

MFA Prudent 10 | *a redeployment strategy*

March 23, 2020

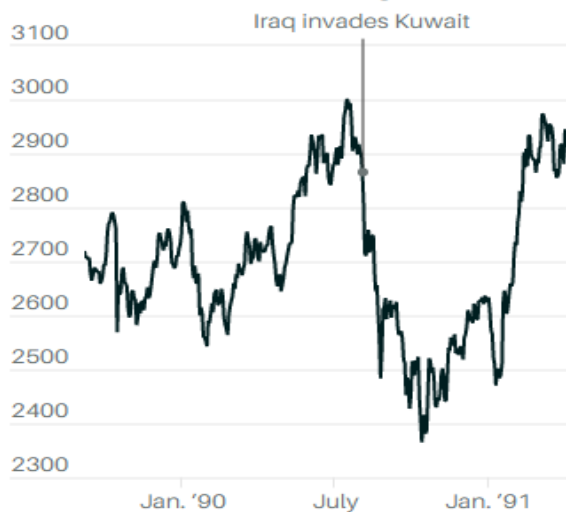
pru·dent/'prōdnt/
adjective

1. discreet or cautious in managing one's activities; circumspect
2. practical and careful in providing for the future
3. exercising good judgment or common sense

Unique times create unique opportunities. We believe that a long term vision and asset allocation are prudent and work over time. There are normally traditional truths that define the prudent investor.

A downturn in the markets typically allows for an opportunity to purchase stocks and positions at an advantageous price point. Historically the markets have shown us that after a period of significant downturn the opportunity arises for gains to be made in the four-week and six-month periods following the large dips. "The coronavirus is reminiscent of 1990 in terms of stock-market effect," wrote Stifel head of institutional equity strategy Barry Bannister, referring to the year Iraq invaded Kuwait. "A short, sharp, out-of-the blue shock that, after the fact, proved to have been painful, but economically overrated."¹

Dow Jones Industrial Average



While it is impossible to determine the exact bottom of any market cycle, we have still been granted a unique opportunity to obtain "forever stocks" at historically low prices.

The deep and drastic dips of the stock market lead us into turbulent times. Investors tend to react and become 'all in' when the markets are having a bull run, and leap out, sitting in the sidelines while our emotions irrationally get the best of us when things are going poorly.

"Bull Markets are born on pessimism, grown on skepticism, mature on optimism, and die on euphoria. The time of maximum pessimism is the best time to buy." – Sir John Templeton

The MFA Prudent 10, a watchlist for potential investment, is designed to be the first step of our redeployment strategy into several sectors each hit differently by the current economic situation. These stocks are an average of 47% below their most recent 52-week high and are an average of 37% below their fair market value.

<u>Company</u>	<u>Ticker</u>
Apple, Inc	AAPL
Amazon	AMZN
American Airlines	AAL
Boeing	BA
Citibank	C
Disney	DIS
Square	SQ
Microsoft	MSFT
PNC	PNC
Exxon	XOM

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