

S JOHNSON WEALTH MANAGEMENT LLP

INVESTMENT SPECIALISTS



Risk & Return - Balanced Investing

Investment News

March 2018

Introduction

To Invest or not to Invest?



In this issue I continue to look at the 'to invest or not to invest' decision. I also consider the challenges facing those running small businesses in the UK.

Market Commentary

Market correction. UK employment rate hits record high. Mortgage approvals 'lowest for five years'. Buy to let sales produce a Capital Gains Tax bonus for the Treasury.

Managing Risk – Importance of Timescale

Consider if you will two scenarios:

- You have been reading the financial press and you have identified the shares of a UK bank that you feel have potential. One of your children is getting married in six months and you buy the shares with the intent of paying for the wedding out of the profits you will make when you sell them in a few months' time.
- Your daughter has just given birth and you buy the same shares with the intent of making a gift to your new grandchild on his or her 21st birthday.

Same underlying investment, but the same risk level? No. The first example, because of the very short timescale, is highly speculative whilst the second example, because of the longer timescale, carries less risk.

As an aside in Bitcoin terms six months is a very long term investment....

Managing Risk – Liquidity

A further consideration when investing is liquidity and segmentation – when will you need some or all of your money?

Some investments are very liquid (can be sold out of quickly) and traded shares in large companies are example of this.

Other investments are far less liquid and direct property investment is probably one of the best examples here; properties are not segmented – if you need the money you have to wait till you have sold the whole thing – you can't take a few bricks out of the wall and go down the local shop to buy food.

Of course it is possible to borrow against property - but banks normally only lend money to those who do not need it.

SUMMARY

Another two things to consider on your 'should I invest' checklist.

Review & 'Financial Medical' service

Our offer of a free review of your existing investments or a strategy report for recipients of this newsletter is still open; call us if you would like a chat.

And finally...

Please continue the feedback – telephone us or send an email. In the next edition I look at the various ISA options

P.S.

HMRC plan to force small businesses to provide quarterly returns online. In my opinion this will be another hurdle for them and it will certainly pose a challenge for those who are used to turning up at their accountants once a year with a Tesco bag stuffed with papers.

On this theme my daughter is becoming self-employed as a barber. This means of course registering the fact with HMRC and keeping records; the following abridged conversation indicates the challenges:

- *Me – if you are becoming self-employed you need to keep records of what you earn and spend.*
- *Her – why?*
- *Me – Records help you to know how you are doing*
- *Her – I know how I am doing – if there is money in my purse I am doing ok*
- *Me – (deep sigh) and also so you can tell the taxman what profit you make.*
- *Her – why?*
- *Me – so that they can take tax off you.*

You can probably guess how this conversation developed. There are arguments for increasing indirect taxation (VAT) and increasing allowances to reduce the administration that puts so many off being self-employed, especially given the planned new digital regime.

P.P.S.

Thank you to those of you who have responded to our communications asking you to confirm that you wish to receive these newsletters. We will send one further email asking you to sign up to future newsletters. Sadly if you do not respond this will be the last one that we can send to you under changing European Data Protection legislation.



This document should only be read by those persons to whom it is addressed and is not intended to be relied upon by any person without subsequent written confirmation of its contents. Accordingly, S Johnson Wealth Management LLP disclaim all responsibility and accept no liability (including in negligence) for the consequences of any person acting, or refraining from acting, on such information prior to the receipt by those persons of subsequent written confirmation.

This message and any files transmitted with it are confidential and intended solely for the use of the addressee. If you have received this message in error please notify the sender and destroy all copies of the message and any attached files. We make every effort to keep our network free of viruses but take no responsibility for viruses once this email has

been transmitted. S JOHNSON WEALTH MANAGEMENT LLP ARE AUTHORISED & REGULATED BY THE FINANCIAL CONDUCT AUTHORITY.

S Johnson Wealth Management LLP, 348 Bromford Lane, Ward End, Birmingham. B8 2RZ

[Send me your feedback on this newsletter](#)

Click here to [unsubscribe](#).

www.RiskAndReturn.co.uk



[Visit our Facebook page](#)

Tel: 0121-327-1977 / Fax: 0121-327-5139