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Dear Client,

We have all been a bit shaken by recent market volatility brought on by Coronavirus fears and uncertainty. And as many of you know and as we have said before, the market can withstand a lot of things…except for that pesky thing called uncertainty.

We have outlined in recent newsletters, the fear around the Coronavirus and the effect on the global economy. There seems to be something new every day. It can be scary. We wouldn't be human if we didn't fear loss.

But we'd like you to remember a few very important things…

1. *Your broadly diversified portfolios are designed to maximize gains during a rising market and minimize, as much as possible, declines in a down market. We don't try to time the market. It's a long-term, steady plan we developed together. You're not 100% in the Dow or S&P. You are diversified and this is why.*

2. *Market downturns are inevitable. Market corrections (a decline of 10% or more) have happened about once every year from 1950-2019 with corrections of 20% or more about every 6 years (2018). Although past results can't predict future results, each downturn has been followed by a recovery and new stock market highs.*

Market downturns happen frequently but don't last forever
Standard & Poor's 500 Composite Index (1950-2019)

Size of decline	-5% or more	-10% or more	-15% or more	-20% or more
Average frequency*	About three times per year	About once per year	About once every four years	About once every six years
Average length†	43 days	112 days	262 days	401 days
Last occurrence	August 2019	December 2018	December 2018	December 2018

* Assumes 50% recovery of lost value.
† Measures market high to market low.

Sources: Capital Group, Standard & Poor's.

3. *We have dollar cost averaged into most of your funds and rebalance 2-4 times per year which, even alone, is an important step in minimizing risk.*

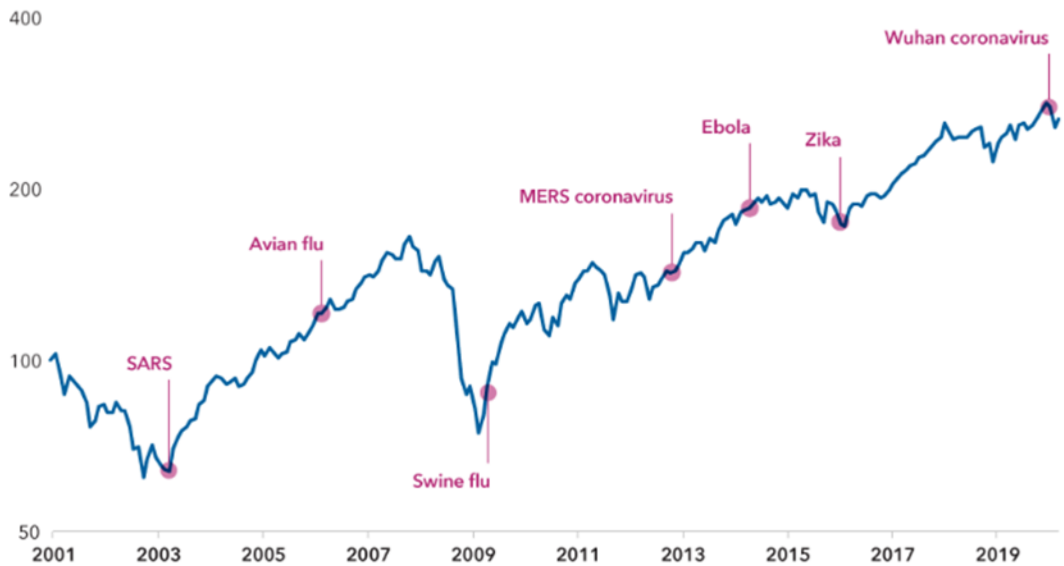
4. *Many of you have annuity products with income riders, which regardless of market conditions, your income will not stop or go down.*

5. *Most importantly, in our opinion (and Warren Buffet's too), your portfolios are loaded with dividend producing funds. For those that pay out monthly & quarterly and are reinvested, your dividends will be working for you. They are coming in March. In other words, you'll be buying cheap! Like we always say, this is how those pennies grow up to be dimes!*
Dividends. Dividends. Dividends.

Is it reasonable to expect 30% returns every year? Of course not. And if stocks have moved lower in recent weeks, you shouldn't expect that to be the start of a long-term trend, either. No one knows what tomorrow brings or how long the broader effect on the market will last, but we do know it is always important to maintain a long-term perspective…especially when markets are declining. Although stocks rise and fall in the short term, they've tended to reward investors over the long term. Even including downturns, the S&P 500's average annual return over all 10-year periods from 1937-2019 was 10.47%.

Indeed, global markets have shrugged off the impact of past viral outbreaks. While the past is not predictive of the future, it does offer valuable perspective.

Global equity markets have powered through past viral outbreaks
MSCI ACWI index levels



Sources: Centers for Disease Control and Prevention, RIMES, MSCI. As of 3/2/20. Chart shown on a logarithmic scale. Total return index levels in USD, indexed to 100 on 12/31/2000. Disease labels are estimates of when the outbreak was first reported.

We've been in a bull market for nearly 11 years now. A correction isn't always a bad thing for the market, but no one likes it. We've been through things like this before and we will again. We may be in for a volatile market until the election, be prepared *and* be optimistic.

If you have any questions or concerns you'd like to discuss on the phone or in person, please call the office anytime and make an appointment.

Best,

Joan & Tracy