

WELCOME TO THE GUIDE TO BUILDING YOUR OWN PORTFOLIO:

the **DIY**portfolio

If you have a larger sum to invest, or the EasyISA/SIPP portfolios don't meet your requirements, why not do it yourself? Here's a guide to how a self-selected portfolio might look. Please refer to page 12 for guidance on our Chelsea Risk Ratings.*

PEOPLE OFTEN ASK US, "HOW SHOULD MY PORTFOLIO LOOK?"

The truth is that it's really quite subjective - everyone has a different attitude to risk and preferences for one sector/region or another. But for those of you who would like a rough guide to a split, we have provided the generic portfolios below.

The idea is that you determine your own attitude to risk. The Cautious DIY portfolio has an equity weighting of 40% and the Balanced DIY portfolio has an equity weighting of 70%. Please note that even a portfolio with 40% in equities is liable to substantial swings in value. The DIY portfolios below are a rough guide and may not be appropriate for you. You must determine your own level of risk. For example, you may decide to create a much more cautious portfolio with no exposure to equities at all.

The portfolios below are designed to give you an idea of how you could diversify your portfolio, which is one way of reducing risk.

If you have your entire portfolio in one asset and one geography, for example UK equities, your portfolio will struggle if this market does poorly and will also be more volatile (see page 12 for more on portfolio risk and diversification).

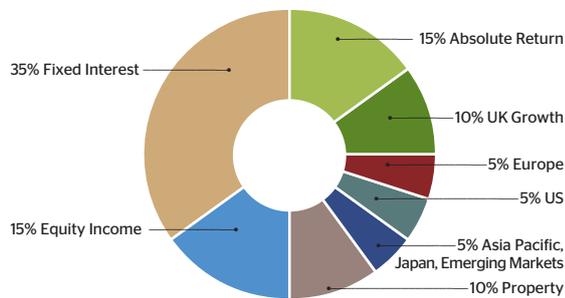
By diversifying by asset class and geography your portfolio should have a better chance of producing more balanced returns with lower overall volatility. For example, when your equity funds are struggling this might be offset by better performance from your bond funds or vice versa. The number of funds held within these portfolios will vary depending upon the amount invested. As a rough guide, you may expect to have approximately 10 funds in a portfolio of over £30,000 and 15-20 in one of over £100,000.

So, see how your portfolio stacks up. Remember, you can switch funds for free via the Chelsea FundStore.

NB: These portfolios do not include cash allocations.

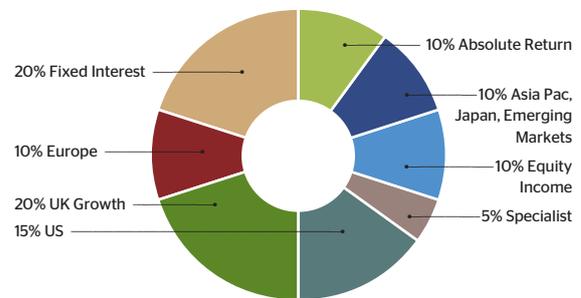
Cautious Growth DIY portfolio

Designed for those who have a lower tolerance to risk, perhaps an investor closer to retirement. It should be noted that even the 'Cautious Growth' portfolio has a substantial weighting in equities and is therefore subject to volatility.



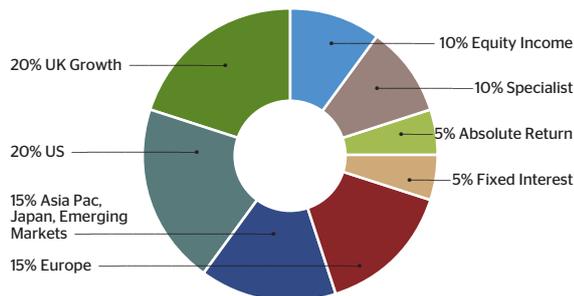
Balanced Growth DIY portfolio

With a medium level of risk, this portfolio aims to achieve growth, but will have greater volatility. Investment is predominantly in equities.



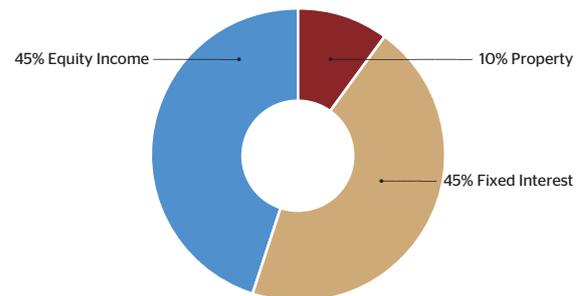
Aggressive Growth DIY portfolio

An aggressive portfolio is for investors who are comfortable with a higher degree of risk and may have a longer time horizon, so that any volatility in markets can be mitigated over time.



Income DIY portfolio

This is for those who wish to obtain a growing income. Yields for these funds can be found on the Chelsea Selection (pages 22-23). The equity income portion should be a combination of UK and overseas.



*Chelsea does not provide investment advice so if you are unsure of anything you should seek expert advice