



Agora

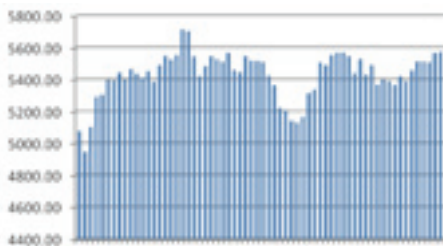
ASSET MANAGEMENT

News update

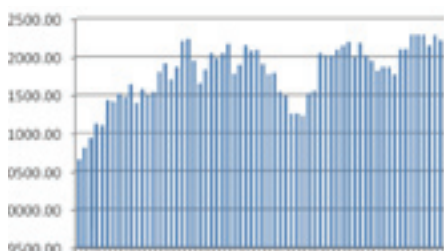
January 2012

	30.12.2010	30.12.2011	% change
FTSE	5899.94	5572.28	-5.55%
DOW	11577.51	12217.56	-5.52%
Nasdaq	2652.87	2605.15	-0.17%
Nikkei	10528.92	8455.35	-19.69%
Dax	6914.19	5898.35	-14.69%

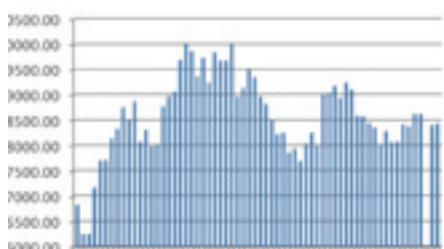
FTSE 100 – 3rd quarter 2011



Dow Jones – 3rd quarter 2011



HANG SENG – 3rd quarter 2011



Market Report

The USA provided the best stock market returns in 2011 in contrast with the rest of the world with the Dow Jones up almost 6% on the year. The UK FTSE 100 ended down about 6% having fallen by over 19% at one point as nerves were stretched by the European debt crisis. The FTSE 250, more reflective of the UK economy fell by 10%. European markets have fallen by over 15% whilst Japanese and Chinese markets are down by over 20%.

Whilst the European debt situation will actually take years to resolve, the European governments and the World's central banks are doing everything they can think of to create liquidity in the worlds financial system to keep it lubricated.

So where do we go in 2012 – hopefully better than 2011! Economists expect a slowdown in Europe but German industrialists are optimistic for German growth. In the US the economy is responding to the massive cash injection from the Federal Reserve's quantitative easing programme. The European banks have been furnished with cheap money to balance their books and provide security against government default in Europe. China are starting to ease their

monetary policy (potentially cutting their interest rates).

Here in the UK we have the Olympics designed to promote the UK to the rest of the world and no Euro.

At the moment pessimism abounds and this is very much part of current stock market valuations, but any perceived good news could send markets higher in 2012 as the US economy continues to improve and growth in the Far East recovers as Chinese inflationary worries subside.

Here at Agora we are constantly monitoring World markets and looking for potential opportunities to get the best returns for our clients, so here's to a happy and prosperous 2012 for us all.

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Agora Services – Our objective is to provide you with professional financial advice that you can trust.

We work as a team to make sure that we provide as comprehensive a service as we can, using technology where it can be helpful. Keeping your financial data fully up to date so that we can provide reliable accurate statements is a major part of our back office operation. To complement our full advisory service and our discretionary fund switching service we would like to introduce our new client portal service.

Client portal service
portal only service from £9.99 per month

Mortgage Service

The era of easy mortgages has been shaken by the current debt crisis which has meant that mortgage lenders are returning to more of the traditional requirements of lending criteria.

Sizeable deposits, repayment vehicles together with credible payslips and accounts are once again becoming a standard requirement. If you need advice we have three qualified mortgage advisers at Agora to help find a suitable package.

This service is included in our full advisory and discretionary service packages.

Designed for those clients who would like to consolidate all their investments in one convenient account and then be able to view these holdings, which are valued daily, securely online whenever they require. If you would like more details please talk to Leigh Keywood who will explain the service and help set up an account for you.

Financial Tools

At Agora we endeavour to balance the use of technology with practical experience gained from dealing with a wealth of clients.

We have extremely powerful research tools for investments, mortgages and sophisticated calculators for Inheritance Tax and Pension planning. Agora services are all about making the best use of these to help us help you.

Ensure your family is protected

Whilst many people will take life insurance to cover a mortgage liability, few consider the effect of a loss of income to the family, whether through death or ill health. There are two useful protection policies that can cover these scenarios:

Family Income Benefit

This is typically cover that is paid out on death (Critical Illness policies are also available) by way of a monthly amount rather than a lump sum. The logic here is that in order to produce an income of say £3,000 per month, based on a 5% yield, a sum assured of £720,000 would be needed.

Therefore the life company carries a liability of this for the whole term. For a 15 year term the life company has an initial liability of £540,000, but in year five this reduces to £180,000. This means the cover is offered for a more cost effective premium and hence clients can take the level of cover needed rather than a minimum level of cover.

Income Protection

There are many versions of this, but most that are offered together with mortgages or loans offer very poor cover and often for much higher premiums than payable for full cover elsewhere.

We can advise on cover which will pay out until retirement to ensure that the worst case scenario is truly covered. Whilst this type of cover is more expensive than life cover, it is more likely to be needed. Modern medicines and improved recovery for many illnesses have helped these policies be more competitively priced than ever.

When considering the levels of cover needed it is important to take into consideration the following to ensure that you are not over covered and hence waste money:

- Family outgoings (after mortgage paid off by lump sum cover on death)
- Amount of lost net income
- Loss of future pension rights
- Pension rights gained early
- Benefits from an employer (e.g. Death in Service or Sick Pay/ Long term ill health cover)

We all know that you can pay to insure everything but whilst many cover for death, statistically you are more likely to need ill health cover.

Contact us to discuss your existing arrangements and your actual needs.



Cover your Estate's Inheritance Tax (IHT) liability

As life expectancy continues to increase we are finding people are increasingly concerned about gifting money or getting involved in traditional Inheritance Tax planning.

A very simple option however is to establish a Whole of Life plan in trust. This provides the following benefits:

- Cost effective way of covering IHT liability whilst keeping control of all your capital

- Premiums would normally fall either within the annual gift allowances or under the 'gifts from normal expenditure rule'
- Competitive premiums – for those committed to paying they offer very good value

Pensions Update

Yet more pension changes are coming with the effect of recent changes are only now being noticed! Here is a short list of changes to be aware of:

- This won't affect many, but the lifetime allowance is going to be reduced from £1.8M to £1.5M from 6th April. This does not only affect those with money purchase funds, but also those who are still accruing rights under a 'final salary' scheme or are partly in Drawdown. A pension or maximum Drawdown in payment of £75,000 and upwards will also fall foul of this rule.

- 'Small pot' rule changes are proposed from 6th April, meaning any pension pots of £2,000 or below can be 'cashed in' subject to possible taxes. Currently only those with TOTAL pension deemed less than 1% of the Lifetime Allowance can 'cash in' their pension pot.

- State Pension changes have been proposed to increase the state pension age to 66 sooner than originally planned. We will wait to see if these reach Royal Assent into law. Below is a reminder of the rules and details of the proposed changes. For women, the current State Pension age is increasing from 60 to 65 from April 2010. This affects women born on or after 6 April 1950.

Under the Pensions Act 2011 women's State Pension age will increase more quickly to 65 between April 2016 and November 2018. From December 2018 the State Pension age for both men and women will start to increase to reach 66 in October 2020.

These changes affect you if you're:

- a woman born on or after 6 April 1953
- a man born on or after 6 December 1953

The current law already provides for the State Pension age to increase to:

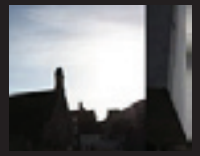
- 67 between 2034 and 2036
- 68 between 2044 and 2046

The government also announced in November that State Pension age will increase to 67 between 2026 and 2028. This change is not yet law and will require the approval of Parliament so we shall have to wait and see!

- 'Contracting Out' finishes this year – The rules for contracting out of the additional State Pension will change in 2012. The changes mean that contracting out will not be possible through:
 - a money-purchase (defined-contribution) occupational pension scheme a personal pension or a stakeholder pension

If you are contracted out through one of these schemes on 6 April 2012, you will automatically be brought back into the additional State Pension. You will begin to build up additional State Pension from this time.

- Auto Enrolment – From October 2012 to 2017, depending on the size of business, all UK employers will have new responsibilities to make pension contributions on behalf of their workforce.



Taxation allowances – use them or lose them!

ISA allowances

There are now only around three months to make full use of your ISA allowances.

Don't forget these have increased in recent years to up to £10,680 per person. The allowance will be increasing again to £11,280 in tax year 2012/2013.

At Agora we can help and advise you with your stocks and shares ISAs

Here are some of the reasons why you should consider investing in a stocks and shares ISA:

- Income paid out from ISAs is not subject to income tax
- Any capital gains are also exempt from tax
- If you were to pay in each year and hence create a significant portfolio this could produce an income to supplement pension in retirement

- Any cash holdings including existing Cash ISAs can be invested to create an income greater than the interest from bank and building society deposits, albeit with an element of risk to capital
- Modern ISA platforms minimise paperwork
- Modern ISA platforms allow huge investment fund range
- ISAs are now more cost effective to invest in than ever

Capital Gains Tax (CGT) allowances

Investment funds and shares not held within an ISA are subject to both Income Tax and Capital Gains Tax.

Each individual does have a CGT allowance where annual gains of under £10,600 are exempt. Furthermore any

losses can be carried forward if notified to HMRC. If existing investments are carefully managed to crystallise gains and losses at opportune moments it's possible to grow a large portfolio without paying any CGT.

For some clients we use these rules to establish lower risk investment portfolios to target lower growth rates but avoid taxes on the proceeds. These are bespoke portfolios and we would be happy to discuss a personalised portfolio for you.

Junior ISAs & Child Trust funds (CTFs)

Children can now have up to £3,600 each year added to their account. Over 16 years this would amount to £57,600 in capital before any growth.

With some analysts projecting University education costing £100,000 in 16 years

time it will be very important to ensure any Junior ISA or CTF monies grow more than inflation.

Many more parents and grandparents are now gifting money on an ongoing basis using both the donor gift

allowances to avoid any potential Inheritance Tax and also the recipients Junior ISA or CTF allowances.

Please contact us to discuss the options and any longer term strategy in detail.

All these investments can be arranged with Agora. We can manage the ISAs too or establish bespoke portfolios. All will show up on your regular statement helping you to track how they are doing. We have sophisticated software allowing us to project future fund values or income streams from portfolios to assist with your strategic financial planning. Contact us to discuss your objectives in more detail.

Venture Capital Trusts (VCTs) & Enterprise Investment Schemes (EIS)

Whilst not for everyone, those who have higher rate tax issues can be attracted by the income tax relief on these schemes.

Experience tells us that these schemes can be a little hit and miss in terms of the overall outcome. In other words, it's no good saving tax if the money is not going to grow or will reduce to nothing. Because many of these investments can be more unusual we usually work with clients to find something that they find attractive.

Please call us if you would like to discuss these options in more detail.