

Quarterly Booklet

WINTER 2021



**"All children are born artists.
The problem is to remain
artists as we grow up."**

~ Mark Twain

Winter 2021

ONE DAY
IN JULY

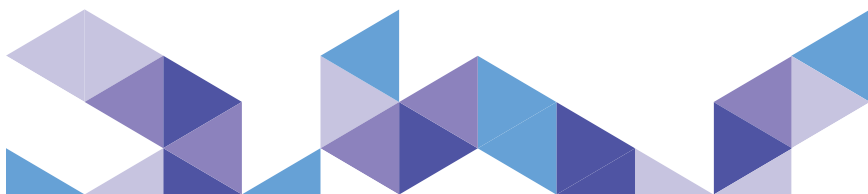
Issue XIV

A Note from our Founder

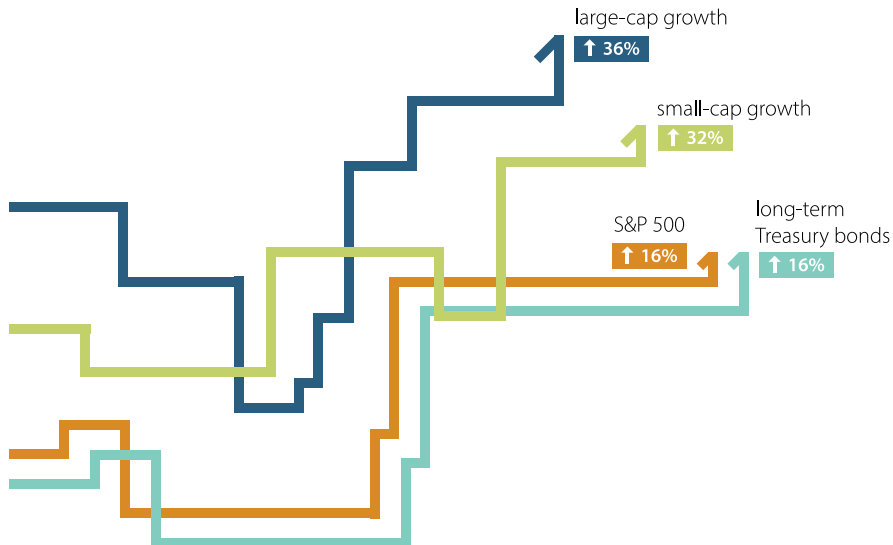
“Move the 8,000 pound gorilla out of the room and it’s a very nice room,” Jim Sullivan, the managing director of real estate firm Green Street Advisors, once said.

2020 was a year like no other. COVID-19 infiltrated nearly all aspects of our lives, changing everything from the way we work to how we celebrate the holidays. Understandably, attention has been on the 8,000 pound gorilla. But in 2021, as the Covid beast fades, and the emotions of a presidential year soften, Americans will rediscover a very nice room.

Dan Cunningham



Who would have guessed?



Let's review. In 2018 almost all asset classes we invest in dropped. In 2019, they all rose. In 2020, amazingly every asset class rose except for real estate, which dropped just under 4%. The big winners were large-cap growth at 36% and small-cap growth at 32%. Third place was basically a tie at 16% between S&P 500 and long-term Treasury bonds.

Sources: Stockcharts.com, time period 1/1/20 – 12/31/20

Large-cap growth represented by Vanguard Growth Index, Small-cap growth represented by Vanguard Small-Cap Growth. Real estate index represented by Vanguard Real Estate Index. Long-term Treasuries represented by iShares 20+ Year Treasury ETF.

All returns are total returns, which mean they include dividends reinvested.

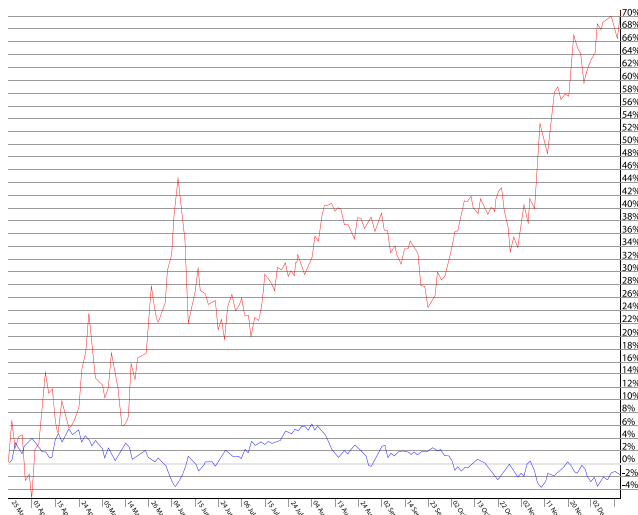
The direction of the arrows above is for design only.

Diversification shows its value



From the start of the year to the bottom of the Covid drop, the spread between indexes we commonly use was 70%. Long-term Treasuries were up 25% and small-cap value was down 45%, from January 1st to March 24th.

From that point to the end of the year, small-cap value rallied 72% and Treasuries declined 2%.



Stockcharts.com, time period 1/1/20 – 12/31/20

Long-term Treasuries represented by iShares TLT, Small-cap value represented by iShares IJS

All returns are total returns, which mean they include dividends reinvested.

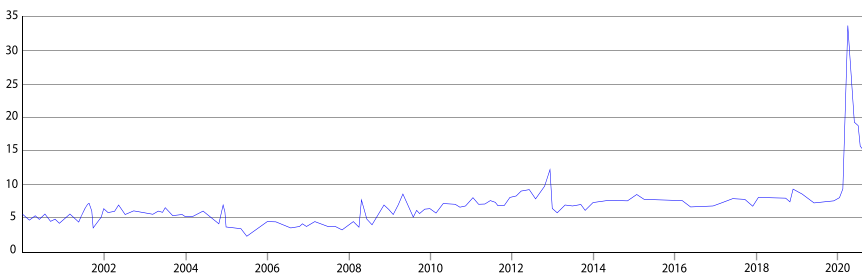
U.S. personal savings rates

Also known as:

“I skipped my vacation in 2020 and I’m ready to spend.”

U.S. Personal Savings rates reached record levels in 2020, peaking at 33.7% in April, vs. a monthly average of 8.9% since the data started being tracked in January 1959. High savings rates should help consumers stage a strong comeback once the economy is fully reopened.

Personal Savings Rates



Source: U.S. Bureau of Economic Analysis

Market timing vs. dollar-cost averaging

Don't try to time the market. When stocks go down, fear is prevalent. If investors sell, they could miss out on potential gains if a rebound occurs. According to research by Charles Schwab, those who stay invested during bear markets have historically seen better returns than those who withdraw their money and try to time a market return.

Cumulative returns following market bottom			
	1 year later	2 years later	3 years later
Stayed fully invested through bear market	46%	70%	83%
Moved investments into cash for 1 month	29%	46%	57%
Moved investments into cash for 3 months	20%	41%	50%
Moved investments into cash for 6 months	13%	32%	42%

Source: Schwab Center for Financial Research and Morningstar. Data from 01/1970 through 12/2017. Market returns are represented by the S&P 500 Total Return Index, and cash returns are represented by the total returns of the Ibbotson U.S. 30-Day Treasury Bill Index. Cumulative returns are calculated using the simple average of returns from each period and scenario. The example is hypothetical and provided for illustrative purposes only and the example does not reflect the effects of taxes or fees. Past performance is no guarantee of future results.

Consider dollar-cost averaging as a compromise.

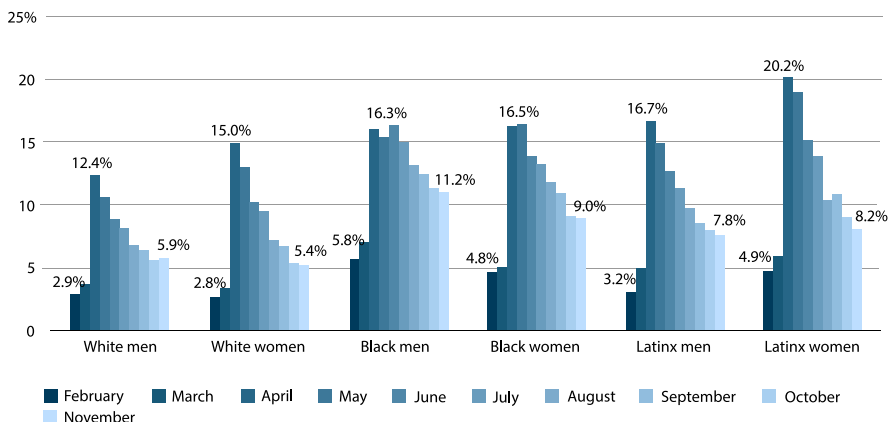
If you don't have the opportunity, or stomach, to invest all your money at once, consider investing smaller amounts more frequently. With dollar-cost averaging you invest your money in equal portions, at regular intervals, regardless of the ups and downs in the market. By slowly wading into the market, you can help limit your losses in the event the market declines.

Dollar-cost averaging can help take the emotion out of investing. It prevents procrastination and avoids market timing, compelling you to continue investing regardless of market fluctuations. While this will not guarantee a profit or protect against a loss in a declining market, it will help you avoid the temptation to try market-timing strategies.

When you dollar-cost average, you buy more shares of an investment when the price is low and fewer shares when the share price is high. This can result in paying a lower average price per share over time and decreases the risk of paying too much for an investment before market prices drop.

Unemployment rates

Unemployment rates for select workers by race/ethnicity and gender, February-November 2020



Note: Data are for workers ages 20 and older. Racial and ethnic categories are not mutually exclusive; white and Black data do not exclude Latinx workers of each race. Unemployment levels are labeled for February, November, and the peak in between.

Source: EPI analysis of Bureau of Labor Statistics (BLS) Household data.

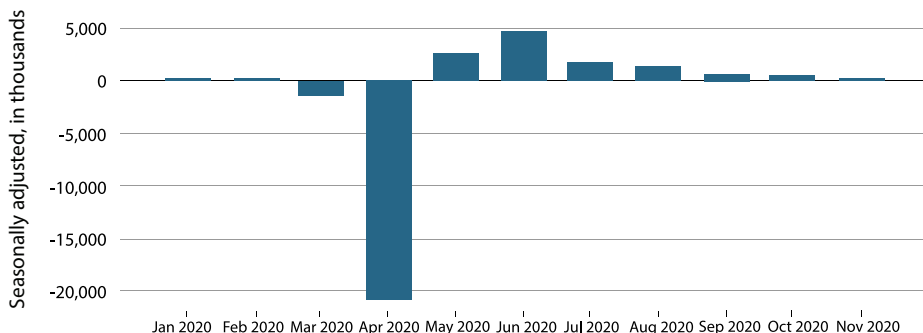
In November, the unemployment rate edged down to 6.7%, but for the “wrong” reasons as 400,000 people left the labor force. The number of workers unemployed 7 weeks or more - the long-term unemployed - shot up to 3.9 million in November. Now, over one-third (36.9%) of the total unemployed are long-term unemployed.

Source: Economic Policy Institute, Jobs report, 12/4/20
<https://www.epi.org/indicators/unemployment/>

The Value of Simplicity

At this rate of job growth, the economy is years away from a full recovery.

Monthly change in payroll employment, January 2020 - November 2020



Source: EPI analysis of Bureau of Labor statistics' Current Employment Statistics public data series.

In November, the unemployment rate edged down to 6.7 percent. The rate is down by 8.0 percentage points from its recent high in April but is 3.2 percentage points higher than it was in February.

Source: Bureau of Labor Statistics 12/4/20 News Release
<https://www.bls.gov/news.release/pdf/empst.pdf>

Big finance making money on investors' cash.

Pay attention to your cash. One of the primary ways banks and brokerages make money is through net interest revenue. They borrow funds at one rate, and lend it back out at higher rates: banking 101.

Take Citigroup, for example, one of the world's largest financial institutions. In the third quarter of 2020, Citigroup's Net Interest Revenue of \$10.5 billion comprised over 60% of total Revenues earned by the firm.

<i>In millions of dollars, except per share amounts</i>	Third Quarter			Nine Months		
	2020	2019	% Change	2020	2019	% Change
Net interest revenue	\$ 10,493	\$ 11,641	(10)%	\$ 33,065	\$ 35,350	(6)%
Non-interest revenue	6,809	6,933	(2)	24,734	20,558	20
Revenues, net of interest expense	\$ 17,302	\$ 18,574	(7)%	\$ 57,799	\$ 55,908	3%

Letting too much cash build up in checking or brokerage accounts can create “cash drag” on your net worth over time.

Source: Citigroup's Third Quarter 2020 SEC Form 10-Q
<https://www.citigroup.com/citi/investor/data/q2003c.pdf?ieNocache=502>

What type of accounts do we manage?

One Day In July serves a wide variety of clients, ranging from high net worth individuals to middle-income families; from foundations, non-profits, and small and large business owners to young investors, retiring investors, 529 Plan savers, and businesses managing 401k or 403b plans.

Traditional & Roth
Individual Retirement
Accounts (IRAs)

Individual & Joint
Brokerage Accounts

Revocable &
Irrevocable Trust
Accounts

Workplace 401k,
403b and 457
Retirement Plans

Simplified Employee
Pensions (SEP IRAs)

Inherited Individual
Retirement Accounts

Simple Individual
Retirement Accounts
(Simple IRAs)

Non-Profit
Brokerage Accounts

Business
Brokerage Accounts

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ONE DAY IN JULY

77 College Street, #3A
Burlington, VT 05401

www.onedayinjuly.com

**"The art of progress is to preserve order amid
change and to preserve change amid order."**

Alfred North Whitehead (1861-1947), British Mathematician
and Philosopher

Burlington, VT: (802) 503-8280 • Shelburne, VT: (802) 777-9768 • Stowe, VT: (802) 999-2321 • Darien, CT: (203) 554-9466