

The background of the top section is a composite image. On the left, there are blue and green financial charts, including a line graph with data points and a bar chart. On the right, there is a close-up of a person's face wearing a white surgical mask. The overall color palette is dominated by blues, greens, and purples, with a semi-transparent grid pattern overlaid on the charts.

# CLIENT UPDATE

30th May 2020

Dear All,

**It seems to have been a very long time since Coronavirus changed our lives so radically back in March.**

Although we are starting to see a light at the end of the tunnel, it seems fair to say that life won't probably be far from "normal" until either a vaccine or at least, a more effective treatment is found. However, we must start to look for the positives. The sun is shining, and things are starting to feel a little better than they did a few weeks ago; I'm even allowed to play golf again!

From an economic point of view however, it seems that things will need to get worse before they can get better. This prospect can be daunting, considering that we've already seen big falls in GDP globally, unemployment figures are huge and are only likely to continue to rise. The UK Furlough scheme is currently keeping over eight million people in employment, however when this scheme stops, it's likely there will be a rise in unemployment. At the moment, the UK Government is looking to borrow a potential £300 billion, largely through issued "gifts", the cost for doing so at the moment, is fortunately incredibly low.

A recent tranche of money looked to borrow went to market at a negative interest rate. In lemans terms, the UK government went to various Banks, Pension Funds offering to lend money and on maturity on payback, they will give them back less than was lent. The rate was -0.003%, a safe home for big institutions that need security for their money.

In normal times, this sequence of events would signal a poor economic position for the UK and be a great shock, however in the current climate it seems like the norm and hasn't really spooked the markets.



**Moving on to stock markets where it seems that since March, there has been a bounce back. As I type the US S & P 500 is now down 4.5 %, having fallen 24% from the February's market high.**

**The FTSE 100 is down 15% as opposed to its previous crash of 32%. We're starting to claw our way out, and although still not brilliant, you will be able to see the valuation comebacks coming through on your investments.**

We are by no means out of the woods, but it seems that markets are aware of dangerous waters ahead, and to a large degree are ignoring it, looking longer term and to the recovery that will follow. The part that nobody knows is what that economic recovery will look like moving forward. There will be one, but how quick and how sharp?

To reiterate comments from previous updates, investing money is a long-term game and this current situation needs to be viewed from an investor's perspective as, although a fairly large one, bump in the road.

**The long-term history of markets in the UK, US and now more and more importantly China, shows recovery and strong returns for investors.**

Things will recover it is just a question of when that will be. From what I've read and listened to, I would predict economies to get back to 2019 levels around this time next year, but nobody knows for sure.

We have also seen the oil price fall to unprecedented levels; great news if we could actually get out in our cars! Countries that import huge amounts of oil like China are benefiting from this. Your investments are spread around the world and into different asset classes to reduce the amounts of risk. Things will recover, we just all have to be a little patient.

With regard to our business, we are all still working from home and that looks like it will continue for the foreseeable future. The telephone lines for the team are all diverted to my mobile. If you need to talk to them directly, please email and then can call you back if needed.



We are also making some changes to the investment portfolios that Tavistock look after for us. Firstly, we are going through a rebalance of the portfolios. Markets have changed a lot recently and we need to manage this. The holdings will look very similar just the allocations will change a small amount. We will also be relabelling the portfolios to King FP models rather than the current TPC models. There is no change to the levels of risk you are taking or who is managing the money.

At present unfortunately I can't meet anybody face to face so when it comes to review times, we are issuing valuations and providing a bit of commentary around what is happening specifically to you. I am very happy to discuss any queries you have over the phone or via video conferencing if you would like. If anybody needs an update on anything then please let me or the team know, none of us are going anywhere!

Take care.

*James*



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