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FINANCIAL PLANNING

CLIENT UPDATE

KING FINANCIAL PLANNING
June 2026

As I write this client update, I'm looking out of my window from my office at the bottom of my garden. The skies are grey, and the rain is coming down, and the thoughts of the hottest May we have ever had seem very distant. Though of course in May I was moaning because it was too hot!!

Since our last update, our friend Mr. Trump decided to get involved with the Middle East and started a war with Iran. This initially influenced markets around the world, but there hasn't been the big fall that maybe people predicted. The Trump effect has diminished, as what he says and what he does seem to be two very different things. However, the danger from this war is that it keeps going on and on. Markets have priced in that things get back to normal within the next couple of months. My view is that if by September, the Strait of Hormuz is not running freely and people's goods are not being delivered, then we may have a problem. Something to watch out for.

The issues in the Middle East ultimately feed through to so many other things, from the basics such as the price of petrol, to the cost of food, and then to more high-level macro events such as when governments increase or decrease interest rates. With the cost of everything going up because businesses can't get the supplies they need, this leads to the potential of higher inflation, which then means that organisations such as the Bank of England or the Fed in America are in a difficult position. They want to reduce interest rates, but can't, and some feel may even have to raise them.

Our government would want to see rates cut as it effects the cost of how much it pays to borrow money. This has also been affected by the issues in the Labour party and who will be the future leader. In fact, bond yields at one point hit the same levels seen when Liz Truss was weaving her magic! Not sure how this plays out, but again, the duration of the war in Iran really is key to all of this.

Despite all the doom and gloom, so far this year most major markets have still made money. As of 11th June, the FTSE 100 was up 3.9% year to date and the S & P 500 up 5.96%. Many clients ask why we are still seeing positive returns in such a difficult time. One answer is that war and the threat of war is good for markets. Countries are massively increasing their spending on defence and companies that are in that space do well from it. Of course, the US market is very much driven by Technology and that sector seems to move forward despite what is happening in the world.

Looking at things from a financial planning perspective, as I meet with clients, we are looking at plans for what to do with their pensions. The new rules for IHT on people's private pensions come into effect in April 2027 and so we need to have a plan. For some people, it is to start to draw on these now, maybe give away the money? For some, it is to leave things as they are. Everybody will be different, but one thing is for certain, we need to think about it now, even if that plan is to do nothing.

From an admin perspective, the consolidated tax vouchers you may need to complete your self-assessment returns will be available in the next few days. These will show any income or gains you have had in the 25/26 tax that wasn't in a Pension or ISA, as they are of course tax free. You can download these directly from the Morningstar portal or ask our team to send it to you via email.

Having started with talking about the weather, I am about to jet off to see the sun. For my son's 21st birthday present, me and William are off to Miami to watch some World Cup football and drink and eat too much. I will still be available on email if there is a problem, however the team are all around if you need any help.

James

The value of investments can go down as well as up, and you may not get back the full amount you invested. Past performance is not a guide to future performance, and past performance may not necessarily be repeated. Market conditions can change, and investors may experience losses as well as gains. Information provided is for guidance only and does not constitute financial advice.

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