



### Looking Back and Looking Forward

*By Robert & Roy Sokolowski*

2020 was a year none of us will soon forget. As we turn the calendar into 2021, it simultaneously feels like everything has changed and nothing has changed. We are certainly in a much different place than we were at the beginning of 2020, but also in the same holding pattern we have been experiencing since the fall- or earlier.

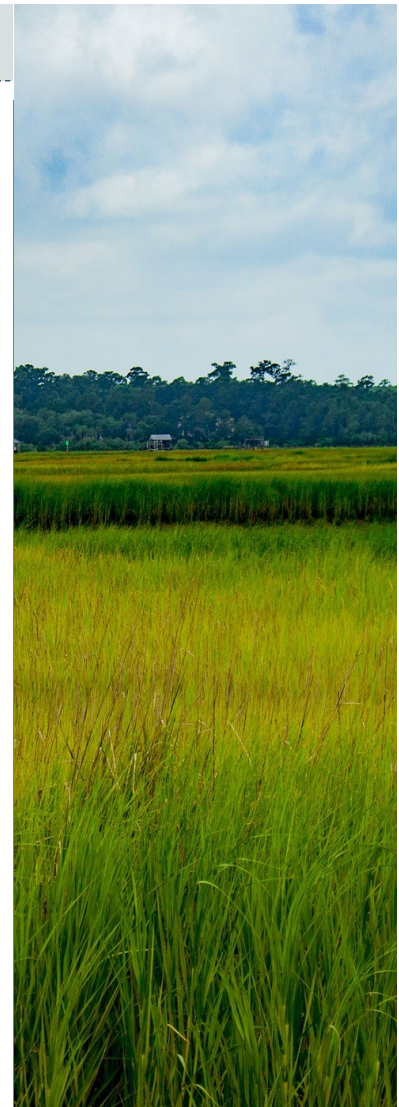
By contrast, the markets made some very decisive, emphatic moves this year, putting us in a remarkably different place than 12 months ago. Let's take a look at a few of those moves.

- Apple's market cap grew 75%
- The S&P 500 energy sector posted a 33% loss
- The S&P 500 technology sector notched a 44% gain
- Large cap financials lost over 4% for the year and regional banks fared even worse at -11%
- The Bloomberg Barclays Aggregate Bond Index ended the year with a 7.5% total return- a very good year for bonds despite volatility along the way.
- The US Dollar fell to its lowest level since 2018- losing some 7% to other developed market currencies
- The S&P 500 gained over 18%, ending the year at an all-time high

The past year was full of surprises- from the emergence of the pandemic, to market gyrations, to political headlines, to vaccine approvals. I was reminded almost constantly of this quote from Nobel Prize winning behavioral economist Daniel Kahneman: "Hindsight is a big deal. It allows us to keep a coherent view of the world, it blinds us to surprises, it prevents us from learning the right thing, it allows us to learn the wrong thing — that is whenever we're surprised by something, even if we do admit that we've made a mistake or [you say] 'I'll never make that mistake again.' In fact, what you should learn when you make a mistake because you did not anticipate something is that the world is difficult to anticipate. That's the correct lesson to learn from surprises — that the world is surprising."

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Market Index	Q4 Total Return	Year to Date Total	1 Year Total Return
S&P 500	11.6%	18.4%	18.4%
DJIA	10.4%	9%	9%
NASDAQ Comp	14%	44.9%	44.9%
MSCI EAFE	15.8%	7.8%	7.8%
Russell 2000	29.3%	20%	20%



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#### SPECIAL POINTS OF INTEREST

- Our office will be closed Monday, January 18th, 2021 for Martin Luther King Jr. Day.
- If you would like to set up a virtual portfolio or financial planning meeting, contact us!

An acknowledgement that the world is surprising (and therefore difficult to predict) can be either fear inducing or freeing. We might be scared that the unknown risk will come to pass. Alternatively, we can be optimistic that the unknown good news will be revealed. It can also be freeing in the sense that we're encouraged to let go and have faith that the long run trends that have benefitted markets and the world will continue on their steady march- even if there are rough patches along the way.



2020 was a great reminder that long-term investing in a diversified portfolio works. During the spring selloff, many (and we would include ourselves in this category) were anticipating a retest of the initial market lows- this did not materialize. What we got was a V-Shaped stock market recovery that offered a very short period of time to buy at (or even close to) the bottom for the year. Those who were able to stick with their asset allocation ended up being rewarded.

As we enter 2021, there are several factors on the minds of most investors: the pandemic and the vaccine rollout, the Georgia runoff, and market valuations. As we write this, the seven-day average of new daily cases in the US is flattening, but is higher than at any previous point. The rollout of the vaccine seems to be going much slower than anticipated and a new, more contagious variant of the virus has emerged. The market has largely looked past these realities and seems squarely focused on the point in the future when the pandemic is behind us.

The Georgia runoff appears to have resulted in the democratic candidates winning both seats. So far, the market has responded to this mostly positively. Stocks rallied on the expectation of higher government spending and pandemic related stimulus. This was very evident in stocks related to construction and infrastructure. In the bond market, rates rose on the expectation of larger government deficits with the benchmark 10-year treasury crossing the psychologically important 1% threshold.

As for market valuations, when viewed collectively, stocks appear quite richly valued. To a certain extent, this is a function of very low interest rates and the fact that the Fed has stated that it is their intention to keep rates low for a long time. However, another factor must also be that many stocks are "priced for perfection." The cloud computing and software stocks would certainly fall into this category. If, in the new year, these companies' earnings start to disappoint, we would expect to see a pullback in these names.

Putting all this together, we did our best in 2020 to manage portfolios based on our rules and not our emotions. This would include- sticking to our buy and hold strategy, paring back positions when they get too large, maintaining portfolios that are diversified across asset classes and business sectors, and managing the size of our cash positions. These rules largely served us well in 2020 and we will continue to apply them going forward.

We wish everyone health and happiness in the new year.



## Should You Refinance Your Mortgage? *By Jenn Sokolowski*

With interest rates below 3% it may be a great time to consider refinancing. Even if you got your mortgage in the last year or two, it could be worth exploring. However, it's not just about locking in the lowest interest rate, there are a few more items to consider:

**How long you plan on owning the home:** If you are planning on moving in the next few years, the amount you will save on monthly payments may not be enough to offset the amount you will pay in closing costs for your new mortgage. Closing costs to refinance are typically between 2-5% of the loan amount, so it is important to calculate the breakeven point. If you sell the home before you reach the breakeven point, you will lose money on the refinance.

**Potentially reducing the term:** It is not all about a lower payment. If you can refinance to a mortgage that will be paid in full sooner than your current loan, you may want to consider refinancing. Often, a slightly higher monthly payment with a reduced term can save you a substantial amount of money by reducing the amount of time the interest can compound.

**Switch from a variable rate to a fixed rate:** You may already have a low rate if you have a variable rate loan, but in the future that rate may move higher. Current low rates on fixed mortgages may make this a great opportunity to lock in an historically low rate that will not fluctuate over the life of the loan.

**You are currently paying PMI:** If you did not put enough down when you purchased your home, you may be paying private mortgage insurance or PMI. Many homes have seen a significant increase in value this year, so you may now have enough equity to get rid of your PMI. Refinancing is not the only way to achieve this, but you may be able to score a lower rate and get rid of your PMI at the same time.

We are happy to look at your specific situation and help decide if refinancing might be the right decision for you. Give us a call!



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The new year is a great time to take a look at your insurance coverage. Many of us do the initial research when we purchase insurance policies, but forget to review them- causing the coverages to become inadequate over time. Below are some of the most common recommendations we make with regard to insurance.

**Umbrella Insurance-** Umbrella insurance is needed by almost everyone, yet we often find that it is not carried by clients when we do financial plans. Some umbrella policies require you to have your home and auto insurance through the same provider. Check with your provider to see if this is a requirement.

**Commercial Auto-** If you use your personal vehicle for business purposes, you need to have a commercial auto policy.

**Named Storm and Wind/Hail Deductibles-** For those who live in areas where severe weather is common, this is very important. The deductible for named storms can be as high as 10% of your home's insured value. Check to make sure these deductibles are at a level with which you are comfortable. In the past we have even recommended maintaining a larger emergency fund for clients who have high deductibles and/or a very valuable home.

**Insured Value of Your Home-** Make sure your home is insured for the correct value. This is known as dwelling coverage or coverage A in your policy. It is especially important since home prices have risen quite dramatically in many markets over recent years. If you haven't looked at your homeowner's policy recently, it's very possible you are under-insured.

**Valuables-** While your homeowners' insurance will cover the contents of your home in the event of a covered loss, it may not reimburse you for items that are unusually valuable. Policies often limit the reimbursement amount by category (known as a sublimit)- a maximum of \$2500 for jewelry, for example. If you would like additional coverage above and beyond these amounts, you must purchase insurance "riders." The most commonly purchased riders would be for property such as jewelry, fine art, antiques, and the like. Furthermore, the total reimbursement amount for your personal property may be limited by your policy. Check your policy to make sure you're covered in both these scenarios.

We are always available to you with any insurance questions you have. Please do not hesitate to contact us if you would like us to look over a policy, give a recommendation on the right level of coverage, or recommend the right solution for you. We are glad to help!

### Sign Up for the Client Web Portal!

Suffering from delays in your mail delivery? We are too! Luckily, there is a better way.

We strongly encourage you to sign up for our **secure client portal** to receive your quarterly statements and send documents to us. The process is extremely easy, and the portal enables you to get an overview of your accounts on a regular basis. Similarly, if you haven't already done so, we recommend signing up for access through Schwab.com. Logging in to the Schwab website gives you access to monthly statements and annual tax documents and it allows you to electronically sign documents (such as wire transfers or new account forms) as needed.

Interested? We can get you started. Just call us at 843-271-6088 or email Jenn at [jenn@metiswealthllc.com](mailto:jenn@metiswealthllc.com).

*Important Disclosure: Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product made reference to directly or indirectly in this newsletter, will be profitable, equal any corresponding indicated historical performance levels, or be suitable for your portfolio. Due to various factors, including changing market conditions, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this newsletter serves as the receipt of or as a substitute for, personalized investment advice from Metis Wealth Management & Planning. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. A copy of our current written disclosure statement discussing our advisory services and fees is available for review upon request.*