LeTort Trust Market Commentary

3/25/2020

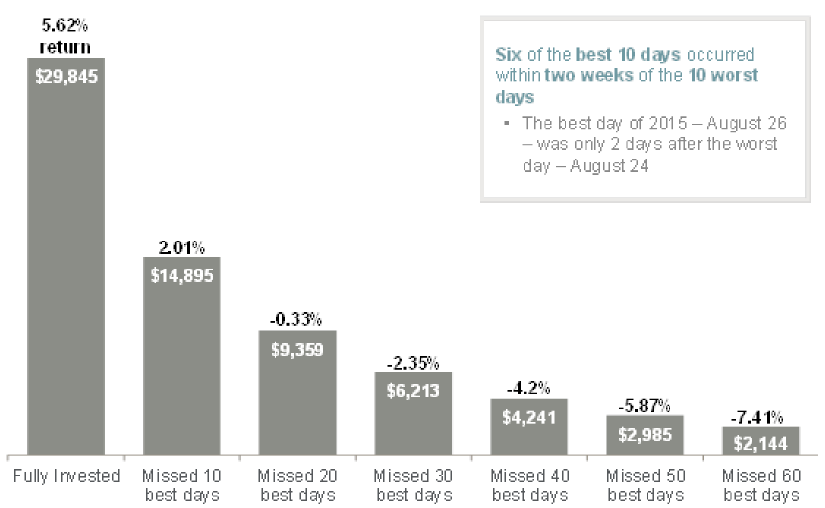
MARKET COMMENTARY

Investors are being challenged. Stocks, as measured by the S&P 500 are back at levels we saw during December of 2018. The coronavirus has made fear and panic palpable. We don't know when this virus will be contained, and we don't know when our lives will get back to normal. Our instincts tell us to raise cash and sit this one out until things get better. That desire to time the market is primal, ever present and yet, it's a fool's errand.

The data is clear. Not only is nobody successful at it, but the good days and the bad days are usually clustered close together. This means that a successful market timer not only needs to be good, they must be really good all the time. We also know that being invested during those good days is key to compounding dollars over time. The chart below shows that investors lose half their return by missing the 10 best days and all their return by missing the 20 best days. So strong returns and nasty returns are clustered together and yet, we can't miss the good ones!

Returns of the S&P 500

Performance of a $10,000 investment between January 4, 1999 and December 31, 2018



PLAN TO STAY INVESTED

Trying to time the market is extremely difficult to do. Market lows often result in emotional decision making. Investing for the long term while managing volatility can result in a better retirement outcome.

Source: J.P. Morgan Asset Management analysis using data from Bloomberg. Returns are based on the S&P 500 Total Return Index, an unmanaged, capitalization-weighted index that measures the performance of 500 large capitalization domestic stocks representing all major industries. Indices do not include fees or operating expenses and are not available for actual investment. The hypothetical performance calculations are shown for illustrative purposes only and are not meant to be representative of actual results while investing over the time periods shown. The hypothetical performance calculations for the respective strategies are shown gross of fees. If fees were included, returns would be lower. Hypothetical performance returns reflect the reinvestment of all dividends. The hypothetical performance results have certain inherent limitations. Unlike an actual performance record, they do not reflect actual trading, liquidity constraints, fees and other costs. Also, since the trades have not actually been executed, the results may have under- or overcompensated for the impact of certain market factors such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. Returns will fluctuate and an investment upon redemption may be worth more or less than its original value. Past performance is not indicative of future returns. An individual cannot invest directly in an index. Data as of December 31, 2018.

We don't know when exactly things will improve. We don't know if stock prices will fall further or if good news is right around the corner. We are sure due some good news! We do know the good days will likely occur near the bad days and we also know those good days won't feel all that good when they happen. In the meantime, we will be rebalancing as prices have presented us with the attractive opportunity and we will remain faithful to our process. Things will improve! We will get back to normal!

Stay safe, Stay well!

Dan Eichelberger, CFA CFP

dwe@letorttrust.com