

The Investor

125

The next generation

Are emerging markets leading the way?

St
James's
Place

Contents



The year has begun with much uncertainty. From the US incursion into Venezuela to tensions with China and Taiwan, through to threats by President Trump to annex Greenland. All these are factors which add to unease and can affect markets.

It is in these uncertain times that the importance and value of having a trusted financial adviser really stands out.

Our cover feature for this edition looks at how emerging markets are back in the spotlight, with the next generation of companies, demographics and regions emerging as key global players.

We look at the growing incidence of financial scams – whether pensions, investments or romance scams – and cover how to protect yourself.

Planning for retirement is a key issue for many of us. With widespread changes to tax rules, we look at how to better prepare for the future you want. Similarly, tax changes are prompting many to look at trusts as a means of passing their wealth on to loved ones, and we explore what this involves on page 16.

If you'd like to discuss anything else in this issue, please do get in touch.

Rob Sanders
Chief Client Officer, St. James's Place

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4

IN BRIEF

The latest findings from our Real Life Advice report; a view of the year ahead from SJP's CEO and CIO; the implications of the government's raid on pensions

9

MONEY MATTERS

SJP's Joe Wiggins on what BBC's *The Traitors* can teach us about investing

10

MEETING THE NEXT GENERATION

We look at the markets, populations and industries driving the revival in emerging markets

30



All facts and statistics in this issue of *The Investor* are correct at the time of going to press.

16



16

IN TAX WE TRUST

Changes to inheritance tax rules are driving more of us to explore trusts for estate planning

20

EARLY EXIT PLAN

How to make early retirement a realistic prospect

24

TAX TIDES TURNING

Everything you need to know about Making Tax Digital

26

IS ALL THAT GLITTERS FOOL'S GOLD?

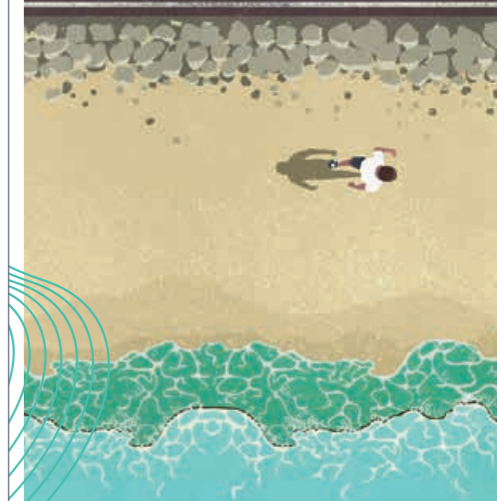
Despite gold's recent run of form, there are risks to investing in it

30

WARNING: SCAMMERS MAY BE OPERATING IN YOUR AREA

How to stay a step ahead of fraudsters aiming to part you from your life savings

24



34

ADVICE IN ACTION

SJP client Sarah faced emotional and financial challenges after losing her mother, but found vital support in adviser Danni

Cover artwork: Neil Webb. This page: Getty Images

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In brief

THE ROUND-UP



Cost-of-living pressures are widening the advice gap

One in five (21%) – or 11.6 million adults – admit they have no financial aspirations for the year ahead, signalling a widening ambition gap in the UK fuelled by rising living costs.

The final chapter of SJP's Real Life Advice Report¹ reveals how sustained cost-of-living pressures and economic uncertainty are eroding people's confidence in the future, creating apathy towards planning beyond the present.

Research carried out in December 2025 shows the proportion of adults with no financial aspirations at all for the year ahead had risen sharply to one in five (21%), up from just over one in ten (13%) six months prior in July.

The same pattern is evident over longer time frames – one in four (24%) say they have no goals even when looking across the next

decade, an increase from one in six (17%) six months earlier.

Short-term saving dominates

Of those who do have personal and financial aspirations, short-term pressures dominate. Saving more remains the top ambition over the next 12 months (40%), five years (31%) and even ten years ahead (22%).

Concerningly, saving for retirement is consistently low on the priority list, raising the risk of future financial vulnerability in later life. When asked in July, just 11% prioritised retirement saving over the next year, rising only slightly to 15% when thinking ten years ahead. By December, this figure was even lower, falling to 9% across both time frames.

James Rainbow, CEO of St. James's Place Wealth Management, says: "Financial

pressures are creating an ambition gap, with many people putting long-term goals on the back burner. That erosion of confidence – not just in the immediate future, but even when looking five or ten years ahead – is concerning, as the longer people delay, the harder it becomes to achieve the future they expect."

Advice restores long-term focus

The research also highlights the role professional advice can play in counteracting this trend. Those receiving ongoing financial advice are more than twice as likely to have a financial plan with clear goals and timelines (68% vs 32%), and to prioritise long-term financial ambitions overall (29% vs 12%).

Advised individuals are also more likely to include retirement funding in their outlook. Almost one fifth of those who receive ongoing

financial advice (18%) see retirement as a priority over the ten-year time horizon, versus just 13% of those not advised. A similar trend exists over a near-term outlook, with 19% of advised individuals prioritising retirement over the next 12 months compared with 8% of those without advice.

James continues: "In an environment where short-term concerns and immediate priorities increasingly dominate, advice will play a critical role in ensuring long-term goals, particularly retirement, are not overlooked."

Source: 1 Opinium surveyed 8,000 UK adults between 22 July and 5 August 2025, and 2,000 UK adults between 28 November and 2 December 2025. Quotas and post-weighting were applied to the sample to make the dataset representative of the UK adult population.

Image: Stocksy

24%

Nearly one in four adults have no financial aspirations for the next decade

21%

One in five adults have no financial aspirations for the year ahead

10%

Just one in ten cite retirement saving as a key goal over the next year and looking a decade ahead

68%

vs

32%

Those receiving ongoing financial advice are more than twice as likely to have a financial plan with clear goals and timelines

For help putting a financial plan in place, speak to us today

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In brief

THE ROUND-UP

How SJP is performing for you

SJP's Chief Executive Mark FitzPatrick and Chief Investment Officer Justin Onuekwusi share their reflections on a landmark 2025 and their views on the year ahead

◆
In times of change, the scale and strength of companies such as ours can provide stability
◆



"In times of change, your adviser can provide peace of mind"

Last year was a milestone year for SJP – and you. The changes and innovations we've undertaken have been about strengthening your trust in us and delivering good outcomes. That's why we're proud of the year we've had and why we are optimistic about 2026 and what it will bring.

SJP's funds delivered positive returns in 2025. We also launched an innovative new fund range investing in index trackers (Polaris Multi-Index), with the aim of expanding investment choice for clients. So far, it's proving popular, and it's highly competitive from a cost perspective as well.

We also increased the transparency of our charges across the board, separating advice, product and fund charges. This has been a fundamental part of our shift toward greater simplicity, accountability and openness.

Navigating a complex future

As 2026 progresses, we will continue to innovate how we communicate with you. We also hope to maintain the strong relative investment performance we've shown in recent years.

Looking ahead, there will no doubt continue to be financial planning opportunities with which your SJP financial adviser can provide support. There will also be challenges – from market volatility to new tax rules and allowance changes. We look to ensure your SJP adviser has everything they need to offer the best advice possible.

In times of change, the scale and strength of companies such as ours can provide stability, while your SJP adviser can provide peace of mind. Their ability to be sage counsel in times of market turbulence, to help navigate the repercussions of events such as the UK Budget, highlights the true value of financial advice. But it's more than just that. It's a trusted relationship, offering a long-term view and confidence. It can:

- Provide guidance in planning for what matters – like your retirement
 - Make your money work harder for you
 - Help you keep more of what you earn
 - Give you a sense of wellbeing and confidence in your financial decisions
- I wish you all the best for the months ahead.

Mark FitzPatrick
Chief Executive Officer, SJP



"Diversification is a reliable friend"

While ending broadly positive, global markets had their ups and downs through 2025. Amid the uncertainty, which was largely created by US policy moves, AI nervousness and Middle East political risks, the SJP funds had a relatively buoyant year.

Our asset allocation calls – where and in what we invest – were a main generator of returns across our funds. We successfully found value in markets which we believe had been overlooked by many investors, such as Japan. Our investments in fixed income (corporate and government bonds) also offered extra stability at times when market fluctuations (volatility) were excessive.

A cautious view of the US

We took a cautious stance, relative to the market, on US shares in late 2024 and maintained it through 2025. We have grown concerned about the dominance of the big technology companies in the US. We believe the fact just seven stocks make up over a third of the market is unsettling and poses a risk.

While there were occasional jolts in the progression of the US tech leaders, they carried on leading markets through much of 2025, meaning that, at times, our growth lagged the market. However, assessing the best opportunities against the risks is an inherent part of our job. As these stocks continue to rise, the risk of holding them increases. To keep our funds suitable for your needs, we continually monitor them to ensure they are managed as effectively and efficiently as possible.

Outlook for the year ahead

Early in 2026, our investment team is cautiously optimistic. In our opinion, the biggest risk remains high valuations in areas like the US and AI-related names. However, outside of the US markets, they do not look overly expensive. As 2025 has shown, diversification over a number of different holdings is a reliable friend. We believe it will prove so again over the next few years. Thank you for trusting us with your investments.

Justin Onuekwusi
Chief Investment Officer, SJP

Past performance is not a reliable indicator of future performance. The value of an investment with St. James's Place will be directly linked to the performance of the funds you select and the value can go down as well as up. You may get back less than you invested.

For advice on managing and growing your wealth, contact us today



Image: Getty Images

In brief

THE ROUND-UP

Pension shake-up could affect millions more workers

The government's raid on pensions announced in last year's Autumn Budget could affect many more workers than previously estimated, according to the Office for Budget Responsibility (OBR).

From April 2029, only the first £2,000 per year of employee pension contributions made via salary sacrifice will be exempt from employer and employee national insurance contributions (NICs).

Previously, HMRC had suggested that fewer than half (44%) of employees using salary sacrifice would be affected¹. But OBR analysis suggests that millions more could be affected, depending on how employers react to the new cap². Responses to the cap could include employers moving to relief at source schemes instead. Under these, pension contributions are taken out of employees' net pay, not gross. The pension provider will claim basic rate tax

relief of 20% for the pension, but higher rate and additional rate taxpayers need to pay income tax and then reclaim the additional tax relief from HMRC themselves. NICs are also payable on any contributions made through these schemes.

The OBR also believes employers may pass on many additional NIC costs to employees by lowering their wages. This could also affect those people paying in less than £2,000 per year through salary sacrifice schemes.

The levels and bases of taxation and reliefs from taxation can change at any time. The value of any tax relief depends on individual circumstances.

Sources: 1 HMRC 'Salary sacrifice reform for pension contributions', December 2025 2 Office for Budget Responsibility, 'Costing of charging NICs on salary-sacrificed pension contributions', February 2026



IHT in the spotlight

The House of Lords has issued a new report scrutinising the government's plan to bring most unused pension funds and death benefits into scope for inheritance tax (IHT) from April 2027.

Citing the extra complexity the changes will create for clients and executors, the report recommends extending the IHT payment window from six months to one year to give estates more time to deal with the changes.

SJP played an active role in shaping the findings, providing evidence on the potential negative impact these reforms could have on clients, advisers and the broader advice market.



Images: Getty Images

After watching the latest (compelling) series of *The Traitors*, I realised there are many excellent examples of human folly and perplexing decision-making that echo investment.

Here are some traitorous observations on investor behaviour:

We like being part of the herd. In the first banishment of the latest series, 16 of the 21 contestants voted to remove the same person. This broad consensus was reached despite no meaningful evidence. Of course, they were entirely wrong, but at least they were safe.

We have a narrow circle of competence. A consistent feature of the game is that people in certain professions, such as lawyers and police detectives, believe they will be good but are reassuringly terrible. Our circle of competence is narrower than we like to admit.

We are wildly overconfident. A highlight of the recent series was a retired police detective who played the game with great confidence, while (incorrectly) accusing people of being Traitors. She also decided to keep her previous career a secret from the group, until revealing it to another contestant who was, inevitably, a Traitor. We are not as good as we think we are. **We are in thrall to expertise.** Even though participants with so-called decision-making backgrounds are

The Traitors reveals our most ingrained and peculiar behaviours



There's a lot to learn about investing from the

hit BBC show, says SJP's Investment Research Director, Joe Wiggins

wrong as often as everyone else, other contestants remain in awe of their 'expertise', no matter how often it proves unreliable.

We are attracted to new things. In the game, a banishment occurs every episode, and there is strange behaviour whereby one day an individual may attract a great deal

of suspicion and votes, but if they survive, they are barely mentioned the next day. We are drawn to new things even when the evidence has not changed – much like investors latching on to the hot new topic.

We are terribly calibrated. One of the most enjoyable and bewildering facets of the game is how often contestants say things like, "I am 100 per cent sure X is a Faithful," typically based on no evidence whatsoever. We are poor judges of how confident we should be about uncertain outcomes.

We need to survive. Although the game is focused on identifying Traitors in the group, this isn't important until near the end, as banished Traitors are replaced anyway. Participants shouldn't care that much whether they banish a Faithful or a Traitor – they just need to make sure it isn't them. Survival is underappreciated and vital – in the game and investing.

We cannot read people. Whether it is identifying a Traitor or judging a fund manager, we are awful at reading people. Previously, there was a contestant who was a professional magician whose job involved reading people. He was predictably hopeless.

We use salience as evidence. Judgements about who is a Traitor seem to be driven by what or who is salient – noticeable or different. We mistake what captures our attention for what is meaningful.

While *The Traitors* is a light-hearted game, it does a great job of revealing some of our most ingrained and peculiar behaviours. When we feel frustrated by the decisions being made, it is worth remembering the contestants are being human. We do many of the same things in life, and certainly when investing.

The value of an investment with St. James's Place will be directly linked to the performance of the funds you select and can go down as well as up. You may get back less than you invested.

Image: Studio Lambert/Euan Cherry. The Traitors is available on BBC iPlayer



Meeting the next generation

BY JAMES DUCKWORTH

After a decade spent largely in the doldrums, emerging market equities had a standout year in 2025. What is driving this reversal in fortunes? We take a look at what this new wave – of markets, sectors and populations – could mean for investors

For just the second time in a decade, emerging markets outperformed many developed markets in 2025. Yet the term ‘emerging markets’ doesn’t necessarily mean either low income or small economies. China, South Korea and Taiwan are the three largest economies in the representative MSCI Emerging Markets index. China is the world’s second largest economy, at almost five times the size of Germany, according to the International Monetary Fund. South Korea and Taiwan are ranked the 14th and 22nd largest economies respectively, above Belgium, Ireland and Austria.

While emerging markets include a wide range of Asian economies, the term also covers some countries from Europe, Latin America and the Middle East and Africa. Many of these have the potential for higher growth compared with developed markets, although this is accompanied by greater volatility as well as political, currency and governance risks.

Not only do emerging markets today look attractively priced relative to developed markets –

offering a cheaper option for investors – they have a range of diversification benefits far beyond what was available in the past. These include exposure to some technologies and innovations rarely matched in the West, as well as more attractive demographics (i.e. younger for longer workforces) likely to underpin superior economic growth. In recent times, these markets have also begun to benefit from the weakening value of the dollar.

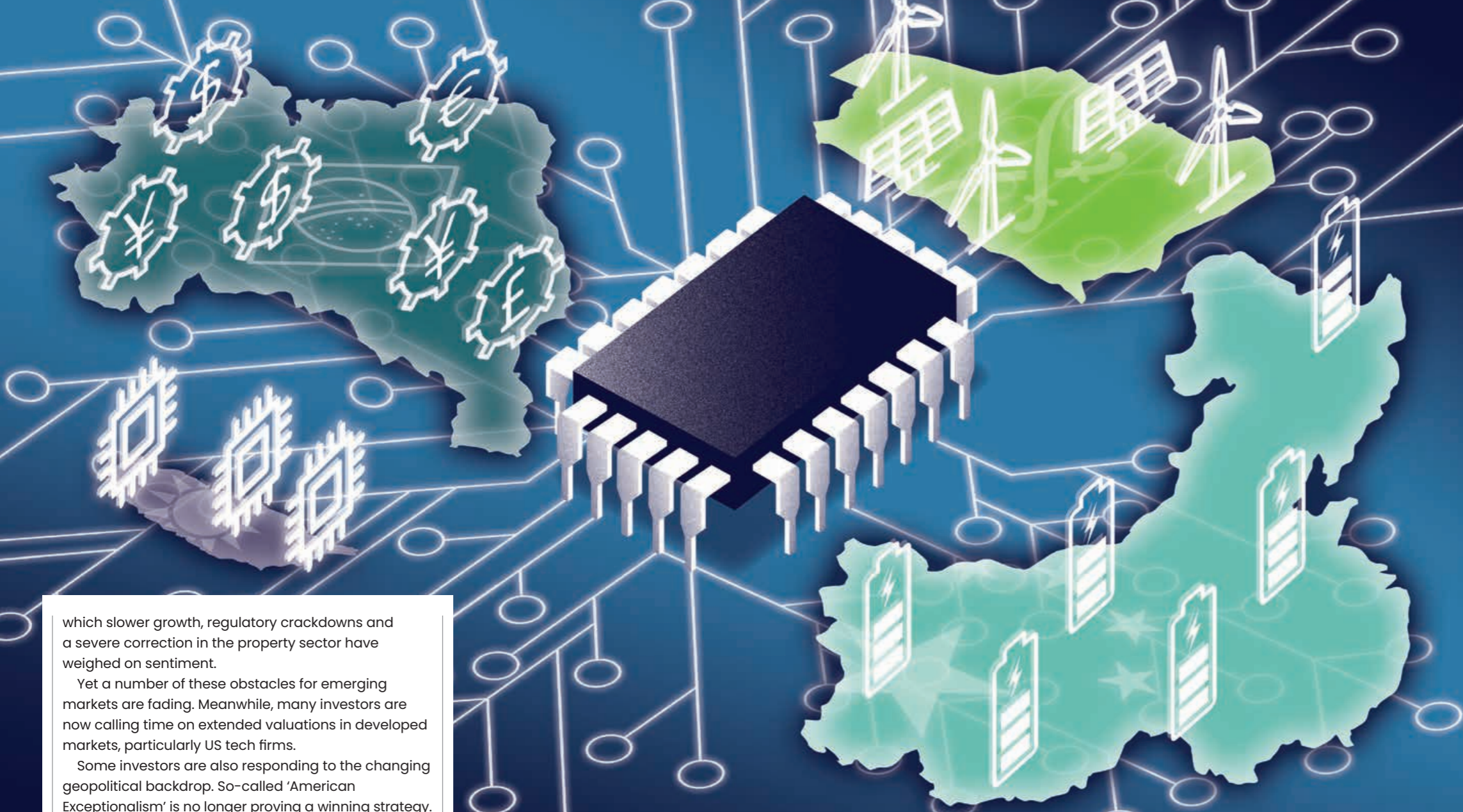
A shift in investor sentiment

Over much of the past ten years, investors would have seen higher returns from investing in developed rather than emerging markets. Although more expensive, prices in developed markets have reflected their superior earnings growth and a recognised quality premium.

In contrast, emerging markets have battled headwinds, including a strong dollar, weak commodity prices (many emerging markets are commodity exporters) and country-specific concerns. China, for example, has endured an extended period during



Illustrations: Neil Webb



which slower growth, regulatory crackdowns and a severe correction in the property sector have weighed on sentiment.

Yet a number of these obstacles for emerging markets are fading. Meanwhile, many investors are now calling time on extended valuations in developed markets, particularly US tech firms.

Some investors are also responding to the changing geopolitical backdrop. So-called 'American Exceptionalism' is no longer proving a winning strategy. The increasing use of tariffs by the US – with regular threats of more ahead – suggests an 'America First' narrative is encroaching on globalisation. The rules-based global order is under pressure as countries such as Russia and the US go their own way. Political pressure on institutions previously viewed as untouchable, such as the US central bank, is also causing investors to reassess what this could mean for interest rates, inflation and the dollar.

How have emerging markets changed?

As a new asset class in the late 1980s, emerging markets reflected a mix of low-end manufacturing and commodities, together with companies in infrastructure or those targeting consumers with essential products such as household goods, appliances and foodstuffs.

As these markets benefited from substantial capital inflows, investors enjoyed extended periods of outperformance compared to developed markets. That's not to say it was all plain sailing. The dependence of emerging market economies on overseas investment meant that if this slowed or shifted elsewhere, these economies suffered. For example, Chile and Peru, which mine almost half the world's copper, proved vulnerable to 'boom, bust' economic cycles in response to fluctuating copper prices.

Today, it is a different picture. Emerging markets are now more powerful economies, and consequently better able to weather external shocks. They comprise almost half of the global economy (GDP) and they are projected to account for the majority of global economic growth over the next couple of years¹. This is driven in large part by technology, one of the largest investable sectors. The Asia region accounts for most global chip production, offering investors access to the AI revolution at lower prices. Meanwhile, structural reforms, particularly in finance and regulation, have been able to support these markets at times of stress, something they were unable to do in the past.

A demographic dividend

As a result of declining birth rates across much of the world, the global population is forecast to peak at a lower level than previously expected, reaching just over 10 billion by the 2080s before beginning to decline².

This will have an adverse effect on economies in the West, as well as some in Asia (such as Japan, South Korea and even China). In the US, for example, excluding the effects of immigration, population growth is less than half that achieved in recent decades³. By 2030, the number of deaths annually in the US may overtake the

Emerging markets are now more powerful economies, so better able to weather external shocks

number of births. By mid-century and without net migration, the US population will start to retreat⁴.

Fewer workers making things will likely lead to lower economic growth. At the same time, the post-Second World War baby boomer generation is pushing up the proportion of those retired versus those still working. Higher life expectancy in the West means these governments will face further pressure on pensions and healthcare funding.

This mismatch explains why some investors are paying more attention to demographics as a signpost for growth. India, for example, is home to 1.4 billion

people; it has already overtaken China to become the world's most populous country. By 2041, the Indian government expects 826 million people to be of working age (between 20 and 59 years old)⁵. By contrast, in the UK, which is the world's sixth largest economy ranked by gross domestic product (GDP), the total working age population is only set to rise to 47 million people by 2037, according to government figures. This is less than 6% of the Indian total⁶.

The wealth trickle-down

Economic wealth across emerging markets is typically concentrated in relatively small segments of the population. As this wealth spreads, the knock-on effects to the wider market are extremely attractive. These include growing job creation and domestic consumption; a higher government tax take to be directed into education, health and infrastructure; overseas interest via foreign direct investment; and slowing the brain drain as graduates and professionals no longer feel they need to emigrate to fulfil their potential.

These shifts are highly visible in China and India. It also helps to explain why these two economies are forecast over the next few years to grow at annual rates of 5%-6%, ahead of the G7 developed countries⁷. India's economy is already ahead of the UK, and it is expected to overtake Germany and Japan within the next ten years to become the world's third largest economy⁸.

Other emerging markets set to rank among the world's largest economies by the middle of the next decade are Indonesia, Brazil and Saudi Arabia⁹. A key reason for this, aside from the factors mentioned, such as positive demographics and technological development, is that they are also rich in a range of essential commodities, both hard – oil, gas and metals – and soft, such as wheat, coffee and sugar.

Weaker dollar, weaker developed markets

Periods of emerging market underperformance have coincided with a strong US dollar. Businesses in emerging markets need to import raw materials priced in dollars (oil, copper, iron ore). This means that they pay more for these goods when the US dollar exchange rate is high, but less when the rate is lower. A lower-valued US dollar also helps countries when they are paying down dollar-denominated debts.

Meanwhile, there has been an extended period of tech sector outperformance in the US. Many investors would have questioned why they needed to invest in emerging markets when high returns were easily available in the US and other developed markets. A prolonged period of disruption in China also played a role in emerging markets' underperformance. Specific domestic obstacles included the pandemic and a property market crash. Geopolitical tensions also worsened, with emerging markets close to many of these fault lines.

Over the past few years, the US economy has outperformed market expectations, supported by

favourable economic data and cuts to interest rates by the US central bank, the Federal Reserve (Fed).

There are signs that this process is now in reverse. Economic growth in advanced economies is set to flatline⁹. There is concern over the huge deficits held by Western governments and few signs they will be able to make meaningful inroads to reduce these. US interest rates are expected to decline and extended valuations in some areas of the stock market look unappealing. Can emerging markets pick up the slack?

Technology – not just designed in California

It may seem strange that both South Korea and Taiwan are classified as emerging markets, but this reflects a number of technical issues, including corporate governance and foreign shareholder limits.

Taiwan's TSMC (Taiwan Semiconductor Manufacturing Company) is the global leader in manufacturing high-end microchips. It supplies these externally for use in AI systems, computers and smartphones. Its expertise at the high end of the market is unrivalled. Smaller is better in microchips, and TSMC can manufacture components measured at two nanometres (nm). By comparison, a human hair has a diameter of about 80,000 to 100,000nm. South Korea's Samsung and SK Hynix are also helping to drive the AI theme in Asia.

While AI and the related tech sector remain an attractive investment theme, company and sector valuations are higher in the US than elsewhere. Despite some strong performance for AI-themed shares in 2025, there has been notably more volatility in 2026 to date¹¹. There is also rising concern around the valuations of many AI businesses. Household names such as OpenAI and Anthropic are yet to achieve profitability. On some measures, TSMC and Samsung Electronics are cheaper than US competitors¹². This helped the Taiwanese and South Korean stock markets to outperform the S&P 500 during 2025. South Korea's benchmark KOSPI was the best performing major market in 2025, rising 75.6%¹³.

Emerging markets tech is not just about AI, however, and nor is it concentrated in Asia. Across Latin America and the Caribbean, 65% of electricity is generated from solar or wind sources – compared with a global average of 41%¹⁴. Increasing renewable energy production and expanding the domestic infrastructure will make lives easier in more remote communities and contribute to raising living standards.

In the Middle East, Saudi Arabia is aiming to source 50% of its domestic power requirements from renewables by 2030¹⁵. With some of the world's largest oil reserves, this seems counter-intuitive, but there is a strong economic rationale. Oil being used to power the country's energy consumption could be diverted for sale on global markets. At the same time, the investment and expertise in renewables could prove a strategic safety net should the oil price remain low.

Fintech (financial technology) has also been a particular area of expertise for emerging markets. In Brazil, the central bank's 'Pix' instant payments network



◆
While AI remains an attractive investment theme, company and sector valuations are higher in the US than elsewhere
◆

Shifting power base

At the turn of this century, Japan was the world's largest manufacturer of lithium-ion batteries for rechargeable electric devices, with over 90% market share. In the space of a generation, China has emerged to dominate the sector. The country makes almost 80% of these batteries, many of which are supplied globally to power electric vehicles¹⁷.

Many investors are calling time on the valuation gap between

developed and emerging markets. Concerns about a bubble in US AI and mega-cap shares have encouraged investors to seek opportunities beyond the US. This has been reinforced by long-term structural reforms across emerging markets, both in terms of independent central banks and tighter corporate governance. The lost decade for emerging market investing may be ending.

is the most popular payment method in the country¹⁶. Launched during the pandemic, it is used by all sectors of society. Payment processing takes place in seconds, while transaction fees are lower. It is also simple, requiring just a bank account and email or mobile phone, with some experts suggesting it could be the future of retail banking.

Looking ahead for the 'next generation'

For more than a decade, developed markets have run ahead of their emerging market equivalents, underpinned by the strength of the US economy. Yet in 2025, emerging markets outperformed the US and other key markets for only the third time since 2012.

Some investors may consider last year's emerging markets outperformance as a cyclical 'it's your turn' move, following a long period of developed market outperformance. Yet there are many reasons to suggest this is not the case and the tide may have turned for now. These include the possibility that the dollar will continue to weaken and concerns about stretched valuations. Meanwhile, ageing populations across developed markets will continue to increase the pressure on government finances.

Emerging markets have also changed and moved up the value chain. They are no longer catching up with developed markets; in many cases they are overtaking them. Chip manufacturers in Taiwan and South Korea are indispensable for the global supply chain. Fintech in Brazil is rethinking how the population can access banking services.

Past performance is not a reliable indicator of future performance. The value of an investment with St. James's Place will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than you invested.

Sources: 1 International Monetary Fund F&D Magazine, 'Emerging Markets on the Global Stage', September 2024 2 US Census Bureau, 'International Database: World Population Estimates and Projections', accessed December 2025 3, 4 Congressional Budget Office, 'The Demographic Outlook: 2026 to 2056', January 2026 5 Data for India, 'Is India's demographic dividend over?', November 2025 6 Office for National Statistics Census 2021, 'National population projections: 2022-based', January 2025 7 International Monetary Fund, 'Real GDP growth', accessed January 2026 8, 9 International Monetary Fund, 'GDP, current prices', accessed January 2026 10 The World Bank, 'Global Economic Prospects, Highlight from Chapter 1: The Global Outlook', January 2026 11, 12, 13 Bloomberg LLP, sourced 15 January 2026 14 Ember, 'Latin America and Caribbean: clean power replacing emissions-intensive fossil fuels', November 2025 15 Ember, 'Saudi Arabia: power sector overview', May 2025 16 European Payments Council, 'Pix: the latest updates on Brazil's leading instant payment scheme', May 2024 17 International Energy Agency, 'Lithium-ion battery manufacturing capacity, 2022-2030', May 2023

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Images: Getty Images

In tax we trust

With forthcoming changes to inheritance tax rules, more people are looking to trusts as part of their plans to pass on wealth to their loved ones – but they aren't always a straightforward answer. We break down how they work when it comes to estate planning

BY HELEN LOVELESS

The only things certain in life are death and taxes” – Benjamin Franklin, founding father of the United States, 1789.

While it is a clichéd maxim, it is no less true for that, at least here in the UK. Many a government Budget seems to result in the introduction of more and higher taxes, especially in recent years. And when it comes to death and taxes, the 2024 Autumn Budget brought them ever closer together.

In that Budget – Chancellor Rachel Reeves’ first – she announced that from April 2027, pensions would be included in the scope of people’s estates for inheritance tax (IHT) purposes. Currently, people can nominate a beneficiary to receive their pension fund and it is not counted as part of their estate. If someone dies before the age of 75, their named beneficiary will typically inherit the pension tax free. If the death is after the age of 75, then the beneficiary will have to pay income tax on it at their marginal rate. But no IHT is levied in either case.

However, from April next year this will no longer be the case. Unused pension funds will become part of the deceased’s estate for IHT purposes, increasing the value of the estate. If this exceeds the IHT threshold, the estate (and beneficiaries) could be hit by a 40% tax charge.

According to the latest Office for National Statistics figures, the average pension pot for those aged between 65 and 74 is £145,900¹. Meanwhile, Land Registry figures show the average UK house cost £271,188 in November 2025².

The IHT nil rate band – the threshold above which IHT is payable – has been fixed at £325,000 since 2009 and will stay at this level until at least 2031. Yet if it had grown in line with inflation, it would now be £525,000. It’s not surprising therefore that growing numbers of people are turning to trusts in a bid to reduce their liability to IHT.

Figures from HM Revenue & Customs show that around 121,000 trusts were set up in the tax year 2024–25, up from 115,000 in the previous tax year. Around one in seven of the 835,000 trusts in existence were set up in the last year alone³.

Reasons to trust

IHT is payable on the value of the estate on death. A simple way to reduce the estate’s value – and therefore the IHT liability – is to gift cash or other

Choosing to gift money or assets via a discretionary trust not only reduces IHT, it also offers the added benefits of control, flexibility and asset protection

assets to your intended beneficiaries in your lifetime. Provided you survive for at least seven years after, the gift will be passed on free of IHT. However, many people have concerns about making gifts outright, especially where substantial sums are involved. This is where trusts may come in.

There are many types of trust. These include **absolute trusts**, where the beneficiary or beneficiaries have an absolute right to the gifted assets. Absolute trusts tend to be used typically when people are setting aside money for children or grandchildren, for them to have at age 18.

In contrast, a **discretionary trust** gives appointed trustees the power to decide, from a list of possible beneficiaries, who will receive what and when, perhaps guided by a 'letter of wishes' written by the person who sets up the trust (the settlor).

Letters of wishes provide the settlor with a way of letting the trustees know how they would like the trust assets and income to be used. These letters can also be updated at any time, to take account of changing circumstances.

According to Marcia Banner, Tax and Trusts Specialist at St. James's Place, choosing to gift money or assets via a discretionary trust – instead of making an outright gift – not only reduces IHT, it also offers the added benefits of control, flexibility and asset protection.

She says: "Typically, when people talk about using trusts in lifetime planning, they mean discretionary trusts. While outright gifts can be as effective as trusts in reducing the estate and IHT due, the benefit of using a trust is that it allows the gift to be made in a controlled and flexible way.

"When you make a trust, the trustees act as custodians and decide who gets what and when, and even how the funds are used. People might use trusts to make provision for beneficiaries who are children or young adults who are not financially responsible. Even where the intended beneficiaries are adults, the giver may have concerns about third-party claims on the gifted funds, such as might arise on death or divorce of the beneficiaries, if the funds had been gifted to them outright. Leaving money via a trust offers an extra degree of control and protection."

Discretionary trusts also allow trustees to use the money for the benefit of the beneficiary, for example, by buying a house for them. The house would be owned by the trust, but the beneficiary would be able to live in it.

Protecting assets

The IHT advantages of using trusts over outright gifts are attractive, as Marcia points out. "Let's say you want to give some money to your daughter – both to benefit her and to reduce the liability on your estate when you die. You hope you will live seven years from making the gift as then it will be free of tax.

"However, your daughter is very wealthy and already has her own IHT problem. She doesn't want your financial gift sitting in her estate and increasing the IHT liability on her death – after all, she could die unexpectedly too.

"In that situation, you could use a trust to avoid aggravating the IHT problem of the next generation. A discretionary trust could work well here, as the money or assets are not sitting in anyone's estate for tax purposes, yet the intended recipients have access as possible beneficiaries."

Using a trust can have potential tax implications, however. Marcia says: "HMRC applies special IHT charges to discretionary trusts. These charges are designed to compensate for the fact that the trust assets won't be taxed as part of someone's estate when they die."

How the charges work

Discretionary trusts face potential IHT charges every ten years, known as periodic charges. Each trust has its own nil rate band (currently £325,000). If the value of the trust is above this limit at the ten-year point, the excess amount will typically face a tax charge of 6%.

Example:

Someone puts
£300,000

into a discretionary trust.

The trust's nil rate band is **£325,000**,
so there's no immediate IHT to pay.

By year ten, the trust has grown to
£400,000.

The value above the £325,000 nil rate band –
£75,000 – is potentially subject to a 6% charge,
which must be paid out of the trust.

Even with this charge, the trust is more tax efficient than leaving the £400,000 inside someone's estate, where it might otherwise be taxed at 40% on their death.

Retaining access to funds

People often want to reduce the value of their estate but still have some access to the money. Trusts can sometimes facilitate this. However, it is vital that certain conditions are met if you are to get the tax benefits.

Put simply, you can't just give someone a large sum of money and have them give some back to you each month as income. In such cases, HMRC would judge that you haven't really given the money away. Instead, it would be registered as a 'gift with reservation' and still count as part of your estate for IHT purposes.

It is possible to pass money on and still benefit, through what is known as a **discounted life trust**. These allow people to put a lump sum into a trust for beneficiaries, while retaining the right to receive a regular income. The money is invested, usually in an investment bond, which is then placed into the trust that is set up to allow you to receive a regular income from it. This can ultimately give you some IHT benefits – however, the calculations can be complicated, and it's essential to work with an adviser to understand if this is the right choice for your circumstances.

While there are many benefits to trusts, they are far from simple – and they are also irreversible. If you are considering setting up a trust, then it's imperative to seek financial advice to make sure you make the right decisions for you and those you love.

The value of an investment with St. James's Place will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than the amount invested.

The levels and bases of taxation and reliefs from taxation can change at any time. Tax relief is dependent on individual circumstances.

Trusts are not regulated by the Financial Conduct Authority.

Sources: 1 Office for National Statistics, 'Pension wealth: wealth in Great Britain', January 2025 2 Land Registry, 'UK House Price Index', accessed February 2026 3 HMRC, 'Statistics on trusts in the UK', December 2025

If you're thinking about the most tax-efficient way to leave money to loved ones, speak to us for advice

Where to put your pension

It is not possible to put a pension pot in trust, as most pension pots are already set up in a form of discretionary trust.

However, it is possible to set up something called a **pilot trust**, with a nominal amount of money, such as £10. Within this, rather than nominating, say, your daughter to receive your pension benefit when you die, you nominate the trust as the recipient. This is not putting your pension in trust; instead it is effectively asking the pension scheme trustees or administrators not to pay your pension outright to your daughter when you die, but instead to pay it to the trust.

Early exit plan

BY DAVID FREITAS



Stopping work while still in your prime has obvious appeal – but it requires some careful financial planning. *The Investor* explores how to make early retirement a realistic prospect

In the cold depths of winter, retirement can seem like an appealing option to many. No more commuting to the office, paying for overpriced lunches and time to do whatever you want, for the rest of your life.

That's the dream, yet for many it can seem a long way off. A combination of the rising cost of living, fear of change and the seemingly ever-receding state pension age are all factors at play.

Despite this, growing numbers of people are considering early retirement. According to government figures, the number of economically inactive people rose by 565,000 after the Covid pandemic, with those taking early retirement the single biggest contributing factor¹.

More people are also considering retirement decades earlier than has traditionally been the case. But a key question for those dreaming about escaping the rat race has to be – can I afford to retire early?

Setting goals for the (near) future

Retirement – and ensuring financial security in retirement – is a cornerstone of financial planning

and a life goal for most. For those planning to retire early, having clear life and financial goals is even more essential.

Fortunately, knowing whether you have enough money to retire is based less on emotions and more about crunching the numbers. Although financial planning is not an exact science, a professional cash-flow model can shed light on how much you would need to retire at your chosen age, whatever that might be. It can also help you to better understand how long your pot could last in retirement and provide some much-needed reassurance on whether your money could last the distance.

Painting your retirement picture

According to Retirement Living Standards, a project from Pensions UK and Loughborough University that aims to help people picture their retirement lifestyle, a single person would need £43,900 a year after tax for a so-called 'comfortable' retirement. This would rise to £60,600 for a two-person household. A 'comfortable' retirement is defined as being able to afford an annual two-week holiday in Europe, as well as some UK weekend breaks; having money to spend on social activities such as theatre and restaurant trips; being able to afford a car; and money for personal spending on clothes or beauty treatments.

Similarly, one person would need £31,700 to sustain a 'moderate' retirement, whereas a couple would need £43,900 per year after tax. 'Moderate' retirement standards include an annual overseas holiday and a long

weekend off-peak break in the UK, as well as a weekly takeaway and eating out a few times a month².

These figures are only a guide. Because everyone has a different idea of retirement, some might require more money to live their idea of a comfortable retirement, while others will be happy on less.

Those who have worked in the UK and made national insurance (NI) contributions could be eligible to receive the state pension, helping to reduce the amount of savings needed. Currently, the state pension pays a maximum of £230.25 a week. However, this rises to £241.30 a week for the 2026/27 tax year. Note that the state pension age (the earliest you can start receiving your state pension) is 66, rising to 67 for most people by 2028.

If you are planning on retiring early, the ultimate financial challenge is to find out if your retirement pot can match the income required to sustain your lifestyle for as long as possible.

Start yesterday

Your standard of living is likely to be closely related to how much and for how long you are willing to save.

This is the first step: to understand what your ideal daily life looks like if you retire when and how you would like to.

Time is of the essence when growing your retirement pot. The more time you have to invest in growing your pension, the less financial pressure you will have to put on your daily life.

In addition, the longer your money is invested, the larger the compounding effect will be on your pension pot.

When you make regular contributions to your pension, stocks and shares individual savings account (ISA) or any other investment wrapper, they benefit from compounded growth (provided you make no withdrawals). Regular investing can also help to smooth out any market ups and downs.

Claire Trott, Head of Advice at St. James's Place, says: "One of the great benefits of investing and

remaining invested is that your growth gets growth of its own, and on and on, helping your investments increase quicker."

Picking a strategy

While saving for retirement can feel challenging – not least in the current environment when living costs are high – for some people it is their main focus, despite being a long way away from retirement age.

The FIRE (Financial Independence, Retire Early) movement has become a growing trend in the UK and is popular with people hoping to retire well before the typical retirement age of 60+. For many, their planned retirement is in their 40s or even 30s.

Put simply, FIRE is about living frugally while working, in order to have the lifestyle you want in early retirement. It originated in the 1990s and encourages adherents to save a substantial amount of their income and invest as much as possible to achieve their goals.

Generally, FIRE how-to guides encourage people to save around 25 times their annual expenses to achieve financial independence. In practice, this often means saving up to 75% of their income. For most people, cutting their outgoings so substantially in order to save more could seem daunting at best. For many, it could also mean making drastic cuts to their quality of life.

Critics of the FIRE movement point to the fact it can make life more boring, with those following it focusing only on the future rather than living in the moment. Those following the FIRE principles are also heavily dependent on their investments performing – market downturns can knock plans to retire early. If people have left the job market to retire early, it can also be hard to get back into work in the event plans fall through or people have a change of heart.

However, people taking the FIRE approach have the benefit of financial freedom – and therefore less stress – at an earlier age than others. Successfully following FIRE also provides people with the time

and flexibility to follow their dreams and enjoy retirement while they are still young and hopefully healthy.

There is no doubt that FIRE takes a lot of discipline and has its costs as well as its paybacks. It is always worth asking yourself the question of whether the effort is worth the outcome.

Give your money a boost

Regardless of how early you hope to retire, tax optimisation is central to the success of any plan. Tax wrappers that could form part of a financial plan include pensions, ISAs, and investment and unit trusts, among others.

Each of these wrappers offers different advantages and levels of risk and access. Using them in the most efficient way will depend on your specific financial circumstances and your level of appetite for risk.

It is worth noting that making the most of the tax landscape

Bullet-proof plans

If you are planning on retiring early, it can be worth considering whether there are ways to channel more of your income into your retirement pot. The discipline required for early retirement is usually underpinned by the principle that all contributions, big and small, can make a meaningful difference over time.

For example, saving the equivalent of a daily £3 coffee amounts to more than £1,000 every year, which could grow substantially if added to your pension.

Similarly, replacing your £50-a-month gym membership with free outdoor exercise would bring in £600 a year. Early retirees also often follow the 'one in, one out' rule for streaming subscriptions to keep spending in check. Bringing food from home instead of choosing a pricey lunch option near your office could save hundreds of pounds annually. Similarly, opting for cheaper or fewer holidays, or travelling off-peak, can potentially free up a good chunk for your savings.

Successful early retirees take a rigorous approach to spending, setting strict rules around discretionary spending.

With pensions, not only do you get upfront tax relief, but your savings grow tax efficiently, too



means adapting to the frequent changes to the tax system made by government.

For example, there has been an increase in the amount you can tax-efficiently save into a pension. In the tax year 2023/24, the annual allowance rose by £20,000, from £40,000 to £60,000.

The annual allowance tests contributions you make yourself, and any your employer or third parties make for you. This currently stands at £60,000 for most people. It may be tapered for those with income in excess of £200,000, to a low at £10,000.

If you haven't used all of the previous three years' allowances, then you can top up this year's with those – this is called carry forward. However, the amount you can pay in personally is restricted by 100% of your earnings, or £3,600, whichever is higher.

The devil is in the detail

It is also worth noting the small details that make up the rules. One of significant importance for those

who want to retire early is that a private or workplace pension can only be accessed from age 55, rising to 57 from 2028, and later for state pensions.

Pension contributions can be made in several different ways, but all personal contributions benefit from tax relief if within the limits explained above. In addition, those made by salary sacrifice also currently benefit from employer and employee national insurance savings, with the employer often passing on some or all of their savings to the pension as extra contributions. However, from April 2029, this benefit will be limited to the first £2,000 of salary sacrifice contributions each tax year. This doesn't detract from the overall benefit of pension savings, even though the extra employer contributions will be limited.

"As with compounding, tax reliefs can really

add value to your savings," Claire says. "With pensions, not only do you get upfront tax relief, but your savings grow tax efficiently too, meaning they increase more quickly. ISAs are also tax-efficient vehicles, so maximising all of your allowances each year is an efficient way to make the most of your money."

A simple formula

Whatever your dream retirement may look like, the approach is largely similar. Visualise what your ideal life looks like in retirement, understand the level of income you need to make that life happen, start preparing your finances as early as possible, maximise your tax allowances and invest for growth.

Once you have decided what makes you happiest, financial discipline holds the key to making your retirement ambitions a reality.

The value of an investment with St. James's Place will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than the amount invested.

The levels and bases of taxation and reliefs from taxation can change at any time. Tax relief is dependent on individual circumstances.

Sources: 1 UK Parliament Committees, 'Early retirement and our ageing population are causing labour shortages, says Lords report', December 2022 2 Pensions UK and Loughborough University, 'Retirement Living Standards', accessed January 2026

If you want to ensure that your finances are best placed for your retirement plans, speak to us

Tax tides turning

BY RUTH EMERY

Making Tax Digital is the biggest shake-up in tax returns in more than 30 years. Landlords and sole traders have just weeks to prepare for the sweeping changes, which will begin on 6 April 2026. Here's what you need to know

Who will be affected?

Millions of people will eventually have to join Making Tax Digital (MTD). It applies to landlords and sole traders, but not limited companies, as a limited company doesn't file a self-assessment tax return. However, those with a qualifying income over £50,000 must sign up from 6 April 2026. Alexandra Loydon, Group Advice Director at St. James's Place, says: "This first phase will apply to sole traders and landlords with an annual income over £50,000, and it's estimated around 864,000 individuals will be affected". For those who haven't started preparing, beginning the transition now will make adapting to the new rules far easier."

What if my income is under £50,000?

About 1,077,000 individuals with a qualifying income between £30,000 and £50,000 will need to join MTD in April 2027, while a further 975,000 with earnings between £20,000 and £30,000 must sign up in April 2028. The income levels refer to gross income or turnover, not profit. Those who are self-employed and have property income should count both. Qualifying income doesn't include earnings from PAYE employment or dividends. Income from a business partnership doesn't usually count either.

What exactly are the changes?

Under MTD, sole traders and landlords will need to keep digital records of their income and expenses. They will have to use HMRC-compatible software to submit four quarterly updates plus a "final declaration" to HMRC each tax year. This process will replace the traditional self-assessment tax return. HMRC says the shift towards digital record keeping will "help more customers get their tax right and give them a better view of the health of their business".

Have the deadlines changed?

No. Final payments for the preceding tax year will still need to be made by 31 January, and payments on account by 31 July and 31 January each year, as required. Instead, the change lies in how income and expenses need to be reported to HMRC. Updates must be sent every three months and the deadline for each one is the 7th of the month after the quarter ends. For example, the deadline for Q1 (6 April to 5 July) is 7 August. Those who earn money from both property and self-employment will need to keep separate records and send two quarterly updates – one for each. This means filing nine tax records in total: four quarterly updates for each income stream, and the final declaration by 31 January to pull everything together.

Where do I start?

The first thing is to choose some software. HMRC does not provide

its own accounting software, so a first step is finding a compatible provider, particularly for those without a financial adviser or accountant. Packages are available from software firms including Sage, 123 Sheets, FreeAgent and Xero. Most of them come at a cost, although some have a free initial period. HMRC is encouraging people to sign up early so they can get used to the process before it becomes mandatory.

Will I face a fine if I don't comply?

Yes. As there are penalties for self-assessment when deadlines are missed, so people who don't follow the MTD rules will face penalties. From April 2026, HMRC is bringing in a points-based penalty system to issue fines. Each time a quarterly update or final declaration is missed, sole traders or landlords will receive one point. Those who reach four points will be fined £200. Points expire after 24 months of compliance with the rules. Late payment of tax is dealt with separately. Nothing is charged for the first 15 days. After that, 3% of the amount owed is added at day 16, then another 3% at day 30. After this point, the situation becomes more serious, with a further penalty accruing daily at 10% per year – plus interest – until the debt is cleared.

Can I opt out of Making Tax Digital?

For those worried it will be too difficult to follow the rules, an exemption may be possible. HMRC calls this "digitally excluded", which means it's not reasonable for the applicant to use compatible software to keep digital records or submit them. Those who believe they fall into this category should call or write to HMRC providing reasons why they believe they are eligible. Find more information at gov.uk/guidance/apply-for-an-exemption-from-making-tax-digital-for-income-tax-if-you-are-digitally-excluded.

Sources: 1 HMRC, 'Making Tax Digital for Income Tax business population statistics: commentary', August 2025

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Sole traders and landlords will need to keep digital records of their income and expenses
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BY JOHNNY MINTER

Gold has been on a prolonged positive streak, breaking new records last year, before something of a reversal at the start of 2026. Often viewed as the ultimate defensive asset class, its performance has been boosted by geopolitical volatility, leaving many investors to consider what place it should have in their portfolio. But while gold may glitter, there are risks to consider before investing

Is all that glitters fool's gold?

In Eastern Bulgaria, there is an ancient burial site known as the Varna Necropolis that dates to the fifth millennium BCE. Only discovered in the 1970s, it soon became clear that this site was home to what many consider to be the oldest examples of gold treasure and jewellery ever discovered.

In the intervening millennia, countless wars have been fought, empires forged and kingdoms lost in the pursuit of the precious metal. Spanish explorer and conquistador Hernan Cortes described his compatriots as having "a sickness of the heart that only gold can cure". In the US, the famous gold rush in the 1800s saw 'boom towns' appear almost overnight, as people moved west in search of fortune at the slightest hint of gold.

What is most remarkable about all this is that, for most of this time, gold didn't have much practical use other than being shiny, inert and relatively rare.

Its inert quality made it an ideal store of wealth, while its rarity, looks and malleable nature made it practical for jewellery and turning into coins. Even today, these qualities make it an attractive store of wealth for many.

20th century ups and downs

To understand gold today, it's worth looking back at how its price has evolved over time.

The US dollar was pegged against gold as far back as the 1800s (and in the UK since 1717) in a system known as the gold standard. The Great Depression brought an end to the gold standard for a time, but then the Bretton Woods System pegged the dollar to \$35/oz of gold in the 1940s.

This lasted until 1971, when President Nixon ended the regime. What followed was a near-decade-long bull run in the face of high inflation and pent-up demand, peaking in 1980.

Images: Stocksy

Nothing lasts forever, and as inflation fell and the dollar strengthened over the '80s, gold's fortunes reversed. The 1990s were a tough time for the metal, as prices fell. As papers declared the death of gold, central banks began selling reserves. Famously, the UK sold around half of its gold reserves – 395 tonnes – between 1999 and 2002, when gold was at a 20-year low. Ultimately, gold prices wouldn't reach their 1981 level again until 2007.

The new gold rush

Key to gold's changing fortunes over the 20th century were a few factors. These included inflation rates, the strength of the dollar, and wider confidence in the global economy. When inflation is high and/or confidence in the dollar is weak, generally the price of gold picks up. Similarly, when people start to fear for the economy, they look for safe havens, and gold often fills that void.

The same thing is happening today. Between unpredictable US foreign policy and various conflicts around the world, the geopolitical environment is as uncertain today as it has been in decades.

At the same time, inflation has proved remarkably sticky since 2021. Over the past couple of years, interest rates have gradually reduced across much of the world.

Falling interest rates support gold prices, as they reduce the opportunity cost of holding assets that don't generate income.

Central banks looking to diversify their reserves and reduce their reliance on the dollar have also been buying large amounts of gold. For the year to the end of November 2025, central banks bought almost 300 tonnes of gold. Perhaps surprisingly, Poland was the biggest buyer in that period, accounting for 95 tonnes¹.

The result of this is that gold prices exploded between 2024 and 2025. At the start of 2024, an ounce of gold was just above \$2,000. Twelve months later (January 2025), it stood at about \$2,800. By the beginning of this year, it had reached \$4,800².

Many of the drivers of these increases still exist. Geopolitical tensions are still too high for comfort. Inflation is proving stickier than hoped, and the US dollar remains under sustained pressure.

So, with gold (traditionally a defensive, diversifying asset) more than doubling in two years, and wider trends still in its favour, one might ask: should we re-examine the role it plays for investors?

Buying at the top?

Even a cursory glance at gold prices shows that it is near a historic high (at the time of writing).

The basic principle of investing is to buy low, sell high. Gold went up

around 60% in 2025, and more than doubled between the start of 2024 and the end of 2025³. Although it's difficult to build a valuation framework around the true worth of gold, current prices compared to recent history suggest that it is probably at the expensive end of things (of course, there is no way to know for sure).

It's also essential to remember that past performance is no guarantee of future returns, and despite the recent rapid rise in the value of gold, there is no guarantee this will continue. Geopolitical events are moving at record pace and will not be favourable for gold forever. And if the price were to fall to historical norms, it has a long way to go.

Position in a portfolio

Part of the challenge with investing in gold is establishing a basis for intrinsic value. This is one of the reasons SJP does not currently invest into the asset class.

Hamish Gibberd, Multi Asset Portfolio Manager at SJP, says:

◆
Gold is an unproductive asset with no cash flows, which means it lacks a reliable valuation anchor
 ◆

"Our approach as a multi-asset team is to build portfolios around long-term risk premia and clear valuation opportunities. We look for assets where returns are supported by fundamentals, where valuation provides a guide to future expected returns, and where each allocation has a clearly defined role within the overall portfolio.

"Viewed through this lens, gold is a difficult fit. It is an unproductive asset with no cash flows, which means it has no intrinsic value and lacks a reliable valuation anchor. It is often perceived as a real store of value and is supported by a wide and diverse range of potential buyers, including central banks, investors and consumers. However, while this broad demand underpins its relevance, it still offers no framework for assessing what that 'real' value should be. As a result, returns are driven primarily by price movements, sentiment and positioning rather than by fundamentals."

Hamish also questions the use of gold in a portfolio as a defensive asset. He says: "Despite its reputation, gold is not low risk. Since 2000, its volatility in GBP terms has been about 15%, similar to equity volatility (also 15%). That is a significant level of uncertainty for an asset often described as defensive."

Instead, other asset classes, such as fixed income, can offer these defensive diversification benefits – offering lower volatility, and potential regular income streams as an added advantage.

Hamish draws similar conclusions when it comes to momentum investing: "We recognise that gold can be viewed as a momentum asset. Momentum characteristics can be beneficial for portfolio outcomes. However, where we feel that is necessary, we prefer to express this through diversified momentum strategies, such as trend following. These provide broader, more systematic exposure and, in our view, add more consistent value to the portfolio."

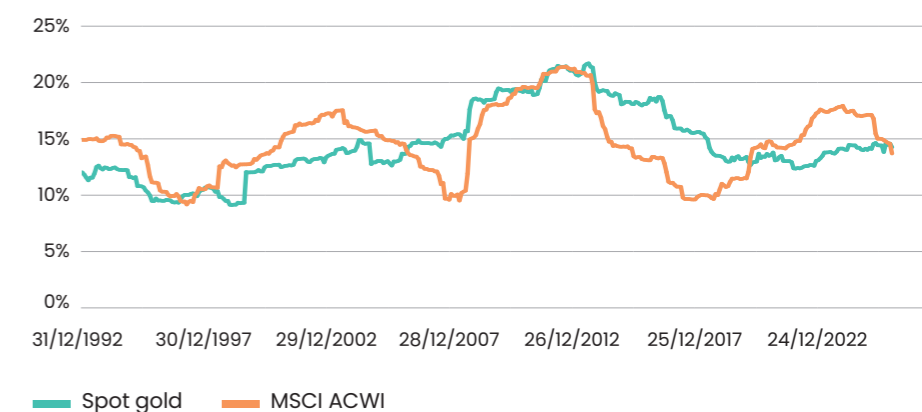
That word consistency is key to long-term investing. Gold has had

100 years of gold prices



Source: Bloomberg, data as at 31 December 2025

5-year volatility, gold vs equities



Source: Bloomberg, data as at 31 December 2025

explosive growth in recent years. Looking at its performance over the past 100 years, this is clearly an anomaly. The question now is whether this is the new norm, or if prices will revert to something more similar to historical levels.

Sources: 1 World Gold Council, 6 January 2026 2, 3 Bloomberg, data accessed 22 January 2026

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Warning: scammers may be operating in your area

With scams becoming more sophisticated, more people are becoming victims each year – in some cases losing their home or life savings to fraud. We investigate how you can stay one step ahead of the scammers

BY KIP KATESMARK

Many of us might feel confident that we could spot a financial fraud when it heads our way. But many of us – even those who consider themselves financially sophisticated – may well be wrong.

In the first six months of 2025 alone, more than £600 million was stolen by fraudsters, according to industry trade body UK Finance, with sharp rises recorded in cases of investment, property and relationship fraud¹.

Statistics around pension scams make particularly uncomfortable reading. In 2024, scammers succeeded in accessing £17.7 million of pension savings, with an average loss of £34,000 per individual². Yet, according to The Pensions Regulator, fewer than one in five victims report the crime³.

These statistics are an alarming wake-up call. “Fraudsters are ruthless,” says Gaucho Rasmussen, Executive Director of Regulatory Compliance at The Pensions Regulator. “They use fake investment deals

and impersonation scams or ‘cloning’ to exploit vulnerabilities. We urge every saver to ‘stop, think and check’ to protect their pension as if their future depends on it – because it does.”

Pension scammers can be extremely convincing; their websites typically look genuine, and they can sound highly credible. They may offer excellent returns on pension investments or a way to unlock pensions before turning 55. In reality, their sole aim is to part individuals from their life savings.

Why pension scams are on the rise

In the last 12 months, retirement savings have become honeypots for pension scams. In the 2024 Autumn Budget, the chancellor announced unwelcome changes around inheritance tax (IHT) and unspent pension funds. It will mean that from April 2027, unused pension funds and death benefits will be included in a saver’s estate for IHT purposes. Since then, many savers have reassessed their retirement income plans. Some have considered accessing their tax-free lump sums or pension savings early.

A saver who is already considering moving funds outside the tax-advantageous shelter of a pension could represent a golden opportunity for a scammer. Pension providers offer a good degree of protection from scams, but once money is withdrawn, the sharks can start to circle.

Here’s how to stay alert:

- Delete any unexpected email, text or social media messages offering a ‘free pension review’ or ‘guaranteed returns’ using words such as ‘pension liberation’ or ‘pension loophole’.
- Pension cold calling is illegal in the UK. If you receive a cold call, hang up, block the number and report it to the Information Commissioner’s Office.
- Scammers will often make an offer and follow up quickly with a request for personal details. Never share any personal or pension information or account details with a third party.
- Any recommendation to transfer a pension to a single investment fund, especially if accompanied by a ‘deal sweetener’ such as a cashback payment or a transfer bonus, should be treated with caution.
- Tactics adopted by scammers often include false deadlines to secure an ‘offer’, repeated calls or contact, and even couriers calling at people’s homes to collect signed documents. Always ask advice from a trusted and qualified source, such as your financial adviser, before you act.
- Always check the FCA Register to make sure the person offering pension advice is authorised. If they’re hard to contact, or only appear to have a PO box, do not proceed.

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The growth of AI is likely to see increasingly sophisticated scams, with criminals better able to mimic legitimate firms
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Stay clear of the clones

A cloning scam is, essentially, a rip-off of a genuine website, text or email from legitimate businesses. Under these fake identities, scammers can trick individuals into making a purchase or financial transaction or revealing personal details.

According to The Investment Association (IA), cloning, including investment scams and impersonation scams, is a leading source of fraud targeting consumers looking to invest⁴.

Adrian Hood, the IA's Regulatory and Financial Crime expert, says: "Criminals will impersonate genuine investment managers, steal card details, or fraudulently log into a person's account. That's why we're urging consumers to stay vigilant. The growth of AI is likely to see increasingly sophisticated scams, with criminals better able to mimic legitimate firms."

Common targets for copycat websites include those associated with self-assessment tax returns, passport applications or driving licence renewals. A 'submit a return' or 'renew a passport' link will lead to a cloned site that may well look legitimate.

- Scrutinising the URL before sending any information can provide clues on the website's legitimacy. Check that it has a padlock next to the web address, and that it starts with https://, which encrypts personal details, rather than http://.
- Any website claiming to be a legitimate government website should end in .gov.uk.

What to do if you've been scammed

Don't panic, but don't delay. If you've handed over any money, call your bank or pension provider immediately so they can block the transaction or help prevent further withdrawals. You should also report the scam to Report Fraud (formerly Action Fraud) at www.reportfraud.police.uk and get in touch with your SJP Partner for both practical advice and emotional support.

The best way to spot and block a scammer is to know the red flags. Accounts can be further protected with regular password changes and two-step verification. At the launch of the government's four-year National Fraud Initiative in 2025, Fraud Minister Lord Hanson described fraud

as a despicable crime, but added, "We all have a part to play and my message to the public is simple: be cautious, be alert and be vigilant, especially when managing your money. Together, we can take the fight to the fraudsters and keep our life savings safe."

For more information about online security or cyberfraud, visit www.getsafeonline.org, www.reportfraud.police.uk and www.cyberstreetwise.com.

The levels and bases of taxation and reliefs from taxation can change at any time. The value of any tax relief depends on individual circumstances.

St. James's Place cannot accept responsibility for content on external websites.

Sources: 1 UK Finance, 'Annual Fraud Report 2025', accessed December 2025 2 Action Fraud '2024 Fraud report', accessed December 2025 3 The Pensions Regulator, 'Avoid and report pension scams', accessed December 2025 4 The Investment Association, 'Cloning scams top fraud concern for investment managers and customers', accessed December 2025 5 Land Registry, accessed December 2025 6 Lloyds Banking Group, accessed December 2025

Is there a For Sale sign outside your rental property?

Last year, the Land Registry received an application to transfer ownership of a bungalow with a suspiciously low value of £360,000. They contacted the owners who, when they visited the property, were shocked to discover that there was a For Sale sign outside, and the locks had been changed.

The owners immediately informed the Land Registry, and the application to transfer ownership was blocked.

From 2024-25, the Land Registry prevented the registration of fraudulent ownership transfer and mortgage deeds applications against more than £59 million worth of property⁵. It's a small percentage (0.0019%) of their four million annual applications, but it can have devastating consequences. Property fraud is on the rise, with rental properties, empty houses or unmortgaged properties especially high risk, particularly if the owners live overseas.

However, there's a simple, straightforward way to keep scammers at bay. Putting your property on the Land Registry's Property Alert service ensures you'll be alerted by email should any searches or transfer applications be made against your home. It's an excellent early warning system for protecting your property assets.

If you're concerned you may be being scammed and you need advice or support, contact us

Images: Getty Images



When love can cost you your life savings

Any romantic relationship represents an investment of time and mutual trust – one that hopefully leads to a long, happy life together. However, if a relationship breaks down, it can leave a partner heartbroken, and, in a growing number of instances, broke.

Relationship fraud, where one person gains the trust of another by making apparently genuine declarations of love in order to gain access to savings, property or pensions, is an insidious and emotionally devastating crime.

Distressingly, the number of reported relationship frauds has more than doubled, particularly among 50 to 64 year-olds, who are often asset rich, but may be vulnerable as a result of divorce or bereavement.

Among this age group, the average loss is between £5,000 and £8,000⁶. Scammers may claim they need 'extra funds' for medical bills, travel expenses or legal fees. In extreme, long-term relationship frauds, the fake partner may persuade their victim to change a will or transfer the ownership of their house. They may also say that their 'job' makes them difficult to contact regularly, meaning they can have more than one fraudulent relationship on the go simultaneously. Favourite 'professions' include the military, oil rig workers, or doctors and engineers frequently working abroad.

“My adviser was my emotional lifeline”

When Sarah (pictured) lost her mother and her relationship broke down in the same year, she faced huge financial and emotional challenges. Here, she speaks about the support and care she received from her SJP Partner, Danni

BY KERRY EDWARDS



Sarah has many strings to her bow. She’s had demanding and rewarding careers with the Welsh Ambulance Service and Thames Valley Police, been a road safety officer, and she’s now retired in her early fifties. Her life might sound idyllic, especially if you’re wondering when you’ll be able to stop working. However, when Sarah shares the devastating challenges she overcame to reach this stage – financially secure, independent and loving every minute of retirement – you might reconsider.

Successful and solvent by her early forties, Sarah had also found love. The couple bought a house in Wales and were together for eight happy years.

But then Sarah’s life, future plans and her financial security began to fall apart. In the space of a year, her relationship broke down and her mum was diagnosed with a terminal illness. Signed off work indefinitely for stress, Sarah moved back to the family home to nurse her mother through the final months. “Our family home was in trust for me,” she says. “The plan was that I would sell it and invest the money to provide my retirement income.”

However, when the time came, it proved almost impossible to release the property, and therefore the money. “The trust company treated me like the enemy,” Sarah remembers. “I was the daughter, a trustee and the sole beneficiary, but I was treated like a stranger who was just after the money.”

It was a difficult time. “2020 was my *annus horribilis*,” Sarah says. “With no income and wracked with grief, I was watching my money go down and down and I was starting to get panicky. It nearly finished me.” Looking for advice, Sarah turned to SJP Partner Danni, who had been recommended by a friend and had a reputation for supporting and advising women in business and the LGBTQ+ community. It struck a chord with Sarah and a bond formed right from the start.

“Danni’s a force of nature – so proactive and positive – and from that first meeting, I felt really safe with her.”

Sarah had a nest egg her mum had given her following a land sale. “I had it invested, but the money just wasn’t doing anything. With Danni’s help, we reinvested with SJP, and the

money grew. We reviewed my pensions, but I had no plans to retire.

“Danni went above and beyond,” she remembers. “Between us, we sent over 130 emails to the trust company but received no response for three months. At one point, Danni even rang the managing director herself. At my lowest ebb, I said, ‘Danni, I haven’t got any more fight left in me.’ She stepped in, stepped up and she never let me down.

“I could not have got through it without Danni. Not only did she go above and beyond as my financial adviser, but she was also my emotional lifeline. She was invaluable.”

The value of an investment with St. James’s Place will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than the amount invested.

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The true value of financial advice is best told by those who experience it.

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