

**A CHRISTMAS PRESENT FOR THEIR FUTURE:
SAVING FOR CHILDREN WITH INVESTMENT COMPANIES**

- Average investment company turns £1,000 into £7,740 over 18 years**
- Smaller companies top the performance charts**

With Christmas around the corner, children will be eagerly waiting to start opening advent calendars and getting excited about what presents Santa might bring. But parents and grandparents wanting to give a gift that lasts a bit longer might like to consider making an investment for their child. While it won't look pretty under the tree, it could grow into a nest-egg and make a big difference towards education costs or a deposit for a first property.

If a parent, grandparent or guardian had invested a **one-off £1,000** in the average investment company for a child 18 years ago, it would now be worth an impressive **£7,740 (a 674% return)**, or annualised return of **12.0%**. If they preferred to make monthly contributions instead, for example £50 a month, their total investment of **£10,800** over 18 years would now be worth **£36,878**. That could help with a deposit on a first home or a considerable chunk of further education costs.

These gains would be even more impressive if parents or grandparents had backed sectors investing in **smaller companies**. The top performing investment company sector over the last 18 years is **European Smaller Companies**, with a total return of **1,050%**. This is followed by **UK Smaller Companies (938%)**, **Biotechnology and Healthcare (927%)**, **Global Smaller Companies (902%)** and **Asia Pacific Smaller Companies (889%)**. The **Global** sector, popular with parents saving for children, is the sixth best performing sector with a total return of **£9,824 on £1,000 invested (882%)** over 18 years.

Annabel Brodie-Smith, Communications Director of the Association of Investment Companies (AIC), said: "This Christmas we're all hoping we can be together with family and loved ones after the disruption of last year. But with the financial demands on young people becoming ever greater, parents and grandparents might want to consider investing for the long term to give their child a head start for the future.

"Investment companies benefit from the long-term growth potential of the stock market. They offer a way to spread investment risk and back the best opportunities in the UK and around the world. Over long periods, investment companies have delivered strong performance. A

£50 monthly investment in the average investment company over the past 18 years, £10,800 invested in total, would now be worth £36,878, enough to make a big contribution to a young person’s financial future. Saving within a Junior ISA will ensure that any income and capital gains are tax-free even after your child turns 18.”

Monthly investing in investment companies

	£50 monthly investment over the past 10 years	£50 monthly investment over the past 18 years
Sum invested	£6,000	£10,800
Average investment company	£12,038	£36,878

Lump sum investment in investment companies

	£1,000 lump sum investment 10 years ago	£1,000 lump sum investment 18 years ago
Sum invested	£1,000	£1,000
Average investment company	£3,748	£7,740

Source: AIC/Morningstar. Average investment company return is weighted by market capitalisation and excludes VCTs.

For more information on saving for children with investment companies, visit the dedicated page ‘[Saving for your children’s future?](https://www.theaic.co.uk)’ on www.theaic.co.uk which has six tips on saving for children, as well as a video, guide and jargon buster.

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Notes to editors

1. Performance for the average investment company is the % share price total return for the weighted average investment company (excluding VCTs). Ten-year performance is from 27/11/2011 to 26/11/2021. Eighteen-year performance is from 27/11/2003 to 26/11/2021. Source: AIC/Morningstar.

2. Performance for the investment company sectors is the % share price total return for the peer group weighted averages. Eighteen-year performance is from 27/11/2003 to 26/11/2021. Source: AIC/Morningstar.
3. The Association of Investment Companies (AIC) was founded in 1932 to represent the interests of the investment trust industry – the oldest form of collective investment. Today, the AIC represents a broad range of closed-ended investment companies, incorporating investment trusts and other closed-ended investment companies and VCTs. The AIC's members believe that the industry is best served if it is united and speaks with one voice. The AIC's mission statement is to help members add value for shareholders over the longer term. The AIC has 358 members and the industry has total assets of approximately £274 billion.
4. Disclaimer: The information contained in this press release does not constitute investment advice or personal recommendation and it is not an invitation or inducement to engage in investment activity. You should seek independent financial and, if appropriate, legal advice as to the suitability of any investment decision. Past performance is not a guide to future performance. The value of investment company shares, and the income from them, can fall as well as rise. You may not get back the full amount invested and, in some cases, nothing at all.
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