

Quarter 1 - 2026

Quarterly Adviser



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Welcome to this edition of the Quarterly Adviser

Against the backdrop of the ever-changing landscape of the UK economy, we believe it is more important than ever to keep our clients informed of market updates and discussion topics that keep you informed and reassured that your plans are in safe hands.

For more information on any of the topics covered in this edition of the Quarterly Adviser, please don't hesitate to get in touch with your Financial Adviser.

A summary of the Spring Statement

Spring Statement overview

When leaving 11 Downing Street, the Chancellor did so without the traditional red Budget box. This was symbolic of the nature of the Spring Statement, which she had made clear is intended as an economic update rather than a full fiscal Budget.

In the days leading up to the announcement, attention had been focused less on the statement itself and more on the escalating conflict in the Middle East and the potential economic implications arising from it.

Opening the statement, the Chancellor acknowledged these international developments and expressed her gratitude to the British armed forces serving around the world to protect the United Kingdom.

She confirmed that she remains in regular contact with the Bank of England, international partners and key industries that may be affected by current global tensions, including the UK's maritime sector. The Chancellor also noted that she would be meeting with leaders from the North Sea energy industry on 4th March to discuss the challenges they face and to work together to navigate the current period of uncertainty.

Defence spending

Turning to national security, the Chancellor stated that the Government will continue to secure the economy against external shocks and protect families from global instability.

In addition to the £650 million announced in January to upgrade the UK's Typhoon fighter jets, she confirmed that a further £1 billion agreement for helicopter procurement was finalised on 2nd March.

Inflation and interest rates

Moving to the economic outlook, the Chancellor emphasised that stability remains the most important foundation for sustainable economic growth. She reaffirmed her commitment to limiting major fiscal announcements to one main budget each year, rather than two, to provide greater certainty for businesses and households.

According to the latest forecasts from the Office for Budget Responsibility, the Government's economic plan is said to be delivering improvements across key indicators. Inflation has fallen, borrowing is declining, living standards are improving and the economy continues to grow, the Chancellor summarised.

The Chancellor also reflected on recent economic conditions, noting that inflation had previously exceeded 11% and interest rates had reached their highest levels in fifteen years. Since the most recent general election, however, interest rates have been reduced six times. These reductions are expected to save households approximately £1,300 per year on a typical new fixed rate mortgage.

The Chancellor also reiterated several measures announced at the Autumn Budget, including the extension of the 5p fuel duty cut, the continued freeze on prescription charges and the freeze on rail fares.

In addition, she confirmed that from April 2026, households will receive a £150 a year reduction in energy bills.

Economic growth

The Chancellor highlighted the Government's wider economic strategy, including policies introduced at the Autumn Budget aimed at lifting more than 500,000 children out of poverty. She noted that the UK is currently experiencing the fastest economic growth among European members of the G7.

Updated forecasts from the Office for Budget Responsibility indicate that Gross Domestic Product is expected to grow by 1.1% in 2026, followed by 1.6% growth in both 2027 and 2028, and 1.5% growth in both 2029 and 2030.

GDP per capita, which measures average economic output per person, is also expected to increase faster than previously predicted, rising by 5.6% over the course of the current Parliament. In real terms, after accounting for inflation, this is expected to leave individuals around £1,000 better off each year by the end of the forecast period.

Employment, education and training

Whilst welcoming the positive outlook, the Chancellor acknowledged that more work remains to be done, noting that the economy is not yet delivering for everyone.

According to the latest forecasts, unemployment is expected to peak later this year before gradually falling each year thereafter, reaching 4.1% by the end of the forecast period.

Particular concern was expressed regarding employment prospects for young people. The Chancellor highlighted that the number of young people not in employment, education or training increased by 113,000 during the final five years of the previous government, whilst apprenticeship starts among young people have fallen by 40% over the past decade.

In response, the Government has committed additional investment to reform the apprenticeship system and prioritise opportunities for younger workers. Through the £820 million Youth Guarantee programme, young people will receive employment support alongside access to training and a guaranteed job opportunity.

Government borrowing and investment

The Office for Budget Responsibility's latest forecasts also indicate that government borrowing is expected to fall by nearly £18 billion compared with projections made at the Autumn Budget.

Public sector net borrowing is forecast to decline steadily over the coming years, falling from 4.3% of GDP this year to 3.6% next year, then to 2.9% in 2027/28, 2.5% in 2028/29 and 1.8% by 2029/30.

Fiscal headroom against the Government's stability rule for 2029/30 has increased from £21.7 billion at the Autumn Budget to £23.6 billion, whilst headroom against the investment rule has risen to £27.1 billion.

The Chancellor reaffirmed the Government's focus on strengthening public services while maintaining economic stability. Investment priorities include supporting local communities, addressing infrastructure needs in schools and reducing waiting lists within the NHS.

She emphasised that social justice and fiscal responsibility are not mutually exclusive goals. Due to the Government's fiscal decisions so far, The Chancellor said that debt interest payments next year are expected to be nearly £4 billion lower than forecast in the Autumn, creating additional capacity to fund key public priorities.

Looking ahead, the Chancellor stated that maintaining the current economic strategy could provide up to £15 billion more for initiatives that support working people and improve living standards.

Closing remarks

The Chancellor concluded by warning that the progress reflected in today's forecasts could be undone by a change in direction. She argued that returning to austerity, increasing reckless borrowing or introducing political instability would risk reversing the gains that have been made.

She reiterated that maintaining the current approach will support falling inflation and interest rates, rising living standards, increased NHS capacity and continued investment in national infrastructure.

The Chancellor closed by stating that the Government's plan represents the right choices for the country and formally commended the statement to the house.



Start with a plan, not a product

When people begin thinking seriously about their finances, it is natural to focus on products. Pensions, ISAs, investment funds and tax wrappers often feel like the logical starting point. They are tangible, familiar and easy to compare.

In reality, they should come later.

One of the most common and costly mistakes is choosing a financial product before fully understanding what you want your money to achieve. Without a clear plan, even a well-chosen product can fail to deliver the outcome that you expect.



Clarity comes before choice

A financial plan provides structure and direction. It defines what you are working towards, when you may need access to your money, how much you will require and how comfortable you are with risk. It also considers how flexible your arrangements need to be as life evolves.

Saving for retirement in twenty-five years' time requires a very different approach from building a deposit for a property in three years. The time horizon, the level of risk that may be appropriate and the need for access to capital are entirely different. A product cannot answer these questions, a plan can.

Once the foundations are clear, selecting the right solution becomes far simpler and far more effective.



Products are tools

Financial products are designed to perform specific roles. Some aim to grow wealth over the long term. Others focus on generating income, improving tax efficiency or providing protection against unforeseen events but tools only work when used for the right purpose.

Investing too aggressively without understanding your time horizon, attitude to risk or capacity for loss can expose you to unnecessary volatility. Being overly cautious for long term goals can be equally damaging, as inflation gradually erodes purchasing power. Similarly, prioritising tax efficiency without considering accessibility or future income needs can create constraints later.

A clear financial plan ensures that each product has a defined role and supports a specific objective. It connects risk, time horizon, tax considerations and personal goals into a coherent strategy.



Planning for change

Life rarely follows a straight line. Careers develop, families grow, businesses are sold, health circumstances change and priorities shift.

A well-constructed financial plan is not static. It is reviewed regularly and adapted as your circumstances change. It provides a framework for decision making over time, rather than a one-off selection of products.

Without that framework, financial arrangements can quickly become fragmented, with different products serving unclear or overlapping purposes.

A product is a tool; a plan is the strategy.

Products should support your goals, not define them.



The value of professional advice

Professional advice adds value by stepping back from individual products and focusing on the bigger picture.

A financial adviser helps to clarify your objectives, assess risk appropriately, model different scenarios and structure your assets in a way that supports long term goals. They also provide discipline, particularly during periods of market volatility, helping you to avoid decisions driven by emotion rather than strategy.

By building a clear plan first, recommendations are guided by purpose. The product supports the strategy, not the other way around.



Start with the right question

Before asking which product to choose, it is worth asking a more important question: what am I trying to achieve?

When the destination is clear, the route becomes easier to define. Starting with a plan helps ensure your money works in the right way, for the right reasons, over the long term.

Taking the time to plan first can help to avoid costly decisions later.

Risk, time horizon and tax should be aligned within one coherent plan.

Rockhold investment update

Rockhold Asset Management, with contributions from 7IM.

Index	Level 31 Jan	Level 28 Feb	Change*
S&P 500	6939	6879	-0.86%
FTSE 100	10226	10910	+6.7%
Euro Stoxx 600	610	633	+3.8%
Nikkei 225	53322	58057	+8.9%
Shanghai	4117	4162	+1.1%
US 10 Yr Treasury Yield	4.24%	3.96%	-0.28
UK 10 Yr Gilt Yield	4.52%	4.30%	-0.22
Bund 10 Yr	2.84%	2.65%	-0.19

*all returns in local currency terms

Overview

February was certainly a month of extremes, as we saw some exceptional returns among some of the funds we hold, particularly in areas not related to the US/AI trade. Then, of course, we saw war break out between Israel/US and Iran. This didn't occur in time to affect portfolios, so we will no doubt return to the impact of this in next month's update.

Generally, following the trend set from the start of the year, passive portfolios led returns, but in the lowest risk portfolios the Fund Blend solutions dominated, due to the performance of the Rockhold Fixed Interest fund. US funds were the poorest performing sector, as the main index struggled without Magnificent 7/AI impetus. However, the L&G equally weighted version of the S&P 500 delivered a credible 5% return, as the market broadened out, which contrasted with the other index funds delivering around 1-1.5% – much of this delivered by the weakness of the pound.

This is evidenced by the only fund held to deliver a negative return, the hedged Fidelity US Index, being down by 0.72%. The recently introduced actively managed Federated Hermes US Equity fund managed a credible 2.25%, with the T Rowe Price fund delivering 1.5%. In the UK, both the actively managed JPM UK Equity Plus and Fidelity UK Index managed returns of over 6%, closely followed by the broader Vanguard All Share Index slightly behind. Man's Undervalued Assets returned about 4.5%, with both the Fidelity and Artemis active funds holding up the rear with a 2.5% return.

There was little to differentiate between the European index funds, all up between 4.2% and 4.8%. However, there was a marked difference between the two active funds' performance, with JO Hambro's fund up 1.7% versus JPM's, which was up over 5%. After Japan's excellent month, all funds delivered returns of over 10%,

but it was Jupiter's Japan Income which stole the show, with an 11% return, versus Vanguard's index fund's 10.8% and M&G Japan's 10.1%. Performance in Asia once again demonstrated the importance of understanding index construction methodology, as the Korea and Taiwan-dominated iShares index fund was up over 14% over the month, following returns of 20% and 10% respectively from these markets.

Conversely, the Australia dominated Vanguard index fund could 'only' return 7.6%. Schroders' Asian Alpha fund managed an 8% return, well ahead of the other active fund run by Invesco, which was up just over 5%. Benchmark composition was also a determining factor in emerging markets, with those funds having exposure to Korea (M&G GEM, Fidelity Index and Vanguard Index), returning over 7%, which contrasted with the Korea light iShares Emerging Markets index and Stewart Investors' active funds, returning a little over 4%. Duration was the determining factor among fixed interest funds, with the higher duration UK market sovereign funds up over 2%, with most other funds in the sector, including corporates, up between 1% – 1.7%.

The exception was two of the emerging market debt funds, Aberdeen tracker and Capital Group active, which were both up over 3%. Among our range of alternatives, REIT and infrastructure funds run by L&G, iShares and M&G were all up over 9%, with the actively managed M&G fund nearly up 10%, as a combination of attractive valuations, strong activity in real estate and a play on data centres kicked in. The newly introduced Global Sector and Equity premium funds enjoyed a positive return of 3%. The absolute return orientated Fulcrum, 7IM Real Return and AQR Managed Futures funds, were up 1.5%, 1% and 0.5% respectively.

Rockhold Solutions Performance Charts

Month end base currency

	Total Return YTD	Annual Return 2025	Annual Return 2024	Annual Return 2023	Annual Return 2022	Annual Return 2021	Annual Return 2020
Rockhold Active Adventurous	6.09	13.47	12.81	9.65	-10.45	12.32	11.81
Rockhold Hybrid Adventurous	6.35	15.25	12.63	9.27	-9.06	12.39	
Rockhold Passive Adventurous	6.39	16.81	12.45	8.92	-7.66	12.47	8.70
Rockhold Sustainable Adventurous	4.39	11.89	8.21	7.60	-13.24		
Rockhold Fund Blend Adventurous	4.34	12.48	15.79	13.34			
IA Flexible Investment	4.06	12.08	9.16	7.30	-9.13	11.38	7.01
Rockhold Active Growth	5.71	12.42	11.52	9.65	-10.52	12.74	11.31
Rockhold Hybrid Growth	5.90	13.84	11.56	9.36	-9.09	12.88	
Rockhold Passive Growth	6.01	14.99	11.60	9.09	-7.70	13.01	7.89
Rockhold Sustainable Growth	4.02	11.32	7.98	8.25	-12.17		
Rockhold Fund Blend Growth	3.93	11.32	13.70	11.81			
IA Mixed Investment 40-85% Shares	4.36	11.62	8.88	8.11	-10.11	11.10	5.50
Rockhold Active Balanced Growth	5.18	11.90	9.88	9.12	-9.65	13.43	8.53
Rockhold Hybrid Balanced Growth	5.31	13.05	9.99	9.06	-8.76	13.29	
Rockhold Passive Balanced Growth	5.35	14.07	10.10	9.03	-7.88	13.15	7.21
Rockhold Sustainable Balanced Growth	3.66	11.23	7.17	8.19	-15.48		
Rockhold Fund Blend Balanced Growth	3.65	10.53	12.31	10.80			
IA Mixed Investment 40-85% Shares	4.36	11.62	8.88	8.11	-10.11	11.10	5.50

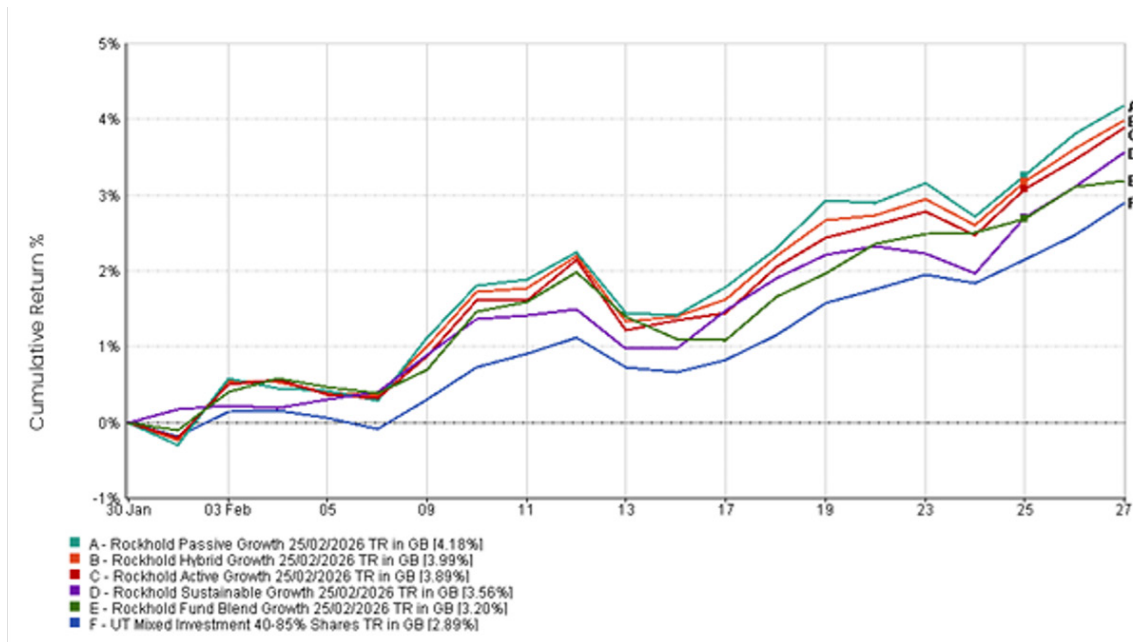
Month end base currency

	Total Return YTD	Annual Return 2025	Annual Return 2024	Annual Return 2023	Annual Return 2022	Annual Return 2021	Annual Return 2020
Rockhold Active Balanced	4.59	10.63	8.22	7.70	-10.95	9.84	8.49
Rockhold Hybrid Balanced	4.62	11.77	8.19	7.60	-10.50	9.58	
Rockhold Passive Balanced	4.68	12.85	8.16	7.50	-10.06	9.32	6.50
Rockhold Sustainable Balanced	3.31	9.99	6.42	7.13	-15.60		
Rockhold Fund Blend Balanced	3.38	9.71	10.94	9.80			
IA Mixed Investment 20-60% Shares	3.86	10.24	6.18	6.86	-9.63	6.28	3.49
Rockhold Active Cautious Balanced	3.82	9.98	7.20	6.60	-10.76	7.37	7.50
Rockhold Hybrid Cautious Balanced	3.89	10.86	7.09	6.73	-10.42	7.04	
Rockhold Passive Cautious Balanced	3.87	11.78	6.98	6.85	-10.14	6.85	6.19
Rockhold Sustainable Cautious Balanced	3.07	8.01	5.84	6.84	-15.03		
Rockhold Fund Blend Cautious Balanced	2.83	8.04	8.21	7.80			
IA Mixed Investment 20-60% Shares	3.86	10.24	6.18	6.86	-9.63	6.28	3.49
Rockhold Active Cautious	3.31	8.90	5.91	6.34	-9.84	5.21	6.81
Rockhold Hybrid Cautious	3.39	9.58	5.84	6.46	-9.65	4.84	
Rockhold Passive Cautious	3.32	10.53	5.77	6.58	-9.18	4.80	5.66
Rockhold Sustainable Cautious	2.68	7.88	5.04	6.74	-13.43		
Rockhold Fund Blend Cautious	2.56	7.17	6.86	6.81			
IA Mixed Investment 0-35% Shares	2.87	8.02	4.37	6.06	-10.22	2.57	3.98

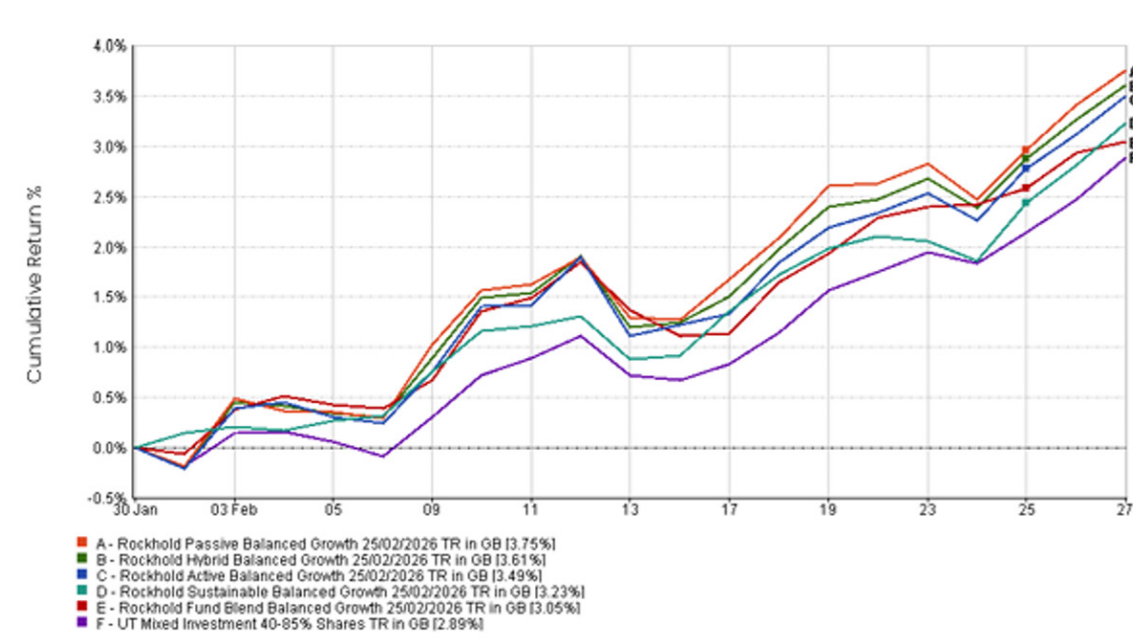
Rockhold Solutions Performance Graphs

Returns shown are based upon GBP Sterling and include fund and management charges but exclude platform fees and any ongoing adviser charges. Dividends & Interest reinvested.

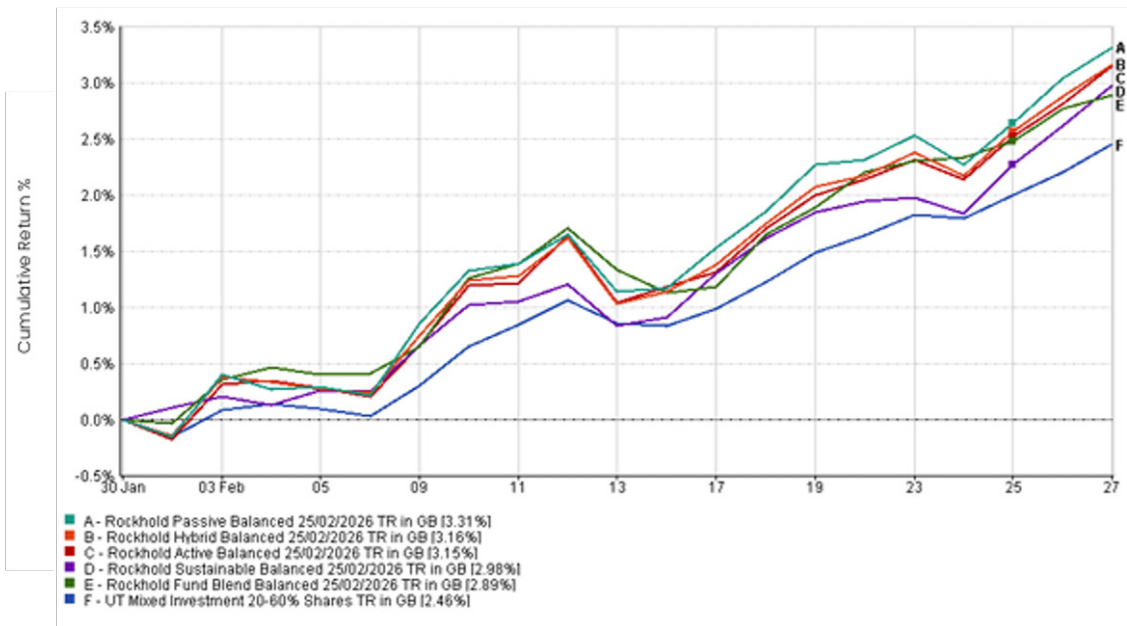
Rockhold Solutions Performance - Growth



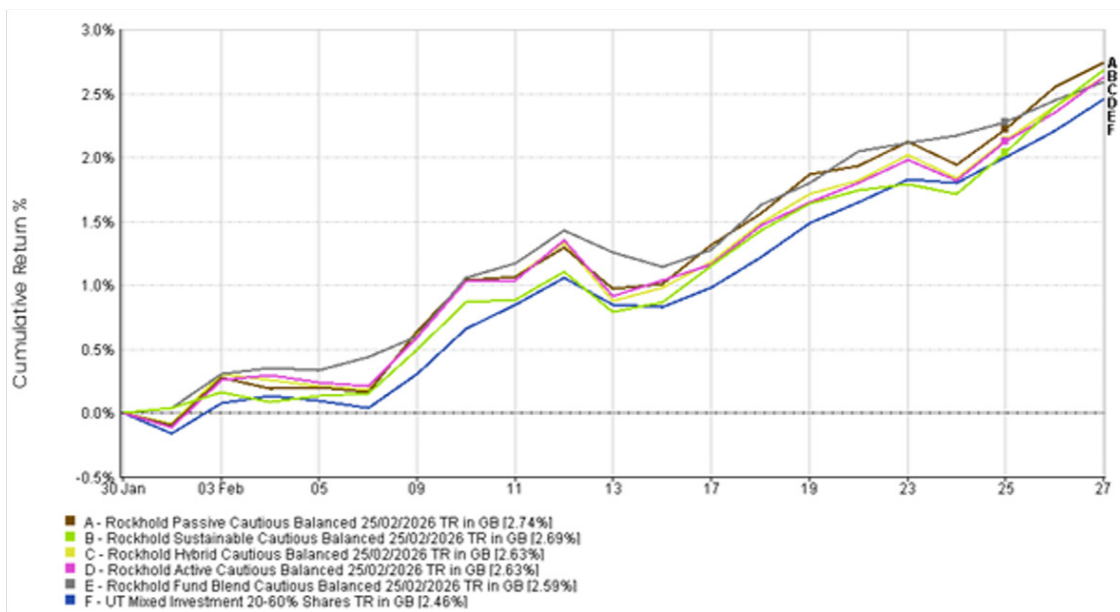
Rockhold Solutions Performance - Balanced Growth



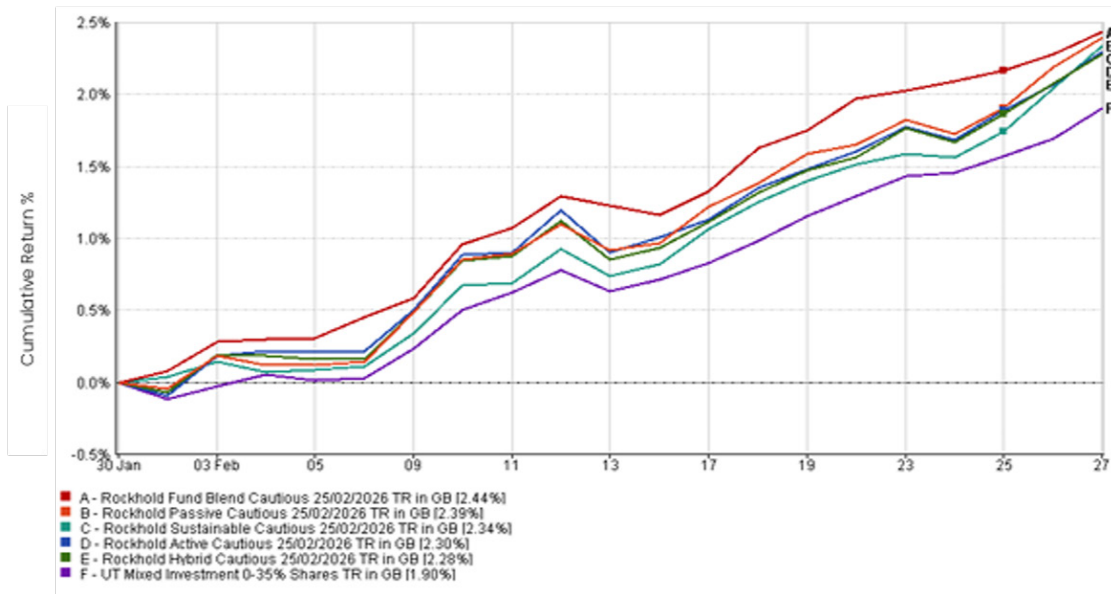
Rockhold Solutions Performance - Balanced



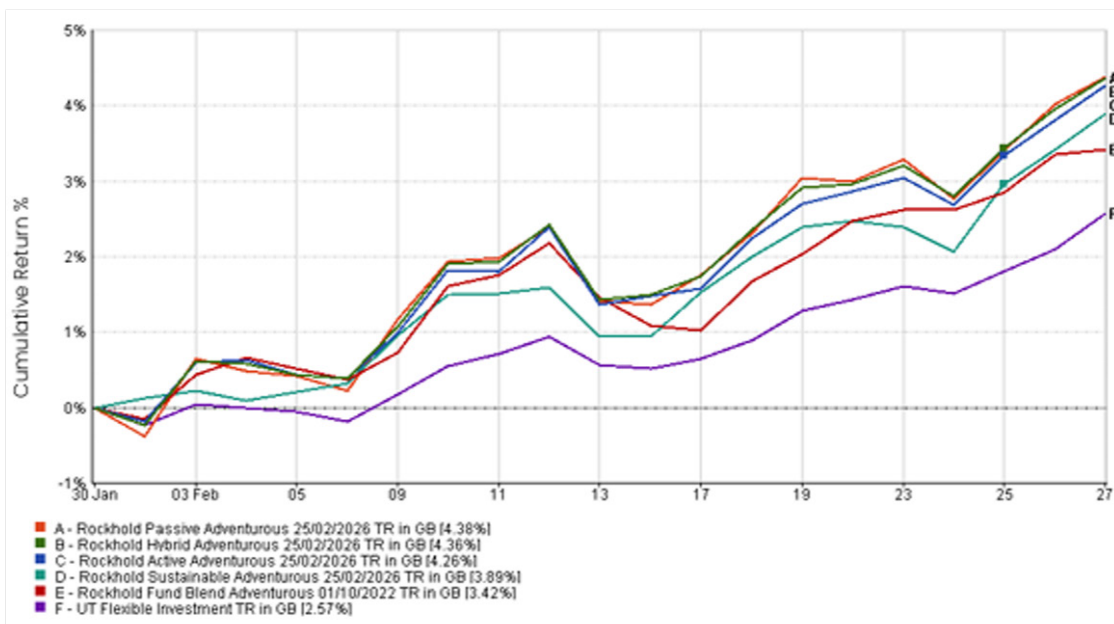
Rockhold Solutions Performance - Cautious Balanced



Rockhold Solutions Performance - Cautious



Rockhold Solutions Performance - Adventurous



Your capital is at risk. Be aware that past performance is not an indication of future performance and the value of investments, and the income derived from them may fluctuate and they may not receive back the amount they originally invested. The tax treatment of investments depends on each investor’s individual circumstances and is subject to changes in tax legislation. The performance of actual portfolios linked to this Model Portfolio may differ from the performance of the Model Portfolio shown herein due to the variation in timing of the initial investment or rebalancing differences resulting from minimum transaction size limits on the Investment platform.

Is market news actually relevant to you?

Financial news is constant. Markets rise and fall daily, commentators debate recessions and interest rates and global events, such as the impact of the Middle Eastern war, dominate headlines. At the same time, regulations change and financial firms merge or restructure.

With such a continuous flow of information, it can often feel as though markets are constantly shifting and that action is always required.

It is entirely natural to wonder whether these developments are relevant to your own financial situation. In most cases, however, the impact is far less direct than the headlines suggest.



Headlines are designed to feel urgent

Financial news headlines are designed to capture attention. Sharp market movements and dramatic language generate engagement but short-term volatility is a normal and expected feature of long-term investing.

Daily market movements are often driven by sentiment, technical factors and short-term positioning rather than fundamental changes in long term economic trends. For investors with a clear strategy, these fluctuations are typically part of the normal investment journey, rather than a signal to change direction.

Reacting to short-term news can disrupt a carefully structured plan. Maintaining a long-term perspective and focusing on your personal goals is often more important than responding to the latest market headline.



What investor behaviour tells us

It often surprises people to learn that investors sometimes withdraw money from equity funds even when markets are performing strongly. Equally, large inflows often occur after markets have already risen significantly.

This pattern reflects human behaviour more than rational investment strategy. When markets feel uncertain, fear can drive investors to withdraw money. When markets are rising, confidence can lead to increased risk taking. Both reactions are natural but they are often driven by emotion rather than long-term planning and they can undermine investment outcomes over time.

History repeatedly shows that trying to time markets based on headlines is extremely difficult. Missing even a small number of the strongest recovery days can reduce long-term returns. For most investors, maintaining a disciplined approach that is aligned with their goals and time horizon is usually far more effective than reacting to short-term news cycles.

Markets move constantly, but your goals are long term.

Understanding what to ignore can be just as important as knowing what to act on.

Buy now, pay later and the bigger picture

Buy now pay later services have become an increasingly common way to pay for goods and services, particularly when shopping online.

These arrangements allow consumers to spread the cost of a purchase over several instalments, often with little interest if payments are made on time. The convenience and simplicity of these products have contributed to their rapid growth in recent years.

Recent regulatory changes affecting buy now pay later services have attracted attention. [From 15th July 2026](#), buy now pay later providers will become subject to the Financial Conduct Authority's (FCA) regulation which means that they will need to follow their stricter rules when lending. These measures, such as lenders carrying out affordability checks, are being put in place to strengthen consumer protections and improve transparency.

Whilst the rule changes themselves may not directly affect long term investment planning; they highlight a broader issue around everyday borrowing habits.

As buy now pay later arrangements do not always feel like traditional credit, it can be easy to underestimate their cumulative impact. Several small commitments spread across retailers can quietly reduce monthly disposable income.

Over time, this can:

- Limit the ability to build emergency savings
- Increase reliance on short term borrowing
- Disrupt contributions to pensions or investments
- Create stress that affects wider financial decision making

From a planning perspective, understanding cash flow is often more important than any single regulatory announcement. Sustainable long-term wealth building relies on consistent saving, manageable debt and clarity about priorities.

Industry mergers and what they mean for you

In recent years, the UK has seen a few significant financial mergers and acquisitions focus on banking consolidation and fintech, with major deals including Barclays' £600m acquisition of Tesco Bank and Nationwide's purchase of Virgin Money in 2024.

These mergers can feel remote from everyday life. However, these developments reflect structural changes within the advice profession. Many firms are investing in greater scale, improved governance, stronger compliance frameworks and enhanced technology.

For clients, this often translates into more robust investment research, better digital reporting and communication tools, improved continuity of service and greater regulatory oversight and professional standards.

The headline may focus on corporate activity but the underlying story is often about strengthening long-term client support.



Speak to your adviser today.

If you're unsure about anything, we're here to help you feel confident and stay on the right track.

Context, not instruction

So, should financial news change what you do? In most cases, it should provide context rather than direction.

A well-constructed financial plan already accounts for uncertainty. It recognises that markets will fluctuate, regulations will evolve and industries will change. These are expected features of the financial landscape, not exceptional events.

When you have:

- Clearly defined goals
- A time horizon aligned to those goals
- A diversified investment strategy
- An agreed level of risk
- A structured review process

Short-term news becomes part of the background rather than a trigger for immediate action.

Filtering the noise

The true value of a financial plan is not simply in selecting investments. It is in providing perspective.

A structured plan helps you to distinguish between what is interesting and what is important. It reduces the temptation to respond emotionally to headlines and reinforces discipline during periods of uncertainty.

Markets will always generate news. The question is not whether something is happening but whether it materially affects your long-term objectives.

In most cases, the answer is no.

Staying focused on your personal goals, rather than the daily news cycle, remains one of the most powerful drivers of long-term financial success.

Debt has become more complex and easier to overlook

For many years, debt was relatively straightforward. It typically meant a mortgage, a personal loan or a credit card balance. These were clear, structured commitments, usually arranged after careful consideration. Today, borrowing often looks very different.

It is increasingly embedded into everyday spending, woven seamlessly into online checkouts, retail apps and subscription services. Due to this, it can feel less like debt and more like a payment preference. Yet the financial impact can be just as real.

How borrowing has changed in everyday life

Modern borrowing options, such as buy now pay later arrangements, short-term credit, retailer finance and interest free instalment plans, are designed to remove friction from spending. Approval is often instant; repayments are automated and the amounts involved may seem modest.

This shift has created what could be described as “invisible borrowing”. It does not always involve a formal application process or a clear decision point. Instead, it can be embedded into routine purchases, from electronics and furniture to holidays and clothing.

Whilst these tools can offer flexibility, particularly when used intentionally, they can also make it easier to commit future income without fully appreciating the cumulative effect.

The hidden impact of small and frequent commitments

Individually, a £40 monthly instalment or a three-payment plan may not feel significant. However, several small commitments across multiple providers can quickly accumulate.

For example:

- Three retail payment plans at £60 per month
- A subscription service bundle totalling £75 per month
- A short-term credit repayment of £120 per month

Individually manageable, together they represent £375 per month of fixed outgoings.

Over time, this can reduce surplus income available for saving and investing, increase reliance on further borrowing, limit financial flexibility and add to underlying financial stress. The psychological effect is also important. Smaller debts can feel less urgent, which means that they may receive less strategic attention than larger, more visible borrowing such as a mortgage.

Why modern debt is harder to track

Traditional borrowing typically appears as a single balance with a clear repayment schedule. Modern borrowing, by contrast, is often fragmented.

Payments may:

- Be taken on different dates throughout the month
- Be spread across multiple apps and providers
- Sit outside of primary banking arrangements
- Be automatically renewed or rolled over

This fragmentation can make it difficult to see the full picture. Even financially organised individuals may underestimate their total committed outgoings. Without a consolidated view, budgeting becomes reactive rather than proactive. Unexpected events, such as reduced income, rising costs or emergency expenses, can then place greater strain on household finances.

The effect on cash flow and financial resilience

Each borrowing commitment represents a portion of future income that has already been allocated. Even when interest rates are low or promotional periods of 0% interest appear attractive, the required repayments still reduce available cash flow and overall liquidity.

This can have several potential consequences. It may reduce the capacity to build or maintain an emergency reserve, limit the amount that can be contributed regularly to investments and slow progress towards medium-term financial goals. It can also reduce financial flexibility during periods of transition, such as changing jobs, moving home or starting a family.

Financial resilience depends not only on income and accumulated assets, but also on flexibility. When multiple fixed repayment commitments exist, even if each one is relatively small, overall flexibility is reduced. This can become particularly important during periods of economic uncertainty or when the cost of living is rising.

The objective is not to avoid debt entirely...

But to ensure it is intentional and aligned with your strategy.

Debt and its influence on long-term goals

Debt does not exist in isolation; it interacts directly with long-term financial planning and can influence a range of future decisions. For example, when applying for a mortgage, lenders will usually take existing credit commitments into account when assessing affordability. Regular debt repayments can also reduce the amount available to contribute to pensions or ISAs, potentially limiting the ability to make full use of available allowances.

Ongoing use of credit may also influence an individual's credit profile, whilst fixed repayments can place constraints on monthly cash flow, over time, this can delay the ability to invest consistently, reducing the potential benefits of long-term investment compounding.

Even when debt is manageable, it can slow the process of wealth accumulation if funds are repeatedly diverted away from savings and growth assets. The impact may not always be immediately visible, but over longer periods, such as ten or twenty years, the opportunity cost can become significant.

Seeing borrowing within the full financial picture

Not all debt is problematic. In many cases, borrowing is strategic and appropriate. A well-structured mortgage, business finance or carefully managed short-term borrowing can support important life objectives. The key difference is intentionality.

When borrowing is aligned with a wider financial plan, it supports progress. When it is unstructured or reactive, it can quietly compete with long term goals.

Understanding the total level of commitments, their cost, their duration and their interaction with cash flow allows for informed decisions rather than assumptions.

Using financial planning to regain control

This is where professional financial planning adds clarity. A structured review can:

- Consolidate all commitments into a single, visible framework
- Assess the true cost of borrowing, including opportunity cost
- Identify opportunities to simplify or restructure
- Stress test affordability under different scenarios
- Align repayment strategies with long term objectives

Sometimes the conclusion is that borrowing is entirely manageable and appropriate. In other cases, reducing or consolidating commitments can materially improve flexibility and peace of mind. The aim is not to eliminate debt indiscriminately but to ensure it is purposeful.

Making debt a conscious decision

Debt does not need to be a crisis to deserve attention. The most effective financial decisions are proactive rather than reactive. By reviewing commitments regularly and understanding how they fit within a broader strategy, borrowing becomes a deliberate choice rather than an unintended consequence of convenience.

A clear financial plan ensures that:

- Debt supports, rather than undermines, your objectives
- Cash flow remains aligned with your priorities
- Flexibility is preserved
- Long term wealth building remains on track
- In an environment where borrowing is easier than ever, awareness is a powerful safeguard.

Financial crime risks and the importance of staying informed

Financial crime is not new, but it is becoming more sophisticated, more targeted and more technologically advanced. As financial services evolve, so too do the methods used by criminals to exploit them.

Recent industry data highlights the scale of the challenge, with more than £629 million stolen through over two million fraud cases in the UK during the first half of 2025 alone.

For both advisers and clients, vigilance is no longer optional. It is an essential part of protecting long term financial security.



How financial crime continues to evolve

Historically, financial crime often involved relatively straightforward scams, such as counterfeit cheques or cold calling investment fraud. Today, the landscape is far more complex. Criminals now use:

- Artificial intelligence to generate convincing communications
- Social engineering techniques to manipulate trust
- Cloned websites and email domains
- Data breaches to personalise fraudulent approaches
- Digital assets and online platforms to obscure transaction trails

These methods are designed to appear credible and urgent, reducing the likelihood that a victim will pause to question them.

Importantly, financial crime is increasingly targeted. Rather than broad, generic attempts, many scams are now tailored using publicly available information from social media or company websites, making them harder to identify.



Increased regulatory focus on crypto and digital assets

In the UK, regulators have strengthened enforcement around crypto related sanctions and financial crime controls. This reflects growing concern that digital assets and new payment technologies can be used to bypass traditional safeguards. Recent measures require crypto asset firms to implement stronger customer identification checks, transaction monitoring and sanctions screening to ensure that individuals or organisations subject to UK financial sanctions cannot access or move funds through crypto platforms. Firms must also report suspicious activity and ensure they do not facilitate transactions linked to sanctioned jurisdictions, including those subject to restrictions under the UK's Russia sanctions regime.

Whilst the vast majority of crypto activity is legitimate, the characteristics of digital assets, including speed of transfer, cross border capability and pseudonymity, can make them attractive to criminals.

Regulatory developments aim to:

- Improve transparency
- Strengthen anti money laundering controls
- Ensure firms conduct appropriate due diligence
- Prevent sanctioned individuals or entities from accessing financial systems

For clients, this increased oversight is a positive step. It reinforces the importance of using regulated providers and seeking professional advice before engaging with unfamiliar investments or platforms.



Why financial crime risks are not always obvious

One of the greatest challenges is that modern financial crime often appears legitimate. Fraudulent activity can include:

- Emails that replicate a solicitor's branding and request urgent payment
- Investment opportunities promising exclusive access or time limited returns
- Phone calls appearing to originate from trusted institutions
- Messages that reference genuine personal or financial details

These tactics are carefully designed to create a sense of urgency, authority or exclusivity. The goal is to prompt action before independent verification can take place.

In many cases, individuals affected are financially experienced and cautious. Fraud does not rely on lack of intelligence but on carefully engineered psychological triggers.



Common tactics used to exploit trust and urgency

Although fraud methods continue to evolve, many of the behavioural techniques used by criminals remain consistent. Fraudsters frequently attempt to create artificial urgency by imposing tight deadlines, discouraging individuals from taking the time to think carefully or seek advice. They may also suggest that a transaction must remain confidential, which can prevent potential victims from discussing the opportunity with others who might identify warning signs.

Another common tactic is the impersonation of trusted professionals or legitimate organisations. Criminals may also attempt to exploit periods of market volatility or breaking financial news to make their approach appear credible or timely. In many cases, they promote investments that promise unusually high or consistently stable returns, which can be a significant warning sign.

Recognising these red flags can significantly reduce the risk of becoming a victim of fraud. Taking a moment to pause and independently verify any request or opportunity, using a known and trusted contact route rather than the details provided in the message, can often prevent substantial financial loss.



The adviser's role in protecting clients

Financial advisers can play an important role in helping clients protect themselves from scams and fraudulent investment opportunities. As advisers work within a regulated framework and follow formal processes when assessing investments, they are often able to identify warning signs that individuals may not immediately recognise.

A key part of this protection is the independent review of any proposed investment or financial opportunity. Advisers will examine whether the investment is legitimate, appropriate and consistent with the client's financial objectives. They will also verify the firms involved, including checking the counterparties and investment platforms to ensure that they are genuine and properly established.

Advisers will typically check the regulatory status of the organisations involved to confirm whether they are authorised and regulated where required. This can help to identify situations where scammers are impersonating legitimate firms or promoting unauthorised investments.

Professional advisers also carry out structured due diligence when assessing products and providers. This process helps to identify potential red flags, such as unrealistic returns, unusual payment structures or pressure to invest quickly.

Finally, regulated advice requires clear documentation and record keeping. Maintaining detailed records and audit trails helps to ensure that financial decisions are transparent and properly reviewed, providing an additional layer of protection for clients.



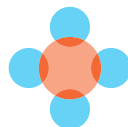
Keeping advice relevant in a changing environment

Financial crime risk management is not a one-time task; it is a dynamic and evolving process. Regulations change; technology advances and new financial products and investment structures continually emerge. Each of these developments can create new risks for investors, from sophisticated scams to previously unseen vulnerabilities in financial products or platforms. Advisers must continually update their knowledge and skills to stay ahead of emerging threats.

This ensures that:

- Advice remains compliant with current regulation
- Emerging risks are understood and communicated clearly
- Due diligence processes reflect best practice
- Client protection remains central to decision making

Ongoing professional development and regulatory oversight are fundamental to maintaining high standards of advice. In an increasingly complex financial environment, this vigilance ensures that client protection remains central to every decision, providing both security and confidence in the advice received.



The value of professional oversight

For clients, working with a professional financial adviser offers reassurance that their financial decisions are not made in isolation or without careful consideration. Advisers provide structured scrutiny, reviewing each opportunity or transaction against established standards, regulatory requirements and the client's individual circumstances.

This additional layer of oversight can help:

- Identify inconsistencies or warning signs
- Reduce exposure to unregulated schemes
- Ensure investments align with risk tolerance and objectives
- Maintain discipline during periods of market volatility

The value of advice lies as much in risk mitigation as in investment selection. Ultimately, the reassurance provided by professional oversight goes beyond compliance, it offers peace of mind. Clients can focus on their goals, knowing that their financial plan is guided by expertise, diligence and a commitment to their long-term security.



Awareness and education as long term protection

In a rapidly evolving financial world, awareness is one of the most powerful tools clients can have to protect themselves from scams, fraud and unsuitable investments. Understanding how financial products work, recognising common warning signs and knowing where to seek guidance can prevent costly mistakes and reduce exposure to risk.

Practical steps clients can take include:

- Verifying any unexpected request for funds using a trusted contact method
- Being cautious of time pressured investment opportunities
- Confirming firms are authorised by the Financial Conduct Authority
- Avoiding decisions based solely on online testimonials or social media endorsements
- Discussing unfamiliar opportunities with a professional adviser before committing

Financial crime does not need to be dramatic to be damaging. Even smaller losses can disrupt carefully structured financial plans. By staying informed, asking questions, and maintaining open communication with a trusted adviser, clients can significantly reduce risk while maintaining confidence in their financial decisions.

If something seems too good to be true, the chance is, it is!

A simple check with a trusted contact can prevent significant loss.

Turning pay rises or extra income into progress

An increase in income, no matter the source, can feel like a welcome step forward. However, without a clear strategy, additional money can quickly be absorbed into everyday spending, leaving little visible long-term impact.

This is often referred to as “lifestyle drift”, where spending gradually rises in line with income. Whilst there is nothing wrong with enjoying improved earnings, failing to plan can mean missing valuable opportunities to strengthen financial security.

The goal is not about making a single perfect decision. It is about understanding the available options and ensuring that any change in income supports your broader financial objectives.

Why extra income often disappears

When income increases, several changes often occur quietly. Regular spending tends to expand to match the new level of affordability, whilst subscriptions or discretionary purchases may gradually increase. Small lifestyle upgrades, such as dining out more often or buying premium products, can feel justified in the moment. At the same time, contributions to savings or long-term goals often remain unchanged.

These gradual adjustments mean that the financial benefit of a higher income can feel surprisingly limited. Taking the time to review where additional income is being allocated, before new spending habits become embedded, can make a significant difference in building wealth and maintaining financial stability.

Strengthening day to day security

For some households, the most valuable use of extra income is improving short term resilience. Building or topping up an emergency fund can:

- Reduce reliance on credit
- Protect against income disruption
- Provide confidence during economic uncertainty
- Support greater flexibility in career or lifestyle decisions

Many advisers suggest holding at least 3 months of essential expenditure in accessible savings, though the appropriate level depends on personal circumstances, job stability and financial commitments. Even modest, regular additions can create meaningful protection over time.

Using additional income to support long-term goals

Extra income can also accelerate progress towards longer term ambitions. Increasing pension contributions, utilising the annual ISA allowance or other structured savings can harness the power of compounding. Over extended periods, consistent contributions often matter more than large one-off investments.

For example, directing a monthly pay rise into investments rather than spending may:

- Improve retirement outcomes
- Increase tax efficient growth
- Enhance financial independence
- Shorten the time required to reach specific goals

Importantly, acting soon after an income increase can make the adjustment feel easier, as spending patterns have not yet fully adapted.

Reducing debt to improve flexibility

Paying down debt is a highly effective way to make the most of additional income. Reducing outstanding balances can lower interest costs, improve monthly cash flow, simplify financial commitments and help to reduce financial stress.

When borrowing costs are high, the effective “return” from repaying debt can exceed the potential returns from many low-risk savings or investment options. In some situations, a blended approach may be appropriate, where part of the additional income is used to reduce debt whilst the remainder is allocated to savings or investments. This strategy allows individuals to improve financial flexibility while still making progress toward long-term goals.

Strengthening overall financial resilience

Beyond savings and debt reduction, additional income can be used to strengthen broader financial foundations. This might include reviewing protection arrangements, such as life insurance or income protection, to ensure that they remain adequate for current circumstances. It could also involve updating wills or estate planning structures to reflect changes in personal or family situations.

Additional income can be set aside for known future costs, such as higher education fees or home improvements or could be used to increase contributions to children’s savings accounts or junior ISAs. It can also help to build sinking funds for irregular expenses, providing a buffer against unexpected costs.

Although these measures may not feel immediately rewarding, they play an important role in providing financial stability and long-term confidence.

Over time, such planning can give peace of mind that future obligations are covered and that financial goals remain on track.

Making intentional financial choices

There is no universal formula for how additional income should be used, as the most appropriate approach will vary depending on individual circumstances. Factors that influence the best strategy include a person's stage of life, the level of existing savings and outstanding debt and any family responsibilities that may affect financial priorities.

Other important considerations are an individual's risk tolerance, the time horizon for achieving financial goals and the stability of their career or income source. Taking these factors into account helps to ensure that additional income is allocated in a way that supports both short-term needs and long-term financial objectives.

What matters most is intentionality. Deciding in advance how additional income will be allocated, whether that is 50% into savings, 30% towards debt reduction and 20% towards lifestyle, creates structure and prevents drift.

Automation can also help. Increasing standing orders or pension contributions at the point a pay rise takes effect reduces the temptation to spend first and plan later.

Turning short-term gains into lasting progress

A pay rise or unexpected income boost is more than a momentary benefit. Used thoughtfully, it can:

- Strengthen financial security
- Improve resilience
- Accelerate wealth building
- Reduce financial anxiety
- Bring long term goals closer

A financial adviser can help to model different scenarios, assess tax efficiency and ensure that decisions align with broader objectives. By stepping back and viewing income changes within a comprehensive plan, it becomes easier to convert temporary increases into enduring financial progress. Small adjustments, made consistently, often produce the most powerful long-term results.

