

April 24, 2020

Dear client,

Unfortunately, we were not able to upload Coffee with Dr. Steve today due to a technical problem. However, the glitch should be fixed by Monday, so please look for the email link and the posting on our social media sites. Interestingly enough, Pepperdine University asked me to give them a synopsis about my thoughts in regard to where the economy has been, is going, and where it is headed. I also discussed the comparisons between the Great Depression and now and have concluded that although this pandemic is more serious than the 2008-2009 global financial crisis, it isn't the Great Depression. That's a relief! My essay is worthwhile reading and I encourage you to do so by clicking [HERE](#).

As I discussed in the letter and in the video, the market went from being overvalued, to undervalued, and now back to fair value. By any stretch of the imagination, the U.S. stock market isn't cheap. We have nibbled here and there and sold a few things but have largely kept the stock investments below 50% for the majority of my clients. In my opinion, this is a good place to be that balances risk and reward. Our gold position continues to do well and the bonds are doing their job providing good rates of interest and helping keep the downside of the portfolio within acceptable limits.

The market slid almost 40% in March 2020, in the shortest time in history. Then the market rallied back in a short time as well. Bear markets don't end in two weeks and I am being cautious in case there is another leg down. Of course, I can't be sure that there will be another substantial decline, but I would rather miss a major rally than lose a lot of money if the market goes down and tests the 18,000 level on the Dow Jones Industrial Averages or 2,250 on the S&P 500. I would rather sacrifice some profits than put a hole in the portfolios. I hope you can understand my thinking here.

Oil is at give-away prices and of course, that won't last forever. I think the large integrated oil stocks are an absolute bargain and for those who want to take advantage of this once-in-a-generation opportunity - please let me know. Many of my clients have asked me to refrain from buying oil as I move them towards an environmentally conscious portfolio. I respect everyone's opinions and wishes.

For now, we may nibble here and there, but considering where we are in the economic cycle, I will keep the stock allocations in the ranges where they are now. However, if the market declines by a large amount, I will take the cash and purchase what should be some great quality stocks at cheap prices.

If you have any questions, please feel to call me.

All the best,

Steven Yamshon
Managing Principal

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