

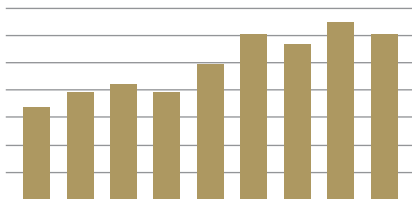


MARKET COMMENTARY

As I sit in the South Hams and watch the rain clouds roll in over the River Dart, a sense of tranquillity descends on me that has been elusive for most of us this year.

I can still remember vividly the sense of apprehension and fear that swept through financial markets and all our lives only a few months ago. The pandemic has been devastating for all of us. It has affected us all in our own unique ways, but we collectively share the suffering and sorrow that this virus has wrought upon society. Whilst the summer months saw our collective efforts arrest the spread of the virus, the last few weeks have seen a deterioration in the outlook for the coming months.

Resilient Market over the last few months



Dealing with one of the deadliest pandemics in history is more than enough for financial markets and economies to deal with. However, when this is coupled with events such as Brexit and the American election, it leads to quite a precarious position. Markets have been remarkably resilient over the last few months, though. Whilst a certain amount of this has been due to a seemingly improving economic outlook, aided by the decreased prevalence of the virus, a large part of it is down to the gargantuan amounts of economic stimulus being pumped into financial markets.

This stimulus is likely to be present for many years to come in order to cushion the initial blow of the pandemic and to accommodate the subsequent recovery. The monetary stimulus from the financial crisis took nearly a decade to start being unwound and it is our anticipation that a similar timeframe will prevail for low interest rates and other stimulus measures. This will act as a medium-term means of support for markets and will lead to good returns when the inevitable economic recovery starts to take hold.



Until we reach a point where there is greater clarity over the virus, Brexit and the US election, then markets are likely to exhibit high levels of volatility. Pleasingly, we should have more certainty about what the future holds for these three issues in the coming months. The pandemic is almost certain to get worse over the winter months, but progress on vaccinations has been substantial over the summer and there are eight potential vaccines in the very final stages of testing. Whilst it may take some time to roll a vaccination out across the country or world, the most vulnerable in society are likely to be vaccinated within months, not years. In relation to Brexit and the US elections, markets may not be content with the outcomes of these in the short term, but it is the uncertainty that markets despise the most. Once the outcomes of these three developments are known, then markets are likely to be on a firmer footing and we may get some semblance of normality returning to the financial world.



Equities



Property

When this happens, investors will have a choice. Where to invest? This is a lengthy question that I could write on for some time, but I shall try and keep it brief for this commentary. When cash gives you no return, and most bonds give you a negligible return, then it only really leaves equities and property that give any sort of return. What this means is that investors will have to keep investing money in equities and property (commercial or residential) if they wish to meet their long-term goals. This trend will power markets for many years to come and we are preparing for this new investing paradigm. We are in the fortunate position of still having a healthy amount of capital to deploy into markets, which we are likely to do with the ensuing volatility of the next few months.

Investors will have to keep investing money in equities and property (commercial or residential) if they wish to meet their long-term goals.

We continue to steward your capital and remain ready and able to take advantage of opportunities that present themselves. The immediate future may look bleak at points, but I have every confidence that we will come through this.

The sun has just broken through the clouds here and the marvels of the Devonshire countryside are fully on display. Fortunately, it's after 5pm so I may just have to pop to the local watering hole and see how much longer I can get this sense of tranquillity to last.



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