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Newsletter
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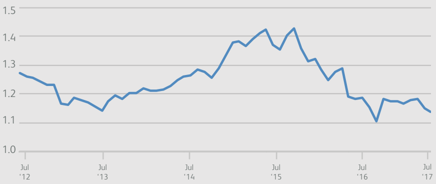
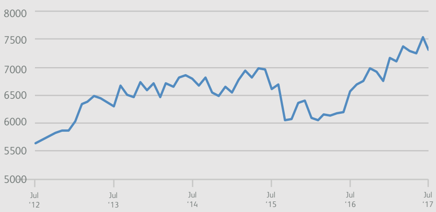
What is the British Pound worth vs. Euro?



What is the British Pound worth vs. Dollar?

FTSE 100 Chart



KEY FACTS & FIGURES – The UK Economy		
BoE Base Rate	0.25%	May 2017
Unemployment	4.5%	May 2017
Inflation (CPI)	2.6%	June 2017

Agenda

Base rate remains stable

The Bank of England's Monetary Policy Committee voted to again keep the base rate at 0.25%.

UK economic outlook

- The UK economy grew by 0.2% in Quarter 1 2017 and by 2.0% when compared with the same quarter of the previous year.
- Household final consumption expenditure increased by 0.4% in Quarter 1 2017 and by 2.6% when compared with the same quarter of the previous year.
- Durable goods consumption increased by 1.9% in Quarter 1 2017, the strongest quarterly increase since Quarter 1 2016.
- Consumption of services increased by 0.8% in Quarter 1 2017, at the higher end of recent quarterly growth outcomes.
- The household saving ratio has declined since Quarter 3 2015, with the latest period showing that the household saving ratio fell from 3.3% in Quarter 4 2016 to 1.7% in Quarter 1 2017. This is the lowest saving ratio on record. The decline in the household saving ratio in Quarter 1 2017 is partly due to an increase in taxes on income, though this may in part reflect timing issues. However, the underlying trend is downwards, reflecting relatively strong consumption volumes, increasing consumer prices and subdued wage growth
- Gross Domestic Product (GDP) in current prices increased by 0.7% between Quarter 4 2016 and Quarter 1 2017.

Inflation

- The Consumer Prices Index including owner occupiers' housing costs (CPIH, not a National Statistic) 12-month inflation rate was 2.6% in June 2017, down from 2.7% in May 2017.
- This is the first fall in the CPIH inflation rate since April 2016, although it remains higher than in recent years.
- Falling prices for motor fuels and certain recreational and cultural goods and services were the main contributors to the fall in the rate.
- These downward contributions were partially offset by rising prices for furniture and furnishings.
- The Consumer Prices Index (CPI) 12-month rate was 2.6% in June 2017, down from 2.9% in May 2017.

UK unemployment

- Estimates from the Labour Force Survey show that, between December 2016 to February 2017 and March to May 2017, the number of people in work increased, the number of unemployed people fell, and the number of people aged from 16 to 64 not working and not seeking or available to work (economically inactive) also fell.
- There were 32.01 million people in work, 175,000 more than for December 2016 to February 2017 and 324,000 more than for a year earlier.
- The unemployment rate (the proportion of those in work plus those unemployed who were unemployed) was 4.5%, down from 4.9% for a year earlier and the lowest since 1975.
- There were 8.83 million people aged from 16 to 64 who were economically inactive.
- Latest estimates show that average weekly earnings for employees in Great Britain in nominal terms (that is, not adjusted for price inflation) increased by 1.8% including bonuses, and by 2.0% excluding bonuses, compared with a year earlier.
- Latest estimates show that average weekly earnings for employees in Great Britain in real terms (that is, adjusted for price inflation) fell by 0.7% including bonuses, and fell by 0.5% excluding bonuses, compared with a year earlier.

Stopping chameleon con artists

How often are you greeted by a cold-caller when you pick up your phone? Perhaps they've even managed to get hold of your mobile number? You may be surprised to find that while a nuisance, annoying and relentless, these cold-calls are not always illegal. However, the scams that sit behind them are.

Since the government's pension reforms in April 2015, pension-related cold calls, and the scams that follow, are on the up. While pensioners across the United Kingdom now have more freedom over what they can do with their pension pot from age 55, fraudsters have been honing in on pensioners' hard earned savings and targeting those who are most vulnerable.

What is a pension scam?

Pension scams vary, and the fraudsters operating these scams are master manipulators who are constantly evolving. Often pension scams originate from a call, text, or email from out of the blue, perhaps offering a free pension review.

Scams could include;

- Promises of upfront cash
- Offering one-off deals or high guaranteed returns
- Encouraging you to cash in your pension and invest it with them in high risk unregulated investments
- Offering to unlock your pension before age 55 (also known as pension liberation or pension loans)
- Encouraging you to transfer your pension quickly
- Pretending to know of loopholes allowing you to get more than 25% tax free cash
- Promising unrealistically high returns or tax savings from overseas investments
- Pretending to be from the government or cloning the identity of a regulated adviser or firm

While pension scams are not new, they're becoming increasingly prevalent now that people have more options available to them when it comes to their pension. Pension freedoms mean that over-55s now have full access to their savings. Under normal circumstances, you can't legally access your pension before age 55. The only exception is if you are in serious ill-health. If you do access all or part of your pension, you face high tax charges of up to 55%, on top of high charges for taking out one of these arrangements. You run the risk of potentially losing all your pension savings.

While these 'offers' may initially sound tempting, companies promising high returns from unusual, unregulated investments, or offering early access to pension savings, more often than not, turn out to be scams.

How can we stop scams?

Last year, the Chancellor launched a consultation on a pension cold-calling ban, following a petition that won widespread industry and public support. The Government is being urged to crack on with responding to the consultation and banning pension cold-calling while allowing pension providers and schemes to block suspicious transfers to help combat the devastating effect of scams. Although neither is a panacea, these actions are likely to help cut down the number of pension scams.

We were relying on a new Pension Bill to be announced in the Queen's speech in June to address issues highlighted by the pension industry over many years to give savers greater protection. However, we, as an industry, were disappointed that there was no such Bill.

Pension scams won't just go away without some serious action. Limiting the right to a statutory transfer could potentially safeguard millions of pounds from scammers and we hope this will feature on the Government's agenda.

What can you do to protect your savings from scammers, con artists and fraudsters?

It can be all too easy to be taken in by scammers, but being on your guard is your first, and best, line of defence. Being constantly alert about offers relating to your pension is key – remember the old adage, offers that sound too good to be true, often are.

While an incredibly serious issue, this isn't something that should keep you awake at night. Following some simple steps can ensure that your savings are protected against pension fraudsters.

Top tips to avoid scammers

1. Try not to engage in conversation with cold-callers. The safest thing to do is to hang up.
2. Think about installing call blocker technology on your phone.
3. Never give out personal information, including your bank details.
4. Always check the Financial Conduct Authority (FCA) online register if you doubt a company.
5. Check the FCA ScamSmart warning list for known investment scams.
6. Use the Pension Advisory Online tool to identify a pension scam if you're worried about information given or action you've taken.
7. Never feel pressured into making a quick decision, and read any documents carefully before you sign on the dotted line.
8. Always do the research. As always, if in doubt, speak to your authorised 2plan wealth management adviser.
9. Report any concerns to your pension provider, 2plan adviser, or Action Fraud by calling 0300 123 2040 or online at actionfraud.police.uk

Article written by Kate Smith, Head of Pensions, Aegon

Architas market outlook – our top three potential risks and rewards

For all of the worries in the first half of 2017 around election fever, the 'Trump bump' becoming a 'Trump slump', and broader geopolitical concerns distracting markets, this uncertainty did not result in poor performance or increased volatility. In fact quite the opposite has happened as returns have been positive while markets relaxed into a period of calm with market volatility at multi-year lows.

The investor experience has been noteworthy with positive market returns on all of the main asset classes. We have enjoyed a very stable environment from a macroeconomic perspective. With synchronised global growth boosting 'risk-on' asset classes like equities while surprisingly subdued inflation has meant fixed income investments have also delivered steady returns.

Our top three potential risks and rewards outlook

At Architas we like to weigh up what has been happening and consider the potential for change. We have identified three key risks which could cause markets a bit of an upset, but it's not all doom and gloom. We've also highlighted three asset classes we believe could be beneficial for a portfolio in the second half of the year.

Risks – the top three risks that we have identified in our asset allocation process

1. *The US Federal Reserve (Fed):* the US economy seems to have transitioned out of its post-financial crisis malaise, with unemployment reaching target levels and inflation beginning to rise. The Fed has been confident enough in the recovery to move rates higher with three rate rises since December and bond yields are likely to start moving back to a normal range. Initially markets worried that the Fed might be 'behind the curve', allowing inflation to rise too far before taking action. However, with inflation now falling below expected levels the fear is that over-ambitious rate rises may derail the economic recovery.

2. *Liquidity risk:* Liquidity describes the degree to which assets can be quickly bought or sold in the market without affecting prices. When too many investors invest in the same assets (sometimes called crowded trades) and a market scare motivates mass selling, prices are likely to fall. And when this happens in less-liquid markets, the impact is amplified. While we don't see any immediate catalyst for this type of 'market correction', we do see a high degree of consensus among investors, implying a certain degree of complacency.

3. *China:* Although mainly out of the headlines, it still continues to present an underlying risk. The government appears to be managing the country's economic transition relatively well, maintaining high levels of growth. However, we always maintain a healthy degree of scepticism, especially when things appear overly positive. Concerns in China include the use of leverage, a strategy of using borrowed money to grow assets or even an economy. This is not a sustainable model so we do question how long this can go on for.

Rewards – the top three asset classes that we are favouring at the moment

1. *Emerging market Asian equities:* We have recently decided to move to a moderate overweight position in emerging market equities, particularly in the Asian region. We believe that stocks are offering good value in comparison to those in developed markets. The region has enjoyed strong economic momentum recently. Companies in developing countries within the region are likely to benefit more than their developed Asian counterparts from rising global growth prospects.

2. *European equities:* We believe the environment is right for European equities to continue performing well in the second half of the year, particularly in light of easing political risks. Earnings growth in Europe is forecast to outperform the US. This should support rising stock prices in the region, and as a result we are maintaining an overweight position in European equities.

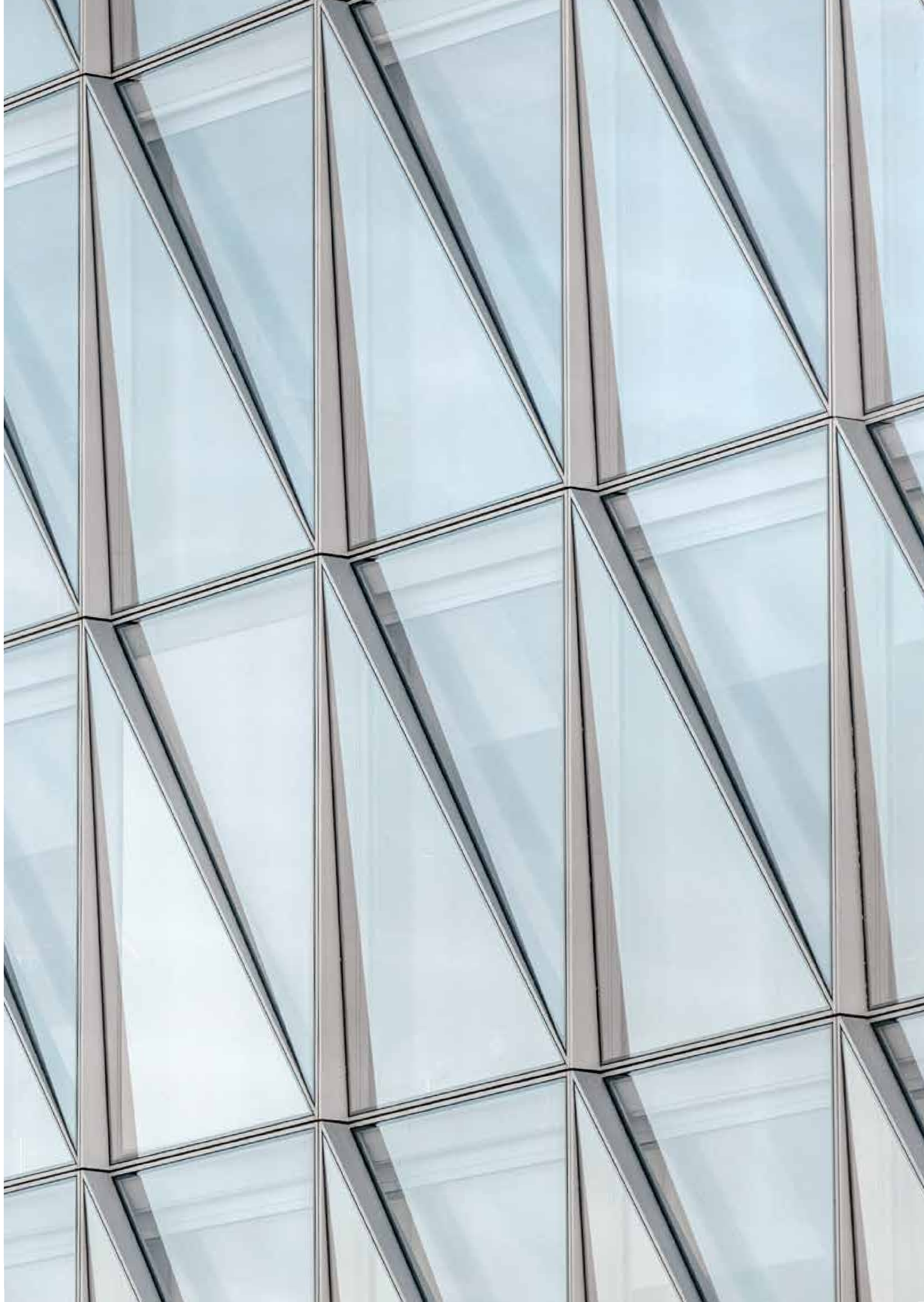
3. *Cash:* We have been increasing cash slightly across most of our portfolios where appropriate, from low levels at the beginning of this year. This increase in cash is in keeping with our cautious stance around the UK election, Brexit, market complacency and other risks.

What does this mean for investors?

Forecasting is part art, part science. It is difficult to know with any certainty if we are in the calm just before a storm, or in a period of extended smooth sailing. Markets always provide risks and opportunities. As such, we continue to believe in the basic principle of diversification across asset classes, currencies, regions and investment managers or in other words, not putting all your eggs in one basket.

The value of investments and any income from them can go down as well as up and is not guaranteed, and you could get back less than you originally invested. Past performance is not a guide to future performance. The views expressed within this article are those of Architas, who may or may not have acted upon them.

Article written by Sheldon MacDonald, Deputy Chief Investment Officer, Architas



Income opportunities in a buoyant market

Eugene Philalithis, Portfolio Manager at Fidelity International, examines trends affecting income funds, such as Fidelity Multi Asset Income

Market conditions have been relatively benign in 2017 but there is no guarantee that this will continue. The Fidelity Multi Asset Income Fund aims to offer the holy grail of investing for those who don't want much risk – an attractive monthly income, as well as capital preservation. With a challenging income target of 4-6% a year, we look at a broad range of assets as we seek to diversify risk.

Is the US dollar set for a rebound?

Though markets around the world have rallied, the US dollar has (excuse the pun!) bucked the trend, falling around 5%, and US economic growth between January and March was lower than investors had expected. This could be a sign that demand has been held back in an environment of subdued consumption, so we have been increasing our exposure to assets priced in dollars, while taking profits on stronger currencies.

Hedging against volatile income streams

US income levels have fluctuated significantly since the election of Donald Trump, although they are still higher than they were a year ago.

Most of the risk in Fidelity's Multi Asset Income funds comes from equities and bonds that offer a relatively high yield. To mitigate these risks we are using 'short' positions, which mean we can benefit even if markets fall. In the near future, we may also increase our exposure to relatively secure assets, such as US Treasury bonds, as we believe their yields are likely to rise.

Seeking opportunities in the banking sector

There are a number of reasons why we currently favour banks, for both equities and bonds. Even though Spain's Banco Popular had to be rescued in early June and other banks are likely to face difficulties over the next few years, we believe that many are fundamentally strong, and careful stock selection should help insulate us from risk.

US banks seem to offer particularly good value, and we are optimistic about the income they can produce. We still have a positive view on emerging market bonds issued in local currencies, but we sold many of the ones in our portfolio following the Trump election. Given the extent and speed of the rally they had experienced, we felt it was prudent to take some profits. We may move back into the sector when valuations look more inviting.

Defensive equity strategies

We are now looking to lock in profits from our equity exposure to Australia and Hong Kong, which have both experienced a strong rally since 2016's sell-off. Rather than selling shares, we are using 'shorts' so that we can benefit from any downturn in the market, while still enjoying the growing income streams from Asia Pacific equities. When it comes to equities, we generally favour regions and fund managers with a focus on growing dividends.

While we also have significant exposure to European equities, Europe is more sensitive to inflation, as its companies have to accept prices rather than set them. For this reason, we diversify more widely in Europe, investing in areas such as loans, bank debt and infrastructure.

All views expressed are those of Fidelity International. Reference in this article to specific securities should not be interpreted as a recommendation to buy or sell these securities. Investors should also note that the views expressed may no longer be current and may have already been acted upon by Fidelity. The research and analysis used in this article is gathered by Fidelity for its use as an investment manager and may have already been acted upon for its own purposes. The value of investments can go down as well as up and investors may not get back the amount invested.

Invesco Perpetual – the outlook for Multi Asset

The Invesco Perpetual Multi Asset team meets on a monthly basis to debate its macro view of the world, from which we form our 'central economic thesis'. It is against this hypothetical backdrop that each idea in our portfolio must be able to provide a positive return.

Every one of our investment ideas has to be judged against our central economic thesis in order to see if it can deliver a potential positive return against that thesis on a two-to three-year view. If an idea fails to produce a positive return in the team's central economic thesis, the idea will be rejected at this stage of the process.

This central economic view can also be used to help structure an idea or to change the implementation of an idea in order to make sure it best reflects the core view of the team.

As with all the ideas that go into the portfolio, the team can call on the expertise of their Invesco Perpetual and Invesco colleagues in forming this central view and have access to the views of John Greenwood, Invesco Ltd's renowned chief economist. This is complemented by regular contacts with external research houses and extensive research by the team itself.

At launch, we described our central economic thesis, as 'cautious optimism'. This has now changed and we would probably describe it as 'muddling through' as further potential challenges to global economic growth have arisen.

While we still see a subdued level of growth globally, we are seeing further evidence it will fragment along regional lines. So, the US may see a fiscal boost to economic growth, even as other headwinds remain. Whereas, growth momentum in Europe could be hindered by political uncertainty and structural issues.

We believe that the effectiveness of any future monetary or fiscal policy could be impacted by financial linkages between regions, particularly through the US dollar. This will make future policy decisions ever more difficult. The strong dollar has effectively tightened monetary conditions in funding markets in emerging markets. We believe this low growth backdrop and continued low policy rates are likely to cap the upside for bond yields.

Our low inflation view is definitely being challenged and there are risks that wage, commodity or protectionism inflationary pressures could persist. China's need to balance its economy between inflation and growth is also having an impact on its policy decisions. However, some disinflationary forces remain in place such as debt overhang and currency devaluation, particularly in Asia.

We have a cautious outlook for equity and credit and feel that further returns will be dominated by income. We believe this supports opportunities elsewhere and we continue to seek alternative return sources to reduce reliance on broad markets. For example, in this market environment, diversified alpha through our colleagues' equity and credit strategies is a useful source of potential additional value.

Investment risks

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Important Information

The views expressed in this article can change throughout time and are not to be taken as investment advice or recommendation. The value of investments and the income from them may go down and up and investors may not get back the full amount invested.

Article written by the Invesco Perpetual Multi Asset team

Go online and cut out the paper chase

One of the biggest phenomena of the last 20 years or so has undoubtedly been the rise of the internet. Today, it's commonplace to book our holidays, order our weekly food shop and buy books and presents with just a click of a button. These are just a few examples of how we are increasingly becoming an online society. It's hardly surprising given how convenient the internet is and the amount of time and money you can save.

Our online lives are continuously evolving. For example, we're also receiving much less documentation through the post these days. Important items – such as bank statements and utility bills – are now routinely received in electronic format. Even some till receipts are now being issued online. It's an environmentally-friendly way of staying informed and, as a result, we now have considerably less paperwork cluttering up our homes.

The good news is that many investment companies will now allow you to receive documentation online too. If you're a FundsNetwork customer, for example, our secure online service lets you access all your key documents wherever and whenever you wish. These include your statements and valuations, transaction confirmations and tax vouchers. As well as being a more secure way of receiving your confidential documents, a paperless service also offers two other big advantages:

- You can see your documents as soon as they are produced (FundsNetwork, for instance, send you an email to let you know when they're available)
- Your 2plan wealth management adviser also receives copies of most of the documents we issue and so they can take care of anything that needs doing for you.

If your investment provider does offer electronic documentation and you haven't signed up to this service as yet, you can normally do so by request. FundsNetwork customers, for instance, can easily make the change by altering their document delivery preference within their online account.

Staying safe online

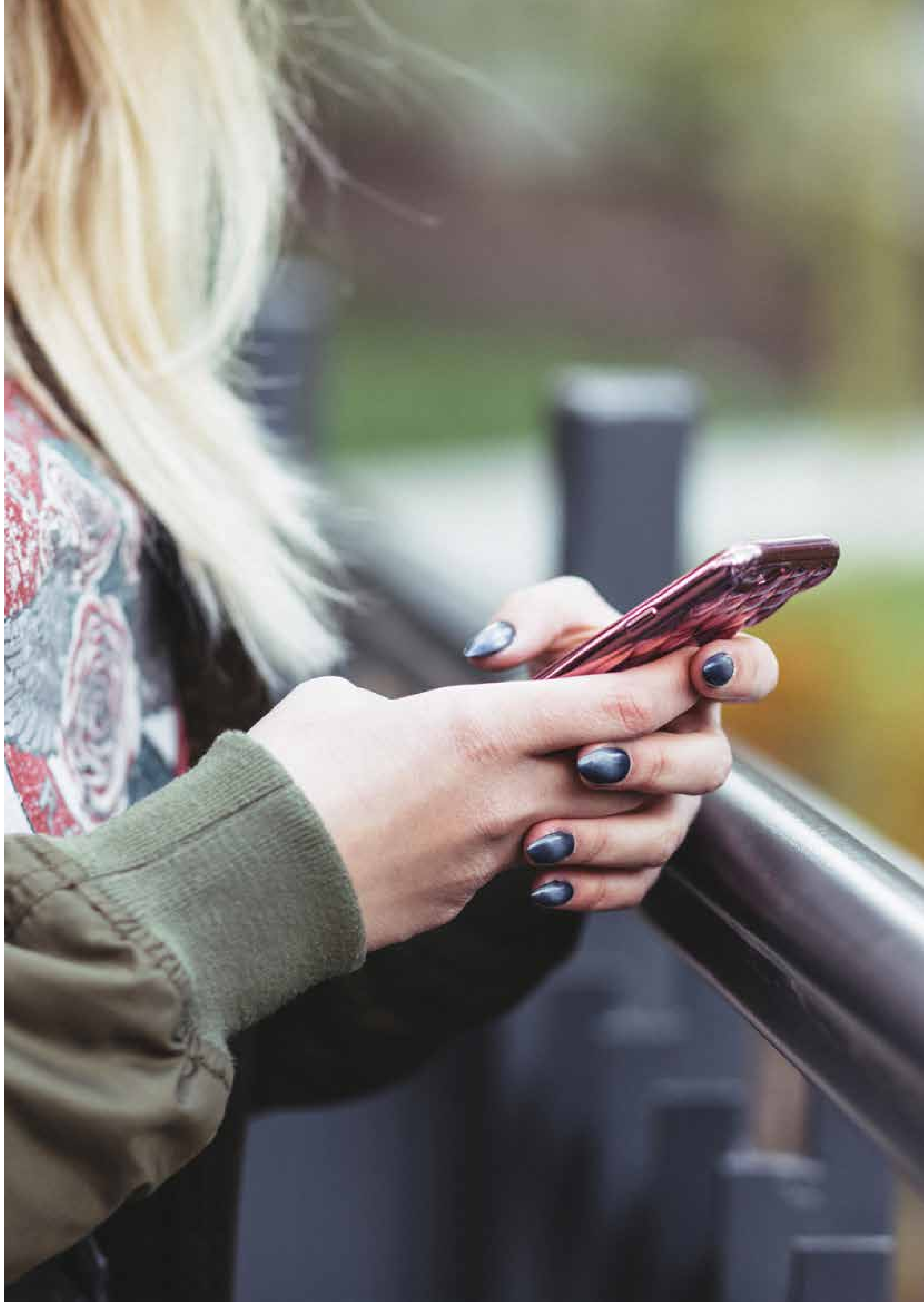
As I've mentioned, the online world brings us many benefits such as convenience and greater security. But we all need to take some care because, as with most aspects of modern living, there are some risks to be aware of.

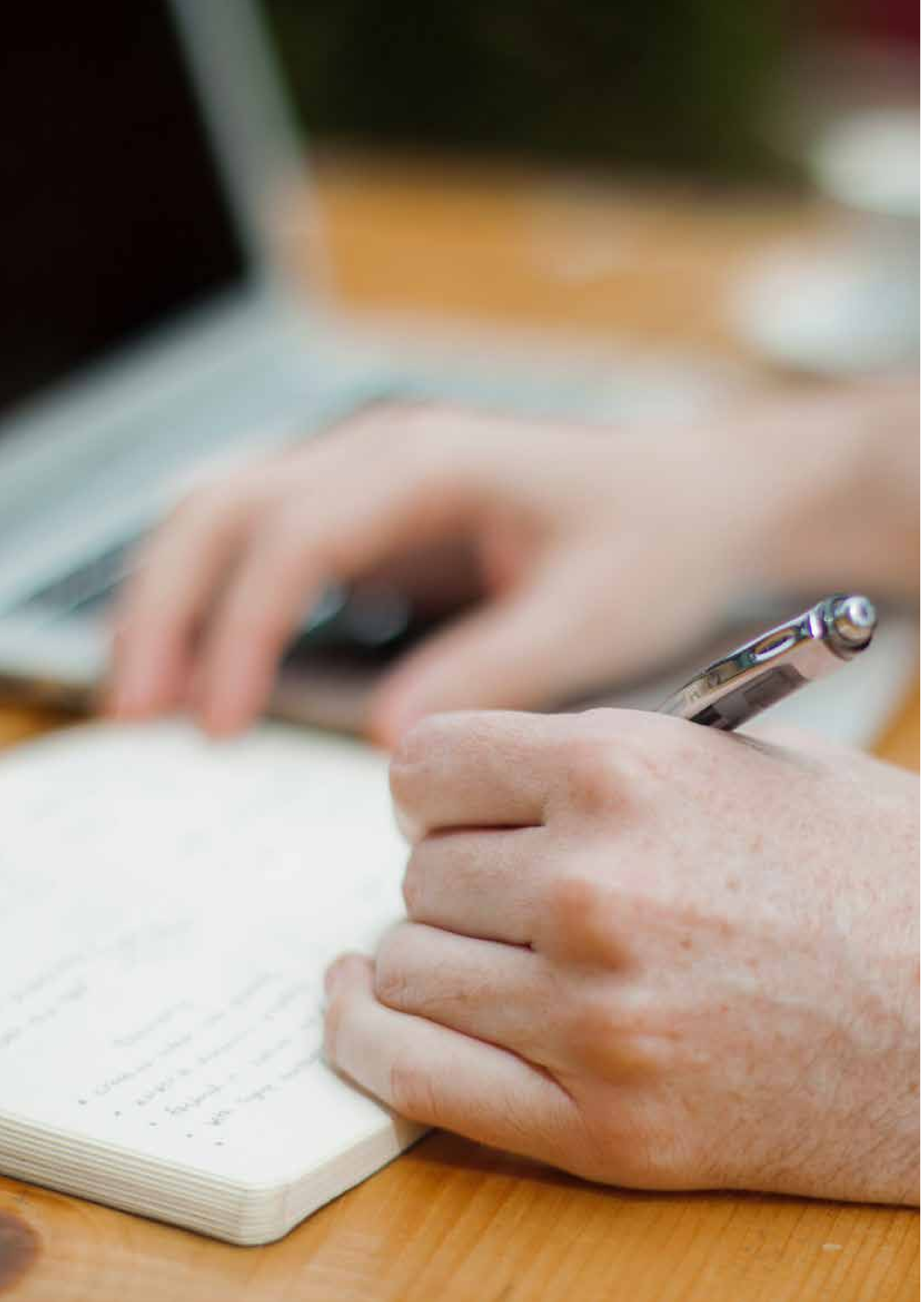
Keeping your personal information safe, for example, is vital in the fight against fraud. FundsNetwork takes protecting your personal information very seriously and we use proven, industry-recognised security measures to keep your data safe. However, there are some simple steps you can take to boost your online security. These include:

- Creating strong passwords, ideally using a mixture of upper and lowercase letters, numbers and special characters
- Never sharing your passwords or account details with anyone
- Using and regularly updating antivirus software on your PC and other devices
- Keeping your computer's operating system up to date
- Enabling the security features on your wireless network
- Keeping your paper documentation safe and secure and shredding any unwanted confidential papers.

We also recommend regularly visiting getsafeonline.org, a government-backed site which provides unbiased and factual information on how to use the web securely. It gives you all the latest tips and advice on how to stay safe online and lets you know more about general and specific threats. The web has unquestionably changed our lives for the better, but it's really important to keep yourself safe, especially when accessing financial information online.

Article written by, Lesley Davidson, Associate Director – FundsNetwork Key Accounts





Are you paying the right amount of tax?

The television adverts for HM Revenue & Customs carry the slogan 'tax doesn't have to be taxing'. But for many people, understanding how much tax you are paying is far from straightforward. In particular, knowing what your 'tax code' means and whether or not it is correct can be very challenging – they are called 'codes' for a reason! So Royal London has recently published a 'good with your money' guide on the subject of how to 'decode' your tax code. It runs through the basics of how income tax works, what the letters and numbers in your tax code actually mean, and what you can do if you think things are wrong.

The essence of the income tax system is that we have to pay income tax on things like earnings, pensions, income from property and so forth. Our total income is assessed over a twelve month period running from 6th April one year to 5th April the next. The first slice of our taxable income, up to the value of the personal allowance, is free of tax. Any income in excess of this is taxed first at the 'basic rate' of 20% and then, for those with higher incomes, at 40% (the 'higher rate') and eventually 45% (the 'additional rate'). The annual tax free allowance currently stands at £11,500 and this figure generally rises each April.

Where people have relatively simple tax affairs such as a single job and no other taxable income, things generally work pretty well. Rather than expect everyone in the land to fill in an annual tax return, HMRC ask your employer (or pension provider in the case of pension income) to deduct income tax on their behalf. So that your employer knows how much tax to deduct, HMRC issue them with a tax code. In the simplest of cases, this would simply tell the employer that over the course of the year the employee can earn £11,500 tax free and anything else should be subject to tax.

Rather unhelpfully, the tax code sent to the employer is not simply £11,500 but instead HMRC knock off the final digit (to give 1150) and then add a code letter to cover a range of circumstances. Probably the most common code is 1150L, which simply tells the employer to deduct basic rate, then higher rate and then (if necessary) additional rate tax on everything over the personal allowance. But some people have more complex tax affairs and can have a different letter code. For example, some codes end in M or N which cover situations where the taxpayer has used the provision for members of married couples to transfer some of their unused tax allowance to or from a partner. The guide gives a full list of the different options.

In addition, some people will not get the full £11,500 tax free amount applied to their wage or pension. One example of this would be a retired person who is drawing a (taxable) state pension and a (taxable) occupational pension. State pensions are currently paid gross, that is, without the deduction of income tax. But because you are getting a state pension this 'uses up' part of your £11,500 tax free annual allowance. So when a tax code is sent to your company pension provider, the value of any state pension will have been deducted.

To give an example, suppose that your state pension is £8,000 per year and your company pension is £6,000 per year. The state pension 'eats up' the first £8,000 of your £11,500 personal allowance but leaves £3,500 of unused allowance. The tax code sent to your company pension provider will therefore be based on the £3,500 figure, and the pension scheme will deduct tax on the remaining £2,500 of pension that is above the tax free allowance.

Sometimes people have been drawing a company pension for a while and then start drawing a state pension. They are often confused by the fact that their company pension appears to fall as a result. The reason for this is that a slug of tax-free personal allowance is suddenly taken up by the state pension and therefore more of the company pension is now subject to income tax.

In reality, HMRC do not always get this right. In our guide we give a real-world example of someone who had a part-time job and then started drawing a small occupational pension. Her total income was under the tax threshold and so she should not have been paying any tax at all. But HMRC wrongly issued a code to her pension provider telling them to take 20% of her entire pension in tax. This could have gone un-noticed for months or years, resulting in a significant overpayment.

If you have multiple sources of taxable income, it is worth checking that the right amount of tax is being taken. You can do this online at www.gov.uk/check-income-taxcurrent-year or our guide will take you through the process step-by-step.

Tax codes are one of the least understood aspects of the tax system, and it can be very hard to know if you are paying too little or too much. But it is worth checking that things are correct, both so that any overpayment of tax can be corrected and you can get a prompt refund, or so that any underpayment is not allowed to go on for a long period resulting in a big tax bill.

The guide: *'How to decode your tax code'* can be downloaded at www.royallondon.com/goodwithyourmoney

Article written by Steve Webb, Director of Policy, Royal London

Aviva reveals £870 million paid in individual protection claims in 2016 but research shows people fear claims won't get paid

- UK adults believe only 47% of individual protection claims are ever paid
- 86% say insurers will always try to avoid paying out
- Aviva data shows very few individual protection claims go unpaid: 96.7% of all claims across life insurance, critical illness and income protection were paid in 2016
- £870 million or £2.4 million per day was paid out to help UK families in times of need
- 33% of UK adults say they have not always been honest when applying for insurance
- Pay-outs could be even higher with improved education on why claims are declined

UK adults estimate that just 47% of individual protection claims are ever paid out but their perceptions don't match reality, with Aviva confirming it paid out 96.7% of all individual protection claims in 2016.

This insight comes from the insurer's first Aviva Individual Protection Claims Report, which highlights that it paid out more than £870 million in claims last year, equating to £2.4 million every day. More than 23,000 Aviva UK customers and their families benefitted from individual life, critical illness and income protection cover. Aviva paid out 98.9% of life insurance claims to support families through a bereavement or terminal diagnosis, 92.3% of critical illness claims for conditions such as cancer, heart attack and stroke, and 92.6% of income protection claims to help customers get back to work after a health crisis.

As well as detailing how customers are supported through Aviva's claims and rehabilitation process, the report also aims to raise awareness around the common reasons why a small number of claims are declined, emphasising the importance of consumers carefully checking that correct health and lifestyle information is provided during the application process and that they fully understand the policy's terms and what it covers.

Further findings from the research support the call for more education amongst consumers to limit the possibility of any protection claim being declined: a third (33%) of people said they had not always been entirely frank with insurers when applying for different types of insurance.

More than half of UK adults (53%) also say they do not bother to read the detail on any insurance policies they purchase. A similar proportion (54%) also said they only check their insurance policies' terms and conditions when they need to claim, increasing the possibility of disappointment if a claim is made for something that is not covered by their particular policy, such as a specific illness.

Last year Aviva declined around 140 individual protection claims due to customers' statements about their health and lifestyle during the application not being accurate. Around 400 were declined because the condition being claimed for was not covered by the policy.

UK adults are not aware of common reasons for individual protection claims being declined

In another sign that greater education is needed to avoid claims being declined, as many as 45% of UK adults do not think that providing incorrect height or weight data during the application could lead to an individual protection claim being rejected, while 25% did not realise this was also true of their drinking and smoking history. Both factors can significantly contribute to the likelihood of developing certain illnesses, such as cancer – the most common condition for critical illness, life insurance and terminal illness benefit claims in 2016.

Other common reasons for a rejected protection claim that UK adults fail to identify are not including accurate general health information (26%) or family history of specific medical conditions or illness (31%) when applying.

Paul Brencher, Managing Director of Individual Protection at Aviva said:

"It's a common misconception that insurers don't pay out on protection claims – but our report shows this simply isn't true. In the significant majority of cases, a claim will be paid, delivering crucial financial support during what will often be the most difficult period of someone's life.

However, claims rates could be even higher if all consumers were aware of the need to take extra care when making an application. Incorrect information, whether deliberate or accidental, and not checking the product details are some of the main reasons why a small proportion of protection claims cannot be paid. Advisers can also help prevent this by stressing the importance of being as thorough and clear as possible when applying for insurance.

As an industry, we must ensure the pervasive myth that insurers don't pay out isn't a barrier to families taking steps to protect themselves against illness or a death."

Europe: from problem child to favourite?

Europe has long been seen as the unloved problem child of developed markets, beset with fiscal problems, threatened by disintegration and unable to escape from chronic underperformance. Now it's the new favourite. But can Europe justify its new-found popularity and higher valuations?

Centrist Emmanuel Macron's decisive victory in France's presidential election earlier this year was enough to stave off investors' fears that Europe was going the way of the US – down a populist, nationalist and ultimately anti-globalisation path. His party's landslide victory in the recent parliamentary elections only serves to shore up confidence that perhaps things in Europe are not so bad after all.

Economic fundamentals have also been improving. Last year, the eurozone expanded faster than the US for the first time since the financial crisis. Globally, first-quarter company earnings were the best in nearly a decade. European earnings were 23% higher than a year earlier, the second-fastest growing region behind Japan. This Continental resurgence is broad-based too, with 10 out of 11 sectors recording growth. Energy and materials delivered the strongest earnings expansion, while telecoms were the laggard.

Rays of sunshine have been few and fleeting in Europe, and the recent good news comes at a time of sky-high indices and political uncertainty in the US. As a result, investors are eschewing 'expensive' US equities in favour of 'cheaper' European counterparts. That perceived value may be a popular misconception, however: MSCI Europe's P/E is 24.1x, compared with 21.6x for the S&P 500. That hasn't stopped investors though. Index-tracking funds (ETFs) in Europe hit a milestone in May, netting $6.1bn in inflows in the first week alone – the first time flows reached this level since EPFR starting tracking data in 2000.

According to Bloomberg, assets invested in the $2.2bn iShares Core MSCI Europe ETF have surged 155% since December. The larger $12.2bn Vanguard FTSE Europe ETF grew 14% over the same period (to 16 May, 2017). The first quarter saw the highest quarterly inflows in European mutual funds for five years, highlighting increased appetite among US investors in particular for the region.

This is a lot of money flowing very quickly. Performance has been strong across the board, but we think there is a risk that the money could flow out just as quickly. Should sentiment turn away from Europe and strong inflows into ETFs reverse, the largest – the most liquid – companies are likely to suffer the most. Sources of potential disappointment are many: German elections are in September, the European Central Bank is trying to walk the tightrope of setting policy for a two-speed continent and Mr Macron will be hard-pressed to live up to the hype created by his rise to the French presidency. By far the largest question on the horizon is posed by Italy.

At the latest, Italy will go to the polls in May. However, there is a risk that former Prime Minister Matteo Renzi will seek an early ballot before the end of this year. Managers tend to believe a Renzi victory would be a stabilising force but the uncertainty surrounding yet another election is likely to feed through to increased volatility in the markets, something we believe is currently overlooked by exuberant investors piling in to Europe on a Macron relief rally.

There are opportunities in Europe, but after a period of strong performance and rapid inflows, we are cautious.

Article Written by Jenna Zegleman, Research Analyst, Rathbones

The value of investments and any income from them can go down as well as up and is not guaranteed, and you could get back less than you originally invested. Past performance is not a guide to future performance. The views expressed within this article are those of Rathbones, who may or may not have acted upon them.

Financial benefits of receiving financial advice

A recent report from the International Longevity Centre think-tank into the value of financial advice has found that those seeking help from an IFA were better off by an average of around £40,000 compared to their unadvised peers. 90% were happy with the advice they received with the report concluding that trust and financial capability were the two biggest drivers of seeking advice.

This makes pleasant reading as a headline for a wealth management business such as 2plan as well as the obvious financial benefits for clients.

We know clients trust their IFA to not only guide them towards attaining their financial goals and objectives but to also find them the most cost effective way of achieving them. But do all businesses act in the same way?

We strongly believe that our approach helps clients get a better deal.

2plan wealth management uses its size and the quality of business it writes with providers and fund managers to negotiate the preferential terms and prices it can on behalf of our clients to enhance the value it provides them. This is often reflected in the cost of investing both in the funds and on an investment platform, if the latter is utilised. Indeed, these agreements with these platforms and fund houses may only be available to clients whilst they remain a client of a 2plan IFA. Should the client choose to go elsewhere for advice then it could well be that they lose these financial benefits and any negotiated reduction in charges to their investments, which can have a dramatic impact over a period of time.

We continually strive to work on the clients' behalf and have their best interests at heart. As well as the financial benefits of dealing with an adviser, the work we are doing to drive down the product provider, platform and fund management costs at a time when our industry regulatory costs continue to increase means we are able to firmly stand out from the crowd. We recognise that as an industry there is lots of paperwork, aimed at protecting clients and providing relevant information at the point of advice as well as on an ongoing basis. Indeed some of the complexities of investing are difficult to comprehend but rest assured 2plan wealth management and our advisers are well placed to help you achieve your financial goals and try and simplify investing.

Our aim is to work on behalf of the clients and not work for a specific product provider so we research the whole marketplace to find the clients the most appropriate investment vehicle and funds. Where possible we will then negotiate more advantageous terms for clients to pass any cost savings on to them in order to reduce the overall charges in their investment portfolios. Over time this can then result in the investments being worth more, taking into account investments can always fall as well as rise.

Your 2plan wealth management adviser will continue to endeavour to guide you through the financial maze and act as your "trusted adviser".

Article written by Chris Smallwood, CEO of 2plan wealth management

If you would like to discuss any of these topics in more detail, please feel free to contact me to make an appointment. If you have friends, family members or colleagues who you think would be interested in these topics, please pass this newsletter to them.

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