HARTEY NEWS

KEEPING YOU ABREAST OF COMPANY DEVELOPMENTS AND INFORMING YOU OF CHANGES WITHIN THE FINANCIAL INDUSTRY

SUMMER 2016

www.harteywm.co.uk

We're almost half way through the year already and what a busy one it's been so far!

We do try and keep you updated on the most recent changes to the company through emails and blogs, but just in case you've missed any we've taken the opportunity to do a little round up of our favourite bits.

Since Investments played a key part of the Spring Budget Announcement we've chosen to focus this issue of Hartey News on them too. Read on to find out more about investment charges and our five step investment fitness programme.

As always, enjoy the read, and if we've raised any questions or queries, please do not hesitate to get in touch with us. Call 0808 168 5866 or email info@harteywm.co.uk

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OPENING HOURS:

Monday – Thursday 9.00 am – 5.00 pm, Friday 9.00 am – 4.00 pm

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HARTEY
WEALTH MANAGEMENT LTD

WHAT'S BEEN GOING ON?

TRISTAN HARTEY SHORTLISTED FOR YOUNG FINANCIAL ADVISER AWARD 2016

Our Managing Director, Tristan Hartey was recently shortlisted for the Young Financial Adviser Award 2016 at the Unbiased Media Awards – an awards ceremony that rewards excellence from the media advisers and journalists featured on Unbiased.co.uk's Bluebook.

Here Tristan shares his reaction; 'The news I had been shortlisted for the award came as a huge surprise as I know there are so many other young professional advisers out there too, meaning I was up against some tough competition!'

Tristan was just pipped to the post when it came to winning the award, but making it down to the final five was a massive achievement and we're all really proud of how he did!

NEW RECRUITS!

The opening of the second office on Chester Business Park has been a great development opportunity for the company.

It has allowed us to improve the service we provide to our clients by bringing on board our latest recruits, Paraplanners Alexandra and Sara. They will be working alongside our Advisers and the larger insurance companies to provide clients with regular and up-to-date reports.

What's more, there's scope for the team to grow further over the next year or so too.

(pictured left to right: Sara Jones, Karl Hartey and Alexandra Lennox)

KARL HARTEY SELECTED AS KEYNOTE SPEAKER AT PRESTIGIOUS CONFERENCE

Non-Executive Chairman, Karl Hartey has been selected as one of the main platform speakers for the prestigious Million Dollar Round Table conference in Vancouver, Canada this June. This sell-out event plays host to an audience of over 10,000 people, from over 57 countries.

Karl's talk will focus on the '3 secrets to running a successful business', which he has based on personal experiences during his 25 years as an Independent Wealth Manager.

Karl may already have a long history of speaking at big events and conferences but this one is set to be to his biggest audience yet, here's what he has to say; "I feel honoured to have been selected as one of the main platform speakers at such a prestigious event. This is one of the largest audiences I've presented to in my history of speaking but this challenge just adds to the excitement of the whole experience."

GUMBALL3000 RALLY

During the first week of May, Karl took part in his third Gumball3000 Rally with wife and co-pilot Helen, driving 3000 miles from Dublin to Bucharest in just six days.

The Gumball3000 rally is to raise all-important funds for charity and by the end of the week the celebrities and drivers that took part in the race reached a massive £500,000!

The rally passes through a number of countries and cities; London, France, Czech Republic and Budapest just to name a few; all the way to the ultimate destination of Bucharest, Romania.

Karl, who flies the flag for team 48, says; "The range of cars is amazing! We saw everything from Super Cars to one off prototypes such as the amazing bat mobile. The drive from Prague via Slovakia, Hungary and Romania was by far my favourite part of the journey, especially the snow-capped mountains in Romania. I also had had the opportunity to drive my car around the Formula1 circuit in Hungary which is something I've always wanted to do!"

THE HARTEY WEALTH MANAGEMENT

5-Step Programme

FOR INVESTMENT FITNESS

By Karl Hartey

Despite the bitterly cold weather, the number of runners and cyclists on my route to work has gone through its seasonal upturn.

My own good intentions are easily swayed by the biscuit tin, which is why fitness gurus always focus on the importance of discipline and a long-term approach. Fad diets and gym memberships that don't last the month won't improve the quality of your health, in fact they can leave you worse off.

Though arguably less strenuous, the same is true of getting your long-term investments in shape. What follows is the Hartey Five Step Programme for Investment Fitness.

While it won't make you (or thankfully your wallet) any lighter, it is designed to significantly lower your stress, increase the quality of your financial health, and, ultimately, to enable you to enjoy a life well lived.

1

Understand your risk tolerance

The level of risk that you are prepared to accept will ultimately determine what rate of return you can reasonably expect from your investments. It is vital to know your risk profile and you may want to review this periodically, as your attitude or circumstances may change over time. The level of risk that you need to enable the growth in your portfolio that you want may not always be the same as the level you are comfortable with, so a trade-off between risk and return is sometimes needed.

There are two areas of risk that people need to take into account. The first is emotional tolerance to risk and how you feel when things go wrong. The second is your capacity for loss – essentially, how much you can afford to lose. You may feel like you can take more risk than your capacity.

The problem with assessing risk is that it is a very subjective matter. Psychometric risk profiling, a relatively new technique, allows us to get a consistent and objective measure of how emotionally tolerant a person is to financial risk-taking. All our clients go through risk profiling as part of our process, stage one of our Wealth Management Programme - the results can be both interesting and enlightening.

2

Review your financial plans using Lifetime Cashflow Modelling

Lifetime cashflow modelling should be a vital part of your financial planning process. It will help you see into your financial future, removing guesswork and allowing you to make informed decisions.

Making choices about work, property, supporting others or making investments should be done with an understanding of how these may impact your future wealth and security. At Hartey Wealth Management we use Lifetime Cashflow Modelling to help clients plan for the future and become (and remain) financially well organised.

By illustrating the effects of pretty much any financial action or change, at any point in time, our advisers are able to help clients plan ahead for life's changes and opportunities, whilst considering challenging questions.

The frequency of review and any significant changes need to be carefully managed. Too many short-term adjustments may cause the plan to go from one extreme to another. Too few adjustments and the plan will be out of date. The aim is to follow an investment journey in keeping with the volatility anticipated and the level of risk of the solutions selected.

3

Diversify your investments

Investments are never (and can never be) certain. But knowing your tolerance to risk and building a portfolio that spreads this risk through diversification is the key to generating successful returns. If the two are not carefully aligned there is a strong possibility of disappointment at some stage in the future because either your goals will not be met, because you have taken insufficient risk, or you will have taken too much risk and will be perturbed by market events.

As a financial adviser, I often talk about the best methods for spreading exposure to risk, such as security, geography and asset classes. The core of all of our portfolios include an efficient return-generating range of funds diluted with low risk assets.

Broadly this includes a mix of growth-oriented equity assets including property, which acts as the return engine, combined with lower risk and inflation-protecting assets. Working together in different proportions these form a range of portfolio choices along the risk spectrum.

4

Choose a low-cost portfolio

Only around 1% of funds beat the market consistently. But more significant than their underperformance, what is truly shocking, is how much investors are paying.

Perhaps it's because when you start a pension, retirement is so far off that you're not too concerned about the impact of charges on an investment you might not need for another 40 years. But another problem, at least here in the UK, is that pension charges are complicated and not always easy to calculate.

The full costs incurred by consumers when making long-term investments are not consistently and comprehensively defined, nor are they understood. It's staggering that investors are expected to agree to schemes when they are so uninformed about the overall impact it will have on their wealth.

As an investor, you need to fully appreciate that cost percentages are annualised over and over again. As the value of your investment grows, so do the pounds and pence charges you incur. This significantly impacts the value of your return over the lifespan of your investment.

We offer clients transparent and low fee investing. There are no hidden charges or surprises.

5

Regularly rebalance your portfolio

On the whole, riskier assets will deliver greater growth over time and portfolios will become skewed towards these assets. Often this is well beyond the tolerance set for volatility and the potential of further gains will backfire instead towards greater losses. It is sometimes difficult to persuade investors that rebalancing must be implemented to the original allocation on a regular basis. This discipline forces the sale of assets that have done well and reinvests assets that have done less well, which keeps a portfolio's exposure to risk reasonably constant over time.

For some this may feel counterintuitive but it is the most significant contributor to achieving a sell high and buy low strategy which results in beneficial returns. When markets are on the up, investors often resist rebalancing because they become focused on the short-term gains, but when the markets have taken a downturn investors can overreact and become focused on the fear of short-term losses.

A successful investment strategy must be based foremost on the level of risk you're prepared to take. Once you understand your financial goals with long term plans, choose a portfolio that fits and then regularly (but no more than twice per year) rebalance your portfolio to realign it with your risk tolerance. Don't worry about the stock market. You can't control it. But you can control how you structure your wealth to work for you. Follow our 5 step programme and you will achieve financial fitness.

DO YOU KNOW THE COST OF YOUR INVESTMENTS?

Have you ever driven several miles out of your way to save a penny on a litre of petrol? Do you collect vouchers or enrol in loyalty schemes to save a few pounds on grocery items? Did you complain when the Government added another penny in tax on a pint of beer? Well, how about the cost of your investments?

When it comes to our pensions, one of the biggest financial investments we'll ever make, most of us either don't know what we're paying or don't even seem to care. The continued decline of company final salary schemes means that more people will be regularly contributing to defined contribution pension schemes. The pension business is growing. And with low returns on short-term cash savings, the need for investors to secure better returns on long-term investments at an appropriate level of risk, is in great demand.

Much has been said lately about the dismal returns typically produced by active fund managers, but more significant than their underperformance, what is truly shocking, is how much investors are paying.

In most cases, the full costs incurred by consumers when making long-term investments are not consistently and comprehensively defined, nor are they understood, which is why we thought it would be beneficial to outline the charges you should expect to pay when investing your money.

What charges can you expect to pay?

Let's say you invest £100,000 over 40 years as a one-off capital investment. You'd be expected to pay a typical annual management fee of 0.75%, a platform charge of around 0.35% and an average adviser charge of 0.82%. Initial adviser charges, annualised, come to 0.24%. Then there are fund custodian and administration costs, which average 0.17%. On top of all this are transaction costs. These vary depending on how much trading your fund manager chooses to do, but we'll say 0.41%, which is the average figure for transaction costs. In total, that means that the cost of investing, on average, is 2.74%.*

If you think that this sounds like a bargain, you haven't factored in the effect of compounding.

What is Compounding?

As an investor, you don't pay this percentage of fees once. The same percentages are annualised over and over again. As the value of your investment grows, so do the charges you incur. This significantly impacts the value of your return over the lifespan of your investment.

An annualised return of 8% before charges of 2.74% nets down to 5.26%. 40 years on, when you're ready to retire, the £100,000 you invested would be worth £2,172,452 if there were no charges. With the charges, it would be worth a mere £777,203. Your actual gain would be just £677,203. Therefore the impact of the charges is to reduce the final value of your investment by almost 65%. Now you can see why keeping our costs low is an absolute priority.

How does Hartey Wealth Management keep investing costs low?

We believe investors should clearly understand the value of our management services which is why we offer our clients transparent and low-fee investing - there are no hidden charges or surprises.

When we first launched, the average all-in cost to a client investing £500,000 in our 24/7 portfolio was 1.68%. This covered everything including platform costs, adviser charges, administration and transaction fees. We were well below the average figure of 2.74% per annum.

But we wanted to do more. We wanted to offer our clients more savings. So we spent a significant amount of time with our platform providers and fund managers reviewing costs and have been able to reduce our fees across all our services. For example, our 24/7 Portfolio which was 1.68% is now 1.54% per annum. That's a saving of 0.14%. On a £500k portfolio, that's a saving of £700 per year. Compound that saving over the life of your investment and it could be the greatest discount you will ever redeem.

* Research figures based on calculations from the True and Fair Campaign. The report can be downloaded here. HWM champions The True and Fair Campaign, which lobbies for fairer and more transparent charges.

KARL'S AFRICAN RHINO EXPERIENCE

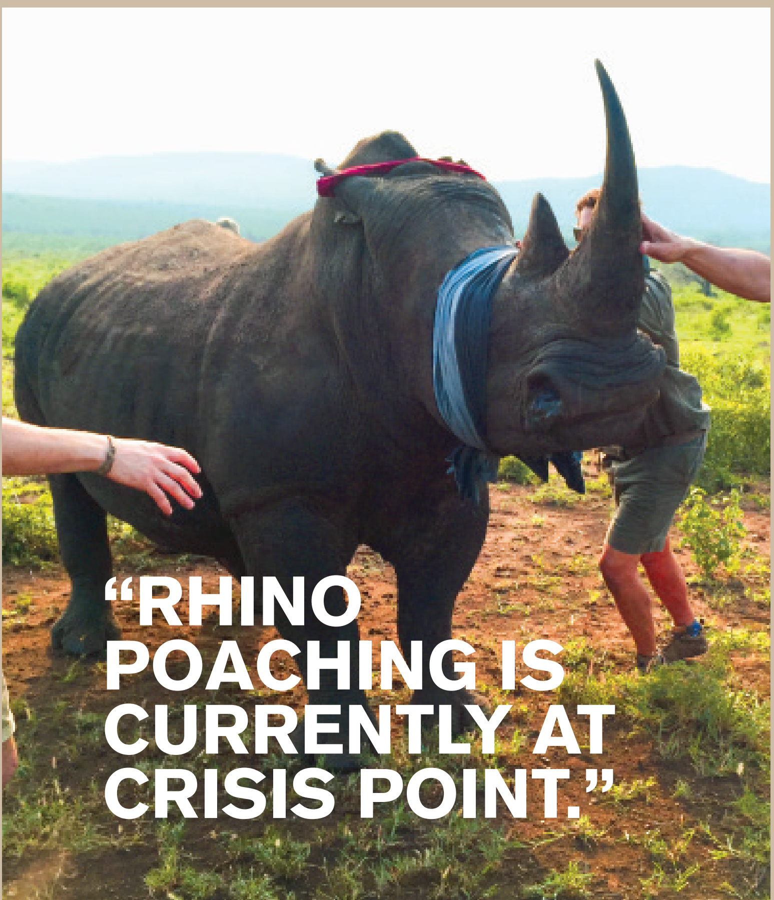
Karl Hartey shares his experience of heading to a South African Reserve to help save the depleating population of Rhinos.

We were able to take part in an amazing experience to help save the rhinos on the reserve! Adventure Philanthropy was proud to support and be a part of the efforts to save endangered rhinos from extinction through the anti-poaching initiative at Phinda Reserve. We were able to participate hands on with the reserve's team of rangers, vets, and rhino conservationists in the dehorning of the last three amazingly beautiful rhinos. After reading and viewing the photos PLEASE share so the word can get out to stop poaching!

South Africa has by far the largest population of rhinos in the world and is an incredibly important country for rhino conservation. However, rhino poaching levels have dramatically escalated over recent years.

Since 1970 the increase in large-scale poaching of the now critically endangered black rhino resulted in a dramatic 96% decline in the population from 65,000 to the current population of between 5,042 to 5,455. Since 2008 poachers have killed at least 5,940 African rhinos. Rhino poaching is currently at crisis point.

By the end of 2015, the number of African rhinos killed by poachers had increased for the sixth year in a row. At least 1,338 rhinos had been killed by poachers across Africa. In fact, some were killed just last month on the reserve we were at.



"RHINO POACHING IS CURRENTLY AT CRISIS POINT."

The current poaching crisis is attributed to the growing demand for rhino horn in Asian countries, mainly Vietnam and China due to their belief it can increase virility and its high value (1million USD per kg) has also made it a status symbol of wealth. There is absolutely no scientific evidence to show any benefits for using rhino horn. It is simply made up of keratin similar to a horse's hove or a human finger nail. So to poach these animals is simply a waste and a horrific act of animal cruelty. Law enforcement plays a crucial role in deterring poachers, however there is no single answer to combat the current poaching crisis. A variety of strategies are needed to combat poaching including rigorous anti-poaching and monitoring patrols, community conservation and environmental education schemes, demand reduction projects in Asia, captive breeding, translocations, and reserve dehorning initiatives.

Phinda Reserve takes part in every effort to protect their rhinos. It is a bitter sweet last line of defence for them to dehorn all their rhinos in hopes to stop poaching on the reserve. By dehorning a rhino it doesn't alter its ability to hunt, protect, or find food. It is better to see a rhino alive without its horn than to see a dead one mutilated.

PROVIDING OPPORTUNITIES FOR THE FUTURE

What we've been up to...

www.charlottehartey.co.uk

Starting the season in style!

The Under 6's at Sandiway and Cuddington football club, approached us to help fund their new kits so they could begin their first full season of playing matches in style.

Up until they approached the Foundation the club had been unsuccessful in seeking sponsorship to provide the kids with tops, shorts and socks. But for a small donation of around £1000, the Foundation managed to kit out the whole team so they were ready and raring for the season ahead.

Foundation proudly sponsors local bowling club!

We've created a close relationship with Criftins Bowling Club over the last few years with them raising some very generous donations for the Foundation.

We were delighted to give them a small donation towards their new 2016 shirts and become their sponsors for the season.

After being champions for the last two years and making their way into the second division we hope their new kit brings them lots of luck this season!

Thank You!

The foundation strives to provide support and funding for purposeful ventures that have a positive impact on the community, such as youth projects and sports teams and without the support from yourselves and the public we wouldn't be able to give donations to these great causes.

Throughout the spring we've hosted a number of seminars. We received many generous donations from these helping us to raise over £800 for the Foundation.

We'd also like to say a huge congratulations to Tristan who, on the 29th May, took part in the Edinburgh Marathon raising money for the Foundation. If you haven't already, there's still chance to sponsor him by visiting his JustGiving page: **https://www.justgiving.com/TristanandRob**