

THE HARBOR ADVISOR

What a Difference a Few Weeks Can Make

We have heard this numerous times regarding our economy as shock set in with the realization that just a few weeks ago individuals, business owners, politicians, and governments were making plans based on a seemingly strong economy with a robust, educated workforce. We have learned a lot since then, the strength and capriciousness of a virus that knows no borders, cultural, geographic or economic. The lack of preparedness for a pandemic is on both the government and the individual's part. We have also learned that the best communities and individuals can and do step up to help. Last, that we also have those that do not help, indeed hinder, the efforts for the common good.

Fear of the unknown is nothing new. As humans we would like to believe that we can control the unknown, barring that, many simply ignore the future and take what comes. We at Harbor think a far better way is to plan, to carve out what we do know and can have some predictive control over. As an example, we can predict with some certainty what our expenses are. We have some control over providing for those expenses in a conservative, guaranteed way. While this does not work for everyone, it works for many of us. This and other preparedness help to ease the shock and fear that comes with a situation such as this.

We know that communication is valuable during a crisis, as is helping others where we can. It helps ease a feeling of helplessness and inertia, both enemies during a crisis. Good leadership is critical and when it occurs it is a very bright light, when it fails it is equally noticeable.

We at Harbor are fortunate to be able to work seamlessly from our homes, we planned for and tested these capabilities well in advance of needing them. We are handling normal transactions, creating financial plans, researching what investments are best in a recovery and crafting communications to our clients and professional partners. We have systems in place backed by training and procedures that are invaluable at a time where news and events move at lightning speed.

In that we planned for a recession our portfolios are holding up well against the various market pressures changing by the minute. We think the best course of action is to stay invested in the carefully chosen positions and wait for a recovery.

We are available for calls to review your specific situation and fortunate that our business model allows us to be conversant with your individual situation. We are eager to learn how you and your loved ones are faring, your businesses are coping, how we can share what we are learning to help.

April 9, 2020

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Women in Finance

45% of all U.S. millionaires are women



Market Recap – 1st Quarter, 2020

By Karen Didde

The longest running bull market came to a halt during the first quarter as uncertain economic implications of the Covid-19 pandemic shook markets. A sell-off across all investment categories caused extreme volatility, as many investors fled to cash. Simultaneously, Saudi Arabia and Russia's price war on oil resulted in collapsing prices and increased production while demand waned as people stayed home due to the Coronavirus. To help maintain some stability, the Fed dropped interest rates to 0% and infused liquidity into the markets by buying Treasuries and mortgage-backed securities. As more states implemented stay-at-home orders, many businesses were forced to shut their doors and lay off employees. Unemployment claims spiked up to 6.6 million at the end of March. Congress passed the Coronavirus Aid, Relief and Economic Security Act (CARES Act) on March 27, which includes stimulus payments to qualifying individuals, financial support for small businesses and expanded unemployment coverage. Markets reacted positively to the efforts, yet volatility is expected to continue until the virus is contained and global economies begin to recover.

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"Complaining about a problem without posing a solution is called whining." Teddy Roosevelt

Fund Focus: Artisan Intl Small-Mid Fund (APDJX)

By Emily Troeltzsch

Newcomer to Harbor portfolios, Artisan International Small-Mid Fund (APDJX) is a small/mid growth foreign fund. The fund aims to hold between 75 and 125 stocks with a maximum percentage in the portfolio of 5% of any single holding with an average duration in the portfolio of about 5 years. This fund invests in equities positioned for structural growth. While the fund is a foreign focused fund, it does invest 11.4% in U.S. stocks, which is more than other similar funds. These companies normally have unique business models, strong intellectual property or assets, favorable industry positions, good returns on capital, strong management teams and other positive attributes which indicate likely growth. Current examples of areas with structural growth include next-generation healthcare (such as biotherapeutics), new technology (such as artificial intelligence), transcendent brands (such as luxury goods), and high-value-added bottlenecks (such as fragrance bottles). APDJX holds 26.77% in healthcare equities as its biggest sector.

Recovering from a Bear Market

By Emily Lucero

In times of extreme emotion around the markets we find data and research to be helpful in gaining perspective. During any market downturn it is important to remember the fundamentals of the business cycle and how the cycle interacts with the markets. In 2019, the US was in the late stages of the business cycle with peak economic activity and capacity starting to become constrained. This being the case when the markets started to fall due to COVID-19 in late February, the markets were pushing a bear market. A bear market is defined by a 20% or greater stock market decline from a recent peak, indicated by a 52-week high. According to research done by Fidelity Investments, the odds of a correction turning into a bear market during the late stages of the business cycle have increased historically¹.

There are unique elements to the current market environment that make any predictions about how long or how severe the bear market will be difficult to ascertain. Regardless, it may be a good time to reflect on bear market trends and what the aftereffects have been.

Using the S&P 500 as representative of the market, there have been 16 times the market has been defined as 'bear' since 1926, an average of about once every 6 years. When a bear market occurs, it tends to be fairly dramatic, with an average loss of almost 40%². It also tends to take a while to recover those losses—the average duration is just under 2 years. There is good news though for those who chose to stay committed to the market. Since 1962, in the year after the "trough" of the bear markets, the S&P 500 has gained an average of 47%, a return any investor wouldn't want to miss out on. Even in the 2008 market, when the S&P 500 bottomed on March 9, 2009 after declining 59%, it began a remarkable ascent, roughly doubling in the following 48 months.

So, what perspective can we get from looking at historical market trends? There are a few things, the first being that bear markets are part of the cycle. You cannot reach new highs without the corrections. Second, a steep market recovery is not out of the question; the important thing is to hold on during the descent so you can fully participate in the recovery. While one cannot predict the future, looking at historical trends does indicate that staying invested during tumultuous times is of great importance for success.

¹ 2020. Bear Market Basics, March 19, Fidelity Investments

² 2020. Bear Market Basics, March 19, Fidelity Investments

Life's Curve Balls

By Carolyn Ellis Rice

Job loss, illness, a new, unexpected baby, pandemics - if there is one thing life is good at it is throwing curves, doing away with our carefully constructed notion that we are completely in control. Yet while some things may be out of our control, planning for some of life's curves is not. If you have been a Harbor client for any length of time it will have been suggested, often multiple times, that you have a financial plan run. A financial plan tailored to your individual needs is invaluable as it:

- Enables you to get a handle on where you are financially, where you would like to be and helps determine what it might take to get there
- Helps you to set and prioritize long range (and sometimes not so long range) goals and smooths planning for big expenses such as a house purchase, sabbatical year, starting your own business and the like
- Facilitates taking a good solid look at your cash flow, how much money you make and where it goes
- Assists in avoiding surprises
- Encourages questioning of yourself and your family (or loved ones) that allows insight and progress in the same direction financially
- Gives perspective and peace of mind and aids in staying the course financially when things around you seem out of control

While we can't predict life's curves for you we can continue to offer our expertise in the area of financial planning. Our plans are stress tested using a statistical simulation method that simulates random returns in order to illustrate the variability of real life, such as an increase in the inflation rate, decrease in earnings rate or unexpected expenditures. So for our clients who have had a financial plan run the current downturn, while not pleasant, this was, in fact, accounted for in our long-range planning making it a bit easier to swallow.



Tech to the Rescue

By Emily Lucero

The global pandemic has forced many to spend more time at home than they are used to, and from our observation, this has led to reliance on technology now more than ever. Some areas of increased technology use have been remote work, exercise, stress and anxiety relief, entertainment and social communication. Here are some staff favorites for apps or tech we like and have been using:

Elyse- Corepower and Body Dynamics - online yoga and Pilates classes
 Megan - SWEAT - app designed for rebuilding strength after pregnancy
 Denise H. - Insight Timer - for timed and guided meditation
 Carolyn - Zoom for online Nia classes and happy hours with family
 Jennifer- FaceTime - For continued connection to family and friends
 Karen - New York Times cooking app -for recipes and inspiration
 Denise G - The Calm App - for better sleep and stress maintenance
 Emily L. - TABATA timer - for timing interval workouts that you can share with friends

Although the pandemic has forced us to adapt and use technology to connect, many have mentioned the need for these things in more normal times. It will be interesting to see what forms of technology will continue to be used when we are able to return to our more normal lives.

We would love to hear what technology you are using to connect to family and friends and maintain lifestyle and routine. Please reach out if you have any recommendations!

Staff Spotlight

By Denise Hess

In this newsletter series we will get up close and personal and have some fun with the Harbor team. Each quarter we will spotlight additional team members.

Megan Miller has been with Harbor since 2012. Read her full bio [HERE](#)

What is something you learned in the past month?

Too many to list- Brett and I are learning and really enjoying becoming parents together

What was the last song played on your phone?

Here and Now- Kenny Chesney

How do you balance your career and family/friends?

Facetime happy hours currently

What 3 words would a friend use to describe you?

Loyal, determined, driven

What is your favorite part about working for Harbor?

My co-workers

What book did you last read?

Human Brain Development

Denise Hess has been with Harbor since 2004. Read her full bio [HERE](#)

What was your favorite vacation?

Family vacation hiking the Inca Trail in Peru

If you won the lottery, what is the 1st thing you would do?

I'd call my wealth manager!

What 3 words would a friend use to describe you?

Loyal, Conscientious, Agreeable

What was the last song played on your phone?

Trampled by Turtles, Wait So Long

What advice would you give to your teenage self?

Don't worry about what others think!

What is one thing you've done, but will never do again?

Aerobatic Glider Ride

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Images: Lars Sundström, Fleur Suijten

Harbor Happenings

By Denise Givens

Harbor is Working Remotely

In support of the various governmental guidelines to combat the spread of the COVID-19 virus, Harbor is now working remotely, and our office is closed. We can still be reached at our individual email addresses and our main phone number of 303-939-8788, or direct staff phone lines. When it has been established that we are safe to reopen our office, we will send out a communication. If you have any questions, please feel free to reach out to us. We wish all of clients and partners well during this difficult time.

Privacy Policy and New ADV Available

A full copy of Harbor's updated ADV (the form used by investment advisors to register with the SEC) is now available on our website. Please notify us if you would like a hard copy sent to you by mail.

Harbor on Facebook

Visit us on [Facebook](#)! See the latest happenings at Harbor and get tips and financial information!

2020 Office Closures

Our office is closed on the following New York Stock Exchange holidays in 2020: May 25, Memorial Day; July 3, Independence Day; September 7, Labor Day; November 26, Thanksgiving Day; November 27, half day; December 24 half day, Christmas Eve; December 25, Christmas.

Continued from page 2 (Market Re-cap 1st Quarter 2020): Major equity indexes were negative for the quarter. The S&P 500 was -20%, the Russell 2000 was -30.89%, the MSCI EAFE was -23.43%. The Barclay's Aggregate Bond was up 3.15%.