



TOWN CLOSE
Financial Planning

TCFP Portfolio Model

future proofing your finances



OBJECTIVES AND EXPECTATIONS

Overview

Your financial plan and investment strategy **MUST** be set up to maintain the purchasing power of your money so you can keep your standard of living.

Therefore, we're seeking to maximise returns in the longer term by employing a diversified mix of assets. That means embracing equities and the short term volatility that comes with them.

Equity content will vary from time to time but is likely to average 85 percent with the balance Invested in fixed income securities.

Return objectives

We expect an annualised nominal rate of return somewhere between 4.5 percent and 9.7 percent with a midpoint of 7.0 percent.

Assuming a rate of inflation equal to 2.0 percent and annul costs in the region of 0.8 percent, we aim to provide a 'real' after-costs return of around 4.1 percent per annum.

Likely risks

We predict routine fluctuations in nominal values between -15.3 percent and +29.4 percent in any one 12-month period with a much greater potential for loss during unusually poor market conditions.

Looking back over the last 15 years, for example, there was a period in the run up to February 2009 when a portfolio of a similar composition would have suffered a peak-to-trough loss of 28.4 percent.

There is no reason to believe that a drop of this magnitude could not be repeated or exceeded in future. With the same resultant recovery.

The same portfolio would have spent as long as 25 consecutive months 'underwater' – that being the longest continuous period over the 15 year period that the portfolio has failed to gain in value.

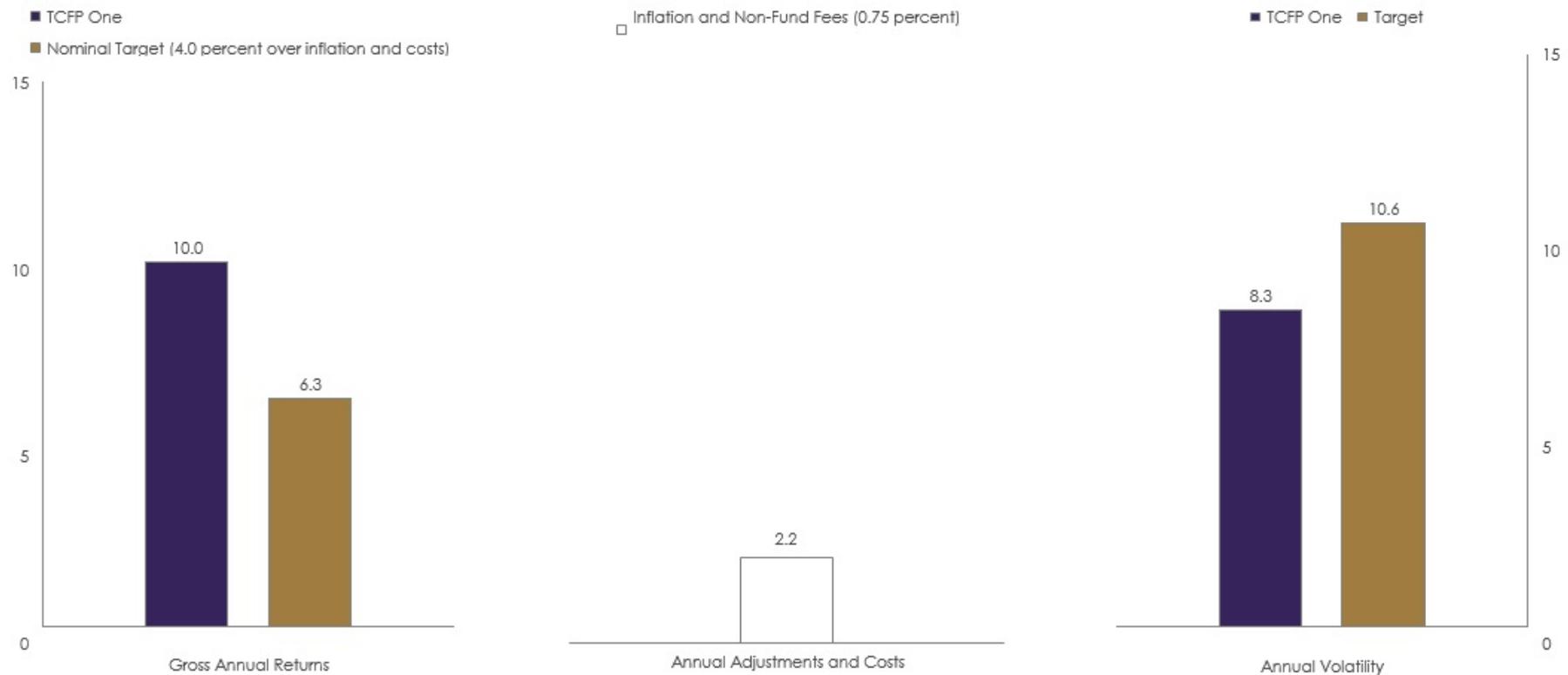


COMPOSITION

Securities	Identifier	Weight (%)	Yield (%)
HSBC FTSE All World Index	GB00BMJJF91	50	1.81
Vanguard Global Smaller Companies	IE00B3X1NT05	20	2.00
iShares Emerging Markets Equity Index	GB00B84DY642	10	2.36
iShares Overseas Government Bond	GB00B849C803	20	1.32



PERFORMANCE





NOTES

Future performance

'Expected returns' and the 'distribution of expected returns' are guesses about what the future might hold, given at least a 7-year view.

They are based on a proprietary model that incorporates a large number of assumptions at the heart of which are equity and bond market returns stretching back to 1929.

We believe this model of future performance to be based on reasonable assumptions that are supported by objective data. However, such forecasts are not a reliable indicator of future performance.

Past performance

Data pertaining to past performance (described 'over the last 15 years') is derived from the actual past performance of a number of financial indices closely matched to the assets comprising each asset allocation model. We make the unlikely – but useful – assumption that the asset allocation remained constant (that it was rebalanced to its original mix each month without transaction costs).

Taxation and charges

All figures have been quoted gross of charges and tax liabilities.

The impact of charges reduces investment returns over time and your individual tax position will also impact the amount of money you will eventually realise. Prevailing tax rates are subject to change.



Asset allocation and fund selection

The risk and return figures provided in this document are not based on the past performance of any particular fund or mix of funds.

As a result, there will be differences between our modelled returns and those from a portfolio of investments.

The actual performance of a portfolio will depend upon a number of factors, including the final list of assets and the nature of the associated funds that form that portfolio. Such funds may or may not perform in line with expectations or in line with their associated index.

The composition of any portfolio detailed in this document is for illustrative purposes only, should not be construed as investment advice and should not be considered automatically suitable any particular needs. Town Close Financial Planning Limited does not guarantee the performance of any such portfolio.

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