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Subject line: MARKET UPDATE

Dear <Client>

Financial markets don't like bad news and the current Coronavirus outbreak is unfortunately no exception to that rule. So you'll no doubt be aware of the impact this is having on stock markets at the moment and although downturns are not unusual, they can be very unsettling.

In these situations it can be natural to question whether you should take some action. But at times like this, often the best plan is to do nothing at all – particularly when you are investing for the longer term.

No-one can say for sure how long this downturn will last or how bad it will get, but we can look at what's happened before. It's worth remembering that this is one of many 'epidemics' that the world has experienced since the SARS outbreak in February 2003. Among others, we have also had the Avian flu in 2006, the new strain of Swine flu in 2009, the Ebola outbreaks of 2014 and 2018 and the Zika virus in 2016. Global stock markets weathered all of these well, with markets recovering over the longer term.

There are three steps that can really help at times like these:

1. Having a plan

Investing without a plan can result in people constantly and unnecessarily reacting to short-term market movements. As my client, you have a plan built on a thorough understanding of your needs, your attitude to risk and your longer-term goals. Downturns come and go. The results of a well-designed financial plan, with funds that match your attitude to risk, can serve you well for the rest of your life.

2. Spreading your investments – diversification

The investment philosophy that underpins the advice I gave you is based on the importance of spreading your money across a number of different types of investments – known as diversification. By doing this, you are not putting all your eggs in one basket and can balance exposure between the higher performing assets and, critically in times of a market downturn, the poorer performing ones.

3. Avoiding taking a short-term view

It’s important to take a longer-term view when investing. An investment plan established during calmer times should not be abandoned when there is a market downturn. Let the benefits of diversification run their course.

I keep up-to-date with the fund managers and investment strategists who are monitoring the markets to ensure the investments are protected as best they can be and grow over the longer term. In times like these, they focus on valuations, their investment processes and look to buy more assets at attractive prices at the appropriate risk for clients. They do not panic.

<<variable text – for PruFund clients>>
At this point in time, it’s maybe worth a quick reminder of why investing in Prudential’s PruFund range of funds for the longer term is still a good choice. When we originally discussed your investment aims we talked about the risks of investing directly in the stock market and your concerns about that. The PruFund range of funds provided you with the reassurance that if stock markets dropped significantly your money would have some protection from investment volatility and you wouldn’t see the same level of volatility as other types of funds or direct investments. So you should take comfort from knowing that that’s exactly what is happening now. To show you better what is going on at the moment you can watch this short video (it’s under 5 minutes long), it explains the “smoothing concept” and how Prudential need to adjust the “unit price” during turbulent market conditions.

HOW PRUFUND WORKS

Remember, I’m always here to help if you have any questions or just want to chat about any concerns you may have.

These emails are part of my ongoing service to you, designed to keep you up-to-date with current events that could impact your financial plans. I'll continue to monitor what’s going on and email you with any news or changes that I think may be of particular interest.

Yours sincerely