



December 2023

NUGENIS NEWS





ANNOUNCEMENTS



Christmas Charitable Donation



This year, instead of sending Christmas cards, Nugenis asked staff to pick a charity to receive a donation of £250.

The chosen charity is The Trussell Trust who support a nationwide network of food banks providing emergency food and support to help people facing hardship, and campaign for change to end the need for foodbanks in the UK.

If you are interested in finding out about their work or how you can help, click on the below link.

[The Trussell Trust](#)



**Save the
Children**

In addition to the above, staff recently took part in a Christmas Jumper and Secret Santa Day in support of Save the Children, raising £158 for the charity. As you can see, a great time was had by all!



A Change to Our Office Opening Hours - Friday the 15th of December

Our office will be closed from 1p.m. on Friday the 15th of December for the Nugenis Christmas party.

If you do call the office, you will be able to leave a message and the team will call you back on Monday the 18th of December. Alternatively, please send us an email to JustAsk@nugenisfp.co.uk and we will respond as soon as possible.

Christmas Opening

With the festive period approaching we would like to advise you of our Christmas opening hours.

The office will close at 4p.m. on Friday the 22nd of December 2023 and reopen at 9a.m. on Tuesday the 2nd of January 2024.

Should you call the office during that time or email any of the team, they will respond when the office reopens in January.

Investment Commentary



December 2023

Market overview

November proved to be an excellent month for investors with strong returns from both equities and fixed income. Developed market equities rose around 8% in local currency terms, although the strength of sterling over the month took this down to a still impressive 5% for sterling investors. Emerging markets were also strong, returning 3.5% in sterling terms.

The key catalyst was weaker-than-expected inflation data reinforcing the view that interest rates may have peaked. US headline inflation for October came in at 3.2%, slightly lower than expected and still implying that the broad disinflationary trend remains on track. The October Personal Consumption Expenditures Index, a key indicator for the Federal Reserve, also fell to its lowest level since the spring of 2021 while an increase in first-time jobless claims, suggesting that the labour market may be cooling, also contributed to the more dovish expectations.

UK headline inflation fell further than expected to 4.6% with a notable fall in service sector inflationary pressures, a key dynamic given the shape of the UK economy. Eurozone headline inflation also fell to 2.4%, driven by falling fuel prices but also broader price decreases across both goods and services.

The UK services Purchasing Managers' Index ('PMI') rose above 50, indicating a level of expansion and bringing the hope that economic growth is potentially beginning to tick upwards. Recent economic growth data from the US and the eurozone has been mixed, however the overall level of economic resilience being seen across the developed world is fuelling the market's hopes for a 'soft landing' – a scenario where inflation is successfully controlled without undue damage to economic growth.

The US equity market led the way in November, driven in part by the strength in the technology sector and growth stocks generally which benefitted from the fall in bond yields. It is also encouraging to see strong returns from both the eurozone and Japan over the month given that we have recently added exposure to these regions. The UK market lagged, held back by its significant exposure to commodities and also by the impact of sterling strength on its internationally exposed larger companies. Medium and smaller-sized companies outperformed, which benefitted some of the active managers held across strategies. Equity market sentiment was also buoyed by improving expectations around a recovery in earnings growth looking into 2024.

Data emerging from China over the month was again mixed. Retail sales figures were strong but the difficulties within the property sector remain. Markets were, however, encouraged by the potentially positive dialogue and agreements between China and the US relating to issues such as energy. Within the Asian region the strongest returns came from South Korea, Taiwan and the Philippines.

The more dovish outlook drove strong returns from fixed income in November with the 10-year Gilt and Treasury bond yields both falling close to 50 basis points (equating to returns of over 3% in both as values rose). Corporate bonds further benefitted from spreads tightening buoyed by improved sentiment around corporate health.

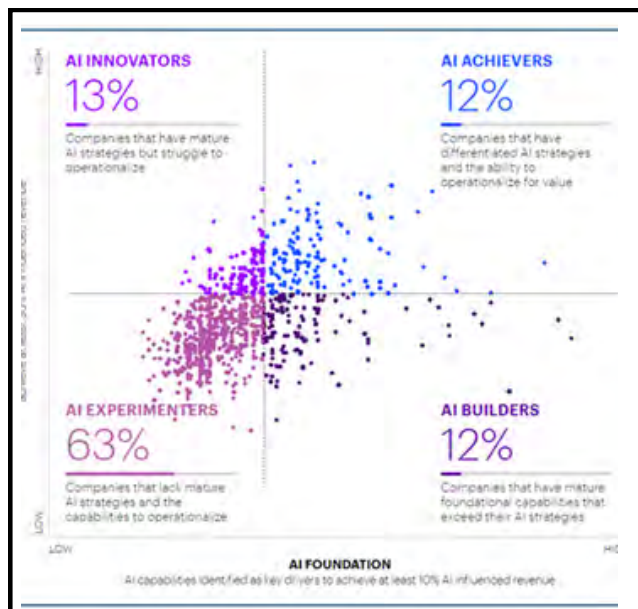
Strategy Positioning

Our positioning has worked well over the month and we are not currently minded to change our positive view on the outlook for equity markets. As we have previously reported we have been active in shifting our equity asset allocation in recent months, adding to Europe and Japan and also to a thematic fund focusing on companies set to benefit most from developments in artificial intelligence ('AI'). A small insight into the potential for investing in AI follows below. Evidence suggests that corporate earnings across the developed world are generally holding up better than anticipated which implies that current valuations across most sectors are relatively undemanding.

Real (above inflation) yields on sovereign bonds are creeping into positive territory now that inflation is subsiding and monetary policy remains high while yields on investment grade corporate bonds continue to look particularly appealing. We have been incrementally adding exposure to fixed income in recent months, slightly reducing more defensive assets.

While we believe that the opportunity set within equities and bonds is strong we are retaining some exposure to 'alternative' investments where relevant to the mandate. These market-neutral vehicles continue to deliver attractive, risk-adjusted returns and reduce volatility in periods of market weakness.

Artificial intelligence – we are only at the beginning of the journey



A survey of 1,200 companies conducted by Accenture in 2022 suggests that only 12% of companies are currently adopting AI strategies effectively. There is huge potential to increase profitability and reduce costs across a wide range of industries as more companies become 'AI achievers'.

Source: Accenture Research based on a sample of 1200 companies, 2022

Summary of our Current Views

	Inflation to continue to moderate in developed markets.		Fixed income assets to benefit from a reversal in rate policy expectations.
	Central banks to look to start loosening policy from next year.		Equities to outperform driven by falling rate expectations and a recovery in earnings from next year.
	Global economic growth to be an 'acceptable' 2-3% over the next three years.		Market volatility to provide an excellent environment for active asset allocators and stock pickers.



Staying on track with your New Year goals

Christmas is the most wonderful time of the year, but as the New Year looms, it's also traditionally an opportunity to reflect on where we are now and where we'd like to be in the future. This month, we look at how to set and achieve your goals to help you get the most out of your life.

For many people, the festive season is a chance to spend more time with loved ones, eating, drinking and exchanging gifts. As December progresses though, thoughts often turn to the coming year and setting personal goals for the future.

As well as thinking of short-term New Year's resolutions, the end of the year can be a good time to consider your long-term ambitions and put the steps, and finances, in place to achieve them.

YouGov research¹ this time last year revealed that one in five Britons planned to make New Year's resolutions for 2023. However, of those who made resolutions at the end of 2022, 70% failed to keep some or all of them. So, whether you want to make small changes or realise a big dream in 2024 and beyond, how can you set yourself up for success? Here are our tips to help keep you on track, both mentally and financially, and make sure you achieve your short-, medium- and long-term goals.

1. Be Specific

When setting goals, people often make the mistake of being too vague. Not being specific about what you want to achieve can leave you wondering where to start, making it easier to give up.

According to another YouGov survey earlier this year², the most popular resolution for 2023 was to "improve my physical health". But what does that look like in practice? Does that mean eating better or exercising more? Is your willpower enough to keep you on track or do you need the support of a class or coach to encourage you along the way?

Similarly, number four on the YouGov list was "spend more time with friends and family". Is that inviting them over more often, or are you planning to organise extra activities together like days out and holidays? Or do you want a lifestyle change that involves reducing your working hours to give you more free time to devote to loved ones?

You need to carefully consider exactly what you want to accomplish and what will help you succeed. Taking time to focus on what's important to you and to properly define your ambitions will also help you determine any additional steps you need to take along the way, and determine what support you should put in place to achieve your goals. This includes factoring in any costs involved. Some ambitions can be attained through willpower or a change of habit alone, while others will have implications for your household budget. Bigger aspirations may only be achieved through longer-term planning and careful consideration of the impact on your finances.

Talking to your Financial Planner about your different goals can help turn them from a daydream into a tangible, actionable plan, taking you a step closer to making them a reality.

2.Be Realistic

While it's great to dream big, you also need to be practical about how and when you might be able to achieve some of your goals, otherwise you're just setting yourself up for failure.

Number five on the YouGov list was to "travel more". While many of us would love to set off on an around-the-world adventure, if you've got a mortgage to pay and dependents to support, plus all the other demands of daily life, it could feel like a pipe dream. But just because you can't do something straightaway, doesn't mean you'll never be able to do it.

If you want to travel more, you could instead consider whether taking short breaks would fit into your current lifestyle and budget. Or if you've got your heart set on a specific trip of a lifetime, speak to your Financial Planner about including it in your long-term financial plan so that it's something you are actively working towards.

It's important to be realistic, but setting goals is the first step to making the most of your life. Once you are clear on what you want to do, it will be easier to work out which ambitions you can realise now, and which you'll need to work towards to make them happen in the future. Having a proper plan in place, that includes practical and financial steps, will help change a goal from being something you always wanted to do, to being something you will do, or did do.

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3.Review Regularly

Knowing that you are on track to achieve your key aspirations can encourage you to keep going and maintain those priorities against other demands on your money. But life can change, so regularly check that you're still working towards the right priorities. Your aspiration may have been to pay your mortgage off as quickly as possible, but further down the line you might find taking some of the equity in your home to pay for an extension is a better solution for your family.

Regular reviews can also show how you are doing against your goals. If your aim is to save for a comfortable retirement which includes travel and supporting loved ones, we can help you understand the level of income you'll need to achieve this and how much money you should be putting towards your pension now. Our financial advice tools can help you visualise how far your money will go in different scenarios to help check when you can realistically realise your ambitions based on your current finances.

Your financial situation can also change. The rising interest rates and soaring inflation we've seen recently can have a serious impact on your household budget which can have a knock-on effect on your long-term plans. Let us know about any changes to your finances so we can review how they might impact your future funds, and we're always here if you have any concerns about your short or long-term money.

Next Steps

Although resolutions are associated with New Year's Day, setting out your aspirations for how you want to live now and in the future can be done whenever you want. When you're thinking about your life goals, giving them due consideration, rather than making decisions off the cuff, and fully factoring them into your short and long-term finances is crucial for success.

We're very happy to help with that at any time of year.

1. <https://yougov.co.uk/society/articles/44866-how-many-britons-have-made-new-years-resolutions-2>
2. <https://business.yougov.com/content/45104-Brits-New-years-resolutions-2023>

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