

Q4 SMART MONEY

INVESTMENT INSIGHTS

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CHARLES DICKENS

begins *'A Tale of Two Cities'* with...
It was the best of times, it was the worst of times.....it was the spring of hope, it was the winter of despair."



Seems quite fitting today, doesn't it? It seems at this point that we have lived a lifetime this year, with no end to this lifetime in sight. If we reach far back in time to January of this year there was much to be positive about, the market was positive, the economy was growing, job openings outnumbered those looking for jobs. There were things that could be going better, but there always has been and there always will be. But for the most part, everyone was in a positive place. And it was from this point that the roller coaster ride of 2020 began. And where we find ourselves today is in a period of uncertainty.



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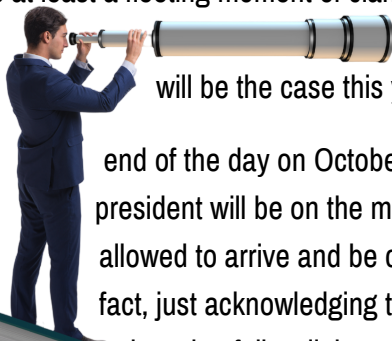
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However, all of you have a secret tool at your disposal. Much as a lost traveler pulls out their map and compass, or a GPS for our younger crowd, you have your plan to guide you. For years you have heard us speak to the power of having a comprehensive financial plan. That it laid out the road map to your near term and long-term success and stability, and that more importantly that it gave you a guide to follow when the road was littered with uncertainty. If this year has not solidified the need for a comprehensive financial plan, built by a comprehensive financial planner, then I do not know what will. For it is in times of uncertainty and fear that we need to ensure that your decisions are guided not by your emotions, but by a plan that was developed in a time of clarity with a partner that is obligated to work in your best interest.

*What will
November 3rd
bring us?*



Three months ago, when we talked, I told you that there would be volatility ahead in the markets. From that point on July 1st we have see the US large cap markets climb to new highs, only to have September return them to a more stable point as we look to the lastquarter of the year. This level of volatility will continue, and very likely, increase as we head towards the election on November 3rd. But what about November 4th? In any other year I would tell you that when we all wake up on November 4th there will be at least a fleeting moment of clarity as we know who the next president will be, the make up of congress, and will at least have a near term guide of what the country will look like. I doubt very much that that



As I compose this at the clearly know who the next that mail in ballots will be stand on that

end of the day on October 12th, we are left with very little confidence that we will president will be on the morning of November 4th. We know today that in Wisconsin allowed to arrive and be counted for several days after November 3rd. I'm taking no fact, just acknowledging that the results may change as those ballots are counted, also knowing full well that over the next 22 days the ability of those ballots to be counted is likely going to change based on what I can only assume will be multiple challenges at multiple levels of the judicial system. Again, we take no stance on the issues of the election, but that is what we know today.

I could probably spend the rest of this message talking about the things that we don't know going in to the election, or I could wax poetic on how this election is different or how a new plan is needed for this election; but that would be a waste of time. There is much that we do not know as to how the world will look post this election, but there is also much that we do know, and that is where we should focus our thoughts.



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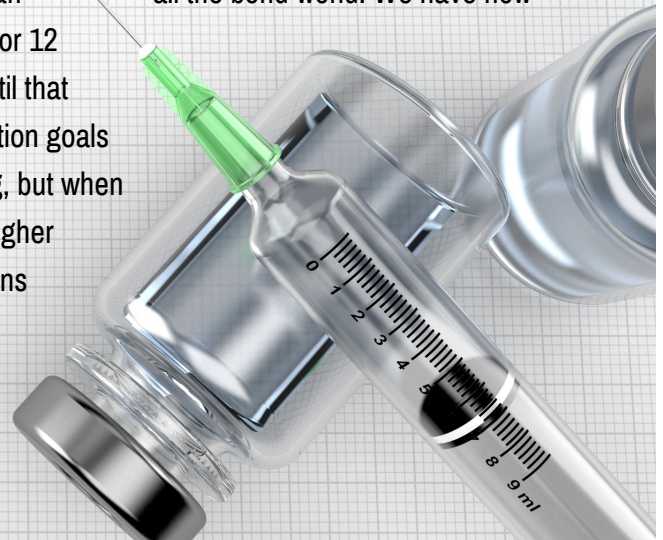
What we do know is that we have had elections before, we have had contentious elections before, we have had disputed elections before, and we are all here to tell of it. Regardless of what the media on either side of the aisle would like you to hear, there will be a tomorrow and regardless of the result of the election life will move forward.

There is no way to know how the market is going to react to the results of the election, so there is no way to position yourself to prepare for. That is unless you have already sat down and put together your financial plan. If you have done so, then you have already taken the steps that you need to take and there is nothing further that you need to do. If there is, we will be reaching out to let you know.

We also know that we are also still in the early innings of the Covid crisis. Yes, I said early innings. We know at this point that it won't go away with warm weather, that it can be spread by people without symptoms, that current testing is imperfect, and that there is the potential that you could die from it. There is great hope that we are on the cusp of a vaccine, and I have heard that once we have a vaccine that we will no longer have to worry about it. But I also know that there is a sizable movement in our country for people to not get, or have their children get, time tested vaccines.

So, I feel very comfortable saying that the advent of the vaccine itself is probably unlikely to immediately lead to an immediate change to conditions in our country as they relate to Covid. Only time will tell as to what the end of this pandemic will look like, so at this point it is best not to guess.

Sticking to the plan that we have put in place and continuing to meet with us via Zoom or phone as needed to ensure that we are up to speed on any changes in your life will be the best financial medicine moving forward. Just as we are telling you to stay the course, we too are staying the course. As the investment committee met this quarter there were no recommended changes to our portfolios. Performance continues to be in line with our expectations. We have, however, added fixed income as an asset class to our watch list. That is a broad watch as that is not just a part of the bond world, we mean all the bond world. We have now functionally been at 0% or close to it for the federal funds rate for 12 years. And according to the Fed, we have a couple of years until that changes. We also now know that they have changed their inflation goals from 2% to a 2% average. That may sound like the same thing, but when inflation has been running in the low 1% range, it means that higher inflation will be allowed to bring the average rate up. That means lower interest rates longer along with increasing inflation. When we couple that with the fact that taxes are going to be going up, fixed income could become a net negative asset in some cases. If the asset class that you count on for stability



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only provides negative results it may be necessary to hold a higher stock concentration to ensure that portfolio returns stay in line with plan. Again, continued financial planning and structure will be the remedy to the angst that this may cause.

As I have always and will always mention, please let us know if you would like to talk about how this broad message impacts you individually. All lines of communication remain open to you, as well as to your family and friends as their needs arise. So, as we head into the fall; stay safe, stay healthy, and stay in touch.

Take Care,

Brandon Masbruch

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