



## Month in Review

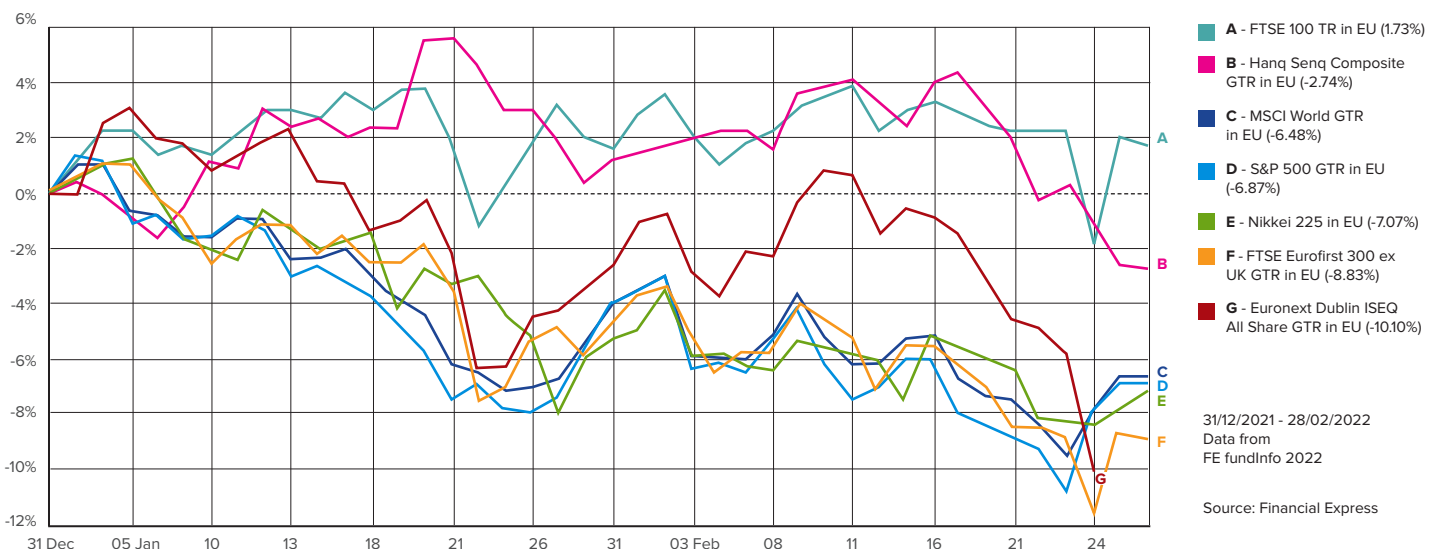
The past month saw the inflation story being firmly pushed off the headlines and replaced with what is unfolding in the Ukraine. The decision by Putin to invade has been a game changer in the global geopolitical landscape and has galvanised antagonism at national and multinational level around the world. While the initial sanctions announced might have been interpreted as relatively mild, and bearable, by Russian authorities the game has ratcheted up quite a bit since then. The current and planned sanctions on Russia's banking and financial systems will be felt by every Russian citizen.

Predictably, financial markets have responded negatively to these developments. Markets hate uncertainty and there is plenty of uncertainty to go around in relation to

how the Ukraine scenario will ultimately play out. While Russia is not a major player in global trade, it does supply more than 10% of the world's oil and a massive 35% of Europe's energy needs. In addition, the Ukraine is a major food producer and exporter. As a result, the economic impact will be most keenly felt in Europe and this view is reflected in the fact that continental European equity markets have fallen most over the past month.

Europe, and many other parts of the world are now facing the prospect of stagflation, stagnating economies combined with rising prices driven by shortages. If there is some kind of a silver lining it is that the brakes will be applied in terms of possible interest rate rises.

### Major Equity Markets Year to Date (in euro terms)



## Equity Markets

As can be seen in the table below, all equity markets fell in February, and we would expect that bouts of volatility will be a recurring event for quite some time yet as a early resolution of the Ukraine situation seems highly unlikely. As usual, when the backdrop is uncertain like this our advice to investors in equities is to hold firm.

For longer term equity investors, these market shifts will produce value opportunities which should enhance returns over time. For those looking to commit new funds to the market now, our strong advice is to phase their investments over a period of months.

### Equity Market Performances (in euro terms)

Market	Performance February 2022*	Performance 1 year*	YTD*
Ireland	-9.1%	4.5%	-10.1%
UK	-1.2%	23.7%	1.7%
Japan	-2.2%	-8.5%	-7.1%
Europe	-5.4%	13.8%	-8.8%
US	-3.5%	25.8%	-6.9%
China	-4.0%	-19.6%	-2.7%

Source: Financial Times, Financial Express

## Bonds

The recent events have given Central Banks pause in relation to their plans to raise interest rates. We would still expect rates to be increased in the US this month, most likely by 0.25%, but further rate rises over the course of the year are likely to be very measured. In Europe,

any possible rate rises this year is almost certainly off the table. As a result of the shift in the outlook, bond markets have been quite stable over the past month, and this is likely to remain the case for a while.

## Property

Unless there is a very serious deterioration in the European economy, we do not anticipate that the outlook for property as an asset class will change materially.

We continue to see property as a strong source of reliable long-term income and the change in the interest rate outlook may well be supportive for the asset class.

## Commodities

Because Russia is such a large producer of oil and gas, as well as several other commodities, the commodity sector has been front and centre as a result of the recent events. The oil price has risen to \$119 per barrel and other commodity prices have followed. Many commentators are saying that a rise to \$150 or higher

per barrel is very much on the cards. For those who might be inclined to take a position on oil, our Fund in Focus this month is the Brent Crude Oil ETC (see below). An inevitable outcome from this current oil crisis is the acceleration of renewable energy programmes across Europe with potential benefits for investors.

## Investment Outlook

In the midst, as we are, of a high impact event for markets, the short-term outlook for investors is murky at best. However, as history has taught us again and again, the best outcomes are achieved by looking through the current scenario and focusing on the potential

for investment assets to deliver long term value. This particularly applies to equities which we believe are attractively priced currently and have the capacity to produce very good returns for investors over the longer term.

## Fund in Focus – Brent Crude Oil ETC

This month's fund in focus is the Wisdomtree Brent Crude Oil ETC. The listed ETC is designed to enable investors to gain an exposure in Brent crude by tracking the Bloomberg Brent Crude Index. The track record of the investment has been extremely consistent in reflecting movements in the market price for oil. The investment has achieved a positive return YTD of 28.8% due to the jump in oil prices over the period.

Investment features of the ETC include:

- A simple and cost-efficient way to access the oil market by providing a return equivalent to the movements in the Brent Crude Oil price.

- This ETC achieves its exposure to oil via the use of futures which are continuously rolled forward to avoid having to take delivery of the physical oil. The futures are in turn backed by collateral held by an independent custodian, BNY Mellon.
- A highly cyclical commodity which can be very volatile over very short periods.

If you would like to discuss this ETC or look at other investment opportunities, please contact your Private Client Adviser.

### Brent Crude Oil ETC– 3-year performance



## Personalised Investment Service

Whether you are new to investing or a sophisticated investor we have tailored investment services to suit you.

## Dedicated Support

Working closely with your Client Advisor we can deliver bespoke investment solutions all built on a foundation of sound financial planning.

## Holistic Investment Advice

Our Investment Advisory team are guided by leading-edge research, alongside our clear and consistent investment selection process. This insight ensures your portfolio remains in line with your objectives.



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**Warning: The return may increase or decrease as a result of currency fluctuations.**

**Warning: The figures refer to the past. Past performance is not a reliable indicator of future results.**

**Warning: The value of your investment may go down as well as up. You may get back less than you invest.**

**Warning: The income you get from this investment may go down as well as up.**