



NEWSLETTER 1st Quarter 2020



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Dear Friends,

Well...I am sure we all feel somewhat helpless as this awful Coronavirus sweeps through our nation. It is always a challenge to put the right perspective in our minds at times like this. Fear is something which can cripple us in just about all forms; physically, mentally, emotionally and yes sometimes even spiritually. If you know anything about depression, it is something which at times feels like climbing a high wall... which you just cannot get to the top of. Again, such an awful feeling! I want you to all know how empathetic I am to each of your feelings, fears, and concerns. It is my hope as I sit down to write to all of you on this first day of April 2020, I can help to address your concerns, at least about your money. I am confident many of the world's leading virologists and epidemiologists will eventually succeed in solutions to combat this virus. No one really knows how long or how many lives will be lost before it is brought under control. However, I am confident

this will be solved by some very bright and committed people.

Let's take a closer look at the historical nature of markets during times like this and the aftermath. Now granted this virus which pushed the market from an all-time high to a bear market (a drop of 20 % or more) in just 16 days is unusual. The nationwide interruption of economic life is unusual. We have had some major interruptions to our economy, however to shut it down is certainly not in our past history. I will admit in a narrow sense, this time is different.

The current pandemic situation then may cause us to second guess everything and make us believe since we have not seen this before we can conclude there is no relevance of all past patterns of economic and market behavior. If we believe this, we are only left with questions such as: 1. when will we get this under control and how many lives will be lost? 2. Let's face it, this is going to be an economic recession. How severe will it be and how long will it last? 3. Will the stock market continue to go down? Where is the bottom?

It is at times like this, where we are most vulnerable. Your emotions may be screaming... get me out of here! Or why in the world am I invested in stocks? It feels like a good time to just sell everything and go to the safety of cash. You wouldn't be human if a sliver of these thoughts did not go through your mind. But feeling fear and acting on fear are two very different things. Let's take a look at some more recent history here.

- 2008-2009: The Great Financial Crisis. This was an event which was different from all past crisis experienced up to that time. The response was an equity market decline of 57% between October 2007 and March 2009.
- September 11, 2001: The terrorist atrocities were completely different than anything we have ever encountered before. The equity market reacted very negatively and probably was at a level like the onset of World War II. If you remember, the stock market closed for several days.
- October 19, 1987: The one day drop in the stock market in percentage terms was a record. No one had experienced such a violent one day drop like this and as such did not really understand what was going on. Some people at this time thought it was foretelling of a great depression such as in October of 1929.

I could go on with other market drops, however the point is that stock markets don't drop 30% on just a whim. It takes some serious event to cause so much fear to scare people into selling. What is notable, is that each of the past crisis appeared to be totally unprecedented...just as this one does.

All of the past crisis ended up resolved one way or another, whereupon economic activity began to grow again and allowed values and dividends of mainstream companies to resume their long-term upward trends. I can tell you that even at today's lower stock prices, we are a lot higher than the market troughs of these past crisis. For Instance as I write this as of April 1st, 2020, the S&P 500 is at 2,482. Let's take a look at the crisis bear markets I just referred to:

	<u>S&P 500 Market Trough (1)</u>
• 2008-2009: The Great Financial Crisis	676.5
• 2000-2002: The Bubble	776.7
• 1987	223.9

(Continued on Page 8)



The Numbers

For a full analysis of the Quarter, please go to our web site at www.markahofinancialgroup.com. Then click on Resources> Education> Investment Strategy Quarterly. Below is a brief snapshot from the report:

Capital Markets Snapshot

Index	4/1/2020	2019	Last 10 years
Dow Jones Industrial Average	-23.20%	22.34%	7.28%
S&P 500 Index	-20.00%	28.88%	8.25%
NASDAQ Composite Index	-14.18%	36.39%	12.97%
Russell 1000G Large Cap Growth	-14.10%	23.30%	14.94%
Russell 1000V Large Cap Value	-26.73%	26.54%	7.67%
Russell 2000G Small Cap Growth	-25.76%	28.48%	8.89%
Russell 2000V Small Cap Value	-35.66%	22.39%	4.79%
MSCI EAFE Developing International	-22.72%	22.66%	3.20%
MSCI EM Emerging Markets	-23.57%	18.90%	1.04%
DJ US Select REIT U.S. Real Estate	-28.52%	23.10%	6.88%
Barclays US Intermediate Govt/Credit	2.46%	6.82%	3.15%
Citigroup World Government Bond Index	2.00%	5.90%	2.19%

Russell 1000 Growth Index – Measures the performance of the 1,000 largest companies in the Russell 3000 Index, with higher price-to-book ratios and higher forecasted growth values. Russell 1000 Value Index – Measures the performance of the 1,000 largest companies in the Russell 3000. Index with lower price-to-book ratios and lower forecasted growth values. Russell 2000 Growth Index – Measures the performance of the 2,000 smallest companies in the Russell 3000. Index with higher price-to-book ratios and higher forecasted growth values. Russell 2000 Value Index – Measures the performance of the 2,000 smallest companies in the Russell 3000. Index with lower price-to-book ratios and lower forecasted growth values. MSCI Emerging Markets Index – A market capitalization weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Dow Jones U.S. Select REIT Index intends to measure the performance of publicly traded REITs and REIT-like securities. Barclays Capital U.S. Intermediate Credit Bond Index measures the performance of investment grade corporate debt and agency bonds that are dollar denominated and have a remaining maturity of greater than one year and less than ten years. The Citigroup WGBI G7 x U.S. (USD) is an unmanaged market value weighted index comprised of debt issued by countries in the group of 7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) excluding the United States. The MSCI EAFE is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 21 developed nations. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. The Dow Jones Industrial Average (DJIA), commonly known as “The Dow”, is an index representing 30 stock of companies maintained and reviewed by the editors of the Wall Street Journal. The NASDAQ composite is an unmanaged index of securities traded on the NASDAQ system. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor’s results will vary. Past performance does not guarantee future results.

DON'T WANT TO DRIVE FOR YOUR APPOINTMENT???

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With an easy to use, screen sharing, web based meeting, you can talk with us and just follow along on your computer without having to leave your home.

We will provide you with easy to follow instructions, and you can enjoy your meeting in the comfort of your home. Consider this option for your next meeting with us!

SHREDDING!

Do you have documents or personal information that should be shredded versus placed in the garbage? Protecting personal information and your identity are very important in today's world. We offer a free shredding bin available for your use. It is locked, and our shredding service comes once a month to shred the contents of the bin on sight. You may stop at our office at any time during business hours to place paperwork in our shredder. We welcome you to take advantage of this free and valuable service.

Nicole's Kitchen – Breakfast Quesadilla

I think the quesadilla is one of the most versatile foods out there. I can take just about any leftover I have, chicken, steak, ham, and turn it into some form of a quesadilla. I also LOVE breakfast, so an opportunity to combine the two can make for a great start to your day. Hope you enjoy this one as much as I do.

Ingredients

- 2 small flour tortillas
- 2 eggs
- 1 tbsp Sprinkle of Fiesta Shredded Cheese Blend or more to your liking
- 1/3 cup chopped spinach
- 1/3 cup chopped mushroom
- 1 tsp vegetable oil

In a mixing bowl, take your two eggs and scramble.

In a small pan, lightly coat with vegetable oil and cook chopped spinach and mushrooms. Allow mushrooms to become slightly tender and spinach slightly wilted. Add eggs into the pan with your veggies and begin to stir until eggs and veggies are mixed.

Once eggs are cooked, set aside. Take one flour tortilla and lay flat onto the frying pan. Apply shredded cheese on top.

Take your scrambled egg and veggie mixture and apply to the tortilla.

Sprinkle another layer of shredded cheese on top.

Apply second tortilla and flip over to allow the second tortilla to brown as well.



A GUIDE TO SELF GROWTH

16 ways to improve your life and calm anxiety.

1. Make your bed
2. Drink water first in the AM
3. Wear feel good outfits more often
4. Spend some time off of your phone in the AM
5. Listen to music more often
6. Smile
7. Message your friends/family
8. Eat feel good food
9. Make lists
10. Move your body
11. Always bring water with you
12. Monitor the time spent on your phone
13. Make plans with your friends
14. Treat yourself
15. Turn off your phone 30 minutes before sleeping
16. Notice what you're grateful for

MAKING THE BEST OF TECHNOLOGY

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To learn more about Mobile Check Deposit, contact us anytime.

Along with all of you, we've practiced some social distancing



over the last few weeks. Some coworkers have "changed" during that time, but we continue to be here for all of you!!

Here is Dex and Jack keeping Amanda company.

Dex got tired....



How can I teach my high school student the importance of financial literacy?

Even though your child is just in high school, he or she may still have to deal with certain financial challenges. Whether this involves saving for an important purchase like a car or learning how to use a credit card responsibly, it's important for your high schooler to have a basic understanding of financial literacy concepts in order to manage his or her finances more effectively.

While financial literacy offerings in schools have increased in popularity, a recent study reported that only 17 states require high school students to take a personal finance course before they graduate. Here are some ways you can teach high school students the importance of financial literacy.

Advocate saving. Encourage your children to set aside a portion of any money they receive from an allowance, gift, or job. Be sure to talk about goals that require a financial commitment, such as a car, college, and travel. As an added incentive, consider matching the funds they save for a worthy purpose.

Show them the numbers. Use an online calculator to demonstrate the concept of long-



term investing and the power of compound interest. Your children may be surprised to see how fast invested funds can accumulate, especially when you match or contribute an additional amount each month.

Let them practice. Let older teens become responsible for paying certain expenses (e.g., clothing and entertainment). The possibility of running out of their own money might make them think more carefully about their spending habits and choices. It may also encourage them to budget their money more effectively.

Cover the basics. By the time your children graduate from high school, they should at least understand the basic concepts of financial literacy. This includes saving, investing, using credit responsibly, debt management, and protection planning with insurance.


-Survey of the States, Council for Economic Education, 2018

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The GoodLife

The little things

In an age of technology and convenience, heartfelt gestures evoke genuine care, wrapping a close friend or loved one in warmth, particularly when they need extra support. Tiny acts of human kindness can lift someone over and through just about anything – enhancing their life as well as yours. So, what gestures make the greatest impact? When in doubt, aim for the practical with a highly personal touch. 

› Where's your leash?

Caring for a pet, especially an energetic one, can challenge anyone who is already overwhelmed. Offer to walk Rover or take over daily feedings. Perhaps offer an overnight. You just might make a new pal, shorten your friend's to-do list and create a sense of calm.

› Spotless & tidy

These two words can be a dream come true for new parents. Whether you do the cleaning yourself or hire a service for a period of time, your friend will cherish the peace of mind.

› With love and honor

After a loss, simply spend time with those grieving without judgment or shallow platitudes. Want to do more? Consider commemorating their loved one through quiet and inspirational actions in their honor, like sharing stories about them or supporting an organization that is near and dear to the family.

› Thinking of you

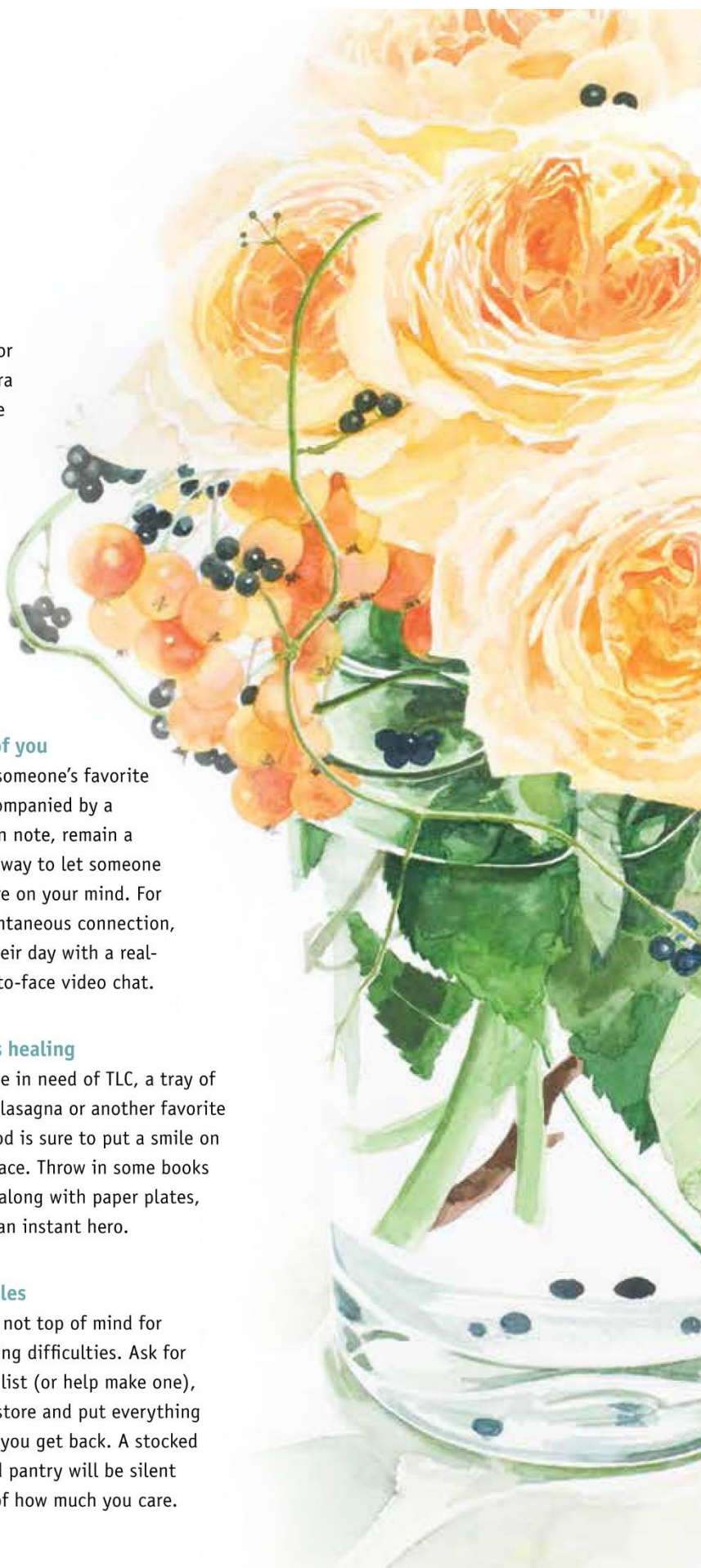
Flowers in someone's favorite colors, accompanied by a handwritten note, remain a thoughtful way to let someone know they're on your mind. For a more spontaneous connection, brighten their day with a real-time, face-to-face video chat.

› Now that's healing

For someone in need of TLC, a tray of homemade lasagna or another favorite comfort food is sure to put a smile on his or her face. Throw in some books or movies, along with paper plates, and you're an instant hero.

› Hit the aisles

Groceries – not top of mind for anyone facing difficulties. Ask for a shopping list (or help make one), run to the store and put everything away when you get back. A stocked kitchen and pantry will be silent reminders of how much you care.



(Continued from Page 2) As you can see the growth after these past crisis have been substantial. If you also look at the growth of the dividends companies paid, you would most likely see similar growth.

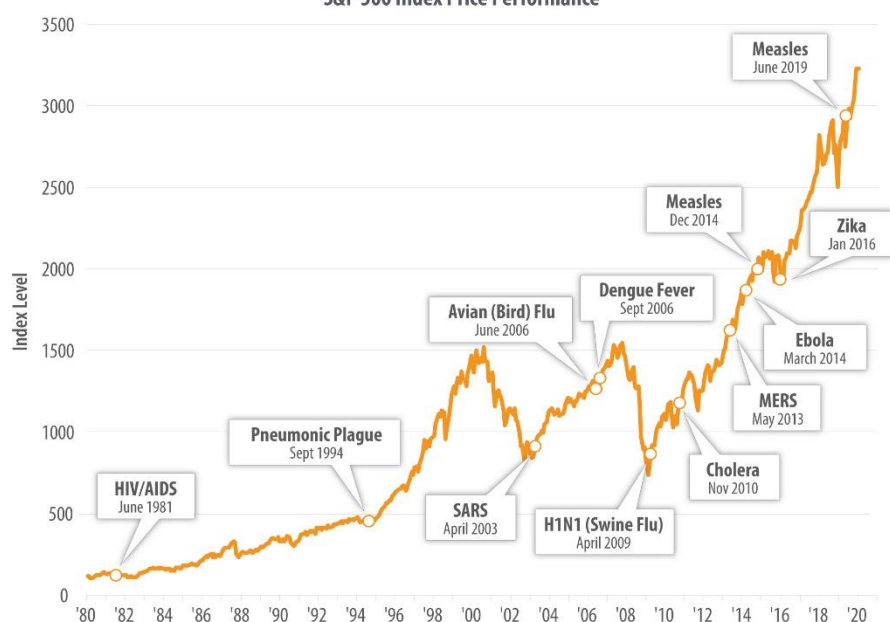
Epidemics and Stock Market Performance

Since 1980

 First Trust

There are many factors that can impact stock market returns, but one concern of investors today is how the stock market will be impacted by a major epidemic or outbreak. Below we look at the historical performance of the S&P 500 Index during several epidemics over the past 40 years. We believe looking at the market's overall resiliency through several major epidemics can give us perspective on the benefits of investing for the long-term.

S&P 500 Index Price Performance



Epidemic	Date	S&P 500 6-Month % Change	S&P 500 12-Month % Change
HIV/AIDS	June 1981	-6.6%	-16.5%
Pneumonic Plague	Sept 1994	8.2%	26.3%
SARS	April 2003	14.6%	20.8%
Avian (Bird) Flu	June 2006	11.7%	18.4%
Dengue Fever	Sept 2006	6.4%	14.3%
H1N1 (Swine Flu)	April 2009	18.7%	36.0%
Cholera	Nov 2010	13.9%	5.6%
MERS	May 2013	10.7%	18.0%
Ebola	March 2014	5.3%	10.4%
Measles	Dec 2014	0.2%	-0.7%
Zika	Jan 2016	12.0%	17.5%
Measles	June 2019	9.8%	N/A*
Average Price Return		8.8%	13.6%

Observations

- 6-month change of the S&P 500 Index following the start of the epidemic was positive in 11 of the 12 cases, with an average price return of 8.8%.
- 12-month change of the S&P 500 Index following the start of the epidemic was positive in 9 of the 11 cases*, with an average price return of 13.6%.

Source: Bloomberg, as of 2/24/20. Month end numbers were used for the 6- and 12-month % change. *12-month data is not available for the June 2019 measles. **Past performance is no guarantee of future results.**

The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index. Index returns do not reflect any fees, expenses, or sales charges. Returns are based on price only and do not include dividends. This chart is for illustrative purposes only and not indicative of any actual investment. These returns were the result of certain market factors and events which may not be repeated in the future.

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There is no question in my mind historically...the patient and disciplined long-term investor has generally been rewarded for continuing to follow the crafted long-term/goal seeking portfolio which has been built for them. Whereas those who have abandoned ship and fled their portfolios have likely come to the conclusion of regretting such unfortunate short-term reactions. Of course there are no guarantees looking forward, however I find it compelling to believe in past history here. In a strange sense, I believe part of my mission here on earth is to not necessarily maximize your returns, but to help minimize your long-term regrets.

Stay invested

The chart below shows how a hypothetical \$100,000 investment in stocks would have been affected by missing the market's top-performing days over the 20-year period from January 1, 2000 to December 31, 2019. An individual who remained invested for the entire period would have accumulated \$324,019, while an investor who missed ten of the top-performing days during that period would have accumulated \$161,706.



Sources: BlackRock; Bloomberg, Morningstar as of 2/28/20. U.S. stocks are represented by the S&P 500 Index, an unmanaged index that is generally considered representative of the U.S. stock market. Index performance is for illustrative purposes only. It is not possible to invest directly in an index. ¹Only period without a corresponding best day within one month was September 17, 2001. Past performance does not guarantee or indicate future results.

I know how hard times like this are. If you need any help with some perspective please give us a call. We have tried to reach out to all of you and I want you to know how appreciative I am of the understanding and kindness you have shown to each of us. We are honored to be a part of your life and I believe with all my heart we will get through this and for that matter we will all bounce back better than we were before.

God Bless you always,
Mark

- (1) Simple Wealth Inevitable Wealth, Nick Murray, 2019
- (2) All other numerical references from FactSet



Your Vision, Our Mission

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