Ethel's Diamond Post
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Marketing Distance: The New Horizon

Welcome to another episode of ***Ethel's Diamond Post!*** I pray that this newsletter finds you de-stressed, limiting digital connectivity, and the adjusting to social distancing requirements. The unexpected shift to mandatory mask-wearing, personal, professional, and social changes are taking a toll on the physical, mental, and emotional well being of people all around the world. The pandemic has triggered stressors in professions, personal finances, investments, and sudden changes in our family infrastructure overnight with no sustainable end in sight. Before reading this editorial communication, please grab your favorite beverage, turn off all electronics, begin deep breathing techniques, and then exhale periodically while you are reading. The purpose of this communication is to provide digestible information to reduce anxiety and calm nerves brought on by the constant sound bites regarding the speculation of the capital markets and the daily COVID-19 numbers. We are walking through unchartered territory, and everyone must walk by faith and not by sight.

Who could have imagined a global COVID-19 pandemic, a spiraling economic lockdown, historic unemployment numbers, unfathomable pressure on our healthcare professionals, and the rising numbers of human casualties? Despite these calamities, the indices finished off the month of June with some of the best quarterly performances in recent decades. The S&P 500 posted a 20 percent gain ending June 30, 2020. However, it is not easy to be optimistic when the world is ever changing and the stock market is going up instead of down. Investors might have a slight case of post-traumatic stress disorder (PTSD), for we remember the market before the COVID-19 pandemic. The market was growing with a strong economy, and then overnight everything changed without a warning or even an informal memo. After transitioning children from the school environment, parents have had to work from home and were advised not to leave unless necessary. Yet still, we rise and have enjoyed a significant rebound since the recession in mid February. The technology sector dominates the indices with heavyweights like: **Apple** (AAPL), **Amazon** (AMZN), **Facebook** (FB**), Netflix** (NFLX), and the parent company of Google, **Alphabet** (GOOGL). These stay-at-home companies have served us well, even with the resurgence of the virus and the uncertainty of when or if we will ever return to normal.

What is normal now? I have had the pleasure of welcoming many clients into the Millionaire Club for the first time or into the ultra millionaire club. In reviewing your recent statements, I hope you have been pleasantly surprised to witness growth even through increased volatility and high unemployment numbers. Unlike large firms***, VZD Capital Management, LLC,*** employs customized investment management services and can monitor all accounts based on a client's risk tolerance and standards of living.

Of course, it is tempting to make investment decisions based on the sound bites from politicians, media, and various talking suits. To fight the coronavirus, we are investing in several biotech companies to find a vaccine. Moderna (MRNA) begin their phase 3 trials last week. When we transition into the stay-at-home-mindset, we screen for healthcare companies that would be instrumental in finding a therapy to minimize the spread of the virus. Pfizer (PFE), along with BioNTech, will begin their final stage of testing soon too. While a vaccine won't happen overnight, those are just a few of many companies with promising pipelines that the United States government is providing support to through the Operation Warp Speed program as it works to remain diligent in developing sustainable therapies.

The stock market is ripe for active investment managers, not passive advisors. The current economic climate is in great need of fiscal stimulus from Washington. With each passing day the average consumer waits for congressional lawmakers to offer additional monetary support to the growing unemployed community. The original CARES (Coronavirus Aid Relief and Economic Security Act) has expired, including the $600 per week in enhanced federal unemployment benefits to eligible individuals, and negotiations for an extension are still ongoing. Republicans want to decrease the unemployment benefit amount to $200 above the average unemployment support. Democrats are in favor of continuing the $600 support until the beginning of the year 2021. Who is right; who is wrong? With approximately 31.8 million people out of work as of July 4, the loss of benefits last week will impact consumers' income by 60 percent or more, representing a significant decline.

Complacency is not a part of the DNA when it comes to money management. ***VZD*** does not believe in a one-size-fits-all approach to building, creating, maintaining, and preserving wealth. The S&P 500 is in positive territory for the year, and the NASDAQ is flying high, but we know everything comes to an end eventually. On the other side of things, another recovery plan will cost $2.1 trillion, and we have no idea how we will pay this money back. The U.S. debt is approximately $26.5 trillion. After further review, that means each taxpayer's share of the liability amounts to $860,000. Of course, who is worried about this looming amount of debt growth as we attempt to safeguard our economy during these unprecedented times?

Another catalyst that is looming behind the scenes is the upcoming election in November. Every four years, the question surfaces, and investors try to predict which candidate will be better for the economy and the stock market. Do you remember who you voted for and how you felt the next day after the results were made public? For many voters, Trump's victory was a surprise, and many people cringed at the thought of his leadership and how it would negatively impact the capital markets. They, however, quickly found that that speculation was incorrect for the S&P 500 with dividends reinvested, returning 21.83 percent in the 2017 calendar year. Many investors reacted irrationally and moved into cash to gain more clarity, which caused them to miss out on the longest bull market. My crystal ball does not work when it comes to forecasting the presidential elections. Whether Republican or Democratic policies are better for the stock market, we look for the long-term horizon, and the stock market has rewarded investors no matter the sitting president.

Historically the S&P 500 has grown an average of 9 to 10 percent annually. 2020 is not a typical year. Nobody could have foreseen a viral pandemic that would be so devastating in terms of human cost, economic lockdown, and disrupted financial markets. We are living through a global health crisis, historic unemployment, and drastic changes to our normal lifestyles. While it's normal to speculate how the winning presidential candidate will impact the stock market, please do not react solely on emotions or uncertainty. Even though there is no direct correlation between who is in office and stock market results, please remember your vote is crucial, especially this year.

Thank you for the trust and confidence you have placed in ***VZD Capital Management, LLC***. We are taking on new clients with a minimum of $200,000 of investable assets and would welcome any referrals from our existing family members. Please feel free to refer people of interest to our new website – www.vzdcap.com. We are scheduling portfolio reviews via Zoom, FaceTime, and telephone consultations to get back on track with our quarterly reviews. Your financial health is our number one priority, so please do not hesitate to contact me directly at ethel@vzdcap.com or directly call (816) 726-7066.

Stay safe, practice social distancing, wear your masks, and breathe – this too shall pass. We are in this ***together.***

With Gratitude,

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