Strata Financial Group | LLC

Monthly Newsletter

www.stratafinancial.com/newsletter July 2020

TABLE OF CONTENTS #

Visit our website to view our blog posts, past newsletters, and learn more about our company and team members.

www.stratafinancial.com

Market Overview

Written by Strata Financial Group, LLC

June got off to a hot start thanks to a historic jobs report for May. While analysts predicted another horrendous month for workers, employers actually *added* 2.5 million jobs in May which was the largest monthly job growth on record. U.S. equities were up over 2% on the day of the announcement. Additionally, OPEC agreed to extend their supply cuts through the end of July, which should keep oil prices stable for the time-being.

Then the Fed meeting happened on June 10th and shed some light on the very slow economic recovery that is expected over the next couple years. Although the Fed will most likely keep the interest rates near zero through at least 2022, the somber economic outlook sparked a large selloff the very next day, with markets losing over 5%. Oil prices dipped 9%. So I guess the only thing we can really count on is volatility for the time-being…

The third week of June started off negative due to renewed virus concerns with the number of new cases continuing to rise as states began to fully reopen. Some states have actually paused their reopening plans. Cases are still on the rise and it seems a record number of new daily cases is being set each day. Nevertheless, June ended the month in the green with the NASDAQ leading the way with a 6% bump.

4th of July barbecues may look a little different this year due to the coronavirus, but the stock market has hung in there for the most part, due in large part to the $3 trillion stimulus package passed in late March. There are talks of another stimulus package being passed, which would give another boost to the market. However, if cases continue to rise and states begin to shut down again, we could see another dip. All eyes will be on jobs reports and upcoming corporate earnings. Expect more volatility in the short term, possibly through the end of the year, especially with the election coming up in November. Hang in there, stay safe and healthy, and call us if you have any questions or concerns!

Market Indices

Source: Morningstar
Percent annualized total return rates as of 6/30/2020

Index	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
MSCI ACWI	-6.25%	2.11%	6.14%	6.46%	9.16%	6.42%
MSCI ex US	-11.00%	-4.80%	1.13%	2.26%	4.97%	4.44%
S&P 500	-3.08%	7.51%	10.73%	10.73%	13.99%	8.83%
NASDAQ	12.67%	26.94%	19.14%	16.36%	18.25%	12.32%
DJIA	-8.43%	-0.54%	9.08%	10.62%	12.99%	9.08%
Russell 2000	-12.98%	-6.63%	2.01%	4.29%	10.50%	7.01%
Barclays US Bond	6.14%	8.74%	5.32%	4.30%	3.82%	4.39%

Indexes cannot be invested in directly, are unmanaged and do not incur management fees, costs and expenses.
Past performance is not a guarantee of future results.

Index Descriptions

Global (including US)

International

500 largest US stocks

Tech-weighted US index

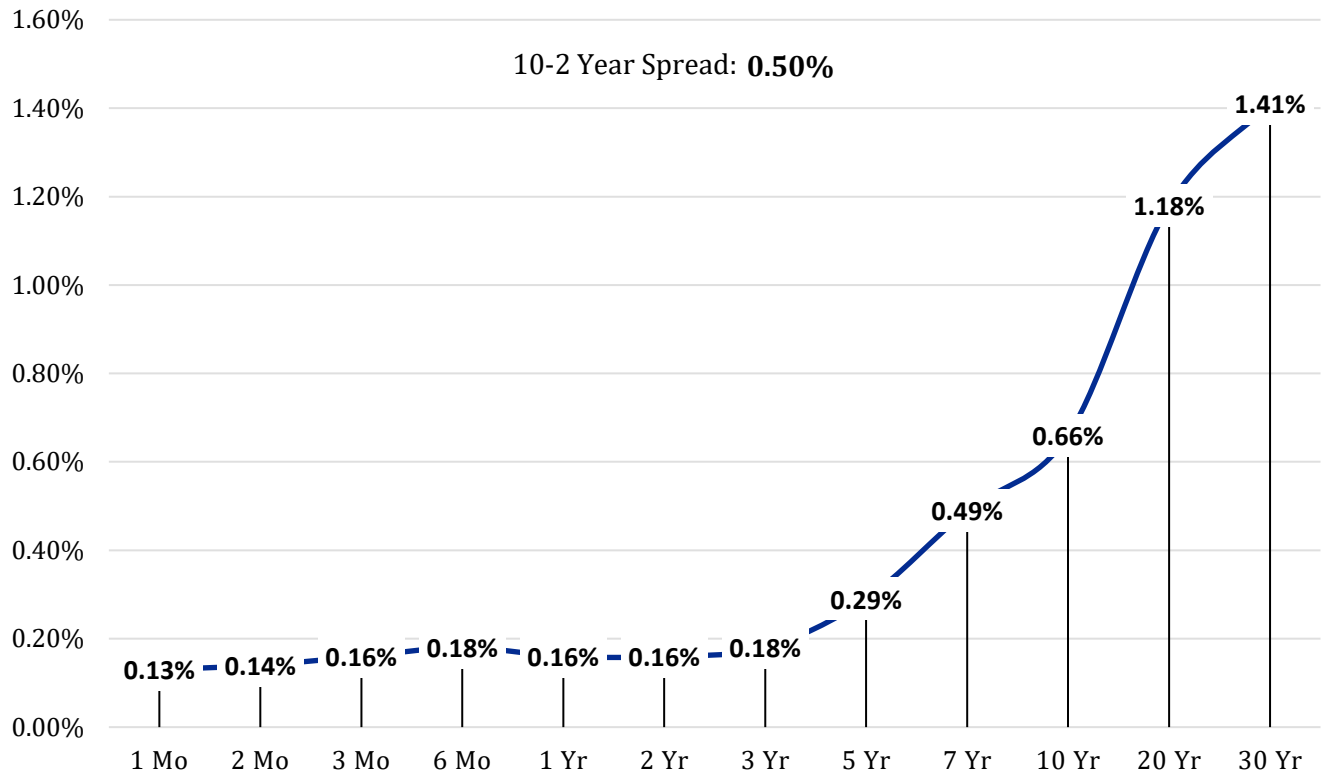
30 large blue-chip US stocks

US small cap stocks

US intermediate BBB+ bonds

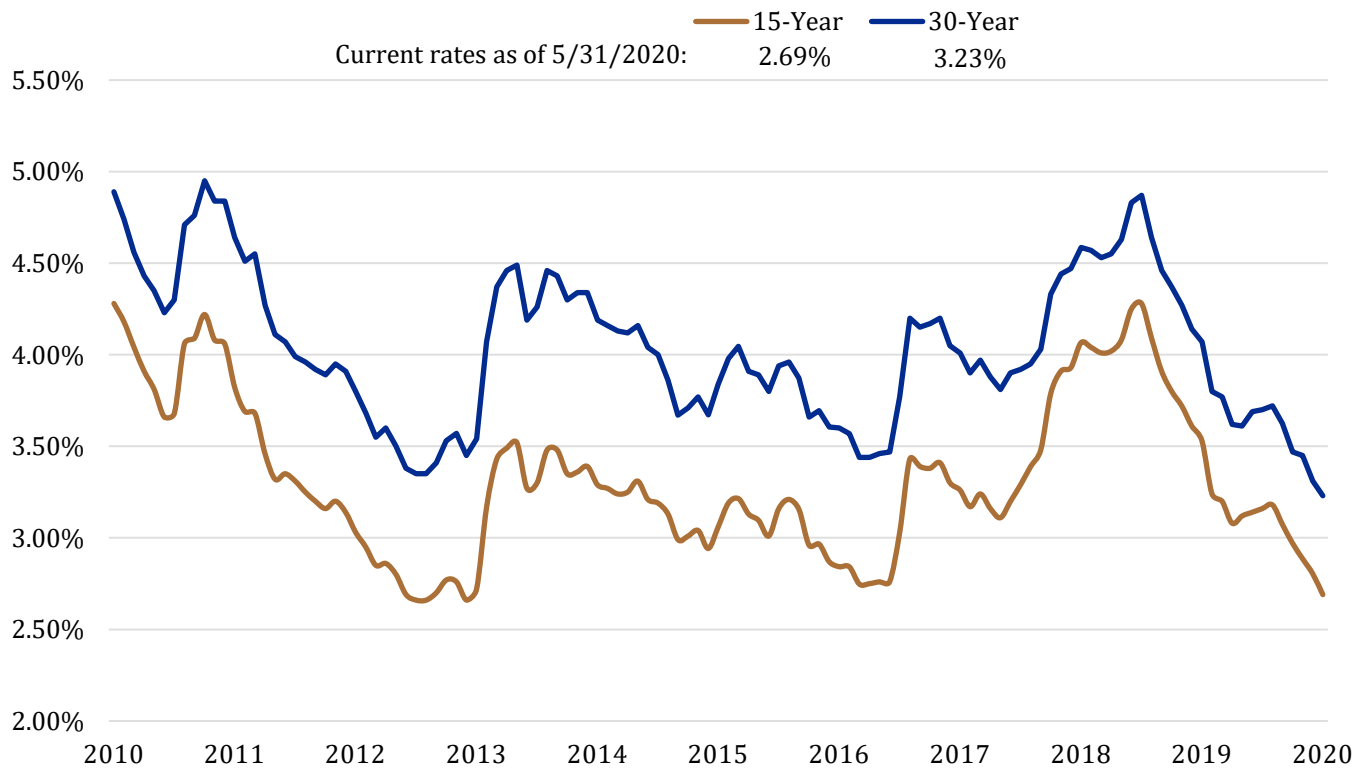
Treasury Yield Curve

Source: U.S. Department of the Treasury
Rates as of 6/30/2020



Mortgage Rates

Source: Freddie Mac
10-Year rolling monthly rates



Featured Article

*This article was written back in April but it offers great advice on how to manage your 401(k) during downturns. Keep in mind, everybody's situation is different so always consult a financial professional to decide what's right for you.

401(k) Smart Moves And Mistakes In The COVID-19 Economy

Ashlea Ebeling – Senior Contributor, Personal Finance – Forbes | 4/7/2020

In late March, when stocks had dropped 30% from their February peaks, financial advisor Peter Mallouk got a frantic call from a nervous client, a food services manager 18 months away from retirement. "He said, 'Look, my 401(k) is my retirement. I want it in cash.'" Mallouk talked him down, explaining that he wouldn't need all his 401(k) money on Day One of retirement.

Looking long-term at the big picture, including his estimated Social Security income stream and substantial savings in a brokerage account, the manager decided to stay invested and continue to contribute to his 401(k). "For pre-retirees, even if you've got just one year until retirement, it's okay to have a substantial amount in stocks. Don't sell now. Give them time to come back," says Mallouk, president and chief investment officer of Creative Planning, in Kansas City, Kansas.

As of the market close today, the S&P 500 was up 19% from its March 23, 2020, low, but it's still more than 20% below its February high. Experts can't agree on much but that volatility is the norm. So what—if anything—should you do with your 401(k)? Here are some talking points.

Should I stop 401(k) contributions? If you don't have emergency savings and you're worried about being laid off, it might make sense to stop contributions to build up reserves. Still, to the extent that your employer offers matching contributions, try to at least maintain enough contributions to get the employer match. If you feel your job is secure, don't turn off contributions just because of market volatility. "I'd put that in the mistake category," says Mallouk. Instead, keep up your contributions and consider stepping up contributions.

Should I accelerate 401(k) contributions? Some of Mallouk's clients are accelerating 401(k) contributions, taking advantage of the dip. You can put away up to $19,500, or $26,000 if you're 50 or older, into a 401(k) or similar workplace retirement plan for tax year 2020. Typically, contributions are spread out over the full tax year, funded bit by bit with each paycheck. But you can change the percentage of your salary going in at any time during the year. For folks who save to the max, by raising your contribution percentage, you'll max out earlier in the year.

"If you have job security and emergency reserves intact, you should buy, buy, buy as much as you can and get to the max as soon as you can. You don't know where the bottom is, but you're far from the top," Mallouk says. Warning: Check with HR to see that you won't lose your employer match if you accelerate contributions; if your plan has a year-end true-up provision, you're fine.

Should I rebalance my 401(k)? If you're thinking about going all cash, think twice. "People going from stock to bonds or stocks to cash, they're likely causing what will be permanent damage to their portfolio; they're likely not going to go back to stocks until the market's recovered," says Mallouk. An alternative for nervous investors who have been picking and choosing among an assortment of funds in their 401(k) is to switch to one target date fund or a model portfolio service if your plan offers that approach. With a target date fund, you pick one TDF, and the fund automatically rebalances its mix of stocks and bonds as you get closer to retirement. Make sure you read the fine print to see how the mix changes; the year you pick doesn't have to match your retirement year. You're basically going on auto-pilot, and you're less likely to make timing mistakes.

https://www.forbes.com/sites/ashleaebeling/2020/04/07/401k-moves-and-mistakes-amid-covid-19/#20d898f17776

Strata News

COVID-19 Protocol

Although our offices are open, we have implemented some safety measures which include temperature checks, hand sanitation, and masks available for all visitors. Our top priority is the health and safety of our employees and clients, but we also want to be accommodating and make sure everyone is comfortable. With that being said, we welcome in-person meetings at the office as well as telephone or video conference if you prefer.

Community Service

Our community service efforts have gotten off to a "fast" start so far – pun intended. Kyle, Mitch, Devan, and Emily participated in the Diversity Center of Northeast Ohio's 18th Annual Walk, Rock and Run. The mission of the Diversity Center is to eliminate bias, bigotry, and racism through a number of different community programs, events, and consulting services. Due to COVID-19, the event went "virtual" this year so the team ran the 5K together after work throughout Waterford Place. Although it may seem otherwise based on the picture, we did not win the race. Nevertheless it was for a great cause and we got some nice exercise and fresh air!

[Left to Right] Kyle, Mitch, Devan, and Emily before the "Virtual" Diversity Center of Northeast Ohio's 18th Annual Walk, Rock and Run

The Strata Team

Anthony Campagni, CFP®
Managing Partner & Financial Advisor
(614) 798-8666
apc@stratafinancial.com

Ronald Jurczynski, CPA, PFS
Managing Partner & Financial Advisor
(440) 934-3222 Ext. 118
rjurczynski@stratafinancial.com

Mitchell Romeo, CPFA
Portfolio Manager & Financial Advisor
(440) 724-1950
mromeo@stratafinancial.com

Kyle Hancharick
Financial Advisor
(440) 934-3222 Ext. 117
khancharick@stratafinancial.com

Emily Dohnenko
Business Operations Manager & Advisor Assistant
(440) 934-3222 Ext. 114
edohnenko@stratafinancial.com

Our Offices

CLEVELAND
5058 Waterford Drive
Sheffield Village, OH 44035
Phone: (440) 934-3222
Fax: (440) 934-3223

COLUMBUS
6195 Emerald Pkwy, One North
Dublin, OH 43016
Phone: (614) 798-8666
Fax: (614) 798-1382

Office of Supervisory Jurisdiction
Harrington Asset Management, Inc.
6195 Emerald Pkwy, One North
Dublin, OH 43016
Phone: (614) 798-1345
Fax: (614) 798-1382

Disclosures

Securities offered through Royal Alliance Associates, Inc. (RAA), member FINRA/SIPC. Investment advisory services offered through Harrington Asset Management, Inc. RAA is separately owned and other entities and/or marketing names, products or services referenced here are independent of RAA.

These materials are provided for general information and educational purposes based upon publicly available information from sources believed to be reliable—we cannot assure the accuracy or completeness of these materials. The information in these materials may change at any time and without notice.

To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances.