July, 2020

THE GLOBAL INVESTMENT PULSE

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IS GOLD JUST GETTING STARTED AND: PAY WITH COINS

By Louis P. Stanasolovich, CFP®, CEO and President of
Legend Financial Advisors, Inc.® and
EmergingWealth Investment Management, Inc.®

A week ago, the U.S. Mint made an unusual request. In a press release dated July 23, 2020, the bureau literally begged Americans to start putting coins back into circulation by spending or depositing them.

As readers may have noticed, people are not paying with coins like they used to. That's especially the case now in the age of the coronavirus. With many people sheltering-in-place, billions of dollars in everyday purchases are being made online that in normal times would have happened at the cash register.

Gold, *continued on page 4*

THE STATE OF U.S. DEBT AND DEFICIT SPENDING

By Louis P. Stanasolovich, CFP®, CEO and President of
Legend Financial Advisors, Inc.® and
EmergingWealth Investment Management, Inc.®

The U.S. budget deficit—which is the difference between what the government spends and earns (tax receipts) in a given year reached a $3 trillion level in the twelve months ending June 30, 2020. U.S. Government's spending rose in recent months in response to the pandemic, while tax revenue plummeted. In the month of June alone, the federal government spent $864 billion more than it earned, which almost equals the entire deficit posted in fiscal year 2019.[1]

Debt, *continued on page 7*

THE FIXED INCOME PORTION OF ALLOCATIONS WILL NOT PROTECT PORTFOLIOS LIKE THEY USED TO

By Louis P. Stanasolovich, CFP®, CEO and President of
Legend Financial Advisors, Inc.® and
EmergingWealth Investment Management, Inc.®

Currently, historically low bond yields threaten the diversification value of bonds in the traditional 60.0% Equity / 40.0% Debt allocation.

The table on page 10 shows the basis point yield benchmark U.S. Treasury securities are offering.

Fixed Income, *continued on page 10*

2020'S INDEX AND SECTOR CHARTS INDICATE A FEW WINNERS AND MANY LOSERS!

By James J. Holtzman, CFP®, Legend Financial Advisors, Inc.® and
EmergingWealth Investment Management, Inc.®

A quick glance at both the indexes chart and the sector chart Year-To-Date through July 29, 2020 (both on page 13) indicate what a volatile year it's been. However, there are a few winners in each.

For the index chart, gold bullion, has been the winner in 2020 returning in the high 20.0% range so far. Nipping on its heels though has been the NASDAQ index, returning in the low 20.0% range.

The next best performing indexes have been the Barclay's Aggregate Bond Index and the Bloomberg Intermediate Term Corporate Bond Index. These have been very steady performers all year but up in the upper mid-single digit range.

2020, *continued on page 13*

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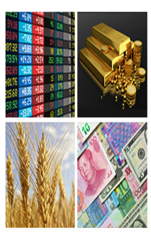

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Louis P. Stanasolovich, CFP®, is founder, CEO and President of Legend Financial Advisors, Inc.® (Legend) and EmergingWealth Investment Management, Inc. Mr. Stanasolovich is also the Chief Investment Officer at both Legend and EmergingWealth. Lou is the Editor of The Global Investment Pulse, a publication designed to guide investors on how to build better investment portfolios and improve their investment decision-making.

Mr. Stanasolovich earned the Certified Financial Planner™ designation in 1984 and was admitted to The Registry of Financial Planning Practitioners in 1986. He is a member of the Financial Planning Association (FPA), and is a Registered Financial Advisor with The National Association of Personal Financial Advisors (NAPFA), the nation's largest Fee-Only professional organization.

18 YEARS AND RUNNING: THE NASDAQ 100 INDEX HAS BEEN PUMMELING THE S&P 500 SINCE OCTOBER, 2002

By Louis P. Stanasolovich, CFP®, CEO and President of Legend Financial Advisors, Inc.® and EmergingWealth Investment Management, Inc.®

Market trends persist over time and stem from changes in risk premiums (the amount of return investors demand to compensate them for the risks they take).

Risk premiums vary a great deal over time in response to new market information or changes in the economic environment or even changes in investor sentiment. When risk premiums increase or decrease, stocks and bonds and other assets have to be priced again. Investors react to the changes gradually and this creates trends.

Rules-based trend following strategies don't predict, they react to what prices are telling the financial markets about supply and demand. More buyers than sellers, price moves higher and more sellers than buyers, price moves lower.

Trend-following strategies seek growth opportunities while maintaining a level of protection in down markets.

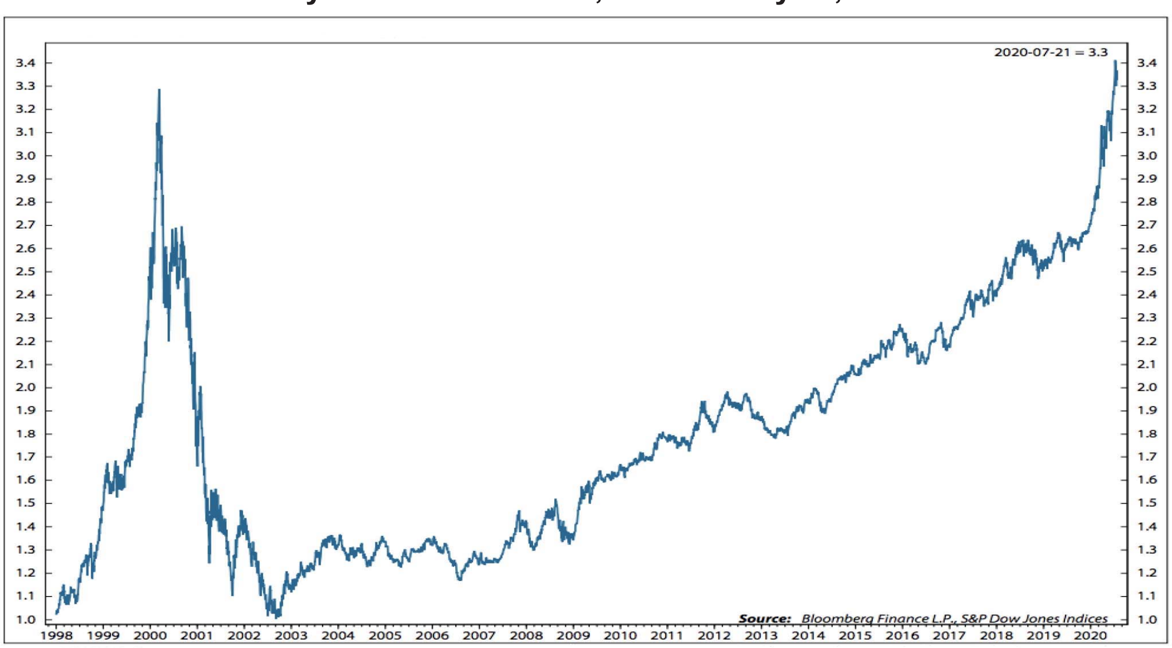
The following chart shows the relative performance of the NASDAQ 100 Index relative to the S&P 500 Index. As of July 21, 2020, the NASDAQ 100 has returned 3.3x more than the S&P 500. In 1998, prior to the tech bubble peak in March 2000, the relative performance was about the same. Then it spiked in favor of the NASDAQ to 3.3x by March of 2000, followed by a decline back to 1x at the bear market bottom in October 2002. It touched 3.4x a few days ago and now sits at 3.3x as of July 21, 2020.

Are investors looking at similar mass speculation to that of 1999/2000. Perhaps the NASDAQ Index is going to return to its historical norm valuation of equal to the S&P 500 as it did in October of 2002, but maybe not.

The best advice: Beware of rapid changes in the markets. This will probably coincide with a very strong economic downturn (This may be occurring currently.).See chart "NASDAQ 100 Index Relative to S&P 500 Index" below

Source: Some of the information for this article was excerpted from "NASDAQ 100 Index Relative to S&P 500 Index (1999 Tech Bubble)", by Stephen B. Blumenthal, Founder and CEO, CMG Capital Management Group, Inc., (*Trade Signals*, July 22, 2020), www.cmgwealth.com.

NASDAQ 100 INDEX RELATIVE TO S&P 500 INDEX
Daily Data December 31, 1997 To July 21, 2020



As of: July 22, 2020

Source: Bloomberg Finance, L.P., S&P Down Jones Indices via CMG Capital Management Group, Inc., *Trade Signals*, July 22, 2020, www.cmgwealth.com

Gold, *continued from page 1*

In short, paying with credit cards and not paying with coins is creating a national coin shortage.

"Until coin circulation patterns return to normal, it may be more difficult for retailers and small businesses to accept cash payments," the Mint writes, adding that for millions of Americans, cash is the only form of payment. Without coins, retailers can't break bills.

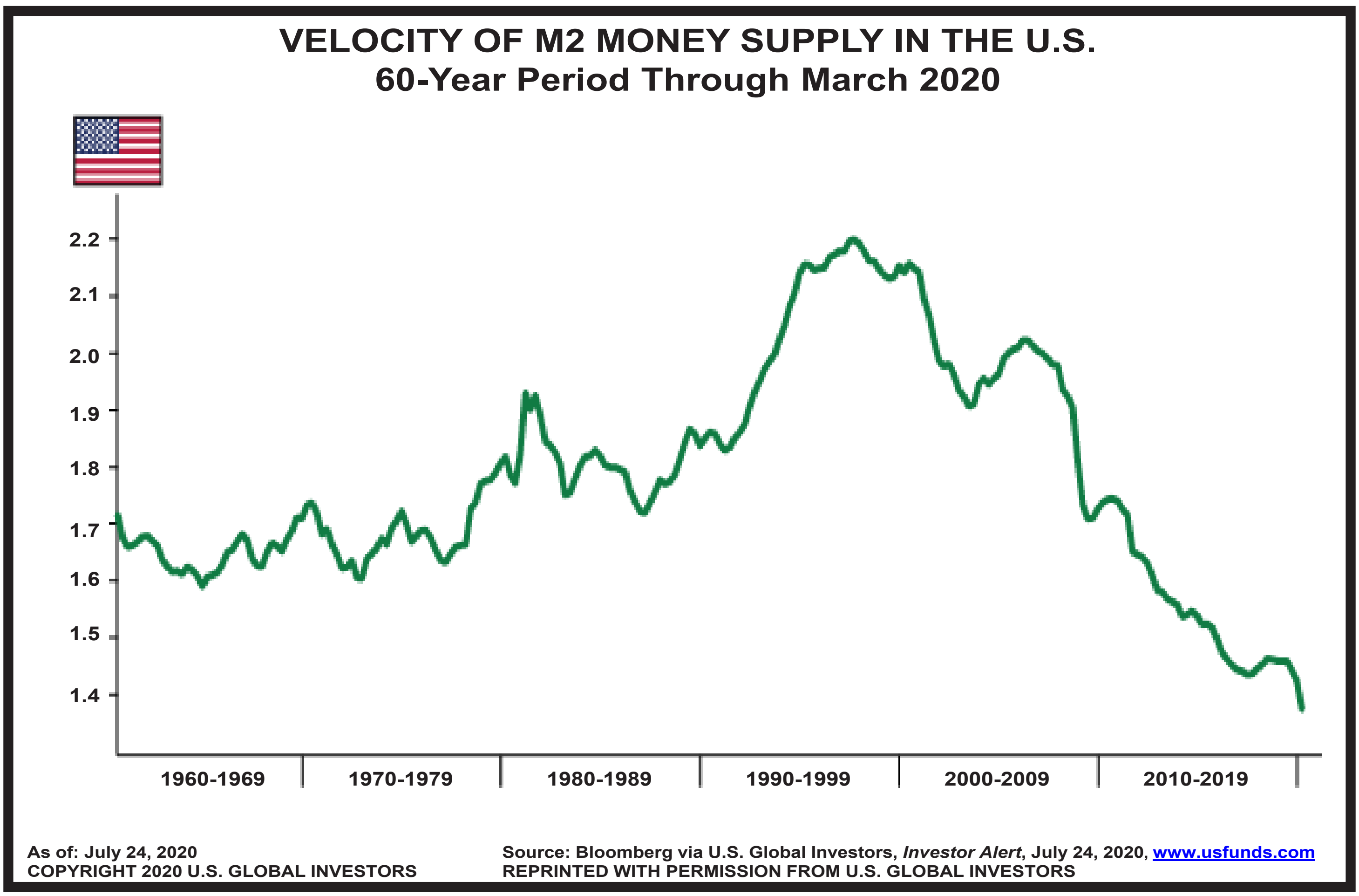
This coin crisis is about the velocity of money. In simple terms, money velocity measures the number of times a unit of currency changes hands in a given period of time. As an illustration, imagine spending $100.00 at a grocery store in a strip mall. That same $100.00 is then used by the grocery store to pay its lease. The landlord then uses it to pay its own creditors, and so on. When the velocity of money increases, it suggests greater economic activity. Money is being spent more freely and rapidly. Then it decreases, it foretells the opposite—that the economy is stagnating or deteriorating. People are simply not spending like they used to.

In the chart below is the velocity of M2 money supply, which includes not just cash, but also so-called "near money": savings deposits, money market securities, and the like. As one can see, it's at its lowest level in 60 years.

Should the coin hoarders be blamed for this decline? Hardly. Instead, the blame should be directed at the Federal Reserve (Fed), which has flooded the economy with easy money.

Record Money-Printing Has Been Rocket Fuel For The Price Of Gold:

Never before in its 244-year history has the U.S. economy been so saturated with money. In fact, there's too much of it. M2 money supply growth is at 24.0% year-over-year, the fastest growth rate ever.



Gold, *continued on page 6*

MUTUAL FUND TAXATION VERSUS EXCHANGE-TRADED FUND TAXATION

By Matthew J. Bartolini, CFA, Head of SPDR Americas Research

As Edited By Louis P. Stanasolovich, CFP®, CCO, CEO and President of Legend Financial Advisors, Inc.® and EmergingWealth Investment Management, Inc.®

Legend's Commentary: ETFs are becoming more of an investment tool used by investors especially professional investors such as financial advisors and hedge fund managers. ETFs offer several advantages over mutual funds. Listed below is a quick modified summary by Louis P. Stanasolovich of the two fund types as well as their pros and cons.

Based on the capital gains and dividend trends witnessed throughout the years—and which were exemplified in 2018—when it comes to tax efficiency, Exchange-Traded Funds (ETFs) offer greater value than mutual funds do. Given the persistency of the trend, a portfolio's structural on-going tax efficiency is worth considering ahead of capital gain announcements from fund companies this fall.

Mutual Funds:

When an investor buys mutual fund shares, cash then flows into the fund which the portfolio manager then invests in various securities. In return, the fund issues shares to the investor. When an investor decides to sell the mutual fund shares, the portfolio manager sells securities to raise the cash needed to meet the redemption request.

The key takeaway is that this cash dependency leads to tax inefficiencies, particularly when a mutual fund must meet large and/or unexpected redemptions. If the mutual fund sells underlying securities that have increased substantially in price, that capital gain is passed on to the investor.

Exchange-Traded Funds (ETFs):

The creation and redemption process for ETFs takes place in the primary market and is facilitated by what are called Authorized Participants (APs). APs are U.S.-Registered, self-clearing broker dealers who regulate the supply of ETF shares in the secondary market. APs buy the securities that an ETF holds and then transfer them to the ETF sponsor in return for shares of the actual ETF. Once the ETF shares are transferred to the AP, they can sell the ETF shares to investors on the secondary market. This is how ETF shares are created. The process also works in reverse: If an AP buys enough shares of the ETF, they can transfer the ETF shares to the sponsor in return for the underlying securities held in the ETF.

The key takeaway is that the creation/redemption process is centered on in-kind securities transfers between the AP and the ETF sponsor. In most cases, no cash is required to facilitate this transaction. In effect, this limits transactions within the ETF itself by the portfolio manager, drastically reducing the possibility of realizing a capital gain. This critical difference in fund structure makes the ETFs a more tax-efficient investment vehicle for investors with non-qualified assets to manage.

Investors can reduce income taxes from mutual funds by instead buying ultra-low-cost ETF strategies. Income tax-and fee-conscious investors who are unhappy with their current mutual fund strategy can consider rotating into a smart beta ETF strategy seeking to harness similar return premia or a low-cost ETF strategy that provides similar market exposure, each with the added potential benefit of lower costs and the probability of improved tax efficiency.

Source: Some of the information for this article was excerpted from "ETFs vs. Mutual Funds: Who Wins The Capital Gains Fight?", by Matthew J. Bartolini, CFA, Head of SPDR Americas Research, (SPDR Blog, October 1, 2019), www.spdr.com

Gold, continued from page 4

Obviously the U.S. economy isn't growing that quickly. It's simply impossible for much of this newly-issued money to be lent out to consumers. With interest rates so low, there's little financial incentive to do so. Primarily, it's just sitting in banks' excess reserves.

Another analogy is that it's similar to how coins may be sitting in people's couch cushions or in mason jars instead of being put into circulation.

For many people, this underlines the belief that fiat currencies (paper-based currencies) are effectively worthless due to not being linked to a hard asset—or, for that matter, anything of value—the Fed is free to print as much of it as it pleases, right out of thin air, regardless of there being a demand for it or not.

As anyone who's taken high school economics knows, when supply (money in this case) outpaces demand, the value of any asset plummets.

Famous Investors Dalio And Mobius Urge Investments In Gold:

"Cash is trash," says legendary Hedge Fund investor Ray Dalio, founder of Bridgewater Associates, the world's largest hedge fund firm, said back in January. "There's still a lot of money in cash."

Instead, Dalio stresses that investors have highly-diversified portfolios. These portfolios would include Gold and other hard assets that we can't just print more of (Please note Legend has been emphasizing Gold and Palladium since very early 2019.).

Dalio states that such metals would be both risk-reducing and return-enhancing to consider adding to one's portfolio. In July of 2019, Dalio revealed in an article that Gold would be among his top investments at Bridgewater.

Since he wrote the article, the price of Gold has climbed 35.0%. Now, for the first time since 2011, Gold, which is considered precious metal, has exceeded $1,950.00 per ounce. See "Spot Gold Back Above $1,900 An Ounce" chart above.

Famous emerging markets investor Mark Mobius urged viewers on Bloomberg TV on July 24, 2020 to buy Gold now and "continue to buy" as interest rates remain near zero and as COVID-19 continues to substantially slow mine output.

Research strategist at Deutsch Bank, Jim Reid, has described himself as a Gold bug recently, adding that he believes "fiat money will be a passing fad in the long-term history of money". Readers may consider Reid's position extreme, so ignore it or take it to heart. Everyone has their own opinion.

Source: Some of the information for this article was excerpted from "*I Believe Gold And Silver Are Just Getting Started*", by Frank Holmes, CEO and Chief Investment Officer, U.S. Global Investors, (Investor Alert, July 24, 2020), www.usfunds.com.

SPOT GOLD BACK ABOVE $1,900 AN OUNCE
20-Year Period Through July 24, 2020

As of: July 24, 2020
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Source: Bloomberg via U.S. Global Investors, *Investor Alert*, July 24, 2020, www.usfunds.com
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Debt, *continued from page 1*

There's more—Congress returned from its summer recess on Monday, July 20, 2020. The top priority on its agenda is to iron out an additional stimulus bill. As it stands today, additional spending appears to have bi-partisan support, though the details may take some time to come to fruition. The bottom line is more spending is probably coming, which will likely cause the U.S. to incur its largest deficit as a percent of Gross Domestic Product (GDP) since World War II.

The image below shows total U.S. federal debt as a percent of GDP over the years. Obviously, it keeps growing.

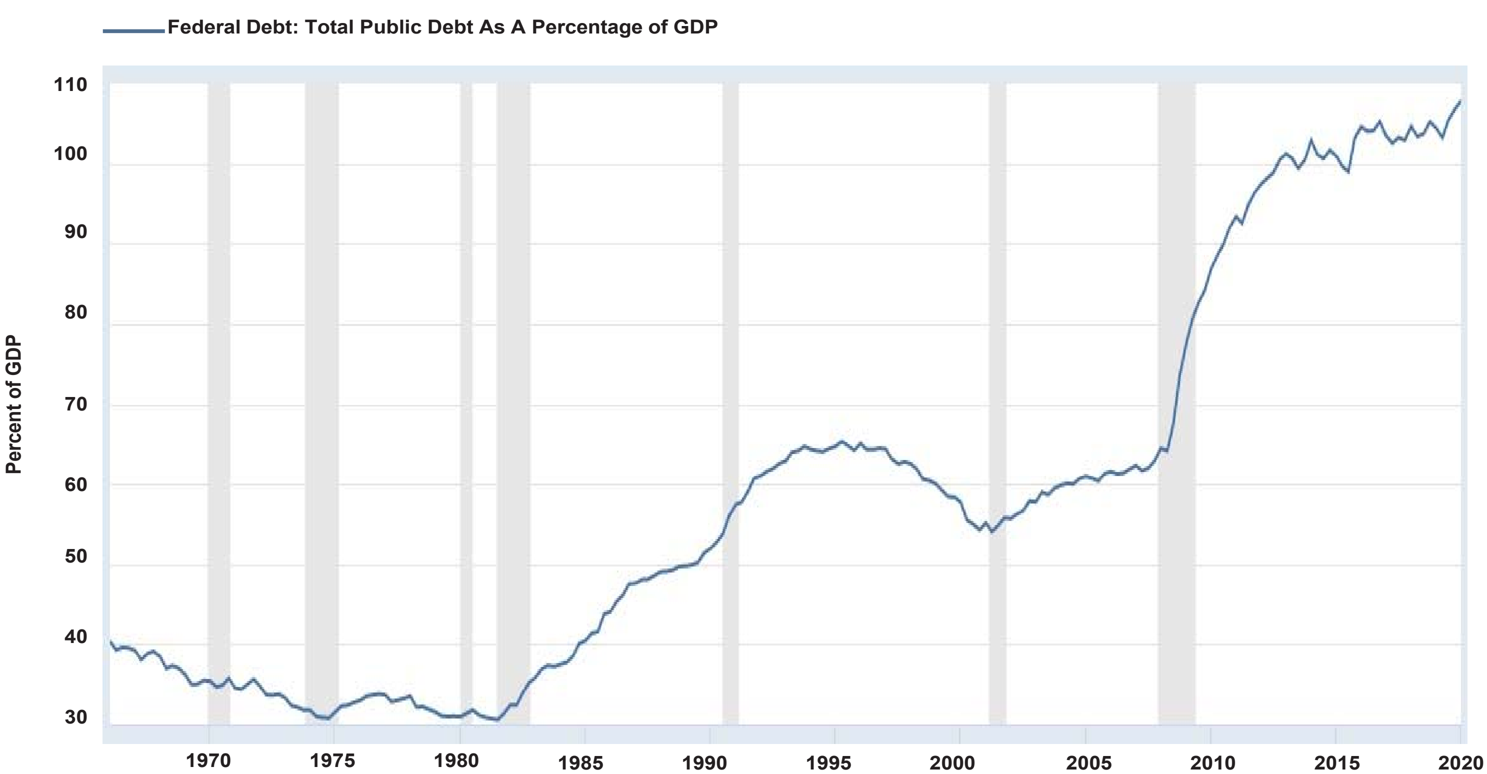
Many people have concerns about rising debt and the increase in spending.

When thinking about the United States' debt levels, it is critical not to think about debt or deficits in personal terms. The United States' economy could technically exist in perpetuity—growing over time, borrowing over time, paying off debt via tax revenues over time, growing more, borrowing more, paying off more debt, and on and on. For example, did you know the debt for the Spanish Armada has never paid for, but is still on Spain's books?

Borrowing money for the U.S. has basically never been cheaper. As of July 15, 2020, the yield on the 30-year U.S. Treasury Bond stands at 1.33%. For example: the reader could buy a house with a 30-year mortgage rate at 1.33%, would they borrow the money and buy it? Most likely!

The United States can currently go out into the debt markets and borrow money at next to nothing, using tax receipts from the U.S.'s $20 trillion economy to make the interest payments. According to the U.S. Treasury, net interest costs—which represent the cost of borrowing money—fell 11.0% in the first nine months of the fiscal year.[2] The U.S. has never missed an interest payment, and probably never will.

ON THE RISE: FEDERAL DEBT AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT (GDP)



Shading Indicates U.S. Recessions; The Most Recent One Is Ongoing.

As of: July 25, 2020

Source: Federal Reserve Bank of St. Louis via Zacks Investment Management, *Mitch on the Markets*, July 25, 2020, www.zacks.com

Debt, *continued on page 8*

Debt, *continued from page 7*

Bottom Line For Investors:

The key takeaway is not to think about the U.S.'s absolute level of debt, but to consider the U.S.'s ability to continue making interest payments on its debt over time.

In a debt crisis, investors typically would worry about a country's ability to make interest payments and repay debt, which would push interest rates higher—not lower. Remember Greece in the years following the 2008 financial crisis, when bond yields soared and the country could not sell bonds in the debt markets. The European Central Bank had to step in to buy Greek debt and backstop outstanding debt, and eventually Greece was able to re-enter the debt markets.

The United States does not have this problem today. As the most diverse and wealthiest economy in the world, it's clear that global investors not only want the U.S.'s debt, but covet it. In spite of all of the world's and the U.S.'s current problems, U.S. Treasury bonds are still considered among the safest investments in the world. This notion may puzzle many investors given the political/economic climate. Don't believe it? Just look at current interest rates for the U.S.

Footnotes:

[1] The Wall Street Journal, July 13, 2020
[2] U.S. Department of the Treasury, July 20, 2020

Source: Some of the information for this article was excerpted from "Has U.S. Debt And Deficit Spending Spun Out Of Control?", by Mitch Zacks, Senior Portfolio Manager, Zacks Investment Management, (*Mitch on the Markets*, July 25, 2020), www.zacks.com.

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U.S. NATIONAL DEBT CLOCK

The Outstanding Public Debt as of July 31, 2020 at 2:29 PM Eastern Standard Time (ET):

$26,585,134,607

The estimated population of the United States is 329,979,706

so each citizen's share of the debt is $80,565.96

Source: https://www.usdebtclock.org/

FED WATCH

INTEREST RATES AS OF JUNE 25, 2020

Fed Funds Rate Range:	**0 – 0.25%**
Fed Discount Rate:	**0.25%**

2020 UPCOMING FED MEETING SCHEDULE

July 28-29	**November 4-5**
September 15-16	**December 15-16**

Source: Bloomberg Investment Services

PULSE

Fixed Income, *continued from page 1*

As a result, potential appreciation of most Treasury bonds is marginal, especially since the Federal Reserve Board (Fed) Chairman, Jerome Powell stated the U.S. Government securities will not go below 0.0%.

Most investors do not understand the repercussions of such a return outlook?

Traditional Portfolio Management:

Many individual portfolios have allocations to stocks and bonds. For some investors, the ratio of stocks to bonds never changes. For others, it vacillates based on risk preferences and market conditions. In any case, for investment advisors, pension funds and endowments, a required allocation to bonds is both an instinctive response and a legal requirement.

Bonds play an important role in portfolio management because historically they have offset the risk exposure of equity markets. In the prior two bear markets, diversification using bonds proved very useful.

Going back to what most describe above as a balanced portfolio, investors benefited greatly during bear markets from the allocation to bonds in a simple 60.0% equity /40.0% bond portfolio strategy. For purposes of simplicity, in this example, the full 40.0% allocation of bonds was in 10-year U.S. Treasuries. In most cases, investors would use other high-quality fixed income categories such as mortgages and investment-grade corporates as well as a range of various maturities such as 2-year, 5-year, and 10-years.

The following analysis shows how allocations to bonds helped limit downside in the last two equity bear markets.

- From September 2007 through March 2009, a simple 60.0% equity /40.0% bond portfolio [S&P 500/7-10 Yr. United States Treasury Securities (UST)] portfolio returned -23.92%. An all-stock portfolio returned -45.76%. The 40% allocation to bonds reduced losses by 21.84%.
- From January 2000 through September 2002, a simple 60/40 [S&P 500/7-10 Yr. United States Treasuries (UST)] portfolio returned –16.41%. An all-stock portfolio would have returned -42.46%. The 40% allocation to bonds reduced losses by 26.05%.

Yields On U.S. Treasury Securities
As Of: July 30, 2020

2-Year	5-Year	10-Year	30-Year
0.11%	0.23%	0.55%	1.20%

Heading into the two bear markets mentioned above, the 12-month average yield on ten-year U.S. Treasury bonds was 6.66% in 2000 and 4.52% in late 2007. At their lows, the yields fell to 3.87% and 2.43% for 2002 and 2008, respectively."

A cursory glance at current yields highlights that those benefits are no longer available.

Floored Yields:

Back to our lead graph. Holding U.S. Treasury securities maturing in 10 years or less is likely to provide no price appreciation if yields fall to their record lows. If that's the case, and given such low yields, those bonds are essentially cash surrogates with outsized risks.

The question for those bondholders is, "Why hold such bonds?" Given their yields are not much above cash yields, they must believe rates can drop to new records. If they did not think that, why not just hold cash?

There are likely two factors that would lead to lower rates for the full maturity spectrum of

Treasury Yields:

1. Deflation kicks in, boosting real yields, which entices investors to buy bonds.

2. The Fed shows intent to reduce Fed funds into negative territory.

Deflation?:

Currently, inflation expectations are less than prior-year levels but are ticking up gradually and still well above zero. It is reasonable that expectations will fall if the recovery proves elusive.

To the contrary, the Fed seems more than willing to push unlimited amounts of monetary stimulus until inflation is running hot. That potentially raises other problems.

Fixed Income, *continued on page 11*

Fixed Income, *continued from page 10*

Negative Interest Rates?:

Most Fed spokespeople, including Jerome Powell, have come out against negative rates. They seem to have noticed that the policy has damaged European and Japanese banks. The banks own the Fed, and therefore it's reasonable to assume they will not repeat the mistakes by the other central banks.

"There's no clear finding that it (negative rates) actually does support economic activity on net, and it introduces distortions into the financial system, which I think offset that," Powell said. "There're plenty of people who think negative interest rates are a good policy. But we don't really think so at the Federal Reserve." -Jerome Powell on 60 Minutes 5/18/2020

It may be prudent to not rule out negative rates, and believe QE is the Fed's preferred option.

Hedging With Bonds:

While the inflation outlook and the Fed's perspective can change, it appears yields may be at a floor. Based on the table, 30-year Treasury bonds can provide a 10.0% return if they decline to record low yields. Every other maturity, assuming the floor holds, will deliver cash-like returns in a best-case scenario.

Whether they know it or not, balanced portfolio managers are in quite a quandary. Will they consider Treasury notes with meager yields and little upside an equity hedge? Are they willing to hold higher duration price-sensitive bonds with limited upside as a hedge?

The benefits of hedging with bonds have certainly changed from years past. It is unlikely that a 40.0% allocation of bonds can provide 20.0-25.0% downside protection, as was the case in the prior two recessions.

FIVE-YEAR BREAKEVEN INFLATION RATE

As of: June 29, 2020
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Source: Advisor Perspectives, *The 60/40 Allocation Is Broken*, June 29, 2020, www.advisorperspectives.com
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Other Bond Asset Classes:

Investment-grade corporate bonds and mortgage-backed securities may also offset equity exposure. The benefit versus Treasury securities is they provide a little higher yield. The cost for the higher yield are additional risks. Credit spreads on such instruments have a habit of rising at the most inopportune times.

The Fed is actively buying those sectors and not allowing risk to be priced correctly. Accordingly, those risks are minimal for now. However, the risk is higher (less liquidity) for individual securities versus funds and ETFs representing those sectors.

Corporate and mortgage bonds offer some additional upside if their respective spreads return to their record lows. For reasons described above, that incremental benefit is limited.

Seeking Balance:

If "balanced" portfolios are no longer balanced, what is a manager to do?

For starters, they can look for alternative securities such as commodities, precious metals, preferred stocks, and convertible bonds. Those assets and a host of others are not as liquid, but offer diversification benefits.

Fixed Income, *continued on page 12*

Fixed Income, continued from page 11

Equally difficult for most portfolio managers, they can hedge equities with equities. This strategy may include options, short positions, and volatility strategies.

They may also tactically position equities by reducing or adding equity exposure to manage risks.

Further, portfolio managers can actively rotate between companies and sectors to navigate their exposure.

The market is not providing the balance it used to, and investors will have to compensate in other ways. The sooner they figure this out, the better prepared they will be.

Summary:

The new interest rate environment poses significant problems for passive, balanced investors. Gone are the days when those portfolios self-balance during drawdowns and perform admirably in upturns. They need to adopt new tools and change in ways to which they are not accustomed.

The traditional balanced portfolio management box is broken, so investors better quickly start thinking outside of it.

Most portfolio managers, who may be accustomed to the ease of 60-40 investing model of yesteryear, may not recognize the emergence of this problem.

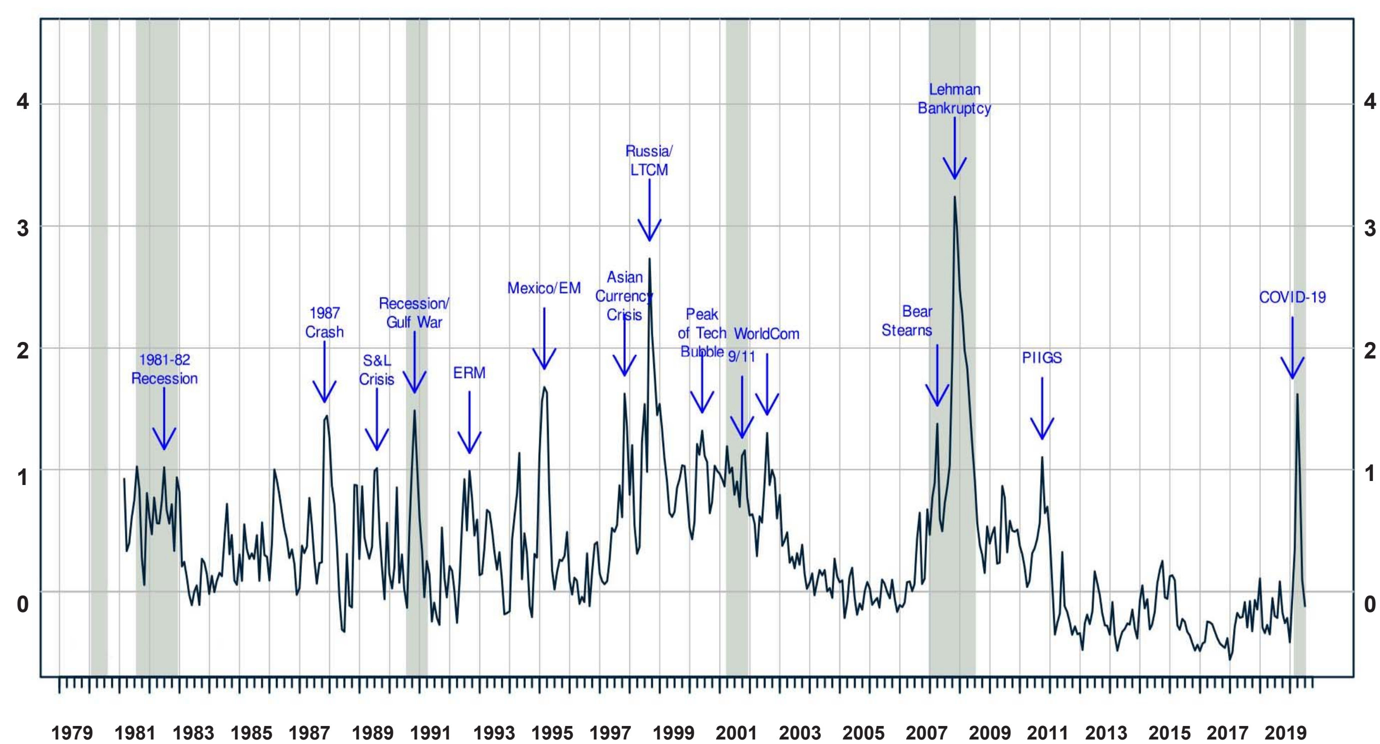
Source: Some of the information for this article was excerpted from "The 60/40 Allocation Is Broken", by Michael Lebowitz founding partner of 720 Global and partner with Real Investment Advice, (*Advisor Perspectives*, June 29, 2020), www.advisorperspectives.com

PULSE

MONTHLY RISK AVERSION INDEX (RAI)

RISK INDEX FALLS

Note: The Risk Aversion Index combines ten market-based measures including various credit and swap spreads, implied volatility, currency movements, commodity prices and relative returns among various high- and low-risk assets.



As of: July 8, 2020
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Source: The Leuthold Group, LLC, *Perception Express*, July 8, 2020, http://leuth.us/macro-monitor
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2020, continued from page 1

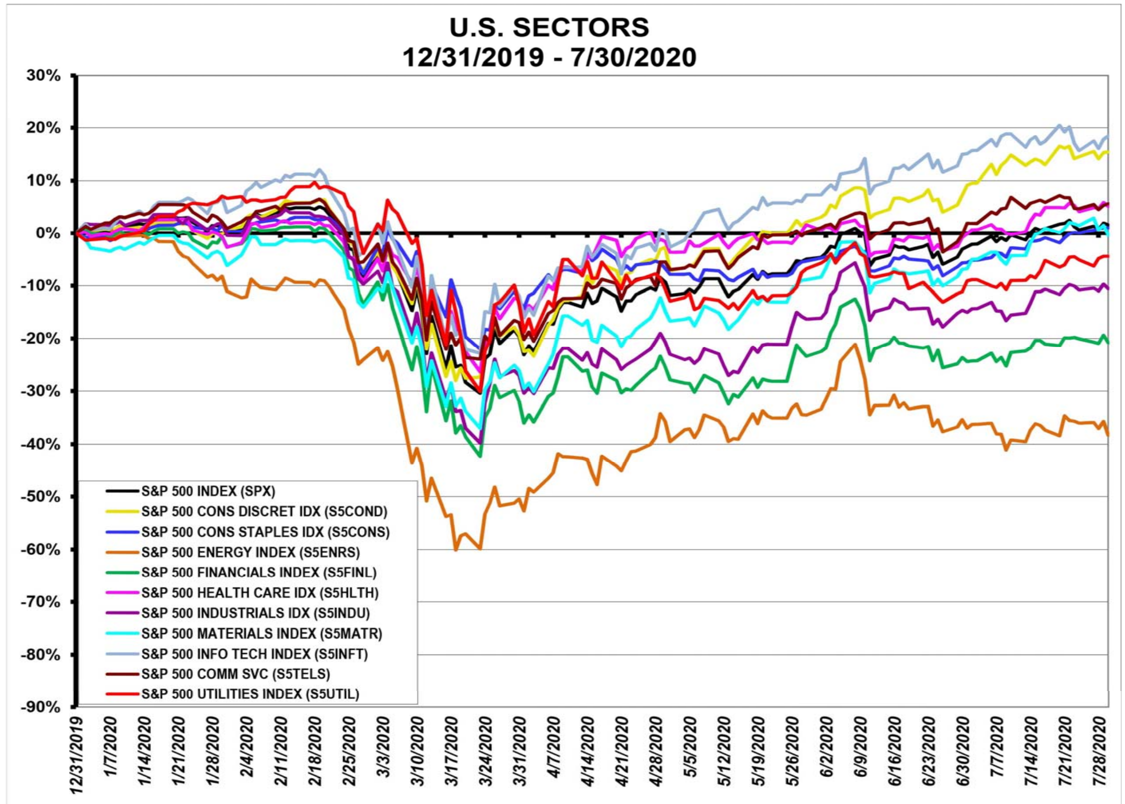
The S&P 500 is essentially breakeven and every other index is negative although none have lost more than 20.0% at this time.

As for the Sectors Chart, Tech and Consumer Discretionary (Mostly Retailing) have been the winners, up 15.0% to 17.0% Year-To-Date. A few major sectors are slightly above even.

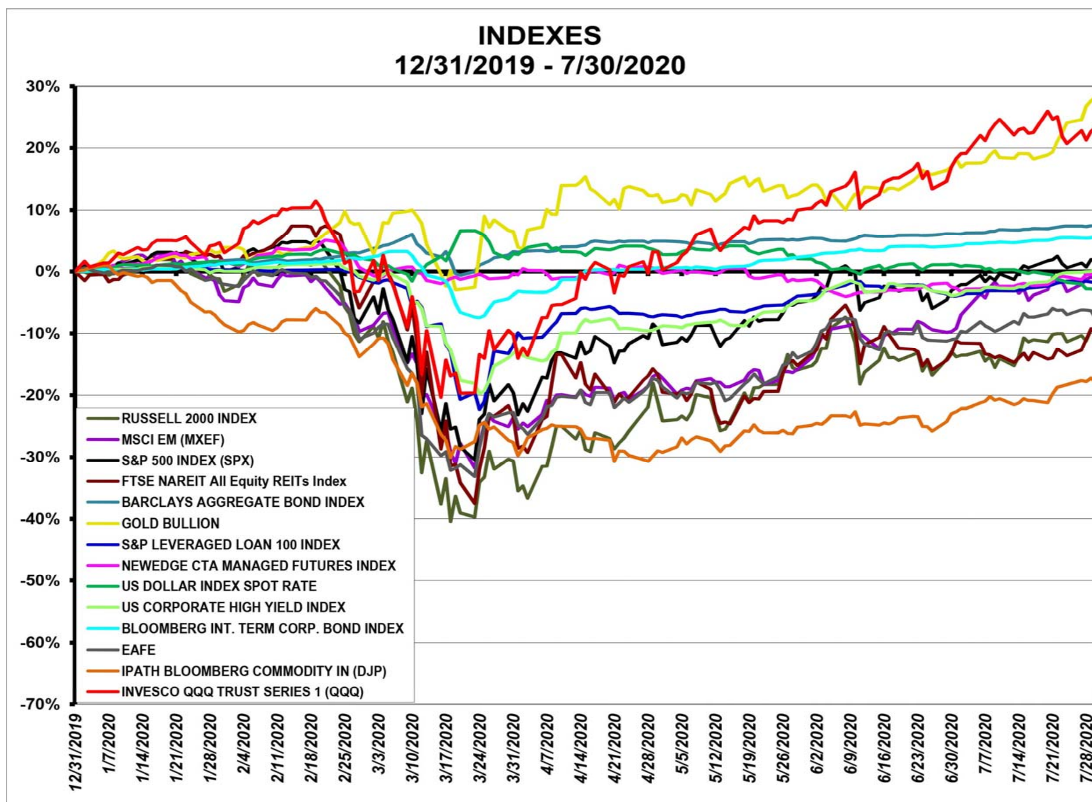
Others like Energy and Financials have losses exceeding 20.0%.

Most Sectors of the losers don't require a lot of thought as to why they have turned in negative performance. In addition, these sectors typically turn in poor performances in any kind of economic downturn.

We believe that the markets will continue to favor gold, technology, consumer discretionary and health care sectors as they have typically done in past downturns. The rest will continue to struggle until the economy emerges into an extended period of growth.



Source: Bloomberg Investment Services



Source: Bloomberg Investment Services

SECULAR BEAR MARKET WATCH

April 1, 2000 to June 30, 2020
(20 years and 3 month)

	Annual Compound Return	Total Return
Consumer Price Index (Inflation)	2.04%	50.58%
90-Day Treasury Bills Index-Total Return	1.54%	36.35%
Bloomberg Intermediate Term Corporate Bond Index	5.52%	197.31%
Barclays Aggregate Bond Index-Total Return	5.16%	177.12%
High Yield Corporate Bond Index – Total Return	8.63%	435.35%
S&P Leveraged Loan Index – Total Return	4.52%	144.74%
S&P 500 Index (U.S. Stock Market)	5.69%	206.99%
Russell 2000 Index (Small-Caps)	6.37%	249.70%
MSCI EAFE Index (Developed Foreign Equities)	3.23%	90.35%
MSCI Emerging Market Index (Equities)	6.23%	240.45%
Newedge CTA Index (Managed Futures)	3.93%	118.42%
HFRX Global Hedge Fund Index	2.24%	56.80%
Dow Jones–UBS Commodity Index-Total Return (USD)**	-2.03%	-34.05%
Dow Jones U.S. Real Estate Index-Total Return (USD)**	9.66%	548.07%
Gold Bullion	9.65%	546.73%

As of: June 30, 2020

Compound and Total Returns include reinvested dividends. MSCI Indexes do not include dividends prior to 2002. Newedge Index is equally-weighted.

** USD = U.S. Dollar

Source: Bloomberg Investment Service

Note: During Secular Bear markets U.S. Stocks have historically returned a little more than inflation or a little less than inflation—plus or minus 1.50%—and generally last between 15 to 25 years. The last Secular Bear market (1966 to 1982) lasted 17 years and underperformed inflation by approximately one-half of one percent per year. The other Secular Bear markets since 1900 were 1901 to 1920 and 1929 to 1949. In both cases, the U.S. Stock market outperformed inflation by approximately 1.50% per year. All of the aforementioned performance numbers are pre-tax.

The performance of the U.S. Stock market so far in the current period (April 1, 2000 to the present) certainly appears to indicate that we are in a Secular Bear market. Long-term returns (over the next 10 years) for the S&P 500 will probably be slightly worse than the last 20 years and 3 months. Current 10 year normalized P/Es (long-term valuations) indicate approximate annual compound returns of slightly less than 3.00% over the next 10 years. Of course during the next 10 years, returns during various periods will be significantly higher and lower than the expected return. For example, the more the stock market rises in the near term, the less returns after that period will be and vice versa.

2020 YEAR-TO-DATE PERFORMANCE

January 1, 2020 to June 30, 2020
(6 months)

	2020 Year-To-Date Return
Consumer Price Index (Inflation)	0.32%
90-Day Treasury Bills Index-Total Return	0.31%
Bloomberg Intermediate Term Corporate Bond Index	4.23%
Barclays Aggregate Bond Index-Total Return	6.14%
High Yield Corporate Bond Index – Total Return	1.78%
S&P Leveraged Loan Index – Total Return	-4.61%
S&P 500 Index (U.S. Stock Market)	-3.09%
Russell 2000 Index (U.S. Small-Caps)	-12.99%
MSCI EAFE Index (Developed Foreign Equities)	-11.03%
MSCI Emerging Market Index (Equities)	-9.70%
Newedge CTA Index (Managed Futures)	-2.68%
HFRX Global Hedge Fund Index	-1.09%
Dow Jones–UBS Commodity Index-Total Return (USD)**	-19.67%
Dow Jones U.S. Real Estate Index-Total Return (USD)**	-13.87%
Gold Bullion	18.21%

As of: June 30, 2020

Compound and Total Returns include reinvested dividends. Newedge Index is equally-weighted.
** USD = U.S. Dollar
Source: Bloomberg Investment Service

LEGEND FINANCIAL ADVISORS, INC.® & EMERGINGWEALTH INVESTMENT MANAGEMENT, INC.'S® INVESTMENT MANAGEMENT SERVICES

Legend Financial Advisors, Inc.® (Legend) and EmergingWealth Investment Management, Inc.® (EmergingWealth) offer Personalized Investment Management Services to individuals and institutions. Investment portfolios are developed to match the client's return and risk requirements, which are determined by the clients' completion of a Risk Comfort Zone Questionnaire, with the guidance of a Legend Wealth Advisor or EmergingWealth Advisor, respectively. Each type of investment portfolio is managed to achieve the short, intermediate and long-term investment objectives of the client, as may be applicable.

INVESTMENT PROCESS

Investment Portfolios:

Unlike most financial advisory firms that offer one style of investment or portfolio type, we offer a wide array of investment portfolios that usually fit with the large majority of client needs. If necessary, we will create customized solutions as well. For the types of investment portfolios, please see our Investment Portfolios, Potential Return and Risk Spectrum Chart on the next page. For a detailed description of our portfolios, please contact Louis P. Stanasolovich, CFP®, founder, CEO and President of both firms for a confidential discussion at (412) 635-9210 or e-mail us at legend@legend-financial.com.

Investment Research:

Our Investment Committee performs extensive research to identify opportunities, mitigate risks and structure investment portfolios. Emphasis is placed on developing portfolios that maximize the potential return relative to the amount of risk taken.

In-depth due diligence including face-to-face interviews in many instances with portfolio managers for open-end mutual funds is performed on each investment we select for a portfolio. Factors (both from a qualitative and quantitative standpoint) that we conduct a thorough analysis of each investment include, but is not limited to, liquidity (including the primary investment and/or the underlying investments, if utilizing pass through vehicles such as open-end mutual funds or exchange-traded products), income taxation, all related costs, return potential, drawdown potential (historical declines from peak-to-trough), volatility and management issues (Anything having to do with the management team of a stock, open-end mutual fund or an exchange-traded product.).

All portfolios for EmergingWealth are subadvised by Legend.

Client Education:

Education is very important to us. We are dedicated to educating each client about the different investment portfolio types and how they relate to market volatility, time horizons, and investment returns. It is our goal to ensure that the client understands and agrees with our investment philosophy. Furthermore, we assist each client in selecting a risk tolerance level with which they are comfortable. Ultimately, an investment portfolio is designed to meet the client's objectives.

PERFORMANCE REPORTING

Many investment firms only offer monthly brokerage statements, which provide minimal information; typically only account and investment balances. We, on the other hand, provide detailed quarterly reports that outline performance, income and management fees (among other items) in a simple, easy-to-read report. In addition, each performance report is sent with an extensive index page that illustrates the investment environment during the reporting period.

FEES

To find out more about the fees for either Legend or EmergingWealth's Investment Management services, please contact Louis P. Stanasolovich, CFP®, founder, CEO and President of both firms for a confidential discussion at (412) 635-9210 or e-mail us at legend@legend-financial.com.