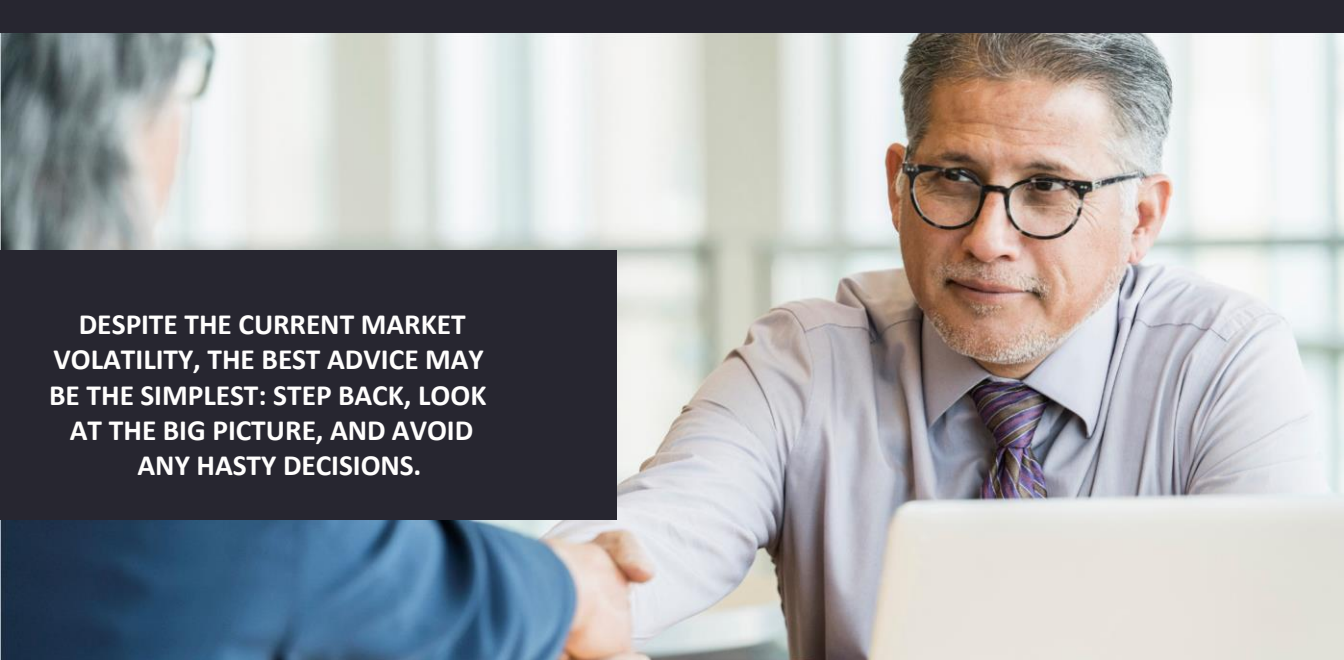




DON'T PANIC



DESPITE THE CURRENT MARKET VOLATILITY, THE BEST ADVICE MAY BE THE SIMPLEST: STEP BACK, LOOK AT THE BIG PICTURE, AND AVOID ANY HASTY DECISIONS.

In your investing lifetime, you will live through several periods of market volatility. These periods may cause you to second-guess your investment strategy or even consider a different approach to managing your money. Certainly, the level of volatility we've seen during the COVID-19 (novel coronavirus) pandemic is rare.

While downturns can be unsettling, it helps to view market activity from a wider perspective. The U.S. stock market moved into a bear market in early March 2020, as investors worried about the ongoing economic impact of the coronavirus pandemic. By March 11, the Standard & Poor's 500 dropped 9% to close in bear market territory (defined as a decline of 20% or more since the last market peak), ending the bull market that began in 2009.¹

Even though these events make investors queasy, a long-range perspective can help. If we widen our gaze further, we'll see that this is, in fact, the 9th bear market on record since 1926.² Past performance can't predict future market results, but investors have managed through the process of bear markets before, and we are invited to stay calm through these latest disruptions as well.

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PROFESSIONAL PERSPECTIVE

Despite the current market volatility, the best advice may be the simplest: step back, look at the big picture, and avoid any hasty decisions.

The initial reaction to market spikes and sharp drops might be to make a quick exit, but that can be the wrong move. However, we understand that it's natural to question your investment strategy when the market gets rocky. Here are some insights from the perspective of a financial professional; these steps might help you stay calm and focused.

TURN IT OFF

Everyone has an opinion, but in the world of modern media, "everyone" is often wrong, or at best, contradictory. Cable network business news, investment websites, newspaper financial pages, and even social media: the cacophony of opinions and lack of consensus can be overwhelming.

Luckily, you have a financial professional who can perform in-depth analysis and market monitoring on your behalf. It's our job to keep you informed of any relevant changes and shifts in the market, so that you can tune out all the noise. resist the temptation

Volatility can play rough with your emotions. The temptation to jump ship during a downturn is strong, but timing the market's trendline is nearly impossible. It rarely maintains a steady upward trajectory, but is rather more like a dance: 2 steps forward, 1 step back, over and over again. What may appear to be a peak before a precipice may simply be a brief correction on the way to new highs. When things are bumpy, resist the temptation to react in an emotional way, and remember that turbulence is part of the ride.

LOOK AT THE BIG PICTURE

Short-term market fluctuations can stir all sorts of emotions and may even lead you to make unwise investment decisions. Whenever possible, step back and take the long view. Are you investing for 10, 20, or 30 years? Longer? Viable investment strategies generally outlast volatility, which typically lasts days, weeks, or months.

Numbers from the past can provide insight as well. Although past market performance cannot serve as an indicator or predict future trends, the S&P 500 has generated an average 8% annual return through 2018, since adopting 500 stocks into the index in 1957.^{3,4} The S&P 500 is an unmanaged index that is generally considered representative of the U.S. stock market. (Remember, individuals cannot invest directly in an index.)

TAKE A DEEP BREATH

In a nutshell, the stock markets go up and down. That's simply their nature. So, what to do when they're down? Stay calm and take a deep breath. Watching the market too closely—especially when it nosedives or blasts off into the blue skies—can produce unwarranted stress or false exuberance. Attempting to find the exit door or entrance ramp on a jittery market is all ill-advised, even for the most studied investor. For the sake of your mental well-being, try to find some ways to de-stress, take a break, and relax as much as possible.

DO THINK TWICE

On the other hand, a volatile market is no reason to stick your head in the sand and ignore your financial picture altogether. Prudence is key to finding investment success. A flexible investment strategy can allow you to take advantage of appropriate opportunities that may arise, as long as they are suited to your risk tolerance, time horizon, and personal goals. Connecting with your financial professional can help to ensure your money is working for you in the long term—regardless of what the markets are doing this week or next.

Case Study: The Market Volatility in the Fourth Quarter of 2018

When stock prices pull back, the process reminds us of a reality we don't like to think about: stock prices can't always go up.

Let's take a closer look at 2018, which was the last time we saw the market fluctuate. The passage of President Trump's Tax Cuts and Jobs Act in late 2017 helped bolster optimism and was widely credited for the market surges, as corporate executives expressed a renewed interest to invest in their companies and workforces.

Most indicators painted a picture of a very vibrant economy and relatively robust growth. On the labor side, the unemployment rate was improving. Growth in wages and jobs also added to the rosy economic outlook.⁵

Market volatility picked up in September 2018. With the month coming to an end, the Fed announced a 0.25% hike in the federal funds rate and raised the potential for an additional hike before the end of the year. Though the hike was telegraphed to investors, markets trended lower following the news.

Stocks dropped further in mid-December once policymakers raised short-term rates again. The markets struggled to manage expectations when the Fed said that it was staying the course with two more potential hikes in short-term interest rates for 2019.⁵

Holiday market action led to a breathtaking rollercoaster ride, as the Dow lost over 600 points on Christmas Eve, then rose 1,000 points the day after Christmas, and the S&P 500 ended the year lower.⁶ By January 2019, worries about the ongoing trade dispute and a global economic slowdown added to negative investor sentiment.

However, stocks quickly found firmer footing on news that the China trade talks would restart. Investor spirits were further buoyed when the Fed said that it would be flexible with its policies.

WHAT'S NEXT?

The most interesting part of being an investor, some might say, is that no one knows the future. For all we know, the wildest part of the market ride of 2020 may be behind us, or we may face more ups and downs. Regardless of what's in store, keep in mind that bouncing trendlines are not necessarily indicators of impending doom, nor golden opportunities. Rather, they're simply a typical part of the investing lifecycle. With a sound strategy in place, movement in the market can be anticipated, not feared.

If we believe a change to your investment strategy is needed, we will reach out to you. Meanwhile, if you've undergone any recent life changes, or if you're considering shifting your financial goals and wish to discuss your portfolio, we are here to help.

If you have questions about current events or recent market news that may affect your strategies, contact us at (920) 882-5299.

Sincerely,

Thomas Suttner

Verus Investment Advisory Group, Inc

FOOTNOTES, SOURCES, DISCLOSURES

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Consult your financial professional before making any investment decision.

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1 CNBC.com, March 20, 2020. The Standard & Poor's 500 is an unmanaged index that is generally considered representative of the U.S. stock market. Index performance is not indicative of the past performance of a particular investment. Past performance does not guarantee future results. Individuals cannot invest directly in an index. The return and principal value of stock prices will fluctuate as market conditions change. And shares, when sold, may be worth more or less than their original cost

2 Kiplinger.com, March 20, 2020

3 TheBalance.com, March 24, 2020

4 Investopedia.com, February 19, 2020

5 Forbes.com, July 29, 2019

6 The Wall Street Journal, July 29, 2019