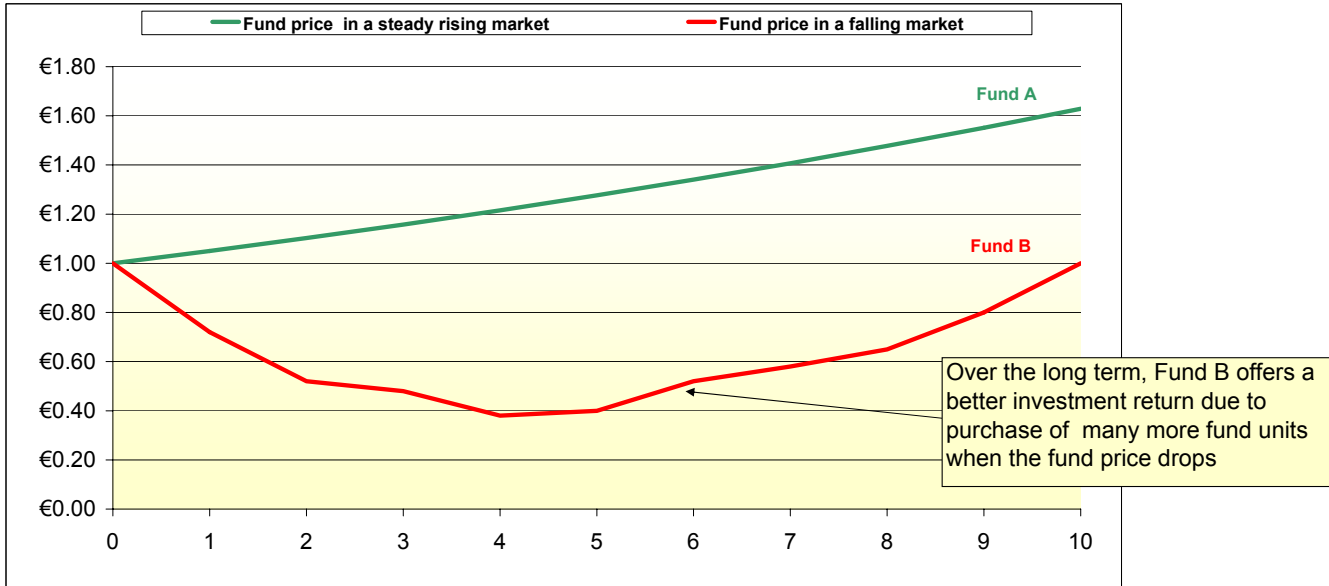


How to make gains in a falling market

It is generally considered that in order to make gains from a unitised investment, the price of your units must constantly rise, but this is not always the case, as illustrated below:



The number of units purchased by a regular annual investment in each fund is set out below. In this example, Fund B's price only reaches €1.00 (the starting price) after ten years:

Fund A	Start of year	Investment amount	Cumulative investment	Unit price	Number of units purchased	Cumulative number of units held	Cumulative value of investment
	1	€ 25,000	€ 25,000	€ 1.00	25,000	25,000	€ 25,000
	2	€ 25,000	€ 50,000	€ 1.05	23,810	48,810	€ 51,250
	3	€ 25,000	€ 75,000	€ 1.10	22,676	71,485	€ 78,813
	4	€ 25,000	€ 100,000	€ 1.16	21,596	93,081	€ 107,753
	5	€ 25,000	€ 125,000	€ 1.22	20,568	113,649	€ 138,141
	6	€ 25,000	€ 150,000	€ 1.28	19,588	133,237	€ 170,048
	7	€ 25,000	€ 175,000	€ 1.34	18,655	151,892	€ 203,550
	8	€ 25,000	€ 200,000	€ 1.41	17,767	169,659	€ 238,728
	9	€ 25,000	€ 225,000	€ 1.48	16,921	186,580	€ 275,664
	10	€ 25,000	€ 250,000	€ 1.55	16,115	202,696	€ 314,447
			€ 250,000	€ 1.63		202,696	€ 330,170

Fund A Percentage gain: 32%
Profit: € 80,170

Fund B	Start of year	Investment amount	Cumulative investment	Unit price	Number of units purchased	Cumulative number of units held	Cumulative value of investment
	1	€ 25,000	€ 25,000	€ 1.00	25,000	25,000	€ 25,000
	2	€ 25,000	€ 50,000	€ 0.72	34,722	59,722	€ 43,000
	3	€ 25,000	€ 75,000	€ 0.65	38,462	98,184	€ 63,819
	4	€ 25,000	€ 100,000	€ 0.50	50,000	148,184	€ 74,092
	5	€ 25,000	€ 125,000	€ 0.42	59,524	207,708	€ 87,237
	6	€ 25,000	€ 150,000	€ 0.40	62,500	270,208	€ 108,083
	7	€ 25,000	€ 175,000	€ 0.50	50,000	320,208	€ 160,104
	8	€ 25,000	€ 200,000	€ 0.52	48,077	368,284	€ 191,508
	9	€ 25,000	€ 225,000	€ 0.65	38,462	406,746	€ 264,385
	10	€ 25,000	€ 250,000	€ 0.80	31,250	437,996	€ 350,397
			€ 250,000	€ 1.00		437,996	€ 437,996

Fund B Percentage gain: 75%
Profit: € 187,996
Outperformance over Fund A: € 107,826

In this example Fund A produces a reasonable return of 32% after ten years or a profit of €80,170, but Fund B produces profit of 75% or €187,996 after ten years, €107,826 more than Fund A