



Global Funds

by Sheridan Admans, Investment Adviser

Global funds provide a way to invest in foreign companies and economies. Economies such as China and India have been growing fast, often generating national wealth as well as increasing the spending power of their citizens. Having a stake in this changing balance of economic activity provides a good hedge against the prospects of slower growth in more mature economies.

Investing outside your own country is associated with higher levels of risk, mainly as a result of currency fluctuations, political and market risk and the impact these factors can have on both income and capital values. However, a fully-diversified portfolio should include some investments from other markets and global funds are an easy way to broaden your investment horizon if you don't have any particular geographical preference. How much you invest in which markets depends upon the level of risk you find acceptable.

Investors in the UK have little exposure to some overseas, developed market sectors; global funds are a good way of diversifying your investment across different sectors. For example, the information technology sector is monopolised by the US; the electronic hardware market tends to reside in Asian economies and alternative energy development solutions – in wind power for example – is driving Danish innovation. The inclusion of a global fund in an investment portfolio will potentially provide access to the best companies in certain sectors and assets that a home market bias cannot deliver directly.

Overseas companies are also keen to attract investment. As James Harries, fund manager for the Newton Global Higher Income Fund told us “Recent years have seen the level of dividend yield in overseas markets dramatically improve owing to a number of factors. The most prevalent has been the concerted efforts made by companies in such markets to attract a wider investment audience by offering shareholder value in the form of dividends, as well as capital gains”.

Investing in global funds is not just for novice investors. For more seasoned investors, investing in a global fund can offer a lower risk route into overseas markets where it can often be difficult to

get the information needed to make informed decisions about individual investments. Concentrating your efforts on areas you know well and leaving the less accessible ones to market professionals can be an ideal solution.

That doesn't mean you should sell your UK portfolio and invest all the money in global funds. It is advisable to maintain exposure to the UK market to diversify your portfolio. Also, having some investments based in sterling means your returns are not over-exposed to currency fluctuations, which can in the short-term affect any gains from overseas exposure.

You should consider the same factors when investing in a global fund as you would investing in a UK-focused fund. That is, you should match the aims of the fund with your investment requirements, for example income, growth or a balance. Review the fund's historical ability to achieve its objectives and the fund manager's performance and experience. Compare this to the fund's benchmark performance and the performance of the sector. Finally, look at the charges applied to the fund. Note that past performance is not a reliable indicator of future performance. You may find our Fund Centre (see page 4) will be a good place to start your investigation since all our Platinum 120 funds attract no purchase commission and we have negotiated zero initial charge for many of them.

As always, your investment return horizon is important and when investing in these types of funds we suggest that you are comfortable having your capital invested for a minimum of 3 to 5 years. Global fund managers take a long-term view based on how they compose the fund portfolio and the effect market cycles are likely to have. That means they might only expect to outperform their benchmark in 3 of every 5 years they are invested.

On the facing page we look at three funds that invest in overseas markets for long-term capital growth each of which is currently available with no initial charge and no purchase commission. (See page 3 for details).

For more information on global funds please contact our Advice team on 01296 41 43 45.

Jupiter Global Managed Fund Manager: John Chatfeild-Roberts

Our risk rating: M7 | Fund size: £181m at 31 January 2009 | Yield: 1.6%

0%
initial charge
see page 3

Aim: To achieve long-term capital growth principally through investment in equities on an international basis.

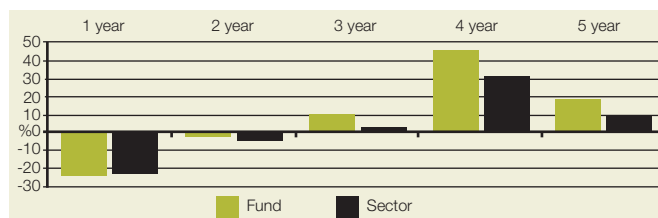
Opinion: John Chatfeild-Roberts, Director of Jupiter Investment Holdings, is the lead manager of the fund and the author of the book 'Fundology'. John invests in international companies that he and his team consider to be undervalued and offer long-term prospects for growth. They seek out companies that display strong proven management track records and have competitive services and/or products. Some members of the team specialise in different regions of the world enabling focused, region-specific ideas.

The fund manager has the freedom to generate ideas without being constrained by a benchmark or the proportion weighting in a region which it tracks. The fund can also invest across small, mid and large capitalised companies.

Benefits: This fund has been a consistent top performer over the years. The fund management team are very experienced and are comfortable investing in global companies of all sizes for growth.

Discrete quarter-end performance to 31 March 2009

	1 year	2 year	3 year	4 year	5 year
Fund	-23.5%	-2.4%	9.8%	46.2%	17.8%
Global Growth	-22.9%	-4.3%	2.9%	31.6%	9.4%



Newton Global Higher Income Fund Manager: James Harries

Our risk rating: M5 | Fund size: £411.2m at 28 February 2009 | Yield: 6.21%

0%
initial charge
see page 3

Aim: To achieve increasing annual distributions together with long-term capital growth from investing predominantly in global securities.

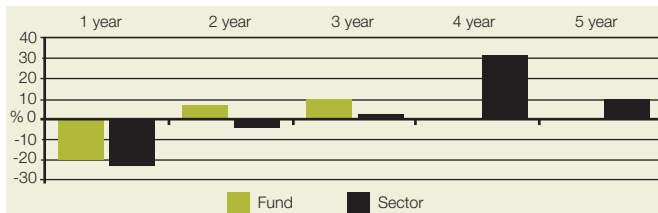
Opinion: This fund utilises Newton's tried and tested income strategy. At the heart of this philosophy is the ability of the team to generate ideas in the belief that no company, market or economy can be considered in isolation. Shares under consideration for admission to the fund must have a prospective yield of 50% greater than the yield represented by the FTSE World Index. If, after admission to the fund, the share's yield falls below 25% of the index's yield then it is sold. This provides an element of protection from falls, although this protection is not guaranteed.

Please note that this fund only launched back in November 2005 hence the shorter performance history.

Benefits: James Harries runs this fund and is supported by 19 analysts. Since launch, the fund has achieved top-decile performance (ie top 10%). It would suit investors who are seeking income from a global investment portfolio.

Discrete quarter-end performance to 31 March 2009

	1 year	2 year	3 year	4 year	5 year
Fund	-20.2%	6.7%	9.3%	n/a	n/a
Global Growth	-22.9%	-4.3%	2.9%	31.6%	9.4%



First State Global Opportunities Fund Manager: Habib Subjally

Our risk rating: M7 | Fund size: £30m at 28 February 2009 | Yield: 1.28%

0%
initial charge
see page 3

Aim: To achieve long term capital growth through investing in equities worldwide, in any economic sector.

Opinion: This fund exhibits a high level of conviction, that is to say it invests in 45-55 companies globally, avoids exposure to small-cap companies and limits its emerging market exposure to 6 of the 'most advanced' regions. Habib Subjally, the fund manager is supported by 11 analysts who are spread across Sydney, Singapore, Edinburgh, Hong Kong and London. The fund aims to beat the MSCI World index by selecting shares to achieve the best performance in the prevailing economic climate rather than just holding companies and sectors similar to those that make up the weightings of the index.

Despite predominantly being a global growth fund, investors will be currently encouraged to see that it also offers a small dividend yield of 1.28%.

Benefits: The management team is situated in various regions of the world allowing them to have closer relationships with some of the companies in which they invest which could potentially benefit investment returns. It would also be suitable to those investors who prefer a more concentrated portfolio of investments.

Discrete quarter-end performance to 31 March 2009

	1 year	2 year	3 year	4 year	5 year
Fund	-20.9%	1.6%	-10.4%	64.7%	12.9%
Global Growth	-22.9%	-4.3%	2.9%	31.6%	9.4%

