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# THE EDUCATED INVESTOR

## A GUIDE TO RETIREMENT PLANNING

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## Three Takeaways From The COVID Crisis

The Covid-19 pandemic continues to be a major theme, but the focus has shifted from the number of cases and hospitalizations to the number of people being vaccinated and progress towards “normalcy”. This is in stark contrast to where things stood a year ago. The economy went from running at full steam to a forced shutdown. Unemployment rose from 3.5% to 14.8%<sup>1</sup>. The S&P 500 declined 34% in a matter of 23 days<sup>2</sup> but then went on to set all-time new highs less than six months later and hasn’t looked back. So, after a stomach-churning year, here are three key takeaways.

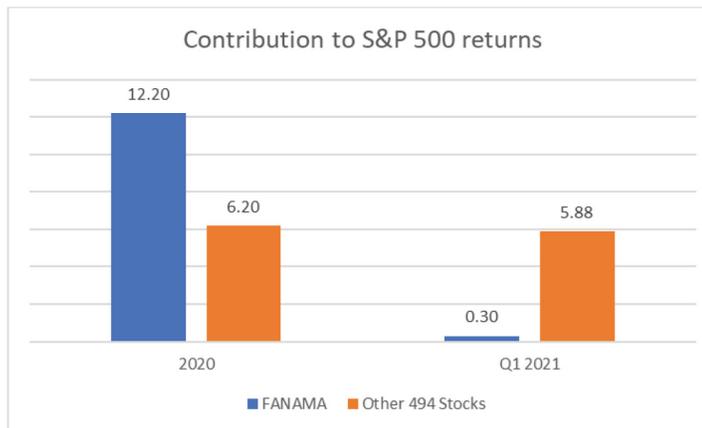
**First, the stock market is not the economy, but the stock market is not entirely disconnected from the economy either.** Despite a slumping economy, the stock market surged in 2020, leaving investors wondering if the stock market was disconnected from the economy. In reality, a closer look at the composition of how the US economy is made up, relative to S&P 500 index, helps partly explain the gain in the markets and the slump in the economy. For example, as the market set new highs in September 2020, the technology sector made up nearly 39% of the S&P 500 index, but only 2% of total payroll jobs<sup>3</sup>. Within technology, some of the largest companies like FANAMA (Facebook, Apple, Netflix, Amazon, Microsoft, Alphabet (Google’s parent company)) strongly



benefited from stay-at-home orders and drove nearly 67% of the annual returns for the S&P 500 index in 2020. This handful of stocks thrived, while the rest of the market slumped. Looking further, the industries most impacted by the pandemic such as retail, tourism, and restaurants, represent 20% of all jobs but only represent 7% of the S&P 500 earnings. In sum, looking under the hood of the stock markets helps explain a bit more of the connection than previously understood and thus, an important lesson for investors to not make drastic changes in their plans based on headlines alone.

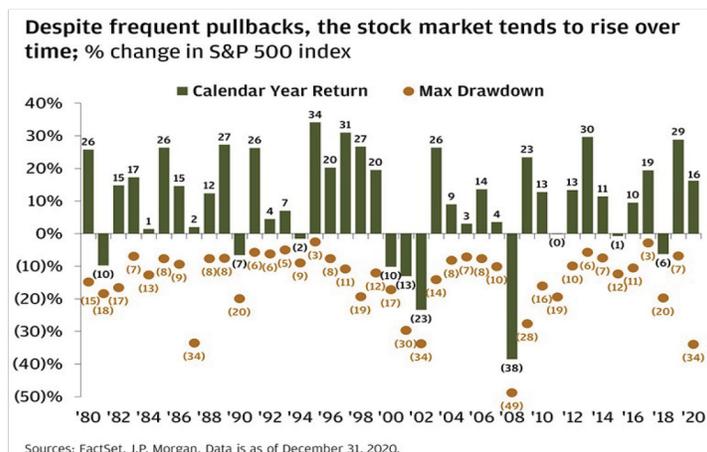
**Second, the market is dynamic.** While the “stay at home” technology stocks performed well during

the pandemic, market themes and leadership are not stagnant. The news of an effective vaccine in late 2020 led to a rotation in new winners allowing the broad market outside of FANAMA stocks not only to catch up, but also lead the markets to date in 2021. In short, investors should be wary of chasing last year's winner, as that would be like driving a car by only looking in the rear-view mirror.



Source: FactSet.

**Lastly, volatility is normal, and pullbacks are part of the course of investing.** According to JPMorgan, in 22 of the last 40 years the S&P 500 has suffered an average intra-year drop of more than -14% and yet the index has managed to end the year with a positive return in 31 of the 40 years<sup>4</sup>. The pandemic-related pullback is an extreme example of that trend and a reminder that markets over the long-term reward investors who stick to their plans.



The pandemic-led crisis and subsequent recovery was extremely unusual, however a great learning moment as well. Investing can be complex, but some of the most important habits of successful investors are pretty simple. Investing begins with building a smart plan and sticking with it. It also requires discipline to not being swayed by the latest headlines and realize that markets are dynamic and without risk, there is no reward.

<sup>1</sup> <https://www.bls.gov/charts/employment-situation/civilian-unemployment-rate.htm>  
<sup>2</sup> <https://www.barrons.com/articles/s-p-500-might-be-entering-a-bull-market-that-doesnt-mean-the-bear-is-over-51586275743>  
<sup>3</sup> <https://am.jpmorgan.com/us/en/asset-management/adv/insights/market-insights/market-updates/on-the-minds-of-investors/substitution-bias-is-disconnect-between-economy-and-stock-market-justified/>  
<sup>4</sup> <https://www.jpmorgan.com/wealth-management/wealth-partners/insights/the-covid-19-market-sell-off-1-year-later>

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# Americans Are Coming Out of Their COVID-19 Pandemic Shells

**As lockdowns end and vaccinations rise, consumers are behaving like it's 2019.**



Americans are returning to their pre-pandemic pastimes – eating out, flying, planning vacations and buying swimsuits.

That's the picture that emerges from recent reports on retail sales, which rose nearly 10% in March, and surveys of consumer sentiment. Add in the addition of 916,000 jobs in March and it's a sign that consumer spending could add a significant boost to an economy that is poised to grow at its fastest pace in decades.

A new Axios/Ipsos poll released Tuesday found that more than half, 55%, of Americans reported seeing family or friends in the last week, a pandemic-era high. Some 45% reported going out to eat in the last week, while 37% said they visited a park, beach, or other outdoor space.

The findings are similar to the weekly Forbes-Ipsos Confidence Tracker, which last week found 56% of Americans eager to reopen the economy even if the COVID-19 virus is not yet fully contained, up 4 percentage points from the prior week.

That number is 19 points higher than a year ago, notes Chris Jackson, who leads polling for Ipsos. "Partic-

ularly over the last three months, it is coming back more strongly," Jackson says.

And after more than a year of masks, closed schools and business lockdowns, consumers have plenty of money and the desire to spend it. The rapid rise in vaccinations – 50% of the population has had at least one dose and everyone over 16 is now eligible to get a shot – is giving people the confidence to resume some of their old ways, albeit slowly.

On Sunday, the Transportation Security Administration saw nearly 1.6 million passengers go through airport security, compared to 105,382 on the same date last year. Data from restaurant reservation site Open Table shows that so far in April seated diners are running anywhere from 19% to 38% below 2019 levels, but that is much better than the near 100% drop-off seen in 2020 as restaurants began shutting or limiting indoor dining.



Those consumers who do want to go out or spend have the wherewithal to do it. The household savings rate is now 13.8%, down from 19.8% in January but way above the 6% to 8% range it held to from 2013 to 2020. Even with the sharp drop since January, Americans are still sitting on \$2 trillion of savings, according to Chase J.P. Morgan.

"If consumption habits return to normal after COVID-19, consumer spending could rise approximately \$1 trillion annually," JPMorgan Chase economist Jim Glassman predicted in January.

On the giant bank's quarterly earnings call last week, Chief Financial Officer Jennifer Piepszak noted the improving consumer outlook. "

Consumer sentiment has returned to more normalized levels, reflecting increased optimism," she said. "We've seen debit and credit card [spending] returned to pre-pandemic levels, up 9% year on year and 14% versus 1Q '19, despite [travel and entertainment] remaining significantly lower. That said, we are seeing strong momentum in T&E with [spending] up more than 50% in March compared to February."

And what people are spending their money on has changed in recent months. During the year of lockdown, consumers still spent heavily but most of it was buying long-life durable goods such as cars, furniture and also groceries. Now, retailers are seeing a shift in consumption. Among the items that are in hot demand are denim jeans, fancier shoes and, yes, swimsuits.



CNBC reported earlier this week that sales at Summersalt, an online swimwear site, are up more than 850% so far this month compared to a year ago.

"April was truly the depths of retail sales across the board for most major retailers in 2020, including Summersalt, but what we're seeing in 2021 is not only a return to our original growth plan for the month – but that accelerated pace of growth that is attributable just to the consumer's mood," CEO and co-founder Lori Coulter told CNBC.

Title: Americans Are Coming Out of Their COVID-19 Pandemic Shells  
Source: <https://www.usnews.com/news/economy/articles/2021-04-20/americans-are-coming-out-of-their-covid-19-pandemic-shells>  
Author: Tim Smart  
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## | Candies Sweeter Than a Kiss from Your Girlfriend

"Candies Sweeter Than a Kiss from Your Girlfriend." Yes, that's what they say over at Costanzo<sup>1</sup>. Since 1930, the company has been producing chocolates and various other candies at their factory in San Luís Potosí, Mexico. Founded by Don José Costanzo Navazzotti after emigrating from his native Turin, Italy, the company has grown to become a regional favorite, producing around 150 different types of candies. Perhaps what remains most appealing about the brand is how little it has changed its recipes over the past century. It's this quality which makes them so revered.

### Food & Sentimentality

But is it that the candies are really that great or is it more sentimentality than anything? It's hard to say because this writer is biased. Growing up, we would visit our family in San Luís Potosí at least once a year, and with these visits came many encounters with Mexican cuisine and sweets. Fresh guavas, limes and avocados growing on trees, ripe for picking and immediate use. Juices from pineapple and orange, and aguas frescas made from tamarind or hibiscus being sold out of carts on the street. Almost every day there was the morning trip to either the bakery for bolillos, a

type of Mexican baguette, or to the tortillería for fresh tortillas. And so, with each bite of a cherry-filled, Costanzo chocolate comes the memory of my grandfather, sitting at the kitchen table, watching the small television perched across the room.

I imagine our grandfather eating his chocolates, letting the flavors transport him back to his childhood, the way his children and grandchildren do now. For my family and I, a Costanzo isn't just a candy-- it's a trip back to our grandparents' house in San Luís Potosí, a reminder of the smells, my grandmother's perfume, or grandfather's herbal tinctures he was constantly concocting.



### Improving Economy

But more than this, I also know that a Costanzo candy is a sign that times are good, and there is money to be spent on something sweet and pleasurable in the middle of life. Once a month, my mother would send remittances from the United States to my grandparents. With food in his stomach, a roof over his head, my grandfather knew he was free to spend the money any way he wished. And so, he would go off to Costanzo to buy a few hundred grams of cherry-filled chocolates, or torrones (like a French nougat), maybe some bombonitos.

For a long time, you could only get Costanzo's products at their sole shop in the old downtown part of San Luís Potosí. Now they have begun to spread out across the country, in airport shops and bus termi-

nals. It's become easier to recommend them to those traveling in and around Mexico. A trip to a Costanzo shop is obligatory for the tourist. It's an opportunity to get a taste of the old traditions before Starbucks and Walmart started sprouting across the landscape. Yes, there will be many chances to taste the terroir and history of Mexico in the form of tacos, molés, and distilled agave spirits. However, the real cherry-on-top belongs to Costanzo. When you visit a shop, the selections will be overwhelming, but most of the candies are sold by the gram, making it easier to accumulate a nice spree. With dollar-to-peso conversion, a curious tourist can spoil themselves with everything from princesas to caramels and milk chocolates in the shape of sugar-skulls.

### Childhood Journey

Unwrapping a cherry-filled, Costanzo chocolate from its cellophane wrapper and indulging, I am reminded that food has so much power. Our olfactory systems have the potential to elicit memories from our childhood and roots, be it your German grandmother's strudel or your Russian grandfather's pickled cucumbers. Like that scene from *Ratatouille* in which a cynical restaurant critic can't resist the journey back to his boyhood upon tasting a certain dish in the establishment he's reviewing, we can use food and beverage as a means of time travel, almost like a photo album but for smell and taste.

In an era of COVID-19, in which many of us have experienced the temporary loss of taste and smell, also known as anosmia, the transcendent nature of our olfactory system has become even more respected. My own experience with temporary anosmia, and the subsequent recovery, have made me grateful for the ability to smell and taste. Without this, the pleasure and joy of re-experiencing childhood and the memories of tradition are no longer attainable.

Title: Candies Sweeter Than a Kiss from Your Girlfriend  
1. "Costanzo." [Chocolatescostanzo.com](https://chocolatescostanzo.com), [chocolatescostanzo.com/2014/historia.htm](https://chocolatescostanzo.com/2014/historia.htm)  
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# Classic Ceviche



## What's in Season for May?



Zucchini



Strawberries



Vidalia® Onions

Artichokes  
Asparagus  
Avocados  
Bananas  
Beets  
Blueberries  
Bok Choy  
Broccoli  
Carrots  
Cauliflower

Celery  
Cherries  
Citrus  
Corn  
Cucumbers  
Grapes  
Green Beans  
Greens  
Kiwi  
Leeks

Lemons/Limes  
Mango  
Mushrooms  
Okra  
Papaya  
Peaches  
Peas  
Pineapple  
Potatoes  
Stone Fruit

## INGREDIENTS:

- 1 pound 1/2-inch-cubed skinless red snapper fillet (from 1 [2-pound] skin-on red snapper fillet)
- 1 cup lime juice (from 8 large limes)
- 3/4 cup 3/4-inch-diced plum tomato
- 1/4 cup fresh orange juice
- 1 teaspoon finely chopped serrano chile or 2 teaspoons finely chopped jalapeño
- 4 medium radishes, cut into 1/4-inch-thick half-moons (about 1/2 cup)
- 1 teaspoon sea salt, plus more to taste
- 1/3 cup loosely packed fresh cilantro leaves
- 2 tablespoons salted roasted pepitas
- Plantain chips, for serving

## INSTRUCTIONS:

1. Place fish in a medium-size nonreactive bowl. Add lime juice; gently fold to combine, making sure fish is covered with juice. Cover and chill until fish is opaque and firm, about 30 minutes.
2. Drain and discard liquid. Gently fold in tomato, radishes, orange juice, chile, and salt. Top with cilantro and pepitas, and, if desired, sprinkle with salt to taste. Serve immediately with plantain chips.

**SERVINGS: 4**

**Prep Time: 45 Minutes**

Sources: <https://www.foodandwine.com/recipes/classic-ceviche-red-snapper>; [Produceforkids.com](https://www.produceforkids.com)



# The Sudoku Section



	7					2		4
9		4	2	7				5
6	3							
4	2				8		5	
							7	3
			9					8
5		6				7		
			5					2
	8		3					

9	1	5	6	4	3	7	8	2
2	4	8	7	9	5	1	6	3
6	3	7	2	1	8	9	4	5
8	2	4	1	5	6	3	9	7
3	7	6	4	2	9	8	5	1
1	5	6	8	3	7	9	2	4
7	9	1	5	4	8	2	3	6
5	8	3	6	7	2	4	1	9
4	9	2	3	6	1	5	7	8

The answers



## May Special Days & Holidays (Military Appreciation Month)



**2nd-** Life Insurance Day

**9th-** Mother's Day

**2nd- 8th-** National Small Business Week

**15th-** Armed Forces Day

**4th-** Firefighter Day &  
Teacher Appreciation Day

**21st-** Accounting Day &  
Endangered Species Day

**5th-** Cinco de Mayo

**25th-** Wine Day

**7th-** Military Spouse Appreciation

**31st-** Memorial Day & Smile Day

Source: [www.printmysudoku.com](http://www.printmysudoku.com)