

# Q1 NEWSLETTER

Dear Clients and Colleagues:

It was a roller coaster year for investments which included both a historically fast Bear Market and Bull Market recovery. However, one basic fundamental held true: the value of diversification and the importance of uncorrelated investments in a portfolio. And despite the broad market gains for the year, returns varied dramatically by asset class. As shown in the chart below, US Growth, Small Cap and Emerging Market stocks outperformed; US Value and International Developed stocks lagged; bonds increased in value and buffered steep losses in March prior to the rebound; and Value and Small Cap stocks rallied substantially in the Fourth Quarter.

## 2020 Market Performance<sup>1</sup>

	1Q	2Q	3Q	4Q	2020
S&P 500 TR	-19.6	20.54	8.93	12.15	18.4
MSCI EAFE NR USD (Dev. Int'l)	-22.83	14.88	4.8	16.05	7.82
MSCI EM NR USD (Emerging Mrkt)	-23.6	18.08	9.56	19.7	18.31
BBgBarc US Agg Bnd TR	3.15	2.9	.62	.67	7.51
Russell 1000 Growth TR	-14.10	27.84	13.22	11.39	38.49
Russell 1000 Value TR	-26.73	14.29	5.59	16.25	2.8
Russell 2000 TR	-30.61	25.42	4.93	31.37	19.96

<sup>1</sup>Indices are unmanaged, and one cannot invest directly in an index. Past performance is not a guarantee of future results. Data is provided by Morningstar Advisor. MSCI EAFE Index serves as a benchmark of the performance in major international equity markets as represented by 21 major MSCI indexes from Europe, Australia and Southeast Asia. MSCI EAFE Emerging Markets Index is a free float-adjusted market capitalization index designed to measure equity market performance in the global emerging markets. Bloomberg Barclays U.S. Aggregate Bond Index represents the US investment-grade fixed-rate bond market. S&P 500 Index is a market index generally considered representative of the stock market as a whole. The index focuses on the large-cap segment of the U.S. equities market. Russell 1000 Growth Index tracks the companies within the Russell 1000 with higher price to book ratios and higher forecasted growth values. Russell 1000 Value Index tracks the companies within the Russell 1000 with lower price to book ratios and lower forecasted growth values. Russell 2000 Index consists of the 2000 smallest companies in the Russell 3000 Index. References to specific securities, asset classes and financial markets are for illustrative purposes only and do not constitute a solicitation, offer, or recommendation to purchase or sell a security.



# Q1 NEWSLETTER

## 2021 Financial Planning To-Do List

January is a great time to step back and review your financial position. Check off each of these items during the course of 2021 to make sure you are on track.

1. **Review your investments, asset allocation and rebalance if appropriate.** Trimming winners and buying laggards consistent with your asset allocation can help to sell high and buy low.
2. **Prepare a family household budget to track income, expenses and investment of any excess.** This simple step is the most important for meeting your financial goals.
3. **Assess how much you are saving for retirement, whether contributions are tax deferred, tax free or taxable and whether you are taking advantage of catch-up provisions in retirement plans if you are fifty or older.** Roth conversions might make sense if you are temporarily in a low tax bracket or prior to receiving social security benefits.
4. **Assess whether you are on track to meet your retirement and financial goals.** Consider the “4% Rule” and using guaranteed income sources for non-discretionary expenses.
5. **Assess whether you have an adequate cash emergency fund in place.** 3-6 months of expenses is generally recommended. A greater reserve fund may be appropriate for higher income earners and those working in less stable professions.
6. **Review your medical, property and casualty, life, and disability insurance for coverage and cost.** Protecting income is the foundation of a sound financial plan.
7. **Complete or update an existing will and other planning documents.**
8. **Review the beneficiary designations on investment accounts and insurance policies.**
9. **Conduct a cost audit of your investments and financial services.** Small differences in fees can make a big difference over time.
10. **Create a plan for potential long-term care expenses in retirement.**

### Trivia

The 2021 Australian Open is set to begin in February. Who is the oldest and youngest man to win the Men's Championship?