

The Coronavirus Factor Part II

Over the last 15 days we have witnessed panic reactions from individual investors, financial advisors and firms. The S&P 500 went through -25% and is continuing to bounce around. As a reference point, this is only -3% less than Oct. - Dec. 2018 as of March 16, 2020 - (Are we really similar to 2018?)

What should I do now?

I was on a call this morning with one of the major Wealth Management firms. Their advice.
"The markets have hit a low, will bounce around but will move up from here. Use cash and bond allocations to increase equities."

Three questions for your financial advisor or others managing your assets:

1 What is your reference point for the markets?

The impact of oil from Saudi Arabia and Russia is similar to 2014-2015. This incident pushed the S&P 500 down -15%. China's economy shut down for 30+ days. Add worldwide contagion and shutting down of other economies. If Oct. - Dec. 2018 was down -23%, **can you provide prospective on your thinking about how far down the markets might go or, if this the bottom, fine - please share your thinking on why?**

2 What are your long-term goals?

Many advisors, and firms, are suggesting a "hold the line" for those with a longer time frame. As Protectors for our clients I find **average advisors** sitting back and doing little. The Best Advisors are actively re-positioning portfolio's as the markets have broad-based mis-pricing and opportunities. **What changes are you, as an advisor, making for your clients portfolios and for mine, what would you recommend?**

3 If it is not a bottom at -26% or even -30%...what's your plan?

If your advisor suggests this is not a bottom, then there is much to do in positioning your portfolio. We did our own research, going back 3 market downturns (1972-73, 2000-02, 2008-9) and found interesting similarities between downward movements, recovery periods and mis-pricing. **What research have you undertaken as it relates to what to expect if the markets continue going down,** This question is paramount!

The Best Financial Advisors are not only calling their clients but are calling with a clearly articulated action plan

Document what your Financial Advisors are telling you. It is your way of making certain you understand what they said (recommended) - we do this in all our interactions/evaluations

*The Choice of an
Advisor is Yours*

*Evaluating them,
That is our Job*