



February 3, 2020

“The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn.” -Alvin Toffler

Happy New Year! 2019 ended up being a good to very good to awesome year for anyone exposed to the equity markets. The S&P 500 ended up 31.25% for the year including dividends. Our mid cap US equity index ETFs ended up 28.4% on average and the small cap equity index ETF we employ finished 2019 up 25.39%. The US real estate investment trust indices that we follow were up 28.78% and 22.72% for the year and the long-term US Treasury Bond Index ETF was up 14.12%. Assets under management for Dare Capital Management, LLC ended 2019 up 29% and the trading environment was robust.

As January 2020 has unfolded the market’s attention has been grabbed by a Chinese coronavirus that does not yet have a cure. The uncertainties of the virus’ spread and the resulting potential economic impacts has brought selling pressure into the market these last several weeks, even as corporate earnings for portfolio companies have been largely positive.

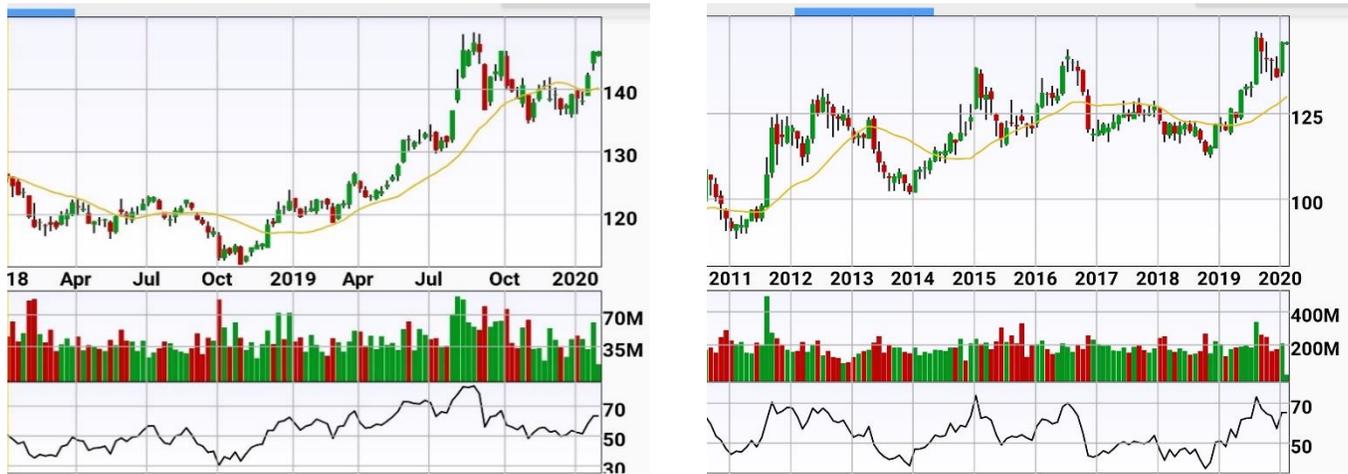
Support and Resistance-Equities



Here are two charts of the Vanguard S&P 500 ETF symbol VOO- the chart on the left is a six-month timeframe, on the right is a two-year timeframe. On the left we can see the clear uptrend and period of new highs since breaking above the previous September highs. We can also see the last few weeks of selling as the coronavirus has become an issue.

On the two-year chart we see the fall of 2018 correction and the climb back to new highs from there. Volume and relative strength trends have been extremely favorable until the past two weeks.

Support and Resistance- Bonds



The two charts above show US Long Treasury Bond Price ETF TLT (note that bond yields and prices are inversely related) for two-year (l) and ten-year (r) periods. This security has been a prime beneficiary of low global interest rates and ended 2019 up 14.12%. European quantitative easing and negative interest rates through a large part of the global bond market has pushed the yields of US government debt steadily lower and thus the price has risen, even eclipsing the previous high price set immediately after the Brexit vote in 2015. This uptrend in price remains in place in both charts and suggests downward pressure on interest rates for the foreseeable future.

Pulse

ESG investing, based on environmental, social, and governance-based initiatives has been gaining traction among portfolio managers the last several years. This past January Larry Fink, the CEO of asset management colossus Blackrock said that he would hold all future firm investments to an overlay of ESG-responsible governance. This was a huge announcement by one of the leaders of the herd in asset management, and I have chosen to take Mr. Fink at his word in how I construct portfolios going forward.

To wit, I've already done more trading in 2020 than I did in all of 2019, selling Chevron, Exxon Mobil, Altria, Dow Chemical, DuPont, and all Dow-Du Pont spinoffs. We've been buying Boeing on weakness as a long-term holding and adding to Apple and Microsoft positions, in addition to adding to core index positions. The next step will be to reevaluate growth versus value portfolio alignments in light of rapid changes happening within the asset management industry.

The SECURE Act-

Congress passed the SECURE Act and it was signed into law on December 20, 2019. The SECURE Act makes significant changes to retirement account planning and administration, perhaps most notably by **eliminating Stretch IRA distributions** for almost all but spousal beneficiaries. The SECURE act also raises the age at which Required Minimum Distributions must be taken from 70½ to 72. I've enclosed several reviews of SECURE Act provisions, but please note that legislation this complex is sure to be analyzed and re-analyzed in the coming months by the planning community.

SECURE Act Resource Links:

IRA educator Ed Slott has compiled a handy summary of the SECURE Act-
<http://bit.ly/2vMuBL6>

Here's a Vanguard Institutional article written just after the bill's passage-
<https://vgi.vg/37SzVLa>

TD Ameritrade 'Ticker Tape' Newsletter

(Note: On November 20, 2019 Charles Schwab Co. announced plans to acquire TD Ameritrade in an all-stock transaction. The transaction is expected to close late in 2020. As of now it is business as usual at TD Ameritrade Institutional, my firm's custodian partner, and it is anticipated that the deal will be a win-win for Schwab and Ameritrade clients and shareholders-stay tuned.)

TD Ameritrade Institutional is my firm's custodian partner and Ameritrade common stock is a top holding. (see chart, below) TD Ameritrade offers a timely and thoughtful weekly newsletter called Ticker Tape. To sign up for the Ticker Tape newsletter visit
<https://tickertape.tdameritrade.com/>



TD Ameritrade (AMTD), ten year

Signing off from Nags Head,

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Please note that the above commentary is presented for informational purposes only.

Dare Capital Management is a registered investment advisor in North Carolina providing ongoing investment management and related planning to individuals, families, and businesses. Find out more about the firm at <https://darecapital.com>

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