



CLIENT UPDATE

KING FINANCIAL PLANNING
JUNE 2024

Dear all,

It has been a few months since my last client update but some things don't change. I'm looking out of my office window and it's raining, politicians are still squabbling between themselves and as an England football fan, it will be another tournament of hope and then disappointment!

From an investment perspective, the last 12 months we have seen positive returns in global equity markets apart from in China where they are having huge difficulties with their economy, especially with two of the largest property development companies in the world pretty much being bust.

From an economic point of view, most market commentators assumed that at this point we would have started to see interest rates fall in all the major economies. This has not happened, although Europe and Canada did reduce rates this month. Latest predictions for America are that there will be one interest rate cut this year and I suspect the UK will follow. Data around the world is very mixed with unemployment going up slightly, but wages continue to increase quite quickly. This in theory shouldn't happen, but maybe we are just at a crossover point where things will go back to some sort of normality.

Assuming inflation remains under control and the elections around the world don't come up with big surprises, then the outlook for the next six months or so is relatively positive.

Moving on to the election in this country, many clients have asked me whether they should be doing anything before 4 July and what my views are on what a highly likely Labour government might do.

Firstly, it is incredibly unlikely that any new government would put legislation in that was retrospective. So for example, if they decided to increase capital gains tax that wouldn't happen until the next tax year and gives everybody time to think about what to do. Recent changes to the lifetime allowance for pensions looks for now like they will be left in place. The Labour Party have hinted that they will not change this for now, if elected.

So, my short answer as to what planning is needed straightaway is nothing different to what we are already doing. However, we all need to keep an eye on potential changes in legislation for the future and react accordingly.

With regard to the investment managers that we use, I mentioned in my last client update that we were making changes to our portfolios. I am delighted to say that a switch across to our two main investment providers being Morningstar and Vanguard, has meant some positive returns this year, as well as reduced charges. We are constantly looking to see if we can reduce our costs for our clients whilst hopefully increasing returns, so there may be one or two more tweaks in the coming months if we think it is beneficial to clients.

Finally, I hope everyone has a good summer and at some point, we get more than a day of sunshine to enjoy this year! As ever if you need me or any of the team, please feel free to contact us and we will do our best to help in any way we can.

James