

As I write this at the beginning of December, the investment environment looks to be quite rocky..... or should that be Northern Rocky.

Over the last 11 months (to November 30th) a brief look at markets show that there has been limited or no growth, though there have been a number of troughs and peaks through the course of the year.



Twice the market has tested the 6750 level only to fall back and it is now 5% below this level. Who would bet that the market will go through 6750 in the next 6 months ~ my money would be against it, *but* if it did happen it would be a positive sign for markets.

The economic environment has not looked so worrying for 15 years or more, with the debt crisis beginning to hit asset prices such as houses, while the US sub prime credit crunch is going to take another 6-12 months to fully unravel. It is concerning that at this stage of the economic cycle, the UK government has such a high level of debt which will leave no room for manoeuvre if the economy slows down.

We must be aware that the world is changing: 20 years ago the US and Japan constituted over 60% of the world stock market capitalisation. The problems of Japan have been well documented but what is more significant is the

way that China, India, Russia and other emerging markets are growing in importance.

There is little evidence that the power houses of Asia have got engulfed in the sub prime crisis and they are mainly economies with positive balance of payments and strong finances. Their middle classes are boosting consumer expenditure: one look at the growth in shopping centres in places such as Thailand and Indonesia highlights how the retail sector is developing.

So what can we expect in 2008? More volatility is probably the only certainty:

It's always dangerous to play the predictions game but that hasn't stopped me before so I will stick my neck out and make a few.

1. After two years of negative returns, investment grade bond funds will be in positive territory.
2. In the first 6-9 months UK, European and US equities will not be the place to be, but I would hope (note the word 'hope' not predict) that they will then improve.
3. Commodities will continue their bull run with gold reaching a new all time high.
4. After years of false dawns, Japan will be one of the better performing markets.

RISK

When times become tougher it's all the more important that your investment portfolio matches your attitude to risk. We have taken out a trial on a proprietary process of risk profiling and will be sending (or have sent) an email to a sample of our clients to ask them to complete and return a questionnaire. We feed the answers into a programme which comes out with a short report assessing your appetite to risk.

If you have not received a questionnaire and would like to take part in our trial, please phone and we will send one to you.

PROBATE

Over the last few years, we have been asked to assist clients with probate and have decided to introduce this as a core part of our business. The skills required combine a logical process of administration and most important a sensitivity to the family at a time when they have suffered a loss.

Probate involves dealing with the financial and legal processes of preparing a detailed account of the assets of someone who has died. In nine cases out of ten, the executors (people defined in the Will) will be family who will be going through varying degrees of emotional turmoil.

Probate has become a much more laborious exercise: in particular the Revenue is requiring a much more detailed inventory of household goods than ever before which has taken the process to a different level and increased the workload on executors, probate practitioners and solicitors alike.

There are now at least 12 different forms that have to be completed for all estates over £300K (including property)

In our experience, executors are looking for three features in the handling of probate: speed, certainty and sensitivity. Speed to wind up the estate and distribute the money so that the family can move on.

Most solicitors will charge on the basis of a combination of percentage of the estate, hourly rate and disbursements (charging you for what they spend in probate fees etc). Our service as much as possible is based on a fixed fee established from a combination of the nature and quantity of investments, value and complexity. We are confident that we can give that certainty.

The final factor is sensitivity to explain things in a friendly unhurried way and help the family

do the things they can do best to keep costs within reasonable limits. Handling the valuation and administration of personal effects is becoming a major task and one which we can help you to do yourself in an expeditious manner, thus reducing cost.

We offer an initial meeting with the executors at no cost or obligation when we can understand the scale of the task and put forward one of three levels of assistance: either to help you do it all yourself, prepare the forms for you from information provided or carry out the full task ourselves.

Why do we think we're qualified?

Firstly the major task is one of administration and collecting information often requiring numerous chasing calls to banks who are notoriously poor in providing information. This is gained by experience and diligence, integral parts of investment administration ~ which Juli has been exercising for 15 years with Martec.

Secondly there is the technical knowledge of Estate Administration which comes from Alistair's membership of the Society of Trust and Estate Practitioners (STEP). Finally there may be areas in which we feel that you would be better advised engaging a specialist solicitor and we will then refer you to a fellow STEP solicitor.

We hope that you will not have to call on Probate services at any time, but if you know of anyone who is unsure of how to proceed, please give them our name.

Finally we would like to wish you a very Happy Christmas and a Prosperous New Year



JULI

Tel 01453 832562
Fax 01453 835785
email info@martec.org
or website www.martec.org

Martec Associates Ltd is authorised and regulated by the Financial Services Authority
Martec Associates Ltd is registered in England & Wales No 2168787 at Well House, Hay Lane, Horsley Glos GL6 0QD

This newsletter is for guidance only and represents the personal views of Alistair Thomson. We cannot assume legal liability for any errors or omissions it might contain. Levels and bases of, and reliefs from taxation are those currently applying but are subject to change and their value depends on the individual circumstances of the investor. The past is not necessarily a guide to future performance. If you withdraw from an investment in the early years, you may not get back the full amount you invested. Unit prices can fall as well as rise and funds invested in overseas countries are exposed to currency as well as market risk.