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M3 FINANCIAL PULSE

APRIL 2020

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THE MONTH IN BRIEF

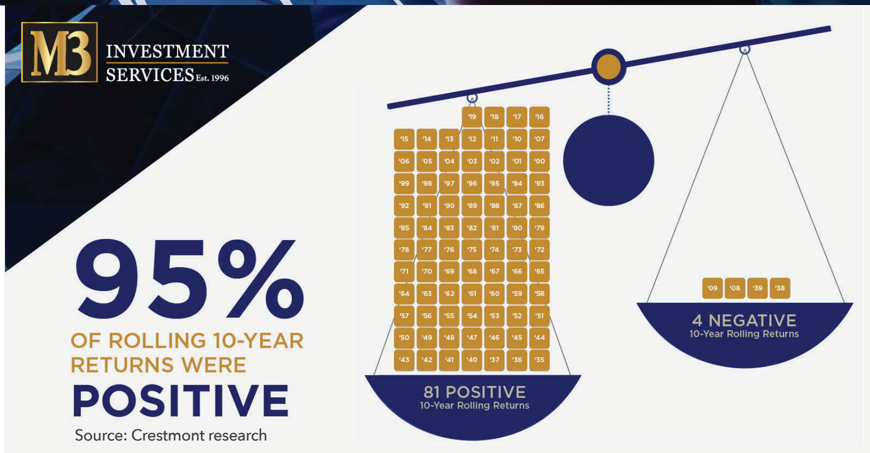
The Coronavirus Aid, Relief, and Economic Security (CARES) Act has been signed into law, bringing relief to millions of Americans, most of whom are expected to be quarantined for at least another month. The White House has asked Americans to continue "socially distancing" during the month of April. Volatility continued in International markets, even as the COVID-19 (novel coronavirus) reached the United States. The Standard and Poor's 500 (S&P 500) Index was down 12.51% for March.[1]

1 - CNN.com, March 31, 2020.

Call (248) 543-3400 to book a phone or online meeting with a financial advisor to review your situation.

S&P 500 Index is an index of 500 of the largest exchange-traded stocks in the US from a broad range of industries whose collective performance mirrors the overall stock market. Investors cannot invest directly in an index. Past performance is no guarantee of future results.

Morgan Stanley Capital International (MSCI) EAFE Index (Europe, Australasia and Far East) is an index created by Morgan Stanley Capital International (MSCI) that serves as a benchmark of the performance in major international equity markets as represented by major MSCI indexes from Europe, Australia and Southeast Asia.Barclays U.S. Aggregate Bond Index is a composite of four major sub-indexes: US Government Index, US Credit Index, US Mortgage-Backed Securities Index, and US Asset-Based Securities Index, including securities that are of investment grade quality or better, have at least one year to maturity, and have an outstanding par value of at least $100 million.



MARKET CORRECTIONS ARE NORMAL

In fact, the S&P 500 saw market corrections of at least 10% in 11 of the last 20 years through the end of 2019, while ending with positive returns in all but five of those years.[1] Over the last 50 years, the occurrences of negative investor returns stretching much beyond 12 months has been relatively small. And looking back over the last 50 years, diversified portfolios with 70% in equities have produced positive results 99% of the time with at least a 5-year time horizon.[2]

Market corrections can still be alarming in the short term. Asset allocation can help manage investment risk. Having a well thought out asset allocation strategy that aligns with your long-term goals can help you focus on the long game rather than the daily market fluctuations. Under this approach, investors divide their money among different asset classes, such as stocks, bonds, and cash alternatives, like money market accounts. These asset classes have different risk profiles and potential returns. The idea behind asset allocation is to offset any losses from one class with gains in another, and thus, reduce the overall risk of the portfolio. It's important to remember that asset allocation is an approach to help manage investment risk. It does not guarantee against investment loss.

1: https://www.schwab.com/resource-center/insights/content/weathering-market-downturns-robo-advisor
2: Russell Investments data from Diversified Portfolios: Three Index Portfolios Comprised of S&P 500 Index (S&P500), MSCI EAFE Index (EAFE), and Bloomberg Barclays U.S. Aggregate Bond Index
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Diversification does not guarantee a profit or protect against a loss.

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