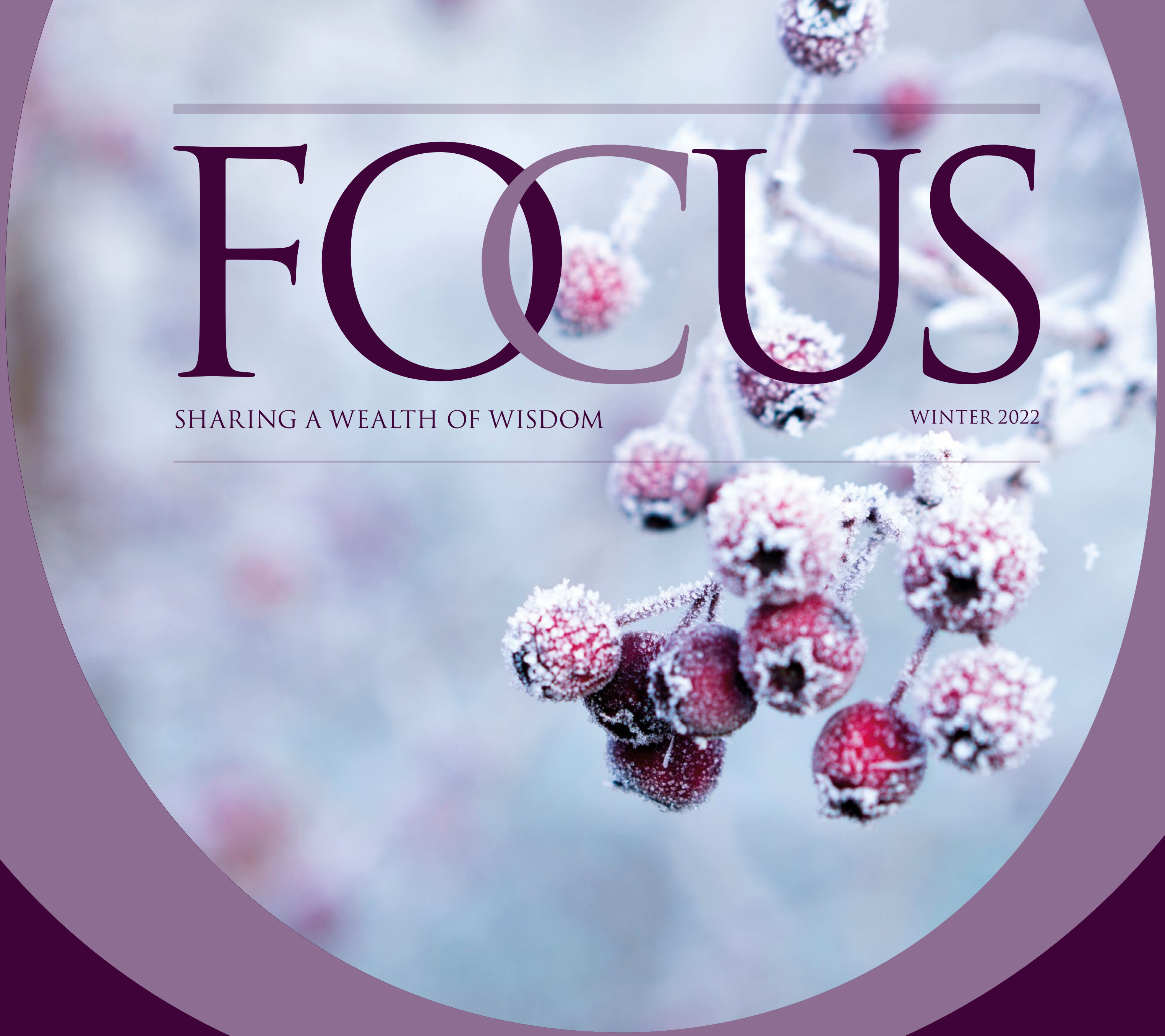
# FOCUS

SHARING A WEALTH OF WISDOM

WINTER 2022



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Financial Planners
Chartered

## THE BUSINESS CONTINUES TO GROW AND WE APPRECIATE THE ULTIMATE CONFIDENCE THAT OUR CLIENTS SHOW IN US

**CHRIS BALL**

### Welcome to the Winter 2022 Newsletter, Boolers Focus.

We provide this publication on a six monthly basis and try to find topics that are relevant, interesting and ‘of the moment’. The first two points are perhaps a matter of perspective but the latter point is an increasingly difficult challenge. In my Summer introduction I referred to the Queen’s Jubilee and since that time we have clearly seen an extraordinary period of change for most people, including the sad passing of Queen Elizabeth II.

They say a week is a long time in politics and this year 24 hours has been more than enough for our political elite (!) to cause upheaval and volatility.

With the potential for news to move at such a rate of knots and with this publication only going out twice a year, I have asked Gavin O’Neill, Head of Investments, to look back with the benefit of hindsight rather than forwards. Gavin’s article will illustrate that the changes we have made throughout the year have tended to show themselves as the right ones and hopefully his article will give you a real sense of how we react to the big news stories that increasingly dominate our lives.

Sadly, the subject of scams is one that we have covered in a number of guises in the last couple of years and once again, Andy Hodges our Head of Compliance and his colleague, Aliya Shkukani, highlight some of the most recent scams we have been made aware of. We continue to highlight this subject to help our clients be aware of and thus avoid these potential pit falls.

In terms of the business itself, we have had another strong year. We have recruited well, as Caroline confirms in the office news section and we have continued to adapt positively to a slightly more flexible working system whilst staying true to our traditional beliefs of service and accessibility.

The business continues to grow and we appreciate the ultimate confidence that our clients show in us by introducing us to friends and colleagues. Many years ago we would comment that our business card was our only form of marketing and although we have tried to move forward with a few more endeavours of getting our ‘brand’ out there, the value of our clients speaking highly of us continues to be the main reason we have grown over these last 39 years.

Overleaf, I take the opportunity to introduce the latest significant initiative from our Regulator, the FCA. This subject, known as Consumer Duty, is one that we take on board fully and we are working hard to ensure that we approach this change in regulation/reporting as we always do; with a sense of seriousness, welcoming any endeavour to help protect consumers.

Please enjoy the articles throughout. We wish you all a very Merry Christmas and New Year and all the best for a prosperous 2023.

**Chris Ball, on behalf of the Boolers’ Partners**

# CONSUMER DUTY

**Chris Ball**
Partner &
Financial Planner

**Consumer Duty is the latest legislation brought about by the FCA designed to help ensure consumers are getting value from the advice industry.**

It is easy for business owners to be cynical about changes in legislation and changes in regulation, but we try to embrace any transformative legislation with the right endeavour and recognise that the spirit of this legislation is to ensure consumers get a generally better outcome. Consumer Duty introduces a new high level principle, that a firm must act to deliver good outcomes for retail customers, with three overarching rules and a focus on four outcomes which are listed below:

- Consumer Understanding
- Products and Services
- Consumer Support
- Price and Value

We have had to draft a detailed implementation plan to show how we are going to approach our Consumer Duty requirements, much of which requires inward looking assessment of how we are presenting our services and how we are ensuring fair value to our clients. Outwardly, the FCA is challenging all financial services businesses to put themselves in the clients' shoes on every step of their advice and service journey. Thankfully, projects like these do not cause us any fear or dread. What this project will undoubtedly highlight is where our core strengths and capabilities lie and that we are delivering fair value and clarity to clients. My own instinct is that in areas where we stray out of our comfort zone, we potentially may need to apply some further thought and reassessment.

Ultimately this legislation will require no immediate action from or have any impact on yourselves as clients or professional connections, but in time will help us and our industry move forward with an absolute sense of clarity, understanding and value for clients. As noted above, any endeavour to help consumers enjoy higher standards and better outcomes is to be welcomed and we relish the opportunity to challenge ourselves to provide better value wherever possible.

**Gavin O'Neill**
Partner & Head
of Investments

# ATTRIBUTION ANALYSIS

**For our winter newsletter this year, I thought it would be an opportune time to look back over 2022 and the impact of the changes that we have made within our discretionary managed portfolios in what has been an exceptionally volatile period for both equity and fixed interest returns.**

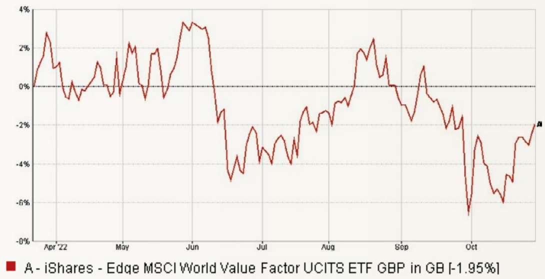
Coming into 2022, we were fortunate to have benefited from the continued reopening and recovery from Covid lockdown restrictions in 2020 and 2021. Towards the end of 2021, we had seen a pickup in inflation and with the benefit of hindsight, this proved to be the catalyst for much of the volatility we have experienced in 2022

## Ukraine

We became concerned over the potential impact from Russia invading Ukraine and towards the end of February, we sold our total position in the UBS Global Emerging Markets Equity fund based on the underlying exposure (circa 10–15%) to Russian equities.

Any uncertainty and particularly from a military invasion, does create stock market volatility and we were concerned that this would impact Russia and emerging markets more widely, hence our decision to halve our exposure to emerging markets. During the initial days and weeks of the invasion, we remained in cash with the proceeds of the sale and one month later reinvested to maintain exposure to global equities, but at this stage providing exposure to more developed markets and specifically with a 'value' tilt. This was based on the ongoing volatility surrounding the Ukraine invasion and to provide greater diversification given the sell-off in more growth focused/technology companies since the start of the year.

The charts below highlight the performance of the UBS and iShares funds since sale/repurchase (to the end of October 2022) and it is pleasing to see that the action taken by the Investment Committee has resulted in a positive outcome for clients, with a differential of 12% between the two funds.


**25/03/2022 - 31/10/2022 Data from FE fundinfo 2022**

## Market capitalisation

The second change to our discretionary portfolios came at the beginning of March.

Within our UK equity exposure, we have exposure to large, medium and smaller companies. We have always maintained exposure to mid/small cap based on the more dynamic returns provided over the longer term. That said, we reduced exposure to this area given the increased levels of volatility, through a reduction in our existing holdings in the Royal London Sustainable Leaders and Liontrust UK Smaller Companies funds.

The Ukraine conflict had further impacted on the energy (oil & gas) price, adding to the already significant UK energy cap increases. This combined with general market volatility and the perceived 'flight to quality' led us to reinvest the sale proceeds into the iShares FTSE 100 ETF. The FTSE 100 index is based on market capitalisation/size and therefore with Shell and BP sitting within the top 5 holdings, the switch in exposure provided us with more exposure to large cap generally but also made us a beneficiary of the higher energy prices.

Again, the change to portfolios has been a positive contributor to overall performance as highlighted by the chart.


■ A - iShares - Core FTSE 100 UCITS ETF GBP TR in GB [-0.44%]
■ B - Royal London - Sustainable Leaders Trust D Acc TR in GB** [-4.99%]
■ C - Liontrust - UK Smaller Companies I Acc TR in GB [-15.21%]

**01/03/2022 - 31/10/2022 Data from FE fundinfo 2022**

## Fixed Interest

This year has certainly been like no other for some considerable time, with both equities and fixed interest enduring significant volatility. In times of equity volatility, fixed interest (or bonds) should traditionally provide a degree of protection as investors seek lower 'perceived' risk. Unfortunately with a backdrop of rising interest rates and exuberant inflation, this has not been the case with fixed interest suffering equal pain.

Within our higher risk (Adventurous) portfolios we do have a small exposure to fixed interest, targeting mainly corporate and high yielding bonds. Towards the end of March, we made a call at fund level with the sale of the Henderson Strategic Bond fund in favour of a more flexible fund, in the Nomura Global Dynamic Bond fund.

So far, both funds have been impacted with the general market turmoil and rising rate environment, with Nomura just edging performance but clearly we would have hoped for a greater positive outcome.

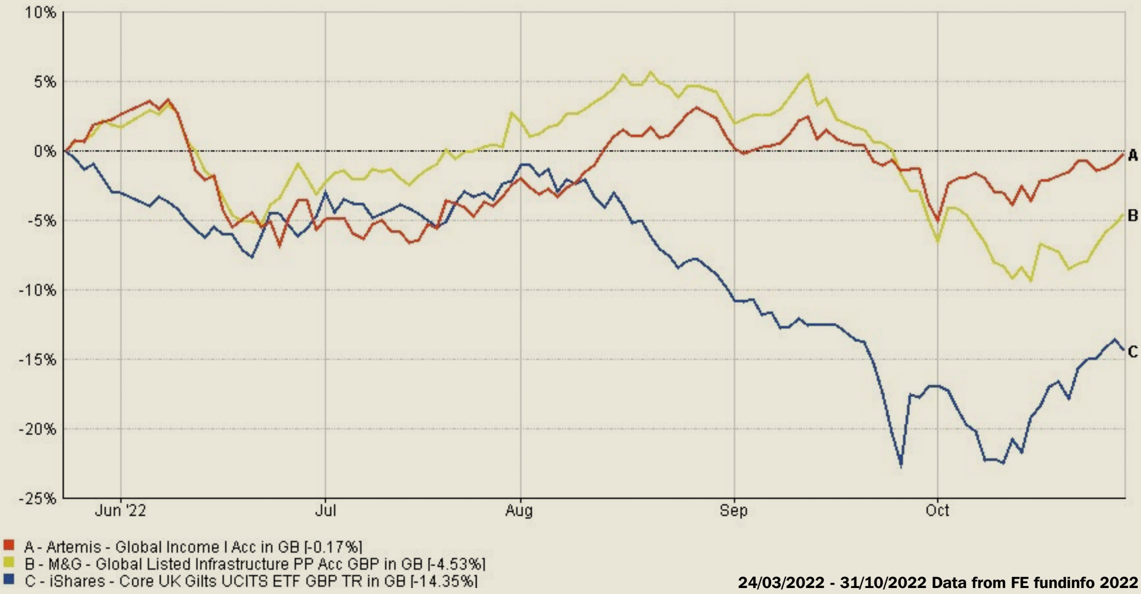

■ A - Nomura - Global Dynamic Bond I Hedged GBP in GB [-12.16%]
■ B - Janus Henderson - Strategic Bond I Acc TR in GB** [-13.36%]

**25/03/2022 - 31/10/2022 Data from FE fundinfo 2022**

## Diversification

Our final change so far this year, came at the end of May with a further asset allocation call for Cautious and Balanced portfolios. With the impact of ongoing interest rate rises, we decided to sell our total exposure to UK Gilts and reinvested into Global Equities, but focused on the more defensive side with a new position in infrastructure (M&G Global Listed Infrastructure) and adding to the Artemis Global Income fund.

As the chart below highlights, so far the move has been another positive contributor to overall performance during the year.




**24/03/2022 - 31/10/2022 Data from FE fundinfo 2022**

## Summary

In our regular Investment Committee meetings we discuss the current outlook, potential impact to our medium term view and our underlying portfolio holdings. Any decision to make changes to our asset allocation or fund holdings is always made with the ultimate aim of improving performance for our clients. This year the changes we have made, despite a negative backdrop, have made a positive contribution to our overall performance which is pleasing to see.

**As ever, we continue to assess the outlook and manage portfolios to the best of our ability.**

# BEWARE – FRAUD AND SCAMS

**Aliya Shkukani**
Compliance Assistant

**Due to the cost of living crisis fraud and scams have been on the rise; from scammers pretending to contact you from energy companies, to stealing credit card details, it is important to stay vigilant in these uncertain times.**

As inflation increases, products like second hand cars have risen in price, making this the perfect opportunity for scammers to pose as fake car sales websites. There were almost 3,000 reports of online vehicle fraud in 2021, a rise of 21% on 2019, Action Fraud suggests.

According to Which?, The top 5 scams to be aware of are fake cost of living payments and energy rebates, bank card refund scams, Morrisons food giveaway, Petrol gift cards and fake investments. All of these have been on the rise in the past year as everyone struggles with their finances. The cost of living crisis has prompted the government to announce the Energy Bills Support Scheme (EBSS), however scammers are taking advantage of it to trick people into giving out personal and bank details. As part of the government scheme, every household will get £400 in energy bill discounts this winter. Your energy provider will automatically apply the discount to your bills meaning that you don't need to do anything, it's all done for you automatically.

Keep this in mind if you receive a call, email, or text message claiming to be from the government or your energy company, chances are this is a scammer attempting to gain your details to put you in financial difficulty. They'll ask you to confirm details to receive your EBSS discount, but this is a scam as the government and your energy company won't need to contact you about the discount. You may have received your first discount payment in October, but that won't stop scammers trying to obtain your details over the coming months.

Fake investment scams have existed for years, however due to cryptocurrencies and 'get rich quick' schemes, scammers using these techniques have been on the rise particularly targeting the vulnerable. According to the City of London Police, more than £890 million was lost to investment fraud last year alone. The total amount lost to investment fraud in the 2021/22 financial year rose by 49.5 per cent. Data from the National Fraud Intelligence Bureau (NFIB) shows there were 26,170 reports of investment fraud to Action Fraud in the same period, meaning victims lost an average of £34,043 each. Many of the victims were targeted on social media, making anyone who uses any form of social media susceptible to harm.

The best way to protect yourself against scams is to always remain vigilant; if something seems too good to be true, it usually is. Using the UK Finance 'Take Five to Stop Fraud' campaign, following these steps can help protect you from becoming a victim of fraud:

1. **Stop –** Take a moment to stop and think before giving out your personal or payment details.
2. **Challenge –** Could it be fake? It's okay to reject, refuse or ignore any requests you think seem suspicious, only criminals will try to rush or panic you.
3. **Protect –** If you believe you have been targeted by scammers, report it to Action Fraud on **0300 123 2040** or at **actionfraud.police.uk**

**Caroline Athey**
HR Manager

# OFFICE NEWS

Following the successful implementation of hybrid working arrangements upon the return to the office earlier this year, we now have arrangements in place for our staff to work from home up to two days a week, if they choose. We hope this set up continues to combine the best elements of both office and remote working.

## Recruitment

It has been busy over the last few months as we continue to welcome new recruits, taking on both experienced staff and graduates to support the development of the business. Recent recruits include: -

**Scott Collins** joined the SIPP department in July having previously dealt with pensions, working within financial services for the last 10 years.

**Amrit Singh** joined the investments department in August and is currently working towards the Diploma in Regulated Financial Planning.

**Simar Virdee** joined the investments department in September having graduated in 2021 from Coventry University with a degree in Finance and Investment.

**Welcome to them all!**

## Professional Development

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

- **Bilal Farooq** passed R03 exam in June and R06 exam in August and has now completed the Diploma in Financial Planning.
- **Ami Dewick** passed AF8 exam in August.

Our accounts team have continued working hard on their professional development; **Lucy Cahill** has passed two more ACCA exams and **Tom Haynes** has also passed another ACCA exam.

**Congratulations!**

## New Arrivals

We are happy to announce the safe arrival of Melissa Colella – Groves and Tom Potter's son, Orion in August.

**Congratulations!**

## Goodbye

Sadly, we have said goodbye to:

**James Randal**l and **Jacob Tuck**, Investment Account Executives who have both relocated and are continuing their careers within Investments.

**Anees Makda**, Investment Account Executive who is pursuing a change of career in accountancy.

**We wish them all well.**

## Fundraising

As we have progressed back to "normality this year it's been great to be organising and participating in charity events again.

**Andy Hodges** has been raising funds for Cancer Research; in a great effort with family and friends they raised a huge £28,000 in July by completing a Pretty Muddy 5km event. He is planning to cycle from Lands End to John o Groats next year to raise funds for Sarcoma UK.

In September **Ami, Kate, Luke, Chris and I** took part in Charity Link's annual Leicestershire 3 peaks challenge, which was a tough 16 mile walk up Old John, Bardon Hill and Beacon View. We raised over £500 for this great charity that supports vulnerable people around Leicestershire.

Our Macmillan coffee morning also saw a return in September, raising £500.

We have participated in, sponsored and supported a range of other fundraising events, here's just a few of them:

- Rainbows Hospice – golf day sponsorship – total sponsorship £2,330
- Parkinson's Fundraising event – £1000 donation
- NSPCC - golf day - £500 donation
- Second City – golf day – sponsorship

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