

## Important Topic: Staying Home & Time

First and foremost, we must all help the Government try and avoid overwhelming our health services. Be smart. Be safe. At this time, when the number of cases are increasing rapidly, we should be especially careful. Hopefully the actions taken over the past week will start to have an effect in two weeks' time and we will see the rate of increase diminish.

But that will not be the end of it. We then must wait for the number to decline, and decline to a very low number of new cases daily. This is unlikely to happen for about 4-6 weeks, sooner we hope, if everyone acts responsibly, or longer, if they do not.

So now we should all consider the rare opportunity we have at home. Time. Unexpected time.

Everyone can now address their "project" lists. You know, the ones you have not had time for over the years but always wanted to, or at least promised yourself that you would do. It is time to pull out the souvenir chest and go through it. It is time to pull together all of the family photographs, sort through them and create those albums. It is time to organize the basement and the garage. It is time to declutter and dispose of all those things you know you do not need or even want.

It is also time to pull out your friends phone numbers and start calling. This is a time to connect and reconnect. Learn how to use Skype or Facetime or Zoom.

Cocktail hour over video conferencing is becoming popular. Have dinner with friends and family by putting the tablet or laptop at the end of the table.

Physical distancing is required, and that is bad enough. Do not allow it to be "Social" distancing.

Take the time. It is a gift, if you make it such.



## Market Update – March 2020 Historical Perspective

The month of March was historic. In it we experienced the fastest and one of the deepest declines in market history. We also experienced the largest and fastest increase ever.

While the net result was negative the real result was uncertainty. Uncertainty is something most people work very hard at avoiding. It gets under our skin, makes us uncomfortable and opens us up to fears we would normally dismiss. Even conspiracy theories that stretch the limits of credibility are suddenly exchanged. At its peak, uncertainty leads to panic.

No one can predict the future. But normally most people feel comfortable enough believing that they can get close. At times like these, the uncertainty lays bare how little we control and how little we know.

So let us put this in perspective. History provides many examples when crises triggered significant drawdowns. Each crisis was different and each resulted in unforeseen consequences. All were uncomfortable. All triggered uncertainty and many led to panic.

But, in time, markets recover. It has taken years or only months. But they do recover (fig 1).

But more important, are the rates of return during the recovery (fig 2).

Our planning is based on long-term returns taking into consideration bear markets such as the ones listed above. We never know the reason, never know the shape, speed or duration of a bear market but we do know they come ... and we do know that they pass.

Looking forward, we believe the economy will take a hit from the effects of the coronavirus. The extent is unknown but we continue to believe that this challenge will be met and that this crisis will be overcome. Political uncertainty remains high and market volatility has reached new highs. However, government actions is extensive, inflation remains benign and interest rates are now even lower. All in all, we remain concerned in the short term, neutral to positive in the medium term and positive in long term. We continue to hold our positions and invest cautiously.

How Long Does it Take to Breakeven?

Peak	Trough	Drawdown	Months	Years
9/7/1929	6/1/1932	-86.2%	159	13.3
9/7/1932	2/27/1933	-40.6%	3	0.3
7/18/1933	10/21/1933	-29.8%	22	1.8
2/6/1934	3/14/1935	-31.8%	6	0.5
3/6/1937	3/31/1938	-54.5%	77	6.4
11/9/1938	4/8/1939	-26.2%	46	3.8
10/25/1939	6/10/1940	-31.9%	32	2.7
11/9/1940	4/28/1942	-34.5%	10	0.8
5/29/1946	10/9/1946	-26.6%	36	3.0
6/15/1948	6/13/1949	-20.6%	6	0.5
7/15/1957	10/22/1957	-20.7%	10	0.8
12/12/1961	6/26/1962	-28.0%	11	0.9
2/9/1966	10/7/1966	-22.2%	6	0.5
11/29/1968	5/26/1970	-36.1%	20	1.7
1/11/1973	10/3/1974	-48.2%	46	3.8
9/21/1976	3/6/1978	-19.4%	13	1.1
11/28/1980	8/12/1982	-27.1%	3	0.3
8/25/1987	12/4/1987	-33.5%	17	1.4
7/16/1990	10/11/1990	-19.9%	4	0.3
7/17/1998	8/31/1998	-19.3%	3	0.2
3/24/2000	10/9/2002	-49.1%	48	4.0
10/9/2007	3/9/2009	-56.8%	37	3.1
4/29/2011	10/3/2011	-19.4%	4	0.3
9/20/2018	12/24/2018	-19.8%	4	0.3

Fig 1, sourced from S&P500 - YCharts March 2020

Forward Returns

Drawdown	Peak	Trough	1 Year	3 Years	5 Years
-86.2%	9/7/1929	6/1/1932	162.9%	170.5%	344.8%
-56.8%	10/9/2007	3/9/2009	53.6%	97.9%	181.6%
-54.5%	3/6/1937	3/31/1938	35.2%	38.2%	84.5%
-49.1%	3/24/2000	10/9/2002	24.4%	59.0%	105.1%
-48.2%	1/11/1973	10/3/1974	38.1%	72.7%	117.5%
-40.6%	9/7/1932	2/27/1933	98.7%	194.5%	154.6%
-36.1%	11/29/1968	5/26/1970	34.7%	50.6%	42.2%
-34.5%	11/9/1940	4/28/1942	61.2%	128.6%	144.9%
-33.5%	8/25/1987	12/4/1987	23.2%	55.5%	121.7%
-31.9%	10/25/1939	6/10/1940	8.0%	59.7%	118.8%
-31.8%	2/6/1934	3/14/1935	83.8%	16.3%	84.9%
-29.8%	7/18/1933	10/21/1933	2.9%	120.1%	87.3%
-29.2%	2/19/2020	???	???	???	???
Averages			52.2%	88.6%	132.3%

Fig 2, sourced from S&P500 - YCharts March 2020



## Portfolio Update

Due to time constraints we are not providing portfolio returns. The combination of market activity, tax packages and the reduced speed and ability as we all work remotely has made this a particularly difficult time. Over the next few days we will be happy to provide this information upon request.

Have a great month and let us know if there is anything we can do for you,

Meir

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