MANAGING PERSONAL FINANCES IN TURBULENT TIMES

Presented by the Georgia Healthy Family Alliance

April 7, 2020
AGENDA

7:00pm
Welcome
P.J. Lynn, MD, FAAFP
President, Georgia Healthy Family Alliance

7:10pm
Overview of Financial Investing and Session Moderator
Robert N. Nix, CFP®, ChFC, AIF®
Director of Retirement Plan Services
Peachtree Wealth Strategies

7:15pm
Current Financial Markets and Future Returns
Talley Leger
Senior Investment Strategist, Global Thought Leadership Team
Invesco

LeaAnna Hartman, AIF®, CRPS®
Retirement Plan Consultant
Invesco

7:35pm
Giving in Turbulent Times…A Look at the Bright Side
Jim Lyons
Senior Partner
Pride Philanthropy

7:50pm
Q&A with Panelists
Robert N. Nix, CFP®, ChFC, AIF®
LeaAnna Hartman, AIF®, CRPS®
Jim Lyons

8:15pm
Closing Remarks
P.J. Lynn, MD, FAAFP
Georgia Healthy Family Alliance President
FACULTY EDUCATORS

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Looking for signs of a bottom in stocks

Equity Strategy Special Edition

A comprehensive list of tactical indicators
April 2020

Talley Léger
Senior Investment Strategist

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What’s working

1. Chicago Board Options Exchange (CBOE) Volatility Index (VIX) – extremely high
2. CBOE Equity Put/Call Ratio – extremely high
3. Percentage of NYSE stocks above their 200-day moving average – extremely low
4. S&P 500 Index’s deviation from its 200-day moving average – extremely low
5. US Economic Policy Uncertainty Index – extremely high
6. 1987 crash versus 2020 COVID crash – lining up well
1. a) Chicago Board Options Exchange (CBOE) Volatility Index (VIX)

US equities (top panel) and implied equity volatility (bottom panel) since 2008

Extreme fear like this has typically coincided with major market lows.

Source: Bloomberg L.P., Invesco, 04/02/20. Notes: The VIX or so-called “investor fear gauge” is a weighted, constant, 30-day measure of the expected volatility of the S&P 500, calculated from out-of-the-money SPX options. An investment cannot be made in an index. Past performance does not guarantee future results.
1. b) The highest percentage increase in equity volatility of all time!

Since 2008, we’ve seen four equity volatility spikes above 70%.

Source: Bloomberg L.P., Invesco, 04/02/20. Notes: The VIX or so-called “investor fear gauge” is a weighted, constant, 30-day measure of the expected volatility of the S&P 500, calculated from out-of-the-money SPX options. An investment cannot be made in an index. Past performance does not guarantee future results.
1. c) Chaos can create opportunities

1 year ahead returns on US equities from volatility increases above 70% since 2008

Source: Bloomberg L.P., Invesco, 04/02/20. Notes: The vertical blue bars represent historical returns from the strategy of buying a broad basket of large market capitalization US equities at the extreme spikes in volatility seen in 2010, 2014 and 2015, and holding those stocks for 12 months. An investment cannot be made in an index. Past performance does not guarantee future results.
2. CBOE Equity Put/Call Ratio

US equities (top panel) and seller/buyer positioning (bottom panel) since 2008

A ratio greater than 1 indicates more sellers than buyers, usually aligning with big market bottoms.

Source: Bloomberg L.P., Invesco, 04/02/20. Notes: The CBOE Equity Put/Call Ratio is a measure of seller (put) relative to buyer (call) positioning derived from the options market, where a ratio greater than 1 signals extremely negative investor sentiment. An investment cannot be made in an index. Past performance does not guarantee future results.
3. Percentage of NYSE stocks above their 200-day moving average

US equities (top panel) and breadth of listed issues (bottom panel) since 2008

4. S&P 500 Index’s deviation from its 200-day moving average

The S&P 500 has sliced through its 200-day moving average to a degree not seen since 2008/2009, 2002 and 1974.

Source: Bloomberg L.P., Invesco, 04/02/20. Note: Deviation from trend = The S&P 500 minus its 200-day moving average as a % of its 200-day moving average. An investment cannot be made in an index. Past performance does not guarantee future results.
5. US Economic Policy Uncertainty Index

The coronavirus stimulus package should ease policy uncertainty from its record high, and help stocks further along the bottoming process.

6. 1987 crash versus 2020 COVID crash

So far, this is a good comparison. The S&P 500 fell over 30% from peak to trough in both experiences, followed by double-digit rebounds from the initial lows.

What isn’t working

1. American Association of Individual Investors (AAII) Sentiment Survey – negative but not extreme
2. Slope of the US Treasury yield curve – steeper but not steep enough
3. US stock-to-bond ratio – hasn’t turned
4. US cyclical-to-defensive ratio – hasn’t turned
5. US coronavirus cases – haven’t peaked
7. American Association of Individual Investors (AAII) Sentiment Survey

US equities (top panel) and bullish-bearish % of respondents (bottom panel) since 2008

Index

Sentiment has gotten negative, but hasn’t yet become cataclysmic.

Difference

Source: Bloomberg L.P., Invesco, 04/02/20. Notes: The AAII Bull-Bear Spread is the net percentage of positive (bull) minus negative (bear) survey respondents, where a difference of roughly -30% signals extremely negative investor sentiment. An investment cannot be made in an index. Past performance does not guarantee future results.
8. Slope of the US Treasury yield curve

The curve has steepened somewhat, but it’s usually much steeper near significant lows in stocks.

9. US stock-to-bond ratio (top panel)

US equities relative to government bond returns (bottom panel) since 1981

10. US cyclical-to-defensive ratio (top panel)

US cyclical relative to defensive sector returns (bottom panel) since 1981

11. US coronavirus cases

Virus-related uncertainty could continue to weigh on stocks until the number of cases peaks.

Source: Bloomberg L.P., Invesco, 04/02/20. Notes: Confirmed coronavirus (2019-nCov) case counts compiled by Bloomberg Newsroom. Counts are subject to change as governments survey and confirm cases. Data are based on reported values as of midnight EST. An investment cannot be made in an index. Past performance does not guarantee future results.
Talley Léger
Senior Investment Strategist

Talley Léger is a Senior Investment Strategist for the Global Thought Leadership team. In this role, he is responsible for formulating and communicating macro and investment insights, with a focus on equities. Mr. Léger is involved with macro research, cross-market strategy and equity strategy.

Mr. Léger joined Invesco when the firm combined with OppenheimerFunds in 2019. At OppenheimerFunds, he was the equity strategist. Prior to OppenheimerFunds, he was the founder of Macro Vision Research and held strategist roles at Barclays Capital, ISI, Merrill Lynch, RBC Capital Markets and Brown Brothers Harriman. Mr. Léger has been in the industry since 2000.

He is the co-author of the revised second edition of the book, From Bear to Bull with ETFs.* Mr. Léger has been a guest columnist for The Big Picture and Data Watch on Bloomberg Brief Economics, as well as a contributing author on Seeking Alpha (seekingalpha.com). He has been quoted in Associated Press, Barron’s, Bloomberg, Business Week, Dow Jones Newswires, The Financial Times, MarketWatch, Morningstar magazine, The New York Times and The Wall Street Journal. Mr. Léger has appeared on Bloomberg TV, Canada’s BNN Bloomberg, CNBC, Reuters TV, The Street and Yahoo! Finance, and has spoken on Bloomberg Radio.

Mr. Léger earned an MS degree in financial economics and a Bachelor of Music from Boston University. He is a member of the Global Interdependence Center (GIC) and holds the Series 7 registration.

**Index definitions**

Consumer Price Index (CPI) program produces monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services.
The Bloomberg Barclays Global Treasury Index tracks fixed-rate, local currency government debt of investment grade countries, including both developed and emerging markets. The index represents the treasury sector of the Global Aggregate Index and contains issues from 37 countries denominated in 24 currencies.
The S&P 500 Index is a market capitalization weighted index of the 500 largest domestic U.S. stocks.
The MSCI Emerging Markets (EM) Index is designed to measure global emerging market equity performance.
The Bloomberg Barclays U.S. Aggregate Bond Index is designed to measure the performance of investment grade bonds in the United States.
Bloomberg Barclays High Yield Index is designed to measure the performance of below investment grade rated corporate bonds in the United States.
Credit Suisse Leveraged Loan Index is designed to measure the performance of below-investment grade rated variable rate loans in the United States.
The Alerian Master Limited Partnership Index is designed to measure the performance of master limited partnerships in the United States.
The Shanghai A Shares Index is designed to measure the performance of Chinese stocks listed on the Shanghai exchange.
The Eurostoxx 300 Index is designed to measure the performance of 300 large capitalization stocks in Europe.
The Nikkei 225 Index measures the performance of 225 large capitalization stocks in Japan.
The S&P 500 Momentum Index is designed to measure the performance of high momentum stocks in the S&P 500 Index.
The S&P 500 Quality Index is designed to measure the performance of high quality stocks in the S&P 500 Index.
The S&P 500 Low Volatility Index is designed to measure the performance of the 100 lowest volatility stocks in the S&P 500 Index as measured by 12 month standard deviation.
The S&P 500 Value Index is designed to measure the performance of lower valuation stocks in the S&P 500 Index.
The S&P 500 Dividend Yield Index is designed to measure the performance of high dividend stocks in the S&P 500 Index.
The S&P 500 Growth Index is designed to measure the performance of high growth stocks in the S&P 500 Index.

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All data in US dollars unless indicated otherwise.

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Giving in Turbulent Times

The Bright Side
Total Giving, 1978-2018
(in billions of dollars)
Total giving as a percentage of Gross Domestic Product, 1978-2018 (in inflation-adjusted dollars, 2018=$100)
Individual giving as a percentage of disposable personal income, 1978-2018 (in current dollars)
Total charitable giving graphed with the Standard & Poor’s 500 Index, 1978-2018 (in billions of inflation-adjusted dollars, 2018 = $100)
CARES Act – Charitable Giving Provisions

- Nonprofits included in small business stimulus
- $300 above the line deduction for all
- Lifts cap on annual contributions for those who itemize from 60% of AGI to 100%
- Corporations can deduct up to 25% of taxable income - up from 10%
Clinicians and programs are at the forefront of the effort.

Older donors who make gifts out of income not as affected - fixed incomes.

Connecting personally with donor - phone, email, direct mail trends are up.

Donors will remember who connected with them when crisis has passed.
GHFA Immediate Needs Grants  (as of 4/3/20)

• **Dr. Susan Land**, Thomson, *Lunch Delivery for Food Insecure Children and Seniors*
• **Dr. Brandi Warren**, Thomasville, *Prescription Assistance/ Diabetic Supplies for Seniors*
• **Dr. Cedrice Davis**, Marietta, *Food and Prescription Assistance for Patients in Need*
• **Dr. Monica Newton**, Gainesville, *Diaper and Food Drive For Disabled Children*
• **Dr. Sean Lynch**, Augusta, *Food, Transportation and Prescription Assistance for Patients*
• **Dr. Navdeep Mangat**, Atl, *Sanitizer Distribution and COVID-19 Testing for the Homeless*
• **Dr. Leonard Reeves**, Rome, *Liquid Nutrition Delivered to Homebound Cancer Patients*
• **Dr. Isabel Lowell**, Decatur, *Prescription Assistance for At Risk LGBTQ Youth*
• **Dr. Raymond Bedgood**, Dalton, *Prescription Assistance for Low Income Patients*
• **Dr. Daniel Grizzle**, Athens, *PPE Mask Production to Protect Patients and Staff*
• **Dr. David Westfall**, Gainesville, *Prescription Assistance for Low Income Patients*
• **Dr. Daniel Gordon**, Colbert, *Prescription Refills and Delivery for Chronically Ill Patients*
• **Dr. Leslie David**, Gainesville, *Foodbank Distribution to Needy Families in Five Counties*
• **Dr. Ken Howard**, Calhoun, *Food and Assistance for Homeless High School Students*

https://www.georgiahealthyfamilyalliance.org/
Click Here to Donate to the Georgia Healthy Family Alliance

Shan Hayes – shayes@gafp.org

Daniel Thompson – gthompson@gafp.org

(404) 321-7445 -- https://www.georgiahealthyfamilyalliance.org/