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BRI Wealth
Management PLC

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Knowledge . Service . Trust

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EU Referendum

As we are all fully aware, the United Kingdom voted to leave the European Union after over 40 years of membership. Whilst the political and economic ramifications of this decision are still unfolding, the impact on the markets is already being felt.

Looking at the probable economic effects of the vote, there are several areas that are likely to be in focus. First of all, inflation – which has been subdued over the last few years – is likely to increase due to our imports becoming more expensive in most global currencies. We have already seen inflation expectations for 2017 rise to over 2% on the back of the vote; but it is likely that a part of this will be offset by a slowing domestic economy. If the economy does start to slow due to a combination of weaker consumer spending, falling house prices and poor business confidence, then it is inevitable that unemployment will rise from the historically low level of 5.1%. Even though house prices have been falling in London since the start of the year, it is difficult to tell how material falls may be

across the country. Irrespective of the potential short to medium term gyrations of house prices, the UK builds about 100,000 too few homes per year and has been doing so for many years. This fundamental supply and demand imbalance will underpin house prices in the longer term unless there is a comprehensive supply side response. **It does seem increasingly likely that the UK may enter recession whilst there is so little knowledge about how our future relationship with the European Union will be.** Recessions unfortunately become slightly self-fulfilling in the fact that if people believe there will be one, then less money is spent and less business is done, which thus causes an economic decline.

The final area of interest is the seismic

shift that we have seen in the political landscape. It is still far from clear when Article 50 will be invoked, if Scotland will call another independence referendum and whether a general election will be called after party politics have settled down.

All of this paints a deeply uncertain picture of the investment landscape. It is important to remember, though, that investment is very much focussed on the long term, and markets have successfully dealt with the oil crisis, Black Monday, leaving the ERM, the dotcom bubble, the global financial crisis and the series of Greek tragedies. The world may change dramatically but it still carries on; and investments in solid companies over the longer term will deliver attractive rates of return.

West Midlands CISI Internship

This summer BRI is piloting an internship alongside the Chartered Institute for Securities & Investment (CISI). James Townsend, the student participating in this pilot scheme, is in the process of completing his MSc in Investment Analysis from Aston University and in March was awarded an Educational Trust award from CISI for excellence in his work.

BRI welcomes a handful of work experience placements every summer and the team enjoys imparting their knowledge and passion for the industry on to future generations. For example, in October last year, we welcomed 13 members of Coventry University's Investment Society

to the office to share our investment experience and expertise.

We believe that successful internships not only enhance a student's CV but also increases a student's job prospects, since employers like to see some degree of work experience, especially when it is industry specific.

James will have exposure to all departments within BRI and has been tasked with a project that will provide him with a well-rounded knowledge of the industry.

Sally Plant, CISI Assistant Director, Educational Development commented: 'We are delighted to support this important

initiative between BRI, Aston University and student James Townsend. It is an excellent example of the opportunities which the local business community can offer when combined with an academic institution. We believe James will receive a fantastic overview into the world of investment management and thereby gain an edge in the competitive jobs market.'

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Thoughts from our Chairman



At the time of our last newsletter, we all knew that there was to be a referendum on 23 June about the United Kingdom's membership of the EU. Many people had strong views about what the outcome should be but no one could say with any certainty what would actually happen on the day. Even those who predicted that we would vote to leave would have found it hard to imagine what would happen in the days that followed.

Whilst stock markets and sterling exchange rates fell sharply in the immediate aftermath of the referendum, there was not the severity of market reaction that many commentators thought there would be. Indeed, who would have predicted that the top 100 UK companies would quickly go on to have their best week for eight years? Media headlines looked as if they had been written in advance and in the expectation of the reaction to a leave vote, not based on what actually unfolded. Perhaps they should have read: "Stockmarkets are hit hard by the vote to leave (but less so than had been anticipated) and recover remarkably quickly". Not very pithy, I agree, but less alarmist than much of what was actually written and said.

"Some firms concentrate on short term performance but at BRI we are more concerned about doing what is in the best long term interests of our clients"

By now you may have had your fill of post-referendum analysis, but I mention it here for good reason: investment managers like BRI could not indulge in idle speculation about what might happen but had to make hard decisions about what to do to position portfolios sensibly for whatever outcome emerged. As tempting as it often is to look back with the benefit of hindsight and say what should have been

sold or bought, in practice we have to act carefully and thoughtfully and take account of different possible outcomes. Taking a gamble by betting on a particular outcome is unacceptable. Even if one had predicted the referendum result correctly, who could have foreseen the way markets reacted afterwards?

In the months leading up to 23 June, many business leaders made their preferences quite clear and their views were cited by politicians on both sides of the argument. However, while politicians, the media and other pundits continue to talk about what might or should have happened, businesses quickly put that aside and focus on what they need to do to prosper in the environment that emerges. As is always the case, some will fare better than others but all will do their best to succeed, whatever their view prior to the referendum. They will adapt and they will be determined to deliver good long term results for their shareholders.

Just as businesses look to give good returns for their shareholders, investment managers and financial planners aim to do the same for their clients. Some firms concentrate on short term performance but at BRI we are more concerned about doing what is in the best long term interests of our clients. Of course, there may be short term gains to be had and we keep a close watch on markets, taking action where we need to; but the medium and long term are more important to most clients. What this means in terms of investment decisions and

financial advice will be determined by what unfolds politically, in the economy and in world markets.

The detailed process for the UK to leave the EU and the negotiations that accompany it have not yet been made clear. At the moment we are getting used to the idea of having a new Prime Minister and perhaps too a new Leader of the Opposition. Many other factors must be resolved before we achieve a new status quo and this will take years, not months. Each piece of the jigsaw puzzle must be positioned before we can see the new picture; and as each one is put in place, markets will respond.

"Our client relationship managers, financial planners and portfolio managers follow events as they unfold on a daily basis"

Our client relationship managers, financial planners and portfolio managers follow events as they unfold on a daily basis and are available to talk to you about what this means for your own investments and financial plans whenever you want. Please do not hesitate to speak to us and we will be happy to explore the implications for you and explain how we are planning for what may happen and responding when circumstances change.

BRI does not take a political view; nor did we back one side of the Brexit campaign over another. I have to say though that, from a personal perspective, I am optimistic about the future of the United Kingdom and the opportunities we now have to prosper in a rather different world.

Simon Boardman-Weston
Chairman and Joint Chief Executive

Market Commentary

“A week is a long time in politics...”

History students will look back and study the EU referendum and the subsequent reverberations as one of the most momentous peacetime periods in both economic and political terms.

World markets, financial institutions, even bookmakers were convinced that “Remain” would win – the arguments were merely concerning the margin of victory. Even Nigel Farage (now a former politician) had conceded defeat as the polls closed on 23 June.

As we now know, the following morning unveiled a different picture and one with quite a clear majority in the “Leave” camp. The market then rushed to understand the consequences of this shocking result. Early indications showed 8% falls on equity markets and sterling 10% down against the dollar. Just as a reminder, in the harrowing days of 1992 and the ERM crisis, sterling fell by approximately 4.5%.

The day progressed and we saw the start of a twin track market. Overseas (particularly dollar) earners became sought after for their growth and stability, and even on the same day the overall market fall was contained to circa 3%. The focus also then fell upon UK-centric, domestic companies which were now at the mercy of an economy that economists agreed would slow down – the extent to which is still being debated. Within two days, many sectors including banks, house-builders, retail and travel had all registered double digit falls that even extended beyond 25% for certain companies. Two weeks on, and 85% of the gain in the top 100 UK companies has come from only about 20 companies (mainly oil, tobacco, pharmaceuticals, mining and international consumer) which have all increased in value, helped by the earnings upgrade afforded by the dollar strengthening. The twin track market continues with investors still taking fright from domestically focussed businesses; and daily downgrades have become the norm.

Politically, the last fortnight has been just as dramatic. Political leaders racing to resign (or not) has been a regular feature and all this has created a vacuum to fuel the falls of uncertainty seen in UK PLCs. Following the referendum result, the country and markets need strong leadership, clarity of thought, and a plan to make the best of whatever the result would bring. There is a Bonnie Tyler song “Holding out for a hero” and if ever there was a time for a unifying leader it is now. Instead, another of Bonnie’s lyrics is unfortunately more applicable to current political parties: “Every now and then we fall apart”.

The market needs leadership and direction and Mark Carney is trying to deliver what he can from his own office at the Bank of England, relaxing some of the banks’ restrictions to release capital and talking of lowering interest rates. However, a unifying Conservative leader is required to take control and we sincerely hope Theresa May becomes Theresa “Will”.

“Following the referendum result, the country and markets need strong leadership, clarity of thought, and a plan to make the best of whatever the result would bring. ”

Whilst some UK markets have suffered it should also be borne in mind that, since the vote, so have European markets. The impact of the fifth largest economy leaving is still being evaluated and – as we saw with Greece some years ago – it would be extremely counterproductive to the EU if the UK were seen to stabilise and benefit from its departure. The rise of anti-EU and anti-establishment feeling is not just a UK phenomenon but gaining widespread support in many European countries. With 28 – sorry: soon to be 27 – member states, we are never too far away from an election; and each will be followed closely and with increasing scrutiny, because having lost faith in politicians and economists we are also now losing faith in polls. There will inevitably be more shocks to come.

Looking slightly forward, we remain in choppy and somewhat uncharted waters. It is easy just to focus on Brexit and its consequences; but elsewhere we are also seeing global growth slowing, increasing concerns regarding Chinese growth and debt, and central banks unable to stimulate anything other than asset price bubbles. For investment managers, diversification of geographies and asset classes is always important and particularly so at the present time. The UK-focussed and dependent market has fallen significantly since the vote; however, there will be a time to buy well-managed, financially strong companies that will deliver safe and growing dividends over the longer term. Having strong, determined leadership from a new Prime Minister and unified Cabinet could well be the start of this process.

Benefits of Trusts

Trusts have always been a very useful tool in the financial planning of clients' affairs. There are a number of different types of Trust which are appropriate for individual situations.

Here we outline some of the primary reasons why clients might consider setting up a Trust:

1. Protecting assets: Trusts are useful if you are looking to protect family wealth from possible marriage breakdown or from those who might influence beneficiaries, or if you are looking for protection against creditors.

2. Controlling distributions: If you think there may be issues with your beneficiaries directly owning significant assets (maybe they are children or spendthrifts), a Trust enables assets to be distributed to them over time.

3. Managing assets: You can set up a Trust for your beneficiaries and manage the assets for them if you think they do not have the capability to do so themselves. After you have gone, the appointed Trustees can continue the management for your beneficiaries.

4. Avoiding probate: Assets held in a Trust fall outside your estate on death and so do not require probate or payment of probate fees. This may become more significant if government-proposed changes to probate fees are brought in. It also means fewer delays after death, as the assets in the Trust are not caught up in the often lengthy probate process.

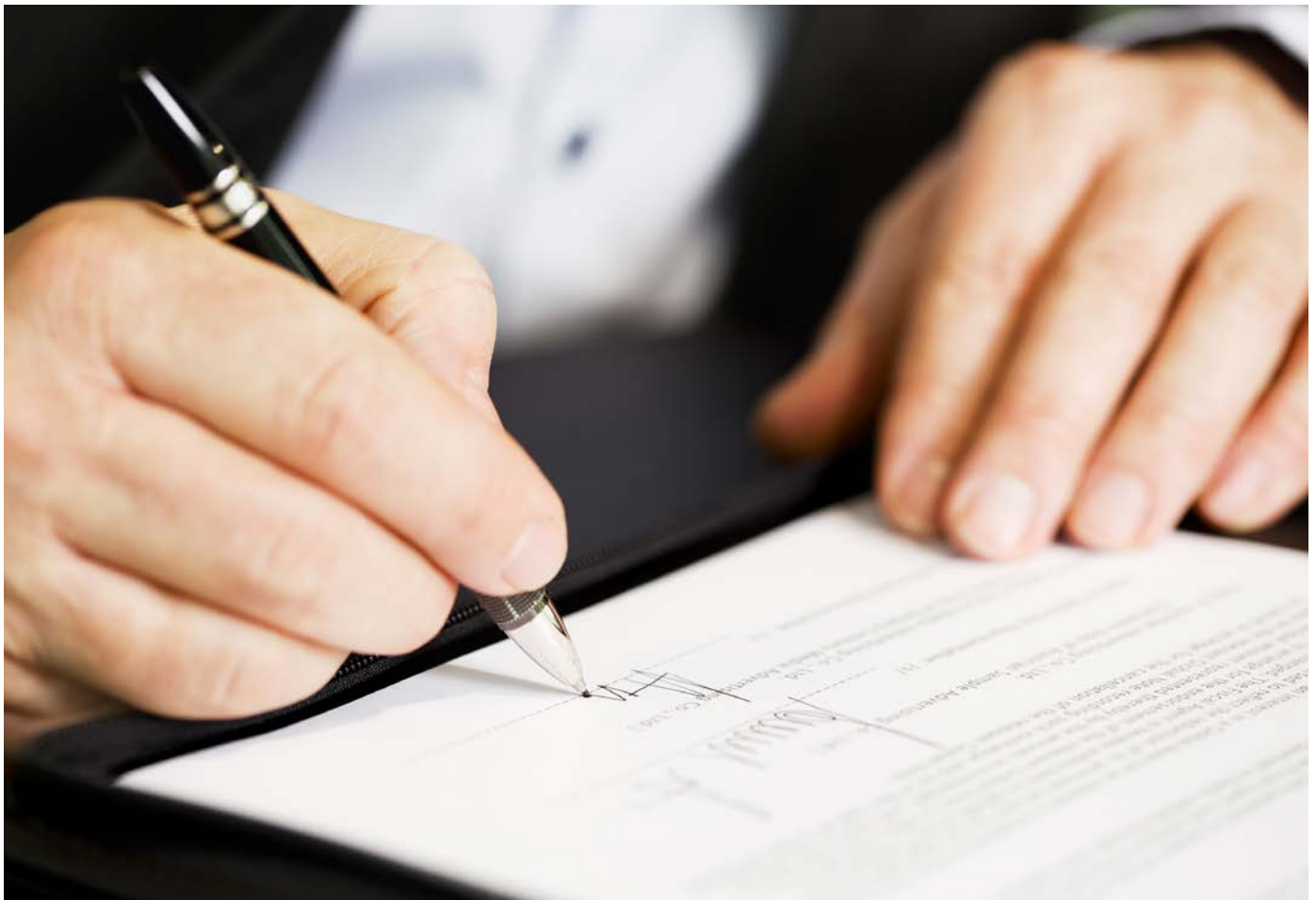
5. Avoiding compulsory succession: If you think there is a chance that your potential beneficiaries may challenge your Will as they may consider themselves to have been unfairly treated, a properly drafted Trust can help avoid challenges to your wishes in your Will.

6. Helping charity: A Trust can easily be set up with the aim of providing gifts to charity.

7. Providing privacy: Post death, your estate goes through probate which becomes a public document, detailing the assets in your estate. A Trust is private and confidential and can be used if you wish to keep this information from the public record.

8. Tax efficiency: Suitable planning and use of relevant Trusts can help save paying an unnecessary amount of tax prior and post death, which can mean that a greater amount is passed down to your beneficiaries.

Trusts are not expensive; they can save money and provide peace of mind. If you would like to know more or think setting up a Trust might be appropriate to your situation, please do not hesitate to contact us.



West Midlands Young Director of the Year Award



Dan Boardman-Weston receiving his award from Tim Bradshaw of Listers

We are delighted to announce that **Dan Boardman-Weston** was awarded the **West Midlands Young Director of the Year Award** from the Institute of Directors (IoD) on Tuesday 14 June.

The Young Director of the Year Award celebrates the hard work and enterprise of our region's business leaders and is testament to all of Dan's hard work and dedication at BRI.

The IoD hosts these awards every year to support the value of leadership in big corporates, small businesses, the public sector and charities. Directors who win these awards have been recognised as the best in their field by the organisation for business leaders, the IoD.

Dan will be attending the National Awards in London on 21 October, when directors at the forefront of leadership excellence will be celebrated.

Retirement News



We are both delighted and saddened to announce the retirement of **Joyce Davison** and **Hazel Gwynne**. Saddened because it marks the end of their much valued contribution to BRI but delighted they now have the opportunity to explore new interests. Both women dedicated more than 35 years' service to BRI and will be missed by staff and clients alike.

Joyce and Hazel joined BRI when the office was based in Sutton Coldfield and have seen the company grow and develop throughout the years. Their work was consistently of the highest standard and their dedication to the firm unfaltering.

Joyce, BRI's longest serving employee, was a Senior Administrator at the firm and formed some great relationships with clients over the years. Joyce has three beautiful grandchildren (triplets), whom she is hoping to spend more time with in her retirement, as well as taking some well-deserved holidays.

Hazel was responsible for all client assets at BRI and worked as Company Secretary for a number of years. Hazel hopes to spend more time volunteering and discovering new hobbies in her new-found free time.

It was an absolute pleasure to work with both ladies and we hope they cherish their memories of their time at BRI as much as we do. All the best in your retirement, Joyce and Hazel!



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