**Value-Ability Podcast**

***Market Volatility Sample Email***

Dear [CLIENT NAME],

Given the recent volatility of the stock market due to the uncertainty caused by the Coronavirus, we want to update you on our thoughts during this unpredictable time. In times of uncertainty, it is vital to dig for facts; when things are fast-paced or highly politicized, there can be a lot of misinformation circulating.

**Market Perspective**

In 2019, the stock market was up almost 22% (measured by the Dow Jones Industrial Average (DJIA)), well above the average annual return of roughly 8% for the last 100 years. On February 19, 2020, the DJIA reached a record high of 29,568, up about 3% for the year. As of last Friday, February 27, the DJIA was 24,749, down close to -11% for 2020 after a record-breaking -14 to -15% correction in just seven trading days.

Stock market corrections (defined as a drop of 10% or more) occur reasonably frequently. Depending upon how you measure it, there have been 37 market corrections (-10% or higher) since 1950, with an average drop of 13-14%. Only four of those corrections turned into bear markets (typically defined as a downturn of more than 20%). Remember, we weathered the last market correction just over a year ago. In the fourth quarter of 2018, we experienced a vicious drop of over 20% between September 30, 2018, to December 31, 2018. Just as the 2018 downturn was very unsettling, this most recent sell-off is unnerving but not out of the ordinary.

Uncertainty often leads to market corrections. The ambiguity and unknown impact caused by the Coronavirus (COVID-19) and the potential for slowing global economic activity and lower corporate earnings have led to a significant re-pricing (drop) across markets It seems to us the market has most likely already priced in one of the more negative scenarios in a very rapid time frame. This correction was further compounded by recent computer trading, which, in our view, is causing more volatile and fast market moves.

The length of the economic slowdown will depend mainly on how the unpredictable infection rates unfold, and the ability of the economy to bounce back once we understand more about the virus. It is now widely anticipated the Federal Reserve has cut interest rates to help businesses manage their costs during a period of production slowdown, supply chain disruptions, and low earnings. The market is also expecting global interest rates to be cut. Finally, we may see some form of fiscal stimulus (tax cuts/tariff reductions/spending programs), all of which will hopefully be enough to cushion the blow on the economy and, therefore, calm markets. Collectively, we think there is still a lot to unfold on the virus’ true impact.

**Strategy**

During uncertain times like this, it is important not to panic nor make emotional decisions regarding your investments. Having a sound investment strategy based on your personal goals and asset allocation that matches your risk tolerance is critical. And, investing in high-quality companies should help us weather the storm in this challenging environment, just like the last shock in the 4th quarter of 2018. In other words, take the long-term view.

I will continue to review your situation throughout the coming months and make changes as needed. If you have questions or would like to speak to me, please don’t hesitate to call.

Best Wishes,

[YOUR NAME]

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