

MMWealth

Chartered Financial Planners



40 YEARS IN BUSINESS
1984 - 2024



Market Update – November 2024



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Budgets and Elections



UK Budget Update



Income Tax and National Insurance

- Increase the rate of employer NICs by 1.2 percentage points to 15%.
- The per-employee threshold at which employers start to pay National Insurance will be reduced from £9,100 per year to £5,000 per year.
- These changes will apply from 6 April 2025.
- Increasing the Employment Allowance from £5,000 to £10,500
- Removing the £100,000 threshold, expanding this to all eligible employers.

Income Tax and National Insurance

- The government will not extend the freeze to income tax and National Insurance contributions thresholds.
- From April 2028, these personal tax thresholds will be uprated in line with inflation.



Capital Gains Tax



- The Budget increases the lower rate of Capital Gains Tax (CGT) from 10% to 18%
- And the higher rate from 20% to 24%.
- From 30 October 2024
- CGT on second properties remains 18 / 24%

Business Asset Disposal Relief



- The lifetime amount of gains eligible for Business Asset Disposal Relief remains at £1 million
- The rate of CGT payable on such gains will increase
 - From 6 April 2025 – 10% to 14% (£40,000 additional tax)
 - From 6 April 2026 – to 18% (£80,000 additional tax)

Agricultural Property Relief and Business Property Relief



- In addition to existing nil-rate bands and exemptions,
- The 100% rate of relief will continue for the first £1 million of combined agricultural and business assets (including Enterprise Investment Schemes - EIS)
- And will be 50% thereafter – giving an effective rate of Inheritance Tax of 20%



Business Property Relief

- The government will also reduce the rate of business relief to 50% in all circumstances for shares listed on a market not designated as a recognised stock exchange, such as AIM
- Not BPR related, but Enterprise Investment Schemes and Venture Capital Trusts extended to 2035

Pensions

- Applying inheritance tax to unspent pensions pots
 - No longer outside estate from 2027
- Consultation until January 2025
- No changes to Lifetime Allowances, ie:
- No restriction on maximum size of pension fund
- Except where protection in place
 - Tax free cash restricted to £268,275
 - Tax free lump sum death benefits restricted to £1,073,100
- Annual limits on pension savings also unchanged



Inheritance Tax

- The current inheritance tax thresholds frozen until April 2030
- Nil Rate Band £325,000 and Residence Nil Rate Band £175,000
- Interest on late payment increasing by 2% to base rate + 4% (currently 8.75%)



School Fees



- VAT at 20% applied to private school education and boarding services from 1 January 2025
- From 1 April 2025, charitable relief for business rates to be withdrawn

Non-Domicile

- The non-domicile tax regime is to be abolished from 6 April 2025.
- Domicile will no longer be a feature of the UK tax system and will be replaced by a system based on residency.



Stamp Duty Land Tax



- From 31 October 2024 – higher rate for additional dwellings SDLT increase from 3% to 5%
- No mention of extension to temporary changes to SDLT due to end 31 March 2025
- From 1 April 2025 – SDLT applies
 - £250k to £125k
 - £425k to £300k – for first time buyers, at 0% SDLT
 - £150k for non-residential land and properties (no change)

Businesses



- Government will cap the rate of Corporation Tax at 25% for duration of parliament
- Permanently lower business rates multipliers for retail, hospitality and leisure (RHL) properties from 2026-27.
- Freezing the small business multiplier and providing 40% relief on bills for RHL properties, up to a £110,000 cash cap.



Timeline

- Capital Gains Tax – 30 October 2024
- Stamp Duty – 31 Oct 2024
- VAT on school fees – 1 January 2025
- NI – 6 April 2025
- CGT (Business Asset Disposal Relief and Investors Relief) – 6 April 2025 through to April 2026
- Agricultural Relief and Business Property Relief – April 2026
- Pension Reform – April 2027

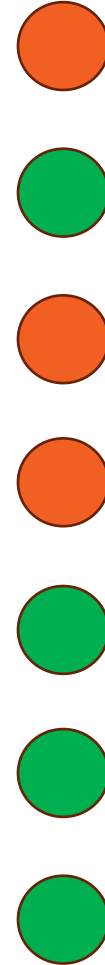
Market Update



MM Wealth

Q3 Outlook

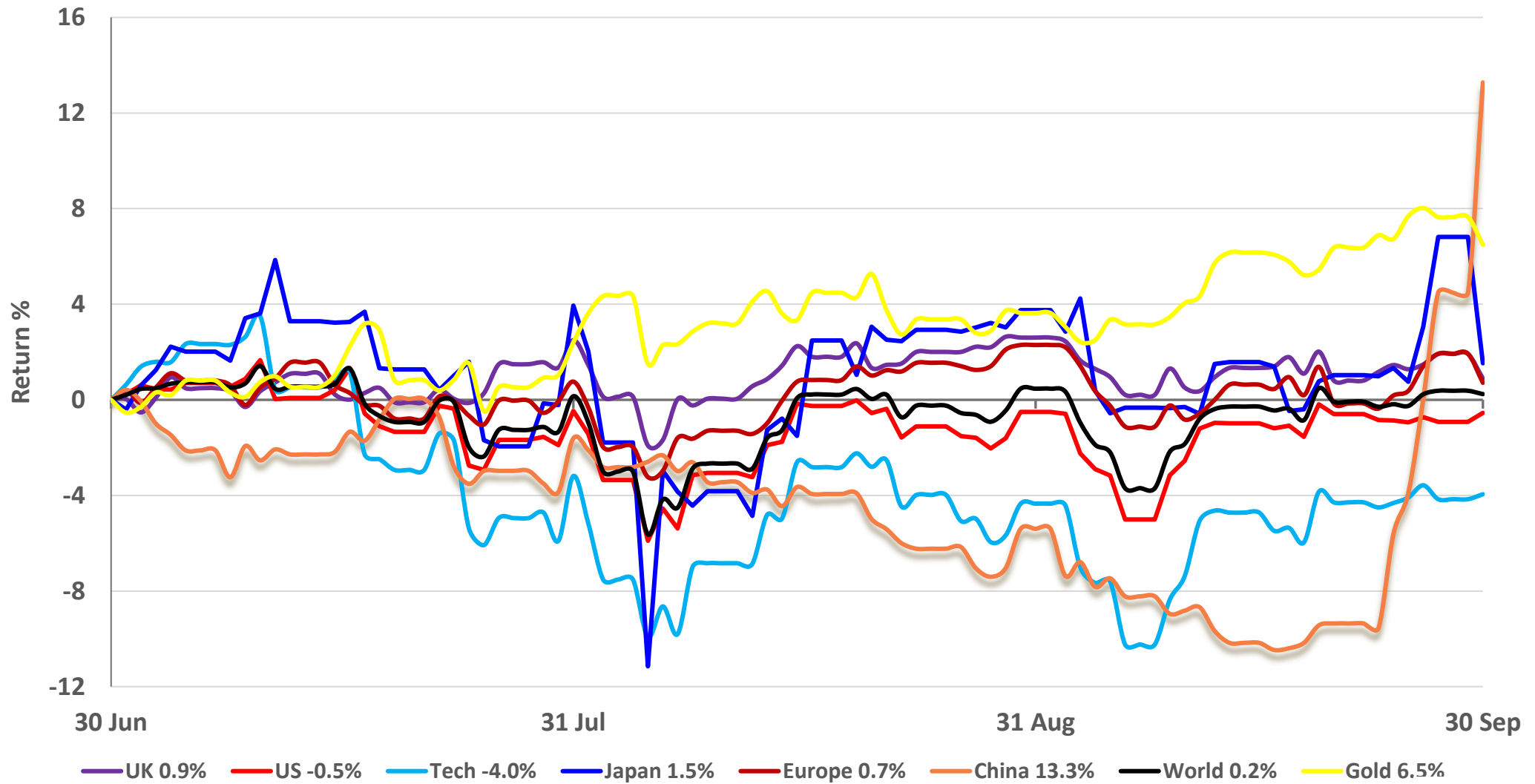
- For July at least, returns broadened out from the narrow tech mega-cap focus – can the rotation continue?
- Interest rate cuts to follow from US, further for UK and Europe
- Europe, and France, now the basket case for geopolitical uncertainty, while UK politics looks more becalmed
- Trump vs Harris – growth inflation or more of the same ahead
- Upwards revisions to growth, but below trend, for the UK and Europe, while growth expected to decelerate in the US
- The gradual escalation of conflicts, Ukraine and the Middle East, are difficult to account for in strategies
- Careful selection and continued diversification sensible – stay the course, don't panic



Q3 Market Drivers

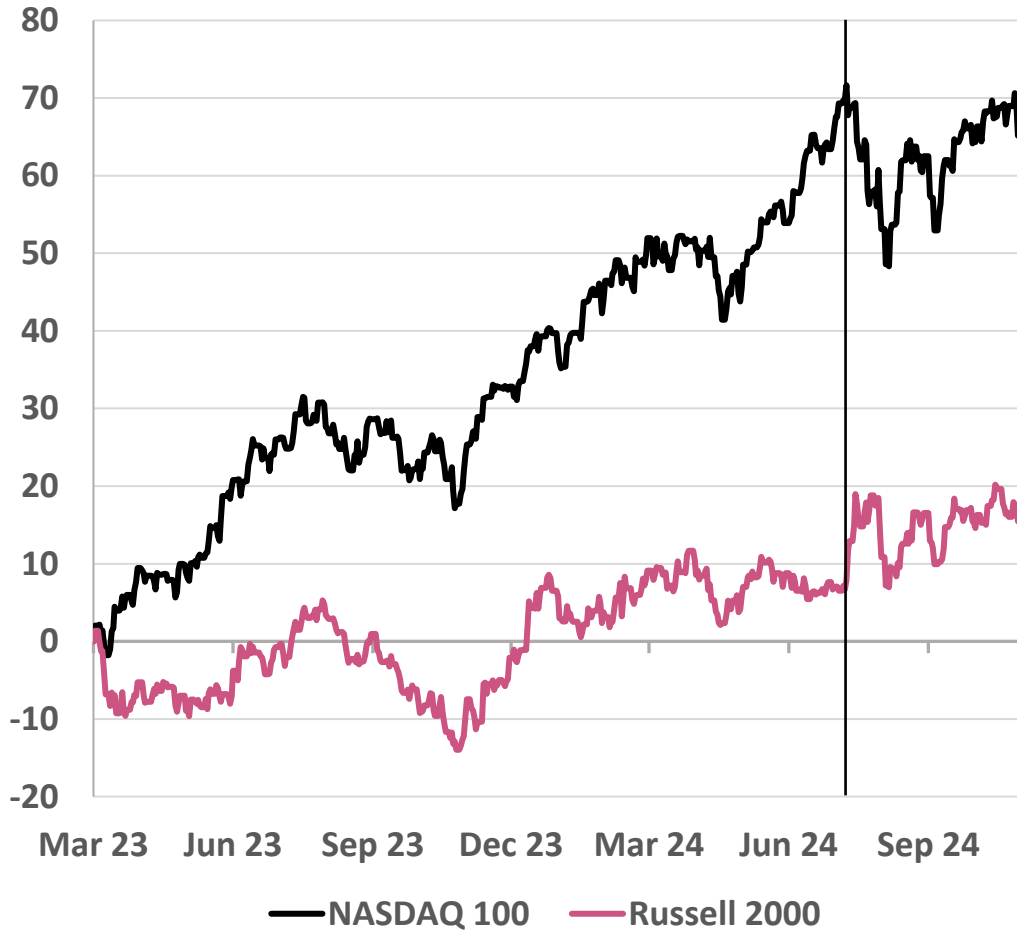
<p>Positive but volatile</p> <ul style="list-style-type: none"> • A marginally positive performance, marked by episodes of elevated volatility • But risk-off sentiment doesn't last for long 	<p>Yen 'carry trade' unwind</p> <ul style="list-style-type: none"> • Rate hike by Bank of Japan sparks reversal of the Yen carry trade • Cheap Yen borrowing to fund investment in speculative growth assets like US tech 	<p>US economic data cools</p> <ul style="list-style-type: none"> • A weak US jobs report reignited recession fears • Federal Reserve cuts interest rates 0.5% to reassure market 	<p>Chinese stimulus</p> <ul style="list-style-type: none"> • Beijing boosts market at end of quarter with fresh round of stimulus • Strong market recovery, but further stimulus expected 	<p>Europe follows the US</p> <ul style="list-style-type: none"> • ECB makes second interest rate cut of 0.25%, lowering growth outlook and raising core inflation forecast • Further 0.25% cut expected this year 	<p>And so does the UK</p> <ul style="list-style-type: none"> • Bank of England also eased policy, cutting rates by 0.25% • Inflation moved closer to 2% target • Further 0.25% cut expected this year

Q3 Market Performance in GBP

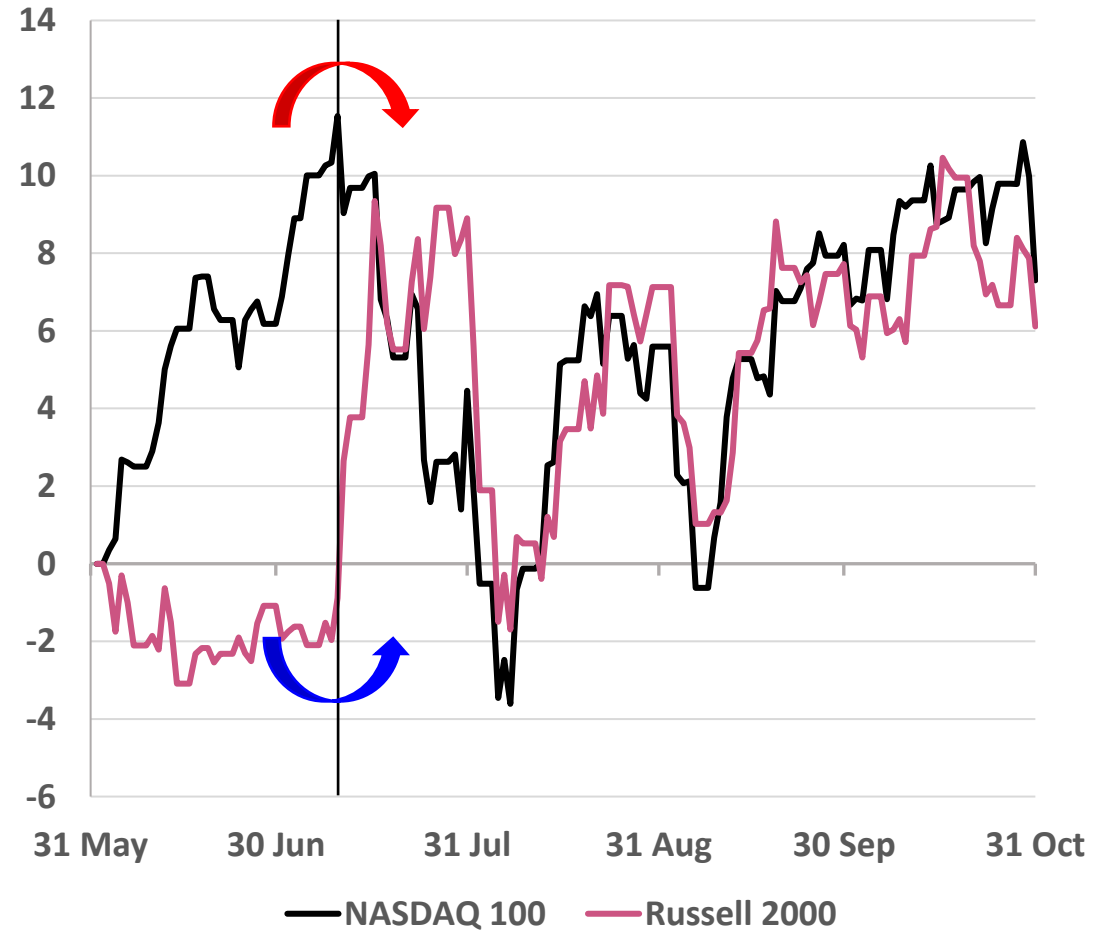


Is the rotation over?

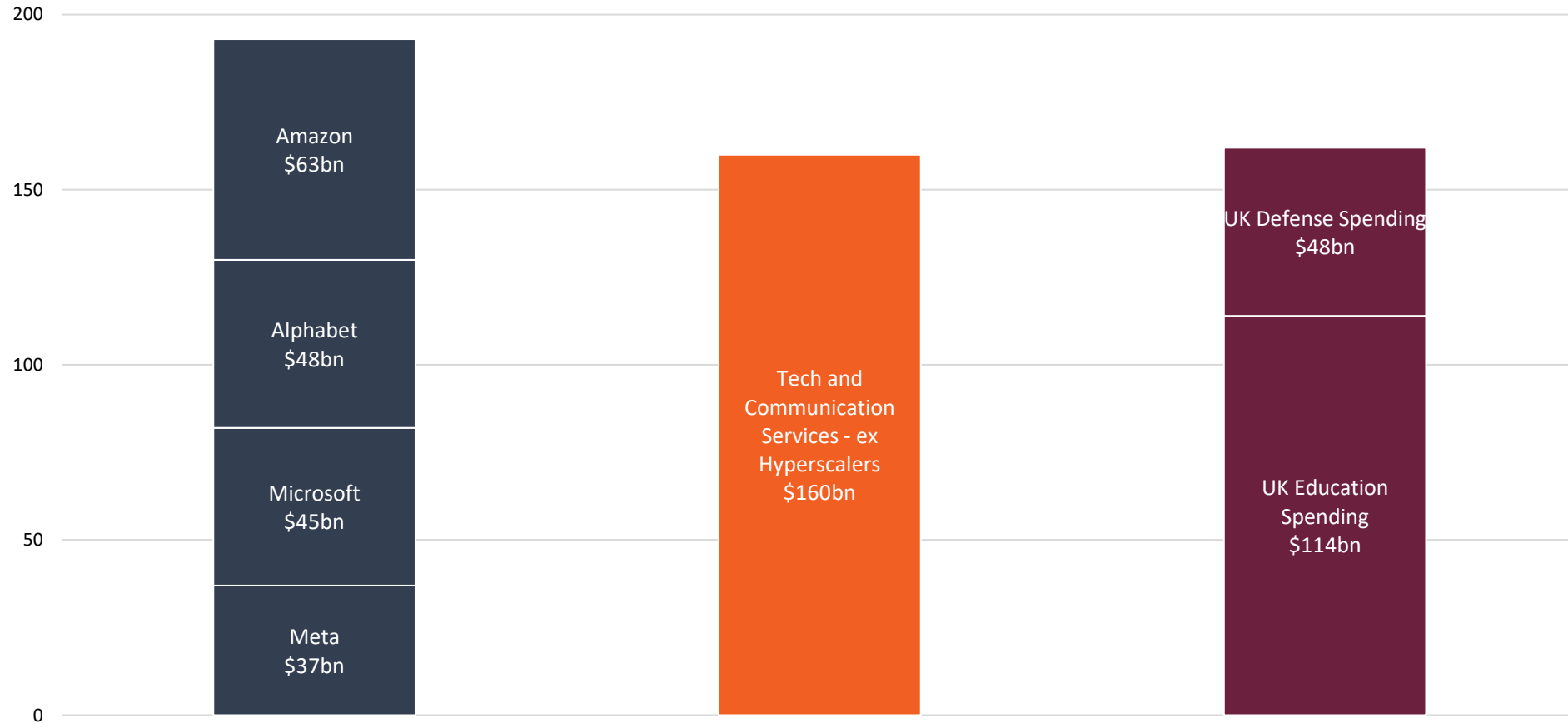
US Tech vs Wider Market - significant outperformance



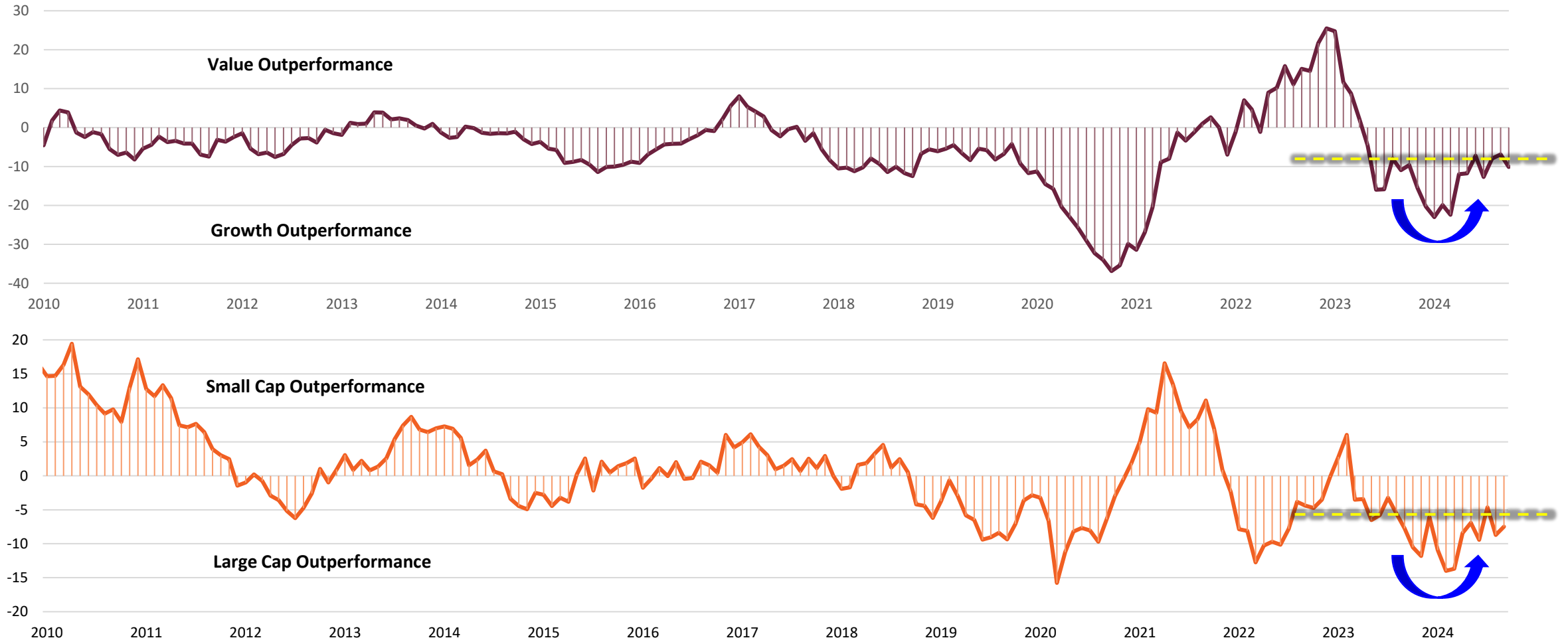
US Tech vs Wider Market – in line



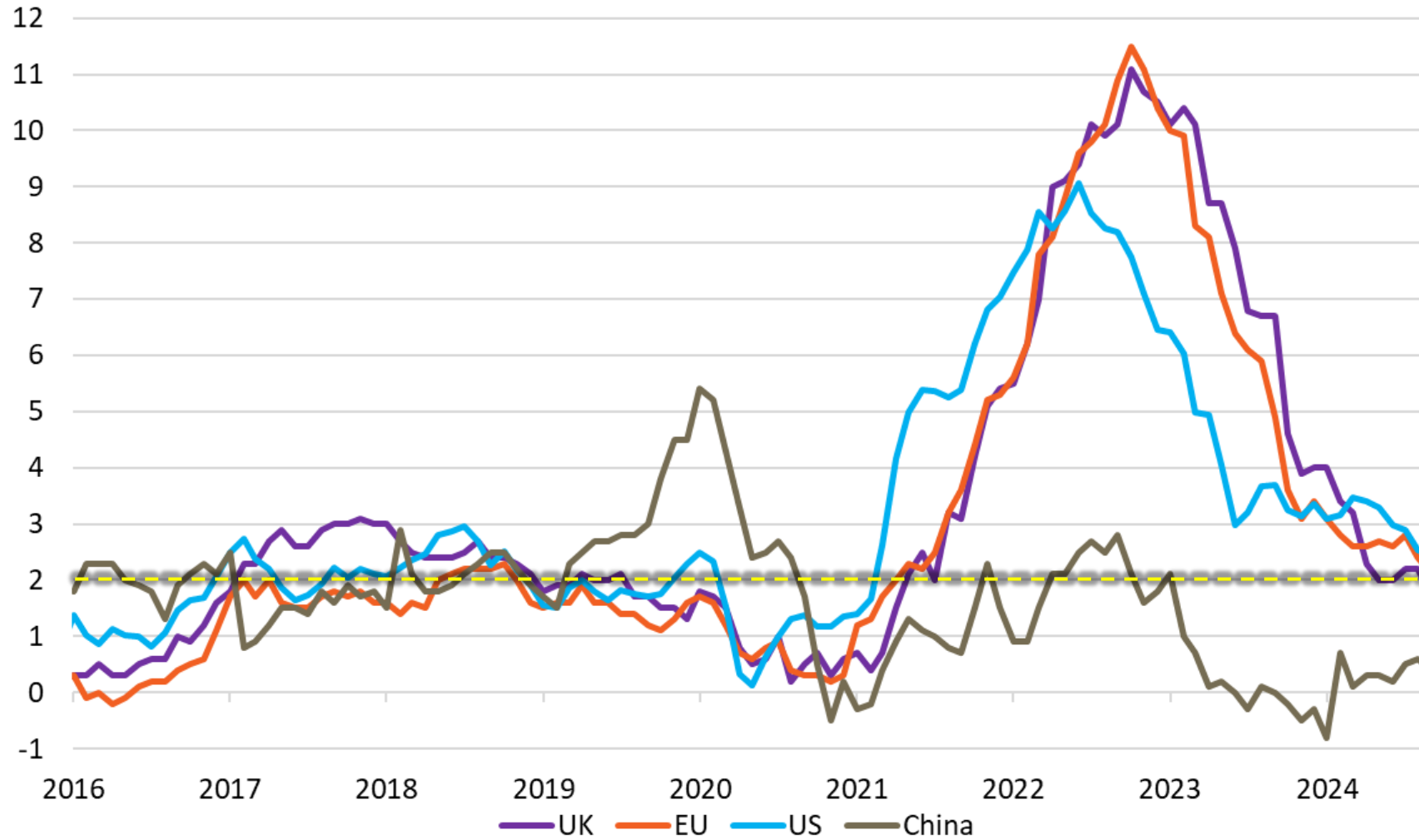
'Hyperscalers' expenditure versus broader tech



Large/Growth still dictating

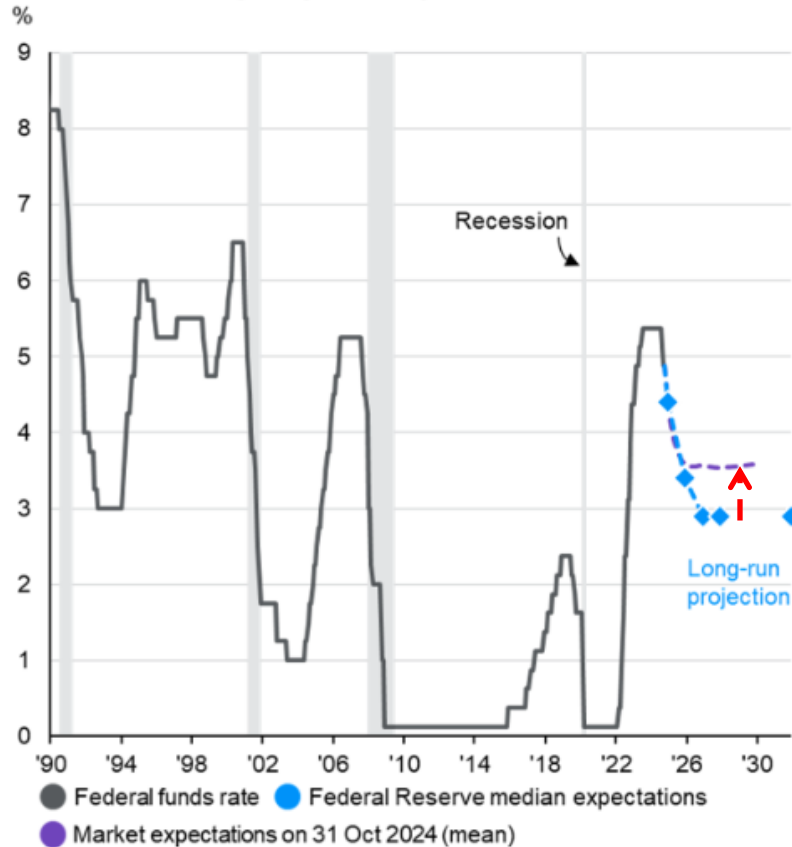


But inflation continues to cool

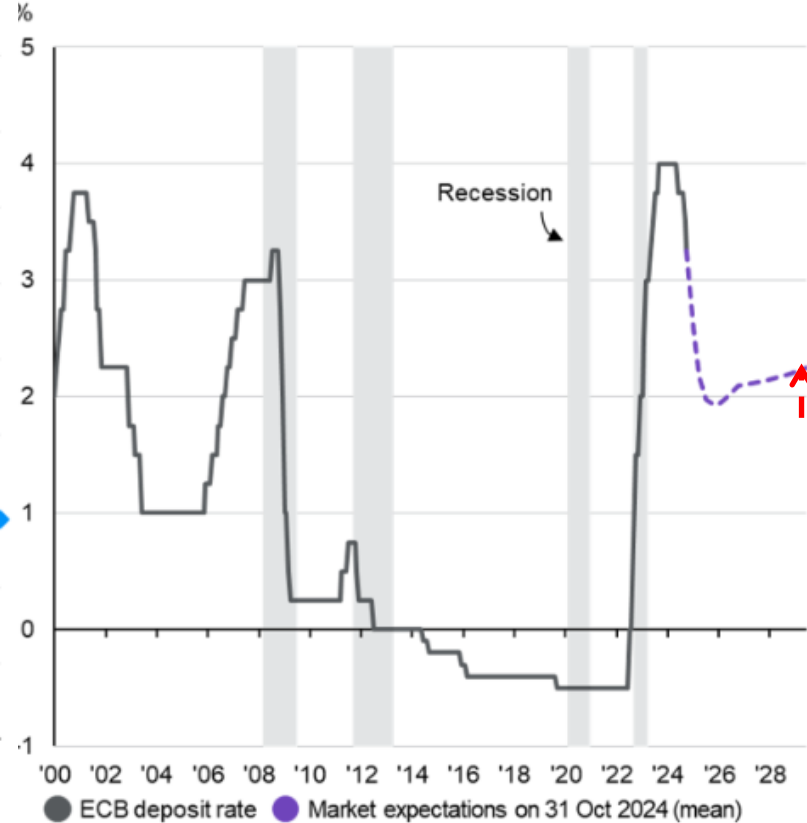


Interest rate expectations

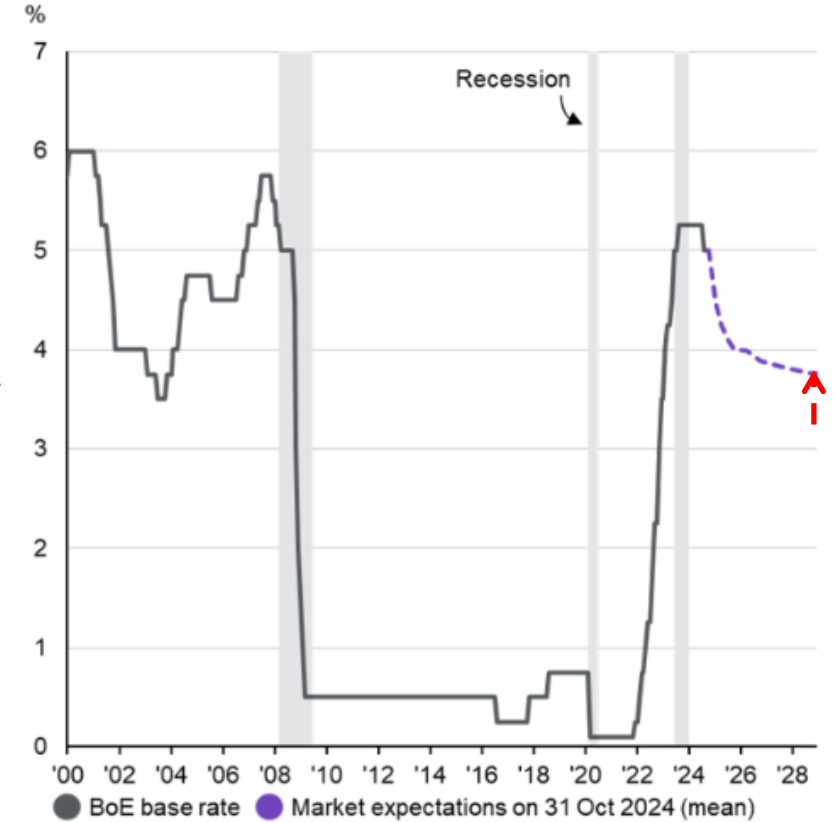
Federal Reserve policy rate expectations



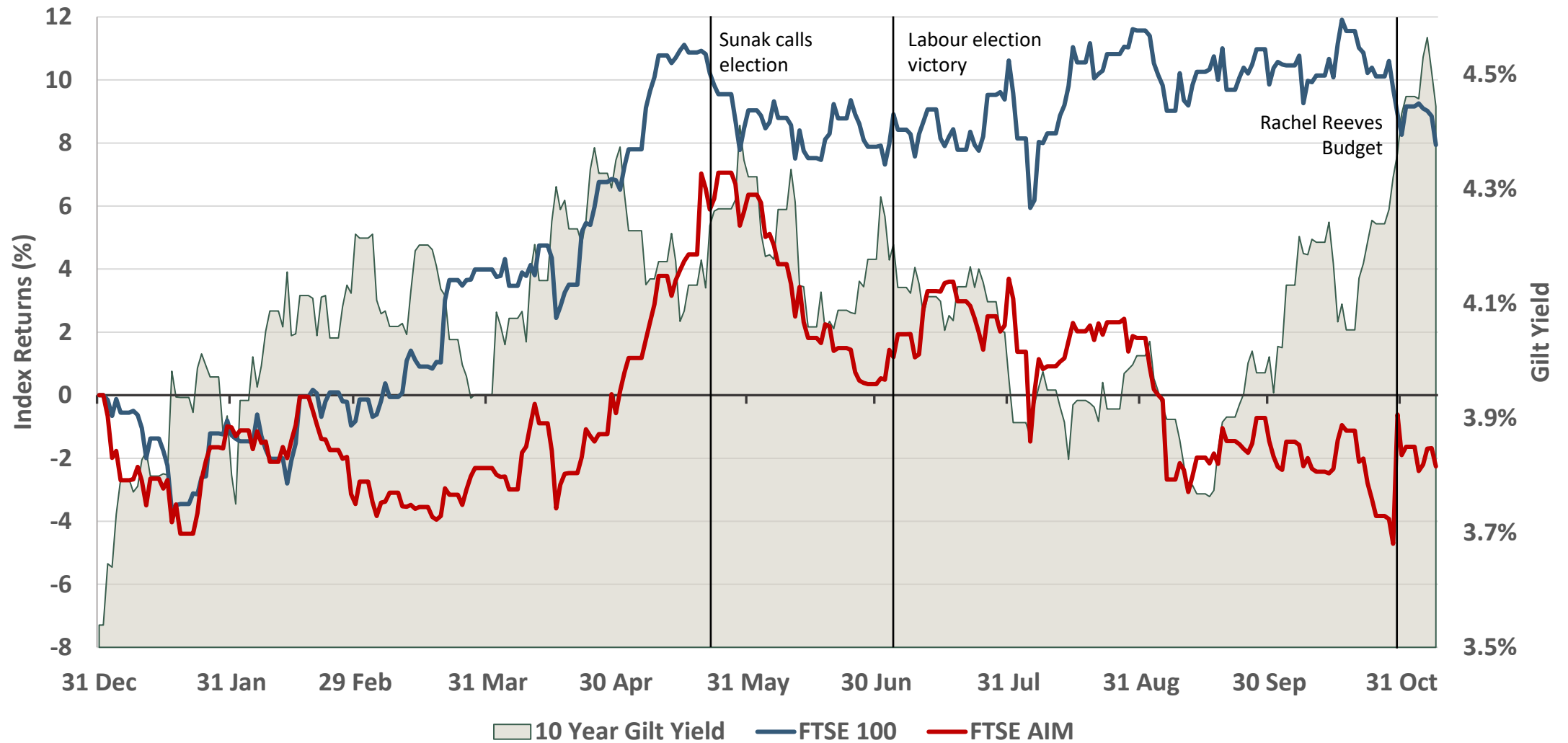
European Central Bank policy rate expectations



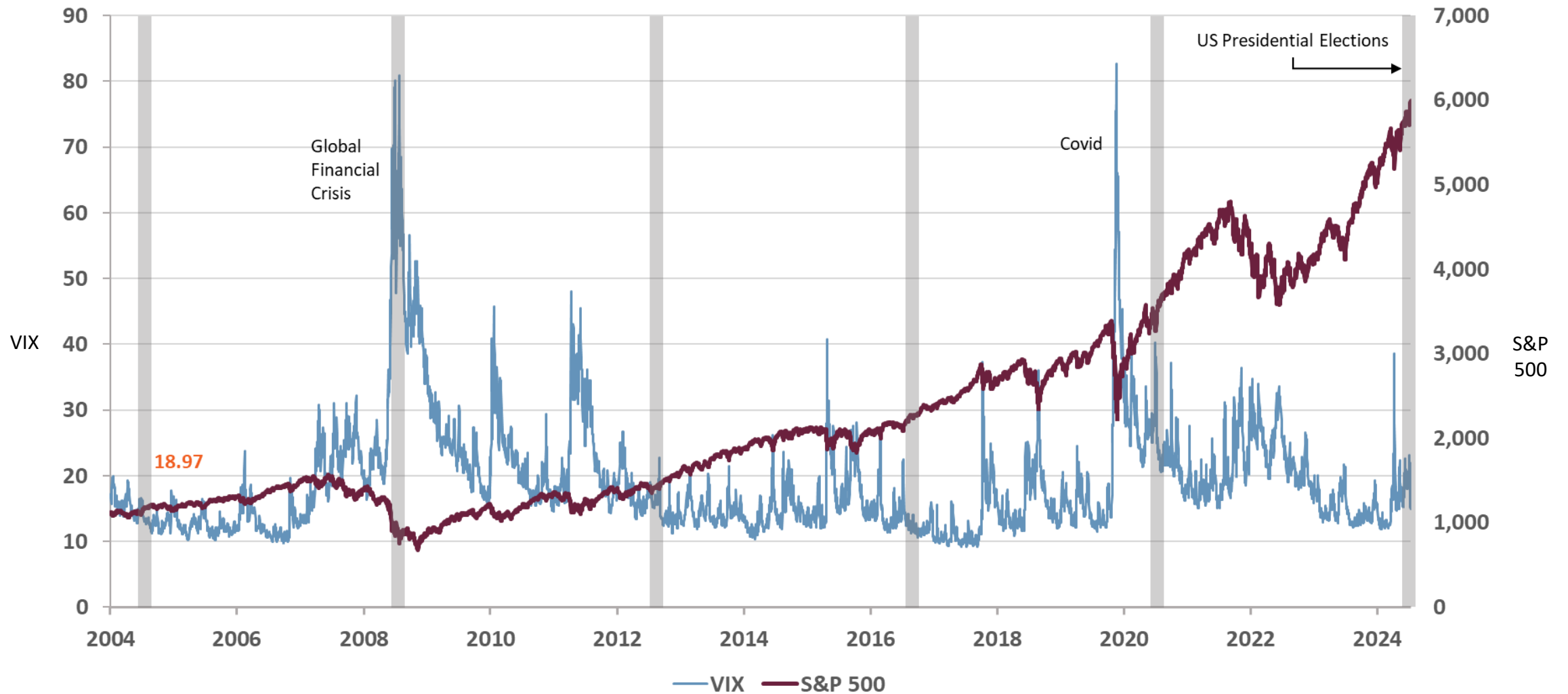
Bank of England policy rate expectations



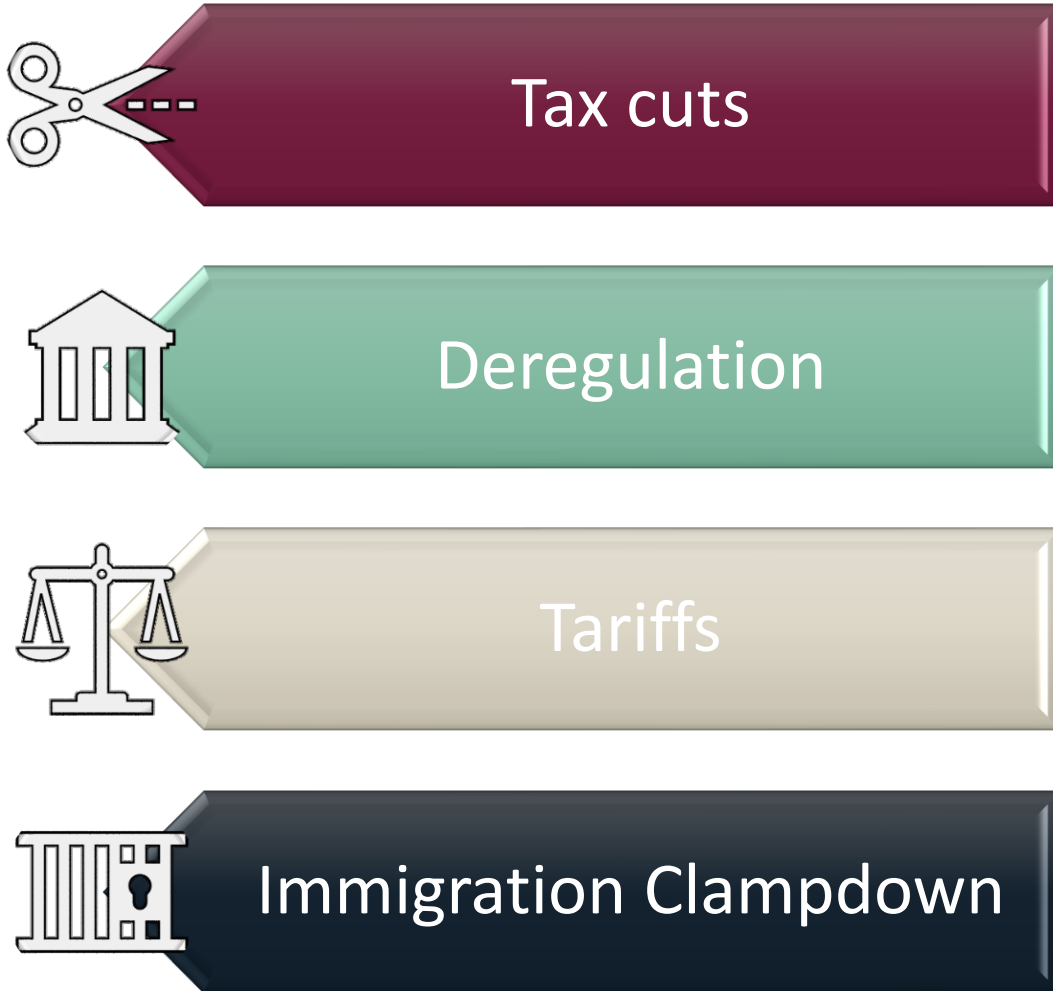
Reeves delivers stability?



The Fear Index – do markets care about elections?



Trump 2016 vs 2024 – is it different this time?



- Tax cuts
- Deregulation
- Tariffs
- Immigration Clampdown

“A clean sweep will strengthen his protectionist hand”

George Saravelos, Deutsche Bank AG



THE SELECT COMMITTEE ON THE STRATEGIC COMPETITION BETWEEN THE UNITED STATES AND THE CHINESE COMMUNIST PARTY

RESET, PREVENT, BUILD:
A Strategy to Win America's Economic Competition with the Chinese Communist Party

UNITED STATES CONGRESS

Harris fails to appeal to a wider base

-  Tax & Economic Reforms
-  Labour & Economic Equity
-  Civil Rights & Freedoms
-  Healthcare
-  Climate & Environmental Justice



Policy impact on US deficit

"Make America Great Again!"

"Together we can win this!"

Increase Deficit

Full extension of expiring individual tax cuts	Expand Child tax credits
Expand earned income tax credit	Enhanced subsidies for health insurance
First homebuyer credit	Remove tax on tips

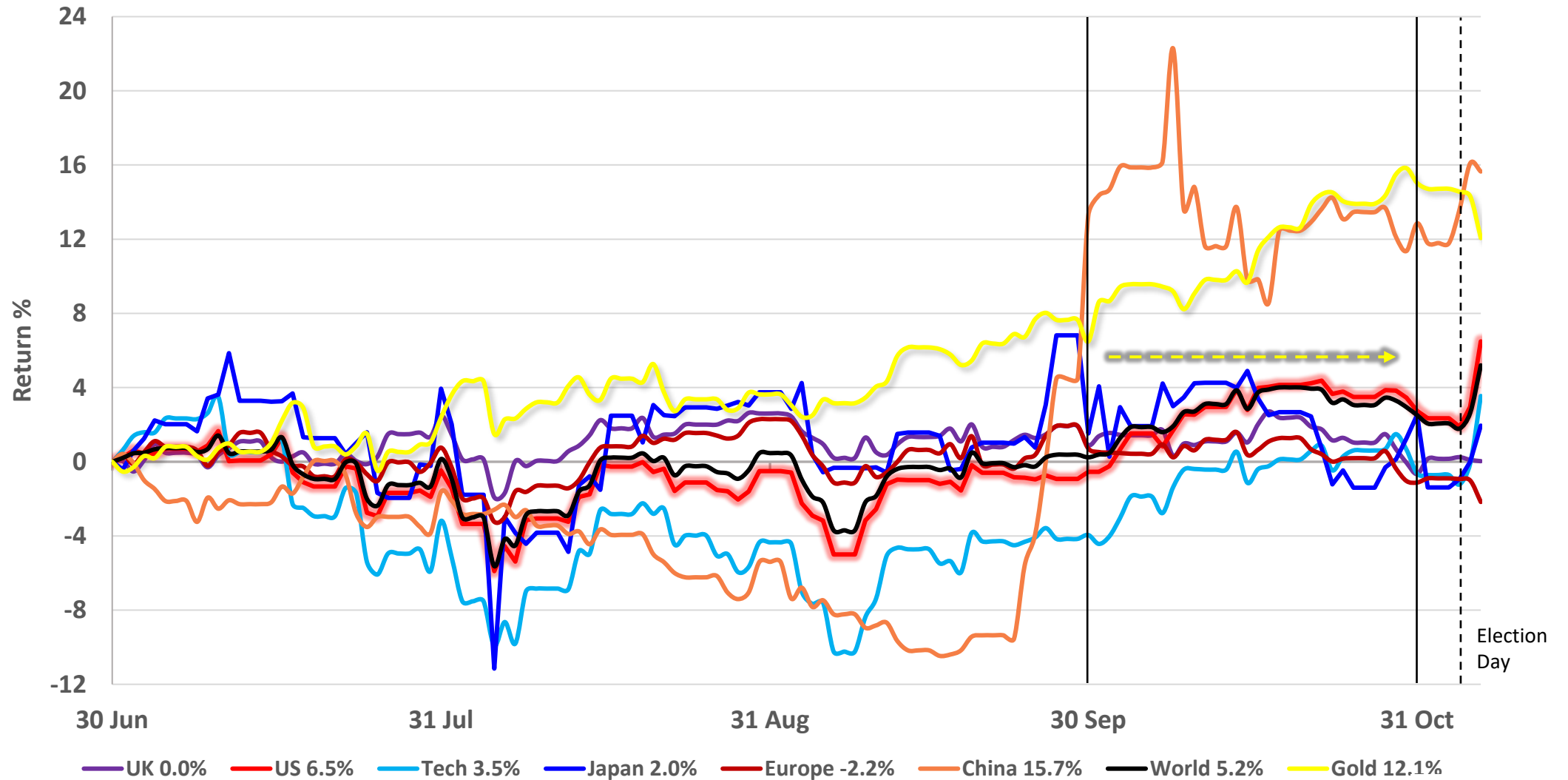
Extend expiring individual tax cuts for those earning under \$400 k	Expand Child tax credits
Expand earned income tax credit	Enhanced subsidies for health insurance
First homebuyer credit	Remove tax on tips

Decrease Deficit

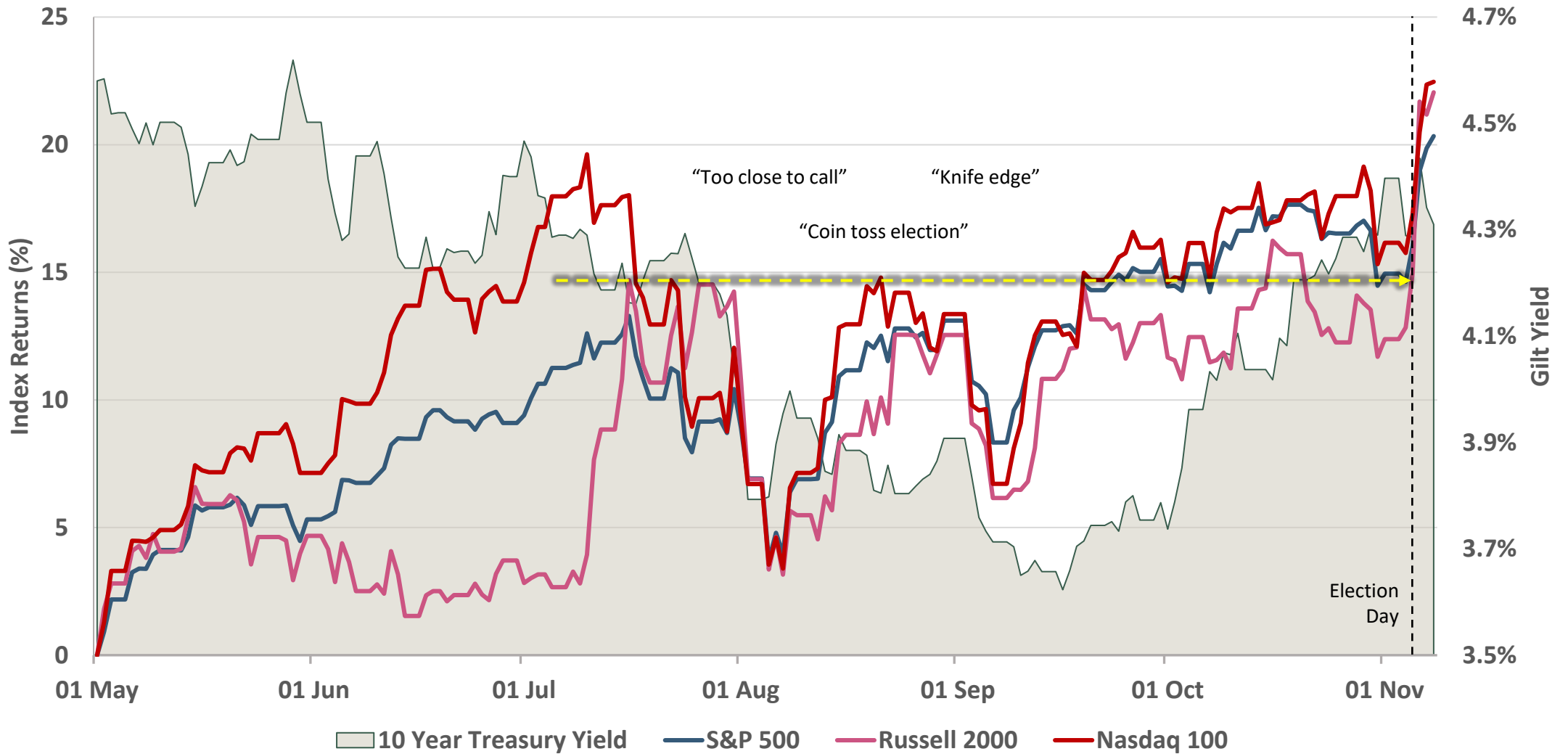
10% tariffs and even higher on Chinese imports	Remove subsidies on EVs
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Raise corporation tax to 28% from 21%	Raise capital gains tax for high income earners
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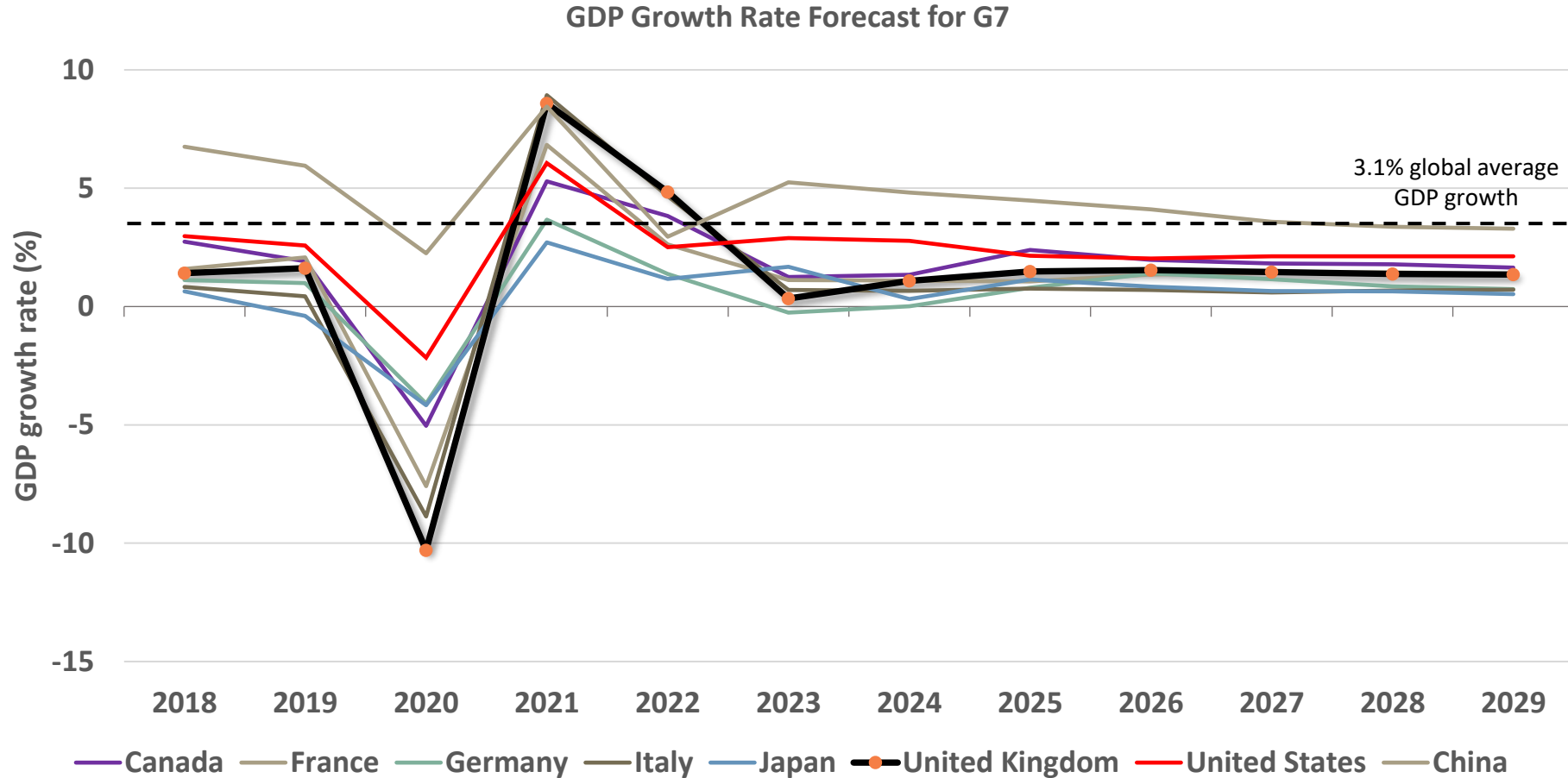
Pre-budget and election caution



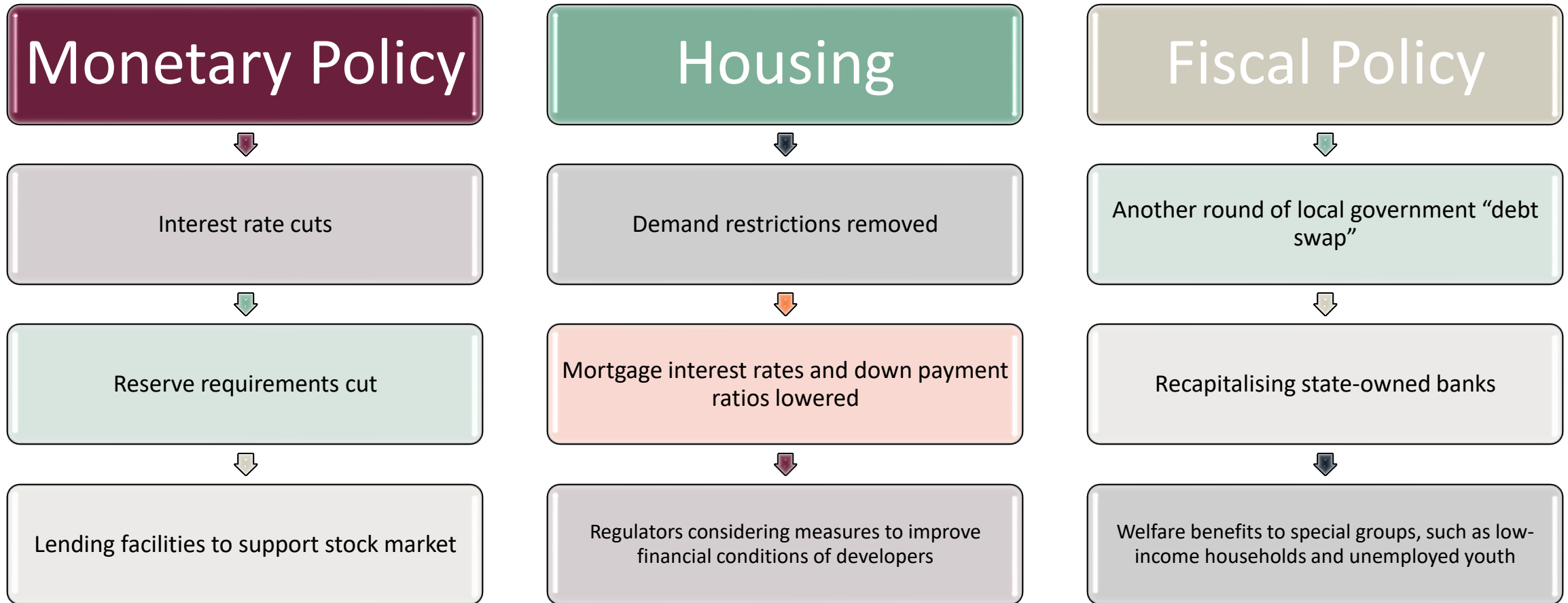
Pre/Post Election short term US market verdict



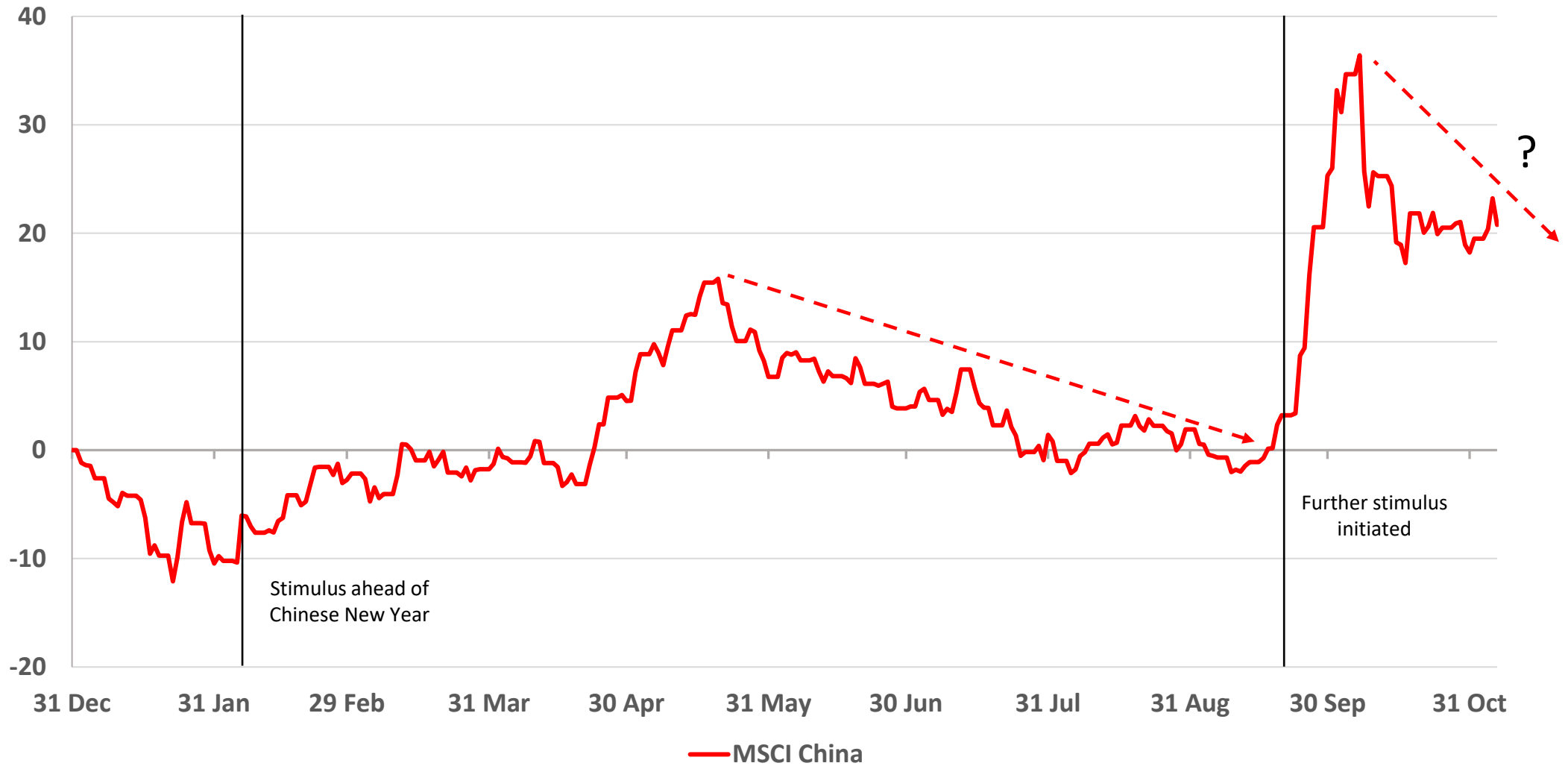
Stable, but below average growth



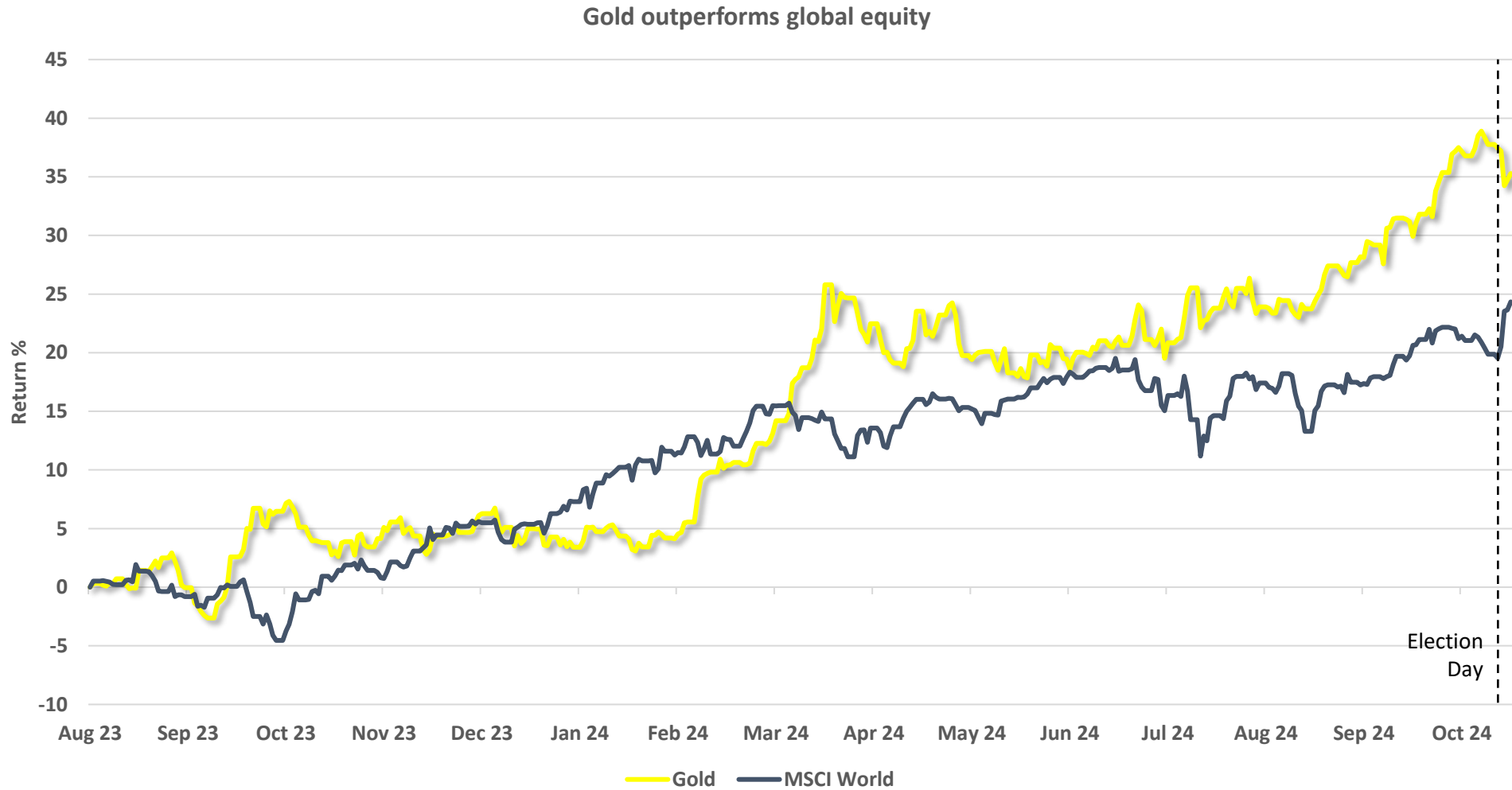
China's "whatever it takes" moment



Stimulus gives a boost, but is it enough yet?



Gold continues to hit new highs

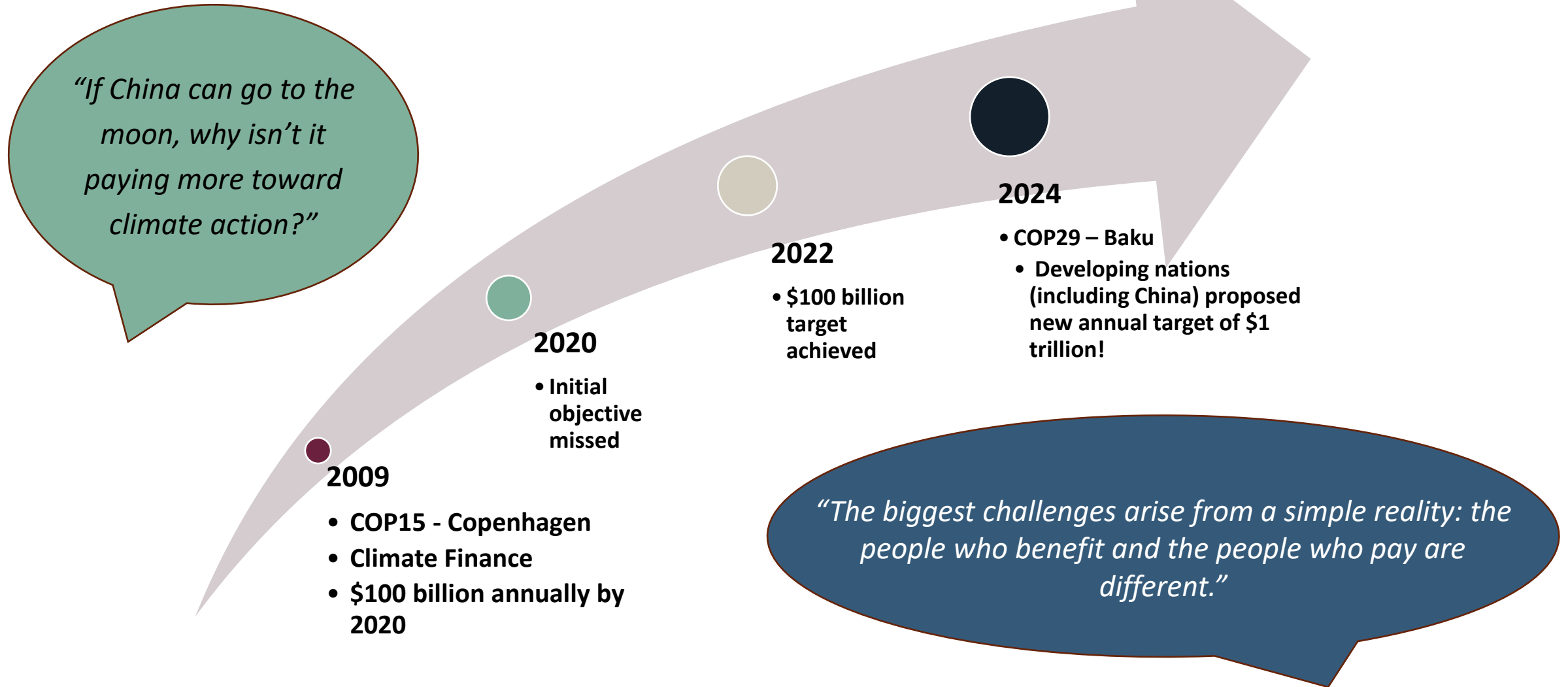


More war, less impact

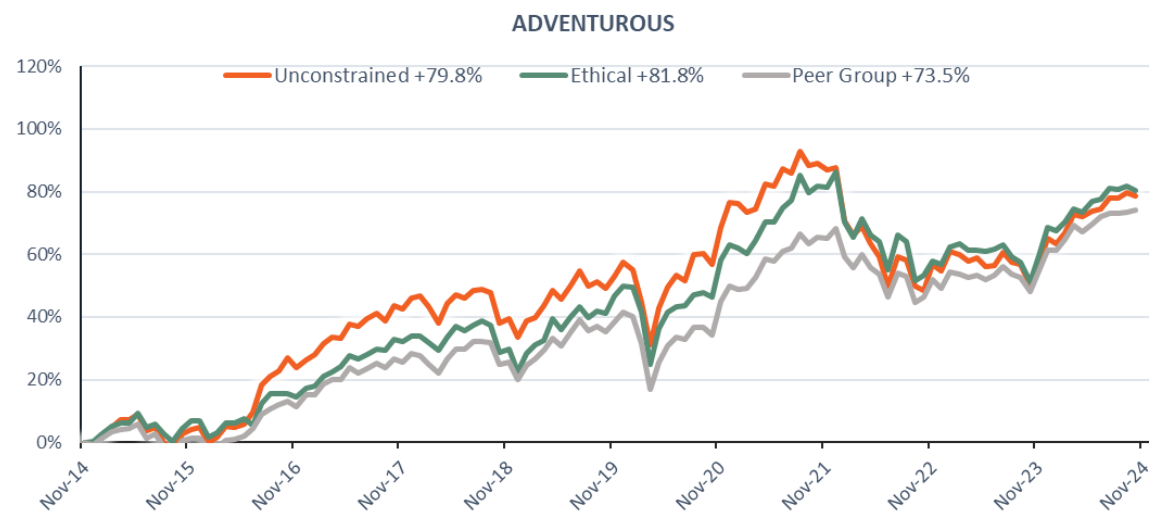
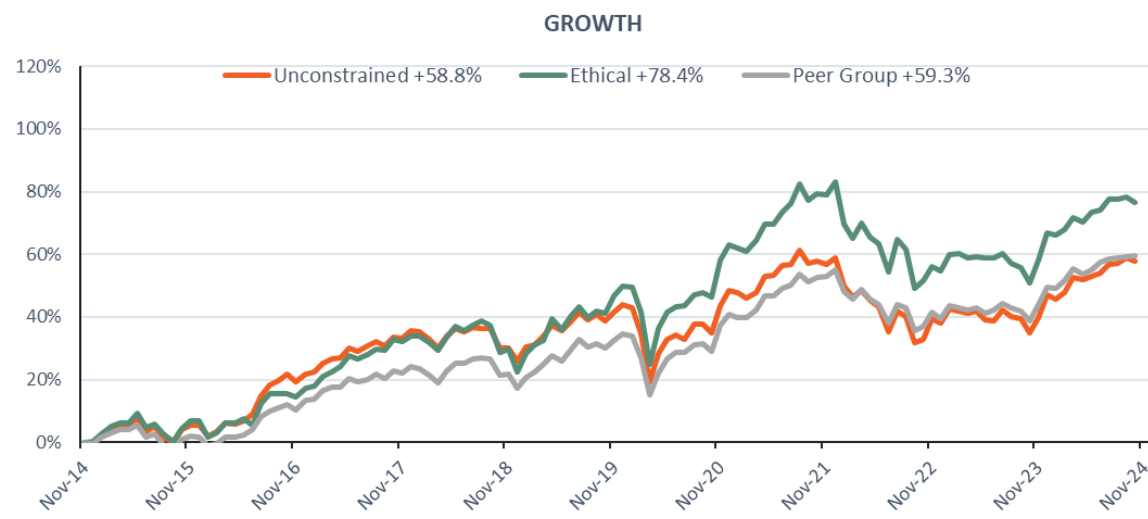
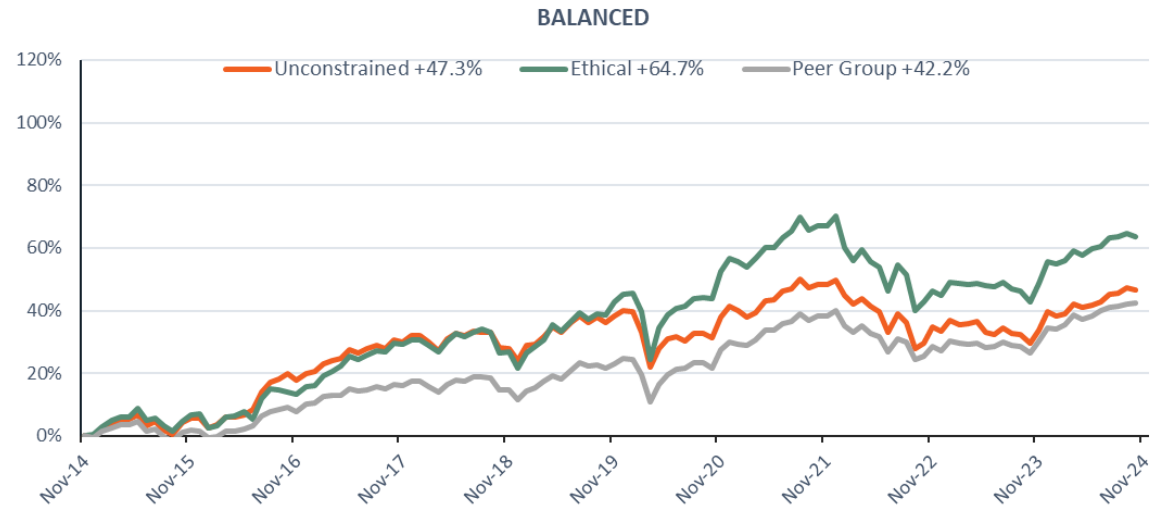
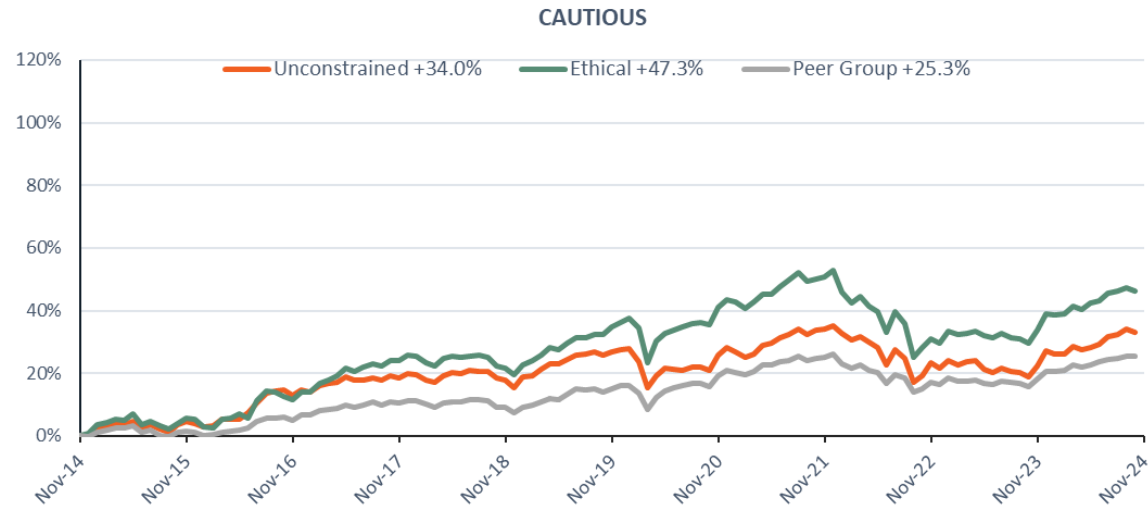
Crude Oil Price



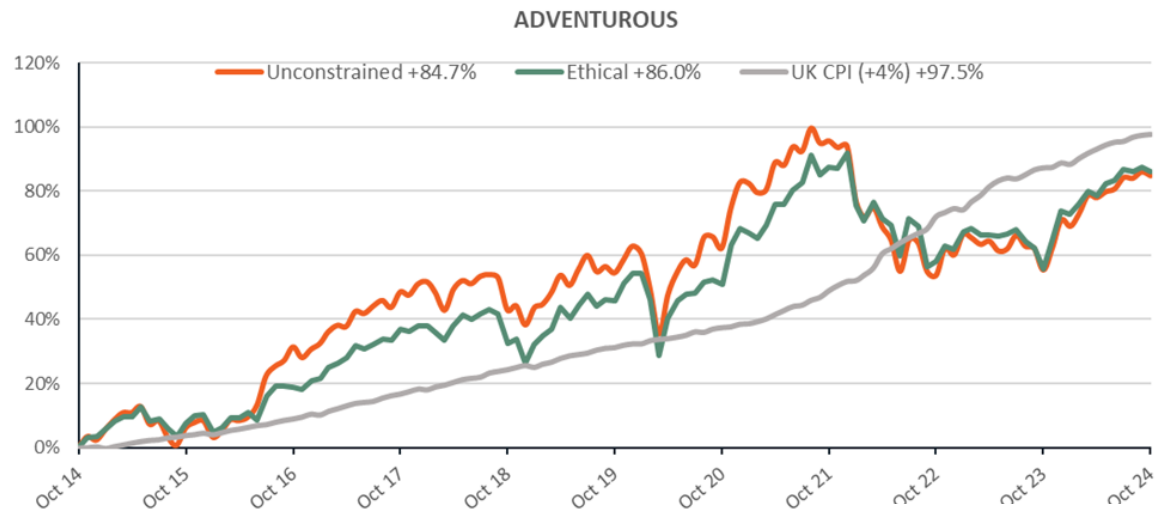
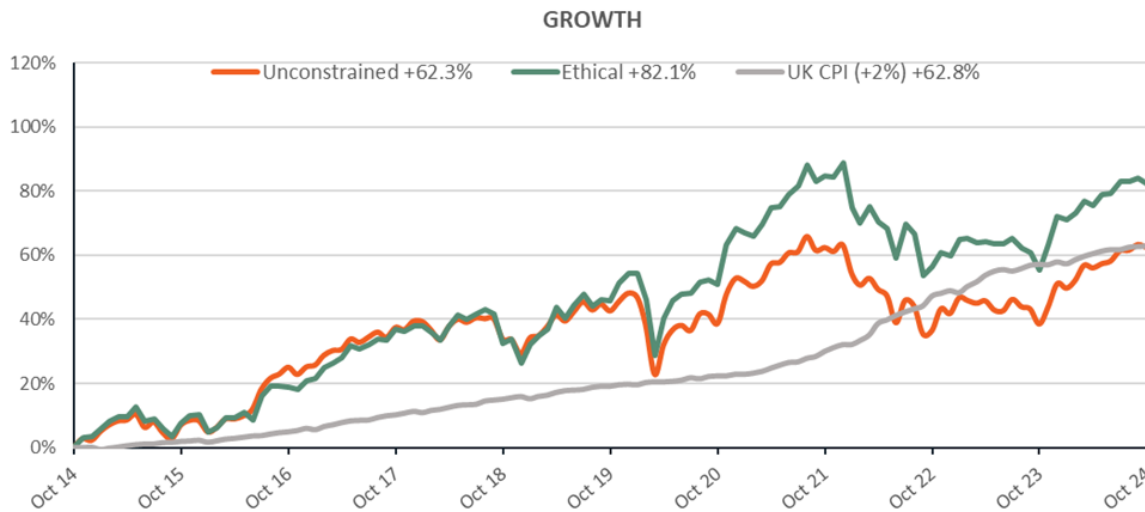
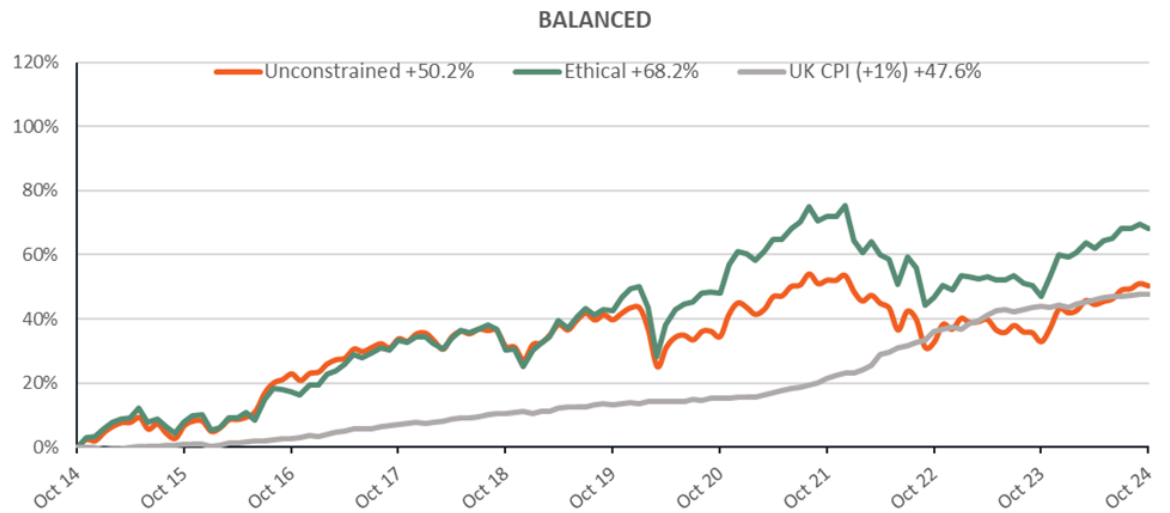
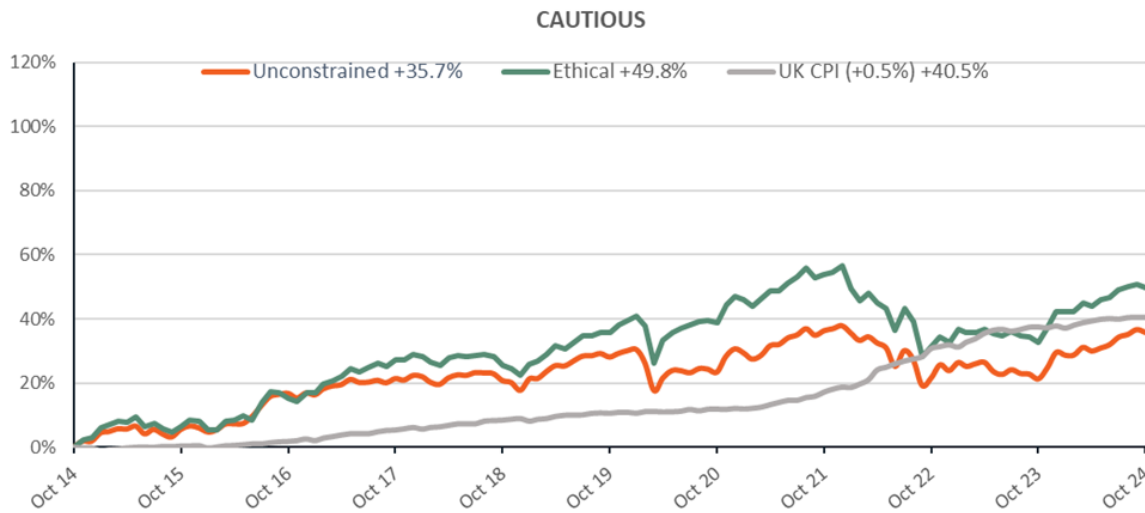
COP29 – it's all about the money



MM Wealth strategies – 10-year performance vs peer group comparison



MM Wealth strategies – 10-year performance vs CPI-plus targets



10 years of markets and major events



Outlook

Policymakers continue their delicate balancing act against inflation, cautiously using rate cuts to curb price growth while aiming to sustain GDP momentum

Interest rates are expected to decrease over the next year but will likely stabilise above the near-zero levels seen over the past decade

Higher-for-longer rates create favourable conditions for long-term bond investors, especially within developed market government debt

Equity returns unlikely to be as strong as they have been, particularly in the US, underscoring importance of globally diversified portfolios

But higher bond yields and returns, combined with global asset diversification, should help smooth portfolio returns and support positive outcomes moving forward

Upcoming dates for your diary



Next webinar – Wednesday 26 February 2025

**Annual client seminar at The Jockey Club Rooms:
Growing and Preserving Wealth – 3 July 2025**

Appendix

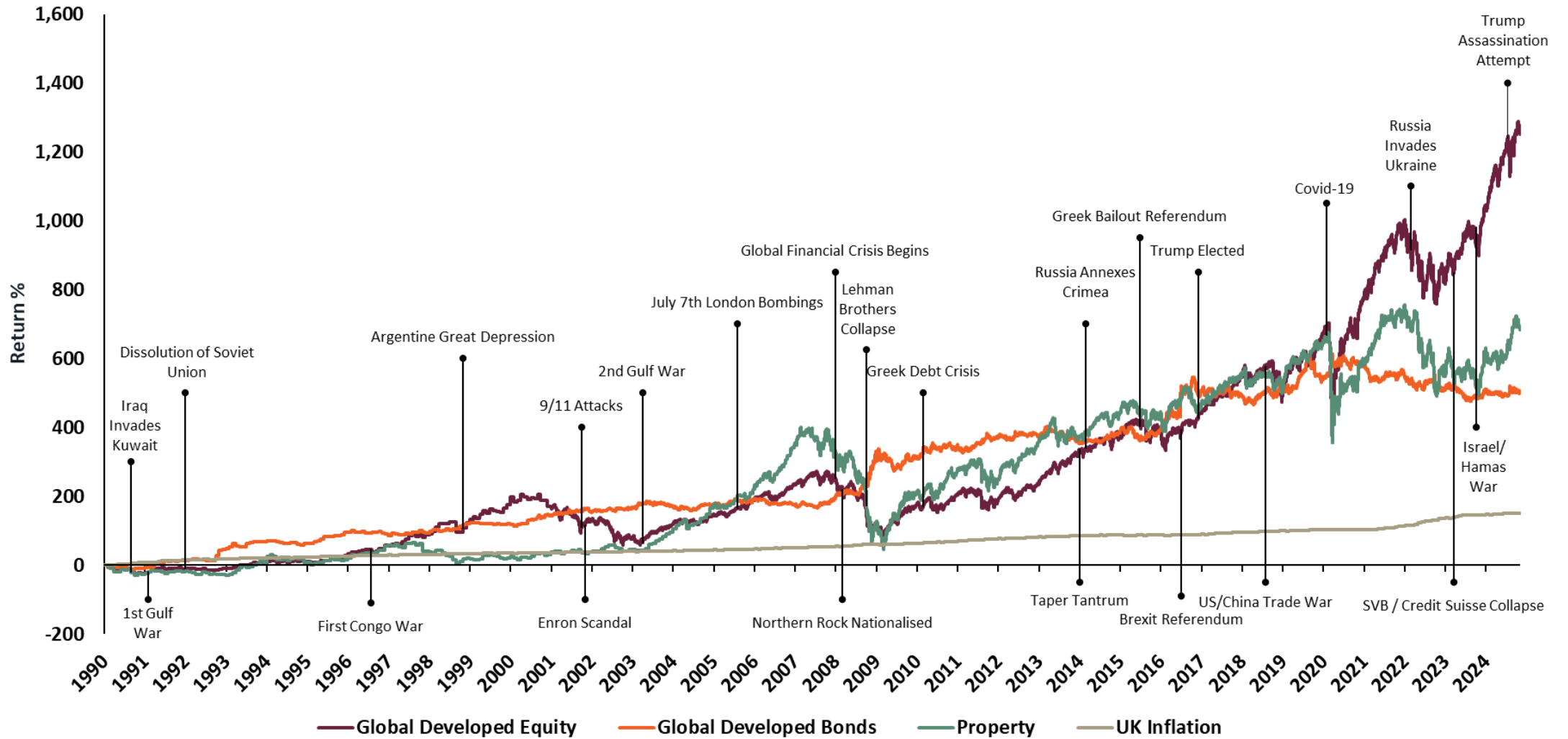
Global Market Returns in GBP

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Best	61.54 China	17.04 Japan	33.55 US - S&P 500	30.55 Emerging Markets	6.26 US - NDX	34.07 US - NDX	44.28 US - NDX	29.89 US - S&P 500	0.34 UK	46.38 US - NDX	19.43 US - NDX
	26.83 US - NDX	16.11 US - NDX	27.96 US - NDX	25.13 Asia Ex Japan	1.56 US - S&P 500	31.89 China	34.08 China	28.68 US - NDX	-5.42 Global Ex US	21.61 Global	18.97 US - S&P 500
	20.76 US - S&P 500	8.37 China	27.34 Asia Ex Japan	21.48 US - NDX	-2.16 Japan	26.43 Europe Ex UK	20.63 Japan	23.53 Europe Ex UK	-7.08 Asia Ex Japan	19.16 US - S&P 500	18.30 China
	9.32 Global	8.30 Europe Ex UK	25.96 Japan	21.12 China	-7.69 Global	26.41 US - S&P 500	19.12 Emerging Markets	20.90 Global	-7.79 US - S&P 500	16.36 Europe Ex UK	17.61 Global
	9.21 Asia Ex Japan	7.25 US - S&P 500	24.64 Global Ex US	19.77 Global	-8.57 Asia Ex Japan	26.24 Global	18.66 Asia Ex Japan	18.32 UK	-8.94 Japan	15.65 Japan	15.81 Emerging Markets
	6.63 Europe Ex UK	1.27 Global	16.75 UK	16.18 Global Ex US	-8.86 Global Ex US	19.17 UK	14.74 US - S&P 500	8.82 Global Ex US	-12.95 Europe Ex UK	9.85 Emerging Markets	15.57 Japan
	5.17 Emerging Markets	0.98 UK	9.69 Emerging Markets	14.75 Japan	-9.47 UK	18.06 Emerging Markets	14.21 Global	-0.08 China	-15.54 Emerging Markets	9.10 Global Ex US	13.03 Asia Ex Japan
	2.11 Global Ex US	-0.20 Global Ex US	9.04 Global	13.59 Europe Ex UK	-10.08 Emerging Markets	17.17 Japan	7.24 Global Ex US	-0.19 Emerging Markets	-15.98 Global	7.92 UK	9.29 Global Ex US
	1.45 Japan	-4.12 Asia Ex Japan	2.31 Europe Ex UK	13.10 UK	-11.31 Europe Ex UK	16.82 Global Ex US	1.43 Europe Ex UK	-2.00 Asia Ex Japan	-17.25 China	1.31 Asia Ex Japan	8.94 UK
Worst	1.18 UK	-5.76 Emerging Markets	1.14 China	11.29 US - S&P 500	-23.07 China	14.56 Asia Ex Japan	-9.82 UK	-3.49 Japan	-23.86 US - NDX	-15.96 China	8.28 Europe Ex UK

Asset Class Returns in GBP

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Best	21.87 REITs	6.28 EM Debt	33.37 Commodities	25.83 EM Equity	5.82 Govt Bonds	28.07 DM Equity	15.02 EM Equity	28.21 Commodities	30.76 Commodities	23.75 DM Equity	22.63 DM Equity
	13.80 EM Debt	5.36 REITs	33.12 EM Equity	19.13 DM Equity	2.43 IG Bonds	18.81 REITs	14.06 DM Equity	24.71 DM Equity	1.41 Cash	11.92 HY Bonds	14.30 EM Equity
	10.40 DM Equity	2.65 DM Equity	30.77 EM Debt	6.73 HY Bonds	0.52 Cash	14.31 EM Equity	6.96 IG Bonds	24.18 REITs	-6.23 IG Bonds	4.65 Cash	8.58 HY Bonds
	9.57 IG Bonds	2.31 Govt Bonds	24.79 REITs	5.06 REITs	0.39 EM Debt	12.32 HY Bonds	6.12 Govt Bonds	2.78 HY Bonds	-7.08 Govt Bonds	4.34 EM Debt	6.72 EM Debt
	5.38 Govt Bonds	2.02 IG Bonds	24.38 IG Bonds	0.43 EM Debt	0.32 REITs	11.26 EM Debt	5.10 HY Bonds	-0.04 Cash	-7.56 EM Debt	4.05 EM Equity	5.05 REITs
	4.29 EM Equity	0.36 Cash	21.25 Govt Bonds	0.26 Cash	-3.61 HY Bonds	7.21 IG Bonds	2.18 EM Debt	-1.32 EM Equity	-9.62 EM Equity	3.59 REITs	4.58 Cash
	2.71 HY Bonds	-2.11 HY Bonds	15.66 HY Bonds	-0.35 IG Bonds	-5.78 Commodities	3.64 Commodities	0.42 Cash	-1.65 EM Debt	-12.58 HY Bonds	3.42 IG Bonds	3.22 Commodities
	0.28 Cash	-9.65 EM Equity	9.65 DM Equity	-2.00 Govt Bonds	-6.86 DM Equity	1.51 Govt Bonds	-6.10 Commodities	-2.00 IG Bonds	-13.96 REITs	-1.70 Govt Bonds	0.85 IG Bonds
Worst	-11.85 Commodities	-20.34 Commodities	0.44 Cash	-7.11 Commodities	-8.92 EM Equity	0.78 Cash	-11.97 REITs	-5.74 Govt Bonds	-15.62 DM Equity	-13.09 Commodities	-2.35 Govt Bonds

Time in the market, not timing the market



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If you have any questions, please do not hesitate to contact us.



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