

Spring Newsletter

Happy new tax year

The new tax year is upon us and this means that advisers and investors should be thinking about how to invest their 2018/19 ISA allowance. At Reyker we offer a wide variety of ways in which investors can utilise their tax free allowance, whether you are seeking income or growth or even perhaps IHT mitigation. Our Spring newsletter provides an outline of some of the ISA services that Reyker provide and also explains the new "Innovative Finance" ISA - the IF ISA.

AIM for the future

by Eric Bright

During 2017 we saw our AIM IHT Portfolio perform very well and despite the recent dip in global equity markets, the AIM market has continued to perform well compared to its larger cousins. At the time of writing, the FTSE 100 has fallen around 8% this year with the AIM market falling around 3%.

We have previously reported that AIM is perhaps a fairer barometer for UK companies and we can take positives from its recent performance even though it is in the red. AIM companies are predominately UK focused, with the majority of their operations taking

place here. Even the successful foreign exporters (see Fevertree Drinks) are prospering with their very British brand. Therefore, we see recent performance as a sign that there is continued confidence in UK companies, particularly from institutional investors who have the ability to really move markets.

In our previous newsletter we discussed the merits of Eckoh, a safe payments technology firm. However, we have seen some of our more old-fashioned firms performing well in recent months. Take Michelmersh Brick, a specialist brick manufacturer, for example. They are thriving on the growing demand for their high-quality bricks and are a sign of the growing confidence in UK manufacturing.

At Reyker, we are keen to explore this trend and hope to utilise some investment opportunities in our portfolios in the coming months.

As always, we encourage investors to remember that AIM shares can be volatile and share prices can change quickly. A long-term view is essential. Investors must have faith in the companies they are investing in and be able to ride out swings in valuation. Those brave enough to ride out the AIM market's 10% fall at the start of 2016 would be comfortably richer by now. Our message to investors, as always, is to keep calm and carry on and think of our AIM service when looking to invest your ISA allowance.

www.reyker.com/private-investors/aim

Don't let volatility disrupt your ISA

by Daniel Ormond

Don't let recent market volatility disrupt your investment options this ISA season. If you invest in Reyker's new FTSE 100 Fixed Monthly Income Plan May 2018 you can secure an income of 0.3458% per month. This income will be paid regardless of the performance of the FTSE 100, which means that you do not need to worry

about dividends that may be affected by any potential worsening in economic climate. Further, at maturity, provided the FTSE 100 has not fallen by more than 40% from its starting level your capital will be returned in full. This is unlike a fund or an individual share investment where you would be exposed in full to market movements.

This plan has been issued by Goldman Sachs International who are currently rated A+ by S&P. The plan is ISA eligible and by holding it within your ISA wrapper

you will not be subject to income tax. It also offers the greatest fixed coupon compared with all other fixed income retail structured investments and better yet, your investment will be serviced by an award winning, personal client servicing team.

All Reyker structured investments are subject to strict product governance and all are MiFID II and PRIIPs compliant. If you would like to know more, then feel free to contact our sales team on 020 7397 2590.

IF ISA; the facts you need to know

by Andrew Nellies

Innovative Finance ISAs (IFISA) are quickly becoming a popular alternative to cash ISAs, offering enhanced returns that investors simply cannot get by leaving their money in a cash ISA or in their bank savings account.

As many of our clients will be aware, Reyker have been at the forefront of tax efficient savings accounts since the introduction of PEPs back in the early 1980s and ISAs in 1999. In June 2017 Reyker expanded its service offering further by providing Innovative Finance ISAs wrapper to several IFISA qualifying debentures.

Demand for IFISA qualifying debentures is increasing rapidly as investors look to diversify their portfolios away from standard ISA investments such as Equities, Funds, Investment Trusts and corporate bonds from listed companies.

IFISAs have expanded investor options in the corporate debt market and now enable investors to purchase debt from unlisted smaller capitalised companies. This change is also proving to be an invaluable funding option for companies to raise capital in a more cost-effective way when compared to the rates they typically would have to pay to banks.

Therefore, IFISAs are developing into a win-win for both investors who get better income yields and small

companies who can raise capital at more affordable rates.

The most recent debenture to be accepted onto Reyker's IFISA platform is 6% Blueprint Industrial Engineering 2022. This debenture pays a fixed quarterly coupon of 1.25% and more information on the company's website blueprintbond.com.

IFISA investments may not be appropriate for all investors as they are specifically designed to be held until maturity and there is no natural secondary market liquidity however, the debentures are fully transferable.

If you would like to discuss IFISA further please contact our execution services team on 020 7397 2596, who will be very happy to help you.

Real Assets: An allocation worth making with your ISA

by Chris Andrew

The first quarter of 2018 has been a tough one for investors in UK Plc. The FTSE 100 will be down approximately 10% from its peak in early January and the UK Gilt market has been flat. There are now articles appearing that are pointing to the UK being the worst performing of all developed markets.

Of course as every investor knows all things are cyclical and therefore this is unlikely to be a permanent decline of a post-Brexit Britain but more likely a resetting of the market levels a strong run in 2017. However, it is also worth noting that the bond market has been in a multi-decade bull market and the UK equity market is going to be subject to some uncertainty in the political climate. A very traditional investor would frequently invest 60% in UK Equities and 40% in UK Fixed Income. In recent years this has been hard to beat, but as this quarter shows, and as I anticipate for future quarters, this sort of passive allocation may not be the fit for purpose any more.

What to do? At Reyker we have developed an expertise in Real Assets and we are looking forward to rolling this out to the wider investment market. 'Real Assets' covers investments that are tangible and will retain their value whatever happens to the stock market. Examples of Real Assets would include infrastructure investments, like ports and toll roads; property investments, including affordable housing, student accommodation and warehouses; other real assets including but not limited to commodities, precious metals, forestry and so forth.

Thus may seem like a disparate collection of assets, but they share a number of similar characteristics. Most notably they have returns that are distinct from traditional asset classes, and they may have longer-term income returns that are linked to inflation.

At Reyker we have modeled what a traditional 60:40 portfolio would look like when a small allocation to Real Assets is included. The results are impressive and encouraging with return increasing and risk decreasing can be held in an ISA so its tax free. This definitely suggests that all investors should now look at Real Assets as an allocation worth making.

During 2018 we are visiting our partners and other parties interested in learning more about Real Assets. Please contact us at realassets@reyker.com and we will be delighted to meet.

www.reyker.com/realassets/home

Happy to help

We have streamlined our call process which means when you dial 020 7397 2586, you will come through to one of us straight away - no more 'please press 1 for...' options.

As is the case every year, we are here for you over the busy ISA period to ensure that your requests relating to your ISA subscription are processed in time. If you are worried about BACS or cheque payments not reaching us in time, please call us to make debit card payments over the phone, which will go through immediately.

If you are planning a spring trip to London, please feel free to pop in and have a chat with us. Alternatively, if the weather is not encouraging to go outside, you can call us on 020 7397 2586 or email clientservices@reyker.com.

We are here to help you.