



Welcome Pack

Mark Young DipPFS
Independent Financial Adviser
Padstone Financial Management Ltd

A: Unit 5, Whitestone Business Park, Hereford HR1 3SE T: 01432 820710 M: 07977 820710 F: 01432 820701 E: mark@padstone-fm.co.uk

www.padstone-fm.co.uk



INDEPENDENT FINANCIAL ADVISORS
Authorised and regulated by the Financial Conduct Authority



FCA number 430531 • Padstone Financial Management Ltd is registered in England No: 4366170 • Registered address as above

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All Appendices with this symbol require a signature upon completion and are to be returned to us

Risk V Reward

During the course of our meeting it will be important to discuss and establish your views on investment risk. We are sending you this information prior to our meeting to give you an opportunity to digest and to consider any questions you may want me to answer for you.

WHAT IS RISK V REWARD?

The more risk a person is willing to take with their investment/s, the higher their potential return (or "reward"). However, more risk usually means a greater chance of loss. Lower risk investments may offer greater security; however, the potential for "reward" or returns tends to be lower.

WHAT IS ATTITUDE TO RISK (ATR)?

ATR is essentially your:

Ability to take risk - this relates to your financial objectives and circumstances. So, for example a person with greater wealth and income, able to invest over the longer term, will be able to take more risk, which gives them a higher risk capacity.

Willingness to take risk - this relates to your perception of risk as an individual. Some people are relaxed about the level of volatility their investment may be exposed to whilst others might be extremely nervous about the chance of loss to their investment.

WHAT RISKS MIGHT MY INVESTMENT BE EXPOSED TO?

There are a number of risks to consider when making an investment. Some examples and definitions are outlined below:

Market risk - the risk of the value of investments declining over a period of time due to economic changes or other events that impact a large proportion of the market. An example of this would be the collapse of Lehman Brothers.

Inflation risk - the risk that inflation will erode the rate of return on an investment over time. As a simplistic example, if the rate of inflation is 5% over a year and the rate of return is 4%, the investor has effectively taken a loss even though there was a profit on the investment itself. This applies particularly to fixed rate products as there is no possibility the rate of return will increase to exceed inflation.

Interest rate risk - the risk, borne by an interest-bearing asset (such as a bond or a loan), of the variability of interest rates. For example, as interest rates rise, the price of a fixed rate bond or loan will fall and vice versa.

Currency risk - currencies move in relation to one another. If you are putting your money into an investment in another country then it will move up and down in line with currency changes as well as normal share price movements.

WHAT SHOULD I TAKE INTO ACCOUNT WHEN DECIDING THE LEVEL OF RISK I AM PREPARED TO TAKE?

- Other factors that may be taken into account include, but not limited to:
- Capital security and Shortfall risk - can you afford to lose capital if your investment does not perform well?
- Regular income withdrawals - will you be reliant on withdrawals from your investment to live?
- Charges and penalty fees - how do these fare with other available investments?
- Age and family commitments - what are you trying to achieve with your investments?
- The need for income, growth or both
- Whether there is an investment target and/or the period of the investment

WHAT IS DIVERSIFICATION?

Although it is not possible to eliminate risk completely, it is possible to manage it by spreading the risk - this is called diversification. Putting money into a range of investments can help reduce your overall risk, should one or more of your investments fall.

It is also worth noting that some clients will have a portfolio which may have an overall risk of medium, for example, but may hold investments within it that are inconsistent with that attitude to risk (i.e. a higher level of risk). This is because some people have the level of knowledge, or the amount of funds, to be able to deviate from their normal attitude to risk and invest in something of higher risk, which is balanced by the rest of their investment portfolio.

CAPACITY FOR LOSS

By 'capacity for loss' we refer to your ability to absorb falls in the value of your investment. If any loss of capital would have a materially detrimental effect on your standard of living, this should be taken into account in assessing the risk that you are able to take.

The key variables to consider in the analysis would be as follows

- Age
- Investment time horizon
- Number of years before retirement (ability to make up any losses incurred)
- State of health
- Number of dependants
- Income and expenditure
- Net worth (assets less liabilities)
- Amount of savings
- Amount of debt
- Availability of funds in the event of a planned or committed expenditure in the next five years
- Amount of insurance held

HOW DO I KNOW WHICH CATEGORY AN INVESTMENT FALLS INTO?

Attached is a summary of the definitions we use and examples of products that may be recommended in each category. Although this may give an indication of your risk profile, we will need to discuss this further to ensure that the outcome accurately reflects your attitude to risk and your capacity for loss to your investments.

RISK v REWARD Points to Consider

- Our regulator, the Financial Conduct Authority (FCA) does not regulate Taxation and Trust advice
- The value of your investment can go down as well as up and you may not get back the full amount invested.
- When investing, your capital is at risk
- Levels and bases of and reliefs from taxation are subject to change and their value depends on the individual circumstances of the investor. We recommend that the investor seeks professional advice on personal taxation matters.

Risk Profiles

Name	Description	
1. Cautious	You are prepared to take only a small amount of investment risk. This means that your portfolio will concentrate on investments which provide low returns in the long term but present low risk to your capital. Only a small amount of riskier assets will be included in your portfolio in order to increase the chance of obtaining better long-term returns. A typical Cautious investor will be invested mostly in fixed interest and cash with a small element (up to about one third) in equities and property which can boost longer term returns but are associated with more risk. The range of assets provides diversification benefits which also help to reduce the overall risk.	
Examples	<ul style="list-style-type: none"> • Government securities • With Profits style funds • Deposit type structured products 	<ul style="list-style-type: none"> • Capital Protected Funds • National Savings
2. Cautious to Moderate	You are prepared to take a limited investment risk in order to increase the chances of achieving a positive return, but you only want to risk a small part of your capital to achieve this. A typical Cautious to Moderate portfolio will have up to half invested in fixed interest products which are low risk but have low returns. The larger part of the portfolio will be invested in equities and property which can boost longer-term returns but are associated with more risk. The range of assets provides diversification benefits which also help to reduce the overall risk.	
Examples	<ul style="list-style-type: none"> • Fixed Interest Funds • Distribution Funds • With Profits Funds • Structured Deposits 	<ul style="list-style-type: none"> • Cautious Managed Funds • Property Funds • Some Equity funds
3. Moderate	You are prepared to take a moderate amount of investment risk in order to increase the chance of achieving a positive return. Capital protection is less important to you than achieving a better return on the investment. A typical moderate investor will usually invest in a variety of assets to obtain diversification. There would be a substantially higher proportion of equities and property compared to fixed interest and cash. The range of asset types helps reduce the overall risks as well as increasing the chance of better returns.	
Examples	<ul style="list-style-type: none"> • Fixed Interest • Distribution Funds • Managed & Tracker Funds • Some Asian & Emerging markets 	<ul style="list-style-type: none"> • UK Equities • Overseas Equities • Structured Products
4. Moderate to Adventurous	You are prepared to take a medium degree of risk with your investment in return for the prospect of improving longer-term investment performance. Short term capital protection is not important to you, and you are willing to sacrifice some long-term protection for the likelihood of greater returns. A typical Moderate to Adventurous investor will be invested mainly in equities but with other assets included to provide some diversification. There may be a small amount of specialised equity within the portfolio.	
Examples	<ul style="list-style-type: none"> • Higher risk Structured Products • Managed & Tracker Funds • Specialist Funds 	<ul style="list-style-type: none"> • Asian and Emerging Markets • Significant % of overseas funds • Offshore Funds
5. Adventurous	You are prepared to take a substantial degree of risk with your investment in return for the prospect of the highest possible longer-term investment performance. You appreciate that over some periods of time there can be significant falls, as well as rises, in the value of your investment and you may get back less than you invest. This strategy holds significant risk in the shorter term. A typical Adventurous investor will be invested entirely in equities, both in the UK and overseas. There may be a significant proportion of the investment in specialised equities.	
Examples	<ul style="list-style-type: none"> • Higher Risk Structured Products • Managed & Tracker Funds • Specialist Funds • High percentage of overseas funds (emerging markets) 	<ul style="list-style-type: none"> • Enterprise Investment Schemes • Venture Capital Trusts • Non-Regulated Funds • Offshore Funds

- *NB - It is important to remember all profiles should contain a spread of different investments which would always include an element of cash. This would also include some safe capital protected investments as a foundation for portfolio building. The range of assets provides diversification benefits to reduce the overall risk for all risk categories.*
- *Individual product risks will be discussed and explained in more detail if recommendations are made.*
- *Risk V term V reward - It is always recommended that a minimum 5-year period is considered for investments which are linked to the stock market.*

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It is important to establish your views on investment risk. This questionnaire is designed to indicate your attitude to risk from the answers to the questions. We would then discuss this in conjunction with the document describing the different categories of risk to ensure the outcome is an accurate reflection of your views.

Question 1				
I would enjoy exploring investment opportunities for my money				
<input type="checkbox"/> Strongly Agree	<input type="checkbox"/> Agree	<input type="checkbox"/> In Between	<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly Disagree
Question 2				
I would go for the best possible return even if there was risk involved				
<input type="checkbox"/> Always	<input type="checkbox"/> Usually	<input type="checkbox"/> Sometime	<input type="checkbox"/> Rarely	<input type="checkbox"/> Never
Question 3				
How would you describe your typical attitude when making important financial decisions?				
<input type="checkbox"/> Very Adventurous	<input type="checkbox"/> Fairly Adventurous	<input type="checkbox"/> Average	<input type="checkbox"/> Fairly Cautious	<input type="checkbox"/> Very Cautious
Question 4				
What amount of risk do you feel you have taken with your past financial decisions?				
<input type="checkbox"/> Very Large	<input type="checkbox"/> Large	<input type="checkbox"/> Medium	<input type="checkbox"/> Small	<input type="checkbox"/> Very Small
Question 5				
To reach my financial goal I prefer an investment which is safe and grows slowly but steadily, even if it means lower growth overall.				
<input type="checkbox"/> Strongly Agree	<input type="checkbox"/> Agree	<input type="checkbox"/> In Between	<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly Disagree
Question 6				
I am looking for high investment growth. I am willing to accept the possibility of greater losses to achieve this				
<input type="checkbox"/> Strongly Agree	<input type="checkbox"/> Agree	<input type="checkbox"/> In Between	<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly Disagree
Question 7				
If you had money to invest, how much would you be willing to place in an investment with possible high returns but a similar chance of losing some of your money?				
<input type="checkbox"/> All of it	<input type="checkbox"/> More than half	<input type="checkbox"/> Half	<input type="checkbox"/> Less than half	<input type="checkbox"/> Very little, if any
Question 8				
How do you think that a friend who knows you well would describe your attitude to taking financial risks?				
<input type="checkbox"/> Daring	<input type="checkbox"/> Sometimes daring	<input type="checkbox"/> A thoughtful risk taker	<input type="checkbox"/> Careful	<input type="checkbox"/> Very cautious and risk adverse
Question 9				

If you had picked an investment with potential for large gains but also the risk of large losses how would you feel?

<input type="checkbox"/> Excited by the potential gain	<input type="checkbox"/> Accepting of the possible highs and lows	<input type="checkbox"/> A little concerned	<input type="checkbox"/> Quite uneasy	<input type="checkbox"/> Panicked and very uncomfortable
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Question 10

Imagine that you have some money to invest and a choice of two investment products, which option would you choose?

<input type="checkbox"/> A product with low average annual return but almost no risk of loss of the initial investment	<input type="checkbox"/> A mixture of the two products	<input type="checkbox"/> A product with a higher average return but some risk of losing part of the initial investment
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Question 11

I would prefer small certain gains to large uncertain ones

<input type="checkbox"/> Strongly Agree	<input type="checkbox"/> Agree	<input type="checkbox"/> In Between	<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly Disagree
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Question 12

When considering a major financial decision which statement BEST describes the way you think about the possible losses or the possible gains?

<input type="checkbox"/> I'm excited about the possible gains	<input type="checkbox"/> I'm optimistic about the possible gains	<input type="checkbox"/> I think about the possible gains and losses	<input type="checkbox"/> I am conscious of the possible losses	<input type="checkbox"/> I worry about the possible losses
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Question 13

I want my investment money to be safe even if it means lower returns

<input type="checkbox"/> Strongly Agree	<input type="checkbox"/> Agree	<input type="checkbox"/> In Between	<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly Disagree
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Client Signature:		Client Signature:	
Print Name:		Print Name:	
Date of Signature:		Date of Signature:	

Expenditure

How much do you currently spend Per Month?

Source	You PM	Partner PM
Essential spending - Mortgage		
Essential spending - Other Mortgages		
Essential spending - Petrol / Car Expenses		
Essential spending - Car Finance		
Essential spending - Bills - Council Tax		
Essential spending - Bills - Gas		
Essential spending - Bills - Electricity		
Essential spending - Bills - Water		
Essential spending - Bills - Oil		
Essential spending - Bills - TV, Telephones, Internet, Sky etc.		
Living Costs - Food & Drink		
Living Costs - Car, Fuel, Transport		
Living Costs - Clothing / Toiletries		
Insurances - Building / Home Insurance		
Insurances - Life, CI, Private Medical		
Insurances - Pet Insurance		
Pensions & Savings - Pension Contributions		
Pensions & Savings - Regular Savings		
Pensions & Savings - Gifts out of Capital		
Miscellaneous - Furniture, Appliances, House Repairs		
Miscellaneous - Housekeeping		
Miscellaneous - Holidays, Days Out, Entertaining		
Miscellaneous - Gym		
Miscellaneous - Childcare		
Other		

Client Signature:		Client Signature:	
Print Name:		Print Name:	
Date of Signature:		Date of Signature:	

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Agency Transfer Request



To whom it may concern

I hereby appoint Padstone Financial Management Limited as my Independent Financial Adviser. To enable them to give me advice, I hereby authorise you (as my Agent) to :-

1. Provide them with any information they may request regarding the under mentioned contract(s),
2. Transfer the under mentioned contract(s) to the agency of Padstone Financial Management Limited along with any commission or adviser fee that is applicable.

Client 1		Client 2	
Full Name		Full Name	
NI Number		NI Number	
DOB		DOB	
Address		Address	
Post Code		Post Code	

Client Signature:		Client Signature:	
Print Name:		Print Name:	
Date of Signature:		Date of Signature:	

PROVIDER	POLICY NUMBER	POLICY TYPE

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DOB		DOB	
Address		Address	
Post Code		Post Code	

Client Signature:		Client Signature:	
Print Name:		Print Name:	
Date of Signature:		Date of Signature:	

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Print Name:		Print Name:	
Date of Signature:		Date of Signature:	

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