of interest

summer 2024

Welcome

to the Summer edition of our Newsletter - Of Interest. It's now been 30 years since we started our execution only service and we would really like to thank you all for your continued loyalty to our services. Many of you have been with us since the 90s and we really appreciate you being on this journey with us!

We are continuing to work hard on your behalf and are making great strides in re-registering clients investments to Fidelity FundsNetwork. This will ensure the continued uninterrupted service, additional benefits and the lowest cost possible for our clients. If you haven't done so already, we suggest you take a look at the article inside to see what you could be potentially missing out on.

As usual we have included various informative articles, commentary, news, facts and figures plus our regular competition where you can win £1,000!

News

Alliance Trust and Witan Trust merger

Witan and Alliance Trust, two of the biggest investment trusts, will be combining with Witan being merged into Alliance Trust. It is expected that the merger will complete later this year. The trust will then become 'Alliance Witan' with assets in excess of £5bn (which would be large enough to be included in the FTSE 100).

Both Witan and Alliance follow a multi-manager approach and the boards believe that the merger will result in greater liquidity and cost efficiencies.

Willis Towers Watson, who is Alliance's current manager will assume overall responsibility for managing the combined Trust. The same multi-manager approach that has been implemented since 2017 will continue. This involves a diverse team of stock pickers, each of whom invests a selection of 10 to 20 of their best ideas.

Witan shareholders will benefit from an immediate increase in the value of their shareholding, due to the fact that Alliance Trust's shares trade at a tighter discount to NAV than Witan's. They will also be given the opportunity to opt for a cash exit at a price close to NAV.

Witan chairman Andrew Ross has stated the following:
"The companies share similar cultures and a mutual desire to provide a "one-stop shop" for retail investors in global equities. I am delighted to announce this transaction, the largest-ever investment trust combination, in Witan's 100th year as a quoted company on the London Stock Exchange."

Invesco Responsible Japanese Equity Discovery Fund Name Change

On 1st July 2024, Invesco enacted some changes to the Invesco Responsible Japanese Equity Discovery Fund.

The fund manager no longer incorporates Environmental, Social and Governance ("ESG") factors in their investment decisions, therefore, the Fund's investment policy and strategy will be updated to remove reference to ESG factors. Following the retirement of Daiji Ozawa, the fund manager is now Tadao Minaguchi. As a result of these changes, the Fund's strategy has also changed and the new fund name is Invesco Japanese Equity Advantage Fund.

Invesco have stated the following:

'With effect from 1 July 2024, the Fund will invest in Japanese companies which use their capital effectively and take advantage of intangible assets such as brand, technology and customer loyalty within a strong business franchise in order to maintain and grow their business. We believe the change in strategy will improve performance for investors over the longer term.'

As a result, there will be changes made to the portfolio of the Fund (approximately 90% of the holdings of the Fund will change). Any costs associated with these changes will be borne by the Fund.

Former Woodford fund - compensation payment

Following a hearing in February 2024 at the High Court and subsequent investor approval, investors have received the first compensation payment.

Link Fund Solutions has now paid £185.7m to investors, out of a total compensation pot of £230m. There will be further smaller payments to follow, however it has not been announced at this stage as to when this will take place.

Link Fund Solutions will write to investors when subsequent payments are made and these will also appear on quarterly statements issued by Aegon and Fidelity as well as appearing on the bi-annual Valuation and Fund Monitoring reports that we send.

Jupiter Income Trust Name Change

Following the departure of fund manager Ben Whitmore, on 19th April 2024, Jupiter Income Trust changed its name to become Jupiter UK Income fund. Adrian Gosden and Chris Morrison took over from Ben Whitmore on 2nd April 2024. The new name reflects the current investment policy of the Fund, which is to invest 70% of fund assets in UK companies and its investment objective to provide income together with the prospect of capital growth. They have confirmed that the investment objective and policy will not change for the foreseeable future.

Aviva Investors Corporate Bond Fund merger

Aviva Investors have confirmed that the proposed merger of the Aviva Investors Corporate Bond Fund into Aviva Investors Monthly Income Plus Fund has been approved at an Extra-ordinary General Meeting.

It has been anticipated that dealing in the Aviva Investors Corporate Bond Fund will be suspended in Autumn 2024. Aviva Investors will write to investors closer to the time to confirm the date.

The name change of Aviva Investors Monthly Income Plus to Aviva Investors Sterling Corporate Bond Fund will take place on 12th July 2024. This change does not change the Fund's objectives or the level of income the Fund is aiming to achieve. Income payments will still be made on a monthly basis and the Fund will continue to be managed and operated as it is now. Aviva have decided to make this change as they feel it better reflects the type of investments the Fund makes.

Elson Associates

30 year

Anniversary

1994

DISCOUNT BROKER

Since 1994 -
one of the first
discount brokers in
the UK

£1.7bn

INVESTED

Over £1.7 Billion
invested since the
start

80k

CLIENTS

Investments arranged
for over 80,000 clients

Elson Associates have now been arranging discounts on investments for 30 years. We started to advertise our services in the national press back in 1994. We have seen many changes in the industry over the years particularly with regards to commission and initial charges. Back then we were able to discount or rebate either most or all of the initial charge, around 5%. This would see our clients save hundreds if not thousands of pounds in initial savings.

Today, things look very different. Initial charges are generally now a thing of the past and with the introduction of platforms such as Fidelity FundsNetwork and Aegon as well as a much more competitive market, we've seen renewal commission replaced by lower fees. The fees we now charge give our clients excellent value for money and greater returns than they would have had under the previous charging structure.

225

EXPERIENCE

225 Years of combined experience with 12 current staff members

£100k

PRIZE MONEY

Over £100,000 given away in prize money

£50m

REBATES & DISCOUNTS

Rebates & discounts in excess of £50 million

Fidelity FundsNetwork Share Dealing

Did you know that you can buy shares from the FTSE100, FTSE250, FTSE All-Share and FTSE AIM 100 as well as some shares from the ISEQ20 through Elsons via Fidelity FundsNetwork?

These shares are available within their ISAs and Investment Accounts and are held on their new product administration system. Alongside this they offer the existing range of investment trusts and exchange-traded products with low dealing fees.

They can be bought and sold as part of lump sum investments, regular savings plans and switching. In addition, supported equities can be re-registered to the platform.

Q How many different company shares does Fidelity FundsNetwork have available?

At the time of writing, there are 1,113 individual company shares, 546 ETF's and 191 investment trusts.

Q What charges apply when investing in shares?

- If we take an instruction from you and place a deal on your behalf, there is a £3.00 charge. Please note that deals placed by ourselves will not be traded live. Instead, there are two dealing points during the day when Fidelity will execute trades.
- For deals you place yourself online there is a charge of £10.00. If you choose to invest online with Fidelity via our website, you will be given the option to deal live.
- For deals as part of regular savings plans, phased instructions, regular withdrawal plans or automated income reinvestments there is a £1.50 charge.
- For deals you place on the phone with Fidelity there is a charge of £30.00.
- A stamp duty of 0.5% of the value of your trade applies to purchases of shares and certain investment trusts.

In addition to dealing fees there is a Fidelity platform charge of 0.25% per annum and our service fee is 0.35% per annum.

Q Can I place shares into an ISA?

Yes, the vast majority of shares can be placed into an ISA, so you will receive the same tax benefits as you would when investing in managed funds also within an ISA.

Q How do I keep up-to-date with how my shares are performing?

The quickest and easiest way is to log on to your Elson online account where the prices will be updated daily. We will also send you our bi-annual valuation reports, however, please note that fund monitoring is not available for shares, ETF's and investment trusts. This is because shares are not categorised into sectors. Therefore, a like-for-like comparison cannot be made between them.

Q I would like to invest in shares/ETF's or investment trusts. What is the next step?

Please go to our website and click on the 'Our Services' tab then click on the Invest Online via FundsNetwork link.

Alternatively, if you would like to place deal over the phone or require further information, please contact us and we will be more than happy to help.

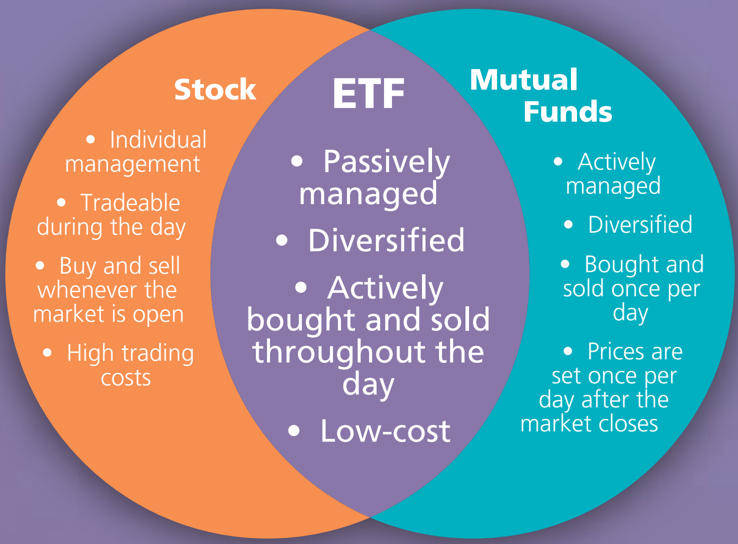
Please note: Financial Transaction Tax (FTT) applies to purchases of some European exchange-traded instruments, including some domiciled in Europe and traded on the other exchanges, such as the London Stock Exchange (LSE). It is charged as a percentage of the transaction value and may vary between countries (e.g. Spanish FTT is charged at 0.2%).

There is a flat rate charge of £1 that will be made on a purchase or sale of UK shares with a transaction value of over £10,000 if your trade is the only one made at the time if the trade is aggregated (such as those made via your adviser or intermediary), or if the trade was placed by you online as a Market Order or Limit order. It is used to finance the Panel on Takeovers and Mergers.

There is also flat rate charge of €1.25 (in the Sterling equivalent) that will be made on a purchase or sale of Irish shares with a transaction value of over €12,500 if your trade is the only one made at the time if the trade is aggregated (such as those made via your adviser or intermediary), or if the trade was placed by you online as a Market Order or Limit order. It is used to finance the Irish Takeover Panel.

FundsNetwork™

The ETF revolution - navigating the future of investing



Welcome to the world of ETFs (Exchange Traded Funds), where the potential for smart, diversified and cost-effective investing awaits. ETFs have gained widespread popularity in recent years, offering investors a convenient and easy way to access a broad range of assets. In this article, we'll explore the ins and outs of ETF investing, helping you to understand why they could be an excellent addition to your investment portfolio.

Understanding ETFs

Let's start with the basics. What exactly is an ETF? An Exchange Traded Fund or ETF is a type of fund that issues shares and is traded on a stock exchange. ETFs cover a broad spectrum of asset classes. They facilitate access to different markets and sectors enabling investors to create bespoke low-cost investment strategies to suit their needs and risk tolerance. Many ETFs track indices, for example, the FTSE 100 or the S&P 500. Some track a group of securities such as property, bonds or commodities and can also be focused on a particular geographical area or even specific stocks in an index.

The main difference between ETFs and open-ended funds is that ETFs operate more like shares which can be traded throughout trading hours (intra-day trading) rather than being priced once daily. Fidelity FundsNetwork (the platform provider we use for ETFs) offer two dealing points during business days. These are at 9am and 3pm.

Diversification made easy

One of the most significant advantages of ETFs is their ability to provide extensive diversification sometimes investing in thousands of different companies. This diversification helps spread risk across many securities, significantly reducing the impact of a single company's poor performance or failure on your overall portfolio.

Low costs lead to better outcomes

Investment charges matter, especially in the long run. ETFs are known for their cost-efficiency. Their charges are often significantly lower than those of traditional managed funds. These lower costs will allow your investments to grow unhindered by excessive fees and ultimately lead to more money staying in your pocket…just where it belongs! What's more, this cost-efficiency will amplify over the years so that every pound saved in fees will have a compounding effect on your portfolio leading to substantial savings over time.

Choosing the right ETF

Not all ETFs are created equal. There are different types of ETFs each with its own strategy. Some track major market indices like the S&P 500, while others focus on specific sectors, industries or asset classes. It's essential to understand the ETF's objective and ensure it aligns with your own investment goals and risk tolerance.

Long-term growth and income

Whether its capital appreciation, income or a mixture of both, there's likely to be an ETF that aligns with your goals.

Tax efficiency

ETFs are known for their tax-efficient structure. Unlike managed funds which tend to buy and sell stocks frequently giving rise to capital gains, ETFs, on the other hand, tend to track indices. This means they only add and remove stocks when the index does, which happens less often so there are generally less capital gains distributions to report.

Risks and considerations

As with any investment, there are risks associated with ETFs. Understanding these risks, such as market volatility and the potential for tracking error is key to making an informed decision. The value of an ETF and the income from it, can fall as well as rise and you may not get back the amount invested. With regards to liquidity, as ETFs are traded on stock exchanges, they tend to be relatively liquid. As with Mutual Funds, however, liquidity cannot be guaranteed. For example during stressed market conditions, it is possible that the basket of underlying securities may no longer be readily tradable. In extreme circumstances, an ETF could become 'closed' to new money and to withdrawals until market conditions return to normal.

Conclusion

Investing in ETFs can be a powerful way to achieve your financial goals. Their versatility, low costs and ability to provide instant diversification make them a valuable tool in any investor's toolkit. However, before diving into the world of ETFs, it's essential to do your research, work out your investment objectives and consider your tolerance to risk. With the right approach, ETFs can help you build a robust and diversified portfolio, setting you on the path to long-term financial success.

The Disciplined Investor

It's tempting to be drawn in to the day-to-day news on the markets, the economy or the performance of individual funds. It's interesting but it can be distracting. Focusing on current events can take investors away from the important principles that, in our view, are most likely to give them the best chance of investment success.

Having discipline when investing for the long term is crucial for achieving financial success. Here are some key principles to help maintain that discipline:-

Set Clear Goals

Define your financial goals clearly, whether it's for retirement, buying a home, or funding education. Having specific goals helps you stay focused and motivated.

Create a Plan

Develop a well-thought-out investment plan. Determine your risk tolerance, investment horizon, and asset allocation strategy. Stick to your plan regardless of market fluctuations.

Diversify Your Portfolio

Diversification reduces risk by spreading investments across various asset classes, sectors, and geographies. This helps protect your portfolio from significant losses.

Stay Informed but Not Obsessed

Stay informed about market trends and economic conditions, but avoid obsessing over daily market movements. Long-term investors benefit from patience and a steady approach.

Focus on the Long Term

Keep your focus on long-term goals rather than short-term gains. Understand that markets will have ups and downs. Historical data shows that long-term investing generally yields positive returns.

Educate Yourself

Continuously educate yourself about investing. The more you understand, the better equipped you'll be to make informed decisions and stay disciplined.

Avoid Emotional Decisions

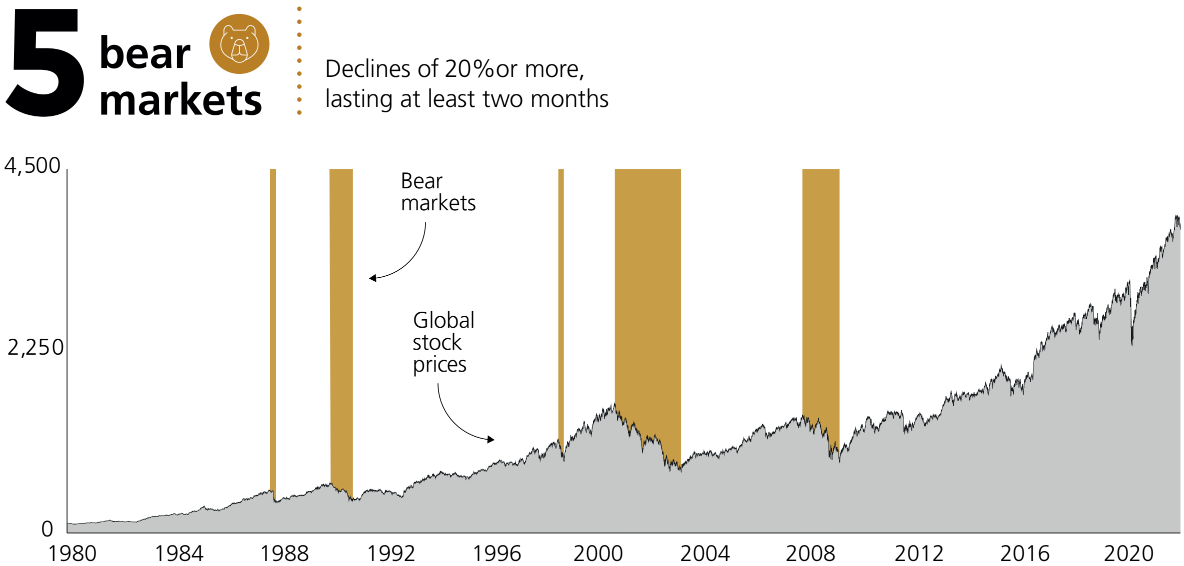
Emotions like fear and greed can lead to impulsive decisions. Stay disciplined and avoid making investment choices based on short-term market fluctuations. Investors that remain disciplined, focusing on their long-term goals, are more likely to succeed than those who chop and change in response to short-term conditions.

Rebalance Periodically

Every so often you should review and possibly rebalance your portfolio to maintain your desired asset allocation. This ensures you stay aligned with your risk tolerance and investment goals. We have various tools on our website to help you do this. For example, our Portfolio scanner will show you the asset, region and sector split of your entire portfolio held with us.

Downturns are not rare events. Typical investors in all markets will endure many bear markets during their lifetime. A bear market refers to market declines of 20% or more lasting at least two months. While investing in the stock market is typically a sensible choice for investors seeking long-term growth, sharp drops can still be hard to take. However, if you sell out at these times, you run the risk of missing out on the rebounds which as the graph below shows, often occurs shortly after.

Since 1980 there have been:



Source: Vanguard analysis as at 31 December 2021, based on the MSCI World Index from 1 January 1980 until 31 December 1987, and the MSCI AC World Index thereafter. Notes: Both indices are denominated in GBP.

Source: Vanguard calculations, based on data from Refinitiv using the FTSE All Share Index. Data between 1 January 1985 and 19 January 2022. All returns denominated in GBP.

Summary

As mentioned, we suggest you stay focused, disciplined and diversify your portfolio. If you need any help with diversification or you are unsure of the sectors, geographic areas or asset classes you hold, please give us a call and we will be happy to help. The more information you have, the better informed you will be to make any changes. Switching funds within Fidelity FundNetwork and Aegon is both easy and free of charge and with some funds holding thousands of stocks globally, you can be sure to have as much diversification as you require.

Fidelity FundsNetwork Re-Registration

In our last couple of newsletters, we explained the new FCA Consumer Duty and the obligations we have to our clients under these new rules. One area in particular where we are able to fulfil our obligations is where we need to offer fair value. Under the new rulings, it is our responsibility to ensure you are receiving the best value from us on the investments you hold under our agency.

If you haven't yet re-registered your funds, we suggest you read this article to fully understand why in the majority of cases, it makes no sense to continue to hold funds directly with the fund company.

We have had an overwhelming response from clients who have made the choice to switch their funds from where they are being held directly with the fund manager to Fidelity FundsNetwork. These funds remain exactly the same and you will still hold the same fund(s). The only difference is how the fund is charged and the administration, which will be managed by Fidelity FundsNetwork. It is important to note that we will still continue to be your agent and will be on hand to help with any administrative action or enquiry.

The benefits in re-registering funds don't just stop at savings, there are so many reasons why your funds are better off being held with Fidelity FundsNetwork.

New style 'clean' share class funds do not include the typical 0.5% renewal commission payable to ourselves nor the admin charges that the investment company charges to administer the fund. If you move your funds to Fidelity FundNetwork, our typical 0.5% commission payment will cease and our current, lower broker fee will replace it. Other fees are payable, such as platform fees and fund manager charges, but overall the costs tend to be lower than the old-style bundled charges which you've been paying up to now on your direct holdings. Over time, these savings can add appreciable value to your portfolio. We have provided an example on the next page of the costs and savings on a typical fund. Please note that this is only a single example as many funds will have either a greater saving or a lower saving, no saving or may be more expensive. We will be writing to all clients with a full cost comparison report of all funds held so that you can make an informed choice as to whether to switch to Fidelity FundsNetwork.

Held Direct with Jupiter

Jupiter UK Special Situations OCF (Ongoing Charges Figure)	1.74%
Elson Renewal commission (included in OCF)	0.50%
Overall annual cost	1.74%
Overall annual cost	£435

Here's an example of how much you could save with a £25,000 Jupiter fund, held with Fidelity FundsNetwork versus being held directly!

Held with Fidelity FundsNetwork

Jupiter UK Special Situations OCF (Ongoing Charges Figure)	0.76%
Elson Annual service fee	0.35%
Fidelity FundsNetwork Annual service fee	0.25%
Overall annual cost	**1.36%**
Overall annual cost	**£340**

Key benefits when you re-register your funds to Fidelity FundsNetwork

- ✓ Lower charges.
- ✓ Access to a comprehensive range of over 5,000 investment options - including a wide selection of mutual funds, exchange-traded products, investments trusts and company shares.
- ✓ Switching funds within FundsNetwork is quick and simple whereas transferring from one direct fund manager to another can take weeks rather than days.
- ✓ The facility to manage your funds online and switch between funds for free.
- ✓ A significant reduction in paperwork - one consolidated statement covers all your fund investments. Your annual ISA allowance can be split between different fund managers.
- ✓ Probate is far easier to manage by surviving family member(s) - just one company instead of a number of different providers. In addition, all of your platform ISA holdings can simply be moved to your surviving spouse (some direct investment companies do not offer this facility).
- ✓ A transparent charging structure - not always the case with direct holdings.
- ✓ Clients of Elson Associates DO NOT pay the standard investor fee (£45) levied by Fidelity FundsNetwork.
- ✓ The supply of data to us is more reliable. Individual fund managers are outsourcing their administration to third party providers which can sometimes be problematic.

If you would like to find out more about our re-registration process, please do not hesitate to contact us on FREEPHONE 0800 0961111.

FundsNetwork™

Economic update

Rate-cut debate continues

Our experts' latest views on the global economy, including the outlook for growth, inflation, jobs and interest rates

Shaan Raithatha
- Senior Economist, Vanguard, Europe

United States

Based on the latest economic data, our outlook remains that the Federal Reserve (Fed) is unlikely to reduce interest rates in 2024, reflecting the robustness of the economy. The US central bank left its federal funds rate target range of 5.25%-5.5% unchanged at its 1 May meeting.

The Consumer Price Index, a key measure of inflation, rose 3.4% in the 12 months to April and 0.3% month-over-month from March. Core inflation, which strips out volatile food and energy prices, remained high at 3.6% in the 12 months to April. The data met broad expectations and provide further evidence that inflation isn't yet on a sustainable path toward the Fed's 2% target.

US GDP growth slowed to an annualised rate of 1.6% in the first quarter of 2024, down from 3.4% in the previous quarter, according to the Bureau of Economic Analysis. Despite this deceleration, underlying economic drivers such as consumer spending and business investment were strong during the period. We maintain our projection that the US economy will grow at a slightly above-trend rate of around 2% in 2024. The labour market cooled slightly in April albeit with 175,000 new jobs created, indicating a still-healthy jobs market.

Euro area

Stronger growth momentum, higher energy prices and a more hawkish outlook for the Fed have led us to raise our year-end interest rate outlook for the European Central Bank (ECB). We foresee three ECB quarter-point rate cuts this year, down from our previous outlook for five such cuts, leaving the central bank's key deposit facility rate at 3.25% by 2024 year-end.

The ECB maintained its key deposit facility rate at 4% in April but indicated that a rate cut might be on the horizon, possibly at its 6 June meeting. The euro area economy has shown signs of recovery from a brief downturn, with GDP growth of 0.3% in the first quarter of 2024 over the previous quarter, signalling an end to the recession.

Headline inflation remained steady at 2.4% in the 12 months to April. Core inflation, which excludes volatile items like food and energy, slowed to 2.7% in the year to April from 2.9% in March. Vanguard expects a gradual decrease in core inflation to 2.2% by the end of 2024.

The unemployment rate held steady at a record low of 6.5% in March. The ECB anticipates the unemployment rate will remain around current levels to the end of the year, but we believe the labour market is softer than the data suggest.

UK

Recent economic indicators show a strengthening UK economy and a firming of inflation, leading Vanguard to increase its outlook for 2024 growth from 0.3% to 0.7%. We have also raised our outlook for year-end core inflation from 2.6% to 2.8%.

We continue to believe that the Bank of England (BOE) will cut interest rates at its August meeting, but, amid the outlook for higher interest rates globally, we have scaled back our expectations for the depth of cuts this year. We expect two quarter-point cuts this year, bringing the bank rate to 4.75% by year-end, and a further four quarter-point cuts to 3.75% by the end of 2025.

The Office for National Statistics (ONS) confirmed that the UK economy has rebounded from a brief recession, with GDP growing by 0.6% in the first quarter of 2024 after contracting in the latter half of 2023.

Headline inflation was 3.2% in the 12 months to March, a slight decrease from 3.4% in February, according to the ONS. Core inflation, which excludes volatile items such as food, energy, alcohol and tobacco, increased by 4.2% in the 12 months to March, down from 4.5% in February.

China

Concerns about the resilience of China's economic rebound remain despite robust first-quarter GDP growth of 5.3% relative to the same period in 2023. Other economic indicators suggest potential challenges ahead.

Total social financing, a broad measure of credit demand, declined by 200 billion yuan in April, marking the first negative reading since its inception in 2002. This downturn in credit data underscores the fragility of China's economic recovery, with weak private demand and ongoing pressures in the property sector.

The government is responding by planning to issue 1 trillion yuan in special long-term treasury bonds, reminiscent of measures taken during past economic crises. This move aims to stimulate the economy but also highlights the risk of continued structural imbalances, as the focus remains on investment and manufacturing rather than boosting consumer spending directly.

The People's Bank of China (PBOC) has kept its key policy rate steady at 2.5%, but with inflation remaining low, there is anticipation in markets of a potential easing to 2.2% within the year, alongside reductions in banks' reserve requirement ratios. However, we expect any easing in the near-term to be marginal.

The points above represent the house view of the Vanguard Investment Strategy Group's (ISG's) global economics and markets team as at 16 May 2024.

Equity outlook

A broadening of opportunities

In their mid-year outlook for global stocks, Head of Americas Equities Marc Pinto and Head of EMEA and Asia Pacific Equities Lucas Klein argue that while risks of an economic slowdown remain, the potential for unlocking new shareholder value is also strong.

Marc Pinto, CFA
- Head of Americas Equities, Janus Henderson

Lucas Klein
- Head of EMEA and Asia Pacific Equities, Janus Henderson

At the end of last year, markets were forecasting several interest rate cuts by mid-2024 in anticipation of cooling inflation and a slower job market. We were more skeptical. We also said a "hard landing," or recession, was not the base-case scenario for the economy, and that a resilient U.S. consumer and earnings growth could help support equities.

As it turns out, markets not only met our expectations but exceeded them - so much so that many now wonder where stocks can go from here. We agree some trends fall well outside their typical range. We also recognize that elevated interest rates and an inverted Treasury yield curve - a historically reliable indicator of recession in the U.S. - have persisted, keeping the possibility of an economic slowdown alive. However, on the whole, our outlook for equity markets in 2024 has not materially changed. Despite the potential for slower growth, we are encouraged by many of the secular trends we're seeing and, if anything, believe opportunities for stock investors focused on fundamentals may be growing.

AI set to spread and strengthen

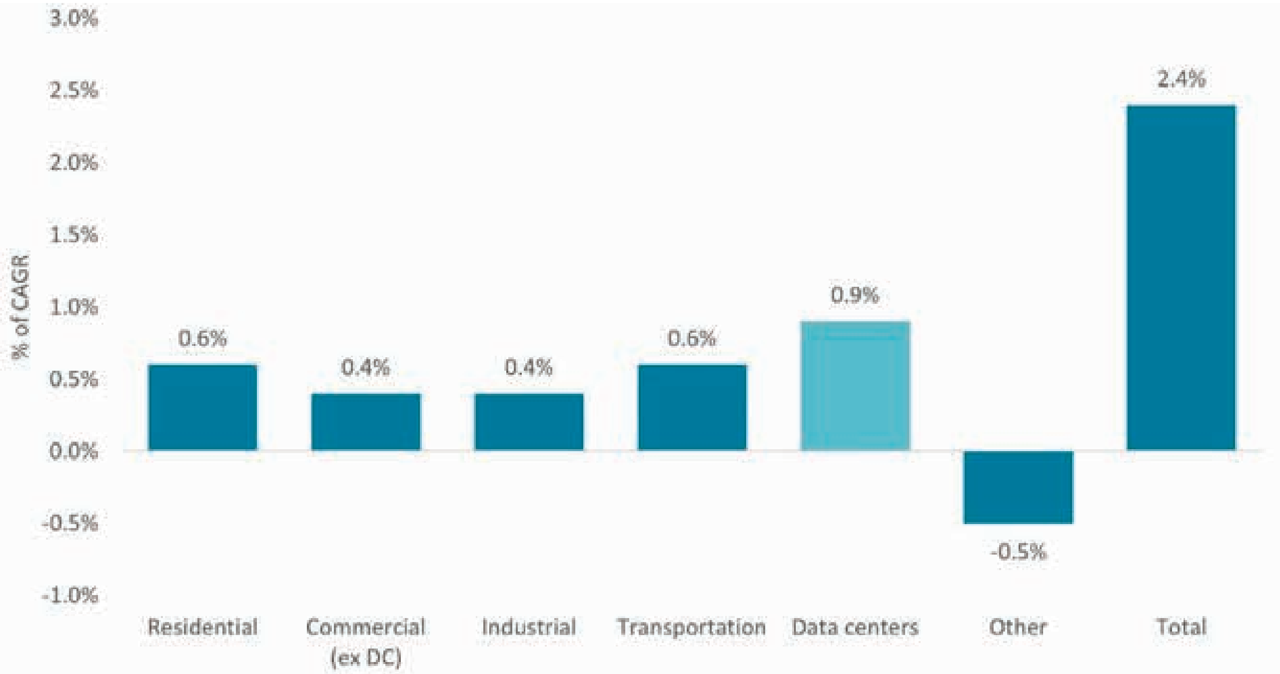
As in 2023, artificial intelligence (AI) has been one of the biggest market narratives in 2024. This year, however, the trade has started to evolve. Only five of the "Magnificent 7" mega-cap tech companies that rocketed into the stratosphere last year have continued to see gains in 2024. Meanwhile, other stocks are starting to catch what looks like an AI tailwind.

Since October 2023, for example, utilities have rallied sharply, with the S&P 500® Utilities Sector delivering 29.5%, outperforming the broader S&P 500® Index.[1] A recovery trade and the prospect of falling rates likely explain part of the gains. (Utilities trailed the market by their widest margin in decades in 2023.[2])

But another reason could be a growing appreciation for the energy demands that AI is creating. The data centers that train and host generative AI programs are expected to account for an estimated 8% of electricity usage in the U.S. by 2030, up from 3% in 2022.[3] That, in turn, is forecast to drive sizable investment in energy infrastructure, boosting utilities' long-term earnings growth potential.

Exhibit 1: Data centers are expected to drive demand for electric power in the U.S.

Composition of U.S. power demand compound annual growth rate (CAGR), 2022-2030



Source: Goldman Sachs Global Investment Research, EIA. As of 28 April 2024.

We see similar stories beginning to play out in other areas of the economy, building a case that AI is still in the early chapters of its story. As such, we believe mega-cap tech companies that continue to invest and innovate in AI could see more revenue and free-cash-flow growth.

The five leaders in the Mag 7 are working quickly to expand what already are wide competitive moats: During the first few months of 2024, year-over-year revenue growth ranged from 13% to 262% among these firms, and management teams announced roughly $200 billion in combined AI capital expenditures for the year.4 That, along with potential rate cuts - which would lower the discount rate of future earnings - could position these stocks for more upside.

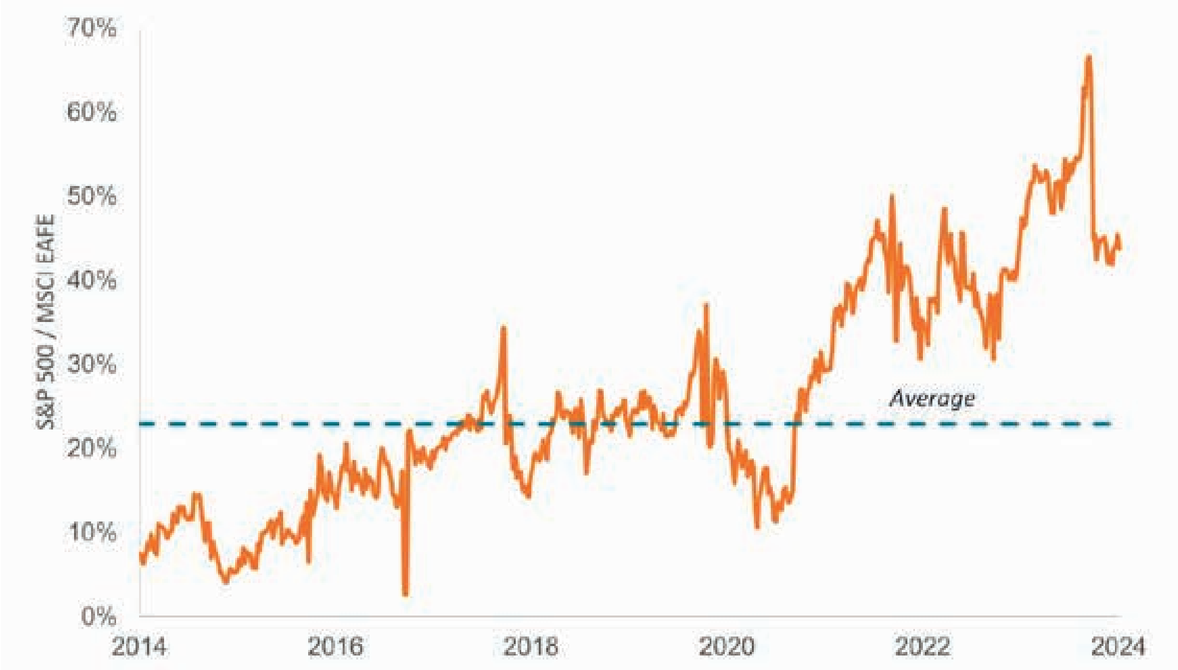
At the same time, we think the value of second-derivative AI players will begin to rise. That includes the entire semiconductor ecosystem (from makers of advanced chips to semiconductor equipment manufacturers), companies that offer sustainable water management systems for data centers, energy and electric component suppliers … the list goes on. While these firms may not capture the same headlines as mega-cap tech, AI's impact on their earnings streams could be no less meaningful.

Valuation gaps come into focus

The continued outperformance of U.S. tech has exacerbated a global gap in equity valuations. In fact, U.S. stocks have led developed market equities for most of the last 16 years, one of the longest stretches in decades.5 As a result, while U.S. equities typically have a price-to-earnings (P/E) ratio above that of other developed markets, the premium now exceeds the average (Exhibit 2).

Exhibit 2: U.S. equities trade at an unusually high premium to other developed markets

Relative price-to-earnings (P/E) ratio of the S&P 500 Index to the MSCI EAFE Index



Source: Bloomberg. Data from 30 May 2014 to 31 May 2024. Price-to-earnings ratios (P/E) are based on 12-month estimated earnings. The MSCI EAFE Index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada.

The spread has grown so much that any whiff of positive news can lead to big rallies for beaten-down markets. Hong Kong's Hang Seng Index, for example, was among the worst-performing indices in 2023 (down -10.5%), as well as during the first quarter of 2024 (-2.5%). Then, in mid-April, the benchmark did an about-face, surging more than 20% in one month as news of government stimulus combined with rock-bottom valuations.6

But China is also up against some acute challenges, including a distressed property market, lackluster consumer demand, and mounting trade tensions that threaten to curb Chinese exports - a main driver of recent economic activity. So, while some Chinese corporations have exciting growth stories, an investment strategy based on valuation alone could face near-term volatility.

Non-U.S. markets make a case for themselves

Encouragingly, though, we see fundamentals turning more positive in other markets. In areas where valuation and fundamentals unite, we think potential exists for stocks to rerate higher more consistently.

In Europe, for example, gross domestic product grew faster than expected in the UK and the European Union in the first quarter of 2024.7 Inflation measures also fell, leading Switzerland to kick off rate cuts in March and Sweden in May. And earnings growth improved, with more companies than average beating analyst expectations.8

As such, European indices have traded largely in line with the U.S. year to date (Exhibit 3), and there are reasons to believe the positive momentum can continue: roughly 18 months of inventory destocking in manufacturing is winding down,9 and both the Bank of England and European Central Bank have signaled the potential for at least one rate cut in 2024. Europe has also nurtured its own group of mega-cap leaders in sectors such as healthcare, semiconductors, and retail. And a 62% rise in military spending from a decade ago10 is swelling the order books of European defense contractors.

Exhibit 3: So far this year, European equities have largely kept pace with U.S. stocks

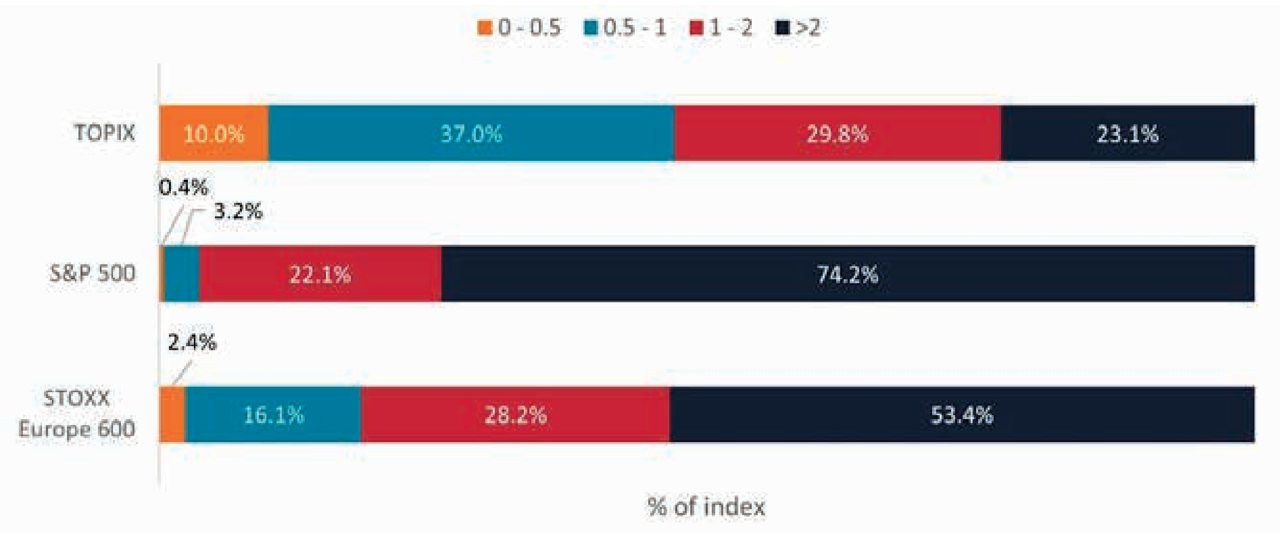
Source: Bloomberg, data from 29 December 2023 to 31 May 2024.

Meanwhile, in Japan, a decade of shareholder-friendly reforms is beginning to bear fruit. In 2023, the Tokyo Stock Exchange finalized a market structuring plan that demanded companies focus on enhancing corporate value and profitability - or risk being delisted. Since then, firms have worked to become more efficient with capital and improve corporate governance. Results are showing: This year, dividends and share buybacks increased at a record pace and common stock ownership has been expanding.

At the same time, inflation has finally reignited in the country, allowing Japanese businesses to raise prices and wages for the first time in decades. These trends, underpinned by still-low valuations for many Japanese equities, have helped drive a reacceleration of Japan's equity market, with more room to potentially run.

Exhibit 4: A high percentage of Japanese companies still trade at <1x book value, creating room to unlock shareholder value

Price-to-book value*



Source: Bloomberg, as of 31 May 2024. *Price-to-book value is the ratio of the market value of a company's shares (share price) over its book value of equity. The TOPIX, also known as the Tokyo Stock Price Index, is a capitalization-weighted index of all companies listed on the First Section of the Tokyo Stock Exchange.

In emerging markets, India is taking steps to become an alternative manufacturing hub for global trade. The 2019 National Policy on Electronics, for example, introduced new incentives to encourage production of core electronic components (including chipsets, optical fibers, and components for clean energy). That was followed by the Production Linked Incentive scheme in 2020, which provides subsidies for expanding manufacturing capacity across multiple industries, including automotive, pharmaceuticals and medical devices, solar energy, and electronics. Both programs, when combined with India's low cost of labor, infrastructure investments, and pro-business environment, have led to a rise in foreign and domestic investment in India that we think is only just beginning.

Opportunities outside the Mag 7

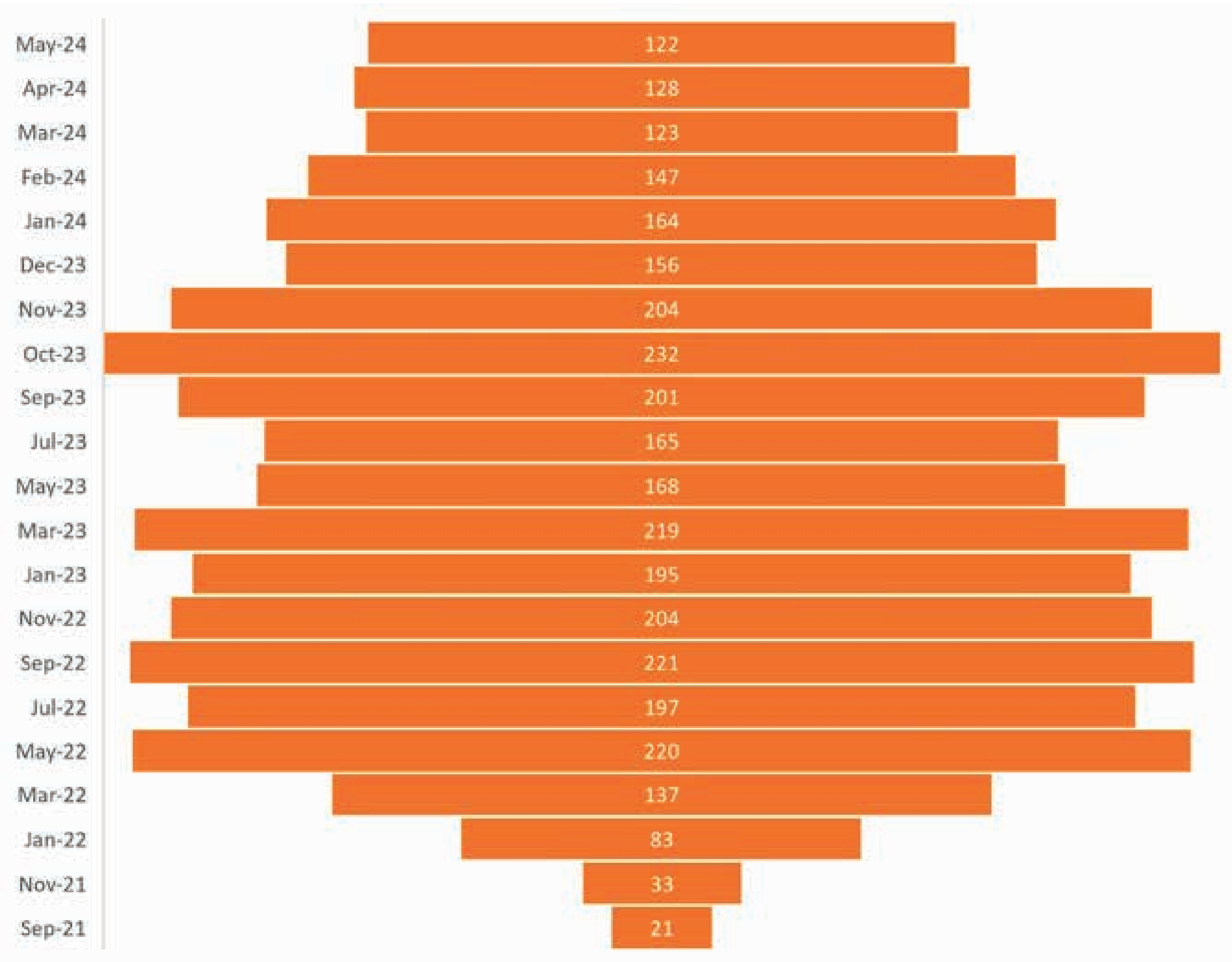
In the U.S., worries continue about stretched valuations, but we see reason to be positive. While the market-capitalization weighted S&P 500 has a forward price-to-earnings (P/E) ratio of 21, the forward P/E of the equal-weight version of the Index is a more reasonable 16, especially given current interest rate levels.11 The difference reflects the large weighting big tech has in the benchmark.

For the rest of the S&P 500, earnings growth declined on average during the first quarter,12 which helped to cap valuations. Even so, consensus forecasts expect profits to reaccelerate over the remainder of year, resulting in overall positive earnings growth for calendar year 2024. We take a similar view but also note uncertainties around consumer spending, the timing and number of potential rate cuts, and geopolitical tensions. As such, we continue to think investors should focus on high-quality firms whose growth is not dependent on the economic cycle, can generate strong free cash flow, and have reasonable debt levels.

Today, we think one sector that offers many of these attributes is healthcare. After a multiyear bear market, many biotechnology stocks still trade below the value of cash on their balance sheets (Exhibit 4). Meanwhile, the broader healthcare sector's total return lagged the S&P 500's by more than 20 percentage points in 2023, suffering from a sharp slowdown in COVID-19-related product sales.13

Exhibit 5: Biotech companies on sale

Number of life sciences companies worldwide with a negative enterprise value*



Source: CapitalIQ, Stifel, data as of 24 May 2024. * Enterprise value is the value of a firm equal to its equity value, plus net debt, plus any minority interest.

And yet, the healthcare sector is ripe with innovation. Last year, the Food and Drug Administration approved a record 73 novel medicines.14 These drugs are now beginning what will likely be a 10-year revenue cycle, including in new end markets with multibillion-dollar sales potential. Recently approved GLP-1 drugs for diabetes and weight loss, for example, are already annualizing more than $30 billion in revenue and are forecast to reach roughly $100 billion in sales by the end of the decade.15

A good time for fundamental investing

In short, although the first half of 2024 was surprising in many ways, we think it has helped to highlight opportunities around valuation and fundamentals. Both could come into even sharper focus over the next six months as investors reckon with ongoing inflation measures, central bank policy moves, geopolitical tensions, and uncertainty around the U.S. election.

However, as we said at the outset, we remain encouraged by the outlook for equities. In our view, the potential for shareholder value has grown more compelling across a number of areas of the global market.

Footnotes and definitions

IMPORTANT INFORMATION
Concentrated investments in a single sector, industry or region will be more susceptible to factors affecting that group and may be more volatile than less concentrated investments or the market as a whole.

Health care industries are subject to government regulation and reimbursement rates, as well as government approval of products and services, which could have a significant effect on price and availability, and can be significantly affected by rapid obsolescence and patent expirations.

Technology industries can be significantly affected by obsolescence of existing technology, short product cycles, falling prices and profits, competition from new market entrants, and general economic conditions. A concentrated investment in a single industry could be more volatile than the performance of less concentrated investments and the market as a whole.

These are the views of the author at the time of publication and may differ from the views of other individuals/teams at Janus Henderson Investors. References made to individual securities do not constitute a recommendation to buy, sell or hold any security, investment strategy or market sector, and should not be assumed to be profitable. Janus Henderson Investors, its affiliated advisor, or its employees, may have a position in the securities mentioned.

Past performance does not predict future returns. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested.

The information in this article does not qualify as an investment recommendation.

The anticipated impact of an interest rate reduction on investments

The Bank of England's recent decision to maintain interest rates has caught the attention of investors and analysts alike. However, the anticipation of a rate cut in August, driven by inflation aligning with the target 2%, sets the stage for significant implications across various investment domains. Let's explore how a reduction in interest rates might influence corporate bonds and collective equity investments.

Understanding the interest rate environment

Interest rates play a crucial role in the economic landscape. They influence borrowing costs, consumer spending, and overall economic activity. When inflation is running too high, the Bank of England will adjust rates downwards in an attempt to control it and stimulate or cool down the economy. A reduction in interest rates typically signals an effort to stimulate economic growth by making borrowing cheaper, thus encouraging spending and investment.

Impact on Corporate Bonds

- **Bond prices and yields**
  When interest rates decline, the prices of existing bonds generally rise. This inverse relationship occurs because the fixed interest payments of existing bonds become more attractive relative to new bonds issued at the now lower interest rates. As a result, investors may flock to the higher-yielding older bonds, driving up their prices.

- **Corporate borrowing costs**
  Lower interest rates reduce the cost of borrowing for companies. This can lead to an increase in corporate bond issuance as companies take advantage of the cheaper capital to fund expansion, refinance existing debt, or invest in new projects. For investors, this means a potentially wider array of corporate bonds to choose from, although the yields on newly issued bonds might be lower due to the decreased interest rates.

- **Credit risk**
  Cheaper borrowing costs can improve the financial health of companies by lowering their interest expenses, potentially leading to better credit ratings. Improved credit ratings can make corporate bonds more attractive by reducing the perceived risk, potentially narrowing credit spreads and enhancing bond prices further.

Impact on Collective Equity Investments

- **Stock Market performance**
  Interest rate cuts generally have a positive impact on the stock market. Lower interest rates reduce the discount rate used in valuing future cash flows of companies, often leading to higher stock valuations. Additionally, as borrowing costs decrease, companies may see an improvement in profitability, boosting their stock prices.

- **Investor behaviour**
  With lower interest rates, traditional savings and fixed-income investments become less attractive due to their lower yields. Investors often turn to the stock market in search of higher returns, increasing demand for equities. This influx of investment can drive up stock prices and create a more bullish market environment.

- **Not all sectors impacted in the same way**
  Not all sectors benefit equally from lower interest rates. Financial stocks, particularly banks, might see a squeeze on their net interest margins. Conversely, sectors with high capital expenditure needs, such as technology and manufacturing, often benefit from cheaper borrowing costs, enhancing their growth prospects and making them attractive to investors.

- **Collective Investment Schemes**
  Collective investments, such as Open Ended Investment Companies (OEICS) and exchange-traded funds (ETFs), stand to gain from the broader positive sentiment in the equity markets. Fund managers may adjust their portfolios to capitalize on sectors expected to benefit the most from lower interest rates. Moreover, the increased liquidity in the market can lead to higher net asset values (NAVs) of these funds.

Conclusion

An anticipated cut in interest rates by the Bank of England in August could have profound effects on various investment avenues. Corporate bonds may see price appreciation and increased issuance, while collective equity investments could benefit from a buoyant stock market and shifting investor preferences. As always, investors should stay informed and consider the broader economic context, sector-specific dynamics, and individual investment objectives when navigating these potential changes.

Vanguard FTSE U.K. All Share Index Unit Trust GBP Acc

As discussed previously in this newsletter about the importance of diversification, when it comes to investing in UK companies, none are more diversified in the UK than the Vanguard FTSE UK All share fund. As the name suggests, the fund invests in all companies listed on the London stock exchange, 571 at present. Your investment is split by market cap i.e. the largest percentage in the largest company all the way down to the smallest percentage in the smallest company and all this at an incredibly low annual charge of 0.06%, one of the lowest charges in its class!

Key Stats	
Launch date	December 2009
Ongoing annual charge	0.06%
Fund size	£13.9bn at 28.06.2024
Number of stocks	571
Risk Rating	6

Vanguard®

Investment objective

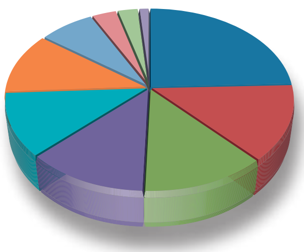
- The Fund is a passive fund.
- The Fund seeks to track the performance of the FTSE All-Share Index (the "Index").
- The Index is a free-float market-capitalisation weighted index representing the performance of all eligible companies listed on the London Stock Exchange's main market, which pass screening for size and liquidity. Free-float means that only shares readily available in the market are included when calculating a company's weight in a given index and excludes locked-in shares (such as those held by governments). Market-capitalisation is the value of a company's outstanding shares in the market and shows the size of a company.
- The Fund attempts to: 1. Track the performance of the Index by investing in a representative sample of Index constituent shares. 2. Remain fully invested and hold small amounts of cash except in extraordinary market, political or similar conditions where the Fund may temporarily depart from this investment policy.

If this fund is of interest to you, please contact us for further information and a quote. Please feel free to give us a call on 0800 0961111 or send an email to info@elsonassociates.com

Discrete performance as at 28.06.2024

	0-12m	12-24m	24-36m	36-48m	48-60m
Fund	13.81%	4.49%	3.97%	21.54%	-13.20%
Sector	12.43%	6.57%	-8.47%	28.82%	-12.83%
Benchmark	13.40%	5.00%	3.52%	22.24%	-13.11%
Relative to Sector	1.38%	-2.09%	12.44%	-7.27%	-0.36%
Rank within Sector	94/226	94/223	31/217	125/209	149/202
Quartile Rank	2	2	1	3	3

Sector breakdown (top 10) 31.05.2024



Financials	24.38%
Consumer Staples	13.42%
Industrials	12.44%
Health Care	12.13%
Energy	11.21%
Consumer Discretionary	10.91%
Basic Materials	7.32%
Utilities	3.27%
Real Estate	2.60%
Technology	1.29%

Top 10 holdings 31.05.2024

1. SHELL PLC	7.40%
2. ASTRAZENECA PLC	7.29%
3. HSBC HOLDINGS	5.39%
4. UNILEVER PLC	4.30%
5. BP	3.30%
6. GSK PLC	2.88%
7. RELX NV	2.62%
8. RIO TINTO	2.41%
9. GLENCORE PLC	2.36%
10. DIAGEO PLC	2.35%
Total	40.30%

Please note that the Fund manager charge is taken by the fund manager as payment for their management of the fund. We've used the latest figure provided by the Fund Manager that includes all their costs and charges. This charge may be higher than the Ongoing Charges Figure (OCF) shown in the fund KIID. Past performance is not necessarily a guide to future returns. Income and capital values can fall as well as rise and are not guaranteed. Exchange rate fluctuations may also cause the value of investments and any income from them to fall as well as rise. You may not get back the amount invested. Performance figures as at 28.06.2024. Performance data supplied by Financial Express. Past performance figures are based on bid to bid or mid to mid prices with net income reinvested.

Key Investor Information

Vanguard

This document provides you with key investor information about this fund. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this fund. You are advised to read it so you can make an informed decision about whether to invest.

Vanguard FTSE U.K. All Share Index Unit Trust (the "Fund")

GBP Acc
ISIN: GB00B3X7QG63
Manager: Vanguard Investments UK, Limited ("VIUK")

Objectives and investment policy

- The Fund seeks to track the performance of the FTSE All-Share Index (the “Index”).
- The Index is a free-float market-capitalisation weighted index representing the performance of all eligible companies listed on the London Stock Exchange's main market, which pass screening for size and liquidity. Free-float means that only shares readily available in the market are included when calculating a company's weight in a given index and excludes locked-in shares (such as those held by governments). Market-capitalisation is the value of a company's outstanding shares in the market and shows the size of a company.
- The Fund is a passive fund which means it takes the form of tracking a specific index in order to replicate its performance.
- The Fund attempts to:
  1. Track the performance of the Index as closely as possible by investing in a representative sample of the component shares of the Index.
  2. Remain fully invested and hold small amounts of cash except in extraordinary market, political or similar conditions where the Fund may temporarily depart from this investment policy to avoid losses.
- The Fund may use derivatives in order to reduce risk or cost and/or generate extra income or growth (known as “efficient portfolio management”). A derivative is a financial contract whose value is based on the value of a financial asset (such as a share, bond, or currency) or a market index.
- The currency of the unit class is GBP.
- The Fund invests in securities which are denominated in currencies other than the share class currency. Movements in currency exchange rates can affect the return of investments.
- The Fund is appropriate for long-term investment. You should have an investment horizon of at least 5 years.
- Income from the Fund will be reinvested and reflected in the price of units in the Fund.
- Portfolio transaction costs will have an impact on performance.
- Units in the Fund can be bought or sold on a daily basis (save on certain bank holidays or public holidays and subject to certain restrictions described in Appendix 1 of the Prospectus). A list of the days on which units in the Fund cannot be bought or sold is available on: https://fund-docs.vanguard.com/Vanguard-FTSE-U.K.All-Share-Index-UT.pdf

For further information about the objectives and investment policy of the Fund and Vanguard's relationship with the Index provider, please see Appendix 1 and the “Disclaimer” section of the Vanguard FTSE U.K. All Share Index Unit Trust prospectus (the “Prospectus”) on our website at https://global.vanguard.com/

Risk and reward profile

Lower risk — Higher risk

Typically lower rewards — Typically higher rewards

1	2	3	4	5	**6**	7

- This indicator is based on historical data and may not be a reliable indication of the future risk profile of the Fund.
- The risk category shown is not guaranteed and may change over time.
- The lowest category does not mean “risk free”.
- The Fund is rated 6 due to the nature of its investments which include the risks listed below. These factors may impact the value of the Fund's investments or expose the Fund to losses.
  - The value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events.
  - Investment risk is concentrated in specific sectors, countries, currencies or companies. This means the Fund is more sensitive to any localised economic, market, political or regulatory events.

The risk and reward indicator does not take account of the following risks of investing in the Fund:

- Counterparty risk. The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Fund to financial loss.
- Liquidity risk. Lower liquidity means there are insufficient buyers or sellers to allow the Fund to sell or buy investments readily. This could cause the Fund to incur higher costs when buying or selling investments or could mean that the Fund is not able to buy or sell investments when it would like to do so.
- Index tracking risk. The Fund is not expected to track the performance of the Index at all times with perfect accuracy. The Fund is, however, expected to provide investment results that, before expenses, generally correspond to the price and yield performance of the Index.
- Index sampling risk. As the Fund uses an index sampling technique whereby a representative sample of securities are selected to represent the Index, there is the risk that the securities selected for the Fund may not, in the aggregate, approximate the full Index.
- Use of derivatives. The use of derivatives could increase or reduce exposure to underlying assets and result in greater fluctuations of the Fund's net asset value.

For further information on risks please see the "Risk Factors and Performance" section of the Prospectus on our website at https://global.vanguard.com

Charges

The charges you pay are used to pay the costs of running the Fund, including the costs of marketing and distributing it. These charges reduce the potential growth of your investment.

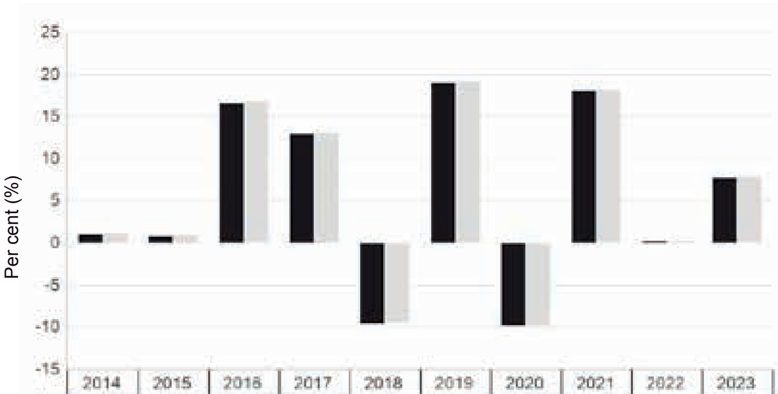
One-off charges taken before or after you invest	
Entry charge	None
Exit charge	None
This is the maximum that might be taken out of your money before it is invested / before the proceeds of your investment are paid out.	
Charges taken from the Fund over a year	
Ongoing charges	0.06%
Charges taken from the Fund under certain specific conditions	
Performance fee	None

The entry and exit charges shown are maximum figures and in some cases you might pay less. Investors can find out the actual entry and exit charges from their distributor and or adviser.

The ongoing charges figure is based on expenses for the year ended 31 December 2023. This figure may vary from year to year. It excludes portfolio transaction costs.

For further information about charges please see the sections entitled “Buying Units”, “Redeeming Units”, “Charges and Expenses”, “Dilution Adjustment” and Appendix 1 of the Prospectus on our website at https://global.vanguard.com

Past performance



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fund	1.1%	0.9%	16.6%	13.0%	-9.6%	19.0%	-9.9%	18.2%	0.3%	7.8%
Index	1.2%	1.0%	16.8%	13.1%	-9.5%	19.2%	-9.8%	18.3%	0.3%	7.9%

Fund
Index

- **Past performance:**
  1. **Is not a reliable indication of future performance.**
  2. Includes ongoing charges and the reinvestment of income. It excludes entry and exit fees.
  3. Has been calculated in GBP.
- Units in the Fund were first issued in 2009.
  This unit class was launched in 2009.

Practical information

- **Trustee:** State Street Trustees Limited.
- **Documents, prices of units and further information:** You can obtain copies of the Prospectus and the latest annual and semi-annual report and accounts for the Fund along with the latest published prices of units and other practical information, from our website at https://global.vanguard.com. The documents are available in English and are free of charge.
- **Prices:** The last published prices of units in the Fund are also available from the FT's website www.ft.com or https://global.vanguard.com
- **Tax:** The Fund is subject to the tax laws of the United Kingdom. Depending on your country of residence, this may have an impact on your personal tax position. You are recommended to consult your professional tax adviser.
- **Liability:** VIUK may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the Prospectus for the Fund.
- **Units:** The Fund has both accumulation and income units. You may switch some or all of your shares of one type, to shares of another type within the Fund or other funds managed by VIUK. Details of switching are provided in the Prospectus.
- Information about other classes of unit offered by the Fund can be found in the prospectus or from our website at https://global.vanguard.com.
- Further information on the Index Provider please see the Fund's prospectus.
- **Remuneration policy:** Details of the Vanguard European Remuneration Policy are available at https://www.ie.vanguard/content/dam/intl/europe/documents/ch/en/ucits-v-remuneration-policy.pdf including: (a) a description of how remuneration and benefits are calculated; and (b) the identities of persons responsible for awarding remuneration and benefits. A paper copy of these details may be obtained, free of charge, on request from the Head of Human Resources, Europe, Vanguard Asset Services, Limited, 4th Floor The Walbrook Building, 25 Walbrook, London EC4N 8AF.

The Fund is authorised in the UK and regulated by the Financial Conduct Authority (“FCA”). VIUK is authorised and regulated in the UK by the FCA.This key investor information is accurate as at 15/02/2024.

Leaders Laggards and Losers

Our very own unique fund performance rating system

This helpful online tool, designed by ourselves, provides a rating for over 2,000 funds highlighting both the out-performers and underachievers over a three year period. You'll now be able to see at the click of a button just how well (or badly) your funds are doing compared to their peers, highlighting both the out-performers and underperformers, relative to their sector averages over the past three years. To be a Leader, a Laggard or a Loser, your fund must fulfil certain criteria. Its category rating will be arrived at by looking not only at its relative performance over a full three year period but also how consistently it has either out-performed or under-performed its sector average in each of the last three discrete one year periods.

Many funds won't meet the criteria to be classified as a Leader, Laggard or Loser. These funds will appear in the 'Others' category. This simply means a fund's performance is not good enough to achieve the status of a Leader, but neither is it so poor as to appear in the Laggards or Losers list.

There are literally thousands of funds on the market and to be honest, there is no way of predicting how any of these funds will perform in the future, despite how well or poorly they've performed in the past. There are so many factors that could affect performance going forward and there are no guarantees as to what lies ahead.

On pages 27 and 28 we've listed the Leaders in some of the more popular sectors.

If you would like more information and a more comprehensive and detailed overview of this tool, please visit our website www.elsonassociates.com. If you do not have internet access, we will be happy to send you a paper copy of whichever sector(s) you are interested in.

www.elsonassociates.com/leaders-laggards-losers

Sectors

Company (top 10)	Fund	Perf. 36m	Crown rating

UK Equity Income Sector

Company (top 10)	Fund	Perf. 36m	Crown rating
UBS Asset Management Funds Ltd	UK Equity Income C Acc	39.11%	♛♛♛♛
BNY Mellon Fund Managers Ltd	UK Income Instutional W Acc	36.86%	♛♛♛♛
Man Fund Management UK Limited	Income C Professional Acc	33.85%	♛♛♛
Schroder UT Managers	Income Maximiser Z Acc	30.88%	♛♛♛♛
Royal London Unit Trust Managers Ltd	UK Equity Income M Inc	29.45%	♛♛♛♛
Valu-Trac Investment Management	Munro Smart-Beta UK X Acc	29.39%	
HSBC Global Asset Management	Income C Acc	28.86%	♛♛♛
Artemis Fund Managers Limited	Income I Inc	26.68%	♛♛♛
Quilter Investors Limited	UK Equity Large-Cap Income U2 Acc GBP	25.92%	♛♛♛
Premier Miton Investors	Monthly Income C Inc GBP	25.72%	♛♛♛

North America Sector

Company (top 10)	Fund	Perf. 36m	Crown rating
Royal London Unit Trust Managers	US Growth Trust A Inc	52.19%	♛♛♛♛
JP Morgan Asset Management UK	US Research Enhanced Index Equity E Acc	50.21%	♛♛♛♛♛
Scottish Widows UT Managers Limited	American Growth A Acc	49.34%	♛♛♛♛♛
Aberdeen Standard Investments	American Equity Enhanced Index B	47.69%	♛♛♛♛♛
Omnis Investments Ltd	Omnis US Equity Leaders A Inc GBP	47.06%	♛♛♛♛
Fidelity International	Index US P	46.78%	
HBOS Investment Fund Managers Ltd	North American C	46.51%	♛♛♛♛♛
JP Morgan Asset Management UK	US Select C Acc	46.41%	♛♛♛♛
Scottish Widows UT Managers Limited	US Equity X	46.26%	♛♛♛♛
HSBC Global Asset Management	American Index C Acc	46.22%	

Global Sector

Company (top 10)	Fund	Perf. 36m	Crown rating
Royal London Unit Trust Managers	Global Equity Select M Acc	66.75%	♛♛♛♛♛
Thornbridge Investment Management	Thornbridge Global Opportunities C Acc	63.64%	♛♛♛♛♛
Legal & General UT Managers Limited	Global 100 Index Trust I Acc GBP	59.29%	
Invesco Fund Managers Ltd	Global Excluding UK Core Equity Index UK No Trail Acc	55.95%	♛♛♛♛
Scottish Widows UT Managers Limited	Developed World Paris Aligned Index Equity X	49.35%	♛♛♛♛♛
Royal London Unit Trust Managers	Global Equity Developed M Acc	45.12%	♛♛♛♛
Allianz Global Investors (UK)	Best Styles Global AC Equity C Acc	44.64%	♛♛♛♛
Invesco Fund Managers Ltd	Global Equity (UK) Z Acc	44.30%	♛♛♛♛
Invesco Fund Managers Ltd	Global Ex UK Enhanced Index UK Z Acc	44.25%	♛♛♛♛
BlackRock	Global Unconstrained Equity (UK) D	42.72%	♛♛♛♛♛

Europe Excluding UK Sector

Company (top 10)	Fund	Perf. 36m	Crown rating
Artemis Fund Managers Limited	SmartGARP European Equity I Acc	39.75%	♛♛♛♛♛
SW Mitchell	Continental European I Acc	37.36%	♛♛♛♛♛
Liontrust	European Dynamic I Inc	33.04%	♛♛♛♛♛
Omnis Investments Ltd	Omnis European Equity Leaders A Inc GBP	28.50%	♛♛♛♛
Fidelity International	European W Acc	28.39%	♛♛♛♛♛
Janus Henderson Global Investors	European Focus I Acc	28.10%	♛♛♛♛
AFH Wealth Management	AFH DA European Equity R	26.86%	♛♛♛♛
JP Morgan Asset Management UK	European Sustainable Equity C Acc	26.44%	♛♛♛♛
Quilter Investors Limited	Europea Ex UK Equity U2 Acc GBP	26.17%	♛♛♛
BNY Mellon Fund Managers Ltd	Sustainable European Opportunities IW Acc GBP	26.13%	♛♛♛

Past performance is not necessarily a guide to future returns. Income and capital values can fall as well as rise and are not guaranteed. Exchange rate fluctuations may also cause the value of investments and any income from them to fall as well as rise. You may not get back the amount invested. Investments in small and emerging markets can be more volatile than more developed markets. Specialist funds carry a high degree of risk. Performance figures as at 28.06.24. Performance data supplied by Financial Express. Past performance figures are based on bid to bid or mid to mid prices with net income reinvested.

Sectors continued...

Company (top 10)	Fund	Perf. 36m	Crown rating
Japan Sector			
Waystone Management (UK) Limited	Morant Wright Nippon Yield B Acc	50.11%	FE fundinfo Crown Fund Rating ♛♛♛♛♛
Waystone Management (UK) Limited	Morant Wright Japan B Acc	43.38%	FE fundinfo Crown Fund Rating ♛♛♛♛♛
Man Fund Management UK Limited	Japan Core Alpha C Professional Acc	41.37%	FE fundinfo Crown Fund Rating ♛♛♛♛♛
M&G UK	Japan I Acc GBP	31.95%	FE fundinfo Crown Fund Rating ♛♛♛♛♛
Quilter Investors Limited	Japanese Equity U2 Acc GBP	29.70%	FE fundinfo Crown Fund Rating ♛♛♛♛♛
Janus Henderson Global Investors	Japan Opportunities I Acc	26.00%	FE fundinfo Crown Fund Rating ♛♛♛
Scottish Widows UT Managers Limited	Japan Growth A Acc	23.49%	FE fundinfo Crown Fund Rating ♛♛♛♛
HBOS Investment Fund Managers Ltd	Japanese C	22.03%	FE fundinfo Crown Fund Rating ♛♛♛♛
Aberdeen Standard Investments	Japan Equity Enhanced Index B	18.13%	FE fundinfo Crown Fund Rating ♛♛♛
Fidelity International	Index Japan P Acc	16.65%	FE fundinfo Crown Fund Rating

Company (top 10)	Fund	Perf. 36m	Crown rating
UK All Companies Sector			
Ninety One Fund Managers	UK Special Situations I Acc GBP	43.08%	FE fundinfo Crown Fund Rating ♛♛♛
Invesco Fund Managers Ltd	UK Opportunities (UK) Z Acc	42.42%	FE fundinfo Crown Fund Rating ♛♛♛♛♛
Man Fund Management UK Limited	Undervalued Assets Professional C Acc	32.05%	FE fundinfo Crown Fund Rating ♛♛♛
Invesco Fund Managers Ltd	UK Enhanced Index UK Z Acc	31.60%	FE fundinfo Crown Fund Rating ♛♛♛♛
Artemis Fund Managers Limited	SmartGARP UK Equity I Acc	31.28%	FE fundinfo Crown Fund Rating ♛♛♛♛
JO Hambro Capital Management	UK Dynamic A Acc	30.50%	FE fundinfo Crown Fund Rating ♛♛♛♛
BlackRock	100 UK Equity Index (UK) D Acc	29.75%	FE fundinfo Crown Fund Rating
Phoenix Unit Trust Managers	UK StockMarket	29.66%	FE fundinfo Crown Fund Rating ♛♛♛♛
HSBC Global Asset Management	FTSE 100 Index C Acc	29.64%	FE fundinfo Crown Fund Rating
Legal & General UT Managers	UK 100 Index Trust I Acc	29.37%	FE fundinfo Crown Fund Rating

Criteria explained

Leaders

Funds in this category have the best record of consistently out-performing their sector peers over the past three years. To be a Leader, it must have produced a positive return relative to the sector average over each of the last three discrete years and show accumulative performance over those three years of at least 10% better than the sector average.

Laggards

These funds are regularly under-performing. Their performance in each of the last three discrete years is worse than the sector average and the accumulative performance over three years is between -20% and -50% relative to the sector average.

Losers

These funds are consistently under-performing and by a significant margin over three years. Like the Laggards, their performance falls short of the sector average in each of the last three discrete years. The accumulative performance over three years, however, is even worse at over 50% below the sector average.

Others

Funds in the 'Others' category haven't quite met the stringent criteria required to be a Leader, but at the same time their performance isn't poor enough to qualify as a 'Laggard' or a 'Loser'.

30 Day Measure

The criteria for Leaders, Laggards and Losers is updated on a daily basis. The nature of fund performance, however, is such that a fund can quickly drop out of the Leaders category or improve its performance from one day to the next to escape being labelled a Loser. For this reason, we indicate each fund's categorisation going back over the past 30 days to provide evidence of the regularity or otherwise that a fund has appeared in any given category over a longer period than just a day. Please note: 'Day 1' represents the fund's categorisation based on performance data received on the previous business day.

Past performance is not necessarily a guide to future returns. Income and capital values can fall as well as rise and are not guaranteed. Exchange rate fluctuations may also cause the value of investments and any income from them to fall as well as rise. You may not get back the amount invested. Investments in small and emerging markets can be more volatile than more developed markets. Specialist funds carry a high degree of risk. Performance figures as at 28.06.24. Performance data supplied by Financial Express. Past performance figures are based on bid to bid or mid to mid prices with net income reinvested.

Win £1,000

Do you enjoy the challenge of puzzle solving? If so, why not have a go at the Sudoku puzzle opposite. You don't even need to invest to be in with a chance of winning our £1,000 cash prize!

	5			7		9		
	6							7
		2	5	4		6		
		8						
2		6	4			3		
			9	2		5		1
	7			8				
			3					
		9	1		7			2

Name: **Client No:**

How to play

If you're not familiar with Sudoku, let me briefly explain. Put simply, Sudoku is a number-placement puzzle based on a square grid, typically 9 squares by 9, giving 81 squares in all. The puzzle is further divided (by bold gridlines) into 9 boxes or 'regions', each a square measuring 3 squares by 3. Figures from 1 to 9 (known as 'givens') are already inserted in some of the squares. To complete the puzzle, a player must insert the missing numbers so that each row, each column, and each region contains the numbers 1 to 9 once and once only, without any repeats.

Once you think you have correctly completed the puzzle, tear off this page ensuring your name and client number is correct and return it to us in the enclosed FREEPOST envelope. Please ensure your entry reaches us no later than 27 September 2024.

Competition Rules

- Entries must reach Elson Associates plc no later than 27 September 2024. By submitting their entry, entrants will be deemed to have agreed to be bound by these rules.
- The winner will be notified personally as soon as practical after the date given above.
- The competition is open to all customers on our database except employees of Elson Associates plc, any other company affiliated with Elson Associates plc including the distribution of this newsletter, or any member of their households.
- There is a limit of one entry per client. Responsibility cannot be accepted for entries lost, damaged or delayed in transit.
- The winning entry will be drawn from those that have correctly completed the Sudoku puzzle.
- No purchase is necessary.
- The reward will be a cheque to the winning entrant for £1,000.
- No other prizes will be awarded.

Direct Investments

As you may be aware, we have been writing to clients offering to re-register directly held funds to Fidelity FundsNetwork. More on this can be found on pages 12 & 13. This is also the way the majority of clients now take out new investments, in particular using their ISA allowance.

While we will continue to service your direct investments (assuming we receive either a fee or renewal commission as per our Terms of Business), we have now taken the decision not to accept investments into directly held investment companies. For example, in the past we could send you an application form for let's say Invesco, Jupiter or Janus Henderson which you would complete and return to us for processing. This has now become very difficult and is an out-of-date way to purchase investments plus there are also regulatory issues around this process.

When you invest via a platform, you can be sure that you are buying the cheapest version of your chosen fund and as investments are purchased by us online, you will buy the fund at the soonest available price. Our fees are also cheaper for platform business.

Buying funds directly is now counter-productive when we are moving our clients over to Fidelity FundsNetwork. Due to all of the above reasons we can no longer accept any ISA or General Investment Account applications other than those for Fidelity FundsNetwork or Aegon.

If you have never invested via a platform and would like to know more information about the process, please feel free to contact us on 0800 0961111.

Newsletter warning

We have given the information in this newsletter in good faith. Although we have made all reasonable efforts to ensure that the information in this newsletter is accurate at the time of inclusion, we do not represent that this is the case and it should not be relied upon as such. Any opinions and estimates expressed reflect our judgment at this date and are also subject to change without notice. Accordingly, unless legally required to do so, we will not accept liability for any inaccuracies or omissions. If you do not understand, or if you have any queries on any of the information in this newsletter, please call us on FREEPHONE 0800 0961111.

Past performance is not necessarily a guide to future returns. Market and exchange rate movements may cause the value of investments and any income from them to fall as well as rise and you may not get back the amount originally invested. Some of the funds featured in this newsletter might invest in specialist sectors. As a result they may carry greater risks in return for higher potential rewards. The stockmarkets and currencies of emerging markets can be extremely volatile. Investors should only invest if prepared to accept a high degree of risk. If you are unsure about the risks attached to a certain fund, you should seek professional advice. Tax benefits, if any, may vary as a result of individual circumstances and the levels and bases of and reliefs from taxation may change. The tax advantages of ISAs may be subject to future statutory change. Eligibility to invest in an ISA and the value of tax savings on ISAs will depend on individual circumstances.

We will not be offering any advice as to the suitability of the investments we have highlighted in this newsletter. These investments are not suitable for everyone. If you have any doubts as to whether an investment is suitable for you, you should obtain expert advice.

Contact us today

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