

July 1, 2020

Hello Friends

The second quarter of 2020 is one for the record books. From the market low on 3/23/2020 to the close on 6/30/20, the Dow advanced 7,221 points. I can assure you that no one made that prediction, including myself. In my April letter, I said that I was adding to several of my existing positions, but in my wildest imagination, I never dreamed that the Dow would gain over 7000 points from the March low to the end of the second quarter.

The sharp decline in the first quarter and the rocket ship rebound in the second quarter further reinforces what most of us already know. That is, the realization that it is extremely difficult to try and predict market advances and market declines. I do not remember anyone predicting a 10,900+ decline from the February high to the March low. Conversely, no one predicted a 7000-point advance off of the low.

In my opinion, the only investment strategy that makes any sense at all is to pick a path, then stay on that same path for a long time. Decide if your investment objective is conservative, moderate or aggressive, then stay conservative, moderate or aggressive during the volatility. Just let the volatility play out while you maintain your positions and asset allocation strategy. The investor who continually shifts large percentages of the portfolio in and out of stocks is going to make a lot of costly mistakes.

I can assure you that there will be volatility in our future. The political climate in our country is a mess, there is a cold and trade war with China, and we still have not come up with a vaccine for covid. Throw in all the recent racial tensions and there isn't much joy in the world. Plus, there are likely to be new problems that have not yet been invented. My investment strategy remains unchanged, I will raise modest amounts of cash into market strength and I will deploy cash into market weakness. It's strange, but I generally applaud those 1000 point down days as it gives me an attractive entry point to add more cash to my favorite stocks. And everyone knows those stocks are Amazon, Apple, Costco and Google (in alphabetical order).

Another thought, since the IRS has suspended Required Minimum Distributions from IRAs this year for those of you over age 70 ½, 2020 would be an excellent year to take advantage of lower tax obligations and make an IRA to Roth conversion.

And now for a commercial. If you have a bank account, mutual fund, annuity, 401k plan from a previous employer, or another brokerage account that is not performing as well as your Schwab account, I would be pleased to review those holdings and make a recommendation. Just mail or fax a copy of the statement and we will take over from there.

The covid crisis has made it difficult for personal meetings, but I'll do my best via email or telephone to address any of your questions, concerns or discuss an IRA conversion. Please call or email anytime.

Happy 4th of July. Thanks.

Sincerely,



Jim Aljian

ALJIAN CAPITAL MANAGEMENT

3550 Round Barn Blvd., Suite 208 / Santa Rosa, CA 95403 / 707.230.2158 *tel* / 707.230.2294 *fax* / aljiancapital.com