CLIENT UPDATE

KING FINANCIAL PLANNING
APRIL 2025

As I write this from my office at home, the sun is shining, the leaves are starting to appear on the trees and up until the last few weeks, investment markets were doing okay. Sadly, President Trump has somewhat trashed the party!

Since President Trump was elected, we have been on a rollercoaster ride of announcements, changes to those announcements and then those changes being changed again! What this does to markets around the world is make them jittery. The tariffs announced on 2 April were worse than the markets had predicted. This has led to a fall in stock markets around the world. As at 6 o'clock on April 3, the S&P 500 has fallen 7.09% so far this year. In fact, the FTSE 100 compares favorably for the first time in a long while with the American market. The FTSE 100 closed on 3 April up 2.6% year to date though I suspect this will not remain positive for long.

Commentators on the tariffs are clinging to the fact that some of these announcements don't come into place until April 9th and therefore there is some political and diplomatic wiggle room. However, if nothing changes, then it is likely that we see higher inflation and a whole realigning of trade around the world. This seems to me to be a big gamble by Trump on behalf of the US, which in simple terms could mean greater prosperity for the US in the long term or the world turning its back on the US and creating new partnerships and alliances without them.

As to how we play this in the short-term, the answer that I will always give is stick to the plan. We invest money based on the long-term, not the very short-term which this noise definitely is. Of course, if markets fall significantly, this actually provides an opportunity to invest more or increase risk by changing the weightings of portfolios to more equities and less bonds. However, at present bonds are holding things relatively steady compared to the volatility of the current equity markets.

Having discussed the very short term, we did have a good year in 2024 which provided positive returns for pretty much everybody. Our portfolios are down a little in 2025 having started very well in January and February, but these announcements from President Trump and some of his earlier posturing have made markets nervous, hence we've seen the falls. Let's see what happens!

Moving to pensions, I'd hoped by now to be able to explain the rules that will be coming out from April 2027 with regards to inheritance tax. Unfortunately, after the consultation finished at the end of January, we have heard no more. What I'm certain of is that pensions from April 2027 will be subject to inheritance tax in the same way as any other asset that you hold. The questions yet to be answered are, how will this be dealt with from an administrative perspective, how will the pension interact with other assets that you have and how the tax might be paid in the future? These questions have not yet been answered and until they are, my strong suggestion is you do nothing as far as the pension is concerned (unless of course you need the money out for a reason).

So, coming back to my starting point, the sun is shining, the winter is hopefully behind us, and markets will calm down in the near future, it might just take a few weeks!

If you have any queries on anything at all, please feel free to contact me or the team.

James