

## **We are all in this together**

I hope you are remaining safe and healthy as we work together to get through this coronavirus crisis. The last month has been a whirlwind, tracking developments with the coronavirus pandemic, and the effect it has had on the economy and financial markets. The news changes by the hour on all fronts. I'd like to share my thoughts on how I think we can get through this crisis together.

First and foremost, we need to contain the spread of the virus to save lives. Most of us are following the advice of our public officials to social distance and work from home. This appears to be starting to pay off. I've been tracking the growth rate of new cases in the US and Italy over the last several weeks and have been encouraged to see a decline in this rate. We have a long way to go, and we have not yet hit our projected peak of new cases, but I think it is helpful to understand what the trend is, to determine where we are headed.

Also encouraging is the number of new developments for potential treatments of the virus. Such as:

- Johnson & Johnson is fast tracking a vaccine and could begin human testing by September.
- Abbott Labs has received emergency use authorization from the FDA for a coronavirus test that will provide results in as little as five to 13 minutes. They expect to produce about 5 million tests in April.
- Eli Lilly teamed up with AbCellera Biologists to develop a medicine for COVID-19 and hope to be in clinical trials in the coming months.

Great US companies are working together with other companies across the planet to find a solution for the pandemic. I am encouraged by the ingenuity and collaborative efforts of these companies and hopeful that we will see results in the near future.

We are just starting to see the economic impact the virus is causing. Let's face it, we are shutting down a large portion of our economy to stop the contagion. When you put the brakes on the largest economy in the world, you cannot avoid the destruction of many jobs and financial activity. The US government and the Federal Reserve are pulling out all the stops to keep the economy on life support for the next several months. These actions are unprecedented in the size and in the speed in which they have been implemented. These programs will significantly reduce the immediate economic damage due to the virus.

There will be much more news in the days ahead about restarting our economy and getting back to normal. Our federal and state governments, the healthcare industry, and business leaders will work together to develop a plan to get our economy back up to speed. Scott Gotlieb, the former Food and Drug Administrator, has created a road map to reopening the economy. If you would like to read it, you can click [here](#).

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The financial markets have been negatively impacted by the uncertainty the virus is causing and the decline in economic activity. The declines in the financial markets have been historic to say the least. We have seen some recovery in the markets since the lows on March 23rd, but the market measured by the S&P 500 is down by 20% year to date. Most diversified portfolios are down substantially less, but it is still very tough to see those percentages transposed to actual dollar amounts when you receive your upcoming statements.

History has shown us that when uncertainty is peaking (like now), markets will be very volatile. We have definitely experienced this over the last several weeks with the markets fluctuating more than 5% per day. Sticking with your investment plan during these volatile times may be the best medicine and have the best impact on long-term results. If you miss just a couple of days of a market rebound it can substantially hurt your long-term results. Consider this, BTN Research has studied the past 11 bear markets. They found the S&P 500 rebounded an average of 39.2% in the 12-month period after hitting the bottom<sup>1</sup>. Investing is not easy and we are definitely experiencing heightened challenges to be successful.

In difficult times, America's greatest strength has been its citizens and businesses, pulling together, working shoulder-to-shoulder. The last several weeks have shown how our ingenuity, resiliency, and tenacity will help us overcome this crisis, from six feet apart if necessary.

Please keep me posted of any changes in your situation that may impact your plan so we can work together to keep you on track. All the best to you and your families.

Sincerely,



Mike Ovshak, CFP®  
President/Owner

<sup>1</sup> Source: BTN Research, *By the Numbers*, Jackson National Life, March 30, 2020

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