Newsletter

November 2020

RAYMOND JAMES | Exeter

New Beginnings

Branch developments

I wasn't going to mention COVID in this latest newsletter, but given the news on Monday about a possible vaccine that could prove to be successful, I can't help but sit here and feel that 2020 is going to end on a much more positive note than expected.

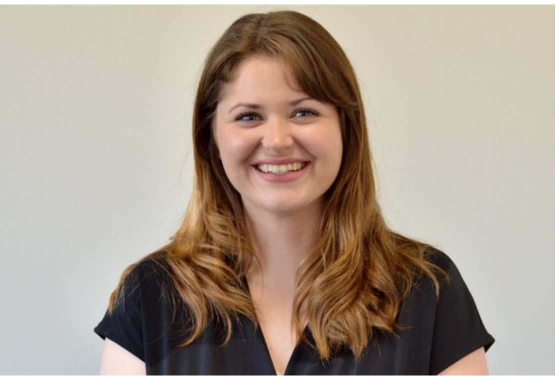
For us it is definitely ending on a positive note as I'm delighted to announce that a long-standing friend and previous colleague, Andrew Welch has joined the branch as a Chartered Financial Planner.

I first met Andrew over 20 years ago and we worked successfully together for a number of years at the financial planning arm of Baker Tilly, the national accountancy practice. Since that time, Andrew has forged a successful career most latterly for the last 13 years in a well-known accountancy practice running their Exeter office.

It's taken me two years to persuade Andrew to join us and I'm thrilled that he has now agreed as I know that his ethos and commitment to serving clients is entirely in line with our culture as a branch.

In addition, some of you will already know that Duncan's daughter Grace has also joined the business working part time in support of both Andrew Welch and Andrew Margrie and is already on her way to passing her first financial services exam through the Chartered Insurance Institute (no pressure Grace!)

Whilst acknowledging that nepotism is alive and well in the South West, I'm certain that Grace's commitment to helping serve you, our clients, will be clear to see.

Can you guess who is who!!

Investment update

Yesterday is not ours to recover, but tomorrow is ours to win or lose. – Lyndon B. Johnson.

We constantly review our portfolios to assess the risks we are taking and weigh that against the possible rewards that may be delivered. Presently, we take the view that no clear benefit can be obtained by taking a significantly different view from the consensus and that 'following the herd' may be the least dangerous approach.

The UK domestic economy is predominantly services based (80% of GDP), tourism in particular, and the key financial indices are dominated by basic materials and industrials (miners make up 30% of the MSCI UK All Cap index along with financials of 17%). Notwithstanding the latest news about a vaccine, consumer spending and tourism will be curtailed by COVID restrictions and global demand for key natural resources is likely to remain subdued for the immediate future. When you add the looming Brexit deadline into the equation, we feel that the UK has more challenging times ahead than some of our global counterparts.

To this end we have made a decision to further reduce our exposure to the UK stock market and domestic economy in favour of a wider-based global investment mix.

Our chosen alternative global equity fund has the additional facet of investing exclusively in companies that operate with environmental and social responsibility at the heart of their business practices and principles, known colloquially as ESG (Ethical, Social and Governance) companies.

By redistributing assets across the wider global market, with the added diversification benefits of ESG factors, we aim to achieve a reduction in volatility while capturing our fair share of the returns available in regions that are less dependent upon industries and sectors most challenged by COVID.

One theme that we feel offers the potential for additional returns is adding a 5% focus on the spending habits of the increasingly enabled Emerging Markets consumer. Not only do we think this theme has long-term potential, but there is an added short-term incentive in that Asian consumers are beginning to feel the benefits of having ridden out a second wave of COVID earlier in the summer. The selection of this fund offers exposure to a part of the world that is marginally under-represented in our portfolios in a way that avoids some of the pitfalls of a broad-brush Emerging Markets holding, which you will be aware we exited recently.

Following a similar theme, we are also taking the opportunity to extinguish our holding in UK Smaller Companies, at least for the time being, in favour of global smaller companies' exposure. The UK small companies' sector faces similar challenges to the MSCI UK All Cap picture with the added complication of greater Real Estate exposure.

This development serves to extend our core themes of global diversification and sector variation which we believe will serve to 'spread our bets' during these challenging times and offer additional opportunities for capital growth in the medium term.

As ever, please let us know if you have any queries.

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