

## Investment Insight

### Our current view

The financial markets are currently reacting to worsening economic implications of COVID-19 and the perceived lack of central authority response. Compared to the 2008 global financial crisis we know that:

- The pandemic will eventually come to an end – whether through human isolation or by vaccine
- Central authorities have learnt from the 2008 crisis – they will support economies, companies and citizens indefinitely if need be – and are actively exploring novel ways to do so
- The global economy is in a better place than it was going into the last crisis, with companies having stronger balance sheets and interest rates falling

We believe that, at some point, the reaction of central banks and policy makers will underpin the financial system in the face of the COVID-19. This is as much about confidence as it is about cash flow and there are signs that some governments (the US for example) are now grasping the nettle as they come to understand this crisis as not only a health issue, but an economic and now financial one.

In a financial downturn, it is the weakest (debt-laden) companies and investments that are hurt the most and where equity holders may get severely diluted. We are currently reviewing all of our holdings as this crisis unfolds to confirm that we are invested in companies with strong balance sheets that can survive protracted market turbulence. We are therefore watching and waiting for the moment when we will add to higher quality companies in client funds and portfolios – those attractively valued for the new, post virus world, where we are already holders and where new opportunities emerge.

---

#### IMPORTANT INFORMATION

The information contained in this document is believed to be correct but cannot be guaranteed. Past performance is not a reliable indicator of future results. The value of investments and the income from them may fall as well as rise and is not guaranteed. An investor may not get back the original amount invested. Opinions constitute our judgment as at the date shown and are subject to change without notice. This document is not intended as an offer or solicitation to buy or sell securities, nor does it constitute a personal recommendation. Where links to third party websites are provided, Close Brothers Asset Management accepts no responsibility for the content of such websites nor the services, products or items offered through such websites.

Close Brothers Asset Management is a trading name of Close Asset Management Limited (Registered number: 01644127) and Close Asset Management (UK) Limited (Registered number: 02998803). Both companies are part of Close Brothers Group plc, are registered in England and Wales and are authorised and regulated by the Financial Conduct Authority. Registered office: 10 Crown Place, London EC2A 4FT. VAT registration number: 245 5013 86.

CBAM5975