



Golden Pond Wealth Management

January 2020

This is....2020

Happy New Year! What a difference a year makes. One year ago the stock market was in correction mode and came close to ending what has become the longest bull market ever recorded. In December 2018, dropping stocks were suggesting an increased risk that a recession, or market crisis, might be on the horizon. Confidence in investing fundamentals coupled with attractive stock valuations helped keep a focus on long-term investing objectives in the face of short-term volatility.

One year later with 20/20 hindsight, what appeared to be a bullish forecast for stocks may have been too conservative, and now we're asking if stocks have come too far, too fast. December 2019's stock market environment has been in some ways the opposite of December 2018's. A strong rally fueled by the Fed's interest rate cuts that has stretched stock valuations against a backdrop of slower economic growth and corporate earnings. The question now is whether investing fundamentals can continue to support 2019's gains throughout 2020. At this point, consumers seem to be saying yes, but businesses (especially manufacturers) are more uncertain.

Stock market fundamentals have improved significantly over the past year. We've received clarity on the biggest market uncertainties: U.S.-China trade relations, the Federal Reserve (Fed) pivoting from rate hikes to rate cuts, and the United Kingdom's exit from the European Union (Brexit). We've also seen a leadership transition at the European Central Bank and more production cuts by Saudi Arabia-led OPEC to help stabilize oil prices. These actions, plus reduced trade tensions in other key international economies, could be viewed as evidence that economic growth outside the United States has stabilized and may even be starting to pick up a bit, although it is not assured.

Investors have priced in a lot of this good news, and it's possible that some potential 2020 gains have been pulled forward into late 2019. Stocks may need to be repriced over the next several months as investors wait for the economy and corporations to deliver against pricing, and that wait could be uncomfortable at times. Corporate earnings growth will likely be the driver of stock market gains, but that still may depend on more progress in trade negotiations. Negotiations on "phase two" of the U.S.-China trade talks could become bumpy, and that could lead to additional turbulence in the stock markets. Inflation could also pick up and trigger renewed fears of Fed rate hikes, although a slight increase in inflation is a sign of a healthy economy. Fallout from the impeachment, international economic data in decline, and what will undoubtedly be a highly charged U.S. presidential election also could lead to increased market uncertainty this year. However, although the S&P 500 was up 31% in 2019, it is only about 12% higher than it was in September of 2018 and we don't see the bullish euphoria that usually precedes a market bubble bursting.

The strong market performance of 2019 may limit the magnitude of potential market advances in 2020, but there are powerful forces attempting to extend the economic cycle and stave off a recession. A Federal Reserve committed to keeping interest rates at current levels and progress on trade agreements can improve prospects for business investment and productivity growth. It is also likely that we will have a divided government after the election: making any dramatic changes in economic policy unlikely.

We continue to slowly and gradually dial back the risk meter and are getting close to our normal target long term allocations between stocks and bonds. With stocks, we continue to see large U.S. companies which have wide economic moats and growing dividends as a sweet spot. In bonds, we are more concerned about credit risk than interest rate risk and will continue to improve the overall credit quality.

Bert and I have been asked many times over the years what is the best investment we ever made. No, it's not that we bought huge stakes in Microsoft or Apple decades ago....and Sara and Amy would likely say it is the time we spent convincing them to marry small-town boys from Belgrade. In business, it is most definitely the commitment we made to surrounding ourselves with a knowledgeable and caring staff who come to work every day focused on helping your family achieve its financial dreams. I believe it is among the finest team of financial services professionals you will find anywhere in New England.

On behalf of that talented Golden Pond crew, we thank you for the trust you have placed in us and wish you and your family health, wealth and happiness in 2020!

Sincerely,



Brian Bernatchez, CFP®
Managing Director



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News from the Golden Pond Crew



Happy New Year! 2019 was quite the year for the Brann family. Zach and I became homeowners in February and have settled into our new home nicely. We spent many of our summer weekends on McGrath Pond, and are looking forward to another fun winter up at Sugarloaf. We celebrated our first wedding anniversary in July with a trip to Rhode Island to see one of my favorite artists – John Mayer. It was the best concert we have ever attended!

Zach is a Senior Content Coordinator for Trueline, a Portland-based marketing firm. He has been there for four years and took on a leadership role in 2019. Zach is also the best dog-dad to our 1-year-old Goldendoodle, Bodhi, who much prefers our new backyard to the brick and cobblestone of Portland. Zach's family also calls Central Maine home and we love being much closer to his mom, sisters, nephew, and nieces.

In 2019, I joined the marketing & events committees of the Mid-Maine Chamber of Commerce and KV Connect, the chamber's young professionals group. I've met some awesome people and have enjoyed getting involved in the community.

I am also proud to say that I completed my third half-marathon in October alongside my sister, Kristy. Between running, skiing, hiking & biking, Zach and I found lots of ways to be active in the great outdoors! I have enjoyed meeting many of you in 2019 and wish you all the best in 2020! - **Katie**



As I sit to write this, I am contemplating the new year and the sound of "2020". It seems like just a few short years ago we were all anticipating the big Y2K, the year 2000 computer glitch that never really happened! Looking back to that year, I recall working in the little village of Belgrade Lakes in our humble office. We were in our first few years of business and working diligently to serve our loyal clients. How can it possibly be 2 decades later and how could we all be 20 years older?

In the year 2000, Venus Williams and Tiger Woods were both in kindergarten. Also, the first crew of astronauts were launched to the international space station. The presidential election was between Al Gore and George W Bush and Apple introduced iTunes and the first iPod was unveiled soon after 2001.

On a personal level, as I review my own family history over the past 20 years, my family of sisters, brothers, nieces and nephews, etc. has grown from 18 to 33 – my parents now have 10 grandchildren and 15 great grandchildren with a few more on the way. My husband's family adds in another 10 so that makes for a large, boisterous family to say the least. Ray and I continue enjoy the company of our sweet granddaughter, Mallory, with another grandchild on the way in 2020.

My wish for all of you reading this is for a wonderful 2020! I hope the new year is everything you hope for and more. Thank you for your business. - **Holly**



In January, my husband and I spent a week in Aruba. It was a perfect winter getaway. In fact whenever I am feeling cold here in Maine, I can dream of the blue water and warm air and take myself away. In May, I spent a week in Italy with some fellow yogis. We visited a lot of interesting places off the beaten trail and did Yoga and Meditation daily. I feel so blessed to have these wonderful people in my life.

In August we had another granddaughter arrive happy and healthy. That makes 5! Love those sweethearts! I am grateful to have had another wonderful year surrounded by family and friends, health and happiness. Looking forward to snowshoeing with Millie (our goldendoodle) and making new memories in 2020. We will be celebrating my Mom's 95th in January 2020! Wishing you and your families all the best in 2020! - **Judy**



To say this year has been full of blessings would be such an understatement! Akadia, who is now 7, has entered second grade and is very proud to be wearing the sweetest, little toothless smile I have ever seen. She has discovered a love for field hockey and math! We explored many different places in Maine this summer, but an absolute highlight was our first trip to Acadia National Park. In August, Katie Brann and I made the trip to California for the annual LPL Conference. What an amazing opportunity and beautiful place to visit! In October we welcomed the newest Phillips family member with the birth of my nephew Emmett. We are planning a trip to Georgia to meet him in the spring. I hope your year was as adventurous, exciting and full of love and laughter as mine. Warm wishes going in to 2020! - **Paige**



Happy New Year to you and yours. 2019 has come and gone, but we will always have Aruba! Last May, we visited Aruba with a group of 20 friends, it was such a blast! I am constantly reminiscing about the warm water and the ocean breeze, especially during this time of year, brrr! My husband Joe and I also celebrated our 10-year anniversary. Our 2020 plans do not include Aruba, but we do look forward to some nicer weather so we can enjoy some camping and riding! I wish you and your family a Happy and Healthy New Year! - **Danielle**



2019 brought so much happiness into my life. My first grandchild, Lenox Gerard Jean was born on October 10th, to my daughter Kady and her husband Cody. He truly melts my heart and I can't wait for all the adventures we will have in the coming years.

Todd and I added another fur-baby to our family in March. A French bulldog named Pearl. We just love her and if we can't find something, all we need to do is look in her kennel. Her favorite game is "drag it out the doggy door". Another highlight for me was shooting

the biggest buck of my life (so far) a 9 pointer that weighed 225lbs. I am now a proud member of the Maine Big Buck Club. I wish you good health and happiness for 2020 and as always, I look forward to chatting with you. -**Kelly**



2019 seems to have flown by quickly. Our business has continued to expand and we look forward to our new addition in the spring. We also brought on Katie Brann this year as our newest financial advisor and she is doing a great job. We look forward to continued additions of team members in 2020 so that we can keep our service level to you consistently great way into the future.

Jose' continues to work at Regeneron Pharmaceuticals in Albany, New York and is halfway through his Masters in Bioinformatics at Johns Hopkins. He just got a dog (an Australian Shepherd named Odin) and he comes home as often as he can. He was home for a full week this year for Christmas and New Year's.

Gaby just finished her first semester of her Junior year at Stonehill. She is still playing ice hockey and just found out that Stonehill will be adding a women's Varsity program - the year after she graduates. Her roommate - Amica Joliceur from Waterville convinced her to play rugby last spring and she enjoyed it. Gaby worked on the 7 Lakes Alliance Conservation Crew this past summer and enjoyed that experience. She recently turned 21. Her plans are to continue her education after Stonehill in pursuit of becoming a Chiropractor.

Josh is a senior at Messalonskee High School and just finished his college applications. He will be studying Mechanical Engineering next fall. This is the exciting time of seeing where he is accepted and what choices he will make. Josh decided to play ice hockey this year after a two-year absence and so I am back at the rinks for a few months. He continues to play lacrosse and volunteer with the Key Club and Waterville Soup Kitchen. He attended engineering camps this summer at Worcester Polytech (WPI) and UMaine which helped him decide his path in college. We will be busy with another round of high school graduations this spring.

Sara and I are preparing to become empty nesters next year. She continues to take care of her mother, who lives with us and that takes a lot of her time. I am again involved in the Maine Pond Hockey Classic February 7th, 8th, and 9th at the Snow Pond Center for the Arts. We will cap the event at 100 teams (we had 84 teams last year) with ten rinks. This has become a major fundraiser for the Alford Youth Center. We raised \$54,000 last year.

Sara and I donated a rink to the Children's Discovery Museum and we set it up in Castonguay Square as part of the Kringleville celebration. It will remain open as long as the weather permits. I continue to serve on the Belgrade Lakes Association (BLA) Board and last winter assisted the 7 Lakes Association with taking sediment core samples through the ice in Great Pond and assisted them with a Full Moon Snowshoe event.

I also enjoy grooming and using trails through our woods for snowshoeing in the winter. Last April I skied the snowfields at Sugarloaf with Jose' when he was home for a few days. I had not done that in almost 25 years. I didn't go very fast, but I made it down in one piece.

In the summer we celebrated my high school class' 35th reunion. Some people changed a lot and others seemed the same. It was good to catch up with some folks that I had not seen in a long time.

The team here at Golden Pond looks forward to serving you in 2020. We will continue to search for ways to add value to our relationship with you. - Bert



2019 was a year of transition and celebration for Amy and me and our family. In the summer, we are fortunate to spend most of our days at the lake with friends and family at our home on McGrath Pond in Belgrade. Two highlights of the summer were a sports tailgate themed 4th of July party and my 35th high school reunion... at which one of my friend's band played (and according to Amy... a little too loud... and a little too late into the night) ..just like us old 80's rockers like it!... It was fun to turn back the clock for the

weekend!

We also had lots of adventures on the slopes and bike trails at Sugarloaf and always look for a reason to sneak away and relax and play for a couple of days at what has become our happy place.

Katie and her husband Zach moved into their new home in Sidney in February and she joined Golden Pond in April. She started in client service and has been promoted to financial advisor and is enrolled in the Certified Financial Planner (CFP) program. She also surprised the staff (well...sort of) when she officially announced that she is pregnant at our staff holiday party at Meridien's in Fairfield a couple of weeks ago! It is such a blessing to have her working alongside me here at Golden Pond and she has quickly become a valued member of our team...and has taught this ol' dog a few new tricks!

Kristy moved to Portland and is working as a medical assistant in the emergency room at Biddeford hospital. She has been accepted to the Physician's Assistant (PA) program at the University of New England and will start classes in June. She will also be working and skiing at Sugarloaf this winter and coaching with the Coastal Field Hockey Club. It has been a real treat to have her closer to home this year and we are thrilled that she will be attending medical school in Maine!

Jack is a senior at MIT and his football team had another successful year-repeating as conference champions and earning a first-round matchup with Muhlenberg in the first round of the NCAA tourney. He was named to the academic all-conference team for the third year. This trip to Allentown, Pa. turned out to be the last time Amy and I will be on the road in the fall to cheer on Katie, Kristy and Jack in college athletics. (we think we attended over 200 BU, UNC and MIT tailgate parties and games!) Jack has been accepted to the Masters in Computer Science Engineering program at MIT so will be in Cambridge and Boston for at least one more year.

Amy had another successful year as a real estate agent with Coldwell Banker Plourde Real Estate and has quickly become one of the top producing brokers in Kennebec County. I continue without much success to try and keep up with her on the mountain biking, cross country ski, and hiking trails. We recently learned that she will be inducted into the Maine Sports Hall of Fame in 2020 for her incredible contributions as a field hockey coach. She continues to serve on the Board of Directors at the Alford Youth and Community Center and will become chair next year. I think she is now a lifelong member of the Rob Gronkowski fan club as she served as host and emcee for him and his father and brother at the annual donor appeal event for the AYCC!

I continue to serve on the Board of Trustees of Thomas College and Chair the Student Services committee. I am also involved with the Alford Youth and Community Center and serve as vice president of the Founder's Club. Recently, I was elected to the board of directors of the Maine Community Foundation. In 2019, I celebrated 30 years in the financial services industry and look forward to at least 10 more!

The Bernatchez bunch wishes you and yours health, wealth and happiness in 2020! - **Brian**