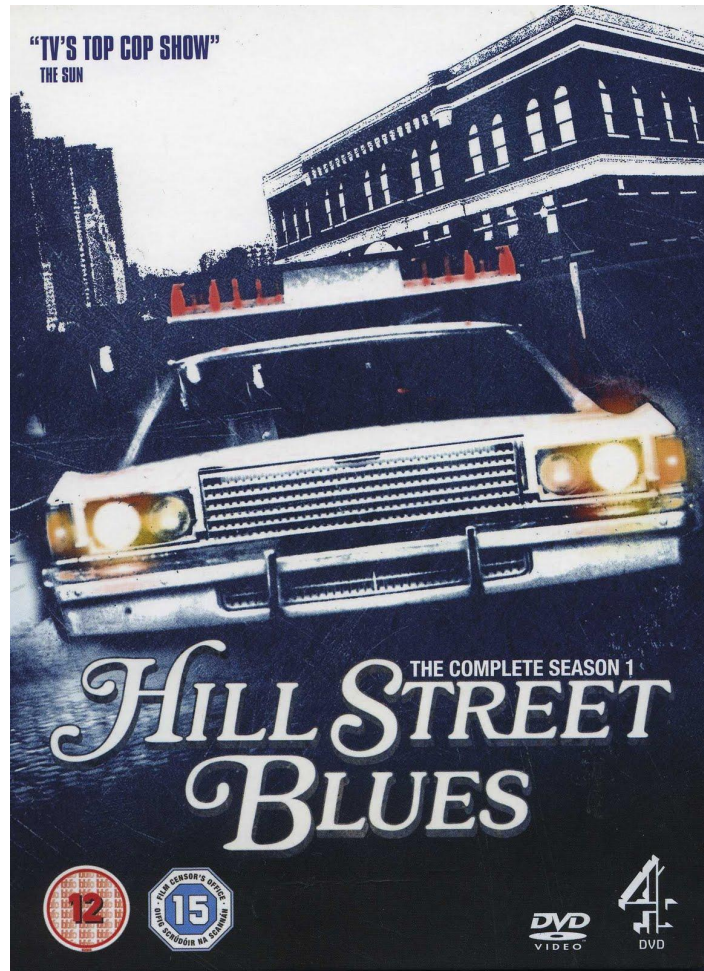




# STILES FINANCIAL SERVICES INCORPORATED

**Heed the Advice!  
Let's All Be Safe Out There**



### **Let's Be Careful Out There...**

One of my favorite TV shows of the 1980s was “Hill Street Blues”. A fictitious cop show that was set in a city that very closely resembled Chicago. As a native of the Chicago area, I ate up the content of each episode on a weekly basis. At the beginning of every show, the station Sergeant would do roll call and would warn his fellow officers to “Be careful out there”.

These words have never been more meaningful than they are today. In a time of “Shelter-in-Place,” “social distancing” and forced lockdowns, we are constantly reminded by the media and other officials to safely keep our distance so as not to spread this insidious virus now officially called COVID-19. We at Stiles Financial are on-board with these warnings and have worked remotely for a week. We should do this for our co-workers, for our families, for ourselves, but more importantly, I think we all should do it to keep the virus away from those that are vulnerable because of age or pre-existing health conditions.

As financial advisors, we also recommend to “be careful out there” with regards to your portfolios. We have communicated regularly to “stay the course”. Don't try to time this market on the way out, as

it becomes almost equally difficult to time getting back in. It feels painful and stomach-turning to watch the equity markets gyrate dramatically on a daily and, sometimes, hourly basis. But as we have said before, we have come to know all of you, some for many years, and have become familiar with your risk tolerances and portfolio needs. With that knowledge we have established customized asset allocation strategies that serve multiple purposes. First, and foremost, to give you the necessary growth required to meet your retirement goals. But just as important, we set your asset allocation to give you a smoother ride along the way. Even if you have nearly 100% of your assets in stocks, we strive to build portfolios with high quality, established businesses, that often also pay us dividends. This doesn't mean portfolios won't suffer in the environment we are in now, but we are optimistic that when things turnaround (timing still unknown) we are invested in companies that will come back strongly in a recovery.

But we also want to "be careful out there" because after a week like this one, where the S&P 500 moved up nicely after a rough start - and even a weaker finish -to the week, we might get some false signals or false optimism regarding risk assets. We are not suggesting that markets HAVE to keep going down from here, but we also aren't confident that the worst is over. We hope we're wrong. We hope that we have in some way, over the last couple of weeks, established a bottoming of the market downturn. But we caution being fooled, or getting "head faked" (one of my favorite basketball terms) into believing we are in an "all clear" environment and we should resume being aggressive buying equities.

The approach we have been taking with portfolios is to systematically return to buying in accounts where there is cash available to invest. We determine the amount (5-20% of the cash) and the cadence (every two weeks or per month) and begin buying at these opportunistic levels. We might not have the timing right exactly, but in the long term we are likely going to be happy that we purchased many of our favorite buy ideas at 25-50% discounts from where they were a month and a half ago. And if we see still more selling pressure on markets, we will still have cash on hand to buy at even better levels. If we have already seen the bottom, we still will likely be buying at levels, over the next few months, that are below those that we saw at the peak just six short weeks ago.

So be safe in this public health crisis environment. Heed the advice of government, and especially health officials. And let's get through these difficult times in the best way that we can.

Also be safe with your investments. Don't make rash or emotional decisions around your portfolios, as easy as it may seem to do right now. Stay the course and heed your established asset allocation as this is the best strategy for the long term.

Let's be safe out there!

**2020**  
20 YEARS STRONG! 

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