**Brief Update on Current Market Volatility**

We want to take a moment here and update you on our thoughts related to the coronavirus and its impact on the financial markets, and, ultimately, on your personal financial situation.

Going into this New Year, many stock markets around the world were trading near all-time highs including major indexes in the US, Canada, UK, and Australia. In fact, since the end of The Great Recession in 2009, many stock markets around the world have seen their prices double or even triple in price. In the US, for example, the S&P 500 index, a broad measure of the stock market, saw its price increase from under 700 in March 2009 to over 3,300 this month, according to data from Yahoo! Finance.

Of course, markets don’t go up forever. Sometimes, they just flatline for a while as company earnings catch up with stock price valuations. Other times, they see violent drops that make big headlines like the “Black Monday” stock market crash on October 19, 1987 that was felt around the world.

Today, the coronavirus is triggering a steep stock market selloff around the world. As of the week ending February 28, major market indexes in the US, Europe, Japan, and Australia were down 10% or more from recent all-time highs, according to The Wall Street Journal. On Monday, March 2, we had a strong rally in the US that recouped some of those losses.

Top investor Warren Buffett famously wrote, “It's only when the tide goes out that you learn who's been swimming naked.” Well, the tide is going out. The good news is, as stewards of your financial well-being, we prepare for situations like this even though we never know what may trigger them.

**Three Keys**

Here are three keys we’d like you to keep in mind as we work through the unfolding virus situation and its impact on you and your financial situation.

First, fear is a natural reaction. We’re human and as humans, we’re hardwired to react to situations that threaten us. In this situation, we have a double whammy of fear. There’s the virus that can cause us bodily harm and the market reaction that can cause us financial loss.

Related to the virus, nobody knows how bad the situation will get. All we can do is take appropriate precautions and trust that researchers will find a way to eradicate it sooner rather than later.

By contrast, your reaction to the financial markets is something within your control. We know it’s no fun seeing your portfolio drop. But we also know market volatility is normal and expected. The key is to zoom out and look at the long-term big picture.

Your investments are designed to support your long-term objectives, not today’s needs. And just like in farming, where we know there will be some lean years when Mother Nature doesn’t cooperate and other years when there’s a bumper crop, the financial markets are similar. Financial markets react to shocks to the system and we are seeing one now.

In situations like this, our job is to help bring perspective, to help you see that swift market drops are not unusual. And yes, the headlines are scary and they can bring our “fear” instincts to the surface. We believe the best response is to acknowledge what you’re feeling, reach out to us if that would be helpful, and have confidence that we are on top of the situation.

Second, we are closely following the situation and will make adjustments as warranted. Sometimes, situations like this create opportunities for you. For example, as prices drop, we may have an opportunity to “rebalance” your portfolio and shift your asset allocation. This means we might be able to “sell one thing and buy another” as a way to get your portfolio back to a desired mix that is most appropriate for you.

Third, be prepared emotionally for more volatility. In today’s financial markets, many trades are triggered automatically by algorithmically-driven computers. Once certain “technical levels” are reached, these computers, often run by large hedge funds, start selling (or buying) indiscriminately. And many of them are programmed to “trigger” based on the same technical levels. This “piling on” can lead to very eye-popping volatility—both on the downside and upside.

And keep in mind that in the short-term, market movements can be heavily influenced by fear and computerized trading, while in the long-term, they tend to reflect broader-based economic trends. As investors, the challenge is to not let the difficulties of the short-term prevent us from reaping the potential benefits of sound, long-term investing.

Here to Help

Your financial well-being is our number one objective. We continue to work hard behind the scenes to monitor this unfolding situation and recommend actions as appropriate. If you have any questions about your specific situation, please contact us. We are here to help. Thank you for your continued trust and confidence.

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