TDECU
WEALTH ADVISORS

December 3, 2020

Dear Valued Members:

As 2020 comes to a close, we are already looking forward to a new year—and to a world very different from the one we're leaving behind. Areas of the economy have been damaged and may never fully recover, but other areas will adapt, reinvent, and help reinvigorate growth.

December also brings LPL Research's annual market outlook Outlook 2021: Powering Forward, which reviews what happened in 2020 and what to expect in 2021. It covers stocks and bonds, the economy, and a post-election policy environment built on new challenges, new opportunities, and new politics.

2021 is primed to deliver advances to further limit the impact of COVID-19, and the goal remains keeping the economy as open as possible while keeping people safe. Continued progress in the response to COVID-19, including further stimulus measures by the government, will be key to sustaining the economic recovery. As the pandemic subsides, restrictions are lifted, and consumers' daily lives return to something close to normal, the pace of the recovery most likely will pick up speed—probably in the middle of 2021.

Another major milestone will be moving past the market uncertainty caused by presidential elections. Historically, the post-election environment has been positive for the stock market. S&P 500 Index returns have been strongest with a divided Congress—one party controlling the House of Representatives and the other party controlling the Senate. A split Congress with President-elect Joe Biden in the White House could be viewed as friendly to the markets.

The makeup of the Senate will have significant policy implications. A fifth COVID-19 relief bill may be the first priority for the new administration, but to be approved by a Republican-controlled Senate, it most likely will need to be smaller than previously discussed. With an effective vaccine coming soon, Republican Senators may balk at another trillion dollar package. That would leave the Federal Reserve potentially as the only other policy support in Washington, DC, if COVID-19 causes further financial and economic stress.

Biden's proposed corporate tax changes would potentially cut S&P 500 earnings by 10% or more in 2021, but a divided government most likely would take those proposals off the table. Smaller, targeted tax increases might still be possible to fund a scaled-down version of Biden's green energy and infrastructure investment programs, something that has bipartisan support.

Also, Biden's administration might reduce or eliminate tariffs, which could grease the wheels of global trade and provide a boost to corporate earnings. Greater clarity on trade may make it easier for some companies to do business, but there's the potential of a more challenging regulatory environment as well.

Looking back, one constant in this difficult year has been the value of personal and professional relationships. Sound financial advice charted a long-term path for many investors that kept them from getting off course in a turbulent 2020. There still will be risks to navigate in 2021, but it's important to remain focused on long-term investing goals, stay on course, and power forward.

Happy holidays, and please contact me if you have any questions.

Sincerely,
TDECU Wealth Advisors

tdecu.org/wealth-advisors | 1001 FM 2004, Lake Jackson, TX 77566

Securities offered through LPL Financial, member FINRA/SIPC. Insurance products offered through LPL Financial or its licensed affiliates.

Not NCUA Insured	Not Credit Union Guaranteed	May Lose Value

Important Information

This material is for general information only and is not intended to provide specific advice or recommendations for any individual. There is no assurance that the views or strategies discussed are suitable for all investors or will yield positive outcomes. Investing involves risks including possible loss of principal. Any economic forecasts set forth may not develop as predicted and are subject to change.

References to markets, asset classes, and sectors are generally regarding the corresponding market index. Indexes are unmanaged statistical composites and cannot be invested into directly. Index performance is not indicative of the performance of any investment and do not reflect fees, expenses, or sales charges. All performance referenced is historical and is no guarantee of future results.

All data is provided as of December 2, 2020.

Any company names noted herein are for educational purposes only and not an indication of trading intent or a solicitation of their products or services. LPL Financial doesn't provide research on individual equities.
All index data from FactSet.

This Research material was prepared by LPL Financial, LLC. All information is believed to be from reliable sources; however LPL Financial makes no representation as to its completeness or accuracy.