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Investment options

Whether you're new to investing through TQ Invest or one of our most loyal clients, it is always worth reminding yourself of the options you have when investing your hard earned money through us.

We have three routes you can take to investing, ranging from one designed for investors who know the funds they want to invest in, one for those who need the choice narrowed down and one for those who want information on a portfolio of funds to invest in.

Whole of market

With the choice of over 1,000 funds the world really is your investment oyster. You can choose to invest in a wide range of asset classes and geographical regions from leading names, such as Standard Life and Fidelity to the lesser known companies like T. Bailey and Baillie Gifford. All of the funds we offer come with discounts off the fund manager's initial charges, potentially putting £560 extra into your investment than if you were to invest with a bank, building society or direct with the fund manager.

Hero funds

Researching the 1,000's of Unit Trust and OEIC funds that are available to UK investors is a long and arduous task that many have neither the time nor inclination to do. For this reason, we created the Hero Funds List.

Our Hero list is broken down by sector and includes the funds that our Investment Committee believe are amongst the best in a particular sector. Their selection is based on a number of factors, including performance, and in particular, cumulative performance. By doing this we are able to avoid funds with one year's outstanding performance masking years of under-performance. Instead our focus is on funds that appear likely to achieve risk controlled above-average returns on a year-in, year-out basis.

One major benefit of the Hero List is the time it saves you; you don't have to trawl through the numerous under-performing funds that are available, instead you get straight to the handful of funds that are top performers in their sectors.

You can view the full Hero Funds list by visiting www.tqinvest.co.uk. Alternatively, call the TQ Invest team on 0800 294 7191 for a paper copy

Six of the best portfolio

This portfolio has been expertly picked by our Investment Committee and includes a mix of funds designed to complement each other when markets are uncertain. Here are some details on the funds within our Six of the Best Portfolio.



15% Artemis Income Fund

This fund has a defensive bias, which makes it resilient in a fragile economy. It invests in companies with predictable earnings and has the ability to invest overseas.



15% Invesco Perpetual High Income

Another fund with a defensive approach however, this has the benefit of being managed by Neil Woodford. You can find out more about the fund and its manager on page five.



20% Newton Global Higher Income

A fund that has a track record of providing a meaningful income from overseas, including the high growth areas of Latin America & the Far East.



20% M&G Strategic Corporate Bond

A more flexible bond fund, with a strong manager in Richard Woolnough supported by a large research team. This has performed well compared to many of its peers.



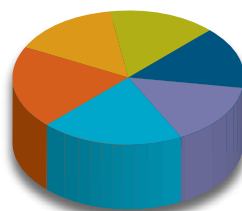
15% Jupiter Absolute Return Fund*

A fund with a 'go anywhere' approach and managed by top fund manager Philip Gibbs. This invests in a wide range of assets to perform in all market conditions.



15% Schroder UK Alpha Plus

Manager Richard Buxton invests in a relatively small number of companies, so their research is rigorous. Being overweight in banks has been successful in the past.



Portfolio of Funds

- 15% Artemis Income Fund
- 15% Invesco Perpetual High Income Fund
- 20% Newton Global Higher Income Fund
- 20% M&G Strategic Corporate Bond Fund
- 15% Jupiter Absolute Return Fund*
- 15% Schroder UK Alpha Plus Fund

Payment options

You don't need a lump sum to start investing. Monthly savings can start from as little as £50 per fund per month and is a good way to experience investing but also to ride out the rough and smooth of stock markets.

To find out more about our investment options visit www.tqinvest.co.uk or call our team on 0800 294 7191.

*A performance fee may apply if the fund meets certain performance criteria. For competition rules and important risk warnings, refer to page 12. Past performance should not be regarded as a guide to the future. Please note that our 'Six of the Best' Portfolio is not personal advice to you.

Boost your retirement income by 20%



Over the years many of our clients have asked if we were able to help them get the best annuity rate. They wanted the very same excellent service they have always experienced from TQ Invest, including a knowledgeable and friendly voice on the other end of

the phone, the best deal we can find and help with all the paraphernalia that comes with arranging financial products and services.

So after a lot of hard work we are delighted to announce the launch of our annuity service, designed to help those approaching retirement cut through the jargon of retirement planning and understand clearly, their annuity options.

One of the reasons we wanted to offer a dedicated annuity service is the difference we could make to your retirement. We were shocked to find that 60% of people retiring in the UK right now could be missing out on as much as 20% extra income by not shopping around for an annuity (Annuities UK, 2009. Mintel). To us this statistic was worrying; it meant that potentially three out of every five of our clients are missing out on a massive increase in their retirement income.



Getting you the best annuity rate is the cornerstone of our service, but there's so much more to it. We help you to take advantage of your right to an 'Open Market Option', which allows you to explore your options beyond the annuity on offer from the provider of your pension. We do this by undertaking a search of annuity providers for you, however, we choose to search a limited panel of providers. After doing our own research we found that

too much choice was a hindrance and in almost every case, the providers from our limited panel had the best rates. In our view they also have the best service, which will help us to provide you with an annuity service that is quick, convenient and hassle-free.

Another part of our quest to make sure you are maximising the income you receive in retirement is to take advantage of your circumstances. For instance, having a history of health problems, medical conditions and even smoking is usually a barrier to buying financial products, but with annuities they actually boost the income you receive. Annuity rates are partly based on life expectancy, so anything that reduces how long you can expect to live will increase your annuity rate and subsequently the amount of income you will receive from your pension. One of the most common examples of this is diabetes. If you are diabetic, you could increase your retirement income by as much as 30% and the same is true of other medical conditions.

For those of you who are thinking of retiring, but don't want to commit yourself to an annuity that will be with you for the rest of your life, we have an option called a 'Fixed-Term Annuity'. A fixed-term annuity allows you to take your annuity over a shorter period of time of usually 10 years. This enables you to take advantage of any changes to your health during this period, but also any changes in annuity rates. This is an excellent option if you want more flexible annuity solution.

At TQ Invest we do everything we can to make buying an annuity as easy and as stress free as possible. This includes helping you with the application process, but also ensuring you are aware of the process and explaining everything in plain English. As you are aware, our team is the most friendly and knowledgeable you are likely to speak to and can give you a free, no obligation quote from a panel of the UK's leading annuity providers in just a few minutes.

To celebrate the launch of our new annuity service we are giving away a free bottle of Moët & w Champagne to help you toast your retirement in style*. All you have to do is take out an annuity with TQ Invest before 31st December 2010.

For your free annuity quote call the TQ Invest team on **0800 294 7191**.

* You will receive a free bottle of Moët & Chandon Champagne within four weeks of completing your annuity application. Offer ends 31st December 2010. Please quote this offer when talking to our team. Only one bottle can be given to each person.

Don't put up with poor returns on your savings

You've worked hard to earn it, been prudent to save it and then disappointed by the returns you receive on it. This is the reality facing millions of savers who have been sensible and made the most of their Cash ISA allowance.

Cash ISAs are a mainstay of many UK savers' plans, yet according to the Bank of England interest rates on cash ISAs have fallen to a record low of just 0.41%. This in itself is bad news if you currently have your savings in one of these accounts, but when you consider the fact that in the UK inflation is currently running just above 3%, in real terms, your Cash ISA is losing you money.

There is, however, an alternative. Since 2008 it has been possible to transfer the money saved in Cash ISAs into the equity equivalent; keeping the tax-free benefits without affecting your allowance for the current year.

If you have absolutely no desire to add any degree of risk to your savings plans then transferring your cash to equities is probably not for you. But if you can tolerate a degree of volatility in the search for greater returns, then it may be a great way to get more from your savings.

Equities have outperformed most asset classes, including cash, over the long-term. Plus you get choice; choice of assets, choice of country to invest in, choice of income, growth or both and the choice of over a 1,000 funds. And by investing through TQ Invest, you also have the choice of funds from our Hero Funds list and our Six of the Best portfolio, all with significantly reduced charges.

If the prospect of greater returns on your savings appeals to you, call the TQ Invest Team on **0800 294 7191**. They can give you more information on how to transfer and the choices you have, including our Hero Funds.

Active versus passive investing

The debate over active versus passive investment management has been raging for what seems a lifetime, but what does it mean to the average investor?

Passive managers run portfolios that aim to replicate the market or specific index by holding each stock in an index, or as many as

is feasible. This style of investing produces returns in line with the index they are replicating.

On the other hand, active managers hold portfolios that aim to outperform the market or specific index. This is done by not only being selective over the stocks invested in, but also by timing those investments in light of economic and company performance. So why would anyone settle for the average returns of passive management when they can obtain above-average returns by selecting above-average managers?

Passive managers argue that because markets are efficient stock prices reflect true value and little benefit can be gained from active management. Active managers naturally disagree with this and argue that markets are not truly efficient, allowing a talented manager to spot undervalued opportunities.

The main advantage of active managed funds is the potential to beat the market. However, for this you will need to ensure the fund manager delivers consistent returns. This is not a science but there is a wealth of information out there on funds and their managers to help you make your decision.

We are finding that when it comes to investing, costs matter and play a big part of the active versus passive debate. Paying a total expense ratio (TER) of 2 or 3% is a substantial cost when you are in an underperforming actively managed fund. However, choose the right fund manager, and fund, and these charges may seem less significant. The costs of passive funds are lower, mainly because you don't have to pay for it to be actively managed.

Despite the differences highlighted, over time passive funds have delivered good returns with a mix of lower charges and index performance.

If you choose an actively managed fund you will have to monitor the fund's performance to make sure you are in a fund that can continue to deliver on your investment goals. This may mean switching funds as and when you need to, but this is part of the fun of investing. Active funds are more flexible than their passive equivalent. Managers can adapt their portfolios to reflect changes in economic and company performance before a critical event. This is not possible with a passive fund.

You can find out more about the merits of active and passive investing by downloading our free guide at www.tqinvest.co.uk. Alternatively, call the TQ Invest Team on 0800 294 7191.

Neil Woodford's milestone – Two decades at the top



Very few fund managers are what you would call 'Household Names', but in Neil Woodford Invesco Perpetual has arguably the most high-profile and most quoted fund manager in the UK.

His iconic status is down to his long-standing achievements in fund

management, some of which we will come on to, and in October he will celebrate 22 years in charge of Invesco Perpetual's High Income fund and 20 years in charge of the Income Fund. How many fund managers can boast such longevity? Not many.

Woodford is described as a contrarian investor. To everyone not in fund management that means he goes against the grain, ignoring companies and sectors that others flock towards. The most infamous example of this was his disdain for the technology sector prior to the bubble bursting in 1999. More recently he expressed his concerns over the banking sector by dropping banking stocks from his portfolio way back in 2004, and also selling BP holdings in 2009.

He's a classic value manager, an approach that hasn't changed since he began managing the High Income fund in October 1988. He looks for companies that have marked-down share prices yet have sustainable long-term growth prospects. As an investor in one of Woodford's funds, this often means you give up the option of short-term and often sharp rises in fund value but gain long-term and sustainable growth.

Over the past two years the High Income fund has been a second quartile performer, which is an impressive achievement for 99% of fund managers but for Neil Woodford has led many to question his investment approach as the markets recovered from 2009's lows. However, in this time the market has been volatile and as we know, Neil Woodford doesn't do volatile. So where other managers have backed Banks during the recovery, and been rewarded by doing so, Woodford has instead kept the portfolio within his funds well-stocked with high dividend paying favourites, such as GlaxoSmithKline, Tesco and Vodafone. These are all household names in the UK and part of the reason many like his funds; because we know a lot more about the companies he is investing in than say a fund that invests in Russia. We suspect that, over the long-term, he will once again come out on top.

High Income fund in focus



The Invesco Perpetual High Income Fund has been managed by Neil Woodford since 1988, with support from Invesco Perpetual's UK Equity team. The approach taken by Woodford and the team is predominantly stock-driven with reference to the

macroeconomic environment in the context of how the relative attractiveness of a particular stock or sector is affected. Company specific analysis is the primary driver of portfolio construction and is aimed at identifying the key historical and future business drivers. Ideas can be generated from a number of sources, including meeting the board of directors at companies, news, research by external agencies and the team itself. There are no formal limits on stock holdings and the fund is not constrained by benchmark considerations. Stock positions are a reflection of manager conviction and the degree of undervaluation. The portfolio typically includes 70 to 100 stocks. Performance of this fund under Neil Woodford has been strong and consistent. The High Income fund makes it on to our Hero funds list due to the skill of Neil Woodford and the long-term performance that has been achieved.

Discrete years	Year to 30/06/2006	Year to 30/06/2007	Year to 30/06/2008	Year to 30/06/2009	Year to 30/06/2010
Fund	23.54%	26.04%	-14.03%	-12.48%	16.40%
Sector	17.06%	16.32%	-18.03%	-16.75%	18.49%

Source of performance: Financial Express September 2010. Bid to Bid with net income reinvested. Figures for indices are always shown without income reinvested.

Cumulative	Fund	Sector
3 months	0.1%	-3.2%
6 months	2.8%	4.1%
1 year	16.0%	18.1%
3 years	-5.0%	-12.6%
5 years	38.9%	12.0%
Annual Compound Rate	6.8%	2.3%
10 years	142.1%	35.3%
Annual Compound Rate	9.2%	3.1%

Source: Invesco Perpetual August 2010. Bid to Bid with net income reinvested. Figures for indices are always shown without income reinvested.

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BlackRock Gold & General –The gold rush

For almost a decade, gold bullion has managed to post successive increases in its annual average price, navigating the choppiest of waters. Taking the second quarter of 2010 alone, against the backdrop of very volatile global equity markets, gold bullion gained 11.7%, to close at US\$1,244 per ounce, as investors' concerns over the Greek debt crisis exacerbated amid fears of contagion to other countries.

Share versus physical gold

BlackRock believe the best way to gain exposure to rising gold prices is through gold equities, which offer the opportunity to capitalise on this growth as they benefit from a positive correlation to the gold price. Their team uses its experience and skill to invest in those companies that are in production and with the ability to grow production, which can provide an additional leverage to the gold price. The belief is that over the long-term it should be more profitable to invest in gold equities than physical gold, especially since gold equities can continue to experience growth even when the gold price remains flat. Furthermore, physical gold cannot quickly and easily be converted into cash, while it also needs to be stored and, possibly, insured.

Gold's future prospects



Demand

There is still strong investment demand for bullion, with investors viewing gold, a real asset, as a hedge against medium-term inflationary pressures and potential US dollar weakness. The metal also provides important diversification benefits, as investors continue to look to

gold as a safe-haven asset and an alternative currency in the face of volatile currency markets. These issues, may take some time to resolve.

Supply

On the other side of the equation, since mine supply peaked in 2001, the gold mining industry has been struggling to grow production. Despite an increase of 6% in 2009, there is little material sign of growth during the coming few years. In fact, there are few operations in 2011 and 2012 of notable size and others are exhausted so that the growth in supply that was seen in 2009 may be offset by declines elsewhere.

Market fundamentals

While uncertainty remains in financial markets and concerns shift from corporate debt to sovereign debt, investors are likely to continue to look to gold as a safe-haven asset and an alternative currency. In addition, investors are increasingly viewing gold as a hedge against inflation and potential US dollar weakness.

In terms of supply, the long-term fundamentals remain tight, with little sign of any significant increases in mine production. Meanwhile, central bank supply is also at reduced levels, rendering the possibility that central banks may even become net buyers of gold.

BlackRock Gold & General fund



To access the diversification benefits of gold take a closer look at the BlackRock Gold & General Fund.

Key facts

Fund Manager: Evy Hambro

Evy Hambro, Managing Director and Fund Manager of the BlackRock Gold & General Fund, is co-Head of BlackRock's Natural Resources Equity team. Evy's service with the firm dates back to 1994, during which time he has been responsible for managing several gold and mining equity funds

Fund Objective: The BlackRock Gold & General Fund aims to achieve long-term capital growth from an actively-managed portfolio of gold mining, commodity and precious metal related shares. The Fund may also invest in collective investment schemes. It tends to be volatile and is particularly suitable for diversification in a larger portfolio. The fund can invest in mining shares which typically experience above average volatility when compared to other investments. Trends which occur within the general equity market may not be mirrored within mining securities.

Highly rated. Maximum AAA ratings from both Standard & Poor's and OBSR.

Discrete years	30/06/2005 - 30/06/2006	30/06/2006 - 30/06/2007	30/06/2007 - 30/06/2008	30/06/2008 - 30/06/2009	30/06/2009 - 30/06/2010
Fund	67.61%	7.21%	40.77%	-9.56%	41.58%
Sector - Specialist	24.90%	14.84%	-5.24%	-13.70%	21.63%

Source: Financial Express September 2010. Bid to Bid with net income reinvested. Figures for indices are always shown without income reinvested.

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Fidelity Multi Asset Strategic Fund



The benefits of multi-asset investing have never been clearer.

Painfully low interest rates and volatile stock markets have caused many to question where to invest. Keeping everything in deposit accounts is not without risk - purchasing power can be eroded by inflation, especially when rates are low. The problem is those investments most likely to beat inflation over the long-term tend to be riskier over the short-term.

What then is the solution? Multi-asset funds – those that invest in a range of investments – are one option. Assets such as shares, bonds, cash, property and commodities tend to perform well at different times. Therefore, investing in the blend most suited for the current environment can significantly boost returns while providing diversification. This approach is particularly appropriate when the economic cycle is prone to short, sharp swings.

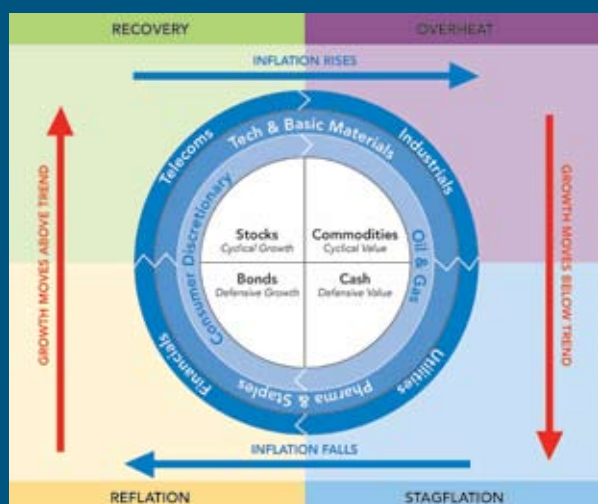
Equities typically offer higher returns over the long run. However, the price investors have to pay for this is increased volatility. Interestingly, a multi-asset portfolio would have provided only a slightly lower return than equities over the last 30 years but with about half the level of volatility. Moreover, as there are evidently good times and bad times to hold each asset class, a good portfolio manager should be able to boost returns further by adjusting the asset mix as conditions evolve.

The economic cycle: What goes around, comes around

Fidelity use an 'Investment Clock' approach to help position their multi-asset funds. The Clock, shown below, divides the economic cycle into four broad phases - reflation, recovery, overheat and stagflation. Each stage is defined with reference to the strength of global growth and the direction of inflationary pressures. They have found that each asset class tends to offer its best performance at one of these stages of the cycle.

Identifying which phase we are in at any given time is not easy. Economic data is backward looking and it's often not possible to be absolutely sure what is happening until long after the event. By

Investment Clock



this time markets have already moved. Fidelity continuously track their own growth and inflation indicators to help them understand where they are and, more importantly, where they are likely to be in the next few months. From this, they position their portfolios so that they are able to shift gear with the economic cycle.

In the first three years since launch, three significant asset allocation changes have been major factors in the Fund's success:

1. Firstly, in November 2007, the Fund moved to a significant underweight position in equities whilst remaining overweight commodities. This proved highly beneficial as equity markets fell and commodities continued to reap the benefit of growth in Asia
2. The second shift came in the summer of 2008 when the Fund went aggressively underweight commodities, driven by a belief that Asia was slowing down. This decision proved correct as commodity prices subsequently experienced large falls
3. Finally, when global growth started to respond to massive government stimulus packages in April 2009, the Fund took a more aggressive stance. It moved back into equities, property and commodities, benefitting from the rally from that point

The current asset allocation positioning has moved Fidelity a little bit ahead of the model, selling more equity and property exposure in view of the fact that the recent reading of the Investment Clock is more favourable to bonds than to equities and commodities. The fund is currently underweight equities and commodities and overweight property, bonds and cash.

Investing in a spread of assets makes sense

Recessions are, thankfully, uncommon events. Economic expansions lasting five years or more are the norm. We are most likely still in the early stages of what will be a multi-year bull market in equities, but volatility will remain as economic uncertainty persists. Keeping all your savings in any one asset class, including cash, will not feel comfortable as the cycle moves rapidly from one phase to the next. In uncertain times, multi-asset investing can offer much needed stability.

Discrete years	Year to 31/08/2006	Year to 31/8/2007	Year to 31/08/2008	Year to 31/08/2009	Year to 31/08/2010
Fidelity Multi Asset Strategic Fund	-	-	3.20%	5.43%	9.74%
Sector Average	7.61%	4.24%	-3.76%	-2.25%	7.53%

Source of performance: Morningstar as at 31.08.10. Basis: bid-bid with net income reinvested. Performance does not include an initial charge.

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Spotlight on Asia Pacific excluding Japan

In the latest of our series of sector spotlights, we put our Hero funds in the Asia Pacific region under the microscope. As always, the aim here is to give you information on the best funds within this sector for you to consider as part of your £10,200 ISA allowance, or for investments outside of an ISA.



Asia represents a real opportunity for investors, however the risks involved should always form part of your decisions. Economies like China, Singapore and Taiwan have experienced growth the economies of the West will probably never experience again. Initially, export led trade with the West and local neighbour Japan

was driving economic growth, however, now these countries are seeing strong wealth creation, it is domestic demand that continues to drive the economies. Here are the funds on our Hero list that we consider to be amongst the best in the Asian region:

Aberdeen Asia Pacific



The Aberdeen Asia Pacific Fund is managed by Aberdeen Asset Management Asia Ltd's Managing Director Hugh Young. It aims to achieve capital growth by investing in countries of the Asia Pacific region, excluding Japan. The manager

focuses his research at company level and looks for companies with a bias towards the domestic market, a focus on its core business activities, strong cashflows and stable management teams. He also believes that companies with open business models makes it easier to spot investment opportunities. He currently favours the financial sector with nearly 40% invested in companies including Standard Chartered and Oversea-Chinese Banking Corp. The fund takes a cautious approach to investing in China given that a large proportion of Chinese companies are state-owned, as such they are poorly run compared to their Hong Kong counterparts. The manager also believes that China's credit expansion has created price bubbles that will need to be dealt with by the Chinese Government. Despite recent volatility Hugh Young believes company valuations in Asia remain attractive and his portfolio is well-placed to ride out short-term setbacks in order to deliver long-term growth. The fund makes it on to Hero list due to the quality of the manager and his team and their conservative approach to investing in Asia.

Discrete years	Year to 30/06/2006	Year to 30/06/2007	Year to 30/06/2008	Year to 30/06/2009	Year to 30/06/2010
Fund	20.26%	27.34%	0.56%	1.16%	42.63%
Sector	20.75%	36.30%	-4.55%	-4.85%	31.19%

Source: Financial Express September 2010. Bid to Bid with net income reinvested. Figures for indices are always shown without income reinvested.

Fidelity South East Asia



Allan Liu is the manager of the £2bn Fidelity South East Asia Fund and having started at Fidelity in 1987, he is well-versed in their investment principles. The fund itself dates back to 1984 and is one of longest running funds on our Hero list. The fund's objective is to achieve long-term capital growth from a portfolio of stocks of companies in the Pacific Basin. The manager has no restrictions on geographical split, industry sector or company size, however, he favours mid to large cap companies, with good cashflows and dividend yields with low financial and business risks. Companies with higher earnings growth than the market average are also favoured. Allan Liu takes a risk-based approach to stock selection, which in turn controls the level of risk in the overall portfolio. When investing in a company, he usually adopts a 1-2 year time horizon in order to allow for the fundamentals of that company to be appreciated by the market. He also limits risk by holding a diversified portfolio of stocks in various industries across the South East Asian region. The fund currently has significant exposure to consumer and technology sectors. The manager believe these two sectors will benefit the most from impressive domestic demand in the region, which is being fuelled by rising disposable income and low household debts. The fund makes it on to the Hero list due to the stock picking skills of the manager and the fund's history of sector beating performance.

Discrete years	Year to 30/06/2006	Year to 30/06/2007	Year to 30/06/2008	Year to 30/06/2009	Year to 30/06/2010
Fund	30.43%	47.85%	-6.00%	3.93%	35.34%
Sector	20.75%	36.30%	-4.55%	-4.85%	31.19%

Source: Financial Express September 2010. Bid to Bid with net income reinvested. Figures for indices are always shown without income reinvested.

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First state Asia Pacific leaders



The First State Asia Pacific Leaders fund was launched in December 2003 as a sister fund to the growing Asia Pacific fund, albeit with a bias towards large and mid cap stocks. The Asia Pacific Leaders fund is now the larger of the two.

Manager Angus Tulloch is supported by Alistair Thompson and the well-resourced Asia Pacific team. This fund makes it on to our Hero list due to continuing solid performance provided by an expert management team and consistent approach. The investment policy employs a bottom-up process that combines extensive fundamental research with regular company contact. The aim is to identify companies with sustainable long-term earnings per share growth prospects and concentrates on stocks that the manager believes have incorrectly priced future growth potential according to the market. Companies are selected on the basis of three criteria: quality, earnings per share and valuation. Preservation of capital is considered key; therefore the focus is on investment quality as opposed to the latest fashion. First State does not set official performance targets however, the internal performance objective is to outperform its benchmark, the MSCI AC Asia Pacific (ex-Japan) index, by at least 3% per annum (net of fees), measured over any rolling three-year period. The portfolio tends to have between 30 and 60 holdings representing the main economies in the Pacific Basin including Australia.

Discrete years	Year to 30/06/2006	Year to 30/06/2007	Year to 30/06/2008	Year to 30/06/2009	Year to 30/06/2010
Fund	19.41%	36.43%	7.47%	1.63%	28.14%
Sector	20.75%	36.30%	-4.55%	-4.85%	31.19%

Source: Financial Express September 2010. Bid to Bid with net income reinvested. Figures for indices are always shown without income reinvested.

First state greater China growth



The First State Greater China Growth fund was launched at the end of 2003 as a vehicle for investing in the Peoples' Republic of China, Hong Kong and Taiwan. It is managed by Martin Lau in Hong Kong and overseen by Angus Tulloch in Edinburgh.

As a conviction-based portfolio, the top 10 stocks generally account for 30% of the portfolio, while the top 20 stocks typically make up 50% of the portfolio. Generally the number of holdings should be between 40 and 70 stocks. The fund's exposure to companies with a market capitalisation less than US\$250m must be less than 20%. The managers seek to exploit the inefficiencies of the Far East markets using disciplined investment management techniques, picking stocks on a bottom-up basis. The investment approach combines extensive

fundamental research with regular company contact. The aim is to identify companies with sustainable long-term earnings per share growth prospects and concentrate on stocks that the manager believes have incorrectly priced future growth potential according to the market. Companies are selected on the basis of three criteria: quality, earnings per share and valuation. This fund is benchmark aware rather than constrained. Any formal limits on exposure to individual countries are established for risk control purposes. These limits are in absolute terms rather than relative to the benchmark. Although the volatility is marginally above average this younger fund is approved for having achieved very good returns over a three-year timescale.

Discrete years	Year to 30/06/2006	Year to 30/06/2007	Year to 30/06/2008	Year to 30/06/2009	Year to 30/06/2010
Fund	17.40%	52.12%	4.84%	3.41%	34.35%
Sector	20.75%	36.30%	-4.55%	-4.85%	31.19%

Source: Financial Express September 2010. Bid to Bid with net income reinvested. Figures for indices are always shown without income reinvested.

Newton Asian income



The Newton Asian Income fund is managed by Jason Pidcock and was launched in November 2005. It makes it on to the Hero list based on the distinctive investment approach supported by Newton's considerable research resource and because it offers a credible income option in the region. The fund aims to invest in a reasonably concentrated portfolio of 45 – 55 stocks selected for prospective growth and an above average income yield. Individual stocks are selected from Newton's Recommended Research Lists with the added proviso that each should yield more than the benchmark index at the point of purchase. Any selected stock whose yield subsequently falls to 15% below the index yield is automatically sold. Sector emphasis will be placed on a mixture of high yielding sectors as well as those that have a strong growth potential, namely financials, telecoms, resources, supply chain management, consumer and healthcare. The fund aims to exceed the total return of the FTSE AW Asia-Pacific ex Japan index, while providing a dividend yield at least 35% higher than the index.

Discrete years	Year to 30/06/2006	Year to 30/06/2007	Year to 30/06/2008	Year to 30/06/2009	Year to 30/06/2010
Fund	-	33.05%	-12.29%	-2.89%	43.27%
Sector	20.75%	36.30%	-4.55%	-4.85%	31.19%

Source: Financial Express September 2010. Bid to Bid with net income reinvested. Figures for indices are always shown without income reinvested.

Past performance is not a guide to future performance. The value of any investment, and any income from it, is not guaranteed and can fluctuate depending on investment performance.

New funds

Artemis Global Income Fund



This latest fund launch from Artemis marks a wider shift in emphasis towards looking beyond the UK and US for income from investments.

Launched in July, and managed by Jacob de Tusch-Lec, the fund's aim will be to achieve a yield of 4% a year, although this is not guaranteed. It will be run using a similar philosophy to that employed by the co managers of Artemis' Income fund so successfully.

A relatively concentrated portfolio of 50 to 70 stocks makes up the fund, with the option of using derivatives. Roughly 30% of the fund's portfolio will be invested in the US, with a further 30% invested in Europe, 25% in Asia and Latin America and the final 5% here in the UK. The manager's view is very much long-term. He will primarily invest in small to medium sized companies which are hoped with be large companies of the future will the ability to generate large amounts of cash and pay consistently strong dividends.

This fund offers an alternative to the traditional UK Equity Income fund, providing investors with the opportunity to capitalise on the growing income culture developing in emerging markets.

To find out more about this fund, call the TQ Invest Team on 0800 294 7191 or visit www.tqinvest.co.uk.

Fidelity Equity Growth Defender Fund



Fidelity's new fund aims to provide investors with a protected environment from which to invest in equities.

While many investors are drawn to investing because of the higher potential gains the stock market can give, concern over short-term market movements and the potential for loss is often a barrier to more people investing.

The Equity Growth Defender Fund aims to offer equity growth with a level of expected protection. It defends capital and gains by



aiming to protect the fund price at 80% of its highest ever level, although this is not guaranteed. This means you can invest in equities at any stage of the market cycle with less fear of large declines that can impact on long-term returns. The fund takes the timing decision out of when to invest, and should provide you with a smoother ride than if you invested in a traditional equity fund.

Protection is created by managing the allocation of cash and equities within the fund. When the fund price moves up equity exposure increases. However, when the fund price falls, the fund's equity exposure reduces and cash is increased in order to defend gains. As the fund will allocate between equities and cash it may not deliver the same level of performance as a pure equity fund over the long-term.

The relative exposure to equities and cash is reviewed daily. The allocation to each of these assets is designed to maintain the fund price at or above 80% of its highest ever value, this ensures that it defends gains as well as capital (although this is not guaranteed). Stephen Fulford will manage equity and cash allocations and James Griffin will manage equity holdings.

To find out more about this fund, call the TQ Invest Team on 0800 294 7191 or visit www.tqinvest.co.uk.

F&C UK Property Fund



Property investments endured a torrid time during the credit crunch but does the launch of F&C's UK Property Fund signal better times for the asset class?

Naturally managers Guy Glover and Julian Smith are positive about the future prospects for commercial property, and having dipped as much as 40% they feel values are currently under-priced.

One of the issues with investing in a property fund is liquidity; however, the managers aim to limit this by investing in a diversified property portfolio of different sized properties and tenants across different regions of the UK.

The managers' aim is to build a diversified portfolio of UK commercial property, in order to provide investors with an attractive level of income combined with the potential for capital growth. They also believe that starting a new fund will be advantageous due to being able to keep a clear focus on new opportunities and being armed with cash without having to sell property assets first.

As a property fund, this fund may appeal more to income-seeking investors. Income will be generated through investment in properties in and around major cities and transport 'hubs', where the prospect of consistent rents is higher as a result of higher occupancy rates.

The fund will hold a concentrated portfolio of retail properties on the high-street, industrial premises and offices. This is in keeping with the managers' objective of maintaining maximum diversification.

To find out more about this fund, call the TQ Invest Team on 0800 294 7191 or visit www.tqinvest.co.uk.

M&G UK Inflation Linked Corporate Bond



The topic of inflation vs. deflation is a hot one at the moment, so the launch of M&G's UK Inflation Linked Corporate Bond is a timely one.

The fund, jointly managed by Jim Leaviss, head of retail fixed interest, and Ben Lord, will invest in corporate bonds that should perform well when inflation is high or rising and its return is expected to be similar to the consumer prices index, over the medium to long-term. So depending on which side of the inflation vs. deflation debate you sit on, this may be an investment opportunity that appeals to you.

The managers expect the UK will continue to be in a disinflationary environment for some time and interest rates will remain low and so M&G has designed a fund that will 'allow investors to have exposure to credit yet still protect their returns if high or rising inflation returns to the UK economy'.

The fund's investments will include inflation-linked corporate bonds issued by blue-chip companies, floating rate notes (extremely short-term bonds linked to money market rates that are issued by banks), and government securities and derivatives whose returns behave in the same way as inflation-linked corporate bonds.

To find out more about this fund, call the TQ Invest Team on 0800 294 7191 or visit www.tqinvest.co.uk.

Neptune UK Alpha Fund



With this new fund Neptune aims to differentiate from the majority of UK growth funds by investing in a small universe of best stock ideas.

In typical Neptune fashion, the fund will not be actively promoted to investors until performance has been achieved; however, it is available for you to invest in now. This will allow manager Nicola Muirhead to focus on managing the portfolio, research stock ideas and establish the fund within the sector.

The investment objective of Neptune UK Alpha Fund is to generate capital growth by investing in a concentrated portfolio of between 30 and 40 assets of mainly UK companies or foreign companies that derive a significant proportion of their profits or turnover from the UK.

The fund takes a high conviction approach to UK investing, resulting in a concentrated portfolio of 30-40 of their very best stock ideas that meet the criteria set out in the objectives. The other UK growth funds tend to be slightly less concentrated with, typically, 40-60 stocks.

Given the small number of holdings, each stock will be an overweight of the stock's index weighting, which means the performance of a single stock could have a significant impact on performance. The fund has an unconstrained approach with regard to the benchmark and as with all Neptune funds, the portfolio benefits from their team-based global sector research process.

To find out more about this fund, call the TQ Invest Team on 0800 294 7191 or visit www.tqinvest.co.uk.

Market Outlook

Sunil Krishnan, Director and financial markets economist, and member of the BlackRock Multi-Asset Client Solutions (BMACS) group

There has been a clear gear change in the global growth pattern in recent weeks, with stronger evidence of moderation in economic activity. Momentum is certainly muted across the major economies, but we do not believe that it is signposting a double dip at the moment. The slowdown began in the larger emerging markets, such as China and India, but has become widespread across the globe and now includes the US. This deceleration is not out of character with the recovery process. It should be remembered that the slowdown began from a robust starting point and the actual level of growth remains high. Moderation of growth as the recovery comes through its second year is not unexpected.

Weak macro-economic news has coloured the Western equity markets recently. Economic debate in Europe has been dominated by sovereign debt and funding. However, we are increasingly seeing a two-tier Europe with stronger performances coming from the core countries while the peripheral economies continue to struggle. Germany is the best performer of the region. The second quarter of this year saw the fastest period of economic growth since reunification twenty years ago. This has been helped by the falling euro which boosted competitiveness in exports.

In the US, a reluctant labour market and a slowdown in housing activity have belied the strength of the economy in the first half of the year. There were fears that continued poor headline data would suggest this slowdown was the first stage of a double dip. In particular, last month investors anticipated the Institute of Supply Managers manufacturing survey and the US labour market report. The ISM survey not only beat expectations, but also, surprisingly, showed an outright improvement in sentiment from the previous month. Payroll figures showed that private hiring was better than expected, led primarily by services such as healthcare. This took investor sentiment back into risk-seeking mode. Although the latest data releases were much better than expected, there is reason for caution. Corporate and economic newsflows are still creating discordant noises about the state of the overall economy.

We do think the US will continue to grow, and avoid a double-dip, but growth will be slower than previously expected for the end of the year. Government policy and overseas events will colour the speed of recovery in 2011.

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Closer to home, the UK has been pulling out of the recession more slowly than other countries, but there are signs that the upturn could be starting to accelerate. In a historic context, UK equities are inexpensive. Nonetheless, it will be the profits background, not just valuations, which will be the important driver for equity returns this year. Economic growth in emerging markets remains strong and resilient. This is leading to a tightening of the relatively loose monetary policies put in place in response to the financial crisis in 2008. However, as global growth moderates, principally in the developed world (e.g. EU), the extent of monetary tightening required in emerging markets may be less than originally expected. Corporate earnings growth also remains robust, with indications of a strong 2011. We believe emerging markets equities continue to offer good value on low valuations.

Sector performance supports our view that equities remain in a cyclical/defensive recovery phase. August's figures saw losses in financials, IT and industrials, but flat performance across telecoms, utilities, health care and staples. Volatility in equity markets has returned to normal conditions following the extremes of May and June. The VIX measure of option-implied US equity is now in the mid 20s compared to 35 at the end of June.

Commodities showed a mixed response to the weakening of economic sentiment. Oil prices fell, but copper prices gained and gold reached a record high of \$1,274.75. This reflects the continued importance of confidence in the US economy to energy, Chinese macro momentum to metals, and easy monetary policy to gold.

The muted momentum of the current phase of recovery creates uncertainty. While we do not foresee a double-dip at the moment, we believe that diversification is important.

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