



*Quarter-End Snapshot*  
Q2 2020

*FIRM UPDATE*

from **RICHARD JOYNER, PRESIDENT**



Wow. What a quarter it has been – it’s the middle of the summer, and we’re already in the second half of 2020! I’m sure most of you share the sense that we’re in the middle of historic times, but it’s hard to tell the story while the chapters are still being written, so I won’t try. Instead, I’d like to focus on two very exciting developments in our business.

**Tolleson Private Bank**

Rick Lafitte, the President of Tolleson Private Bank, was recently asked to join Tolleson Wealth Management’s [Board of Directors](#). Under his leadership, the bank has experienced significant growth. Rick explains:

“Tolleson Private Bank’s financial strength and local leadership allow us to respond quickly and help our client families with their lending needs. Clients are still purchasing homes and making investments in these times. Our bank staff has adapted to working remotely and we continue to make loans at a record pace. Much of our new business is coming through referrals from clients who are spreading the news to their friends and colleagues about our responsiveness and competitive products. The bank’s deposit base is continuing to grow at a record pace, too, as

word spreads about how dedicated we are to customer service. We are so grateful for the faith that our clients place in us with by spreading the Tolleson story to family and friends.”

Please continue to think of us if you, your family, or your friends have banking needs. We are here to help!

### Enhancing the Client Experience

Royce Ramey, one of our senior client advisors, was recently named the [Chief Experience Officer](#) for Tolleson Private Wealth Management. Royce will become the point-person to help us deliver on our obsession to make your experience better than ever before. According to Royce:

“Over the past 20 years, Tolleson Wealth Management has grown and established a presence in the multi-family office business, building a robust platform to deliver all things financial for clients and their families. With the right tools in place, we are now turning our attention to integrating all of that into a seamless interface for you.

Initially, we will continue to focus on technology integration, an improved communication interface, and how we can elevate the delivery of investment and planning opportunities. For example, we know how important it is for you to understand your investment portfolio better, so we are actively working to provide greater transparency in your investment reports. I am thrilled to embark on this journey and will work tirelessly to deliver a premier experience to you and your family.”

Congratulations, Royce!

## WHAT IS LONG TERM?

from **ERIC BENNETT, CFA, CHIEF INVESTMENT OFFICER**



In our April investment update, we noted that our time horizons shorten in times of stress. COVID-19 has not calmed down, but the financial markets have for now. In the worst economic drop since the Great Depression, global stocks were up almost 20% in the second quarter, largely recovering from the abrupt losses in March.

Why? First, the economic contraction has not dipped as much as expected and business activity is picking up. Second, the financial markets have entered a period of uncertainty versus shock. Neither are good, but the latter is much worse. While there are still many major uncertainties about the

economy and the financial markets as we live through an ongoing pandemic, May and June were a few steps in the right direction as investors have hope that the worst of this is behind us.

One of the key aspects of our investment philosophy is investing with a long-term mindset and not trying to “time” the market. There is much evidence that supports this, like the fact that the “average” equity investor in a mutual fund does worse than the actual mutual fund since they chase good performance periods. More recently, if you missed the five best days in the second quarter of 2020, it could have cost you 30% in gains!

While talking about the past quarter is important during these times, a longer-term mindset will set you up for better portfolio performance. We believe you need a minimum of a three-year time horizon on any individual investment, and a seven-year, or better, 10-year horizon with your overall portfolio. Analyzing short-term results is enticing as the news is constant, but it is really not important for meeting your goals. In any given calendar year, the stock market falls by 15% on average, yet more often than not has a positive return for the year. Similarly, the range of returns for a diversified portfolio over one year is -4% and +20%; however, over 10 years is +3% and +11%. You can see that the longer-term horizon really narrows the likely outcomes and makes the short-term declines seem less relevant.

With your portfolio, a typical time horizon is your life expectancy, and often multi-generational. So, think of your portfolio as it relates to your long-term goals, and the short-term performance merely as check points along the way. Over the long term, your returns will relate to how much risk you are willing to take. More risk should result in higher returns, but also larger pullbacks along the way, like what was experienced in March. Your goals should reflect the risk you *need* to take to reach your goals, and the amount of risk you are *willing* to take along the way.

While long-term results are most important, we too still are mindful of the shorter-term risks we face today and will balance these risks with opportunities to help you reach your goals.

## MOVING FORWARD TOGETHER

from **SUSAN JENEVEIN, DIRECTOR OF PHILANTHROPY**



I had the opportunity to have an exclusive interview with Bishop T.D. Jakes, international faith leader, filmmaker, author, and entrepreneur. We discussed racial inequality, inclusivity, the roles of business and philanthropy, and the importance of continuing the conversation so we can move forward together.

If you want to listen to the conversation, please view the video [here](#). My team has also compiled a list of established organizations that support and promote justice, racial equality, and inclusion that we included in the post.

# CLIENT ADVISORY TEAM

from **GREG HALL, MANAGING DIRECTOR**



This year, the financial markets have certainly reminded us of the ups and downs an investor can experience over the short term. Our mission is to help families create additional value regardless of the short-term moves in the financial markets. The current market volatility and the estate tax exemption present an opportunity to explore wealth-transfer strategies in a new way.

In the Tax Cuts and Jobs Act of 2017, the estate and gift tax exemption was significantly increased. Today, an individual can transfer up to \$11.58 million and a married couple just over \$23 million, without incurring any estate or gift tax. Under the current law, this exemption will expire at the end of 2025, however, should Joe Biden win and the Senate change control in the upcoming November election, there is a good chance this exemption could be significantly reduced before 2025.

In addition to the exemption value itself, transferring assets at depressed prices allows the future growth of those assets to be excluded from your estate. Furthermore, if you happen to have assets such as a privately held company or investments held in a limited partnership structure, you may be able to receive greater discounts on these assets than in a more stable market environment, allowing you to ultimately transfer more fair market value than the current estate exemption.

When you combine the current estate tax exemptions, depressed asset values, and market volatility, it is a great time to consider using your lifetime estate and gift tax exemption. Our diverse client base gives us the opportunity to partner with the best estate planning lawyers in the country and work alongside them to model and execute highly customized estate planning strategies. If you have not considered any estate planning and are interested in reviewing your options, please reach out to your Tolleson Wealth Management advisor to get started.

**General Performance Information**

This information discusses general market activity, industry or sector trends, or other broad-based economic market or political conditions and should not be construed as research or investment advice. Certain information contained herein concerning economic trends and performance is based on or derived from information provided by independent third-party sources. Opinions expressed are current opinions as of the original publication date appearing in this material only. Any opinions expressed are subject to change without notice and TWM is under no obligation to update the information contained herein. TWM disclaims responsibility for the accuracy or completeness of this report although reasonable care has been taken to assure the accuracy of the data contained herein.

*This document was originally produced online on [www.tollesonwealth.com](http://www.tollesonwealth.com).*

Tolleson Wealth Management Investment products are not FDIC insured, may lose value and are not bank guaranteed.

Tolleson Private Bank, Member FDIC. Equal Housing Lender. NMLS# 543173

© 2020 Tolleson Wealth Management. All Rights Reserved.