



**Cornwall Finance & Investment Services Ltd.**  
Independent Financial Advisers

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# A View From The Cliff

Dear Clients, We have the pleasure to present the latest edition of our newsletter,

In this newsletter we will:

- Share our own views on the current financial situation and the potential impact on your financial planning.
- Provide market analysis and our understanding of current economic situations, future opportunities and threats to the world markets.
- Inform you of any changes to our services and outline our service proposition.



## Our 25 Years of Service

In April 1989, Mark Ridgmont commenced his career in financial service, which makes this his 25<sup>th</sup> year of financial planning.

In July 2012 Hannah Ridgmont joined Cornwall Finance & Investment Services as a Trainee, extending our ethos of customer care to new generations.

The Financial Conduct Authority does not regulate Taxation Advice, Trust Advice, Will Writing and some forms of mortgages.



Director Mark Ridgmont - Registered in England No. 596144 - Authorised and regulated by the Financial Conduct Authority





## Christmas 2013 Wall of Numbers

### Left from top:

£835 Average UK household spend on Christmas 2012.

27% Fall in in-force Income Protection policies.

46% of Self-Employed people have no pension savings.

1.7% UK best savings account.

1.25 million new Lifetime Pension limit.

### Right From Top:

£42 Average UK monthly savings

4.1% fall in motor and home insurance premiums since 2012

£3.3bn in 2013/14 Inheritance Tax intended to be collected.

0.7% growth in UK Gross Domestic Product

£3,000.00 maximum tax free cash gift





## Market Analysis 2014

**We are most grateful to James Wallace, Associate Investment Manager, Investec Wealth & Investment Limited, for providing this outlook on 2014:-** Next year will be the first since 2007 in which the world's economic superpowers will show simultaneous growth. All are forecast to show a 'resynchronised' acceleration in growth since the financial crisis.

This optimism is not universally held, with Central Bank support key. Prospects for both Europe and Emerging Markets hotly debated. We are encouraged, however, by numerous factors, such as the fact that companies, in aggregate, are very healthy and are potentially at the threshold of a new cycle of mergers and acquisitions. Business sentiment measures nudging into positive territory. Equities no longer offer the bargain basement valuations their prospects are dependent upon near-term earnings growth, happily, we anticipate earnings should rise, potentially into low double digits. Total returns from equities now outstrip those from bonds over every relevant investment period from one year to 30 years, and we expect further support for equities.

### Around the World

#### The UK-

has surprised everybody with its strength, and promises to be one of the fastest growing economies amongst the major developed countries. This is mainly a function of the housing market, and both monetary and government policy is likely to remain supportive. A shift to more sustainable exports and investment would, however, be welcomed.

USA- will continue to lead Developed Markets towards sustainable recovery.

Unemployment has steadily fallen to 7.3%, house prices are rising, and Purchasing Manager surveys have broken decisively above the 50 level that defines growth. Encouragingly, the government's budget deficit has collapsed to just 4.1% of GDP from a peak of 10.1%.

Asia- we do not believe a hard landing is likely. China, now the world's second largest economy and the major contributor to global growth, is not far behind the US in terms of its significance. The Chinese government knows what it has to do, rebalance the economy and this will be hard. We remain positive on the outlook for Japanese equities, again driven by domestic policy. They should also benefit from the global recovery.

Europe- whilst not out of the woods we remain firmly positive overall on the prospects for a European recovery.

Emerging Economies- We stick to the positive view on, with long-term growth of the middle classes a powerful driver of consumption growth.





## Market Analysis

We agree with and are grateful the comments of Investec Wealth and Investment. By rigorous assessment of our clients' attitude to investment risk and understanding their capacity for loss we are able to create, in association with our investment partners, diverse portfolios containing a blend of investment sectors, delivering predictable results.

Although not included in most of our clients' portfolios, for almost all of our clients Residential Property remains their largest asset. Everyone needs a place to live and buying your own home remains over the long term, by far, the best value way of securing one's living accommodation.

We at CF&IS Ltd, do not believe the current hype put out by Government and building industry that the current residential property boom is sustainable. We feel there is a fundamental and cynical disregard of the risks of a sudden sharp increase in interest rates. The Bank of England base interest rates have been at the all time low for over four years, those of a younger age can therefore think of this as the norm. This could prove a costly mistake. According to the Bank of England, in October 2013 the average Variable Rate Mortgage Interest was 2.50%. In the 10 years prior to the Financial crash, October 1998 to October 2008, the average Variable Rate Mortgage Interest was 7.76%, over three times higher than today. Also according to the Bank of England, a rise of interest of only 2.00% would put 1 in 10 over the edge of financial sustainability.

The old wisdom once held that in order to avoid financial stress, a person should not pay more than 3 months income for a car and no more than 3 years income for a home. Lenders today are happy to lend up to 5 times income.

The risk is that a return to a normalised economy with a consequential normal rate of interest, could prove a ruinous to many, many more. Our view is excluding London we believe that we will eventually see a reduction in property values to a more sustainable level, which will be coupled with a return to significant wage inflation.

We are convinced that unless part of a very large portfolio, speculating on individual residential property as an investment, is very high risk strategy at present and that residential property is for nesting in not for investing in.







## Spotlight on Gifting:

**It is better to give than to receive, better  
still gift tax efficiently**



### The most common areas of financial gifting are:

- From Parent or Grandparent to Children
- Between spouses
- To charities or political parties

Gifts can impact Inheritance Tax Liability. Gifting cannot be used to avoid a chargeable Capital Gain.

### Gifts which are exempt for IHT purposes:

Unlimited Between UK domiciled spouse or civil partner

£325,000.00 to a non-UK domiciled spouse or civil partner

£3,000.00 to any one individual (one per year but can be carried forward to the next year if unused)

Gifts on Marriage -£5,000.00 parent to a child (including step-children)

-£2,500.00 remote ancestor (grandparent)

-£1,000 to the couple by anyone else.

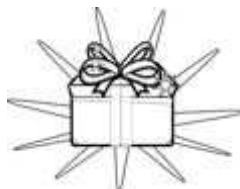
-£250 to any number of individuals outright (cannot be used as part of a larger gift)

To charity or political party - uncapped where the gift is made outright

Gifts in Trust -£324,999.00 providing that the Donor makes no further non allowable gifts and survives for 7 full years

### Useful notes on gifting:

Gifts with reservation: Property that is given away is not counted as a gift for IHT purposes if they continue to gain benefit from it—the classic example is of parents ‘Giving’ their house to their children but continuing to live in it. Where gifts from a parent to a minor child produce more than £100 gross income in a year the whole of the income from the gifts is taxed as the parent’s income.





### Stollen

- 500 grams raisins
- 100 grams currants
- 100 grams candied lemon peel
- 100 grams candied orange peel
- 250 grams almonds (chopped)
- 3 packets vanilla sugar
- 6 tablespoons rum
- 12 drops bitter almond flavouring
- 1 kilogram whole-wheat flour
- 84 grams fresh yeast
- 150 grams sugar
- 250 ml milk
- 2 medium egg yolks
- 700 grams butter
- 125 grams icing sugar (to decorate)
- 15 grams salt
- 1 lemon

### Method:

1. mix raisins; currants; candied peel; almonds; 2 packs vanilla sugar; zest and juice of a lemon; and rum. Let mixture rest for 6 hours (or overnight).
2. sieve flour into a bowl. Make a well in the centre and pour the crumbled yeast, a tablespoon sugar and the lukewarm milk into the centre and mix with a little bit of flour. Lay a tea towel over the bowl and let this rise for 15 minutes in a warm room.
3. add the remaining sugar, salt, egg yolks, 400 g butter (butter in knobs). Knead into dough. In case you are using a food processor knead for 30 minutes on lowest level. Then let the dough rise for 30 minutes covered with a tea towel.
4. roll dough and add fruit mixture. Knead dough quickly and let it rise for 30 minutes (while covered). Knead again. Shape the dough in a roughly oval form, 3-4 cm thick, fold dough in half lengthwise and put it on baking tray. Let the dough rise for 15 min.
5. preheat oven to 175°C. Bake for 80 minutes. Position rack in lowest third of oven.
6. immediately after baking: pierce stollen all over with a wooden needle and brush it on the top and underneath with 150g brown melted butter and then cover the top with powdered sugar using a sieve. Let it cool down overnight

### For Optimum Results:

Let it rest for 1 or 2 weeks tightly wrapped in foil and plastic bags in a cool place (but not in the fridge)

### Why Stollen?

Cornwall Finance & Investment Services are an office of food-lovers—but more importantly...

We think that good financial planning is very similar to a good recipe; at the outset you have a desired outcome—say a comfortable retirement—and some raw ingredients, but no clear idea of how to combine them to reach this end goal.

We see it as our job to find out what you are trying to achieve and then help you get there; whether you want a long-term slow-cooked investment or a quick, cheap and cheerful protection product to keep you smiling on a rainy day.

We look at the UK market as the biggest ingredient supermarket possible and whatever we need: a pinch of protection, a drizzle of discretionary fund managers, a snifter of off-shore bonds, a tablespoon of ISA's and whatever else is needed to advise on the most suitable portfolio for you.

Don't like almonds? Then why have them in your stollen?

Don't like oil companies? Why have them in your portfolio?

Talk to us about ethical investing and we can make sure there is nothing you don't like in your investment portfolio.





## Cornwall Finance & Investment Services: Our Ongoing Services:~ Prime Service

Designed for our clients, whose assets or financial planning needs require:

- **Bi-annual individual investment valuation reports**
- **A meeting with your adviser every six months.**
- **Online access to up to date information on your holdings**
- **Market updates and Newsletters**
- **Digital Document Storage (on request)**

The minimum annual fee for this service is £1,000.00

### Executive Service

Designed for our clients, whose assets or financial planning needs require:

- **Bi-annual individual investment valuation reports**
- **A meeting with your adviser every year**
- **Online access to up to date information on your holdings**
- **Market updates and Newsletters**
- **Digital Document Storage (on request)**

The minimum annual fee for this service is £587.00.

### Advanced Choice

Designed for our clients, whose assets or financial planning needs require:

- **Annual individual investment valuation reports**
- **Contact with your adviser every year**
- **Online access to up to date information on your holdings**
- **Market updates and Newsletters**

The minimum annual fee for this service is £378.00.

### Entry Level

Aimed at those clients whose financial planning objectives initially only require a “one-off” service:

- **No ongoing servicing**
- **Additional advice and service available on request and subject to additional fees.**

Our single report fee is a maximum of £587.00 for investment and £387.00 for mortgage reports. These are usually rebated on implementation of your financial plan.

Our implementation fees are based on the complexity of your case and or the capital you have to invest. Contact us for full details and an individual quotation





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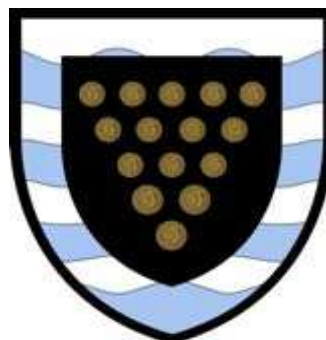
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We hope you found this newsletter of interest and look forward to speaking with you all soon. Your views matter to us, so if there is anything you would like to see in our Spring edition please let us know.

If you would prefer to receive this newsletter by email or should you have any questions please contact me on:  
01637 839098, Mobile 07710 868377 or by email at [mark@cfislive.co.uk](mailto:mark@cfislive.co.uk)

**We look forward to seeing you in 2014 and hope you have an enjoyable and peaceful Christmas**

**Mark Ridgment & The Team  
Cornwall Finance & Investment  
Services**



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