



NEW FRONTIER ADVISORS

Watching the News

IMPORTANT NOTICE

The following material is provided by a third-party strategist unaffiliated with AssetMark. The strategist is solely responsible for its content. Please read the risks and disclosures section for additional important information. AssetMark has not verified the accuracy of the information contained in this material.

For financial advisor use only.

C20-15605 | 02/2020 | EXP 2/28/2021



Robert Michaud

CIO
New Frontier

Robert Michaud is the co-holder of four U.S. patents in portfolio optimization and asset management and is the Chief Investment Officer at New Frontier. He holds a Masters in Mathematics from Boston University and pursued a PhD in finance from the Anderson School of Management at the University of California at Los Angeles before joining New Frontier. His research interests include risk models, empirical asset pricing, and international finance. He is the co-author of *Efficient Asset Management: A Practical Guide to Stock Portfolio Optimization and Asset Allocation*, (2nd ed. Oxford University Press, 2008) and research articles in refereed journals.

Watching the News

February 25, 2020

On Monday, stocks lost 3.5% responding to reports on the spread of the coronavirus and its impact on global economies. Markets began today by rebounding, but then reversed direction, mimicking major foreign markets. As a consequence of the likely spread of the unofficial epidemic in the global economy, the next few months will likely feature [increased volatility](#).

At this point, China has already lost some fraction of its GDP for this year. How the coronavirus plays out in other parts of the world is still unknown.

The future is uncertain, and nobody has a crystal ball. There is no such thing as “normal” markets to which turbulent markets return, though we all hope to return to the 2019’s growth. While patterns and trends may emerge, they dissipate and change direction unpredictably. In spite of what pundits would have us believe, the only accurate predictions based on legally obtained or actionable information include ranges of outcomes and/or multiple scenarios.

New Frontier’s Investment Committee is paying close attention to the coronavirus, looking to position all of our portfolios to weather the pandemic however it unfolds. Rather than betting on one particular outcome, we are preparing for the entire range of plausible outcomes. This means adjusting the risk estimates used by our multi-patented investment process rather than eliminating risky assets.

New Frontier’s investment process is a robust solution for all market seasons. New Frontier’s process is not designed assuming that we have special predictive ability or luck, but rather to smartly straddle the plausible range of outcomes by synthesizing all available sources of information.

Disclosures

Past performance does not guarantee future results. As market conditions fluctuate, the investment return and principal value of any investment will change. Diversification may not protect against market risk. There are risks involved with investing, including possible loss of principal.

These materials are intended for advisor use. Any further distribution must comply with your firm’s guidelines and applicable rules and regulations, including Rule 206(4)-1 under the Investment Advisers Act of 1940.

This note was posted as an entry on New Frontier’s investment blog on February 25, 2020. Read this entry and other posts at newfrontieradvisors.com/blog.