

The Old Fashioned

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WEALTH MANAGEMENT TEAM

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Introduction

Happy New Year! With the start of a new decade I have decided to start a new tradition, an annual letter to all the families I have the pleasure of working with. The aims of this annual letter are fourfold:

One: A reiteration of those fundamental philosophies we hold to be true in the world of financial planning and investing. I plan to lead with this each year as I believe it will remain the most important information I share with you. If you read nothing else, you will be in excellent shape.

Two: A recap of the year from an investment perspective as well as a brief outlook ahead. My aim is to provide a cliff notes version on the markets as my outstanding colleagues in Asset Management publish much more thorough and technical pieces which you can find on our website or in the Invested publication that is sent to you twice each year.

Three: Announce any developments within your Wealth Management service team, discuss what we spent time on this past year, as well as what we are looking forward to next year.

Four: Provide a brief personal update on myself and my family. I hope to share some of my prior year's learnings as well as give a glimpse into my hopes for the year ahead.

I hope you enjoy this new tradition and that it provides substance to our relationship as well as confidence in your investment plan and the team guiding it. I am looking forward to seeing each of you soon.

Unalterable Truths of Financial Planning/Investing

When I started in the business of investing years ago, I believed success would come from being smarter, thinking outside the box, out analyzing the competition and continually reinventing my investment strategy to "stay ahead" of the market. Fortunately, my first job as a Proprietary Trader forced me to change my beliefs quickly. The crucible of high stress trading forges your investment philosophy much faster than it would otherwise. I emerged from that experience knowing that investing success, particularly when we consider our own money, is driven by our ability to control our behavior and tame emotional responses to gain and loss, all while maintaining clear focus on the plan we have crafted. The only benchmark we should care about is the one that indicates whether we are on track to



accomplish our goals. Attention paid to anything else will become a fatal distraction that leads to emotional mistakes that ultimately dooms our financial success.

I believe the following are the unalterable truths of successful investing:

1. Create an investment plan that is goals focused
2. Use your plan, not the market, to define your success
3. Risk is only measured as the probability of not meeting our financial goals
4. Long term commitment to equities is the single greatest risk reduction tool we can utilize
5. Owning a small amount of “risk-off” assets creates the confidence necessary to maintain a majority position in equities
6. All market declines are temporary and should be opportunities for the disciplined investor

Many of my friends and family ask about my job; what I spend my time on, what are the challenges, and what value I provide? They are often surprised when most of what I share sounds more like emotional therapy and less like technical investment expertise. As you are all keenly aware, my (and RMB's) role is to provide the steady hand at the wheel in times of market or personal stress. I am the guide that pushes us back towards the path we have created together. I look forward to serving in that role for many decades to come, and if we keep in mind the truths above, I am confident we will succeed.

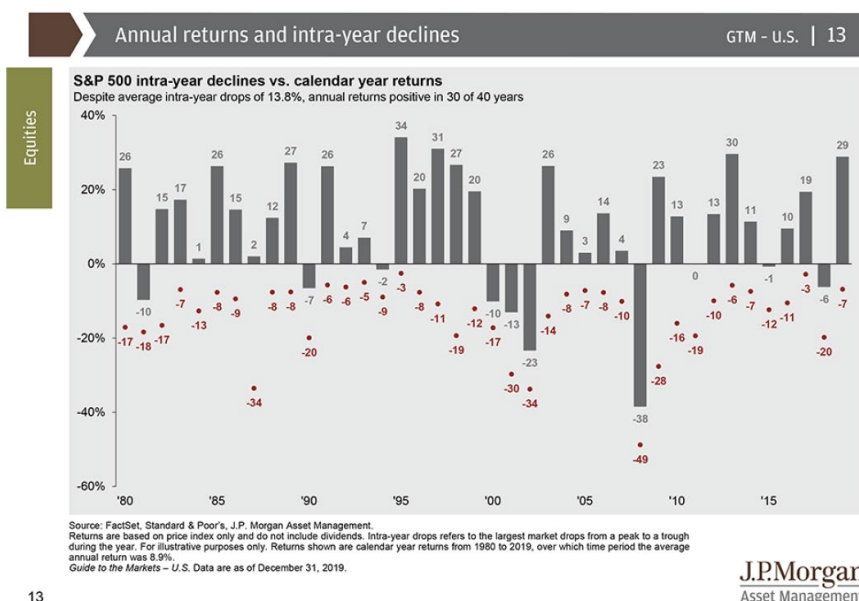
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2019 Markets Synopsis

I am confident that most of you are in a much different place emotionally on your investments right now than you were one year ago. At the end of 2018, the US equity market was down 4.4% on the year, but more impactful, was down 19.8% from its peak in September. While doing a bit of research on that period I found the following headlines from national news publications for articles written in December 2018: “US Stocks post worst year in a decade as the S&P 500 falls more than 6% in 2018”, “Investors have nowhere to hide as stocks, bonds, and commodities all tumble” and “3 reasons experts say the stock market is plummeting – and what you should do”. I don't know about you, but just reading those headlines

gets my stomach churning! Of course, we at RMB, had a slightly different take; per truth number six, where others were blinded by fear we saw opportunities. Let me pause for one moment to share a chart I believe will be a staple of this letter for years to come:

Every red dot represents an opportunity where fear could have prevailed, and an investor capitulates to the temporary decline. However, you can clearly see that despite every year having a moment where it was down, in 30 of the 40 years the US equity market finished positive. I don't know about you, but if



given 75% odds of success, I am going to bet on stocks each year for the rest of my life... and when they are down, I'm going to push more chips onto the table!

To be fair, the strength of the recovery in first quarter 2019 took me by surprise, obviously a pleasant one, and that rally continued unabated throughout the year. Interestingly, this has occurred while at the same time investors took more money **out of** equity funds and ETF's than any calendar year dating back to 1992. (Refinitiv/Lipper) Could it be that investors are behaving rationally for the first time in decades? I believe the answer is yes. It appears the pain from the Great Recession still looms large and has created a panicked and fearful investing public that continues to focus more on negative outcomes and less on positive ones. This cautious/skeptical attitude has led to the longest bull market in history as investors have consistently shied away from the overexuberance that creates bubble like pricing in equities. I also find it hard to believe that this skeptical attitude and a substantial market correction could take place at the same time. Every prior substantial market correction was precipitated by irrational exuberance and there is little evidence of that exuberance today.

2020 will certainly have its boogeymen that cause consternation. Whether it's the presidential election, geo political unrest in the Middle East, or China/US trade relations, strife will always create uncertainty which could result in fear pushing equity prices down. I however, as always, will take this opportunity to share the other side of that coin and some of the developments I am looking forward to in 2020. Tesla's foray into electric cars stole significant market share from many established car companies last year and has forced great activity in that space. I am excited to see what innovative solutions are developed in what is quickly becoming a competitive space that should create better/safer cars for consumers, less pollution for our planet and new exciting jobs. Banks, particularly large banks, have invested billions of dollars into technology for several years and are just starting to reap the benefits of higher profit margins due to increased efficiency. Further consolidation and investment should continue to improve their operating margins. As consumers, we can buy pretty much any product or grocery item on the planet and Amazon will deliver it to your door within 48 hours (or sooner in most metropolitan areas). Even more convenient is our ability to watch thousands of different TV shows or movies through the myriad array of streaming services. It is my belief that 2020 will be a better year than 2019 and of course 2021 will surpass it again. This is the attitude that will prevail and produce successful long-term investment results, when it comes to investing looking at the glass half full is always a better bet.

2019 Team Recap



2019 marks Molly's first full calendar year with my team. I am pleased to say she is an absolute delight to work with and the feedback I have gotten from all of you echoes that sentiment. She came with excellent experience from an RIA in Washington DC and before that she was an event planner for a wedding venue in the DC area. She has told me that compared to brides on their wedding day all of you are wonderful to work with 😊. I believe in playing to your strengths and hiring team members to fill in your weaknesses; Molly's attention to detail and rigorous procedural expertise is a great complement to my big picture/long term visions of client service and investment execution. Her role as Client Service Administrator on our team is invaluable and I look forward to working with her for years to come. One goal I have for 2020 is to get Molly to more meetings with all of you so that faces can be put to names on both sides. If that isn't happening, please let me know!



In the fall of 2019, I was thrilled to add Granthem Beck to my team as a Wealth Management Associate. Grant played competitive golf at UW Parkside and took a job with an advisory firm on the East Coast before deciding that his heart was still back in the Midwest. His role can best be thought of as an advisor-in-training. Grant should spend several years training under me before beginning to take on client relationships of his own as the team grows. It's my hope that all of you get to know Grant in the coming years as he will be a valuable team member. My goal remains to help as many families as I possibly can achieve their life's financial goals and I can only do that

and still maintain our high standards of service by teaching others to do what I do and empowering them to take on a career of their own at RMB.



Of course, I am still here as well! This January marks my 7-year anniversary with RMB Capital, and I remain as optimistic about my future with RMB Capital as on the first day I joined. I do however have a few more grey hairs than when I started 😊. On top of my duties as Advisor to each of you, I also serve on the Financial Practice Standards committee at RMB. In that group we establish service guidelines and discuss practice management tools that are implemented across the firm. Additionally, I continue to lead RMB's Financial Projections software effort when it comes to its usage across the firm. I enjoy the constant growth and evolution of our firm as every employee of the firm works hard to bring the best and most valuable ideas, services, and tools to bear adding value to each of the families we serve.

I am very excited for our team in 2020 and look forward to growing alongside all of you in the years to come. Every day the three of us work hard to create an upbeat, authentic, joy filled environment at work. As a means of continual development and improvement we have recently taken on the 15 Commitments of Conscious Leadership and living out those core values everyday has created a deep level of transparency, greater instances of communication and increased levels of happiness. We are always open to feedback and are committed to the core values of authenticity, excellence, rigor, solutions and results. If at any time you think we could do a better job for you, please don't hesitate to reach out.

2019 Personal Recap



On the family front my daughters are now 5, 3, and 1 years of age. My oldest, Charlotte, started 4-K this year and at her five-year-old checkup this past week yours truly got a little teary eyed seeing how big she has gotten. My three-year-old, Grace, continues to behave exactly like I did as a child; which is both maddening and endearing at the same time! My baby, Caroline, is growing up faster than any of my other children did as she tries to keep up with her sisters. My wife, Kierin, continues to be the bedrock of our family and while raising three young kids and one old kid (me) she also finds time to teach Bible study classes 2 days a week. This past year we spent Friday evenings of the summer at my parent's house in Fontana, WI, took a family vacation to Cape Cod, and are

now enjoying our ski club membership here in WI where the girls are taking fast to one of Kierin and my favorite hobbies. "The days are long, but the years are short" has been the quote ringing in my wife and my heads since we started our family 5 years ago. We are so blessed by our kids and try to soak in every moment. We are looking forward to a great 2020.

Conclusion

I want to finish this letter to all of you on a note of gratitude. I firmly believe that gratitude is at the root of experiencing joy. I am such a gratitude fanatic that I took up the practice of thanking everything that goes right on my morning commute. "Thank you, car, for starting this morning, thank you traffic lights for working, thank you other drivers for driving safely (most of the time 😊), thank you elevator for working..." it's a bit extreme, but it just helps ground me each morning. So, I want to say thank you to each one of you. Thank you for your trust in me, in RMB Capital, and your continued trust in yourselves and the future. I am fortunate to work with such an incredible array of families around the country and it's a blessing I appreciate each day. I am looking forward to seeing each of you soon and in the meantime best of luck creating a fantastic 2020 for yourself and your loved ones.