Smart MONEY
INVESTMENT INSIGHTS

MIDWEST FINANCIAL GROUP INC

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What's New

What is new is old is new again. If you spending any time reading, watching, or listening to the investment news media you will hear how great stock A is, then how bad it is, then how great it is again. Investments travel familiar paths repeatedly, and while these paths are familiar, they are not predictable. That is why consistency is process, and commitment to a plan are keystones of our investment committee.

As we move into the 2nd quarter, we will not be adjusting our model portfolios. As we have mentioned many times, diversification with the use of high quality, core investments will always be the focus of the portfolios that we design for client use. It is anticipated that our next adjustment will occur with the rebalance on July 1st.

BRANDON MASBRUCH
Certified Financial Fiduciary®
Financial Advisor
Vice President and CIO

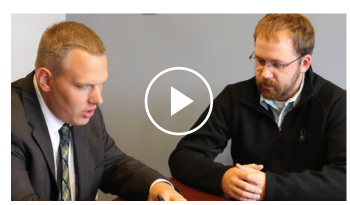
Added Value

Keep an eye on our website, www.mfgteam.com, for updates throughout the quarter and throughout the year. This is also the best place to go through any of our previous messages to you.

Market Watch

If we back up 3 months and used one word to describe the investment markets, it would have been uncertain. We were uncertain exactly how the vaccine rollout was going to go, we were uncertain how the course of COVID was going to track, we were uncertain how the inauguration and transition of power in Washington would go, everywhere we turned there was uncertainty. Thankfully today we have answers to many of those questions. The vaccine rollout has been stellar, and while we aren't out of the woods yet, the overall direction of the pandemic at this point is positive and there is reason to believe that we will continue to return to a more open world. Joe Biden is the president, the Senate is split 50/50 between Republicans and Democrats, and we still don't see anything in politics that resembles a return to bipartisanship.

STRAIGHT FROM THE SOURCE



URL and CTA to visit the site and watch video.

MARKET WATCH CONTINUED

Yet amidst all this uncertainty we continue to see overall positive movements in the equity markets. In general, all equity markets worldwide were positive in the first quarter. Volatility returned as we moved through the end of February and through March, but overall trends were positive worldwide. It is in the bond market that we continued to see increased negative performance, and it is in the bond market that the most care and attention will need to be paid. As I have shared many times, the days of stable, consistent, inflation beating returns in the broad bond market have probably passed. Investment and manager selection will be of the utmost importance on this piece of the portfolios.

Planning Ahead

As we look through the spring and into the summer there are two themes that we need to keep front of mind when it comes to your investments and their place in your overall financial plan. First, you need to continue to understand that short term, emotionally based decision rarely, if ever, work. A plan is built on a set of goals and values, if those goals and values haven't changed, then there is rarely a reason to adjust the plan that is in place. That doesn't mean that we won't continue to update and rebalance the innerworkings of your investment portfolios, but it does mean that altering your investment plan should only occur if your personal circumstances have changed.

The second thing that we need to keep in mind is that there is almost no certainty about the exact path forward in the world that we live in. At no time in the past have we forcibly shut down our own economy, let alone that of the world. At no time have we spent this long at near zero interest rates, and at no time has there been this much hate and division inside of the walls of the US capital. With this level of uncertainty, it can be easy to want to run to safety. 30 years ago, I could have told you that safety was the US bond market. Today it is more important to define your goals, and the timeline to those goals, and build your plan from there. Simply moving to the fixed income market does not provide safety. It can potentially reduce volatility, but it will also reduce return. And if we look at back at the first quarter of this year, even when we say volatility in the equity markets, we didn't find positive return in fixed income. It is a different world that we live in, and the investment thesis of the past should not be the one used today.

Added Value

With the $1.9 trillion American Rescue Plan signed into law, total Federal expenditures on the COVID-19 pandemic will come to roughly $5 trillion, surpassing the total inflation adjusted cost of World War 2 at $4.1 trillion. This accounts for roughly 25% of the pre-pandemic economy.

Added Value

$10,000 invested in the S&P 500 on October 9th, 2007, the pre financial crisis peak, would be worth over $33,000 today. That same $10,000 invested the same day in the Barclays Aggregate Index would be worth less than $12,000 today.

What's Next?

If you're wondering how these market trends might affect your specific financial plan—or how to take advantage of them—give us a call. We'll talk about where you're at, and how to get where you want to be.

Get In Touch!

Securities and advisory services offered through Commonwealth Financial Network®, member FINRA/SIPS, a Registered Investment Adviser, Fixed insurance products and services offered through Midwest Financial Group or CES Insurance Agency.