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INVESTMENT SERVICES
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January 2021

2020 IN REVIEW

Despite the COVID-19 pandemic and the uncertainty of an election year, U.S. equities recovered from their March lows to end the year on a high note, with the S&P 500 posting a gain of 18.4%. Small caps reversed course by outperforming in Q4, with the Russell 2000 ending the year up 19.96%. International markets also finished the year strongly, with the MSCI EAFE and MSCI EM up 7.81% and 18.35%, respectively. The U.S. bond market returned 7.51% for the year, driven by the tailwind of an accommodative Federal Reserve.

Index	2020 Return	Index Description
S&P 500 TR	18.40%	Tracks 500 leading large cap companies in the U.S.
Russell 2000 TR	19.96%	Tracks 2000 of the smallest companies in the U.S.
MSCI EAFE NR	7.81%	Tracks 21 developed international equity markets including France, Germany, Spain, the U.K. & Japan
MSCI EM NR	18.35%	Tracks 25 emerging market countries including China, India, Brazil, Mexico, Russia, Turkey & Greece
Barclays Aggregate Bond TR	7.51%	Tracks investment grade bonds trading in the U.S.

Portfolio Makeover For 2021

Have you made your New Year's resolutions yet? Are you ready to close the books on 2020 and set your sights on a happier and healthier 2021? In addition to setting fitness or nutrition goals, the new year is a great time to aim for healthier investment portfolios. After the challenges and wild market swings of 2020, many investors may have deviated from their long-term investment plans. These investors could benefit from a portfolio makeover.

To gain insight into investing behaviors, Capital Group's Portfolio and Analytics team reviewed more than 4,000 portfolios. Their analysis uncovered a variety of noteworthy and persistent portfolio construction trends. Here, we will share investment implications and four actions that we will consider for our clients' portfolios in 2021.

1 GO GLOBAL

International travel may be limited in 2021, but international investing shouldn't be. Many U.S. investors shy away from foreign stocks, knowing that they generally haven't kept pace with domestic equities in recent years. Yet this home country bias — the tendency to invest mostly in domestic stocks —often hurts long-term returns.

2 MAINTAIN BALANCE IN YOUR EQUITY HOLDINGS

High-flying growth stocks have gotten much of the attention over the last decade, and rightfully so. Returns for consumer tech and digital companies have dwarfed those of most other industries, so it's probably no surprise then that investors have shifted their portfolios toward these recent winners. As we head into 2021, we will take the opportunity to check if clients' equity holdings are still aligned with their long-term goals. The message isn't to avoid growth stocks, but rather to ensure that they haven't outgrown their intended position and role in the portfolio.

3 THINK BIG WITH SMALL CAPS

Another trend identified is an underweighting to small cap equities. Small businesses were disproportionally hurt by government lockdowns in 2020. As vaccines roll out and the global economy returns to some sense of normalcy, small caps may be beneficiaries.

4 AVOID EXCESS RISK IN YOUR BOND PORTFOLIO

Capital Group discovered that the average portfolio exposure to riskier bond categories – which include any fixed income category that maintains yield above a comparable U.S. Treasury – has increased over the years. This "hunt for yield" left many investors ill-prepared for 2020's volatility at a time when they needed their bond portfolios to shine brightest. Investors who held strong with high-quality core bonds were rewarded when these investments did exactly what they were meant to do: preserve capital and provide diversification from equities.

IRA Contribution Reminder!

The deadline for traditional and Roth IRA contributions for the 2020 tax year is April 15, 2021.

Age	2020 Contribution Limits
49 and under	100% of compensation, up to $6,000
50 and older	Additional $1,000

Please consult your tax accountant for suitability and tax related questions.

Wishing you a Happy & Healthy 2021!!

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The economic forecasts set forth in the presentation may not develop as predicted, and there can be no guarantee that strategies promoted will be successful.

Stock investing involves risk, including loss of principal.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values and yields will decline as interest rates rise and bonds are subject to availability and change in price.

Portions of this newsletter have been prepared by Capital Group.

The Standard & Poor's 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Russell 2000 Index is an unmanaged index generally representative of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index.

The prices of small and mid-cap stocks are generally more volatile than large cap stocks.

The Morgan Stanley Capital International ('MSCI') Europe, Australia, Far East Index ('EAFE') is an unmanaged index of over 900 companies, and is a generally accepted benchmark for major overseas markets. Index weightings represent the relative capitalizations of the major overseas markets included in the index on a U.S. dollar-adjusted basis. The index is calculated separately: without dividends, with gross dividends reinvested and estimated tax withheld, and with gross dividends reinvested in both U.S. dollars and local currency.

The Morgan Stanley Capital International ('MSCI') Emerging Markets Index adjusts the market capitalization of index constituents for free float and targets for index inclusion 85% of the free float- adjusted market capitalization in each industry group in global emerging markets countries. As of June 2007, the MSCI Emerging Markets Index consisted of the following 25 emerging market country indexes: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

The Barclays Capital U.S. Aggregate Index is comprised of the U.S. investment-grade fixed-rate bond market.

There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non- diversified portfolio. Diversification does not protect against market risk.