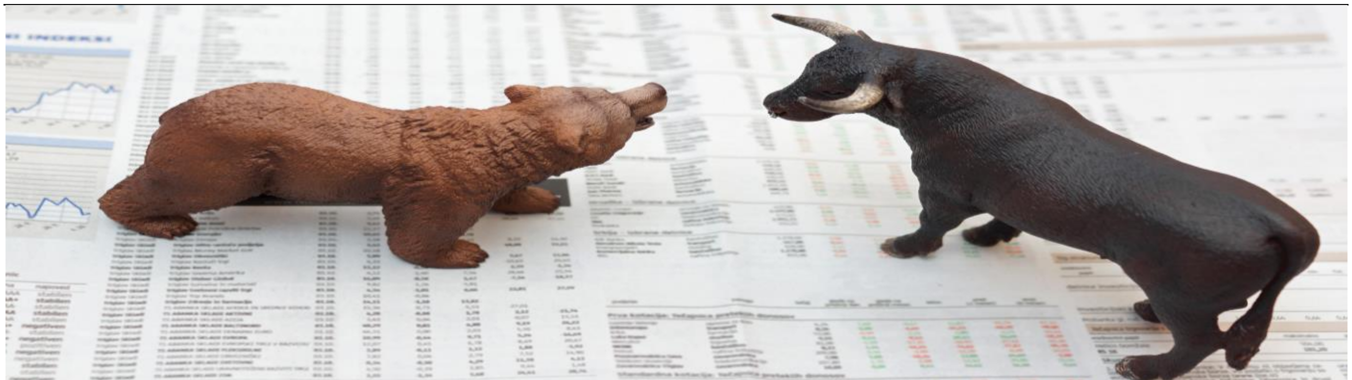

JANUARY 2021 MARKET COMMENTARY

A global pandemic, a Presidential Impeachment, wildfires, locust swarms, Brexit, a Russia-Saudi oil price war, tensions rising around social justice, a global recession, a Presidential Election, and let's not forget a national shortage of not just coins—but toilet paper. History books will need an entire volume dedicated to 2020.

The past year was difficult for everyone, both personally and professionally. If the stress of a pandemic, political tensions, and rising tensions around social justice were not enough—we all struggled with the pressures of remote working and learning and keeping personal, family, and business relationships strong amid social distancing protocols. While we were challenged to implement our remote working protocols, we are proud to report that proper planning and investment in infrastructure and training allowed for our operations to continue seamlessly so that all of our clients continued to receive the high caliber of service that they are accustomed to. *While we have always known it, we were reminded in 2020 how wonderful our clients, colleagues, and partners are as we all worked together through trying times. Thank you all!*

In February and March, fears of a coronavirus induced global recession, which soon came to be, sent equity markets reeling. While volatility hit all-time highs and markets experienced the sharpest correction in history, the sound bedrock financial principles of not making sudden or sweeping changes to financial plans in response to short-term market movements and continuing to make regular investments (dollar cost averaging), rewarded investors. Record-setting monetary and fiscal stimulus helped to prop up markets and sent them to new highs by year-end. While the equity market returns were strong, they were uneven. For restaurants, hotels, retailers, airlines and many small businesses, 2020 was the worst of times. But at the opposite end of the spectrum, the "lock-down" economy of cloud computing, e-commerce, video streaming, digital payments, and home improvement has been booming realizing growth rates otherwise unpredictable. Technology giants and stay-at-home companies soared while other areas of the market struggled. Indeed, the vast majority of all the Standard and Poor's 500 Index return for the year was concentrated in five companies (1% of companies in the index) which now represent more than 20% of the index weighting. In fact, technology contributed to 55% of the gains in the Standard and Poor's 500 Index and just three companies (Amazon, Apple, and Microsoft) accounting for 43% of the entire gain in 2020 (Source: Bloomberg). The major question mark for 2021 is if these stay-at-home areas of the market have more upside potential, or downside risk, as their COVID fueled growth expectations are lofty but economies continue to reopen.

As we enter 2021, we see a critical turning point as to whether we see a vaccine assisted defeat of the COVID-19 pandemic lead to a resurgence of global economic growth, along with a transformation of how we live and work. Accommodative fiscal and monetary policy will make fixed income investing a continued challenge and if stimulus is not properly maintained and executed it could create a long-term inflation concern. However, the continued stimulus creates a supportive backdrop for equities to continue to rise, especially as the economy reopens. We are cautious, though, as valuations are a bit lofty given current earnings.

As mass inoculations begin to be administered and herd immunity achieved, hopefully towards the second half of 2021, we do believe there is a great deal of pent up demand for recreation, travel, leisure, and retail. We believe that these areas of the market may show a recovery in 2021 on expectations of a reopening, even if only at limited capacity. With that said, we are cautious in the growth and technology areas of the market as many of the formerly unknown, now household, names in videoconferencing and cloud computing have an uphill battle in keeping their growth in a reopening economy. While many will likely continue to grow, and do well as work-from-home becomes a more available option, the 2020 rising tide in those sectors won't continue to lift all and many companies may have a hard time keeping up with the inflated long-term growth projections that markets have now baked in. For these reasons, we continue to maintain diversified exposure to the markets within portfolios for clients.

The post-COVID world is going to look different than where we were in the beginning of 2020. Companies are going to be forced to be more efficient and adaptive. As investors, we are going to need to do the same and be more selective to identify areas that can recover quickly and flourish post-COVID and also areas of the market that not only benefited from the lock-downs but can adapt and continue to flourish in a post-lockdown economy.

As we saw bedrock financial principles reward patience in an extremely volatile 2020, we continue to urge investors to take the headline noise out of the equation and remain committed to their long-term financial plans. While there is still some political uncertainty with President Trump still not formally conceding, there will likely be additional volatility in 2021 on the political front and as the world continues to grapple with COVID-19 through the winter and until there are mass inoculations. Nonetheless, we advise clients to remain committed to their long-term financial plans. As always, please do not hesitate to contact us with any questions that you may have.

Here is to a healthy and prosperous 2021!

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Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are based on reports from multiple commonly available international news sources (i.e. wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations.