



MONETASM



THE BRECKENRIDGE TEAM

We Simply Go Further

January 2020

Happy New Year!



David Breckenridge, CFP®

As I write this article, we are between Thanksgiving and the end of the year, with all the accompanying excitement and frenzy.

I have heard from many people that Thanksgiving is their favorite holiday and this year we do have many reasons to give thanks. Most importantly, we give thanks for our families, for our health and the health of our loved ones and for our friends.

We are also blessed with financial success, as this year was an especially good year for the economy and financial markets. The U.S. job market strengthened in November with the unemployment rate dropping to 3.5%, the lowest level since 1969. Wages also advanced, up 3.1% from a year earlier. Although 2019 is not yet over as of the time of this writing, of nearly 50 indices across a multitude of asset classes, nearly every single one is positive for the year. From an historical viewpoint, this is highly unusual.

We are passionate advocates of diversification. With that strategy, usually there are asset classes disappointing at any given time. In 2019, however, nearly everything is working well. U.S. stocks are on pace for their best year since 2013. This is occurring despite all the turmoil in Washington, the on-going Brexit controversy, the perpetual Middle East fighting, North Korean sabre rattling, U.S.-China trade wars, etc. Amidst all those concerns, who would have predicted such positive market and economic results?

This illustrates our admonition: do not attempt to time the markets. Instead, establish an allocation to equities and less risky asset classes like bonds that affords you the opportunity to successfully meet your long-term goals and that you can live with regardless of the market environment.

We have been monitoring our clients' equity targets diligently, rebalancing portfolios where stocks exceed the target allocation by shifting dollars from stocks to cash and fixed income. This adherence to disciplined rebalancing is another cornerstone of our investing tenets.

Since we are at the end of a calendar year, we all will be inundated with statistics, lists, highlights and predictions in all categories. Investment folks are not immune to this, but the focus should not be on any single calendar year result since our advice is to invest for the long term. We need to allow time for diversification to work. Investing is a marathon, not a sprint.

One prediction can be counted on: at some point, the economy will falter and the markets will correct (10% decline from the most recent top). Less frequently, but with the same certainty, eventually we will experience a bear market (a 20% decline). When that occurs, as investors we need to resist the urge to panic, just as we are resisting euphoria now. We will rebalance back to our target allocation and buy stocks with the dry powder we have been storing in fixed income.

In good times and bad, we will control what we can control by managing fees and expenses – both our own and those of the managers we employ – and help our clients to strike a healthy balance between saving and spending.

On behalf of all of us on the team, we hope you enjoyed the holidays and savored time spent with loved ones. We wish you a happy, healthy and prosperous New Year.

ASK A PROFESSIONAL *with James Pieper*

Why Diversify?

Wouldn't it be great if you knew what company would be the next Google, or Apple? If you had the chance to invest a large sum in a similar company 15 years ago, you may be better off now, or more likely, much worse. Hindsight is always 20-20. It is much more probable that taking a risk on a few up-and-coming stocks would end poorly. To eliminate this "unsystematic risk" from your portfolio, we use diversification.

Diversification is the basis for Modern Portfolio Theory, which we reference often at Moneta. It is accomplished by spreading your investments across multiple assets classes and geographically, minimizing correlation and smoothing returns.

A common misconception is that a properly diversified portfolio should have assets that perform opposite one another. It is reasonable to think that if the overall market is up 10%, then part of my portfolio may be down similarly. While this is true at times, it is not the goal. You want investments that perform well in different market environments, but not exactly the same, or opposite one another.

The idea of diversification is simple, but fund selection and implementation can become more complex. Moneta's investment department and our partners at DiMeo Schneider work diligently to identify appropriate investments in each asset class. Their rigorous research gives us the basic tools we need to properly diversify and monitor your portfolio.

If you have any questions or would like information on how you are diversified, contact your Client Service Manager, or send an email to our team at breckenridgeteam@monetagroup.com.

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TEAM MEMBER SPOTLIGHT

Jeff Tank, *Client Service Manager*

I joined the Breckenridge Team in June of 2017. Some days it feels like I've been here twice that long and some days it feels like I started six months ago. I am grateful that this opportunity came along and I enjoy the team camaraderie we have as we strive to put our clients first every day. It is my teammates and clients that make coming into work each day worthwhile.

I grew up in Iowa but moved to St. Louis out of college more than 30 years ago. So, if you do the math, I've lived in the St. Louis area for more than half my life. I graduated from the University of Iowa (go Hawks!) with a BBA and MA in Accounting and began my career at what is now KPMG. I met my wife at school and actually taught a night class she was in. We celebrated 28 years of marriage this past June.

We have one child who is a senior Industrial Engineering major at the University of Iowa (go figure!). She is planning to go to graduate school at Iowa and earn her Masters in Industrial Engineering (along with a Computer Science minor). We hope she finds a job somewhere warm year-round, so we can visit. Honestly, we just want her to be happy, even if that means she ends up further north.

In my spare time, I like to walk our dog, watch way too much TV and think about reading all of the books that have accumulated at our house. I love shopping for books but finding time to actually read them seems to be a challenge. Naturally, I received eight books as gifts this holiday season. I am also an avid Blues and Cardinals fan and cannot imagine 2020 being any better than what we experienced with the Blues winning their first Stanley Cup.

FIRM UPDATES

FIRM STATISTICS

INDEPENDENT REGISTERED
INVESTMENT ADVISOR FIRM



300+
EMPLOYEES



41
PARTNERS



23
TEAMS



\$20
BILLION AUM



2 Offices in
St. Louis



2 Offices in
Denver

75+

Enterprise
Service Team
(EST) Members

INDUSTRY RANKINGS

Top 5

In the nation among independent registered investment advisors by Barron's in 2018 and 2019 for our combination of quality and scale.

Ranked #2

The 2nd largest in the nation in Assets Under Management (AUM) among fee-only RIAs by InvestmentNews in 2019.

100% Partner-Owned & Independent

TEAM UPDATES



Camden & Santa

Camden, Tasha's son, took a trip to visit Santa last month. As you can see, Camden enjoyed meeting the white-bearded man and was on the nice list!



Dave's 30th Wedding Anniversary

Dave and Christy celebrated their 30th wedding anniversary in December. The two enjoyed a nice dinner with their sons, Alex, James and Nathan. Congratulations, Dave and Christy!



TEAM NEWS

As a friendly reminder, join us on our new Facebook page! The page will be a resource for weekly commentary on financial planning related topics.

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One of the greatest joys of our business is meeting new people and learning about their unique situations. Please know we are always open to "no expectations" conversations with prospective clients and will always be respectful in all communications and encounters with friends, family and colleagues of yours. We appreciate your continued trust and confidence in our team.