



INVESTMENT UPDATE

15TH DECEMBER 2020

Brexit negotiations

We realise the weekend was meant to give us more clarity on the Brexit negotiations and that you may have some queries about what this means for you and where we go from here.

The weekend was set to conclude Brexit negotiation talks between the UK and the EU. Yet despite the UK and the EU remaining “far apart” on critical issues, we have now been granted some additional time for both sides to “go the extra mile”. Both sides have shown a willingness to arrive at some sort of agreement and the consensus among investors holds that a ‘light’ Brexit deal is better than no deal. The cliff-edge no-deal Brexit scenario looks increasingly unlikely, but given we are just weeks’ away from the UK leaving the EU, we must take this possibility into account. We must also consider that even if no agreement is reached by the 31st December deadline, the UK can still go back to the EU to try to negotiate a deal in 2021.

Sterling rallied this morning on this news as did stock markets across Europe, though the FTSE 100 lagged its European counterparts as well as the more domestically focussed FTSE All Share and FTSE 250. Markets want as soft a Brexit as possible and initial response this morning supports this.

We remain comfortable with our positioning in our portfolios and UK funds. Whilst it is impossible to predict what the outcome of these negotiations will be, we feel that having navigated the downside in the UK stock markets this year, there is plenty of value to be found within UK companies. Any positive move in Brexit talks will continue to edge our funds higher. We of course continue to look at the strength

of Sterling as a barometer of sentiment towards these negotiations and the impact this could have on our funds and portfolios.