



TIME FOR YOUR FINANCIAL MOT

We know how important it is to plan for the future. However, plans don't have to be set in stone. With changing personal circumstances, regulations, products and movements in investment markets it is important to regularly review your plans and refine them, if necessary, to ensure you remain on track to achieve your financial goals.

There's no time like the start of a New Year to conduct a financial MOT – to confirm that your investment strategy is still aligned to your objectives; to ensure that you are not paying too much to the taxman; to check that you have plans in place for your loved ones; and so on.

To get you started we have compiled a list of key 'hazard lights' to check and address.

Individual Savings Account (ISA)

This is one of the most tax efficient investment options in the UK. Have you maximised your current allowance of £20,000? If not, can you do so before the 5th of April? If not, can you plan to maximise your allowance in 2018-19? Ahead of the new tax year, it is also worth checking the interest rate you're on as initial generous savings rates can sometimes plummet to nothing, like fuel out of a punctured tank, so a shift to a more suitable plan may be advisable.

Pension Planning

Onto one of the most significant investments in anyone's life. Some people, with several jobs during their career, forget how many pensions they have and fail to keep track of them. These are potentially smaller vehicles of funds that may perform better if consolidated. Track them down and, even if you haven't forgotten about any pensions, regularly review your plans, the available options and maximum tax-efficient allowances, to stay on target for a comfortable retirement.

NB: The www.moneyadvice.service.org.uk provides details on tracking down pensions.

Investment Portfolios

With so much changing in the global economy and political world it is essential to have a forward-looking investment strategy; to regularly review your portfolio and to ensure that your investments are continually positioned to meet your goals.

Capital Gains Tax (CGT)

Efficient wealth management is about ensuring you always have the most appropriate investments in place. This includes keeping a close eye on CGT and maximising your personal allowance. Review your investment portfolios regularly to stay ahead of potential tax charges.

Inheritance Tax (IHT)

This is potentially the biggest bill levied on any estate. However, with careful and regular planning, it is possible to reduce or even remove IHT liability altogether. There are several misconceptions to watch out for, so it is important to obtain professional advice which is specifically relevant to you.

Our motto for this MOT is to "Manage your finances instead of letting your finances manage you". With changing circumstances, you could benefit from a professional review of your financial plans. And, in case you weren't aware, we may be able to conduct a free financial health check for you.

If you would like to talk to an adviser about your financial plans. You can:

-  Fill in and return the Information Request form
-  Email us at wfc@whitechurch.co.uk
-  Call us on 0117 916 6194

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INSIGHT ON INVESTMENT MARKETS: GOLDILOCKS VERSUS THE BEARS IN 2018

Gavin Haynes, Managing Director



2017 was a year where risk was rewarded and most global stockmarkets posted double-digit returns. However, as we approach nine years since global stockmarkets plunged following the global financial crisis, investors are becoming bearish with concerns over record stockmarket levels and questioning whether they can continue to rise in 2018.

I am sure there are many investors keeping their powder dry and waiting for the market to fall before they invest their monies. But attempting to time the market is notoriously difficult and the saying to bear in mind is that “bull markets do not die of old age” – there has to be something to cause investors to sell en masse, usually concerns over negative economic growth, i.e. recessions.

Not all stockmarkets are trading at record levels but with the global economy in the midst of the most synchronised growth for a decade and with interest rates still low, we could continue to see a supportive “Goldilocks” economic environment (not too hot and not too cold). This has proved reassuring for investors and outweighed the uncertain political backdrop at home and abroad. Nonetheless, below are the key themes that we believe will drive investment markets in 2018.



Political Uncertainty

Politics will continue to influence short-term investor sentiment in 2018, but events over recent years have reinforced our belief that basing investment strategy on politics is a guessing game. We take a longer-term perspective based on relative valuations between asset classes and stockmarkets. Of course, we need to be aware of political risks and if the facts change, we will be quick to change strategy.

Rising Interest Rates

We believe that interest rate policies both at home and overseas will be key in dictating how investment markets perform in 2018. Our central case scenario is that both at home and abroad any interest rate increases are likely to be cursory due to:

- a lack of sustained inflationary pressure, and;
- the risk of higher rates derailing the recovery of highly indebted economies.

As such, we see little value in holding highly interest-rate-sensitive assets (such as Government bonds).

Stockmarket Values

Many of the major stockmarkets are trading at record levels and have generated double-digit returns in 2017; and this is making some investors a little nervous. We remain positioned towards the higher end of our equity weightings but even with stockmarket performance being positive for such a sustained period it is important not to be complacent. We look at both active and passive strategies and invest with managers who produce their best relative numbers in falling markets. We believe that companies that can provide attractive and growing dividend streams will remain sought after as dividend yields remain significantly higher than bond yields and cash returns.



Brexit Gloom

Despite making a solid return, the UK stockmarket has been the laggard across major global stockmarkets in 2017. Looking at fund flows, the UK appears to be unloved by international investors worried by the political uncertainty over Brexit. A recent Merrill Lynch survey of global investor sentiment saw pessimism for the UK at the highest levels since the global financial crisis.

Although Brexit themed “white noise” will remain a headwind, UK equity valuations do not look stretched compared to previous market peaks; and the reluctance to invest based on political noise has seen UK equities look particularly cheap on a number of valuation metrics against global equities.

The UK stockmarket is influenced by a number of factors which will play out in different ways. For instance, it is dominated by very large global-facing businesses, with somewhere between two thirds to three quarters of revenues derived outside of the UK. With sterling historically weak this provides a tailwind for UK Plc.

We see opportunities in the UK stockmarket in 2018 and maintain a focus on defensive UK equity income funds that invest in multi-national blue chip stocks. However, as contrarians by nature we are also looking for opportunities that have emerged in domestic cyclical companies where valuations appear to price in a very negative environment with low growth expectations.





Opportunities Overseas

Irrespective of the Brexit risk, we believe that it is in most investors' best interest not to have all their eggs in one basket, in the UK. They should have globally diversified portfolios and we see many opportunities across global stockmarkets for the year ahead.

Going into 2018, we are positive about European equities. It appears that economic growth on the continent is gaining momentum, and with recovery still in the early stages, we expect monetary policies to remain supportive.

Japan appears to us to be one of the lower risk overseas markets. Valuations are undemanding and offer a stable government and easy fiscal and monetary policies.

Emerging Markets have performed strongly this year and we continue to favour exposure here, in both equities and bonds; as a weak dollar and a recovery in commodity prices are supportive. However, a key question is whether the Chinese authorities will manage sustainable growth without it leading to debt defaults. We will be monitoring this carefully in 2018.

One area we are treating with caution is the US stockmarket where valuations look expensive compared to other markets and historically. As we consider the risk of a US market correction, we have only a small position in US equities going into 2018.

Currency Risks

Investor returns will be affected by currency trends in 2018. The pound has been under pressure since the EU Referendum and although its slide halted in 2017, the swings in currency movements were much more pronounced than stockmarkets in their reaction to political and economic uncertainty.

Hence, the strength of the pound will still be determined by political uncertainty. Although it does look historically cheap, a worsening Brexit outlook could see it test the lows of 2016. As for the dollar, continued weakening will be determined by the speed of interest rate rises and whether Trump can stimulate economic growth.

Recovery Opportunities

Our contrarian approach means that we are cautious of investing in some of the areas that are top of the past performance charts, as it often means you have been taking on more risk. Instead, we are always looking at out-of-favour areas that may not look great from recent past performance but actually offer valuation anomalies and recovery opportunities.

- An example this year has been our decision to reintroduce UK commercial property into portfolios during the first half of 2017. At the time past performance was looking bleak following the shock to the asset class from the EU referendum. However, with UK economic growth proving resilient, a weak pound stimulating overseas demand and yields looking much more enticing than bonds we have invested back into the sector.
- With rising rates a key risk in 2018, and traditional bond markets not providing protection from an inflationary shock, it will be important to have an increased level of diversification and one sector to consider is Absolute Return funds. Many of these have seen disappointing past performance but, with bonds and equity valuations looking expensive in many areas, it seems that this is exactly the time when these strategies should not be ignored. These funds can provide much needed ballast in cautious and balanced mandates and grind out a return greater than cash.
- Finally, as they are expensively valued, we have a low equity exposure to the much-loved high quality growth areas and highly rated technology trophy assets. Instead, we prefer value investing which looks well placed to perform in rising interest rate environments.

To summarise there are many risks that could derail markets but we continue to find opportunities across asset classes. It seems likely that cash savings are going to remain meagre and will show a negative real return in 2018, with savings accounts continuing to be eroded by inflation. This in turn can support investment markets and the benefits of remaining invested in a well-diversified portfolio of risk assets versus cash savings remains compelling.

Please get in touch if you would like to discuss any investment matters. You can:

- ✉ Fill in and return the enclosed Information Request form
- @ Email us at wfc@whitechurch.co.uk
- ☎ Call us on 0117 916 6194

INVESTING FOR GOOD: AN INCREASING RANGE OF POSSIBILITIES

Amanda Tovey, Head of SRI & Direct Equities



Many of us are used to the concept of donating to charitable causes close to our hearts and a question our investment managers get asked increasingly is, "Can my money be used for good and still deliver strong investment returns?"

You'll be pleased to know that the simple answer is a resounding YES and I'll explain how, with just a couple of examples below.

First off though, a brief explanation: An increasing number of people want to align their investment choices with their beliefs. This is generally described as Ethical and Socially Responsible Investing (SRI). This doesn't just mean excluding certain areas of investment; it's when people also want their money to be actively invested in a positive way.

To some this may sound a bit idealistic with no opportunity for a return but that is a fading myth in the investment community. The world is changing and companies are constantly evolving, providing a wealth of opportunities in the SRI universe. Investing money in this space is creating very positive returns for investors, and, in fact, has been doing so for a number of years.

Many of the funds we include in Whitechurch Ethical Investment portfolios have a thematic approach to identify key structural growth trends and long term, transformative developments such as Technological and Medical advancements. These forward-thinking themes not only have positive impacts on society but have significant potential to deliver attractive investment returns.

Positive investing in practice

An example of this in action is the Liontrust Sustainable Future Global Growth fund. The management team has several key themes in place; such as enabling healthier lifestyles, increasing financial resilience and promoting active safety. This theme encompasses driving safety which in part looks at automatic electronic braking and forward collision warning.

If you would like to find out more about ethical investing and the Whitechurch Ethical Investment Solutions, please contact us for a free copy of our **Guide to Socially Responsible Investing** or contact your adviser for more information. You can:

- ✍ Fill in and return the enclosed Information Request form
- @ Email us at wfc@whitechurch.co.uk
- 📞 Call us on 0117 916 6194

The fund has invested in a major player in the smart mobility market which offers one of the largest range of smart sensors and features for enhanced automated driving systems. Whilst the company in question is aligned to a key theme it is not only analysed for financial return but to ensure that it scores well on environmental, social and governance factors within its operations. These include providing good employee benefits, work conditions and training and ensuring that it minimises negative environmental impact in its operations.

Another example is the Rathbone Corporate Bond fund. This fund invests in a selection of bonds across a wide range of sectors; including several investments in bonds issued from Social Housing Associations. One bond, in particular, targets key workers – nurses, teachers etc who cannot afford housing in London (where prices are up almost 100% since 2005) – by providing 3-year assured shorthold tenancies with rents capped ensuring they have affordable quality housing.

Another bond within the Rathbone Corporate Bond fund targeted funding for the north of England where 159 homes were rebuilt in an area which previously had substandard housing with many empty homes and boarded up properties including a community centre. The 159 homes were all social housing properties aimed at providing for those on low incomes through a range of rented, shared ownership or outright ownership options.



Whitechurch guide to Socially Responsible Investing

Ethical issues can be very subjective as what is important to one person will not be an issue to another. Whilst personal values may have common themes there can be significant differences in individual views.

The Whitechurch range of ethical investment portfolios aims to address this issue through both a negative screen - excluding investment in areas such as tobacco, arms, gambling and companies with poor human rights records - and a positive overlay - through the use of funds which look to invest in companies providing a social and environmental good.

ORGANISED PHILANTHROPY: EFFICIENTLY DOING AND FEELING GOOD!

Sue Turner, Chief Executive of Quartet Community Foundation



At Whitechurch we connect with various organisations in our mission to provide comprehensive advice and support for our clients. In this article we share information from Sue Turner, the Chief Executive of Quartet Community Foundation – an organisation which facilitates charitable funds and donations.

Tomorrow Is Always The Busiest Day Of The Week

This is a Spanish saying and one that is never more true than when we're faced with making personal finance decisions.

It's the same with philanthropy – people put off making donations thinking; "I'm not sure how best to help so I'll leave it for later". This explains why so many charitable appeals stress the urgency of a situation and ask for our support "right now". Research shows, however, that when we give in response to an urgent appeal we're usually giving out of guilt so it's not really a great experience for us. By contrast, the same research shows that planned giving releases beta-endorphins, creating a significant feeling of well-being.

We know that one in every 67 UK adults is a millionaire – an increase of 34% since 2010. Whilst Warren Buffet and Bill and Melinda Gates make the headlines for their massive philanthropic giving, in the UK philanthropy is increasingly being practiced by people who are not "ultra wealthy". However, one third of people say they do not give to charity because they think not enough of their donation will reach the people or cause it's intended for, so it's not surprising that many of the UK's 167,000 registered charities are struggling to continue with the vital support they provide.

"Planned giving releases beta-endorphins, creating a significant feeling of well-being"

Giving people support and advice to ensure their donations do the most good possible is imperative. In the Bristol/Bath area where I work we have seen the demand for charities' service increase rapidly due to cuts on public spending. However, most of these charities have an annual income less than £25,000 and they don't have access to more money to meet added demands. The British public are amazing at giving to charity but 72% of the charity sector's income goes to the largest 1% of charities – medical charities, animals, children's charities and hospitals – so small local charities risk being starved out of existence.

Working with Whitechurch, Quartet Community Foundation is spreading the word that planned, strategic charitable giving to local good causes makes a huge difference. It's never been more important than now... and it makes you feel good too!



Could you be persuaded not to say "mañana" and instead sooner support good causes that will put your generous donations to good use?

Across the UK there are 46 Community Foundations which are vehicles for people to give through to support their communities. If you would like advice, information and safe, tax efficient ways to give, ask the Whitechurch team to put you in touch with your local Community Foundation or you can find their details at www.ukcommunityfoundations.org/our-network



Quartet Community Foundation facilitates funds and individual donors to support initiatives, charities and voluntary groups. In 2017 we marked 30 years of inspiring local philanthropy, during which we awarded grants totalling £43 million to life changing projects in Bristol, Bath and North East Somerset, South Gloucester and North Somerset.

www.quartetcf.org.uk

Recommend a friend or relative and receive Marks & Spencer vouchers worth £100

We pride ourselves on the quality of our service and the satisfaction of our clients. If you are happy with our service, we would welcome your recommendation of a friend or relative to us.

To do so, please complete the **Referral slip** and return it to us in the **Pre-paid envelope** - both enclosed with this magazine.

As long as your friend/relative is not already a client of ours we will get in touch with them for a no obligation meeting. If they conduct business with us during the next twelve months we will send you Marks & Spencer vouchers to the value of £100 – as a thank you. There are no limits to the number of recommendations you can make.



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Data protection notice – Whitechurch may have received your personal data from a third party. If you invest through us we may use your information together

with other information for administration, marketing and to make money laundering checks. We may disclose your information to our service providers and agents for these purposes. We may keep your information for a reasonable period to contact you about our services. We may share your information within the group of companies. They, or we, may contact you to let you know about any goods, services or promotions, which may be of interest to you. By responding to this magazine you consent to our processing your sensitive personal data for the above purposes. If you do not wish to receive such information from us please contact us by post, telephone or e-mail. Remember, this will preclude you from receiving any of our special offers or promotions. You have a right to ask for a copy of your information and to correct any inaccuracies. We may record telephone calls, to make sure we follow your instructions correctly and to improve our service to you through training of our staff. When you give us information about another person you confirm that they have appointed you to act for them, to consent to the processing of their personal data, including sensitive personal data and to the transfer of their information and to receive on their behalf any data protection notice.

Whitechurch In The Press

Award winning
investment
expertise



Whitechurch Securities has an enviable reputation with financial services journalists of all the quality newspapers and specialist journals; who regularly contact the Investment Team for information on financial markets, products and services. Extracts below are just a few recent comments showing the relationship and rapport we have built with the national press over the years.

This is Money 18th September 2017

Gavin Haynes, Managing Director of Whitechurch Securities comments on how much you need to start investing; "Traditionally people will go down the route of investing in funds as their first port of call. It can provide a good level of diversity through collective investing, and you get the expertise of a professional manager. If you plan to invest regularly be prepared to put in £50 a month, and if you want to invest a lump sum then £1,000 is a good starting point."

Money Observer 13th October

Ben Willis of Whitechurch came up with an asset mix in attempt to achieve £1,000 monthly income goal, with between 45 per cent and 55 per cent invested in equities. Willis' hypothetical portfolio generated £10,408.22 in income.

The Telegraph 25th October 2017

Ben Willis responds to the question - 'I've inherited £20,000 at 22 - how do I invest it?' "If you are investing for 10 years, or longer, depending on your overall attitude to risk the strategy will be pretty much the same... drip feeding the money in stock markets across a number of months would be prudent... to reduce the risk of loss if markets fall sharply"

IFA Magazine November 2017

When it comes to portfolio management, there are a number of key rules which are employed to ensure that a portfolio is sensibly structured, that risk is controlled, and that

costs are kept to a minimum to ensure the best possible risk-adjusted returns over the longer term. Gavin Haynes, Managing Director at Whitechurch Securities in Bristol, outlines how he and his team approach these essential elements with seven golden rules."

Trust Net 6th November 2017

Ben Willis, head of research at Whitechurch Securities, explains why the firm has bought back into the UK property sector after selling out of the asset class entirely on liquidity fears last year. Over the last six months, the property sector has been on a decent run and yields remain attractive compared with savings accounts, bonds and some equities."

Money Observer 23rd November 2017

'For investors looking to exploit the chancellor's incentives for UK high tech companies, one investment to consider could be the Patient Capital Trust managed by Neil Woodford,' says Gavin Haynes, managing director at Whitechurch Securities. He says the trust has a focus towards investing in innovative businesses that have exciting long-term growth prospects.

Interactive Investor 6th December 2017

Ben Willis, head of research at Whitechurch Securities, believes the Junior ISA (JISA) is probably the most appropriate vehicle for investing for children, due to its flexibility and tax efficiency. Money held in a JISA grows free of all tax, and can be rolled straight over into a grown-up ISA when the child comes of age.

Whitechurch Securities Limited is authorised and regulated by the Financial Conduct Authority.

Improving our communications to you

We are committed to helping our clients improve their financial future for themselves and their families. This applies to the service we provide and the information and insight that we share.



OUR MISSION

- To share relevant information in a manner that is timely and efficient.
- To keep you informed about changes in services, investment markets, legislation and financial planning.

YOUR ACTION

We need your help to do this but all you need to do is ensure that we have your correct email address.

To do this, please complete and return the Information Request slip in the pre-paid envelope (both enclosed) or sign up via the gold button at the top of our website pages -

www.whitechurchfc.co.uk

OUR PROMISE

We will not share your email address with any other organisation.

Whitechurch Securities Limited operates, and is a controller, under the UK Data Protection Act 1998.

Whitechurch in the community

At Whitechurch, in addition to helping our clients improve their financial future for themselves and their families, we are passionate about supporting people in the community around us. We do this by donating to charities nominated by staff each year; and by taking part in numerous fundraising activities - from bike rides to cake bakes; fun runs to long hikes.

We also help promote the work of charities, volunteers and other fundraisers. In this issue, we are delighted to raise the profile of **Dan Angell** and **Tony Wyles** who will be completing an arduous challenge in order to raise funds for two very special charities:



Care After Combat – Supports veterans battling with alcohol and substance misuse problems; and works towards the reduction in the numbers of re-offending veterans in the criminal justice system. Helping veterans regain their lives.

Ickle Pickles Children's Charity – Works with Neonatal Units across the UK to raise awareness of the incredible work they do and raise funds for vital equipment that keeps the smallest and sickest babies alive. The charity also enables parents to repay a debt of gratitude to the NNU that treated their child or to ensure a child's short life is commemorated in a positive and tangible way.



Dan and Tony are not strangers to extreme challenges or raising significant funds for charity. In 2013 they took part in a rowing race covering 500 miles from London to Paris and raised £122,000 for Ickle Pickles and Help 4 Heroes.

In 2018 they will run campaigns throughout the year in order to raise over £500,000 and, in December, they will embark on their challenge of rowing 3,000 miles across the Atlantic Ocean.

Whitechurch is honoured to be able to sponsor Dan and Tony – two ordinary men doing something extraordinary in order to give others a second chance in life.

To find out more about the charities we support please visit the About Us section at www.whitechurchfc.co.uk

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