



3/29/2020

I know that we are in dark and uncertain times. I cannot thank you all enough for your calls, support, friendship and business. It is particularly humbling when you call and ask how we are when we work for you! We continue to pray for your health, family, mental, physical and financial well-being. Know that we are closely monitoring your investments and remain here to assist during this pandemic, market decline, economic downturn, and physical distancing.

Julie, Tom and I work remotely and are able to handle anything you need. Your custodian firms are financially stable and remarkably efficient. I cannot express my appreciation enough for our technology consultant, Bill Hubbard at William Hubbard Consulting, LLC. After 9/11, he implemented a disaster recovery plan which allowed us to work remotely. I very much appreciate all the support and resources that The Investment Center (TIC), Pershing, Schwab and American Funds have given to allow us to do our jobs for you with no interruption of service.

We have unfortunately seen the importance of having an emergency fund. It gives you peace of mind and ability to think clearly. If you did not have an adequate one yet, please call us and we can discuss how to get you started with an emergency fund. We have reached out to many of you and many have called and/or emailed us. Please continue to do so if you think we can be of help or just want to say hello and let us know how you are doing.

There are loans being offered through the Federal Government/Small Business Administration <https://www.sba.gov/>. Your state may have business loans and now have federally enhanced unemployment insurance as well with the passage of the federal stimulus bill.

You can access some information thorough this article in Inc:

<https://www.inc.com/brit-morse/sba-loans-coronavirus-stimulus-package-cares-act.html>

Don't wait as there may be delays with applying. You may apply on-line or on the phone if you qualify. I encourage you to also talk to your tax advisor as the IRS has changed the rules for 2019 taxes and IRA contributions. I can't give you too many details here but just make you aware of the changes. Consult with your tax advisor or go to the SBA or IRS websites and call us.

So, the stock market:

Clearly, Covid-19 and global shut down created a selling situation, given the P/E ratio was on the high end of its trading range of a 10-20 P/E. My OPINION is that computerized trading and indexing has heightened the volatility (both up and down).

The worry from Covid-19, economic downturn and deleveraging of leveraged investing seems to be driving the market down. On the other hand, the economic stimulus package approval by congress, actions by the Federal Reserve to ensure market liquidity, and investors buying when the market's down have led to rally the market somewhat.

One of my former NYU students, Ross emailed me today. He is now a Financial Advisor and thanked me for the hundreds of times I mentioned the importance of an adequate emergency fund in class. I have taught hundreds of classes and thousands of students at NYU over 29 years and consistently preach having an adequate emergency fund is the best investment.

These are Ross's words and I am grateful for them:

"Anyway, I was thinking of you as I've been screaming from the proverbial rooftops to my friends and family about the value of an emergency fund. It's never been more valuable than right now - not just in terms of the liquidity itself but also emotionally. If you know you are covered financially for the foreseeable future, it takes such a weight off one's shoulders particularly in times of crisis. I know it has done that for my family and me."

All investing should be done in the context of your own specific investment goals and objectives. The timing and your ability and willingness to take risk must be considered before you invest. Clearly, if you have lost, or may lose your job, do not have an adequate emergency fund, have health issues or a death in your family due to Covid-19, liquidity may override any other long-term goals.

However, what if you have an adequate emergency fund, stable job, good health, and resources set aside for long term financial goals? In trying to figure out what to do, I was reminded by my wife Christa of some words from the movie, "It's a Wonderful Life". Jimmy Stewart's character George Bailey says this about Potter during the great depression and run on the banks, "don't you see what's happening? Potter isn't selling, Potter's buying! And why? Because we're all panicky and he's not. Now, we can get through this thing alright. We've got to stick together though. We've got to have faith in each other". Now I'm not saying we should be like the mean-spirited Potter. Rather, we should be like George Bailey by helping each other out, sticking it out for the long term and buying like Potter when appropriate. For most of us (not all of us) our long-term goals have not changed.

Today may be like 2008/2009, when Warren Buffet spoke mostly two words in most of his interviews, "BUY AMERICAN". There may be deals in other countries as well, and all investing should be done in context of your own financial goals, objectives, risk tolerance, and situation. However, it may make sense to consider investing now. Past performance is no guarantee of future returns. This economic downturn may take longer to come back than some are predicting. If you can't sleep at night and are ill due to economic stress of the downturn, then you probably should talk to your financial professional and maybe change your asset allocation; particularly if your risk tolerance has changed. If you make no changes, but own actively managed mutual funds, please know that the managers are constantly changing the underlying portfolios based on strengths and weaknesses of individual securities. Therefore, you may be taking advantage of the lower stock prices even if you do nothing but continue to hold your funds. I have been on numerous conference calls and am heartened by the calm, determination, and long-term optimism of the people we have entrusted with our financial lives. In addition, I feel secure knowing that many of the mutual fund managers are holding cash positions and moving opportunistically within the funds. Our portfolios have gone down quickly (unless you only invested in cash and bonds), but I believe the resilience of the markets and our economy will begin to reassert themselves just as they did in 1933, 1982, 1987, 1991, 1998, 2001, 2003, 2009, and 2019.

What if we have long term financial goals, diversified investments, an emergency fund, and cash to invest when prices are less like now? What I am saying, is if you and your tax professional agree it is appropriate, then it might be a good time to increase your 401k or IRA contributions, put more into your brokerage or 529 plans, etc....only if you can weather the current financial and stock market downturn. Please call us for specific advice and do not throw caution to the wind but have faith in our country, our medical institutions, our congressional leaders and the Federal Reserve, our brave medical front line providers, our remarkable companies, our incredibly dynamic financial system, and lastly ourselves. We will all get through this.

Once the full power of our production capabilities is realized, I believe we will be providing for our citizens needs and very soon afterwards for the rest of the world with fully functioning devices, masks, respirators, and treatments.

Lastly, since so many of you have asked how we are doing. We are all healthy and ready to assist you in any way we can. Julie's son is home from college with her and has finished his finals. Christa and I are both teaching from home (I now have a new skill-ZOOM). Nicholas and Brendan are home and safe. We are all spending time together that we rarely have and without being able to go to WAWA I am losing weight! Please care and please keep in touch as we are working for you and anxious to talk to you.

Sincerely Yours,



Stephen P. Wetzel

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Sources: Wall Street Journal, Standard and Poor's Global, Morningstar, Barron's, Financial Times (London), US Department of Commerce Bureau of Economic Analysis, Various Federal Reserve Data sources, Inc. publications, US SBA website.