

Your *Trust* Matters

December 2021 Newsletter



MidWestOne™
TRUST SERVICES



Ryan Bryte
VP/Business Development
Dubuque, IA

Wishing you all a Happy Holidays as we close the book on 2021 and roll into the new year ahead! This year has given us some of the same with Covid remaining in the headlines, but another new challenge with the rise of inflation. Whether at the gas pump or the grocery store, I know I am feeling that impact in my pocketbook.

Despite the economic challenges that we see in the news, the stock market continues to push upward reaching new highs throughout the year, and interest rates continue to stay low. I have heard from a few clients asking whether they should make any adjustments to their investing strategy from the markets being high or the headline news. Obviously, everyone's situation is different and subject to a personal review, but I thought this may offer a good time to consider the question of "timing the market" or "time in the market".

Before we settle down for a long winter's nap, I thought the following story would help us review five different investors who tried to find the best answer for their personal return. Each of them will be given \$2,000 every year on January 1st for 20 years and will try to "beat" the market in their own way.

First is Claire Voyant and she lived up to her name perfectly. Whether by luck or with her magic crystal ball, she found a way to invest her money every year on the single lowest day to receive the maximum growth by year end

Second is Frankie First who just couldn't wait. He put all his money in on day one and never looked back.

Next was Connie Constant and her approach was to invest twelve equal amounts at the beginning of each month every year.

After that, we find Randy Rotten with the worst luck around. Somehow Randy found a way to pick the single most terrible day each year to put his investment to work.

Finally, we have Cash King, who was always just too nervous to invest at all. Cash was hoping that a ray of light would appear, and music would ring out to let him know that today was his best day, but that never happened.

Just like my kids on Christmas Eve, I can tell the suspense is building to find out what will happen when we "unwrap" the results. Here is a quick rundown of our investor's balances after 20 years.

- Claire Voyant - \$151,000
- Frankie First - \$135,000
- Connie Constant - \$134,000
- Randy Rotten - \$121,000
- Cash King - \$45,000

Obviously, we find that being "Claire Voyant" is the perfect present to open, but the reality is that I haven't found an investment team with that crystal ball in over 20 years of being in the industry. So, what New Year's resolutions might we take away as we head into the new year?

1. Being in the market is better than trying to beat the market (unless you come across that crystal ball).
2. Focus on your time horizon for needing to withdraw your investments and let compounding work for you.
3. Dollar cost averaging can help you overcome the anxiety of "when should I invest".
4. Investing should always be within the guidelines of your personal risk tolerance.
5. Call your relationship manager at MidWestOne to schedule a review and ring in the new year with confidence!

800.247.4418

MidWestOne.bank

Email: trustservices@midwestone.com

Not FDIC Insured | No Bank Guarantee | May Lose Value | Not a Deposit | Not Insured by any Federal Government Agency