CB3 Financial Group

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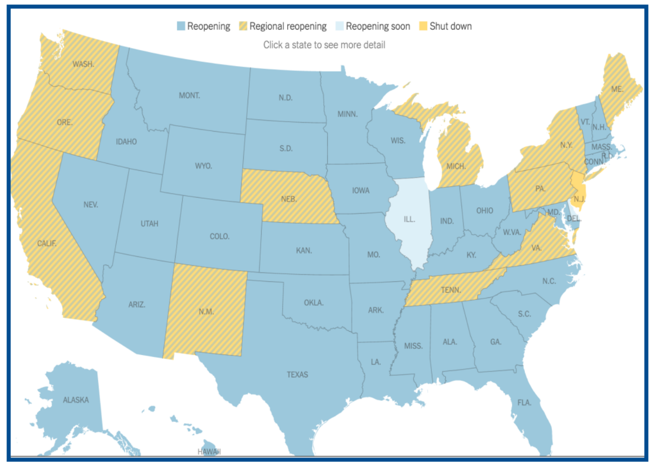
CB3 on 3

MAY ~ JUNE 2020

SUMMARY: With our weekly ***CB3 CMT LIVE*** *webcast on YouTube* becoming the primary means with which we report economic developments to you, our newsletter will become bi-monthly (MAY-JUN & JUL–AUG) through the summer of 2020 After Labor Day, we will make a decision as to the newsletter frequency. We encourage you to join us Thursday nights at 7pm Central on ***CB3 CMT LIVE*** featured on **YouTube**. As we head into June, the market has made a substantial recovery from the March 23rd low. What's next?

Coronavirus

As of today's issue, 49 of the 50 states have reopened. Only NJ remains in lockdown. Here's the US map indicating the status/stage of each state's reopening. The positive news continues with sports leagues announcing their seasons will-reopen, there are more drivers on the road, airline reservations are increasing, slowly and restaurants are now seating customers — albeit with greatly reduced seating. capacity,

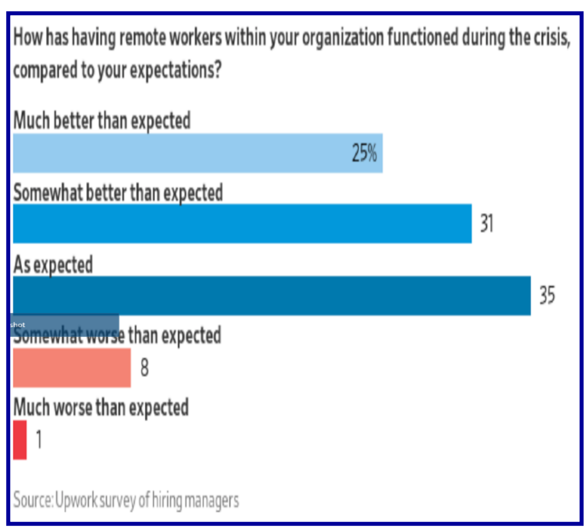


Here's my take:

We in America faced a situation where the cure for mass spreading of the disease was almost becoming worse than the disease itself. We *absolutely had* to reopen America. With up to 45,000,000 (that is forty-five million) unemployed in our country, there was no further delaying without risking this country's second Great Depression, wiping out every ounce of growth that has been achieved since the Great Recession of 2008-2009. There is simply no way the current administration was going to let that happen.

Political

Just last Friday, with dramatic flair, President Trump announced the U.S. has withdrawn its support for the (WHO) World Heath Organization. At the same announcement briefing, the President threatened to shut down Twitter, regulate social media and expand the government's power to oversee the Web — all part of an assault against Silicon Valley tech giants that he has long accused of trying to undermine his reelection. But what began this week as a verbal spat has since evolved into a simmering legal battle in the digital age, leading experts across the political spectrum to fear for the future of free expression on the Internet. The tensions erupted again into public view Friday, after Twitter took the unprecedented step of limiting the reach and visibility of one of Trump's tweets.



Here's my take:

COVID19 is transitioning from primarily being a major medical issue to substantially becoming the most acrimonious political issue in my lifetime. When all of this plays out by the November General Election, I believe the exhaustive political effect will be far worse than Watergate in the 1970s. Want some good news? Employers, in a recent survey, indicated that the "WFH" or work-from-home experience/experiment was a bigger success than many of them had anticipated. Mark Zuckerberg is shifting Facebook Inc. toward a substantially remote workforce over the next decade, permanently reconfiguring the tech giant's operations towards "WFH." How about that?

Technical

As of Friday, May 29th, here is the Markets' Performance:

- NASDAQ Composite +5.8% YTD
- S&P 500 – 5.8% YTD
- Dow Jones Industrial Average –11.0% YTD
- Russell 2000 –16.5% YTD

If you look at the chart on the right, you will see the incredible recovery in the NASDAQ 100. The NASDAQ closed last Friday up — ***yes*, up** — almost 6% for the year. While other major indices remain negative for 2020, it bodes well that the mega-cap leaders have been relative outperformers over Industry groups that have absolutely been crushed by the pandemic.

I am still expecting a most likely modest positive market performance for 2020 heading into Election Day on November 3rd. Everything that I am seeing in market performance indicates to me that the Secular Bull Market remains intact, even after the horrific drop between the Feb 19th lifetime high and the March 23rd low.

We're here for you … just call or write with any questions.
And be sure to watch our weekly CB3 CMT LIVE podcast on Thursdays at 7pm Central on YouTube.

About the CB3 Separately Managed Accounts (SMAs):

Capital Growth (CG)

CG uses advanced technical analysis to identify stocks with attractive momentum characteristics, targeting an investment objective of capital appreciation. These stocks must also have a growth "story." The portfolio is comprised of 20-40 equities and ETFs across all market capitalizations. Up to 50% of assets may be invested in cash. International and alternative asset positions may be used. **Benchmark: iShares Russell 1000 Growth (IWF)*

Organic Value (OV)

OV invests in stocks of established companies that are attractive on a technical basis and may be fundamentally undervalued. These stocks are returning capital to their shareholders through dividends and stock buybacks. The objective is capital appreciation. The portfolio is comprised of 20-40 individual positions. Up to 50% of the assets may be invested in cash. **Benchmark: iShares Russell 1000 Value (IWD)*

Dynamic Income (DI)

DI utilizes dividend-paying equity securities to generate income per its investment objective. The portfolio is comprised of 20-40 holdings, primarily in U.S. companies, with equity holdings concentrated among large-cap stocks. Favored stocks have an increasing three-year net growth in payout. The portfolio may contain up to a 10% weighting in international and 60% in cash. **Benchmark: iShares Select Dividend (DVY)*

Conservative Yield (CY)

CY invests in fixed income ETFs and CEFs, aiming to produce a total return exceeding its benchmark, but also protecting its capital base. The portfolio can invest in anything from U.S. Treasury, short and long term corporate, international, emerging market, domestic and international high yield, and leveraged bonds. Holdings range across durations and bond sectors. Up to 60% cash can be held. **Benchmark: Vanguard Total Bond Market (BND)*

Small Cap (SC)

SC invests in small and micro-cap securities with the goal of capital appreciation. Dividends are merely incidental in this program. The portfolio is comprised of 20-40 holdings, almost exclusively U.S. companies. Capitalization of equity holdings is limited to small- and micro-cap stocks. Favored stocks have technically favorable attributes within sectors that are also technically strong. SC stocks may contain up to a 10% weighting and up to 60% in cash. **Benchmark: Russell 2000 (IWM)*

Disclosure

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