

RIVERVIEW QUARTERLY INSIGHTS



WALK LIKE A NORWEGIAN

In challenging times like these, it can be reassuring to consider the perspectives of the great investors: Benjamin Graham, Peter Lynch, Warren Buffett, Ygnve Slyngstad . . .

Not familiar with that last one? Mr. Slyngstad has run Norges Bank Investment Management (NBIM) since 2008 (he's due to step down later this year). Set up to manage Norway's oil -reserve fund, NBIM manages \$900 billion of investments. The fund is the world's largest single owner of equities, owning on average 1.5% of every listed firm in the world.

An article in the April 4 "Buttonwood" column of The Economist describes Mr. Slyngstad's legacy. Norway's oil fund was established in 1996 to avoid the pitfalls that many oil-producing countries fall into (price fluctuation, overdependence, corruption and so on) by creating a rainy day fund. As it grew (it was recently worth about three times Norway's annual GDP), it came to be seen as an endowment for future generations. Mr. Slyngstad joined two years after the fund was created, building "a fund manager based on sound principles. Discipline, solidity, minimising errors." He likens his investment approach to that taken by Bjorn Borg (the '70s tennis star): "make sure you don't lose; above all, be solid." The fund's modest target is to beat its benchmark by only .25% a year. However, by remaining disciplined and not swinging for the fences, NBIM has generated impressive long-term results.

The journey has not been an easy one for Mr. Slyngstad. Shortly after he took over the fund raised the equity portion of its portfolio from 40% towards 60% in 2008 (the same year, of course, that the stock market crashed). The fund lost 23% of its value. He faced the tough decision of whether to rebalance the portfolio, selling the better-producing bonds in order to buy more stock to bring the portfolio's allocation back into alignment, at a time when many funds suspended their rebalancing rules. The fund rebalanced, positioning it to take advantage of the 10-year bull market that followed.

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Following that experience, rebalancing “is now hard-wired into its processes. There are times, such as now, when shares have again fallen a long way and it is easy to lose your nerve. It is usually the worst time to do so.” Indeed, under Mr. Slyngstad’s guidance, NBIM has been able to be bold during crises. It also has been a pioneer in socially responsible investment. Under governmental transparency rules, it avoids investing in private equity. As the article points out, his approach is different from that of many other fund managers. While many see “a risk to their careers and looking too far in the future,” Mr. Slyngstad sees his career risk as not implementing the strategy.

Discipline in approach is as important now as it has ever been. Although the coronavirus has thrown much into disarray, historical perspective is still important. A recent report from Goldman Sachs points out that stocks tend to move lower in anticipation of weaker economic growth and typically hit bottom well before the economic data improves. From World War II on, stocks have hit their low point in value about two months before peaks in jobless claims and about four months before recessions.

This does not mean, of course, that you should go all in on stocks. Even if the patterns described above hold true during our current crisis, they will only emerge in hindsight. We don’t know when we will hit the peak in jobless claims or when the recession (which probably already has started) will end. Selling everything out of fear and buying too soon out of greed are simply two sides of the same coin.

However, there is much to learn from Mr. Slyngstad. A disciplined approach in this environment would probably include the following steps:

1. Most importantly, take care of your physical health. Without it, no amount of positive investment return has meaning. Take care of your loved ones and connect often with those whom you can’t see personally.
2. Take care too of your mental health. Times like these, with very high levels of anxiety, increase our level of Cortisol. This is the “fight or flight” hormone that, if it stays in your system for prolonged periods, is not only bad for your health but also for your decision-making. Take up an old hobby again or start a new one. Start meditating. Avoid the media bombardment of bad news. Turn off the social media (see our book review, below) and instead use Zoom or Face Time, or simply the phone, to connect with the people who are important to you.
3. Financially, make sure you have enough cash to get through the next six months if you’re living on your investments so that you don’t have to sell into a down market.
4. Once you’re comfortable with your levels of cash, make sure your portfolio is tracking with your plan. If it isn’t, rebalance. Don’t get all out of, or go all into, the market.

We know that you hear the same investment advice from us over and over again. It’s because it works. But if you don’t want to take our word for it, take it from the man with the largest investment portfolio in the world.

SPOTLIGHT ON PLANNING

WATCH OUT FOR CORONAVIRUS SCAMS

Fraudsters and scam artists are always looking for new ways to prey on consumers. Now they are using the same tactics to take advantage of consumers' heightened financial and health concerns over the coronavirus pandemic. Federal, state, and local law enforcement have begun issuing warnings on the surge of coronavirus scams and how consumers can protect themselves. Here are some of the more prevalent coronavirus scams that consumers need to watch out for.

Schemes related to economic impact payments

The IRS recently issued a warning about various schemes related to economic impact payments that are being sent to taxpayers under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.¹ The IRS warns taxpayers to be aware of scammers who:

- Use words such as “stimulus check” or “stimulus payment” instead of the official term, “economic impact payment”
- Ask you to “sign up” for your economic impact payment check
- Contact you by phone, email, text or social media for verification of personal and/or banking information to receive or speed up your economic impact payment

In most cases, the IRS will deposit the economic impact payment directly into an account that taxpayers previously provided on their tax returns. If taxpayers have previously filed their taxes but not provided direct-deposit information to the IRS, they will be able to provide their banking information online at irs.gov/coronavirus. If the IRS does not have a taxpayer's direct-deposit information, a check will be mailed to the taxpayer's address on file with the IRS. In addition, the IRS is reminding Social Security recipients who normally don't file taxes that no additional action or information is needed on their part to receive the \$1,200 economic payment – it will be sent to them automatically.

Fraudulent treatments, vaccinations, and home test kits

The Federal Trade Commission is tracking scam artists who are attempting to sell fraudulent products that claim to treat, prevent, or diagnose COVID-19. Currently, the U.S. Food and Drug Administration (FDA) has not approved any products designed specifically to treat or prevent COVID-19.

The FDA had warned consumers in March to be wary of companies selling unauthorized coronavirus home testing kits. On April 21, 2020, the FDA authorized the first coronavirus test kit for home use. According to the FDA, the test kits will be available to consumers in most states, with a doctor's order, in the coming weeks. You can visit fda.gov for more information.

Phishing scams

Scammers have begun using phishing scams related to the coronavirus pandemic in order to obtain personal and financial information. Phishing scams usually involve unsolicited phone calls, emails, text messages, or fake websites



that pose as legitimate organizations and try to convince you to provide personal or financial information. Once scam artists obtain this information, they use it to commit identity or financial theft. Be wary of anyone claiming to be from an official organization, such as the Centers for Disease Control and Prevention or the World Health Organization, or nongovernment websites with domain names that include the words “coronavirus” or “COVID-19,” as they are likely to be malicious.

Charity fraud

Many charitable organizations are dedicated to helping those affected by COVID-19. Scammers often pose as legitimate charitable organizations in order to solicit donations from unsuspecting donors. Be wary of charities with names that are similar to more familiar or nationally known organizations. Before donating to a charity, make sure that it is legitimate and never donate cash, gift cards, or funds by wire transfer. The IRS website has a tool to assist you in checking out the status of a charitable organization at irs.gov/charities-and-nonprofits.

Protecting yourself from scams

Fortunately, there are some things you can do to protect yourself from scams, including those related to the coronavirus pandemic:

- Don't click on suspicious or unfamiliar links in emails, text messages, and instant messaging services.
- Don't answer a phone call if you don't recognize the phone number – instead, let it go to voicemail and check later to verify the caller.
- Never download email attachments unless you can verify that the sender is legitimate.
- Keep device and security software up-to-date, maintain strong passwords, and use multi-factor authentication.
- Never share personal or financial information via email, text message, or over the phone.
- If you see a scam related to the coronavirus, be sure to report it to the FTC at ftc.gov/complaint.

Internal Revenue Service, IR-2020-64, April 2, 2020



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MARKET SNAPSHOT

MARKET SUMMARY – Short- and Long-Term Index Returns

Global equity markets were roiled to start the year and the new decade due to the coronavirus pandemic. The declines were severe enough to bring the 5-year annualized figures into negative territory for non-US stocks. Bonds were also not completely immune to the market rout, although both the US and foreign broad bond indices managed to generate positive returns for the quarter.

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate		US Bond Market	Global Bond Market ex US
1Q 2020	STOCKS					BONDS	
	-20.90%	-23.26%	-23.60%	-29.02%		3.15%	0.51%
							
1 Year							
	-9.13%	-14.89%	-17.69%	-23.39%		8.93%	5.01%
							
5 Years							
	5.77%	-0.76%	-0.37%	-2.14%		3.36%	3.56%
							
10 Years							
	10.15%	2.43%	0.68%	5.12%		3.88%	4.17%
							

See important disclosure information

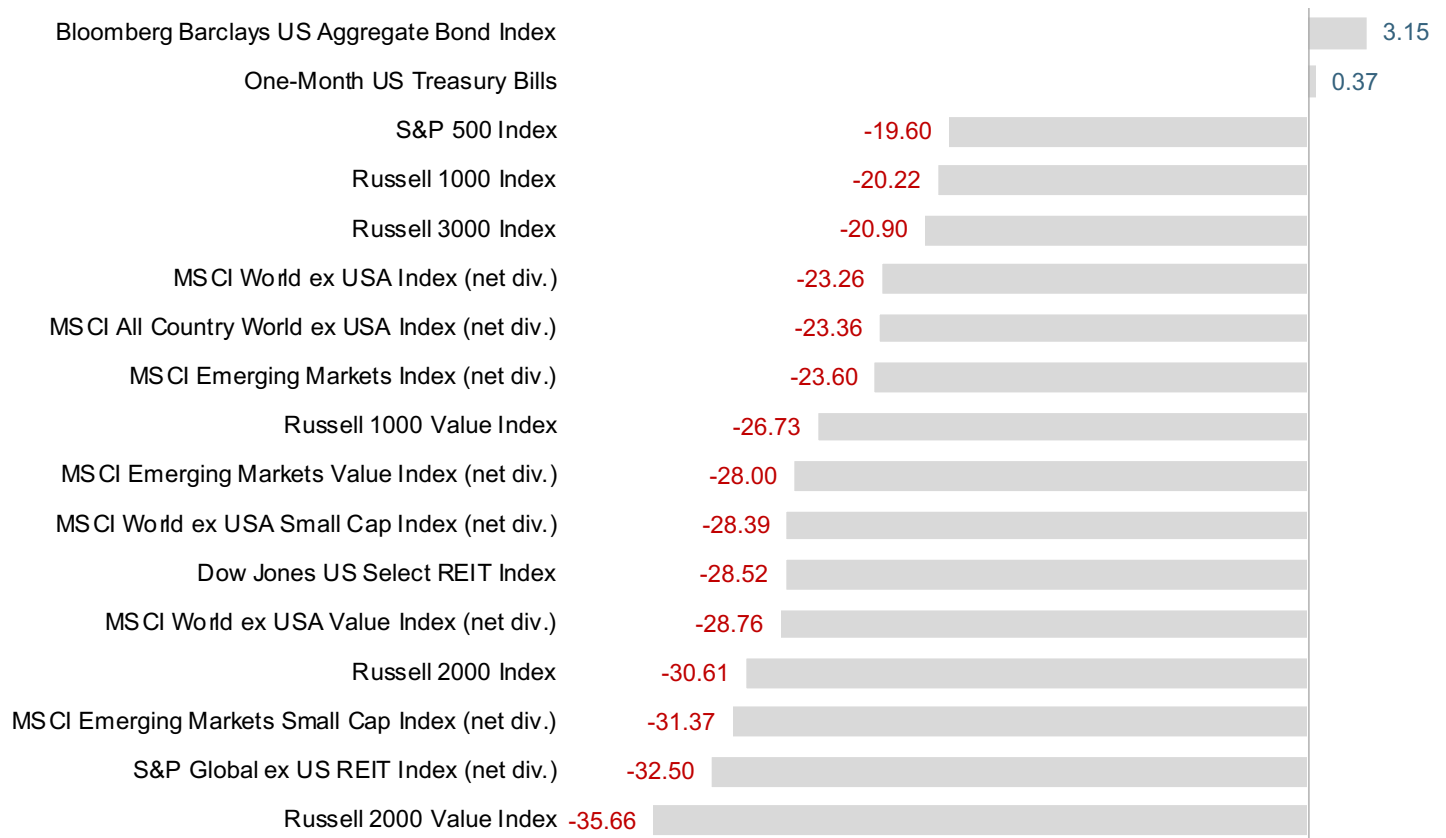


GLOBAL MARKETS - First Quarter 2020 Index Returns (%)

Equity markets around the globe posted negative returns in the first quarter. Looking at broad market indices, US equities outperformed non-US developed markets and emerging markets.

Value stocks underperformed growth stocks in all regions. Small caps also underperformed large caps in all regions.

REIT indices underperformed equity market indices in both the US and non-US developed markets.



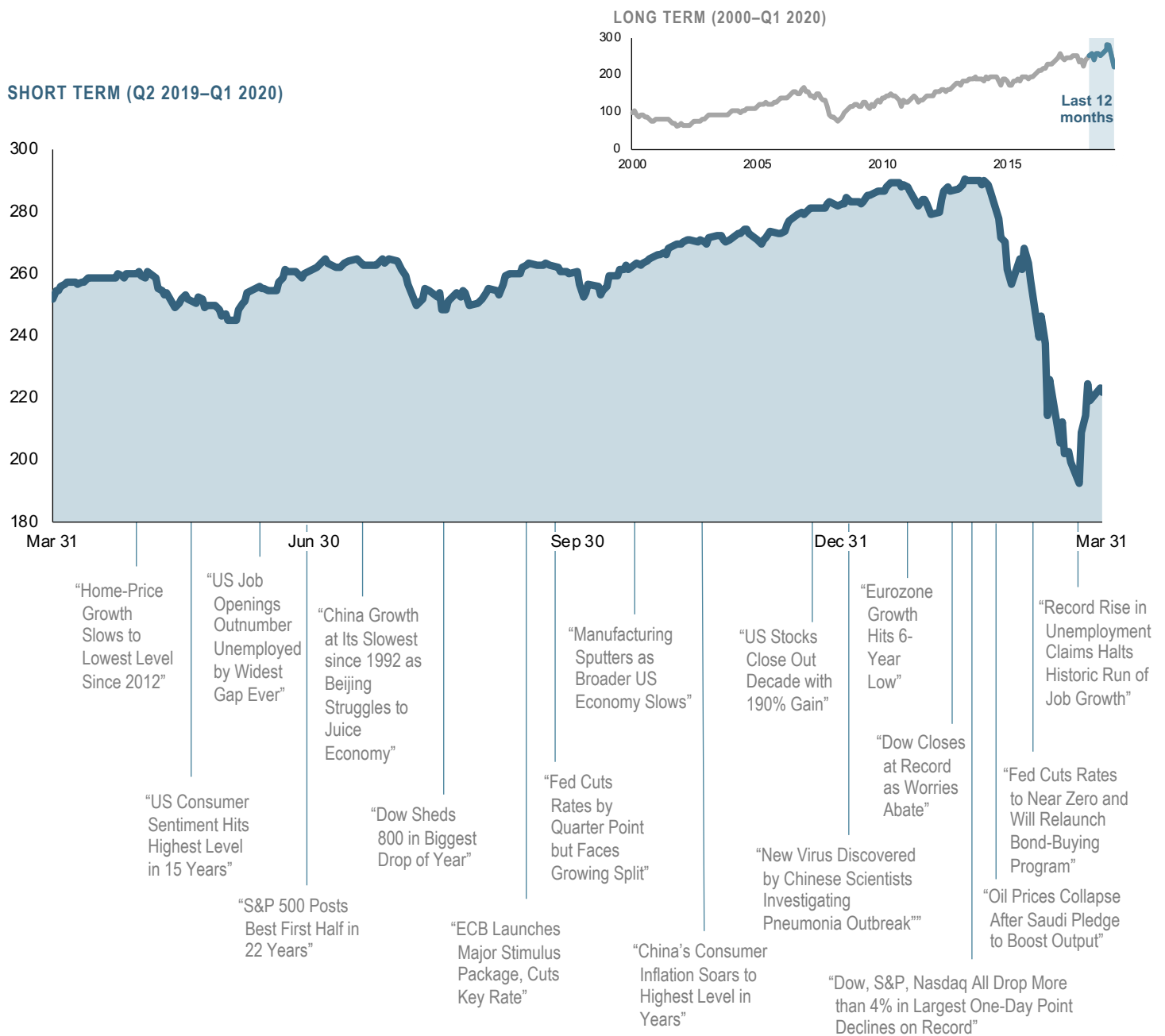
See important disclosure information



WORLD STOCK MARKET PERFORMANCE

MSCI All Country World Index with selected headlines from past 12 months

These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.



Graph Source: MSCI ACWI Index [net div.]. MSCI data © MSCI 2019, all rights reserved. It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. Past performance is not a guarantee of future results.

See Important Disclosure Information.

BOOK REVIEW



DO NOTHING by Celeste Headlee

Every so often a book comes out that, without meaning to, fits perfectly with the moment of its release. When Celeste Headlee wrote *Do Nothing*, there was no pandemic. She didn't know that the title of her book would describe everyone's state of being. Yet this book seems to have come at the right time. The author observes that we're working more instead of less, living harder and not smarter, and becoming more lonely. The book asks the question why we measure our time in terms of efficiency rather than meaning, and why we can't just take a break. At a time when we're reassessing how we work from home, feeling stressed and at loose ends, the questions seem especially relevant.

The root of the problem stemmed from the Industrial Revolution. Until the 19th century, "working fifty-two weeks a year was nearly unheard of anywhere in the world." Most people owned or at least leased a small plot of land with time to handle their work and their household. Most people used to work to complete specific tasks: "bring in the harvest, put up the barn, stitch a quilt." Further, most European economies contained a large class of craftsmen, like tinkers, leather workers and farriers. Such people were highly skilled, highly sought after and mostly independent.

This all changed with the advent of the steam engine. It allowed business owners to build factories, located in cities and drawing in workers from the countryside, that ran all the time. These factories dramatically changed where workers lived and how they did their jobs. Workers who rented small rooms in London had

less control over their lives than workers who owned even a small plot of land in the country. Houses became "a mass of filth and misery." And their labor became interchangeable with others. Instead of "making one carriage wheel to replace a broken one," a worker was making dozens of carriage wheels. That worker could continue making "shirts or horseshoes or water buckets or ink bottles" until he or she ran out of resources or dropped from exhaustion. And there was always someone to pick up where the last person left off.

As a result, business profits became based on the volume of sales more than on profit margins. Companies needed workers' time more than their craftsmanship. A single glass blower couldn't compete with a glass factory, which led him to sell his tools and take a position on the factory floor. As a result, workers began to be paid, not by the task, but by the hour. Time became money in a very literal way.

Another major change in the way people viewed work was brought on by the Protestant Reformation. Martin Luther, who led the Reformation, emphasized hard work and frugality. Although in his view salvation was achieved through faith alone, good and faithful people could be recognized through the hard work that was a gift from God. He believed that idleness "should be enjoyed only after death." This Protestant work ethic "viewed idleness as immoral and hard work as virtuous. So employers could convince devout employees to work long hours regardless of the wages paid."

The Protestant work ethic took deep root in the United States through Ben Franklin and others and grew in strength during the 19th century through Horatio Alger's stories. Throughout the world, it created an obsession with efficiency and productivity; most evidently in the United States, "where nearly 70% of citizens believe they will



achieve the American Dream and that the most important factors in achieving economic success are hard work and personal drive.”

This, according to the author, is the philosophical underpinning of modern stress, the idea that time is too valuable to waste:

when work is what makes someone worthwhile and deserving, those who don't work as much as possible are seen as undeserving and worthless. To many in Henry Ford's time, it was more shameful to miss a day of work than to stay home from church. I would argue that work began to replace religion. In fact, experts predict that by 2035 those with no religious affiliation will outnumber Protestants in the United States. So faith declines, but the work ethic it created remains.

Interestingly, however, most of us are working fewer hours on average than we were 10 to 20 years ago. In fact, “when it comes to sheer number of hours worked,” the United States does not top the list. It comes in 14th, behind Mexico, Costa Rica, South Korea, and Greece, among others. Yet nearly one in four people tell researchers that they only get one day off, or work every day. Most workers feel stressed three or more days per week and about 40% of workers feel “overworked, pressured, and squeezed to the point of anxiety, depression, and disease.” In other words, we are working less and feeling worse.

The problem is our attitudes, not our actual work. According to the author, “society was already fully committed to the worship of hard work during the 1980s and 90s, when a revolution occurred that really cemented the dominance of the myth of the self-made man: the rise of the tech billionaire.” A common adjective used to describe the “modern rock-star CEO” is “workaholic.” And it's almost always intended as a compliment. As a result, we have “internalized these values to the point where many of us are willing and devoted believers. We have

converted to the religion of long hours and have faith that working without cease is not just the best way to get a promotion, but the best way to live.”

All of this despite the fact that decades of research disprove the theory that more work helps you achieve. Repeated studies “show that taking time off boosts productivity, creativity and creative problem-solving.” It can even strengthen your immune system. The author quotes from an op-ed piece that pointed out that Darwin worked only four hours a day and Kobe Bryant put in only six hours a day during the off-season. An extended quote from the op-ed is appropriate:

don't tell me that there is something uniquely demanding about building yet another [expletive] startup that dwarfs the accomplishment of The Origin of Species or winning five championship rings. It's [expletive]. Extractive, counterproductive [expletive] peddled by people who either need a narrative to explain their personal sacrifices and regrets or who are in a position to treat the lives and well-being of others like cannon fodder.

A little rough, perhaps, but it accurately captures the feelings of many (perhaps most) people when faced with self-glorifying workaholics. Indeed, the author accurately sums it up when she says that “Workaholic should not be a compliment or a humblebrag – it should be a cry for help.”

Although not the cause of the problem, social media adds to the stress. It has fed the obsession with “performative busyness,” which the author defines as an activity, the sole purpose of which is to “take pictures and post them or write about the experience in a blog post.” We engage in busyness that is mostly goal-oriented and designed to create a “public persona,” rather than “hobbies that are merely intended to enrich our lives.”



Too much use of social media also takes away one of our most powerful tools: the human voice. While conversation is a biological advantage, we evolved to share information using our speech and hearing, not reading. Voice communication repeatedly outperforms text for efficiency and clarity. In fact, some research suggests that our voice “humanizes” us. Under one study, when people read a differing opinion, they were more likely to believe that the person expressing the opinion with which they disagreed was stupid or didn’t understand the core concept of the issue. However when we hear someone explain the same opinion in their own voice we are more likely to attribute their differences of views to differing perspectives and experiences. In other words, hearing someone’s voice helps us to recognize them as human and therefore treat them humanely. Yet we are so enamored of texts and emails that we are giving up this huge advantage.

Our home lives also have been negatively affected by this work and achievement obsession. Parenting, according to the author, “is often centered on amassing achievements and resume-fillers.” This is especially bad with child-rearing because speed and efficiency are, by their nature, “antithetical to introspection and intimacy.” And, as with so many things, “the system demands even more of women than it does of men.” Whereas men tend to see home as a place for relaxation, for many women, “the workplace is less complicated and fraught than the home.” A 2012 study found that working mothers are less stressed than those who work in the home and “in better health, both physically and mentally, than those who work part-time or not at all. Home is no refuge for women.”

The ultimate irony is that too much work is not only bad for our health and home life, it makes us poor performers. One study showed that people who worked 55 hours a week scored lower on cognitive tests than those who worked about 40. The author observes that “the weight of scientific opinion shows that a certain amount of idleness is required in order for the human brain to function best.” Indeed, boredom (far from being bad) is valuable because

it motivates our brain to find a “meaningful occupation.” When our minds are allowed to relax and rest, the brain can sort through new information it’s recently received and put it into context, which is “integral to learning, insight and imagination.”

The second part of the book addresses the ways to “leave the cult.” It consists of six different sets of exercises. The first is to challenge your perceptions about how much you work. The author suggests keeping a diary and tracking your activities, and also making a schedule that dictates the amount of time you will spend on things like Facebook and reading and responding to emails. (Candidly, I am far too lazy to take these steps. However, I chose simply to not read emails once I got home; it worked wonders for my attitude.)

The second set is to “take the media out of your social.” Social media encourages us to compare ourselves to others; and given our insecurities, we will always come up short on those comparisons. There is a rise in “perfectionism” which has become particularly intense in recent years. “When we measure ourselves against unrealistic or distorted ideals, we can do real psychological damage in trying to match them.” To avoid this, the author recommends not checking the Internet to see how other people are doing things. For example, if you want to make cupcakes, simply grab a recipe. Don’t “scour Pinterest” for the ultimate cupcake recipe.

The third practice is to step away from your desk. Work the hours you’re required to work, and no more. As far back as the 1920s, Henry Ford noticed that “when his employees worked too much, their productivity sank and the number of errors skyrocketed.” This is what led him to mandate the eight-hour day and five-day week. One way to ensure productivity while controlling the number of hours you work is to recognize that the human brain works best when it can pulse; alternating focused work with intentional rest. Also make sure that, when you are doing focused work, you are not being distracted by



emails or social media. The author observes that, if you “break your focus for any reason, it takes an average of twenty-three minutes to get back to full concentration.” If you are at your computer for five hours a day and switch activities every three minutes, that’s a total of 100 interruptions, from which you lose a second or so every time you do it. You could be losing up to 40% of your productive time to these “switch costs.”

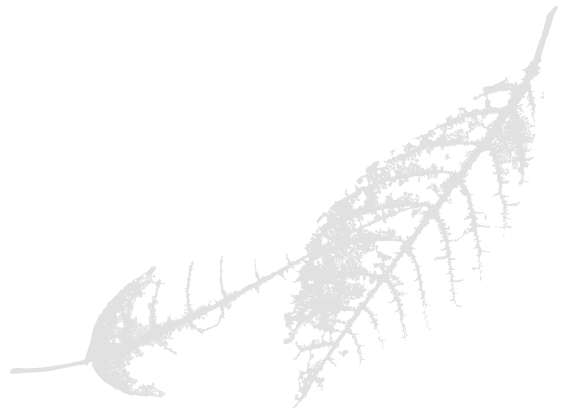
The fourth practice is to invest in leisure. To do this, you must first distinguish between “leisure” and “spare time.” The latter is not true rest, but rather the minutes and hours we find in between the work that we do. During spare time, be sure to truly detach from your work projects. In other words, don’t simply go to the office kitchen and talk to a coworker about your job. Your true leisure time, during which you are not at work, should be spent completely detached from it. Resist the temptation to check emails all day and all night.

The fifth practice is to make real connections. We are at our best as human beings when we are social, and our minds work best in connection with other minds. Group work may not always be “efficient,” but it’s way more likely to foster well-being. Create in-person social connections (at least once social distancing is over) like joining clubs, attending talks, signing up for a bowling league or Rotary. Also, practice habitual acts of kindness. It will help you to “break free of the obsession with efficiency.” It also improves your health; committing selfless acts releases endorphins.

Finally, take the “long view.” Remember that productivity is simply a byproduct and not a goal all by itself. Answering emails at night is not a real goal, it is simply a means to an end, and you must ask yourself whether it is the most beneficial means for you. Apply this analysis to all of the work-obsessive behaviors that you undertake every day.

* * * * *

Ms. Headlee’s premise, that we are working less while at the same time more stressed and obsessive about it, certainly rings true for me. If it does for you too, then this is an important book for you to read. Especially at this time of uncertainty and great stress, gaining an appropriate perspective about your life is critical.



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