



COOK CAPITAL MANAGEMENT
9306 Vista Meadow Dr
Verona, WI 53593
(608)444-1066

Greetings,

It was another exciting quarter for the stock market in the third quarter as stocks continued to rebound from steep declines this spring and then sold off to end the quarter. The S&P 500 finished up 8.5% for the quarter. Technology stocks lead the way for the Summer climb in August and the Autumn sell off in September as the tech-heavy NASDAQ index finished a few points better than the S&P 500 at 11% for the quarter. The run up in tech stocks may be a signal that investors believe that these companies are protected from the virus.

The Federal Reserve is making decisions and taking actions based on the COVID pandemic. Chairman Powell is asking congress for further fiscal stimulus to help businesses and individuals with liquidity until a vaccine can start us down the path to normalcy. They have also indicated that they will leave interest rates near zero for as long as they need to in order to help keep borrowing rates for businesses and consumers low as we work our way through the pandemic.

Many of the US's biggest banks were required by regulators to set aside cash in case of loan delinquencies in the first half of the year are expected to have continued in the third quarter. The banks were also instructed to continue to retain earnings instead of using them to pay dividends and repurchase shares through the end of the year as an additional line of defense against losses.

It's hard to blame these safeguards since the last health pandemic was more than a century ago and many things have changed since then. Medicine has advanced significantly we'll likely get through it much more quickly. There are many news stories saying that a vaccine will be approved before the end of the year and that candidate vaccine companies are already mass producing them so that they are ready to ship as soon as the vaccine is approved. Even so, we still don't know exactly how long it will take to get through it completely.

Until we can get a handle on the outcome of this thing, we'll continue to invest in the stocks of companies that can endure through a pandemic environment and beyond and companies that have the financial resources and liquidity to sustain the pandemic and thrive in the long run.

"They tried to bury us. They didn't know we were seeds."
— Dinos Christianopoulos

Stay safe,

BJ Cook