3D Financial Planning
Independent Financial Advisors

Newsletter
May 2025

Market Update

April saw a sharp rise in volatility across global markets following the announcement of sweeping new US tariffs on 2 April - dubbed "Liberation Day." This triggered a wave of market disruption, with energy prices falling, gold reaching an all-time high, and investors flocking to safer assets such as government bonds. While some equity markets rebounded slightly after the US declared a 90-day pause on most non-China tariffs, sentiment remained cautious.

US Equities

US equities underperformed other regions in April. Markets reacted sharply to the "Liberation Day" tariffs, leading to significant swings. Energy stocks were hit hardest, dragged down by falling oil prices. Economic data added to the gloom, with the US economy contracting by an annualised -0.3% in Q1.

Eurozone Equities

Eurozone equities were slightly positive in euro terms. Defensive sectors like consumer staples and utilities outperformed, while energy lagged. The European Central Bank cut interest rates by 0.25% - its third rate cut this year - helping to support sentiment in the region.

UK Equities

UK shares were marginally weaker in April (in sterling terms). As with other regions, the energy sector struggled, while utilities topped the performance tables, reflecting investor preference for more defensive assets amid heightened uncertainty.

Emerging Market Equities
Emerging markets posted modest gains in April, outperforming developed markets overall. Mexico was a notable outperformer, while China lagged the broader index. The month saw an escalation in trade tensions, with China responding to US tariffs with retaliatory levies of its own.

Asia (ex-Japan) & Japan

Asian markets were mixed. The MSCI Asia ex Japan index rose, supported by strong performances in Thailand and the Philippines. China underperformed, reflecting the impact of trade headwinds. In Japan, the Topix Index delivered a small positive return. Notably, Japan secured priority tariff negotiations with the US.

Global Bonds

Bond markets were mixed. In the US, short-term bond yields fell while long-term yields rose, as weak economic data suggested slower growth but persistent inflation. In the UK and across the eurozone, yields fell, boosting government bond performance. Investment grade bond spreads widened sharply early in the month due to increased caution but narrowed again as political tensions softened.

Commodities

The S&P GSCI Index fell, led by a sharp drop in energy prices due to tariff-related growth fears and increased oil supply from OPEC. In contrast, gold delivered strong gains, benefiting from its status as a safe-haven asset during times of uncertainty.

Source: Schroder Investment Solutions – Monthly Update May 2025

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Trump's Trade Turbulence: Steel Tariffs, Court Battles & Market Ripples

As the saying goes, "a week is a long time in politics", but with President Trump back in the White House, it seems every hour brings a new headline. The past few weeks have seen a flurry of activity on the trade front, with significant implications for global markets.

Steel Tariffs Doubled

On May 30, President Trump announced plans to double tariffs on imported steel and aluminium from 25% to 50%, effective June 4. Speaking at a U.S. Steel plant near Pittsburgh, he framed the move as a strategy to protect American industry and jobs. This decision coincides with a proposed $14.9 billion partnership between U.S. Steel and Japan's Nippon Steel, which Trump now supports after previously opposing it.

While the intent is to bolster domestic production, critics warn that higher tariffs could lead to increased costs for industries reliant on steel and aluminium, such as construction and automotive manufacturing.

Legal Challenges and Court Rulings

Just days before the tariff announcement, a federal court ruled that President Trump had overstepped his authority by imposing broad tariffs under the International Emergency Economic Powers Act (IEEPA). The court stated that such sweeping trade measures require Congressional approval.

However, an appeals court has temporarily stayed this decision, allowing the tariffs to remain in effect while the legal process continues.

Market Implications

These developments have introduced new volatility into global markets. Investors are grappling with the potential for increased costs and supply chain disruptions. The situation underscores the importance of staying informed and maintaining a diversified investment strategy to navigate these uncertain times.

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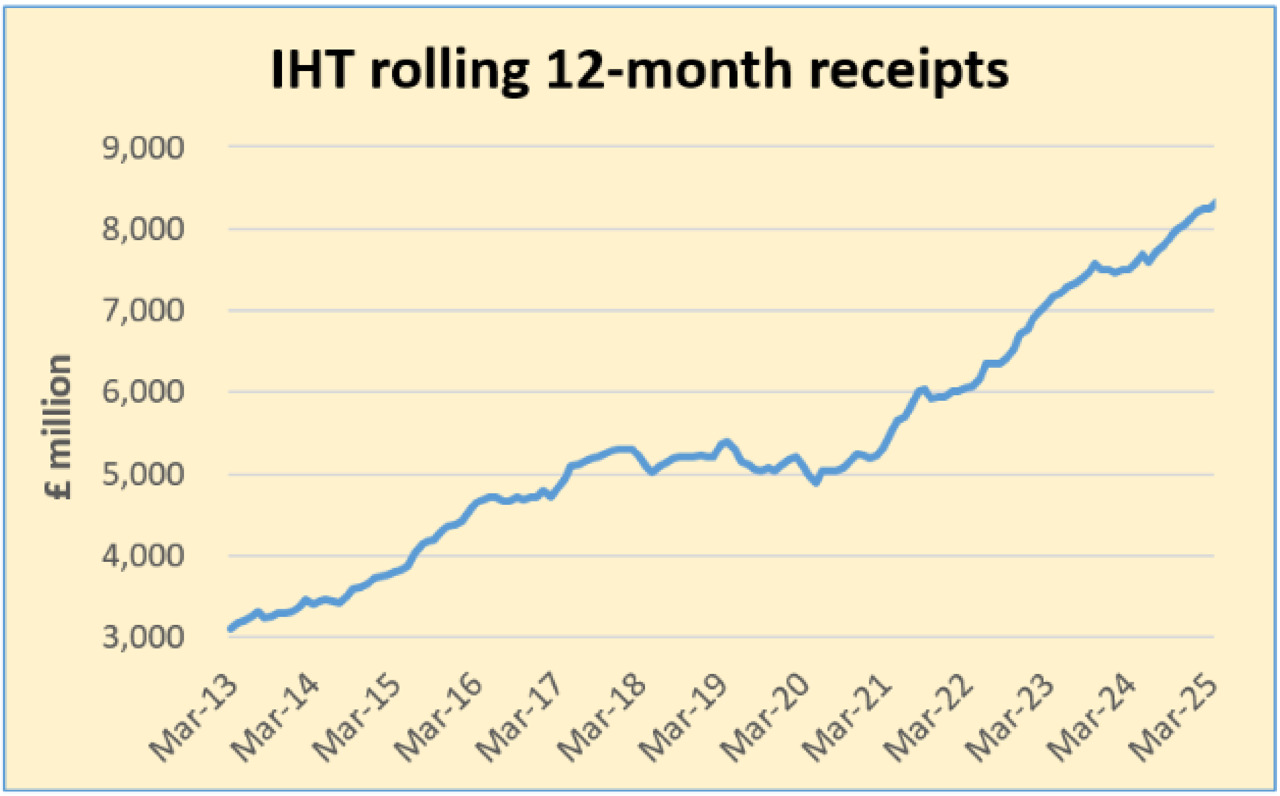
Inheritance Tax: A Growing Concern and an Opportunity to Plan

According to the latest figures from HMRC, inheritance tax (IHT) receipts for April 2025 hit nearly £0.8 billion, up £97 million from the same time last year. And this isn't a one-off. IHT receipts for the 12 months to April 2025 totalled £8.347 billion, a significant rise from the £7.585 billion collected in the previous year.



Source: Techlink

Why the increase? A combination of rising asset values, a freeze on tax-free thresholds, and a handful of higher-than-average payments have all played a part. But looking ahead, receipts are expected to keep climbing sharply - partly due to new policies, including the decision to bring pensions into the estate for IHT purposes from April 2027.

Forecasts from the Office for Budget Responsibility suggest that by 2029/30, annual IHT receipts could reach over £14 billion - almost double the current level.

For many of our clients, estate planning has become a key part of the advice we provide. It's why we include a personalised IHT calculation as standard during your annual review, helping you stay informed and in control of your legacy.

Thankfully, there are many effective ways to manage a potential IHT liability. From gifting strategies and trusts to making full use of exemptions and reviewing how pensions and investments are structured - **there are options.**

We typically cover this during your annual reviews, but if you'd like to discuss your position sooner, we're only a call or email away.

Our ultimate goal is to help ensure that more of your wealth passes to the people and causes you care about - not just the taxman.

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Staying Safe in the Age of AI Fraud

Recent research by BrokerChooser revealed that over one in three UK adults lack confidence in spotting an investment scam. That includes only 34% of people overall feeling sure they could identify one—and among 18–24 year-olds, that figure drops to just 29%. This is a worrying trend considering how much time is spent on social media.

This isn't just about dodgy emails and obvious red flags anymore. Scammers are now using AI-generated websites, convincing fake documentation, cloned voices, and more. It's getting harder and harder to tell what's real.

As Krisztián Gátonyi from BrokerChooser's said, "Investment scams aren't new, but the tech behind them is. AI is making it easier than ever for scammers to appear legitimate. It's vital we raise awareness before more people are caught out."

We want to remind you that you don't have to navigate this alone.

At 3D Financial Planning, we're not just here to help you grow your wealth. We're also here to help protect it. As a fully regulated, completely independent firm, we are committed to carrying out the highest level of due diligence before we ever recommend a product or investment.

We'll never take unnecessary risks with your money, and we'll never suggest something we wouldn't feel comfortable with for our own families.

So, if you ever receive an offer that sounds a little too slick, a little too urgent - or just not quite right - get in touch. One short call or message with us could make all the difference.

Your financial safety matters to us. Please never hesitate to reach out if you're unsure about something.

We're here to be your filter, your guide, and your peace of mind.

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Secure, Simple, Sustainable: Why We Use DocuSign

At 3D Financial Planning, we recognise the growing importance of environmental responsibility and data security. As part of our commitment to positive change, we've embraced digital solutions that reflect these values - one of the most impactful being our adoption of DocuSign, the market-leading electronic signature platform.

Why DocuSign?

1. <u>Industry-Leading Security</u>
   DocuSign is renowned for its robust security protocols, making it a trusted solution for millions of users globally. Documents sent and signed through DocuSign are encrypted, monitored, and tamper-evident, providing us all with complete peace of mind. Every action taken during the signing process is logged in a secure audit trail, ensuring transparency and compliance with international legal standards.

2. <u>Legally Binding & Globally Accepted</u>
   Electronic signatures via DocuSign are legally valid and enforceable in the UK and in many countries worldwide. You can confidently sign documents from anywhere, knowing they hold the same legal weight as a handwritten signature.

3. <u>Environmental Benefits</u>
   Since launching in 2003, DocuSign has made significant strides in helping businesses reduce their environmental impact. By transitioning to digital signatures, DocuSign users have collectively saved:

   The environmental impact of DocuSign*

   Since 2003, DocuSign and our customers have saved an estimated:

38B sheets of paper	**15B** litres of water	**600K** tonnes of wood
4M trees	**1.4M** tonnes of CO_2	**100K** tonnes of waste

   By choosing to sign electronically, you are directly contributing to these efforts.

4. <u>Convenience & Speed</u>
   DocuSign allows you to sign documents securely on any device - be it a computer, tablet, or mobile phone - wherever you are. It significantly speeds up turnaround times, eliminates the need for printing or postage, and ensures documents are returned quickly and securely.

What This Means for You

In just a few simple steps, your documents can be reviewed, securely signed, and returned to us - at no extra cost to you. It's quick, easy, and helps support a more sustainable future.

We're proud to incorporate modern tools like DocuSign into our services and thank you for joining us in creating a safer and greener way of working.

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Team News: Growth, Progress and a Warm Welcome

We're delighted to share some exciting updates from within the 3D Financial Planning team—reflecting both individual achievements and our continued investment in providing the best possible service to you, our clients.

Alex Parsons has recently stepped up from his role as Trainee Paraplanner to become an Associate Adviser. This promotion recognises Alex's dedication, development, and his recent success in passing the Equity Release qualification - a valuable addition to our advice capabilities. Alex is well on his way to becoming a fully qualified financial adviser and is committed to supporting clients with the clarity and care that define our approach.

Meanwhile, **Chloe Duffell** has been promoted to Senior Paraplanner, a role that reflects her deep technical knowledge, critical thinking, and the consistently high standard of support she provides behind the scenes. Chloe plays a pivotal role in the advice we deliver and continues to be a vital part of the team.

We're also thrilled to welcome **Chelsea Stevens** to our support team. Chelsea brings with her a strong background in financial services and has already hit the ground running. Her experience and enthusiasm will help us maintain the high levels of client care you've come to expect, and we're confident she'll be a great asset to both our team and to you.

Finally, our adviser **Chris Gillespie** has recently achieved the Level 6 Certificate in Advanced Financial Planning, a significant milestone that further strengthens the depth of expertise within our advisory team. This qualification reflects Chris's commitment to continuous development and reinforces our firm's ability to offer well-rounded, forward-thinking advice.

As always, we're proud of the people behind 3D Financial Planning. Their passion, professionalism, and shared commitment to doing right by our clients remain at the heart of everything we do.