

Investment Update - March 2022

Dear Investors,

I am sure many of you are following the news on the hourly developments in Ukraine. The sheer bravery of the Ukrainian people and army standing up to the Russian military might is an exceptional example of the power of democracy and unity. President Zelenskyy has been a true leader in every sense, and I am sure we all hope he will be successful both for himself and his people in the fight against an autocratic bully and that a peaceful ending through diplomacy can be found as soon as possible.

The speed in which much of the world has united against Putin has most certainly broadsided him and made him rethink that the dispersion and weakness of 'The West' is easily manipulated. I sense China will play a central role in finding a peaceful solution as they have much to lose on the world stage from this invasion.

The investment committee has been assessing the medium / longer term global macro impact, global macros being a key driver in deciding how to manage risk, pick asset classes and their respective weightings. Our current thinking is that it is likely we will see a slow down in global growth and the policy makers having to tread very carefully in not raising interest rates too quickly and too aggressively, especially the FED.

This is very difficult to navigate given the inflation concerns and now further inflationary worries with energy and possibly food /wheat shortages in the coming months.



I spent yesterday with a client of mine who runs an arable farm and as a result of the invasion with the Ukraine being one of the worlds largest wheat producers, the brokers were prepared to buy their stored wheat at 30% higher prices. Good for them, not so good for those that want to feed animals or buy bread and cereals.



We also think that over the medium / longer term, the demand by the West, and in particular Europe, will see further increase in renewable energy and its infrastructure. No longer can the likes of Germany and other European nations rely upon Russian oil and gas.

Depending on what risk level and investment strategy you are invested in, will determine whether you are going to see proposed changes to your portfolio. Those with a more preservation investment strategy and those that are investing in impact will be contacted shortly and will see tactical changes to their portfolios.

The portfolios we introduced in Dec 21 we still think are positioned correctly for those that are investing for the longer term and looking to accumulate and grow their investments with a higher risk tolerance.

Finally, it is worth remembering that a consistently poor investment strategy is to de-risk when market volatility picks up. An often used phrase in investing is 'sell the rumour, buy the news'; referring to the fact that markets often price in a very nasty outcome, which then does not materialise. Other examples include periods like Brexit, or the impositions of COVID induced lockdowns in the UK in late March 2020. The latter examples were periods when diversified portfolios went on to gain in value, despite having had a difficult period in the run up to those events.

We will continue to keep you updated and hope that a peaceful outcome is found as quickly as possible

Many thanks,

R Stott

Richard Stott