



Armor Investment Advisors, LLC

MOVING TARGETS...

It goes without saying that the past three months have been Crazy Train as we “safe-distance” through the pandemic. Add social protests and unrest and election year politics to negative oil prices and jaw dropping unemployment numbers and this year continues to be one for the record books.

Through all of this, much of the March Madness market collapse was erased during April and May, as the economic pullback appears to have avoided the worst predictions. We may even get some sports back. As we move into July, matters continue to improve, so far...

That is right. So far. The prognosticators are trying to hit a moving target. Markets are down, then they are up. Then they are down again. Same for COVID-19 cases, depending on where in the country you are talking about. At a time when cases appear to have leveled off in some locations, new cases emerge in other areas less punished by the foul plague. So far.

Expect the target to keep moving. **V** may be for virus, but in the world of markets it stands for Volatility. Markets will likely make exaggerated moves in direction both up and down, depending on the news cycle. What can be counted on is that we will emerge from the present situation. Combining improving treatment options, potential herd immunity, and an eventual vaccine, at some point the virus will become last year’s news.

I have recently been making a habit of looking to the sky daily. When the pandemic took hold four months ago it was notable that the sky had no jet contrails - it was like something out of a science fiction movie and reminiscent of non-existent air travel after 9-11. I have started listening for the sound of jet take-offs from the airport beginning at 5am and can report that there is a slowly growing number, with a few more contrails in the sky, every day.



By Jeffrey R. Miller, CFA®

THE FEDERAL RESERVE BANK OF THE GALAXY

A frequent question we have received regards the long-term implications of the recent Federal Reserve Bank monetary actions in support of the economy and the COVID-19 spending programs. I wish this were a joke, but until we find Buzz Lightyear and the alien banking syndicate, the US Federal Reserve has proclaimed itself to be the First Bank of the Galaxy. To support government spending to infinity (and beyond) the Fed is buying **Trillions** of dollars of US Treasury and non-government securities. Deficits are of no consideration when we must save the universe.

Fear and politics will continue this digital dollar spree. *Let there be no illusions here, this money was not sitting in a vault somewhere* – it is “issued” by the Fed. What that means is they send dollars to a seller in exchange for the bond. I call it Dialing for Digital Dollars, backed by the full faith and credit of Uncle Sam, of course.

So, what may be the long-term implications of this? There is a deep unconscious unease that this cannot be a good thing in the long run. The entire world of central banks is addicted to digital-dollarling, with no end in sight. Until now, technologically induced deflationary pressures have limited the impact of inflationary monetary practices.

At some point deflation may be yet be overwhelmed by inflationary forces. A scarce labor force is being asked to support a growing retired population. As recently as this past January the US unemployment rate was 3.5% in a full employment economy. Many of those jobs are now on hiatus, and some will be eliminat-

ed. However, the baby boomers are also hitting maximum retirement years, and at the same time US deficits are exploding.

Labor costs will eventually have to rise, as will taxes. This could take several years depending on the severity of the present downturn, but it will happen, especially in a world with a declining birth rate. Technology will keep *commodity* prices down, but labor scarcity and lack of monetary discipline have the power to drive inflation resulting in real income and wealth destruction. We remain focused on identifying the change in these competing forces and investing around them.

And everyone expects interest rates to remain very low, for a long time.

FEVERISH IMPLICATIONS

The COVID-19 recession has accelerated many long-term trends in the economy. The most glaring of these is the *consolidation of retail industries*, as older firms (the dinosaurs) declare bankruptcy at a faster pace. More warehouses and fewer stores, as Amazon, Wal-Mart, and Target take over the retail world.

Work from home edicts have introduced millions of workers and their employers (including us) to the many advantages of more flexible work options. The use of videoconferencing reduces cost and stress of travel, requires less commercial office space, and smaller corporate headquarters, with related impacts on commercial real estate.

Online banking shuts branches and lowers costs for the industry, at the same time bank revenue is depressed in the low interest rate scenario. The implications for the financial sector are many, and uncertain. Expect *consolidation and mergers*.

Telemedicine, now a requirement in a plagued world, is evolving exponentially with more and better technological solutions being rolled out daily. Zoom your doctor!

40 years of globalization appear to be reversing. Trade tensions are rising and not just because of politics. The push is on to bring industries home as technology displaces workers from some sectors, and the advantage of local production becomes a defensive necessity. The production by China of 90% of our antibiotics is just one example of this.

AFTERWORD

One of the biggest spreaders of the virus appear to be young people partying without masks. I say good luck with changing that. I remember being young, invincible, and knowing everything, decades ago. Some things about humanity will never change.



ARMOR GIVES BACK UPDATE

As we continue to navigate through the unknowns of COVID-19, the safety of our clients, our community, and our team is our utmost priority. While social distancing prevents us from doing any large group volunteering, the Armor Gives Back Program has made a donation to the Boys and Girls Club of Wake County.

We encourage everyone to do their part in supporting local businesses and participating in food drives to aid those who are experiencing food insecurity during these historic times. Stay happy and healthy!



By Allison Miller, CFP®

IT'S NEVER TOO EARLY TO MEET WITH A FINANCIAL PLANNER

One of the great lessons of 2020 is that it's never too early to plan. At a national and household level, conversations are being had about financial planning, being intentional with resources, and looking towards the future. Most young earners have watched their lives and finances grow more complicated over the last few years but, frankly, remain underserved by our industry. Traditionally, wealth management and access to quality *unbiased* planners (who actually know you rather than sit in a call center) have been reserved for folks who have already accumulated a significant amount of wealth.

To fill that void, and to make sure that today's 20, 30, and 40-somethings are better prepared to be tomorrow's successful near-retirees, **Armor is introducing a Financial Wellness subscription service.** Intended for early to mid-career families that haven't had the years to accumulate portfolios just yet, but want a personal, ongoing relationship with a planner. We are excited to offer a template for busy professionals who would rather use their time doing what they do best, and leave the worrying to us.

It's always been a part of Armor's vision to serve the next generation of savers, but conventional management fees or by-the-hour consultations haven't been the right fit for busy early-career professionals. Now we have a great group of young planners who have reviewed industry best practices to create the right solution.

Financial Wellness subscribers will have access to high quality planning software, on-call support by our team of CFP® Professionals, and monthly *proactive* communication from us. We start the process by sitting down together to review a client's current situation and to hammer out a calendar for our check-ins and other events. A secure online document vault and invitations to Armor social and educational events are included.

If you'd like more details, or if you know someone who might benefit from ongoing stewardship and coaching, please don't hesitate to reach out to Allison, Graham, or me. Armor is excited to offer something fitting for young earners who are navigating ever more complicated careers and finances, and this year has proven that there is no better time to work on your peace of mind!



By Matt Miller, CFP®

The Certified Financial Planner™ (CFP®) certification is obtained by completing the CFP Certification Examination. Candidates must complete a CFP-board registered program or hold certain designations. As a prerequisite the candidate must have a bachelor's degree from an accredited college or university and have at least 3 years of full-time financial planning experience. This designation requires 30 hours of continuing education every 2 years.

CYBERSECURITY BEST PRACTICES

By Allison Miller, CFP®

As the world around us continues to become more and more digitized, it is important we are aware of the many ways in which our personal information can be compromised. Hackers and spammers can obtain much of our personal information these days without much effort. By using computers, digital criminals can crack your passwords and even disguise themselves as someone you trust.

EMAIL: Please be aware, Armor will never ask you to send information such as your birthdate, social security number, or account numbers over email. If you receive an email requesting such information, it is always best to not click any links or open attachments contained within the email, but instead to call the company which you believe is requesting said information and confirm the email is real. Beware of emails telling you a password has been changed or needs to be changed, as often times this is the easiest way for these individuals to get your personal information. The easiest way to double-check whether an email is being sent from a valid source is to hover over the name of the individual who has sent the email. By hovering over their name, you will be able to see the actual email address the message was sent from. Be sure to carefully check the address as attackers will often use spoof email addresses that resemble the real email address, but insert extra or replace characters, numbers, and punctuation.

PHONE: You've likely received many spam phone calls claiming to be the IRS, Social Security, the Department of Education, Google, etc. And doesn't it feel like the calls happen more and more frequently?

With computers, the spoof callers are able to impersonate a real phone number, usually using the same area code as your own, in an attempt to get you to answer the phone. Furthermore, they're able to send out thousands of these types of calls at a time. It's best to not answer calls from numbers you don't recognize and if you do, never provide any personal identifying information. None of the previously mentioned companies or organizations will ever call you should they need to contact you. Also note, you can receive spam text messages containing attachments and links that can be compromising.

For our part, Armor has engaged with third-party cybersecurity and information technology consultants in an effort to do everything possible to protect your data and guard against hackers. Some of the relevant procedures and policies we have implemented at Armor include:

- Quarterly Data Security Training
- Continuous Internal Phishing Training
- Network Vulnerability Testing
- Regular Vetting of our Software Vendors' Security Practices
- Annual Breach Records Search
- Virtual Private Network for Secure Out-of-Office Access
- Secure Online Portals for Transmitting Sensitive Information
- Strong Password Requirements
- Verbal Confirmation of Wire Requests

Please let us know if you have any questions about our cybersecurity practices, or if you are concerned you may have been the recipient of a suspicious email or phone call related to your financial accounts.



Core Macro Asset Allocation

3rd Quarter 2020

Strategy 4 Moderately Aggressive

Equities	80 %	Large Cap Equities– US	46%
		Small and Mid-Cap Equities– US	10%
		Large Cap Equities – International	12%
		Emerging Markets	6%
		Real Estate Investment Trusts	6%
Alternatives	8 %	Multi-Source Income	5%
		Long/Short Strategy	3%
		Commodities	0%
Fixed Income	12 %	Long-term Bonds	0%
		Intermediate/Floating/Preferred	5%
		Short-term Bonds	5%
		High Yield Bonds	0%
		Global Bonds	0%
		Cash/Money Market	2%

This is for illustrative purposes only. Actual allocations may vary from this representation when a portfolio is invested.

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