

Brexit Market Update



In an historic development, U.K. citizens have voted in favour of their country leaving the European Union (EU) by a slim margin of 52% to 48%. The news triggered a dramatic reaction on global financial markets on June 24, with share prices declining sharply and prices for bonds and gold increasing. In currency markets, the U.S. dollar was up against most currencies, while the euro and British pound dropped.

Given the magnitude of these moves, we are writing to provide you with some perspective on these events and what they might mean for us.

Why did the markets react this way?

First of all, the financial community in general believes that the prospect of the U.K. leaving the EU – or "Brexit" – will be harmful to the British, European and global economies and their financial systems because of the increased uncertainty and impediments to trade and finance. With regard to the day-after market reaction, many market participants were simply caught by surprise. Although the vote was seen as too close to call throughout most of the campaign, polling in the final week suggested that the "remain" side had a slight advantage.

What does this mean for investors?

For long-term investors like us, the results are unsettling. However, we anticipate the impact may be limited. This event will indeed lead to greater political uncertainty and financial volatility. Other things to consider include the fact that the referendum result is not binding on the British Parliament, and any separation from the EU will take years to negotiate. Meanwhile, companies continue to do business much as they did before and the global economy continues on its path of slow but positive growth. In fact, many professional investment managers believe the current stock market decline represents an opportunity to buy quality companies at attractive prices.

What should I do?

Our advice is to simply stick to your existing long-term investment plan, which is tailored to your individual objectives and time horizon – criteria that are not affected by Brexit. Your plan takes stock market volatility into account by having a well balanced portfolio.

If you have any questions about your investments, please contact our office.



Want more information? Call us at **1.888.824.4351** today to schedule your one-on-one consultation.

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