



March 2021

Market Recap

So far in 2021, we have seen a big shift in market dynamics. As we have noted, a handful of very large growth companies like Apple, Google, Netflix, Amazon, and Facebook have dominated the market rise, especially in the last several years, and 2020 in particular. This year, however, growth companies are relatively flat and value names are up in double digits. Growth stocks are loosely defined as stocks with strong earnings growth, and they are typically priced at higher multiples than the market overall. Value stocks are from companies that tend to appear undervalued in terms of the average marketplace, cheap, or out of favor (e.g., energy or hospitality in 2020). There are many companies in the middle and are a blend of the two. Rotations like this can happen quickly, which is why we balance portfolios for both growth and value and have broad diversification in terms of the size of the company, country of origin, and type of company. Diversification has never been more important, as we saw in 2020 and 2021 to date, both to participate in up markets and mitigate downside.

Positive news on vaccines and stimulus are leading the way for a robust economic recovery and a tick up in inflation. Interest rates have risen slightly also signaling a recovery is underway. Our supply chains are struggling to keep up with increased demand and whether this is temporary or not will likely be evident later this year or in 2022. It is probably too early to know if we will have sustained inflation longer term, but the Federal Reserve is not currently concerned. Consumer confidence is rising along with job growth.

Stimulus, New Administration

The Biden administration has proposed a huge two-phase infrastructure

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FINANCIAL MARKET UPDATE*

Year-to-date change as of 03/31/21

- S&P 500 Index.....6.17%
- Bloomberg Commodity Index.....6.92%
- MSCI EAFE \$\$ (International).....3.48%
- Barclay US Aggregate Bond.....-3.37%

package. Details will be debated in congress before a bill is passed. Along with it will be tax proposals, including corporate and individual tax increases for wealthier taxpayers, which was a cornerstone of the Biden platform for which he was elected. The devil is always in the details. The specifics of the tax bills are unknown. It is likely that tax rates will change for higher income earners and estate taxes may change, as well. Because the Trump tax cuts would sunset in 2025, this is simply accelerating higher tax rates to a few years earlier. Specific tax planning should happen after the details are finalized. We will address updates in future letters.

Taxes 2020

Since 2020 tax returns have been extended to May 17th, there is still time to review your return and take advantage of some of the unique opportunities provided last year. Many have had to amend their returns since some of the specifics were not known until about a month ago.

Did you know?

- ✓ Most unemployment income is **not taxable at the federal** level for 2020. Check with your specific state to see if they are taking the same position for state income taxes. We understand Michigan has aligned with the federal government and unemployment income is *not taxable*.
- ✓ If you received a distribution from your retirement plan or IRA due to the coronavirus pandemic, you have several options as to how and when to declare the income and pay the taxes or roll it back into the plan. Check with your tax preparer for details as this could be a very important move.
- ✓ You can still make IRA contributions at 70 ½. Required minimum distributions are extended to age 72.

ESG and Impact Investing

ESG stands for Environmental, Social, and Corporate Governance in investing. As an active member of several finance committees, I am aware that institutions have long been intentional, where possible, about where their investment dollars are used and how they can make an impact in their own communities and beyond. This is now mainstream, as individual investors can invest in alignment with their values and issues that are important to them, through funds and money managers that use these criteria as a lens and a focus. ESG has a broad set of criteria, but generally they fall into these categories: climate change, infrastructure, data

privacy, diversity and inclusion, human rights, corporate governance including board composition. If you are interested in knowing more about ESG, please let us know. We have a great deal of information that we are happy to share. (<https://stephenswmq.com/esg-or-sri/>)

Utilizing an ESG investment strategy may result in investment returns that may be lower or higher than if decisions were based solely on investment considerations.

Website Update

We are pleased to share that we have redesigned our Stephens Wealth Management Group (SWMG) website. This was an important step in providing you with the latest resources on relevant and important topics in an easy-to-use format. The site is also designed to help potential clients get to know the firm. We know many of you refer our financial advisors to friends and family, so let them know that the website it is a great way to learn about SWMG. As an “Easter Egg” the first person to go to our [website](http://www.stephenswmq.com) and find the advisor who is a baseball fan AND can name Jill’s latest blog, will win a prize. Email chandler.fish@stephenswmq.com for the win.



<http://www.stephenswmq.com>

International Women’s Day

In March we celebrated International Women’s Day with a webinar on travel. Sherri and Jill share their thoughts on the day, and travel expert Mary Miller breaks down the ins and outs of travel right now, as well as exciting destinations in the short- and long-term. In less than 30 minutes, you’ll have some great ideas for your next trip. <https://youtu.be/qBYj-YZNtcw>



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National Awards

Finally, we would be remiss if we didn't share that Sherri Stephens and the team of advisors and staff that support her, have won three major awards in the past few months. It is a true testament to the work we do to be recognized by professionals in the industry, including Barron's and Forbes. For more information on these accolades, click here: <https://stephenswmg.com/why-us/accolades/>.



Forbes: The Forbes ranking of Best-In-State Wealth Advisors, developed by SHOOK Research, is based on an algorithm of qualitative criteria, mostly gained through telephone and in-person due diligence interviews, and quantitative data. Those advisors that are considered have a minimum of seven years of experience, and the algorithm weights factors like revenue trends, assets under management, compliance records, industry experience and those that encompass best practices in their practices and approach to working with clients. Portfolio performance is not a criteria due to varying client objectives and lack of audited data. Out of approximately 32,725 nominations, more than 5,000 advisors received the award. This ranking is not indicative of an advisor's future performance, is not an endorsement, and may not be representative of individual clients' experience. Neither Raymond James nor any of its Financial Advisors or RIA firms pay a fee in exchange for this award/rating. Raymond James is not affiliated with Forbes or Shook Research, LLC. Please visit <https://www.forbes.com/best-in-state-wealth-advisors> for more info.

Barron's: "Top 1,200 Financial Advisors," March 2021. Barron's is a registered trademark of Dow Jones & Company, L.P. All rights reserved. The rankings are based on data provided by over 5,000 individual advisors and their firms and include qualitative and quantitative criteria. Factors included in the rankings: assets under management, revenue produced for the firm, regulatory record, quality of practice and philanthropic work. Investment performance is not an explicit component because not all advisors have audited results and because performance figures often are influenced more by clients' risk tolerance than by an advisor's investment picking abilities. The ranking may not be representative of any one client's experience, is not an endorsement, and is not indicative of advisor's future performance. Neither Raymond James nor any of its Financial Advisors pay a fee in exchange for this award/rating. Barron's is not affiliated with Raymond James.

Forbes: The Forbes ranking of America's Top 1,000 Women Wealth Advisors, developed by SHOOK Research, is based on an algorithm of qualitative and quantitative data, rating thousands of wealth advisors with a minimum of 7 years of experience and weighing factors like revenue trends, AUM, compliance records, industry experience and best practices learned through telephone and in-person interviews. Portfolio performance is not a criteria due to varying client objectives and lack of audited data. Research Summary (as of February 2021): 32,810 nominations were received based on thresholds (9,785 women) and 1,000 won. This ranking is not indicative of advisor's future performance, is not an endorsement, and may not be representative of individual clients' experience. Neither Forbes nor SHOOK receive a fee in exchange for rankings. Raymond James is not affiliated with Forbes or Shook Research, LLC. Please visit <https://www.forbes.com/top-women-advisors> for more information.

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Returning to Past Norms

We are gradually getting back to normal at the office and enjoying our in-person meetings in our newly renovated office space. As more of our staff's children are going back to school and vaccinations have become more widely available, we have had the ability to have more people at the office. We hope you are having a wonderful spring and are more able to see family and friends.

Stay safe, healthy, and let us know how we can help you.

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