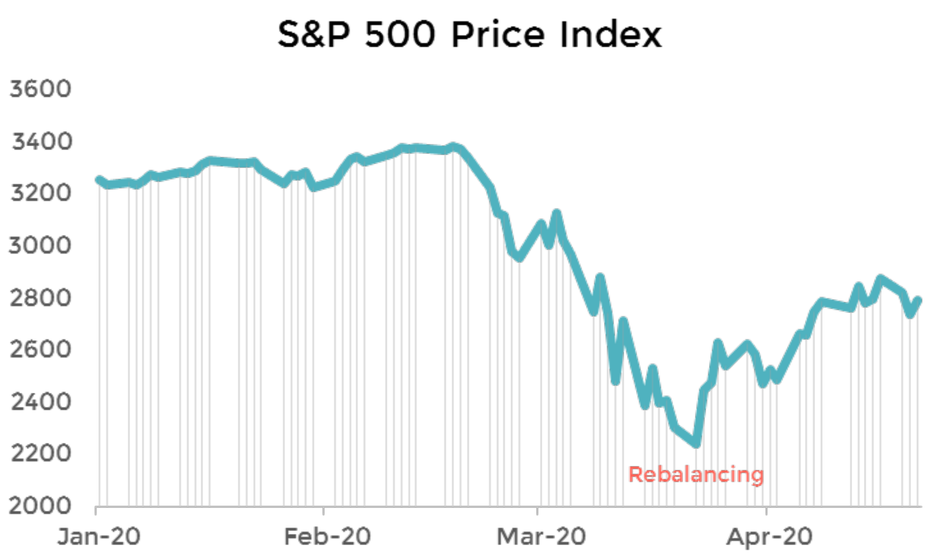
April 22, 2020

As we noted in our last correspondence, we rebalanced portfolios in the latter part of March after stocks fell into bear market territory. The chart below highlights how quickly stock prices dropped – causing the S&P 500 Index to record its fastest bear market (20% decline) ever. Historically, rebalancing after large market moves is beneficial. Consequently, we trimmed bonds and purchased stocks, specifically increasing exposure to large cap U.S. growth stocks and equities in Asia. Since the rebalance, stocks have partially recovered and haven't retested the March bottom. In some cases portfolios are approaching levels where we will begin trimming stocks and purchasing bonds.



Cleary the COVID-19 related risks to the economy and financial markets persist. Despite a rebound in stocks since the March 23rd low, volatility remains elevated. As we rebalance and reposition portfolios we are currently emphasizing areas of the equity market that appear best positioned to withstand a prolonged economic slowdown. Although we are not predicting a prolonged downturn or that stocks will retest last month's lows, we are cognizant that downside risks are elevated. There are specific areas of both the bond and stock market that should hold up better in the event of another downturn. We understand that importance of protecting capital and we are continuously monitoring the economy and financial markets. As our outlook evolves we will adjust portfolios when we believe the moves will improve the likelihood of a positive longer-term investment outcome.

Please don't hesitate to contact us if you have any questions.

Aldrich Wealth Investment Committee