



Prometheus Capital Management Corp.  
an SEC Registered Investment Advisor  
30 South Main Street  
Yardley, PA 19067  
tel 215 321 9312  
fax 215 321 9352  
www.procap.net

## Prometheus Newsletter Second Quarter, 2021

Truly one of the greatest joys in a Certified Financial Planner's life is being able to say to a client that they have enough for retirement, college or their children. While we do many other things as well, these are two very tangible and long-term goals where we help. Just recently, we have seemed to have had number of clients retire. It feels good having been part of the process with them and see it to fruition after 10-30 years. Sometimes we can get swept up in the investments and emotions of the day (especially during the pandemic) and lose sight of their retirement achievements. I just wanted to share with you some of the basic things that many of these clients did to make it to successful retirement. They may not apply to everyone but for many these things have worked and I want to share them with our younger clients who are on the right track but will take a while.

What are these common themes that have worked for many of our clients?

- (1) Save early and save often. Money put away young may multiply tremendously.
- (2) Have an adequate emergency fund and build in savings and investing into your budget.
- (3) Live below your means while achieving your goals. Frugal can be good, cheap is not.
- (4) Consider risks consistent with goals and risk tolerance. Inflation may derail a plan.
- (5) Don't bet on just one thing. Diversification can reduce risk.\*
- (6) Don't generally move investments around too often unless goals or investment strategies change considerably or investments are doing poorly.
- (7) Consider tax ramifications in all your investing plans.
- (8) Invest money monthly. It appears like an expense but compounds growth of investments exponentially. That is why so many people have money in their home equity and 401k/403b plans.
- (9) Either have good health or a plan on what to do if you may not have good health in retirement. If you have poor health or a spouse who dies young that is a terrible burden to bear but it can be surmounted with a plan, a positive attitude, and the determination to get it done.

You might say you have heard this before and it seems so simple. BUT IT WORKS AND IS THAT SIMPLE. Clients and friends who have retired comfortably have done many of these things.

It seems like America is getting back to work. The economy appears to be on a good footing with an estimated growth in GNP this year that some say MIGHT rival what we saw in the early 1980s when Ronald Reagan was President. I am cautiously optimistic. The Unemployment rate has dropped significantly. Businesses seem to be gearing up for a period of economic growth. However, many people have not returned to work yet. We don't know if that is because of the stimulus checks or the bottlenecks in the production lines and supply chains. The travel industry is coming back strong with an airline placing its largest order for new planes, a car company coming out of bankruptcy, and the FAA/NASA approving a company's plans for space tourism.

The stock market has had a surprisingly strong period of overall growth this year, after a significant overall increase last year. There does seem to be some market rotation to value, small, and mid cap from large growth stocks, but the trend is not clear yet. I will be watching the 2<sup>nd</sup> quarter earnings reports to see if increased earnings offset the increased prices of stocks. If not, then the market may be overpriced. It seems that part of the market appreciation is gambling. However, many companies/ industries are expanding opportunities and potential profits.

Like the stock market, we have seen significant price appreciation in residential real estate. Overall, the S&P CoreLogic Case-Shiller National Home Price in major metropolitan areas rose 14.6% in the period ending in April, 2021. Phoenix had the fastest growth rate at 22.3% for the 23<sup>rd</sup> straight month (WSJ-Page A-3-US Sales Price Growth Surges a record 14.6%). The combination of low inventory, low interest rates, millennial household formation, and population movements have caused many areas to be sellers' markets. We are all familiar with people selling for more than their asking price. What I take away from this is if your goals have changed and you are considering selling, consider doing so if you have a place to live. And if your goals include buying a residence, make sure you have the down payment, a fixed rate mortgage and make sure you can afford the mortgage payment if you have a loss of income; and lastly, try not to overpay.

Solar, wind, electric batteries and other alternative energies are becoming more important energy sources. I am excited about these new technologies but I caution that one should not invest on a theme (like "The Internet" in 1999). If it makes sense to you, then find companies that will make money in these industries without government subsidies over the long term.

Sincerely Yours,



Steve Wetzel

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\*Diversification does not assure or guarantee better performance and cannot eliminate the risk of investment losses.

Sources: Wall Street Journal, Broad Advisory Solutions, Capital Guardian Group website, Standard and Poor's Global, Morningstar, Barron's, Financial Times (London), US Department of Commerce Bureau of Economic Analysis, US Government Bureau of Labor Statistics, Various Federal Reserve Data sources, Inc. publications.