



Market Perspective



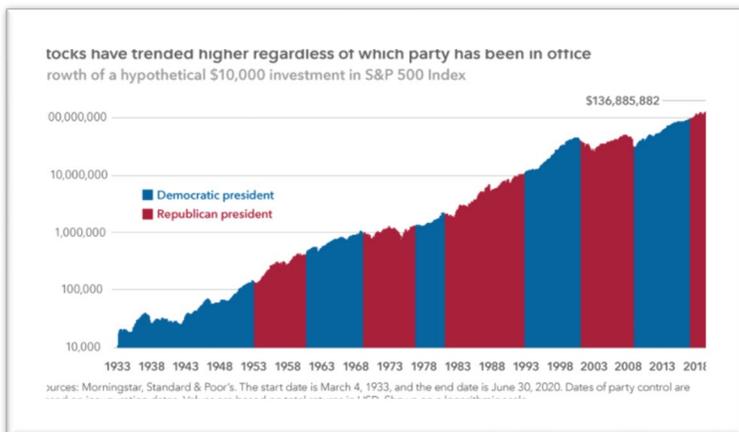
Q3 2020: October 1, 2020

As we head into the fourth quarter, outside of the election noise, the path of the market will likely be determined by a combination of the Federal Reserve’s monetary policy, potential fiscal stimulus by Congress, and the virus’ ongoing impact on economic activity.

Out of those, we feel most confident about the Federal Reserve as they have indicated they expect to leave interest rates near 0% through 2023. Additional fiscal stimulus to help support the economy that once seemed like a sure thing has been hijacked by politics and may become less likely as we move closer to the election. We may have to wait until after the election before Congress agrees to additional funding which could hinder consumer spending and employment gains in the meantime.

Finally, as parts of the globe are seeing rising virus cases, an important question will be whether the outbreaks can be contained enough to limit the need for any further widespread lockdowns that will negatively impact growth. The end of this year and 2021 will be defined by whether economies across the globe continue to grow and companies can expand earnings.

Election Webinar Recap – Markets tend to shrug off politics and election years over time and staying invested throughout these cycles is the best strategy. Often people want to “sit out the election cycle” as the outcome is uncertain. The fact of the matter is that historically, the election year is often the best period in which to be invested. Returns in elections years have been higher on average than non-election years based on past performance.



FAQ's

Where should I place my short-term savings?

- ❖ Short-term funds needed for “emergency” or near-term purchases should be held in an FDIC insured online money market which currently pays about 1% in interest annually.

Should I or one of my children open a Roth IRA?

- ❖ Yes, if you or they are eligible, talk to one of our team members. This is a great vehicle for tax-free growth and tax-free income when retired.



EVENTS

10/13: Medicare Workshop at 6:00 PM

In-person and Zoom formats available. Please email malea@wealthp.com for information.

12/1: National Giving Day

Be kind and thoughtful. Give of your time or resources to an organization that does good for others! If gifting stock is part of your plan, please let us know.



TECH Corner

Schwab Alliance: A website and mobile platform that provides easy access to account information and statements.

- ❖ Secure with Dual Factor Authentication
- ❖ Ability for Mobile Deposits
- ❖ Setup Paperless Statements
- ❖ Update Addresses and Beneficiaries

Call us and we will help you get set up!



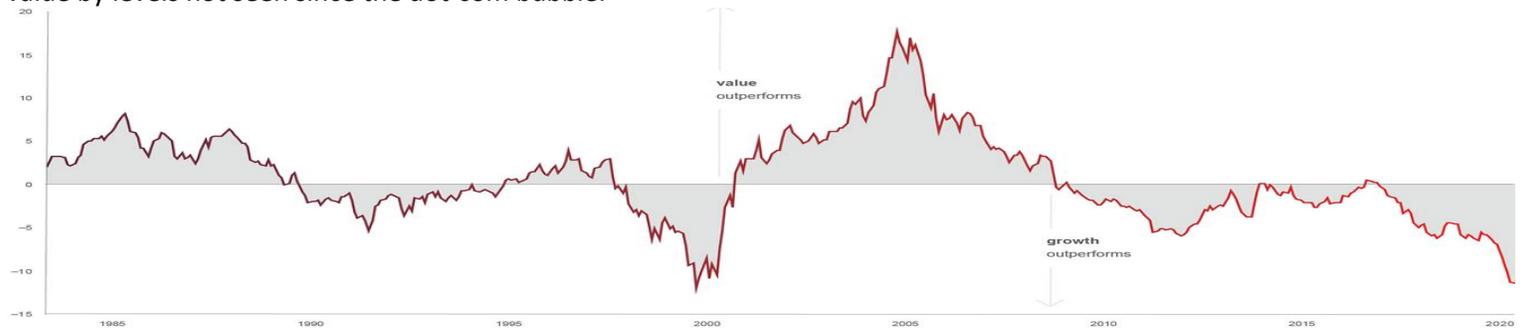
What is in your portfolio and why?

BGSIX
SHSAX
DGRO & SCHD
TMCPX
WAMCX
NWFFX
AGG & ANBEX

Specific technology fund for targeted focus
Modest overweight to healthcare
Strong dividend payers providing growth and income
Blended mid cap exposure for balance and diversification
Actively managed small cap growth fund
More exposure to emerging markets
Counterweights to equities

Growth Versus Value Investing

The S&P 500 continued its recovery during the third quarter reaching a new record high in August making this the fastest market recovery to a new high following a market decline of at least 30%¹. Most portfolios were positive 4 to 7% for the rolling one-year period, which is surprising given all we have been through over the past 6 to 7 months. Despite the near all-time high, many stocks in the index, however, were not participating in this record run as only about 7% of S&P 500 stocks were trading at 52-week highs in August². The positive returns in the market were being driven primarily by growth stocks, especially, by the top 5 stocks (Apple, Microsoft, Amazon, Facebook, & Alphabet). We are now seeing growth outperform value by levels not seen since the dot-com bubble.



For comparison, the Russell 1000 Growth Index is up more than 24% while the Russell 1000 Value Index is down almost 12% on the year.

The “low growth” environment across the global economy has made companies that demonstrate the ability or have shown the potential to significantly grow their revenues highly sought after and now are very expensive. This has added an element of speculation to the market. September demonstrated how quickly froth can lead to market reversals with the S&P 500 falling around 9% and NASDAQ falling close to 12% in just three weeks. This does not mean that a sharp reversal where value begins to outperform growth will happen immediately. A catalyst, such as a significant fiscal stimulus, a Fed reversal or a Covid-19 vaccine, will need to drive a pickup in economic activity leading to a change in the inflation and interest rate environment.

Our current strategy is to maintain a balanced approach between growth and value and to use market dislocation between the two as an opportunity to rebalance the portfolios. We just finished a portfolio rebalance as the value equities and fixed income positions in the portfolios continue to lag both the emerging markets and growth stocks.

¹per Charles Schwab & Bespoke

²per Charles Schwab & Bloomberz

WEALTH PLANNING CORPORATION HOLIDAY SCHEDULE



Thanksgiving: Thursday, November 26
Friday, November 27
Christmas: Thursday, December 24
Friday, December 25
New Year's: Friday, January 1, 2021

SAVE THE DATE: ANNUAL MEETING - THURSDAY, JANUARY 21, 2021