



October 14, 2020

Dear Money Management Client:

Last quarter we wrote, “without a really good treatment protocol or vaccine, the economy will remain hostage to the Coronavirus”. To this point, global cases have reached 37.9 million with 1.08 million deaths. Coronavirus has caused despair and destruction of life as we know it. Some of the simplest lifestyle choices we once made and took for granted are no longer viable. We are encouraged by better treatment protocol and vaccine progress.

How sentiment has evolved. While treatment protocol and vaccine development continue to be the driving force for the medical industry, our broad economy and financial markets have shifted their focus to fiscal stimulus. Anecdotally, financial markets exhibit higher volatility with fiscal stimulus news, than virus news. A survey completed by the Pew Research Center showed that in May '20, 72% of all U.S. adults would get a Coronavirus vaccine if it were available to them. That same survey completed in September '20 yielded an equivalent response of 51%. What changed? Is there a disconnect between political endorsement and scientific backing?

Maybe we have become hostage to politics? When investment management/decisions are based on political agendas and stimulus, it may be time to take a step back and reevaluate what “you’re” doing. Thankfully, we are value investors, we do not lose sight of the fact that we want to own companies that will be around longer than you or me, or another election cycle. It goes without saying, “we” have all benefited from this post stimulus market rebound. However, we do not want to become hostage to it. We have used the latest market dip to fine tune each portfolio and align them with your investment objectives and our financial market, and economic outlook.

With the election drawing near I leave you with a few brief thoughts. First, regardless of outcome, the markets will endure. Regarding all political parties, we would love to see less “problems” people and more “solutions” people. Second, the bipartisan bill, CARES Act, including but not limited to the Paycheck Protection Program offered a 13-week extension to the unemployment benefits period. These extended and enhanced benefits will start expiring post November election and into a potential second wave of Coronavirus. With Europe already caught in a second wave, the roadmap is not pretty. We will monitor these developments and adjust portfolios as needed.

As always, we remain committed to a conservative investment philosophy, which emphasizes the preservation of capital. If you have any questions or would like to discuss your portfolio, please do not hesitate to call.

Very truly yours,

Kyle Campbell