

Introduction

For savers with long-term time horizons, investing may help maintain or increase the value of their savings. With low interest rates and the potential for increasing inflation, cash in the bank can lose value as the price of goods can rise faster than the rate of interest paid on deposits. In order to achieve your financial objectives, such as funding retirement or paying for children's education, one option would be to simply save more. Alternatively, an investment can be made in a portfolio of financial securities expected to grow at, or above, the rate of inflation. Fund of funds can be used to achieve this and are an attractive option for many investors.

Fund of Funds

A Fund of funds is a professionally managed investment portfolio with high levels of diversification. It consists of client money pooled together and invested in a range of funds holding various financial securities. In return, each investor receives shares in the Fund of funds portfolio equal to their original investment which can then be redeemed for their current market value at a later date.

Diversification

Diversification is a way to reduce the risk of losses in your investment portfolio through holding a range of assets which may perform well, or experience losses, at different times. It is used in many industries as a way to smooth total earnings. An example would be a dairy farmer who opens an ice cream parlour, or devotes a portion of their land to arable produce. By creating alternative sources of income the farmer avoids being overly dependent on the price of milk. This principle can be applied to investing. An investor who owns equities trading on the FTSE 100 will be highly dependent on the success of UK quoted businesses, but this dependence can be reduced by diversifying exposure to include equities, bonds, property and cash securities from around the world. This would be expected to reduce fluctuations in total portfolio value as the different assets move independently.

Specialist

As with the dairy farmer pondering ice cream recipes or wondering about the care of crops, a lack of expertise can be the downfall of diversification. But, by hiring specialists to manage each aspect of the business this problem can be avoided. Specialism is an advantage of Fund of funds investing. Based on their expectations of the prevailing conditions in financial markets, the Fund of funds manager selects asset classes and global regions for investment and then selects specialist fund managers based on their ability to add value in their specific area.

Flexible

Fund of funds portfolios may be held as a regular investment or within an ISA, pension or a trust and so may be used for securing your financial future at any stage in life.

Future Money

Following discussions with your financial adviser, should you decide that Fund of funds investing is appropriate for you; the next step would be to consider which Fund of funds provider to use. Future Money Ltd is a London based boutique investment management firm that specialises in Fund of funds investments. There are four Future Money Fund of funds and these cater for a range of risk profiles and income requirements. The following paragraphs explain a number of benefits that we believe the Future Money range of Fund of funds provides.

Clarity

Choosing the right investment can be a confusing experience with an industry full of technical language and complex products, which can be unhelpful. In order for an investor to be comfortable with their investment, we believe that clarity in process and openness in reporting are attractive.

As a firm we take the time to ensure that you and your financial adviser know what is going on with your portfolio. An investment diary is published on a weekly basis which details our thoughts on current economic and political developments and also explains changes made to the investment portfolios. Factsheets, including performance data and asset allocation positioning, are published on a monthly basis. As well as the publicised literature, the Future Money fund managers are available to answer investment questions that you or your adviser may have.

Expertise

The Future Money funds are managed by Toby Ricketts and Richard Cole. Toby is one of the leading names in multi-asset multi-manager investing, having been in the Fund of funds industry for over twenty years. He brings with him a wealth of experience, having successfully navigated many cycles in financial markets. Richard started his career as a fund research analyst and has a thoroughness of research which complements the bigger picture thinking required for macroeconomic positioning. He holds the Chartered Financial Analyst® designation and also has a degree in Economics. Toby and Richard have worked together since 2009.

Value

We believe that cost is important, but that value is more so. In an attempt to reduce costs some firms focus on investing directly into equities and bonds. We believe that this can be a false economy. Such a strategy means that one investment manager controls the entire exposure of a client's portfolio. With this, we question how is that one manager held accountable, do they have the necessary knowledge of each market, and what happens when they do not perform? At Future Money, we answer these questions by formally reviewing each fund held on a weekly basis, selecting specialist fund managers and altering allocations based on our view of their future performance.

Your Money

An investment in a Future Money Fund of funds provides exposure to a highly diversified portfolio that is managed with the aim of best positioning your money for the coming financial environments. We aim to provide sustainable returns that help you meet your financial objectives.

**An Introduction to Fund of Funds
Investing with Future Money**



Important Information

We recommend that you discuss any investment decision with a financial adviser. Financial markets fluctuate and losses can occur which may be difficult to recover, especially in the short-term.

Future Money does not offer any services directly to private clients however the Future Money funds can be accessed by private investors but we strongly recommend that private individuals seek independent financial advice before making any investment decisions.

The information in this report is based on the opinion of the Future Money investment team, which may change without notice.

The information should not be considered as an invitation to invest or be inferred as investment advice.

Past performance is not a reliable guide to future performance. The value of investments and the income derived from them can fall as well as rise and investors may get back less than their initial investment.

Important information about the funds can be found in the Supplementary Information Document and NURS-KII document, which are available on our website.

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