

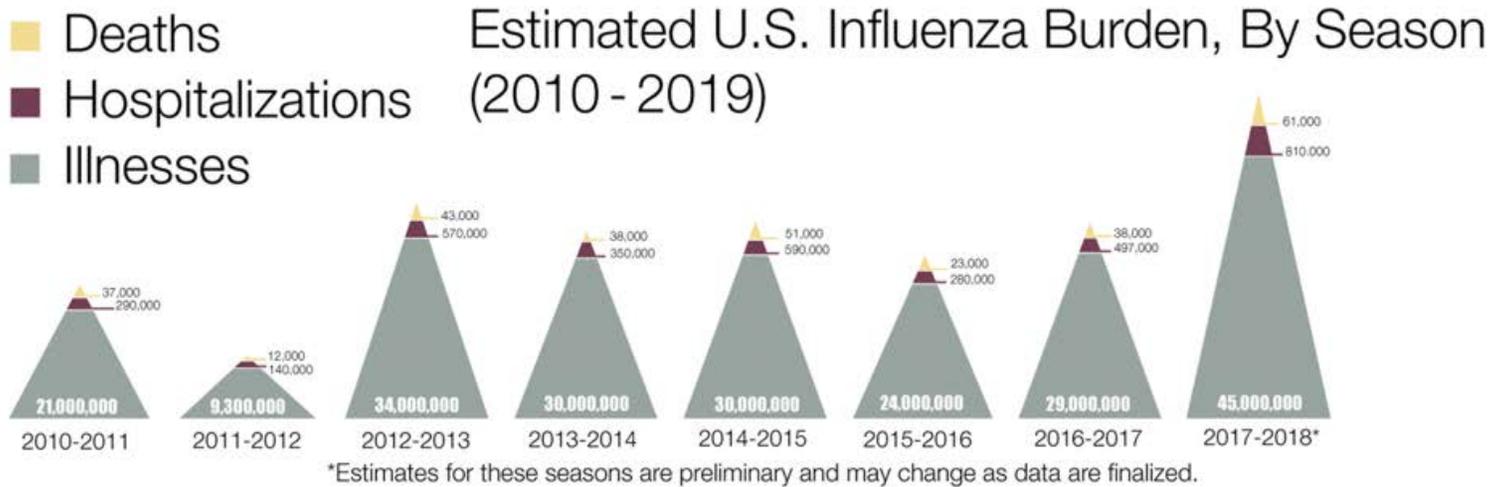
Corona Virus Update

Market Review - Feb 27, 2020 - market close

Market Summary:

- The S&P 500 index dropped over 10% since it peaked on February 18, 2020¹
- The S&P 500 index was up over 36% from 12/26/18 through 2/18/20¹.
- Corona virus impact potentially added to stock market valuation concerns.
- Viral outbreaks have historically had only short-term impacts on the stock market.
- The Center for Disease Control and Prevention (“CDC”) estimates that nearly 38,000 people on average died in the U.S. from influenza from 2010-2018.

The true economic impact of the corona virus is still uncertain. We are monitoring this issue; however, we don't feel it is prudent to react at this time. Historically, viral outbreaks have only had a short-term effect on the stock market. Most portfolios we manage hold a portion in bonds and the bond market has had positive performance during the market sell-off beginning on Monday of this week.



The stock market¹ has rebounded dramatically since it bottomed on December 24, 2018. The 31% return for stocks¹ in 2019 resulted in an equity market valuation that was 20-25% higher than its long-term historical average. The elevated market valuation and potentially negative economic impact of the corona virus may have facilitated selling by short-term oriented investors. Market performance may get worse before it gets better. However, when the impact of the corona virus becomes clear, it is very likely we could see a dramatic “V-shaped” rebound in stocks. Reducing risk levels based on short-term market events increases the odds of being under-allocated to stocks when the market turns positive. As always, we will remain mindful of each client’s individual goals and investment time horizon. For further questions, your advisor and entire Legacy Team welcome your call.

Markets heal quickly from disease outbreaks

Disease outbreaks often weigh on global stock markets in the short term, but the impact fades over time.



SOURCE: Charles Schwab



Chris Proctor

Chief Investment Officer

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Sources/Notes:

1 S&P 500 Index (.SPX): The S&P 500 consists of stocks selected for broad market representation and liquidity. Companies are weighted based on market capitalization. Return information from Morningstar using SPDR™ S&P 500 Trust ETF (SPY).
 2 JPMorgan NTM P/E as of February 24, 2020.