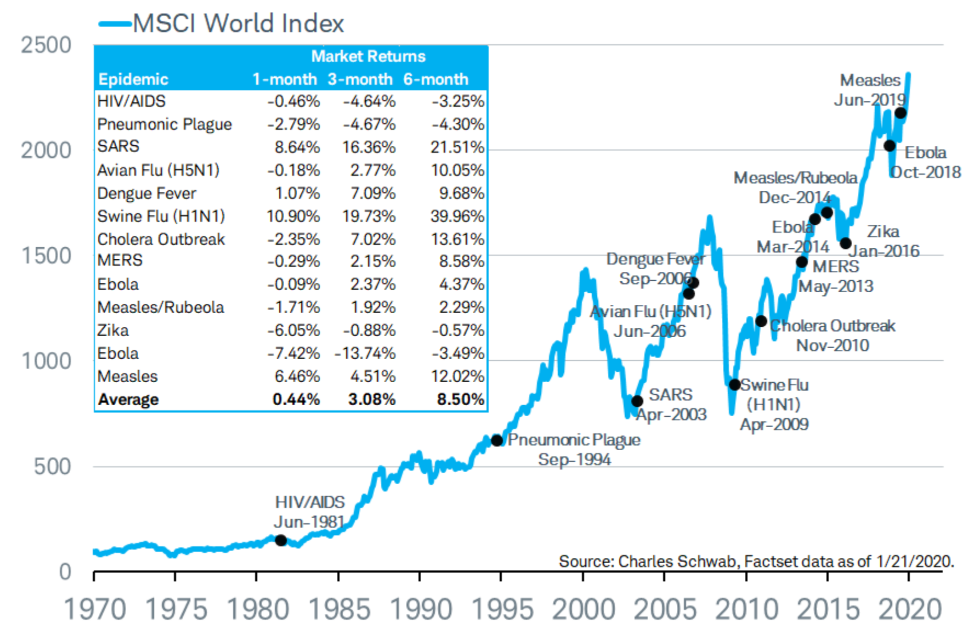
January 28, 2020

Since the outbreak of the coronavirus in Wuhan, China, over 4,500 people have fallen ill and at least 100 lives have been lost. The virus has been detected in over a dozen countries, including the United States. The outbreak comes during a particularly bad time for China, the Lunar New Year, a holiday when travel typically increases. To limit the spread of the virus, Chinese authorities have restricted travel in certain regions and cancelled several Lunar New Year events. With investors struggling to determine the impact that the coronavirus might have on the global economy, stock prices across the world (especially those in emerging markets) have fallen since the outbreak began.

As the chart below indicates, the coronavirus is just the most recent of several global health epidemics that have occurred over the last two decades. Historically, these events put short-term downward pressure on stocks. However, the longer-term impacts of past epidemics have been benign. In fact, market returns over the six-month periods following the outbreak of similar epidemics are attractive.

Although we cannot say what the ultimate impact of the coronavirus on equity markets will be, history provides evidence that selling equities in response to epidemics is not beneficial. Although such events attract significant media coverage, the long-term impact on the global economy, and ultimately stocks and bonds, tends to be insignificant.

Immune: world epidemics and global stock market performance



Epidemic	Market Returns 1-month	3-month	6-month
HIV/AIDS	-0.46%	-4.64%	-3.25%
Pneumonic Plague	-2.79%	-4.67%	-4.30%
SARS	8.64%	16.36%	21.51%
Avian Flu (H5N1)	-0.18%	2.77%	10.05%
Dengue Fever	1.07%	7.09%	9.68%
Swine Flu (H1N1)	10.90%	19.73%	39.96%
Cholera Outbreak	-2.35%	7.02%	13.61%
MERS	-0.29%	2.15%	8.58%
Ebola	-0.09%	2.37%	4.37%
Measles/Rubeola	-1.71%	1.92%	2.29%
Zika	-6.05%	-0.88%	-0.57%
Ebola	-7.42%	-13.74%	-3.49%
Measles	6.46%	4.51%	12.02%
Average	**0.44%**	**3.08%**	**8.50%**

The MSCI World Index captures large and mid cap representation across 23 Developed Markets countries. With 1,646 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. **Past performance is no guarantee of future results.**

Regards,

Aldrich Wealth Investment Committee