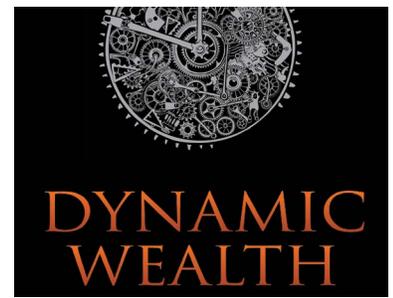




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the SUMMIT

FOR FRIENDS AND CLIENTS OF THE
CROSBY ADVISORY GROUP, INC.
MARCH 2020

overview

House Bill 197

Ohio Governor Mike DeWine signed House Bill 197 which provides emergency relief to Ohioans during the COVID-19 pandemic. The bill:

- Waives state testing requirements for school children this year.
- Extends professional licenses for those who cannot get them renewed.
- Allows local governments to hold public meetings remotely and with transparency.
- Extends the income tax deadline to July 15, 2020.
- Extends absentee voting by mail until April 28, 2020.
- Provides funding for small businesses, such as day cares and services for the disabled.

Crosby Advisory Group encourages Ohio residents to **support local small businesses** when possible. For more information on how you can support your local small businesses, or get your business added to the list visit <http://ohio.org/SupportLocalOhio/>

shop local

My Strategy

for buying in the bear market

The 11-year Bull Market has come to an end. Many of our investors are adding additional cash to their investment accounts at this time to take advantage of the dramatic pull back we have seen in stocks. We saw long-term buying opportunities like this in 1987, 2001, and 2008, many investors see similar opportunities today.

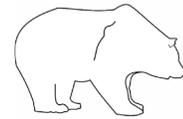
The most common questions we field on a day to day basis now are, "Do you think we've hit a bottom? What should I be buying?" Since those are two separate questions, I will answer them separately. Keep in mind these are my opinions. Nobody, not even the world's greatest investor, can confidently declare a bottom. We typically don't know when a Bear Market decline has bottomed until weeks, if not months later. Here is the good news: we don't have to time the bottom; we just want to be relatively close. I point to Warren Buffett who in a letter titled "Buy American. I Am" that was printed in the New York Times in October of 2008, told investors it was time to buy stocks. He missed the bottom by 20%. However, time proved Warren right. Had you simply bought into the S&P 500 index or some other representation of the American stock market, and held through the coming Bull Market you would have made a significant gain on your investment, even though it wasn't the bottom. The market is indeed an efficient instrument for transferring money from impatient people to patient people. If you are a new investor, that letter penned by Warren Buffett should be high on your reading list.

You can find it here:

<https://www.nytimes.com/2008/10/17/opinion/17buffett.html>

continued next page...

My Strategy for Buying in a Bear Market. ... continued



My Strategy:

Here is my strategy for buying in a Bear Market, which is a market that has declined by 20% or more. First, we must avoid attempting to be an oracle and dumping all our discretionary investment cash in at once. We won't pick the absolute bottom, but we can try to be close. Valuations of S&P 500 companies are near their historic average. This tells me the price is fair. Additionally, on Tuesday, March 24th, we saw the biggest single day gain in stocks since 1933. Gains or losses in a single day of that significance are not normal, which tells me the market was oversold. Does that mean it can't go lower than where we were on March 23rd? No, it can go lower, especially if the news dramatically changes for the worse. To protect myself and my clients, I am using negative days to pick up a few shares at a time. Our clients don't pay commissions so whether we buy 1 share of an investment or 100 shares there is no additional charge. Although historically markets do not wait for the economy to recover before the recovery in stock prices begin, I do believe we have time before we are out of the woods. Negative news is an investor's best friend, and I believe there will be plenty of negative news over the coming days and weeks to provide entry points. We don't panic when stocks are down, we see such events as long-term opportunities. Conversely, we don't get too excited when they rise. Put your emotion aside and you'll invest like a pro.

Second question: what should I be buying? That depends on your situation. One of my favorite clients is 87 years young and he was one of the first to fund his account with additional cash, but he is using money he will not need in the next 12 months. It is foolish to invest money in stocks that you know you will need in 12 months. It is even more foolish to take a loan out to invest in stocks. I'm confident history will show our present situation is an opportunity, but we cannot predict when the upturn will happen. We keep cash on hand in all our investment models. We will be using this cash to buy into each client's strategy slowly over the downturn. Some of our clients have individual stocks as part of their strategy. With these clients we have a watchlist 10 to 15 stocks that we like, and on days when the market turns negative, we pick up a few shares at a time, little by little. I don't know when we will hit bottom, but I do know one of the secrets to being a great investor is the willingness to look foolish for a short period of time. My hat goes off to my fellow investors. We are a rare breed. We are not the masses. We think differently. May time continue to reward us for doing so.

We are thinking of you and your families. Please stay safe.

CARES Act

On March 25, 2020, the Senate passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, an approximately \$2 trillion so-called Phase 3 relief and stimulus package containing a host of tax and economic provisions intended to help both businesses and individuals. Previously, on March 18, 2020, the president signed the Families First Coronavirus Response Act (Families First), so-called Phase 2 relief, which provides for free diagnosis testing for COVID-19, strengthens unemployment benefit programs and certain food assistance programs, and expands paid leave in limited situations. With respect to paid leave mandated by the Families First Act, the legislation also includes a new quarterly payroll tax credit intended to help employers pay for mandated paid leave.

BakerHostetler's Tax Group has put together a nice summary that we have posted on our website. Whether you are a small business owner or individual, we believe the article is worth your time. You can find the full article on our website under client resources. <https://www.crosbyadvisory.com/clients-resources>

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