LOWES

Where personal finances are cared for personally

Autumn 2004

"Life is not measured by the number of breaths we take, but by the moments that take our breath away."

George Carlin

INSIDE – Revenue creates IHT confusion

Interest rate rises starting to bite

IN THE SUMMER issue of Lowes Magazine we stated our view that a fall in house prices was likely and that anyone looking to invest in property should exercise caution.

This view appears to be supported by figures which suggest the recent interest rate increases are already causing a fall in house prices across the majority of the country. The latest survey of the national housing market published by Hometrack, reports a 0.3% fall in the average house price during September. Only five cities reported price rises, the highest being in Derby, Exeter and York, which all rose by 0.2%. The largest price falls were in Cardiff (-2.1%) and Brighton (-2%). While generally the South is currently experiencing the highest property falls, the survey indicates that price falls in the North are getting larger and more widespread. (Source: www.hometrack.co.uk).

Elsewhere, the International Monetary Fund (IMF) has expressed concerns that

property in the UK looks overvalued and prices could crash.

Buy to let business is also being hit. A September report by the Nationwide's buy to let specialist lender, UCB Home Loans, said this market is cooling and warned investors to take at least a 10 year outlook.

- As a result of the recent overheating of house prices many more people now find themselves potentially subject to Inheritance Tax (IHT). A report from the Halifax says the number of properties in the UK valued at more than the IHT threshold increased by almost 500,000 in the first half of 2004 with an estimated 2.4 million homeowners now potentially liable to IHT.

Thousands hit by Canadian scams

CANADIAN POLICEMAN SERGEANT Barry Elliot is touring the UK to warn people about the so-called 'Canadian Lottery Scam'.

To date, thousands of UK residents have been targeted and have fallen victim to the fraudulent lottery schemes which promise winnings from the Canadian national lottery in return for administration or release fees.

In recent weeks Sergeant Elliot, accompanied by Office of Fair Trading officials, has toured a number of UK towns and cities to publicise the scam.

An OFT spokeswoman said: "We have been campaigning against this scam for 18 months. The initial approach usually starts with a mailing inviting the addressee to take part in the lottery. This is then followed up with a telephone call informing the person that they've won but must pay Canadian tax to release the money. Then there are follow up telephone calls saying UK Customs & Excise duty has to be paid. Lot's of people have fallen for this all over the UK and have lost many hundreds of pounds. The chances are that if you have to pay some sort of fee then the lottery is a scam."

- *The OFT advises that if anyone is targeted in this way they should contact them on 0845 722 4499 or E-mail: enquiries@oft.gov.uk.*

Call for cut in IHT

THE LABOUR-LEANING THINK tank, the Institute for Public Policy Research, has called on the Government to cut Inheritance Tax (IHT) for the middle classes.

The IPPR argues that the easiest way to make IHT fairer is to introduce a banding system, similar to income tax, with a base rate of 22 per cent and higher bands of 40 and 50 per cent. This would mean 87 per cent of estates would pay less, but the new system would still raise an extra £147 million.

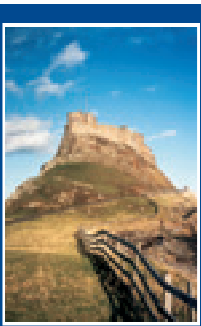
The IPPR wants to see the extra tax invested in spreading wealth ownership through the Child Trust Fund (see page 3). Invested over 18 years, the new funds could provide an extra £662 for children from the poorest third of families, and £331 for the rest.

Unauthorised overdrafts costing a fortune

CHARGES FOR UNAUTHORISED overdrafts topped £3 billion last year – that's over £82,000 every day – according to a survey of 2,114 people by Which?, the magazine of the Consumers' Association.

Which? says one in four people used an unauthorised overdraft in the last 12 months and nearly two thirds of them had done so more than once.

NatWest has the highest unauthorised overdraft rate at 33.78 per cent. Which? calls on banks to follow the lead of Alliance & Leicester and HSBC which now charge the same rate for unauthorised overdrafts as for authorised overdrafts. Alliance & Leicester charges 6.9 per cent and HSBC charges 14.8 per cent.



The photograph used on this issue's cover is of Lindisfarne, Northumbria.

Make your money work

Best bank and building society instant access/no notice accounts

Branch Based

Amount	Provider	Account	Gross Rate	Contact
£1+	**Alliance & Leicester**	**Easy Saver**	**3.8%**	**Branch** (£1 charge on counter withdrawals)

Postal or Telephone

Amount	Provider	Account	Gross Rate	Contact
£1+	**ING Direct**	**Savings Account**	**5%**	**0800 376 8844** to request application form and information pack[1]

Internet

Amount	Provider	Account	Gross Rate	Contact
£1+	**Alliance & Leicester**	**Online Saver**	**5.35%**	**www.allianceandleicester.co.uk**

Note 1. Account holders must be aged 18 or over, be a UK resident and hold a UK current account (with a cheque book and Direct Debit facility).
Sources: Branch/Postal Telephone and Internet – www.thisismoney.com, 28/09/2004.
All accounts subject to terms and conditions

Child Trust Funds

FAMILY AND FRIENDS WILL BE able to contribute up to £1,200 each year into the new Child Trust Fund accounts which will be available from April 2005 for eligible children born on or after 1 September 2002.

The CTF is a savings and investment account for children which the Government hopes will build up over time to give children a useful lump sum by age 18. Depending on the parents' income, it will comprise a one off sum from the Government of £250 to £500 payable on the child's birth plus another payment on the child's seventh birthday.

CTF accounts will be available in 2005 and it is also likely that CTF feeder accounts will be available to accept contributions above the £1,200 family and friends annual limit.

● *If you would like to know more about the options for saving for children, then talk to your Lowes Consultant or call us on 01845 1 484848.*

A better way to donate

Cashback cards are more effective for donations

IF YOU'RE CONSIDERING A charity credit card connected to a favourite charity, then there may be a more effective way of giving money.

Donation cards include those from the Co-operative Bank which provides charity cards for ActionAid, Greenpeace, Help the Hospices, The Ramblers' Association, Save the Children, and the Vegetarian Society.

With the ActionAid card, the charity gets £10 for every account opened plus a further £2.50 if the card is used within the first year, and 25p for every £100 you spend using your card or transfer from other credit or store cards. Another example is the card the Halifax runs for the NSPCC. Halifax donates £20 to NSPCC on first use plus 0.25 per cent of purchases.

So, if you spend £10,000 a year, ActionAid will get £37.50 and the NSPCC will get £45.

An alternative approach is to use a credit card which offers cashback on purchases which you then donate to your favourite charity.

Examples include Amex Blue, which offers 2 per cent cashback for three months and 1 per cent of the total spend thereafter, and the Morgan Stanley Platinum, which offers 1 per cent on the first £2,000 and 0.5 per cent on additional sums. Assuming a £10,000 spend on purchases is over 12 months and is split into £2,500 every three months, then Amex Blue gives you £125 and Morgan Stanley Platinum £60.

If you then donate this cash to your favourite charity they can reclaim Gift Aid tax relief, increasing the amount they receive by 28.21 per cent. If you are a higher rate taxpayer, you can also reclaim tax relief on your gross donation equal to the difference between higher rate and basic rate income tax.

COMMENT

Little means more

OVER THE YEARS OUR MARKETING Department has been very aware that continuous marketing can be counter productive.

Some organisations believe that the more they send out the greater the likelihood that investors will buy.

Hopefully you will agree that Lowes do not adopt this philosophy. We are very selective in what we choose to promote, so much so that, apart from our magazine which comes quarterly, we only issue product specific offers when something new and exceptional is brought to the market.

So far this year, this has translated into three letters inviting clients to invest. All of these offers have, in our opinion, been very attractive and, arguably, the best of their kind at the time.

The investment opportunity described on the back page of this magazine is no exception and is an excellent alternative for those who were either unable to take advantage of previous offers, or now find themselves with additional funds. We have secured a £4 million reservation, part of which will be utilised by our Personal Choice Portfolio based in Jersey, with the balance available to clients.

Ian H Lowes,
Managing Director

LOWES
Where personal finances are cared for personally

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**

Revenue creates

By Peter Collins, Lowes Senior Consultant

SINCE THE INTRODUCTION of Inheritance Tax in 1986, numerous legitimate methods have been devised to reduce any potential tax liability to the bare minimum.

In many instances, the Capital Taxes Office of the Inland Revenue has had to defend its interpretation of the regulations in the face of challenges brought by lawyers and expert advisers on behalf of their clients. Some of these challenges have gone as far as the House of Lords who have ruled against the Inland Revenue.

> *"Just how many schemes will be hit by the Revenue's latest action could take years to determine.."*

On one notable occasion in the past, rather than back down, the Revenue has introduced new regulations to defeat one of these tax deferral or avoidance schemes (See Sidebar – Death of the Dead Settlor).

The Revenue has now acted again – this time with the introduction of 'pre-owned assets tax', which was announced in the April 2004 Budget and became law on 22 July.

The purpose of the legislation is to tax individuals on the value of assets which they previously owned but which they have given away while retaining a benefit. In these circumstances, the individual will be liable to income tax each year on the deemed value to them of the pre-owned asset. This value will be the market rent from the asset if it is land. In the case of chattels in property it will be an amount equal to interest at a prescribed rate, perhaps 5 per cent on their market value, less any rent actually paid. The taxable rate for 'intangible assets' (e.g. investments) has also yet to be declared.

The main target of the legislation is the IHT saving schemes which became common as property values increased and individuals were faced with leaving their heirs with an IHT liability which they could do virtually nothing else to reduce.

The new rules will be retrospective in the sense that they will apply to avoidance schemes which are already in existence, although there will be no backdated tax liability.

In practice, it means anyone in this position has five choices:

- **Keep the scheme in place and pay income tax at a rate which, while still to be determined, may be penal and as high as the IHT the scheme sought to avoid.**
- **Pay for the benefit obtained at the market rate (e.g. the rental for a house which is the subject of the avoidance scheme).**
- **Dismantle the scheme before 6 April 2005.**
- **Tell the Inland Revenue that the assets remain part of the estate for IHT purposes before 31 January 2007.**
- **Rearrange the scheme to remove the settlor's interest.**

The effect of this legislation is twofold. Firstly, it has created enormous confusion. Take the example of so-called Discounted Gift Schemes highlighted in the Summer 2004 issue of Lowes. These schemes use insurance based investments wrapped in trusts to help people mitigate a potential liability to IHT.

While it initially seemed that the Budget tax changes would rule out the use of these schemes, subsequent statements inferred they would be caught out by the new rules. More recently, they again appear to have been given the all clear, although there is still considerable confusion.

Secondly, by using such an all embracing new tax rule, the Revenue is hitting a large and growing slice of 'middle England' which had previously used tax schemes which were not even considered contentious. Rather than focus its efforts on those people who are using complex and controversial schemes to avoid the payment of tax, the Revenue is attacking much simpler schemes – schemes which are probably only being used because of the dramatic property price rises of recent years.

Just how many schemes will be hit by the Revenue's latest action could take years to determine. In practice, legal test cases will determine what is and isn't taxable.

IHT uncertainty

There are two areas which cannot fall foul of IHT planning regulations...

These are:

- The use of a Whole of Life assurance policy written in trust for the beneficiaries of an estate. Such a policy can provide a lump sum which falls outside your estate for tax purposes and is available to pay all or part of any IHT bill.
- The use of your IHT nil rate bands. Everyone can leave up to £263,000 in the current tax year in their will to whoever they wish free of tax. Careful use of the nil rate band – particularly by spouses – is essential to mitigate any potential IHT liabilities.

If you would like to discuss any IHT planning issues we'd be delighted to advise you. Contact your Lowes Consultant or call us direct on 0845 1 484848.

A stealth tax too far

THERE COULD BE A POTENTIAL – and extremely unpleasant – side effect of the changes in the taxation of pre-owned assets announced by the Inland Revenue in this year's Budget.

It relates to terminally ill people with a term assurance policy.

A term assurance policy is taken out for a set period or 'term' to provide a lump sum payable on the death of the policyholder. This lump sum would usually go to the policyholder's partner to provide funds to repay debt, to help look after the children, etc. Such a policy normally has no value except on death, so it would not usually enhance the estate of the policyholder.

However, for sound financial reasons, it is not uncommon for such a policy to be written in trust. This may allow the policyholder – or 'settlor' where a trust is involved – to repossess the policy in the event of a separation or if the partner died first. Where a policy can be repossessed in this way, it is considered by the Revenue to fall foul of the pre-owned asset regulations.

This year's Budget changes, which become effective next April, mean that the policyholder (the settlor) will be liable to an income tax charge (the rate has yet to be announced) on the policy value should the beneficiary of the trust be anyone other than a spouse. Now, assuming the policyholder is fit and well, the policy has no value so there is no tax liability.

However, if the policyholder falls seriously ill and is expected to die before the end of the policy's term, then the policy has what's called a 'viatical' value. That is, it can be sold (at a discount) to someone else who will receive the full payout when the policyholder dies.

Under the strict interpretation of the new tax rules, because this policy now has a value, the policyholder may be liable to income tax on the perceived benefit.

In effect, the Inland Revenue in its efforts to catch tax evaders has imposed a tax on the sick. Perhaps it's a stealth tax too far!

Death of the Dead Settlor

THE PREVIOUS TIME WE SAW A MOVE LIKE THIS by the Inland Revenue was also in relation to IHT. Prior to March 1998 trustees could take advantage of a tax loophole called the 'Dead Settlor Rule'. This allowed the trustees to encash an investment bond in the year following the settlor's death, without incurring an income tax charge.

Although the rule can still apply if the settlor died before 17 March 1998 and the bond concerned had been the subject of a trust prior to that date, if the investment had been altered in any way since then (e.g. topped up) then it would have lost its favourable tax treatment.

To do this the Revenue introduced new tax rules. The effect of these is, if the settlor died in a previous tax year to that of the gain, the income tax liability will fall on the trustees. Otherwise the tax bill will be assessed on the settlor(s).

Dividends open to question

A HIGH AND RISING dividend policy from a company is often seen as a positive sign. Even in the US, where the number of companies paying dividends fell from 90 per cent in the 1950's to 20 per cent in 1999, the decline has begun to be reversed. One notable entrant into the list of companies paying dividends is of course Microsoft. However, for higher rate taxpayers, such a policy is arguably good only in terms of sentiment whilst being negative from a tax perspective.

Take a company whose share price is £11. During the year it accumulates profits of £1 per share on which it pays tax of 30 per cent leaving 70p. In theory, the share price should now be £11.70. However, if they choose to distribute 60p of the net profits the share price will drop to £11.10 when the shares go ex-dividend. The dividend will be deemed to be net of a 10 per cent tax credit and higher rate taxpayers are liable to further tax which equates to 25 per cent of the net dividend received.

So the 'net of tax' position for a higher rate taxpayer who owns 1,300 shares is as follows:

Dividend received	Additional tax due	Net receipt after tax
£780	£195	£585

Ignoring other issues that affect share prices, the value of these shares would, in theory, be £15,210 before the dividend was paid and £14,430 after.

Every UK taxpayer has an annual Capital Gains Tax allowance which allows them to realise tax free gains without any liability. This is £8,200 for the 2004/05 tax year.

If our higher rate taxpayer has not used his allowance in the current tax year (most people don't) then, for him, it would be more beneficial if the company declared no dividend. If this was the case, the share price should in theory remain at £11.70 rather than dropping to the £11.10 ex-dividend price. If the shareholder wished to produce the same £585 net 'income' that the dividend route would have produced he would simply need to sell 50 shares at £11.70. However, because of the more beneficial tax treatment, rather than his remaining shares being worth £14,430, they should be worth £14,625 i.e. a saving of £195.

For basic rate and non-taxpayers the result of this alternative strategy would be tax neutral, as is the case for the institutions, pension and mutual funds which hold the majority of shares.

Regardless of the tax effect, we are likely to see high dividend policies remain and so higher rate taxpayers will have to tolerate the arguable tax inefficiencies.

Furthermore, if a company was to retain its cash (as in the above example) this could dilute future earnings. Unless the company can demonstrate it has plans for using the retained cash which will at least maintain the current internal returns, the future earnings per share of the company will be reduced and, inevitably, so will long term share price growth.

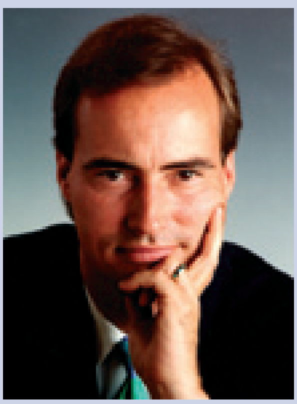
Guru says US markets at 11,800 in 2005

HARRY S DENT, A leading forecaster who believes the spending of the babyboomers is the key to economic and stockmarket growth, is advising investors to get into the market.

Dent believes the stockmarkets will reach record highs at the end of this decade as the number of babyboomers reaches its peak and, with it, one of the most powerful consumer spending waves in history.

He says the UK and US markets will benefit the most from babyboomer spending, although countries like Japan, which experienced no boom in their birth rate in the years from 1945 to 1960, will not.

Writing in his latest Forecast newsletter, Dent says the US' leading stockmarket index, the Dow Jones Industrial Average, will reach 11,800 in 2005 as part of a strong market rally that will extend into 2006, and long-term and short-term investors should increase equity holdings with particular emphasis on technology and financial services stocks.



Dent: Stockmarkets going up

Dent says: "Technology stocks are likely to bottom first and lead the rally and, from all of our indicators, this appears to be the best time to be buying equities since October 2002 and March 2003."

Dent says there have been three waves of 'babyboomers'. The first (not officially classified as such) was born before WW2; the second after the soldiers returned home in 1945-46; and the third in the 50s and early 60s before the arrival of the Pill. The first wave, he says, led to the boom from late 1982 to the mid-1990 while the second drove the economy from mid-1991 into late 1994. The third wave powered the economy from late 1997.

● *For more information visit www.hsdent.com.*

PMI shortcomings

IF YOU'RE CONSIDERING taking out Private Medical Insurance (PMI) then make sure you know what the policy actually covers.

According to a report by Consumer Health Consulting for the charity CancerBACUP, many private health insurers are refusing to fund vital treatment and have even withdrawn cover at a crucial stage of an illness, leaving people to pay for treatment and expensive drugs, or turn to the NHS.

The report claims most private medical insurance (PMI) companies are struggling to come to terms with modern cancer treatments and are uncertain as to whether they will cover these therapies.

What does PMI cover?

PMI is intended to cover the costs of private medical treatment for short-term, curable medical conditions known as 'acute' conditions. It usually covers medical specialists, surgery, accommodation and nursing, drugs and X-rays. It typically excludes the treatment of incurable long-term or 'chronic' illnesses plus numerous other services. As such, it is vital to understand precisely what is and isn't covered.

A holiday for life

Holiday property bonds offer an alternative way of planning your holidays, says Lowes' consultant, Rod Molyneux …

HOLIDAY PROPERTY BOND (HPB) is an investment bond regulated by the Financial Services Authority investing in holiday properties and securities. It is the largest product of its kind in Britain with a portfolio of over 1,008 properties in 28 locations across 12 countries. In addition, there are a further 279 leased properties worldwide.

HPB is in effect a share in a holiday club. You make a one off investment into the Bond which entitles you to use the club's holiday facilities for the term of your investment. You can holiday in a different location each year without the cost and hassle of property maintenance.

Holidays cost 'points' and you get one point for each pound invested and are then allocated points annually. So a £6,000 investment gives you 6,000 points to spend in year 1 as you wish. The minimum investment is £3,000 with no upper limit and there is an up front charge deducted to cover charges and expenses. Your only additional costs are spending money and a 'user charge' to cover utility bills, laundry, gardening, plus cleaning costs and an ongoing refurbishment programme.

To give an example, in year one, 6,000 points would give a week in spring at Manoir du Hilguy in Brittany, a visit to the Kings Arms Hotel, Yorkshire for two nights in the late summer, and a week at Braithwaite Court in the Lake District in the autumn.

If you don't holiday with your HPB one year you can roll over your entitlement for up to two years. You can even let friends and family use your holiday points in your absence. Your HPB investment can also be passed to your children and grandchildren by nominating them on the Bond or by gifting the Bond in your will.

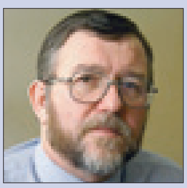
HPB is a single premium life assurance bond issued by Isle of Man Assurance Limited. The net assets of the fund are invested in holiday properties and securities. All the fund assets are controlled by HSBC Trust Corporation (IOM) Limited.

There are currently 35,000 investors in HPB and the fund has a total value of £172 million which is invested in HPB properties and shares. It has a unit price published daily in the Financial Times under Isle of Man Assurance Limited in the 'Offshore Insurances' section. The unit price can rise and fall so you could get back less than your original investment and you might have to wait up to 12 months for a refund if HPB has to sell properties to refund bondholders.

You should also remember that you are buying a long term holiday investment – not necessarily an investment that will make you money.

● *For more information, please contact your Lowes Consultant or call us on 0845 1 484848.*

MARKET COMMENT



Fundamentals are looking good

THE S&P 500 INDEX OF US BLUE chip stocks has risen by 0.24 per cent in the first nine months of this year, says Lowes Investment Manager, Melvyn Bell. Given the importance of the US economy to world economic prospects, it's no surprise that the FTSE 100 Index of leading UK stocks has stood still in 2004.

Factors explaining this include concerns about terrorism; the rise in oil prices; and uncertainty over whether John Kerry will win and reverse President Bush's measures to cut taxes on dividends and capital gains.

Research by the Halifax claims that since 1945 the markets have performed better during the run up to the election when a Republican is the winner, although the percentage change in the index while in office actually favours the Democrats. The percentage change during the six terms won by a Democrat average 45.5 per cent compared to the 36.7 per cent averaged by the Republicans during seven full terms of office. The Republican average would be lower had we included the impact of the 2000 to 2003 bear market on the current President's term.

In reality the differences between the parties are limited and even if Mr Kerry becomes President he could be faced with a Republican controlled Congress.

Despite these concerns and the occasional contradictory data, the global economic recovery is now established. Equity valuations, especially in the UK, have become steadily more attractive. To illustrate how attractive, consider how the Price Earnings Ratio (or p/e ratio) of the FTSE 100 has changed over the last four years.

The 'p/e ratio' is a key measure of the value of a share. Effectively, the lower the p/e ratio the higher a company's earnings per share. In March 2000, when markets were at their peak on the back of the dot.com boom, the FTSE 100 changed hands for the equivalent p/e of 31.8 per share, by 10 September 2003 it was 17.45 and, although the market has risen by 6.9 per cent over the last year, on 10 September the p/e was 15.1. These p/e ratios are historic and are based on profits and earnings already reported. But if analysts estimates for company earnings over the next 12 months are used, the FTSE 100 is actually trading on an earnings multiple of 13, significantly below the 19.8 average for the last decade.

While there are many uncertainties, it is important that investors focus on what the fundamentals may be suggesting about future market movements.

The p/e figures above suggest companies have adapted to the new environment which is healthier than anyone predicted 18 months ago, and have increased their earnings.

Limited offer – Prompt action required if you wish to invest.

FTSE rises 10 per cent = You get 70 per cent

"The Best Plan Of The Year To Date"
Ian Lowes Managing Director Lowes Financial Management, Investors Chronicle 17th September 2004

WOOLWICH ACCELERATED GROWTH PLAN – this investment may not be right for everyone but we believe it is certainly worth your consideration …

The Upside

The Woolwich Accelerated Growth Plan is designed to provide you with seven times any rise in the FTSE 100 Index over the next six years, subject to a maximum return of 170 per cent of your original investment. So, if at the end of the investment term the Index is up by 10 per cent or more compared to the start, you will achieve a 70 per cent profit. If the Index is up only by, say, 6 per cent you will achieve a 42 per cent profit.

The Protection

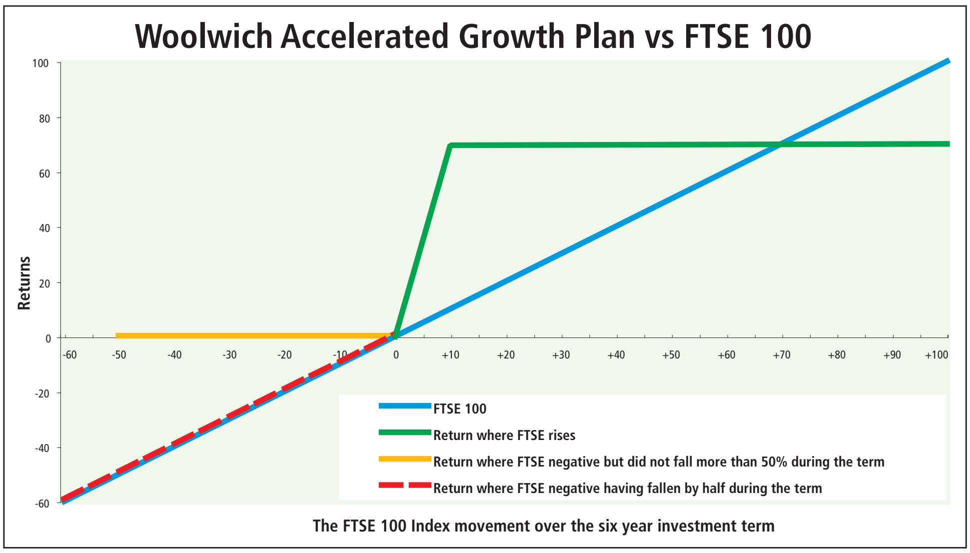
This investment does not guarantee your capital will be returned at the end of the 6 year term, but offers a high degree of protection in case the market falls over the term. It is designed to return your original investment in full unless during the investment term the Index falls 50 per cent or more from its closing level on 15 November 2004 and fails to recover.

The Downside

If the FTSE 100 Index is lower at the end of the term and fell by more than 50 per cent during the term, your capital will be reduced by 1 per cent for each 1 per cent the Index is lower.

As with all contracts of this type the benefits payable under the plan and, indeed, the ultimate return of capital, are dependent on the ability of the behind the scenes issuer to meet their obligations. Peace of mind can be gained from the fact that the assets within the Woolwich Accelerated Growth Plan will be issued by one or more major financial institutions which have been rated as having 'very strong financial security characteristics' (AA or above) by leading research agency Standard & Poor's. We therefore feel that there is little chance of the issuer(s) defaulting. Examples of 'AA' rated financial institutions include HSBC, Barclays Bank and Lloyds TSB.

Under the terms of the contract, the index would have to fall 50 per cent from the starting position on 15 November 2004 and not recover before any reduction in capital would be applied. If losses of capital do occur they will be at the same level as falls in the market. However, as the market has, in our opinion, already undergone a correction and must suffer significant further losses before reduction to capital would start to take effect, we feel that the risk associated with this investment is a small price to pay for the potential reward.



How to Invest

Before investing, in order to satisfy yourself that the investment is right for you, you should read the investment's Key Features and Financial Services Authority Fact Sheet entitled 'Capital-at-risk products' enclosed within the product brochure. If you have any doubts about the suitability of this investment for you, you should contact your Lowes Consultant or our office on 0845 1 484848. Your application form, once completed, should be returned to this office in the envelope provided together with a cheque payable to 'Woolwich Plan Managers Limited' for the full amount of your investment. If your cheque is not a personal cheque but is drawn from a Bank or Building Society it should be made payable to 'Woolwich Plan Managers Limited – reference [Your Name]'.

If you wish to invest jointly a supplementary application is required. Please call us to request one on 0845 1 484848 and we will despatch it to you by 1st Class Post.

Important Notice: Past performance is not necessarily a guide to future performance. If the Index rises by 10 per cent you will receive a 70 per cent profit but will not participate in any Index growth in excess of 10 per cent. This investment is intended to be held for the full six-year term. If you need to sell your investment early you may get back less than you invested, even if the FTSE 100 Index has risen. Your original capital is not guaranteed, you may get back less than you invested and, therefore, this investment is only suitable for those who are prepared to accept a degree of risk. The offer is limited and in the event of oversubscription it will close without notice. Those investing outside a PEP or ISA will be subject to Capital Gains Tax if their gains in the year of maturity after applying Taper Relief exceed the personal exemption, which is currently £8,200. Levels and basis of reliefs from taxation are based on our understanding of current tax legislation and are subject to change. Lowes may be required to approach a third party in order to verify the identity of a client, or any person providing funds on behalf of an investment made in the client's name. Where further information is required to verify identity, Lowes reserves the right to delay applications or withhold settlement until sufficient identification has been provided.