

# Advisory Notes



SEPTEMBER 2020

Cultivating relationships for over

**35**  
Years

Since 1984

## VALICENTI ADVISORY SERVICES, INC.

400 East Water Street  
Elmira, NY 14901  
**607-734-2665**  
Fax: 607-734-6845

447 East Water Street  
Elmira, NY 14901  
**607-733-9022**  
Fax: 607-734-6157

24 West Market Street  
Corning, NY 14830  
**607-936-1203**  
Fax: 607-936-0213

[www.valicenti.com](http://www.valicenti.com)

Asset management  
as individual as you

## Third Quarter in Review

Positive returns continued the trend in the third quarter but seemed to peak in early September. With the presidential election on the horizon and the fear of a second wave of Covid-19 in the U.S., September posted the first negative month since March (see Market Table). Still, some healthy profit taking occurred in the top capitalized technology companies that have performed so well since the bottom of the pandemic.



While investors are cautiously moving into the fourth quarter, the economy continues to show steady improvement in some sectors. Housing and Retail have been positive while Travel and Leisure have lagged. Stay at home technology companies have continued to show

upward trends, as work from home may become the new norm.

Interest rates and inflation remain tame and below long-term targets of the Federal Reserve Bank, i.e., 10 year Treasury at 0.67%. Unemployment, although steadily improving over the past quarter, remains high and still above pre-pandemic levels, which will keep labor inflation in check.

A second stimulus aid package will assist those individuals, businesses, schools and hospitals that continue at half capacity during this time. The targeted aid should be significant enough to help Americans get through into 2021. We all hope that a COVID-19 vaccine is in the near future to help calm fears and sickness, although once approved there will likely be obstacles with production, delivery and a willingness to receive the vaccine.

We believe in the U.S. economy and its resilience in the face of adversity to overcome

See **Third Quarter** on Page 3

## Market Table

Valicenti Advisory Services, Inc. Comparative Index Period Returns From 06-30-20 THROUGH 09-30-20								
	DJIA	S&P 500	NASDAQ	Russell 2000 Index	BBG Barclays AGGR Bond Index	BBG Barclays Muni Bond Index	FTSE Corporate Bond Index	U.S. Treasury Bill Index (90 day)
06-30-20 to 07-31-20	2.51	5.64	6.82	2.71	1.49	1.82	3.31	0.00
07-31-20 to 08-31-20	7.92	7.19	9.59	5.50	-0.81	-0.51	-1.57	0.003
08-31-20 to 09-30-20	-2.18	-3.80	-5.16	-3.47	-0.05	0.02	-0.10	0.00
Cumulative Returns 06-30-20 to 09-30-20	8.22	8.93	11.02	4.60	0.62	1.33	1.59	0.03
<b>YTD Returns</b> 12-31-19 to 09-30-20	-0.91	5.57	24.46	-9.64	6.79	3.62	7.04	0.63

## Director's Chair

### Trump vs Biden

The 2020 Presidential Election offers investors different opportunities to capitalize on the potential victory of either President



Trump or former Vice President Biden. For the sake of this exercise, we will assume the House of Representatives remains Democrat, as it is unlikely to change hands. We will also assume Senate control will likely be in the hands of whoever wins the presidency. This is an apolitical look at industry sectors that may benefit or be constrained by either candidate. Probabilities are based on whether there is bi-partisan support (very high probability), action can be taken through the executive branch or with a plurality of congressional support (high), if congressional action would face opposition (good) or if congressional action would face stiff opposition subject to filibuster (lower).

#### Industries poised to benefit from a Trump presidency:

*Very high probability (above 85%):*

**Military Defense Contractors:** Trump revived military spending that suffered under budget sequester, bringing outlays to over \$700 billion per year. Modernization programs for the nuclear bomber and submarine programs along with new ICBM construction were and would continue to be new outlays. Expect military spending to continue to grow, although at a slower pace than the previous four years.

*High probability (above 75%):*

**Oil & Gas:** Trump revived the coal industry in the United States, while allowing for new drilling on federal lands and eliminating certain environmental and paperwork regulations in his first term. Expect continued deregulation by executive order to continue. Similarly, expect pipelines to benefit as his

administration would support new domestic construction along with new pipelines going into Canada.

*Good probability (above 50%):*

**Aggregate Materials:** The Republican favored infrastructure spending to repair our deteriorating roads and bridges. Estimates have ranged between \$250 billion and \$500+ billion in infrastructure spending. Political roadblocks that prevented an infrastructure bill in his first term would be weakened in a possible second term, as such spending would be stimulative to an economy affected by the pandemic. **Ethanol:** The current administration has rolled back some regulations for the industry. Although there will be a tug of war between his support of refineries, which dislike ethanol and ethanol manufacturers who produce ethanol, expect ethanol producers to win further concessions. **Drug Companies:** Although Trump has enacted regulations to limit drug pricing to similar prices foreign nations pay, this is far better than the alternative proposed by the Democrats, which involves price ceilings.

*Lower probability (above 25%):*

**Private Prisons:** During the Republican's first term, the Justice Department reversed Obama era rules limiting the use of private prisons while also increasing use. A second term could see further expansion of for-profit prisons, if Republicans also win the House of Representatives.

#### Industries poised to benefit from a Biden presidency:

*Very high probability (above 85%):*

**Solar & Renewable Energy:** Biden has pitched a slimmed down version of the Green New Deal that would cost about \$1 trillion. If the Democrats sweep, this becomes a very likely outcome. If the Senate remains in Republican hands, still expect to see increased spending on renewable energy, as a new president typically is given some funds for a signature project.

*High probability (above 75%):*

**Aggregate Materials:** The Democrat has favored infrastructure spending to repair roads and bridges in his "Build Back Better" plan. Although details are not as clear as the current administration, expect the needed stimulative effect of such spending to the economy coupled with our crumbling infrastructure to encourage at least \$500 billion in spending.

*Good probability (above 50%):*

**Hospitals:** The medical industry benefits from a greater percentage of patients being insured, which reduces bad debt expense at institutions, as there are fewer uninsured individuals renege on medical bills. Further adoption of expanded Medicaid would increase the percentage of insured, thereby improving hospital use and earnings.

**Homebuilders:** The Democrats have a long history favoring affordable housing through tax credits and implicit guarantees that back mortgages through Fannie Mae. Such programs push costs down and enable lower down payments. **Chinese Goods:** Biden would likely end the trade war when it comes to tariffs. There will probably be no Phase 2 of trade talks in this scenario, as the Democrats would be more supportive of international trade. **Gold:** If the Democrats win all the levers of power, much of Biden's platform will be expensive, so do not expect deficit spending to slow. Gold would be a possible inflation hedge and would protect against a devalued dollar.

*Lower probability (above 25%):*

**Marijuana:** Biden supports decriminalization of the drug's use. It would not take much pressure in a wave election to get him to support federal legalization. This would open up the largest consumption market in the world to the industry. **Hospitality:** Biden is in favor of a "path to citizenship" for illegal aliens (as defined by the Federal Government), a source of cheap labor for the industry. Such a move would increase the pool of low cost labor, benefitting the expense line.

See **Director's Chair** Page 3

## Director's Chair

(Continued from Page 2)

### Industries likely to be hurt by a Trump presidency:

*Good probability (above 50%):*

**Chinese & Some EU Goods:** Expect the trade war to widen once the elections pass. The beginnings of a new Cold War begin to emerge with China with re-election and expect U.S. manufacturers to decouple from China over the next four years. EU industry, particularly the German auto industry, is likely to see higher tariffs if EU tariffs do not come down to parity U.S. levels.

*Lower probability (above 25%):*

**Homebuilders, Money Transfer Businesses and Hospitality:** Trump's continued enforcement of American immigration laws will continue to increase deportations and would cut demand for housing and money transfers in the country. Such actions would also cut the supply of low-cost labor for the hospitality industry.

### Industries likely to be hurt by a Biden presidency:

*Good probability (above 50%):*

**Oil & Gas:** Biden has stated he will reintroduce a ban on drilling on federal land and would ban hydraulic fracturing with the extent of the ban being vague. **Military Defense Contractors:** Biden is not as hawkish as Trump and we will likely see flat with possibly mid-single-digit per-

centage declines in military spending. **For Profit Education:** The Democrat is likely to reinstate Obama era investigations into for profit college costs, sales tactics, low graduation rates and lack of ability for graduates to find positions in their chosen fields. **Drug/Biotech:** The Democrat has hinted at imposing price ceilings, which would hamper profit margins and drug development in the industry. **Health Insurance Companies:** Biden publicly supports a "public option" that would allow individuals below 65 years of age into Medicare. This will create tough competition for the health insurance companies. **Banks & Investment Companies:** Elizabeth Warren is believed to be Biden's frontrunner for Secretary of the Treasury. Such an event would bring a great deal of regulation back into these industries, limiting profit.

*Lower probability (above 25%):*

**Private Prisons:** Biden has stated that for-profit prison use should be eliminated at the federal level while his running mate Kamala Harris favors a nationwide ban. Expect a negative result for the industry, but a total ban is unlikely without a massive wave-in election that would be required to overcome a filibuster.

---

Louis F. Ruize

*Director of Research/Portfolio Manager*

## Investment Strategy

**D**uring the third quarter of 2020, the U.S. economy and markets showed continued volatility and uncertainty as the world searched for a COVID-19 virus vaccine. The virus will drive the uncertainty, as federal and state officials try to flatten the curve and limit further loss of life.

The Federal Reserve continues to be supportive and accommodative during this time. Additionally, Congress is searching for common ground on an additional stimulus package to further stimulate the U.S. consumer and the U.S. economy.

The U.S. economy showed signs of recovery in the midst of the COVID pandemic, led in part by consumer spending and home improvement projects. U.S. equity markets have also recovered sharply from their March lows, led in large part by companies that have been able to deliver goods and services effectively amidst the COVID restrictions.

With the upcoming presidential and congressional elections in November, the third quarter corporate earnings results, the continued search for a COVID vaccine and other additional uncertainties, we remain flexible with our asset mix in these unprecedented times. Cash positions are in a range of 5-20%, equities 35-50% and fixed income 20-35% varying, based on client specific risks, income needs and other specific directives.

---

Jeffrey S. Naylor

*Executive Vice President/CFO/CCO*



## Second Quarter

(Continued from Page 1)

and prosper in the future. We hope you and your families are staying safe and healthy and doing your part to fight the spread of the virus. As always, we will do our part to manage your investment portfolios to meet your goals and objectives. If your needs or goals change, please contact us.

---

Joseph M. Valicenti

*President/CEO*



Asset management  
as individual as you

## Analyst Corner

Following the second quarter's significant rally in risk assets, equity and fixed income products continued pushing higher in the third quarter. Major equity and bond indices are in positive territory year to date with innovative and technology driven elements as well as quality fixed income instruments producing quite strong positive returns. The culmination of the second and third quarter's return performance has certainly provided emotional relief to investors who have shouldered much volatility throughout this year.



The S&P 500 rose 8.93% in the third quarter on a total return basis and is up 5.57% for all of 2020. By late August, the main equity index had actually attained a year to date return greater than 10%, only to see that fade back quite a bit. September brought a corrective move down possibly driven by valuation concerns and an increasing acceptance of the realities around further fiscal stimulus as well as the pace of an economic recovery post the onset of COVID-19.

The Information Technology and Consumer Discretionary sectors of the equity market have been clear year to date winners gaining 27.52% and 22.45% respectively. While smaller in total market capitalization relative to these leading sectors, the Financial and Energy sectors are the clear laggards down -21.73% and -50.16% respectively for the year. In the third quarter, the Materials and Industrials sectors put up a notable showing as deflation and sequential recovery narratives took hold. Materials and Industrials were in the lead-

### Positive Market Influences

Sequentially Strong Quarterly GDP  
Employment Projection Revisions

### Negative Market Influences

Fiscal Legislation Difficulty  
Longer Road To Full Recovery

ership alongside Consumer Discretionary up 12.73%, 11.99% and 14.86% respectively in the quarter.

The 10YR US Government yield remained stable for much of the quarter and it remains around 0.68%. Except for an early June attempt to rally towards 1%, the rate volatility in this important benchmark has been muted since the bottoming out process in March. Risk free interest rates from zero to five years in maturity length remain just slightly above zero and top out around a paltry 0.25%. The expectation for shorter-term rates is that they will remain low for some time given the Federal Reserve's guidance for keeping the overnight rate low for the next few years. Assuming some additional risk, investors can clearly earn higher rewards over these government rates. The Bloomberg Barclays US Aggregate Total Return index, which consists of these "spread" products as well as the risk free component, is up 6.79% year to date on a total return basis and up 0.62% in the current quarter. The overall yield on this benchmark sits at 1.17% with a maturity of around eight years.

### Positive Market Influences:

• **Sequentially Strong Quarterly GDP** – The Q3 GDP quarterly print, which is a quarterly growth rate that is reported "annualized," could be as strong as up 30%. This follows a -31.4% annualized contraction for the second quarter. The full year, as projected by the Fed, will have possibly contracted by -3% or -4% when smoothing for the Q2 and Q3 roller coaster and after the final counting. For now, we have a few more months to get through.

• **Employment Projection Revisions** – The June Federal Reserve Open Market Committee projection for the 2020 unemployment rate was an expectation of between 9%-10% unemployment. The September revision to this estimate, which reflected sequentially stronger relative numbers throughout Q3, was lowered to an estimate between 7%-8%. This is still a high unemployment rate but, given the prior quarter's dire projection, the revision also coincides with the market pricing in something less dire in the employment outlook.

### Negative Market Influences:

• **Fiscal Legislation Difficulty** – A phase 4 stimulus package is up in the air with a divided Congress seemingly unable to reach a bipartisan consensus. There appears to be bipartisan acknowledgment that a stimulus package is needed with the disagreement around the ultimate shape and size.

• **Longer Road To Full Recovery** – The measures needed to get us through the COVID-19 crisis as well as the erosion in confidence and the consumer's ability to keep buying through weaker economic conditions as time goes on, may lead to a recovery which is more shallow than previously thought. While upside surprises are certainly possible, the full implications economically will play out into 2021 and 2022.

Daniel P. Burchill  
Security Analyst

## 2020 IRA Rule Change Reminders for Seniors

In case you have been a bit side-tracked navigating life during the pandemic, social changes, a U.S. presidential election year and, unfortunately, for those in the south and west, destructive and dangerous natural disaster events, a review of some major IRA rule changes that have taken place in 2020 may be helpful especially as they affect many of our older clients.



This is the time of the year that we usually contact many of our more senior retirement account clients to discuss remaining IRA required minimum distribution (RMD) balances. With the March 2020 implementation of the Coronavirus Aid, Relief and Economic Security (CARES) Act to help address the U.S. economic fallout from the pandemic, required distributions from IRAs, 401(k)s, 403(b)s, 457(b)s and inherited IRAs are waived for 2020. (Required distributions from defined benefit plans, such as pensions, are not suspended.) If you need or want retirement account distributions for supplemental income, the taxable distributions may be taken. The annual IRA distribution of a specific minimum amount, however, is not required this year. This could perhaps be the most impactful change since taxable income figures for some may be greatly reduced.

The CARES Act did not change the rules for the IRA qualified charitable distribution (QCD), which allows individuals over 70½ years old to donate up to \$100,000 in IRA assets directly to qualified public charitable organizations annually, without reporting the distribution as taxable income. Under

the CARES Act, however, an individual who is itemizing their deductions for 2020 taxes can elect to deduct up to 100 percent of their adjusted gross income for cash charitable contributions, an increase from 60 percent. This effectively affords individuals over 59½ benefits similar to a QCD. If you are not itemizing deductions, the CARES Act allows for an additional “above-the-line” deduction for charitable gifts made in cash of up to \$300. If you are planning a larger donation in 2020, a conversation with your tax preparer is advised.

Remember the Setting Every Community Up for Retirement Enhancement (SECURE) Act, which passed in late December 2019, unrelated to Covid-19? That bill also included important benefits to seniors that impact valuable retirement accounts and financial resources. Under the old rules, you had to be under 70½ in order to contribute to a traditional IRA but, under the SECURE Act, workers of any age can continue to make a traditional IRA contribution, as long as they are able to demonstrate earned income.

Finally, when RMD requirements resume in 2021, one of the key provisions of the SECURE Act will once again come into play for those who turned 70½ after December 31, 2019 – the age at which an individual must begin taking required minimum distributions from their retirement account has changed from 70½ to 72.

If you are still unsure how any of these changes apply to you, our staff is always available to help review your situation and needs.

---

Kelly S. Diehr, FPQP™  
Administrative Assistant

## What Are The Stock Sectors?

The global industries classification standards (GICS) is a classification system that divides the economy into eleven sectors. The sectors are as follows:



1. Energy
2. Utilities
3. Materials
4. Industrials
5. Consumer Discretionary
6. Consumer Staples
7. Healthcare
8. Financials
9. Information Technology
10. Communications Services
11. Real Estate

As you would expect, some sectors are more volatile than others are and some have quite a bit of crossover.

---

Ralph H. Roberts, Jr.  
Vice President of Client Services



Asset management  
as individual as you

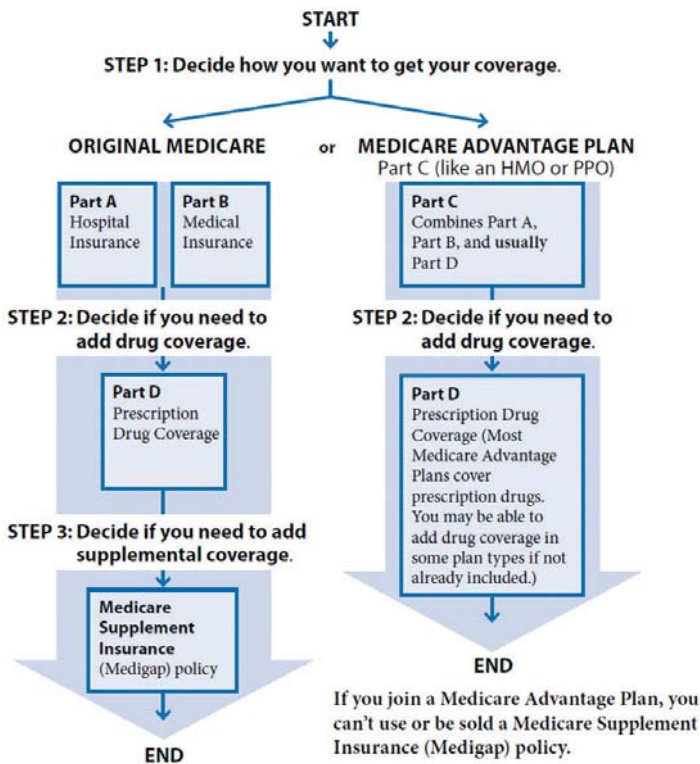
*The highest compliment our clients can give is the referral  
of their friends and family. Thank you for your trust!*

## Medicare Planning

Individuals who currently receive Medicare benefits are quickly approaching the Annual Election Period (AEP). The AEP allows Medicare beneficiaries to review and select the type of supplemental coverage to enhance Medicare Part A and Part B. It also allows beneficiaries to select a prescription drug plan. During the AEP, you may add, drop or change your Medicare coverage. This is the only time of the year that you can do this unless you qualify for an exception. The AEP for 2020 begins October 15, 2020 and will run through December 7, 2020.



During this period, you are likely to examine the types of coverage available, benefit cost sharing and premium. The chart below provided by medicare.gov illustrates the two primary ways in which you receive your Medicare coverage – original Medicare or a Medicare Advantage Plan.



www.medicare.gov

As illustrated here, the Medicare coverage choices include original Medicare Part A (Hospital Insurance), which helps to cover inpatient care in hospitals, skilled nursing facility care and hospice care. Medicare Part B (Medical Insurance) helps to cover physician services, outpatient care, home health care, durable medical equipment and various preventive services. Medicare Part C (Medicare Advantage) includes all benefits and services covered under Part A and Part B. Medicare Advantage plans are facilitated by Medicare-approved private insurance companies and may include Medicare Prescription Drug Coverage (Part D) as part of the plan. Medicare Part D (Medicare Prescription Drug Coverage) helps to cover the cost of prescription medications and is also facilitated by Medicare-approved private insurance companies.

For most individuals who are Medicare eligible, you generally do not pay a monthly premium for Medicare Part A (Hospital Insurance) coverage if you or your spouse paid Medicare taxes while working. You pay a premium each month for Medicare Part B (Medical Insurance). The standard premium amount for 2020 is \$144.60 per month, however, if your modified adjusted gross income reported on your IRS tax return from two years ago is above a certain amount, you may be charged an Income Related Monthly Adjustment Amount (IRMAA). This is an extra charge added to your premium.

In addition to the premiums listed above, a beneficiary must also consider the cost of supplementing Medicare Part A & Medicare Part B coverage. Medicare Supplemental Insurance policies also referred to as Medigap policies are sold by private insurance companies. This coverage supplements Medicare benefits to pay some of the health care costs that Medicare does not cover. If you remain employed after age 65 and have other insurance, such as employer group health coverage, there are specific rules that determine whether Medicare or your other insurance is primary or secondary. It is important to understand the rules under which Medicare and other plans integrate. Please contact Valicenti Insurance Services, Inc. at 607-215-0242 if you would like to discuss the Medicare planning resources we have available to you.

Suzanne M. Valicenti  
 President/CEO  
 Valicenti Insurance Services, Inc.

## For ALL Your Insurance Needs

**VALICENTI INSURANCE SERVICES, INC.**

### Personal Insurance

- Auto
- Homeowners
- Umbrella
- Rec Vehicles
- Motorcycle
- Watercraft

### Life & Health Insurance

- Life
- Long Term Care
- Disability

### Business Insurance

- Property
- Liability
- Automobile
- Professional Coverages
- Workers Compensation
- NYS Disability

### Group Benefits Plan

- Health Insurance
- Dental Insurance
- Life Insurance
- Disability Insurance
- Customized Benefit Insurance

## Withholding Tax Checkup

The IRS is highlighting a variety of resources and tools – including the on-line Withholding Calculator – to help taxpayers determine if they need to make an additional tax payment to avoid an unwelcomed surprise at tax time. Due to the Coronavirus pandemic, millions of Americans received or are currently receiving unemployment compensation, many of them for the first time. It's important for these individuals to know that unemployment compensation is taxable. Taxpayers can have taxes withheld from this compensation now to help avoid owing taxes on this income when they file their income tax return next year. Federal law allows recipients to choose a flat 10% withholding from these benefits to cover part or all of their tax liability. Additionally, taxpayers should check for withholding on the unemployment assistance under the Disaster Relief and Emergency Assistance Act of 1974. Another factor to consider is that unemployment could be taxable on the state tax return. Some states, such as New York, tax unemployment benefits.

Those who are self-employed or have other income, such as interest, dividends, self-employment, capital gains, prizes and awards or have too little tax withheld from wages may need to make estimated or additional tax payments. Estimated tax is used to pay not only income tax, but other taxes such as self-employment tax and alternative minimum tax.

The U.S. tax system is essentially “pay-as-you-go.” Taxes must be paid as income is earned or received during the year. For people who receive salaries, wages, pensions, unemployment compensation and the taxable part of Social Security benefits, taxes can be withheld.



Taxpayers can adjust withholding on their paychecks, unemployment or the amount of their estimated tax payments to help prevent penalties. This is especially important for people in the sharing economy, those with more than one job and those with major changes in their life, like a recent marriage, a divorce or a new child.

Some income is not subject to withholding. This includes some income from the sharing economy and income from self-employment or rental activities. Individuals, including sole proprietors, partners and S corporation shareholders, may need to make estimated tax payments unless they owe less than \$1,000 when they file their tax return or if they had no tax liability in the prior year (subject to certain conditions). Taxpayers normally make four estimated tax payments a year. The remaining payment for 2020 is January 15, 2021. Those who make estimated payments may be charged a penalty if those payments are late.

Because of the tax changes taking effect this year, the IRS urges all employees, including those with other sources of income, to perform a Paycheck Checkup now. Doing so now will help avoid an unexpected year-end tax bill and possibly a penalty. The easiest way to do this is to use the Withholding Calculator available on IRS.gov.

Form 1040-ES, Estimated Tax for Individuals, available on IRS.gov, is designed to help taxpayers figure these payments simply and accurately. Employees who expect to receive long-term capital gains or qualified dividends or employees who owe self-employment tax, alternative minimum tax or tax on unearned income of minors may need to seek the advice of a tax professional to check whether they should change their withholding or pay an estimated tax.

Paul E. Hornbuckle, CPA  
Vice President of Tax and Business Services

## For ALL Your Tax and Business Services Needs

### Taxation

- Personalized tax preparation: Individual, Partnership, Corporation, Estates, Trusts and exempt organizations
- Tax planning for individuals and businesses
- Audit assistance or representation before tax authorities
- Online research capabilities for Federal and all 50 states
- Semi-annual client newsletter

### Accounting Services

- Financial statement analysis and preparation
- Bookkeeping
- Sales tax returns

### Business Consulting

- Business entity design: Sole Proprietor, Partnership, Corporation and Limited Liability Company (LLC)
- Business plan design and execution
- Analysis of business direction and strategic planning
- Fringe benefit evaluation



Asset management  
as individual as you

**Cultivating Relationships  
for Over 35 Years**

*Our Clients Come First*

## Mutual Funds and ETF's

Many of us do not have a good understanding of mutual funds and exchange traded funds (ETF) and, in many cases, our only exposure to them are those offered through employer 401(k) plans.

Mutual funds and ETFs offer a number of categories, investing styles and strategies. The most popular are equity funds, which invest in stocks. They can be large-cap (more than \$10 billion), mid-cap (\$2 billion to \$10 billion) and small-cap (less than \$2 billion). Each of these categories can be further divided into:

1. **Index funds** - follow the broader markets and have lower operating expenses and lower turnover. They are portfolios structured to match or track the components of a market index, i.e. the S&P 500.
2. **Value funds** – include equities that are priced low relative to their earnings potential.
3. **Growth funds** – consist of companies with high growth.
4. **Blended funds** – are a combination of both value and growth equities.
5. **Sector funds** – concentrate on one particular sector of the economy, such as Health-care or Energy.
6. **Bond funds** – invest in fixed-income securities.
7. **Balanced funds** – include a combination of equities and fixed-income investments.
8. **Foreign funds** – own stocks and bonds of companies outside the U.S.
9. **Money Market funds** – invest in very short-term securities.
10. **Alternative funds** – invest in non-traditional investments such as global real estate, start-up companies or commodities such as gold or oil.
11. **Target-date funds** – in which you choose one fund to diversify your investments in stocks, bonds and cash throughout your working life, targeting expected retirement date.
12. **Lifestyle funds** – have a targeted date.

When selecting the funds for your 401(k), we suggest that you consult with your portfolio manager.

---

Ralph H. Roberts, Jr.  
Vice President of Client Services

## For ALL Your Wealth Management Services Needs

### Portfolio Management

- Individual and joint accounts
- Individual retirement accounts (IRA's)
- Trust and estate accounts
- Endowment and Foundation accounts
- Business retirement plans
- Agent for the Fiduciary

### Planning and Consulting

- Estate
- Financial
- 401(k) review and analysis
- Income
- Retirement
- Taxes



Asset management  
as individual as you

## A Bit of History

Did you know that the Dow Jones Industrial Average was established in 1896 and was comprised of twelve companies? The last standing member of the original twelve was the General Electric Company, which was removed in 2018.

The other eleven companies, most of which you may never have heard of, were:

1. American Cotton Oil Company – evolved into a company that became part of Unilever.
2. American Sugar Company – acquired by American Sugar Refining, Inc.
3. American Tobacco Company – renamed itself Fortune Brands.
4. Chicago Gas Company – evolved into a subsidiary of Integrys Energy Group.
5. Distilling & Cattle Feeding Company – evolved into Millennium Chemicals.
6. Laclede Gas Company – rebranded as Spire Energy.
7. National Lead Company – now called NL Industries.
8. North American Company – broken up by the SEC in 1946.
9. Tennessee Coal, Iron and Railroad Company – merged with U.S. Steel in 1907.
10. U.S. Leather Company – liquidated in 1952.
11. United States Rubber Company – acquired by Michelin in 1990.

---

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Valicenti Advisory Services, Inc. ("VASI"), or any non-investment related content, made reference to directly or indirectly in this newsletter will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this newsletter serves as the receipt of, or as a substitute for, personalized investment advice from VASI. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. VASI is neither a law firm nor a certified public accounting firm and no portion of the newsletter content should be construed as legal or accounting advice. A copy of the VASI's current written disclosure Brochure discussing our advisory services and fees is available upon request. Please Note: If you are a VASI client, please remember to contact VASI, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, or if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services. VASI shall continue to rely on the accuracy of information that you have provided.