



Second Quarter 2020

Where Do We Go From Here?

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During the second quarter of 2020, we saw a recovery in the capital markets. Some of the increases were almost certainly a response to the actions of central banks and government fiscal policies, and some were in response to the information we gained on the economic impact of both the virus and the governmental response to it. The increases in the capital markets do not, however, convey how the returns were dispersed. The chart below shows the returns of the S&P 500 and the Information Technology and Energy sectors from December 31, 2019 through June 30, 2020.

Those companies better able to maintain profitability tended to be rewarded, while those whose profitability was more in doubt suffered.

While all sectors have seen gains from the March 2020 lows, we are collectively asking ourselves, where do we go from here? Which policies are we willing to accept in terms of official public health orders, and which are we, as individuals, willing to practice? For example, many experts predict that, even after air travel is declared to be safe, there will be a segment of the population that will refuse to fly for some time.

Individual companies will need to make decisions on how to continue business, moving forward. Will that mean having more of their workforce work from home, or will changes be required in the physical layout of their place of business? We also continue to await the development of a vaccine. Once it is developed, it will need to be distributed; and beyond that, we will need to determine whether it confers long-term immunity or requires a new vaccine each year, much like the flu shot.

At REDW Wealth, we seek to help our clients navigate the financial waters. From an investment standpoint we assess forward economic growth, develop strategies that balance risk and growth, and seek out vehicles that we believe deliver that balance. In addition to our work to develop our investment approaches, we recognize that the present situation has caused many to re-evaluate their goals and plans. Our clients have resources in REDW Wealth not only in asset management and planning, but also in the sympathetic ear of your relationship manager. If you find you have persistent questions, please reach out to your Relationship Manager.

