



Dear Client:

Just wanted to send you this quick note about Monday's drop in the stock market. As we stated in our note to you at the end of June, volatility was making a comeback. The media reported that the market is in turmoil. The Dow fell 767 points, or 2 percent, which was the worst single day decline of 2019. This followed last week's 3 percent decline. The Dow is up significantly so far this year, and it's natural for there to be a pullback at some point.

Given all the attention this recent market 'turmoil' has received, we understand you may be concerned, despite the market adjustments we've seen today. Fortunately, we have seen this type of market activity frequently since we set up shop more than 30 years ago. As a result, we understand that it is part of the ongoing process of price discovery the market goes through every day. There is more news on some days than others and this is what the market is trying to digest.

This particular drop is widely attributed to tariffs imposed on China by President Trump. China retaliated by devaluing its currency. All this political jockeying is causing Wall Street to wonder if a prolonged spat between the two economic superpowers might eventually reduce corporate profits — resulting in this week's market activity.

Nobody can predict the future of U.S.-China trade relations, or the effect of any other event that grabs the headlines on any given day. As a result, attempts to time the market will usually end in failure. That is why we continue to recommend a diversified portfolio combined with a focus on meeting your goals, not the market's inevitable ups and downs, as the foundation of any investment strategy. As such, we regard the market's decline to be an opportunity for the long-term investor.

Therefore, you might consider adding to your accounts while prices are lower in value than they were last week. Or, simply use this time as an opportunity to ... do nothing! After all, we are confident that this too shall pass. Thus, if nothing has changed in your personal situation, no changes are needed to your portfolio.

We continue to monitor events closely, and we will continue to provide you with updates as needed. In the meantime, of course, feel free to contact your advisor if you have any questions.

Regards!

Ric Edelman

Founder



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