Leigh Baldwin & Co.

Investment Brokerage

Hello 2021.

WOW, the rollercoaster that was 2020 has ended, but "you say goodbye and I say hello." 2020 brought upon arguably the hardest global challenge since WWII with the COVID-19 pandemic, but the challenges faced by investors and society did not stop there. As the year ended, I found myself remembering a 2009 commercial with the slogan "Say Hello America". The commercial was about David Beckham leaving England to come to America to play soccer for the MLS club the LA Galaxy. It was the end of an era for David playing in England, which was sad and heartbreaking for fans. However, the new change and beginning was full of excitement and optimism about what the future could hold. Therefore, as the Beatles write "you say goodbye and I say hello" we are ready to say **hello** to new opportunities and a new year.

In review, let's compare what happened under the hood in the global stock market in 2020.

US vs. Developed International Equities (think Europe and Japan):

US Large Cap Equities (+18.4%) outpaced Developed International Equities (+7.82%) in 2020. This marked the 9th year of the last 12 since the Great Recession where the US equity market outperformed its developed international peer. In our view, two main drivers for the difference in performance is the large percentage of the European economy in Financials and the continued lockdowns caused by COVID-19, which stunted economic activity**.** *We aren't ready to say "goodbye" to US Equities but believe there is opportunities in International Markets to diversify your portfolio.*

US Growth vs. Value

US "growth" companies drastically outperformed US "value" companies by about 30% in 2020. Growth companies may include the highflyers of technology like Microsoft, Apple, Zoom and alike. In contrast, value companies include banks like Bank of America, Citi Group etc... The growth companies saw their business expand as the COVID-19 Pandemic forced companies to adopt new technology in weeks or months instead of years. Value companies lagged throughout most of 2020, but as the economy began to recover and news broke about effective vaccines (thank you Pfizer and Moderna!), it was the value companies that began to recover and narrow the performance gap. *We believe it is time to say "hello" to some value companies as we look to allocate new money in our portfolios for 2021.*

Equities vs. Fixed Income

US Equities outpaced Fixed Income (+7.43%) by over 10% in 2020. However, it was Fixed Income that provided our clients ballast and portfolio protection during the market volatility in February and March. The Federal Reserve and Central Banks around the world remain accommodative to investors holding interest rates near zero as they work to support and stimulate a global economic recovery. *We believe the current environment calls for investors to increase their Equity allocations as returns in Fixed Income may remain subdued. With that said, we believe in the power of diversification and that there is still a place for high quality bonds in an investor's portfolio.*

We thank you for your continued support for our company and for trusting us to help navigate the global markets. We are excited to speak with you soon and please call us anytime for further questions regarding your investments or financial plan. As always, "you do the dreaming, we'll do the math."

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