

Investing for Income

Step-by-step guide

THE BEST INCOME FUNDS FOR YOU

 **Fund**Expert.co.uk

Smart research. Better investing.

Why you need to read this guide

The Problem:

- Income from deposits is negligible
- Bond yields are at historic lows
- Annuity rates are poor

How we can help:

- There ARE outstanding alternatives
- In this ebook we'll direct you to the proven alternatives...
- ... and give you the tools to identify what is best for YOU

FundExpert.co.uk - our objective and pedigree

There are too many investors in poor funds. Until now, it has been difficult to consistently spot outstanding funds.

FundExpert.co.uk exists to solve those 2 problems.

Our background:

FundExpert.co.uk is designed for DIY investors. As part of Dennehy Weller & Co, it builds on our expertise right back to 1987.

Our pedigree and experience is now available to you through FundExpert.co.uk

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Need Income?

You're on your own

Anyone seeking long term income faces these challenges:

- Ageing populations put pressure on Government and companies which is unprecedented
- State and company pension “promises” will be broken
- Inflation will be forced higher by governments, to reduce unsustainable debt
- That same inflation will eat into the value of your income and affect your standard of living every year.

So be in no doubt, if you are seeking income you **MUST be more self reliant.**

You are on your own... But don't despair

Well, almost on your own. We will help you identify outstanding alternatives, and provide tools which we believe you will find invaluable.

Income investors, especially those approaching a long retirement, don't just need a reliable income, but an income which grows to combat inflation in the years ahead.

What are the options?

Deposit rates: minimal, and offer no growth

Annuity rates: very low and inflexible

Bond yields: at historic lows. No income growth

Property funds: income is low and unreliable

Equity income funds offer reasonable income, and the opportunity for long term income growth



How this ebook can help

Equity income funds are by far the best option for income investors IF they are comfortable with risk investments.

We will illustrate why and show you how to identify the best equity income funds.

The impact of inflation

Inflation hits the prices of things you buy every day. Your income needs to grow to off-set the impact of these price rises.

The outlook is for inflation to rise.

Assume you have a level income of £10,000 per annum. The table below shows how inflation reduces the spending power of your money:

Inflation rate	Reduced value of your £10,000 pa income		
	<i>Over 10 years</i>	<i>Over 20 years</i>	<i>Over 30 years</i>
3%	£7,440.94	£5,536.76	£4,119.87
5%	£6,139.13	<u>£3,768.89</u>	£2,313.77
7%	£5,083.49	£2,584.19	£1,313.67

Be sure to understand the message above.

We have highlighted “£3,768.89”.

This means that after 20 years of inflation at 5% your £10,000 income is worth 62% less.

How do you combat inflation?

The solution is growing income, and the route is equity income funds - but only if you pick the right ones.

Why growing income **MUST** be your priority

Despite appallingly low interest rates and the ravages of inflation, many investors **STILL** leave large sums on deposit. This tells us two things:

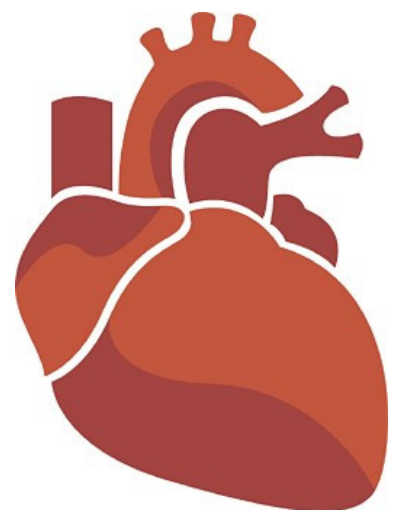
1. Income investors obsess over the value of their capital
2. The superior alternatives (equity income funds) aren't well understood

Capital value shouldn't be ignored, but it shouldn't be the focal point of income investors.

Income growth is much more important.

Here's an analogy to help explain

Think of your equity income funds like the heart pumping out blood – the heart (capital value) continually changes shape as it pumps out a steady stream of blood (income).



What is an “equity income” fund?

Equity income funds invest into the shares of companies that pay out higher than average dividends – a dividend is the income paid by a company to shareholders.

Few people seeking income have the time or skills to invest into, and continually monitor, individual shares. Equity income funds have two vital advantages:

1. They invest across a spread of companies so you aren't badly exposed if just one company runs into difficulties.
2. These funds are run by full time professional managers at a limited cost. You benefit from their experience and expertise.

Many equity income funds have long track records, and the FundExpert.co.uk team monitor these to ensure you are invested into the best funds for you.

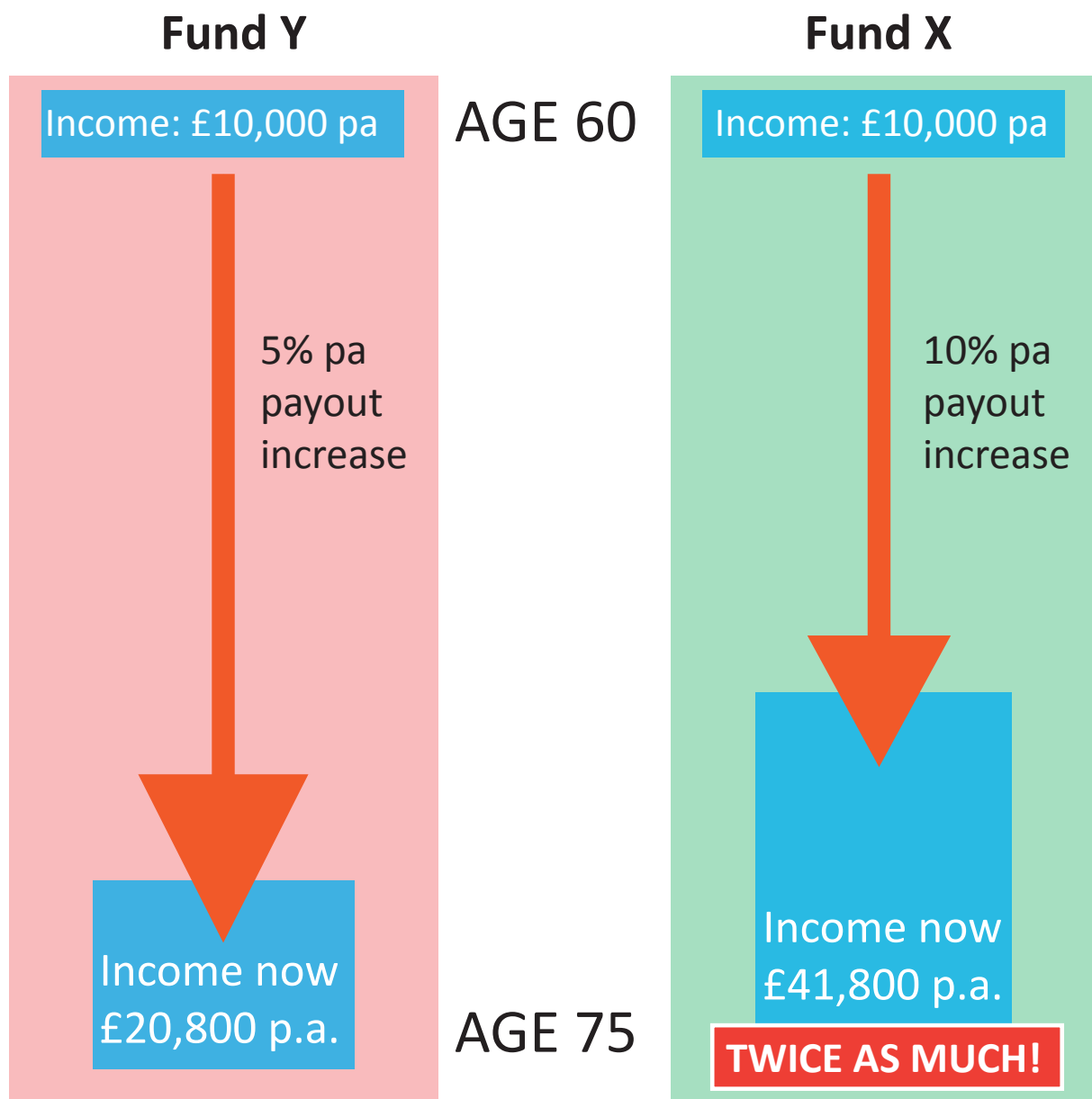
We focus on the track record of each fund for generating growing income. In the battle against inflation, choosing a fund with a good track record of income growth is key - as you will see on the next page...

Risk Warning: Equity income funds are risk investments and are intended as long-term investments (5-10 years at least). If you withdraw from these investments in the early years you may not get back the full amount invested. The value of risk investments can go down as well as up.

Risk investments are not suitable for everyone and you should obtain expert advice if you have any doubt about whether they are suitable for your particular circumstances. Levels and bases of, and reliefs from taxation are subject to change. The past is not necessarily a guide to future performance.

Choosing the right fund is key

A 60 yr old invests into two equity income funds. Both have a starting income of £10,000:



FundExpert.co.uk identifies funds like “Fund X” for you from the start



How to identify the best equity income funds

Not all equity income funds are the same. There are good ones and bad ones as we illustrated on the previous page.

The challenge you face is identifying the good ones – those with the best payout growth.

We have developed a tool that does this for you. Our Income Tool finds the most suitable funds for your objectives. You answer 6 simple questions, click 'Go' and we will identify the best income funds for you. **Click the link below to try it out the Income Tool for free.**

[Try the Income Tool](#)

Build your own income solution in seconds

We used the income tool to build a shortlist of our favourite income funds that we call our “Income Aristocrats”. They were chosen based on payout consistency and long term payout growth. You can view our Income Aristocrats [HERE](#).

However if other factors (current yield, total return etc) are more important to you, you can use the Income Tool to create your own shortlist.

Taking FULL advantage of FundExpert.co.uk

These are the steps you can now take to improve your income prospects for many years to come

- Use the Income Tool to identify your own Income Aristocrats
- If you don't wish to invest immediately, save your shortlist of funds
- You can save up to 5 funds now
- If you register with FundExpert.co.uk (this is free of charge) you can save up to 20 funds at a time to monitor or buy later
- Register for free by clicking the link below to take full advantage of FundExpert.co.uk

[Register for free](#)

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