



CLIENT UPDATE

KING FINANCIAL PLANNING
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Dear all,

So, we are getting towards the end of the summer which seems to have encompassed a couple of weeks being incredibly hot and the rest being grey and disappointing. I think this pretty much encapsulates where markets have been over recent times. We seem to have short periods where things go well and then we fall back to the normal difficulties and issues we face around the world.

In 2023 we have seen many markets go forward. Parts of the fixed income market (corporate bonds, high yield etc.) have performed well, whereas Government bonds (UK Gilts, US treasuries) are largely flat due to the possibility of interest rates not falling as fast as people had predicted. This however is compared to 10% to 25% losses in 2022 when rates spiraled quickly, and capital values fell. This is definitely a positive and I can see positive returns from the fixed income markets moving forward, assuming interest rates are close to their peak, which I believe they now are.

Looking at equity markets around the world, these are very different depending on which market you are looking at. As an example, as of 1 September 2023 the UK market was up 0.17% over the course of the year compared to the US being up 17%. China was up 1% but Japan up 25% (all figures from Bloomberg).

Looking at another area where we invest, commodities. We have seen the price of Gold increase by 6%, Silver 1% and the Oil price rise by 6% during 2023. Oil increasing in price isn't necessarily a good thing for the world (unless you own BP and Shell) as this doesn't help with the overall inflation dilemma the world continues to look at.

Talking inflation, again there is a marked difference depending on which country you look at. The UK seems to be lagging pretty much behind every major economy in the world as far as bringing down inflation. In fact, we have the highest inflation figure in the G7. However, there is good news as it is finally starting to fall which is why we are seeing the Bank of England starting to talk about interest rates peaking - but I do expect another one or two rises of 0.25% in the base rate before things stop. Many commentators then believe interest rates will stay around the same levels for another 12 to 18 months before starting to see rates fall. This will hopefully start to stimulate the housing market which is seeing falls in value month by month at present.

Changing subjects, I recently attended a technical financial planning seminar on various subjects. One of the speakers discussed estate planning and in particular making sure you have everything in place for your beneficiaries in the event of your death. There were several points that they raised, some of which would be fairly obvious. Do you have a Will, Lasting Powers of Attorney? However, there were a few points that I hadn't necessarily thought about. One of which 10 years ago would not have been discussed and that was to make sure that trustees and beneficiaries know about your digital life. Do they have access to your passwords for your bank, investment platforms and even social media. It is possible via your solicitors for them to hold these things digitally on your behalf - might be worth talking to your lawyer about this.

Another area that was discussed was making sure that your next-of-kin know who your advisers are, be that financial planners, accountants, solicitors etc.

Finally, it was mentioned that it would make a lot of sense that you shared with your nearest and dearest what you wanted to happen on your death. Things like what music you wanted at your funeral, what type of ceremony you would like etc. etc. None of this is information you have not thought about, but I thought it was worthwhile giving a gentle reminder that it is important for your own peace of mind these things are sorted out. Having sadly had to help clients deal with the aftermath of someone dying and them not having everything in order, it really can lead to a lot of problems amongst family members!

On a cheerier note, I am off on my holidays with my wife and two children to Orlando to see Mickey Mouse and Donald Duck and won't be back until early October. I will however pick up any emails or urgent phone calls if I am needed, and the team are all here to help if required. As ever if you need anything please feel free to ask.

James