Summer 2006

"When I want to think, I sit. When I want to change, I act."

– Japanese proverb

INSIDE - IHT planning more crucial than ever

Get your voice

IF YOU'RE APPROACHING retirement or have already retired, then a new organisation called Heyday aims to help you have your say on such burning issues as work, ageism and pensions.

Heyday has been set up by Age Concern to represent the so-called 'babyboomer generation' – the children of the rock & roll era and an altogether different group to its more traditional and senior constituency. Ailsa Ogilvie, Director of Heyday, says: "The Heyday generation is part of the 'quiet revolution' taking place in the UK. They want to make the right choices to prepare for a very different kind of retirement to that experienced by their parents and grandparents."

- *To find out more, visit www.heyday.org.uk or call: 0845 888 2222.*

Prospective client seminars

The Sage, Gateshead Photo: Alex Telfer

WE ARE RUNNING A FULL PROGRAMME OF financial planning seminars for prospective clients covering a range of topics including Inheritance Tax Planning, Investment Risk and Reward, Income and Capital Gains Tax Reduction, and Home Equity Release.

We are delighted that over 98% of those who have attended our recent seminars who completed an appraisal form felt their time had been well spent. So, if you know of anyone who isn't a client and could benefit from impartial advice on these key areas, then please ask them to visit our website at ***www.lowes.co.uk*** for more information and to register. Upcoming locations include The Sage Gateshead, Durham Castle, Warrington and Croydon.

China wins the world cup

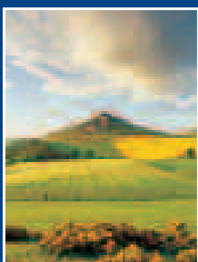
China: The real winners

CHINA MAY NOT HAVE WON the football World Cup but, when it comes to economic growth, there's little doubt that it's the global champion!

- Its economy grew by a higher than expected 9.8% in 2005 beating the 9.5% of 2004*.
- According to revised official figures from China's National Bureau of Statistics, GDP reached almost 16 trillion yuan ($2 trillion; £1.1 trillion) in 2004, making it the world's sixth largest economy, overtaking Italy.
- Many economists predict that China will rise to fourth place in the global GDP list in 2006, passing both the UK and France in the process.

Meanwhile, to emphasise China's role as the manufacturer for the world, exports are approaching US$1,000 billion or 10% of the global total**.

Sources:
** China Economic News, Jan 9, 2006.*
*** Lombard Street Research, 12 June 2006*



The photograph on this issue's cover is of Roseberry Topping, Cleveland, North York Moors

Make your money work

Best bank and building society instant access/no notice accounts

Branch Based

Amount	Provider	Account	Gross Rate	Contact
£1+	Co-op Bank	Smart Saver	3.75%	Branch

Postal or Telephone

Amount	Provider	Account	Gross Rate	Contact
£1+	ING Direct	Savings Account	4.5%	0800 376 8844 to request application form and information pack[1]

Internet

Amount	Provider	Account	Gross Rate	Contact
£1+	Sainsbury's Bank	Internet Saver	4.75%	www.sainsburysbank.co.uk
£1,000+	Bradford & Bingley	eSavings	4.85%	www.bradford-bingley.co.uk

Note 1: Account holders must be 18 or over, be a UK resident and hold a UK current account (with a cheque book and direct debit facility). Sources: www.thisismoney.com, www.moneyextra.com 03/07/2006 . All accounts subject to terms and conditions

Crackdown on offshore savers

IN THE SUMMER 2005 issue of Lowes we reported on the EU Savings Directive. It has now been in force for just over 12 months and recently there has been a major development.

The Directive cracks down on tax evasion and requires automatic disclosure of information between all EU members states as well as other jurisdictions such as Jersey, Guernsey and the Isle of Man.

During June, following a ruling by the Special Tax Commissioners, HM Revenue & Customs (HMRC) ordered Barclays to hand over the names and addresses for the offshore accounts of UK customers along with transaction details for six selected months going back over the last six years.

Special Commissioner John Avery said HMRC's suspicions that a number of individuals were potentially evading tax was enough for him to rule that the bank should hand over information.

HMRC said it was aware of 9,300 Barclays customers with UK addresses and accounts outside the UK, but fewer than a fifth of them had filed UK tax returns while only 3.5% had declared any foreign income.

Potentially, hundreds of thousands of UK citizens with offshore accounts are likely to be affected and the accountancy firm PKF has reportedly estimated that if HMRC investigations are extended to cover all major UK banks, up to £4 billion in unpaid tax could be recovered.

Peter Silk of the Institute of Chartered Accountants in England & Wales warned: "So-called tax havens like the Channel Islands are now becoming a thing of the past for UK offshore account holders who have not disclosed their details to HMRC."

We have always been actively against tax evasion and, if you are one of the millions who has undeclared income in an offshore account, now is the time to come clean or, at the very least, transfer the funds to a UK account where the tax due will be deducted at source.

- *For advice on where to invest your previously undeclared funds please contact your usual consultant or our office on 0845 1 484848.*

Beware lottery 'fake cheque' scam

THE OFFICE OF FAIR TRADING (OFT) IS WARNING CONSUMERS not to respond to a new type of lottery scam which uses counterfeit cheques to try and convince recipients that their promised win is genuine.

The mailing, from the 'Australian Lottery Corporation', states that the recipient has won $750,000 but must first pay taxes and insurance. Recipients are advised to call an agent for more information. A $4,880 counterfeit cheque personally made out to the recipient, and allegedly drawn on a reputable American bank, is also attached to the mailing as part of the alleged winnings to cover the 'necessary payments' the consumer needs to make.

Anyone contacted about a lottery win who suspects it may be a scam can call Consumer Direct on 08454 04 05 06, the consumer advice service funded by government and managed by the OFT.

COMMENT

Do you know?

WHEN DISCUSSING SHORT-TERM STOCKMARKET movements a wise man once said: "There are those who don't know and there are those who know they don't know." We know that we don't know and so the predictions of a stockmarket correction that we have made in recent issues of this magazine were founded on the knowledge that markets do not rise in straight lines and corrections – both slight and severe – will always occur.

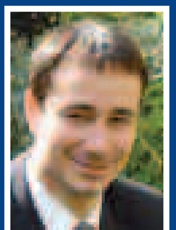
On 21 April 2006, shortly after our last magazine was published, the FTSE 100 reached a peak of 6,132.7 and then corrected by nearly 11% to 5,506.8 on 14 June 2006.

As ever, the stockmarket correction led to many private investors around the world being motivated to sell their investments and a number of professional investors lining up to buy them.

Those that sold at the bottom have been left licking the wounds of their losses and those who bought have been rubbing their hands having, at the time of writing, made a 6% gain in a few short weeks.

So where to from here? The reality is that in the short-term no one knows. What we do know is that in the long-term, the stockmarket will, in general, out-perform deposits, gilts and corporate bonds and you should never attempt to time an entry to, or exit from the market based on its recent movements. Whilst you may occasionally get it right, the chances are that in the long-term you will get it very wrong. Those who lose out in the long-term are those who are motivated to sell when the market falls and only invest once it has risen.

The relative position of the stockmarket should not dictate your investment philosophy. You should invest in a diversified portfolio which includes a range of asset classes when you have the funds to do so and only disinvest as you approach the time when you need those funds.



Ian H Lowes,
Managing Director

Brown boosts need for

Tax changes on trusts signal the government's d
inheritances. Lowes' Compliance Manager Neil

IN A TOTALLY UNEXPECTED MOVE, Chancellor Gordon Brown used the March 2006 Budget to announce new rules relating to the tax treatment of trusts. The effect has been to create confusion, concern and, quite possibly, a lot of unnecessary cost when it comes to inheritance planning.

The Chancellor's aim was to counter the use of trusts as Inheritance Tax (IHT) avoidance vehicles by the very wealthy. However, the proposals put commonly used IHT planning trusts known as accumulation & maintenance (A&M) trusts and interest in possession (IIP) trusts on the same tax footing as less tax favoured discretionary trusts.

This means cumulative trust settlements above the IHT nil rate band (£285,000 in the current tax year) may face three taxation points:

Tax point 1

A lifetime transfer charge at inception of 20% of the amount transferred into the trust which, together with any settlements to discretionary trusts in the preceding 7 years, is in excess of the nil rate band.

Tax point 2

Periodic charges on each 10th anniversary of inception which will be 6% of the value of the trust in excess of the nil rate band applicable to the trust at that time. This will be equal to the then current personal nil rate band, but reduced by the value of capital paid out of the trust in the 10 years immediately preceding the 10th anniversary.

Tax point 3

Charges on any assets leaving the trust with the tax at that point being based on the effective rate of tax paid at inception or the 10th or 20th anniversary, whichever is most recent.

The proposed changes were intended to catch large settlements – not nil rate band planning, which commonly forms the basis of IHT planning arrangements. As things stand, if a tax charge on a nil rate band trust is ultimately applied it should only be in respect of the value that the trust assets have grown in excess of inflation and, even then, should be low.

However, the proposals provoked widespread concerns that they would undermine the plans of many thousands of people using trusts in their wills, either to protect their spouses or civil partners, or to ensure their children did not have access to capital until they reached a responsible age.

Among the critics was Shadow Chancellor George Osborne who said:

● David Cameron: opposed Brown's IHT plans

"We debated this in the House of Commons, we voted against it while the Chancellor voted for it, and we campaigned with a large number of organisations and hundreds of thousands of families being hit by the iniquitous new tax." During June and after considerable lobbying the Chancellor relented.

Early planning can save you tax

One simple step that you can take now is to set up a 'default' trust which can be used at a later date should it prove advantageous to do so.

Why would you want to do this?

Under the new rules, the key issue with trusts is whether or not they will incur a tax charge – on inception, on each 10th anniversary, or on the transfer of funds out of a trust. This all depends on whether the trust assets exceed the nil rate band prevailing when such a charge might fall due.

By establishing a default trust now for use at a later date, you gain greater flexibility. e.g. if the settlor (the person setting up the trust) died seven years after the default trust was set up, then assets up to the nil rate band could be transferred into it. Because the assessment to determine whether or not a periodic charge would be payable would take place after just three years, and because the level of the nil rate band is often known three years in advance, the trustees would be in a stronger position to ensure the trust assets did not exceed the nil rate band. Alternatively, a new trust could be set up on death if this was likely to prove advantageous.

Such flexibility is likely to be of considerable importance given the growing role of IHT in government revenue raising (see Figure 1).

Figure 1: C
estates subj

Tax year of death
1997/1998
1998/1999
1999/2000
2000/2001
2001/2002
2002/2003
2003/2004
2004/2005
2005/2006

Source: Canada Life/HM

IHT planning

…determination to boost tax on … McLachlan reports …

The original proposals would have affected life interest trusts established on death to protect the interests of a surviving spouse or civil partner. In effect, the estate would have lost the benefit of the spouse's/civil partner's IHT exemption and have been subject to tax at 40% on the value of the estate above the nil rate band. Brown's U-turn means these trusts will not now be affected by entry and exit charges.

In addition, it will still be possible for families to create trusts in favour of children which extend beyond age 18 up to age 25 – albeit at a price. Under the original proposals, such trusts would have had to pay out the assets to the children once they reached age 18 – or face a tax charge. The amended proposals provide that, where the age at which children take capital outright is no greater than 25, the tax charge will only apply for the period between ages 18 and 25. This could lead to a tax charge of up to 4.2% when the children become entitled to the property outright at age 25.

A waste of money?

Although the amendments mean that the vast majority of people are unlikely to be seriously impacted by changes to the rules, there is still considerable uncertainty.

The upshot could be unnecessary cost. As the Shadow Chancellor put it: "It remains to be seen how much money has had to be wasted by families forced to consult lawyers and accountants."

Even on huge estates, it has been estimated[1] that when it comes to the periodic charge, it would require a trust fund of £17.1 million to trigger a periodic charge as high as 5.9% on the whole fund.

Where to now?

Even assuming that the tax changes have little effect on the majority of people, what they have made clear is the government's determination to maximise the tax take on inheritances. This makes it more important than ever to start IHT planning sooner rather than later *(see 'Early planning can save you tax')*.

Advanced planning could be absolutely crucial if, as one expert predicts, Gordon Brown is preparing a further crackdown on estate planning *(see 'More to come?')*.

- *For more information contact your usual Lowes consultant or our office on 0845 1 484848.*

Sources:
(1) threesixty services LLP: Taxation of Trusts and the 2006 Budget.

…hange in the number of …ect to IHT since 1997/1998

Number of estates	Inheritance Tax
18,000	£1,700 million
18,000	£1,800 million
21,000	£2,000 million
22,000	£2,200 million
23,000	£2,400 million
25,000	£2,400 million
30,000	£2,500 million
34,000	£2,900 million
37,000	£3,200 million

…IRC. Note 2005/2006 figures are estimates

More to come?

According to a recent report on the influential news service, Citywire, Peter Legg, the head of IHT Planning at Vantis Tax, who spent 18 years working at HMRC, the Treasury's decision to curb the use of trusts in IHT planning could be the first of several sweeping changes to the IHT regime originally outlined in Labour's 1991 pre-election manifesto.

Legg believes the government may reintroduce capital transfer tax between individuals in next year's Budget: "Now that he [Gordon Brown] has said from 22 March 2006 all transfers into a lifetime trust are a chargeable event, it seems a natural progression that next year he will reintroduce a charge on all transfers of assets between individuals."

The older you get, the more it costs

REPORTS IN THE APRIL AND OCTOBER 2005 issues of Lowes that many clients face an inflation rate above the official government figure have been corroborated by research from Alliance Trusts.

The research has found that:

- Inflation rises with age – on average in the two years studied (2003, 2004) the inflation rate of households run by the over-75s was 67% higher than under 30s' households.
- In every month of 2003 and 2004 homes run by people of retirement age (65+) faced higher inflation than those of working age.
- The biggest difference between the oldest and youngest groups was in April 2004 when homes run by over-75s faced an inflation rate 136% higher than homes run by under-30s. The smallest difference was 28% higher in March 2003.
- The oldest households' average inflation was 36% higher than the average experienced by all households.

Alliance Trusts found the reasons for this trend were:

- High proportion of over 75s households' total spending goes on food and beverages – nearly 19% of total spending in the case of the oldest households, but less than 9% in the case of the youngest, although the actual amount spent on food is similar in both cases.
- The oldest households have a higher than average proportion of spending on health-related products and on insurance – particularly household and medical.
- The inflation rate for the oldest households has been pushed even higher by rising fuel, gas and electricity prices. These account for a higher percentage of the total outlays of elderly households, making the impact of rising prices even more severe.
- Younger households spend a greater proportion of their outlays on clothing and footwear, and the fact that prices in this sector have been falling heavily for some time has helped to keep their inflation rate relatively low.
- Younger households spend relatively more on audio-visual products, and have benefited from significant price falls in this sector.

Alliance Trusts says: "The findings suggest that it might be inappropriate to link age-related benefits to a national average for inflation."

5 YEARS AGO

How did it perform?

In the first of an ongoing series examining the progress of investment products we featured five years ago in Lowes magazine, we report on two products…

FIRST, THE HSBC UK GROWTH & Income Fund which featured in our April 2001 issue of Lowes magazine. Over the period since we have seen the index of leading UK companies in the FTSE 100 Index fall from a level of 5,928 on 1 May 2001, to a low of 3,287 on 12 March 2003, and then back up to a closing level of 5,888.9 by 7 July this year – not quite where it was five years ago.

In comparison, the price for HSBC UK Growth & Income accumulation units on 1 May 2001 was 66.41p and on 7 July 2006 it was 82.01, a rise of 23.49%.

Summary: HSBC UK Growth & Income fund	
	Rise (Fall) from 1/5/2001 to 7/7/2006
FTSE 100	-0.66%
HSBC UK Growth & Income fund	+23.49%

The second product is the Norwich Union With Profit Bond and featured in the July 2001 issue of Lowes magazine.

A client who invested £20,000 in this product on 3 August 2001 and took no income would now have an investment worth £23,703.11, or a surrender value of £23,522.22 (after the deduction of a Market

Summary: Norwich Union With Profit Bond	
	Rise (Fall) from 3/8/2001 to 7/7/2006
FTSE 100	+6.15%
Norwich Union With Profit Bond	+17.61%

INVESTING IN PROPERTY

Commercial property fall on the way?

COMMERCIAL PROPERTY investment can take place directly by purchasing property, or indirectly through property company shares and property funds.

All approaches are proving popular with private investors seeking a steady income stream and the prospect of good long-term returns, and there have been about 20 property fund launches since they qualified for ISA status last tax year. Next year, the advent of real estate investment trusts (Reits) could add further momentum, especially if quoted firms such as Land Securities and British Land convert into these tax-efficient vehicles.

● Commercial property: wheels set to fall off?

Investor interest is easy to understand. The commercial property sector as measured by the FTSE All Share/Real Estate Index has outperformed the FTSE 100 in five of the last seven years. Figures from DTZ[1] on returns (the average increase in property values plus rental income) show that commercial property has had 13 good years in a row and that returns have averaged 12.8% over the past decade.

But is the bubble about to burst? It's estimated[1] that rental yields on commercial premises have fallen from 8.5% in 2001 to 6% now, leaving a much reduced margin over short-term interest rates. The Bank of England recently noted that 39% of total UK bank lending to private non-financial companies was to the commercial property sector, compared with 18% in 1998, 22% at the last peak in 1992, and less than 10% in the early 1980s.

However, investing in commercial property on the back of historic performance does not increase rental demand, but may only suppress rental yields and property values. In Lowes' view, this could be a bandwagon where the wheels are set to fall off. That said, no one knows for sure and commercial property could continue to show good returns. As a result we continue to recommend investing as part of a well diversified portfolio.

Sources: (1) Sunday Times, 16 April 2006.

Tax drag on second homes

PURCHASING PROPERTY IN the belief that price rises will deliver capital growth, certainly over periods of less than 10 years, is an extremely risky business. Whilst we could of course be completely wrong, in our view, a significant house price correction is on the cards, while exposure to a single asset class only enhances risk through a lack of diversification. However, if you do opt to invest in residential property, be warned that potential investment gains may be significantly less than anticipated. The risks are greatest for the typical 'amateur' landlord who only has one or two properties to let. In particular:

- The property may not be occupied for significant periods during which there will be no rental income.
- Maintenance and letting agency costs can be substantial, not to mention the new requirement to have an HMO (House in Multiple Occupation) licence.
- If a mortgage is used to purchase the property, interest rates are more likely to rise than fall in the short term.
- Sale of the property could create a significant Capital Gains Tax (CGT) liability.

The point about CGT is crucial, especially to a higher rate tax payer. The capital gain on an investment property or second home could face tax at between 24% and 40%, depending on how long you've owned it and the deductions for indexation, taper relief and costs.

MARKET COMMENT

Is the music over for Emerging Markets?

By Melvyn Bell, Lowes' Investment Manager

India: Catching up

FOR INVESTORS BECOMING complacent about the risks of investing in the world's emerging markets, the past few weeks have demonstrated that they are not impervious to events in the developed economies.

Fears that inflationary pressures building up in the US and Europe will lead to higher than anticipated interest rates in the major economies and have an adverse effect on global growth have seen world equity markets fall with emerging markets leading the decline. For example, in the five weeks from 5 May to 9 June, the Investment Managers Association (IMA) Global Emerging Markets sector average tumbled 18.1%.

Consequently, the viability of investing in emerging markets is again being questioned. This is not new. *The Daily Telegraph* on 11 November 2004 asked: "Emerging Markets: should you still invest in them?". In retrospect the answer was "yes" as between 12 November 2004 and 9 June 2006 the average performance of all funds in the IMA Global Emerging Markets sector rose 48.8% – despite the 18% fall in the final few weeks.

Nor is this recent decline unusual. While the IMA Global Emerging Markets sector rose 89% in the five years between 3 May 2001 and 9 June 2006, this conceals the fact that it fell by 30.6% between 8 June 2001 and 21 September 2001 and by 32.5% between 19 April 2002 and 11 October 2002. More recently, it fell 15% between 16 April and 18 June 2004. The recent market movements are a timely reminder for investors that emerging markets are more volatile than their larger cousins and that sentiment can quickly shift.

So what of the question: "Emerging Markets: should you still invest in them?" We believe the answer is still "yes", but this comes with caveats, in particular that investing in Emerging Markets funds should always be considered a long-term investment and should always form part of a diversified portfolio. We believe this because, in the process of economic globalisation, nations like China, India and Russia are rapidly catching up with the developed western economies. Last year China grew by 9.8%, India by 7.6% and Russia by 6.4%. In contrast, the UK grew just 1.8%. But it should also be remembered that these economies are still some way from matching the productivity of the more developed ones. For example, the GDP per capita in the UK is $30,300, compared to $6,800 in China and $3,300 in India.

- *For advice on investing in emerging markets as part of your diversified portfolio, please contact your usual consultant or our office on 0845 1 484848.*

ETHICAL INVESTING

Green for marketing

MANY FUND MANAGERS RUN 'GREEN' OR SOCIALLY RESPONSIBLE Investment (SRI) funds, where investment principles supposedly incorporate non-financial criteria such as ethics and environmental sustainability. But is it a marketing ploy designed to exploit moral sensitivities?

When investing with a conscience first arrived on the scene in the 1970s, companies associated with guns, tobacco, etc. were rigorously excluded. But things have changed. In a recent critique of SRI, James Thier, Executive Director of Australian Ethical Investment, noted: "Research both here and overseas shows there is often little to differentiate a socially responsible portfolio from standard counterparts."

This situation owes much to such factors as UK pensions legislation which requires pension scheme trustees to develop a Statement of Investment Principles on Socially Responsible Investment. However, trustees also face a legal requirement to protect the long-term financial interests of scheme members by delivering the best investment returns they can.

As a result, fund managers, anxious to win pension fund business, developed the concept of 'Active Engagement'. This enables them to

include major companies on the grounds that corporate behaviour is more effectively influenced from within than by penalising it from without.

In practice it means that a petrochemical giant like BP can claim it is not just an oil company, but a progressive energy giant which, while its core business is oil, sees its future increasingly in the development of renewable energy embracing wind, wave and solar systems. But as inclusive and progressive as it seems, is it what many green investors have in mind?

- *If you're considering socially responsible investments it is important that you and your adviser establish what are and are not acceptable investments and that a portfolio is designed around your particular preferred 'shade of green'. For more information please contact your usual consultant or our office on 0845 1 484848.*

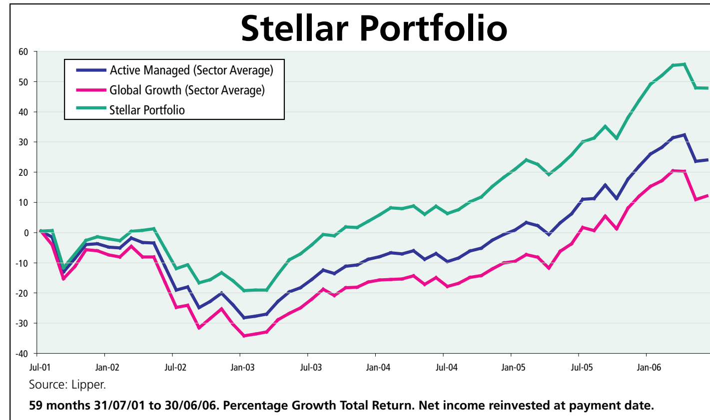
Stellar shines again!

IN APRIL LAST YEAR THE BACK page of the Spring edition of Lowes magazine carried the headline 'A Stellar Opportunity'.

The article introduced what we believed to be a balanced portfolio of funds, which had been constructed to provide above average returns over the medium to long-term. It is now approximately 15 months since that article was published and it is encouraging to report that in the 65 weeks since 1 April last year the Stellar Portfolio has achieved a total return* of 20% plus.

This return has been achieved despite the recent correction in the stockmarket and, while it is always disappointing to see the value of investments being eroded, we believe the correction creates a further investment opportunity.

Needless to say, memories of the 2000/02 bear market are still fresh in the mind. However, unlike at the beginning of the decade, most companies now have healthy balance sheets and valuations are at the lower end of historic trading ranges rather than the high. Whilst we believe that attempting to time an entry into the market for best advantage is futile, we feel that this correction in the market provides a window of opportunity to invest in a portfolio of funds managed by what we believe to be some of the most able fund managers in their fields, from Jupiter Asset Management and New Star Asset Management.



Source: Lipper.

59 months 31/07/01 to 30/06/06. Percentage Growth Total Return. Net income reinvested at payment date.

12 month discrete portfolio performance: Total return. Net income reinvested at payment date

1 year to 28/6/2002	1 year to 30/6/2003	1 year to 30/6/2004	1 year to 30/6/2005	1 year to 30/6/2006
N/A*	-2.20%	18.06%	15.88%	15.73%

**No figures available for 12 month period previous to June 02/03 as all of the funds in the portfolio were not then available.*

Every investment in the Stellar Portfolio is contained in a 'wrapper' provided by Cofunds. This means simplified paperwork and the opportunity to obtain a valuation at any time via the Lowes website, ***www.lowes.co.uk***, as well as receiving regular valuations by post. Full details of the benefits of the Cofunds wrapper are detailed below.

In terms of risk, we rate the Stellar Portfolio as 'medium' because its volatility approximates to the average volatility of all UK authorised OEIC and unit trust funds.

To ensure that as much as possible of your money is invested, we have negotiated discounts with the fund managers for all investments into the Stellar Portfolio. Full details are contained in the literature accompanying this issue of Lowes magazine, which also gives the instructions on how to invest.

** Percentage Growth Total Return – including reinvested income net of basic rate tax – 01/04/05 to 30/06/06. Source: Lipper.*

Important: It is important to appreciate that past performance is not a guide to the future and may not be repeated. The value of the investment will fluctuate and you may get back less than you invested.

The Stellar portfolio should not be considered suitable as a short-term investment and is designed to be held for the medium to long-term (at least five years). Please ensure you understand how the investment product is taxed and how this may affect your personal tax position. If you have any doubts about the suitability of this investment, or if there is any aspect you do not understand, then please contact your Lowes consultant or our the office on **0845 1 484848**.

The Cofunds wrapper

– Convenience at the click of a mouse!

THE LOWES/COFUNDS WRAPPER service offers you a number of benefits and greater convenience.

What's more, you face no extra charges to use this valuable service – it is paid for entirely by the fund managers.

The main benefits to you include:

- You keep your investments in one place – making it easier to monitor and analyse them.
- You have an expanded choice of ISA funds. Normally you would only be able to have an ISA with one fund manager in any one tax year. In contrast, the Cofunds service allows you to hold a portfolio in your ISA which invests with two or more fund managers.
- You can use the Lowes website – ***www.lowes.co.uk*** – to obtain a valuation of your investment portfolio at any time. Fund values are updated daily.
- There is a significant reduction in the complexity and amount of paperwork you have to deal with.
- You receive consolidated valuation reports and tax vouchers covering all your holdings.

If you would like to receive further information on any of the subjects featured in this issue of LOWES please call 0845 1 484848, 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