



RED STAR

— WEALTH —

Red Star News

July 2019



Here we are, half way through 2019, and we're still no clearer on what will happen with Brexit. How many times have I written a sentence like that in these newsletters? I think I made a comment in the first issue that we'd have to wait and see what would happen once we'd left Europe and I'd have more news in the following newsletter. I certainly got that wrong! I'm not going to commit myself to anything with regard to Brexit; let's just see what happens!

One European topic I am happy to talk about is the England Women's Football team. As I write this, England have recently beaten Norway and so are through to the semi finals of the Women's World Cup. Our household, which comprises of 66% women, is a very big football household so this is certainly a very positive topic.

Another, perhaps even bigger positive for us personally, is our fast approaching wedding day in July. After a short 11 years together, Nick and I are thrilled to be getting married, sharing the celebration with family and friends at Holmes Mill in Clitheroe. I was a little concerned that it all might need to be called off, but as you'll read inside, the charity event for which I was locked up and had to raise £999 to get out was a success, so the wedding can go ahead as I am no longer in jail.

After our wedding we will be having a family holiday but the office, as always, will be in the safe and capable hands of Sue whilst we enjoy a bit of sunshine.



Kristen was released!

You may recall from our last newsletter, Kristen was going to be locked up in jail in aid of charity. She took part in a fund raising event for Derian House children's hospice.

She was sent to jail with her phone and laptop, which she had to use to raise money. Once she'd raised over £999 the doors were unlocked. In actual fact she managed to raise £12,02.84 thanks to the generosity of all the people she contacted.

If you were one of the people who helped get her out, she'd like to say a very heartfelt thank you. In total, the event raised £28,474 for Derian House, an excellent result.

Her Just Giving page, which you can find at www.justgiving.com/fundraising/prisoner-crimes-of-passion, is still live if any of you would like to contribute.

Red Star's vulnerable client policy



Looking after our clients properly has always been at the heart of Red Star Wealth and this is certainly the case with clients who might be vulnerable in some form or other.

Vulnerability can take a number of different forms and practically anyone, at any time, can become vulnerable. When it comes to finances, it's easy to think of elderly people, perhaps struggling with dementia as being the most obvious group of vulnerable people but vulnerability is not just related to age. A person can be vulnerable at a time of bereavement, divorce or redundancy, for instance.

However, it certainly is the case that as we all live longer the chances of experiencing things that may make us vulnerable increases and so when engaging with a financial adviser, it's important the adviser takes this into consideration.

This is why a number of years ago we thought about and developed a set of extra care



processes that go way beyond a ‘tick box’ approach to make sure our interactions and communications with any our clients experiencing some form of financial vulnerability really do take their needs into consideration.

Vulnerability might be needing a large font size, extra home visits, or inviting family to our meetings. Whatever the specific needs of our clients, we will try our very best to meet them. It is important to us that everyone feels safe, comfortable and trusting of the advice we give. If you, or a family member, would like advice provided in a specific way please do let Kristen know and we will work out the way to best achieve it.

We take this issue very seriously and Kristen recently undertook some training with the Society of Later Life Advisers on this subject which has reinforced our ideas and given us some new ones. Together with the fact that all of our advisers have clear DBS Certificates (criminal records checks) we hope that everyone who works with Red Star feels in safe hands.

What’s Happening To Your Money?

It seems as if the two common themes that have run through every newsletter in this section are the US China trade fall out and, yes, it has to be said, Brexit. It would be great to say that things have changed this quarter, but sadly that isn’t the case.

In many ways, the Brexit conundrum has become even more complex recently. Not only did we not leave The EU at the end of March, we’re now also looking for a new Prime Minister and the official opposition doesn’t seem to be able to make up its mind whether another referendum on Brexit is a good idea or not. Against this backdrop of uncertainty, it’s hardly surprising that the Pound fell against both the Dollar and the Euro. Over June, the FTSE 100 fell by approximately 3%; again not surprising given the fact that many of the companies quoted are multi-national and therefore influenced by the continued tension between China and The USA.

One thing that was stable was the 0.75% interest rate set by The Bank of England’s Monetary Policy Committee. Mind you, when they came to their decision not to change the rate in their May meeting they were not tempted to pass any opinion on the economic outlook for The UK other than it would continue to depend on, “the nature and timing of the European Union withdrawal”. No big surprise there!

Donald Trump visited The UK in early June and it’s safe to say his visit strongly polarised opinion within The UK. Two memorable aspects of his stay in the country were the inflatable blimp of him wearing a nappy and his comments to a somewhat bemused Irish Prime Minister, Leo Varadkar, about walls and borders!

Within The US, against the backdrop of continued friction over trade tariffs between The US and China, both the S&P 500 and the Dow Jones Industrial Average fell in June. Technology stocks were some of the hardest hit in the month’s sell offs; one



only has to look at President Trump's ban on US tech companies doing business with Chinese telecommunications company Huawei to understand why this was the case. On a more positive note with regard to China US trade relations, as I write this, there seems to have been a slight reduction of the tension between the two countries. Donald Trump announced, at the G20 conference that he has no current plans to add tariffs to more Chinese imports and he seems to be lifting the ban on American companies doing business with Huawei. As we know, Mr Trump can readily change his mind, but for the moment this is positive news.

Staying within The US, although there was strong employment data, the retail sales figures were below expectations. These figures offer a very good indication as to the financial health of the average American consumer, so the fact that the figures were lower than expected, combined with weaker manufacturing figures continue to point to the Federal Reserve cutting rates within 2019. This led to a strong performance in US government bonds as yields fell and prices rose.

Within Europe, looking back, the gross domestic product figures were up 1.2% year on year. However, looking forward things are more mixed. Germany, Europe's biggest economy and a major manufacturer has shown a contraction within its manufacturing sector for 5 months running. The car industry forms a major part of Germany's manufacturing base and with new car orders continuing to fall, it is bound to have a negative effect on the overall manufacturing output. Along with global equities, European equities fell over June, however government bonds from the core European economies continued to show strong performances.

In Asia, Japan entered a new era with the new Emperor Naruhito taking over from his father Emperor Akihito who formally abdicated on the 30th of April. Elsewhere in Asia, the largest democracy in the world, India, voted to give Narendra Modi's Bharatiya Janata party an even bigger majority on the lower house. This was somewhat against expectations.

Evidence of economic growth within China continue to be disappointing, particularly given the Chinese government's continuing stimulus programme. Given the size of the Chinese economy it's not surprising that Chinese growth figures directly effect figures for the whole Asian region, which in turn dampen prospects for growth within the global economy.



Kristen Durose - Managing Director

Kristen has worked in the financial service profession since 1998 and has qualifications in Mortgage Advice, Equity Release (Lifetime Mortgages), Customer Services in a Regulated Environment and Trusts.



Paul Gardner - Consultant

Paul has had more than 30 years experience of providing investment advice for his clients. This includes 20 years on behalf of a major insurance company and the last 10 years as an Independent Financial Adviser.

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