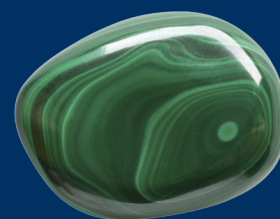


**RD REPLIES:** Sue Evans, Director and Branch Head of our Hereford branch, breaks down the world of Stockbroking and Investment Management

RowanDartington.

“On a sunny August evening over a glass of wine with friends, it became apparent that their idea of a stockbroker was one of an elite service for the wealthy. Here I hope to dispel this myth. If you have any further questions I can help you with please do not hesitate to ask. You will find a link on the home page for you to submit your questions. I will endeavour to answer them as soon as I possibly can and you may find that I publish your Q & A here on my page.”



### What do the terms, Buy /Sell/ Hold/ Overweight and Underweight mean?

The five terms above are used generally by analysts when they are rating a stock, it would give you an indication as to whether to buy/sell/hold or increase your existing holding or decrease your existing holding. If a stock is rated as overweight the analyst is saying that you should increase your holding and therefore underweight would recommend you reduce your holding. Within Rowan Dartington's stock notes the over or under prefix determines whether we favour or do not favour the stock within the market as whole.

### What is a Bull and Bear Market?

These terms are used to describe a trend in the market, sector or an individual stock. If it is a Bull market there is an upward trend and if it is a Bear market there is a downward trend in prices.

### What is a Benchmark?

When you are looking at the performance of any form of investment you need a benchmark to compare it against to give you an indication of how your investment is performing. Generally, an index is used as a benchmark an example being the FTSE 100.

### What is an Index?

An index is a portfolio of stocks which is representative of a portion of a sector or a market and it is used as a tool to track a market. For example the FTSE 100 is an index which indicates how the UK economy is performing. The FTSE 100 is a share index of the 100 most capitalised companies listed on the London Stock Exchange. It is a weighted index which means the share price movement in a large company will move the index more than the same movement in a smaller company.

### What is the difference between Absolute and Relative performance?

Absolute performance provides the return on an asset or a portfolio over a certain time period. Relative performance is the difference between absolute performance and the performance of the sector or benchmark. For example if you held Vodafone as a stock and you were measuring how it had performed over a time period i.e. for a year this would be absolute performance. If you then plotted Vodafone's movements next to the FTSE 100 and measured the difference this would be relative performance.

### Can I choose what I would like to invest in? (i.e. can I choose ethical investments?)

You can choose whatever you would like to invest in, if you use the advisory services you can ask for advice on what you are investing in but ultimately it is your decision. When you set up an account we will ask you what your attitude to risk is and also whether there are areas you would like or not like to invest in such as Tobacco and Armaments.

### Can I come in and talk to someone or could someone come to me?

In all of our offices you are able to arrange an appointment and come in, also if it is easier for yourself we can come to you.

### How do I pay for my chosen Stocks and Shares?

Once you have an account set up with us you would need to transfer in the funds you wish to purchase your investment with either via a cheque or an electronic payment, alternatively, if you have a cash balance on your deposit account this can be used to trade. You can also use your debit card up to a value of £1000.

### How quickly can I receive my money should I decide to sell?

If you decide to sell your stock it will depend on the settlement period. Generally liquid stocks will trade on a T+3 basis which means the actual deal will be settled trade date plus three working days, If trading in paper certificates settlement is T+10. Each type of security will have a specific settlement period; this will be the time until you receive your proceeds.

### What is the tax on buying shares?

If you execute a paper trade and you use a stock transfer form, where the consideration is above £1000 then you will need to pay stamp duty at a rate of 0.5 percent and it is rounded up to the nearest £5. If you buy shares through a stockbroker and the transaction is carried out through CREST the electronic settlement and registration system, which is known as a paperless trade then you pay the Stamp Duty reserve tax and this is levied at 0.5 percent whatever the value of the shares and is rounded up to the nearest penny. If you are given the shares you hold for nothing rather than purchasing them then you do not have to pay either taxes.

As individual as you are.

## What charges are there?

When executing a trade it will depend on the type of account you hold as to what charges are involved. The charges you will need to be familiar with are the dealing commission, compliance charge, certificate charge if dealing in paper format and portfolio management fees if using the managed service. To find out what Rowan Dartington's charges are please call 0117 933 0006

## What is a Stock and Shares ISA?

You can have a cash ISA which is a form of a tax free savings account but a stocks and shares ISA is slightly different to this. Rather than your money staying in cash format it still goes into the tax free wrapper of an ISA but you can invest in a whole range of investments such as unit trusts, government and corporate bonds and individual equities. From April 2010 anyone over the age of 18 has an allowance of £10,200 over each tax year which you can put into a stocks and shares ISA or invest up to £5,100 in a cash ISA and the rest in a stocks and shares ISA. Any profits made from the investments or interest gained in the ISA are not eligible for capital gains tax.

As individual as you are.

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