

Market Perspective and Update



This week was very challenging for the equity markets globally. There is no doubt about it. It is still very early for us to completely assess the impact of coronavirus and corporate earnings over the next several quarters, but history has shown that overreacting to these selloffs is the worst thing to do. It is extremely important to stay invested and disciplined. We can't stress this enough. While it's difficult to predict market moves on a day-to-day basis, we remain confident in the long-term financial strategies that we have established for you and our outlook remains positive for 2020.

Even including downturns, the S&P 500's mean return over all rolling 10-year periods from 1937 to 2017 was 10.43%. The point in us bringing this to your attention is that equities have rewarded investors over time. In addition, we fully anticipate that the Federal Reserve and other central banks from around the world will coordinate and engage in stimulative monetary policy to act as a "backstop" from further equity market declines.

During our January rebalance, as you know, we took a more conservative approach across our models (after a stellar 2019) by shifting into higher credit quality, longer duration in fixed income in anticipation of future interest rate cuts, and moving further into large cap equities that typically have stronger balance sheets and offer more financial flexibility than smaller companies. We have been very satisfied with those decision at this point, especially after this week.

Presently, we are taking the following steps:

- Actively monitoring your investments to make sure the protection mechanisms that we have built into your investment portfolio (fixed income) are functioning properly.
- Diligently following coronavirus news around the world to see if any new developments change our base-case. While it is likely that new infections will occur over the next few days and weeks, we don't anticipate this reaching pandemic proportions and derailing global GDP over a significant period of time.
- Asking clients who have idle cash to consider deploying that into the markets when we feel the "bottom" is in. Just as drastic as this sell-off has been, "V-shaped" recoveries are quite common. For investors who remain committed to investing for the long-term, we view this as a tremendous opportunity.

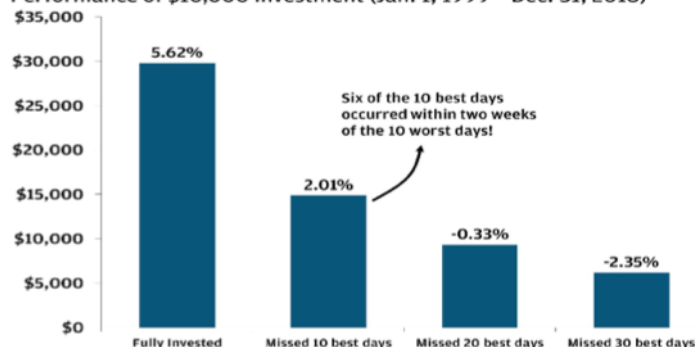
If you have any questions, please don't hesitate to reach out to us.

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Even missing just a few good days can dramatically undermine portfolio returns

Performance of \$10,000 investment (Jan. 1, 1999 - Dec. 31, 2018)



Source: J.P. Morgan Asset Management analysis using data from Morningstar Direct. Returns are based on the S&P 500 Total Return Index. Data is as of December 31, 2018.