

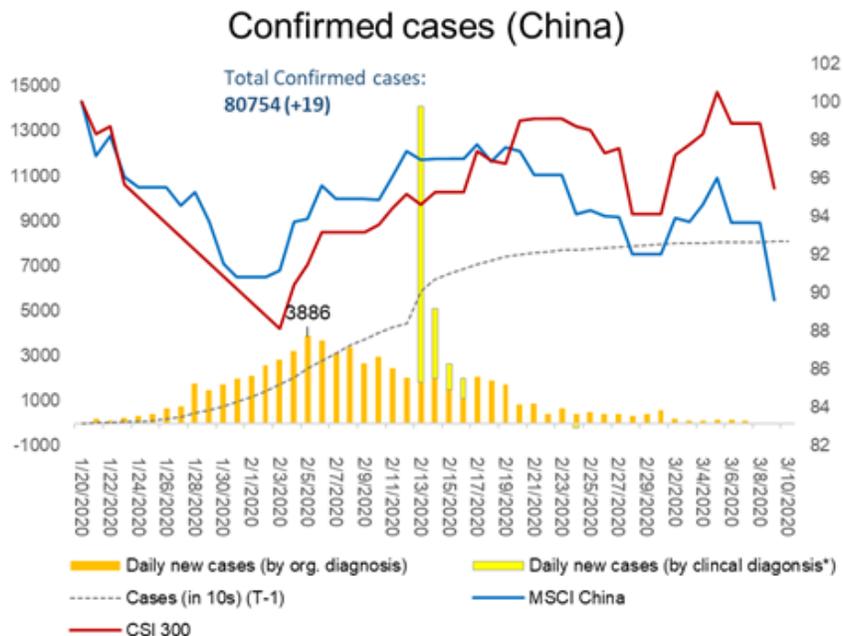


Financial Planning and COVID19

During a crisis, more than any other time, is when you will benefit from having a financial planner. This letter is intended to give you an idea of what we can expect from the financial markets through this crisis.

Many people are asking me what is happening with the markets, up 10% one day only to lose 5% the next. As you can imagine I have an abundance of opinions that cross my desk each day and I have been overwhelmed by the various fund managers calling to see if they can assist.

One such fund manager, the Premium China Fund, sent the following graph which shows the relationship of new daily cases of COVID19, and the movement of the Chinese stock market. Both the CSI300 mainland Chinese stocks and the MSCI China, essentially Chinese companies listed outside mainland China i.e. Hong Kong and the United States.



The key feature of this chart is that the Chinese market first fell mid/late- January when the rate of new infections was rising in China. At the start of February, the market began to recover - this coincides with the peak in reported daily cases. As the rate of new infection slowed, the Chinese market recovered. Once the rate of new infections started to rise in Europe/US/Australia – their markets also fell sharply (not so much China). A conclusion could be drawn that equity markets start to recover once the rate of new infections starts to fall (when this will happen in Australia/USA is too difficult to call).

We also have to consider the positive effects of global government stimulus packages and the uncertainty created by the falling oil price clouding the outlook. Hopefully, as the other countries in the world slow the new cases of COVID19 markets will recover and possibly rally. Keep in mind there have been thousands of people laid off work and it will take some time to get back to normality, even if we get a vaccine although that may be months away. To keep an eye on the new reported cases you may wish to go to the link below

[Coronavirus Cases](#)

Our Office

Like many offices around the world we have now set ourselves up to work from home. We are using technologies such as Zoom to keep in contact with you. We will, however, always have at least one person in the office at all times Monday to Friday depending on government lockdowns and we are keen to take your calls.

Our Social Contract and Financial Counselling

Each morning I walk the family dog, Bolt, up to the local coffee shop. I inevitably have a conversation (now 1.5m apart) with someone from the local community. One conversation I had was with David

Thomas, CEO of Lifeline Northern Beaches. David told me they are overwhelmed with the amount of people calling for financial counselling. In response to David's plight I have gathered my network to offer a range of resources free of charge to those in need. Of course, we cannot open this service to everyone but we can offer financial planning, counselling, accounting, mortgage broking and real estate advice to you and others close to you. I would like to reiterate that you can call me at any time on **0407 468 712** or email me at james@mlfs.com.au

Stay safe

James

