

TIME TO REMEMBER THREE KEY POINTS

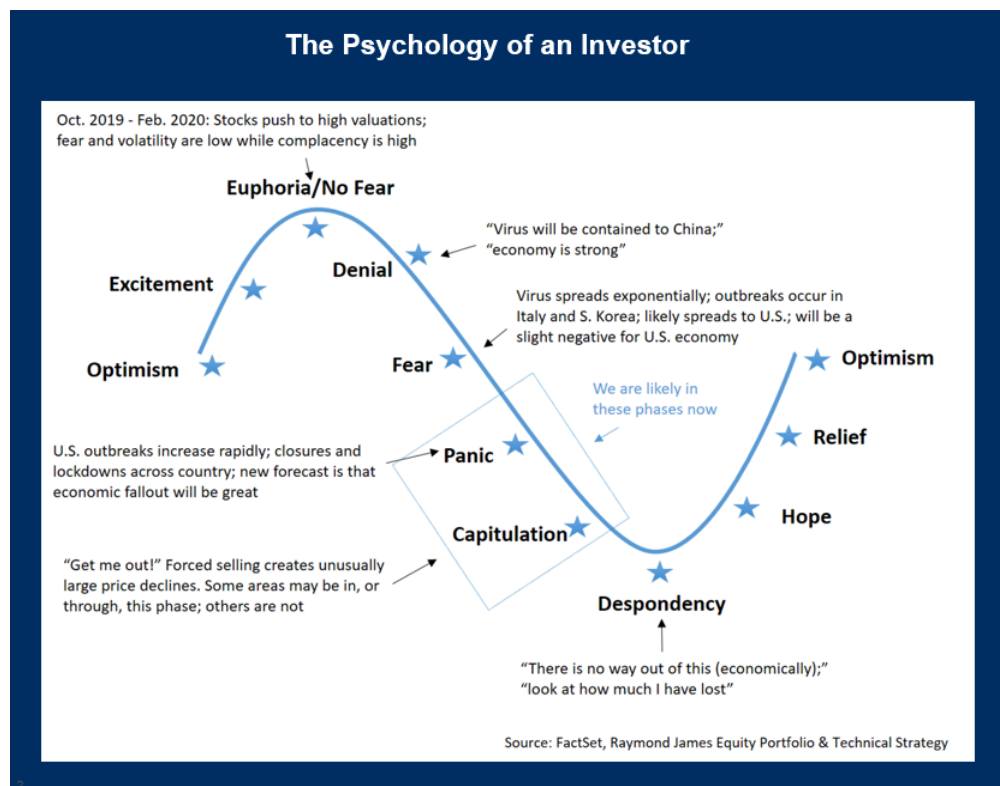
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An historic 37-days! On February 19th, the S&P 500 Index hit an all-time high and “coronavirus” was simply a headline. Fast forward and we are shut in our homes unable to work or socialize, without fear of spreading COVID-19.

In the past two weeks, we’ve seen the S&P 500’s worst daily drop since 1987’s Black Monday, the fastest decline from a high in history and the largest three-day rally (+17.6%) since 1933.

This is a perfect opportunity to review 3-key points:

1. **Psychology of Investing is a Struggle (but we can overcome):** Causes of declines are different, but investors are predictable. Investing can be counter intuitive. “Buy low, sell high” means you sell investments that performed well and add to laggards. Not always easy! Helping you maintain perspective is critical.



2. **Revisit Time Horizon and Risk Tolerance.** Focus on what you get to control....and try not to let the other stuff keep you up at night. Markets, geopolitics, the economy are all outside your control. You DO get to control, time horizon, spending habits and risk tolerance.

Have enough cash for 6-12 months of expenses? Good, take a breath and remember that time affords you the ability to weather this. Revisit spending – perhaps delay large purchases (if it requires liquidating), and re-address your risk tolerance – considering your spending needs and legacy goals. You need to be comfortable with your investments and confident in meeting your long term goals.

3. Look for Opportunities. In March 2009, we sent a letter to clients encouraging them to consider putting money to work. We didn't know that March 9, 2009 was the bottom. In fact, we stated then and believe today that timing the market bottom is impossible. However, we knew that over the long term a dramatic decline creates opportunity. Opportunities present in a number of different ways:

- *Harvest tax losses for future use.*
- *Take gains on high quality bonds to raise money to cover your expenses.*
- *Liquidate bonds and add to stocks (a.k.a .trim from what has done well and add to investments we are now underweight versus strategic targets)*
- *Dollar cost average new money into investments offering long term growth potential and income while you wait.*

Every client's circumstances are different. The key is to be patient, remain disciplined and stay optimistic!

Life feels chaotic now, but we hope our clients take some comfort in knowing their financial plans are tailored to their risk tolerance and ability to handle market volatility. We believe we will come out of this crisis, stronger than before. We are thinking of you and your family and wishing you all good health. Be well, stay calm, wash your hands!

“The greater the storm, the brighter the rainbow.”

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