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Last week's S&P 500 Index: +1.3%

## 2020 turned out to be a year of opportunity

### Key takeaways

- The stock market offered investors multiple opportunities to put sidelined funds to work in 2020.
- The good news is we expect additional opportunities to present themselves in the New Year.

Those with years of investment experience under their belts know that financial markets do not normally move in a straight line up or down for very long. There are nearly always fluctuations and bumps along the way that can spark investor fear or glee depending on what each individual's expectations are as they look ahead to the future and position their portfolios. One of the keys to dealing with the emotional side of investing and digesting the swings in the market is to have a forward view that provides a level of conviction strong enough to take action when opportunities present themselves.

Expectations for improving news on the vaccine and economic fronts as 2020 wore on were rewarded if one used pullbacks in the stock market to take action and put money to work in sectors that would likely benefit from a positive viewpoint looking out into and through next year. It also doesn't hurt that the Federal Reserve has been frequently reminding us that its low-interest-rate policy is likely to be in place through at least the end of 2021 if not meaningfully longer.

Uncertainties surrounding the virus and a resulting anticipated plunge in consumer spending sent the S&P 500 into a tailspin in mid-to-late February that lasted until the index bottomed on March 23. The tumble in the index was a touch more than 35% over that short period of time and brought to an end the longest equity bull market in history. The quick bounce higher that followed over the next week or so produced the shortest bear market on record. And that run higher has continued as all of the major equity indexes have notched all-time record highs in recent days.

But along the way to these record highs, the stock market offered multiple opportunities to get on board as pullbacks occurred due to numerous concerns largely surrounding the virus and potential timing on vaccines as well as when and if Congress would pass additional stimulus and extend unemployment benefits. These concerns also provided opportunities in assets like high-yield bonds and commodities, which also were quite sensitive to virus and vaccine related news.

So back to the beginning. In order to take advantage of uncertainty in the stock market and downside volatility, one needs to have some conviction that the future will be brighter in terms of the economy and consumer spending as we look out through 2021. Investors also need to have a plan of action. If sidelined funds targeted for eventual investment in the stock market exist, then having a shopping list already in hand well before the actual opportunity presents itself is a good idea. Then, when the opportunity arises, the plan can be executed and the funds put to work.

While 2020 turned out to be a year of opportunity for investors, we firmly believe that volatility will continue in the New Year and present additional opportunities. Be ready with a plan.

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### Definitions

An index is unmanaged and not available for direct investment.

**S&P 500 Index** is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the US stock market.

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