

Mrs G Wills  
c/o Mr K Day  
Jaywood House  
Broughton in Furness  
Cumbria  
LA20 6BX

21<sup>st</sup> January 2025

Dear Ken,

**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 21<sup>st</sup> January, we conducted Gladys' annual review for 2025. Our advice provided is based upon the information 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 Gladys' circumstances that has not been disclosed could have affected our advice to her.

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

Objectives

Your objective with regards Gladys's Fidelity Investments remains the same in that she aims to generate funds from her investments to meet the cost of the ongoing care fees.

Gladys' cash savings are approximately £13,000 in deposit accounts and circa £170,000 on the Flagstone platform. She has also retained her full £50,000 in premium bonds as of 21<sup>st</sup> January 2025. Her present income is £2,775 net per month, £33,300 net per annum:

- £15,317 State Pension
- £9,160 Met Police Pension
- £3,186 Scottish Widows Pension
- £5,645 Attendance Allowance

Her care costs have increased to £11,321 per month; therefore, her monthly shortfall is now £8,551 per month.

## Recommendation

- Sell £20,000 of the Royal London Sterling Extra Yield Bond fund in Gladys' General Investment Account (GIA) with Fidelity.
- In the new tax year (post 6<sup>th</sup> April 2025), transfer in the £20,000 from the above transaction into her Fidelity Stocks & Shares ISA and invest the cash into the same Royal London fund.
- Retain all other existing holdings at Fidelity

## Rationale

The transfer of funds from the General Investment Account (GIA) to the Stocks & Shares ISA utilises Gladys' ISA allowance for the 2025/26 tax year. The transaction is 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 payments from this portion of the fund will be rolled up free of tax.

The remaining funds as a collective conform with Gladys's agreed attitude to investment risk, with the main aim of achieving capital growth and to cover future care costs or as part of the overall legacy planning.

The Royal London fund sale will generate an expected loss of £1,002 which can be carried forward and provide an extension to Gladys' CGT exemption in future tax years. This loss will have to be registered with HMRC in order to claim the extra allowance.

A breakdown of realised Capital Gains Tax (CGT) gains/losses is set out below:

Tax Year	Gain/Loss
2020/21	£45.69
2021/22	(£89.02)
2022/23	(£4,712.20)
2023/24	£4,497.57
2024/25	Estimated (£1,002)

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**

During our meeting, you authorised us to carry out the proposed changes to your arrangements; thus, no response to this letter is necessary.

## Appendix 1: Disclosure

The scope of our service is explained in the client agreement we provided you with on 15<sup>th</sup> December 2020 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 Gladys' investments as this was the only financial planning area you wished to review at present. Therefore, she may have other financial planning needs that are not addressed by this report.

## 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 4 on a scale of 1 to 10 (a Cautious Growth investor). However, after further discussion we have agreed that she is more suited to a 3 on scale of 1 to 10 (a Cautious investor) a description of which can be seen below:

### 3 - Cautious Investor

As a cautious investor, you understand that you need to take investment risk in order to be able to meet your long-term goals. On this basis you are willing to take a risk with at least part of your available assets. This would typically mean a portfolio invested in bond funds and property funds. There would also be a shares component to enhance longer-term returns which would vary dependent on the intended investment return. The UK and International share component for a cautious investor would be between 20% and 50% of your portfolio value.

It is important to note that a cautious 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 10% over a 12-month period. Although your investment is unlikely to fall by more than 10% over a 12-month period it is still possible.

Full details of your risk profile discussion and capacity for loss can be found in the separate risk profile report previously provided (20/11/2020). This also confirms your investment experience. The risk profile will be reviewed on an annual basis or if you inform us of a change in circumstances.

We still believe that cautious is the most suitable risk profile for Gladys; thus, we have recommended that this profile be maintained. You have confirmed previously that you are in agreement with this stance.

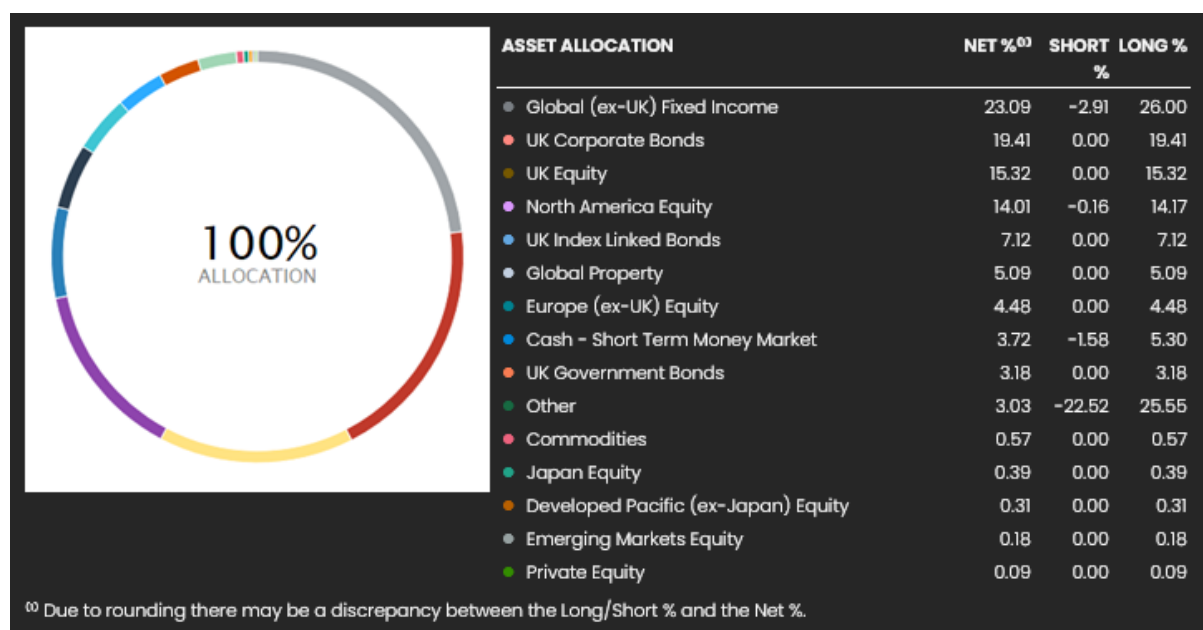
## Appendix 3: Plan Information

Plan	Fund Value
Fidelity Stocks & Shares ISA	£142,300
Fidelity Investment Account	£385,100
Fidelity Cash Management Account	£3,450
<b>Total</b>	<b>£530,850</b>

The Fidelity holdings are invested in the following portfolio of funds:

Investment	Provider	% Invested
Baillie Gifford Investment Grade Bond Fund B Income	Baillie Gifford & Co Limited.	6.77
Fidelity Index World Fund P Accumulation	FIL Investment Services (UK) Ltd	6.79
Finsbury Growth & Income Trust Plc	Lindsell Train Ltd	6.63
Fundsmith Equity I Acc	Fundsmith LLP	10.39
HSBC FTSE 250 Index Accumulation C	HSBC Asset Management (Fund Services UK) Limited	5.10
Jupiter Strategic Bond Fund I Acc	Jupiter Unit Trust Managers Ltd	7.45
M&G UK Inflation Linked Corporate Bond Fund Sterling I Acc	M&G Securities Ltd	8.60
Royal London Short Duration Global Index Linked Fund M Inc	Royal London Unit Trust Managers Ltd	7.42
Royal London Sterling Extra Yield Bond Fund A	Royal London Asset Management Ltd	8.03
Slater Growth Fund Class P Acc	Slater Investments Limited	3.88
TR Property Investment Trust	Columbia Threadneedle Investment Business Limited	4.61
Trojan Fund X Accumulation	Troy Asset Management Limited	9.71
Vanguard U.K. Investment Grade Bond Index Fund GBP Acc	Vanguard Group (Ireland) Limited	7.48
WisdomTree Physical Gold	WisdomTree Metal Securities Limited	7.14

Which has the following asset allocation:



## 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
- Investment Trusts
- Exchange Traded Funds

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

- Investment Trusts have the ability to borrow (or gear), this means that if a manager accesses this facility the borrowing will either increase gains or increase your losses.
- Premium/Discount Risk: Investment trusts can trade above (at a premium) or below (at a discount). This means that upon sale you could receive less than the net asset value of the investment on encashment.
- 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 (after completion of BED&ISA), based on a value of £162,300:

Type of Charge	Charge (%)	Charge (£)
Fund Charges	0.42%	£682
Product Charge	0.20%	£325
Ongoing Adviser Charge	0.75%	£1,217
<b>Total Charge</b>	<b>1.37%</b>	<b>£2,224</b>

The fees on your Fidelity Investment Account will be as follows (after completion of BED&ISA), based on a value of £365,100:

Type of Charge	Charge (%)	Charge (£)
Fund Charges	0.54%	£1,972
Product Charge	0.20%	£730
Ongoing Adviser Charge	0.75%	£2,738
<b>Total Charge</b>	<b>1.49%</b>	<b>£5,440</b>

## Appendix 6: Miscellaneous

### Product Documentation

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.

### Tax Treatment and Law

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.

### Financial Services Compensation Scheme (FSCS)

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](http://www.fscs.org.uk).

### Wills and Lasting Powers of Attorney

You have confirmed that Gladys has a valid will and that you are the appointed Power of Attorney. This should always be reviewed whenever her circumstances change.