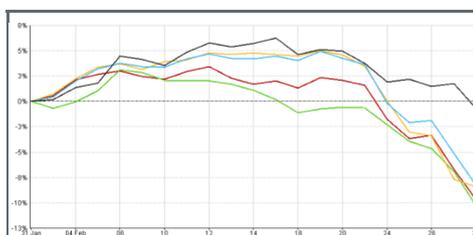


Month to 29th February 2020

Equity indices	% Return Local currency Excluding Dividends
FTSE 100 (UK)	-9.68
S&P 500 (USA)	-8.41
MSCI Europe	-8.25
Hang Seng (China)	-0.69
Toppix (Japan)	-10.30



1 Feb 29 Feb

Bonds	10 year Yields (%)	% Return	
UK Gilts	0.52	0.45	1.00
US Treasuries	1.53	1.13	3.50
Eurozone Bond	-0.44	-0.63	1.70
Japanese Bond	-0.06	-0.12	0.90

Commodities	Price in \$		% Change
Gold - 100oz	1588.50	1564.10	-1.54
Oil - Brent Barrel	58.19	49.67	-14.65

Currencies	Amount per £		% Change
Dollars	1.3196	1.2822	-2.83
Euros	1.1804	1.1624	-1.52

Current UK Economic Indicators	%
Inflation (RPI)	2.70
Inflation (CPI)	1.80
Bank Base Rate	0.75

Market Update

What a difference a week makes, never mind a month!

The major equity indices really got a pummeling on the back of the Coronavirus spreading around the world and the impact on supply chains. Of course, the implications are that the global economy slows significantly with the worst case scenarios pointing to a global recession.

There were some huge falls in the last week of February, with the worst of the major indices being Japan but for the most part every index was in the same boat. Lots of landmark statements have been made like "it was the biggest one week drop on the S&P 500 since the financial crisis". Plenty of figures have been trotted out but, in the interest of balance, the Dow Jones rose on Monday of this week by its biggest ever points total.

The exception was the Hang Seng which was only down by -0.69% but of course much of the damage has already been in the previous month.

My mind cast back to our investment seminar at the Captains Club on Tuesday 21st January. The Coronavirus was playing havoc in China but, in Europe, we were pretty sanguine about the potential spread across the world and indeed the UK health authority deemed the virus to be of a low risk nature. Now we are on the highest alert some six weeks on!

Furthermore, investment markets were quite relaxed about the possible impact. Yes, there were some doom mongers, but you always get them, no matter what. Disruptions to supply chains were a concern but the ability of the Chinese regime to underpin confidence with stimulus was enough to support markets.

As we speak, the markets are unsure how to react to the significant stimulus from across the world. More about that overleaf, but at least action has been taken, which should serve to eventually bring some calm to markets.

Jumping out of the page is the oil price, which took a battering, falling by -14.65%. The prospect of much weaker demand due to a global slowdown, pushed the Brent price below \$50 a barrel. It was only January of this year when there were fears over the price of oil rising above \$80 a barrel on the back of the assassination of the Iranian General.

Even the price of gold fell over the month meaning the safe havens were bonds, but particularly US Treasuries.

Market Commentary - March 2020

Performance to 29th February 2020 over the last month, twelve months and five years

Blue Sky Portfolios	1 Month	1 Year	5 Years	Blue Sky LGT Vestra	1 Month	1 Year	5 Years
Sapphire Defensive	-1.80	4.72	14.37	LGTV Defensive	-1.87	3.95	18.35
Sapphire Cautious	-2.59	5.24	17.64	LGTV Cautious	-2.98	3.72	20.96
Sapphire Balanced	-3.41	5.02	21.24	LGTV Balanced	-4.49	3.82	24.90
Sapphire Growth	-3.92	4.83	21.43	LGTV Growth	-6.08	4.01	31.04
Sapphire Adventurous	-4.44	4.94	24.24	LGTV Adventurous	-7.08	4.25	35.50
Infrastructure 1	-2.33	8.85	N/A	LGT Vestra Sustainable			
Infrastructure 2	-1.06	16.28	N/A	LGTV Sustainable Cautious	-3.12	6.79	N/A
Infrastructure 3	0.08	23.73	N/A	LGTV Sustainable Balanced	-4.20	6.74	N/A
Momentum	-8.73	11.33	83.60	LGTV Sustainable Growth	-5.08	7.99	N/A

Performance Overview

It is unusual to see so much red on our tables but no surprise, bearing in mind the carnage in the last week of February. It's good to see, however, that the portfolios have still delivered positive returns over the rolling year.

Due to the shock of last week, there is little difference between the portfolios on a risk/return basis over the year, but at some point, the demarcation will be apparent again.

Across our Sapphire portfolios for February, there was a risk/reward hierarchy with the more cautious portfolios posting less severe losses because of their exposure to bonds.

At the higher end of the risk spectrum, our in-house portfolios demonstrated more resilience than the LGT Vestra portfolios, mainly because of the higher exposure to infrastructure but particularly the global infrastructure, which actually rose in value for the month by +0.08%.

What is the outlook?

We stated last Friday, in our weekly market update, that we anticipated significant stimulus from central banks, and this has happened at a pace. Firstly China last week stated that they would inject capital into the financial system and it is now expected that significant fiscal stimulus will unfold in the hope of getting the Chinese economy 'back off its knees'. Investment markets responded well on the news.

Japan has also promised to take steps to stabilise markets with a view to offering sufficient liquidity via asset purchases. The World Bank on Tuesday committed \$12billion in aid for developing countries that have a less robust healthcare system. This includes low cost loans, grants and technical assistance.

Hitting the headlines, was the decision by the Federal Reserve in the US to lower interest rates on Tuesday by 0.5%. A drastic measure perhaps and one which took the markets by surprise. I think it's fair to say, it spooked some analysts who feared the worst about what the Fed expected, in terms of the possible economic impact to come. However, the response from other major powers around the world seems to have calmed nerves, for now

It's going to be choppy ahead as economic data unfolds. The real question is how long will this go on for?

The key is not to panic and if you have significant cash on deposit then an entry point into equities at this level, would appear attractive.

The price of stocks, shares and funds, and the income from them, may fall as well as rise. Past performance is not necessarily a guide to future returns. Performance figures were sourced from Financial Express, FT.com or provided by Seven Investment Management.

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