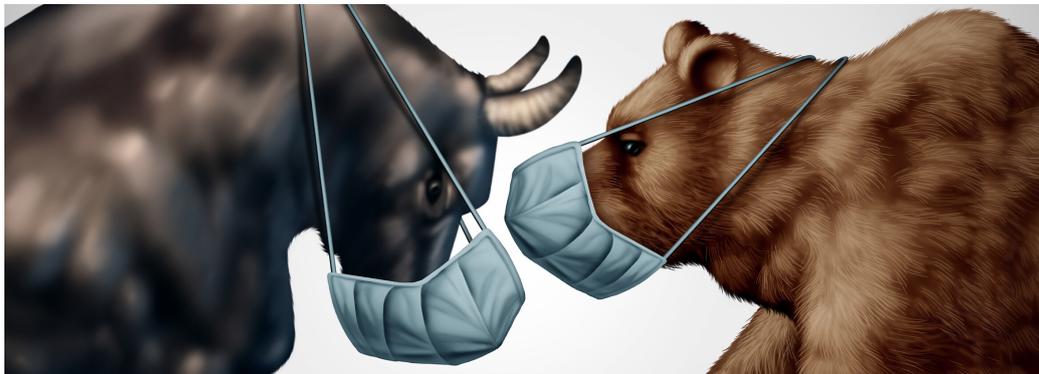


# NEWSLETTER

*The Quarterly Newsletter of Peninsula Wealth LLC*



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## Q2 Market Update

The second quarter of 2020 was anything but predictable. There appears to be a disconnect between the stock market and the economy. Markets have rallied on hopes for a vaccine, hopes for a recovery as lockdowns are eased and states slowly reopening, and hopes for a second stimulus act to be passed; however, the U.S. economy is still in the state of recession. The recession began in February according to the National Bureau of Economic Research (NBER). Below are some key economic metrics from the quarter:

**Employment Data** - According to the Bureau of Labor Statistics, nonfarm payroll employment rose by 4.8 million in June. The unemployment rate declined to 11.1% versus the 13.3% in May[i]

**Personal Savings** - It seems that most people are still holding onto their cash and have reduced their spending as uncertainties caused by coronavirus lingers. In April 2020, the personal savings rate in the U.S. rose to 32.2%, the highest rate recorded since 2015.[ii]

**Consumer Spending** - In April, the Bureau of Economic Analysts (BEA) noted a steep decline in consumer spending at negative 12.6%. Consumer spending did rebound in May, rising to 8.2%. [iii]

Despite improving news reported in different sectors of the economy, it still seems that a clean V-shaped U.S. economic recovery is unlikely. In June, we saw new market highs in the NASDAQ as it broke through its February highs and 10,000 point level. The S&P 500 and DOW Jones have rebounded sharply off their March lows but sat a few percentage points off their February highs. Technology companies like Apple, Amazon, Microsoft, Google, Facebook and more, continue to drive the NASDAQ to new highs and lead the S&P 500 as they adapt to a new normal of working from home. The market rebounds seem to defy logic as different industries such as airlines, hotels, oil, and rental cars have rallied so much despite the lack of demand. For example, Hertz filed for bankruptcy yet its stock price soared in the days after the announcement.

Certainly, no one knows, nor anyone can predict the market and economic recovery we will have. The markets have been extremely volatile and that is why we have a long-term approach. As Rahul mentioned in his video a few weeks ago, we do not believe in timing the market. It is about your long-term plan, your staying power, and navigating your emotional intelligence.

#### Sources

[i] <https://www.bls.gov/news.release/pdf/empsit.pdf>

[ii] <https://www.statista.com/statistics/246268/personal-savings-rate-in-the-united-states-by-month/>

[iii] <https://www.bea.gov/data/consumer-spending/main>

## YTD Market Returns

Data shown as of June 26, 2020\*

INDEX	Q2 2020 PERFORMANCE	YTD PERFORMANCE
S&P 500	16.97%	-5.95%
NASDAQ	32.56%	7.31%
RUSSELL 2000	19.92%	-16.79%
MSCI EAFE	14.94%	-11.17%
MSCI EMERGING MARKETS	18.54%	-9.40%
DOW JONES US REAL ESTATE	10.44%	-16.49%
FED FUNDS RATE	0.25%	0.25%

\*[https://www.gsam.com/content/dam/gsam/pdfs/common/en/public/articles/global-market-monitor/2020/market\\_monitor\\_062620.pdf?sa=n&rd=n](https://www.gsam.com/content/dam/gsam/pdfs/common/en/public/articles/global-market-monitor/2020/market_monitor_062620.pdf?sa=n&rd=n)

## SPEAK: Communication via Text

For our clients, we are rolling out a new feature to easily stay connected with you, SPEAK. You may now be able to reach out to us via text to schedule a meeting, ask a general question, or even update us with your life event.

For urgent matters and instructions to trade, withdraw, and/or invest, please continue to call us directly at (415) 678-5386. For security and compliance reasons, we cannot process these via text messages.

If you are interested in getting more information about this or if you would like to connect via text, please let Kristina or Angelica know. They will provide the information and/or the text message to gain access.



## eMoney Updates

eMoney Advisor recently made some changes to enhance connection security for the application. Effective immediately, any Wells Fargo and US Bank connections will have to be re-credentialed to get current balance information. Additionally, the *Goals* tab may be changed from the default cashflow view to the Monte Carlo view. Please reach out to Bob or Brett if you would like to change the default Goal view.

## Message from Rahul

An important reminder that your tax return as well as 1st Quarterly AND 2nd Quarterly tax payments are due July 15th, 2020. All IRA contribution for 2019 tax year are due then as well. It might make sense to make a non-deductible IRA contribution even if you are maximizing your company 401(K) plan. This contribution may be used as “basis” for an eventual ROTH conversion. If you don't know what this means please reach out to us to schedule a call with your advisor.



## Note from Kristina



As of June 30, registered broker-dealers and registered investment advisers are required to provide a new customer or client relationship summary (also called Form CRS) to retail investors. The main purpose of Form CRS is to provide retail investors with simple, easy-to-understand information about the nature of their relationship with their financial professional, in order to help them compare services between firms and make more informed decisions. We have filed our Form CRS with the SEC and will be distributing it to clients via email shortly.

Please let us know if you have any questions upon receipt.