

# MONONGAHELA CAPITAL MANAGEMENT

## PERCEPTIONS

### Fear of the Unknown

The gut-wrenching decline in the markets over the last few weeks has left many investors in a quandary, mostly fueled by fear of the unknown. While it seems that the coronavirus stands in the center of many unanswered questions, a number of economic and geopolitical situations also contribute to the confusion. As for the coronavirus, the type of uncertainties that confound the markets include concerns such as how extensive is the spread of the virus, how deadly is the virus, how will the government respond, how will the economy respond, and how will the markets respond? All are fair questions and all reflect the unknown. The collapse of oil and the unsettled credit markets foster their own set of unanswered questions.

Over the last two weeks we watched these concerns transition to anxiety. As more questions arise, without answers, we watched the anxiety transition into panic, where we stand today. While we have no better answers to these questions than any experts, we do have a perspective as to the proper course for investing going forward. Basically, our philosophy has always been to invest opportunistically in quality and invest for the long term. As part of your portfolio management, we have always maintained adequate cash/cash equivalents reserves so we are immune from the pressure of having to sell into panics.

Joseph Campbell was an American professor of literature at Sarah Lawrence College who worked in comparative mythology and comparative religion. His work covers many aspects of the human experience. Campbell's best-known work is **The Power of Myth** which became a PBS documentary. Reflecting on fear of the unknown, Campbell observed that "Fear of the unknown is our greatest fear. Many of us would enter a tiger's lair before we would enter a dark cave. While caution is a useful instinct, we lose many opportunities and much of the adventure of life if we fail to support the curious explorer within us."

All of us are concerned and extremely sympathetic towards the health and welfare of all. With heightened coverage and incomplete facts and data, fear and panic have gripped the market. In these periods of extraordinary volatility, stock price movements are exaggerated and securities are mispriced. The best course for the investor is to add high quality equities on the emotional downswings and remove oneself from the manic news coverage that adds nothing to the mix. We have added, and will continue to add, stocks that have endured down cycles before and will prosper in times to come.

General Mills will continue to fill breakfast bowls; Microsoft will continue to deliver quality software products; Eli Lilly will continue with advances in pharmaceutical care; Texas Instruments will continue to lead in semi-conductor chip design; Verizon will continue to provide communication services and Disney parks will re-open ... and we will continue to work diligently to manage your portfolio through the fear.

3/12/2020