



# *Soundings*

What's New - September 2019

Quote of the month:

*"Everything good that's ever happened to me is a direct result of doing something good for others." Danny Trejo*

A likely winner of the contest for the man you'd least want to face while walking in a dark alley, Mr. Trejo is quite a story. As a youth, he was an over-achiever when it came to hell-raising. His resume includes stints at Folsom and San Quentin. In 1968, while serving time at the latter, he was facing a possible death sentence for his role in a prison riot. "We went to the hole and were facing the gas chamber," Trejo solemnly recounted to Ryan Parker of the Hollywood Reporter. "And I remember asking God, 'Let me die with dignity. Just let me say goodbye. And if you do, I will say your name every day, and I will do whatever I can for my fellow man.'" God came through and so did Mr. Trejo, big time. If you'd enjoy a powerful story of redemption, Google his name.

One word could sum up the market's moves in August - volatility. Daily moves of over 1%, in both directions, were routine. The two main culprits - the continued trade skirmish and the so-called inverted yield curve. Given the season, expect more of the same. That said, daily market movement and the economy are two separate animals. The fundamentals of the U.S. economy remain solid. We have an accommodative Fed, and there's no shortage of worry. Three ingredients that do not usually presage a recession. In fact, it's usually quite the opposite.

There's been a lot of chatter as of late that capitalism needs a tune up. A recent Gallup poll found that 51% of young people have a positive view of socialism despite the history of horrific outcomes for those on its receiving end. In this month's *Market & Economic Commentary*, I've placed a piece from the Wall Street Journal titled, "Making Money is a Patriotic Act". It is a well written counter-point to those out there who'd bash the American Dream. First, the numbers...

Jon Kagan, CFP®, CDFA™, Registered Principal, Collin Kagan, Registered Representative, Securities Offered Through Raymond James Financial Services, Inc., Member FINRA / SIPC Soundside Wealth Advisors is not a registered broker dealer and is independent of Raymond James Financial Services. Investment advisory services provided through Raymond James Financial Services Advisors, Inc.

7552 Navarre Parkway, Suite 35, Navarre, FL 32566  
850.936.6686 866.936.8816 Fax Toll-Free 866.936.6686  
[www.jonkagan.com](http://www.jonkagan.com) [jon.kagan@raymondjames.com](mailto:jon.kagan@raymondjames.com)

# Market Update - Year to Date Returns

## Major Indexes

(As of 9/1/19)\*

Dow Jones Industrials	13.2%
S&P 500 Index	16.7%
NASDAQ	20.0%
DJ Global ex US	6.4%
Russell 2000 (small cap index)	10.8%
XAU (gold/silver)	40.1%

\* Source: The Wall Street Journal

## D.A.L.I. Signals - 09/01/2019

Domestic Equities	International Equities	Fixed Income	Commodities	Cash	Currency
<b>304</b>	<b>203</b>	<b>193</b>	<b>153</b>	<b>146</b>	<b>89</b>
27.9%	18.7%	17.7%	14.1%	13.4%	8.2%
(+0)	(+0)	(+1)	(+0)	(+0)	(-1)

Source: Dorsey, Wright & Associates, LLC

- Inclusion of these indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect investment performance. Individual investor's results will vary. The Dow Jones Industrial Average (DJIA), commonly known as the "Dow", is an index representing 30 stocks of companies maintained and reviewed by the editors of the Wall Street Journal. The S&P 500 is an unmanaged index of 500 widely held stocks that's generally considered representative of the US stock market. The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ market. The DJ Global ex US is an unmanaged group of non-U.S. securities designed to reflect the performance of the global equity securities that have readily available prices. The Russell 2000 index is an unmanaged index of small cap which generally involve greater risks. The Philadelphia Gold and Silver Index (XAU) is an index of sixteen precious metal mining companies that is traded on the Philadelphia Stock Exchange.
- The Barclays Capital Aggregate Index measures changes in the fixed rate debt issues rated investment grade or higher by Moody's Investors Service, Standard & Poor's, or Fitch Investors Service, in that order. The Aggregate Index is comprised of the Government/Corporate, the Mortgage-Backed Securities, and the Asset-Backed Securities indices. The Barclays U.S. Corporate High Yield Bond Index is composed of fixed-rate, publicly issued, non-investment grade debt, is unmanaged, with dividends reinvested, and is not available for purchase. The index includes both corporate and non-corporate sectors. The corporate sectors are industrial, utility and finance which includes both U.S. and non-U.S. corporations. The Barclays Capital Municipal Bond is an unmanaged index of all investment grade municipal securities with at least 1 year to maturity
- DALI is a proprietary matrix created by Dorsey Wright & Associates, an independent 3<sup>rd</sup> party. It presents the relative strength relationship of six broad asset classes or "teams", domestic equities, international equities, commodities, fixed income, cash, and currencies. Each are represented by an equal number of ETFs. Each team play against each member of the other teams, with net victories tallied in an effort to rank each asset class team by order of overall strength. Raymond James is not affiliated with and does not authorize or sponsor any of the listed websites or their respective sponsors. Raymond James is not responsible for the content of any website or the collection or use of information regarding any website's users and/or members.
- The information contained in this report does not purport to be a complete description of the securities, markets, or developments referred to in this material. The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete, it is not a statement of all available data necessary for making an investment decision, and it does not constitute a recommendation. Any opinions are those of Jon Kagan and not necessarily those of RJFS or Raymond James Financial. Expressions of opinion are as of this date and are subject to change without notice. This information is not intended as a solicitation or an offer to buy or sell any security referred herein. There is no assurance any of the trends mentioned will continue in the future. Investing involves risk and investors may incur a profit or a loss, including the loss of all principal. Past performance may not be indicative of future results. Asset allocation does not guarantee a profit nor protect against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk. Links are being provided for information purposes only. Information in Market & Economic Commentary came from the Wall Street Journal, an independent third party. The opinions of Bernie Marcus & John Catsimatidis are independent from and not necessarily those of RJFS or Raymond James.

Jon Kagan, CFP®, CDFA™, Registered Principal, Collin Kagan, Registered Representative, Securities Offered Through Raymond James Financial Services, Inc., Member FINRA / SIPC Soundside Wealth Advisors is not a registered broker dealer and is independent of Raymond James Financial Services. Investment advisory services provided through Raymond James Financial Services Advisors, Inc.

7552 Navarre Parkway, Suite 35, Navarre, FL 32566  
 850.936.6686 866.936.8816 Fax Toll-Free 866.936.6686  
[www.jonkagan.com](http://www.jonkagan.com) jon.kagan@raymondjames.com

# Market & Economic Commentary

The two of us are quite rich. We have earned more money than we could have imagined and more than we can spend on ourselves, our children and grandchildren. These days getting rich off a profitable business is regarded as almost sinister. But we have nothing to apologize for, and we don't think the government should have more of our profits. We believe in a well-funded government, and we understand it is our duty to pay our fair share of taxes. And we do. Some of our financially successful colleagues call themselves "patriotic millionaires" and wish to pay more taxes to the government. We tip our hats to them and hope they write big checks to the Treasury, which accepts voluntary donations. Yet we oppose higher taxes on "the rich," for two practical reasons. First, the evidence is clear that higher tax rates would hurt the global competitiveness of the American economy, and thus hurt all Americans. One of us lives in Florida, where there is no state income tax; the other in New York City, with the highest income taxes in the country. The Empire State is struggling compared with other states; the Sunshine State is booming. More important, we know we can spend our dollars more wisely, and in ways that benefit our communities and our country, than politicians can.

The businesses we created have employed hundreds of thousands of Americans. Two of the firms we own we purchased in bankruptcy court, saving more than 5,000 jobs. Our companies have paid tens of billions of dollars in wages and contributed hundreds of billions to U.S. gross domestic product. They also made the tens of millions of Americans who use our products and services better off. The Home Depot lowered hardware prices across the country. Customers chose us because we offered what they wanted at a price they were willing to pay. That's the win-win miracle of the free market. We continually plow most of our earnings back into the enterprises and charities we support, built, own or operate. Our businesses in particular are our legacies, and our greatest passion is to ensure that they keep growing and innovating for decades beyond our lifetimes. Every additional dollar the government takes from us is a dollar less for this critical process of expanding America's wealth and job-creating businesses.

We also have given more than \$2 billion to charity—causes ranging from the American Cancer Society to the Salvation Army, from museums and operas to veterans' programs, homeless assistance and private schools in inner cities for at-risk kids. When we look at the way government spends its money, we are frustrated by the waste and the ineffectiveness of so many of its programs, however well-intentioned. The projects we fund of our own accord deliver real bang for the buck. The schools to which we donate teach kids better than many rural and inner-city government-run ones do. Our enterprises better promote values associated with virtue and success, and they are helping cure terrible and painful diseases from cancer to multiple sclerosis.

We are forever grateful to live in a nation that promotes free enterprise, which enabled us to achieve our dreams. Both of us are sons of immigrants who came to these shores with almost nothing. No one would ever say we grew up privileged—and that is true of most other highly successful business owners we know. We made it the old-fashioned way: We had bold plans, we took big risks, and we built and invested in highly successful made-in-America businesses.

Our greatest hope for our country is that others have the opportunities we had. We are profoundly troubled by the obstacles that many millions of young Americans face today—poor schools, drugs, single parent homes, discrimination, broken and dangerous communities.

Our patriotism is measured not in how much we pay in taxes—which is a lot—but in the businesses and the wealth and the jobs we create. We wish Washington would focus on advancing policies that will allow millions of others to experience the American Dream—as we have.

**Bernie Marcus & John Catsimatidis, Making Money Is a Patriotic Act, Wall Street Journal, August 13, 2019**

Jon Kagan, CFP®, CDFATM, Registered Principal, Collin Kagan, Registered Representative, Securities Offered Through Raymond James Financial Services, Inc., Member FINRA / SIPC Soundside Wealth Advisors is not a registered broker dealer and is independent of Raymond James Financial Services. Investment advisory services provided through Raymond James Financial Services Advisors, Inc.

7552 Navarre Parkway, Suite 35, Navarre, FL 32566  
850.936.6686 866.936.8816 Fax Toll-Free 866.936.6686  
[www.jonkagan.com](http://www.jonkagan.com) jon.kagan@raymondjames.com

## On a Personal Note

You may have heard the corny joke, “How do you get to Carnegie Hall? Practice, practice, practice.” So how do you become a financial planner? Collin will tell you...Study, study, study. The kid’s been hitting the books hard, pretty much straight through since graduating in May. He’s three exams in with one more to go before I cut the ribbon and make it official. Last week was the big one. The Securities and Exchange Commission (SEC) Series 7 General Securities exam. When I entered the industry 20 years ago, the firm I was attached to had a policy. You get one shot...pass the test or pack your bags. It made sense, as a business, they made choices on deploying their resources. A business owner myself, now I make the calls. I let my son know that I believe in him, BUT, if he downed that test, he’d find work elsewhere, take a year to “mature”, then reapply if he chose to do so. So, at the testing center, when the lad hit “submit” for the last time, there was an agonizing instant before the computer screen announced his fate. PASS. I don’t know who was more relieved.

Kathleen has been a runner since, forever. Several months back, she was invited to join the *My Pink Lawyer* running team, captained by our friend and estate planning attorney, Kristen Marks. Now Kristen is not your run-of-the-mill enthusiast. She’s a member of that crazy cohort for whom 26.2 miles is not enough. She’s an Ultra Marathoner and recently completed the famed *Antelope Canyon Ultra* in the Arizona desert. Kathleen had a couple ½ marathons under her belt but had always wondered if she could pull off the full Monty. For a runner, to be able to put that 26.2 sticker on the back of your car is a coveted accomplishment. Well, last month, not only did Kathleen make it happen, I joined her. Before you think too highly of our achievement, you’ve got to take a closer look at the sticker. We ran our first Leprechaun Marathon...26.2...feet. Okay so it wasn’t much of a run, but it was really hot that afternoon. Thanks Kristen and company for the honor of representing your team at the 2<sup>nd</sup> Annual *O’Reilly’s Uptown Pub* event in Pensacola. See you next year.

I flew to Chicago last month for an investment seminar and since the trip abutted the weekend, I brought Kathleen along. It was my beautiful bride’s 29<sup>th</sup> birthday (again) so we extended the trip an extra day to celebrate. If you’ve never been to the Windy City you really should. Though it makes the news for corrupt politicians and shootings, we saw neither. In my opinion, it’s one of the cleanest cities we’ve walked. And we got in lots of walking. It turned out that our visit coincided with this year’s Air and Water Show. In its 61<sup>st</sup> year, it’s the largest event of its kind in the United States. An estimated 2 million folks line the shores of Lake Michigan to watch some of the world’s best aviation, framed by the magnificent Chicago skyline. This year’s headliners included our very own U.S. Navy Blue Angels and the Royal Air Force Red Arrows. Rain shortened the Blue’s performance but added to the overall ambience (it’s all about attitude, right?!) It’s a good thing we got in our steps because Chicago is also known for its grub. Deep-dish pizza and tasty Chicago beef sandwiches are two local specialties you can’t leave without sampling and we heartily enjoyed both. Nightlife is front and center and we made sure to get in our share. Friday was Kathleen’s birthday so we spent a couple hours at Blues Chicago, taking in some of that special Chicago blues. Somebody let slip there was a birthday girl in the house so somebody else got a special dance with another local birthday girl. A picture worthy event for sure. I’m a little embarrassed to say that we finally took our first Uber ride, to and from one of the highlights of the trip. Believe it or not, I’m not much of a Broadway musical guy. Mostly because I fall asleep if I sit still too long. That said, I really enjoyed reading the book *Hamilton*. I never thought I’d have the opportunity to see the show, or the gumption to shell out the coin I’d heard it would cost just to sleep through, but we found reasonably-priced tickets and I needed a birthday present. It was a great decision. Wonderful show. Epic story, outstanding acting, stellar music. And I stayed awake for the entire performance. That is a most positive review!

As always, I hope you’re enjoying every day as it comes.

Warmest regards, *Jon*

Jon Kagan, CFP®, CDFA™, Registered Principal, Collin Kagan, Registered Representative, Securities Offered Through Raymond James Financial Services, Inc., Member FINRA / SIPC Soundside Wealth Advisors is not a registered broker dealer and is independent of Raymond James Financial Services. Investment advisory services provided through Raymond James Financial Services Advisors, Inc.

7552 Navarre Parkway, Suite 35, Navarre, FL 32566  
850.936.6686 866.936.8816 Fax Toll-Free 866.936.6686  
[www.jonkagan.com](http://www.jonkagan.com) jon.kagan@raymondjames.com