AIRWAYS UPDATE

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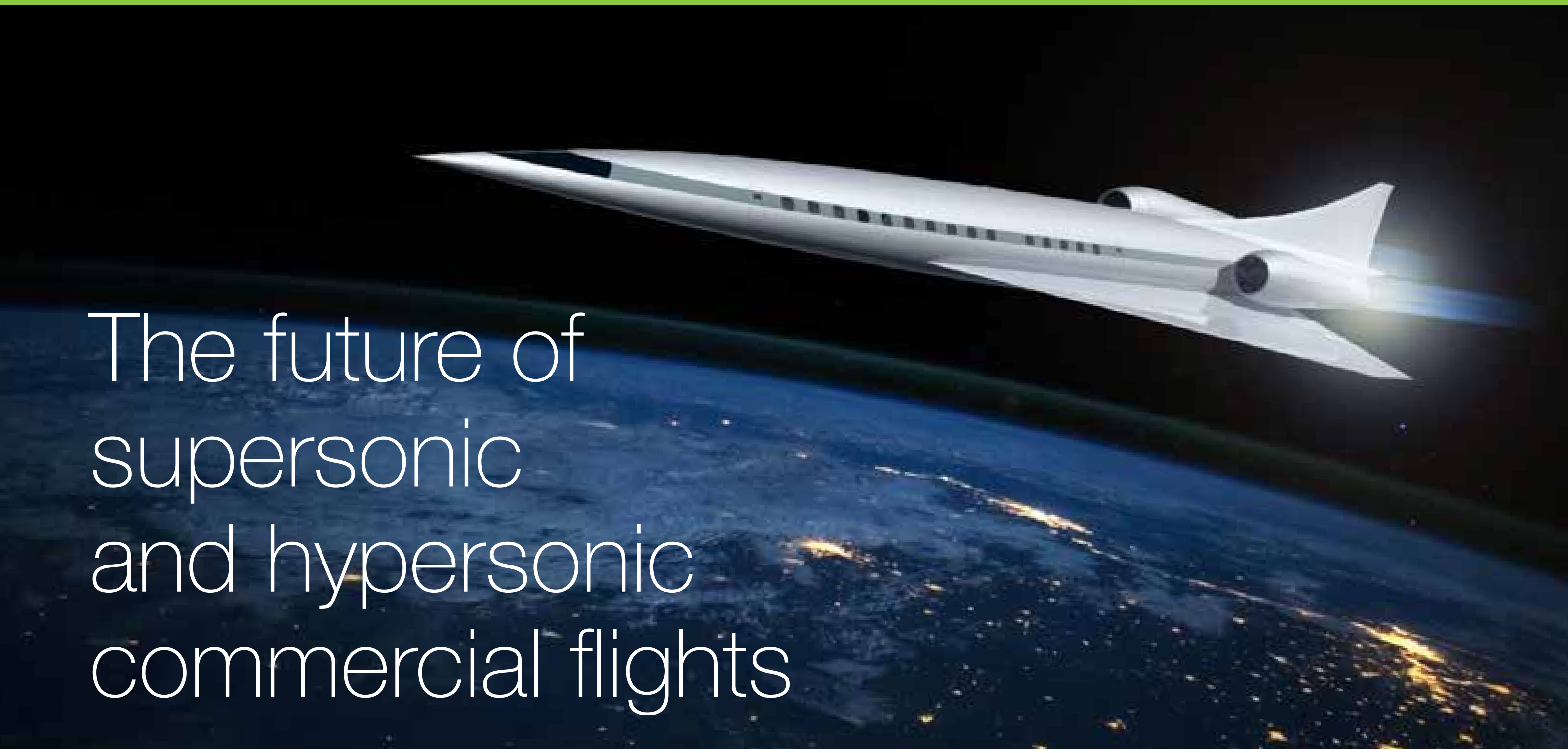


The future of supersonic and hypersonic commercial flights

Imagine a pleasant afternoon when you leave your home, head to the airport, and board the plane to your next destination. You step inside, place your bag, and take your seat. In front of you, there is a screen with movies and series to make your journey more enjoyable. The plane takes off, and while you decide what to watch—switching between options at least ten times—you realize you're already taxiing along the runway at JFK in New York. It sounds like science fiction, though perhaps that wasn't a genre you'd considered watching on the screen. **But it isn't fiction. You've traveled on a supersonic plane that has taken you to the other side of the ocean in less than three hours.**

Supersonic and hypersonic technologies are poised to make these speeds a reality, significantly reducing transoceanic travel times and unlocking new possibilities for air travel. While reminiscent of the Concorde era, today's advances promise greater efficiency and sustainability. Numerous companies worldwide are working on technologies to address the technical challenges of supersonic flight and explore the commercial potential of hypersonic travel. These innovations are moving towards the ability to cover 7,000 km in just one hour, significantly surpassing the capabilities of the iconic Concorde.

NEW PROJECTS AND ONGOING DEVELOPMENTS

As presented before, supersonic travel has been a reality for decades, yet it hasn't become mainstream since low-cost travel has dominated the industry in the last years. However, now numerous emerging companies are seeking to redefine transoceanic aviation.

Supersonic aircraft

NASA is currently developing the X-59, an experimental aircraft designed **to exceed the speed of sound without producing disruptive sonic booms**. As part of NASA's Quesst mission, the X-59 aims to be the first of its kind to successfully achieve this feat, paving the way for commercial supersonic overland flight in the future.

As a result of a collaboration with Lockheed Martin Skunk Works, the X-59 incorporates advanced technology and systems from various established aircraft, such as **its landing gear from an F-16 and its life-support systems adapted from an F-15**. Currently undergoing final testing, the aircraft's first flight is scheduled for 2024, marking a critical step toward revolutionizing commercial aviation by dramatically reducing travel time while ensuring safety and flight reliability are not compromised.

Another key player in the current landscape is Boom Supersonic. Based in the United States, Boom is developing the Overture, a supersonic airliner designed to carry 65 to 88 passengers at speeds of Mach 1.7. The Overture aims to complete flights from New York to London in just 3.5 hours while **addressing noise and environmental impact concerns using quieter engines and sustainable aviation fuels (SAF)**. Boom plans to launch its first commercial flights by the end of the 2020s.

While X-59 NASA's aircraft aims to fly overland, **the Overture will primarily operate over water**. Nevertheless, it has been engineered with noise reduction features to minimize sonic booms as well as comply with the latest environmental standards. Its in-house-designed turbojet engine, called Symphony, can operate efficiently at both high and low speeds, and will run on 100% SAF.

At lower speeds, **the Overture can fly over land without producing sonic booms and will be capable of landing on the same runway lengths used by typical commercial aircraft**, such as the Boeing 737 or Airbus A380, rather than requiring runways nearly 3,050 meters long, as was necessary for the Concorde.

Boom Supersonic plans to begin manufacturing the Overture in 2025, with test flights scheduled for 2027 and commercialization anticipated in 2029, provided everything goes according to plan. Major airlines such as American Airlines, United Airlines, and Japan Airlines have already expressed interest in the aircraft, securing 130 orders and pre-orders for the Overture.

Hypersonic aircraft

Regarding the commercial possibilities of hypersonic flights, **Space Transportation in China aims to create an aircraft that can cover the 7,000 kilometers between Dubai and Shanghai in just 60 minutes**. They also plan to launch their first suborbital tourism test in 2025 and achieve a “full-scale global hypersonic vehicle flight” by 2030.

Another startup looking to break records is **Hermeus. Based in Atlanta and founded by former employees of SpaceX, Generation Orbit, and Blue Origin**, Hermeus is currently developing the Quarterhouse Mk1, its prototype for a hypersonic commercial aircraft.

In 2020, the startup showcased its engine prototype capable of exceeding Mach 4, which helped them secure over $100 million in funding. Since then, they have been developing the first prototype of the Mk1, which was unveiled in March 2024 and is expected to undergo testing by the end of this year. The Quarterhouse Mk1 is an **unmanned aircraft that will be remotely piloted and powered by the GE J85 turbojet engine from General Electric, widely used in military aviation since the 1950s**.

Hermeus’s next milestone is the development of the Quarterhouse Mk2 prototype, which will feature the Pratt & Whitney F100 turbofan engine, capable of reaching Mach 3. However, it has even bigger plans and anticipates that the Quarterhouse projects are merely a precursor to a more ambitious endeavor, **Halcyon. This is a hypersonic aviation prototype designed to carry 20 passengers at speeds five times faster than any current commercial aircraft. It aims to fly from New York to London in just 90 minutes** by traveling at Mach 5, approximately 6,174 km/h, significantly surpassing existing speed records (the Concorde reached Mach 2.04, while the SR-71, a military reconnaissance aircraft, recorded Mach 3.3).

MARKET POTENTIAL

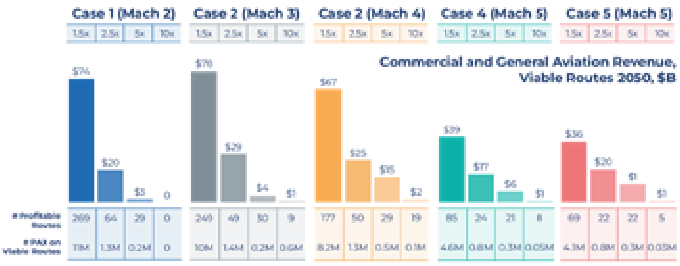
The primary and most obvious benefit of these flights is the **substantial reduction in transoceanic travel times**; connecting the United States to Europe in just one hour would create a monumental global impact. Currently, over 500,000 people travel in business class annually between New York and London. Reducing this flight from 7 hours to just 1 hour could save more than 3 million hours each year.

Yet, are these flights genuinely feasible? When the Concorde was retired in 2003, a ticket cost approximately $7,000. One of the factors leading to its discontinuation, aside from the tragic accident in 2000, was its **high-ticket price**. Given this backdrop, a pressing question remains: will operations proposed by Hermeus or Boom be financially viable?

A study by Brycetech and SAIC suggests that the target market for such flights—those willing to pay for tickets—**would mainly consist of business and first-class travelers**, who make up about 12% and 2% of total passengers on subsonic flights, respectively. Important considerations influencing the decision to fly supersonic include economic status, flight duration, time savings compared to subsonic flights, ticket pricing, and whether the journey is for leisure or business.

Moreover, the study identifies Mach 3 as the optimal business case, striking a balance between the additional revenue from time savings and the higher operational costs. **Projections for 2050 indicate that the city pairs likely to generate the highest revenues include London-Dubai, New York-London, San Francisco-Hong Kong, and London-Mumbai**, among others. Given their demand, income potential, and distance between cities, these routes could be ideal candidates for future supersonic flights.

2050 PASSENGER AND REVENUE DEMAND FOR COMMERCIAL AND GENERAL AVIATION VIABLE ROUTES BY MACH SPEED AND SEAT FARE INCREASES



The most significant opportunities will logically arise from long-haul operations, particularly transoceanic flights. Therefore, achieving the right balance between pricing and travel duration is crucial. The question then becomes: of the thousands of passengers flying first class daily, how many would be willing to pay double the fare for a journey three to four times quicker? Although the Concorde provided substantial time savings due to its supersonic speed, passengers still had to arrive at the airport well ahead of their departure times, which often wasn’t sufficient for business travelers planning their schedules. However, the situation changes dramatically with aircraft flying above Mach 3, allowing passengers to depart from the East Coast of the U.S. in the morning, attend meetings in London in the afternoon, and return home the same day.

PASSENGERS ON VIABLE LONG-HAUL ROUTES (IN THOUSANDS) FOR CASE 2 - MACH 3

Number of passengers on viable routes, Case 2									
	2030	2035	2040	2045	2050	2055	2060	2065	2070
1.5x fare	4,905	5,870	7,084	8,447	10,112	12,117	14,519	17,397	20,846
2.5x fare	614	742	902	1,143	1,388	1,730	2,172	2,744	3,488
5x fare	77	100	121	181	233	307	406	535	706
10x fare	5	11	27	41	58	106	193	352	642

CONCLUSION

Despite the many uncertainties surrounding supersonic and hypersonic flights, the numerous projects and companies focused on these developments highlight the increasing interest in the return of supersonic travel, anticipated promising advancements for aviation and air transport. **Undoubtedly, this experience may not be accessible to all economies, but who wouldn’t want to enjoy it if the service is akin to that of the Concorde?**

Original Article:
https://www.alg-global.com/blog/aviation/future-supersonic-and-hypersonic-commercial-flights

A forgotten 50th anniversary on income tax

In 1975, the Chancellor's Budget dared to go where no successor has dared since.

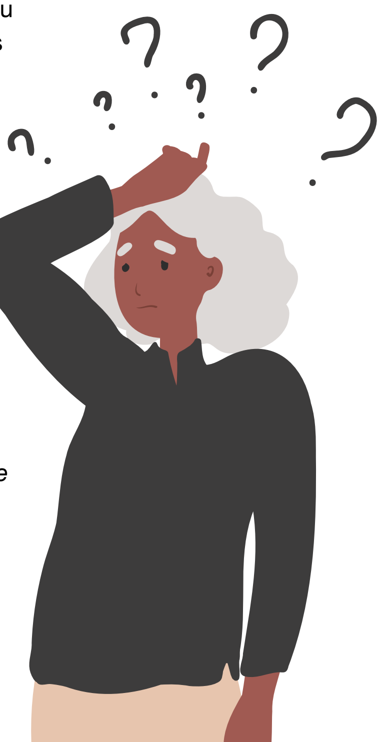
1975 was a memorable year in UK politics. In February 1975, Margaret Thatcher won the Conservative leadership election from Ted Heath, who almost a year previously had led his party to defeat. Four months later, in June 1975, the UK voted 67% in favour of remaining part of the EEC (now EU) in its first referendum.

Neatly positioned between those two events, in April 1975, the Labour Chancellor, Denis Healey, increased basic rate tax by 2% to 35%. Healey and his party went on to lose the 1979 election to Mrs Thatcher, leaving Labour in opposition for the next 18 years. This might explain why successive Chancellors have only ever cut the basic rate of tax. It also accounts for why the major parties tend to make rigid income tax promises in manifestos, which economists consider as risky constraints for a five-year term.

Income tax is by far the largest source of revenue for the government. The Office for Budget Responsibility projects that in 2025/26 it will deliver 30% of all tax revenue. This is more than half as much again as the next largest money raiser, national insurance contributions (NICs). Adding 1p to the basic rate of tax now would feed £7.9 billion into the Exchequer's coffers in 2026/27. It is also easy from an administrative viewpoint, as roughly £6 out of every £7 of income tax is collected by pay as you earn (PAYE).

But don't worry, an increase in basic rate of tax is extremely unlikely to happen during the remainder of this Parliament. Rachel Reeves has already followed the trail blazed by her predecessors and resorted to an increase in NICs, which are arguably another form of income tax, but applied only to earnings. Whereas the basic rate of tax has fallen significantly since 1975, NICs have stealthily gone in the opposite direction, both in terms of rates and the income to which they are applied.

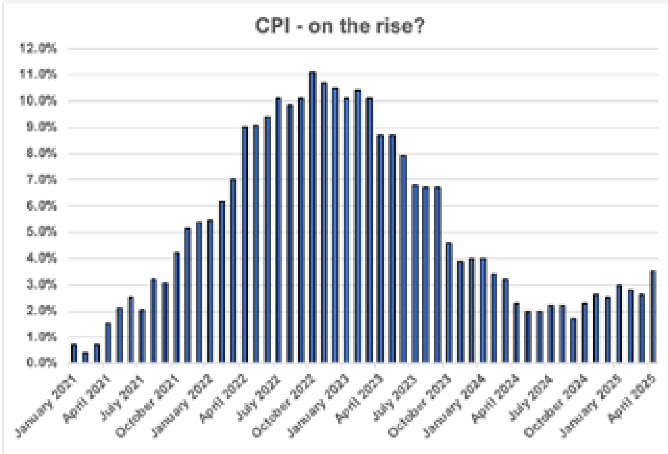
The result is that, when you think of how your earnings are taxed, the headline-grabbing basic rate of tax has become an increasingly smaller part of the whole story.



Tax treatment varies according to individual circumstances and is subject to change.

The Financial Conduct Authority does not regulate tax advice.

A return of inflation?



Source: Office for National Statistics

The April inflation figure was outside the Bank of England's target range.

The Bank of England's annual inflation target, set by the Chancellor, is 2%, based on the Consumer Prices Index (CPI). If inflation is more than 1% on either side of the target, the Bank's Governor is required to write to the Chancellor explaining what has happened and the actions being taken to bring CPI back within range. If inflation is still off-target three months later, the Governor must write another letter.

Until the April 2025 inflation figures were published, the last letter that the current Governor, Andrew Bailey, had to compose was in March 2024, when the February 2024 CPI was at 3.4%. By then Mr Bailey had become well practised at such correspondence, as inflation had been above 3% since August 2021.

This year's jump in annual inflation from 2.6% in March to 3.5% in April, which prompted Mr Bailey's latest letter, had been widely anticipated. The Bank of England's papers, accompanying the May interest rate announcement, showed the Bank expected April inflation to be 3.4%, rising to a peak of 3.7% by September.

Ironically, the two main drivers of the 0.9% rise were closely linked to the Government. The largest contribution was the increase in the various regional utility price caps covering Great Britain, set by OFGEM, a non-ministerial Government department. The same governmental status applies to OFWAT, which raised water bills for England and Wales by an average of 26% (with wide regional variations). The utility price cap was especially problematic because the April 2025 increase of 6.4% replaced an April 2024 decrease of around 12%.

While the recent utility-driven jump in inflation isn't currently expected to signal a longer-term trend, it follows on from the surge of inflation earlier this decade. Cumulatively, since the start of 2020, average prices have risen by 27.7%. Had inflation remained at a steady 2.0%, the rise would have been 11.1%. If your retirement plans had assumed 2% inflation, they may now need a review.

The value of your investment and any income from it can go down as well as up and you may not get back the full amount you invested.

Past performance is not a reliable indicator of future performance.

Changes to inheritance tax (IHT) on pensions from 2027

In the Autumn Budget, the Chancellor said that inheritance tax thresholds, which are the amount you can pass on when you die, before inheritance tax is due, are staying the same until 2030. But, from April 2027, pensions will no longer be exempt from inheritance tax. That means that inheritance tax may have to be paid on your pension when you die.

It's important to note that we don't yet have the finalised legislation, so things could change. We are also still waiting on more detail.

How inheritance tax on pensions currently works

Currently, defined contribution pensions, where you build up a pot of money to give you an income when you retire, wouldn't normally be part of your estate and there would be no inheritance tax to pay. The 'estate' simply means all the assets, like a house, investments or valuables, that someone owns when they die. But from 6 April 2027 defined contribution pensions will be subject to inheritance tax. The standard rate of inheritance tax is 40%.

Who will be affected by the change to inheritance tax?

Even with this change, inheritance tax isn't going to be an issue for most people. That's because everyone has an entitlement to a nil rate band of £325,000 of assets which they can leave to anyone free of inheritance tax. This is also known as the inheritance tax threshold.

We know that many people don't have enough in their pension for the lifestyle they'd like in retirement, so they may not have much, if any, money left in their pension(s) when they die. Often pensions are passed onto the pension saver's husband or wife and if they don't have their own pension, or only have a small pension, then they will need that pension to top up any pension savings they have. Government figures estimate that 10,500 estates will pay inheritance tax for the first time, as a result of the changes to the rules on inheritance tax and pensions, and 38,500 will pay more inheritance tax.

But if you own your own home, then when your defined contribution pension is added onto this, it might be more than the amount you're able to pass on free of inheritance tax. And that could mean inheritance tax has to be paid when you die or when your husband or wife dies.

If you are married or have a civil partner

If a couple are married and live in the UK, then when the first member of the couple dies, and anything they own is passed onto their husband, wife or civil partner then there is no inheritance tax to pay. This means that some or all of the £325,000 inheritance tax nil rate band which was unused on the death of the first person can be transferred to the surviving husband, wife or partner. So, this means that up to £650,000 (2 x £325,000) is available when the surviving husband or wife dies, before inheritance tax is paid.

In addition, if you pass on a property or the proceeds of a property sale to children, then you are also entitled to something called the residence nil rate band. That's up to an extra £175,000 that each member of a couple can pass on free of inheritance tax. However, the residence nil rate band only applies if direct descendants benefit. That means children, including stepchildren, and grandchildren. If you are married or in a civil partnership, then this, like the inheritance tax nil rate band, can also be transferred if the first person hasn't used it. So, on the death of the surviving husband, wife or civil partner, there is a maximum of £1 million pounds available inheritance tax free, which is 2 x £325,000 (the nil rate band) and 2 x £175,000 (the residence nil rate band).

If you live together but aren't married

If a couple live together but aren't married – the same rules don't apply as the nil rate band and the residence nil rate band can't be transferred to the surviving partner if they aren't used. Couples who live together also can't pass on assets to each other free of inheritance tax when they die.

So, when the first partner in a couple dies there is only £325,000 available before inheritance tax is due rather than an unlimited amount. That means if one partner dies first and leaves £1 million to the person they live with, there will be inheritance tax to pay on anything over £325,000.

An example of the change in relation to pensions and inheritance tax

The best way to explain the inheritance tax changes is with an example. We will look at Khalid and Amira, who are married. Sadly, Khalid dies in 2024, and he leaves everything to his wife Amira. Then Amira dies in May 2027. We are assuming that the law on inheritance tax and pensions will have changed to take effect from 6 April 2027.

We will also assume that Amira owns a house worth £400,000, that she has £100,000 of investments in ISAs, has her own pension worth £200,000 and that she inherited a pension from Khalid in 2024 which is now worth £650,000. Before April 2027, when pensions weren't generally subject to inheritance tax, there would have been no inheritance tax bill because the estate was worth £500,000. That means it would have been under the £1 million limit that could have been passed onto someone other than a husband, wife or civil partner, with no inheritance tax to pay.

However, with the change meaning that pensions are subject to inheritance tax from April 2027, the total estate would now include pensions and would be worth £1,350,000. This means that £350,000 would be subject to inheritance tax at 40% which will be £140,000.

Do I need to include my pension in my will?

There should be no need to add your pension to your will because of the change to inheritance tax and pensions announced in the Autumn Budget 2024. Although there is no finalised legislation yet, our understanding is that there won't need to be any change to what you have set up currently and you won't need to add your pensions to your will. The pension company and the solicitor for the estate will work together to sort out any inheritance tax that's due.

How to reduce the effect of the changes to inheritance tax

If you have a lot of money in pensions as well as other assets then it might be a good idea to talk to a financial adviser to work out the most tax-efficient way to spend money in retirement. If you are 75 or over when you die, those who inherit your defined contribution pensions will have to pay income tax. You can read our article which gives more information on that tax charge.

Giving away money while you are still alive

This isn't something new, but it might be useful if your estate (the value of your property, investments and other assets, including your defined contribution pension or pensions) will just be over the inheritance tax threshold. You might want to think about giving away more money when you are alive, especially if you've received the pension from your husband or wife and will be passing on your estate to children or other family or friends.

That could be giving lump sums or paying into pensions or ISAs for adult children or younger children or grandchildren to help with their retirement or perhaps to help get them onto the property ladder. Anyone can have a pension, even those under 18. However, it is important to say that giving money away may not be the right thing to do. You should ensure you have enough to give you the lifestyle you want in retirement. As we mentioned earlier, it's a good idea to take advice from an impartial financial adviser.

Final Note

Please be aware that we are still waiting on the outcome of the pension consultation review, and how these rules will work in practice. Speak to your financial adviser with any of your concerns or questions.

Original Article:
https://www.royallondon.com/guides-tools/planning-ahead/estate-planning/changes-to-inheritance-tax-on-pensions-from-2027/

Given the often erratic policy promises emanating from the Oval Office, if one were to focus entirely on the news, you'd be forgiven for thinking that markets struggled over recent months. However, these promises have followed a pattern: a threat which is swiftly watered down, well before serious negotiations can take place. Take 'Liberation Day' as an example, whereby President Trump unveiled a vast swathe of bizarre tariffs on unsuspecting global trading partners, arguably in the service of furthering US economic interests though reputedly after a brief but fruitful consultation with Chat GPT. Equity markets collapsed, the bond market tremored and Trump pulled back offering concession and delay.

As much as the erratic policymaking from the US administration makes it tricky to compose a timely market update, it also makes it harder for businesses and consumers to plan and invest for the future. This uncertainty is being borne out in the data, particularly in the US where consumer confidence is ailing. Whilst recession is not our base case, we do acknowledge that the probability of a meaningful slowdown over the Atlantic has increased.

This policy volatility has certainly had an impact on employment data intentions and our forecasts for growth. Inflation too may well remain sticky given the impact of any eventual tariffs - even at the blanket 10% level, which is still 10% higher for many industries than before the fateful 'Liberation Day' – slowing down the ability for the Federal Reserve to ease interest rates. When one adds to this the dangerous precedent of Trump's apparent attempts to influence the Fed, threatening the very credibility of this essential counterbalance to the US economy, we are certainly in unchartered waters.

Global markets fell sharply in the immediate aftermath of this announcement but ended the month (April) broadly flat having regained almost all the ground lost. Interestingly however, US assets, the driver of global equity markets over recent years, lagged UK, Japanese and European equities in the recovery rally. Investors have been looking to diversify away from the US and the outsize influence of the ubiquitous beneficiaries of AI optimism, the 'Magnificent 7'. This was also evidenced by the performance of the US dollar which fell by 8% over the month. And whilst we are presently unwilling to join the growing chorus of commentators calling for the end of 'US exceptionalism', we remain staunch advocates of diversification and welcome a healthy reset of sentiment around the preeminent global superpower. US corporate earnings remain the envy of the rest of the world (earnings per share for American firms have risen by c.250% over the past 15 years) but valuations remain expensive relative to history, diminishing the probability of outsize returns from here.

We should also mention the ongoing tension in the Middle East. At the time of writing, this appears to be waning as Israel and Iran have agreed to halt hostilities, heralding a possible end to almost two weeks of conflict between the regional rivals. Despite the obvious worries about this conflict, markets have been largely unaffected chiefly as neither side have targeted the disruption of the global energy supply chain, most obviously in this case, the Strait of Hormuz.

One of the ways that this uncertainty translated to portfolios is that the traditional relationship between equities and bonds has become less reliable. This reinforces the need for alternative sources of portfolio diversification. In this regard, we may look to physical gold which is up more than 25% year to date, having hit a new all-time high of $3,510 in April. The latest leg up has been a result of the waning dollar making the yellow metal relatively more attractive to non-US investors. We also hold a spread of Absolute Return funds which are designed to perform independently of market direction, and tend to benefit from dislocations, interest rate divergence, or increased policy unpredictability. They can short the market and invest in a broad range of asset classes (including commodities) to help protect against major geopolitical shocks. In a welcome divergence from 2022, gilts have provided solid positive returns and form an attractive component for portfolios. Low coupon issues being particularly efficient for higher rate taxpayers.

Ben Bernanke, the American economist, and 14th chairman of the Federal Reserve once said, "Economics is a very difficult subject. I've compared it to trying to learn how to repair a car when the engine is running." This comment has never been truer than in the present day where the variables are greater than ever. But whilst it remains both impossible and unwise to react to every twist and turn emanating from an increasingly unpredictable world, we remain firmly committed to actively and pragmatically managing diversified portfolios to manage risks. Where it makes sense (growth opportunities, supportive valuations), equities remain an important asset, but we will also continue to build in protection from uncertainty where appropriate.

Jonny Holmes, MSTA, CFTe, Chartered FCSI
Investment Manager

RATHBONES

Who is making your pension investment decisions?

The Government is taking an increasing interest in where pension funds are investing – or not investing.

As March's Spring Statement underlined, Government finances are in a tight and precarious position. Precisely where the line is drawn may become apparent by the time you read this, with the results of the latest three-year Spending Review on 11 June.

Financial constraints were also squeezed under the previous government, which led the Chancellor's predecessor, Jeremy Hunt, to launch the Mansion House Compact in July 2023. The Compact was signed by eleven major workplace pension providers, which agreed to invest 5% of their default workplace funds in private company shares by 2030. Mr Hunt aimed to finance small UK businesses without requiring fresh government support by, for example, tax incentives or subsidised loans.

Rachel Reeves made her first Mansion House Speech in November last year and, unsurprisingly, talked in similar terms to Mr Hunt about directing millions in pension funds towards UK investment. In May 2025, she launched the 'Mansion House Accord', building on the previous 'Compact'. Seventeen major pension providers, accounting for about 90% of active savers' defined contribution (DC) pensions, signed up to the new Accord. By doing so, they agreed:

- By 2030, to invest 10% of their workplace pension portfolios in "private assets", such as unlisted company shares, property, infrastructure and private debt.
- That at least half their private portfolios would be ringfenced for the UK. The Treasury estimates up to £25bn of assets by 2030.

At present, the agreement is just that, but when asked whether she would make the 10% and 5% private investment levels mandatory, the Chancellor's response was "Never say never". There is some unease among investment managers that mandation could creep in. The current agreement signed by the pension providers does have some wiggle room – for example, the government is expected to "facilitate" a pipeline of UK investment opportunities.

In practice, meeting the private asset goals is likely to focus on investments made by default funds – those where most money flows because no other specific fund is selected. If your pension invests in a default fund, you may want to review your choice and take some investment advice tailored to your own goals, not the government's.

The value of your investment and any income from it can go down as well as up and you may not get back the full amount you invested.

Past performance is not a reliable indicator of future performance.

'Yippy' days in the markets – a new way of measuring the jitters

A new word was added to investors' vocabulary in April.

"Well, I thought that people were jumping a little bit out of line. They were getting yippy, you know, they were getting a little bit yippy, a little bit afraid."

So said President Trump seven days after his Rose Garden Liberation Day presentation of unexpectedly high tariffs on US imports. His words were a justification for placing a 90-day pause on most of those tariffs. However, he still left a 10% baseline tariff in place and increased Chinese tariffs to a total of 145%.

'Yippy' was not a word many in the markets recognised, unless they were fans of the hit football-focused series *Ted Lasso*. It turned out to be a golfing term, suitable for the owner of several golf courses, attributed to those whose nervousness impedes their playing ability – think of the crucial putt. In the best of Trumpian traditions, it was not altogether clear who "the people" were or what they were getting "yippy" about. However, the general interpretation was that the President was himself becoming yippy about the state of the US Treasury market.

That market, through which the US Treasury fills the gap between government expenditure and government borrowing, is worth about $28.6 trillion. To put that in perspective, the UK government bond (gilt) market is about £2.7 trillion – a little more than an eighth as large. It is fair to say that the US Treasury market underpins global finance. The return on the US government's 10-year bond (4.3% at the time of writing) is often considered the global risk-free rate of return. US government bonds are commonly used as collateral for a wide range of trades and held by foreign central banks as a home for their dollars.

In the days running up to Trump's yippy statement, there were rumblings that all was not well with the US Treasury market. Longer-term yields were rising sharply, and an auction of a new 3-year bond was poorly received. Given the amount the US government borrows – $7.3 trillion in the first three months of 2025 – Trump could not risk upsetting the market to the point where the buyers of government paper went on strike.

If you are getting a slight feeling of déjà vu, you are not alone. Some coverage suggested it was Trump's Liz Truss moment.

The global message: government bonds and their markets matter.

The value of your investment and any income from it can go down as well as up and you may not get back the full amount you invested.

Investment Committee Update

July 2025

The Investment Committee has had a busy first half of the year. We had due diligence meetings in May, focusing on performance, fund activity and some more technical points with various companies on our investment panels. This is an exercise we undertake every six months, the purpose of which is to closely monitor all investments to ensure they remain suitable and that we strive to have the best investment options available for our clients.

The main exercise we have been focusing on at the start of this year is to have a robust Centralised Retirement Proposition. As indicated in the name, this is our formal process specifically looking at clients entering retirement and planning the most suitable decumulation process.

A Centralised Retirement Proposition (CRP) is an important framework that allows us to provide consistent, robust, and well-governed advice for clients moving from building up their pension savings (accumulation) to drawing an income in retirement (decumulation). It sits alongside our Centralised Investment Proposition (CIP), which focuses on how we invest clients' money during the accumulation stage. The CRP deals with the unique challenges of retirement – such as how best to take income sustainably, mitigate 'sequence of returns' risk, manage tax efficiently, and balance investment risk when clients begin to rely on their pension savings.

This is more important than ever; over the last few years we have experienced volatile markets and our priority is protecting our clients' money and provide steady income streams, whilst preserving capital through these ups and downs of the markets.

Our CRP sets out clear strategies and processes to ensure that each client's retirement plan remains on track. This includes structured withdrawal strategies, ongoing reviews, and carefully selected retirement income solutions designed to adapt as clients' needs evolve over time. By having this formal approach, we can help reduce the risk of poor outcomes such as clients running out of money too soon or taking unnecessary investment risks.

Ultimately, the CRP ensures our advice remains high quality, repeatable, and compliant with regulatory expectations – giving clients peace of mind that they have a clear, carefully managed strategy for their retirement income, tailored to their needs but delivered through a robust, firm-wide process.

Best regards,

Calum Brockway DipAPFS
Head of Investment Committee

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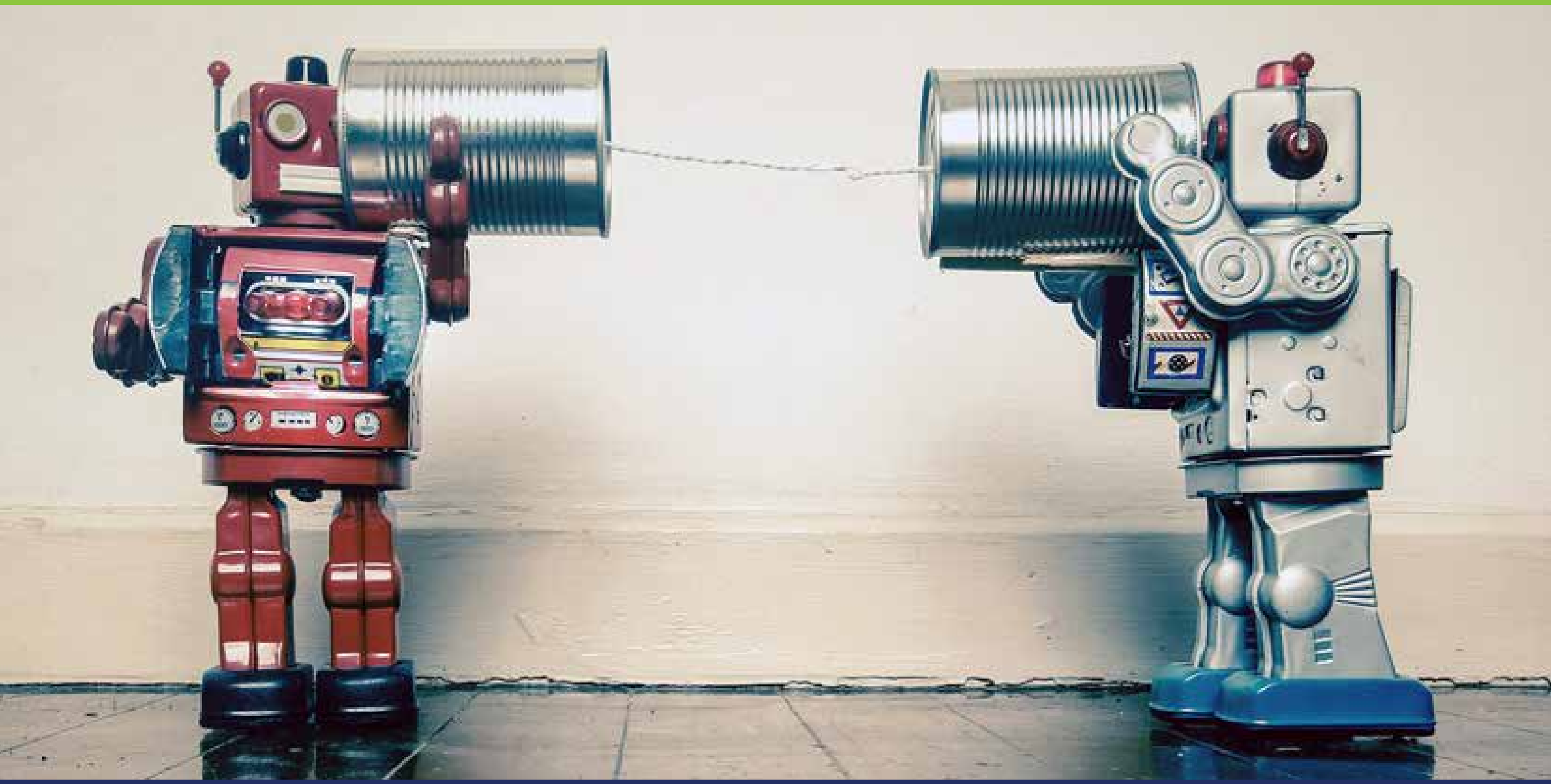
AIRWAYS UPDATE



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