

Fear is Normal

March 2020

“I learned that courage was not the absence of fear, but the triumph over it. The brave man is not he who does not feel afraid, but he who conquers that fear.” – Nelson Mandela

The world is changing by the second. Plans are changing as fast as they are decided on. Pandemics are not regular course of business. Fear of the unknown has left no one untouched. There is bad news at every turn: Financial news is bad. Health news is bad. Weather is bad. My kids claim that even their homework is bad! Bad news is everywhere and you don't have to work hard to find it. All this to say that everyone is fearful and that fear is normal. How we deal with our fears will determine our path forward.

Investment Update

Large market swings have continued and currently show no sign of stopping. Like every bear market before it, this feels unprecedented with no end in sight. The natural next reaction is to wonder why not just sell all your investments now? Be done with the pain of watching the swings in prices and then buy back in when things have settled down. However, history would show this is even more problematic. With timing the markets, you must be right twice. Once on the sale and again on the purchase. Most people understand this, but with each downturn most are tempted by this timing approach. Investors need to remind themselves that the uncertainty never goes away.

Our investment strategy continues to be the same. Simple but certainly not easy.

- Diversify investments across a broad range of underlying companies.
- Rebalance investments when one portion of the portfolio does materially better than another.
- Consider tax costs in the investment strategy. Opportunities sometime present themselves to harvest tax losses to protect against future tax gains.

Tax Update

The Treasury Department and the IRS on March 21 formally announced that the federal tax deadline has been automatically extended from April 15th to July 15th. Wisconsin Department of Revenue also did the same. We would expect all states to follow that new deadline. Thus, all 2019 balances due and 2020 first quarter estimated tax payments are now due July 15th. No formal extension needs to be filed. This is an automatic extension with no penalties or interest due.

The Way Forward

We must move forward despite our fears. Taking a little bit of Mister Roger's mom's advice might help too:

“When I was a boy and I would see scary things in the news, my mother would say to me, ‘Look for the helpers. You will always find people who are helping.’”

There are countless men and women working tirelessly and courageously in hospitals to save lives at this very minute. Medical researchers are digging in and doing their part to learn more about the virus. Companies are beginning to change production lines to mass produce respirators and important medicines. Car companies are beginning to produce hospital ventilators. The world is quickly adapting to this new normal.

If you have questions for us, please do not hesitate to reach out to us. Hearing from you is helpful. Your questions might be similar to someone else's concern and these questions help shape our communications. Social distancing really means “physical” distancing. We could all use more social interactions during these times.

Lastly, we offer our best wishes for everyone and their families to stay healthy through this all. The wealthiest person on earth would trade everything to have their health. Together, we will get through this.

Be well.

Matt

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