3D Financial Planning
Independent Financial Advisors

Newsletter
July 2026

Market Update

The second quarter of 2026 provided a supportive environment for investors, with global markets continuing to move higher as company earnings remained resilient and confidence improved. Enthusiasm surrounding artificial intelligence (AI) and technology investment continued to drive many equity markets, while easing geopolitical tensions in the Middle East helped reduce concerns over energy prices and inflation.

Although volatility remained, investors were encouraged by steady economic growth and a more stable outlook for interest rates across many developed economies.

Global Equities

Global equity markets delivered strong returns during the second quarter, supported by continued investment in AI and related technologies. Emerging markets and Asia outperformed many developed markets, particularly semiconductor-focused economies such as South Korea and Taiwan. Improving investor confidence following a ceasefire agreement in the Middle East also helped support market sentiment.

US Equities

US equities produced another strong quarter as resilient corporate earnings, continued AI-related investment and more stable expectations for inflation and interest rates supported returns. Technology companies once again led the market, particularly businesses involved in AI infrastructure and semiconductors, while weaker oil prices weighed on the energy sector.

Eurozone Equities

European markets also delivered strong gains over the quarter, led by technology and financial companies. Strong corporate profitability and optimism surrounding AI continued to support returns, although inflation remained above target, prompting the European Central Bank to increase interest rates.

UK Equities

UK equities generated positive returns, with consumer discretionary, financial and real estate companies performing well. Energy stocks lagged as oil prices declined, while the Bank of England left interest rates unchanged despite inflation remaining above target.

Emerging Market Equities

Emerging markets were among the strongest performers during the quarter, outperforming many developed markets. South Korea and Taiwan benefited from continued demand for semiconductor and AI-related technology companies, although returns in Brazil, China and Indonesia were comparatively weaker.

Japanese and Asia Equities

Japanese equities delivered another strong quarter, supported by AI-related businesses, financial companies and a weaker yen, which benefited exporters. Elsewhere in Asia, markets rose sharply, led by South Korea and Taiwan as demand for semiconductor companies remained strong. China and Indonesia delivered more modest performance.

Global Bonds

Global bond markets produced positive returns despite continued volatility. Markets remained sensitive to inflation expectations and developments in the Middle East, while central banks adopted differing approaches. The European Central Bank and Bank of Japan raised interest rates, whereas the US Federal Reserve and Bank of England kept rates unchanged.

Commodities

Commodities experienced a weaker quarter overall. Energy prices declined following a ceasefire agreement between the US and Iran, easing concerns about supply disruptions. Precious metals also fell, while industrial metals were broadly unchanged over the period.

Source: Schroder Investment Solutions (Q2 2026 Quarterly Bulletin)

In the Spotlight

What Could a New Prime Minister Mean for Your Finances?

Andy Burnham became Prime Minister on 20 July, following his election as Labour leader. As with any change of leadership, the early days have generated considerable attention, not only around the new Prime Minister's political direction, but also around what it could mean for taxation, public spending, interest rates and the wider economy.

For investors and financial-planning clients, it is understandable that a change at Number 10 may prompt questions.

- Will taxes rise or fall?
- Could the rules around property, pensions or investments change?
- Will markets react?
- And should anything be done now?

At this early stage, the honest answer is that much remains uncertain.

What Has Actually Been Announced?

The new government has initially focused on a small number of measures intended to ease cost-of-living pressures.

VAT is being removed from domestic electricity bills from 1 October for the remainder of the financial year. The government says the measure will be funded by cancelling the proposed Digital ID programme. It is expected to provide relatively modest support for households, rather than fundamentally changing the pressures facing household budgets. Further decisions on whether the support continues will be considered at the Budget.

A 20% reduction in business rates has also been announced for pubs, social clubs and many live music venues in England from April 2027. The government estimates that a typical pub could save around £1,100 a year. The measure has broadly been welcomed by the sector, although some business owners and commentators have pointed out that it represents only a small proportion of the wider cost pressures facing hospitality businesses.

These announcements are therefore meaningful to those affected, but they remain relatively limited in the context of the overall economy and public finances.

Announcements Are Not the Same as a Budget

There has already been speculation about what could follow.

The frozen personal allowance has received particular attention. Mr Burnham has acknowledged concerns about the £12,570 threshold, but he has not committed to increasing it. Raising the allowance would be expensive for the Treasury, so any change would need to be considered alongside the government's spending commitments and fiscal rules.

There has also been discussion in the media and political commentary about possible changes to property taxation, including stamp duty. However, at the time of writing, no firm proposal has been announced.

This distinction matters.

Political comments, newspaper reports and rumours can indicate what ministers may be considering, but they should not be treated as settled policy. Until a measure appears in a Budget, formal consultation or draft legislation, its eventual shape, and whether it happens at all, remains uncertain.

Making significant financial decisions in response to speculation can therefore create more risk than it removes.

Sources: *BBC News; HM Government; HM Treasury*

The Wider Questions

The more important issue is not whether every early announcement is positive or negative. It is how the government balances several competing priorities.

Reducing taxes or offering financial support may help households and businesses, but it also reduces government revenue unless the cost is funded elsewhere.

Increased spending on areas such as housing, infrastructure, public services and defence may support parts of the economy, but it must be balanced against borrowing levels and the government's fiscal commitments. Mr Burnham has said that a broader ten-year plan will be published later in the year, so the overall direction is not yet fully clear.

Investors will therefore be watching several areas closely:

- Whether policies are fully funded
- The effect of government decisions on inflation
- The outlook for borrowing and gilt yields
- Any changes to income, property, pension or investment taxation
- Whether reforms encourage business investment and economic growth

These questions are likely to matter more to markets than the political label attached to the government.

What Might This Mean for Clients?

For most people, there is no immediate reason to change a financial plan simply because the Prime Minister has changed.

However, future Budgets could affect areas such as personal allowances, capital gains tax, inheritance tax, pensions, property transactions and business taxation. Wealthier households may naturally be more exposed to changes in these areas, but the precise impact will depend on the detail rather than the political headlines.

That is why it is important to separate three things:

- Measures that have been formally announced
- Policies that are being actively considered
- Ideas that remain speculation

At present, much of the longer-term tax and economic agenda belongs in the second and third categories.

Waiting for the Detail

New governments often create a period of heightened commentary and expectation. Some people will welcome the direction of travel; others will be sceptical. Both reactions are understandable.

From a financial-planning perspective, however, the most useful response is neither optimism nor pessimism.

It is patience.

The forthcoming Budget and the government's promised longer-term economic plan should provide greater clarity. Until then, decisions should remain grounded in existing rules, personal objectives and confirmed policy and not political preference or newspaper speculation.

A well-structured financial plan should be capable of adapting when tax rules or economic conditions change. It should not require immediate revision every time the political landscape does.

Planning in Practice

Information Is Everywhere. Judgement Is Rare.

A recent news story caught our attention. A man in the United States has filed a lawsuit alleging that an artificial intelligence (AI) chatbot repeatedly reassured him about symptoms that later proved to be a life-threatening medical emergency. The claims are disputed and the case is ongoing, but it highlights an interesting question:

- When does information become something we rely upon to make important decisions?

We live in an age where answers are available almost instantly. Whether we're researching holidays, comparing insurance, checking tax rules or asking AI a complex question, information has never been more accessible.

That is, on the whole, a very good thing.

Being able to learn more about pensions, investing and personal finance helps people ask better questions and make more informed decisions. In many ways, access to financial information has never been greater.

Source: Reuters (July 2026)

Information Has Its Limits

The challenge is that information, however accurate, is only one part of making a good decision.

Consider a simple question:

Should I pay off my mortgage or keep my money invested?

It's a question we're asked regularly.

Yet there isn't a single correct answer.

The decision depends on factors such as interest rates, tax, investment objectives, attitude to risk, cash flow requirements and, perhaps most importantly, how each individual feels about debt and financial security.

Two people with similar finances may reach completely different conclusions - and both could be making sensible decisions.

From Information to Judgement

This is true in many professions.

Reading about a medical condition online may help you understand your symptoms, but it cannot replace the judgement of a doctor who knows your medical history, can examine you and weigh up all the available evidence.

Financial planning works in much the same way.

A financial planner's role is not simply to explain how ISAs, pensions or tax allowances work. It is to understand your objectives, your family, your attitude to risk and your wider financial position before recommending a course of action.

In other words, the value lies not just in the information itself, but in applying that information to your own circumstances.

The Bigger Picture

Technology will undoubtedly continue to change the way we access financial information. Artificial intelligence, online calculators and educational resources all have an important role to play, and we believe better-informed clients make better decisions.

But the biggest financial decisions in life are rarely about finding a single "correct" answer. They are about balancing competing priorities, understanding the trade-offs involved and building a plan that reflects what matters most to you.

That is something no article, video or AI tool can do in isolation.

Our View

At 3D Financial Planning, we welcome the fact that financial information is becoming easier to access. An informed client is almost always a more engaged client.

However, we also recognise that knowledge is only the starting point. The real value of financial planning comes from turning that knowledge into decisions that are appropriate for your circumstances, adaptable as life changes and aligned with your long-term goals.

After all, good financial planning has never been about having all the answers.

It has always been about asking the right questions.
