RZHadvisors

Dear clients and friends of RZH:

For as sophisticated as Wall Street purports to be, it sure is fickle! Just last week we were celebrating an all-time high for the stock market. Yet, in the blink of an eye, the market has fallen 7% on renewed coronavirus fears - accentuated by the sharpest-ever, two-day point slide for the US market on Monday and Tuesday.* This has led to a new phrase...Risk Velocity. The financial markets are mechanisms for rapidly digesting large volumes of new information into asset prices. With today's technology this happens seemingly instantaneously. So, at times like these, it's prudent to step back, catch our breath, and evaluate what we know and don't know and refer to history as a guide.

We are not going to even begin to predict where this is all going or how it will end. All we know is that we have overcome all other pandemics in modern history and the market has corrected almost as sharply to the upside when we do. Past viral outbreaks have produced days in the market like Monday and Tuesday as well. **THIS ARTICLE** does a wonderful job of illustrating past occurrences and market reaction. As you know from our past writings during times of volatility - the best course of action is to follow your plan. Behind the scenes we have been re-balancing, adding to cash and are looking at tax-loss harvesting opportunities. And, with this added volatility, bonds have rallied nicely, offsetting stock losses.

Warren Buffett asked rhetorically yesterday "has the 10-year or 20-year outlook for American businesses changed in the last 24 hours or 48 hours." Probably not. As long-term investors, nothing has fundamentally changed to affect our portfolio structures or your ability to meet your stated objectives. As co-investors, right alongside you, we are acutely aware of how your investments are reacting. We are laser-focused on this and consistently analyzing the firms' holdings. While we recognize the tragic human cost of this virus, we continue to advise our clients to remain vigilant and informed - and avoid making the kind of emotional decisions that can quickly undermine years of disciplined investing. We know how unnerving a week like this can be and are all available to speak about your personal situation.

**For some helpful perspective, even with the recent declines, the market only just went negative for 2020. By comparison, the market fell 7% three different times in 2018, finished the year down 4%, and then rallied 31% in 2019. Frankly, it's amazing to us that the market had been so resilient lately. Maybe it's because recent history with stocks and viruses is that markets overreact leading to significant buying opportunities along the way. Over a 38-day trading period during the height of the SARS virus back in 2003, the S&P 500 index fell by 12.8%. During the Zika virus, which occurred at the end of 2015 and into 2016 the market fell by 12.9%. There are other examples, but they all passed, and the market recovered and hit new highs. (Select data courtesy of FT Advisors)*

Best Regards,