



Cornwall Finance & Investment Services Ltd.

Independent Financial Advisers

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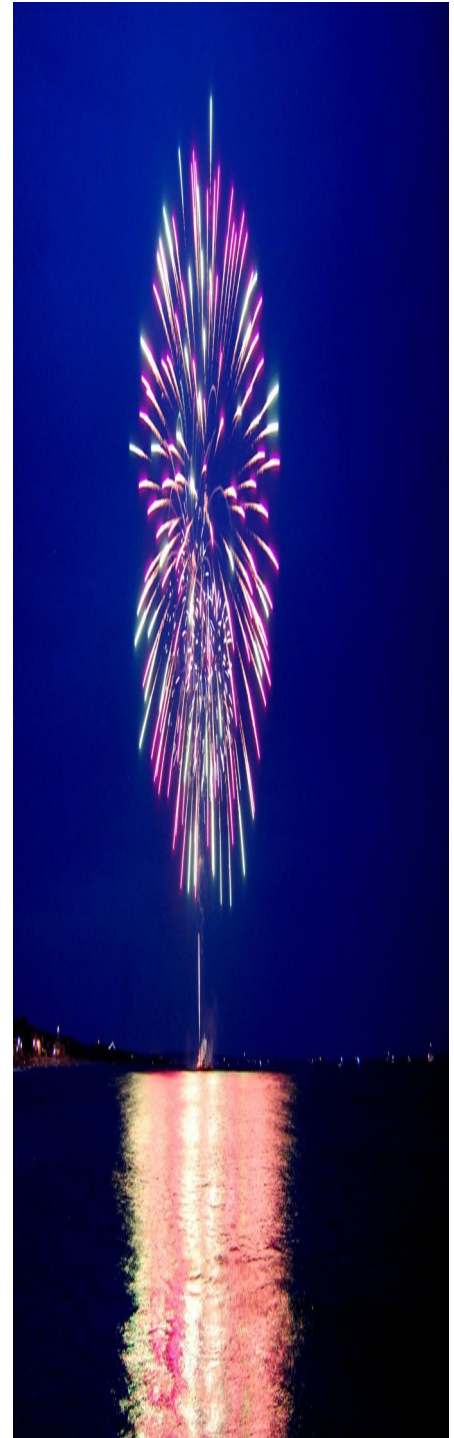
## **New Investment** **Horizons**

**Dear One and All,**

We present the latest edition of our newsletter. In this edition we will:-

- Give an overview of the principle Asset Classes which form part of our clients' investments.
- Offer our opinions on the World economy, opportunities and threats to our clients' investments over the coming months.
- Provide an overview from our perspective, of the current state of the BREXIT negotiations and impacts on portfolios.
- Review our new Cash Deposit Service.
- Offer our views on the mortgage and property markets.
- Summarize the main Tax Allowances available to you in the New Tax Year.

Please continue to rate our service. We are rated as Excellent on [www.vouchedfor.co.uk](http://www.vouchedfor.co.uk) the "Trip Adviser" for Financial Professionals.



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



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## World Asset Allocation Review Sector Returns



**UK CASH** - Our least favoured asset class, at current rates of interest Cash deposits even in an ISA is guaranteed to lose you money in real terms against inflation. **We can now obtain best rates for our clients through Octopus Cash, please contact us for details.**



**UK FIXED INTEREST** - For those who wish safer returns UK Government Gilts are seen as the logical choice, however we believe more is to be gained in UK Sovereign and Corporate Bond funds at present. **Last 5 Year CF&IS Recommended fund returned 46.3 %**



**INTERNATIONAL FIXED INTEREST** - Government Bonds, Corporate Bonds to Emerging Market Bonds this asset class allows higher than cash potential returns without all of the volatility of Equity markets **Last 5 Year CF&IS Recommended fund returned 39.30%**



**UK Equities** - In 2018 UK economic growth is expected to slow to under 2%, compared to World growth of 3.8%. We are therefore reducing our asset allocation somewhat. **Last 5 Year CF&IS Recommended fund returned 78.90%**



**USA** - The US economy is booming, “becoming great” and although most of the good news is priced into the stock markets, in the USA there is likely to be more dividend gains this year. **Last 5 Year CF&IS Recommended fund returned 93.20%**



**ASIAN Equities** - China’s government seem to be intent on reforming their economy and strengthening regulation. The Chinese economy is set to grow by 6.50% boosting company profits. If your goal is long term capital growth, inclusion of this sector is essential. **Last 5 Year CF&IS Recommended fund returned 63.30%**



**EUROPE** - Europe was one of the best performing asset class in 2017 and we expect strong growth in 2018. The effects of BREXIT in 2020 onwards remains a lingering question over this sector. **Last 5 Year CF&IS Recommended fund returned 91.10%**



**JAPAN** - Greater corporate governance is helping Japanese company shares, but after a long rally we are cautious of further gains for this year. **Last 5 Year CF&IS Recommended fund returned 68.40%**



**GLOBAL EMERGING MARKETS (GEM)** - 80% of the World’s population live in these economically emerging countries. Those who seek investment for long term growth, inclusion of this sector is essential. **Last 5 Year CF&IS Recommended fund returned 58.00%**



**COMMODITIES** - The Worldwide economic activity will expand by around 8% over the next 2 years. Demand for materials will positively impact on prices and share values of commodity companies. **No specific funds recommended**



**COMMERCIAL PROPERTY FUNDS** - To reduce the risk from BREXIT and to aid diversity we now typically recommend funds that invest in properties across the World not just the UK. **Last 5 Year CF&IS Recommended fund returned 47.60%**



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### Recommended Funds from previous page

Royal London High Yield,

BNY Mellon Emerging Market Bond

AXA Framlington UK Smaller Companies

Stewart Investors Asia Pacific

JPM Emerging Markets

Aberdeen Property Share

Threadneedle American Select Growth

Jupiter European

### BREXIT Where We Are?

We are often asked at client meetings, “So what’s going to happen about BREXIT?” The truth is we don’t know and we strongly suspect that at this time, nobody knows how the BREXIT negotiations will pan out, not the financial markets, the EU and most of all our UK Government. This uncertainty is causing a head wind to UK economic growth and effecting asset prices. However the investment conditions in the UK remain very benign and as professional advisers we have to deal with what the situation is today and our clients with UK Equity exposure continue to do very well. In the negotiations we take some comfort in the knowledge there are people of good will on both sides committed to do a deal and comments like these “There is room for manoeuvre. The EU has always said it wants the best possible relationship with the UK” —

Lotta Nymann-Lindegren, diplomat.

This may be all warm and fuzzy but it is of little help when recommending investments to our clients. However for those of you who are greatly concerned about the future we have an answer. **I am a UK Investor get me out of here!** We have recently started recommending **Aviva Investors Multi Asset Funds** as a way of limiting the exposure of our clients portfolios to what may be a very volatile UK stock Market. The reason for this is AVIVA’s lack of exposure to the UK, which ranges from 4% to only 7%, most similar model portfolios have between 20% to 40% in the UK Stock Market. So if you are worried about the future of your investments in the post BREXIT World, fear not we have a solution for you. Please contact us to arrange your free fund switch form. Nearly all fund switches are free from providers. For Discretionary Portfolio Fund clients’, we meet regularly with your Managers and they stand ready act to preserve capital if deemed necessary.

We will naturally keep you posted on developments as and when they are known and how they will impact on your Financial Planning.



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# The Solution For Your Cash

We all need to hold cash long term to handle emergencies. However against inflation with the current low levels of interest you are guaranteed to loose money on your cash savings. Currently the rates offered by the “high street” banks for cash is miserable. Barclays by way of example offers 1-Year Fixed-rate Bond of just 0.70%, hardly any return for locking your capital up for a year! We recommend a new service Octopus Cash, not a bank but Octopus help you find some of the best savings rates around. Say goodbye to switching, Octopus Cash will automatically offer you our best available rate at the end of your term. All Octopus partner banks are fully regulated and are covered by the FSCS up to £485,000.00. **Octopus Cash 12 month fixed rate 1.860%, 35 Day Notice Account 1.210%. In order to take advantage of this please contact us for an application form.**

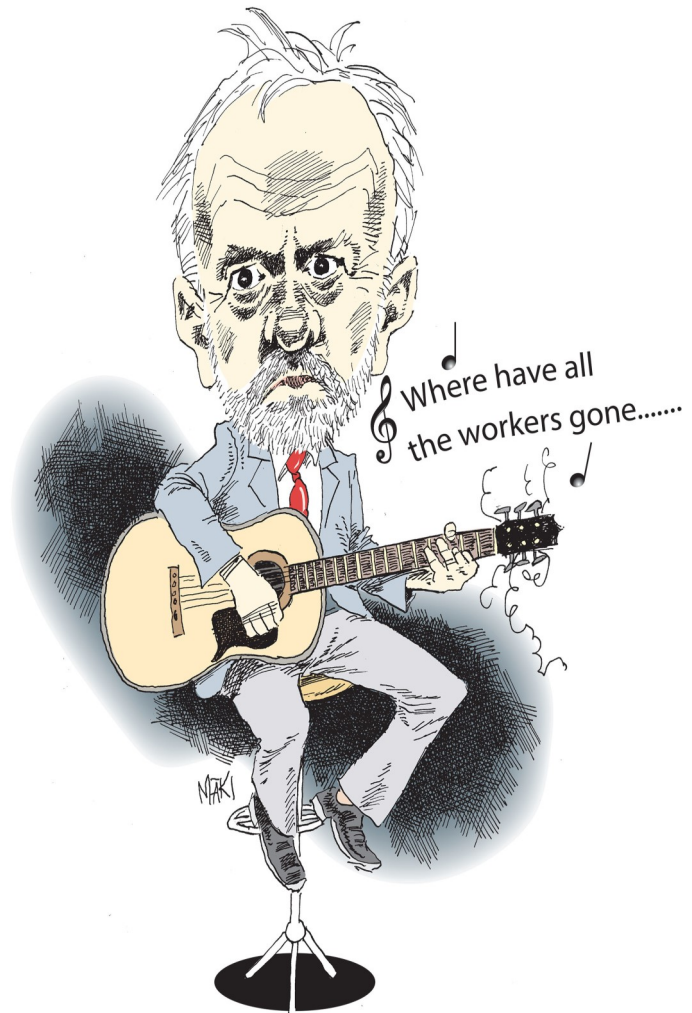
## The Rise of Labour

The UK's super-rich are more scared of Labour than Brexit. London's ultra-wealthy are moving assets out of the UK and some are preparing to leave as concerns over a leftwing Labour government led by Jeremy Corbyn. (source Financial Times)

Many of us would say good riddance to them; and it is time there was a rebalancing away towards the needs of the many not the few.

Others would say that the election of a radical 1970's style socialist government is very unlikely.

But there is the possibility that should there be a rejection of the government's Checkers plan for BREXIT a vote of no confidence could mean a General Election. Given the recent election shocks (BREXIT, Trump) and with the high popularity of Mr Corbyn amongst the young, (who did not experience the 1970s) anything is possible! **Tax Planning anyone?**



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# Your NEW 2019/2020 Tax Allowances

Hot from the presses here are latest rates and allowances coming into effect next year.

## Income Tax

Utilize your Tax Free income through your Personal Allowance £12,500.00. If you can pay yourself in Dividends £2,000.00 is tax free. All Dividends above this level will be taxed at 7.5%. The Higher Rate Threshold will increase from £46,350 to £50,000 Pension Tax Relief

Obtain tax relief on pension contributions of up to £32,000.00 (£40,000.00 gross). Carry forward tax relief from previous years. The maximum single pension contribution 2018/19 including carry forward (2015/16/17) is £160,000.00 (£32,000.00 tax relief).

Capital Gains Tax Utilize your Tax Free Gains up to your annual Exempt amount of £12,000.00. Inheritance Tax Married couples utilize your Combined Threshold of £650,000.00 (Husband and Wife £325,000.00 Nil Rate Band each) New £125,000.00 Property additional allowance now in force

Individual Savings Accounts Unchanged invest up to £20,000.00 into ISAs.

Venture Capital Trust (VCT) & Enterprise Investment Scheme VCT Income Tax relief is 30% on a maximum investment of £200,000.00 per tax year. EIS Tax relief of 30% can be claimed on investments up to £1,000,000.



"I'm on the inflation diet. Every week I spend the same amount of money and come home with less food!"



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## Mortgage & Property News

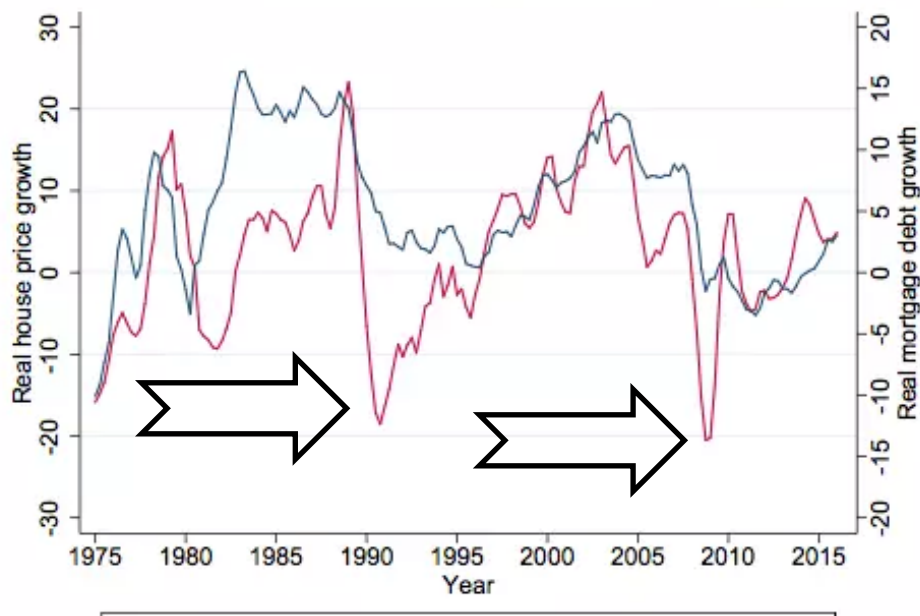
Existing client? Don't forget our Prime and Executive Choice clients are entitled to a friends and family FREE Mortgage review and report, usual cost £387.00. Contact us to see if we can save them some money on their lending!

We offer to all clients free quotes for a variety of General Insurances through the award winning specialist Broker 'Uinsure'.

Lowest 2 year fixed residential rate @ 75% loan-to-value	Lowest 2 year fixed buy-to-let rate @ 75% loan-to-value	Lowest 5 year fixed residential rate @ 75% loan-to-value	Lowest 5 year fixed buy-to-let rate @ 75% loan-to-value
1.44%	1.69%	1.90%	2.44%

With a rise in interest rates looming, is now the time to 'fix' your mortgage rate whilst rates are rock bottom?

By James Williamson—Mortgage adviser



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# Wall of Numbers



**£40,000.00** how much better off

those who receive financial advice are on average, than  
their unadvised peers over a lifetime.

**19 days**

The average  
length of time  
the average  
Briton can live  
on their savings

**£229.16** the estimated

monthly income an average size UK  
pension pot can give in retirement.

**8.5M**

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

**2.9M** Number of  
UK Tenants in rent  
arrears.

**83** Life Expectancy

of Males and Females  
converge for the first  
time

**£3 billion**

The expected Gov-  
ernment spending  
on BREXIT

**£300,000**

The pension fund needed  
to provide the average UK  
income in retirement.

**73.20%**

The average 5 year  
return on our  
recommended funds  
listed on page 3

**£23.61** The average cost  
per day of raising a child to age 18.



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### **Best Value for Your Money**

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%.

Cornwall Finance & Investment Services maximum annual management charge is 0.50%.



**Yes to great service, yes to great value!**

### **Cornwall Finance & Investment Services:**

#### **Our Ongoing Service Packages at a Glance:~**

##### **Prime Service**

The minimum annual fee for this service is 0.50% or £2,500.00

##### **Executive Service**

The minimum annual fee for this service is 0.50% or £587.00.

##### **Advanced Choice**

The minimum annual fee for this service is 0.50% or £387.00.

##### **Entry Level**

A “one-off” service, no annual fee.

**We hope you have a good end to 2018 and we look forward to speaking with you all soon.**

**Best Regards, Mark, James, Dawn ~ the Team at  
Cornwall Finance & Investment Services Ltd.  
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