SEIA PRIVATE CLIENT GROUP NEWSLETTER
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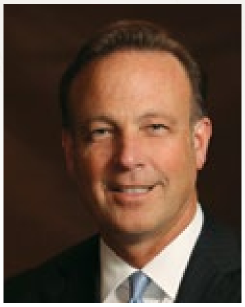
ELECTION 2020 | IT'S POLICY NOT PARTY THAT MATTERS

FEATURE



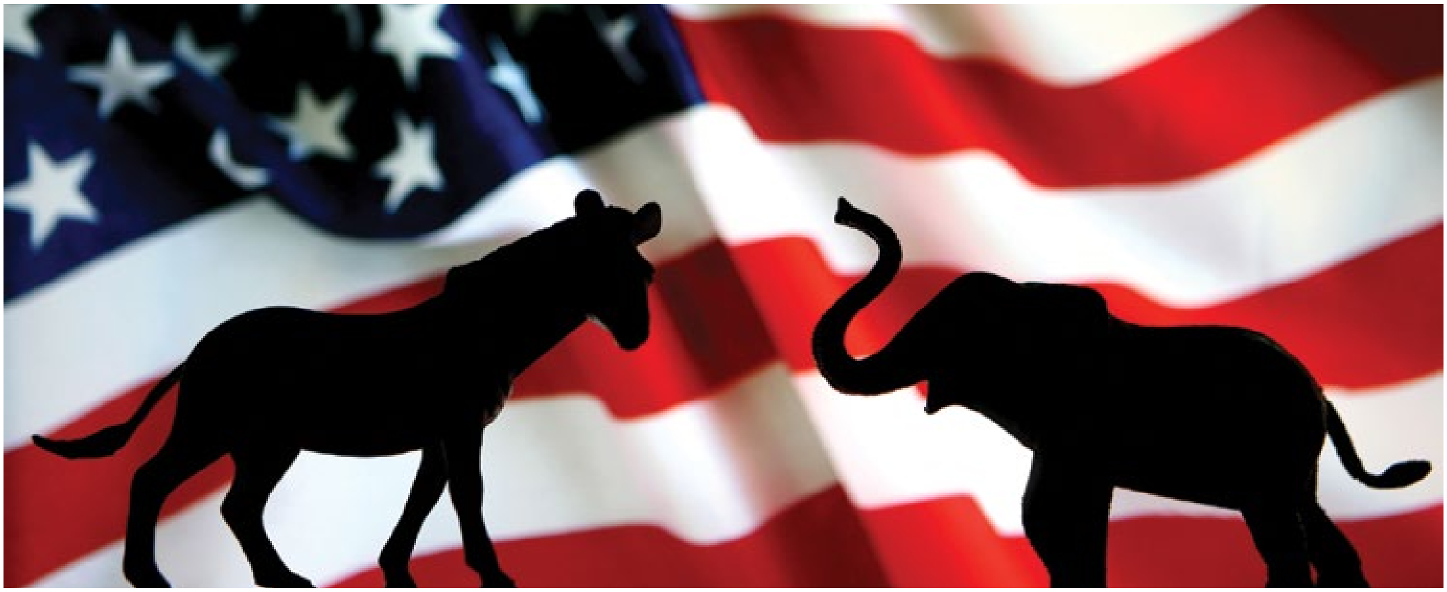
BY **Brian D. Holmes**
MS, CFP®, AIF®
President, CEO

Historically, has the stock market fared better under Republican or Democratic administrations?

Many of us might instinctively answer Republican, based on the party's traditional lower-tax, pro-business platform. In reality, however, there's absolutely no statistical difference. Since 1945, a traditional 60/40 stock to bond portfolio has delivered a 6.0% average annual return with a Democratic president and a 6.1% average annual return under Republican administrations.[1]

It's not the party in power that influences stock returns, but rather a host of other factors including where we are in the business cycle, the Fed's monetary policy and current and projected corporate profits and valuations. Furthermore, given the steady march towards a globalized economy (with more than 50% of revenues for S&P 500® firms generated from overseas), the actions of any one government – even one as influential as the U.S. – has less and less of an impact than in decades past.

Yet it's all too easy to allow party politics to color our investment decisions rather than focusing on what actually might help to shape the market's future direction – the impact of policy. Whether November brings another term under a



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> I believe successful wealth management is the result of an ongoing collaboration between investor and advisor, built upon trust and maintained according to the highest standards of integrity and expertise.

Brian D. Holmes, MS, CFP®, CMFC, AIF®, *President & CEO*

ABOUT SEIA

Signature Estate & Investment Advisors, LLC® (SEIA) is a Registered Investment Advisor firm offering Investment Supervision and Financial Planning Services tailored to align the unique needs of affluent individuals and corporations. Fundamental experience and professionalism enable the financial advisors, with SEIA's research and support staff, to design a financial plan or investment portfolio to align the client's goals.

WE ARE PROUD TO HAVE A NEW OFFICE IN OREGON SERVING THE PORTLAND AREA

4145 SW Watson Ave
Suite 350
Beaverton, OR 97005

Dear Clients,

We're immensely proud of the reputation we've built as your trusted financial partner, and approach our fiduciary duty to always act in your best interest with the utmost care. Thank you for the ongoing trust you place in us. And rest assured that our team stands ready to support you, your family and our shared communities whenever a need may arise.

From our SEIA family to yours, we wish you continued health, safety and happiness.

2020 YEAR-END CHECKLIST *continued from page 5...*

5 Investments

Much of the recent growth in the stock market has been driven by a relatively small number of "big name" stocks. This has resulted in increased concentration in many portfolios, along with greater imbalances between growth vs value, domestic vs international, and small vs large cap. With this in mind, if market appreciation has allowed you to reach the point where your essential and important financial goals are fully funded, it may make sense to dial down the risk of your portfolio, or at a minimum rebalance and take profits from stronger performing areas of the markets.

I think we can all agree that 2020 has proven challenging enough without adding additional items to our to-do lists. Taking just a few proactive steps to shore up or improve your financial plan today, however, could pay off down the road. Your SEIA advisor stands ready to assist in implementing these and other strategies that your circumstances may dictate.

SEIA IN THE NEWS

Barron's Top RIA Firms Ranking for 2020

Financial Times 300 Top Registered Investment Advisers

2020 RIA Channel Top 100 Wealth Managers

Los Angeles Business Journal Best Places to Work 2020

Los Angeles Business Journal Largest Money Management Firms 2020

2020 Best-in-State Wealth Advisors

Vince DiLeva, Sr. Partner

LA Business Journal Most Influential Wealth Managers 2020

Brian D. Holmes, President & CEO

Financial Advisor Magazine 2020 Annual RIA Ranking

Financial Times 400 Top Financial Advisers 2020

Brian D. Holmes, President & CEO
Mark Copeland, Founding Partner
Vince DiLeva, Senior Partner

FT 400 Ranking April 2020

The Barron's 2020 Top 100 RIA Firms is given by Barron's and is based on assets, revenue, number of clients, number of employees, and quality of practice. Newly added metrics for 2020 recognition include technology spending, staff diversity, and succession planning. RIA firms apply for this award. The firms pay a fee in order to reference this award either upfront to obtain the award or paid on the back-end after the award is granted to obtain plaques, article reprints or similar indicia of the award.

The Financial Times 300 Top Registered Investment Advisers is an independent listing produced annually by Ignites Research, a division of Money-Media, Inc., on behalf of the Financial Times (July 2020). The FT 300 is based on data gathered from RIA firms, regulatory disclosures, and the FT's research. The listing reflected each practice's performance in six primary areas: assets under management, asset growth, compliance record, years in existence, credentials and online accessibility. Over 750 qualified firms applied for the award, 300 of which were selected (40%). This award does not evaluate the quality of services provided to clients and is not indicative of the practice's future performance. Neither the RIA firms nor their employees pay a fee to The Financial Times in exchange for inclusion in the FT 300.

The 2020 RIA Channel Top 100 Wealth Managers List showcases wealth management firms based on size, growth, and quality. RIA Channel ranked the Top 100 RIA firms of 2020 based on a proprietary set of criteria and data. The ranking is based on both size and growth in assets as of June 30, 2020, as reported to the SEC. RIA Database (RIADatabase.com) was used for regulatory data, organic research, and advisor surveys. RIA Channel is a privately held company and does not charge fees to be included in their lists.

The 2020 Los Angeles Business Journal (LABJ) Money Management Firms is given by the LABJ and is a ranking based on assets managed in Los Angeles County as of December 31, 2019. Applicants complete a survey to be considered for the award.

The Forbes 2020 ranking of Best-In-State Wealth Advisors is based on an algorithm of qualitative criteria, mostly gained through telephone and in-person due diligence interviews, and quantitative data. Advisors that are considered have a minimum of seven years experience, and the algorithm weights factors like revenue trends, assets under management, compliance records, industry experience and those that encompass best practices in their practices and approach to working with clients. Portfolio performance is not a criteria due to varying client objectives and lack of audited data. Forbes does not receive a fee in exchange for rankings.

The 2020 RIA Ranking by Financial Advisor (FA) is a ranking based on assets under management at year end of independent RIA firms that file their own ADV with the SEC. FA's RIA ranking orders firms from largest to smallest, based on AUM reported to FA by firms that voluntarily complete and submit FA's survey by FA's deadline.

The criteria for the Financial Times 400 Top Financial Advisers includes six broad factors which calculate a numeric score for each advisors: assets under management, growth rate of assets under management, years of experience, compliance record, industry certifications and online accessibility.

The 2020 LA Business Journal Leaders of Influence is an annual award that recognizes wealth managers in Los Angeles for "contributions to the local economy and the financial stability of the individuals and families that live here". The wealth managers apply for the award by completing a questionnaire, and recipients are chosen by the LA Business Journal.

Third-party rankings and recognitions are no guarantee of future investment success and do not ensure that a client or prospective client will experience a higher level of performance or results. These ratings should not be construed as an endorsement of the advisor by any client nor are they representative of any one client's evaluation.

Trump administration or a new Biden presidency, it's policy not party which will ultimately drive the economic train. It should be noted, however, that the Federal Reserve could choose to tighten its policy of low interest rate and unprecedented fiscal stimulus, regardless of who is in power.

Navigating a post-coronavirus election economy
Whoever's the next Oval Office occupant, they will undoubtedly still be dealing with the economic, social and public health aftershocks of COVID-19. There's still a great deal of uncertainty surrounding how soon everyday life (and our economy) will get back to some semblance of normalcy. And even when that does eventually come to pass, medical professionals have cautioned that periodic flareups of the virus (along with regionalized "shelter in place" orders) are likely to occur for the foreseeable future. Ultimately, the economic damage – especially across service businesses, travel and entertainment industries, commercial real estate and retail – will be extensive and long-lasting.

Given these unprecedented question marks hanging over the market, any prognostications must, by necessity, come with a tremendous caveat that we are swimming in unknown waters where past performance may be even less likely to indicate future returns. Nevertheless, we believe that the following three historical truths will continue to hold up in the aftermath of the November election:

1 **A division of power tends to be a good thing** – in examining annualized returns for the two calendar years following every presidential election since 1952, the highest returns have occurred with a Democrat in the White House and either a Republican (15.8%) or split Congress (14.0%).[2]

2 **Boosted by a Trump re-election** – three sectors in particular (defense, energy and financials) would likely enjoy a strong tailwind in the form of sustained high spending levels with continued low regulatory hurdles and controls.

3 **Benefitting from a Biden presidency** – we would expect to see significantly increased spending to improve both healthcare and infrastructure, as well as a reduced headwind for large multinationals thanks to loosened trade sanctions and restrictions. Tax sensitive investing could also receive a boost.

Even in this time of unparalleled volatility and uncertainty, the best course of action is generally to stick with your carefully crafted long-term financial plan and trust that thoughtful diversification will enable you to weather the storm. Of course, you'll want to periodically rebalance to ensure that market turmoil hasn't significantly altered your overall allocation – resulting in either too little or too much risk. Aside from considering a few sector tilts, however, it's best to leave party politics out of your investment portfolio.

Potential election outcomes

Scenario	Economic Implications
Trump status quo	Continued low-tax/low-regulatory regime; increased spending; continued geopolitical uncertainty
Biden + split Congress	Somewhat higher taxes/more regulation; increased spending; more predictable trade/tariff outlook
Blue wave	Highest taxes/most regulation; increased spending; more predictable trade/tariff outlook

1 "Annual Returns on Stock, T. Bonds and T. Bills: 1928 – Current," Stern NYU
2 FactSet, November 2018

SIGNATURE FUND *for* GIVING

The Signature Fund for Giving's ongoing mission is to build meaningful relationships with our partners and foster their continuing efforts of empowering local youth.

As the featured donor, the Fund gave $15,000 to this years annual Back to School Event benefiting partner organization, A Place Called Home. Over 1,000 backpacks were filled with school supplies and safely delivered to youth in South Central Los Angeles. Hundreds of students are well-prepared with the tools they need for a successful school year.

We are proud of A Place Called Home's continued dedication to supporting local youth in developing healthy, fulfilling, and purposeful lives.

If you have any questions regarding our Fund or how to participate, we invite you to contact Hayley Wood at 310-712-2323 or hwood@seia.com.

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THE 2020 YEAR-END PLANNING CHECKLIST

BY **Sam Miller**
CFA®, CFP®, CAIA®
Senior Investment Strategist

The world has changed a great deal in 2020, and for better or worse, likely so too has your financial situation. From the CARES Act and rock bottom interest rates to a stock market that at times has defied gravity, markets have whipsawed in response to current realities and perhaps permanently shifted in anticipation of a new future state of the world.

As we head into the final stretch of this tumultuous year, there are strategies you can adopt to more effectively respond or react to events that have already occurred, while also planning for what's to come. This is an opportune time to reassess your goals and take positive steps to make sure your plan is on track. While there are a multitude of factors that comprise a sound financial plan, think about the following five categories as key areas where potential action as we head into year-end may yield especially positive results:

1 Interest rates

Record low interest rates are generally bad news for savers who rely on steady interest income. But they can present tremendous opportunities for borrowers. Specifically, debtholders may want to consider refinancing their mortgage or student loans to help reduce the interest burden over the life of the loan.

Beyond refinancing debt, low rates also present a unique opportunity for intra-family loans, which can serve as a great way for parents or grandparents to help their children or grandchildren accomplish important financial goals (e.g., buying a first house or starting a business) while ensuring the loan recipient retains some "skin in the game."

2 Taxes

For those of you who may be charitably inclined, the CARES Act altered certain rules to make giving more attractive. Specifically, for cash gifts made directly to charity, individuals are now permitted to deduct up to 100% – up from 60% – of their adjusted gross income (AGI).

If you've already begun taking distributions from IRAs, 2020 proved to be an RMD holiday! The IRS decided mid-year that IRA holders could re-contribute any RMDs taken earlier in the year, so long as they did so by August 31st. Individuals who took advantage of this RMD holiday potentially saved a bundle on taxes.

Additionally, after a wild roller coaster ride in the stock market, many investors are left holding low basis or concentrated stock positions, creating excessive and unnecessary portfolio risk. From exchange funds to qualified opportunity zones, there are a variety of techniques that can be employed to diversify a concentrated position while minimizing or reducing your resulting tax liability.

3 Estate plan

While laboratories across the globe work day and night on developing an effective vaccine, the pandemic rages on and serves as a reminder that all of us should have a thoughtful estate plan in place. As part of that plan, take time to share any essential documents (e.g., wills, durable powers of attorney, trusts, etc.) with the people you've asked to help with your estate. Make sure too, that all your beneficiary designations are up-to-date. Beyond these initial steps, your plan should include a Health Care directive – an item of increased importance in the midst of this pandemic. In the event your health care proxy is not able or allowed to be present at a medical facility, your estate plan should include instructions for how health care professionals may receive instructions from your proxy either electronically or by some other means.

4 Retirement accounts

Converting an IRA to a Roth IRA can be a beneficial strategy if the timing is right. If you find yourself in a lower tax bracket than normal this year, or if you believe that taxes will rise precipitously under future administrations, it may make sense to enact a partial or full Roth IRA conversion.

For those who may have been adversely impacted by COVID-19, the CARES Act also allows for hardship withdrawals of up to $100,000 from any combination of IRAs or employer plans. If certain eligibility requirements are met, these withdrawals will be exempt from the typical 10% early withdrawal penalty and are eligible to be repaid over three years. If not repaid, however, they become taxable income (spread out over three years).

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