



# 360

from *AW Financial Management LLP*



Dec 2013

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

## AWFM news

Yes, Christmas greetings to you. 2013 has been a very good year for investment returns and it has consequently been a good year for us at AWFM too. We've worked hard this year and it is very pleasing to see the fruits of the hard-work. We have taken on quite a few new clients again this year—special greetings to you.

It has been especially good this year to have met many of Gary's clients and to take over from where Gary left off. We have remained in contact with Gary and we are pleased to say he is doing well with his studies.

Jon continues his excellent progress within the firm and has managed to secure a few clients of his own. Edward has now completed his first year and Nicola continues to provide invaluable support. Andrea still comes in on a Tuesday to do the book-keeping and finances.

Jon and Helen are looking forward to their first Christmas as parents and David (now 9 months old) will no doubt be thoroughly spoilt.

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## Global Markets and your portfolio

As can be seen from the table below, the longer term investment returns have been excellent over the last year. Developed countries' Equity markets produced better returns on the whole than Emerging and Asian Markets, hence the better performance with the Moderate risk (strategy 3) and shorter term Adventurous risk (strategy 5) approaches than the higher risk strategies over the longer terms (these models have up to 20% in Emerging Markets). The shorter investment term models inevitably take less risk and have therefore shown a more ordered set of returns. If you were willing to take a moderate risk with your investments therefore, you probably achieved a higher return than if you had chosen a higher risk approach over the last 12 months.

The various performance figures in this table provide a good indication of the levels of return each investor will have received over these terms, dependent on the risk they have taken. The figures quoted are "total return" accounting for changes in capital values and the reinvestment of income.

The FTSE 100 at the time of writing is at around the 6,550 level which is still some way off the previous all-time high of 6,900 back in 1999. I am more convinced

than ever that we are likely to see increased volatility ahead. Just as Asia and the Emerging Markets were hit hardest by the announcement in May that the US Federal Reserve was going to start to taper its money printing programme (QE), there is more volatility expected on the back of future announcements and actions.

The longer term investor needs to take a long term view of course. Fixed Interest investors may find the road ahead challenging too, as QE is slowly withdrawn and the chances of interest rates increasing begins to look more and more likely.

Description	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	0.42%	3.45%	1.56%	6.88%
Cautious to moderate risk	2	0.65%	5.31%	1.97%	13.05%
Moderate risk	3	1.14%	8.63%	3.26%	19.89%
Moderate to adventurous risk	4	1.91%	13.40%	2.59%	18.68%
Adventurous risk	5	3.18%	22.46%	2.81%	17.11%

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

## In the News

Following the Chancellor's Autumn statement there were some interesting headlines, whether we agree with them or not (some are far less controversial than others of course):

- Road Vehicle Tax discs are being phased out.
- Fuel duty increases were cancelled (saving perhaps 2 pence per litre of increased costs).
- £1,000 of the tax free personal allowance can be transferred from one spouse to another (as long as neither is a higher rate tax payer and one is earning less than the personal allowance).
- The personal allowance will rise from £9,440 in this tax year to £10,000 from April 2014, saving basic rate tax payers £112 of tax in the 2014/15 tax year.
- The threshold at which 40% tax starts will be changed to £41,865 (seemingly an ever narrowing 20% band).
- The ISA subscription limit in 2014/15 is increasing to £11,880.
- State Pensions will rise in April 2014 by 2.7%.
- The annual pension contribution allowance reduces from £50,000 pa to £40,000 pa from April 2014.
- The pension Lifetime Allowance also reduces to £1.25m in April 2014.

One thing is for sure, it's never boring in the world of financial advice!

## Christmas ...

If you are in the area and would like to come along to a Christmas service, Jon and I would be delighted to see you. In fact as a special treat Jon has cobbled together at short notice a Choir to lead the congregation at our Church's Carols by Candlelight service on the 22nd December. And what's even more astonishing is that he's asked me to be in the Choir!

So if you are looking to attend a Christmas service and have no usual place of worship, we would be delighted to see you. If you are coming do a) let us know so that we can look out for you and b) arrive at least 10 minutes before the start of the service. There's plenty of room but the Church does fill up fast!

Most of us will be taking time off between Christmas and New year but Jon and I will probably be checking our emails.

Be blessed this Christmas time. Martin, Jon & the team.

## 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 we have decided to support Sevenoaks Christian Counselling Service which is an organisation which does superb work on a fairly tight budget. In these difficult economic conditions, with redundancies still prevalent and the financial strain on relationships is ever-present, it seems entirely appropriate to support an organisation which is seeking to help individuals, whether Christian or not, to be able to deal with their difficulties and challenges.

We have therefore made a donation of £250 to Sevenoaks Christian Counselling Service to help them with their running costs.

Sevenoaks Christian Counselling Service can be found at:

[www.sevenoakscounselling.org.uk](http://www.sevenoakscounselling.org.uk)

A festive poster for Trinity Baptist Church Christmas events. The background is red with a glowing Christmas tree on the right side, decorated with lights and ornaments. The text is white and yellow. The events listed are:

- Advent for Women**  
7.30 - 9.30 pm Wednesday 4th December
- Christmas Shopping Event in Aid of AZAR**  
Noon - 4.30pm Saturday 7th December
- Police Community Carol Service**  
7.30 pm Monday 9th December
- Children's Nativity Service**  
10.30 am Sunday 22nd December
- Carols by Candlelight**  
5.00 pm Sunday 22nd December
- Christmas Day Family Service**  
10.00 am Wednesday 25th December

At the bottom, it says "We would love to see you at any of these events." and provides contact information: "Trinity Baptist Church, Broadway, Bexleyheath, DA6 7AY", "www.trinitybexleyheath.org.uk", and "www.facebook.com/trinitybexleyheath".

### Contact us:

tel: 0845 60 10 718  
[www.awfm.co.uk](http://www.awfm.co.uk)

**Partner:**  
[martin@awfm.co.uk](mailto:martin@awfm.co.uk)

**Associate Partner:**  
[jon@awfm.co.uk](mailto:jon@awfm.co.uk)

**Administrators:**  
[nicola@awfm.co.uk](mailto:nicola@awfm.co.uk)  
[edward@awfm.co.uk](mailto:edward@awfm.co.uk)

**PO Box 87**  
**Crockenhill**  
**Kent BR8 9AP**