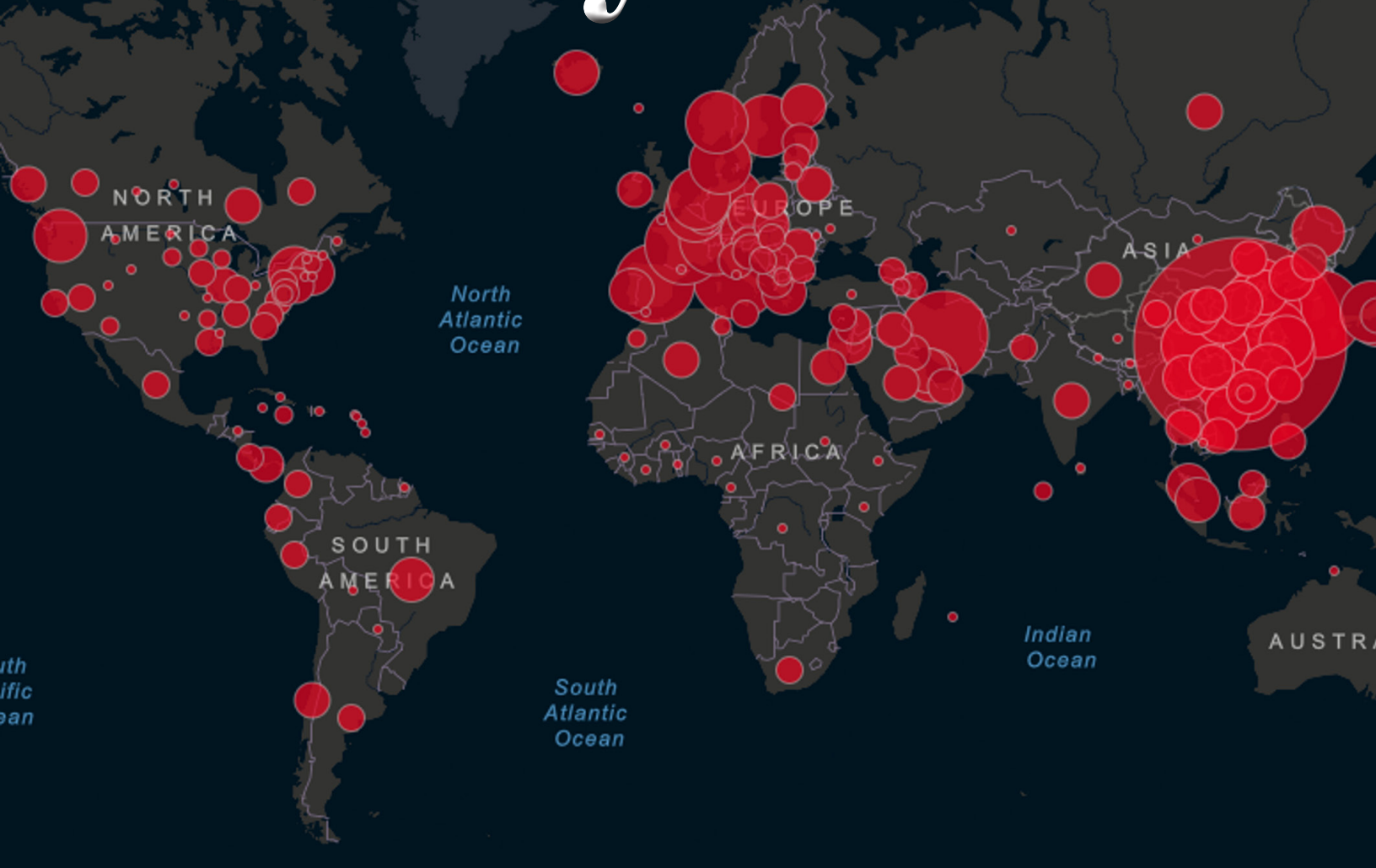


March – April 2020 Special Edition

Arctic
Ocean

Money Moxie®



In times of increased market volatility and overwhelming uncertainty, you turn to us for advice and reassurance. In this spirit, we want to let you know that our investment management team is continuously meeting to stay abreast of rapidly changing conditions and applying changes to the strategies as needed.

We want to assure you that Smedley Financial continues to be an accessible resource to you and invite you to contact one of our team members should you have any questions or concerns. We hope you and your family members remain in good health.

Sincerely,

Sharla J. Jessop, CFP®
President



SMEDLEY FINANCIAL SERVICES, INC.®



SFS Operations & Continuity

We hope this message finds you and your family well. As we continue to monitor developments surrounding COVID-19 (Coronavirus) carefully, we want to share the steps we are taking to ensure our ability to serve you.

In an effort to protect our clients and our employees, while continuing our ability to serve you, Smedley Financial has enacted the following short-term policies:

- For the next two weeks, all client meetings will be via phone or video conference
- We will not hold any large gatherings for the next 30 days
- We will be limiting employee travel
- We will actively monitor the situation and provide updates as needed

In accordance with our Business Continuity Plan (BCP), some employees may work from home on a rotating basis. This will not impact our communication with you or our ability to monitor your plans and accounts. You can reach us at either 801-355-8888 or toll-free at 800-748-4788, and we will be able to assist you. If you reach our voicemail, please leave a message, and we will return your call as soon as possible.

These short-term policies will be revisited by and continued/revised/suspended as conditions warrant.

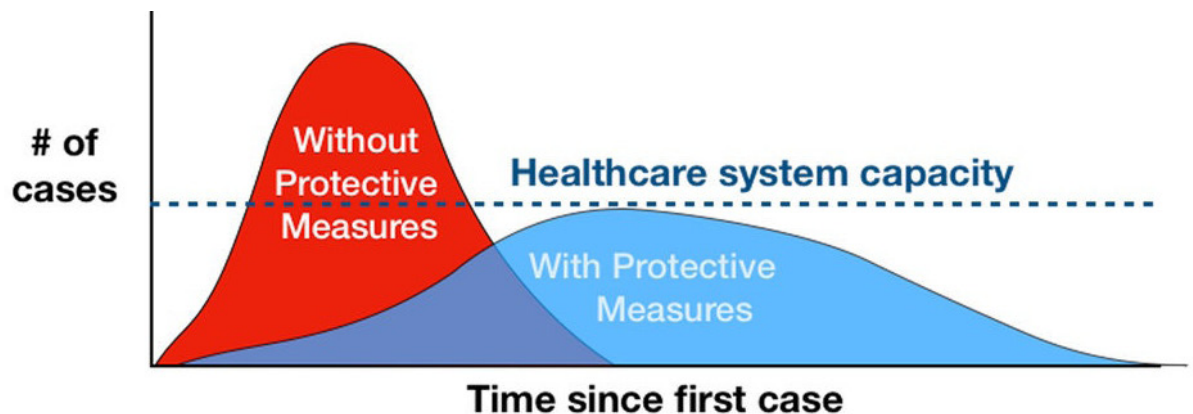
While each incident is different, we are confident in our ability to say “it’s business as usual” – and make good on that. Our digital capabilities, flexible work capacities, and stable infrastructure are the foundation of our ongoing support. And that won’t change.

We’re proud to be your partner and will continue to do everything in our power to deliver on our promise to serve you. On behalf of all of us here at Smedley Financial, thank you for your continued trust, and we extend our best wishes to you and your families.

Year of the Coronavirus

By James R. Derrick Jr., CFA®

Coronavirus was difficult to recognize and impossible to track when first contracted around November 17, 2019. It was misunderstood in China. Dismissed in America. Many said, “it’s just the flu.” But Covid-19 is no ordinary flu. Those infected are contagious days before symptoms show. Some may never have symptoms as they spread the disease. It is a novel strand of the Coronavirus, and that means it’s new, and there is no immunity to it. Most of us are likely to catch it sometime in the next 12 months.



The New York Times

The healthcare system is ill-prepared for an outbreak. We have the expertise, equipment, and medicine. We do not have the capacity. This is where flattening the curve comes in. The goal of the government is to slow the spread of the virus to buy time to help those infected and those researching prevention and treatments.

Continued on next page

In 2020, the stock market lost 20% in roughly 20 days. Historically, it has taken 400 days from the market top for it to fall by 20%. The 12-year-old bull market is over.

Over the last few years, we have had a smooth run interrupted by violent drops. The S&P 500 dropped roughly 19% in 2016 and twice in 2018. This week, it finally reached 20% and then kept going.

There is so much we don't know, so we will focus on what we do know. American consumers will continue to spend. We are resilient. However, there is a shift in

more flexible spending and more growth. It takes about 18 months for the low price of oil to show up in higher economic growth. Of course, the financial markets anticipate.

Don't fight the Fed. The Federal Reserve lowered its overnight interest rate to zero and announced it will inject \$1.5 trillion into the financial system to keep the markets functioning properly. This is more money than the Fed has put into the markets in the last 5 years combined. The entire Federal Government budget is \$3.8 trillion. So, while the Fed can't fight the virus,

Market downturns happen frequently but don't last forever

Standard & Poor's 500 Composite Index (1950-2019)

Size of decline	-5% or more	-10% or more	-15% or more	-20% or more
Average frequency*	About three times per year	About once per year	About once every four years	About once every six years
Average length†	43 days	112 days	262 days	401 days
Last occurrence	August 2019	December 2018	December 2018	December 2018

* Assumes 50% recovery of lost value.

† Measures market high to market low.

Sources: Capital Group, Standard & Poor's.

where we spend. This has led to a lack of global demand for oil. OPEC producers prefer stable prices and would like to cut oil supplies to push prices higher. Russia refused to cooperate, which has driven prices sharply lower. The United States is now a major world producer, so we find our country caught in the middle of this unexpected consequence of the current pandemic.

Falling energy prices are both bad and good. The immediate impact is bad. Energy suppliers feel the financial pinch. Some may default on debt payments, which could domino through the economy. Eventually, these lower prices reach consumers. I have never heard a friend complain about low prices at the gas pump. This leads to

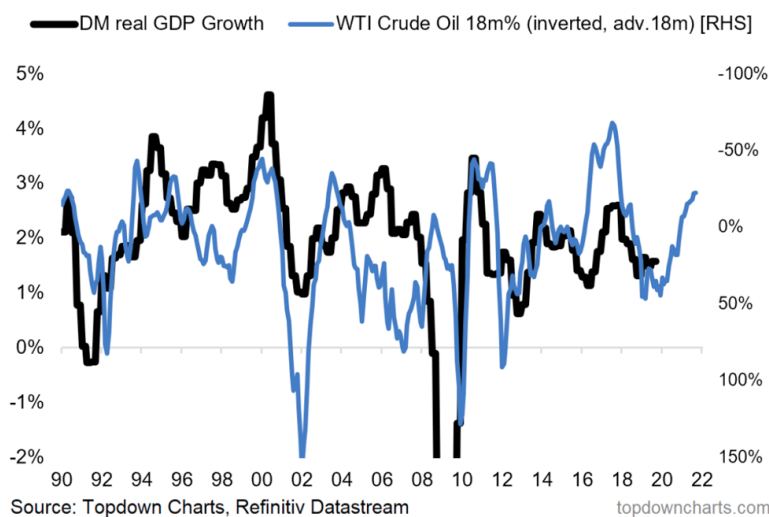
it is doing what it can to prevent a breakdown as we experienced in 2008.

When will financial markets come back up? (1) Investors need to wrap their minds around all the sudden changes to everyday life, and (2) The growth

of Coronavirus cases must slow. Problems don't have to disappear. Investors just need less uncertainty.

When all the news turns negative, any sign of hope could be the turning point. That's what makes predicting the future so difficult. And this is why we work so hard to manage risk and be invested to participate in long-term growth. SFS

Oil Price vs GDP Growth



*Research by SFS. Data from the Federal Reserve Bank of St. Louis. Investing involves risk, including the potential loss of principal. The S&P 500 index is widely considered to represent the overall U.S. stock market. One cannot invest directly in an index. Diversification does not guarantee positive results. Past performance does not guarantee future results. The opinions and forecasts expressed are those of the author and may not actually come to pass. This information is subject to change at any time, based upon changing conditions. This is not a recommendation to purchase any type of investment.

Your SFS Team

Smedley Financial Services, Inc.[®] is an independent registered investment advisory firm. We work for our clients. Our wealth managers have the flexibility to implement our financial plans, retirement plans, and income distribution plans using the strategies that work towards each client's needs and goals. We work with individuals, businesses, and family estates. We provide financial solutions for your life.

Wealth Accumulation

- Managed Accounts
- Indexed Investing
- Mutual Funds
- Exchange Traded Funds (ETFs)
- Stocks and Bonds
- Alternative Investments

Disability (Injury)

- Short-Term Disability Insurance
- Long-Term Disability Insurance

Family Protection

- Term Insurance
- Whole Life Insurance
- Universal Life Insurance
- Variable Universal Life Insurance

Elder Care

- Long-Term Care Insurance
- Hybrid LTC

Retirement

- Social Security Maximization Strategies
- Medicare Supplement
- Guaranteed Income (Annuities)
- Lifetime Income Planning

Employers and Self Employed

- Health Insurance
- 401(k) Plans



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