

35 YEARS OF CHELSEA

From pioneering discount broking to managed funds

1983 was an exciting year. The economy was accelerating. UK GDP growth was 4.7%. Inflation was finally under control. The first compact disc went on sale in the UK and Blackadder appeared on our screens. Meanwhile, the stock market was buoyant, up 29% in 1983 alone.* People wanted to get in on the action, but the average saver didn't have the time to research and manage their own stocks. The alternative was to buy an investment fund, but this was impossible without paying an expensive initial charge, usually around 5%.

Enter Dr John Holder. While working in the City, John realised that the average private investor was getting a raw deal. As the initial charge on investment funds was kept by an intermediary, John's revolutionary idea was to give most of this charge back to the private investor. He launched a pioneering new firm - Chelsea Financial Services – which was the first

intermediary to discount initial charges on unit trust and bonds, and later PEPs and ISAs (Individual Savings Accounts).

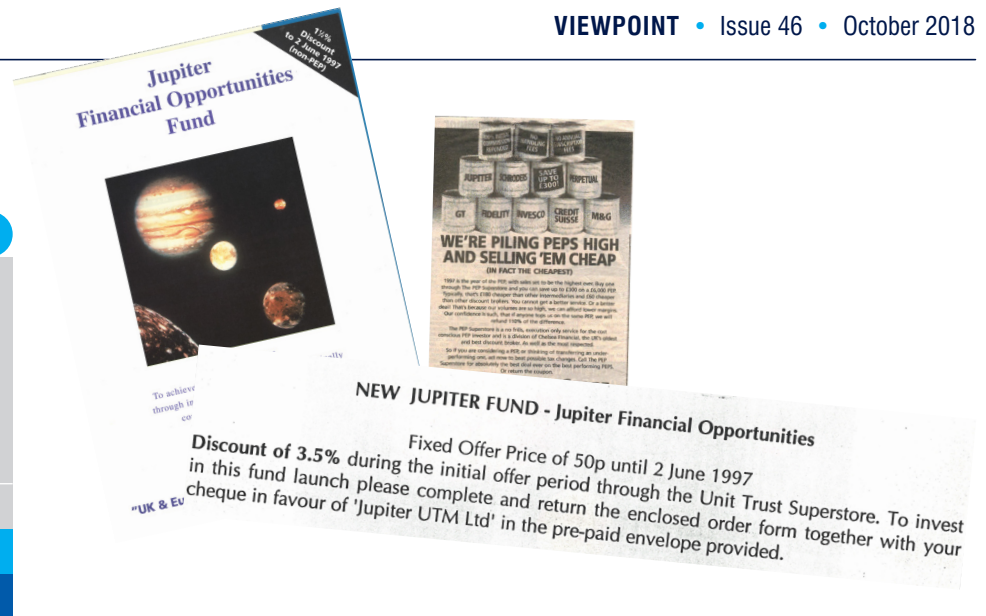
Chelsea was immediately popular with its customers but, like many disruptive companies, it was universally disliked by its peers in the industry. Several very large fund providers, under pressure from IFAs, stopped doing business with Chelsea.

Customers were outraged and the story hit the front page of *The Times money section*. A storm of negative publicity followed and the fund providers were forced to relent and started doing business with Chelsea again. The industry was changed forever. The private investor was now able to keep more of their hard-earned savings for themselves. Since it launched, Chelsea has saved its customers tens of millions of pounds.

When John founded Chelsea it wasn't just about offering a better price, it was about providing investors with more choice. While working in the City, John observed how clients were often tied into a certain range of funds. He wanted to offer Chelsea customers as much choice as possible so they had access to the very best fund managers, not just the mediocre.

A big part of what we do at Chelsea is researching funds. We pride ourselves on finding the best funds before they become well known. Opposite are just a handful of the top funds we have featured in our mailings and Viewpoint magazine over the years. The numbers speak for themselves and highlight why the stock market remains the best way to grow your savings over the long-term for those with the time horizon, and patience, to ride out the inevitable falls.





Jupiter Financial Opportunities

Mailed to clients in June 1997, this fund has featured consistently on the Chelsea Selection and is on it today. Originally managed by Philip Gibbs and now Guy de Blonay, it is our most successful mailing so far, returning more than 17 times its initial investment in just over 20 years.

Investment	Now worth
£10,000 on 02/06/97	£172,495
+1,624.95% since 02/06/97***	

Invesco Perpetual High Income

Featured in our list of favourite unit trusts in the September 1995 Viewpoint, this fund was famously managed by Neil Woodford until he left Invesco in 2014. Over his tenure it returned three times the peer group average. The fund is now run by Mark Barnett.

Investment	Now worth
£10,000 on 01/09/95	£99,353
+893.53% since 01/09/95***	

Marlborough UK Micro Cap Growth

Managed by Giles Hargreave and Guy Feld, details of this fund were mailed to Chelsea clients at launch in 2004. This fund, or its larger brother Marlborough Special Situations, have featured on the Selection list ever since. Marlborough UK Micro Cap Growth is currently on the Core Selection.

Investment	Now worth
£10,000 on 04/10/04	£80,283
+702.83% since 04/10/04***	

Fundsmith Equity

Information about this fund was mailed to clients as soon as it was available to buy on the platform in December 2012. Run by the outspoken and experienced Terry Smith, with a 'back to basics' approach, the fund has had a place on the Selection or Core Selection since that date.

Investment	Now worth
£10,000 on 06/12/12	£31,008
+210.08% since 06/12/12***	

Stewart Investors Asia Pacific

Originally named First State Asia Pacific, this fund first featured in the October 2001 Viewpoint. It was so successful, it was subsequently closed to new investments. A sister fund, First State Asia Pacific Leaders, was launched for new investors, which was also highlighted to our clients.

Investment	Now worth
£10,000 on 01/10/01	£114,408
+1,044.08% since 01/10/01***	

Fidelity Special Situations

First featured on the Chelsea Selection in the June 2001 Viewpoint, this fund was run by Anthony Bolton, one of the most famous UK fund managers of all time, and delivered 19.5% annualised growth throughout his tenure. The fund is now managed by Alex Wright.

Investment	Now worth
£10,000 on 01/06/01	£50,173
+401.73% since 01/06/01***	

Jupiter European

Managed by Alexander Darwell since 2001, this fund first featured on our list of unit trusts in the November 1996 Viewpoint. Consistently one of our favourite choices in this asset class, it has appeared regularly in the magazine over the years and is on our Core Selection today.

Investment	Now worth
£10,000 on 01/11/96	£135,945
+1,259% since 01/11/96***	

And we are not resting on our laurels now. Last year, we launched our own fund of funds. These are an option for those who don't have time to research and manage their own portfolios and want access to our research teams views. All four funds have had a fantastic first year, outperforming their benchmarks (see more on page 8-11).

Our fee for these funds (before the cost of the underlying funds and administration costs) is just 0.30%. Many other popular fund of funds charge as much as 0.75%**. Our prices are already substantially cheaper than many larger fund of funds and we are working to lower them further by negotiating with fund providers on your behalf to reduce the underlying fund costs. We are also able to get discounts using our scale – and on these occasions, we pass these back into the funds for your benefit, continuing the work pioneered by John. Once again we are shaking up the industry so that your savings work harder for you and we will continue to do so in the future.

*FE Analytics MSCI United Kingdom 01/01/1983-31/12/1983

**FE Analytics 12/09/2018

***All above FE main units and assuming all income re-invested and no initial charge. Data to 07/08/2018

^Who will take over Anthony Bolton's Crown by Paul Farrow 14/09/2018 <https://www.telegraph.co.uk/finance/newsbysector/banksandfinance/2821047/Who-will-take-over-Anthony-Boltons-crown.html>