

Investment Growth Management

Market Update Letter March 13, 2020

To All Clients,

With the recent market decline due to the Coronavirus, we believe that it is best to keep a long term perspective and stay the course when it comes to investing. It is typical for the market to overreact in the short-term as the downward moves are usually quick and fast while upside growth happens over the long term. The encouraging fact is that the market, as gauged by the S&P 500, has fully recovered and grown since every recession and crash in US history.

Key points to note:

1. It has proven to be beneficial not to sell stocks when fear rises during a down period in the market. Over the past 20 years (Jan 1, 2000, to December 31, 2019) 24 out of the 25 best days in the market have occurred within one month of the 25 worst days in the market.
 - i. If you held on to an investment in the S&P 500 during that time frame your total return would have been up 224%.
 - ii. If you had sold your investment during some downturns and missed the 10 best days your return would only be 62%.
 - iii. If you had missed all 25 best days your return would be **-18%**!
 - iv. This is why it is important to avoid trying to time the market as you will risk missing out on the best days, which has been proven recently with today's **8.5% increase in the S&P 500**.
2. The US and global economy were on solid footing before the spread of the Coronavirus. With interest rates recently declining to all-time lows we believe this will bring support and growth to the housing market as more consumers continue to refinance at lower rates. This will increase the cash flows of many households and provide future growth to the economy once the virus is contained. Lower rates also support business growth as additional capital is available for a lower cost.
3. We are in many and in some cases all of the same positions as our clients. We continue to stay the course and ride out this volatility. Although the time frame of the coronavirus is unpredictable, once the news about the virus turns positive we expect there to be a good recovery.

It's not timing the market but **it's your time in the market** that leads to long term investment success.

Sincerely,

Mike and Andrew Redlick