**Investing in uncertain times**

While no one can accurately predict the long-term implications of the UK’s decision to leave the EU on markets and asset classes, it seems clear that much uncertainty lies ahead and that the referendum result is only the beginning of what is likely to be a protracted withdrawal process.

The timeline for exit will be worked through in the coming months, but a full exit from the European Union is likely to involve a lengthy period of negotiation.

The UK stock market and the Pound had both rallied strongly over the past week in anticipation of a ‘Remain’ vote. Given that, it was not unexpected that the market reacted severely this morning, with the FTSE 100 opening sharply lower and Sterling weakening significantly against other currencies, particularly against the US Dollar.

Financials (especially banks) and house builders were among the worst-affected stocks, as investors expressed concerns for both sectors. On the other hand, defensive stocks, particularly those generating large overseas revenues fared much better. Companies in sectors such as consumer goods, pharmaceuticals and tobacco have in some cases seen minimal share price movement.

Interestingly, markets have responded more positively following these early falls. As at 15:30 Friday 24 June, the FTSE 100 sat at 6,216 – actually above its level at close last week (at 6,022). The benchmark 10-year gilt yield was trading around 1.17 per cent, up from 1.01 per cent hit first thing this morning, but still comfortably below historic levels. And currency has bounced slightly too. Sterling has recovered some of its early losses and is trading at $1.379 against the Dollar (the low was $1.323) and €1.124 against the Euro (this morning’s low was €1.203). (Source: Bloomberg).

**Where do we go from here?**

Most importantly, the Omnis range offers broad access to equity, bond and alternative asset classes. The allocation to high-quality corporate and government bonds and the exposure to foreign currency that the Graphene Model Portfolios offer, provides diversification and can often mitigate any short-term losses in equity markets. For example, although the Japanese market fell markedly this morning, in Sterling terms, returns are actually positive for UK based investors.

We are likely to see more volatility over the coming days and further falls are possible; but so too are rises when the market reaches the bottom, given markets sometimes overcorrect in circumstances such as these. A long-term investor should be able to accommodate such volatility in the context of overall objectives.

UK business has historically shown great resilience, adapting to change and challenge in equal measure. Many quality businesses have been through more severe tests historically and managed to cope; a point many commentators are making today.

Consensus suggests it is likely it could take at least two years to organise our EU. Of course, in the meantime trade will continue between the UK and Europe and the Bank of England has flagged today that it is likely to continue trying to support the economy through accommodative monetary policy.

Though the initial market reaction has been pronounced, the Graphene Portfolios have been constructed with an eye on the medium to long term. As the impact of the vote becomes clearer, Omnis and its managers will monitor markets closely and we will keep you fully appraised of all developments.

*The value of investments and any income from them can go down as well as up and you may not get back the original amount invested.  
  
Past performance is not a guide to future performance and should not be relied upon. Always seek professional advice before acting.*