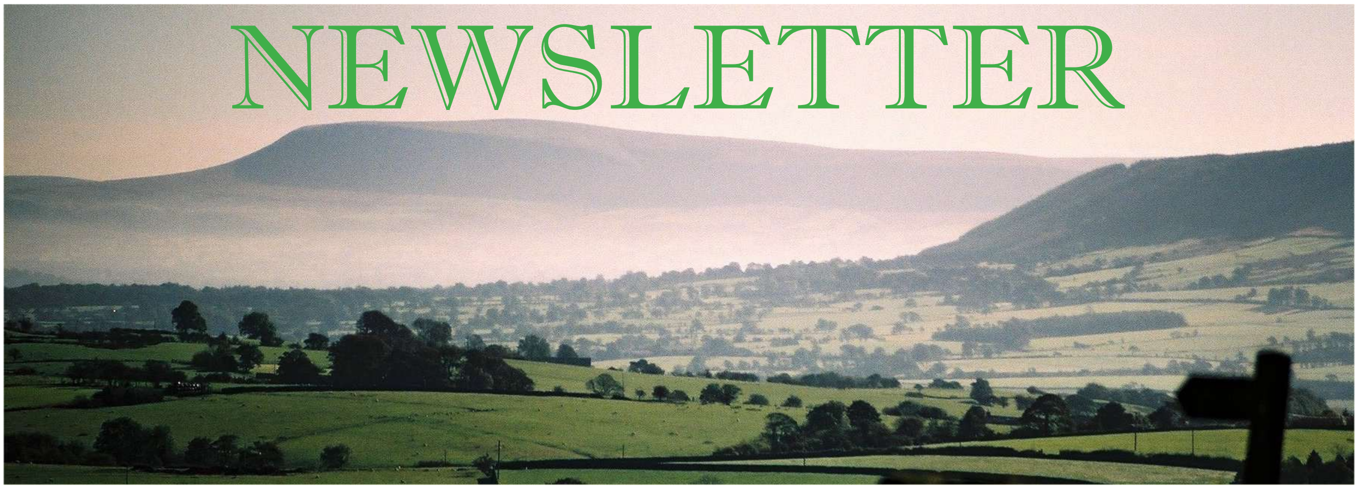
Ribble Wealth Management Limited

NEWSLETTER



SUMMER 2026

Our Spring 2026 Newsletter gave detailed commentary of our market concerns, so it may come as no surprise that we felt an update was appropriate – especially as a number of our clients remain in “Money Market” funds, being either fully invested therein or partially – so that you are aware of our up to date views, and also to offer reassurance that we very much maintain our “finger on the pulse”, as it were.

Ultimately, of course, it is <u>your</u> money and (as advised when we set out our concerns late last year) we do not have a crystal ball – markets may continue to ignore the underlying data, or correct – so if you do at any point choose to instruct us to “go back in” to markets, we will of course follow your instructions, but we want you to know what our concerns are, and the reasoning behind these, to allow you to make informed decisions. We are here to provide guidance and reassurance, whatever the choice, but it is ultimately you that decides.

We are well aware that the following commentary is at times somewhat complex, and for that we beg your forgiveness, but feel it is important that our clients are kept well informed at all times.

Thank you for your continued trust, as always.

New Office Opening Hours

Monday – Thursday: 08:30 to 16:30

Friday: 08:30 to 13:00

UPDATED OFFICE HOURS

We have decided to close the office earlier on Fridays, in order to allow our staff a longer weekend and to improve their work/life balance, so we will now finish at 1.00 p.m. on Fridays.

However, we are extending our working days and will now open at 8.30 a.m. each day. Your adviser, however, often continues to work beyond normal working hours, so is very likely to pick up any messages you leave – whenever they are left…!

Borrowed Confidence

Five things happening in the world right now and why it might be prudent to hold more in cash funds than usual.

Think of a household that has had a good year. A pay rise, a bit put by for a rainy day, nothing going badly wrong. The sensible instinct is not to spend every last penny – it is to keep something back, because you can see one or two bills coming that you cannot yet put a figure on.

That is roughly where we are with the investment markets – they have done well – very well – particularly over the last three years. However, there are several things happening that we can all see coming, and which prices do not seem to have fully taken account of. Here they are, in simple terms.

1. The war in the Middle East

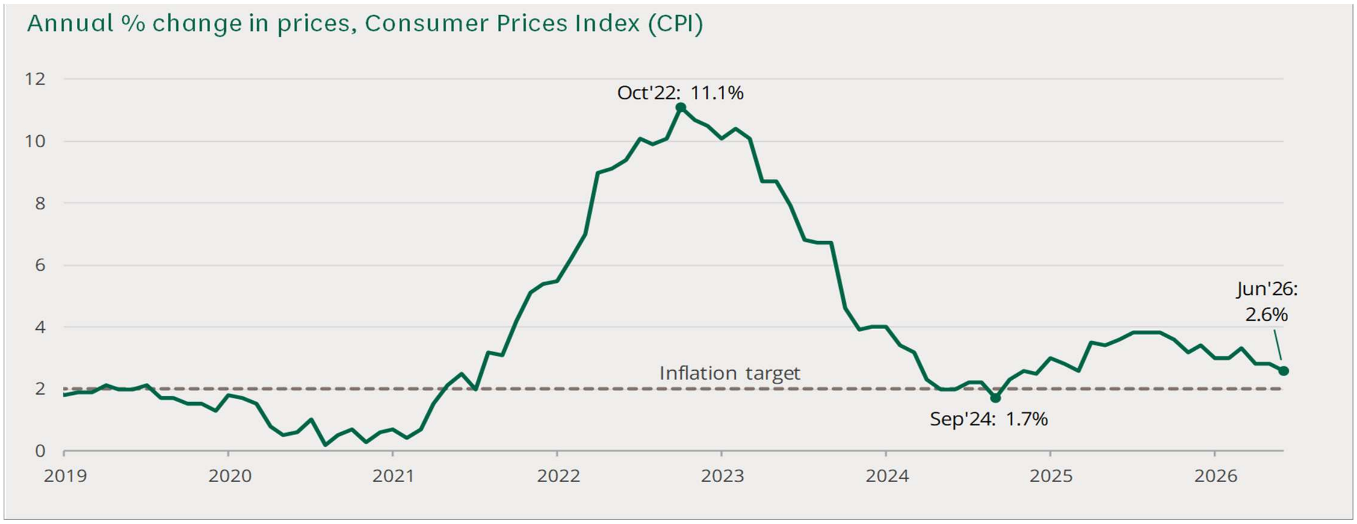
The conflict between the United States, Israel and Iran began in February and has never properly stopped. There have been pauses and talks, but no resolution.

It is our view that the war will continue, and the reason is that the two sides want incompatible things. Iran's objective is not a better deal or sanctions relief, it is the removal of American military presence from the Gulf. That is not something Washington can easily concede at a negotiating table without conceding the whole position, so there is little for talks to settle.

What it means for the UK: Energy and shipping costs stay unpredictable, and oil affects 45,000 prices of goods and services. This is the thread running through most of what follows.

2. Inflation – better, but not finished

UK inflation fell to 2.6% in June, down from 2.8%. Genuinely good news.



Source: Office for National Statistics, CPI annual inflation rate, monthly data to June 2026

But look at why it fell. A large part of the improvement came from diesel dropping about 10p per litre. That is one item doing a lot of the work. The Bank of England itself expects inflation to be a little under 3% this autumn and a little over 3.25% by the end of the year – in other words, to go back up.

However, that is the official figure and is based on a national average, drawn from a basket of goods quietly reshuffled every year. What it is **not** is a figure that describes any one individual. The only household that feels exactly 2.6% inflation is a statistical average that buys a little of everything and lives nowhere. If your spending leans towards food, fuel and heating, as it does for most households, your own inflation rate has been running rather above the headline for some time.

A shopping basket that keeps changing

Each month the Office for National Statistics collects around 180,000 prices in roughly 140 locations, covering 760 items. The list is revised every year to keep pace with how people actually shop – which makes it an unusually good record of how British life has changed.

YEAR	ADDED	REMOVED
2021	Electric and hybrid cars, hand sanitiser, smartwatches	Staff canteen sandwiches, gold chains
2022	Meat-free sausages, canned pulses, pet collars	Doughnuts, men's suits, coal
2023	E-bikes, security cameras, frozen berries	Digital cameras, CD albums bought in store
2024	Air fryers, vinyl records, gluten-free bread	Hand sanitiser, rotisserie chicken
2025	VR headsets, exercise mats, fixed energy tariffs	Oven-ready joints, newspaper adverts
2026	Hummus, alcohol-free beer, pet grooming, dashcams	Sheets of wrapping paper, Euro Tunnel fares

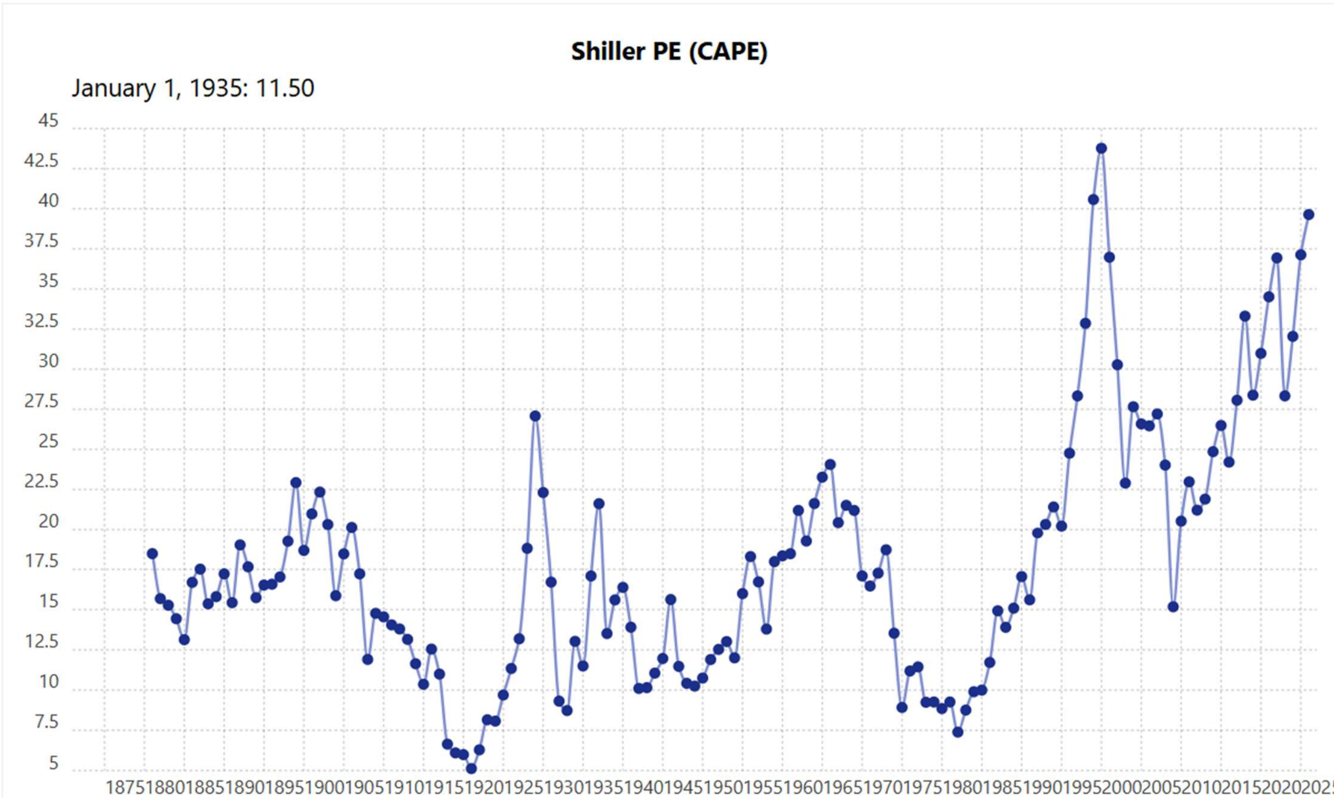
Hand sanitiser arrived in 2021 and was gone by 2024. Coal left in 2022. It is a fair way to measure a country – but it is an average, and no single household buys quite this list.

What it means for you: The cost-of-living squeeze has eased rather than ended. It also helps to read it the right way round – prices are not really rising so much as the pound is buying less.

3. Artificial Intelligence ("AI") – and how it is being paid for

The question is not whether AI is real – it simply is. The question is how the enormous cost of building it is being funded.

Shiller PE is the measure of how expensive US shares are, comparing prices against ten years of company profits:



Source: Robert J. Shiller, Yale University.

For twenty years the big technology companies were the most cautiously-run businesses around, with most holding more cash than debt. That has changed – fast. In the first half of this year they borrowed roughly $225 billion between them, around ten times what they borrowed a year earlier.

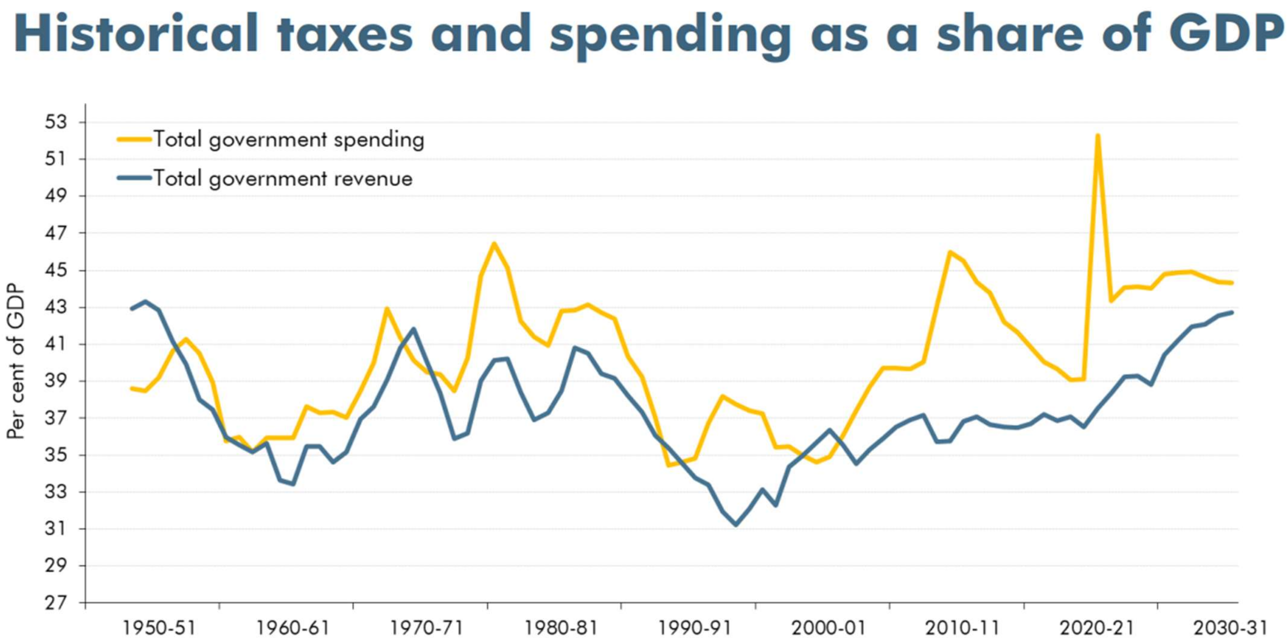
The pattern is old and remarkably consistent. A genuinely transformative technology arrives – railways, electricity, the internet, etc. Everyone can see it is important and will impact the future, so money floods in, then far more gets built than is needed, and then the investors who funded it lose a fortune. The technology then goes on to change the world without them. Amazon fell 92% in the dot.com crash and afterwards reshaped retail. Both things happened. The fibre optic cable, laid at ruinous expense in the late 1990s, bankrupted the companies that laid it, was sold off for pennies, and became the cheap broadband we all use today.

Think of two neighbours who both build an extension. One pays from savings, the other remortgages. Both end up with the extension but only one has a serious problem if things go wrong.

What it means: It simply means we think these companies are overvalued. And when something is overvalued, it can go "pop", not necessarily today or this year, but at some point in the future the price comes back to what the business is *actually* worth. The further it has run beyond that, the further it has to fall.

4. Government debt across the developed world

Britain is not unusual here (see the chart below), and it helps to see the numbers. Economists measure national debt against a country's annual output (Gross Domestic Product, or "GDP"), roughly the equivalent of comparing a household's borrowings with its yearly income.



Source: Office for Budget Responsibility

On IMF figures for this year, the UK owes about 104% of its annual output – a little over a year's income. That is high by our own history, but it sits in the middle of the pack. Japan owes around 204% – over two years' worth. Italy is at 138%, the United States 126% and France 118%. Germany, which wrote a borrowing limit into its constitution, is the least indebted of the group. The G7 average is now above 110%

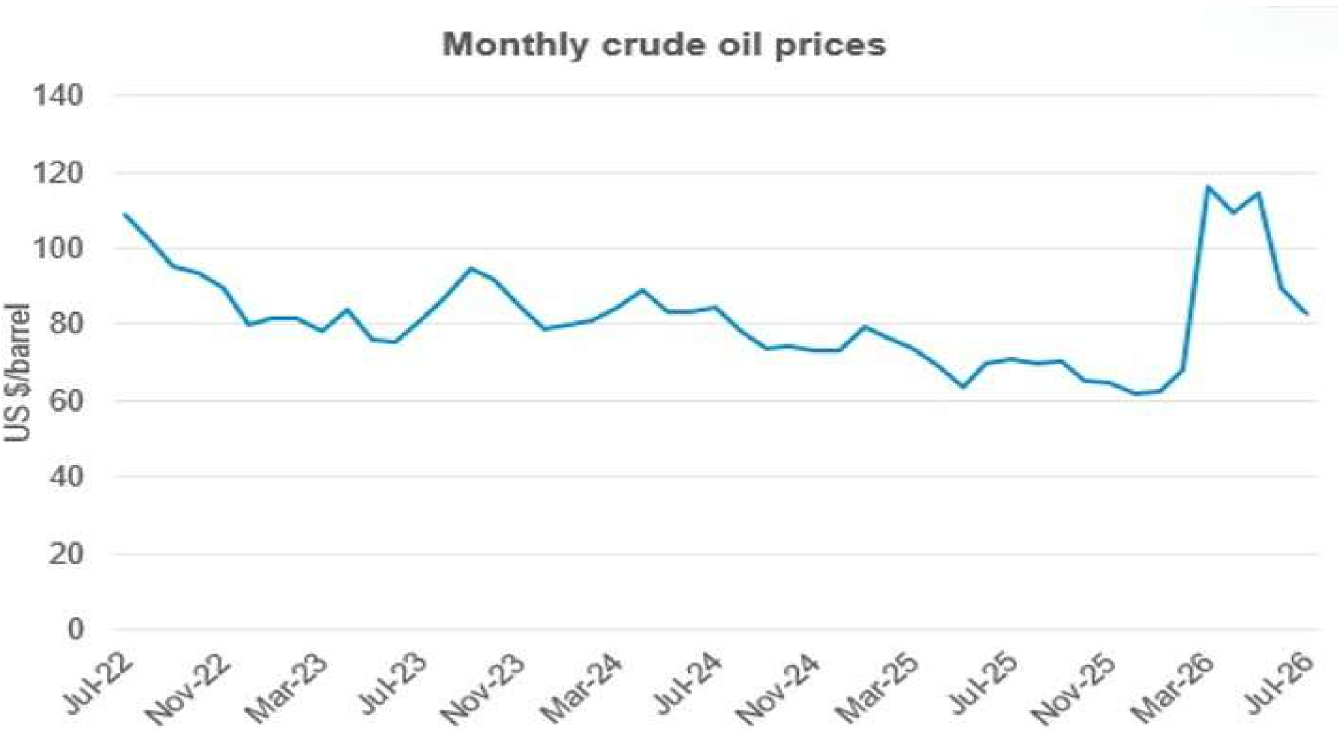
Most of this was borrowed during the pandemic and the energy crisis, when it cost almost nothing to do so. It is now being refinanced at much higher rates. The debt has not grown so much as the cost of carrying it, and every pound going on interest is a pound unavailable for schools, hospitals or defence.

What it means in a nutshell: When the government borrows for ten years, it currently pays about 4.9% interest a year. The economy is growing at perhaps 3.3% a year (not accounting for inflation). That gap is the whole problem, and it does not close by itself.

The way out is a sustained budget surplus – years in which the government takes in more than it spends, and can pay some debt back. Britain has managed that in only about six of the last fifty years. Meanwhile, the demands going the other way – an ageing population, health spending, pensions, defence – are all rising, and the tax burden is already at its highest since the war, which makes each further increase harder to collect than the last. The official forecasts show this improving. We would treat that with caution.

5. The oil price fell – your fuel bill did not

Crude oil dropped more than a quarter from its April peak. You would expect that to show up at the pump. However, it largely hasn't because the shortage is not in crude oil itself, but in the refineries that turn it into diesel and petrol, several of which have been damaged or closed. Those that are still running are at around 97% of capacity, so they cannot simply make more.



Source: OPEC

It is as though the price of flour fell but bread got dearer, because every bakery is already running flat out.

Why cheaper oil did not reach your pump

In July 2026, a litre of diesel cost about 165p. Below is a breakdown of where that money went:

Fuel – 84p	**Fuel Duty – 53p**	**VAT – 27p**
Crude oil, refining, delivery and the retailer's margin. This is the only part that moves with the oil price.	A flat charge, fixed at 52.95p a litre – whether crude oil costs $60 per barrel or $120 per barrel.	Charged at 20% on the whole lot, including the duty. Tax on tax.

Sources: Department for Energy Security and Net Zero, July 2026; Office for Budget Responsibility, fuel duty rates.

So roughly half of what you hand over is tax that does not move at all. When crude oil falls by a quarter, only the first slice can follow it down, which is why the pump price barely shifted. And because duty is fixed, the tax share as a percentage of the overall cost actually rises as fuel gets cheaper.

Worth knowing: the temporary 5p duty cut in place since 2022 begins to be reversed from September 2026, returning to 57.95p a litre by spring 2027. With VAT on top, that is roughly 6p a litre more, or £3 to £4 (depending on your car's capacity) to fill up at the pump, regardless of what happens to the oil price.

What it means for you: Diesel moves nearly everything you buy. When it is expensive, so is food, delivery and almost everything else, whatever the oil price headline says.

Which brings us to why we are (temporarily) in favour of holding cash funds

Pull these five happenings together and a pattern emerges. In every case there is a risk that is perfectly visible, published, discussed, no secret to anyone and which markets appear to be treating as though it will resolve neatly. It may of course do so – but investors are being paid less than usual for taking on that risk.

That is not a forecast of a crash, and we are not making one. It is a judgement about reward for risk and at the moment we do not think the reward is generous enough to justify being fully invested.

What makes that decision straightforward is the alternative. Cash funds currently earn around 4% against inflation of 2.6%. For the first time in fifteen years, waiting pays. Between 2009 and 2021 holding cash meant slowly losing money, so there was a real cost to patience. Today there is not – or if there is, it is limited.

The cash fund is doing three jobs. It means a bad year never forces us to sell your investments at the wrong moment. It gives us money to put to work if markets fall and things become cheaper. And it lets you sleep soundly, which matters more than most people admit.

We will not hold cash and money market funds indefinitely. If cash stops paying more than inflation, the case weakens and we will advise that you put more of it to work. That is the trigger that we are watching out for, a rule we have set in advance, not a hunch about what happens next.

And finally

Nothing here requires you to do anything. The point of a financial plan is that it already accounts for the fact that the world throws up surprises. If your circumstances have changed that is worth a conversation. The news is not.

... on our services!

You already know us, but by way of reminder, here is a fuller picture of what we do.

This note sets out the full range of what we do at Ribble Wealth Management, gathered into one place. You will know much of it already, though rarely does all of it sit on a single page.

THE AREAS WE LOOK AFTER

Retirement and Income
Planning for, and living well in, retirement with income designed to last.

Cashflow and forecasting
Modelling the years ahead when needed, so that decisions are made with clarity, not guesswork.

Estate Planning and the next generation
Passing on what you have built thoughtfully, alongside legal specialists where needed.

Pensions, investments and tax
Keeping your money working sensibly and as tax-efficiently as the rules allow.

Protecting your family
Making sure the people who matter to you are looked after, whatever happens.

Financial planning through divorce
Specialist support with the financial side of separation, alongside solicitors, where needed.

HOW WE WORK WITH YOU

Unhurried and personal. We take the time to understand what genuinely matters to you – your plans, your worries and the people you care about, not simply the money.

Clear and jargon-free. Everything is explained in plain English where possible, so that you always understand what you own, why you own it, and where you stand.

A relationship, not a transaction. We are here for the decisions that come up over years reviewing, adjusting and keeping your plan on course as life changes. A plan for your lifetime.

So much of our work comes through the personal recommendation of the clients we already look after. If you think someone close to you would benefit from the same expertise, please do pass our name on.

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