Stock Market Update and Exploring Trusts

Featuring Special Guest Darwin Trust Company
PERI ANN APTAKER, ESQ., CPA/PFS, CFP®
Managing Director, KLR Wealth Management
I look for new and innovative ways to help my clients navigate through their financial choices.
paptaker@klrwealth.com

MELISSA A. SOMMER, CFA, CPA
Co-founder, CEP & President, Darwin Trust Company
I value the approach we take as a true fiduciary, looking at our clients’ complete situation to help ensure we’re working in their best interest.
msommer@darwintrust.com

DAVID WRAY, CFA
Chief Investment Officer, KLR Wealth Management
Exceptional client service is about going beyond what the client expects. To be successful, you must always put your clients’ best interest first.
dwray@klrwealth.com
Agenda

• The Power of Trusts: How a Trust can be the shining star of your estate plan
• The New Hampshire Trust Advantage: Why a New Hampshire Trust benefits everyone
• Getting the Most Out of Your Trust: Protecting your assets and leaving your legacy
• Market Update
• Q&A
THE POWER
OF TRUSTS

Melissa Sommer
Co-founder, CEO & President
Darwin Trust Company
WHY DO YOU NEED A TRUST?

- You have things you want to protect
- To document what you want to happen when you’re no longer here
- To leave a legacy for future generations
WHAT IS A TRUST?

- A legal set of instructions
- An agreement between 2 parties
- A way to protect your assets
TRUSTS ARE MISUNDERSTOOD

MISCONCEPTION #1

Trusts are only for wealthy individuals and families.
MISCONCEPTION #2

Once a trust is created, it can’t be changed.
THE NEW HAMPSHIRE TRUST ADVANTAGE:
WHY A NEW HAMPSHIRE TRUST BENEFITS EVERYONE

• You don’t have to be a NH resident to take advantage of a NH trust

• No income or capital gains tax

• Because of the flexibility allowed by NH, you can modify a trust

• Specific trust benefits that might not be available in other states (i.e. quiet trusts)
HOW DO YOU GET THE MOST OUT OF TRUSTS?

1. Fund it - remember the safe
2. NH trusts are for everyone
3. Read “The Power of Trusts” – Get your free copy
Stock Market Update
The Classic Economic Cycle - A Look Ahead

2021-2024
World Growth Ranging From 3.0% to 5.0%

- Capital Spending Falters
- Employment Falls
- Inflation Declines
- Long Rates Fall
- Analyst Downgrades
- Fed Loosens
- Yield Curve Steepens
- Volatility Picks Up
- Inflationary Pressures Begin
- Long Rates Rise
- Earnings Rise
- Employment Rises
- Volatility Slows
- Dollar Weakens
- Yield Curve Steepens
- Abundant Fiscal Stimulus

2022
- Eco Acceleration Widely Recognized
- Fed Normalizes

2023
- Fed Tightens
- Volatility Picks Up
- Inflationary Pressures Begin
- Long Rates Rise

2024-2025 Peak
- Consumption “Wobbles”
- Earnings Rollover

2Q 2020 Trough
- Long Rates Rise
- Fed Normalizes
- Earnings Rise
- Employment Rises
- Volatility Slows
- Dollar Weakens
- Yield Curve Steepens
- Abundant Fiscal Stimulus

2024
- Capital Spending Falters
- Employment Falls
- Inflation Declines
- Long Rates Fall
Investors’ Preferences Change Around The Market Cycle

**Phase I**
- **Expansion**
  - Period of strongest returns led by strong P/E expansion
  - The Market is led by the riskiest assets whereas stability and defense lags.
- **Recovery**
  - Period of strong market returns and narrowing leadership.
  - Risky assets pass the leadership baton to cheap valuation. Stability & defense continue to lag

**Phase 3**
- **Expansion**
- **Recovery**
- **Trough**
- **Growth**
  - Returns are typically still positive, but EPS growth begins to slow materially.
  - High growth becomes a dominant factor and high risk underperforms.
- **Quality**
  - Average returns are positive but low led by EPS growth.
  - Quality becomes more important with High Quality Cyclicals and Profitable firms leading.

**Phase 4**
- **Quality**
- **Growth**
- **Trough**
- **Expansion**

***For our analysis, we studied PMI cycles 1985-2019. We identified each peak and trough and then divided each cycle into five segments based on duration/percent of cycle completed.***
2021 Cycle Composite
Places Equal Weight On:
One-Year Seasonal Cycle
Four-Year Presidential Cycle
10-Year Decennial Cycle

Trend Is More Important Than Level
Based on Daily Data 1/3/1928 - 12/31/2020

Source: S&P Dow Jones Indices

Lines represent cumulative year-to-date percent gains

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Peri Ann Aptaker, Esq., CPA/PFS, CFP
paptaker@klrwealth.com
888-KLR-8557

Melissa A. Sommer CFA, CPA
msommer@darwintrust.com
617-607-5100

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