

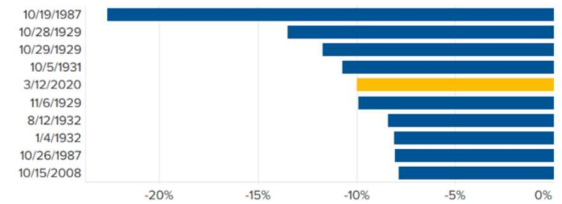
Why do we do this?  
March 12, 2020



Stocks plummeted again today on an accelerated basis. Efforts by President Trump and the Federal Reserve both failed to quell concerns over the developing economic slowdown. The Dow Jones Industrial Average closed down 2,352.60 points or 9.99% -- the worst one-day performance since 1987. The S&P 500 also plummeted, falling 9.5%, while the technology heavy NASDAQ Composite fell 9.4%.

**Biggest all-time Dow losses**

Dow Jones Industrial Average's ten largest one-day percentage drops

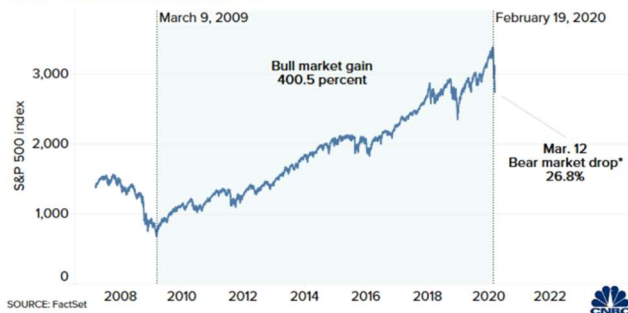


SOURCE: FactSet. Data as of market close on 3/12/20.



Not since October 1987 has the market fallen so precipitously in one day. Other asset classes were not immune to this financial plunge. Traditional safe haven assets, gold and U.S. Treasuries fell. This interesting development continues a pattern of the past couple of days suggesting that investors just want to stockpile cash. Oil fell and credit market spreads widened as well.

**S&P 500 bear market**



The stock market's drop today made it official that the S&P 500 and the NASDAQ Composite joined the Dow Jones Industrial Average in a bear market. As has been chronicled, the descent into this bear market has been breathtakingly swift. Indiscriminate selling ruled the day.

Times like these make us stop and assess why is it that we do this? Why are we investors in these US stock and US bond markets? The following are some thoughts explain why we invest in America:

- We believe the institutions of this country are strong because the principles which underly those institutions are strong.
- This country has a history of working through challenges in whatever form.
- Nearly all of the world's innovation comes out of the United States.
- The United States is the safest economy with the most liquid markets and strongest banking system.
- U.S. Companies respond to market and economic challenges and they work to mitigate risks and take advantage of opportunities.
- Finally, there is inherent value in the markets today and that value will be recognized.

We are not trying to precisely call a bottom to the market, and we recognize the pain that a falling stock market presents. We believe that the market will stay volatile on the downside and upside until it sees evidence that we as a country are mitigating the risk posed by the coronavirus. However, we are unwavering in our confidence that we will get through this challenge, and as we do, investors will see the powerful investment opportunities at hand.

