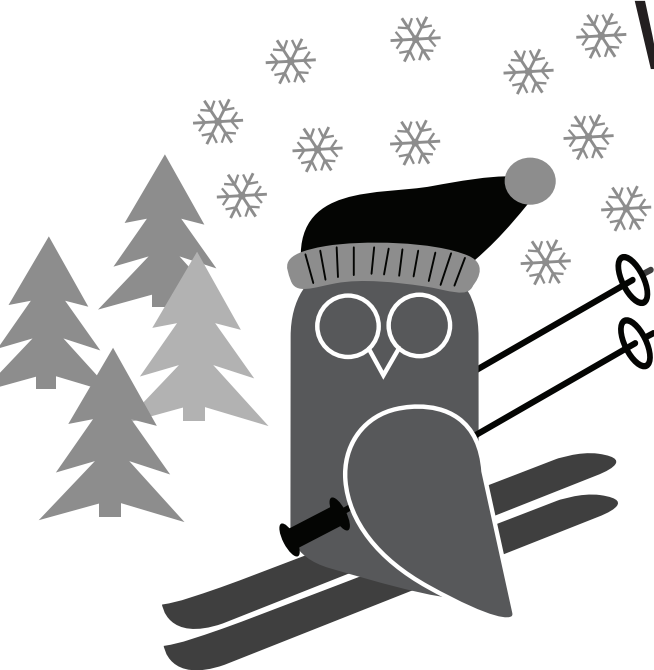


Wise Words

the latest financial news from Aaron Tawny



Wishing You A Very
Merry Christmas
&
A Happy &
Healthy New Year
from all at Aaron Tawny

Aaron Tawny will be making a donation to Kettering General Hospital's special care baby unit instead of sending out Christmas cards this year.

Team Tawny: Ready & Eager for 2010

With one of the most challenging of recent years almost at an end, Team Tawny is ready for the new year ahead.

One of the best things to come out of 2009 was the team spirit that enabled us to deal effectively with clients' interests and in some cases, their concerns.

An integral part of our service, was the fantastic support provided by Gail Cowper, our Office Manager, together with our supporting Administrators, Tanya Owen and Clare Maddison, who were not only a tremendous support to our Advisers, but also ensured that our clients requirements were promptly addressed.

We are aware that there are plenty of web-sites offering information, quotes and in some cases, even advice. However, at Aaron Tawny we feel very strongly that there is no substitute for face to face contact with friendly, ethical and fully qualified Financial Advisers.

We are delighted, therefore, to inform you that Andy Beresford, who joined us in 2009, Tony St George and George Norrie, both of whom have been with us for a few years, together with Neil Etheridge, who was instrumental in setting-up the business ten years ago, are now planning to build on and improve the financial planning service which we offer.

We have seen a substantial change in the types of business we have been dealing with, whereas 2 years ago almost 75% of our business was mortgage related, we estimate this to be now less than 5%. This however has given us the opportunity to be proactive as opposed to reactive and we feel we have been able to provide some of our clients with a more in depth financial planning service, which we aim to continue to build. In excess of 80% of the business transacted in 2009 was from either existing clients or referrals. We would therefore express our sincere thanks to you all for your continued support and we look forward to working with you in 2010.

The 2010 Age Change -

a challenge to all our clients, as well as a great opportunity

Remember, a pension is for life, not just retirement!

The flexibility currently available, allows our clients to tap into their pension funds from age 50 until 5th April 2010, thus making these funds a valuable element of their overall financial planning, whilst continuing to accumulate further funds for the future.

From 6th April 2010, the minimum age at which pension scheme members will be able to access

their pension benefits, will jump from 50 to 55. For clients between the ages of 49 and 54, this raises significant planning issues. If they require access to some capital or income and they don't act before this date, their ability to access their pension benefits will be delayed.

With the above in mind, we will be writing to all of our clients, who fall within the relevant age range, to see if they might benefit from having access to their pension funds, by acting before the 6th April deadline.

A perfect example for remaining invested (Irrespective of Rises & Falls in the Market)

We recently held a review meeting with a couple who wanted to invest some additional capital they have. Whilst reviewing their existing Jupiter PEP/ISA investments, we found the following:

Our client had invested £3,000 into a Jupiter PEP (now ISA) in June 1997.

He withdrew £1,200 in November 2002 and the valuation of his investment at 1st December 2009 was £9,594.69

His wife invested £6,000 in June 1997 & £3,000 in June 1998 all in the same funds. She has subsequently made the following withdrawals:

July 2001.....	£1,200
November 2001.....	£1,200
May 2002.....	£1,200
September 2002.....	£1,202
November 2003.....	£1,200
June 2004.....	£1,200
April 2006.....	£2,000
February 2007.....	£1,200
December 2007.....	£1,200
July 2009.....	£1,200
Total withdrawals:	£12,802.00
Valuation as at	
1st December 2009 is:	£16,747.59

The majority of all investments were in the Jupiter Financial Opportunities Fund and have remained throughout the succeeding years. When discussing their portfolio, they both said, "We only thought about our investments when our annual statements came in, we could see that sometimes the investment value went down, but it always came back-up". Even over the last two years we knew it would be best to remain invested."

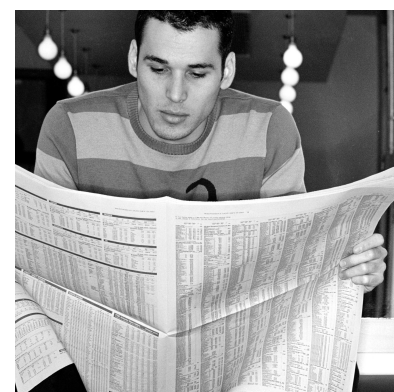
Bearing in mind the tax-free withdrawals they have received from their ISA's and remembering past performance is no guarantee of future performance, we feel this is quite extraordinary.

Considering all the events (many negative) that have occurred since 1997, the facts are amazing:-

Total collective investment:..... **£12,000**

Total collective withdrawals
to July 2009:..... **£14,002**

Total collective value of
funds as at 1st Dec 2009:..... **£26,342.28**



"We could see that sometimes the investment value went down, but it always came back-up".

The Rise of “Chindia”

We thought you might find this article received from Jupiter Unit Trust Managers interesting reading!



Having experienced their own financial crisis in 1997, most Asian countries have created a far more robust banking system. The savings ratio among customers is high while companies have reduced debt levels. As a result, domestic economies in the region have been far less affected by the recent financial crisis than those in the West. Nevertheless, most Asian central banks cut interest rates aggressively and many Governments, most notably China, introduced stimulus measures in order to counter the effect of the recession in developed countries.

China and India, in particular, stepped up their infrastructure spending and introduced various

Most Asian banks have a high savings ratio among their customers whilst companies have reduced debt levels.

incentive measures. As a result, their economies began to show signs of a rebound early this year, with Gross Domestic Product (GDP) growth accelerating in the second quarter. So, what is the outlook for both of these emerging economic powerhouses?

China

With a population that surpasses 1.3 billion, China is the world's third largest in terms of geographic size (behind Russia and Canada). Its economy became the third largest (behind the US and Japan and ahead of Germany) in 2007 when it grew by a massive 13% year-on-year after growing by more than 10% from 2003 onwards. Economic growth slowed to 9% in 2008 as a result of the Government's response to rising inflation and weaker exports. However, the Chinese authorities were quick to respond to signs of an economic slowdown. The central bank

changed its monetary policy just after the collapse of Lehman Brothers in the US, cutting interest rates for the first time in six years. China's strong fiscal position enabled the Government to launch a massive US\$586bn (£360bn) stimulus package in November 2008 and implement various incentive measures.

As a result, the Chinese economy began to show signs of improvement earlier than most economies. Credit growth surged early in 2009 after the central bank ended lending restrictions, while sales of cars and electronics picked up, helped by government incentives. The property market also began to recover, especially in provincial cities. In fact, the Chinese economy has helped stem the flow of a deepening global recession, as its demand for oil and other resources stimulated economic activity worldwide, pushing up commodity prices.

Despite falling exports, the economy reaccelerated in the second quarter, with GDP growing 7.9% from a year ago compared with a 6.1% rise in the first quarter. Philip Ehrmann, Manager of the Jupiter China Fund, predicts growth for 2009 to be between 7.5% and 8.5%.

continued overleaf



The Rise of “Chindia” - continued

Philip says: “Rising consumer demand, together with stabilising exports, should offset an expected slowdown in Government led investment growth, which had triggered recent volatility in Chinese equities. In our view, the loan quotas issued by the banks have been filled quickly, boosting lending growth sharply earlier this year, but the final months of 2009 will see a much reduced rate of loan growth. This, however, should not lead to a collapse in economic activity as much of the past lending has been for long-term infrastructure projects and will only be utilised over the coming quarters”.

India

Home to over a billion people, India is the second largest country in the world in population terms. Like China, it has seen strong growth in recent years.

However, the country's weaker infrastructure, in which the Government is making considerable investment, has weighed on the pace of economic development. As a result, it is still only the world's 12th largest economy in GDP terms.

Driving the country's growth is its urbanisation and burgeoning middle class with rising disposable income levels, all of which is having an impact on consumption. The economy is less dependent on exports than China and as a result has, so far, been less affected by the recent global downturn. Even so, the economy slowed to 5.8% year-on-year GDP growth in the final quarter of 2008 and the rate remained the same in the first quarter.

Thanks to the positive outcome of the country's general election in May 2009, the Government in

India looks set to carry out essential reforms that had been previously blocked by smaller parties such as the communists. India's domestic demand, with its strong banking system, has proved relatively resilient and economic growth reaccelerated in the second quarter to 6.1%.

However, India saw below-average monsoon rains in July and early August, which means the country's food production will be lower this year. Avinash Vazirani, Manager of the Jupiter India Fund, says: “Although this may affect growth in rural regions, which constitute less than 20% of the whole economy, growth in the urban sector is likely to remain unaffected.

As a result, we believe GDP growth for the fiscal year to March 2010 will be 6% and for the next financial year to be around 8%.

Your financial needs: How we can help

All of our advisers are trained to offer unbiased, jargon-free advice on any of these areas:

- Pensions
- Inheritance Planning
- Pre & Post Retirement Planning
- Equity Release/Home Reversion Schemes
- Life Assurance/Income Protection
- Investments
- Mortgages/Re-Mortgages/Buy to Lets
- Commercial Mortgages
- Business Protection
- Financial Planning

Simply call us on 01536 512724 or email us your enquiry at: enquiries@atawny.co.uk

We hope you find this a useful and informative read. With our constant strive for excellence in customer service we always appreciate to hear your feedback, whether good or bad.

Conundrum Corner

Dennis was watching a late night film on television and just after it finished at 12am, the weather forecast came on.

“Torrential downpours continue to cause floods in the South East”, said the presenter “and it will continue to rain for the next two days. However, in 72 hours, most of the South East will be bright and sunny”.

“Wrong again” snorted Dennis.

Dennis was correct to be so dismissive of the forecast, but how did he know it was wrong?

ANSWER: In 72 hours it would be midnigh
again, so it could not
be bright and sunny!



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Tawny**