efficient

MARKET ADVISORS

A BUSINESS OF CANTOR FITZGERALD INVESTMENT ADVISORS

"Be Fearful When Others Are Greedy and Greedy When Others Are Fearful"

-Warren Buffett

With the Coronavirus unfortunately reversing the recent decline in active cases from late February and accelerating the number of net-new daily cases, it's time to ask what investors might consider doing. Or importantly, avoid doing.

It almost goes without saying, that resisting the urge to change strategy, sell, go to cash etc., is a critically important consideration. While there may yet be more bottoms to achieve for this market, there will also no doubt be furious upside rallies based on policy anticipation, comments from leaders, news reports and the like. One of which, will ultimately be ***the*** bottom. Extremism as defense from volatility is no virtue!

As mentioned a few days ago, there is no longer a doubt that Q1 & Q2 GDP will be negatively impacted. We still maintain that subsequent quarters will serve to play catchup in a meaningful way.

Being firmly of the camp that this market dislocation will, like all others before it, be transitory in nature. We've come up with several ideas that may assist investors to add alpha to their portfolios when markets recover.

1. Take the opportunity to "rebalance" on sharp declines. As your portfolio drifts from its strategic target, take the opportunity to rebalance to that target. This strategy helped EMA recover after the 2008-2009 market meltdown. EMA has thus far rebalanced client accounts on February 27, 2020.
2. Consider small opportunistic investments in sectors, countries or industries that have been hurt most by the dislocation. Should governmental support be announced, or virus containment be achieved, these industries could rebound more strongly than more defensive ones. EMA purchased an airline themed ETF (JETS) in client accounts on March 6, 2020.
3. Make your 2019 & 2020 IRA, ROTH, SEP & Defined Benefit contributions now. i.e. "buy low".

4. Fully fund Health Savings Accounts for 2020 that are tied to an investment account.
5. Fund variable second to die irrevocable life insurance committments while markets are down.
6. If you are in a tax bracket that may benefit from ROTH IRA conversions, consider doing so while the markets are down.
7. Consider refinancing high-rate debt while interest rates are near all time-lows.
8. Consider adding available cash to your portfolio that is not otherwise committed to a near term obligation.

Herb W. Morgan
Sr. Managing Director
Chief Investment Officer

Efficient Market Advisors | (888) 327-4600 | efficient-portfolios.com

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For Global Investment Performance Standards purposes (GIPS®), EMA is the "Firm" mentioned herein. The Firm claims compliance with GIPS®. To obtain a copy of a compliant presentation and/or a list of EMA's composite descriptions, please call 888-327-4600.