



NEW BRANCH UPDATE



New downtown branch expected to open in December

Velocity's new downtown branch, located at the corner of 12th and Sabine Streets (directly across the street from our current downtown branch) is slated to open in December.

In addition to convenient drive-thru lanes (our new lobby will only be open by appointment due to COVID-19 safeguards), the new branch will feature our state-of-the-art **VelocityLIVE ITMs**, which allow users to see and speak with a live teller and conduct most transactions that were previously only available in-branch.

We plan to announce a grand-opening celebration as soon as we can safely and fully open.

Watch for more new branch updates at velocitycu.com.

HOLIDAY CLOSURES



The holidays are right around the corner! Velocity will be closed on the following days this season:

Oct. 12: Columbus Day

Nov. 11: Veterans' Day (observed)

Nov. 26: Thanksgiving

Nov. 27: Day after Thanksgiving

Dec. 24: Christmas Eve — Close at 1pm

Dec. 25: Christmas

Dec. 31: New Year's Eve — Close at 5pm

Jan. 1: New Year's Day

Upcoming core changes mean even better service for Velocity members

In March 2021, Velocity is upgrading to a new processing core — the computer system that manages almost every transaction we conduct for members — so that we can continue to provide you with safe, secure products and services now, and deliver the latest innovations in the future. This investment in our technological foundation will allow us to better serve you for years to come.

Ideally, most of the changes will be invisible to you. But rest

assured that if the services you use will be affected, we'll let you know.

You can help us to that end by making sure that your contact information is up to date.

You received this newsletter via email, so that's a good start. But we'll be sending some notices by regular mail, so please make sure that we have your current mailing address, too (you can check this information and update it if you need to by logging into Online Banking or the Velocity mobile

app and selecting "Update Contact Info" from the "Services" menu).

While we've been working behind the scenes on this big change for some time, we realize that the process is probably new to you. So, we've set up a page of Frequently Asked Questions about the core conversion on our website. You can find it at velocitycu.com/conversion.

We are looking forward to the new changes, and we hope you are too.

Social distancing? Good. These remote solutions can help

While our lobbies remain closed to walk-in traffic (except by appointment) due to pandemic safety measures, Velocity is #HereForYou.

Our electronic banking solutions, drive-thrus, ATMs and ITMs make it easy and convenient for you to conduct just about any type of in-branch transaction without stepping foot into a lobby.

Mobile and Online Banking

With Online Banking (register at velocitycu.com) or the Velocity App (available free for your Android and iOS app devices), you can perform financial transactions anytime, anywhere. Transfer funds, view account balances, pay bills and review recent payments, and much more, right from your computer or mobile device. If you qualify, you can even deposit checks with your smartphone camera. Online and mobile banking is convenient, free and secure.

ATMs

Just need some fast cash? We've got Velocity automated teller machines at all of our branches and various locations around town (find a complete list at velocitycu.com/locations).

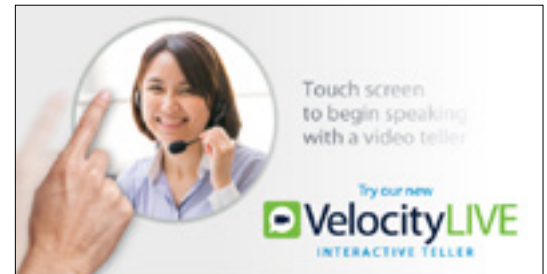
In addition, we've joined forces with other Austin-area credit unions to provide our members access to an area-wide network of more than 400 FREE ATMS.

That means that you have the convenience of using any ATM within the network at no charge.

Find a free network ATM near you at freecatms.org/.

VelocityLIVE ITMs

Do you appreciate the convenience of Velocity's online banking, mobile app and ATMs, but miss the personal touch from our friendly staff? Want to make



a more complicated transaction than just withdrawing cash in increments of \$20? We're here to help with **VelocityLIVE**, our new ITM (Interactive Teller Machine) service, available now at our downtown drive-thru and in our Quarry Lake lobby (with more to come!).

See and speak live with a Velocity teller to conduct many in-branch transactions, including:

- Making withdrawals
- Depositing cash or checks
- Transferring funds between accounts
- Making loan payments
- Conducting multiple transactions
- And more!

VelocityLIVE ITMs will accept and disperse all denominations of money, except for coins — no more \$20 bill limitations! And while they are manned by live tellers during normal drive-thru hours, they function as ATMs all the time. It's the lobby experience at your fingertips.

Drive-thrus

Our lobbies are temporarily closed, but our branch drive-thrus are open for business!

Stop by and let one of our friendly member relationship specialists help you.

The bull is back ... will it keep charging?

On August 18, 2020, the S&P 500 set a record high for the first time since COVID-19 ushered in a bear market on February 19. The cycle from peak to peak was just 126 trading days, the fastest re-recovery in the history of the index, erasing losses from an equally historic plunge of almost 34% in February and March.¹

Although the strong comeback is good news for investors, there is a striking disconnect between the buoyant market and an economy still struggling with high unemployment and a public health crisis. The market is not the economy, but the economy certainly affects the market. So it may seem puzzling that the market could reach a record high not long after the largest quarterly decline in gross domestic product (GDP) in U.S. history.²

Optimism vs. exuberance

Whereas GDP measures current economic activity, the stock market is forward looking. The rapid bounce back suggests that investors believe the pandemic will be controlled in the not-too-distant future and that business activity will return to normal. Whether this optimism is warranted remains to be seen. The current economic situation remains tenuous, but there are hopeful signs.

Economic stimulus

The single, most important factor behind the market recovery is the deep commitment from the Federal Reserve to provide unlimited support through low interest rates and bond-buying programs. For some investors, the fact that the economy is still struggling has a strangely positive effect in guaranteeing that the Fed will keep the money flowing.³

Further support from the federal government is more uncertain, but the strong market suggests that investors may be counting on a

second stimulus package.⁴

Nowhere else to go

Low interest rates make it easier for businesses and individuals to borrow, but they have reduced bond yields to the point that many investors are willing to take on greater risk in equities in order to generate income. Money that might normally be invested in the bond market has poured into stocks, driving prices higher. This situation has its own acronym: TINA, There Is No Alternative to Stocks.⁵

Big tech at the wheel

While the S&P 500 is generally considered representative of the U.S. stock market as a whole, the recovery has centered around technology companies, which have helped provide goods and services throughout the pandemic. The Big Six tech stocks — Apple, Facebook, Amazon, Netflix, Microsoft, and Alphabet (Google's parent) — were up collectively by more than 43% for the year through August 18. By contrast, the rest of the companies in the S&P 500 were down collectively by about 4%. The Big Six tech companies now represent more than one-fourth of the total market capitalization of the S&P 500 and thus have an outsized effect on index performance.⁶

One question facing investors is whether to chase the winners or look to stocks and sectors that still lag their previous highs and may have greater growth potential. Chasing performance is seldom a good idea, but there are solid reasons why certain stocks have been so successful in the current environment.

Are stocks overvalued?

The projected price earning P(E) ratio for the S&P 500 on August 18 was 22.6, the highest since March 2000 at the peak of the dot-com bubble. Big tech stocks

Meet Kent Johnson



Have questions about the market and how it can affect your investment strategy?

Meet **Kent Johnson**, CFS* financial advisor located at Velocity Credit Union, who can help you make choices during this unique and challenging time.

Kent is a licensed professional, trained to objectively analyze your investment needs and help you take control of your future with a customized financial plan.

Arrange for your complimentary visit with Kent today.

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Phone: 512.469.7091

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were even higher, trading at 26 times their projected earnings, and the Big Six were higher still at more than 40 times projected earnings.⁷⁻⁸

Additionally, the market capitalization measure was 77.6% overvalued on August 18, by far the highest valuation ever recorded. The previous highs were 49.3% in January 2018 and 49.0% in March 2000. This extreme ratio illustrates the current disconnect between the stock market and GDP, but a significant GDP increase during the third quarter could bring it down.⁹

In considering these valuations, keep in mind that these are extraordinary times, and traditional expectations and measures of value may not tell the whole story. If nothing else, the extreme volatility and rapid market cycles of 2020 have illustrated the importance of maintaining a diversified all-weather portfolio and the danger of overreacting to market movements. While new records are exciting, they are only signposts along the road to

achieving your long-term goals.

The return and principal value of stocks and bonds fluctuate with changes in market conditions. Shares, when sold, and bonds redeemed prior to maturity may be worth more or less than their original cost. Investments seeking to achieve higher yields also involve a higher degree of risk. Diversification is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss. The performance of an unmanaged index such as the S&P 500 is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Past performance is not a guarantee of future results. Actual results will vary.

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1, 2, 5, 7: *The Wall Street Journal*, August 18, 2020

3: *The New York Times*, August 18, 2020

4: *CNBC*, August 14, 2020

6, 8: *The Washington Post*, August 20, 2020

9: *Forbes*, August 18, 2020

Velocity accepting nominations for open Board of Directors seats

The Velocity Nominating Committee will select qualified nominees to fill two positions on the Velocity Board of Directors.

If you are interested in being considered for a position, please view the procedures and

download the required application forms at velocitycu.com/board. Completed forms — along with a **photo of yourself** — must be returned to **Velocity Credit Union, P.O. Box 1089, Austin, Texas 78767 (attn: Kaitlin Strosser) no later than**

5 p.m. Friday, Nov. 6.

If you choose to run by petition, you'll be required to go through the Nominating Committee process first. For additional information, call **Kaitlin Strosser at 512.469.7023.**