

Legal Sector Breakfast Briefing

Newcastle

18 May 2023



ArmstrongWatson[®]
Accountants, Business & Financial Advisers

Legal Sector Breakfast Briefing

Welcome & Introduction

Andy Poole, Corporate Finance Partner - Legal Sector
Armstrong Watson

Legal Sector Breakfast Briefing

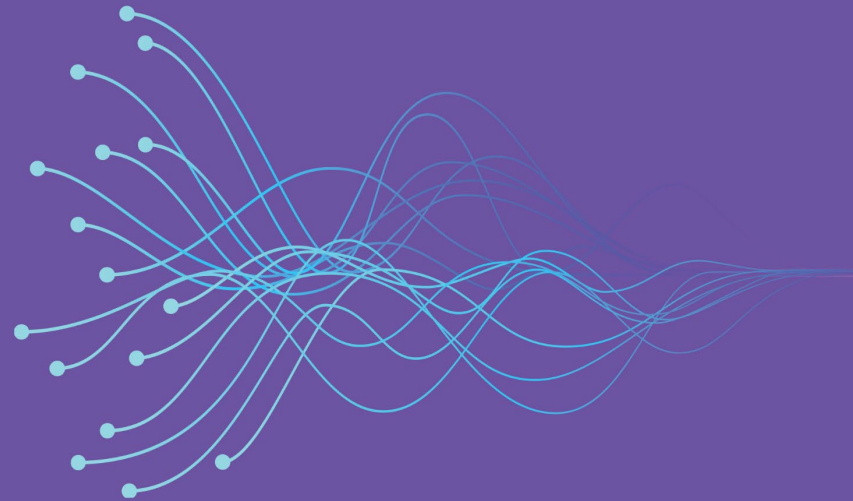
- 8.00am - Arrival and breakfast
- 8.30am - Welcome
- 8.35am - Briefing
- 9.30am - Q & A
- 10.00am - Close



Factors Shaping the Economy and Investment Markets

18th May 2023

Richard Cole, CFA
Fund Manager



Factors Shaping the Economy and Investment Markets

Past – Inflation, Interest Rates and Market Losses

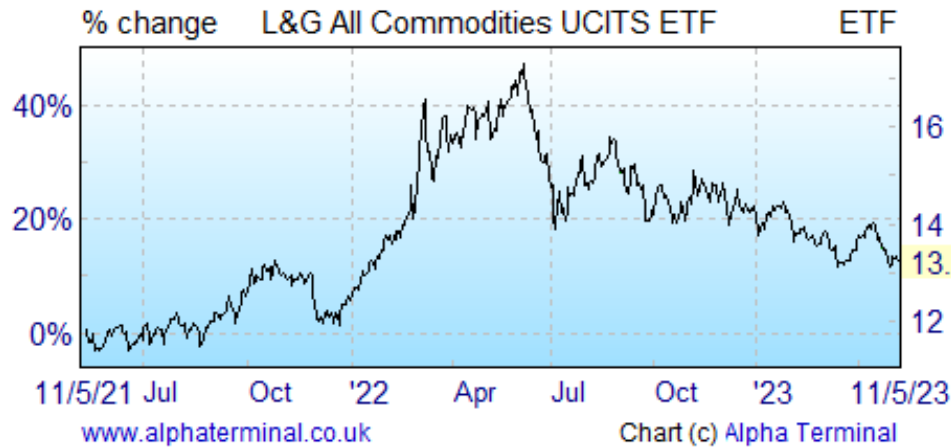
Present – Inflation Peaking, Economic Resilience and Bank Failure

Future – Geopolitical Risks, Restrictive Policy, yet Conditions Improving



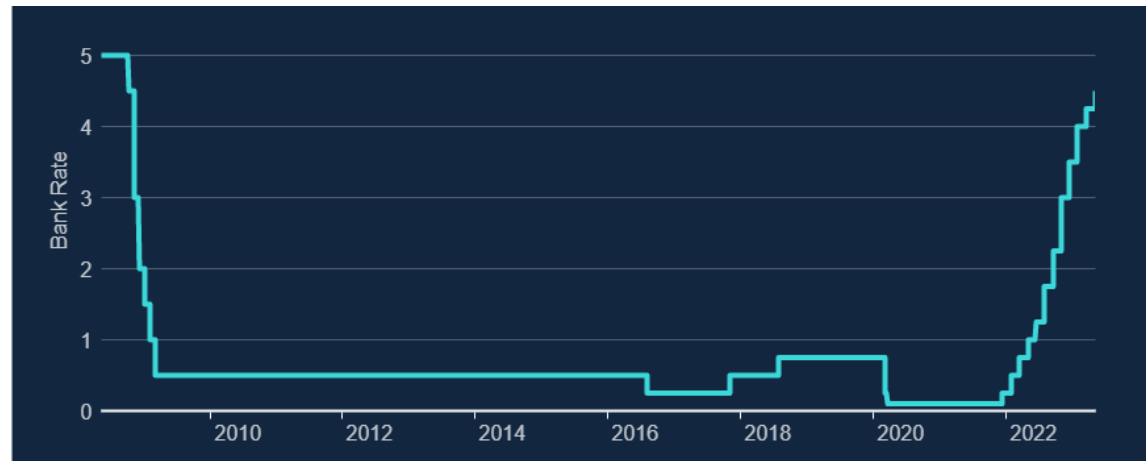
The Past

Inflation, Interest Rates and Market Losses



> Inflation: Commodities, Covid and Labour Markets

> Interest Rates Surge



Source: Bank of England

Bank Rate



The Past

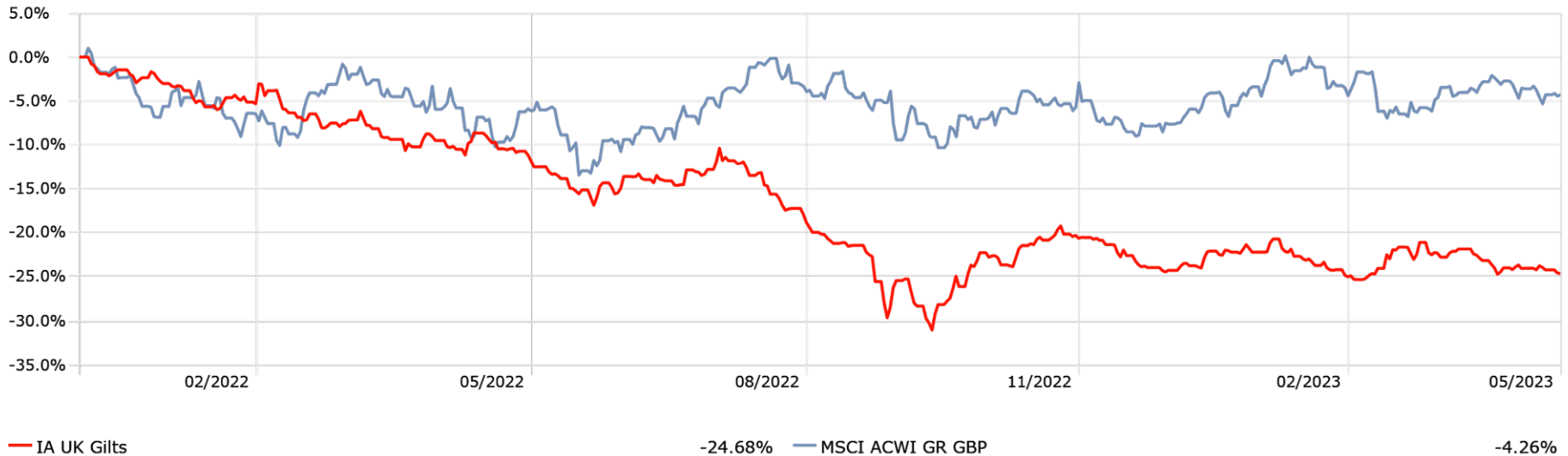
Inflation, Interest Rates and Market Losses

>Market Losses

Investment Growth

Time Period: 01/01/2022 to 10/05/2023

Currency: Pound Sterling Source Data: Total Return



Past performance is no guarantee of future performance. The value of investments can fall as well as rise and investors may not get back their original investment.

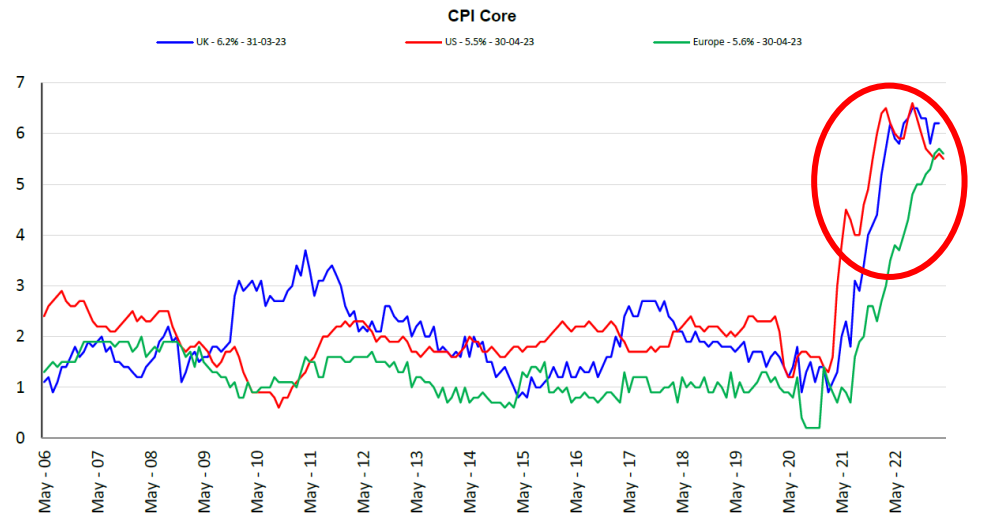
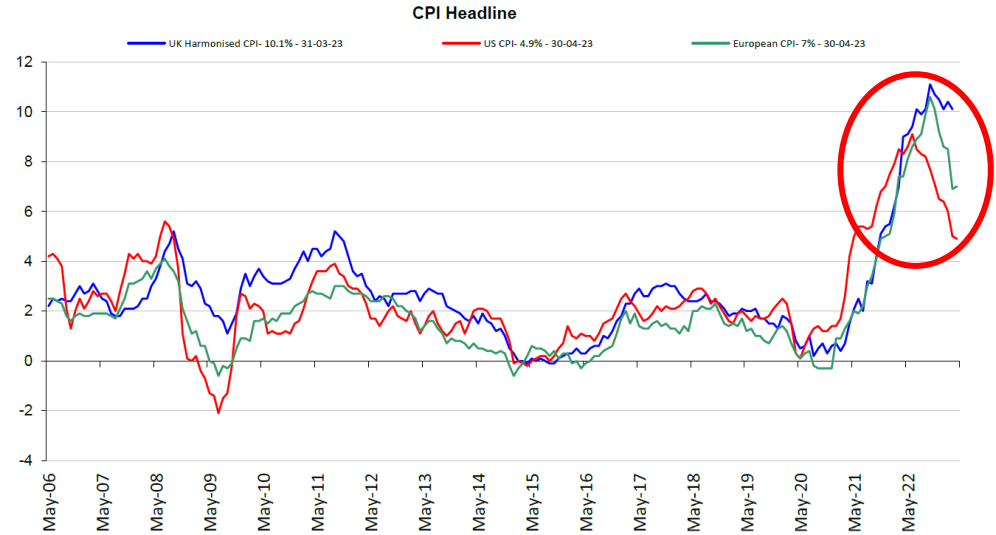
Source: Morningstar Direct



The Present

Inflation Peaking, Economic Resilience and Bank Failure

- > Headline Inflation Past its Peak
- > Core Inflation Persistent

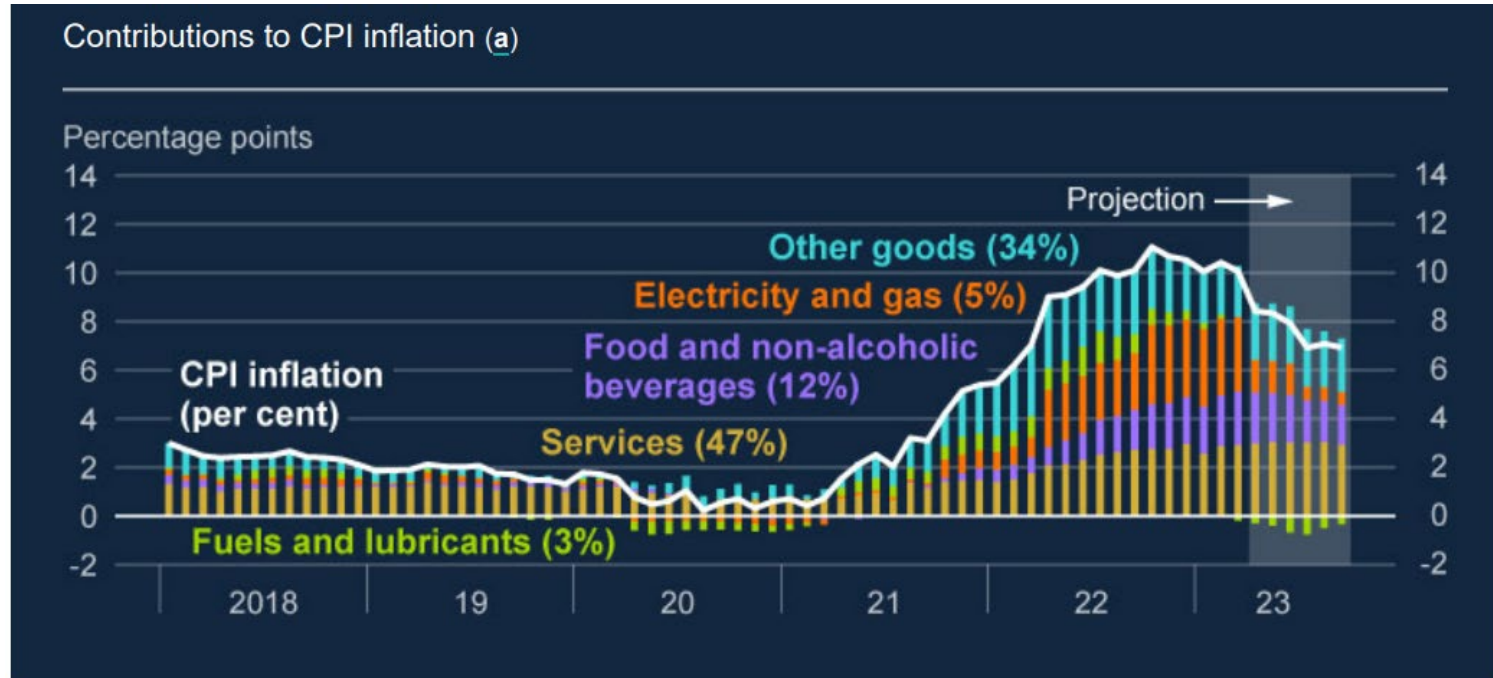


Source: Bloomberg



The Present

Inflation Peaking, Economic Resilience and Bank Failure



Sources: Bloomberg Finance L.P., Department for Energy Security and Net Zero, ONS and Bank calculations.

(a) Figures in parentheses are CPI basket weights in 2023. Data to March 2023. Bank staff projections from April to September 2023. Fuels and lubricants estimates use Department for Energy Security and Net Zero petrol price data for April 2023 and then are based on the sterling oil futures curve.

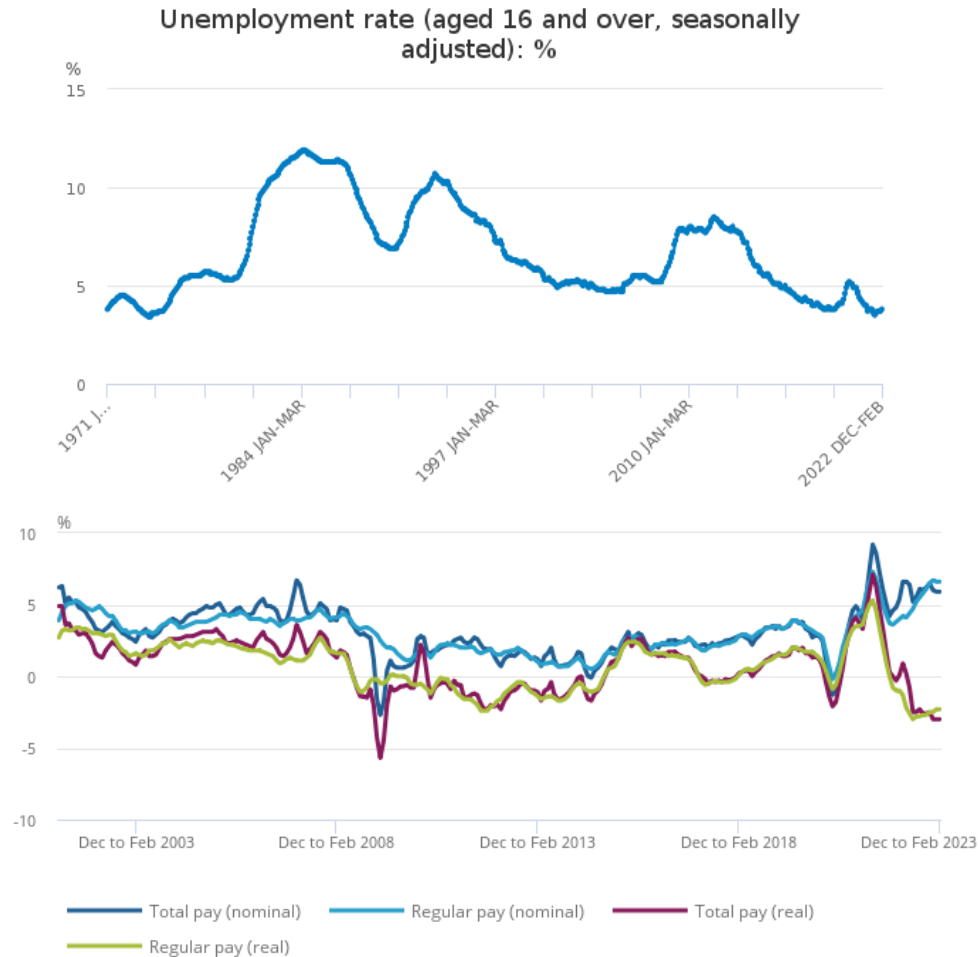
Source: Bank of England



The Present

Inflation Peaking, Economic Resilience and Bank Failure

- > Tight Labour Market
- > High Nominal Wage Growth
- > Monetary Policy Tightening



Source: ONS

Source: Monthly Wages and Salaries Survey from the Office for National Statistics



The Present

Inflation Peaking, Economic Resilience and Bank Failure

- >Banking Crisis/Boom
- >A Tale of Two Sectors



The Worst of Times

MailOnline · 9d

First Republic collapse sparks regional bank shares sell-off - fueling fears that the third banking crisis this year could engulf other midsized...

The banking turmoil erupted from the closure of Silicon Valley Bank and Signature Bank in March, causing depositors to flee ...



Source: Bing, 11.05.23.

The Best of Times

This is MONEY · 8d

Booming banks: Lloyds becomes the latest lender to unveil bumper profits

Lloyds said rising interest rates helped profits surge by 46 per cent. The group reported pre-tax profits of £2.3billion for ...



Source: Bing, 11.05.23.



The Future

Geopolitical Risks, Restrictive Policy, yet Conditions Improving

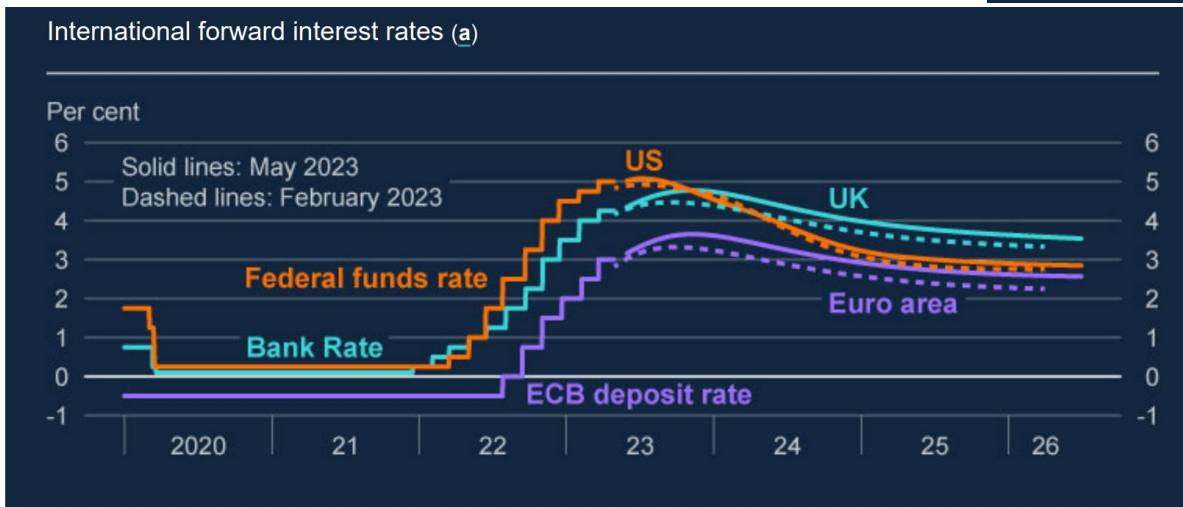
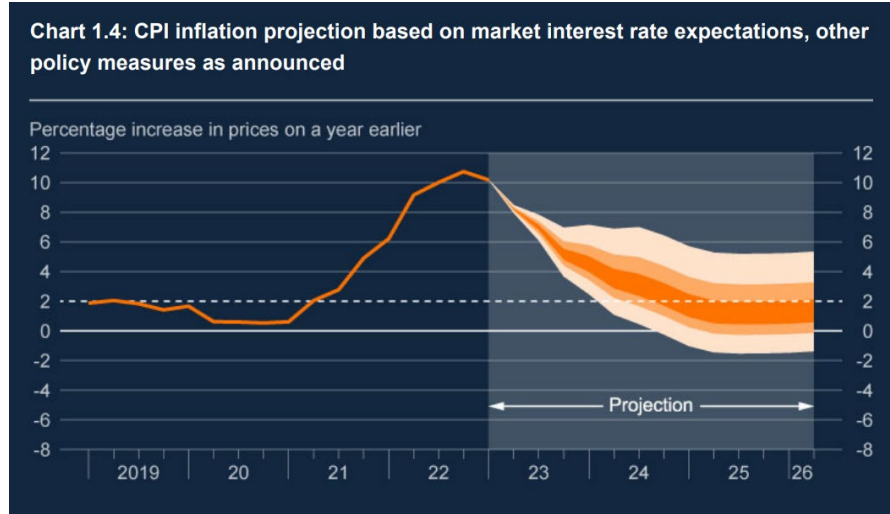
- > US Debt Ceiling
- > China/Taiwan
- > UK and US Elections



The Future

Geopolitical Risks, Restrictive Policy, yet Conditions Improving

- > Inflation to Fall
- > Interest Rates to Gradually Ease



Source: Bank of England

Sources: Bloomberg Finance L.P. and Bank calculations.

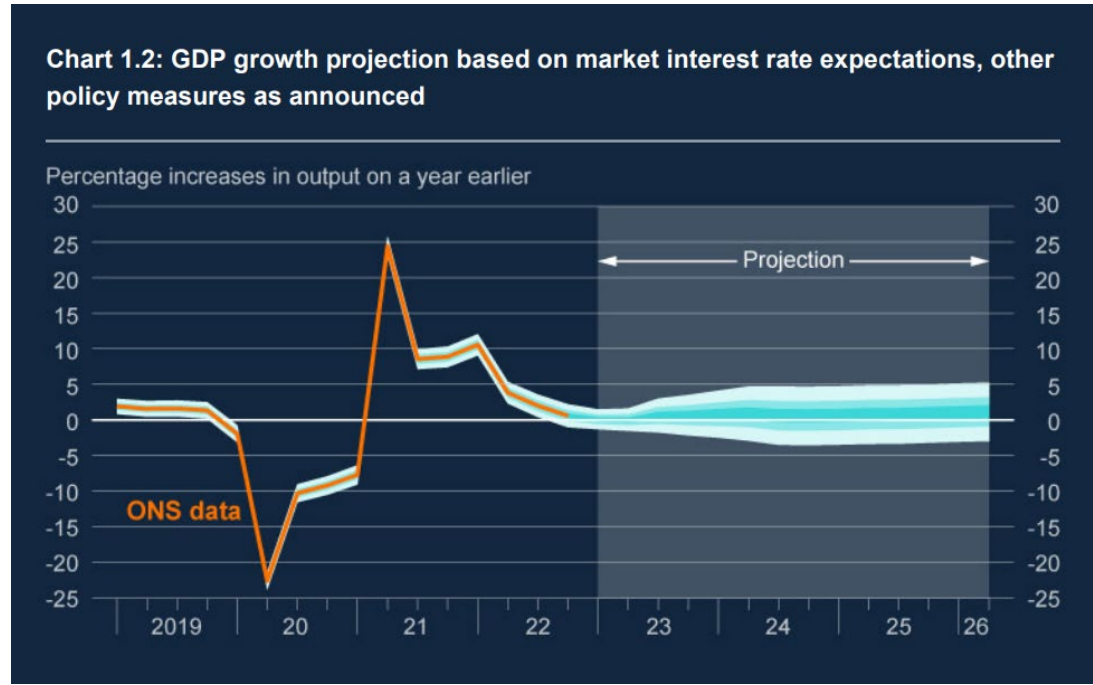


The Future

Geopolitical Risks, Restrictive Policy, yet Conditions Improving

>UK to Avoid Recession

>But Still Lag



Source: Bank of England

	2022	Projections	
		2023	2024
World Output	3.4	2.8	3.0
Advanced Economies	2.7	1.3	1.4
United States	2.1	1.6	1.1
Euro Area	3.5	0.8	1.4
Germany	1.8	-0.1	1.1
France	2.6	0.7	1.3
Italy	3.7	0.7	0.8
Spain	5.5	1.5	2.0
Japan	1.1	1.3	1.0
United Kingdom	4.0	-0.3	1.0
Canada	3.4	1.5	1.5
Other Advanced Economies ²	2.6	1.8	2.2
Emerging Market and Developing	4.0	3.9	4.2
Emerging and Developing Asia	4.4	5.3	5.1
China	3.0	5.2	4.5
India ³	6.8	5.9	6.3

Source: IMF World Economic Outlook, April 2023



The Future

Geopolitical Risks, Restrictive Policy, yet Conditions Improving

Positive Market Sentiment

> Recession previously expected, no longer likely

Attractive Valuations

> Bonds are back

> Equities below average valuations

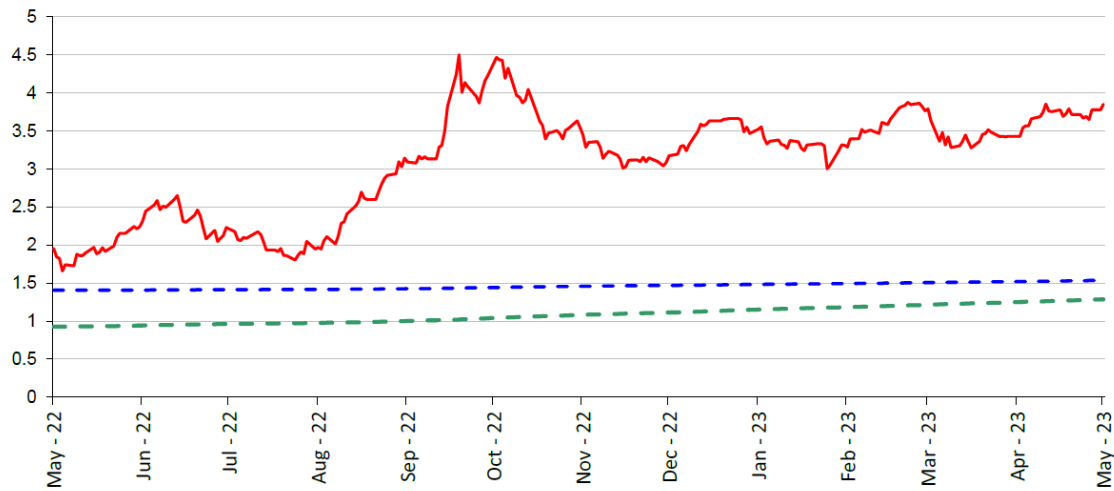
No Free Lunch

> An era of higher rates

> Selection is key

UK 10 Yr Gilt Yield

10 Yr UK Gilt Yield - 3.77% - (09-05-23) 10Y Avg - 1.54% 5Y Avg - 1.29%



Equity Markets	Fwd PE Ratio	15 Year Av.
USA		
DOW JONES INDUS. AVG	17.17	16.70
S&P 500 INDEX	18.94	17.25
Europe		
FTSE 100 INDEX	10.81	13.33
Euro Stoxx 50 Pr	12.49	13.43
CAC 40 INDEX	13.10	13.94
DAX INDEX	11.60	13.53
IBEX 35 INDEX	10.40	14.86
FTSE EUROTOP 100 INDE	12.74	13.51
Asia Pacific / Emerging M		
TOPIX INDEX (TOKYO)	13.33	19.80
HANG SENG INDEX	9.45	11.62
S&P/ASX 200 INDEX	14.64	15.80
FTSE Emerging Index	11.99	12.84
FTSE ALL-WORLD AP EX	13.48	13.40



Factors Shaping the Economy

Past – Inflation, Interest Rates and Market Losses

Present – Inflation Peaking, Economic Resilience and Bank Failure

Future – Geopolitical Risks, Restrictive Policy, yet Conditions Improving

The logo for FutureMoney, featuring a blue chevron symbol followed by the word "future" in blue and "Money" in purple.A decorative graphic consisting of several blue lines of varying lengths and curves, each ending in a small blue dot, set against a dark blue background.

QUARTERLY UPDATE
MAKING SENSE OF MARKETS

THURSDAY 18TH MAY
12 NOON - 1PM

The logo for FutureMoney, featuring a blue chevron symbol followed by the word "future" in blue and "Money" in purple.

Professional Deputies & Trustees



How do we support you?

Providing specialist financial planning, trust accounting and investment expertise to deputies and solicitors dealing with vulnerable clients, personal injury, clinical negligence and compensation derived from these claims.

Our menu of services

Pre-Settlement - Our forensic accounting team has extensive experience of assisting solicitors with all aspects of personal injury claims, including loss of earnings and loss of pension. Matters often arise from road traffic accidents, industrial diseases, clinical negligence and workplace accidents. Where the injured party is self-employed, runs their own business or has a more complex structure to their earnings, our expertise is invaluable.

Post-Settlement - Specialist Financial Advice - We work with both Professional Trustees and Court Deputies to implement strategies to meet current and future obligations. We understand that, where the capital has come from an award of personal injury damages and claimants cannot earn a living any more, their damages award is vital to their future financial wellbeing. As their circumstances change over a lifetime, we can adapt their financial plans and investment strategies accordingly.

As a firm of Chartered Financial Planners we will work to understand the balance between your client's need for present cashflow and the long-term capital preservation that can protect future income.



We provide...

Cashflow Forecasting - This can really bring your clients personal financial situation to life to see a clear visual display of how future finances will look both from a cashflow point of view.

Cash Management Services - Providing a range of services for powers of attorney, court of protection deputies and trustees. This includes searching for the most competitive rates from instant access up to 5 years and/or structuring the cash portfolio under the Financial Services Compensation Scheme (FSCS).

Investment Solutions - Our philosophy is to utilise active management solutions as we believe in the skill and judgment of professional fund managers to choose where to invest and have the ability to manage the underlying assets according to economic and market conditions. Our Investment Committee, supported by extensive external research and expertise, monitors the whole of the market to choose the best options available across different risk profiles and asset allocations.

Other services we offer...

Professional Trustees - We are highly experienced professional trustees for a wide spectrum of trusts, including Personal Injury Trusts, and can offer guidance and support where required for both lay and professional trustees.

Court Appointed Deputies - As a deputy you will need to manage the protected person's money and assets in a manner which reflects their best interests so they remain appropriate and meet their current and future needs. When preparing annual court reports, we work with you to demonstrate that you have consulted and made decisions based on appropriate advice and supply you with proper and correct accounts which record all investments to submit to The Office of Public Guardian (OPG).

Court Appointed Deputies, Trustees and Attorneys - Whether a professional or lay person, deputy or trustee, our accountancy services are designed to ensure tax bills are minimised, tax returns are completed accurately and submitted on time. In the case of Office of the Public Guardian (OPG) annual returns we work closely with both professional and lay deputies to ensure accurate and timely submission of OPG returns. We offer a fixed fee for this service.

Payroll Services - As a professional deputy or attorney you take responsibility for the management of the of the claimants day to day needs financial affairs which could include the direct employment of other professionals services, for example, a privately recruited support team. We can provide tailored payroll services to allow you to focus on the ongoing management of their finances and budgeting.

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armstrongwatson.co.uk/services/financial-planning-wealth-management/professional-deputies-and-trustees-support



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You should seek financial advice from an appropriately qualified firm authorised and regulated by the financial conduct authority before making any investment decisions

The value of investments and the income derived from them can fall as well as rise

You should carefully consider the risk of any investment and ensure that it suitable for your requirements

Source: Morningstar Direct for graphs unless otherwise stated



Legal Sector Breakfast Briefing

Questions & Conclusion

Douglas Russell, Accounting Partner
Armstrong Watson

Andy Poole

Corporate Finance Partner - Legal Sector

Floor One, One Strawberry Lane,
Newcastle upon Tyne, NE1 4BX

T: 0191 434 0830
M: 07828 857830

Twitter: @AW_AndyPoole
E: andy.poole@armstrongwatson.co.uk

www.armstrongwatson.co.uk/legalsector

Douglas Russell

Accounting Partner

Floor One, One Strawberry Lane,
Newcastle upon Tyne, NE1 4BX

T: 0191 434 0830

E: douglas.russell@armstrongwatson.co.uk

www.armstrongwatson.co.uk/legalsector



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