



Dear clients and friends of RZH:

Today - March 9 - is the eleventh anniversary of the peak of global panic that marked the bottom of the bear market of 2007-09.

Exactly 11 years later, history seems to be repeating itself with another epic global panic attack.

At today's market close, the S&P 500 is down about 19% from its all-time high, recorded on February 19. Declines of this magnitude are fairly common occurrences throughout history - indeed the average annual drawdown from a peak to a trough since 1980 is close to 14%. But such a decline in barely three weeks is noteworthy, not for its depth but for its suddenness.

As we all know by now, the precipitants of this decline have been (a) the outbreak of a new strain of virus, the extent of which can't be predicted, (b) the economic impact of that outbreak, which is equally unknown, and (c) most recently, the onset of a price war in oil. (That last one is surely a problem for everyone involved in the production of oil, but it's a boon to those of us who consume it.)

The common thread here is unknowability: we simply don't know where, when or how these phenomena will play out. And in my experience, the thing in this world that markets hate and fear the most is uncertainty. We have no control over the uncertainty; ***we can and should have perfect control over how we respond to it.***

The last thing in the world that long-term, goal-focused investors do when the whole world is selling... is sell. This has never been a successful long-term strategy in periods of extreme volatility. For clients of RZH, the "rainy day" plan was put in place when we first began our work together - the foundation of which is multiple years of required cash flow, invested safely out of harm's way, in cash and bonds. Additionally, we are actively looking for opportunities to tax-loss harvest and be opportunistic with cash waiting to be invested.

We vividly remember early March of 2009, it was impossible to convince anyone to invest in stocks. Yet, it was the beginning of one of the longest bull markets in US history. Our hearts and prayers go out to those affected by this virus, and for all of us to get past this situation. But please know, this too shall pass and we will get through this together. In the meantime, we are all here for you.

Best regards,

Carl, Spencer & Dana

www.rzhadvisors.com

Important Disclosures