03/13/2020

To our Valued Clients,

  The volatility over the past few weeks in U.S. markets has been shocking. For the first time, we are seeing a bear market in the age of computerized trading. Nobody could have fully predicted the extent and speed of this selloff, but investors have been looking for the top of the market for quite some time. Coronavirus, a war on oil prices, and politics have created the perfect storm for market volatility. Those who have remained invested the past few years had been rewarded until now. The volatility that we are experiencing in today's markets links to the fundamental theories of behavioral finance. Investors and large institutions (hedge funds) begin to panic and oversell in their portfolios in times of uncertainty. Conversely, they try and predict the bottom of the market and buy. These are the moments in time when it's important to remember that we structure long-term plans and hold diversified portfolios. While we know this steep decline has been a tough reality to face, we are using all resources at our disposal to navigate the downturn. We have been trimming profits as we see fit and hedging toward value for the past several quarters and continue to make all decisions in the absolute best interest of our clients. Mitigating risk across asset classes through prudent diversification and care is what we strive to do. However, we cannot stress enough that these scenarios are when overreactions can lead to further damage than necessary. We believe we will likely see a rebound in markets given historical information on events like this in the past. When exactly? We cannot predict for sure, but sticking to the long-term plan is crucial. Markets will move up and down forever; the power of compounded growth over time in the market is much more powerful than attempting to time the ups and downs. Please do not hesitate to reach out to our team with any questions or concerns through this time. We are here for you, the clients!

Sincerely,
Clapboard Hill Private Wealth Team