



3Q Market Commentary

09/30/2020

As we enter the final stretch before the US presidential election it is easy to get lost in the headlines and get caught up in the short-term fluctuations of the market. But it is exactly at moments like this that even we have to remind ourselves to stay focused on strategic allocations and remain invested in the strategies that remain well positioned regardless of who controls the White House and which party has the advantage in Congress.

We have written many times that the outcome of a presidential election is a very poor predictor of market performance in the subsequent months following a change in administration. We have no reason to feel differently in this election cycle and despite the elevated rhetoric and bombastic language, we focus on analyzing facts including economic data, corporate earnings, and the position of the Federal Reserve. The last of which has so much more to do with and influence over the future direction of stocks than any politician.

3Q Recap

After strong Summer gains, September brought us cooler weather and increased volatility, ending the S&P 500's five month stretch of positive performance from April thru August. However, the month's -4.64% decline was not enough to erase the gains posted in July and August and the S&P 500 finished the quarter up 7.93%, bringing the year to date return of to 5.58%. While on the surface, the recovery from the March lows looks impressive, if we dig a little deeper we see a more narrow recovery with only 6 of the 11 S&P sectors in positive territory for the year. Even more revealing is that the top 5 stocks of the index (Apple, Microsoft, Amazon, Facebook and Alphabet (parent company to Google)) account for 20.85% of the market cap weighted index have attributed 9.83% of positive performance while the remaining 500 companies have detracted -4.25%. This dynamic highlights the importance of security selection and taking an active approach to equity investing.

The Information contained in this document is based on data received from third parties which we believe to be reliable and accurate. YorkBridge Wealth Partners, LLC has not independently verified the information and does not otherwise give any warranty as to the truth, accuracy, or completeness of such third party data, and it should not be relied upon as such. Any opinions expressed herein are our current opinions only. YorkBridge Wealth Partners, LLC is an SEC Registered Investment Adviser under the Investment Advisers Act of 1904 ("Advisers Act"). Registration of an investment advisor does not imply any specific level of skill or training. The information contained in this document is to assist with general planning. Please consult with your own tax advisor and attorney for more specific information.

S&P 500 Sector	YTD Return thru 3Q 2020
Communications	11.53%
Consumer Discretionary	18.23%
Consumer Staples	3.80%
Energy	-47.39%
Financials	-20.14%
Health Care	4.95%
Industrials	-3.94%
Materials	5.43%
Real Estate	-6.79%
Technology	28.60%
Utilities	-5.56%

Fixed income also performed well in the quarter as the Barclays U.S. Aggregate bond index was up 0.62% for the quarter and 6.79% on the year. There is very little chance that the strength of the bond index will repeat next year with much of the appreciation realized during the first half of 2020 when interest rates were cut.

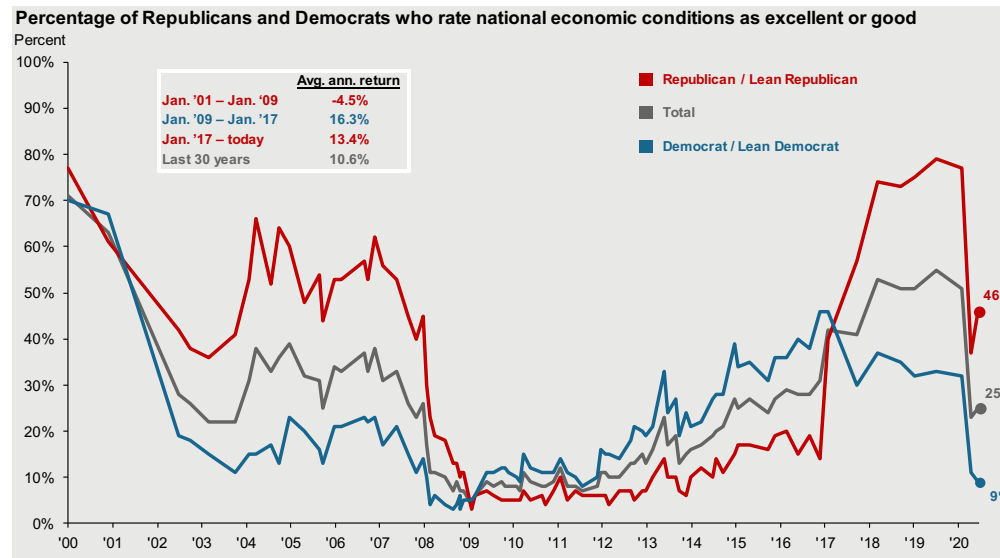
4th Quarter Outlook

We continue to believe that the global economic recovery that began in the 2nd Half of 2020 is still underway. However, as the old adage goes, “bull markets must climb a wall of worry” in order to reach new highs. Our expectations are for the market volatility to remain elevated throughout the 4th quarter as we continue to combat the ongoing pandemic and the economic fallout coupled with the uncertainty surrounding the upcoming elections.

Election periods typically come with angst, anticipation, and speculation, but we are cautioning investors from acting on these emotions. Candidates often run campaigns promising broad sweeping changes but the reality is that bureaucracy, compromise, and lobbying make it all too difficult to enact widespread, meaningful change. And although personal political views may cause investors to believe that one party will be more beneficial than the other in office, the historical data suggests that it is the underlying economy that carries the most importance. The

The Information contained in this document is based on data received from third parties which we believe to be reliable and accurate. YorkBridge Wealth Partners, LLC has not independently verified the information and does not otherwise give any warranty as to the truth, accuracy, or completeness of such third party data, and it should not be relied upon as such. Any opinions expressed herein are our current opinions only. YorkBridge Wealth Partners, LLC is an SEC Registered Investment Adviser under the Investment Advisers Act of 1904 (“Advisers Act”). Registration of an investment advisor does not imply any specific level of skill or training. The information contained in this document is to assist with general planning. Please consult with your own tax advisor and attorney for more specific information.

below chart depicts investor confidence by political affiliation. As you can see, when Republican's hold office Democrats have less confidence and vice versa. However, with the exception of George W. Bush's presidency which started shortly before the September 11, 2001 terror attacks and ended with the Financial Crisis in 2008, positive equity returns have been the norm regardless of which party controls the White House.



From an investment perspective, our concerns are less over who is in office and more focused on whether we will have a contested election. A drawn out process, with meaningful uncertainty, would weigh more heavily on markets.

While politics is now in focus, the ongoing pandemic and its impact on the broad economy remains worrisome. Cases in some countries and U.S. cities are moving in the wrong direction as weather cools and schools reopen. Although we have a better understanding of the virus and how to prevent additional spread through mask wearing and social distancing, the risk of additional shut downs remains. In our view, significant additional fiscal stimulus is needed to help soften the economic impact and it is regrettable that both Congress and the White House have failed to find common ground.

We view as a positive that Chairman Powell and the Federal Reserve remain committed to doing everything within their power to support markets. In doing so, they are working to assure that credit continues to flow through the financial system and into the hands of households and businesses. Additionally, the Fed's Zero Interest-Rate Policy (ZIRP) along with the recently updated policy to target an "average" 2% inflation

The Information contained in this document is based on data received from third parties which we believe to be reliable and accurate. YorkBridge Wealth Partners, LLC has not independently verified the information and does not otherwise give any warranty as to the truth, accuracy, or completeness of such third party data, and it should not be relied upon as such. Any opinions expressed herein are our current opinions only. YorkBridge Wealth Partners, LLC is an SEC Registered Investment Adviser under the Investment Advisers Act of 1904 ("Advisers Act"). Registration of an investment advisor does not imply any specific level of skill or training. The information contained in this document is to assist with general planning. Please consult with your own tax advisor and attorney for more specific information.

rate should allow the economy to grow a bit longer before they decide to raise interest rates in the future, a policy which we view as pro-growth. While this stance on interest rates should help to elevate asset prices, there are repercussions for conservative investors who maintain a focus on income generation in their portfolios. It is important to review and analyze this segment of one's portfolio and to work with us to navigate the opportunities available.

Conclusion

It is important for investors not to make knee jerk decisions about their investment portfolios based on the most current topic du jour. It is equally important to not let current events paralyze your decision making either. Capital market volatility, concerns about the pandemic, and the upcoming uncertainty surrounding the election may drive fear that the market is overvalued and cause you to be over allocated to cash. We think this is a mistake. Though cash may be needed to meet current spending needs or for opportunistic buying, we advise clients to stick closely to their long term investment plans.

The Information contained in this document is based on data received from third parties which we believe to be reliable and accurate. YorkBridge Wealth Partners, LLC has not independently verified the information and does not otherwise give any warranty as to the truth, accuracy, or completeness of such third party data, and it should not be relied upon as such. Any opinions expressed herein are our current opinions only. YorkBridge Wealth Partners, LLC is an SEC Registered Investment Adviser under the Investment Advisers Act of 1904 ("Advisers Act"). Registration of an investment advisor does not imply any specific level of skill or training. The information contained in this document is to assist with general planning. Please consult with your own tax advisor and attorney for more specific information.