



INVESTMENT & WEALTH MANAGEMENT UPDATE

JANUARY 21, 2021

FOURTH QUARTER - 2020



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2020 YEAR-END MARKET REVIEW

By Michael Carlisle, Vice President & Investment Committee Chair

The word “unprecedented” is often overused, but in reference to 2020 it almost seems an understatement. *Unprecedented*, indeed.

In response to the worst pandemic in our collective memory and a country in conflict with itself over lockdowns, individual freedoms and election results, the Fed and Congress initiated *unprecedented* amounts of stimulus. Those steps lowered Fed funds to zero, thereby inducing a vigorous rebound in market values from a gut-wrenching decline in excess of 30% in March.

While 2020 is defined for many as the year of COVID-19 and for others as

a raucous election year, for investors it was the year of mega-stimulus. The developed world’s monetary and fiscal stimulus dwarfed anything previously seen before, and one is tempted to use the U-word again.

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The magnitude and rapidity of monetary stimulus certainly will influence the investment outlook for 2021 and beyond. The first trading days of the new year have already attested to the power of expected additional stimulus.

An overriding question from many clients in 2020 was, “In the face of a pandemic and catastrophic loss of business and jobs, how can the stock market keep going up?” Answer: pandemic shocks are like natural disasters; their cycles are generally much briefer than traditional recessions and the financial markets are not the same thing as the economy. Although similar, they live on different life cycles.

In 2020 we learned (or were reminded) that low interest rates are not only good for bond prices but stocks as well. So, with the Fed fully committed to easy monetary policy, a new Congress already signaling more fiscal stimulus, and with COVID

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YEAR-END MARKET REVIEW, CONTINUED

vaccine uptake forthcoming, 2021 augurs for improved employment, accelerating economic activity and further gains in asset prices.

However, the equity melt-up that took place at the end of 2020 will likely limit market gains in 2021. While we expect positive performance in 2021,

it's unlikely to be anything close to the levels seen in 2020. See the table below.

We begin the year with bullish consensus, but that usually sets the table for corrections (-10%) and profit-taking from time to time. We would expect 2021 to be no different.

Market/Index	12/31/2019 Market Close	2020 Close	4th Qtr 2020 Change	2020 Change
S&P 500	\$3,231	\$3,756	11.69%	16.26%
DJIA	\$28,538	\$30,606	10.17%	7.25%
NASDAQ	\$8,973	\$12,888	15.41%	43.64%
Russell 2000	\$1,668	\$1,975	30.99%	18.36%
Global Dow	\$3,251	\$3,488	17.78%	7.27%
Fed Funds Rate	1.50% - 1.75%	0% - .25%	0 bps	-150 bps
10-Year Treasury Rate	1.91%	0.91%	24bps	-100 bps

CONTACT US

800 Poyntz Ave., P.O. Box 1806
Manhattan, KS 66505
785.537.7200

4210 Philips Farm Road, Suite 109
Columbia, MO 65201
573.876.7000

333 West 9th Street, Suite A
Lawrence, KS 66044
785.371.9555

908 Broadway, Suite B
Marysville, KS 66508
785.562.2344

THETRUSTCO.COM
800.285.7878

FRAUDULENT UNEMPLOYMENT CLAIMS: WHAT CAN YOU DO?

By Mark Knackendoffel, CEO

In November, like so many law-abiding citizens, I personally became a target of unemployment benefits fraud, which has plagued the Kansas Department of Labor (KDOL) during the Coronavirus pandemic.

It was interesting for me, as I received two letters related to the fraudulent claim. The first was sent to me as the former Employee acknowledging “my” claim for unemployment benefits. The other was sent to me as the Employer of a former employee (Me!) who had filed for unemployment.

I immediately notified the KDOL of this fraudulent claim, in writing, of course. I also took nearly all the steps listed below, but have not yet received any acknowledgement.



Incidentally, to date, our company has received fraudulent claims involving about 30% of our staff, but to our knowledge, no claims have been paid.

What does it mean if you are a target of this scam?

Someone is likely misusing your personal information, including your Social Security number and date

of birth. Steps need to be taken to protect your identity and personal information.

What should I do if this happens to me?

If you get a letter concerning a fraudulent unemployment claim, please immediately take each of the steps listed on the next page.

FRAUDULENT UNEMPLOYMENT CLAIMS, continued

WHAT TO DO IF YOU ARE A TARGET OF A FRAUDULENT UNEMPLOYMENT CLAIM

1. **Report the fraud to your Employer.**
2. **Report the fraud to your state unemployment benefits agency.** You can find state agencies at careeronestop.org. In Kansas, you can do so at reportfraud.ks.gov. If possible, report the fraud online, which will save you time and be easier for them to process. Keep any confirmation or case number you receive. If you speak with an agency representative, keep a record of their name and the date of your conversation.
3. **Visit IdentityTheft.gov to report the fraud to the FTC and get help with the next steps.** These include placing a free, one-year fraud alert on your credit, getting your free credit reports, and closing any fraudulent accounts opened in your name. IdentityTheft.gov will also help you add a free extended fraud alert or [credit freeze](#) to your credit report. These make it more difficult for an identity thief to open new accounts in your name. We don't recommend opting for paid credit holds, which some credit reporting agencies may try to sell you. They are unnecessary.
4. **Notify the Internal Revenue Service's fraud hotline at 1-800-908-4490 or report at irs.gov/identity-theft-central.** Request a copy of your Wage and Income Transcript from the IRS. You will need to report and dispute any fraudulent earnings listed on the Wage and Income Transcript.
5. **Contact your Bank.** Notify them of the fraud and seek their advice on account closure or security measures.



6. **Change Passwords for all your financial accounts.**
7. **Review your Credit Reports regularly.** And, as we've recommended for years, apply a "Credit Freeze" with each of the three credit reporting companies: Experian, TransUnion and Equifax.
8. **Monitor your earnings history with the SSA.** You can set up an account at: socialsecurity.gov/myaccount. This is free and ensures your yearly earnings have been accurately reported. If something is wrong, you can immediately report it there.

What happens if the scammers obtain any funds using my information?

The unemployment payments usually are deposited to accounts the scammers control. But sometimes payments get sent to the target's account. If this happens, the scammers may call, text, or email you to get you to send them money. They may pretend to be the state unemployment agency and allege that the money was sent by mistake. **Don't do it!**

If you receive such improper benefits, make a report to the state unemployment agency and ask for instructions. Do not respond to any calls, emails, or text messages telling you to wire money, send cash, or put money on gift cards. Your state agency will never tell you to repay money that way. Anyone who tells you to do those things is a scammer. Every time!

Finally, if you ever have any concerns and are unsure what to do, please contact your Advisor at The Trust Company and we will be happy to assist.



COMPANY NEWS

Welcome, Heather Culwell!

A 2020 addition to our Manhattan staff, Heather's responsibilities as Account Administrator include client account setup and maintenance, trust and estate settlement, and overall support to the Schotte Client Service Team.

"I am so excited and honored to be a member of The Trust Company. I am looking forward to assisting all our clients realize their financial goals."

A graduate of Kansas State University, Heather holds a Bachelor of Science in Animal Science with an emphasis in Production Management—a natural fit, having grown up on a farm in St. Francis, KS. In her previous role as Farm Loan Specialist with the U.S. Department of Agriculture's Farm



Service Agency, she provided program assistance and oversight to the Farm Loan division across Kansas.

A passion for helping people is what led Heather to her current pursuit of a master's degree in Personal Financial Planning at KSU, which she anticipates earning in 2022.



Welcome, Tracy Robinson!

Tracy joined The Trust Company in a new role as Director of Client Development in 2020, after a long career at the Kansas State University Foundation.

With a bachelor's degree in Hotel & Restaurant Management, a minor in Business Administration, and a career spent in fundraising, Tracy brings

a unique skillset that complements The Trust Company's focus on people and relationships. Tracy's true passion is helping others and creating relationships built on trust.

"I love being able to help make magic happen for others, to connect people who have similar interests, to help people achieve their own goals, and to make the world just a bit better in doing so."

Although she grew up in Arkansas City, KS, Tracy has called Manhattan home since 1996. She and her husband, Brett, have two children, Taryn and Brody. In her spare time, Tracy is busy watching her children's sports activities or choral performances, volunteering in the community, enjoying time with friends, or traveling to explore new places.



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