



North Devon's Leading Independent Wealth Managers

MILTON NEWS

Winter 2019 Edition

Highlights

- *Top 100 again!*
- *Markets – now and what's next*
- *Record dividends and Investment Trusts*
- *Discretionary Management – the advantages*
- *Flexible Pension Withdrawals*
- *What else do we do for clients?*

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



Find
us on ...



Dear Client

As we prepare to welcome a new decade (it will be interesting to see what it will be called as we have had the “twenties” and the “noughties” are coming to an end!), it is time to reflect on the events shaping economic and market movements globally. With investment markets however, it will be good to have 2020 vision!

It will come as no surprise to most (and many of you are no doubt hugely frustrated by the delays) that BREXIT continues to dominate the media headlines and continues too to frustrate businesses from planning and progressing with any real certainty. It appears that an acceptable “deal” is now in the offing albeit this will now be debated at length and potentially amended and all depending on the Election outcome so as we stand, nothing is yet finalised. The UK has been granted a further three-month extension by the EU which takes us to the end of January 2020, even if it is possible to agree the terms of departure in advance. Meantime, the General Election is 12 December, with the need for the public to consider not only Brexit but also weigh up which party they trust most with the management of our economy, schools, hospitals, infrastructure and the other domestic issues which have largely been side-lined during the Brexit saga – and perhaps rightly so as the outcome of that will have a bearing on finances and the future too.

Sterling has rallied slightly from ridiculously low levels and the UK-centric stocks we have been saying were far too undervalued regardless of the outcome have enjoyed a partial bounce – including the banking sector which far too many momentum players didn’t and don’t hold. We’ve had a good few weeks and some of that has been long overdue. Of course, it is easy seeing a ‘share’ for example at £5 and believing its value is fine now and realising it was £2.50 six months ago but that you didn’t buy any because the sentiment was so negative. Just have a look at some like Capita and Serco which were black-balled by everyone and some of the quoted property companies we were flagging as real bargains. Did you nibble-away at some? Did we buy enough – probably not, sadly but is that simply being too greedy?

Then we hear that London has cemented its place as the world’s capital for trading foreign currencies and interest rate derivatives and it has to be said, this is really ‘despite Brexit’ and indeed, the UK has taken an even bigger slice of the euro-denominated derivatives’ business (now seeing 86% of all trades) despite the EU



demanding that these must be traded in the Eurozone if there is a no-deal Brexit. According to the Bank of International Settlements, more than \$3.5trillion of foreign currency is traded every day in the UK, giving the UK 43% of the global market (up from 37% in 2016). The US is next with 16%, down from 20% in 2016. No EU centres feature in the top five, despite their efforts to attract trade

after the UK's Brexit referendum. On derivatives, Britain is even further in front of its rivals, trading \$3.7trillion every day and taking 50% of all trades and again, with no EU country in the top five (the best there only counting for 2% of trade). In 2016, three-quarters of all such trades took place in the UK and now it is seven-eighths. However, in 'financial centre' terms, sadly London has slipped from the top spot (which it held for five consecutive years) dropping behind New York in the last two years.

2019 has also witnessed "star investment manager" Neil Woodford's spectacular fall from grace that has now seen him removed as investment manager of his own Woodford Income Funds (and Trust) and we now know that these funds will not be re-opened.

I have stated previously that we had no exposure to the suspended Unit Trust funds (open-ended funds - see above). We never supported the launch and neither the flotation of what at the time was the biggest Investment Trust either – now why is that you might wonder? I have stated too that whilst it appears not everything had been as it should have been and hence the reason for the suspension, compounding the problems by raising money to meet redemptions by selling lines of less liquid holdings to a vulture market which knows you are there was not the best nor right thing. <https://www.ftadviser.com/investments/2019/10/15/woodford-investors-face-high-costs-and-losses/?page=2>

The custodians have sacked the management company and have instructed the liquidation of the fund starting with dispersals in January. That is yet another grave mistake after the earlier mistakes demanded of Mr Woodford and also undertaken by St James's Place and OpenWork which both had funds managed by Woodford Investment Management and which appointed new managers who took a new broom to the portfolios. Frankly, it is a very stupid thing to do. By all means a new manager could have been appointed to continue the funds (or even give Mr Woodford the chance to prove he still has his previous magic and be more vigilant on what is put in the fund) and then long-suffering holders could have decided whether to liquidate or

await a recovery (and especially as a post-Brexit review could indeed repair some of those gaping holes). Instead, extra costs will be suffered by investors in the selling process and not forgetting when you sell stock, you receive a lower price than what you paid for it and many of those stocks will be things Mr Woodford had only recently bought to reposition the Fund too – paying the buying price, brokerage and Stamp Duty to acquire them. It is suspected too that the funds will be holding growing amounts of uninvested cash and just imagine that salt being added to the wound if the market jumps 15% on a Brexit outcome meantime.

So, what do we predict for 2020.....? Well to begin, we should like (and expect) an end to the Brexit and political uncertainty that has dogged the UK since June 2016. Whilst this may not have immediate economic advantages, we suspect that UK markets may attract more interest from investors (both in the UK and internationally) and enjoy a boost as a consequence. Remember that the economy, politics and the stock market are only loosely correlated. While the financial crisis saw a clear match between the first and last for obvious reasons, the global economy grew through the burst of the dotcom bubble in 1999-2000. As we have discussed in the past, UK markets are trading at a discount to other markets internationally due to the unresolved Brexit and once this is sorted out, markets may enjoy a bounce.

Out of interest, did you also know that since the FTSE All-Share began in the 1980s it has grown an average of 9.3% a year, with dividends reinvested. So far this year, it's up about 12% after a wobbly year-end in 2018.

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**



TOP 100 ADVISER NATIONALLY – AGAIN!



Once again, we are proud to announce that the Firm features within the New Model Adviser's "Top 100", now for 2019. This is a national review to identify the top one hundred independent financial advisers (IFAs) and is now in its seventh year. We also featured in 2016 and 2018.

The survey reflects firms which are able to demonstrate the following: a clear strategy for growing the business; demonstrable

succession planning; evidence of ethical practices and investment preferences; a contribution to the profession through sharing best practice and holding roles with professional bodies; a commitment to client education; and a high level of qualifications among staff.

Mr Philip Milton commented "We are once again delighted to be included within the New Model Adviser's Top 100 of Independent Financial Advisers nationally. 2019 has been a challenging year for the Firm (as with the industry generally) and to remain in the top 100 IFAs nationally is a testament to all of the hard work that goes on behind the scenes by our wonderful staff and culminating in the excellent service delivered to our valued clients. I would also like to thank our many loyal clients who have supported the Firm over the last thirty-four years and I hope for many years to come!"

DIVIDEND BOOST

Did you know that it was a record second quarter for UK dividends, with the total value of dividends paid by UK listed companies jumping 14.5% to £37.8bn? We suspect not, as the media has been so focused on Brexit and typically concentrates on negative news anyway. So, whilst we are regularly informed that Brexit will be dreadful for economic prospects, the dividends paid by mainly British firms have continued to climb. Importantly, that was boosted by special dividends, which are less than reliable in an economic downturn but underlying dividends still managed to post 5% growth. Remember though that past performance is not a guide to the future.



Despite share price volatility, profits have remained stable or even growing and as dividends are generally a result of profits, they've climbed too.

The result is that the FTSE All-Share now offers a prospective yield approaching 5% according to Bloomberg, although this is not guaranteed.

INVESTMENT TRUSTS IN THE NEWS AGAIN

A survey has just concluded that 94% of assets on platforms are not Investment Trusts. Instead, they are what are called 'open-ended funds'. So why do we generally tend to prefer closed-ended funds like Investment Trusts (though I must state that being staunchly independent it makes no difference to us in that we buy whatever we believe will do the best job for that small part of our clients' portfolios). I should add too that can include other funds of comparable assets and also Exchange Traded Funds, currencies and commodities, from wheat to cocoa, gold and copper for example.

<https://www.ftadviser.com/investments/2019/10/15/advising-on-investment-trusts-part-of-being-an-ifa/?page=1>

If you are not with us, have you ever asked the question of your adviser why they don't use Investment Trusts? Do they not understand them? Do the platforms they use not allow the use of these excellent (and usually cheaper) vehicles? Indeed, apparently less than one-fifth of platforms allows a universal range of investments so are you using one which won't even allow you to have all of the options including the cheapest and often best opportunities out there? Yes, with ours, we can have anything we want.

Now, if by our understanding of Investment Trusts and recognising the better potential benefits (and actual benefits in most respects!) of these over their typically more expensive and more remunerative (to the managers and agents) brethren promoted by most other advisers, that we can pass-on even a smidgen of better results as a consequence, even a marginal 0.5% or perhaps 1% or even more every year because of how they operate, where does that feature in the comparison of costs between one advisory offering and another?

As an interesting analogy (whilst price in itself does not always work like this), at our badminton club we are trialling some more robust feather shuttles. They are quite

significantly more expensive but on my first night, all I can say is that they seemed to last much longer and fly more consistently. Now that is not a scientific experiment but in that regard, I think the Club is onto something. Remember too, the adage of a fool, price and value being an expensive reminder often of receiving what you deserve, for what you pay. All I think I should say is that investors of all ilks need to use common sense yes but stack the deck as much as they can in their favour, whether that is opportunity seeking, diversity or risk mitigation but that also follows down to the underlying product type you or your adviser selects to achieve that part of the pot for you. It might sound ruthless saying it but if your adviser isn't doing that... and is still charging you an annual review fee for just sending on your investment valuation....and encouraging a few changes for which they then take a transaction fee for the bother...are you receiving the sort of service that you deserve? We don't think probably you are!

THE IMPORTANCE OF DIVERSIFICATION

Having a range of choices usually is the favourable option. There are benefits to diversifying in life which often make things more enjoyable, from restaurants and food to the wide variety of fashions and clothes. Choice is also sometimes about the benefits; would you choose your next car based solely on its top speed? Or would you prefer a range of trade-offs and choices between cars.

Recent research indicates that many choose to do it themselves when it comes to one of the most important factors in their lives, their savings! DIY investors have long been aware of investment risk and many decide they themselves can diversify well enough to follow the age-old adage of 'Don't put all your eggs in one basket'.

Whilst a few might beat the market, many will not. This has been conclusively backed by research in the 'Journal of Organisational Behaviour and Human Decision Process' which found that amateur investors typically fail to diversify sufficiently, to the extent where they would be better off picking completely at random!

To consider this further, imagine each investment is a dice rolled for its end result, with 1-6 ranging from a bad to good return and the individual payoff depending on each dice (investment).

The simplest diversification is to have a lot of dice (investments). This averages out your return and makes it unlikely for you to lose or gain a large amount making your

investment safer overall rather than having just a few. As long as most dice you purchase reward better than average, with say a 3-6, you should profit.

Investors often believe this alone is sufficient. However, this is misunderstood. Additionally, the time taken to research the dice as to whether they will pay out on a 2-6 or just a 6 takes a prohibitive amount of time and experience.

There is another important diversification needed and that is industry and sector range. If this is neglected and the same event impacts all of the selected investments, then it is not simply good enough to have a large amount of dice.

Your supposedly diversified dice will be vulnerable to the impact of one event (such as a large tariff on exports preventing us selling these products) even if the individual dice don't seem related (Fishing and Lumber for example).

In our opinion it takes significant time and experience to diversify sufficiently to create a balanced overall strategy and so expert assistance is required.

Our professional team has been investing diversely on behalf of clients for over thirty-four years. The Firm is responsible for the discretionary management of approaching £200 Million. In that time and over appropriate timeframes, we have continued to generate returns for our clients even when weathering events that might pull-down DIY investors. No, we are not flawless – it is not a perfect science (as we have witnessed with star managers and institutions falling by the wayside) but our experience and in-depth knowledge of potential investments alongside our diverse strategies make us a great choice should you wish to ever invest with the potential for higher returns than current deposit rates. Not only this but our contacts within the industry allow us to trade and be offered opportunities at far better rates and frequency than an individual would. We also offer our discretionary investment service at a competitive price which includes regular client reviews (to ensure ongoing suitability) and which usually attracts separate charges elsewhere of up to 1.5%pa plus VAT.



If you are interested, please contact us to arrange your initial meeting with one of our Chartered Financial Advisers, at our cost and without obligation.

DISCRETIONARY MANAGED INVESTMENTS – THE ADVANTAGES

As a reminder, here are just a few of the many advantages of entrusting your valued wealth into our highly sophisticated discretionary management services:

- A wide range of investment strategies designed with optimum diversity in mind and with complementary ranges for couples where required. The strategies will often include small exposure to things that we would never recommend to you to hold individually but can be a useful component within a balanced overall strategy that we manage for you.
- We are “value” investors and often, the type of investments falling into this category will offer a very attractive dividend yield. Consequently, the majority of our investment options provides an excellent income (for you to either withdraw or to reinvest to allow us to buy more investments on your behalf) which is on top of any growth achieved.
- As an independent firm, we have no constraints or limitations when it comes to investing clients’ money. This means that we can invest in any and all Unit Trusts, OEICs, Investment Trusts (where we are one of very few firms to fully understand and use them, despite them often offering far better value than their open-ended cousins!), bonds, Gilts, shares and Exchange Traded Funds (ETFs) with the only objective of achieving the best possible outcome for clients. We can even hold cash where we consider it to be appropriate, typically short-term only.
- Philip Milton has been responsible for the management of our discretionary funds since 1987 and has witnessed a wide range of market conditions, both favourable and less so over the years. This should provide investors with the peace of mind that their wealth is in the hands of a vastly experienced manager who also invests in exactly the same strategies himself and on behalf of the Firm, reflecting his absolute confidence in what we offer.
- Our sophisticated administration system ensures that strategies are rebalanced automatically at the time of our choosing as opposed to this being a regularly occurring event. This is true also for purchasing investments for you, which happens when we decide it is appropriate. Most subscriptions elsewhere are simply committed to the market immediately which might not always be the best timing.
- Constructing, monitoring and then maintaining successfully a portfolio of investments takes considerable 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 financial review elsewhere, by which time it may be 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 administration system can be deployed to look across all of our Portfolio, ISA and Pension strategies for all investors and identify every investment that we need to bulk purchase and in what quantity. We shall then decide which of those stocks (if any) that we wish to purchase at that time. Equally, for sales, by trading in bulk we usually secure preferable prices for investors. 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 at any time that the market is open, thereby providing optimum flexibility.
- We take action through our ongoing review and analysis of investment markets and conditions using the extensive resources available to us. Certainly, this does not mean regular change within a strategy but instead, constant overview. Indeed, as patient investment managers, we have held certain suitably attractive stock positions for many years, which also acts to lower transaction costs. Our management service addresses complex issues for you such as what type and range of investments to hold, domestically and internationally and to determine when changes may be sensible.
- Where we know of a need for a cash withdrawal in advance, we can purposefully and gradually accumulate the required sum through normal management of the account, rather than selling assets on one given day for example when conditions may not be favourable. This carries no extra charge. Typically, this will be a temporary measure but it can also be used to "manage down" an account over a longer period.
- Unlike many advisers and wealth managers, for our already competitive annual management fee we are also proud and (potentially) unique in offering clients a free review of all funds under our management. This is to ensure that the investments continue to represent what clients need at the respective times.
- Income is available to you on either a regulated or variable monthly or quarterly basis or instead this can be reinvested on your behalf.



- Minimum investment thresholds are much lower than you will often find elsewhere. You may start an ISA with just £50pm or £1,000 and a Portfolio from just £10,000. There are no subscription charges, exit fees nor any minimum investment term.
- Discretionary managed accounts may be inherited by beneficiaries upon your death, thereby extending the investment term and avoiding the need for investments to be sold at what may prove to be an inopportune time. This is likely to be by far the lowest cost option (for continuing investment) for your beneficiaries.
- Whilst Philip J Milton & Company Plc is responsible for the management of your investments, all administration and reporting responsibilities are delegated to two carefully selected experts in that field which are independent of the Firm. The underlying assets we manage for clients are held either on separate Client Trust Bank accounts or in the nominee names of our administrators (our largest is Winterflood's, a subsidiary of leading merchant bank Close Brothers Plc). The assets still belong to clients, never forming part of Philip J Milton & Company Plc's assets, nor the assets of the administrators. This means that absolute protections apply.

As noted earlier, for a relatively small outlay, you can open one of our discretionary managed accounts to enjoy all of these wonderful benefits. We should be very happy to hear from you and guide you through the process.

ADDING MONEY TO YOUR DISCRETIONARY MANAGED ACCOUNTS

Typically, an investment into a discretionary managed solution will follow a rigorous financial review with one of our advisers to determine the most appropriate strategy for your individual needs and at a professional charge for the significant time engaged in the advice process. However, for the more experienced investor who wishes to invest with us without advice, this too is easy. Indeed, we are more than happy to accept your execution-only instructions into any of our discretionary managed solutions. We can accept a cheque or a bank transfer and there is no subscription charge at all! Regular monthly contributions could be another option that appeals. Of

course, if you do not seek our advice, we would not be liable if you later determined that the investment strategy selected was not suitable for you. Please complete and return the form at the back of this newsletter to proceed and why not test the water with a smaller initial sum if you have never done this sort of thing before? It can be the best education too to see how something can really work for you.

£30 BILLION WITHDRAWN FLEXIBLY SINCE APRIL 2015

A total of £30bn has been withdrawn ‘flexibly’ from pensions since April 2015, taking advantage of the new ‘pension freedoms’ introduced in 2015, new figures published by HMRC have shown.

The average amount taken out each quarter per person has fallen again and now stands at £7,250.

The quarterly figures show that people are phasing their withdrawals to minimise the amount of tax they have to pay. Withdrawals peak after the start of the new tax year as individuals ‘smooth’ their income to avoid paying unnecessary tax by taking their money out in a larger lump in a single tax year.

Royal London director of policy Steve Webb said: “Pension freedoms have been hugely popular and allow hundreds of thousands of people every quarter to draw on their pension savings in a flexible way. There is also evidence that people are being savvy about the timing of their withdrawals, spreading them over more than one tax year to reduce their overall tax bill.

“But it remains the case that we need to increase the proportion of people who take financial advice or guidance before making decisions about how much of their pension to withdraw.”

We endorse this opinion completely and perhaps go even further that on occasion, it is advantageous to leave the pension alone and access the required income/capital from less appealing accounts/savings.

BLACKROCK

The largest investment manager in the world now looks after \$7trillion and enjoyed a mere \$84billion of net flows in the third quarter when you thought investors were becoming timid. Yes, people have been pulling-out of UK equities in the last few years but that stampede will turn-around at some point as the large cash reserves which

have been accumulated by institutions and individuals alike start to look for homes in the 'new' known economic environment 'post the Brexit uncertainty'. Half of Blackrock's new funds went towards 'passives' with \$5.3billion into active equity funds. When you are that size, it is hard to sustain the momentum and retain your position... curiously, the break-up of the Woodford issue, rather than signal a cataclysmic shift towards indexation, is likely to herald the nadir for active investment in equities in the UK market – the cheapest possible time for contrarians to be able to pick and anyway, it is time that 'momentum growth' comes to a juddering halt. With our strategies, we are already in front of the field ready for that and no, we have no axe to grind – we can buy 'anything' for our clients, whose best interests are our own.

PENSION FEES



Something which may not see the popular press but a well-respected institution has discovered that 'low charges are no guarantee of receiving good value when saving for a pension'. The independent research group The Pensions Policy Institute suggests savers should consider other things than simply the headline annual charge. <https://www.ft.com/content/67f0c744-d544-11e9-8367-807ebd53ab77>

There is no excuse for charging obscene fees and paying big commissions to salesmen (sorry 'transaction fees' and 'bonuses'). However, regular readers will know the maxim 'it is only a fool who knows the price of everything and the value of nothing'. We believe our fees are very fair to all parties but boy, don't we work hard on the investment management to extract the best possible value we can in everything we do and indeed whatever we acquire! Indeed, some of the best value we have seen over the last several years has been because too many inexperienced advisers simply concentrate on the 'TER' (total expense ratio) of the underlying investment they buy. When it comes to an Investment Trust for example, how do they match that against the better value for example through the availability of a big discount to the underlying value? Let's say a tiny Trust's TER is 5%pa but it provides access to underlying assets which are impossible to find in the same way elsewhere. Let's say there is a 20% discount to the underlying asset value and the Trust decides to wind-up in five years. That would mean that we pay no charges over that hypothetical five years... now let us say too it has some borrowings for which it is paying 2%pa and it invests that money and makes 7%pa on it. Who does best - the investor or the one who declined even to consider the investment because they saw a '5% TER'? I should add that it makes no difference to us – well it does – we try to buy from the universal

world of opportunities according to what we believe is likely to do the best job for that small part of clients' portfolios – as simple as that. Do clients realise what we are trying to do in the construction and management of their portfolios – perhaps not but do they appreciate that our best interests are our clients' and that they know that? We hope so, very much so, even if it is never a perfect science!

LASTING POWER OF ATTORNEY (LPA) – HOW IMPORTANT ARE THEY?

Many people know the importance of making a will. However, whilst a will directs how your affairs are to be handled following your death, it is also vitally important to consider who could have the responsibility to make decisions for you during your lifetime if you were unable to do so yourself.

Enduring Powers of Attorney were available before 1 October 2007 and continue to be valid and able to be registered. However, the powers are not as extensive as those afforded by Lasting Powers of Attorney (LPA). These are available in two forms:

LPA for Health and Care Decisions

This allows the appointed Attorney to make decisions for the Donor (the person on whose behalf the Attorney will be appointed to act) in relation to where they live or such as granting or refusing consent in relation to medical treatment, for example.

Such decisions can only be made by the attorney if the Donor is incapable of doing so, such as if they are ill, unconscious or are suffering the onset of dementia, for example and if they have not otherwise prepared an advance directive (sometimes called a Living Will).

LPA for Financial Decisions

This allows the appointed Attorney to manage the personal finances of the Donor, including paying bills, receiving/applying for benefits or selling/buying property.

It is possible for the donor to specify that this LPA cannot be used until such time as they have lost the mental capacity to make their own financial decisions.

There is detailed guidance available in relation to both types of Attorney from the Office of the Public Guardian and which we recommend you obtain and read carefully before considering making arrangements. Importantly, you can only make these arrangements whilst you are deemed to have the capacity to do so and so it is not a job to put off to tomorrow, whatever your age. In doing so you are not "signing your

life away" so it is recommended that you consider and make suitable arrangements rather than risk distress or conflict among your family and friends in the event of the unforeseen. Indeed, the guidance notes are also helpful in giving you some options of how to make certain advance decisions about future needs for next of kin to follow, without going as far as arranging formal Lasting Powers of Attorney, if preferred.

The contact details for further information are as follows:

Office of the Public Guardian
PO Box 16185
Birmingham
B2 2WH
Tel: 0300 456 0300

www.gov.uk/government/organisations/office-of-the-public-guardian

PROBATE DEPARTMENT SERVICES – WHAT DO WE DO?

When a loved one or close friend dies, who is responsible for attending to all of the administration, sorting through the piles of paperwork, notifying all interested parties including publicity in the local press, filing tax and estate returns with HM Revenue & Customs, swearing an oath and obtaining Probate? Thereafter, who will sell the assets and distribute the estate in accordance with your Will?



At Philip J Milton & Company Plc, as many of you know, we have our own Probate and Executorship Service which we established discreetly in 2000, since which time we have administered estates to the combined value of over £68Million.

We have a very straightforward and fair charging structure based upon only the time we spend on a case. Did you know that many legal professionals charge not only time costed fees at partners' rates regardless of the work involved but also make a one-off additional percentage charge against the value of the estate, often adding thousands of pounds to final bills? In our view this is unfair and excessive. We also feel that we hold the upper hand (compared to the legal profession) because of our financial and

tax expertise which means that we do not require help from other investment and tax professionals when concluding estates. For those clients with investments under our discretionary management we are also able to advise beneficiaries of the options to inherit those investments themselves, which is often their best option. And sadly too, we continue to hear about awful administrative issues with other executorship services where the needs and rights of beneficiaries seem to be almost irrelevant in some instances. We have been made aware only recently of two farming estates for example, quite simple cases in reality for the assets involved, where two years later matters have still not been resolved and in one, valuers only just having been appointed and an unrelated life policy in trust only recently being paid-out. I am reminded of a question once posed of me about time-costed fees, when the client thought this meant the fee would be more the longer the time which had elapsed, not the hours expended on the case! I now wonder how some legal firms actually do charge fees for estates! What have your experiences been?

Director Mrs Sandra Wonnacott, who has headed the department since 2008 notes "I am delighted and incredibly proud to be able to oversee a department which can provide a compassionate, professional and thorough service for our clients. They don't need to seek separate advice from solicitors, accountants and other financial advisers as we have all of those resources in house at a very competitive cost."

Here are a few of the Department's many unsolicited client testimonials:

*I wanted to write to thank you so much for the wonderful service I received from you throughout such a difficult time. You have been so professional, kind, understanding and patient, which is so valuable in this situation! I appreciated your tactful and thorough explanations when something was difficult for me, and your swift and clear responses to any query enabled me to trust that my affairs were in good hands. Thank you very much! **AJ June 2017***

*Please accept my very grateful thanks for the work you have undertaken in administering my father's estate. The careful, considered and detailed approach that you have adopted throughout the process has made the business side of our loss very much easier to deal with. **AB June 2019***

Thank you very much for the final estate accounts. I was rather surprised, but pleased with your invoice for the work which you and your colleagues did. I thought that your charges would have been much more as friends of mine have been charged a

percentage of the estate in addition to costs! Your efforts have saved me a lot of hassle at a difficult time for which I am truly grateful. EW July 2019

WILLS – DO YOU HAVE ONE?



At Philip J Milton & Company Plc we believe it is vital to have a Will as it will give certainty to your intentions, speed up the process of administration, ensure your estate is dealt with tax efficiently (where necessary) and avoid those to whom you want to leave something from being overlooked. Even if you think you have nothing worth inheriting, this is often not true!

We offer a cost effective, efficient and compassionate Will writing and executorship service. For a meeting or telephone appointment, preparation of a basic Will or Wills and an offer to store the finalised Wills indefinitely (without further charge), we are pleased to offer our services at £150 plus VAT for single Wills and £225 plus VAT for mirror Wills. If you require a more complex Will we shall confirm our terms to you beforehand and seek your consent to proceed before you incur any cost.

Our Will writing and Executorship Service is designed to complement the other areas of our financial planning and taxation services. There are clear benefits for each of these aspects to be catered for under one roof as it enhances our efficiency in attending to your affairs as a result of having more relevant information at hand.

If you would like advice regarding making a Will or perhaps you feel your existing Will may benefit from a review to ensure it continues to represent your wishes in the most tax efficient manner, please do contact the Office to arrange an appointment with one of our highly qualified advisers, at our cost.

TAXATION & ACCOUNTANCY DEPARTMENT

We offer an efficient and professional service at a very competitive price. In attending to your tax affairs, if we highlight opportunities to reduce your liability for you, we shall let you know and offer further advice. We do not simply “process your numbers” without also thinking about scope to save you some tax as well.

We offer many different services, covering all aspects of business and personal Taxation and Accountancy. Indeed, as we can usually provide all the services that you need in-house, we are sure that you will find our charges to be rather more reasonable than many of our competitors, without any compromise to professionalism, competence or presentation.

Some of the main services we offer are:

- Taxation advice and planning
- Personal/Trust/Estate Tax Returns and Reclaims
- Capital Gains Tax advice
- Book-keeping
- VAT returns
- Payroll
- Establishment of Limited Companies
- Business/Limited Company Accounts
- Partnership Accounts and Tax Returns

STATE PENSION SET TO INCREASE BY BUMPER 3.9%

Retirees are in line for a bumper 3.9% state pension increase (the biggest since 2012), after the September inflation figure was confirmed at 1.7%.

Under the state pension triple-lock, annual payments increase by the highest of average earnings in July, CPI inflation in September or 2.5%. As a result, the 'old' basic state pension will rise by £5.05 a week to £134.25, while the 'new' state pension will increase by £6.60 a week to £175.20.



While the Consumer Prices Index (CPI) inflation measure for September was 1.7%, average earnings increased by 3.9% in the three months leading up to July, so this figure will be used.

The increase will come into force from April 2020, assuming it is approved by Parliament as is expected.

For the consumer, this means that their pay is growing more than twice as fast as inflation. For the Bank of England, it means Mr Carney is missing his Inflation target of 2%, as heinous a sin as exceeding that figure! Regardless of Brexit, so what do we read here – higher inflation to come from bigger employment costs being passed-on in due time (and a consumer base with more money in its pocket to spend) or recessionary influences in that businesses have not felt able to increase prices of goods and services?

INTEREST RATES & INFLATION WATCH

As noted, the Consumer Prices Index (CPI) for the year to September stood at 1.7% whereas RPI was 2.4%. The Bank of England base interest rate remains at 0.75%.

Amongst other things, banks and building societies consider the base rate when setting their own interest rates on savings accounts for example. According to www.Moneyfacts.co.uk one of the most competitive easy access accounts available presently is paying interest of 1.25%pa, which is variable so can rise or fall. Consequently, it is highly probable that savings on deposit will continue to lose you money in real terms, which we suspect will endure some time to come, barring any unforeseen change in market conditions and subject to the eventual Brexit outcome.

ANNUAL HOUSE PRICE GROWTH

Annual house price growth remained below 1%pa for the eleventh month in a row in October, at 0.4%, according to the latest data from the *Nationwide House Price Index*.

The new figures show that average prices have risen by approximately £800 over the last year, a significant slowing compared with recent years. As an example, in the same period to October 2016, prices increased by £9,100.

Nationwide chief economist, Robert Gardner, commented: “Indicators of UK economic activity have been fairly volatile in recent quarters but the underlying pace of growth appears to have slowed as a result of weaker global growth, and an intensifying of Brexit uncertainty. To date, the slowdown has centred on business investment, while household spending has been more resilient.” What’s next?

TRUSTS

Are you involved or connected to a Trust? Have you registered it yet because if you don’t there could be some hefty fines! <https://moneyage.co.uk/Advisers-warned-to->

[take-action-as-trust-registration-deadline-looms.php](https://www.miltonpj.net/take-action-as-trust-registration-deadline-looms.php) It doesn't matter if there is a tax liability either – it is simply an obligation that all express trusts must be registered by 31 March 2021. So if you are living in a property owned by a Trust, a beneficiary of a Trust portfolio, owning assets on behalf of someone else, you are likely to be caught. Indeed, if you should have registered already, there are penalties of £300 or 5% of any tax bill, whichever is biggest. Registration is all to do with money laundering obligations. We have just published a handy guide on trusts generally and their uses – if you would like one please do ask. We are specialists in the field!

WEBSITE

Do please have a look at our website, www.miltonpj.net.

What do you think? We are updating and tweaking the content constantly of course but trying to make it more interactive and easier for us to add current material. We like it and we believe it represents what we want it to say and do, as well as being useful for clients and new contacts likewise. Hopefully you will enjoy the photos too as we look to celebrate our beautiful scenery and attractions here in the South West.

We add all of our newsworthy comments, weekly Money Columns, press releases and Milton Newsletters as well as explaining in detail all of our services for clients. We do hope that you find this of interest.

MEET THE TEAM

Our clients, whether they come to us for Financial Advice, Wealth Management, Investments, Probate and Estate guidance or all things legal, enjoy close and regular contact with their adviser and they will be aware that we also have a highly competent support team on hand to assist should an adviser not be available immediately to answer queries. Over the coming editions of Milton News, we should like to provide more detailed insights of the team who will be delighted to help you at any time.



So, Felix tell us a bit about your background and how you managed to arrive at Philip J Milton & Company Plc:

I'm Philip Milton's eldest son so have always had some sort of involvement in the business from an early age, including putting newsletters in envelopes for clients for pocket money! At the age of 18 I decided that after doing my A-Levels I did not want to attend university and instead came to work in the firm as a trainee. I have completed advanced professional exams whilst working for the Firm and am now a Chartered Financial Planner.

What element of your job do you enjoy the most?

I think the aspect I enjoy the most is meeting clients and discussing their finances with them. It's very satisfying when a client can seem so confused at first but then leave with the knowledge and peace of mind that their plan is working for them and they can achieve their financial goals.

What does a typical day at work involve?

When I arrive at the Office, I typically read through any emails that have come in and check whether any need actioning immediately. I then look to see if I have any client meetings to prepare for and check what they may entail. I then have various case work to do throughout the day including dictating some of my own letters as well as checking those that others have prepared for me.

What are your interests outside of work?

Outside of work I enjoy riding my motorbike and going to the beach. I'm also frequently in London now and love visiting the various museums there!

Favourite holiday destination and why?

My favourite holiday destination has been Argentina. The landscape and nature is so diverse, with almost arctic like conditions in the south to tropics in the North. It also has the best steak I've ever eaten in my life!

Here is Felix (right) alongside colleague Mr William Curle at this year's North Devon Show in August.



ARE YOUR FINANCES IN A MUDDLE?

If the answer to this question is “yes” then take back control of your finances by visiting us for professional, independent advice to review your overall financial situation. This will encompass everything from cash in the bank, other emergency funds, income versus expenditure, longer-term investments, pensions, mortgage repayment plans, protection (not just against death but the statistically far greater likelihood of long-term illnesses), tax mitigation, school fees’ planning, Wills, estate planning and everything legal. Obviously, some of these may be more relevant (to you) than others and some may be irrelevant in your circumstances. Not only will you receive a breakdown of everything that you have currently and our views on those arrangements but also a plan regarding how best to meet your specific aims and objectives, both short and longer-term. There is absolutely no doubt that this will be one of the very best investments you ever make and a useful ongoing reference point.

CLIENT ENQUIRIES

New Clients

Did you know that as a new client you are entitled to an initial consultation with one of our advisers at our cost and without subsequent obligation? Before an appointment we shall send you one of our New Client Packs which contains information about the Firm and why you might choose to use us. We have also launched our new Investment Brochure which discusses the Firm’s approach to and

rationale for investing in medium to longer-term assets. Please do contact the Office to make further arrangements. If you live further afield or cannot make daytime appointments, we are happy to telephone, email or skype you at your convenience.

Discretionary Investment Clients



Of course, if you have already made the sensible decision to join us as an investment client where we manage some funds for you, remember that you too enjoy the entitlement to contact us for a review of those investments, all with our compliments and within the cost of your current annual management fee. There is no extra charge. These

reviews can help to ensure that the existing investments remain appropriate for you and your ongoing circumstances or allow us to manage the investments in light of any changing needs, an income or likely withdrawal perhaps. Naturally, without knowing about any changes, we shall continue managing the accounts as we are doing presently. If you haven't been in contact for a year or three, please do contact us!

CHARITIES

Charitable Foundation

As we announced in our Summer Milton Newsletter, we are very excited to announce that we have now completed the onerous registration process for the Philip J Milton & Company Plc Charitable Foundation, our own charity which will act both as a conduit for donations but will also look to gift additional funds to local good causes and enquiries are welcomed.

The Charity's Objectives are:

To provide grants to any of the following as the Trustees shall 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 the Office in writing providing details. Indeed, some local campaigns have already benefitted!

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. If applicable to your circumstances, please complete the Gift Aid form towards the back of this newsletter and send with your donation. Thank you!

Amigos



This is a charity in Uganda which works alongside its African partners, to bring about entire communities which are self-supporting through education and training. We are proud to continue sponsoring at least one student of Kira Farm in Uganda and this year's student is Triphina.

As part of the sponsorship, we receive monthly updates on the Student's progress and Triphina is progressing well through her program this year. Here is her most recent communication:

Dear Philip

It so nice hearing from you thanks a lot for always finding time to reply back to my emails, I really feel so much encouraged by that, yes I am so proud of my garden, I

will be harvesting my maize by the end of this week and I am more than sure I am going to get a great harvest.

The vocational training is going on very well, at the moment I am learning how to stitch a traditional Ugandan dress for women called the “Gomesi”. We are currently hosting Pastors and farming group leaders who are overwhelmed with seeing what we had learnt to make in just a short period of time so in the end they have shown much interest in buying some of our garments by the end of their stay.

I am so happy how Kira has brought us together but also helped us to bond and become good friends helping out one another in different ways, if it was not for the friendship, we do have for one another I think we would have not enjoyed the training like the way we do now.

I am also so great full that the family friendly nature on Kira has helped me learn how to open up for assistance if I am going through a hard time.

I was a very reserved person and because of this I would struggle with so many personal issues, this is no longer the case, I have learnt to interact with my friends, share my challenges but also have fun, so I am really enjoying my stay on Kira.



*God bless you.
Yours, Triphina.*

Here is Triphina ready to harvest her impressive looking maize!

We have also just received correspondence from Patrick Ober, a previous student we have sponsored, with an update of how he is progressing with his life after ‘Kira’.

Thanks to sponsorship from Philip J Milton & Co Plc, 23 year old Patrick has worked wonders back home.



Patrick says ‘I can’t believe where my life is now starting from scratch. I have a home, a carpentry and bike repair business, enough to eat, friends and I was able to not only marry my wife, but pay her family a dowry of a cow that I bought with my own money. On top of this I’m

saving up to start tailoring by the end of the year.

Thanks to the support of Philip Milton, my family is happy and people who used to despise me now admire the joy with us all. Things have changed: I am now seeing lots of people come to me for advice, which is unbelievable considering people wouldn't even speak to me a couple of years ago. I am thankful that with the help of Amigos, I have gone from being someone who was seen as cursed, to someone who is admired and able to help and bring hope to others.'

AFTER HOURS

Financial One Liners

The most successful investor was Noah. He floated stock, while everything else around him went into liquidation.

The most successful female investor was Pharaoh's daughter. She went to the Nile bank and floated a prophet

I saw a bank that said it offered 24 hour banking but I didn't go in, I didn't have that much time.

Millionaire

A woman proudly told her friend, 'I'm responsible for making my husband a millionaire.' 'well what was he before he married you?' the friend asked. 'A billionaire'.

Office banter:

To whoever stole my copy of Microsoft office: I will find you, you have my word!

To err is human, to blame it on someone else shows management potential...

When an employment application asks who is to be notified in case of emergency, I always write 'A very good doctor'.

Nothing ruins a Friday more than suddenly realising it's actually Tuesday.

I live in constant fear that my child will become a famous artist or painter and I will have thrown out about a trillion pounds' worth of her work.

PLEASE NOTE: The comment contained within this newsletter is the opinion and copyright of Philip J Milton & Company Plc. This is a financial promotion. No outside institution is employed specifically to provide comment which is based entirely upon our independent view of worldwide markets and economies at the time of publication. The values of market investments and their income can fall as well as rise. Any performance/prices quoted are based on details at the time of writing and specific clarification and individual comment is necessary if action is being considered. Please note that some of the ancillary products or services such as Will Writing, Accountancy and Executorship services are not regulated by the Financial Services and Markets Act 2000. The value of your home is at risk if you do not keep up repayments on a mortgage or other loan secured upon it (written details are available on request). Any case studies featured in this edition have had identifying details altered to protect client confidentiality.



Gift Aid Form

Please note that the form must be in a single name.
Name of Charity: **The Philip J Milton and Company Plc Charitable Foundation**

Title..... Forename(s).....
Surname.....
Address.....
Email.....

I want the charity to treat all donations made from the date of this declaration until I notify you otherwise as Gift Aid donations.
You must pay an amount of Income Tax and/or Capital Gains Tax at least equal to the tax that the charity reclaims on your donations in the appropriate tax year.
Signature..... Date: ... / ... / ...

You can cancel this Declaration at any time by notifying the Charity.

If in the future your circumstances change and you no longer pay tax on your income and capital gains equal to the tax that the Charity reclaims, you can cancel your declaration.
If you pay tax at the higher rate or benefit from Age Allowance, you may be able to claim further tax relief in your Tax Return. If you are unsure whether your donations qualify for Gift Aid tax relief, ask the Charity or refer to help sheet IR65 on the HMRC web site (www.hmrc.gov.uk)