selection ...see pages 24 & 25

† On 1st April 2015 the name of this fund will change to Newton Global Income

INVESTING MADE EASY, WITH 0% INITIAL CHARGE:

the Chelsea **EasyISA**

When it comes to considering funds for your ISA, the range is vast and the task of choosing just a few for your portfolio can be daunting.

That's why we've selected funds for the Chelsea EasyISA and put them together within five different portfolios. These funds are chosen from the Chelsea Selection by our research team. All you have to do is choose one of the five options, based upon your own requirements and attitude to risk.

Your ISA investment will then be spread equally across the corresponding six funds, within the Chelsea FundStore. And remember, the EasyISA is also available for ISA transfers.



“For more details on the EasyISAs and their performance, see page 10.”

JULIET SCHOOLING LATTER
Research Director, Chelsea

WHAT TO DO NEXT

Once you have selected your preferred EasyISA option, please view the appropriate Key Investor Information Documents, or KIIDs. (see covering letter for details or visit our website at chelseafs.co.uk/documents/forms) and then simply fill in the ISA application form on pages 49-50, ticking one box only to select either Cautious, Balanced, Aggressive, Income or Global Income. Then send the application back to us in the pre-paid envelope enclosed.

Please note that the minimum lump sum payment is £50, or £25 monthly, into any EasyISA.

HOW MUCH YOU CAN INVEST

The ISA allowance is £15,000 for the 2014/15 tax year, and £15,240 for the 2015/16 tax year.

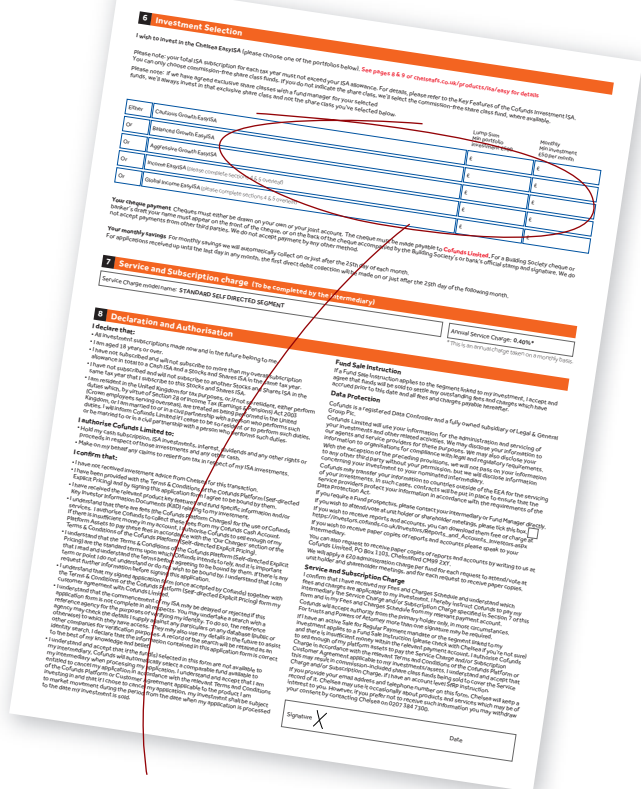
PORTFOLIO CHANGES

Aggressive Growth EasyISA:

Legg Mason Clearbridge US Aggressive Growth replaces AXA Framlington American Growth; BlackRock European Dynamic replaces BlackRock Continental European.

It's not called EasyISA for nothing:

1. Select the EasyISA which best suits you (and read the KIID* for each relevant fund)
(*see covering letter for details, or visit our website at chelseafs.co.uk)
2. Tick the relevant box on the ISA application form (page 49) and decide how much you want to invest
3. Complete the form and return with payment to us. Easy!



Select one of the EasyISA options here.

Three easy ways to buy your ISA:



Call us on
020 7384 7300



Visit our website
chelseafs.co.uk
...and click on 'Invest Now'

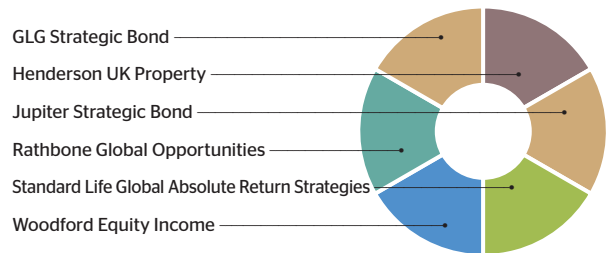


Send us a **form**
ISA - go to page 49

Cautious Growth EasyISA

Cautious Growth is for the more risk-averse investor who is looking for growth with lower volatility. The portfolio has approximately one third invested in predominantly large-cap equities. Approximately one third will be invested in fixed interest, which tends to be less volatile than equities. The final third of the portfolio is divided between property and targeted absolute return funds that should produce uncorrelated returns. N.B. this portfolio contains up to 40% equity exposure, so may be subject to greater volatility, and potential capital loss, than the term Cautious may suggest.

AVERAGE ANNUAL MANAGEMENT CHARGE	0.68%
AVERAGE ONGOING CHARGES FIGURE (OCF)	0.81%
BENCHMARK	1/3 STRATEGIC BOND (SECTOR AVERAGE) 2/3 MIXED INVESTMENT 20-60% (SECTOR AVERAGE)



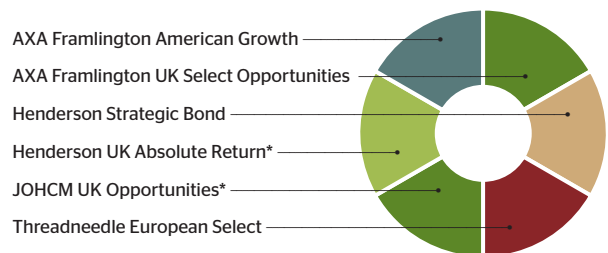
	PORTFOLIO	BENCHMARK	MIXED INVESTMENTS 20-60% SHARES**
PERFORMANCE OVER 1 YEAR	6.93%	5.63%	5.70%
PERFORMANCE OVER 3 YEARS	28.34%	22.96%	23.01%
PERFORMANCE OVER 5 YEARS	40.56%	33.22%	33.40%

Source: FE Analytics data as of 22/01/2015, compiled by Chelsea. ** Sector average.

Balanced Growth EasyISA

Balanced Growth offers a medium level of risk and is for investors looking to benefit from global equity markets, with some defensiveness offered through one sixth of the portfolio being invested in fixed interest and one sixth in targeted absolute return. The portfolio has the majority of its assets invested in equities based in developed markets. (up to a maximum of 70% in equities), and so there is the potential for capital loss. The fixed interest portion is invested in a strategic bond fund which has the ability to invest across the credit quality spectrum.

AVERAGE ANNUAL MANAGEMENT CHARGE	0.75%*
AVERAGE ONGOING CHARGES FIGURE (OCF)	0.83%
BENCHMARK	1/3 UK ALL COMPANIES (SECTOR AVERAGE) 1/3 GLOBAL (SECTOR AVERAGE) 1/3 MIXED INVESTMENT 20-60% (SECTOR AVERAGE)



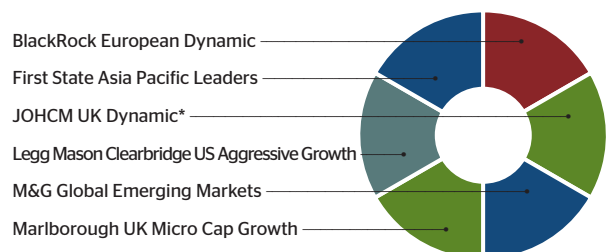
	PORTFOLIO	BENCHMARK	MIXED INVESTMENTS 40-85% SHARES**
PERFORMANCE OVER 1 YEAR	6.73%	4.37%	5.63%
PERFORMANCE OVER 3 YEARS	38.59%	34.85%	28.03%
PERFORMANCE OVER 5 YEARS	57.11%	50.15%	40.58%

Source: FE Analytics data as of 22/01/2015, compiled by Chelsea. *A performance fee may be applied, see page 16 and 21 for details. ** Sector average.

Aggressive Growth EasyISA

Aggressive Growth is for the investor looking for pure capital growth, who is comfortable with a higher degree of risk and willing to invest a portion in Asian and emerging market equities. The portfolio is an unconstrained global equity portfolio, with exposure to large, mid and small-cap companies. It has the potential to produce greater returns through investing in faster-growing regions and more dynamic companies, but with a greater degree of risk and volatility. This portfolio can hold up to 100% in equities so there is the potential for capital loss.

AVERAGE ANNUAL MANAGEMENT CHARGE	0.75%
AVERAGE ONGOING CHARGES FIGURE (OCF)	0.88%
BENCHMARK	MSCI WORLD INDEX



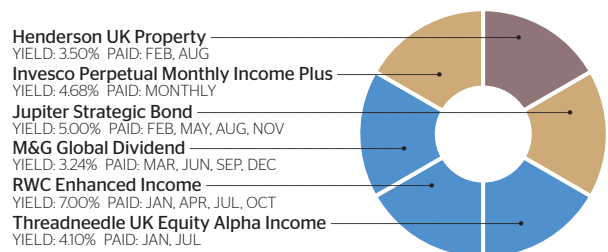
	PORTFOLIO	BENCHMARK	GLOBAL RETAIL**
PERFORMANCE OVER 1 YEAR	9.09%	15.37%	7.70%
PERFORMANCE OVER 3 YEARS	43.61%	51.73%	36.57%
PERFORMANCE OVER 5 YEARS	70.49%	76.65%	49.44%

Source: FE Analytics data as of 22/01/2015, compiled by Chelsea. *A performance fee may be applied, see page 16 for details. ** Sector average.

Income EasyISA

Income is for investors looking to generate income, with some prospect for capital growth. The portfolio is invested in fixed interest, across the credit quality spectrum, and defensive, dividend-paying companies, based largely in developed markets. There is also one sixth invested in property to further diversify the income stream. This combination aims to maintain, and even potentially grow, capital over the long term, whilst paying dividends throughout the year. The portfolio currently has approximately 54% exposure to equities, at the time of writing.

AVERAGE ANNUAL MANAGEMENT CHARGE	0.70%
AVERAGE ONGOING CHARGES FIGURE (OCF)	0.86%
BENCHMARK	1/2 STRATEGIC BOND (SECTOR AVERAGE) 1/2 UK EQUITY INCOME (SECTOR AVERAGE)



	PORTFOLIO	BENCHMARK	MIXED INVESTMENTS 20-60% SHARES**
PERFORMANCE OVER 1 YEAR	6.01%	4.73%	5.70%
PERFORMANCE OVER 3 YEARS	36.41%	36.14%	23.01%
PERFORMANCE OVER 5 YEARS	53.25%	52.57%	33.40%
AVERAGE YIELD FOR THE PORTFOLIO	4.59%	-	-

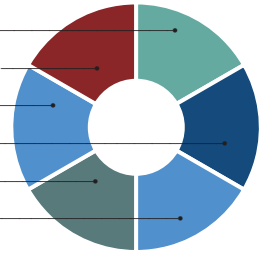
Source: FE Analytics data as of 22/01/2015, compiled by Chelsea. ** Sector average.

Global Income EasyISA

Global Income offers investors a medium to high level of risk within a globally-diversified portfolio and these equity income funds are selected for their potential to grow their yields over time. Over 50% of the portfolio is invested in US and European equities, with approximately 15% in UK equities. The remainder is invested across other regions, such as Asia, emerging markets and Japan. This portfolio can hold up to 100% in equities so there is the potential for capital loss.

AVERAGE ANNUAL MANAGEMENT CHARGE	0.75%
AVERAGE ONGOING CHARGES FIGURE (OCF)	0.91%
BENCHMARK	GLOBAL EQUITY INCOME

- Artemis Global Income
YIELD 3.50% PAID: OCT, APR
- BlackRock Continental European Income
YIELD 4.15% PAID: SEP, DEC, MAR, JUN
- Fidelity Enhanced Income
YIELD 6.30% PAID: NOV, FEB, MAY, AUG
- JPM Emerging Markets Income
YIELD 4.02% PAID: FEB, JUL
- Legg Mason US Equity Income
YIELD 1.50% PAID: NOV, FEB, MAY, AUG
- Newton Global Higher Income†
YIELD 3.62% PAID: NOV, FEB, MAY, AUG



	PORTFOLIO	BENCHMARK	GLOBAL RETAIL**
PERFORMANCE OVER 1 YEAR	13.37%	9.63%	7.70%
PERFORMANCE OVER 3 YEARS	N/A	N/A	N/A
PERFORMANCE OVER 5 YEARS	N/A	N/A	N/A
AVERAGE YIELD FOR THE PORTFOLIO	3.85%	-	-

Source: FE Analytics data as of 22/01/2015, compiled by Chelsea. ** Sector average.

† On 1st April 2015 the name of this fund will change to Newton Global Income

*Please select one EasyISA
- whichever best suits your
risk profile and requirements*

Your ISA application form is on page 49

Would you recommend Chelsea?

Many of our clients come to us after being recommended by an existing client. We are very pleased and grateful that many people are so happy with our service that they feel confident enough to recommend us to their friends and family.

If you recommend a friend (someone new to Chelsea) we will send them details of our services, and will send to you:

- £50 worth of Marks & Spencer vouchers if they invest or transfer over £25,000
- £25 worth of Marks & Spencer vouchers if they invest or transfer over £5,000

Investments must be retained with us for at least 12 months. Terms and conditions apply.

Just complete this form and return it to us. You can recommend as many people as you like - there's no limit.

YOUR DETAILS

Name: _____

Address: _____

Postcode: _____

Telephone: _____

FRIEND'S DETAILS

Title: _____ First name: _____

Surname: _____

Address: _____

Postcode: _____

Telephone: _____

FRIEND'S DETAILS

Title: _____ First name: _____

Surname: _____

Address: _____

Postcode: _____

Telephone: _____





Easy does it

Those new to investing, or those with little time, who flinch at the sheer number of funds available to invest in, may wish to make life simpler by choosing one of our EasyISAs.

WHAT IS AN EASYISA?

These are five off-the-shelf portfolios, each offering differing levels of risk or income. Each EasyISA contains six funds and your investment is split equally between them.

We have chosen six funds as this gives a reasonable amount of diversification and splitting the ISA allowance across a greater number of funds may result in having too little invested in each fund.

The EasyISA portfolios are reviewed for each new edition of Viewpoint and alterations are kept to a minimum. However, where it is felt that a fund needs replacing, a suitable fund will be chosen as a replacement from the Chelsea Selection. Funds may be removed and portfolios altered between these times if a fund manager departs or the process changes. Clients can take comfort knowing that the Chelsea research team regularly review the funds in the portfolios.



Massimo Santoro
Operations Consultant, Chelsea

WHAT HAPPENS WHEN AN EASYISA IS CHANGED?

We offer an execution-only service, so we cannot amend your investments for you.

We inform investors of these changes via our twice-monthly e-newsletter, which you can sign up to online, and in Viewpoint magazine. If you hold an EasyISA and wish to alter it to reflect our changes, then you may wish to effect a switch.

However, where a change is made simply because a fund has closed to new investment, many investors choose to retain that fund in their EasyISA.

THE SELECTION PROCESS

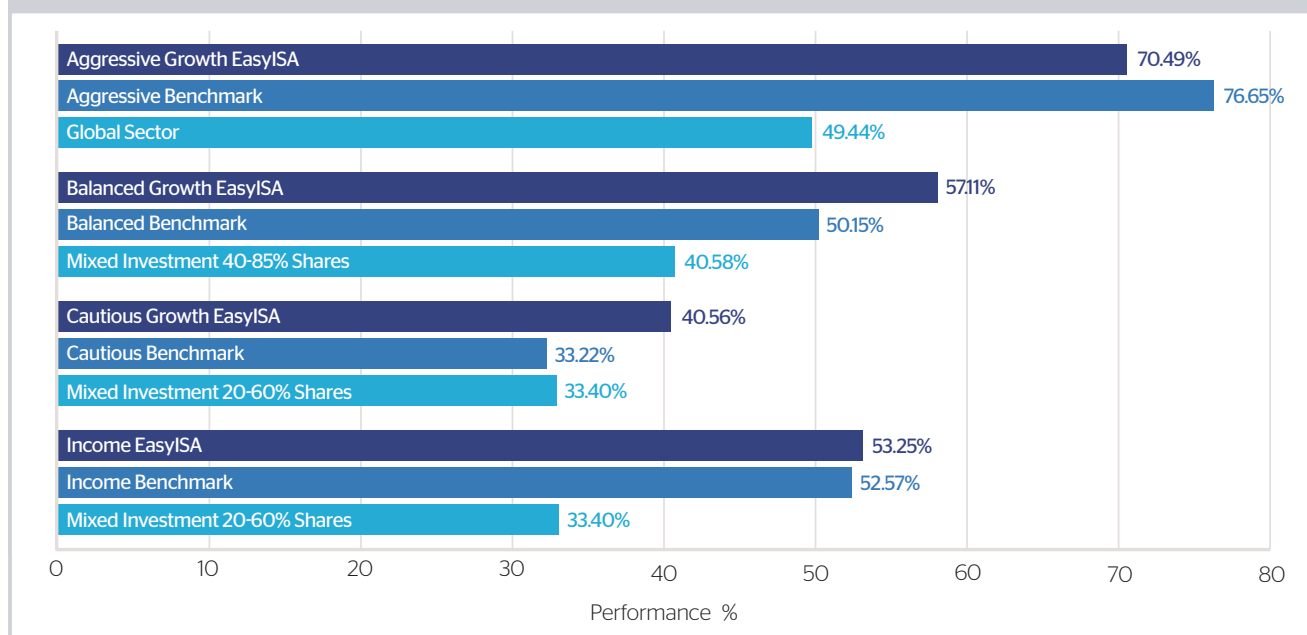
We perform regular quantitative screens, which help to identify funds for further analysis. It's not just strong performance that we look for, but consistency of performance is very important, along with various other metrics. We must be confident that the fund manager is a suitable candidate to manage our investors' money and that they have a repeatable and consistent process in place.

No fund is added to the Chelsea Selection without us first meeting the manager. When we meet a manager we establish their process and identify their investment philosophy whilst checking that their portfolio is consistent with that philosophy. We believe that if investors are paying for active management, then that's what they should get. So, you won't find us adding index trackers to our Selection.

When constructing the EasyISAs we have placed limits on the composition of each one in order to ensure they are consistent with the aims of each portfolio. This allows customers to accurately interpret the risks and goals associated with each one.

N.B. At Chelsea we offer an execution-only service and, consequently, we make no assessment of your personal financial circumstances or attitude to risk. If you require individual investment guidance you should seek professional advice.

PERFORMANCE OF THE CHELSEA EASYISA PORTFOLIOS OVER FIVE YEARS



N.B. The Global Income EasyISA has not been running for five years so data is not available.

Source: FE Analytics as at 22/01/15

How have they performed?

AGGRESSIVE GROWTH EASYISA

The Aggressive Growth EasyISA has excellent total returns of 9.09%, 43.61% and 70.49% over one, three and five years respectively. £10,000 invested five years ago is now worth £17,049.

Although the portfolio has performed well, it slightly underperforms the MSCI World benchmark, which is skewed with over 58%¹ in US equities compared with the portfolio's 18%. US markets have experienced the longest bull run since the 1990s over the past five years, with the S&P 500 gaining an astonishing 117.44%. So, the fact that our Aggressive EasyISA has managed to keep up with the benchmark is quite impressive.

The portfolio has substantially outperformed the IA Global sector by 21%. The sector also has a substantial 41% weight in the US.

Most UK investors will prefer not to have such a high portfolio allocation to the US because of currency risk. The key to maintaining long-term performance is a well-balanced portfolio, capable of providing a return in various market conditions, even when not all sectors perform well.

The biggest contributors to the portfolio are First State Asia Pacific Leaders, up 86.56% over five years, outperforming its sector by an astonishing 43.94%.

M&G Global Emerging Markets has only returned 10.90% since it was first introduced to the portfolio in September 2012, underperforming its peers by 3.05%. This is a value contrarian fund, so the reason for its underperformance is its overweight positions in Russia and Korea, both of which have done badly over the past year.

BALANCED GROWTH EASYISA

Our medium risk portfolio aims to provide exposure to global equities in developed markets, with some defensiveness. It has performed well, returning 6.73%, 38.59% and 57.11% over one, three and five years respectively, consistently beating its benchmark and IA sector.

The portfolio's composition has changed slightly to offer an additional source of defensive exposure through the addition of the Henderson UK Absolute Return fund. We feel this gives the portfolio a more balanced allocation. Along with the Henderson Strategic Bond, it has provided steady returns whilst reducing exposure to equities.

The equity portion of the portfolio was particularly helped by the Threadneedle European Select fund, which outperformed its peers by 43.88% over the past five years.

CAUTIOUS GROWTH EASYISA

Cautious Growth has done well, despite a number of changes over the past year, comfortably outperforming the benchmark. It has provided our most risk-averse investors with a decent return of 6.93%, 28.34% and 40.56% over one, three and five years respectively.

We decided to change the portfolio's asset weighting in June 2014 with the introduction of Henderson UK Property, providing further diversification at a time when low yields in fixed interest are a concern. Since it was added in June this fund has risen consistently and returned 8.29%, forming part of the steady performers in the portfolio along with the fixed interest and absolute return funds.

Woodford Equity Income and Rathbone Global Opportunities, on the other hand, offer the opportunity for greater returns, albeit with the greater volatility that is inherent in equities.

INCOME EASYISA

The primary goal of this portfolio lies in the name, that is, to generate a decent income with some prospect for capital growth. The average yield of the Income EasyISA is 4.59%, substantially higher than the best instant access Cash ISA rate of 1.5% AER². However, unlike cash ISAs, your capital is at risk. Total returns of 5.92%, 36.29% and 53.12% over one, three and five years respectively, have kept the portfolio ahead of the benchmark.

In October 2013 Henderson UK Property was added to the portfolio to diversify the income stream. The portfolio now offers three income streams from equities, fixed interest and property. Moreover, we were ahead of most in adding a property fund to our portfolio and the fund has performed extremely well, returning 16.81% since its introduction to the Income EasyISA.

GLOBAL INCOME EASYISA

The Global Income EasyISA aims to provide a good level of income and total return with global diversification. The portfolio has returned 13.37% over the past year and 37.65% since the Global Income portfolio was introduced in September 2012, whilst providing an average yield of 3.85%.

The Artemis Global Income, BlackRock Continental European Income and Newton Global Higher Income funds are all within the top 10 of their respective peer groups.

Despite significantly beating its benchmark, the Global Income EasyISA's relative performance was hurt by a big underweight to the US.

US income funds typically pay very little income, firstly because dividend yields in the US are low, and secondly because of the higher withholding tax the US government takes. We are conscious that clients will be seeking a good income and, as a result, this portfolio will always be underweight US relative to the benchmark.

For instance, the Legg Mason US Equity Income pays a yield of only 1.5%. The portfolio's yield is supplemented by Fidelity Enhanced Income, among the highest yielding funds in the UK Equity Income sector at 6.3%.

Please note, the Global Income EasyISA has not yet been running for five years so does not appear in the chart above. ■

All data as at 22/01/2015 - Source FE Analytics

¹MSCI World Index Factsheet ²MoneySavingExpert 27/01/2015

WELCOME TO THE GUIDE TO BUILDING YOUR OWN PORTFOLIO:

the **DIY**portfolio

If you have a larger sum to invest or the EasyISA doesn't meet your requirements, why not do it yourself? Here's a guide to how a self-selected portfolio might look. Please refer to page 14 for guidance on our Chelsea Risk Ratings.

PEOPLE OFTEN ASK US, "HOW SHOULD MY PORTFOLIO LOOK?"

The truth is that it's really quite subjective - everyone has a different attitude to risk and preferences for one sector/region or another. But for those of you who would like a rough guide to a split, we have provided the generic portfolios below.

The idea is that you determine your own attitude to risk (see page 14). The Cautious DIY portfolio has an equity weighting of 40% and the Balanced DIY portfolio has an equity weighting of 70%. Please note that even a portfolio with 40% in equities is liable to substantial swings in value. The DIY portfolios below are a rough guide and may not be appropriate for you. You must determine your own level of risk. For example, you may decide to create a much more cautious portfolio with no exposure to equities at all.

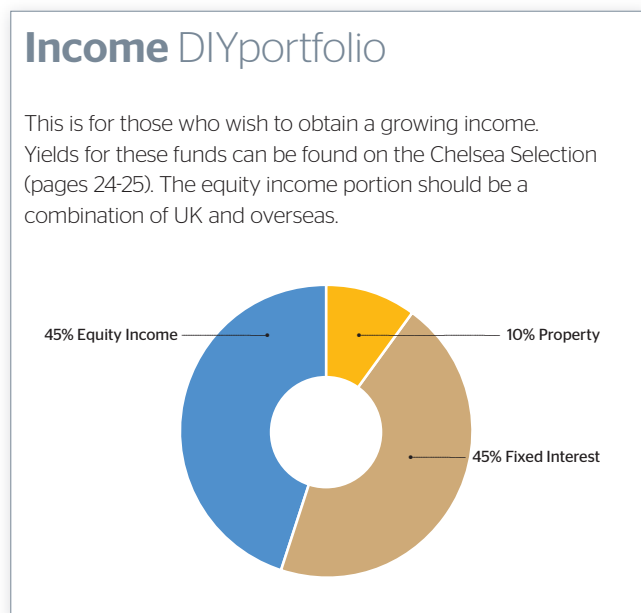
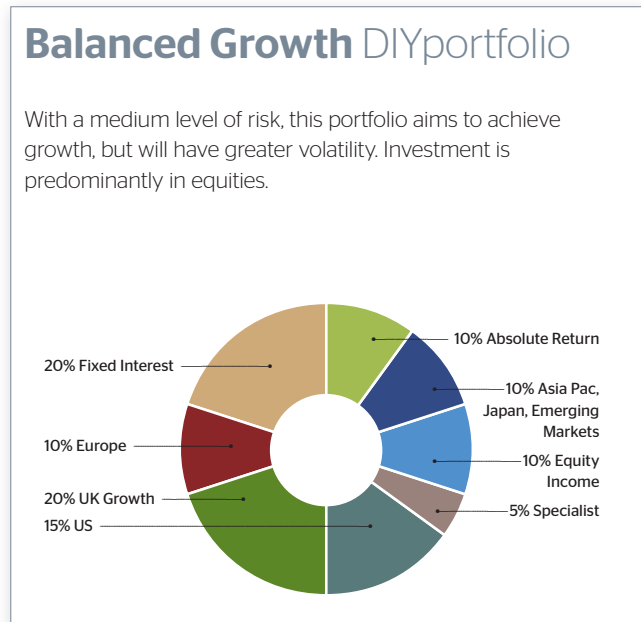
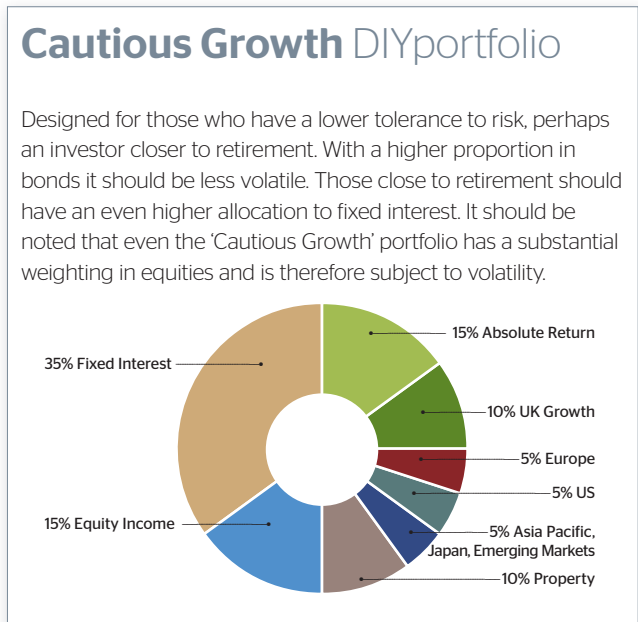
The portfolios below are designed to give you an idea of how you

could diversify your portfolio, which is one way of reducing risk (see page 14). If you have your entire portfolio in one asset and one geography, for example UK equities, your portfolio will struggle if this market does poorly and will also be more volatile.

By diversifying by asset class and geography your portfolio should have a better chance of producing more balanced returns with lower overall volatility. For example, when your equity funds are struggling this might be offset by better performance from your bond funds or vice versa. The number of funds held within these portfolios will vary depending upon the amount invested. As a rough guide, you may expect to have approximately 10 funds in a portfolio of over £30,000 and 15-20 in one of over £100,000.

So, see how your portfolio stacks up. Remember, you can switch funds for free via the Chelsea FundStore.

NB: These portfolios do not include cash allocations.

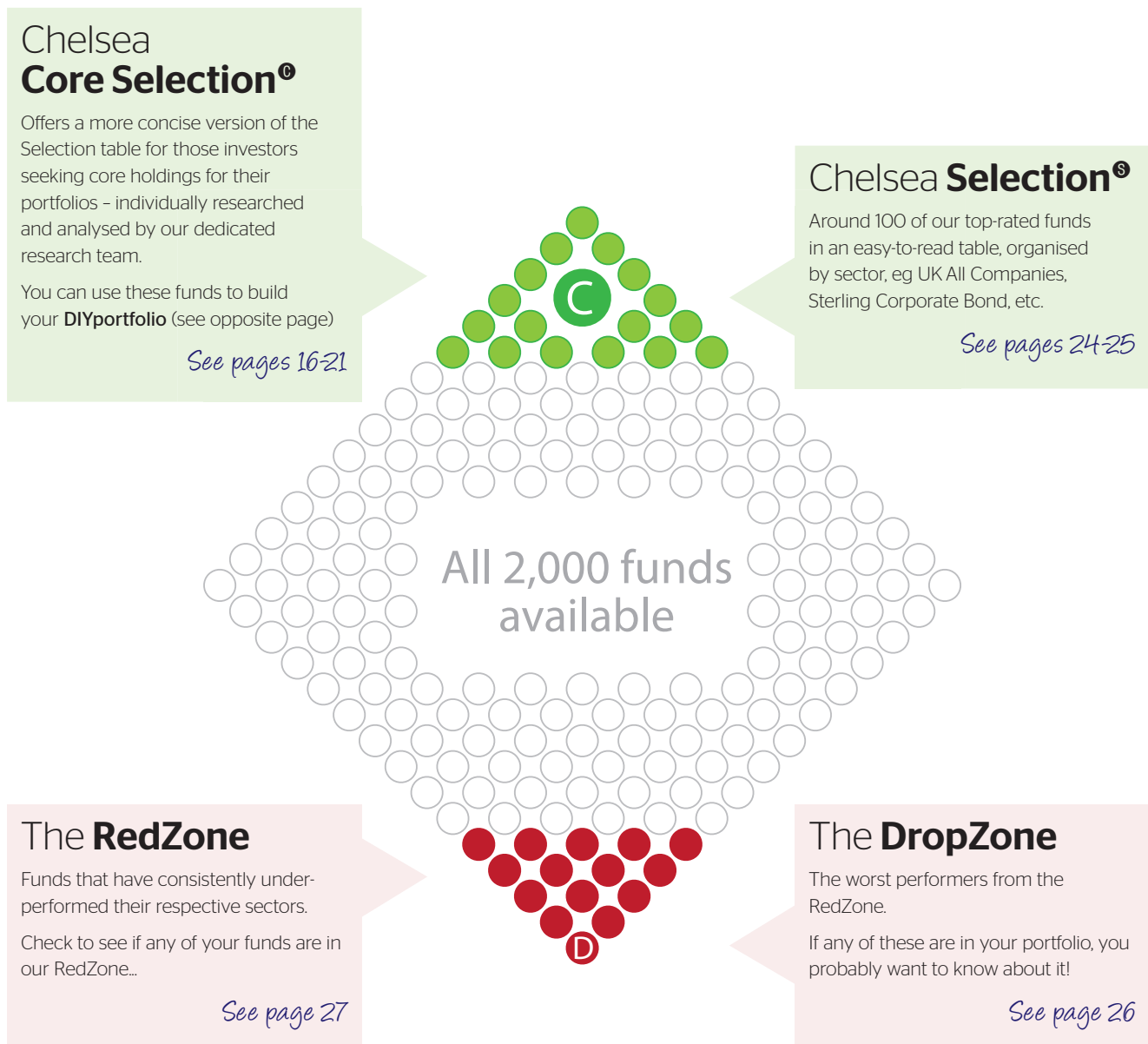


AN INTRODUCTION TO

Chelsea **research tables**

There are approximately 3,000 funds in the entire UK market - with more than 2,500 available via the Chelsea FundStore. We shortlist those we think are worth considering as part of a diversified portfolio.

We've organised our research into four simple tables:



Chelsea's research process

You can look at the funds within our Selection tables with the knowledge that we have met and interviewed every fund manager. We conduct regular analysis of fund performance in every sector, which flags the funds we wish to investigate further. We then interview managers, questioning them on their investment process.

Once a manager achieves a place within the Chelsea Selection we obtain regular updates. We understand that managers may have periods of underperformance but, as long as we are confident that they can get their fund back on track, it remains on our tables.

For further details on our research process please visit www.chelseafs.co.uk/research/process

Risk

The concept of risk plays a pivotal role within the investment industry. It is key to understanding the suitability of investments, yet it has many different definitions so it is important that it is understood by investors. Therefore we wanted to help you understand how we at Chelsea measure risk, in particular with reference to the Chelsea Risk Rating.

VOLATILITY AS THE PRIMARY MEASURE OF RISK

While several forms of risk exist, the types that affect the price of an asset can often be captured by a single volatility measure, such as standard deviation. Volatility measures how much an asset's price moves around. For example, if an asset is domiciled in a country with an unstable political environment, has a currency that is vulnerable to rapid devaluations and the asset's earnings are themselves highly unpredictable, these will all be captured by the volatility measure. In a sense it is a "one measure fits all" way to measure risk. It is worth noting that volatility is backward looking and will not always be a good guide to the future.

This forms the basis of most risk metrics that are used in the industry and is the primary consideration when we give funds a Chelsea Risk Rating.

ASSESSING YOUR OWN ATTITUDE TO RISK

To assess your attitude to risk you need to consider both your willingness and ability to take risk. Your ability is comprised of your financial situation and your investment constraints. To get an idea of your own risk tolerance you may wish to ask yourself these questions:

How long do I have until I need to realise my investments?

If you have a long period of time until you retire you can afford to take more risk. You may have a multi-stage time horizon, perhaps up until your children leave home, and then until retirement and then after retirement. In each of these periods your risk tolerance may be different.

Do I have ongoing or one-off expenses that can't be paid out of my income? These will reduce your ability to take risk. For instance, you may have to pay care home fees for an elderly parent out of your investment income, which will place a significant liquidity constraint on your portfolio.

Your willingness to take risk is determined by your mental ability to accept risk. It is no good deciding that you are in a position to take a higher-risk approach, if such action causes endless sleepless nights when markets fall, and you potentially abandon the strategy at the worst possible time. In summary, your risk profile should be the lower of either your ability or your willingness to take risk. If in doubt, please consult an investment advisor.

HOW TO USE THE CHELSEA RISK RATING

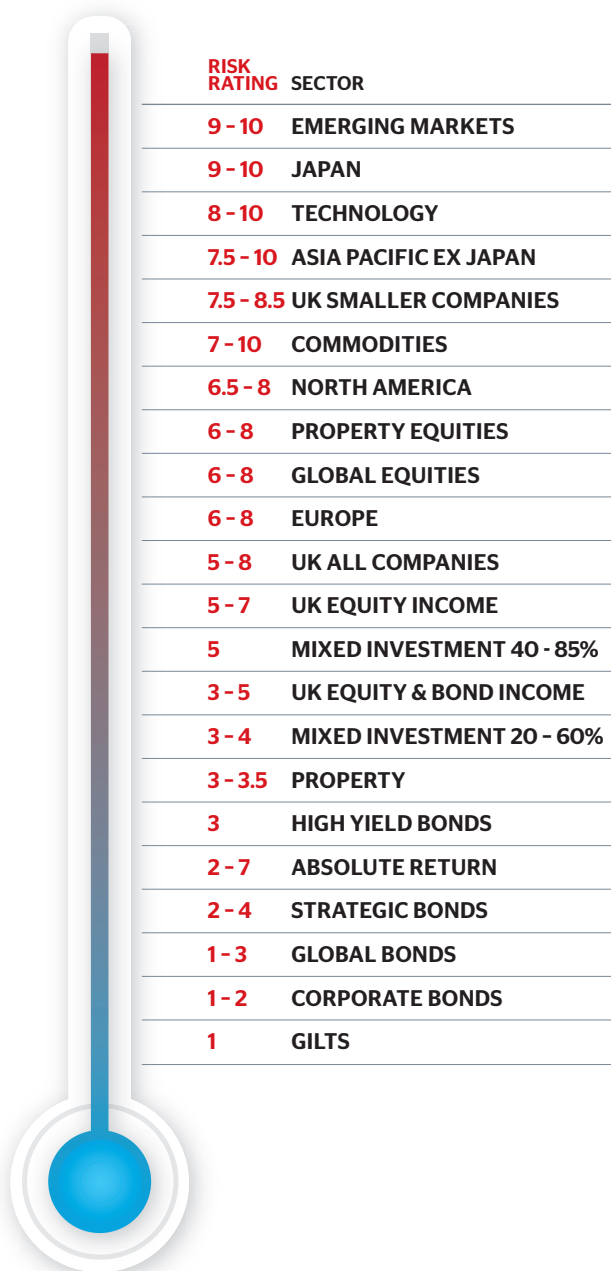
Fund Risk

Different funds will have different risk profiles, depending upon their underlying investments.

At Chelsea our research team assesses the overall risk of a fund by analysing a number of factors including: the fund's volatility, the level of risk involved in the region/sector in which the fund invests; the size of the companies within the fund; the number of stocks held; the risk controls imposed by the manager; the use of derivatives and currency issues. We also consider the operational risk associated with the parent company. Once we have appraised a fund, we then assign it a Chelsea Risk Rating, with 1 as the lowest risk and 10 the highest. **However, even funds rated 1 are subject to risk.**

The Chelsea Risk Rating is simply a generic guide to the relative risk of all funds within the market. The Chelsea Risk Rating is shown in the form of a thermometer (left) and is based on our in-house research.

At Chelsea we offer an execution-only service and consequently, we make no assessment of your financial situation, nor do we consider your investment objectives or constraints. This means it is up to you to determine your optimum asset class mix. We do, however, distribute research to help our clients make their own informed decisions on the relative risk of the funds we cover. The Chelsea Risk Rating, using the methodology outlined above, attempts to quantify the relative risk of funds, to give you an idea of how risky one fund is versus another. The primary determinant of the rating is volatility, which is largely determined by asset class. However, through our qualitative research process we also attempt to understand the relative risk of funds within asset classes. For instance, a fund rated five, in the middle of the spectrum, does not mean it is suitable for medium-risk investors, merely that according to its historic volatility, and our understanding of the manager's investment process, we think it is more risky than a fund rated four, and less risky than a fund rated six. ■



FundsUpdate

THIS IS WHERE WE KEEP YOU UP-TO-DATE ON SOME WIDELY-HELD FUNDS, OFTEN WHERE SOME CHANGE HAS TAKEN PLACE THAT WE BELIEVE TO BE NOTEWORTHY.

Henderson European Growth

Chelsea Generic Rating: **BUY / HOLD / SWITCH**

In October last year, Richard Pease, manager of the Henderson European Growth fund, announced his intention to follow in the footsteps of Neil Woodford and launch his own asset management company, called Crux Asset Management.

Richard has had a long and illustrious investment career spanning nearly three decades. He was formerly head of European equities at Jupiter, before he moved to New Star to take on the same role. He had been at Henderson since 2009 following their acquisition of New Star in the aftermath of the financial crisis.

As is usually the case when there is a fund manager change, we have taken the decision to remove Henderson European Growth from the Chelsea Selection and downgrade the fund to a hold rating.

The co-manager, Simon Rowe, has now taken sole charge of the fund and we look forward to meeting him in due course to discuss any personnel changes and how he intends to manage the fund going forward.

Eagled-eyed investors will have noticed that Richard also runs the Henderson European Special Situations fund. This vehicle is managed with the same investment philosophy as European Growth, but has a larger allocation to small and mid-cap stocks and is more diversified, to help mitigate the increased investment risk. Due to a clause in his contract, Richard will be taking this fund with him on his new venture, so the fund maintains a buy rating.

AXA Framlington Health

Chelsea Generic Rating: **BUY / HOLD / SWITCH**

In recent years this fund has enjoyed stellar performance for a number of reasons. In the current low growth environment companies that can grow their earnings, regardless of the wider economy, have come to the fore. This, for obvious reasons, has favoured healthcare stocks. Also, the growing demographic problem in Western economies, where we are all living for longer, has further fuelled interest in the sector. These factors, combined with an increase in M&A activity in the biotech sector, has seen the fund make big gains.

With the sector being so topical it was to our disappointment that the previous manager, Gemma Game, whom we held in high regard,

took the decision to ply her trade elsewhere. The incoming manager is Mark Hargraves, who had previously managed and continues to manage the AXA Framlington European fund.

This sector is highly specialised and consequently many managers typically have an academic or professional background in medicine. While Mark has done a decent job of running the AXA Framlington European fund, there are other funds in this sector that are preferred. We have therefore taken the difficult decision to downgrade the fund to a switch rating. It is worth noting that the fund may continue to perform well in absolute terms if the sector remains in vogue. See page 25 for alternatives.

JPM Natural Resources

Chelsea Generic Rating: **BUY / HOLD / SWITCH**

Perhaps no industry since tech in the dot com crash of the late 1990s has had such a dramatic fall from grace as the commodity sector. For much of the noughties it was exactly the place to be, as the industrialisation of China triggered huge demand for base metals and oil. Later in the decade Western economies' experiments with quantitative easing sparked fears of inflation, which saw the gold price soar. This fund, with its exposure to precious and base metals, as well as oil, was ideally placed to capture many of the gains.

However, since 2010 it has been a different story. As additional supply came on stream, as producers rushed to open more mines, demand began to slow. Growth in the West was hampered by the aftermath of the financial crisis and the emerging markets, including

China, took a breather from their breakneck growth rates. In short, demand and supply both went the wrong way, and this fund, with its structural small and mid-cap bias, was particularly hard hit.

Many companies and commodities are now more attractively priced than they were a few years ago but the picture is far from clear, as the recent collapse in the oil price has demonstrated. However, during this difficult period, Neil Gregson, the manager since early 2012, has stayed true to the philosophy behind the fund that had served it so well in previous years. Consequently, this fund retains a buy rating and remains a compelling option for investors wanting broad commodity exposure but who also understand the high risks associated with the product.

Log in to your FundStore account to access the Chelsea fund review for our full list of buy/hold/switch ratings at chelseafs.co.uk

Chelsea offers an execution-only service. If you require individual investment guidance you should seek expert advice. Please see the important notice on page 2.

Chelsea Core Selection[®]

40 Core funds from the Chelsea Selection – individually researched and analysed.

UK GROWTH

ARTEMIS UK SPECIAL SITUATIONS

Derek Stuart and Andy Gray define special situations as including companies in transition, in recovery, requiring re-financing or simply suffering from investor disinterest. However, they have a preference for companies that can “self-help” by cutting costs or replacing management. They employ a bottom-up approach and stock selection criteria favour growth characteristics, although not at the expense of traditional value-based disciplines. The fund has an unconstrained multi-cap mandate, but in general there will be about 40% large-cap and the remainder in small and mid-caps. The fund usually has around 60-90 holdings.

CHELSEA RISK RATING	● 6
ANNUAL MANAGEMENT CHARGE	0.75%*
ONGOING CHARGES FIGURE (OCF)	0.81%†
FUNDALIBRE	🏆 ELITE
MSTAR OBSR FUND RATING	GOLD
YIELD	1.50%
UNIT TYPE	ACC or INC

AXA FRAMLINGTON UK SELECT OPPORTUNITIES

Nigel Thomas is a pragmatic stock picker who looks for both growth and value opportunities across the market-cap spectrum, although typically his fund will have around 50-60% in large-cap stocks. Stock selection is driven by bottom-up fundamental analysis and the introduction of new products or a change in management are also deemed important factors. Nigel places considerable emphasis on meeting companies and their management, to assess the feasibility of their business plans and their ability to implement them. Strength of management is the most important attribute he considers when making investment decisions. The portfolio typically holds around 80 stocks.

CHELSEA RISK RATING	● 6
ANNUAL MANAGEMENT CHARGE	0.75%*
ONGOING CHARGES FIGURE (OCF)	0.83%†
FUNDALIBRE	🏆 ELITE
MSTAR OBSR FUND RATING	GOLD
YIELD	0.90%
UNIT TYPE	ACC or INC

JOHCM UK DYNAMIC

Alex Savvides, who has been running the fund since 2008, is one of the most exciting up-and-coming UK fund managers. The process, which he built himself, looks to exploit periods of share price underperformance, where the reasons for the underperformance are well understood and he believes there is a catalyst for change. Ideas come from three sources, which are corporate restructuring, hidden growth and recovery situations. Once his view is accepted by the market and becomes consensus he will often sell. Also all companies need to have a yield or prospective yield, which does provide an element of safety. The fund will have at least 50% in the FTSE 100 and stocks are typically held for two years. There is a 15% performance fee on outperformance of the FTSE All-Share Total Return Index.

CHELSEA RISK RATING	● 7
ANNUAL MANAGEMENT CHARGE	0.63%* †
ONGOING CHARGES FIGURE (OCF)	0.80%†
FUNDALIBRE	🏆 ELITE
MSTAR OBSR FUND RATING	SILVER
YIELD	3.08%
UNIT TYPE	ACC or INC

JOHCM UK OPPORTUNITIES

This fund is managed with conviction and aims to generate positive absolute returns over the long term by using a combination of top-down analysis and bottom-up stock selection. The managers, John Wood and Ben Leyland, look to find quality stocks at attractive valuations, to build a portfolio of 30-40 stocks, with no regard for the benchmark. John and Ben have a strict sell discipline and look to top-slice when holdings reach 5% of the portfolio. There is a 15% performance fee on outperformance of the FTSE All-Share Total Return Index. John and Ben remain cautious, due to corporate earnings not keeping pace with stock prices and, at the time of writing, 19% of the fund was in cash.

CHELSEA RISK RATING	● 5
ANNUAL MANAGEMENT CHARGE	0.63%* †
ONGOING CHARGES FIGURE (OCF)	0.69%†
FUNDALIBRE	🏆 ELITE
MSTAR OBSR FUND RATING	SILVER
YIELD	2.82%
UNIT TYPE	ACC or INC

LIONTRUST SPECIAL SITUATIONS

This UK multi-cap fund is a ‘best ideas’ portfolio, which encompasses any stock regardless of size or sector. However, there will usually be around 60% in small and mid-cap stocks. The managers look for firms with “intellectual capital” or strong distribution networks, recurring revenue streams and products with no obvious substitutes. The fund is concentrated with 40-50 stocks and, due to the nature of the portfolio companies, will perform well in flat or falling markets. Another important factor is how key employees are motivated, with the preference being through direct ownership of the company’s equity.

CHELSEA RISK RATING	● 6
ANNUAL MANAGEMENT CHARGE	0.75%*
ONGOING CHARGES FIGURE (OCF)	0.88%†
FUNDALIBRE	🏆 ELITE
MSTAR OBSR FUND RATING	BRONZE
YIELD	0.80%
UNIT TYPE	INC

MARLBOROUGH UK MICRO CAP GROWTH

Run by Giles Hargreave and Guy Feld, who are supported by one of the best small-cap teams in the country, the fund invests at the bottom end of the market capitalisation spectrum. The managers have a growth bias and look for companies that will benefit from changing consumer trends, are leaders in niche markets or possess disruptive technology. The fund is extremely diversified at the stock level (around 220 stocks) and also across investment themes and sectors. The managers will aggressively run winners and add to them if appropriate. Typically the fund has around 15-20% overlap with Marlborough Special Situations, which invests further up the capitalisation scale.

CHELSEA RISK RATING	● 8
ANNUAL MANAGEMENT CHARGE	0.75%*
ONGOING CHARGES FIGURE (OCF)	0.81%†
FUNDALIBRE	🏆 ELITE
MSTAR OBSR FUND RATING	-
YIELD	-
UNIT TYPE	ACC

OLD MUTUAL UK ALPHA

Following the same process as his previous fund Schroder UK Alpha Plus, Richard Buxton runs the fund with a high conviction approach. Consequently, the fund is concentrated with typically 20-40 holdings and positions are held for the long term. At least 75% of the fund will be in large-cap stocks, with the remainder in the FTSE 250. He adopts a contrarian approach and likes companies that are out of favour but where there is reason to believe that may change. Over the years he has been well known for making some astute macroeconomic calls.

CHELSEA RISK RATING	● 7
ANNUAL MANAGEMENT CHARGE	0.75%*
ONGOING CHARGES FIGURE (OCF)	0.85%†
FUNDALIBRE	🏆 ELITE
MSTAR OBSR FUND RATING	SILVER
YIELD	2.59%
UNIT TYPE	ACC or INC

N.B. Chelsea Risk Ratings are based on qualitative and quantitative research, not asset allocation. Please see page 14 for more information.

For performance statistics please refer to pages 24-25.

All data sourced from FE Analytics, 01/01/2015.

* There is a 15% performance fee on outperformance of the FTSE All Share Total Return Index.

†OCF: The cost includes the annual management charge and other fees such as registration, regulatory, audit and legal fees but does not include transaction costs and performance fees.

The annual management charge is paid to a fund management company for managing the fund. It is calculated as a percentage of the value of the fund. The annual management charge is less than the Ongoing Charges Figure (OCF).

Chelsea Core Selection[®] CONTINUED

EQUITY INCOME

ARTEMIS GLOBAL INCOME

Jacob de Tusch-Lec adopts a similar methodology to that of the successful Artemis Income fund. The ability to choose companies worldwide offers greater opportunities to find organisations with sustainable and growing yields. The fund favours large and mid-cap companies in a high-conviction portfolio of 60-80 stocks. The portfolio is structured using themes forming a balance between a stable core of stocks, growth companies and those with greater risk/reward potential. The manager aims to derive a yield from various sources which consistently deliver a target 4-5% yield through differing market conditions. Income is paid in April and October.

CHELSEA RISK RATING	● 6.5
ANNUAL MANAGEMENT CHARGE	0.75% [#]
ONGOING CHARGES FIGURE (OCF)	0.87% [†]
FUNDALIBRE	■ ELITE
MSTAR OBSR FUND RATING	BRONZE
YIELD	3.35%
UNIT TYPE	ACC or INC

M&G GLOBAL DIVIDEND

The notion that the discipline of paying dividends leads to greater corporate responsibility, which in turn leads to share price outperformance, is the investment philosophy behind this fund. Manager Stuart Rhodes' main aim is to grow distributions over the long term, whilst maximising total return by investing across a wide range of geographies, sectors and market capitalisations. The process is bottom-up and value driven. The fund has around 50 stocks, typically held for three years. Stuart predominantly invests in developed markets and he has been adding to his US exposure recently. Income is paid in March, June, September and December.

CHELSEA RISK RATING	● 6
ANNUAL MANAGEMENT CHARGE	0.75% [#]
ONGOING CHARGES FIGURE (OCF)	0.91% [†]
FUNDALIBRE	■ ELITE
MSTAR OBSR FUND RATING	SILVER
YIELD	3.11%
UNIT TYPE	ACC or INC

NEWTON ASIAN INCOME

Jason Pidcock, supported by a strong team of global sector analysts, identifies global investment themes and translates these into sector and stock selection using a bottom-up process, focusing on companies from across the market-cap range with strong, sustainable fundamentals and with an above-market yield at purchase. The portfolio has a low turnover and will typically comprise 40-55 stocks, which may be listed in Asia or elsewhere, as long as they generate significant revenues in the Asian region. Jason is concerned about the economic situation in China and has recently adjusted his portfolio accordingly. Income is paid in March, June, September and December.

CHELSEA RISK RATING	● 7.5
ANNUAL MANAGEMENT CHARGE	0.75% [#]
ONGOING CHARGES FIGURE (OCF)	0.82% [†]
FUNDALIBRE	■ ELITE
MSTAR OBSR FUND RATING	SILVER
YIELD	4.41%
UNIT TYPE	ACC or INC

RATHBONE INCOME

Through investing in UK companies with above average yields, Carl Stick aims to deliver rising income, with capital upside over time. Carl's investment process combines top-down macroeconomic considerations with bottom-up stock picking to build a portfolio of 40-50 stocks. Seeking companies with quality earnings at the right price is the core emphasis of Carl's fund. The majority of holdings are spread across all UK company market caps, although Carl will hold overseas equities where greater opportunities exist. Income is paid in January and July.

CHELSEA RISK RATING	● 5
ANNUAL MANAGEMENT CHARGE	0.75% [#]
ONGOING CHARGES FIGURE (OCF)	0.80% [†]
FUNDALIBRE	■ ELITE
MSTAR OBSR FUND RATING	BRONZE
YIELD	3.52%
UNIT TYPE	ACC or INC

RWC ENHANCED INCOME

Managers Nick Purves, Ian Lance and John Teahan deploy a flexible value-driven style, carefully selecting a concentrated portfolio of around 30 stocks, with low turnover. Their stock selection process encompasses three key criteria: low starting valuation, strong cash generation and how management uses that cash. Typically, the fund will be managed to achieve a targeted yield of 7%, meaning it will lag during strong market rises, such as in the first half of 2013. The strategy uses call options to enhance income and boost yield, the purpose of which is to deliver total returns over the long term. Income is paid in February, May, August and November.

CHELSEA RISK RATING	● 5
ANNUAL MANAGEMENT CHARGE	0.80% [#]
ONGOING CHARGES FIGURE (OCF)	1.10% [†]
FUNDALIBRE	-
MSTAR OBSR FUND RATING	NEUTRAL
YIELD	7.00%
UNIT TYPE	ACC or INC

STANDARD LIFE UK EQUITY INCOME UNCONSTRAINED

Thomas Moore, the manager, looks for non-consensus ideas across the market-cap spectrum. He has a preference for companies whose earnings are growing faster than their dividends, increasing the likelihood that dividend growth can be sustained into the long term. He is free to move around the capitalisation scale to where he sees the best opportunities, and is not afraid to shun equity income stalwarts in the FTSE 100. This style has slightly higher volatility than some of the more mainstream funds in the sector. He also follows a strict sell discipline and cuts positions quickly if the fundamentals deteriorate. Income is paid every six months.

CHELSEA RISK RATING	● 6
ANNUAL MANAGEMENT CHARGE	1.00% [#]
ONGOING CHARGES FIGURE (OCF)	1.15% [†]
FUNDALIBRE	■ ELITE
MSTAR OBSR FUND RATING	-
YIELD	3.81%
UNIT TYPE	ACC or INC

THREADNEEDLE UK EQUITY ALPHA INCOME

Leigh Harrison and Richard Colwell manage the fund, with emphasis placed on generating a total return from a concentrated portfolio of UK equities. The portfolio is constructed from the managers' best ideas, consisting of 25-30 UK stocks. The team identify economic investment themes and position the portfolio accordingly. This may lead to a greater focus on certain sectors. This unconstrained approach provides the flexibility that allows Leigh and Richard to take active positions in their best ideas. At the time of writing they had a zero weighting in both banks and miners. Income is paid in January and July.

CHELSEA RISK RATING	● 5
ANNUAL MANAGEMENT CHARGE	0.75% [#]
ONGOING CHARGES FIGURE (OCF)	0.88% [†]
FUNDALIBRE	-
MSTAR OBSR FUND RATING	BRONZE
YIELD	4.10%
UNIT TYPE	INC

N.B. Chelsea Risk Ratings are based on qualitative and quantitative research, not asset allocation. Please see page 14 for more information.

For performance statistics please refer to pages 24-25.

All data sourced from FE Analytics, 01/01/2015.

* There is a 15% performance fee on outperformance of the FTSE All Share Total Return Index.

[†]OCF: The cost includes the annual management charge and other fees such as registration, regulatory, audit and legal fees but does not include transaction costs and performance fees.

[#] The annual management charge is paid to a fund management company for managing the fund. It is calculated as a percentage of the value of the fund. The annual management charge is less than the Ongoing Charges Figure (OCF).

Chelsea Core Selection[®] CONTINUED

EQUITY INCOME (CONTINUED)

WOODFORD EQUITY INCOME SPOTLIGHT

This fund picks up exactly where his previous fund left off, with Neil looking for companies that offer sound balance sheets, resilience to a tough economic environment and earnings transparency, together with very attractive valuations. While the fund will be predominantly large cap, he will also invest in smaller companies. Neil is well known for getting right some big macroeconomic calls and famously sold out of banks before the financial crisis. He has made a flying start and the fund has been the number two in its sector since launch, at the time of writing. Income is paid in April, July, October and January.

CHELSEA RISK RATING	● 5
ANNUAL MANAGEMENT CHARGE	0.75% [#]
ONGOING CHARGES FIGURE (OCF)	0.75% [†]
FUND CALIBRE	ELITE
MSTAR OBSR FUND RATING	-
YIELD	4.00%
UNIT TYPE	ACC or INC

EUROPE

BLACKROCK EUROPEAN DYNAMIC NEW TO CORE

Alister Hibbert runs this fund with an aggressive mentality, being prepared to have big over and underweight positions at both the stock and sector level. The fund itself has a focus on large-cap companies and these tend to have growth, rather than value characteristics. The portfolio make-up can shift dramatically at times which can lead to periods of volatility. However, during his tenure Alister has used this risk well. He is supported by BlackRock's well-resourced European equity team, which we consider to be one of the best around. The portfolio is reasonably concentrated with typically 50 holdings and turnover can be higher than other funds in the sector. This fund has replaced BlackRock Continental European on the Core Selection. It is worth noting that we remain firm admirers of the Continental European fund, but feel European Dynamic may be better placed to capitalise from a European recovery.

CHELSEA RISK RATING	● 7
ANNUAL MANAGEMENT CHARGE	0.75% [#]
ONGOING CHARGES FIGURE (OCF)	0.93% [†]
FUND CALIBRE	ELITE
MSTAR OBSR FUND RATING	SILVER
YIELD	-
UNIT TYPE	ACC or INC

JUPITER EUROPEAN SPOTLIGHT

The fund manager, Alexander Darwall, runs a concentrated, conviction portfolio of 30-40 stocks, with a focus on mid-cap companies. Alexander takes a long-term view, focusing predominantly on bottom-up stock analysis and places a high degree of emphasis on management meetings and having an in-depth understanding of the companies in which he invests. Turnover is thus very low. Alexander will only consider stocks with sound business characteristics and favours those which he believes will emerge stronger from a recession. His preferred sectors are currently industrials and healthcare (though not pharmaceuticals).

CHELSEA RISK RATING	● 6.5
ANNUAL MANAGEMENT CHARGE	0.75% [#]
ONGOING CHARGES FIGURE (OCF)	1.03% [†]
FUND CALIBRE	ELITE
MSTAR OBSR FUND RATING	GOLD
YIELD	-
UNIT TYPE	ACC or INC

THREADNEEDLE EUROPEAN SELECT

Manager David Dudding focuses on buying companies with a competitive advantage, high quality defensible earnings and consistent growth rates. His approach is growth orientated, but other factors, such as brand loyalty or pricing power, are also key. Consequently, he favours certain sectors and may choose not to invest in some sectors altogether. David likes companies with strong market share in emerging markets. The fund is fairly concentrated and currently has 41 holdings, of which around 80% are in large caps.

CHELSEA RISK RATING	● 7
ANNUAL MANAGEMENT CHARGE	0.75% [#]
ONGOING CHARGES FIGURE (OCF)	0.88% [†]
FUND CALIBRE	ELITE
MSTAR OBSR FUND RATING	BRONZE
YIELD	-
UNIT TYPE	ACC or INC

US

AXA FRAMLINGTON AMERICAN GROWTH

Managers Steve Kelly and Dan Harlow run this fund within a stock-picking framework. They have a strong growth bias, focusing on companies that are able to exhibit genuine, organic growth through the strength of their brand. They also prioritise good management in their investment decisions, as they look for companies whose management delivers their stated goals. The fund typically holds 65-75 stocks. The managers are currently overweight technology stocks as they feel they will benefit from a consumer recovery.

CHELSEA RISK RATING	● 7
ANNUAL MANAGEMENT CHARGE	0.75% [#]
ONGOING CHARGES FIGURE (OCF)	0.82% [†]
FUND CALIBRE**	ELITE
MSTAR OBSR FUND RATING	BRONZE
YIELD	-
UNIT TYPE	ACC or INC

LEGG MASON CLEARBRIDGE US AGGRESSIVE GROWTH NEW TO CORE

The managers of this fund have a long and proven track record, with one of the co-managers, Richie Freeman, having been at the helm since 1983. Despite the name of the fund, the managers are conscious of valuations and we would describe it as a "growth at a reasonable price" type strategy, with a bias towards large-cap stocks. They take a very long-term view, with the average holding period being around 10 years. They see a huge amount of companies and carry out incredibly in-depth due diligence, with the intention of seeking out only the highest quality companies with the most competent management teams. This enables them to have a concentrated portfolio, take big deviations from the benchmark and have very low turnover. The process is labour intensive but they are ably supported by a team of 30 analysts, all of whom are based in the US.

CHELSEA RISK RATING	● 7
ANNUAL MANAGEMENT CHARGE	0.65% [#]
ONGOING CHARGES FIGURE (OCF)	1.13% [†]
FUND CALIBRE	ELITE
MSTAR OBSR FUND RATING	SILVER
YIELD	-
UNIT TYPE	ACC

ASIA PACIFIC, JAPAN AND EMERGING MARKETS

FIRST STATE ASIA PACIFIC LEADERS

Experienced managers Angus Tulloch (based in Edinburgh) and Richard Jones (based in Hong Kong) run this stock-driven fund, within a broad macroeconomic context, with support from their extensive Asia Pacific team. Company meetings play an essential role in stock selection and regional analysts generate ideas that lead to a portfolio of 50-120 large/mid-cap undervalued stocks, with above-average growth and a mid to long-term investment horizon. Exposure to companies with a market cap of less than \$US500m must be less than 10%. Australia and India are currently the largest country weightings.

CHELSEA RISK RATING	● 7.5
ANNUAL MANAGEMENT CHARGE	0.85% [#]
ONGOING CHARGES FIGURE (OCF)	0.89% [†]
FUND CALIBRE	ELITE
MSTAR OBSR FUND RATING	GOLD
YIELD	0.40%
UNIT TYPE	ACC or INC

N.B. Chelsea Risk Ratings are based on qualitative and quantitative research, not asset allocation. Please see page 14 for more information.

For performance statistics please refer to pages 24-25.

All data sourced from FE Analytics, 01/01/2015.

* There is a 15% performance fee on outperformance of the FTSE All Share Total Return Index.

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Chelsea Core Selection[®] CONTINUED

ASIA PACIFIC, JAPAN AND EMERGING MARKETS (CONTINUED)

INVESCO PERPETUAL HONG KONG & CHINA

This fund aims to invest in quality defensive companies with sustainable earnings and strong management teams. Mike Shiao is based in Hong Kong and has been managing the fund since 2012. He has over 20 years' experience of investing in the region. The fund is currently avoiding investing in Chinese real estate and utilities and is instead focusing on the Chinese consumer. It favours investing in mid-cap stocks and over 40% of the value of the fund is currently in its top ten holdings.

CHELSEA RISK RATING	● 10
ANNUAL MANAGEMENT CHARGE	0.89% [#]
ONGOING CHARGES FIGURE (OCF)	0.89% [†]
FUNDALIBRE	ELITE
MSTAR OBSR FUND RATING	-
YIELD	0.64%
UNIT TYPE	ACC

JOHCM JAPAN

The managers of this multi-cap, high-conviction Japan fund follow a pragmatic approach to identify both growth and value opportunities through bottom-up analysis. The managers also require a catalyst to spur a re-rating, such as a restructuring, a corporate action or an earnings surprise. The portfolio will usually feature 40-60 holdings and the managers have an active trading approach, which can lead to high turnover at times. Typically they tend to avoid mega-cap stocks. Currently they are overweight companies with a large proportion of their assets in real estate, as they feel property should benefit from the loose monetary policy in Japan.

CHELSEA RISK RATING	● 10
ANNUAL MANAGEMENT CHARGE	0.75% [#]
ONGOING CHARGES FIGURE (OCF)	0.85% [†]
FUNDALIBRE	ELITE
MSTAR OBSR FUND RATING	BRONZE
YIELD	-
UNIT TYPE	INC

M&G GLOBAL EMERGING MARKETS

Matthew Vaight seeks to deliver capital growth by identifying asset growth and quality stocks he deems undervalued. He invests in any emerging market region or in companies whose business is conducted primarily in these regions, avoiding stocks affected by political risk or poor corporate governance. Between 50 and 70 stocks are selected through strict bottom-up analysis, reflecting the fund manager's belief that value creation, and not economic growth, will deliver returns over the long term. Matthew has reacted to the recent turmoil in emerging markets by consolidating his positions in financials, adopting a more defensive stance and exploiting attractive valuations.

CHELSEA RISK RATING	● 10
ANNUAL MANAGEMENT CHARGE	0.75% [#]
ONGOING CHARGES FIGURE (OCF)	1.00% [†]
FUNDALIBRE	ELITE
MSTAR OBSR FUND RATING	BRONZE
YIELD	0.67%
UNIT TYPE	ACC or INC

SCHRODER ASIAN ALPHA PLUS

This Asian fund is actively managed from the bottom up, with manager Matthew Dobbs often looking for catalysts in order to provide upside in the stocks he owns. Matthew is focused on valuations but also looks for companies that can exhibit organic growth. This concentrated portfolio will typically consist of 60-80 of the best ideas in the region and a "one in one out" policy is followed. The fund is relatively unconstrained, but risk-aware, and can invest across the market-cap spectrum.

CHELSEA RISK RATING	● 8
ANNUAL MANAGEMENT CHARGE	0.75% [#]
ONGOING CHARGES FIGURE (OCF)	0.94% [†]
FUNDALIBRE	ELITE
MSTAR OBSR FUND RATING	SILVER
YIELD	0.17%
UNIT TYPE	ACC or INC

MISCELLANEOUS

ARTEMIS STRATEGIC ASSETS

Managers William Littlewood and Giles Parkinson assess the macroeconomic environment to help make their investment decisions. They aim to achieve long-term growth by investing in a range of assets, including UK equity, international equity, fixed interest, currency, commodities and cash. The fund aims to outperform equities when markets are favourable, and preserve capital when markets are poor. They often take advantage of shorting individual securities or currencies that they believe are overpriced.

CHELSEA RISK RATING	● 6
ANNUAL MANAGEMENT CHARGE	0.75% [#]
ONGOING CHARGES FIGURE (OCF)	0.84% [†]
FUNDALIBRE	ELITE
MSTAR OBSR FUND RATING	-
YIELD	-
UNIT TYPE	ACC

HENDERSON UK PROPERTY TRUST

The managers' primary concern of maintaining an attractive yield sets this fund apart from many of its peers. To sustain the yield Ainslie McLennan and Marcus Langlands Pearse focus on tenant strength and lease length. Strong tenants are those whose long-term prospects are good and are likely to be resilient during all stages of the business cycle. This has meant the fund has a south east focus and is underweight the retail sector. The average lease length is over 10 years, with 25% of the leases currently RPI linked. Put into practice, this strategy has seen the fund have one of the highest occupancy rates in the sector.

CHELSEA RISK RATING	● 3.5
ANNUAL MANAGEMENT CHARGE	0.75% [#]
ONGOING CHARGES FIGURE (OCF)	0.85% [†]
FUNDALIBRE	ELITE
MSTAR OBSR FUND RATING	-
YIELD	3.50%
UNIT TYPE	ACC or INC

GLOBAL

FUNDSMITH EQUITY NEW TO CORE

Manager Terry Smith is one of the most outspoken and high profile personalities in the city. Terry founded Fundsmith in 2010 and has consistently proven himself over a long and glittering career. The fund invests in high quality well-established mega-cap companies. Terry buys businesses which have high returns on equity and are resilient to technological change. The fund typically has a big overweight to consumer staples and it will often avoid some sectors entirely. Valuation discipline is a key part of the process. The concentrated portfolio will typically hold just 20 to 30 stocks.

CHELSEA RISK RATING	● 6.5
ANNUAL MANAGEMENT CHARGE	0.90% [#]
ONGOING CHARGES FIGURE (OCF)	0.99% [†]
FUNDALIBRE	ELITE
MSTAR OBSR FUND RATING	BRONZE
YIELD	0.49%
UNIT TYPE	ACC OR INC

N.B. Chelsea Risk Ratings are based on qualitative and quantitative research, not asset allocation. Please see page 14 for more information.

For performance statistics please refer to pages 24-25.

All data sourced from FE Analytics, 01/01/2015.

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Chelsea Core Selection[®] CONTINUED

GLOBAL (CONTINUED)

JOHCM GLOBAL SELECT NEW TO CORE

Christopher Lees and Nudgem Richyal run this unconstrained fund of around 50 equally-weighted stocks. The global team generate ideas from the 500 stocks held by the JO Hambro regional teams. They screen for companies with positive earnings momentum and improving returns on capital. The team perform country analysis, sector analysis and stock analysis. They then identify which of these factors has the biggest impact on the stock over time and build their portfolio accordingly. All stocks in the portfolio are high conviction ideas, but positions are equally-weighted to avoid any manager overconfidence. The fund will typically have a slight bias to growth.

CHELSEA RISK RATING	● 7
ANNUAL MANAGEMENT CHARGE	0.75% [#]
ONGOING CHARGES FIGURE (OCF)	0.82% [†]
FUNDALIBRE	ELITE
MSTAR OBSR FUND RATING	-
YIELD	-
UNIT TYPE	ACC

RATHBONE GLOBAL OPPORTUNITIES

James Thomson is able to invest anywhere globally. Typically, however, the portfolio will consist of 50-60 stocks from developed world markets. James looks for pure-play growth stocks. Ideally portfolio companies will be easy to understand, have entrepreneurial management, strong demand for their product and be resilient to changes in the business cycle. Lastly he looks for a catalyst for the share price to push forward. This approach can lead to periods of volatility in unsettled markets. The fund does not invest directly into emerging market stocks and its largest regional weighting is currently in North America, with over 65% invested in the region.

CHELSEA RISK RATING	● 6.5
ANNUAL MANAGEMENT CHARGE	0.65% [#]
ONGOING CHARGES FIGURE (OCF)	0.70% [†]
FUNDALIBRE	ELITE
MSTAR OBSR FUND RATING	SILVER
YIELD	-
UNIT TYPE	ACC

FIXED INTEREST

GLG STRATEGIC BOND

Jon Mawby manages this fund with both an absolute and total return mindset. This means he aims to provide an absolute return over the credit cycle, and has the flexibility to move the fund into the areas of the credit spectrum where he sees most value. He is also able to express his views on the direction of interest rates, which means the fund can differ significantly from its benchmark. Risk management is at the heart of the process, with Jon hedging known risks with derivatives and using the fund's cash weighting to protect against risks that can't be hedged using conventional methods. Income is paid in March, June, September and December.

CHELSEA RISK RATING	● 2
ANNUAL MANAGEMENT CHARGE	0.6% [#]
ONGOING CHARGES FIGURE (OCF)	0.81% [†]
FUNDALIBRE	-
MSTAR OBSR FUND RATING	BRONZE
YIELD	3.39%
UNIT TYPE	ACC or INC

HENDERSON STRATEGIC BOND

With up to 70% of the fund in high yield bonds, this is one of the more aggressively managed strategic bond funds. The managers can invest across the fixed income spectrum, but can also invest in synthetic fixed income securities (i.e. preference shares) and equities. In addition, the managers have the freedom to vary the source of their returns between income or capital growth. This means the fund can take short positions to enhance returns or protect capital. They are encouraged by the recent progress the American and European economies have made, but remain cautious regarding sovereign bonds. Income is paid in March, June, September and December.

CHELSEA RISK RATING	● 3
ANNUAL MANAGEMENT CHARGE	0.60% [#]
ONGOING CHARGES FIGURE (OCF)	0.70% [†]
FUNDALIBRE	-
MSTAR OBSR FUND RATING	SILVER
YIELD	5.20%
UNIT TYPE	ACC or INC

INVESCO PERPETUAL MONTHLY INCOME PLUS

This strategic bond fund gives the managers considerable freedom to invest across the credit spectrum, but their emphasis on providing a high income and security of capital mean the fund will often have a bias towards higher quality high-yield bonds, although security selection is driven by bottom-up analysis. The fund can invest up to 20% of its assets in equities. The equity portion is managed by Ciaran Mallon, who also manages Invesco's Income and Growth fund. Invesco are well known for the strength of their fixed-income resource and this is their flagship offering. Income is paid monthly.

CHELSEA RISK RATING	● 3.5
ANNUAL MANAGEMENT CHARGE	0.67% [#]
ONGOING CHARGES FIGURE (OCF)	0.67% [†]
FUNDALIBRE	ELITE
MSTAR OBSR FUND RATING	SILVER
YIELD	4.65%
UNIT TYPE	ACC or INC

JUPITER STRATEGIC BOND

The manager, Ariel Bezalel, seeks out the best opportunities within the fixed interest universe globally. He identifies debt issues he feels are mispriced using bottom-up fundamental analysis. Companies with robust business models and recurring revenue streams are preferred. Derivatives can be used to manage risk and also to profit from falling bond prices. Income is paid in April, July, October and January.

CHELSEA RISK RATING	● 2
ANNUAL MANAGEMENT CHARGE	0.50% [#]
ONGOING CHARGES FIGURE (OCF)	0.74% [†]
FUNDALIBRE	ELITE
MSTAR OBSR FUND RATING	-
YIELD	4.30%
UNIT TYPE	ACC or INC

KAMES INVESTMENT GRADE BOND

Co-managers Stephen Snowden and Euan McNeil target total return by investing mainly in global investment grade corporate bonds (at least 80%), however gilts, high yield bonds and cash are also held. A strong team ethic, together with their significant fixed income resource, influences both top-down strategy and bottom-up stock-picking and the resulting portfolio typically has around 140 stocks. The fund pays out in April, July, October and January.

CHELSEA RISK RATING	● 1.5
ANNUAL MANAGEMENT CHARGE	0.75% [#]
ONGOING CHARGES FIGURE (OCF)	0.80% [†]
FUNDALIBRE	-
MSTAR OBSR FUND RATING	SILVER
YIELD	3.22%
UNIT TYPE	ACC or INC

N.B. Chelsea Risk Ratings are based on qualitative and quantitative research, not asset allocation. Please see page 14 for more information.

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All data sourced from FE Analytics, 01/01/2015.

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Chelsea Core Selection[®] CONTINUED

FIXED INTEREST (CONTINUED)

M&G OPTIMAL INCOME

Richard Woolnough identifies macroeconomic themes in order to determine the amount of credit and interest rate risk he is prepared to take. Consequently, a shift in economic sentiment can see the balance between sovereign, investment grade and high-yield bonds shift dramatically. He may also hold some equities and has recently increased his equity weighting to 11.5%. Fundamental analysis is used to identify specific issues, with cashflow, ability to service debt and susceptibility to event risk deemed to be key factors. Income is paid in June and December.

CHELSEA RISK RATING	●■■■■ 3
ANNUAL MANAGEMENT CHARGE	0.75% [#]
ONGOING CHARGES FIGURE (OCF)	0.91% [†]
FUND CALIBRE	ELITE
MSTAR OBSR FUND RATING	SILVER
YIELD	2.37%
UNIT TYPE	ACC or INC

TARGETED ABSOLUTE RETURN

BNY MELLON ABSOLUTE RETURN EQUITY

This fund aims to substantially outperform cash through positions in long/short UK and European equity holdings over a market cycle. A top-down macroeconomic approach is used to identify investment opportunities, combined with bottom-up analysis which focuses on cash flow return on investment. Once a stock has been picked, it is paired with one or more other positions which will hedge the broad market exposures in the long position and isolate the particular performance driver identified by the team's research. Strong emphasis is placed on portfolio risk and capital preservation, supported by disciplined stop-loss and profit-taking policies. The fund manager has broad but disciplined investment parameters and will typically hold between 50-60 positions.

CHELSEA RISK RATING	●■■■■ 4
ANNUAL MANAGEMENT CHARGE	0.85% [#]
ONGOING CHARGES FIGURE (OCF)	0.96% [†]
FUND CALIBRE	ELITE
MSTAR OBSR FUND RATING	BRONZE
YIELD	-
UNIT TYPE	ACC

HENDERSON UK ABSOLUTE RETURN

This is a stock-picking fund that aims to deliver 10% p.a. in all market conditions. The managers look to identify stocks that will either exceed or fall short of analysts' expectations and construct a portfolio of both long and short positions. There are limits on the overall market exposure, which serve to reduce the volatility of the fund. Two thirds of the portfolio will be in shorter-term tactical ideas, where the managers believe an earnings surprise could be imminent. The remainder will be in core holdings, where the managers think there are long-term drivers in place that will either increase or decrease the share price over time.

CHELSEA RISK RATING	●■■■■ 5
ANNUAL MANAGEMENT CHARGE	1.00% [#]
ONGOING CHARGES FIGURE (OCF)	1.00% [†]
FUND CALIBRE	ELITE
MSTAR OBSR FUND RATING	BRONZE
YIELD	-
UNIT TYPE	ACC

OLD MUTUAL GLOBAL EQUITY ABSOLUTE RETURN NEW TO CORE

The fund is designed to offer a return of cash +6% on a rolling three-year basis, in all market conditions. The fund invests only in equities but is equity-market neutral, which means the fund's long positions will offset the short positions at all times. The process itself is essentially a sophisticated quantitative screen that scans the world's most liquid 3,500 companies for shares that exhibit certain characteristics. Suitable stocks are grouped into one of five buckets. As one bucket starts to outperform the managers will tilt the portfolio towards that bucket. What sets this fund apart from other equity long/short funds is the very deliberate and methodical way that the managers have designed the process to minimise style risk.

CHELSEA RISK RATING	●■■■■ 5
ANNUAL MANAGEMENT CHARGE	0.75% [#]
ONGOING CHARGES FIGURE (OCF)	0.98% [†]
FUND CALIBRE	ELITE
MSTAR OBSR FUND RATING	-
YIELD	-
UNIT TYPE	ACC

STANDARD LIFE GLOBAL ABSOLUTE RETURN STRATEGIES

This multi-asset, multi-strategy fund invests in a wide remit of global asset classes in order to produce consistent positive returns during all market conditions. The fund targets LIBOR + 5% by investing about 70% of the fund in Standard Life equity and bond funds. The remainder is invested using "relative value strategies" in equities, fixed income securities, currencies and cash positions. Also, the fund can take market directional views and look to profit from declining asset values. The fund usually has equity exposure of no more than 40%. There is no performance fee on this fund. To help control risk, at any one time the fund must employ at least three uncorrelated strategies.

CHELSEA RISK RATING	●■■■■ 5
ANNUAL MANAGEMENT CHARGE	0.75% [#]
ONGOING CHARGES FIGURE (OCF)	0.89% [†]
FUND CALIBRE	-
MSTAR OBSR FUND RATING	-
YIELD	0.76%
UNIT TYPE	ACC

All Core Selection funds are available at 0% initial charge within an ISA and outside an ISA on FundStore.

For performance statistics please refer to pages 24-25.

All data sourced from FE Analytics, 01/01/2015.

C Throughout Viewpoint, whenever we mention a fund that's in the Chelsea Core Selection, we'll mark it with this icon.

Least risky
THE CHELSEA RISK RATING
Most risky

1 ●■■■■■■■

This is our proprietary rating to aid you in your fund choice. Our research team assesses the overall risk of a fund by analysing a number of factors including: the level of risk involved in the region/sector in which the fund invests; the size of the companies within the fund; the number of stocks held; the risk controls imposed by the manager; the use of derivatives and currency issues.

We then assign a Chelsea Risk Rating to the fund, with 1 as the lowest risk and 10 the highest. See page 14 for further details.

■■■■■■● 10

N.B. Chelsea Risk Ratings are based on qualitative and quantitative research, not asset allocation. Please see page 14 for more information.

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Core Selection Spotlight

AN IN-DEPTH LOOK AT TWO FUNDS FROM OUR CORE SELECTION. WE INVITE FUND MANAGERS TO TALK ABOUT THEIR PROCESS AND THEIR ASSET CLASS, GIVING YOU A MORE COMPREHENSIVE VIEW OF HOW YOUR MONEY IS MANAGED.

Spotlight on **Jupiter European** ✉ Elite Rated by FundCalibre



ALEXANDER DARWALL
Fund manager,
Jupiter European

I joined Jupiter in its boutique days back in 1995 and became manager of the Jupiter European fund in January 2001. During my tenure, the fund has grown from just over £1bn to just over £2.5bn today. Over this period the fund has returned 217% compared with 76% for the FTSE World Europe Ex UK Index benchmark.*

I am primarily a stock-picker who looks for a very specific type of company. I am out to invest, not speculate. As such, I avoid herd behaviour and remain disciplined in my

approach: I focus on understanding companies and believe the characteristics of a company should always come first. If I have an advantage then it lies in an ability to understand the fundamentals of a business better than the average analyst and if I cannot understand something then I will not invest in it.

Rather than rely on market sentiment towards companies, I form my own view

I am attracted to a very specific type of company. It will typically have a unique product or service which gives it strong growth prospects, not only in its local markets but worldwide. In my view, success on the global stage should mean a company is less likely to be affected by domestic issues when they arise. Such companies typically share a number of characteristics: the underlying business model is strong; they are not captive to the whims of governments or regulators, their business models travel well, they have an abundance of intellectual property that I think makes them a unique proposition in the market and they do not carry too much debt.

My research work is done at a micro level through direct company contact. My team and I meet over 130 companies annually and, rather than relying on market sentiment towards companies, I form my own view.

The Jupiter European fund is different from many European funds as it is not managed to provide broad exposure to European companies, but is instead a collection of what I believe are the world's best firms that happen to be based in Europe. By focusing in depth on the fundamentals of a business and the importance of the consumer, rather than wider global macroeconomic themes, we hope to identify genuine growth opportunities and patterns of corporate success across sectors. Our aim is to identify strong successful companies with a view to holding them for the long term, so long as the business model is not broken.

EUROPEAN TURMOIL

Mario Draghi made headlines in August by suggesting that the Stability and Growth Pact, i.e. eurozone fiscal policy, needed to be reconsidered (i.e. softened). In particular, the governments of France and Italy have not used the time bought by European Central Bank president Mario Draghi's cheap monetary policy to address deeply entrenched structural problems. They have not managed to free up labour markets and cut excessive regulation, which was essential to generating economic growth and combating debt problems. This is no surprise to me. Over the past 28 years in which I have been investing, there has rarely been a time when Europe has not been experiencing some form of turmoil. The paradox of this is that, despite the ongoing EU political project, I consider the corporate sector has been an area of real excellence.



Source: Financial Express. 31 December 2014.

Although Europe has yet to secure a self-sustaining resolution to its sovereign debt crisis, it seems to be showing encouraging signs of resilience. Compared with 10-15 years ago, the applications of digital technology have generally made it a lot easier for medium-sized companies to operate globally where once only giant corporations with offices in every country were viable. Globalisation and digital technology have made it easier to benefit from structural trends and take advantage of fast-growing new markets. Some of those companies which have successfully applied new technology have enjoyed good productive gains.

The companies in which I am interested continue to be optimistic about the outlook for their own individual businesses and have been reporting good results. The Jupiter European fund's holdings tend to be dominant operators in niche areas. They seek to take advantage of the numerous growth opportunities available across a range of economies, regardless of general economic conditions. We aim to identify well-managed companies with "winning franchises" that should benefit from structural trends and their ability to enter new markets. We remain confident in our ability to locate an attractive selection of potential long-term winners. ■

THE CHELSEA VIEW:

"This fund has a very solid patient investment process which has proven itself over a very long period. The fund is a concentrated portfolio of some of the highest quality European companies. Alexander is a pragmatic investor who looks at the markets opinion and then tries to find where he can gain a superior insight. Volatility has typically been lower than most sector peers and the fund had another year of exceptional outperformance last year. This is undoubtedly a core European holding."

*Source: FE, bid to bid net income reinvested
31/01/2001 - 31/12/2014



Spotlight on **Woodford Equity Income** Elite Rated by FundCalibre



NEIL WOODFORD
Fund manager,
Woodford Equity Income

We were able to start with a clean slate when we launched Woodford Investment Management last summer. We have been able to create a culture and an environment that allows my investment team and I to focus on investing – and to build a business committed to our clients’ long-term interests.

But while the environment and culture are different, my investment approach hasn’t changed. The Woodford Equity Income fund adopts the same philosophy and long-term

approach that has underpinned my 30-year plus career, latterly at Invesco Perpetual. I focus on valuation and identifying companies that can deliver sustainable dividend growth, and those that I believe will be dividend payers of the future.

STRATEGY

I invest in a company only when I am convinced of the compelling long-term opportunity but I also have to consider how the global economy influences the stocks I own. There have been times in my investment career when I’ve had a sanguine view of the global economic outlook and have positioned my portfolios accordingly. That is not my view today. I don’t believe the world is going to grind to an economic halt, I just think that there are some major structural challenges which are not being addressed by policymakers.

My strategy is to build a portfolio of companies that I believe can survive and prosper in this troubling world that I foresee. The long-term global economic outlook is absolutely relevant to this because it frames my expectations about what to expect from all companies. I will invest in those that I believe will survive and prosper, and I will avoid those that I think will not. As a strategy, it really is that simple. I believe I can find enough safe, reliable, attractively-valued companies to build a portfolio which, in aggregate, can deliver an attractive long-term risk-adjusted return.

A look at my portfolios tells you that many of the companies I am most confident about sit in just two sectors – pharmaceuticals and tobacco dominate the portfolio. These businesses are made for the tricky economic conditions we are likely to experience over the next few years.

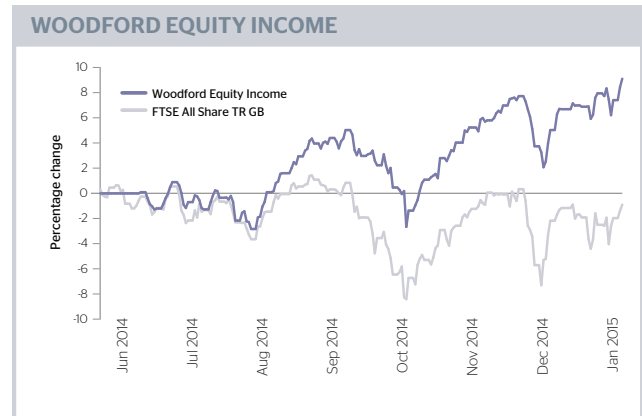
This isn’t so much a call about prospects for 2015, however, because our investment horizons are significantly longer than that. We expect these sectors to perform robustly next year but our conviction in the investment case is much greater on a five to 10 year view.

Tobacco stocks, for example, are prominent in the portfolio principally because the market continues to profoundly undervalue their dependable qualities. The fund has a number of holdings in the sector – British American Tobacco, Imperial Tobacco and Reynolds American.

They all share several common characteristics. The demand for their products is very consistent and predictable; they aren’t capital intensive businesses; they generate lots of cash; they pay sustainable and growing dividends; they don’t have to worry about new entrants; and they have significant pricing power.

CURRENT OUTLOOK

Over the past five years, equities across the developed world have



Source: Morningstar.

enjoyed a bull run. This has been a direct result of the unprecedented monetary policy that has been in place since the financial crisis. Quantitative Easing (QE) was explicitly designed to raise asset prices and, in that, it has succeeded.

But we have long believed that stock markets would struggle to stand on their own two feet without the crutch of the US Federal Reserve’s QE. The UK stock market may appear well underpinned but we remain cautious about valuations across many parts of the market and anticipate further volatility in the near term.

We also continue to believe that interest rates will stay lower for longer given the economic backdrop. Growth outcomes continue to disappoint, inflation continues to fall, productivity growth has evaporated, investment is inadequately low and real wage growth remains virtually absent from developed economies.

Naturally, low interest rates and low bond yields pose a considerable problem for income-seeking investors but equity dividends remain one of the few remaining sources of attractive income.

Remarkably, some of the most attractive yields in the UK stock market are offered by the shares of companies that will be able to deliver growth in this challenging world. For example, the likes of Centrica and SSE have starting yields of over 6% currently, with GlaxoSmithKline, Legal & General and Royal Mail all yielding over 4%.

The portfolios we manage have significant exposure to these businesses and others like them. It is a function of our long-term confidence in the sustainability and growth of these dividends that drives our confidence in the overall portfolios delivering attractively positive long-term returns. ■

THE CHELSEA VIEW:

“Neil couldn’t have made a better start to life running his eponymous fund, with it placed second in its sector since launch. With equity markets starting to look a little stretched, we are optimistic Neil’s tried and tested defensive investment strategy will continue to perform well in the months ahead. He retains our utmost confidence.”

	Elite Fund ▲	Chelsea Risk Rating	1 YEAR		3 YEAR		5 YEAR		10 YEAR		Yield	Fund Size	
			% Growth	Rank	% Growth	Rank	% Growth	Rank	% Growth	Rank	%	(m)	
NORTH AMERICA													
AXA Framlington American Growth	▲	7	16.65	49	59.73	48	100.05	17	146.34	12	-	6041	
CF Miton US Opportunities		7	14.62	60	-	-	-	-	-	-	-	97.3	
Dodge & Cox US Stock*	NEW ENTRY	6.5	18.08	70 / 175	85.32	6 / 147	-	-	-	-	-	209.8	
JPM US Equity Income	▲	6.5	20.45	20	62.66	35	111.01	4	-	-	1.70	2823.2	
Legg Mason Clearbridge US Aggressive Growth*	NEW ENTRY	▲	7	21.9	18 / 175	-	-	-	-	-	-	2685.4	
Legg Mason US Equity Income		6.5	18.75	30	54.44	55	-	-	-	-	1.50	651	
SECTOR AVERAGE AND NUMBER IN SECTOR			17.61	72	63.07	67	88.25	62	124.07	46	-	-	
JAPAN													
Baillie Gifford Japanese	▲	10	-0.79	27	49.47	3	66.54	3	78.13	3	-	5971	
GLG Japan CoreAlpha	▲	10	0.40	25	32.56	12	37.15	15	109.47	2	0.22	1308.0	
JOHCM Japan*	▲	10	-0.81	71 / 109	38.45	11 / 98	43.92	15 / 86	72.21	4 / 56	-	679.0	
Legg Mason Japan Equity		10	-1.35	29	75.37	2	167.11	1	15.26	25	-	252.2	
SECTOR AVERAGE AND NUMBER IN SECTOR			0.67	39	31.32	37	38.19	35	42.14	27	-	-	
ASIA PACIFIC EXCLUDING JAPAN													
Aberdeen Asia Pacific Equity	▲	8	8.46	29	22.04	42	36.66	18	211.04	12	0.80	2090.7	
First State Asia Pacific Leaders	▲	7.5	19.07	4	41.56	6	65.02	5	313.92	2	0.11	7771.0	
Invesco Perpetual Asian		7.5	10.52	18	34.37	13	42.10	14	222.23	8	0.71	583.3	
JOHCM Asia ex Japan Small and Mid Cap*		9	21.30	7 / 171	55.76	13 / 146	-	-	-	-	-	181	
Newton Asian Income	▲	7.5	10.35	19	32.33	19	72.11	4	-	-	4.41	4784.7	
Schroder Asian Alpha Plus	▲	8	10.81	17	32.74	18	57.28	8	-	-	0.17	555.9	
Schroder Asian Income	▲	7.5	11.84	11	39.46	7	63.11	6	214.35	11	3.84	553.8	
SECTOR AVERAGE AND NUMBER IN SECTOR			9.74	51	29.11	48	33.42	43	190.75	32	-	-	
GLOBAL EMERGING MARKETS**													
Aberdeen Latin American Equity	▲	10	-11.50	99 / 117	-14.07	78 / 99	-	-	-	-	1.10	138.2	
Fidelity Emerging Europe Middle East and Africa		10	-2.81	88 / 117	20.89	43 / 99	27.86	35 / 83	-	-	-	136.7	
Invesco Perpetual Hong Kong & China	▲	10	5.36	9 / 11	56.58	2 / 11	40.85	3 / 9	262.43	2 / 5	0.64	339.7	
JPM Emerging Markets Income		9.5	5.49	10 / 44	-	-	-	-	-	-	3.86	239.0	
JPM New Europe		10	-29.80	114 / 117	-15.72	80 / 99	-25.16	69 / 83	70.87	19 / 35	2.62	871	
Jupiter India	NEW ENTRY	10	52.65	1 / 135	60.71	11 / 110	32.81	34 / 90	-	-	-	321.7	
Lazard Emerging Markets	▲	10	0.75	34 / 44	13.32	12 / 39	18.01	5 / 30	194.21	3 / 18	1.90	706.9	
M&G Global Emerging Markets	▲	10	-3.50	40 / 44	9.73	20 / 39	10.71	11 / 30	-	-	0.67	1664.5	
Neptune Russia & Greater Russia		10	-46.56	116 / 117	-40.95	90 / 99	-43.17	75 / 83	69.30	20 / 35	2.88	167.8	
Schroder Small Cap Discovery	NEW ENTRY	10	16.90	8 / 117	-	-	-	-	-	-	0.63	92.9	
GLOBAL EQUITIES													
Fundsmith Equity	▲	6	22.71	3	71.32	5	-	-	-	-	0.49	3000.0	
JOHCM Global Select*	▲	7	13.79	40 / 429	66.38	17 / 337	95.66	5 / 275	-	-	-	1700.0	
Rathbone Global Opportunities	▲	6.5	8.74	64	50.16	47	81.21	10	194.03	5	-	505.7	
SECTOR AVERAGE AND NUMBER IN SECTOR			6.99	193	42.34	175	48.94	150	101.42	99	-	-	
GLOBAL EQUITY INCOME													
Artemis Global Income	▲	6.5	12.08	3	70.68	1	-	-	-	-	3.35	1662.7	
Legg Mason Global Equity Income	▲	6	1.74	26	41.76	11	57.57	8	-	-	3.20	34.8	
M&G Global Dividend***	▲	6	2.34	171 / 193	40.20	115 / 175	64.07	27 / 150	-	-	3.11	9149.1	
Newton Global Higher Income †	▲	6	8.77	11	37.75	14	60.05	5	-	-	3.36	4392.2	
SECTOR AVERAGE AND NUMBER IN SECTOR			6.92	29	42.73	20	58.55	16	112.50	-	-	-	
MISCELLANEOUS**													
Artemis Strategic Assets	▲	6	-1.71	142 / 144	23.97	95 / 119	33.62	70 / 96	-	-	-	918.0	
AXA Framlington Global Technology	▲	10	20.64	2 / 7	51.97	5 / 7	89.39	3 / 7	203.68	2 / 6	-	234.0	
BlackRock Gold & General	▲	10	2.19	64 / 117	-52.91	93 / 99	-45.48	78 / 83	56.83	22 / 35	-	923.9	
F&C Real Estate Securities*	NEW ENTRY	▲	7	21.94	1 / 27	80.16	1 / 26	-	-	-	-	63.5	
Guinness Global Energy*	NEW ENTRY	10	-14.02	87 / 121	3.37	30 / 108	6.95	22 / 85	-	-	-	15.46	
Henderson Cautious Managed	▲	3.5	3.63	151 / 202	31.75	23 / 174	43.06	18 / 137	81.96	13 / 46	3.00	2060.0	
Henderson UK Property	▲	3.5	11.51	24 / 40	25.44	21 / 35	36.34	20 / 31	19.38	7 / 8	3.50	2643.7	
JPM Natural Resources		10	-16.55	103 / 117	-41.71	92 / 99	-39.61	74 / 83	53.30	24 / 35	0.04	760.3	
Jupiter Financial Opportunities		8	2.93	59 / 117	52.52	13 / 99	12.60	48 / 83	113.45	12 / 35	0.50	462.3	
Polar Capital Healthcare Opportunities	▲	8	33.99	11 / 30	143.35	7 / 28	181.73	8 / 26	-	-	-	390.0	
Premier Pan European Property	NEW ENTRY	▲	7.5	23.22	5 / 51	88.68	1 / 46	82.65	3 / 42	75.99	2 / 17	2.66	205.0
Schroder Global Property Securities		7	18.45	10 / 40	42.09	14 / 35	57.92	11 / 31	-	-	0.28	647.2	
Standard Life Investments Emerging Market Debt	▲	4	12.34	1 / 10	-	-	-	-	-	-	3.15	159.9	

▲ = Funds that are Elite Rated by FundCalibre - see fundcalibre.com for further details.

● = Funds featured in The Chelsea Core Selection - see pages 16-21.

* These funds are domiciled offshore and therefore sit within a different sector. Please note different regulations may apply to funds with offshore status. Investors are not normally entitled to compensation through the UK Financial Services Compensation Scheme for offshore funds.

** Multiple sector amalgamation, hence the sector positions shown are within various different underlying sectors.

*** This fund falls within a different sector, hence the sector positions shown vary.

† On 1st April 2015 the name of this fund will change to Newton Global Income

Whilst every effort has been made to ensure the accuracy of this information, Chelsea Financial Services take no responsibility for any errors, omissions or inaccuracies contained therein. The funds within the Chelsea Selection are based on our proprietary research, which is both qualitative and quantitative. Please note this is not investment advice nor does it imply that you should invest in any of these funds. Please read the Important Notice on page 2. Past performance is not a guide to future returns. Correct at time of print, 01/01/15, but subject to change. Source: FE Analytics, total return, UK Retail UT & OEICs universe, 01/01/2015. FundCalibre is an appointed representative under Chelsea Financial Services.

The RedZone names and shames the worst-performing funds over three years. The DropZone brings funds to your attention which have underperformed their sector averages by the largest amount over the period.

Don't forget, Chelsea clients can switch out of these underperforming funds for free. See page 41 for details.



The RedZone

A lot has happened in the world of investments since the last Viewpoint. The oil price has dropped dramatically to a six-year low. This has brought joy to drivers in the UK, but caused havoc in Russia, where a plummeting rouble and inflation nearing 13% have led to interest rates reaching a huge 15% after two emergency rises. In Europe, where deflation and a strangely strong currency are more of an issue, Super Mario has finally started QE 'proper', but has yet to deal with any of the fallout (if there is to be any) of the Greeks voting against austerity.

Closer to home, in the run up to the general election, the government has been looking to woo voters and has continued to be kind to savers for a change, albeit in a slightly morbid way: we can now pass on our ISA wrapper and certain annuities to our spouses when we die, and pension death tax is to be abolished. Add these points to the pension freedom changes in the last Budget and savings wrappers are looking rather attractive.

So it's a shame that, as I sit down to write this piece, having finally filed my tax return online - and thankfully, as I'd left it to the last minute, avoided the necessity to fill in many sections simply because ISAs and VCT dividends are exempt - I see that some of the underlying investments we have in these wrappers are letting us down so badly.

The good news is that the total amount of money held in underperforming funds has fallen quite substantially since the last RedZone - down from £46bn to £34bn. However, there are still 156 perennially underperforming funds on the list.

THE USUAL CULPRITS

While the savings landscape has been very dynamic in recent months, the same cannot be said of the RedZone culprits.

Not a lot has changed since September. Aberdeen is still top of the list in terms of number of funds. They have three more now, taking their total to 10 and double figures. These funds are all Aberdeen's own - we've not taken into account the 40 odd that they have taken on, with the recent acquisition of Scottish Widows Investment Partnership (SWIP). I have a soft spot for the people at Aberdeen, but it is a worrying sign and I wonder if they have taken on more than they can chew - to the detriment of their investors. I hope I'm wrong. They are followed by HSBC, Jupiter and Santander with five funds apiece.



“Some of the underlying investments we have in our ISA wrappers are letting us down badly.”

SAM SLATOR
Head of Communications, Chelsea

IMPORTANT NOTICE

Past performance is not a reliable indicator of future returns. **Please note that the RedZone and DropZone does not constitute investment advice.** If you are in any doubt as to the suitability of any investment you should seek professional advice. An appearance of any fund on these lists is not an indication they should be sold or switched.

In terms of sectors, UK All Companies is once again home to the largest number of underperforming funds - 34 in fact. It is followed by Global (14) and Mixed Assets 20-60% Shares (12). However, the amount of money languishing in badly-performing UK equity funds has almost halved since the last RedZone, helped in no small part by the fact that the £8bn BlackRock UK Equity Tracker is no longer making an appearance.

TIME FOR REVIEW

The DropZone has a familiar feel to it as well, with no change amongst the top three. SF Webb Capital Smaller Companies Growth remains in first place, but on a positive note, has continued its (very) slow progress in turning things around. The bottom half of the table has a couple of new names, two of which begin with Aberdeen.

So, as the end of the tax year approaches and we try to use up as much of our savings allowances as we can afford, I feel it prudent to suggest that we not only think about these new investments, but take the time to review our previous ones too. I'd much rather be worrying about how to use my capital gains allowance, than offsetting some tax by submitting capital losses on my return next year.

Global markets are likely to have more ups and downs in 2015 and picking an outright investment winner will be nigh-on impossible, as you will gather from Darius' outlook on page 4. However, there are plenty of ideas for everyone within these pages. From Japan and India for those willing to take on some extra risk, to absolute return for those wanting a less exciting time of it.

For those who still can't make up their minds, why not visit FundCalibre.com? It's designed specifically to help you identify funds that should do well, rather than disappoint, and there's a new report showing which fund management companies have produced the best results for equity investors. It's worth taking a look! ■

DropZone[®]

THE WORST OF THE WORST FROM THE RedZone.

	% underperformance from sector average*
1 SF Webb Capital Small Cos Growth	106.25
2 CF Lacomp World	42.23
3 FP HEXAM Global Em Mkts	39.76
4 Elite Charteris Premium Income	38.37
5 M&G Recovery	33.28
6 TM Progressive UK Sm Cos	30.98
7 Aberdeen World Equity Income	30.50
8 Aberdeen European Sm Cos Equity	26.32
9 Old Mutual Global Equity Income	25.80
10 Neptune European Opportunities	25.44

*Based on three-year cumulative performance
All data sourced from FE Analytics.

A fresh approach to income investing...

Under the stewardship of Euan Munro, their new CEO and formerly the architect of Standard Life Investments' hugely successful Global Absolute Return Strategies, Aviva Investors have launched a multi-strategy income fund, which is designed to provide an attractive monthly yield while seeking to maintain the value of capital over time.

Peter Fitzgerald, head of multi-asset at Aviva Investors, answers our questions on the new **Aviva Investors Multi-Strategy (AIMS) Target Income** fund.



PETER FITZGERALD
Head of Multi-asset,
Aviva Investors

WHY DID YOU LAUNCH THE AIMS TARGET INCOME FUND?

Increasingly investors want funds whose outcomes offer solutions to their financial needs, rather than merely outperforming a benchmark or peer group. Foremost among these needs are growing their capital to provide for retirement, earning regular income to help meet outgoings, and protecting the value of their money against the effects of inflation.

HOW MUCH INCOME IS PAID EACH MONTH?

The fund aims to pay out approximately one twelfth of the annual income target each month. The annual target is four per cent above the Bank of England base rate, before any corporation tax paid by the fund.

As the amount of income the fund receives fluctuates from month to month, we will sometimes hold back some income and pay it out in following months. In this way, we can reduce the variation in payments that investors might otherwise receive.

Note to investors The impact of corporation tax on the fund's income: Corporation tax (currently 20%) is payable on some of the fund's income. This means that the income you receive may be up to 20% less than the income generated by the fund. So for example, if the fund met its current target annual income of 4% above the Bank of England base rate and delivered 4.5%, this would mean that at worst, the annual income the fund would pay, if all of its income were taxed, would be 3.6%.

HOW DOES MULTI-STRATEGY INVESTING DIFFER FROM MULTI-ASSET APPROACHES?

Multi-strategy funds are more diverse than traditional funds that invest in asset classes such as equities, bonds or property. Traditional funds typically look at historical performance data to decide how to allocate between different securities or asset classes. By contrast, our multi-strategy funds start by identifying key, forward-looking investment themes such as a weaker oil price or strengthening US economy. They then seek to gain exposure to investments that are likely to prove profitable in these circumstances.

More to the point, multi-strategy investing involves a very different method diversifying risk. Simply allocating investments across asset

classes does not offer the same level of diversification as it did before the onset of the credit crisis in 2008. With bond yields so low and asset classes more correlated than in the past, what might look like a well diversified portfolio could in fact be carrying a significant level of risk. By targeting ways of more effectively diversifying risk, our multi-strategy funds aim to deliver consistent outcomes, irrespective of market conditions.

HOW IS RISK DIVERSIFIED?

I believe the most important thing is to integrate risk and portfolio management from the very outset. The AIMS Target Income fund invests in a wide range of strategies and our fund managers are free to invest in a broad range of assets and regions. What strategies they implement and in what size will in part depend on how much each one contributes to the fund's risk - both on historical metrics and our forward-looking assessment. The fund managers assess this, alongside their conviction level regarding the performance outlook for each strategy.

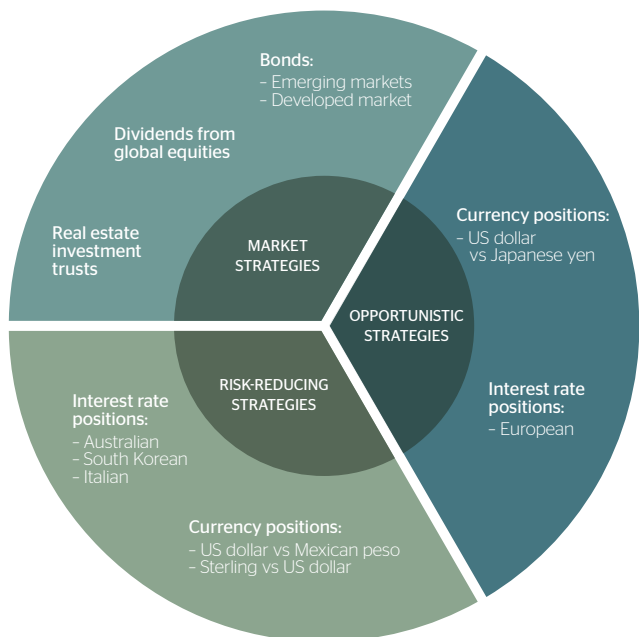
Broadly speaking, there are three diversifying groups of strategies. Each has a different role, and the way they work together helps us in our aim to achieve our performance target while managing risk. Some of them look to capture performance, some to reduce risk when markets behave unexpectedly, while others aim to exploit market anomalies irrespective of general market moves.

By blending strategies from the above three categories, the fund can generate lower overall portfolio risk than the sum of the risks of each individual strategy. This allows it to generate attractive income, while over any three-year period we expect it to have less than half the volatility of global equities. Furthermore, there should be little correlation to traditional asset classes like equities and bonds.

WHAT TYPE OF INVESTMENTS ARE MADE?

The fund implements numerous strategies across a range of asset classes including equities, bonds and currencies. We divide our strategies into three sections: Market strategies, Opportunistic strategies and Risk-reducing strategies. Some of the positions will be held as derivatives and some will be held as direct investments. By using derivative contracts it has the ability to take both 'long' and 'short' positions in these asset classes. It can also try to profit from more esoteric strategies, for example by looking to benefit from changes in the volatility of different equity markets or the level of dividends paid out by companies in a stock market.

SOME EXAMPLES OF WHAT THE FUND MIGHT HOLD



Market strategies in the fund could include gaining exposure to global dividend payments as a source of income. Our risk-reducing strategies seek to generate a positive return when our market strategies are challenged. One of these currently gains exposure to the volatility of the South Korean equity market, which is heavily exposed to economically-sensitive stocks, versus a typically less volatile market, like the US. This strategy should be profitable if markets become more volatile. It may well be that volatility increases as the unprecedented period of experimental monetary policy in the US comes to an end with a rate rise likely in 2015.

One of the fund's opportunistic strategies involves being 'long' the Indian rupee and 'short' the euro. This strategy should be profitable if structural reforms in the Indian economy boost growth more than the market expects or if eurozone monetary policy is easier than the market expects for longer. Indeed, the euro weakened by over 30% against the rupee in the first week of January, after falling by 70% in 2014, as expectations grow that the European Central Bank will start buying government bonds soon. Another example of an opportunistic strategy might be one that involves taking positions in currencies of oil-importing countries versus those of oil exporters based on our view of likely moves in the oil price.



AVIVA INVESTORS MULTI-STRATEGY INCOME (AIMS)

- Targets an annual income 4% above the Bank of England base rate before corporation tax.
- Pays income on a monthly basis.
- Seeks to preserve capital.
- Aims to manage volatility to a target of less than half that of global equities over rolling three-year periods.
- Experienced and well-resourced team.



WHAT IS THE OUTLOOK FOR MARKETS?

Although growth prospects vary from region to region, overall we expect global growth of around 3.5%, supported by strengthening US and UK economies. The US dollar should continue strengthening against most other currencies, not least because we expect more monetary policy easing in Europe and Japan. Downward pressure on inflation means the outlook for bonds is not particularly unfriendly. Finally, 'developed' markets should outperform 'emerging' ones, given that developing economies struggle historically in times of a rising dollar - but this will vary from country to country.

Overall, I believe that the world economy is in reasonable shape, although markets face a testing time as the period of record-low US interest rates draws to a close. After years of investors chasing yield and allocating to ever riskier assets, much money is invested that is not naturally 'risk-taking' money. If interest rates rise, outflows could trigger more liquidity scares and spikes in volatility that will test just how diversified portfolios are. ■

AVIVA INVESTORS MULTI-STRATEGY INCOME

CHELSEA RISK RATING:	■■■■■ 5
ANNUAL MANAGEMENT CHARGE:	1.00%
ONGOING CHARGES FIGURE (OCF):	1.10%

THE CHELSEA VIEW:

“While this fund is a new launch, the team behind it have a proven track record running this type of mandate. The income target is a genuine differentiator from many of its multi-asset peers.”

Japan: Patience is a virtue



SARAH WHITLEY
Co-manager,
Baillie Gifford Japanese

✉ Elite Rated by FundCalibre

Sarah Whitley, co-manager of the Elite Rated **Baillie Gifford Japanese** fund, explains why investors should stick with Japan.

Japan has again attracted the attention of the investment community in recent months, following a series of political and economic developments. Firstly, in October, the Bank of

Japan (BoJ) unleashed a further dose of monetary stimulus. This was justified by an emerging risk that progress towards the 2% inflation target could be compromised by weak domestic demand and a decline in commodity prices. The additional package, which came as a surprise to the market, consisted of an acceleration of government bond purchases to an annual pace of ¥80 trillion, an extension of the duration of those purchases by up to three years and an increase in the amount of real assets purchased, such as ETF and REITs.

On the same day the Government Pension Investment Fund (GPIF) increased its target weighting in both domestic and international equities, funded by a reduction in its exposure to Japanese government bonds, which will presumably be bought by the BoJ. A change in asset allocation for the US\$1.3 trillion GPIF has been in the offing for a while, but the move from a target allocation of 12% to 25%, in the case of domestic equities, is larger than most people expected.

CORPORATE TAX CUT

The other notable item of news flow during the quarter was the government's proposal of a corporate tax cut and stimulus package. Corporate taxes will be lowered by 3.3% over the next two years and a pledge was made to make further reductions in subsequent years. The stimulus package, which will amount to ¥3.5 trillion, is intended to help revitalise local economies, which have not yet benefited from previous initiatives.

The above developments suggest to us that Abenomics is very much alive and kicking, even if it hasn't yet achieved the desired results and has faced a variety of setbacks. The fact that the LDP-led coalition retained its two-thirds majority in the lower house on 14th December demonstrates that the public remain supportive and buys Abe a further two years in power to address some much needed structural reform. We share their support, however, we would point out that patience will be required and the road to recovery for Japan will not be a straight one.

Although the Japanese economy fell back into recession during the third quarter, at the time of writing, there are some tentative signs of a recovery in domestic economic activity. Export volumes have also begun to rise, particularly those sold to South East Asia, a major destination for Japanese goods. This, combined with the boost that will be afforded by lower global energy prices, augurs well for growth in future periods.

BAILLIE GIFFORD JAPANESE

- Sarah Whitley has managed the fund since November 2007 and has over 30 years of industry experience, all at Baillie Gifford.
- Typically 50-60 holdings.
- A fundamental, bottom-up research driven investment approach.
- Focus on companies with strong balance sheets, growing earnings and which are trading at reasonable valuations.

BENEFITS OF A WEAK YEN

More importantly, corporate profits for Topix-listed companies continue to grow strongly and further weakness in the yen during the past few months implies that, in aggregate, management forecasts will likely prove too cautious. We have recently been struck by how much more profitable many Japanese manufacturers have become after a 50% fall in the yen/dollar rate since the end of 2012. Similarly, several of our holdings continue to enjoy translation gains as profits from overseas subsidiaries are repatriated into yen. Taking this into account the market is not highly rated.

We prefer to focus on the attractions of individual stocks, rather than make general observations; however we are currently seeing the greatest number of opportunities for substantial upside, over the long term, among internet-related business models and factory automation businesses. At the current juncture we are particularly enthusiastic on internet and telephone giant Softbank and global leader in servo motors Yaskawa, which seem deeply misunderstood by the market. We are also attracted to the anomalously low valuations commanded by a number of Japanese resource-related businesses which benefit from attractive growth prospects, although recent softening in commodity prices presents a short-term headwind. This includes trading companies, leading producer of low grade nickel Sumitomo Metal Mining and oil exploration and production business Inpex. ■

CHELSEA RISK RATING:	■■■■■■● 10
ANNUAL MANAGEMENT CHARGE:	0.65%
ONGOING CHARGES FIGURE (OCF) - UNHEDGED:	0.68%

THE CHELSEA VIEW:

“The managers of this growth-orientated fund employ an intensive, research-driven investment process, which is ideally suited to the under researched Japanese market. This has seen the fund perform well in recent years.”



Indian equities: The jewel in your investment crown?



AVINASH VAZIRANI
Fund Manager,
Jupiter India

With Indian equities up around 30% in 2014 Avinash Vazirani, manager of the **Jupiter India** fund, a recent addition to the Chelsea Selection, discusses the current environment and whether the market has further to go.

For the first time in 30 years, India is not being run by a coalition government. Instead, the government, which has a non-socialist, pro-market philosophy, has a mandate for reform. The importance of this must not be understated. Previously, India had to cope with a large current account deficit, the changeable sentiment of overseas investors and the strength of the US dollar against the rupee. Its currency was hit hard when talk of the US reducing its massive “quantitative easing” (printing money to buy bonds) began in 2013. But things are changing and markets have responded accordingly. The key question is: given the excitement we have seen in the market in the last year, is there scope for share prices to climb further?

Following the election of Narendra Modi in May 2014, there has been huge optimism in India that his reforms should give an economic boost to the country. The Indian central bank has remained cautious on interest rates, fearing that a loosening in policy might fuel inflation. However, on the 15th January, the central bank fulfilled our expectations by cutting rates by 0.25%. We think government reforms and a more efficient economy could bring inflation down even more and, in our view, it may not be long before rates are cut further, creating more potential for growth and for a potential rise in share prices.

Given a combination of conditions, including low oil and other commodity prices and potentially falling Indian interest rates, along with increasing rates of market participation among local investors, we believe the outlook for the economy looks extremely positive, and that our investee companies are well placed to seek to capitalise on this environment.

INFLATION UNDER CONTROL

Price rises in the services sector, which in our view were a major cause of the widespread inflation in India, have come down in recent months. Both the public and private sectors have worked hard to tackle inefficiency and, as a result, productivity in India has started rising, meaning companies can charge less for their services.

Within its reform agenda, the government has laid particular emphasis on improving the approval process for private and public projects by eliminating bureaucracy. It is also introducing biometric identity cards linked to bank accounts which will enable it to transfer benefits directly to recipients, rather than relying on layers of middlemen and eroding the value of these benefits along the way. Following a recent drive, more than 115 million people have opened bank accounts so far. Put simply, more Indians have more money to spend. His reform has been an unequivocal success with over 99% of households now having a bank account, according to Finance Minister Arun Jaitley*

Prices of agricultural produce have also been falling. In order to protect farming, the government sets minimum prices for core products such as rice, wheat, maize and cotton. However, in the past few years, an excess volume of these crops has been produced, and the government has reduced their minimum prices in real terms. As a result, farmers have begun to shift towards producing more commercially profitable items such as onions and tomatoes, leading to a more efficient use of agricultural resources. In addition, the rapid rise of e-commerce has reduced prices of clothing and electronic products in particular, further lowering inflationary pressures.



JUPITER INDIA

- Multi-cap strategy, providing broad market exposure
- Avinash has almost 20 years of experience in managing Indian equities
- High conviction portfolio, with the manager prepared to deviate away from the benchmark
- Proven investment strategy

Together these factors can provide a disinflationary tailwind for India. In my view, a rebound in commodity prices would not necessarily see a return to the high levels of inflation seen in the past

OUTLOOK

While Indian equities may currently look expensive, given lower inflation, reform measures and improving corporate profitability, the economy may be at a turning point, which I think could lead to robust GDP growth this year and next. There are of course risks to this outcome, e.g. sudden oil price rises or a global slowdown but I firmly believe falling inflation and other positive factors are likely to send official interest rates much lower in the months to come, and that shares have yet to reflect fully the effects this may have. For an active stock picker such as myself, this sort of environment can throw up some exciting opportunities. ■

CHELSEA RISK RATING:	■■■■■● 10
ANNUAL MANAGEMENT CHARGE:	0.75%
ONGOING CHARGES FIGURE (OCF) - UNHEDGED:	1.07%

THE CHELSEA VIEW:

“Avinash brings a wealth of experience to the table and having been brought up in India he understands the nuances of investing in the region.”

* The Hindu Business Line 5/12/2014

Cutting volatility down to size



MARK BOUCHER
Co-manager,
Smith & Williamson
Enterprise

✉ Elite Rated by FundCalibre

Mark Boucher co-manages the Elite Rated **Smith & Williamson Enterprise** fund, which has just earned a place on the Chelsea Selection. Here he talks to us about the benefits of absolute return funds and how they work.

Since the end of the financial crisis, stock markets have shown very strong returns. This, along with the very low yields on government bonds, means that investors are on the hunt for alternative investments where returns are not dependant on further gains in equity or bond markets.

Many are now turning to absolute return funds. These are funds that aim to provide investors with positive returns irrespective of what stock and bond markets do. Unfortunately, some of the strategies pursued by these vehicles can be very complex and not always easy to understand. One of the most simple strategies to get to grips with is Long/Short Equity where the managers sell 'go short of' stocks they expect are going to fall in value and buy 'go long of' stocks they expect to rise in value. If the managers are right then they make money in both. This and the low 'net exposure' to the equity market, measured by taking the value of the short positions from the value of the long positions, means correlation to equity markets can be kept low.

Whilst this strategy can remove a lot of the market risk from an investment, you can increase your exposure to manager risk i.e. is the manager getting their long and short stock picks right? So selecting the right manager, with the right track record, becomes even more important.

2014

Running a long/short strategy gives us twice the number of tools to make a return versus long only and we were able to generate equal levels of positive returns on both sides of our portfolio. During 2014, as ever when running a diversified and balanced portfolio, performance was widely spread across sectors, but the consumer service and industrial sectors were two notable highlights.

We were early into the theme of an improving UK consumer, holding a net long position throughout the year, and included strong performers, such as Dixons Retail (now Dixons Carphone), International Consolidated Airlines and Taylor Wimpey. Despite our positive view on the UK consumer, we were also short all three of the listed supermarkets, which provided a significant contribution as they battled against the discounters Aldi & Lidl.

The industrials sector in the UK is very diverse and we were able to find multiple opportunities, both long and short. Ashtead was purchased back in early 2013 and had another excellent year, seeing a constant stream of upgrades by investment analysts. We also invested in the AA at float which has had a good start to life as a public company. Against these longs, we were short a support service company exposed to government spending that had a couple of major profit warnings, along with a number of engineering stocks that suffered downgrades throughout the year.

Half the job as a fund manager is avoiding the disasters and only four positions cost the fund over 25 basis points each which is credit to our proven stop loss discipline, the aim of which is to limit any loss in individual positions.



SMITH & WILLIAMSON ENTERPRISE

- Managed by a team of three
- Takes both long and short positions in UK stocks (largely FTSE 350)
- Targets 8-10% annualised returns, with half the volatility of the FTSE All Share
- Returned 9.5% with a volatility of 4.4% in 2014

OUTLOOK

We try to make money regardless of stock-market conditions. This, however, does not mean we don't need to have a roadmap as to what the future holds for the market.

The un-forecastable fall in the oil price has given us further confidence in maintaining our view, held throughout last year, that investments exposed to the UK consumer would outperform. Our favoured way of playing this theme has been through the travel and leisure sector, in particular EasyJet, International Consolidated Airlines and Tui Travel, all of which have the added benefit of a falling oil price.

There are always 'walls of worries' to climb with two known potential bear (negative) points. The first is the uncertainty caused by the most difficult UK general election to forecast for a very long time, let alone the potential impact.

Then of course there is the overhang of the first interest rate rise. Falling inflation of course pushes the timing of any rise further out. The important thing, however, will be the cautious rate of increase and the low level at which rates will then peak, both of which will be benign for the UK consumer. ■

Source: Smith & Williamson as at 31 December 2014

CHELSEA RISK RATING:	■■■■●■■ 6
ANNUAL MANAGEMENT CHARGE:	0.90%*
ONGOING CHARGES FIGURE (OCF):	0.98%

*a 20% performance fee also applies

THE CHELSEA VIEW:

“The team have a well thought out process and their ability to add value, both on the long and short side, is quite unusual and obviously an important skill when managing an absolute return fund.”

Oil: Crude joke or black gold?

Jonathan Waghorn, co-manager of the **Guinness Global Energy** fund, which is new to the Chelsea Selection, explains the recent fall in the oil price and why now could be an opportunity for long-term investors...



JONATHAN WAGHORN
Co-manager, Guinness Global Energy

GLOBAL DEMAND GROWTH HAS SLOWED WHILE NEW SUPPLY GROWTH HAS INCREASED

After a strong run-up in the first half of the year, energy equities ended 2014 as the worst-performing sector. Having averaged around \$100/bbl over the past four years, higher growth in supply than demand meant Brent oil fell sharply towards the end of 2014 to around \$55/bbl. Oil supply from non-OPEC countries grew at the fastest rate since 1978 (their fourth largest annual growth ever).

Growth in global demand for oil (0.6m barrels/day) was the lowest since 2009. In short, new US shale oil swamped the market and prices suffered as a result.

The big surprise was a marked shift in OPEC policy as the group decided at its November meeting to leave production quotas unchanged. Saudi is mindful of the mid 1980s when it cut production levels over a number of years to keep prices high, only allowing other countries to gain market share; it clearly does not want to repeat its mistakes. OPEC's actions are quite logical.

Not surprisingly, it was a tough year for energy equities, which fell in sympathy with the decline in the oil price. The MSCI World Energy Index produced a total return of -10.9% versus the MSCI World +5.6%.

ARE OIL PRICES LIKELY TO CONTINUE FALLING?

We do not believe these current low oil prices can be sustained. There is a reasonable chance that the oil price follows a volatile downward trend while the market rebalances, prior to increasing back towards \$75/bbl over the next 12 months. An oil price in the \$50-60/bbl range is not high enough to justify new investment in higher cost and more marginal non-OPEC projects. Yet it is not low enough to warrant existing high-cost producers to shut in reasonable volumes of supply. We believe that oil prices would need to fall to around \$35-40/bbl to warrant production shut-ins. If this happens, it should mark the trough of the oil price cycle.

A reduction in oil supply is required to rebalance the market, and a necessary part of this outcome is for US shale oil growth to fall back by the end of 2015. We fully expect this to happen and our confidence is borne out by the capital expenditure and production growth plans of a number of North American exploration and production companies. The slowing of production growth will be mostly weighted to the second half of 2015, but it will come, and it could be quite dramatic. After 2015 the likelihood is that the price will fluctuate quite widely, but move on an upwards trajectory as accelerating emerging country demand growth and flattening US shale oil growth slowly tighten the global oil supply/demand balance.

The political backdrop to OPEC's actions remains as complicated as it ever has been. There is still considerable risk over future oil supply, in our opinion, and this is not reflected in current oil prices.

GUINNESS GLOBAL ENERGY

- Co-managed by James Waghorn, Will Riley and Tim Guinness, who has over 35 years of investment experience and 17 in running energy mandates.
- Precise and proven investment strategy.
- Invests globally across the market capitalisation spectrum in companies that are involved in the exploration, production and distribution of oil.

WEAKER OIL PRICES WILL YIELD GREATER OIL DEMAND GROWTH IN 2015

We expect global oil demand in 2015 to bounce back to growth of over 1 million barrels per day (compared with 0.6 million barrels per day in 2014). Not only will there be a demand response to lower oil prices, but the negatives (European and Japanese economic weakness) are not expected to persist and global GDP growth is expected to be stronger. The IEA is forecasting oil demand growth recovering to 0.9m b/day in 2015. We won't be surprised if oil demand is substantially more robust than this, both near and long-term.

IS NOW A GOOD TIME TO BUY ENERGY EQUITIES?

Energy equities have now underperformed the broad market for longer than they did after the price declines in 1986, and indeed for longer than after any of the large price declines since 1970. If you believe, as we do, that a recovery in the oil price to \$75-80/bbl is very likely (and to \$100/bbl over a slightly longer timeframe), the case for accumulating energy equities at this level looks strong. Our analysis shows that, at the equivalent point to today in the oil price declines of 1985-87 and 1996-98, an investment in the energy sector outperformed the S&P500 over the following 1 year, 3 years and 5 years. Steel yourselves to be ready to buy the sector when other investors are most fearful. ■

CHELSEA RISK RATING:	■■■■■● 10
ANNUAL MANAGEMENT CHARGE:	0.75%
ONGOING CHARGES FIGURE (OCF) - UNHEDGED:	1.24%

THE CHELSEA VIEW:

“The management team behind this fund have a long and enviable track record running this type of mandate and, based on our research, we consider it to be our preferred fund in the energy sector.”



VCTs: Helping you plan for your retirement

With the rising burden of taxation and the increasingly restrictive rules governing pension contributions, we are all looking for tax-efficient ways to save for the future. For sophisticated investors and wealthy investors who want to reduce their current tax bill and receive tax-free dividends in their retirement, Venture Capital Trusts (VCTs) could be the answer.

Venture Capital Trusts (VCTs) are a government initiative designed to encourage the retail market to invest into small, unquoted, but potentially high-growth businesses. To this end, VCTs play an important role in filling the funding gap left by banks, who are unwilling to lend to small companies. As a reminder, here are the current tax benefits of VCTs for subscriptions of up to £200,000 per year (tax benefits dependant on individual circumstance):

TAX BENEFITS OF VENTURE CAPITAL TRUSTS

- Initial income tax relief of 30% (if held for five years)
- Tax-free dividends
- Capital gains tax exemption on sale of VCT shares

To reduce the individual company risk, the VCT manager will construct a portfolio of typically 30-40 of such companies and dividends are paid when the portfolio companies mature and are sold to a third party. It may surprise you that several VCTs pay out a solid level of income on a regular basis, and most of those are offering shares in what are called "top-up" offers. These give new investors the opportunity to invest into mature portfolios, which may have the potential for dividends from the outset. For more information on VCTs, visit our website chelseafs.co.uk/products/vct

RETIREMENT PLANNING

While the tax breaks associated with VCTs are attractive to any investor, one area that Chelsea has seen increased demand in is retirement planning. For clients who have reached their annual or lifetime pension allowance, VCTs provide a tax-efficient way to invest for the future. Also, they have the potential to provide a steady, tax-free stream of dividends upon retirement.

CURRENT CHELSEA OFFERS

Take the example of ProVen Growth and Income VCT. This VCT is ranked 1st out of all VCTs over the previous 10 years, having returned 303p per 100p since 2004. This equates to over 11% per annum return, not including the initial income-tax relief. This VCT raised significant funds in the 2007-08 period and these investments are now coming to maturity, so we are hopeful there will be disposals in 2015. The ProVen Growth and Income VCT is currently offering investors the opportunity to invest in new Ordinary shares with 30% income tax relief. Please contact us on 020 7384 7300 to request a brochure.

Other Generalist VCTs that are offering Ordinary Share top-ups to existing portfolios and worth close consideration are:

Mobeus VCTs Offer: Mobeus have shot up the league tables in recent years and have won several industry awards (see feature opposite). The four VCTs that are raising have each provided positive annual returns for investors in excess of 8% per annum, taking into account the relevant initial tax reliefs. Mobeus had a particularly impressive 2014, with several profitable exits.

British Smaller Companies VCTs Offer: this offer gives investors the choice of BSC and BSC2. The average annual tax-free yields for the 10 years to the 30th June 2014 is 10% for BSC and 9.5% for BSC2.

Please check our website for details of the VCT discounts, which help to reduce the cost of investing, (chelseafs.co.uk/products/vct/offer) or call our office on 020 7384 7300 for more details.



HARRY DRISCOLL
Senior Research Analyst, Chelsea

NAME OF VCT	TYPE OF VCT	MINIMUM INVESTMENT	AMOUNT RAISING	INITIAL CHARGE	CHELSEA DISCOUNT	CHARGE AFTER DISCOUNT
Albion Top-up Offers 2014/15	Generalist	£6,000	£25.5m	3.00%	0.00%	3.00%
Amati AIM VCTs	AIM	£3,000	£7m	2.00%	0.00%	2.00%
British Smaller Companies 1&2	Generalist	£6,000	£15m	5.00%	3%*	2.00%*
Downing ONE VCT	Generalist	£5,000	£10m	4.00%	3.25%**	0.75%**
Downing THREE VCT	Planned Exit	£5,000	£25m	4.00%	3.25%**	0.75%**
Foresight VCT	Generalist	£4,000	£20m	5.50%	4.00%***	1.50%***
Hargreave Hale AIM VCT 1&2	AIM	£5,000	£20m	3.50%	0.00%	3.50%
Maven VCTs Top-up Offers	Generalist	£5,000	£18m	4.50%	2.00%	2.50%
Mobeus Linked Offer	Generalist	£5,000	£38m	3.25%	0.75%	2.50%
ProVen Growth and Income VCT	Generalist	£5,000	£20m	5.50%	2.25%	3.25%
Puma VCT 11	Planned Exit	£5,000	£30m	3.00%	1.00%	2.00%
Unicorn AIM VCT	AIM	£2,000	£15m	5.50%	3.00%	2.50%

Source: Chelsea Financial Services

For details of the latest totals, please visit the VCT page on our website where application forms can be downloaded before being sent to us.

*For existing investors until 28/03/2015, 2.25% otherwise.

** Until 06/03/2015, 2.25% discount thereafter.

*** Until 27/02/2015, 3% thereafter.



Focus On... Mobeus Equity Partners

Formerly known as Matrix, until their management buy-out in June 2012, Mobeus are one of the most successful Venture Capital Trust (VCT) managers of recent times. Also in 2012, they became the first VCT manager to win both major industry awards in the same year “2012 – Investor Allstars awards VCT of the year” and “2012 unquote” British Private Equity Awards – VCT Manager of the Year”.

Mobeus has one of the largest and most experienced investment teams in the industry, whose sole focus is on VCT investments. As of June 2014, they had over £200m of assets under management. The four founding partners have worked together for over 16 years and all of the investment managers have over 10 years of industry experience. The management team have invested over £900,000 of their own money on the same terms as ordinary shareholders.

Mobeus’ investment style aims to reduce the risks associated with VCTs in several ways. Firstly, Mobeus usually invests in profitable, cash-generative businesses which are typically larger and more mature than those companies usually associated with venture capital. Secondly, they specialise in management buyouts. This means Mobeus buys into investee companies alongside their management teams, who have a unique and privileged understanding of the financial opportunities and risks within their businesses. Also the incumbent management teams are highly incentivised to buy the company on the most attractive terms possible. And lastly, Mobeus structures its transactions using both debt and equity. The debt portion ranks ahead of all shareholders in entitlement to income and capital receipts. Once again, this serves to reduce the risk profile. ■

If you are interested in the offer please call **020 7384 7300** to request a brochure.

IMPORTANT NOTICE:

Please be aware that VCTs are long-term investments. VCTs usually invest in small, unquoted, UK-based companies and therefore carry a greater risk than many other forms of investment. In addition, the level of charges are often greater than unit trusts and OEICs. Past performance is not necessarily a guide to the future. The value of investments, and the income from them, can fall as well as rise, due to market and currency fluctuations and you may not get back the amount originally invested. All our featured products should be regarded as medium to long-term investments. Chelsea Financial Services offers an execution-only service. If you require investment advice you should contact an expert adviser. Tax assumptions are subject to statutory change and the value of tax relief (if any) will depend upon your individual circumstances.

Open a pension with Chelsea

In less than two months the face of pensions is set to change forever. With the Chancellor confirming in the Autumn statement that he would abolish the 'death tax' in April 2015, investing into a pension has become even more attractive to investors.

In December last year, the Chancellor officially axed the death tax for pensions that are inherited if the member dies before they are 75. This, coupled with the pension shake up announced at the beginning of last year, will give people greater power over how they invest, save and spend their retirement pot. From April this year you will be able to keep your pension invested, and draw on it as needed, or even cash in the entire pot.

The changes will not affect people in final salary pensions, however with other generous benefits it may not be sensible to transfer away from final salary pension schemes. If you are in any doubt, you should seek independent financial advice.

Last October we launched the Cofunds SIPP, via Chelsea FundStore, and have already had a really positive response, with a number of clients consolidating pensions.

The Cofunds SIPP, via Chelsea FundStore is an easy to use pension product, which gives you access to over 2,500 funds on the platform. Suffolk Life, the pension trustees and providers have teamed up with Cofunds, who provide the investment platform.

CHELSEA OFFER:

- 0% set up charge
- 0% initial charge on funds
- Competitive service and platform charge
- Free telephone dealing
- Free transfer in
- Free switching online, by post and on the telephone
- Low-cost drawdown option
- Twice-yearly statement with expert research commentary

TRANSFER TO THE CHELSEA FUNDSTORE

Like other Chelsea clients, you may have collected a number of pensions, over the years, and now want to consolidate them in one place*. You can do this via Chelsea FundStore, with twice-yearly statements and online access, allowing you to monitor your investments and make changes, free of charge, any time you like.

CONTRIBUTE TO A PENSION AND TAX RECLAIM

You may wish to make a lump sum payment, or even a regular contribution into your pension. With a personal contribution you may be entitled to a tax reclaim of 45% (20% tax reclaim will automatically be added, and you can claim the extra via self-assessment).



SET UP A PENSION

If you are interested in setting up a pension with us here at Chelsea, and have at least £5,000 to invest (either as a transfer, or single contribution) simply complete the below slip, or complete our quick and simple questionnaire at chelseafs.co.uk/products/pension/questionnaire

If you are unsure where to invest, why not have a look at our EasySIPP portfolios, as a starting point at chelseafs.co.uk/products/pension/easysipp online, on the telephone and by post.

END OF TAX YEAR DEADLINES

Cofunds SIPP, via Chelsea FundStore

Payment by cheque - applications must be with us by 30th March 5pm.

Payments by BACS/CHAPs - applications must be with us by 31st March 5pm for new clients, or by 1st April 5pm for existing clients.

Suffolk Life, L&G pension and AJBell

SIPP Centre products - all applications and payments must be with us by 1st April 5pm.

*You may need to contact your current pension provider(s) and inform them that you wish to transfer and request a discharge form. Please be aware of any exit fees that may be levied by your existing provider, and any guarantees you may be giving up.



SARAH CULVER
Operations Consultant, Chelsea

If you are interested in opening a pension, or transferring current pensions to us, just complete this slip, and return it to us, so that we can send you further documentation, or call us on 020 7384 7300..

YOUR DETAILS	
Name:	_____
Address:	_____ _____
	Postcode: _____
Email address:	_____
Telephone:	_____
I am interested in: Regular contributions <input type="checkbox"/> Transferring a pension <input type="checkbox"/> Lump sum contribution <input type="checkbox"/>	

INVEST, MONITOR AND MANAGE YOUR PORTFOLIO WITH

the Chelsea FundStore

POWERED BY **c•funds**

'FUNDSTORE' COMBINES CHELSEA'S REPUTATION FOR OUTSTANDING SERVICE WITH COFUNDS' EXPERT ADMINISTRATION.

Chelsea and Cofunds are separate, regulated companies. Chelsea introduces you as a client to Cofunds, who have the systems, the expertise and the financial backing to safeguard and administer your investments.

Invest online

INVESTMENT ISA

Lump sum or monthly savings, select one of our EasyISA portfolios, or choose from more than 2,500 funds

INVESTMENT FUNDS (NON-ISA)

Use our tools and research to diversify your portfolio

Manage your investments online

ALL YOUR INVESTMENTS IN ONE PLACE

Seeing all your investments together gives you a holistic view of your portfolio

FREE ONLINE DEALING

No additional dealing costs (including switching between funds at 0% charge)

MONITOR PERFORMANCE

Keeping track of your portfolio means you're always in control

ACCESS 24 HOURS A DAY, 365 DAYS A YEAR

No need to wait for a statement in the post to get valuations

MONITOR YOUR PENSION

Hold your pension within FundStore and benefit from free switching, competitive charges and low-cost drawdown.

FundStore benefits

- 24/7 ACCESS TO YOUR FUNDSTORE ACCOUNT
- FREE SWITCHING
- FANTASTIC DISCOUNTS
- COMPETITIVE PENSION CHARGES
- INCOME REINVESTED FOR FREE
- ONLINE CHELSEA FUND REVIEW
- VALUATION STATEMENT TWICE A YEAR
- LESS PAPERWORK
- A MORE FLEXIBLE ISA
- MORE INVESTMENT CHOICE
- INVEST IN A JUNIOR ISA
- LUMP SUM OR MONTHLY SAVINGS PLANS
- CASH RESERVE FACILITY
- EASIER ESTATE PLANNING
- TELEPHONE DEALING OPTION



IS THERE A DOWNSIDE?

You will not receive the annual reports for the underlying funds and income payment dates will vary slightly from those of the underlying fund providers.

You will need to complete a withdrawal form or send in a written instruction to sell your funds. Please note that this process can take 5-10 working days.



SET UP A FUNDSTORE ACCOUNT TODAY

To register, go to chelseafs.co.uk and select 'Sign in/out' on the home page

Select 'Create a new account' on the right-hand side and complete your details

DON'T WANT TO INVEST ONLINE?

No problem. Many clients prefer to deal with us by post or telephone at no extra charge:



BY POST

Write to Chelsea Financial Services,
St James Hall, Moore Park Road, London SW6 2JS



BY TELEPHONE

Call us on **020 7384 7300** 9am-5pm Monday-Friday

Chelsea FundStore is powered by **c•funds** - an independent regulated company, and one of the UK's leading investment platforms.

New charging: cutting the cost of investing

If you are one of the majority of our FundStore (powered by Cofunds) clients who has changed their investments to the cheaper, explicit ('clean') charging structure, we hope that you have become used to the new system brought in by the FCA. You should act now to benefit from more transparency in your charges. To proceed, simply sign and return the share class conversion form opposite.

As you may know, following the Retail Distribution Review (RDR) by the FCA since 6th April 2014, it is no longer possible for execution-only brokers (like Chelsea) to be paid renewal commission for new investments. All new investments will be put into what is referred to as the 'clean' and 'explicit' (or 'clean') share class and the annual management charges (AMC) are now paid to each party separately.

Whilst we have no control over regulation, we at Chelsea have tried to keep charging simple, by having one flat fee without any 'hidden' or additional charges. For example, you may have seen that some intermediaries are now charging for reinvesting income, sending paper statements and telephone dealing. It's worth emphasising that Chelsea does not impose any of these charges. Perhaps even more importantly, it provides independent research to help you select the right fund for your needs and investment returns can prove even more important than costs.

CHELSEA CLIENTS BENEFIT FROM:

Telephone dealing	✓FREE
Paper statements	✓FREE
Online dealing	✓FREE
Exit fees	✓FREE
Probate valuation	✓FREE
Re-investing income	✓FREE
Investing via direct debit	✓FREE
Duplicate tax certificates	✓FREE
Ad hoc paper statements	✓FREE
Sale of investments	✓FREE
Registration of legal docs	✓FREE
Payment by cheque	✓FREE
Paper contract notes	✓FREE

CHARGING STRUCTURE

	Old implicit AMC	New explicit AMC
Typical fund charge	0.75%	0.75%
Cofunds platform fee	0.25%	0.20%
Chelsea fee	0.50%	0.40%
Total	1.50%	1.35%

HOW WILL THE NEW ANNUAL MANAGEMENT CHARGES BE TAKEN?

The Cofunds platform fee and the Chelsea fee can be taken in one of three ways:

- 1 By the Cofunds platform automatically selling units from the highest-valued fund in your portfolio.
- 2 By the Cofunds platform automatically selling units from one fund of your choice.
- 3 By you putting money in your Cash Account to cover the charges.

IF YOU HAVE NOT ALREADY DONE SO WHAT SHOULD YOU DO NEXT?

Now is the time to move all of your investments to the new and cheaper charging structure to enjoy the further reduction in charges. Please note there is **no charge** for converting to the clean share class and you will not be out of the market at any time. To benefit please **complete and return to us the 'Share Class Conversion' form opposite.**



WILL RUSSELL
Operations Consultant, Chelsea



NEW PRICING DETAILS

Up to £250,000 held with Chelsea (combined amount across all products and wrappers):

Cofunds' platform fee reduced from 0.25% to 0.20%

Chelsea's fee reduced from 0.50% to 0.40%

Total reduction in annual fees 0.15%
(platform & service charge cut by 20%)

Amounts between £250,000 and £500,000

Cofunds' platform fee reduced from 0.25% to 0.20%

Chelsea's fee reduced from 0.50% to 0.35%

Total reduction in annual fees 0.20%
(platform & service charge cut by 26.66%)

Amounts between £500,000 and £1m:

Cofunds' platform fee reduced from 0.25% to 0.20%

Chelsea's fee reduced from 0.50% to 0.30%

Total reduction in annual fees 0.25%
(platform & service charge cut by 33.33%)

Amounts between £1m and £2m:

Cofunds' platform fee reduced from 0.25% to 0.15%

Chelsea's fee reduced from 0.50% to 0.25%

Total reduction in annual fees 0.35%
(platform & service charge cut by 46.66%)

Amounts over £2m:

Cofunds' platform fee reduced from 0.25% to 0.15%

Chelsea's fee reduced from 0.50% to 0%

Total reduction in annual fees 0.60%
(platform & service charge cut by 80%)

SUMMARY

- The regulator has enforced a change to the way we structure our charges.
- You will be charged at least 20% less by Chelsea in the new commission-free structure.
- Charges will be more transparent with no hidden or additional charges.
- Same great Chelsea service.

This form is to be used for Self-directed Explicit Pricing clients only.

This form is to be used for share class conversions. This includes conversion between commission-included to commission-free share class funds and between commission-free share class funds. Please complete this application form using black ink in BLOCK CAPITALS and return to: Chelsea Financial Services, St James Hall, Moore Park Road, London SW6 2JS

1 Intermediary Details

Cofunds Intermediary Authorisation Code

7	7						
---	---	--	--	--	--	--	--

2 Personal Details (Please complete this section in full)

I have not received financial advice in relation to this investment.

Primary holder

Existing Cofunds Client Reference

--	--	--	--	--	--	--	--

Mr/Mrs/Ms/Miss/Other

Surname

Full first name(s)

Current permanent residential address

Postcode

Secondary holder

Existing Cofunds Client Reference

--	--	--	--	--	--	--	--

Mr/Mrs/Ms/Miss/Other

Surname

Full first name(s)

Current permanent residential address

Postcode

3 Segmentation (For intermediary use only)

Please enter the name of the segment in full using BLOCK CAPITALS:

SEGMENT 1

4 Choose Account

Please note: These instructions will convert all funds to commission-free as available to your intermediary.

Account Level

All Accounts - convert all accounts where the client is the primary holder

5 Choose Product/Funds

We will move all funds requested in accordance with your selection unless the requested fund(s) are not available to be converted, in which case we will not be able to fully complete your request for these fund(s). Go to <http://www.cofunds.co.uk/docs/GBUB/cofunds-fund-list-gbub.pdf> for a full list of available funds.

All Products

6 Convert Existing Regular Contribution

Convert the existing regular contribution in accordance with the option and accounts as indicated above (if applicable).

7 Service charge (To be completed by the intermediary)

Service Charge model name: SEGMENT 1	Annual Service Charge*: 0.4%
--------------------------------------	------------------------------

*This is an annual charge taken on a monthly basis.

It is Cofunds' normal business practice to process your conversion following receipt of your instruction. The instruction to convert is then passed to the fund manager who will convert and confirm back to Cofunds upon completion. Cofunds upon receipt of confirmation will then reflect the change(s) to the clients accounts. This process is subject to change dependant on volumes and individual fund manager processing procedures.

Authorisation

I authorise Cofunds to convert on my behalf as indicated above. I understand that if applicable, any application to convert ISA funds will be deemed to include all former ISA and PEP products. I confirm that I have received the relevant product key features/fund specific information and/or Key Investor Information Documents relating to my investment.

I confirm that I have been provided with the Terms & Conditions of the Cofunds Platform (Self-directed Explicit Pricing Model) (the Customer Agreement) and, by submitting this application form, I agree to be bound by that agreement.

I understand that the Customer Agreement sets out the standard terms upon which Cofunds intends to rely, and it is important that I should read and understand the terms before agreeing to be bound by them. If there is any term or point I do not understand or do not wish to be bound by, I understand that I can request further information before signing this application.

I understand that there is a fee associated with the Cofunds Explicit Pricing Model (the Platform Charge). I authorise Cofunds to collect the Platform Charge from my applicable Cofunds Cash Account/Trading Account.

For the L&G Portfolio Plus/SIPP and L&G International Portfolio Bond, where there is insufficient money in my cash account to pay the Platform Charge and I have an existing Sale for Regular Payment mandate or Fund Sale Instruction, I authorise Cofunds to sell funds from my ISA and/or Investment Funds in accordance with this mandate to cover the charge. I understand that this may result in commission-included share class funds being sold to cover this charge.

I agree to

- The Platform Charge
- The Sale for Regular Payment Process in respect of the Platform charge in circumstances where I have an existing mandate or model portfolio.

I understand and accept that if the fund(s) selected in this form are not available to my intermediary, Cofunds will automatically select a comparable fund available to my intermediary when processing my application. I understand and accept that I am entitled to cancel my application in accordance with the relevant Terms and Conditions of the Cofunds Platform or Customer Agreement applicable to the product I am investing in and that if I chose to cancel my application, my investment shall be subject to market movement during the period from the date when my application is processed to the date my investment is sold.

Fund Sale Instruction

If a Fund Sale Instruction applies to the segment linked to my investment, I accept and agree that funds will be sold to settle any outstanding fees and charges which have accrued prior to this date and all fees and charges payable hereafter.

Service Charge

I confirm that I have received my Fees and Charges Schedule and understand which fees and charges are applicable to my investment. I hereby instruct Cofunds to pay my intermediary the Service Charge specified in Section 7 of this form and in my Fees and Charges Schedule from my relevant payment account.

Cofunds will accept authority from the primary holder only, in most circumstances.

For trusts and Powers of Attorney more than one signature may be required.

If I have an active Sale for Regular Payment mandate or the segment linked to my investment applies to a Fund Sale Instruction (as described in my Fees and Charges Schedule) and there is insufficient money within the relevant payment account, I authorise Cofunds to sell enough of my platform assets to pay the Service Charge in accordance with the relevant Terms and Conditions of the Cofunds Platform or Customer Agreement applicable to my investments/assets. I understand and accept that this may result in commission-included share class funds being sold to cover the Service Charge, if I have an account level SFRP instruction.

Primary Holder Signature		Date
-----------------------------	---	------

Secondary Holder Signature		Date
-------------------------------	--	------

Unhappy with your IFA or platform? (And unhappy about their charges?)

Remember: All transactions within the Chelsea FundStore are available at 0% charge.



WHAT FREE TRANSACTIONS MEAN FOR YOU:

- Get rid of poor-performing funds at 0%. Thanks to free switching, Chelsea clients have saved thousands of pounds.
- Switching enables you to make changes to your portfolio with ease, allowing you to rebalance your portfolio or readjust as you see fit.
- Access to over 2,000 funds, from more than 90 different providers, all available at 0% charge.
- Cash Reserve ISA: if you're unsure where to invest or just want to sit outside the market, you can hold cash within your ISA then switch into funds at 0% charge.

...and **free consolidation** too

The process of consolidating all your investments onto the FundStore platform is called re-registration.

There are no charges for re-registration and no change of fund manager. However, some platforms may charge an exit fee, but if they do we should be able to pay it for you. Please call our helpdesk on 020 7384 7300 to find out more.



Re-registration is easy.

Simply complete and return the form on page 42.

Make sure you benefit from **0% transaction charges** with all your funds...

If you have a Cofunds account with another intermediary, and you do not need advice, all you need to do is to appoint Chelsea as your servicing agent - just complete and return the form below:



CLIENT NAME:

CLIENT REFERENCE:

I wish to appoint Chelsea Financial Services as the servicing agent for my Cofunds investments.

SIGNED:

DATE:

Move all your fund investments to ONE account. This will reduce the amount of paperwork you currently receive, provide you with ONE valuation statement twice yearly, and give you the information necessary to CONTROL your portfolio.

Please list below all your ISA and/or unit trust/OEIC investments that were purchased outside Cofunds and return to Chelsea. We can then print the necessary transfer forms and send them to you for your review and signature.

Personal Details - Please complete this section in full and in block capital letters

Full name of unit holder(s) Title

Current address

Postcode

e-mail address Male Female

Date of birth National Insurance number

Daytime telephone Existing Cofunds number (if applicable)

ISA investments - Please complete in block capital letters

Fund Provider	Fund Name	Account Number/ Plan Reference	Unit Type ACC/INC	Tick if current tax year	Tick if saving monthly
SAMPLE FUND MANAGERS LIMITED	SAMPLE HIGH INCOME FUND	12345	INC		

Unit Trusts/OEICs outside an ISA wrapper - Please complete in block capital letters

Fund Provider	Fund Name	Account Number/ Plan Reference	Account designation (if applicable)	No of Units	Unit Type ACC/INC
SAMPLE FUND MANAGERS LIMITED	SAMPLE UK GROWTH FUND	56789		ALL	ACC

Please photocopy this form if you require additional space.

Issued by Chelsea Financial Services, which is authorised and regulated by the Financial Services Authority. Registered Office: St James' Hall, Moore Park Road, London SW6 2JS. Registered in England No. 1728085.

The disclosure documentation applicable to this transaction is: **0 2 1 4 S D E**

This form is to be used for Self-directed Explicit Pricing clients only.

Please ensure that this form is used with the correct Transfer Authority. Please note Cofunds normal business practice (and by signing this application, you agree to such practice) is to convert commission-included share classes to their commission-free share class equivalent within the same funds that are available to your intermediary on receipt of the assets from the ceding provider. If a commission-free share class is not available, we will be unable to transfer the asset to Cofunds as stock.

Please complete this Application Form using black ink and BLOCK CAPITALS and return to:
Chelsea Financial Services, St James Hall, Moore Park Road, London SW6 2JS

Cofunds Authorisation Code **7 7**

1 Personal Details (Please complete this section in full)

Existing Cofunds Client Reference

I have not received advice from a financial adviser in relation to this investment.

Mr/Mrs/Ms/Miss/Other

Surname

Full first name(s)

Email

Telephone

Male Female Date of Birth / / ---

National Insurance Number

If you do NOT have a National Insurance Number, please tick here.

Current permanent residential address

Postcode

Time at this address yrs mths

If at current address for less than two years, please supply previous address and time there

Postcode

Time at this address yrs mths

If more than one previous address in the last two years, please provide full details including the time at each address on a separate sheet of paper and staple securely to this application form.

Please read the following sentence and confirm by ticking the box if applicable. I confirm that I am solely UK resident for tax purposes and not a US citizen.

If you can't confirm and tick the box, please complete the Individual FATCA Self-Certification form that can be issued to you by Chelsea.

2 Segmentation (For intermediary use only)

Please enter the name of the segment in full using BLOCK CAPITALS:

3 Nominated Bank Account

Complete this section if you have not provided us with your nominated bank account details. Please note: you will need to verify this bank account before it can be used in conjunction with your Cofunds account. If you are paying by cheque then no action is required. For all other funding options you can send a void signed cheque or a bank statement issued within the last three months with this application. If you are an existing customer, only complete this section if you would like to change your nominated bank account details. Any change to your nominated bank account will not be applied to your regular monthly investments. You can only have one nominated bank account at any given time.

Name of Account Holder

Bank Name

Branch Sort Code - - Bank/Building Society Account Number

Building Society Roll Number

4 Income

Complete this section if you have requested income units/shares ('INC'). The option you choose will be applied to all income units/shares you hold within this product.

If you have selected the option to 'Retain in Fund' this will only be applied to the commission-free share classes you hold, any commission-included share classes you hold will continue to pay income in accordance with your previous instruction.

- Consolidated monthly income**
Income generated from your investment funds will be consolidated into your cash account and paid to your nominated bank account on a monthly basis.
- Cofunds Cash Account**
Income generated will be paid into your cash account to be held on platform for withdrawals, future investment or charges.
- Retain in fund**
Income generated from this investment will be retained in the fund.

If you do not already hold income units/shares within this product and you do not tick one of these boxes we will select the 'Retain in fund' option by default. If you already hold income units/shares within this product and you do not tick one of these boxes we will apply your existing income option to all funds within this product.

5 Service Charge (To be completed by the intermediary)

Service Charge model name: STANDARD SELF-DIRECTED SEGMENT

Annual Service Charge*: 0.4%

*This is an annual charge taken monthly.

6 Declaration and Authorisation

I declare that:

- All investment subscriptions made now and in the future belong to me.
- I am aged 18 years or over.
- I have not subscribed and will not subscribe to more than my overall subscription allowance in total to a Cash ISA and a Stocks and Shares ISA in the same tax year.
- I have not subscribed and will not subscribe to another Stocks and Shares ISA in the same tax year that I subscribe to this Stocks and Shares ISA.
- This application is to transfer my existing ISA and, if applicable, entitles me to subscribe to a Stocks and Shares ISA in the current tax year and each subsequent year until further notice. I understand that this does not mean that I am obliged to invest with Cofunds in the following or future tax years. However, if I wish to do so, I may not be required to complete a further application form.
- I am resident in the United Kingdom for tax purposes, or, if not so resident, either perform duties which, by virtue of Section 28 of Income Tax (Earnings & Pensions) Act 2003 (Crown employees serving overseas), are treated as being performed in the United Kingdom, or I am married to or in a civil partnership with a person who performs such duties. I will inform Cofunds Limited if I cease to be so resident or to perform such duties, or be married to or in a civil partnership with a person who performs such duties.

I authorise Cofunds Limited to:

- Hold my cash subscription, ISA investments, interest, dividends and any other rights or proceeds in respect of those investments and any other cash.
- Make on my behalf any claims to relief from tax in respect of my ISA investments.

I confirm that:

- I confirm that I have not received investment advice from Chelsea for this transaction.
- I have viewed the Terms & Conditions of the Cofunds Platform (Self-directed Explicit Pricing) and by signing this application form I agree to be bound by them.
- I have viewed the relevant product key features and fund specific information and/or Key Investor Information Documents (KIID) relating to my investment. A copy of the KIID can be found via the following link: https://www.cofunds.co.uk/Investors/Reports_and_Accounts_Investors.aspx
- I understand that it is Cofunds normal business practice to process my conversion following receipt of my assets from my previous Fund/Provider. The instruction to convert is then passed to the Fund/Plan Manager who will convert and confirm back to Cofunds upon completion. Cofunds upon receipt of confirmation will then reflect the changes(s) to my accounts. This process is subject to change dependent on volumes and individual Fund/Plan Manager processing procedures. I authorise Cofunds to convert on my behalf as outlined above.
- I understand that Cofunds will convert commission-included share class funds to their commission-free exclusive share class equivalent where available to my intermediary.
- I understand that Cofunds will convert commission-free share class funds to commission-free exclusive share class funds where available to my intermediary.
- I understand that there are fees (the Cofunds Platform Charges) for the use of Cofunds services. I authorise Cofunds to collect these fees from my Cofunds Cash Account. If there is insufficient money in my account, I authorise Cofunds to sell enough of my Platform Assets to pay these fees in accordance with the 'Our Charges' section of the Terms & Conditions of the Cofunds Platform (Self-directed Explicit Pricing).
- I understand that the Terms & Conditions of the Cofunds Platform (Self-directed Explicit Pricing) are the standard terms upon which Cofunds intends to rely, and it is important that I read and understand the terms before agreeing to be bound by them. If there is any term or point I do not understand or do not wish to be bound by, I understand that I can request further information before signing this application.
- I understand that my signed application form (once accepted by Cofunds) together with the Terms & Conditions of the Cofunds Platform (Self-directed Explicit Pricing) form my customer agreement with Cofunds Limited.
- I understand that instructions may be delayed or rejected if this application form is not complete in all respects. You may undertake a search with a reference agency for the purposes of verifying my identity.

To do so, the reference agency may check the details I supply against any particulars on any database (public or otherwise) to which they have access. They may also use my details in the future to assist other companies for verification purposes. A record of the search will be retained as an identity search. I declare that the information contained in this application form is correct to the best of my knowledge and belief.

I understand and accept that I am entitled to cancel my application in accordance with the relevant Key Features applicable to the product I am investing in and that if I chose to cancel my application, my investment shall be subject to market movement during the period from the date when my application is processed to the date my investment is sold.

Fund Sale Instruction

If a Fund Sale Instruction applies to the segment linked to my investment, I accept and agree that funds will be sold to settle any outstanding fees and charges which have accrued prior to this date and all fees and charges payable hereafter.

Data Protection

Cofunds is a registered Data Controller and a fully owned subsidiary of Legal & General Group Plc.

Cofunds Limited will use your information for the administration and servicing of your investments and other related activities. We may disclose your information to our agents and service providers for these purposes. We may also disclose your information to organisations for compliance with legal and regulatory requirements.

With the exception of the preceding provisions, we will not pass on your information to any other third party without your permission, but we will disclose information concerning your investment to your nominated intermediary.

Cofunds may transfer your information to countries outside of the EEA for the servicing of your investments. In such cases, contracts will be put in place to ensure that the service providers protect your information in accordance with the requirements of the Data Protection Act.

If you require a Fund prospectus, please contact your intermediary or Fund Manager directly.

If you wish to attend/vote at unit holder or shareholder meetings, please tick this box

If you wish to receive reports and accounts, please tick this box

Reports and accounts can be obtained free of charge from the Cofunds website at www.cofunds.co.uk.

Service Charge

I confirm that I have received my Fees and Charges Schedule and understand which fees and charges are applicable to my investment. I hereby instruct Cofunds to pay my intermediary the Service Charge specified in Section 7 of this form and in my Fees and Charges Schedule from my relevant payment account.

Cofunds will accept authority from the primary holder only, in most circumstances. For trusts and Powers of Attorney more than one signature may be required.

If I have an active Sale for Regular Payment mandate or the segment linked to my investment applies to a Fund Sale Instruction (please check with Chelsea if you're not sure) and there is insufficient money within the relevant payment account, I authorise Cofunds to sell enough of my platform assets to pay the Service Charge in accordance with the relevant Terms and Conditions of the Cofunds Platform or Customer Agreement applicable to my investments/assets. I understand and accept that this may result in commission-included share class funds being sold to cover the Service Charge, if I have an account level SFRP instruction.

Number of attached Transfer Authority Forms

Signature

X

Date

ISA Transfer Authority

This transfer authority should only be used for either the transfer of a Stocks and Shares ISA or a cash ISA into a Cofunds Stocks and Shares ISA. Please note that a separate authority will be required for each Plan/Account Manager. If transferring from more than one Plan/Account Manager, please request more Transfer Authority Forms from your adviser. Please ensure that you have signed both the Transfer Application Form and the Transfer Authority Form.

Existing Cofunds Client reference

I hereby instruct my current ISA Manager to either transfer my holdings to Cofunds Nominees Limited or liquidate the assets within my ISA with immediate effect, and forward the proceeds as specified below to my new Plan/Account Manager at **Cofunds Limited, PO Box 1103, Chelmsford CM99 2XY. This transfer should include, where relevant, all former ISA and PEP investments.** I confirm that the re-registration of the funds listed will not change the beneficial ownership from the current holder. I confirm that this transaction is exempt from SDRT by virtue of paragraph 6 of Schedule 19 of the Finance Act 1999.

Please complete all details requested

Name of Plan/Account Manager (from whom you wish to transfer)


Address

Postcode

Mr/Mrs/Ms/Miss/Other

Surname

Full First Name(s)

Signature  Date

1 Funds that you wish to KEEP via re-registration (stock transfer)

Please list all funds that you hold with the above Plan/Account Manager that you wish to retain when you transfer your investment to Cofunds. Please note that the funds you re-register will be moved into the clean share class

Fund Name	A/C or Plan Nos. (This must be completed)	Type of Unit/Share (delete as appropriate)*	Number of units
		ACC/INC	
		ACC/INC	
		ACC/INC	
		ACC/INC	
		ACC/INC	

2 Funds that you wish to SELL (Stocks and shares cash transfer)

Please list all funds that you hold with the above Plan/Account Manager that you wish to sell and transfer the proceeds to Cofunds. Please also complete Section 3 (if applicable) and Section 4 to tell us which funds you wish to reinvest into. **Please ensure the funds you choose are available through Cofunds.**

Fund Name	A/C or Plan Nos. (This must be completed)

3 Cash ISA Transfer

If applicable, please indicate either of the following to be transferred into your Cofunds Investment ISA:

All my cash ISA **OR** An amount of my cash ISA £ . Sort Code - -

Is there any notice period for you to transfer your cash ISA? Days A/C or Plan Nos. (This must be completed)

4 Transfer Investment Choices (Please refer to the fund charge schedule and complete in full)

I wish to transfer the proceeds of my existing ISAs into the Chelsea EasyISA (please tick one of the portfolios below). Minimum Transfer of £2,100. See chelseafs.co.uk/products/isa/easy for details.

Existing Cofunds Client ref

Cautious Growth EasyISA	<input type="checkbox"/>
Balanced Growth EasyISA	<input type="checkbox"/>
Aggressive Growth EasyISA	<input type="checkbox"/>
Income EasyISA (please complete income on previous page)	<input type="checkbox"/>
Global Income EasyISA (please complete income on previous page)	<input type="checkbox"/>

Or select your own funds and complete this section below:

Fund Name	Type of Unit/Share (ACC/INC)*	Transfer %
	ACC/INC	
	ACC/INC	
	ACC/INC	
	ACC/INC	
	ACC/INC	
† Cash Reserve (if required)		

* ACC/INC
If you do not specify ACC or INC in this column, and/or have not completed Section 4 of the Transfer Application form, Cofunds will invest into accumulation units/shares where available.

† This will be included as part of your ISA allowance and not placed into your cash account.

Total 100%

The disclosure documentation applicable to this transaction is:

0 2 1 4 S D E

Cofunds Authorisation Code

7 7

This form is to be used for Self-directed Explicit Pricing clients only.

Please complete this application form using black ink in BLOCK CAPITALS and return to: Chelsea Financial Services, St James Hall, Moore Park Road, London SW6 2JS

1 Personal/Company Details (Please complete this section in full)

Personal/Company Investor(s) primary holder. Please see Section 4 to add additional holders.

Existing Cofunds Client Reference

I have not received advice from a financial adviser in relation to this investment.

Mr/Mrs/Ms/Miss/Other

Surname

Full first name(s)

or company name

Telephone

Email

Male Female Date of Birth / /

If more than one previous address in the last two years, please provide full details including the time at each address on a separate sheet of paper and staple securely to this application form.

For corporate investors please ensure you have completed all the signatory requirements in Section 10.

Please read the following sentence and confirm by ticking the box if applicable. I confirm that I am solely UK resident for tax purposes and not a US citizen.

If you can't confirm and tick the box, please complete the Individual FATCA Self-Certification form that can be issued to you by Chelsea.

Current permanent residential address (if registering in the name of a company, please provide the company address here)

Postcode

Time at this address yrs mths

If at current address for less than two years, please supply previous address and time there

Postcode

Time at this address yrs mths

1A. THIRD PARTY DETAILS (PLEASE COMPLETE IF RELEVANT)

Please complete this section if the person funding all or part of this investment is not the applicant listed in Section 1. A Confirmation of Verification of Identity (CVI) will also be required.

Mr/Mrs/Ms/Miss/Other

Surname

Full first name(s)

Date of Birth / /

Current permanent residential address

Postcode

2 Segmentation (For intermediary use only)

Please enter the name of the segment in full using BLOCK CAPITALS:

3 Designations (You can designate an account here using a maximum of eight alphanumeric characters)

If you wish to specify a unique designation for this account, please ensure that the designation reference does not make a meaningful word. Only the named applicants of this investment will be recognised as beneficial owners. If this section is not completed we will not designate this account. If you are funding this investment from a Cofunds Cash Account please ensure this designation is identical to that of the Cofunds Cash Account.

4 Joint Holders

Please include the full name and address of each holder. All correspondence will be sent to the primary holder. Joint holders must have the same investment service as the primary holder.

Second named holder

Mr/Mrs/Ms/Miss/Other
Surname
Full first name(s)
Current permanent residential address
Postcode
Time at this address <input type="text"/> <input type="text"/> yrs <input type="text"/> <input type="text"/> mths

Male Female Date of Birth / /

D D / M M / Y Y Y Y

If at current address for less than two years, please supply previous address and time there

Postcode

Time at this address yrs mths

If more than one previous address in the last two years, please provide full details including the time at each address on a separate sheet of paper and staple securely to this application form.

Third named holder

Mr/Mrs/Ms/Miss/Other
Surname
Full first name(s)
Current permanent residential address
Postcode
Time at this address <input type="text"/> <input type="text"/> yrs <input type="text"/> <input type="text"/> mths

Male Female Date of Birth / /

D D / M M / Y Y Y Y

If at current address for less than two years, please supply previous address and time there

Postcode

Time at this address yrs mths

If more than one previous address in the last two years, please provide full details including the time at each address on a separate sheet of paper and staple securely to this application form.

5 Funding your investment

I will be funding my investment by (tick all that apply)

<input type="checkbox"/>	Cheque	£ <input type="text"/> . <input type="text"/>	Amount
<input type="checkbox"/>	Cofunds Cash Account	£ <input type="text"/> . <input type="text"/>	Amount

Monthly Direct Debit (please ensure you complete the Investment by Direct Debit instruction on page 55)

6 Nominated Bank Account

Complete this section if you have not provided us with your nominated bank account details. Please note: you will need to verify this bank account before it can be used in conjunction with your Cofunds account. If you are paying by cheque then no action is required. For all other funding options you can send a void signed cheque or a bank statement issued within the last three months with this application. If you are an existing customer, only complete this section if you would like to change your nominated bank account details. Any change to your nominated bank account will not be applied to your regular monthly investments. You can only have one nominated bank account at any given time.

Name of account holder
Bank or Building Society name and address
Postcode

Branch Sort Code - -

Bank/Building Society account number

Building Society Roll Number

7 Income

Complete this section if you have requested income units/shares ('INC'). The option you choose will be applied to all income units/shares you hold within this product.

Note: If you are taking regular withdrawals from your cash account you may only select the 'Cofunds Cash Account' or 'Retain in fund' options.

If you have selected the option to 'Retain in fund' this will only be applied to the commission-free share classes you hold, any commission-included share classes you hold will continue to pay income in accordance with your previous instruction.

- Consolidated monthly income**
Income generated from your investment funds will be consolidated into your cash account and paid to your nominated bank account on a monthly basis.
- Cofunds Cash Account**
Income generated will be paid into your cash account to be held on platform for withdrawals, future investment or charges.
- Retain in fund**
Income generated from this investment will be retained in the fund.

If you do not already hold income units/shares within this product and you do not tick one of these boxes we will select the 'Retain in fund' option by default. If you already hold income units/shares within this product and you do not tick one of these boxes we will apply your existing income option to all funds within this product.

8 Investment Selection

Minimum investment £50 per fund (lump sum) or £50 per month per fund (monthly savings). For further details about the available funds, please refer to the Key Investor Information Documents (KIID) and/or Fund Key Features Document.

Please ensure the funds are available through Cofunds. You can only choose commission-free share class funds. If you do not indicate the share class, we'll select the commission-free share class fund, where available.

Please note: if your intermediary has agreed exclusive share classes with a fund manager for your selected funds, we'll always invest in that exclusive share class and not the share class you've selected below.

Fund name	Type of unit/share (delete as appropriate)*	Lump sum £50 per fund (minimum)	New monthly saving £50 per fund (minimum)**
	ACC/INC	£	£
	ACC/INC	£	£
	ACC/INC	£	£
	ACC/INC	£	£
	ACC/INC	£	£
	ACC/INC	£	£
	ACC/INC	£	£
TOTAL INVESTMENT AMOUNT		£	£

***ACC/INC**
If you do not specify ACC or INC in this column, and have not completed Section 7, Cofunds will invest into accumulation units/shares where available.

Cheque payment
Cheques must either be drawn on your own account, joint account or the account of the person detailed in Section 1A (third party details). The cheque must be made payable to **Cofunds Limited**. For a Building Society cheque or banker's draft your name must appear on the front of the cheque, or on the back of the cheque accompanied by the Building Society's or Bank's official stamp and signature. For other methods of funding your investment please see Section 5.

**** New monthly saving**
For monthly savings we will automatically collect on or just after the 25th day of each month. For applications received up until the last day in any month, the first Direct Debit collection will be made on or just after the 25th day of the following month.

9 Service Charge (To be completed by the intermediary)

Service Charge model name: STANDARD SELF-DIRECTED SEGMENT	Annual Service Charge*: 0.40%	*This is an annual charge taken on a monthly basis.
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10 Declaration and Authorisation

I confirm that:

I have not received investment advice from Chelsea for this transaction.
I have viewed the Terms & Conditions of the Cofunds Platform (Self-directed Explicit Pricing) and by signing this application form I agree to be bound by them.
I have viewed the relevant product key features and fund specific information and/or Key Investor Information Documents (KIID) relating to my investment. A copy of the KIID can be found via the following link: https://www.cofunds.co.uk/Investors/Reports_and_Accounts_Investors.aspx
I understand that there are fees (the Cofunds Platform Charges) for the use of Cofunds services. I authorise Cofunds to collect these fees from my Cofunds Cash Account. If there is insufficient money in my account, I authorise Cofunds to sell enough of my Platform Assets to pay these fees in accordance with the 'Our Charges' section of the Terms & Conditions of the Cofunds Platform (Self-directed Explicit Pricing).
I understand that the Terms & Conditions of the Cofunds Platform (Self-directed Explicit Pricing) are the standard terms upon which Cofunds intends to rely, and it is important that I read and understand the terms before agreeing to be bound by them. If there is any term or point I do not understand or do not wish to be bound by, I understand that I can request further information before signing this application.
I understand that my signed application form (once accepted by Cofunds) together with the Terms & Conditions of the Cofunds Platform (Self-directed Explicit Pricing) form my customer agreement with Cofunds Limited.
I understand that instructions may be delayed or rejected if this application form is not complete in all respects.
You may undertake a search with a reference agency for the purposes of verifying my identity. To do so, the reference agency may check the details I supply against any particulars on any database (public or otherwise) to which they have access. They may also use my details in the future to assist other companies for verification purposes. A record of the search will be retained as an identity search.
I declare that the information contained in this application form is correct to the best of my knowledge and belief.
I am aged 18 or over.
I understand and accept that I am entitled to cancel my application in accordance with the relevant Key Features applicable to the product I am investing in and that if I chose to cancel my application, my investment shall be subject to market movement during the period from the date when my application is processed to the date my investment is sold.

Fund Sale Instruction

If a Fund Sale Instruction applies to the segment linked to my investment, I accept and agree that funds will be sold to settle any outstanding fees and charges which have accrued prior to this date and all fees and charges payable hereafter.

Please note that all joint holders must sign this application


Where there are two signatories for a corporate investor, please delete reference to primary and second holder.

Data Protection

Cofunds is a registered Data Controller and a fully owned subsidiary of Legal & General Group Plc.
Cofunds Limited will use your information for the administration and servicing of your investments and all other related activities. We may disclose your information to our agents and service providers for these purposes. We may also disclose your information to organisations for compliance with legal and regulatory requirements.
With the exception of the above provisions, we will not pass on your details to any other third party without your permission, but we will disclose information concerning your investment to your nominated intermediary.
Cofunds may transfer your information to countries outside the EEA for the servicing of your investments. In such cases, contracts will be put in place to ensure that the service providers protect your information in accordance with the requirements of the Data Protection Act.
If you require a fund prospectus, please contact your intermediary or Fund Manager directly.

Service Charge

I confirm that I have received my Fees and Charges Schedule and understand which fees and charges are applicable to my investment. I hereby instruct Cofunds to pay my intermediary the Service Charge specified in Section 9 of this form and in my Fees and Charges Schedule from my relevant payment account.
Cofunds will accept authority from the primary holder only, in most circumstances. For trusts and Powers of Attorney more than one signature may be required.
If I have an active Sale for Regular Payment mandate or the segment linked to my investment applies to a Fund Sale Instruction (please check with Chelsea if you're not sure) and there is insufficient money within the relevant payment account, I authorise Cofunds to sell enough of my platform assets to pay the Service Charge in accordance with the relevant Terms and Conditions of the Cofunds Platform or Customer Agreement applicable to my investments/assets.

Primary holder signature 	Date
Capacity (if applicable)	
Second holder signature	Date
Capacity (if applicable)	
Third holder signature	Date
Capacity (if applicable)	

If you are completing this as a company you must include a copy of the Articles of Association.

The disclosure documentation applicable to this transaction is: **0 2 1 4 S D E**

This form is to be used for Self-directed Explicit Pricing clients only. For Key Features of the Cofunds platform and/or Key Investor Information Documents please refer to your personal disclosure at chelseafs.co.uk/pd or telephone us for a copy.

The ISA allowance is £15,000 for the 2014/15 tax year and £15,240 for the 2015/16 tax year.

Please complete this Application Form using black ink and BLOCK CAPITALS and return to: Chelsea Financial Services, St James Hall, Moore Park Road, London SW6 2JS

Cofunds Authorisation Code

7 7

1 Personal Details (Please complete this section in full)

Existing Cofunds Client Reference

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I have not received advice from a financial adviser in relation to this investment.

Mr/Mrs/Ms/Miss/Other

Surname

Full first name(s)

Email

Daytime telephone number

Male Female Date of Birth / /
D D / M M / Y Y Y Y

National Insurance Number / / / /

If you do NOT have a National Insurance Number, please tick here.

Please read the following sentence and confirm by ticking the box if applicable. I confirm that I am solely UK resident for tax purposes and not a US citizen.
 If you can't confirm and tick the box, please complete the Individual FATCA Self-Certification form that can be issued to you by Chelsea.

Current permanent residential address

Postcode

Time at this address yrs mths

If at current address for less than two years, please supply previous address and time there

Postcode

Time at this address yrs mths

If more than one previous address in the last two years, please provide full details including the time at each address on a separate sheet of paper and staple securely to this application form.

2 Segmentation (For intermediary use only)

Please enter the name of the segment in full using BLOCK CAPITALS:

STANDARD SELF-DIRECTED SEGMENT (Only apply if client is not already segmented)

3 Funding Your Investment

If you are investing in both tax years, please include **two** separate cheques. For 2015/16 tax year, your cheque should be dated 6 April 2015 or later.

I will be funding my investment by (tick all that apply):

<input type="checkbox"/>	Cheque	£ <input type="text"/> . <input type="text"/>	Amount
<input type="checkbox"/>	Cofunds Cash Account	£ <input type="text"/> . <input type="text"/>	Amount

Cheque payment

Cheques must either be drawn on your own account or joint account. Please make the cheque payable to **Cofunds Limited**. For a Building Society cheque or banker's draft your name must appear on the front of the cheque, or on the back of the cheque accompanied by the Building Society's or bank's official stamp and signature.

4 Nominated Bank Account

Complete this section if you have not provided us with your nominated bank account details. You can only have one nominated bank account at any given time.

If you are paying by cheque then no action is required. For all other funding options you can send a void signed cheque or a bank statement issued within the last three months with this application. If you are an existing customer, only complete this section if you would like to change your nominated bank account details. Any change to your nominated bank account will not be applied to your regular monthly investments.

Name of Account Holder

Bank Name

Branch Sort Code

<input type="text"/>	-	<input type="text"/>	-	<input type="text"/>
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Bank/Building Society Account Number

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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Building Society Roll Number

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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5 Income

Complete this section if you have requested income units/shares ('INC'). The option you choose will be applied to all income units/shares you hold within this product.

If you have selected the option to 'Retain in fund' this will only be applied to the commission-free share classes you hold, any commission-included share classes you hold will continue to pay income in accordance with your previous instruction.

Consolidated Monthly Income
 Income generated from your investment funds will be consolidated into your cash account and paid to your nominated bank account on a monthly basis.

Cofunds Cash Account
 Income generated will be paid into your cash account to be held on platform for withdrawals, future investment or charges.

Retain in the fund
 Income generated from this investment will be retained in the fund.

If you do not tick one of these boxes we will select the 'Retain in the fund' option by default.

6 Investment Selection

If you are investing in both tax years, please include **two** separate cheques.

I wish to subscribe to an Investment ISA (stocks and shares) for the tax year **2014/15** for the amount of: £ and/or **2015/16** for the amount of: £ .

I wish to invest in the Chelsea EasyISA (please choose one of the portfolios below). See pages 7, 8 & 9 or chelseafs.co.uk/products/isa/easy for details.

Please note: your total ISA subscription for each tax year must not exceed your ISA allowance. For details, please refer to the Key Features of the Cofunds Investment ISA. You can only buy commission-free share class funds.

Please note: if your intermediary has agreed exclusive share classes with a Fund Manager for your selected funds, we'll always invest in that exclusive share class and not the share class you've selected below.

		Lump Sum Min portfolio investment £50	Monthly* Min investment £50 per month
Either	Cautious Growth EasyISA	£ <input type="text"/>	£ <input type="text"/>
Or	Balanced Growth EasyISA	£ <input type="text"/>	£ <input type="text"/>
Or	Aggressive Growth EasyISA	£ <input type="text"/>	£ <input type="text"/>
Or	Income EasyISA (please complete your bank details in section 4)	£ <input type="text"/>	£ <input type="text"/>
Or	Global Income EasyISA (please complete your bank details in section 4)	£ <input type="text"/>	£ <input type="text"/>

Your cheque payment Cheques must either be drawn on your own or your joint account. The cheque must be made payable to **Cofunds Limited**. For a Building Society cheque or banker's draft your name must appear on the front of the cheque, or on the back of the cheque accompanied by the Building Society's or bank's official stamp and signature.

***Your monthly savings** For monthly savings we will automatically collect on or just after the 25th day of each month.

For applications received up until the last day in any month, the first direct debit collection will be made on or just after the 25th day of the following month.

Please complete the Direct Debit mandate on page 55.

7 Service and Subscription charge (To be completed by the intermediary)

Service Charge model name: **STANDARD SELF DIRECTED SEGMENT**

Annual Service Charge: **0.40%***

*This is an annual charge taken on a monthly basis.

8 Declaration and Authorisation

I declare that:

- All investment subscriptions made now and in the future belong to me.
- I am aged 18 years or over.
- I have not subscribed and will not subscribe to more than my overall subscription allowance in total to a Cash ISA and a Stocks and Shares ISA in the same tax year.
- I have not subscribed and will not subscribe to another Stocks and Shares ISA in the same tax year that I subscribe to this Stocks and Shares ISA.
- I am resident in the United Kingdom for tax purposes, or, if not so resident, either perform duties which, by virtue of Section 28 of Income Tax (Earnings & Pensions) Act 2003 (Crown employees serving overseas), are treated as being performed in the United Kingdom, or I am married to or in a civil partnership with a person who performs such duties. I will inform Cofunds Limited if I cease to be so resident or to perform such duties, or be married to or in a civil partnership with a person who performs such duties.

I authorise Cofunds Limited to:

- Hold my cash subscription, ISA investments, interest, dividends and any other rights or proceeds in respect of those investments and any other cash.
- Make on my behalf any claims to relief from tax in respect of my ISA investments.

I confirm that:

- I have not received investment advice from Chelsea for this transaction.
- I have viewed the Terms & Conditions of the Cofunds Platform (Self-directed Explicit Pricing) and by signing this application form I agree to be bound by them.
- I have viewed the relevant product key features and fund specific information and/or Key Investor Information Documents (KIID) relating to my investment.
- I understand that there are fees (the Cofunds Platform Charges) for the use of Cofunds services. I authorise Cofunds to collect these fees from my Cofunds Cash Account. If there is insufficient money in my account, I authorise Cofunds to sell enough of my Platform Assets to pay these fees in accordance with the 'Our Charges' section of the Terms & Conditions of the Cofunds Platform (Self-directed Explicit Pricing).
- I understand that the Terms & Conditions of the Cofunds Platform (Self-directed Explicit Pricing) are the standard terms upon which Cofunds intends to rely, and it is important that I read and understand the terms before agreeing to be bound by them. If there is any term or point I do not understand or do not wish to be bound by, I understand that I can request further information before signing this application.
- I understand that my signed application form (once accepted by Cofunds) together with the Terms & Conditions of the Cofunds Platform (Self-directed Explicit Pricing) form my customer agreement with Cofunds Limited.
- I understand that the commencement of my ISA may be delayed or rejected if this application form is not complete in all respects. You may undertake a search with a reference agency for the purposes of verifying my identity. To do so, the reference agency may check the details I supply against any particulars on any database (public or otherwise) to which they have access. They may also use my details in the future to assist other companies for verification purposes. A record of the search will be retained as an identity search. I declare that the information contained in this application form is correct to the best of my knowledge and belief.
- I understand and accept that I am entitled to cancel my application in accordance with the relevant Key Features applicable to the product I am investing in and that if I choose to cancel my application, my investment shall be subject to market movement during the period from the date when my application is processed to the date my investment is sold.

Fund Sale Instruction

If a Fund Sale Instruction applies to the segment linked to my investment, I accept and agree that funds will be sold to settle any outstanding fees and charges which have accrued prior to this date and all fees and charges payable hereafter.

Data Protection

Cofunds is a registered Data Controller and a fully owned subsidiary of Legal & General Group Plc.

Cofunds Limited will use your information for the administration and servicing of your investments and other related activities. We may disclose your information to our agents and service providers for these purposes. We may also disclose your information to organisations for compliance with legal and regulatory requirements.

With the exception of the preceding provisions, we will not pass on your information to any other third party without your permission, but we will disclose information concerning your investment to your nominated intermediary.

Cofunds may transfer your information to countries outside of the EEA for the servicing of your investments. In such cases, contracts will be put in place to ensure that the service providers protect your information in accordance with the requirements of the Data Protection Act.

If you require a Fund prospectus, please contact your intermediary or Fund Manager directly. If you wish to attend/vote at unit holder or shareholder meetings, please tick this box.

If you wish to receive reports and accounts, you can download them free of charge at https://investors.cofunds.co.uk/Investors/Reports_and_Accounts_Investors.aspx

If you wish to receive paper copies of reports and accounts please speak to your Intermediary.

You can also request to receive paper copies of reports and accounts by writing to us at Cofunds Limited, PO Box 1103, Chelmsford CM99 2XY.

Service and Subscription Charge

I confirm that I have received my Fees and Charges Schedule and understand which fees and charges are applicable to my investment. I hereby instruct Cofunds to pay my intermediary the Service Charge and/or Subscription Charge specified in Section 7 of this form and in my Fees and Charges Schedule from my relevant payment account.

Cofunds will accept authority from the primary holder only, in most circumstances. For trusts and Powers of Attorney more than one signature may be required.

If I have an active Sale for Regular Payment mandate or the segment linked to my investment applies to a Fund Sale Instruction (please check with Chelsea if you're not sure) and there is insufficient money within the relevant payment account, I authorise Cofunds to sell enough of my platform assets to pay the Service Charge and/or Subscription Charge in accordance with the relevant Terms and Conditions of the Cofunds Platform or Customer Agreement applicable to my investments/assets. I understand and accept that this may result in commission-included share class funds being sold to cover the Service Charge and/or Subscription Charge, if I have an account level SFRP instruction.

If you provide your email address and telephone number on this form, Chelsea will keep a record of it. Chelsea may use it occasionally about products and services which may be of interest to you. However, if you prefer not to receive such information you may withdraw your consent by contacting Chelsea on 0207 384 7300.

Signature 

Date

The disclosure documentation applicable to this transaction is: **0 2 1 4 S D E**

This form is to be used for Self-directed Explicit Pricing clients only. For Key Features of the Cofunds platform and/or Key Investor Information Documents please refer to your personal disclosure at chelseafs.co.uk/pd or telephone us for a copy.

The ISA allowance is £15,000 for the 2014/15 tax year and £15,240 for the 2015/16 tax year.

Please complete this Application Form using black ink and BLOCK CAPITALS and return to: Chelsea Financial Services, St James Hall, Moore Park Road, London SW6 2JS

Cofunds Authorisation Code **7 7**

1 Personal Details (Please complete this section in full)

Existing Cofunds Client Reference

I have not received advice from a financial adviser in relation to this investment.

Mr/Mrs/Ms/Miss/Other

Surname

Full first name(s)

Email

Daytime telephone number

Male Female Date of Birth / / - - -

National Insurance Number - - / - - / - -

If you do NOT have a National Insurance Number, please tick here.

Please read the following sentence and confirm by ticking the box if applicable. I confirm that I am solely UK resident for tax purposes and not a US citizen.
If you can't confirm and tick the box, please complete the Individual FATCA Self-Certification form that can be issued to you by Chelsea.

Current permanent residential address

Postcode

Time at this address yrs mths

If at current address for less than two years, please supply previous address and time there

Postcode

Time at this address yrs mths

If more than one previous address in the last two years, please provide full details including the time at each address on a separate sheet of paper and staple securely to this application form.

2 Segmentation (For intermediary use only)

Please enter the name of the segment in full using BLOCK CAPITALS: **STANDARD SELF DIRECTED SEGMENT (Only apply if client is not already segmented)**

3 Funding Your Investment

If you are investing in both tax years, please include **two** separate cheques. For 2015/16 tax year, your cheque should be dated 6 April 2015 or later.

I will be funding my investment by (tick all that apply):

Cheque £ . Amount

Cofunds Cash Account £ . Amount

Monthly Direct Debit. Please complete the Direct Debit mandate on page 55.

Cheque payment

Cheques must either be drawn on your own account or joint account. Please make your cheque payable to **Cofunds Limited**. For a Building Society cheque or banker's draft your name must appear on the front of the cheque, or on the back of the cheque accompanied by the Building Society's or bank's official stamp and signature.

4 Nominated Bank Account

Complete this section if you have not provided us with your nominated bank account details. You can only have one nominated bank account at any given time.

If you are paying by cheque then no action is required. For all other funding options you can send a void signed cheque or a bank statement issued within the last three months with this application. If you are an existing customer, only complete this section if you would like to change your nominated bank account details. Any change to your nominated bank account will not be applied to your regular monthly investments.

Name of Account Holder

Bank Name

Branch Sort Code - - Bank/Building Society Account Number

Building Society Roll Number

5 Income

Complete this section if you have requested income units/shares ('INC'). The option you choose will be applied to all income units/shares you hold within this product.

If you have selected the option to 'Retain in fund' this will only be applied to the commission-free share classes you hold, any commission-included share classes you hold will continue to pay income in accordance with your previous instruction.

Consolidated Monthly Income
Income generated from your investment funds will be consolidated into your cash account and paid to your nominated bank account on a monthly basis.

Cofunds Cash Account
Income generated will be paid into your cash account to be held on platform for withdrawals, future investment or charges.

Retain in the fund
Income generated from this investment will be retained in the fund.

If you do not tick one of these boxes we will select the 'Retain in the fund' option by default.

6 Investment Selection

If you are investing in both tax years, please include **two** separate cheques.

I wish to subscribe to an Investment ISA (stocks and shares) for the tax year **2014/15** for the amount of: £ and/or **2015/16** for the amount of: £ .

I wish to invest in the funds indicated (for further details about the available funds, please refer to the Key Investor Information Documents (KIID) and/or Fund Key Features Document).

Please note: your total ISA subscription for each tax year must not exceed your ISA allowance. For details, please refer to the Key Features of the Cofunds Investment ISA.

Please note: if your intermediary has agreed exclusive share classes with a Fund Manager for your selected funds, we'll always invest in that exclusive share class and not the share class you've selected below.

Fund name(s)	Type of unit/share (delete as appropriate)*	Lump sum £50 per fund (minimum)	Monthly saving £50 per fund (minimum)**
	ACC/INC	£	£
	ACC/INC	£	£
	ACC/INC	£	£
	ACC/INC	£	£
	ACC/INC	£	£
CASH RESERVE ¹		£	£
TOTAL INVESTMENT AMOUNT		£	£

***ACC/INC** If you do not specify ACC or INC in this column, and have not completed Section 5, Cofunds will invest into accumulation units/shares where available.

¹**Cash Reserve** Please note: this will be included as part of your ISA allowance and not placed into your cash account.

****Monthly saving** For monthly savings we will automatically collect on or just after the 25th day of each month. For applications received up until the last day in any month, the first Direct Debit collection will be made on or just after the 25th day of the following month. Please complete the Direct Debit mandate on page 55.

Cheque payment Cheques must either be drawn on your own account or joint account. The cheque must be made payable to **Cofunds Limited**. For a Building Society cheque or banker's draft your name must appear on the front of the cheque, or on the back of the cheque accompanied by the Building Society's or bank's official stamp and signature.

7 Service Charge (To be completed by the intermediary)

Service Charge model name: **STANDARD SELF-DIRECTED SEGMENT**

Annual Service Charge: **0.40%***

*This is an annual charge taken on a monthly basis.

8 Declaration and Authorisation

I declare that:

- All investment subscriptions made now and in the future belong to me.
- I am aged 18 years or over.
- I have not subscribed and will not subscribe to more than my overall subscription allowance in total to a Cash ISA and a Stocks and Shares ISA in the same tax year.
- I have not subscribed and will not subscribe to another Stocks and Shares ISA in the same tax year that I subscribe to this Stocks and Shares ISA.
- I am resident in the United Kingdom for tax purposes, or, if not so resident, either perform duties which, by virtue of Section 28 of Income Tax (Earnings & Pensions) Act 2003 (Crown employees serving overseas), are treated as being performed in the United Kingdom, or I am married to or in a civil partnership with a person who performs such duties. I will inform Cofunds Limited if I cease to be so resident or to perform such duties, or be married to or in a civil partnership with a person who performs such duties.

I authorise Cofunds Limited to:

- Hold my cash subscription, ISA investments, interest, dividends and any other rights or proceeds in respect of those investments and any other cash.
- Make on my behalf any claims to relief from tax in respect of my ISA investments.

I confirm that:

- I have not received investment advice from Chelsea for this transaction.
- I have viewed the Terms & Conditions of the Cofunds Platform (Self-directed Explicit Pricing) and by signing this application form I agree to be bound by them.
- I have viewed the relevant product key features and fund specific information and/or Key Investor Information Documents (KIID) relating to my investment.
- I understand that there are fees (the Cofunds Platform Charges) for the use of Cofunds services. I authorise Cofunds to collect these fees from my Cofunds Cash Account. If there is insufficient money in my account, I authorise Cofunds to sell enough of my Platform Assets to pay these fees in accordance with the 'Our Charges' section of the Terms & Conditions of the Cofunds Platform (Self-directed Explicit Pricing).
- I understand that the Terms & Conditions of the Cofunds Platform (Self-directed Explicit Pricing) are the standard terms upon which Cofunds intends to rely, and it is important that I read and understand the terms before agreeing to be bound by them. If there is any term or point I do not understand or do not wish to be bound by, I understand that I can request further information before signing this application.
- I understand that my signed application form (once accepted by Cofunds) together with the Terms & Conditions of the Cofunds Platform (Self-directed Explicit Pricing) form my customer agreement with Cofunds Limited.
- I understand that the commencement of my ISA may be delayed or rejected if this application form is not complete in all respects. You may undertake a search with a reference agency for the purposes of verifying my identity. To do so, the reference agency may check the details I supply against any particulars on any database (public or otherwise) to which they have access. They may also use my details in the future to assist other companies for verification purposes. A record of the search will be retained as an identity search. I declare that the information contained in this application form is correct to the best of my knowledge and belief.
- I understand and accept that I am entitled to cancel my application in accordance with the relevant Key Features applicable to the product I am investing in and that if I chose to cancel my application, my investment shall be subject to market movement during the period from the date when my application is processed to the date my investment is sold.

Fund Sale Instruction

If a Fund Sale Instruction applies to the segment linked to my investment, I accept and agree that funds will be sold to settle any outstanding fees and charges which have accrued prior to this date and all fees and charges payable hereafter.

Data Protection

Cofunds is a registered Data Controller and a fully owned subsidiary of Legal & General Group Plc.

Cofunds Limited will use your information for the administration and servicing of your investments and other related activities. We may disclose your information to our agents and service providers for these purposes. We may also disclose your information to organisations for compliance with legal and regulatory requirements.

With the exception of the preceding provisions, we will not pass on your information to any other third party without your permission, but we will disclose information concerning your investment to your nominated intermediary.

Cofunds may transfer your information to countries outside of the EEA for the servicing of your investments. In such cases, contracts will be put in place to ensure that the service providers protect your information in accordance with the requirements of the Data Protection Act.

If you require a Fund prospectus, please contact your intermediary or Fund Manager directly. If you wish to attend/vote at unit holder or shareholder meetings, please tick this box.

If you wish to receive reports and accounts, you can download them free of charge at https://investors.cofunds.co.uk/Investors/Reports_and_Accounts_Investors.aspx

If you wish to receive paper copies of reports and accounts please speak to your Intermediary.

You can also request to receive paper copies of reports and accounts by writing to us at Cofunds Limited, PO Box 1103, Chelmsford CM99 2XY.

Service Charge

I confirm that I have received my Fees and Charges Schedule and understand which fees and charges are applicable to my investment. I hereby instruct Cofunds to pay my intermediary the Service Charge specified in Section 7 of this form and in my Fees and Charges Schedule from my relevant payment account.

Cofunds will accept authority from the primary holder only, in most circumstances. For trusts and Powers of Attorney more than one signature may be required.

If I have an active Sale for Regular Payment mandate or the segment linked to my investment applies to a Fund Sale Instruction (as described in my Fees and Charges Schedule) and there is insufficient money within the relevant payment account, I authorise Cofunds to sell enough of my platform assets to pay the Service Charge in accordance with the relevant Terms and Conditions of the Cofunds Platform or Customer Agreement applicable to my investments/assets. I understand and accept that this may result in commission-included share class funds being sold to cover the Service Charge, if I have an account level SFRP instruction.

If you provide your email address and telephone number on this form, Chelsea will keep a record of it. Chelsea may use it occasionally about products and services which may be of interest to you. However, if you prefer not to receive such information you may withdraw your consent by contacting Chelsea on 0207 384 7300.

Signature 

Date

The disclosure documentation applicable to this transaction is:

J I S A 0 4 1 4

This form is to be used for Self-directed Explicit Pricing clients only. For Key Features of the Cofunds platform and/or Key Investor Information Documents please refer to your personal disclosure at chelseafs.co.uk/pd or telephone us for a copy.

This application form is used to open a Stocks and Shares Junior Investment ISA with Cofunds and/or make subscriptions until the child is 18 years old.

The Junior Investment ISA allowance for all investors is £4,000 for the 2014/15 tax year and £4,080 for the 2015/16 tax year.

Please complete this Application Form using black ink and BLOCK CAPITALS and return to: Chelsea Financial Services, St James Hall, Moore Park Road, London SW6 2JS.

Cofunds Intermediary Authorisation Code

7 7

I have not received advice from a financial adviser in relation to this investment.

1 Child Details (Please complete this section in full)

Existing Cofunds Client Reference

I apply to open a Junior Investment ISA and/or make subscriptions for

Master/Miss

Surname

Full first name(s)

Male Female

Date of Birth / /

Current permanent residential address

Postcode

National Insurance Number / / / /
(if held)

If the child does not have a National Insurance Number, please tick here.

2 Applicant Details – Registered Contact* (Please complete this section in full)

Mr/Mrs/Ms/Miss/Other

Surname

Full first name(s)

Telephone

Email

Current permanent residential address

Postcode

*The registered contact is a person with parental responsibility, or the child aged 16-18, if they so wish.

Date of Birth / /

3 Third Party Details (Please complete if relevant)

Please complete this section if you are not the child or registered contact but are funding the Junior Investment ISA.

Existing Cofunds Client Reference

Mr/Mrs/Ms/Miss/Other

Surname

Full first name(s)

Telephone

Date of Birth / /

Current permanent residential address

Postcode

Please enter your relationship to the child

4 Segmentation (For intermediary use only)

Please enter the name of the segment in full using BLOCK CAPITALS:

STANDARD SELF-DIRECTED SEGMENT (Only apply if client is not already segmented)

5 Funding Your Investment into the JISA

If you are investing in both tax years, please include **two** separate cheques. For 2015/16 tax year, your cheque should be dated 6 April 2015 or later.

I will be funding my investment into the JISA by (tick all that apply):

Cheque £ Amount

Cheque payment

Please make your cheque payable to **Cofunds Limited**

Monthly Direct Debit. Please complete the Direct Debit mandate on page 55.

Please note that the amount subscribed is a gift to the child and cannot be repaid to the subscriber if at a later date they change their mind.

6 Income



Retain in the fund Income generated from this investment will be retained in the fund. We don't pay income from a Junior ISA.

7 Investment Selection

If you are investing in both tax years, please include **two** separate cheques.

I wish to subscribe to a Junior ISA (stocks and shares) for the tax year **2014/15** for the amount of: £ and/or **2015/16** for the amount of: £ .

I wish to invest in the funds indicated (for further details about the available funds, please refer to the Key Investor Information Documents (KIID) and/or Fund Key Features Document).

Please note: the total Junior ISA subscription for each tax year must not exceed the Junior ISA allowance. For details, please refer to the Key Features of the Cofunds Junior Investment ISA. You can only choose commission-free share class funds. If you do not indicate the share class, we'll select the commission-free share class fund, where available.

Please note: if your intermediary has agreed exclusive share classes with a Fund Manager for your selected funds, we'll always invest in that exclusive share class and not the share class you've selected below.

See page 6 for details of the Junior EasyISA.

Fund name or Junior EasyISA portfolio	Type of unit/share (delete as appropriate)*	Lump sum	Monthly amount per fund**
<input type="checkbox"/> Core Equity Portfolio <input type="checkbox"/> Balanced Equity Portfolio <input type="checkbox"/> Aggressive Equity Portfolio	ACC/INC	£	£
	ACC/INC	£	£
	ACC/INC	£	£
	ACC/INC	£	£
	ACC/INC	£	£
CASH RESERVE	ACC/INC	£	£
TOTAL INVESTMENT AMOUNT		£	£

*ACC/INC

If you do not specify ACC or INC in this column, Cofunds will invest into accumulation units/shares where available.

Cash Reserve

Please note: this will be included as part of your ISA allowance and not placed into your cash account.

Cheque payment

Cheques must either be drawn on your own account, joint account or the account of the person detailed in Section 3 (third party details). The cheque must be made payable to **Cofunds Limited**. For a Building Society cheque or banker's draft your name must appear on the front of the cheque, or on the back of the cheque accompanied by the Building Society's or bank's official stamp and signature.

**Monthly savings

For monthly savings we will automatically collect on or just after the 25th day of each month. For applications received up until the last day in any month, the first Direct Debit collection will be made on or just after the 25th day of the following month.

Please complete the Direct Debit mandate on page 55.

8 Declaration and Authorisation

I declare that:

- The child named above will be the beneficial owner of the account investments.
- I am aged 16 years or over.
- I am the child/I have parental responsibility for that child (delete which does not apply).
- I/the child does not have a Child Trust Fund account.
- I will be the registered contact for the Junior Investment ISA.
- The child is resident in the UK, or is a UK Crown servant, a dependant of a UK Crown servant or is married to/in a civil partnership with a UK Crown servant.
- I have not subscribed and will not subscribe to another Stocks and Shares Junior ISA for this child.
- I am not aware that this child has another Stocks and Shares Junior ISA within this tax year.
- I am not aware of other Junior ISA subscriptions that will result in this child exceeding the annual limit.
- I will not knowingly make subscriptions to Junior ISAs for this child that will result in the subscription limit being exceeded.

I authorise Cofunds Limited to:

- I agree to the Terms and Conditions of the Cofunds Junior Investment ISA and confirm that to the best of my belief the information in this form is true.
- to make on the child's behalf any claims to relief tax in respect of Junior Investment ISA investments.

I agree to the Terms and Conditions of the Cofunds Junior Investment ISA and confirm that to the best of my belief the information on this form is true.

I confirm that:

- I have not received investment advice from Chelsea for this transaction.
- I have viewed the Terms & Conditions of the Cofunds Junior Investment ISA and by signing this application form I agree to be bound by them.
- I have viewed the relevant product key features and fund specific information and/or Key Investor Information Documents (KIID) relating to my investment. A copy of the KIID can be found via the following link https://www.cofunds.co.uk/Investors/Reports_and_Accounts_Investors.aspx
- I understand that the Terms and Conditions of the Cofunds Junior Investment ISA are the standard terms upon which Cofunds intends to rely, and it is important that I read and understand the terms before agreeing to be bound by them. If there is any term or point I do not understand or do not wish to be bound by, I understand that I can request further information before signing this application.
- I understand that my signed application form (once accepted by Cofunds) together with the Terms and Conditions of the Cofunds Junior Investment ISA form my customer agreement with Cofunds Ltd.
- I understand and accept that I am entitled to cancel my application in accordance with the Junior ISA Key Features and that if I chose to cancel my application, my investment shall be subject to market movement during the period from the date when my application is processed to the date my investment is sold.
- I understand that the commencement of my Junior Investment ISA may be delayed or rejected if this application form is not complete in all respects. You may undertake a search with a reference agency for the purposes of verifying my identity. To do so, the reference agency may check the details I supply against any particulars on any database (public or otherwise) to which they have access. They may also use my details in the future to assist other companies for verification purposes. A record of the search will be retained as an identity search. I declare that the information contained in this application form is correct to the best of my knowledge and belief.

Fund Sale Instruction

If a Fund Sale Instruction applies to the segment linked to my investment, I accept and agree that funds will be sold to settle any outstanding fees and charges which have accrued prior to this date and all fees and charges payable hereafter.

Data Protection

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Signature
(Registered Contact) 

Date

Investment by Direct Debit



Instruction to your Bank or Building Society to pay Direct Debits



Service User No.

6 0 0 2 6 7

Reference Number

[Empty grid for Reference Number]

Name and full postal address of your Bank or Building Society

To the Manager Bank or Building Society
Address
Postcode

For Cofunds LTD official use only

This is not part of the instruction to your bank or building society.

Name(s) of Account Holder(s)

[Empty box for Name(s) of Account Holder(s)]

Bank/Building Society Account Number

[Empty grid for Bank/Building Society Account Number]

Branch Sort Code

[Empty grid for Branch Sort Code]

Banks and Building Societies may not accept Direct Debit instructions from some types of account.

Instruction to your Bank or Building Society

Please pay Cofunds Limited Direct Debits from the account detailed in this instruction subject to the safeguards assured by the Direct Debit Guarantee. I understand that this instruction may remain with Cofunds Limited and, if so, details will be passed on electronically to my Bank/Building Society.

Signature

Date

This Guarantee should be detached and retained by the payer.

The Direct Debit Guarantee

- Guarantee is offered by all Banks and Building Societies that accept instructions to pay Direct Debits
If there are any changes to the amount, date or frequency of your Direct Debit Cofunds Ltd will notify you five working days in advance of your account being debited or as otherwise agreed.
If an error is made in the payment of your Direct Debit, by Cofunds Ltd or your Bank or Building Society, you are entitled to a full and immediate refund of the amount paid from your Bank or Building Society
You can cancel a Direct Debit at any time by simply contacting your Bank or Building Society.



We're here to help

We're proud to offer our clients a very personal service.

Unlike others, we're not 'online only'.

And we haven't 'outsourced our customer support function'.

We have a team in our office in Chelsea.

And we'd be pleased to help.

So if you need little extra help or guidance, you can call us on **020 7384 7300**.

