



INVESTMENT & WEALTH MANAGEMENT UPDATE

APRIL 15, 2021

FIRST QUARTER - 2021

Photo by Arika Ryan, Manhattan office



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2021 FIRST QUARTER MARKET REVIEW

By Michael Carlisle, Vice President & Investment Committee Chair

As we pass the one-year anniversary of the onset of the Covid-19 pandemic and economic lockdown, it seems appropriate to reflect on our current economic and market scenarios and how they may play out for the balance of the year.

The U.S. seems poised for economic growth as we emerge out of the pandemic, assuming no substantive setbacks in vaccine distribution. Vaccinations will dictate the path toward herd immunity, which will drive the pace of economic growth. We anticipate above average U.S. GDP growth, particularly given recent massive stimulus and continued easy Fed policy.

The Federal Reserve has made it clear that its policy rate is on hold at least through 2022—in line with most central banks around the world. The Fed policy has and will continue to be

supportive of asset prices. Inflation may bump up temporarily, and the recent uptick in interest rates reflects the effect of current monetary policy and recent fiscal stimulus.

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Market/Index	2020 Close	As of 3/31/2021	1st Qtr 2021 Change
S&P 500	\$3,756	\$3,973	5.77%
DJIA	\$30,606	\$32,982	7.76%
NASDAQ	\$12,888	\$13,247	2.78%
Russell 2000	\$1,975	\$2,221	12.44%
Global Dow	\$3,488	\$3,814	9.35%
Fed Funds Rate	0% - .25%	0% - .25%	0 bps
10-Year Treasury Rate	0.91%	1.74%	83 bps

FIRST QUARTER MARKET REVIEW, CONT.

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Europe anticipates a decline in GDP due to the slow rollout of vaccine distribution, the emergence of mutant strains of Covid-19, and the possibility of double-dip recession. Emerging markets and China are poised for GDP growth approaching pre-pandemic levels for the balance of 2021.

A year ago, under the pressure of a pandemic-induced sell-off in US equity markets of 34% in five weeks, the most difficult move was the most profitable, as the markets served up a hard-to-accept invitation to shift money from bonds into stocks.

Sticking with investment goals and taking what the market offered, we executed multiple rebalancing trades inside our traditional balanced portfolios to take advantage of a strong recovery in asset prices.

This willingness to realign portfolios when market conditions warrant is a long-standing core value of our company and investment process. It has proven successful in preserving client portfolio values in support of their long-term goals.

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WHICH “HOME AWAY FROM HOME” IS RIGHT FOR YOU?

By Mark Knackendoffel, CEO

It has now been more than a year since the Covid-19 pandemic began. I suspect most of us have spent the past twelve months longing to travel and enjoy a vacation without masks and worry.

After receiving our Covid-19 vaccinations, my wife, Ann, and I began traveling again, albeit carefully, to some favorite destinations with family and friends. These vacations got me thinking about a question that clients often ask as they approach their retirement years – is it better to purchase a vacation home or a timeshare? And now, with the rise of vacation rentals, that adds a third option to consider.

I truly feel the best answer is personal preference. It depends on how you want to spend your vacation time, along with several financial considerations as well.



Mark & Ann in Colorado; Aaaah, Mexico!

So far, Ann and I have spent the past 39 years largely focused on our careers, our kids, and our community. That hasn't left much free time for extended travel. In fact, we just recently used passports for the first time . . . trips to Canada and Mexico! But Ann and I have our sights set on more frequent trips and more distant

destinations. So, we've pondered what travel and vacation tools would work best.

Generally, the options are:

- Vacation Home Ownership
- Vacation Timeshare
- Vacation Home Rental

Vacation Home Ownership

We've never owned a vacation (or second) home, but we have many friends who have. We believe they have thoroughly enjoyed their properties. There's the occasional complaint about maintenance tasks or it being too distant from their primary residence. They also recognize it is a huge financial commitment, especially if the property is only used a few weeks or months each year. Several friends have suggested that we consider buying a similar or adjacent vacation home. Of course, my quick response is, "Why should we buy a vacation home when we can already come and visit you?" But I must admit that these types of vacation homes often become treasured family assets for generations and it's hard to put a price tag on that value.

Vacation Timeshares

We never imagined having any interest in owning a timeshare, but we joined Marriott Vacation Club (MVC) several years ago. (Those salespeople are *really* good!) We've had no regrets. In fact, we've upgraded our MVC membership and purchased an additional timeshare interest associated with a golf resort in Mexico. So, why a timeshare?

1. It prompts us to commit to vacations and spending quality time with family and friends in places we enjoy.
2. Unlike timeshares of the past, these memberships offer the flexibility and freedom to select travel dates throughout the year and travel destinations across the world. Our membership allows us to apply our timeshare "points" based on property location, size, amenities, luxury level and seasonal demand.
3. Each of our memberships offers affiliation benefits with other travel-oriented vendors: everything from other amazingly-priced vacation home rentals to discounted vehicle rentals.

4. We do pay an annual Maintenance Fee, but we believe it is nominal relative to the value of our vacation property experiences.

The timeshare option has worked well for us so far, but it all depends on personal preference and your vacation budget.

Vacation Home Rental

We have only used this type of service a few times, and one was renting the Sunset Cottage directly across the street from our home in Manhattan. We were hosting a reunion of some college friends and used the Cottage

for overflow guests, which worked very nicely. But vacation home rental can be a real mixed bag. Sometimes the properties are not exactly what you expect or hope for, which is a drawback we've experienced. Rentals can be very affordable options, though, and the selection is growing dramatically. You'll just have to work a little harder at finding your bliss—you can't just call the front desk for some fresh towels!

There are pros and cons to each option and our advisors would be happy to help evaluate the right options for you, as you consider your travel planning for this year or in the future.

VACATION ACCOMMODATION

Pros & Cons

Ownership

Pros:

- Use whenever you want
- Decorate however you like
- Value appreciates
- If you rent it, you can earn investment income

Cons:

- Responsible for maintenance, property taxes, insurance, etc.
- If you rent for income, you may incur the cost of a property management company
- You may feel committed to the same location trip after trip

Timeshare

Pros:

- Partial ownership: lower cost than home ownership
- Guaranteed time to use property
- Desirable locations
- High standards of care, cleanliness & amenities

Cons:

- You don't fully own
- Responsible for property taxes & maintenance fees
- Can be difficult to sell & receive full purchase price
- Can be difficult to book for long stays

Rental

Pros:

- Available all over the world
- No responsibility for taxes & maintenance
- Find great deals seasonally
- Pay when you book; often less expensive than a hotel

Cons:

- Owners may not maintain property to your standards
- Communication with owner/manager may be difficult
- Property condition & amenities may be misrepresented on booking site

COMPANY NEWS

Welcome, New Team Members!

The year is off to a fantastic start with the addition of Stacy Smith, Emily Dixon and Jason Yoxall to our Manhattan home office staff.

Account Administrator Stacy Smith relocated to Manhattan from Oklahoma in 2020. In her most recent position, Stacy was instrumental in securing and launching the federal Title III grant, “Pathways to Success” at Eastern Oklahoma State College. Stacy has six children, two step-children and two grandchildren, and she loves every minute of time spent with family.

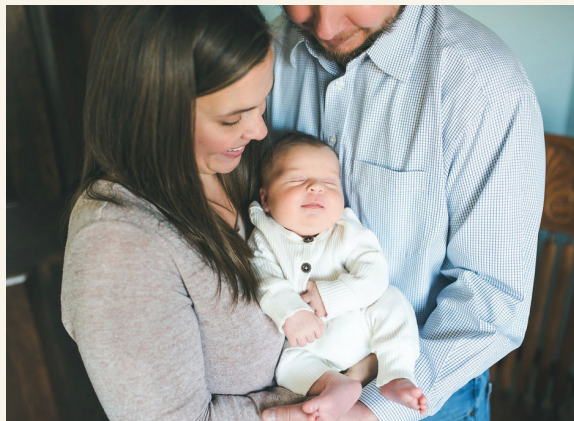
Emily Dixon, Trust Officer and Wealth Advisor, is a graduate of Kansas State University with a B.S. in Personal Financial Planning. After graduation, Emily spent eight years as a financial planner. Prior to joining The Trust Company, she was a Senior Gift Planning Officer at the KSU Foundation. Emily lives in Manhattan with her husband, Adam, and their three beloved dogs.

Jason Yoxall, Trust Officer & Wealth Advisor, is a KSU grad who has attended every home football game since 1998! With more than 15 years of experience in individual and employer-sponsored retirement plans, as well as various employee benefit plans, Jason is focused on our growing this service area at The Trust Company. He and his wife, Adrienne, have two daughters.



Oh, Babies!

Proud parents Preston & Sarah Schotte announce the birth of Graham Schotte (right), born on December 28, 2020. Andrew Seay (below) was born to Katie & Martin Seay on January 22, 2021.



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