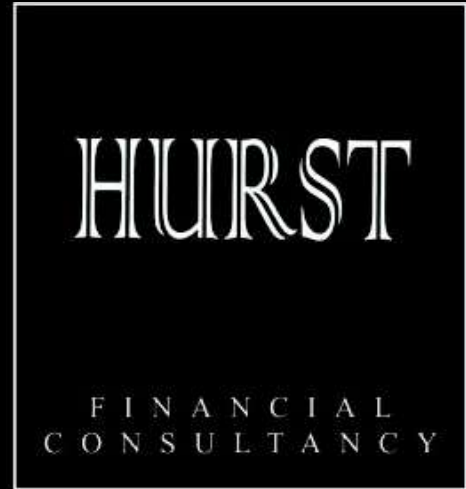


June 2021



Investment Review



Introduction

Hello and welcome to the review for June 2021.

This sets the scene as we see it for the Summer though of course will monitor events as they unfold around the easing of restrictions etc.



Market Thoughts

Given the excellent vaccination programme in the UK we are seeing encouraging figures that Covid-19 cases remain at a low level, despite the relaxation of some restrictions.

As a nation we are starting to get out and enjoy ourselves. Retail sales are rising although not quite at pre pandemic levels with manufacturing and service sectors also rapidly growing.

Following the American USD 1.9 trillion stimulus package passed in March and with Covid-19 cases broadly under control, the US consumer has started to make up for lost time as the economy reopens which has asked some questions over inflationary pressures.



This short-term inflation is partially driven by higher demand at a time when supply chains are still restarting but also because last year's comparison figures were heavily impacted by the pandemic. This is seeing some short-term volatility creep in as markets react to and fro.

European countries have struggled to varying degrees to get on top of recent Covid-19 variant outbreaks, however the current rate of vaccinations gives confidence that the economic recovery will continue as restrictions are relaxed.

Europe should benefit from the increased demand for exports to the US, which account for 3% of eurozone GDP. Inflation remains more muted in the eurozone.



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The Chinese economy continues to normalise as activity in services continues to improve.

I am sure we are all aware of the Covid-19 health crisis in India highlighting the need for successful vaccination rollouts to be urgently broadened out to the emerging world.

As a result, the economy will contract with an expected rebound later this year.



Portfolios Performance



I thought it would be interesting to show a chart of our blended portfolios against the higher risk FTSE 100 and Dow Jones highlighting the volatility of the latter and the benefit of risk rated asset diversification.



Dow Jones, FTSE 100 & Blended Portfolio Comparison



22/05/2020 - 24/05/2021 Data from FE fundinfo2021

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I would like to reiterate my comments from January's investment review in relation to trying to second guess potential short term market movements as this is not something we would do with longer term invested assets.

The blue line shows steady growth and much less volatility and reflects a mid-risk position – the other two charts are all equities and carry over double the risk – not suitable for the majority of clients.



Budget Summary

Given that the dust has settled around the budget I thought it would be useful to lay out a summary of key facts.

Main Personal Allowances and Reliefs 2021/22

Personal allowance £12,570

Personal allowance reduced by £1 for every £2 of adjusted net income over £100,000.

Married couple's / civil partner's transferable allowance £1,260

Reduced by £1 for every £2 of adjusted net income over £30,400 (£30,200 for 2020/21), until the minimum is reached.

Married couple's / civil partner's allowance at 10% (if at least one born before 6/4/35) maximum £9,125 and minimum £3,530

Blind person's allowance £2,520

Rent-a-room tax-free income £7,500



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Registered Pension Schemes

Lifetime allowance £1,073,100

Annual allowance £40,000 (Reduced by £1 for every £2 of adjusted income over £240,000 to a minimum of £4,000, subject to threshold income being over £200,000)

Money purchase annual allowance £4,000 for clients who are taking income from their drawdown.



Income Tax Rates and Bands 2021/22

UK taxpayers excluding Scottish taxpayers' non-dividend, non-savings income

20% basic rate on first slice of taxable income up to £37,700

40% higher rate on next slice of taxable income over £37,700

45% additional rate on taxable income over £150,000

Starting rate at 0% – on band of savings income up to £5,000 (Not available if taxable non-savings income exceeds the starting rate band)

Personal savings allowance at 0%: basic rate taxpayers £1,000, higher rate taxpayers £500 additional rate taxpayers £0.

Dividend allowance at 0% tax – all individuals £2,000

Tax rates on dividend income:

Basic rate taxpayers 7.5%

Higher rate taxpayers 32.5%

Additional rate taxpayers 38.1%

Please note different rates apply for Scottish Taxpayers.



Making the Most of Your Annual Tax Allowances



The two main allowances that are used by our clients are the ISA allowance and pension contributions.



ISA Allowance

Bed & ISA

For those of you who have General investment accounts (sometimes called collective investment accounts) where each year we transfer funds to maximise your ISA allowances.

We will be in touch to transfer the applicable amount in due course.

If you have accumulated excess capital during the pandemic and would like to add to your portfolio, please contact your adviser who will be delighted to talk through the most efficient option for you.



Pension Contributions

Many of you make contributions through a lump sum or monthly contributions either personally or through your own companies.

It may be an opportunity to consider a further contribution or to increase any regular contributions.

Your adviser will be happy to discuss the tax advantages and long-term benefits to you.



Changes at the Office and Contact



Ian left as you know in December and as a consequence we have taken further steps to ensure that the business has a robust plan for succession our aim to ensure high service levels always.

To this end I am delighted to confirm that Jon Budden who has been with us for 17 years has been appointed as a Director and he and I are engineering changes in processes to position the company positively for the post pandemic world.

This changes nothing with regard to Jon's relationship with his clients. Jon is a very highly qualified adviser and extending this role is to the benefit of all of our clients, Jon will serve as front of house though will work with me daily as we navigate this new environment.



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Sadly our compliance consultant, Alan, of 20 years passed away in February, not a good month all round, and he is sadly missed.

We think it appropriate and always have done, that compliance and its difficult landscape, is looked after by a third party and we have successfully appointed a fantastic company for this who have helped us already in slight changes to our internal systems.



After a two hour zoom meeting where we demonstrated end to end how we look after clients – they stated unequivocally that the systems we use are the best they have ever seen.

This is in no small way down to the preparedness of my team to evolve and to be nimble and is helped hugely by the often unlauded Roger who helps us daily, as we finesse our IT to maximise the service level we aim to give.



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Any of my clients who receive a call or contact from Jon in the future will initially be contacted so as to make introduction.

Jon will be helping me as I seek to continue to extend our service offering and develop how we interact with all clients and ensuring that we continue to position our business to be at the top of its game.

Compliance and regulation are an increasing role that falls to me, and Jon's help here will be very welcome. Nevertheless, those clients who meet Jon effectively will have two very qualified advisers for the price of one – Jon and I communicate several times a day, so all matters are shared.



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We are delighted to welcome Sharon Mercer to our team at HFC, an ex-Barclays Bank manager, she will be acting to support the role of the directors and will assist in ensuring a continuation of our high service levels.

We continue to follow the government guidelines to work from home whenever possible for the safety of our staff and clients.

The personal contact has been sorely missed by us all, we continue to communicate over the telephone or Zoom etc. and if you require a meeting, please contact your adviser using the direct dial numbers at the end of this communication.



Summary

We continue to recommend investing in a diversified portfolio within your given risk parameters.

Stay safe and let us all hope that restrictions are eased further in due course.

Adviser direct dial numbers follow in the next slide.



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Keeping in touch

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