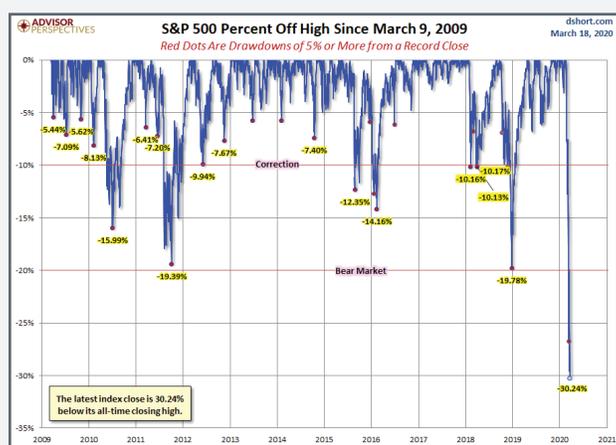


Coronavirus (COVID-19) and Your Business

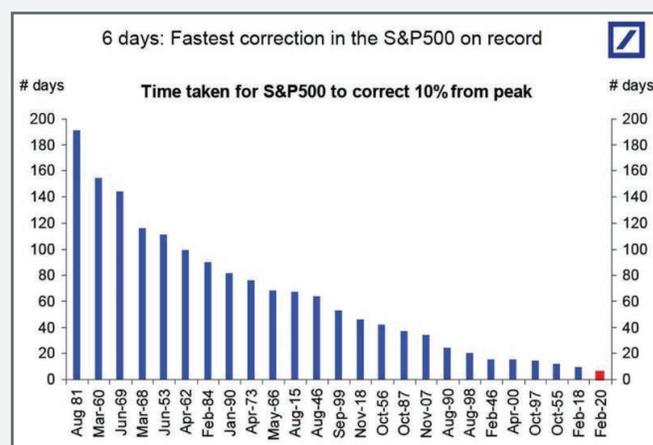
Group Retirement Programs: A Market Update

The past few weeks have certainly been one of the most dramatic and challenging times in recent history. The world is quickly coming to understand that the Coronavirus (COVID-19) is a serious health concern and it has, and will continue to affect the financial markets for the foreseeable future. How long these affects will continue is, of course, unknown.

As of March 18th, the S&P 500 had declined over 30% entering bear market territory. Have we seen market volatility and pullbacks like this in the past? ABSOLUTELY, but that doesn't make this more comfortable.



Source Chart: <https://www.advisorperspectives.com/dshort/updates/2017/07/18/s-p-500-snapshot-another-record-high>



Source: Bloomberg Finance LP, DB Global Research
Chart: <https://www.bloomberg.com/news/articles/2020-02-27/we-just-witnessed-the-fastest-stock-market-correction-on-record>

The markets have moved quickly sending the S&P 500 downward in the shortest period of time in history.

The S&P 500 had hit a record high as recently as February 19th, 2020 based on positive forward views of a recovering economy, and major headwinds resolved in 2019 such as trade with China, the trade deal with Canada and the US, and Brexit in the UK. The markets are now in a major reset of anticipated future earnings because of expected downturns in the major economies around the world.

The following chart is a very strong compliment to the first one above. There have been dozens of reasons to “panic” and sell your equities over the past decade—which clearly would not have been the right decision for a longer term investor.

Reasons to Sell



Source: StockCharts.cim S&P 500 Total Return
Chart: <https://thereformedbroker.com/wp-content/uploads/2020/02/image.png>

SO WHAT SHOULD YOU DO IN THE MIDST OF THIS OBVIOUS BEAR MARKET IN EQUITIES?

The major economic powers are providing stimulus to their economies by following practical measures:

- The Bank of Canada reduced its lending rate and announced an immediate plan for financial support due to COVID-19; expect further fiscal stimulus
- The US Federal Reserve lowered its lending rate to near zero
- The Bank of England also lowered its lending rate

In addition to monetary and fiscal stimulus, there is a coordinated global effort to provide liquidity to the international banking system.

On a short term basis, we should expect more market volatility and look for stability in the health crisis first—the financial markets will follow.

As the chart notes below, there is the potential for significant market gains following periods of previous epidemics.

Previous epidemics say not to bail on stocks



Source: Bloomberg, Feb 25 2020

* Performance from beginning of month of epidemic outbreak: 2019-nCov Dec. 31, 2019 to Feb. 25, 2020

1 Stay focused on the long term.

The current market cycle had expanded over 378% from the lows of 2008. The markets do go up and down and react to current market conditions—particularly geo-political events—as the normal part of a market cycle. If you are saving for longer term financial goals with a well balanced and diversified portfolio, financial market history has proven, time and time again, that you are better off being patient and letting the market run its course. If you have a short term need, then defer that decision until a later date.

2 Be diversified!

A basic, prudent investment theme is to ensure that you have a balanced and well diversified portfolio; equity declines can be offset by the inclusion of less risk from fixed income investments.

3 Stay Calm.

When markets are falling, do not sell out of fear. By selling after a major market decline, you are executing changes that provide realized losses. Many investors with cash are waiting and willing to buy those sell-offs at deeply discounted prices.

4 Revisit your investment risk tolerance.

The current market conditions are a test of your comfort with risk. If you are uncomfortable, worried, or more so panicked with how your investment portfolio is performing during this pullback, then it may truly be time to re-evaluate your risk threshold and adjust your portfolio accordingly.

Throughout this period of rapid change, should you need any additional support, please feel free to reach out to your Jones DesLauriers Advisor or Consultant. We are here to help.

LET US HELP YOU MANAGE YOUR RISK

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