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Celebrating 32 Years 1988-2020

Client “Kick Off” Newsletter 2020

A New Decade Begins...While Remembering the Decade Just Ended

The prior decade may be described as the “best ever”, as Johan Norberg did in his recent Wall Street Journal article, “The 2010s have Been Amazing”, in which he chronicles worldwide progress in health, wealth and the environment during the prior decade. According to the U.N. an unprecedented number of people in the world have escaped hunger, poverty and disease while the World Bank reported a 50% drop in world-wide extreme poverty during the prior decade ⁽³²⁾. Health progress through better access to water, sanitation, health care and vaccines has led to global life expectancy increasing by more than three years in the last decade ⁽³²⁾. Developed countries are developing clean technologies that enable better stewardship of the environment, foster efficiency and use less resources ⁽³²⁾. Climate disaster related deaths have also declined by a third world-wide as countries develop better capabilities to deal with natural disasters ⁽³²⁾.

Living in the United States, these world-wide progresses sometime seem obscure, but our country too has had an amazing decade with advances impacting every aspect of our lives, albeit amid a seemingly polarizing decade of incivility. The U.S. economy is in the 11th year of sustained economic growth which is the longest in our history ⁽⁴³⁾. During the prior decade Americans began the current online shopping phenomena, made the smartphone a central part of everyday life and began utilizing social media in business and personal life ⁽²⁴⁾. The “internet of things” allowed for the advent of self-driving cars and most anything that utilized artificial intelligence fueled by the advancements in wireless networks, 5G broadband and cloud computing ⁽²⁴⁾. The word Uber did not exist ten years ago, and now is a verb, and has displaced taxicabs in many markets around the world. Music streaming with Spotify, Apple Music and Pandora have transformed the way we listen to music. President Barack Obama was re-elected, China got a new president, Xi Jinping, the papacy of Pope Francis began, and Donald Trump was elected the 45th President of the United States. Innovation is saving lives with 3D printing of body parts including skin cells, lungs and livers, with gene therapies advancing markedly to battle cancer ⁽⁴⁹⁾.

Families are changing. People are getting married later, are more likely to divorce, and couples cohabitate more than in prior decades with one in four parents unmarried in 2017 ⁽²⁵⁾. More same sex-couples are getting married ⁽²⁵⁾. Multigenerational households have increased to 20% of all households, defined as two adult generations living under the same roof or a grandparent taking care of a grandchild ⁽²⁵⁾. Currently, more than 25% of Americans do not identify with a religious group, up from 17% at the beginning of the decade ⁽¹⁰⁹⁾. In the prior decade the fracking boom vaulted the United States to the number one producer of oil and natural gas energy in the world, surpassing Russia ⁽²⁶⁾. We experienced strong employment growth for the decade with unemployment currently at a fifty-year low of 3.5%, remembering unemployment peaked near 10% in 2010 ⁽²³⁾. We now have more Americans working than at any time in our history, and the participation rate, the share of working-age people in the workforce, is 63.2%, the highest peak since the high of 67% in the 1990s ⁽⁸⁾.

Retirement Income Planning

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Likewise, the participation rate of prime-age women age 25 to 54 in the workforce is at an all-time high ⁽⁸⁾. The Dow Jones Industrial Average advanced more than 18,000 points during the decade ⁽¹¹⁰⁾.

Jason Zweig, one of my favorite personal finance writers at the Wall Street Journal, reminds us not to forget the lessons learned from our investing past. He points out that investors had their U.S. equity holdings roughly cut in half twice (2000-02 and 2007-09) during the 2000-2009 decade and finished the ten-year period with a total return of less than 1% per year as evidenced by the S&P 500 Index ⁽²⁰⁾. During this period, small stocks out-performed large stocks, value stocks beat growth stocks, international and emerging market stocks bested U.S. equities and expectations for interest rates, inflation and commodities would be on the rise, with the U.S. dollar expected to lose strength, potentially leaving the impression that this is now the new normal ⁽²⁰⁾. However, fast forward to the 2010-2019 decade, U.S. equity investors experienced one of the best decades for U.S. stocks in history, interest rates fell, the U.S. dollar gained strength, commodities were stagnant, growth stocks bested value stocks, large stocks outperformed small stocks and international equities lagged U.S. equities potentially leaving investors with the impression that this now could be the new normal ⁽²⁰⁾. In my opinion, the moral is of course we do not know what the future might bring—will the trend continue, reverse, or head a different direction—and that is why it is so important to consider diversification among asset classes within a portfolio, and equally vital, to consider adopting a disciplined portfolio rebalancing regimen.

Yet, amid the advancements and innovations during the 2010-2019 decade, we came out of the financial crisis at the close of the prior decade (2000-2009) financially demoralized and cynical of financial and governmental entities that were perceived responsible for the crisis and further questioned whether they were working for the everyday citizen ⁽²²⁾. It is postulated that the financial crisis led to the populist-nationalist rise on the right and the socialist rise on the left, politically speaking, each with hardened views, that have divided the body politic and advanced the seemingly acceptable incivility we are experiencing today in our polarized society ⁽²²⁾.

The SECURE ACT: Retirement and Estate Plan Implications

The SECURE Act, which was attached to the recent budget deal, has become law and is designed to help Americans save more for retirement. According to the Employee Benefits Research Institute, a significant number of Americans are at risk of outliving their savings in retirement and the new legislation encourages products such as annuities within the company retirement plan that would guarantee lifetime income payments ⁽¹⁾. A third of employers do not offer a retirement plan currently as it is deemed cost prohibitive, so the new law allows small employers to join together to share administration of a 401(k) plan ⁽¹⁾.

Unfortunately, the new law also does away with the “stretch IRA” which enabled non-spouse beneficiaries to take annual distributions over their lifetime thus deferring tax liability for inherited IRAs and extending the tax-free compounding inside an inherited Roth IRA. The new law mandates liquidating the inherited IRA and Roth IRA and paying taxes on the distributions within 10 years for IRAs and Roth IRAs that are inherited after December 31, 2019 ⁽¹⁾. This provision of the SECURE Act may prompt IRA and Roth IRA account holders to check beneficiaries and assess the use of a trust as the beneficiary for their IRA and Roth IRA accounts as well as consider the feasibility of utilizing life insurance and Roth IRA conversions as an alternative to the “stretch IRA concept” ⁽⁹⁹⁾. Spousal IRA beneficiaries can continue to inherit under the old rules and exceptions exist under the new law allowing for lifetime payments for beneficiaries who are disabled, chronically ill, or who are less than 10 years younger than the IRA owner ⁽¹⁷⁾. There is another exception for minor children who inherit, but not grandchildren, that delays the 10 year withdrawal period to the age of majority, either 18 or 21, depending on the state, or up to age 26 if the child is still in school ⁽¹⁷⁾. The SECURE Act does not mandate annual distributions during the 10-year withdrawal period, thus allowing inherited Roth IRA beneficiaries the benefit of additional tax-free compounding before distribution in the 10th year ⁽¹⁷⁾. Lastly, beneficiaries of Roth IRAs and IRAs whose owners died prior to January 1, 2020 will still be afforded the lifetime payout option ⁽¹⁷⁾.

The SECURE Act delays the age for required minimum distributions from 70 ½ currently to age 72. This goes into effect January 1, 2020 and does not affect those who have previously turned 70 ½ prior to this date. Additionally, employees over



the age of 70 ½ can continue to contribute to an IRA or Roth IRA, plus a spousal IRA, where previously they could not contribute due to the 70 ½ age-cap ⁽¹⁾. The SECURE Act also includes provisions to allow withdrawal of up to \$10,000 from 529 plans to pay off student loans and a provision to allow employees to take out up to \$5,000 from their 401(k) plan for costs related to a child's birth or adoption ⁽⁹⁹⁾.

Trade Deals—USMCA and China Phase I

The U.S. House of Representatives passed the United States Mexico Canada (USMCA) Trade Agreement with a bipartisan vote 385 to 41 on Thursday, December 19, 2019 ⁽⁵⁾. Now the trade pact goes to the Senate which is expected to pass the treaty in early in 2020 after which the President will likely sign the landmark trade deal into law replacing the 1994 North American Free Trade Agreement ⁽⁵⁾. Unlikely allies, the U.S. Chamber of Commerce and The AFL-CIO Labor Union each backed the new trade agreement which deals with electronic commerce and revised rules for the auto trade ⁽⁵⁾.

The major opponents to the new USMCA argue that by mandating 75% of an auto's content be made in North America to qualify for tariff-free trade status, up from 62.5% under NAFTA, makes the cost of manufacturing higher and potentially will make North American products less competitive worldwide ⁽¹⁴⁾. Additionally, opponents argue that a provision in the new USMCA requires that at least 40% of an auto be manufactured by workers making \$16 an hour to qualify for tariff-free trade ignores the economic theory of productivity and output ⁽¹⁴⁾. The Trump Administration believes these measures will ultimately make manufacturing in the U.S. more competitive and subsequently bring back more jobs ⁽¹⁴⁾.

The USMCA trade deal is considered a potential model for future trade deals especially with less developed countries that have low wages or sub-par labor standards ⁽¹¹⁾. USMCA provides for trade in digital services prohibiting tariffs but requiring anti-spam laws, proprietary software protection and copyright protections for intellectual property ⁽¹¹⁾. Additionally, the deal contains currency manipulation rules and provisions addressing countries that subsidize their own state-owned businesses, such as China, thereby giving those companies an unfair advantage in international trade ⁽¹¹⁾. The Trump Administration trade deal model appears to corral companies into producing domestically and exporting verses helping domestic companies expand global manufacturing as the administration believes this will keep good paying jobs in the U.S. verses exporting jobs to low wage countries ⁽¹⁰⁾.

Under the Trump administration, American trade and relationship with China is undergoing a fundamental restructuring by imposing tariffs on trade and taking a hardline approach to China's disturbing behavior which potentially endangers U.S. national security ⁽²¹⁾. Vice-President Mike Pence and Secretary of State Mike Pompeo each made separate major policy speeches in late October reiterating the solidified U.S. position toward China ⁽²¹⁾. It had long been the hope of prior U.S. administrations that China would become a fair and responsible international trade partner, open their markets to foreign companies, and further, that China would become more democratic as their economy matured ⁽¹⁹⁾. However, under Chinese President Xi, China has regressed and aggressively closed off Chinese markets to foreign competition with discriminatory rule enforcement, prejudicial laws and regulations, failure to enforce intellectual property rights, unchecked state-sanctioned cyber-attacks, corporate espionage and by reversing the partial privatization of Chinese companies into state-run and subsidized monopolies ⁽²¹⁾. Examples include the internal totalitarian controls imposed by the Chinese Communist Party against its citizens such as the nationwide social credit system that monitors and scores behavior, the implementation of millions of facial recognition cameras designed to surveil the citizens and the crusade to wipe out minorities and faith groups ⁽²¹⁾.

As we enter the China Phase I Deal, the U.S. appears to hold the upper hand with a strong economy, despite more than a year of trade tariffs, that is diverse, adaptive and efficient ⁽¹⁵⁾. Conversely, China needs to

maintain aggressive growth, which has regressed under the tariffs, to manage debt load, maintain financial stability and execute its twin objectives of dominating economically and militarily ⁽¹⁵⁾. China supports state-



run national champion companies, such as Huawei, with cheap corporate credit that has bloated rapidly in the past ten years, exacerbated with the imposition of tariffs, to global record levels in relative and absolute terms ⁽¹⁵⁾. The Chinese economic model of sheltering these state-run companies from domestic and foreign competition coupled with subsidies such as cheap credit and illegally obtained intellectual property is estimated to be inefficient when the playing field is leveled ⁽¹⁵⁾⁽¹¹¹⁾.

The China Phase I Trade Deal does not address all trade issues with China but it does address IP forced transfer to Chinese partners for access to the Chinese Market, protections against patent theft and lifting restrictions for investment in the financial services market within China ⁽²⁸⁾. Additionally, the deal includes China's commitment to import U.S. exports in agriculture including pork and soybeans, energy including liquid natural gas, manufacturing and services by \$200 billion over the next two years, essentially increasing by 50% the amount it currently imports from the U.S. ⁽²⁸⁾. The U.S. concessions to China in the deal include canceling the additional tariffs that were set to go into effect this month and cutting the tariffs in half that went into effect in September ⁽²⁸⁾. The deal does not include cancelling the original 25% tariffs imposed in 2018 on \$250 billion in Chinese goods that will continue to be used as leverage as the world's two largest economies begin to negotiate a Phase II deal ⁽²⁸⁾. Critics of the deal argue that it does little initially to level the playing field for U.S. companies wanting to expand into the Chinese market and that the deal is only as good as China's promise to follow through on commitments which in the past it has shown to cheat and backtrack ⁽³¹⁾.

U.S. Economy and Markets

U.S. markets advanced handsomely in 2019 conceivably revealing the underlying strength and resiliency of the U.S. economy and the continued growth of corporate profits ⁽³³⁾. Bonds also fared well in 2019 after a series of Fed rate reductions ⁽³³⁾. In fact, stocks and bonds are on track for the biggest simultaneous gains in more than 20 years ⁽⁴⁾. The S&P 500 index advanced 31.04% year to date as of 12/20/2019, after finishing a disappointing -4.39% in 2018, with the five-year average at 11.49% ⁽³³⁾. The MSCI World-xU.S. index advanced 20.77% year to date as of 12/20/2019, after a dismal -14.20% in 2018, with the five-year average at 5.40% ⁽³³⁾. The U.S. Aggregate Bond Index is up 8.54% year to date as of 12/20/2019, after finishing 2018 barely above water at 0.01%, with the five-year average at 3.04% ⁽³³⁾. The current yields on 2-year and 10-year Treasury Notes stand at 1.63% and 1.92% respectively as of 12/20/2019 ⁽³³⁾. The steepening yield curve spread between the 2-year and 10-year rates on U.S. treasuries is now 29 basis points which is the highest it's been all year and could be a sign that the interest rate cuts delivered by the U.S. Federal Reserve could keep growth going in 2020 ⁽⁶¹⁾. This also quells, for the time being, the panic over the yield curve inversion that sparked possible recession fears in August ⁽⁶¹⁾.

Economic growth in the U.S. is expected to increase in 2020 potentially due to an increase in global manufacturing resulting from a pause in trade tensions, increased housing demand in the U.S. and the continued resilience of the U.S. consumer with higher wages resulting in more disposable income ⁽⁹¹⁾⁽⁷⁴⁾. Additionally, deregulation and corporate tax cuts may continue to make U.S. companies more competitive, fuel corporate earnings growth and provide more capital investment and innovation ⁽⁵⁰⁾. The Fed is likely to pause after three rate decreases in 2019, unemployment is projected to remain stable with business capital spending and corporate profits each increasing slightly in 2020 ⁽⁹²⁾. However, not all economists are as optimistic, predicting slower growth for the U.S. if trade tensions reignite with China, if inflation begins to rise or due to the uncertainty with the U.S. presidential election ⁽⁹⁶⁾⁽⁹¹⁾. Please keep in mind the wisdom of John Kenneth Galbraith, a renowned economist and professor at Harvard University, who said "There are two types of forecasters; those who don't know, and those who don't know they don't know" ⁽¹¹⁵⁾.

Investors are cautiously optimistic about their plans for retirement despite uncertainty with global trade tensions and a slowing global economy according to the latest Retirement Advisor Confidence Index ⁽⁸²⁾.



Two years after the signing of the Tax Cuts and Jobs Act (TCJA), which contained income tax cuts for individuals and corporations, the economy has created seven million new jobs, business capital investment in new plant and equipment has increased beyond pre-TCJA projections, wages have risen, real disposable income has increased \$6,000 per household, and the job participation rate has risen⁽²⁾. During the prior 12 months, nominal wages for the lowest 10% of American workers has increased 7%, those without a high school diploma increased 9% while the median worker also increased at roughly 4% ⁽²⁾.

New single-family home sales increased 1.3% in November with sales up 16.9% from a year ago representing a strong area in the U.S. economy ⁽³⁶⁾. Existing home sales are up 2.7% year-over-year, but the concerning area is the inventory of existing homes for sale has declined from a year ago ⁽⁵⁵⁾. Housing starts increased 3.2% in November and advanced 13.6% during the prior 12 months revealing the strong demand for housing ⁽³⁹⁾. Personal income rose 0.5% in November and is up 4.9% from last year ⁽⁵⁴⁾. Most people don't realize that 17% of all personal income is ultimately redistributed by the government in one form of entitlement program or another through income taxes ⁽⁵¹⁾. New orders for durable goods declined 2.0% in November and are down 3.7% during the last year mostly due to new orders for transportation including the volatile aircraft sector ⁽³⁵⁾. Likewise, the ISM Manufacturing Index is signaling a contraction, but we are not seeing layoffs which would be expected in a significant contraction ⁽⁵⁶⁾. The ISM Non-Manufacturing Index is continuing to show solid growth in the U.S. service sector ⁽⁴⁶⁾. Producer prices were unchanged in November and increased 1.1% during the prior year ⁽⁴⁰⁾. Retail sales rose 0.2% in November and are up 3.3% during the last year fueled robustly by internet sales ⁽³⁸⁾.

The U.S. consumer is in relatively good shape with salaries up 5.2% in the past year, unemployment near a 50-year low, and consumer debts relative to assets at the lowest level since 1984 ⁽⁴⁸⁾. Nonfarm Payrolls rose to 266,000 and has averaged 184,000 new jobs per month during the prior 12 months revealing a very strong U.S. labor market ⁽⁴⁴⁾. Inflation in the U.S. remains relatively calm up 0.3% in November and up 2.1% during the prior 12 months ⁽⁴²⁾. After making three rate cuts in 2019, the Federal Reserve (FED) met in December and did not change rates but stated it will remain data dependent on future rate hikes or cuts ⁽⁴¹⁾. The stated mandate of the FED using their monetary policy tools is to keep the U.S. fully employed and to keep inflation at target, and since we appear to be in that sweet spot, it could be surmised that the FED will not be an impediment (by raising rates) nor a stimulant (by lowering rates further) to the economy in the near term ⁽⁴¹⁾.

The spending spree in Congress continued last week when Congress, on a bipartisan basis, passed a new budget bill on December 20th that is projected to add \$1.7 trillion to the national debt over ten years ⁽³⁾. This is concerning since it appears that no effort is being made to cut expenses as it was passed and signed into law within a week with very little debate ⁽³⁾. Revenue is not the problem as the government is receiving more dollars into the treasury than at any time in our history, increasing by 4% in the last fiscal year that ended in September, despite the tax cuts, with revenues already up 3% in the first two months in the new fiscal year ⁽³⁾. However, spending has increased at a faster 8% rate during the last fiscal year ended in September, with a 6% increase already in the first two months of the new fiscal year ⁽³⁾. The \$1.4 trillion discretionary spending bill included \$860 billion for defense and national security and \$555 billion for domestic and social priorities ⁽³⁾. In addition to the discretionary spending included in the budget, non-discretionary spending continuing to escalate as well with spending on Social Security and Medicare, each, increasing at 6% and Medicaid at 9% with no apparent will to get a handle on these programs ⁽³⁾.

Brexit, Foreign Economies & Markets

It has been 3 ½ years since first voted on, but "Brexit" is set to occur on January 31st, 2020 as Great Britain (U.K.) will leave the European Union (EU) and begin to work out a new political and economic agreement going forward with its primary

trading partner; in the meantime, the current EU trade and regulations will remain in effect until the end of 2020 ⁽¹²⁾. In negotiations with the E.U., the U.K will look to move away from E.U. rules and regulations in order to have more negotiating



flexibility with other countries such as the U.S. when crafting new deals ⁽¹³⁾. Conversely, the E.U. will negotiate to impose current ideals such as environmental regulations and labor laws on the U.K. for the price of a favorable trade deal with the E.U. in order to remain competitive with an independent U.K. ⁽¹³⁾.

Foreign stocks have finally surpassed their highs in early 2018 after a period of slow growth sparked by global trade disruption ⁽¹⁶⁾. Global stocks had suffered due to the U.S.-China trade war, political uncertainty in Europe with Brexit, and the protests in Hong Kong but there are signs going into 2020 that some of the uncertainty may be fading and a resumption of business investment may ensue ⁽⁷⁶⁾. Additionally, consumer spending in Europe and China have been strong with retail sales growth up in each region respectively 3.1% and 7.8% during the prior 12 months despite the trade disruptions ⁽⁷⁴⁾. Equity indexes outside the U.S. are more dependent on economic growth than their counterpart U.S. stock market indexes, as the U.S. has more technology related stocks within their equity indexes that can be prosperous even in slow-growth economic environments with their new, disruptive applications ⁽¹⁶⁾. For example, the MSCI ex-U.S. index has 9% in technology stocks verses the MSCI USA Index with 23% in tech stocks ⁽¹⁶⁾.

Politics and the 2020 U.S. Presidential Election

When reviewing investment results during election years going back to 1932, investments in U.S. equities have trended upward regardless if a Republican or Democrat won the White House, provided the investor was patient through what is often a volatile primary season ⁽⁷²⁾. Not just during election years, but in analyzing the stock market data in all years going back 100 years, the U.S. stock market has on average performed as well with Democrats as it has with Republicans in the White House ⁽¹¹⁰⁾. It has been stated that a key tenant to investing is time in the market verses trying to time the market ⁽¹¹²⁾.

In my opinion, Donald Trump will be re-elected President if the economy continues to grow, and conversely, he will be thrown out if the economy declines in 2020, as this has been the case more often than not with incumbent re-elections in the past, remembering the phrase “people vote their pocketbooks”. However, aside from the economy, the number two issue among voters is healthcare which is a pocketbook issue, so this could very well sway the electorate in 2020 ⁽⁹⁴⁾. Political debates around identity, culture and social issues may also be a powerful force in the 2020 election ⁽¹¹⁴⁾.

Whatever happens in the 2020 Presidential Election, keep in mind that other factors also affect the economy and ultimately the equity and fixed income markets. Macroeconomic factors such as interest rates, inflation, changes in fiscal policy, business profitability, innovation, global economic prospects, as well as, the Federal Reserve and other central bank actions ⁽¹¹²⁾. Additionally, any proposed legislation by a U.S. President must be debated, negotiated, then passed by both the U.S. House of Representatives and the U.S. Senate, and then signed by the President before it becomes law ⁽¹¹²⁾.

Our Founding Fathers ensured that the U.S. Constitution included checks and balances in our system of government. No system of government is perfect, and our system of checks and balances does not always lead to optimal outcomes, leading some to call for changes to those safeguards. However, over time, the checks and balances help prevent the kinds of despotism we have seen in other countries. Free market capitalism, the checks and balances of the Constitution, individual freedoms and liberty should give us all hope that the future will be brighter than we sometimes are led to believe ⁽³⁴⁾.

Our GamePlan

Our **Leshnak Wealth Portfolio Models** are not immune to declines in global markets as we do not have a crystal ball nor do any of the market analysts and forecasters. Our belief is that our LW Portfolio Model construction is diversified for potential resilience in any environment and may put us in a position to take advantage of market mispricing during such market gyrations. We do not modify overall asset class allocation due to market corrections unless a fundamental change in the underlying outlook for the domestic or global economy has diminished or brightened verses our expectations. As the ancient Buddhist proverb states “If we are facing in the right direction, all we have to do is keep on walking”. Pullbacks can be expected to last relatively shorter periods on average compared to the bull markets they take reprieve from,

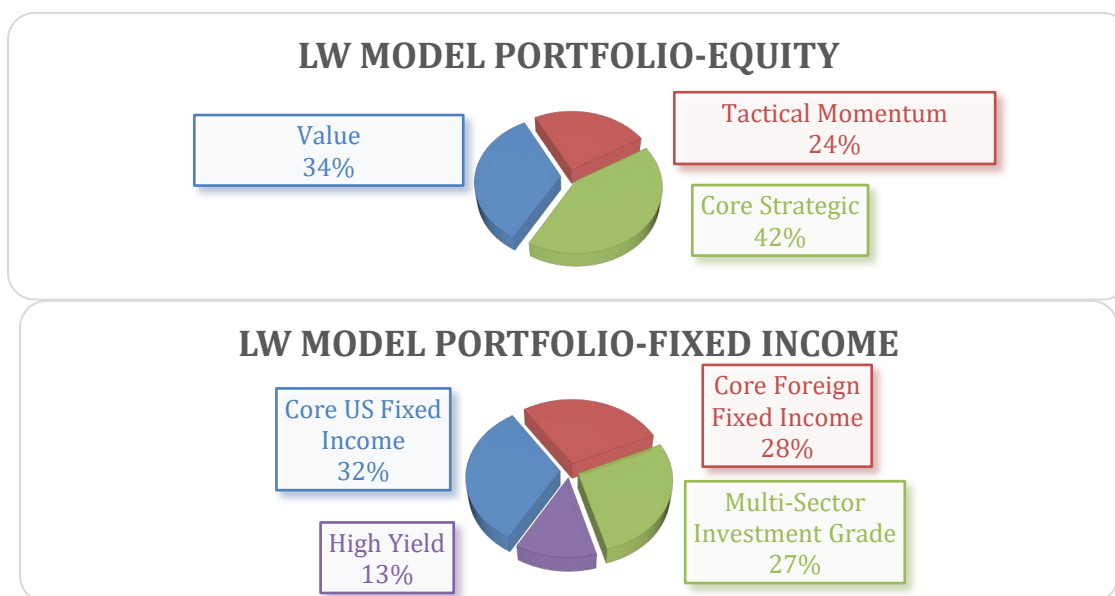
as the greed present turns to fear and shakes out those investors who are not fundamentally based in their convictions.



Our **Leshnak Wealth Portfolio Models** are globally diversified and strategically constructed, with core equity positions, coupled with a tactical component utilizing a momentum-based investment discipline. This allows the manager to move assets into the sector(s) that best fit current market conditions based on their investment methodology. Additionally, we complement our core equity positions with a value overweight.

We believe adding value puts us in the position of the “turtle”, in the proverbial tortoise verses the hare scenario, over the long-term with equities. Lastly, we prescribe dividend yield from our equity investment positions so that no matter what markets are doing day to day, we still have dividends coming into the portfolio. Our fixed income blueprint for the portfolio consists of allocations to core domestic bonds, foreign core bonds, strategic investment grade bonds and high yield global fixed income.

Overall, we evaluate investment positions in eight asset classes including domestic equities, foreign developed stocks, foreign emerging market equities, domestic bonds, foreign bonds, cash equivalents, commodities, and real estate for inclusion within our overall asset allocation. How much of each asset class (if any) we hold in these asset classes is based on your unique risk tolerance, financial resources and personal goals and objectives. We believe a disciplined rebalancing strategy is a core investment tenant of portfolio management.



As your financial fiduciary, the Leshnak Wealth Team cares deeply about your financial well-being and will monitor for rebalancing opportunities that may add value to your portfolio, or to be defensive as conditions might warrant. We know that as your advisor, the trust you bestow upon us is built and maintained on three pillars; doing what we say we will do, assisting with planning for and achieving your financial independence, and providing unbiased advice with your best interest at the forefront. As always, please call with questions or if you wish to discuss your specific portfolio in greater detail.¹

-Bob Leshnak, January 2, 2020

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assure a profit, nor always protect against a loss. The information presented is not intended to be a substitute for specific individualized tax, legal, or financial planning advice. The payment of dividends is not guaranteed. Companies may reduce or eliminate the payment of dividends at any given time. Investing involves risks regarding all of the investment products mentioned in this commentary, including the potential loss of principal. International investing involves additional risks including risks associated to foreign currency, limited liquidity, government regulation, and the possibility of substantial volatility due to adverse political, economic, and other developments. The two main risks associated with fixed income investing are interest rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in the market value of bonds. Credit risk refers to the possibility that the insurer of the bond will not be able to make principal and interest payments. Investments in commodities may entail significant risks and can be significantly affected by events such as variations in the commodities markets, weather, disease, embargoes, international, political, and economic developments, the success of exploration projects, tax and other government regulations, as well as other factors. Indexes are unmanaged and investors are not able to invest directly into any index. Past performance is no guarantee of future results. Please note that individual situations can vary. Therefore, the information presented here should only be relied upon when coordinated with individual professional advice.

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