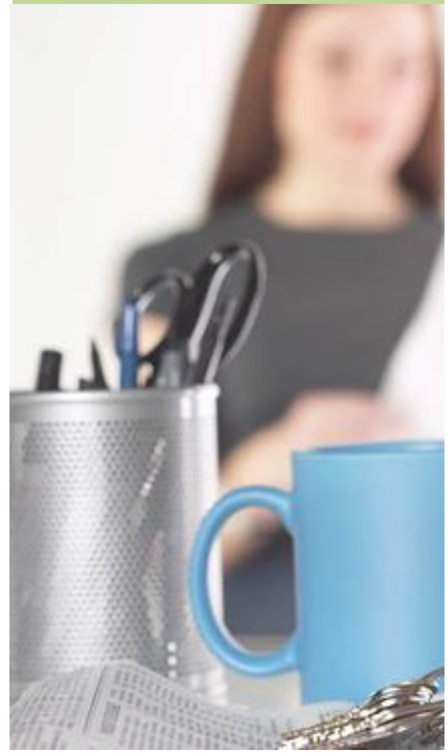
Spring Newsletter



Welcome to the Morgan Law (Financial Services) Spring 2020 Newsletter. First and foremost we hope that you, and those close to you, are well and in good spirits. This update provides some more information on the steps we have been taking to keep our business open and manage the investments on your behalf as the Coronavirus situation develops.

Due to the type of business we are, the technology was already in place to enable all of our staff members to work remotely, meaning the transition for us to continue offering our services during this time has been smooth, with little impact. All avenues of contact remain unaltered so please get in touch with us as you would normally do as and when required.

Businesses such as ours need to be as flexible as possible and whilst abiding by the Government's guidelines, certain considerations need to be made and managed, such as the receiving and sending out of post.

When investments are made during this time "electronic payments" where possible can be set up and should be considered first before sending cheques. In the duty of treating our customers fairly, if a cheque is the only method available then please make us aware.

Economic and Investment Update

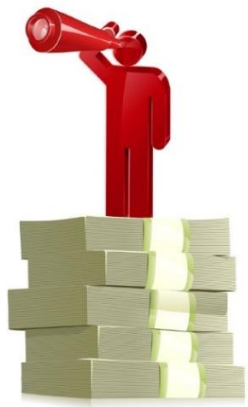
In recent times the coronavirus has made all the headlines. As the spread of the disease continues, it has impacted life in many ways, from the cancellation of major events to supermarket rationing. Concerns about the economic consequences of the virus have also spooked stock markets around the world. As companies from major airlines to drinks giant Diageo post sales and profit warnings, share prices have fallen with the markets worried about the hit to the economy.

While the outbreak of coronavirus is a serious global event, it is not the first time – and won't be the last – that stock markets experience short-term volatility. You only have to head back to the EU referendum result to see what an impact an outside event can have

Contents

We hope you will find the following of interest:

on markets. It’s only natural that clients may have concerns about pensions or investments in the current climate. It’s important to keep calm, and for you to ask yourselves the following three questions:



1. HAVE MY MEDIUM TO LONG-TERM GOALS CHANGED?

Investing is typically for the medium to longer term. Your money could be invested for 10, 20 or even 30 years plus in some cases. Head back 25 years and think about the global events that have affected stock markets. Seven general elections. The Iraq War. The global financial crisis. Brexit.

However, despite these tumultuous events and stock market volatility, it is reported that the compound annual return of the FTSE 100 over the last 25 years was 6.4% with dividends reinvested. This would be a total return of 375%.

If your medium to long-term goals haven’t changed, your investment strategy shouldn’t change either. When we design an investment strategy for clients, we do so with the aim of them being successful over the medium to long term. Of course, this factors in periods of both good and poor market returns, and we model the effect of stock market falls on a client’s strategy in order to stress test the plan.

The aim of a diversified portfolio managed to your agreed levels of risk is that it reduces the impact of stock market falls

2. HAS MY ATTITUDE CHANGED?

If your attitude hasn’t changed, then neither should your portfolio. The aim of a diversified portfolio managed to your agreed levels of risk is that it reduces the impact of stock market falls. Remember that if you see a headline that the stock market has fallen by 8%, your portfolio will typically not have fallen by that amount due to the fact that only a proportion of your portfolio may be invested in this asset and will also be invested in other assets so that not all your eggs are exposed to one basket.

Adviser clients typically have globally diversified portfolios with asset classes including bonds as well as global equities. This means that during volatile times, defensive bond holdings reduce the impact of stock market falls.

3. DO I NEED ALL MY MONEY IN THE SHORT TERM?

Whilst you may be nervous after a stock market fall, reacting to a drop in the markets by selling assets can be disastrous. You essentially turn a paper loss into a real loss and many studies have found that acting in this way to market downturns is one of the biggest destroyers of returns for investors.

If you don’t need your money in the short term, then don’t panic. Stock market reactions to previous disease epidemics, including SARS, Ebola and Swine Flu have led to some short-term volatility and the markets have recovered in time.

IF YOU ANSWERED ‘NO’ TO THESE QUESTIONS…

If your long-term goals and attitude haven’t changed, and you don’t need your money in the short term, then it’s important that you remain resolute and don’t panic.

Final message from our team

Lower valuations present opportunities for fund managers and indeed for investors. Clients who draw regularly from their pensions and or investments and could perhaps draw less in times when valuations are lower by doing so will help protect their capital further. Please get in contact with the office should you wish to discuss any matters with us and most importantly we wish you all keep safe and well.

Morgan Law (Financial Services) Ltd

Hyde Park House
Crown Street
Ipswich
Suffolk
IP1 3BJ
Tel: 01473 598888
E-mail: admin@morganlawfs.co.uk
Find us on the Web:
www.morganlawfinancialservices.co.uk

MorganLaw
Financial Services