



Cornwall Finance & Investment Services Ltd.
Independent Financial Advisers

Harlyn House,
Bonython Road, Newquay,
Cornwall, TR7 3AW
Tel. 01637 839098
Email: mark@cfislive.co.uk

New Investment Horizons

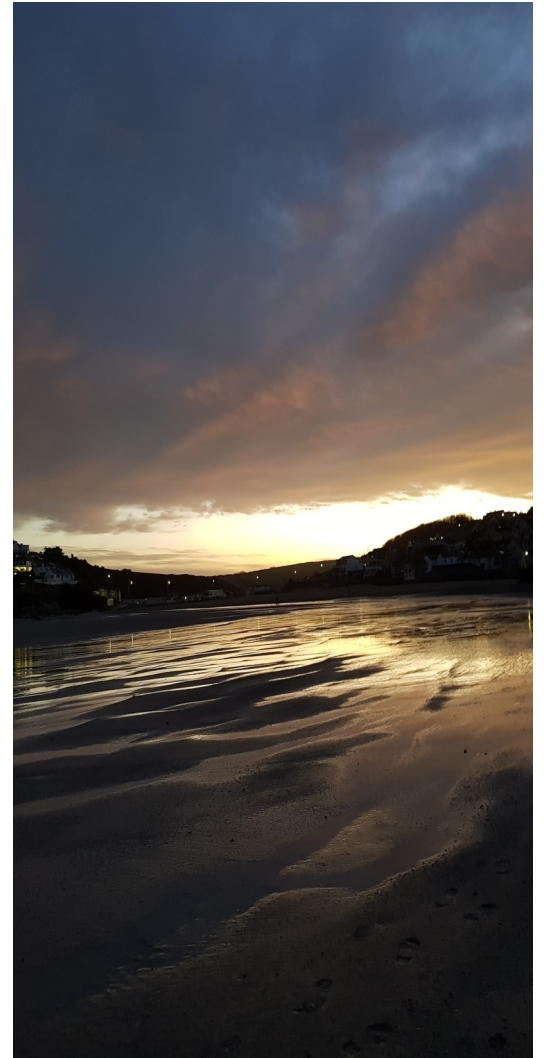
Dear One and All,

We present the latest edition of our news-
letter. In this edition we will :-

- Try to address the way forward for the World's Economies and the likely path of Investment and Capital Markets, over the rest of this year and beyond, caused by the Coronavirus Pandemic.
- Analyse the position of Asset Sectors
- Provide an update on the Mortgage Market

Cornwall Finance & Investment Services have been included in the Times Newspaper list of the UK's top 1000 IFAs, for the 2nd year running. Thank you for rating us on www.vouchedfor.co.uk the "Trip Adviser" for Financial Professionals.

Please continue to rate our service, it means a lot to us.



The Financial Conduct Authority does not regulate Taxation Advice, Trust Advice,
Will Writing and some forms of mortgages.



Director Mark Ridgment - Registered in England No. 596144 - Authorised and regulated by the Financial Conduct Authority





Cornwall Finance & Investment Services Ltd.

Independent Financial Advisers

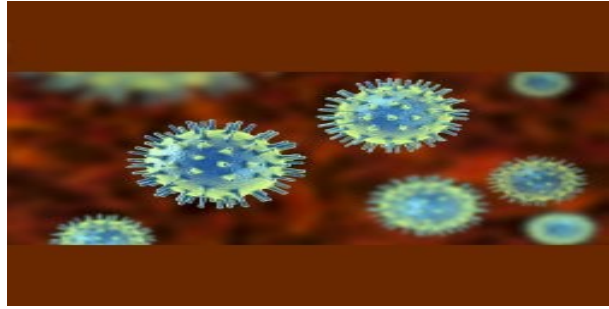
Harlyn House,
Bonython Road, Newquay,
Cornwall, TR7 3AW

Tel. 01637 839098
Email: mark@cfislive.co.uk

Coronavirus Covid-19

In February we sent through our client valuations, the numbers were excellent and all seemed well for the remainder of 2020. How quickly things change in an interconnected World.

Medically:~ Covid-19 has a mortality rate of approximately 3.83%, Covid-19 is highly infectious with no immunity. Covid-19 is highly dangerous to only a limited proportion of the population. Covid-19 infection lasts for around 14 days.



Economic repercussions and effects on markets:~ Covid-19 has caused an economic double whammy. The World's production centre China causing a Supply Shock, then as consumers cancelled holidays and put spending plans on hold a Demand Shock. This combination is new and not seen before for a very long time. Globalization means we are all in step, we all need to keep selling and buying together. The fear is that we have all tripped over at the same time and this will cause a Global sustained depression. This has led to mass and we feel irrational panic selling on World Stock-Markets.

This crisis is far from over, especially in the UK. It will very likely to reduce forecasted World economic growth in 2020, by more than half, down to 1-1.50%. This will set back your portfolios we do not know how long for.

But our view is when the medical crisis is past economic activity will return strongly for the remainder of 2020 and into 2021. China is emerging from the medical crisis and recently the people of Wuhan where all this began are allowed outside. We hope by June, that a floor to asset prices and a peak to bond yields will be reached. Until then, the best solution to reduce long term loss, is to keep invested in a broadly spread multi asset portfolio and wait the return of normality. We expect that there will be loss in the worst effected industries, primarily Tourism. We expect to see our client's portfolio values recovering in the later part of 2020, with pent up demand accelerating returns in 2021.

Stock Markets have fallen more than the crash of 1989. At that time many first time investors had bought PEPs and Unit Trusts in the proceeding years. Many immediately following Black Monday, sold, precisely at the wrong time. Had they remained invested even with the most recent falls, their funds would have seen growth of more than 1800%. Sometimes the hardest thing to do is doing nothing at all.

"To do nothing at all is the most difficult thing in the world, the most difficult and the most intellectual." Oscar Wilde



Adam Kelly

CartoonStock.com



Director Mark Ridgment - Registered in England No. 596144 - Authorised and regulated by the Financial Conduct Authority





Cornwall Finance & Investment Services Ltd.

Independent Financial Advisers

Harlyn House,
Bonython Road, Newquay,
Cornwall, TR7 3AW

Tel. 01637 839098
Email: mark@cfislive.co.uk



We were greatly encouraged by the sight of all the G7 leaders in a video conference. They appear to all be in step in their support for their economies. We are hopeful that the wheels of the World Economy will keep turning; and when populations emerge from their different periods of disease confinement, they will be supported and encouraged to resume producing and spending.

The USA:- On the 20 March, the USA Senate Republicans formally rolled out a \$1 trillion economic stimulus plan intended to deliver critical aid to US businesses and the American public. It's a move that sets the stage for negotiations to begin in earnest between Republicans and Democrats in an effort to reach a bipartisan deal to help an economy hit hard by the rapid spread of the novel coronavirus. The Coronavirus Aid, Relief and Economic Security Act." This will in effect rain down money onto American consumers and may mean each citizen will receive a cheque from Uncle Sam. The Federal Reserve has cut interest rates a whole 1% to their lowest levels for 50 years to only 0.50%.

China:- From a political perspective, it will be impossible for Mr Xi, China's most powerful leader in decades, to disown the economic consequences of the coronavirus calamity. Mr Xi said he was in charge of the epidemic response as early as January. This, has raised questions about China's increasingly authoritarian party-state, they are aware of this vulnerability but whether they can react with the speed necessary remains to be seen.

Europe:- France have put in place a €45 billion aid package for small businesses. Germany has said that this is the greatest crisis since WW2 and they will do everything necessary. Italian Banking will be supported by The European Central Bank. On 18 March the ECB would spend €750 billion in bond purchases to calm down sovereign debt markets. The Euro area is ready to fight against the economic fallout of the coronavirus.

UK:- On the 11th March, our new Chancellor Rishi Sunak unveiled a stimulus first budget. He has since unveiled further support for the UK economy and is likely to do so again. He has said the Government will do "whatever it takes" to fight the economic shockwaves of coronavirus. Boris Johnson promised to put the country on a "wartime" footing.

Global Emerging Markets:- In this war on the Pandemic, it is places like sub Saharan Africa where the greatest casualties are likely. That said the average age of Developing World populations is young, under 35, therefore we hope the productive workforce will be less effected by Covid 19.



Director Mark Ridgment - Registered in England No. 596144 - Authorised and regulated by the Financial Conduct Authority





NOW IS **NOT** THE TIME TO SELL!

Date (decline bottom)	% decline	Returns following the decline bottom				
		3-month	6-month	1-year	3-year*	5-year*
03/03/2009 Global financial crisis	-46%	28%	42%	65%	24%	19%
04/10/2011 Eurozone crisis	-18%	14%	18%	24%	15%	12%
11/02/2016 Brexit / US election	-19%	12%	27%	34%	13%	
27/12/2018 Trade wars / rising rates	-15%	10%	15%	23%		
12/03/2020 COVID-19	-30%	To be observed				

* Annualised

FTSE All Share discrete one-year returns				
Feb 2019 - Feb 2020	Feb 2018 - Feb 2019	Feb 2017 - Feb 2018	Feb 2016 - Feb 2017	Feb 2015 - Feb 2016
-1%	2%	4%	23%	-7%

Source: SJP, FE, Data as of 12 March 2020

From the phone calls we have received, several of you have considered selling out of the real asset portfolios you hold, going to cash, then buying in again at a later date. We have strongly urged against this course of action, as it is a real way to make paper losses into an actual loss.

This is the 5th sudden stock market sell off we have had to deal with for our clients. None of them were pleasant. All of them came without warning out of a metaphorically clear blue sky. All of the downturns ended with sharp upward movement on individual days. These days of recovery cannot be predicted and it is nearly impossible for any private investor to move from cash into the markets to catch the bounce upwards in values.

It is the case with every market slump, that Time In The Market beats Market Timing every single time.





Cornwall Finance & Investment Services Ltd.

Independent Financial Advisers

Harlyn House,
Bonython Road, Newquay,
Cornwall, TR7 3AW

Tel. 01637 839098
Email: mark@cfislive.co.uk

RISK~PROFILED ~ ASSET ALLOCATION WORKS

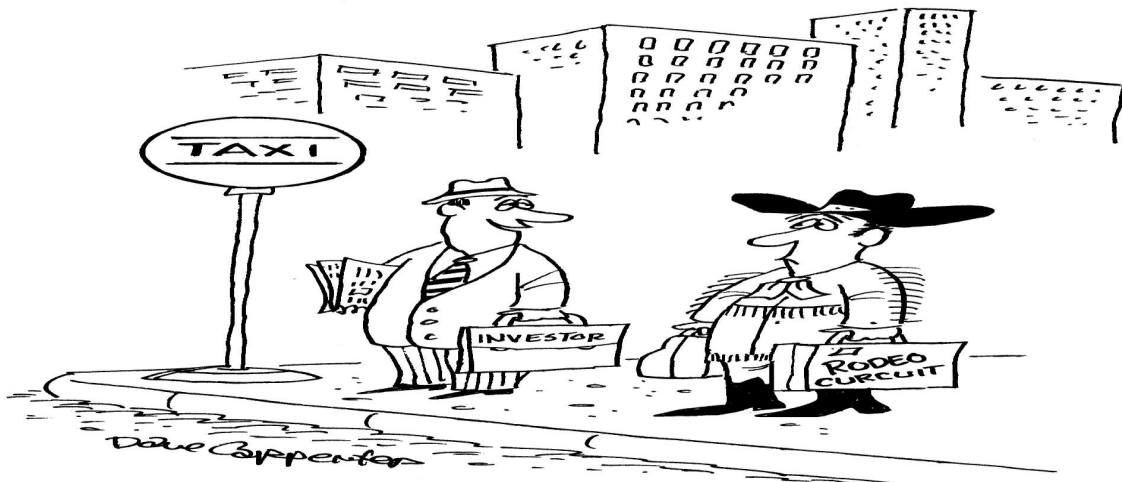
For the last 20 years we have been repeatedly analysing our clients Attitude to Investment Risk and Capacity for Investment Loss, this gives our clients and us a score between 1 and 10, (1 being the lowest risk). The overwhelming majority of our clients sit between Levels 3-7. This has enabled us to allocate our clients capital into assets, that will have the effect of controlling volatility of the portfolio. Allowing risk for higher risk tolerant investors or restricting volatility for lower risk investors. By way of example, please see examples of the two actual portfolios named above:

Risk Profile 7 ~ Client Asset Allocation

Cash 2.41%
Managed Liquidity 1.22%
UK Index Linked Gilts 5.53%
Global Strategic Bonds 6.86%
UK Property 18.19%
UK Value and Income Equity 8.72%
UK Equity Growth 18.72%
US Equity 14.35%
Europe ex UK Equity 4.48%
Japan Equity 4.82%
Emerging Markets Equity 4.70%

Risk Profile 3 ~ Client Asset Allocation

Cash 1.96%
Managed Liquidity 16.28%
Fixed Interest 55.21%
Property 10.78%
UK Value and Income 7.76%
UK GrowthPIM Strategic Active 3.87%
Developed Markets Equity 4.14%



"I've road a few bulls myself, partner."

CartoonStock.com



Director Mark Ridgment ~ Registered in England No. 596144 ~ Authorised and regulated by the Financial Conduct Authority





Cornwall Finance & Investment Services Ltd.

Independent Financial Advisers

Harlyn House,
Bonython Road, Newquay,
Cornwall, TR7 3AW

Tel. 01637 839098
Email: mark@cfislive.co.uk

World Asset Allocation Review Sector Returns



UK CASH - Our least favoured asset class, Best rates for our clients through Octopus Cash 12month Fixed Rate 1.36% Inflation rate 1.94% = A Guaranteed loss of 0.58%



UK FIXED INTEREST - For those who wish safer returns UK Government Gilts are seen as the logical choice, however we believe more is to be gained in UK Sovereign and Corporate Bond funds at present. As funds are switched from equities to bonds the value of these holdings should rise.



INTERNATIONAL FIXED INTEREST - Government Bonds, Corporate Bonds to Emerging Market Bonds this asset class allows higher than cash potential returns without all of the volatility of Equity markets. However in recent weeks there has been a flight to the highest quality Bonds (lowest risk) which will restrict returns.



UK Equities - In 2020 UK economy was expected to post near to negative growth in 2020, the pandemic made this worse, however we feel this sector has been very oversold and opportunities will exist, especially if the virus caused recession is short lived. Actual Brexit on 31st Jan 2021 still looms.



USA - The US economy is now in recession, however the US economic growth out of this dip is likely to be rapid. This is after all an election year and the vainglorious leader of the free World wants to retain power. He will be loading the helicopters with cash to rain down on the American people to spend.



CHINA Equities - China's government seem to be in control. Absolute control is impossible and the Chinese property market may implode causing a banking crisis. The trade war with the USA is off for now. For long term capital growth, inclusion of this sector is essential.



EUROPE - Europe was one of the best performing asset class in 2019 and we expect weaker growth in 2020. The long term effects of BREXIT in 2021 onwards remains a lingering question over this sector.



JAPAN - Greater corporate governance is helping Japanese company credibility, but we are cautious of further gains for this year.



GLOBAL EMERGING MARKETS (GEM) - After being suppressed for a long time we are expecting a bounce. Those who seek investment for higher long term growth, inclusion of this sector is essential.



COMMODITIES - Contraction of Worldwide economic activity has caused suppression of all commodities, however oil prices have been worst hit, now worth a quarter of what they were. This will likely pick up with economic activity.



PROPERTY FUNDS - To reduce the risk from BREXIT and to aid diversity we now typically recommend funds that invest in properties across the World



Director Mark Ridgment - Registered in England No. 596144 - Authorised and regulated by the Financial Conduct Authority





Cornwall Finance & Investment Services Ltd.
Independent Financial Advisers

Harlyn House,
Bonython Road, Newquay,
Cornwall, TR7 3AW
Tel. 01637 839098
Email: mark@cfislive.co.uk

Mortgage & Property News

Our Prime and Executive Choice Service clients are entitled to a friends and family FREE Mortgage review and report, usual cost £387.00. This is proving popular and it is great for us to help the next generation.

General Insurance Services. We offer to all clients free quotes for Home and Contents Insurance, through the award winning specialist Broker 'Uinsure'.

Lowest 2 year fixed residential rate @ 75% loan-to-value 1.25%	Lowest 2 year fixed buy-to-let rate @ 75% loan-to-value 1.55%	Lowest 5 year fixed residential rate @ 75% loan-to-value 1.51%	Lowest 5 year fixed buy-to-let rate @ 75% loan-to-value 1.92%
---	--	---	--

Bank of England base rate cut... again!

As we are sure you are aware, the Bank of England not only cut the base rate by 0.50% as part of the recent budget announcement but they since cut them again by a further 0.15% to try and help the current economy.

These rate reductions are starting to filter through into lenders product and reflect in the rates that the end consumer will get. To show how cheap money is to borrow at the minute please see the below figures:

15 year residential fixed rate ~ 2.75%

10 year residential fixed rate ~ 2.29%

Equity release latest rates starting from 2.70%

Is it time to make your residential property a bit more Coronavirus lockdown friendly? Even if you have a current mortgage that is in a fixed period, we can look at second charge mortgages to avoid having to redeem the fixed rate mortgage and possibly incurring a big early repayment charge.



Director Mark Ridgment - Registered in England No. 596144 - Authorised and regulated by the Financial Conduct Authority





Cornwall Finance & Investment Services Ltd.
Independent Financial Advisers

Harlyn House,
Bonython Road, Newquay,
Cornwall, TR7 3AW
Tel. 01637 839098
Email: mark@cfislive.co.uk

Cornwall Finance & Investment Services Ltd. Coronavirus Operating Restrictions

Due to the ongoing medical emergency. Cornwall Finance & Investment Services have ceased all direct client meetings. We continue to be available by phone, email or Skype.

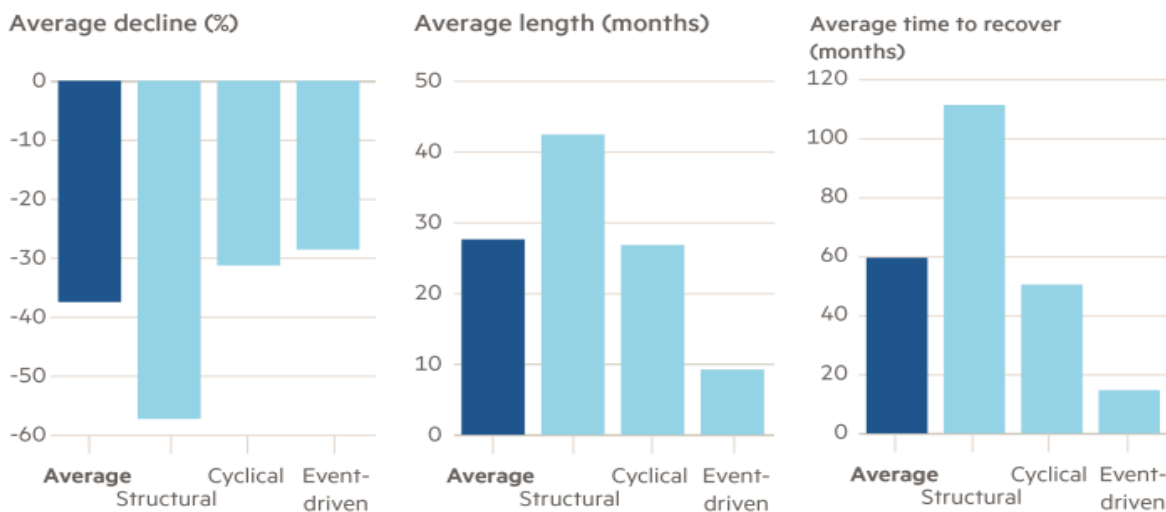
We will continue to process our clients business and monitor our clients financial plans as usual.

We will naturally keep you informed of developments and confirm our belief that this is a temporary crisis.

Please see the chart below which confirms this belief. Stay well and we look forward to speaking with you soon.

Mark and all the Team.

US bear markets and recoveries since the 1800s



Source: Goldman Sachs Global Investment Research
© FT



Director Mark Ridgment - Registered in England No. 596144 - Authorised and regulated by the Financial Conduct Authority

