

Spring 2025 Newsletter

March 2025

As we approach the end of the 2024/25 tax year, we feel this is an opportune moment to reflect on recent market & economic developments, with a focus on strategic financial planning for the new tax year. This newsletter aims to provide an overview of key financial themes, tax-efficient investment opportunities, and market insights to help guide your decision-making for the year ahead.

Key Discussion Points Since Our Last Update:

- **Current Market Conditions** - Managing uncertainty following the return of Mr Trump...
- **Investment Outlook for 2025** – Positioning portfolios for the future
- **Tax-Efficient Investment Strategies** – Making the most of available allowances

Current Market Conditions

Global markets have experienced volatility in recent months, primarily driven by ongoing global conflicts, various other geopolitical events and of course, the return of D.J. Trump to the oval office.

It is fair to say that investment markets do not tend to react well to uncertainty, and whatever your political proclivity for Donald Trump (a touchy subject for some!) most will agree he is at the very least a fairly volatile character... Adding his eventful start in office to the mix of what is already a cold-war like global tension, and we reach a level of global & political uncertainty not seen in the better part of 50 years.

With that considered, over the past six months, diversified investment portfolios have generally delivered mixed performance. Equities in particular (especially U.S.) have experienced significant volatility, and we have now officially entered market 'correction' territory with the NASDAQ & S&P500 indices both more than 10% off of their recent highs. As mentioned, the extensive tariffs imposed by Trump and global political unrest are widely to blame for the recent change in sentiment, but with rapid and significant developments in AI technology and healthcare sectors, we expect to see some recovery here over the next 12 months.

At long last, fixed income assets have started to see some recovery following a 2-year lull as inflation pressures ease and interest rates finally beginning to fall. This will likely mean that investors with a balanced asset and geographical allocation should be in a strong position to weather ongoing fluctuations and capitalise on positive growth. Looking ahead, maintaining a well-diversified approach across all risk profiles remains key to navigating ongoing market uncertainties.

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Investment Outlook for 2025

Looking ahead, we continue to adopt a strategic and diversified approach to portfolio management. Key themes include:

- **Equities** – Technology, healthcare, and sustainable energy sectors remain areas of long-term growth potential. While these businesses continue to develop and increase their profitability, over the long term we can be confident of growth in these areas.
- **Fixed Income** – As interest rates stabilise, bond markets may provide attractive risk-adjusted returns.
- **Alternative Investments** – Commodities, property and cash-based assets continue to offer diversification benefits in uncertain markets, and this is reflected in our multi-asset focussed portfolios.

Tax-Efficient Investment Strategies

With the end of the tax year approaching on 5 April 2025, we encourage clients to take full advantage of tax-efficient investment allowances:

- **ISAs** - The annual ISA allowance remains at **£20,000**, with contributions needing to be made before the 5th April 2025. If you have ISA allowance remaining and would like to make a contribution, please get in touch ASAP.
- **Junior ISAs** – Junior ISAs (JISAs) also provide a tax-efficient savings vehicle for children, with an allowance of **£9,000**.
- **Pension Contributions** – The annual pension contribution limit is up to **£60,000**, depending on individual circumstances. Making additional contributions before the tax year-end can provide valuable tax relief while enhancing long-term retirement savings. If you have pension allowance remaining and would like to make a contribution, please get in touch ASAP.

Key Deadlines to Remember

To ensure contributions are processed before the tax year-end:

- **ISA & JISA contributions** – Must be made by **5th April 2025**
- **Pension contributions** – One-off contributions should be completed by **28th March 2025**

Next Steps

We encourage all clients to review their financial plans in the coming weeks to ensure they are making the most of available opportunities. If you have any questions or require assistance in structuring your investments, our team is available to provide tailored advice.

As always, we greatly appreciate your trust and partnership. If you have found our services valuable, we would be grateful if you could [share your feedback through a Google review](#).

We look forward to supporting your financial journey throughout 2025 and beyond.

Best regards,

SIP Wealth Management Investment Committee

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