BARNES • PETTEY
FINANCIAL ADVISORS, LLC
Registered Investment Advisor

What a crazy market!

When the coronavirus scare hit the markets, I was at a seminar with money managers and financial advisors. All said the same thing to me, we just have to wait and see how this plays out!

We are finally seeing the total number of coronavirus cases going down and the ones dismissed going up. However, containment does continue to be a challenge with new corona cases popping up in different parts of the world and especially here in the United States.

I have especially looked at the impact that other heath scares have had on our economy. All have created very sharp downturns followed by very sharp upturns. (see attached chart) We are certainly seeing this again with this schizophrenia in the stock market.

The market, before the coronavirus, was considered fully valued and as I have mentioned in my reviews, earnings growth is critical to keep this market going higher. Earnings growth has primarily been in the technology sector, especially in the so called economic disruptors, and that growth pattern should continue.

The Chinese economy remains a key to the global outlook. China is starting to reopen parts of its economy, but the macro shocks will likely continue. Chinese officials are forecasting economic growth around 5% for the first quarter, which is down from a previously announced 6%. We do question the news we get out of China, but that's the latest we have.

The U.S. economy will also take a hit, but it does not appear yet that a recession is likely.

Our advisors have reminded us about how much more quickly a virus can be unraveled today with our current technology and especially artificial intelligence.

A worst case scenario of prolonged global pandemic with school closings, business closings, and quarantines, would certainly hit the U.S. hard and cause the world to enter a recession. We do not see that happening at this point and are advising a calm and deliberate approach to this health crisis.

The banking system is much stronger today than it was in 2008 mainly due to restrictions that were put on banks. Consumer debt is much lower than it was in 2008, so the financial side of things is really good in the US. As you know, the Federal Reserve has also lowered interest rates along with other global central banks. All of this will make business conditions better.

2020 will continue to be marked by political volatility. Even when we know the candidates, we expect the markets to react violently and quickly to the potential winners.

I am available for you! My staff is here to help. We are here to respond to your concerns and questions.

I've had many people ask me what I am doing about this crisis and my answer has been the same "All portfolios are setup initially to anticipate unforeseen events! Risk assessment is the beginning point of our portfolio construction and our tools for measuring risk are the best we've ever had. "

Let me or any of our other staff members know if you need some help or analysis on your portfolio.

Sincerely yours,

Dudley

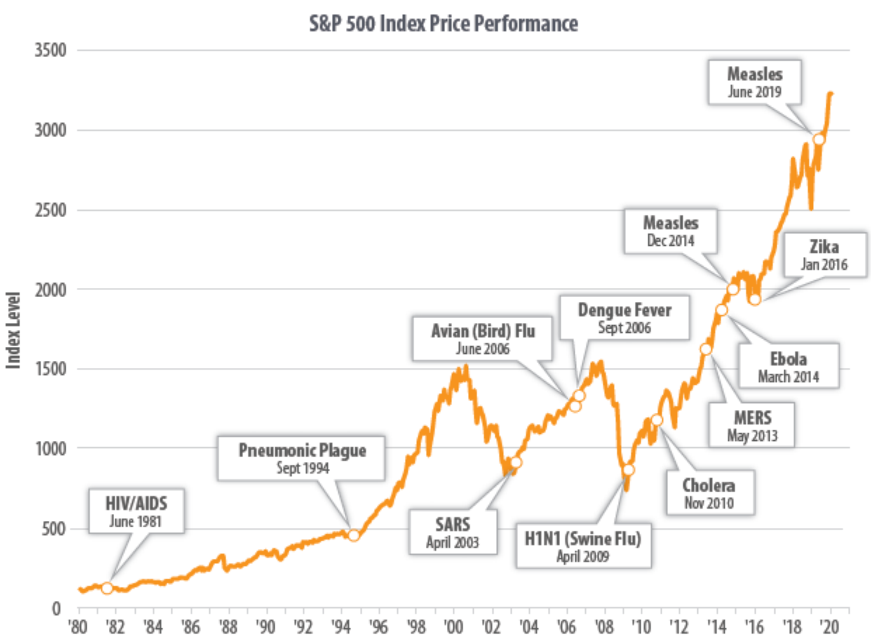
*Any opinions are those of Barnes Pettey Financial Advisors and not necessarily those of RJFS or Raymond James. The information contained in this report does not purport to be a complete description of the securities, markets, or developments referred to in this material. There is no assurance any of the trends mentioned will continue or forecasts will occur. The information has been obtained from sources considered to be reliable, but Raymond James does not guarantee that the foregoing material is accurate or complete. Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. Investing involves risk and you may incur a profit or loss regardless of strategy selected

Epidemics and Stock Market Performance

Since 1980

First Trust

There are many factors that can impact stock market returns, but one concern of investors today is how the stock market will be impacted by a major epidemic or outbreak. Below we look at the historical performance of the S&P 500 Index during several epidemics over the past 40 years. We believe looking at the market's overall resiliency through several major epidemics can give us perspective on the benefits of investing for the long-term.



Epidemic	Date	S&P 500 6-Month % Change	S&P 500 12-Month % Change
HIV/AIDS	June 1981	-6.6%	-16.5%
Pneumonic Plague	Sept 1994	8.2%	26.3%
SARS	April 2003	14.6%	20.8%
Avian (Bird) Flu	June 2006	11.7%	18.4%
Dengue Fever	Sept 2006	6.4%	14.3%
H1N1 (Swine Flu)	April 2009	18.7%	36.0%
Cholera	Nov 2010	13.9%	5.6%
MERS	May 2013	10.7%	18.0%
Ebola	March 2014	5.3%	10.4%
Measles	Dec 2014	0.2%	-0.7%
Zika	Jan 2016	12.0%	17.5%
Measles	June 2019	9.8%	N/A*
Average Price Return		**8.8%**	**13.6%**

Observations

- **6-month** change of the S&P 500 Index following the start of the epidemic was positive in 11 of the 12 cases, with an average price return of 8.8%.
- **12-month** change of the S&P 500 Index following the start of the epidemic was positive in 9 of the 11 cases*, with an average price return of 13.6%.

Source: Bloomberg, as of 2/24/20. Month end numbers were used for the 6- and 12-month % change. *12-month data is not available for the June 2019 measles. **Past performance is no guarantee of future results.**

The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index. Index returns do not reflect any fees, expenses, or sales charges. Returns are based on price only and do not include dividends. This chart is for illustrative purposes only and not indicative of any actual investment. These returns were the result of certain market factors and events which may not be repeated in the future.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial advisors are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.