

## Coronavirus vs. Rocky Balboa... and how to survive a market beating

The current market condition reminds us of Rocky Balboa's face during his fight against Drago in Rocky IV...bloody, bruised and broken. The recent market beating is at the hands of the coronavirus and the chances don't look good for avoiding a further beating and a final knockout punch.

But remember what Drago said about Rocky's resiliency: "He is not human; he is a piece of iron." We believe markets are just as resilient and, given enough time, will snap back.

Right now, the market's round to round volatility reflects investors' uncertainty as to how the virus will be contained, when it will peak and how quickly a vaccine can be developed.

Since 1969, there have been five bear markets, all with different duration periods and price percentage declines.

- The shortest bear market was the 1987 crash, lasting about three months with a decline of 29.6%.
- The longest was the 2000 dotcom crash, lasting 2.1 years and declining 44.7%.



- The worst percent decline was during the 2008 financial crises propelling the market down 50.9% over 1.3 years.

There are numerous government stimulus programs in the works that could ease the financial fallout, and once in place could accelerate economic growth over the longer-term once the virus is contained. Therefore, as of today, we believe the current bear market may be similar to that of the 1987 crash—relatively short in duration with the possibility of a quick recovery.

We don't recommend trying to time the market or attempting to pick a bottom. However, we believe that "now" is the time to start dollar averaging into the market. Just like Rocky's comeback to win the fight, the market will come back from its beating, in our view. When things look as bruised and bloody as they do today, it's helpful to return to past correction periods showing that the markets eventually recover.

## SUCCESSFUL *entrepreneur*

### Elon Musk

Elon Musk, born in June 1971, is considered one of the great inspirational leaders of the 21st century. He is best known for his curiosity, determination, strong will and desire to disrupt industries by challenging traditional practices to improve our environment and lifestyle.

As a child, Elon was small, introverted and bookish. He was an avid reader and fascinated by science fiction and electronics. When he was 10, he developed an interest in computers. Two years later, he sold his first software game, "Blaster," for \$500.

Elon Musk has transformed several industries.



He founded X.com (now PayPal) which revolutionized the payment industry. He started SpaceX, the first privately funded company to launch a rocket into space. Its Falcon rocket program, which significantly reduced the cost of space travel, was named after the Millennium Falcon ship in Star Wars. Elon is the co-founder and product architect at Tesla Motors, a company dedicated to producing affordable, mass-market electric cars that reduce gas emissions and improve air quality.

Elon Musk served as an inspiration for the "Iron Man" movie series. In fact, Robert Downey, Jr. insisted on meeting Elon to better develop his character as Tony Stark / Iron Man. Elon Musk even has a cameo in the Iron Man 2 movie!

Elon's business approach is to constantly think about how to do things better. He doesn't just set goals—he first questions why each goal is good and valid. Once a goal is set, he seeks to be persistent and innovative...and not fear failure. He says, "Failure is an option here. If things are not failing, you are not innovating enough."

## THAT REMINDS ME OF A *Story...*

A 10-year-old boy entered a coffee shop and sat at a table. He asked the waitress, "How much is an ice cream sundae?" "Fifty cents," replied the waitress.

The little boy carefully counted the coins he held in his hand. He looked back up and asked, "How much is a dish of plain ice cream?" By now, the waitress was a bit impatient and curt, because a big order was up for another table. "Thirty-five cents," she said. Once again, the little boy counted his coins. Finally, he looked up and said, "I'll have the plain ice cream."

The boy finished the ice cream, paid the cashier and departed. When the waitress came back to wipe down the table, she swallowed hard. There, placed neatly besides the empty dish, was a fifteen-cent tip.



Moral of the story: **The smallest act of kindness makes a difference.**

## A “Planetary Portfolio” in Volatile Markets

We realize it’s easy to say that volatility and market declines work themselves out over time. But research has shown that watching losses occur feels twice as bad as watching gains feels good. So, people are prone to trying to “stop the pain” in down markets, even if it works against them longer-term.

Although recoveries are not guaranteed, they have always happened in the past. So, although it could take months or years to recover from a loss, remember that it’s time in the market, not timing the market that matters most.

If you are concerned about preserving your portfolio value a good defensive strategy is shifting a “portion” of your investments to a more diversified portfolio. For example, think of your portfolio as our solar system.



\*Companies listed are examples only and not recommendations for a portfolio.

- The Sun, represented by the S&P 500 Index, is the center or core that is always there, generating a market-level return.
- The planets, represented by individual stock investments, tend to be more risky than the core, diversified portfolio. They can be considered a source of funds, if you believe a defensive strategy is called for.

This view of “defense” is not about timing the market. Rather, it’s about preserving value on a portion of your portfolio, helping you to reduce risk and “sleep better at night”—and, ideally, have an opportunity to purchase quality companies at depressed valuations, when they go on “sale.” You’ll know you have the right asset allocation mix when instead of fearing a market decline you look forward to it as a buying opportunity.

## LAUGH *studio*

**What do you call a Boomerang that won’t come back?**

A stick!

**What did the zero say to the number eight?**

Nice belt!

**What do you get when you cross a fish and an elephant?**

Swimming trunks!

**Why do bananas wear suntan lotion?**

Because they peel!

**What is Peter Pan’s favorite restaurant?**

Wendy’s!

**KIDS:** If you have a joke you’d like to share, please send it to [info@monetta.com](mailto:info@monetta.com). If we use your joke, we’ll send you a special prize!



## YOUNG *investors*

Follow the list of planets in order to get through the maze and reach the finish! The letters not used tell a joke...email us the answer to the joke at [info@monetta.com](mailto:info@monetta.com) to be entered into a drawing to win a \$10 Target gift card! (Entries must be received by June 1, 2020).

**START**

↓	W	H	Y	V	A	T	P	T	D
M	E	R	R	E	O	N	E	U	P
L	A	C	U	N	N	S	E	N	T
S	T	R	A	U	🚀	U	L	E	I
M	H	K	E	S	🚀	N	E	P	T
A	O	R	R	S	A	A	E	L	A
R	S	J	E	D	T	R	?	U	C
O	M	U	T	E	U	U	T	T	O
B	O	P	I	O	R	N	K	S	↓

**FINISH**



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