CLIENT UPDATE

13th March 2020

Dear all,

This email has been sent to as many of my clients as possible, so please excuse the general nature of the content. There is no doubt that these are strange times for the investment markets, with the week starting with a crash in oil prices, and the markets falling with them.

This has triggered a rapid escalation of action around the world to fight Coronavirus; large gatherings have been cancelled across the globe, people are working from home, and normal life has taken a back seat in many areas. Life is now encountering a large amount of disruption, with probably more to come. No-one has any idea when these times will settle, but we must be confident that they will.

Markets nowadays are global, so what is happening around the world has a huge knock on effect for everyone. Coronavirus is currently hitting Italy and parts of Europe hard and will continue to do so, however China is now starting to return to normal after over 40 days of 'closing down'. For those that are interested, attached is a link on the latest position around the world of Coronavirus cases. **https://www.worldometers.info/coronavirus/#countries**

I suspect markets will remain volatile for a while, but I must stress they will settle. It is currently not the time to panic, but to hold on and wait it out.

Over the last couple of weeks, we have seen a huge sale of global equities, with all buying what are perceived as safe investments; Government bonds, gold and cash.

In the future these views will alter, meaning the money invested now into 'safer stuff' will go back into the stock market, forcing prices to rise.

As I mention, markets are currently volatile, with numbers changing daily. Currently the FTSE 100 is up 7.59%, clawing back some of the recent losses. Attached to this email is a table of the performance of most major markets around the world from the 19th February to the 11th March.

From this, you will see that equites have had a tough time. On the flip side, Government Gilts and US treasuries have made 5%, meaning those clients at the lower risk end have seen their portfolios hold up fairly well.

At the moment, press stories can be even more misleading than perhaps normal. Stories detailing that billions have been wiped from the stock market are bound to bring a bit of fear to an investor's morning coffee break, but it's only true for those selling at that time.

During the time of the Lehman Brothers and Dot Com Bubble Burst, the FTSE 100 crashed to 3,600. Within a couple of years, most were back in profit. It would be foolish perhaps to presume that the same will definitely happen again, however history shows us that markets do bounce back. We can't guarantee a time frame, but we can almost certainly guarantee that a rise should happen.

To conclude, it seems we are in for a rough ride moving forward, but we must stay positive in the fact that the markets have, historically, found a way out of similar situations. Remaining calm is the key here, and if we do, there should be something to grow from. If anyone has any queries, please feel free to come back to me.

James