

## OnPath Financial Market Thoughts and Business Continuity Planning

March 6th, 2020

Dear Clients and Friends,

**Over the past two weeks we have seen historic moves in both the stock and bond markets, and almost every hour it seems there is a news report hitting the headlines for everyone to digest.** In environments such as these, we follow your plan and our processes. While financial planning is designed to take emotion out of the equation, we understand these days can be unsettling for some. Our commitment to you is to increase communication and operate in an “all hands-on deck” environment to address any individual questions that come up. Keep in mind this is a very fluid situation and we are actively in touch with our various research partners to continually stay informed of developments.



### Thoughts on the Markets

Over the last two weeks we have witnessed the fastest 10% correction ever recorded for the S&P 500 from a record high and long-term bond yields are reaching historic lows. Markets are complex and the heightened volatility of the past couple of weeks can be traced to a number of developments:

- Very low volatility in the market from October of 2019 through mid-February, helping to drive stock market indices to all-time highs. The return of volatility was likely to happen, but the trigger can be unpredictable.
- In an election year, it is common to see volatility increase as the markets digest possible changes or the continuation of the status quo. Several suspended campaigns on the Democratic side and results from Super Tuesday are ripe environments for increased volatility.
- The coronavirus news globally changes almost by the hour. At this moment, nobody fully understands how this will play out in the weeks and months ahead and the human and economic impact it will have. Governments, NGOs, and central banks around the world are actively deploying responses from both an epidemiologic and economic basis. The Federal Reserve cut rates by a half a percent on March 3rd, giving credence to the notion the coronavirus will have some economic impact. What we don't know yet is how long and deep the impact will be and what the trajectory of recovery will look like.

**There will be recovery.** Stocks have weathered wars, natural disasters, terrorist attacks, financial crises, and many other economic and geopolitical shocks. This time around will be no different. We understand it's difficult to see to the other side right now, but remember:

- Our economy, corporate America, and the consumer were all in relatively good shape coming into this current situation. This situation is transitory, and that good footing should enable a more solid recovery.
- Historically, in moments of crisis, Americans tend to put partisan politics aside. Spending bills are underway to fight the human impact and fiscal stimulus and support are being readied if needed. The Federal Reserve has also stated more monetary support is available.
- Lastly, the long-term value of the stock market is typically tied to the earnings potential of the underlying companies. There could be a rebound in earnings that is made up from pent-up or delayed demand. Some would contend a buying opportunity may develop in the stock market.

**We will continue to assess and be in touch with continued thoughts.**

### OnPath Financial Business Continuity

We would also like to take a moment and address the ability for our firm to continue to conduct business if faced with a localized situation. One of the requirements of any financial firm, especially one of our size, is to have a business continuity plan that can be executed at a moment's notice. **Please know that our plan is completely up to date, and we test the viability of this plan on a regular basis. All critical elements of our firm's day to day operations and all key staff can operate effectively in a number of different environments if needed.** Your ability to communicate with our team would continue and all functions, from trades to money requests, would go on uninterrupted. **Furthermore, if you are in a situation where you are unable or uncomfortable coming to our office, we have the ability to turn any meeting into a video call.** During a video call, you have the ability to see your team and we are able to share documents as would happen face to face. This can be facilitated on any device, from computers and tablets to most smart phones today. We have clients in all 50 states and many overseas, working effectively in a remote environment is not foreign to us.

**On behalf of our entire team, please hang in there and know this will pass. Be well and stay healthy.**

Sincerely,

Your Wealth Management Team

Kyle Witt, MBA  
Daniel Tresemer, CFP®  
Richard Kitick, CFP®  
David Kujawa, ChFC® CFP®  
Erin K. Brown-Carter

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