

*Sather Financial Group, Inc.*  
*Private Wealth Management*

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**Interim Commentary : February 27th**  
**Ten Things To Consider Six Days Later**

It has been quite a while since we have written an “interim commentary.” However, given the volatility we thought it might be good to share some perspectives.

- 1) Six trading days ago the stock market was at record levels. After today, the markets have sold down a fair amount. However, as we explained in our Money Matters article earlier this week....when people want “fast cash”....liquidity comes at a premium. Not that much has changed in six days. As such, we believe much of this has to do with short-term mentalities and computer driven trading programs. The volatility of the last week has little to do with long-term economics.
- 2) We did a large amount of trading for our clients yesterday, today and will continue tomorrow. We are NOT selling out, but rather repositioning our portfolios for assets that we think will do exceedingly well over the next ten years. I know we are a bit warped....but we welcome situations of this nature.
- 3) The laws of economics have not been repealed. HEB is still selling groceries....and beer....lots of beer.....and Specs is selling lots of whiskey.
- 4) With China being the epicenter of the coronavirus, it is very interesting and instructive to note that both Starbucks and Apple have re-opened stores in China. They were some of the first American companies to shut down. The fact that they are reopening tells us that they believe the worst is behind them. Let me repeat that...Starbucks and Apple are re-opening in China. They are either crazy or things are getting better.
- 5) Although the U.S. stock market was down today, Chinese stocks are rebounding and leading world stock markets with positive performance. Usually this will not happen if the anticipation is for more dark clouds and bad news. Things are getting better.
- 6) This website does a very good job of tracking confirmed cases of coronavirus, total deaths and total recoveries.  
[https://gisanddata.maps.arcgis.com/apps/opsdashboard/index.html#/bda7594740fd40299423467b48e9ecf6?utm\\_source=morning\\_brew](https://gisanddata.maps.arcgis.com/apps/opsdashboard/index.html#/bda7594740fd40299423467b48e9ecf6?utm_source=morning_brew)
- 7) The death rate from coronavirus is about 3%. However, 93% of deaths are in China. We believe that China is less well equipped to deal with a situation like this than is the United States or other similarly developed nations. As such, we think the death rate outside of China will be well below the 3% figure.

- 8) We recognize there will be an economic slowdown in the U.S. and the world. This does not concern us. It may pull us into a recession (two quarters of negative Gross Domestic Product). A recession does not worry us.
- 9) From what we have read, the coronavirus will burn itself out within a few months. That probably means a six to eight weeks of concern before we see daylight.
- 10) We never know when something unexpected or bad will happen, but we know bad things happen. To allow our investments the best opportunities to deliver success, we invest in assets that are extremely strong financially and have business models that allow them to succeed over all business cycles. As a general rule, we don't hold investments that we are not content to hold for a ten year time frame. That longer time frame allows us to ride out the volatility and give our clients better opportunities for success.

As always, we are here to answer any/all questions. There are no dumb questions.

Have a good evening. Go eat a good meal. Get a good night's rest. Tomorrow is a new day.

We look forward to hearing from you.

*Dave, Warren, Jon, Nate, Joseph and Tammy.*