

Forty4 Financial

May 2020

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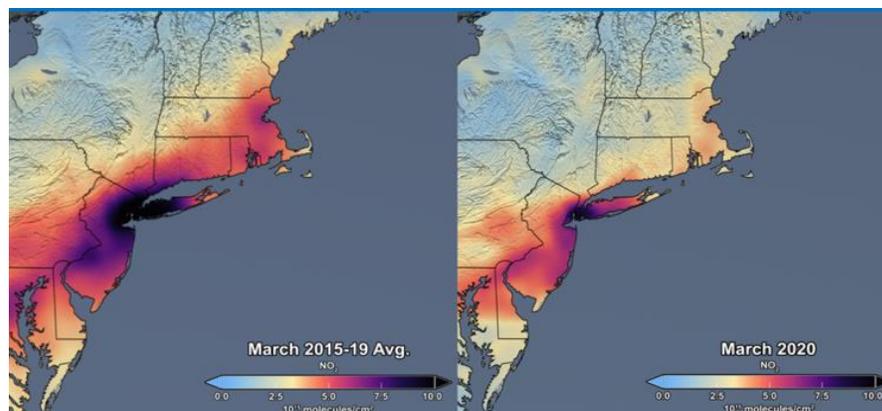
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The Pandemic and the Environment

We have all been impacted by the Corona pandemic. Navigating daily life with social distancing and other preventive measures poses many challenges, but we are all learning how to integrate them into our new routines.

The global slow down or shut down has had a tremendous and positive impact on the levels of pollution affecting our daily lives. The photo below from NASA shows the level of air pollution on the Mid-Atlantic states before and after the shutdown.



Air quality has improved due to shutdown

We are looking forward to this stand still to come to an end. The economic effects are significant and real, affecting the lives of so many people. With the reality of over 30 million filing for unemployment in a matter of a few weeks, we need to get the economy going again. I hope we have learned a lot in the process, that can prove to be useful as we move forward.

Many companies have found that remote working is a viable option, and many employees have embraced it. It is my hope that there will be a wider adoption of this in the years to come, and hopefully the benefits will be widespread. (cont.)

(cont.) It can lead to a more flexible work-life balance, less time wasted commuting, and less pollution from transportation. About 45% of US petroleum consumption in 2019 was used for transportation, so using fuel more efficiently and less miles travelled can have a significant impact on carbon emissions.

If, on average, everyone worked from home 1 day a week more than pre-quarantine, it could lead to upwards of 20% less cars on the road. That could significantly reduce the congestion on the roads, allowing traffic to flow at a better speed. This allows for a better fuel economy, and hence less pollution (an idling car is not very efficient). For those that *do* need to travel, it can lead to less time spent behind the wheel and getting to their destination faster.

Another potential positive side effect is the time people save which can be used for more productive purposes, such as personal health, family time, working, education or just plain relaxing. Time is probably our number one resource. On a tangential path, it could even lead to better health, both physical and mental, and reduce the costs of the medical system.

Granted, working remotely is not for everyone and obviously not all jobs can be performed in this manner. Also, there needs to be boundaries established so you can enjoy your free time without feeling like you have to be available for work at all hours. But I do hope that those jobs that have the option will be open to allow more flexibility as far as work location. Who knows, it could even be the catalyst to help stop or slow down the climate changes we are experiencing until new solutions are developed.

Remote working
can lead to lower
levels of pollution

Portfolio Commentary

Although the portfolios we work with are individual to each client, in general, we are slightly overweight to equities compared to the benchmark, based on the relative attractiveness of equities compared to fixed income.

Within equities, we favor US and emerging markets over other developed markets, based on relative strength and trajectory towards recovery and growth, as well as policy responses to the virus-related economic impact.

Many things still need to be figured out over the next several months as the world is moving towards re-opening, and policy responses are a moving target as things change. However, we feel comfortable with the current allocation and will make adjustments as needed over the next several months.

Gasoline consumption data from the U.S. Energy Information Agency, www.eia.gov.

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