TO STRIVE, TO SEEK, TO FIND, AND NOT TO YIELD:

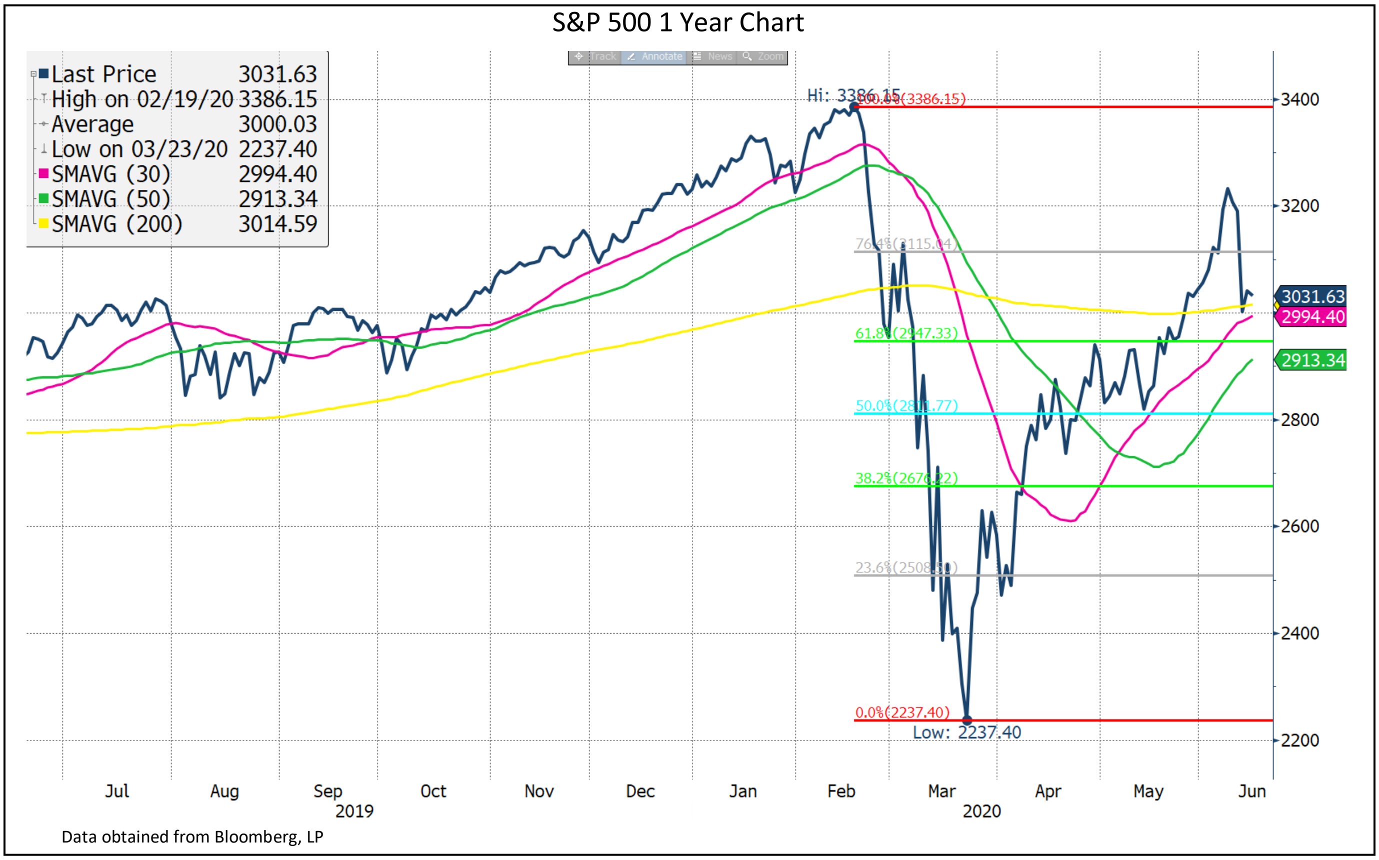
Q 3 Market Update

"Though much is taken, much abides; and though
We are not now that strength which in old days
Moved earth and heaven, that which we are, we are;
One equal temper of heroic hearts,
Made weak by time and fate, but strong in will
To strive, to seek, to find, and not to yield."

-Alfred Lord Tennyson, *Ulysses*

Einstein was right about the feeling of time being relative. 2020 feels like it has been at least a decade, but in reality, we are only approaching the halfway point. This year has surprised us and terrified us; shown us hardship and sacrifice not felt since the World Wars and made us evaluate our priorities and lives. This halfway point should be a time to step back and re-evaluate. The second half of the year seems to hold a broad range of potential outcomes; from recovery and normalization, to a second wave and economic contraction. Guessing the shape of this recovery has become a game of Alphabet soup with V, W, L and "Nike Swoosh" all becoming familiar terms to describe the shape and speed of recovery. In 180 days, we have seen the markets plummet almost 40% in record time, find footing and shoot back up, recouping 80% of the losses, only to stumble here the last few weeks. The S&P 500 hit an all- time high of 3,386.15 on February 19th and then proceeded to fall -33.92% to a low of 2,237.40 on March 23rd. Since March 23rd, the market has retraced back up to 3,232.39 and sputtered out. It took just 24 trading days for stocks to fall into Bear Market and hit its low March 23rd territory- the fastest on record, and it has rebounded equally as quickly. Whatever the shape may be, it is likely that more volatility and uncertainty are in our futures.

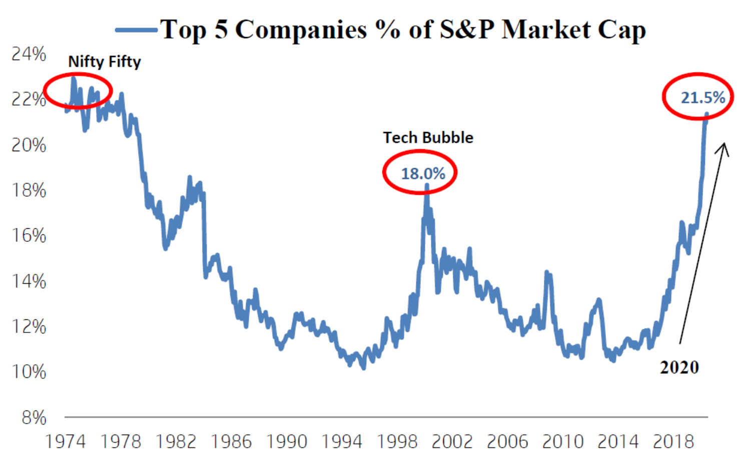
Sadly, our ability to see into the future is as terrible as yours. So instead of pontificating on the vast range of "What- If's", I am instead going to focus on "What-To-Do's." Focus on what we can control, and use this time to make personal half-time adjustments to keep yourself on track.



TASK 1: EVALUATE YOUR PORTFOLIO

Take a step back and look at your asset allocation and your risk tolerance. Do you feel comfortable with where you stand now? Do you have enough liquidity on hand to cover any immediate spending needs? How did the March and April downturns effect you? Were you able to let it go and focus on the rest of your life or did you find yourself checking and obsessing daily on your losses? Many coaches are known for their ability to do a half-time adjustment. Bill Belicheck, the head coach of the New England Patriots, is famous for learning in the first half and coming out with a new and different game plan for the second half of the game. So, what half-time adjustments might make sense in your financial game plan? Be prudent, be wise, and be proactive at looking at your risk. Think of it as an annual checkup with your doctor; you might not need to make changes, but you need to review and ensure you are not at risk.

One item in your portfolio to consider is your weighting to Large Growth and Technology stocks. For the past decade, Technology, and specifically the FAANG stocks, have been market leaders and driving the bulk of returns. We are seeing shades of the tech bubble of 2000, or the Nifty-Fifty collapse of the 1970's where a small number of stocks grew in cap size and dominated index returns.



Source: Morgan Stanley Research, June 2020

TASK 2: REVIEW YOUR FINANCIAL PLAN

Change is the only constant in this world, so ensuring your goals and objectives are up to date is important. A growing family or a job change are significant factors in your target portfolio, as well as your personal financial goals. People close to retirement age are having to take a gut check and revise their plans. Volatility and slower growth may be here for the near future, and you need to have a plan that encompasses a more difficult market. Stress testing your plan is important, if you are depending on market growth to pay your bills, you need to evaluate your risk and take this opportunity to rebalance to more income producing items. You should also evaluate your debt portfolio- rates being at all-time lows make it attractive to refinance and reduce potential debt service costs. The market the last 10 years has produced above-average 10% annualized returns, however there is a high probability of lower returns over the next decade.

TASK 3: HOLISTIC REVIEW

In the great state of Texas, we are rolling into Hurricane season and that is a good time to review your insurance policies: home, auto and life. It is always important to understand what risks you have hedged and what risks you are assuming. Often, it is easy to sign up for life or home insurance and "set it and forget it"; however, review of those policies at least every 5 years ensures that you are protecting what you intended to protect at the right cost. Price is what you pay, value is what you get. Review of policies ensures you are maximizing value. A quick housekeeping checklist would be:

- [ ] Evaluate current Will & Estate Plan and update if needed
- [ ] Discuss current Guardianship and plans for minor children if applicable
- [ ] Appraise Life & Long-Term Care Insurance and if current policies still fit needs
- [ ] Review of current Trusts and Trust documents, update if needed
- [ ] Evaluate current business succession and transition plans
- [ ] Review Home & Auto Insurance Policies

TASK 4: PRIORTIZE

We live in a rapidly changing and, at times, scary feeling world. Covid-19 has forced many of us out of daily routines we have happily followed for years or decades. But some of this change is good. More people are home with their families instead of being on the road. More family dinners were shared at a communal table than before, and an effort was being made to check on your loved ones and video chat to keep in touch with extended family and friends. In our hurry to normalize, don't lose sight of some of the silver lining we gained- the people around us are some of the most important items in your life. Find a way forward that does not lose the bonds you have built and make sure you prioritize the right things in life. We are all unique, but we all can take a moment and be introspective and find our inner balance. The world may get dragged into another round of lockdowns or increased viral spread. The unknowns are great and terrifying but finding your focus and your goals allows you to deal with what may come from a more balanced and centered place.

This also means tackling some financial priorities. Are you on track with your goals? Do you have goals? Do you have a budget you follow or a need to rein in spending? I will admit, the never-ending stream of Amazon packages showing up on my doorstep during quarantine became a bit embarrassing. Take this time to work on your financial and personal priorities and, if needed, start making changes.

TASK 5: DO NOT PANIC

Great athletes are often described as having "ice in their veins" as a way of complementing their ability to perform under pressure. Pressure can cause panic, not just in a game but also in life. They froze, they got the yips, or they are seeing ghosts are common ways of describing a person who suddenly cannot do what was easy yesterday. But, the only easy day was yesterday. Each day will bring us new challenges, and it is up to us to meet them with a level head and not allow them to overwhelm us. If we have upheaval in the second half of the year, meet it with a calm and steady hand and know that we can get through it. Do not suddenly fire sell your stocks, hold firm for the long-term horizon. Knee-jerk reactions, financial or otherwise, tend to be very short sighted. We do not judge a portfolio's success in terms of days or weeks- we judge it over years or decades and its ability to meet your financial goals.

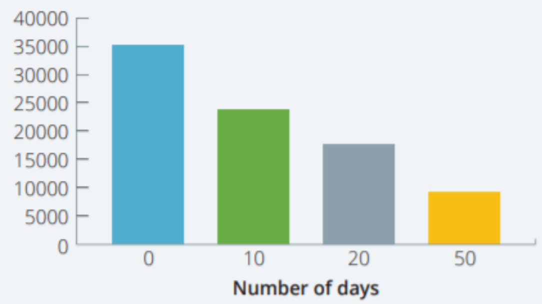
Information is not always helpful. Statistics and data abound, but he ability to organize and contextualize raw numbers becomes more difficult the more noise and stats thrown your way. Your neighbor or colleague may be talking about how they sold last week and avoided some market pain, but did they really? And if they did, can they actually time it correctly to get back in? Have faith in your plan, stay the course, do not allow yourself to be pulled down wayward paths.

Victoria Greene CFA®, CRPC®
Founding Partner &
Portfolio Manager

Often the success of market timing strategies can be dictated by a few trading days. Miss those days, and you lose out. Even a blind squirrel finds a nut now and again, but to consistently trade in and out successfully is extremely difficult and likely to backfire.

As we head into the second half, take heart in knowing you have a plan, that you have taken the time to review and adjust where necessary, and stay committed to that plan. As Tennyson reminds us, in the face of adversity, stay strong in will and do not yield.

Missing the market's best days
(Initial investment of $10,000)



A difference that matters
Staying invested over the past 10 years would have earned you **$11,613** more than if you had missed the market's 10 best days.

BEST DAYS MISSED	VALUE OF $10K INVESTMENT
0	$35,301
10	$23,688
20	$17,571
50	$9,147

Source: Bloomberg
This chart illustrates the value of a 10,000 investment in the S&P 500® made on December 31, 2009, assuming the investment remained invested the whole time (first bar) and then assuming the investor missed the market's 10, 20 and 50 best days, respectively.
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