

September Commentary

September 21, 2020

Five hundred companies make up Wall Street's most widely used measure of the stock market's performance, The Standard & Poor's 500 Index. If it were not for just six of them, the benchmark would be down this year.

That's the bad news. The good news is that thanks to these six highflying stocks, Facebook, Amazon, Apple, Netflix, Microsoft and Google's parent Alphabet - all household names that have leveraged digital expertise to prosper amid the new socially distanced reality. Thanks to the help from these six companies, the S&P 500 has powered through the coronavirus pandemic to gain nearly 5% to set a new record.

These six stocks, collectively are up more than 40 percent. this year, while the rest of the companies in the index together have lost about 4 percent. To the extent that your portfolio or mutual funds hold these stocks you have fared pretty well this year -without exposure to this group your portfolio is probably performing mediocre at best. At some point, however, we expect that there will be a rotation out of the high flying tech stocks as investors capture gains and then reinvest into more traditional companies representing better values at current prices.

Berkshire Hathaway stock is often seen as a bellwether of the overall economy. Its vast holdings in many industries expose it to many areas of the economy including insurance, banking, healthcare, railroads communications and technology. At around \$215 for the class B shares, it is trading about 8 percent below the S&P 500 making it an attractive way to gain overall exposure to the US economy with a single stock.

We hope this finds you and your families well as we all need to continue to stay safe and vigilant.

Best Regards,

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