

Down Stocks in an Up Market

We can probably all agree that 2020 was a unique investment year, with the pandemic ravaging the economy, reducing travel and even removing the normal commute to the office—and at the same time delivering above-average 15.76% returns on the S&P 500 index. But not every company sailed through the pandemic unscathed.

Consider New Residential Investment, a mortgage REIT which specializes in title insurance, appraisal management, and mortgage servicing in the red-hot real estate market. Its stock was down 38.4% last year.

It's easier to understand how Spirit Airlines' bottom line suffered in the pandemic; it is one of the low-price leaders in the air travel industry, but people weren't traveling, so even the cheap fares didn't result in filled passenger seats. The stock was down 50% last year. A similar fate befell Coty, the health and beauty products company whose customers abandoned its brick and mortar locations for online purchases—apparently buying other products. The stock finished the year down almost 36%—although so far this year the stock is showing a 27% gain. Carnival Cruise Lines basically had to sit out the pandemic with its ships idle, and its stock value fell nearly 50%. But its year-to-date return is a surprising 25.44%.

Other major losses in 2020 are names you might be surprised to see: Exxon Mobil was down 41% last year, and Wells Fargo stock lost 43.5% of its value in 2020.

If there's a point here, it's that unexpected events like the pandemic can have disproportionately good or bad results on individual companies. The value of a diversified portfolio is that it will mitigate those occasional disasters, and, catch the upwinds of the occasional above-average returns.

Sources:

<https://investorplace.com/2021/01/9-worst-investments-of-2020-for-careful-investors/>

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number [\(215\) 325-1595](#) or you can [click here to schedule a meeting](#).

Please feel free to forward this article and offer to anyone you know who might have financial questions or need some unbiased advice. Most financial advice is sales advice. In stark contrast, we are fee-only (non-commissioned) fiduciary advisors. We just provide truthful, unbiased advice to our clients.

About the advisor

Jeff Broadhurst is a wealth manager at Broadhurst Financial Advisors, Inc. He focuses on providing wealth management solutions to business owners and family stewards in the Philadelphia area. Together with his partners, he helps affluent clients address their five biggest concerns:

1. Preserving their wealth
2. Mitigating taxes
3. Taking care of their heirs
4. Ensuring their assets are not unjustly taken
5. Charitable giving.

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Best regards,

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