FOCUS

SHARING A WEALTH OF WISDOM

SUMMER 2022

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BOOLERS

Financial Planners Chartered

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Partner
& Chartered
Financial Planner

“AS A BUSINESS WE CONTINUE TO EXPAND AND HAVE RECRUITED STRONGLY OVER THE LAST TWO TO THREE YEARS.”

CHRIS BALL

Welcome to the Boolers Focus Summer Newsletter.

As highlighted in my introduction to the Winter Newsletter, the duty of writing a few words on behalf of the Partners has fallen to me. I suspected that sometimes these words would be easier to write than others. Unfortunately, the last six months or so have been challenging and today I write in the context of a conflict in Europe for the first time in most of our lives, the backdrop of cost of living increases and increasing difficulties in catching a train! With that being said, as I draft this note we are coming off the back of a fantastic weekend of celebrations for the Queen’s Jubilee and a general air of optimism that the second half of the year may bring more positivity from all perspectives.

In many ways our duty as a business has been to stay consistent over the years and that includes the challenging times as well as the good. As I find myself continually frustrated by those businesses that always seem to be encountering ‘higher than anticipated call volumes’ or indeed struggling to complete a simple task ‘due to covid19’, our commitment is to continue picking up the phone!

In this addition of our Newsletter, we focus on some topics we hope you will find interesting. Andy Hodges has an article on the subject of Cyber Crime. Sadly, the criminals of this world continue to innovate methods for defrauding people and helping you keep on top of the ways in which you can be threatened by these schemes and scams is hopefully helpful (if not disappointingly necessary).

As a business we continue to expand and have recruited strongly over the last two to three years.

One of our new recruits, Sam Hubbert, has settled in well and writes his first article for our Newsletter on the subject of cashflow modelling.

As noted above, it has been generally a volatile time for markets in the first six months of this year but this volatility has not been limited to traditional asset classes. Duncan from our investment team has an interesting article on the subject of Crypto Currency and perhaps a stark reminder here that new asset classes and trends should be considered very carefully. Duncan has also written an article on one of the themes we are more hopeful for, which is an infrastructure investment fund which we are adding to some of our client portfolios.

Finally, having seen Jo Clamp successfully retire from our HR department we have an update on all matters internal at Boolers from our new head of HR, Caroline Athey, who has big shoes to fill but who is already proving a valuable addition.

We will be hoping for a peaceful resolution to the conflict in the Ukraine over coming months and I hope that supply chains and inflationary figures can become more normalised over the remainder of the year. We will be bringing a consistency of service and thought as always.

We hope you enjoy the contents of this Newsletter and wish you all the very best for an enjoyable and hopefully relaxing summer period.

Chris Ball, on behalf of the Boolers’ Partners

CYBER CRIME

Andrew Hodges
Compliance Manager

It seems a long time since we wrote about frauds and scams that were linked to the pandemic. Unfortunately, whilst the vaccine and herd immunity has helped to reduce the impact of Covid, the scammers are still incredibly active.

As people have regained the confidence to invest and potentially taken advantage of current volatility, they may have fallen victim to what is known as clone company investment fraud (CCIF). The National Fraud Intelligence Bureau has seen a surge in such cases, where a legitimate company has their website or social media cloned with something that looks virtually identical but has a subtly different domain name or IP address. This can often be as simple as inserting an additional full stop somewhere in the address, or adding or taking away one letter from the correct spelling. These are incredibly difficult to spot, especially on a smartphone. The old adage still applies, if the contact is unsolicited then ignore it!

Another area affected by the removal of restrictions and the desire for face to face socialising is romance investment fraud. These are often committed on the basis of longer term contact where any suspicions are allayed until comfort has been gained, and then various ploys to extract money are utilised. The professionalism of fraudsters who operate in this area cannot be underestimated, and you will undoubtedly hear of highly educated professionals who have become victims when they thought they had the intellect and intuition to avoid ever becoming one.

Sometimes even checking on a third party website such as the FCA register, or Companies House, will fail to prevent a scam. A large number of Liverpool fans seeking transport to the recent Champions League final in Paris booked trips with a transport company allegedly set up by Everton supporters, and were left waiting to be picked up by non-existent coaches. A bogus transport company had been set up legitimately, incorporating the name of an Everton player, but clearly there was never any intention of actually trading.

Finally a few words on the Online Safety Bill, an incredibly important piece of legislation that brings the protection of consumers fully into the 21st century. It's fair to say that the initially proposed scope was narrow and one might say overly influenced by the large media companies. Thankfully the lobbying of numerous consumer and trade bodies has expanded the scope to cover online promotion of investments, although the full details are still the subject of ongoing and heated debate.

If a search engine were to be made responsible for the results it returns, then the consumer would have course to redress. This consumer centric approach is meeting stout resistance as you can imagine, but there is cross bench support for such an approach – so watch this space.

Sam Hubbert
Financial Planner

WILL MY MONEY LAST THROUGHOUT RETIREMENT?

During recent months, a recurring topic in client conversations has been "will the events happening in the world affect the sustainability of the income I'm taking?"

Fortunately, many clients we speak with have previously received advice which demonstrates how an event which significantly impacts financial markets will affect retirement plans. Cash Flow Modelling is a tool which allows us to 'fast forward' through a client's lifetime, demonstrating how assets will rise and fall depending on the scenarios which are modelled. This often provides peace of mind and provides more clarity when answering one of life's most difficult questions; "when can I afford to retire?"

Cash flow modelling has gained popularity in recent years amongst both advisers and clients, as this provides a much more granular look at how a client's assets can reasonably be expected to perform. This demonstrates how likely it will be that a client's desired income can be met when drawing from their pensions/ investments, also taking into account other sources of income such as the State Pension and Defined Benefit scheme pension.

Should it be determined that the desired income is achievable, the modelling software can then assist with the key question of "when?" It is not uncommon for the outcome of a planning exercise to be that clients can bring their retirement forward with the peace of mind that they can comfortably retire, regardless of "worst case scenario" events which are factored in.

These events will typically include the impact of a major market downturn, modelling how assets will be utilised should Long Term Care be required, or major purchases made throughout retirement.

A major feature of cash flow modelling is the demonstration of a phased/gradual retirement. As the more traditional 'cliff edge retirement' is becoming less common, clients want to have the peace of mind that their long term plans will not be affected by reducing their working days gradually to zero.

Cash flow modelling also lends itself to Inheritance Tax (IHT) planning. A question often posed by clients in relation to IHT planning is "can I afford to give this away and not need it?" The vehicle may be a Trust, outright gift or indeed making tax led investments. Modelling demonstrates the assets which are in effect 'surplus to requirement' and will never be needed, therefore can be put towards strategic tax planning. This provides a level of comfort that gifts can be made 'with a warm hand' and that clients can see the material benefit of making a gift without worry that they will be financially detrimented themselves in later life.

Cash flow modelling has moved on significantly in recent years and now rather than an Excel spreadsheet, sophisticated software is used which takes into account variables such as inflation, tax considerations and investment returns amongst others. The impact of seeing life savings develop throughout retirement cannot be understated and is now one of the most powerful tools that we use as part of the planning process.

Case Study

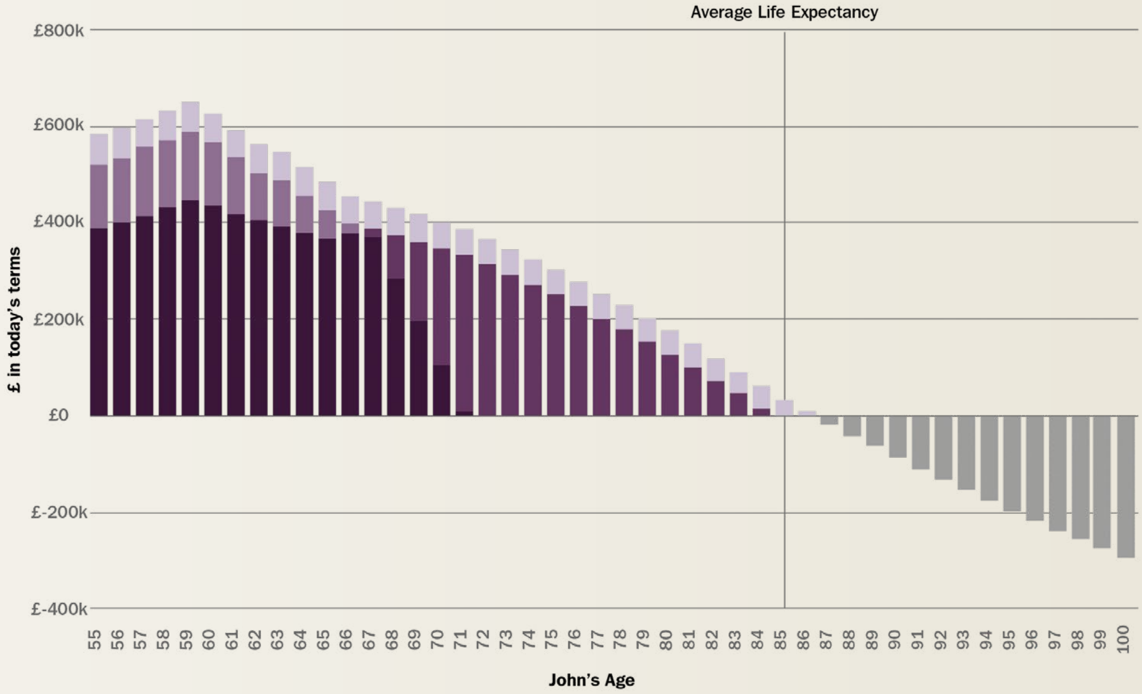
Describing cash flow modelling is not as powerful as seeing it in practice. The following example demonstrates clients who are approaching retirement but are unsure when they can afford to comfortably retire.

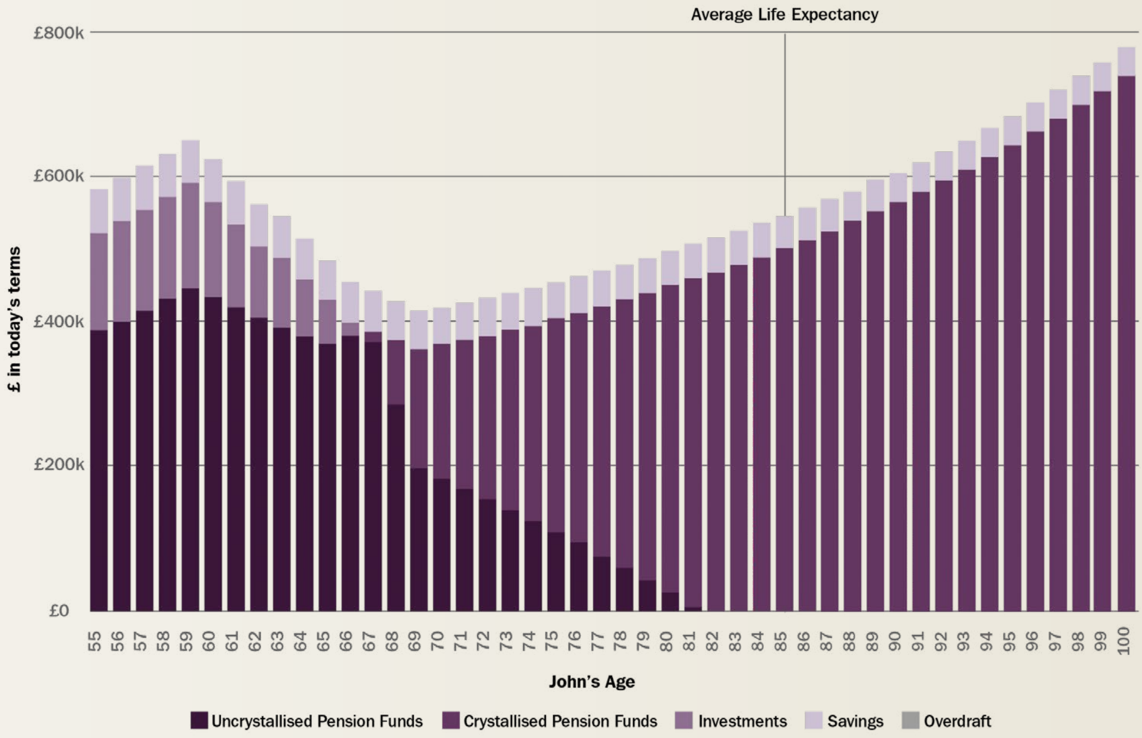
John Smith - Date of Birth 20-05-1967
Barbara Smith - Date of Birth 08-12-1966

Both clients would wish to retire when John reaches age 60 and would like to retire with a combined gross annual income of £50,000, increasing in line with expected inflation throughout retirement. They have accumulated various pensions and savings throughout the years; however, these are not invested to achieve a specific goal. The cash flow modelling exercise is introduced to demonstrate the benefits of investing surplus cash and making pension contributions, which over the longer term will provide a capital sum that can be drawn on throughout retirement. Also modelled is a more realistic scenario which sees income drawn reduced to £30,000 per annum from the age of 70. Both graphs assume level investment returns.

Current Position - Savings over Time

John & Barbara Smith





Conclusion

The first graph demonstrates that retirement at age 60 would appear to be affordable, based on how we would expect client savings to develop over the next five years. However, drawing £50,000 in today's money indefinitely is likely to see client funds depleted in line with their approximate life expectancy. Should the income be reduced to £30,000 from the age of 70 onward, the second graph illustrates that the clients should have significant assets held within a tax-efficient wrapper throughout their lifetime.

The second graph would be deemed a more realistic income shape, as naturally expenditure tends to reduce with age. This has provided more clarity to my clients and and helped demonstrate that retirement is achievable.

Please contact us if you would like more information about Cashflow Modelling.

FUND IN FOCUS – M&G GLOBAL LISTED INFRASTUCTURE

Think infrastructure and you can be forgiven for thinking dull, boring and predictable. Infrastructure is essential to our everyday lives and economic activity, but it is often seen as an enabler of something else and can easily be overlooked by more exciting and glamorous investment opportunities.

In fact, long-term steady streams of income are exactly what infrastructure investing is, but in times of great uncertainty this security can be an attractive feature in itself. When the modern day is so focused on the here and now, where two or three negative sessions on a stock market can feel like the world is about to end, having something so pure and tangible and truly long-term in nature can be quite refreshing – and rewarding!

Infrastructure investing is often also thought of as being an emerging world phenomenon – think of the development of somewhere like Shanghai since the 1990's, or the spending Dubai has undertaken this millennium. However, it is as equally desired in the developed world with existing airports, railroads and utilities all requiring modernisation which is what makes it an effective policy tool for governments looking to kick-start an economy. Last November, for example, the United States government announced a $1 trillion infrastructure bill to help boost growth in a post pandemic world.

With this in mind, we have recently introduced the M&G Global Listed Infrastructure fund into portfolios as a thematic play to sit within our alternatives bucket and provide further diversification to the defensive element of portfolios. The fund invests into listed companies that own or control critical infrastructure with a strong preference for physical assets that help to provide barriers of entry to competition.

It splits infrastructure into three distinct buckets from the more "Economic" sectors such as utilities and transport that make up the bulk of the portfolio, to "Social" Infrastructure which includes hospitals and student accommodation, and "Evolving" Infrastructure that invests into areas such as data centres and 5g mobile towers. The manager aims to provide a differentiated income stream to peers, targeting firms that can demonstrate a growing, rather than absolutely high level of dividend, which helps make the fund an excellent hedge for inflation.

Within its current Top 10 holdings you will find familiar names such as E-On, the European electric utility firm, combined with less familiar ones such as Transurban, who operate toll roads and are headquartered in Australia. We were particularly attracted to the fund by its willingness to invest into new-age sub-sectors with American Tower, who own communication towers and data centres and have a strong presence in India and Latin America, being an example of this. This allows the fund to balance the stability of traditional infrastructure returns with opportunities for capital growth.

Being listed infrastructure, the fund is investing into global shares and will not be immune to market volatility, as we have experienced year to date. That said, the nature of predictable and growing income streams does provide a more defensive characteristic, and this has weathered the year-to-date volatility extremely well; posting positive returns when global equities have been negative. In our view the fund is well placed to make a positive contribution to portfolios over the medium to longer term, complementing the existing exposures within our alternatives bucket as well as the wider portfolios.

CRYPTO CONUNDRUM

Duncan Pickering
Investment Manager

As I sit down to write my second piece for this summer newsletter, Bitcoin has fallen 12% in a single weekend, dipping below $24,000 (its lowest level since December 2020) with $200billion being wiped out from the broader crypto universe. Given it is currently dominating news headlines, we thought it only appropriate to add our take. So, what is crypto and why is this happening?

What is it?

To those less familiar, Cryptocurrencies (Crypto) are digital tokens many of which exist on decentralised networks that utilise and are underpinned by blockchain technology. Bitcoin is the most recognisable of these – and the focus of this article - but since its inception there have been thousands of other coins come into existence. Having peaked at just over $68,000 in November 2021, Bitcoin is today trading 60% lower with many commentators suggesting even further falls in the coming months. Much of the easy money has already been made by enthusiasts and later adopters of this nascent asset class are now facing a significant loss of capital.

What is driving the market?

Undoubtedly, the broader economic backdrop is having a material impact on crypto markets. Higher inflation is leading investors to expect higher interest rates and what is going on in conventional markets is spilling over into crypto-land. In recent years we have seen an explosion of technology names which have raced ahead and been bid up to very high valuations with cheap money. Crypto appears to have followed suit. As this now reverses and investors mull central bank activity, confidence is evaporating and investors, unwilling or unable to stomach the volatility, are rushing for the door.

Recent events specific to crypto are also feeding into the negative sentiment. Stablecoins – designed to be pegged to another asset like the dollar – such as TerraUSD and its sister coin Luna, both collapsed in recent weeks leaving investors nursing heavy losses. Meanwhile crypto lending firm “Celsius” temporarily stopped investors from withdrawing their funds due to the extreme market conditions.

Dig a little deeper into the world of Crypto and it isn’t too hard to find murkier stories such as a recent Reuters investigation alleging that Binance[1] (the world’s largest exchange) has let $2.5 billion of laundered money run through its system, or articles quoting the Federal Trade Commission in the States, suggesting that Americans lost over $1billion in crypto scams last year[2]. A recent Netflix documentary, “Trust No One”, highlighted QuadrigaCX (once Canada’s largest exchange) where the founder scammed investors by running a Ponzi-scheme involving fictitious coins.

Whilst there will be some very legitimate crypto opportunities out there, it is clear that until it is formally regulated there are additional, and seemingly increasing, layers of risk for any crypto investor to factor in.

Our view

Accessibility has previously been one of a number of deterrents for us, but as the ecosystem has matured there are now a variety of indirect methods with which we could derive a crypto linked return, such as ETF’s (Exchange Traded Funds) or shares in certain exchanges. Despite these developments we have consistently shunned crypto and, given all that has happened to these markets in recent months, we find it very hard to argue against this standpoint.

Crypto bulls have long cited three main arguments for investing. It being an alternative method of payment, a store of value as well as an alternative, uncorrelated asset class have all largely been dispelled so far in 2022. We would argue that the volatility experienced so far precludes it from being the reliable store of value in the same way as gold, whilst it’s correlation to more traditional instruments such as stocks and bonds is currently higher than ever before and, consequently, we just do not see the investment case.

There will of course be people, some of whom may be clients, that have profited very handsomely from crypto in the last few years and to those people we would simply say ‘well done’. It is just not a game that we are willing to risk our clients’ hard earned capital on.

Disclaimer: All information correct to Monday 13th June 2022

[1]How Binance became a hub for hackers, fraudsters and drug sellers (reuters.com)

[2]Crypto scams cost people more than $1 billion since 2021: FTC (cnbc.com)

Caroline Athey
HR Manager

OFFICE NEWS

Jo Clamp has decided to take a well-earned retirement after 11 years working as HR Manager for the business. She will be greatly missed by all her colleagues and we wish her a happy and adventure filled retirement.

I joined Boolers in March, taking over as HR Manager, bringing a breadth of experience having worked within Human Resources for 13 years. I look forward to supporting the business in its continued structured development.

In May and after a careful selection process by Professional Advisor, who reviewed our company policies and anonymous feedback from our staff, we were delighted to receive an award for "**Best Financial Advisor to Work for 2022**". We have also been shortlisted for "**Investment Adviser of the Year**" at the Moneyfacts Awards, winners to be announced in September 2022.

Recruitment

We have maintained the recruitment programme, welcoming several new recruits to Boolers since January 2022:

January - **Ben Johnson** joined as a Graduate Trainee in the SSAS team. **Melissa Colella-Groves** joined as a General Office Assistant.

June - **Rory Chandler** joined as a SSAS Accounts Executive having worked in the pensions industry for the last 6 years. **Patricia Holland** joined as an Investment Accounts Executive having worked in financial services administration for over 10 years. **Lucy White** joined as an Audio Typist, having previously worked as a legal secretary for 6 years.

Welcome to them all!

New Arrivals

We are happy to announce the safe arrival of **Alex** and **Ash William**'s son, **Michael** in December and **Sophie** and **Matt McIntyre**'s daughter, **Phoebe** in March.

Congratulations!

Professional Development

Staff have continued their professional development through in house training and formal exams. Recent Chartered Institute of Insurance exam successes have been: -

- **Sarah McMullan** and **Stephen White** both passed RO2 early in the year.
- **Bilal Farooq** passed RO2 and RO5 in April.
- **James Randall** & **Rajvee Solanki** both passed RO6 exam; they have both now completed the Diploma in Financial Planning.

In our accounts team **Lucy Cahill** has passed the ACCA Performance Management exam and **Tom Haynes** passed the first ACCA exam.

Congratulations everyone!

Goodbye

Sadly, we have also said goodbye to:

Jack Clarke, Investments graduate who took a paralegal role.

Laura Hodges, Graduate and **Catherine Towers**, Account Executive within the SIPP team have both taken on new roles in the Financial Services industry.

We wish them all well.

Fundraising

We have supported Rainbows Children's Hospice for several years and are now a proud sponsor. It is a fantastic charity that supports children to fulfil their potential and families to make the most of precious moments.

We are also now a '**Proud Business Supporter**' of Charity Link, an exceptional charity that supports vulnerable people around Leicestershire; for every £10 donated they can magically make it into £50 to spend on people in need. We have made an ongoing financial commitment to Charity Link from our business, so watch this space for details of future fundraising events!

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