



Condor Capital Reviews 3rd Quarter 2020

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Domestic equities continued to rebound from the March sell-off, posting yet another positive quarter with S&P 500 Index gaining 8.93%. Consumer Discretionary names were again the best performing sector. Also, large caps outperformed their smaller counterparts, and growth extended its leadership over value.

Internationally, both developed and emerging market economies gained on the quarter despite ongoing restrictive measures still in effect in parts of the world. China's buoyant economic outlook aided in emerging market equities strong quarterly performance.

U.S. Treasuries essentially remained unchanged during the quarter, as the Federal Reserve indicated it will keep rates unchanged through 2023. Amid this backdrop, investment-grade and high-yield corporate bonds tended to fare better than municipal and government issues.

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Coming off one of the strongest quarters on record, the third quarter of 2020 saw the domestic equity market move higher once again. While the market did pull back a bit in September after five consecutive months of gains amid concerns about stretched equity valuations and trepidation over the upcoming presidential election, the S&P 500 Index still returned a very healthy 8.93% through quarter's end. The consumer discretionary and basic materials sectors were the quarter's top contributors, and large-cap names generally outpaced their mid- and small-cap peers. The growing bifurcation between growth and value continued to play out in the quarter, with growth stocks faring substantially better than their value counterparts across all market caps.

On the international front, both developed and emerging market equities rose in the third quarter, albeit to a slightly lesser degree than the prior quarter. As numerous countries still face restrictive measures resulting from COVID-19, supply chain disruptions have stunted the production of goods and services and the demand for many products continues to be subdued. Emerging markets, specifically China, tended to fare better than their developed market counterparts in the quarter. Better-than-expected export growth, a buoyant economic outlook, and relatively successful containment measures of the virus helped propel Chinese equities higher. As a result, the MSCI Emerging Market Index returned 9.65% versus a 4.88% gain in the developed market composite.

The Federal Reserve kept its discount rate unchanged at zero percent through the third quarter and stated that it does not expect to raise rates until the end of 2023. This accommodative stance appears to have had some success in reinforcing the stability of the fixed income market, with the U.S. 10-Year Treasury Note finishing the quarter yielding 0.69%, essentially unchanged from the 0.66% yield at the end of the second quarter. The relatively recent introduction of a corporate bond purchase program aimed at quelling pandemic-induced economic uncertainty continued to benefit the corporate bond market, and both investment-grade and high-yield corporate bonds posted positive returns. While municipal bonds continued to lag their corporate counterparts, they did outperform government issues.

Outlook: As we cross roughly the six-month mark since the depths of the coronavirus pandemic sell-off, much can be said about the resilience that financial markets have shown, and today many regions have rebounded back to near all-time highs. Thus, the question then becomes: what does the future have in store?

While no one has a magic crystal ball, it is likely that the future path of the virus, vaccine development, further stimulus measures, and labor market recovery – all of which have generally begun to trend in the right direction – will continue to be key drivers. As of right now, social distancing measures coupled with

increased testing capacity have made some increase in economic activity possible without a meaningful impact on the spread of the virus. Additionally, nine potential vaccines have been cleared for latter-stage clinical trials, including those from companies such as AstraZeneca, Moderna, and Pfizer. A further ramp-up in testing, and especially a potential vaccine, would boost consumer confidence and help businesses return to normal operating activity and would be a clear positive for markets.

Independent of vaccine development, pockets of the economy have shown signs of improvement. A rebound in U.S. manufacturing continues to be underway as travel and leisure spending lost during the pandemic has at least partially been re-directed towards the purchase of goods, largely via e-commerce. Housing and autos have also rebounded strongly, benefitting from lower interest rates and pent-up demand. With the Federal Reserve expected to keep interest rates on hold for the foreseeable future, money remains cheap and these sectors may continue to benefit. Looking at the economy more broadly, proactive stimulus measures geared toward businesses have aided in the labor market recovery. Roughly half of the 21 million jobs lost during March and April have since been recovered, and any further fiscal stimulus to households would provide another level of support for those still unemployed.

Finally, as we move into the fourth quarter, top of mind among investors is the upcoming presidential election. If history provides any indication of the future, election results provide very minimal predictive power on future portfolio performance. Keep in mind that the one known going into this election is that there are a finite range of possible outcomes between the Presidency, House, and Senate, and, as such, no combination of outcomes will be completely unexpected by the market. This is especially true since no specific outcome is the obvious favorite. This contrasts with the last presidential election, where Hillary Clinton was the expected winner. The surprise news of her loss sent markets lower the night of the election, but markets quickly recovered, ended positive the following day and have had a strong run since. That said, while volatility should be expected around the election, especially an election as fraught as this one, it does not change the recommended approach to each of our client's portfolios.

During times like these, we are often reminded of the quote by the late Ben Graham – "The individual investor should act consistently as an investor and not as a speculator." When one tries to assume the role of a speculator, more often than not, they are adversely affected. It is important to look past these inherently unpredictable short-term events and instead remain focused, as an investor, on your long-term goals and objectives. As always, we at Condor strive to work alongside each and every one of you to produce strategies that are best aligned with your long-term needs, and we thank you for your continued trust.

Your Rights in Case of Lost or Stolen Credit Cards



Here are some tips in the event your credit card is lost or stolen.

What are your rights if your card is lost or stolen?

You reach for your credit card and it isn't there! Don't panic: Your losses are limited whether the card fell out of your pocket or was stolen by a thief. You're also protected if your credit card number was used without your permission over the phone, on the Internet, or by mail. If your credit card is illegally used, your liability is limited to a maximum of \$50. Although debit cards are governed by a different federal regulation, your maximum liability is still limited in most cases. As long as you tell your bank about your missing card in a timely manner, your liability for unauthorized use is generally limited to \$50. However, this amount can increase if you are slow to notify your bank about the missing card.

What should you do if your credit card is lost or stolen?

Call the card issuer immediately

If you discover that your credit card or charge card is missing, or if you discover unauthorized charges on your card statement (indicating that your card number may have been used without your knowledge), call the card issuer immediately. Most card companies provide 24-hour customer service for such emergencies, but you have to know the number. If your card has been stolen, you won't be able to flip it over and dial the toll-free number printed on the back. It's important to keep this information in a safe place. You'll need to provide your account number when you call, so make sure you have recorded this information as well.

Follow up with a letter

Many card issuers will require you to follow up your phone call with a letter. This letter should include your name and account number, the date you realized your card was missing or discovered the unauthorized charges on your statement, and the date you first reported the loss. Write down the name of the customer service representative who takes your phone report and include that in your letter as well.

Don't use your account

Most card issuers will freeze your credit card account as soon as you report your card or account number lost or stolen, in order to prevent further loss. This means that you (and anyone else who is named as an authorized user) won't be able to use the account. The card issuer will usually issue a new card and account number immediately.

How is your liability established if your credit card is lost or stolen?

If you report the loss before the card is used, you have no responsibility for any unauthorized charges. If your cards are used before you report them missing, the most you will owe is \$50 per card. You'll never owe more than \$50, even if the thief uses your card at an ATM to access your cash advance.

If you discover that a friend or family member has stolen your card, you have a choice to make. Reporting the stolen card limits your liability to \$50, but it may mean identifying your friend or family member as the thief, because you must provide any information necessary to assist the card issuer in investigating the loss. You may decide it's better to pay for the unauthorized charges rather than giving your friend or family member a criminal record.

What should you do if your ATM or debit card is missing?

Notify your bank

If you discover that your ATM or debit card has been lost or stolen, or if you notice unauthorized transactions on your bank statement, notify your bank immediately. You should call your bank first, since this is the quickest way to notify it. However, you should follow up with a letter so that you have a record of your notice.

Stop using your card

As with a credit card, most banks will deactivate your ATM or debit card as soon as you report it missing in order to prevent further loss. They will generally issue you a new card right away.

What is your liability for a lost or stolen ATM or debit card?

Your liability for unauthorized transactions using your ATM or debit card depends on how quickly you notify your bank of the loss. Guidelines for determining your liability are as follows:

Unauthorized use of card

There must be an unauthorized use of your card.

Within two days of discovering card missing

Your liability is limited to no more than \$50 if you notify your bank within two days of the time you discover your card is missing.

More than two days after discovering card missing but less than 60 days after unauthorized transactions appear on bank statement

Your liability is limited to no more than \$500 if you notify your bank more than two days after discovering your card is missing but less than 60 days after the unauthorized transaction appears

The material for this article has been prepared by Broadridge Advisor Solutions.



on your bank statement.

More than 60 days after unauthorized transactions appear on bank statement

If you wait more than 60 days after receiving a periodic statement showing unauthorized transactions, your liability is unlimited. This means you could lose everything in your account and possibly more if your account is attached to an overdraft line of credit.

Unauthorized use of account number without actual card

If a thief finds out your debit card number without actually taking the card, this information can be used to shop by phone, mail, or on the Internet. You would probably not know your card is being used fraudulently until the transactions appear on your bank statement. Your liability for this type of

unauthorized transaction is limited to \$50, as long as you report the fraud within 60 days of the time the information first appears on your bank statement. Failure to report fraudulent use within this time frame can increase your liability significantly.

As long as your liability is limited, why bother protecting your cards?

You generally don't pay for unauthorized usage of your credit or debit cards and credit card thieves are seldom caught, so who is left holding the bag? In most cases, the card issuers are stuck with the loss. Or are they? Credit card companies are usually quite profitable, even though they suffer large losses from credit card theft. What this really means is that the card issuers pass their losses on to you in the form of increased interest rates and fees.

Retirement Wellness

How healthy a retirement do you think you will have? If you can stay active as a senior and curb or avoid certain habits, you could potentially reduce one type of retirement expense.

Each year, Fidelity Investments presents an analysis of retiree health care costs. In 2019, Fidelity projected that the average 65-year-old couple would spend around \$285,000 on health care during retirement, including about \$11,000 in the first year. Both projections took Medicare benefits into account.^{1,2}

Could healthy behaviors help you save retirement dollars? Maybe. From another point of view, ceasing unhealthy habits certainly would. For example, the average pack of cigarettes now costs \$6.28, according to the Centers for Disease Control. That adds up to \$2,292 annually. A decade of pack-a-day smoking therefore projects to \$22,920 in expenses (and that does not even consider inflation or the possibility of new state or local cigarette taxes). If you could invest \$2,292 a year for 20 years and realize a 7% annual return on that money, your sustained investment would grow to more than \$100,000.

Think about joining a senior wellness program. Some communities offer classes developed through the National Council on Aging's Center for Healthy Aging. (NCOA is a nonprofit senior advocacy organization founded in the 1950s.) These physical activity programs are evidence-based; the exercise curriculum has been shown to provide discernible health benefits to their participants. Often, they are low cost or free and low impact as well.³

Be sure to use your Medicare benefits.

Medicare entitles you to an annual free wellness visit with a primary care physician. In this visit, you can have your blood pressure, weight, and overall health checked, and the doctor can also run a check for the possibility of dementia. You can also get free screening for diabetes, certain kinds of cancers, hepatitis B and C, and heart disease under Medicare if your physician classifies you as "at risk" for these conditions. Medicare may even pick up the tab for smoking cessation counseling and obesity counseling for certain people.⁴

If you stay fairly healthy well into your retirement, there could be a nice financial side effect: an exemption, for the present, from expenses that some of your peers could be dealing with.

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Citations

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Imagine the outlook for your life changing in minutes. A diagnosis of Alzheimer's disease can be that stunning. If your parent is diagnosed with Alzheimer's, how can you help them as they strive to make the most of the years ahead?

An Alzheimer's diagnosis may bring stages of grief and anxiety – when and how should your parent share the diagnosis with loved ones, friends, and colleagues?

Sharing the news is part of coping with the news. If Mom or Dad tries to hide their Alzheimer's from family members, friends, or even coworkers (if they are still working), it could inevitably lead to tension and stress. They may already have a diagnosis, or at the very least, be suspicious of one.

Some of your parent's friends may not know how to respond to the news. But if they are open with those friends about their diagnosis – and how they are trying to cope with it – it can help to reduce any confusion and apprehension. Some of their acquaintances may shy away; their true friends will not.

As the Alzheimer's Association notes to those finding out they have the disease, "You are the only person who can change how you feel about your diagnosis." Many people in the early phase of Alzheimer's learn that they must be proactive – they must build a care team of family, friends, doctors, and caregivers for the present and future, and additionally, seek out support groups. Simply waiting for the world to help is never the route to take.¹

Your parent(s) will need to come up with a coping strategy. To stay engaged with the world, stay active as long as possible, and keep meeting the challenges of daily life, your parent will need a plan. It can be fine-tuned as needed.

The Alzheimer's Association identifies three key steps of all such coping strategies: identify, prioritize, and strategize.²

What tasks do Mom or Dad have the most trouble with? Can someone help them accomplish them, while your parent remains wholly or mostly in charge, or should those tasks be assigned to a loved one or caregiver? Can the process of the task be simplified with fewer steps, so that your parent can still keep doing it? There may be multiple ways to solve most of these issues. Let Mom or Dad know that asking for help is not an admission of weakness.

As an example, if Dad fears losing track of Mom at a mall or sporting event, both of them can wear the same color of shirt, so Dad can easily look at the color of his shirt and locate Mom.

Alzheimer's affects not only an individual, but an entire family. It is an adjustment, and some spouses, siblings, and children adjust more quickly than others. Let Mom or Dad know that they should forthrightly express the degree of understanding and help they need from you. You

understand they want to enjoy a full, rich life for as long as they can, and you want to be a good – no, great – son or daughter and help them as much as you can.

Families must also address future caregiving and financial aspects of living with Alzheimer's. Meeting with a financial professional and/or an eldercare provider can help an individual, couple, or family arrive at a ballpark estimate of extended care costs. Perhaps the place where your parent lives can be modified to permit "aging in place" for a very long time with the help of caregivers.

Where can families find help? The Alzheimer's Association maintains a website, communityresourcefinder.org, where you can find local programs, resources, and service providers responding to the needs and wants of those with the disease.

Make sure to get a second (or third) opinion. Is it actually Alzheimer's? Be sure. No diagnosis of Alzheimer's is made cavalierly, but sometimes, less-common neurological disorders (such as Lewy body dementia, Pick's disease, Creutzfeldt-Jakob disease, and frontotemporal dementia), which may initially present similarly to Alzheimer's disease, might be overlooked. Under such circumstances, years may pass with both the patient and caregivers believing the patient has Alzheimer's, when in fact, that is not the case. A plan of care may be established, seeking to adapt to or even delay the progression of Alzheimer's, when another one might actually be more appropriate.

Invest in Mom or Dad's joy. This is no time for your parent to retreat from life; this is a time for them to live fully, each and every day. While they may need to explore adaptations to activities they love, or find new ones altogether, they should continue to pursue their passions, as their minds and bodies permit. In time, they will simply live in the moment; resolve to share as many precious moments as you can with them, today and tomorrow.

Citations

1 - alz.org/help-support/i-have-alz/know-what-to-expect/just-diagnosed [8/1/19]

2 - alz.org/help-support/i-have-alz/live-well/tips-for-daily-life [8/1/19]

* Please see the side of page 3 for full disclosure.