December 2024

NUGENIS NEWS

Financial planning for a *brighter* wealth

NEWS

Exam Success

Congratulations go to one of our Financial Planners, Stuart Lane who recently passed the final advanced examination with the Chartered Institute of Insurance (CII), meaning he is now a Chartered Financial Planner.

This puts Stuart into an elite group nationally, having achieved one of the highest awards available to financial planners and advisers.

Charlene Lock (née Coulbeck)

You will recall from our June newsletter that one of our financial planners, Charlene Coulbeck got married.

From 1 January 2025, Charlene will be using her married surname, and will be known as Charlene Lock.

Upcoming Changes to Office Hours

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

The office will be closed from 1 p.m. on Friday 13 December for the Nugenis Christmas party and will reopen on Monday 16 December.

We will also be closed from 12 p.m. on Tuesday 24 December 2024 and reopen at 9 a.m. on Thursday 2 January 2025.

Should you call the office during these times or send an email to JustAsk@nugenisfp.co.uk we will respond as soon as possible when we return.

Save the Children
CHRISTMAS JUMPER DAY

Charity Donation - Save The Children

On Thursday 5 December, Nugenis staff held our annual Christmas Jumper & Secret Santa Day in support of Save the Children.

In addition to money raised on the day for staff wearing their festive knits, as we have done over recent years we are also making a donation to charity in place of sending Christmas cards, all of which resulted in a total of £250 being sent to Save the Children.

Investment Commentary

December 2024

Market overview

Political events took centre stage over November with the Republican victory in the US election having a significant impact on markets. The US equity market was buoyant with the S&P 500 Index up nearly 6% in US dollar terms, driven by the expectation of tax cuts, deregulation, increased government spending and ‘America first’ protectionist policies. Smaller US companies, which are on average more exposed to the US domestic economy, performed even better.

In contrast, markets connected to regions such as Asia and Latin America struggled due to concerns over Donald Trump’s proposed trade policy and the potential damage they might face from a resumption of the trade conflicts seen during his last presidency. The potential negative impact of a stronger US dollar also weighed heavily on these regions.

The wide disparity in returns over the month was not just at the market level but also at the sector level. Financial and industrial stocks performed well as they are expected to benefit from deregulation and tax cuts respectively, while healthcare stocks struggled due to concerns over potential headwinds to the sector from the incoming administration’s potential policies.

The positive sentiment in the US market was not all down to the election result. Economic data showed encouraging strength in the US consumer and key economic indicators, such as the Purchasing Managers’ Indices (‘PMIs’), also confirmed that the economy is firmly in expansion territory.

Elsewhere, eurozone markets were broadly flat, held back by some trade concerns and some lacklustre earnings and economic announcements, while the UK market rose 2.5%, helped by its heavy weighting in the outperforming financials sector.

As was expected, the US Federal Reserve announced a further 25 basis point interest rate cut over the month, signalling greater confidence that inflationary pressures continue to recede. The Bank of England announced a similar cut, despite raising its inflation forecasts for the next couple of years, driven by the increased spending proposals announced in the budget. The expected path of interest rates across the globe continues to diverge. Weak economic data in the eurozone supports further significant policy loosening from the European Central Bank while rate cut expectations in the US continue to moderate as the economy recovers and inflation forecasts tick up, driven by Trump’s proposed spending and tariff plans.

Further strengthening in the US dollar, which ended the month at 1.26 versus sterling, again boosted the return on the overseas exposure within portfolios.

Investment Commentary

Strategy Positioning

A backdrop of generally resilient global economic growth, moderating global inflation (including wage growth) and reductions in interest rates should continue to be supportive for a wide range of asset classes moving into 2025. We are positive on the outlook for corporate earnings growth driven by an improvement in profit margins and a more conducive environment for capital projects as the cost of capital falls.

We are also positive on the outlook for fixed interest as interest rates look set to fall further and default rates remain low across the corporate bond sector.

We are currently reviewing the likely headwinds and tailwinds of a second Trump US presidency – US equities exposed to the domestic economy look set to be relative beneficiaries on the back of lower taxes, reshoring, deregulation and spending on critical infrastructure. In contrast, sectors such as renewable energy could face headwinds. Smaller US companies seem well placed to benefit and moves are afoot to increase exposure at the expense of sustainable/renewable energy exposure held within our thematic allocation.

Our current strategic views:

This content is provided by our investment partner, Bordier and reflects their perspectives.

The Transformative Power Of Tiny Changes

Small, strategic adjustments can go further than you think when it comes to financial planning. The first step to a successful strategy is to take the long view. What's most important to you? Whether that's leaving a lasting financial legacy for your family or enjoying an early retirement, it's important to look long-term, and to take small steps to reach your big goals.

Harness the power of compounding

Albert Einstein famously called compound interest the "eighth wonder of the world," and for good reason.

Compounding is the process by which the returns on your investments start to generate their own returns, creating a snowball effect over time.

When you invest money you earn a return, typically through interest, dividends, or capital gains. If you reinvest those earnings instead of spending them your initial investment grows, and so do your future earnings. Over time, this growth accelerates as your returns generate even more returns.

Patience is key when it comes to making compounding work for you. Investing just £100 a month at a 7% annual return can grow to nearly £120,000 over 30 years. Increasing your contributions over time, even by a modest amount, can further amplify this growth.

Use Your ISA Allowance

The main benefit of investment (often called 'stocks and shares') ISAs is their tax-efficiency, which means your savings or investments are sheltered from tax and can grow more quickly. ISAs are exempt from:

- Income tax
- Dividend tax
- Capital gains tax

The maximum you can pay into an ISA is £20,000 each tax year, and making regular annual contributions can really add up. The highly coveted status of being an ISA millionaire belongs to around 2,000 people in the UK at the last count. Remember, like all investments the amount held in an Investment ISA can go up and down, and you may get back less than invested.

Maximise Your Pension

It's a good time to pay some attention to your pension. Since the abolition of the pension Lifetime Allowance and increase in the pension Annual Allowance in April 2023, the tax advantages of paying in have improved.

We can guide you through your options when it comes to your pension, making decisions with you in line with your life stage, age, needs over time and other sources of income. Getting advice as early as possible is the key.

Regularly review and adjust your strategy

Circumstances change, and so should your financial plan. Regularly reviewing your finances ensures that your strategy remains aligned with your goals.

Whether it's adjusting your contributions, rebalancing your portfolio, or taking advantage of new tax breaks, staying proactive can lead to better financial outcomes.

Stay In Touch

Making small, strategic adjustments to your financial habits can yield substantial benefits over time. The key is consistency and taking advantage of the tools available to you. Your financial planner will work with you to regularly review your finances and together we'll make minor tweaks which could add up to significant changes.

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