February 8, 2018

Dear Clients,

Many of you have reached out to me to get my perspective on what has been happening to the markets this week. Thank you.

It always baffles me how a few hedge fund managers and traders who invest with huge amounts of borrowed money can start the market down a downward spin like this and create a mini panic. Of course even during BULL markets we normally get two -5% selloffs and one -10% selloff a year and we hadn’t had one of those in over two years, so I’m not shocked. It’s always painful to see the market drop 9% from its highs so quickly and had there been a fundamental reason for it to do so, it may still be a good time to sell. That said, with a lack of fundamental deterioration in the economy, I don’t think it makes sense to sell at these levels. It’s not as if companies reported earnings that were 9% lower than expected, quite the opposite.

Now we are back to year end levels for the market. In my year end letter originally sent 12/31/2017, I predicted that 2018 would be a good year for stocks based on no recession fears, favorable global growth, U.S. tax cuts, and foreign earnings repatriation. Nothing has changed except that volatility has come back in a big way, unfortunately. However, with volatility comes opportunity, and I look forward to taking advantage of that as I have in the past.

Please let me know if you have any questions or concerns or if anything has changed for you financially that would warrant making a change. For those of you with assets elsewhere, now would be a good time to consolidate them with me.

Warmest Regards,

George Panopoulos