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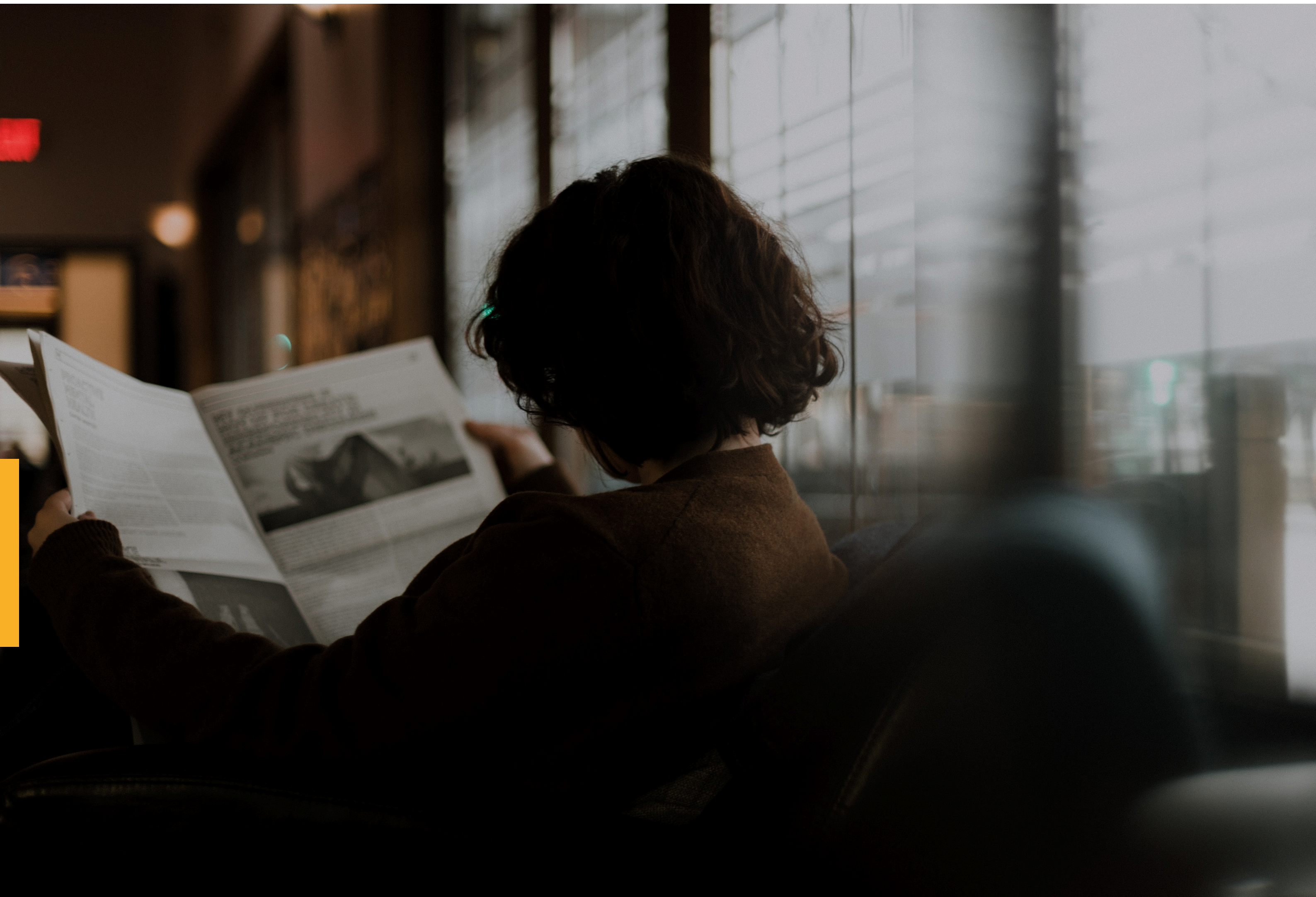
Nugenis News

October 2022



Other news

Macmillan Mighty Hike

You will recall from our last issue that eight Nugenis members of staff were due to don their walking boots to complete the Macmillan Wye Valley Mighty Hike on the 11th of the September. Due to the passing of Queen Elizabeth II the event was unfortunately cancelled at short notice. As a mark of respect to Her Majesty and the charity, who had to make a difficult decision, we did not feel it appropriate to go against their wishes and walk on that day.

We have been so overwhelmed by the amount of support we have received from friends, family, colleagues and clients so agreed we would find an alternative date to complete our own walk rather than having to wait another year to complete the challenge.

On the afternoon of Thursday the 6th of October, seven of the walkers travelled to Cardiff Bay and completed a 13.2 mile walk along the Taff Trail. Unfortunately Sarah Harvey, who is currently on maternity leave couldn't join us due to a pre-booked holiday. Sarah is going to do her own walk with her partner at a later date.

To date, we have raised £3,171 via the Just Giving page and have another £337 to add to the pot from other fund raising events in the office.

The Just Giving page will stay open until the 4th of November 2022, so if you would still like to make a donation, you have until that date and the link is below.

https://www.justgiving.com/team/nugenisredhotchillisteppers

We wanted to say a big thank you to everyone who has donated, it will make a huge difference to Macmillan.

The team is made up of (from left to right) **Paresh Valji, Gareth Tregidon, Anabelle Harrington, Nathan Bater, Leanne Watkins, Maria Hopkins, Adam Fox.**

Other news

Team Training

We are delivering some regulatory-based training to the members of our in-house team on the following dates between 10 and 11 a.m.

Monday 24th October

Monday 7th November

Monday 21st November

Monday 5th December

During this time, we will be unable to take telephone calls to the main office number. If you do call, you will be able to leave a message and we will call you back once the team have finished their training.

Our financial planners are not involved in the training so if you do need to speak to someone urgently, you can contact them on their usual number or via email.

New Secure Email System

We have recently needed to replace our previous secure email system, Mimecast and have chosen to use a solution from Egress who already work with a few high profile and large firms globally, including the NHS and FCA. Egress allows us to send external emails that include personal or sensitive data securely.

The first time we send you a secure email, you will need to set up an Egress account and we have attached a User Guide with the email accompanying this newsletter to show you how to do this. If we send you any secure emails in future you'll need to log into your Egress account, so please keep those all-important log in credentials safe. If you need any help or another copy of the guide please contact our office.

CEO Update

By Gareth Tregidon

First some people news, and after 8 years with the firm I have to announce that our Chief Investment Officer, Adam Sketchley, has taken the difficult decision to leave Nugenis.

Adam has been instrumental in the development and ongoing management of our various investment propositions, as well as undertaking other senior management roles over the years. I want to personally thank Adam for the help and support he has given me since I joined the firm, and I'm sure you will join me in wishing him the very best for the future.

In our September newsletter we announced that we had appointed Bordier to assist us with the research, analysis and management of our investment portfolios. While the appointment of an external firm had been planned for some time, we necessarily had to bring this forward once Adam decided to leave and he was closely involved in the decision as to who we should appoint to take over. As Adam had worked with Bordier for a number of years with another IWP group company both he and I felt they would be a natural fit for Nugenis.

As the message in our last newsletter was only a brief introduction I wanted to provide you with some more details on Bordier, and why we took the decision to appoint an external firm.

As I am sure it won't have escaped your notice, the investment landscape over the last 12 months has been the most challenging we've seen since the Global Financial Crisis in 2008.

Numerous academic studies going back to the 1960s have proven that the diversification of assets within an investment portfolio is the key driver of medium to long term returns, and also helps to control risk. With increased interest in our portfolios over the last few years we had reached a stage where the significantly greater resources that an external provider can bring were needed, hence the reason we appointed Bordier.

As highlighted in the last newsletter, these remain Nugenis portfolios. We will continue to be responsible to you for the risk analysis and ongoing suitability of your investments, which your Financial Planner will review with you in the usual way each year.

Bordier & Cie

Bordier & Cie has been managing the wealth of private clients since 1844, with a commitment to managing these assets in a simple, independent and transparent manner. The Bordier Group continues to be managed by what is now the fifth generation of the founders.

Bordier & Cie (UK) PLC ('Bordier UK') can trace its history back to 1981 with Berry Asset Management. The Bordier Group formed a strategic alliance with Berry when it acquired a stake in 2001, following which the firm changed its name in 2014. As with Bordier, the original owner of the business remains active in the firm to this day.

Bordier UK focuses on providing investment management services to a range of professional firms, and has several key characteristics that set them apart from many of the competitors. These include being solely focused on investment management, not selling in-house products, and, most importantly, the fact that the principals' own money is invested alongside their clients.

Further information can be found at www.bordieruk.com/bordier-uk/#who-are-we.

Investment Commentary

bordier 1844

October 2022

The market sell-off in August continued into September driven by the damaging combination of persistent high inflation, hawkish rhetoric from central banks and downward expectations for economic growth. Global equities fell over 9% in US dollar terms over the month.

September was a particularly tumultuous month in the UK. The new Government's 'mini budget', which set out plans for a larger than expected fiscal package and further substantial government borrowing, caused a sharp spike in gilt yields and dramatic fall in sterling to an historic low of $1.03. The size of the rise in gilt yields was such that the Bank of England ('BoE') stepped in in an attempt to stabilise prices, while the controversy around the proposed measures was heightened by the fact that the International Monetary Fund took the unusual step of criticising some of the policies put forward. The BoE's action did lead to a modest recovery in gilts by the end of the month, however mortgage holders (and businesses) now face significantly higher repayment rates and additional uncertainty in terms of refinancing. Consumer confidence also fell to an all-time low in September.

The continued hawkish backdrop pushed bond yields significantly higher (and prices lower) with the Global Aggregate Bond Index down a full 5% in US dollar terms. As has been much reported, 2022 has so far been a year where conventional fixed income assets have not provided investors with any protection against equity market weakness.

While inflation remains substantially above target in most developed regions, we have recently seen some easing in pressures. The oil price has declined quite sharply, and overall food prices have fallen back to pre-Ukraine conflict levels during September. To date these declines have not been sufficient to alter the hawkish stance of central banks who will also point to the continued strength in labour markets as evidence that it is too soon to change tack. Wages in the US for example have risen by nearly 5% in the last year.

On a potentially more positive note, the resilience to date of corporate earnings may suggest that equity markets have priced in much of the bad news while the same can potentially be said of some areas of the fixed interest markets if inflationary pressure are indeed set to recede.

We also note that a further 4% fall in sterling versus the US dollar in September has once again provided our strategies with significant currency gains given our exposure to dollar-denominated assets. We are likely to see an uptick in corporate activity in the UK market as potential acquirers look to take advantage of sterling weakness.

We have already taken steps to adjust our allocation to certain assets, including equities particularly in our lower risk mandates. While some UK companies have benefitted in the short term from the US dollar movements, we remain concerned about the outlook for the UK, which lead us to have minimal exposure to the region.

Volatility remains extremely high in fixed interest markets and we are continuing to take a very active approach to managing assets in the sector. At some point the coast may become much clearer for fixed interest markets, but until then allocations to highly liquid alternative investment funds are being maintained.

Why we should care about financial wellbeing

We are all aware that your physical and mental health can affect your overall wellbeing and how you feel about life, but the concept of financial wellbeing may be less familiar. However, with the impact of the pandemic and now the cost of living crisis, looking after your financial wellbeing is more important than ever.

What do we mean when we talk about financial wellbeing, and why does it matter?

When you come to us for advice about your finances we understand that the ultimate aim is not just to make money for the sake of it. You want to have a sense of security about your day-to-day and long-term finances, confirm that you are on track to achieve your goals in life, and to feel in control of your financial situation.

This is what financial wellbeing is all about. It is making sure you have enough income and or capital to achieve your objectives, both now and in the future or, if not, what else you need to in order to get there.

Money on the rise

Unfortunately, not everything to do with our finances is within our control. The pandemic made many of us realise that our finances are more at risk from unexpected events than we had previously thought.

And the feeling of a lack of control has been further intensified by current concerns around higher food prices, rising energy bills, increases in interest rates and the prospect of an economic recession. A study from the Office of National Statistics recently revealed that around three in four adults (77%) feel very or somewhat worried about the rising costs of living[1], while the insurer Aegon found that far more people are worried about their finances now than they were during the pandemic (63% v 36%)[2].

Against this backdrop, it would not be surprising if your sense of financial wellbeing had taken a hit. If you are working you may be worried about job security, potential redundancy and the need for a plan to secure your income in later life. If you are retired you might be anxious about how to cover your outgoings when inflation is rising rapidly.

These worries about money can affect us all, even those in relatively comfortable financial positions. The Employer's Guide to Financial Wellbeing 2020-21 found similar levels of financial anxiety between those with salaries of £10,000 to £30,000 (27%) and those with over £90,000 (24%).

In uncertain times, your planner can use not only their experience but also a number of tools, including cashflow modelling, to help you visualise what impact inflation or a drop in income could have on your financial position both now and in the future. This can show you how your wealth is likely to change over time, or how different levels of income will impact your longer-term finances to make it easier to understand the different options.

Identifying your financial vulnerabilities

Even in relatively stable times, your personal situation can impact your feeling of financial wellbeing. Everything from having children, divorcing, or dealing with bereavement, to coping with a health condition, looking after elderly relatives or managing a sudden loss of income can disrupt your sense of control.

The Financial Conduct Authority (FCA), which regulates the majority of financial advice in the UK, describes the different circumstances that can impact your financial wellbeing as characteristics of financial vulnerability, and found that over half (53%) of all UK adults show one or more of these[3]: It outlines four main areas that drive financial vulnerability, and has put guidance in place to make sure that financial planners look out for this to ensure the advice we provide is suitable for your personal situation.

The four groups the FCA identified are:

- **Health** – including any condition or illness that affects the ability to carry out daily tasks.
- **Life events** – like job loss, retirement or bereavement.
- **Resilience** – meaning the reduced ability to withstand financial or emotional shock.
- **Capability** – which covers low confidence and confidence in managing money/financial matters.

While you would, hopefully, tell us if you are faced with circumstances that directly impact your finances, like divorce or redundancy, you may not consider mentioning something like the death of a loved one or concerns regarding health, either yours or someone close to you. Similarly, while your financial planner will be aware of an obvious disability, they may not immediately recognise a more 'hidden' health condition like anxiety or depression, or one that may worsen over time like hearing loss or dementia. Yet any of these things could affect your long-term financial wellbeing and impact your planner's ability to help deliver the best possible outcomes for you.

By working with a financial planner you have already taken an important step to protect your financial wellbeing. Life is unpredictable, and that is why being prepared financially to help you cope with the unexpected is so important. But it can be difficult for financial planners to identify some of the characteristics that contribute to financial vulnerability and could impact your long-term financial wellbeing, so it is crucial that you let your planner know of any changes to your circumstances.

It can also sometimes be difficult for you to know whether the things you are dealing with in your life are likely to affect your financial planning. Your planner will be interested in hearing about your wider life, goals and aspirations, and you should try to be as open and honest as you can, even if you are not sure if the things you discuss will have any impact on your finances. That way, your financial planner can adjust your planning whenever necessary, giving you the reassurance that your financial future is in the best hands and making sure you have one less thing to worry about.

Next steps

Your financial planner is key to helping to protect your financial wellbeing through the services we provide. If you want to discuss your financial planning, or circumstances that may impact it, please do not feel you need to wait until your annual review. We are here to help, so please get in touch.

[1] https://www.ons.gov.uk/releases/thecostoflivingcurrentandupcomingworkjune2022

[2] https://www.peoplemanagement.co.uk/article/1796130/money-worries-amid-cost-living-crisis-worse-pandemic-research-finds

[3] https://www.fca.org.uk/publication/research/financial-lives-survey-2020.pdf

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