

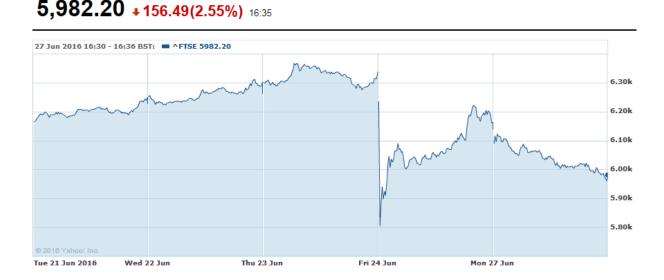
Global investment markets reacted sharply to the British vote to leave the EU. Assets which are perceived as "safe havens" such as gold and certain government stocks rose in value, whilst peripheral Eurozone government debt and equity markets fell. Currency markets have been extremely volatile with the Pound losing value against the Dollar, Euro and Yen.

Dewhurst

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FTSE 100 (^FTSE) - FTSE

On the first day of trading after the vote the FTSE 100 index fell below 5,800 in early trading but recovered to end the day at 6,139, down 3.15% over the day. Markets have continued to fall today (Monday 27 June) with the FTSE 100 down by a further 2.6% to close at 5,982.



Global indices have followed a similar pattern. On Friday the S&P 500 index fell by 3.6%, whilst the Nikkei 225 index fell by 7.9%. European stock markets were particularly hard hit with the German DAX index down by 6.8% and the French CAC 40 index down by 8%. All of these returns are expressed in their local currencies. When currency movements are taken into account the S&P 500 and Nikkei were up in Sterling terms by 4.8% and 3.6% respectively, whilst European markets indices saw their losses reduced. European markets have continued to fall on Monday and American markets have fallen at the start of trading.

Whilst these falls are significant, in many cases they have broadly cancelled out the gains that were accrued in the period running up to the referendum and most markets remain above their recent lows in February this year. We believe that global markets are likely to be volatile for some time as the full implications of the vote are not known, particularly as negotiations with the EU will take several years to complete. The consensus view is that the vote will be negative for the UK and world economies, as reflected by Moody's decision to downgrade the U.K.'s credit rating and outlook.

The investment portfolios we manage for you are intended to be long term investments. In the short term, the value of your portfolio is likely to be impacted by wider stock market movements but we would expect your funds to prove to be more resilient over time.

It is already clear that different stock market sectors have reacted in very different ways. UK banks and financials and UK housebuilding stocks have been particularly affected with many shares in these sectors down by between 17% and 29% on Friday and by similar amounts today. Your UK funds have tended to be underweight in these areas which should have helped them avoid some of the worst of these falls.

On a more positive note the pharmaceutical and tobacco stocks which are held by a number of our core equity income funds have held up well. The share prices of AstraZeneca and GlaxoSmithKline have risen in the two trading days since the result of the referendum was announced, and are up by 6% and 4% respectively (against a fall in the FTSE 100 index of around 5.6%). Over the same period British American Tobacco has risen by 4% whilst Imperial Brands (previously Imperial Tobacco) is up by 1%. US listed tobacco stock Reynolds American which is one of the largest holdings in the Invesco Perpetual High Income fund was also up by 0.9% in US dollar terms on Friday, with UK investors receiving an additional benefit from the increase in the dollar.

As I mentioned in my initial response, your funds have tended to be invested into a large multinational companies which generate revenues and profits in a variety of currencies. The sharp fall in Sterling on Friday will increase the value of these elements of your portfolio.

Whilst it is too early to produce a meaningful analysis of individual fund performance we can see a number of themes. We will be talking to our major fund holdings over the next few weeks and will produce an update of these as information becomes available.

Martyn Torevell

Monday 27 June

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The value of investments can go down in value as well as up, so you could get back less than you invest. It should be remembered that past performance is not necessarily a guide to future performance.

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