



## *The Firm Update by Charley Parthemuller*

We hope you and your families are safe and healthy. This year has been hectic to say the least. As we look ahead to the Fall, uncertainty remains at the forefront of most people's minds. The coronavirus pandemic has reshaped the world and will continue to modify our daily lives until we are able to effectively manage the virus. In addition to the ambiguity that has derived from the pandemic, we now combine the circus of events that come with an election year. Regardless of the outcome in November, we have been here before; financial markets are not uninitiated in election years.

2020 has proven to be a year filled with the unexpected. Here at the Normandy Group, we are always working to position our clients the best way possible to handle years like we are currently experiencing. By maintaining enough cash on the sidelines, one can fund short to midterm expenses without having to sell into market weakness. Through all types of market conditions, we believe cash and liquidity are an essential part of any investment strategy.

I would like to share an excerpt from a Normandy Group performance letter dated October 6, 2009 that further illustrates the importance of adhering to a long-term investment strategy. As you may remember, 2008 and 2009 were filled with similar levels of uncertainty.

*The October 2009 performance letter reads:*

“Today, we see that financial markets have rebounded significantly. Yet all of us know people who panicked accepted losses and wholly missed the recent opportunity. After living through the downside market volatility from September 2008 to March 9, 2009 things generally feel better. However, you cannot help but wonder if the recovery since March 9<sup>th</sup> is real or artificially stimulated.

History tells us that during the Great Depression, which began in June 1929, there were at least six significant rebounds prior to the ultimate market bottom of 1932. While we do believe that today U.S. monetary policy helped to stem a recent collapse of the financial system there is still enough uncertainty and fear to go around. From our experience the greatest potential and opportunity comes when everyone is running scared. In fact, since March, the path of least resistance has been for financial markets to go up. This may be because speculators, confounded by the recent market rise, are guessing that in the short to intermediate term, markets may continue down. We do not know what may happen, but up or down our goal is to have every portfolio positioned for either case.

### Contents

Firm Update cont'd	2
Our Blogs	3



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CERTIFIED FINANCIAL  
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*Derek Landis*  
Investment Advisor Representative



*David C Partheymuller, CFP®*  
CERTIFIED FINANCIAL PLANNER™  
Professional

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## The Firm Update continued~

Our continued plan is to hold a balanced portfolio that has been customized and monitored per your Investment Policy Statement. Further objectives include owning companies that exhibit durable competitive advantage and profitable corporate track records. We continue to believe that distributions of corporate profits through dividends, and the reinvestment of the dividends by shareholders remain an essential and important strategy during all types of market conditions. Reinvestment of these dividends over time can make all the difference as far as being profitable or not during the long run. Unlike cyclical bear markets, which can be as brief as a few months, a secular bear market typically lasts 10 to 20 years. And while they may include a number of declines and rallies, the overall stock market returns during a secular bear markets are below historical lifetime averages. In our opinion, dividends and portfolio income can add tremendous value during off markets since the reinvesting of those profits at reasonably to heavily discounted stock and bond prices may offer the best potential for investment success that anyone ever envisions.

Buying low and selling high is not about “day trading” and “speculation in the present”, but more about a regularly applied discipline of balanced investment and reinvestment for the future. When financial markets are being roiled (up & down) by uncertainty and speculation, market prices become schizophrenic. Corporations with great balance sheets and consistent profitability can offer latent opportunity and stability over time. It can simply be a matter of investment time horizon and discipline. So, it’s important to be sure your Investment Policy Statement is current and up to date with your objectives. Please contact us to review your strategic investment plan if anything has changed in this regard”.

We believe these words from 2009 remain true today. While catalysts for market volatility change over time, our disciplined approach does not. The potential to achieve long-term investment success, begins with discipline. Those investors who remained invested during the pandemic thus far, experienced the rebound of financial markets since the lows in March 2020; not so different from the experience of investors who remained invested during the Great Recession that began in 2008. The cause of recessions in 2008 and 2020, may be vastly different in nature, however, a disciplined investment approach has shown to be effective up to this point. We cannot know what lies ahead, however we remain ever confident that a disciplined long-term investment strategy can demonstrate the most potential to arrive successfully at your destination.

As always, thank you for your continued confidence and trust. Please reach out to the office if your investment objectives have changed. We are here to be of service, and we will look forward to seeing you soon. Have a wonderful Fall season!

Thank you,

Charley Partheymuller, CFP®



Jack Anderson, CEP



Dee Leh, Client Services

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*Thank you for your continued confidence and trust!  
Please keep your referrals coming!*

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