

Extract from JB Wealth Bulletin dated 11.6.21

This could be a very important week for the UK on the world stage. Yes, it's the start of the European Football Championships. Oh and there is the little matter of the G7 summit being held in Cornwall. If Northern Ireland are missing out on the former they are certain to play a big part in the latter, with the border issue coming to a head with the EU and President Biden, whilst reminding everyone about his Irish ancestry, also having a lot to say about the matter.

I kick off this week with a more in depth look at what the G7 means for us all. John Redwood, Chief Global Strategist at Charles Stanley has prepared the attached paper entitled 'What is the G7 Summit trying to achieve?' which is a good reminder of what the game plan actually is.

News today is that the UK economy grew 2.3% in April, its fastest monthly growth since July last year as shoppers spent more on the High Street following the reopening of non-essential shops, and people bought more cars and caravans, or perhaps both in an attempt to have some sort of holiday this year. The Office for National Statistics (ONS) also confirmed there was more spending in pubs, cafes and restaurants as restrictions eased. However, despite the surge in activity, the UK economy is still 3.7% below its pre-pandemic peak and appears to be lagging behind a number of other developed countries who seem to have recovered to their pre-pandemic levels. But Chancellor Rishi Sunak commented that the figures were "a promising sign that our economy is beginning to recover". As a great philosopher once said "it's a funny old game!"

I could probably just attach the latest 'Investment Insight' from Rathbones this week and take a seat on the bench, as it is packed with articles. Instead I'm adopting the tactic "you can never have too much of a good thing" so it's a one-two from them as I also include the latest copy of 'Review of the Week'.

Getting the balance right between offence and defence is as appropriate for your financial planning as it is for anything else that you do. Many people are a little too defensively minded and end up with cash only ISAs in what might be the financial equivalent of 'parking the bus'. It results in a constant bombardment from the opposing force of inflation. This is something that I have mentioned before in these bulletins. But a gung-ho, all-out attack, by throwing everything into stocks and shares is a tactic too far for the majority of people. A blended approach might well be more appropriate. There are firms which offer something that sits perhaps more in the midfield. One such company is Triple Point Group. Within its Income Service it has a bond which can be held within a SIPP or within an ISA. It offers attractive terms starting from 5% per annum over fixed investment terms of up to 5 years in duration. Underpinning the investment is a series of loans and leases to thousands of UK businesses, including Care Homes, Nursery Schools and many under the predominantly Government backed Covid Business Interruption Loans Scheme (CBILS). To show how this might work I have attached a slide showing how a relatively small part of an ISA portfolio within such a product can help beat the effects of inflation and produce a real return for a modest increase in risk (note the risk warning on the attached). If you are interested in finding out more about this please let us know.

In a substitute to the usual video offering I attach below one from Lothar Mentel, Chief Investment Officer at Tatton Investment Management. In it he discusses the benign market reaction to inflation figures, how the UK recovery is threatened with the challenges to ending lockdown and the willingness of the G7 to effect change.

<https://tattoninvestments.com/video-updates/>

And as inevitable as a certain team's loss in a penalty shoot-out, it's a double for Lothar this week with the latest version of the Tatton Weekly. In it Lothar and his colleagues opine that although the G7 is the big news this week, that markets are already turning their attention back to central banks and their thinking on where yields should go. They look at what comes next and which sectors should benefit as the frozen global economy starts to thaw. And they discuss what the Bank of England can do to stop the fears of Andy Haldane, the soon to be ex-chief economist of the Bank of England who has warned the UK economy could overheat via a combination of rapid growth and inflation, coming true.

As the final whistle blows on this weeks' bulletin, it just remains for me to remind you that should you have any queries or questions regarding anything raised in it, please contact your usual JB Wealth adviser.

Have a great week.

Ian

PS best of luck to Scotland, Wales and England football teams over the coming four weeks. Let's hope there are some great games and memorable football, it's conducted in a great atmosphere and that we are able to be part of it in a way that we might of in tournaments past.

Ian Luck

Financial Adviser

None of the comments made in this bulletin should be taken as advice nor do they necessarily represent the views of JB Wealth. Also, as I'm a bit scatty, I reserve the right to change my mind at any moment.

Whilst much of this bulletin is written clearly with my tongue in my cheek, the themes are important and if you are in any doubt as to if or how you should proceed please seek financial advice.

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