LOWES

Est. 1971

Issue 106

Chartered Financial Planners

"Kindness is the language which the deaf can hear and the blind can see."
Mark Twain

Two new additions to our Consultancy team

WE ARE DELIGHTED TO ANNOUNCE THE APPOINTMENT of two new Consultants.

Barry O'Sullivan and Don Gardner were Lowes employees – Barry joined Lowes more than 10 years ago, working within the pensions department – while Don joined Lowes in the compliance department in 2014.

They will both bring with them the personal ethos and ethics which are instilled within the company.

We respect your right to privacy

FROM 25TH MAY, GENERAL DATA Protection Regulations (GDPR), a new EU regulation designed to update the existing Data Protection Directive, comes into force.

Enacted in 1995, the existing directive was established before the days of widespread internet use, which fundamentally changed the way we create, use, share, and store information. Alongside the aim of updating data protection, GDPR aims to create a unified approach to data privacy and security. As a result, we have published our new privacy notice which will come into effect on 25th May to make it easier for you to find out how we use and protect your information which you can access at **Lowes.co.uk/privacy**.

We won't be changing the ways we use your personal information and will continue to not pass on your details to any third parties. We always aim to ensure that our marketing communications are relevant to you and If you would like to update your preference you can do so on our website: **Lowes.co.uk/preferences**.

Lowes backs Oscar Winner The Silent Child

DID YOU SEE THE SILENT CHILD FILM ON BBC OVER THE Easter weekend?

The short film about a 4-year-old deaf child who lives in a world of silence until a caring social worker teaches her to use sign language to communicate, won the Best Live Action Short film at this year's Oscars – and another 20 other accolades. We are very proud to say that Lowes contributed to the making of the film and Ian Lowes is credited as Executive Producer! The film is intended to raise awareness for the case of the 78% of deaf children who attend mainstream schools with no specialist support. With the right support a deaf child can do exactly the same as a hearing child and it is hoped that the film will be a tipping point for change. If you get the opportunity to see the film it is well worth 20 minutes of your time.

Follow us for company updates

Lowes Financial Management

@LowesFinancial

Lowes Financial Management

Make your money work Best bank & building society accounts

Type	Amount	Provider	Account	Gross Rate	Contact
Unrestricted instant access accounts					
Online[1]	£1+	Ford Money	Flexible Saver	1.22%	www.fordmoney.co.uk
Accounts with first year bonus					
Online	£100+	Tesco	Internet Saver	1.25%[2]	www.tescobank.com
Fixed rate bonds					
Online[3]	£50+	Atom Bank	1 Year Fixed Rate Saver	1.80%	www.atombank.co.uk
Online	£1,000+	OakNorth Bank	1 Year Personal Fixed Term Deposit Account	1.80%	www.oaknorth.com
	£1,000+	OakNorth Bank	2 Year Personal Fixed Term Deposit Account	2.09%	www.oaknorth.com
Online[4]	£1,000+	Vanquis Bank	3 Year Fixed Rate Bond	2.30%	www.vanquissavings.co.uk

Notes
[1] This account can be opened online or by telephone, but it can only be managed online.
[2] Includes fixed bonus of 0.70% for the first 12 months.
[3] Online via the Atom App.
[4] Must be set up online. Once running, instructions can also be given by post, telephone and secure message.

Measures of inflation - The average change in prices of goods and services over a 12 month period to March 2018

Retail Prices Index (RPI) 3.3%	Consumer Prices Index (CPI) 2.5%

Sources: Providers' websites, Office for National Statistics, www.thisismoney.co.uk, www.moneysupermarket.com, www.moneyfacts.co.uk, 12/04/2018. All accounts subject to terms and conditions.

This magazine is not personal advice. If you are unsure as to the suitability of any intended course of action, please contact your usual Lowes Consultant or our office on **0191 281 8811**.

Three pieces of good tax news

1. From 6 April the personal tax allowance has risen to £11,850, which, according to the Chancellor of the Exchequer, means the basic rate tax payer will be £1,075 a year better off than when the Conservatives came into power in 2010.
2. The Capital Gains Tax (CGT) allowance has increased from £11,300 to £11,700 a year. Bear in mind that if you are drawing income in retirement at a rate that will push you into the higher rate tax bracket, a potential option might be to release some capital to make use of the CGT allowance. This could provide you with £11,700 tax free to use as income or to reduce your higher rate bill, depending on individual circumstances.
3. The Residence Nil Rate Band has increased from £100,000 to £125,000, meaning couples can potentially leave assets up to £900,000 to future generations free of IHT.

Free Tax Table

Included within Issue 106 is your complimentary copy of our tax tables for the 2018/2019 tax year. Further copies are available upon request if you would like to pass the information on to family, friends or colleagues. For additional copies please call us on **0191 281 8811** or email **enquiry@Lowes.co.uk**

Sudoku

This issue's Sudoku puzzle will hopefully test you. Remember, to complete the puzzle you will need to fill the grid so that each row, column and 3x3 block contains the numbers 1 to 9.

The solution can be found on page 11.

7	5							
	6	2				5	3	
								9
			1		8		9	2
				7			8	
				3	5			6
5		8						
6	9						1	
	1	3	2					8

Source: www.printmysudoku.com

COMMENT

The robots are coming

RECENTLY I'VE BEEN SEEING THE MEDIA TALK INCREASINGLY about how advances in robotics are going to be impacting our daily lives. Often there is a fear factor in these stories, with predictions of job losses and a Brave New World to which we will all have to adapt.

Change is inevitable and always will be. Children today may only ever see a traditional typewriter in a museum. Until then, few might appreciate the mechanics that dictated the layout of the Qwerty keyboard still used today. The architect of the qwerty layout, Christopher Sholes, couldn't possibly have imagined his design would still be used almost 150 years later in today's PCs, laptops, tablets and mobile phones. However, the improvements in advanced predictive text and speech recognition software could make the qwerty keyboard, a quirky relic for future generations.

What is increasingly noticeable to anyone keeping abreast of developments, is the pace of change that is occurring. It's not just about the impact of robotics, ongoing progress in automation as well as artificial intelligence (AI) are driving rapid transformation amongst companies in nearly every industry.

Amazon's use of technology is a prime example of how the world around us is changing. In Amazon's warehouse robots now pick the goods for orders, it uses Big Data to observe what we search for and what we buy and not only flags to us what others buying those products also purchased but makes suggestions around our buying history and habits. In the home, Amazon's virtual assistant Alexa can now sync with Microsoft Outlook and Google to help families plan and manage their lives, heating and lighting.

Another change happening now, which, once a little more advanced, many of us might not notice unless it's highlighted, is the use of conversational AI 'chatbots' to offer human-like help with customer service. In business, virtual assistants are able to schedule meetings and make calls – without the recipient knowing they are dealing with a 'bot'. Some estimates suggest that by 2020 around 85% of customer interactions will be managed in some way by AI.

Automation, robotics and AI technology are becoming a massive force in the commercial world, enabling increasing numbers of companies not only to reduce their costs but also significantly improve productivity. They are engendering transformation and, in many cases, disruption, allowing new entrants and ideas to permeate industries. No wonder that companies around the globe are changing their strategies to accommodate them.

This technology is also a huge opportunity for investors. It is no coincidence that at a time of market volatility such as we are in now, the Lowes Changing World Portfolio, of which robotics and AI are just a small part, has been delivering positive performance.

The theme of change is one we believe will become ever stronger and we will be constantly researching the market and keeping an eye on the opportunities opening up to investors now and in the years ahead.

Of course, we are not ignorant of the threat that such change represents to a business like ours. We do, of course, keep a close eye on new innovations, not least with a view to identifying ways in which we can improve the service we offer to our clients. We know that there are some people who would rather interact with a computer only but Lowes' advised clients can be assured that, for as long as we operate under the motto 'Where personal finances are cared for personally' there will be Lowes people, not robots, looking after your affairs.

Ian H Lowes,
Managing Director

If you would like to receive further information on any of the subjects featured in this issue please call: **0191 281 8811**, fax: **0191 281 8365**, e-mail: **client@Lowes.co.uk**, or write to us at: **Freepost LOWES FINANCIAL MANAGEMENT**. Lowes® Financial Management Limited.

Pension freedoms three-year anniversary

THE REVOLUTIONARY PENSION FREEDOMS HAVE BEEN in force for three years now. First announced by the then Chancellor of the Exchequer, George Osborne, they caught the pensions industry off guard as none of the changes had been previewed before the speech.

Announcing that "no-one will have to buy annuity" but would have more freedom in how they spent their retirement wealth, the immediate impact of the Chancellor's speech was to significantly reduce sales of annuities, and since then the market has never really recovered.

There were concerns that enabling earlier access to their pensions wealth would lead people to make impulsive decisions to purchase luxuries, which could have a profound impact on their future retirement income. Figures recently released by HMRC show that from April 2015 to January 2018, £16 billion had been withdrawn – £6.5 billion being withdrawn in 2017. While there is no hard evidence of exactly where people are spending the money, it would appear that people are not using the freedoms to take out their entire pensions nest egg – the average withdrawal now is £7,596, down from £9,630 last year.

Certainly, we would hope people are making sensible withdrawals. It is important that people think ahead and make sure they are retaining the pension(s) required to maintain and sustain the income they need over their entire retirement period. As such, they should only be withdrawing money from small pension pots that sit outside of that need.

> *From our perspective, as Independent Financial Advisers, the introduction of pension freedoms particularly benefited pension holders; firstly, in the ability to choose what they did with their pension wealth.*

Prior to the Freedoms, most people moved their pension pot into an annuity at retirement, although it wasn't mandatory as George Osborne suggested. Over the past three years, more people have chosen to go into what's called flexi-access drawdown, where their money stays invested, and they draw down the income they need for as long as the funds last. The freedoms also enable people to draw down as little or as much as they want – while previously this had been either fixed via an annuity or restricted by Government Actuarial Department (GAD) rates. Managing the funds is crucial in order to maintain and ensure they can last as long as they are needed.

Secondly was the change to pension death benefits, allowing any money left in a person's pension to be bequeathed to family or any chosen beneficiary, free of inheritance tax and also of income tax if the person dies before age 75. If they die after 75, the beneficiary pays income tax at their marginal rate of tax on withdrawals from the pension. There is a two-year window for death benefits to be 'designated', after which the tax situation can alter.

IHT planning and managing withdrawal of funds to maximise tax efficiency, is where Independent Financial Advice can save families' wealth to pass down the generations.

Lowes Consultant Scott Beattie says:

Are annuities a thing of the past? The answer to this question is 'far from it'. While annuity sales are a fraction of what they were prior to March 2014, figures have been rising again. Legal & General recently reported a 78% boost in individual annuity sales in 2017, the highest volume it has seen since 2014, selling £671m worth of annuities last year.

For those who want the security of guaranteed income, an annuity can still be the best option.

We have also seen changes to annuities terms and conditions, from decreasing payments, to greater flexibilities around death benefits, allowing for income payments to beneficiaries and lump sum payments within established guaranteed payment periods, and tax-free payments pre age 75.

Some retirees are now splitting their retirement pot between annuities, for the guaranteed income an annuity provides, using that to meet regular living costs for example, set alongside an investment portfolio held in drawdown, which allows the option to keep their retirement pot growing via the investments and drawing down from that to top up their income as and when needed, depending on their individual circumstances.

Will your gender impact your pension savings?

THERE HAS BEEN A LOT OF TALK LATELY AROUND parity between the sexes, focussing in particular on areas like employment terms and the gender pay gap. One of the areas that doesn't get as much coverage in the media is in respect of pensions and retirement saving.

The fact is that in our society many women have lower pension savings than their male peers because of lower earnings, in addition to any career breaks to raise family, returning to work in part time or lower paid roles.

> *While auto enrolment into workplace pension schemes may help this situation over time, many women could find their income in retirement is less, or not as secure, as they need, unless they take remedial action now.*

Some key ways to address this include: Making pension contributions, even if currently a non tax-payer (you can pay in up to £3,600 per year) or if self-employed; where employed, voluntarily joining the employer pension scheme; checking state pension contributions are up-to-date and when credits should be applied.

For situations where someone has had more than one job, they may have contributed to more than one pension. It is recommended to make an assessment of all pensions and their benefits, as this can be a useful exercise, including whether it will be beneficial to consolidate the pensions into a more cost-efficient pension plan.

Time to overhaul the ISA range?

THERE USED TO BE A TIME WHEN THERE WERE A couple of Individual Savings Accounts (ISAs) that were simple, tax efficient vehicles and widely understood by the general public. Now, there is an ISA for almost every day of the week, making it harder for savers and investors to know which is best for them. Also, not every provider offers the whole range of ISAs, increasing confusion for the public.

> *It should come as no surprise, therefore, that a group of MPs wants to radically shake up the ISA market, introducing a new, simple 'Everything ISA', to reduce the confusion of the plethora of ISAs currently available.*

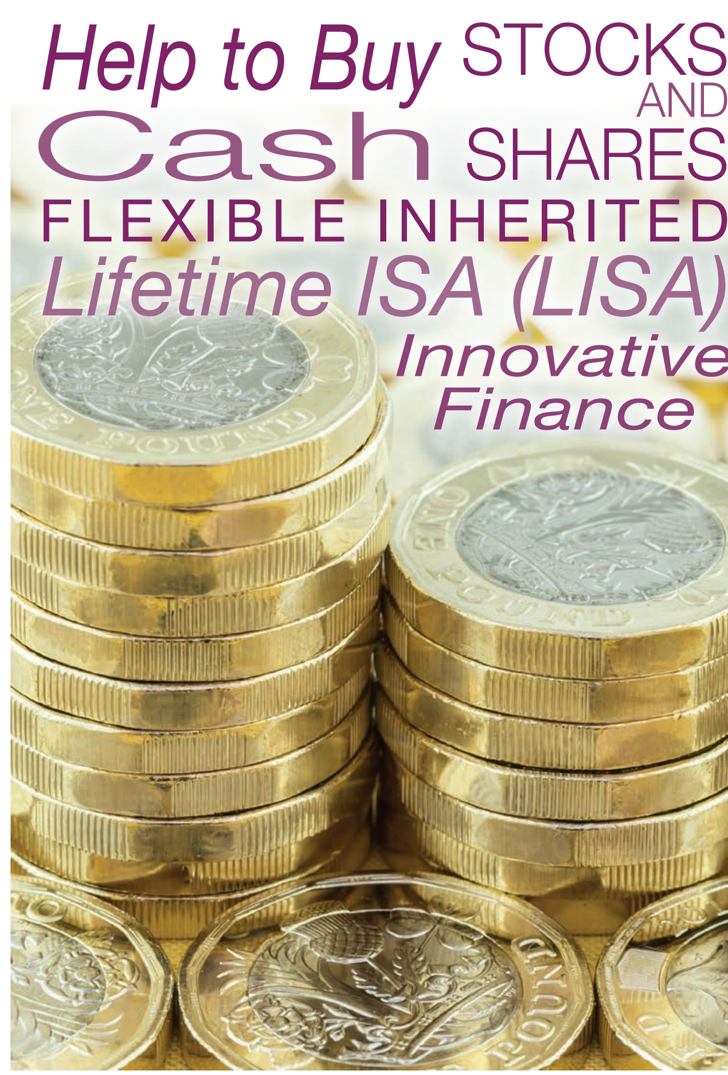
It is proposed that the new ISA starts when a baby is born, and the annual savings limit is scrapped in favour of a £1million lifetime contributions allowance.

It also suggests adding an automatic 'Add this to your ISA' tick-box option for individuals opening any savings or investment accounts.

In our view the ISA system is ripe for an overhaul. Keep it simple and people are far more likely to save and invest.

Current ISAs

There are six ISAs currently available:



What steps should you take to plan your retirement?

Lowes Consultant Rob Newton provides his top tips for people planning their retirement

ONCE RETIREMENT IS APPROACHING, CERTAINLY within 5 years, it is expected that individuals will have made large steps to have paid off their mortgage, their children will have flown the nest, their expenses will be known and manageable and their pensions and portfolios will have been growing for a number of years. At this stage, people will likely be able to assess their liabilities, calculate their potential wealth and plan ahead.

It is critical to start planning around your finances in anticipation of retirement so that you stay in control of your wealth. This should include a period of maximising any possible income generated in those five or so final working years, preparing your investments, savings and pensions to give you the income you require post employment and putting your affairs in order in respect of tax and inheritance.

One of the key issues for retirees, and one that will affect the actions they take in the run up to retirement, is from where to take their income. Prior to the pension freedoms legislation in 2015, it was common that individuals bought an annuity which provided a certain income for life. Upon death, their money was absorbed into the general annuity pot – so this was money lost to their beneficiaries. For personal pensions, where a pension didn't provide for a spouse or partner but was passed on to a beneficiary of the Will, there would be a tax of 55% on money received.

The Pension Freedoms allow personal pension (defined contribution) money to be passed on to a person's beneficiaries free of inheritance and income tax, or at the beneficiaries' nominal rate of tax, depending on the person's age at death (pre or post age 75). In addition, on the death of the beneficiary, any residual pension may be passed on. Again, whether tax is payable is down to their age at death.

> *It makes sense to hold on to a pension as a tax efficient means of growing and passing on wealth, which means looking at other investments and savings as sources of income before touching your pension.*

This has knock-on effects for people approaching retirement, in respect of where they put their money and how much they save and invest in which tax vehicle.

Don't get caught out by any of the rules changes; it is important to plan carefully and well ahead of retirement and take suitable advice to ensure you are making the right decisions.

Your retirement checklist

As you might expect, all of the above has added to the complexity of retirement planning. Everyone's circumstances are different and should be viewed on an individual basis. As a general rule, in the run-up years to retirement, there are six points that should be on your checklist. These are:

1 Pension saving

If you are able to do so, now is a good time to start topping up your pension. The maximum you can pay into your pension per annum is a sum equal to your annual salary with a cap of £40,000. The benefit of this is to gain from any investment uplift but more importantly to benefit from the tax relief. Ordinary rate tax payers will receive 20% tax relief on what they pay in added to their pension, higher rate tax payers 40% and additional rate tax payers 45%, i.e. equivalent to the tax they normally pay on their income.

With the rules changes, your pension now can be thought of as a tax exempt investment vehicle. So it can be a source of income as well as a means of passing on any surplus wealth to family members and other beneficiaries.

It is estimated that the average person will have accrued 11 separate pensions over their lifetime, so for tax, cost efficiency and simple ease of use it may be worthwhile consolidating your pensions into one pension. Likewise, currently it makes sense for some people to move out of a final salary pension into a personal pension, which gives greater control and also access to the new Pension Freedoms. Again, this will be down to individual circumstances.

2 ISA investing

Although any money you put into an ISA will be net of the tax you have already paid on it, ISAs allow any income and capital gains to be accrued free of tax and withdrawals from an ISA are free of tax. Given the new death benefits introduced by the pension freedoms which allow wealth to be passed on to beneficiaries with certain tax advantages, or where an individual may have paid into their pension the maximum amount allowed in a tax year, it is viable to put as much non-pension cash as possible into an ISA.

An important factor to consider here is where to invest. Interest rates on cash savings accounts remain low and are well below inflation, which means saving into a Cash ISA at the moment is losing you money. To make a return, in excess of inflation, to keep your money growing, typically requires investment (e.g. into a stocks and shares ISA).

What you need to bear in mind is that wealth held in ISAs fall within a person's estate for inheritance tax. For this reason too, it can be better to spend money in your ISAs before touching your pension(s) in retirement.

3 Review the risk in your portfolio

Nearing retirement we need to consider the level of risk we want to take with our money in order to keep it growing. Risk is relative to reward, so when we are younger, with more time for our investments to recover from any fall in the stock markets, investing in more aggressive and potentially more rewarding investments can make sense.

As we approach retirement, more often we want to protect our wealth as much as possible from market fluctuations, in order to retain maximum wealth for our retirement income.

So, reviewing our portfolios and managing the risk in them in this light is another step to take in those years before retirement.

4 Tax planning

Tax planning is crucial at this point in life. A wrong step, such as putting money into direct investments over tax efficient ones or into a pension, could leave loved ones considerably less well off.

> *Remember also that Inheritance Tax (IHT) is payable at a rate of 40% of assets over £325,000, which is a figure frozen until at least April 2020. Many homeowners will realise that their homes alone are worth this much.*

Wealth passed directly to a spouse or common law partner can benefit from the joint IHT exemption and an additional IHT allowance is now available for homeowners (£125,000 from April 2018) but it is worth bearing in mind that rules and calculations around this are not as simple as were initially presented.

5 Making a Will and Lasting Power of Attorney

Not having made a will or set up a Lasting Power of Attorney can have hugely negative consequences for those we leave behind or deal with our affairs if we are in ill-health. A Will, signed and witnessed, can make clear your wishes in respect of your wealth. Putting in place a Lasting Power of Attorney, either for your finances or health and medical affairs, or both, will ensure also that should you become incapacitated or otherwise unable to manage your own affairs, a trusted representative can take on this role.

6 Long term care

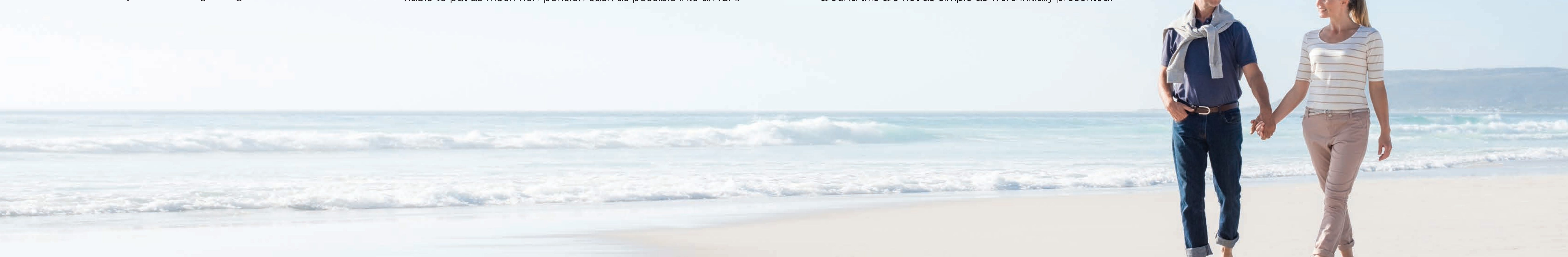
Finally, while often the elephant in the room, factoring in the necessity for long term care planning in advance makes sense and is best done sooner rather than later. It is not always our own care that we have to deal with at this stage in our lives, it can be that of elderly parents. Being aware of the rules around long term care and taking action to address this potential need, again, can save loved ones' anguish at what can be a very emotional time.

Free, initial retirement planning consultation

As Independent Financial Advisers we specialise in helping people to look ahead and plan for the future as well as to find the right solution for their future needs.

If you are approaching retirement and want to go into these areas in more depth, please contact your usual Lowes Consultant or to arrange a free initial consultation, contact our office on 0191 281 8811.

Likewise, if you know anyone in a similar situation who would benefit from a free initial consultation with a Consultant to talk through their issues, please pass on our details.



Our biggest financial regrets

WHEN A GROUP OF 824 ADULTS (WORKING AND RETIRED) were surveyed by life assurer Aegon about what they felt was their biggest financial regret to date, at the top of the list was delaying a saving decision. This included not starting early enough and taking a break from saving. The next biggest regret was not making a financial plan.

These two regrets were highest amongst retired people, who now have the life experience to realise the magnitude and impact of this decision, "If only I had…".

Alongside not seeking financial advice, retirees also cited how they used their pension pot as a regret. This included taking tax-free cash when they didn't need it, taking too much income too soon from their drawdown policy, and buying an annuity but failing to buy an inflation-linked annuity.

The best pension decision among those still working was joining their workplace pension or saving into a personal pension. This was followed by saving for retirement from an early age and then paying extra into a workplace pension.

Lowes Consultant Barry O'Sullivan says:

These regrets come as no surprise. They reflect how important it is to plan for our financial future and understand the importance of saving in earnest. This is essential, particularly in the 21st century with the 'golden age' of defined benefit pensions now behind us.

Pensions remain the most tax efficient ways of saving for the future, particularly for higher rate tax payers. Likewise, workplace pensions which benefit from an employer contribution, can be particularly valuable.

My three top tips for helping to avoid the regrets highlighted would be:

1. Encouraging saving as early as possible and making it a habit. Putting a little bit away often is far better than doing nothing. Small amounts taken by Direct Debit as soon as a wage or salary comes in becomes a habit and most people find they quickly adjust to budgeting on what's left.
2. Starting a pension. I would highlight using workplace pensions – especially where there is an employer contribution - and also saving into personal pensions for the self-employed, who can too easily keep putting off paying into a pension and regret that later in their lives. The tax relief on payments in to the pension can help the pot grow larger than if invested into an ISA.
3. Making a financial plan and reviewing it on a regular basis. This goes for anyone committed to saving for their future (or indeed, using savings and investments in retirement). When saving, having a plan focuses you on what you want to achieve, how you are going to do it and by when.

Your Lowes Consultant will work to ensure you are on the right path to achieve your financial objectives. To arrange a consultation please call 0191 281 8811.

Money owed for Power of Attorney fees

DID YOU REGISTER A POWER OF ATTORNEY IN England and Wales between 1 April 2013 and 31 March 2017? If so, you may be entitled to a part refund of the application fee.

It is reported there could be over a million people who paid a registration fee to set up a Lasting Power of Attorney (LPA), who may be due money back.

Lasting Power of Attorney is a legal document that allows individuals to nominate a relative or trusted friend to manage their affairs should they become mentally or physically unable to do so. There are two types of LPA, financial affairs or health and welfare.

Money is owed because the fee charged is based on the operating costs of the Office of the Public Guardian. The fee is set by the Ministry of Justice and paid to the Office of the Public Guardian, at a level to cover the costs of those operations.

Between April 2013 and March 2017, the operating costs went down but the fee of £110 remained the same. From 1 April 2017 the fee went down to £82. The Government is now offering to repay the difference between the fee paid and what applicants should have paid, plus 0.5% interest.

Only the donor – the person who made the LPA – or their attorney, if appointed, is entitled to reclaim the money and the amount of the claim will depend on whether a full or partial fee was paid. The money will be paid to the donor although, if the donor has died a refund can still be claimed by a relevant party.

Further information on how to claim can be found via the Office of the Public Guardian on the government website (**www.gov.uk**) or their Freephone number: **0300 456 0300**. The deadline for claiming is 31 January 2021.

When you paid the fee	Refund for each power of attorney
April to September 2013	£54
October 2013 to March 2014	£34
April 2014 to March 2015	£37
April 2015 to March 2016	£38
April 2016 to March 2017	£45

Source: www.gov.uk

Divorce and pensions

RECENT RESEARCH FROM PRUDENTIAL INDICATES THAT divorcees set to retire in 2018 can expect a yearly income of nearly £4,000 lower than those who've never divorced.

Results of the life assurer's annual study showed average expected retirement income for those who had been divorced is £17,600 per year, compared with £21,400 for those who have never experienced a marriage break up, mainly due to the impact of divorce on people's general finances.

Divorcees are more likely to retire in debt (23%), than those who have never been divorced (16%). They are also more likely to have no pension savings at all when they retire (15%).

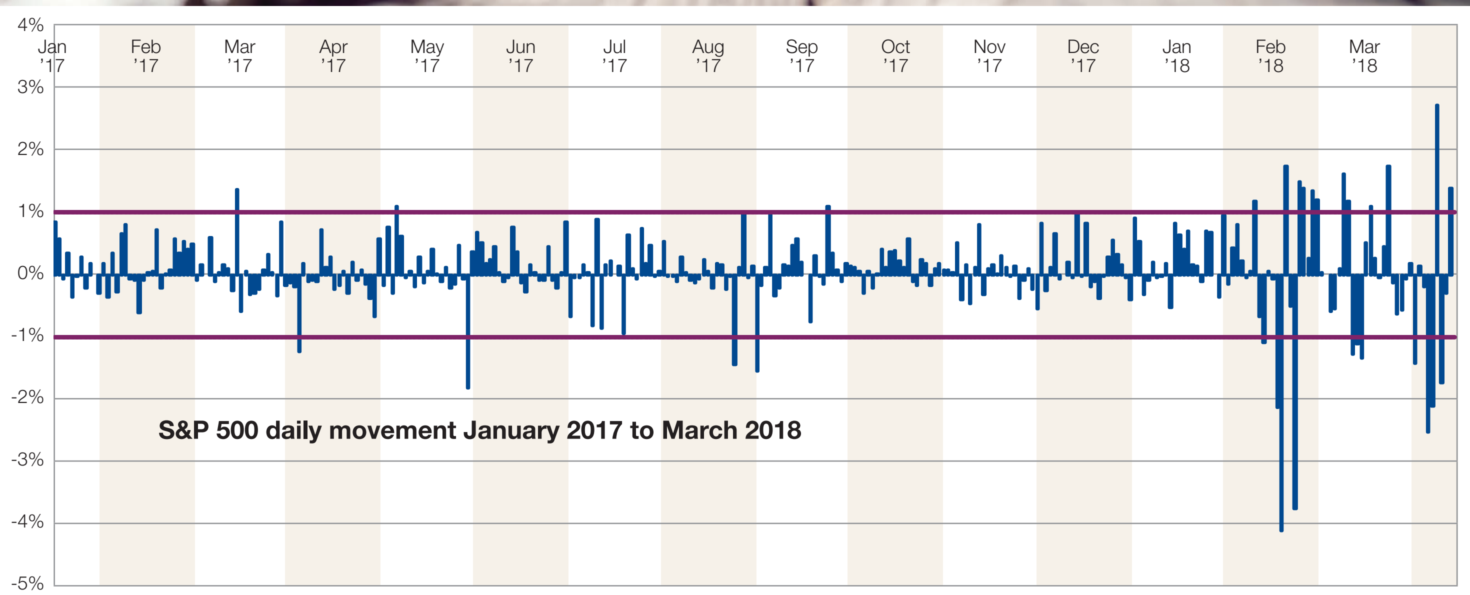
The most recent statistics published by the Office of National Statistics (2016 figures) show an increase in the number of people getting divorced, particularly affecting people over the age of 55.

Lowes Consultant, Nicola Wrightson says:

As Independent Financial Advisers we are asked to help people who are going through a divorce. Often people can be so tied up in the immediate practical and financial issues, like the living arrangements and child care, that they can lose sight of the fact that the financial impact of divorce can have a long-term impact on the finances of both parties – as noted.

Addressing things like pensions and income in retirement should also be a part of the equation.

A pension fund can often be the largest as well as one of the most complex assets a couple will have. Anyone going through a divorce should seek Legal and Independent Financial Advice to guide them through the process.



Volatility makes a return

Paul Milburn, Lowes' Investment Analyst, looks at recent markets and why to date they have been more volatile this year than in 2017

VOLATILITY RETURNED TO THE MARKET IN THE FIRST quarter of 2018 following a year of absence in 2017. The latter marked a record year of low volatility within equities. The S&P 500, the main US stockmarket index, recorded only 7 days when there was a +/- 1% daily move.

Furthermore, the VIX index, which measures the market's expectation of future volatility, based on option pricing for the S&P 500, posted three new records in 2017. The index recorded its lowest high in a calendar year, its lowest average for a calendar year and its lowest ever low.

In the first three months of 2018, we have witnessed 23 days where the S&P 500 has posted a gain or loss of more than 1%. Compared to 2017 this may appear excessive, however analysis reveals that since 1995 the average for a calendar year stands at 54 days. The year to date therefore appears nothing new. In 2002, 2008 and 2009 there were more than 100 days recorded with moves of +/- 1% throughout the year.

> ***"Opportunities to purchase what we deem to be attractively undervalued companies occur more frequently when stock prices are volatile.***
> *Chuck Royce, pioneer of small cap investing*

Further analysis shows that 21 of the 23 days this year have occurred in the months of February and March. The first bout of volatility was triggered at the very end of January when US wage inflation was reported higher than expected at 2.7%. This raised expectations for interest rate hikes in the US, causing bonds to initially sell off which then filtered through into equities. This then spread across global equity markets.

Following one rate rise in the US already this year there is currently a greater than 60% expectation that there will be a further two and a 20% chance that there could be three. In the UK the potential for a rate rise is much more muted at potentially only one rise.

Volatility in March was driven by geopolitical headlines, namely the potential for a trade war following announcements by Donald Trump that he would like to impose higher tariffs on certain goods imported from overseas. This has created a backlash and China has already signalled its intention to retaliate strongly if the US were to go ahead.

Whilst trade wars are ultimately expected to be a negative for global growth, for now economies continue to grow at a steady pace. Sentiment, as measured by Global Purchasing Managers Indices, suggests further expansion at a time when unemployment continues to fall. Company earnings forecasts across major equity markets also remain positive.

In line with our earlier quote, within the MI Diversified Strategy Fund we have taken the opportunity to add two institutional only structured notes. The recent volatility provided much more attractive potential returns and entry points, with each note offering an annualised return in excess of 8% even if both notes were not to mature until their final year.

During bouts of market volatility, such as those we have seen this year to date, an assessment of the reasons behind this can ultimately prove more important. For the long term investor sometimes volatility is there to be embraced.

Lowes 'Preferred' Plan Maturities

STRUCTURED PRODUCTS ARE A SPECIALISM OF LOWES. Our expertise in this area has been built on over 20 years of researching the products in the market and providing honest and incisive comment on the plans we like, those we don't think make the grade and those that should be avoided at all cost.

Fortunately, there are very few of the latter around in the current marketplace, in part due to our willingness to call them out. Nevertheless, we remain discerning in our choice of plans that we recommend for client portfolios and indeed our own investments – because we also invest in structured products, recognising them as useful elements in our investment strategies, providing defined returns and helping to diversify our portfolios.

The plans we do recommend – the Lowes 'Preferred' Plans – have done very well for our clients over the years, generally delivering above average returns.

We believe structured products are under valued by other advisers, so we have decided to publish a regular column looking at the most recent maturities of the 'Preferred Plans', highlighting their performance.

The table below shows maturities of our plans most commonly held by us and our clients over the first three months of 2018.

We hope you'll agree, these investments have produced excellent gains for investors – all returning more than 8% p.a.

Provider	Maturity Date	Index	Duration	Gain
Investec	04/01/18	FTSE 100 & Euro Stoxx 50	2 Years	23%
Societe Generale	15/01/18	FTSE 100 & Euro Stoxx 50	2 Years	17.5%
Walker Crips	22/01/18	FTSE 100	2 Years	18%
Legal & General	12/02/18	FTSE 100	4 Years	32%
Meteor	15/02/18	FTSE 100	2 Years	18.5%
Societe Generale	26/02/18	FTSE 100	2 Years	19%
Morgan Stanley	27/02/18	FTSE 100 & Euro Stoxx 50	3 Years	30.9%
Societe Generale	27/02/18	FTSE 100 & Euro Stoxx 50	3 Years	30%
Investec	01/03/18	FTSE 100 & Euro Stoxx 50	2 Years	20%
Investec	01/03/18	FTSE 100 & Euro Stoxx 50	2 Years	24%
Investec	12/03/18	FTSE 100	5 Years	50%
Investec	12/03/18	FTSE 100	5 Years	75%

Sudoku solution

We hope you enjoyed the Sudoku puzzle we published on page 3 of this issue of the Lowes magazine. Here is the solution to the grid.

7	5	4	3	2	9	8	6	1
9	6	2	7	8	1	5	3	4
8	3	1	5	4	6	7	2	9
3	7	5	1	6	8	4	9	2
1	4	6	9	7	2	3	8	5
2	8	9	4	3	5	1	7	6
5	2	8	6	1	3	9	4	7
6	9	7	8	5	4	2	1	3
4	1	3	2	9	7	6	5	8

Spotlight on your Lowes Consultant

WHILE ANDREA LEASK HAS followed many paths in her career, first as an auxiliary nurse and now as an Independent Financial Adviser, there is a common theme to both, she says, and that is "looking after people".

"Wanting to help people has always been a key driver for me," Andrea says, "and it's a large part of my enjoyment working as a Lowes Consultant – meeting people and helping them with their financial planning and what they want to achieve in life."

From a young age she had held the ambition to work in healthcare and she started work straight from school as an auxiliary nurse, which she says was "very rewarding". Marriage took her to Oxford and when in the early 2000s family work commitments brought her back to her roots in the North East again, she found there were no jobs going of the type for which she was trained. Needing to pay the mortgage she took a job with a loss adjuster and then worked for two small financial advice firms, where she got experience and a taste for advice.

When the Financial Crisis hit in 2008, she was made redundant but she sprang back, winning a job with Nationwide Building Society where she progressed quickly into the role of Personal Banking Manager.

"I was working with the public, which suited me down to the ground, and it was then that I decided I wanted to be a financial adviser. I started studying for my exams but unfortunately, at the same time Nationwide began making people in its advisory arm redundant."

Andrea persevered with her exams, paying her own way through them, and at the same time began to look for a role in a financial advice firm. Happily, that is when she decided to approach Lowes. She joined the Lowes Technical Team in August 2016.

"I applied for a technical role because I wanted to hone my skills before becoming a Consultant," Andrea explains. "I'm very pleased I did that because it helped me learn the technical details, and because I understand how the products and investments work, that in turn helps me to explain things to clients in words they can understand.

"Being a Consultant suits me because I love talking to people and meeting new people. I'm always honest with people. It's very important to me that I build rapport and a relationship with my clients, so they know they can trust that what I do for them will always be in their best interests.

"I seem to get on particularly well with people who are new to financial advice and may never have invested before. I think that's because I'll take the time to go over their objectives with them and explain how things work. It's not me telling them what they want and 'sign here on the dotted line'.

"Trust is so important in this industry. When I worked in a banking environment you were driven to sell as much and as many products as you could because it was all about hitting quarterly targets. At Lowes it's the complete opposite; it's all about finding the right products and investments that meet someone's needs and objectives. That honesty and focus on the client and providing the best service that I can is very important to me."

Keep calm – and carry on

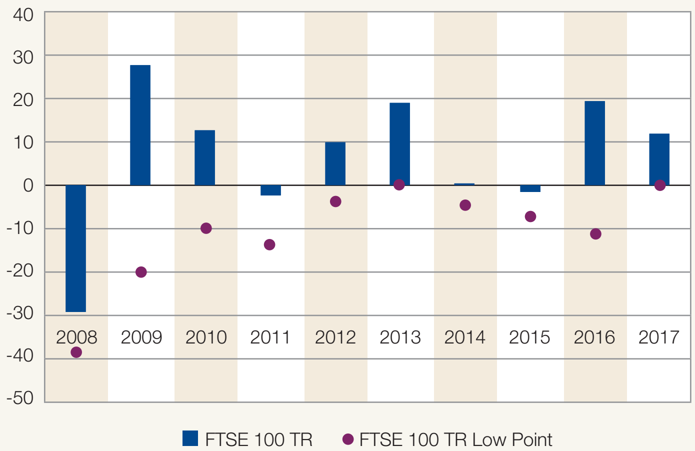
Doug Millward, Lowes' Investment Manager, looks at recent falls in the market and the best strategy to deal with them

THE START OF 2018 HAS BEEN A POOR TIME FOR investors, with the FTSE 100 falling by over 10% at its lowest point.

Fund industry opinions differ as to whether this is the worst we will see this year but given the geopolitical and economic uncertainties some volatility can be expected.

Whilst the first quarter of 2018 has been a painful period, it serves as a reminder of three important things to bear in mind when investing in equities.

FTSE 100: Final percentage performance and low points

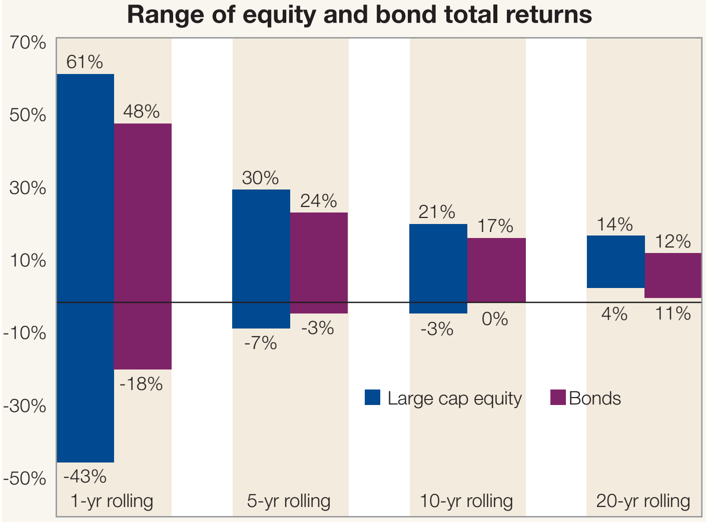


Source: FE Analytics. Bid-Bid. Total Return.

First, falls of this magnitude are normal. The FTSE 100 has been down by around 10% or more in five of the last ten years, yet still managed to finish the year in positive territory in three of those five years.

It must be noted as well, however, that in three of the last ten years the FTSE did finish down over the year, so when investing you have to be prepared for periods of poor performance. Which leads nicely into the second point.

Range of equity and bond total returns



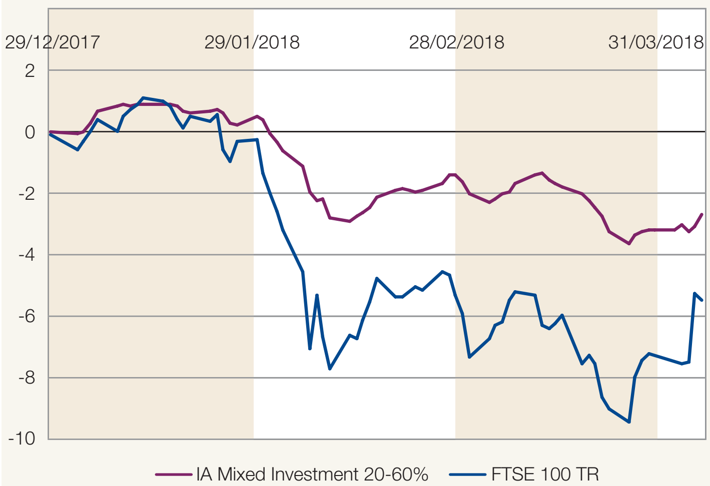
Source: JP Morgan. Large Cap Equity represented by S&P 500. Bonds represented by the Strategas / Ibbotson US Government Index and US Long-Term Corporate Bond Index. Returns per annum from 1950 to December 2017

Whilst it would always be better to invest at the bottom of the market, studies show that ultimately it is the amount of time you are invested which determines how your investment performs. The chart (below left) shows the range of annualised returns for both equities and bonds, depending on how long the investment was held.

As can be seen, over a one year period the range of returns can vary widely, but the longer an investment is held the more the extremes balance out and the returns move to a much narrower range.

Finally, whilst the news headlines will always quote the FTSE 100 as their measure for the UK stockmarket, it is important to remember that investment portfolios typically have much broader exposure. A portfolio may, for example, be diversified across different asset classes and countries to hopefully reduce the volatility of the returns. The final chart below shows the performance in the first quarter of 2018 of the FTSE 100 Total Return index which includes dividends reinvested, and the Investment Association Mixed Investment 20%-60% Shares sector average as a proxy for a multi-asset portfolio.

FTSE 100 performance Dec 2017 - Mar 2018



Source: FE Analytics. Bid-Bid. Total Return.

As you can see, at the lowest point whilst the FTSE 100 Total Return Index was down 9.47%, the multi-asset proxy portfolio was only down 3.59%. Still a loss, but much less severe than the index. It is also interesting to note that at the date of writing, less than two weeks after the bottom, the FTSE 100 has already recovered 4% of its fall for the year.

No-one knows what the future holds, especially when it comes to the stock markets in the short term. Positive economic data can be ignored as traders react negatively to the latest tweet from the US President, causing a downturn in markets. By investing in a well-diversified portfolio with a long-term time horizon we can hopefully protect against some of the downturn, whilst still providing good returns over the period.

So, whilst the recent falls are unwelcome, and we can't say for certain that further falls will not follow, it should be remembered that investments need to be viewed as long term, and despite past performance not necessarily being a guide to the future, statistics do suggest that those investors who keep calm through the short term noise will ultimately benefit.