CAPITAL VIEW INVESTMENT GROUP

Advisors with D.A. Davidson & Co. member SIPC

Quarterly Newsletter

D|A|DAVIDSON

Navigating Market Volatility in Times of Uncertainty

It is hard to believe that the first quarter of 2022 is already behind us! The first few months of 2022 have been anything but quiet with Covid cases spiking, inflation heating up and the conflict between Russia and Ukraine becoming front and center for the media.

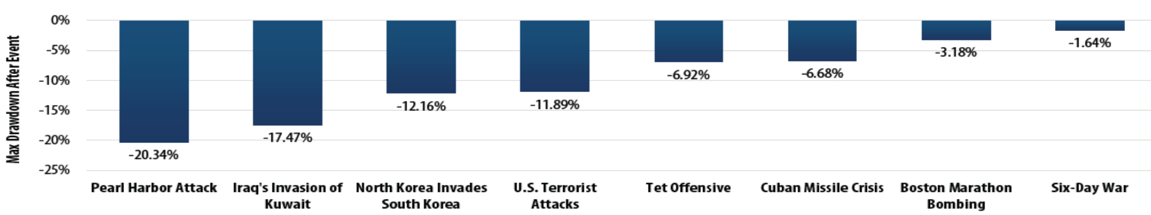
Each of these factors has played a part in the increased volatility in the markets over the past few months and as we look toward the future, a couple of thoughts to share with you come to mind.

First, we want to point out that going back to World War II, the median market sell-off has been 5.7% after a geopolitical shock. On average, it has taken three weeks for the market to reach a bottom and another three weeks for it to recover those losses. The chart below, provided by *First Trust Portfolios* *** illustrates how the market has reacted to other major geopolitical events.

U.S. Stock Market Returns After Major Geopolitical Shocks

First Trust

Major Market Shock	Event Date	1- Day Return	1- Year Return	Max Drawdown	Days Until Bottom	Days Until Recovery
Russia Invades Ukraine*	2/24/2022	1.50%	-	-	-	-
Boston Marathon Bombing	4/15/2013	-2.48%	19.49%	-3.18%	4	14
U.S. Terrorist Attacks	9/11/2001	-5.01%	-13.75%	-11.89%	11	30
Iraq's Invasion of Kuwait	8/2/1990	-1.19%	13.66%	-17.47%	71	187
Tet Offensive	1/30/1968	-0.54%	15.43%	-6.92%	36	69
Six-Day War	6/5/1967	-1.64%	19.36%	-1.64%	0	1
Cuban Missile Crisis	10/16/1962	-0.31%	30.91%	-6.68%	8	17
North Korea Invades South Korea	6/25/1950	-5.27%	20.03%	-12.16%	19	59
Pearl Harbor Attack	12/7/1941	-4.15%	3.70%	-20.34%	142	304



*** Past performance is no guarantee of future results. Source: Ken French Data Library. Ken French data library uses the CRSP database. Universe includes all New York Stock Exchange (NYSE), American Stock Exchange (AMEX) & NASDAQ stocks. Returns are market-cap weighted. *2/24/2022 data is from Bloomberg and represented by the S&P 500 Index. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. An investor cannot invest directly in an index.

Secondly, in times such as this, we often remind clients to have what is called a "barbell strategy" of cash, which is comprised of three components:

1. **Emergency Fund** – We recommend having 6-12 months of living expenses available in a liquid savings account that you can access at any time without touching your investments.
2. **Income** – If you draw income from your investment account, we recommend having at least 12-18 months of cash on hand, so we do not have to sell positions when the market is down to accommodate those income needs. For retired investors, you may consider holding an even greater amount of cash reserves.
3. **Opportunity** – We also encourage investors to have an "opportunity" bucket of cash, so that when we do see strong pullbacks in the market, we have cash that can be deployed on attractive investment opportunities.

While these are challenging times, we remain optimistic about the market in the long-term. Please do not hesitate to reach out if you have any questions or would like us to review and discuss your current financial plan.

All the best,

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