2020 Review and 2021 Outlook

Fear, Capitulation, Exuberance and the Kids are Home (Again)

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2020 Review

We're at a grim, yet hopeful, turning point in our nation's history. The near-term remains grim, as the US's current daily COVID-related death toll exceeds the number of lives lost in the 9/11 terrorist attacks (when 2,977 people died). Our hearts and thoughts go out to those suffering from both COVID-19 itself and from the financial pain caused by the lockdowns and economic destruction. At the same time, we're hopeful that America's extraordinary scientific ingenuity, which has developed two (potentially three) vaccines at "Warp Speed," will ultimately restore confidence and reignite the economy.

As we know, the pandemic ended the longest expansion in modern US history and plunged global economies into a tailspin the likes of which we've never witnessed in our nearly 4 decades of investing. It was certainly an exhausting and emotionally draining experience.

The pandemic-driven markets can be divided into 3 distinct stages.

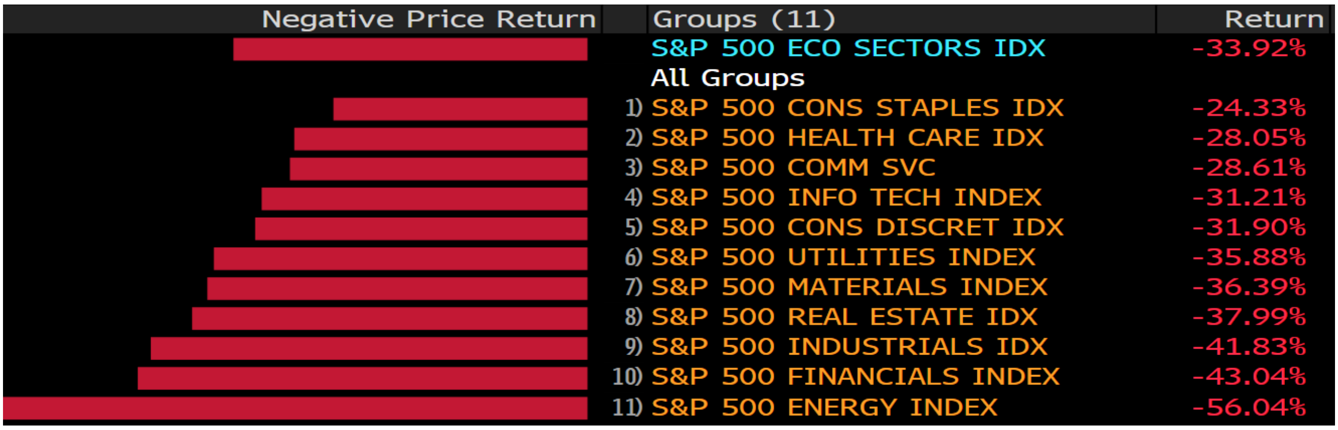
Source: Bloomberg/Treasury Partners

Stage 1: Fear and Panic

Reports of a dangerous new respiratory illness began hitting mainstream news in mid-February, but the true gravity of the situation only became apparent in early March. Governments across the world instituted widespread lockdowns that indefinitely shuttered large portions of the global economy. Plunging markets mirrored investors' fear and uncertainty.

Equities experienced one of the sharpest selloffs in history. From the February 19th peak to the March 23rd trough – a mere 23 trading days – the S&P 500 lost a full third of its value. March was particularly brutal, with multiple temporary market-wide halts in trading of S&P 500 stocks – rarely triggered "circuit breakers" that only kick in after intraday declines of at least 7%. Although the selloff was broad-based, the hardest hit were "epicenter" companies and sectors whose businesses were most impacted by the lockdowns – transports, industrials, energy, in-person services, travel, leisure, etc.

S&P 500 Sector Returns, 2/19/20 – 3/23/20



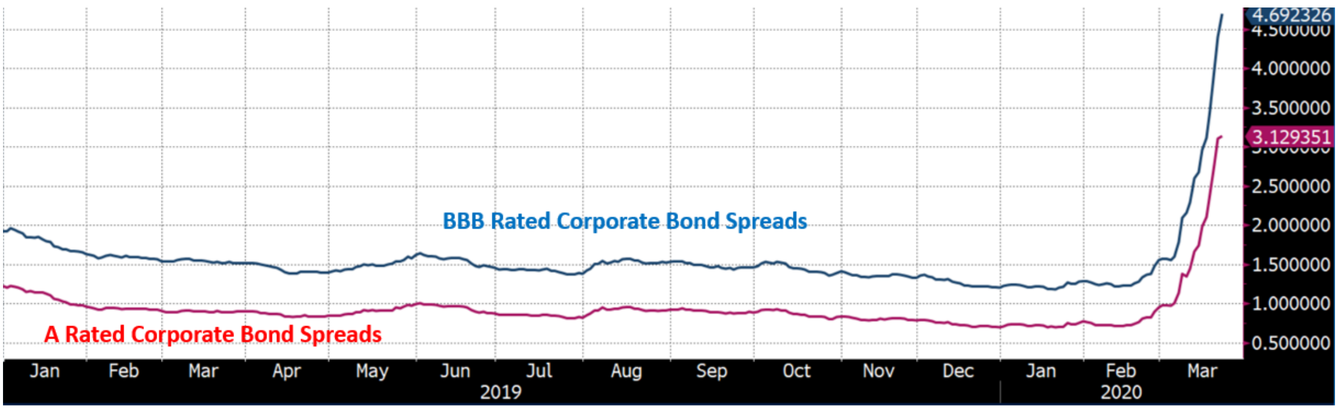
Source: Bloomberg

Fixed income also witnessed remarkable volatility, as the 10 Year Treasury yield mimicked a roller coaster:

- **February 12th – March 9th:** Fell from 1.63% to 0.54% (new all-time low) as investors sought a safe haven amidst the chaos
- **March 9th – March 18th:** Rose from 0.54% to 1.19%, with a jaw-dropping 0.35% increase on 3/17 alone. The impetus was a fast-unfolding liquidity crisis, as even Treasuries got caught up in the universal scramble for cash (see Fixed Income Alert: Market Illiquidity vs. Credit Defaults, 3/23/20).
- **March 18th – March 20th:** Fell from 1.19% to 0.84% as the Federal Reserve injected emergency liquidity in short-term money markets, successfully halting the metastasizing crisis.

It was a much bumpier ride in credit, which was beset by panic selling into illiquid markets that caused spreads on corporate and municipal bonds to spike (driving yields significantly higher and prices lower).

Benchmark Corporate Bond Credit Spreads



Source: Bloomberg BVAL Indices

These initial market moves were logical, as the global lockdowns were severe and modern economic history had never before witnessed such a steep contraction. Assets declined sharply to reflect the harsh new reality. Nonetheless, the selloff created pockets of opportunity as investors became unduly bearish in certain sectors and asset classes. For example, at the height of the panic we aggressively took advantage of severe price declines in the corporate and municipal bond markets (see ***Politics is a Contact Sport: The Empty Threat of State Bankruptcies***, 4/25/20).

Stage 2: The Financial Cavalry Arrives

Certain investment dates are forever seared in our minds, such as October 19th, 1987 ("Black Monday," when US equity markets suddenly fell over 20% in a single day), September 11th, 2001 (the worst terrorist attack on American soil, which shuttered markets for 5 consecutive days), and September 15th, 2008 (when Lehman Brothers filed for bankruptcy). Now, March 23rd, 2020 is the latest addition – the day the Fed brought out the big guns.

Although the Fed hadn't been sitting on its hands - it quickly cut Fed Funds to 0% and intervened in various markets – its prior actions hadn't stopped the bleeding. Beginning on March 23rd, the Fed announced a slate of unprecedented and massive interventions designed to "shock and awe" markets into stability (see ***Pandemic Road Map: Planning for the Next Phase***, 4/7/20).

Not to be outdone, the US government fired its own fiscal policy bazooka when the gargantuan $2.2 trillion CARES Act was signed into law on March 27th. Far and away the largest stimulus bill in American history, it quickly provided meaningful support to both consumers and businesses. The magnitude of this support is hard to overstate – our federal government didn't hold back. For that matter, neither did their colleagues in the other major global economies.

Global Monetary And Fiscal Stimulus To Fight COVID-19 Impact
2020 Feb to Dec (CSM)

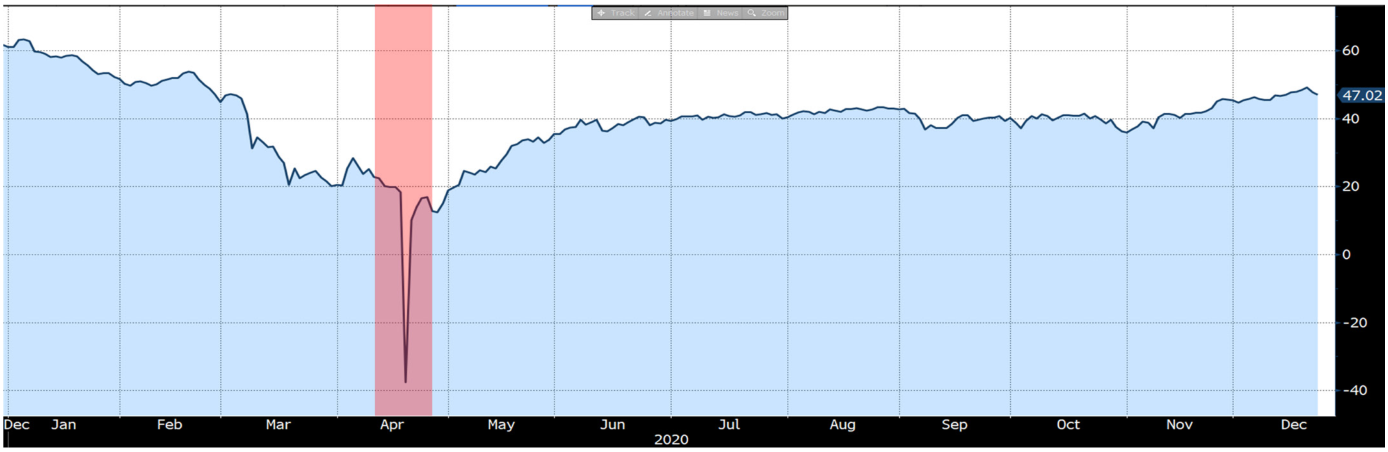
	Potential Central Bank Liquidity Injection		Potential Fiscal Stimulus		Central Bank Liquidity Injection and Fiscal Stimulus	
	$ Tln	% GDP	$ Tln	% GDP	$ Tln	% GDP
U.S.***	$6.21	29.0%	$4.19	19.6%	$10.40	48.5%
Eurozone	$2.38	17.9%	$4.27	32.0%	$6.65	49.9%
Japan**	$1.03	20.0%	$2.79	54.1%	$3.82	74.1%
U.K.	$0.57	20.7%	$0.59	21.6%	$1.16	42.3%
China****	$1.43	10.0%	$1.22	8.4%	$2.64	18.4%
Others*	$0.94		$2.85		$3.79	
Global	$12.56	14.5%	$15.91	18.4%	$28.47	32.9%

Source: Cornerstone Macro

In brief – the combined impact of this worldwide tsunami of liquidity was astounding. and March 23rd was the turning point that kickstarted a truly shocking recovery in asset prices everywhere.

- The S&P 500 rose approximately 60% from the lows to set new all-time highs
- Treasuries settled firmly into a narrow range, with short-term yields stuck near zero and 10-year yields trading between 0.50-0.90%.
- Corporate and municipal bond prices recovered as rates plunged, and by midsummer yields were regularly setting new all-time lows across the curve.
- However, the recovery wasn't smooth or straight-line everywhere. Remarkably, oil prices faced a "black swan" event in mid-April as oil futures briefly plunged to (deeply!) negative prices, a previously unthinkable possibility. While there was a technically-driven explanation behind the move (there wasn't enough storage space for newly-supplied oil because the lockdowns had caused consumption to crater), this nevertheless caused significant investor angst.

West Texas Intermediate Crude Futures Price

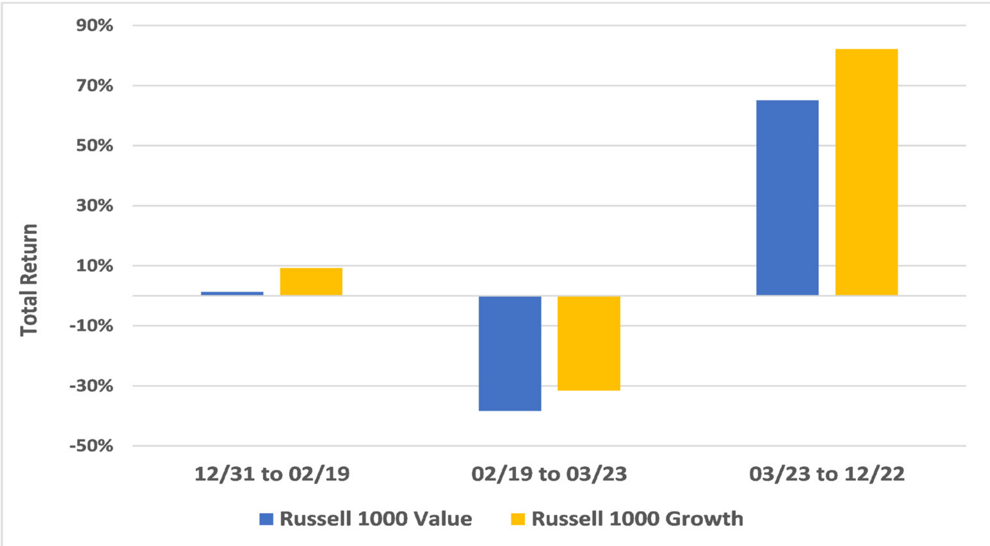


Source:Bloomberg

The magnitude and speed of these moves was jaw-dropping, and with no prior experience in "pandemic investing" it became yet another market learning experience. We quickly reasoned that the pandemic was likely a *transitory* event that would differ from 2008's Great Financial Crisis, which was a *structural* event that caused long-lasting *systemic* impairments in our economy. In a sense, we believed science would ultimately prevail, leading to a sustained and rapid recovery in consumer demand once a medical solution became available. Such a situation called for maintaining full equity allocations through the passing storm, as proper asset allocation dampens overall portfolio volatility and focuses on longer-term results.

No matter how you cut it, sharp market drops (what we call capitulations) are usually driven by intense fear and often unsupported by logical analysis. This formed the basis of our tactical gameplan - avoid leveraged exposures and capture the fleeting mispricing opportunities ("mispriced" meaning overly pessimistic compared to our expectations). In addition to maintaining full equity allocations, we further increased our existing tilt towards Growth vs Value, a call that proved fortuitous.

Russell 1000 Growth vs. Russell 1000 Value Equity Indices Total Returns



Source: FactSet/Treasury Partners calculations

We entered the crisis period with no Emerging Markets positions and very little in the way of non -US equity exposures, both of which ultimately posted more downside and less upside than US stocks.

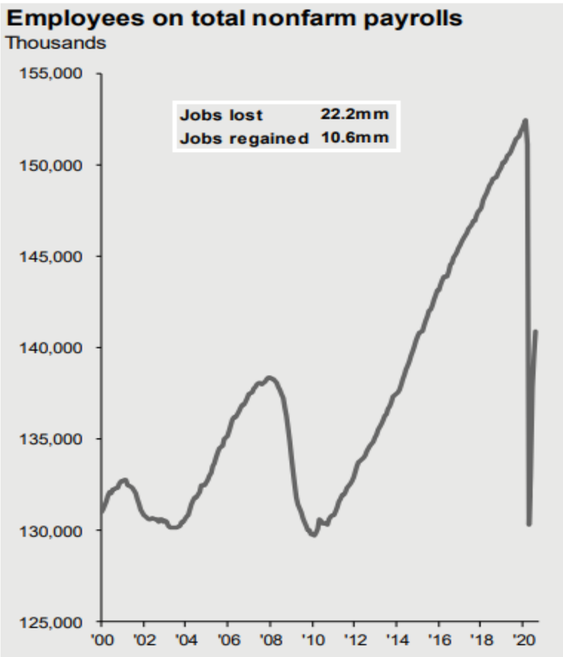
We also anticipated that all the gigantic fiscal and monetary interventions would halt the burgeoning liquidity crisis in fixed income markets, and that the pandemic would quickly induce rates to fall to new depths. To "front-run" this expected plunge in yields, we aggressively added longer-dated bonds to fixed income portfolios (see ***2020 Mid-Year Review: After the Deluge, What Next?***, 7/21/20).

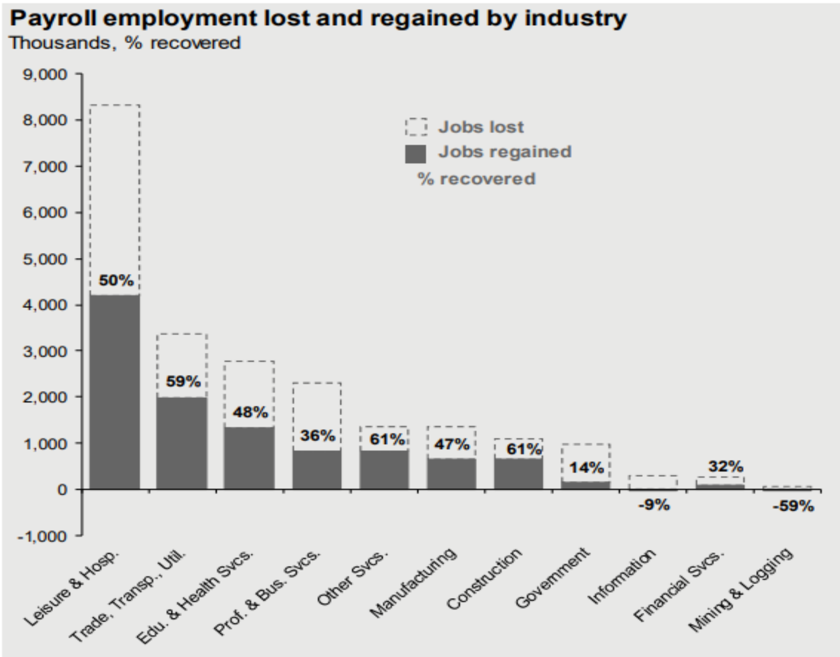
Stage 3: The Impressive Rally

The news we'd all been waiting for arrived on November 9th, as the first of several promising vaccine announcements began making headlines. As we originally stated in April's ***Pandemic Road Map***, the long-awaited medical solution is a prerequisite for the eventual return to near-normalcy and a sustained rebound in economic activity.

Despite lingering economic damage and uncertainty over Senate control (relevant due to fears of corporate and personal income tax hikes), vaccine optimism continues to drive asset prices to set fresh all-time highs. Considering how far they've come since March, the extent of the recovery in *financial markets* is remarkable given the much more limited progress in *economic fundamentals*.

Although mortality and lockdowns alike eased during the summer, economic conditions are far from normal. Even with mass vaccine distribution, overall economic activity is unlikely to recover to prior levels in the near-term due to the lingering impact of business bankruptcies and elevated unemployment.





Source:JP Morgan Guide to the Markets, Q4 2020

Themes Heading into 2021

It's hard for us to be too optimistic about a stock market that's already pricing at >21x next year's estimated earnings. On the fixed income side, with the equivalent of >$18 trillion of global negative-yielding debt and most US short-term yields below 1%, the bond market isn't exactly an enticing alternative.

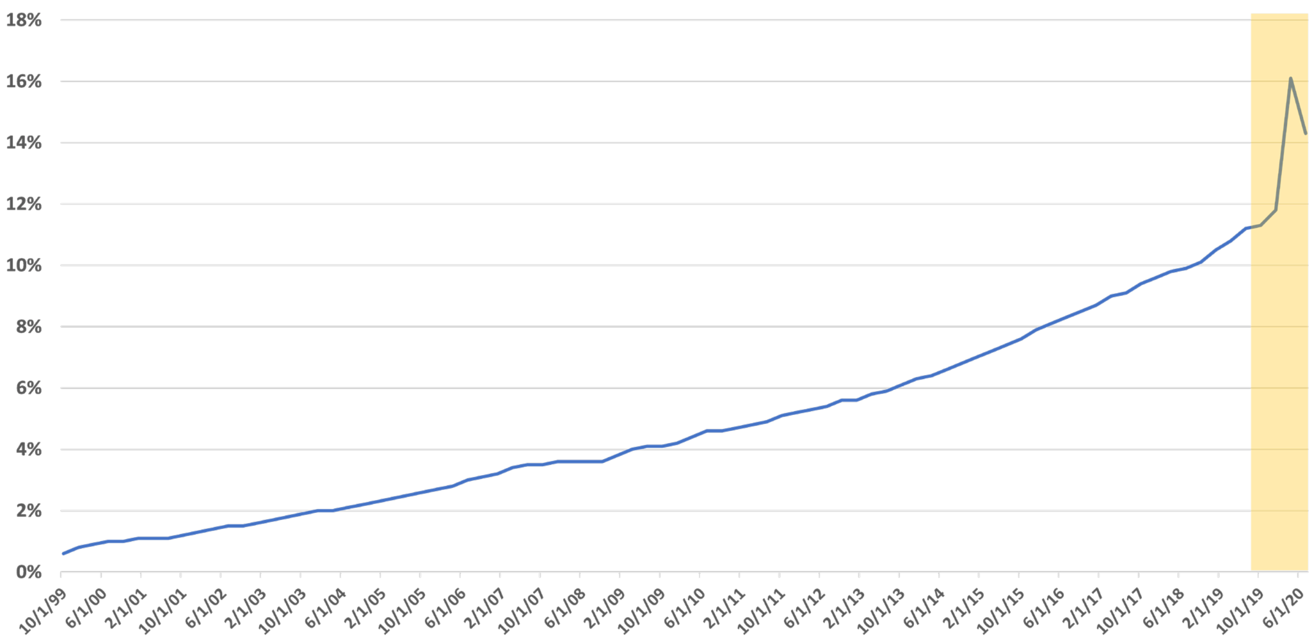
But that certainly doesn't mean we're out of ideas. All crises beget changes, and the pandemic has already sparked major (and we think lasting) shifts in lifestyles, investments, and opportunities. It's accelerated several existing trends in addition to catalyzing new ones. Against the unattractive reality of expensive market valuations and ultra-low interest rates, here are several themes impacting our positioning for 2021 and beyond.

- **Homebodies Seek Content.** When pandemic-related restrictions forced people to forego socializing, many found themselves filling the void with TV, video games, and other socially-distant digital pastimes. Exciting on-demand movies or immersive games are now capturing a growing portion of our time (kids certainly don't mind this development). Accordingly, these sectors have experienced significant increases in their subscriber bases and utilization rates.

  Even after the inevitable return to normalcy begins, it's reasonable to expect some of the homebody tastes we've acquired will stay with us for the long haul. This should provide a strong foundation of demand for digital content, which in turn stimulates demand for the infrastructure necessary to deliver that content (cables, wireless spectrum, semiconductors, etc.). Basically, society is willing to embrace an ever-growing role for technology in our day-to-day lives, which has positive implications for several other complementary themes.

- **Bricks to Clicks.** Although a gradual shift from physical to digital retail was well underway, the pandemic turbocharged this trend. In the midst of lockdowns and surging demand, e-commerce proved its mettle and continued capturing an ever-higher proportion of overall sales. Consumers are increasingly comfortable purchasing all manner of goods online, and since e-commerce still represents less than 20% of all transactions, there's still plenty of room for the category to grow.

E-Commerce Retail Sales as a Percentage of Total Retail Sales



Source:US Census Bureau

Competition remains fierce, and adapting to this new reality isn't easy – maintaining a complex logistical and fulfillment system isn't any easier than running a network of physical stores. But the potential rewards for those companies that can rise to the challenge are just as enormous as the pitfalls for those that falter.

Stock Price Percentage Growth Over Past 10 Years

Source:Bloomberg

- **Fed Funds: Lower for Longer.** Fiscal and monetary officials around the world have convinced themselves that suppressing interest rates is necessary to spur economic recoveries and growth. Notwithstanding the (de)merits of this strategy, it's clear that central bankers are committed to doing "whatever it takes" to keep rates low. Their fiscal counterparts, already eager to pile on further deficit-fueled stimulus, appreciate the support and are cheering them on.

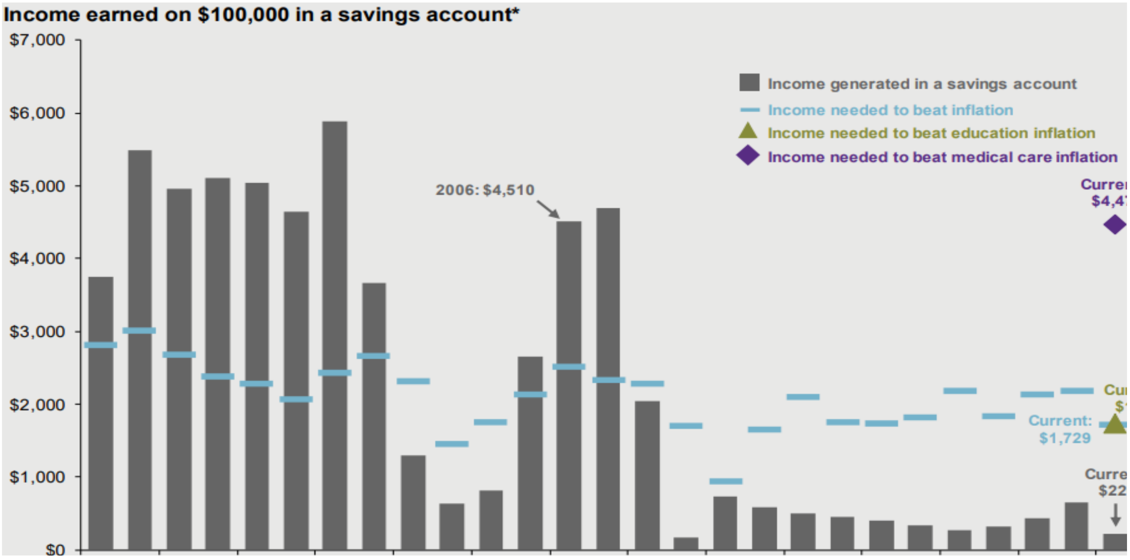
We expect this dynamic will keep short-term rates pegged at zero through 2022, and likely into 2023 as well. Further, as we previously mentioned, developed market yields across the world remain near all-time lows, with over $18 trillion dollars' worth of negative-yielding debt. It still astonishes us that investors are knowingly accepting guaranteed losses in their so-called "safe" fixed income portfolios.

Major Government Bond Yields as of 12/22/20

Country	1-year	2-year	3-year	4-year	5-year	6-year	7-year	8-year	9-year	10-year	15-year	20-year	30-year
Switzerland	-0.80%	-0.79%	-0.78%		-0.74%		-0.64%			-0.49%		-0.33%	-0.33%
Finland	-0.73%	-0.75%	-0.75%	-0.73%	-0.71%		-0.62%			-0.45%			-0.06%
Germany	-0.70%	-0.75%	-0.80%	-0.78%	-0.77%	-0.76%	-0.70%	-0.69%	-0.64%	-0.59%	-0.41%	-0.39%	-0.19%
Netherlands	-0.70%	-0.75%	-0.76%	-0.75%	-0.74%	-0.70%	-0.66%	-0.61%	-0.57%	-0.50%	-0.44%	-0.28%	-0.12%
Belgium	-0.68%	-0.73%	-0.72%	-0.72%	-0.70%	-0.65%	-0.57%	-0.54%	-0.46%	-0.39%	-0.17%		0.32%
France	-0.66%	-0.71%	-0.71%	-0.71%	-0.67%	-0.61%	-0.57%	-0.50%	-0.41%	-0.34%	-0.17%	0.09%	0.36%
Denmark		-0.65%	-0.66%		-0.61%					-0.47%			
Spain		-0.63%	-0.58%	-0.49%	-0.42%	-0.41%	-0.27%	-0.20%	-0.10%	0.05%			0.87%
Italy	-0.56%	-0.41%	-0.28%	-0.17%	0.01%	0.08%	0.22%	0.34%	0.47%	0.58%	0.94%	1.16%	1.43%
Sweden		-0.39%			-0.33%		-0.26%		-0.17%	-0.11%			
Japan	-0.12%	-0.15%	-0.15%	-0.15%	-0.13%	-0.13%	-0.11%	-0.08%	-0.05%	0.01%	0.18%	0.38%	0.63%
United Kingdom	-0.09%	-0.12%	-0.11%	-0.10%	-0.08%	-0.05%	0.02%	0.06%	0.15%	0.20%	0.42%	0.69%	0.75%
Australia	0.04%	0.09%	0.10%	0.21%	0.35%		0.60%		0.85%	0.96%	1.31%	1.58%	1.94%
United States	0.09%	0.12%	0.18%		0.38%		0.66%			0.94%			1.68%
Canada		0.24%		0.35%	0.45%		0.52%			0.73%			1.30%
Norway		0.31%			0.61%		0.70%			0.90%			

Source:FactSet/Treasury Partners

As we've repeatedly emphasized over the years, the global hunt for yield will continue exerting significant downward pressure on domestic rates. Finding any sort of yield in conventional bonds is challenging. We'll continue to maintain existing positions with outside credit-related investment managers, but within the core high grade fixed income portfolios we manage, we're generally not going to venture into excessively risky bonds given their currently-low payoffs. We have been finding opportunities in callable municipal bonds which we've been adding to both taxable and tax-free client portfolios (see **Crossing the (Tax-Exempt) Rubicon? A Rare Opportunity in Tax-Exempt Municipal Bonds,** 11/18/20). While we aggressively extended maturities in the first half of the year, we're currently focused on adding shorter-duration securities.

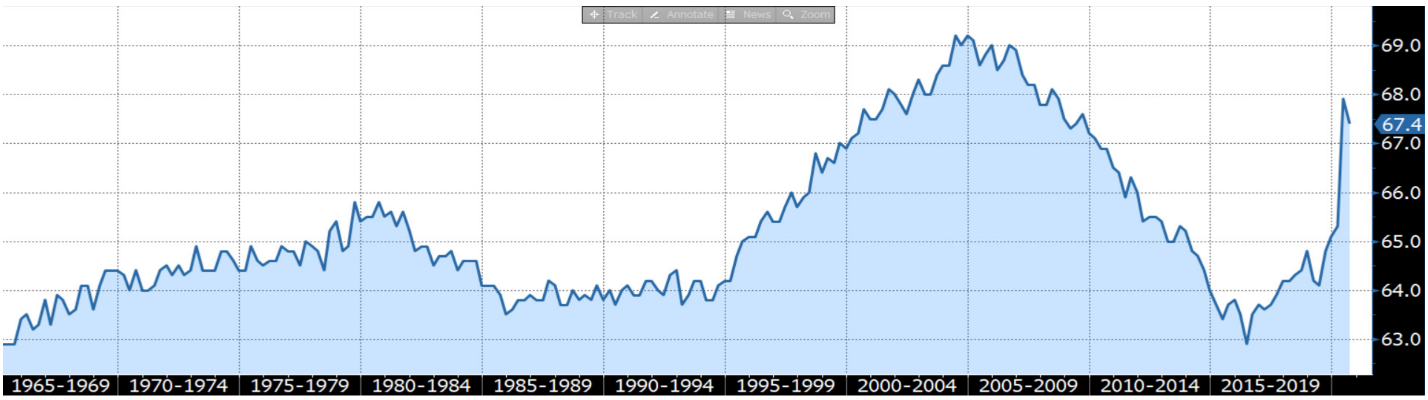


Source:JP Morgan Guide to the Markets, Q4 2020

- **Urban to Suburban:** We've all read the stories about people fleeing locked-down cities for the relative freedom and space of suburbia. While the data shows it isn't a mass exodus, a significant wave of people have indeed taken the opportunity to change residences.

  Although some of the moves will be temporary, it's reasonable to expect the lion's share will be permanent. Work-From-Home pleasantly surprised many employers, often proving little to no barrier to effective performance, and many will probably permit employees more flexibility going forward. Younger folks, particularly those with growing families, are taking advantage of historically-low mortgage rates to buy homes and put down long-term roots. The rate of homeownership has spiked significantly.

Percentage of US Households That Own Their Homes



Source:US Census Bureau, Bloomberg

The previous decade witnessed cities siphoning population and businesses from suburban and rural areas. Now that this trend shows signs of reversing, there have been obvious immediate beneficiaries, such as homebuilders, home improvement stores, and videoconferencing. But some longer-term likely winners aren't as readily apparent – for example, NYC expats can't simply hop on the subway anymore and will have to buy a car and auto insurance. They'll probably use that car to shop for groceries in bulk (which wasn't feasible before), but maybe not for the furniture they'll need to fill out their larger home (Bricks to Clicks in action!).

- **Cash Money to E-Money.** In a 2018 study, the Fed calculated that cash was still Americans' main payment preference, accounting for 30% of all transactions and over half of all transactions under $10. But electronic money – a broad category that encompasses everything from mobile apps to credit, debit, and prepaid cards - accounts for most of the remainder, and its share likely grew substantially during the pandemic-induced lockdowns.

For the first time, I started using Venmo in May, and my use has since accelerated. If even this dinosaur is willing to change, the tailwinds propelling e-money's rise are substantial indeed! Consumers enjoy the greater convenience and security it offers, while governments appreciate its superior record-keeping and auditability (which make tax evasion and money laundering more difficult). Certain businesses are well-positioned to benefit disproportionately from this trend, both directly (payment processors, banks, e-commerce) and indirectly (software developers, data storage providers).

While cash probably won't become a relic anytime soon, don't underestimate the speed with which e-money can expand its share of the pie.

- **Onshoring - 4th Industrial Revolution.** Even before COVID-19's emergence, there was good reason to believe US manufacturing was on the upswing. The combination of tariffs/trade wars, rising tensions with China, and lower corporate tax rates had whittled away a large chunk of the cost savings that drive the rationale behind "offshoring".

We can now add to this the lessons learned from the pandemic, when disruptive lockdowns exposed the frailty of far-flung supply chains. Executives across industries are reassessing the resilience of their operations, and many are likely to conclude that the greater certainty provided from "onshoring" is worth some additional costs.

Growth in American manufacturing has positive implications across a wide range of sectors. In addition to the obvious direct beneficiaries, it indirectly increases demand for surface transport (trucks and railroads need to move goods), robotics, tech (hardware and software for modernized factories), and utilities (providing the electricity, gas, and water to fuel production).

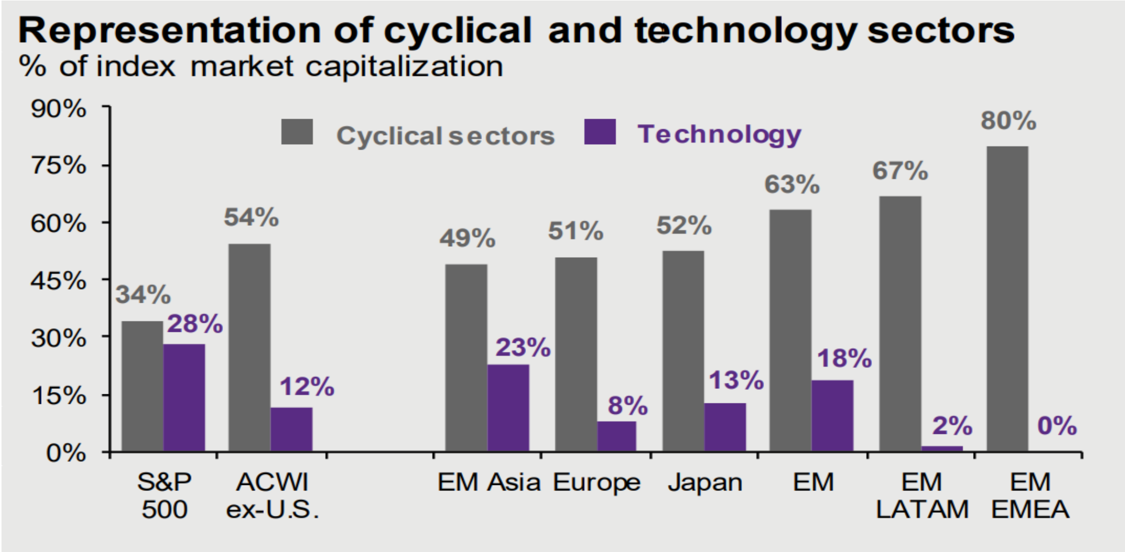
- **Overweight US Equity.** We've long overweighted domestic vs. international equities, a stance that's captured significant outperformance since the Great Financial Crisis of 2008.

Ticker	Name	YTD Total Returns	1 Year Total Returns	3 Year Total Returns	5 Year Total Returns	10 Year Total Returns
SPY	SPDR S&P 500 ETF Trust	16.3%	16.7%	45.3%	98.8%	256.5%
EEM	iShares MSCI Emerging Markets ETF	12.9%	13.5%	14.5%	69.5%	31.7%
SXXP-STX	STOXX Europe 600	-5.9%	-6.5%	0.2%	9.6%	39.0%

Source:FactSet/Treasury Partners calculations as of 12/22/20

We think US equity dominance likely continues, in part because our economy's uniquely well-positioned to reap outsized benefits from the above themes.

- US markets have the largest base of tech companies, both in terms of raw numbers and as a proportion of our equity markets. The tech sector was the market's leader in the previous expansion and is in prime position to keep capitalizing on the ongoing "digitization" of our society.



Source:JP Morgan Guide to the Markets, Q4 2020

- The US consumer continues to exert enormous influence, as total American consumer spending is greater than that of the next 4 largest countries combined.
- An onshoring wave/4th industrial revolution could supercharge the prior 2 advantages, providing new opportunities for tech innovation/sales while supporting consumers with a stronger employment backdrop.

2021 Outlook

Equities

Recently, the “epicenter” (generally overlapping with the label “Value”) stocks and sectors have surged in the wake of positive vaccine news. This makes sense: vaccine approvals and distribution are well underway, and everyone is eager to resume their normal lives (certainly with greater gusto and appreciation than before!).

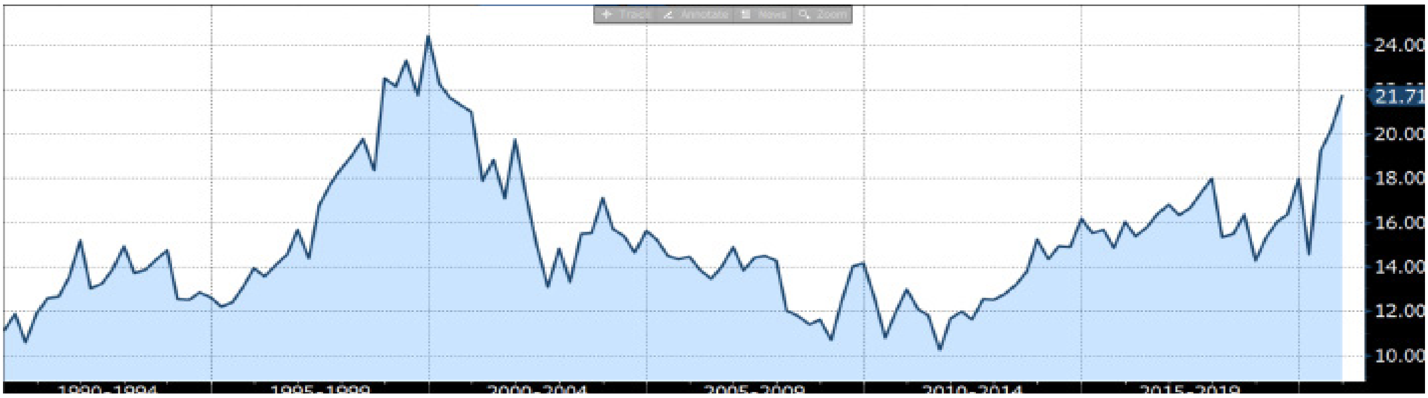
But their rise hasn’t come at the expense of the prior market leaders, the sectors that drove the remarkable returns over the past several years – technology and communications, broadly the secular “Growth” sectors. They’ve continued to post positive growth through thick and thin, and are still the largest gainers year to date. Moreover, they’ve also experienced noticeably less volatility this year - Growth clearly outperformed Value both on the way down and on the way back up.

While we’re currently witnessing a period of exuberance for previously beaten-down names, over the long-term we’re still tilting our exposures to take advantage of our Growth-oriented themes vs. the old-world Value industries (e.g. favoring the Amazons vs. Exxons of the world). A common thread within nearly all of our investment themes is that we’re incorporating more advanced technology into our day-to-day lives than ever before. For example, videoconferencing has exploded this year, and while it won’t be the way we hold all our meetings in the future, it’ll certainly remain a frequently-used tool. Once the pandemic fades into memory, it’ll become increasingly apparent that we won’t simply go back to living our lives exactly the same way we did before, and technology will be a big reason why.

We must emphasize that we aren’t uncritical cheerleaders – our eyes are wide open to the market risks. At current estimates, consensus S&P 500’s forward earnings per share forecasts are appr. $170-

-$175 for 2021 and $195-$200 for 2022. For context, 2019's full-year EPS was just $163, which means earnings estimates already incorporate a full and rapid recovery starting now, plus additional growth on top of that. We feel this is a stretch. Moreover, the resulting forward price-earnings ratio is quite elevated on an historical basis (at over 21x 2021 earnings estimates), with tech and communications comprising some of the most richly-valued sectors. There's no free lunch here.

S&P 500 Forward 12 Months Price/Earnings Ratio



Source: Bloomberg/Bloomberg Best Estimates as of 12/22/20

There isn't much margin for error at these levels, and we think a market correction sometime in 2021 is more likely than not. Pent-up demand ought to be a powerful positive force when we resume our normal lives, but there are still significant negative overhangs that could slow the pace of the recovery and derail equity prices: persistently elevated unemployment, inevitable bankruptcies, negative regulatory and tax law changes, disappointing post-vaccine economic growth, rising interest rates and inflation, elevated China-related trade wars, spiking oil prices, etc. There are always plenty of risks to consider.

But – nothing exists in a vacuum, and current equity valuations are supported by the low rates that dominate fixed income. In a world awash in negative and ultra-low yields, equity multiples will naturally be elevated. The world's central banks have committed to suppressing rates for a long time, and until that changes the backdrop of cheap money will continue to provide support for riskier asset classes. Moreover, there's $4 trillion of balances in money market funds, a portion of which is likely waiting to be put to work somewhere. Along with an expected increase in corporate stock buybacks, all these demand-side factors should provide tailwinds for 2021 equity prices.

We wish to be crystal clear with our rationale - we aren't drinking the Kool-Aid and aggressively ramping up our equity exposures. Rather, we're maintaining current exposures in this ultra-low rate environment, recognizing that the alternatives are worse. We expect continued vaccine-related exuberance to drive equity prices and investor sentiment higher, potentially driving stocks into nosebleed levels. At the same time, through fixed income exposure, clients have varying degrees of dry powder that can be deployed to take advantage of opportunities to add equities if a transitory selloff occurs.

We're maintaining our longstanding overweight of US vs. international equities, for all the reasons we listed earlier. We've marginally reduced our exposures to passive ETFs and added to our actively-managed portfolios.

Fixed Income

Throughout the year we've kept readers informed about our (in some cases, unconventional) fixed income portfolio actions. After the wild volatility (and attractive opportunities) of March and April, rates generally settled into tight trading ranges near all-time low levels. In short and intermediate-term taxable markets, just about everything currently yields less than 1% pre-tax. In municipal markets, comparable maturities trade at similar after-tax yields.

Somewhat higher yields are available in longer-term bonds, but the risk-reward tradeoff is far too steep for us. Given the prospect of widespread vaccine distribution leading to subsequent economic recovery, we're not willing to extend maturities for a minor increase in yields (unless circumstances change and we perceive the economy is sliding back into recession). As we stated in our most recent white paper (see **Crossing the (Tax-Exempt) Rubicon? A Rare Opportunity in Tax-Exempt Municipal Bonds**, 11/18/20): "Given the current low yields, our goal is to minimize the amount of interest rate risk (bond price volatility) that's required for each unit of yield."

Maturity	Treasuries	Non-Financial Sector Corporates	Bank/Financial Sector Corporates
1 Year	0.08%	0.22%	0.25%
2 Year	0.12%	0.27%	0.33%
3 Year	0.17%	0.40%	0.43%
4 Year	-	0.50%	0.65%
5 Year	0.36%	0.75%	0.90%

Source: Treasury Partners estimates as of 12/22/20

We're working hard to find the best risk vs. reward tradeoffs, and make use of the flexibility clients permit us in their Investment Policy constraints. For example, we've placed tax-exempt short-call "kickers" into accounts that don't typically hold munis because they offer noticeably higher yields vs. short-term taxable alternatives without any step down in credit quality.
Unusual times require unusual thinking, and we're willing to use out-of-consensus strategies that deliver additional value to our clients. But we don't want to overstate things – the fact remains that leaning on bond portfolios for capital appreciation is futile and meager coupon income ought to be the return expectation for the foreseeable future. We'll continue managing portfolios to preserve capital while seeking long-term growth opportunities in other asset classes, in accordance with our clients' asset allocations.

Happy Holidays

This has been an unprecedented experience for myself and our entire team of 26 members. We've spent 2020 operating efficiently from across the USA, using the latest technologies to keep our many business operations running smoothly and reliably. We've worked hard to ensure there's no dropoff in the level of service we've always provided to our clients.

Despite the challenging environment, our Portfolio Management and Investment Committee teams are more focused than ever in their work of safeguarding your assets and sourcing new opportunities. Although we're eager to return to our offices later in 2021, I'm happy to pocket 2 hours of foregone "commute time" each day by reducing my commute to a flight of stairs. My kids have returned their apartment keys to their landlords, and for the first time in years, I'm enjoying both copious amounts of family time (and Millennial discourse) and more screen time watching markets.

We've learned that the COVID crisis impacted the markets differently than 2008's Great Financial Crisis, which itself was different than 2000's dot-com bust, 1998's Long Term Capital Management implosion/Asian Currency Crisis, 1993's Savings & Loan meltdown, the 1987 market crash, and so on. But one thing that's remained constant is our overriding priority to protect client assets and make sure we're available to communicate throughout the situation when you need us most. We realize that the pain of an investment loss is far worse than the joy that comes from the equivalent monetary gain, and we calibrate our decisions accordingly.

Your trust and confidence is a significant source of responsibility, and we're immensely grateful for the opportunity to help you meet your financial goals.

We miss being able to see you in person, and eagerly await the day when we can once again meet in person (and not via a Zoom call). Thank you for your support, friendship, and interactions over the past year.

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For over 37 years, corporations, high-net-worth individuals, family offices, trusts, foundations and endowments have sought our help to construct diversified portfolios positioned to perform throughout market cycles. Among other industry recognitions, Barron's has ranked us in the top tier on its annual listing of "America's Top 100 Financial Advisors" every year since the survey was introduced in 2004.

Speak with Our Barron's Top-Ranked Team Today.

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