



B CAPITAL – Monday, 24 February 2020

COVID-19 Update

The news over the weekend that the Covid-19 coronavirus has meaningfully jumped outside China to countries such as Korea, Italy, Kuwait and Iran has left scientists and governments scrambling to explain how it travels and whether control measures to slow the movement of people need to be upgraded. The question of border closures and city level lockdowns has this morning given markets a cold, with Europe off by -3.5% and US futures pointing to a lower open of some -2.6%. Today's moves bring the 'year-to-date' gains for global markets back down to just above or below zero.

The question is whether there is a pandemic beginning or if the spread of the disease will slow as authorities get on top of the situation and warmer spring temperatures naturally reduce its lifespan. Right now that question is unanswered and equity markets are reacting.

In our active model portfolios the protection added to Europe equities covers part of the overall equity exposure, whilst a reduction of EM allocations, raised cash levels and the addition of gold and silver in 2019 will act as a cushion in times of increased volatility. Indeed gold is up by over +10% year-to-date as rates have fallen and haven-buying increased.



You can see the situation at a glance with the Reuters interactive feed (click [here](#)) or from Johns Hopkins CSSE the on B Capital [website](#).

We continue to watch and to observe the Covid-19 news and how it is affecting or likely to affect markets both short term and looking further out.

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