old mill financial services
independent financial advisers

Investment Bulletin

Autumn 2007

Chartered Financial Planner status

Old Mill Financial Services is one of the first financial services businesses in the West Country to be awarded Corporate Chartered Financial Planner status – the ultimate accolade for Independent Financial Advisers.

To qualify for this status, the business must ensure at least half of their executive directors and partners have Chartered status as individuals and 90% of our customer facing staff are members of the Chartered Insurance Institute. This indicates our commitment to professionalism, enhancing technical knowledge and to following an ethical code of conduct.

This status is recognition of our long term commitment to invest in training our staff so they are able to progress and develop. We believe that all of our staff should receive regular ongoing training so we can offer a genuinely high standard of service to you.

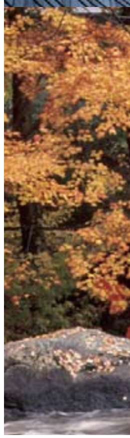
In addition six of our consultants have achieved Chartered Financial Planning status as individuals and this shows the ethos of the whole firm fits with the highest aspirations as one of the leading financial advisers in the West Country.

EARTH Plan – an exclusive investment opportunity

Old Mill have put together a new and exclusive investment in conjunction with Barclays, The Old Mill Earth Investment Plan.

The returns from this five year plan will be linked to the performance of companies and other areas of investment that will profit if, as expected, the global demand for alternative energy sources grows in the future.

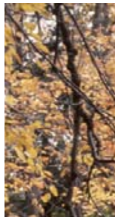
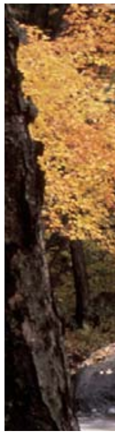
75% of the return will be linked to an index of nineteen companies designed to reflect the increase in demand for water and the use of alternative and renewable resources in the energy sectors. The remaining 25% of the investment return is linked to an agricultural index to benefit from the growing demand for Corn, Wheat and other soft commodities.



This is a growth investment where the returns at maturity will be equivalent to 125% of the rise in the index in five years' time (net of charges). The Earth Plan provides this potential for an enhanced return from these areas of investment without risk to your capital as there is the comfort that, on maturity, you will receive back, as a minimum, your original investment (subject to Barclays Bank plc meeting its financial commitments).

The minimum investment amount is £7,000. You should bear in mind that the term of the plan is five years, and although access is possible during this period, should you choose to do so capital protection will not apply and you may get back less than you invest. It is therefore important to ensure that you have sufficient other assets to draw upon if you will need access to capital during the five year term. This is a strictly limited offer and the plan will close by 31st October 2007 at the latest, although Investments received prior to 17th October will benefit from an increased investment participation of 127.5%. Please contact your Old Mill Consultant if you would like to know more.



Reducing Inheritance Tax (IHT) bills

“You can’t take it with you’ – but most of us at least want to ensure we pass as much as possible on to our family.

The past decade has seen this become relevant to an increasing number of us as the threshold for IHT has failed to keep even within touching distance of house price inflation.

Do you have ISAs and PEPs? These are very tax efficient for income and growth during your lifetime, but will be included in your estate for inheritance tax purposes. If the investments are surplus to your needs it may be appropriate to consider trust planning so this money is outside of your estate seven years after the gift.

Trust planning does however involve giving away money and not benefiting from it in the future which can put people off. It is also possible however to invest in assets that will qualify for Business Property Relief, which will be outside of your estate after two years. You hold the investment personally, and it does not have to be gifted away.

To avoid the full impact of Inheritance Tax to achieve the best result for your family it has become increasingly important to plan ahead and putting in place a number of small strategies rather than one grand one. The answer is always to make sure you get professional advice that takes into account all the factors and aspirations for you and your family. If you have any concerns about IHT please contact your consultant.

Commercial Property Funds

Many of our clients have Commercial Property Funds and these have provided an excellent investment return for many years.

The interest rates rises we have seen will have an effect on this area of interest however and we think the overall return (rents and capital growth) may be lower for the next few years.

We still think it should be included as part of a balanced portfolio, but if you have held these funds for many years now it may be a good time to talk to your Old Mill Consultant to discuss taking some of those profits.You should remember as commercial property is not a very liquid asset, when property prices are falling there is the possibility of a fund suspending encashment until a property is sold.

Deposit Account best buys

As you know your Consultant always checks the rates on all your cash deposit accounts where possible at your annual review.

It is always worthwhile keeping an eye on your own accounts as well though – you would be surprised how building societies can reduce the rates on "old accounts" to make way for new style accounts. Latest rates are as follows:

Type of account	Gross rate
Internet Account	6.4 % – minimum deposit £1
No Notice Account	6.10 % – minimum deposit £1
Regular Saver	7.5 % – minimum monthly deposit £10
Over 50's	6.4 % – minimum deposit £1/online
Children's Account	6.20 % – minimum deposit £1
Mini Cash ISA – Instant Access	6.26 % – minimum deposit £1

Deposit accounts are not regulated by the Financial Services Authority. Source: Moneyfacts 01/10/2007.

Outlook

You will have seen articles in the news recently about banks and the 'crisis' at Northern Rock.

It is important to remember that the UK economy remains strong and the likelihood of the Government allowing a bank to become insolvent is extremely remote. This has been demonstrated by the 100% guarantee that Northern Rock account holders now have.

The biggest factor in the banking world at present is rumour and uncertainty and in this environment it seems likely that we will see big swings in stockmarket value both up and down in the coming months. Global economies are growing at present however and stockmarkets do not seem overvalued which gives longer term prospects of growth.

Finally from uncertainty comes opportunity and as it now seems less likely that there will be a rise in the Bank of England interest rate, fixed one year deposit accounts offering rates as high as 7% look very attractive in the short term. Speak to your consultant if you want to know more.

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