

Quarterly Booklet
FALL 2019

\$0

Schwab's new trading fee for
ETF's and stocks.

ONE DAY
IN JULY

Fall 2019

Issue IX

A Note from our Founder

We hold most client money at Charles Schwab. Beginning October 7th, Schwab slashed their ETF and stock trading fees to zero. This applies to ETFs and individual stock shares, but not mutual funds. There is still a small SEC transaction fee.

Overall, we like lower fees for clients. But I want to offer two caveats:

- There are many other ways for financial firms to make money beyond trading fees. In fact, trading fees had dropped to less than 5% of Schwab's revenues. Our job, working for you, is to understand this shifting landscape and optimize it for you.
- John Bogle, the founder of Vanguard, did not like ETF's. He felt that they encouraged trading, while index funds in the form of a mutual fund did not. There is some behavioral risk in bringing prices to zero.

~ Dan Cunnigham



What happens when things become free?

There is a lot of good in free. But the word itself shifts behavior. In one experiment described in the book *Predictably Irrational*, when the price of a Hershey Kiss was dropped from 2 cents to 1 cent, the demand relative to a chocolate truffle that was dropped from 26 cents to 25 cents stayed the same. When it went from 1 cent to zero, the demand jumped 90 percent.

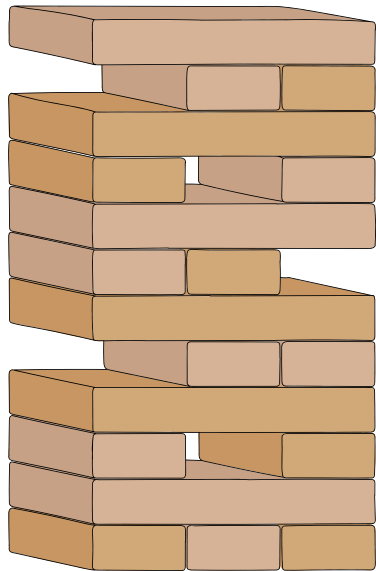


"One factor propelling psychological leverage higher in recent years has been the relentless diminution of market volatility. Economist Hyman Minsky famously put forward the idea that stability itself could be destabilizing. Individuals, professional investors, and financiers are prone to project their own recent experiences into the future. So when adversity is absent, investors become complacent. They assume good times will continue and they grow careless about risk, perceiving it through rose colored lenses. When incurring greater risk starts to seem not only risk-less but beneficial, they stretch even further."

~ Seth Klarman,
Founder of value investor Baupost Group

Klarman's paragraph is saying, among other things:

- The market is safer when it is lower.
- This is hard for people to believe.
- The recent past will not predict the future.
- Investors underweight the importance of risk controls.



Financial Planning À La Carte

Steve Schleupner does financial planning for clients at One Day In July. You may not be surprised that we have a non-traditional outlook on planning. Importantly, Steve is not trying to sell products. He's not constructing a scenario in your mind that instills fear or worry, and then swooping in with a high-fee financial product. Instead, using his decades of experience, he focuses on what needs to be done, and a process to ensure that it, in fact, gets done. (Hey, we're all human.)

In addition, Steve is an independent insurance reviewer. He can review the types of insurance you hold and help you look for savings.



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We are an asset-management firm. But we know there are periods in your life when you need someone who can unwind the complexity of a life transition. Examples include reviewing retirement strategies, estate plans, charitable giving strategies, college planning, getting married, getting un-married, tax optimizations, asset protection, or exploring ways to increase savings.



As always, we are clear about pricing. He will give you a project quote ahead of time. He cares deeply about the work he delivers, and I personally think he's conservative on the hours he bills.

Your primary advisor relationship will not change – Steve will make sure relevant information gets to your investment advisor.

Call him directly on his cell at (301) 514-4499 or email at steve@onedayinjuly.com if you need help in this area.

~ Dan

A Share” Mutual Funds

A Share mutual funds, when bought, take up to 8.5% of the invested amount at the time of purchase and pass it to the financial industry. This often includes a commission to the advisor or broker who put the investment in your account.

If you have investments at a non-One Day In July firm: look at your statements. If you see A Shares (or other letters next to shares, like B or C), we recommend calling us so we can show you what is happening.

Follow the arrow to see A shares on statements.



Examples of what an A share might look like in your statement:

Mutual Funds

American Capital Income
Builder CI A
Asset Category: Growth & Income
Symbol: CAIBX

American Capital World Growth
& Income CI A
Symbol: CWGIX
Asset Category: Growth & Income

American Europacific Growth CI
A
Symbol: AEPGX
Asset Category: Growth & Income

American Income Fund of
America CI A
Symbol: AMECX
Asset Category: Growth & Income

American Short-Term Bond Fund
of America CI A
Symbol: ASBAX
Asset Category: Income

American New World CI A
Symbol: NEWFX
Asset Category: Aggressive

Mutual Funds

American Cap Wrld Grw & Inc A

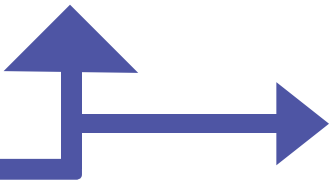
American Fundamental INV A

American Europacific Growth A

American Invest Co of Amer A

American Growth Fd of Amer A

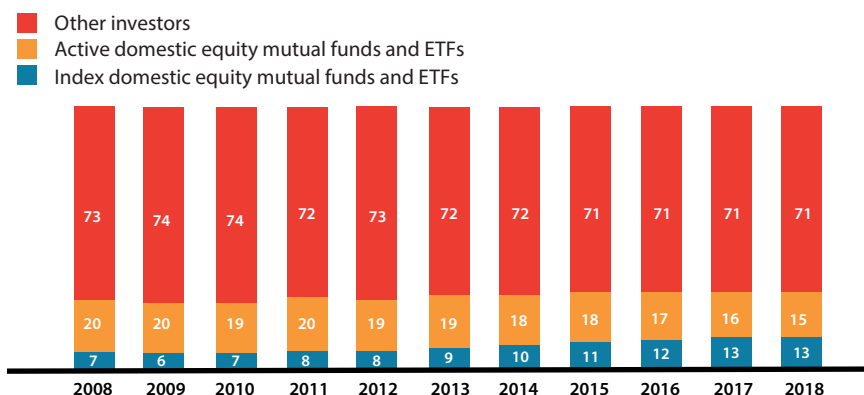
Franklin Small Cap Growth A



Index funds don't own much of the U.S. stock market

Index Fund Share of US Stock Market Is Small

Percentage of US stock market capitalization, year-end



Note: In 2008 and 2009, data for index ETFs include a small number of actively managed ETFs.

Sources: Investment Company Institute and World Federation of Exchanges
Other investors include hedge funds, pension funds, life insurance companies, and Individuals.

It's not going so well for the non-indexers

Percentage of U.S. Equity Funds Outperformed by Indexed Benchmarks
(Keep in mind, tax effects from active trading are not considered.)

FUND CATEGORY	COMPARISON INDEX	15-YEAR (%)
All Domestic Funds	S&P Composite 1500	88.97
All Large-Cap Funds	S&P 500	91.62
All Mid-Cap Funds	S&P MidCap 400	92.71
All Small-Cap Funds	S&P SmallCap 600	96.73
All Multi-Cap Funds	S&P Composite 1500	90.70
Large-Cap Growth Funds	S&P 500 Growth	94.59
Large-Cap Core Funds	S&P 500	92.09
Large-Cap Value Funds	S&P 500 Value	79.33
Mid-Cap Growth Funds	S&P MidCap 400 Growth	91.45
Mid-Cap Core Funds	S&P MidCap 400	95.05
Mid-Cap Value Funds	S&P MidCap 400 Value	92.11
Small-Cap Growth Funds	S&P SmallCap 600 Growth	98.17
Small-Cap Core Funds	S&P SmallCap 600	97.44
Small-Cap Value Funds	S&P SmallCap 600 Value	93.51
Multi-Cap Growth Funds	S&P Composite 1500 Growth	90.55
Multi-Cap Core Funds	S&P Composite 1500	92.44
Multi-Cap Value Funds	S&P Composite 1500 Value	86.59
Real Estate Funds	S&P United States REIT	86.21

Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2018. Returns shown are annualized.

One Day In July is an SEC-registered investment advisor. Registration does not imply a certain level of skill or training. One Day In July LLC does not guarantee actual returns or losses. This content is for educational purposes only and is not investment advice. Individual circumstances may vary.



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"Give me six hours to chop down a tree and I will
spend the first four sharpening the axe."

~ Abraham Lincoln

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