

AUTUMN
2022



BROADWAY BULLETIN

WELCOME TO OUR AUTUMN NEWSLETTER

For various reasons, we've had a bit of a break in our communication with you and so I'm delighted to send you our Autumn Newsletter where we've got a lot to tell you!

Firstly, we've included an excellent piece written by Albion Consulting, who many of you will know is a firm retained by BFP to provide expert research and guidance for our investment propositions. At times like this, when it feels like we're trying to make plans on quicksand, it's really important to draw on past experiences and remind ourselves that volatility is part of the investment journey and doesn't last. As Financial Planners, our role is often likened to that of counsellor and that's never truer than at times like this. We appreciate you may be feeling anxious about the state of the economy, the rising cost of living and when political stability will resume but it's important to revisit whether any of this will impact on your ability to achieve your long-term goals – invariably not! We hope this piece helps to reassure you but, as always, we're here if you'd like to discuss any of your concerns further.

You'll also see in this latest addition that we've got two new lovely members of staff who have recently joined the team, Jess Burrows and Hetty Hyde-Durrant. Jess is managing the office for us and Hetty has joined the advice team to work alongside me and develop her career as a Financial Planner. I hope you'll get the opportunity to meet them both in the not too distant future but they've included a little introduction about themselves in the meantime.

As well as losing our dear Queen in September, I was also very sad to say goodbye to my own mum in August. Death is something we are very used to addressing within our profession but it can still take your breath away when it affects you personally. I always try and draw on the positives of any situation (sometimes more challenging than others!) and have reflected on how mum approached death from a practical way and shared some insights both of my own experience and those of others. I hope it may prove helpful for you or family members who have not yet had such "discussions". Thank you also for all of the lovely messages of support and kindness shown – I was really touched by your thoughtfulness.

Finally, and on a very happy note, Rebecca was finally able to celebrate her very overdue wedding to the lovely Alex in the beautiful surroundings of West Cork. As well as looking radiant, Rebecca and Alex had the most wonderful (and unusually!) sunny weather for the entire week they were celebrating.

Keri

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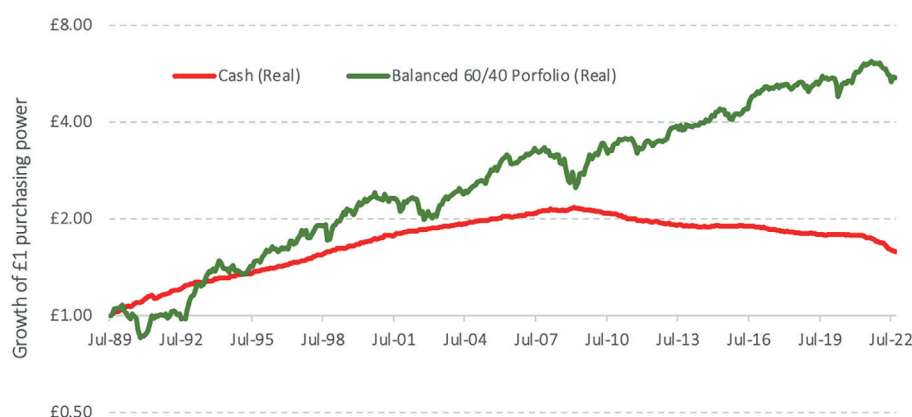


KEEP YOUR EYES ON THE PRIZE

At times like this, investors risk being unsettled by the endless rounds of media speculation and hyperbole. Talk of market failure risk by the Bank of England, squabbling politicians and headline grabbing market traders and analysts can lead investors to think that all is doom and gloom. A few months ago, the news was all about some of the dramatic falls in value of US tech stocks like Meta. Today it seems to all be about inflation and bond yield rises. If you are having to refinance a large mortgage at 6 % instead of 2 % , that might well hurt. But if you are an asset owner, being able to generate a yield of 4 % on your short-term bonds going forward, it is much better than the miserly near-zero yields of a year or so ago. It is easy to get sucked into the maelstrom and miss the wood for the trees.

So let's head back to calmer waters and take a look at the 'boring' 60/40, equity/bond portfolio that provides a sensible balance between the upside, real (after inflation) return expectations from equities and the downside balancing exposure to higher-quality, shorter-dated bonds for longer-term investors. The numbers below illustrate clearly that it has done a pretty good job since 1989 of helping investors grow the purchasing power of their assets. Cash is provided for comparison.

Figure 1: The 'boring' 60/40 portfolio – July 1989 to September 2022



Source: Albion Strategic Consulting modal portfolio. Data from Morningstar Direct © All rights reserved².

In the past ten years, up to the end of September 2022, investors would have achieved a more than 55 % rise in their purchasing power. In 2022 such a strategy is down -8 % before inflation and -16 % after inflation. Although this is disappointing, it sits well within the bounds of expectation for a portfolio like this, as the data in the tables below show.

Table 1: Tops ten falls and recoveries since July 1989 - before inflation

Worst	Peak date	Decline	Trough date	Recovery date	Decline (m)	Recovery (m)
1	Nov-07	-22%	Feb-09	Sep-09	16	7
2	Jan-90	-16%	Sep-90	Mar-91	9	6
3	Sep-00	-15%	Sep-02	Aug-03	25	11
4	Aug-19	-13%	Mar-20	Nov-20	8	8
5	Jun-98	-10%	Aug-98	Dec-98	3	4
6	Jul-11	-9%	Sep-11	Feb-12	3	5
7	Jan-22	-8%	-	-	9	-
8	Feb-94	-7%	Jan-95	May-95	12	4
9	Apr-15	-7%	Sep-15	Mar-16	6	6
10	Sep-18	-7%	Dec-18	Apr-19	4	4

Source: Albion Strategic Consulting modal portfolio. Data from Morningstar Direct © All rights reserved (as per Figure 1)

Table 2: Tops ten falls and recoveries since July 1989 - after inflation

Worst	Peak date	Decline	Trough date	Recovery date	Decline (m)	Recovery (m)
1	Nov-07	-25%	Feb-09	Mar-10	16	13
2	Jan-90	-21%	Sep-90	Oct-92	9	25
3	Sep-00	-18%	Sep-02	Jan-04	25	16
4	Sep-21	-16%	-	-	13	-
5	Aug-19	-14%	Mar-20	Nov-20	8	8
6	Aug-98	-10%	Aug-98	Dec-98	1	4
7	Apr-11	-10%	Sep-11	Jan-13	6	16
8	Feb-94	-10%	Jan-95	Nov-95	12	10
9	Sep-18	-7%	Dec-18	Jun-19	4	6
10	Apr-15	-7%	Sep-15	Jun-16	6	9

Source: Albion Strategic Consulting modal portfolio. Data from Morningstar Direct © All rights reserved (as per Figure 1)

KEEP YOUR EYES ON THE PRIZE (CONTINUED)

TEN TIPS FOR AVOIDING THE MAELSTROM

At times like these there are a number of things that investors can do to feel calmer and more in control:

1. Read, watch or listen to less financial press and commentary.
2. Accept that investing is always a two steps forwards, one step back journey.
3. Try not to dissect your portfolio statement line by line – look at the big picture.
4. Look at portfolio outcomes over the longest time frame you have available.
5. Remember that a fall in value is not a loss unless you sell.
6. Higher bond yields and lower equity prices point towards higher expected returns.
7. Attempting to jump in and out of markets is simply guesswork, and likely to be costly.
8. Place 2022 in the context of your multi-year, or even multi-decade, investment horizon.
9. Keep your eyes on the prize of building future purchasing power over the longer term.
10. Keep the faith – stay invested.

¹ The appropriate balance between bonds and equities for an investor can only be arrived at through a deep discussion between client and adviser. This analysis has been provided for educational purposes only.

² Diversified portfolio of global developed and emerging market equities tilted to value and smaller companies with a small allocation to global commercial property balanced with short-dated high quality bonds and a small allocation to index linked gilts. Index data to 12/2021 and live fund data thereafter. Full details available on request. Estimated current OCF costs deducted for all periods. Inflation – UK CPI. Cash – UK 1month T-bills to 2021 and SONIA for 2022.

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NEW MEMBERS

JESS BURROWS

After completing my A Levels I began working for an Estate Agent in Cheltenham and remained in property until I joined BFP in 2022. During that time I gained extensive knowledge of both the Sales and Lettings industry. I grew up in Willersey but briefly strayed as far as Cheltenham where I bought my first house before returning to Willersey to start a family.

I now have two boys, Walter and Edgar, who fill my days with fun and tantrums! In the little spare time I have, we're trying to complete the renovations to our house which has taken a lot longer than expected and if I'm really lucky, I also enjoy going for a run.



HETTY HYDE-DURRANT

With 6 years' experience working behind the scenes in a large financial planning firm, I decided to make the move to become a Financial Planner to allow me to work directly with clients. When I recently spoke about the move with my friends over a coffee, they said I lit up and have a clear passion for the new role. I can't wait for what the next few years hold!

Outside of work I love travelling with my fiancé, going to festivals with my friends and exploring local pubs to find the best Sunday dinner! I also attend CrossFit classes most days, I say it's to keep me fit but really, it's to socialise!



PREPARING FOR THE BIG DAY

Whilst it is common practice for us to ensure you have Wills and Lasting Powers of Attorney in place, we do not delve into the detail of how you would like to exit this world and celebrate the time you spent on earth. Whilst I don't think it is any of our business, perhaps it should be that of your loved ones?

My recent experience of mum dying was with a multitude of emotions. Sadness at losing her too soon but equally gratitude at the fact that she was very organised and prepared for her death. Mum had put a letter with her Will stating what she'd like to happen for her funeral. It was written as if she'd spoken the words and, in her normal style, with flexibility and humour. Not only had she suggested the hymns she'd like, her desired burial plot and any favourite readings, but she'd also insisted that "the service should be followed by a good party with food, drink, much laughter and the swopping of memories!"

My siblings and I followed her suggestions making small tweaks where we thought appropriate but viewed her instructions very much as a "gift" at a time when any help was much needed.

I've since discussed this with friends who have also lost loved ones this year and they've expressed much envy at the fact that I had a clear idea of what mum wanted for her send off. Having to make decision on this without guidance is sometimes very hard even if you know the person incredibly well.

If you haven't thought about this subject or discussed it with those closest to you, why not give it a little thought? You might find it's one of the greatest gifts you can make to your family.

FEEDBACK SURVEY

It's been a while since we've asked you for some formal feedback and so we'll shortly be sending out a survey to you seeking your views on the areas of service we provide. This is always invaluable to us to highlight if we are providing the great service we strive for or if there areas where you feel we can improve. We hope you'll assist us by taking part.



ADDRESSING THE ISSUE OF "GREENWASHING"

Most of you will have had the question of whether you have an interest in "green" investments raised with you during your annual meetings. As you will know, whilst we support any positive impact that can be made on preserving our planet, we have had some misgivings in the potential for mis-branding of investments which claim to be "for good".

The FCA has proposed new rules to clamp down on greenwashing, targeting investment product sustainability labels and introducing restrictions on how terms like 'ESG', 'green' or 'sustainable' can be used.

There has been growth in the number of investment products marketed as 'green' or making wider sustainability claims and the FCA has raised concerns that exaggerated, misleading or unsubstantiated claims about ESG credentials can damage confidence in these products.

The FCA is proposing to introduce restrictions on how sustainability-related terms can be used in product names and marketing for products which don't qualify for the sustainable investment labels. It is also proposing a more general anti-greenwashing rule covering all regulated firms.

We welcome this approach and will continue to offer suitable strategies that we confidently think will fit with your values.

ROYAL MAIL

You may not be aware but Royal Mail are changing the postal stamp system with effect 31st January 2023 as part of an "ongoing and extensive modernisation drive". From that date, all stamps will need to have a barcode attached to them and any previous versions of stamps will no longer be valid. It will be possible to swap them via the Post Office but the process is looking to be complicated and drawn out if you do not have online access. We are, therefore, urging you to rummage through drawers, handbags, wallets and purses to dig out any unused stamps before the change comes into force on 1st February 2023. I recently found some Christmas stamps dating back to 2014. It also means you can make some savings on your postage costs too!



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