An update from your financial adviser:

SINFONIA
Asset Management Limited

Investor newsletter — Autumn 2017

10 years on – Adapting to a different investment landscape

Just over ten years since the start of the financial crisis and the global economy is firmly in recovery mode.

In the aftermath, investors were blindsided as global equities fell by 38%. Aggressive policy stimulus by governments and central banks was pivotal in reducing the severity of the recession.

Although, not necessarily an anniversary worth celebrating, what is significant is that global equity markets hit all-time highs this summer. In a clear demonstration of investor appetite, over $10 trillion was added to their value in the first half of the year. With the global economy changing, the stance of central banks is shifting as the need for emergency policy stimulus recedes.

Reason to cheer?

The global growth story is supported by positive economic data from many regions. In an increase on previous predictions, The Organisation for Economic Co-operation and Development (OECD) predict global GDP growth to increase to around 3.5% this year and 3.7% next year.

On the continent, an accelerating EU growth rate and the recent three-year high for the euro has prompted The European Central Bank (ECB) to think about unwinding its quantitative easing programme, although they are cautious to apply the brake.

The rate of US economic growth picked up steam in the summer. While stock market valuations are full, equities may have further to go as a result of the improved global economic conditions, which are enhancing profit growth. The Federal Reserve has announced that it will begin to reduce a portion of the investments it made to boost the US economy following the financial crisis.

Closer to home

With the added complication of Brexit negotiations, there are mixed signals of growth for the UK. The prime minister set out plans for a transition period after Brexit, telling EU leaders there is a shared responsibility to make Brexit work "smoothly". Weaker sterling has been the main driver of UK blue chip companies with high overseas earnings and benefiting those industries which export services and goods. Despite inflation remaining above target, many economists do not expect UK interest rates to rise until 2019.

Expect the unexpected

The anniversary of the financial crisis matters because it has forever changed the investment landscape and the way we invest. It has certainly led to greater consideration of investment strategies to reduce risk.

Recent political events have further exemplified the difficulty of investing on the basis of prediction. As investors, we have become much better at expecting the unexpected, learning to adapt to a variety of political, financial and economic factors and learning to look through the 'noise'. What we do know is that market volatility will continue and that areas of value exist, which make asset allocation a key tool when planning your investment portfolio.

Adopting the right strategy

Diversification and targeting returns aligned to your appetite for risk are useful investment strategies to adopt when choosing assets to invest in. The well-worn adage of not putting your eggs in one basket is the foundation to approaching your investments, managing risk and securing returns in the post-financial crisis world. Spreading your money across different asset classes and geographic regions is sensible, especially for UK-based investors who are likely to see further sterling weakness.

A solution aligned to your attitude to risk

Risk-targeted funds have grown in popularity over the last few years since the crisis, with good reason. Designed to align each individual investor's attitude to risk with an appropriate investment proposition, the managers of these funds aim to build a portfolio that delivers consistent risk-adjusted returns while remaining true to a specific risk profile. This risk-based approach ensures ongoing suitability for the investor, whilst offering diversified exposure. These funds will adapt over time, adjusting the asset allocation in the face of developing trends. The risk-targeted element serves to provide peace of mind that the strategy will remain aligned to your risk profile.

Don't be too late to the party

What is certain is that financial advice is essential to help position your portfolio, in line with your objectives and attitude to risk. With global economies finding some momentum and the hint of normalised economic policy on the horizon, opportunities exist — there's always something to celebrate. Please get in touch to discuss all aspects of your investment planning requirements.

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Investment Platforms – what are they and do you need one?

Life is busy, it can be stressful and all-consuming at times. There's certainly a lot to be said for keeping things simple and not over-complicating your life; and this extends to your investments too.

Getting your finances and investments in order may have been on your mental to-do-list for a while and with the New Year approaching, why not make it a resolution worth keeping?

With this in mind, whether you are new to investments or are looking to streamline your existing investments, a platform may be an option worth considering.

What is an investment platform?

Investing through an 'investment platform' is basically a way to hold, monitor and manage all of your investments in one place. Just as online shopping has changed the face of the high street or your weekly shop, platforms have changed investments, offering convenience, choice and value for money.

Platforms allow easy trading of assets. They don't actually manage your investments, you can still take advice on that, but the platform simply provides the administration involved to hold your investments in one account. This is an important distinction.

Benefits to platform investing

A simple way of holding and trading a wide range of investments, including funds, equities and ETFs, these investments can be held tax-efficiently within an ISA or a SIPP, for example. By holding all of your assets in one platform account, all dealings and administration are centralised, saving time spent previously liaising with several different fund managers. Platform investing often provides the added benefit of reduced charges, as favourable terms may have been negotiated with individual fund houses. In addition, obtaining a valuation of your assets and switching between them is simpler and quicker.

Choosing the right platform

When selecting a platform it is important to consider the quality of the tools and information available, plus the breadth of investable products. While it is important that you have the ability to trade, it is equally vital to ensure that you are not over paying for functionality that you do not need because the charges you pay will eat into the total return that you make on your investment. Finding the best platform for you will depend on the services you want, as well as the type of products you want to trade and the trading frequency.

Getting good advice

Not all platforms are the same. It is important that you make the right decision for you. Although platforms are a great administrative tool, with a huge choice out there, as ever, the best advice is to take advice. You will also need advice on the investments to hold, taking into account your attitude to risk, objectives and capacity for loss. Investment suitability is paramount.

Step up to the platform – whatever stage of life you're at, millennial or baby boomer. If you're interested in consolidating your investments on a platform, please call your adviser to discuss the options.

Risk Warning – The value of investments and income from them can go down. You may not get back the original amount invested. This communication does not represent financial advice. You should seek financial advice if you wish to discuss the suitability of an investment fund. Tax treatment is based on individual circumstances and may be subject to change in the future.