



NEW INVESTMENT HORIZONS

Dear One and All,

We hope our newsletter finds you all well and looking forward to our increased freedom later in the year.

In this edition we will:

- **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 clients' portfolios.**
- **Relay the details of the changes in this new 2021/22 Tax Year.**
- **Spotlight the Guaranteed Funds.**
- **Give you an update on the Mortgage Market.**

What a year this has been! We are thankful to you, our loyal clients for sticking with your financial plans when the bottom fell out of the World Markets in March 2020. For everyone this has been a successful decision.

We are grateful for our clients perseverance in adapting to working with us remotely by Zoom.

Personally I am most grateful to the Team at CF&IS, James, Dawn and Nikki have dug in and delivered on our promises even when we thought we couldn't. Thank You All!



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





What Happens Next?

2021 has started remarkably well, at least from a market point of view.

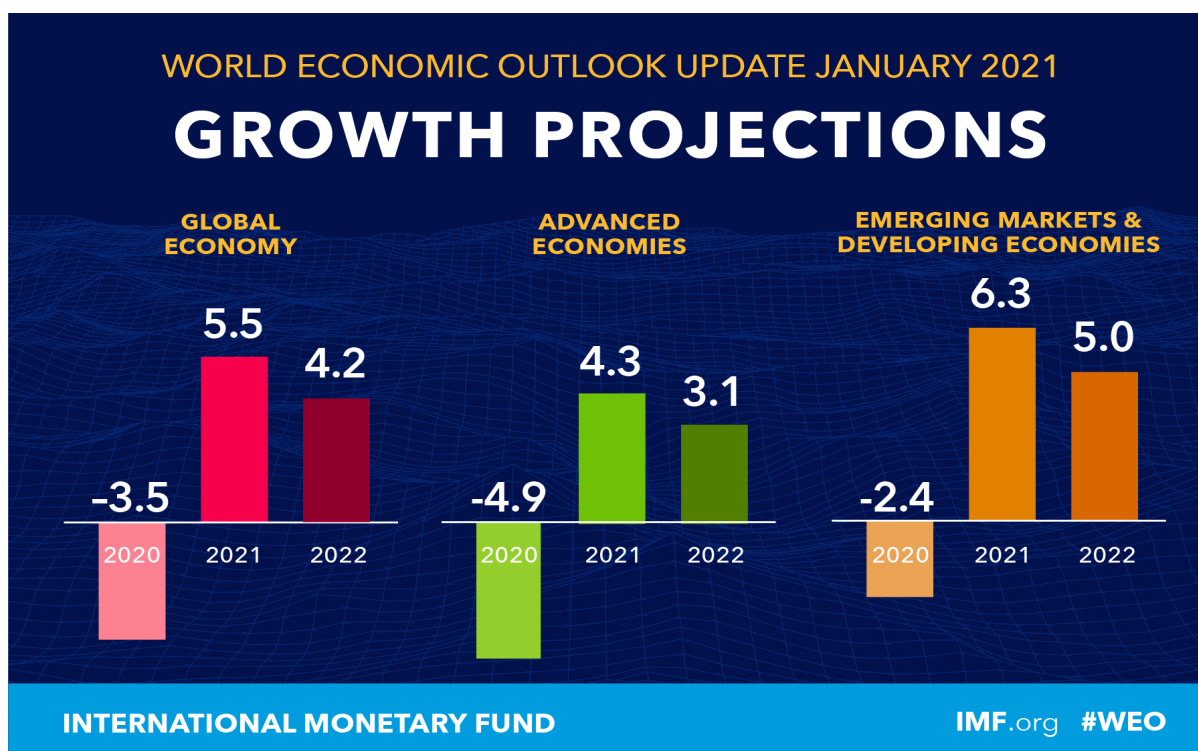
However, it looks like Coronavirus Covid-19 will be with us longer than we hoped. The virus has mutated which is worrying from a medical standpoint and probably means that the over 50s will need yearly injections. In the UK 50% of the adult population has been vaccinated, 40% in the USA but dropping to only 12% in Europe, to very low numbers in the rest of the world especially in poorer countries.



Therefore the impact of the pandemic will be with us for many years to come. Taxation increases will need to come in to recoup some of the borrowing by Governments around the world, 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 the UK government coronavirus debt will be eroded by inflation, reducing the value of the in real terms over the coming decades.

We follow closely the research of the International Monetary Fund as they are usually quite accurate, as you can see they are forecasting a return to above trend strong growth this year and the next. Whilst good to see, this return to growth has already been priced into the Market gains we have already seen.

Only if this recovery is sustainable into 2023 will asset prices continue to rise through this year, on balance we feel that they will, but in a more steady fashion.





World Asset Allocation Review Sector Returns



UK CASH - Our least favoured asset class, Best rate NS&I 12month Fixed Rate 1.10% Average inflation rate 2.46% = A Guaranteed loss of 1.36%. We do not anticipate this changing anytime for next 3 years, the Bank of England may post its first ever negative interest rate in 2021.



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 for the return 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 - UK Plc is unloved by Global Asset Managers, challenged by a new trading regime and haphazardly governed. Better opportunities for the same risk are to be found elsewhere on the globe. One thing though, it is cheap.



USA EQUITIES - The US economy has it's new President, who in turn has given every living American \$1,400 in Economic Impact Payments. It is estimated that 37% of this will end up invested on the US Stock Market. We see positive returns sustained in the years ahead.



CHINA EQUITIES - The Chinese Executive are not our friends, nor nice people. Their system of Governance alien and brutal to us in the West. So why should we lend them our money or buy into their companies? We may not be able to bring them into the union of the "Lands of the Free", but we can trust their desire to be the world's biggest economy and to play by our rules while they get there.



EUROPE EQUITIES - Europe remains one of the best performing asset classes. Greater cohesion within the Eurozone is yet to be seen. The long term effects of BREXIT and sustainability of the Euro remains a lingering question over this sector, however they have some of the best companies in the world.



JAPAN EQUITIES - The 1990s was the last time that the Nikkei index breached the 30,000 level which it made in February 2021. Japan should be a part of nearly everyone's portfolio.



GLOBAL EMERGING MARKETS (GEM) - Have delivered the strongest returns in 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 prices. For most of our clients this sector is too volatile for us to recommend direct holdings.



PROPERTY FUNDS - 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. However as a secure source of regular income it warrants inclusion in nearly all portfolios.





Your 2021 / 2022 TAX ALLOWANCES

USE THEM OR LOSE THEM

Income Tax

Utilize your Tax Free income - Personal Allowance £12,570.00

If you can pay yourself in Dividends - £2,000 tax free dividend allowance will be introduced. Dividends above this level will be taxed at 7.5%

Starting rate on Income from savings 0% up to £5,000.00

Pension Tax Relief

Obtain tax relief on contributions of up to £40,000.00 (Net contribution of £32,000.00) in this tax year. Carry forward previous 3 years and make a potential single contribution of £160,000.00. (if you have the earnings to justify it)

Capital Gains Tax

Utilize your Tax Free Gains - Personal Allowance £12,300.00

Inheritance Tax

Married couples utilize your Combined Nil Rate Band and Residence Nil Rate Band meaning that you can leave an estate of £1,000,000.00 without incurring Inheritance Tax.

Individual Savings Accounts

Invest up to £15,240.00 in ISAs this year and a further £20,000.00 next year.

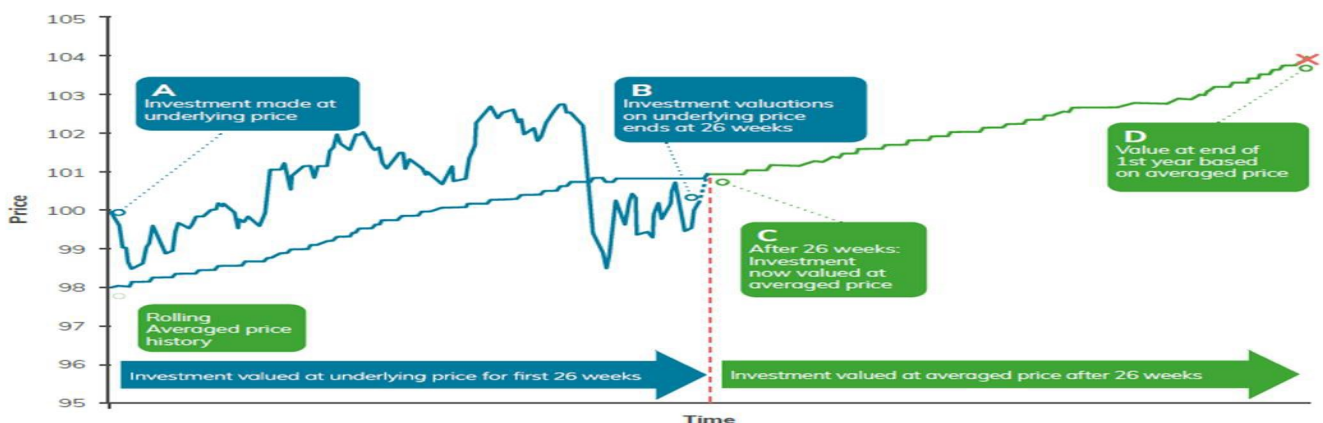
Stamp Duty Freeze ISA (LISA)

A welcome surprise from the Chancellor. If you buying a property before the end of June this year it will be free of Stamp duty.

Council Tax on Second Homes

A welcome surprise from the Government, legislation is to be passed forcing second home owners to pay the full Council Tax, this can only be good for Cornwall.





The Case for Smoothed Funds

Those who are content to see the value of their assets fall and rise with the market, generally have time on their side. The correct management of those assets will bring high returns and will do very well over the long term.

For those who fear a one in 250 year economic event, like the Great Depression or Tulip Bubble which tears up the rule book and brings economic devastation, only a Guaranteed investment will do. For those who do not have the luxury of time to let the asset values recover then a stable gradual returns are essential.

The LV= Flexible Guaranteed Bond is our go to solution when a client has such need for security. The initial investment has a guaranteed value that is locked in daily. The largest daily fall that the fund experience was 0.10%. In order to maintain its guarantee the LV= fund managers build financial contingency for a one in 250 year event.

The fund is global in outlook and did not suffer the under performance of its competitors who were overweight in UK Equities.

There are a variety of volatility options and the LV= Flexible Guaranteed Growth Fund has achieved a net of charges annualized performance of 5.04% over the last 10 years.

If this is something you wish to discuss please speak to us.



"THE FIRST STEP TOWARD WISDOM IS ACCEPTING THAT NO ONE KNOWS EXACTLY WHEN TO 'BUY LOW' AND 'SELL HIGH.'"





The CF&IS

Wall of

Numbers



£5.5 Trillion

Estates expected to be passed to the next generation in the UK 2020-2047.

8.5M

The number of UK adults with dependents who have no life Assurance Cover.

£179K The Average UK Inheritance Tax Bill

£2.1 trillion

The amount of UK debt has surged to since the pandemic.

43% of people surveyed would feel comfortable about having the same financial adviser that provided advice to you and all your close relatives

57% of people surveyed aged 55 –75 would feel very comfortable or comfortable dealing with an adviser remotely.

£40,000.00

Is how much those who receive Financial Advice, are on average, better off than their unadvised peers over a lifetime.





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 Insurances, ask us to quote for your Home and Contents Insurance via award winning service 'Uinsure'.

Lowest 2 year fixed rate @ 75% loan-to-value 1.24%	Lowest 2 year fixed buy-to-let rate @ 75% loan-to-value 1.59%	Lowest 5 year fixed rate @ 75% loan-to-value % 1.53%	Lowest 5 year fixed buy-to-let rate @ 75% loan-to-value 1.99%
---	--	---	--

The Mortgage market

The Equity Release Council has published its 2021 spring market report, here are some of the key points to take from it:

- The total value of UK private property passed £6 trillion for the first time at the end of 2020.
- Total national mortgage debt continues to rise towards a record £1.5 trillion, but the average loan-to-value (LTV) falls to the lowest level since before 2007/8.
- The number of equity release products available to consumers rose to record highs with 100 new products added in H2 – a total of 488 products were available by the end of 2020.
- The average lifetime mortgage product rate reached a record low of 3.95% in January 2021, with a quarter of products now offering rates of 3% or lower.
- The volume of new equity release plans taken out rose 19% during H2 2020, compared to the first six months of the year as consumer confidence and businesses showed resilience.
- Over-55s withdrew 46p of property wealth for every £1 of flexible pension payments in H2 2020, in line with 2019 as property plays an important role in the retirement funding mix.





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

I am very pleased to announce that at the beginning of the year James Williamson completed his training and achieved the CII/PFS Level 4 qualifications. James has now been promoted to Consultant IFA position which means he can advise on not only Mortgage and Protection business but can now offer Investment and Pension Advice.

James will be actively engaged in client services and may be contacting some of you during the course of the year.

We wish you a very happy Summer as we all emerge from lockdown and we look forward to speaking with you soon.

Mark Ridgment

And all at Cornwall Finance& Investment Services.

