STEVE ROBBINS, CFP®
WEALTH MANAGEMENT FOR A FLOURISHING RETIREMENT

A message to our clients regarding coronavirus and… WHY YOU WORK WITH US

March 27, 2020

We all know that the last few weeks *(yes, believe it or not, it's only been a few weeks)* have been crazy. Volatility is back, and it's back with a bang. In fact, if you blinked, you may have missed the fact that the Dow Jones Industrial Average (DJIA) entered into a bear market (defined as a 20% fall from a recent peak) for only 11 days before rising 21% from that low to re-enter into a bull market (defined as a 20% rise from a recent low).[1]

It's no secret what's causing all this market volatility. Investors are deeply uncertain about the effect the coronavirus pandemic will have – not only on the companies we invest in, but on our friends and loved ones.

In times like these, we think it's a good idea to remember some of the basics of our investment philosophy. At the center of our philosophy is the fact that bear markets are inevitable. Since 1926, there have been eight bear markets. The average Bull Market period lasted 9.1 years with an average cumulative return of 480%. The average Bear Market period lasted 1.4 years with an average cumulative loss of -41%.[2]

The good news is that, historically, epidemics affect the markets only temporarily. For example, here is how the markets performed after some relatively recent epidemics:[3]

EPIDEMIC	MONTH END	6-MONTH % CHANGE OF S&P	12-MONTH % CHANGE OF S&P
SARS	April 2003	14.59	20.76
Avian flu	June 2006	11.66	18.36
Swine flu	April 2009	18.72	35.96
Cholera	November 2010	13.95	5.63
MERS	May 2013	10.74	17.96
Ebola	March 2014	5.34	10.44
Measles/Rubeola	December 2014	0.20	-0.73
Zika	January 2016	12.03	17.45

It's never fun to watch the markets go on their own personal rollercoaster ride. But in our case, market volatility just isn't as scary as it is for many investors. That's because, thanks to our philosophy of using **technical analysis***, we are out of certain sectors of the market that have been declining most on a relative strength basis. We have also made portfolio changes in line with our methodology to help reduce risk exposure. For those wondering *exactly* what we're doing on a daily basis to lead to our investment decisions for your money…

1) We are analyzing market trends to determine whether the individual investments and asset classes in your portfolio – along with the market as a whole – are trending up or down. In addition, we are reviewing the supply and demand of where money is moving.

2) We are obeying "the rules." As you might remember, the rules determine at what point in a trend we decide to buy and at what point we decide to sell. For example, if an investment trends down below a certain threshold, we follow "the rules" and sell. Period. If an investment trends *up* above a certain threshold, we buy.

Again, *this is why you work with us* – to manage your investments in an unemotional, unbiased, rules-based way. That's why it's in situations like these that we feel we bring the most value to you and our other clients.

Of course, market volatility can still be unsettling. So, remember, we're here for you if you have any questions or concerns. Please feel free to give me a call at 314.839.4600 at any time.

One more thing…right now, a lot of investors are reacting emotionally – and that primary emotion is fear. So if you know anyone who needs a financial advisor, or is frustrated with the traditional "buy and hold" approach, please send them our way. Feel free to share this article as well!

In the meantime, please let us know if there is anything we can do for you!

Your team here at Steve Robbins, CFP® Office…
-Steve, Lisa, Isabel, Jackie, Sarah & Song

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*No investment strategy, including asset allocation and diversification can guarantee a profit or protect against loss in periods of declining values. Technical analysis is just one form of analysis. You may also want to consider quantitative and fundamental analysis before making any investment decisions. Although believed to be reliable, Steve Robbins, Inc. cannot guarantee the accuracy of all information obtained by third-party providers wihin this article. Past performance is not indicative of future results and there is no assurance that any forecasts mentioned herein will be attained. The Dow Jones Industrial Average (DJIA) is a price-weighted index representing 30 large, publicly owned companies based in the United States.

SOURCES:

[1]"Why this wild coronavirus rally has Wall Street experts fearing a bull-market trap," MarketWatch, https://www.marketwatch.com/story/why-this-wild-coronavirus-rally-has-wall-street-experts-fearing-a-bull-market-trap-2020-03-27

[2] First Trust Advisors L.P., Morningstar. Returns from 1926 - 9/28/18. Quoted in https://www.cascadefs.com/wp-content/uploads/2019/01/Bull-and-Bear-Markets-9-28-18.pdf

[3] "How the stock market has performed during past viral outbreaks, as coronavirus spreads to Italy and Iran," MarketWatch, https://www.marketwatch.com/story/heres-how-the-stock-market-has-performed-during-past-viral-outbreaks-as-chinas-coronavirus-spreads-2020-01-22