



## QUARTERLY NEWSLETTER [Q1 2020]

### At-A Glance:

The Dow Industrials and S&P 500 suffered their **worst quarterly start to a year ever**. The Dow shed 6,621 points (-22.73%) during the quarter. The S&P 500 posted its worst quarterly return since the 4Q 2008.<sup>1</sup>

The Nasdaq Composite **fell the least** among the major domestic equity indices, down 13.95% last quarter.<sup>1</sup>

**Treasury prices rallied**, as 10-year yields posted their biggest ever quarterly percentage drop.<sup>1</sup>

**Gold spot prices rallied** 3.95% during the first quarter, ending at \$1,577.18/oz.<sup>1</sup>

### Details:

**In stark contrast to a strong 2019** in which the S&P 500 surged over 31%, the U.S. benchmark equity index plunged over 23% from its February 19 record high to cap its worst quarterly performance since the financial crisis. The historic 19.60% quarterly drop was caused by growing evidence that the global COVID-19 pandemic and associated business closures and labor furloughs has almost certainly sparked a recession. In just sixteen trading days from the market's record high, the viral contagion abruptly ended the longest bull market in history on March 12, lasting 11 years and three days. It was the fastest bear market slide on record.<sup>1</sup>

**Swift unprecedented action** from the White House, Congress, and the Federal Reserve has gone a long way toward blunting the harshest economic effects that are yet to be fully known. The U.S. central bank slashed interest rates to nearly zero, renewed asset purchases, and launched new lending facilities while pumping hundreds of billions into credit markets to insure adequate liquidity. Meanwhile, President Trump signed into law a massive \$2 trillion fiscal rescue package to protect American businesses and households. Even amid signs of calming during the last week of the quarter, another massive Congressional stimulus package is already in the works should the coronavirus spread continue to worsen and deepen economic damage.

### Did You Know:

#### S&P 500 Since 1928<sup>1</sup>:

Average lengths:

bear market (i.e. falling stock prices) is 299 days

bull market (i.e. rising stock prices) **1003 days**

Average gains and losses:

bear market has been 36% loss

bull market has been **112% gain**

State of the markets:

we are in a bear market 23% of the time

we are in a bull market **77% of the time**

### What We Are Doing For You:

#### Taking Advantage Of Available Opportunities.

With the recent passage of the CARES act, retirees (and those with inherited IRAs) have the chance to defer taking their required minimum distributions (RMDs) this year. We have been working hard to make adjustments to your account withdrawals to make sure you benefit from this change where it makes sense for you.

In addition, we have been making other changes to how we fund your monthly cash needs to preserve assets and not sell from currently lower mutual funds. Nobody likes to see losses in their account, but we are trying to “make lemonade from lemons” by swapping some losing funds into other assets to “harvest” the tax losses to offset future gains we are sure will arrive. Finally, we are looking at ways to add stock investments at these lower prices where it makes sense.

# On a personal note

**Bernie** Bernie's youngest daughter Jenny has adopted two rescue cats, Kikki and Ponyo. They are sleeping comfortably on her lap while she works from home. Jody's medical center has had just one patient who has tested positive for Covid-19, out of approximately 45 tested. Jody's son Tyler has passed all of his field exams and is now a full-fledged 911 EMT. He is now training to become a paramedic. Bernie and Jody have been using the quarantine time at home to spiff up the house, including a complete cleaning of the garage! Our cars are very spoiled!



**Damien** Damien and his family have been doing their best to maintain a positive attitude while sheltering in place. It has certainly been tough for Natalie to have her sophomore year in college interrupted and her study abroad plans for this summer canceled. She is here at home doing all of her classes online. For Nick it has been a bummer way to finish his senior year in high school but he is staying busy working out, doing online assignments and playing Xbox! On the plus side the family has been enjoying the extra time together that they would not otherwise have by doing puzzles, watching movies, and playing some spirited games of Yahtzee. Family dinners have become the highlight of the day with Lynn perfecting her culinary skills and Damien working the BBQ.

**Debbie** Debbie and Dave are grateful that they were able to enjoy time skiing Whistler before it was unsafe to do so. That is such a beautiful area. They look forward to going back in the summertime to explore more. Back at home, her local running group and all upcoming events have been cancelled. So now she runs solo on the trails enjoying the beautiful flowers, green grasses and blooming trees. It is time like these that she remembers that the MOST important aspects of her life are always available – God's love, family, friendships, love of clients and the beauty of nature.

**Zack** Zack has been excited about the Winter months coming to an end. During quarantine Zack has stayed busy at home. He has made it a point to take his dog Walter on more walks and Walter is loving it! Zack has also started teaching another session of Financial Peace University. He has a large class this session and looks forward to helping

*We appreciate your continued trust and confidence.  
Do you have any questions or concerns? Please feel free to contact us any time.*

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S&P 500 - A capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

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<sup>1</sup> The source for market statistics cited in this newsletter is the Cetera Investment Management Quarterly Vantage Point Q4 2019 Recap Commentary.

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