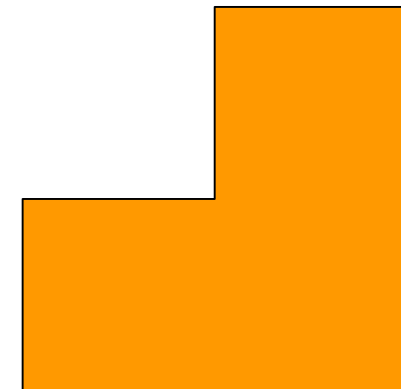

Building a diverse portfolio

Introduction

- Planning an investment takes careful consideration
- Different asset classes behave in different ways
 - What goes up will also come down
- Need to balance different needs and objectives, in particular:
 - Your attitude to risk
 - Your growth expectations
 - Your time horizons
- Translate this into your personalised allocation

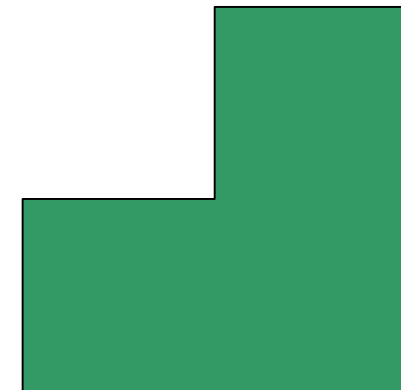
The key building blocks - equities

- Traditionally seen as offering the best growth investment long term
- Volatile, particularly over the short term
 - The price of an equity goes up and down all the time
 - Price is subject to market sentiment as well as true underlying value
 - If a company fails, equity investors can lose everything
- Diversify - spread an investment across many companies
 - Unit trust funds and OEICs
 - Investment trusts
 - Life company funds



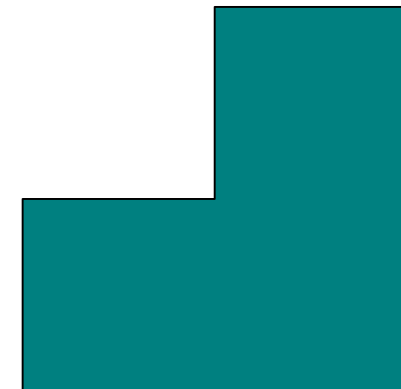
The key building blocks - bonds

- Corporate bonds are loans issued by companies and governments
- Good for those requiring regular, dependable levels of income
- Seen as lower volatility than equities
- Interest is paid regularly by the company to the investor
- Can offer capital growth if interest rates fall
- Can suffer when interest rates are rising quickly



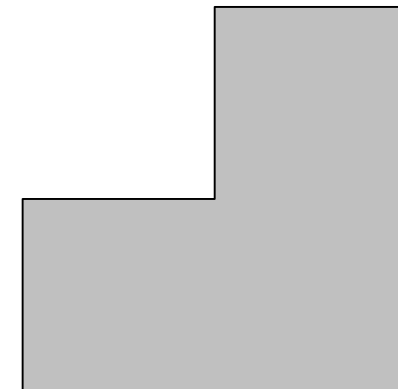
The key building blocks - cash

- Offers guaranteed return of capital
- Regular interest payments pay income or add to the overall value
- Interest runs in line with base rates (usually slightly below)
- Good for short term requirements and emergency funds
- Be aware of the effects of inflation
 - Less attractive for longer term growth investment

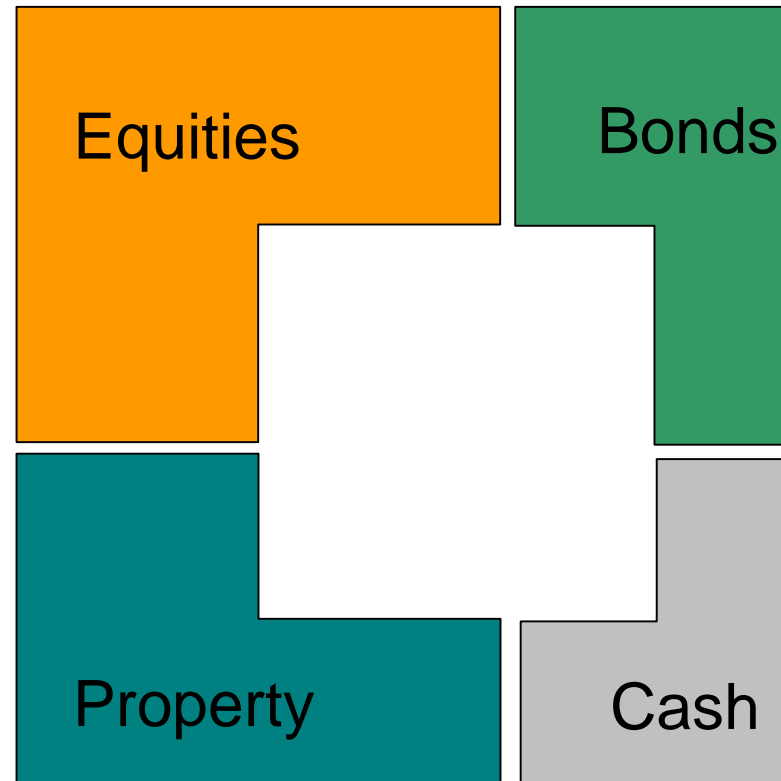


The key building blocks - property

- Relatively new option for smaller investors
- Generally chosen for the income prospects, combined with the potential for capital growth
- Investment options split into different general categories
 - Commercial property (offices, warehouses, etc)
 - Residential property (owner occupier, buy to let)
 - Property shares (holdings in property related companies)
- Each category offers different characteristics



Portfolio allocation



Apportion across assets based on needs and objectives
