Philip J Milton
& Company Plc
Established 1985

North Devon's Leading Independent Wealth Managers

MILTON NEWS

Winter 2022 Edition

Don't miss money you should be Making or tax you should be saving

Highlights

- Political Comings & Goings
- Farewell Your Majesty
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- What the past shows us
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- Interest Rates and Inflation
- Top 100 again!
- Charity Update

And plenty more…!

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Dear Client December 2022

So welcome Rishi Sunak as Prime Minister! We wish him and his new government well and so far, things are stabilising although the Bank of England (BoE) has increased interest rates by 0.75% to 3%. It is almost impossible to predict market movements by the week but as I write, Sterling is strengthening, Gilt yields are falling and inflationary fears are abating in the US and hopefully the same here (sparking sharp rallies in markets). Time will tell and Mr Sunak has a Herculean task ahead of him thanks to the energy crisis, surging inflation and a large government debt – most due to evil Putin and Covid of course.

What else? Well. On one market (the TTF Hub), European Natural Gas prices have fallen almost 40% from their peak and only marginally above where they were a year ago. When will that feed-through to lower electricity prices I wonder? Still, it should save the Government significantly on its subsidy (and budget deficit) and impact headline inflation, so that's good – providing all the energy companies haven't bought-forward at peak prices of course. Centrica has already announced its natural gas capacity here has increased significantly so that's positive as well.

Ultimately, Putin is to blame– his actions (or our economic reactions to the war) created the energy crisis, the rampant inflation (some would have still been there but nothing like as bad), the escalating borrowing costs for government debt as a result, the artificially high US Dollar and volatility in global markets.

Unfortunately, the brief stint in office by former Prime Minister Liz Truss didn't help our reputation for financial prudence internationally. Whatever happens next, we must expect ongoing cuts in public services and spending to demonstrate appropriate aplomb and grasp on the finances. Perhaps the new government could instead have to have a list of tax and spending 'aspirations' to which we can all aim.

However, can pensions, etc rise by the latest Consumer Price Inflation (CPI) of 10.1%? That would be excessive and unfair on those not expecting anything like that sort of increase (or any at all) and belts need tightening – publicly and personally. Just because 'you' want to continue doing all the things you have been able to afford to do these last few years with financially more comfortable times doesn't suddenly mean you are entitled to expect an equivalent increase in your income to meet the higher costs of these discretionary things you can't afford any more. Taking personal responsibility is one of the realities of life, I guess and that is going to be needed big-time for a while in the face of some awful global headwinds over which neither you nor I have control.

Elsewhere, despite a significant rebound in early November, US Tech is proving a horror show (as discussed below and as we have been warning). According to Refinitiv, the drop in US markets has seen $3.5trillion wiped-off the 'Faang' stocks plus Microsoft (with $250billion in one week alone). Yes, that's primarily the US Tech leaders including Facebook (Meta) which has plummeted. That's almost a third off this year – ouch! Reported challenging operational conditions have seen Meta cutting approximately 11,000 jobs and Amazon announcing an as-yet unspecified number of jobs will be cut in unprofitable divisions. Is the tide turning?

For us though, it's not about picking when to enter or exit over-priced stuff but if there are so many cheap, value-based funds and stocks to buy (and technical trading opportunities like quoted funds at deep discounts to their asset values) then we don't have to dabble in these expensive things anyway, which could still have a very long way to fall before they are 'cheap' (the US technical figures still read 'very dear' historically).

If you're not with us and still full of 'that stuff' it's not too late to change as 'value' remains very compelling now and with great incomes as well – and far less distance to fall whenever things turn bad. Indeed, we are spoilt for choice and may be 'forced' to sell some things which may be doing 'fine' but where we believe the money from them will work harder in assets which have been severely depressed in price, as future progress will be greater – a conundrum I could say I don't like!

As expected, Q3 saw the UK's economy shrink by 0.2%. This was less than feared so markets rallied. The hope is that the downturn may be shallower than had been "priced in" and with better US inflation (which may translate "across the pond" too) and hopes interest rates will not need to rise far (which impacts us all), some positive sentiment seems to be resurfacing and this is before the Ukraine war ends too. Remember that markets look ahead and they move in advance of improving data coming into the public domain. So, don't wait for prices to rise as the best value may be gone. The present general gloom seems an excellent buying opportunity for those with surplus funds to tuck away for a few years. Certainly, heavily discounted opportunities we see daily support our view that it's time to send us some money to subscribe for you!

And what is China doing? One minute there is a rumour President Xi is deposed and the next is that he is 'reselected' for a third term and with eyes on Taiwan. The continued heavy-handed reaction to Covid with yet another lockdown in Wuhan and its economic impacts don't help. Then, why was the previous leader manhandled out of the conference… Is China a safe place to invest – let alone trade?

The Hong Kong Stock Market is sending signals and has been down by more than half since its peak in January 2018, levels first seen in August 1997 and perhaps more crucially, a third lower than the trough after the Pandemic hit (the Chinese market is not much better off than then too). It's not looking too pretty there and adding-in the Chinese desire to 'gamble' which exaggerates ups and downs… is this a time to speculate? Remember too the currency is linked to the US Dollar. We have not held and don't hold any direct Chinese or Hong Kong funds and the direct Chinese one we 'inherited' by takeover was sold well, some time ago.

And then, what were some of the revered financial institutions doing in the UK when the Gilt crisis unravelled? We are told Schroders lost £21billion in its 'Solutions Division' on fumbled trading in 'Liability Driven Investments'. In short, this means speculative derivatives which are designed to 'do a job' and which, well, the experts may have miscalculated as they didn't stress test enough.

Not only is that poor but it reflects very badly on these big fellows who investors assume have ample checks and balances to protect against excesses – what are they doing with small investors' money…? I have flagged Scottish Widows' Pension Protector Series Fund. It's the 'same' issue. That's bounced a little off the bottom but is still a little more than half what it was a year ago. Perhaps both these firms need to rename their products… Other players in the LDI segment include Legal and General, BlackRock and Insight Investments. Others taking a hit included the BT Pension Scheme which lost £11billion.

'Experts' say LDIs have done a great job since 2008 till now but with respect, that is because interest rates paid by State borrowers have been on the descent and then at record lows into 'minus' territory, so surely they allowed for the inevitable change back to more 'realistic' levels…? Obviously not. What I fear is non-clients who had lots of 'safe' and 'low risk' investments like these things and they are very worried now. This is the same for 'lifestyle funds' blighted in the same way – we don't touch them with a bargepole and what has happened is one of the outcomes we predicted.

Despite the financial difficulties that are likely to abound in the short-term and without wishing to patronise you, there really is so much useful information available online and one really helpful resource we have discovered is at www.citizensadvice.org.uk/debt-and-money where you can learn about debt solutions, cost of living help and mortgage arrears. We too are happy to assist you with practical ideas should you have any queries.

All that remains now is to wish you a lovely Christmas and happy New Year and meantime please do read on and enjoy our detailed comments! They are more encouraging for the future, I promise!

My very best wishes

Philip J Milton DipFS CFPCM Chartered FCSI FLIBF FPFS FCIB
Chartered Wealth Manager
Fellow Of The Personal Finance Society, Fellow Of The Chartered Institute Of Bankers, Fellow Of The Chartered Institute for Securities & Investment

The Chartered Financial Planners status is an exclusive title only awarded to firms that meet rigorous criteria relating to professionalism and capability. All chartered firms commit to a code of ethics, reinforcing the highest standards of professional practice in their business dealings. A chartered title is not simply recognition for passing exams but brings with it a number of serious obligations. To date, just 900 firms have met the high standards of professionalism demanded to achieve Chartered Financial Planners status, indicating that this is a highly exclusive award reserved for the leading firms within the financial advice market. As a firm we are incredibly proud that all of our advisers (including two directors) have attained the individual

Chartered Financial Planner status. We also enjoy the benefits of specialist and high-level qualification in wealth and investment management and defined benefit pension transfer advice, not held by most advisers.

Farewell Your Majesty

What a very sad day on 8 September. We shall all miss our lovely Queen and our thoughts and prayers were with her Family and especially for King Charles III with new role and responsibilities. Rest well Ma'am.

There has never been a world leader, politician, businessman or religious person holding such an important and effective role for so long, fulfilling the responsibilities it demanded in a professional and ethical way for that length of time, travelling and communicating as much as obliged by the job.

She will be irreplaceable and has been a colossal influence on the lives of so many, both at home and in the Commonwealth but respected across the World. She has also been an anchor to the stability which the UK has represented to the World too and this includes the financial integrity from which our Country benefits.

Never in history has someone's image been reproduced so many times on stamps, coins and so on - and it is unlikely to be repeated.

UK Markets

With all the doom and gloom circulated by the media, would you recognise the graph below?

In fact, this shows the performance of the FTSE All Share Index (basically the UK market) from June 1997 all the way to 7 November 2022. So, amongst others, this includes the impact of the 1997 Asian financial crisis, the 2000 technology bubble collapse (and subsequent recovery), the 2001 terrorist attacks on New York's Twin Towers, the 2002 downturn, the global financial crisis spanning 2007-2009, the 2020 Covid-lockdown related falls and now in 2022, the Russian invasion of Ukraine, the subsequent spike in global energy prices, political chaos (which forced Government borrowing costs upwards), spiralling inflation, higher interest rates and the cost-of-living crisis.

However, tellingly, the market has always rebounded and it always will though the timeframes for that will vary but over that entire period, the index rose by more than 81% and dividends (averaging 3% annually, now 4%) paid over the period may have delivered a similar amount on top. So, not too bad for a time enduring so much volatility, upon which the media delights in concentrating only on the negatives. When did you last hear about sharp market recoveries more than offsetting these downturns? Never!

Of course, past performance is no guarantee for the future but as investors we must recognise opportunities that investment markets present and make rational decisions (as we always suggest) as opposed to doing the opposite. We are very pleased that most of our investment clients listened to our advice to remain calm and invested during the most recent volatility whereas we understand that many investors elsewhere, including some professional fund managers, opted to exit and "stand on the side-lines" for the uncertainty to pass (after exiting at poor times). For many of them, re-investing may never happen and if it does it is likely to be too late as they will be waiting for a sustained period of recovery, by which time many of the most attractive values will have vanished. Far better to remain patient with your existing investments (unless held in the "wrong" sectors), avoiding transaction costs and await the upturn in sentiment. If anything, it is the time to invest more (where funds would otherwise be sitting idly on deposit for example, with inflation eroding real value) whilst prices remain so cheap. Value investing (as we promote) is also safer as it is based on the underlying fundamentals of something rather than just the momentum, hype and whimsical hope which besets too many of the popular "growth orientated" names.

Conversely, the index below is the Nasdaq which is heavily concentrated with technology companies. It is often used as a barometer of the health of the technology sector, one where we have no chosen direct exposure and remain extremely concerned about sky-high valuations. The largest twenty companies comprise most of the weight in the index. In fact, Apple (at over 14%) and Microsoft (at 10%) combined make up almost a quarter of the entire index! To put that into perspective, for every £1,000 invested, nigh £250 will be invested in these two companies. So, when you consider investing in the US technology sector, just think how much you will have invested in just a handful of companies, which doesn't exactly tally with the "spread your eggs" mantra for better diversity and protection does it?!

If we again consider performance of this index since June 1997, the increase is an incredible 625% (and a frankly ridiculous 4410% since November 1982), although dividends are negligible for most of the growth stocks within. Perhaps this goes some way to showing why we remain concerned about how expensive the US technology sector became and why we instead focus on better valued opportunities elsewhere (primarily in the UK where value is so much better and with a currency that remains too cheap relative to others, the Dollar for example).

Nevertheless, in hindsight some will say that we should have invested all our clients' money in US tech stocks and we would now be receiving numerous "slaps on back" and congratulations for the tremendous job we'd done (well, up till last January). However, in our view, to achieve that kind of performance over the period would have been incredibly reckless and speculative with investors' money and we doubt many of them would have invested with us on that remit as it would have been extremely high risk. We would have been abandoning our long-held belief in traditional value investing (focussing on better valued, predominantly UK-based opportunities) with optimum diversity (to lower risk) and a healthy income often thrown in too. We also invest across numerous sectors from direct shares, collective investments, commercial property funds as well as more defensive and unconnected asset classes to reduce risk and enhance return prospects. The good thing is that we didn't 'miss-out' as we had many choice 'value assets' which did us proud regardless and without the same risks and since January, whilst we may have lost some money, we have dramatically out-performed by having none of the things (including 'investment grade bonds') which have fallen so heavily for so many investors. We also have lots of 'energy' which has been the best performing sector too.

We are not simply buying an index or a single fund for investors but providing a professional wealth management service which involves constructing a long-term portfolio of many investments through our sophisticated dealing systems (with incredibly competitive pricing), astute oversight, typically in a low/medium risk fashion, which we shall continue to manage for you to the best of our abilities. We shall be on the end of the telephone (or email) when you have any investment queries, be proactive in all our various communications (which is even more important and reassuring for investors when conditions are uncertain and when many other advisers "go missing") and guide you during the very best and worst of times. As well as a wealth management service about which we are extremely proud, being a member of our exclusive club entitles you to access our truly wonderful staff, amongst which we hold some of the highest qualifications across the entire industry and where customer care is our highest priority. Not only do we oversee your investments every day but we adjust exposures according to our interpretation of many different factors. Added to that, we love to buy quoted investment funds which offer special bonus opportunities by future events and we are delighted to talk to investors about these which can add a few percentage points to a typical average performance every year. You won't see that with the regular open-ended funds most advisers and fund management groups sell to you. We are staunchly independent – we can and do use 'anything' including precious metals, currencies, soft commodities and discounted commercial property funds. What we think is best for clients is what is best for us.

Why Use Our Wealth Management Service?

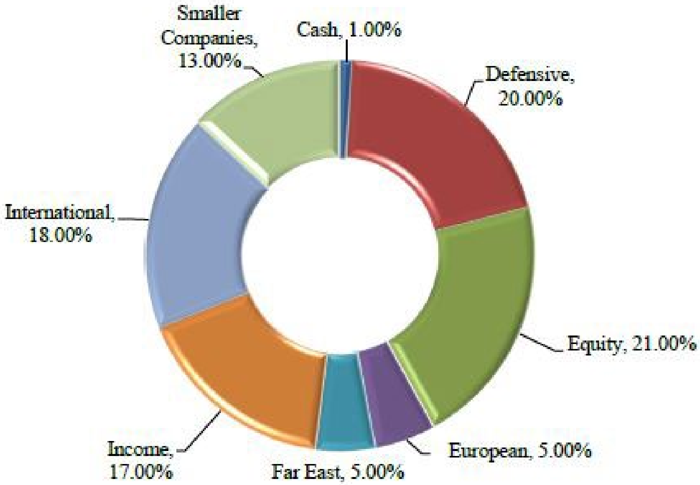
To remind you why we believe we offer one of the most compelling investment propositions on the market today for your longer-term portfolio, here are some more reasons.

- A long-standing reputation for excellence dating back to 1985.
- Greater market influence with funds under our management now exceeding £220Million.
- Independent management meaning we can choose from across the entire investment market.
- A wide range of strategies across ISAs, Pensions and mainstream Portfolios.
- Complementary Pension and ISA strategies for couples
- We employ high levels of diversity to manage risk and enhance return prospects.
- We instruct an independent, specialist firm to deal with all of the necessary administration.
- Underlying investments are held by independent regulated custodians.
- All investments belong to you, never forming part of our nor our administrators' assets.
- A sophisticated dealing facility, enabling us to buy and sell at any time of the day.
- Very attractive dealing terms negotiated through our market presence
- We can match buying and selling clients, giving better prices than the market can offer for both.
- Zero subscription charges on all contributions to our accounts. Other firms charge between 3-6%!
- We apply a flat and transparent annual management fee, with no VAT.
- Small, capped, percentage-based transaction fees apply without minima on buying and selling.
- As part of our elite club, you qualify for free advice on the money we manage for you. Other firms may charge anything up to 1.5%pa plus VAT.

Please see below examples of two of our range of managed pension strategies which provide a flavour of how we manage client money, our typical selections (which you may not recognise, as most other investment managers focus on the same, popular open-ended funds instead) and how we diversify an account. The latter helps to reduce reliance (and the risk) on any one holding as well as enhancing the number of opportunities in which you are invested.

PENSION MODEL D2

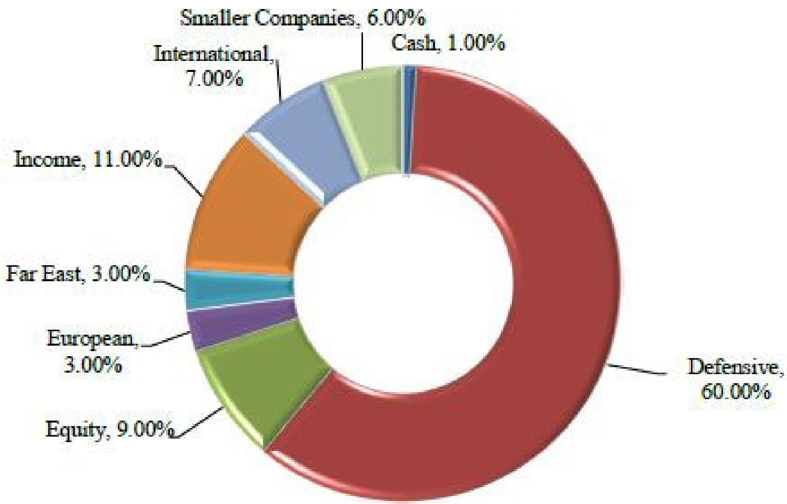
This Pension model seeks to achieve returns through a combination of both dividends/interest and capital growth. The majority of the strategy will be invested in a wide range of equity investments (both domestically and internationally), comprising Investment Trusts, shares and a limited number of open ended funds. A smaller proportion of the Pension model will invest in holdings that we anticipate will exhibit more defensive qualities when compared to equities. More generally, there will be a bias towards developed and liquid capital markets.



Top Ten Holdings	%	Sectors
Middlefield Canadian Income (MCT)	2.53%	International
Migo Opportunities Trust Plc (MIGO)	2.50%	International
Diversified Energy Company Plc Ord GBP0.01 (DEC)	2.28%	Income
New Star Investment Trust (NSI)	2.25%	International
Premier Miton Global Renewables Trust (PMGR)	2.18%	Income
Abrdn Latin American Income Fund Ltd Ord (ALAI)	2.15%	International
UIL Investments Ltd (UTL)	1.83%	International
Crystal Amber Fund Ltd (CRS)	1.73%	Smaller Companies
Chelverton Small Companies Dividend Trust Plc (SDV)	1.73%	Smaller Companies
Marwyn Value Investors Limited (MVI)	1.68%	Equity

PENSION MODEL E4

Presently, this Pension model will invest 55%-65% of assets in a wide range of holdings that we anticipate will exhibit more defensive qualities when compared to equities. The remainder of the strategy will be invested in a wide range of equity investments (both domestically and internationally), comprising Investment Trusts, shares and a limited number of open-ended funds. This strategy may be appropriate for investors who anticipate drawing pension benefits within the relative short-term and/or by those who wish to adopt a more cautious investment approach. There will be a bias towards developed and liquid capital markets.



Top Ten Holdings	%	Sectors
Tetragon Financial Group Ltd (TFG)	5.17%	Defensive
Conduit Holdings Ltd (CRE)	3.88%	Defensive
Fair Oaks Income Fund Shares NPV (FAIR)	3.73%	Defensive
Tufton Oceanic Assets Ltd Share Price (SHIP)	3.55%	Defensive
Migo Opportunities Trust Plc (MIGO)	3.53%	International
Aberdeen Diversified Income & Growth Trust (ADIG)	3.51%	Defensive
Blackstone Loan Financing Ltd ORD NPV (GBP) (BGLP)	3.49%	Defensive
Sancus Lending Group Ltd ZDP NPV (LENZ)	3.32%	Defensive
Schroder Japan Growth Fund (SJG)	2.57%	Far East
Momentum Multi-Asset Value Trust Plc Ord (MAVT)	2.44%	Defensive

Why should you contribute to a pension?

Why are "pensions" not equally as popular as ISAs for investors to flock towards as the tax year end approaches? Could it be because of historic bad press, the perceived lack of access, a misunderstanding that all is lost on early death or perhaps a simple lack of knowledge? Now look, it is simply a brilliant tax friendly wrapper inside which you can place investments of any type, including cash. Don't listen to any other rubbish! On top of that, your subscription receives full Income Tax credits of up to 45% and regain Personal Allowances lost too and the pot is outside your estate for Inheritance Tax. Let me address some of the confusion and explain why we should all maximise our pension contributions whilst the Government gives excellent tax advantages. They won't last forever!

- Eligible contributions for those under the age of seventy-five receive tax relief at our highest marginal rate of Income Tax. What does that mean? Well, for basic rate taxpayers (and even non-taxpayers), for every £1 you pay, your pension receives an immediate uplift to £1.25. If you pay tax at 40% or even 45%, you may claim extra tax relief via your tax return, meaning your £1.25 costs you just 75p or 69p! That's a colossal incentive to your own financial future!

- Non-workers (including those receiving pensions) under 75 can also contribute £2,880 and the Taxman will give you a free bonus of £720!
- A pension is just another of your investments, sitting alongside your ISAs, market portfolio and bank deposits. It can invest in anything you want, or anything we think will serve your best interests if wisely you choose our own Managed Pension! Just view it as an extra investment pot.
- Access to the pension is from 55 (increasing to 57 from April 2028). If appropriate, you can withdraw up to 25% of the pot tax-free. The remaining amount is also accessible to you although it will be taxable. So, the money is not locked away for ever more or only accessible in a very restrictive way. Indeed, when accessing the money, you have the choice of taking only an income, capital or a combination of the two. This is flexible too and changes can be arranged at any time. If you don't need it, leave it alone too!
- If you pass away before taking all your personal pension, your beneficiaries will receive its full value, free of all Inheritance Tax. That is by lump-sum or they could potentially inherit the pension pot/income for their own enjoyment. Therefore, all is not lost, even if we'd prefer you to have enjoyment of those funds yourself ideally!
- All income and growth achieved by the pension is tax free meaning there is nothing more for you to declare on any Tax Return.

I do hope that this goes some way to dismiss some of the possible misunderstanding when it comes to investing in pensions. Really, these are the "investments" to prioritise, particularly when you are near or over the access ages as questions continue to be raised about the ongoing viability of State Pensions in the present form, not to mention the generous tax treatment you can enjoy.

What do we charge?

We offer a range of services for which we charge competitive time-costed fees. However, for our wealth management services our charges are as follows:

- No initial charges on subscriptions.
- An annual management charge ranging from 1.25% to 1.5%, with no VAT.
- Percentage-based transaction fees on holdings purchased and sold, with no minimums.
- No withdrawal charges for standard withdrawals or income.
- For pensions, no charges for flexible withdrawals.
- No other hidden, platform or administration charges for 'products'.

Unlike many advisers and wealth managers, for our already competitive fee we are also proud and (potentially) unique in offering clients a complimentary review of all funds under our management. This is to ensure that the investments continue to represent what clients need at the respective times. That review service can cost up to 1.5% plus VAT elsewhere, on top of the adviser's/manager's ordinary charges and the underlying investment management costs. So essentially, for your equitable annual management fee to us, not only are you able to access our expertise, wonderful investment opportunities and unique investment management

capabilities, you may seek a regular review of those investments.
For more information about our Discretionary Wealth Management Service, please visit our website on www.miltonpj.net/services/discretionary-wealth-management.

Interest Rates & Inflation

As noted earlier, in reaction to CPI exceeding 10%, the BoE raised interest rates to 3%, reflecting the largest single rise since 1989. It has also predicted a challenging economic outlook for the UK in the short-term. Savers will enjoy a little more interest on their savings, although still not enough to offset inflation and maintain the purchasing power of their money. However, borrowers with mortgages, credit card debts and bank loans linked to variable rates will pay higher interest costs. For every £100,000 of borrowing, this could see variable/tracker rate monthly mortgage payments increase by over £60, which is over £700 annually. It is probable that interest rates will increase further in the coming months too (although probably not as much as was feared a month or two ago) so costs may increase further. Existing mortgage-holders on fixed-rate products, making-up about 80% of mortgages, will face an increase in repayments when their fix comes to an end.

Will this result in the long-awaited slowdown in property prices? At least some first-time buyers and people looking to move up the property ladder will opt to delay purchases due to higher borrowing costs, economic uncertainty and with redundancies set to increase, so there will be less demand for houses. If rates stay at current levels (which historically remain low, remember), then more fixed-rate mortgages will be renewed at higher rates. These may be unaffordable for many, making them more likely to try and sell their homes or downsize (which may also prove difficult as confidence in the housing market deteriorates). Like any asset, property prices are driven by supply and demand as well as human emotion. With such expensive prices, we expect valuations to drop and potentially by a serious amount if panic sets in, when the power will move back from sellers to buyers.

I remain fearful for those home-owners who have over-extended themselves with borrowing. With the cost-of-living crisis and record energy costs (although these should reduce as wholesale prices fall) this is a very difficult time for so many. Please do remember to speak to your lender if you are struggling to keep up with mortgage payments as they are legally required to formulate an achievable payment plan.

The Prime Minister has promised a new plan to repair the nation's finances and tax rises and spending cuts are almost inevitable now. These will have been announced by the time you read this but let us hope for a sensible package of proposals to help the needy as well as redirect the UK economy onto a firmer and more stable footing for the future.

Responsible Investing

The latest carnage on markets for bonds and shares has seen my predictions for 'ethical' investments come true. People flooded into all the same sort of over-priced stuff in 'fluffy' funds sold to them by highly rewarded marketeers and sure enough, they have been hit hard as the bubble has been bursting with the artificial 'green' or 'moral' credentials of too many of these things and which have also come tumbling down around their ears. We've all realised we need our fossil fuels today and tomorrow at least, regardless of the mighty program to change things but that will take years and we in the UK lead the way – we have the fourth highest numbers of offshore wind turbines in the world for example. Even then, the solution is not so simple in that most renewable power sources have short lifespans before needing replacing again and all the natural resource expended in manufacturing and installing replacement kit.

However, some companies' marketing teams need to be more sensitive – such as Scottish Widows, which is pushing its approach to 'responsible investment'. First, we are responsible investors too, so they don't have the monopoly on 'that' word simply because they deselect certain arbitrary investments.

However, more to the point is 'how responsible has it been to push a 'Protected Pension Investment' in the 'Guaranteed Funds' sector' when it has lost almost half in one year? (It still has £1billion in the pot). That is highly irresponsible and yes, that's you, Scottish Widows – what are you going to say to all those safety-conscious investors who thought they knew what the writing on the tin meant (and that you did)?

This fund will be full of investors just about to draw their pensions. I wonder what warnings were given. People just do not understand what 'risk' means. We have been flagging the concerns about what could happen to these "safe" investment grade bonds for years. We haven't had any… for years.

There will be many investors and employees in some form of company pension arrangement which shuffles them across into 'safe' investment funds like this (lifestyle?) as they near retirement and they will be in for a great shock as they will find they have similar 'stuff' to this.

Good News for a Change

One of our Defensives, a winding-up Investment Fund in secure loans has had some very good news. One loan in its books for £1.03million has finally seen the original guarantor company cough-up $2.55million and also in two months 100million shares in the parent company with a further cash payment in a year of $1.8million.

I have said that the loans were likely to yield more than the heavily written-down values in the end and yet, even now, we can buy more shares at a significant discount to the overall value to add to our 5% stake in the Fund; every penny helps significantly! Of course, there can still be odd bad news as the few loans remaining become even fewer but the comfort cushion at the present share price is still large. There are ups and downs but there is leeway despite another smaller loan also being placed into administration.

Another of our larger holdings is a quoted Fund investing in other funds, designed to be very balanced with a defensive overlay. However, recent volatility has seen its price widen-out from the underlying asset value which has held-up well but now, we can buy more at a 26% discount to the net asset value!

At some point this nigh £300million Trust will roll-over and wind-up so for each 74p we pay today, we'll receive £1 – a 35% profit and whilst we wait we'll be paid 6.5% income from a rather 'boring' portfolio of assets and we shall still enjoy whatever ride they give us meantime. Remember, this has nothing to do with whether the market goes up or down – simply a technical trading opportunity to us with Investment Trusts (which most investors never have with their advisers/fund managers).

Be The Best You Can

So, at the ripe ol' age of 60, rather than hanging-up his tools, Mr Philip Milton decided to apply for Chartered Fellowship status to two more august bodies, to add to the two already held!

Yes, many may call him masochistic but there we are… he continues to retain the passion for work, as well as looking after people and also heading-up our specialist discretionary investment management. That helps keep him sharp, even if perfection is impossible!

We promise we shall continue to guarantee our very best efforts and putting all clients first in all we do, especially when they entrust us to do just that. We aren't magicians but we are there to do the 'right things' in the most uncomfortable of times all too often it seems and we shall navigate the choppy waters as we have done for many years now.

At the same time, it's nice to be able to report that Plimsoll Publishing informs us yet again we are rated as 'strong' in the latest survey of the largest financial advisory companies, its highest accolade awarded and they say 'this reflects your excellent performance over the last 12 months.' They say too that a record number of others is making a loss and 12% are in financial danger. We are instead in the top echelons by size, profitability, growth and value as well as a 'best trading partner' and appearing in five of their 'exceptional performance categories'.

Thank you for the praise but we shall never rest on our laurels.

Top 100 Adviser Firms

Thank you again Citywire for allocating us in the top 100 Independent Financial Advisory firms in the Country. We do try our hardest and are pleased to hit the mark in terms of your criteria. It is reassuring to clients too that they know there is independent scrutiny of our integrity and prowess too!

The criteria used to assess the Top 100 includes evidence of:

- Well qualified staff
- Robust investment propositions
- Good use of technology
- Willingness to share best practice
- Client education
- Recruitment
- Contribution to professional standards

Being in the Top 100 is something that we are proud to share with you and reinforces that despite these difficult times, we strive to maintain stability and continuity for our clients, both in terms of portfolio management and meeting their general financial planning needs.

Retiring this year? Give it some thought

Hundreds of thousands of workers will retire at the 'worst time in two decades' this year, according to a recent article in *The Telegraph*.

With oil prices soaring, stocks fluctuating and ever-increasing inflation, it is certainly an unstable time for the markets upon which so many pension pots rely.

The fear is that people have seen their savings shrink by 12%, according to the article, and many pensioners will need to draw extra incomes from their pensions to maintain their standard of living.

So, what can you do? The current situation will not last forever and as with all things, will have their season. Which means that things will eventually improve, markets will stabilise and the value of pension and investment funds will recover.

As previously predicted/warned by us, we are seeing the puncturing of the uber trendy 'tech bubble', as the Nasdaq falls thanks to a reliance on big tech such as Tesla and Apple, which have seen significant losses in recent times.

We saw this wind blowing and although no investment is without risk, we have looked after our clients' money in far more stable and secure stocks and funds that are more likely to ensure a consistent and reasonable return than some of the market's 'trendy darlings'.

These 'boring' investments have served our clients very well and as a result, we – and they – are doing far better than those whose pension pots are shackled to fast-burning shooting 'stars'.

Of course, the current situation has still affected us but we have managed to keep the ship on course and she certainly isn't in any danger of sinking!

Those reaching retirement this year may wish to consider working for longer, if they are able, whether full or part-time. Whilst that's not necessarily desirable and sometimes not possible, if it is, it makes sense to postpone for a little until things recover somewhat. For those with guaranteed sources of income (including State and salary-related pensions), this may not be necessary unless top-ups from affected pensions are also required.

Failing that, limit the withdrawal from the pension and raid any idle surplus cash, even if temporarily until it can be replenished, from the pension if necessary, at a later point.

It is also worth bearing in mind that your 'safe' investments are potentially doing you no good at all in the bank or the 'sock under the bed', especially as we are saying that so many 'value' opportunities are so cheap presently and prices won't last forever!

It has been estimated that 3million pensioners hold all their ISA money in Cash ISAs, earning them little or nothing and losing against inflation every year. This is despite being able to transfer these to a market-based ISA and to take advantage of some of the depressed share prices currently available.

Simply put, cash isn't worth as much to you in real terms, so if any of this applies to you, or you have any concerns, please do get in touch with us for a no-obligation chat to see how we might be able to help.

Dividends

Link Administration suggests that the weak Pound (or strong Dollar) has added £1.9billion to the dividends on UK shares in the third quarter alone, as we noted was inevitable. The overall income from investments has continued to rise, so all good news (unless you are in 'growth' investments which typically don't pay much or any dividends)!

J D Wetherspoon

Sorry to everyone too… I should have bought J D Wetherspoon's shares about which I commented on 5 October – the results were announced not a week later and perhaps a better reflection of general economic activity and confidence than the media (to which we are being subjected) but the shares increased 25% on stronger figures than expected. It's not a recommendation as we don't hold any but it again reflects my point that many assets are ludicrously undervalued and to be bought – not sold (though it seems hordes of unadvised investors have sold-out of funds left, right and centre – a sure-fire sign that we are trundling along the bottom of the market). Indeed, as more inexperienced people think they have control of their assets and pensions through their mobile telephone 'apps', it is far too easy for them to do the wrong thing at the wrong time with the press of a button and without wise counsel to discourage them. History shows that people like buying at the top and selling at the bottom (as they follow the crowd and either panic buy to avoid missing out on profits or sell to limit losses). Investment Trust discounts to net asset values are also at high average levels not seen for years too. This gives two opportunities – the bounce back on the value of the assets they own and a shrinking of the discount, which is in there for 'free', let alone corporate events which can lead to closure and a special bonus. We shall be buying more of those at deep discounts.

Stark Raving Bonkers!

Well, according to the co-founder and former investment boss of Seven Investment Management (7IM), people are 'stark raving bonkers' if they do not seek financial advice in the current global uncertainty!

Justin Urquhart Stewart told advisers at the Personal Finance Society's (PFS) Festival of Financial Planning to keep calm and not focus on the 'gloom and disaster of recent global events'.

'The economy is still growing and financial advice is needed more than ever,' he said. 'Finding out how much your family is worth can be a real eye-opener. Wealthy people kept their money through planning. We now have better technology and a greater ability to do this'.

'The rise in interest rates to balance the increase in inflation is painful for those on low-cost mortgages. It's also difficult not to kill the economy by raising rates too quickly. We'll have a nasty few years of recession, but we're not doomed.'

Urquhart Stewart said that despite the economic crisis, the public always has 'access to professional support'.

Whilst we may choose to encourage the public to seek financial guidance in a slightly more diplomatic fashion, we do recommend it nonetheless! Remember that we are happy to meet with you to discuss your financial situation without charge or obligation. Contact the office to make necessary arrangements.

True Potential Investments – Loss Claim – Urgent!

Some months ago, many clients defrauded by the Organic Investment Management issue began to be cold-called by someone keen to sell his pension product by transferring to another firm.

We think the firm represented was 'True Potential', which has many salesmen with their own business interests. True Potential is 'restricted', meaning it doesn't have independent investment management services like us (enabling us to choose from the whole marketplace).

The agent may have told you about 'lower costs' (despite a cost for any transfer, whereas we charge nothing!) and, of course, 'better performance' but this was without even knowing how well we had performed recently (very well in fact). Such typical sales ploys are designed to frighten investors that they needed to move, under some time-limited opportunity.

We think the calls came from the same source. Cold calling for pension business is ILLEGAL and the FCA must be told. More importantly, calls came from the use of a confidential list from the old Organic files. This includes your details, obtained from someone linked to the fraud. This is not the first time Organic clients' personal details have been touted around claims chasing parasites too.

With only suspicions, we raised our concerns with the True Potential Compliance Manager but these have been brushed-off. Rather than welcoming our worry, we have had lengthy letters from Freshfields, Bruckhaus Deringer threatening us with defamation action! However, they do not frighten us. We are simply protecting investors from further scams, if that is happening. We have been told that one of the individuals is not even regulated but purports to represent a True Potential regulated firm where some investors have transferred. True Potential told us all the clients 'knew one another' and that they contacted them first to want to transfer! We were shocked they did not investigate these two serious breaches. This is even more serious for a firm overseeing £22billion and responsible for the regulation of hundreds of independent advisers but not doing its job in accordance with very strict rules. Would I want a firm like that looking after me?

If you transferred or liquidated because of a call from these people, please send us a schedule of your new investments or confirm you hold the money in cash. Free of charge, we shall then see if you can claim for the costs incurred. We shall help you, with our compliments.

Blue Planet Investment Trust

There is nothing much to report in news at present, but rest assured the matter has not gone away and is still much in our minds. As explained, it is a tiny holding, less than 0.5% of all of our clients' assets.

We have been reminded on many occasions that we are humbled to have such lovely clients. One of them, an 85-year-old who has been with us for decades, wrote after receiving the last Blue Planet letter.

She also wrote to them saying: *'You appear to be concerned about what Milton's are doing with Clients' money. I can tell you, the answer is: Investing it with a high degree of success. Certainly, I would be asking you why you are wasting Clients' money in this shameful vendetta against this very reputable company?'*

She noted to us: *'I feel sure you are aware of how much we have appreciated your very careful and considered management of our funds over many years and all the advice too, and of course the continual contact. I want to assure you of our continued confidence and support at this time. Thank you for all you do.'* Thank you so much.

Other Unsolicited Client Testimonials – Thank You!

I have been very impressed with your policy of a diversified portfolio which spreads the risks over a period of time, as I definitely did not want to be in a high risk policy. Of course, due to the occasional financial situations caused by national or international conditions that resulted in all investments being severely affected temporarily, it did not seem long before the situation improved due to your diversification management. **SL, Devon, June 2022**

I originally came to you as the result of seeing your leaflet in the Doves Christian Bookshop with a view to exploring how I could make some provision for my retirement through investing with you, I was not a wealthy person and was very pleasantly surprised by the kind way you welcomed me and advised me. **SL, Devon, June 2022**

I would like to thank you for all the help, guidance and support you, and your company, have given me and I will highly recommend you to anyone. **RK, Staffordshire, June 2022**

Thank you for the wonderfully detailed accounts for my late husband's estate administration. Your help in all these things has helped me enormously and you have always been so very kind. I am so glad I came to your Company and found such a splendid gathering of experts in so many fields. **DF, Devon, August 2022**

Charitable Update

PHILIP J MILTON & COMPANY PLC CHARITABLE FOUNDATION

The Charity's latest accounts to 31 March have been published and these show £35,603 was given to many deserving causes over the year. The causes include poverty relief locally and nationally, international disasters including Ukraine, the Coronavirus appeal and also support of projects in Asia and Africa including the digging of Bore Holes, self-help groups in Ethiopia and many Christian charities with their own outreach and poverty relief. A full list is within the accounts.

We have also helped many small local entities and wish to continue doing this where we can bring them publicity at the same time. More recently this has included the Bumblebee Conservation Trust, the Littlest Wildlife Hotel in South Molton, a fabulous mural in Barnstaple (see below) and a project to help with financial guidance to the poor, one of our key initial objectives.

The Charity is pleased to receive donations and these can be made under GiftAid. It will continue to support a wide range of deserving causes, though it continues to await a property planning outcome for an anticipated capital injection, to build its endowment fund.

MURAL

For Barnstaple residents and visitors, you are now greeted with a rather more attractive wall with local connections than what was there before, when you enter the Square. We were delighted to be able to fund this through our Charitable Foundation to help ensure it happened.

AMIGOS

Amigos

We are proud to be backing a 'boring' investment to bring fresh clean water to some of the poorest communities in Africa.

Boreholes are an initiative from Amigos Worldwide. We've pledged at least half the £4,900 cost of each one for up to four Ugandan villages. So far we have helped fund five!

Amigos, a Charity established in Barnstaple in 2007, is calling for others to sponsor a borehole and help it meet its commitment to install 10 in Uganda during 2023.

The UK may still be feeling the effects of the summer drought and water shortage but for us it is an inconvenience - in Africa, it is life and death.

Clean, safe, drinking water free from disease is hard to come by in countries such as Uganda and the lack of water is an ever-present threat.

Women and children still have to trek miles each day for water and aside from possible dangers they may face, it means the women lose time when they could be working and the children lose valuable schooling.

As you may know, we have been a longstanding supporter of Amigos and each year also sponsor a student through their studies at the Kira Farm education centre in Uganda. See Loyce below, our latest student, learning more invaluable building skills.

Hopefully other local companies and individuals might follow our example and sponsor all or part of the cost of a borehole, which can be done under GiftAid.

It seems inconceivable that millions of people in the world still can't access safe drinking water. Here we complain if we can't water out garden or wash our cars for a couple of months due to hosepipe bans!

Any local individuals or businesses which can sponsor a borehole, or how they might be able to help generally, are invited to email info@amigos.org.uk or call Amigos on 01271 377664. https://www.amigos.org.uk/.

After Hours!

Living on earth may be expensive, but it includes an annual free trip around the sun.

The market is weird. Every time one guy sells, another one buys, and they both think they're smart.

A study of economics usually reveals that the best time to buy anything was last year.

Who was the world's first stock broker? Noah – He floated his stock while the world was in liquidation.

An investor to his adviser: Is all my money really gone? No, of course not. It's just with somebody else!

What happened when the cat swallowed a coin? There was money in the kitty.

Don't marry for money; you can borrow it cheaper.

What leads most people into debt? Trying to catch up with people who are already there.

Money isn't everything… But it sure keeps the kids in touch.