

Virus Containment Remains the Best Stimulus.....and Optimism the Best Attitude

While stock markets have rallied strongly the last three days, we are still in a period of uncertainty. Many may be asking, “Is the worst over?”, “Has the stock market bottomed?”, “Is cash the best investment now?”. As we have learned from history, the answers to these questions can only be known in hindsight. We don’t have the benefit of hindsight, so we must focus on two things: What we do know and What we can control. Focusing on these two elements will lead to a proper course of action.

What We Know

The root cause of the current uncertainty is known, a global pandemic unlike any we have seen since the Spanish Flu of 1918. Therefore, markets will remain extremely volatile until we receive better news that the COVID-19 virus has been slowed and is on a path to containment. The aggressive actions of the Federal Reserve and the Federal Government this week are necessary (though as of publication time, the \$2.2 trillion stimulus bill has not been signed by the President). These actions were likely responsible for much of the prior days’ gains, along with a rising sentiment from some quarters to “reopen” more of the country at the requisite time. However, the best stimulus remains slowing the spread and ultimately containing the virus.

We should not construe the three day bounce in the stock market as an “all-clear” sign. We know stock prices are driven by corporate earnings growth. The extent to which earnings growth will be impacted the remainder of this year is still to be determined. The Fed action and the stimulus bill will help mitigate against a major flattening of the economic curve but flattening the virus curve remains paramount.

Finally, while nobody knows the very near-term direction of stocks, we know what principles work in long-term investing: thoughtful asset allocation, broad diversification and proper temperament in executing an investment strategy. We know emotion and investing do not mix well.

While nobody knows the near-term direction of stock, we know what principles work in long-term investing: thoughtful asset allocation, broad diversification and proper temperament in executing an investment strategy.

What We Control

In managing client portfolios over 54 years, FCI has found that it pays to focus on what we can control, not what is outside of our control. One of the things we can control is our collective attitude and the level of optimism we choose to adopt. We are confident in our belief this pandemic will pass, hopefully in the not too distant future, and our country will emerge stronger.

At the risk of being redundant from prior commentaries, we want to reiterate the words we find to be among the most critical and useful in situations such as this... Patience, Balance, Self-Control and Courage. Adding some Optimism is also important. We are confident that a blend of this nature will be enough to carry us through even the most trying of market environments. The United States is an adaptable, resourceful and resilient nation. In fact, our nation was founded on adversity. Though the timing of an ultimate resolution to this current situation is



uncertain, the values above have a certain permanence about them that, if adopted broadly, will outlast any virus.

As always, please contact your investment professional if you have questions, comments or concerns. We are committed to serving you and your financial needs. Stay safe, healthy and strong.

This publication is intended for use by clients of FCI Advisors and investment professionals.

CURRENT DISCLOSURES

Factual materials obtained from sources believed to be reliable but cannot be guaranteed. Past performance is not indicative of future results. Investing in the securities markets involves the potential risk of loss. These investment risks are described in our disclosure brochure (ADV), which can be found on our website: www.fciadvisors.com. Specific securities may be referenced in order to demonstrate a point; these are not investment recommendations. For further information please contact FCI at 800-615-2536 or SourceNotes@fciadvisors.com.

