Philip J Milton
& Company Plc
Established 1985

North Devon's Leading Independent Wealth Managers

MILTON NEWS

Winter 2016 Edition

Highlights

- Our Market Update
- Investor Day – Monday 9 January 2017
- Special Feature: Pensions
- Our Discretionary Managed Self-Invested Personal Pension (SIPP)
- Our New Advisers
- Current Accounts and Cash ISA Interest
- Our Support for Local Projects and Charities

and much more!

Choweree House, 21 Boutport Street, Barnstaple, North Devon, EX31 1RP
Tel. (01271) 344300 www.miltonpj.net Email: info@miltonpj.net

Authorised & Regulated by the Financial Conduct Authority 181768

Dear Client *December 2016*

What a year it's been!

After a tumultuous six months in politics and economics, it is reassuring to be able to report good news to clients, albeit President-Elect Trump's success has caused more uncertainty recently! Our balanced overall strategies have enjoyed an excellent recovery from the depths of despair earlier in the year and have shown a superb recovery and progress since the low point touched on 11 February for the FTSE100.

Holding up the Euro...

It seems hard to imagine that so few months ago the year opened with losses across the Globe which hit $2 trillion on the back of renewed fears about China and 'experts' heralding a 20% drop in stock markets. Then there were uncertainties introduced by the impending Brexit vote and the unexpected outcome (for many, anyway). Instead, the FTSE100 has hit a new intra-day peak since and frankly, is still not expensive as the stocks making the running are not the over-hyped ones which had driven it to extreme levels previously.

Even our Defensive strategies, carefully positioned to hedge against whatever outcome the Referendum could bring us, have advanced by almost double digits and anything exposed to Dollars, Euros and Yen have all profited as Sterling has fallen. Clearly currency gains we have enjoyed will not be repeated and indeed, if we remain as exposed to international assets, at some point Sterling will begin its ascent back to more appropriately valued levels. However, for 'now' we must be prepared for strange things to happen but remember these can be good things. However, the easiest excuse 'you' can make is to procrastinate and do nothing. Had you done this in January and simply kept your cash at the Building Society, it will have hardly earnt you a penny and you would have lost as much as 25% or more from safe opportunities you missed.

I do need to keep repeating too that as 'value' investors, we are looking at situations we believe offer better value than buying 'trends' for their sake alone. Often the by-product of a value investment is the generous level of income it produces and this has continued unabated throughout the 'troubles'. The last newsletter reminded clients that our 'Balanced Portfolio' for example, was still generating an income of 4.5% annually and many of our clients rely upon that as a monthly, regulated sum to help pay the bills, safe in the knowledge that their capital will meantime be still doing its 'thing' and we trust looking after itself as it has these last six months more than ever we could have imagined. Yes, today that sum is less for new investors as capital values are higher.

We hold a long list of component investments. Naturally we may have more confidence in one stock than another and we weight our exposure accordingly. We disagree with many who perceive that to achieve out-performance you must have a very concentrated list. That is all very well if they all work but what if misfortune impacts just one? For me, if I 'like' European Investment Trusts, for example, in itself a small subset of strategies, I might have exposure to five or more different options – each managed differently yet doing complementary things. As fees are levied based on percentages, clients are not disadvantaged whether we hold five or fifty components – or more. Of course, we work harder, researching more and having more work to oversee holdings. The diversity is also excellent when it comes to client requests for cash as we can sell components over a lengthier time as opposed to hitting the market with everything at 'once'. Yes, that's more work but our job as we see it.

Our diversified strategies provide some protection to overall risk in that we are not over-exposed to any individual stock, fund, commodity or sector and we pursue opportunities wherever we can and where we see them. We have holdings of Gold, Wheat and Texas Crude Oil as well and we have a Yen currency holding as well as contemplating Sterling against the Euro and Dollar. These uncorrelated assets add protection against events in the pure stock and bond markets. We own timber and specialist commercial property exposure (typically overseas in fact) and many 'special situations' which have done very well. Our US life policy Trust has done us proud in that it has sold all its policies to another investor and is winding-down. We have enjoyed an excellent return from it (bolstered by the currency as well) and £2 million is coming back in January. These holdings are designed as 'asset protectors' first rather than return generators.

Many new clients have joined us over this period. Some have done really well in a very short time and despite our best endeavours at all times, we may struggle to replicate these impressive opening figures! However, I am not 'scratching around' for investment opportunities as there remain plenty of unloved situations to complement our mainstream holdings. Many existing clients have felt it a wise time to reduce their Premium Bonds, National Savings and Building Society deposits too to look for superior outcomes – and safer ones, generating better returns than the paltry amounts from 'cash' which is soon likely to look even worse as inflation returns.

Interest rates remain very low and this will not change soon. It is harder to find good value in the Defensive sector but quoted 'peer-to-peer' lenders remain interesting and will be likely to lie in clients' account. They do need treating carefully however and we do not encourage you to deposit funds with them directly. It's a little like Mr Ronson if you remember – don't buy the razor but buy the company! Many still trade at discounts to their underlying loans as well – one of the occasional market anomalies.

Remember that in April I said 'we are not unduly worried about the Brexit vote and please, I do not say this glibly.' Nothing has changed. We are taking a rational investor perspective for our clients' funds (beginning to repatriate some overseas' holdings to buy cheap Pounds) and we positioned our clients superbly for either outcome. Indeed, it is as if the international investing community has overlooked that the Euro and now the Dollar are in line for their own little troubles shortly, unrelated to what might be happening here in the UK. I haven't even commented on Mr Trump's presidency (though that is one uncertainty removed and ostensibly a cheerier Brexit negotiation and economic expectation to have now as well).

So I hope you gather that despite inevitable storm clouds, I am quite sanguine about prospects. I keep repeating too that I look forward, refraining from basking in the past sun, and that is how we make our investment decisions. When a company like Capita Plc, long-term darling of the market, announces a profit warning and the shares slump by 60% in one year, that's when I start to become interested. Yes, they can fall further as more rats desert… but with a very good dividend income for clients (yes, a cut could happen) and prospects which I feel appear much better than the pessimists imagine, I start to nibble away. Of course, no single client will ever have very much and we buy primarily 'funds' (especially Investment Trusts which are superior to Unit Trusts as most other advisers use only) which are far more diversified but this might help to demonstrate how we consider decisions. This is NOT a recommendation however.

As ever, if you have any queries or would like to speak to an adviser regarding the suitability of an ongoing strategy or any other financial matter, please do contact us. Remember too that unlike most professional advisers who levy fees for all review work and advice (often hidden in the underlying funds upon which they advise you), unusually we offer an annual personal review concerning your investments we manage for you – or of course a first appointment for new clients - without any cost, as an integral part of our discretionary investment management service. Our management charges are very economic in the first place for what we offer so this is an added and invaluable bonus!

If you would like to keep abreast of our thinking regarding markets and many other finance related topics, please do let us have your email address so that we may forward to you (without charge) our periodic and independently prepared e-shots. Please email us on info@miltonpj.net. These are welcomed by over 6,000 people now in fact! There is no compunction to do anything with us at any time and many competitors enjoy these updates!

All that remains now is to wish you all a very Merry Christmas and a Happy New Year!

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

Investor Day - Monday 9 January 2017

Please join us for a free information day regarding investments and financial planning. Top performing fund manager team in attendance.

We are delighted to invite you to our first Investor Day of 2017. This is an open invitation to all clients and any other interested parties; you are most welcome to attend and bring non-client guests. Places are likely to be limited however and priority will be given to those who have not attended before so we should be grateful if you could please contact us on 01271 344300 or info@miltonpj.net to confirm your attendance. Thank you.

As well as presentations by Mr Philip Milton, Senior Fund Manager and one of the longest serving successful fund managers of the same investment funds in the whole industry and our Team, we shall be joined by Ms Claire Long and Mr James Smith of Premier Asset Management who will be providing an update on two lower risk and strongly performing funds within their remit as well as recent developments in utility companies generally. They will also bring their take on the global financial and economic environment.

Our Investor Day is at:

Trimstone Country Manor House Hotel

Trimstone

Nr Woolacombe

Ilfracombe

Devon

EX34 8NR

~ on ~

Monday 9 January 2017

11:00am - 3:00pm

Registration from 10:30am with tea and coffee on arrival.

Our renowned two-course complimentary lunch will be provided ~
please do let us know of any dietary requirements.

Staff will be available for informal discussions throughout the day. There will be Q&As too. If you would like to discuss any particular financial issue, you are welcome to let us know in advance and our Advisers may be able to bring useful information for you. To preserve confidentiality, we regret that we cannot facilitate in-depth discussions during the Investor Day but as ever, you are welcome to book a subsequent meeting or telephone appointment with an adviser at our cost and without obligation.

We look forward to seeing you there.

Special Feature: Pensions

Pensions – The Facts

Well apparently despite sales of Lamborghinis reaching record levels in the first six months of 2016 at 2,013 units, it is not people converting their pensions into one, as the then Pensions' Minister suggested was a good opportunity.

Most people are being more sensible though far too many have simply been taking the funds to put on deposit and what a poor choice that was for them to do. There is still a fear that too many have spent too much and too soon and this is exaggerated by the Australian model which is now being reassessed. Almost £5 billion has been paid-out since the rule change in April 2015 as lump sum payments (average about £14,500) with a further £4 billion in 'drawdown'.

Curiously research is suggesting that advised clients are drawing far smaller sums than unadvised ones – as I have said all along, the opportunity to be able to access the pot is not the same as shaking its contents onto the kitchen table to see it, as you can't then put it back in. Indeed, accessing the thing turns it into a much less attractive tax pot for all sorts of reasons so DON'T DO IT, unless you have spent every other last penny first! By all means transfer what you have to a better managed and more responsive pension scheme – like our own Self-Invested Personal Pension (SIPP) – which responds to your unique personal needs and desires but please don't take the whole bloomin' thing just because you have it or hit a particular age!

Did you know too that the under seventy-fives don't need a job to contribute £2,880 net to a Personal Pension every year and the Taxman will boost it to £3,600 gross immediately? If you are a Higher Rate taxpayer, you even receive the top tax relief on the whole sum! Morbidly, I could say I hope to pop-off the day before my seventy-fifth birthday so my whole pension passes totally free of all tax to my children (and I might have grandchildren by then) and instead I would hope to have spent the last vestiges of all my other capital in regular chunks as my retirement 'income'. The thing is, that is my choice – I could access the whole thing next year when I reach age fifty-five if I was absolutely daft (am I really that old…!) but instead I know that from next year, I CAN – but I don't have to do so if I don't NEED it.

We have twelve different pension investment management strategies and hybrids to react to unique individual client circumstances such as impending retirement. We are very proud of our unique and very low cost arrangements and if you need to consolidate what you have, maybe you should get in touch. There are not even any annual plan charges to pay – just our usual very competitive management fees for looking after the assets and brokerage for transactions within (as there are anywhere else of course). We are finding a considerable number of clients and new enquirers are keen to assimilate lost pension pots from previous arrangements into one responsive and cohesively managed account which they can monitor, either from old employers or personal schemes from many years ago which are languishing in closed insurance companies' coffers. We offer independent advice on these – or 'execution-only' transfers without cost, where you have to select the models into which your funds go.

Funds Under Management

We are pleased to report that following the performance success we have achieved, our clients' funds under discretionary management have now broached £125 million – of which over £22 million is held in pensions. This is up roughly 17% since last year and bearing in mind that includes cash held on account for liquidating and defensive clients and also defensive assets not connected to the world's share markets and from which more paltry outcomes are expected, that's a pretty good result. I should say too (if I dare!) that the overall spread of assets would mean that the average risk-rating is 'balanced to higher security', rather than aggressive in approach too (at time of writing, from the totals we manage, 25% happens to be in cash and defensive assets). It also includes assets which might have tripled to those which have fallen over the year of course. It is net of all our fees as well (and fees which pale into insignificance on the back of the results) and probably, on balance we have had more client withdrawals from natural events (sadly) than new funds, especially in view of the global uncertainties and so the net impact has been taken on the chin. Don't forget too that many clients take an income from their investments and that is not included in the present figure! Sorry to the small handful of clients who decided to believe all the pessimism around the world last autumn/winter/spring and to leave during that time as well. We did try to encourage you to stay until 'normality' returned.

So I suppose the question has to be asked if you are not a client… what did your adviser do for you – or what did you do for yourself?

You cannot change the past but think about it, you can change the future. For our strategies, we sell what we think is expensive and we buy what we think is relatively cheap. It is not 'rocket science'. No, we shall not repeat the exceptional performance this year but rest assured, we are doing our best to secure tomorrow's results and to bank constantly the security which our clients seek as well of course, through the use of our unique and unrivalled investment management systems and as much diversity as possible. Wherever there are opportunities, we are looking.

Client Case Study: Pension Contributions

One of our longstanding clients was keen to make the most of their available pensions contribution allowance. We sought information both from the client about their current salary and from the existing pensions regarding the contribution history. With this information, we could give the client sufficient evidence with which to backdate pension contributions over at least three years of unused allowances. A net contribution of £49,750 was available, which via automatic Basic Rate tax relief was topped up to over £62,000. Our client was also able to reclaim over £15,000 in Higher Rate Income Tax via their annual Tax Return.

So for an effective contribution of approximately £34,000, their pension started at £62,000 – a significant tax advantage and with tax-free returns inside too.

Costs for your Pension Plan

People do not understand what costs they pay for a pension plan. Of course, there is also the case of 'what do you get for that' as well. How much are you paying at the moment? Do you really know? And before you think this subject isn't for you, you (or someone else!) can contribute to a pension from the age of birth up till you are seventy-five and even when you have no earnings… The Taxman will still give you a 25% tax bonus on your contributions!

So what does an investment management firm or insurance company charge you for? This is often standard for all types of investments. They charge the costs of buying, holding and selling investments. You pay the 'bid-offer' spread when they trade for you (say they buy a share at 50p and can only sell it for 48p right away, the market's 'turn'). They charge you administration fees (such as a monthly or quarterly fee) and importantly, they charge a management fee for managing the pot (usually a percentage based on the value). The trouble is, all so often this is not transparent at all and with full disclosure, most companies are very good at hiding their charges (dare I be so brave as to name some companies as worse culprits here like OpenWork and St James's Place…? My test for their clarity would be to ask a customer of theirs how much they think they are paying for the product/service). However, I'll let others comment; enter the search term 'St James's Place boss hits back at charging criticism' to read the Financial Adviser article on the subject.

Your own adviser usually charges you something extra, too. Most charge a fee for the initial advice – whether you take it or not – and that is fair enough as you do not want to be shoehorned into something just so the adviser earns a fee (used to be called a commission…). We have seen a fee of 5% on the value you subscribe and annual charges of 1.5%pa (or more) to provide you with a 'review' service to say how things are going and what changes you may want to make and so on.

What do we do? We are pension managers as well and can buy and hold almost any investment from any provider within our bespoke arrangements – no ties whatsoever. Our scheme, administered and managed by independent custodians incidentally (adding that necessary extra layer of protection you never want to have to worry about) charges no administration fees; well,

Client Case Study: Pension Transfer

A new client approached us earlier this year as they were unhappy with the service they received from their current pension providers. We spent time fully introducing our Firm, its services and making clear the costs involved in requesting our advice before proceeding to review their existing pensions and making a recommendation. Having looked at the existing pension schemes in detail, we could see the constraints of their current funds and recommended a transfer to our very diversified discretionary managed services.

The pension funds began arriving and being reinvested in our own scheme from mid-May, a fortuitous time to be placing trades due to depressed markets prior to the Referendum result. From an initial cash fund of approximately £192,000, the pension is valued (at the time of writing) at £209,000 after less than six months invested – and that's after all fees. We can't promise these exact results over the next six months, but we are pleased to be able to share the good news of a solid rise in value with our client through our regular correspondence.

actually that is because we pay them for you. You pay the bid-offer spread when we deal (unless one client buys from another who is raising money so they both gain!) and brokerage (all percentage based so small deals are very economic too). There is nominal Stamp Duty on most investment purchases, as there would be anywhere. You pay us 1.25%pa plus VAT, one of the most competitive management fees for what we offer in the industry for the job of managing the pot and all the components. For this, we also offer you a complimentary annual review of your pot and how it fits into your overall scenario and no, not like other advisers who charge you that 1.5%pa (plus VAT) fee for doing that job - as well as you paying the underlying fund manager a management fee). For funds going into our discretionarily managed pension pot, we do not charge a penny to set-up the business or to add to your existing plan with a cheque or a transfer from another pension.

Yes, we do charge a fee for the initial advice and this has to consider your overall circumstances and propensity to accept risk. This is usually invaluable and recommended as we cover all the technical aspects to help ensure you optimise your financial scenario and tax planning and not just the 'pension'. That might be your best investment made! However, if a client comes to us and says 'here's £10,000 for a pension and I want your strategy D2', then there are no advisory fees and no cost to set-up the plan. We cannot give 'advice' to ensure the strategy you select is 'right' for you based on all those criteria but we can provide generic information for you to make the choice. You also pay underlying funds' charges if we buy a 'fund' or 'trust' but again, just as any other company does too.

Recently a leading national brokerage, 'True Potential', said that it believes many in the industry are over-charging for what they do. Perhaps we can agree. However, its representatives charge an average of 0.56%pa for the ongoing review advice whereas we charge not a penny… It refers to many in the industry charging up to 2%pa for the ongoing reviews and remember, this isn't for doing the investment management for which you pay more to the underlying fund managers who are deciding about holding, reviewing, buying, selling…

Pensions are going to become an even bigger and more important part of most people's financial planning. We have some unique and highly flexible schemes which work with you and your changing circumstances over the years and with the dynamism of our highly successful, trusted and staunchly independent investment management processes behind it. If you want to keep that apathetic pension plan where you don't know what it costs and how much the advice to review it is, that's fine but we offer brilliant alternatives. Please don't be duped by the charlatans out there - and don't touch your pot if you have other assets you could spend instead too!

A recent survey suggested that in ten years, pension fund review and management will be one of the largest parts of every financial advisory practice (counting for as much as 80% of the adviser's time) – so make sure you choose wisely as your pension could well be the biggest financial asset you ever have - it is imperative it is managed properly, is responsive to you and that you can see what it is doing and what it holds - at any time you choose.

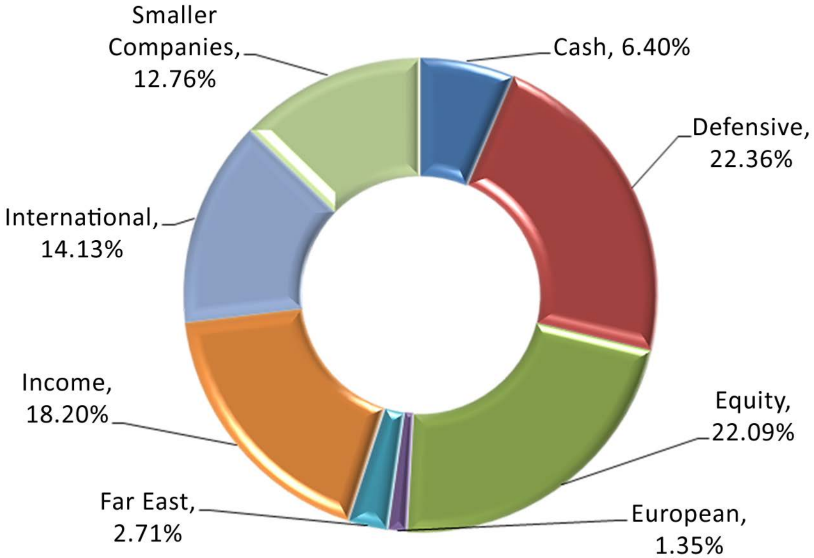
An example of our Discretionary Managed SIPP: Model D2

31 October 2016

This SIPP model seeks to achieve returns through a combination of both dividends/interest and capital growth. Approximately three-quarters of the strategy will be invested in a wide range of equity investments (both domestically and internationally), comprising Investment Trusts, shares and a limited number of open-ended funds. Approximately one-quarter of the SIPP model will invest in holdings that we anticipate will exhibit more defensive qualities when compared to equities. This may involve (but is not limited to) Corporate Bonds and Convertible Bonds for example. There will be a bias towards developed and liquid capital markets.

Top Ten Holdings	%	Sectors
Premier Energy & Water (PEW)	3.15%	Income
Manchester & London Investment Trust (MNL)	3.01%	Income
Blue Planet Investment Trust Plc (BLP)	2.85%	International
Value & Income Investment Trust (VIN)	2.63%	Income
Shires Income (SHRS)	2.54%	Income
Miton Global Opportunities Plc Ord (MIGO)	2.31%	International
Ecofin Global Utilities and Infrastructure Trust Plc (EGL)	2.17%	Income
Alternative Asset Opp PCC Ltd Red Ptg Prf Shs NPV (TLI)	2.15%	International
BlackRock World Mining Ords (BRWM)	1.85%	International
Royal Dutch Shell Plc 'B' Shares (RDSB)	1.82%	Equity
Total Percentage of Fund Represented	24.48%	
Cash	6.40%	

Collective Model Strategy Size	£10,117,884
Annual Management Charge	1.25% + VAT
Underlying Investment Charge	0.60%
Estimated Annual Transaction Charges	0.525%
Projected Annual Income Yield for £10,000	3.90%
Administrator	Quai Administration Services
Valuation Dates	April and October
Income Options	Monthly or Quarterly



Key Attractions

- A range of pension strategies to cater for different investment objectives and cost free switches
- Independent and unfettered investment management
- Very attractive dealing terms negotiated through our market presence
- Complete flexibility with lump-sum and/or regular contributions
- Flexibility to draw benefits from age 55
- Comprehensive reporting and half-yearly valuations
- Exemption from Tax whilst invested
- Complementary pension strategies for couples whilst invested
- Tax relief on contributions at the highest marginal rate of tax
- Full flexible drawdown options for member and beneficiary on death
- Access to our team of highly qualified advisers to discuss your pension options without further charge.

Risk Warning

Past performance is not a guide to the future. The capital value of units and the income from them may fall as well as rise. Yield figures may vary and are not guaranteed. Where a fund holds investments in another currency there may be additional risks due to exchange rate fluctuations. Specific clarification, individual advice and consideration of full terms and conditions are necessary if action is being considered. An investor may not get back the amount invested.

Is Philip J Milton & Company Plc's Pension Management Service Right for Me?

The purpose of this article is to give details of our pension strategies. It is not suggesting a particular pension type is necessarily appropriate for you. Whilst we shall welcome your interest, without advice, it becomes a non-advised transaction.

If you would like to discuss options with one of our advisers to confirm suitability before requesting the relevant application forms, please write to us, telephone (01271 344300) or email (info@miltonpj.net) and we shall be delighted to arrange a mutually convenient appointment for you at our cost.

Pension News

Bank of England Pension Scheme

Putting State Pensions into perspective, the Bank of England has been paying 54.6% of staff's salaries into the superannuation scheme to meet the funding required. This seems to be a simple bottomless pit but whatever the funding needed, in it goes. It does make you realise however how much the drag of salary-related pensions in the public sector are costing with interest rates so low – so if you are fortunate enough to enjoy one, don't begrudge your '6%' or whatever, as you can see it is woefully undercharging you!

Many charities still provide salary-related pensions too and really they are unaffordable and should be discontinued, being replaced with defined contribution schemes. Significant parts of donations made to the National Trust, RNLI and RSPB are going towards pension shortfalls. They are not alone and several local charities are in similar straights.

St. James's Place

This popular company was mentioned in the Saturday Telegraph on 17th September. An investor had subscribed to a pension with the company and its restricted fund range but because of administrative difficulties, wanted to withdraw and go elsewhere. Agreed, that with the best will in the world, things can go wrong. However, what was most startling is that the company was proposing to charge a penalty fee of £10,500 for leaving early – 6% of the value of his investment account.

What concerns me is that so many investors of St. James's Place perceive that they are getting something for a low cost or for 'free', without realising that their products are highly charged, clearly to ensure the sales representative's fees are covered too by higher annual charges than otherwise would apply. If a client leaves early then a big charge is applicable.

It smacks of the sort of behaviour which several companies (like Allied Dunbar) demonstrated in the old days of very high commissions and costs – the poor customer did not 'realise' how much they were paying as it was a big chunk every year for ever and the representative (and company) took all the fees up front instead and with added penalties if someone failed to maintain their contractual relationship for a very long time thereafter. A fee should be for the advice and not dependent on whether an investment occurs or not – it should be as simple as, 'what is the best advice?' Then, a 'product' should have a charge – and not hidden charges against annual fees

Client Case Study: Pension Provision and Retirement

Our clients asked us for help in overcoming the differences in their retirement plans and the funding this would require. One of the couple was hoping to retire this year, and would be able to do so based on substantial pension savings, but their partner would not retire for a further eight years and had significantly smaller pension savings. Therefore, they wanted to ensure that should the former of the couple die first, the spouse would be well equipped to meet their income needs into retirement, without having to tie up their pensions in low return annuities.

We reviewed their different pension policies and calculated their possible income options to avoid any shortfall, such as ceasing work prior to the State Pension being payable. We were able to prove that they could proceed as planned to retire this year and in eight years' time respectively, with enough money left in the pot to protect each other even after the first of their deaths.

Our client handed their notice in almost immediately upon receiving our report!

which are higher than they otherwise should be for ever… This sort of thing needs to be stopped, as we know people are being deceived. Our charges are as transparent and equitable as we can make them instead. Don't take my word for it – read the article yourself and draw your own conclusions - and ask your own questions – have you been duped? I'd also like to see such restricted representatives made 'employees' and not 'self-employed' too – but that's another story!

Buying a State Pension

Let's say you are Mr Average and you just qualify for the new State Pension levels. Did you know that to buy that £155pw on the open market at the moment it would set-you-back over £300,000 as interest rates are so low?

Of course, we would say 'don't be so stupid…' Invest the money better in a wide range of different investments like our Balanced Pension Strategy which would provide a starting running income of say 4-4.5%pa and with potential for capital appreciation and increases in income over time as well…

Funny thing is, all those people buying safe British Government Bonds might not realise that the interest rate has more than doubled from its artificial low last year… And in other words, if you could extrapolate that onto a 100 year bond your capital has halved … Fortunately for most people it is being repaid somewhat earlier but mainstream British Government Bonds have lost you money these last twelve months.

Top Up State Pension

The Government State Pension Top Up Scheme will close on 5 April 2017. Whilst not a good idea for everyone, it can be a way to secure more guaranteed income in your retirement which will increase over time with inflation. You would need to consider your current retirement income and savings, the tax you currently pay on your income and also your life expectancy before deciding to proceed with the scheme, so don't just rush in and apply as it is a very expensive option…

More information is available from www.gov.uk/statepensiontopup (scroll down to the bottom of the page to access the information booklets).

Our New Advisers

We were delighted in our September 2016 edition of Milton News to announce that Elizabeth Webb and Felix Milton had qualified as Financial Advisers having completed the Chartered Insurance Institute's challenging (CII) Diploma in Regulated Financial Planning after only three years with the Firm. We are hugely proud of their achievements and excited to be able to expand our Advisory Team and so wanted to introduce them both to you in their professional capacity.

Elizabeth Webb BSc CA DipPFS and Felix Milton DipPFS MAAT

We believe Felix Milton, 22, may be the youngest qualified financial adviser in the whole of the United Kingdom. You may of course have realised that Felix is my eldest son, and he decided to join the business as a teenager and to do so at eighteen rather than attending University. Felix started his studies with the Association of Accounting Technician exams whilst in his final year of Further Education and he is also a qualified Accounting Technician, following which he began studying the CII's Diploma in Regulated Financial Planning to allow him to meet the Financial Conduct Authority's minimum requirements to be able to advise clients. He has started the degree level qualifications since.

Felix Milton: "During my last year of college, there was a lot of pressure from teaching staff and my peers to attend university, although I didn't see the value in attending university - where I would end up with over £50,000 of debt - ultimately to work in the same job as I am now. I knew what I wanted to do and I have had the Company's sponsorship for my studies and exams. I have gained a wealth of experience whilst studying – as well as earning money, having independence and being able to develop my career."

Elizabeth Webb, 27, joined the Firm alongside Felix in 2013 and is a Chartered Accountant, having worked as an auditor for a leading accountancy practice in Nottingham before moving to Devon in the summer of 2013 to be closer to her family. Whilst Elizabeth is primarily a Financial Adviser, she continues to engage her accounting knowledge to complete limited company and accounting work for several of the Firm's clients.

Elizabeth Webb: "Whilst I trained as a Chartered Accountant, I thought Financial Advice would be a more rewarding career, allowing me to meet a range of individuals and help them in their different circumstances."

Having both worked at the company as trainees and then Paraplanners for the past three years, Elizabeth and Felix have been taking the CII's Diploma in Regulated Financial Planning exams, something which the Company encourages greatly and is happy to sponsor, as indeed it will for all staff in their fields. We have always been keen to encourage trainees and to support apprentices with good communication and arithmetic skills into a career path as opposed to simple educational continuation. Of course, university is a great experience for so many but likewise too many youngsters end with a degree (though many drop-out) and no career into which to go and then having to start work as an untrained junior. Only 40% of students are earning enough to repay even the tiniest amount of their student loans – something educational institutions fail to tell their students!

Both Felix and Elizabeth are available for client appointments and are providing advice to our clients, albeit their training is continuing internally through mentoring and supervision by the Firm's Directors. They are formally furthering their studies, too, and are both aiming to become Chartered Financial Planners within the next two years.

Self-Assessment Tax Returns – 31 January 2017

If you have been sent a notice to file a Self-Assessment Tax Return by HM Revenue & Customs, don't forget the deadline to file it online and pay any tax liability is 31 January; you also need to register to file online if you have not previously done so and this can take several weeks to action. If you believe you do not need to complete a Tax Return, you should contact HM Revenue and Customs immediately or you will still be liable for late submission penalties. If are overwhelmed by the prospect of filing a return and would like to take advantage of our expertise we shall be happy to assist but please contact us without delay as time is tight!

Taxation and Accountancy Services

Contact our Taxation and Accountancy Department for an initial appraisal at our cost concerning:

Self-Assessment

VAT Returns/Calculations

Capital Gains Tax **Claims for Tax Repayment**

Trust & Estate Tax Returns **Book-keeping**

Company/Partnership Accounts

Payroll

Additional Market Comments

£50 Notes

There is a saying that if there is a £50 note on the pavement there is no point in bending down to pick it up because if it was real someone else would have done so already. However, sometimes it is real and those are my favourite investments. To give you an example, theoretically quite an esoteric investment, a Latin American Trust, so one in which we would never put a great deal of any client's pot as a consequence. However, on 20 January, this particular high income trust was offering an income to investors of over 8%pa, the shares were trading at a deep discount to the net asset value (my favourite!) and well, the sector was bombed-out – in my contrarian view. Since then, the capital has rebounded 58% with the income on top. Did your adviser buy some for you?

Interest Rates

Our Bank of England Governor has said he will take exchange rates into account when setting interest rates. Now in the 'old days' a weak currency means rising inflation and to curb that, interest rate rises took place. I think that would be very dangerous in the present scenario and anyway, a doubling to 1% for the CPI last time is not high and is still half his target of 2%... but is 3% a year a worry? In theory, higher interest rates attract more international investors to buy our currency and debt, etc (over one-quarter of the National Debt is owned by foreigners, incidentally).

William Hill Plc

Clients have done quite nicely since investing in William Hill Plc at the flotation. We may have moved-out at higher levels a long time ago for those over whom we had discretion to do so but you may be interested to learn that we can consider taking ANY shares you own directly and adding them to Portfolios or ISAs or whatever with us and we'll pay the brokerage on disposal – how's that! If ever you need guidance on a holding we are happy to try to comment.

Peer-To-Peer Lenders

We have been approached by clients recently attracted to some of the higher rates for 'deposits' some of these can offer. However, we are counselling caution, primarily because most are not fully regulated. The whole sector is growing rapidly and it will continue to do so and it represents an attractive method for many to borrow money where the banks may not assist or without the penal terms they offer sometimes.

However, we have not made any deposits and we don't intend to do so but what we are doing is investing in the companies themselves and securing better rates of dividend than they offer on deposits and with a far superior spread of underlying capital and loans. We 'stagged' the largest – a Billion-Pound entity and sold the lot soon after flotation as the shares went to a premium above the asset value, but since then they have fallen back, so that for 80p, we buy £1's worth of underlying assets. However, within our Defensive Strategy it remains just one of many different but similar assets and this is likely to be a better solution for 'that part' of your money than depositing direct.

There have already been a few direct failures where investors lost everything and without regulation and protection, I am fearful there will be more. If you lose 100% of your capital, how much extra interest do you think you should receive annually to compensate for that risk? Beware too that even if 'secured' against property, if the property market or the venture goes sour, the value of a half-constructed property can be non-existent and it costs the lender money to hold it and realise it. At this stage, please don't take the risk – and anyway, you don't have to do so – deposit the money in our 'Defensive' Strategy instead, if you must for a great income and capital opportunity – but not a recommendation of course, simply a generic comparative!

Fungi and flora at Hunters Inn

Wheat

In late August, wheat prices fell below US $4 a bushel - the lowest since 2006. Despite the growing population and use of ethanol for fuel, there is a global glut. In 2008 prices hit $13. As a value investor, I may well consider how we can start to buy some for clients as just one of the many various things we hold and which in themselves all give diversity and uncorrelated returns. It is the sort of product too which is both perishable and where supply can change quickly, as farmers switch land production to another crop instead. Yes, it can still fall more in price but at the end of the day it has a utility value – food (including animal feedstuffs) and fuel.

It reminded me of the residential property argument for constantly increasing prices – wheat too is a necessary commodity but prices can still fall and significantly – watch-out, whatever anyone (including the Bank of England) might suggest! (And is it true that developers have permission for 750,000 new homes but are not building them as they want prices to remain high?)

In Other News

Mark Millichope

On behalf of the Firm, I would like to thank all those who have kindly forwarded their messages of thanks, support and best wishes for our Director, Mark, who is sadly absent from the Office for the foreseeable future due to ill health. We have forwarded your messages to Mark and his family and these have been gratefully received at this difficult time.

Advisory Calibre

Is the measure of your financial adviser not how he performs against everyone else in the normal times but what does he do during the difficult? Do you have confidence in him at those times? Does he understand economics and can he tell you about share prices, how the Yen is, the price of copper and gold and other such things to demonstrate he is on the ball? Why not test him – remember you are entrusting your financial well-being to him and he can't simply fob-you-off by saying he leaves all that to investment managers. Were you with the many trying to withdraw money from commercial property funds after the horse had bolted and facing penalties and encashment restrictions? Do you want to know why that did not affect a single one of our clients and how we profited from the recovery in this sector after the banking crisis in 2008/9? Still, too many investors buy yesterday's performance, yesterday's fund - and advisers are the same – they promote what has been good and not necessarily what is undervalued and should be good tomorrow. The jury is still-out on Woodford Patient Capital Trust which so far has turned investors' pounds into 80p at worst – and some people lost over 30% since they subscribed at silly price levels – and don't forget – other things have moved upwards as well in the meantime. Of course, it was an easy 'sell' to gain a 'commission' – oops, must call that a fee these days – but we did not recommend it to anyone and so didn't earn a penny's fee either…

Crowdfunding – Minibonds

Hot on my warnings but Providence Bonds has now had the plug pulled and investors are likely to lose all their money – some £8 million in total. There are no protections either. Please be careful – or avoid these things altogether as the protections are not in place and remember, there are defensive assets out there with similar income yields and better security.

Split-up the FCA?

Over the last few years, MPs have been reviewing the role of our regulator, the Financial Conduct Authority (FCA). Earlier this year, a Treasury Select Committee began to put forward a case for splitting up the various functions of the FCA, turning its enforcement division into an independent body. The FCA came under criticism in Andrew Green's 2015 report into the collapse of HBOS in 2008.

I don't think the enforcement division should be separated out from the FCA. This is just an excuse for more quangos and more highly paid individuals. The FCA already has an enforcement division, but it does seem somewhat inadequate. Rather than make this a separate body I would simply like to see it act more firmly and more effectively.

My comments appeared in Money Marketing's article, 'Separation issues', available online via search term 'money marketing separation issues'.

New Survey concludes Consumers find Financial Institutions daunting

Sorry about that! However, please recognise that we are different and we try to speak your language and not gobbledegook… And clients who have been with us for over thirty years may be able to speak up for us. If you are not a client, isn't it time you joined them?

Client Funding for the Grandchildren

Recently we liquidated a client's ISA upon her request. She had put the money aside in a Market ISA we managed for her young grandchildren but as they were now all over eighteen, it was time to let them have the money. Thank goodness she sought our advice and didn't put it all into Cash ISAs or Junior ISAs where most are doing nothing at all for the beneficiaries, so instead she earned a very good return despite the volatile times there have been all these years. But then, life is full of volatility isn't it – we've had one of the best starts to a year for a long time despite it looking horrible at the beginning… She wrote, enclosing copies of the cheques she had sent to each child, saying: *'My thanks to Philip Milton & Co for helping me to manage the small sum of money I put by when the children were small. I am pleased to say all have used the money well'*. That's really nice and we were pleased to be of such practical assistance.

Another client who approached us over ten years ago when her husband was terminally ill also wrote kindly this month: *'I would like you to know what an important contribution Mark (our director) has made to our family financial affairs. He gave sensitive advice in my husband's last months to make the best arrangements and helped me negotiate my family's finances through their formative years. The reassurance of the steady investment income has given me confidence to make the decisions I have needed to and peace of mind. He has been patient with my inefficiencies in responding to advice and ready with answers when I get my act together and produced a spreadsheet and list of questions. The current climate must be very challenging. My energies have been thoroughly exercised over the last ten years and it is a relief to leave the financial fine tuning to yourselves.'* It has been a pleasure and an honour to be of assistance to this lady.

Exmoor

Just How Switched-On are the Experts?

Recently a couple of interesting instances have hit me. The first is a well-respected 'trade' daily publication of stocks reporting, etc. I looked at the list and thought that a reported financial statistic was calculated incorrectly, making it look very attractively priced. I queried it and was right. No-one else of the thousands of top professional fund managers receiving the publication did…

A series of glossy adverts by a merchant bank talked all about the results they achieved by attention to detail, research etc. and working like a bee and using all the analogies for bees, employed industriously in the hive. I looked at the picture and thought something was wrong and sure enough, the 'bee' was actually a hover fly and you've guessed it, no-one else noticed… All that attention to detail and care about accuracy in investment research had seemingly failed by not ensuring the picture accompanying the advert was actually a 'bee'. The firm reacted gracefully but the whole campaign was many millions and had to run its course but they sent me some little pots of honey from the promotion – very good – but they did have a bit of bover with a hover!

These two things are minor perhaps but more recently we were afflicted with leading economists (the majority) all telling us that immediately after the Referendum it would be doom and gloom. Of course it is still early in the Brexit process but they were all wrong. They were wrong to not predict the outcome either and certainly to allow themselves to be caught in the propaganda machine to believe their own predictions of fear. I feel I am in a small elite band of economists now who took a rather different stance to the majority and in the face of serious heckling too, I assure you (see my moment on BBC Question time in April if you haven't already)!

Of course, we also had the doomsayers in the winter/spring pointing to the collapse of global stock markets this year, let alone the usual adage of 'sell in May and go away'. How costly and wrong were those predictions and the public will have lost trillions for following their pessimistic suggestions – the same public I suspect which has been piling-back-in since to avoid missing out on any more. Had you done as they had suggested, you may have felt comfortable as the Brexit vote unravelled but probably now you are nursing an opportunity lost of about 25%. However, it is what tomorrow brings which counts and then, maybe I should put greater store on my own sentiments and expectations for asset classes and markets as I seem to be more right than wrong too often, even if I am kept sober and humble by the last thing which didn't work as hoped and not the best thing which rewarded as anticipated!

Business and Personal Ethics

How are you treated by those with whom you trade? How do you treat those who trade with you? I was reminded of a lovely Japanese saying the other week and each of us would do well to consider it perhaps, where it relates to each and every interaction we make with someone else in our lives. "一期一会 - Ichigo ichie". Apparently it is derived from 千利休 - Sennorikyu（1522–1591), the great master of tea ceremony. 亭主 - Teishu (host) and 客 - Kyaku (guests) must show as much sincerity and hospitality as possible in serving and relishing tea at a tea party in recognition of it being the once-in-a-lifetime encounter. It is the phrase to admonish you that the very moment you are meeting each other is the once-in-a-lifetime event. Such opportunity may never arise again as happened "only here and only now". You should make your best to show your sincerity, friendship and hospitality to your guest. It also means that although you may be able to meet your friend often or someday, you must face them by reminding yourself that it could be the last time you do. Perhaps a Japanese speaker could tell us if the pronunciation is as it appears to be?

Santander's 123 Account – Doesn't Count

Santander has £50 billion on deposit in its popular account where it has slashed the rate of interest paid. It is no surprise – it has cost the bank £1 billion annually to pay that premium incentive! I wonder what it has been doing with all the cash, too? In Germany more and more banks are even charging customers negative interest rates to hold their money as they can't use it at a profit…

Cash ISAs

In August, The Royal Bank of Scotland (RBS) wrote to us advising of the cut to the rates of credit interest on the accounts. All the other banks and building societies followed suit. However, paying 0.01%pa interest is more of an insult than paying nothing at all really - having to note the payment of coppers on the tax forms and so on.

However, it reminds me how attractive our own Defensive ISA strategies are - still offering a running income yield of nearer 5.5%pa and with some opportunity for capital appreciation as well. The components include gold, currencies for risk mitigation post-Brexit and P2P lending groups as well as loan funds. We are finding several clients are fed-up with their deposit accounts and are transferring their Cash ISAs across – this preserves the tax status of the account and doesn't compromise the annual subscription limits and that is very valuable of course. You don't have to transfer everything either – if you wanted to do a little to see how the principle works, you can. Without specific 'advice' there is no fee to open an account and happily we can provide the generic account information for you to choose your investment strategy.

And before you say 'it won't happen here', reflect on the fact that in Denmark people have negative interest rates on their mortgages and Henkel and Sanofi have both sold bonds recently (so raising capital on the markets), promising that in two years the lucky owners will receive back less than they subscribe. Bog-eyed institutions snapped-it-up as they lose less with these than they do with Government Bonds… The world really is a crazy place and no, we have no negative-yielding bonds for clients.

Talking risk, it is interesting to note that since 2000, dividends paid to shareholders in the British Stock Market have now topped £1 trillion. This has outstripped inflation and economic growth and is despite going through some tumultuous times (remembering that despite these, the world does carry on). This year, investors are receiving £325 million of dividend income EVERY DAY. The overall annual level of dividends received has grown by 89% since 2000 with inflation at 37% and economic growth at 73% with a prediction of £82.5 billion in 2016 alone. The trillionth pound paid came from a small property company in fact! So – was it risky to have money in the stock market all that time as opposed to other things? You tell me. Investors who stayed the course have had a good income and one which has risen steadily throughout whereas their bank account returns have plummeted and indeed are below inflation. Can you really afford to take that risk by having too much money returning so little (or nothing) over the next few years? Brexit's vote has increased the income here even more.

Apple Tax

At last the EU is doing something right about the multinationals abusing the international tax systems. There has been a rule called 'Translation Pricing' in place for a very long time and it was/is designed to avoid manipulation of the tax rules where the profits in one country are translated to another lower tax regime – or non-tax regime. Apple has been hit with a penalty and long overdue it is, too. Others need to be penalised– Ebay, Paypal, Facebook, Google, Booking.com (Priceline), Expedia, TripAdvisor, Amazon, Starbucks… There are others and most of the old, established companies don't engage in pushing the boundaries beyond degrees of natural appropriateness.

Of course, they will all squirm and say they have not been abusing the rules but frankly, yes they have – and to different degrees. Of course, there are implications – one will be that the price of their services and goods is likely to increase but that is a small price to pay whilst they exploit rules and do things which are inequitable if not downright abusive and illegal, however much they have paid rich lawyers to design schemes to manipulate apparent allowances and schemes. Of course, the cynic could say that some of the mass campaign-warriors standing against this abuse will be the key users of all of those companies' services because principles mustn't interfere with personal comfort and convenience…

On a similar vein, I wonder when the 'World' will start to do something about the tobacco giants which are corrupting the developing world by enticing their populations to become addicted to cheap cigarettes and which then suffer all the health consequences down the road. Will the UN perhaps consider some form of special health tax levied in each of these nations to start to make health provision for the very people likely to need the services? Have a look at the profits of these giant companies if you don't believe what is happening – and the smoking rates in lower-middle income countries (LMICs) – it is immoral, shall I say. Again, many investors (including moral people who agree with this statement) are happy to own the shares of these companies (or funds which invest in them) and reap the spoils meantime.

Bonds and Interest Rates

Recent Government stimulus (or lack of!) projects have dragged $1trillion of bonds back into positive territory. By this, it means that whereas they were charging investors to deposit money with them, they now pay a smidgen of interest instead! Does this signal a trend change? Too early to tell. Of course, when the lunatics stop running the asylum the fair rate would be around 4%pa – a very long-term historical average supported by sensible economics. Of course, there still remains a mere $12 trillion of bonds or so, on minus interest rates…

Eurozone Bond Purchases

The European Central Bank's bond purchasing programme has now exceeded €1 trillion – phew! It is continuing too and there could prove to be a scarcity of bonds for it to buy – all very artificial. In Japan, the price of bonds seems to be turning the opposite way – about time really. There, the Quantitative Easing programme includes buying equities and the Central Bank has amassed a significant proportion of the Market already. Interesting times.

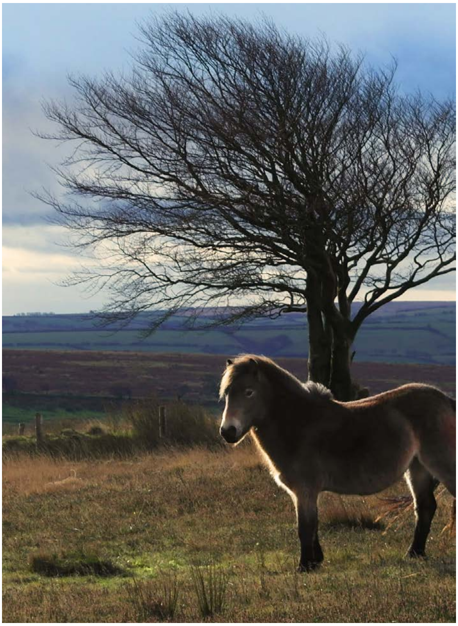
Apparently, as bond returns are now so low, global governments (meaning taxpayers) are saving $0.5 trillion in interest on its debt every year. Of course, it could be argued the Taxman is not receiving any tax on the interest which savers would otherwise receive… Just think – five years ago the median rate for ten year Government Bonds was 3.87%, already a very low level and now that is just about 1%.

Happiness (Contentment)

A study by Lloyds Bank showed that 40% of households earning over £100,000 or more say they are struggling to make ends meet. Rising rents and mortgage costs and an increase in school fees are all adding to their woes.

Of the 2,500 households surveyed, only 2% across all income bands say they feel 'wealthy', rising to 18% for those earning over six figures. People in the South East are struggling the most.

Something is broken somewhere and a lack of financial education and expectation are having a serious toll. I am pleased to say that we are blessed with a significant proportion of our clients who are contented with their lot, whatever that is, though they strive to ensure their finances do the best for them and they for it. Maybe we are helping in that regard as we are 'educating' them to better understand how their finances work for them.



Exmoor pony

Housing

We see that from a peak of 75% home ownership in 1999 in the South West, the figure has dropped to 69.3% and is on a sharp descent as first-time buyers cannot afford to buy. Across the Country that figure has dropped from 70.8% to 63.8%. Tyne and Wear is the lowest at 56.5%.

There are some curiosities and some facts: no Government has been building enough houses; there have been too many people coming into the Country for the number of homes we have had available; the number of single-person family units has continued to increase (maybe that is something we could try to change – stimulate more co-living; interest rates have been very low as a new concept of 'Buy-to-Let' has been accessible to the ordinary person in the street for the first time ever.

Of course, there have also been ingrained guarantees provided for all owners of residential properties: that the risks are very low (even if you borrow mouth-watering sums of money); that you will never lose and that the price of houses will always rise well above inflation, interest rates, national average earnings and other investments, probably doubling every seven years. Well, actually that last sentence is totally untrue… and as readers will know, I am firmly in the serious pessimist camp expecting mouth-drying capital losses for those who have too much in or too many residential properties as 'investments'.

What is very curious is that in 1999 when home ownership proportions were at their highest, house prices were very low comparatively. They are now exceedingly high by all historical guides – return on capital, multiples of average incomes, expected new builds in the pipeline, population projections and Brexit. There are plenty of headwinds likely to unsettle the market – let alone a simple bubble-like asset price correction as they are too dear by far. The good news is that if you do want to own your own home, at some point they will be much cheaper so if you and your circumstances can allow it, holding-off a purchase is likely to prove very rewarding, but recognise you may need a tin hat as you may be buying when all the market is telling you it is a very high risk thing to do as people will have large negative equity and will have lost tens or hundreds of thousands of pounds.

The funny thing is that I am not against property as an investment. Indeed, it can be a great investment and I have done very well from it, especially on other people's money (borrowing) and not so much my own – but not if the starting price is too high and there are better value alternatives. In 1999, I bought four freehold properties at £45,000 each and another at £33,000 (it did need £5,000 spending upon it). They were cheap. Guess what - I am not buying now as it is too dear. It's not brain surgery even if an estate agent will always be selling you a house – I advise on cheap investments and don't 'sell' things as one asset over another makes no difference to me…!

Residential Property and Bonds

I was reminded recently by the FT of the tale of the Californian sardine industry and its collapse. The sardine trade imploded and the immediate consequence was rocketing prices as the tins of sardines changed hands for ever-higher prices, being traded as a commodity in themselves and prices spiralling ever upwards.

One day, someone opened a tin and ate the sardines and was violently sick as they were not edible. 'They are not for eating' was the retort, 'they are only for trading'. One day, those who have driven bond prices to such ludicrous levels will appreciate that debt (which is what bonds are) needs to be rewarded and a premium charged for the risks involved.

One day too, people will realise that over-valued residential houses are primarily only for living-in and that they cost significant sums to keep and maintain, let alone heat and tax. Clearly they have a utility value but I am reminded regularly that when I was 'learning' the world of financial opportunities, a 'normal' house rental 'should' be about 10% of its value, appropriately rewarding the owner and covering the risks and costs entailed for a fair return on the capital involved. So if your house's rent equivalent is say £10,000, its baseline value should be £100,000 and so on. Of course extenuating factors can alter that – low interest rates, supply and demand, cash availability and such like but in the end, long term equilibrium levels for sardines do return… So let's be generous in the new paradigm and say the figure should now be 6% - that would still mean the average London house is about 50% over-valued… Sobering. As I have said though, I don't have to worry about calling the turn too much because if I can buy other cheap assets which generate a better 'rent' and with undervalued prices which will return to their own equilibriums (higher than now) then all my clients' money is spent on that instead. One day I shall be buying as many houses as we can…… when they have plummeted and people don't want to own them any more in view of the pain endured from the collapse in prices (as previously noted, wheat has fallen by about 70% from its highest point incidentally so yes, it happens to staple commodities as well).

Active Management v Passive?

An interesting study by Cambridge University has revealed that good old 'gut feeling' will beat pure mathematical algorithms at the end of the day. The study proved that experience backed by qualification enabled good active managers to be able to make better decisions than simply the case of 'having it because it is there'.

I'd like to add another reason why an active management arrangement is better (even if that includes the capacity to buy index trackers from time to time, as well as which trackers and in which proportions, all 'active' decisions). The reason is quite simple – and that is that your active manager has the ability to act in the face of adversity if he believes it is the right thing to do. A passive manager doesn't. It is then a case too of considering that the extra cost is a form of 'insurance', if you like. Despite it not being a perfect science, the capability of being able to act in clients' best interests (and often against the consensus at the time for best value) is worth paying a retainer for just that moment, an opportunity which may only come once every so often. Was that for us the opportunity that the start of 2016 gave when we bought more the cheaper the markets became, or the pre-planning to hedge ourselves for the Referendum vote, or our actions taken afterwards? Possibly it was our buying of more and more metals, miners and oils as the prices of these so important sectors plummeted and our avoidance of other over-hyped areas. So do think very carefully when the headline 'cost' is all that concerns you – remember, it is a fool who knows the price of everything and the value of nothing…

After Hours

Rock of Ages

Rock of Ages smashed its way onto Broadway back in 2009 and now, (at least!) one of our staff is going to appear in Atlantic Coast Theatre's (ACT) performance of the smash hit musical! ACT is going to rock the Queen's Theatre from Wednesday 29th March to Saturday 1 April at 7:30pm and 2:30pm on Saturday as well. Come along to enjoy some classic rock favourites such as 'Don't Stop Believin' and 'The Final Countdown'! Tickets available from the Queen's Theatre, Barnstaple. **www.atlanticcoasttheatre.co.uk**

Silver Wedding Anniversary

Can it really be twenty-five years since Helen and I were married on 21 December 1991? I am a lucky man to have been been married to so lovely a lady for so long, and how time flies when you're having fun! The photograph is perhaps a testament to how long it's been since our memorable day… I speak for myself, of course!

We shall be celebrating quietly and I shall risk counting my blessings and declare we look forward to many, many more happy years together.

Our Support for Local Projects and Charities

Thank you!

Whilst we are delighted to be able to update you on our continuing support through corporate sponsorship of and partnerships with the Devon Community Fund, Amigos and Tearfund, we are humbled by and thankful to all those who have made personal donations to these charities. Your generosity is truly appreciated, as the valuable work of any charity relies on such kind gifts.

Whilst we are happy to help anyone to make donations to charity, we regret we are not able to accept cheques made payable to our Firm. Cheques can be made payable to the charity directly or to find out more information regarding each charity and the different ways to donate, please visit the following websites:

devoncf.com/give/how-to-give/donate

www.tearfund.org/en/give

amigos.org.uk/donate

Don't forget, your donation is worth even more to the charity via Gift Aid (and could help reduce your tax liability, too) so do sign the declarations if you're a UK taxpayer.

Tearfund

We are delighted to be supporting Tearfund, a Christian charity with vision to see 50 million people released from material and spiritual poverty through a worldwide network of 100,000 churches. As well as developing our corporate sponsorship program with Tearfund, the charity has a number of ongoing campaigns.

Stir up suppers: Share food, ideas and faith and explore how, together, we can make the world more just and sustainable.

Switch your energy: Use your consumer power and switch to 100% renewable electricity.

Speak Up: Join with others in your local area to lobby your MP about Climate Change.

Visit the website to find out more information:

www.tearfund.org/en/about_you/campaign

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.

Geoffrey Okot, age 19, is the Kira Farm student benefiting from our sponsorship. We are delighted to receive monthly updates from him by email as he progresses through the programme and would like to share his most recent emails with you.

July 2016

Dear Philip

Greetings of joy from Kira Farm. How are you doing my dear friend? Hope all is well with you. I am happy to let you know that I had a great time at home. I was so happy seeing my family and sharing with them some of the things that I have learnt from Kira Farm.

My perspective of things was so different and my family noted it. I was able to help more in doing the house work something I never used to do before coming to Kira.

My family sent you lots of greetings and appreciations for this great opportunity you have blessed me with. I am now back on Kira Farm learning and having fun with the UK students that visited from North Devon.

At the moment we are being taught on how to construct water harvesting tanks and together with our guests we are building two water harvesting tanks in the community around Kira Farm.

Thanks a lot for your support, I will continue updating you about my progress in this second term semester.

Yours.

Geoffrey.

August 2016

Dear Philip

How are you doing my dear sponsor? Hope all is well with you. I have been looking forward to updating you with what is happening on Kira.

I am doing very well and still learning new things every day. Thanks to your support that is enabling this wonderful life transforming work on Kira.

We are so excited harvesting our crops on Kira, it has been an amazing journey of learning about farming, being taught in class, trying it in the fields and now seeing the result. There is no better learning arrangement like the one we have on Kira.

After seeing the wonderful harvest we have got so far I have been overwhelmed with the results of farming God's way. The harvest we are getting is tripling the one we would have got from our villages.

I am looking forward to going back to my village to help them stop blaming bad weather for the poor harvest and change from their bad farming practices.

Yours.

Geoffrey.

September 2016

Dear Philip

It is Geoffrey once again bring you warm greetings from Kira Farm. Hope you are doing fine. I am glad to let you know that I have learnt a very important skill of making an energy saving stove this month on Kira.

These stoves are made out of mud and they use less firewood compared to our ordinary cooking stoves. With this knowledge, I am happy that I can do something to stop the environmental degradation of cutting down trees for firewood which is so common in my village.

I am also happy to let you know that the second rains have started coming. We are now all busy in our gardens planting more maize and beans. It has been so easy for me this time working in my garden just because I now know what to do.

This new method of farming that we are being taught on Kira has done a lot to improve my attitude towards farming. I had started hating farming in my village because it was a lot of work which yielded few results.

With farming God's way it is less work and yet the harvest is great which has made me love farming again.

Thanks for your support and love.

Geoffrey

We are delighted that Geoffrey is progressing so well through the course and we shall update you on his final months on the project in our next newsletter.

Devon Community Foundation (DCF)

The Philip J Milton & Company Plc Fund through the Devon Community Foundation (DCF) has funds for local causes. If you know an organisation which may qualify, please approach me and I'll put you in touch! We like to try and help a range of smaller ventures if possible but DCF's general endowments or other funds could help, too.

Through our networks I am also happy to give guidance on general fund raising opportunities and access to funds for smaller worthy causes where I can, too. www.devoncf.com

Two Moors Festival

We are very pleased to announce that we are again sponsoring the Two Moors' Festival (this time by supporting the Young Musicians Competition), a ten day music marathon in which concertgoers enjoy sensational chamber performances in one of Britain's most beautiful areas. Now in its sixteenth year, the festival has previously attracted visitors from across Europe, America and Canada and, as this year's was as good as ever, we are eagerly awaiting next year's event.

If you would like to 'Get Involved', perhaps as a volunteer or by joining the Friends of the Festival to receive priority ticket booking from July each year, please visit the festival's website **thetwomoorsfestival.co.uk** for more information.

Bideford Bridge Rotary Club Golf Day

October saw Bideford Bridge Rotary Club host its annual Golf Day. We were delighted to be asked to sponsor the event again this year.

Despite the very wet conditions the event went ahead and there was some very good golf played. Rotary Club President, Michael Champion, was honoured to be able to award trophies and prizes following an outstanding result by the winning team of Ben Rod, Simon Davis and Mike Colwill (above from left). Mike Colwill also won the prize for the Longest Drive on the 18th.

With generous sponsorship from various organisations the event raised over £6,000 for Club's charitable causes. They offered their thanks to everyone who took part for their valuable support and for the Club's volunteers who made the day happen!

Client Testimonials

'I am sorry that we do not often speak to you about our investment with you, but that is because we have total confidence in you and your fellow directors, your honesty and your integrity, so thank you for doing so well for us and all your other investors.' Barnstaple, October 2016

'I do think it appropriate to offer Philip congratulations on his recognition as a Chartered Wealth Manager and to wish him success in the next round [of advanced qualifications].' Cullompton, August 2016

'Thank you for all the work your firm does on my behalf. Since my husband passed away it has been a steep 'learning curve.'' Bideford, October 2016

'You were recommended to us by friends, and we have been so impressed by the service which you provided for us. The initial interview was conducted in a friendly and relaxed way but at the same time was very thorough, and we left feeling that our affairs were in safe hands. The whole matter proceeded very smoothly and we are very impressed by the service which we received. We would certainly recommend your company to anyone needing financial advice.' Bideford, July 2016

'Just received my latest six monthly report on my Portfolio and although I thought it would be good, I was not expecting such good results. I know it is based on just one day's position of the market, and the next day would have been different, they are nevertheless really excellent. Even the income received has gone up substantially. It shows how wise it is to have such a wide spread of assets. Even with the latest 'surprise' result in the US, it still seems very resilient.' Barnstaple, November 2016

'Just a quick note to say thanks for your comments/advice re: my tax situation for the last few years. After a combination of advice from Scott (in particular, to take out a SIPP for 15/16), input from Chris (how to deal with HMRC regarding various historic changes to my circumstances) and some of my own work, I was able to make just two calls to HMRC to communicate changes covering the last four tax years (most of which saved me tax) and as a result I'm expecting a tax refund of almost £7,000 – and all without having to do full Self-Assessment! I'm about to register for Self-Assessment for 16/17 onwards but am delighted to have finalised the previous tax years with minimal effort and a great result!' Colchester, July 2016

Terms of Business Updates

Execution Only Share Dealing

Please note that with effect from Thursday 1st September our main counterparty has increased its fixed brokerage for certificated share dealing. As a result, the minimum charge levied for purchases and sales has increased to £30.50.

Client Agreement Update

DISCRETIONARY INVESTMENT MANAGEMENT

D3. (a) For our discretionary managed ISAs, Junior ISAs, SIPPs and Portfolios, we use Quai Administration Services Limited (of 16 Tesla Court, Innovation Way, Peterborough, PE2 6FL) as our administrator. All investments within managed ISAs, Junior ISAs, SIPPs and Portfolios are registered in the name of Winterflood Client Nominees Limited of Winterflood Business Services Limited, The Atrium Building, Cannon Bridge House, 25 Dowgate Hill, London, EC4R 2GA. All assets within managed Transact Pensions, Bonds and Portfolios of Securities are registered with Transact Nominees Limited of 29 Clement's Lane, London, EC4N 7AE, a 100% subsidiary of Integrated Financial Arrangements Plc. Underlying beneficial ownership remains with the Client who retains all rights attributed to investments held (such as voting). The Company cannot be held responsible for any exercise or failure to exercise any such rights.

(b) It is confirmed that by signing this Agreement the Company may register Clients' discretionary managed investments in its administrators' nominee names or any other nominee name that the Company may in future see fit to entrust with the holding of such investments. The Company accepts responsibility for ensuring that Winterflood Business Services Limited and Transact (or any subsequent custodians) have continuing status as eligible custodians.

D5. Statements from Quai Administration Services Limited and Transact are provided half yearly with a valuation of the holdings as at 5 April and 5 October. Typically, reports are forwarded to Clients within six weeks of the valuation dates. Quarterly Transaction Reports are available upon request. For Portfolios, as at 5 April, a trading statement showing acquisitions, disposals, gains and losses and a Consolidated Income Tax statement are provided. No specific measure of performance is quoted. Within valuation reports, Transact uses the selling price of securities. Quai Administration Services Limited uses the selling price for Unit Trusts and mid-market prices for Investment Trusts, direct stocks and OEICs. Transact valuations are accessible daily on its website, subject to confidentiality protocols.

GENERAL ADVICE (OTHER THAN ON A 'FACE TO FACE' BASIS)

GA1. The terms we offer to distance clients will not vary from those available to clients who may arrange an appointment at one of our offices.

GA2. Other taxes or costs may exist that are not paid through the Firm or imposed by it.

GA3. All communication with clients will be in English.

PHILIP J MILTON & COMPANY PLC ARE PROUD SPONSORS OF

CROYDE PLAYERS'

PANTOMIME

Beauty & the Snow Beast

IN CROYDE VILLAGE HALL

TICKETS FROM:
CROYDE: POST OFFICE

BRAUNTON: COPY KATZ

GEORGEHAM: THE ROCK INN

BARNSTAPLE:
PHILIP J MILTON & COMPANY

** OR BUY ONLINE - EMAIL: info@trimstone.co.uk **

Friday 27th JANUARY AT 7:30pm

Saturday 28th JANUARY at 2:30pm & 7:30pm

Friday 3rd FEBRUARY at 7:30pm

Saturday 4th FEBRUARY at 2:30pm & 6:30pm

ADULT £6

CHILD £4

Written (and directed) by mainly Helen Milton based upon an original idea by Philip!