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THE GLOBAL INVESTMENT PULSE

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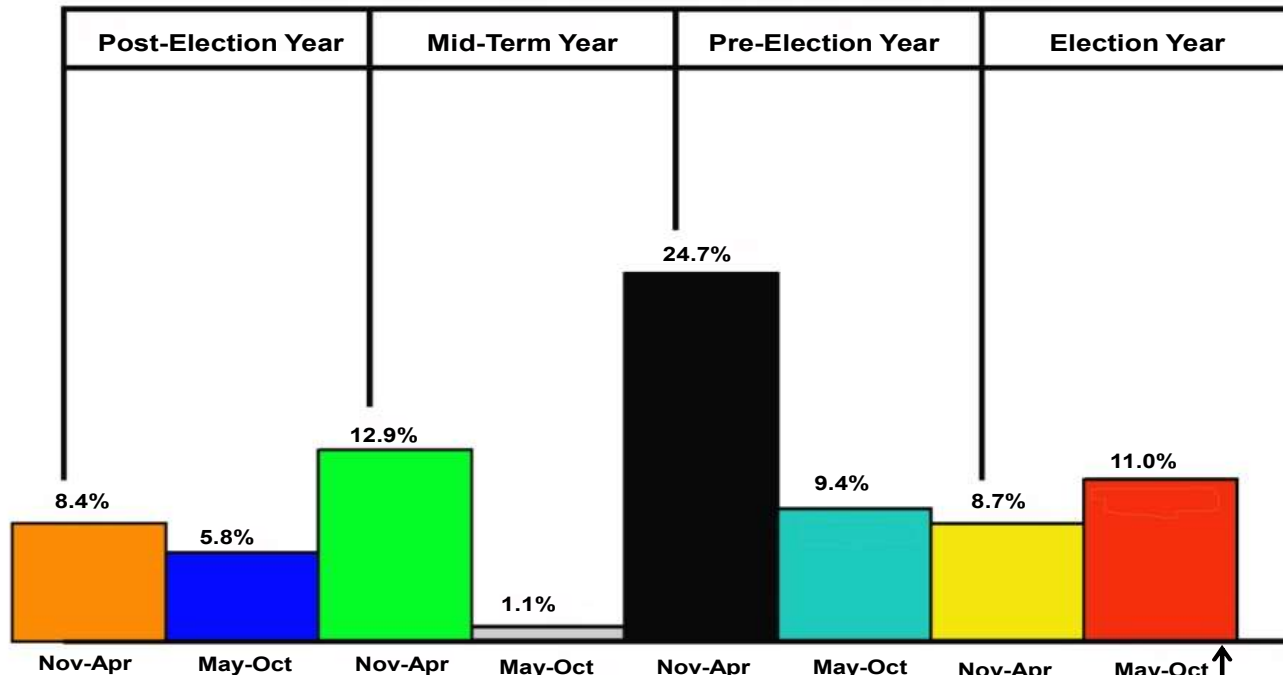
ELECTION EDITION

THE PRESIDENTIAL ELECTION CYCLE

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

It is really important to understand the S&P 500 and its performance. In this chart, as the reader can see, these are the S&P 500's results during the Presidential terms, which essentially runs from November 1st to April 30th (First Half), then May 1st to October 31st (Second Half). In most of these cases, the second half of that first year is lower than that second half of the fourth year. **Election Cycle, continued on page 13**

S&P 500'S (U.S. LARGE STOCK'S) ANNUAL & PRESIDENTIAL CYCLES COMBINED: ANNUALIZED TOTAL RETURNS, 1926 TO DATE



We are here ↑

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LOUIS P. STANASOLOVICH, CFP®, EDITOR

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.



WHAT IS THE ELECTORAL COLLEGE?

The United States Electoral College Is A Name Used To Describe The Official 538 Presidential Electors Who Come Together Every Four Years During The Presidential Election To Give Their Official Votes For President And Vice President Of The United States.

Each State Is Allocated Electors Equal To Its Number Of Representatives In The U.S. House Of Representatives (Currently A Total Of 435) Plus Its Two Senators (A Total Of 100). The District Of Columbia Is Also Allocated Three Electors.

In Reality, When You Cast Your Vote For President Of The United States You Are Directing Other People (Electors) To Vote For The Candidate Who Receives The Most Votes In Their State.

WHY DOES THIS PROCESS EXIST?

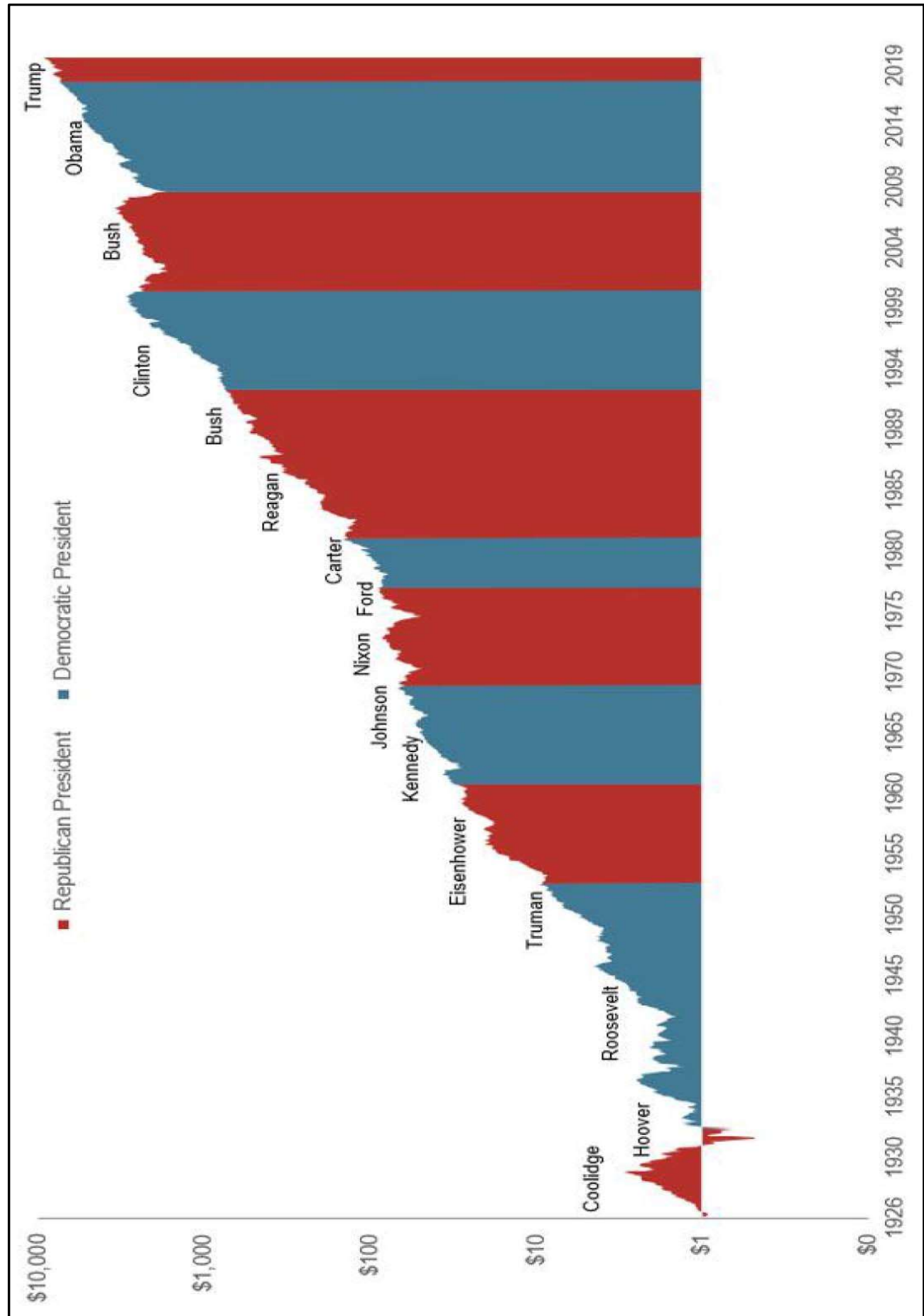
The Framers Of The Constitution Established The Electoral College In The Constitution To Forge A Compromise Between Those Who Wanted The President To Be Elected By Members Of Congress And Those Who Wanted A President Elected By A Popular Vote.

INTERESTING FACTS ABOUT THE ELECTORAL COLLEGE

1. There Are Two States That Don't Have A Winner-take-all Policy. Maine And Nebraska
2. Nine Times Since 1900 At Least One Elector Voted For Someone Other Than The Candidate They Promised To Support
3. In 2016 Seven Electors Voted Contrary To Their State's Popular Vote For President, The Most Since 1972. (Electors Generally Vote According To Their State's Popular Vote.
4. A President Has Been Elected By Winning The Electoral College Vote But Not The Popular Vote Five Times, 1824, 1876, 1888, 2000 And 2016.
5. Two Presidential Elections Have Been Decided In The House Of Representatives (This Chamber Of Congress Elects The President If No Candidate Wins A Majority Of Electoral Votes.) In 1800 And 1824

Source: Legend Financial Advisors, Inc.®

GROWTH OF A DOLLAR INVESTED IN THE S&P 500: JANUARY 1926-DECEMBER 2019

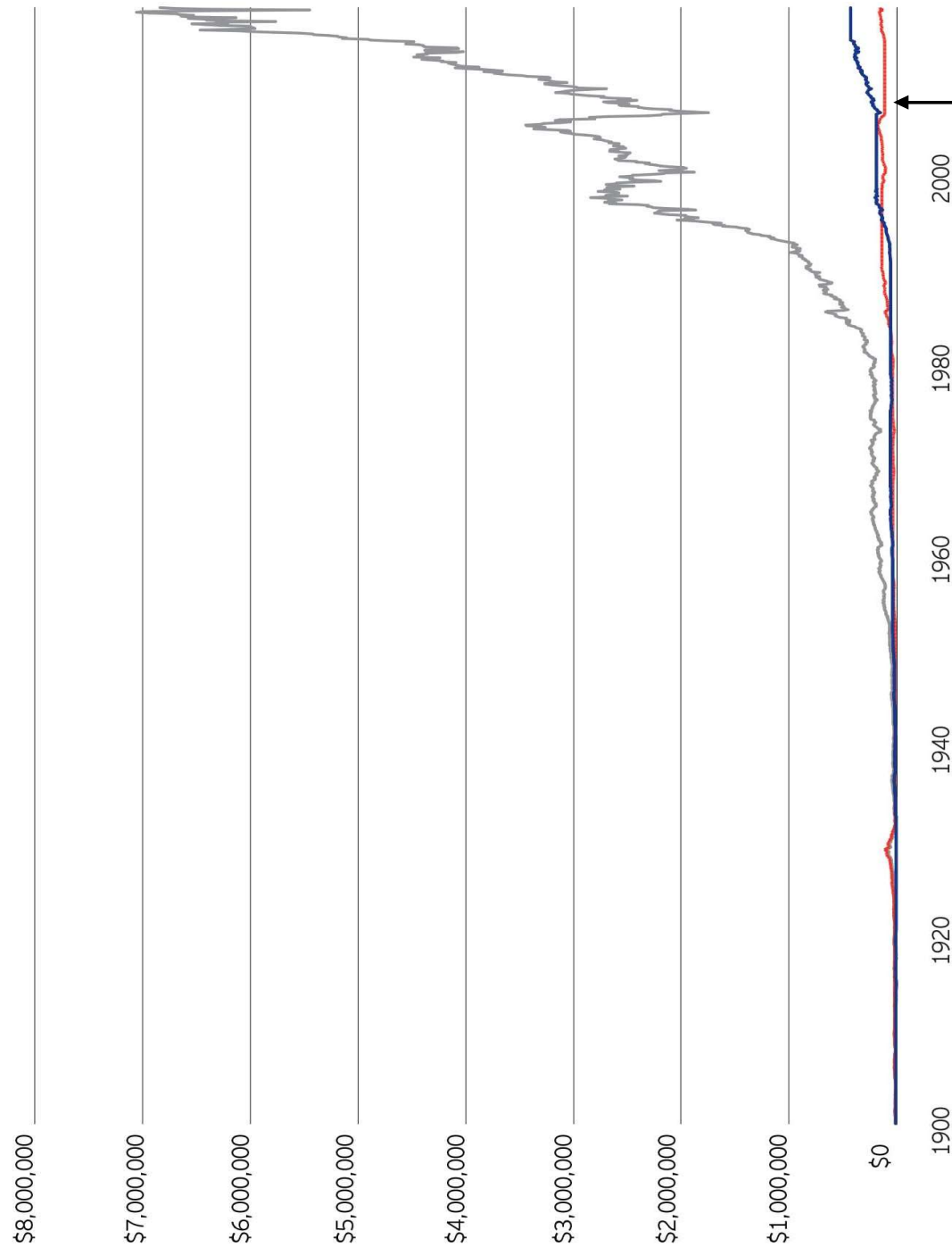


Source: Dimensional Fund Advisors

INVESTORS ARE BETTER OFF STAYING FULLY INVESTED

Growth of \$10,000 in the Dow Jones Industrial Average since 1896

■ Fully Invested ■ Only Invested when Republicans in Office ■ Only Invested when Democrats in Office



Partisan portfolios were almost equal up until the 2008 financial crisis

Source: Haver, Invesco
www.invesco.com

- The best-performing portfolio over the past 120 years was one that stayed fully invested through both Democratic and Republican administrations.
- “Partisan” portfolios – which would invest only when a Democrat or a Republican was in office – underperformed, by millions of dollars, the “bipartisan” portfolio that stayed invested regardless of who was in power.
- The difference is a result, in part, of the fact that the U.S. stock market rose consistently over the past 120 years, even while enduring two world wars and two major financial crises (the Great Depression and the global financial crisis of 2008-2009)
- The more time investors spent participating in markets, the better they did financially.

2020 OFFICES UP FOR ELECTION

I. President (Four Year Term)

II. Senate (Six Year Term)

A. 2020 Senatorial Class – 35 Seats Up For Election

1. Current Situation (100 Elected Senators)

- a. Republicans 53**
- b. Democrats 45**
- c. Independent 2**

2. Up For Election (35 Senators)

- a. Republicans 23**
- b. Democrats 12**

OFFICES UP FOR ELECTION (Continued)

III. House Of Representatives (Two Year Terms)

A. 2020 – 435 Congressional Districts

Will Hold Elections – 218 Seats Needed For Control

1. Locals

- a. All 50 States**
- b. The District Of Columbia**
- c. The Inhabited Territories (5)**

2. Current Situation

- a. 197 Republicans**
- b. 232 Democrats**
- c. 1 Independent**
- d. 5 Vacancies**

Source: Legend Financial Advisors, Inc.®

OFFICES UP FOR ELECTION (Continued)

IV. Other Election Facts

A. Election Day – Tuesday, November 3, 2020

B. Inauguration Day – Wednesday, January 20, 2021

OTHER FACTS

One Political Party Has Controlled The White House, The Senate And The House In 22 Of The Last 64 Years, 1957 To 2020.

Democrats Controlled The White House (Obama), The Senate (58 – 40 – 2) And The House (257 – 178) In 2010 - 2012.

Republicans (Trump) Controlled All Three Entities. The Senate (53 – 45 – 2) And The House (241 – 194) In 2016 – 2018.

Source: Legend Financial Advisors, Inc.®

S&P 500 HISTORICAL ANNUAL RETURNS

Year Before Presidential Elections

	Annual Total Returns	President	Congress
2019	31.5%	Trump	SPLIT
2015	1.4%	Obama	
2011	2.1%	Obama	SPLIT
2007	5.5%	G.W. Bush	
2003	28.7%	G.W. Bush	
1999	21.0%	Clinton	
1995	37.6%	Clinton	
1991	30.5%	G.H. Bush	
1987	5.3%	Reagan	
1983	22.6%	Reagan	SPLIT
1979	18.6%	Carter	
1975	37.2%	Ford	
1971	14.3%	Nixon	
1967	24.0%	Johnson	
1963	22.8%	JFK/Johnson	
1959	12.0%	Eisenhower	
1955	31.6%	Eisenhower	
1951	24.0%	Truman	
Average	20.6%	9-R	4-R
Positive Years	100%	8-D	11-D 3-S

Year of Presidential Election

	Annual Total Returns	President	Congress
2020		Trump	SPLIT
2016	12.0%	Obama	
2012	16.0%	Obama	SPLIT
2008	-37.0%	G.W. Bush	
2004	10.9%	G.W. Bush	
2000	-9.1%	Clinton	
1996	23.0%	Clinton	
1992	7.6%	G.H. Bush	
1988	16.6%	Reagan	
1984	6.3%	Reagan	SPLIT
1980	32.5%	Carter	
1976	23.9%	Ford	
1972	19.0%	Nixon	
1968	11.1%	Johnson	
1964	16.5%	Johnson	
1960	0.5%	Eisenhower	
1956	6.6%	Eisenhower	
1952	18.4%	Truman	
Average	10.3%	9-R	4-R
Positive Years	88.2%	8-D	11-D 3-S

1st Year After Presidential Election

	Annual Total Returns	President	Congress
2021			
2017	21.8%	Trump	
2013	32.4%	Obama	SPLIT
2009	26.5%	Obama	
2005	4.9%	G.W. Bush	
2001	-11.9%	G.W. Bush	
1997	33.4%	Clinton	
1993	10.1%	Clinton	
1989	31.7%	G.H. Bush	
1985	31.7%	Reagan	SPLIT
1981	-4.9%	Reagan	SPLIT
1977	-7.2%	Carter	
1973	-14.7%	Nixon	
1969	-8.5%	Nixon	
1965	12.5%	Johnson	
1961	26.9%	JFK	
1957	-10.8%	Eisenhower	
1953	-1.0%	Eisenhower	
Average	10.2%	10-R	5-R
Positive Years	58.8%	7-D	9-D 3-S

2nd Year After Presidential Election

	Annual Total Returns	President	Congress
2022			
2018	-4.4%	Trump	
2014	13.7%	Obama	SPLIT
2010	15.1%	Obama	
2006	15.8%	G.W. Bush	
2002	-22.1%	G.W. Bush	
1998	28.6%	Clinton	
1994	1.3%	Clinton	
1990	-3.1%	G.H. Bush	
1986	18.7%	Reagan	SPLIT
1982	21.6%	Reagan	SPLIT
1978	6.6%	Carter	
1974	-26.5%	Nixon/Ford	
1970	4.0%	Nixon	
1966	-10.1%	Johnson	
1962	-8.7%	JFK	
1958	43.4%	Eisenhower	
1954	52.6%	Eisenhower	
Average	8.6%	10-R	5-R
Positive Years	64.7%	7-D	9-D 3-S

Average Return Under Republican Presidents 10.6%

Average Return Under Democratic Presidents 15.1%

S&P 500 INDEX ANNUAL PERCENT CHANGE BY PRESIDENT

<u>President</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
Grant					-12.8	2.7	-3.7	-18.1
Hayes	-9.2	6.2	42.6	18.7				
Garfield	2.9	-2.8	-8.6	-18.7				
Cleveland	19.8	8.5	-6.6	-2.5				
Harrison	3.5	-13.5	17.6	1.8				
Cleveland	-20.0	-2.5	0.5	-2.3				
McKinley*	12.6	18.9	6.5	14.1	15.7			
Roosevelt, T.		1.3	-18.4	25.6	15.6	3.1	-33.2	37.4
Taft	14.1	-12.1	0.7	3.0				
Wilson	-14.3	-8.6	29.0	3.4	-30.6	16.2	14.0	-24.5
Harding*	7.4	20.9	-1.5	18.7				
Coolidge	21.9	5.7	30.9	37.9				
Hoover	-11.9	-28.5	-47.1	-15.1				
Roosevelt, F.	46.6	-5.9	41.4	27.9	-38.6	25.2	-5.5	-15.3
Roosevelt, F.**					-17.9	12.4	19.4	13.8
Truman	30.7	-11.9	0.0	-0.7	10.3	21.8	16.5	11.8
Eisenhower	-6.6	45.0	26.4	2.6	-14.3	38.1	8.5	-3.0

*Died or resigned while in office. If during first term, then S&P 500 returns applied to original president. If occurred during second term, then subsequent returns applied to new president's first term.

**FDR's third term included in second term statistics as it is a non-first term.

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S&P 500 INDEX ANNUAL PERCENT CHANGE BY PRESIDENT (cont'd)

<u>President</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
Kennedy*	23.1	-11.8	18.9	13.0				
Johnson	9.1	-13.1	20.1	7.7				
Nixon	-11.4	0.1	10.8	15.6	-17.4			
Ford		-29.7	31.5	19.1				
Carter	-11.5	1.1	12.3	25.8				
Reagan	-9.7	14.8	17.3	1.4	26.3	14.6	2.0	12.4
Bush I	27.3	-6.6	26.3	4.5				
Clinton	7.1	-1.5	34.1	20.3	31.0	26.7	19.5	-10.1
Bush II	-13.0	-23.4	26.4	9.0	3.0	13.6	3.5	-38.5
Obama	23.5	12.8	0.0	13.4	29.6	11.4	N/A	N/A
Trump	+21.82	-4.39	+31.48					

*Died or resigned while in office. If during first term, then S&P 500 returns applied to original president. If occurred during second term, then subsequent returns applied to new president's first term.

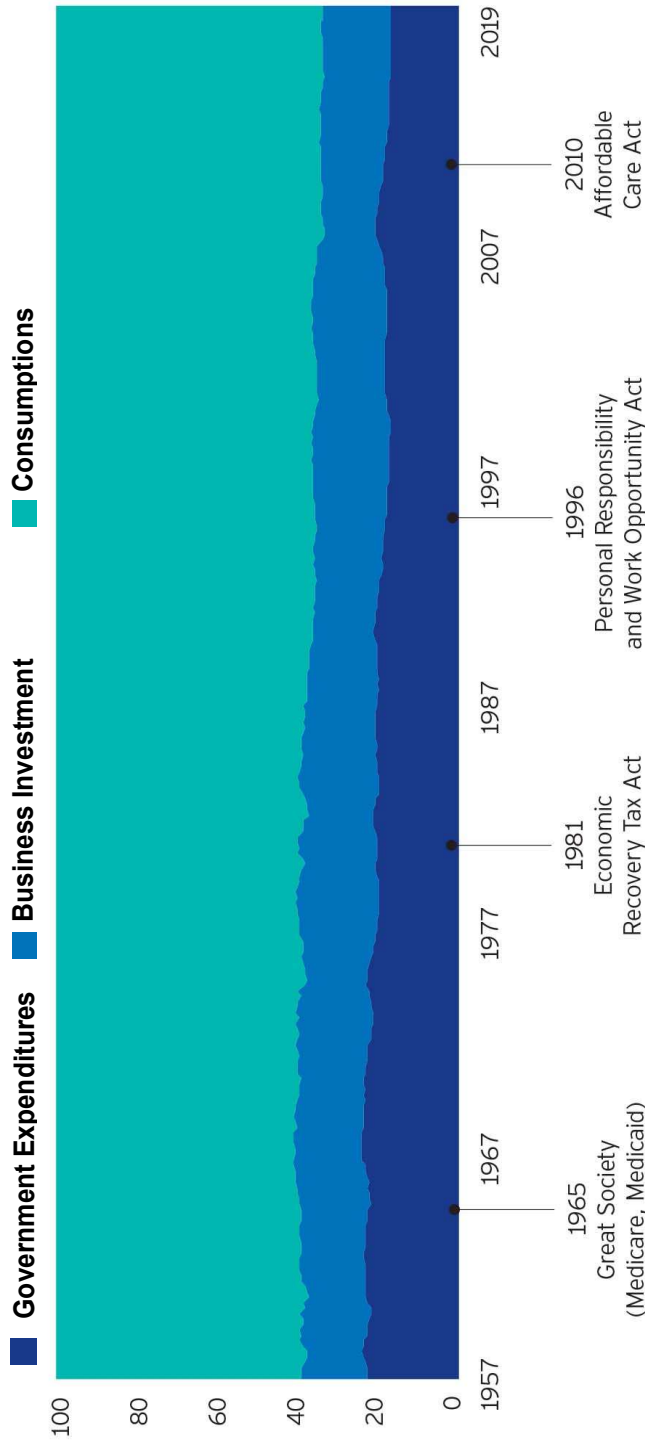
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WE DO NOT RADICALLY RE-ENGINEER THE U.S. ECONOMY

Breakdown of major components of GDP as a % of total spending in the United States since 1957

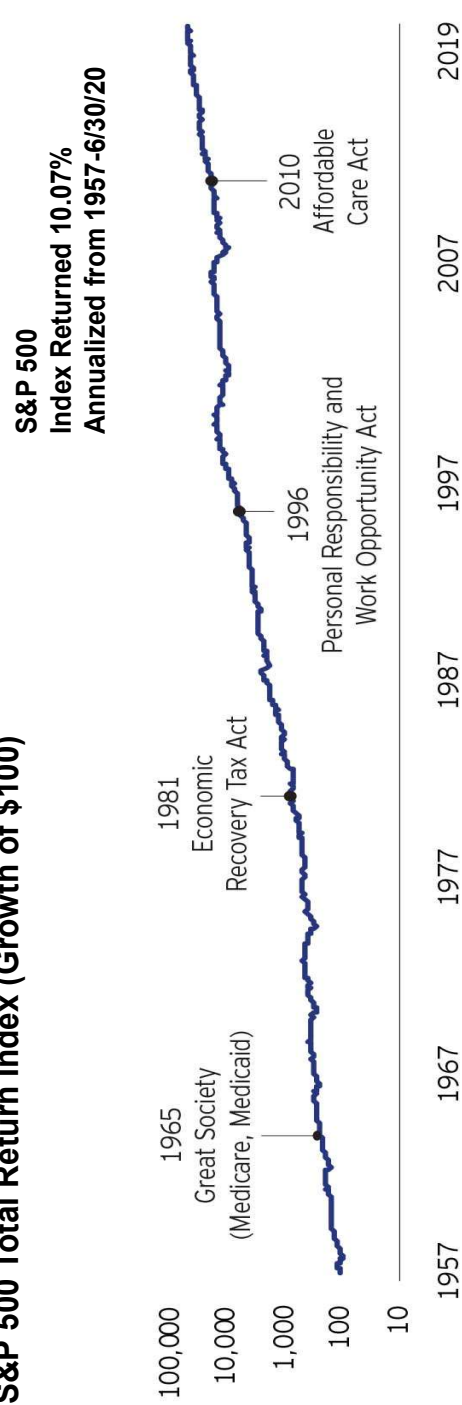


- Among the biggest fears among investors is that a progressive candidate might radically re-engineer the economy. Remember: All presidents also need control of congress, and our system of check and balances resulted in the last two presidents getting one signature achievement before losing the House.

- Despite concerns about major government policy changes, business Investment and government spending have been remarkably consistent as a percent of GDP.

- Even through the enactment of major government spending programs, the S&P 500 Index has still achieved returns of approximately 10% annualized.

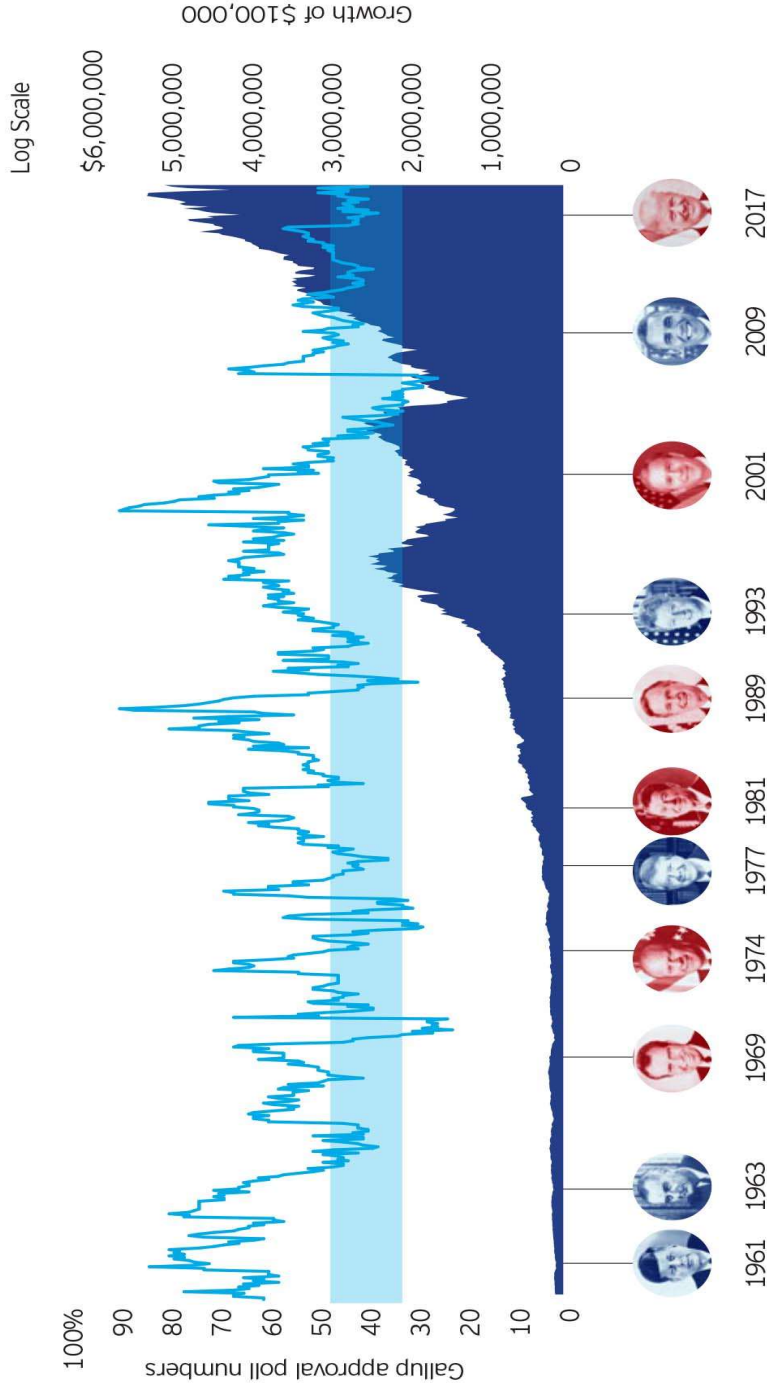
S&P 500 Total Return Index (Growth of \$100)



Source: FRED, Global Financial www.invesco.com

MARKETS DON'T CARE IF YOU DON'T LIKE WHO'S PRESIDENT

Gallup poll presidential approval ratings and the growth of \$100,000



- Investors don't have to love what is going on in Washington, DC, to prosper in the markets
- Some of the best returns in the market came when the presidential approval rating was in the low range of between 36% and 50%.
- That means the market had delivered some of its best returns during periods when half or more of the country didn't approve of the job the current administration was doing!
- Still, it's hard to discern any direct relationship between a president's popularity and the health of the U.S. economy and the performance of financial markets.

Presidential Approval Rating	Gain/Annum	% of Time
>65	5.4%	13.9%
51-65	4.2%	38.4%
35-50	15.3%	41.1%
<35	-19.7%	6.6%

Source: Bloomberg, L.P., www.invesco.com

2020 YEAR-TO-DATE PERFORMANCE

January 1, 2020 to September 30, 2020
(9 months)

	<u>2020 Year-To-Date Return</u>
Consumer Price Index (Inflation)	1.29%
90-Day Treasury Bills Index-Total Return	0.34%
Bloomberg Intermediate Term Corporate Bond Index	5.61%
Barclays Aggregate Bond Index-Total Return	6.79%
High Yield Corporate Bond Index – Total Return	5.81%
S&P Leveraged Loan Index – Total Return	-0.66%
S&P 500 Index (U.S. Stock Market)	5.57%
Russell 2000 Index (U.S. Small-Caps)	-8.70%
MSCI EAFE Index (Developed Foreign Equities)	-6.68%
MSCI Emerging Market Index (Equities)	-0.96%
Newedge CTA Index (Managed Futures)	-3.36%
HFRX Global Hedge Fund Index	1.62%
Dow Jones–UBS Commodity Index-Total Return (USD)**	-12.41%
Dow Jones U.S. Real Estate Index-Total Return (USD)**	-12.08%
Gold Bullion	23.69%

As of: September 30, 2020

Compound and Total Returns include reinvested dividends. Newedge Index is equally-weighted.

** USD = U.S. Dollar

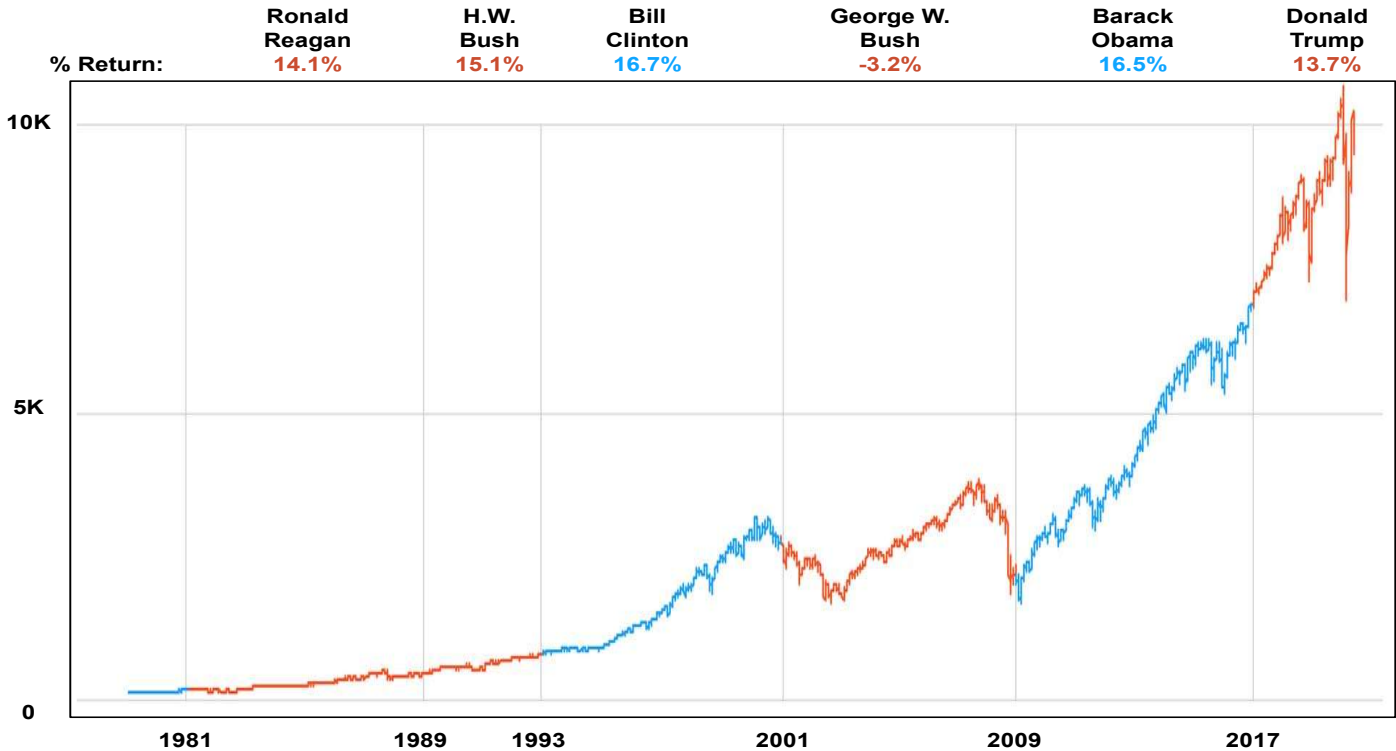
Source: Bloomberg Investment Service

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S&P 500 INDEX UNDER RECENT PRESIDENTS

January 1, 1979 To July 10, 2020



Source: Legend Financial Advisors, Inc.®

Election Cycle, continued from page 1

The first year is the post-election year. The results are so-so, that's usually because the President has some problems starting with their administration in the first days of his term, starting to work with Senators as well as elected representatives from the House of Representatives (House). Therefore, the President tries to have both the Senate and the House on the same page trying to pass new legislation, which is frequently rejected or a fight to have the new legislation passed. The second fiscal year is generally a better time for passing new tax laws. Generally, stock market returns are better in the second year. Notice the green block, which averaged 12.9%, ended up very well. By the way, in almost every case, except for the election year, the November through April period

is usually very good. In May to October, the stock market, by comparison, suffers.

Also, in the third year, the pre-election year, which was our situation in 2019, it is generally a very good year for the stock market because the new legislation has been fully phased in. In the fourth year, the stock market generally starts out slow, then it picks up in the second half of the fourth year. During the second Presidential term, the pattern is the same, but the stock market returns are not as good. See returns year-by-year on page 9 (S&P 500's Index Annual Percent Change by President) which lists the return of each year while a President is in office.

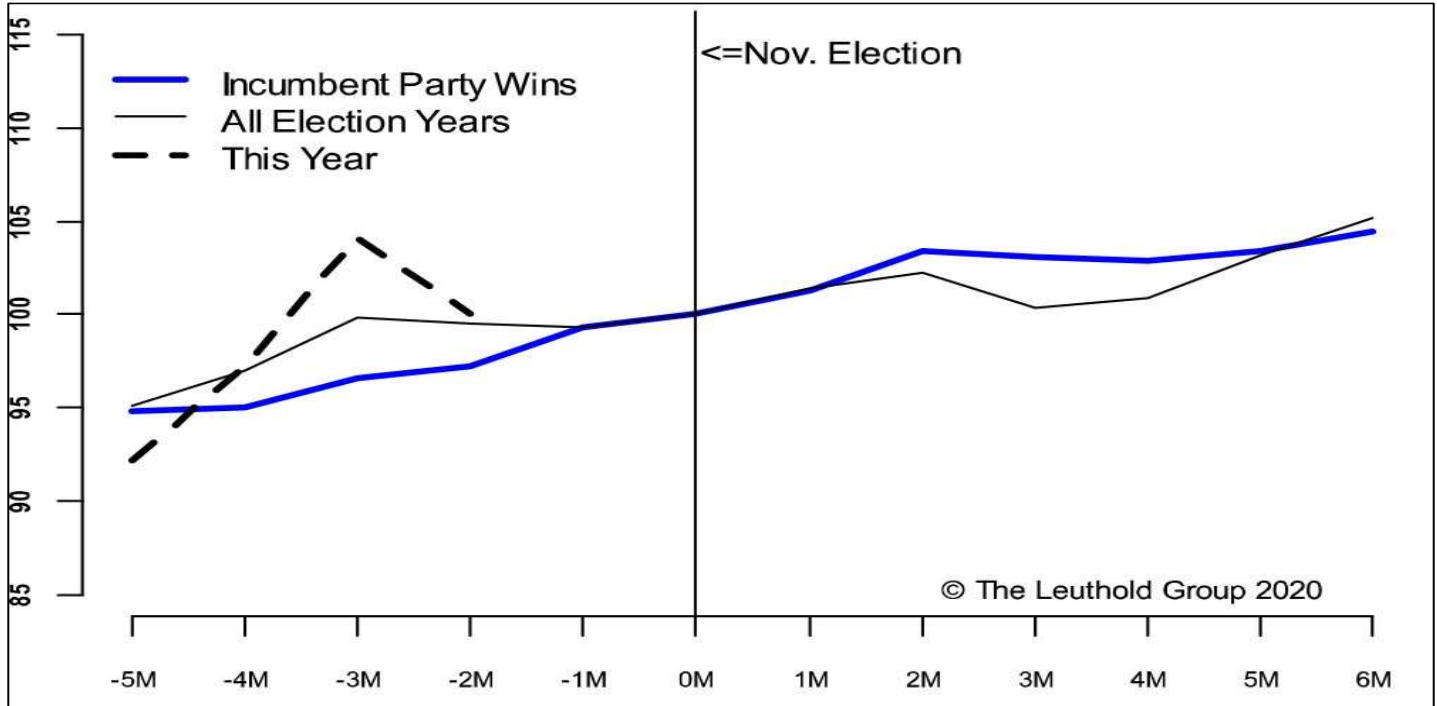
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ELECTION WEBCAST

For further information regarding how the elections affect the Stock Market, we would strongly recommend that you watch our latest Webcast entitled "Elections and the Stock Market":

www.legend-financial.com/webcasts#ElectionsAndTheStockMarket2020

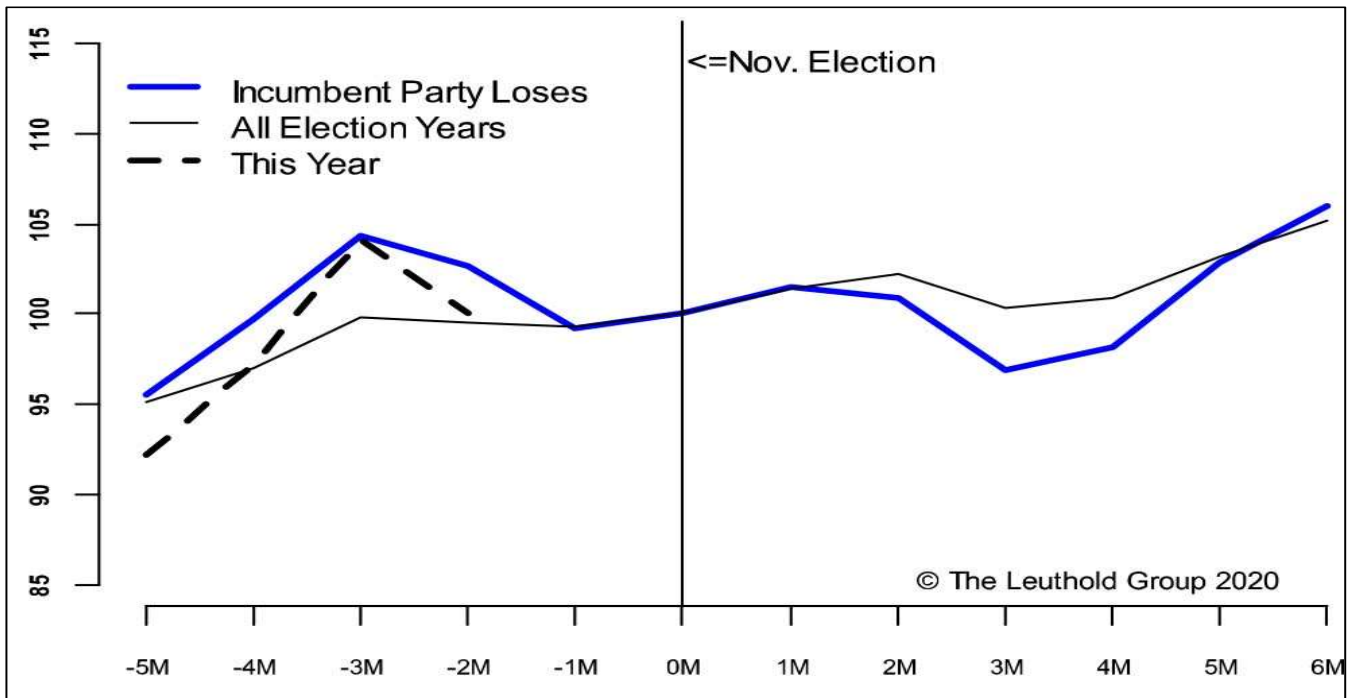
S&P 500 AROUND PRESIDENTIAL ELECTIONS (WHEN INCUMBENT PARTY WINS)



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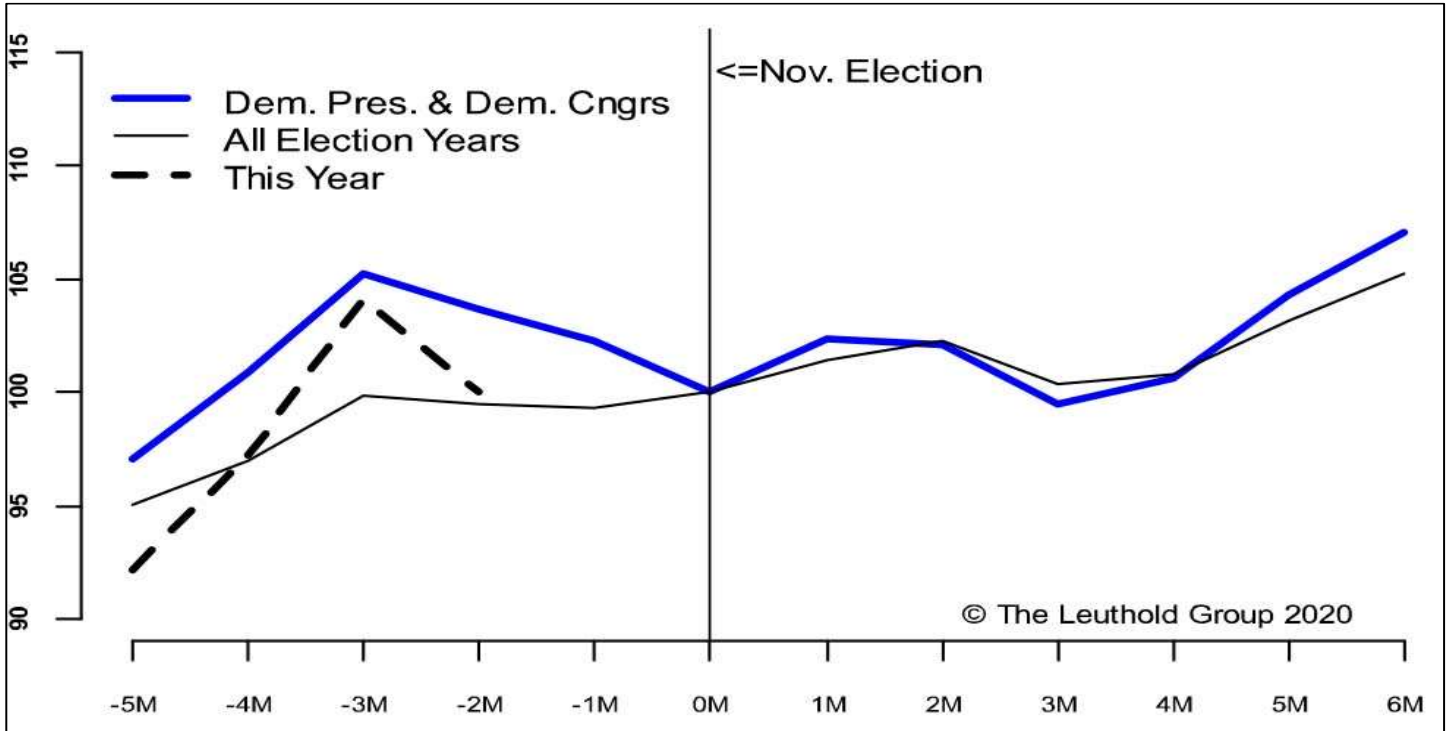
S&P 500 AROUND PRESIDENTIAL ELECTIONS (WHEN INCUMBENT PARTY LOSES)



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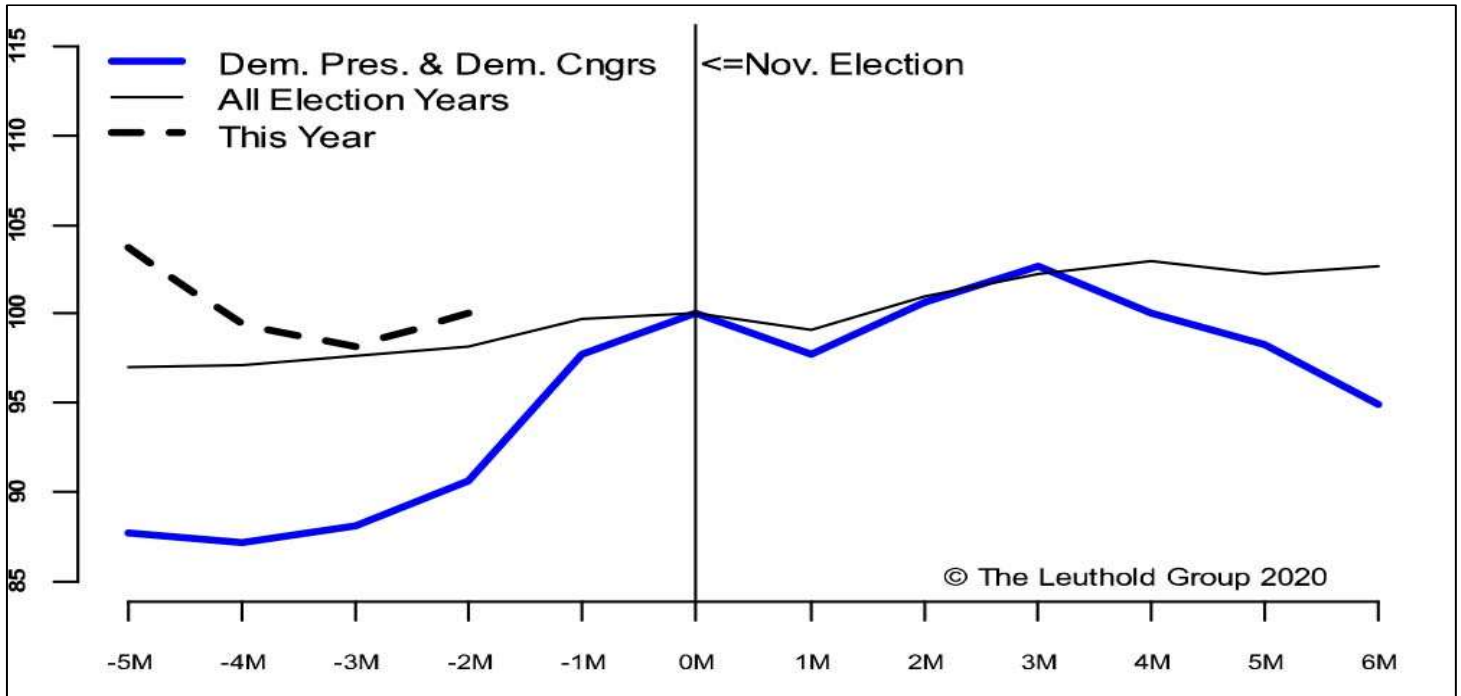
S&P 500 AROUND PRESIDENTIAL ELECTIONS (DEMOCRATIC PRESIDENT & DEMOCRATIC CONGRESS)



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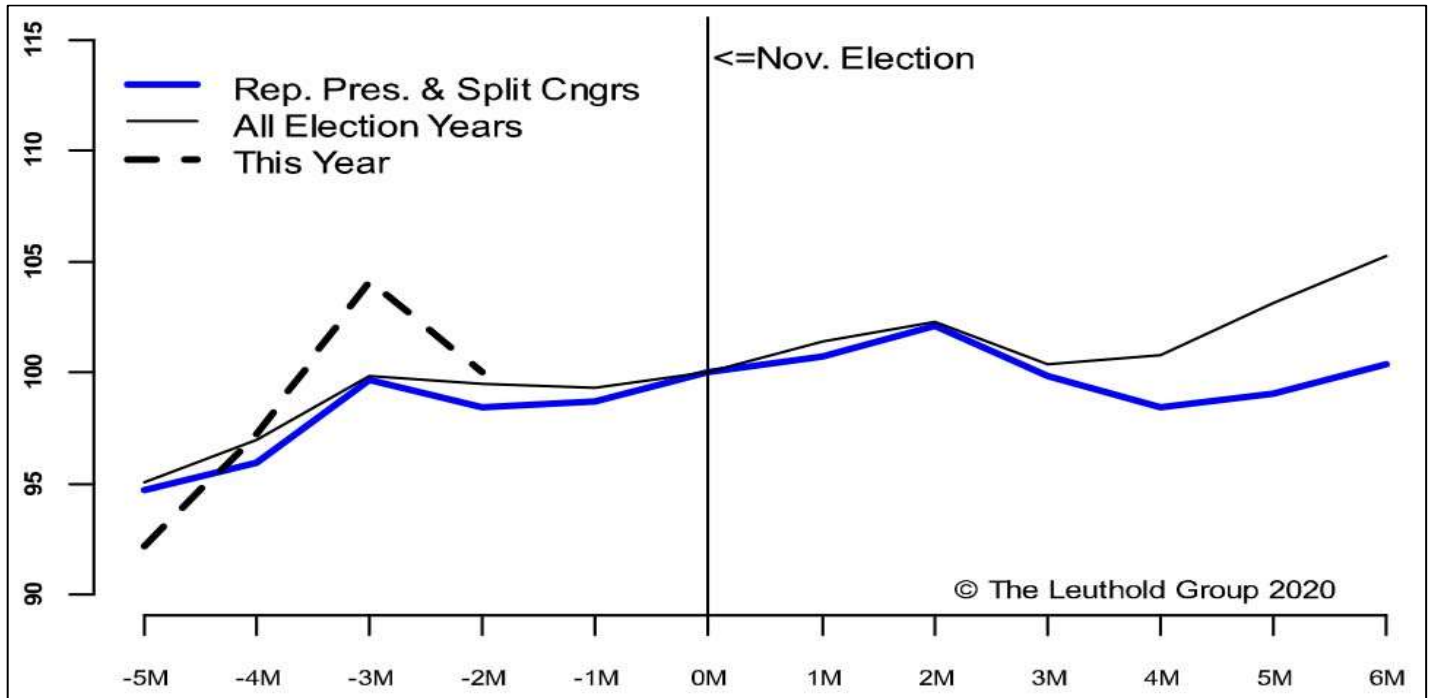
U.S. DOLLAR AROUND PRESIDENTIAL ELECTIONS (DEMOCRATIC PRESIDENT & DEMOCRATIC CONGRESS)



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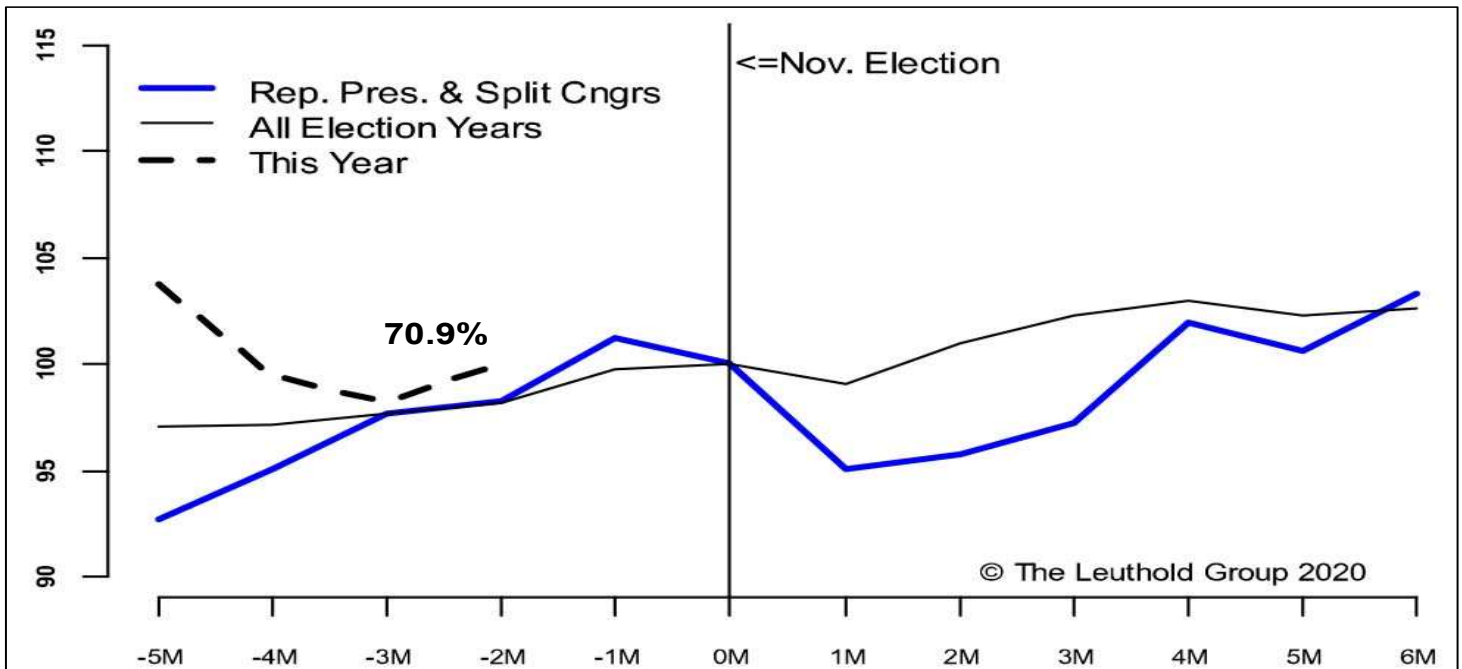
S&P 500 AROUND PRESIDENTIAL ELECTIONS (REPUBLICAN PRESIDENT & SPLIT CONGRS)



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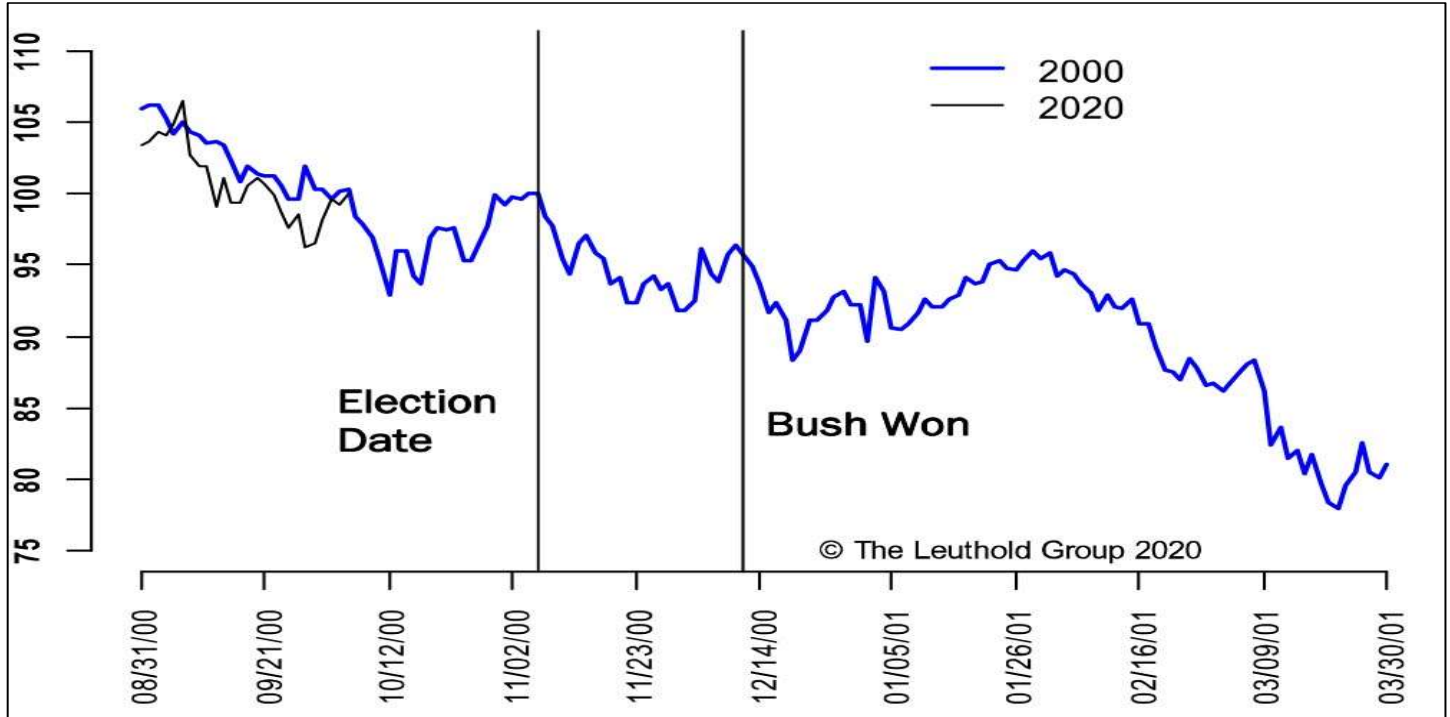
U.S. DOLLAR AROUND PRESIDENTIAL ELECTIONS (REPUBLICAN PRESIDENT & SPLIT CONGRS)



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**CONTESTED ELECTION
2000 vs 2020: S&P 500**



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PULSE



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**“Do You Want A Second
Opinion?”**

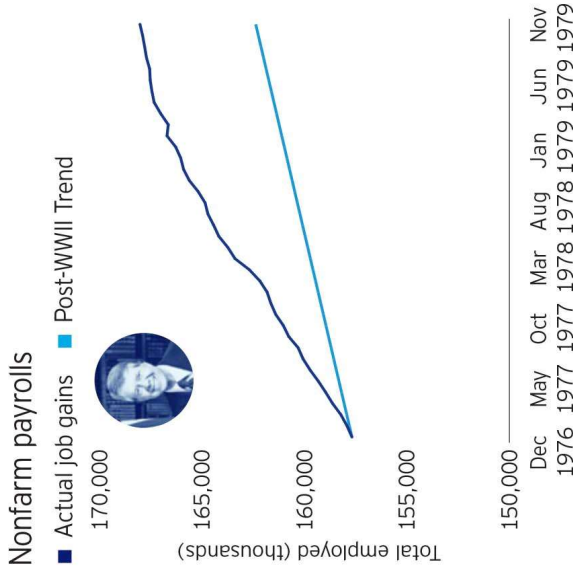
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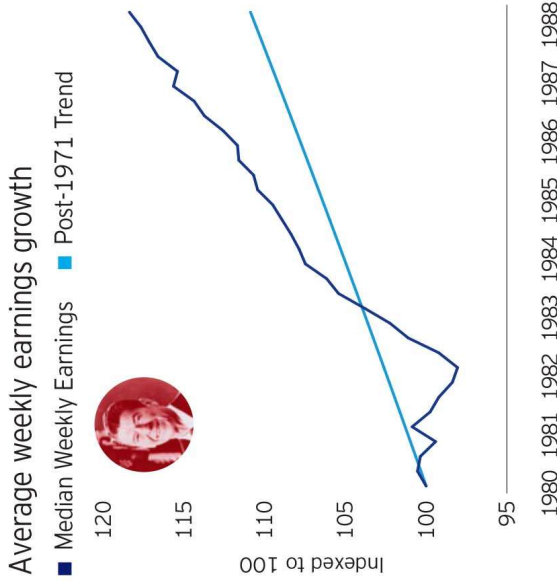
THE HISTORICAL NARRATIVE IS NOT ALWAYS AS YOU REMEMBER IT

- Jimmy Carter presided over significant job growth.
- Under Reagan, income for those in the 50th percentile of the populations, ranked by income, grew by almost 20%.
- During Obama's presidency, despite concerns that his policies would be massively inflationary, the U.S. had one of the longest disinflationary environments on record.
- Under President Trump, capital expenditures have been below their historical growth rate, even in the aftermath of large corporate tax cut.
- The carts here show a metric for each president, in dark blue, compared with the long-term average growth rate for that metric since the end of World War II.
- Clearly, history is often remembered differently than the actual data.

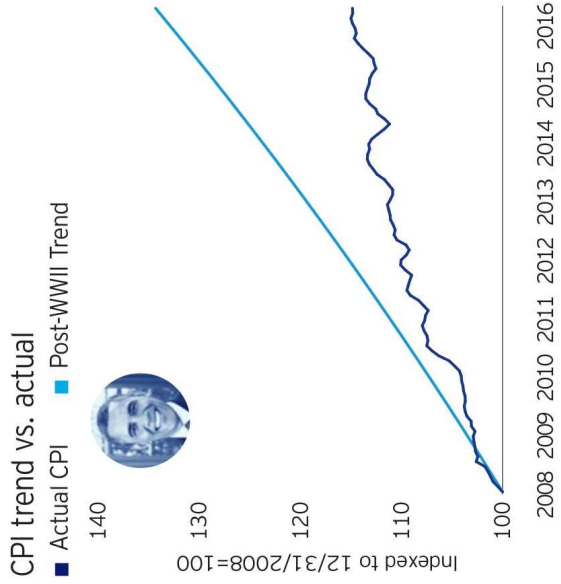
President Jimmy Carter and jobs



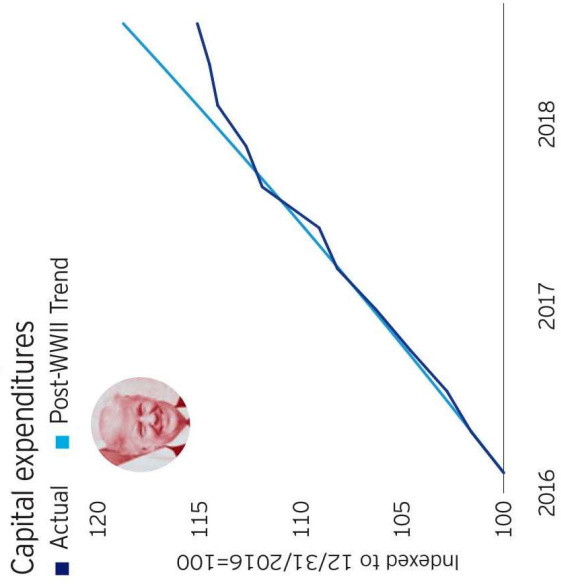
President Reagan and income gains



President Barack Obama and inflation



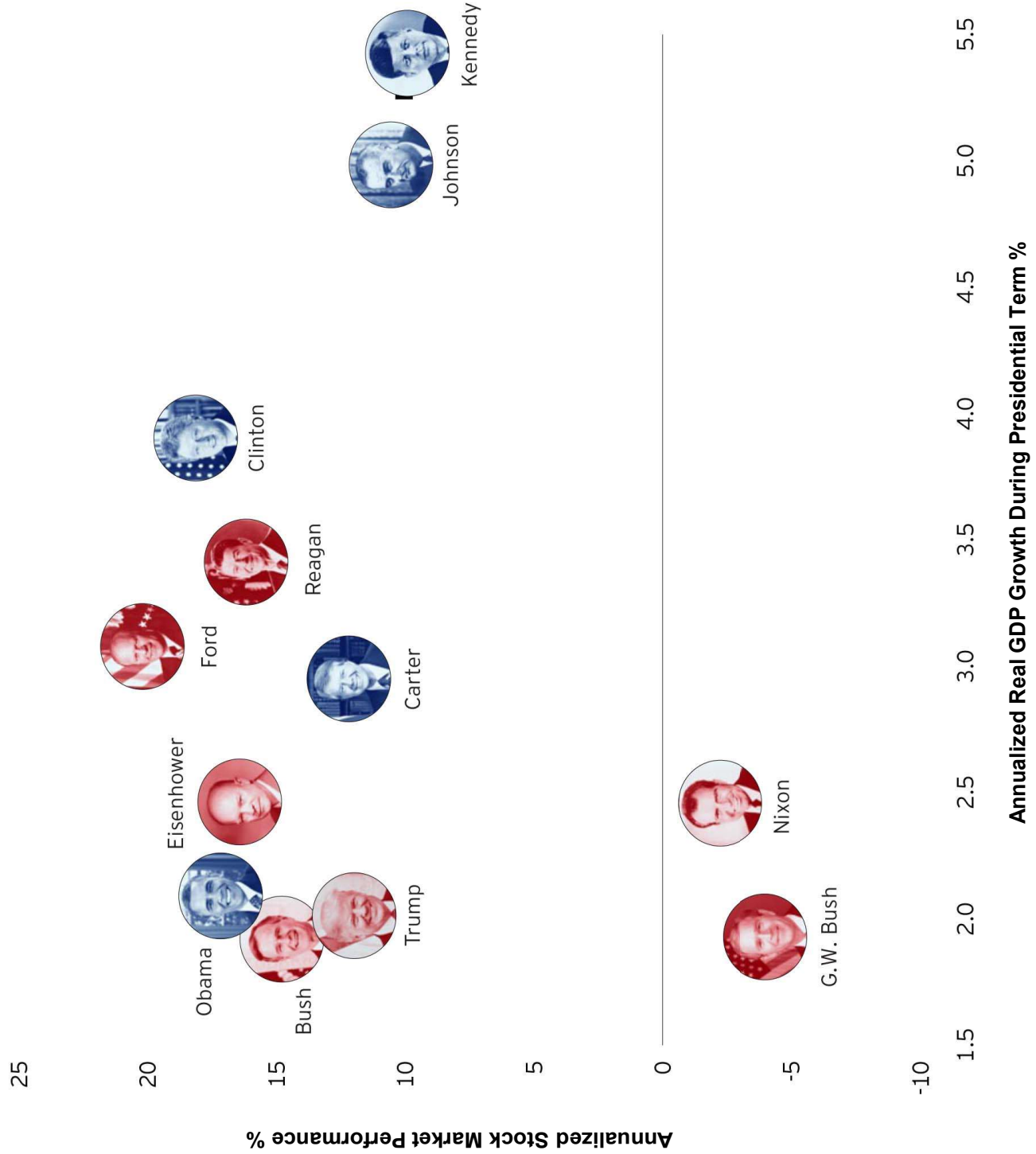
President Trump and business investment



MARKETS HAVE PERFORMED WELL UNDER BOTH PARTIES

- The S&P 500 Index delivered an average annual return of approximately 11% over the past 75 years, through both Democratic and Republican administrations.
- The U.S. economy also expanded around 3.0% during that period.
- The stock market's return was negative for a presidential administration only when the country was in a financial crisis (2008) or experiencing a stagflationary spiral (1973).
- Neither party can lay claim to superior economic or financial market performance.

Note: President Trump stock market performance data from 1/20/17-6/30/20, real GDP data from 12/31/16 to 3/31/2020 as GDP is reported with a lag. Stock market performance is defined by the total return of the S&P 500 Index.



Source: Haver, Invesco
www.invesco.com

SECULAR BEAR MARKET WATCH

April 1, 2000 to September 30, 2020
(20 years and 6 month)

	<u>Annual Compound Return</u>	<u>Total Return</u>
Consumer Price Index (Inflation)	2.06%	52.03%
90-Day Treasury Bills Index-Total Return	1.53%	36.39%
Bloomberg Intermediate Term Corporate Bond Index	5.52%	201.26%
Barclays Aggregate Bond Index-Total Return	5.13%	178.84%
High Yield Corporate Bond Index – Total Return	8.73%	456.56%
S&P Leveraged Loan Index – Total Return	4.67%	154.86%
S&P 500 Index (U.S. Stock Market)	6.06%	234.40%
Russell 2000 Index (Small-Caps)	6.54%	266.94%
MSCI EAFE Index (Developed Foreign Equities)	3.43%	99.64%
MSCI Emerging Market Index (Equities)	6.63%	273.43%
Newedge CTA Index (Managed Futures)	3.85%	116.89%
HFRX Global Hedge Fund Index	2.35%	61.09%
Dow Jones–UBS Commodity Index-Total Return (USD)**	-1.59%	-28.09%
Dow Jones U.S. Real Estate Index-Total Return (USD)**	9.65%	561.49%
Gold Bullion	9.74%	573.46%

As of: September 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

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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 6 months. Current 10 year normalized P/E's (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.

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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.