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| *"Financial advice given simply by Professionals"* |
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| **IT'S A BIT LIKE GROWING PELARGONIUM** |
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| I recently listened to Gardeners Question Time on the car radio.  A listener asked the question whether she should dig up and throw away her pelargonium and plant new stock or just leave them in the ground and let them flower better for this year.  All the experts were agreed, if the plants were looking in good health and well established, then no!  Do not dig them up but let the plants recover in the ground for a better flowering season this year. Good advice all round! I thought this was a bit like the question that many clients have posed to me over the last couple of months since receiving their investment and pension valuations just after the New Year.  All stock exchange values have gone down over the past couple of months particularly in the American and International markets.  Initially this was caused by the Central Bank's announcements that interest rates would go up to combat inflation, but more recently the fall has been caused by the effects of the Russian invasion of Ukraine and all the problems that this holds for the future.  The news of the war and its effects on world stock markets is causing a considerable amount of volatility.  Markets are up one day and down the next and then up again.  Quite dramatically some days. |
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| The above chart of the FT100 Index (of the 100 largest companies in the UK) since 1987, shows the effects on the performance of the Index caused by various world events.  You may recall the huge falls in the stock markets during 2001/2002 and 2003.  As you can see from the graph, during that period there was a huge fall in world stock markets of over 50% in value. First, due to the terrorist attack on 9/11, then the collapse of the dot com bubble, remember the fall of Enron, the largest bankruptcy in history of $63 billion, the demise of the auditors Arthur Anderson and then finally the 2nd Iraq war. Then what happened, after all those events happening one after the other, all the world markets climbed back again to an even greater high than before the crash.  Another huge fall in markets in 2008 with the Global financial crises caused by the questionable financial instruments and collapse of the American mortgage market.  Remember the pictures of staff leaving their offices of Lehman Bros, collapse of Nat West, etc etc.    Again the markets fell quite dramatically, only to recover and rise even higher again than previous values. Brexit and leaving the EU caused only a small dip in market performance and stock markets soon recovered very quickly.  But the largest and most dramatic fall in international stock markets and the FT100 Index of over 35% was caused by the uncertainty at the beginning of the Covid19 pandemic.  Again the stock markets and the FT100 Index recovered quite quickly and is now practically at the same levels seen before the pandemic. |
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| Here is the performance chart of the FT100 over the last three years.  This clearly shows the fall of more than 35% of the index caused by the uncertainty at the beginning of the pandemic around late March 2020.However, as we have gradually come out of the pandemic, the stock markets have recovered 40% over the last two years.  Since then the rising worldwide inflation and the Russian invasion of Ukraine, the world's stock markets have fallen around just over 15%.  Not as much as the falls we have experienced in the past.  The Russian invasion of Ukraine has caused considerable volatility in world markets, some days up and some days down.  The best advice in these conditions is not to panic, but to hold on and look after what we have.The funds within all clients' portfolios are proven to be good funds and markets will settle down and return to their previous value levels.  Yesterday was a good day.  The German DAX index was up 8%, the French CAC40 up 7% and the FT100 up 3.25%.  It's all about choosing the best stock in the first place, holding on, and waiting for them to recover and grow again in the future.  Bit like growing a Pelargonium.Hope this helps.  Take care.Ray |

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