

Winter Newsletter



Welcome to the Morgan Law (Financial Services) Winter e-Newsletter edition. We hope that all our clients have enjoyed the festive period and we wish you a very Happy New Year! We trust as always that you find the information and commentary within this circular useful and should you wish to speak with us about any of its content or anything else related to your finances then please do contact your adviser or indeed any of the administrators at Morgan Law (Financial Services) Limited.

Looking back at 2018

Efforts by president Donald Trump – a self-confessed “tariff man” left global investors wondering if American/Chinese relations would ever be great again. Meanwhile, opposition to the Government’s Brexit plans hurtled the UK towards a constitutional crisis. It has been a year of protest around the world with politicians testing boundaries and events previously considered unthinkable. US Federal Reserve chairman Jay Powell lost no time in putting his mark on the economy concluding recently in a fourth rate hike of 2018. Trump’s trade war with China dominated headlines throughout the year, never known to drive economic prosperity and playing havoc with commodity prices this would lead to a slowdown in GDP growth around the world.

A major factor in the 2018 pullback for stocks was dissatisfaction with Silicon Valley bullies, the FAANG companies (Facebook, Amazon, Apple, Netflix and Google). Facebook’s misuse of data and arrogance, together with its ageing advertising audience, has removed lustre.

Portfolio Valuations

Global stock markets have corrected and whilst volatility remains this presents opportunities especially as asset prices are lower than they were.

Contents

We hope you will find the following of interest:

Welcome	1
Looking Back at 2018	1
Portfolio Valuations	1, 2
Looking ahead to 2019	2
Brexit and Financial Services	2



Having had over a decade now of positive performance within portfolios, the recent reductions serve as a useful reminder that investment performance should in the main be considered over the medium to long term (over 5 years) and not over a shorter period. People naturally do not like losing value over any time period, but some short-term volatility needs to be accepted in order to achieve the longer-term gains. It is good to remind ourselves that when we measure performance over the longer run valuation returns remain encouraging.

Another comfort is that portfolios are matched to our client's risk acceptance and capacity for loss. The result with regards to your investment solutions means that they can be spread not only across different assets but also across different sectors and geographical areas. The assets within a client's investment portfolio will often include commercial property, fixed interest securities and cash in addition to equities. Performance comes from all these different assets and the diversification provides an element of protection within portfolios. Spreading the eggs into different baskets serves to cushion clients against an over exposure to one specific area.

The assets within a client's investment portfolio will often include commercial property, fixed interest securities and cash in addition to equities. Performance comes from all these different assets and the diversification provides an element of protection within portfolios

Morgan Law (Financial Services) Ltd

Hyde Park House
Crown Street
Ipswich
Suffolk
IP1 3BJ
Tel: 01473 598888
E-mail: admin@morganlawfs.co.uk
Find us on the Web:
www.morganlawfinancialservices.co.uk

Morgan Law (Financial Services) Ltd are authorised and regulated by the Financial Conduct Authority.

This newsletter has been prepared specifically for clients of Morgan Law (Financial Services) Ltd. You should not take any action regarding matters discussed in this newsletter without taking professional advice from your usual adviser.



Looking ahead to 2019

Leading global economic indicators suggest decent growth is continuing and generally markets, whilst volatile, should be supportive. In the UK, it is predicted that growth could be sluggish at best for the first part of the year. The Brexit indecision is undoubtedly blocking some investment decisions, an end to which could generate a boost to investment within the UK.

The Autumn Budget confirmed that from the 6th April the **personal allowance**, the amount of money you can earn before paying tax is increasing from £11,850 to £12,500. Also, the amount you can earn before paying 40% tax is increasing from £46,350 to £50,000. The changes will give basic rate tax payers an additional £130 a year.

The **State Pension** rises every year in line with the greater of average wage growth, inflation or 2.5%. Last year, the increase in average earnings was highest at 2.6%.

Inheritance Tax – Everyone can pass on up to £325,000, tax free, when they die. There is also a main residence allowance, which is £125,000 per person. This means that anyone who owns a home can pass on up to £450,000 of wealth without Inheritance Tax being due. The main residence allowance will increase again to £150,000 on April 6th meaning an individual will have a total allowance of £475,000 (£950,000 for married couples and civil partners). To qualify for the extra allowance you must have previously lived in the property and leave it to a direct descendant.

Brexit and Financial Services

During a speech made at the City Banquet, the chief executive of the FCA, Andrew Bailey, reassured guests that the regulator is on course to be ready for a hard exit from the EU and has the resources to accommodate it. He continued that it is important for both the UK and EU to coordinate to avoid disruption in the event of a no-deal outcome, and expressed his preference for a permanent arrangement post Brexit that allows for close alignment within the EU, without the UK being a rule taker.