

JANUARY 2021 2020 OUTLOOK Q4

25 YEARS AND JUST GETTING STARTED

By Scott J. Savage

As the sun sets on an indescribable 2020, we collectively hold our breaths for a successful and rapid rollout of vaccines to combat COVID-19. To sum up, I am awestruck by many of the events of the past year. Public and private leaders leaned into the coronavirus crisis, that was quickly pivoting to deal with the public health, economic, employment, and financial market disruption that began in February. Legislation, leadership, innovation, agility, emotions, divisiveness, and human fragility were on full display over the past 10 months—a short time that feels like a lifetime. And oh, by the way, SJS celebrated 25 years of business!

The reason we exist is YOU, and we were pleased to send each of our clients an American flag as a symbol of our gratitude and our pride in living in the greatest country in the world. Your reaction was humbling: notes, calls, texts, emails, and kind words in person made us feel that we “hit the mark” as a way to celebrate 25 years of serving you, in the midst of a pandemic. I have compiled a few themes from your responses that I feel compelled to share:

Practical reactions to receiving the flag: Many of you shared the tired condition of the flag you already owned or the fact that you had never owned a flag and had long intended to buy one. The pictures, stories, and patriotic sentiment jumped out at me, tugging at my deep love for our country. Thank you.

INSIDE THIS ISSUE

25 Years and Just Getting Started	1
While You Weren't Sleeping	3
Generation to Generation	4
Oh, Baby! The Year of the Girls!	6

“The reason we exist is YOU, and we were pleased to send each of our clients an American flag as a symbol of our gratitude and our pride in living in the greatest country in the world.”

Appreciation for our team at SJS: Your appreciation for the team at SJS was central to many of your kind words. I hear such sentiment often, and never get tired of hearing it repeated. I agree and often am heard saying that I will stack up our team against *any* team, anywhere, anytime!

Letting us know how long you have been a client: Whether it is a relatively new relationship, or one that goes back decades or even to our beginning in 1995, many of you shared the duration of our relationship and how that has made you feel. I was happy to know that many of you are keeping track!

Personal stories: Thank you for sharing personal stories and SJS moments that you remember and carry in your heart. Your words make me feel that the vision, effort, dedication, hard work, innovation, and bumps along the road that weave the fabric of SJS have been a worthy endeavor thus far—an SJS-spangled banner to call our own.

And we are just getting started! I look to the next 25 years with grounded optimism. There is much to worry about and fear, but there is also much to anticipate and hope for. Your team at SJS is committed to continuing to give you our best each and every day. We are here for you and for your family and friends if you believe we can be of help. As a dear friend reminds me often, onward and upward! Forever may she wave!



WHILE YOU WEREN'T SLEEPING

By Tom Kelly, CFA - SJS Chicago

Ignorance is bliss. At least that's how we feel about the markets in 2020. The person who did not look at the news or troubles of the world was rewarded with an incredible year in the markets. A good investment approach to 2020 would have been to fall asleep on January 1 and wake up on December 31, with a sleepwalk or two consisting of tax harvesting and rebalancing along the way.

Don't get us wrong—we know that 2020 brought challenges for many, many people. But if we had told you at the beginning of the year that 2020 would bring a global pandemic that would cripple the U.S. gross domestic product (GDP) by 31% in the second quarter, cause 20 million lost jobs in April, and lead to a contested presidential election in November, chances are you would have sold all your stock.^{1,2,3} You and us both!

But that is indeed what happened, and it sure would have been foolish to be wise. In 2020, the broad U.S. stock market went up over 20% and international markets went up over 7%; even bonds had strong positive returns. About the only thing that didn't go up is real estate, which went down 9% for the year, but ended strong with a 12% return in the fourth quarter. The benefits of a well-diversified portfolio were realized as well, with large caps and small caps

trading punches as the months rolled on but sharing similar total year results.

While 2020 was nowhere near perfect, we hope it allowed you to grow closer to loved ones, appreciate the little conveniences a little more, and become a bit more resilient with whatever comes your way. Who knows what's in store for 2021? Whatever it brings, leave the worrying to us, knowing that your MarketPlus Portfolio is battle tested, incorporating academic advances in portfolio design with our 25-plus years of real-world investment experience to help you achieve your specific financial goals.

“If we had told you at the beginning of the year what would happen in 2020, chances are you would have sold all your stock. You and us both!”

Important Disclosure Information and Sources:

1. “Gross Domestic Product.” U.S. Bureau of Economic Analysis, [bea.gov](https://www.bea.gov/).
2. “Payroll employment down 20.5 million in April 2020.” U.S. Bureau of Labor Statistics, 12-May-2020, [bls.gov](https://www.bls.gov/).
3. “Electoral College makes it official: Biden won, Trump lost.” Mark Sherman, 15-Dec-2020, [apnews.com](https://www.apnews.com/).

Market returns source: Morningstar. Asset class returns represented as follows – US Stock Market - Russell 3000 TR USD; International Stock Market - MSCI World ex USA NR USD; Real Estate - S&P Global REIT TR USD. As of 12/31/2020.

There is no guarantee investment strategies will be successful. Past performance is no guarantee of future results. Indices are not available for direct investment. Their performance does not reflect the expenses associated with management of an actual portfolio. In US dollars. The index performance figures assume the reinvestment of all income, including dividends and capital gains.

GENERATION TO GENERATION

By Jennifer Smiljanich, CFP®

Sometimes we are lucky to find silver linings in times of adversity. As I reflect on all the change that has occurred in 2020, I take away an appreciation of being a part of our SJS clients' lives. I began working in the planning and investment management profession more than 20 years ago, with the desire to help young people who didn't understand much about money and investing. Over the years, I have gotten to know and work on behalf of some exceptionally wonderful individuals and families with diverse backgrounds and interests, ranging in age from 20 to 100.

Along the way, we have all added a few years to the bottom line, myself included. As we age and transition along generational positions, from child, to parent, to grandparent and beyond, our priorities and worries also tend to change. And in some ways, perhaps, so does our view of money and what we would like it to do for us and for our families.

As we move from young adulthood into careers and perhaps marriage and child-rearing, our priorities shift to try to answer questions like:

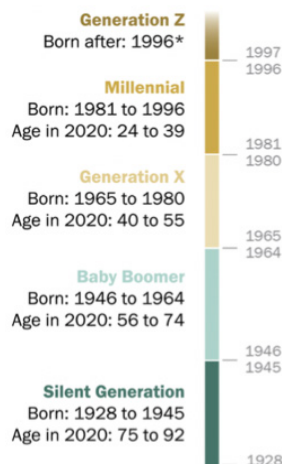
- Am I saving enough for a house? For retirement?

- If something happens to me, will my spouse and children be OK?
- Am I saving enough for my children's education?
- Am I taking advantage of the right vehicles for savings?
- Will my family be protected if something happens to me?

As we shift into retirement or semi-retirement, our priorities tend to shift again. Maintaining good health is more important, as is spending time with our loved ones, considerations of second or third careers, finding purpose in giving back to our communities, and perhaps enjoying activities that we left behind earlier in our lives. For many, thoughts also turn to legacy and what values, stories, and lessons are being shared with the next generations. The questions that our team hears being asked, and helps to advise on, become increasingly personal and nuanced, as follows:

- How can I best share my wishes and values with my children and future generations?
- How can I capture the stories about our family business and what they mean to me and our family?
- Can you help advise my children and grandchildren to make sound financial decisions?
- How can I involve my children in charitable causes?
- Can I live the life I want to lead in my next stage of life—my third act?
- Will I be OK if I need long-term medical care? Can I stay at home, or can you help me evaluate other options? Will my spouse be OK upon my death?

The generations defined



*No chronological endpoint has been set for this group.
 "On the Cusp of Adulthood and Facing an Uncertain Future: What We Know About Generation Z So Far"

PEW RESEARCH CENTER

Source: www.pewsocialtrends.org

- How do I help manage the affairs of my aging parents or in-laws, and help provide them the quality care I would like them to have?
- Is this decision in line with what my family member/spouse/parent would have wanted?
- Will this gift help ease the financial strain on my child or grandchild? Can I afford to do it?

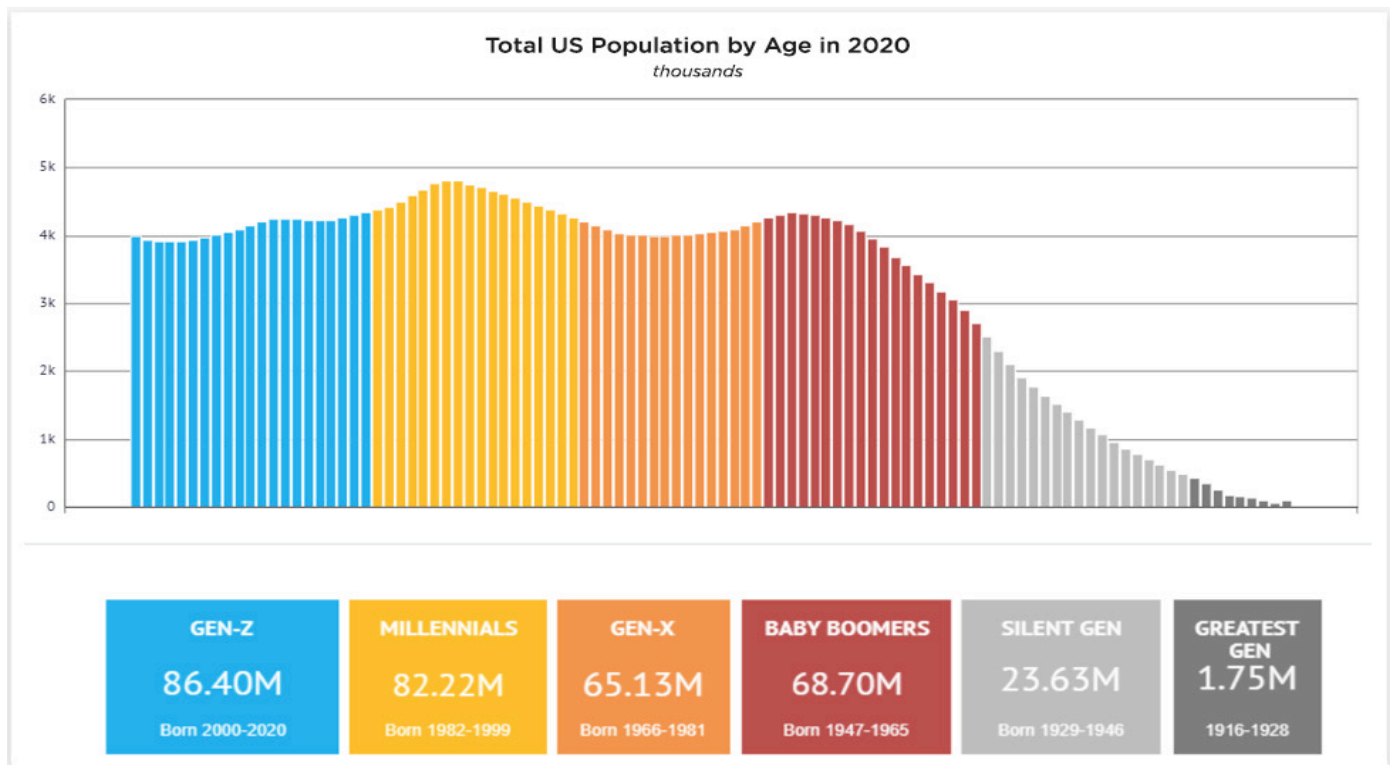
We are in a time, too, when the generational and financial makeup of the country is changing. The Silent Generation, those who were born between 1928 and 1945, have reached their 75th birthday or more (we won't tell). And the large cohort of Baby Boomers following behind have reached their mid-50s, or as old as 74 this year. According to Visual Capitalist, these two generations combined

hold 70% of American household assets in 2020.¹ As time goes on, there will be significant financial decisions to be made to provide for the well-being of our country's oldest generations and to help the generations that follow.

We know that our financial decisions take on more meaning as we age, and there are often values and emotions that drive these decisions as we hit different generational milestones. Over the last 25 years, the SJS team has helped many families work through these questions and transitions. We are privileged to hear your stories, to be a part of your lives, to watch your families grow, and to be here for you when you need us. We are grateful for your trust, and we look forward to serving you and your families in the years to come.

Source:

1. Omri Wallach, "Charting the Growing Generational Wealth Gap," Visual Capitalist, December 2, 2020, <https://www.visualcapitalist.com/charting-the-growing-generational-wealth-gap/>.



Source: <https://knoema.com/infographics/egyydzc/us-population-by-age-and-generation-in-2020>

OH, BABY! THE YEAR OF THE GIRLS!

Small miracles brightened up SJS in 2020!

Three happy additions were made to the SJS Family in 2020. Kathleen Marie Kelly was born on January 30th to Tom and Emily Kelly and a very proud grandfather Kevin Kelly. Poppy Virginia LaClair made her entrance into the world on October 4th. She is the daughter of Molly and Brad LaClair and sister to William and Lucy. A Halloween treat came to Grandpa Scott and Uncle Michael Savage with the birth of Emerson Grace Taylor on October 31st. Proud are her parents, Kristen and Andrew Taylor, and big brother Aiden.



Kathleen Marie Kelly



Emerson Grace Taylor



Poppy Virginia LaClair

ABOUT SJS INVESTMENT SERVICES

SJS Investment Services has been serving as investment advisor and co-fiduciary for individuals, foundations, public entities, retirement plans, financial institutions and corporations since 1995 through our proprietary process called MarketPlus Investing.

With more than \$2.3 billion* in assets under management, we bring you major money center investment experience and a team of people whose small-town values put you first, all the time, every time.

*As of 12/31/2020

You come first.
All the time. Every time.™

SJS Investment Services | sjsinvest.com | 419.885.2626

This material is for informational purposes only and does not constitute a complete description of our investment services or performance. SJS offers investment advisory services only in states where we are registered, have completed a notice filing or where an exemption or exclusion from such notice filing exists. SJS Investment Services does not provide legal or tax advice. Please contact your legal or tax professionals for specific advice.