of interest

winter 2024

Money Market Funds

Welcome

to the latest edition of our Newsletter 'Of interest'. Our campaign to re-register your direct holdings to Fidelity FundsNetwork has kept us extremely busy! The response was way above our expectations and will see clients save hundreds if not thousands of pounds in charges over the life of their investments! If you have not done so yet, it may well be very beneficial for you to take up our offer.

Continuing the theme of savings, we have put together some ideas for you to access some of the best performing and cheapest index funds. With the average managed fund charging around 0.8% compared to an index fund charging on average between 0.05% and 0.25%, assuming like-for-like performance, you'll benefit from improved returns, especially in the long run. As usual we also feature other various articles of interest including Money Market funds plus our regular £1,000 prize competition. If you have any questions about the features in this edition, please do not hesitate to get in contact with us.

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News

Closure of the M&G Property Portfolio fund

On 29th December 2023, M&G commenced the termination of the M&G Property Portfolio fund having completed the required regulatory processes.
M&G have stated the following with respect to their decision to close the fund:

'Investors have sold their holdings, and the fund is smaller. We believe withdrawals from the fund are likely to continue, and there is a risk this may accelerate in the future. As the fund reduces in size, it becomes necessary to sell some of its larger properties and buy smaller ones. Doing this will incur high transaction costs which will negatively impact the performance of the fund.

As we believe that the fund will continue to reduce in size, after considering a number of options, we have decided that it is in the best interests of investors to close the fund as soon as practicable to allow for an orderly disposal of the fund's assets and to return the proceeds to investors.'

If you have any questions regarding this, please don't hesitate to get in contact with us on 0800 0961111.

Jupiter

On 24th November 2023, Jupiter merged both the Jupiter Income & Growth fund and Merian UK Equity fund into the Jupiter Responsible Income fund.

On 13th October 2023, Jupiter rebranded the Jupiter Multi-Asset Income fund to Jupiter Merlin Monthly Income Select fund. The change follows the transfer of the management of the fund's portfolio to the Jupiter Merlin Multi-Asset team in November 2022.

BNY Mellon fund merger

On 7th October 2023, the BNY Mellon Equity Income Booster fund merged into the BNY Mellon UK Income fund.

Having undertaken a strategic review of its equity income fund range following the resignation of the investment manager for the merging fund, BNY Mellon concluded that, by bringing the two funds together, the overall fixed costs to investors will reduce due to the potential efficiencies obtained from the management of a larger combined fund. With the Receiving fund consistently outperforming the Merging fund, BNY Mellon believes that the merger is beneficial to shareholders.

Fund objectives

BNY Mellon Equity Income Booster fund objective: To provide income together with the potential for capital growth over the long term (5 years or more). The fund is actively managed and invests at least 80% of the portfolio in the shares of UK listed equity and equity-related securities.

BNY Mellon UK Income fund objective: To achieve income over an annual period together with capital growth over the long term (5 years or more). The fund is actively managed and invests at least 70% of the portfolio in UK equities, including ordinary shares, preference shares and other equity-related securities. UK companies are defined as those that are either domiciled, incorporated or which have significant business in the UK.

AXA Framlington UK Select Opportunities Fund Update

Effective 1 December 2023, Nigel Yates became the lead manager of the fund and Chris St John became deputy Fund Manager. Chris will maintain an active role in supporting Nigel. There have been no changes to the investment philosophy and investment process of the Fund.

AXA Framlington have stated the following: *'Nigel has been working with Chris on the Fund since joining in 2021, and prior to that had an excellent track record in managing UK multicap funds at NFU. Nigel and Chris will continue to have active support from Dan Harlow (UK Small Cap Manager) and the rest of the UK equity team, as well as the broader global thematics and sector teams.'*

LF Equity Income Fund (formerly LF Woodford Equity Income Fund)

Link Fund Solutions Limited has announced that the Scheme of Arrangement (compensation scheme) was approved by the required majority of investors who attended and voted (in person or by proxy) at a meeting held on 13th December 2023.

Link Fund Solutions Limited intends to seek an order from the Court approving the Scheme of Arrangement at a hearing on 18th January 2024. If approved by the Court, this will affect all investors in the LF Equity Income fund, including those who voted against the scheme or those who did not vote.

Those investors who support the Scheme or who otherwise do not wish to oppose Link Fund Solutions application to Court for an order approving the compensation scheme do not need to take any further action. Link Fund Solutions will announce the result of the on the Scheme Website (available at: www.lfwoodfordfundscheme.com/).

Link Fund Solutions Limited has stated the following: *'The purpose of the Scheme is to settle all actual, potential, alleged, threatened or disputed claims that Scheme Creditors may have against LFSL'*.

LFSL believes that the Scheme is the best outcome for Scheme Creditors because it offers a significant payment from a fund of up to £230 million (the Settlement Fund), as well as certainty of payment in the near future. If the Scheme is approved, the first payment is expected to occur in the first quarter of 2024. Further information about the Scheme can be found in the Explanatory Statement, which is available in the documents section of the Scheme Website (available at https://lfwoodfordfundscheme.com/documents/).

If you are a Scheme Creditor and you have any questions about the Scheme, please visit www.lfwoodfordfundscheme.com/ where you can find a list of frequently asked questions. You can also contact Joseph Bannister, the independent Investor Advocate for the Scheme, at josephbannisterIA@dacbeachcroft.com.

Sterling money market funds play a crucial role in the financial landscape, offering investors a conservative yet valuable avenue for managing their short-term cash. These funds are a type of mutual fund that primarily invest in short-term, low-risk debt securities, such as cash deposits, government bonds, commercial paper and money market instruments.

One key characteristic of sterling money market funds is their focus on preserving capital and providing liquidity. Investors, ranging from individuals to institutional entities, turn to these funds to park surplus cash temporarily while earning a modest return. The underlying securities in these funds typically have short maturities, mitigating interest rate risk and enhancing liquidity.

Investors in sterling money market funds enjoy several benefits. First and foremost is the liquidity these funds provide. Unlike many fixed term bonds which will incur an early exit penalty, investors can redeem their shares on any business day, making it easy to access cash when needed. Additionally, the conservative nature of the underlying investments contributes to stability, particularly in comparison to more volatile assets such as stocks.

These funds are also known for their competitive yields relative to other short-term, low-risk investments. While the returns might not match those of riskier assets, the trade-off is a higher level of security and predictability.

> The primary objective of sterling money market funds is to provide stability and security to investors, making them an attractive option for those seeking a low-risk alternative to traditional savings accounts.

This makes sterling money market funds an attractive option for investors with a low- risk tolerance looking for better interest rates than those being offered by their bank. What's more up to £20,000 can be invested into an ISA for tax-free returns.

It's essential for investors to understand that while sterling money market funds are relatively low-risk, they are not entirely risk-free. Changes in interest rates, credit risk, and market conditions can impact the performance of the fund.

There are several noteworthy Sterling Money Market Funds available to retail investors. One such fund is the abrdn Sterling Money Market Fund. Managed by a reputable global investment firm, this fund leverages abrdn's expertise in fixed income markets to provide investors with a reliable, low-cost option. To receive information about this fund, please visit www.elsonassociates.com and follow the instructions to either invest online or receive an information pack in the post. Alternatively, please call us on 0800 0961111 or email info@elsonassociates.com.

For Retail Investors.

Fund guide
abrdn Sterling Money Market Fund

November 2023

Available through: Pension schemes, stocks and shares ISA or a general investment account.

Key features

£787.6m	12:00	plus One	9 August 1980	Quarterly
Fund size[1]	Cut-off time	Trade day	Fund launch	Distribution Frequency

[1] (as at 30 September 2023).

Aim of fund

The fund aims to generate income and preserve some capital over the short term (2 years or less) by investing in cash deposits and debt securities. The fund invests at least 80% in cash deposits and money market instruments that may potentially provide higher income than an average saving account.

The first thing a client will do is compare the yield of the fund with that available at the bank or vs peers.

Money Market Funds	Interest-savings account
Enhanced liquidity, allowing you easy access to your funds when required	A secure solution to save funds for future needs and unexpected emergency
Benefit from rapid access to your funds, by provide a settlement period of Trade Day plus One	Access to your funds at your convenience
Receive a steady stream of income through regular interest payments	Generally offers a fixed interest rate, allowing your interest to grow over time
Improve diversification on the highest credit quality to ensure a robust and secure investment portfolio	Ideal for smaller sums of money, with banks providing protection up to £85,000 per individual
Enjoy low-risk nature of high credit quality short-term investing, compared to other types of investment products	Features low interest rates that may vary based on the duration, making it suitable for those who prefer not to be concerned about minimum amounts and fees

abrdn.com

abrdn Sterling Money Market Fund

How has the fund performed?

Performance target: The fund targets a return equivalent to SONIA. The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target. SONIA has been chosen as a proxy for the return from cash deposits.

How to invest?

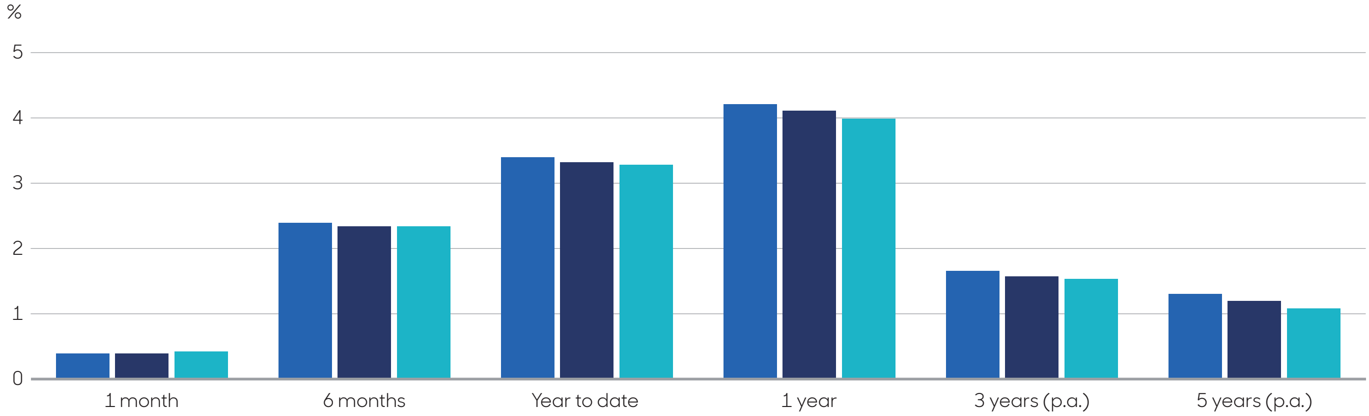
When saving for a financial goal, it's important to make sure you're utilising the most beneficial investment type for your goal based on its time period. Money market funds make the most sense for short-term goals and generally should not be used for long-term investing, such as retirement.

You can hold this fund within a pension scheme, stocks and shares ISA or a general investment account.

Contact your financial adviser or platform provider for more information , or you can visit our website to download the latest **factsheet** and access information on both the income and accumulation shareclass options.

abrdn Sterling Money Market Fund

Performance



Cumulative and annualised performance

	1 month	6 months	Year to date	1 year	3 years (p.a.)	5 years (p.a.)
Fund (gross) (%)	0.39	2.39	3.40	4.21	1.66	1.30
Fund (net) (%)	0.39	2.34	3.32	4.11	1.57	1.20
Performance target (%)	0.42	2.34	3.28	3.99	1.53	1.08

Discrete annual returns - year to 30/9

	2023	2022	2021	2020	2019
Fund (gross) (%)	4.21	0.74	0.09	0.66	0.87
Fund (net) (%)	4.11	0.64	-3.24	0.57	0.75
Performance target (%)	3.99	0.72	-0.08	0.22	0.62

Performance Data: Share Class I Acc, income accrues daily.

Benchmark history: Performance target – SONIA GBP from 01/10/2021. 1 Week GBP LIBID from 31/07/2007 to 30/09/2021

Source: Lipper. Basis: Total Return, NAV to NAV, UK Net/Gross Income Reinvested.

"Fund (Net)" refers to the actual unit price performance of the shareclass shown; "Fund(Gross)" adds back charges such as the annual management charge to present performance on the same basis as the performance target / performance comparator / portfolio constraining benchmark. These figures do not include the initial charge; if this is paid it will reduce performance from that shown.

Past performance is not a guide to future returns and future returns are not guaranteed.

Important Information

- The value of investments and the income from them can go down as well as up and investors may get back less than the amount invested. Past performance is not a guide to future results.
- The fund price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.
- The fund may hold money-market instruments, the value of which may be subject to adverse movements in extreme market conditions.
- The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.
- The use of derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions, such as a failure amongst market participants. The use of derivatives may result in the fund being leveraged (where market exposure and thus the potential for loss by the fund exceeds the amount it has invested) and in these market conditions the effect of leverage will be to magnify losses.
- More details of the risks applicable to this fund can be found in the Key Investor Information Document (KIID) and Prospectus, both of which are available on request or at our website **abrdn.com**.

The fund is a sub-fund of abrdn OEIC I, an authorised open-ended investment company (OEIC). The Authorised Corporate Director is Aberdeen Standard Fund Managers Limited. The information contained in this marketing document should not be considered as an offer, investment recommendation or solicitation, to deal in the shares of any securities or financial instruments. It is not intended for distribution or use by any person or entity who is a citizen or resident of or located in any jurisdiction where such distribution, publication or use would be prohibited. No information, opinions or data in this document constitute investment, legal, tax or other advice and are not to be relied upon in making an investment or other decision. Subscriptions for shares in the fund may only be made on the basis of the latest Prospectus and relevant Key Investor Information Document (KIID) which can be obtained free of charge upon request or from **abrdn.com**.

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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.

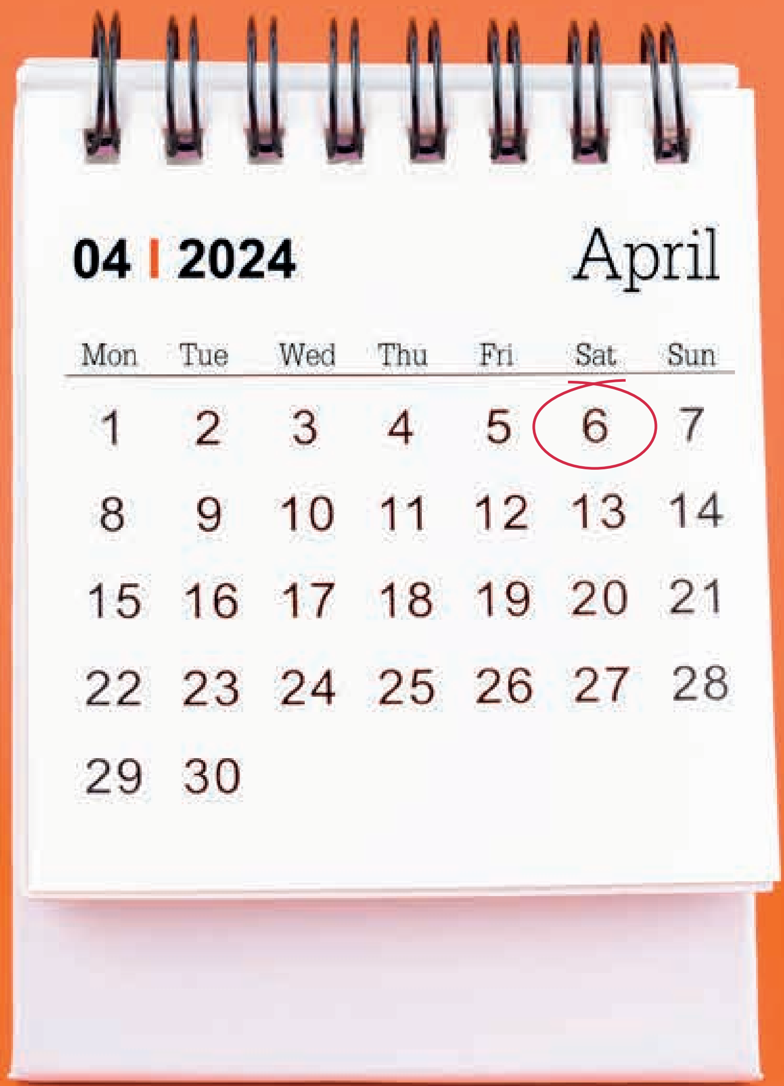
We will not be offering any advice as to the suitability of the investments we have highlighted in this newsletter. These investments are not suitable for everyone. If you have any doubts as to whether an investment is suitable for you, you should obtain expert advice.

Key changes to ISA regulations that will take effect from April 2024

From 6 April 2024, some of the rules governing the Individual Savings Account are changing.

Here are the key changes:

1. Multiple ISA Subscriptions
   You will be able to pay into multiple ISAs of the same type in each tax year. This is a reversal of the current system, which limits you to subscribing to just one ISA of each type per tax year.
   Currently, there are five types of ISAs: Cash ISAs, Stocks & Shares ISAs, Lifetime ISAs, Innovative Finance ISAs, and Junior ISAs. From April 2024, you can pay new money into more than one of any of these types in a given tax year. This change simplifies things for both cash savers and investors.
2. Partial Transfers of ISA Funds
   You will be able to do partial transfers of ISA funds regardless of when you paid in the money.
   For example, if you have £15,000 in a Cash ISA and want to move just £10,000 of it to a new provider, you can do so, regardless of when that £15,000 was paid in. These changes aim to enhance flexibility and simplify ISA management for savers and investors.
3. The facility to hold a fraction of a share within your ISA
   If you want to purchase single shares and hold them in an ISA, you won't have to buy whole shares like you've had to in the past. Some shares are very expensive and in recognition of this the government has given the green light to investors to buy and hold fractions of shares within their Stocks and Shares ISA.
4. The qualifying minimum age to invest in a Cash ISA is changing
   To close a loophole which allowed investors between the ages of 16 and 18 to invest both in a Cash ISA and a Junior ISA, the minimum age for investment into a Cash ISA is being raised to 18.



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

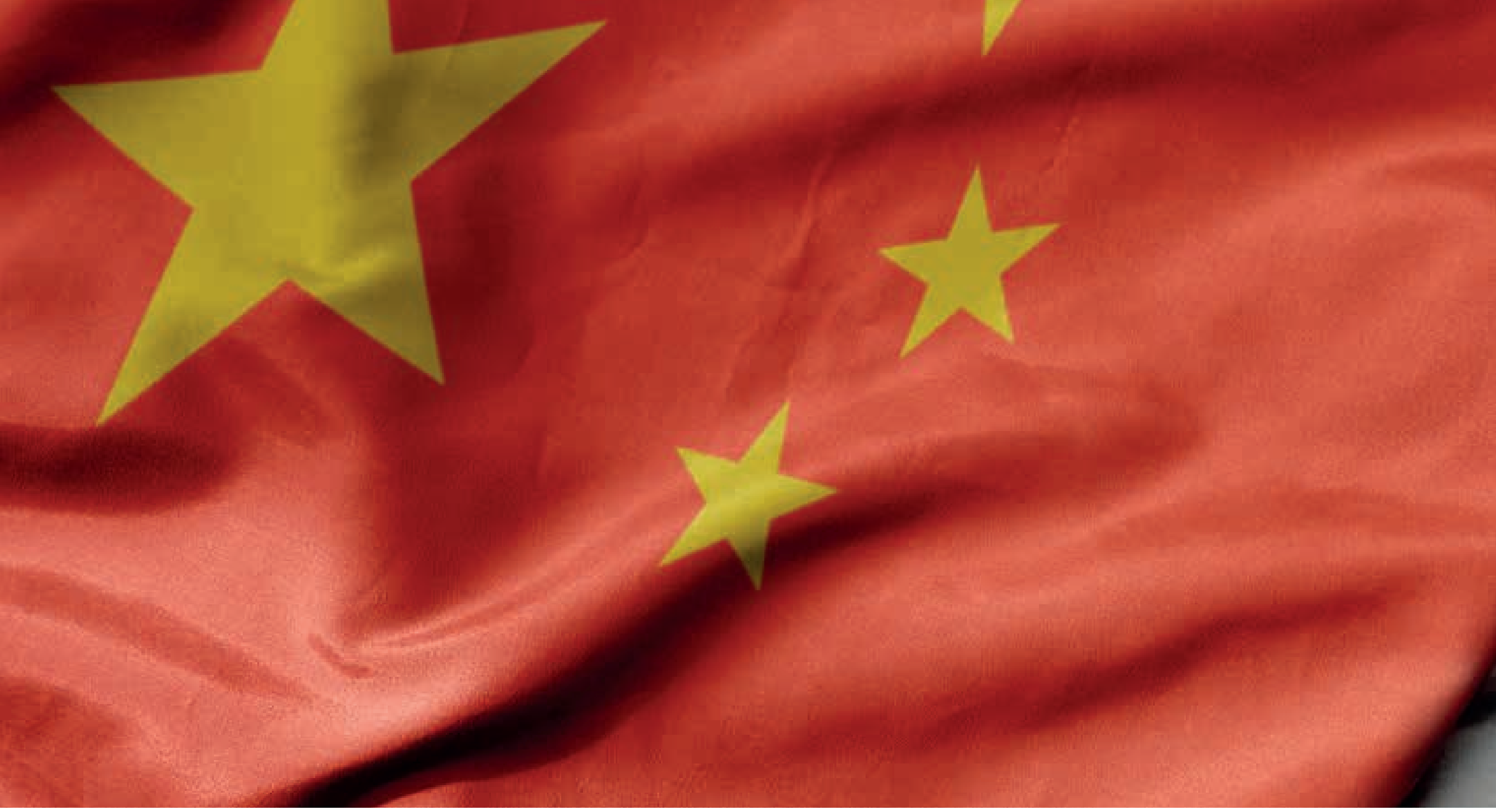
Jupiter UK Special Situations OCF (Ongoing Charges Figure)	0.76%
Elson Annual service fee	0.35%
Fidelity FundsNetwork Annual service fee	0.25%
Overall annual cost	**1.36%**
Overall annual cost	**£340**

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.
- ✓ Transferring funds to another direct fund manager 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 (something you cannot do when investing direct).
- ✓ 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™



Investing in Japan Amidst Chinese Economic Challenges

- Exploring the shift

There has recently been a noticeable shift in the investment landscape, with funds flowing out of China and finding a new home in Japan. This transition signals a growing trend among investors, driven by various factors related to the economic climate in both nations. In this article, we will delve into the reasons behind this shift, highlighting the challenges facing the Chinese economy and the promising opportunities for investment in Japanese funds.

Current Problems in the Chinese Economy:

1. Regulatory Uncertainty:
   China has implemented a series of regulatory changes in various sectors, including technology, education, and real estate. These sudden shifts have left investors uncertain about the stability of their investments.
2. Debt Overhang:
   China's debt-to-GDP ratio has been a cause for concern, with a substantial portion tied to state-owned enterprises and local governments. This debt overhang can potentially limit economic growth and stability.
3. Demographic Shifts:
   China is facing an aging population and declining birth rates, which could strain the labour force and social welfare systems. This demographic challenge may impact long-term economic sustainability.
4. Property Market Volatility:
   The Chinese property market has experienced significant fluctuations, with some regions facing bubbles. This instability can deter investors seeking reliable returns.
5. Geopolitical Tensions:
   Ongoing trade disputes and geopolitical tensions with major economies have added an element of unpredictability to the Chinese market.

Opportunities in Japanese Funds:

1. Stable Economic Environment:
   Japan offers a stable and mature economic environment, with a well-established legal framework and a transparent regulatory system that provides a sense of security for investors.
2. Technological Innovation:
   Japan has a long history of technological advancement and innovation. Investments in sectors like robotics, renewable energy and healthcare technology present promising opportunities.
3. Global Diversification:
   Investing in Japan allows diversification beyond the Chinese market, reducing concentration risk and potentially enhancing portfolio stability.
4. Strategic Location:
   Japan's strategic location in the Asia-Pacific region provides access to a vast market and positions investors to benefit from regional growth.
5. Economic Reforms:
   Japan has embarked on a path of economic reforms, known as "Abenomics," aimed at revitalizing the economy. These efforts have shown positive signs of progress.

In conclusion, the shift of investment from China to Japan reflects a broader trend in the global market. While China grapples with regulatory uncertainty, demographic challenges, and economic imbalances, Japan offers a more stable and innovative investment landscape. What's more, the current inflows of investment to Japan are creating an upward momentum in the stock market there.
By considering the unique opportunities presented by Japanese funds, investors can diversify their portfolios and potentially navigate the evolving dynamics of the Asian economy with confidence.
There are plenty of funds specialising in Japan. Indeed, Japan has its own sector. Check out the funds in this sector using either our quick or detailed performance browser. The M&G Japan I Acc fund is worthy of a mention. It currently ranks in the top quartile of performance in its sector over one, three and five years.

Past performance is no guide to the future. The value of investments and the income from them can fall as well as rise and you might get back less than you originally invested. We don't give investment advice. If you are unsure, you should seek professional advice before making any investment decisions.

The pros and cons of i companies

Investing in tech companies has become increasingly popular in recent years, thanks to the rapid advancements and innovations in the technology sector. While it can offer significant opportunities for growth and profit, it's essential to be aware of the potential downsides. In this article, we'll explore the pros and cons of investing in tech companies, helping you make informed decisions in the dynamic world of technology investments.

Pros:

1. Innovation and Growth: Tech companies are at the forefront of innovation, constantly creating new products, services, and solutions that have the potential to revolutionize industries. Investing in a company that can disrupt the market can lead to substantial returns.
2. Scalability: Many tech companies have a scalable business model, meaning they can expand rapidly without incurring proportionally higher costs. This scalability can lead to exponential growth, especially if the company's product or service gains widespread adoption.
3. Global Reach: Tech companies often have the ability to reach a global audience quickly, thanks to the digital nature of their products or services. This can result in rapid expansion into international markets, increasing their revenue potential.
4. Diversification: Investing in tech companies can provide diversification for your investment portfolio. The tech sector covers a wide range of industries, including software, hardware, e-commerce, biotech, and more, allowing you to spread your risk across different areas.
5. High Returns: Successful tech companies can deliver impressive returns on investment, especially in the early stages. If you identify a promising start-up or a company poised for significant growth, the potential for high returns can be enticing.

Cons:

1. Volatility: The tech sector is notorious for its volatility. Share prices of tech companies can experience sharp fluctuations, driven by factors such as market sentiment, competition, regulatory changes, and even individual product launches.

nvesting in technology

2. Competition: The tech industry is highly competitive, with new players entering the market regularly. Established tech giants may face challenges from start-ups with disruptive ideas, potentially impacting market share and profitability.
3. Regulatory and Legal Risks: Tech companies often operate in a complex regulatory environment. Changes in laws related to data privacy, antitrust, intellectual property and other areas can significantly impact a tech company's operations and financials.
4. Market Saturation: Some segments of the tech industry can become saturated, leading to intense competition and potentially limiting a company's growth potential. Identifying companies with a sustainable competitive advantage is crucial.
5. Innovation Risk: While innovation is a major driver of tech companies, it also poses a risk. A company heavily reliant on one ground breaking product or technology may face challenges if that product becomes obsolete or if competitors develop superior alternatives.

Whilst it's a great idea to arm yourself with this knowledge, a good fund manager will be well versed in the pros and cons of investing in technology. Why not let the professionals manage your money for you? Consider investing in a technology fund to spread your risk within this sector. Certain funds invest specifically in tech companies like the Janus Henderson Global Technology Leaders Fund. This one's been a popular choice with our clients over the years. It's been in existence since 1984 and has produced consistently decent returns. It's available for investment through us via our preferred platform Fidelity FundsNetwork.

In summary, by carefully considering the pros and cons, you can make more informed investment decisions in the dynamic world of technology. Investing in tech companies can offer substantial rewards, but it comes with inherent risks. You should only consider investing if you have a high risk tolerance. Investing in a well-established fund could be a smart way to gain exposure to this exciting sector. But please remember, past performance is no guide to the future and the value of investments can fall as well as rise and you may not get back the amount invested.

Investing in Global Luxury Brands

- a wealth of opportunities

In the ever-evolving landscape of investment opportunities, the global luxury brands sector stands out as a compelling and resilient option. Luxury brands have a timeless allure, captivating consumers worldwide, and this appeal can translate into impressive returns for savvy investors. In this article, we'll delve into the enticing world of investing in global luxury brands, with a particular focus on the Morgan Stanley Funds (UK) Global Brands Fund available through us via Fidelity FundsNetwork.

Why invest in luxury brands? Investing in luxury brands has proven to be a fruitful endeavour for many reasons:

1. Brand Power: Luxury brands possess a unique and enduring brand power. Their names often symbolize prestige, quality, and exclusivity, making them more resistant to economic downturns.
2. Global Appeal: Luxury brands cater to a global clientele. As emerging markets prosper, more consumers aspire to own luxury goods, creating a substantial growth opportunity.
3. Historical Resilience: Luxury brands have historically weathered economic crises better than many other sectors. Their products are considered status symbols, and people are often reluctant to cut back on such purchases, even during tough times.
4. Innovation and Adaptation: Luxury brands are not stagnant; they adapt to changing consumer preferences and technology. They continue to introduce new products, expand into new markets, and embrace sustainability, ensuring their relevance in the modern world.

Morgan Stanley Funds (UK) Global Brands Fund: One effective way to gain exposure to the global luxury brands sector is through mutual funds. The Morgan Stanley Funds (UK) Global Brands Fund is an excellent choice for investors seeking diversified exposure to this exciting investment opportunity.

Here's why:

1. Diversification: The fund invests in a portfolio of globally recognized brands, not limited to a specific industry or geography. This diversification can help mitigate risks associated with individual stocks.
2. Professional Management: Morgan Stanley's experienced fund managers have a track record of selecting top-quality brands for the portfolio. They conduct in-depth research to identify companies with strong brand equity and growth potential.
3. Risk Management: The fund's managers actively monitor market conditions and make adjustments to the portfolio as needed to optimize performance and manage risk.
4. Liquidity: Mutual funds like this one offer daily liquidity, allowing investors to buy or sell shares easily.
5. Access via Fidelity FundsNetwork: Fidelity FundsNetwork provides a user-friendly platform for investors to access and manage their investments, making it convenient to invest in the Morgan Stanley Funds (UK) Global Brands Fund.

In conclusion, investing in the global luxury brands sector can be an exciting and rewarding endeavour. The enduring appeal of luxury brands, coupled with their resilience in uncertain times, makes them an attractive option for investors. For those looking for a diversified approach to this sector, the Morgan Stanley Funds (UK) Global Brands Fund, available through us via Fidelity FundsNetwork, offers a compelling investment opportunity. Remember, before making any investment decisions, it's crucial to conduct thorough research, assess your risk tolerance, and consider consulting with a financial advisor to ensure your investment strategy aligns with your financial goals.

The value of investments as well as the income from them can fall as well as rise and you may not get back the amount invested.

Index Funds

Index funds have become increasingly popular among investors in recent years. These investment vehicles offer a straightforward and cost-effective way to gain exposure to a broad market or specific sectors without the complexities of individual stock selection. In this article, we look into the world of index funds, exploring what they are, how they work, their benefits, and why they have gained favour among investors.

What Are Index Funds?
Index funds, also known as passive funds or index trackers, are a type of mutual fund or exchange-traded fund (ETF) that aims to replicate the performance of a particular market index. A market index is a portfolio of selected stocks that represent a segment of the financial market, such as the FTSE 100 or the S&P 500. Instead of relying on active management decisions, index funds seek to mimic the returns and characteristics of these indices.

How Do Index Funds Work?
Index funds work by investing in the same securities that make up the underlying index they aim to track. For example, if you invest in a FTSE 100 index fund, your money is distributed across the 100 large-cap UK stocks in that index, generally in proportion to their market cap. The funds goal is to replicate the performance of the FTSE 100 as closely as possible.

Advantages of Index Funds

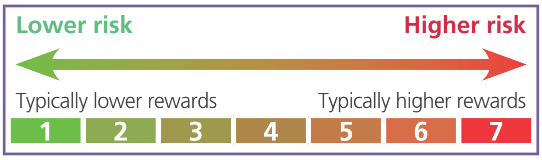
1. Low Costs: One of the most significant advantages of index funds is their low expense ratios. Since they aim to replicate an index rather than actively selecting and managing stocks, the expenses associated with research and trading are minimal, resulting in lower fees for investors.
2. Diversification: Index funds provide instant diversification, as they hold a basket of stocks or other assets. This diversification helps spread risk and reduce the impact of the poor performance of a single stock on your overall portfolio.
3. Transparency: The holdings and performance of index funds are generally transparent and easily accessible, allowing investors to know precisely what they are invested in at any given time.
4. Consistent Returns: Over the long term, index funds often deliver returns that closely match the performance of the underlying index, which has historically shown steady growth.

cont...

What tracker funds are available to me and what are the charges?

Below you will find a list of some of the most popular index tracking funds available through Elson Associates together with details of the charges. You can check out the performance of these funds at the fund centre on our website www.elsonassociates.com (detailed performance browser).

Risk is rated on a scale of 1 to 7 where 1 is the lowest and 7 is the highest level.



Sector	Fund Name	Yield	Charge	Holdings	Morningstar Rating	Risk
GLOBAL	Vanguard FTSE Developed World Ex UK Equity index GBP Acc	-	0.14%	2016	★★★★★	5
GLOBAL	Legal & General Global 100 Index Trust C Acc	-	0.09%	103	★★★★★	5
UK	Legal & General UK 100 Index Trust C Dist	3.70%	0.07%	97	★★★★	6
UK	Vanguard FTSE UK Equity Income Index GBP Inc	5.39%	0.14%	106	★★★	6
US	abrdn American Equity Enhanced Index N Acc	-	0.11%	235	★★★★★	6
US	JP Morgan US Research Enhanced Index Equity E Acc	-	0.35%	161	★★★★★	5
EUR	Ishares Continental European Equity Index (UK) H Acc	-	0.06%	537	★★★	6
EUR	Vanguard FTSE Developed Europe ex-UK Equity Index GBP Acc		0.12%	436	★★★	6
ASIA	HSBC Pacific Index Income S	3.53%	0.14%	616	★★★★	6
EMG MKT	Vanguard ESG Emerging Markets All cap Equity Index GBP Acc	-	0.25%	3256	★★★★	6
JAPAN	abrdn Japan Enhanced Index B Acc	-	0.26%	164	★★★	6
BOND	Royal London Short Duration Global Index Linked M Inc	3.06%	0.27%	52	★★★★	3

Figures correct as at 02.01.24 (source: Fidelity FundsNetwork)

Why Have Index Funds Gained Popularity?

1. Outperforming Actively managed Funds: Research has consistently shown that a majority of actively managed funds struggle to outperform their respective benchmarks over the long term. This underperformance has led many investors to turn to index funds as a more reliable way to participate in market growth.
2. Simplicity: Index funds are straightforward and easy to understand. This simplicity appeals to investors who prefer to avoid the complexities and risks associated with individual stock picking.
3. Lower Costs: High fees can erode returns over time. The cost-effectiveness of index funds has made them an attractive choice for cost-conscious investors, particularly in a market environment where expenses are under scrutiny.
4. Passive Investing Movement: The rise of the passive investing movement has brought index funds into the mainstream. Investors are increasingly embracing the idea that they can achieve their financial goals through long-term, low-cost index investing.

All other things being equal, how do lower charges help my investments to grow?
Typically, an actively managed fund would incur a management fee of 0.8% p.a. In comparison, an index tracker fund's annual charge can be as low as 0.1%. That's 0.7% p.a. lower.

Example of the savings you can make investing via Fidelity FundsNetwork:

Typical actively managed fund - Charges per annum	
Fund Charge	0.80%
Elson service fee	0.35%
Fidelity FundsNetwork fee	0.25%
Total cost	**1.40%**

Typical tracker fund - Charges per annum	
Fund Charge	0.10%
Elson service fee	0.35%
Fidelity FundsNetwork fee	0.25%
Total cost	**0.70%**

On the basis of neutral growth (neither growth nor loss), and using the charges above, you could expect a return after 10 years of 93.22% of your original investment from a tracker fund compared to 86.85% from an actively managed fund. That's a big difference. On a £20,000 ISA invested for 10 years, for example, the charges would have reduced your investment to £18,644 with a tracker fund compared to £17,370 with a managed fund!

(Source: Vanguard)

So you can see that low charges really are an investor's best friend. High fees are only worth paying if your fund manager is adding value by stock selection which results in out-performance of a benchmark index over time. The reality is that too many fail to achieve this goal.

Conclusion
Index funds have revolutionised the way individuals invest, providing a low-cost, diversified, and reliable approach to building wealth. Their popularity has grown not only due to their impressive historical performance but also because they offer an uncomplicated and cost-effective way for investors to participate in the growth of financial markets. Whether you're new to investing or a seasoned pro, index funds can be a valuable addition to your investment portfolio. By harnessing the power of index funds, you can simplify your investment strategy, reduce costs, and potentially achieve your long-term financial goals with greater confidence.

Risks and considerations
As with any investment, there are risks associated with Index tracking funds. Understanding these risks, such as market volatility and the potential for tracking error is key to making an informed decision. The value of an index fund and the income from it, can fall as well as rise and you may not get back the amount invested. 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 index fund could become 'closed' to new money and to withdrawals until market conditions return to normal.

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 21 and 22 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

LEADERS
LAGGARDS
LOSERS

Company (top 10)	Fund	Perf. 36m	Crown rating
UK Equity Income Sector			
Schroder UT Managers	Income Z Acc	46.09%	4
Schroder UT Managers	Income Maximiser Z Acc	44.55%	4
Jupiter Unit Trust Mgrs Ltd	Income Trust I Acc	37.59%	4
Royal London Unit Tst Mgrs Ltd	UK Equity Inc M Inc	36.74%	4
Thesis Unit Trust Mgmt Ltd	Redwheel UK Equity Income R A£	35.34%	4
Omnis Investments Ltd	Omnis Income & Growth A Acc	35.13%	4
Schroder UT Managers	UK-Listed Equity Income Maximiser L Acc	34.73%	
Scottish Widows Schroder Personal Wealth	Multi-Manager UK Equity Income B Acc GBP	33.08%	4
Rathbones Asset Management Limited	Income Fund I A £	29.77%	3
Premier Miton Investors	Optimum Income C I£	29.66%	3
North America Sector			
Columbia Threadneedle Investments	North American Equity 2 Acc	49.99%	4
Scottish Wid UT Mgr Limited	American Growth A Acc	46.89%	5
JP Morgan Asset Management UK	US Research Enhanced Index Equity E Acc	46.69%	5
HBOS Investment Fd Mgrs Ltd	North American C	44.89%	4
Aberdeen Standard Investments	American Equity Enhanced Index B	44.72%	4
Schroder UT Managers	QEP US Core I Acc	44.32%	4
Fidelity International (FIL International)	Index US P	42.64%	4
Scottish Wid UT Mgr Limited	US Equity X	42.59%	4
HSBC Gbl Asset Mgt (HSBC Inv)	American Index C Acc	42.38%	
Aberdeen Standard Investments	American Equity Tracker B Acc	42.08%	
Global Sector			
Apex Fundrock Ltd	Thornbridge Global Opportunities C Acc	69.13%	5
Royal London Unit Tst Mgrs Ltd	Global Equity Select M A	66.41%	5
Invesco Fund Managers Ltd	Global ExUK Core Equity Index UK NoTrail A	50.21%	4
Invesco Fund Managers Ltd	Global Equity (UK) Z Acc	45.85%	4
Legal & General UT Mgr Ltd	Global 100 Index Trust I Acc	44.48%	
Schroder UT Managers	Global Recovery Z Acc	43.22%	4
Quilter Investors Limited	Global Unconstrained Equity R A£	42.38%	4
Schroder UT Managers	QEP Global Core A Acc	42.10%	4
Royal London Unit Tst Mgrs Ltd	Global Equity Diversified M A	41.51%	4
Invesco Fund Managers Ltd	Global ExUk Enhanced Index UK Z Acc	41.11%	3
Europe Excluding UK Sector			
SW Mitchell	Continental European I Acc	58.99%	5
Liontrust	European Dynamic I I	46.14%	5
Schroder UT Managers	European Recovery Z Acc	42.20%	4
Invesco Fund Managers Ltd	European Focus UK Z Acc	41.72%	5
Artemis Fund Managers Limited	SmartGARP European Equity I Acc	40.27%	4
Invesco Fund Managers Ltd	European Equity (UK) Z Acc	37.89%	5
EdenTree Investment Management	Responisble & Sustainable European Equity B	35.31%	5
Fidelity International (FIL International)	European W A	32.74%	4
Quilter Investors Limited	Europe xUK Equity U2 A£	32.72%	3
Omnis Investments Ltd	Omnis European Equity Leaders A I £	32.47%	4

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 29.12.23. 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			
Man Fund Management UK Limited	Japan Core Alpha C Profesional Acc	56.94%	FE fundinfo Crown Fund Rating ♛♛♛♛♛
Waystone Management (UK) Limited	Morant Wright Nippon Yield B Acc	44.39%	FE fundinfo Crown Fund Rating ♛♛♛♛♛
M&G UK	Japan I Acc GBP	37.87%	FE fundinfo Crown Fund Rating ♛♛♛♛♛
Waystone Management (UK) Limited	Morant Wright Japan B Acc	34.67%	FE fundinfo Crown Fund Rating ♛♛♛♛♛
Fidelity International (FIL International)	Japan W A	26.23%	FE fundinfo Crown Fund Rating ♛♛♛♛♛
Scottish Wid UT Mgr Limited	Japan Growth A Acc	15.98%	FE fundinfo Crown Fund Rating ♛♛♛♛
HBOS Investment Fd Mgrs Ltd	Japanese C	14.76%	FE fundinfo Crown Fund Rating ♛♛♛♛
Santander Asset Mgmt UK Ltd	Japan Equities A	10.79%	FE fundinfo Crown Fund Rating ♛♛♛
BlackRock	Japan Equity Index UK D A	8.65%	FE fundinfo Crown Fund Rating
Scottish Wid UT Mgr Limited	Japan Equity X	8.60%	FE fundinfo Crown Fund Rating ♛♛♛
UK All Companies Sector			
Schroder UT Managers	Cazenove Charity Equity Value Z Inc	49.73%	FE fundinfo Crown Fund Rating ♛♛♛♛
Jupiter Unit Trust Mgrs Ltd	UK Special Situations I Acc	41.97%	FE fundinfo Crown Fund Rating ♛♛♛♛
Schroder UT Managers	Recovery Z Acc	40.82%	FE fundinfo Crown Fund Rating ♛♛♛♛
Dimensional Fund Advisors Ltd.	UK Value Acc	40.81%	FE fundinfo Crown Fund Rating ♛♛♛♛
JO Hambro Capital Management	UK Dynamic A Acc	40.19%	FE fundinfo Crown Fund Rating ♛♛♛♛
JP Morgan Asset Management UK	JPM UK Equity Value C Acc	35.52%	FE fundinfo Crown Fund Rating ♛♛♛♛
Invesco Fund Managers Ltd	UK Enhanced Index UK Z Acc	34.59%	FE fundinfo Crown Fund Rating ♛♛♛♛
Vanguard Investments UK Limited	FTSE100 Index UT A£	33.41%	FE fundinfo Crown Fund Rating
NFU Mutual Unit Managers Ltd	UK Equity Core I	33.35%	FE fundinfo Crown Fund Rating ♛♛♛♛
HSBC Gbl Asset Mgt (HSBC Inv)	FTSE 100 Index C Acc	32.93%	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 29.12.23. 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

Elson

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!

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

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 30 April 2024.

Competition Rules

- Entries must reach Elson Associates plc no later than 30 April 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.

Contact us today

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