I hope this finds you well and enjoying the summer.

Our summer newsletter includes how we should hold steady in a tough economy, useful facts about insuring your income, and how to act when confronted by pension scammers.

We've got market commentary and some great illustrations on the value of staying invested during turbulent times.

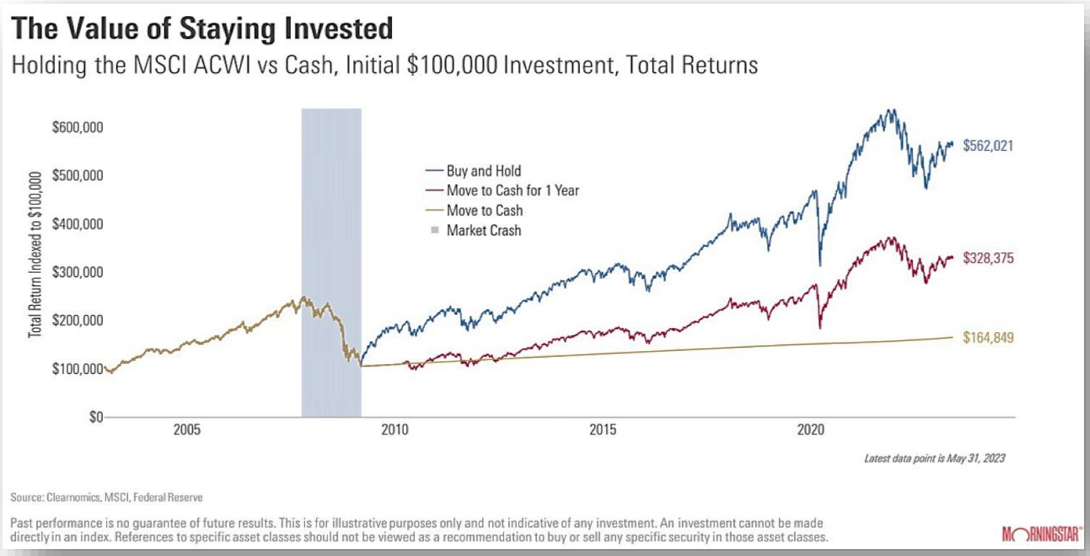
As many of you know, I'm not the bravest traveller on planes, especially when there's turbulence, but the safest thing to do when it's bumpy is to buckle in and have faith in the pilot: And this is just like the investment journey: Patience is key and holding your nerve pays dividends.

Andy

Standing our ground in 2023

Analysis of the prevailing market seems to suggest that the current environment is as volatile as it was during the Global Financial Crisis of 2008. In my view, if this is indeed true, by standing our ground and maintaining a positive long-term view, I still believe there are opportunities for capital to be made. Let me share some insights with you that I hope you will find useful.

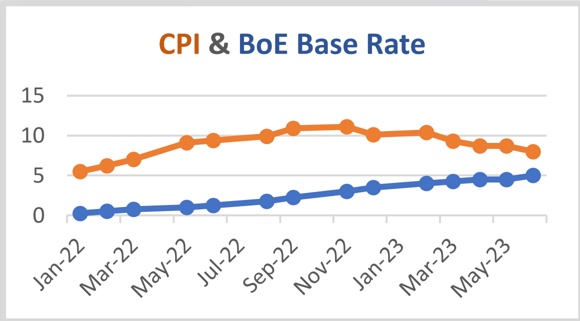
> "It's not about **timing** the markets; it's about **time in** the markets."



We cannot control the market environment. We can however analyse the trends and assess the opportunities it can bring. Morningstar's independent research helps us to do just this.

The market in 2023

- Stubborn inflation (now down to 7.9%) is pressuring many households and businesses.
- The base rate is at 5%, as high as it was in 2008.
- We've seen fifteen Bank of England Interest Rate rises in a battle against inflation. High interest rates disadvantage borrowers and favour savers, although inflation erodes savings.
  As fixed rate loans mature, we're seeing sharp increases in their debt repayments. The old 'pay down debt vs invest for growth' conversation is back, which is something I can certainly help with.



- Against the background of oscillating stocks, people are falling into two camps:

Short-term mindset

Volatility, recession
and inflation are bad news
for investors
who want a quick killing

Long-term mindset

Better valuations
are good news
for investors
when interest rates start falling

- Among defensive assets, bonds and cash rates have improved, so we don't have to work as hard to find decent cash-producing opportunities. In many cases, investment yields can still exceed debt costs.

Positives

We see merit in continuing our measured and positive approach so that we can drive outcomes for those with assets matched to longer-term goals. So, keeping money at work in a diversified portfolio makes sense, especially with a valuation focus. The rationale for this is as follows:

1. Higher interest rates have resulted in better yields for many assets. By holding assets with strong durable income generation, we can benefit from this market shift and reduce the capital gains hurdle required to grow your portfolio.
2. Valuations are justifying investment. By and large, the markets are steady and offering a solid foundation for returns.
3. To offset shorter-term risks such as the US debt ceiling or a potential recession, we are holding defensive assets that not only offer a ballast but also some peace of mind due to their higher yields.
4. Despite the economy, neither the mortgage market nor the housing market has failed. House price reductions aren't as bad as anticipated, and the market is calmer than it's been for two years, with sales returning to levels just before the pandemic.

Negatives

It is important that we don't have our heads in the sand in this environment.

- If volatility increases, your investment mix could still fall in value. It has the potential to see shorter-term falls before it improves overall.
- The proposed holdings are more diversified and liquid in nature, but some assets may fall more than others. We don't expect issues with liquidity or default given our diversified approach.
- Our business is about balancing risk with reward, but even so, a recession would complicate matters, and necessitate new approaches to mitigate the risk.

> *If you invested £1,000 over 25 years, you could stand to receive a return of £6,703. However, if you missed the best 40 days, you're looking at shrinking that return to £1,540.*
>
> *Natalie Tysoe, Investment Specialist, Morningstar Investment Management*

Critical Illness Cover (CIC) and Income Protection (IP)

As many of you have heard me say, we're far more likely to insure our pets than ourselves. In my household, my faithful hound costs me dear and she doesn't even go out to work!

Everyone contributes within a family, but without the wage earners things would look very different. How would you cope if income was cut short through unforeseen circumstances? Whilst thinking about this can be unsettling, it is vital that we plan ahead to protect against such loss of earnings.

Being diagnosed with a life-threatening illness such as cancer is traumatic for the person involved as well as their family. It's uncomfortable to think about, so most of us don't. By applying for CIC and IP when you are healthy and fit, it can be more affordable and take one more thing off our worry list. Here are some stats from Liverpool Victoria.

In 2021:

The average claim payment was
£77,944
and the highest
£499,982

Men
are **twice as likely**
to claim CIC
than **women**

Common reasons for claim:
Heart attack
Stroke
Arthritis & Fracture
Cancer
Musculoskeletal
Mental health

Cancer
accounts for
58%
of CIC claims,
half of these being
for breast cancer

Lost working days
due to work-related ill health and non-fatal workplace injuries in 2021/22.
36.8 million

The average claimant was
49
years old, the youngest
24

LV paid out almost
£12m
in claims directly related to Covid-19

Stats provided by Liverpool & Victoria and Statista

If you've got any questions about your protection needs, please don't hesitate to call me.

Pension scammers

There's a new breed of sophisticated scammer and they're after your pension pot. They are well informed about pensions; they come armed with credible websites and believable testimonials; they have a range of convincing offers and apparently ethical propositions. Funds accessed may then be re-routed into odd high-risk investments - or simply pocketed.

Tactics may include promises of high or guaranteed returns, free pension reviews, and the ability to access to your pension before the age of 55. They may call you out of the blue and pressurise you to act quickly to secure the deal. They may even pretend that they're on the FCA register.

Protect yourself from pension scams with these four steps.

1	2	3	4
Reject unexpected offers	**Check who you're dealing with**	**Don't be rushed or pressurised**	**Get impartial advice**
If someone contacts you out of the blue, it's probably high risk or a scam. Be wary of free pension review offers from a company you haven't had dealings with.	Check the caller is on the FCA register. The Financial Ombudsman and the Financial Services Compensation Scheme only deal with firms authorised by the FCA.	Make all the checks you need in your own time even if it means turning down a dazzling deal. Don't decide then and there.	Your financial adviser has your interests at heart. Don't use an adviser that the caller has recommended.

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Consumer Helpline ☎ 0800 111 6768

www.register.fca.org.uk

www.fca.org.uk/scammers

"I eat better when I have my lunch before watching the business news."

I'm here for you

We work on your behalf by tirelessly monitoring the market and managing risks as and when they occur. If you have any questions or concerns, please don't hesitate to speak to me.

Keep in touch if:

- there's been a life event such as birth, marriage, divorce or death
- you are thinking of purchasing a house or car on finance
- you are planning to launch a business
- you have benefitted from an inheritance or other windfall
- you want to review your attitude-to-risk or your cash flow.

My holidays

I will be out of the office from Friday 21st July returning on Wednesday 2nd August. During that time, I will not have access to my emails or phone so please contact the office on (01789) 268656 if you need any assistance.

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