

The Old Fashioned

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WEALTH MANAGEMENT TEAM

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Introduction

Happy New Year! I hope this letter finds each of you happy, healthy and in good post-holiday spirits. There is so much to cover let's begin with an outline of the four goals of this annual letter.

One: A reiteration of those fundamental philosophies we hold to be true in the world of financial planning and investing. This is the most important information I could ever share with you. If you read nothing else, you will be in excellent shape. For those super observant readers, this section is an almost word for word repetition of last year...they are after all fundamental philosophies.

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, as well as what we are looking forward to this year.

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

Please enjoy this letter and know that the whole team is looking forward to meeting with each of you soon.

Unalterable Truths of Financial Planning/Investing

When I started in the business of investing years ago, I mistakenly 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 quickly. 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.

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

Every single one of these rules was battle tested in 2020 and I’m so proud that most of you followed them and are reaping the rewards. Unfortunately, 2020 will not be our last test. My role is to provide the steady hand at the wheel in these tests. 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.

“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 dooms our financial success.”

2020 Markets Synopsis

In last year’s letter I warned that the most drastic negative market movements often come from the unforeseen threat. Unfortunately, this warning bore out just a few months later when Covid-19 entered our everyday vernacular. “The Virus”, as it’s known in my household of small children, quickly upended our health care system, shut down our economies, drove social distancing measures, killed our most vulnerable by the thousands, and ultimately cast a dark cloud of fear over the entire world. Not since 9/11 has our basic fear of physical survival been so thoroughly challenged as it has this past year. Through my conversations with many of you and my own meditations I understood that the fear was rooted much differently than economic crises of the past. This fear went deeper than our bank accounts, our portfolios, and our jobs. It struck at something far more precious; our life and the lives of those we love. It is the nature of that fear that drove the market into a panic not seen in magnitude or swiftness since the Great Recession of 2008-09.

As economies across the world shut down or slowed to a crawl and verifiable information about the virus was muddled at best the market freefell; from February 12th to March 18th the S&P 500 lost 27% of its value¹. Jobs were lost at an unprecedented rate as unemployment started the year at 3.5% and rose to a peak of 14.7% in April². This macro level of data doesn’t do the time period justice as certain industries like hotels, restaurants, airlines, and tourist attractions suffered catastrophic levels of business and employment loss.

Starting in March and ending in August the US government took drastic steps to shore up the American economy and the lives of everyday Americans. Through a variety of legislation, headlined by the CARES Act, the legislature spent ~\$2.6 trillion in relief to American families and businesses. Additionally, the Federal Reserve cut the Federal Funds rate to 0%, re-engaged in quantitative easing measures (\$2.7 trillion worth) to free up liquidity in the credit markets and enacted a variety of lending and asset purchasing programs. (For full details and to truly understand the scope of the Fed’s unprecedented moves in 2020 I encourage you to read this article from [Brookings](#).)

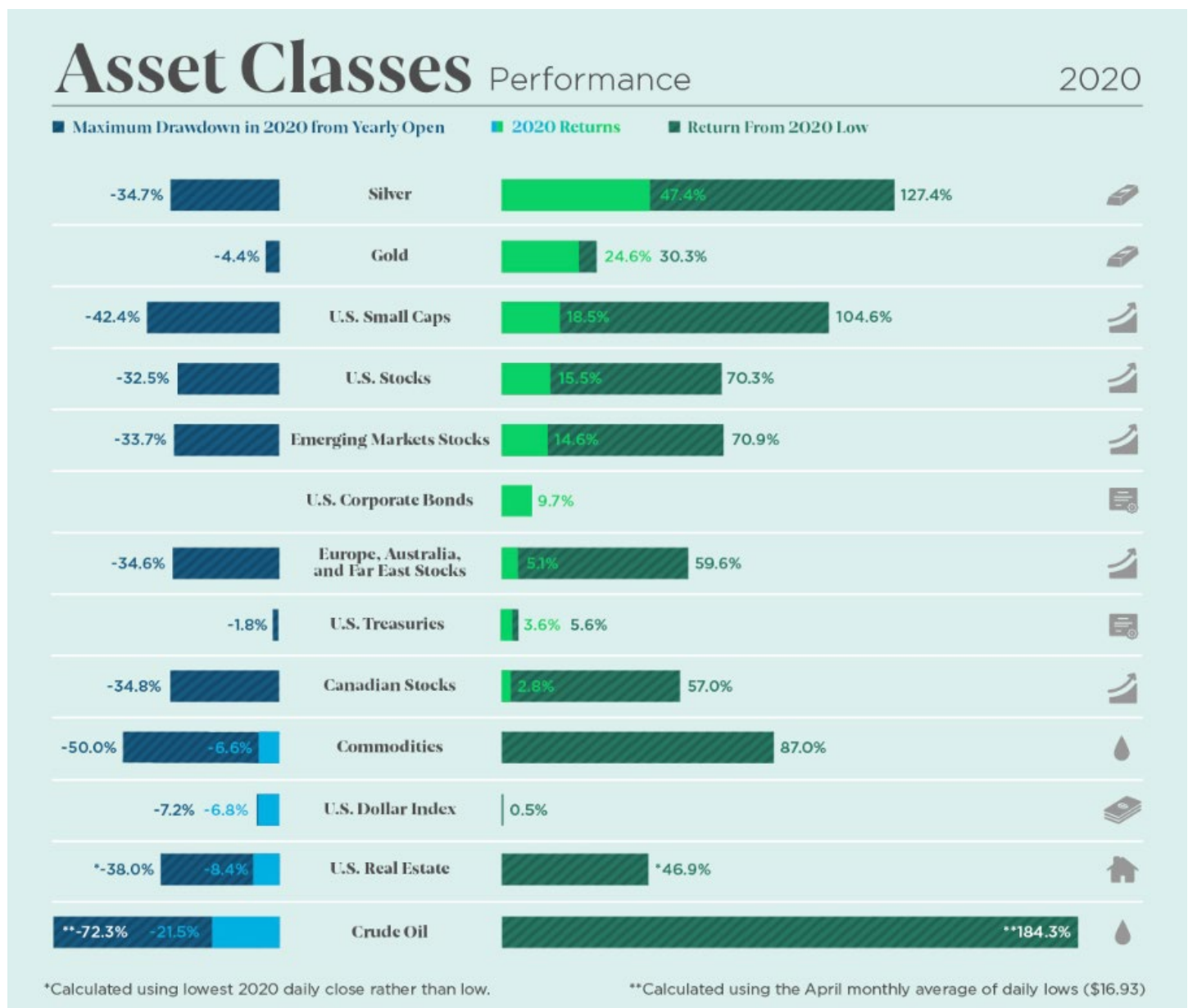
¹ www.finance.yahoo.com

² US Bureau of Labor Statistics bls.gov/charts/employment-situation/civilian-unemployment-rate.htm

These stimulus measures combined with reduced shutdowns, better understanding of the virus itself, other industries flourishing in the socially distanced world and the news of multiple viable vaccines late in the year ushered in a stock market rally that climbed swiftly in April and continued to the end of the year. End of story...not exactly.

Amid the global pandemic our nation faced two additional challenges; a civil rights movement that emerged from the killing of a black man by police and a contentious Presidential election. While neither of these events impacted the economy or markets in a direct measure, they certainly dominated the national conversation and created further rifts in our already broken social fabric. To underestimate their impact on investor psychology and sentiment would be a grave mistake.

This chart borrowed from visualcapitalist.com, illustrates the incredible volatility we experienced across the financial markets in 2020.



Despite 2020 being one of the most volatile years on record, most major markets finished positive and sometimes significantly so. I, like many, want to bid 2020 goodbye, however we must celebrate the victories that occurred. Technology allowed us to stay connected in a socially distanced world, it allowed our children to attend classes virtually, our healthcare system withstood the challenge and is better for it, restaurants adapted and implemented new ways to dine,

manufacturing processes began tracking employees and processes for Covid and stumbled into massive improvements in efficiency, people got outside and took walks, families ate more meals together and by and large we stood up to fear and boldly marched ahead. I know 2020 was a year most of us would like to forget but remember just how much stronger it has made us. That message extends to our markets as well. I hope 2021 is calmer, but if it's not, I know we are ready.

2020 Team Updates



you should ask her about them next time you chat.

2020 marks Molly's second year with my team. She continues to be the backbone of our group and has enjoyed her many conversations with all of you. Molly is studying hard to pass her Series 65 this year and I have no doubt she will ace it with flying colors. Molly's attention to detail and rigorous procedural expertise is a great complement to our team and contributed to us receiving very high marks during our internal compliance audit. For all her great work in the last two years she was promoted to Sr. Client Service Administrator! Molly also spent 2020 acquiring a new

hobby as she started a night business building and selling blanket ladders. They are beautiful and



and is headed on a ski trip to Colorado in January.

Grant completed his 1st full calendar year with the team in 2020. As a reminder he 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. Grant spent the beginning of 2020 getting to know the in's and outs of our business and in the latter half had the opportunity to meet many of you. 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. Covid could not keep Grant down as he logged hundreds of miles of mountain bike trail rides, dozens of golf fairways hit



quality financial advice as you are today.

This January marks my 8-year anniversary with RMB Capital. 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. It was also my honor to be invited onto the Investment Committee that stewards the investment decisions of the firm. In that committee I bring the unique voice of being a front-line advisor that is married with a deep investment background. I enjoyed the challenge of working remotely and keeping the team as connected as possible. My goal in 2021 is to meet with each of you as often as you'll allow and make sure that your friends and loved ones are getting the same

2020 was a challenging year and we certainly missed the everyday interactions that occur between the work getting done. Hopefully we can return to the office at some point this year and maybe even begin visiting you in person this next fall. Our team continues to practice the 15 Commitments of Conscious Leadership and living out those core values every day. In our effort to continually improve we will be implanting a new system of internal management called EOS (Entrepreneurial Operating System). My hope is this creates an even higher level of service for the families we serve. If at any time you think we could do a better job for you, please don't hesitate to reach out.

2020 Personal Recap



On the family front my daughters are now 6, 4, and 2 years of age. My oldest, Charlotte, started Kindergarten this year and thankfully it was in person. Her current favorite hobby (much to my delight) is all things Pokemon. My three-year-old, Grace, has the biggest heart in the world and spends her days singing to everybody and everything. My baby, Caroline, is skiing for the first time and we literally drag her off the hill screaming and crying as the lifts are shutting down. My wife, Kierin, has done an amazing job managing the household. She is and always will be the greatest gift I have even been given. I have two major hobbies in life; skiing and golf. As there was little else to do this summer, I got down to a single digit handicap for the first time! The ski season just began in

late December, but I am already enjoying the time spent outdoors teaching my children something my wife and I love so much. 2020 changed a lot of how we operate but there were so many amazing silver linings: lunch hours spent berry picking with the girls in our backyard, weekend hiking trips to nature parks near our home, family game nights and so many more opportunities to be physically present in my daughter's young lives. I plan to carry some of those activities forward for years to come.

Conclusion

It's no accident we chose to name one of our children Grace. It's a sentiment I believe in with all my heart. Whether due to social distancing, social networks, or other forces it's a quality diminished in our lives today. We can be happier and inspire more happiness if we offer a bit more grace to ourselves and each other. Grace is not easy to muster and often it's hardest to express in the times when it is most needed. Ego and rightness often prevent a genuine expression of grace. Many times, in 2020 I was consumed by my rightness. During these moments I created a rightness loop whereby it became impossible to acknowledge any view other than my own. In this place is suffering.

I was able to break those loops with grace. Acknowledgement and forgiveness of my own failings and doing the same for others. We live in a social system with structures that push us to cling to our stories about how the world should be and push out and even attack those that are perceived as different. Those structures (social networks, media, email, apps, text messages, blogs, online forums) are more powerful and present than ever. One of my goals for 2021 is to break away from those pressures and live a life filled with more grace. Practically speaking I want to ask more questions, listen more keenly, deepen relationships with a small group instead of skimming the surface of an anonymous crowd, define people by the totality of their life and not by their weakest moments and use technology to get what I want and not what it wants from me.

2020 was defined by adversity but perhaps 2021 will be defined by growth. Like forests after fires I hope we grow back more inspired, beautiful and joy filled than ever before. May we be emboldened to claim our own future, live abundantly and demonstrate grace. This dovetails back to where we began on our truths of financial planning. Without this mindset of abundance, we are doomed to fail as humans and as investors. If you can't look at the future and see it being better than the present you have no business investing in it! Please join me in looking forward to a brighter future as I can't wait to experience it with 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 look forward to the day where we can see each other again in person and in the meantime know that you are never far from my heart or mind.