AIRWAYS UPDATE

RADCLIFFE & Co
INDEPENDENT FINANCIAL ADVISERS • EST. 1959

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When pigs fly?

The time is here, you can now preorder your flying car and no, it's not a DeLorean. Engineering start up, Aska revealed their version of a flying car at the latest Consumer Electronics show (CES).

Powered by electric batteries and a supporting small gas engine, the Aska A5 has the capability to both drive on the road and up to 250 miles by air with just one charge, which could cut time on multi-mile trips in half.

The prototype demonstrated in Vegas on Thursday was a four-seater vehicle about the size of a standard SUV, but looking a little more like a helicopter with a propeller and wings stemming from the car's top.

Aska says that the vehicle does fit in a conventional parking spot in driving mode, and when it comes to vertical takeoff and landing, it needs an area about the size of a helipad or a more conventional runway. The Aska A5 can even take off in less than five seconds with only 250 ft of runway space, according to a press release from Aska.

Additionally, the A5's "Drive and Fly" design lets users do something we only thought the bat mobile could do -- going from driving to flying all in one trip. According to Aska, this approach will "enable air mobility to be more easily and cost-effectively adopted."

Potential drivers can charge the electric battery at home or at an EV station, as you would with any other electric vehicle. The small gas engine provides up to 50 additional mile and takes premium gasoline.

If you're ready to fly over traffic, you can secure your spot on the preorder list now with a $5,000 deposit. Once available, the Aska will be sold for $789,000. Before you take off, don't get too excited because the Aska A5 can't fly until it's granted FAA clearance.

Also expected to launch in 2026 is ASKA's on-demand ride service upon FAA approval. So, even if you don't want to invest in the car for yourself, a flying Uber-like service might be in your future.

"Aska is positioned as a new generation vehicle that combines the convenience of an automobile with the ease and efficiency of VTOL and STOL flight. Aska is a vehicle that addresses not only consumers, there is also significant business potential in emergency response use, military use, as well as on-demand ride-sharing mobility services," says Guy Kaplinksy, CoFounder and CEO of Aska.

Aska says it plans on full-scale flight testing following CES and is targeting commercialisation in 2026.

Market commentary

What happened in 2022?

With the world opening up following the pandemic, it wasn't long before inflation started to rear its head. Inflation was driven by pent up demand and exacerbated further by Russia's invasion of Ukraine, leading to a sharp increase in commodity prices. On top of this, China's zero covid policy meant continued supply chain disruptions, which are still being felt today. Inflation reached its highest levels in decades and interest rates rose sharply as central banks across the globe became serious about tackling inflation. This led to slowing growth across the world and recession concerns. Pleasingly, markets enjoyed a recovery towards the end of 2022 and continued this recovery into the new year. Several of our carefully chosen stocks rallied well during this time, delivering double digit returns.

What did this mean for Markets?

Last year was extremely challenging, with bonds (down 20%) and global stocks (down 8%) falling – leaving little place to hide. Higher interest rates and better returns available from lower risk alternatives like cash created quite a headwind for equities. Add to this a surge in energy and raw material costs alongside a slowing economy and it is easy to see how companies have struggled with the challenges presented during 2022.

Usually, bonds will offer some relief when equities struggle but not this time, bonds and equities combined offered the worst returns in decades. Some relief could be found in commodities and genuine diversifiers (such as infrastructure) held in Winchester portfolios, but this was not enough to offset the falls in the wider portfolio. We went into the year underweight in bond exposure compared to the wider market, which also helped.

What does this mean for portfolios?

We remain cautious in our outlook as inflation and interest rates are likely to remain somewhat elevated and growth across the globe slows. This will inevitably impact margins and profits of companies.

Our strategy has been to focus on quality, resilient companies with excellent management and strong financials; ultimately, we want to own some of the best companies in the world who can navigate through these headwinds. We feel it is a time for active management and careful stock picking, we do not look to own the whole market, but rather select the companies we feel are most attractive. Indeed, this has worked well for us in the past and we are confident this is a sound approach for future. Indeed, we have seen some attractive performance in the most recent market upturn and more resilience in our portfolios versus the benchmark, when markets have fallen.

In order to manage volatility as best we can, we look to trim holdings when they have had a good run and then top up holdings that look oversold. We maintain a good amount of downside protection, whilst maintaining equity exposure to participate in market recovery. A diversified portfolio across asset classes, sectors and regions has been crucial, and we have been particularly pleased with our 'alternative' investments which have offered good downside resilience as they perform independently from equities and bonds.

When will interest rates start to fall?

The Bank of England base rate is now at 4% and the US is a little higher, around 4.75%. As to when these will rates will fall depends largely on how quickly inflation falls. We anticipate we are close to the 'peak' of interest rates and feel we will see a pause and perhaps even a decrease in rates in early 2024. However, we do not believe that the extremely low interest rate environment seen in the last decade will return.

What does this mean for inflation?

Inflation in the UK is c.9.2% and c. 8.5% in the US. We have seen inflation figures being to ease and moderate and we believe this will continue through 2023. As we have mentioned before, prices do not need to come down for inflation to moderate, they just need to stop going up. Even if Russian oil and gas does not become available for some time – we are unlikely to see another surge in commodity prices to the same extent as last year.

And what is outlook from here?

It feels like it is going to be a year of two halves. The first half will be looking to a slowing economy, a fall in inflation and a peak in interest rates. The second half will be dominated by the prospects of falling interest rates and economic recovery. This is, however, unlikely to be a straight line and we anticipate turbulence over the next few months.

Looking further ahead and in more positive news, it is likely to be an environment where inflation has reached more manageable levels, where interest rates are falling and the green shoots of economic recovery are sprouting.

We remain confident that a well-diversified portfolio of carefully selected stocks can weather these headwinds and deliver returns. Whilst the short term is, as ever, more variable, we endeavour to find opportunities within the volatility and remain optimistic about the holdings we have in portfolios and their future prospects.

With best wishes for 2023.

The RBC Brewin Dolphin Winchester Team

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Why annuities are popular again

With the rise in interest rates, annuities have become popular again and an the option of blending drawdown and annuity income as retirement income needs change has also become even more important to consider.

Average annuity rates have a hit a 14-year high, having increased by 52% in the past nine months, according to new data from Canada Life. This means the break-even point, the point at which you would receive your original pension back through income, has reduced by seven years, falling from 22 years to just 15 years.

A benchmark annuity of £100,000 at age 65 would now pay a guaranteed income of £6873 a year. This compares to £4521 at the start of 2022.

Inflation-linked annuity rates have also seen a significant improvement over the last nine months, with rates improving by 77%. A benchmark £100,000 annuity linked to RPI will now pay a starting income of £3896, compared to £2195 at the start of the year.

Nick Flynn, retirement income director, Canada Life comments:

"It's has been a record-breaking year for annuity rates, with incomes at a level we haven't seen for over a decade. I'd need to look back to before the banking crisis of 2008/9 to see annuity rates at a similar level as today.

"In the current economic climate, where else could you receive nigh on 7% risk free income in retirement? That is how strong annuity rates are right now which is why they are worth more than just a second glance.

"With the right guarantees and value protection options, annuities can now give drawdown a good run for their money through the benefits available. Clients planning their retirements or looking to de-risk their investment portfolios should take another look at annuities.

"Clients should also look at using annuities alongside drawdown, rather than viewing in isolation or having all your eggs in the one basket. Phasing annuity purchases throughout retirement can not only de-risk your retirement journey, but you can also benefit from better annuity rates as you get older. With the right value protection, you can also ensure your wealth is protected and can be passed to loved ones."

Anyone considering their retirement options should consult their financial adviser for more information.

Powers of Attorney Bill

Susan Dalton

The Bill to modernise the law on making lasting powers of attorney in England and Wales has received its second reading in Parliament.

The Powers of Attorney Bill will enable modernisation of the process for making and registering Lasting Powers of Attorney (LPA) and make it easier for individuals to obtain certified copies of powers of attorney.

The Bill facilitates this wider modernisation by enabling changes to the process to make and register an LPA, introducing the requirement to verify identity as part of applying to register an LPA and streamlining how people can object to the registration. It also enables different processes and evidence to be accepted depending on whether an LPA is made digitally, on paper or a mix of the two.

The effect of this will be that donors will find it easier to create their LPA while also being better protected from abuse. The public will be better protected from fraud and the Office of the Public Guardian will be able to run a more streamlined process that delivers better value for its fee payers. Overall, it will allow more individuals to retain control of their lives by planning for their future.

Check your tax with the official HMRC app

Susan Dalton

The HMRC app is an easy way for a person to find information about their tax, National Insurance, tax credits and benefits on the move.

Christmas workers, and new employees generally, can save time with the HMRC app by using it to find out their personal tax information and pass details on to their employer - saving them time.

In the 12 months up to October 2022, HMRC received almost 3 million calls from people asking for information that is now readily available on the app, with more than 340,000 using it to access employment and income information since July 2022.

Downloading the free and easy to use HMRC app *(https://www.gov.uk/guidance/download-the-hmrc-app)* allows secure access to information about personal tax affairs, avoiding the need to call HMRC.

New functions and capability mean that customers can access their income and employment history, salary information, National Insurance number or tax code via the app, whenever they need it. The information can be downloaded and printed – so there is no need to call HMRC to ask for it to be sent in the post. This means that using the app rather than calling the helpline makes the process much quicker.

App users will need a user ID and password, so they can access their personal information. If customers need to set one up, the app will guide them through the process.

Customers who don't have a Government Gateway user ID and password will need two forms of evidence to prove their identity. This can include their UK passport and UK driving licence.

App users can also benefit from other functions on the app. These include:

- Check payments from their employer
- Registering for Self Assessment
- Making a Self Assessment payment
- Reporting tax credits changes and completing renewals
- Accessing their Help to Save account
- Using HMRC's tax calculator to work out their take home pay after Income Tax and National Insurance deductions
- Tracking forms and letters they have sent to HMRC
- Claiming a refund if they have paid too much tax
- Updating their address

The HMRC press release: *(https://www.gov.uk/government/news/christmas-workers-can-save-time-with-hmrc-app)* also has additional information.

Aviation Team Update

Radcliffe & Co remain committed and in a strong position to support our clients. Our Aviation Team has seen some recent personnel changes, with two experienced advisers joining the team. Firstly, Richard Roberts, a specialist in the NATS sector with invaluable knowledge. Secondly, James Revell, who has been a fantastic addition to the Radcliffe team. With a wealth of experience, our team of ten has now been advising Aviation clients for over a decade.

In other news, we are delighted to announce that we have been recognised as the **'2023 Best Financial Advisers to Work For'** at the Professional Adviser Awards, with the ceremony taking place later this year. We are extremely proud to be recognised for our hard work and dedication in an ever-changing industry. Additional noteworthy staff updates include Katie Steel joining our management team from February and Katie Brockway making the transition to Trainee Adviser in May. We are looking forward to seeing them both develop in their new roles.

In February, Radcliffe & Co returned to compete in the annual Rose Road Team Triathlon event, with multiple staff running, cycling and swimming in groups of three to set the fastest times. The total amount raised from the event was over £6,000 for the inspirational children and young people the charity supports. It was the biggest event yet and an amazing effort by everyone involved! Rose Road take care of children and young adults with severe physical disabilities, learning difficulties and autism.

We look forward to seeing you at the upcoming planned aviation events later this year; more information will be sent in due course.

In the meantime, please get in touch with your Radcliffe adviser if you want to discuss any of your financial matters.

You can also keep updated by following us on LinkedIn:
https://www.linkedin.com/company/radcliffe-&-co-life-&-pensions-limited/

Best regards,

Radcliffe & Co

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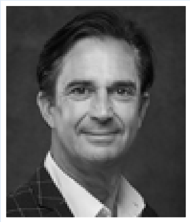
The Aviation Team at Radcliffe & Co



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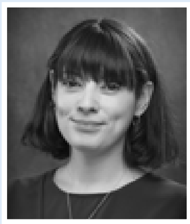

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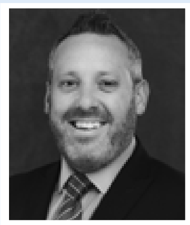

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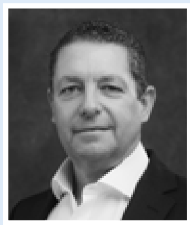

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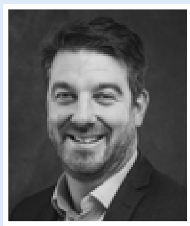

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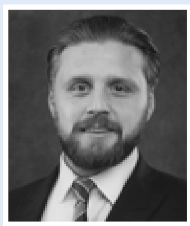

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