

## WORD ON WEALTH STREET

# How is Covid-19 affecting your long-term thinking?

As the initial pandemic panic passes, our readers have had time to reflect on the longer-term implications for the global economy, as well as society at large

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The Covid-19 crisis has seen significantly more proactive government economic and central bank policy than the great financial crash. These policies have provided much needed support to households, firms, and financial markets. However, the correct time to

reduce the level of government economic involvement remains uncertain, and is not a decision that will be taken lightly. A global legacy of this crisis might be greater government intervention in the economy, in the good times as well as the bad.

The necessity for office workers to use remote services provided a baptism of fire for those previously resisting working from home. No-one seems to be missing congestion, pollution and commuting, and the trend for remote working could help 'levelling up' the regions, which can only be a good thing. However, this does not spell the end to office culture, as not every job can be done from home. Hopefully, there will also be a lasting appreciation for those who went into their workplaces throughout the crisis allowing vital services to function.



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While Covid-19 stalks the planet with no vaccine or generally agreed cure in response, we will live in a new normal. While there will be progressive relaxations of controls, with more people allowed back to work and more businesses allowed

to trade, there will still be strong advice and some rules limiting social contact, banning crowds and encouraging online working and entertainment.

Office-based activities are likely to re-open with a lot more home working as part of the mix. There will be fewer client and customer meetings face-to-face and much more communication by electronic conference and through emails and web-based systems. Factory and warehouse working will be at a pace and intensity that allows more segregation between employees.

Businesses will re-examine their cost base. Retailers and office-based service providers will reduce their physical property and encourage more home-working and internet sales and service.



**BEN RAVEN**

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The Covid-19 pandemic has seen markets fall further and faster than anything since 1929. Many retail investors have been left panic-stricken and unable to absorb any further losses. Unfortunately, viral pandemics tend to come in waves, so markets are likely to panic again.

For the wealth management community, this has meant the careful handling of clients who are facing seismic portfolio shocks, which will have a long-term impact both on their pockets and psyche. In response we have seen a considerable interest in our protection portfolios, as the advisory community resists calls for the shift to cash but looks for ways to offer clients both capital protection and automated upside as markets recover.

Given likely ongoing market volatility, we believe this behaviour will play out in the longer-term too, as wealth managers more actively seek solutions for the risk-averse.



**MARK WILLIAMS**

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The lasting legacy of Covid-19 is that it could lead to increased mistrust of anything China-related. For example the UK government is already reviewing the use of Huawei 5G equipment on UK networks. The crisis could also lead to countries redirecting funds inward for developing skills and talent instead of

the reliance on the mass outsourcing to China that has been in place for the past few decades.

A lasting legacy from a human aspect will be individual self-worth. The rediscovery of lost skills or the development of new skills combined with a better work-life balance, many people have enjoyed the volume of family time they are having. The adoption of new technology in business will become even more important, such as for greater use of homeworking, automation and online shopping. This could potentially lead to a long-term decline in demand for business premises.