



# Touchbutton

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## Be careful what you wish for

Today, financial markets are responding as one would broadly expect to the news that the UK has voted to leave the European Union. Having initially fallen quite sharply, investors have paused to consider the future, and losses in both stock and currency markets are now more contained, and in some cases, actually higher than a week ago.

As to be expected, it is the pound sterling that is taking the brunt of it, with an effective devaluation this morning from last night's close. Yesterday the British public lit the fuse to seismic changes, not just for us, but for the rest of the EU, and, without wishing to sound melodramatic, possibly the rest of the world. We do not yet know, nor will we know for some time, just how long the fuse is.

At the General Election, the opinion polls got it wrong. This time it was the turn of the bookmakers and the markets to misread the mood of the British public.

It is much too soon to start making predictions about what will happen next. We will continue to keep a very close watch on developments and their likely impact on investment portfolios. Let us not forget that it will take two, possibly more, years for the UK to leave the EU. During this run-off period, existing trade agreements and laws will continue in existence. This is therefore not a time to be rushing into hastily made decisions.

In the meantime, we are happy to already have in place a more neutral stance in portfolios, a reflection of the number of economic and political challenges that we envisaged.

The inclusion of a much wider range of assets in most portfolios should continue to offer protection both in the immediate aftermath of the vote to leave, as well as in the more long term. Events will unfold in any number of ways over the coming weeks, and we will continue to navigate portfolios through an inevitable turbulent passage with the greatest of care.

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