



Capital Market Outlook

12/20/2019

QUICK VIEW

- Initial agreements have been reached regarding both Brexit and the US:China trade dispute. Limited exposure to European markets minimizes potential implications of Brexit in the SRWM core portfolios, while an improved trade framework between the US and China brings enhanced optimism to the models' risk-return profiles
- SRWM core portfolio rebalancing scheduled for December 23rd, 2019
- Clients seeking maximized capital growth can now invest in the SRWM Enhanced Growth Model Portfolio. Contact your financial advisor today for portfolio details

THE SECURE ACT*

Included in this year's final government spending bill - the bipartisan SECURE Act* proposes sweeping changes to retirement legislation with the aim of improving savings opportunities for the American workforce.

Core tenets of the act include:

- Required minimum distributions (RMD) from traditional 401(k) and IRA accounts starting at age 72 rather than age 70^{1/2}
- Contributions to Individual Retirement Accounts (IRAs) past age 70
- Limit for automatic escalation of 401(k) contributions increased from 10% of employee wage to 15%
- Ability for small businesses to create multiemployer 401(k) plans
- Eligibility for part-time workers to receive retirement benefits
- Improved access to annuity investment within employee-sponsored retirement accounts
- Elimination of Stretch IRA products

The Senate passed the first part of the spending bill on December 19, after the House passed it just two days prior. It will now go to the president for a final signature.

If you think this legislature may affect you, consult with your financial advisor for more information.

LOCAL IMPACT

James Slaughter, co-founder and CEO of Sierra Ridge Wealth Management, was honored this November as one of Sacramento's 40 Under 40 award winners.

Each year, the Sacramento Business Journal recognizes 40 people under the age of 40 who excel in their professions and contribute to the civic health of the region.

Since its inception in April 2018, Sierra Ridge has enjoyed a meteoric rise in its financial advisory services over the past 12 months. The twelve-member team includes a variety of financial professionals, including a portfolio management associate, a marketing specialist, and a bevy of financial advisors. Prior to joining NEXT Financial in 2018, James worked for Waddell & Reed, Inc. for 10 years, where he held various leadership roles.

James said he was honored to be selected for the award.

"When you really think about them taking the top 40 individuals under the age of 40 in such a huge area, it's pretty humbling and pretty awesome to win," James said. "But I think it's also validating because it's a testament to what my Co-

founder Giancarlo and I have always known about Sierra Ridge—we're absolutely changing the wealth management industry in Sacramento—and it's great to have some recognition of that.”

Congratulations to James for this prestigious honor!

MARKET INDEX PERFORMANCE

As of 12/16/2019

INDEX	Total Return %		
	WTD	MTD	YTD
Dow Jones Industrial Average	1.21	1.12	24.02
S&P 500 Index	1.81	2.46	29.81
NASDAQ	2.23	3.20	32.84
MSCI EAFE	2.45	2.89	21.66
MSCI Emerging Markets	2.72	3.00	12.93

Source: <http://news.morningstar.com/index/indexReturn.html>

INDEX DEFINITIONS

Securities indexes assume reinvestment of all distributions and interest payments. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. Indexes are all based in dollars.

S&P 500 Index is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. Although the index focuses on the large-cap segment of the market, with approximately 75% coverage of U.S. equities, it is also an ideal proxy for the total market.

The Dow Jones Industrial Average (DJIA) is a price-weighted index of 30 actively traded blue-chip stocks.

GLOSSARY

Benchmark Rates are globally-accepted reference rates used to determine the values of various classes of financial instruments traded worldwide. A famous example is LIBOR (the London InterBank Offered Rate) which is the agreed cost at which major global banks can borrow funds from one another.

Monetary Policy consists of management of money supply and interest rates, aimed at achieving macroeconomic objectives such as controlling inflation, consumption, growth, and liquidity.

Fiscal Policy is the means by which a government adjusts its spending levels and tax rates to regulate a nation's economy.

Money Market is the market for securities with short-term maturities. Times to maturity range from overnight to a maximum of one year. Anything with a longer time to maturity is considered part of the capital markets.

*H.R.1994 - Setting Every Community Up for Retirement Enhancement Act of 2019 116th Congress (2019-2020) | <https://www.congress.gov/bill/116th-congress/house-bill/1994>