

March 2020

Here are selected year to date return numbers through the end of February.

Stock Indexes

	(As of 02/29/20)*
Dow Jones Industrials	-10.40%
S&P 500 Index	-8.60%
NASDAQ Composite	-4.50%

	(As of 02/29/20)*
Russell 1000 Growth Index	-4.73%
Russell 1000 Value Index	-11.63%

	(As of 02/29/20)*
Russell 2000 Index	-11.36%
Russell 2000 Growth Index	-8.24%
Russell 2000 Value Index	-14.59%

Bond Index

	(As of 02/29/20)*
Barclays Cap. Aggregate Bond Composite Index	+3.76%

(Source: The Wall Street Journal & Russell Investments websites)

*Inclusion of these indexes is for illustrative purposes only. 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.

FINANCIAL AND INVESTMENT PLANNING

So where to begin?

I have been writing this monthly letter for about 25 years. In January 2020 I celebrated 41 years in the investment business.

Probably like you, when I encounter a challenge, I reflect on my past experiences for some guidance.

It is in this spirit that I am writing.

In the Sunday New York Times I read an opinion piece by Nicholas Krisof titled: Two Scenarios for COVID-19, Best and Worst. He wrote based upon interviews he had with various epidemiologists. While the article was interesting, when I had finished reading, I asked myself this question. So now, what do I do with this information?

Here is my current thinking. I say current because I have learned to retain some level of intellectual flexibility, or maybe I'm just not that smart.

While I believe I am informed and up to date, I know that all I can control is me.

We are all well aware of our new prescribed level of personal hygiene. I have started using moisturizing cream because my hands are so dry from washing them. I now sing Happy Birthday to our granddaughter Lucy two times, as I lather up at the sink. We have no visitors at work, and Lisa and Linda have their own offices. I believe we are maintaining the prescribed social distance.

But of course, this is much more than personal hygiene.

What do we do about our investments? Every crisis is different. The global financial crisis started in the residential housing and mortgage markets. This is a health crisis. No doubt you can name other crises as well.

Having said that, I believe our investment strategy response can benefit from learned past experiences. Also, I believe we can learn from other experienced and wise, perhaps wiser, investors. For example, I like to ask myself, "What would Warren Buffett say and do?"

And here is what I believe. You are the same person you were in January. You have the same investment goals and objectives. You likely had a thoughtful and appropriate asset allocation. You will likely live longer than you think. And even if you do not, you have to assume you will and you do not want to run out of money. This reality makes you and virtually everyone else a long term investor, whether they believe it or not.

Unless your personal financial circumstances have fundamentally and forever changed, your investment strategy should not change.

I also believe things will get worse. Today we do not know the two most important things: severity and duration. Until the medical experts have some reasonable understanding of these two items, we are in for a very rough ride. Let us have hope combined with a sober assessment of the global situation.

A few final thoughts. I have been talking with Wall Street experts I admire and respect. Here is some of what they tell me. As in previous crises, the investors who are leveraged, have borrowed lots of money, are the ones who are now forced sellers. They will

have to continue to sell their holdings until they have reduced or paid off their indebtedness. I prefer to stand aside and allow them to lose lots of money.

I urge you to not watch T.V. and social media. I listen to the news on NPR in the morning. Claire and I watch the PBS News Hour in the evening. That means I know what is going on globally.

I do not watch: MSNBC, FOX, CNN, CNBC and I am gloriously free of social media. I hope you will do the same.

A couple of weeks ago I injured my knee on the tennis court. I went to see my orthopedic surgeon. Carey and I are the same age. We commented that at our age and in our professions, people look to us for advice. Carey recalled a saying that arose in Great Britain in 1939 during the worst days of World War II. Keep Calm and Carry On.

Please call me whenever you would like to visit. I am always honored by your trust and your friendship.

Keep Calm and Carry On.

Thank you for taking the time to read my newsletter.

Warm regards,



Carl W. Stuart
Financial Advisor

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- **Past performance is not indicative of future results.**
- The Dow Jones Industrials is an index of 30 stocks that is considered representative of the overall market.
- The S&P 500 is an unmanaged index of 500 widely held stocks that's generally considered representative of the U.S. stock market.
- The NASDAQ composite is an unmanaged index of securities traded on the NASDAQ system.
- The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.
- The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.
- The Russell 2000 Index is an unmanaged index of small cap securities which generally involve greater risks.
- The Russell 2000 Growth Index measures the performance of the small-cap growth segment of the U.S. equities.
- The Russell 2000 Value Index measures the performance of the small-cap value segment of the U.S. equities.
- Inclusion of these indexes is for illustrative purposes only. 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.
- The Barclays Capital U.S. Aggregate Index is an unmanaged market value weighted performance benchmark for investment-grade fixed rate debt issues, including government, corporate, asset backed, mortgage backed securities with a maturity of at least 1 year.
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