

Flourish Wealth Management

Quarterly Newsletter

News From Flourish

OCTOBER 2020

Hello and happy fall! While this summer was certainly strange, the weather was nice and we were able to have a few family outings that were restful and memorable. There is much to be thankful for as we near the holiday season and we are lucky that everyone here in the Flourish Family has been healthy and safe. Our thoughts and prayers are with everyone who has lost a loved one during this pandemic and we are hopeful for the time to come when we can have more certainty in our health and safety.

In this quarter's newsletter we are going to share a story about our summer intern, Grant, and what he took away from his experience here at Flourish. I have written a short piece on the impact of Presidential elections on our economy and, as always, Jay will share his market commentary and our Quarterly Market Review report.

FLOURISH ON ALEXA



If you haven't had the chance yet to listen to our new podcasts, the [Flourish Financially Challenge](#) and [Flourish Insights](#), please have a listen and subscribe on [Apple podcasts](#), your [Alexa](#) device or wherever you get your podcasts. If you wouldn't mind, we would love it if you would take a moment to [rate the podcasts and leave a review](#). Your review will help us expand our audience and our reach.

3rd Quarter 2020

Flourish Wealth Management

If you are a little uncertain of how to listen on alexa, we have created these instructions for different ways to listen.



HOW TO ENABLE ALEXA SKILLS AND START LISTENING

TEAM NEWS



Flourish was fortunate to create a Summer Internship during 2020 with an emphasis on Investments while integrating Wealth Management. Our intern, Grant Shaffer, is going into his senior year at the University of Wisconsin in Eau Claire with a double major in Finance and Information Systems. This was an excellent foundation for the internship which provided exposure to a broad range of technology platforms, immersion in the Flourish Investment Philosophy, introduction to Environmental Social

Governance (ESG) investing, along with integration of the skills into client portfolios. In addition to a strong background, Grant brought an excellent team-oriented work ethic to the internship with a high level of intellectual curiosity, along with a mature approach to joining a new team while working 100% virtually.

Some of Grant's accomplishments at Flourish include a number of new ESG investment options, enhancing or creating excel spreadsheets that support all areas of the business, leading the process to rebalance and reposition client portfolios, along with helping the Wealth Management team with a number of additional projects.

One of the projects that Grant took on was building an on-line ESG Survey which we launched on Tuesday, October 6. We sent out an email with an informative article all about ESG investing from Jay as

3rd
Quarter
2020

well as the link to the survey. [Please check out the article and survey here in case you missed it.](#)

It is noteworthy that Grant has brought his summer intern experience back to college, transitioning a significant portion of the student-run investment portfolio to ESG-focused investments. We were very fortunate to have a summer internship that exceeded our expectations while also providing a great working experience! Grant is continuing to work at Flourish 10 hours a week while back at college, and recently commented that “I am very appreciative for the experience and exposure provided during the Flourish Internship. I recently met with a UWEC alum from the Finance program and was comparing my work during the internship with what they have accomplished during 2 years in the ‘real world’. It was very rewarding to know that I was able to work on projects, technology and client transitions that exceed what the alum has been exposed to.”

Q3 2020 QUARTERLY ARTICLE

Presidential Elections, the Economy, and the Stock Market

Historically, elections and the party who wins the presidency have little to no impact on the markets. But the economy is more than the market.



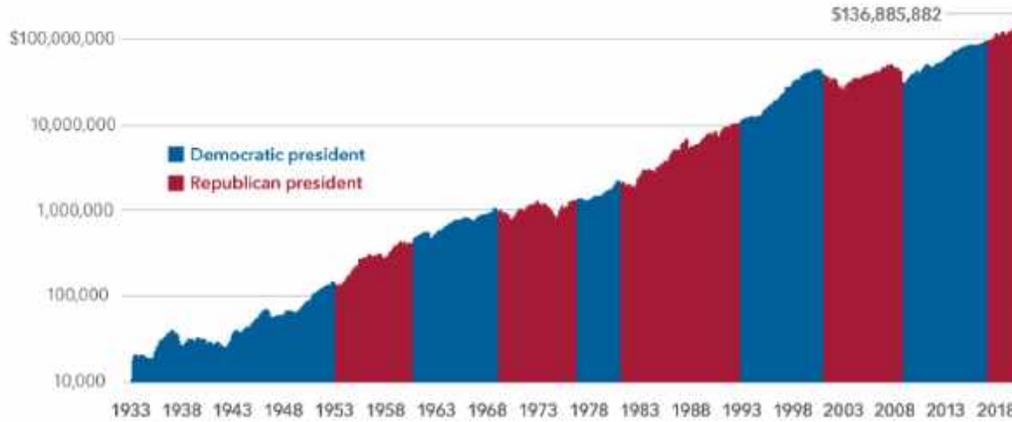
By: Kathy Longo, CFP[®], CAP[®], CDFA[®]
President Founder

We have been having some conversations with clients lately about what may or may not happen with the stock markets and the economy leading up to and after the election. While there is no way to predict the future of the markets, we can find some solace in what has taken place in the past. In the Morningstar chart below you can see that, regardless of which party has held the executive branch of our government, investments have grown steadily between 1933 and now.

Flourish Wealth Management

3rd
Quarter
2020

Stocks have trended higher regardless of which party has been in office Growth of a hypothetical \$10,000 investment in S&P 500 Index

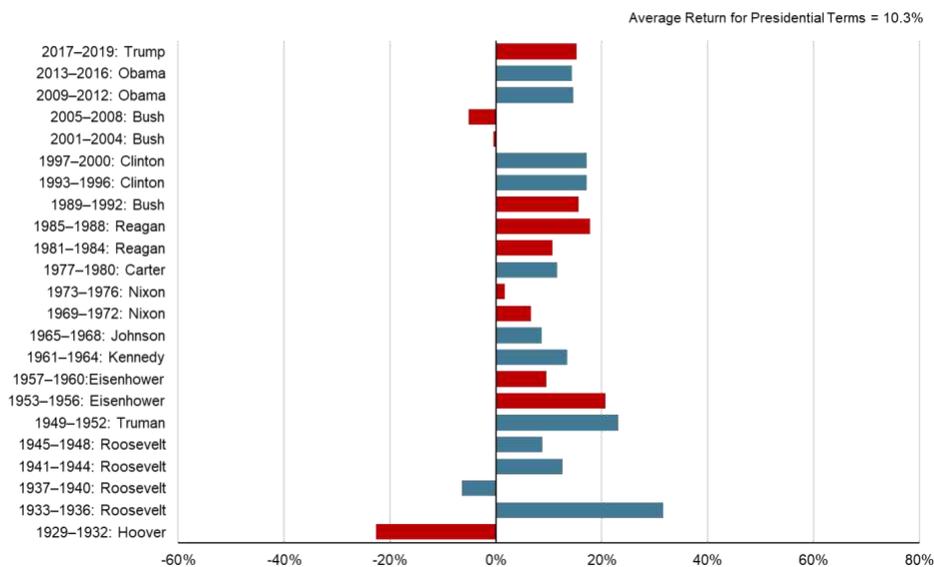


Sources: Morningstar, Standard & Poor's. The start date is March 4, 1933, and the end date is June 30, 2020. Dates of party control are based on inauguration dates. Values are based on total returns in USD. Shown on a logarithmic scale.

In this chart you can see that returns during Republican or Democratic administrations have varied from president to president, but the average return, regardless of party or person, over the last 90 odd years has maintained a steady 10%.

Annualized Returns During Presidential Terms

S&P 500 Index: 1929–2019



Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. Actual returns may be lower. Source: S&P data © 2020 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

Flourish Wealth Management

We are in the middle of a global pandemic that has taken the lives of more than 210,000 Americans at the time of this newsletter's publication and we know that number will continue to rise. After seeing several years of unprecedented growth in the markets and record low unemployment, we have had to wring our hands with uncertainty over the last 8 months -- not knowing how long this is going to last and how deep of a recession it may bring us in the coming months and years.

The markets have rebounded, which is a good thing for Americans with 401ks, IRAs and equity holdings. For many, however, the rebound of the stock market bears no weight on the economy for them. For them, record unemployment and lack of work due to the pandemic, coupled with the fact that they may only have been just making ends meet beforehand, means that there is little to no money left, lower or no income, and nowhere to turn for help. Small business owners all over the country are feeling the same pinch. The PPP and EIDL SBA loans offered assistance in the beginning, but that money is drying up and the businesses may not be able to open up to full enough capacity to keep the lights on.

A new round of stimulus would provide much needed relief to working class Americans and small business owners. It would also help the states who, with unprecedented expenses, unemployment claims, and loss of tax revenue are facing budget cuts that would further affect those communities who need the most support right now.

The policies, tax reforms, and stimulus packages that come in the next four years will shape what our economic recovery will look like. At the moment, the stock market is stable and should remain that way, barring any more unprecedented global events. While presidential elections, historically, have no long-term impact on market returns, it is important to remember that the markets are not the economy. They are a part of it. This November, if you are concerned about the election's impact on the economy, you should vote for the person **OU** think will be able to support a successful resolution to the Coronavirus Crisis; work to build an economy that can restore jobs and help more people earn a living wage; address social disruption; and rebuild confidence in America's ability to address a health crisis in the future.

3rd
Quarter
2020

We all have the power to cast our vote and that is the beauty of democracy. In the end, as the charts above demonstrate, there will be little impact to the markets, but the men who have held that office still leave their footprint on the tapestry of our nation's history. No matter who wins the election, we will continue to adapt, evolve, and flourish.

Market Commentar

THIRD QUARTER 2020



By: Jay E. Pluimer, AIF[®], CIMA[®]

Director of Investments

Despite a step backwards in the month of September, stock markets continued to recover in the third quarter. Bonds continued to perform well although we have started to see strains from the lack of additional Fiscal Stimulus as both Corporations and Municipalities have been under financial duress caused by the Coronavirus Crisis. Our focus on higher quality bonds has been rewarded by avoiding significant rating downgrades or defaults. The stalled Fiscal Stimulus conversations also had an effect on stocks in the month of September as market valuations were reflecting additional support for consumer spending and relief of strained industries like Airlines and Hospitality. The stalemate in Washington DC is particularly relevant as economic growth rates and jobless rates are losing positive momentum right as we approach a Presidential Election. As noted elsewhere in the Quarterly Newsletter, the winner of the election has limited effect on the markets, but a smooth transition of power is very important. We are continuing to monitor the impact of growing COVID-19 infections, a potentially disruptive election cycle, and global relations which have been put on the back-burner at the moment but will be crucial to a broad recovery once a vaccine has been discovered and broadly administered.

US markets continue to be dominated by Big Tech as the combination of Facebook, Apple, Amazon, Microsoft and Google (FAAMG) are

responsible for positive year-to-date S&P 500 Index returns (5.6%). Index performance would be negative so far this year without those 5 companies, posting returns very similar to what we are seeing from Small Cap (-8.7%) and International (-5.4%) stocks. The FAAMG stocks are very well positioned for the current environment where people across the world are in various states of quarantine, working from home, and/or attending school from home. We have been adding exposure to US Large Cap stocks in client portfolios throughout the year as we expect those companies to lead the eventual global recovery with Technology, Healthcare, and Financial Services playing key roles to propel economic growth and reduce unemployment.

We send our wishes for good health and safety during these challenging times. For more information on investments and the markets you can reference our [Quarterly Market Review](#).

CONCLUSION

As always, we are here to listen to our clients and share our perspective. We hope that our newsletter and articles provide you with inspiration and useful information. We encourage you to share our resources with family and friends who you think would benefit from them. We hope that the fall season brings you happiness, and that the changing of the leaves represents a change for the better on the horizon. Stay safe and take care.



Sincerely ,

Kathy Longo, CFP[®], CAP[®], CDFA[®]

& the Flourish Team