

“Life is really simple but we insist on making it complicated”
(Confucius (551BC – 479 BC))

The UK economy has been drifting along on an unprecedented trajectory of low inflation, low growth and low interest rates for a full seven years now. The economic debate inside the country centred on how the process of recovery within the economy could be speeded up, and in a broadly uncertain world no real consensus has emerged. Into this benign mix it was decided by David Cameron and his advisers to hold a referendum on the future of the UK on whether to remain within the EU or to leave. The mere act of calling for a referendum inevitably produced a degree of volatility in financial markets both prior to the vote and subsequently, and as the political fallout of the vote has not yet been fully felt, I expect more volatility to follow.

The political goings on have been positively Machiavellian and provide great sport to political watchers and particularly journalists as the protagonists leave the scene as corpses at the end of a Shakespearian tragedy.

As we try to look through these goings on I am reminded of the utterings of Niccolio Machiavelli (1469-1527) who was a seasoned diplomat – “the first method of estimating the intelligence of a ruler is to look at the men he has around him” and try to relate this to the prospective cabinet we could end up with and more particularly Her Majesty’s Opposition. At this time this is no easy task as a very fluid situation has evolved and the ‘goings on’ of the protagonists could take some time to be concluded.

Machiavellianism is not a term of endearment nor a term of praise or approval but in the current political circumstances seems apt. Broadly it is the employment of cunning and duplicity in statecraft or in general conduct, so you can probably find a few instances where it is appropriate.

Throughout these shenanigans the markets have been turbulent but you can ignore the gaudy headlines produced by the feverish journalists as once again properly constructed diversified portfolios have weathered the storm successfully and your capital has been protected.

As it is usual I have enclosed a summary and update for you and as we have alluded to in that document the job of trying to forecast the next 6 months or even longer currently looks particularly difficult. In these trying times it should always be remembered that investing is a longer term occupation and always involves a degree of short term volatility but the overall trend of markets over the longer term remains upwards.



The American baseball legend Casey Stengel (1890- 1975) once observed that he would “never make predictions, especially about the future”, and I have much sympathy for the view.

I believe the die is cast on the referendum result and it now behoves everybody to focus on the things that need to be done and to get on and do them. Petitions and protests are all very well but they are no substitute for positive action.

The outcome seems momentous when seen through the prism of today, I suspect it will be less so in five years time and a fleeting memory in twenty. Perspective is a strange thing.

As a lifelong sailor and harvester of appealing quotations the two things come seamlessly together in a beautiful quote from Isak Dinesen (1885 -1962)

“The cure for anything is saltwater – sweat, tears or the sea”.

We will report to you again early in the new year when I hope to be able to refer more to matters of economic importance than matters of transient political ambitions, but in the meantime your usual meetings with your adviser will keep you accurately appraised of any actions that may be required in the medium term. In light of little change in the economic background of the nation, other than a potential slowing of economic growth, any significant changes seem unlikely in the near term but we will be maintaining a watchful eye on events.

Yours sincerely

Frank McWilliams