

# Schroders Navigator

## Investor guide

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### How regular investing can work for you



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### Making investing a habit

One of the best ways to build up your savings over the long term is to invest what you can afford to on a regular basis. It's a great habit to get into and even a small sum invested each month can grow into a useful amount before you know it.

Many leading fund managers, including Schroders, allow you to make regular investments of £50 a month or sometimes less into a fund.

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### How regular investing can work for you in a tough market

Over the long term, investing in the stockmarket can be one of the best ways to grow your money. But at times when economic conditions take a turn for the worse and many companies are doing less well, market conditions can get tough.

When share prices are falling or just not going anywhere it can be tempting to sit on the sidelines and wait for definite signs that things are getting better. This can be a costly mistake. Markets tend to rise strongly and unexpectedly following downturns and unless you get your timing exactly right, you may have to pay a much higher price to get in.

**The good news if you invest regularly is that you can actually end up by benefiting from a tough market by sticking to your investment plan.**

How this works is simple. The price you pay for a unit or share in a fund generally rises and falls more or less in line with the market. So if the market is down when you make your regular investment you get more units or shares for your money.

The table below shows what would have happened if you had invested £9000 into the Schroder UK Equity Fund in July 2007 at the start of the market downturn caused by the credit crisis. It compares a lump sum investment of £9000 at the beginning of the year with a regular investment of £250 on the first day each month.



## How regular investing can work for you in a tough market (cont.)

### Investing in the Schroder UK Equity Fund between July 2007 and July 2010 – regular vs. lump sum investment

Date	Offer price	Regular investment	Units purchased	Lump sum investment	Units purchased
31/7/07	14.78	£250	16.91	£9,000	608.93
31/8/07	14.6	£250	17.12		
30/9/07	14.71	£250	17.00		
31/10/07	15.35	£250	16.29		
30/11/07	14.68	£250	17.03		
31/12/07	14.76	£250	16.94		
31/1/08	13.41	£250	18.64		
29/2/08	13.92	£250	17.96		
31/3/08	13.66	£250	18.30		
30/4/08	14.46	£250	17.29		
31/5/08	14.69	£250	17.02		
30/6/08	13.69	£250	18.26		
31/7/08	13.42	£250	18.63		
31/8/08	13.98	£250	17.88		
30/9/08	11.63	£250	21.50		
31/10/08	9.638	£250	25.94		
30/11/08	9.505	£250	26.30		
31/12/08	9.995	£250	25.01		
31/1/09	9.554	£250	26.17		
28/2/09	8.857	£250	28.23		
31/3/09	9.151	£250	27.32		
30/4/09	10.46	£250	23.90		
31/5/09	10.78	£250	23.19		
30/6/09	10.65	£250	23.47		
31/7/09	11.42	£250	21.89		
31/8/09	12.51	£250	19.98		
30/9/09	13.10	£250	19.08		
31/10/09	12.94	£250	19.32		
30/11/09	12.97	£250	19.28		
31/12/09	13.45	£250	18.59		
31/1/10	13.12	£250	19.05		
28/2/10	13.38	£250	18.68		
31/3/10	14.35	£250	17.42		
30/4/10	14.49	£250	17.25		
31/5/10	13.56	£250	18.44		
30/6/10	13.02	£250	19.20		
31/7/10	14.04	£250	17.81		
		<b>£9,000</b>	<b>742.30</b>	<b>£9,000</b>	<b>608.93</b>
31 July 10		Bid price	13.20		13.2
31 July 10	<b>Value of investment</b>		<b>£9,798.37</b>		<b>£8,037.88</b>

Source: Schroders. If the first of the month falls on a non-dealing day the most recent price is shown.

This example is provided for illustration purposes only. It is not intended to promote the Schroder UK Equity Fund.

Investors are advised to seek appropriate independent advice before making any investment. Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested.



# Schroders

## How regular investing can work for you in a tough market (cont.)

The UK stockmarket ran into difficult conditions during 2008 and despite bouncing back strongly from the market low in 2009, had not regained its July 2007 level by July 2010. This was reflected in the performance of the fund, meaning that a lump sum investment made at the start of the period would have been worth £8,037.88 at the end, registering a loss.

In contrast, the same amount invested in regular £250 monthly payments over the period would have been worth £9,798.37 at the end, giving you a profit. The reason for this is that you would have benefited from buying a large proportion of your units when the market was at depressed levels. This means that over the period as a whole you would have accumulated a larger number of units than the lump sum investor, and would therefore have benefited to a greater extent from the upturn in the market.

This shows how well regular investing through a down market can work for you in the long term.

Regular investing can also sometimes leave you better off than a lump sum investor in the long run if markets are volatile from month to month for a period but the general trend is sideways. This happens when the average price you pay for shares or units over the period is lower than the price at the beginning of the period.

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## Phasing investment of a lump sum – a word of caution

As a general rule 'market timing' is not a good investment strategy.

However, if you have a lump sum to invest you may feel more comfortable drip feeding this into the market in set amounts over a period of time in the manner of regular investing.

The technique of drip feeding money into the market is called phasing. Just as with regular investing, you should benefit in the long run from phasing your investment if the market falls during the period you are putting your money into a fund. You could also benefit from phasing in a volatile market.

However, if the general trend in the market turns out to be one of rising prices you would do better by investing all your money up front.

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## Key takeaways

- Investing regularly can be a great way to increase your wealth over time but remember that there are risks involved with any stockmarket investment
- Time, not timing, is key to successful long-term investing
- In tough market conditions investing regularly could leave you better off in the long run
- If you're thinking about making a new investment or changing your investment strategy, speak to your Financial Adviser. If you do not currently have a Financial Adviser, you can find one near to where you live by visiting [www.unbiased.co.uk](http://www.unbiased.co.uk).

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**Important information:** The data contained in this document has been sourced by Schroders and should be independently verified before further publication or use. Schroders has expressed its own views and these may change. T10/1033 w34983

