



HIGH DEFINITION: THE CONTRARIAN PERSPECTIVE

The S&P 500 continues to reach new highs with a surge of 17 percent from the beginning of the year. In a review of recent conversations, many investors are optimistic about the direction of the market while others are skeptical that a correction or recession is just around the corner. While we have endured several periods of selloffs, the market has been good considering the overall political climate. There are several economic factors that we must recognize and consider while moving forward in our investment management.

VZD Capital Management, LLC foresees a potential change in U.S. economic growth and continued slowdown in the global markets, too. If the economy should flatline then persistent uncertainties over corporate earnings and monetary policy could increase the volatility in the equity market for the remainder of the year. Despite the uncertainty, stocks remain in a bull market cycle for the present time. If this trend continues, then we anticipate the sideline money will come back into the market at a rapid rate. Remember, the ultimate goal

is to spend time in the market instead of timing the market. The objective of investing is to buy low and to sell high with a long-term mentality. However, we do not believe in riding the market up and down without taking profits to preserve wealth.

Of course, no one has a crystal ball, and all opinions are nothing more than professional speculation. As Registered Investment Advisors, our role is to put your interest first and to protect every client's fortune – no matter how many zeros. Every client is deserving of our investment expertise, time, attention to detail and open communication. Often, we have to protect investors from themselves who are tempted to gamble versus invest in initial public offerings like Lyft, Pinterest, Uber, Slack, Airbnb, WeWork and eight other prominent companies to debut in 2019. After all, when you are “in love” with a company, many are tempted to purchase a significant amount without understanding if it’s appropriate and in alignment with their financial plan. This type of speculative behavior is not for the weak at heart or those who are looking to grow their assets without a significant degree of unnecessary risk.

Diversification is essential in assessing one’s asset allocation which is about more than age, time horizon, tax liability, and emotional risk level. What other factors should be essential in determining an appropriate investment strategy? Our goal is to assess each client's goals to ensure we provide a customized asset allocation that will minimize market risk while growing above the inflation rate. We often hear the opinion that fixed income is dull, but stocks are exciting. We also hear requests for growth without the willingness to lose money or pay taxes. Unrealistic is the response to any investor who does not understand the risks and rewards of the stock market and the fixed income community. Fixed income instruments include: corporate bonds, municipal bonds, treasuries, exchange-traded funds, CDs and preferred stocks. When the stock market is rallying, fixed income is flat and vice versus. The rationale behind employing fixed income instruments in a portfolio is to absorb the risk when the stock market becomes increasingly volatile or when one desires income over growth.

Next, we would not be politically correct if we did not mention the about-face decision that President Donald Trump announced on Twitter regarding the “tariff tiff tweet” that the tax rate on \$200 billion of Chinese goods will increase from 10 percent to 25 percent. Presently, volatility is driven by political headlines and this week the pendulum swung in the direction of the breakdown in communication between the United States and China. What impact does such news have on the markets? Generally speaking, a retail sell-off occurs while investors attempt to digest how this will impact their portfolios for the long-term. Depending on their interpretations, it may cause investors to lock in profits and increase their cash equivalent allocation. While underlying fundamentals remain strong, the threat of a trade war increases the level of uncertainty adding to the current concerns of growing inflation and the prospects of a slowing global economy. VZD is active and engaged in the marketplace and takes a contrarian view by purchasing on the dips and selling on the rips.

We are currently scheduling portfolio reviews and would love to earn referrals by providing a high level of professionalism, sound investment strategies and an open door style of communication. I am proud to announce that Nikisha L. Johnson is a member of our executive mentoring program and accompanies me on our portfolio consultations. Plus, my youngest bonus daughter, Michelle Boyd-Griffin, is learning the back office operations while completing her Master's degree from Pittsburg State University in Education.



Nikisha L. Johnson and Michelle Boyd-Griffin



Nikisha L. Johnson and Ethel J. Davis

VZD Capital is excited to announce **Ethel J. Davis** is recognized as **2019 Five Star Wealth Manager** as seen in the **435 Magazine, Forbes** and the **Wall Street Journal** digital editions. Plus, **Expertise** (www.expertise.com/mo/kansas-city/financial-advisors) listed **VZD Capital Management, LLC** as one of **the Top 18 Registered Investment Advisory** firms from 121 potential advisors. Ethel was also recently featured as the cover story for **High Definition Lifestyle Magazine**. Please know these prestigious awards are awarded based upon the fantastic clients we serve.

Thank you for the trust and confidence you have placed in us. We look forward to our face-to-face reviews to ensure your portfolio is weather-proof for any economic environment.

With Gratitude,

Ethel J. Davis, Nikisha L. Johnson and Michelle-Boyd Griffin