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Dear Valued Client,

The global economy continues to react to the threat of the coronavirus. After partially stabilizing last week, the volatility has returned. Bond yields fell as investors rushed for the safety of U.S. Treasuries. In light of these recent movements, we want to share with you our thoughts on this volatility.

The most-important action you can take is to maintain perspective. This isn't easy. During large market movements, the media tends to lead with the most dramatic headlines possible. While it is prudent to stay informed about market movements, investment decisions require discipline and restraint. That is why we believe investment decisions should be made thoughtfully and with the television turned off.

A knowledge of market history is also important. Market declines are painful, yet very common. Over the past decades, a decline of 10% or more from recent highs has occurred about once a year. A bear market, which is a decline of 20% or more, has happened about every six years. They may occur even more frequently, such as less than a year and a half ago when equities approached a bear market decline. What followed was a solid 2019 where the market jumped to the strongest returns in years.

An examination of the best and worst market days over several decades illustrates how attempting to make allocation changes due to recent market direction can be challenging. One might expect that the largest up and down days would be equally distributed over time, but that has not been the case. These movements are often bunched together in rapid succession indicating that big market moves can be subject to fast and dramatic changes in either direction. Fear can also be a driver of strong shifts in market performance and steep company valuation declines. Having a strong investment process is also vital. Our process is more than picking some investments and waiting to see what happens. Our portfolios are built with you and your goals in mind and are stress tested for volatility in *advance* of volatility – not in reaction to it.

We are certainly not saying that none of this matters. Anything that affects you and your investments matters to us. We take your commitment to us seriously, and we are here if you have questions or would like to talk.

Sincerely,

Your Keyes & Associates Team,



Chris Keyes, CFP®



Scott Keyes, CRPC®



Bobby Weaver, MBA, CFP®

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