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Nugenis News

June 2023



People News



Birthdays

It was a busy month for birthdays at Nugenis with the following people celebrating in May:



18th Adam Fox, Operations Director



19th Stuart Lane, Financial Planner



25th Deborah Watkins, Paraplanner



28th Lyndon Griffiths, Client Relationship Coordinator



Q&A

Charlene Coulbeck
Financial Planner

Please explain your current role at Nugenis?

As a Financial Planner my role is not to just look after our clients' investments. The bigger picture for me as a Planner is to properly understand my clients' long-term goals and aspirations for the future, and for us to build and maintain a plan on how to get there.

Please give us a brief outline of your career before joining Nugenis?

I started out as an office junior for a Financial Adviser in 2009, and quickly decided that I wanted to progress further and started to take exams. I became a Paraplanner a few years' later, and although I enjoyed the technical aspects of this I wanted to be the one to meet clients and build the relationship with them. I became a qualified Financial Planner in 2018, became Accredited with the Society of Later Life Advisers in 2020, and was awarded Chartered status by the Chartered Insurance Institute (CII) in 2021.

What attracted you to join Nugenis?

I found Nugenis after making the decision to relocate to South Wales from my home in Yorkshire, after 2 years of being in a long-distance relationship with my partner in Cardiff. It was important to me to find a company I could see myself still being with in 5, 10 and more years' time, and one that places the same level of importance as I do on building long-term relationships and a personal approach to Financial Planning.

How do you relax outside of work?

I have lots of hobbies (too many probably!) but I enjoy relaxing at home with my family, and you will usually find me with either a book in hand or something craft-related like crochet. Out and about I enjoy live music and gigs, as well as finding good restaurants to enjoy a decent steak and a glass of wine!

What is the best piece of advice you have been given?

Be yourself. I try to ensure all my clients know that they are dealing with me on a genuine level and feel they are getting the real me.

Q&A



Daniel Lowdon
Financial Planner

Please explain your current role at Nugenis?

I am a Financial Planner, and my role is to assist with clients financial needs and offer sound advice so that together we can look to help them reach their financial goals. My enjoyment comes from building a financial plan with our personal and corporate clients, then latterly seeing people benefit from the financial decisions that we have made.

Please give us a brief outline of your career before joining Nugenis?

I have worked in the financial services industry for 10 years since graduating from Swansea University with a BSc in Economics. During that period I worked for two Cardiff-based pension companies and another local financial advice firm before joining the team at Nugenis in April of this year.

What attracted you to join Nugenis?

I wanted to work for a company that was forward thinking, flexible and innovative. Nugenis is a company that provides me with everything I need to allow me to provide the best for my clients. The staff here are excellent, and focus on what's best for our clients.

How do you relax outside of work?

Outside of work I go to the gym and enjoy the odd round of golf (when it goes well). I love walking my dog, and if we can stop off along the way and catch the football that's great too.

What is the best piece of advice you have been given?

That there is always room for improvement, and that we should always try to make things better.

Investment Commentary

June 2023

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Market overview

May proved to be a weak month for equities, with developed markets falling by just under 1% and emerging markets by 1.7%.

Alongside mixed economic data core inflation numbers proved to be generally higher than expected, leading to concerns that there may be more policy tightening to come from central banks. The impact of this was felt strongest in the UK where the announced fall in inflation (from 10.1% to 8.7%) was not as big as expected.

Given the more hawkish backdrop government bond yields rose and the global index fell 2.2% over the month. The persistent inflation pressures in the UK and expectations of further rate rises meant that UK gilts substantially underperformed, falling nearly 4% in value over the. Global corporate bonds proved more resilient however as spreads narrowed, reflecting an encouraging increased confidence in the health of the corporate world.

As expected, both the Bank of England and the European Central Bank went ahead with further 25 basis point rate rises to 3.25% and 4.5% respectively. Given the recent inflation data market expectations of peak rates in both regions have increased, and expectations for the potential date of a reversal in policy tightening have also been pushed forward.

Commodity markets fell over the month (by nearly 6%) reflecting weakening global demand. The oil price fell 8.5%, which impacted the commodity-heavy UK market in particular and was another reason why the UK lagged other markets significantly in May, falling nearly 5%. In contrast, eurozone markets fell just over 2% while the US market was marginally up, largely driven by the outperformance of some of the very large technology companies in the index where earnings announcements are generally beating expectations.

Newsflow within Asia was also mixed. After the encouraging signs of a pickup in the Chinese economy in Q1, the most recent data has disappointed versus expectations. In contrast the Japanese market strongly outperformed on the back of encouraging GDP and economic activity data.

Strategy Positioning

The current market volatility has again given us the opportunity to increase exposure to our highest conviction managers and themes across strategies, and we are maintaining equity market exposures at the upper end of strategic ranges. We have a positive view on equity markets given the improving macroeconomic backdrop and the prospect of economic and earnings growth recovery moving into 2024. Corporate earnings generally remain resilient versus expectations across developed markets, and we believe that valuations look undemanding.

We continue to favour those parts of the world facing less acute inflationary pressures and with the prospect of superior economic growth. This points us towards the US and Asia, albeit we continue to look for opportunities elsewhere and are mindful of low valuations in the UK and the Eurozone. Commitments to global infrastructure assets and businesses exposed to important environmental and climate change initiatives continue to feature prominently in our stockmarket positioning.

We have taken advantage of better opportunities within both government bonds and credit markets over the winter months, increasing fixed interest duration accordingly. A good exposure to alternative investments is also being maintained, as they continue to act as a valuable risk management tool for those mandates without the appetite for full stockmarket risk, or in times of market stress.



What does Consumer Duty mean for you?

New rules taking effect at the end of July aim to improve how financial services firms treat their customers and make sure they are getting a fair deal from their providers. So what changes can you expect to see under the new 'Consumer Duty' regulations?

The new Consumer Duty legislation comes into force on 31 July 2023. Introduced by the Financial Conduct Authority (FCA), which regulates financial services firms in the UK, it aims to "set higher and clearer standards of consumer protection across financial services and require firms to act to deliver good outcomes for customers"¹.

Put simply, under the new Duty firms that provide financial services products and services, including banks, insurers, investment providers and financial advisers, need to make sure that the customer's best interests are at the heart of all that we do. This covers everything from making sure information is easy to understand and that the products and services provided meet client needs, to charging fair fees and ensuring the customer service received is responsive to requests and issues.

Financial planners and advisers have been subject to specific rules around treating customers fairly since 2006, and we are already required to make sure products are suitable for the individual customer. You probably won't notice huge changes in the service from Nugenis after the rules come into force, but we expect that the new regulations will make other types of financial services providers do more to put their customers' needs at the heart of everything they do, which will be good for everyone.

So, what are the Consumer Duty rules?



THE THREE CROSS CUTTING RULES

First, the FCA has outlined three overarching rules which set out how all firms should act, with the basic idea being that they should place the customer's interests at the heart of their activities².

1. Act in good faith towards customers
2. Avoid causing foreseeable harm to customers
3. Enable and support customers to pursue their financial objectives

These cross-cutting rules reflect how most people would expect firms to behave, but now this expectation is laid out in law, strengthening your rights around how you are treated by financial services providers.

THE FOUR OUTCOMES

The regulator has also identified four areas that are crucial to firms delivering good outcomes for consumers. The cross-cutting rules are supported by the FCA's expected outcomes within these four areas.

1. Products and services

The FCA says that all products and services sold to consumers must be fit for purpose³. This means that they should be suitable for the people they are being marketed to and firms don't make it difficult for customers to switch or cancel once they've bought a product or service. Examples of the behaviour that the new rules aim to stamp out include:

- Charging high exit fees that discourage people from switching to a better deal;
- Forcing customers to go into a branch or use registered post services to cancel a service or close a product.

Initially, the new rules will apply just to products and services that are available for sale (or renewal) from 31 July 2023 onwards, but after 31 July 2024, they will apply to all products, even if they are no longer available to new customers.

There are already rules in place that mean financial advisers must make sure that the products and services we recommend are suitable to each individual client's circumstances. However, the new rules should make it even clearer which products and services will best meet the customer's needs. Once the new rules apply to all products, it may be worthwhile sitting down with your planner to review any old products you hold to see if it would make sense to switch to a different solution at that point.

2. Communications

The regulator wants communications from providers and advisers to be easy to understand, timely and relevant in order to help consumers make informed decisions about their financial products and services⁴. This is about firms being open and honest and making sure customers have all the information they need to make an effective choice. Examples of poor practice here include:

- Using jargon and technical terms that make it hard to understand whether the product or service meets the customer's needs;
- Including introductory offers, payment terms and cancellation fees in different documents, making it difficult for customers to identify the relevant information.

To help us meet this requirement we will ask you periodically how you would prefer to hear from us, and it is also important that you make us aware of anything that may impact your ability to read or digest information so we can tailor our communications accordingly and provide you with appropriate support. For example, did you know we can supply all of our own communications in large print format for anyone with a visual impairment? We want you to be comfortable with your financial planning, so we're happy to spend as much time as you need to talk through the products and services we recommend.

3. Consumer support

In this area, the rules say that firms need to provide customer service that helps people realise the benefits of the products and services they buy⁵. Basically, it means that when you buy any financial products and services, firms should make it easy for you to manage them, switch to a different solution or make a complaint. Bad behaviour here could include:

- Failing to switch a customer's assets to a new provider in an effective and timely manner because there is no commercial benefit to the existing provider in making this switch;
- An existing provider failing to switch or transfer a customer's assets to a new provider in an effective and timely manner because there is no commercial benefit to the existing provider in making this switch;

We pride ourselves at Nugenis on our customer service. While we're always keen to hear if there are any areas where you think we are falling short in our support for you, service issues often lie with third-party providers who make it difficult for us to switch products or help you withdraw money. The new rules should force these companies to improve their standards and make it easier for us to hold them to account on your behalf.

4. Price and value

Finally, the FCA wants all consumers to receive fair value, which means firms must make sure that there is a reasonable relationship between the price paid for a product or service and the overall benefit the customer receives⁶. Poor practice might include:

- Offering significantly lower prices for new customers than existing customers, which means longstanding customers may receive poor value;
- Selling several different products with different charges but similar levels of benefits to consumers, so some customers will not receive fair value.

We hope that you value the service you receive from us. We know that lots of factors contribute to the value gained from financial advice and that the most appreciated aspects of our service will vary from person to person. We pride ourselves on the personalised service that we offer our clients, so if you feel there is something we can do to enhance our work with you please let us know.

Next Steps

We think the Consumer Duty rules will have a long-term positive impact on financial services firms as a whole. While for most providers we expect the impact of the new legislation to be minimal, for some this represents a significant change in how they communicate and deal with both advisers and clients. Financial Planners were already subject to strict rules to protect clients, and our hope is that the new legislation will provide us with additional tools to help us provide an even better service for our customers in the future.

If you have any questions about the new rules please speak to your Financial Planner who will be happy to talk to you about them in more detail.

[1] <https://www.fca.org.uk/publications/multi-firm-reviews/consumer-duty-implementationplans#:~:text=The%20Duty%20applies%20to%20all,for%20the%20end%20retail%20customer.>

[2] <https://www.fca.org.uk/publication/policy/ps22-9.pdf>

[3] <https://www.fca.org.uk/publication/policy/ps22-9.pdf>

[4] <https://www.fca.org.uk/publication/policy/ps22-9.pdf>

[5] <https://www.fca.org.uk/publication/policy/ps22-9.pdf>

[6] <https://www.fca.org.uk/publication/policy/ps22-9.pdf>

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