



Your Monthly Compass

AUGUST 2020

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1600 Pennsylvania Avenue Doesn't Matter | August 31, 2020



It is perfectly normal to color your market views with your political views. There are strong opinions on both sides of the political spectrum and the divide between the sides is wider than ever. Problems arise when actions are taken based on those views rather than an objective view of the markets and personal circumstances. For example, a meaningful reduction in stocks may result in a lower return if the stock market continues to be strong. Conversely, going "all-in" for the wrong reasons can be just as damaging. Taking a certain action based solely on who wins – or is expected to win – on November 3rd is likely not a prudent decision.

Objectively speaking, how do the markets perform based upon the party controlling the White House? There have been twenty presidents since 1900, eight Democrats and twelve Republicans. The average annualized return for the Dow Jones Industrial Average when a Democrat occupies the White House is 6.7%. For Republicans, it's 3.5%.¹

If you parse the data, there are two presidencies with extreme returns, both Republicans. The return during President Coolidge's term (1923-29) was an average of 25.5%. Those excesses were then unwound during the Great Depression and President Hoover's term (1929-33) when the average return was a decimating -35.6%.

Starting with FDR in 1933, there have been seven presidents from each party. The average return for Democrats was 7.8% and Republicans 6.1%. That's reasonably close, and to me, supports the idea that we shouldn't predict market returns simply based on which party controls the White House.

A few things to keep in mind:

¹ Bespoke Investment Group, LLC "Obama and Trump: Two Peas in a Pod." Chart of the Day E-Mail Message. 5 August 2020.

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- “Today” always feels unique – keep in mind we have had many other challenging times, to include wars, civil rights protests and market crashes.
- The power of the President is largely held in check if the opposing party controls at least one chamber of Congress.
- The economy is bigger than the government. I doubt we will stop using computers, building homes, buying food or driving a car based on who is President. Therefore, the companies that produce these goods and services should continue to be strong.
- The Federal Reserve possesses underappreciated power. Their clear objective is to support a strong economy.

Please don't misconstrue my comments. I certainly care about who represents us in Washington and believe they influence many aspects of society. However, when it comes to your portfolio, a dispassionate view is historically the best one to take.



STEVEN TENNEY
Founding Partner & CEO



‘A BETTER WAY’ VLOG SERIES

Visit our website to watch episodes at www.greatdiamondpartners.com/vlog.

Steve's latest message challenges economic professor and Nobel prize winner Milton Friedman's philosophy on capitalism. He'd love to hear your thoughts!

INTRODUCING RISKALYZE

Riskalyze is award-winning technology that quantifies your acceptable levels of risk and reward. Using this tool, we ensure that your portfolio defines your investment goals and expectations. Together, we can take the guesswork out of your financial future. Watch a short video to learn more and ask us how to get started!



HOW TO HELP PARENTS - AND YOURSELF - LIVE BETTER AT 80, 90 AND BEYOND

Each month, we share content around business transition planning and advanced planning strategies with business owners and their advisors. This recent article, though, is relevant to every one of us! Click [here](#) or on the article image to read about two key issues that may impact your life or the lives of your elderly parents - aging in place, and safeguarding wealth from costly cognitive mistakes.



How to Help Parents - and Yourself - Live Better at 80, 90 and Beyond

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They say we get wiser as we get older, but let's face it: Many new uncertainties and challenges can crop up as people get deeper into their golden years. Changes in physical health and issues with memory can mean you—or your elderly parents—might require new types of never-before-needed assistance.

With that in mind, here's a look at two key issues that may impact your life or the lives of your elderly parents—aging in place, and safeguarding wealth from costly cognitive mistakes.

There's no place like home

More than 75 percent of Americans age 50 and older want to stay in their current homes and communities as they age instead of moving to a nursing home or elsewhere, according to AARP.¹

But wishing doesn't make it so. To potentially make that happen for you and your spouse or for your parents (or all of the above), you need to plan with the same level of seriousness that you plan for your financial future.

According to Kim Evanoski, CEO of care management company Care Manage for All, some of the key issues surrounding the idea of aging in place include the following:

1. **Needs.** Identify the big needs and pain points to address. If you're helping parents, talk with their doctors about specific ways health problems could reduce their mobility or their ability to take care of themselves. If you're planning for yourself, think about any illnesses that you or your spouse have or that run in your families—and how those illnesses tend to impact the ability to do certain things.

¹ Joanne Binette and Kerri Vasold, 2018 Home and Community Preferences: A National Survey of Adults Age 80-Plus, AARP Research, August 2018.

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Working from Home: Digital Security Basics

Since the start of the COVID-19 pandemic, millions of workers have begun to work from home. Before this massive transition to remote work, Americans spent an average of 6.42 hours on the internet every day. 36% of internet users in the USA between ages 16-64 were using mobile banking or financial services apps every month, and 20% of internet users in the USA between ages 16-64 use mobile payment services every month. These metrics have likely increased over the last few months, which is a perfect reminder to consider digital security best practices.

Many Americans are unsure about a number of digital topics

% of U.S. adults answering each question ...

	Incorrectly	Correctly	Not sure
Phishing emails are sent on social media, websites, email or text messages	18	87	11
Cookies allow websites to track user visits and site activity	9	83	27
Advertising is largest source of revenue for most social media platforms	3	59	32
Privacy policies are contracts between websites and users about how those sites will use their data	26	48	27
Net neutrality describes principle that internet service providers should treat all traffic on their networks equally	12	48	42
"https://" in a URL means that information entered into the site is encrypted	37	30	53
WhatsApp and Instagram are both owned by Facebook	22	29	49
Can identify example of true two-factor authentication (not of images)	55	26	17
Private browsing mode only prevents someone using the same computer from seeing their online activities	26	24	49
Can correctly identify picture of John Deere	18	77	11

Note: Those who did not give an answer are not shown. All questions are multiple choice, for full question wording, see topnote. Source: Survey conducted June 1-17, 2018. Among adults aged 18 and older. PEW RESEARCH CENTER

CYBERSECURITY BEST PRACTICES: PART 2

Since the start of the COVID-19 pandemic, millions of workers have begun to work from home and it's the perfect time for a refresh on digital security best practices. Click [here](#) or on the article image to read about securing your home network, password best practices, phishing attacks and managing your devices.

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