



June 2020 Newsletter

## Covid-19, BetterInvesting and Webex

This Newsletter primarily focuses around the intertwining of the Covid-19 pandemic and Betterinvesting. The issue will start with an overview of the economic and market impact of the pandemic during the period March through May 2020 and then trace specific aspects including two virtual educational events more or less in chronological order. There will also be a few of the normal announcements. (See [links below](#) to specific features)

### Covid-19, the Economy, and the Market

Covid-19 has hit the world and especially the United States hard. As of May 30<sup>th</sup>, the Johns Hopkins's COVID-19 [dashboard](#) was reporting over 6 million cases worldwide and approximately 368,000 deaths. The U.S. alone, the world leader in both categories, had over 1.75 million cases and approximately 104,000 deaths. By the time you read this, the numbers will certainly be higher and likely still growing. COVID-19 has wrought a tragic human toll.

In April employment shrank by over 20 million and unemployment surged to 14.7%. By May 29<sup>th</sup> the 10-week total of the unemployment claims had reached over 40 million or the equivalent of one in four American workers. With some workers returning, [CNBC](#) was predicting the May unemployment rate would come in at about 20 per cent. The *NY Times* underscored that the unemployment rates does not include others (those who have been furloughed, gig workers, workers who have not submitted claims, or who are among the estimated 8 million undocumented workers who have lost their jobs). In April, the Congressional Budget Office was already predicting the economy would contract by 5.6 and the unemployment rate would be above 11 percent in 2020. (*NY Times*, May 28, U.S. Jobless claims pass 40 million).

Apropos of company revenues and earnings, the June *Investment Advisory Newsletter* stated:

According to FactSet's *Earnings Insight* newsletter dated May 8, 86% of companies in the S&P 500 have reported first quarter results. Unsurprisingly, they aren't great, with earnings falling 13.6% and revenue advancing just 0.6%. The second quarter is going to be even worse, with analysts, often an optimistic lot, expecting earnings to fall 41% on an 11% drop in sales. For calendar year 2020 analysts expect earnings to drop 20% on a 4% sales decline.

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## S & P 500 Closing Prices February 19 through May 2020



The S & P 500 index reached an all-time high, \$3,386.15, on February 19<sup>th</sup>, 2020 just as news of coronavirus was circulating in the U.S. The index began dropping. The graph above shows the S & P 500 Index from February 19<sup>th</sup>, just before the impact of the pandemic, until May 29<sup>th</sup>. The Index dropped to \$2237.40 on March 23<sup>rd</sup>, and has climbed back to \$3044.19 as of May 29<sup>th</sup>.

For this author, the question isn't why did the market drop. Instead, my question is why has it rebounded so fully, gaining back 70% of its loss? Among many possibilities, four come to mind:

- 1) Taking lessons learned from the 2008-2009 financial crisis, the market is applauding the significant support provided by the U.S. government. There is hope it will work again.
- 2) Some believe that bigger companies will have higher survival rates during this crisis while smaller businesses will fail. In that case, in the long run companies with shareholders are likely to gain greater market share.
- 3) The market is a leading, not a trailing, indicator. The bad news is out. Now the loosening of stay at home orders, some good news on the search for useful drugs, and the flattening curve of coronavirus in some locations is leading to a belief that economic activity will begin picking up.
- 4) Consistent with each of the above possibilities, in many areas of life (our health, how quickly we will get things done, the likelihood of our marriages lasting) humans are Pollyannas, believing all will work out well. Pessimistic biases can be found, but optimistic biases abound, including in investors' decisions ([click here](#)).

### **How the North Carolina Chapter Offered Immediate Help Many BI Clubs Are Now Conducting Their Meetings Online**

Between February 24<sup>th</sup> and February 28<sup>th</sup>, most of the NC Chapter's volunteers and model club members had become acutely aware of the health and financial dangers posed by the coronavirus (COVID-19). The World Health Organization reported a little less than 87,000 confirmed cases mostly in Asia and Europe. Only 71 and 19 confirmed cases were reported in the United States and Canada respectfully. The first USA death due to COVID-19 was reported by Washington

State. Clearly, the coronavirus was deadly, very contagious, and it was spreading rapidly. The Dow Jones Industrial Average fell from 28,402 to 25,409, a 12% drop that same week.

Our monthly chapter and model club meetings are normally held in one of the public libraries in the Greensboro, High Point and Winston-Salem area. Our last face to face model club meeting was held in the Kernersville library March 3, 2020. A few days later, our chapter began working on “A Proposal Regarding BetterInvesting Club & Chapter Meetings”.

We proposed that all face to face club and chapter meetings should be suspended for the next two or three months. We also noted that our chapter has the ability to still hold meetings. We can attend club and chapter meetings online from the safety and comfort of our own homes by using the GoToMeeting application. We suggested that online only meetings should become the “new normal” until we have a much better understanding of the COVID-19 health risks.

This proposal was published in a mass email sent to the roughly 800 BetterInvesting members in our service area on March 16, 2020. The proposal also contained a strong hint. Several of our chapter volunteers were willing to help any of the 105 BI clubs in our service area to hold online meetings. All your club had to do was to request help by emailing our chapter at [contact@northcarolina.betterinvesting.net](mailto:contact@northcarolina.betterinvesting.net) with the date, time and meeting length that would be most convenient for your club.

I was afraid that we would be overwhelmed if we received more than 30 requests per month for online meetings. Only 8 clubs requested online meetings. Most of these clubs requested online meetings in April, then again in May, and now, I am receiving requests for June.

I wondered why there were so few BI clubs in our service area requesting help with online meetings, and then, I heard about “Zoom”, a very popular online meeting application. I also found an article titled “[Hold Your Investment Club Meeting Online](#)” published March 18<sup>th</sup> by Doug Gerlach, the President of ICLUBcentral. He provided a short summary of most of the online meeting tools available at that time. Here are the names and the links Doug thought were most suitable for club meetings: FreeConferenceCall.com (<https://www.freeconferencecall.com/online-meetings>), GoToMeeting (<https://www.gotomeeting.com>), Skype (<https://www.skype.com>), TeamViewer (<https://www.teamviewer.com>), Webex (<https://www.webex.com>), and Zoom (<https://www.zoom.us>).

Doug also mentioned a few other online meeting applications that might work for some clubs: AnyMeeting (<https://www.anymeeting.com>), BlueJeans Meetings (<https://www.bluejeans.com>), CallBridge (<https://www.callbridge.com>), Google Hangouts (<https://hangouts.google.com>), Join.me (<https://www.join.me>), and Slack (<https://www.slack.com>).

A few additional online meeting tools appeared since Doug Gerlach published his article; most notable are Microsoft Teams (<https://www.microsoft.com/teams>) and Google Meet (<https://www.google.com/meet>). Google Meet is actually the new name and upgrade for Google Hangouts. As you can see, there are many online meeting programs. Some are actually free! Quite a few are free for a little while, and then there are the others.

Nobody knows when a COVID-19 vaccine will be available to the general public (soon I hope and pray). So until then, your club might want to check out some of the online meeting tools Doug Gerlach mentioned above.

By the way, during this COVID-19 crisis, our chapter's offer still remains. If your club needs help holding online meetings, please email the date, time and meeting length that is most convenient for your club to [contact@northcarolina.betterinvesting.net](mailto:contact@northcarolina.betterinvesting.net).

Stay Safe and Healthy,  
Ron Cox, Volunteer  
NC Chapter of BetterInvesting

## Calming Advice at the Market's Bottom

March 20, 2020

Well, here we go again. The market has been down 20% and may go lower. What should we do? First, don't panic. I have been here many times before. But it seems like it is always for different reasons. For years, I have always told our members and my friends not to have money in the stock market that may be needed soon. As we manage our portfolios, we always need to keep our asset allocation in mind. We need to keep cash and laddered CDs or bonds set aside for emergencies and living expenses. Times like this are why I have always said that.

I have always believed that you don't lose money until you sell. After selling, you lock in your loss. Now is not the time to sell. In fact, if you are a long-term investor like I am this may be a good time to start buying. We don't know if this is a market bottom, but stocks are certainly a better buy today than they were at the end of January.

As a long-term investor, I have always looked for times when the stock market goes on sale. Now is one of those times. Again, I don't know if we are approaching a market bottom, but I am sure we will look back at this time in the future when the prices are much higher and wished we had bought. How many of us wished we had invested more during the financial crisis at the end of 2008 and early 2009?

Again, don't worry. The market has always come back. It will this time.

*Gary Ball, long-time BetterInvesting investor and Puget Sound Chapter director*

## COVID Cancellation Conference and Other Webinars

The Mid-Michigan BetterInvesting Chapter hosted a COVID Cancellation Conference consisting of five online webinars May 14-16. These sessions are available online via YouTube.

**Class 1. Always Invest Better: A Let's Talk Stock Panel Discussion** (Butcher, Donnelly, Kavula, Lynch, McManus, Robertson)

The panel kicked off the event with a traditional "Let's Talk Stocks!", spending a few moments honoring the past and providing a fully transparent review of historical performance ... and they sharee the analysis of a favorite idea ... with a lightning round chaser.

[Click here for video: https://www.youtube.com/watch?v=9tgtmw62vTM&t=6s](https://www.youtube.com/watch?v=9tgtmw62vTM&t=6s)

### **Class 2. Small Company Discovery** (Kavula, Robertson)

Finding smaller companies to add to portfolios is always a challenge. What is the role of small companies in your portfolio? What is the difference between small-cap and small company? Join Ken Kavula and Mark Robertson as they present a progress report on their Best Small Companies for 2020. They will show how the list was put together and look at some interesting ways to identify small companies for study and possible purchase. When is the last time you added a great small company to your portfolio?

[Click here for video: https://www.youtube.com/watch?v=Gsj1pdXS5A](https://www.youtube.com/watch?v=Gsj1pdXS5A)

### **Class 3. Bear Market Lessons** (McManus, Robertson)

In this session, Mark and Hugh looked at the challenges presented during bear markets and the reliable approach inspired by some of the Legends of Investing. Trust your studies. What can be done when earnings are a mess on your visual analysis? What opportunities should be emphasized during deeper recessions and bear markets? What stocks were favored ten years ago and how have they done?

[Click here for video: https://www.youtube.com/watch?v=iw6ulN2AYq0](https://www.youtube.com/watch?v=iw6ulN2AYq0)

### **Class 4. Selling Guidelines** (Kavula, Lynch, Robertson)

For the last two or three years Mark Robertson and Ken Kavula have been looking at ways to refine the selling process. Cy Lynch brings the perspective of portfolio-centered decisions and its impact on necessary management decisions. Starting with the traditional selling cues, Ken, Mark and Cy have been searching for triggers which might add a percentage or two to total portfolio returns. As the data mounts, the findings are worthy of further exploration. Listen to new ideas. Respect time-honored guidelines and traditions. Can we sell better?

[Click here for video: https://www.youtube.com/watch?v=4GLqxDmeDJE&t=11s](https://www.youtube.com/watch?v=4GLqxDmeDJE&t=11s)

### **Class 5. These Are a Few Of Our Favorite Screens** (2 Guys & "All")

Mark Robertson and Ken Kavula hosted this no-holds-barred discussion about investing. The Two Guys are known throughout our long-term investing community for this lively discussion class and they are sure to not disappoint! You'll never know exactly what the topics will be, but you can be sure to walk away with thought-provoking stock ideas and useful ideas to put to work as you build your nest egg. This session will focus on their favorite sources of ideas and Ken and Mark will be joined by the rest of the damsels and knights as they all explore Ivory Soap, Irish Spring and a number of stock study idea generators.

[Click here for video: https://www.youtube.com/watch?v=xsOuU\\_dzI3U](https://www.youtube.com/watch?v=xsOuU_dzI3U)

### **BetterInvesting April Ticker Talk**

Besides the Covid Cancellation Conference, BetterInvesting's April Ticker Talk addressed the topic "Stock Selection Guidelines for Unusual Times." A BI team of Ken Kavula, Ann Cuneaz, and Marion Michel discussed the ways of adapting using the Stock Selection Guide in light of the implications of the pandemic period.

Kavula divided stocks into four categories:

1. Doing as well as ever (e.g., Microsoft)
2. Seem to have the potential to recover quickly as the economy opens back up (perhaps Anheuser-Busch aka Budweiser).
3. Will take a significant amount of time to recover (e.g., Airlines).
4. Have a good chance of never recovering (e.g., some traditional retail chains may fail).

He stressed three bits of advice:

- Focus on quality – it's more important than ever.
- Invest in strong management teams.
- Avoid companies with large debt levels.

This presentation is also available. Sign into BetterInvesting, cursor down toward the bottom under Learning Center, click Ticker Talk, click Visit TickerTalk Video Archives, and find the April 2020 webinar. [Click here](#)

## **May Portfolio Contest Update: As the Market Rebounds**

The entries to the North Carolina BetterInvesting Portfolio Contest again moved ahead very nicely during the May. The average club portfolio increased 9.1 per cent versus the S & P 500's 7.8 per cent. The average value of contestants' portfolios is now worth more than would be \$10,000 invested in the S & P 500 index during the same time period, \$10,836 vs 10,395.

In May, 30 of the 32 different stocks held by contestants increased their share price. This could simply be considered a case of all boats rise when the tide comes in. That, however, is not true. 94% of contestants stocks increased in May compared to only 74% of S & P 500 stocks. Bravo contestants!

At the end of May, the club standings (see below) were very similar to their standings at the beginning of the month.

Standings	Latest
Tickuntie Investments	15,400.73
Piedmont Investment Club	12,660.41
NC Model Club	10,943.70
Legacy Investment Team	10,918.91
Big Bucks	10,550.11
Triangle Investment Club	10,509.70
Hickory investment Club	10,058.32

Paupers Investment Club	8,487.44
PPP Investment Club	7,997.52

For the third time during this contest Beyond Meat (BYND) was the stock with the largest monthly gain (29.6%). Beyond Meat might be called somewhat of a roller coaster stock: it went from \$234 on July 26, 2019 to \$54 on March 18, 2020 to \$128 at the end of May. North Caroline-based Lowe's had the second biggest gain in May, 24.4 per cent. The three Clubs with the best monthly gains, 13%, (Tickuntie, Hickory, and the Model Club) each did so by having three very solid, but not spectacular, holdings that returned 12 to 22 per cent.

## Virtual BINC 2020

In lieu of its traditional face-to-face annual national convention, cancelled due to Covid, BetterInvesting is offering Virtual BINC 2020. It is a free event, exclusive to all BetterInvesting members and will include four webcast webinars scheduled for June 22, 23, 24, and 25 at 8:30 PM (EDT). A theme of the Virtual BINC be how to successfully navigate today's volatile stock market by being disciplined and relying on fundamentals.

To Register [click here](#).

Once you register you will receive a confirmation email that includes a "Join Webinar" link that you will use to access all four webcasts. You can attend as many or as few webcasts as you want.

### **Projecting Growth on the SSG From a Down Year | Doug Gerlach**

Mon, June 22, 2020, 8:30 PM - 9:30 PM ET

The global health crisis has impacted markets and investors worldwide, causing an economic recession and depressing sales and earnings for many companies in 2020 (and potentially beyond), and presenting difficulties in projecting growth on the Stock Selection Guide. However, with the help of a spreadsheet and analysts' estimates (or corporate guidance), it is possible to build a model for a company's five-year EPS and revenues that can then be input into Toolkit 6 or SSGPlus. Doug will review his spreadsheet tool for calculating long-term growth rates for companies that are facing a down year for 2020, including where to gather analysts' estimates in one step for an entire portfolio.

### **Stock Selection Guidelines for Unusual Times | Ken Kavula**

Tue, June 23, 2020, 8:30 PM - 9:30 PM ET

Ken will be talking about how to handle those SSGs that just don't seem to work in today's volatile markets. The extreme movement of stock prices, the complete shutdown of major parts of the economy and the reluctance by many of us to gather in groups has made for some very unusual circumstances when it comes to looking at companies for our portfolios. Ken has some practical guidance for thinking through what might happen in the next five years and then applying some of those thoughts to the Stock Selection Guide. Keeping a clear head and applying our BetterInvesting principles should allow us to continue to invest regularly in high-quality companies that are selling at reasonable prices.

**Investor Checklist | Kim Butcher**

Wed, June 24, 2020, 8:30 PM - 9:30 PM ET

The SSG tells us a wealth of information about a stock. Why is it that every time you buy a stock the price then seems to go down? You don't think you overlooked anything in your evaluation, did you miss something? The lowly checklist can help us not overlook items in a stock review that can lead to loss of our hard-earned money! Even Warren Buffett and Charlie Munger use a checklist.

**Supercharge Your Analysis With SSGPlus | Suzi Artzberger**

Thu, June 25, 2020, 8:30 PM - 9:30 PM ET

Investigate the analysis techniques in SSGPlus preferred by experienced investors to help make reasonable projections on the SSG, especially in these volatile times.

Topics include:

Review peer data to avoid a troubled industry or stock.

Dig deeper into analyst estimates to guide your growth projections.

Learn when it makes sense to start the growth projection from the trend line.

Explore the built-in research links to analyze stocks like a pro.

## Whither To: Recovery Projections

This is a summary of a May 21<sup>st</sup> article by the Bank of Montreal's (BMO's) Chief Economist, Douglas Porter. The full article is available at

<https://www.adviceforinvestors.com/news/investment-strategy/economic-recovery-the-shape-of-things-to-come/>

Porter's article is devoted to the shape, strength and timing of the recovery. He begins by asserting that almost all past recoveries in American economic history have followed some form of a V-shaped curve. This time he considers four different possibilities:

- a) V-shaped: the market slides down, hits a bottom, and ascends back up at a somewhat similar rate that it declined,
- b) U-shaped: the market drops, the slowdown drags on for a more substantial period of time but then ascends quickly,
- c) W-shaped: the market drops, rebounds but then drops and rebounds again, with consumer spending recovering only weakly.

One could say a V-shaped recovery is already well underway with the market dropping sharply in March and somewhat more slowly recovering 70 per cent by the end of May. One could also argue, especially if one sees a second leg of the pandemic in the fall, we have gone through the first V but a second V awaits us.

Porter assigned a probability to each of these outcomes V-35%, U-40%, W-20%, or L-5%. But he speculated that one pattern won't fit all. Instead different industries and regions may follow different paths.

He concluded:



The bottom line is, assuming that shutdowns begin to ease meaningfully by June and that some industries could take years to get back to ‘normal’, our forecast has something between a U and a V for the level of activity in the months ahead. However, in growth terms, we suspect that just like every other challenging environment of the past 120 years, it will ultimately look more like a V. .... Ultimately, the virus will dictate the shape of the recovery, as well as the policy responses, and that’s something that economists and financial analysts simply cannot accurately predict.

## Congratulations to Clubs Celebrating Anniversaries

BetterInvesting (BI) honors clubs celebrating each 5<sup>th</sup> year anniversary. We admire and congratulate each North Carolina club having an anniversary for their dedication and successfully sustaining their activities. We hope, as we know is true in some cases, that their portfolios have prospered. If we have not already arranged a Director to visit each of these clubs in person or via the Go2Meeting videochat system, we would be delighted to visit with club members to say congratulations and learn more about your activities. Email:

[contact@northcarolina.betterinvesting.net](mailto:contact@northcarolina.betterinvesting.net)

### Clubs Celebrating Anniversaries

Club	Anniversary	Location
Ro Buck Investment Club	50	Salisbury
Willoughby Investment Ptr	35	Greensboro
Double-N-Five	25	Winston Salem
\$ In The Black \$	25	Greensboro
Something Ventured Inv Club	25	Cary
Capital Area Share Holders	25	Cary
Oconee Investors Club	25	Chapel Hill
Mills-Snyder Investment Club	25	Lumberton
Market Mavens Investment Club	25	Hickory
Millionaires To Be Inv Club	20	Raleigh
T2DN Inv Club	20	Supply
New Friends Of Carolina	20	Davidson
Money Changers	20	New Bern
Pour Folk Investment Club	5	Marion, VA

## Model Club

Our chapter also sponsors a [model investment club](#). Its purpose is to demonstrate the best practices for BetterInvesting investment clubs and the educational benefits of being a member of an investment club. Recordings of Meetings are now being made available for viewing.

The NC Model Club typically meets the first Tuesday of each month in Triad area libraries. Via Go2Meeting you can also participate from anywhere you have an internet connection. If you

would like to be reminded of our meetings, please contact [contact@northcarolina.betterinvesting.net](mailto:contact@northcarolina.betterinvesting.net). We will be happy to add you to our “Model Club Interested Parties” email distribution list and provide you with the details of our model club’s next meeting.

## Volunteering Opportunities

The North Carolina Chapter of BetterInvesting thrives because of the energies volunteers contribute to it. The Chapter welcomes additional BI members becoming involved in Chapter activities. Given the chapters use of Go2Meeting and internet mediated communication, members throughout our membership area can help. At present volunteers are especially sought for:

A secretary to take minutes of the Chapter’s monthly meeting of the Directors.

A new Newsletter Editor to replace the current Editor who is leaving North Carolina.

Volunteers to represent the NC BetterInvesting chapter in geographical areas such as Charlotte, Hickory, and Fayetteville.

## 2019-20 North Carolina BI Chapter Directors and Volunteers

Terry Gilbert —President

Tanya Robinson-Caldwell —Vice  
President

Ronald Cox—Assistant Secretary &  
Chapter Data Manager

Warren Leggett—Treasurer

David DeBruhl

Jane Chatterjee

Kathy Dougherty

Jacqueline Jahn, Volunteer

Susan Jordan, Associate Director

Brenda Jones, Associate Director

Daniel Perlman

Sandra Scales

Tasia Mabry, Associate Director

Louise Sechler—Director Emeritus

## Contact Information and Web Addresses:

Contact: [contact@northcarolina.betterinvesting.net](mailto:contact@northcarolina.betterinvesting.net)

North Carolina Web site: <https://www.betterinvesting.org/ncarolina>

National BetterInvesting Web site: [www.betterinvesting.org](http://www.betterinvesting.org)

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