

The Ukrainian Crisis - resilience, tactics and perspective

The attack by the Russian military forces together with the invasion and shelling of Ukraine, had an immediate destabilizing effect on both the geopolitical front and the financial markets.

In a context of high tension as the current one, it is understandable that investors' fear and concern for the protection of their assets increase, as well as the increased likelihood of making rash and potentially harmful decisions, especially when triggered by panic. As a wealth management boutique specialised in the provision of personalised investment services, with a private banking structure and a team of specialists to support it, Cassa Lombarda is now more than ever available to its Clients to provide them with proactive advice, updated information and assistance in the portfolio checkup, in order to facilitate an informed and rational approach aligned to a risk management perspective.

As an asset manager, we have carefully followed the events since the beginning of the tensions between the two countries, and we elaborated possible evolutionary scenarios including the one that has unfortunately occurred in the past few hours, contextualizing the events within an overall positive macroeconomic framework characterized by growth trend.

We fine-tuned portfolios, which were already widely diversified, by progressively reducing equity exposure, increasing protection assets such as US government bonds, "core" euro and the US dollar, and by rebalancing the weight of geographical areas (the most exposed ones such as Europe were reduced in favor of the less impacted ones, such as America and China) and industry sectors (by overweighting healthcare and infrastructure), with the aim of preserving the potential of returns by strengthening the resilience of portfolios to possible shocks of sudden volatility.

The high level of liquidity of our market instruments, allows us to intervene quickly from a tactical perspective, which further reduce the portfolio risk based on the dynamics of the events, waiting to selectively increase the weight of the equity on issues and sectors that the sales panic has unduly penalized.

In contexts such as the current one, we believe that it is essential to maintain clarity and consistency, to avoid irrational behavior dictated by short-term emotions and to adhere with discipline to a management strategy based on an objective assessment of both risks and opportunities.

In our model portfolios of asset management, we do not have direct exposure to Russian securities, and indirect exposure through funds and ETFs is completely marginal.

Paolo Vistalli

Chief Executive Officer and General Manager