

# ON BALANCE



## August 2020

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July ended on a hopeful note, with both Moderna and Pfizer announcing that a COVID-19 vaccine has entered Phase 3 clinical trials. In each study, 30,000 volunteers will receive two doses of the vaccine. While results are likely to be six months away, this step forward fuels cautious optimism even as case numbers are growing rapidly in many parts of the United States. July has been a tempestuous month, but that has not stopped U.S. markets from showing slight gains.

Wrangling over the next stimulus package will likely to continue to influence the market. Senate Republicans have introduced the *Health, Economic Assistance, Liability Protection and Schools Act (HEALS)*, which proposes \$1 trillion in new aid, including another \$1200 stimulus check as well as a reduced unemployment supplement of \$200. House Democrats are proposing a \$3 trillion aid package in response. What is clear is that near-term economic indicators may deteriorate after the enhanced unemployment benefit of \$600 comes to an end and household spending declines.

We continue to counsel thoughtful rather than precipitous action during these turbulent times. A disciplined approach is always the best way to work toward your financial goals and leverage the power of the markets to reward patience over the long term.

Our first article this month offers a timely reminder that investors who focus on growth stocks are baking in very high expectations of future earnings growth (that may or may not materialize) or extremely low expected returns. Next, we look at why stocks should always play a role in most investment portfolios and go on to consider financial lessons that can be learned from the pandemic. Finally, we offer some simple and light summer dinner recipes that you can prepare at home with a minimum of fuss.

Our highest priority is to help you and your family navigate this challenging time and work toward achieving your financial goals. We look forward to offering actionable advice that will help keep you on track to enjoy long-term financial security.

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## Articles of Interest

### **Can Growth Stocks Get Growthier? An Update on Valuation**

It seems like a day doesn't go by without Tesla's rocketing stock price capturing headlines. How can investors make sense of the looming threats



related to COVID-19 and an economic downturn versus a stock market that has positive returns so far this year? This article is a great reminder of why we believe in a broadly-diversified approach and tend to tilt to overweight value stocks vs. growth.

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## 14 Reasons You Might Go Broke in Retirement

Baby Boomers are turning 65 at a rapid clip and the Woodstock generation faces a number of potential challenges when it comes to retirement. A recent survey found that the biggest fear among Americans is outliving retirement savings. But knowledge is power and learning more about why some retirees end up broke can help you avoid financial stress in your golden years. This is also one area we focus on extensively, developing a flexible, long-term plan to help you enjoy a secure and comfortable retirement.

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## Retirement Plan Down Because of COVID-19? Here's Why You Still Need Stocks in Your 401(k)

Since the market took its pandemic-driven nosedive in March, some investors have been wringing their hands in anxiety. The market's volatility has been difficult to watch, and some may be wondering if stocks are worth the agita. While everyone has their own level of risk tolerance, risk can be not only managed, but harnessed. By reviewing your goals and timeline, you can ensure that your equity allocation is commensurate with your financial goals. As always, I would be happy to discuss how you are invested in your 401(k)—or any other retirement plan—and make sure it aligns with your long-term goals.

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## Personal Finance Lessons from the Pandemic

If there is one thing the pandemic and lockdown have given us, it's time. Between baking



sourdough bread and binging on Netflix, there was plenty of time to think, and many of us may have spent it reflecting on our finances. There are plenty of lessons to be learned from the pandemic experience; for example, why it's a good idea to increase cash reserves and pay down debt. Read on to learn more about how to prepare for the unexpected.

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### **55 Impossibly Easy, Slightly Lazy and 100% Reliable Summer Dinner Recipes**

Who doesn't feel a bit lazy on hot summer evenings? The thought of setting foot in the kitchen and standing over a hot stove can give even the most dedicated chefs pause. Sadly, the need to maintain social distancing has stymied many of our dining out plans. But putting together a simple summer salad or some fish tacos can make for a light and easy meal. Recipes like Vietnamese Rice Noodle Salad and Heirloom Tomato and Cornbread Panzanella will sate your appetite with a minimum of fuss.

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## Wrapping it Up

If you have questions about any of these topics, financial planning or investments in general, let us know. Also, please be sure to share this newsletter with anyone who might find it useful and informative.

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