Over the last few weeks, the coronavirus has never been far from the headlines. As the spread of the disease continues, Covid-19 has impacted life in many ways, from the cancellation of major events to supermarket rationing.

Concerns about the economic consequences of the virus have also spooked stock markets around the world. As companies from major airlines to drinks giant Diageo post sales and profit warnings, share prices have fallen with the markets worried about the hit to the economy.

While the outbreak of coronavirus is a serious global event, it is not the first time – and won't be the last – that stock markets experience short-term volatility. You only have to head back to the EU referendum result to see what an impact an outside event can have on markets.

It's only natural that you may have concerns about your pensions or investments in the current climate. It's important to keep calm, and to ask yourself the following three questions.

1. HAVE MY LONG-TERM GOALS CHANGED?

Investing is typically for the long term. Your money could be invested for 20, 30 or even 40 years in some cases.

Head back 25 years and think about the global events that have affected stock markets. Seven general elections. The Iraq War. The global financial crisis. Brexit.

However, despite these tumultuous events and stock market volatility, IG report that the compound annual return of the FTSE 100 the last 25 years was 6.4% with dividends reinvested. This would be a total return of 375%.

If your long-term goals haven't changed, your investment strategy shouldn't change either. When we design an investment strategy for clients, we do so with the aim of them being successful in the long term.

2. HAS MY ATTITUDE CHANGED?

If your attitude hasn't changed, then neither should your portfolio.

The aim of a diversified portfolio is that it reduces the impact of stock market falls. Remember that if you see a headline that the stock market has fallen by 8%, your portfolio will typically not have fallen by that amount.

Our clients have globally diversified portfolios with asset classes including bonds as well as global stock markets. This means that during volatile times, defensive bond holdings reduce the impact of stock market falls.

3. DO I NEED ALL MY MONEY IN THE SHORT TERM?

While you may be nervous after a stock market fall, reacting to a drop in the markets can be disastrous. You essentially turn a paper loss into a real loss and many studies have found that reacting to market downturns is one of the biggest destroyers of returns for investors.

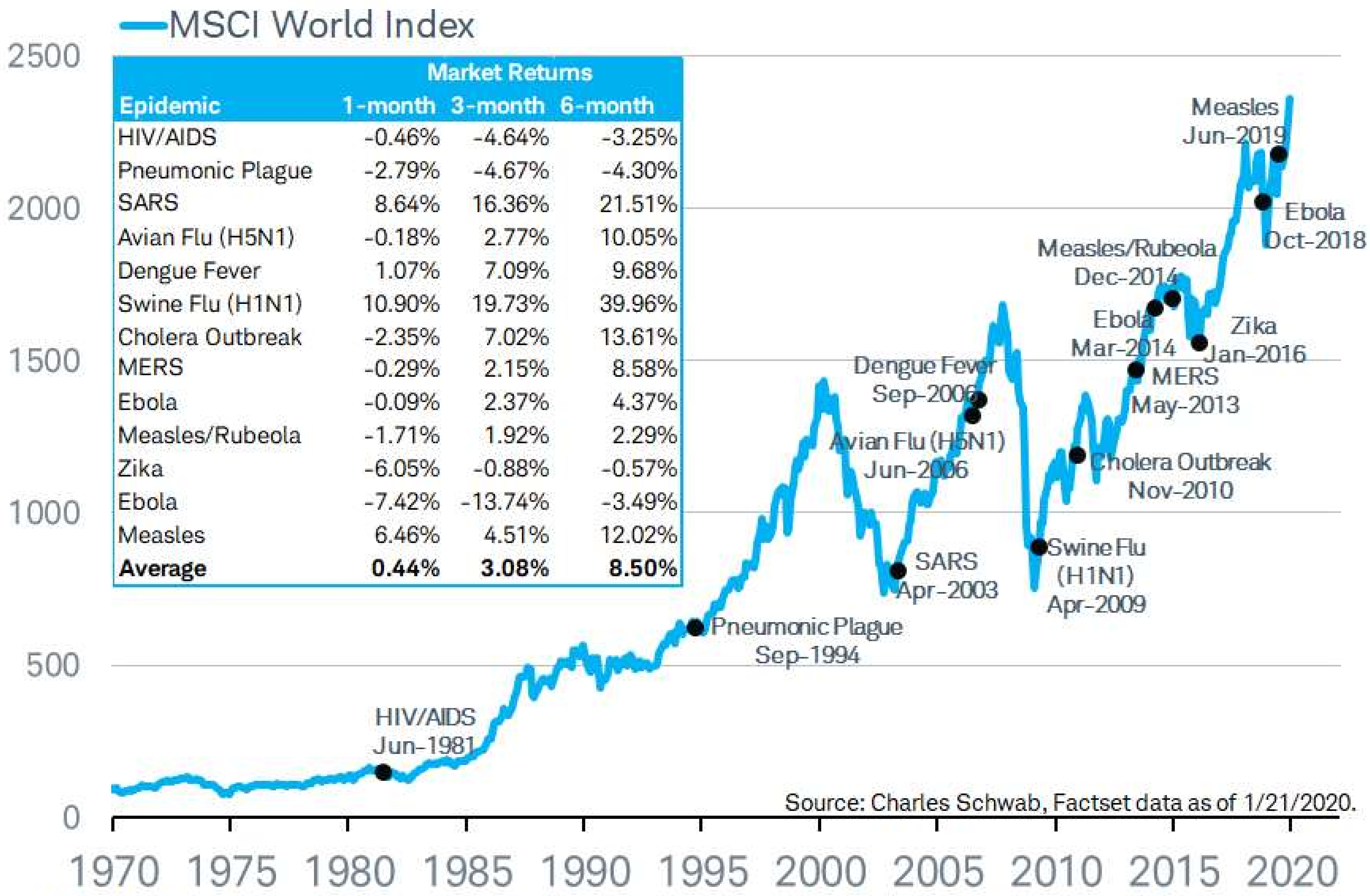
If you don't need your money in the short term, then don't panic. The graph below shows stock market reactions to previous disease epidemics, including SARS, Ebola and Swine Flu. You'll see that, while there may have been some short-term volatility, the markets have recovered in time.

IF YOU ANSWERED 'NO' TO THESE QUESTIONS…

If your long-term goals and attitude haven't changed, and you don't need your money in the short term, then it's important that you remain resolute and don't panic. This approach is graphically highlighted in the article headed "The cost of bailing out" also posted on our website.

Espiene
Independent Financial Advisers

Immune: world epidemics and global stock market performance



	Market Returns		
Epidemic	1-month	3-month	6-month
HIV/AIDS	-0.46%	-4.64%	-3.25%
Pneumonic Plague	-2.79%	-4.67%	-4.30%
SARS	8.64%	16.36%	21.51%
Avian Flu (H5N1)	-0.18%	2.77%	10.05%
Dengue Fever	1.07%	7.09%	9.68%
Swine Flu (H1N1)	10.90%	19.73%	39.96%
Cholera Outbreak	-2.35%	7.02%	13.61%
MERS	-0.29%	2.15%	8.58%
Ebola	-0.09%	2.37%	4.37%
Measles/Rubeola	-1.71%	1.92%	2.29%
Zika	-6.05%	-0.88%	-0.57%
Ebola	-7.42%	-13.74%	-3.49%
Measles	6.46%	4.51%	12.02%
Average	**0.44%**	**3.08%**	**8.50%**

The MSCI World Index captures large and mid cap representation across 23 Developed Markets countries. With 1,646 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. **Past performance is no guarantee of future results.**