

Financial Planning Report

Prepared for:

Mr A Client & Mrs A Client



Prepared by:
Independent Financial Adviser

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6/4/2014

SUITABILITY REPORT

Introduction and Basis of Advice

Your financial affairs have been analysed and my advice is set out below. I am authorised to provide advice on all areas addressed in this report. My recommendations that follow are based on my understanding of your current financial position and objectives. I would ask that you read the report carefully and check that it reflects your financial position, priorities and attitude to risk.

It is important that you understand my advice. You should read this report in conjunction with the relevant illustrations, remuneration disclosure and Key Features documents, which all provide important information about the recommendations contained within this report. I do stress that if you do not understand any of the information contained within the Key Features document or this report then please contact me as a matter of urgency.

You have also been provided with a copy of our Client Agreement. This explains my status, our terms of business, the services we offer and how we can be remunerated for these services.

Date Client Agreement was signed by your client	Date you verified your client's identification	Date of first meeting with client	Date of last meeting with client
20/3/2014	20/3/2014	20/3/2014	6/4/2014

If you believe that the information in any of the documents provided is incorrect please let me know as soon as possible. I would also mention that if any information has not been disclosed, it is possible that my advice may not take account of all your personal requirements and could ultimately have been different. I cannot accept responsibility for any non-disclosed information which could have affected my advice. Nor can I accept any liability should you suffer any loss due to the non-disclosure of material facts which have not been brought to my attention.

Summary of Current Position & Objectives

Please find below a summary of your current position:

Name	Mr A Client	Mrs A Client
Date of Birth	1/1/1950	1/1/1952
Marital Status	Married	Married
Number of Financial Dependants	3	3
Occupation	Director	
Employment Status	Employed	House Person
Tax Status	Higher Rate Tax Payer	Non Tax Payer
Monthly Net Income	£4000	£500
Monthly Expenditure	£2000	£
Smoker	No	No
State of Health	Good	Good

You have recently inherited £50,000 from a late uncle. You are extremely concerned about the paltry interest rates available on bank accounts at this time, and as such wish to invest your monies in an environment which offers the potential for greater long term capital growth and is commensurate

with your stated risk profile.

You also have a disparate portfolio of existing investments which you are keen to consolidate moving forward. We have already discussed achieving this via a wrap or platform account, and the benefits of using such an approach to manage your investments are highlighted later within my report.

I have undertaken an analysis of your needs and requirements and have made a recommendation on the basis of the information you have provided. You have specifically requested that I focus my advice on the following:

- A review of your investment portfolio to ensure your existing investments are performing satisfactorily, are invested tax efficiently, and continue to meet your needs and objectives and reflect your risk profile
- The investment of a lump sum to provide capital growth over the medium to long term

Attitude to Risk

We discussed at some length your attitude to risk (ATR) and in particular the relationship between risk and reward. I can confirm the agreed risk profile for each area of financial planning discussed in this report is detailed below.

You have completed the Sample Risk Profiling Questionnaire. The questionnaire has been designed to assess your knowledge, experience, attitude towards investment risk and capacity for loss.

Mr A Client's risk profile is summarised as follows:

Investment Attitude to Risk: Balanced

You prefer to invest in broad range of core stock-market linked investments, where the overall returns achieved are more closely linked to the performance of the underlying assets. In so doing, this will provide you with the potential to benefit from real capital growth. However, you should be aware that investment values will fluctuate according to market conditions.

Capacity for Loss: Moderate

Your sensitivity to volatility is realistic and you recognize that markets fluctuate and that some short term volatility must be accepted in order to achieve your investment objectives. You have sufficient assets outside of your portfolio and an investment time horizon far enough in the future to withstand small to medium losses without any detrimental effect to your living standards. Your capacity to loss threshold would be no more than 20%.

Mrs A Client's risk profile and capacity for loss is the same as above.

Review of Existing Investments

Further information concerning the following investments can be found in the *Notes on Financial Products* in the Appendix of this report. Where I have recommended a transfer or encashment of an existing investment, my recommendations for the further investment of these monies can be found in the Investment Recommendation section that follows.

Further information concerning the past performance of your existing investments can be found in the section entitled *Investment Fund / Portfolio Information* at the back of this report.

Bank Accounts

It is not advisable to hold substantial funds as cash reserves as this offers limited scope for real capital growth after taking into account the effects of inflation. Although bank and building society deposits offer a secure and easily accessible form of investment, the only way over the long term to achieve real growth is through “asset backed” investments. This said, I would stress that you should always retain immediate access to some capital to cover any unforeseen emergency expenditure that may arise. I would usually recommend that you retain an emergency fund equal to three month’s expenditure as a minimum, within an immediate access bank deposit account.

Stocks and Shares ISA

Fidelity - 1234ABC

Ownership	Original Investment	Date of Original Investment	Withdrawals	Fund Value	Encashment Value
Mr A Client	£6,000	02/01/2000	£0	£20,000	£20,000

Entry Charges	On-going Charges	
Fund Charge	Investment Management Fee	Additional Fee
3.5%	1.5%	0.37% (expenses)

This investment is invested as follows:

Fund	Risk Rating	Percentage
Global Special Situations	7	100%

I have recommended that you **re-register** this investment for the following reasons:

- Re-registration is a cheaper way of transferring your funds to an alternative provider. Your money stays invested in the same funds and managed by the same companies. All that changes is that they can now all be held together in one place, under one account usually via an investment platform or fund supermarket. This will assist in the future management of your investment portfolio, reduce the paperwork generally associated with a well-diversified portfolio and result in potential cost savings. Further information can be found in my supporting research
- Your existing fund selection continues to reflect your attitude to risk and investment objectives
- When compared to other funds within their sector, I am happy with the performance of the existing fund selection
- You will not incur any tax charge

- To consolidate your investments with one provider thereby providing certainty of affairs and ease of administration
- So your investment can be held via a Wrap which provides greater flexibility and control in terms of the implementation and management of your investment portfolio

Stocks and Shares ISA

Schroder - 5678AB

Ownership	Original Investment	Date of Original Investment	Withdrawals	Fund Value	Encashment Value
Mr A Client	£6,000	02/01/2000	£0	£22,000	£22,000

Entry Charges	On-going Charges	
Fund Charge	Investment Management Fee	Additional Fee
5%	1.5%	0.46% (expenses)

This investment is invested as follows:

Fund	Risk Rating	Percentage
Income	5	100%

I have recommended that you **transfer** this investment for the following reasons:

- This investment does not reflect your circumstances and objectives
- There will be no transfer charge incurred
- I have recommended an alternative investment with a more competitive charging structure. A summary of the charges of your existing investment and the proposed alternative can be found in my supporting research
- You will not incur any tax charge
- To consolidate your investments with one provider thereby providing certainty of affairs and ease of administration
- So your investment can be held via a Wrap which provides greater flexibility and control in terms of the implementation and management of your investment portfolio
- The performance of this investment has been unsatisfactory when compared to similar investments. I refer you to my accompanying fund research for further information
- The investment opportunities are restrictive and as such I have disregarded the option of an internal fund switch
- This investment offers limited online functionality

Onshore With Profit Bond

Norwich Union - 876876Y

Ownership	Original Investment	Date of Original Investment	Withdrawals	Fund Value	Encashment Value
Joint	£80,000	02/01/2000	£0	£95,000	£100,000

Entry Charges	On-going Charges
Provider Charge	Investment Management Fee
1%	1.25%

This investment is invested as follows:

Fund	Risk Rating	Percentage
With Profit	4	100%

The following currently applies to this investment:

Terminal Bonus
£5,000

I have recommended that you **encash** this investment for the following reasons:

- This investment does not reflect your circumstances and objectives
- There will be no encashment charge incurred
- I have recommended an alternative investment with a more competitive charging structure.
- Although you will incur a tax charge, I believe the potential for out-performance more than compensates for this. Further details of this tax charge can be found in my supporting research
- To consolidate your investments with one provider thereby providing certainty of affairs and ease of administration
- So the proceeds can be invested within a more tax efficient environment
- So your investment can be held via a Wrap which provides greater flexibility and control in terms of the implementation and management of your investment portfolio
- The current reversionary bonus rate applying to this investment is only 1% per annum
- The annual bonus rates which have been applied to this With Profit fund in recent history have been poor
- The bonus rates declared by a life company are not an explicit reflection of the performance of the underlying assets held within their With Profit fund. In contrast a unit linked investment, such as I have recommended, offers full transparency and its value is a true reflection of the underlying assets
- The Free Asset Ratio of this With Profit fund is low when compared to others in the market place. The Free Asset Ratio is a measure of the company's With Profit fund's assets over its liabilities and can be considered a useful indication of the likely returns you will receive in the future
- Equities have traditionally outperformed fixed interest securities over the longer term. Therefore to maximise the return from a With Profit fund, there must be a reasonably high percentage of the underlying assets invested in equities (i.e. in excess of 45%). Having analysed the asset allocation of this With Profit fund, I can confirm that the percentage of the equity allocation is low in relative terms. This will in turn affect the fund's potential for long term capital growth

Please be aware the encashment of an Investment Bond will give rise to a chargeable event. I refer you to the Technical Notes in the Appendix of this report and my supporting research for further information concerning any tax that may be due on encashment.

Investment Proposition Recommendation

Our investment proposition is designed to explain clearly the processes undertaken by my firm in managing and administering your investments.

Wrap Service Recommendation

Wrap services are now an established and growing concept in investment portfolio management and administration allowing individual investors to consolidate and view their financial assets in one place. The services are web based and can provide immediate information, meaning investors can review their wrap or platform account information, transaction history and valuations 24 hours per day, 7 days per week, and 52 weeks per year. The service provider chosen to administer your investments is detailed below:

Nucleus

- Nucleus Financial Services Ltd (NFS) is the Wrap provider, and is a wholly owned subsidiary of Nucleus Financial Group Ltd (NFG) which in turn is adviser owned and controlled with Sanlam Nederlands Holding being the main institutional shareholder. Nucleus was founded in 2006 and is now a multi award winning online wrap based business platform with access to over 6,000 funds from more than 200 different investment groups. The Nucleus platform is considered financially strong having been given a 'B' (Strong) rating from AKG, an actuarially based consultancy specialising in the provision of credit ratings information. Their assets under management reached £6.4bn as at 31st January 2014.

I am recommending this wrap service for the following reasons:

- I can confirm they are financially strong and the service provided has been excellent
- Although the recommended administration service will incur a slightly greater cost than if investing with each provider or fund directly, the ease of management and flexibility achieved should offset the additional costs over the medium to long term
- The total amount of funds held in your portfolio is at a level where charges become more competitive using a consolidation service
- We as a company review all wrap providers annually and select a panel of preferred services. The panel reflects services that can meet particular requirements that we believe to be of importance

Investment Mandate

The extent of your own involvement in the on-going investment management decisions of your investment portfolio(s) can vary considerably. These activities can be made entirely by you without advice (known as Execution Only service), or require your prior agreement (known as an Advisory service) or will be executed without your prior agreement (known as a Discretionary service).

I can confirm I am recommending that you utilise an **Advisory** mandate service.

An Advisory mandate service is for clients who wish to be more involved with the investment strategy. What I mean by this is that we will carefully analyse your particular objectives, your attitude towards risk and the time frame for which you would like to invest. We will then decide what investment products, investment strategies, investment styles and services best reflect your

financial goals. These recommendations will then be communicated to you and will only be executed following your agreement to do so.

My reasons for the recommendation are as follows:

- After discussing your financial goals and the service expected of my company it was our belief that an Advisory mandate would best suit your immediate and future requirements
- An advisory service as opposed to a discretionary service in our opinion provides enhanced flexibility and greater control over the investment decisions made on your portfolio
- You preferred proactive suggestions on how to optimise your portfolio on a regular basis

Investment Research

Undertaking research is a time consuming and specialist skill, new fund launches are constantly brought to the market and all require in-depth analysis. There will always be a steady movement of fund managers from one investment house to another. There are many ways of assessing the performance, but understanding what process was used to achieve that performance ensures we can provide the best advice we can.

My firm's investment proposition utilises the following research techniques and criteria:

- *Qualitative Research* - this helps determine which fund managers deserve focus or not. Those that are transparent and have a well-run investment process will often be rated. Also assessed is how likely they are to perform well in the future over an economic cycle against their peers and accepted benchmark
- *Fund Alpha* - a measure of the performance of the fund adjusted for the risk the fund is taking
- *Citywire Ratings* - a totally objective statistical gauge of an individual fund manager's risk adjusted performance. Citywire considers all managers who run actively managed funds and assigns ratings to managers who achieve or exceed demanding performance measures over three years
- *Cumulative Performance and Sector Quartile Ranking* - the cumulative performance of a fund and its quartile ranking position within its sector over a period of time (eg six months, one year, three years, five years or ten years)
- *Fund Tenure* - how long has the manager been running the fund

Investment Strategy

An investment strategy solution should be primarily designed to meet your investment objectives but also consider your temperament, stage of life, family situation, tax status, investment time horizon and most importantly attitude towards risk. Unsurprisingly with all these criteria to consider there are numerous investment solutions and strategies that my firm can recommend. It is therefore important that I define the strategy that is being recommended for you and monitor it to ensure it remains appropriate to any changes in your circumstances.

I am therefore recommending the following investment strategy or strategies to fulfil your objectives:

- **Model Portfolio** - This investment solution typically involves a pre-constructed portfolio of investment funds that meets a specific risk mandate and /or investment mandate, (e.g. growth, income or a combination). Model portfolios offer a clearly defined risk and return

path for investors and aim to maximise the returns for the given level of risk agreed upon. Making use of the resources and expertise of investment professionals, providers of model portfolios will seek to combine asset allocation with fund selection to create a range of model portfolios which tend to suit most investors circumstances.

Asset Allocation

Asset Allocation is based on long-established and well-proven mathematical principles; it involves achieving the correct balance of assets in your portfolio. The universe of investment funds available for you to invest into are categorised under different asset classes depending on their particular focus. Different types of assets have different performance characteristics, so my aim is to allocate the right mixture of funds to your portfolio so that, over time, the peaks and troughs of their performance balance each other out meeting your particular risk and reward expectations.

To achieve the correct balance for your investments I have decided to **outsource** the process to a specialist third party as follows:

Old Broad Street Research (OBSR)

- Old Broad Street Research (OBSR) was established in 1999 and specialises in dedicated consultancy, research and analysing investment funds and product wrappers. They provide Fund Ratings as an independent mark of quality based on a proven research process where qualitative research is supported by quantitative analysis.

My reasons for the recommendation are as follows:

- They use a quantitative analysis team to generate projections as to how a wide range of asset classes are expected to behave over the long-term with respect to returns, volatility and co-variance.
- Their recommendations are based on modern portfolio theory techniques to derive efficient portfolios and maximise expected returns for a given degree of risk.

I do stress that even with the strict controls governing the process recommended we will not be able to guarantee that the volatility range of a particular asset allocation may be breached occasionally. There is always the possibility of exceptional market conditions, due to unanticipated external events.

Investment Style

There are two differing styles of investment management that can be considered prior to populating a portfolio, these are 'Active' or 'Passive' and each on their own can be an important determinant of medium to long term returns. The styles can also be combined where a blend of each investment style is preferred.

I am recommending the following investment style:

- An **Active Management** style is where the fund manager uses their skill to select stocks they think will outperform the average benchmark in a particular sector.

Investment Recommendations

I have recommended that you invest into a Stocks & Shares ISA for the following reasons:

- This investment reflects your investment goals and access requirements
- It will provide the potential for capital growth as per your requirements
- You wish to make full use of the reliefs and allowances available to you to minimise the amount of tax you pay
- The investment will benefit from tax advantaged growth and there will be no capital gains tax to pay on encashment
- There will be no penalty applied on the encashment of this investment. However I would not generally recommend such an investment unless you are prepared to take a medium to long term view (i.e. five years plus)
- ISA investments do not need to be included on your Tax Return
- This investment will allow you to switch funds at any time without creating a tax liability

I have recommended that you transfer the previously identified ISAs for the following reasons:

- To retain the tax advantages associated with this form of investment
- This investment reflects your investment goals and access requirements
- To restructure the asset allocation of your investment portfolio to more accurately reflect your stated risk profile
- It will provide the potential for capital growth as per your requirements
- You wish to make full use of the reliefs and allowances available to you to minimise the amount of tax you pay
- This investment will allow you to switch funds at any time without creating a tax liability
- ISA investments do not need to be included on your Tax Return
- You are still willing to take a medium to long term view with the investment of these monies

I have recommended that you invest into a General Investment Account for the following reasons:

- This investment reflects your investment goals and access requirements
- You wish to make full use of the reliefs and allowances available to you to minimise the amount of tax you pay
- General Investment Accounts allow you to gain access to a range of different investment types including amongst others ETFs, Unit Trusts and Investment Trusts
- It is very flexible in that there is no fixed term of investment. You can make an additional contribution or withdraw funds at any time without penalty as per your requirements
- Any gain can be offset against your annual capital gains tax allowance on encashment

There are a number of factors to be considered when selecting an appropriate investment provider.

Investment Options and Performance

There is obviously no means to categorically predict future investment performance. Although it should be stressed that past performance is no guarantee of future performance, it can act as a useful guide. It is also beneficial to compare the range of investment options available. Flexibility to switch between a wide range of strong performing investment opportunities is important. Your attitude to risk could change, and as a result you may wish to take an alternative investment strategy in the future.

Charging Structure

The effect of charges is reflected in the Reduction in Yield or Total Expense Ratio of the selected investment. For further information concerning charges, I refer you to the Illustration, Key Features Document and Fund Fact Sheets provided.

Financial Strength

It is imperative to select an investment partner who is financially secure and will be able to meet all of their obligations to policyholders in the future.

Redemption Penalties

Although I would only tend to recommend an asset-backed investment where the individual concerned is willing to take a medium to long term view to investment (i.e. five years plus), it is also worth comparing any charges which would be incurred on early encashment. I refer you to the Illustration and Key Features Document provided for further information.

Summary of Recommendations

Having compared the whole of the market place, I have recommended that the available monies be invested as follows for the reasons highlighted below:

Ownership	Investment Type	Company	Lump Sum	Monthly Savings	Annual Income	Income Frequency
Mr A Client	Individual Savings Account	Nucleus	£11,880	£0	£0	N/A
Mrs A Client	Individual Savings Account	Nucleus	£11,880	£0	£0	N/A
Mr A Client	ISA Transfer	Nucleus	£22,000	£0	£0	N/A
Joint	General Investment Account	Nucleus	£126,240	£0	£0	N/A

Nucleus Individual Savings Account (Ownership: Mr A Client)

- Nucleus Financial Services Ltd (NFS) is the Wrap provider, and is a wholly owned subsidiary of Nucleus Financial Group Ltd (NFG) which in turn is adviser owned and controlled with Sanlam Nederlands Holding being the main institutional shareholder. Nucleus was founded in 2006 and is now a multi award winning online wrap based business platform with access to over 6,000 funds from more than 200 different investment groups. The Nucleus platform is considered financially strong having been given a 'B' (Strong) rating from AKG, an actuarially based consultancy specialising in the provision of credit ratings information. Their assets under management reached £6.4bn as at 31st January 2014.
- The charging structure of this investment is competitive when compared to similar investments in the market place
- They have provided us and our clients with an excellent service in the past

Investment Strategy

In line with our investment proposition recommendation set out already in this report, the proposed investment strategy or strategies for these monies is as follows:

Portfolio Name	Portfolio Objective	Risk Rating	Allocation
OBSR Model Portfolio for Balanced Investors	The portfolio invests in a diversified portfolio of different asset classes with the aim to provide long term capital growth within a balanced risk environment	Balanced	100%

I have recommended the above for the following reasons:

- The funds selected reflect your attitude towards risk, the investment objectives discussed and reflect the investment proposition previously agreed

Entry Charges		On-going Charges				
Advisor Charge	AC Paid By	Advisor Charge	AC Paid By	Investment Management Fee	Wrap Fee	Additional Fee
2% or £3,440	Client	0.5%	Provider	0% to 1%	0.4%	Expenses 0% to 0.39%

The underlying investments held under the recommended model portfolio are as follows:

OBSR Portfolio for Balanced Investors

Fund	Sector	Risk Rating	Fund Rating	Initial Charge	Total Expense Ratio	Allocation
Axa Framlington UK Select Opportunities	UK Equity	Balanced		0%	0.80%	7.00%
BlackRock UK Dynamic Cash	UK Equity	Balanced	AA	0%	0.75%	7.00%
Cazenove European	Money Market	Very Cautious		0%	0%	5.00%
Fidelity South East Asia	Europe ex UK	Balanced	AA	0%	1.0%	4.00%
Fidelity South East Asia	Asia Pacific ex Japan	Adventurous	A	0%	0.75%	10.00%
Fidelity Strategic Bond	Asia Pacific ex Japan	Adventurous	A	0%	0.75%	3.00%
First State Global Emerging Market Leaders	Sterling Strategic Bond	Low	A	0%	0.6%	6.00%
First State Global Resources	Global Emerging Markets	Speculative	AA	0%	0.75%	3.00%
Invesco Perpetual Global Bond	Commodity and Natural Resources	Speculative		0%	1.0%	3.00%
Jupiter European Special Situations	Global Bonds	Balanced		0%	0.5%	6.00%
L&G All Stocks Gilt	Europe ex UK	Adventurous		0%	0.75%	4.00%
M&G American	UK Gilt	Low		0%	0.2%	7.00%
M&G Gilt & Fixed Interest	US Equity	Adventurous	A	0%	0.75%	12.00%
Royal London UK Government Bond	UK Gilt	Low	A	0%	0.75%	6.00%
Schroder Tokyo	UK Gilt	Low	A	0%	0.375%	6.00%
Standard Life UK Equity Growth	Japan Equity	Adventurous		0%	0.75%	4.00%
Threadneedle UK Equity Income	UK Equity	Balanced	A	0%	0.75%	7.00%
Threadneedle UK Property Trust	UK Equity Income	Balanced		0%	0.75%	7.00%
	UK Property	Low		0%	0.75%	3.00%

A current investment market outlook can be found in the Appendix of this report

Further information concerning the past performance of the recommended investment strategy can be found in the section entitled *Investment Fund / Portfolio Information* at the back of this report.

Further Information and Risk Warnings

In view of your circumstances, financial position and objectives I have not recommended that these investments be placed under a trust at the current time.

Further information regarding the recommended investments can be found in the Key Features Documents provided and the Appendix of this report. A summary of the risk warnings associated with my recommendations can also be found in the Appendix of this report.

I can also confirm that a Key Investor Information Document (KIID) has been provided detailing information such as charges, objectives, risk and past performance. The information is designed to assist in making a reasoned judgement on whether it is appropriate to invest in a particular fund or funds.

Alternative Solutions Considered But Discounted

I confirm due consideration was given to a range of alternative solutions but subsequently discounted for the following reasons:

Investment Trusts

- The higher risk associated with such investments means they are not suitable for an investor with your risk profile
- Initial and on-going charges are generally greater (typically the initial and annual management charge incurred would be 3 to 5% and 1 to 1.5% respectively)

National Savings Certificates

- They do not meet your stated risk profile

Onshore Investment Bond

- They are not as tax efficient given your circumstances

Offshore Investment Bond

- The charges associated with an offshore investment tend to be greater

Pension Planning Products

- I understand it is your intention to make use of your pension contribution tax relief for the current tax year at a later date

Structured Products

- You did not wish to lock your money away for a predetermined fixed term
- The underlying charges of such investments tend to be greater

Exchange Traded Products

- You felt the potential returns would be greater elsewhere
- You felt that the plethora of structures being marketed complicated your investment decision

Venture Capital Trusts

- You wished to keep your investment strategy relatively simple
- The tax advantages are not guaranteed and remain dependent on the qualifying status of the underlying holdings

Enterprise Investment Schemes & Seed Enterprise Investment Schemes (EIS & SEIS)

- You wished to keep your investment strategy relatively simple
- The tax advantages are not guaranteed and remain dependent on the qualifying status of the underlying holdings

Unregulated Collective Investment Schemes (UCISs)

- You wished to keep your investment strategy relatively simple
- You are not a certified sophisticated or experienced investor
- The risks to your capital were too opaque

Non Mainstream Pooled Investments (NMPIs)

- You wished to keep your investment strategy relatively simple
- You are not a certified sophisticated or experienced investor
- The pooled product structures are too complicated

Important Information

Cost of Services

There are various ways I can be remunerated for my advice and the provision of my services. A summary of the options can be found in our Tariff of Charges document, Services and Costs Disclosure Document (SCDD) or Combined Initial Disclosure Document (CIDD) provided.

A detailed summary of all the charges associated with the advice provided in this report can be found below:

Charges Summary

Stocks & Shares ISA - Fidelity 1234ABC

Entry Charges		On-going Charges	
Fund Charge		Investment Management Fee	Additional Fee
3.5%		1.5%	0.37% (expenses)

Stocks & Shares ISA - Schroder 5678AB

Entry Charges		On-going Charges	
Fund Charge		Investment Management Fee	Additional Fee
5%		1.5%	0.46% (expenses)

Onshore With Profit Investment Bond - Norwich Union 876876Y

Entry Charges		On-going Charges	
Provider Charge		Investment Management Fee	
1%		1.25%	

Proposed Stocks & Shares ISA Charges - Nucleus

Entry Charges		On-going Charges				
Advisor Charge	AC Paid By	Advisor Charge	AC Paid By	Investment Management Fee	Wrap Fee	Additional Fee
2% or £475.20	Client	0.5%	Provider	0% to 1%	0.4%	Expenses 0% to 0.39%

Proposed ISA Transfer Charges - Nucleus

Entry Charges		On-going Charges				
Advisor Charge	AC Paid By	Advisor Charge	AC Paid By	Investment Management Fee	Wrap Fee	Additional Fee
2% or £440	Client	0.5%	Provider	0% to 1%	0.4%	Expenses 0% to 0.39%

Proposed General Investment Account Charges - Nucleus

Entry Charges		On-going Charges				
Advisor Charge	AC Paid By	Advisor Charge	AC Paid By	Investment Management Fee	Wrap Fee	Additional Fee
2% or £2524.80	Client	0.5%	Provider	0% to 1%	0.4%	Expenses 0% to 0.39%

Entry Charges: *One off charges taken before or on investment.*

- Advisor Charge: A fee paid to the advisor for advice and services.
- AC Paid by Client: The Advisor Charge will be paid directly by you.
- AC Paid by Provider: The Adviser Charge will be facilitated by the product provider but taken from your funds.
- Provider Charge: A charge taken from the premium prior to investment.
- Fund Charge: The difference between the buying and selling prices of units or shares in a dual priced fund - often termed a Bid/Offer spread.

On-going Charges: *Regular charges, typically taken over a year.*

- Advisor Charge: A fee paid to the advisor for on-going advice and services.
- AC Paid by Provider: The Adviser Charge will be facilitated by the product provider but taken from your funds.
- Investment Management Fee: Or Annual Management Charge (AMC). A fee levied by the investment firm paid out of the fund for the costs of investment management and fund administration.

Event Based Charges: *Ad hoc charges related to specific events.*

- Whereby investment firms which manage funds rebate some of the initial or annual charge received on reaching a pre-determined fund size.

Cancellation Notice

Once your plan or contract is set up you have a legal right to cancel it (excluding mortgages unless concluded at a distance). A 'Cancellation Notice' will be sent to you detailing how to cancel should you change your mind. You normally have 30 days (which may reduce to 14 days for ISA and Unit Trust investments and may increase to 60 days for annuities) in which to cancel. The amount you get back will be reduced by any market loss incurred between making your initial investment and up until your investment is sold. Any contract arranged at your explicit consent (normally referred to as "execution only") does not provide you with cancellation rights.

Affordability & Emergency Fund

You should keep some money immediately accessible to cover any unforeseen emergency expenditure that may arise. I would normally recommend that you retain an emergency fund equal to three month's expenditure within an immediate access deposit account as a bare minimum. I confirm you are happy with the level of your emergency reserve. I would also like to take this opportunity to confirm that the above recommendations are affordable to you.

Our Service Proposition

My company offers a number of service propositions which govern the type of service and the regularity of contact and reviews you will experience as well as any on-going costs you can expect to incur. Full details of these propositions have already been discussed and provided. I confirm that you have elected for the following service:

- A proactive advice service centred around your immediate issues that will require periodic review and re-planning in the future.

Financial Services Compensation Scheme ('FSCS')

The FSCS was set up under the Financial Services and Markets Act 2000 and exists to protect clients of FSA authorised firms and covers deposits, insurance and investments. The scheme can pay compensation to clients who have lost money as a result of their dealings with FSA authorised firms that are unable to pay claims against them, usually because they are insolvent or have stopped trading.

The limit of protection varies between different types of products. For life assurance and non-compulsory insurance (e.g. home and general) the compensation level is 90% of the claim with no upper limit. For investments and mortgages the limit is £50,000 per person per firm. The maximum level of compensation on deposit based accounts increased to £85,000 per person per firm from 31st December 2010.

Aspects of Your Financial Affairs Not Addressed But Deemed Important

I practice a comprehensive approach to financial planning. To this end, I would like to draw your attention to the following. If on further consideration you wish to discuss any of the below in more detail please do not hesitate to contact me.

Inheritance Tax Planning

- You did not consider this a priority at the current time

Long Term Care

- It was agreed that we would address this issue at a later date

Retirement Planning

- This has previously been discussed and discounted

Protection

- You are happy with your existing protection arrangements

Income Protection

- You are happy with your existing income protection arrangements

Private Medical Insurance

- You did not consider this a priority at the current time

Wills and Lasting Power of Attorney

- I understand you have made a Will. I do stress the importance of keeping your Will up to date, thereby ensuring your estate passes in accordance with your wishes.

Mortgage Repayment

- You have repaid your mortgage in full

Confirmation

I have identified your objectives and I hope you agree that the recommendations made correspond to your current needs and future requirements. If you have any queries concerning the content of this report, or should you feel the recommendations are in any way an inaccurate reflection of your circumstances and future objectives please contact me immediately.

Report written by

Signature _____ Date ____/____/____

We the undersigned have received this report. We acknowledge this is a fair reflection of our conversation and confirm we have received all supporting literature including Key Features Documents, fund fact sheets and illustrations.

Accepted by **Mr A Client and Mrs A Client**

Signature _____ Date ____/____/____

Signature _____ Date ____/____/____

APPENDIX

Market Outlook

The summary below is provided courtesy of Skandia as part of their *Informer Indicator February 2014*. These are Investment House views and are not fund specific.

	EQUITIES							BONDS			
	UK	UK Smaller Comps	US	US Smaller Comps	Europe	Japan	Pacific Ex Japan	Emerging Markets	Gilts	UK Corporate	Global
Allianz	+	+	+	+	+	+	=	=	-	=	=
F&C	+	+	-	-	+	+	-	-	-	=	+
Fidelity	=		+		-	+	-	-	=	+	+
Investec	=	=	=	=	=	+	+	+	-	-	=
HSBC	+	+	+	+	+	=	+	+	-	+	+
JP Morgan	=	+	=	=	+	+	=	=	-	-	-
M&G	+	+	=	+	+	+	+	+	=	=	=
SWIP	+	+	=	=	+	+	-	=	-	-	-
Consensus View	+	+	=	=	+	+	=	=	-	-/=	=

Key

+	The fund group believes the index they are using as a benchmark will rise in excess of 5% over the next 12 months
-	The fund group believes the index they are using as a benchmark will fall in excess of 5% over the next 12 months
=	The fund group believes the index they are using as a benchmark will have either a positive or negative movement of between 0% and 5% over the next 12 months

Risk Warnings – ISA Transfer

In addition to the risks shown below, I recommend you read carefully the section entitled “risk factors” in the Key Features Document provided which highlights any possible disadvantages of affecting this plan.

- This investment should be considered for the medium to long-term and should not be entered into if you envisage withdrawing your capital before this time.
- The value of the investment is determined by the value of the units, the price of which can fall as well as rise. The overall value of the investment is therefore not guaranteed and you might get back less than you originally invested, especially in the early years.
- For a full explanation of the charges and how they affect your plan, please refer to your personalised illustration and the Key Features Documents.
- The figures on any quotations provided are for illustration purposes only and are not guaranteed.
- Past performance is no guarantee of future returns.
- The recommendations are based on current taxation, law and practice and the current legal and administrative framework and are based on my current interpretation and understanding of those, all of which may be subject to change.
- When undertaking an ISA transfer between two different investment companies, there may be a period of a few days where your funds are not invested. To this end, your fund could materially suffer as a result of movements in the market.
- Following the introduction of the New ISA (NISA) from 1st July 2014 it is possible to transfer from a Stocks and Shares NISA into a Cash NISA. You should not however withdraw sums from your Stocks and Shares NISA in order to deposit it into a Cash NISA yourself as any amount that you pay in will count as a fresh payment against the overall NISA limit.
- If you put money into your Stocks and Shares ISA account between April 6th and 30th June 2014, this sum must be transferred as a whole. Other amounts from previous years may be transferred as a whole or in parts
- Not all ISA providers will allow part transfers
- If you decide to cancel your ISA transfer within the cancellation period you will be responsible for passing the monies back to the previous manager. Please note, no guarantee can be made that the previous manager will take the monies back.
- The favourable tax treatment of ISAs and your personal circumstances may change over the period of investment and could affect the benefits you derive from them.
- Where an income is being drawn immediately, you should be aware that this could have the effect of eroding the initial value of the capital invested.
- Investing solely in a particular sector or otherwise having an investment plan with a narrow focus may be more risky than investing across a broad range.
- Where a property fund has been recommended the value of the fund is based on the valuer’s opinion rather than fact. You should be aware property and land can be difficult to sell – so you may not be able to cash-in this investment when you want to. In extreme market conditions the fund manager may have to delay acting on your instructions to sell your investment.
- An investment in corporate bonds is generally less secure than an investment in Government bonds due to the greater possibility of default.
- Where a fund invests in overseas markets, changes in currency exchange rates mean that the value of the investment can go up or down.

Risk Warnings – General Investment Accounts

In addition to the risks shown below, I recommend you read carefully the section entitled “risk factors” in the Key Features Document provided which highlights any possible disadvantages of affecting this plan.

- This investment should be considered for the medium to long-term and should not be entered into if you envisage withdrawing your capital before this time.
- The value of the investment is determined by the value of the units, the price of which can fall as well as rise. The overall value of the investment is therefore not guaranteed and you might get back less than you originally invested, especially in the early years.
- For a full explanation of the charges and how they affect your plan, please refer to your personalised illustration and Key Features Documents.
- The figures on any quotations provided are for illustration purposes only and are not guaranteed.
- Past performance is no guarantee of future returns.
- The recommendations are based on current taxation, law and practice and the current legal and administrative framework and are based on my current interpretation and understanding of those, all of which may be subject to change.
- Please note the later encashment of a General Investment Account could give rise to a capital gains tax charge.
- Where an income is being drawn immediately, you should be aware that this could have the effect of eroding the initial value of the capital invested.
- Investing solely in a particular sector or otherwise having an investment plan with a narrow focus may be more risky than investing across a broad range.
- Where a property fund has been recommended the value of the fund is based on the valuer’s opinion rather than fact. You should be aware property and land can be difficult to sell – so you may not be able to cash in this investment when you want to. To this end, in extreme market conditions, the fund manager may have to delay acting on your instructions to sell your investment.
- Due to greater possibility of default, an investment in corporate bonds is generally less secure than an investment in Government bonds.
- Where a fund invests in overseas markets, changes in currency exchange rates may mean that the value of the investment goes up or down.

Risk Warnings – Individual Savings Account

In addition to the risks shown below, I recommend you read carefully the section entitled “risk factors” in the Key Features Document provided which highlights any possible disadvantages of affecting this plan.

- This investment should be considered for the medium to long-term and should not be entered into if you envisage withdrawing your capital before this time.
- The value of the investment is determined by the value of the units, the price of which can fall as well as rise. The overall value of the investment is therefore not guaranteed and you might get back less than you originally invested, especially in the early years.
- For a full explanation of the charges and how they affect your plan, please refer to your personalised illustration and Key Features Documents.
- The figures on any quotations provided are for illustration purposes only and are not guaranteed.
- Past performance is no guarantee of future returns.
- The recommendations are based on current taxation, law and practice and the current legal and administrative framework and are based on my current interpretation and understanding of those, all of which may be subject to change.
- The favourable tax treatment of ISAs and your personal circumstances may change over the period of investment and could affect the benefits you derive from them.
- Where an income is being drawn immediately, you should be aware that this could have the effect of eroding the initial value of the capital invested.
- Investing solely in a particular sector or otherwise having an investment plan with a narrow focus may be more risky than investing across a broad range.
- Where a property fund has been recommended the value of the fund is based on the valuer’s opinion rather than fact. You should be aware property and land can be difficult to sell – so you may not be able to cash-in this investment when you want to. In extreme market conditions the fund manager may have to delay acting on your instructions to sell your investment.
- An investment in corporate bonds is generally less secure than an investment in Government bonds due to the greater possibility of default.
- Where a fund invests in overseas markets, changes in currency exchange rates mean that the value of the investment can go up or down.

Technical Notes – Chargeable Events on Onshore Investment Bonds

In some circumstances a chargeable event may result in additional income tax having to be paid on the chargeable gain arising from an investment bond.

What is a chargeable event?

A chargeable event in respect to an investment bond may arise in the event of any of the following:

- Death
- Maturity
- Surrender
- Partial surrender in excess of the 5% allowance

How is a chargeable gain calculated?

Broadly speaking the chargeable gain is calculated by deducting the original sum invested plus the total gains on previous chargeable events from the proceeds raised.

For example £10,000 is invested into an investment bond on 1st January 2000.

31st December 2000 - Part surrender of £500. No chargeable event because it is within the 5% rule.

31st December 2001 – Part surrender of £1,000. Chargeable event occurs, because surrender in excess of 5%.

Chargeable gain = £500.

31st December 2005 – Complete surrender. Proceeds of £14,000.

Chargeable gain =	Maturity Value	£14,000
	+ Part surrender	£500
	+ Part surrender	£1,000

Total	£15,500	
	Less sum invested	£10,000
	Less previous gain	£500

Chargeable gain = £5,000

How is the taxation calculated?

The chargeable gain is “top-sliced”. This is achieved by dividing the chargeable gain by the number of full years the bond has been held for. If the gain arises from a partial surrender the top-slicing period equates to the number of full years back to the previous chargeable partial surrender. This top-sliced gain is then added to the individual’s total income for that tax year. If this does not push the individual’s income into the higher / additional tax rate band, there will be no further tax to pay. However, if the gain results in a liability to higher or additional rate tax, tax at a rate equating to the difference between basic and higher / additional rate will be due on that part of the gain which falls within the higher / additional rate tax band. To calculate the total tax liability, the tax due on the

top-sliced gain is subsequently multiplied by the number of complete years the bond has been held for.

For example - It is calculated that the top-sliced gain is £1,000, of which half falls within the higher rate tax band.

To this end, £500 of the top-sliced gain will be subject to further taxation at 20% (ie 40% - 20%).

$$£500 * 20\% = £100$$

As the bond has been held for 5 years the total tax liability will be:

$$£100 * 5 = £500$$

The effect of chargeable gains on an investor's age allowance

Investors who have attained the age of 65 should be careful when encashing an investment bond. There are a series of enhanced personal allowances for tax payers who reached age 65 on or before 5th April 2013 (albeit this enhancement is frozen with effect from 6th April 2013). The portion of these allowances, over the basic personal allowance, is reduced by £1 for every £2 of total "income" over £27,000 (2014/15 tax year). Any chargeable gain on the encashment of an investment bond will count in its ENTIRETY towards your total "income" in the relevant tax year and in turn could reduce your enhanced personal allowance.

Investors who reach the age of 65 after 5th April 2013 will not be entitled to an enhanced personal allowance.

The effect of chargeable gains on a high earner's personal allowance

Similarly as above care should be taken for an investor in an investment bond if their total income exceeds £100,000. The standard personal allowance is reduced by £1 for every £2 of income that exceeds £100,000. This is an effective rate of tax of 60%. Any chargeable gain on encashment of an investment bond will count in its ENTIRETY towards your total "income" in the relevant tax year and in turn could reduce your standard personal allowance to zero if total income exceeds £120,000 (2014/15 tax year). The loss of the full personal allowance equates to £4,000 more tax i.e. £10,000 (2014/15 personal allowance) x 40%.

For this reason I would suggest that if this is applicable to you, you consult your accountant to determine how this may affect your individual tax position.

Notes on Financial Products

Individual Savings Account

From 1 July 2014 ISAs will be reformed into a simpler product known as, the 'New ISA' (NISA) and all existing ISA accounts will become NISA accounts. The annual subscription limit will increase from this date for the remainder of the 2014/15 tax year as part of the governments planned support for savers announced in the 2014 Budget. You can only invest into an ISA if you are resident and ordinarily resident in the UK for tax purposes. The main benefits of an ISA are their tax efficiency (see below), the fact that you can usually access the invested monies at any time (although some accounts have a notice period), and they do not have to be reported on your personal tax return.

A maximum of £11,880 can be contributed to an ISA account up to the 30th June 2014. Thereafter the ISA account will convert to the New ISA (NISA) with an increased limit of £15,000 for the remainder of the 2014/15 tax year. Any contributions made between 6th April and 30th June 2014 will count towards the increased limit but will remain subject to the restriction on cash and stocks and shares limits within the overall allowance. A simplification of the NISA rules means with effect from 1st July 2014, previous restrictions are removed and account holders can save their whole allowance in cash, stocks and shares or any combination of the two. The NISA allowance will increase in line with CPI on an annual basis.

From 1 July 2014, you are able to hold 'cash' tax-free within your Stocks and Shares NISA subject to provider rules. This was previously taxable.

Taxation

The interest on a cash ISA will accrue free of any taxation. As for Stocks and Shares ISAs, there is no capital gains tax to pay on encashment. The notional 10% tax on equity dividends ceased to be paid to ISA managers from 5th April 2004, whilst the 20% tax credit on interest from fixed interest securities can continue to be reclaimed indefinitely.

General Investment Account

A General Investment Account is the name given to the investment vehicle which can hold all assets not allocated to a specific tax wrapper and are therefore subject to normal UK tax. GIAs offer the facility to obtain a widespread of investment risk within a professionally managed environment and can be held in single or joint names. There are many types of investments that can be held within a GIA including, amongst others, unit trusts, OEICs, Investment Trusts, ETFs and Structured Products.

Unit Trusts & OEICs pool money from many investors to buy assets such as shares, bonds, gilts or cash. This helps to diversify a portfolio, spread risk and provides access to expert asset management. They are both "open ended" investments in that they can increase in size as more investors buy units (unit trusts) or shares (OEICs). The price of units / shares, usually calculated daily, will reflect the total value of the assets held by the fund.

An Investment Trust is a company listed on the London Stock Exchange which uses the money invested in it to buy a range of underlying assets. They offer investors access to expert management and a broad spread of assets. The share price of an investment trust is determined by its supply and demand and may not be a wholly accurate reflection of the value of the assets held by the company. This is known as trading at a "discount" or "premium" to the trust's Net Asset Value. Investment

trusts have a fixed number of shares. However, they can make use of borrowing to fund further investment which can in turn increase the returns but also the risk of losses.

An ETF is a pooled investment fund similar to a unit trust or mutual fund which can be bought and sold on a stock exchange like a share in a company. ETFs are very liquid instruments and being traded on stock exchanges every day, they also represent a very convenient way of adding or removing exposure to a market or asset class as required. Generally speaking, an ETF represents a portfolio of securities (such as stocks, bonds or alternative assets) which is designed to closely track the performance of a specific market index (like the FTSE 100). Index investing is a time-tested and analytical approach to getting broad market exposure and a high degree of diversification at much lower costs than active mutual funds. ETFs typically hold large numbers of individual securities which are the constituents of the index they track. This means ETFs are inherently diversified and offer an attractive balance of risk and return. There is a broad range of ETFs available, providing access to many different markets and asset types around the world.

Structured Products tend to be tailored investment vehicles designed to fulfil a specific set of aims. Generally, they feature two elements – One to protect some, or all of the capital invested and one to seek pre-defined returns.

Taxation

Income tax is deducted at source. Any further tax liability depends on the client's personal rate of Income Tax and the type of income arising:

Dividend Distributions – These are paid with an attaching 10% tax credit. This satisfies the liability of basic rate taxpayers. The tax credit is not reclaimable by non-taxpayers. Higher rate taxpayers have a further 22.5% of the gross distribution due, via their self-assessment. From April 6th 2013 for income over £150,000 dividend income will be taxed at 37.5%.

Interest Distributions – These are paid net of 20% tax. This satisfies the liability of basic rate taxpayers. Non taxpayers can reclaim the whole 20% deducted. Higher rate taxpayers will have a further liability of 20% of the gross distribution due via their self-assessment tax return. From April 6th 2013 for individuals with income in excess of £150,000, any interest will be taxed at 45%.

Investment Platform Rebates - When investors buy funds on investment platforms, part of the annual management charge they pay is often returned to them in the form of cash or unit 'rebates'. These rebates have become the subject of regulatory scrutiny with plans afoot to ban them by the end of 2014. HM Revenue & Customs has now also confirmed that these rebates are in fact annual payments from the fund and with effect from 6th April 2013 will be subject to income tax. Basic rate income tax at 20% will be deducted from all cash or unit rebates. Higher and additional rate taxpayers will have a further tax liability to deal with through the self-assessment process. This tax will not apply to ISA and pension portfolios.

Any capital gains will be subject to taxation at a flat rate of 18% for non and basic rate tax payers, and 28% for higher and additional rate tax payers. However every individual has an annual capital gains tax allowance that can be offset against the gains.

Onshore Investment Bond

An investment bond is a single premium life insurance policy and is a potentially tax-efficient way of holding a range of investment funds in one place.

You can usually buy investment bonds from life insurance companies and they can be a good way of allowing you to invest in a mixture of investment funds that are managed by professional investment managers.

Each bond is usually designed to provide benefits for different types of investors but a common element is that they aim to produce long term capital growth and/or generate a long-term return.

Investment bonds are single premium life insurance policies, meaning that a small element of life insurance is provided. This is paid out after your death.

Investment bonds do not produce conventional income. However, it is possible to withdraw 5% of the original sum invested as an income without giving rise to an immediate tax charge, until the original sum has been withdrawn. Any unused 5% allowance can be carried forward and used in subsequent years.

Taxation

The underlying funds of an investment bond are taxed internally at a rate approximately equivalent to basic rate tax. The tax deducted cannot be reclaimed by non-taxpayers.

There is no capital gains tax to pay on encashment. However, a withdrawal in excess of 5% per annum will give rise to a chargeable event. At that time, a "top slicing" exercise would be undertaken. If the "top sliced" gain results in a liability to higher or additional rate tax, tax at a rate of 20% or 25% will be due on that part of the gain which falls within the higher or additional rate tax band respectively. There will be no additional tax to pay for a non or basic rate tax payer

Investment Fund / Portfolio Information