

# DECEMBER NEWSLETTER



*Marathon  
Investment  
Management*

*"Wealth-building for the long run"*

## THE TRUCKS ARE READY TO ROLL

By George Gumbiner

### COVID-19 UPDATE

As of Sunday evening, the U.S. reached the sad milestone of 300,000 COVID-19 related deaths.[1] The total case tally rose to 16,388,504 according to Johns Hopkins University.[2] On a global level, the death toll reached 1,618,509 and over 47.4 million have recovered.[3]

Also, on Sunday, the first trucks with COVID-19 vaccine vials produced by Pfizer left the Kalamazoo, Michigan production plant, starting the largest mass anti-viral mobilization in history.[4] Initial doses are earmarked for residents of long-term

care facilities along with critical-care providers at hospitals. By January, the nation's 21 million health care workers and 3 million long-term care residents are expected to be inoculated. A vaccine candidate from Moderna, Inc is scheduled to possibly receive FDA approval as soon as this Thursday the 17th.

### THE MARKETS

The weekly loss of all three benchmark indices – the DJIA, the S&P 500, and the NASDAQ Composite – is being blamed on the lack of agreement by the U.S. House and Senate regarding a potential \$900 billion stimulus deal. European markets remain stalled as

Brexit negotiations between U.K. Prime Minister Boris Johnson and European Commission President Ursula von der Leyen failed to bridge their differences. The U.K. will face a "hard" break with the European Union of their current commercial and trading ties on January 1, unless agreement can be made quickly.

"I no longer listen to what people say, I just watch what they do."

- Winston Churchill

[1] www.marketwatch.com U.S. Tops 300,000 COVID-19 Deaths 12/14/20  
[2] Ibid.  
[3] Ibid.  
[4] www.wsj.com The Mass Distribution

Despite a wobbly week, Wednesday December 9 saw all-time record highs by 9 of the major indices we follow, led by the NASDAQ Composite up 37.9% YTD by the week's end.[1] The strongest foreign market index so far remains the South Korean Kospi closing up 26.0% by last Friday.[2] Most of the economic news reported since the beginning of December has been very positive. Consumer sentiment, the employment situation, productivity, labor costs, household net worth, and the latest leading economic indicator report all point "north".

[1] [www.wsj.com](http://www.wsj.com) Track the Markets 12/11/20

[2] [ibid.](#)

## A NOTE OF CAUTION

The markets are very expensive, and investors are not paying much attention. The CAPE Shiller P/E ratio – which looks at S&P 500 stock prices divided by adjusted earnings over 10 years, is about 33 or double its historic average.[1]

The trailing 10-year S&P 500 rate of return ending November 16 was 11.706% annualized. If we go back 20 years ending November 16th, that average drops to 4.958% annualized.[2] The S&P 500 current p/e ratio stands at 41.5 up from 24.8 a year ago.[3] For the fourth quarter 2020, Factset estimates earnings decline of the S&P500 of 10.1%.[4] We advise caution.

[1] [www.cnn.com](http://www.cnn.com) Markets Now 12/10/20

[2] [www.dqydj.com](http://www.dqydj.com) S&P 500 Return Calculator 12/13/20

[3] [www.wsj.com](http://www.wsj.com) News and Quotes 12/10/20

[4] [www.factset.com](http://www.factset.com) Key Metrics 12/4/20

## A FEW CLOSING THOUGHTS

Jason Zweig, who we read from every week, thinks many stock buyers look at the market as a form of entertainment – especially those of the 13 million people trading stocks, options, and crypto-currencies on Robinhood – a trading platform. He states that you "can't invest without trading, but you can trade without investing".[1]

Maria Konnikova, who has a doctorate in psychology and writes periodically for Barron's about investor decision making. She has stated and encourages investors that a decision to invest, should be written down as to why to buy the stock and for what reason. Then that investor also argue against himself, and always stay

[1] Wall Street Journal My Wild Ride on Robinhood pB1 12/5/20

[2] Barron's Here's Some Investment Advice Trust your Process p.25 12/14/20

focused on his process because that is what you can control.[2]

Good advice!

## LAST MINUTE TAX TIPS

Change is dynamic and so are tax laws. Here are a few year-end possibilities:

- Consider 'accelerating' some 2021 income before 2021[1]

- high net worth clients may want to accelerate a deduction into 2020

- possibly speed up the sale of certain assets for capital gains this year

- focus on lower income producing assets in 2021

- consider transferring or gifting assets to loved ones sooner rather than later.

We at Marathon wish you a healthy and happy year end and a very successful 2021! Call us if you have any questions, we are here to help.

[1] [www.thinkadvisor.com](http://www.thinkadvisor.com) Jeffery Levine: 5 Tax Tips 12/11/20

The economical welfare of all our people must ultimately stem not from government programs but from the wealth created by a rigorous private sector."

- Ronald Reagan