



Friday, August 28, 2020

Week in Review, August 28, 2020

Special Focus: New Federal Reserve Policy, Athletes Leading on Social Justice

Markets continued their upward push this week as the Federal Reserve said it would allow inflation to run moderately higher than its 2% target until it saw meaningful improvements in unemployment rates. Federal Reserve Chairman Powell announced the changes as a part of a new monetary policy strategy focused on addressing “shortfalls” from the “broad-based and inclusive goal” of full employment. The new policy prioritizing labor markets over inflation represents the most significant shift in Federal Reserve policy in decades. ([CNBC](#), [Reuters](#)). The S&P 500 ended the week up 3.3%, the DJIA up 2.6%, and the NASDAQ up 3.4%.

Other dynamics pushing the market higher included hope of progress toward a vaccine for Covid-19, and as we wrote about last week, the importance of the technology sector to the rally over the last few months. Last week, the S&P 500 would have been down had it not been for one large tech stock alone surging 8.2% ([Times Free Press](#)). That same company will be doing a 4:1 stock split September 1st ([Business Insider](#)), which won't impact the effects of its trading on the S&P 500 but will impact the effect it has on the Dow Jones Industrial Average, a price weighted index. Further underscoring the rising importance of the technology sector, and simultaneously highlighting the shrinking size of the oil and gas sector, it was announced this week that the longest tenured energy company in the Dow Jones Industrial Average index will be removed from the index beginning Monday. The company's market capitalization has fallen from \$415 billion in 2013 to \$180 billion today ([WSJ](#), [Boston Globe](#)). By way of comparison, the largest electrical car manufacturer now has a market capitalization twice as large as the legacy energy behemoth.

The nation continues to wrestle with racial injustice, with the latest high profile example being last weekend's devastating shooting of Jacob Blake by a Kenosha, WI police officer. Peaceful protests have continued all week after Blake was left paralyzed from the waist down from several shots in the back. Unfortunately the peaceful protests have been hijacked by rioters and

looters, as well as by counter-protesters and armed civilians declaring themselves as “militia”. The conflict has in turn led to more violence, with a 17-year old now charged with homicide after shooting three people ([Washington Post](#)). In a commendable response to the situation, we saw athletes across major league sports leagues take a bold stand against systemic racism and police brutality: The Milwaukee Bucks’ NBA players kicked off the movement by refusing to play their Wednesday afternoon game. Soon after, additional games were called off in every major professional sporting league. These moves represent a significant escalation of professional athlete efforts to use their prominent voice in support of social justice. Milwaukee Bucks’ players George Hill and Sterling Brown issued a statement calling for the Wisconsin Legislature to “take up meaningful measures to address issues of police accountability, brutality, and criminal justice reform” ([NY Times](#), [NY Times](#)).

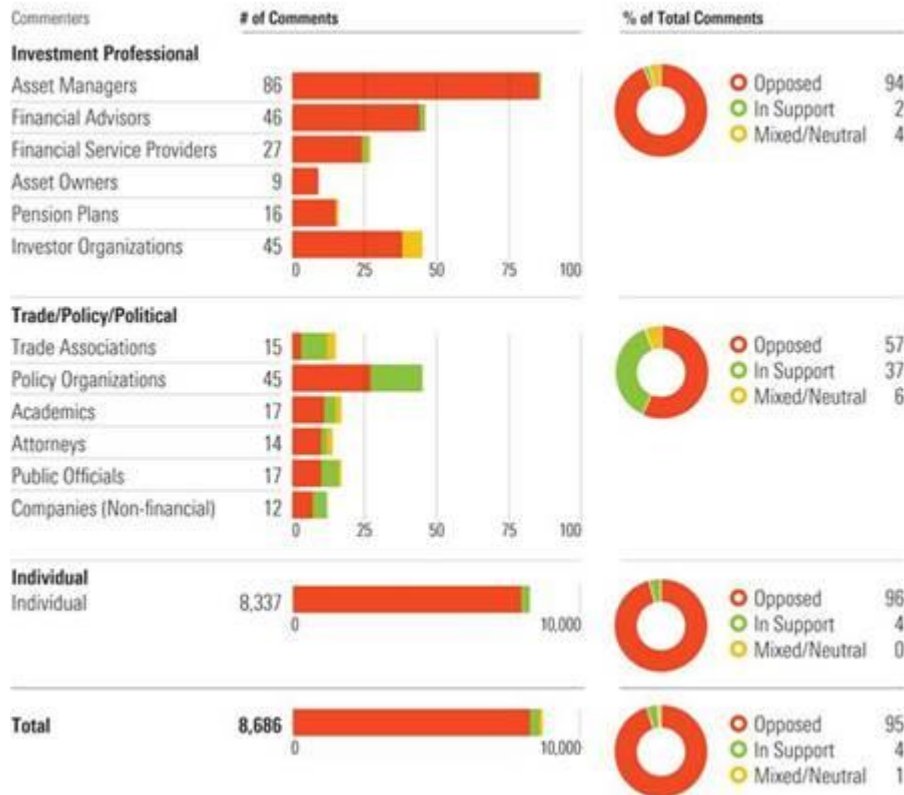
This week, we also saw the athletic community demonstrate strong leadership in support of preserving our democracy. LeBron James’ voter rights organization, More Than a Vote, launched a multi-million dollar campaign this week to recruit young poll workers in Black communities in battleground states ([ABC News](#)).

All of these supportive efforts cannot come soon enough. Some of those in our country’s leadership continue to focus not on saving lives or allowing every citizen to participate in economic opportunity, but on what benefits themselves. Members of the White House Administration and the commissioner of the FDA this week overstated the effects of plasma treatment in reducing death from Covid-19, according to scientists who worked on a study that the Administration is taking out of context ([NY Times](#)). Interestingly, the FDA officials who took the report out of context were fired on Friday ([NY Times](#)). In addition, the White House Covid-19 task force changed the CDC recommendations for virus testing without the input of Dr. Anthony Fauci, the leading scientist in the nationwide effort to reduce the spread of the virus ([Forbes](#)).

We wrote a few weeks ago about the Department of Labor proposal to limit the inclusion of environmental, social, and governance factors in ERISA-governed retirement plans. Thanks to many of you and others, there have been nearly 9,000 public comments on this proposed rule. US SIF, Impax, and Morningstar have released a report quantifying “the overwhelming opposition” to the rule across not just investment professionals but also across professionals in a variety of other industries. Overall, 95% of the nearly 9,000 comments were opposed to the proposed rule. A summary

chart is below, and you can read the full report [here](#) and the press release (US SIF).

Public Comments on U.S. Dept of Labor Proposed Rule, "Financial Factors in Selecting Plan Investments"



Public comments on U.S. Dept. of Labor Proposed Rule, "Financial Factors in Selecting Plan Investments," downloaded by authors from <https://www.dol.gov/agencies/ebsa/laws-and-regulations/rules-and-regulations/public-comments/1210-A895>.

We know many of you continue to deal with the raging fires in California, and our friends in the south are coping with Hurricane Laura. We hope everyone is able to stay safe during these difficult times. If you need anything, please reach out to the team.

Have a wonderful weekend! As always, please reach out to us with any questions or commentary.

Weekend Reads

Wealth Management.com [SEC Votes to Expand "Accredited Investor" Definition](#)

Reuters [Schumer blast RNC as surreality TV](#)

Barrons [How investing partnerships can fuel the growth of renewable energy](#)

Bloomberg [Corporate sustainability reporting](#)
KRLD Radio [Covid-19 deepens divide for racial inequity among schools](#)
NYT [Tracking Covid-19 outbreaks as universities re-open](#)
Reuters [Ex-Bank of England Governor to head green investments at Brookfield](#)
State Street [Diversity strategy goals](#)
Ethos [Top corporate watchdogs](#)

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