HARWOOD FINANCIAL PLANNING

Mrs Jill Byrne
Marsh Cote
Wall End
Kirkby-In-Furness
Cumbria
LA17 7UJ

27th January 2025

Dear Jill,

Re: Annual Review 2025

This report aims to summarise your objectives and then provide recommendations in order to keep your financial plan on track to meet these objectives.

At our meeting on 27th January, we conducted your annual review for 2025. Our advice provided to you is based upon the information you have disclosed and therefore if this letter does not coincide with your view of the situation, or you require any further clarification, please let us know at your earliest convenience. It is important to emphasise any information in relation to your circumstances that has not been disclosed could have affected our advice to you.

Following on from the objectives and recommendations there is supporting information in the appendices including analysis that you may find useful.

Objectives

Your objectives for your funds held with Fidelity and Prudential (link) remain unchanged. This capital is to be invested for the longer term (up to 15 years) as you have said "These funds are for my longer-term financial security".

You are still comfortable with your inheritance tax (IHT) situation (see appendix 6); thus, do not want to consider any new direct gifts or gifts to Trust. You understand that as things stand your estate will attract an IHT bill (also detailed in appendix 6).

Recommendation

2024/25 Tax Year:

- Sell £20,000 of the following funds within your General Investment Account (GIA) at Fidelity:
  - HSBC FTSE 250 – 100%
  - Vanguard LifeStrategy 60% Equity – Approximately £9,400 at the time of this report.
- In the current tax year (2024/25), transfer in the £20,000 from the above transactions into your Fidelity Stocks & Shares ISA and invest the cash into the same funds within your ISA.

2025/26 Tax Year:

- Sell £20,000 of the following funds within your General Investment Account (GIA) at Fidelity:
    - Lindsell Train UK Equity Fund – 100%
    - Fidelity Index World Fund – Approximately £4,000 at the time of this report.
- In the coming tax year (2025/26), transfer in the £20,000 from the above transactions into your Fidelity Stocks & Shares ISA and invest the cash into the same funds within your ISA

There are no further changes recommended at this time.

<u>Rationale</u>

Selling funds in your Fidelity investment account and repurchasing the same fund within your ISA utilises your ISA allowance for the current 2024/25 and following 2025/26 tax years. The transactions are aimed at moving funds from a taxable environment in the GIA to a tax-free environment in the ISA so that any future capital gain/interest/dividend payments from this portion of the fund will be rolled up free of tax.

By making the changes, you will realise a capital gain of approximately in the current 2024/25 tax year:

- HSBC FTSE 250 Fund – £800
- Vanguard LifeStrategy 60% Equity - £1,850

The total gain of £2,650 falls within your £3,000 annual exempt amount for Capital Gains Tax (CGT), therefore there will be no tax liability as a consequence of this advice.

By making the changes in the following 2025/26 tax year, you will realise a capital gain of approximately:

- Lindsell Train UK Equity Fund – £1,100
- Fidelity Index World Fund – £1,750

Again, the total £2,850 gain falls within your £3,000 annual exempt amount for the 2025/26 tax year.

The remaining funds, as a collective, conform with your agreed attitude to investment risk, with the main aim of achieving capital growth over the long term.

We trust that this letter provides an accurate summary of our discussions, and our recommendations are clear; however, should you have any concerns or wish to discuss any of the issues raised in more detail please do not hesitate to contact us.

Yours sincerely,
For Harwood Financial Planning

Ryan J Woodhouse
Independent Financial Adviser/Director

Once you have read this report, please confirm your understanding and whether you wish to proceed with our recommendation via email (ryan@harwoodfp.co.uk).

Appendix 1: Disclosure

The scope of our service is explained in the client agreement we provided you with on 6th March 2019 and you confirmed you did not wish to place any restrictions on the types of products or investment strategy when making our recommendation.

Our recommendation has been limited to your objective of reviewing your investments as this was the only financial planning area you wished to review at present. Therefore, you may have other financial planning needs that are not addressed by this report. In particular, your current liability to inheritance tax (IHT); however, you do not want to act in this area just yet for various reasons including wanting to keep access to capital and not taking on higher levels of investment risk.

Appendix 2: Your Attitude to Investment Risk

In order to understand what would represent an acceptable level of risk for you we follow a 3-step process. Firstly, we assess your psychological approach to risk through a risk questionnaire. Secondly, we assess your circumstances including your capacity for loss and investor experience and the final step is to combine the first two steps to arrive at a suitable level of investment risk.

The funds recommended are based on the level of risk you are prepared to accept. This was discussed following the initial completion of a risk profiling questionnaire. Your risk profile was originally mapped to a 5 on a scale of 1 to 10 (a Balanced investor). However, after further discussion we have agreed that you are more suited to a 6 on scale of 1 to 10 (a Balanced Growth investor) a description of which can be seen below:

6 - Balanced Growth Investor

As a balanced growth investor, you are happy to take on investment risk and understand that this is crucial in terms of generating long-term return. You are willing to take risk with most of your available assets. This would typically mean a portfolio invested in a combination of bonds, property, UK and International shares – the share component for a balanced growth investor would be between 40% and 75% of the portfolio value.

It is important to note that a balanced growth investment can fall as well as rise in value and it would be quite common for this type of investment to rise or fall by 25% over a 12-month period. Although your investment is unlikely to fall by more than 25% over a 12-month period it is still possible.

Full details of your risk profile discussion and capacity for loss can be found in last years' suitability report dated 7th February 2024, this document also confirms your investment experience.

Your risk profile will be reviewed on an annual basis or if you inform us of a change in your circumstances.

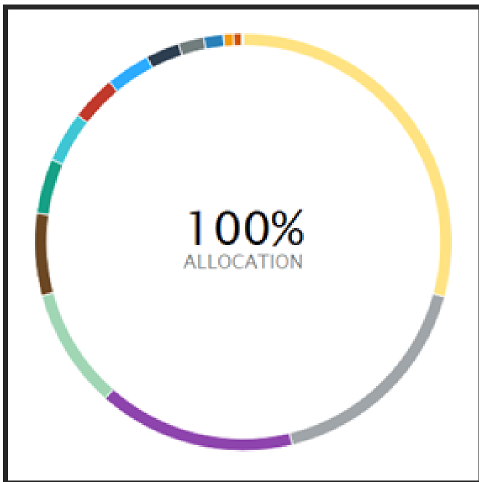
Appendix 3: Plan Information

Plan	**Fund Value**
Fidelity Stocks & Shares ISA	£89,600
Fidelity Investment Account	£76,360
Prudential ISA	£67,955
Total	**£233,915**

Your investment and ISA holdings are invested in the following portfolio of funds:

Investment	Provider	% Invested
Prudential PruFund Growth Fund A-Pen	The Prudential Assurance Company	46.93
Fidelity Index World Fund P Accumulation	FIL Investment Services (UK) Ltd	11.97
Fundsmith Equity I Acc	Fundsmith LLP	4.52
HSBC FTSE 250 Index Accumulation C	HSBC Asset Management Limited	7.42
LF Equity Income Fund C Sterling AcC	Link Fund Solutions Limited	0.02
M&G UK Inflation Linked Corporate Bond Fund I Acc	M&G Securities Ltd	2.55
Slater Growth Fund Class P Acc	Slater Investments Limited	7.14
Vanguard LifeStrategy 60% Equity Fund A Acc	Vanguard Investments UK, Limited	8.35
WS Lindsell Train UK Equity Fund Accumulation	Lindsell Train Ltd	11.10

Which has the following asset allocation:



ASSET ALLOCATION	NET % [(1)]	SHORT %	LONG %
UK Equity	29.24	0.00	29.24
Global (ex-UK) Fixed Income	16.99	-0.61	17.60
North America Equity	15.31	-0.29	15.60
Other	9.34	-0.27	9.61
Absolute Return	6.34	0.00	6.34
Japan Equity	4.25	0.00	4.25
Europe (ex-UK) Equity	3.94	0.00	3.94
UK Corporate Bonds	3.51	0.00	3.51
Cash - Short Term Money Market	3.44	-1.48	4.92
Global Property	2.61	0.00	2.61
Emerging Markets Equity	1.99	0.00	1.99
UK Index Linked Bonds	1.52	0.00	1.52
Developed Pacific (ex-Japan) Equity	0.77	0.00	0.77
UK Government Bonds	0.65	0.00	0.65
Private Equity	0.11	0.00	0.11

[(1)] Due to rounding there may be a discrepancy between the Long/Short % and the Net %.

We still believe this portfolio to be suitable as it has the potential for capital growth you require and is also compatible with your agreed risk profile.

Appendix 4: Risks

All the risks associated with this investment are detailed in the product literature provided to you when you started your plans. You should refresh your understanding on this information. In addition, you should take note of the following risks:

- You should remember that unit prices and the value of your investment can fall as well as rise and there is no guarantee you will receive a return of your original capital.
- Past performance is no guarantee of future returns.

- You should note that, whilst your switches are taking place, there could be movements within the stock market; that is to say that the stock market could rise or fall in value. If the market rises in value between the date of realising your existing funds and the purchase of your new funds, you could be financially disadvantaged insofar as the cost of buying your new fund could be greater. Conversely, if there is a fall in the market between the date of realising your existing funds and the purchase of your new funds, you could be financially advantaged insofar as the cost of buying your new funds could be lower.
- If withdrawals from the plan exceed the growth being achieved your capital will be eroded.
- Your Stocks & Shares ISA may be lower than illustrated if:
  - Investment performance is lower than illustrated
  - You start taking withdrawals earlier than anticipated
  - Tax rules change
  - Charges increase above those illustrated
- Following an active approach means you take the risk of underperforming the stock market as a whole.
- By accepting a recommendation to invest in a bespoke portfolio you take on an element of key person risk. This is the risk of death or incapacity of your financial adviser which impacts the company's ability to help you manage your investments. Details of our business continuity plan can be provided upon request.

Your Portfolio is made up of a mixture of collective investment funds that assume the following structures:

- Open Ended Investment Companies (OEICs)
- Unit Trusts
- Exchange Traded Funds

The following risks should be noted in relation to the above fund structures:

- In exceptional circumstances Open Ended Investment Companies (OEICs) and Unit Trusts may temporarily suspend withdrawals.

Appendix 5: Estimated Fee's/Charges (next 12 months)

We believe it is important to review your investment strategy at regular intervals to ensure it continues to meet your aims and objectives. Full details of our service proposition are contained within our client agreement. We will review your plans annually.

The fees on your Fidelity ISA will be as follows, based on a value of **£89,600**:

Type of Charge	**Charge (%)**	**Charge (£)**
Fund Charges	0.67%	£600
Product Charge	0.20%	£179
Ongoing Adviser Charge	0.75%	£672
Total Charge	**1.62%**	**£1,451**

The fees on your Fidelity Investment Account will be as follows, based on a value of **£76,360**:

Type of Charge	Charge (%)	Charge (£)
Fund Charges	0.43%	£328
Product Charge	0.20%	£153
Ongoing Adviser Charge	0.75%	£573
Total Charge	**1.38%**	**£1,054**

The fees on your Prudential ISA will be as follows, based on a value of **£67,955**:

Type of Charge	Charge (%)	Charge (£)
Product Charge	1.08%	£733
Ongoing Adviser Charge	0.50%	£340
Total Charge	**1.58%**	**£1,073**

Appendix 6: Inheritance Tax (IHT) Position

Barclays Current Account	£9,250
Furness Building Society	£7,000
NatWest	£44,500
Barclays Everyday Saver	£70,250
Premium Bonds	£50,000
Total	**£181,000**
Main Residence	£650,000
Car	£6,800
Jewellery	£12,000
ISAs (Fidelity & Pru)	£157,555
Fidelity General Investment Account	£76,360
Shares (James Halstead, Shell & National Grid)	£165,000 (est)
Total	**£1,067,715**
Total Assets	**£1,248,715**

You gifted assets to the value of £230,000 to your daughter Sophie in October 2021 when you set up Soji Property Investment Limited. As a result, your available present nil rate band stands at £95,000. This will be restored to a full band (£325,000 at time of writing) if you survive until October 2028 (7 years).

Current IHT position

Nil Rate Band: £95,000
Residents Nil Rate Band: £175,000

AIM Business Property Relief Assets: £130,000*

Potential Taxable Estate: 848,715 @40%= **£339,486**

**Your James Halstead shares will become subject to IHT from April 2026, when relief on qualifying AIM shares and portfolios will be cut from 100% to 50%. This may mean that your heirs IHT bill may rise by around £26,000.*

Appendix 7: Miscellaneous

<u>Product Documentation</u>

The documentation provided at outset is important and contains information regarding the product which we have recommended, particularly with regards to how the product works, its aims, risks and charges, together with its legal status, tax treatment and your cancellation rights. Therefore, please ensure you have read this document carefully. If there are any points on which you are unsure, or require further clarification, please contact us and we will be pleased to explain these in greater detail.

<u>Tax Treatment and Law</u>

All statements concerning the tax treatment of products and their benefits are based on our understanding of current tax law and His Majesty's Revenue and Customs (HMRC) practice. Levels and basis of tax relief are subject to change.

<u>Financial Services Compensation Scheme (FSCS)</u>

You may have full rights to the Financial Services Compensation Scheme (FSCS). The FSCS provides compensation should your chosen provider become insolvent and be unable to honour a claim under your policy. The levels of compensation vary depending on the type of contract concerned and the limits for each type of category are available at www.fscs.org.uk.

<u>Wills and Lasting Powers of Attorney</u>

You have confirmed that you have a valid will in place. This should be reviewed whenever there is a change in your circumstances.

You also confirmed that you have Lasting Power of Attorney's in place for both Property/Financial affairs and Health and wellbeing.