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## Client Relationship Summary

Included in this month's quarterly packet you will receive a copy of our Client Relationship Summary. Please review and contact us if you have any questions.

## Planner Article: Markets During a PANdemic

Jeff Karst, CFP®

This year has been one for the record books and we're only halfway. Looking back on the last few months things can seem blurry. In fact, I took to calling each day Blursday. My last in-person client meeting was on March 12<sup>th</sup>. At that point, the S&P 500 was down about 24% for the year. That client even brought us a funny cartoon.

We weren't quite sure how far this would spread. I remember much of the conversation focused on supply chain disruption. ("I can't find soup, but there sure is a lot of broccoli"). There was not much discussion of a full shutdown of the economy with stay-at-home orders issued by governors.

California was one of the first states to issue a statewide stay-at-home order on March 19<sup>th</sup>. That day the S&P 500 closed at 2409; almost a 29% decline from the peak of 3386. Just two trading days later (after the weekend), the S&P 500 closed at 2237 on March 23<sup>rd</sup> marking the low point of that bear market.

March 23<sup>rd</sup> did not feel like the end of a bear market. Businesses had just been forced to close. Schools had been closed for just over a week. At the time, it felt like we were at the beginning. We were trying to figure out a new normal of working remotely and I was learning how to help my kids with "distance learning".



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## COVID-19 Office Update

What an interesting year this has been! Like all Fresno businesses we've been riding the roller coaster of COVID-19 information and evolving city orders/state mandates, as we work to ensure a continuation of all services to our clients. Eyeing a return to the office full-time, we have begun to operate in a hybrid fashion - partially in office, with the appropriate precautions, and partially remotely. All client discussions will continue via phone and/or video conferencing for the time being. Hopefully we are able to welcome clients back to the office in the coming months. That being said, the well-being of our staff, clients, families and community in general will continue to be of the utmost importance. We appreciate your patience and flexibility as we work to maintain the level of service that you are accustomed to, despite the operational challenges.

As you know, we need up-to-date documents to stay informed and occasionally need signatures to process activity. We have the capability to handle most document sharing/signatures electronically but regular mail and/or office visits work as well. If you plan to stop by, please call ahead so that we can meet you in the parking lot and/or main building lobby to accommodate any document scanning/signature needs. Thank you!

- Pathways Team
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### Planner Article: Markets During a PANdemic

Jeff Karst, CFP®

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During this time, we also experienced record daily volatility. We had three days that made it into the top 20 of the worst trading days for the Dow Jones.

- March 9<sup>th</sup> - down 7.79%
- March 12<sup>th</sup> - down 9.99%
- March 16<sup>th</sup> - down 12.93% (made it to #2 just ahead of a couple days from 1929)

With those large down days, we also experienced large up days. Again, three made it to the top 20:

- March 13<sup>th</sup> - up 9.36%
- March 24<sup>th</sup> - up 11.37%
- April 6<sup>th</sup> - up 7.73%

There was new and contrasting information coming out constantly. There were wild swings. Some might think these wild swings prove that markets are inefficient. However, this should tell us that markets were still working efficiently and effectively during this time. The market adjusts for all new information at a rapid pace.

We saw lots of businesses closing permanently and unemployment was skyrocketing. However, it wasn't until June 8<sup>th</sup> that the National Bureau of Economic Research officially announced that the U.S. was in a recession. Practically speaking, the stock market seemed to have shouted that back in early March.

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## Planner Article: Markets During a PANdemic

Jeff Karst, CFP®

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Much of the market decline happened before any of the stay-at-home orders were issued. We're not back to where we were but there has been quite the recovery thus far. Does this mean it's almost over? We'll never attempt to make any predictions. As good old Yogi Berra said "It's tough to make predictions, especially about the future".

Happy Blursday!

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## Planner Article: Wisdom... from Keanu Reeves?!

Dustin Smith, CFP®

I've seen a few movies over the years. Less, of course, since becoming a Dad, but enough to know that there are movies for all moods. Some make you laugh. Some make you cry. Some make you think and some, are simply entertainment. However, it's not always what you expect it to be. When you put a Keanu Reeves movie on, you rarely expect wisdom. Twenty years later, that's exactly what remains with me from a Keanu Reeves movie called [The Matrix](#).

In the film, Keanu Reeves plays a character named Neo, who is offered the choice between a red pill and a blue pill. Take the red pill and you see the machine-generated world for what it is, but living with this truth of reality will be much more difficult. On the other hand, take the blue pill and you will continue living in a fake but blissfully ignorant world called the Matrix. Neo chooses the red pill and the story, in more typical Keanu Reeves style, continues from there. If you put yourself in Neo's shoes for a moment, which pill would you have chosen?

I mention the story line because I see wisdom in it. It didn't mean much at the time but I believe that we face red pill, blue pill decisions all the time. For example, you guessed it, working with a financial planner feels like a red pill, blue pill decision. Just the other day, [Evan](#) asked me who benefits the most from financial planning. As I stumbled through my answer, I thought of Neo.

If financial planning isn't for everybody, who is it for? It's for the red pill folks!

Our process is essentially about clarity and action. It takes information, awareness, analysis, and a review of options. It takes time, effort and ultimately it takes action. However, most of all, it takes a red pill mindset. You have to seek context, despite the difficulty. It's not easy when (nearly) everyone around you appears to live in the Matrix - but it's worth it!

What about the blue pill folks? All is not lost. It's not a one-time decision. In reality, we shift back-n-forth from a blue pill mindset to a red pill mindset all the time. I find myself shifting from week to week, especially with the pandemic transpiring around us. In reality, you can change your answer at any time. The only catch, with financial planning, is the earlier you choose a red pill mindset the less you will have to sacrifice.