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MACRO UPDATE—U.K. Referendum, “BREXIT”

As you may be aware, the United Kingdom held a referendum yesterday to vote on whether Britain would remain within, or exit the European Economic Union. While the outcome was expected to be very close and markets were preparing for either eventuality, the more widely anticipated outcome was that the EU would remain intact, with Britain choosing to stay.

The results of yesterday's referendum however shocked many, and somewhat surprised markets with a vote of **51.9% in favour of withdrawal**.

The immediate impact to financial markets has been swift and sharp; European equities plunged high single digits before only partially recovering across most major markets, including the FTSE 100 down about 5%. The British pound hit its lowest level since 1985, falling about 8% against the U.S. dollar. Oil prices have also tumbled with the U.S. benchmark WTI falling to under \$48 a barrel. North American equity markets in this morning's trading session are down between 2% and 3%.

While the impact of the Brexit decision is indeed significant, not only for the European economy and markets, but also for global markets, including financial markets here in North America, each of us must remain reassured in the direction of our portfolios in relation to our longer-term financial goals and objectives. The uncertainty created by situations such as these often results in overreaction and panic--and similar to the financial crisis of 2008, rash action **after the fact** may only guarantee that temporary losses experienced may become permanent.

With all crises come opportunities, and similar to the opportunities that followed the 2009 post-financial crisis rebound, I would encourage investors to give consideration to the potential opportunities that this situation may now present.

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