

Bulletin

Autumn 2018

Keeping you up to date with the latest developments from The Fry Group

Taking a fresh perspective

The recent Ryder Cup event, which saw Europe v the USA, prompted me to consider the relevance of pitching nations against one another. Certainly many of us would view much of the recent news we've heard as something akin to USA v the rest of the world. And as we approach the denouement of the Brexit negotiations next March it feels very much UK v Europe.

Of course this is a somewhat cursory observation on what the news flow feels like from a particular perspective. Yet the concept of perspective is at the heart of what we always aim to provide. Given that our offices cover the globe we know that it's important for us to offer that world view of all things financial, from our clients' viewpoint. With our new Dubai office opening later this year we gain another new outlook to add to the mix...

Perspective enables us to perform one of our key roles; to consider external views, events and opportunities which are relevant to our clients' affairs and provide advice accordingly. We know this approach is valued by clients, providing that all important external voice which is needed when it comes to wealth planning. Indeed seeking external opinion is one of the ways that many of us challenge ourselves to counteract our own inherent biases. The relationships we build with our clients - usually over a long period of time - and the planning tools we use enable us to become that much needed, trusted voice.

In considering long relationships I should also mention our 120th anniversary, which we have been celebrating this year. This milestone helps us look forward, as well as back, and we have enjoyed introducing a number of improvements both internally and externally over the past few months. These include a number of methods which help us to look after our staff (who are ultimately the heart and soul of our service) by helping them participate in the growth of the business, planning the new office in Dubai and embracing the right technology options to help improve the service we provide.

Encouragingly Europe enjoyed the defeat of the USA in the Ryder Cup - which in itself puts a much more positive perspective on things.



Jeremy Woodley
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reasons to be positive about the US economy

The US economy is growing strongly, whilst other regions have seen growth rates slow as the year has progressed. The US grew at +2.9% in the second quarter of 2018 and a faster rate of growth is expected for the third quarter. Here are ten reasons to be positive on the US:

Business Confidence – US businesses are very optimistic and have been so since the election of Trump. Prior to this, business confidence and activity were the missing pieces of the US recovery jigsaw. A combination of tax reform, deregulation and a sense that the President has been a businessman rather than a politician has boosted business confidence to levels higher than under Reagan. This then feeds through to:

Business Investment – Strong business confidence is feeding through into higher levels of investment and capital expenditure. This is coming through both in surveys on business intentions, but also ‘hard data’ such as Industrial Production and Fixed Capital Investment.

Deregulation – The previous administration enacted an increase in regulation that was unpopular with businesses. That is now being rolled back and is one of the factors driving the increase in business confidence and investment.

Inventory – The upswing in business activity has resulted in low levels of inventory. Strip this factor out and the

underlying growth was higher in the second quarter. We are due an inventory rebuild that will boost the economy.

Employment – The US continues to create jobs at an unprecedented rate. Weekly levels of unemployment claims are back to 1960s levels. There is an increase in “quits”, as workers feel confident to move to other jobs. The participation rate is picking up as ex-workers return to work.

Shale – The increase in shale activity is boosting the economy and moving the US towards the strategic goal of energy independence, as well as helping reduce the trade deficit.

Consumer Confidence – This is at record highs, reflecting the benefits of a buoyant job market and one-off boost from tax cuts. Retail sales are strong and there is little sign that the political events or concerns over trade policy is impacting confidence.

Consumer Debt – Unlike before the last crisis, US consumers are not piling on debt to fuel spending. Credit card default rates are at multi-year lows and family finances are stronger than they have

been for a while.

Inflation – Inflation has picked up but not to worrying levels. Wage growth has been more subdued than expected given the tight labour market.

Fed Raising Rates – Possibly a strange reason to be positive, but the Fed is raising rates because it can, rather than because it needs to. The economy is strong enough to adjust to higher rates, possibly as high as 3% in a year. This gives the Fed room to cut rates in the future should it need to, but also reflects the fact that the Fed is currently the only Central Bank able to embark on a policy of ‘normalisation’ of interest rates.

To discuss any aspect of your own investment portfolio please contact Julian Broom, Head of Advice.



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Do you need to be a dreamer to invest 'ethically'?

Investments into European sustainable investment funds during the first half of 2018 were at their second highest level in the past five years.

What is Socially Responsible Investing (SRI)?

As the importance of good governance and environmental stewardship continue in the media and within political policy, the need to "do good" with money is becoming an ever more popular trend with investors. In recent years, different forms of socially responsible investing including ESG (Environmental, Social and Governance) and Impact Investing have emerged. SRI is a way of seeking profit whilst tailoring a portfolio to include causes which you care about. This type of investment tends to avoid so-called 'vice' industries such as alcohol, tobacco, gambling, pornography and armaments. Socially responsible investments also steer clear of companies whose practices violate human rights, cause damage to the environment (such as mining corporations) or use animal testing on products or services. Instead, they focus on industries and companies who have a positive impact on the world, population and environment. This can include work in social justice, environmental sustainability and alternative energy or clean technology.

Is it just for dreamers?

Although SRI has developed significantly over the last few years there remains the perception that the practice centres around investing into 'green' companies such as wind and solar farms, whilst others associate it with those who have a certain laid back approach to life. The basis of ethical investing was the 'Save the World' campaigns of the 1960s and beyond when organisations such as WWF (founded in 1960) and Friends of the Earth (founded in 1969) lobbied hard to stop some of the unsustainable practices which were impacting the global environment.

Global unity

The trend is playing out on a global stage with the United Nations' (UN) publishing a list of 17 Sustainable Development Goals (SDGs). Launched in 2015 'to

achieve several extraordinary things by 2030', the goals have only been adopted by 193 countries with both the public and private sectors being invited to contribute towards achieving progress in these key areas within 15 years.

'ESGness'

The UN has also set out 'Six Principles for Responsible Investment.' These are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating Environmental, Social and Governance (ESG) considerations into business operations. Socially conscious investors can then use the principles to screen potential investments. There is growing evidence to suggest that ESG factors, when integrated into investment analysis and portfolio construction, may offer investors potential long-term performance advantages.

What are the benefits of SRI?

A major benefit is the positive impact on your own conscience; you can rest assured that your personal beliefs do not need to be sacrificed to gain a profit. You can *'Do Well by Doing Good.'* For example, if you are against genetic engineering and intensive farming you now have the option to support those beliefs fiscally and take your capital where these, and other criteria, are screened out. If you have a family and climate change is a big driver then you can exclude coal, oil and gas as well as deforestation from your portfolio.

Historically, 'vice' industries have returned good profits for shareholders. In choosing to move capital elsewhere a new form of sanction can be created which could then have a large fiscal impact on a company's bottom line.

Today SRI offers a solid approach to investments for those who want to consider ethical or moral issues, as well as investment returns. If you want to consider SRI within your portfolio we would suggest an initial conversation

about companies with positive and/or negative social impacts, to gauge how strongly you feel about these elements. Your position can then be incorporated into your portfolio management, and we can present a range of options based on your own preferences.

For more information please contact Ed Read-Cutting.



Ed Read Cutting
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In Europe SRI (Socially Responsible Investing) exceeded €32billion in the first six months of 2018
Source: Morningstar.

Have you paid the Capital Gains Tax you owe?

It has recently been announced that, as part of a general initiative of vigilance, the UK tax authorities will be writing to approximately 1,500 individuals who may owe Capital Gains Tax (CGT). The initiative will specifically target those who have sold property in the tax year 2015/16.

Do I owe CGT?

If you have sold a property that was not your main residence and not declared the capital gains on a self-assessment form, you may owe CGT. The letters from HMRC serve as a prompt, giving an opportunity to explain why CGT may not have been paid, and/or to voluntarily pay the tax owed. Although there is not a legal requirement to respond, failure to do so may result in a more thorough investigation of your tax affairs before potential fines are incurred.

How much CGT do I owe?

After the annual allowance of £11,700, any profit made on a property that has not been your principal private residence will be subject to taxation. Basic rate taxpayers pay 18% of the gain and additional rate taxpayers 28%. However, it is likely that you will be able to legitimately reduce this charge. For example, some costs involved in the buying and selling of the property, such as legal and/or agents' fees, can be deducted. Similarly, home improvements, but importantly *not* running repairs/maintenance, can be deducted.

When is the tax deadline?

The CGT must be paid by the last day of January after the end of the tax year in which the gain was made or as soon as possible in the case of an earlier tax year, where the due date for payment has passed.

Any other changes?

Yes – if you are non-resident and thinking of selling any UK commercial property, you will save yourself some hassle and possibly some tax by bringing forward the exchange of contract to 5 April 2019 or earlier. It is likely that commercial property will be brought into line with residential property as far as the non-resident CGT regime is concerned.

If you would like to discuss your own personal CGT position with a professional, please do not hesitate to contact Julian Smith.



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Wealth Platform

Using our Wealth Platform allows you to access up-to-date information about your portfolio, securely and easily.

The system provides you with much greater access to information, correspondence and data. You can log in to and send/receive documents without relying on post or email and the portal enables us to be as open with you as possible, allowing you to easily keep track of your finances along with historic correspondence and data.

We have always treated your data with care and it remains a fundamental consideration of the service we offer. Wealth Platform is secure; facilitated by Creative Technologies who provide market-leading financial software tailored to the needs of over 120 Financial Planning firms of various sizes. Built in the same data centre used by the UK regulator, the Financial Conduct Authority, Wealth Platform uses one of the most secure methods of encryption security available, also used by many banks for their online services.

Wealth Platform is free to sign up to use. If you would like access, please email info@thefrygroup.co.uk or contact your adviser. Once set up, you will receive an automated email containing your login details.



Aidan Bailey
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Planning for generations

Turning 120 offers us a good opportunity to look back at who and what has made The Fry Group what it is today, and understand how we can continue our legacy of providing straightforward, professional and friendly advice.

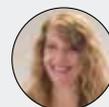
It goes without saying that our loyal and knowledgeable advisers and staff are the cornerstone of day-to-day operations, as well as being crucial to our ongoing growth and success.

Yet perhaps most importantly, it is our clients that truly make us what we are today. For many we are proud to have provided long-term financial support throughout lifetimes and beyond, and are heartened to see families - throughout

the generations - put their trust in us. It is therefore with optimism and confidence that we feel able to say that we have been *Trusted since 1898* and intend to continue to do so for years to come.

So from all of us at The Fry Group we send our thanks to you - our clients - particularly those that we have helped on a long-term basis over many years. If you have worked with us for some time, or we have helped your family throughout

the years, we would love to hear from you about your experiences. Please email lisa.cox@thefrygroup.co.uk to share any anecdotes or thoughts.



Lisa Cox
UK Marketing Manager
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Stuart McCulloch

In November we will be opening a new office in Dubai. Stuart McCulloch is our new Director in Dubai and explains how he came to be at The Fry Group.



Where were you born and brought up?

I was born in Dunfermline, Fife, Scotland and brought up in a small village outside it called Crossford.

How did you find your way into a career in finance?

I became interested in finance after studying Economics and when I left education there was a big recruitment drive from finance companies for school leavers in Edinburgh. I also wanted a job where I had to wear a suit to work... My first job was with Royal Bank of Scotland in Edinburgh.

Can you share a potted career history...

After a few years with RBS I spent time as a Financial Planner with Prudential and Halifax, which offered me the opportunity to relocate to London, which I loved! I spent over fifteen years in London and then Scotland with Standard Life before being head-hunted by Coutts to move to Dubai as the Business Partner for the Middle East, which then became a Head of Operations role. My wife - who is from London - was fed up with the Scottish climate, so it was not a hard sell to move out here! During my time in Dubai I most recently worked for Bank of Singapore as

their Head of Operations before being introduced to Jeremy Woodley and David Pugh at The Fry Group earlier this year.

Why did you choose to join The Fry Group?

I was attracted to such a strong Company with an amazing heritage. The quality of the people I met through the recruitment process was impressive too.

What does a typical day look like?

There really is not one at the moment as I am in the process of setting up the Dubai office. That involves dealing with various bodies and regulators for the required licenses, recruiting staff, securing premises and meeting product providers to establish our presence. This stage makes for quite some paperwork! The support from the team at Head Office has been exceptional and we couldn't be where we are in the process right now without their stellar efforts.

What do you most enjoy about living and working in Dubai?

The lifestyle is very good, and you can enjoy a 5 star staycation on a lovely beach or by the pool whenever you want to. The weather for 7 months of the year

is lovely, and allows for a good outdoor lifestyle. I enjoy diving and there are lovely reefs just an hour's drive away. I also go cycling and we have the world's longest designated cycle track in Dubai at over 200km.

If you weren't in financial planning, what other career path appeals?

I would either like to buy old houses and renovate them, or manage a rock band! I played in two bands when I was younger, and had a great time, but I am too old now, so management would be good.

Stuart lives in Dubai with his wife Lesley and two daughters, Lucy, 21, and Amy, 14. He also has two English Bulldogs named Lola and Jessie.



Stuart McCulloch
Director, Dubai
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Welcoming David Pugh to the Board as an Associate Director



We are delighted to be welcoming David Pugh, Head of Sales and Marketing, to the Board as an Associate Director.

David has been Director of the Singapore office for 8 years, as well as providing highly expert advice to clients and being passionate about raising the standards and transparency of the Financial Advisory Industry.

This year sees David move back to the UK after being instrumental in pushing the Singapore office to award-winning standards. Congratulations David - we very much look forward to you fulfilling your new role.

Are you prepared for later life?

Millions of people are leaving vital decisions about their end of life care in the hands of strangers. A recent study by Solicitors for the Elderly and leading think-tank Centre for Future Studies warns that the UK is facing an incapacity crisis. Highlighting that a growing number of people are now living with dementia, the report states that a failure to plan means many are unprepared for end of life.

Sleepwalking towards a dementia crisis?

The research has found that almost a third of us have made no provision for later life and 8 out of ten have not spoken about or considered medical care and end of life decisions. However, despite this lack of planning, three-quarters are worried about not being able to make decisions for themselves. Surprisingly this is because most of us think our next of kin can automatically specify what should happen if we cannot.

What should you do to prepare?

There are currently 12.8 million people over the age of 65 who run the risk of developing dementia. However, there are only 928,000 Health & Welfare LPAs presently registered. This means that almost 12 million people who are at risk of becoming incapacitated in the future have not made plans to make sure that their wishes are adhered to.

Even worse, because of the predicted increase in dementia, by 2025 there will be a staggering 13.2 million people unprepared for the increased risk of incapacity.

There is no denying that this situation is worrying. To make sure your wishes are followed when the time comes, it is essential to start conversations and proper planning.

We can help you to ensure your end of life care is carried out in line with your wishes.

To make sure you are prepared for whatever is around the corner, please contact Steve Wright.



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7% of Britons have not made arrangements in case they lose capacity from conditions such as dementia.

36% of people have made no provisions at all for later life. This includes things like Wills, pensions, funeral plans and LPAs.

79% have not spoken about or considered medical care and end of life decisions.

Only 3% of Britons have a health and welfare LPA in place.

73% of people are worried about becoming mentally incapacitated and losing the ability to make decisions for themselves.

63% of people incorrectly believe that their next of kin can specify what they would have wanted if they are no longer able to.

Do let us have a note of your email address if you have received this Bulletin by post – contact imogen.gardner-clark@thefrygroup.co.uk with your details.



A day at the Races

As part of our 120 year celebrations Cheltenham clients recently enjoyed afternoon tea and a tour of Cheltenham racecourse.

James Weston, David Pugh, Julian Smith, Max Porter, Michael Diston and Kate Hemens joined clients for an interesting and sociable afternoon, which included a tour of the Royal Box.

The present course was established in 1898, the same year as The Fry Group, following vehement opposition to horseracing by Cheltenham's Parish Priest, Reverend Francis Close. Close preached the evils of horseracing and aroused such strong feeling amongst his congregation that the race meeting in 1830 was disrupted and the original grandstand burnt to the ground!

Global Success

We have recently been recognised with a number of awards including the prestigious International Investment award for Global Best Practice in the Financial Advisory/Wealth Management category. The award has been designed to highlight leading wealth management firms from around the world, and joins the Global Adviser award presented to us by International Adviser last year. At the awards ceremony, held in London on 4th October 2018, The Fry Group was also recognised as the Regional Winner of Best Practice in Financial Advisory/Wealth Management for Asia.

These accolades join recent successes at the British Chamber of Commerce Singapore annual awards which saw The Fry Group presented with the winner of the Customer Experience category and Giles Krempels selected as a finalist in the Future Leader category. Giles, our Financial Planning Consultant in Singapore, was also shortlisted for International Young Talent of the Year in the International Adviser's inaugural Global Financial Services Awards 2018.

We are very proud of these successes which demonstrate – both globally and on a regional level - our ongoing commitment to excellent client service.



Get connected with The Fry Group's E-Bulletin service

There are many ways to keep updated about financial changes, but it is always important to keep abreast of what might affect you. The Fry Group's E-Bulletin service offers an ad-hoc analysis of important tax, wealth and estate updates. If you would like to receive these updates please email imogen.gardner-clark@thefrygroup.co.uk to be added to our subscriber only service.

A Competitive Edge

We are proud to be sponsoring Kemp Price, one of our Junior Financial Advisers, as he pursues his love of rugby as back row for Worthing "Raiders" Rugby Club.



Offices in Worthing, London, Exeter, York, Cheltenham, Belgium, Hong Kong and Singapore.

thefrygroup.co.uk