



INDEPENDENT FINANCIAL ADVISERS



Investments  
&  
Pensions

Mortgages  
&  
Insurance



## Summer 2020 Review

~ STRAIGHTFORWARD ADVICE..... IN BLACK AND WHITE ~

## *About Hurst Financial Consultancy*

Hurst Financial Consultancy was founded in 1997 by the Managing Director, Michael Hurst. The company has operated successfully in Salisbury from inception serving clients locally, nationally and internationally.

The company focus has always been on excellence.

We have also developed a strong focus on state of the art information technology being aware of its significant value in not only collating data, but managing the performance of investments. We have our own in-house IT department and use its services constantly to develop the service that we give to our clients to ensure it is always "leading edge".

As Independent Financial Advisers we have access to the full range of products and services available in the UK as opposed to a Tied Agent or Company Representative who may only advise and offer products from the company or companies they represent - they give "restricted advice" - we give independent advice. This means that we are able to give you impartial advice and recommend the most appropriate products for you, so that you will enjoy choice, value for money and our high-quality service.



The chart above shows the year to date for the average of our average portfolios. Marginally up.

The chart below shows the position since the start of August 2019 so about a year – like wise marginally up.



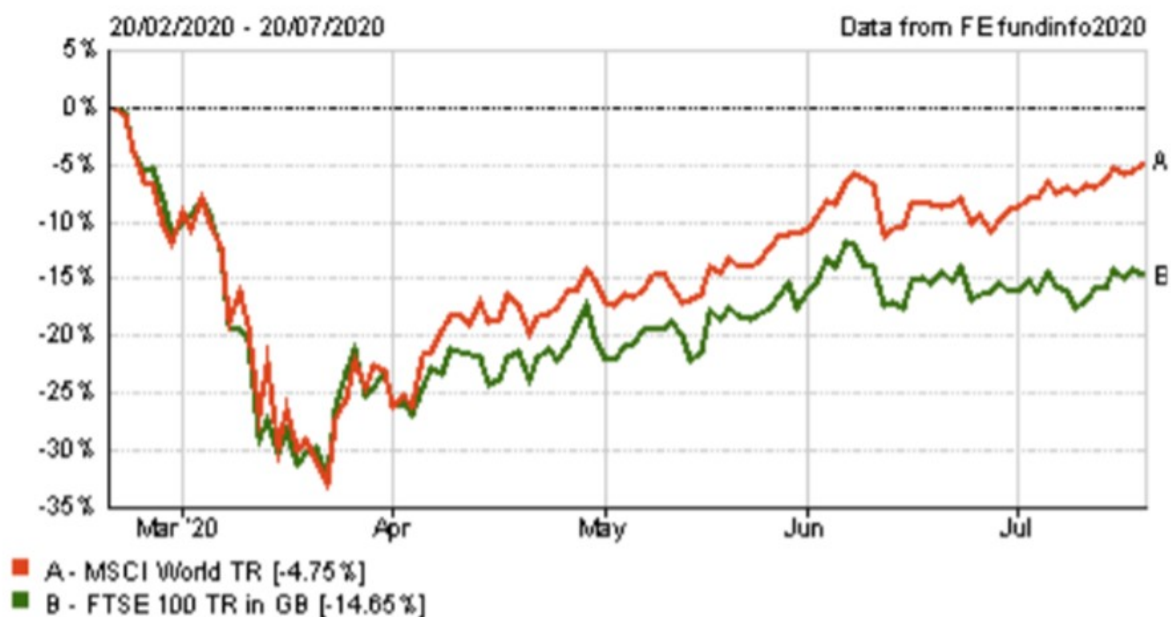
This chart below shows a period of time from 20<sup>th</sup> February when the world, maybe not the UK, started to worry about COVID-19. A very small percentage down.



## So what happens now?

We think that good investment funds will have been busy rotating away from stocks that look like they will hurt; some retail, some travel, basically the things we can see with our own eyes, that are hurting and likely to continue to hurt. Certain names up and down the High Street and of course commercial property, which for the record is still in a lock down situation for many of our portfolio fund holders, fortunately this is where it exists, a very small component of any of our client holdings. As soon as we can we shall be recommending an exit (wholesale) from this arena and frankly, will probably never return to it. It's days in its current format are beyond numbered, they are spent.

How have we fared? – We need to be careful about over celebrating – it sounds boastful!



In all of the reports I have written and no doubt fascinated you with since 2008, I have always stressed the importance of diversification. Not just lots of UK stock but a worldwide disposition. This puts more eggs into our basket. The chart below shows that our portfolios have benefitted from this:

- We have outperformed the FTSE 100 by a large margin when considering the period at the start of COVID-19 to now.
- We have outperformed the MSCI world average index.

So, the diversification has paid off and our blending of assets even inside well-chosen low cost tracking funds has paid off.

**It's not to say we are insulated from falls**, a second spike could have issues for everyone again but with the word 'vaccine' now being spread more worldwide, it could be that we are on the cusp, potentially, of a slow and gradual return to a new normal. New because some things will have changed forever and never come back. The High street retail model will have to become digital and do so quickly, travel companies will have to re-shape offerings to re-instil security around not just payment security but also health. Pubs and restaurants will need to be diligent financially and practicably so as not to create hot spots for the virus and landlords are going to have to re-visit how they get real estate to pay!

Government, even if we criticise it for being slow at the start, has put its shoulder behind the country in a massive way – it hasn't got everything right – absencing partnerships (self-employed) from a furlough payment if their profits were above £50k was a mistake – a simple cap would have sufficed and eased hardship that I know for a fact has occurred. I'm making representations about this with our MP in the beginning of August at my home.

**How will fiscal policy change**, tax has to go up- how will it happen?

This Government got into power on a 'red wall vote' – traditional Labour voters lost faith in the leadership and changed horses probably at some great moral pain, but to keep those votes, changes to fiscal policy probably won't be set to influence the tax take in those regions. Instead, we are probably looking at tax take being around capital gains tax, inheritance tax and maybe even limiting pension tax relief for high earners. The next few weeks and months will be interesting in that regard. We will keep you updated.

What will also be interesting is how the markets respond to a vaccine proving conclusively successful.

The FTSE has loads of upside left from its 2019 highs. The same is true of lots of other international markets.

**What are we saying – what shall we do?**

**For new money** for new and existing clients entering markets now– place it into markets incrementally to spread the risk over time – markets are volatile.

**Moving funds to ISAs from existing investments** - we are taking a slow and steady approach about using client funds in collective investment accounts to complete the BED and ISA process where funds move from general investments into ISAs each year.

Where we are moving money, generally, and we are for some people for instance undertaking inheritance tax planning, we are doing so with prudence and care and looking for periods of expected stability where markets don't see us catching a cold!

**What about going forward** – we still need to plan for our futures and our children and their children.

We are focusing on stable returns and introducing new ideas around **inheritance tax** and anyone who wants to talk to us about this, contact us in September – our staff will return fully to work then. Some are trying to get a vacation done. Personally, I am thanking all of my team for their amazing diligence and attention to detail while we have been working remotely.

We have engaged fully and developed our software more and more for quick easy and efficient client contact and hope to continue to use this on an ongoing and increasing basis.

Personally I'd also like to thank all of our clients for your faith in us. We genuinely share this journey with you and any time you feel worried or concerned about anything, you can be assured that we will be only happy to help.

I think we will issue a new statement in September unless anything worthy of comment comes out before. I am having a back operation on Saturday. I will have the phone so please wait a couple of days before calling to give me a chance to recover.

We will all, as a team, be ready for any contact. Our respective direct contact details are tabled below.

Thank you for listening and reading.

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