Date

Client Name

Address 1

Address 2

Address 3

Address 4

Postcode

**Sanlam Private Wealth template report new money**

Dear Mr/s Investor

Further to [our recent meeting] [our meeting on DATE], I am writing to confirm the arrangements we are to make on your behalf. I am, of course, authorised to advise on all the areas mentioned in this letter and have provided you with a copy of our standard Client Agreement and our Key Facts document about our services and costs. These were issued on [insert date].

**Background**

We have established personal and financial details by completion of a fact find. The main findings are [Include detail]

By establishing your personal and financial circumstances, we have identified your needs and priorities which are [Include detail]

**Attitude to Risk**

Risk profiling is a core element of giving advice. We established your attitude to investment risk using a Distribution Technology Dynamic Risk Profiler questionnaire which is a psychometric method of establishing your investment risk tolerance. The output from this provides us with the opportunity to discuss risk with you and together reach an agreement on a final risk profile. I have analysed the responses you provided and these would indicate that your attitude to risk is (XX) on a scale of 1 to 10. This equates to you having a [definition] risk tolerance. This means [explanation of client’s risk level using the form of words used when discussing risk with the client]

A copy of the Distribution Technology report is attached.

**Objectives**

Your main objective from the funds you have to invest is [potentially to achieve growth / potentially to achieve a combination of income and growth / potentially to repay a loan / for school fees planning / for retirement planning.] [Delete as appropriate] [Include further detail as appropriate]

During [our meeting] [your annual review] [Delete as appropriate], we discussed the amount of cash you currently hold on deposit and whether this could be invested for potentially greater returns than the current interest rate you are receiving.

During [our meeting] [your annual review] [Delete as appropriate], we discussed [other information as appropriate]

**Product Recommendation**

Taking in to account your current circumstances, your financial objectives and your attitude towards risk, my recommendation is that you utilise the services of a Discretionary Portfolio Manager.

Discretionary Portfolio Management is a service offered by professional investment managers who specialise, normally exclusively, in managing investment portfolios on an individual basis for private individuals and trustees. The professional investment manager will take responsibility for making all the decisions about the investments in your portfolio, at their discretion, based on your specific requirements.

The services of a professional discretionary investment manager are particularly suited for people who have a reasonable capital sum at their disposal, for which they do not have any short-term plans and, thus, are prepared to invest over the medium to long term (at least 3 to 5 years). These individuals, however, do not want to invest in “standard” retail funds such as, for example, fund of funds where the aims, objectives and investment strategy of the fund are determined by the investment house. Rather, they want an investment portfolio that is suitable for them and their individual requirements.

Alternatively, some private investors do manage their own investments and take pleasure in doing so. But in practice, most individuals don’t have sufficient time or expertise to devote to their investments. Even fewer can monitor the progress of their portfolio consistently and respond to events swiftly/confidently while at the same time managing any tax implications. All of which a professional investment manager is able to do as part of a discretionary investment management service.

Quite apart from the practical experience professional discretionary investment managers have accumulated, they generally have access to more real-time information and detailed research than individuals. Also, investing to meet your personal objectives and risk profile is not just about picking the right stocks or assets, it is also about constructing an overall portfolio with the right mix of risk versus return as well as the right allocation between different types of investment.

I believe that investment advice for clients with a reasonable sum to invest must be structured and ongoing. A strategy is needed to deliver an integrated approach to not only investment management but also, where appropriate, taxation, estate planning and other relevant issues.

A discretionary management service gives the discretionary manager the ability to implement investment decisions quickly and efficiently on their clients' behalf, as well as involving them in the minimum of investment administration and burdensome paperwork.

Having decided that a discretionary portfolio management service is the most appropriate investment for you I then needed to choose which one. In doing this one of my prime considerations was your attitude to risk as determined by Distribution Technology and the requirement to use this as a starting point in the construction of any portfolio.

To this end, I am therefore recommending the services of Sanlam Private Wealth who will use as their starting point in portfolio construction your risk profile as determined by Distribution Technology.

**Sanlam Private Wealth (SPW)**

SPW is a private client portfolio management company with an established reputation for professionalism and personal service. SPW was formed through the acquisition of three established UK-based private client investment management firms, each with a reputation for personal service.

SPW now employs some 120 people in their offices in Sevenoaks, London, Bath, Harrogate and Kirkby Lonsdale. SPW is a member of the Sanlam Group, a leading South African financial services business.

One of the reasons that I have selected SPW is that they specialise in discretionary portfolio management for private individuals, family trusts and smaller corporate clients. The success of SPW is based on the calibre of their people, their genuinely personal service, a disciplined investment process and, finally, efficient and accurate administration. All of which I feel are vital qualities for a discretionary management service.

As I have already said, SPW’s starting point for constructing portfolios is the risk profile and recommended asset allocation produced by Distribution Technology’s Dynamic Risk Profiler. However, the investment managers do not necessarily stick rigidly to the Distribution Technology asset allocations. Instead, they have the flexibility to make tactical variations from this benchmark to take in to account current market conditions and their views on the outlook for each asset class. Each portfolio is individual to you, the client, and designed to meet your aims and objectives as well as risk profile over the medium to long term. Full details of the proposed initial asset allocation against the DT recommended weightings will be provided to you separately in a detailed report.

Despite the tactical variations from Distribution Technology asset allocations it would be the aim of SPW to ensure your portfolio meets your risk profile, as determined by Distribution Technology, over the long term.

My recommendation to use the Discretionary Portfolio Service provided by SPW is based on [meeting the Fund Manager’s personally] [delete if does not apply], their ethos to tailor a portfolio to reflect your aims and objectives together with your risk profile as initially determined by Distribution Technology over the long term and the personal nature of the service that they provide. [Add any other reasons for the recommendation as appropriate.]

SPW will send you a separate detailed Investment Proposal, setting out how they would manage your portfolio in order to meet the Distribution Technology profile XX .

# Value for Money

We did also discuss that, whilst initial charges are very similar whether you invest with a discretionary portfolio manager or directly in to individual funds, the on-going annual management charges with discretionary portfolio managers can be slightly more expensive.

However, I believe a discretionary portfolio manager will provide value for money as any additional charge is paying for a continuous personal service and investment strategy.

**Alternative Investment Types**

[Summarise other investments considered and reasons why discounted]

**Trusts**

[Include detail as appropriate]

**Affordability**

You have confirmed that you have retained sufficient capital for emergency use and this investment is affordable. [Include further detail as appropriate]

**SPW Management Fees**

Annual Management Charge 1.00% plus VAT

Custodian fee Nil

Dealing fee Nil

If you choose to receive contract notes after each transaction, an additional charge of £12 per contract will apply (Contract notes are not provided for ISAs.)

**Adviser’s Fees**

In return for the advice provided in recommending SPW, we have agreed an initial fee on the set up of the portfolio. This will be paid by your manager at SPW who will deduct the payment from the capital invested with them. We will also receive an annual fee based on the amount invested with SPW. The agreed fees are £XXXX initial and XX% each year.

The main benefits are:

* An individual portfolio of investments designed to match your aims and objectives and attitude to risk over the medium to long term will be created and managed on an ongoing basis.
* You will have access to a highly professional fund manager who will work closely with you in creating your portfolio and reporting to you, on a regular basis.

[List any additional positive consequences of your recommendation]

The possible disadvantages of the contract are:

* The charges on discretionary managed portfolios tend to be higher than “standard” retail collective funds.
* There is no guarantee that the discretionary managed portfolio will out-perform “standard” retail funds.
* Past performance is no guarantee of future returns and the value of investments can fall as well as rise. You may not get back all of the capital you invest and your objectives and risk profile requirements may not be met over the medium to long term.

**[List any other disadvantages of your recommendation]**

Once your application has been forwarded to SPW you will receive a detailed Investment Proposal from them.

Please note that with this investment there is no ‘cooling off period’ to change your mind. However, the investment may be cancelled at any time. You should be aware though, that you may not get back the original amount invested if the investment is cancelled and the value has fallen.

[Detail here whether there are any other areas where the client needs to take action. Also detail what the client decided in each area, e.g. address at a future meeting, does not want to address etc.]

You have confirmed to me that there are currently no other matters on which you wish to receive advice.

Finally, may I thank you for placing this business with me.

Yours sincerely