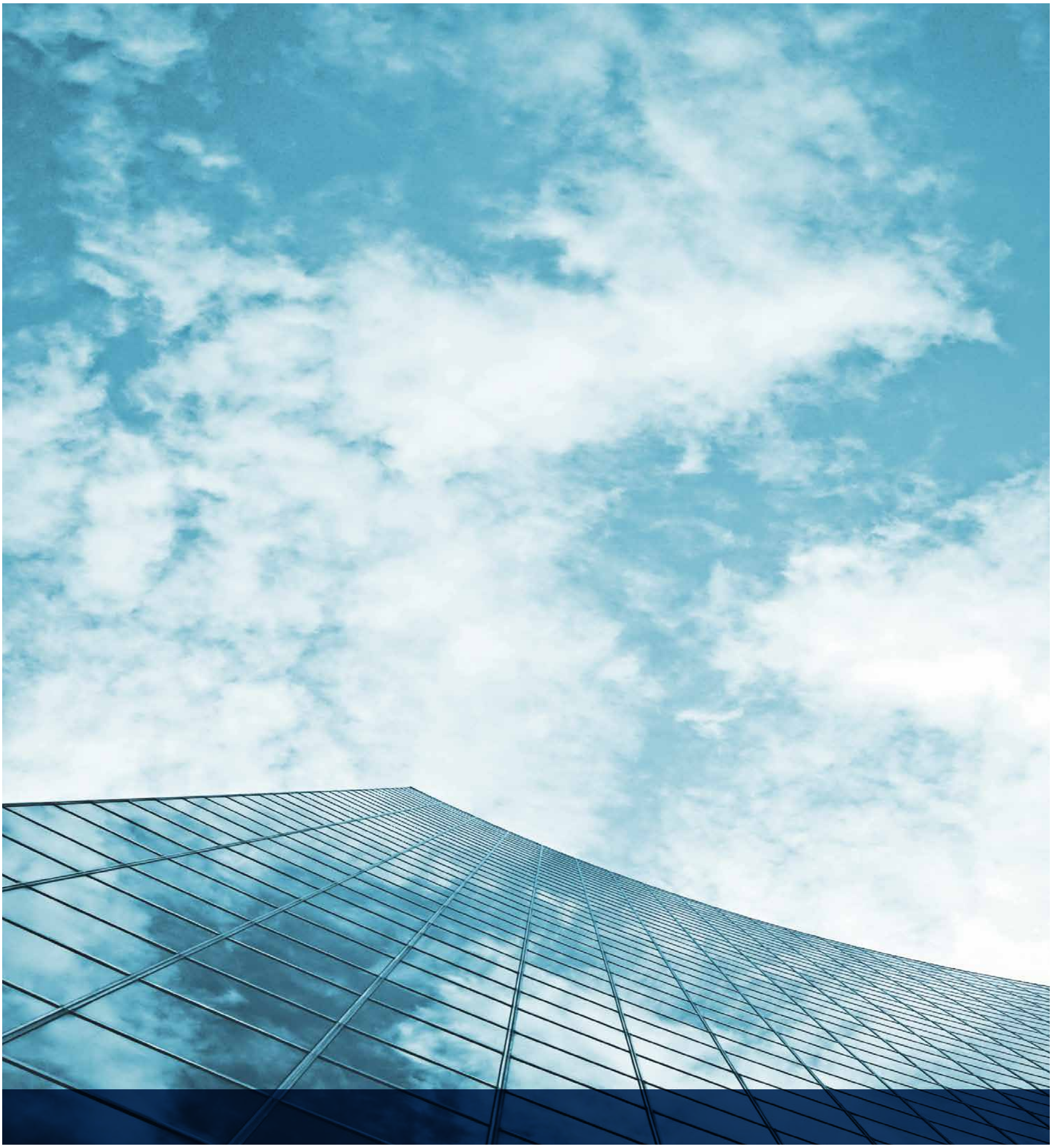
BRI Wealth Management PLC

BULLETIN

October 2017

We hope you enjoy our **Newsletter**



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INVESTORS IN PEOPLE

Market Commentary

The Calm Despite the Storm

Judging by markets' recent performance, you could easily take the view that we are living in pleasantly stable times, with a steady and certain outlook. Whilst most markets have fallen slightly over recent months (Europe being one exception), it looks more like a consolidation after recent rises, because there has been a very significant absence of volatility. This seems at odds with markets now anticipating interest rate rises, as central banks start the "Great Unwind". Nor have they reacted very much to escalating geopolitical threats (US and North Korea) and, closer to home, political turmoil amongst the minority Tory government and uncertainties brought by Brexit.

The market does seem remarkably, and unusually, calm. Any significant falls in equities have been greeted with fresh buying, as other asset classes such as bonds and cash remain unattractive; particularly if returns are viewed against heightened inflation. In our globalised world, the larger institutions are always searching for the best risk adjusted returns, and BRI is no different. Our view, quite simply, is that overseas equity markets have their individual attractions whilst our domestic economy is experiencing slowing GDP. The UK has recently slipped from number 2 amongst the fastest growing G7 economies to number 6. We foresee the coming months only adding greater uncertainty, particularly emanating from Westminster.

All economies are also suffering from excessive government debt, and the conundrum of how to reduce the stimulus of QE whilst maintaining this calmness in both bond and equity markets. Avoiding "taper tantrum 2" is a priority but increasing rates will increase personal debt repayments at a time when years of subdued or no wage growth is seen against consistent and rising inflation.

Back to the UK, there is now an increasing social outcry for pay increases across the board and this we expect to grow, with Labour helping to fuel these claims and encourage the unions to take action. Any action. During the election campaign, the return to their 1970s policies nearly won Labour the election, and this mandate will be held tightly and used to stoke anti-government feeling. Funny really, because the May government seems perfectly capable of generating this on its own.

With this uncertainty surrounding the UK it is right that we have been actively reducing domestic equity exposure and deploying to other international markets, and companies with more international earnings. Europe, as highlighted above, has been one of the few positive major markets in recent months, as they are benefitting from more political and economic certainty. What a difference a year makes. The U.S. has been moving sideways as the rise of the technology giants – the so called FAANG stocks (Facebook, Apple, Amazon, Netflix, Google) – has currently levelled off, and Emerging/Far Eastern markets have seen renewed investor interest. We have maintained our more cautious holdings in bond funds and alternatives as these provide the defensive support for portfolios if indeed this calm is followed by the storms.

Questionnaire Success

Firstly, we would like to thank all clients who recently took part in our survey. Questionnaires were sent out to a random selection of clients to measure their overall level of satisfaction so that we can strive to provide the best possible service in the future.

Whilst we are delighted to say the response rate was very good, client questionnaires are a reason for us to reflect on the positives but also learn from any suggestions or criticisms. This helps us to continue improving our services and highlight any areas we can build upon.

Some key findings are below:

- 100% of clients who answered the questionnaire were satisfied that we provide clear and accurate information about our products and services
- 96% of clients were satisfied with the overall service they receive from BRI, 86% of which were very satisfied
- 98% of clients felt that the fair treatment of clients was central to our culture
- 100% of clients that answered the question felt satisfied that the products and services on offer met their needs
- 98% of clients were satisfied that we take their individual circumstances and requirements into consideration when managing their portfolio
- We were particularly proud that 100% of clients who answered the question said they would recommend BRI to someone else

We constantly strive to offer a high quality, personal service. This client-centric attitude is embedded within our culture and we will continue to devote our best efforts to providing an excellent service. We are proud of our company maxim which reflects the values we all have here at **BRI; Knowledge. Service. Trust**

If you have feedback for us to consider, or indeed know someone who may benefit from our expertise, please contact your advisor who will be happy to assist.

Introducing the New Ten Pound Note

Have you got your hands on the new Polymer £10 note yet? It was issued on 14 September; and the old version will be withdrawn from circulation in spring 2018.

The new note features novelist Jane Austin, marking the 200th anniversary of her death. Winchester Cathedral, where she is buried, also appears on the note. Austin is the third lady to feature on a post-decimalisation bank note, apart from Her Majesty The Queen.

The new £10 follows on from the launch of the Polymer £5 note on 13 September 2017; the old £5 notes were withdrawn from circulation on 5 May 2017. Only a year ago, and yet it seems like we have always had polymer notes in our wallets.

The new polymer £20 note will be issued in 2020 and will feature the artist, J. M. W. Turner. Turner was selected through the new character selection process, the first time the Bank of England has used this method.

By switching to polymer from the cotton/paper blend, the Bank of England intends their currency to stay crisp and clean for longer, thus extending its lifespan. This, together with the rise of online banking, should mean that money production will be reduced. But how often does a £10 bank note change hands?

According to some analysis by Onward Financial, the £10 note, of which there are 723,000,000 in circulation, is the note you are most likely to hand over to top up your grocery weekly shop. It is estimated that the current note changes hands 594 times, and lasts approximately three years. The new £10 note is expected to last seven and a half years.

Knowing the lifespan of the note allows us to calculate the value of the purchases each note makes. The £10 note makes 198 exchanges per year, which is £1,980 worth of goods or services, or £5,940 in its lifetime. The New £10 is expected to increase that to £14,850.

Given the issuance is 723,000,000 notes, and the current population of the UK is 65,640,000, that is enough for 11 notes each. However, if you managed to collect and save all of the £10 notes in issuance you would have £7.23 billion to spend. Enough to buy Marks and Spencer (£5.5bn), Sainsbury's (£5.3bn) or even Whitbread (£6.6bn).

The old £10 note with Charles Darwin on was issued on 7 November 2000. Had you saved one under the mattress then it would have had to grow by 2.11% per annum to keep pace with inflation, a 42.1% increase over the 202 months. Had you invested it in the S&P 500 for example, the return would have been 81.3%, or with dividends reinvested 149.37% (£24.94) or an annualised return of 5.56%, banking crisis or no banking crisis!

4 steps to keeping track of your pension

An external study has revealed a worrying statistic: that over a fifth of all people with multiple pensions have lost track of at least one, with some admitting to have forgotten the details of all of them. With around two thirds of UK residents having more than one pension, this amounts to approximately 6.6 million people with no idea how much they've put away for their retirement. Double that number of people admit to not knowing how much their pensions are worth.

It's an undesirable side effect of the modern working world. Whereas in previous generations someone might stay at a single employer for their entire working life, the typical worker today will hold eleven different jobs throughout their career, which could potentially mean opting into the same number of pensions through as many different providers. The new legal requirement for all employers to offer a pension scheme through auto-enrolment is likely to add further complexities.

As a result, the Pensions Dashboard is set to launch in 2019 in the hope that it will make it easier for savers to keep track of their pensions in one place. Until then, however, there are four relatively simple steps to help you track down information on any pensions you've forgotten about:

1. Find your pension using the DWP Pensions tracing service at www.gov.uk/find-pension-contact-details. Start by entering the name of your former employer to discover the current contact address for them. You'll then need to write to them providing your name (plus any previous names), your current and previous addresses and your National Insurance number.
2. In the case of a pension scheme which hasn't been updated for a while, you'll be required to fill out an online form to receive contact details. You'll be required to give your name, email address and any relevant information to help track down your pension details. This could include your National Insurance number and the dates you worked for the company.
3. You can also receive a forecast of your State pension either online or in paper format by going to www.gov.uk/check-state-pension. After entering a few details to confirm your identity, you'll be told the date you can access your State pension and how much you'll receive.
4. Finally, and most importantly, once you've managed to track down all of your pension information, get some advice. Consolidating your pensions might be tempting to make managing your savings easier, but you also want to make sure you don't lose out on any benefits by doing so. Before you make any decisions regarding your pensions, seek professional independent advice on what to do next.

ScamSmart Website

You may recall that in our newsletter last October, we wrote a small article regarding ScamSmart investors. The Financial Conduct Authority (FCA) have now moved the ScamSmart hub onto their main FCA website (**www.fca.org.uk/scamsmart**) and brought all scam related content together, improving the user experience. They have also made significant improvements to the Warning List, which can be found here **www.fca.org.uk/scamsmart/warning-list**

The ScamSmart website gives consumers tips on how to spot and protect themselves from investment fraud, and hosts the FCA Warning List. The Warning List is an online tool that warns users of the risks associated with an investment and helps them to check a list of firms the FCA knows are operating without its authorisation.

Here are some findings from a YouGov poll of 2,300 people on investment fraud

- “Over-65s with savings in excess of £10,000 identified as three and a half times more likely to fall victim”
- “Low interest rates cited as a key driver behind increased investment fraud risk for over-55s”
- “More than a quarter of over-55s falling victim to investment fraud are scammed via an unauthorised firm and unregulated product, such as wine, diamonds and land”

Be a ScamSmart Investor

1. Reject unsolicited investment offers
2. Check the FCA Warning List of firms to avoid
3. Get impartial advice