



INVESTORS QUARTERLY

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MANAGING DIRECTOR
KRIS TOWER WINS FIVE
STAR WEALTH MANAGER
AWARD

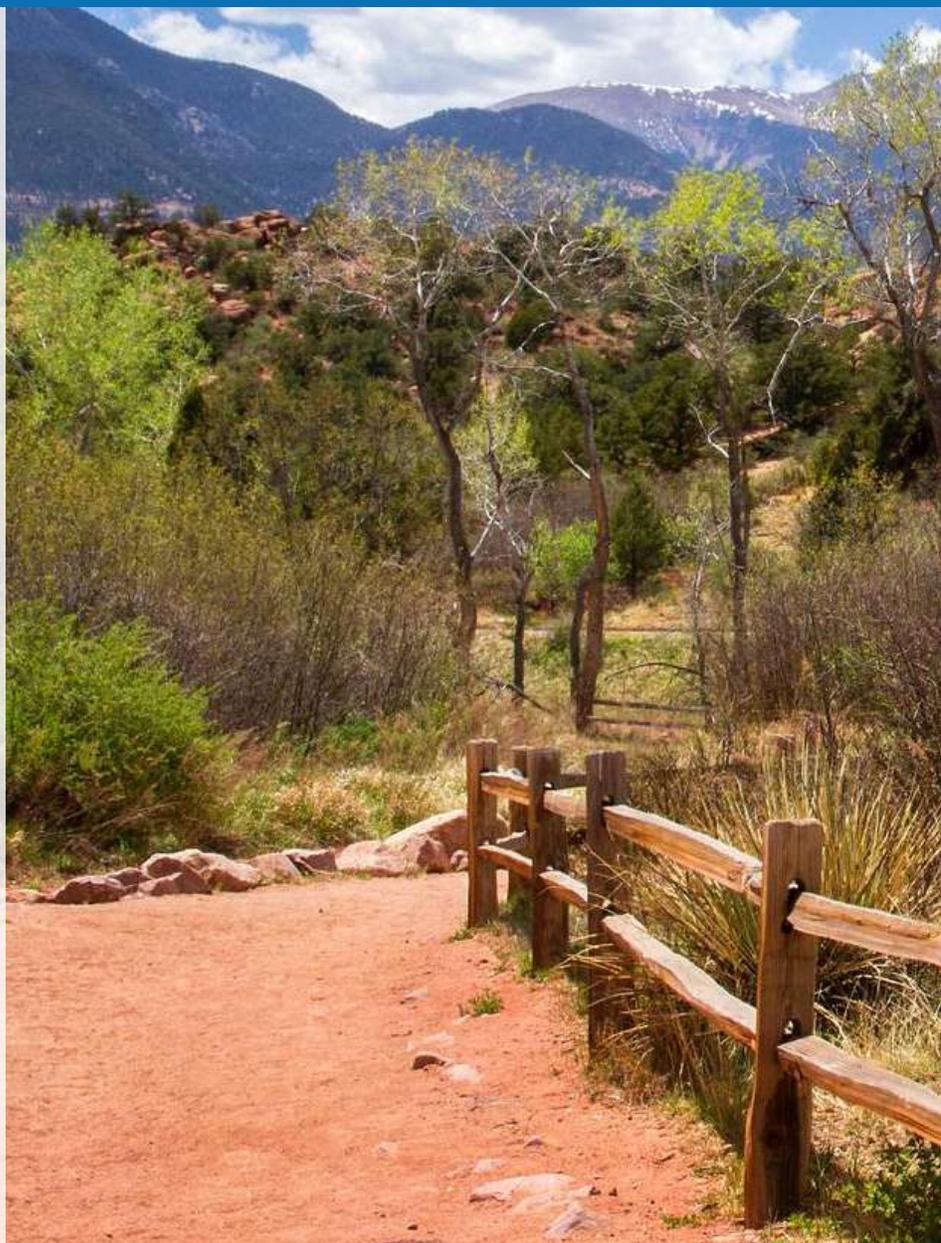
Page 2

PRESIDENTIAL ELECTIONS,
POLITICAL PARTIES, AND
YOUR PORTFOLIO

Page 3

FORECASTING ECONOMIC
ACTIVITY FOR THE REST
OF 2020 AND BEYOND

Page 4



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What's New With Our Team at American Portfolios Denver

Continuing to Serve You During This COVID-19 Crisis

At American Portfolios Denver, we recognize the incredible set of challenges so many of our clients are facing and will continue facing due to the COVID-19 crisis. If you have questions or concerns about your financial future, we are here to serve you. Our team members are still operating at full capacity while we continue following re-opening guidelines for in-person consults using the appropriate measures for your safety.

Senior Managing Director Kris Tower Wins Five Star Wealth Manager Achievement for Ninth Consecutive Year

American Portfolios Denver is proud to announce that Senior Managing Director Kris Tower is the 2020 winner of the Five Star Wealth Manager Award by Five Star Professional. Since 2012 Mr. Tower has won this industry-leading notoriety and we congratulate him on his efforts to set the gold standard of fiduciary excellence. Congratulations, Mr. Tower, and here's to reaching ten consecutive years next year!

Congratulations to Alec & Sydney Quaid!

Our Denver-based Associate Advisor Alec Quaid and his new bride Sydney (Dickerson) Quaid were married on August 7th in Larkspur, Colorado. We wish Mr. and Mrs. Quaid many years of health and happiness and raise a toast to their prosperous, head-over-heels marriage. Congratulations!



How Much Do Presidential Election Results Affect Your Portfolio? You May Be Surprised...

A popular term you may be familiar with is "investor sentiment". It's the belief that how a group of investors, specifically a general population, feels about headline events (war, economic turmoil, new legislation, etc.) directly affects how willing they are to invest.

This fall's U.S. Presidential election holds no shortage of investor sentiment. What are the financial implications of either major candidate winning the White House? It may surprise you to learn that historically, there is little to no discernible impact on an investment's performance based on whether a Democrat or Republican sits in the Oval Office.

The Capital Group recently published an in-depth analysis tracking hypothetical one-time \$10,000 investments made at the beginning of U.S. presidential election years starting in 1936. The hypothetical investments were tracked over a ten-year period starting on January 1st of each election year. As an example, the first ten-year period spanned from January 1st, 1936 through December 31st, 1945.

Following these hypothetical investments, an investor did or would have experienced a positive return in all 19 of the 19 10-year periods. As further evidence, the investment would have doubled in value during 15 of the same 19 10-year periods.

While 2020 already presented a litany of unexpected and extraordinary challenges, as financial advisors, we recognize each generation of investors up until now has faced their own share of recessions, overseas wars and conflicts, civil unrest and protests, weather-related calamities, business challenges, and labor struggles, to name a few. That said, we lean into evidence-based investing as a continuous reminder that even a Presidential election cannot dictate even a 10-year span in the marketplace.

Regardless of your political interests and opinions, what we know to be true is that wise investors focus on long-term success over of any political affiliation or any one candidate. In the words of Franklin D. Roosevelt, "The only limit to our realization of tomorrow will be our doubts of today." Stay the course, follow your written financial plan, and remember to vote.

Is the 2020 Stock Market Rollercoaster Finally Settling Down? Here's What Your Portfolio May Experience Heading into 2021...

Wind the clock back to June earlier this year. Much of the economic data at that time was extremely negative, with record declines in employment (U.S. BLS employment data) and consumer spending (U.S. BEA). There was no modern precedent for that level of decline.

With government-imposed lockdowns and business closures, companies furloughed employees at a furious and painful pace. It is difficult to express in words, but it has been disheartening to see friends and family members sidelined from the workforce. We are now in a recession, according to the National Bureau of Economic Research. The NBER is the official arbiter of recessions and expansions. The prior expansion, which began in 2009, officially peaked in February, having lasted a record 128 months.

In making its determination, the NBER concluded, “The unprecedented magnitude of the decline in employment and production...warrants the designation of this episode as a recession, even if it turns out to be briefer than earlier contractions.”

The shortest recession on record lasted just six months and occurred in 1980. Second place: a seven-month recession in 1918–19, which was tied to the Spanish flu pandemic. There are five recessions that lasted eight months, including the 1957–58 recession that coincided the Asian flu pandemic. While the economy is much different today, the recovery from the short, but steep 1957–58 recession was robust (St. Louis Federal Reserve).

Given surprisingly strong data in May, April may mark the bottom of the economic cycle. If so, it will be the shortest recession on record. Let's also acknowledge that the speed and depth of the decline have no modern parallels. With massive support from the Federal Reserve, the federal government, and the reopening of previously closed businesses, employment in May unexpectedly surged a record 2.5 million. The private sector fared even better, with a gain of 3.1 million (U.S. BLS).

2020 Market Activity Heading Into 2021 (Continued)...

Consumer spending, which fell a record 6.6% in March and a record 12.6% in April, rebounded by a record 8.2% in May (St. Louis Federal Reserve). Pent-up demand, stimulus checks, generous unemployment benefits, a rise in employment, and reopened businesses supported sales.

Consumer confidence is also improving per the Conference Board's Consumer Confidence Index. It remains well below pre-coronavirus levels, but rising confidence and re-openings are supportive of economic activity. Still, not all is rosy. And a strong recovery is not assured, as visibility remains incredibly limited.

Layoffs, as measured by first-time jobless claims (Department of Labor), are slowing but remain at unusually high levels. The weekly layoff numbers have been more than double what we saw at the peak of the 2007–09 recession.

In his testimony before House committee on June 30, Fed Chief Powell said, “Many businesses are opening their doors, hiring is picking up, and spending is increasing. Employment moved higher, and consumer spending rebounded strongly in May. We have entered an important new phase and have done so sooner than expected.”

We are seeing a spike in COVID-19 cases in many states, which is creating a new round of uncertainty. It has fueled choppier day-to-day activity in the market. Yet, at least so far, the bull market seems to be coexisting with the rise in cases. Despite higher infection rates, deaths continue to trend lower. This reduces fear somewhat and in turn reduces odds of new lockdowns.

U.S. Treasury Secretary Steven Mnuchin took a more optimistic tone in his testimony with Powell. “The Blue Chip Report is forecasting that our GDP will grow by 17% annualized in the third quarter, and by 9% in the fourth quarter,” which follows what is expected to be record contraction in Q2. Mnuchin also expects significant progress on the employment front.

No matter what the rest of 2020 and even 2021 may hold for your financial future, we commit to staying with you every step of the way with our team here at American Portfolios Denver.



This could be the year that you find greater clarity for your financial future.

Our team with American Portfolios Denver serves clients across the Rocky Mountain region and beyond through our main office and affiliated advisors. Reach out to our team to start a conversation today about your financial goals.



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