



## Patience is a Virtue: Long Term Goals Remain in Sight

Whether you are a seasoned investor with many years of experience, or relatively new to the financial markets, significant volatility can cause feelings of unease. In today's world of non-stop headlines, we feel it is our duty to offer some perspective surrounding the news of the last few weeks concerning the coronavirus.

This is not a structural change in economies around the world, but a response to a very specific event – and particularly the uncertainty surrounding it. Scientists do not know the eventual medical impact of the virus, and stock markets are reacting to that lack of information. In fact, buried beneath the leading stories last week was a report of robust job growth in the U.S. during the month of February, with the economy adding 273K jobs and unemployment at 3.5%!

Individual investors must also contend with powerful emotions that often correspond with uncertainty about their own financial futures. And time after time behavioral economists demonstrate that people can act irrationally and make poor investment decisions when acting solely on emotion. Simply as part of our human nature, there are a number of cognitive 'biases' that shape our thinking. 'Recency bias' occurs when investors put an emphasis on recent events and give less weight to those that have happened in the past. The best way to fight recency bias is to adhere to a disciplined, long-term investment horizon with specific goals.

During times of market turmoil and non-stop news headlines, there is often an overwhelming sense that somehow "this time is different". The data shows however that patient investors are rewarded over time. The chart below indicates several health-related crises over the past 20 years and the global stock market's activity during each. While the past is not predictive of the future, it does offer valuable perspective.

To sum up our thoughts in a quote often attributed to Mark Twain: "History may not repeat, but it does rhyme."

### Global equity markets have powered through past viral outbreaks

MSCI ACWI index levels



Sources: Centers for Disease Control and Prevention, RIMES, MSCI. As of 3/2/20. Chart shown on a logarithmic scale. Total return index levels in USD, indexed to 100 on 12/31/2000. Disease labels are estimates of when the outbreak was first reported.

ENHANCE · PROTECT · ENJOY

PHONE · 800.752.8766 | FAX · 719.471.1972 | WWW.SEAMOUNTFINANCIAL.COM

90 SOUTH CASCADE AVENUE, SUITE 1140  
COLORADO SPRINGS, CO 80903

14851 NORTH SCOTTSDALE ROAD, SUITE 205  
SCOTTSDALE, AZ 85254

738 EAST CHAPMAN AVENUE  
ORANGE, CA 92866

Investment advisory services offered through Seamount Financial Group, Inc.