



NEWSLETTER 3rd Quarter 2020



Pictured left to right:

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Dear Friends,

Well let's face it. The corona virus is still with us and therefore the economic distortion or dislocation continues to live on as caused by the lockdowns. Thankfully we are closing in on a vaccine or a number of vaccines. While we wait for these, we appear to also be developing numerous therapeutic drugs to lessen the life threatening punch of this nasty virus. It may be some time before a vaccine is readily available to all of us, which again may cause a great deal of frustration. In addition to the virus, we are getting close to a hyper-partisan election with a variety of issues we have not seen before.

Before we get engulfed in these issues which we cannot answer today, let us investors take a moment to take an inventory. What have we learned or re-learned from the great market panic which began in February/March? This

all ended in mid-August when the S&P 500 index regained its pre-crisis highs.

So what did we learn?

- No amount of study in regards to economic journalism or market forecasting ever predicts really dramatic events, which seem to drop on us from the sky. Therefore, building your financial future on such sensational journalism or prognostication from the “experts” almost always sets up the investor for failure. Instead, having a long-term plan and working your plan through all of the fears and fads of an investing lifetime will keep us on the road to reaching our goals and helps avoid all of the sudden emotional decisions waiting to trip us up.
- We understand the recent drop in the S&P 500 of 34% in 33 days would cause almost anyone to question almost everything. The speed of the drop was record breaking; however, the amount of the drop was about average. You see, the S&P 500 index has declined about a third on average of every five years or so since the end of WWII. But if you look at the S&P 500 index 75 years ago at 15 or so, and today at 3,392 (October 5, 2020) you can conclude at least historically the declines have not lasted and long-term upward progress has always reasserted itself.
- Just about as fast as the market dropped, it completely recovered. This occurred even though the news of the virus continued to be dreadful. We can somewhat conclude; (1) the speed and trajectory of a market drop can have a mirror like market recovery. (2) Equity markets many times resume their upward trend long before the economic picture clears up. If we wait for the “all clear” from the economic and market experts, history tells us we may have missed a significant part of the market advance.
- The lesson here again is that the unexpected large equity market drop followed by the rapid recovery is of course...that markets cannot be timed. As difficult as it is...the best course of action is to stay the course and ride out these temporary market aberrations.
- These basic principles are what we have been following all along and if anything, this latest crisis has validated our approach even further.

A word about the election. As simple as I can state this...it's unwise to alter your long-term life financial plan consisting of high quality investments because of the uncertainties surrounding the election. This trading move could not only incur unnecessary and untimely capital gains taxes, your chances of getting back into the market advantageously are historically poor. Also, I cannot possibly be helpful to you getting back into the market since it is, as we know, a guessing game. So, as in election years past my advice is to stay the course.

If you have any questions or concerns please give us a call. As always, we are all very appreciative of the relationship we have with you.

God Bless you always,

Mark



The Numbers

For a full analysis of the Quarter, please go to our web site at www.markahofinancialgroup.com. Then click on Resources> Education> Investment Strategy Quarterly. Below is a brief snapshot from the report:

Capital Markets Snapshot

Index	YTD 9/30/2020	2019	Last 10 years
Dow Jones Industrial Average	-2.65%	22.34%	9.92%
S&P 500 Index	4.09%	28.88%	11.41%
NASDAQ Composite Index	24.46%	35.23%	16.77%
Russell 1000G Large Cap Growth	24.33%	36.39%	17.25%
Russell 1000V Large Cap Value	-11.58%	26.54%	9.95%
Russell 2000G Small Cap Growth	3.88%	28.48%	12.34%
Russell 2000V Small Cap Value	-21.54%	22.39%	7.09%
MSCI EAFE Developing International	-6.73%	22.66%	5.11%
MSCI EM Emerging Markets	-0.91%	18.90%	2.87%
DJ US Select REIT U.S. Real Estate	-21.36%	23.10%	7.03%
Barclays US Intermediate Govt/Credit	6.02%	6.82%	2.92%
Citigroup World Government Bond Index	7.14%	5.90%	1.86%

Russell 1000 Growth Index – Measures the performance of the 1,000 largest companies in the Russell 3000 Index, with higher price-to-book ratios and higher forecasted growth values. Russell 1000 Value Index – Measures the performance of the 1,000 largest companies in the Russell 3000. Index with lower price-to-book ratios and lower forecasted growth values. Russell 2000 Growth Index – Measures the performance of the 2,000 smallest companies in the Russell 3000. Index with higher price-to-book ratios and higher forecasted growth values. Russell 2000 Value Index – Measures the performance of the 2,000 smallest companies in the Russell 3000. Index with lower price-to-book ratios and lower forecasted growth values. MSCI Emerging Markets Index – A market capitalization weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Dow Jones U.S. Select REIT Index intends to measure the performance of publicly traded REITs and REIT-like securities. Barclays Capital U.S. Intermediate Credit Bond Index measures the performance of investment grade corporate debt and agency bonds that are dollar denominated and have a remaining maturity of greater than one year and less than ten years. The Citigroup WGBI G7 x U.S. (USD) is an unmanaged market value weighted index comprised of debt issued by countries in the group of 7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) excluding the United States. The MSCI EAFE is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 21 developed nations. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. The Dow Jones Industrial Average (DJIA), commonly known as “The Dow”, is an index representing 30 stock of companies maintained and reviewed by the editors of the Wall Street Journal. The NASDAQ composite is an unmanaged index of securities traded on the NASDAQ system. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor’s results will vary. Past performance does not guarantee future results.

COVID CLEANING? SHRED!



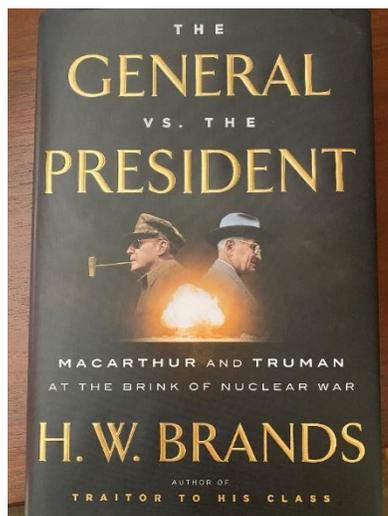
Do you have documents or personal information that should be shredded versus placed in the garbage? Protecting personal information and your identity are very important in today’s world. We offer a free shredding bin available for your use. It is locked, and our shredding service comes once a month to shred the contents of the bin on-site. You may stop at our office at any time during business hours to place paperwork in our shredder. We welcome you to take advantage of this free and valuable service.

The Federal Income Tax

Did you know that there was no federal income tax in this country prior to 1913? The 16th amendment established the federal income tax in 1913. This was one of the Progressive Era amendments. For the first century or so of its existence, the United States of America was primarily funded by tariffs, and consumption and excise taxes. In 1895, the Supreme Court struck down an income tax on the grounds that it was not-as Article 1, Section 8 required of so called direct taxes-apportioned among the states according to population. However, consumption taxes, it was felt, hit the poor harder than the rich, and so an income tax that would hit the rich harder was deemed by progressives of both political parties to be more fair. So the 16th Amendment legalized an unapportioned direct income tax. The result has been a century of immense federal growth as well as the diminution of constitutional liberties as understood by the founders, and now an out-of-control national debt approaching \$27 trillion. Pray tell how or why did we let this get to this point? Someone down the road will need to deal with this. Both political parties are at fault and it appears neither party has the fortitude to deal with this. I see storm clouds...

Information was obtained from The Epoch Times September 30- October 6, 2020 edition

Book Review – Looking for something to read?



The General VS. The President, H.W. Brands (2016)

If you have an interest in some interesting history about the end of WWII and the start of the Korean War, this is a good read. I found it enlightening how Truman became the president and how he handled the hotbed situation when North Korea attacked South Korea. All of this on the heels of the closure of WWII with General MacArthur setting the future relationship with the Japanese. Truman appoints MacArthur as the person in charge of the allied forces during this conflict. Needless to say Truman and MacArthur did not agree on the direction and final outcome for the allied troops. Another interesting point in this book is how the Chinese played a pivotal role in the final outcome. Without the Chinese intervention in this conflict, there may have only been one Korea today. The decisions made by the Truman administration ring loud and clear today as we again face the Chinese on various fronts. I enjoyed this book especially for the historical perspective toward current events. I think you would enjoy it also.

DON'T WANT TO DRIVE FOR YOUR APPOINTMENT???

We are now happy to offer **Zoom Meeting** as an option for your appointments with us.

With an easy to use, screen sharing, web based meeting, you can talk with us and just follow along on your computer without having to leave your home.

We will provide you with easy to follow instructions, and you can enjoy your meeting in the comfort of your home. Consider this option for your next meeting with us!

Can We Be Friends?

Like many of you I have been watching the presidential election somewhat closely. There is no doubt to all of us that a huge divide exists within the two parties. However, let's imagine the political differences were removed. Do you think the people involved could actually be friends? I am going to go out on a limb and say... yes. I will give you a couple of cases to prove my point. One, during the Reagan years, Ronald Reagan and the then speaker of the house Tip O'Neal were diabolically opposed on just about every political issue. However, they became friends and dined together frequently. Two, after the Bush senior (41) and the Clinton presidencies they became good friends and worked together on charitable projects around the world. This begs the question as to why political differences create so much friction and in some cases so much hate. I for one would like us as a country to certainly fight hard for our beliefs however in a respectful and honorable way. Here's hoping for such going forward.

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You will need to set up a login and password, and then enter one of your new account numbers. You can find that on your statement, or give us a call at 906-226-0880, and we will gladly give you that information.

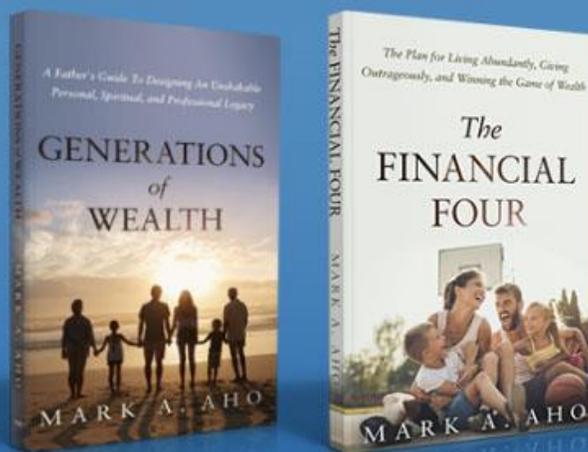
Socialism vs. Capitalism

Let's take a simple look at this;

Socialism: Maybe a simple definition would be the working population et... all give more of their earnings to the government with a trust the government will spend this money more wisely than they will. You depend more on government programs than on your own abilities to provide for yourself and others.

Capitalism: You keep more of your earnings and you decide how this money will be spent. You depend less on the government and more on your own abilities.

I know it is not this simple, however, let's look at the ground level of what this means to the working man and woman. I know there are other things to consider, however this is simple and I think most people can understand this. Many Americans do not fully understand what is at stake here.



Now you can help the people you love achieve financial confidence without compromising the religious and moral principles you hold dear.

New Release!

A sneak peek at the 2nd Edition of Mark's book (formerly "Building Wealth and Living in Faith"), retitled as "Generations of Wealth" will be released in the next few weeks!

Also, his 2nd book, The Financial Four will be coming out soon as well!

We will let you know when they are available and ordering opportunities!

Supporting BAY CLIFF!

2020 brought new challenges for Bay Cliff, however our love and support of this cause remained unchanged. Their flagship 8 week kids camp went virtual this year, however the one fundraiser that still happened in person was the Charity Golf Outing on September 3rd, at our local Greywalls course. Many teams, including a few comprised of our staff, came out to support a wonderful cause. Even with an abbreviated event, no formal dinner reception or auctions, we helped raise \$16,364.83. This will help make sure kids can attend camp in future years and experience all the joy and memories Bay Cliff brings to the children. We thank everyone who came out, as well as all who continue to support Bay Cliff.



Let us help you help those you care about. Contact us today.

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