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2020 First Quarter Review

Greetings Clients:

I hope you are all safe as we adapt to our new world of COVID-19 and social isolation. We are living through a rapidly accelerating health care crisis, a global recession, and loss of the daily social activities that bring us comfort and enjoyment. We know that this new order will not last forever, but it will almost certainly get worse before it gets better.

For the first quarter that ended last Tuesday, March 31st, U.S. stocks were down 19.6%, world stocks were down 21.4%, and U.S. bonds were up 3.2%.* Through Friday, April 3rd, our balanced, growth and aggressive portfolios were down 12%, 17% and 21% year-to-date respectively.

It is very hard not to be fearful as we face worsening news and grinding uncertainty. And yet my anxiety vaporizes when I shift my focus from the headlines to our investment process. I am reminded of the same fear we experienced in the 2008-09 financial crisis and after 9/11, how we remained disciplined, and how we emerged from those crises so much sooner than we then anticipated and with far better inception-to-date returns. I was fortunate to be working with Chief Allocation Strategist Steve Bobo in those days, and we are fortunate to have his wisdom and calm now.

In these times, there is often a powerful urge to do something drastic, something completely different. But erratic responses usually cause more permanent harm than the crisis itself. Selling investments now guarantees financial loss. We don't know when our investments will recover, but we know that eventually they will. Times like these create bargains, and following a process developed and put in place before calamity leads to recovery and gains.

Last week we rebalanced most of the portfolios. We sold some of the bond holdings that had appreciated in price, and we bought more of the stock investments that had declined. What if markets drop further? Yes, they

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probably will decline more before they recover, and we may rebalance again. But if we had waited, when would we have known that it was the right time to rebalance? Never; we would miss out entirely on these amazing discounts. After over 20 years in this business (Steve has a few more years of experience than me), I know what works in these challenging times: allocations designed to withstand a severe downturn, a disciplined process of monthly reviews, periodic reinvestment, and modest adjustments to our targets as opportunities arise.

I have uploaded your quarterly reports to your portals and they can be accessed via this link:

<https://main.yhlsoft.com/auth/users/webportal/ridleycove>.

You should have also received a separate notification with a link. If you just started working with us, you will receive your first performance report next quarter.

Please contact us if you have any trouble accessing your report, or if you have any questions about your investments, our strategy, or your financial goals. Please do not worry alone. And remember that our money is invested right alongside yours.

Sincerely,

John H. Biebel, J.D., CFP®

*As represented by the S&P 500 US Large Company Index, the MSCI All Country World Index, and the Bloomberg Barclays Aggregate Bond Index.