

INVESTMENT UPDATE - 25th February 2022

Russia has decided after all to escalate its conflict with Ukraine and has invaded a European country with a view to changing its leadership at least. Unlike previous market shocks, such as the EU referendum in June 2016 or the election of Donald Trump later that year, this move brings a heavy toll on human life and on hopes for democracy, while as before affecting us all even if we do not know to what extent. The full economic and political ramifications will not be clear for some time and calling short-term moves can be counter-productive, yet we shall anticipate and adjust to a changing environment.

Much depends on whether the war remains just between Russia and Ukraine, brutal as that is for the latter, rather than spreading to the Baltic states, and even if it does prove to be a test run for Taiwan for those in China with similar ambitions. There is an immediate impact from higher energy prices (although this will stimulate other production, including clean, and will usually dampen demand) and from higher food costs, thus sustaining an already high rate of inflation. The disruption and the potential impact on demand may also prompt central banks to show some further flexibility as they tighten monetary conditions to counter inflationary pressures, so easing the main market concern in recent months.

The immediate impact has been a sharp fall in indices, especially in Europe understandably, then some stability as markets have proverbially feared uncertainty and favoured the clarity of actual events, however unpleasant or unexpected. There will be a degree of disruption to financial services from sanctions, with support for sectors such as security and defence. Our focus will be on maintaining resilience in portfolios, as usual with a wide spread of holdings, and continuing our shift to assets that can provide that, although cash in real terms does not.

Markets may be volatile and we shall keep you in touch on our thinking, including with the next monthly update due on 1st March. We would as ever be happy to provide an individual review and to answer any questions.

Julian Cooke - Director

25th February 2022

Vintage Asset Management
7a Wyndham Place, London W1H 1PN
Tel.: 0207 989 3110
Email: info@vintageassetmanagement.co.uk
www.vintageassetmanagement.co.uk

Vintage Asset Management Limited is authorised and regulated by the Financial Conduct Authority, No. 489408.

DISCLAIMER: Any forecasts, figures, opinions or investment techniques and strategies set out, unless otherwise stated, are Vintage Asset Management's own. They are considered to be accurate at the time of writing, but no warranty of accuracy is given and no liability in respect of any error or omission is accepted. They may be subject to change without reference or notification to you. The views contained herein are not to be taken as an advice or recommendation to buy or sell any investment and the material should not be relied upon as containing sufficient information to support an investment decision. It should be noted that the value of investments and the income from them may fluctuate and investors may not get back the full amount invested.