

7IM ILLUSTRATIONS GUIDE CLIENT PLATFORM USER GUIDE

A helpful guide that takes you through the main features of our Illustration tool.

BACKGROUND

7IM have launched a new illustration service. We have put this guide together to answer the most common questions. The illustration service will be available via the 7IM Platform.

The purpose of this guide is to explain the features of the new service and provide you with sufficient information as to how perform specific types of illustrations.

1 What payments types are supported?

The illustration tool supports lump sum investments (including transfers) as well as regular investments.

2 Which charges can be included in the illustration?

The illustration tool produces illustrations with the calculation of ongoing charges fees (OCF) and transaction charges done at fund level. The following charges are calculated automatically:

- Wrapper (e.g. 7IM SIPP)
- 7IM Platform
- 7IM Model Portfolio
- Your own bespoke model portfolios
- Financial adviser charges
- DFM charges linked to externally managed models

3 Which growth rates are used in the illustrations?

The growth rates used in the illustration are in line with FCA guidelines or lower based on the asset class. Where a mixture of asset classes exist, we will create a blended growth rate.

4 Which wrappers are supported by your illustrations tool?

- 7IM SIPP
- General Investment Accounts
- Individual Savings Accounts

The tool also allows you to determine if any income is required from any of these wrappers.

5 Growth / Income?

For the 7IM SIPP you will be able to specify specific illustration types such as: Pre-retirement; full, phased or partial drawdown; or an illustration for a new client.

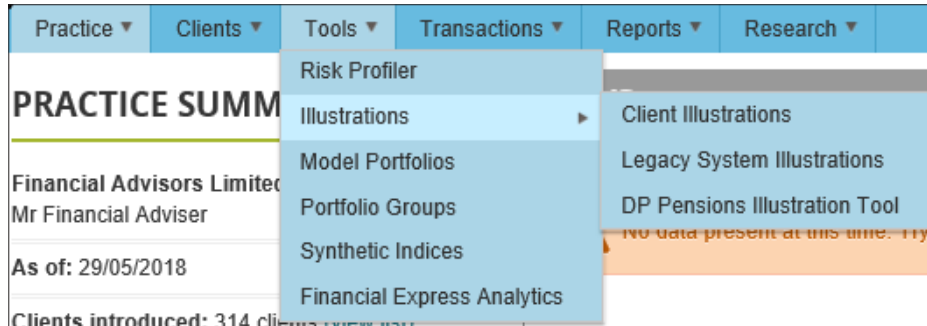
6 Can I access historic illustrations?

Once an illustration is created for a client it will be available for future use. You can also use the tool to create an illustration for a new wrapper or top up for an existing wrapper, amend an existing illustration or copy an existing illustration to generate a new version.

HOW TO ILLUSTRATE?

The illustration service is accessed via the 7IM Platform, once you have logged on you will need to select:

- Tools – illustrations – client illustrations



INITIAL PAGE

You will then be presented with the following page, which will display any existing clients where you have created an illustration using the new service, it is also from here you can select 'NEW CLIENT' when you need to set one up.

The screenshot shows the 'Client Search' interface. At the top, there is a search box labeled 'Search/Filter Client' and a prominent 'NEW CLIENT' button. Below the search box are navigation icons (back, forward, page 1/7, search, refresh). A list of client records is displayed, each with a person icon, name, and ID number. At the bottom, it says '61 Client(s) Found'. Three callout boxes provide instructions:

- CLIENT SEARCH**
 - Use this field to find your client(s).
 - You can search on a client's first name, surname, adviser name, reference or date of birth.
 - Use the new client button to set up a brand new client record.
- CLIENT LIST**
 - The client list shows the results of your search.
 - Where more than ten records are found, use the navigation buttons to page forwards and backwards.
 - Before you begin searching, this list will show the most recent ten clients that you have been working on.
- NAVIGATION**
 - Use the results page icons to quickly jump to a page of clients.
 - Use the **PREV** and **NEXT** buttons to move forward and backwards.

NEW CLIENT PAGE

Enter all of the client details and select the group dropdown.

WRAP VALUE FIELD

The purpose of the wrap valuation is to allow you to capture the value of any existing funds that are **not** 7IM Funds, the illustration calculation will take the value entered in this field to determine where in the tier the new money sits.

You can leave this blank if the client does not have any existing assets on the 7IM Platform or if they are invested in 7IM Funds only.

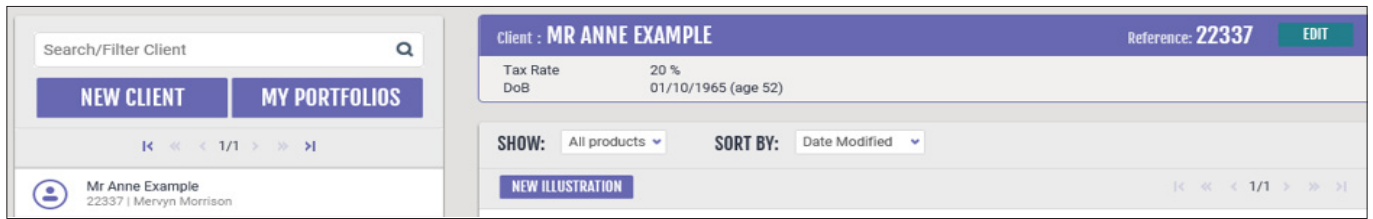
Please note this only works if you have selected the platform service as our discretionary service and Managed Investment Service (MIS) services do not take this field into account.

| | |
|----------------|-------------|
| Wrap valuation | £0.00 |
| Group | 7IM Advised |

Please do not include 7IM Funds within this value as this will incorrectly calculate the platform fee.

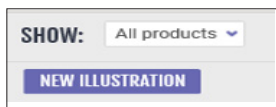
Once you have added all of the client information you can choose to add a spouse if required or just click save.

The client details will be saved and will be viewable in the client page.



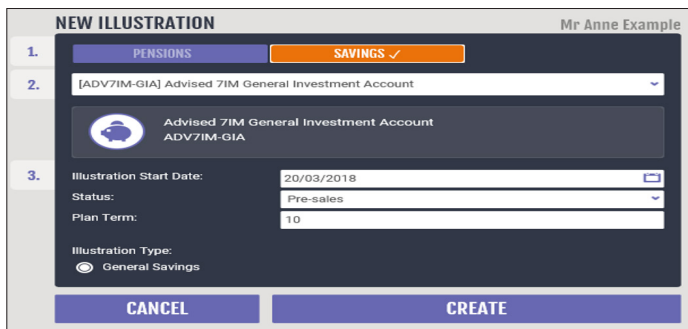
CREATING THE ILLUSTRATION

For the purposes of this guide this section focuses on savings products as the steps are generic and most apply for pensions too. Additional details are covered later. Click 'NEW ILLUSTRATION'.

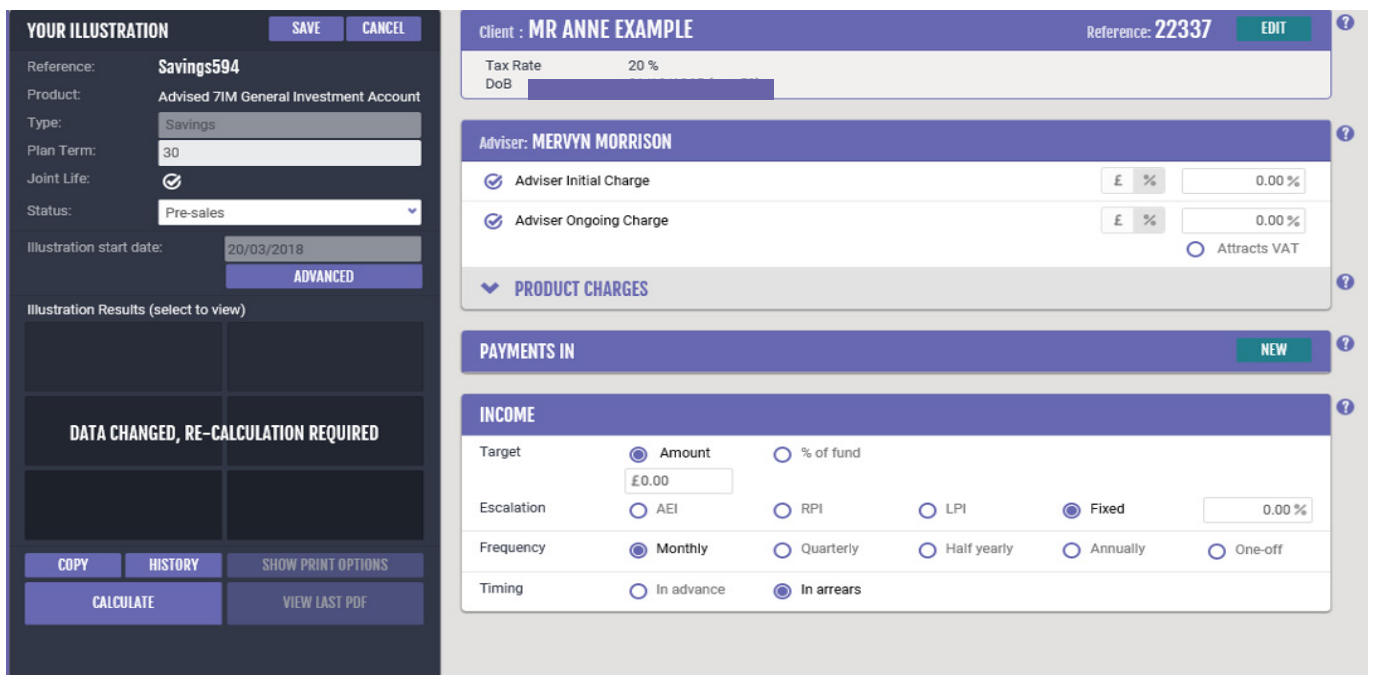


Select the wrapper type 'Pensions' or 'Savings' and then in 2. Select the wrapper type e.g. ISA, GIA or '7IM SIPP' and then select the relevant product, Advised (Platform), Discretionary or Managed Investment Service.

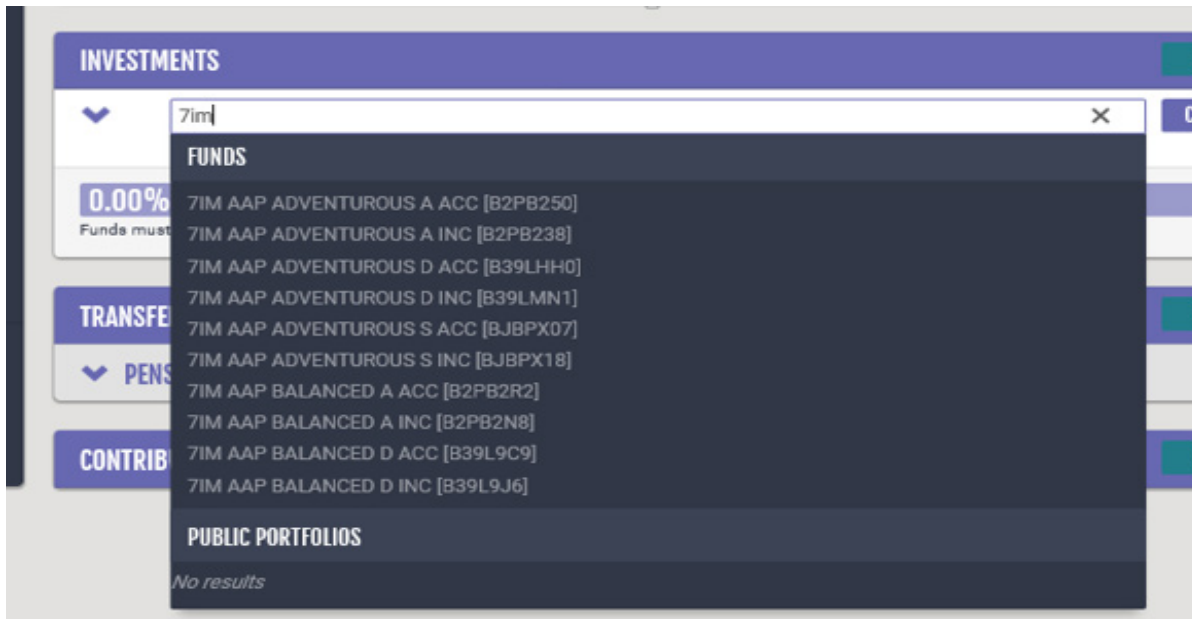
For GIA and ISAs the term is defaulted to 10 years but you can amend this if you wish, so that the illustration projects to a date you require. Select the type of illustration you require, we expect most of the time you to select pre-sale.



You will then be presented with the input screens which is where you can enter details of the amounts being paid in, any income requirements and details of any adviser charges.

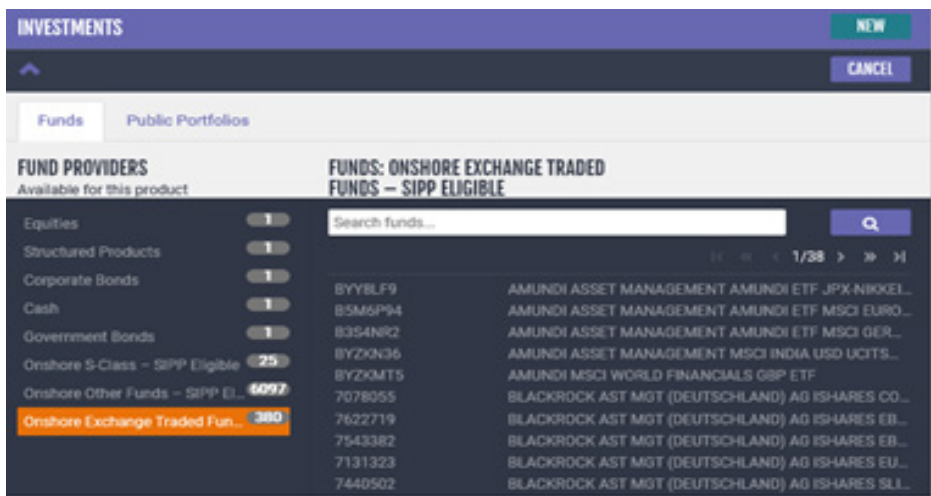


Add the intended investments, you can start typing the model portfolio or fund name or SEDOL this should then return the details for selection.

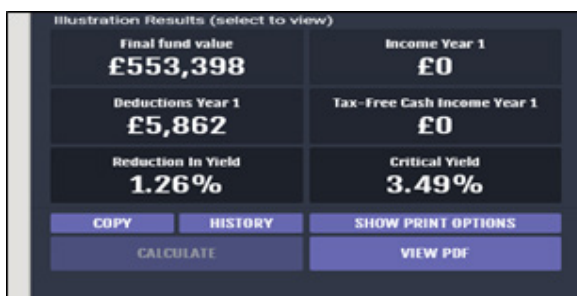


Or, you can click on the dropdown and then will be presented with the breakdowns as follows, which will break this down into available securities by category.

Please note equities, cash, corporate bonds and government bonds can only be selected at that level and not broken down into the actual name of the security.

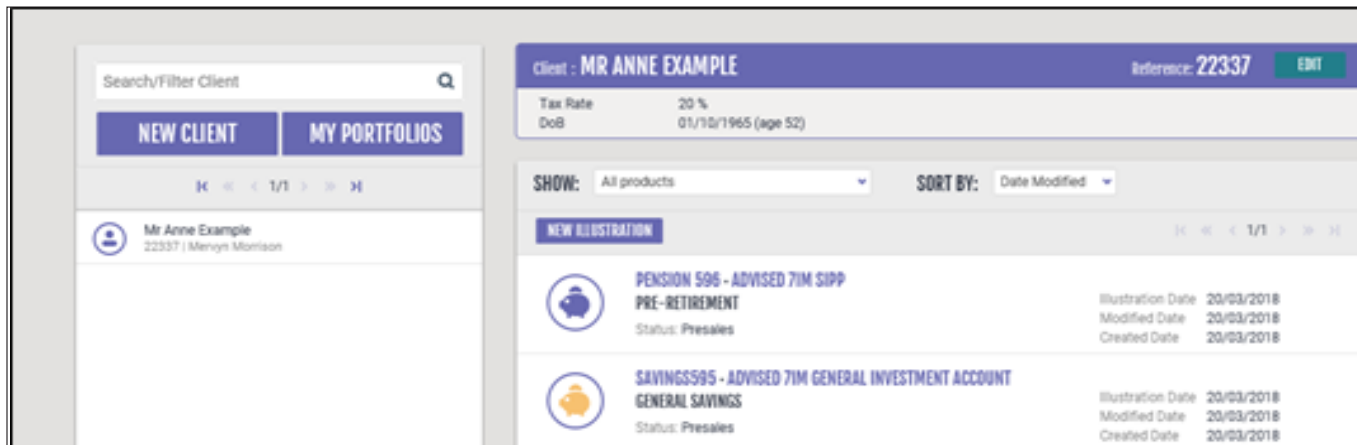


Once you have added all of the required information select calculate, this will then generate a PDF in the background and display summary results once the calculation has taken place.



To view the illustration simply select view PDF and the PDF will open.

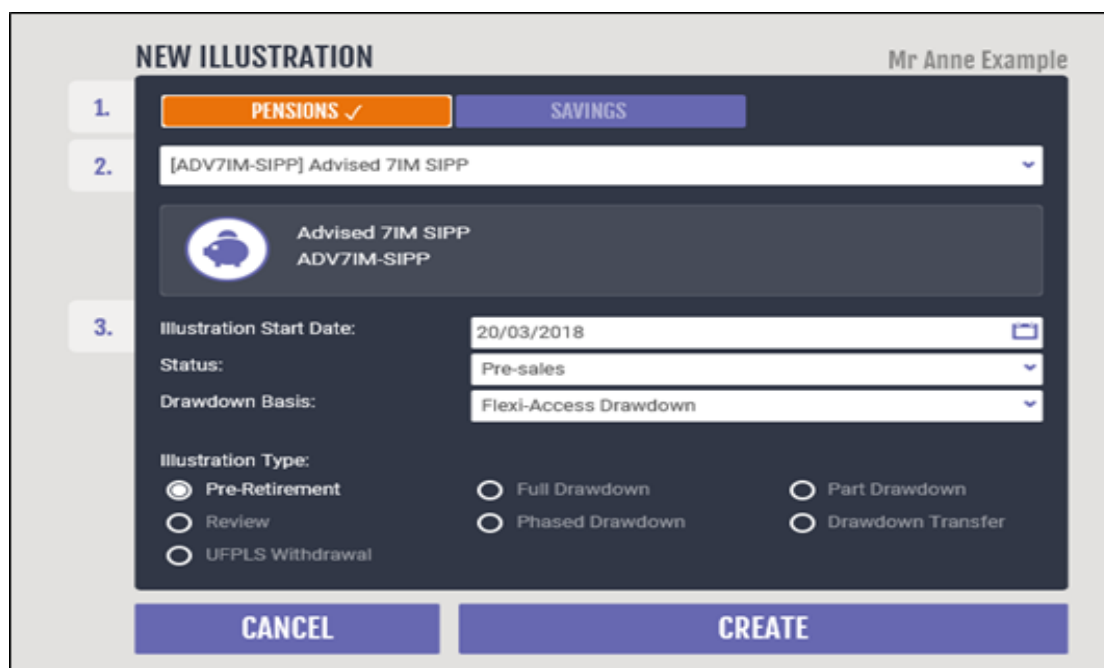
Once the illustration has been created then this will be viewable against the client record in the illustration screen.



KEY DIFFERENCES WHEN PRODUCING 7IM SIPP ILLUSTRATIONS

- 1 You will need to select Pensions rather than savings.
- 2 The product wrapper will be 7IM SIPP in the dropdown.
- 3 The illustration type, there are more options such as pre-retirement (no drawdown) or a number of drawdown options.
- 4 The illustration end date will always default to age 75, but you do have the ability to amend this if you want to project to an earlier or later date (up to age 99).

It is recommended that for the majority of cases you use the Pre-retirement or Full or Partial Drawdown option as this should cover over 90% of the scenarios.



There are a few additional options such as whether protection is applicable and the various income options available on a pension e.g. Tax Free Cash.

^ **PENSION PROTECTION**

None
 Pension
 SSLS
 Fixed 2012
 Individual 2014
 Fixed 2014
 Individual 2016
 Fixed 2016

CONTRIBUTIONS
NEW

INCOME


| | | | | |
|------------|---|--|---------------------------------|--------------------------------------|
| Start date | <input type="text" value="20/03/2018"/> | | Proportion to place in drawdown | <input type="text" value="50.00 %"/> |
| | | | Tax Free Cash Proportion | <input type="text" value="25.00 %"/> |

| | | | | |
|------------|--|---|-----------------------------------|--|
| Target | <input checked="" type="radio"/> Gross | <input type="radio"/> Net | <input type="radio"/> Growth | <input type="radio"/> Match annuity |
| Amount | <input type="text" value="£0.00"/> | <input type="radio"/> Variable Income | | |
| Escalation | <input type="radio"/> AEI | <input type="radio"/> RPI | <input type="radio"/> LPI | <input checked="" type="radio"/> Fixed <input type="text" value="0.00 %"/> |
| Frequency | <input checked="" type="radio"/> Monthly | <input type="radio"/> Quarterly | <input type="radio"/> Half yearly | <input type="radio"/> Annually |
| Timing | <input type="radio"/> In advance | <input checked="" type="radio"/> In arrears | | |

SCENARIOS

The following scenarios have been created to provide some guidance on how to use the illustration tool.

CURRENT HOLDING

| | Client Funds | ISA | GIA | 7IM SIPP | Applicable charges |
|---|---------------|---------|----------|----------|---|
|  | 7IM Funds | £50,000 | £300,000 | £0 | 0.25% |
| | Non 7IM Funds | £0 | £300,000 | £0 | First £500,000; 0.30% The next £500,00; 0.25% Over £1m; 0.15% |

1. Add £50,000 into 7IM Funds into the GIA.

What to input

- Select the relevant savings product and General Investment Account enter £50,000 as the investment amount.
- You do not need to add a Wrap Valuation as this will have no effect on the charging due to the fact all funds are charged at 0.25%.

Illustration details

Will be based on a £50,000 investment all charged at the 7IM fund rate of 0.25%.

2. Add £50,000 into **non** 7IM Funds into the GIA

What to input

- Select the relevant savings product and General Investment Account enter £50,000 as the investment amount.
- Although there are non 7IM Funds, you do not need to add a Wrap Valuation as the combination of the new monies and the existing monies (wrap valuation) will still remain in the initial tier.

Illustration details

Will be based on a £50,000 investment all charged at the platform rate 0.30%.

3. Add £250,000 into GIA non 7IM Funds

What to input

- Select the relevant savings product and General Investment Account enter £250,000 as the investment amount.

- Due to the fact that the combination of new monies and existing monies will cross into the next charging tier then you should add the wrap valuation of £300,000.

Illustration details

Will be based on a £250,000 investment of which the first £200,000 will be charged at 0.30% and the remaining £50,000 will be charged at 0.25%.

4. Add £250,000 into GIA split equally between non 7IM and 7IM Funds

What to input

- Select the relevant savings product and General Investment Account enter £50,000 as the investment amount.
- Although these are non 7IM Funds you do not need to add a Wrap Valuation as the combination of the new monies and the existing monies (wrap valuation) will still remain in the initial tier.

Illustration details

Will be based on a £250,000 investment of which £125,000 (7IM Funds) will be charged at 0.25% and the remaining £125,000 will be charged at 0.30% (non 7IM Funds).

5. New SIPP (transfer in) £500,000 for a client aged 50 all in non 7IM Funds.

What to input

6. New SIPP going into full drawdown £100,000 7IM Funds only.

What to input

- Select pension and then the 7IM SIPP then Illustration type of full drawdown.
- You do not need to add a Wrap Valuation as this will have no effect on the charging due to the fact all funds are charge at 0.25%.

Illustration details

Will be based on £100,000 being invested minus a Pension Commencement Lump Sum. £75,000 will be charged at 0.25%.

QUESTIONS & ANSWERS

Q. 1. What growth rates do you use when calculating the illustration?

All of the growth rates used are subject to a cap imposed by the Financial Conduct Authority (FCA), these are known as the standard FCA growth rates.

| | Wrapper | Low | Mid | High |
|----|----------------|------------|------------|-------------|
| A. | Savings | 1.5% | 4.5% | 7.5% |
| | Pension | 2% | 5% | 8% |

Therefore if the fund manager believed they would achieve higher than 5% we would still need to cap the growth in line with the wrapper being illustrated on.

This covers structured products, mutual funds and equities.

Please note our previously illustrations only projected at standard rates as above regardless of the asset class.

Q. Why are some funds showing growth rates less than the standard FCA growth rates?

The FCA also prescribes that for certain assets these have to be projected as follows.

| | Security Type | Low | Mid | High |
|----|----------------------|------------|------------|-------------|
| A. | Physical cash | -1.5% | 1.5% | 4.5% |
| | Corporate bonds | -0.2% | 2.8% | 5.8% |
| | Government bonds | -1% | 2% | 5% |
| | Equities | 2% | 5% | 8% |
| | Structured products | 2% | 5% | 8% |

Q. How is a fund growth rate calculated for when a fund invests in a number of asset classes?

Where a fund is made up of a number of asset classes we will work out a blended rate based on the asset split % and put the fund into the following bands when determining the growth rate to be used.

| | | | | | | | | | | |
|----|------|------|------|------|------|------|------|------|------|------|
| A. | 0.5% | 1.0% | 1.5% | 2.0% | 2.5% | 3.0% | 3.5% | 4.0% | 4.5% | 5.0% |
|----|------|------|------|------|------|------|------|------|------|------|

The figure displayed is the mid growth rate.

Q. Why in the effect of charges table does the amount I invested show less than I paid in?

All values in this table have been inflation adjusted by 2.5% (which is prescribed by the FCA), the purpose of this is to show the value in real terms i.e. what your money would be worth in today's money.

A. This only applies to Pension products and not savings, therefore these will look different when you generate a savings illustration.

Q. How are the charges taken into account?

We store and calculate all of the following charges, so you don't have to calculate these manually.

- The 7IM Platform Fee
- Fee for using 7IM Funds
- A. • Fund OCF
- Transaction Fee
- SIPP charges where applicable
- Any adviser fees (initial and ongoing)

See the charging scenario in the following examples:

Q. Why can't I select some funds?

We will only show funds that have an OCF and that are tradeable.

- A. It may be that the fund you have selected is not available for ISA's or SIPPs.
If however there is a fund that you believe is tradeable and has an OCF please contact the Platform Service Team and they will look to get this resolved for you.

Q. Why is one of my model portfolios not available?

A model portfolio will only be selectable if all funds are tradeable and have an OCF.

- A. Please ensure that you keep the model portfolio updated on the platform ensuring only tradeable funds are included.

If you urgently need access to a model portfolio that is currently not set up on the illustration tool then please contact the Platform Service Team who will be able to assist you.

Q. Can I illustrate where I am switching between funds?

- A. Although the illustration has not been specifically built for this scenario, you can perform an illustration and enter a lump sum equal to the current value then input the funds you are switching into.

Remember to only add an initial fee if you charge for switching.

Q. Why are some model portfolios appearing on the illustration tool that I haven't set up?

- A. There could be instances where a portfolio has been set up as a shell waiting for you to confirm you want to start using it.

Please contact the Platform Service Team if you see these and they will remove this from the illustration tool.

Q. Why are there more Model Portfolios appearing on the platform but this is restricted

- A. It could be due to one of the issues highlighted in item 7 above or it could be that you belong to a network. In platform all model portfolios are displayed for all members of a network, but within the illustration tool we have restricted these to only show to the relevant practices.

Q. What assets are is the ongoing charge calculated on?

- A. Your ongoing adviser charge is calculated on all investments including cash.

Q. How is the reduction in yield calculated

The reduction in yield is calculated by deducting all charges from the mid growth rate, however the figures are calculated on a monthly basis in the following order.

- Any new monies are added
 - A. • Any monthly charges are calculated
 - Any growth is applied.
 - This then repeats on a monthly basis.
- See the charging scenario example below.

Q. Are there separate log in details required for accessing the illustration tool?

- A. No, you can access the illustrations via our platform and will automatically be logged in. If however, you are presented with a log on page, please contact our Platform Support Team, who will be able to help you.

Q. Why can't I see my client's details in the illustration screens?

The illustration system does not automatically populate. Instead you will need to include some basic information to set up a client. This only needs to be done once. The illustration system will store the information provided for future use.

- Select the relevant pension product and 7IM SIPP then Illustration type of pre-retirement.
- A. • Enter £500,000 as the transfer in amount.
- Add a wrap valuation of £300,000

Illustration details

Will be based on a £500,000 investment charged as follows £200,000 at 0.30% and the remaining £300,000 at 0.25%

CHARGING SCENARIO EXAMPLE

| Investment Amount | Fund Charges | | | Adviser Charges |
|-------------------|--------------|--------------------|----------------|-----------------|
| | OCF | Transaction Charge | Initial Charge | Ongoing Charge |
| £100,000 | 0.20% | 0.10% | 0.00% | 0.50% |

This diagram has been created to provide a guide as to how the charges are calculated, this does not replace a formal illustration.

The charge process is as follows

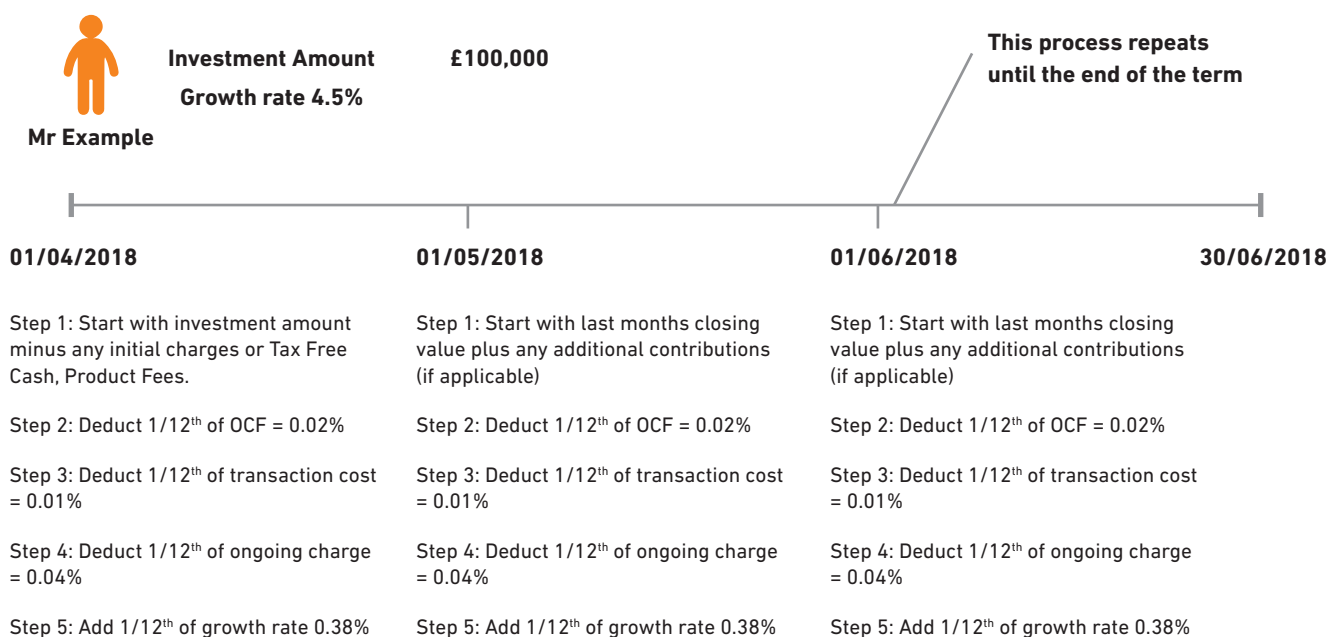
Any new payments in are taken into account e.g. minus any Tax Free Cash (pension only)

Month 1: On a monthly basis a 12th of each monthly charge is deducted

Month 1: Once the charges have been taken then a 12th of the growth is added

Month 2: The process continues with this loop until the end of the term.

Any annual fees are only taken out on the anniversary and where relevant e.g. the SIPP annual fee may be charged at outset (if the value is less than £75,000), but as soon as the value is over £75,000 then the annual fee will not be charged at the next required frequency (anniversary of the policy set up).



| | Start of month | Deduct | | | | Add | | | |
|----------------|----------------|--------|------------------|------------------------|------------|--------|------------|--------|------------|
| | | OCF | Transaction cost | Adviser Ongoing Charge | Growth | | | | |
| | | 0.02% | Leaves | 0.01% | Leaves | 0.04% | Leaves | 0.38% | Leaves |
| Month 1 | £100,000.00 | £20.00 | £99,980.00 | £10.00 | £99,970.00 | £39.99 | £99,930.01 | £40.14 | £99,970.15 |
| Month 2 | £99,970.15 | £19.99 | £99,950.16 | £10.00 | £99,940.16 | £39.98 | £99,900.19 | £40.13 | £99,940.32 |
| Month 3 | £99,940.32 | £19.99 | £99,920.33 | £9.99 | £99,910.34 | £39.96 | £99,870.37 | £40.12 | £99,910.49 |

For more information call 0207 760 8777 or visit www.7im.co.uk

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