

January 15, 2021

Dear Valued Client:

Probably all of us share the sentiment of gladly moving on from 2020, although it seems silly to think that merely changing the date on the calendar will change anything. We carry with us the same issues and concerns that we may have had on the last day of 2020. One constant we hope you recognized throughout 2020 is that Alpine Bank and Alpine Bank Wealth Management were always available to serve your financial needs. Even when various mandates limited the normal servicing environment, we are proud to be a part of a team that finds a way to get the job done.

From an investment perspective, there is much to look forward to and evaluate in 2021: A new administration transitioning into the White House and its associated plans, priorities, and policies; a continued focus on supporting the real economy and labor market; continued efforts to contain the COVID-19 virus while rolling out vaccines to the population; and a likely adjustment in the United States' posture on international trade and climate policies. We all may be well-served to reflect on the events of 2020, and the way the significant events became known and priced into the markets.

Preparation for the Unknowable

If one thing is certain, it is that predicting the future is a very difficult task with the only "certainty" being that predictions are likely wrong most of the time. Last year provided us with a very sobering reminder of this truth.

At the end of 2019 many predictions about the stock market, geopolitical relationships, international trade and the economy were offered to the markets, and each were weighed on individual merits of likelihood, believability, and potential impact on market prices. What was completely missed, or vastly mispriced, was what we *actually* experienced—a global pandemic that forced all economies in the world to slow and alter their way of life and their way of doing business.

This also reminded us of the often forgotten fact that markets and the economy can both drastically correct themselves in a very short period, and that the catalyst of the change can be completely unknown until it is upon us. While achieving all-time highs in mid-February 2020, the S&P 500 Index contracted -33.9% in just 32 days. For long-term investors, the rapid market contraction required resolve to endure, and the implications of short-term adjustments became amplified by year's end.

How does one prepare for the unknowable? In brief, through thoughtful planning and preparation before the event occurs. The old 6-Ps adage: "*Proper prior planning prevents poor performance*" has a lot of merit when thinking of managing through a crisis—financial or otherwise.

First, understanding and accepting the risks and potential risk characteristics of your portfolio before a jarring event arises will help reduce unexpected surprises when unknowable events occur. Second, keep in perspective that by their very nature, unknowable events must be managed through and are largely unavoidable. Maintaining a clear understanding of your goals (both short- and long-term), and how those goals are going to be achieved through your investment plan, will lessen the urge to react irrationally in times of financial stress. Third, leveraging your team for both planning, preparation and support during times of stress also aids in better decision-making under pressure.

Given all the predictions, expectations, and unknowable events on the 2021 horizon, the cumulative economic and financial environment remains uncertain. What is likely is that there will be some curveballs and surprises that will either force reactionary decisions made out of fear, or steadfast and perhaps opportunistic actions made due to preparation. Only time will tell.

While we all continue to adapt to the added challenges of the pandemic, the changing political landscape and the unknowns that lay ahead, know that you are not alone. Alpine Bank Wealth Management, with our very capable team of professionals, stand ready to meet 2021's challenges and opportunities with you!

Thank you for your continued trust. We wish you all a very happy and healthy New Year.

Sincerely,



Tim Kenczewicz, J.D.
President
Alpine Bank Wealth Management



Brian Fraser, CFA
SVP/Director of Investments
Alpine Bank Wealth Management