

Financial Planning Report

Mr Client



Prepared by:
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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 and the 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 as an Independent Financial Adviser, our terms of business, the services we offer, and how we can be remunerated for these services.

Date of Client Agreement	Date of Identity Verification	Date of First Meeting	Date of Last Meeting
1/8/2011	1/8/2011	1/8/2011	10/8/2011

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	2/2/1952
Marital Status	Married	Married
Number of Financial Dependents	3	
Occupation	Director	Housewife
Employment Status	Employed	Employed
Tax Status	40% 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 account, and the benefits of using such an approach to manage your investments are highlighted later within my report.

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

You have specifically requested that I focus my advice on the above. Had I undertaken a full review of your financial affairs at this time, it is possible that other needs and shortfalls may have been identified. I cannot accept responsibility for any other need which has not been discussed. By not reviewing all areas of your financial affairs, you should be aware that there is a possibility that you may be open to financial loss in the future.

Attitude to Risk

We discussed at some length your attitude to risk and in particular the relationship between risk and reward. The more risk you are prepared to accept, the greater the long term rewards will often be. It is important to maximise your return, but also ensure you are not exposed to a level of risk that is unacceptable to you. It is therefore imperative that your attitude to risk and maximum capacity for loss is clearly defined at outset.

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

Your risk profile was deemed to be **Profile 5 – Medium Risk**.

A full summary of my company's attitude to risk definitions can be found in the appendix of this report

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

Original Investment	Date of Original Investment	Withdrawals	Fund Value	Encashment Value
£6,000	1-1-1990	£0	£20,000	£20,000

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 away 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

- The investment opportunities are restrictive and as such I have disregarded the option of an internal fund switch
- This investment offers limited online functionality

Schroder - 5678waed

Original Investment	Date of Original Investment	Withdrawals	Fund Value	Encashment Value
£6,000	1-1-1990	£0	£22,000	£22,000

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
- 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
- So your investment can be reinvested in a manner more befitting of your risk profile
- This investment offers limited online functionality

Onshore With Profit Bond

Norwich Union - 12aed245

Original Investment	Date of Original Investment	Withdrawals	Fund Value	Encashment Value
£80,000	1-1-1990	£0	£95,000	£100,000

This investment is invested as follows:

Fund	Risk Rating	Percentage
With Profit	4	100%

The following currently applies to this investment:

Terminal Bonus	Market Value Adjustment
£5000	£0

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. A summary of the charges of your existing investment and the proposed alternative can be found below
- 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 (ie 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
- An encashment will crystallise the terminal bonus applying to the With Profit fund
- The only fund available under this investment is With Profits and you require a fund offering the potential for greater returns. As such I have disregarded the option of an internal fund switch
- So your investment can be reinvested in a manner more befitting of your risk profile
- This investment offers limited online functionality

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.

Please find below a comparison of the charging structure of your existing and the proposed alternative investments. I refer you to the Investment Recommendation section that follows for further details regarding the proposed alternative.

Company	Existing Investment					Proposed Alternative			
	Policy Number	Initial Charge	Annual Mgmt. Charge	Other	Total Expense Ratio	Initial Charge	Annual Mgmt. Charge	Other	Total Expense Ratio
Fidelity	1234abc	3.5%	1.5%	-	1.87%	3%	1.75%	-	1.90%
Schroder	5678waed	5.0%	1.5%	-	1.96%				
Norwich Union	12aed245	1%	1.25%	-	-				

Managing Your Investments

As part of the overall investment strategy, I have recommended that you simplify the process of investing through the use of a consolidated portfolio service or wrap account under which you can hold all of your individual investments. This can include shares, bonds, cash, structured products, General Investment Accounts (Unit Trusts, OEICs, ETFs etc), ISAs and pensions.

Put simply, a wrap account is a new concept in investment portfolio management and administration which allows an individual to consolidate and view their financial assets on one platform. It is designed to assist the investor and their adviser with arranging transactions, reporting and administering their investments. There are many advantages for you as an investor when using wrap accounts:

- **Simplicity** - One point of entry to access your portfolio and arrange transactions.
- **A clear and transparent charging structure** – Usually consisting of the cost of the underlying investments, the cost of advice and the cost of the wrapper.
- **Value for money** – As a result of their purchasing power, the platform provider can negotiate substantial discounts on the initial and annual charges of the funds that they make available through their platform. These savings are rebated back to the client account and can often exceed the charges of the platform provider. For example if you were to purchase a fund directly, the AMC levied by the fund management company will typically be 1.5%. However on a wrap the typical split would be 0.75% retained by the fund management company, whilst 0.75% is rebated to the client account.
- **Reduced administration and paperwork** – Consolidated Income and Capital Gains Tax statements from one source to help simplify the tax year end reporting for tax return purposes.
- **Control** – As your adviser, I will be able to report, arrange transactions and monitor your portfolio from one centralised online platform.
- **Greater choice** – Providing an investment and / or security is tradable, it can usually be accessed through the wrap provider. This will not only provide you with access to a more diverse range of investments including collectives, equities, fixed interest securities, ETF's, investment trusts and structured products but will also allow an overall asset allocation approach to be adopted across your portfolio regardless of the investment type or tax wrapper being used.
- **Access** – 24/7 online access to your portfolio to obtain up to date valuations or to perform a number of transactions, such as withdrawing an income without the need for any paperwork.
- **Service** – Allows me to provide an investment advisory, rather than transaction-led service.

There are a number of wrap providers within the UK. As a company, we regularly review and monitor the market to see which of the current offerings are most suitable for our clients and investment process (a copy of our research / due diligence can be provided on request). Our selection is based on the following criteria:

- Underlying product / tax wrapper and fund range.
- What tools are available.
- The options / online functionality available.
- Their on-going client valuation and reporting functionality.
- Their on-going support and service standards.
- The associated costs incurred for using the platform.

- The ownership and financial security of the wrap.

Having considered your individual circumstances and objectives, I have identified Nucleus as the most suitable wrap provider for the following reasons:

- Nucleus is an online wrap based business platform with access to over 2,200 funds. It was founded in 2006 by a number of high quality IFAs who shared a commitment to creating a market where advisers have the infrastructure and desire to place the client centre stage. Since foundation Nucleus has established itself as a major force for change in the market. Nucleus is an end-to-end business platform based on leading edge wrap technology. It offers total transparency and an institutional style approach to asset management with explicit price rebates based on wholesale prices.
- They are financially strong
- They offer a clear and transparent charging structure
- They offer an unbiased and unbundled charging structure
- They offer a competitive charging structure when compared to other providers in this market place
- They offer an unbiased and unrestricted coverage of the investment and tax wrapper market
- They provide access to a wide range of different tax wrappers
- They provide access to a wide range of investment vehicles including ETFs, shares etc
- They provide access to model investment portfolios
- They provide access to discretionary fund management
- They provide excellent support
- They have excellent service standards
- They will facilitate the re-registration of your existing investment holdings
- They provide access to a number of useful investment research tools

The charges associated with the recommended wrap are:

Initial Charge	Annual Charge	Other Charges
-	0.5%	See accompanying information sheet

For full details of any other charges that may apply, I refer you to the accompanying wrap documentation.

For further details of my recommendations for the individual investments to be held under the recommended wrap, I refer you to the sections that follow.

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
- It will help reduce the risk associated with asset-backed investment by providing exposure to a range of professionally managed stocks and shares
- 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 and you will be able to access your capital at any time as per your stated objective. However I would not generally recommend such an investment unless you are prepared to take a medium to long term view (ie 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
- It will help reduce the risk associated with asset-backed investment by providing exposure to a range of professionally managed stocks and shares
- 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
- There will be no penalty applied on the encashment of this investment and you will be able to access your capital at any time as per your stated objective. However I would not generally recommend such an investment unless you are prepared to take a medium to long term view (ie five years plus)

I have recommended that you invest into a General Investment Account 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
- 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 will help reduce the risk associated with asset-backed investment by providing exposure to a range of professionally managed stocks and shares
- 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	Annual Income	Income Frequency
Alan	Individual Savings Account	Nucleus	£10,680	-	N/A
Anne	Individual Savings Account	Nucleus	£10,680	-	N/A
Alan	ISA Transfer	Nucleus	£22,000	-	N/A
Joint	General Investment Account	Nucleus	£128,640	-	N/A

- Nucleus is an online wrap based business platform with access to over 2,200 funds. It was founded in 2006 by a number of high quality IFAs who shared a commitment to creating a market where advisers have the infrastructure and desire to place the client centre stage. Since foundation Nucleus has established itself as a major force for change in the market. Nucleus is an end-to-end business platform based on leading edge wrap technology. It offers total transparency and an institutional style approach to asset management with explicit price rebates based on wholesale prices.
- The charging structure of this investment is competitive when compared to similar investments in the market place
- The research tool I have used to review the market place identified them as the most suitable and competitive solution for your needs and objectives

- They have provided us and our clients with an excellent service in the past
- They provide access to a wide range of investment opportunities, making it simple to vary your investment strategy to reflect changing market conditions, or should your risk profile change in the future
- They provide access to a number of world-leading fund managers and investment houses. This not only provides greater scope to create a bespoke portfolio tailored to your individual risk profile and objectives; but the resultant diversification will also diminish the associated investment risk
- The single consolidated statement associated with a multi-fund investment significantly reduces the typical administration and paperwork associated with a well diversified portfolio
- They provide the facility to manage your investment online. Providing access to instant valuations, fund information and other investment analysis tools
- They can facilitate the re-registration of your existing investment funds
- They provide access to a range of model investment portfolios

Investment Strategy

Different types of assets such as equities, property or bonds behave in different ways. The first step in forming any investment strategy is to achieve the right balance between major asset classes. This asset allocation is fundamental to meeting your investment goals in the medium to long term.

Model portfolios offer a clearly defined risk and return against an appropriate benchmark. Making use of the resources and expertise of investment professionals, they combine asset allocation with fund selection to create a range of model portfolios. They consider the historic rates of return of different asset classes over long periods of time to create a portfolio of investments to reflect your attitude to risk and investment objectives.

In view of your stated risk profile and investment objectives, I have recommended that the available monies be invested as follows.

Portfolio Name	Portfolio Objective	Risk Rating	Allocation
OBSR 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 above reflects your stated risk profile and investment objectives
- They have a large degree of experience and expertise in providing model portfolio solutions
- The portfolio provider combines an expert research and fund selection process with robust risk controls
- The portfolio has performed well when compared to its targets and benchmark
- The portfolio is proactively reviewed and rebalanced on a regular basis to reflect changes in market conditions

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

Further information regarding the recommended investment can be found in the Key Features Document 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.

Alternative solutions considered but discounted

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

National Savings Certificates

- They do not meet your stated risk profile

Onshore Investment Bond

- They are not as tax efficient given your circumstances

- The fact that a redemption penalty will typically be applied on encashment within the first five years of investment does not reflect your access requirements
- You do not currently make use of your annual capital gains tax allowance

Offshore Investment Bond

- Your tax position and residency status does not warrant the use of an offshore investment
- The charges associated with an offshore investment tend to be greater
- The fact that a redemption penalty will typically be applied on encashment within the first five years of investment does not reflect your access requirements
- You do not currently make use of your annual capital gains tax allowance

Important Information

Remuneration

There are various ways I can be remunerated for my advice and the provision of my services. A summary of these options can be found below and further details can be found in our Service Agreement and “Key facts about the cost of our services” document provided.

1. Commission

If you buy a financial product, the product provider may pay my company a commission. Although you pay nothing up front that does not mean the service is free; you are still paying indirectly through the product charges. The amount of commission received will vary depending on the amount you invest and (sometimes) how long you invest for or your age.

2. A Fee

Whether you buy a product or not, on completion of my work you will pay a fee for the advice and services you have received. This fee can be paid directly by you, or in the event that you buy a financial product it may be possible to arrange for the recommended product provider to pay the agreed fee directly to my company out of the product charges.

In the event that my company receives a commission from the product provider, this can be passed on to you in one or more ways. For example - It could be used to reduce my fee, reduce the product charges or increase the investment amount. Alternatively I can simply refund the commission to you in full. Please note – You may have to pay VAT on any fees.

3. A combination of fee and commission

This is a combination of the above. The fee would be payable by you and the commission by the recommended provider.

On this occasion we have agreed that I will be remunerated via commission payable by the recommended product provider. The amount of commission payable is highlighted in the illustration provided.

For the sake of completeness I have also summarised the Adviser Fee payable on the products recommended in this report in the table below:

Company	Product	Amount Invested £	Initial Commission %	Initial Commission £	Annual Commission %
Nucleus	ISA / GIA	£172,000	2%	£3,440	0.5%

The annual commission is a percentage of the fund value and will be paid by the provider. This will go towards covering the cost of the on-going servicing and availability of advice associated with the recommended product.

Cancellation Notice

You have a legal right to cancel your plan if you change your mind. Once your plan is set up you will be sent a "Cancellation Notice" telling you about your right to change your mind and how to cancel. You will then have 30 days (14 days for ISA and Unit Trust investments) in which to cancel. If your investment falls in value before your cancellation notice is received, an amount equal to the fall in value will be deducted.

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.

Regular Reviews

It is important that we regularly review your financial arrangements as your circumstances and attitude to risk will almost certainly change over time. I suggest you contact me at least once a year to review your financial affairs.

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 pensions, life assurance and non-compulsory insurance (e.g. home and general), the compensation level is 90% of the claim. 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. I believe it is my duty to ensure that all aspects of your financial affairs have been considered, even those areas that may not be of immediate concern to you. 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

Protection

- 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.
- I understand that you already have a Lasting Power of Attorney in place

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 **MR AN Adviser**

Signature _____ Date ____/____/____

We the undersigned have received this report. We accept the recommendations 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

Attitude to risk definitions

My company classifies attitude to risk as follows:

Very Cautious

You are only willing to put a small part of your capital at risk. To this end you prefer to invest the majority of your capital in deposit based accounts, where your capital is protected. You accept that the future purchasing power of your capital could be reduced by the effects of inflation over the medium term

Low

Investments in this area are designed to provide a relatively stable and conservative level of growth and / or income. In return for the opportunity to earn more than from your deposit type investments, you are willing to accept a low risk of capital loss.

Balanced

You prefer to invest in a 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.

Adventurous

You prefer to invest in more specialised stock-market linked investments, in return for the potential for increased capital growth. Again, investment values will fluctuate according to market conditions, however, these fluctuations will be more pronounced.

Speculative

You are willing to obtain considerable exposure to individual equities, or highly specialised investments, in return for the potential to receive significant returns. In so doing you understand that you risk losing the invested capital.

Market Outlook

The summary below is provided courtesy of Skandia as part of their *Informer Indicator August 2011*. 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
Black Rock	=	=	=	=	-	-	=	+	-	=	=
F&C	=	-	-	-	-	+	-	+	-	+	+
Fidelity	=		+		=	-	=	+	=	+	+
Henderson	=	+	=	=	=	+	=	=	-	+	-
Investec	=	=	+	=	=	+	+	+	-	=	=
JP Morgan	=	+	+	-	+	+	=	+	+	=	+
M&G	+	+	+	+	+	+	+	+	=	=	=
Schroders	=		+		-	=	=	-	-	=	+
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

Commercial Property Outlook

This property outlook is provided courtesy of *GVA Grimley – International Property Advisers*, which is taken in part from their *“Economic and Property Market Review –UK Q3 2011”*

Recent Investment Performance

The total value of UK commercial property transactions has fallen during H1 2011, with £6.5 billion transacted in Q2 2011 compared with a recent peak of £11.1 billion in Q4 2010. On the IPD measure, yields are still creeping downwards. The June all property equivalent yield on the monthly index was 7.25%, compared with 7.31% in March and 7.36% in December 2010. But it seems unlikely that much further downward movement will occur. Capital values increased by 2% in the year to June 2011 according to the IPD Monthly Index. This represents a continued slowdown in the rate of growth. Taking only the three months to June, values rose by 0.4%, the equivalent of 1.7% on an annualised basis. IPD reported a year-on-year total return of 9.1% in June 2011, down from 9.4% in May, and a peak of 24.2% in August 2010.

Investment Market Outlook

Property yields have changed little this year, and are close to the long term historical average. Capital values should see modest rises this year and next at the all property level (forecast at 1.5% this year and 0.8% in 2012), but most of this is driven by central London offices. Across the rest of commercial property, flat yields and little change to rental values should translate into stable capital values. Beyond 2012, the expected modest acceleration in rental growth should mean capital value growth rising to more than 3% pa by 2014. The combined forecasts for income and capital growth result in a total all property return of 7.6% for 2011 as a whole, falling slightly to 6.9% in 2012. Thereafter, an increase to 9% pa or more is likely as capital values rise. Of course, there are many risks to this outlook, and investment performance will vary significantly according to sector, region and perhaps most importantly, quality of property.

	Total Returns Forecasts (%)		
	2011	2012	2013
Maximum	9.4%	12.2%	13.0%
Minimum	0.1%	3.1%	6.3%
Average	6.3%	7.6%	8.8%
GVA Grimley	7.6%	6.9%	8.9%

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.
- 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

Investor 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 are 65 or over. The portion of these allowances, over the basic personal allowance, is reduced by £1 for every £2 of total "income" over £24,000 (2011/12 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.

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

You can only invest into an ISA if you are resident and ordinarily resident in the UK for tax purposes. There are two types of ISA available – Cash and stocks and shares and you can save into both types of ISA in any one tax year. However you cannot save in more than one cash ISA or more than one stocks and shares ISA in the same tax year. 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.

The annual ISA allowance for the 2011/12 tax year is £10,680. It is possible to invest up to £5,340 in cash with one provider, with the remainder of the £10,680 allowance being invested in stocks and shares with either the same, or a different provider. The ISA allowance will increase in line with RPI on an annual basis.

You can transfer all of the money you put into an ISA in earlier years or only some of it, if you wish. However, if you want to transfer the money you have invested in an ISA in the current tax year, you must transfer all of it. Money from a cash ISA can be transferred into either another cash ISA or into a stocks and shares ISA, but a stocks and shares ISA can only be transferred into another stocks and shares ISA.

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 2010 for income over £150,000 dividend income will be taxed at 42.5%.

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 2010 for individuals with income in excess of £150,000, any interest will be taxed at 50%.

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 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 30% 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