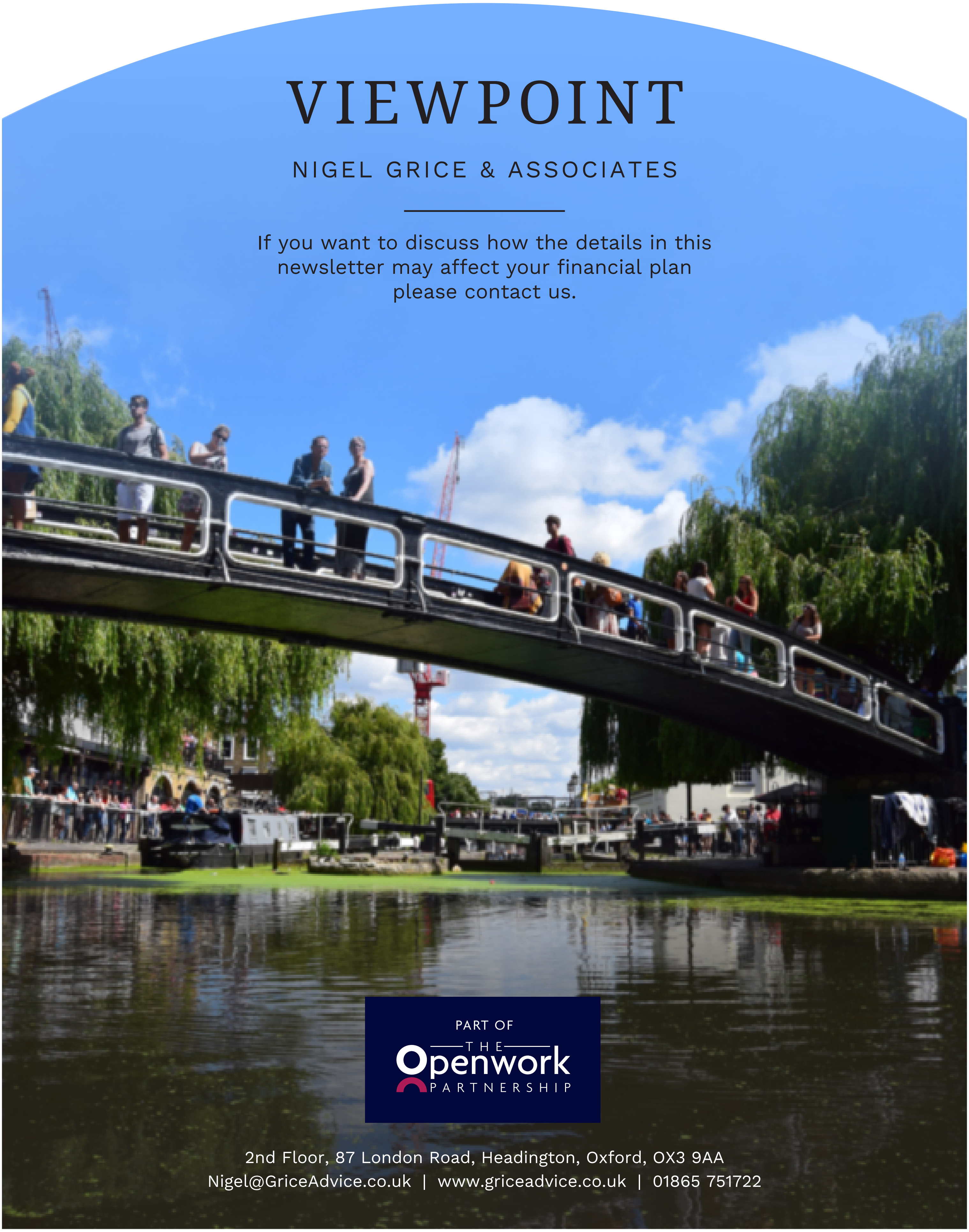
Nigel Grice & Associates

VIEWPOINT

NIGEL GRICE & ASSOCIATES

If you want to discuss how the details in this newsletter may affect your financial plan please contact us.



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2021 Outlook
The healing process

Following a particularly challenging year for investing, we've identified five themes we'll be watching closely throughout 2021.

The coronavirus pandemic made conditions particularly challenging for investors throughout 2020. After a year when everything seemed to change, what's likely to drive the global economy and financial markets in 2021?

These are the five themes we believe will influence our investment decisions the most as we navigate the evolving environment..

1. The world economy is in recovery mode.

We believe the pandemic will recede this year and the global economy will heal gradually. To help understand how industry sectors are likely to perform, we can divide them into three segments that:

— benefited from the lockdowns;

— suffered and are vaccine dependent; or

— were only partially impacted but sensitive to the policy response.

From a geographical perspective, some regions have contained the spread of the virus more effectively than others and are bouncing back more rapidly. Many Asian countries have avoided prolonged lockdowns. With the recovery heading in the right direction, we're confident about the outlook for company profits and stock market returns.

2. Inflation is absent but there are risks.

We expect inflation to pick up in 2020 but not dramatically. The pandemic has forced unemployment higher and created spare capacity in the economy. those who have saved most during the pandemic are more likely to reduce debt or top up their pensions than spend.

We do not expect the tide to meaningfully turn for the assets that have benefited from low inflation – notably government bonds and growth companies. With yields already at record lows, new buyers of bonds receive only a small income and the potential for capital gains appears slim. Similarly, in equity markets, we believe better investment opportunities lie outside growth companies.

3. Globalisation has become more regional.

Although the health crisis has challenged globalisation, there have been some developments in regional integration. For example, Australia, New Zealand and 13 Asian countries, including China, signed the Regional Comprehensive Economic Partnership in 2020. In the US, Joe Biden's economic team has indicated it wants to engage with the rest of the world in a more cooperative way.

From an investment perspective, we believe Asian emerging markets are best positioned to prosper in this environment. Many are increasingly self-reliant, moving away from exporting goods to developed markets. They offer a rich source of successful businesses across a range of sectors, from luxury goods to innovative technology and financial services companies.

4. Tech firms face regulatory challenges.

The companies whose fortunes have been most obviously lifted by the pandemic conduct their business over the internet. While they have the potential to keep growing their earnings by entering new markets and launching innovative products and services, policy and regulation can have a significant impact on their business models.

Another issue for the large firms is market saturation and whether they have enough room to continue growing in order to justify their valuations and the potential for further share price gains. However, we continue to believe the technology sector provides opportunities to invest in companies with disruptive business models that are revolutionising their industries, and addressing changing consumer needs.

5. Building back better

The pandemic has put environmental concerns and social inequalities in the spotlight, and policymakers have responded by declaring the recovery can improve the world by "building back better". For example, the EU has earmarked around a third of its €750 billion recovery fund to fighting climate change. Other regions have made similar commitments.

There are lots of ways we can gain exposure to companies that have the potential to benefit from government spending packages and policies designed to support a sustainable recovery. Although we don't select the investment managers in our portfolios based on their ESG credentials, we do expect that they will integrate these risks and rewards into their processes.

If you have any question about what these themes might mean for you please get in touch.

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.

Past performance is not a reliable indicator of future performance and should not be relied upon

OW3217 Exp. 09/03/2022

Investment Update

A positive outlook

The economic recovery is gathering momentum as the pandemic recedes and successful vaccination programmes continue to roll out on both sides of the Atlantic.

April saw the continuation of progress made in March, as a more settled month in the investment markets, with equities performing well and bonds showing stability and positive returns. The International Monetary Fund (IMF) increased its forecast for growth in 2021 to 6%, citing stimulus bills in richer countries helping economies bounce back from the Covid-19 pandemic. Equities in the US and UK performed well – no doubt helped by progress made in vaccination rollouts and their economies beginning to open up again.

US stimulus measures

The US experienced a stronger first quarter than experts predicted, with the banking sector in particular exceeding expectations, and a rise in consumer prices. This was helped by increased activity in areas like retail investing, aided by the Biden administration's stimulus measures to regenerate the economy. The next target to help fuel the recovery is an infrastructure spending plan, which aims to strengthen ailing sectors like transport, roads and the electric grid.

Boost for the UK stock market

With the reopening of non-essential shops and services in the UK, the number of job vacancies picked up in April. Along with a successful vaccination programme, this gave a boost to the stock market. The spending plans for workers and businesses outlined in the government's latest Budget also helped soften the blow of the pandemic. The market's bias towards economically sensitive sectors, including finance, energy and hospitality, and a relatively small tech sector, means it should continue to rise as the economic recovery picks up.

In Europe, the recovery has got off to a slower start, due in part to the delay of the vaccine rollout, which has dented investor confidence. But there was some encouraging activity in April, with Europe performing better than expected and the Stoxx Europe 600 Index hitting an all-time high.

Oil prices rise

In April, the International Energy Agency amended its forecast for the growth in oil demand, following faster economic recoveries in the American and Chinese markets than expected. The market for oil itself saw a rise in price, pushing up inflation as well the price of gold. Gold as a commodity is attractive to investors as a safe place to invest during times of unrest in the markets and rising inflation. The markets in April saw a continuation of the trend from previous months, with a general shift away from technology stocks (which saw good profits from the stay-at-home economy) to more cyclical companies – such as banks, airlines and industrial firms, which benefited from reopening economies. After such a long period of inactivity and stagnation due to the global pandemic, things are now moving unusually fast in the world economy and financial markets. artwork itself was composed as a single, unique and encrypted image file – the first sale of its kind by Christie's, with bidding opening at $100. The eventual anonymous buyer paid for the work in Ether, a cryptocurrency.

Jargon and lingo – talking about mortgages

From agreement in principle and loan-to-value to freehold and leasehold, we've compiled a list of terms you're likely to come across when buying a property and what they actually mean.

Buying a property can be a complicated process, and even more confusing when you're confronted with various terms you've not come across before. To help you make sense of it all, we've listed some key definitions you'll need to know.

This list should give you a good head start when it comes to understanding the jargon around mortgages. To help you take the stress out of buying a property, speak to a financial adviser about how they can help you find the most suitable mortgage and guide you through the process.

Agreement in principle	A document from a mortgage lender with an estimate of how much money you may be able to borrow. You can use this to prove to a seller that you can afford to buy their property.
Annual percentage rate (APR)	The overall cost of a mortgage, including the interest and fees. It assumes you have the mortgage for the whole term.
Arrangement fee	A set-up fee for your mortgage.
Base rate	The interest rate the Bank of England charges other banks and lenders when they borrow money.
Buildings insurance	Covers you for damage to the structure of your home – you'll need to have a policy in place when you take out a mortgage.
Capital	The amount of money you borrow to buy a property.
Conveyancing	The legal process you go through when you buy or sell a property done by a licensed conveyancer or solicitor.
Deposit	The amount you need to put down in cash towards the cost of a property.
Equity	The amount of the property that you own outright – your deposit as well as the capital you've paid off on your mortgage.
Fixed-rate mortgage	The interest rate on the mortgage stays the same for the initial period of the deal. Your rate won't change with the Bank of England base rate during this time.
Flexible mortgage	Allows you to underpay, overpay or take a payment holiday from your mortgage – they are usually more expensive than conventional mortgages.
Freehold	You own the building and the land it stands on.
Gazumping	When an offer has been accepted on a property but a different buyer makes a higher offer, which the seller accepts.
Guarantor	A third party who agrees to meet the monthly mortgage repayments if you can't.
Help-to-Buy	The government has introduced various Help to Buy schemes to make buying a home easier, including equity loans, mortgage guarantees, ISAs and specific schemes for Scotland and Wales.
Interest-only mortgage	You only pay the interest on your mortgage each month without repaying the capital.
Joint mortgage	A mortgage taken out by two or more people.
Land Registry	The official body responsible for maintaining details of property ownership.
Leasehold	You own the building but not the land it stands on, and only for a set period.
Loan-to-value	The size of your mortgage as a percentage of the property value.
Porting	Allows you to transfer your borrowing from one property to another if you move, without paying arrangement fees.
Repayment mortgage	You pay off interest and part of your capital each month.
Stamp duty	You'll need to pay stamp duty land tax when you buy a property over a certain price.
Standard variable rate (SVR)	The default interest rate your lender will charge after your initial mortgage period ends.
Tracker mortgage	The interest rate on your mortgage tracks the Bank of England base rate at a set margin above or below it.
Valuation survey	Lenders will carry one of these out to check whether the property is worth around the amount you're paying for it.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

OW3277 Exp. 06/04/2021

Protect your peace of mind when moving home

Moving home can be a hectic and exciting time, but don't forget about protection – taking out the appropriate policies can save you a lot of stress in the long term.

If you've just moved home or are about to, it probably feels like you've been caught up in a bit of a whirlwind over the past few months. With searching for a property during a pandemic, making the move before the stamp duty holiday ends and potentially getting caught up in the resulting conveyancing backlog, protection policies are probably not top of your priority list.

Yet it's important to take the necessary precautions to ensure your new home and possessions are looked after – now more than ever. Here are some of the main types of protection you should be thinking about.

Mortgage protection

If you're unable to work due to illness or injury or because you've lost your job, mortgage payment protection will cover the cost of your mortgage each month. These policies usually last for a year or until you return to work – whichever is soonest.

You can pick how much you want your policy to pay out each month, and this can include a buffer for other expenses, such as bills. It's important to bear in mind though that providers usually set monthly limits of between £1,500 and £2,000. You won't always be able to claim straight away, and there's usually a waiting period of one or two months. The cost of mortgage protection will depend on:

- your salary;
- the size of your mortgage repayments;
- the type of policy you choose; and
- how soon you want to be covered.

Income protection

Income protection provides you with a regular income if you've lost your job or are unable to work due to illness or injury. There's usually a minimum wait of four weeks before you can start receiving payments. There are different types available:

- A short-term plan covers you for involuntary redundancy, but is usually limited to a set time period.
- A long-term plan will usually cover you until you return to work, retire, die, or the policy ends – whichever is soonest.

Buildings insurance

If you've got a mortgage, you're likely to have buildings insurance to cover the cost of repairing damage or rebuilding the structure of your home if it's damaged. But have you looked carefully through the policy and made sure that it definitely covers everything you need it to? Once you've moved, you may realise that your new home has a slightly more complex structure than you first realised, and it's important to make sure your buildings insurance takes this into account. If you're lucky enough to not have a mortgage, it's still a sensible idea to invest in this type of insurance for peace of mind.

Contents insurance

If you've bought new furniture and gadgets for your home, you might need to review your contents insurance. This type of insurance covers the cost of replacing possessions in your home if they're stolen, destroyed or damaged. It's a good idea to double check which of your items are covered so that you're not caught out if something does go wrong.

Act now

When you're caught up in the excitement of moving, thinking about protection might be the last thing on your mind. But remember that your circumstances can change quickly and it's important to make sure you're prepared now in case things don't go to plan in the future. For more information about protection and to talk about whether your current policies are right for your situation, speak to your financial adviser today.

OW3261 Exp. 19/04/2022

Income protection for renters

If you're one of the 4.5 million households in the UK living in rental accommodation, you'll know how important it is to pay your rent on time. Fall behind and your landlord could take action to evict you from the property. During the COVID-19 crisis the government has promised that no-one will be evicted as a result of the pandemic.

Many people only miss paying their rent because illness or injury prevents them from going to work. With no money coming in apart from sick pay and possibly state benefits, it's easy to see how it might become impossible to find enough cash for the biggest expense on the family budget.

This is where income protection insurance has a vital role to play. It can provide funds if you are forced off work because you fall sick or you are injured in an accident. The pay-out would enable you to cover your rent and other bills until you were able to go back to your job.

How does income protection insurance work?

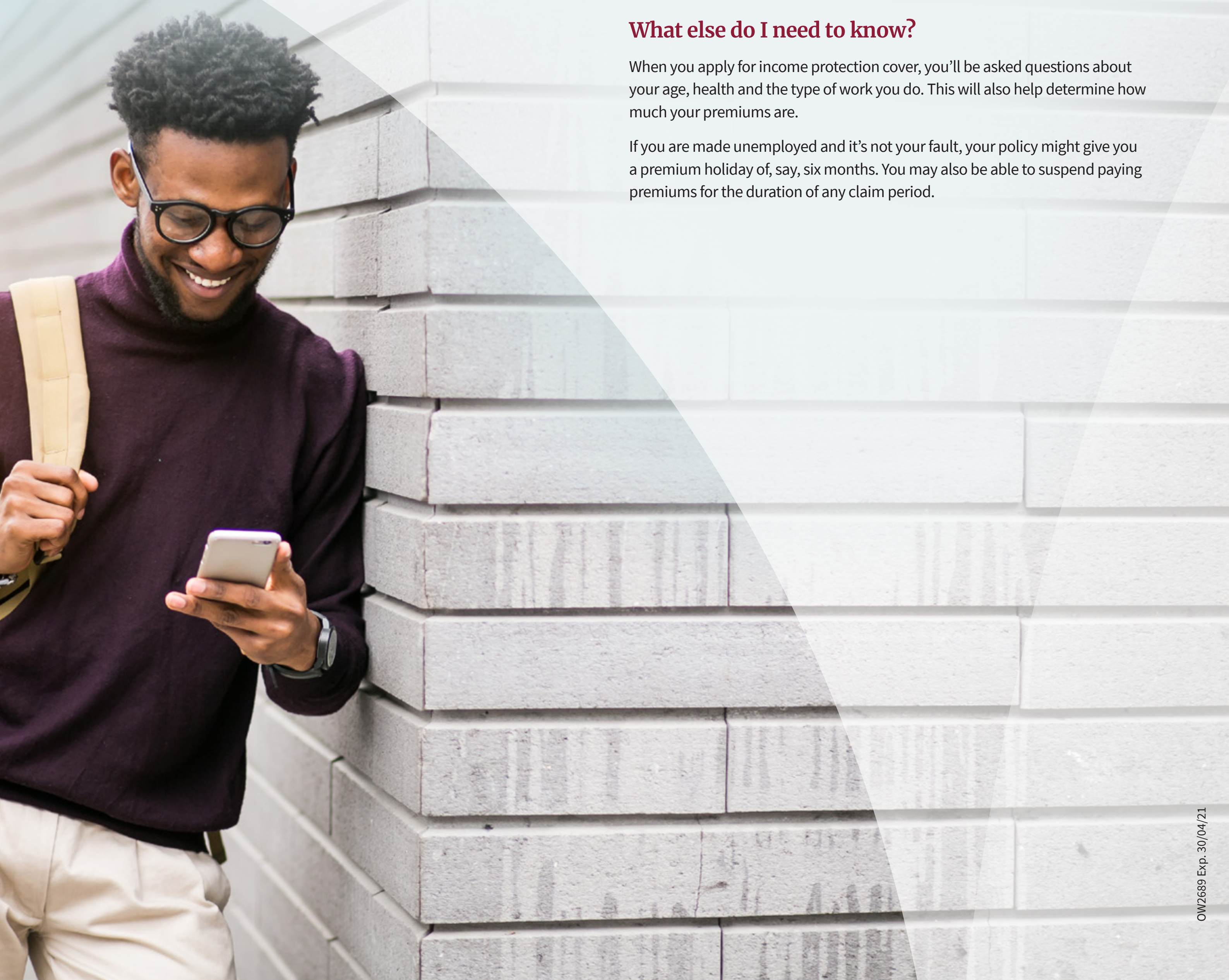
When you set up an income protection policy you decide how you want the plan to operate:

- Amount of cover This is what you would receive each month. As you'd expect, the higher the sum, the more expensive the policy. You can't choose an amount higher than a stated percentage of your income – around 60% of earnings after tax.
- Payment duration Short-term accident and sickness policies typically pay out for 12 or 24 months, although some policies income protection plans provide 'permanent' cover up to retirement age.
- Waiting period This is the length of time you'd be off work before the policy starts paying out. The shorter this period, the higher the premiums. If you have a rainy-day fund that will keep you going for, say, two months, you could plan on using this to keep your premiums down.
- Parent cover This is when you receive payment because a dependent child is ill or injured and you need to take time off work to look after them.
- Death benefit If you were to die, your policy may pay out a lump sum.
- Own or Any occupation. If you choose 'own occupation', you'll get a pay-out if you cannot do your job. 'Any occupation' cover is not as extensive because you would need to be too ill or injured to do any job whatsoever before you could claim.

What else do I need to know?

When you apply for income protection cover, you'll be asked questions about your age, health and the type of work you do. This will also help determine how much your premiums are.

If you are made unemployed and it's not your fault, your policy might give you a premium holiday of, say, six months. You may also be able to suspend paying premiums for the duration of any claim period.



OW2689 Exp. 30/04/21

Lasting Powers of Attorney (LPA)

You may have already arranged a Will* to deal with matters in the event of your death, but have you considered what would happen if you became unable to handle your affairs while still alive?

Peace of mind

Have you considered how a physical or mental illness could affect your ability to manage your personal affairs? If the prospect of this worries you, you should consider setting up an LPA. This is a legal document which allows you to appoint one or more people to either help you make legal decisions, or to make them entirely on your behalf.

Knowing that your financial affairs will be looked after by people you trust can give you valuable peace of mind.

Power of Attorney (POA)

There are a number of different types of POA available depending on your requirements:

1. Ordinary POA
2. Lasting POA
3. Enduring POA (replaced by LPAs on 1 October 2007, but still valid if you signed one before this date)

An Ordinary POA can be used while you still have the mental capacity to make your own decisions, but you require temporary assistance. For example, if you are hospitalised or on holiday and you want to empower someone to make financial transactions on your behalf.

LPAs explained

An LPA is required if you want to give someone the legal authority to make decisions on your behalf in the event you lose mental capacity. The word 'lasting' refers to the fact that the power remains in place after the donor loses mental capacity. There are two types of LPA:

1. Health and Welfare LPA - your attorneys will be able to act on your behalf if you become completely unable to make decisions regarding your own wellbeing. For example, if your circumstances mean you require full time care, medical treatment or help with your daily routine, they will step in and act in your interests.
2. Property and Financial Affairs LPA - your attorneys can make decisions concerning your bank accounts, paying bills or even selling your home if required. Unlike the Health and Welfare LPA, this version can be used as soon as it is registered, but only with your permission - i.e. you are still fit to make other decisions on your affairs.

Choosing your attorneys

When deciding who you would like as your attorneys, there are a few things to consider:

- How well do you know them?
- How well do they look after their own affairs?
- Do you trust them to make decisions that are best for you?
- Will they be comfortable making these decisions?

If you choose more than one attorney, you will also need to decide whether they will make decisions separately or together. Replacement attorneys are a good idea in case your chosen attorneys become unable to carry out the role for whatever reason.

Contact us

If you would like any assistance in deciding whether an LPA would be suitable for you, or any help setting up an LPA, please get in touch.

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OW2764 Exp. 02/06/2021

Want to avoid retirement remorse?

Most people have a lot of different financial commitments and life can feel a bit like a financial juggling act. It can seem like saving in to a pension is just putting money away for the long-distant future – but putting your pension at the forefront of your financial goals makes good sense.

The earlier you start saving into a pension, the more time your investment has to grow. People are living longer, meaning that your retirement could span multiple decades – and therefore cost you more. So, what can you do to avoid retirement remorse later in life?

Don't fall into pension apathy

It's all too easy to put your pension firmly at the back of your mind while you focus on the now. But drifting into pension apathy and failing to plan ahead could make a substantial difference to your retirement income.

Biting the bullet, sitting down with a financial adviser and coming up with a robust, long-term plan for your pension at an early stage is one of the best investments you can make for your future.

Never too early

In an ideal world, you should start thinking about your pension as soon as you step into the workplace. This will allow you to take advantage of workplace pension schemes and employer contributions, as well as tax relief on all contributions at the highest rate of Income Tax you pay (subject to annual and lifetime allowances).

Don't rely solely on the State Pension

The full new **State Pension is £175.20 per week,** but government statistics show that the **average retirement income was £320 per week** (after housing costs) in 2018-19, or around **£16,640 per year**. This means that retirees are increasingly having to use private pensions, both workplace and personal, to bridge the gap.

A survey of Which? members in April 2020 suggested that individuals were spending **£19,000 per year to enjoy a comfortable retirement and £30,000 per year for a luxurious retirement,** couples were spending **£25,000 per year to enjoy a comfortable retirement and £40,000 per year for a luxurious retirement** – meaning there is still a shortfall between the average retirementincome and what is needed to maintain the lifestyle to which you're accustomed once you stop working.

No regrets

Don't leave yourself with a shortfall in retirement. You've worked hard and will want to live out your retirement years in comfort! That's where we can help. Come to us and we'll assist you in drawing up a long-term plan for your pension, so you can enjoy the retirement you deserve.

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.

OW2930 Exp. 31/08/2021