

# Reality Check

February 2020



## TEOTWAWKI....."DÉJÀ VU ALL OVER AGAIN"

We have, over the past several weeks, been invited by financial media to suspect the arrival of **The End of the World as We Know It (TEOTWAWKI)**, via the outbreak of a new strain of coronavirus.

Permit us to doubt this, and suggest all goal-focused long-term investors join us in doing so.

Let us now reason together:

We do not claim to have any idea how far this outbreak may spread, nor how many lives it may claim, before it is brought under control. We are, however, reasonably certain that many (or perhaps most) of the world's leading virologists and epidemiologists are working on it, and believe that their efforts will ultimately succeed.

If the rich history of similar outbreaks in this century is any guide, this would seem to be a reasonable hypothesis.

We draw your attention to:

- SARS in 2003-04, also originating in China
- The bird flu epidemic in 2005-2006
- In 2009, a new strain of swine flu
- The Ebola outbreak in autumn of 2014
- The mosquito-borne Zika virus outbreak in 2016-17

On that first day of the litany of epidemics cited above, the S&P 500 closed at 855.70 (1/31/2003). Seventeen years and six epidemics later (including the current one), this past Friday the Index closed fairly close to four times higher. We are confident that you see where we're going with this. As we are apt to say every chance we get; "The nature of successful investing is the practice of rationality under uncertainty." Which is, exactly what a situation such as this one calls for.

As always, we welcome your inquiries around this issue or any other which may concern you. That's what we're here for. In the meantime, we think the most helpful – and certainly most heartfelt – investment advice we can offer would be that you turn off the television.