BUILDING YOUR FUTURE

From the desks of William M. Giffin, CEO (left) and Kevin Rice, Senior Investment Strategist (right)

NORMAL ARRIVES SLOWLY

The pandemic of 2020 fits the classic definition of a black swan event. Its spread was (and continues to be) relentless and cruel. With it came the lockdowns, government stimulus measures across the globe, and then huge equity market rebounds. It's hard even to imagine what normal feels like.

With the U.S. election behind us and effective vaccines en route, we believe that some state of normal will return by the end of the year.

There's an old saying, "The future always arrives late and in unexpected ways." Perhaps we should say that normal may arrive more slowly than we expect.

COVID-19

The pandemic took a turn for the worse during the last quarter of 2020 as new cases grew rapidly (Exhibit 1). New infection rates rose significantly in Europe and the U.S., topping the previous highs. Limits to intensive care unit capacity and outbreaks in nursing homes forced governments to implement new stringent lockdown measures to slow the spread of the virus.

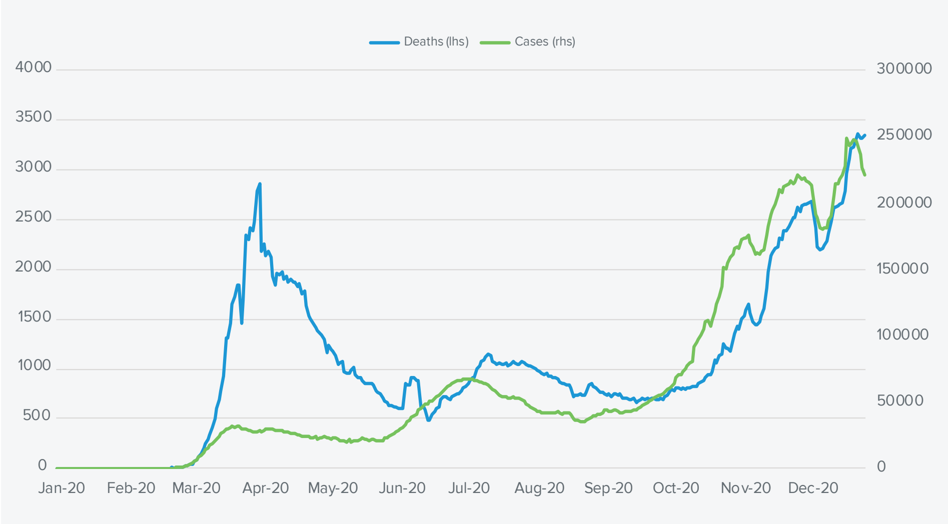
Concerns over the rising caseload were overshadowed by the announcements from Pfizer-BioNTech, Moderna and AstraZeneca/Oxford in November: their vaccines were effective in reducing symptomatic cases of COVID-19. Vaccinations in the U.S. began on December 14 and are expected to be prioritized in two phases.

▶ *Our View*

We believe that an end to the COVID-19 crisis now appears to be in sight. But the path to a full recovery may still be bumpy over the coming quarters. After approval by the authorities, how quickly these vaccines can be manufactured, distributed and administered on a mass scale will be crucial. Success will also depend on the willingness of the population to get vaccinated and the effectiveness of the vaccines against any mutations of the virus.

We believe the $20 billion that President Biden has included in his stimulus plan to boost vaccination efforts and hire 100,000 public health workers should help the vaccination effort.

EXHIBIT 1: COVID-19 7-DAY ROLLING AVERAGE



Source: TC Wealth Partners, Bloomberg.

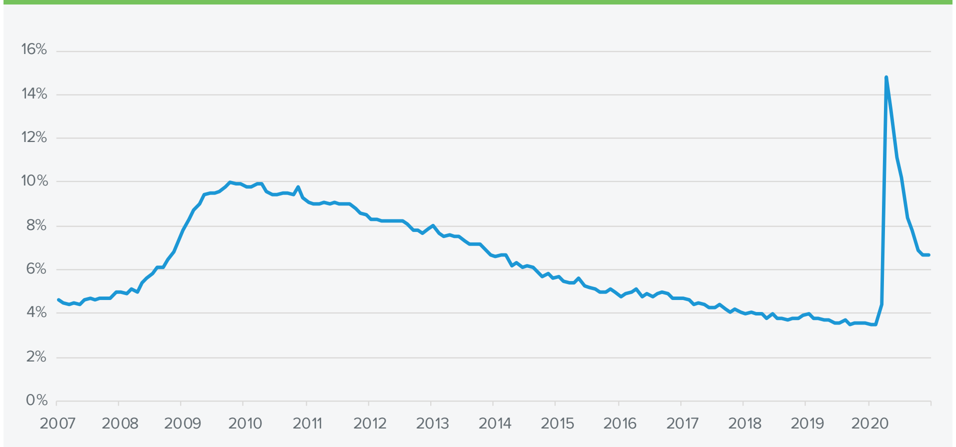
UNEMPLOYMENT

The early months of the coronavirus pandemic saw the U.S. economy plunge at its fastest rate in history. Over a two-month period, the jobless rate shot up from 3.5% in February 2020 to 14.7% in April 2020—its highest level since 1940. Since peaking in April, the unemployment rate has fallen every month, and it now sits at 6.7%. The job market has not fully recovered yet, however. There are still 10.7 million people without jobs.

▶ *Our View*

The "easy" job recoveries dried up months ago as employers that furloughed or cut workers during the onset of shutdowns were able to bring those workers back once their states eased restrictions. We believe the latest round of COVID relief should help to speed the labor market's recovery. With $285 billion in additional PPP loans and targeted emergency grants, small businesses will be able to retain more employees. Nevertheless, the next few months are likely to remain bleak in the jobs market as the pandemic continues to rage and vaccinations slowly roll out.

EXHIBIT 2: U.S. UNEMPLOYMENT RATE



Source: TC Wealth Partners, Bloomberg.

ELECTION

Joe Biden has been sworn in as the 46th President and will take responsibility for guiding the country through a collision of crises more varied and intense than any that have faced his recent predecessors.

Biden's ability to push through key parts of his agenda and win confirmation of his cabinet selections was boosted after Democrats picked up two Senate seats in the Georgia

FOMC said it will continue to support the economy through considerable monetary stimulus until it sees "substantial further progress" on its dual mandate of employment and inflation.

election, resulting in a 50/50 split. Vice President Kamala Harris now has the power to cast the tiebreaking vote, which would give Democrats control of both the Senate and the House.

This will be one of only two times in the last six decades in which Democrats and Republicans have the same number of Senate seats at the beginning of the term. The last time this happened was in 2001. In the House, the 51% Democratic majority will be one of slimmest as well.

The historical performance of the S&P 500 during periods where there has been both a Democratic president and Democratic control of Congress has averaged 9.3%.

▶ *Our View*

We think that Democratic control of both the House and Senate clears some hurdles for the new administration as it pursues its agenda, which includes a higher corporate tax rate and increased taxes on high earners.

We suspect the new administration will be somewhat sensitive to the fragility of the current pandemic economy and delay any tax changes. Moreover, we still expect some gridlock in Washington, which should limit sweeping, unimpeded legislation relative to the proposals outlined during the campaign. We believe the Biden administration will initially focus on a fiscal stimulus in the form of increased aid for households and increased government spending.

FEDERAL RESERVE

As expected, the Federal Reserve's Federal Open Market Committee (FOMC) voted unanimously to keep the federal funds target rate in a range of zero to 0.25%, where it has been since March. A majority of FOMC officials continued to forecast that the rate would be kept near zero at least through 2023. In addition, the FOMC said it will continue to support the economy through considerable monetary stimulus until it sees "substantial further progress" on its dual mandate of employment and inflation.

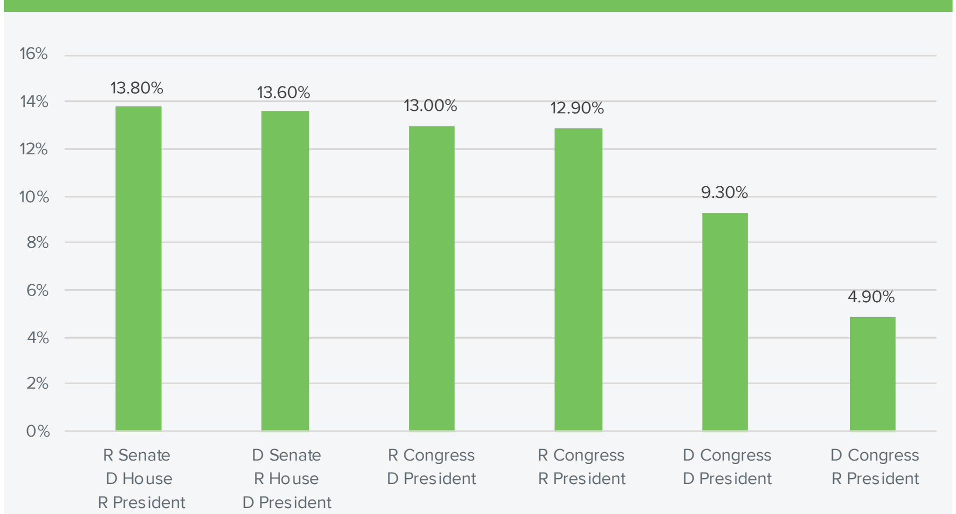
▶ *Our View*

The Fed is capping off one of the most significant years ever for the central bank, one that involved an unprecedented response to the economic damage brought by a global pandemic. With the economy still a long way from maximum employment and the Fed's inflation target, we believe the Fed will continue to provide the necessary monetary policy support to the economy.

DOMESTIC EQUITIES

Despite renewed lockdowns and rising COVID-19 infections globally, domestic assets continued their march upwards amid hopes for better growth and higher earnings, supported by a backdrop of another fiscal stimulus and rollout of the vaccines. The S&P 500 closed 2020 at a record high, as did the Dow Jones Industrial Average, with

EXHIBIT 3: PARTISAN CONTROL, AVERAGE ANNUAL S&P 500 PERFORMANCE



Source: TC Wealth Partners, Bloomberg.

annual gains of 16.3% and 7.2%, respectively. The Nasdaq's 43.6% year-on-year gain was the biggest for the tech-heavy index since 2009.

▸ Our View

Benign inflation, low interest rates, rising earnings, ongoing monetary and fiscal stimulus policies, and COVID-19 medical progress should support domestic equities in 2021. We expect volatility to be more the norm than exception this year. Equities are likely to be swayed by the tug-of-war between COVID-19 vaccine optimism and virus case growth, which could slow the economic recovery.

INTERNATIONAL EQUITIES

Developed international equity returns for the quarter were strong (8.17%) but trailed those generated in the U.S. (9.10%). European equities gained nearly 9% during the period, supported by the trade deal between the U.S. and China as well as better economic data from Germany. Emerging markets, which produced a gain of nearly 12%, showed strength during the fourth quarter as geopolitical risks eased. China, the index's largest constituent, rose nearly 15% as markets reacted positively to the U.S.-China trade agreement.

▸ Our View

We believe the backdrop for international equities remains generally positive. We expect global monetary policy to remain extremely accommodative and provide support for equities, as will a weaker U.S. dollar.

Finally, we expect the Biden Administration to be less confrontational with China and traditional European allies on trade issues, which should mitigate one major policy risk in 2021. We believe that emerging markets will benefit most from improving trade relations, central bank stimulus and vaccination distribution.

We do not expect a major inflation surge anytime soon, but with central banks aggressively targeting fiscal deficits and debts at exceptionally high levels, we believe there is further upside for inflation expectations if the economic recovery persists.

FIXED INCOME

Fixed-income markets were positive for the quarter. Government bond yields rose as sentiment improved and investors sought risk. The U.S. 10-year Treasury yield increased 0.26% while the two-year yield dropped 0.05%. The steepening yield curve reflected a more optimistic view of the economy. U.S. corporate bonds outperformed government issues, and high yield bonds continued to produce strong results, returning more than 14% for the year.

Our View

We believe long-term government bond yields are likely to come under upward pressure from a vaccine-led recovery in 2021. Dovish central banks and the lack of inflation pressure should limit the rise in yields as they have made it clear they will wait until after inflation rises before raising rates. We do not expect a major inflation surge anytime soon, but with central banks aggressively targeting fiscal deficits and debts at exceptionally high levels, we believe there is further upside for inflation expectations if the economic recovery persists.

ESG INVESTING

Investors are calling COVID-19 the 21st century's first sustainability crisis. It has renewed focus on ESG investing – strategies that consider a company's environmental, social and governance policies. According to a poll conducted by J.P. Morgan on how investors expected COVID-19 would impact the future of ESG investing, 71% of respondents responded that it would very likely increase. Once a niche, ESG investing is fast growing. Assets following a global sustainable investment approach could soon represent 44% of all investments.

▸ Our View

We believe that interest in ESG investing will continue to grow. In our view, the crisis has emphasized the urgency of ESG issues and reignited efforts to lower our impact on the environment, protect workers, and have effective governance processes in place.

EXHIBIT 4: MARKET PERFORMANCE

S&P 500 SECTORS	Q4-2020	YTD	1Yr	3Yr	5Yr	10Yr
Utilities	6.58%	0.52%	0.52%	9.75%	11.49%	11.26%
Real Estate	4.94%	-2.17%	-2.17%	7.25%	6.69%	8.11%
Materials	14.47%	20.73%	20.73%	8.65%	13.12%	8.99%
Information Technology	11.81%	43.89%	43.89%	29.16%	27.76%	20.65%
Industrials	15.67%	11.05%	11.05%	7.57%	12.34%	11.92%
Health Care	8.03%	13.45%	13.45%	13.41%	11.62%	15.87%
Financials	23.19%	-1.76%	-1.76%	4.11%	11.08%	10.75%
Energy	27.76%	-33.68%	-33.68%	-15.30%	-5.19%	-2.67%
Consumer Staples	6.35%	10.75%	10.75%	8.98%	9.13%	11.78%
Consumer Discretionary	8.04%	33.30%	33.30%	19.78%	17.50%	17.67%
Communication Services	13.82%	23.61%	23.61%	12.77%	11.82%	10.06%
DOMESTIC EQUITY INDEXES	**Q4-2020**	**YTD**	**1Yr**	**3Yr**	**5Yr**	**10Yr**
Russell 3000	14.68%	20.88%	20.88%	14.47%	15.40%	13.78%
Russell Midcap	19.91%	17.10%	17.10%	11.58%	13.37%	12.40%
Russell 1000 Growth	11.39%	38.49%	38.49%	22.97%	20.97%	17.19%
Russell 1000 Value	16.25%	2.78%	2.78%	6.05%	9.71%	10.49%
NASDAQ	15.67%	45.06%	45.06%	24.43%	22.18%	18.54%
S&P 500	12.14%	18.39%	18.39%	14.16%	15.19%	13.86%
FIXED INCOME INDEXES	**Q4-2020**	**YTD**	**1Yr**	**3Yr**	**5Yr**	**10Yr**
Global Aggregate ex. US	5.09%	10.11%	10.11%	4.22%	4.89%	1.99%
US Aggregate	0.67%	7.51%	7.51%	5.34%	4.43%	3.84%
Treasury	-0.83%	8.00%	8.00%	5.19%	3.77%	3.33%
High Yield	6.45%	7.11%	7.11%	6.23%	8.58%	6.79%
TIPs	1.62%	10.99%	10.99%	5.91%	5.08%	3.81%
Municipals	1.82%	5.21%	5.21%	4.64%	3.90%	4.62%
Asset Backed Securities	0.36%	4.52%	4.52%	3.60%	2.87%	2.59%
Mortgage Backed Securities	0.25%	3.87%	3.87%	3.71%	3.05%	3.00%
Commercial Mortgage Backed Securities	1.25%	7.61%	7.61%	5.57%	4.74%	4.52%
INTERNATIONAL EQUITY MARKETS	**Q4-2020**	**YTD**	**1Yr**	**3Yr**	**5Yr**	**10Yr**
MSCI World	14.07%	16.53%	16.53%	11.17%	12.83%	10.51%
MSCI ACWI	14.77%	16.83%	16.83%	10.64%	12.87%	9.74%
MSCI ACWI ex US	17.03%	11.15%	11.15%	5.41%	9.48%	5.46%
MSCI EAFE	16.09%	8.39%	8.39%	4.87%	8.05%	6.09%
MSCI EM	12.83%	-0.31%	-0.31%	3.58%	5.84%	7.23%
MSCI Europe	10.86%	-2.77%	-2.77%	3.50%	4.85%	6.87%
MSCI Asia Pacific	17.77%	20.08%	20.08%	7.74%	11.76%	6.87%
MSCI North America	13.19%	20.60%	20.60%	14.54%	15.46%	13.33%
MSCI EM Asia	18.72%	28.53%	28.53%	9.22%	14.71%	6.86%
MSCI EM Latin America	34.90%	-13.58%	-13.58%	-1.52%	9.27%	-3.19%
MSCI EM Europe & ME	16.45%	-6.58%	-6.58%	-2.84%	6.72%	-1.22%

Source: TC Wealth Partners, Bloomberg.

CONCLUSION

All of us at TC Wealth Partners/ Trust Company of Illinois are so appreciative to serve you through a time when normal feels so elusive. We will continue to keep you updated with our views as new events unfold. We urge you to keep a long-term perspective, review your financial plan and have conversations with your advisor about plotting your course. Please take care and be safe! ■

IMPORTANT INFORMATION

FOR 2020 TAX REPORTING

Tax information form 1099-R will be mailed by January 30th, 2021. All other tax information documents including 1099-DIV, 1099-INT and 1099-B will be available as soon as all fund allocation factors have been supplied by the mutual fund companies. The anticipated date is late-February.

RETIREMENT PLANNING INSIGHTS

TIME TO REVIEW YOUR RETIREMENT STRATEGEY

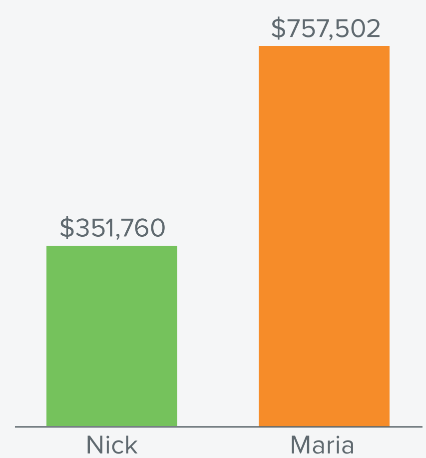
Five Tips to Regain Your Retirement Savings Focus in 2021

In early 2020, 61% of U.S. workers surveyed said that retirement planning makes them feel stressed.[1] Investor confidence was continually tested as the year wore on, and it's likely that this percentage rose — perhaps even substantially. If you find yourself among those feeling stressed heading into the new year, these tips may help you focus and enhance your retirement savings strategy in 2021.

1 CONSIDER INCREASING YOUR SAVINGS BY JUST 1%. If you participate in a retirement savings plan at work, try to increase your contribution rate by just 1% now, and then again whenever possible until you reach the maximum amount allowed. The accompanying chart illustrates the powerful difference contributing just 1% more each year can make over time.

The Power of 1% - Maria and Nick are hired at the same time at a $50,000 annual salary. Both contribute 6% of their salaries to their retirement accounts and receive a 3% raise each year. Nick maintains the 6% rate throughout his career, while Maria increases her rate by 1% each year until she hits 15%. After 30 years, Maria would have accumulated more than double the amount that Nick has.

2 REVIEW YOUR TAX SITUATION. It makes sense to review your retirement savings strategy periodically considering your current tax situation. That's because retirement savings plans and IRAs not only help you accumulate savings for the future, they can help lower your income taxes now. Every dollar you contribute to a traditional (non-Roth) retirement savings plan at work reduces the amount of your current



Assumes a 6% average annual rate of return. This hypothetical example of mathematical compounding is used for illustrative purposes only and does not represent the performance of any specific investment. It assumes a monthly contribution and monthly compounding. Fees, expenses, and taxes were not considered and would reduce the performance shown if included. Actual results will vary.

[1] Employee Benefit Research Institute, 2020

taxable income. If neither you nor your spouse is covered by a work-based plan, contributions to a traditional IRA are fully deductible up to annual limits. If you, your spouse, or both of you participate in a work-based plan, your IRA contributions may still be deductible unless your income exceeds certain limits. Note that you will have to pay taxes on contributions and earnings when you withdraw the money. In addition, withdrawals prior to age 59½ may be subject to a 10% penalty tax unless an exception applies.

3 REBALANCE, IF NECESSARY. Market turbulence throughout the past year may have caused your target asset allocation to shift toward a more aggressive or conservative profile than is appropriate for your circumstances. If your portfolio is not rebalanced automatically, now might be a good time to see if adjustments need to be made. Typically, there are two ways to rebalance: (1) you can do so quickly by selling securities or shares in the over weighted asset class(es) and shifting the proceeds to the underweighted one(s), or (2) you can rebalance gradually by directing new investments into the underweighted class(es) until the target allocation is reached. Keep in mind that selling investments in a taxable account could result in a tax liability. Asset allocation is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss.

4 REVISIT YOUR SAVINGS GOAL. When you first started saving in your retirement plan or IRA, you may have estimated how much you might need to accumulate to retire comfortably. If you experienced any major life changes during the past year — for example, a change in job or marital status, an inheritance, or a new family member — you may want to take a fresh look at your overall savings goal as well as the assumptions used to generate it. As circumstances in your life change, your savings strategy will likely evolve as well.

5 UNDERSTAND ALL YOUR PLAN'S FEATURES. Work-based retirement savings plans can vary from employer to employer. How familiar are you with your plan's specific features? Does your employer offer a matching and/or profit-sharing contribution? Do you know how it works? Are company contributions and earnings subject to a vesting schedule (i.e., a waiting period before they become fully yours) and, if so, do you understand the parameters? Does your plan offer loans or hardship withdrawals? Under what circumstances might you access the money? Can you make Roth or after-tax contributions, which can provide a source of tax-free income in retirement? Review your plan's Summary Plan Description to ensure you take maximum advantage of all your plan has to offer.

All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.

IMPORTANT DISCLOSURES

Trust Company of Illinois does not provide tax or legal advice. The information presented here is not specific to any individual's personal circumstances.

To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances.

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FIVE *Fun* FINANCIAL FACTS

Numbers often tell a compelling story. Check out these interesting snippets that have recently made the news.

1 BIG CITIES, BIG FOOTPRINT - Just 25 cities in the United States create 52% of our nation's GDP, including New York City (8.8% of the USA's GDP), Los Angeles (5.4%) and Chicago (3.5%) (source: Statista).

2 YEAR ONE IN THE WHITE HOUSE - This year (2021) is the 1st year of Joe Biden's 1st 4-year presidential term. The S&P 500 has been positive on a total return basis during just 13 of the last 23 "presidential 1st-years," i.e., 1st-years dating back to 1929, but has been up 8 of the last 9 "1st years." The average performance for the S&P 500 during the last 23 "presidential 1st-years" has been a gain of +7.7% (total return) (source: BTN Research).

3 SOMETHING FOR SENIORS - President Biden outlined on the 2020 campaign trail a proposal that would provide an additional boost in Social Security benefits for those seniors that have been receiving retirement benefits for at least 20 years (source: CNBC).

4 NOT DONE YET - In 2008-2009, the Congress authorized spending of $983 billion to alleviate the impact of the global mortgage crisis, an amount equal to 6% of the size of the US economy. In 2020, the Congress authorized spending of $3.7 trillion to alleviate the impact of the global pandemic, an amount equal to 17% of the size of the US economy (source: BTN Research).

5 IN MY PAJAMAS, BUT STILL WORKING - 67% of 451 information technology (IT) executives in the United States that were polled in June 2020 anticipate that their firm's "work-from-home" (WFH) policies would be permanent or at the very least "long-term" in duration (source: 451 Research).

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