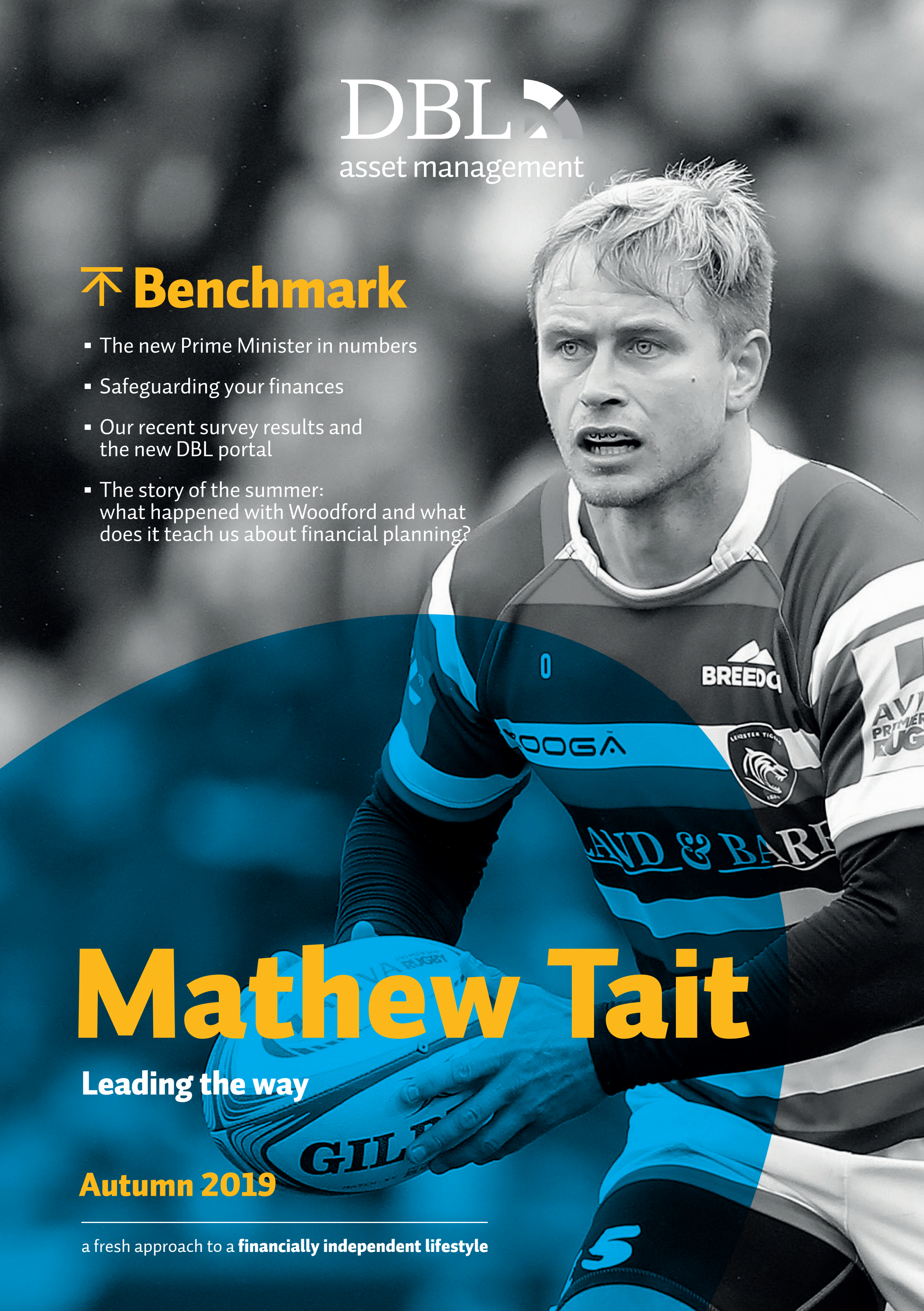

DBL asset management

Benchmark

- The new Prime Minister in numbers
- Safeguarding your finances
- Our recent survey results and the new DBL portal
- The story of the summer: what happened with Woodford and what does it teach us about financial planning?

Mathew Tait

Leading the way

Autumn 2019

a fresh approach to a **financially independent lifestyle**

Contents

Introduction

A retrospective

Welcome to the Autumn 2019 edition of Benchmark.

In writing this month's introduction, I looked back to our Spring 2019 Benchmark and the topics we had commented on then. Spring 2019 was, you may remember, our 'brave new world' edition and the introduction led with the comment that the UK was about to "complete its so-called Brexit from the European Union". How things change and yet stay the same, to paraphrase a famous saying.

With that in mind, it seemed appropriate to term this our 'retrospective' edition of Benchmark: looking back over the last few months what else have we learned? What else has changed or managed to stay the same? What are we able to learn from all that we have seen?

The financial story of the Summer undoubtedly centred around Neil Woodford and the temporary closure of his LF Woodford Equity Income Fund. You may well have seen the detail of this case in the popular press over the Summer months. In our article, we look at the situation through a financial planning prism; what impact and lessons to be learned are there here, even if your savings have never come into contact with Woodford and his fund?

Our client interview is with former England rugby international and Premiership winner Mathew Tait. Mathew was just seventeen years old when he and I were first introduced and I am honoured to say that he has been a DBL client from that point onwards. If you follow rugby, you may have seen that Mathew retired at the beginning of 2019. In our interview he looks back on how his career started and where his financial planning journey has taken him during that time.

In doing all of this 'retrospective' work externally, we felt it only fair to look inwards too. You may well have recently seen and possibly completed a client survey for us. Thank you very much if you took the time to do this: your feedback means a lot to us. The results are included towards the end of this edition and we will use them to look forward once again as we head through the Autumn and Winter, 2020 and beyond.

With kind regards,

Dacre Staines

The story of the summer: what happened with Woodford and what does it teach us about financial planning?

If you had not heard the name ‘Neil Woodford’ before the summer then it is likely that you have now.

As the UK’s most recognisable fund manager, Mr Woodford left Invesco in 2014 to set up Woodford Investment Management, where he would run his own funds. At the time that move was headline news, at least in the pages of the financial papers. Over the summer, Mr Woodford made headlines in the more popular papers.

If you have not yet read the story then the briefest possible summary is that Mr Woodford has closed his main fund to withdrawals from investors for a variety of reasons. The fund has been closed since June with the most recent reports suggesting that it will remain so until the end of the year. In the time since June Mr Woodford has since had to endure further headlines relating to specific companies he holds within the fund and the approach he took to running the fund in general.

What does this all mean to us and our clients? We do not have any clients invested into Woodford funds as part of the DBL investment proposition, but that does not mean you may not have held them previously, hold them in some way elsewhere or know someone who is invested in the affected funds. Even if you are not currently invested in the Woodford funds, should you be worried? It is only natural to have questions during high profile financial stories such as this and therefore it is worth dwelling on the Woodford situation from a financial planning perspective.

Investing is for the long term

Much of the negativity around the Woodford situation stems from the fact that investors had been withdrawing money from the fund following poor performance over the previous two years. Investors who were thinking of doing so are now not able to, at least until December.

Having only been established in 2014, the longest possible period anyone could have been invested in a Woodford fund is five years, even if all Woodford funds were launched at that point, which they were not. It is worth remembering that investing should always be considered a long-term pursuit. It is an activity to help the realisation of long-term life goals.

On that basis, if you were invested in the Woodford funds, it is worth considering where the need to withdraw comes from. Do you need the money now? If not, then what is the drive to withdraw? Sound financial planning preaches discipline and patience, two behaviours it is always worth examining at times such as these.

The plan for the future

At the moment, if you are invested within the Woodford fund then there is really no option but to wait and see what happens. However, waiting to see what happens is not the same thing as not having a plan.

It is worth again just stating that we do not have any clients invested in Woodford funds through the DBL investment proposition. However, this is not the first fund to close its door to withdrawals. If the same situation occurred in a fund you held, what would we do?

To repeat a previous point: financial planning is for the long-term and to achieve your specific life goals. In the event that you are invested in Woodford or in another fund in a similar situation, our activities would be engaged around creating a plan for your financial situation given the new circumstance of the fund closure. Will this actually affect your overall planning aims? What are the best and worst scenarios? If it does look like the situation will impact your planning goals, what are we able to do in the meantime to keep you on target? Investing in isolation is not in itself a financial plan and nor is withdrawing from an investment. The plan must always come first to ensure you reach the goals you are aiming for.

Data over promotion

Finally, there is a note of caution to be sounded when it comes to Woodford. As a brand name, the Woodford funds attracted investment on that basis. They are not the first brand name and nor will they be the last. The coverage of the current situation is additionally driven by the fact that the Woodford brand is newsworthy.

The 'newsworthiness' of a fund, person or company is not a sound reason for an investment. That does not mean that they are not suitable to invest in, but that suitability should be driven by data and by your financial plan.

The Woodford funds are not part of the DBL investment proposition because we do not hold funds within our model portfolios that are less than three years old, as many of the Woodford funds still are. This is a decision backed up by hard data and a desire for consistency and evidence of approach for our clients. These are all much more solid reasons to invest or not invest than brand name or media coverage.

If you are concerned by the current situation with the Woodford funds, are invested within them or know someone who is, please do talk to your DBL adviser. We will be happy to help you in any way we are able.

Mathew Tait: Leading the way

Mathew Tait played professionally as a rugby union player for fifteen years until his retirement in early 2019. During his long career Mathew won thirty-eight caps for England, starting the 2007 World Cup final, as well as winning the domestic Aviva Premiership with Leicester in 2013. As a DBL client for many years, Mathew sat down with Benchmark to discuss his retirement, his future and the advice he would give to today's young professionals.

When Mathew Tait announced his retirement on 26th February this year, many of his fellow professionals joined the chorus of rugby insiders paying tribute to his fifteen year career. Perhaps there were no more effusive commenters than Mathew's head coach at Leicester, Geordan Murphy.

"Mathew has been among the leading players of his generation since making his breakthrough as a teenager at Newcastle," Murphy said. "As a senior player, he has been influential here on and off the field and has given great service to the club."

The notion of Mathew 'leading the way' is not something that is particularly new. His early career, for example, did not follow the traditional route of spending time in a rugby academy and breaking slowly into the first team at his first club, Newcastle.

"I went straight from school to rugby," Mathew says. "I was playing whilst I was doing my A-levels. One weekend I was at Newcastle watching as a fan and the next weekend I was playing with players I had admired during my younger days. A couple of the guys got injured quite early into my first full season, so I got into a few of the bigger games quite early."

The unusual and high-flying start to Mathew's career did not stop there though.

"The following February I was selected for the Six Nations. I was six months out of school."

Throughout this time, by all accounts Mathew coped well with the heightened expectations and pressure, something which he ascribes to being a "boring" teenager and the support he received from fellow professionals.

"You are mixing with guys who are typically older than you and you do have to grow up fast. In 2003, I watched the World Cup final in the boarding houses at my school with friends. Six months later, I was training with some of that squad. The expectation at that point is that you are the best player in your position. I really enjoyed rising to that."

It was at this early point that Mathew first started to realise his finances would need careful management.

"I was paid more playing in one game for England than my entire season salary with Newcastle. I first started working with DBL when I was seventeen years old and that helped me early on to realise the importance of planning. As a sportsperson you are used to having constant goals and plans on how to get to those goals. Why should your finances be any different?"

On the field, Mathew was continuing to play a key role in successful international and domestic sides of the late noughties and early 2010s.

"England were an underdog in the 2007 World Cup really. We were beaten in an early round 36-0 by South Africa. The experienced group we had then though just knew we had to regroup and play rugby that was effective but perhaps not the prettiest. We went all the way to the final. In 2011, I moved to Leicester and a big part of that thought process was to win things. In 2013, we won the Premiership."

During this time though, Mathew was becoming aware of the rigours of playing rugby and the effect the sport could have on his health and ability to play for a long period.

"In my first year at Leicester I struggled with a chronic groin injury. It had reached the point where I thought I was going to have to retire, but thanks to the conditioning guys there I was able to overcome it and carry on."

In 2018, though, Mathew injured his achilles tendon, which eventually led to his retirement.

"I had been managing the injury for a while and eventually I was advised that I just was not going to be able to fulfil my obligations as a player with that level of injury. It was frustrating, but I have seen recently that the average length of career for a rugby player is seven years. I have had a fifteen year career, so I have been doing this for a long time. The fact that the decision was taken out of my hands did almost make it easier."

Mathew's financial planning had been taking place, at the point of his retirement, for sixteen years; roughly half of his life to date. He feels as though he was well prepared for the end of his rugby career and has been passing on advice about how to deal with it to younger players.

"It has been my role as a Rugby Players Association (RPA) rep to get people to think about their futures. In my case, I am not sure exactly what the next thing I do will be, but I have been working towards that decision. I have been engaged in work experience placements and various conversations with people. Even if I leave those things thinking that I can cross an area off then it is still a worthwhile exercise. If I could give my younger self a piece of advice it would be to go out and do more of this whilst I was still playing and still young."

When asked if he has any final advice he wants to pass on to the next generation, Mathew opts for one piece of sound rugby advice and one piece of sound financial guidance.

"Firstly, do not tackle Manu Tuilagi! Secondly, insurance is the best money you will ever spend at the point you need it. You are one bad tackle away from not having the finances you are used to. It feels like a significant cost for no tangible return, but you do not have to put half of your salary away and when you need the insurance, it is well worth having that financial support over the immediate short term."

Adviser spotlight: Mark Easter

The news is in. Mark has officially qualified as a financial adviser!

We are incredibly proud of all the hard work he has put in. It has been a pleasure watching him grow and learn since joining us in 2018 and we cannot wait to watch him continue to develop his expertise and learning.

Mark has always had an interest in finance. In fact, Mark's father used to be a financial adviser, so it seems that financial excellence runs in the family. A few of you might not know this, but Mark actually used to be a DBL client back during his rugby career playing back row for Northampton Saints and later, Sale Sharks.

"I really enjoy the technical side of finance. It has been interesting learning about all the ins and outs of the financial world and I cannot wait to put it to good use."

Mark had to sit six written exams and Mark being Mark, he passed them all with flying colours. He is hoping to utilise his experience as a professional rugby player to help others currently playing to prepare for their future.

"At the end of the day, rugby is a short term career and it is very easy to get lost in the moment. You should definitely enjoy your time playing. But it is important to think about the plan for after retiring."

Mark is still going through the transition, after retiring a few years ago. We know that his experience as a professional sportsman will be invaluable to our clients and we also know he will provide the high quality advice for which DBL is known.

"It was a surreal feeling after I received my certificate, but I cannot wait to develop my client base and start providing advice."

That is not it for Mark, however, as he hopes to pursue further examinations to enhance his qualifications so that he can further develop his career and expand his expertise. We admire his enthusiasm and we will be with him every step of the way, as he progresses.

"We have found Mark to be a perfect match for DBL and we are over the moon that he has qualified." - Dacre Staines

It is great to see that his hard work has officially been recognised and we are excited to see what he will achieve during the rest of his career here at DBL.

The new Prime Minister in numbers

On 24th July 2019, Boris Johnson was made Prime Minister, after Theresa May resigned and Mr Johnson was formally asked by the Queen to form a new government. Here is what we know about our new Prime Minister in numbers.

66.4%

The percentage of Conservative party members who voted for Mr Johnson over his rival, Jeremy Hunt (92,153 votes to 46,656).

£80,000

The potential new threshold for the forty per cent income tax rate, following pledges made by Mr Johnson during his leadership campaign. The threshold is currently £50,000.

£9bn

The potential cost of the above tax rate cut, according to the Institute for Fiscal Studies (IFS).

8yrs

The length of time Mr Johnson spent as Mayor of London, his previous highest profile political appointment.

£12,500

The potential new starting point for National Insurance Contributions (NICs). NICs currently start when someone earns £166 per week but Mr Johnson has stated that he wants to align NICs with income tax, which starts when someone earns £12,500 annually.

£500,000

The potential new threshold for stamp duty. Stamp duty is currently payable on houses over £125,000. Mr Johnson has said he would like to see no stamp duty being paid on houses purchased for below £500,000.

£1.3m

The cost of the four-bed South London house Mr Johnson moved out of to move into 10 Downing Street.

£8.21p/h

The current national living wage. Mr Johnson has pledged to raise this, but has not yet said by how much.

Our recent survey results and the new DBL portal

In our recent client survey, we asked you to rank us out of five in several key areas. Here is how you scored us, on average. Thank you to all of our clients who took the time to provide us with your feedback.

96% of you said that DBL make you feel great!

You gave us the following grades (out of five) for these key areas of our service.

Responding to queries
★★★★★ 4.9

Knowledge and expertise
★★★★★ 4.8

Understanding your needs
★★★★★ 4.8

Achieving your financial goals
★★★★★ 4.8

Adapting to your changing circumstances
★★★★★ 4.8

Introducing new technology
★★★★★ 4.7

Communicating through times of uncertainty
★★★★★ 4.7

Whilst we are delighted to have received the above scores and many, many positive comments about the service we provide to you, we are always looking for areas where we are able to improve.

Only 32% of you said that you use the current DBL client portal. This is obviously far too low and suggested to us that the client portal was not fit for purpose. We asked users of the portal what we could do to make it better and we asked those of you who do not use it what we could do to encourage you to use it.

We are pleased to announce that, based on your feedback, we have a new DBL client app which will be launched soon and seeks to address all of the things you felt were missing in the old portal. These include;

Access from mobile devices

24/7 availability

Accurate valuations

All of your assets in one place

And more!

We will be communicating the launch with you in the near future.

Safeguarding your finances

DBL are extremely grateful to all of our clients who took the time to respond to our recent client survey. As part of that survey, many clients asked us to provide some further thoughts on 'safeguarding'. That term means several different things when it comes to investing, but all are united in that the actions associated with the meaning seek to protect you and your finances. Here are our thoughts on several of the possible definitions.

Safeguarding… from fraud

We take the risk of fraud incredibly seriously. Our systems and processes, and those of the firms we work with have multiple layers of security, designed to safeguard you and your money from risk of malicious attack. Unfortunately, it is usually the case that fraudsters will target clients directly, rather than targeting ourselves. Please remember some of the golden rules when it comes to dealing with anyone who approaches you about your finances.

- Never discuss your finances with anyone you do not know.
- Never give out bank or personal details over the phone.
- Always be sceptical of anyone approaching you regarding your finances out of the blue, even if they claim to be from a bank.
- Always discuss any approach, such as the above, with your adviser at DBL.

Safeguarding… your money by diversifying

Diversifying your investments is a key topic which we will have talked with you about over the years. Proper diversification safeguards you from sudden falls in one particular asset or one particular asset type. Holding all of your money in one particular fund, for example, is poor diversification; you are completely at the mercy of the price movements of that fund. By diversifying the fund with other holdings, cash, bonds and so forth, your money is safeguarded for the future. Diversification is a core investing tenant and something we will practice with all clients.

Safeguarding… your money by de-risking in later life

Whilst this will not be true for everyone and each individual is different in their approach to investing and investment risk, it is normally true that investors are more tolerant of risk when younger and less tolerant when older.

This is simply because you have more time to recover from actual or potential losses when you are younger. If you have thirty years until you retire, for example, and your investments fall in value for whatever reason, there is a very good chance you will be able to recover the value lost before you retire. If you are one year from retirement, however, and your investments fall, you are less likely to be able to recover those losses before your retirement date.

De-risking your portfolio is therefore another sound investment approach, which safeguards your accumulated wealth later in life, in preparation for your retirement.


Keep up to date
with our latest news
@DBL_AM

a: 14 Kennerley's Lane, Wilmslow, Cheshire, SK9 5EQ
t: 01625 529 499 e: enquiries@dbl-am.com www.dbl-am.com