



We would like to take the time to thank you for your continued belief in our dedicated staff, innovative technologies, and Private Capital Group philosophy during this uncertain time. We believe that keeping our clients up to date on important information is a vital part of how we are going to get through this pandemic without panic and over-reacting.

We all have many questions regarding the COVID-19 virus: How did this virus start, where did it come from, how deadly and contagious is the virus, when will we cure COVID-19, and will the markets ever recover? Although there are still many unknowns, we are beginning to learn answers to these questions every day. In all likelihood, there will be more infections, closures, lockdowns, cancellations, negatively-impacted businesses, and a strong likelihood of a recession in the coming months. That being said, we would like to state some positives in the news recently. Some of this news includes massive government monetary and fiscal stimulus, virus containment in China, and the fact that we may be on our way to developing treatments or finding a cure. New cases in China and South Korea are falling and cases in Singapore appear to be more stable.

There is no question that the markets have become extremely volatile during the COVID-19 outbreak. Equities have dropped significantly from their all-time highs less than a month ago. Although the short-term outlook appears as if there is no end in sight, we must remember a few things. When recoveries do happen, history shows that they could easily be more “V” shaped (or at least “U” shaped). Some factors that can support such recoveries are monetary stimulus (e.g. interest rate cuts, quantitative easing), fiscal stimulus, the consumer benefitting from lower interest rates and low oil prices, and businesses looking to gain ground in respect to overtime payments for employees.

Shifting focus to the bond market, with U.S. Treasury yields grinding lower, municipal-to-Treasury yield ratios have suddenly risen to historic levels. Although some liquidity is still available, the yield is significantly higher. The high-yield municipal bond market is currently seeing extreme volatility. Before the recent COVID-19 crisis, municipal credit health was the strongest it had been in over a decade. Short-term, municipal markets are in the midst of a technical mismatch. Unfortunately, much of the bond market is also under pressure, just not nearly to the extent of the stock market decline.

Stock market dips (even as severe as this one) are a part of investing. Hope will most certainly return and those who stay the course and trust in the long-term investing approach should reap the rewards. Private Capital Group will continue to keep our staff, families, and our community safe during this pandemic. We will continue to provide our clients with excellent service and dedication, up-to-date information, and guidance.

We have included a hypothetical conversation article with legendary Vanguard Founder Jack Bogle, titled, “What Would Jack Bogle Do?”. We believe this article may shed some light on the global current financial situation. Please read this article.

Please do not hesitate to reach out to anyone at Private Capital Group, as we will be more than happy to guide you through this volatile time.

Feel free to reply to this email and we will schedule a time to talk.

Be safe and healthy!

What would Jack Bogle do? →

By Allan S. Roth 4 min read

An imagined conversation with the legendary Vanguard founder about the coronavirus market crash.

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