



MARKET COMMENTARY

MARCH 16, 2020

UNCERTAINTY: TRYING TIMES FOR EVERYONE

These past few weeks have tested us all with a foe who is hard to fight: uncertainty. Uncertainty surrounding the coronavirus has bombarded us on multiple levels. We are concerned about ourselves, our families, and our communities:

- » Will someone I love contract the virus?
- » Could I unknowingly spread the virus?
- » How long will schools remain closed?
- » Will my high school or college senior graduate in May?
- » Will the government mandate the closure of businesses?
- » Should I be concerned about my investments?
- » How long will all of this last?

When there is this much uncertainty, anxiety and worry are normal. It would be much easier if we knew that on a certain date, work/school/life/markets would resume as usual. We address three questions we are hearing from clients and will continue to keep you informed as things evolve.

What's happening with my portfolio?

The broad stock market has dropped more than 20% from its one-year high on February 19th, the threshold for a bear market. When you hear the market is down over 20%, the headlines typically are announcing what's happening with the Dow Jones Index or the S&P 500 Index. However, unless you are very young, your portfolio will include a certain percentage of bonds, which act as a safety ballast during these tumultuous times. Stocks and bonds are not perfectly correlated, and when stocks fall, bonds tend to do better – which is true for this market correction. Hemington's typical 60% stock and 40% bond portfolio is down about 12% from beginning of the year through Friday, March 13, 2020.

What do you expect to happen in the coming weeks?

The main reason for the stock market's volatility is the uncertainty around the Coronavirus, and the markets likely will continue to be volatile until the spread of the virus is contained. No one can predict what will happen over the short term. But we can look at the market's response to previous crises to get an idea of what to expect over longer time horizons.

The Exhibit over illustrates the performance of a balanced investment strategy following a few historical crises, including the 2008-09 recession, when the market fell over 50% from top to bottom. Each crisis is labeled with the month and year that it occurred or peaked. The subsequent one-, three-, and five-year annualized returns start from the first day of the month



following each crisis. Although a global investment strategy would have suffered losses immediately following each of these events, the financial markets recovered over time, as indicated by the positive five-year cumulative returns. **As such, we strongly believe it is important to ride out this storm, like the storms before this one.**

What are we doing at Hemington to prepare?

At Hemington, we are ready to adjust quickly to the uncertainty and changing environment. We are here for you.

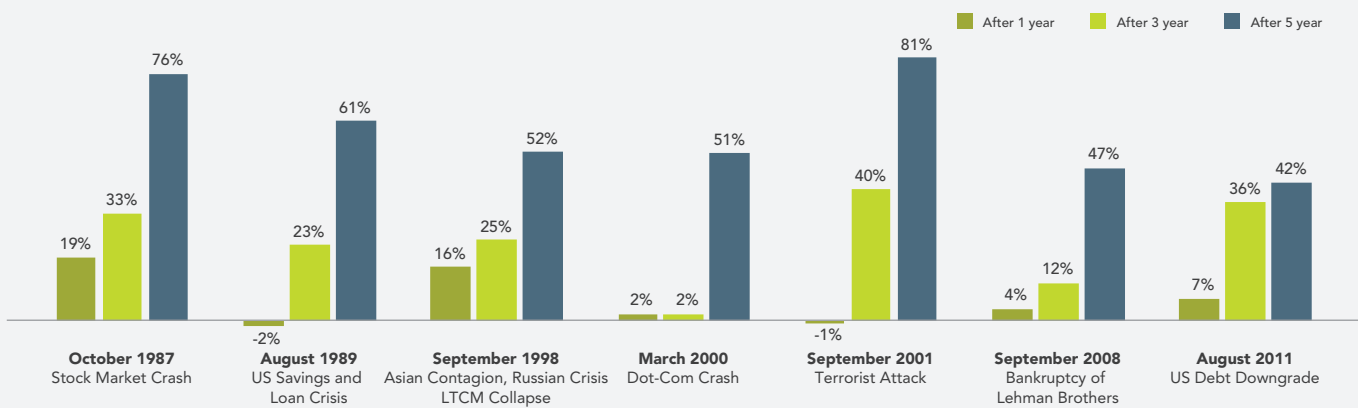
- » Our team-based approach allows many people at Hemington to know you and your finances – your wealth advisors, client services managers, and trading team.

- » There is redundancy in workload, so multiple people are able to step in, if needed.
- » As “social distancing” becomes more important, and possibly mandated by the government, we will continue to staff our offices, as permitted, and to work from home. Many of us work remotely at times, and our team is able to seamlessly take care of business from home.
- » We will continue to meet with clients, whether by phone, through a videoconference, or in person.

Please do reach out to us with your questions and concerns. We will send out the webcast on “Perspective on Recent Market Volatility” when it’s released, and continue to keep you informed.

EXHIBIT 1. THE MARKET’S RESPONSE TO CRISIS

Performance of a Balanced Strategy: 60% Stocks, 40% Bonds. Cumulative Total Return



In US dollars.

Represents cumulative total returns of a balanced strategy invested on the first day of the following calendar month of the event noted. Balanced Strategy: 12% S&P 500 Index, 12% Dimensional US Large Cap Value Index, 6% Dow Jones US Select REIT Index, 6% Dimensional International Value Index, 6% Dimensional US Small Cap Index, 6% Dimensional US Small Cap Value Index, 3% Dimensional International Small Cap Value Index, 2.4% Dimensional Emerging Markets Small Index, 1.8% Dimensional Emerging Markets Value Index, 1.8% Dimensional Emerging Markets Index, 10% Bloomberg Barclays Treasury Bond Index 1-5 Years, 10% FTSE World Government Bond Index 1-5 Years (hedged), 10% FTSE World Government Bond Index 1-3 Years (hedged), 10% ICE BofA 1-Year US Treasury Note Index. Assumes monthly rebalancing. For illustrative purposes only. S&P and Dow Jones data © 2019 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. ICE BofA index data © 2019 ICE Data Indices, LLC. FTSE fixed income indices © 2019 FTSE Fixed Income LLC. All rights reserved. Bloomberg Barclays data provided by Bloomberg. Dimensional indices use CRSP and Compustat data.

About Hemington Wealth Management

Hemington Wealth Management provides high net worth individuals and families with a broad range of wealth management services including portfolio management. We are collaborative, accessible and responsive, making it easy for clients to work with our team.

Hemington Wealth Management

Falls Church, VA Office
7651 Leesburg Pike
Falls Church, VA 22043

Phone 703.828.2479
Toll-free 855.HWM.WLTH (855.496.9584)
Email info@hemingtonwm.com

Chicago, IL Office
150 S. Wacker, Suite 2400
Chicago, IL 60606

Phone 312.757.5339
Email info@hemingtonwm.com