



*Quarter-End Snapshot*  
Q4 2020

*FIRM UPDATE*

from **RICHARD JOYNER, PRESIDENT**



It's been years since I've been so excited to celebrate the arrival of a New Year. 2021, we're glad you're here but what took you so LONG?!?

I'm not sure enough time has passed for me to clearly see all the lessons of 2020. The year started off well enough, but once March arrived things changed overnight. The next six months felt like I was standing in the middle of a circle of baseball pitching machines that were throwing baseballs at me in different times, directions, and speeds. I felt off balance all the time, like I was playing a new, high-

speed game without knowing the rules.

As time passed, I played the game a little better. The baseballs came at me a little less frequently and a little more slowly; only a few of them smacked me in the back of the head. Now, I wonder if I fully understand the "new game" ahead and all its rules. Honest answer? I'm not completely sure.

At some point in the late summer, I remember looking in the mirror and telling myself that it didn't really matter. What mattered was that we accept the things we can't control and adapt to our new normal,

whatever it might be. And, that we continue to be guided by an inspiring mission: to help successful families navigate their journey through the “land of wealth” over multiple generations. This mission was the North Star that guided us through the rest of 2020.

As I look back on the last 12 months that is thankfully now in the rear-view mirror, I’m grateful for so many things:

- Our Philanthropy Services Team gave many families and Tolleson Wealth Management employees a new focus and a stronger, clearer voice. Whether it was social justice, racial justice, the economic impact of COVID-19, health care, the arts, or something else, the conversations became deeper and richer.
- We joined the conversation first by hosting a webinar with Dr. Lauren Ancel Meyers and Dr. Jason McLellan on their global fight against COVID-19 on the White House Coronavirus Task Force. Both University of Texas at Austin professors’ research is credited with extraordinary breakthrough that helped speed up the development of COVID-19 vaccines.
- Soon after, we hosted an online conversation with Bishop T.D. Jakes discussing justice, racial equality, the importance of continuing conversation, and the role of philanthropy in moving forward together. The conversation changed me with his simple admonition to “keep talking.” It stays with me every day.
- Tolleson Wealth Management organized into small teams to conduct safe, socially distanced service projects in the Dallas community. Team members completed their chosen service projects and earned additional donations for their chosen organization.
- The Tolleson Private Bank team worked day and night to make the bank lobby safe for client families and each other. The bank never closed its doors through the entire pandemic.
- Our private bankers made a record number of new loans this year, as everyone came together to meet clients’ financial needs and close loans quickly and efficiently.
- Our client teams (private wealth, trust, tax, investments, and others) seamlessly transitioned to remote work in about 24 hours. Our employees never missed a beat helping with whatever was needed by the families we serve.
- Our internal operations never slowed the pace, either. We implemented new technology to deliver better investment performance reporting and document-sharing. We set a record for the number of

family meetings we hosted, even if many meetings were virtual. Through this, we will continue to challenge ourselves to make client interactions with Tolleson Wealth Management a better experience.

- We grew! We were so excited to welcome new families to Tolleson Wealth Management this year, despite the difficult circumstances.
- As the year closed, our teams worked right up to the finish line to help families update their estate and gift tax planning due to some potential tax law changes in 2021.

Now, of course, the big challenge is the one ahead. If 2021 turns out to be a more “normal” year, which of your “old” routines will come back? Which ones will you modify, and which ones will you eliminate? Let us know, and welcome to 2021!

## *GOODBYE 2020, NICE TO MEET YOU 2021*

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



Hollywood, or any video streaming service, could not dream up a movie like 2020. The world is in a massive pandemic that shut down much of our economy and society, yet after a brief panic in March, the global stock markets were up more than 15% for the year! In my career, 2020 was a year that exemplified the need for long-term investing.

How could the financial markets perform so well in 2020? The answer is simple: the hope and expectation that 2021 will be much better than 2020. What we saw over the last six months of 2020 was a steady stabilization and recalibration of optimistic expectations for future economic growth.



2020 was our most active year as a firm. Crisis creates opportunity in the investment world, which we were able to take advantage of and make some important changes in our portfolios. After the stock markets fell in March, we increased our equity exposure to capture more of the 2020 rebound, allowing our managers to rotate their portfolio into their highest conviction stocks. Simultaneously, managers harvested losses to provide tax savings for our clients. We also quickly added to private distressed credit investments as well as our financials manager, which has rallied twice as much as the market since then. Based on our research and preparation in 2019, we were able to quickly move into technology and life sciences investments in April. Both areas benefitted greatly from the COVID-19 economy that accelerated a long-term trend already in place. Our private investment funds participated in two of the most high-profile IPOs of 2020: GrubHub and Snowflake. Lastly, we made numerous changes to our high yield bond portfolios by adding managers to that strive to generate less volatile, equity-like returns. While faced with adversity during a volatile and unprecedented year, we believe that our investment decisions allow our clients to better achieve their long-term financial goals.

As we enter 2021, there are many key unknowns we are navigating. This includes the ongoing effects of COVID-19 on the economy, the benefits and timing of the vaccines, the side effects of the huge financial stimulus from the Fed and Congress, policy and tax changes from a Biden presidency, and a likely change of control in the Senate. Despite what happened in 2020 and these unknowns, we are optimistic about the global economy for several reasons. First, technological innovation (software, artificial intelligence, biotechnology, and others) entered a new period where more ideas have evolved from science fiction to profitable investments. Second, there are unique opportunities within emerging markets as they continue to grow and benefit from long-term demographic and governance changes. Third, while the market for

public stocks has done well, the growing opportunities to invest in private companies is very appealing. Lastly, we believe that the rise of “impact” investing (sometimes called ESG, SRI, or sustainable) is a trend that will continue to accelerate, and companies that focus on more than just profits could end up making more profits. We are actively monitoring our current investments and sourcing future opportunities in all four of these areas today.

As we enter 2021, we are cautious about the near-term effects of COVID-19, but very optimistic long term about the global economy and the resulting investment opportunities. We are working to balance protecting your portfolio and seeking opportunities to grow your wealth over long term.

## 2020 IN REVIEW AND 2021 PREDICTIONS

from **SUSAN JENEVEIN, PHILANTHROPY DIRECTOR**



Americans were more generous in 2020 than any year in history. The following are some interesting trends we saw:

- During the first six months of 2020, overall giving to the largest 112 charities was nearly 21% higher than the same period in 2019, according to *The Chronical of Philanthropy* survey.
- In the second quarter, giving spiked almost 41% above the same period in 2019.
- Smaller donors stepped up in a big way, with many nonprofits reporting surges in new supporters.<sup>1</sup>

Jeff Bezos, Amazon’s founder, gave the largest gift of \$10 billion in 2020 to the Bezos Earth Fund that supports nonprofits fighting climate change. Mackenzie Scott, Amazon co-founder and former spouse to Bezos, gave \$4 billion directly to charities helping those impacted by the health crisis and supporting social and racial justice in a strategy that illustrates the innovation that donors employed as they rapidly retooled their giving in 2020.

Many foundations reported that they both gave more and with fewer restrictions on those gifts in 2020.<sup>2</sup>

Nonprofit leaders conducted nearly instantaneous assessments of the new economic, health, and racial landscapes. They made financial decisions, communicated with stakeholders, and overcame daunting

logistical challenges all while continuing to deliver services. For a great illustration of this pivot, please see my [conversation](#) with Reid Porter, Founder and CEO of Act.

### **What will 2021 bring for nonprofits and donors?**

The latest round of stimulus passed by Congress extends a \$300 charitable deduction to donors who do not itemize. The bill also provides another round of Payroll Protection Program loans of up to \$2 million for nonprofits with up to 300 employees. These loans are once again forgivable if the organizations maintain staffing and salary levels. The efforts should be a boon to small and mid-size organizations.

Arts organizations and others that rely on attendance for revenue will likely continue to struggle for at least the first half of the year. A bright spot is the focus for funding arts organizations and other organizations led by people of color. We will begin to personally experience the impact on our cultural institutions when we head back to theaters, museums, concert halls, and galleries in the summer and fall. Gifts pledged by foundations such as the T.D. Jakes Foundation, Ford Foundation, and many corporate foundations will begin to address issues of racial inclusion and equality.

The impact of 2020 will likely drive giving in 2021, after the last round of stimulus is spent and we begin to return to our “new normal” routines. The damage on one side of the socio-economic divide will be significant and our arts and culture institutions will also need additional support. Places of worship will need to recover from a reduction in offerings. We may become aware that developed nations are able to put the health crisis behind them faster than the developing world, and international philanthropy may focus on vaccination efforts.

Potential changes in tax laws and continuation of a strong stock market may stimulate yet more transfer of assets to philanthropic vehicles sustaining the trend of increased giving. At Tolleson Wealth Management, we look forward to seeing clients in person around the board table as they make these important decisions.

<sup>1</sup>[https://www.philanthropy.com/article/americans-have-responded-generously-to-the-biggest-nonprofits?utm\\_source=Iterable&utm\\_medium=email&utm\\_campaign=campaign\\_1662661\\_nl\\_Philanthropy-Today\\_date\\_20201028&cid=pt&source=&sourceId=&cid2=gen\\_login\\_refresh](https://www.philanthropy.com/article/americans-have-responded-generously-to-the-biggest-nonprofits?utm_source=Iterable&utm_medium=email&utm_campaign=campaign_1662661_nl_Philanthropy-Today_date_20201028&cid=pt&source=&sourceId=&cid2=gen_login_refresh)

<sup>2</sup><https://www.philanthropy.com/article/foundations-have-increased-payout-and-loosened-restrictions-since-pandemic>

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