Your Autumn Newsletter 2020

Independent Financial Advisers and Wealth Managers since 1999

Welcome to your Autumn Newsletter.

We have had a busy time the last few months and it has been a pleasure to sit and reflect on some of the changes we have seen.

In the last month we have added two new branches to our Financial Advice Centre business. These two offices add additional local support to our network and bring with them two highly experienced teams of advisers.

In this newsletter we've introduced you to the leaders of our full leadership team.

We are also excited to announce our move into Environmental, Social and Governance (ESG) investment in the Your Adviser Discusses article.

You may already be aware but we have been sharing additional content on **LinkedIn** and **Twitter** which you may also find interesting.

I hope you find this useful and please do not hesitate to contact us with any questions or comments at **office@face-uk.com**.

Piers Mepsted,
Managing Director

In this Issue

For questions and advice get in contact today...

Head Office
Financial Advice Centre Ltd
7 Sansome Place
Worcester WR1 1UG

T 01905 731 864
E office@face-uk.com
www.face-uk.com

LinkedIn ltd_financial

Introducing our leadership team

We are proud to announce that this month Financial Advice Centre added a Bromsgrove and Wolverhampton branch – making the Worcester Branch our new Head Office. Our business now consists of 13 advisers and 11 support staff across three local branches. Below we introduce our new leadership team.

Piers Mepsted
Managing Director

Piers joined the business in 2009 as a partner with the founder and previous Managing Director.

Piers brings a wealth of experience gained from over 20 years in the financial services industry, having previous roles in bank assurance and with a corporate financial services provider.

He joined the business to help implement changes driven by industry regulation within the industry.

Clients have seen many benefits to this including a cost effective service based approach providing greater transparency in fee structures and Environmental, Social and Governance (ESG) investing approach.

This ongoing, dynamic and future focussed approach ensures clients continue to benefit from Financial Advice Centre being at the cutting edge of client management.

"I am excited to welcome such a high calibre team to join Financial Advice Centre. We share a client centred ethos and we are already enjoying sharing insights and expertise to help clients."

Adam Smith
Operations Director

Adam joined Financial Advice Centre in May 2003 as a Financial Adviser concentrating on Mortgage and Life Cover. His experience has evolved to include a vast amount of experience specialising in Pensions and Investments as well as Teachers and NHS Pension Schemes.

George Roberts
Mortgage Director

George has been working in mortgage advisory for 15+ years. He founded an independent mortgage and lending business that merged with Financial Advice Centre in 2019.

Steve Baker
Head of Bromsgrove Branch

Steve is a Chartered Qualified Planner – the highest qualification for our industry. He is a highly experienced Inheritance Tax Planner and Pensions practitioner. Steve has been involved in the financial services industry and working with clients his entire career of more than 30 years. Steve joined Financial Advice Centre in 2020 as a lead adviser and heads up the Bromsgrove practice.

Craig Gracey
Head of Wolverhampton Branch

Craig is an experienced adviser and wealth planner. With over 20 years' experience, Craig is well regarded for his insights and holistic approach to financial advising and wealth management. Craig works with high net worth clients assisting with issues associated with inheritance tax planning, pensions and construction of bespoke investment solutions.

Market Overview | part 1

Q3 2020 saw most markets build further on the gains made through Q2. Quite the feat when you consider the almost endless list of headwinds that appear to be facing every country and asset class. Even more impressive is, at the time of writing, markets are ahead of where they started the year. However, the tone at the end of this period has become notably sombre as markets wake up with from a stimulus-fuelled period.

The Covid conundrum

Unfortunately, many regions are facing a ‘second wave’ of infections. Confirmed global cases rose well above 30 million and global deaths sadly passed the one million mark. Markets have had to digest balancing the risks of a resurgence of COVID-19 cases against vaccine optimism and support from governments and central banks. This helps explain an uptick in volatility in recent weeks.

Many countries have reintroduced lockdowns or restrictions of movement on their people. The rhetoric from world leaders is to avoid a repeat of lockdown measures taken in March. However, any restriction on the movement or activity of a population will have consequences for the wider economy.

US labour market data released through the period has been broadly improving and consumer confidence experienced its biggest increase since late 2011. However, the US reported record numbers of COVID-19 infections. Despite this, US equity markets managed to set record all-time highs as the strong upward momentum of technology shares continued to push higher. This marked the fastest-ever return to a record high after a drop of more than 20%.

However, this coincided with a second wave of concerns, election uncertainty, and stretched valuation worries leading to equities selling off in the first two weeks of September. We have since seen evidence of daily cases becoming more stable and further confirmation from the Federal Reserve that it is willing to support the market has also helped calm volatility.

Market Overview | part 2

Political actions in focus

The US election is likely to create an increase in volatility. Our investment managers recognise this as a source of risk and opportunity, but do not position portfolios to perform on a certain election result.

The UK has struggled against the same macro themes shared with regions across the world as well as a broadly deteriorating Brexit situation. At the time of writing, it seems little progress has been made on negotiations as the clock continues to run down.

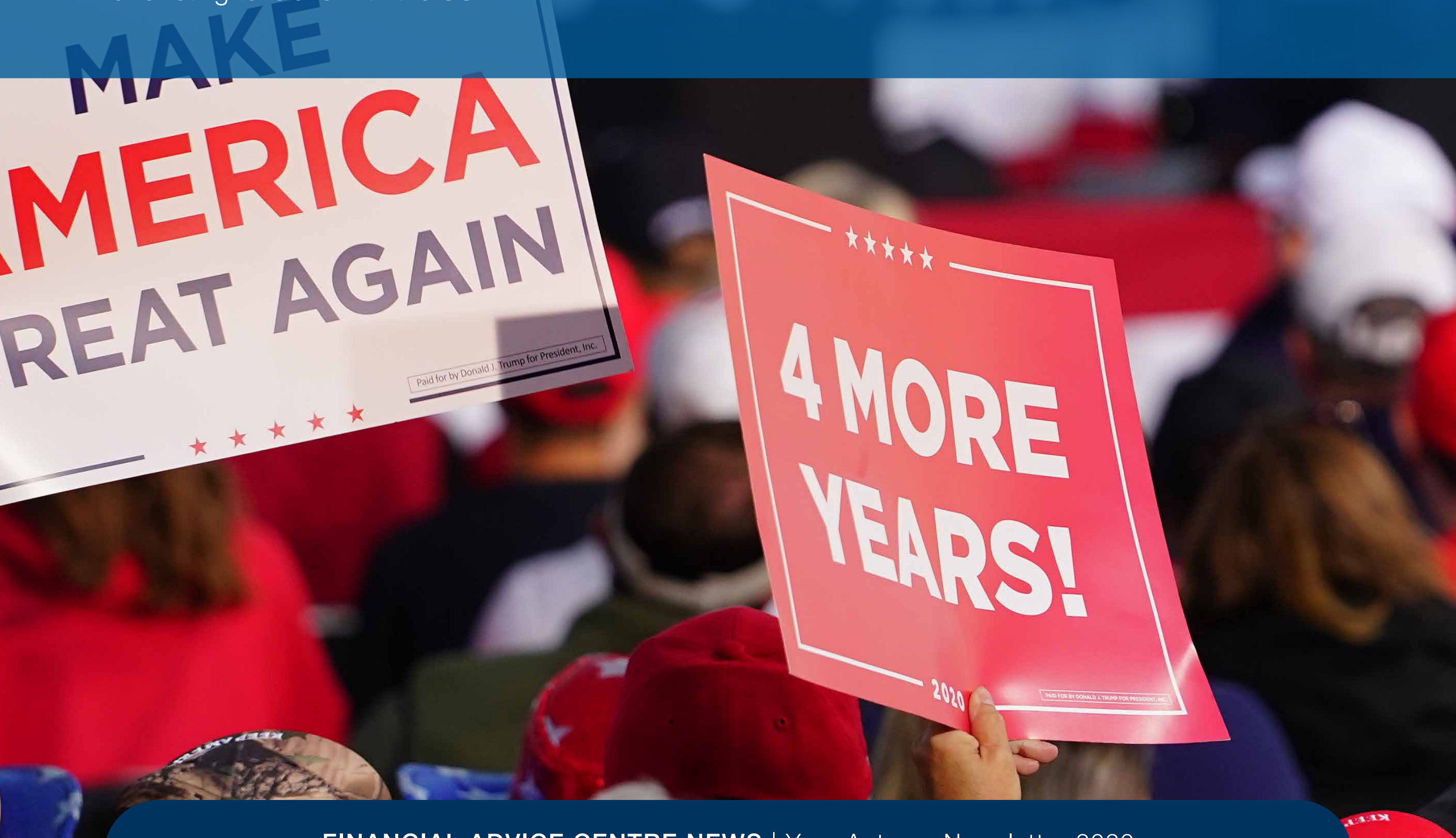
US and European trade tensions rose up the agenda. The US government announced it was looking at instituting new tariffs on $3.1bn worth of goods from the UK, Spain, France and Germany. With such actions, it is potentially gearing up for a future showdown with the European Union.

Tensions also continued between China and both the US and the UK. The US ordered the closure of the Chinese consulate in Houston due to claims of 'stealing of intellectual property'.

The UK suspended the extradition treaty with Hong Kong. China imposed its national-security law in Hong Kong. This aims to subdue anti-government and pro-democracy protests that have been swelling for the past year. The move did no favours for existing tensions with the US.

Despite this, China's rebound from COVID-19 showed signs of accelerating further. Consumer spending rose for the first time this year and there was a larger-than-forecast expansion in industrial production as restrictions were eased. The region also reported its largest jump in exports in 18 months. Investors also enjoyed digesting the reading on the Chinese services sector, showing it grew at the fastest rate in more than a decade. The Chinese Central Bank added 700bn Yuan (c. £76bn) to its medium-term lending facility in order to help liquidity, which further boosted sentiment.

Long-serving Japanese Prime Minister, Shinzo Abe, resigned due to ill-health. He was succeeded by Yoshihide Suga, Chief Cabinet Secretary throughout Abe's tenure. The move was widely anticipated and caused no material reaction in markets. Suga's appointment is expected to lead to a monetary and fiscal stimulus and economic reforms. Japanese equites have been one of the strongest performing through the quarter. So far, Japan's ability to control the spread of the virus has been more successful than most western countries. Huge government stimulus and improving trade relations with other nations have also helped equity performance during the period.



Market Overview | part 3

European and UK initiatives

UK business activity grew at its fastest pace in five years, but employment figures released by the Office for National Statistics showed redundancies continued to rise. It's worth noting that the level remains well below that seen during the 2008 downturn however, it's clear that COVID-19 is still having a big impact on the world of work.

UK inflation plunged in August, caused mainly by the Government's Eat Out to Help Out scheme and VAT cut in the hospitality sector. Annual consumer price inflation fell to 0.2% from 1%, but this was still above many economists' predictions, who were expecting inflation to come in at zero.

The Bank of England left both interest rates and its bond-buying target unchanged and said it was ready to take further action amid economic uncertainty.

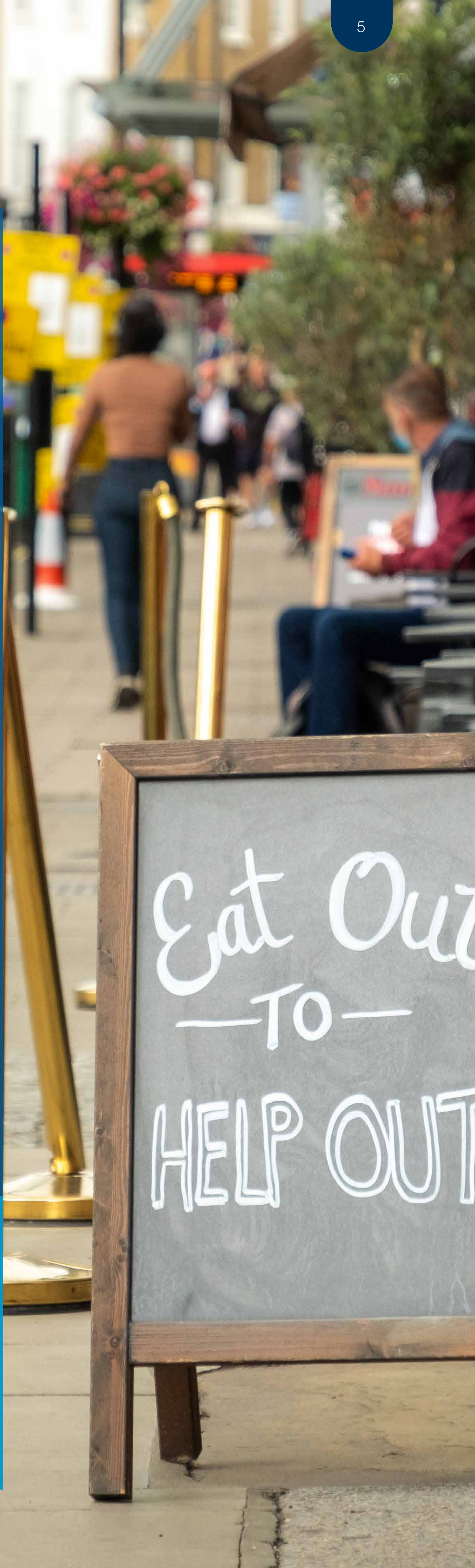
In Europe, Central Bank support continued, and current policy was confirmed as unchanged. EU leaders agreed the terms of a €750bn pandemic recovery fund, although the first support is unlikely to be available until late 2020, or even early 2021. However, this helped to support the market and it came around the same time as the Eurozone experienced its fastest rate of business activity growth in more than two years. But as the quarter went on, data indicated that while growth still remained positive, the speed of recovery had slowed.

Oil prices

By the end of the quarter, oil prices had declined to their lowest level since June as the recovery in fuel demand stalled. Additionally, Saudi Arabia cut prices more than expected. Planned supply increases by The Organization of the Petroleum Exporting Countries weighed further on prices.

In summary

Our investment partners welcome any positive economic data that signals a sustained recovery but we all agree we have a long path ahead. Without meaningful improvement in virus control, investment managers have to be cautious and carefully manage risk. Any optimism must be balanced against escalating US-China risk, political uncertainty and negative economic impacts brought by movement restrictions.



Markets and Investments

Outlook	Asset Class	Reasoning
↓	UK Equities	On top of global virus concerns, the UK has had to deal with a broadly deteriorating Brexit situation. UK business activity grew at its fastest pace in five years, but employment figures showed a continued rise in redundancies. The Bank of England left both interest rates and its bond-buying target unchanged. Concerning political backdrop coupled with high exposure to oil and financials has a negative impact.
↑	US Equities	US labour market data have been broadly improving and consumer confidence experienced its biggest increase since late 2011. Despite record numbers of COVID-19 infections, US equities set record highs. Confirmation that the Federal Reserve is willing to support the market has helped calm volatility. The upcoming election is now the key focus, but long term fundamentals remain a key strength for the region.
↔	European Equities	EU leaders agreed a €750bn pandemic recovery fund. The Eurozone experienced its fastest rate of business activity growth in more than two years. But as the quarter went on, data indicated that while growth still remained positive, the speed of recovery had slowed. US and European trade tensions also rose up the agenda. While Brexit headwinds persist, certain areas of the region continue to offer attractive opportunities.
↑	Asian Equities	Tensions continued between China and both the US and the UK, however the country's rebound from COVID-19 continued, with consumer spending rising. Larger-than-forecast expansion in industrial production as restrictions were eased. The region also reported its largest jump in exports in 18 months, and the services sector grew at the fastest rate in more than a decade. Positive political transition and control of the spread of the virus has been more successful than most western countries, giving us a positive outlook for the area.
↔	Emerging Market Equities	Emerging markets were mixed, with differentiation between countries and risk factors. Russia underperformed on more discussions of possible sanctions. Ukraine, managed through a tricky transition to a new Central Bank Chief. This was without upsetting markets or the International Monetary Fund over its independence. Lastly, COVID-19 cases continued to rise at an alarming pace in certain countries. However, the net result of this on performance was minimal.
↔	UK Gilts	Yields remain near historic lows and remain unattractive from an income or capital growth point of view. However, government debt still plays an important part in a portfolio as a diversifier and as a tool for reducing overall portfolio volatility.
↔	UK Corporate Bonds	As central banks and governments continue to provide support to markets through the pandemic, the large majority of fixed income markets have seen an uneventful quarter. There has been confirmation from developed market central banks that interest rates are unlikely to move upwards until at least 2023. Fixed income assets continue to offer relative security.
↓	Cash	In volatile markets cash can act not only as a buffer to protect on the downside, but also to allow for flexibility for investors to deploy should attractive investment opportunities present themselves. Over the quarter investment managers have started to deploy some cash holdings back into the markets as opportunities in certain regions presented themselves.

Your Adviser Discusses | part 1

Environmental, Social and Governance (ESG) investing for our clients

Last year the European Commission, in conjunction with the European Securities and Markets Authority, proposed changes to bring financial advice firms into line with the EU's climate action plan through the integration of sustainability and Environmental, Social and Governance (ESG) considerations.

EU parliamentary regulations stated advisers should 'take sustainability risks into account in the selection process of the financial product presented to investors before providing advice. That means that as advisers we must ensure we ask clients if they have a preference towards ESG investing and ensure we can provide access to these types of investment opportunities.

So what is ESG investing?

These funds employ positive screening, evaluating and investing in funds and in turn firms, that are paying close attention to the impact they make on society and the environment.

ESG factors are useful indicators of a company's overall strength, how it is likely perform in the future as well as the material influence on its ability to deliver long-term returns to its investors. Successful ESG strategies are now regarded as the long term future for our society and their financial success reflects this.

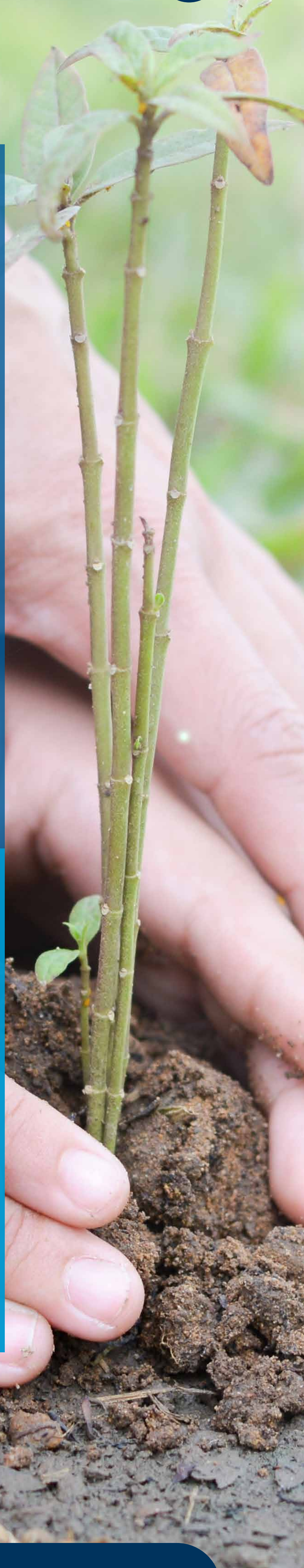
ESG factors are constantly evolving but can include:

Environmental – a company's approach to conservation and sustainability:

- management of waste and pollution, including greenhouse gases
- contribution to or controls of impact on climate change
- management of natural resources including water

Social - a company's consideration of people and relationships:

- treatment of employees and their working conditions
- valuing human rights and its stance on child labour and slavery
- considerations as to impact on wider stakeholders and society, including local communities and animal welfare



Your Adviser Discusses | part 2

Governance – a company's standards for the way they run their business:

- approaches to diversity and how it structures its board
- rewards and payment of executives
- limits its exposure to corrupt practices and deals with bribery
- makes, declares or avoids political donations

The benefits of ESG investing

There are many benefits to ESG investing which I briefly summarise below.

Opportunity for better long-term returns

There is now a weight of research showing companies that take their ESG responsibilities seriously are more likely to outperform their less well-managed peers. Selecting companies that focus on the social and economic impact of their activities does not have to mean compromising on performance; in fact quite the opposite can be true.

An indicator of quality

ESG factors can also be excellent indicators of any 'red flag' warnings that could affect future investment performance of a company, such as deterioration in operations or possibility of bankruptcy – ultimately helping reduce long-term investment risk.

Transparency

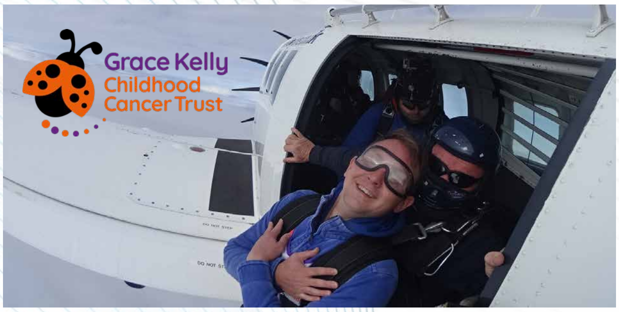
Companies that take their corporate responsibilities seriously tend to operate more openly, have measurable outcomes and are able to publicly communicate their ESG practices. By their very nature these businesses are more transparent.

I am pleased to say that Financial Advice Centre is well ahead of the curve in engaging with fund managers committed to ESG investing and adopting the highest possible standards such as signing up to the United Nations Principles of Responsible Investment.

We have created a **factsheet** that explains a bit more about ESG investing; how me work with fund managers and some questions for you to consider which we can speak about if this is of interest. Please **visit our website** or speak to me about how I can help you understand this further.

PRI Principles for Responsible Investment

The Last Word

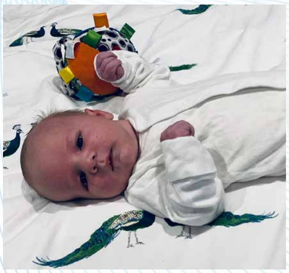


This month Adviser Ed Dalley chose to raise money for **The Grace Kelly Childhood Cancer Trust** by doing his first skydive.

Childhood cancer is the number one medical cause of death of children in the UK. The team at the Grace Kelly Childhood Cancer are working to change this by raising awareness, funding research into rare cancers of childhood and producing educational materials. They also provide support to families. The charity was founded in 2016 and despite being a relatively young charity, they have already helped an incredible number of children and parents.

https://www.gkcct.org/

Adviser and Director Adam Smith and his wife Emma welcomed Ned John Smith on 31st August 2020. Ned is brother to Hattie and Bethan. Congratulations Adam!



About Financial Advice Centre Limited

Financial Advice Centre Ltd is a team of Worcestershire based Independent Financial Advisers (IFA's) and Wealth Managers. Founded in 1999, the team has grown to become a leading West Midlands based firm recognised for progressive thinking and a refreshing, transparent approach to managing and advising on client funds.

Our team of IFA's have deep technical expertise and offer an innovative approach to financial advice as seen through our proven pedigree of successful strategies in these areas:

- Bespoke Investment Strategies
- Inheritance Tax Planning
- Retirement Planning Solutions
- Mortgages
- Pension Drawdown and Freedoms
- Life Assurance and Protection
- Wealth Management

We are active Advisers with a unique charging structure focussed on building long term relationships and consistently adding value to clients' investment propositions. Our aim is to provide a service that is both forward-thinking and independent to help clients achieve their financial objectives.

Clients choose to work with us because we simplify a complicated financial environment and consistently deliver results in a way that's easy to understand.

financial advice centre
independent face to face advice
E office@face-uk.com
www.face-uk.com

Head Office
7 Sansome Place
Worcester
WR1 1UG
T 01905 731 864

Bromsgrove Office
3 Birch House,
Harris Business Park
Hanbury Road, Stoke Prior
Bromsgrove B60 4DJ
T 01527 362490

Wolverhampton Office
Hilton Hall Business Centre
Hilton Lane, Essington
South Staffordshire
WV11 2BQ
T 01902 939150