



May We Live in Interesting Times by Sandy

Some 1st quarter statistics: Oil was down 67% this quarter. The Dow was down 13.7% in March and had 3 drops of 2,000 points. 50% of the Dow 30 stocks were down over 10% in March. Vanguard Balanced index fund dropped 22%, due to the 30% plunge of equities. As the market went to the lows, the traditional 60% stock/40% bond portfolios suffered a greater than 20% decline, from the peak, only the 4th time since World War II. For the prior three instances, 1974, 2002 and 2009, it took between 10 and 20 months for those portfolios to recover back to the peak level and the average annual return was close to 12% over the following five years.

We do not yet know the depth of this virus and how long our economy will be shut down and on hold. We are told that the peak of the virus will come in the first three weeks of April in key states and areas, including our own. Easter will not be spent in large family gatherings or attending church service. My neighbors are sitting in lawn chairs in their driveways and chatting with the neighbors across the street. I cut lemons from my tree and place them on the curb for people to take. We have a group chat with neighbors so if anyone needs anything, all they have to do is ask. We are checking on those less mobile or elderly that need groceries brought to them and this is happening across the nation.

This is the reality of staying in our homes as much as possible and all working from home. We are all in this together, watching as our world changes before us, on a daily basis. I welcome Spring, warmer temperatures, full aisles of toilet paper and paper towels and our lives starting to return to normal. Until that happens, please stay healthy, and get outside to walk in the sun for your Vitamin D.

How Long will this Last? by Erin

We can't predict with certainty when the US will return to normal. Some countries have advantages to fighting the Coronavirus that we don't have, and we have some advantages that others don't have. However, China's timeline with Covid-19 may give us some insight as to when we might see life start to return to normal for us. The first lockdown in China occurred on January 23rd and below outlines their progress since then.

- People began to return to work the week of February 10th with 48% work rate capacity. By March 2nd work resumption was at 85%
- Since March 14th people are freely moving about most cities including China's major metropolises. As of March 27th Wuhan's lockdown was lifted with the caveat that mobility is restricted to people that are not symptom free.

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Market Wishes & Outlook by Carol

There was nothing "wrong" with our economy before the coronavirus hit. There was no tech stock bubble and no housing bubble, like we saw in the last two U.S. recessions. Economic fundamentals were rather positive, and that offers some comfort when we look at investing over a longer time horizon. The current YTD losses are hard to look at but remember when we run financial projections we normally use a conservative 5% annualized return. The 5% accounts for the years that we have losses and gains – so a 20% gain in one year and 10% gain in another can offset a 20% loss in another and so on. The overall end result should be 5% (or more) annualized return in the long term.

We take a diversified and disciplined approach with a clear focus on longer-term goals. That being said, it is very important that you let us know your cash flow needs from the portfolio so that we have a plan to make sure that the cash is available when you need it and we are not being forced to sell something at the wrong time.

We understand that volatile markets are both unnerving and stressful, and we thank you for your ongoing confidence and trust. Rest assured that our entire team will remain dedicated to helping you successfully navigate this difficult market environment. In the meantime please stay safe, sane and healthy!

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melani@assetplanninginc.com



How Long will this Last? Continued...

- The first weekend, March 14th & 15th, after the lockdown was lifted, city parks in Shanghai & Shenzhen each had about 390,000 visitors.
- The majority of theme parks, museums, cultural centers, etc. reopened March 20th but with more limited capacity.
- As of March 14th, 90% of retail stores were open. However initial sales were about 30-40% of the pre-virus figures. Online sales are stronger.
- Domestic flights scheduled for June increased 250% the last week of February.
- By March 15th, Covid-19 cases originating in China were few. The majority of new cases reported have originated from outside the country. The government now requires 14 day quarantines for people reentering China.

ADV (Advisor Disclosure Form) Notice

We filed our annual SEC disclosure form (ADV) in early March. There were no material changes to report on the ADV this year - our fees and business structure are staying the same. Please contact us if you would like a copy of the entire ADV mailed to you. You can also access our ADV on the internet via our website under resources or directly through the SEC: <http://www.adviserinfo.sec.gov/> Our SEC file number is 801-62993. Our total assets under management as of December 31, 2019 were \$324,345,521. Hopefully we get there again by the end of the year. 😊

RMDs

As mentioned in a previous email blast, clients that are normally required to take an IRA distribution will not be required to this year. Please contact Melani or any of us to let us know if you plan to take the distribution or not. The government is waiving the requirement so that the IRAs can recover their losses.

Market Review by Carol

The following are the market returns for March 2020 YTD and 1 year rolling. Most clients are in a 60/40 or 50/50 portfolio and that is what you should compare to.

Note: if your portfolio has a higher allocation to equity or REITS then the losses will be higher.

| Benchmarks: | YTD Mar-2020 |
|----------------------|-----------------|
| 60% Equity/40% Fixed | -15.40% |
| 50% Equity/50% Fixed | -13.90% |
| S&P Index | -21.00% |
| DOW Index | -24.70% |

| Benchmarks: | March 2019- March 2020 |
|----------------------|---------------------------|
| 60% Equity/40% Fixed | -7.60% |
| 50% Equity/50% Fixed | -6.20% |
| S&P 500 Index | -8.81% |
| DOW | -15.47% |

Stay Safe & Healthy!

The API staff working remotely with the help of their four-legged co-workers.

