



360



from **AW Financial Management LLP**

December 2020

A very happy Christmas to all. It has been a very strange year during which we have not been able to see as much of our clients as we would like although it was great that many of you were able to meet us virtually since we were advised to socially distance!

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AWFM Update

Since our July newsletter, life at AWFM has been relatively uneventful as we have alternated between "all in" and "some in" at River House with regular daily video contact between team members when some of us have been working remotely. Although some of us have self-isolated at times as a precaution, we are fortunate so far to have had no cases of infection either of staff or their families and so in many senses it has been "business as usual".

One significant milestone worthy of celebration was Jon completing 10 years with AWFM. Having joined Martin as a trainee all those years ago, his dedication to the firm and progress to Partner within that time have made him a valuable asset to the business and to his clients.

Christmas hours: as is our usual practice, we will be closing the office from lunchtime on Christmas Eve and not returning until the New Year. If you wish to contact any of the Partners during this time, it may be better to email.

Watch This Space

Naturally, news has been dominated for most of this year by the pandemic and we are all heartened by the roll-out of highly effective vaccines which may enable us to begin returning to a more 'normal' existence.

Up until now, the Chancellor has been spending like no other before him in order to keep the wheels of UK industry turning and will need somehow to fund the hole in public finances. From a financial planning perspective, we know there is talk of changes to Capital Gains Tax on which the Chancellor commissioned a report from the Office of Tax Simplification. The prospect of the often-discussed (by financial planners) curtailment of Higher Rate Tax relief on pension contributions could also be a potential target.

A more radical concept which seems to be gaining traction is of a covid wealth tax. One study reported last week that a 5% tax on personal net assets (including pensions) exceeding £500,000 would raise around £262bn and impact around 8m UK residents. As soon as this or any other speculation starts to look like fiscal policy it will no doubt be at the forefront of our regular reviews with you but do let us know if, in the meantime, you want to start preparing for any of these possibilities.

Global Markets and Your Portfolio

In what has been a tumultuous year for investors, you have been hearing from us more often than usual with our market news and a summary of what it has meant for your investments. If, however, you had missed all of the communications since our December 2019 edition you might look at this table with its absence of any red ink and think "what global lockdown?"!

Once again, the benefits of diversification are vividly highlighted by comparing with the performance of our domestic market. The FTSE100, for example, remains around 6% lower than this time a year ago due to concerns (still) about Brexit and, until the positive vaccine news emerged, weighed down by its exposure to the sectors hit hardest by lockdown. The S&P500 which measures movement in shares of the largest US corporations has, by contrast, been setting new highs and is up by over 16% in 12 months. Having said this, the disparity has narrowed somewhat in the last quarter as the beaten up sectors have begun to recover a little of the ground lost to the tech and pharma heavy US market.

Description	AWFM Risk Model	Ethical		Unrestricted	
		3m	1yr	3m	1yr
Low Risk	1	2.69%	4.00%	3.55%	3.63%
Low to Medium Risk	2	6.08%	8.40%	6.74%	4.59%
Medium Risk	3	6.52%	11.40%	7.70%	7.44%
Medium to High Risk	4	7.51%	13.93%	8.82%	12.25%
High Risk	5	9.48%	24.19%	12.00%	26.56%

"For I know the plans I have for you," declares the Lord, "plans to prosper you and not to harm you, plans to give you hope and a future." - Jeremiah 29 v11

Christmas Cards & Charitable Donation

You might notice this year that our Christmas cards come with a printed greeting and are unsigned by the team. That's not because we're trying to save time—or ink— but in keeping with our aim of minimising any risk of covid being unwittingly transmitted by and to team members. The pre-printed cards not only convey the heartfelt wishes from the team but also mean that they only need to be handled and sealed by one team member.

The logo for Shelter, featuring the word "Shelter" in white text on a red rectangular background.

In selecting our cards, you will probably notice that we elected to support Shelter this year. As we know just by moving in and around the areas we live and work, homelessness continues to be an issue. It is looking likely that the problem will only get worse in the short term as the economic situation is expected to result in more redundancies — for example, when the Job Retention Scheme comes to an end and cuts have to be made to public services available to the disadvantaged in our society.

Bexley Winter Shelter

Closer to home, you may recall that we have previously donated to the Bexley Winter Shelter which for the last four winters has provided overnight accommodation, hot meals, help and support to the Borough's homeless during the months of January through to March. This year, as with so many other things, the Shelter is having to operate differently from those previous years as guidance from the authorities is precluding the use of dormitory style venues. Ideally, it requires a suitable single venue which would enable it (in this and in future years) to provide self-contained rooms for each guest which, for now, would also offer some protection against the risk of covid transmission.

That is unlikely to be achieved in time this year and so grant funding is being sought to offer bed and breakfast accommodation backed up by its volunteers cooking and delivering evening meals and providing other valuable support and guidance aimed at helping guests from the street to permanent accommodation.

If you would like to help the work of Bexley Winter Shelter in some way please visit their website (www.bexleywintershelter.org.uk) for ideas as to what form that could take or alternatively talk to Sean.



Carols on the Green at Hextable 20th December 4pm

At the start of 2020 Martin and his wife made the decision to move on from Trinity Baptist Church after 28 years. After a brief search for a church more closely located to their home, they decided to join St Peter's Church in Hextable. Covid has meant that their integration into the new Christian community at St Peter's has been tricky but they have been welcomed warmly by those they have had a chance to meet.

Martin was invited to join the PCC (Parochial Church Council—the management team for the local parish church) a few months ago and so has already sought to use his gifts to help to serve the church in its mission.

Inspiringly this year, the Church has had an outdoor Carol Service approved by the local authority using the large open village green at the centre of Hextable to allow socially distanced outdoor congregational carol singing! This really is likely to be hugely popular as so many folk have missed the ability to join together in sung worship but hopefully the green is large enough to cater for all. There is therefore an open invitation to join with us if this is something you would like to consider.



Celebrate Christmas With Trinity

With Jon and Sean and their families still very much a part of Trinity, not surprisingly this year, Christmas at Trinity Baptist Church (www.trinitybexleyheath.org.uk) in Bexleyheath will be a different experience. Numbers at physical Church services are having to be limited.

The Trinity Carol service on the 20th at 5pm and the Christmas Day service at 10.00am are due to be broadcast on Trinity's YouTube channel (www.youtube.com/channel/UC8vTabe_7Y0_2Ka7BtCdRUQ).

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