

Concerned during stock market uncertainty?

It's only natural in times of stock market volatility to be concerned about how this can affect the value of your investments.

When share prices are volatile it can be very tempting to move in and out of the markets trying to make a quick profit. For example if you think share prices have further to fall you might consider selling investments so that you can buy them back when they are cheaper. This may sound like a good strategy in theory but in practice it is extremely difficult.

Usually investors will be better off not making changes to long term investments simply because of the short term movements in the stock market. If your investment aims and personal circumstances have not changed it is probably still appropriate to 'ride out' periods of uncertainty.

Over the long term stock market investments have significantly outperformed the return available from the bank and building society deposit accounts. The stock markets are prone to short term fluctuations and sometimes these can appear to be quite sharp.

Can I make market volatility work for me?

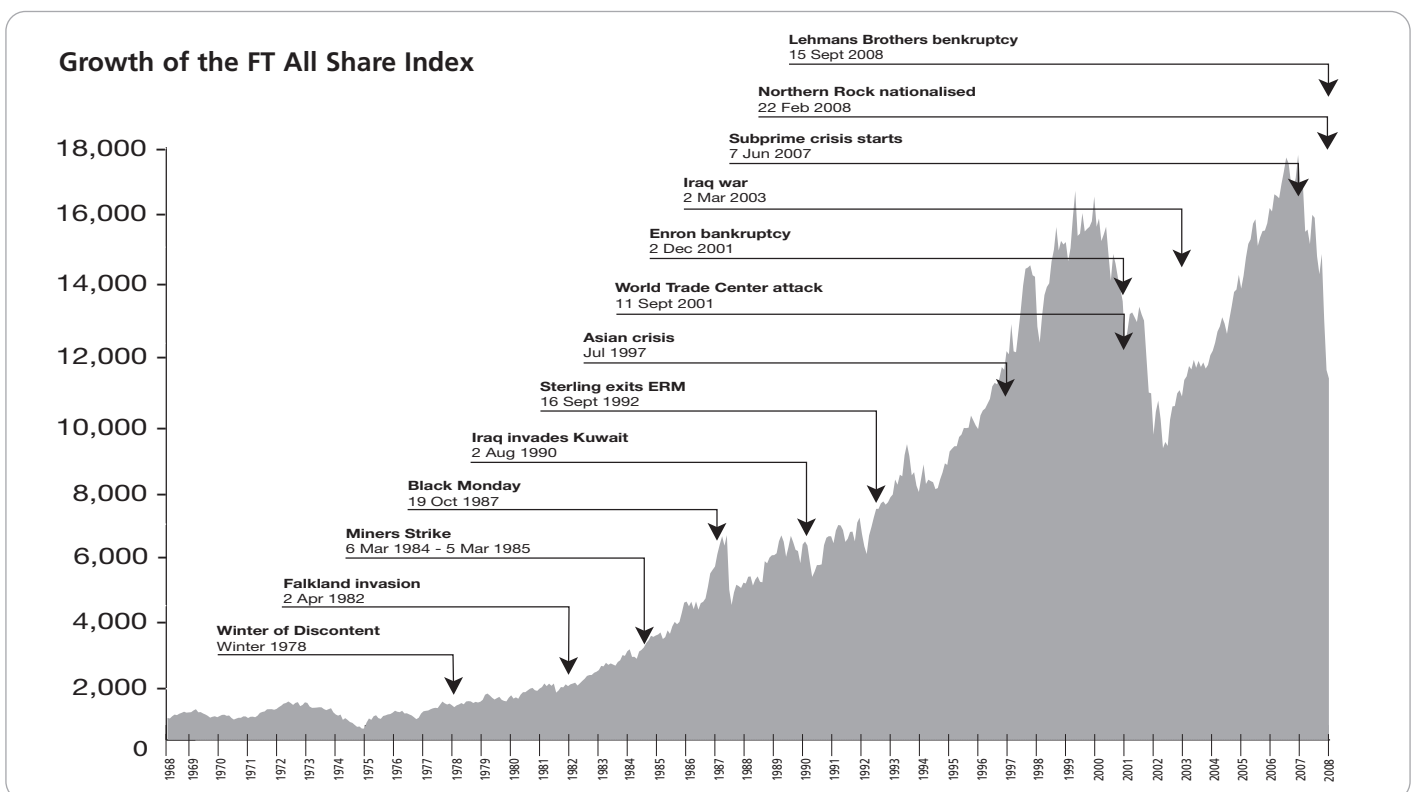
It is possible to make market volatility work for you by investing regularly, usually monthly, over a number of months.

Why invest regularly?

Consider the movement of the stock market over the past 25 years (see graph below). You'll see that there is a lot of volatility. If you were making a cash sum investment, it

would be very hard to predict the right time to invest and you could see your investment value tumbling from the moment you went into the market – and that is an uncomfortable feeling.

If instead you took the decision to invest a smaller amount regularly – say every month – your money could ride out the ups and downs of the market. This is known as pound cost averaging.



Sources: Bloomberg, Lincoln Investment Management
Please note past performance is not necessarily a guide to the future.

Regular investment can reduce your average cost per unit

There will be times when the price you pay for an investment will be lower and other times when it will be higher. However, over the period your average purchase price may be lower than if you had made one single investment. The table below shows this 'pound cost averaging' in action.

Month	Regular investment			Single investment		
	Amount invested	Unit price	Units purchased	Amount invested	Unit price	Units purchased
Jan	£100	£1.00	100	£1,200	£1.00	1,200
Feb	£100	£1.05	95			
Mar	£100	£1.08	93			
Apr	£100	£1.00	100			
May	£100	£0.95	105			
Jun	£100	£0.90	111			
July	£100	£0.85	118			
Aug	£100	£0.80	125			
Sept	£100	£0.90	111			
Oct	£100	£1.00	100			
Nov	£100	£1.10	91			
Dec	£100	£1.10	91			
Total	£1,200	-	1,240	£1,200	-	1,200
Average cost per unit	£0.97			£1.00		

Source: Lincoln Investment Management.
Note this is an example only. No guarantee is implied as unit prices will rise and fall.

Why is the average cost lower in the chart above?

When you invest regularly, each time you buy units or shares the price may have changed. A benefit of this is that when the price goes down, your pounds buy more units. Conversely, when prices rise your pounds will buy less units.

Does it cost more to invest monthly?

Generally, no. Different products do have different charging structures so it may depend on the product(s) you have chosen.

How do I invest regularly?

Decide on the product you require and then choose the fund you wish to invest in – although we cannot provide advice we can provide information to help you make a choice. If you are unsure as to what may be suitable for you we can help you find a financial adviser or visit www.unbiased.co.uk.

Once you are sure indicate your chosen fund(s) on your application form and direct debit instruction and we will take care of the rest. Your bank account will be debited each month with the amount agreed.

How to contact us?

Tel: 0800 282 621

Our Customer Service team is available between 8am and 6pm Monday to Friday and 9am to 1pm Saturdays. We may monitor or record calls to help us improve our service.

Fax: 01452 374970

Email: lutm@lincolnuk.co.uk

Web: www.lutm.co.uk

This information does not constitute advice. If you would like advice you should contact your financial adviser.