



## COVID-19 (2)

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Conveying two seemingly juxtaposed ideas simultaneously is not an easy task—and perhaps it is a futile undertaking. Given the battle occurring across the investment universe (and at our firm) between a real, globally widespread health concern and the more personal question of what investors “should do” about it—we feel compelled to give it a shot. On Tuesday we released a statement which said, in part, that we will remain vigilant and respectful of what we don’t know about the COVID-19 virus. What we *do know* is that as of this late morning the S&P 500 has shed nearly 14% since last Friday’s close. Thus far, this pales in comparison to the S&P 500’s ~20% bloodletting in Q4 2018. But we don’t know: When does it end? *We didn’t know then either.*

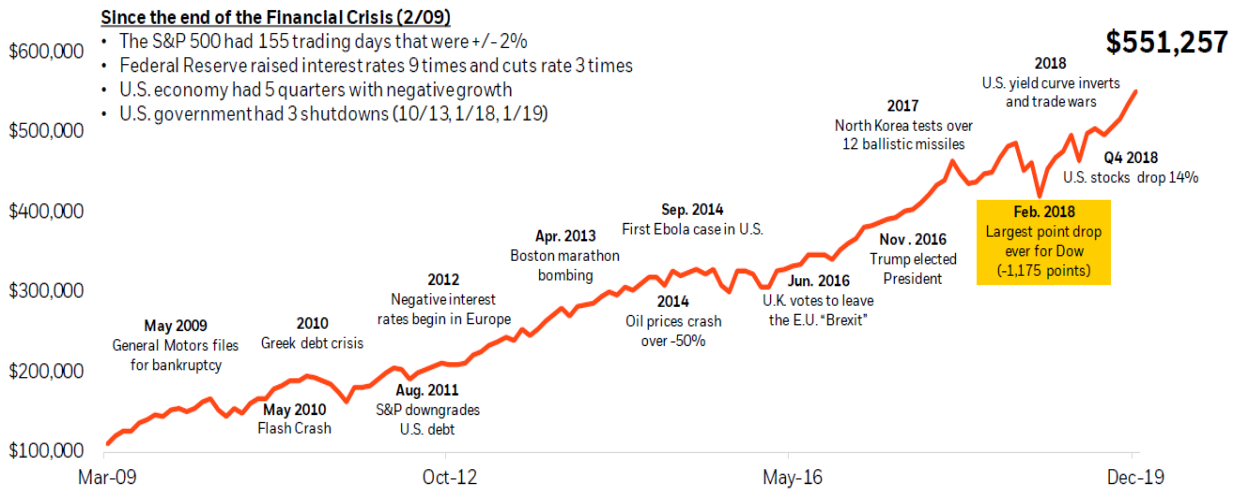
We also don’t know (and won’t for months) what the economic impact of cancelled air travel, supply-chain issues and other potential business disruption will be. Will it measure up to the market indices projections?

There’s always a “reason” to abandon an asset allocation. History has shown us that all the very good reasons of the past have not served investors well. Not, that is, if you think of the stock portion of your portfolio as businesses (Warren Buffet). If you think of your stock portfolio as a daily collection of “wins” and “losses” (*Loss Aversion*, in behavioral finance terminology), then these are tough times indeed.

As computers have a hand in furthering momentum in one direction or another in the short term, we see outstanding American businesses being sold as if they are going out of business. Again, we consume the same information as all others—but in our view asset allocation is your circuit breaker—not market timing. Not speculation.

## Growth of \$100k in the current U.S. bull market

3/1/09-12/31/19



Source: Morningstar as of 12/31/19 US Stocks represented by the S&P 500 Index. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You can not invest directly in the index. USRM/H0220U-1100769-1/2

We encourage our clients to call with questions, and we especially invite a review of their asset allocations over some of the periods listed in this chart.

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