HOLDEN & MICKEY, INC.

Investment & Insurance Advisors

Serving Clients Since 1930

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Preparing for the Election

We hope you and your families are safe and well in this unprecedented time. Most of our employees are back in the office, but we are still not scheduling meetings here barring emergencies. Zoom meetings have continued to be quite successful. We have been impressed with how quickly our clients have adjusted and how steadfast they have been facing such difficult times.

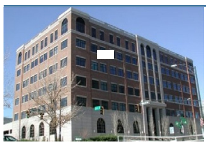
Unfortunately, we have begun to see the first life insurance death claims reported because of COVID-19 and our thoughts and prayers are with their families and friends. Our investment and insurance partners have been conducting the majority of their business remotely. We have experienced a few predictable delays, but for the most part business has run smoothly.

Many Americans will spend a great deal of time in the upcoming months watching political ads, newscasts and debates leading up to Election Day. Our clients will understandably wonder what will happen if there is a change of leadership in the executive and legislative branches. The reality is there have been very successful stretches with both parties in leadership. Please see the enclosed piece from one of our partners at MFS that analyzes this history.

We are also proud to announce that one of our Principals, Steven Davis, has recently earned the Certified Exit Planning Advisor (CEPA) designation. For business succession planning, the CEPA program is the most widely accepted and endorsed professional exit program in the world.

About Us:

▸ *Holden & Mickey, Inc. designs, implements, and monitors financial plans for high net worth individuals. Our firm has been working with clients in this area since 1930. Holden & Mickey advisors are highly credentialed and multi-generational in their focus on wealth management.



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Pullbacks, Corrections, and Bear Markets

What's the difference? What do these terms mean for you?

The COVID-19 outbreak has put tremendous pressure on stock prices, prompting some investors to blindly and indiscriminately sell positions at a time when the entire market is trending lower. Worried investors believe "this time it's different." When the market drops, some investors lose perspective that downtrends – and uptrends – are part of the investing cycle. When stock prices break lower, it's a good time to review common terms that are used to describe the market's downward momentum.[1,2]

Pullbacks. A pullback represents the mildest form of a selloff in the markets. You might hear an investor or trader refer to a dip of 5% to 10% after a peak as a "pullback."[1]

Corrections. The next degree in severity is a "correction." If a market or markets retreats 10% to 20% after a peak, you're in correction territory. At this point, you're likely on guard for the next tier.[1]

Bear Market. In a bear market, the decline is 20% or more since the last peak.[1]

All this is normal. Pullbacks, corrections, and bear markets are a part of the investing cycle. When stock prices are trending lower, some investors can second-guess their risk tolerance. But periods of market volatility can be the worst time to consider portfolio decisions.

Pullbacks and corrections are relatively common and represent something that any investor may see in their financial life, from time to time – often, several times over the course of a decade. Bear markets are much rarer. What we are experiencing now represents the start of the ninth bear market since 1926. This bear market follows the longest bull market on record.[1]

How is this bear market going to affect me? That's a good question, but it's something that you won't fully understand in the here and now. The average bear market lasts 146 days for the Standard & Poor's 500.[2]

A retirement strategy, formed with the help of a trusted financial professional, has market volatility factored in. As you continue your relationship with that professional, they will

continued on page 3

continued from page 2

also be at your side to make any adjustments as needed and help you make any necessary decisions along the way. Their goal is to help you pursue your goals.

relief. Contact your financial professional today to see if these special 2020 distribution rules are appropriate for your situation.

Citations.
1 - kiplinger.com/slideshow/investing/T018-S001-25-dividend-stocks-analysts-love-the-most-2019/index.html [3/10/2020]
2 - marketwatch.com/story/the-dow-just-tumbled-into-a-bear-market-ending-the-longest-bull-market-run-in-historyheres-how-those-downturns-last-on-average-2020-03-11 [3/14/2020]

Rebalancing Your Portfolio

Should investors make regular adjustments?

Everyone loves a winner. If an investment is successful, most people naturally want to stick with it. But is that the best approach?

It may sound counterintuitive, but it may be possible to have too much of a good thing. Over time, the performance of different investments can shift a portfolio's intent as well as its risk profile. It's a phenomenon sometimes referred to as "risk creep," and it happens when a portfolio's risk profile shifts over time.

Balancing. When deciding how to allocate investments, many begin by considering their time horizon, risk tolerance, and specific goals. Next, individual investments are selected that pursue the overall objective. If all the investments selected had the same return, that balance – that allocation – would remain steady for a time. But if the investments have varying returns, over time, the portfolio may bear little resemblance to its original allocation.[1]

How Rebalancing Works. Rebalancing is the process of restoring a portfolio to its original risk profile. There are two ways to rebalance a portfolio.

The first is to use new money. When adding money to a portfolio, allocate these new funds to those assets or asset classes that have fallen.[1]

The second way of rebalancing is to sell enough of the "winners" to buy more

continued on page 4

continued from page 3

underperforming assets. Ironically, this type of rebalancing forces you to buy low and sell high.

As you consider the pros and cons of rebalancing, here are a couple of key concepts to consider. First, asset allocation is an investment principle designed to manage risk. It does not guarantee against investment losses. Second, the process of rebalancing may create a taxable event. And the information in this material is not intended as tax or legal advice. It may not be used for the purpose of avoiding any federal tax penalties. Please consult a professional with legal or tax expertise regarding your situation.

Periodically rebalancing your portfolio to match your desired risk tolerance is a sound practice regardless of the market conditions. One approach is to set a specific time each year to schedule an appointment to review your portfolio and determine if adjustments are appropriate.

Citations.
1 - kiplinger.com/article/investing/T023-C000-S002-rebalancing-your-portfolio-to-reduce-risk.html [10/3/18]

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