

## **Appendix 3**

# CHASE BELGRAVE



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Dear James and Helen

I have pleasure in enclosing a portfolio recommendation for both your upcoming pension transfers. This recommendation will be composed of mutual funds and structured products as described. As formulated, the overall risk profile of the portfolio will be rated as 4 out of a possible 10 where 10 is the highest risk and 1 is the lowest. By comparison, a mutual fund of 50 blue chip equities would be 5 out of 10 and a mutual fund of 50 blue chip bonds/debentures would be 3 out of 10.

As formulated this portfolio will target 9% gross annual income. This is not guaranteed and will not be based on past performance which may in some cases be greater than the target and in other cases be less than the target. Rather, targeted performance is based on our analysts' assessments of the future prospects of the markets that this specific portfolio is exposed to. It is not guaranteed.

Please be aware that any additions, subtractions or modifications to this portfolio can change the total risk, potential for loss and volatility of the portfolio as a whole.

A number of parts of this portfolio are structured products. The rationale for this is that it allows us to refine our exposure and our risk levels to our market opinion. It allows us to partially protect capital in the event of the market slide. It also can allow enhanced return in the event of market growth and return even when the underlying market decreases or stays the same value. On the downside, capital is still at risk as with an equities fund, and the underlying market can increase beyond what the structured product pays out. Commonly, a structured product will "kick out" if the underlying market does very well. This means the structured product will end early, paying out the invested cash plus any return. Products that do this are known as auto-call products.

The observation date means the date at which the underlying markets or securities are measured.

Initial strike level means the starting price or value.

Coupon means a portion of the product that denotes the interest or income return.

There are no annual or up front charges for structured products.

The portfolio is structured as follows

cash: 2% of portfolio (mandatory to pay ongoing charges)

Structured products

Global Indices Income plan: 25% of portfolio (GBP)

Tech companies plan: 20% of portfolio (USD)

Mutual funds

Rudolf Wolff Global Equity Fund 15% of portfolio (GBP)

Rudolf Wolff income fund: 38% of portfolio (GBP)

Please check that all the pages mentioned are attached and then sign this page and the previous page and return.

Many thanks



Justin Harris  
Director