



360

from *AW Financial Management LLP*



Dec 2012

Welcome to our Christmas edition of 360. This is a slightly slimmed down version of our quarterly newsletter which has been designed to accompany our Christmas greetings to you.

AWFM news

By now, many of you will have heard that Gary has left the business essentially having retired from financial services to pursue areas of potential ministry within the Church. We will remain in contact with him and we hope to update you with his news over time.

Martin has therefore taken over responsibility for all of the clients of the firm. As Gary has left, Jon French has achieved his Diploma in Regulated Financial Planning which is the minimum requirement for a Financial Adviser as from 1st January 2013. As Martin delivers the advice to clients, Jon will continue to provide Martin with invaluable assistance and support. In due course, Jon will provide individual advice to clients but not until we have sought regulatory approval for him.

Nicola continues to provide excellent support to the team which has recently been added to still further. Martin's eldest son, Edward has just joined the firm as our office junior.

Clearly, it is all change here at AWFM but we are confident that we will be able to continue and further enhance our services and effectiveness as we take the business forward, ever mindful of ensuring that our clients are our number one priority at all times.

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Global Markets and your portfolio

At the time of writing early in December, Equity markets have again produced excellent returns. As soon as the ink is dry on this copy of course, everything could change but it is incredible to note that the FTSE100 index is looking like breaching the 5,900 barrier. As a brief reminder 2 months ago the FTSE100 stood 5,505. If it holds therefore, the index will have risen by about 7% and of course there would have been the dividends payable from the underlying holdings.

As with our previous newsletters, for the table below, we have included all 5 of our risk based portfolios on both the shortest term and longest term basis to give you an indication of the sorts of returns that you might expect to have received. These portfolios provide a good indication of the levels of return each investor will have received over these terms. The figures quoted are "total return" accounting for changes in capital values and the reinvestment of income.

So it's been another really good 12 months as far as investments are concerned, which of course is in stark contrast to the economic uncertainties that continue to plague us. Markets do in theory predict future economic conditions.

Fixed Interest funds (Corporate Bonds and Gilts) have also continued to do well and this in part explains why some of the lower risk funds have in some cases performed better than some higher risk funds. The Sterling Corporate

Bond sector increased by 14.17% over the last 12 months whereas the UK All Companies (Equity) sector went up by 15.53%. Asian and Global Emerging Markets funds by contrast only increased by around 10% over the same period.

Description	NEW AWFM risk model	3 to 5 year Portfolio (shortest term)		21 year + Portfolio (longest term)	
		3 months	1 year	3 months	1 year
Cautious risk	1	0.51%	2.67%	1.01%	8.26%
Cautious to moderate risk	2	0.64%	4.51%	2.56%	13.05%
Moderate risk	3	1.43%	6.55%	3.59%	14.48%
Moderate to adventurous risk	4	2.35%	8.87%	4.01%	11.56%
Adventurous risk	5	4.28%	15.01%	4.28%	13.65%

For unto us a child is born, unto us a son is given; and the government shall be upon his shoulder, and His name shall be called Wonderful Counsellor, Mighty God, Everlasting Father, Prince of Peace. *Isaiah Ch9 v6*

In the News

There have been some interesting press reports recently, which I felt it was worth mentioning:

Retail Distribution Review

As highlighted in our last newsletter new rules come into effect on 1st January 2013 banning commission from being "bundled up" in a product sale. This applies to new products. Whilst we remain supportive of the move away from commission and towards fees (a process we undertook many years ago) there are always unintended consequences. One example is that most providers are writing to their policy-holders "explaining" the changes. Inevitably this can mean relatively long and complicated letters from the product providers. If you receive such a letter and require a slightly more simple account of the changes, do look at our web-site or call us.

Pension Tax Relief to be restricted?

It is now generally thought that the amount that can be invested into a pension each year by any individual may be reduced as part of the continued austerity measures. The maximum at the moment is £50,000 per annum but this may be reduced to £40,000 or even £30,000. We will have to wait and see.

House Prices falling?

According to Nationwide Building Society house prices are 1.2% lower than this time last year although regions do differ. In the South East, property prices appear to have risen. Nationwide believe that prices will fall in 2013 with the main contributor being a downward pressure on wages and potential increases in unemployment levels. Only those with the largest deposits will attract the best mortgage rates, producing ever more reliance on "the bank of mum and dad".

Gender bias removal

In just a few weeks time now, it will be illegal to use a persons gender as a factor for insurance and pensions. Some are clearly going to gain. Young male drivers for example should gain from this, whereas young female drivers may experience and increase in their premiums. In relation to Pensions, men are likely to receive a lower annuity (could it get much worse?) whereas women who statistically live longer will potentially gain from an increase in annuity rates. Annuity rates are of course fixed at outset and can never be re-negotiated (unless it is only a rare temporary annuity) whereas other types of insurance are annually renewable and therefore at some point, the new rates will have to apply.



**CHRISTMAS EVENTS AT
TRINITY BAPTIST CHURCH**

Christmas Shopping Event
Noon Saturday 1st December

Children's Nativity Service
10.30 am Sunday 23rd December

Carols by Candlelight
5 pm Sunday 23rd December

Christmas Day Family Service
10 am Tuesday 25th December

We would love to see you at any of these events.

Trinity Baptist Church, Broadway, Bexleyheath, DA6 7AY
www.trinitybexleyheath.org.uk

Christmas ...

All of us here at AWFM would like to take the opportunity of wishing you a very merry Christmas and a happy New Year. As in previous years, we will be closing the office between Christmas and New Year.

In case you are not associated with any Church and are wanting to attend any Christmas services Gary is part of St Johns South Hornchurch. St Johns' web-site is www.stjohnsparishchurch.org

Martin's Church is Trinity Baptist Church and the Christmas services are set out below (noting that the first event has now passed).

Be blessed this Christmas time.

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Charity support

Each year at Christmas, we aim to support a Charity with a donation rather than use "Charity" Christmas cards where such a small proportion of the price of the cards goes to charity. This year I have decided to support CRIBS which is a Charity of which I am a trustee. Right now, CRIBS is taking it's wonderfully creative Christmas play into 60 local primary schools.



We have made a donation of £250 to CRIBS to help them with their running costs.

If you wanted to join us in giving to CRIBS, the easiest way is to use their JustGiving page which is:

www.justgiving.com/cribs-christmas or you can view their main site www.cribsonline.org