



## Quarterly Letter

January 2021

Dear Friends and Clients,

Today, let's pause, and take a moment to reflect on the wondrous powers of small, quiet acts.

Pandemic aside, there have been plenty of great, big year-end reviews and year-ahead teasers, clamoring for your current attention. Describing 2020 as an “[everything rally](#),” *One Wall Street Journal* columnist wrote, “Investors ended one of Wall Street’s wildest years on record by piling into everything from bitcoin to emerging markets, raising expectations that a powerful economic comeback will fuel even more gains.”

The excitement is not entirely unfounded. Last March, when the S&P 500 dove into a bear market almost overnight, it was hard to expect anything but a long, grim year ahead. Of course, in hindsight, we now know markets rebounded nearly as quickly as they plummeted. They ultimately delivered strong annual returns across most domestic and international asset classes. The fourth quarter was no exception to this tale of remarkable resilience.

Why would markets soar during still-sour economies? We could describe any number of rational reasons near-term market pricing mechanisms are continuing to operate exactly as expected ... which is to say, according to anyone’s next lucky guess.

Unfortunately, that hasn’t stopped hordes of hopefuls from trying to score big on the latest tricks of the trade. From the adventures of Robinhood, to record-busting bitcoins, to blank-check SPACs, rising markets often tempt the uninitiated with enticing offers to earn “easy” money.

Whether the temptation is to abandon a free-falling market (like the one we encountered less than a year ago), or chase after winning streaks, an investor’s best move remains the same. Concentrated bets on hot hands generate wildly unpredictable outcomes, which makes them far closer to being dicey gambles than sturdy investments.

Trust instead in the durability of your carefully planned investment portfolio. Focus instead on small, quiet acts. That’s what we’re here for, for example, to:

- Remind you that your globally diversified portfolio already holds an appropriate allocation to Tesla stock (which may be a lot, a little, or none, depending on *your* financial goals).
- Guide you in rebalancing your portfolio if recent gains have overexposed it to market risks.
- Help you interpret the 5,600 pages of the newly passed [Consolidated Appropriations Act, 2021](#), so you can manage your next financial moves accordingly.
- Assess potential ramifications of the Biden tax proposals, and advise you on any additional defensive tax planning that may be warranted for you in the years ahead.
- Remain by your side as you encounter whatever other challenges and opportunities 2021 has in store for you and your family.

These aren't loud acts you'll read about in the paper, But they're the stuff financial dreams are made of. How else can we help you achieve your personal financial goals, come what may in the headline news? Tell us more. We're here to hear you. In the meantime, we wish you and yours a healthy and prosperous 2021.

Regards,

  
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