



The Verdi View



Joe Verdi CFP®
Senior Vice President



Sydney Verdi
Financial Advisor



Connie Heinen
Senior Client Specialist

Baird
3626 Bridge Avenue
Davenport, IA 52807
Direct 563-386-4600

Newsletter – October 2020

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

TIME IN THE STOCK MARKET - If you selected any single month at random to invest in the S&P 500 during the 25-years ending 6/30/20, you achieved a positive total return 66% of the time. If you extend your investment time horizon to just 1 year, you achieved a positive total return 80% of the time. If your time horizon was 5 years, you also achieved a positive total return 80% of the time. (source: BTN Research).

THE DAY THE WORLD CHANGED – The World Health Organization (WHO) declared the COVID-19 outbreak a pandemic on 3/11/20. In the 6 months from 3/11/20 through Friday 9/11/20, the S&P 500 has gained +23.0% (total return) (source: BTN Research).

ALL THE STOCKS – The total stock market capitalization of US equities peaked at \$36.1 trillion as of 2/19/20, fell to \$23.4 trillion as of 3/23/20, and has bounced back to \$35.6 trillion as of Friday 9/11/20 (source: Wilshire).

YOU WANT A DISCOUNT? – The schools with the 4 largest college endowments in the United States – Harvard, University of Texas, Yale and Stanford – increased the cost of tuition for their undergraduates for the 2020-21 school year (source: MarketWatch).

WHO KNEW? – The CDC estimated on 7/10/20 that 40% of Americans infected with the COVID-19 virus are asymptomatic, i.e., they never experienced symptoms commonly associated with the virus, including fever, chills, cough, shortness of breath, fatigue and body aches (source: Center for Disease Control).

BACK IN BUSINESS - US ports received ships carrying 2.06 million containers loaded with cargo during the month of August 2020. That's the largest number ever recorded in a monthly survey compiled since 2002 (source: National Retail Federation Global Port Tracker).

MOVING IN THE RIGHT DIRECTION - On 2/08/20, just 2 days after the first US death from the COVID-19 pandemic, 2.1 million out-of-work Americans were receiving unemployment benefits via state programs across the country. That total rose to 22.8 million by 5/09/20 but has fallen to 12.3 million as of 9/05/20 (source: Federal Reserve Bank of St. Louis).

ON FIRE - Of the 10 largest wildfires in the last 10 years in the state of California, 5 of them are taking place right now. The biggest of the 5 is the August Complex fire, the largest in state history (source: Los Angeles Times).

WE NEED JUST ONE - There are 197 vaccines for the COVID-19 pandemic currently in the development stage, none of which has yet to receive FDA approval (source: Milken Institute).

ONLY HALF? – In order to approve a vaccine, the Food and Drug Administration requires that the vaccine must be at least 50% effective, i.e., the “yet to be approved” COVID-19 vaccine must prevent half the people who receive the vaccine from becoming infected with the COVID-19 virus (source: Food and Drug Administration).

SOME WILL, SOME WON'T - 49% of 1,056 American adults surveyed in mid-May 2020 plan on getting the COVID-19 vaccine as soon as it becomes available. 51% either will not get the vaccine immediately or are not sure what they will do (source: National Opinion Research Center at the University of Chicago).





The Verdi View

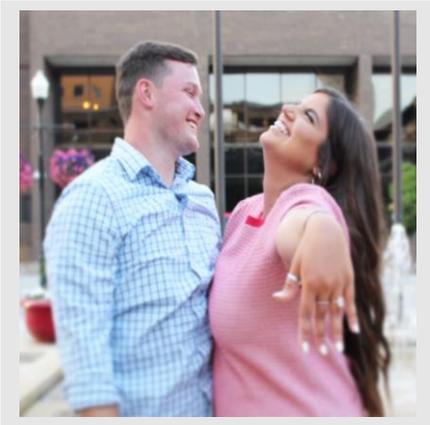


Team Update

The Verdi group is still working from home! However, we just got news that we should be allowed back in office on October 5th with a rotating schedule of 2 days in 2 days at home. We are still not able to have in person meetings but plan to continue to do virtual meetings from our offices. We miss seeing our clients face to face and are looking forward to the day we can see you all in our office!

She Said Yes!

On July 25th Sydney got engaged to her boyfriend of 7 years, Blain Samuelson! He surprised her after dinner outside of Duck City. She was then greeted by close family and friends in our backyard for a celebration. They plan to tie the knot in 2022 after Blain graduates from Medical School at the University of Iowa. They are planning their wedding in the Outer Banks of North Carolina, an 18 year family vacation location. We are so excited to have Blain officially be part of our family!

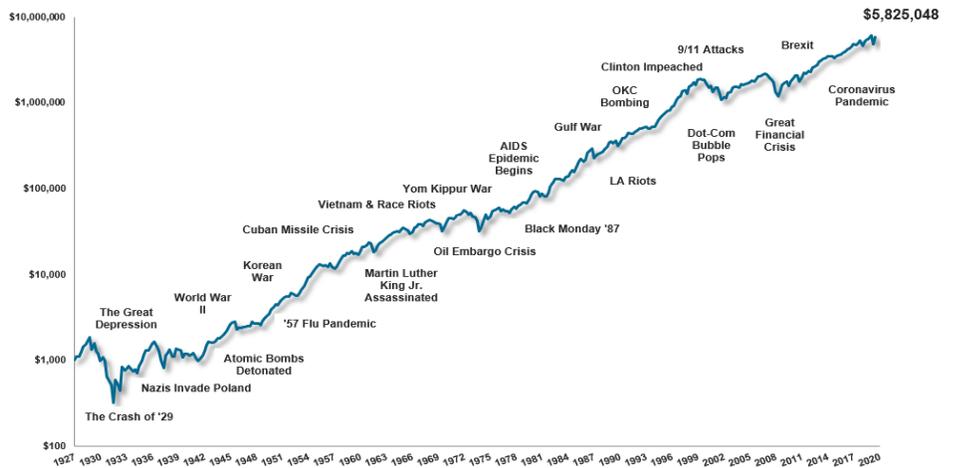


Staying the Course

Focus too much on day-to-day market performance and you could miss the larger trend. You can learn a lot about the stock market simply by observing its history. In fact, given that the future is unknowable, looking back to historical patterns is often one of the best resources we investors have.

One of the clearest and most persistent of these historical trends is simply this: *Over time, the stock market tends to go up.* As you can see below, despite all of the misfortunes of the last century – war, social unrest, financial crises, geopolitical strife – the long-term trend of the stock market is largely unbroken.

While the country has endured all kinds of social, political and economic hardships, the market's long-term positive trend is indisputable.



Source: Standard and Poor's, Ibbotson Associates, Baird Research. As of December 31, 2019. Past performance is not a guarantee of future results. Performance is calculated on a total return basis with dividend reinvestment. The S&P 500, computed by the Standard & Poor's Corporation, is a well-known gauge of stock market movements determined by the weighted capitalization of the 500 leading U.S. common stocks. Indices are unmanaged and are not available for direct investment.

Through good times and bad, economic progress and the ingenuity of American companies have led to innovation, increased productivity and ultimately earnings growth that has driven the market higher.

That is not to say that the stock market cannot experience hard times, as the above chart clearly demonstrates. From World War II to the Great Financial Crisis, investors have had to endure painful drawdowns, intense bouts of volatility and highly uncertain futures. These cycles can make it hard to stay invested, particularly in a media environment prone to sensationalism and fear-mongering. But the long-term trend is irrefutable.

This is important because many investors get a certain tunnel vision when it comes to the market: They look at how the S&P 500 performed today, or this week, or this month. But by focusing on these individual trees, they're missing the forest of consistent, long-term positive returns. Historically, the chance of the market going up on any single day is just 53% – barely better than a coin flip. But stretch your time horizon out, and the odds move in your favor: 73% of single years are positive, 86% of five-year stretches are positive, and 100% – 10%! – of 20-year periods are positive (often very much so).

The truth is, the market has risen far more often than it's fallen, and while being a long-term investor is rarely easy, it has paid off handsomely over the last century.