

Everything Will Be Just Fine
A few thoughts on Covid-19 and an update on BFI's operational readiness



Zug, Switzerland, March 25th, 2020

Dear Client, Partner, Friend,

I hope that you and your loved ones are well and safe in the midst of this Covid-19 crisis. And I hope that, despite the manifold challenges and concerns you may face during this harsh storm, you will still be able to find a place for gratitude, optimism and peace.

As this crisis unfolds, I am reminded of the things my parents told me as a boy, whenever I was frustrated by a problem, or when I didn't get my way. My father would say things like: "Problems make you strong." Or: "Challenges are opportunities". Or simply: "Suck it up and stop the whining!" My mother had a totally different approach. She would hold my hand, look me in the eye and say: "Don't worry so much. Everything will be just fine." Well, actually, she said it in German: "Mach Dir keine Sorgen. Es wird alles gut." I sometimes wondered how she could be so sure!? But, lo and behold, she was always right. Her method of course was much more soothing and welcome than that of my father, although I do know now that I needed to hear "his angle" as well...

In our modern times, to some degree, we have become accustomed to things progressing smoothly and free of hassle. In fact, we EXPECT them to. However, we tend to take a big portion of our comfortable lives for granted. We speed through daily routines in an ever-accelerating rhythm, directed by the tact of our e-mails and messages, the sounds of our smartphones and all those nifty apps we are so in love with. Now, suddenly, an unexpected guest in form of a virus has brought the accustomed normalcy to a screeching halt. It has made simple tasks more complicated. It has shackled our social lives. And, it forces us to take a fresh look at some of the details we normally pass unnoticed.

From that perspective, the slower pace forced upon us by the current "lock-down" may be a blessing in disguise in some ways. And, the economic damage of this crisis, let's be honest, may possibly be a cleansing process that was long overdue. And, did we not see it coming for some time?

Yes, some people are facing real hardship, some are afflicted by real tragedy. Some are dealing with unbelievably difficult times as they try to keep their businesses afloat and their families intact. However, let's not be mistaken; that kind of suffering ALWAYS exists, every moment, somewhere. So, this is nothing new. It's simply that we are currently all experiencing this crisis together. And, precisely that might be what makes this moment "special".

Frankly, I think this is my (probably somewhat clumsy) way of telling you that "everything will be just fine". But I digress. Actually, I started writing you to give you a brief update on the situation here at BFI. First and foremost, let me reassure you that our team is doing well, and we remain fully operational and unperturbed. We have been watching the development of Covid-19 carefully from the outset. We have been taking the necessary measures as a firm to mitigate the health risks for our team members and, at the same time, to ensure the continuity and effectiveness of our role as your Swiss fiduciary and gatekeeper of wealth.

It is precisely during this kind of period that all of us at BFI feel a particularly profound obligation. We are on the job, available to you, and dedicated to working for our clients during the current turmoil and volatile markets, and as the economic damage and longer-term impact of this pandemic become clearer.

While observing and abiding to governmental health guidance, we will try to keep the team at the premises for as long as possible. You can reach us at our regular telephone and email addresses. In the (unlikely) event of an office closure or other disruption, we are prepared to work remotely and continue to provide you with our usual service as seamlessly as possible. We would keep you notified of any such developments.

As this pandemic unfolds, there are many open questions that may never be answered fully. Rightfully or not, for example, one might ask whether the reaction of the authorities around the world to prevent the transmission and spread of Covid-19 may in fact be “killing the patient to cure the disease”? The drastic measures are certainly shutting down a continuously larger part of the global economy, disrupting the supply chains of literally all industries across the world.

While it has generally turned out to be foolish to say that “this time is different”, I do think that this situation differs strongly from any prior experience we have had during our lifetime, and certainly it is different from the crisis we encountered in 2008.

The global economy and its financial system had been in a treacherous position already before Covid-19. We have seen multiple decades, not just one, of “cheap money and unlimited debt growth in almost all countries around the world.” Looking back to this period in the future, I think we may not talk so much about the new virus as we will discuss the drastic economic crisis and the financial, social, political and legal ramifications, and the beginning of a new period, that came with it. In any case, this virus is possibly the proverbial straw that broke the camel’s back.

For some time now, we have known and discussed our concerns that the debt, the financial misallocations and the systemic imbalances resulting from the ever-growing interventionism of governments and central banks would at some point hit a wall and be corrected. We didn’t know when. And we didn’t know whether it would happen with a hiss or a loud pop.

Depending on the aftermath and the decisions taken by our western societies after this Covid-19 shock, I believe we may need to prepare and brace ourselves for the beginning of a different era. For better or worse, it will be interesting to monitor the legal and political decisions taken as we move forward. Our societies will have many questions to answer and problems to solve. And, as investors, we will need to learn to cope with those choices, stay nimble and think out of the box.

At BFI, we look forward to doing that, to passing the gate of this “new era” with you, and to entering the new big picture territory ready to assist you and do our job: To protect and grow what is rightfully yours, and to work toward making sure that, at least financially, everything will be just fine.

Sincerely,

Frank R. Suess
Founder & Executive Chairman

