January 2009

"The future has a way of arriving unannounced."

– George F Will

INSIDE: SAVINGS RATES

The winner of the 2008 Predict the Portfolio Competition

CONGRATULATIONS TO Mr Geoffrey Johnson from Ripon, North Yorkshire. Events in 2008 affected investments in a way no one could have expected, but, despite this, Mr Johnson has emerged winner of our 2008 'Predict the Portfolio Competition' and receives six bottles of Moët champagne.

Last January we asked readers to predict how the different asset classes of equities, bonds, property and cash would perform relative to each other over the year and Mr Johnson's predictions were the closest.

This year, we are inviting you to enter our 2009 'Predict the FTSE 100 Competition' and to say how you think it will end the year. For full details, please see page 7.

Women can boost State Pension

WOMEN WITH AN INCOMPLETE National Insurance record could buy extra pension years and get a pension worth £30,656 for only £421. But you must move fast as the cost rises this coming April.

Standard Life says that women with less than 10 qualifying years of National Insurance are entitled to no Basic State Pension (BSP), but as soon as they reach 10 years they are entitled to 26 per cent of the full BSP. If a woman only has nine qualifying years, the cost of buying an extra year and qualifying for 26 per cent of the full pension is only £421.20. But if they were to buy an index-linked pension on the open market to draw the same amount per week, it would cost £30,656.

Watch that number!

BEWARE USING TELEPHONE numbers starting 0844, 0845, 0870 or 0871. These 'non-geographical' numbers – where the cost doesn't relate to where you're calling – can cost more than normal geographical-based calls, which usually begin 01 or 02.

Whilst 0870 and 0871 numbers were always charged at a premium, the original intention of local rate 0845 numbers was to allow people to ring national firms without paying long distance call charges. This has all changed because most call packages nowadays price local and national calls at the same rate and, very often, below this standard local rate charge. Furthermore these non-geographical numbers are rarely included in the "free minutes" packages offered by many phone providers.

So, whilst an 0845 number was traditionally a way of a company providing you with an added benefit, many large firms such as British Gas now generate significant profits from you dialling their 0845 number. Furthermore, it is estimated that 10 million people have to use these numbers to book appointments with their doctors surgery, a practice which has recently been criticised. So, before dialling an 08 number, try and identify the normal geographical number. If an alternative number is given for international callers try that: simply replace the '+44' with a '0'. Another way of identifying the lower cost alternative is to use the website: www.saynoto0870.com.

Our cover shot: Wharfedale, North Yorkshire

Make your money work – Best bank and building society unrestricted instant access/no notice accounts

All rates correct as at 8/01/2009 and, as such, do not reflect any reduction arising from the Bank of England Base Rate cut of that date.

Amount	Provider	Account	Gross Rate	Contact
Branch Based				
£1+	Tesco	Instant Access Savings [1]	2.45%	Branch
£2,500+	Northern Rock	Branch Saver 2 [2]	3%	Branch
Postal or Telephone				
£1+	Birmingham Midshires	Direct Telephone Savings Account	3.15%	Call 0845 602 2828
£1,000+	Stroud & Swindon	Postal Account	3.5% [3]	Call 0845 725 2423
Internet				
£1+	Yorkshire Building Society	Internet Saver	3.75%	www.ybs.co.uk

Note 1: Tiered account - higher rates available for higher deposits. Deposits and withdrawals can be made at any Tesco store, except Tesco Express and Tesco Petrol Filling Stations. Note 2: Minimum withdrawal amount is £250. Note 3: Rate is guaranteed to remain at least 0.25% gross above the Bank of England Base Rate until 30 September 2010. Subsequent investments must be at least £100. Sources: www.thisismoney.co.uk, www.moneysupermarket.com, www.moneyfacts.co.uk

Probate Trust eases estate planning

AS YOU GET OLDER YOU'VE PROBABLY considered arranging your affairs so that on your death your family can deal with your estate with the minimum of fuss and delay.

However, you've probably rejected the idea of gifting your house as you don't want to rely on the recipient's goodwill to let you continue living there. After all, the property could become subject to divorce or bankruptcy proceedings which could undermine your security of tenure.

An alternative approach is to gift the property to a trust arrangement of which you are the primary beneficiary and a trustee. You can enjoy the property exclusively in its entirety, but it will be owned by the trustees. However, for as long as you have the right to reside in the property the trustees cannot disregard your rights and so the problems of gifting the property outright don't arise.

The potential benefits of a trust arrangement include:

- The property will pass without difficulty following your death to those you've chosen.
- You can be relieved of the psychological burden of owning a property. It can become the trustees' responsibility to deal with any paperwork to do with the property, including property maintenance, particularly if you lost mental capacity.
- If you leave the property your trustees could sell it and invest the proceeds. You retain the right to the income from this and your trustees could make payments of capital to you if required.
- If, after your death, the proceeds of the property's sale stay within the trust, then any capital retained in the trust and not paid to your chosen beneficiaries falls outside their estate for IHT purposes.

There is another important benefit. Should you have to go into long-term care provided by a local authority, then they may not be able to force you to sell the house to cover the care costs, as you are no longer the owner. This will only apply if the trust is opened when your health is good and you have no expectation of going into care in the short-term. If you meet these criteria then the probate trust could have proven to have a major additional benefit.

■ *For more information on the Probate Trust, talk to your Lowes' Consultant or return the card located between pages 2 and 3.*

Intestacy rules to change in February

NUMEROUS SURVEYS PUBLISHED IN recent years indicated that a large proportion of UK adults lack a valid Will. Consequently, dying 'intestate' means that their assets may not be distributed as they wished and that their nearest and dearest could suffer unnecessary anguish.

If you die intestate, then after the initial valuation of the estate for probate purposes, there is a very rigid set of rules dictating how the assets will be disbursed. If the deceased was married or in a civil partnership, then their spouse or civil partner will not be automatically entitled to the entirety of the estate. Currently, they will only receive the first £125,000 of the assets tax-free (unless there are no children, in which case this figure is £200,000), along with any personal effects.

On top of this they will receive a life interest in half of the remainder of the estate, with the other half passing automatically to the next descendant below in the intestacy 'chain'.

However, the government has responded to growing concerns about the relatively low level of what's termed the 'statutory legacy' and as of 1 February 2009, new laws mean that spouses and civil partners will receive £250,000 – or £450,000 if there are no children.

However, as welcome as these changes are, the way assets may be distributed on death is unlikely to reflect people's wishes. What's more, intestacy may also trigger an avoidable tax liability. Consequently, we strongly advise clients to have a valid Will so their estate is distributed according to their wishes and as tax efficiently as possible.

■ *For more information contact your Lowes' Consultant or call 0191 281 8811 to arrange a meeting, or complete and return the card located between pages 2 and 3.*

COMMENT

Prosperous New Year?

THOSE OF OUR CLIENTS WHO are running small businesses may well recognise a story I heard recently, where one of the biggest banks on the high street wrote to a client shortly before Christmas and offered to extend his £23,000 overdraft at a new interest rate of 21 per cent per annum! When the government pushed the banks into extending facilities to small businesses they obviously didn't negotiate the terms!

At the same time many of you who are at the opposite end of the banking system will be receiving letters telling you that your interest rate is now 2 per cent or less.

I'm afraid we cannot help those who need credit, but we can certainly take the sting out of the current reduction in bank savings rates. For example invest in an ISA at 7.5 per cent per annum and, by taking the income, you will receive the equivalent of having five times the amount invested in the bank.

Obviously, it is not without risk, but certainly worth considering when your income has been reduced by more than 50 per cent as a result of the credit crunch. Talk to your Consultant, you might be pleasantly surprised. It is still possible to put a little of the 'prosperous' back into Happy New Year.

Ian H Lowes,
Managing Director

If you would like to receive further information on any of the subjects featured in this issue of **LOWES** please call: **0191 281 8811**, fax: **0191 281 8365**, e-mail: **client@lowes.co.uk**, or write to us at: **Lowes Group PLC**, FREEPOST NT197, Holmwood House, Clayton Road, **Newcastle upon Tyne NE2 1BR.** Lowes® Financial Management Limited. Registered in England No: 1115681. Authorised and Regulated by the Financial Services Authority.

The point of no ret

Lowes' Consultant, Rod Molyneux, assesses the prospects for interest rates and examines some alternatives for producing income…

EVERYONE SHOULD KEEP at least part of their investments on deposit, and now it is more important than ever to seek out the best rates and to be prepared to move your account if necessary. There's no room for old loyalties.

In figure 1 we show how the returns on some popular savings accounts have declined with Bank of England base rates over recent months. Even Premium Bonds have been hit hard as you can see in Figure 2.

Falling interest rates and high inflation are playing havoc with the finances of people living on savings. Just take a look at Figure 1 which shows how the rates on popular accounts have fallen since January last year. Figure 1 is based on rates as at 7 January this year. The subsequent cut in the Bank of England base rate on 8 January to the lowest level in the Bank's 314-year history will lead to further falls.

So what are the prospects for interest rates and inflation? Can rates fall further as the government bids to stimulate economic recovery? And has inflation peaked? And, if you need income from your savings, what are the alternatives to leaving your money on deposit?

Prospects for interest rates

In the short-term at least, the key to interest rates lies in government efforts to stimulate the economy in the face of the credit crunch and ensuing recession.

At the current time, with inflation at 4.1 per cent, as measured by the government's favoured Consumer Prices Index (CPI), you might expect the official Bank of England base rate to be higher than 1.5 per cent.

So, if we assume that low interest rates will be around for a while yet, what are the prospects for inflation? Can we say that inflation has now peaked, having fallen from its September high of 5.2 per cent and with many pundits predicting further falls? Indeed, Mervyn King, the Governor of the Bank of England, believes we could be on the verge of a period of deflation, where prices will actually start to fall.

What about the falling pound?

Falling interest rates and perceptions among foreign investors that the UK economy

Bank of England: Aiming to get economy

will be one of the hardest hit by the global economic downturn are eroding confidence in the pound and its value against the major currencies. This could prevent prices falling.

For example, on 28 December 2008, £1 was worth only Euro1.04 and USD1.457. A year earlier, on 28 December 2007, £1 was worth Euro1.37 and USD1.99. Now it is the Americans who are shopping in Britain, not the other way around.

While a weak pound increases the price of foreign holidays, pundits say it will benefit UK exporters and boost the economy. However, this effect may not be appreciable. Firstly, our manufacturing base is much smaller than it was. Secondly, a large part of our export earnings in recent years has come from financial

Figure 1: How savings rates have fallen

Provider	Account	1/1/08	7/1/09	Reduction
Alliance & Leicester	DirectSaver	6.13%	1.92%	4.21%
Bank of Ireland (GB)	Card Saver	3.50%	0.00%	3.50%
Birmingham Midshires	Direct Telephone Savings	6.00%	3.15%	2.85%
Cahoot	Savings	5.50%	2.00%	3.50%
Cheltenham & Gloucester	Guaranteed Branch Saver	5.75%	3.25%	2.50%
First Direct	Everyday e-Saver	5.13%	1.74%	3.39%
Halifax	Web Saver	5.26%	2.10%	3.16%
HSBC	Premier Savings	4.07%	1.00%	3.07%
ING	Direct Savings	5.15%	2.75%	2.4%
Norwich & Peterborough BS	Postmaster II	4.15%	0.55%	3.60%
Tesco	Tesco Savings	4.60%	3.35%	1.25%
Bank of England Base Rate		5.5%	2%	3.50%

Source: Moneyfacts and Institutions' websites

turn

/ moving

services, but this industry has been hit hard by the downturn, with much of it now state owned.

Consequently, the main effect of a falling pound may be to increase the price of imports. While this could reduce the demand for many imported goods such as electronic and electrical items and clothes, imports of food and energy, which form a large part of UK consumption, could boost inflation. Also, those manufacturers using imported raw materials will also face higher prices.

■ *For more information on getting the best income on your savings, and advice on the alternatives to deposit accounts, contact your Lowes' Consultant, or return the card located between pages 2 and 3.*

Premium Bonds falling back

National Savings & Investments (NS&I) reduced the Premium Bond 'prize fund rate' from 2.85 to 1.8 per cent from 1 December. This is the minimum rate of interest that holders of Premium Bonds should receive on their investments, given average luck.

When pricing its products, NS&I considers movements in the Bank of England base rate and, with tax-free products such as Premium Bonds, the tax the Treasury would lose out on. A prize fund rate of 1.8 per cent is the lowest ever and reflects the fact that the official base rate in December of 2 per cent was the lowest since the inception of Premium Bonds.

The subsequent reduction in base rate to 1.5 per cent will give rise to further reductions.

Figure 2: Premium Bonds offer less value

	JANUARY 2008	JANUARY 2009
Total number of prizes	1,690,008 million	1,056,077 million
Prize fund rate	3.8%	1.8%
Odds of winning a prize	21,000 to 1	36,000 to 1
Prize band split:		
Higher value prizes (£5,000 +)	8%	4%
Medium value (£500 +)	6%	1%
Lower value (£50 +)	86%	95%

Source: NS&I

Alternative sources of income to deposits

1. Gilts and corporate bonds

Government gilts (or bonds) provide a fixed payment - or coupon - usually half-yearly. However, recent interest rate cuts coupled with high investor demand have driven up gilt prices, reducing their income yield. Shorter-dated gilts maturing within the next five years are now paying less than 2 per cent after basic rate tax.

Corporate Bonds are effectively loans to companies which guarantee a fixed rate of interest and the return of the original capital after a pre-determined time. Because government bonds are effectively guaranteed by the government, and are therefore unlikely to default, corporate bonds offer a higher yield to compensate for the additional risk. The degree to which the yield is above that of government bonds is invariably determined by the credit rating of the company issuing the bonds.

The corporate bonds of higher quality companies, as determined by ratings agencies such as Standard & Poor's and Moody's, offer a lower yield than those of companies less highly rated. The gap between government bond yields and those of corporate bonds is currently at historic levels, and this is partially a result of the economic recession. However, another major factor has been the impact of forced sellers needing to raise cash irrespective of the current valuation levels. The possibility of losing from individual companies defaulting on their obligations can be reduced by investing in a managed bond fund where the manager invests in a diversified portfolio of bonds.

2. Equity income funds

These invest in companies paying high dividends. The large fall in share prices over the past year has made the income from company dividends more attractive but, again, the recession increases the risk that the capital value of the shares could fall further, or that companies may cut their dividends.

3. Structured products

Some of these offer a fixed income for a set period. They are similar to a corporate bond in that at least part of it is akin to a loan to a major financial institution, but the income is enhanced by exposing the capital to a degree of stockmarket risk.

CORPORATE BONDS

The King is Dead! - Long live the King!

AS A NEW YEAR BEGINS IT'S HARD to believe that only 12 months ago the rapidly expanding emerging economies of Asia and Latin America and the soaring demand for oil and commodities such as metals and grain were seen as a major threat to the low inflationary environment the global economy had experienced over the past decade.

A year later, however, inflation is a thing of the past. The global credit crunch has meant that the world's central banks and governments are using every tool available to ensure that a 1930's style depression is avoided. Interest rates in the US are down to zero and in the UK Mervyn King refuses to rule out a similar response, and at the very least a rate of 1 per cent is now being priced in for early in 2009. There is also the distinct possibility that interest rates will remain around that sort of level for some time to come. Even the European Central Bank has had to reverse its cautious stance and has begun cutting rates.

In this environment cash is no longer King. The returns available on high street cash deposits are looking decidedly unattractive and are likely to go lower. Therefore, anyone seeking a decent rate of interest on their savings needs to start looking elsewhere, and fast.

So who, or more appropriately what, is the King? We believe the answer to that question may be a portfolio of Corporate Bond funds. Corporate Bonds are effectively loans to companies, which guarantee a fixed rate of interest and the return of the original capital after a pre-determined time; provided the company can meet its obligations. In the last few years Corporate Bonds have been used by certain types of investment companies, including hedge funds, for use as collateral against loans taken out to gear up their investments. However, as the loans were contingent on the value of the hedge funds' portfolio remaining over a certain level, the correction in the markets has meant that the hedge funds became forced sellers. Unfortunately for them they have been forced to sell at distressed prices at a time when buyers have been noticeable by their absence.

This combination of lower interest rates and Corporate Bonds at low prices is, however, great news for lower risk investors looking to lock in attractive yields and, potentially, get the additional benefit of capital growth as the economy stabilises. The higher quality, investment grade bond market in particular is looking extremely good value at present, with the wide gap in the yield they offer above government bonds not seen since the Great Depression in the early 1930s.

As a further indication of how oversold the corporate bond market is currently, research by Deutsche Bank shows the main corporate bond index is so oversold that it translates to a factoring in that 24 per cent of investment grade bonds will default over the next five years! While there will undoubtedly be companies defaulting over that period, this priced in level of defaults is pretty extreme given the worst level of defaults since 1970 has been 2.4 per cent, while the average has been just 0.8 per cent. This means that the level of defaults needs to be 10 times that of the worst level of the last 38 years before the returns fail to exceed those of government bonds. As a result, many bond funds are offering income of between 8 and 12.5 per cent (tax-free within an ISA) with the prospect of capital growth over the medium to long-term.

Picture: Bank of England

King: Zero per cent not ruled out

Therefore, while we continue to believe that equities will be the main source of capital growth in a diversified portfolio over the long-term, the current pricing of corporate bonds reaffirms our belief that investors should consider diversification where appropriate. It is apparent to us that the addition to an equity portfolio of an actively managed blend of the right corporate bond funds could reap attractive rewards over the medium-term. However, we also believe that at current levels this is an opportunity which won't be available for long.

So with deposit rates falling dramatically, whilst acknowledging the additional risk, corporate bond funds may be the key to preserving returns. That said, the importance of diversification should not be overlooked. With this in mind, some deposit capital that would otherwise be earning very low returns may be better served if exposed to a degree of risk in a suitable portfolio. Such a portfolio would be designed to benefit from the recovery in confidence in corporate bonds and also from a recovery in equity and commercial property markets in general.

■ *If you wish to explore the opportunities that currently exist with corporate bond funds or a diversified balanced portfolio designed to benefit from the recovery, please contact your Lowes Consultant or return the card located between pages 2 and 3.*

5 YEARS AGO

How did it perform? – The Woolwich Premium Protected Growth Plan

IN OUR ONGOING SERIES EXAMINING the progress of investment products we featured in Lowes Magazine five years ago, we report on the Woolwich Premium Protected Growth Plan which we promoted in our New Year 2004 issue.

This product was a 5½ year investment linked to the FTSE 100 Index which offered the opportunity to participate in the recovery of the Index without exposing your capital to the risk of a loss if such a recovery failed to materialise.

So, even if the Index falls between the start date of the investment on 11 March 2004 and its maturity date on 10 September 2009, the plan is designed to return the capital. However, if the Index rises over this period, then the plan is designed to return the original investment plus the equivalent rise. So the investment tracks the ups but not the downs. This plan is not due to mature until September.

COMPETITION

Predict the FTSE in 2009

WHERE WILL THE FTSE 100 INDEX BE at the end of 2009? Do you think the volatility of 2008 will be repeated in 2009? Will the credit crunch continue to dominate the markets? Or do you agree with the Fidelity stockpicking legend, Anthony Bolton, that the markets will stage a big recovery?

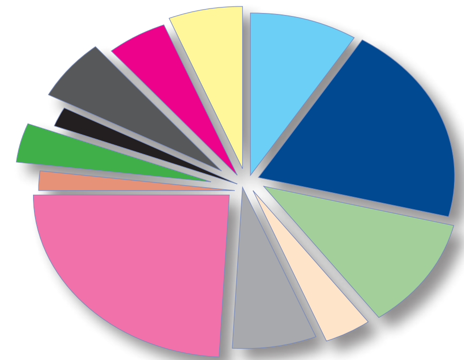
It's your call and all you have to do to enter our 'Predict the FTSE 100 Competition 2009' is to write your prediction and your details on the pull-out reply paid coupon inside this magazine and then return it to us by 14 February.

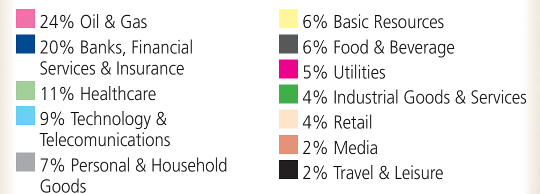
The individual whose prediction is closest to the actual value at the close of business on 31/12/2009 will be declared the winner. Any tied entries will be placed in a draw. The prize will be an enormous helping of bubbly – six bottles of Moët Champagne!

To enter, just complete the card inserted between pages 6 and 7 of this issue of Lowes Magazine.

To help you better understand the FTSE 100, our chart at right illustrates the main sectors which make up the Index.

What's in the FTSE 100 as at 8 December 2008





MARKET COMMENT

The man with a plan

US president elect Barrack Obama is good news for the markets and for investors says Melvyn Bell, Lowes' Investment Manager…

EIGHTEEN MONTHS AGO MANY pundits were doubting the importance of a healthy US economy to the rest of the world, suggesting that the emerging economies of Asia and the Far East were now less influenced by events in the US. However, the credit crunch has disproved that theory and it is clear that a stable US economy is essential for global recovery.

The emergence of Barrack Obama onto the US presidential scene has therefore assumed considerable importance. Although many have expressed doubts that he has the experience needed to deal with the problems he is inheriting, many more believe that here is a man who is probably the most able incumbent of the office for a long time.

Rather than wait on the sidelines until his presidency formally begins, Obama has flung himself into action. In common with many of the best world leaders, he has surrounded himself with a cabinet full of experience. They include Paul Volcker and Warren Buffett. Volcker was Federal Reserve Chairman in the period between 1979 and 1987 and insisted on strong regulation of the financial services industry – a view that brought him into conflict with Ronald Reagan and lost him his position. Buffett is one of the world's most successful and shrewdest investors and is noted for his long-term investment philosophy and his common sense view: "If you don't understand it, don't invest in it." Although a multi-billionaire, his 2006 annual salary was about US$100,000.

Obama's advisers reject quick fix ideas like tax rebates, saying they won't work and are unlikely to be compatible with Obama's aim of "making sure we jump-start the economy in a way that doesn't just deal with the short-term, but also puts us on a glide path for long-term sustainable growth". The incoming president has in effect articulated a new industrial policy where future growth will derive from such areas as green energy and advanced telecommunications – indeed, during the primary elections, Obama said future developments in the area of green energy would be as significant economically as computing was in the past.

On taking office Obama plans to implement a vast economic reconstruction effort designed to create 2.5 million jobs with a price tag ranging from US$700 billion to US$1 trillion. Whether this will be a lasting cure is uncertain, but it will at least limit the depth of a recession that the equity and bond markets have more than priced in.

Irrespective of my view that Obama is good news for the US and the world economy, the fact that he is a Democrat also bodes well. Research by Larry Greenberg the chief economist at Ried, Thunberg ICAP, the leading US fixed income traders, covering the period 1961 to 2000 (20 years of Democrat presidency and 20 Republican) unequivocally shows that under the Democrats economic growth is higher and inflation is lower. However, I must stress that past performance is no guide to the future!

12% – Worth the risk?

WITH INTEREST RATES PLUMMETING, many people are looking to alternatives to bank and building society accounts.

However, it must be appreciated that most alternatives add an element of risk over and above the risk of the relevant banking institution failing. This could be the risk of having your capital tied up and then finding that you need it, with the result that you may have to sacrifice the interest that you would have earned and so achieve no return on your investment. Or, it could be that some or all of your capital may be lost. Sometimes, though, the risk may be well worth taking.

Whilst everyone should always retain sufficient deposit capital to cover short-term spending needs and unforeseen emergencies, if you are prepared to accept an element of defined risk on some of your deposit capital, the HSBC FTSE Early Bonus Plan may be worth considering.

In order for the FTSE Early Bonus Plan to result in a loss one of the following would need to occur:

- You find you have to encash your investment before it matures:

  The investment has the potential to mature on any of its anniversary dates but, at the very latest, the maturity proceeds will be distributed on 3 April 2014.

- HSBC Bank Plc defaults on its obligations:

  HSBC is one of the world's largest banking and financial services providers and has a 'AA' rating from Standard & Poor's, indicating that it has very strong financial security.

- The FTSE 100 Index does not rise during the term (as measured on each anniversary) and at the end of five years it is 50 per cent or more lower than the level recorded on 20 March 2009:

  Whilst we have no way of knowing where the Index will stand on 20 March, if we assume it is at the current level of 4500 (at the time of writing) then it will need to close below 2251 on 20 March 2014 to give rise to a loss.

The last time the FTSE closed below 2250 was in 1991, so such a fall would effectively translate to the Index going sideways for a period of 23 years. Whilst nothing is impossible, and there may be further volatility to come before the current crisis is over, we feel that this scenario is unlikely.

What's the potential return?

Well, quite simply, if on the first anniversary the FTSE 100 is higher the investment will mature and you will receive your original capital plus 12 per cent. If this does not occur but it is higher on the 2nd anniversary you will receive your original capital plus 24 per cent.

If this does not occur, year three gives the potential for a 36 per cent gain, year four 48 per cent and, finally, if the plan runs through to year five, because on none of the previous anniversaries the Index was higher than the level recorded on 20 March 2009, the investment will mature repaying either:

- If the index is higher on 20 March 2014 - your original capital plus 60 per cent, or,
- If the Index is lower, but not by 50 per cent or more - just your original capital with no interest, or,
- If the Index is lower by 50 per cent or more - your investment capital less a reduction that corresponds with the percentage fall in the Index.

The FTSE 100 certainly has potential to recover some ground over the coming years. As this investment only requires the Index to be the same or just slightly higher on any of the next five anniversaries in order to produce a very attractive return and, as Index falls of any percentage during the investment term have no bearing on the final maturity value, we feel that it is well worth considering.

How to Invest

In order to participate in this investment, in every instance, we as Independent Financial Advisers are obliged to assess the suitability of the investment for you. This is a requirement insisted on by HSBC, but which we believe to be a small inconvenience to those who wish to avail themselves of such an attractive investment in this era of low interest rates.

If you choose to proceed, it will therefore be on an 'advised basis' and, as such, you will retain all of the relevant protection afforded to you by the Financial Services Authority. You will not be charged for this service, as adviser remuneration is built into the investment contract, and we will only be paid by HSBC if you decide to proceed.

■ *Please either contact us on: 0191 281 8811, by email at: enquiry@lowes.co.uk or return the enquiry card located between pages 2 and 3 of this issue and we'll do the rest.*