



## **FROM THE CEO (CHIEF ENCOURAGEMENT OFFICER)**

This year has been unprecedented. As we witnessed the new president take office, so too did America enter a new era of direct communications with its elected leaders via social media. While this has provided insight into those leaders' intentions, it has also given rise to capital markets being elevated beyond reasonable expectations. VZD Capital Management, LLC welcomes the recent robust performance, but holds reservations about how long the market can continue this momentum and where it will go from here.

We do not pretend to have a crystal ball, and we do not attempt to guess the impacts of the ebbs and flows of the market. As a fee-based, registered investment advisory firm, we recognize that the daily glut of uncertain headlines might raise blood pressures or anxiety levels. But that's why we stay focused on what matters. We believe in taking profits, realizing gains, minimizing losses and rebalancing portfolios based on the constituent company valuations and fundamentals, and the customized guidelines for each client. Despite the headlines, the momentum and performance of the equity markets have been consistent for the year. While past performance is no indication of future return, each day seems to take us to a new high. This bull market has run for 102 months, making it the second most prolonged bull market in history.

In review of Trumponomics, the president has called for tax cuts, reduced corporate regulations, increased foreign trade tariffs, and increased defense and infrastructure spending. The S&P 500 responded to this political agenda with a 52-week growth from 2,187.44 to

2,626.07 which equates to a 17.30 percent return. Many of President Trump's actions are reversals of earlier rules made under President Barack Obama. The level of uncertainty has been a factor in the moderate volatility felt throughout the year. No matter the political viewpoint, the stock markets have not been prejudiced by the editorials from the present administration.

The market's behavior indicates that there has not been a significant pullback despite widespread beliefs and an overwhelming number of doom and gloom headlines. VZD Capital's clients know that we stay the course, but we also believe in active participation to protect profits and minimize risk. We're always seeking opportunity, for example, the recent sell off from the respected FANG group (Facebook, Amazon, Netflix, and Google aka Alphabet Inc.) provides a prime opportunity to purchase on the dips and sell on the rips. Even so, changes in indicators like revenues, price-to-earnings ratios, price-earning-growth numbers, institutional ownership, insider trading transactions and leadership, are the catalyts that move us to sell the position.

VZD Capital Management, LLC continuously monitors **ALL** positions and accounts to ensure appropriate asset allocations based on customized investment goals, the desired standard of living, emotional risk tolerance, time horizon and current life stage. Each client is unique, so a cookie-cutter model or a one-size-fits-all approach is not our value proposition. Whether you view the present market conditions as a half full or half-empty glass, please keep in mind that investing is a long-term commitment requiring active management decisions. Your monthly statements are your proof of our commitment. The investment strategy is time-tested, and the goal is to outperform the S&P 500 benchmark but minimize the risk – with a no matter what approach. We appreciate the trust and confidence that you have placed in us.

Thank you for another great year of growth and new milestones. For those who attended the "gratitude and appreciation" party, we hope you enjoyed celebrating with the VZD family. Happy Holidays!

With Gratitude,

Ethel J. Davis and Associates