

ASSET

THE NEWSLETTER OF MURDOCH ASSET MANAGEMENT

AUGUST 2012



More than ever, it is the ability of a manager to select the right stocks, which is paramount to long-term success.



Markets & your portfolio

After an excellent start to 2012, the Euro problems and fears of a sovereign default dragged the markets back to previous lows. Regardless of asset class, this had a profound effect on investment portfolios. More than ever, it is the ability of a manager to select the right stocks, which is paramount to long-term success. We initiated a few large scale switches, choosing alternative funds where we believe the manager in charge would be better placed for accurate stock-picking and delivering above average returns.

First there was Investec American, where Bill Fries had stepped down and his deputies were unable to maintain his performance, despite using the same investment process. Threadneedle American fund's Cormac Weldon was our new pick and when Fidelity American started to persistently under-perform, we moved that money to Threadneedle as well.

Earlier this month, our income investors switched out of the Ignis Argonaut European Income fund into the Henderson European Special Situations fund income units. The yield was sufficiently healthy and Richard Pease is our preferred European manager.

IN THIS ISSUE

Join us at our 2012 Client Conference at Farnham Castle on Tuesday 14th or Thursday 23rd August. More details on page three.

Inside, we explain the ways inheritance tax can be reduced and how Murdoch are exceeding new stringent codes of conduct.

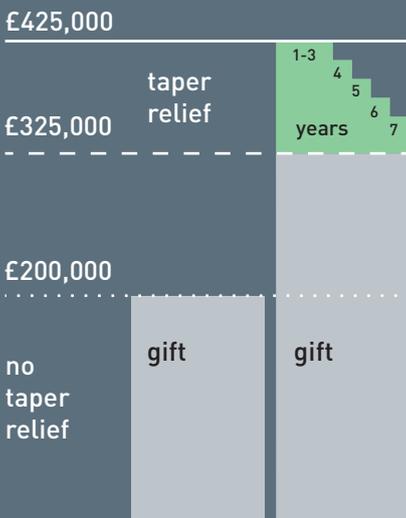
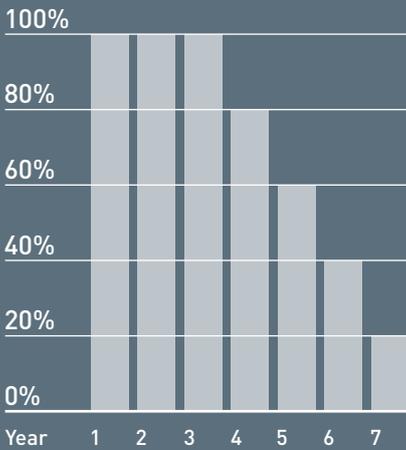
On the back page read about our new website and how it helps you.

Market news – page 1	
Inheritance Tax Taper Relief – page 2	
RDR shake up – page 3	
Web site upgrade – page 4	
Investment Monitoring – page 4	
'In-house'. Murdoch staff news – page 4	



Inheritance Tax Taper Relief

Taper Relief



Question: If I make a £200,000 gift now and die in 6 years' time, how much inheritance tax taper relief will be applied to this gift?

- A.** 60% **B.** 80% **C.** 100% **D.** None

Answer: D. None

You need to live for seven years after making a gift for it to be exempt from inheritance tax. Taper relief can reduce the amount of any gift made in the last seven years, once you have lived for at least three.

However, it is a common misconception that taper relief applies to all gifts: you only get taper relief on gifts that exceed the 'nil rate band' in the year of your death.

If you gift £200,000 now and die in 6½ years' time, the whole gift falls back into your estate, without taper relief and uses up part of your personal exemption. A gift of £425,000 made in the last seven years would qualify for taper relief, but only on the top £100,000.

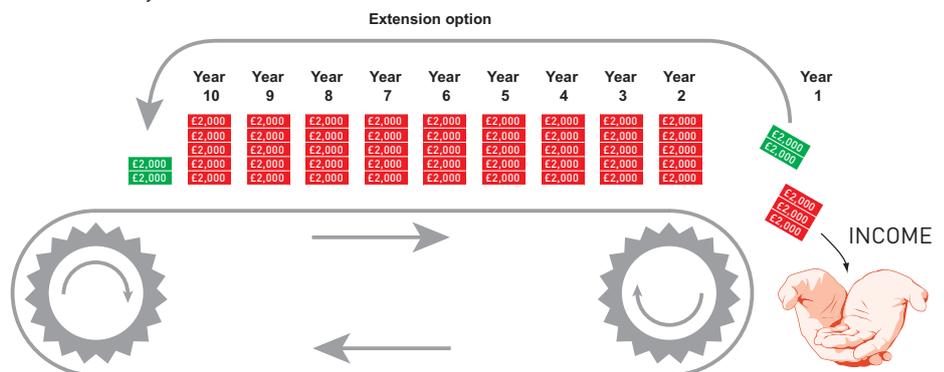
This, combined with the Tories' failed promise to lift you out of the clutches of inheritance tax, means you need to act sooner than you had perhaps thought. Inheritance tax mitigation takes much planning and hard decisions have to be made, because you need to live seven years from making a gift for it to be fully effective.

Worry about the financial 'rainy days' lying ahead, stops people from tying up too much of their money or giving it all to their children. The Income & Capital Trust, which we commonly term the 'conveyor belt', is ideal for this situation. It allows you to remove capital from your estate to avoid inheritance tax, whilst allowing you up to 10% of the trust fund each year if you need it.

If no capital is needed, it can be put to the back of the queue, without starting the seven-year clock ticking again.

The Income & Capital Trust

Total flexibility



Inheritance tax mitigation takes much planning and hard decisions have to be made...



At our client seminar in August we discuss inheritance tax planning and investment management. If you would like to attend, please call or email Margaret in the office: 01420 83517 / margaret@murdochasset.co.uk



RDR is the biggest shake-up since 1986... but it is business as usual for our clients.

The 1st January 2013 marks the end of the Financial Services Authority's (FSA) Retail Distribution Review RDR and the start of the new regime. Financial Advisors up and down the country will all need to meet new, much higher standards of client care, fairness, charging and qualifications. Murdoch Asset Management has already met these requirements in full and has been accredited with the 'Statement of Professional Standing' from the Chartered Institute of Insurance (CII).

We have advanced level qualifications in specialist areas of taxation and trusts, investments, pensions and long term care that exceed the new minimum requirements. Our support and administration staff are also completing professional examinations in their relevant specialisms.

Our Investment Monitoring Service that keeps a constant eye on the fund managers, continues to be appreciated by clients. This service is paid for by our annual management fee (0.75%pa), deducted directly from investments, with all commission rebated to you to offset this charge. The FSA has finally acknowledged that this transparent method of charging allows for truly impartial advice and are making all financial advisers operate in this way. The removal of commissions can only be seen as a positive step and will not alter our charges or terms of business. Most importantly our service to you remains the same.

With a research function the envy of many larger companies, we have for many years been able to research and advise on a 'whole of market' basis, to ensure the most appropriate advice is given. As such, we can proudly continue to call ourselves **Independent** Financial Advisers.

Our financial strength, ongoing profitability and re-investment programme has allowed us continual, steady growth. We have developed both our staff and systems to improve our service and this summer, our improved website will be launched.

We hope to see you at our client conference in August and would like to thank you for continuing to refer us to your friends, family and colleagues; it has helped our continued growth enormously. 

PROTECTED RIGHTS GONE: BUT NOT FORGOTTEN

From 6th April this year, money accrued by contracting out of S2P (formerly SERPS) will become Ordinary pension rights.

- Unisex rates will no longer be mandatory (until gender harmonisation rules will change again on 21st December 2012).
- No spouses annuity benefit will be necessary for those who are married or in a civil partnership.

You can now merge these funds with any other pensions you have, provided it is cost effective, will improve your investment potential and doesn't cancel out any hidden benefits: guaranteed growth rates etc.

For a cost benefit analysis, contact us and our pensions specialist Philip Hunt, will run the numbers for you.



An invitation to our 2012 Client Conference

Derek White, Chris Birch and Tony Dunne will remind you how we are managing your investments through this difficult economic period and why we monitor our clients' investments continually.

Places are limited to 100 people on each date and we will operate a first come, first served basis, so please book early.

Topics for the day include:

- Replacing lost savings income
- Strategies for managing in difficult markets
- The value of selecting and monitoring good fund managers
- Alternative asset classes
 - Infrastructure, credit opportunities
- Inheritance tax – using gifts and trusts to reduce an estate's liability

A buffet lunch will follow the seminar at 12.15pm, when you will be able to talk to us individually.

Venue: Farnham Castle, International Conference Centre



Tuesday 14th and Thursday 23rd August 2012

Registration & coffee 10.00am
Start 10.15am (promptly)

Attendance is without charge and you may wish to bring a friend or colleague. A map and directions will be sent to you when we receive your reservation form.

Any questions? Please contact our Seminar Coordinator, Margaret Andrew on 01420 83517 or margaret@m-a-m.co.uk 

Website upgrade

We have improved our website, with additional security and more operational functionality. Thanks to your positive feedback, the online valuation and reporting remain intact, with ease of use and clarity high on the list of positives. More options will be added in due course.

The most significant addition is the ability for clients to send and receive secure emails, so fund switches can be 'paper-free' and accepted at the touch of a button. Applications for new investments, sell instructions and other client specific advice can also be completed electronically. There will be far less reliance on the post or for you to keep huge amounts of paperwork; you will have your own area to store letters, application forms and other documents.

The security enhancements will require you to choose new passwords and unique information. It will be going live in August and we hope you will enjoy using it. 

Examination update

The directors would like to congratulate Austen Robilliard for passing the CISI Investment & Risk Level 3, Mark Collard and Christine Harris: CF1 (UK Financial Services, Regulation and Ethics) and Margaret Andrew succeeding in FA1 (Certificate in Financial Administration).



Investment Monitoring

Austen Robilliard – Senior Investment Analyst

Austen is responsible for the day to day running of the investment monitoring service and clients' funds are continually reviewed to ensure they meet our criteria, so we can advise you what to do immediately they are not.

Some of you have investments that are not included in our monitoring service. If something were to happen with one of these funds, we would not be in a position to provide advice. You can put the responsibility on us by registering these investments within the investment monitoring service, whether it is an ISA, PEP, unit trust, investment trust, insurance company bond or pension.

Austen's monthly 'Manager News' is available at www.murdochasset.co.uk and highlights where there has been material changes in funds that may be of interest to you. He will also notify you if your own funds need action.

You can contact Austen directly for his opinion or a review of any fund on 01420 83517 or austen@murdochasset.co.uk



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