Economic and Financial Market Update – March 24, 2020

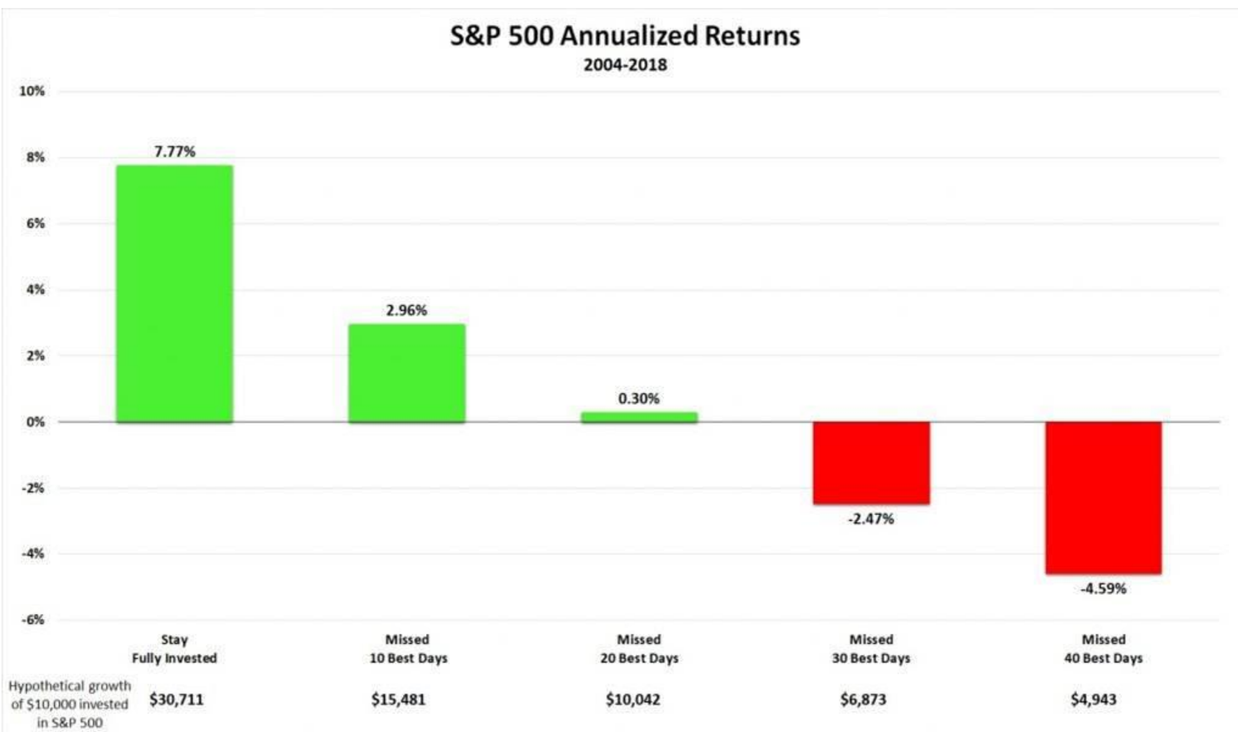
Our Views: The Current Environment, Market Timing & Strategy

We want to continue to share with you our thoughts and updates as they pertain to the ongoing issues impacting the financial markets, the economy and other topics creating uncertainty and volatility.

The Federal Reserve has cut interest rates to zero and announced an aggressive bond buying program (quantitative easing), to help stabilize the markets and assure liquidity. A comprehensive fiscal stimulus bill is currently being debated in Congress to assist negatively impacted and displaced workers, businesses and consumers. Although yet to be approved (as of Monday evening), this legislation will be of considerable help both from a fundamental as well as a psychological standpoint. In addition, central banks and governments across the globe are taking similar actions and attempting to coordinate those actions for the most effective results.

From a health standpoint, while there is great uncertainty, clinical trials are taking place for various treatments and the FDA is working closely with many pharmaceutical and biotech companies, such as Gilead and Regeneron (to name a few) to fast track "therapies" to treat the virus. A few positives on any of these fronts can turn, what seems to be excessive negatives, into a somewhat more positive framework. Any positive news will help the market and confidence. The equity market "action" and news flow "feel" severely negative and extreme extrapolated negativity is becoming overdone. Attempting to time the market as a result of news flow is dangerous.

As we stated, the current situation is disheartening and concerning on many fronts as everyone is impacted socially, financially, and from a health perspective. We would advise clients and investors to take pause and not make any financial decisions based upon emotion, especially when one is not in a situation that requires the sale of equities from one's portfolio for discretionary living needs. It sounds trite, but equities should be considered and added to when valuations and extreme pessimism is experienced. Equity prices will continue to be volatile, but this volatility will ultimately abate and become a *relatively* short period (months/quarters) within a long-term (years/decades) objective-based investment time frame. Market timing is extremely difficult to successfully achieve (see below charts summarizing market timing over the long-term). Again, we focus on an investment and wealth management philosophy that's foundation is built on comprehensive strategic diversification as well as sector and industry diversification. As a reminder, and you have heard us stress this many times during personal portfolio review meetings, our focus is to build a portfolio of diversified investments that exhibit fundamentally strong characteristics. In fact, you have heard us stress the terms; "core, blue-chip, exceptional financial metrics, strong balance sheets". This approach has weathered many positive and negative economic cycles. We will continue to focus on making opportunistic decisions for the benefit of our clients' long-term wealth management goals. Trying to "time" the market in an extremely volatile situation is very difficult to accomplish. We understand that current times are very stressful, but we are focused on keeping a steady hand and staying focused on where portfolios and markets will be in 18-24 months and beyond. This "dark-period" of time will pass.



thesimpledollar.com (Growth of $10k invested January 1, 1980 - December 31, 2018)

investors.com (S&P 500 Annualized Returns – 2004-2018)