

Q2news

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How to cope with 'crisis fatigue'

As COVID-19 continues to spread and we make lifestyle adjustments in response, the challenge is to maintain your mental and physical health in light of mounting stress. These strategies will help.

- **Use facts and precautions to manage your fear.** The unknown can be scary and can overwhelm us. Fear can inflate negative thoughts, which leads to unhealthy stress. Combat this fear by acting on facts, not misinformation. Look at the statistics and the real numbers of infections being reported by the Centers for Disease Control and local/national officials. You can tackle fear by facing it head-on with facts and smart precautions like handwashing, disinfecting surfaces, wearing a mask and social distancing.
- **Be smart about social and TV time.** Social media platforms can cause incredible anxiety as rumors and misinformation spread on them. Limit time on social media, and don't instigate hysteria by reposting unvetted information. Limit your children's exposure to television news. Their perspective is different than adults', and they will have difficulty processing the facts. Children also notice our emotional state, so try to stay calm and provide facts to help them understand the situation and how everyone can get through this together.
- **Get some physical exercise.** Exercise has a unique capacity to exhilarate and relax, provide stimulation and calm, as well as counter depression and dissipate stress. So take a walk, a run, or even tune in to one of the thousands of free online yoga, meditation or workout videos.
- **Help each other.** Social distancing does not mean you shouldn't seek and give support. Find out who needs help and offer it, in a way that keeps everyone safe and cared for. Even with social distancing, you can drop off medicine or supplies to a neighbor or friend. Be creative to ensure our social distancing doesn't lead to emotional distancing for those most in need.

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Index	2nd Quarter Total Return	YTD Total Return
S&P 500	20.54	-3.08
Russell Mid Cap	24.61	-9.13
Russell 2000	25.42	-12.98
MSCI EAFE	14.88	-11.34
Bloomberg Barclays US Aggregate Bond	2.90	6.14
Bloomberg Barclays Muni Bond Index	2.72	2.08
Dow Jones Industrial Average	18.51	-8.43

*Index return data as of 6/30/2020 provided by Morningstar DirectSM

Quarterly Market Review

After experiencing the most rapid bear market decline in history in the 1st quarter, stocks regained considerable ground in the 2nd quarter, responding to encouraging news related to multiple vaccine candidates and potential treatments for COVID-19 along with unprecedented levels of monetary and fiscal stimulus to combat the economic impact from the pandemic.

- The S&P 500 posted its best April performance in over 80 years followed by another powerful rally from mid-May until early June that was curtailed by news of rising COVID-19 case numbers in the majority of U.S. states. Overall, despite bouts of significant volatility, the S&P 500 registered its best quarterly performance since 1998.
- While all 11 sectors of the S&P 500 registered positive returns in the 2nd quarter, leadership continued to be exhibited by Information Technology and Consumer Discretionary stocks, the only sectors posting positive returns over the 1st half of the year. There has been wide dispersion in performance among sector groups, with Information Technology stocks registering gains of ~ 15% at the mid-year point and Energy stocks lagging significantly with a 35% decline over the 1st half of the year.
- U.S. Large Cap stocks have continued a trend this year of relative outperformance versus smaller company stocks and also versus foreign stocks, which have lagged U.S. stocks for much of the past decade.
- The Federal Reserve's initiatives to backstop credit markets supported a powerful rally in corporate bonds in the 2nd quarter with the Fed taking unprecedented measures to purchase individual corporate bonds and bond ETFs. U.S. companies have taken advantage of the low interest rate environment and the positive sentiment from the Fed's intervention to issue a record amount of debt in the first half of the year, providing crucial liquidity in this challenged environment. ▲

News and Notes

- The National Bureau of Economic Research (NBER) made its recession announcement on June 8th, declaring that the U.S. expansion that began in June 2009 and lasted a record-breaking 128 months came to an end in February as the U.S. officially entered recession.
- Amid the disruption from the pandemic, oil prices saw unprecedented volatility in April as some futures contracts traded below \$0 for the first time in history. Oil prices recovered in May and June as the U.S. economy began to reopen and OPEC and its allies announced the extension of substantial production cuts.
- After taking emergency actions to reduce the Federal Funds rate to near zero in March, the Federal Reserve has indicated that it intends to hold interest rates near zero through 2022 and has implemented numerous other stimulus measures aimed at keeping money flowing through the financial system to businesses, households, and municipal and state governments.
- Despite an environment of extraordinary uncertainty, financial markets have shown remarkable resilience in "looking through the valley" of the current disruption towards a scenario of recovery that has begun to be reflected in economic data via a substantial re-hiring of America's workforce and rebounding consumer and business confidence. ▲





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How to cope with 'crisis fatigue' *continued*

- **Focus on the things that bring joy and hope.** Notice when you're feeling tired or when you've had enough for now. Give yourself permission to take breaks from the stress to engage in a healthy distraction or an activity that you find enriching or soothing. Self-care isn't selfish -- we could use a little refresher on the things that make life worthwhile. Take notice of the things, however big or small, that bring some levity to your day. ▲

Impactful Gifts in the Wake of COVID-19

Many people are looking for ways to make contributions that will have a meaningful impact as a result of the challenges faced throughout the non-profit sector as a result of the COVID-19 pandemic.

Consider these strategies to make high-impact, tax-efficient gifts:

- **Think broadly.** Charitable organizations on the frontline of the relief efforts require urgent donor support. Yet the health crisis has also hurt other charities as well. Charitable organizations across the country have had to suspend revenue-generating services, cancel fundraising events, and furlough or lay off employees. It is critical that donors continue gifting to the charities they ordinarily support as well as frontline organizations.
- **Give cash.** The CARES Act, enacted in March, provides potentially more generous tax benefits for cash contributions in 2020. Specifically, the CARES ACT allows individuals who itemize their deductions to elect to deduct up to 100% of their federal adjusted gross income (AGI) for cash gifts made in 2020. It covers gifts made to almost all charities except contributions to donor-advised funds, supporting organizations, and private non-operating foundations.
- **Capitalize on others' expertise.** Community foundations are uniquely positioned to assist localities affected by COVID-19. Many such foundations have established relief funds designed to identify and distribute funding to local organizations providing support to people affected by the pandemic. A gift to a relief fund hosted by a community foundation will help ensure that the donors' gifts reach the charities that need it most and have the greatest impact.
- **Accelerate future gifts.** If you are a donor who has multi-year pledges to charity, consider accelerating some or even all of your commitments to 2020. By doing so, donors can provide increased funding to charities when they need it most and take advantage of the enhanced charitable itemized deduction.
- **Strategically give assets.** While gifts of non-cash assets do not qualify for the enhanced deduction limit under the CARES Act, this still remains an opportune time for gifts of appreciated stock. A gift of an appreciated stock can provide much needed help to the charity while yielding a donor both the avoidance of capital gains tax on the asset's appreciation and a charitable income-tax deduction.

Mark your calendar on Wednesday, September 16, 2020 to participate in a virtual educational event hosted by TSWM and Schwab Charitable to learn more about charitable giving strategies. ▲

IRS announces Relief for unwanted 2020 Required Minimum Distributions (RMDs)

On June 23, the IRS released Notice 2020-51 which extended the deadline to August 31, 2020 to return any unwanted 2020 RMDs. The 60-day rollover period is extended to August 31 no matter when in 2020 the RMD was taken. For example, if an RMD was taken in January 2020, it can still be returned by August 31, 2020. In addition, the one-per-year rollover rule is waived for this relief, so those who took monthly RMDs earlier in the year can return them all. This waiver also applies to non-spousal IRA beneficiaries. They too may return any unwanted 2020 RMD. ▲

Back to School Investment Challenge

This fall we will be conducting a virtual Back to School Investment Challenge for the children and grandchildren of clients. We will be investing imaginary money in real stocks over the course of the school year. If your family members might like to participate, please email Kim Randolph at krandolph@trianglesecurities.com. ▲

Where Families Invest