

DJ IA
28538.44

Nasdaq
8972.60

S & P 500
3230.78

Russell 2000
1668.47

MSCI EAFE
8644.84

Crude Oil
61.06

Euro
0.8877

10 yr Treas.
1.92

Fed.Fund Rate
1.50-1.75

Prime Rate
4.75

Money Manager Newsletter

December 31, 2019

Investment Consulting Group, Inc.

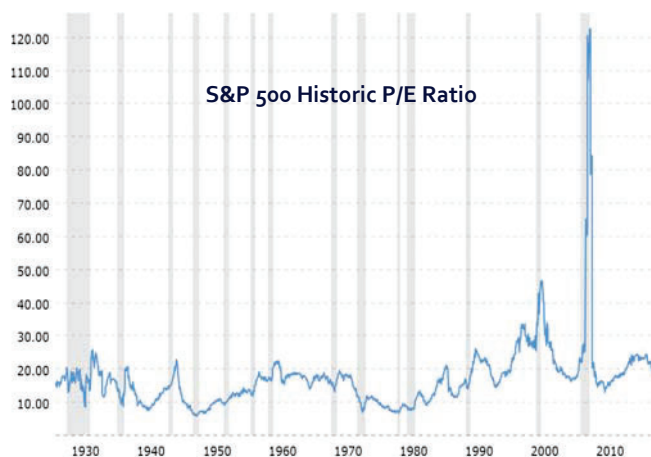
"Indexing Is A Naïve Way to Invest A Diversified Portfolio"
Mark Schmid C/O University of Chicago Endowment FA 100 Ceremony

Investment Consulting Group, Inc. has been chosen from an initial list of 35,500 financial advisory firms to be named to CNBC's FA 100. This prestigious list ranks and highlights the top 100 firms based on their ability to help clients' reach financial goals. Founding principal of Investment Consulting Group, Inc., Donald Stanforth, Ross Stanforth and their team are extensively experienced in the financial industry, with a wide range of practices. Their collective experience, understanding of the industry and recognition of the importance of client relationships led to the development of their philosophy of providing a customized, and consequently effective, service, as reflected through this achievement of FA 100. The FA 100 list is composed of firms that are recognized to continue to find ways to work closely with clients, helping them mitigate risk and meeting their financial goals. ICG understands that every relationship is unique with the distinct needs and goals, and their unwavering commitment to client services is the foundation of these relationships.

Let's Talk About Money

Why Is It So Hard?

What I've found is that, for all our cultural differences, one thing we seem to have in common is that we were taught to never talk about it! We were told it was impolite. Unseemly. A faux pas. Fascinatingly, it's totally all right to talk about stock markets or the economy in general. The financial networks talk way too much about that version of money. But that's different. When it comes to talking about your money...the message is...just don't. Money, in fact, is an incredibly emotion subject. Money is not a math problem. It's a proxy for our moral foundations, our most cherished dreams and our deepest fears. A powerful exercise to help you get started. It's a technique I've carefully crafted over thousands of hours working as a financial adviser. It's called "Just Start." Think of it like ripping off a Band-Aid. It's probably going to hurt a bit, but you have to do it anyway. So just do it. [Carl Richards](#)—



There are ways for the individual investor to make money in the securities markets. Buying value and holding long term while collecting dividends has proven over and over again. [Robert M. Sharp](#)

Best Stocks of the Past Decade

How Much \$10,000 invested in each stock on Dec. 31, 2009, would be worth today.

1. Netflix (NFLX) - \$407,254
2. Market Axess Holdings (MKTX) - \$308,139
3. TransDigm Group (TDG) - \$218,258
4. Broadcom (AVGO) - \$213,418
5. Abiomed (ABMD) - \$202,529
6. United Rentals (URI) - \$169,490
7. Regeneron Pharmaceuticals (REGN) \$153,582
8. Align Technology (ALGN) - \$152,980
9. Ulta Beauty (ULTA) \$139,258
10. Old Dominion Freight Line (ODFL) - \$137,693

[Jack Hough](#)—[Bloomberg](#)

Many banks have historically taken too little risk with their investment portfolio because oftentimes they view their portfolios in a vacuum rather than a part of the overall balance sheet. Our strategy recommendations for 2020 reflect the view that the Federal Reserve has orchestrated a soft landing of the US economy. We expect continued economic growth (albeit at a slower pace) and a modestly steeper yield curve in 2020, although the level of interest rates will likely "lower for longer" over the secular horizon. Portfolio Strategy 2020 — To counter the swift decline in market conditions, the Federal Reserve responded quickly, ultimately cutting the fed funds rate 75bps over the course of six months and bringing a positive slope back to the yield curve, echoing the last "soft landing" made by the Greenspan Fed in the mid-1990s. But, as our Interest Rate Strategy team noted, "Investors should not look back 20 years ago for a guide to what's coming next." In the near term, the market and Fed agree on the appropriate level of fed funds. Chairman Powell has said the Fed is "on hold" for the time being and would need a material reassessment of their outlook before adjusting policy. Bottom line: We expect interest rates to remain rangebound over the secular horizon, having a pronounced impact on bank balance sheets through net interest margins. [Gray Bowles](#)—[FHN Financial](#)

The close of the year is a good time to set some firm deadlines to make sure you won't leave a financial mess for people you love if you unexpectedly die or become incapacitated. Consider putting these items on your to do list with a Dec. 31 due date:

Check your Beneficiaries — Updating beneficiaries is important.

Review Pay On Death Designations — Financial institutions may offer a "pay on death" option. This allows you to name a beneficiary who can receive the money directly.

Update Insurers and your Heirs — Insurers usually don't pay out life insurance proceeds until someone files a claim.

Visit Your Safe Deposit Box — If you forget to pay your annual fee and your bank can't find you, after a few years your safe deposit box will be drilled and the contents turned over to the state.

Create or Revise Powers of Attorney

[Liz Weston](#)—[Rock Island Angus 11/24/2019](#)

DJ IA	Nasdaq	S & P 500	Russell 2000	MSCI EAFE	Crude Oil	Euro	10 yr Treas.	Fed.Fund Rate	Prime Rate
28538.44	8972.60	3230.78	1668.47	8644.84	61.06	0.8877	1.92	1.50-1.75	4.75

“Invest in what you know”, Those five simple words from Peter Lynch helped launch a nation of stockpickers. Underlying Lynch’s success was a sunny belief that the stock market was a place to buy excellent companies and hold them for the long term, and that its occasional stomach-churning drops were no reason to be fearful. Stock-picking is out of favor, as fewer and fewer managers seem able to consistently beat their index. Lynch had more than 6,000 U.S. stocks to choose from when he ran Magellan, once the world’s largest mutual fund. Today, there are 3,600. There also are more than 5,000 stock indexes and thousands of passive funds based on them. Can stockpickers really bring unique insights? Lynch has marked his 50th year at Fidelity. His optimism, the hallmark of a growth investor, is reassuring and infectious. He reiterates his mantra: Buy stocks, regardless of whether things look rosy or bleak. “The thesis underlying everything, whether you’re an actively managed fund or a passive fund, is that the U.S. will be OK. If you don’t believe that, you shouldn’t be in the stock market,” Lynch says. Lynch believed that individual investors had an edge over fund managers, because they could spot trends before a stock became popular. Lynch knew that valuable insights could come from just about anywhere. Years ago, he met a firefighter who owned shares in two local companies in Massachusetts. Karen Firestone, a former Fidelity manager who’s now CEO of Aureus Asset Management, says that Lynch “was encyclopedic about how much information he store. He always looked for the companies that found a market that wasn’t served, so they created it or built one up from its infancy to become powerhouses.” Near the end of his term at Magellan, it owned 1,400 stocks. You could ask him about any of them and he would reply with details about details. He wholeheartedly believes that, if you invest only in an index, you’ll never beat it. If you buy today’s widespread notion that stock market returns will be generally lower in the future. Lynch freely admits that he has made plenty of mistakes, at times he seems more eager to discuss them than his wins. Has he beaten the market? He answer by relating the history of his late wife’s IRA, which he managed. When Carolyn died of leukemia in 2014, it was worth \$8 million, even after the withdrawals. He reckons the account was up 350,000%. On the other hand, he says, 2019 has been “the worst relative year I’ve ever had in 50 years. I’m up, but I’m not going to give you the number. The market is up 29%. I’m nowhere near that.” Still, the market’s step advance since he retired, Lynch adds, “reinforces that growth stocks are better than nongrowth stocks. Investors’ narrow focus on Microsoft (MSFT), Amazon.com Alphabet (GOOGL), and Apple suggests that “there’s a real shortage of growth companies,” he adds. “That, to me, is a red flag; all the money is flowing into them. There’s an end to that game. It will scare me if this trend continues for a couple more years.” So, where are the opportunities? He won’t name names. But he says, “If you cannot find growth companies that are in the third, fourth, fifth inning of the ballgame, look at turn-arounds, look at special situations. If I were doing this today, I’d probably be flying to China and Japan every two months. Maybe the United Kingdom. Maybe France. “We live in a world where an awful lot of math gets thrown around in finance, smart beta and quant funds and this factor and that factor, and it obscures the very simplicity that is the financial market.



Companies are about the cost of goods sold, and about people. Companies are not that complicated. That points to a truth: Some investment principles are eternal, even in the era of AI and quants. Yes, the world has changed since Peter Lynch helmed Magellan, but it’s still round. [Barron’s December 23, 2019.](#)

A new study found that 401(k) participants are likelier to invest in index funds that are higher in the alphabet. Looking at 6,807 plans, each with about 20 fund options and about \$32.5 million in assets, researchers found that the act of moving a plan from the bottom of the list to the top increased the fraction of money thrown in its direction to 11.68 percent, significantly higher than the 9.9 percent average. [Daisy Maxey, The Wall Street Journal](#)

“No” simply means begin again at one level higher. [Peter Diamonds](#)

There are three things keeping stocks so strong. One is massive liquidity support from central banks, which has been turbo-charged by strong corporate balance sheets that have allowed for significant M&A activity. Two is the hope of a handoff to more comprehensive pro-growth policies, particularly in Europe. And three is the fact that it has been the most unloved rally, which means it has had technical support throughout its duration. I’ve repeatedly dismissed the notion that the U.S. will fall into recession in 2020. In fact, given the strength of the household sector, it’s hard to get the numbers to show a recession unless you assume a massive policy mistake or a very big market accident. U.S. will continue in a 1.5% to 2.25% growth range. I’m much more concerned about recession when it comes to Europe. The combination of deregulation and tax cuts is one of the reasons why the U.S. has economically outperformed other advanced economies. Tax cuts have given a short-term boost to economic growth in the U.S. The longer term boost has come from the deregulation measures. And the hope, which remains a hope rather than a reality, is that the third leg of the pro-growth policy effort would be infrastructure spending. [Mohamed El-Erian](#)

“If it were easy it would have been done already.”

“An expert is someone who can tell you exactly how it can’t be done.”

“Multiple projects lead to multiple successes.”

[Peter Diamonds](#)

Treasury Market Yields	12/31/2019	12/31/2018	12/31/2017
2 Year	1.58%	2.48%	1.89%
5 Year	1.69%	2.51%	2.20%
10 Year	1.92%	2.69%	2.40%
30 Year	2.39%	3.02%	2.74%
SP 500	1.82%	2.15%	1.89%
Commodities			
Oil (\$/barrel)	\$61.06	\$45.41	\$60.42
Gold (\$/oz.)	\$1519.50	\$1278.30	\$1306.30
CRB Index	\$185.79	\$169.80	\$193.86