

market news

Coronavirus Update

Scott Loyek, CFA®, *Managing Director, Portfolio Manager*

The concern over the Coronavirus has been slowly building over the last week and appears to have hit the market with force over the weekend. While we are neither scientists nor medical experts, we have the benefit of history and context to try and provide some guidance on how to proceed in times of similar stress. In the past, there has been a certain pattern in how virus outbreaks have tracked. Generally, we see initial cases and a gradual spread until the virus hits a critical mass. We then see a rapid increase in the rate in which the disease spreads. As government and health experts react and begin to catch up with the spread, we would expect to see a slowing rate of infection as awareness and prevention efforts take effect.

In an effort to put this outbreak into context, we have included a history of the stock markets reactions to various past viral incidents. Though it is hard to attribute the markets movements to any one factor, we can gain some general perspective.

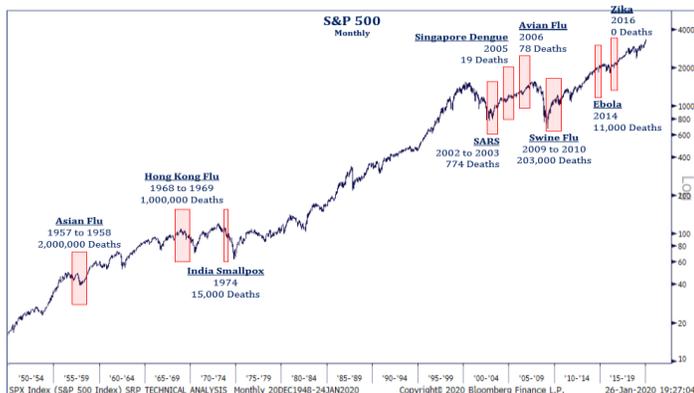
More broadly, we want to touch on the environment in which the recent events have impacted the markets. We completed 2019 and began 2020 in a very strong and perhaps overdone rally and had a market arguably looking for a reason to correct. Our *wall of worries* from 2019 have largely been positively resolved and expectations have gotten very high. The bricks in 2020's *wall of worry* may be starting to emerge in the forms of Coronavirus, Bernie Sanders and Chinese economic growth. As the market adjusts to this new list of concerns, we likely will see some volatility. With that volatility should come opportunity.

The bigger picture of the economy continues to paint a very positive backdrop for a sustainable period of economic growth. While the unknown can always be a source of fear, we must remember that we have been through many threats in the past and try to remain calm and objective.



Scott consults with TSWM clients and relationship managers to implement their financial plans through building diverse portfolios of high quality, low-cost investments relative to individual goals. Scott helps clients to gain better understanding and peace of mind in a complex and often confusing world. He strives to bring patience and objectivity to the investment process on a daily basis in order to avoid the destructive impact emotional reactions can have on financial decisions. Scott joined TSWM in 2006.

There are always many voices of doom, often with their own agendas, in any period of panic. Through this period, we will continue to maintain our discipline and long-term perspective and are available to help you do the same.



Virus	Infected	Deaths
2019-2020 Influenza "The Flu"	6,400,000	2,900
Coronavirus	2,700	80

Source: World Health Organization & Centers for Disease Control and Prevention