



"I feel kind of bad for 2021, we're putting an awful lot of pressure on it."

Teresa Burns Parkhurst/CartoonCollections.com—Used by permission

## Inside This Issue

|                             |     |
|-----------------------------|-----|
| Reflections from Ned Montag | 1-2 |
| Market Observations         | 1/3 |
| Recent Posts to our Website | 2   |
| Did You Know?               | 3/4 |
| New Social Media Initiative | 3   |
| Relationships in a Pandemic | 4   |
| A Parting Thought           | 4   |

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## REFLECTIONS, TRANSITIONS & OBSERVATIONS — Ned Montag

Reflecting on 2020, I cannot help but feel immensely grateful, most of all for my colleagues at MONTAG. The staff at this firm is superior. While many clients have not yet met the broader group of individuals at MONTAG, I cannot imagine a stronger workforce or more attentive group of professionals. The client experience at MONTAG saturates our thinking, methods and daily routine. I hope this is reflected in the experience that each client has. If you are not having what you consider the very best experience with our firm, please contact me directly.

We will see the departure of two important people at the beginning of the New Year. **Mikell Jones** and **Marianne Shutzberg** retired as of 12/31/20. Each served MONTAG since the 1980s, one for 36 years, one for 38 years. Their expertise, instincts, patience, fortitude, well-developed senses of humor and industriousness have been exemplary. We will miss them. In tribute, the firm has made donations to the Georgia Audubon Society (Mike is an avid birdwatcher) and to Skyland Trail and the Cystic Fibrosis Foundation (priority causes for Marianne), in addition to a few minor gifts for memory's sake. We will host a celebration in 2021 to tribute them in person when circumstances permit.

At the same time, our staff has continued to grow. Arriving at the firm in Q3 & Q4 of 2020 are two excellent professionals: **Amy Carcione, CFA**, who manages municipal bonds and **Helen Donahue, CFA**, a veteran portfolio manager. These two folks arrive with decades of expertise and experience. Both are delightful and we are excited to welcome them to MONTAG. While they arrive in the second half of the year, in January of 2020, our colleague **Christie Crouch** arrived. She is a terrific reporting manager and team player. Christie is yet another hand-picked colleague we are grateful to work with daily.

*Continued on page 2*

## MARKET OBSERVATIONS: — Chris Guinther

### Well that's weird, I'm wealthier than ever.

2020 ended much like it began: stocks in a bull market, notching fresh all-time highs every other week or so and investors getting more and more comfortable with stocks. That would be unsurprising if it wasn't for stores running out of toilet paper, people wearing Halloween masks in public, schools being closed, protests on every other street corner, a near full-stop in the economy and the shocking 35% drop in the stock market that accompanied it all.

There are many years that investors forget, but 2020 certainly won't be among them. As of this writing the S&P 500 has surged more than 65% since its March low and is on track to finish the

year UP over 15%. That follows 2019 when it was UP 31%. For those keeping track, the final numbers for Q4 were 12.1% for the Dow, 10.7% for the S&P, and 15.7% for NASDAQ. 2020 overall notched 9.7%, 18.4% and 45% for these indices respectively.

The good news is, we think that public, large and liquid investments are going to keep working... and most likely, that asset class will work well going forward. Better oversight, more access to liquidity, larger rainy day funds, better transparency, liquidity, access to the best human capital, and size and scale, all come together to make for very good investments.

*Continued on page 3*

As I reflect on the national and international investment climate, large changes have occurred, pushing some economic trends into extraordinary territory and binding others even more tightly to trends long in place. 2020 includes:

- A roller coaster ride for unemployment statistics. Think about this: in February unemployment was ~ 4.5%; it reached almost 19% at the height of the economic shut down. In November, it was cut in half or more, to 8.4%. While millions remain unemployed, the nation responded to the pandemic shock quite productively. Without American ingenuity, determination and government assistance, this result would not have been possible.
- Single-family “detached” new home sales hit record sales, just shy of one million homes per month. This is up 40-45% from an average monthly rate of 700,000 in 2019. One research source estimates the nation needs approximately 3.7 million more homes to meet the current demand of Americans planning to depart cities. Remarkable.
- Although the US money supply growth skyrocketed, inflation remains nowhere in sight. Inflation has long been considered one of the greatest threats to securities markets. November 2020 inflation was measured at 1.2%. We will watch this very carefully.
- Investors across the globe invested in American innovation vigorously in 2020. Many of the biggest winners in the securities market this year are companies with little to no earnings or were not publicly traded when the year began. But most of them share the characteristic of facilitating remote working or living, a reality which is here to stay. Examples like DoorDash, Peloton, Tesla and DocuSign typify the select group of securities. Another important thing to watch. This trend shows no sign of abatement presently.
- This international pandemic, an event not seen in 100 years (thankfully). It has influenced everything about 2020. Yet as I write this, the S&P 500 has 2020 total return of 15%. America has seen political consternation, widespread agony, business and personal crisis, broad closures, uncharted surprises and forced isolation at a level never considered. And yet we remain anchored to capitalism and national progress, determined to keep our economy somewhat afloat. We have created remedies to the pandemic in less than a year, though we do not know yet at what price. Whatever one believes regarding this turn of events, the fact is we did it; this achievement cannot be dismissed. Americans continue to face adversity with fortitude and determination to make the world a better place, and with the same drive to make America better for everyone day-by-day.

Which brings me back to the point on which I opened this article: the people at MONTAG are built with the right stuff. We persevered through 2020 and as we plan for 2021, we are eager to serve and please our clients, and deeply appreciate the trust they have invested in our firm, and in each one of us. Happy New Year. **M**



Ned Montag is CEO

*Americans continue to face adversity with fortitude and determination to make the world a better place, and with the same drive to make America better for everyone day-by-day.*

The information provided is for illustration purposes only. It is not, and should not be regarded as “investment advice” or as a “recommendation” regarding a course of action to be taken.

## RECENT POSTS TO OUR WEBSITE – [montagwealth.com](http://montagwealth.com)



**Role & Control: The US Dollar**  
by Christine Quillian, CFA, CFP®  
November 18, 2020



**Is There a Rotation from Growth to Value?** by Brendan Wagner  
December 3, 2020



**That’s a lot of Cash**  
by Randy Loving, CFA  
December 17, 2020



*Results from the January 5th runoff elections in Georgia, when they become clear, will decide which party controls the U.S. Senate, and thus the resultant balance of power in Washington for at least the next two years.*

**MARKET OBSERVATIONS**, *Continued from page 1*

What's old news already was that a fast-acting U.S. Federal Reserve worked in concert with Federal Reserve Banks around the globe to insert massive amounts of liquidity to the financial system and in large part, saved the day. Add to that we got some help from a few of the world's best pharmaceutical companies to develop vaccines for Covid19 in record speed. *Remember, the stock market is priced for what's going to happen in the future, not what just happened the past 12 months.* **So the economic future must look pretty good then right?**

Even ignoring the pandemic for a moment, 2020's stock market defied most investor expectations. The S&P 500 is up even more than strategists forecasted this time last year, before the pandemic. They called for an increase of about 5%, and now it's having a better year than even its historical average (of about 10%). This is all despite a 34% drop in the spring from its February peak. What's happening is **large public corporations have grown their market share of the overall economy... at the expense of small and mid-sized private companies** that couldn't withstand the Corona storm. Public security investors, like those of us here at MONTAG, are in the catbird seat

because in a world with few economic borders and one where companies can achieve near limitless scale around the globe... we feel our investment philosophy is well positioned.

One of the big takeaways from this year, after the worst of the pandemic became apparent, was resiliency. The economy, the stock market and Americans have persevered yet again. Let's give ourselves a pat on the back. Despite the tweets, the protests, the shut-downs, the election, and a moment or two with 12% unemployment, we humans have adjusted and came out on the other side stronger than ever (at least economically speaking).

A final caveat: Results from the January 5th runoff elections in Georgia, when they become clear, will decide which party controls the U.S. Senate, and thus the resultant balance of power in Washington for at least the next two years. All eyes are on Georgia next week. Buckle up, and hold on tight! **M**



*Chris Guinther is a Portfolio Manager and Senior Equity Strategist*

**DID YOU KNOW?**

**New Year's food traditions:**

*Different cultures consider certain foods to be fortuitous, especially when eaten right as the clock strikes 12 o'clock midnight. In Chile, they eat lentils. In Spain, eating 12 grapes is believed to bring good luck. Many cultures believe eating ring-shaped foods (doughnuts, pretzels) represent coming full circle.*

*What food is traditional New Year's fare in the American South?*

- A. Black-eyed Peas
- B. Collard Greens
- C. Ham or Pork
- D. Cornbread

*(Answer on Page 4)*

**NEW SOCIAL MEDIA INITIATIVE INTRODUCED**

A Minute  
With **MONTAG**



Our Business Development Team, responsible for the firm's online and social media presence, has launched "**A Minute With MONTAG**" – an ongoing campaign of informational social media posts. One of the aspects of our firm's culture is to value *brevity* – striving for concise and to-the-point communication. Toward that end, "A Minute With MONTAG" posts will be short and sweet. Follow us on Facebook or LinkedIn, look for our occasional posts of items of interest, and spend 'A Minute With MONTAG'. **M**

Wishing you a very  
**Happy New Year**  
from all of us at  
**MONTAG**

**2021**

**MONTAG**

## RELATIONSHIP QUESTIONS DURING A PANDEMIC — Larry Mendel, VP of Sales

My colleague, Steve Whittington, was listening to a webinar from Alliance Bernstein and he shared some interesting questions in relation to the client experience and are we meeting customer expectations. The questions were more about culture and the client relationship. Being in marketing, I began to think about our clients and prospects and my mind was set in motion to reflect a little on the seemingly simple yet culturally important questions.

### Question 1: Do I Matter to You?

Relationships are the guiding light for human interaction and doing what is in the best interest of the client is the guiding light for business. Our clients work directly with the portfolio manager and while building a relationship and knowing our clients as human beings, the portfolio manager is also making the day to day decisions for our client's portfolios and understand exactly why they are buying the specific securities. In this era of volatility and the ever-changing landscape, this relationship and trust in the portfolio manager is a huge differentiator and allows our clients to rest easier, knowing that someone is thinking about them and their portfolio every day. So it's not just that you matter, its HOW you matter.

### Question 2: Do You Get Me?

By building a relationship, understanding your circumstances and family dynamics, we can understand your perspective more clearly. MONTAG has been doing this for generations and continues to look for clarity in determining the ultimate outcome for our clients. There are many firms which can manage money, but the best fit is the one where you get to know one another. Our relationships with our clients run strong; which is why so many of the

*Even while spending less physical time with our clients, looking introspectively, I found that working in a culture where “relationships matter” I was able to answer these questions with confidence.*

families we work for are multigenerational. That longevity speaks to our client's appreciation of what we provide to them; we're not just a money manager but a friend in their corner.

### Question 3: Am I getting a Good Deal?

The question around fees always seems to be on people's minds. A good deal has more to do than just looking at a fee structure but you must look at the entire relationship. There is an old saying for the brokerage industry; “Where are the customers Yachts?” At MONTAG, we focus on the customer and their needs. We don't offer any high cost products or other sources of revenue to conflict with the goals of our clients. We work for you and our interests are aligned with our customers, the way it should be.

So even in this time of spending less physical time with our clients, looking introspectively, I found that working in a culture where “relationships matter” I was able to answer these questions with confidence.

Thank you for your continued trust and confidence in MONTAG. Happy New Year! **M**



Larry Mendel is VP of Sales

### DID YOU KNOW? (from page 3)

**Answer: All 4 answers are true!**

On New Year's Day, the traditional Southern spread consists of **black-eyed peas** and **collard greens** (symbols for wealth—coins and green folding money, respectively), **ham** or **pork** (for prosperity), and **cornbread** (for gold). Louisiana's “Hoppin’ John”, shown below, incorporates them all:\*



\*Visit [montagwealth.com](http://montagwealth.com) for the recipe! **M**

### A PARTING THOUGHT

*“Ring out the old,  
ring in the new,  
Ring, happy bells,  
across the snow:  
The year is going,  
let him go;  
Ring out the false,  
ring in the true .”*

Alfred Lord Tennyson

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## INVESTING FOR GENERATIONS.