



Richard Munding, CFA

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“Helping Investors from Generation to Generation”



Who is Richard Munding, CFA?

▶ Richard brings over three decades of investment management experience to serving clients. Prior to joining RMH, he was a Principal at Sunrise Capital Management, LLC, where he developed an innovative “total return” investment strategy that may smooth out portfolio volatility and enhance returns. This total return philosophy is the basis behind RMH’s approach to investment management.

▶ Earlier, Richard was Vice President at RBC Dain Rauscher where he oversaw the investment management for retirement and pre-retirement clients. Richard also held institutional equity and derivatives positions for several investment firms in Canada.

▶ Mr. Munding has earned the right to use the Chartered Financial Analyst (CFA) designation and has written a variety of published articles on topics such as hedging concentrated stock positions, investment policy statements and asset allocation strategies. Richard graduated from the University of Toronto with a Bachelor of Commerce in Finance and is a Fellow of the Canadian Securities Institute. Became U.S. Citizen in 2003

Where have we come from?

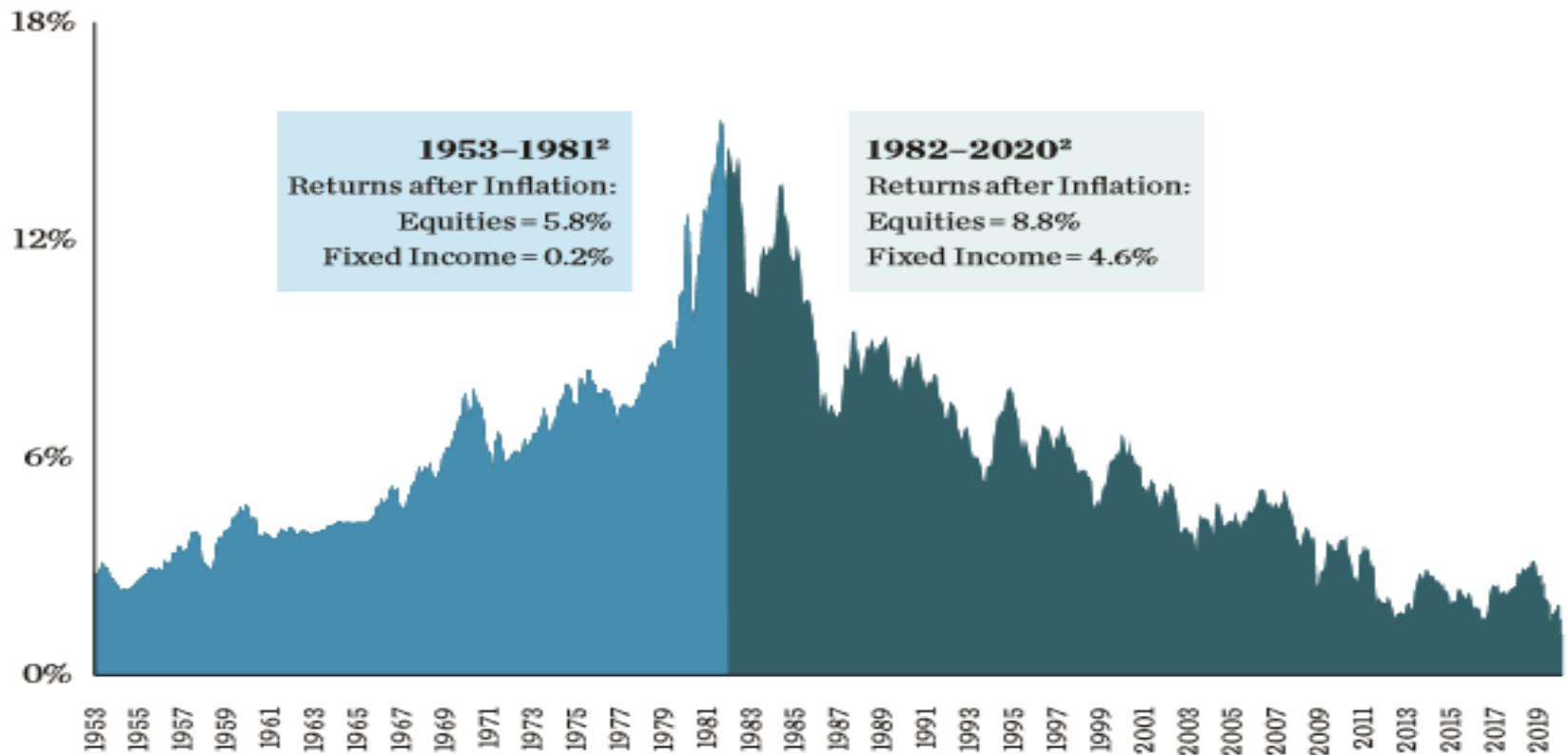
- ▶ Interest Rates – we are at historic lows and are expected to stay that way for several years into the future, 2022?
- ▶ Unemployment – was at lowest level in quite some time, now greater than 10%, and expected to stay at this level for several months at least, recover in 2023?
- ▶ Gross Domestic Product (GDP) – pre covid very strong
- ▶ What Return is needed for a portfolio?
 - ▶ **Returns from the Past** will not Match **Returns form the Future**
 - ▶ 40% Debt / 60% Equity
 - ▶ How do you achieve a return?
 - ▶ Individuals and Institutions ask this question

Measuring Returns after Inflation

DISPLAY 3

A World Where Bonds Could Lose Money

Historical Yield on 10-Year Treasury Bond, 1953-2020¹



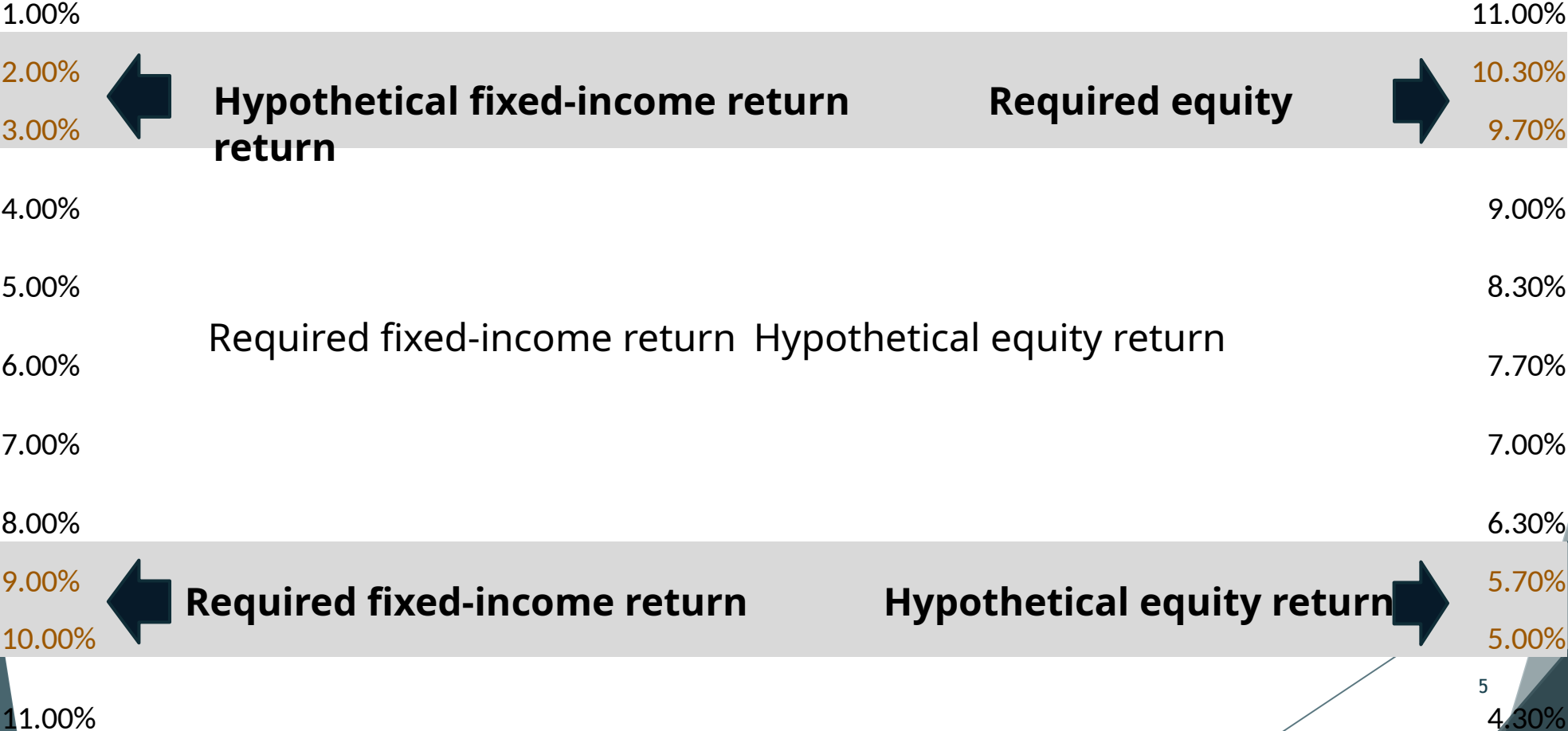
Source: U.S. Treasury and Federal Reserve, and Morningstar Direct. For Equities: S&P 500; for Fixed Income: Barclays U.S. Aggregate.

How Returns are Generated

Hypothetical 60/40 portfolio: performance required to generate a 7% annual total return

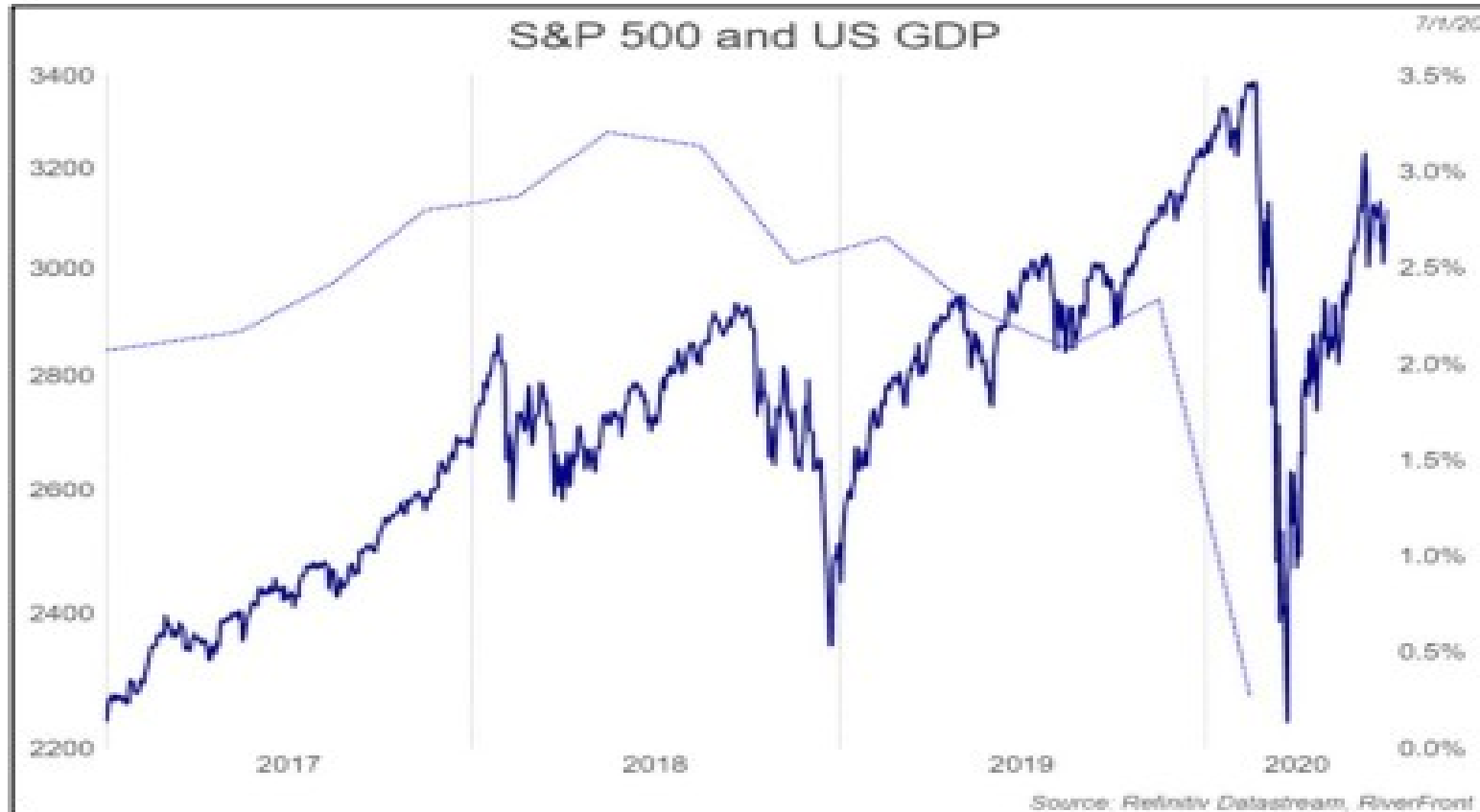
Return of fixed-income portfolio (the 40%)

Return of equity portfolio (the 60%)



*Example presented as a hypothetical only. There is no guarantee investments will perform in the manner shown above.

Main Street vs. Wall Street (RiverFront Securities)



Past performance is no guarantee of future results. Shown for illustrative purposes. Not indicative of RiverFront portfolio performance. Index definitions are available in the disclosures.

Main Street vs. Wall Street

- part 2

- ▶ These two streets are not synchronized
- ▶ They reflect two different perspectives
 - ▶ Main Street reflects the economy which generally looks backward
 - ▶ 2Q/2020 corporate earnings reports will be awful, should anyone be surprised?
 - ▶ Wall Street looks forward, can be prescient at times, and a rising market signals better times ahead
 - ▶ **I believe human ingenuity will beat covid** and policy makers will be able to restart the economies with unprecedented levels of stimulus

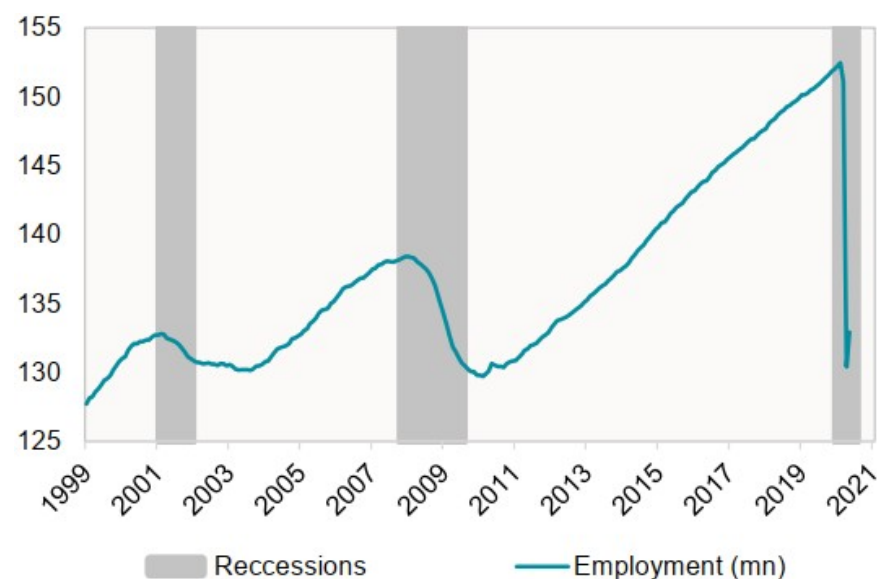
The 90% Economy: The Long Road Back to Normal

(Epoch Inv Partners)

In Many things 90% is fine, for an economy it is miserable

- ▶ Bankruptcies
- ▶ Fear of a second Wave
- ▶ Leisure and Hospitality hit hard
- ▶ Retail trade
- ▶ Less Affected
 - ▶ Manufacturing
 - ▶ Construction

10 Years of Jobs Growth wiped out in 2 Months

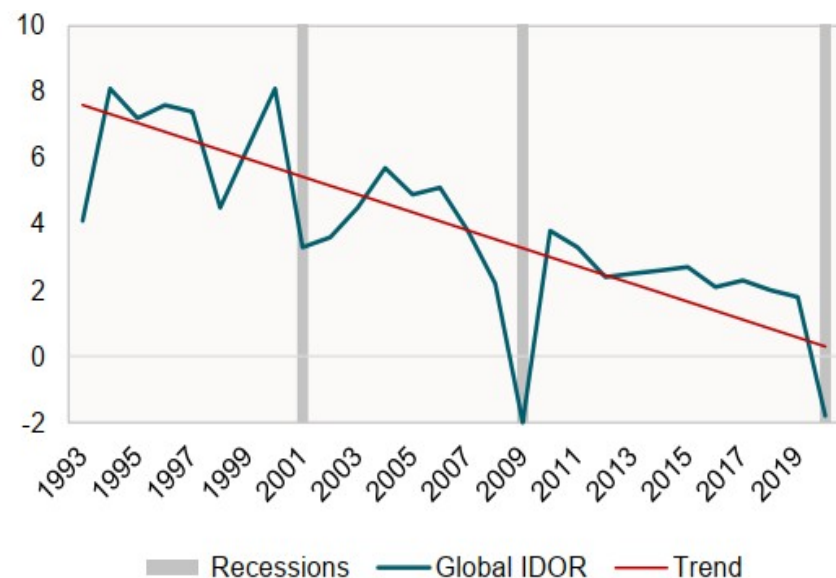


Source: BLS, NBER, Bloomberg, Epoch Investment Partners

Age of Magic Money and the Waning Power of Central Banks

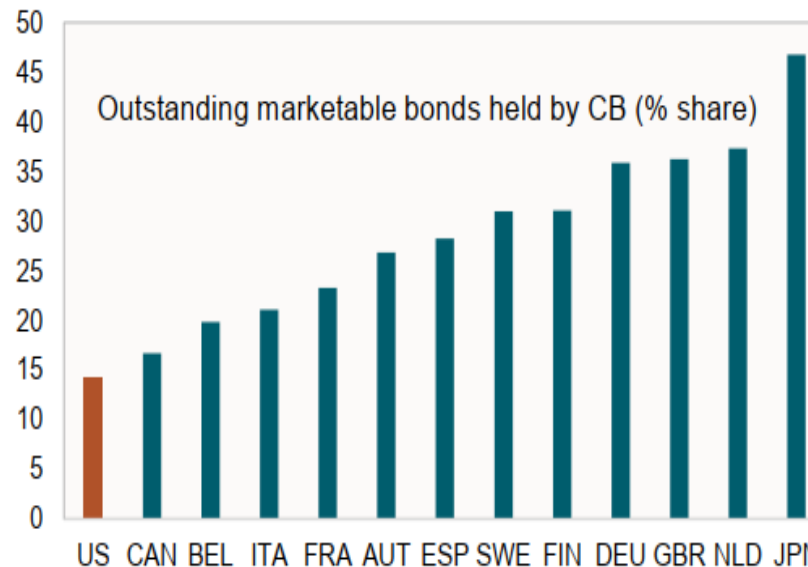
(Epoch Inv Partners)

Declining Impact of debt on growth



Source: Independent Strategy

Fed is just getting Started



Source: OECD

Zombification of the Economy: Crowding out Growth

(Epoch Inv Partners)

- ▶ Creative Destruction – obstructed by Zombie Corporations
 - ▶ Lower Margins
 - ▶ Blocks New Entrants
- ▶ Soaring Corporate Debt
 - ▶ Increases fragility of Corporate Sector
 - ▶ Places a hard ceiling on interest rates
- ▶ Yield Curve – Historical Average is now the ceiling
 - ▶ With so much debt, a steeper yield curve would crush the economy, causing recession

Covid 19 as an Accelerant

Deglobalization

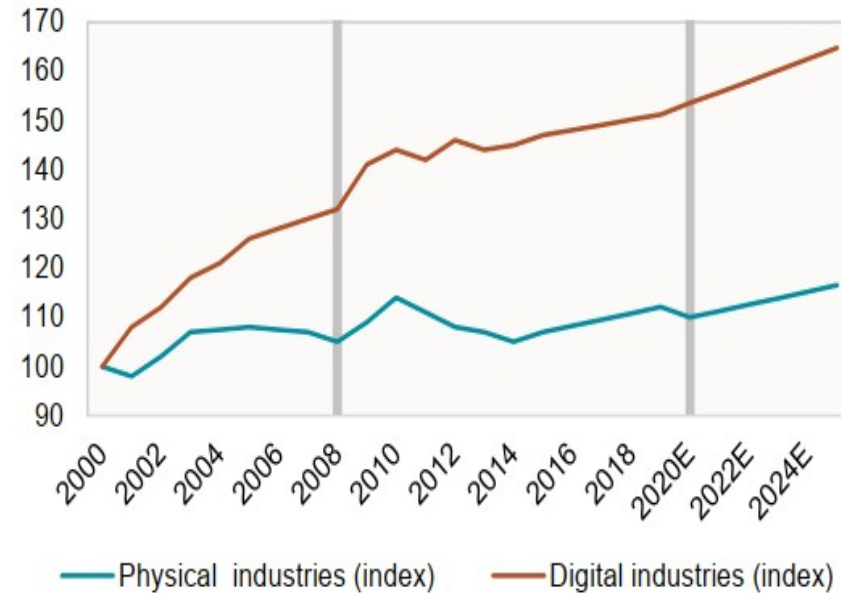
World Trade/IP: Peak is now behind us



Source: NBER, Bloomberg, Epoch Investment Partners

Tech

Productivity of digital vs physical industries

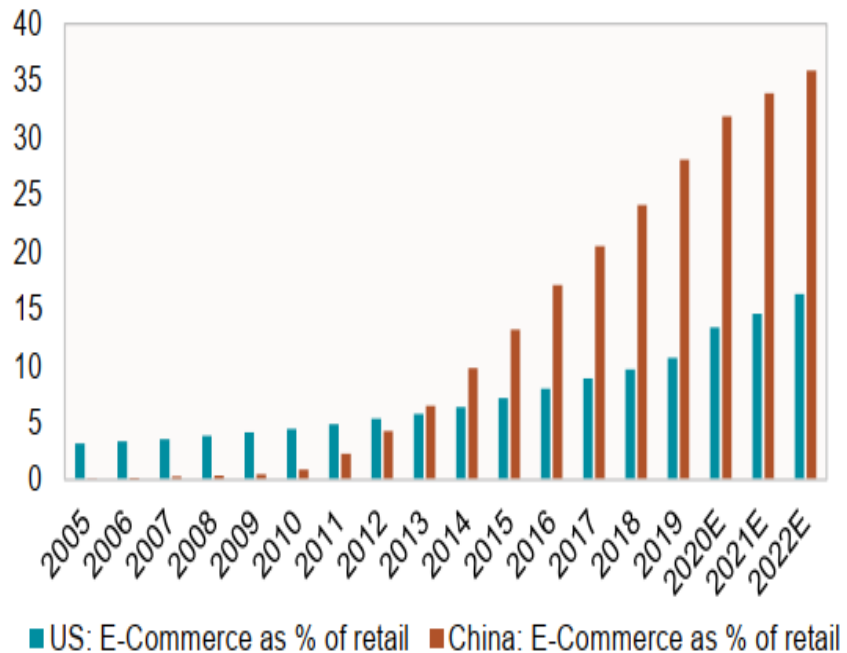


Source: The Coming Productivity Boom, Epoch Investment Partners

Covid 19 as an Accelerant

Tech

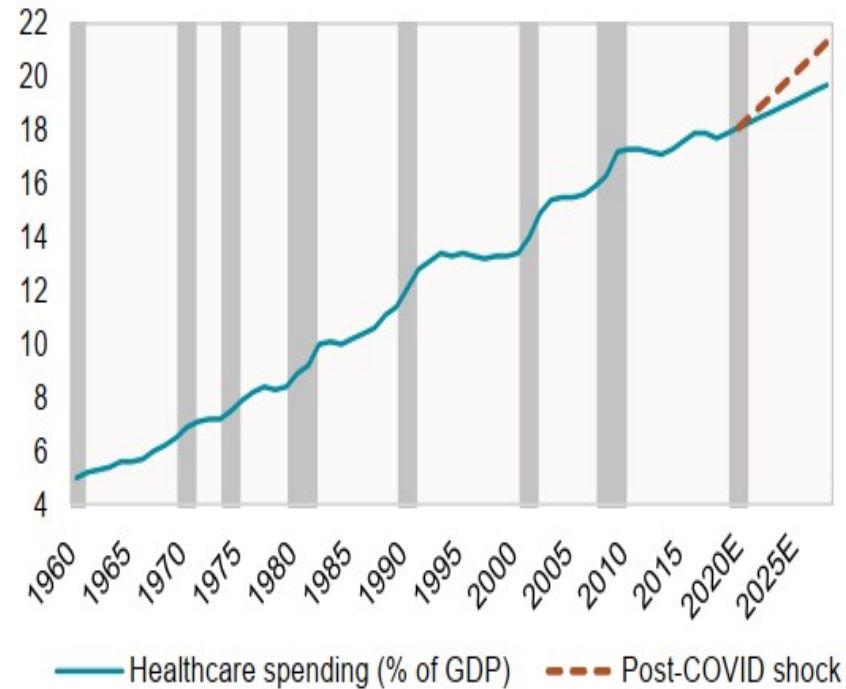
E-Commerce: Plenty of runway left



Source: BoA, Bernstein, Bloomberg

Healthcare

U.S. Healthcare Spending (% of GDP)

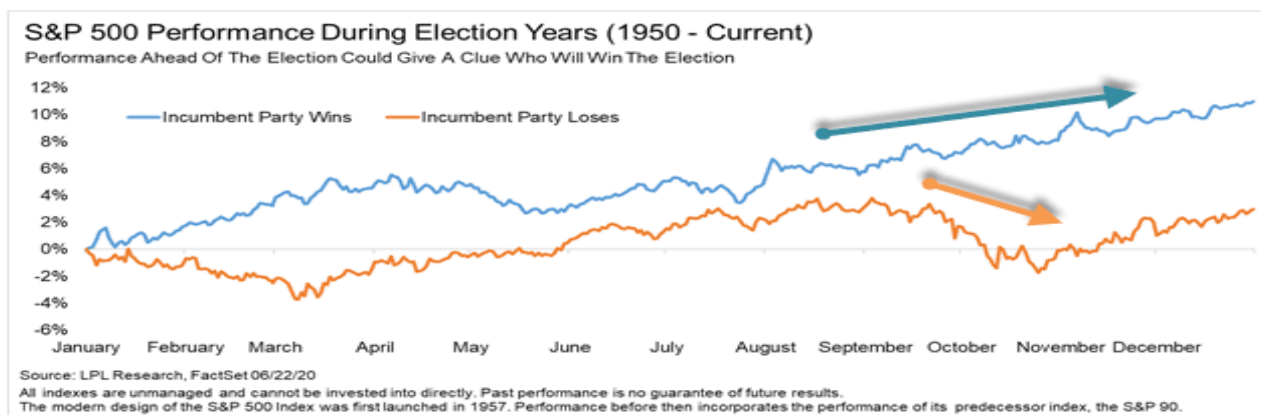


Source: National Health Statistics, NBER, Epoch Investment Partners

November Election: another source of Uncertainty and Volatility

(Reformed Broker)

Ryan Detrick from LPL Financial made my Chart o' the Day today...



Here's Ryan:

Turns out, since 1928, the stock market has accurately predicted the winner of the election 87% of the time and every single year since 1984. It is quite simple. When the S&P 500 Index has been higher the three months before the election, the incumbent party usually won, while when stocks were lower, the incumbent party usually lost.

Questions

- ▶ Thank You for allowing me to share my thoughts and others this morning