

QUARTERLY PORTFOLIO REVIEW

“A pessimist sees the difficulty in every opportunity, an optimist sees the opportunity in every difficulty.”

Winston Churchill

Year in Review

- Interest rates reach an all time low in response to the market volatility. This decline in rates has resulted in positive fixed income gains in the first quarter of 2020.

- IRS tax deadline moved to July 2020. Contact your tax preparer for details.

- Allocation. During volatile times is when people may feel the need to change their allocations. Its important to have a long term allocation that is appropriate for good markets and rough markets. If you would like to review your allocation please let us know. For reference, our average client allocation across all client assets is approximately 50% equities and 50% fixed income/cash.

- There is no time like rough times to refocus on personal spending habits and reducing debt.

- Referrals: We have received quite a few referrals in 2020. Thank you for your continued confidence.

BENCHMARK CENTRAL YTD ENDING 3.31.20

FTSE World Gov't Bond Index 3-7 Yr. Hedged	3.36%
Russell 2000 (US Small Cap index)	-30.89%
S&P 500 (US Large Cap index)	-20.00%
Wilshire 5000 (US Total Market index)	-21.25%
MSCI EAFE (International Stock index)	-23.43%

RISK DOESN'T MATTER UNTIL IT DOES

To say that 2020 has been a unique year would be an understatement. We came into 2020 with a great deal of optimism in regards to the markets as well as the economy. However, within a few weeks many things changed. Social distancing, businesses temporarily closed, and extreme market volatility are just a few.

In every Quarterly Review we discuss the importance of fixed income. Fixed income gets almost ignored in rising equity markets. “Why do I need bonds when the markets keep going up?”, “There is not a lot of risk in stocks, why do I need bonds?”. The recent turn of events is exactly why bond in a portfolio carry so much value. Fixed income not only provide a return by paying interest but perhaps most importantly provide stability in volatile times. That stability is what allows investors to limit their downside risks and maintain the long term investing discipline. Here are the bond returns in the funds we utilize through 3.31.2020:

Bonds:	YTD
US Intermediate Gov. Bond (DFIGX)	+8.57%
US Inflation Protected (DIPSX)	+1.66%
Five Year Global (DFGBX)	+0.19%

* All returns gathered from Morningstar, Inc.

QUARTERLY CLIENT WEBINAR

Date: Thursday, April 23rd, Starting time: 12:30 pm, Eastern Standard Time

Meeting Number: 796 375 723; Password is 1234 if asked

Website link: <https://afadvisorsevents.webex.com/afadvisorsevents/onstage/g.php?MTID=e5cf146352936d1d1b638610059e16f61>

To join the teleconference only: US TOLL: +1-415-655-0002 Access code: 796 375 723

If you cannot join us for this important webinar, we will post a recording of the entire presentation on our website at www.afadvisors.com.