



Level Four Capital Management

# SPECIAL COMMENTARY

March 12, 2020

To our valued clients,

As we communicate with you today, our message first and foremost is that the Level Four Capital Management investment team is on the job and monitoring this very fluid market. It is indeed a volatile time for investors as we continue to deal with fall-out related to the global spread of COVID-19 (Coronavirus). For some, the uncertainty and fast-moving headlines can cause extreme anxiety, and for some, downright fear. The Coronavirus, like other pandemic health crises, is a shock to the global system but one that we will get through in our opinion. The short-term uncertainty, however, is fostering a heightened level of panic in the market forcing the broad indices to fall into bear market territory. Unsettling? Yes, no doubt about it, but we believe this is ultimately a short-term and transitory event and we have conviction that markets will stabilize.

Are we close to a bottom? Should I take my lumps and get out of the market? These are common questions to ask during a time like this. While there is no easy answer and each investor's circumstances are unique, we believe that cooler heads will prevail and the panic the market is experiencing will subside. The virus's contagion levels will peak and decline just as we have seen in other parts of the world, and a global effort among governments and central banks will provide the assistance needed for individuals and businesses to weather this storm.

We have been here before. Each market correction and period of volatility is unique in and of itself, but we do know based on historical data, that the market rarely stays down for long. While the probability of an economic recession has increased, we do not believe that we are in jeopardy of a prolonged recession at this time, and many of the strong fundamentals that were in place just a mere three weeks ago are still intact. The question is how long and how much permanent damage is inflicted on the economy. For now, Americans are still working and spending. Spending patterns will adjust, and in the short term will undoubtedly decline based on virus containment measures and social distancing strategies. However, just like in past periods of crisis, it is hard to hold the human spirit captive and normalcy will return.

We will continue to work through this period of uncertainty, diligently employing our investment process and managing portfolios. We know times are challenging. Please contact your advisor with any questions.

Thank you,

Capital Management Team

[Read Special Commentary 3.6.20](#)

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