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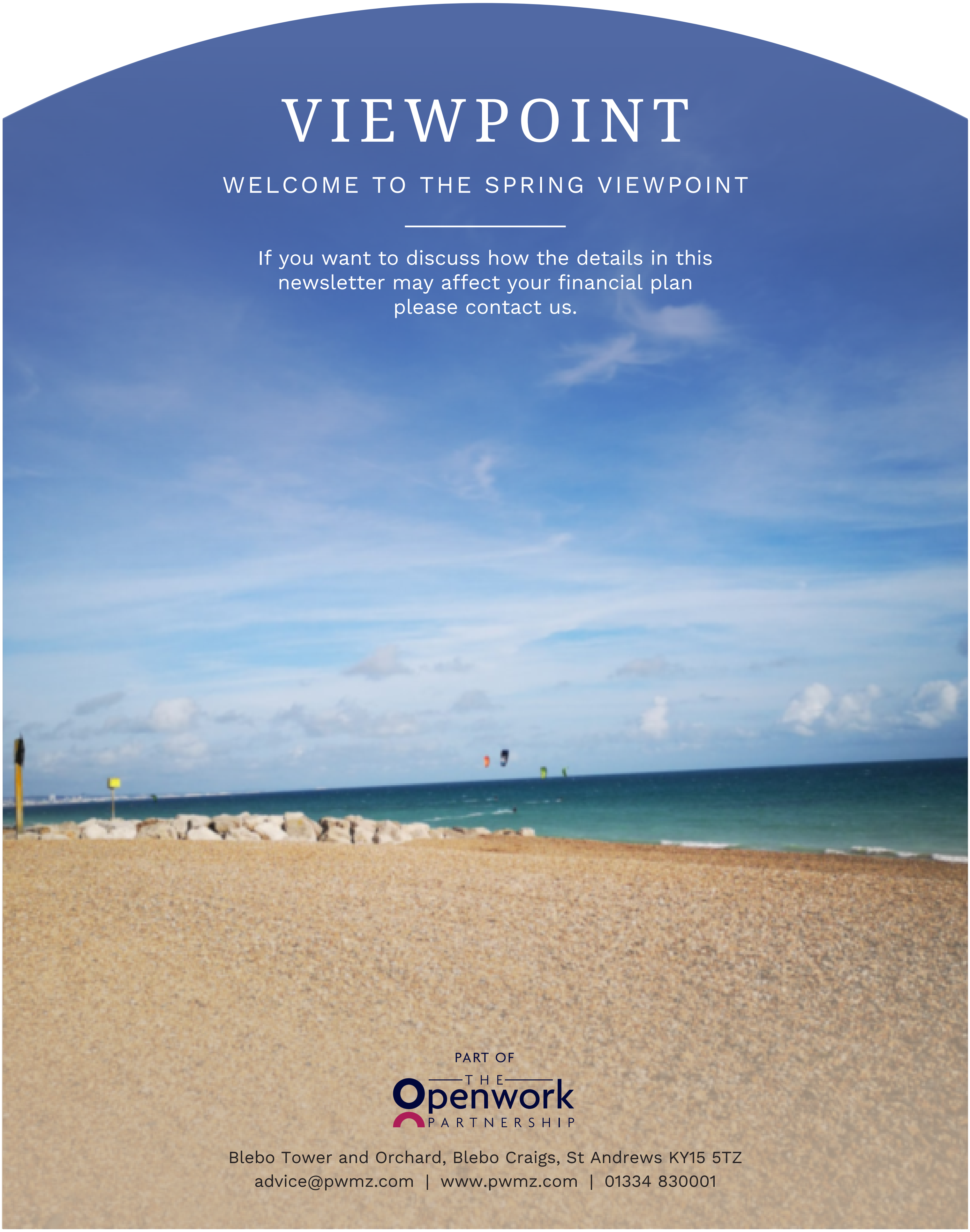

VIEWPOINT

WELCOME TO THE SPRING VIEWPOINT

If you want to discuss how the details in this newsletter may affect your financial plan please contact us.

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Investment Update

Springing into action

Successful vaccination programmes are rolling out on both sides of the Atlantic, pointing to a brighter economic outlook.

The US and UK continued their rapid vaccine programmes to combat the coronavirus pandemic, while Europe lagged in its rollout, resulting in a resurgence of COVID-19 cases in some parts of the EU. As a result, the US and UK are likely to be able to reopen their broader economies sooner, while much of Europe still faces strict lockdowns.

Budget brings some relief

In this March Budget, Chancellor Rishi Sunak outlined stimulus measures to support businesses and workers through to the autumn. This much-needed spending foreshadows the largest hike in taxes for decades, with tax and spending decisions to total almost £60 billion in the 2021–22 fiscal year.

In addition, the government mapped out its plan for lifting lockdown restrictions and hopes to be in a position to remove all legal limits on social contact on 21 June. Pent-up demand is likely to push up the pace of economic growth for the rest of this year and in 2022.

US introduces new stimulus measures

In the US, Joe Biden's $1.9 trillion stimulus passed through both houses of Congress in March. Under the legislation millions of Americans will receive one-off cheques for $1,400 and the unemployed will continue to receive $300-a-week top-ups until September. The OECD believes the stimulus will turbocharge the American economy and add a percentage point to global growth.

The US also leads the world in total coronavirus vaccines administered, suggesting the American economy is likely to begin its recovery process sooner than many other developed regions.

Inflation worries linger

Inflation worries hit bond markets, but the consensus is that any rise in inflation is most likely to be short lived. Government bond prices fell sharply (and yields increased), reflecting concerns about an increase in inflationary pressures as the global economy started to recover from the pandemic. Inflation is detrimental to bonds because it erodes the real value of the fixed interest rates they pay.

Investors are concerned about inflationary pressures as economies reopen, but we don't expect the likely spike in consumer prices to persist. Inflation is likely to pick up as spending on services surges when lockdowns end, and government spending is another tailwind. But it's likely to be a fleeting phenomenon and should not pose a longer-term challenge to fixed income markets.

Cyclical stocks are still attractive

Cyclical stocks remain in favour, as vaccines are administered and the economic outlook improves. Cyclicals like financial and energy stocks tend to perform well when the economy is expanding. But sectors that benefited during the height of the pandemic, such as tech, have fallen as prospects for the economy brighten.

This environment has benefited Europe's stock market, which comprises fewer technology firms than America, and more cyclical companies such as banks and commodity firms. The broad rotation away from tech towards cyclicals looks likely to continue.

Big money in digital art

Commodity prices have risen this year, including copper and other metals used in electric vehicles, as well as oil. But gold lost some of its shine as a safe and steady investment, with its price falling steadily since the start of the year.

The Suez Canal was the scene of a stuck cargo vessel in March, blocking the vital shipping route for several days. Around 12% of the world's trade happens via the Canal and it is thought that each day of the blockage halted billions of dollars in trade traffic.

In March, auction house Christie's sold a digital piece of art by contemporary artist Beeple for $69.3 million – the latest example in the market for non-fungible tokens (NFTs). The artwork itself was composed as a single, unique and encrypted image file – the first sale of its kind by Christie's, with bidding opening at $100. The eventual anonymous buyer paid for the work in Ether, a cryptocurrency.

How could negative interest rates affect you?

The Bank of England (BoE) maintained the UK's base interest rate at its record low of 0.1% in December, but in light of January's national lockdown, could rates go negative?

What could negative interest rates mean for you?

Your pension

For people approaching retirement, it usually makes sense to have adopted a lower risk strategy by moving into lower risk investments such as bonds. If interest rates go negative, the value of these bonds would decrease and for those closer to retirement, there would be less time to recover any losses incurred.

Your savings

Savings rates are already low and if they turn negative, it may mean having to pay banks to keep our money safe for us. This could take the form of paying a fee for a bank account or being charged for banking services. In reality, this is unlikely for the average saver, it may only apply to those with high deposits.

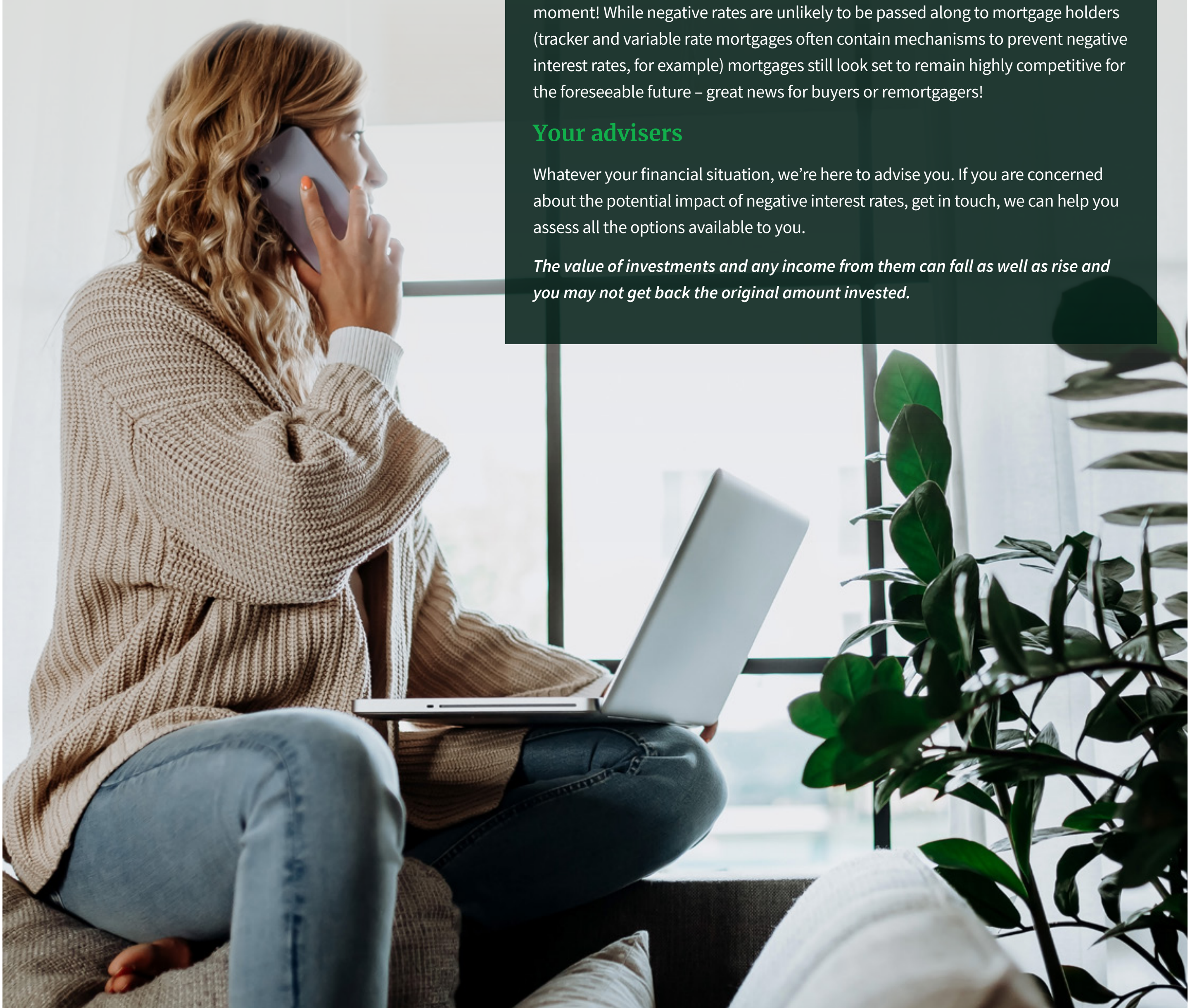
Your mortgage

We've kept the good news till last – we all need whatever boost we can get at the moment! While negative rates are unlikely to be passed along to mortgage holders (tracker and variable rate mortgages often contain mechanisms to prevent negative interest rates, for example) mortgages still look set to remain highly competitive for the foreseeable future – great news for buyers or remortgagers!

Your advisers

Whatever your financial situation, we're here to advise you. If you are concerned about the potential impact of negative interest rates, get in touch, we can help you assess all the options available to you.

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.



YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

OW3143 Exp. 02/08/2021

Self-care for the self-employed

You may have heard of the concept of 'self-care' – taking time out of your day to do things that reduce stress and promote good mental health.

If you're self-employed, though, taking time out of your hectic schedule and looking after your finances is probably one of the best ways to take care of yourself. Working for yourself, while having clear advantages, also has some downsides – notably a lack of entitlement to sick pay, holiday pay or access to a workplace pension scheme.

Financial self-care

There are some things you can do to mitigate these disadvantages and protect yourself from financial blows, including:

Paying into a personal pension

Over five million Brits are now registered as self-employed, yet under a quarter (24%) of them are actively saving into a pension. With the full state pension currently just £175.20 per week, or a little over £9,100 a year, self-employed people are likely to need additional savings to live comfortably in retirement. While things may be tight because of the coronavirus pandemic, believe us – you'll thank yourself later for making those all-important contributions.

Protect your income

By which we don't just mean put it in the bank. Taking out a specialist self-employed income protection policy could act as a financial safety net if you were too sick to work or had to take time off due to an injury. These policies are designed to pay out a monthly income, on a short or long-term basis, to cover expenses such as your rent or mortgage, bills and other living costs if you are unable to work.

Take advantage of tax relief

If you're self-employed, you can deduct some of the costs of running your business from your taxable profits, reducing the overall amount of tax you pay. These are called 'allowable expenses', and include (but aren't limited to):

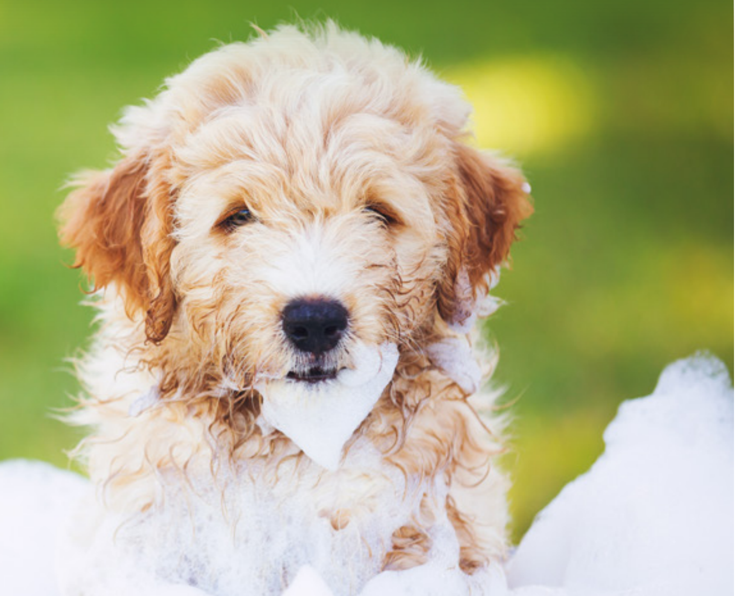
- Office costs, eg. stationery and equipment
- Travel expenses
- Costs of your business premises
- Stock or raw materials purchased to sell on
- Advertising or marketing

Remember to keep accounts!

It can be a little trickier to get a mortgage if you're self-employed but keeping impeccable accounts will certainly help. Lenders will want to see two to three years' accounts signed off by an accountant, so keep this in mind if you're looking to buy.

Ask the experts

If you'd like help with taking care of your finances as a self-employed worker, then we're here to help. We can help you sort an income protection policy, find a suitable mortgage deal, and advise on personal pensions.



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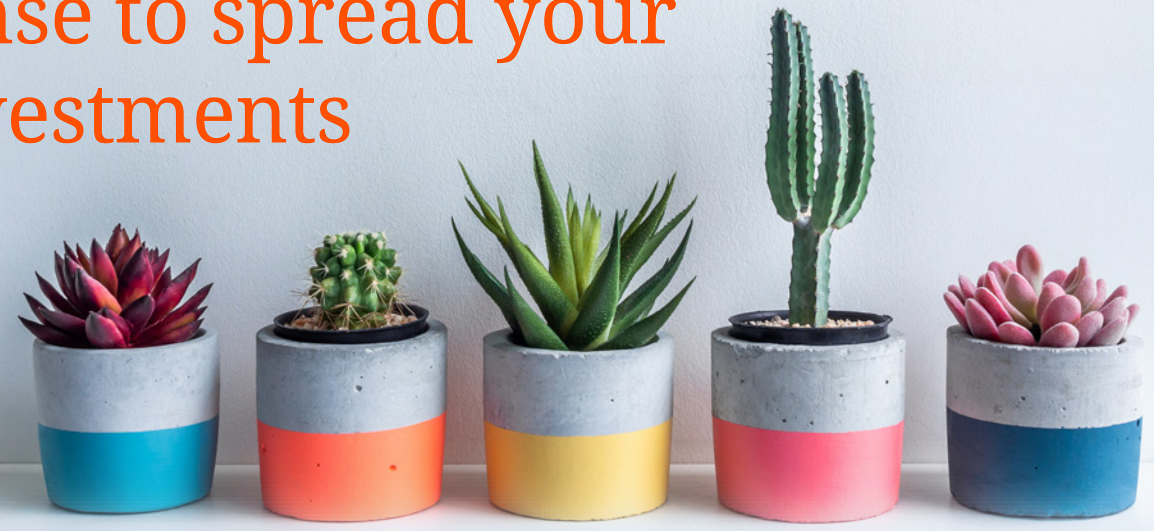
YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

Why it makes sense to spread your investments



Investing in a diversified portfolio is one of the best ways to grow your money over the long term, while making sure you're not concentrated in too much risk.

You've probably heard about the benefits of diversification when investing. The performance of a portfolio comprising different assets from around the world tends to be smoother over the long term than one that's concentrated in a particular market or geographical region. It's because the holdings don't usually correlate with each other, which provides balance.

For example, when equity markets are falling, the price of government bonds typically goes up. This approach lowers overall risk because it dampens the impact of events in the global economy that affect financial markets. A diversified portfolio is also your best defence against a crisis because it's rare that all the investments would fall substantially after a single event – like a sharp recession, an unexpected election result or a global pandemic.

Rotating into better days ahead

It's a good idea to diversify exposure within each asset class too in order to spread risk. Industry sectors and geographical regions tend to perform at different speeds as global economic conditions change. For example, stock markets plunged in value at the start of the coronavirus pandemic in March and April last year but then recovered throughout the rest of the year.

Over the summer this recovery was driven by companies whose fortunes were lifted by the lockdowns. Most of them conduct all, or a big part, of their business over the internet and provide services to the home. They include online grocery and delivery companies, sellers of online exercise equipment and video streaming services. Large technology companies were the most notable winners.

Then in November hopes that a successful vaccine could be deployed to slow the spread of coronavirus in as little as a few months triggered a powerful rotation into industries that are set to benefit most from the economic recovery. They included airlines along with energy, finance, real estate and retail.

Investing actively

In order to manage investment risk and gain exposure to the most attractive opportunities it's necessary to continuously adapt to the evolving environment through an active approach. Sometimes it's not the most obvious stocks that outperform, and it takes an experienced investor to spot the trends.

For example, when Pfizer announced successful vaccine trial results, its share price barely moved. Its revenues are driven by many other underlying issues and not one single drug – despite the significance. Yet the news was market moving for IAG, which owns a number of airline brands, including British Airways. Its share price rallied as investors looked ahead to an upturn in passenger numbers.

The fund managers behind the Omnis multi-asset portfolios can differentiate between firms like Pfizer and IAG. In periods of market stress, they allocate capital to companies that are likely to generate above-market returns. We choose active managers with investment processes and philosophies that we believe give them an edge in identifying these businesses.

With cash savings rates still negligible and unlikely to rise any time soon, investing is the only way to preserve the spending power of your money against the impact of inflation. We're confident about the year ahead and believe there will be plenty of attractive investment opportunities as the economy heals, particularly in trends that are driving the economy, such as new technologies and clean energy, as well as Asia's emerging markets, which have coped relatively well with the pandemic.

We can help you explore tax-efficient savings and investment options, so get in touch.

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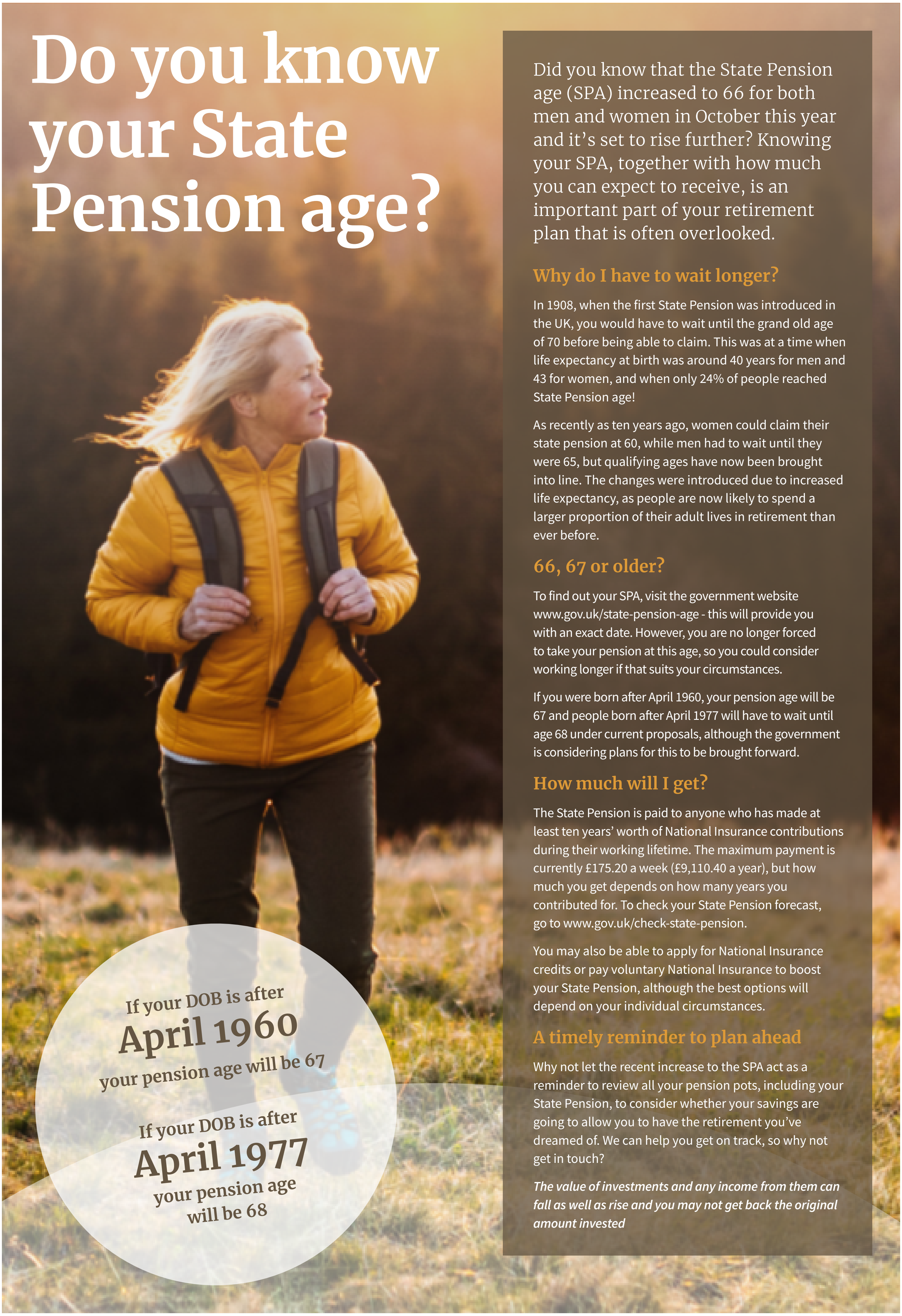

Do you know your State Pension age?

Did you know that the State Pension age (SPA) increased to 66 for both men and women in October this year and it's set to rise further? Knowing your SPA, together with how much you can expect to receive, is an important part of your retirement plan that is often overlooked.

Why do I have to wait longer?

In 1908, when the first State Pension was introduced in the UK, you would have to wait until the grand old age of 70 before being able to claim. This was at a time when life expectancy at birth was around 40 years for men and 43 for women, and when only 24% of people reached State Pension age!

As recently as ten years ago, women could claim their state pension at 60, while men had to wait until they were 65, but qualifying ages have now been brought into line. The changes were introduced due to increased life expectancy, as people are now likely to spend a larger proportion of their adult lives in retirement than ever before.

66, 67 or older?

To find out your SPA, visit the government website www.gov.uk/state-pension-age - this will provide you with an exact date. However, you are no longer forced to take your pension at this age, so you could consider working longer if that suits your circumstances.

If you were born after April 1960, your pension age will be 67 and people born after April 1977 will have to wait until age 68 under current proposals, although the government is considering plans for this to be brought forward.

If your DOB is after
April 1960
your pension age will be 67

If your DOB is after
April 1977
your pension age
will be 68

How much will I get?

The State Pension is paid to anyone who has made at least ten years' worth of National Insurance contributions during their working lifetime. The maximum payment is currently £175.20 a week (£9,110.40 a year), but how much you get depends on how many years you contributed for. To check your State Pension forecast, go to www.gov.uk/check-state-pension.

You may also be able to apply for National Insurance credits or pay voluntary National Insurance to boost your State Pension, although the best options will depend on your individual circumstances.

A timely reminder to plan ahead

Why not let the recent increase to the SPA act as a reminder to review all your pension pots, including your State Pension, to consider whether your savings are going to allow you to have the retirement you've dreamed of. We can help you get on track, so why not get in touch?

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OW3045 Exp. 19/11/2021

Home insurance add-ons explained

The cover provided by a home insurance policy can vary depending on the insurer. You can usually 'add-on' extra cover for an additional cost. These optional extras allow you to tailor your policy to your own individual circumstances, so you only pay for the cover you need.

Personal possessions used away from home

Many people mistakenly assume home insurance will cover their belongings both in and outside the home. You will usually need to add personal possessions cover (sometimes known as an all-risks extension) to your policy to ensure portable items, such as mobile phones, musical instruments and laptops, are protected away from the home. Items may also be covered when abroad with this add on – usually for up to 60 days a year.

Accidental damage

Accidental damage provides cover for accidents around the home. Adding this cover to your contents insurance will protect you for life's little mishaps like spilling red wine on your cream carpet, or a toddler wreaking havoc with a paintbrush.

If you add accidental damage cover to buildings insurance, you will be covered for accidents such as drilling through a water pipe or cracking a bathroom washbasin. Note that general wear and tear isn't usually included.

Legal expenses

Another optional extra for the majority of home insurance policies is legal expenses cover. This pays for the cost of legal proceedings should you need to go to court if a claim is disputed by any of the parties involved.

Home emergency cover

This add-on will pay for emergency callouts and repairs if, for example, your boiler breaks down or a pipe bursts. Cover can vary between insurers, so you should check carefully, but it will often cover boilers and central heating, drains, plumbing, electrical faults, replacement locks and pest infestations. The amount you can claim for boiler repairs may be lower than with standalone boiler cover.

What to consider

Before adding any of these extras to your policy, check the small print carefully to see whether you're happy with any exclusions or cover limits. In some cases, you may prefer to buy a standalone policy that offers more comprehensive cover.

If you're unsure which add-ons are right for you, get in touch and we can help you find the right policy.

High-value items

Not all standard contents policies will automatically cover high-value items and there may be restrictions on the amount of cover provided.

Musical instruments, jewellery or other possessions worth more than a specified cover limit may need to be listed separately on the policy.

For expensive gadgets such as high-end laptops and tablets, you may need to buy separate gadget insurance.

The power to change the world

Ethical and sustainable investing are both popular and it's useful to understand the difference between the two approaches.

Investing in a responsible way is nothing new. It dates as far back as the 1700s, when religious groups such as the Quakers refused to support companies involved with the slave trade or other activities that conflicted with their values. Ethical funds started to appear in the UK in the late 1960s and early 1970s, which allowed people to invest in a way that reflected their personal values.

Ethical investing usually involves using your principles to filter out certain types of securities. For example, some ethical investors avoid sin stocks, which are companies that are involved or primarily deal with traditionally unethical or immoral activities, such as gambling, alcohol or firearms. Businesses involved with the tobacco, mining and oil industries are other typical ones to avoid.

A sustainable approach

Investing sustainably is different to ethical investing because it involves considering a wider range of issues – from how companies are managed to the impact they have on the environment and the roles they play in society. Investors are embracing this approach because there's mounting evidence to suggest these issues affect how companies perform over the long term too.

According to calculations made by the sustainable finance team at Danish bank Nordea, moving your pension savings to sustainable investment funds can be 27 times more efficient than four popular ways of reducing your carbon footprint that involve making lifestyle changes – taking shorter showers, flying less, travelling by train instead of by car, and eating less meat.

It makes good financial sense

Investing in well-managed companies that have a positive impact on society and the environment makes good financial sense. For example, if a company suffers reputational damage because it's been involved in an oil spill, discovered to be treating its workers poorly or accused of corruption, its share price will probably suffer.

Meanwhile, companies that use energy efficiently, invest in training their employees and pay their executives reasonable bonuses are likely to outperform their competitors and return more value to shareholders. Over the long term, they are also better prepared to meet future strategic challenges and take advantage of new business opportunities.

Incorporating an ESG framework

One of the difficulties with sustainable investing is that there's no standard definition of what it means. However, environmental, social and governance (ESG) factors provide a useful set of standards to assess potential investments:

- Environmental criteria look at how a company performs as a guardian for the environment, their impact on climate change or carbon emissions, water use or conservation efforts.
- Social criteria focus on a company's ability to manage relationships with its employees, clients, suppliers and the local communities in which it operates.
- Governance examines a company's leadership, shareholder rights, audits and internal controls, anti-corruption policies, board diversity, executive pay and human rights efforts, for example.

We believe that by incorporating these measures into our processes for selecting the fund managers we use to build portfolios, we can manage risk more effectively and improve returns. In addition, we expect all our investment managers to integrate analysis of ESG risk and rewards into their own investment processes too.

We only engage with those that are signatories to the United Nations Principles of Responsible Investing, the gold standard in the wealth management industry when it comes to incorporating ESG issues into investment practice. The Covid-19 pandemic has had such a substantial impact on societies and economies around the world, and the relevance of integrating a responsible investment approach is greater now than ever before.

If you want to know more about sustainable or ethical investigating visit **omnisinvestments.com/about-us/environmental-social-and-governance or get in touch**

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