

Gottesman Wealth Advisory BMO Nesbitt Burns



Let's connect

Gottesman Wealth Advisory
BMO Nesbitt Burns

Abe Gottesman, CFA, MBA
Investment Advisor, Portfolio Manager

Victoria Karkar
Administrative Assistant

1 First Canadian Place
38th Floor

MSX 1H3
Tel: 416-359-7721
Toll Free: 1-800-263-2286

www.GottesmanWealthAdvisory.com

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Gottesman Wealth Advisory Team newsletter

First of all and most importantly, I hope this letter finds you and your families safe and sound.

While I normally don't use this forum to comment on what happened or what is going on in the markets – there is no shortage of commentary everywhere one looks – I think that given the extreme happenings in the markets, a few words are in order. The market volatility experienced thus far in 2020 has been gut-wrenching. According to DataTrek, over the past 6+ decades, the S&P has increased or decreased by 1% on an average of 53 days a year (or a little more than once a week). In 2020 (through April 21), there have been 42 such days (and we're only in late April!). Q1 2020 had 30 such days versus a Q1 average of 13 since 1958, and thus far Q2 has seen 12 such days (just 1 day below the historical Q2 average, and we're still in the first month of the quarter). Put another way. March 2020 was the most volatile month in the history of the stock markets!

For some perspective, I thought I would share with you some comments from Charlie Munger. Charlie Munger is the 96 year old Vice Chairman of Berkshire Hathaway. The following are some quotes from an interview that he gave in the middle of April 2020.

“Nobody in America's ever seen anything like this in America. This thing is different. Everybody talks as if they know what is going to happen and nobody knows what's going to happen.”

“I don’t have the faintest idea if the market is going to go lower than the old lows or whether it’s not. The coronavirus is something we have to live through, letting the chips fall where they may. What else can you do?”

To conclude, when the market is plunging, it can be tempting to sell your stocks to make the pain go away. But then what? After crystallizing your losses, you’ll be sitting on the sidelines wondering when it’s safe to get back in. By the time you work up the courage, you may have missed much of the recovery. So what should one do? Instead of panic selling, a better strategy is to build a diversified portfolio of high-quality stocks and fixed income investments and – as difficult as it may be – hold them through thick and thin.

Stay safe!