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2020 Third Quarter Review

Greetings Clients:

For the first three quarters of 2020 that ended last Wednesday, September 30th, U.S. stocks were up 6.1%, world stocks were up 1.9%, and bonds were up most of all at 6.8%, as represented by the S&P 500 US Large Company Index, the MSCI All Country World Index, and the Bloomberg Barclays Aggregate Bond Index.

Your portfolios are flat to down 2% year-to-date. International stocks and smaller US companies continue to underperform US large companies while our intermediate-term bond funds provided the highest returns of all asset classes. We are confident that we are balancing short-term protections with longer-term outperformance.

A lot of clients and friends have been asking us about the potential impact of the election on their assets. We are anticipating choppy markets as we approach election day, but we do not expect that any one outcome (Trump, Biden, contested) will have an outsize economic impact. Chief Allocation Strategist Steve Bobo and I have read several studies demonstrating that post-campaign policy choices are usually far more restrained and muted than the rhetoric and promises that we hear from both candidates on the campaign trail. Here is a [link](#) to one of the shorter articles (see pages 13-14: *The Art of the Plausible*.) This piece from Morgan Stanley includes a chart showing which investments will benefit or be harmed by various political outcomes, and you may recognize some of the portfolio adjustments that we have made recently and over the past few years: shortening duration of our US Treasuries, increasingly international investments to benefit from a weakening Dollar, and increasing our ownership of value stocks.

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Please be assured that we will continue to make moderate, incremental adjustments to our diversified portfolios after considering a range of possible outcomes. If you are not planning to spend substantial dollars in the next 5 to 10 years, you have time on your side and we will get you to your goals. If your plans have changed, or if your financial situation has been further impacted by the pandemic, please call me.

I have uploaded your quarterly reports to your portals, and you should have already received an email with the following link:

<https://main.yhlsoft.com/auth/users/webportal/ridleycove>.

If you just started working with us, you will receive your first performance report next quarter.

Please contact me if you have any trouble accessing your report, or if you have any questions about your investments, our strategy, or your financial goals. Our money is invested right alongside yours.

Sincerely,

John H. Biebel, J.D., CFP®