J. PIETRUSZKA
Principal
105 VICTORIA ROAD
SWINDON SN1 3BD
Tel: 0044 1793 611126
Fax: 0044 1793 610604
Mobile: 07775 782003
www.jan-cash.co.uk
e-mail:mail@jan-cash.co.uk

JAN INVESTMENT MARKETING

Mr Mark Lane
26A Whilestone Way
Swindon
Wiltshire
SN3 4HS

28/02/2014

Dear Mark

Further to our meeting on 28/02/2014 at our offices, during which we discussed and recorded your financial circumstances, I would like to take the opportunity to outline my recommendations, confirming the suitability and reasons for them, when considering your overall financial circumstances.

You will recall that I provided you with a copy of my Client Agreement and Service Proposition and Engagement documents.

You have been made aware that we offer an Independent advice service. We have therefore recommended products and services based on a comprehensive and fair analysis of the relevant market based on your needs and objectives.

The advice provided to you is based upon the information you have disclosed and therefore, if this letter does not coincide with your view of the situation or you require any further clarification please contact me immediately. It is important to emphasise that you should disclose all facts which could affect the advice provided.

Current Situation

During our meeting we discussed various aspects of your personal and financial situation.

Taking into account your personal circumstances, as detailed in the completed fact find, you confirmed that you have sufficient capital available immediately or at short notice to meet any unforeseen short-term emergencies.

You have confirmed you currently have an InValid Will. You should always review your Will(s) whenever your circumstances change.

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Basis of Advice

To allow me to provide you with the most suitable advice to meet your priorities and objectives, I need all available information relating to your personal circumstances. As you did not wish to disclose all details relating to your circumstances my recommendation has therefore been based on the information provided.

There are various areas I believe you should be considering:

Inheritance Tax Planning, Family & Mortgage Protection

However, you instructed me to specifically limit my advice to your SSAS fund investments and I have acted accordingly. My recommendation has therefore been based in this one area.

Priorities and Objectives

At our meeting we discussed the benefits and importance of reviewing the following areas:

STC Promotions Ltd Pension Scheme

As a result of our discussions you have confirmed that your current priorities and objectives are:

Due to being disappointed by the performance of your existing pension and lack of control of investment decisions , you require more flexibility with regard to choices of investment strategy, and have made the decision to set up a SSAS (small self administered scheme) to be run by STC Promotions Ltd Pension Scheme Trustee – You also stated that you wish to expand the company and there is potential for a company loan.

We also discussed the period over which you wish to invest. I confirmed that a short term investment would be considered to be for a period up to 5 years, a medium term would be 5-10 years and a long term investment would be for a period of 10 years plus.

You have indicated to me that you wish to invest £34,000, for potential capital growth over the medium to long term.

Funding of the Plan

The funds for this plan will be taken from:

STC Promotions Ltd

Attitude to Risk

J. PIETRUSZKA
Principal
105 VICTORIA ROAD
SWINDON SN1 3BD
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We discussed at some length your attitude to risk and considered your total funds in STC promotions Ltd and the relationship between risk and reward. You understand that a degree of risk does have to be taken in order to provide the potential for investment return. We also discussed the concept of placing your money in more secure investments and took this into account when agreeing your attitude to risk and making this recommendation.

You indicated to me that your overall attitude to risk is as follows:

Risk Profile Score is 8

You also confirmed that this is the level of risk you would wish to apply to the current recommendations, although you confirmed that you may have a different attitude to risk when addressing different priorities and risk in different situations.

Capacity for Loss

Having identified your attitude to risk, we also discussed your capacity for loss when investing any money and I explained that this would highlight the amount of money you could actually afford to lose when making your investment.

You are satisfied that the attitude to risk agreed upon is within your stated capacity for loss.

Review of Existing Plans

STC Promotions presently has a fund value totalling £39,000 and is currently held as cash with an annual administration fee of £760. The SSAS provider and scheme administrator is Pension Practitioner.

The fund(s) you're wishing to invest are detailed below:

Scheme Name	Scheme Type	Annual Income at retirement	Dependants Pension	Transfer Value	Chosen Retirement Age
Zurich	Personal Plan	Unknown		£21,010	70
Reassure	Personal Plan	Unknown		£17,950	70

I have taken into account your current risk attitude, priorities and objectives when making this recommendation and have reviewed STC Promotions Ltd while doing this to ensure this is still meeting your current requirements. You agreed it was in regard to providing greater flexibility and control in terms of the implementation and management of your SSAS investments, you now wish to implement these strategies.

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Principal
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- There is no guarantee the return on the new investment will be greater than that of your existing cash only SSAS fund.
- The charges on the new investment are higher than those on your existing SSAS cash only fund.

Recommendations

We discussed the various ways you could achieve your present objectives as outlined above. You appreciate that a degree of risk has to be taken in order to meet your objectives and provide a reasonable level of return over that typically offered by cash deposit vehicles in which. I therefore recommend that you invest a lump sum of £34,000 into an Unregulated Investment Scheme, which I recommend is taken out in STC promotions Ltd.
By investing £34,000 in a UIS, 87% of your overall Pension funds will be held in this type of product.

Unregulated Investment Schemes (UIS) are considered high risk investments and whilst the advice I am providing you with is regulated by the FCA, the product type I have recommended is not. Therefore, to aid consumer protection, restrictions are in place as to who UIS can be promoted to.

In relation to this advice, JAN Investment Marketing has categorised you as a Retail Client. Therefore, one of the exemptions available within either the Promotion of Collective Investment Schemes (Exemptions) Order (PCIS) or section 4.12 of the Conduct of Business Sourcebook (COBS) must apply before a UIS can be promoted to you. The exemption that is available which allows me to promote a UIS to you is:

Certified High Net Worth

Meaning any individual who has a current certificate of high net worth and has signed, within the period of twelve months ending with the day on which the communication is made, a relevant statement.

You have provided me with the relevant statement.

I am able to use this exemption because you have on your property portfolio equity in your BTL properties greater than £250,000

The reasons for recommending an Unregulated Investment Scheme (UIS) are:

- A UIS reflects your stated aims and objectives.
- It will provide the potential for capital growth over the medium to long term.

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- You wish to gain access to alternative asset classes that are not generally available via other types of investments.

I recommend that the UIS is held within your existing SSAS, STC promotions Ltd Pension Scheme, with Pension Practitioner.

Contributions to pension arrangements generate direct tax savings. All individuals make contributions net of basic rate tax relief, which means that every £100 you contribute will immediately be boosted to £125. Higher or additional rate tax payers can claim tax relief up to their highest marginal rate by notifying HMRC via their self assessment forms or a letter to their local tax office. In addition, by holding the UIS within your pension, the returns you receive will be free from all income and capital gains tax.

In addition, some UIS may be good for a pension portfolio offering access to asset classes that are not normally allowed into pensions. It is important that you seek professional advice from a qualified financial adviser before investing.

In reaching this recommendation, I have considered other types of investments but I have discounted them for the following reasons:

Dolphin Capital Bond – discounted because not asset backed
Strategic Placements – discounted because Land Banking

<u>**Provider**</u>

I researched the relevant market and I recommend Carlton James Private and Commercial as the most appropriate provider.

Carlton James Private & Commercial (CJPC) are a project Investment and global financing firm which helps to fund projects around the globe. Often as a firm CJPC are presented with opportunities requiring funding for projects around the world with a unique niche which gives them the opportunity for deliverable high returns. CJPC are able to offer enhanced terms for these projects which creates an excellent opportunity for investors. While projects presented for investment are no more than two years to maturity, all investors have the opportunity to re-invest capital into the next project. The overall provider investment strategy is long term investment with short term phases. All investable projects are asset backed as detailed in the providers Information Memorandum.

<u>**Investment Funds**</u>

I would also recommend that your money be invested in the following funds:

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Carlton James Skywatch Inn Ltd

This investment was selected as it is an asset backed type of investment that offers fixed returns over an investment period of 2 years;

Year 1 – 15% fixed return.
(returned on first anniversary month of investment)
Year 2 – 15% fixed return.
(returned on second anniversary month of investment)
Plus
Year 2 – 125% of investment returned on secondary anniversary month of investment
(25% exit bonus and return of investor capital)

This fund is designed around building a portfolio that is in keeping with your attitude to risk which we have agreed is **Profile 8 – High Risk**

The most significant factor affecting the fixed return that you will receive from the investment is how well the fund performs.

You should remember though that the fixed returns offered are not guaranteed and the value of your investment can fall as well as rise and there is no guarantee you will receive a return of your original capital. Past performance is no guarantee of future returns.

Fund Information Memorandum

This documentation is important and contains information regarding the products which I have recommended, particularly with regards to the product's aims, risks and charges, together with its legal and tax status. Therefore, please ensure you have read these documents carefully. If there are any points on which you are unsure, or require further clarification, please contact me and I will be pleased to explain these in greater detail.

Risks

The Fund Information Memorandum also provides you with details of any risks and potential disadvantages associated with the contract recommended. We have previously discussed these, and I would like to highlight the following points:

- Past performance is no guarantee of future returns.
- The price of units and the income from them can fall as well as rise.
- The value of this investment is not guaranteed and on encashment you may not get back the full

J. PIETRUSZKA
Principal
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amount invested.

- If income is taken at a rate which exceeds the net growth of the fund, your original capital will be eroded.
- UIS frequently invest in assets that are less/not liquid
- Customers may not have cancellation rights during the term of the investment
- Customers may not have access to the FOS or FSCS
- Exiting the scheme may not be straightforward
- The initial investment and target returns are not guaranteed
- Valuing the assets may be difficult

Tax Treatment and Law

All statements concerning the tax treatment of products and their benefits are based on our understanding of current tax law and Her Majesty's Revenue and Customs (HMRC) practice. Levels and bases of tax relief are subject to change.

J. PIETRUSZKA
Principal
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SWINDON SN1 3BD
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Remuneration

An Introductory Commission of 10% of the funds raised pursuant to the Offer and its payable to the authorised financial adviser. This will not affect the return to you the client. This will not affect the fixed returns or reduce the capital invested.

Future Contact and Ongoing Services

You have elected to receive a Transaction only service as detailed in our Service Proposition and Engagement.

Conclusion

I trust that this letter provides an accurate summary of our discussions, however should you have any concerns or wish to discuss any of the issues raised in more detail please do not hesitate to contact me.

JAN Investment Marketing firmly believes it is prudent to regularly review a portfolio. The aim of such a review would be to ensure that both the funds and asset allocation model meet with your stated objectives and assessed risk profile on an ongoing basis, and rebalance the portfolio if necessary.

You do not feel that this is necessary and we agreed that you will contact us whenever you require a review. I recommend that you request a review if there are any material changes to your circumstances; examples of this would be redundancy, bereavement, receiving an inheritance.

We strive to provide you with a first class professional service and hope that we can continue to be of service to you for many years to come. Should you require advice at any time with regard to any aspect of your financial planning, please do not hesitate to contact me and I shall be pleased to assist.

Yours sincerely

P.P

Timus Little
JAN Investment Marketing

Please sign and return the enclosed copy of this covering letter:

Signed

Date 28-02-2014

J. PIETRUSZKA
Principal
105 VICTORIA ROAD
SWINDON SN1 3BD
Tel: 0044 1793 611126
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Appendix – Technical Information on Unregulated Investment Schemes

Many Unregulated Investment Schemes (UIS) are sold to investors in the UK. Regulated CIS are those that are authorised by the Financial Conduct Authority (FCA) or are non-UK CIS that the FCA recognise. FCA recognition enables overseas CIS to be marketed to the general public in the UK and the FCA will only recognise an overseas scheme if certain specified criteria are met. If the FCA do not authorise or recognise a CIS in this way, it is classed as an Unregulated Investment Scheme (UIS). A UIS may be established, operated and/or managed in the UK or in a jurisdiction outside the UK.

UIS are described as unregulated because they are not subject to the same restrictions as a regulated CIS (e.g. in terms of their investment powers and how they are operated). Although the schemes themselves are not authorised or recognised, persons carrying on regulated activities in the UK in relation to UIS (including providing personal recommendations, arranging deals and establishing, operating and managing schemes) will be subject to FCA regulation.

All investments are subject to tax of some kind. Generally speaking, if the investment pays out regularly, the returns are taxed as income and investors are liable to income tax at their highest marginal rate. Alternatively, if the investment objectives are to generate a lump sum at the end of the investment term, or capital growth, then the gains enjoyed are subject to Capital Gains Tax.

However, it is not always as simple as this and the tax treatment of individual investments can vary from the general rules. Additionally, liability to tax will often depend on an investor's personal circumstances.

UIS investments cannot be held within an ISA because they are not regulated by the FCA.

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Appendix – Technical Information on Small Self Administered Schemes (SSAS)

The basic state retirement pension or 'old age pension' as it is commonly known is not really sufficient to provide anyone with a comfortable retirement, even when supplemented by the additional earnings-related state benefits. The value of state pensions will reduce even further in the future as the proportion of older retired people in the population increases and the proportion of working taxpayers reduce. It is therefore essential to save for your retirement in the most tax efficient manner possible. SSAS provides just such a facility.

Contributions to pension plans generate direct tax savings. All individuals make contributions net of basic tax relief, which means that you will only actually contribute £80 net for every £100 of contributions. Higher rate tax payers can claim tax relief up to the highest marginal rate by notifying HMRC via their self assessment forms or a letter to their local tax office. Tax relief on any contributions made is limited to £3,600 per annum or 100% of salary if higher.

You will not receive any tax relief on contributions made by your employer.

Your pension contributions once made will grow in funds where there is no liability to tax on capital gains and where income receipts are also tax-free. However, dividends accruing from UK companies are received with a 10% tax credit, which the pension manager is unable to reclaim. Your money will therefore grow faster in a SHP, PPP, SIPP or SSAS than in most other forms of investment.

Under current UK legislation, pension benefits can usually be accessed from age 55. At retirement you have the option to take up to 25% of the fund as a tax-free cash lump sum with the balance being used to buy a pension, which is taxed as income at your marginal rate.

Small Self Administered Schemes

In order to ensure that your investment strategy matches your risk profile and objectives, the self-investment option provides access to a wide range of investment vehicles and providers. Investments permitted by HMRC include insurance companies managed funds, equities, gilts and debentures quoted on any recognised stock market, unit trusts, OEICs, investment trusts, deposit accounts, structured products and property. If you so wish, you can appoint your own investment manager who will be able to deal with your funds on either a discretionary or advisory basis.

Lifetime & Annual Allowance

This is the limit to the amount of pension savings anyone can make in their lifetime without tax penalty. The Lifetime Allowance is currently £1.5 million (2013/2014). The value placed on benefits when tested against

J. PIETRUSZKA
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JAN
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the Lifetime Allowance is known as the "Crystallised Value". For SHPs, PPPs or SIPPs this will normally be the fund value. Fund values over this amount would trigger a tax charge of 55% if taken as a lump sum or 25% if taken as an income stream. The income would also subject to income tax at your marginal rate.

Contributions into the scheme are limited by the annual allowance. The Annual Allowance is currently £50,000 (2013/2014). There is also the facility to potentially carry forward up to 3 years worth of unused relief (based on an annual amount of £50,000 for each of the previous 3 years). Contributions exceeding the annual allowance would trigger a tailored tax charge of up to 45%.

<u>What happens if you die?</u>

On death, a SSAS will offer a full return of the fund value to your nominated beneficiary. If you die after age 75 and have not chosen to draw the benefits by that time, a 55% tax charge will apply.