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DJIA 33,821 S&P 500 4,135 3-MONTH T-BILL 0.03% 10-YR TREASURY BOND 1.58%

Imperfect Vision

While the year of the pandemic, 2020, was trying and sad in so many immediate and long-lasting ways, the year also provided one of the best investment examples concerning the foolhardiness of trying to make short-term market predictions.

Indeed, last year's market volatility and counter-intuitive moves demonstrate why 2020 was the poster child of the "don't try to forecast" lesson. When we visit the eye doctor and he asks us to read the eye chart, we hope to be able to read the letters several lines down from the big "E," signifying 20/20, no glasses needed vision. I'm confident that very few of us had 20/20 vision about the 2020 stock market.

If you need convincing on this point, please answer the following three questions:

1. As we began 2020 with low unemployment, low inflation, and an advancing stock market, did you have any sense that we were about to experience one of the sharpest and quickest drops in recent history?
2. When the reality of the health and economic severity of Covid-19 began to be recognized in the spring of 2020, did you anticipate that the stock market was about to surge with the Dow Industrials gaining over 12,000 points from March 23rd to the end of the year?
3. At these significant turning points in the direction of the market, first plunging and then soaring, would relying on your feelings and emotions have helped you navigate these market swings?

The answers for these three questions are that I didn't know, you didn't know, and our feelings of optimism and then panic were exactly wrong. Furthermore, if anyone tells you that they "nailed" these calls, let's be generous and suggest that they are mis-remembering. The important thing is that we should remember and learn this important lesson.

Short-term moves are unpredictable, so what should we do?

If we have imperfect vision for seeing the short-term directional swings of the market, then we need to accept that attempting that type of prognostication is like trying to read the eye chart while wearing a blindfold. The good news is that over long stretches of time, which is usually the relevant investment period, the market has historically been quite consistent and generous. Of course, past performance doesn't guarantee anything, but the track record for patient investors has been largely worthwhile. So, be patient.

Besides patience, it is critical for you to determine the amount of downside volatility that you can handle so that market drops, even if temporary, won't cause you excess worry or prompt you to sell your holdings at just the wrong time. I call this downside limit your C.U.P. or Cry Uncle Point and will discuss this concept in more detail in the next issue. So, find your C.U.P. and make sure your portfolio properly respects it.

Lastly, when your portfolio gets too far away from your personal allocation of stocks (determined by your C.U.P.) due to a significant market move in either direction, rebalance back to home base. This way you should stay close to the volatility and return expectations that are suitable for you. Of course, my team and I are here to help you think through and act upon these three common sense steps.

Say what you will about the horrific year 2020, but it did provide a useful and vivid lesson in the fallacies of short-term market forecasting, which we can now clearly see with 20/20 hindsight.



Finkelberg Racing Update: A New Home and a New Member

Both Bro and Cheeky, our racing Standardbreds, had successful campaigns in 2020. Harness racing was briefly interrupted by the virus but was one of the few sports that had an almost normal season (although fans at the racetracks were often restricted). Watching these two pacers compete on livestream was a wonderful distraction during the pandemic.

Bro and Cheeky had the opportunity to race a combined forty times, in which they finished 1st, 2nd, or 3rd a total of 21 times. Most of their racing occurred at Hoosier Park, a first-class facility located outside of Indianapolis. This is where my partner and trainer, Jay Hochstetler, and his new wife have decided to call home. Racing has already begun in 2021 and both Bro and Cheeky have already been to the winner's circle.

At one of the yearling sales last year, we purchased a well-bred pacer named Ponda Warrior. Bear (his nickname) is now two, has trained well in Pinehurst, NC, and is soon heading to Hoosier Park to join his stablemates and to compete in the Indiana Sires Stakes. Wish us luck!

*A moment of bonding
between Bear and Amy's mom*



Until next time,

Arty Finkelberg, CFA, CFP®
Senior Vice President, Investments



Has Any of Your Personal Information Changed?!

If your email, phone number, or any other information has changed recently, please let us know so that we can keep your accounts up-to-date!!

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Happy birthday to those celebrating special birthdays!

95 M.S. of Terry, MS

90 J.L. of Jackson, MS

85 B.T. of Jackson, MS

Happy Anniversary to those celebrating their 50th, 60th, and higher wedding anniversaries!

61st J. and A.P. of Brandon, MS