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As many of you probably noticed, the market took a tumble today after being surprised by Britain’s Leave vote from the European Union (EU). Earlier in the week, the markets were doing well in anticipation of a Remain vote, so when the vote reversed a sell off in most global equities was the reaction.

The Leave vote brings uncertainty to how Britain will transact business with the rest of Europe and as history has shown us, the stock market does not like uncertainty.

The Leave vote also brings into question whether other countries, who are sitting on the fence, will follow Britain’s lead, which adds more speculation and uncertainty. In that context, it is important to remember that Britain was always something of an outsider, having never agreed to join the currency union and bucking many of Brussel’s EU decisions. It is also interesting to note that the vote was narrow (52% to 48%), indicating a lack of unity (last time Britain voted on this topic was in 1975 when 66% of voters approved staying in).

In addition to immigration and support for weak member countries (such as Greece) swaying the EU's decision processes, the bureaucracy in Brussels is regarded as too large and disconnected from the member countries. How the “European Experiment” will end is anyone's guess.

As long-term investors, we look at this uncertainty as providing an opportunity to invest. Whatever Britain’s or Europe’s outcome, rest assured that money will be made by investors that have the courage to stay invested and add to positions when others are fearful. We're carefully looking at each portfolio to see if we can take advantage of this volatility by rebalancing portfolios and harvesting tax losses.

Please do not hesitate to contact us with any comments or questions.

Your Vista Wealth Management Team

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