Fall 2020

Experiences

Information to Guide Your Financial Strategies

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Fall Welcome

Pictured (left to right): Ryan McNamara, Derek Shaver, Brad Schmitz, Randy Peyman

Summer was busy here at Midwest Wealth Management. But now, we are looking forward to fall.

Autumn is a time to get cozy and appreciate all the things that only happen this time of year. We're looking forward to cooler nights, long walks, and sipping cider next to a fire. While this autumn may look different than it has in years past, there is still plenty to enjoy.

In the coming pages, we'll delve into two common terms that can sometimes cause confusion: "bull markets" and "bear markets." Our article examines what these terms mean and what characteristics to look for in each. We'll also learn about impact investing and how to make a difference with your investments.

Just for fun, we'll take a look at two of autumn's greatest institutions: Halloween and pumpkin spice. These articles will investigate how Halloween traditions have changed over the years; then, we'll dive into the surprising history behind America's obsession with pumpkin spice-flavored foods and drinks.

As always, it is an honor and a privilege to serve you, particularly during this unprecedented year. On behalf of all of us at Midwest Wealth Management, We're sending you best wishes for this fall season.

Need more information?
Call us at 800.662.8756.

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SUDOKU

	2				1			7
		4					9	2
1	5		4	2		8	3	
	6	5	1		2	3	7	
7			6	5		4		1
		8		4			2	5
5	8	6		7	4	2	1	
		1			8		5	
2			3	1	5	9		8

SUDOKU

Sudoku, or "single number," is a logic-based, number-placement puzzle. The objective is to fill a 9x9 grid with digits, so that each column, row, and 3x3 sub-grid, which composes the whole grid in its entirety, contains all the digits from 1 to 9, only once.

			3	2	
3		1	5		
	3			1	2
6				5	
		6			5
		3	2	6	4

BEAR VS. BULL

WHAT'S THE DIFFERENCE?

On March 11, 2020, news organizations ran a story about a notable passing. It served as the main business story for just about every financially oriented newspaper, news program, and news website in the United States. The bull market's historic 11-year run, beginning in the wake of the housing crisis of 2008-2009, had come to a close.[1,2]

Yet, to many Americans, the "bull market" and its counterpart, the "bear market," may represent abstract ideas that don't relate to their day-to-day lives. There are also some misconceptions that people might carry about what exactly defines a "bull" or "bear."

Let's take a closer look at these terms, what they mean, and how they can help us understand the financial markets. Keep in mind that investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. And investments, when sold, may be worth more or less than their original cost.

What do these phrases mean?

A bull market describes a period of time when stock prices are trending higher. Often, but not always, the economy is expanding, and employment is strong.[3]

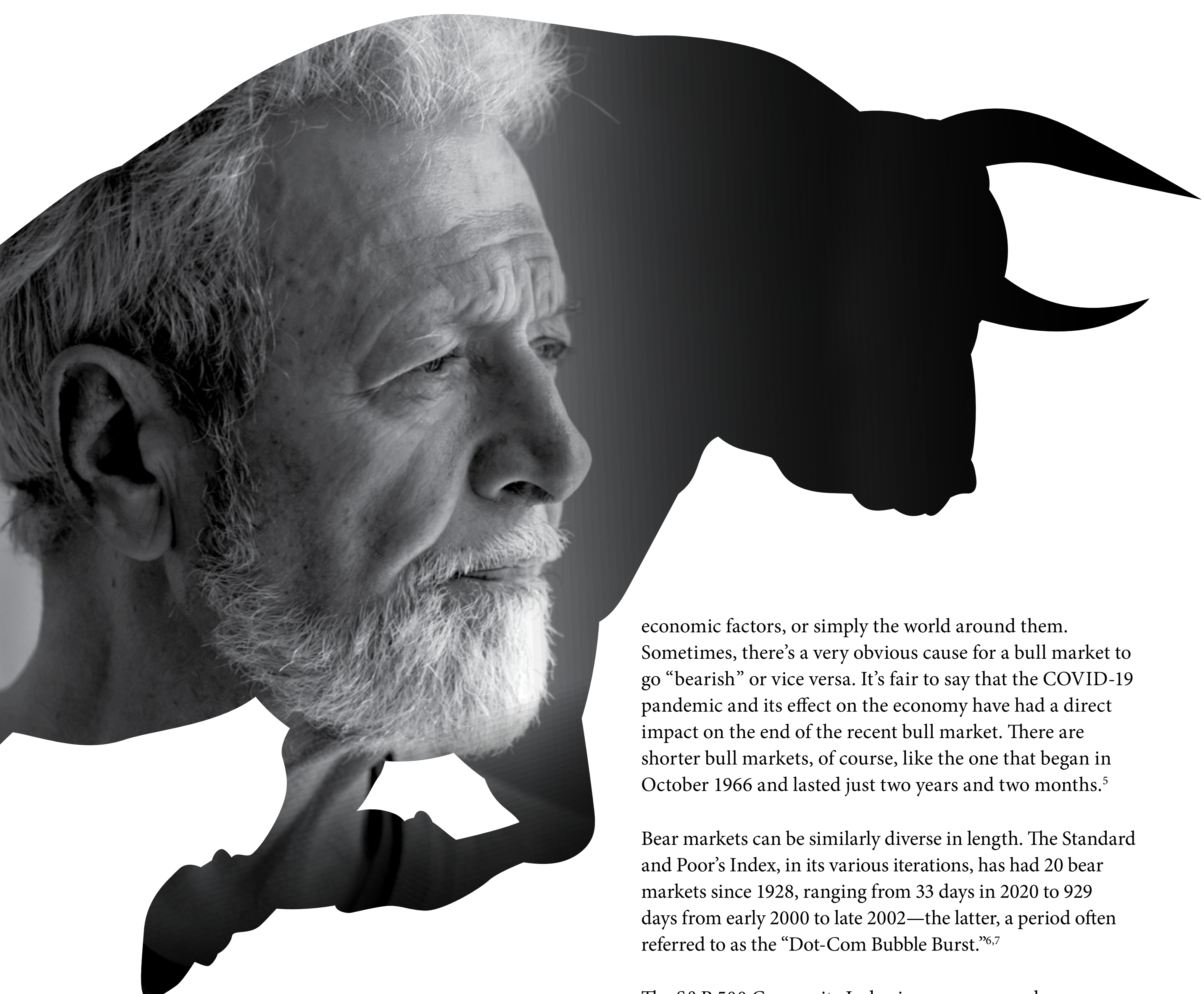
In contrast, a bear market is defined by a decline of 20% or more from a peak price in one or more of the major stock indices. A bear market can indicate the economy may be entering a downtrend, and a slowdown in employment may be anticipated.[3]

Bear markets shouldn't be confused with other declines, which might be described as "pullbacks" or "corrections." Typically, a period of consolidation occurs a number of times during a bull market.[3]

Where do these names come from?

There isn't an exact origin for these terms, but many connect the bear to the old proverb advising against "selling a bearskin" before the bear has been caught, which is not unlike counting chickens before they're hatched. Over time, this image continues to appear in literature and everyday conversation in relation to markets, with the "bear" having an aggressive connotation.[4]

The images of two powerful, aggressive beasts came into use during the Elizabethan era, a time when these two animals were used for sport. Whereas a bull might attack with its horns going up, the bear



attacks with its claws in a downward motion. There is also a tendency in literature and mythology to ascribe nobility to bulls and savage aggression to bears. In truth, both animals are trying to get by, just like everyone else![4]

How long do these market types usually last?

There isn't a standard duration for a bull or bear market. These terms are used as a way to describe the behavior of the market, so the length of each depends on the actions of those interacting with the market (e.g., the investors) as well as how those investors are reacting to current events, economic factors, or simply the world around them. Sometimes, there's a very obvious cause for a bull market to go "bearish" or vice versa. It's fair to say that the COVID-19 pandemic and its effect on the economy have had a direct impact on the end of the recent bull market. There are shorter bull markets, of course, like the one that began in October 1966 and lasted just two years and two months.[5]

Bear markets can be similarly diverse in length. The Standard and Poor's Index, in its various iterations, has had 20 bear markets since 1928, ranging from 33 days in 2020 to 929 days from early 2000 to late 2002—the latter, a period often referred to as the "Dot-Com Bubble Burst."[6,7]

The S&P 500 Composite Index is an unmanaged group of securities considered to be representative of the stock market in general and cannot be invested into directly. Often, but not always, market watchers are referring to the S&P 500 when they are describing the market's bull or bear market trend. Remember, past performance does not guarantee future results.

How should you respond to a bull or bear market? If you're reading this, you're hopefully bringing your wishes and concerns to your financial professional, who can explain how your investment strategy is reacting to the markets. The idea of cultivating a financial strategy means taking such chutes and ladders in your stride.

What your financial professional knows is that, yes, the news can be provocative, and some events may present

> "It's fair to say that the COVID-19 pandemic and its effects on the economy have had a direct impact on the end of the recent bull market."

opportunities for investors. They also understand that ups and downs have historically been part of the investing process and may sometimes require no action. If you invest long enough, you may experience any number of bulls-to-bears and back again.

This may not be a very exciting answer, but it informs many financial strategies. The trust relationship you have with your financial professional means that they have taken the time to understand your goals, risk tolerance, and time horizon to create an investment strategy that fits your unique circumstances.

What to consider during a bull market

Since a bull market indicates that stock prices are trending upward, you will, in many cases, not be taking much action at all. That's where the informed suggestions from your financial professional come into play.

What to consider during a bear market

Bear markets might make you a little more nervous. Your first question to your financial professional might be, "should we take any action?" When it comes to an investor's financial goals, bear markets often cause them to reconsider their tolerance for risk when measured against a time horizon they may have had in mind.

There is always the risk that unforeseen events are around the corner, which could cause markets to go bull or bear. But by working with a financial professional, you may be better prepared to weather the market's cycles while still pursuing your investment goals.

1. USNews.com, March 11, 2020
2. CNN.com, March 11, 2020
3. Investopedia.com, March 23, 2020
4. Investopedia.com, April 9, 2020
5. CNN.com, April 23, 2019
6. Yardeni Research, Inc., March 23, 2020
7. GlobalFinancialData.com, August 29, 2018. Standard and Poor's introduced the S&P 500 Index in March 1957. The S&P 90 stock index was introduced in 1928.

INVESTING for IMPACT

Make a Difference While Pursuing Your Goals

What if the companies you chose to invest in could support your financial goals and help you attempt to make the world a better place? To many, this might sound like a pipe dream or the idealistic wonderings of a new investor. However, “impact investing,” or investing with the intention of creating a positive social or environmental change, in addition to a financial return, is not only possible, but also on the rise.[1]

Current research shows that more than 8 in 10 investors have shown interest in impact investing. When those who identified as millennials were surveyed, that number jumped to 9 in 10. Further supporting this trend are the majority of major firms now offering investment funds that utilize impact investing strategies. In short, impact investing’s popularity is clearly on the rise. But what exactly is it, and how is it used? To answer these questions, let’s start by taking a look at the surprising history of this model.[2,3]

Remember that investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. And investments, when sold, may be worth more or less than their original cost.

A (VERY) BRIEF HISTORY

One of the earliest forms of impact investing in America can be seen in the 1950s when investors began to avoid publicly traded companies involved in or associated with alcohol, tobacco, or gambling. Over the decade, as new investors entered U.S. markets, impact investing evolved gradually. By the 1960s, some investors began to shift away from merely avoiding "sin" stocks, focusing instead on the Vietnam War and politics of the time. For example, some investors chose to divest from companies that provided weapons for the war.

By the 1970s, it was clear that impact investing was here to stay. A growing number of new funds aimed to combine social and environmental considerations with financial objectives, in an attempt to attract the socially conscious investor of the time. In the 1980s, some investors were heavily influenced by the Bhopal, Chernobyl, and Exxon Valdez disasters, which led to concerns about the environment and climate change. These events helped launch the Forum for Sustainable and Responsible Investment (US SIF), which is now one of the largest educational resources for impact investing.

Fast-forward to 2020, and impact investing is more popular than ever. Today, with a number of funds available that focus on key issues, investors may be able to have more of an impact than ever.[4]

Investing in mutual funds and exchange-traded funds (ETFs) is subject to risk and the potential loss of principal. Both mutual funds and ETFs are subject to the market and risks of their underlying securities. Both may have a trading price, which may be at a premium or discount to the net asset value of the underlying securities. There is no assurance or certainty that any investment or strategy will be successful in meeting its objectives. *Investors should consider the investment objectives, risks, charges, and expenses of the fund carefully before investing. The prospectus contains this and other information about the funds. Contact the fund company directly or your financial professional to obtain a prospectus, which should be read carefully before investing or sending money.*

WHAT IS IMPACT INVESTING?

It's highly likely that you've heard of impact investing before, but possibly by a different name. Over the years, investors have used other terms, such as "community investing," "green investing," "socially responsible investing," "sustainable investing," and "values-based investing."[5]

Just as its designation has changed over time, the evaluation criteria of potential investments and the basic premise of impact investing itself have both evolved as well. Put simply, today's version of impact investing is a discipline that considers environmental, social, and/or corporate governance ("ESG") criteria to generate long-term, competitive financial returns and a positive impact on society.[6]

It's important to note that there is no single way to invest for impact, since every investor has different social and financial goals. For example, one investor may wish to avoid or divest from companies that manufacture firearms, while another may decide to invest in companies that take an active role in addressing systemic social issues through their business practices. Despite their different goals, these are both examples of impact investing. However, these scenarios are more than hypothetical. In one survey, respondents identified climate change as one of several factors supporting the recent interest in sustainable investing.[7]

MODERN INFLUENCES: WHY NOW?

There are several possible reasons that impact investing is on the rise. For many investors, their personal values, beliefs, and goals have made impact investing an attractive route to growing wealth. Remember that impact investors aim for strong financial performance in addition to making a difference through their investments. Another important factor may be how the performance of impact investing funds compares with conventional funds over time.[8]

Some may worry that by closely aligning their investments with their values, the return potential of their portfolio could be limited. Although this notion has been floating around for a while, a great deal of research tells us a different story. Studies show that companies with higher ESG scores and ratings can outperform comparable firms—in both accounting and stock market terms.[9]

Many employees have begun pressuring their employers to be more socially responsible, which has, by proxy, made these companies more attractive to impact investors. A recent survey showed that roughly 70% of millennials in the workforce said that if their employer had a strong sustainability plan, it would positively affect their decision to stay with that company over the long term.[10]

READY TO LEARN MORE?

These days, you can find impact-friendly funds through most of, if not all, the major investment companies. Wherever you are investing, your investment professional should be able to provide information on each fund. For those who are curious to learn more, the Forum for Sustainable and Responsible Investment (USSIF.org) provides numerous resources and information for individuals new to impact investing. Additionally, both Morningstar (Morningstar.com) and MSCI (MSCI.com) provide "sustainability ratings" for funds and indices, with the goal of helping to evaluate whether a company or fund aligns with an investor's goals.[11]

If this investment approach interests you, look to your financial professional for guidance. Even if they don't directly specialize in impact investing, they can still offer you the most personalized guidance. At the end of the day, impact investing gives you the chance to pursue your financial goals and consider the well-being of those in your community and around the world. What could be better than that?

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1. Morningstar.com, June 2, 2020
2. MorganStanley.com, 2019
3. Morningstar.com, June 2, 2020
4. MyCNote.com, November 15, 2019
5. Forum for Sustainable and Responsible Investment, 2019
6. Forum for Sustainable and Responsible Investment, 2019
7. MorganStanley.com, 2019
8. Morningstar.com, April 16, 2020
9. Forum for Sustainable and Responsible Investment, 2020
10. FastCompany.com, February 14, 2020
11. The companies mentioned are for informational purposes only and should not be considered a substitute for a more comprehensive review of the role impact investing can play in a diversified portfolio. Remember that diversification is an approach to help manage investment risk. It does not eliminate the risk of loss if security prices decline.

Halloween
Yesterday and Today

How do you like your Halloween? If you lean old-fashioned, you may prefer a low-key, spooky celebration with homemade treats, costumes made from whatever's in the closet, and wholesome parties with apple bobbing and popcorn balls. For many, these traditions hearken back to a simpler time; one which we recognize from old movies and sitcom reruns. But today, Halloween means big business.

Monster Money

In 2019, Halloween generated $8.8 billion in the United States. Even more astonishing, $490 million of that was spent on Halloween costumes—for pets. Yes, we spent close to half-a-billion dollars that year, just to turn Fifi and Fido into tiny vampires.[1,2]

Halloween inspires a wide variety of reactions. Some object to the holiday for religious reasons. Others resent the tradition of giving candy away to doorstep munchkins. And a select few may identify with a young boy who waits patiently in the serenest pumpkin patch he can find, eagerly anticipating a mythical gourd to bestow him with gifts. (Thanks, *Peanuts*.)

Regardless of how or whether we celebrate, there's no denying that, in the U.S., Halloween spending is significant. Last year, the 172 million Americans who took part in the holiday festivities spent an average of $86.27 per person on decorations, fun-size candy bars, and costumes.[1]

Spooky, Yet Profitable

Store-bought costumes have long been part of Halloween's financial story. As far back as the 1920s, manufactured costumes featured all the latest pop culture characters, but it took the post-World War II economy to churn out mass production, and more importantly, make them affordable. In the 1950s, one of these costumes cost about $3 (roughly equivalent to $12 in today's money). Nowadays, manufactured costumes are a little more detailed than the simple mask-and-smock style of years past. They're also more expensive, ranging into the hundreds of dollars (for both humans and pets alike).[1,3]

Seasonal treats turn an even larger profit. When safety concerns about homemade confections began to arise, bags of prepackaged candy became popular, as they allowed parents to more easily check for tampering. How much would you guess that Americans spent on Halloween sweets last year?

Hold on to your candy corn: the number is $2.6 billion. That's with a "B," as in "Boo." Coincidentally, dentists make upwards of $220,000 per year. Mention that to the kids on November 1st.[4,5]

This Year Might Be Different

While 2019 represented a big "treat" for retailers and manufacturers, one thing is unavoidable: as a holiday, Halloween doesn't exactly lend itself to social distancing.

Whether you're passing out candy or walking your pumpkin-dressed pug to the parade, traditional Halloween celebrations have had us in close proximity to others, a no-no during this germ-conscious era. Fortunately, with a little adaptation, the Halloween activities we've become accustomed to can still be enjoyed.

For example, online shopping for costumes and supplies is a snap. By coordinating with your neighborhood, you might be able to trick-or-treat by appointment, with neighbors leaving individual treat bags at the door and viewing children's costumes through a window. It might also be an opportunity to start new traditions by looking to those older practices of yesterday, like making your own treats, watching spooky movies, or telling ghost stories in the backyard. Popcorn ball, anyone?

Technology can support your celebrations too. Videoconferencing with friends and grandparents can let children safely show off their costumes. If you're working remotely, it may even be a way for you to do something goofy and fun for your daily work meetings.

For those who observe Halloween, what matters isn't how much candy you eat or what you spend on your costume (or your cat's), but who you share it with and how much fun you have together. Here's wishing you a safe and happy Halloween.

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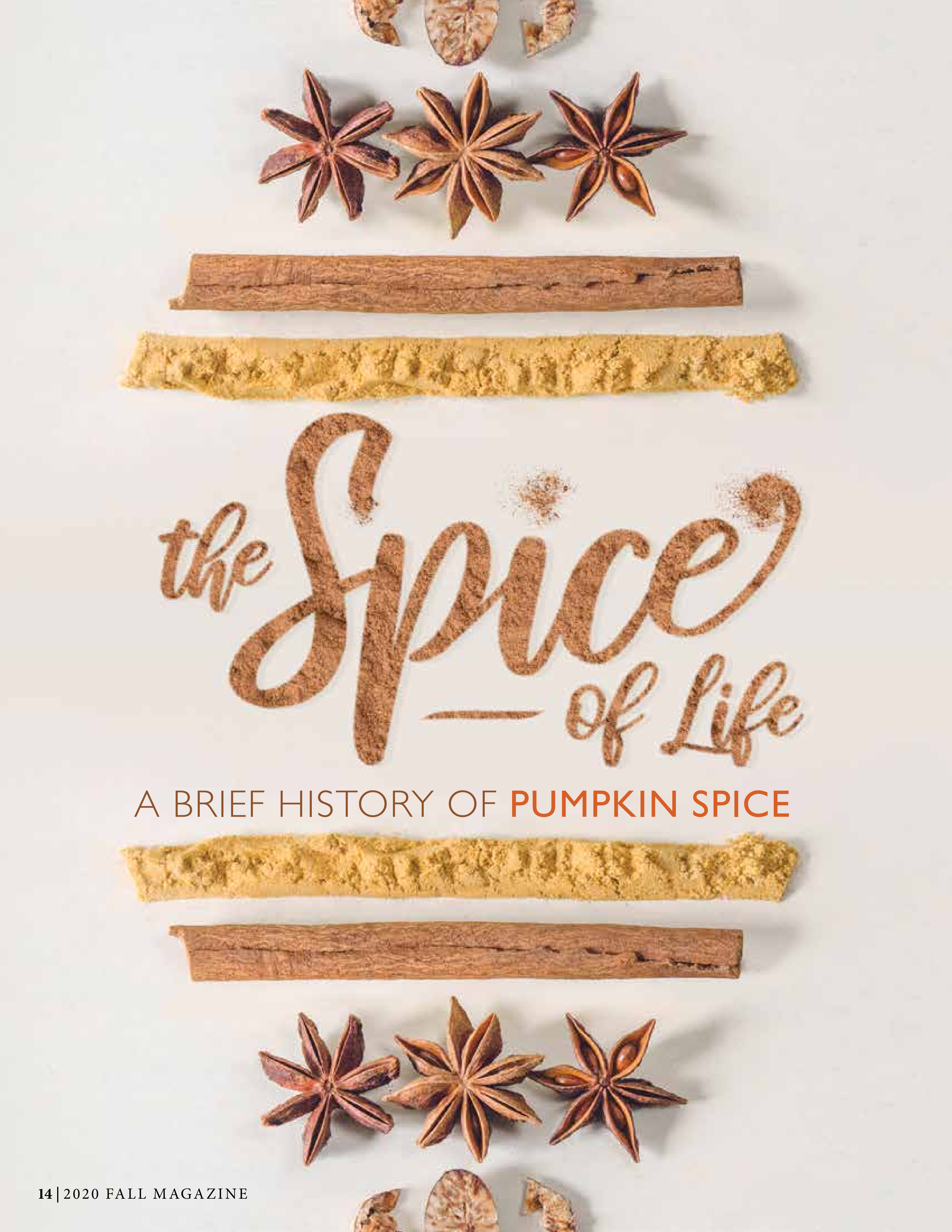
1. CNN.com, June 13, 2013
2. MarketWatch.com, October 22, 2019
3. Slate.com, October 31, 2013
4. CandyIndustry.com, September 30, 2019
5. Salary.com, 2020



A BRIEF HISTORY OF PUMPKIN SPICE

For many people, fall is a season full of familiar change. Children have returned to school after a long summer, the leaves are dressed in their finest colors, and a comforting scent is wafting in the air. Can you guess what it is? No, it's not autumnal woodsmoke or the smell of fall's first frost dancing on the wind, though those are great, too. We're talking about pumpkin spice.

Every year, retailers stock their shelves with pumpkin spice-flavored products. Right now, you can find pumpkin spice pies, pumpkin spice candy, pumpkin spice candles, and the ever-popular pumpkin spice latte (also known as the PSL) just about everywhere. But where exactly did the signature spice of the season get its start? It seems humans have been "fall-ing" for this blend of spices for longer than many realize.

GORGEOUS, GOURDLESS SPICE

Pumpkin spice is actually a delicious blend of nutmeg, cinnamon, cloves, and sometimes ginger. So, why is it called "pumpkin spice" if there isn't any pumpkin in it? The answer can be found in 1934 when McCormick Spices started selling the first "Pumpkin Pie Spice" as a premixed, bottled blend. Before this, bakers had to buy all the spices necessary for pumpkin pie separately. When McCormick debuted its all-in-one solution, popularity soared. It wasn't long before McCormick's "Pumpkin Pie Spice" blend was shortened to "Pumpkin Spice," as we call it today.[1]

AN ANCIENT PEDIGREE

Humans have been using elements of this same pumpkin-friendly blend for thousands of years. For example, on Pulau Ay, one of the Banda Islands in Indonesia, archaeologists discovered ancient nutmeg, cinnamon, and other spice residues on ceramic pottery shards, which they estimated to be 3,500 years old. During the Renaissance era, many of the same spices were viewed as valuable commodities, and people all over the world used them for both culinary and medicinal purposes. At one point, in the 1300s, when tariffs were at their highest, a pound of nutmeg in Europe cost seven fattened oxen and was even more valuable than gold![2]

THE RISE OF THE PSL

There's no way we could explore pumpkin spice without mentioning the now-ubiquitous fall drink: the Pumpkin Spice Latte (PSL). In 2003, Peter Dukes was asked to help the coffee behemoth Starbucks invent a new seasonal drink that would complement the fall menu. One idea Dukes and his team came up with was pumpkin pie-inspired coffee. Strangely enough, the drink was originally expected to underperform (based on how consumers initially rated the pairing of "pumpkin" and "coffee"). But it wasn't long before Starbucks proved just how popular this peculiar pairing would be.[3]

So, this fall, whether you're baking a pie or just enjoying a delicious, frothy PSL, be proud of your pumpkin-spiced everything. With every sip of that latte, you're not just being trendy—you're taking part in an ancient tradition.

Enjoy!

1. Blog.Newspapers.com, September 4, 2019
2. History.com, October 4, 2018
3. BuisnessInsider.com, September 1, 2018

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