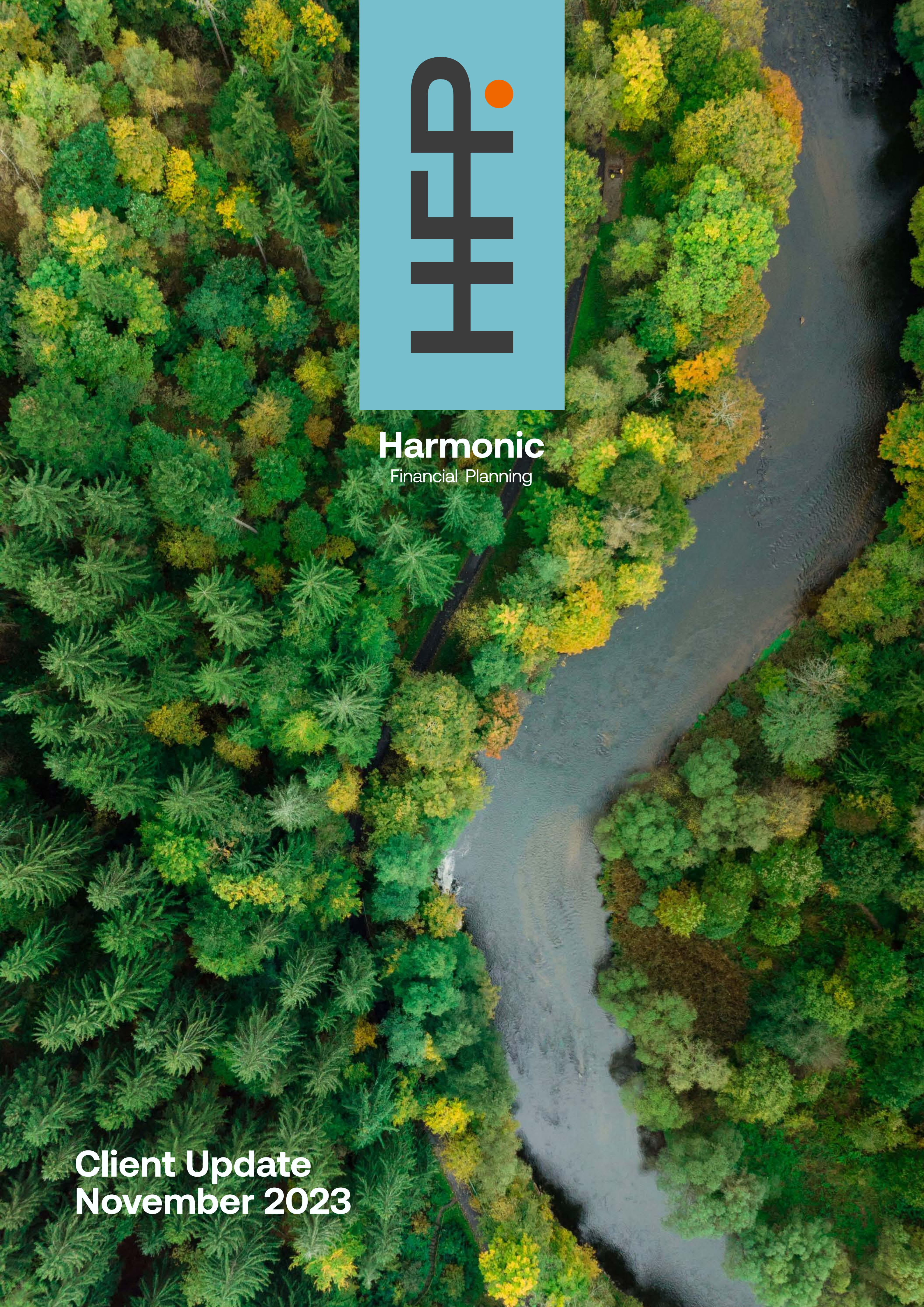
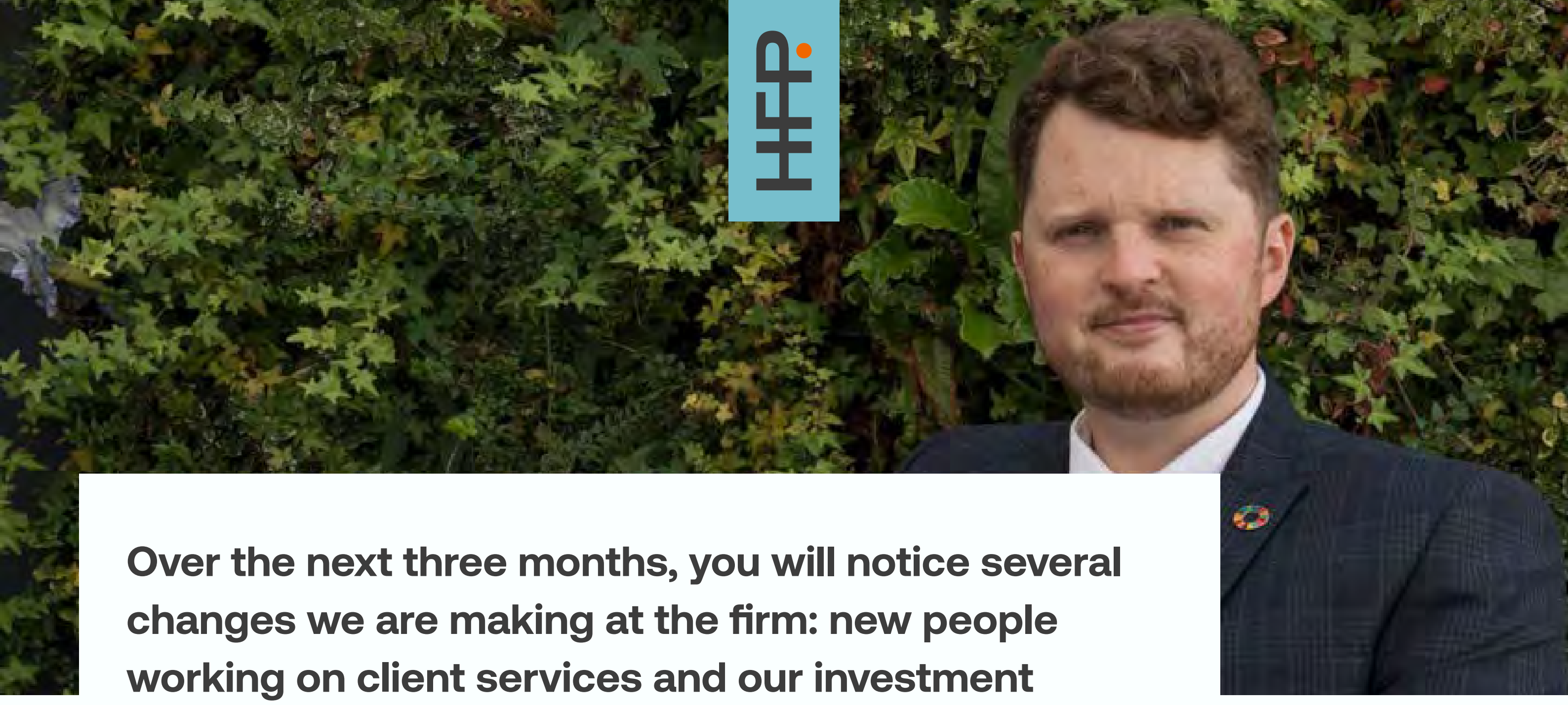


Harmonic
Financial Planning

Client Update
November 2023



Over the next three months, you will notice several changes we are making at the firm: new people working on client services and our investment process/research, and a new brand name.

We felt that the current business name, Impact Lens Financial Planning, needs to be shorter. We also wanted to move away from the emphasis on ‘impact investing’, which only makes up a small part of our business mix. This is both because we want our name to more accurately reflect the range of services we deliver rather than the focus being only on ‘impact investing’ and there is also a strong likelihood that the FCA will start to regulate ‘impact investing’ from 2024 onwards, so it’s a good time to change our name.

The new business name, Harmonic Financial Planning, will be our new trading style and will launch this month (November 2023) with a new website and logo.

The firm’s status with the FCA as a regulated advisory business won’t change, and Impact Lens Financial Planning emails will continue working without interruptions.

Please do get in touch if you’ve any questions or want to know more. ■

We've created an Q&A section, which you might find helpful:

Why are you changing your name?

Impact Lens Financial Planning Ltd is a company authorised and regulated by the Financial Conduct Authority: 969159. The regulated company is keeping its details the same, but we are creating a new trading style for marketing and communications.

The Impact Lens Financial Planning name is linked to our research business, Impact Lens Ltd, a separate research practice. We launched the research business in 2019 creating a methodology to deliver an analysis concerning 'impact' investment funds, which measures the funds' environmental and social impacts. And, whilst it made sense at the start to have the two businesses linked by name, we now feel its time to change that to distinguish them.

Impact Lens Ltd is still an active business and is working with Oxford University's Smith School to develop a course on responsible finance.

Does this have an impact on my investments or on the services I receive?

The simple answer is "no". But, over the next few months, we will gradually switch to using Harmonic Financial Planning on emails, letterheads, and other documents, so you will see this more and more. However, the Impact Lend Financial Planning email addresses we use will all still be in operation.

Why is the change being made now?

The FCA is concerned about firms using the term 'impact' in the context of private individual investments. We expect this term will become a regulated fund label during 2024 as the regulator moves to restrict some of the terminology associated with responsible investment products.

We therefore think it is a good time to move away from using the term, especially as we do holistic financial planning and our services are not exclusively about 'impact investing' ■

New Team Members.

On a related note, we've also been growing our team with new members on both client services and research offerings.

Kimberley Bright has joined us at our office in Eccleshall in a client support role. Kim will work with Matt and focus on client service development, particularly around review activity and other matters such as tax returns and reporting.

Adam Jennings will join in November, also in Eccleshall, supporting Matt with client reporting and advice work.

In London, we've recently added three people: **Max Chan** and **Sarah Dutton,** and a significant industry figure is joining our investment committee.

Will Oulton is the European Sustainable Investment Forum (Eurosif) Chair, a Non-Exec Director and Board Champion for Ocean Recovery at the UK-based Marine Conservation Society, and Chair of King Charles III's Accounting for Sustainability (A4S) Expert Panel. He is also an advisor to global asset manager First Sentier Investors.

Before this, he was the Global Head of Responsible Investment at First Sentier Investors, where he led the delivery of an award-winning global, integrated, value-adding responsible investment strategy for the business, supporting the investment processes, enhancing stewardship capabilities, and engaging employees globally in the business' responsible investment work. He also founded the FSI MUFG Sustainable Investment Institute in 2021 and led the organisations work in relation to Neurodiversity.

We are excited to welcome Will, who together with John, will be reviewing our investment selection and methodology continuously to deliver the best outcomes for our clients.

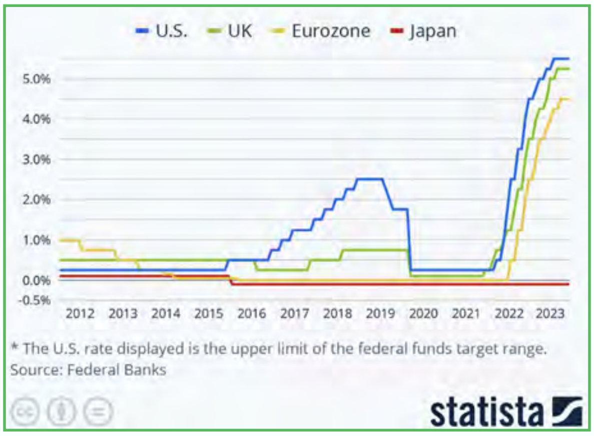
Max and Sarah will both be supporting the fund research process and client review work, focusing on reviewing and assessing the investment funds we use.

Pradeep Jethi will continue as Chair of our Board and will lead on consumer duty work ■

Market Update

Central Banks signal possible interest rate plateau.

Central banks' main policy interest rates in selected countries/regions*



Mid-November inflation data from the US and the UK may now be at a decisive turning point in the fight against rampant inflation.

Indeed, policymakers now face the challenge of loosening policy by bringing interest rates down before inflation slows too rapidly, as a return to sub-target inflation levels would be highly undesirable. Major economies target a "healthy" inflation trend of 2%.

According to Martin Wolf (FT Chief Economics writer) writing in the FT on Tuesday 14 November, the shifting of interest rates back downward looks like a reasonably near future possibility, perhaps as soon as next year, to avoid a deflationary crunch.

Recently, Jay Powell, Chair of the US Federal Reserve and Christine Lagarde of the European Central Bank, both clarified that they do not plan to lower rates for some time yet. Despite these recent comments offered from two important central bankers, it's reasonable to interpret them as a policy tool. Comments from central bankers can significantly impact markets by setting expectations and are therefore often tempered with that in mind.

According to data from the economics team at Goldman Sachs, inflation is falling rapidly; they argue that "core inflation has already fallen sharply in the U.S. from the pandemic peak and should begin its final descent in 2024". They also say wage growth has already dropped to its "3.5% sustainable pace". In the Eurozone, they expect "underlying inflation to normalise in 2024".

This data and analysis from experts go against the "higher for longer" narrative that has been developing over the past few months from central bankers and suggest that central banks may have to consider rate cuts sooner than expected.

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This seemingly abstract debate is vital for borrowers, savers, and investors. This is because the present environment, where risk-free assets (Government bonds and cash) deliver relatively high returns, has weighed on longer-term “real assets” such as company shares.

Our clients invest in portfolios which include long-term assets such as installed renewable energy generation capacity in Europe, UK and the US. In the very short term, share prices on these assets have fallen sharply as investors have moved to lower-risk assets, which still deliver a good return. However, as we know, over the longer-term, low-risk assets such as cash and bonds do not perform very well.

Looking at FE Analytics data for a ‘Balanced Portfolio’ (this includes stocks and shares as well as bonds), in the last two years, there has been a negative return (-0.42% for 2022/2023 and -11.61% for 2021/2022). Before that, the portfolio returned +15.52%, 5.29% and 8.16%. The key point to take away from this is that only portfolios of “real assets” deliver a return ahead of cash over the medium to long-term. The problem for investors has been extreme market volatility as markets swing from despair to optimism. Or, thinking about what has been happening recently, which is that investors have been moving away from long-term assets in search of a short-term secure home for funds.

Harmonic Financial Planning steers a course for clients by focusing on long-term assets which historically offer the best returns.

Recent data from the US has suggested that a gradual slowdown in the world’s leading economy might now be achieved without a recession. In Points of Return 08/11 John Authers at Bloomberg reports on how earnings from major US companies now suggest a slowdown towards the end of the year (Q4). Authers analysis focuses on the earnings trend in the U.S. across the (S&P 500) what this shows is that a slowdown has already been achieved through the early part of 2023 (an earnings recession). suggest a slowdown towards the end of the year (Q4). Authers analysis focuses on the earnings trend in the U.S. across the (S&P 500) what this shows is that a slowdown has already been achieved through the early part of 2023 (an earnings recession) ■

Market Update

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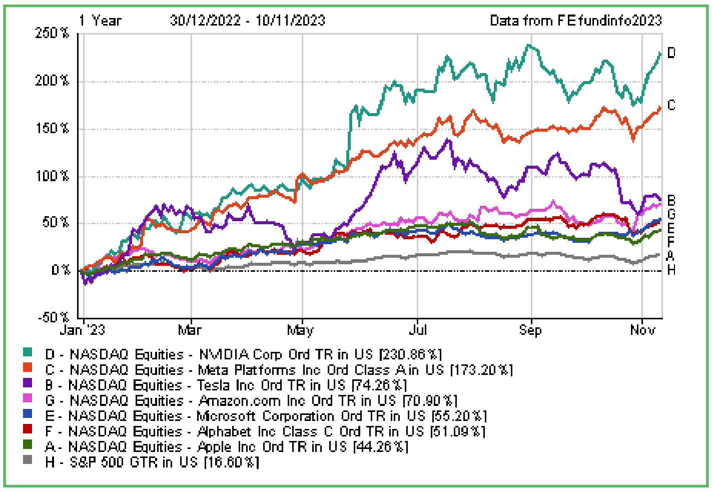
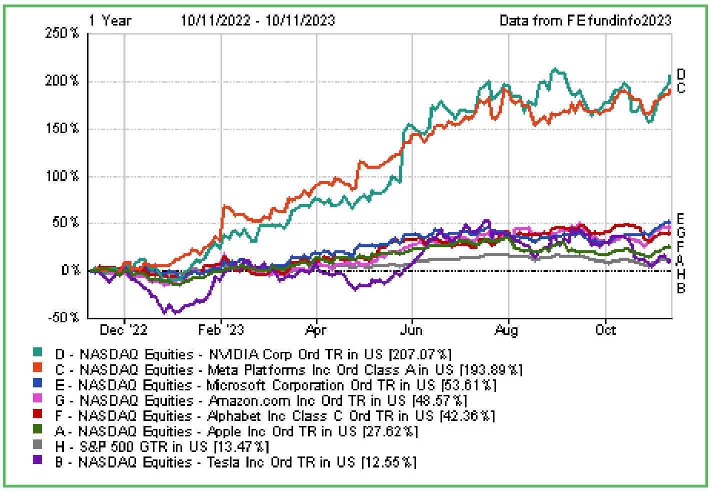
The remarkable share price surge from technology companies through 2023.

Pricing Spread: Bid-Bid
Data Frequency: Daily
Currency: US Dollars

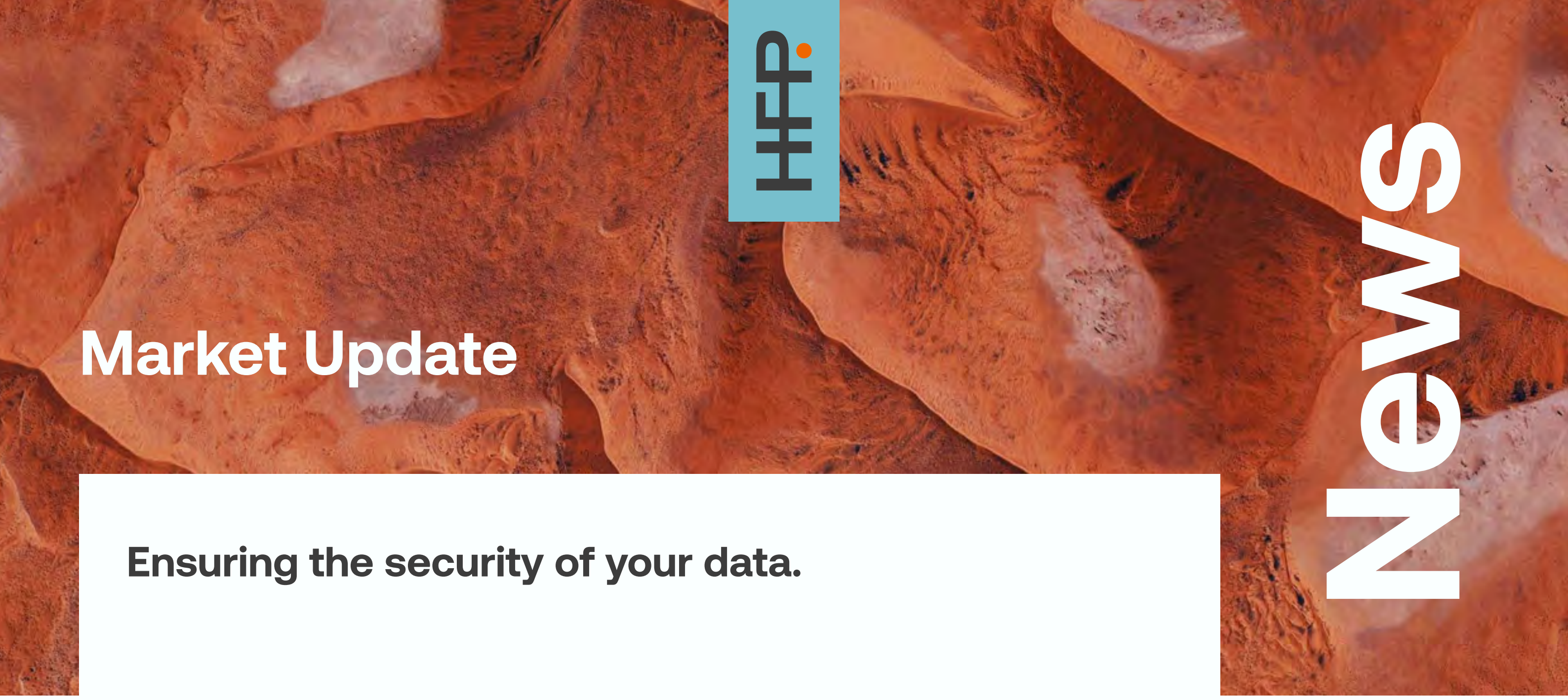




The dominant market trend through 2023 was undeniably the colossal surge in technology stocks, with companies such as NVIDIA experiencing extraordinary market gains.

This phenomenon came to be known as the “magnificent seven” as Apple, Meta, Microsoft, Alphabet, Amazon, Tesla and Nvidia saw remarkable share price growth. Investor expectations around A.I. drove this as ChatGPT became the most downloaded App in history taking just 5 days to reach 1 million users.

We spent the day with Hermes’s investment team last week as they presented scenarios for how private investors can benefit from the shift to greater automation and widespread use of A.I. across various industries ■



Market Update

Ensuring the security of your data.

Financial crime and especially frauds involving banks continues to be a major problem in the UK. According to UK Finance consumers lost £1.2bn to fraud during, nearly individual fraud cases were reported by UK Finance members.

A common occurrence is where criminals obtain access to your email accounts or impersonate your bank and use personal data to appear credible.

We always check withdrawal requests by getting in touch with investors personally over a brief phone call usually and one of the benefits of being a small organisation is that we have a good knowledge of all our clients' personal circumstances.

The move to our new Client Portal service is well underway and will further improve our security systems.

But please do get in touch if your bank or other financial institution ever contacts you and have concerns about a proposed transaction ■

Read the full report

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