April 2020

"What the imagination can't conjure, reality delivers with a shrug."
—Trumbo (movie voice-over)

Brace yourself. Your newly released quarterly reports are highly, highly likely to leave you feeling at least a little disheartened. No matter how much we've blathered on about preparing for perilous times like these, planning for it versus actually enduring it is about the same as watching a tornado on YouTube versus being swept into one in real time.

And yet, we stand by our advice: For emotional and financial turbulence alike, your best bet when you're in the eye of a storm is to hunker down, and trust in preparations already made.

We will continue to stick with your plan and not react to temporary market fluctuation. However, markets like we experienced in the first quarter may provide opportunities. As your steadfast fiduciary advisor, we will continue to help you implement the kinds of investment strategies that make sense for you and your portfolio. These may include:

- **Rebalancing** your portfolio when warranted, to take advantage of relatively lower priced asset classes.
- **Tax-loss harvesting** where practical, to offset the costs of recently incurred and/or future taxable gains. (Yes, we still fully expect to see future market growth!)
- **Roth IRA conversions** when they may benefit your retirement planning.
- **Seizing other opportunities** when your plans call for it. For example, if you've been holding a concentrated stock position to avoid incurring taxable gains, now may be the perfect time to reduce your risks and strengthen your portfolio by selling all or part of that position.

If, on the other hand, you've begun to seriously question your course, think of current conditions as a stress test. Is the risk tolerance you thought you had holding up for you, for real?

Ask yourself objectively: *Can I tough out the fears I'm feeling right now?* If so, we encourage you to stick with your existing investment allocations despite the angst.

What if you decide you are not cut out to emotionally withstand the inevitable, occasional, bear market? If that is the case, let's get together promptly to discuss. Portfolios can be constructed to be less volatile. However, with lower volatility comes lower expected return. As expected return falls something may have to give. For example, you may have to work longer than planned, save more, and/or spend less. Your wealth should be structured to enhance your personal well-being. So please understand, as you move towards one goal, (reduce portfolio volatility) you must move away from another (retirement age, spending rate, saving rate) to make the math work.

Another question often asked during market extremes goes something like this: *I'm okay with my portfolio mix, but why not get out of the markets temporarily until the worst is over?*

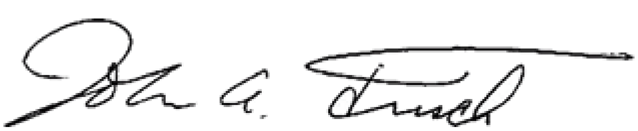
Whether we leave your portfolio as is, or help you permanently reduce some of its risk exposure, we will never recommend trying to accurately time when to cleverly get out of, and safely jump back into volatile markets. While nobody knows exactly when a recovery will occur, history has informed us of what typically happens when it does. This recent *Wall Street Journal* piece explains, using the bull market that began back in 2009 as an illustration (emphasis ours):

"***A surprising share of a new bull market's returns pile up in its very early stages when people are most fearful.*** Take the one that ended last month. Putting $100,000 into an S&P 500 index fund on the day the bull began on March 9, 2009 and selling at last month's peak would have seen that turn into $630,000 including dividends. Waiting just three months to make sure it wasn't yet another head fake would have earned you only $450,000."

A case in point is what has occurred so far this quarter. While in the first quarter most of us were assuming there's no hope in sight, the stock markets dramatically made a big come-back in the first two weeks of April … at least for those who have kept their wealth invested in them.

As always, without the ability to see what is only apparent in hindsight, we encourage you to focus instead on that which we can control. Right now, that is mostly doing all you can to keep yourself and your loved ones out of harm's way. Please let us know how we can help.

Yours truly,



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As always, please let us know how else we can help.

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