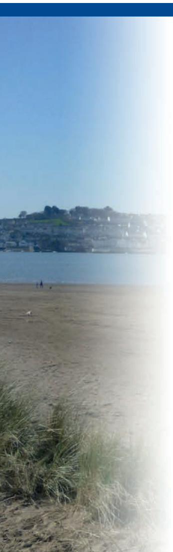
Philip J Milton
& Company Plc
Established 1985

North Devon's Leading Independent Wealth Managers

MILTON NEWS

Tax Year End 2022 Edition



Don't miss out on money you should be making or tax you should be saving

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Find us on . . .

Highlights

- **News from the Markets, Inflation and household expenses**
- **Other important action before 5 April**
- **How to invest in Markets?**
- **Our ISA Range – urgent action required to bank your allowance**
- **Urgent Pension contributions**

and much more!

Dear Client *February 2022*

I hope you had a comfortable Christmas and New Year. Before anything else and if not insensitive, I wish everyone a happy, healthy and prosperous 2022 and the very best for you and your families. Let us hope that the awful pandemic is becoming controllable, even if we may be forced to face a future where sensible protection provisions become the norm.

As well as a general financial update, this letter reminds you of a few things to do before 5 April so don't delay!

Aside from the worrying developments in Ukraine and on its borders, other news hitting the headlines presently is the astronomical increase in the cost of living. From energy prices and utilities to food, petrol and beyond, everything is costing more, increasing pressure on us all, coinciding with a bout of cold weather when heating is in ever greater demand. "Heat or eat" has become an alarmingly common threat for many poorer people which is dreadful in the twenty-first century. Energy prices will rise again later in the year as the energy price cap will be increased from 1 April. For many this will necessitate a review of discretionary spending to save a few pounds weekly or even monthly. Don't forget to review annually what you are paying for car insurance, home and contents' cover, broadband/landline contracts and mobile telephone tariffs. There are comparison sites to help you and often the savings for switching are significant.

These price increases have resulted in inflation jumping to 5.4% in the twelve months to December. That is the highest since September 2008. Interestingly, at that time interest rates stood at 5%, compared to just 0.5% today. Today's rate reflects an increase from 0.1% in December and inevitably more increases are due to help control inflation. Nevertheless, care will be required to avoid halting the UK's economic recovery, which has shown encouraging signs and now standing above pre-pandemic levels, particularly when compared to our international neighbours where ours is predicted to be the highest growth in the G7 at least.

However, it is inevitable that the cost of finance (including mortgages) will increase and for some (who took advantage of historic low rates to potentially over-extend themselves based upon "affordability" then) that may be the final straw in terms of being able to cover household bills. That could very well be one of the catalysts for a well overdue housing market price correction. It is impossible for any "investment" to continue growing at such exaggerated levels indefinitely and something will have to give eventually. For those investors who have amassed property portfolios or perhaps just the second property owner, now may be the time to begin reducing exposure and diversifying into other better-value investments, before panic strikes when supply will likely exceed demand with the inevitable consequences.

Regardless, value-wise, houses are very poor propositions now and with £1.5trillion of debt against our housing stock, that is a big sum to go bad.

SAVING PEOPLE FROM THEMSELVES

Sadly, we still see so many instances of people who we cannot save from themselves, however hard we may try. This can be with the 'inherited' clients who were defrauded by Organic Investment Management where they have compensation at the FSCS simply awaiting their claim and we'll even do it for them if they can't, for free, on a 'no win no fee' basis (cheap regardless in fact!) and where for some, the compensation is into seven figures. Or more the case, we see an investor smooth-talked by a slick and well-dressed salesman telling them that their (inferior) system or product is the best-thing since sliced-bread for their investments yet the adviser is not independent at all and is restricted to a limited range of typically unitised products (eg St James's Place) and despite 'pretending' that the guidance and transaction won't cost anything, happily takes up to 6% for themselves and the host company as well as chunky annual management and administration fees as well. This compares to our ZERO subscription charges and a very fair annual fee which encompasses ongoing financial guidance too.

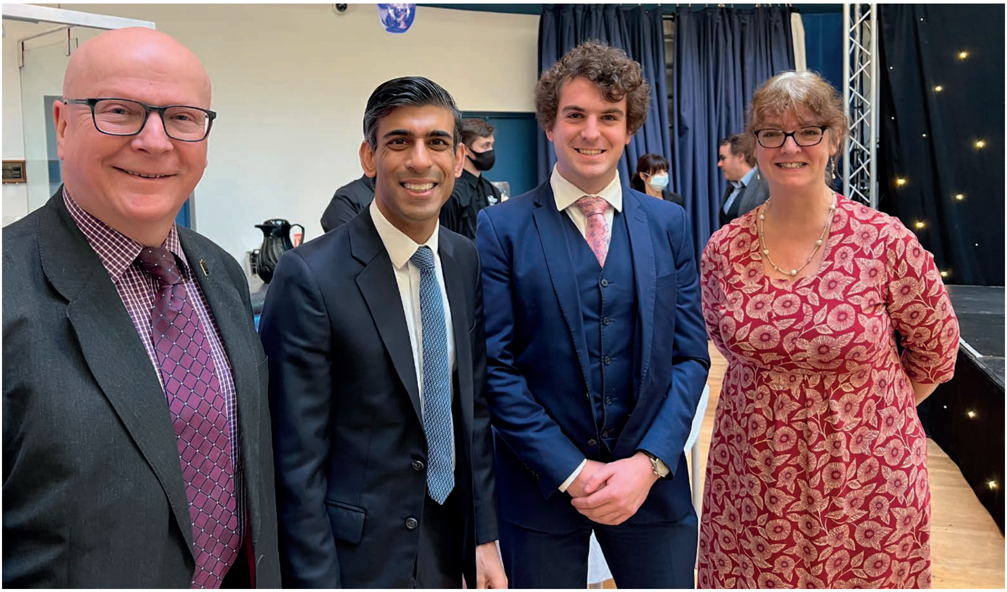
We do our utmost to seek-out the very best component investments from any possible source. They are all quoted on the market but if, say, the average Investment Trust should generate an extra 1-2%pa return (if not far more over time) than the more frequently (or only) used unitised funds held by most investors 'out there', why do they do it? Why do they believe the sales' material? It makes no financial difference to us whatsoever as we can and do use 'anything' but if even that alone means the client receives all of our services and skills effectively for 'nothing' by that simple superior choice of 'product type', then who is doing the best for the client?

I suppose we have to be resigned to the fact that not everyone is open to enjoy the benefit of our advice, our service and our brilliant and unrivalled investment management service and however much we try to guide them for free, we shall not succeed with some who remain suspicious and cynical generally and so they end-up losing thousands of pounds with an inferior offering (and often which some poorer people cannot afford at all). Oh well… we shall never please all the people all the time.

MARKETS

There is an interesting developing backdrop (isn't there always!) both geo-politically but financially too. As the US markets buoyed the New Year handover and with ostensibly ever-increasing values of the bigger stocks, I was reminded the tech-heavy Nasdaq index saw almost 40% of its components down by over 50% from their highest levels enjoyed in the last year.

That is quite sobering and demonstrates the blind faith in such a small number of big companies to imagine they will continue to hold their pole positions ad infinitum and thus to justify their valuations. The cynic would say the majority of wise people certainly believe that, because that is why their prices are where they are. The contrarian would say 'that's what they said about the Tokyo index in 1989…'



On the face of it, 2021 was a great year for all investors with the MSCI World Index increasing by a whopping 31%. However, more is revealed when you look "under the bonnet". Did you know that just a handful of US stocks created pretty-much all of the MSCI World Index gain in 2021? The top 10 stocks within that index include Apple, Microsoft, Amazon, Tesla, Alphabet (formerly Google) and Meta (aka Facebook). Information Technology, as a sector, accounts for just shy of 24% of the index and as a country, the US for over 69% of the index. Over the same period the UK market increased by just over 14%. So where are the better valued opportunities?

Interestingly, two-thirds of all new US floated companies ended the year below their float prices. Also, the Dow Jones Index was, until recently, entertainingly approaching the same 'number' to which Japan's Nikkei Dow rose in 1989 before crashing-back to earth not long after (pure superstition but humour me!) and just as Apple was hitting $3trillion (again before falling back a tad), the first time for any company ever (all its shares multiplied by the current share price).

The Japanese index counted for about 40% of the value of all World stocks in 1989 (now 6%) and hit 39,000 at the end of 1989 (so its 22nd anniversary now) and then plummeted to 17,000 just three years later (a drop of 54%) before bottoming-out in December 2011 at 8,450 (down 78%).

Could that happen to the US? No, not that much but could the main indices there drop by 54%? Yes, and with such a bubble driven by so few stocks, it is easy to expect that. Interestingly, at the time of writing this, the Nasdaq 100 Technology Sector Index shows a 15% drop in a period of just two months, showing just how quickly fortunes can change, even if temporarily.

The upside has been fuelled by myriad reasons, from cheap and easy money to index-tracking passives 'cause they are cheap' but as our clients will know, we have steered away from the US where there is great value elsewhere and especially in the UK (again, reasons for it but the FTSE100 is still only 10% above the December 1999 level).

The 'fee-cheap' passives' zealots conveniently ignore the Nikkei Dow 1989 issues as they pile-in to global trackers dominated by the same over-priced US stocks and recently, 'Green' and 'Ethical investing' have been buying the same stocks as well (despite very shady credentials to qualify). We don't invest on superstition alone (though December 31st is a curious portent for many past peaks!) but we know why we are avoiding certain areas.

General commodity prices last year rose by the most since 1973 and then that was the precursor of rampant inflation (few commodities didn't rise in 2021 - gold and silver were amongst them).

What is very disturbing is that the politicians and campaigners' kneejerk zeal to complete climate change policies overnight (rather than having a wise transition plan) are creating significant issues and multiple costs, as well as increasing dramatically the demand for 'green' metals, etc to produce the consumables needed for the more efficient changes (eg copper and aluminium). This demand also conflicts with the same 'green' political pressures to stop mining and drilling or to make it nigh impossible, as it is a blight on the landscape (or seascape) and funders have withdrawn the extent of their support for 'political' reasons, so costs are escalating as these businesses (if they are still investing at all) must seek less favourable sources of capital.

The comfortable West's 'let's only buy friendly investments' to salve consciences is creating an 'out of sight, out of mind' outcome and certainly not tackling the problems but creating extra ones which are coming around to bite us all in the bottoms.

How much 'greenflation' are we prepared to tolerate, let alone recognising that inadvertently 'ESG investing' is pushing more of the dirty work to regimes and developing parts of the world which don't care as much as we do because for them, economic progress, their impoverished populaces and just feeding their families are rather more important than the West's comfortable piety (especially as it is the West which buys the goods these places manufacture cheaply too)?

This is not intended to be contentious but is simply common sense. We have been and are being too zealous, too soon, with our green policies. No, I am not denying the absolute need for change but you cannot change things overnight, however fluffily or politically expedient that seems.

We have been somewhat stupid not to continue to invest in gas, coal and oil extraction and storage as part of the necessary and planned transition to replacing these carbon fuels (as well as clean carbon capture). We are now more vulnerable than we have been for a long time with our last atomic power production switched off and Europe's reliance on Russia for its gas!

What should we do now? Remove the green taxes on consumers – why? Because the industries themselves already pay big penalties and taxes for their sector, so they are being penalised for their wares as well as encouraged to invest yet more in alternatives but we don't need both disincentives. This will help consumers immediately.

Also yes, now we are free of the EU, we can remove VAT on fuel into our homes. And yes, we must increase our protection for the next several years by investing in significant gas capacity and fill these reserves when the price is low. Our infrastructures took centuries to create and cannot be transformed overnight, as some irrational protestors seem to think is possible. What such action will also do is trim inflation and cut the cost of living at the same time, a win-win.

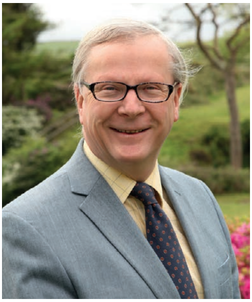
What else may you not have noticed? The Euro is slipping and against Sterling could soon be the lowest since June 2016 – Brexit vote time – interesting.

We are followers of 'value investing', however defined, as opposed to pure 'growth' or 'momentum' as have gripped the majority. The one good thing about that is that typically there is real underlying value when prices do fall. At the end of the day, if the 'Market' won't better reflect the true value of a company, then a corporate predator of some form will often move in and we have benefited from many of those over the last few years, bonuses for clients 'for free'. In 2021, global mergers and acquisitions topped $5.8trillion – their highest ever (and very well paying to lawyers and bankers therefore!). Remember too that as interest rates rise, the long-held tradition that 'government bonds are safe' could be up for serious challenge too.

At the point of writing, our investment valuations remain healthy – long may it continue – even if it makes our job of buying for new clients that much harder! Well done loyal and trusting clients as you are already in; your patience is being rewarded handsomely and special congratulations to those who responded to our calls to sit tight, reduce or cancel income withdrawals and indeed to invest more cash when things were at their cheapest in early 2020 – there is still time to avoid missing-out so don't delay if you are thinking about it and have too much cash earning you nothing still. Indeed, our special outperformance has pushed the total assets the Firm now manages for all of its clients to over £240million, the highest ever now and a most humbling milestone for us.

My very best wishes

Philip J Milton DipFS CFPCM Chartered MCSI FPFS FCIB
Chartered Wealth Manager, Fellow Of The Personal Finance Society,
Fellow Of The Chartered Institute Of Bankers



ISAs - FREQUENTLY ASKED QUESTIONS

- What is an ISA?
- Am I eligible to take out an ISA?
- How much can I contribute each year?
- What happens to the ISA when I die?
- Is an ISA suitable for me?
- Can an ISA give me a good income?
- Is an ISA risky?
- How can I invest in a Market ISA with you?

Apart from writing us a cheque now, please read on; we have tried to address these queries!

WHAT IS AN ISA?

An Individual Savings Account (ISA) is simply a tax-efficient wrapper where returns from investments and cash pay absolutely no tax. ISAs are completely exempt from Capital Gains Tax and UK Income Tax. All income receipts they receive are completely tax-exempt. Neither profit made nor income earned from ISAs has to be reported to the Taxman. ISAs are doubly beneficial to those who otherwise will be caught by the tax surcharge on their overall dividends (where these exceed £2,000 for 2021/22) and those who could pay CGT.

You can hold many ISAs but you can only pay into one of each type (cash or stocks & shares for example) annually. You just need to make sure the money you put in across all your ISAs each year doesn't exceed the annual allowance. You can also transfer from past years' ISAs to another and from limp Cash ISAs to Market ones with us for example!

AM I ELIGIBLE AND HOW MUCH CAN I INVEST EACH YEAR?

Every UK resident adult has an annual ISA allowance. During each of 2021/22 and 2022/23 (so before and after 5 April) you may subscribe up to £20,000 towards ISAs. These may be Market ISAs, Cash ISAs or a combination of the two in whatever proportions you wish. The ISA allowance is only for the money that you put into ISAs each year (from 6 April to the following 5 April).

So that's a generous £40,000 per person and £80,000 for a couple between now and early April for those yet to contribute to ISAs. Monthly, that's up to £1,666 per person although our ISAs allow as little as £50 for beginners and there is no penalty for stopping, suspending or amending contributions according to personal circumstances. We only offer Market ISAs.

Regular monthly direct debit subscriptions are easy and may appeal particularly to those investors preferring to stagger their investment over the year to spread their timing, hence smoothing their exposure in the face of volatility as well. There is also no fixed term with ISAs unlike many other forms of saving and consequently, you may access your investment any time.

When your money is invested in a Market ISA you can still withdraw it or the income it generates whenever you need – but remember, investing should be for the medium to longer term, so more than just a few years really. The component holdings in your ISA would need to be sold of course and for the most attractive terms on dealing, please read our Terms!

IS A MARKET ISA SUITABLE FOR ME?

The purpose of this newsletter is to give you details of our strategies for your perusal. It is not suggesting a particular ISA type is necessarily appropriate for you. Whilst we welcome your application, without advice (using the form within), this is a non-advised transaction and so we cannot be held accountable at a later date for its suitability in light of your overall circumstances.

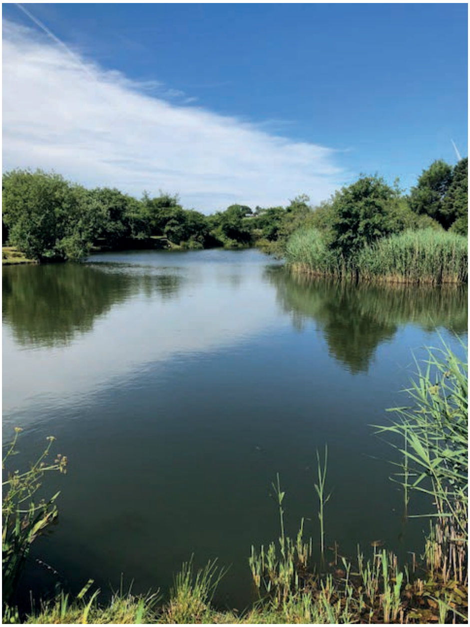
To discuss options and queries with our team of advisers and very experienced and competent Client Service Managers) before applying, in the first instance please email info@miltonpj.net or call. We shall be available for conference calls on Zoom and Skype as well. Naturally time may be very tight before 5 April, a very busy time of the year and so availability may be very limited. As ever, please do not leave your application until the morning of 5 April as you'll be too late. Ideally, we require cleared funds the previous week at the latest!

CAN AN ISA GIVE ME A GOOD INCOME?

This will depend on your choice of ISA although with our ISAs the answer can be a resounding "yes"! As we know, banks and building society accounts are offering atrocious interest (if anything) and this is unlikely to change significantly short-term and "real" returns (after inflation) will continue to show the real value of your precious money falling fast. This is true also of their cash ISAs so we see very little value in using your allowance for cash ISAs, particularly with generous tax-free allowances for savings' income anyway.

Typically, Market ISAs like ours receive income from dividends and interest. Often (but not always) dividend income is paid from company profits and as a consequence, will fluctuate over time but with an overall upward trend reflecting growth and inflation. Nevertheless, by owning a very diverse range of investments within an ISA as we do (which we offer across our entire investment spectrum), you can balance that risk as you become less reliant upon any one company or fund for income. Our independently managed ISA strategies have historically delivered income of upwards of 3-4% annually, without touching capital, so far more than the cash ISA alternative. Please see below for more information about the options.

IS AN ISA RISKY?



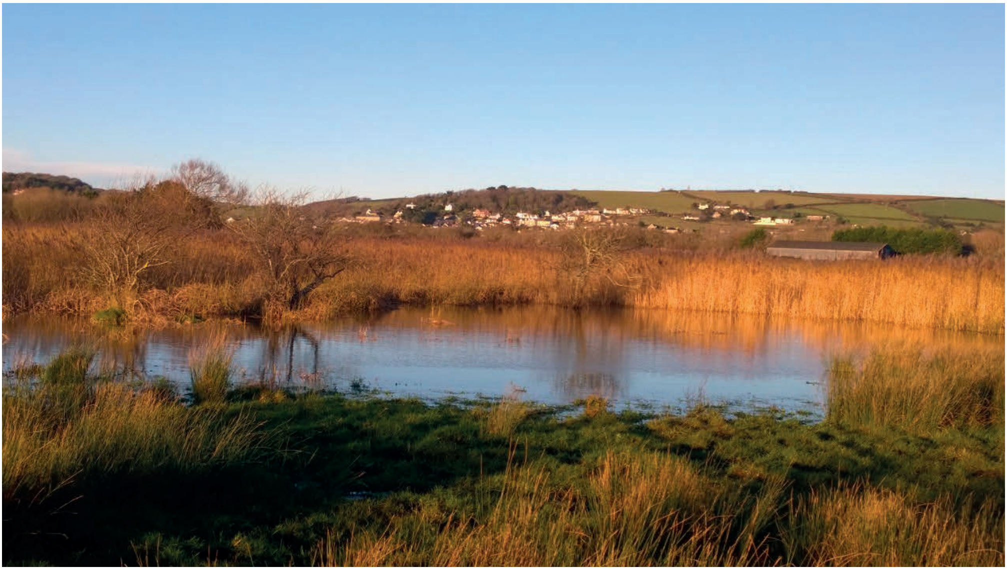
As the name suggests, stocks and shares (Market) ISAs do invest in market securities and their prices will fluctuate over time. Not all stocks carry the same degree of risk but there is no denying that this type of investment is generally more suited to those who can tolerate changes in investment valuations, are looking for medium to sensible-term investment periods and returns and probably do not anticipate needing access to the money in the short-term. However, excellent, quick returns are totally possible especially if you start when stocks are cheaper and less expensive sectors are chosen and so your 'risk view' going forwards can relax more perhaps!

In all my forty-four years' financial services' experience, I can say without hesitation that the biggest risk you face is doing nothing at all, meaning leaving all your cash at the bank. The second biggest risk is not taking any trusted guidance to help you make sure your capital can work as hard as possible for you, under their guidance and FCA regulated systems.

Nevertheless, 'risks' can be lowered in many other ways. For our ISAs (and all our managed strategies), here are some of the measures we use automatically to help protect clients' assets:

- By creating a highly diverse investment strategy, with many different stocks and funds from numerous sectors and across various global locations. This means that rather than the value being reliant upon the fortunes of just one company (or a small number of companies) or market you will instead have your money spread across anything up to fifty holdings (dependent upon amounts invested) and many of these are 'funds' too. By "spreading eggs across many baskets" whilst some may give disappointing returns or even fall in value, there are many others to offset that. This diversity also opens your investment to a vast range of different opportunities.
- We also engage complementary but totally different mainstream ISAs for couples. This doubles the diversification and halves the risk of any individual component affecting the Family savings.

- We do not invest only in direct shares. Infact, they are in the minority of our selections. Instead, we include a wide range of market-quoted ‘funds’ - collective investments (mainly Investment Trusts), which themselves offer a wide pool of underlying holdings run by professional investment managers. Again, this diversity reduces risks.
- Our strategies also include investments that are more defensive in nature and which do not necessarily react in the same way to conditions as the stock market itself. These are often ‘uncorrelated investments’, where performance is driven by unrelated factors. These include funds which have large numbers of underlying investments too. They include investments where value is driven by movements in interest and exchange rates, commodity prices (eg gold), base food stuffs, metals and currencies for example.
- We face no restrictions in what we can buy for you. We seek opportunities we feel are the best value at any given time. We have no axe to grind and it makes no difference to us what we buy or who manages it – only buying the best from a totally independent investment universe. You will not find such vast and varied range anywhere else and not at such good price either! We buy things you can’t buy yourself too!
- We use the services of a leading global custodian to hold your money and investments securely and which means that you are assured of a further layer of ultimate protection, even if our own financial position remains very prudently managed!



- Rather than your investment manager constantly changing over time, (which happens in the investment industry) and leading to periods of uncertainty and cost as funds are overhauled to reflect the new manager's views, our Firm's investment team has enjoyed the management oversight and direction of the same person for over thirty-six years now and the majority of his Family's money is in the same pots as clients! This has delivered great consistency in portfolio direction and strategy without substantial changes in holdings, a strategy which is key to ensuring opportunities are not missed through excessive trading and so lower costs paid through small turnover.
- Importantly, we are not "trend-seekers" swayed only to invest by the latest fad, often where interest is driven by sheer speculation as opposed to the fundamentals of the underlying holding. We seek opportunities which the market is undervaluing and where we consider there is attractive opportunity for gain or recovery (plenty of which you will have never heard!). If there is a nice income too that is gratefully received! (Some of our present holdings pay upwards of 10% income!). The latest favourite is the US tech sector (with Amazon, Facebook and Apple to name a few) which has driven US indices to record levels but which we feel is massively over-inflated and where new investors are likely to have their fingers burned. We are of the view that the UK market generally offers far better and significantly safer value at current levels yet with great growth prospects too, with a healthy track record of income payments to boot and this will remain our primary focus going forward. Of course, we still invest a smaller proportion of funds in international investment opportunities but largely steering clear of direct US exposure for now! The 'ESG' sector too is overblown as much money indiscriminately chases the few 100% 'green' and 'friendly' opportunities – many don't really know what they are buying.

OUR ISA OPTIONS

We offer a variety of ISA strategies to cater for multiple investor preferences; a more defensive and higher income strategy (C) for the lower risk investor, two complementary strategies which work together but with different holdings within them (for couples) for those seeking both income and growth (A and B) and finally an Inheritance Tax (IHT) exempt AIM ISA (D) for those seeking high risk opportunities and/or with a probable IHT liability, investing within select holdings on the Alternative Investment Market.

Shares within the AIM ISA (D) should be free from IHT if held for only two years. (An AIM ISA is potentially better than other estate planning measures as you retain total control of the capital and income, all whilst offering tax exempt income and capital gains). It is also easier to live two years than seven years for gifts to be exempt too, especially for the aged or health impaired.

ISA Key Facts (December 2021)

Initial Charge	0%
Management Charge	1.5% per annum*
Annual Transaction Charge	0.525% (estimated)
Administration / platform fees	0%
Withdrawal Fee**	Nil (assuming cash transfer / withdrawal)
Investment Limit	From £1,000 lump or £50 per month
Reporting Dates	January, April, July, October
Income Options	Monthly or quarterly, regulated sums or variable

Figures 31/12/21	ISA Model A	ISA Model B	ISA Model C
Projected Annual Income for £10,000 Investment you could expect to take	£375	£312	£475
Total amounts in ISA model	£29,016,905	£26,656,374	£12,511,867

**Collective investments (mainly Investment Trusts) enjoy independent management and small additional charges apply within (approximately 0.6% pa).*

***Subject to optimum withdrawal terms. For full terms, please contact us or see our website.*

You will see a very attractive projected income flow from the three main ISA strategies and this can be paid monthly as a fixed sum – how does that compare to the Building Society or National Savings for you? It will not vary very much either, even if interest rates elsewhere change.

HOW CAN I INVEST IN A STOCKS & SHARES ISA WITH YOU?

- If you have unused ISA allowances this tax year (or to use those for 2022/23 after 5 April, or perhaps both), please send a cheque payable to "Philip J Milton & Company Plc" with the completed ISA application form. If you would prefer to transfer money securely online, please contact us for bank details. Remember that this could be imperative this year ahead of likely swingeing tax increases on everything else and attacks on other allowances (freezing figures whilst inflation surges) going forwards. If you miss the chance, you cannot make-up past years' lost allowances.

- Transfer a Cash or Stocks and Shares ISA held elsewhere to our management (without affecting your annual ISA allowance). Contact us for the relevant paperwork. Many new clients find that assimilating several strategies 'all over the place' into a single directed and properly managed one is excellent and administratively fantastic for them too, as well as dramatically increasing their investment diversity to reduce risk and appointing a competent firm to look-after them properly on a daily basis (and at similar cost to what they may be paying elsewhere and not enjoying the service and free ongoing advice whenever they need it too)! Without being morbid but it makes life so much easier for your nearest and dearest on death too. There is no subscription cost whatsoever to invest or subscribe with us as 'Instruction Only'.

- If you are considering further investment and seek specific advice before doing so, please email us and we shall guide you on the next steps. However, to add capital without needing advice we are happy accepting your investment upon your request.

JUNIOR ISAs (JISAs)

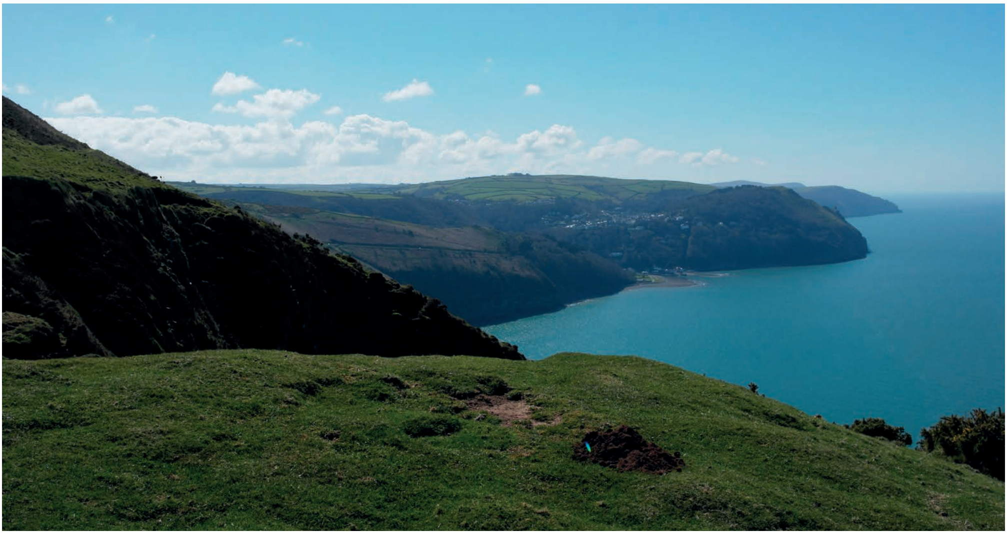
Remember too that the 2021/22 JISA allowance stands at a very generous £9,000. This is the same for 2022/23. We offer our own managed Market JISA which has access to all of our ISA investment strategies, so an ideal long-term solution for children who have plenty of time on their side. With cash JISAs paying nearer 1% at best, they are losing real value and over an investment term of perhaps 10-18 years, we are confident that market investments should outperform. Of course, we cannot offer any guarantees but income alone should exceed the total interest returns on cash at the moment! Please DON'T leave all your children and grandchildren's money to rot at the bank… they won't be very thankful compared to what you could do instead! It is also a great educator for children to see how things in the world of money actually work.

WHY SELECT OUR DISCRETIONARY MANAGED INVESTMENT SOLUTIONS?

"Discretionary management" is very different to putting your money into an investment fund (often which has been sold to you by a salesman for a fee) where you will have no knowledge of the fund's activities past a simple annual statement of results: competent discretionary management is a service, rather than a product.

Successfully constructing, monitoring and maintaining a portfolio of holdings takes much time and resources and demands a thorough understanding of market circumstances. Inevitably opportunities change over time and by managing your funds on a discretionary basis, we are in the best possible position to react to these changes without delay and in accordance with your best interests. Compare that to the more typical annual statement elsewhere, by which time it is usually too late to make any necessary alterations.

We do not simply invest a client's money upon receipt for them individually. Instead, at any time of any day, our sophisticated system can be deployed to look across all of our strategies for all investors (with available cash) and identify every investment that we need to bulk-purchase and in what quantity. We then decide which of those holdings (if any) we wish to purchase. Equally, for sales (which may be total, partial or simply trimming to the appropriate weighting), by trading in bulk we usually secure better prices. We may also decide to apply limit prices when appropriate, for stocks that are more difficult to trade. Unlike many other available investment options (with constraints on dealing frequency), we can trade any time the market is open, providing optimum flexibility as opportunities arise.



Separately, we can negotiate very attractive dealing terms through our ever-growing market presence and we are often approached by buyers of our stocks and sellers of stock that we might want. We also have access to newly issued stock. Invariably, the prices we pay or receive are far superior to those available to private investors on the open market. Despite our growing influence, we remain of a size that allows dynamic management (so we can act swiftly as opportunities present themselves), where we are not prevented from participating in attractive smaller entities. Most larger investment houses cannot invest in smaller stocks, as they simply manage too much money and would need to buy most of the fund to participate at a meaningful level! We face no such restrictions, also a reflection of how diversely we invest clients' money.

We are often able to "match" transactions too. For example, where we are required to sell stock for clients (who need to raise money) but we actually still favour the stock in question, we can usually buy it back for those clients still in need. In so doing, we trade at a mid-price that is favourable to both seller and buyer, compared to open market prices. Savings of anything up to 3-15% go straight to clients. For stocks with limited trading, this is really advantageous for sellers who may otherwise be forced to take a very poor price for a modest quantity of stock.

The back-office trading system is designed so that whenever new cash is introduced (from new applications, transfers-in, surplus income for reinvestment or as existing holdings are sold and the funds spent), new purchases are prioritised towards the 'best buys' at that time (at our discretion) and concentrated upon the 'gaps' in individual clients' overall portfolios on that day, constantly rebalancing strategies by adding to holdings and sectors where we are short. The account structure is in place for the "meat" to be added later, not allowing us to add more to holdings or sectors which are up to weight for an individual client in accordance with our latest wishes. So, every time a purchase of anything happens, the account is purified, rebalanced, by that cash allocated to the 'gaps' exist on that given day. This is based on the values of existing holdings the prior day.

Likewise, overweight holdings can be trimmed back to the 'ideal' weighting both to reduce risk and to release money to buy the choice underweight situations required.

All of these attractive features occur "behind the scenes" and are just a normal part of our daily procedure. Most cannot be achieved by private investors themselves, nor by most other advisers in the industry. Whilst the impact of these "special features" is hard to quantify, there is a very real financial advantage for investors, all of which adds value and contributes towards covering and exceeding annual management fees.

This is all within the price clients pay. We see this as all part of our job, our responsibility, not only to have some of the best systems to manage clients' capital but to also make sure that when we undertake transactions that we do so with the keenest of efficiencies, all adding to clients' returns. This is what being a member of our 'Club' guarantees regardless of the extensive extra work it all creates for us – if you are not with us, ask your adviser or investment manager if this is how they look after your capital! And on top of that, our challenge is to ensure that the special work we are doing more than exceeds all of our headline management fee so think about that when you might consider a 'cheaper' offering for a far inferior outcome somewhere else!

PENSIONS – PLEASE TAKE ADVANTAGE WHILE YOU STILL CAN!

I remain perplexed as to why "pensions" are not equally as popular as ISAs for investors to flock towards as the tax year end approaches. Could it be because of historic bad press, the perceived lack of access, a misunderstanding that all is lost on early death or perhaps a simple lack of full understanding. Now look, it is simply a brilliantly tax-friendly wrapper inside which you can place investments of any type, including cash. Don't listen to any other rubbish! On top of that, your subscription receives full Income Tax credits of up to 45% and regain Personal Allowances lost too and the pot outside of your estate for Inheritance Tax.

Let me address some of the confusion and explain why we should all maximise our pension contributions whilst the Government gives excellent tax advantages. They won't last forever!

- Eligible contributions receive tax relief at our highest marginal rate of Income Tax. What does that mean? Well, for basic rate taxpayers (and even non-taxpayers), for every £1 you pay, your pension receives an immediate uplift to £1.25. If you pay tax at 40% or even 45%, you may claim extra tax relief via your tax return, meaning your £1.25 costs you just 75p or 69p! That's a colossal incentive to your own financial future!

- A pension is just another of your investments, sitting alongside your ISAs, market portfolio and bank deposits. It can invest in anything you want, or anything we think will serve your best interests if wisely you choose our own Managed Pension! Just view it as an extra investment pot.

- Access to the pension is from fifty-five (fifty-seven from April 2028). If appropriate, you can withdraw up to 25% of the pot tax-free. The remaining amount is also accessible to you although it will be taxable. So, the money is not locked away for ever more or only accessible in a very restrictive way. Indeed, when accessing the money, you have the choice of taking only an income, capital or a combination of the two. This is flexible too and changes can be arranged at any time. If you don't need it, leave it alone too!

- If you pass away before taking all of your personal pension, your beneficiaries will receive its full value, free of all Inheritance Tax. That is by lump-sum or they could potentially inherit the pension pot/income for their own enjoyment. Therefore, all is not lost, even if we'd prefer you to have enjoyment of those funds ideally!
- All income and growth achieved by the pension is tax free meaning there is nothing more for you to declare on any Tax Return.

I do hope that this goes some way to dismiss some of the possible misunderstanding when it comes to investing in pensions. Really, these are the "investments" that should be prioritised, particularly as questions continue to be raised about the ongoing viability of State Pensions in the present form, not to mention the generous tax treatment.

TAX YEAR END PRIORITIES

5 April each year provokes a degree of panic with certain investors remembering that time is running out to take out an ISA for the year and pay money into a pension! For others and as we advise, the preferred time to be doing this is the beginning of the tax year (so, soon after 6 April), not the end! That way you avoid the unnecessary stress (and when financial firms are at their busiest) and you also enjoy the tax benefits for the entire year, alongside any tax-free returns. Indeed, as we are so busy with existing clients to whom we owe our first responsibility, for new enquirers we may even now be unable to meet their entire expectations as a consequence of these pressures, despite increasing our team too. There are also several other measures you can plan before the tax year end, depending upon your individual circumstances. For example:

- ISA and Pension investing – as mentioned.
- Invest in Junior ISAs (and even pensions) for children.
- Use your generous Personal Income Tax Allowance of £12,500 to the full.
- Make use of the Marriage Allowance, which lets you transfer £1,250 of your Personal Allowance to your husband/wife/civil partner. To benefit as a couple, the lower earner must have income below their Allowance. The recipient must pay tax at basic rate.
- High Income Child Benefit Charge – if this applies to you because income exceeds £50,000 have you made a lump-sum pension contribution to mitigate the problem?

- If your income exceeds £100,000 and you are losing your tax-free Personal Allowance, have you considered GiftAid donations or lump-sum pension contributions to reduce your adjusted income below the £100,000 level?
- Use your annual gifting allowance of up to £3,000 each – for Inheritance Tax planning. You can also use last year's missed payments too.
- Surplus income can be given to cut Inheritance Tax, provided documented carefully.
- Limited Companies can make employer pension contributions in their business year.

So, with 5 April fast approaching and bringing the curtain down on the 2021/22 tax year, I do hope that this reminder of some important planning that you should consider before it is too late and allowances are lost forever is helpful. As listed above, this should include considering using your ISA, Pension and personal Tax allowances, charitable donations as well as gifting for estate planning purposes.

CHARTERED FINANCIAL PLANNERS

On the front cover of this newsletter, you will have seen the Chartered Financial Planners' logo. To remind you of how we achieved this much sought-after recognition, please see below.

The title 'Chartered Financial Planners' is granted by the Chartered Insurance Institute (CII), the professional body for insurance and financial planning. To retain our title, the advice, service and ongoing support we provide must remain of the highest quality.

Our advice must be based solely on your researched needs and provided by someone competent to discuss products and services that meet your requirements.

- We prove our technical, professional knowledge and competence by qualifications.
- We maintain our knowledge and skills through continuing professional development.
- Our advisory staff must be members of the Chartered Insurance Institute and comply with its Code of Ethics as enforced through disciplinary sanctions.

Our Chartered title means a lot to us. It was not easily achieved nor easy to maintain and there are very few South West firms meeting the rigorous criteria. It takes continuous investment in client service and commitment to maintain it. It is our policy to maintain these standards and your guarantee of our overall commitment to client service and professionalism.

RISK WARNING

Market investments offer income through the payment of dividends and interest and good potential for capital appreciation over the sensible term. By this, generally we mean periods of more than five years, preferably longer. However, we can never promise you particular returns, especially short-term. At any point in time but especially at inception, your capital could be worth less than the original amount invested as some of the selected holdings may fall in value, regardless of expectations at the time of acquisition. We may also invest in funds that hold overseas' securities. The value of these investments will also rise or fall because of exchange rate changes. Past returns achieved cannot be relied upon to be repeated.

UNSOLICITED CLIENT TESTIMONIALS – THANK YOU!

"We would just like to say thank you for the excellent way in which you have handled our accounts."

GB Bristol

"I would just like to say how brilliantly your company have been in sorting out my late husband's estate. The share side has been handled very efficiently, and Sandra Wonnacott and her team have been excellent helping with Probate. All of you have been very approachable and supportive, working in such awkward circumstances. The fee for doing all this was very reasonable. Thank you all!"

BK Sussex

"Thank you for another year of your careful custody!"

KB Kettering

"Thank you for all you help and guidance over the last nearly 40 years."

CJ Tenerife

Philip J Milton
& Company Plc
Charitable Foundation
Investing in the future - today

CHARITABLE FOUNDATION

Our own charity, the Philip J Milton & Company Plc Charitable Foundation acts both as a recipient of our own and others' donations and looks to gift additional funds to local good causes. Enquiries are welcomed.

The Charity's Objectives are to provide grants to any of the following as the Trustees see fit:

1) Any UK registered charity operating in the areas of education, poverty relief, disaster relief or Christian activity
2) Any organisation operating in the North Devon region to benefit local community facilities, the arts or culture for the public benefit
3) Any individual anywhere in the world for the purpose of education or training, poverty relief or medical treatment
4) Any organisation assisting in the development of programmes for financial education including budgeting, basic finance, home economics and basic culinary skills

Whilst wide-ranging, some core objectives are intended to be pursued, including financial education to the poor in our local area and to consider if a suitable programme is possible to roll-out more widely.

If you feel your 'cause' would qualify for a donation please do contact us in writing providing details. Last year, we were pleased to be able to support many worthy local causes.

If you would like to support the Charity, please send your donation to: 'The Philip J Milton & Company Plc Charitable Foundation', Choweree House, 21 Boutport Street, Barnstaple, Devon EX31 1RP. Thank you!

AMIGOS

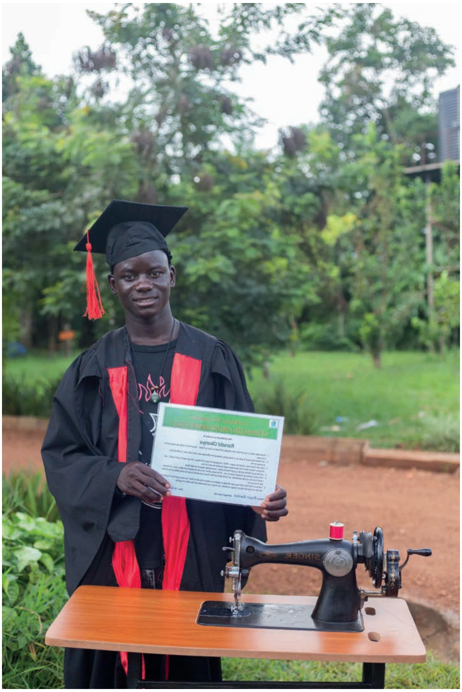
Our corporate sponsorship is currently being used to sponsor a student of Kira Farm in Uganda, where young people can enrol in a one year programme focusing on three main areas: conservation farming, vocational training and holistic life skills.

Amigos hopes to play its part in helping people to change their lives. Whilst only 17% of young people are employed in Uganda, 100% of Kira graduates are in employment.

Ronald, was the student who benefited from our sponsorship last year. We were delighted to receive monthly updates from him by email as he progressed through the programme. In December, after Covid related delays, he was finally able to graduate and return home to put his new skills to work in the 'real world'.

We'll keep you updated in our next edition with details of our current student, and meanwhile wish Ronald all the best for his future.

Dear Philip



I am filled with joy writing this letter to you from Kitgum. My family are very happy that I am back home but also praying for you and thanking you for how much you have supported me through Kira Farm.

Yesterday I was at church and my pastor was so happy to see me after a long time. I hope I can use my skills to help inspire other youths to learn skills and make good use of their life. It was very hard to leave Kira Farm but yes, the time is now and I am ready for a new chapter in my life.

I am so grateful that you have supported my training, thank you so much for standing with me at Kira. I pray God will reward you abundantly, with all the good things possible.

Send my greeting to your family and all your friends

Merry Christmas from Kitgum

Ronald

AFTER HOURS

John Travolta tested negative for coronavirus last night. Turns it was just Saturday night fever.

The World Health Organization has announced that dogs cannot contract Covid-19. Dogs previously held in quarantine can now be released. To be clear, WHO let the dogs out.

I saw an ad for burial plots and thought to myself that's the last thing I need.

Intelligence is like underwear. It is important that you have it, but not necessary that you show it off.

Relationships are a lot like algebra. Have you ever looked at your X and wondered Y?

A courtroom artist was arrested today for an unknown reason. Details are sketchy.

People are making end of the world jokes like there's no tomorrow.

Whatever you do, always give 100% unless you're donating blood

Philip J Milton
& Company Plc
Established 1985

North Devon's Leading Independent Wealth Managers

Dear Philip J Milton & Company Plc

Please accept this letter as notification of my wish to establish an 'execution-only' (without advice) investment in your discretionarily managed:

- ☐ **Balanced Investment Portfolio**
- ☐ **Stocks and Shares ISA**
- ☐ **High Income ISA**
- ☐ **Balanced Personal Pension**
- ☐ **Other: Portfolio / ISA / Pension strategy** (please note)

We have listed some of our most popular strategies here but these are not 'recommendations' for you.

Please select 'other' if you would like to receive information on all our available investment strategies.

Please contact us if you would prefer to transfer funds direct to our bank.

☐ Please find enclosed a cheque payable to **'Philip J Milton & Company Plc'** to begin/add to my ISA/JISA/Portfolio.

☐ Please find enclosed a cheque payable to **'Philip J Milton'** to begin/add to my Pension.

I / we look forward to receiving full details of the investment and understand my/our funds will be held in a Client Cash Account until all relevant documents/information are provided and I/we meet all other regulatory requirements

Name(s) ______________________________

Address ______________________________

____

Postcode ______________________________

Date of Birth ______________________________

NI Number(s) ______________________________

Telephone ______________________________

Email address ______________________________

☐ Please tick the box if you **do not** wish to receive confidential information via this email address.