



NEW INVESTMENT HORIZONS

Dear One and All, Joy to the World the Vaccines come!

We hope this edition of our newsletter finds you all well, at the end of this extraordinary and horrible year. We have delayed this edition as we have been waiting on events to:

- Update you on the way forward for the World's Economies and the likely path of Investment and Capital Markets, over 2021 and beyond.
- Provide you with a snapshot analysis of the current position of the various Asset Sectors that make up our client's portfolios.
- Make the case for Socially Responsibly Governed Investing and why it is a growing good for all.
- Provide you with an update on the Mortgage Market.

In 2020 over investment markets there have been 3 clear storm clouds, in order of severity.

- The disruption to the global economy of the continued Covid19 crisis has been severe and is ongoing. The crisis has caused a radical industry shift to remote working and the use of new technologies to communicate with customers.

- The American General Election is finally over or maybe not.

- The last and least important storm cloud is Brexit as the UK stutters to the EU exit. The UK is down but we believe far from out.



You are probably wondering what the reason why we have included this decidedly unseasonable image.

First we are very proud to say we entered this image in a National photo completion and won! This meant that the prize of £300 could be donated to Cornish Food Banks, spreading some Christmas cheer.

Second it feels right to look forward to better times ahead.

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



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





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Coronavirus Covid-19—The Coronavirus is a human tragedy and our deepest sympathy goes out to all affected. In March we sent you our thoughts on the unfolding crisis. As we now start to emerge from isolation, what have we learnt & what economic effects will there be?



Medically:~ This is the second wave Covid-19, it could be with us for years. Vaccines are now at ready for production and distribution to all by June 2021. This is a massive strike back by humanity. Testing, Tracking and isolating households and groups when they become infected. Regional and National lockdowns will be with us for months. But control of this disease in sight. Hurrah!!

Economic repercussions and effects on markets:~ Population lockdowns have caused supply and demand shocks a combination has not been seen since the globalization of the World Economy in the 1990s. Our great fear was that the pandemic would cause a 1930s style Global sustained depression, has been not been seen.

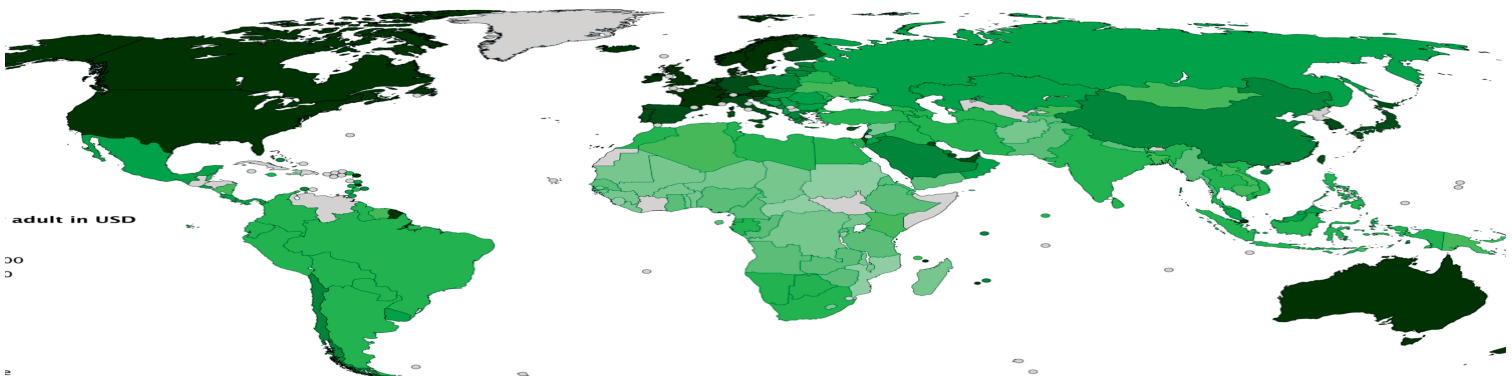
Indeed the unprecedented economic support rolled out by governments around the World has been , jaw dropping in its scale. The USA has committed to \$2 Trillion dollars of support, the European Union \$826 Billion and the UK's Governments borrowing has risen (ratio of debt to national income) to the highest level in 57 years. The Bank of England says the economy will pick up quickly at the end of the year and grow by 15 per cent in 2021 regaining its pre-coronavirus size in the second half of next year.

Taxation increases will come in to recoup some of the borrowing by Governments, but it will be gradual. In the UK the very low, possibly negative rates of interests will take a lot of the sting out of debt repayments, so UK government coronavirus debt will be eroded by inflation reducing the value of the in real terms over time.

Future Economic Trends

There have already been (USA) political repercussions especially in nations that are perceived to have handled the pandemic poorly, France & most particularly the UK).

The map below shows the spread of wealth across the World, it will be interesting to see if the reduced death rate of Covid 19 in Africa and Asia will hasten the economic rise of these regions. To what extent the Chinese Leadership are emboldened by the West's poor handling of the pandemic in the jostling for supremacy between The USA and China.



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THE USA ELECTION

The USA is the Worlds largest economy and the value of US shares equate to roughly 50% of the total World value. The great fear was of an election result too close to call leading to months of wrangling in the courts and political instability.

However, Joe Biden has won and will be the 46th President of the United States of America. Donald Trump has lost and does not like it. In fairness to The Donald it was a pretty close race. Joe Biden 51% achieved of the electoral colleges to 47.3% for Trump. Trump has no intention to make the transfer of power an easy one

Mr Trump is no stranger to law courts, he has sued everyone from his ex-wife to building contractors and tradesmen who worked on his luxury towers and casinos to the wealthy Hong Kong investors who bailed him out when he was overextended in the mid-1990s. He has even sued his lawyers. However it is becoming increasingly likely that his legal challenges will fizzle out as no evidence of malpractice or fraud can be presented, as happened in Pennsylvania which was one of the closest of election races.

So what will President Biden do for the American economy? In short expand it. Joe Biden proposes to borrow an average of \$2.5 trillion a year in the three years to 2024. This could boost GDP growth from the current 2% to up to 5% over the next 3 years.

The US stock markets would have preferred a Trump Presidency. But they like the certainty of the election result more. The S&P 500 has risen by over 10% since the night of the election.

President Biden has a great deal to do in a short time. Whether he will be successful in; bringing the United States back to being the World's Leader, making life fairer for the majority of Americans and being a force for good on climate change is yet to be seen.

A new face in the White House can only be good news, for the stability of the Western World.

We welcome and congratulate President Biden and wish him and his administration all well.



CartoonStock.com



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There is one thing more contagious than a virus, that is hope.

We continue to be very concerned over the outlook for the UK economy. The UK's Governments ham-fisted handling of the pandemic gives us little confidence that they will be able to strike a deal with the EU on our future trading relationship.

A "Hard" Brexit will be chaotic for UK trade and will negatively impact UK based assets. Since 2016 we have been reducing our client's portfolios exposure to UK Equities and increasing holdings in International Bonds and International Equities.



UK Equities have been a very unloved by global asset allocators in New York or Shanghai, UK Stocks have not rapidly recovered as other markets from the March lows as other markets have because of Brexit. In relation to other markets UK stocks are historically cheap. That said the returns from UK Equity funds we have recommended to our clients has not been disastrous averaging around 8% per annum over the last 5 years.

From all news reports a trading relationship deal is very close. If one is secured and we believe there will be winners and losers but the continuity of trade will be maintained. Even the French recognise the importance of that.

When we emerge on the 1st January 2021 we are sure the World will look very much as it does today. With one difference, we will have certainty of direction and the road ahead of the UK will be known.

Then the overseas fund managers will look at UK stocks and bonds and will see they are very good value for money and come back into the market strongly. The UK companies, our fund managers buy on your behalf, will recommence dividends and provide capital growth for you.

UK Plc is very well placed to take advantage of the global economic recovery and the next few years may be a golden time for our client's UK investments.

We look forward to seeing how it all pans out. Above all we greatly look forward to never having to mention Brexit again!














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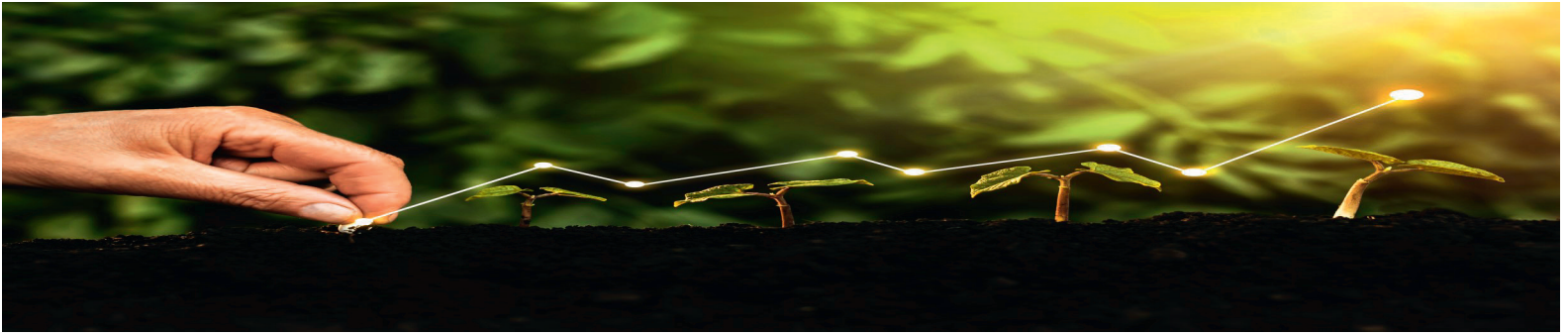




World Asset Allocation Review Sector Returns

-  **UK CASH** - Our least favoured asset class. Best rates for our clients through Octopus Cash 12month Fixed Rate 0.70% Inflation rate 1.94% = A Guaranteed loss of 1.28%. We do not anticipate this changing anytime soon. The Bank of England in January is likely to post its first ever negative interest rate.
-  **UK FIXED INTEREST** - For those who wish safer returns UK Government Gilt are seen as the logical choice. UK Corporate Bonds we see as higher risk than International Bonds.
-  **INTERNATIONAL FIXED INTEREST** - Government Bonds, Corporate Bonds, Emerging Market Bonds, as companies have to pay more to the funds they need so the potential returns to investors will increase. We see Emerging Market Bonds offering great potential for those with an average or above risk.
-  **UK EQUITIES** - The government's ability to handle actual Brexit on 31st Dec 2020 is very much in question. The UK stock market is relatively cheap and the only way is up, but it is likely to be a bumpy ride.
-  **USA EQUITIES** - The US economy is about to have a new more socially inclusive president, seeking to grow the economy through borrowing and spending. We see positive returns sustained in the years ahead.
-  **CHINA EQUITIES** - Emboldened by perceived weakness in Western Governments China's government seems to have its own agenda to become the dominant power in the World. The Biden administration will seek to clip their wings and this may lead to a resumption of the trade war with the USA. That said for long term capital growth, inclusion of Chinese Equities is essential.
-  **EUROPE EQUITIES** - Europe remains one of the best performing asset classes. Following Brexit we can expect greater cohesion within the Eurozone boosting the prospects for higher returns. The long term effects of BREXIT and sustainability of the Euro remains a lingering question over this sector.
-  **JAPAN EQUITIES** - A new Prime Minister, greater corporate governance is helping Japanese company credibility, we believe Japanese Equities will emerge from the pandemic stronger relative to other sectors, e.g. UK Equity
-  **GLOBAL EMERGING MARKETS (GEM)** - Have delivered the strongest returns of 2020. Those who seek investment for higher long term growth, inclusion of this sector is essential.
-  **COMMODITIES** - Contraction of Worldwide economic activity has caused suppression of all commodities as we emerge from the Pandemic Crisis demand for raw material will increase pushing up price. For most of our clients this sector is too volatile for us to recommend direct holdings.
-  **PROPERTY FUNDS** - In the Spring most Property funds became 'gated' meaning that investors could not put money in or take money out, this has now been reversed. We typically recommend International Property across the World giving strong and stable returns. This sector is likely to be hit, by the revolution in working practice seen during lockdown with people working more flexibly from home, how badly is yet to be seen.

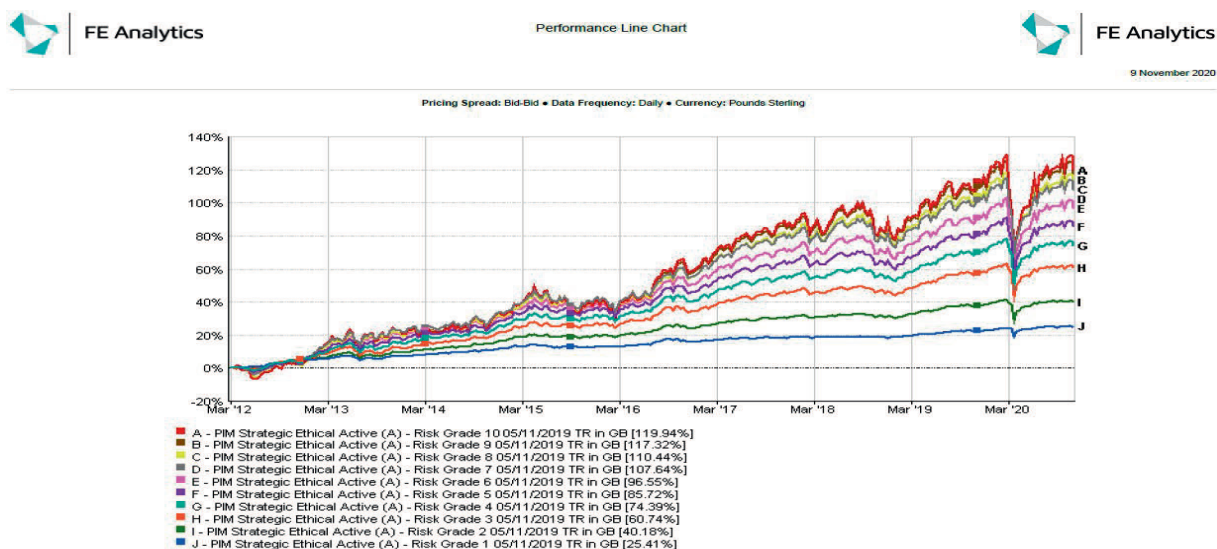




The Case for Environmental, Social, Governance (ESG) Investments

The pandemic has been an ill wind that has brought some good. It shown us new ways to work. We do not need to be loaded into metal boxes or tubes for hours a day to arrive at an office to do our work. Computer facing workers have found that they can be just as productive but generally more happy by being more in control of their work life balance. Cornwall Finance & Investment Services have learnt that we do not necessarily need to travel to see our clients to have a meaningful conversation. We are very grateful to you all for being adaptable and understanding to this new normal. We believe that 2020 will be seen as a tipping point in the fight against Climate Change.

In 30 years The World is heading for a climate crisis, the science for this is plain, only how bad it will be is not known, a 1.5* increase in global temperatures we can live with. It is not going to be good, but the worst effects and human misery can be averted by actions by us all today. Investment into companies which have sustainable business propositions today, makes sense as they are likely to continue to thrive and provide good returns in the long term. More and more Environmental, Social, and Governance (ESG) Investments are becoming more mainstream. Qualifying for ESG used to be a case of just excluding industrial activities, armaments, oil, tobacco, the pool of companies to invest in was shallow and risk was higher than the mainstream. The last decade has brought a raft of new companies and industries. Now our ESG portfolio fund managers can be far more positive in fund selection. Being green in your investment choice does not mean that you now need to loose on investment returns or take bigger investment risks. Below is the chart of our preferred ESG provider Parmenion Capital Partners, which shows you don't have to deny yourself to good to the Planet!



01/03/2012 - 30/10/2020 Data from FE fundinfo2020



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Mortgage & Property News

Our Prime and Executive Choice Service clients are entitled to a friends and family FREE Mortgage review and report, usual cost £387.00. This is proving popular and it is great for us to help the next generation.

Don't pay more than you need for your General Insurance Services ask us to quote for your Home and Contents Insurance award winning service 'Uinsure'.

The Mortgage market

Lowest 2 year fixed rate @ 75% loan-to-value	Lowest 2 year fixed buy-to-let rate @ 75% loan-to-value	Lowest 5 year fixed rate @ 75% loan-to-value %	Lowest 5 year fixed buy-to-let rate @ 75% loan-to-value
1.57%	1.59%	1.70%	1.94%

Over the past couple of months we have gone from a market with an abundance of high loan-to-value mortgage products to a market with many products capped at 65-75% loan-to-value depending on the lender. All the higher loan-to-value products were removed meaning the products that have helped so many of our clients onto the property ladder were no longer available. In January we were arranging 95% loan-to-value mortgages for clients with adverse credit and recently such lending has been hard to come by. Certain mortgage lenders such as Accord mortgages have now reintroduced mortgage products up to 90% loan-to-value again which is hopefully a sign of confidence as lockdown restrictions are starting to be eased.

Is it time to make your residential property a bit more Coronavirus lockdown friendly? Even if you have a current mortgage that is in a fixed period, we can look at second charge mortgages to avoid having to redeem the fixed rate mortgage and possibly incurring a big early repayment charge.

Business Loans We have been disgusted by the attitude of the High Street Banks in their lack of support to business through lockdown, even with the Government backing. If you or anyone you know has been affected, do not despair there are sources of lending very willing to offer the support you need, simply contact us, a World of financial support is there for you business.





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For the 3rd year running Cornwall Finance & Investment Services would like to be included in the Times Newspaper list of the UK's top 1000 IFAs, by customer satisfaction. Please provide a rating for us on www.vouchedfor.co.uk the "Trip Adviser" for Financial Professionals. Thank you.



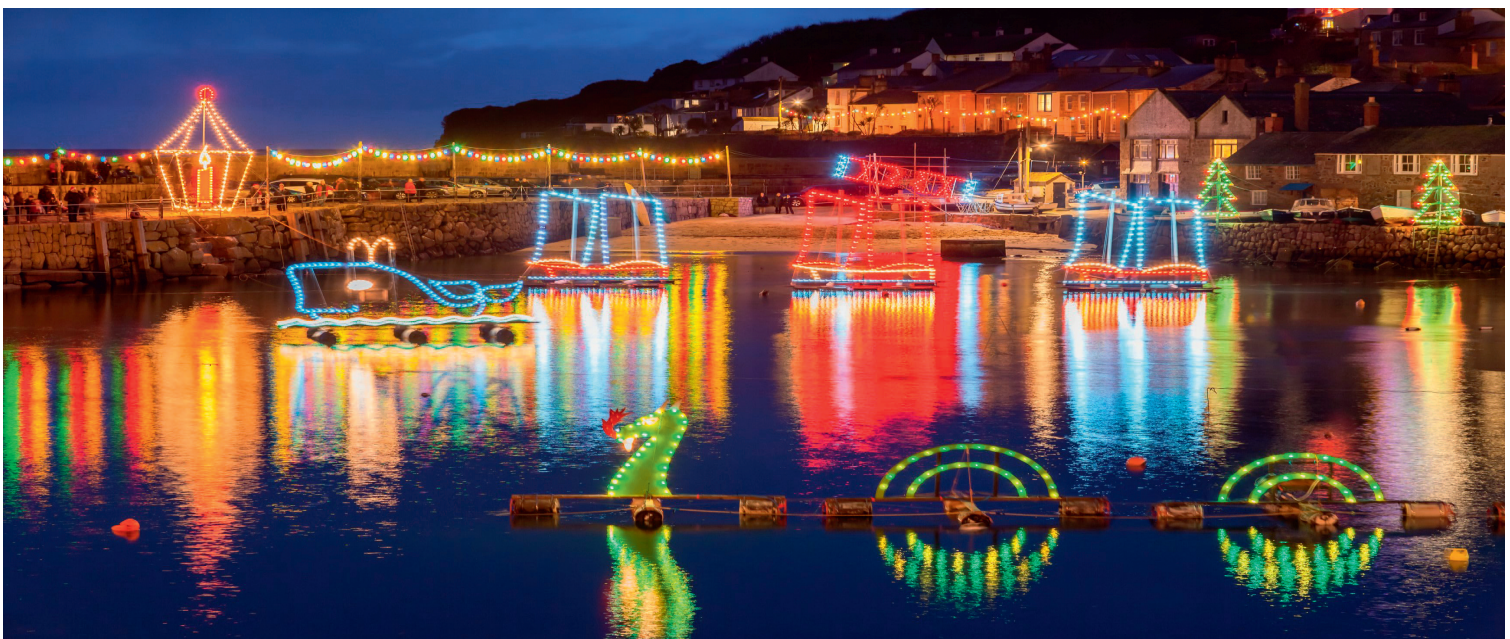
Cornwall Finance & Investment Services Ltd. Best Value for Your Money Management?

Yes! In research conducted by Money Marketing, the following National IFA firms were asked about their maximum ongoing annual charge for funds under management.

Chase de Vere 1%, Bankhall 1%, Equilibrium 1.50%.

For 10 years Cornwall Finance & Investment Services annual management charge has been only 0.50%. We will be reviewing our charges in 2021, however we will ensure that we are always great value for money.

We would like to wish you all a very Happy Christmas and hope your 2021 is peaceful, prosperous and for us all happier than 2020!



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