



The Verdi View



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Newsletter – March 2019

Welcome to our Inaugural quarterly newsletter. Below you will find our top 10 Fast Facts, timely reminders, and life updates from the team. Feel free to pass along The Verdi View to your friends and family who you think would enjoy reading it!

Fast Facts!

- 1) **QUARTER 1:** At the end of the first quarter, the S&P 500 Index was up 13.65% while the DJIA was up 11.81% (source: Morningstar)
- 2) **DEAD WRONG:** In the 12/31/17 issue of USA Today, writer Adam Shell wrote of “18 stocks to Consider for 2018: All of the 18 names are seen rising +25% or more, according to analysts.” Instead 17 of the 18 stocks lost money in 2018, and an equal investment in all 18 stocks fell 26.1% for the year (source: BTN Research).
- 3) **YOU NEVER KNOW:** Financial reporter Adam Shell retired from his position with USA Today on 1/08/19 after 19 years with the paper. Shell is famous for his 10/10/02 article titled “Where’s the bottom? No end in sight” that began with the sentence “The worst bear market since the Great Depression just keeps getting worse.” In fact, the S&P 500 had closed at a bear market bottom the previous night (10/09/02) at 777 and then proceeded to climb +102% over the next 5 years before peaking at 1565 on 10/09/07 (source: USA Today).
- 4) **TOP AND BOTTOM:** In tax year 2016, the top 10% of taxpayers paid 69% of the total \$1.44 trillion paid in federal income taxes by all US taxpayers while the bottom 75% of taxpayers paid 14%. (source: Internal Revenue Service).
- 5) **REQUIRED MINIMUM DISTRIBUTIONS:** If you turned age 70½ in 2018, then you must begin taking annual withdrawals from your IRA accounts no later than 4/01/19. If you delay your 1st withdrawal until 4/01/19, you must also take a 2nd distribution by 12/31/19 (source: Internal Revenue Service).
- 6) **WORST TO FIRST:** The worst performing stock in the S&P 500 in 2018 lost 67.1% last year. That same stock is ranked #1 among all stocks in the index this year through 2/28/19, up +67.7% YTD (source: BTN Research).
- 7) **TECH:** Technology has incorporated itself into almost all aspects of life, Wall Street included. Currently over 80% of all trading volume is now done with algorithms and computer generated strategies! (source: Investopedia)





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Market Update:

The current weakness in the equity markets should be viewed within the confines of a consolidation phase that is likely to continue until such time as a firm trade deal with China is drawn and the U.S. economy signals that the first-quarter weakness has run its course.

Investors should focus on sectors that are exhibiting the strongest relative strength, including utilities and REITs as defensive sectors, Industrials which should benefit from positive trade talks with China, and communications services.

Excerpt from *Weekly Market Notes*
Bruce Bittles
William Delwiche



Fast Facts Continued

- 8) **BABY BONDS:** Democratic presidential candidate Cory Booker has proposed a government-funded savings account for newborn children. The “American Opportunity Accounts” would be established with \$1,000 for every child born in the country, augmented annually by \$0 - \$2,000 depending upon the size of a family’s income. The accounts, managed by the Treasury Department, would seek a target return of approximately +3% per year and could not be accessed until the child’s age 18 (source: American Opportunity Accounts Act).
- 9) **IN A ROW:** Since 1929, the S&P 500 has only recorded consecutive negative yearly returns 8 times. 5 of those occurrences happened in the 1930s and early 1940s. (source: MacroTrends)
- 10) **JOBS:** Iowa had the lowest unemployment rate (2.4%) in the nation as of 12/31/18. Texas added +391,800 jobs in 2018 (to 12.7 million), more than 3 times the +121,900 jobs added in New York (source: Department of Labor).
- 11) **FROZEN:** The low temperature in Chicago in the early hours of Wednesday 1/30/19 fell to -23 degrees, tied for the 5th coldest day in the city’s history. The record is -27 degrees set on 1/20/85. (source: CBS Chicago)

Team Update!

Sydney Graduated from The University of Iowa in May of 2018 with a degree in Finance and certificate in leadership. After interning with Baird for 2 summers and 2 winters during college breaks, Sydney was offered a full time position and began working with us in June of 2018. Sydney will join Baird’s Financial Advisor Training Program on May 1st to prepare for her partnership with Joe.

Sydney is a great asset to our team and we are excited to finally have her at Baird full time!