7 INVESTMENT STRATEGIES FOR THE POST COVID-19 PANDEMIC

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STRATEGY 1: REASSESS YOUR INVESTMENT RISK TOLERANCE

Did the market reaction to the COVID-19 pandemic bring to light that your portfolio has too much volatility for your comfort level? Did the market volatility cause you to reassess your appetite for risk and volatility? The problem with traditional stock and bond portfolios is when assets become distressed, both stocks and bonds tend to move to the downside at the same time.

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STRATEGY 2: REVIEW YOUR ASSET MIX

Have your growth assets dwindled in value to the point that you have too little in growth assets and too much in conservative assets? Your portfolio asset mix will likely determine the extent to which your portfolio will rebound. It is more important that you have the right mix of growth to conservative assets as it is that you have picked the right stocks or indexes.

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STRATEGY 3: REBALANCE YOUR PORTFOLIO

After you have reassessed your risk tolerance and your asset mix, consider selling conservative assets and buying growth assets. Rebalancing into growth assets after a market pullback is an opportune time to sell high and buy low.

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STRATEGY 4: IDENTIFY ASSETS THAT ARE DISCOUNTED MORE THAN THE MARKET OR PRESENT A UNIQUE BUYING OPPORTUNITY

Study the market and look for opportunities, the broad market will likely miss price assets as all assets tend to fall in tandem. In addition, certain assets will recover faster than others based on their business model and sector. There are industries that will likely recover later than the broad market. For example, real estate and the banking industry tend to be late stage in their recovery and may offer an appropriate entry point late cycle.

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STRATEGY 5: DON'T SETTLE FOR LESS THAN 5% CURRENT YIELDS

Why consider short term bonds that are generating low single digit yields. In addition, when interest rates begin to rise, these instruments will likely fall in price commensurate with the rise in interest rates and the duration of the bond.Consider other income producing assets like preferred equities. Preferreds are issued by most of the largest financial institutions and yield +5% in most cases. Companies like JP Morgan, Bank of America and Wells Fargo. It is unlikely that these institutions will be unable to meet their capital commitments in the near term.

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STRATEGY 6: CONSIDER ASSETS THAT DO NOT HAVE DAILY LIQUIDITY

There are assets that have quarterly liquidity or less frequent. These assets tend to have a different trading pattern than those assets with daily liquidity. These assets tend to be less susceptible to the daily volatility of emotional trading as shareholders can not sell on a daily basis. This lack of liquidity prevents shareholders from emotionally selling and investors piling on and driving the stock price lower. These funds are often called interval funds and they are becoming more broadly utilized by the institutional and wealthy investor.

7

STRATEGY 7: MAINTAIN YOUR PERSPECTIVE AND EVENTUALLY THINGS WILL NORMALIZE

"Keep Calm and Carry On" was a motivational poster produced by the British government in 1939 in preparation for World War II. Markets are not immune to difficult periods of time and unfortunate events. History has proven that markets are resilient and if given time, markets will recover and move higher. However, time is the one critical element markets need to recover.

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