



## A systematic and unemotional approach

by Trey Pittenger

On February 28<sup>th</sup>, we posted [What not to do right now](#) to the P&A Blog. The advice we posed in this article hasn't changed. That said, there have been several drastic measures that have occurred around the country since then to contain the novel coronavirus: city-wide quarantines, work-from-home mandates, sporting events (and seasons) cancelled, etc. This has continued to push markets lower. Nobody is enjoying this, including us. We are sympathetic to the uncertainty and stress this may be causing you, and we are making all efforts and taking all measures to be available for your phone calls and responsive to your emails.

P&A has been through challenging markets before. Many of you have, too. On average, stock market corrections (down 10% from recent highs) happen every year, while bear markets (down 20% or more) happen every 3.5 years. Even so, over all five-year periods of time going back to 1957, **the S&P 500 has been positive 92% of the time with average returns of 10.3% per year.** Although it is hard, it is important to see the forest through the trees.

We remain, and will continue to remain, firm believers that an appropriate allocation to equities (stocks) are the path to a brighter financial future for you. But with the long-term premium of stock returns, over bonds and cash, comes volatility.

Whether in times of volatility or times of calm, our approach doesn't change. We take a very systematic and unemotional approach to managing your investment dollars. This approach has been successful over time and happens:

1. Via a formal Investment Committee review of all accounts on a quarterly basis
2. When you withdraw funds
3. When you deposit funds
4. When a bond matures in your account
5. When you desire to change your asset allocation (investment mix)
6. When a stock or fund in your account has an unrealized loss that exceeds 20%

This week, we've had clients withdraw money and clients deposit. We've had bond maturities occur; clients have asked to change their asset allocations (both to reduce equities and to increase equities), and we have seen some stocks in portfolios drop down below the 20% threshold.

All these situations allow us to review and rebalance, review and rebalance, review and rebalance. These small tweaks lead to success over time. None of these reviews and rebalance strategies are designed to time the market.

Although times like these are challenging, we are thankful for the conversations and emails we're having with you, for the trust you have placed in us, and for the grief we get from you for the market's behavior. It is all part of the gig, and we embrace all aspects of our role in your financial lives.

At the present time, our office remains open and fully staffed. In the event of a mandated quarantine or shutdown, our entire team can work remotely, allowing us to provide you with uninterrupted service, timely trade execution, and access to all the service and advice you have become accustomed to.

“Storms make trees take deeper roots” - Dolly Parton

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