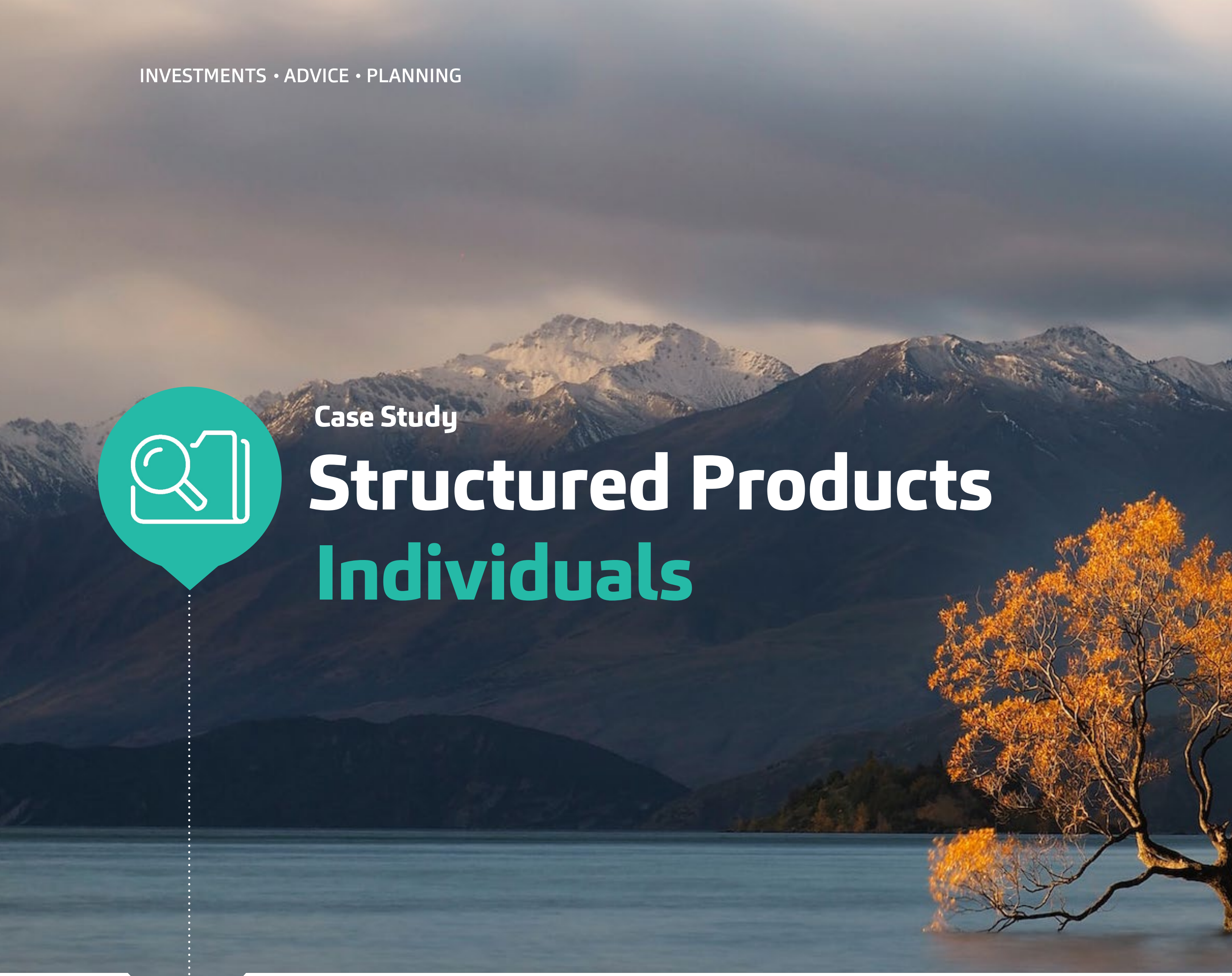
INVESTMENTS • ADVICE • PLANNING



Case Study

Structured Products

Individuals

Scenario

Richard and Rebecca have taken early retirement and currently support themselves through regular withdrawals from an investment portfolio.

They have accumulated a significant level of cash savings and would like to invest £200,000 with the intention of receiving a return in excess of what they are currently receiving on deposit with their bank.

- They have confirmed that they are happy to have these funds invested over the medium to long term.
- Whilst they do not require access to these funds, they would like the potential to receive some additional 'income' to help fund their discretionary expenditure, such as future holidays.
- They have an existing investment portfolio managed by MHA Caves Wealth valued at £1,000,000 from which they draw an income of £40,000 annually.
- They are concerned with the recent volatility investment markets have experienced as a result of the various geopolitical events over the past year.

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Solution

Whilst Richard and Rebecca could look to add these funds to their existing investment portfolio, an alternative solution could be to invest into a range of Structured Products.

For this level of investment, we would typically recommend a selection of 3-4 plans from a range of providers and underlying counterparties to ensure sufficient diversification.

For Richard and Rebecca, we could recommend the following:

Plan	Amount	Current Rates
Deposit based plan structured over a 3-year term ensuring the capital will be protected in all instances, as this is within FSCS protection limits. *	£70,000	5 - 7% p.a. (not compounded)
Investment based plan structured over a 5-year term with a 'step down kick-out' feature potentially increasing the likelihood of the plan maturing successfully. *	£70,000	7 - 8% p.a. (not compounded)
Income based plan which provides potential annual income payments (as opposed to a lump sum at maturity) should the index be at or above a predefined level, typically 80/90% of the starting point of the index.	£60,000	5.5 - 7.5% p.a. (not compounded)

* These plans are illustrated in the associated brochure.

Please note:
The rates detailed above are based on the FTSE 100 index and are in no way guaranteed.

Summary

By recommending these investments, Richard and Rebecca will potentially achieve their objectives as follows:

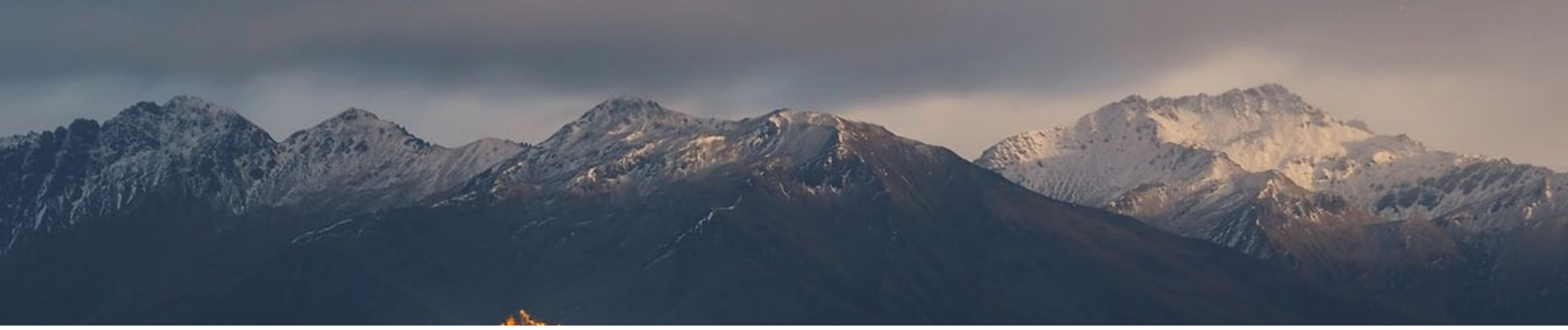
The rates currently on offer, assuming the plans provide the relevant returns, will be in excess of those available from conventional cash-based deposits.

These plans will provide diversification from their existing investment portfolio given that they are not actually investing in the FTSE 100, they are merely using this a 'trigger' for these plans to potentially mature successfully and pay out the stated returns.

These plans have been designed to provide the opportunity to produce a return even in falling market conditions, at the same time as providing protection from day-to-day market volatility.

The deposit plans offer full capital protection. The investment plans offer a degree of capital protection, in that you will not lose capital unless the FTSE 100 is below the level of 60/65% of its starting value on the final maturity date, or the counterparty (generally global banks) become insolvent.

By including a plan that offers 'conditional' income payments as opposed to a lump sum at maturity, it provides the potential for additional income payments that could be used to further support them in their retirement.



Risk Warnings:

MHA Caves Wealth is authorised and regulated by the Financial Conduct Authority (FCA), Financial Services Register number 143715.

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Key Risks: Past performance is not a guide to future performance. The performance of these products is not guaranteed; therefore, you may not get back the amount originally invested.

Investment markets and conditions can change rapidly. Capital should not be invested that may be needed during the investment term.

Individual clients: Structured Deposit

- Structured products often have complicated features that can make it difficult to understand the return you are likely to get.
- Structured deposits are not like typical deposit accounts. Depending on the performance of the relevant index, you could receive no interest payments at all for the whole term of the plan.
- Past performance of any linked index should not be seen as an indication of future performance.
- Past performance is no guarantee of future returns, and the final level of the relevant Index may be lower than the initial level.
- You may not get back the original capital invested if the reference index has not met its objectives at the maturity date.
- You will not receive a return on top of the original capital if the reference index as not met its objective at the maturity date.
- You shouldn't enter into the transaction unless you're prepared to lose some or all of the interest payments.
- If you are forced to realise your capital before the maturity date, you may get back less than the amount you originally invested and may be subject to early redemption penalties. Fixed-term products cannot be cashed in according to market sentiment.
- In certain market conditions it may be difficult to sell a structured product which may increase the risk of owning it.
- Inflation will reduce the real value of any proceeds received on maturity and may reduce what you can buy in the future.
- The tax treatment of structured products could change at any time.
- The guarantees associated with this type of investment have an extra cost which will be reflected in the overall return achieved.
- In the event of your death, your estate can choose to cash in the Plan(s) or transfer ownership to a beneficiary. If they are cashed in, the provider will pay the market value at date of receipt of all required documentation. This means that you could get back less than you initially invested.
- In relation to counterparty risk, the strength of the protection of the plan is only as good as the strength of the bank or institution acting as counterparty. The returns of the product are dependent on the financial instrument issued by the counterparty and the major risk is the counterparty being unable to meet its financial obligations when they fall due. If the counterparty providing the capital protection fails, the investor could lose all of their money. (See information in reference to FSCS).

FSCS:

- With respect to Structured Deposits, if the issuer of the Securities fails or becomes insolvent, you would be covered by the Financial Services Compensation Scheme (FSCS) up to the protection limit.
- In the event of the underlying institution that sits behind the arrangement ((the "counterparty" an investment bank) becoming insolvent, you would have redress against the FSCS up to the usual limits (£85,000 per individual, or £170,000 per couple). Investments can be made in excess of these limits but would obviously not benefit from the FSCS protection in respect of any such excess.

Individual clients: Structured Investments

- Structured products often have complicated features that can make it difficult to understand the return you are likely to get.
- Structured investments are not like typical deposit accounts. Depending on the performance of the relevant index, you could receive no investment returns/growth at all for the whole term of the plan.
- Past performance of any linked index should not be seen as an indication of future performance.
- Past performance is no guarantee of future returns, and the final level of the relevant Index may be lower than the initial level.
- You will not receive a return on top of the original capital if the reference index has not met its objective at the maturity date.
- You may not get back the original capital invested if the reference index has not met its objectives at the maturity date.
- Should the specified reference index have fallen or be below a specified level at the maturity date, then your original capital invested could be reduced, meaning you'll get back less than you invested originally.
- You shouldn't enter into the transaction unless you're prepared to lose some or all of the investment.
- If you are forced to realise your capital before the maturity date, you may get back less than the amount you originally invested and may be subject to early redemption penalties. Fixed-term products cannot be cashed in according to market sentiment.
- In certain market conditions it may be difficult to sell a structured product which may increase the risk of owning it.
- Inflation will reduce the real value of any proceeds received on maturity and may reduce what you can buy in the future.
- The tax treatment of structured investment products could change at any time.
- Any guarantees associated with this type of investment have an extra cost which will be reflected in the overall return achieved.
- In the event of your death, your estate can choose to cash in the Plan(s) or transfer ownership to a beneficiary. If they are cashed in, the provider will pay the market value at date of receipt of all required documentation. This means that you could get back less than you initially invested.
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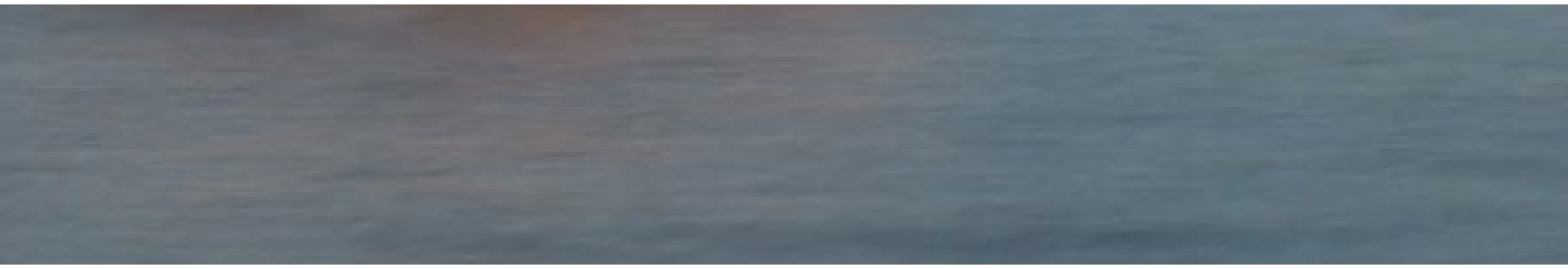

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