



**CAPITOL WEALTH MANAGEMENT LLC**  
TRUSTED - LOCAL - EXPERIENCED

# - CAPITOL CONNECTIONS -

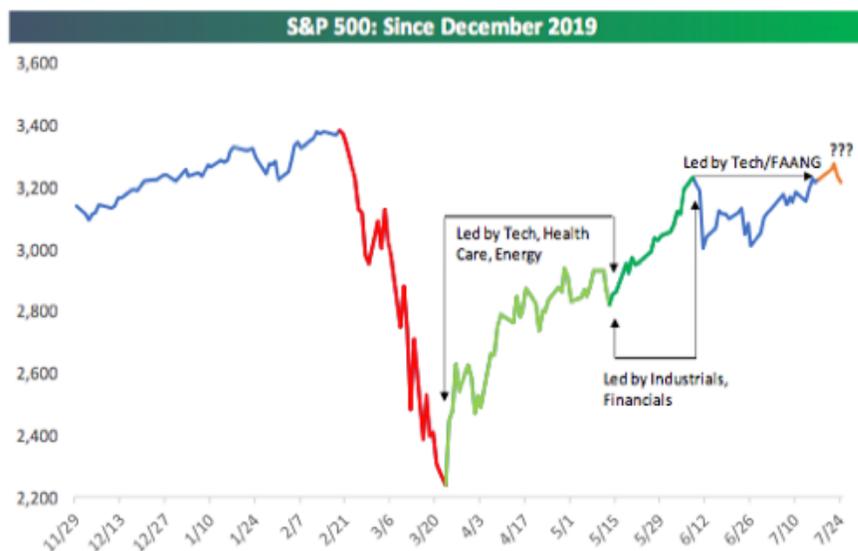
## Mid-Year Review

By Keith Burbank - Chief Investment Officer

Entering the last days of July, US markets continued to hold the uptrend beginning with the March lows. Year to date, the Nasdaq has led the way with a 20% gain followed by the S&P at 1% and the Dow at (5%). The big winners have been in the tech industry, and most of the large cap market gains have been centered around the FAANG (Facebook, Apple, Amazon, Netflix, Google) stocks. The market recovery can easily be separated into three distinct periods.

Period One was from late March through early May, when the market was led by Tech and stay-at-home names that benefited from an economic shutdown.

Period Two was from mid-May through mid-June, as states began to slowly re-open the economy while the first wave of the Covid outbreak was waning. This period was led by Financial and Industrial stocks.



Period Three was from mid-June to present, as the South and Southwest regions saw new outbreaks of Covid, investors rotated back into Tech, work-from-home and FAANG stocks.

It now appears we may soon reach a peak in new cases in the south and southwest, and thus could be entering a period once again where investors feel more confident that Americans feel safer venturing out, and a rotation back into cyclicals such as during Period Two could be the result.

From an economic standpoint, all signs point to the bottom having already been reached with better days ahead. Estimates are that 2nd quarter GDP will come in around -35%, a truly astonishing number, and one we have not seen since the Great Depression. But recent economic numbers point to a rebound that has already begun. Retail sales rebounded 27% in June, Industrial production was up 7%, and housing starts were up 27%. Even if all of these indicators were flat for the rest of the quarter, 3rd quarter GDP would still fall somewhere between 10-15% growth.

- Continued on pg. 2

## COVID-19 & the Performing Arts

By Clayton "Skip" Poole - Director of Client Relations

### Mid-Year Review - cont.

The Fed has done its part to stabilize the monetary system, while Congress has supported individuals and businesses with massive stimulus spending. Congress is working on another round of stimulus; including, once again, direct payments to individuals. These efforts will continue to help stabilize and grow the economy. We may not reach the economic levels we had seen pre-Covid for quite some time, but the recovery has begun.

As investors, we will continue to monitor the current environment while keeping an eye on our long-term objectives and goals. As the pandemic has shown us, a lot can change in a short period of time. Having a plan in place that can weather the short-term volatility, while keeping an eye on our long range goals, is essential to meeting our long-term needs.



The stages of performing arts centers, theatres, concert and opera halls are dark. The proverbial stage manager called COVID-19 with his hooked cane has yanked all performers off the stage abruptly and without ceremony. Orchestras and dance companies across the globe have furloughed their performers, casting many professional musicians and dancers out of work and without income for months and perhaps years. Adapting to this "new normal" is challenging at best. Artists have been inventive in their stop gap measures by providing virtual performances, creating zoom sessions and even solo concerts sent out over the internet.

While this is allowing a creative outlet needed by most artists, it does not allow for adequate remuneration to make up for the financial losses created by the pandemic. I am an avid believer of live performance. Nothing takes the place of the interaction between an appreciative audience and the performing artist. There is a spark, an electricity that just glows when live art is performed, and an immediate response is generated by the attending patrons that an image on a screen cannot come close to reconstructing.

I believe we are all longing for live art to commence; but what will it look like? Will concert goers be willing to come back to the venues and sit side by side with hundreds of people? Has this virus scared us to the point that we are willing to forgo the thrill of live performance for the emptiness of our computer screen? I think not.

There are certainly changes to be made and safe guidelines to be followed, but I believe the entertainment world is craving live audiences and patrons are in want for live performance. Long ago before there was any option other than live performance, Plato said "Music is a moral law. It gives soul to the universe, wings to the mind, flight to the imagination and charm and gaiety to life and to everything". For a world where it is sadly needed, let us hope live performance returns sooner rather than later.

# Compromise

By James G. Steproe, J.D. - President



When I was a graduate student at Dartmouth, my thesis advisor told me that the one thing that has led to our success as a nation, has been our ability to compromise. This theory finds no greater support than the fact that its onetime failure led to our greatest national tragedy, The Civil War.

Now we are faced with an increasingly divided country. There is a rising level of animosity that, if left unchallenged, could destroy our nation. This will be good for none, leaving no victors, just victims.

Many of us hold strong beliefs. Deep in our soul, we know that what we believe is right, leaving little tolerance for other points of view. What we too often fail to realize is that other intelligent, ethical, people do not share this same point of view and this fact alone does not make them evil. They believe in their point of view just as strongly as we believe in ours, and this needs to be respected.

Just because others do not share our beliefs or points of view, does compromise mean that you must abandon your principals? Frankly, an impasse does not advance anyone's principals including our own. Compromise on the other hand, does give us an opportunity to have things at least partially our way. In addition, it also gives us an opportunity to demonstrate that what we believe is the wisest path and by doing so, win the respect of some of our former opponents.

Of course, this is all meaningless except for one thing - Compromise is not a solo occupation. By the very definition, "compromise" must be the driving principal accepted by both sides. If I am willing to compromise but my opponent is not, then there simply is no compromise, and we are still at the same bad place. With compromise we each get part of what we want, but more importantly, we now have a history of peacefully settling a dispute. Something that we can refer to in the future, making it a good habit to get into.