

Avalon IFA Newsheet

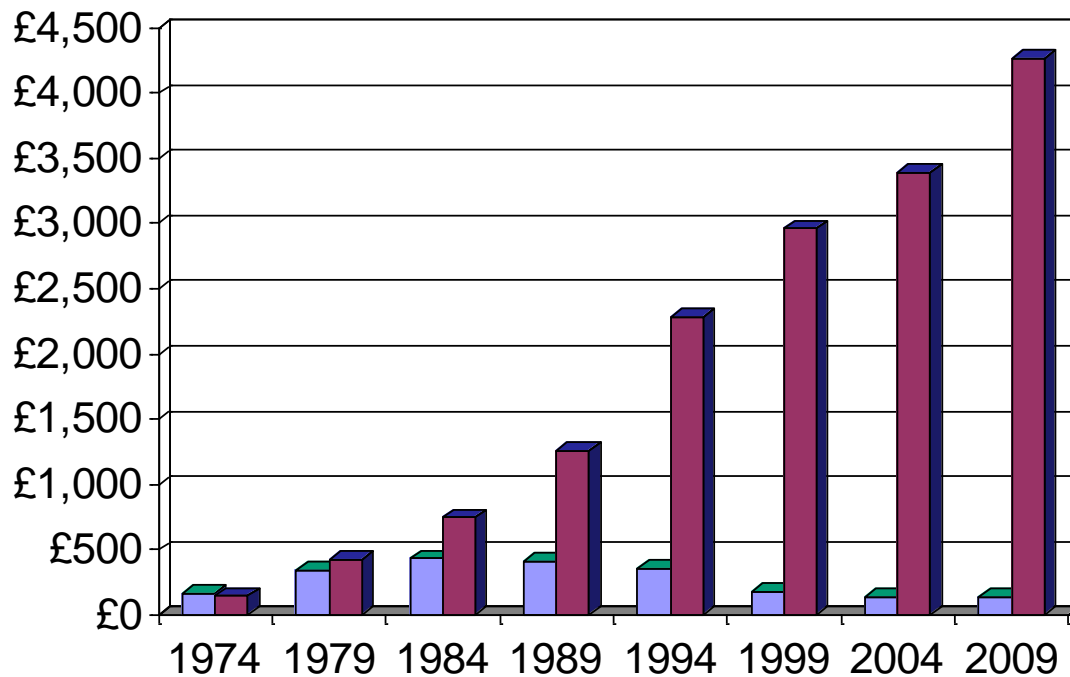


Do your clients want regular monthly income which will keep up with inflation?

In this newsletter we examine the arguments for putting your clients into one of our new range of portfolios managed by our partner, Minerva Fund Managers, designed to target those requiring a long term income.

There are good reasons for using UK shares for income in the long run.

1. UK Equities have suffered two 'once in a life time' bear markets in the last eight years. On the other hand Government bonds have been in a long-term bull market since the late 1980s. Historically, equities are cheap and gilts are expensive.
2. Over the long-term the income from equities grows. Minerva's June UK Equity Income Review shows a powerful graph of the income you would receive if you had invested £1,000 in the M&G Dividend fund. (You can download the review at www.minfm.com/free). **In 2008 the yield on an original investment made in 1970 was 99.1%**. Had you put your money in a building society it would have been 2.7%, if you were lucky (Source: Lipper Hindsight). Remember that the UK economy suffered three major recessions over that period.



3. For a long-term investor seeking income, the benefits of investing in UK Equity Income funds are plain to see. The portfolio offers an ideal solution to investors seeking income, and who want their income to grow over time and not be eroded by inflation.
4. Investors can transfer existing ISAs and Portfolios into the Monthly Income Portfolio (including Cash ISA's with poorly performing building societies).

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Over the last year we have been asked by a number of IFAs if we could create managed portfolios for their clients. We have constructed the **Monthly Income Portfolio** which will invest in funds producing a reasonable income from UK Equities. These funds will be monitored by Minerva, and changed if they believe it will be in the best interest of the investor. For example, if there is a change in the individual fund manager, or if performance isn't matching up to Minerva's standards.

Avalon does not offer fund management, so we asked Minerva Fund Managers to create some portfolios. Like Avalon, Minerva only deal with clients introduced to them by IFAs, and are recognised experts in collective investments.

About the Discretionary Monthly Income Portfolio



Initially, the Monthly Income Portfolio will be made up of funds from these fund management groups but the composition of the Income Model will ultimately lie with Minerva.

Products Available: Stocks and Shares ISA and Portfolio (see Terms and Conditions for full criteria)

Minimum Investment: £6,000

Income:

- a) Will be paid out from dividends received on a monthly basis, or
- b) Will be reinvested

- according to client instructions. If clients wish to take a fixed income or take income on a less frequent basis, these options are available using our standard Freedom Portfolio. In addition, if clients require a bespoke fund model managed by Minerva, please contact Paul Warner on 01666 501710 or email paul@minfm.com.

Mailshots: If you would like to undertake a client mailing we will be happy to assist with the despatch of our A5 client MIP brochure and refer any subsequent enquiries back to you to follow up. The client brochure has been designed with this in mind using the Avalon Freepost address, although you will be responsible for postage costs incurred for initial despatch. Please phone us on 01666 501710 for more details and ask for David Kerr or Lucy Frost.

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About Avalon

Avalon is a specialist investment administration company offering 'open choice' stocks and shares Freedom ISA's and Freedom Portfolio products. Avalon is also a SIPP provider. For further details of all our products go to www.avaloninvestment.com

About Minerva

Minerva Fund Managers offer a discretionary fund management service. They will monitor the investments in the portfolios and change them when they think it would be beneficial to the investor. For more information about discretionary management and other Minerva services go to www.minfm.com

For further information about the **Monthly Income Portfolio** please contact Lucy Frost at Avalon on 01666 501 710

Please remember these are intended as long term investments and if you withdraw in the early years you may not get back what you originally invested. You also need to understand that the value of your investment can go down as well as up.