

Our View on the Markets? Stunning.

March 2020

SEI New ways.
New answers.®

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- The pace of change—market movements, virus spread and government response—is so rapid that news is literally out of date nearly as soon as it comes out.
- If your portfolio is aligned with your goals, time horizon and risk tolerance, we advise patience.

The speed and magnitude of the equity-market decline have been record-setting. Fixed-income markets have frozen; bonds aren't selling at a reasonable price and there are almost no serious buyers. It looks ugly.

Investors have been stunned and are responding with panic (even some long-term investors). This is an understandable reaction. It is often said that financial markets hate uncertainty. Investor behaviour during this type of environment demonstrates this point.

Information Vacuum—or Information Overload?

Investors have been looking for signs, seeking information, reading the news obsessively and—due to the enforced confinement taking place in many parts of the world—many watching it day and night on television. Traffic on MarketWatch.com, for example, increased by 269% from the second half of February to the first half of March².

But the pace of change—market movements, virus (COVID-19) spread and government response—has been so rapid that news is literally out of date nearly as soon as it comes out. What does this mean? And most importantly, what should you do?

The Truth: The Pros are Doing Almost Nothing Differently

The investment professionals at SEI are not frantically trading in an attempt to shelter assets, time the markets

or call the bottom. Instead, we're striving to conduct business in an orderly fashion in a disorderly world. We expect the chaos to continue until coordinated government action helps restore smooth operations in the fixed-income markets and investors can intelligently value equities again. We're not there yet, and we expect that it may take some time to get there.

In the Meantime

If you are a goals-based investor—and your portfolio is aligned with your goals, time horizon and risk tolerance—we advise patience. Time should be on your side.

If your portfolio was not aligned with your goals as the selloff began, we think it's too late to sell now. Doing so may mean you'll risk missing the rebound that will inevitably happen. No one—including those of us in the financial-services industry—knows exactly when that will take place. But we are confident that the markets will eventually have their comebacks. It may take several weeks—or even several months—but order will be restored.

Until then, what should you do? Read, watch, listen and learn. Use this experience to become a better, more informed investor. We will continue to monitor economic and financial-market developments and provide our insight to help you in meeting this goal.

¹ On March 9, 2020 the Dow Jones Industrial Average fell a record 2,013.76 points. It was followed by two more record-setting point drops on March 12 and March 16.

² "Financial Services B2B Category & The Impact of COVID-19." March 19, 2020. Ptarmigan Media.

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