

# Be Wise, Be Patient, & Be Safe

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In a matter of days, Coronavirus has grown from a modest concern to one that has impacted the day to day routine of almost every American. Schools are shutting, events canceled, weddings postponed, countries are closing their borders and the stock market, our economic barometer, has been under significant pressure. With the S&P officially entering Bear territory ending an 11 year expansion, the feeling is one of fear and pessimism. Our government is walking the fine line of trying to do what's right by curtailing social interaction without creating panic. It is in times like these that it is more important than ever to maintain perspective. This pandemic will significantly impact the global economy but it is also important to remember that this event will have a beginning and an end. The stock market is pricing in a recession, but markets often overreact in both directions as investors let emotions drive behavior. At this juncture no one knows how long this pandemic is going to impact day to day behavior, but pessimists are likely overestimating and the optimists are likely underestimating, and the truth lies somewhere in the middle.

## What You Should Expect:

- COVID-19 reported cases are going to increase as testing increases. Expect the number of cases to continue to grow dramatically and for the news surrounding the spread of the virus to get worse over the next month.
- The Government and the private sector are taking proactive measures to slow the spread. This is a good thing. Preventive measures implemented at an early stage will lessen the impact but from a human and an economic perspective.
- This voluntary "lockdown" will have a significant economic impact. The stock market is a leading economic indicator and the negative news on the economy will continue to come out over the coming quarters. Expect it, don't be surprised by it. Economic reporting, unlike the stock market is backward looking and the economy will have already been on the road to recovery well before it is reported in the media.

## What Should You Do?

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- Each of our circumstances differ, but more often than not the best course of action is to stay the course and not let your emotions drive unsound long-term decisions.
- Assess liquidity in your portfolio to ride out the difficult times. If it is low and spending needs are high please call me to discuss. There are often ways to liquidate positions that have not been impacted.
- Be disciplined. Rebalancing your portfolio in difficult markets, is just as important as rebalancing in good markets.
- Look for opportunity. During times like these, undisciplined investors often sell first and assess later, presenting opportunities for those who keep a rational outlook and a long-term perspective.
- Continue to live your life. Go for a walk, watch a good movie, cook a fancy meal. Explore those things that you have put aside for when you have more time. You've got the time now!
- Support your local small businesses who often operate on a small profit margin. Order out at local restaurants, continue to maintain your health club membership even if you aren't going to the gym. Avoid asking for rebates for prepaid services. We are all in this together and a bit of support by many people goes a long way.

At the risk of sounding cliché, we must remember that we are investors, not traders. Investing is a marathon, not a sprint. Bear markets are never comfortable but some of the best and the worst decisions can happen during times like these. Be wise, and be patient.

There is also some good to come out of all of this. This societal challenge has drawn the entire world in to a singular focus. Political differences have been set aside, at least temporarily, to deal with this common foe, much like time of war. This brief respite may give our country time to reflect upon what is important, and we may come out of this a better nation, but for the time being we must concentrate on changing our day to day habits and social interaction, a small sacrifice in the grand scheme of things. We have e-mail, Facetime and other technological tools to keep in touch with family and friends. Use it. Stay connected without being physically together. Be smart, be safe and from all of us at Wells Fargo Advisors we wish you all the strength to manage through these difficult and challenging times.

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