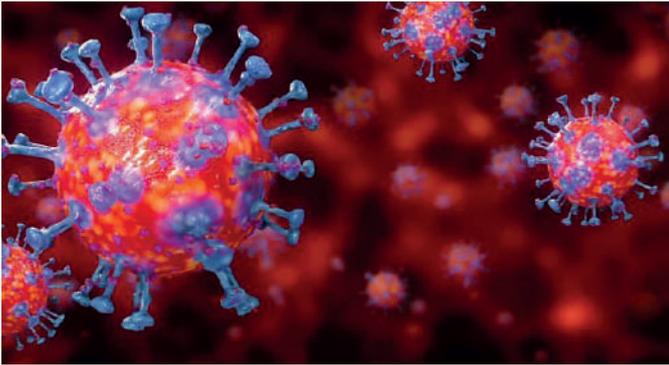




## Why is a smile stronger than this virus?



It goes without saying we're living in extraordinary, uncertain and frightening times but we will get through it, even if it means our daily lives have changed and will continue to change when this terrible coronavirus crisis is over, as it will be one day.

For sure our clients may have some financial concerns that we at RMC Financial Services hope we can alleviate somewhat. Among these may be the following:

- What impact will the market downturn have on my pension fund or investments?
- Should I make any changes to my current portfolio?
- My cashflow has ceased completely since lockdown began, what can I do?
- I'm finding monthly savings, pension and protection payments difficult to maintain, any advice?
- Will this pandemic lead to a global recession?
- How long will all this go on?



As you will appreciate we don't have all the answers to the above queries but we do believe that confidence will return to the markets but we just don't know when. ***We believe we are not dealing with a fundamental economic problem but with a virus that is having a huge economic impact.***



Any fall in the value of your pension fund or savings and investment values is a 'paper loss' which only becomes an actual loss if you decide to cash in your funds or switch from equity funds to cash funds. If your long term objectives from the outset are the same, we strongly advise you to *stay with your investments for now* so as not to create a 'real' loss. The important thing is to avoid hasty, impulsive decisions. These can be costly and will affect the long term value of your funds.

## Think about reviewing your finances

Given what's happening around us this may seem a strange time for a review. But you can use this opportunity to gain a better understanding of how markets work. We'll be glad to help you do this.



And since no-one knows how long this global pandemic will last there may be a few things we can suggest on how best to handle your savings/investments and pensions so that when the crisis ends, as it surely will one day, you'll be in a stronger position to respond to the changed market conditions that will prevail then.

## Worried about your future income?

You're not alone. Banks and life assurance companies have put a number of measures in place to help people whose income has been directly impacted by COVID19. If you would like some guidance or information on this please feel free to call us and we will try to help in whatever way we can.

## Keep informed

Our office is open online to answer any questions about your business with RMC Financial Services. Please get in touch by phone or email with your query. All RMC contact details are at the foot of page 3 of this Newsletter

## We need to be patient

Dr Tony Holohan, Chief Medical Officer, a calm and reassuring voice in this crisis, has appealed to the public to have patience with the necessary restrictions the government has put in place. We should try and apply the same patience to addressing our financial goals.



## Three important messages about investing for the longer term



### 1. Stock markets go up over the longer term

Despite recessions, periods of stock market volatility and frequent wars, the US equity market, as represented by the

S&P 500 total return index, has delivered a positive return in US\$ terms in 40 years out of the past 50 years. That's 80 percent of the time.



### 2. Stock market falls are also inevitable

Despite strong market gains over the long term there have been numerous large peak-to-trough falls in the

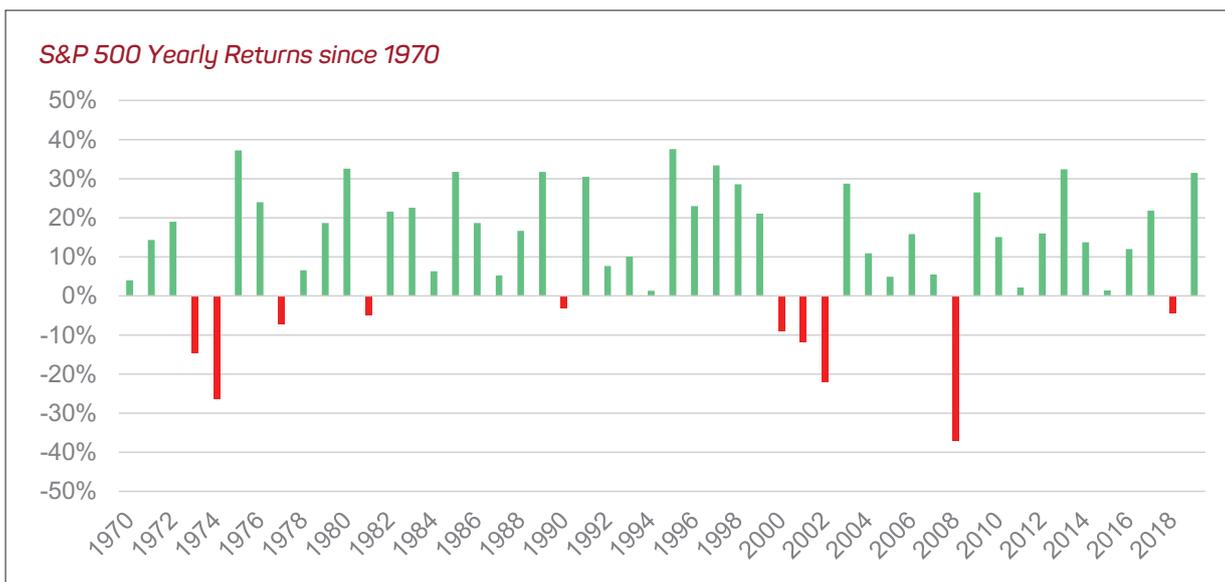
S&P500 total return index. Roll the clock back to the 1950s and we see that big peak-to-trough falls in markets happen more regularly than you might think. 'Bear markets' are broadly defined as peak-to-trough falls of 20% or more.

The table below looks at the US stock market, as represented by the S&P 500 total return index and includes all falls of 19% or more in US\$ terms. The table shows that falls of this magnitude occur roughly once every 5 years, with on average a dip of 30%. The average peak-to-trough period is typically 1 year.

Period	Fall	# of days
1957	-21.6%	445
1961-1962	-28.0%	196
1966	-22.2%	240
1969-1970	-34.7%	376
1973-1974	-48.2%	630
1976-1978	-19.4%	531
1980-1982	-27.1%	622
1987	-33.5%	101
1990	-19.9%	87
1998	-19.3%	45
2000-2002	-49.1%	930
2007-2009	-56.8%	515
2011	-19.4%	157
2018	-19.8%	94
<b>Average</b>	<b>-30%</b>	<b>355</b>

Source: Bloomberg, as at 31 December 2019. S&P 500 total return in USD

**WARNING: PAST PERFORMANCE IS NOT A RELIABLE GUIDE TO FUTURE PERFORMANCE.**



Source: Lipper, a Thomson Reuters company, as at 31 December 2019. S&P 500 total return in US\$

From 1<sup>st</sup> Jan 2020 to 7<sup>th</sup> April 2020 this index is down 17.2%

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### 3. The biggest gains follow the biggest falls

History shows us that markets generally bounce back strongly after large setbacks. Taking the same periods above and looking at returns over the 12 months following sharp falls we see how quickly things can change.

Market bottom	Returns over the following 12 months
1957	30%
1962	34%
1966	32%
1970	46%
1974	35%
1978	12%
1982	55%
1987	22%
1990	29%
1998	41%
2001	33%
2009	68%
2011	31%
2018	37%
<b>Average</b>	<b>36%</b>

Source: Bloomberg, as at 31 December 2019. S&P 500 total return in USD

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**“The stock market is a device for transferring money from the impatient to the patient”**

Warren Buffett

## Personal story for the times we are in and the answer to my question at the start

Like most people I try to get out for a walk to get some fresh air and exercise every day. I look forward to it and appreciate being able to do this. With social distancing in place it's very uncomfortable when I see someone approaching closely. I want to be respectful of their space and sometimes step onto the road to create the 2 metre distance. This is a very unnatural thing as it feels like treating people as if they have a disease. So I try at all times to make eye contact when passing and SMILE. Thankfully this is the most natural thing in the world to do. What occurs 99% of the time is that the other walker/runner smiles back. So I thought . . .

**A SMILE IS MUCH STRONGER THAN THE VIRUS BECAUSE EVEN FROM 2 METRES DISTANCE 'A SMILE' IS HIGHLY CONTAGIOUS.**



On that note, try to keep smiling and **STAY SAFE**.

## HSE ADVICE FOR DEALING WITH CORONAVIRUS



Now more than ever we all have a duty to stand together, to mind ourselves and each other.

Stay connected with family and friends by phone, texting and email but not visiting.

Wash your hands often for 20 seconds, especially before eating.



Stay at home, except for essential exercise and for food shopping.

If you must go out, stay at least 2 metres away from everyone else.

More information from: [www.gov.ie/health-covid-19](http://www.gov.ie/health-covid-19); [www.hse.ie](http://www.hse.ie) or phone HSE Live on 1850 24 1850

## SERVICES

The following services are provided by RMC Financial Services, with over 20 years experience in the Accountancy & Financial Advisory business

- Financial planning
- Investment/pension fund reviews and advice
- Savings and deposits
- Retirement advisory services
- Post-retirement investment services
- Life insurance: personal and business protection
- Illness insurance
- Mortgage protection insurance
- Income protection insurance

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