



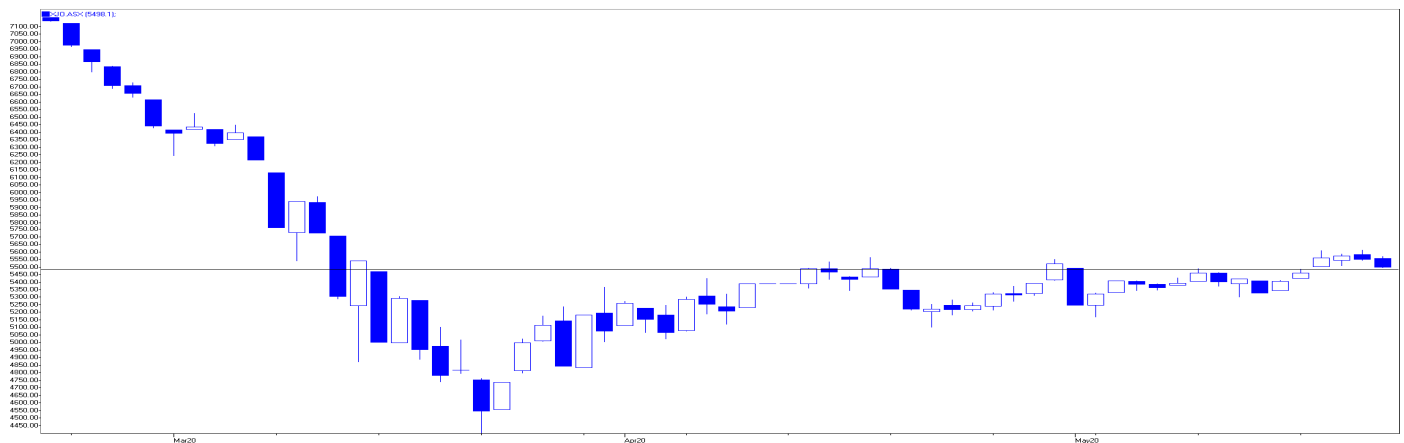
Market Wrap

Market Update – 22/05/2020

Volatility continue to trend and down and our market seems to have found a base for now. As shown in the below chart the market continue to stay around the 5400-5500 mark for the ASX 200. This provides a better entry point for investors who are holding too much cash.

We do not recommend to heavily invest at these levels, now is the time to top up some holdings and to start building positions in new companies. It is also a good time to think about selling out those companies with a low chance of recovery.

As the end of the financial year is near, it is also time check your capital gains position, keep in mind up until March 2020 the market had a great run. Selling out some of the underperforming companies now may help reduce capital gains tax for the year.



Things are progressing quickly with more states looking to open in the coming weeks, New Zealand reporting retail foot traffic is solid, although still below historic levels. We expect that more restrictions will be lifted in the coming month, allowing us to see the effect on business and the economy.

Capital raising have seen solid support indicating that investors are comfortable taking a long term view. Many companies are still trading well below their fair value providing discounted prices.

We continue to be cautious given the lack of economic data and lack of clarity around lifting of restrictions. Until we start to see economic data on of the effects of COVID 19 we are happy to slowly invest into the market when opportunity presents itself.

ASX 200 close up 94 points or 1.8% for the week ending 22/05/2020.